



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 7/28/2006

GAIN Report Number: JA6514

Japan

Market Development Reports

Food Business Line - Periodic Press Translations

2006

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Report Highlights:

Top food wholesaler, Kokubu & Co., Ltd., reported a mid-year management plan to reach sales of more than 2 trillion yen by December 2010; Japan Self-service Association will start educating store personnel to promote sales of natural cheese; WDI Corporation, to open the first California Pizza Kitchen from America; Major food service chains to increase use of grain fed beef to appeal to Japanese pallet; The total consumption of frozen food in Japan was 2.28 million tons in 2005, an increase of 5 % ; USA Rice Council will hold a creative sushi contest to be judged by the celebrated cooking specialist Dr. Yukio Hattori.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Tokyo ATO [JA2]
[JA]



Food Business Line

Periodic Press Translations from ATO Tokyo Vol. VI, Issue 3, March 1-31, 2006

Retail/Wholesale

- Major food supermarkets started reexamining plans for expanding the number of outlets in the metropolitan area due to the increased rent in buildings. *Maruetsu* has decreased the number of new outlets planned by 50% in 2006 compared to 2005, and *Daimaru Peacock* has frozen its plans for the first time in 11 years. (a. 3/23)
- The top food wholesaler, *Kokubu & Co., Ltd.*, reported a mid-year management plan to reach a sales level amounting to more than 2 trillion yen by December 2010. That is, more than 660 billion yen needs to be added to their annual sales in the next 5 years. Their strategy indicates three major growth fields to be strengthened will be refrigerated foods, supply for food service, and confectionery. (b. 3/10)
- *Japan Self-service Association* will start in earnest introducing the layout of shelves and educating store personnel to promote sales of natural cheese because of its successful “Effective Sales for Cheese” seminar at 2006 Supermarket Trade Show. (f. 3/9)
- Convenience stores have strengthened the delivery business service. *Seven-Eleven Japan Co., Ltd.* and its affiliate *Seven Meal Service* will radically review its HMR and delivery business. *Am/pm Japan Co., Ltd.* will reconstruct the delivery business which they largely reduced last year. Then *Aeon Group*, the parent company for *Ministop*, has started research and development on a box lunch and delivery business by including *Origin Toshu Co., Ltd.* under its group. (g. 3/17)
- *SOU* (Liquor Wholesale Union) comprised of 12 liquor wholesalers including *Nihon Shurui Hanbai Co., Ltd.* will start business collaboration among members. Collaboration will include a unifying distribution system, introducing local Japanese sake microbrewers’ to the national network and strengthening services for retailers. (b. 3/20)
- *East Japan Railway Company (JR East)* has become to be a giant distribution enterprise. They make best use of a geographical advantage by building large-scale, mixed purpose commercial buildings in collaboration with department stores adjacent to its train stations. The local retailers are increasingly attracted to the strategy of JR East. (b. 3/13)

Food Service

- *WDI Corporation*, a food service chain consisting of a wide variety of styles in food service offerings will open the first *California Pizza Kitchen* in Japan. It is a major pizza restaurant chain in the United States. (b. 3/8)
- Major food service chains have placed emphasis on consumption expansion of Australian beef by using grain-fed instead of grass-fed beef in order to appeal to the Japanese palate, meanwhile the import ban of U.S. beef has been prolonged. (b. 308)

Food Processing/New Products/Market Trends

- The sales of frozen vegetables are expanding. Frozen food manufacturers are selling new items one after another and a variety of new frozen food products are sold at retail stores. For example, the sales of frozen spinach increased by 20% compared to that of last year. (a. 3/11)

- According to *Japan Frozen Food Association*, the total consumption of frozen food in Japan was 2.28 million tons, an increase of 5 % compared to the previous year. Total imports of frozen vegetables in 2005 increased by 3.5% to a record 780,000 tons, mainly imported by China. (a. 3/11)
- *House Foods Corp.* and *Takeda Pharmaceutical Co., Ltd.* made a joint-venture contract for the beverage and food business of Takeda. House Foods will have a 100% share of the newly established company *House Wellness Foods Co., Ltd.* within 18 months during the joint venture period. The new company will be the center of the health food business of House Foods Corp. (f. 3/6)
- According to Japan Health Food and Nutrition Food Association's report, estimated market size of "Food for Specific Health Uses" (the Government of Japan's designation of health food products) in 2005 was 629.9 billion yen (based on Manufacturers' recommended retail price), an increase of 11.1% compared to that of 2003. Especially, Acylglycerol, body fat, cholesterol related products were prominent in the increase. (f. 3/9)
- The largest bar dining restaurant chain *Watami Co., Ltd.* started Korean barbeque restaurant business using mainly Australian beef and some beef from its affiliated Hokkaido ranch. They are targeting 1% share of the market. (b. 3/24)
- B-to-B site managed by Info Mart Corporation is growing its business. They are creating a platform of matchmaking for over 5000 members of food suppliers and buyers. (b. 3/8)

Food Safety/Consumer Awareness

- "The price for imported buckwheat will be doubled," an importer commented on the Japan's new positive list system to be introduced in May 29. Major food service companies need to cover the cost for information panels to show the origin of food ingredients used at their restaurants. Who bears cost for these is unknown. (a. 3/11)
- Nihon Keizai Shimbun's (Japan Economic Newspaper) conducted a survey January-February 2006 targeting 1500 food wholesale and trading companies to get 500 valid respondents. According to the survey, food wholesale and trading companies positively performed the action for securing "safety and reassurance of food", while they could not add the expense to the price. The cost for traceability and other actions for "safety and reassurance of food" are increased burdens for those companies, but they found it is difficult to increase the price because of consumers' price-oriented tendency. (b. 3/13)

ATO/Cooperator/Competitor Activities/Trade Shows

- USA Rice Council will hold a creative sushi contest. Participants will be judged based on creativity, taste, looks and marketability by judges including the celebrated cooking specialist Dr. Yukio Hattori. The winner will be approved as "Sushi Master". (b. 3/6)
- Canadian Beef Export Federation held "Canada Beef Thanks Reception" to invite 120-200 Japanese meat industry people each in Tokyo, Osaka, Fukuoka and Sapporo. (f. 3/30)
- USMEF held American Pork Cooking Seminar at "KIYACHI" restaurant in Tokyo. 60 consumers attended the event (f. 3/27)
- A British pub chain *Hub Co., Ltd.* will include celebrity chef Robert Rees' menus. Robert Rees MBE is the Food Ambassador to introduce new British cuisine to foreign countries. This menu campaign is a part of "A Taste of British" campaign supported by British Embassy. *Hub Co., Ltd.*, *Virgin Atlantic Airline* and other companies related to the Great Britain are participated in the campaign. (b. 3/20)

Sources

- (a) The Japan Economic Newspaper
- (b) The Nikkei Marketing Journal
- (c) The Japan Food Journal
- (d) The Beverage & Food News Commentary
- (e) The Japan Food News
- (f) The Food Industry News
- (g) Fuji Sankei Business I
- (h) Pan News
- (i) Nihon Keizai Shimbun

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