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## Japan

### Market Development Reports

### Japan Food Trends - March 2008

2008

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**Report Highlights:**

The Gyoza Scare: a U.S. Export Opportunity? (implications of the pot sticker scandal); It's All About Love —and Chocolate, and Money (Valentine's Day); How Much Is a Big Name Worth? (Miyazaki's star governor)

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## JAPAN FOOD TRENDS

### Volume 2 Issue 3 – March 2008

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## Recent Trends and Developments of Interest

### 1. *The Gyoza Scare: a U.S. Export Opportunity?*

A new year, a new scandal.

2008 was barely out of swaddling clothes when the news broke in late January that consumers in various parts of Japan had been hospitalized after ingesting insecticide-tainted *gyoza* (pan-fried Chinese style pork dumplings, commonly known as pot stickers), which came from a plant in Hebei Province, China, and had been sold in the frozen food section in various super-market chains.



Maybe not the best thing for the kids tonight.  
(Photo courtesy sancyoku.jp)

One of the elements of the news that resonated so strongly with consumers was that the dumpling packaging looked very 'normally' Japanese, not like some kind of stereotypically poorly labelled, slapdash import products. Reprinted repeatedly in news articles and appearing day after day on television, images of the attractive, bright red plastic packages, complete with inviting, full color photos and catchy ad copy couldn't help but make people feel uneasy. What can we trust, was the unspoken subtext to the news, if our eyes are being so thoroughly deceived?

Effects of this scandal have been widespread and significant. Sales of Chinese food products are down across most sectors as exports from China come under tighter Chinese and Japanese inspection. JT Foods, one of the manufacturers that had commissioned the Hebei firm to produce the dumplings, has announced that it is reducing ties with Chinese contractors and will instead focus on nurturing subsidiaries. Chinese exhibitors at the recent FoodEx show outside of Tokyo spent rather little time talking with interested buyers and had to instead contend with crowds of intrusive television news crews. Even the Japanese government is getting involved, putting forward a proposal to create a new product labelling agency to add yet another layer to the jumble of ministries already involved in food safety regulation.

For consumers being bombarded with government pronouncements and advertisements proclaiming a need for the nation to eat more domestically produced food, all of this worrying coverage has done little to reassure anyone about the safety and

reliability of imports, Chinese and otherwise. Even in spite of 2007's record breaking number of revelations about food safety problems plaguing Japanese manufacturers (see January's *Japan Food Trends*, GAIN JA8701), consumers still instinctively choose domestically produced items over imported alternatives —often irrespective of price.

What all this means for American exporters is still rather unclear. Never mind that police investigators in Japan and China continue to squabble over where the insecticide might have actually been added to the products, or that no one seems any closer to finding out who was responsible. Never mind also that, as public health scares go, the scale of the gyoza debacle is in no way proportionate to the incredible media frenzy that it sparked.

There is some hope that, although fairly permanent damage may have been done to the reputation of food manufacturing in China, an "allergy" toward all imports will not be long lasting and consumers will be smart enough to understand the difference between products made in China and those made in the United States.

But it also takes a concerted effort by U.S. manufacturers to keep quality high and to eliminate mistakes. The reputation of U.S. products is only as good as the track record of the U.S. industry in the public mind.

## 2. *It's All About Love—and Chocolate, and Money*

Do you track your chocolate budget? No, not how many packages of Reese's Pieces and mini Snickers you have stashed in back of your lower desk drawer.

Traditionally Valentine's Day in Japan is marked by women giving chocolates to the men in their lives — boyfriends, bosses, dads, coworkers, etc — and not the reverse. "White Day" (March 14) is when the — presumably forgetful — men take their turn at the gift giving.

For the women this can amount to a fairly significant outlay (the men can get away with a more limited distribution) —hence the need for a budget.



400 people, 100 varieties of chocolate. At a pre-Valentine's tasting event in Osaka.  
(Photo: *Asahi Shimbun*)

A January survey of female shoppers at the upscale Printemps Ginza revealed that average chocolate budgets in all three categories were up this year, as reported in the *Nikkei MJ* (30 January 2008). Three, you ask? That would be: *hon'ne* (true feeling, ie, what you give your boyfriend or the man of your dreams who doesn't even know you exist), *giri* (obligatory, for most everyone else), and *jibun* (yourself).

The 'obligatory' category saw the biggest rise: 20% over the previous year to an average ¥1,209 (around \$12) per piece, with a rise also in the number of pieces up to 7.8, which was 1.5 times the number reported previously. The 'true love' category saw a smaller 2% rise, to ¥3,050 per piece, while 'my' chocolates rose 4% to ¥2,698.



Left to right: specialty chocolates from Takashimaya, Daimaru, and Sogo. (Photos: Asahi Shimbun)

At these prices it's fairly clear that these are not your ordinary Kisses: they are chocolate boutique specialties, albeit produced on a semi-mass scale. More ambitious gift givers even create their own, aided by a minor Valentine's industry of cookbooks, truffle kits, and confectionary blogs. All of this reflects a general trend toward greater exclusivity: pushing the high end even higher.

Department Stores, typically at the high end of retail trends, were no slouches this year either: Takashimaya produced a limited 300 boxes of fabled "Mori Izo" *shochu* filled chocolates, for sale only at their Osaka and Kyoto stores for ¥3,150 (about \$31) each. (Mori Izo *shochu* is a distillate from sweet potatoes that is itself sold only in limited quantities.) Daimaru created a jewelry box style set for ¥3,990, while Sogo came up with an *art nouveau* inspired, heart-shaped cage box (complete with mobile phone accessory) for ¥2,415.

And in Osaka the Hankyu and Hanshin department stores hosted a pre-Valentine's chocolate tasting event (pictured on the previous page) which drew 22,000 applicants willing to pay ¥1,500 each for one of the 400 coveted spots. Those lucky enough to secure admission were free to sample each of the 100 varieties on display, with the view to helping them narrow their choices of gifts for the lucky men they know.

And judging by the looks on their faces, they understand very well how serious the implications will be for their hearts—and for their pocket books.

### 3. How Much Is a Big Name Worth?

According to advertising heavyweight Dentsu's Kyushu office, former (some might say current) comedian turned Miyazaki prefectural governor Hideo Higashikokubaru's combined media appearances and features in news stories etc during his first week in office (in early 2007) were worth a combined ¥16,500,000,000 (about \$165 million at current rates). As stated in a *Nikkei MJ* report on the Higashikokubaru phenomenon, Dentsu wouldn't even put a price on the potential worth of his first year in office.

Not bad for a lanky, balding fellow with a somewhat goofy smile who is best known as having been a sidekick to the provocative showman and director Takeshi "Beat" Kitano, and who for many years went by the stage name "Sonomanma Higashi" —or "keep going straight east", as if part of someone's directions to a dentist's office. A year after first sitting in the governor's chair he can claim sole responsibility for having significantly boosted sales of all manner of mostly agricultural products from his home prefecture, as well as having created a boom in domestic tourism for those curious to visit the balmy region.

All of this comes as a pleasant surprise for a mostly rural area on the southern island of Kyushu that has in recent years seen little in the way of promising news, what with a declining population, a depressingly typical string of minor political scandals, and the high profile flop of a tremendously expensive tourist resort development.

Say what you will about his past lowbrow comedy routines, as governor Mr Higashikokubaru has turned a surprisingly savvy eye toward what he considers to be his region's strongest assets, such as: charcoal-roasted chicken, mangoes, and bell peppers. And he has been absolutely tireless in flogging these, making more than 530 media appearances during his first year, both in this official capacity as governor as well as more or less in his old guise as an entertainer on dozens of television talk and variety shows.

It also helps that, heavy political and economic centralization in the Tokyo area notwithstanding, popular food and cultural trends in Japan often originate in the more colorful regions such as to the west and south. Japan would lose a great deal of its flavor without *shochu* from Kyushu, *sanuki udon* from Shikoku, or *takoyaki* (grilled octopus balls) from Osaka.

The success of the governor of Miyazaki vividly demonstrates the power that a genuinely talented big name can wield in the Japanese market. It remains to be seen, however, whether Osaka Prefecture can replicate this pattern with its newly elected "talent" governor, Toru Hashimoto. The annals of Japanese political history are filled with records of entertainment-world officials who have proven to be merely dismal public servants.



Gift items featuring the governor's image on sale at Miyazaki Airport.  
(Photo: *Sankei Shimbun*)