



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 1/11/2002

GAIN Report #JA2503

Japan

Market Development Reports

Food Business Line

Periodic Press Translations from ATO Tokyo

2002

Approved by:

David C. Miller, Director

ATO Tokyo

Prepared by:

David C. Miller, Director

Akiko Matsuyoshi, Marketing Clerk

Report Highlights: A summary of current news reports in America's largest food and agricultural export market as translated from Japan's mass media and food press. This issue includes: Sales of *Carrefour's* three outlets did not reach its target in 2001, its first year in Japan; *Seiyo Food Systems* announced on December 11 that it had agreed to tie up with a major British food service company, the *Compass Group*; *Ajinomoto* plans to double the production capacity of its frozen food factory in China from the current level by 2007; According to a survey by Japan's Science and Education Ministry, the average height for a 14 year-old boy today is 5.8 cm taller than that of 30 years ago; and imports of Canadian beef have been increasing remarkably - its share in the Japanese beef import market has grown 10 times in the last 10 years. *Canadian Beef Export Federation* is targeting to take 8-10% of market share of beef imports by 2010.

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



Food Business Line

Periodic Press Translations from ATO Tokyo

Vol I, Issue 25 Nov 30 - Dec 28, 2001

Wholesale/Retail

- Sales of *Carrefour*'s three outlets did not reach its target in 2001, its first year in Japan. *Carrefour*'s strategy was to sell domestic product at a discount price with a European-style of service. But it did not appeal much to consumers because it was not unique to other supermarkets. Now they are shifting to Japanese-style service with an increased number of European products such as imported wines and clothes to differentiate themselves from rival supermarkets, realizing consumers came to *Carrefour* to experience "French." *Carrefour* has given up its target of opening 10 outlets within the next two years, but it plans to open a store in Saitama prefecture in 2002. (b 12/13)
- Sales of *Costco*'s second outlet in Makuhari, Chiba was about 7 billion yen in 2001, which was less than half the expected amount. However, expenditure per customer increased, coming close to the US average of 100 dollars. *Costco* plans to continue opening 2-3 stores per year. (b 12/13)
- To strengthen its food procurement capability, Nagoya-based liquor wholesaler *Maruto Mizutani* plans to purchase *Shin-ei Boeki*, a Nagoya-based wholesaler of Chinese food ingredients, on March 1. (b 12/13)

Food Service

- *Prime Link*, a subsidiary of *Venture Link* that operates various franchise chain stores, plans to open 1200 stores by joining 15 new franchise businesses by 2007. *Prime Link* now operates 9 types of businesses such as Bakery restaurant "Sun Marc" and "Gyukaku" grilled beef restaurant. (b 12/4)
- Reflecting increased consumer awareness towards environmental issues, food service companies such as beef bowl chain stores *Yoshinoya* D&C and *Matsuya*, and Izakaya pub restaurant chain *Colowide*, are starting to obtain ISO14001 certification. Obtaining ISO14001 requires much effort, but it helps reduce the burden on the environment and contributes to energy and other savings while reforming and maintaining the company system. (b 12/6)
- *Seiyo Food Systems* announced on December 11 that it had agreed to tie up with a major British food service company, the *Compass Group*. The *Compass Group* plans to turn *Seiyo Food Systems* into a 100% subsidiary in the future. (a 12/2)
- *Watami Food Service Company* opened its first overseas Japanese style pub restaurant in Hong Kong on November 15. With WTO membership, many food service companies see China as an attractive market for a preliminary move to their global development strategy, especially as Japanese food is gaining more popularity worldwide now-a-days. (b 12/13)
- Nine out of 12 emerging food service companies achieved a profit increase in 2001. Total sales for *Tasco System*, a company that operates a Japanese noodle restaurant that turns into a pub at night time, achieved a rapid growth of 69%, and its profit is estimated to have grown 2.3 times compared to 2000. *Tully's Coffee Japan*, and *Ootoya* (*teishoku* table lunch set restaurant) are also doing well. (a 12/15)

- *Royal* announced on December 21 that its working profit will decline 65% for 2001 mainly due to a drop in customers after the detection of BSE in Japan and the declining in-flight meal business after the September the 11th terrorist attacks. (a 12/22)
- In response to the increasing popularity of western-style oyster bars in Japan, US-based *Gallagers and Oysters Bar Company* is preparing to enter the Japanese market. (a 12/22)
- After nine years of planning, beef bowl restaurant chain *Yoshinoya D&C* plans to open its first store in New York City, its 1000th store overall, at the end of January. *Yoshinoya* currently operates 86 stores in the US, mainly in California. *Yoshinoya* targets operating 180 stores in North America by 2006 and plans to continue tapping the global market by even substituting chicken or curry for beef in some areas. (b 12/25)
- Japan's three largest beef bowl fast food restaurant chains are suffering from poor sales for beef after the detection of BSE. *Yoshinoya D&C*'s sales in November dropped 11.5% compared to the same month last year, sales of *Matsuya Foods* also fell 5.8%, and per customer expenditure for *Zensho* declined 22.3%. Each company is seeking a way out by offering substitute menus like pork bowl and *unadon* eel bowl. (a 12/26)

Food Processing/New Products/Market Trends

- Since the US banned all imports of beef products from Japan, Japanese food manufacturers have been switching beef with other substitute ingredients for the products that are to be exported to the US. For example, *Myojo Foods* changed the ingredient of its instant noodle soup to chicken extract. *House Foods* also plans to use palm oil instead of beef fat in its instant curry product. (a 12/5)
- *Ajinomoto* plans to double the production capacity of its frozen food factory in China from the current level by 2007. The new factory will produce value-added products such as fried chicken and *yakitori* grilled chicken, in addition to its on-going processed vegetable line. (a 12/5)
- According to the *Bank of Japan*, the DI index, which shows the degree of business prosperity, declined further for the entire manufacturing sector in December 2001. The reason for the decline owes to many factors such as the detection of BSE, terrorism, and the deflated economy. (a 12/13)
- According to a survey by Japan's Science and Education Ministry, the average height for a 14 year-old boy today is 5.8 cm taller than that of 30 years ago. The survey revealed that today's children's growth development is approximately one year ahead of where it was 30 years ago. (a 12/13)
- *Natto* sticky bean manufacturers are increasing production. *Natto* sticky bean (usually eaten with rice) is now drawing attention with its rich protein and discount price, and it is selling well as a substitute for beef after the BSE detection. (a 12/15)
- *Snow Brand Milk Products (Yukijirushi)* and *Ito-Chu Corporation* announced on December 14 that they will merge their subsidiaries, *Yukijirushi Frozen Food Company* and *Yayoi Shokuhin*, and launch a new frozen food company in January 2002. (a 12/15)
- The ruling party of the Government officially reached agreement on December 12 that the tax for tobacco and *happoshu* malt liquor will not be raised in 2002. (a 12/17)
- Beer companies are developing products that contain beer yeast, which is said to be rich in proteins, vitamins, and minerals. Medical tablets, supplements, powdery mixes, and healthy beverages are some of the examples of the newly introduced products. The beer yeast market is estimated to grow by a factor of more than eight times this year, reaching nearly 1.7 billion yen in sales. (b 12/20)

ATO/Cooperator/Competitor Activities/Trade Shows

- *The California Walnut Commission* held a trade meeting for 2001-2002 on November 8 in Tokyo. (c 12/5)
- *The American Soybean Association* held its "US Soybean Quality Prospect Conference" recently in Tokyo, inviting soybean producers, consultants, and professors from the US. (c 12/12)
- *The Canadian Beef Export Federation (CBEF)* held a "Canadian Beef and Veal Seminar" on November 27 in Osaka. Imports of Canadian beef have been increasing remarkably, and its share in the Japanese beef import market has grown 10 times in the last 10 years; import volume has increased 7 times. *CBEF* is targeting to take 8-10% of market share of beef imports by 2010. (f 12/17)
- The chairman of the *Chilean Fruit Export Association* held a press conference in Tokyo and showed strong intentions to expand its sales of Bing cherries for which the import ban was lifted in Japan in October 2001. (b 12/20)
- The first large organic exhibition fair in Japan "BIO FACH" was held on December 13-15 in Tokyo. One hundred-and-seven exhibitors participated from overseas while Japanese exhibitors were 77, reflecting the good potential for the Japanese organic market which has just enforced its organic JAS certification system in April 2001. (c 12/21)

RRRRRRRR**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 |

DISCLAIMER - *Food Business Line* is derived from major Japanese news wires, mass distribution press, and food industry newspapers and magazines. Inclusion of an item in *Food Business Line* does not imply agreement by USDA or U.S. Embassy/Tokyo; nor does USDA or U.S. Embassy/Tokyo attest to the accuracy or completeness of the translation of the news item. ATO Tokyo cannot further translate or send source materials to users.