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Japan

Market Development Reports

Food Business Line

Periodic Press Translations from ATO Tokyo

2002

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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: AEON to cut 20% of its current work force by 2005; Daiei opens new specialty supermarket called "Sukoyaka Sodachi" (Healthy Living); total sales of Japan's top 100 food service companies increased 4.1% in 2001; the *Japan Nursing Food Association* is launched on April 26 to support development of food products for the elderly; and a fourth case of mad cow disease (BSE) was confirmed in Japan on May 11.

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Retail/Wholesale

- *AEON* (formerly *JUSCO*) announces plans to cut personnel expenses and build a more competitive corporate system. For the first time, the company plans to not hire any new employees for two years starting in 2003 and to cut about 20% of its current workforce by 2005. (a 5/1)
- *Daiei* has opened a specialty supermarket called "Sukoyaka Sodachi" (Healthy Living) in Chiba Prefecture. The store carries about 1,000 food product lines mainly focused on health, such as reduced-pesticide vegetables and food products without additives. *Daiei* plans to open five stores of this type in 2002. (Nihon Nogyo Shimbun 4/26)
- *AEON* stopped buying rice from the rice wholesaler *Yuasa Funashoku* on April 20. According to *AEON*, inferior rice was mixed in six of the upscale rice brands distributed by *Yuasa Funashoku*, such as Akita Komachi and Koshi-Hikari. (a 4/20)
- On May 13, leading Hokkaido supermarket chains *Ralse* and *Fukuhara* reached an agreement to merge by the beginning of November this year. The new company will become Hokkaido's largest retailer. (f 5/16)

Food Service

- According to a *Nikkei Marketing Journal* survey, total sales of Japan's top 100 food service companies increased 4.1% in 2001 compared to 2000. The top three ranking companies in terms of sales in 2001 were: 1) *McDonald's Japan*, 2) *Skylark*, and 3) *Hokka Hokka-tei* (bento lunch box take-out company). Although same-store sales for the industry as a whole have been declining in recent years, rapid growth of emerging new chains has pushed up total sales, which includes new outlets. The top three companies in terms of highest growth in 2001 were: 1) *Reins International*, 2) *Starbucks Coffee Japan*, and 3) *Kiwa Corporation*. (b 4/25)
- The *Food Service Industry Research Center* announced on April 24 that the size of the overall food service industry in 2001 was 26 trillion yen (\$221 billion), down 1.5% from the previous year. This was the fourth consecutive year of decline. (Nihon Nogyo Shimbun 4/25)
- More and more major food service chains are starting to use a new food waste recycling system in which garbage from their restaurants is processed into animal feed or fertilizer at a central factory. The Food Recycling Law, which took effect in May 2001, requires food service companies to reduce their waste by at least 20 percent by 2006. *Izakaya* pub restaurant chain *Watami Food Service* plans to introduce the system in its 100 restaurants by April 2003, with the intent of increasing its rate of recycling from 10% to 90% in the near future. *Kentucky Fried Chicken Japan* and *McDonald's Japan* also have plans to implement the system. (a 4/28)
- Sun tanning company *Sunrise Japan* is expanding its food service business. Its deli restaurant chain "News Deli" has been gaining popularity recently, especially among young women, due to its deli style format which allows customers to select small portions from any of 80-100 varieties of dishes. The company also opened a casual Asian food restaurant named "Asian

Junky" in March and a Japanese *sozai* side dish restaurant named "Oban-zai" in April. *Sunrise Japan* plans to increase its total number of food service outlets from the current nine to 18-20 by the end of October. (b 5/14)

- *Sony Music Entertainment (SME)* is planning to start a casual food service business in partnership with a prominent French chef, Mr. Joel Robuchon. The first restaurant is scheduled to open in Tokyo in May 2003 and will be operated by *Four Seeds Corporation*, a major pizza restaurant and delivery company. *SME* is also looking for a partner to expand the retort food product business under the Chef Robuchon brand. (a 5/14)

Food Processing/New Products/Market Trends

- The *Japan Nursing Food Association* was launched on April 26 with 39 member companies. Its aim is to support the development of food products which are easier for the elderly to chew and digest. The association plans to establish user-friendly rules on labeling and standards for those products. (f 5/9)
- A fourth case of mad cow disease (BSE) was confirmed in Japan on May 11. This was the third BSE-tainted cow to be identified from the Hokkaido area. (The Daily Yomiuri 5/13)
- The price of beef fell below one-third of its previous level, following the fourth detection of BSE. The price of dairy cows were especially affected. (a 5/14)
- Vegetable imports fell a dramatic 54% in February compared to the same month the previous year. The drop, which was led by lower imports of *negi* onions and raw *shiitake* mushrooms, was mainly due to a large domestic crop which caused a reduction in domestic prices. Imports from China were also affected by the detection of pesticide residues. (b 4/25)
- Both *Taisho Pharmaceutical* and *Sato Pharmaceutical* plan to expand the overseas business of their unique, fortified mini-bottle energy drinks. *Taisho* plans to strengthen its sales in China, targeting an increase of five times the current level by 2007. *Sato* plans to introduce its "Yunkeru Kotei-eki" line in Thailand this summer, as exports to six other countries, such as the United States and Germany, continue to grow. (a 4/30)

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Sources

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| (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 |

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