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Market Development Reports

Food Business Line

Periodic Press Translations from ATO Tokyo

2001

Approved by:

David C. Miller, Director

ATO Tokyo

Prepared by:

Karen Halliburton, Deputy 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: supermarket retailers vary approaches on e-commerce; Itochu launches on-line supermarket; Bashamichi food service company announces aggressive growth target; family-style restaurants expand alcoholic beverages to compete with pub restaurants; McDonald's to begin providing allergy information to customers this fall; and Tohato becomes the first Japanese snack food manufacturer to use U.S. white sorghum.

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Food Business Line

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Wholesale/Retail

- Supermarket retailers are approaching e-commerce in different ways. *Seiyu* and *Ito-Yokado* see on-line ordering services as a means to increase existing store sales, while *JUSCO* regards it as a new business tool to increase orders from areas with no stores. At the same time, *Pororocca* of the *Mycal* group is working with apartment complexes to provide a bulk internet ordering and delivery service for the tenants. (c 6/13)
- *Itochu Corporation* has started an on-line supermarket called "F-dot-com." (<http://www.the-f.com/>) (a 6/19)

Food Service

- Saitama-based *Bashamichi* food service company plans to open a second factory by August 2002, which will also function as a distribution center. By 2005, the company plans to increase its annual sales five times the current amount to 20 billion yen and increase its number of outlets from the current 92 to 170. They currently operate three types of restaurant formats: "Bashamichi" café restaurants (56 outlets), "Haikarate" *yakiniku* Korean barbecue (29 outlets) and "Modern Pasta" Italian restaurants (7 outlets). (a 6/8)
- Family restaurants are expanding the choice of alcoholic beverages on their menus in order to compete with pub restaurant chains. For example, *Denny's Japan* recently introduced 12 varieties of cocktails, and *Royal Host* added six new ones this spring. At the same time, *Saizeriya* reduced the price of a glass of wine from 180 yen to 90 yen. (a 6/13)
- In accordance with the Japanese Ministry of Health, Welfare and Labor's new allergy labeling law which is to begin enforcement next April, *McDonald's Japan* will start providing allergy information to consumers this fall about their menu items. *McDonald's* decision to disclose such information is particularly to give comfort to customers with small children. (f 6/18)
- *Gourmet Kineya*, an Osaka-based noodle shop company, will start a new café business in Osaka at the end of June called "Moi's Sandwich." This concept is unique in that it is operated out of a mobile trailer to avoid the high land costs and taxes associated with a normal store location. (a 6/13)
- Fast food chains are now able to serve fresher food thanks to new machines able to make better quality hamburgers in less time. For example, *Lotteria*, with its "just in time" system, makes a hamburger within one minute after the order is placed. *McDonald's Japan* plans to introduce a similar "Made for You" system in all of its restaurants within the next three years, and *Wenco Japan* is already operating such a system in its Wendy's outlets. (b 6/21)
- The U.S. subsidiary of *Mitsui & Co.* and *Four Seeds Corporation* (the umbrella company of the "Pizza-La" pizza delivery chain) have created a new joint venture company called *Pacific Diner*, in which they will introduce the Hawaii-based "Kua Aina" hamburger chain to the U.S. mainland. The first restaurant is scheduled to open in Santa Monica, California on July 1, with plans to open 30 outlets over the next four to five years. *Four Seeds* is already operating seven Kua Aina outlets in Japan. (b 6/21)

- On June 18, *Royal Company Ltd.* opened a new Royal Host family restaurant and Café Croissant outlet next to each other in a space vacated by a financial institution in central Tokyo. The new location features upscale interiors targeting the area's business people. (b 6/21)

Food Processing/New Products/Market Trends

- *Tohato* becomes the first Japanese manufacturer to use white sorghum [imported from the U.S.] in its new snack food line. (f 6/18)
- *Mitsubishi Corporation* launched a new company that will supply ingredients for small and medium sized food service chain restaurants and *bento* lunch box manufacturers. The new company plans to cut procurement costs by 5-15% through bulk distribution efficiencies. (a 6/9)
- Major trading companies are starting to focus on the efficiency of their food procurement businesses. *Marubeni* launched a joint venture with German *Metro* specializing in the procurement of food ingredients for member food service companies. In addition, *Itochu*, together with *Asahi Brewery* and *Katokichi*, has also started an on-line market called "Shoku-Do-Raku" (Gourmet), where food service companies can meet suppliers directly on-line and arrange orders, deliveries and financial transactions. (a 6/9)
- Shipments of beer from the five major beer companies fell by 10.9 % in May 2001 compared to the same month last year, while *happoshu* malt liquor shipments increased by 46.2% during the same period. (a 6/13)
- Following the recent detection of an unapproved variety of GM potatoes in a *House Foods* potato snack product, Japan's Agriculture Ministry decided on June 11 to add potato flakes to the list of foods requiring GMO labeling. (a 6/12)
- On June 20, *Calbee* started a recall of its "Jagariko" potato snack product due to the detection of an unapproved variety of GM potatoes. The variety is "New Leaf Plus," which is approved in both the U.S. and Canada, but not yet approved in Japan. However, Japan's Health, Welfare and Labor Ministry does not consider it to be harmful. (a 6/20)

ATO/Cooperator/Competitor Activities/Trade Shows

- In cooperation with the *Sendai Broadcasting Company*, the *U.S. Meat Export Federation* will hold a family cooking school event entitled "American Pork Festival in Sugo!" at Sportsland Sugo on June 23. (c 6/11)
- The *U.S. Potato Board* announced plans to promote frozen "IQF Hash Brown Potatoes" in Japan, which are oil-free and low calorie. They will mainly target health-oriented institutional food service operations, including school meals. (c 6/13)
- The *California Almond Board* held a health forum entitled "Let's Be Healthy from the Inside" on May 12 in Tokyo. About 600 people attended the forum. (f 6/18)
- Canada's Alberta State Office held a "Canada Alberta Food Business Seminar" in Nagoya on June 4, featuring Canadian beef and potatoes. (c 6/18)
- In cooperation with *Diamond Walnut Growers*, *Sun-Maid Raisin Growers*, and *Valley Fig Growers*, *Nisshin Flour* held their "11th American Baking Seminar" at their Higashi Nada Factory in Kobe on June 12. More than 70 people attended the seminar. (f 6/18)
- The *Raisin Administrative Committee* held the final part of their "2001 California Raisin Cuisine and Desert Contest" on May 26 at the Hattori Nutrition School in Tokyo. (f 6/18)

- The *Canadian International Grains Institute* sponsored a tour of Canada on May 13-18 for the winners of the Canadian Ingredients Cooking Contest to better understand Canadian grains. (c 6/20)
- As part of their "Think Canada 2001" campaign, the Canadian Government and the *Japan Micro-Brewery Association* held a "Canadian Micro-Brewery Festival in Osaka" on June 9. (c 6/22)

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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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