



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 11/1/2002

GAIN Report #JA2548

Japan

Market Development Reports

Food Business Line

Periodic Press Translations from ATO Tokyo

2002

Approved by:

Kevin Sage-EL, Deputy Director

ATO Tokyo

Prepared by:

Akiko Matsuyoshi, Marketing Clerk

Report Highlights: From America's largest overseas market for food and agricultural exports as translated from Japan's mass media and food press. This issue includes: Inexpensive Japanese '100-yen' shops compete for traditional customers of convenience stores; *Saizeriya* joins a growing trend in the food service industry to cut costs by test marketing product in its restaurants from its new Australian processing plant; early indications on market performance for *Kao Corporation's* new healthy brand of mayonnaise; Japanese food manufacturers continue to invest in product trace-back systems in order to regain consumer confidence and; ATO Insights on the Japan coffee market.

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



Food Business Line

Periodic Press Translations from ATO Tokyo

Vol II, Issue 18 September 15-30, 2002

Retail/Wholesale

- Flat-rate discount shops offering unique products and services are increasing recently, pursuing customers previously reserved for convenience stores. For example, hot and cold beverages, comic books, menu books and novels are all sold for only 100-yen in the 100-yen shops such as "The Daiso" and "Seikatsu Ryouhin-kan" (Life and Good Products House). *Ninety-nine Plus Inc.*, an operator of the food-oriented 99-yen shop "SHOP99," is also doing well, opening 40 new shops in the past six months, now totaling 160 shops in all. *Ninety-nine Plus Inc.* also increased the variety of its *sozai* (take home) side dishes and *bento* lunch boxes. For some of its stores, *Ninety-nine Plus Inc.* is extending their operations to 24-hours, in direct competition with convenience stores. (a 9/26)

Food Service

- In October, Italian restaurant chain operator *Saizeriya* began testing product in its restaurants acquired from its factory in Australia. Product to be tested will be frozen hamburger meat, meat sauce and soups. Seen as an alternative to sourcing these products locally, *Saizeriya* seeks to lower its procurement costs. It's total investment cost in this plant is 3.3 billion yen. (b 9/24)
- It was revealed on September 28 that there had been several calls from consumers complaining that small stones were being found in the Chinese *gyoza* steamed shrimp dumplings sold at "Mister Donuts" fast food chains. It seems that the dumplings were manufactured in July at a factory in China. *Duskin Co., Ltd.*, the operating company for "Mister Donuts" issued a clarification saying that it had informed local health authorities that sales of the *gyoza* had been suspended since the beginning of September. (a 9/29)

Food Processing/New Products/Market Trends

- *Kao Corporation*'s new Econa-brand mayonnaise, developed to take advantage of the favorable image of its Econa brand of healthy cooking oil (advertised to prevent fat from accumulating), has already gained more than 10% share in some stores after its introduction on September 7. Japan's mayonnaise market is now dominated by *Q.P. Corporation* and *Ajinomoto* which together combine for a 90% share of the market. However, *Kao* has set a target to obtain a 10% share of the entire market within two to three years. (b 9/24)

Food Safety/Consumer Awareness

- Major food manufacturers such as *Maruha* and *Q.P. Corporation* are planning to introduce a system to trace their products from production stage through the distribution process. For example, top seafood producer *Maruha* will build a database that traces from the raw material procurement through the production process. The system will enable retailers and transport companies to read product bar codes to determine the harvest dates of the raw materials and their

production dates. The system will also include information on the amount of additives and agricultural chemicals used, quality inspection results and other information. *Maruha* intends to eventually allow the system to be accessed by consumers from their personal computers. Other food manufacturers are making similar efforts to regain public confidence after the spate of food mislabeling scandals in Japan. (a 9/30)

ATO/Cooperator/Competitor Activities/Trade Shows

- *Canada Beef Export Federation* plans to hold a "Canadian Beef and Veal Seminar" at the Grand Hyatt Fukuoka on October 15. The theme for this seminar is "Targeting Safe and Reliable Canadian Beef Brand." (f 9/23)
- *Meat and Livestock Australia* held an "Aussie Beef Forum" on September 10 at the Tokyo ANA Hotel, explaining Aussie beef safety, traceability and its campaign to regain its share in the Japanese beef market. (f 9/23)
- Food imports from China increased 10% in value in January-June 2002, compared to the same period last year. Low prices are the main reason indicated for the increase. Chinese imports now hold a 14% share of the entire food import market in Japan compared to just a 6% share in 1990. U.S. share was 33% in 1990 and 30% in 2002, according to local trade data statistics. (a 9/25)

ATO Remarks: It is likely that more food imports from China will result in other food safety conflicts, particularly regarding agricultural chemical and pesticide residues. However, ATO observations from several recent buyer showcases reveal that Japanese importers already look to other sources for their import needs, especially lower cost processed foods. Frequently mentioned are countries like Thailand, Indonesia, Taiwan and Canada, also because of lower procurement costs. The recent U.S. west coast dock strike is also temporarily offering new opportunities for our competitors. In the long run, the Japanese consumer's strong inclination toward quality and safety should continue to benefit U.S. agricultural exports to Japan.

ATO Market Insight

Sales at "kissaten," the traditional Japanese-style coffee shop, have been declining as consumers have shown a preference for western style coffee establishments. The number of existing kissatens have declined by 38 percent from 155,000 in 1981 to 89,000 in 2001. Coffee imports have fluctuated somewhat over the years but based on available data at the ATO, between 1994 and 2001 imports have increased by 10.9 percent or an average annual increase of 1.2-percent. While the U.S. is not a major contributor to total Japanese coffee imports with less than 1 percent of the total market, the increase in import demand is largely due to successful inroads by American style coffee chains, like *Starbucks* and *Tully's*. The popularity of fresh brewed coffee sold at these food service establishments also influences increased consumption elsewhere where Japanese consumers are switching from instant coffee to fresh brewed coffee at home and at work.

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.