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Report Name: Japan Health Foods Market Overview

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Report Highlights:

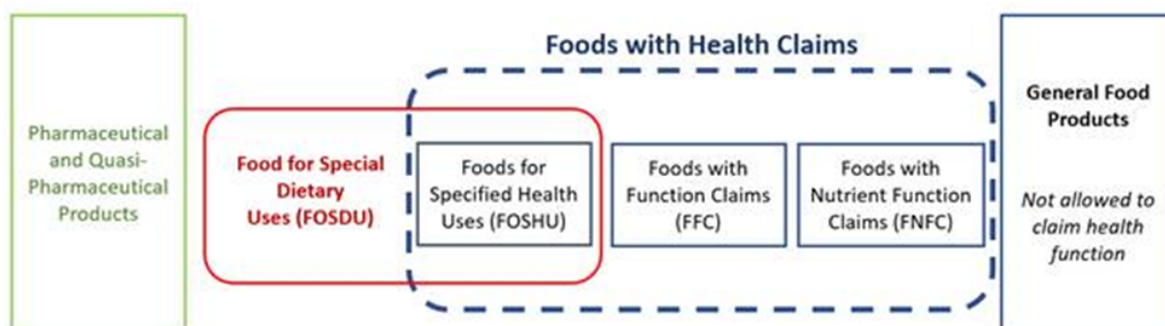
In 2018, Japan's health-related food market was the third largest in the world with an estimated value of \$13.2 billion, up two percent from the previous year. Following the introduction of the Foods with Function Claims (FFC) labeling category by Japan's Consumer Affairs Agency (CAA) in 2015, the volume of companies and products that are marketing health food products has risen substantially.

Opportunities exist for U.S. health foods manufacturers and ingredients suppliers. Specialty food buyers from sporting goods food manufacturers, gyms, sporting goods retailers, drug stores, etc., look for new products at large trade shows or specially targeted trade showcases.

I. HISTORY AND BACKGROUND ON HEALTH CLAIMS AND REGULATIONS

Many products considered to be health foods today have a long history in Japan. Natto (fermented soybean) has been consumed for thousands of years. Buddhist cuisine, generally perceived as healthy, has been a major influence for traditional Japanese cuisine. As long ago as 1935, bacteria from natto and other fermented vegetarian foods were commercialized by Japanese manufacturers to create probiotic drinks, such as Yakult. Ezaki Glico Co., Ltd., traces its name and origins to “Glico,” a caramel candy first produced in 1919 as a glycogen (originating from oyster juice) fortified candy for disease prevention in children.

The Government of Japan (GOJ) strictly regulates health claims on food labels, and foods in general cannot label a function claim¹. Japan’s Ministry of Health, Labour and Welfare (MHLW) does not legally define “health food,” yet refers to it as commonly distributed food that contributes to health. The Consumer Affairs Agency (CAA) is the governmental organization charged with oversight of food labeling and health claims. Three categories of food products are permitted to label specific health benefits resulting from the function of food, as shown in the following diagram.



The three categories of Foods with Health Claims include:

1. **Foods for Specified Health Uses (FOSHU)**, described further on the [MHLW FOSHU webpage](#): FOSHU was introduced in 1991, but its utilization has remained limited due to the rigorous requirements for eligibility. Products classified as FOSHU require an assessment by CAA and approval from MHLW in order to claim physiological effects on the human body.
2. **Foods with Nutrient Function Claims (FNFC)**, described further on the [MHLW FNFC webpage](#): The FNFC system was introduced in 2001 and includes 17 ingredients (12 vitamins and 5 minerals). Unlike FOSHU, there is no registration procedure for FNFC. According to MHLW, “these foods may be freely manufactured and distributed without any permission from or

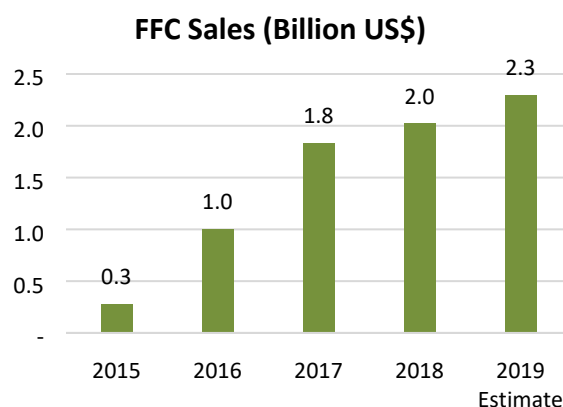
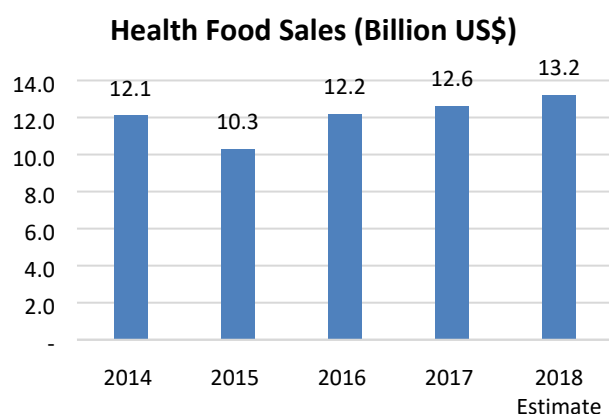
¹ Function claims may describe the role of a nutrient or dietary ingredient intended to affect the normal structure or function of the human body, for example, “Helps maintain good GI condition.”

notification to the national government, provided that it meets the established standards and specifications.” Therefore, if scientifically verifiable data shows that a food contains vitamins and minerals specified in the FNFC category, it could potentially be utilized as a health ingredient.

- 3. Foods with Function Claims (FFC)**, detailed further in the CAA’s [Guide for Consumers](#) and [Guidance for Industry](#): In April 2015, the CAA introduced FFC as a third category of health claim labeling for food. FFC allows companies to display a product’s specific health benefit (or “functionality”) and an associated area of the human body on retail food packaging. These claims must be based on scientific evidence. Food business operators are required to evaluate the safety and effectiveness of the product or ingredient and submit that information to the CAA Secretary-General to be publicly disclosed on the CAA’s website. However, unlike FOSHU, products bearing health claims under FFC are not individually pre-approved by the CAA Secretary-General. Therefore, the FFC registration process is generally more affordable and faster than the registration process for FOSHU. For more information see GAIN [JA5025](#).

II. HEALTH FOODS MARKET IN JAPAN

Health-labeled products are monitored, but the categories of “General Food Products” and “So-called Health Products” make it difficult to determine the exact market. Fuji Keizai estimated the health-related food market value to be \$13.2 billion (1.4 trillion yen) in 2018, a two percent increase from the previous year, which places Japan as the third largest health food market in the world.



Health Food Sales Source: Fuji Keizai Group, Health & Beauty Food Marketing Handbook 2018.

FFC Sales Source: Health Business Magazine, Edition 705, April 15, 2019.

With the relative ease and affordability of the FFC registration process compared to FOSHU, the volume of companies and products that are marketing health food products has risen substantially. However, many industry stakeholders feel that consumer knowledge of these health claims is low, and

the differentiation of the various packaging claims causes confusion. Nevertheless, FFC now represents approximately 15 percent of the total health-related food market. According to industry publication *Health Life Business*, the market size for FFC was approximately \$2.0 billion in 2018 and estimated to increase to \$2.3 billion in 2019. In 2018, 1,854 products were submitted for registration and, of those, 721 were marketed.

The leadup to the 2020 Tokyo Olympics Games has led to a boost in athletic-oriented health products, for example, higher intake of energy products, amino acid products, and now protein products that include whey protein. The aging population seek health products to maintain health, sleep, and combat conditions such as locomotive syndrome. Many products targeted at those in their 40's and 50's focus on boosting metabolism and maintaining a healthy weight. Health and beauty-oriented products are also prolific. Recently, "superfoods" such as *camu camu* (an Amazonian sour berry) have received attention from health-conscious consumers and marketers who are collected efficacy data for FNFC registration.

Intage Inc., a marketing and research firm, conducted a six-year study on the health food market with more than 10,000 consumers that concluded in 2018. The data suggests that there are differences in health needs of male and female consumers. The demanded effects amongst male consumers were "recovery from fatigue," "prevention of hypertension," and "health maintenance." Amongst women, "anti-flatulent," "skin care," and "nutritional support" were the most demanded effects.

Every year, Fuji Keizai researches sales and health food market share in Japan by category and publicizes the data in Handbook for H.B (Health & Beauty) Foods Marketing. Products are organized into 20 categories that represent aspects of health that a product may improve. Sales and market share between 2014 and 2018 are similar. The category with the highest market share was "Intestinal regulation" at 18 percent, followed by "Prevent lifestyle-diseases" and "Nutrient."

Market by Health Benefit

Category	2014		2018	
	Million \$	Share %	Million \$	Share %
Nutrient	1,603.7	13.3	1,867.9	13.9
Strengthen Liver Function	243.9	2.0	195.0	1.5
Skin Care	399.5	3.3	417.2	3.1
Intestinal Regulation	2,305.8	19.1	2,418.8	18.0
Weight Control	475.9	3.9	441.3	3.3
Prevent Lifestyle-Related Diseases	1,722.1	14.3	2,366.2	17.6
Stimulate Blood Circulation	21.1	0.2	17.9	0.1
Stimulate Immune System	924.3	7.7	1,313.8	9.8
Nutrition Balance	617.5	5.1	761.5	5.7

Bone and Joint Support	921.4	7.6	934.9	7.0
Arousal Effect	160.7	1.3	131.7	1.0
Reduce Anemia	134.0	1.1	151.8	1.1
Reduce Throat Irritation	372.3	3.1	366.5	2.7
Tooth Decay Reduction	417.5	3.5	395.0	2.9
Hygiene	251.0	2.1	485.3	3.6
Eye Care	25.2	0.2	7.8	0.1
Multi-Balance	1,392.4	11.5	1,025.2	7.6
Hormone Balance	3.9	0.0	6.9	0.1
Supports Relaxation	11.9	0.1	55.0	0.4
Green Charge	64.5	0.5	72.9	0.5
Totals	12,068.5	100.0	13,432.5	100.0

Source: Fuji Keizai Group, Health & Beauty Food Marketing Handbook 2018 No. 1

Yogurt products and drinks are popular health food products. Commonly used effective ingredients include prune, sesamin (a sesame lignan), and black vinegar. According to Health Business Magazine, ingredients that support “healthy intestinal environment” rank the highest. Ingredients such as collagen and propolis are popular in health and beauty items for their benefits to skin. Overall, ingredients that support “total balance of nutrient intake” are among the most sought.

Health Ingredient Market Size, 2018

Ingredient	Million USD
Lactic acid bacteria, Bifidobacterium	5,642.2
Amino acids (GABA, BCAA, etc.)	2,293.6
Indigestible Dextrin	623.9
Barley Leaf	559.6
Collagen	550.5
Sesamin	541.3
Prune	449.5
DHA	422.0
Glucosamine	385.3
Whey Protein	348.6
Black Vinegar	339.4
Royal Jelly	321.1
Fermented Vegetable Extract	321.1
Blueberry	247.7
Kale	247.7
Lutein	229.4
Turmeric	201.8
Propolis	192.7
Korean ginseng	183.5

Catechin	183.5
Lycopene	174.3
Chlorella	165.1
Noni	146.8

Source: Health Business Magazine, 717 Edition, October 15, 2019

Trendy Health Food Products

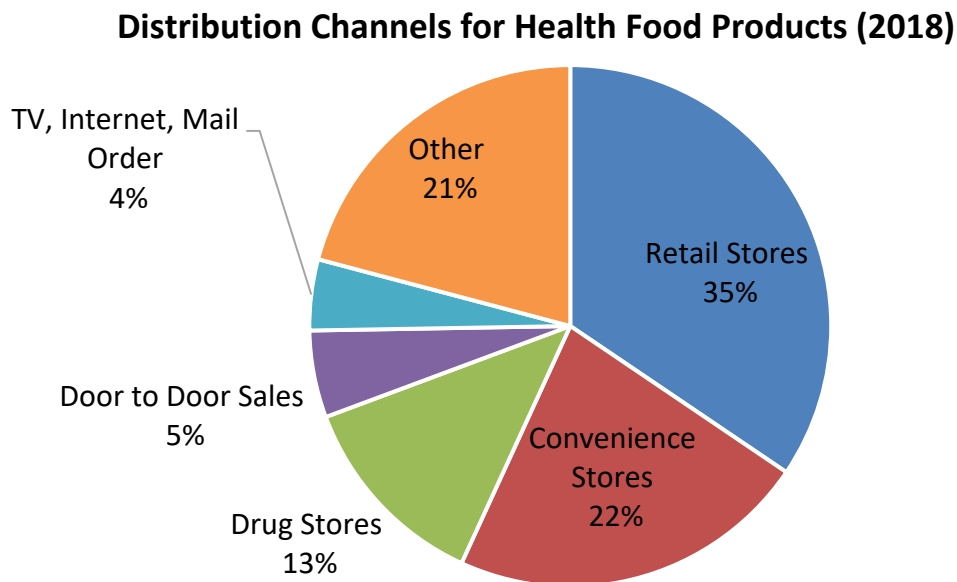
	
<p>Energy and Protein Bars cater well to fast-paced lifestyles. Convenience stores now carry many energy or protein bars that can be eaten on-the-go. The major food manufacturers have their own brands and products.</p>	<p>Yogurt/Yogurt Drinks and Fermented Foods are the most popular. Some have higher quantities of lactic acid bacteria than other products. Bifidobacterium has gained popularity as a health ingredient as well.</p>
	
<p>Energy Drinks, Vegetable Juices, and Smoothies are abundant in the health foods sector. The photo above shows a barley juice. Smoothies are conveniently packaged in 250 ml containers and usually equipped with a handy pull-out straw.</p>	<p>Fortified Products reflect innovation and creativity in the health foods sector. For example, Libera (photo) is a chocolate snack that includes indigestible dextrin to lower fat and sugar intake. Several other fiber ingredients are being included in health foods.</p>
	
<p>Green Teas with Catechin for Cholesterol</p>	<p>Salad Chicken, or chicken breast in a ready-to-</p>

Reduction is one of the original FOSHU products that help reduce cholesterol. All large manufactures have versions of this product. Some offer a higher content of the catechin that is reflected in the price.

eat vacuum pack, are very popular at convenience stores and are even sold at gyms. They are convenient and low fat.

III. DISTRIBUTION OF HEALTH FOODS

Supermarkets are the largest outlets for health-related foods, followed by convenience stores. Top food manufacturers who also produce health-related foods utilize their distribution network of supermarkets. The largest Japanese food and beverage manufacturer, Suntory Holdings, successfully marketed a FOSHU tea product and has developed a strong distribution network with supermarkets. Asahi Group Holdings, the second largest Japanese food and beverage manufacturer, successfully marketed a product in 2017 called *Karada Calpis*, which helps reduce body fat.



Source: Fuji Keizai Group, Health & Beauty Food Marketing Handbook 2018 No. 1

While drug stores have a significantly lower market share at 12.5 percent, the industry aims to increase SKUs for food and beverage items in their stores, according to the Japan Association of Chain Drug Stores. Drugstores now carry ready-to-eat meals and fresh produce, both of which are typically customer attractions for supermarkets and convenience stores.

IV. RECOMMENDATIONS

Specialty food buyers from sporting goods food manufacturers, gyms, sporting goods retailers, drug stores, etc., look for dedicated manufacturers that can consistently supply product. Japan is a very

competitive market and buyers in the food and beverage industry are inundated with meeting requests, therefore, they often do not respond to “cold calls” or requests for meetings with individual companies. Instead, they prefer to find new products at large trade shows, or specially targeted trade showcases, where they can look at many products at once.

Therefore, participating in one of Japan’s many trade shows is highly recommended to learn about the market and meet with potential business partners. The largest local food related trade shows are the [Supermarket Trade Show](#) and [FOODEX Japan](#), which take place every February and March, respectively. Other trade shows often relevant for the health foods sector include [International Food Ingredients and Additives Exhibition \(IFIA\) Japan](#) and [Health Ingredients Japan](#). For more information on trade shows, read [JA2020-0054](#).

V. KEY CONTACTS

USDA Japan frequently updates reports, which can be found by searching the [FAS Japan Reports](#) website.

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1-10-5, Akasaka, Minato-ku
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Fax: 81-3-3582-6429
E-mail address: atotokyo@usda.gov

ATO Osaka

American Consulate General
2-11-5, Nishi Tenma, Kita-ku, Osaka City
Osaka 530-8543
Tel: 81-6-6315-5904
Fax: 81-6-6315-5906
E-mail address: atoosaka@usda.gov

USDA Japan Webpages

<http://www.usdajapan.org/> (FAS Japan, English)
<https://twitter.com/usdajapan> (FAS Japan, English)

Japan External Trade Organization (JETRO)

Japanese market and regulations: <https://www.jetro.go.jp/en/reports/>
Japan Food Sanitation Law: <http://www.jetro.go.jp/en/reports/regulations/>
Specifications and Standards for Foods, Food Additives, etc. under the Food Sanitation Law:
<http://www.jetro.go.jp/en/reports/regulations/>

Cooperators and SRTG Contacts

Industry organizations and State Regional Trade Groups work closely with USDA to help food and agricultural companies advance their exporting goals. To learn more about these groups, and which ones may be working in Japan, please see:

<http://www.usdajapan.org/tradeservice/cooperators-industry-partner-groups/>

USDA Reports

Secondly, FAS publishes a variety of reports, which can help them prepare for entering the Japanese market such as the Exporter Guide, Food and Agricultural Import Regulations (FAIRS), and the Retail Guide. Links to most recent versions of these reports can be found here:

<https://www.fas.usda.gov/regions/japan>. These and many other reports are also available on our website at [Global Agricultural Information Network \(GAIN\)](#).

Import Process Guides

For exporters who are new to the market, the Agricultural Trade Office (ATO) has commissioned a series of reports to detail regulatory requirements for bringing a wide variety of products into Japan. These reports are intended as a guide to navigate the process together with your importer/distributor, and not as 'Do-It-Yourself' manuals. To access the guides, please visit: <http://www.usdajapan.org/dl/>

Attachments:

No Attachments.