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Report Highlights:

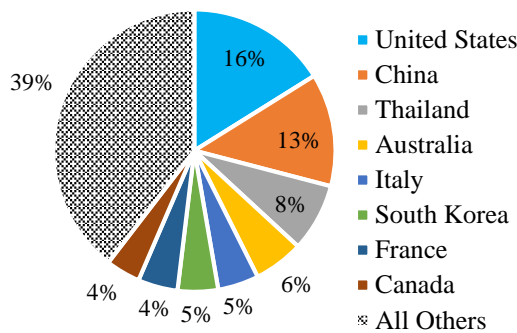
The retail industry in Japan remained stable despite the continued strength of the U.S. dollar vs. the Japanese yen. To drive demand, retailers have strategically targeted the younger generation who seek easy-to-prepare, frozen, and ready-to-eat foods. The retail sector had sales total \$198 billion in 2023 with increased demand in supermarkets, convenience stores, and drug stores.

Market Fact Sheet: Japan

Executive Summary:

The United States is the largest foreign supplier of food and agricultural products to an import-reliant Japan (22 percent of import market share)—the fourth largest market for U.S. agricultural products in 2023 (\$13 billion). On January 1, 2020, the U.S.-Japan Trade Agreement (USJTA) entered into force, providing preferential tariff access for many U.S. agricultural products. Japan’s food industries are well-developed and innovative in all sectors, including, retail, food service, food processing, and distribution.

Japan Consumer-Oriented Product Imports (\$39 Billion, 2023)



Food Processing Industry:

The \$190 billion food processing industry produces a wide variety of foods: traditional Japanese, Western, and health-oriented foods for infants and the elderly. Food processors focus on maintaining market share among traditional product lines while developing creative and innovative food products to attract consumers.

Food Retail Industry:

In 2023, the total value of all retail food and beverage sales was \$198 billion. Supermarkets represent the bulk of the retail food sales at 45 percent and the convenience store sector accounts for approximately 29 percent of sales. Ready-to-eat meals or take-home foods represent a continued area of growth.

Population: 124,200,000 (Feb. 2024 est.)

GDP: \$4.2 trillion (4th)

GDP/Capita: \$50,335

Top Ten Growth Food Products

- 1) Confectionary Products
- 2) Dairy Products (Cheeses)
- 3) Processed Vegetables
- 4) Meat Products
- 5) Condiments and Sauces
- 6) Eggs & Products
- 7) Distilled Spirits
- 8) Beer
- 9) Processed Fruit

Food Industry by Channels (US\$)

Consumer-Oriented Imports \$39 billion
 Food Processing Industry \$190 billion
 Food Industry Gross Sales \$564 billion
 - Retail (2023) \$198 billion
 - Food Service (2022) \$237 billion

Top Ten Retailers

AEON	Life Co
Seven & I Holdings	H2O Retailing
Yamazaki Baking	Valor Holdings
Pan Pacific International Holdings	USM Holdings
Isetan Mitsukoshi	Izumi

Strength	Weakness
U.S. products are in demand and remain trendy.	The negotiating and decision-making process can take time.
Opportunity	Challenge
With USJTA, nearly 90 percent of U.S. products are duty free or receive preferential tariff access.	For products not covered in USJTA, many other suppliers enjoy tariff concessions through other FTAs.

Data sources include: Trade Data Monitor, Japan Ministry of Finance, Japan Ministry of Economy, Trade and Industry, Japan Food Service Association, The World Factbook, The World Bank

SECTION I. MARKET SUMMARY

The food and beverage retail industry totaled \$198 billion in 2023 and encompasses supermarkets, department stores, convenience stores, drug stores and the internet (See Figure 1). General Merchandise Stores (GMS) are malls with a supermarket. Most GMS are operated by national retailer AEON or Seven & I holdings (7-11 stores). They offer products such as apparel, shoes, sporting goods, bedding, kitchenware, etc., in addition to food and beverage products. There is no separate or official data source for GMS sales for food and beverage products due to a change in the Government of Japan’s data collection. GMS has been estimated to be generate between \$20-\$30 billion in sales.

Figure 1: Food Retail Sales by Category for 2021– 2023

Source: Ministry of Economy, Trade and Industry, Statistics Bureau of Japan <https://www.stat.go.jp/data/joukyou/12.html>

Category	2021		2022		2023	
	Billion \$	Share %	Billion \$	Share %	Billion \$	Share %
Supermarket	108.7	46.5	91.8	45.7	88.9	44.9
Convenient Store	67.6	28.8	57.7	28.7	57.7	29.1
Department Store	14.0	6.0	12.3	6.1	11.7	5.9
Drug store	20.5	8.8	18.2	9.1	19.1	9.6
Internet	23.1	9.9	20.9	10.4	20.9	10.5
Total Market	233.9	100.0	200.9	100.0	198.3	100.0

* Official estimates for Internet sales were not available for 2023

** Internet market uses the value of 2022, \$20.9 billion because 2023 data is not available.

Note: Because of the fluctuating exchange rates, we provide a table showing the annual average exchange rate of JPY to U.S. Dollar:

Exchange Rate	2021	2022	2023
Annual Avg.			
JPY per USD	109.8	131.0	141.0

Retail Market Trends

Supermarket: U.S. food and beverage products continue to be prominently displayed at supermarket stores and are frequently sought out by consumers for quality and freshness. Bakery goods, cereals, and pasta, along with confectionary products and processed vegetables represent some of the best prospects of U.S. consumer-oriented products. These prospects are similarly true for nontraditional retailers, such as drug stores, which have increasingly begun to sell vegetables, fruit and ready-made meals. The rising demand for nutritious and convenient food, as well as the growing popularity of food purchases at drug stores and similar retailers further support export opportunities for nonperishable products such as nuts and dried fruit.



Image 1: Fresh fruits section



Image 2: Club style retail space

The Convenience Store(“combi”): The convenience stores sector accounts for approximately 29 percent of total retail sales. In 2023, on yen basis, sales increased 0.4 percent, recording the highest level of sales in the

previous three years. The number of convenience stores have increased and are offering a wide selection of products such as ready-made meals and frozen foods, to make it easier for on-the-go consumers to quickly pick up food. This is more pronounced for the working class commonly referred as “salary men/women” who utilize combini’s throughout the day.



Image 3: Ready to Eat/Home Meal Replacements



Image 4: Dedicated space for frozen foods

Drug store: Drug stores are another retail store category that is growing. In 2023, the drug store sector accounted for nearly 10 percent of total sales which increased marginally by 0.5 percent from the prior year. Drug store sales have been increasing year over year due to the increase in the number of food products available such as vegetables, fruits, ready-made meals, snacks, and beverages. This allows consumers to get drug stores' main products, such as medicines, cosmetics, and daily necessities while getting food in one location without needing to visit different stores. This convenience has particularly been beneficial for Japan’s growing elderly population.

Internet Sales: Internet sales has continued to be a popular avenue for consumers. One of the reasons is the prevalence in using smartphone applications to order various food and beverage products. However, in 2023, internet sales totaled approximately \$21 billion, which saw marginal increases from the year prior and accounts for nearly 11 percent of total sales. This segment experienced an increase in sales prices including shipping charges, rising energy prices and rising wages, shifting consumer purchases to in-store supermarkets to get lower prices.

Japanese Retail Trends: Price Increases, Depreciation of Yen: Food prices have continued to rise on more than 32,000 food and beverage items in 2023. The exchange rate of the Japanese yen against the US dollar was 140.5 yen in 2023, which was even weaker than the previous year. Japan's heavy reliance on imports raises the prices of imported products and raw materials, leading to an increase in domestic food prices. Thus, some products showed a decrease in sales after these price increases went into effect, which indicates changes in consumer behavior. For example, consumers have opted to select foods with short expiration dates or generic products (brand vs. non-brand) but still maintain the same taste and quality. These discounted products differ from the originals in weight, capacity, color, shape, or packaging.

Consumer Trends: Saving Time, Shorter Preparation, Single Serve: Ready-made and single-serve meals have continued to grow in popularity due to their convenience. Frozen food and meal packs, which contain all the ingredients and pre-cooked meals that only need to be heated up, have been in high demand in minimizing shopping and food preparation time. In 2023, frozen food sales reached their highest point ever. Certainly, supermarkets make significant efforts to sell frozen foods, but convenience stores also enhance frozen food sales by expanding freezers and increasing the number of stores, making them more accessible to consumers. As a result, the number and diversity of products that can be frozen have increased, resulting in wider availability of food products for customers.

New Trends: Healthy Snack, Influence of Social Media: In 2023, healthy snacks were increasingly trendy. The popularity grew among social media influencers on platforms such as YouTube and Instagram, gaining the attention of younger consumers (Generation Z, ages 12-27). On social media, influencers share a lot of unique recipes that can be prepared in different ways and encourage healthy snacks to be consumed throughout the day.

SECTION II: ROAD MAP FOR MARKET ENTRY

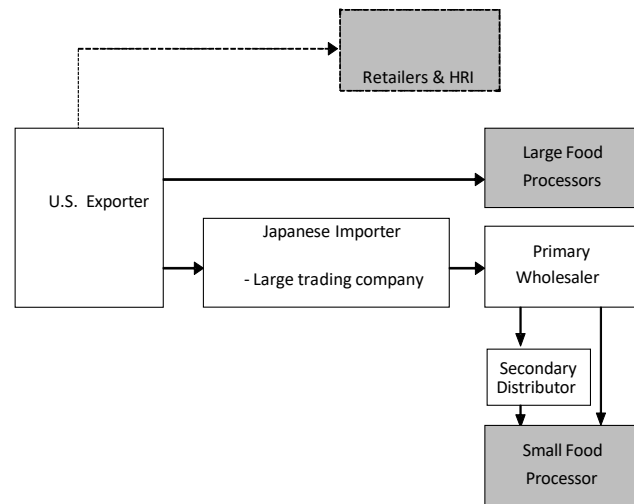
Market entry may take a considerable amount of time, especially for ingredient suppliers. Manufacturers frequently search for specific ingredients but may be unwilling to disclose new product development plans and reluctant to discuss product-sourcing needs. The challenge for U.S. ingredient suppliers, therefore, is to build a relationship with potential manufacturer partners so that when new product needs arise, that relationship can be leveraged. To capitalize on those opportunities, it is important to secure product and in-country representation. Therefore, building a relationship with a local importer is a critical early step.

Market Structure

The following illustration is a basic flowchart showing how imported products tend to enter and move through the traditional Japanese distribution system:

Ingredient products will most likely be handled by a:

1. General trading company
2. First-line wholesaler
3. Second-line wholesaler
4. Food processor



Trading companies play the following services:

1. Import processing
2. Financing
3. Customs clearance
4. Warehousing
5. Preparation of order and shipping documentation.

Large food processors and retailers are increasingly purchasing sizeable quantities of product directly from trading companies.

Market Entry

Regulations on ingredients and additives are very strict, and exporters must ensure that products are permitted. For additional information, please see below (Section C. 1.). As part of the product clearance and approval process, it is also common that local processors and the Japanese government request specific information regarding product handling and composition. In addition, local manufacturers have a reputation for demanding very high standards of product quality and consistency, while also having a reputation for working collaboratively with suppliers to develop long-term supply relationships. Strategies for entering the market vary depending on product characteristics, competition, and the market environment. However, buyers in the food and beverage industry often prefer to find new products at large trade shows, or specially targeted trade shows, 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.

Entrance Strategy:

To get started, companies interested in exporting should:

- a. Ensure production capacity to commit to the market,
- b. Ensure sufficient financial and non-financial (staff, time, etc.) resources to actively support exported product(s),
- c. Evaluate whether the ability exists to tailor product packaging and ingredients to meet foreign import regulations, food safety standards, and cultural preferences,
- d. Ensure knowledge necessary to ship overseas, such as being able to identify and select international freight forwarders, manage climate controls, and navigate export payment mechanisms, such as letters of credit,
- e. Research USDA cooperators or local State Regional Trade Groups (SRTG) by visiting the [“Getting Started” FAS webpage](#)). These groups work closely with USDA to help food and agricultural companies advance their exporting goals.

Once a company has established a foundation for exporting, they should:

1. Determine whether product is permissible by Japanese food regulations.

- a. The [Exporter Guide](#) and the [Food and Agricultural Export Regulations Report \(FAIRS\)](#), published by the USDA Japan offices contains much of the necessary information.
- b. For plant or animal health inquiries, local [APHIS offices](#) can provide information.
- c. If the product contains meat or meat products, companies should reference the [Food Safety Inspection Service Export Library](#).
- d. [JETRO’s Handbook for Agricultural and Fishery Products Import Regulations](#) is a helpful tool for reviewing Japanese food regulations to determine product compliance, local laws regarding additives, residue levels, and processing procedures, as well as regulations in terms of weight, size, and labeling.

2. Perform basic market research by:

- a. Determining the specific area of the market that company product is targeting,
- b. Determining whether there is demand for the product by searching online websites, speaking with other companies that have experience in the market, visiting Japan to conduct market tours, or attending a trade show,
- c. Determining the comparative advantages of product versus Japanese and other suppliers, keeping in mind transportation and modification costs. Potential customers need to be convinced of the product merits: price savings, higher quality, higher value, or more convenient packaging.

3. Develop an export action plan:

Once the general market, product, and regulatory information is collected, companies should begin the process of creating an export action plan. This can be a helpful tool for relaying product vision to distributors and buyers. The plan should have some flexibility as portions may change after personal interaction with the market or as more information is gathered. This action plan should include:

- | | |
|-----------------------|--|
| • The company’s story | <input type="checkbox"/> Goals and benchmarks, short/long-term |
| • Product | <input type="checkbox"/> Product modifications, if applicable |
| • Objective | <input type="checkbox"/> Product packaging and handling including literature in Japanese |
| • Market | <input type="checkbox"/> Financial resources to be committed |
| • Marketing plan | <input type="checkbox"/> Non-financial resources to be committed |
| • Schedule | <input type="checkbox"/> Additional financing |
| • Evaluation | <input type="checkbox"/> Potential importers and buyers |

4. Get to know the market personally:

Companies should visit Japan to explore opportunities first-hand or find a representative. Face-to-face interaction is very important in Japan, where personal relationships are highly valued. Companies should vet their partners to ensure they have a good reputation and record of accomplishment.

Finding a Buyer

Trade shows are excellent tools for market research as well as for finding potential distributors. FAS updates the [list of USDA-endorsed trade shows](#) annually. Companies should contact their appropriate [SRTG](#) or USDA Cooperator to inquire about upcoming activities such as trade missions or showcases. For more information on trade shows in Japan, please read [GAIN JA2020-0054](#).

Selected Major Domestic Companies

Company (Main products)	Website
Kirin Holdings (Beverage, alcohol)	https://www.kirinholdings.co.jp/english/
Nippon Ham Foods Ltd. (Meats)	https://www.nipponham.co.jp/eng/
Meiji Holdings Co., Ltd. (Daily, beverage, confectionery)	https://www.meiji.com/global/
Ajinomoto Co., Inc. (Food and amino acids)	https://www.ajinomoto.com/en/?scid=av_ot_pc_comehead_1ogo
Yamazaki Baking Co., Inc. (Bread and bakery products)	https://www.yamazakipan.co.jp/english/index.html
Maruha Nichiro (Seafood)	https://www.maruha-nichiro.com/
Itoham Foods Inc. (Ham and Sausage)	http://www.itoham.co.jp/english/index.html
Megmilk Snow Brand Co., Ltd. (Dairy products)	http://www.meg-snow.com/english/
Kewpie Corp. (Mayonnaise and Dressing)	https://www.kewpie.co.jp/english/
Asahi Group (Beverage, alcohol)	https://www.asahigroup-holdings.com/en/
Suntory Ltd. (Beverage, alcohol)	https://www.suntory.com/softdrink/index.html

SECTION III: COMPETITION

The United States is Japan's top agricultural trading partner and known as a reliable exporter that provides safe and high-quality food products. However, many other suppliers have their own free trade agreements with Japan that similarly reduce or eliminate food and agricultural tariffs, such as the European Union, Canada, Australia, Chile, and Mexico. On January 1, 2020, the USJTA went into force, and with it nearly 90 percent of U.S. agricultural products now have preferential tariff access in Japan.

Japan Imports of Agricultural & Related Products from the World 2023

Partner Country	U.S. Dollars (Billions)			% Share			% Change
	2021	2022	2023	2021	2022	2023	2023/2022
World	64.0	70.3	65.0	100.0	100.0	100.0	-7.20
United States	15.1	16.4	13.1	23.5	23.3	20.2	-19.88
China	6.5	6.9	6.8	10.2	9.8	10.5	-1.31
Brazil	3.2	4.6	5.3	4.9	6.5	8.2	17.26
Australia	4.3	5.6	5.0	6.7	7.9	7.7	-10.03
Canada	4.4	4.5	3.8	6.9	6.4	5.8	-14.89
Thailand	3.6	3.9	3.8	5.6	5.5	5.8	-2.67
France	2.0	2.1	2.1	3.1	2.9	3.2	1.85
Italy	3.3	2.4	2.1	5.2	3.5	3.2	-15.31
South Korea	2.0	2.2	2.0	3.1	3.1	3.1	-5.53
Indonesia	1.3	1.6	1.7	2.1	2.3	2.6	2.24

The United States is the leading pork supplier to Japan followed by Canada and Mexico. Japanese consumers strongly associate beef with the United States, for which the import market is shared with Australia. U.S. wheat accounts for roughly half of annual imports, with Canada and Australia making up the other half. Soybean imports are primarily from the United States on a value basis at approximately 70 percent, with Brazil and Canada being the main competitor for food-grade soybeans. The EU, New Zealand, and Australia mainly supply cheeses, while the U.S. market share is just ten percent. The United States' main competition in vegetables and fruit is regional, with China primarily supplying on proximity, price competitiveness, and varietal preferences. Thailand dominates the poultry meat market, ahead of Brazil and China; together comprising 99 percent of imports. The United States is the top supplier of corn, followed by Brazil.

SECTION IV: BEST PRODUCT PROSPECTS CATEGORIES

With the implementation of USJTA, USDA Japan published one-page fact sheets to highlight key product categories that received preferential tariff treatment in the agreement (linked in the table below). More information on tariff treatments may be found at [USDAJapan.org](https://www.usda.gov/japan).

Beef & Beef Products	Higher prices may shift consumer preferences from fresh or chilled beef to frozen beef, or from beef products to pork and poultry products. However, the demand has been steady, and the beef consumption is expected to increase in 2023 as Japan's reopening to foreign visitors further supports the hotel, restaurant, and institutional sector's recovery. For more information, see JA2021-0117 .
Pork & Pork Products	Japan imports around 50 percent of its pork supply. Pork is one of the most popular protein choices for Japanese households and ground seasoned pork (GSP) is a key ingredient for domestic sausage manufacturers. For more information, see JA2021-0117 .
Processed Vegetables	The United States is a major supplier of prepared potatoes, tomato paste, and prepared sweet corn. Higher consumption of home-meal replacements is expected to bolster producer demand for processed vegetables. For more information, see JA9710 .
Wheat and Wheat Products	U.S. food wheat is a key ingredient in Japanese bakery and noodle production. USJTA provides tariff parity with competing food wheat suppliers such as Australia and Canada. It also gives the United States a tariff advantage over Turkey, one of the leading pasta suppliers. Pasta is the primary wheat product imported by Japan. For more information, see JA2021-0128 .
Fresh & Processed Fruit	Japan was the world's sixth largest importer of fresh fruit - relying on imports for around one-third of total domestic supply. The United States was the fifth largest supplier of fresh fruits to Japan and was the leading supplier of lemons and cherries and the second largest supplier of oranges, grapefruit, and kiwi fruit. Declining domestic production has led Japan to become increasingly dependent on imported fruit and this trend is expected to continue. For more information, see JA2023-0090 .
Tree Nuts and Peanuts	In 2023, Japan imported approximately \$700 million of tree nuts, of which nearly 46 percent were from the U.S. Tree nuts are mostly used as ingredients for bakery and confectionery industry. Tree nuts are increasing in popularity especially in the convenience health snack sector, as detailed in JA9502 . Almonds, walnuts, pistachios, in plain, roasted, and salted forms, are common in single-serve snack packaging at convenience stores across Japan.
Whiskey	Japan remained the top export market for American whiskey and enjoys a 22 percent market share. For more information on the whiskey market, please refer to GAIN report JA2020-0053

Wine & Beer	Wine consumption in Japan has steadily declined in the past few years resulting in consumers opting for lower-calorie and healthy beverages. For an overview on the wine market in Japan, please refer to the following GAIN report, JA9501 . For more information on the craft beer market, please refer to GAIN report JA8507 .
Cheeses	Nearly 90 percent of cheese consumed in Japan is imported. Cheese consumption in Japan is still significantly lower than other advanced economies, but it has grown continuously since 2013. Furthermore, consumers taking advantage of expanded retail options in supermarkets during the pandemic have continued to consume cheese products beyond the stay-at-home period. Consumption has traditionally focused on domestically produced processed cheese products which use imported natural cheese as ingredients. Popular processed products include sliced cheese, cheese sticks, and bite-sized cheese wedges. For further increase of consumption, cheese pairing guides will be important. For more information, please refer to GAIN reports JA2021-0139 and JA2022-0012 .

SECTION V: KEY CONTACTS

Reports from USDA Japan, including the Agricultural Trade Offices and the Office of Agricultural Affairs, are frequently updated and can be found by searching the [FAS Japan Reports website](#).

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ATO Osaka

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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 Online

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

Japan External Trade Organization (JETRO)

Japanese market and regulations:
<https://www.jetro.go.jp/en/reports/>
Specifications and Standards for Foods, Food Additives, etc. under the Food Sanitation Law:
[JETRO | Japan External Trade Organization:](#)
Search with “food import regulation”

Ministry of Health, Labor and Welfare

Imported Food Safety: [Imported Food Safety | Ministry of Health, Labour and Welfare \(mhlw.go.jp\)](#)
Japan Food Sanitation Law: [Food Sanitation Act - English - Japanese Law Translation](#)
U.S. laboratories approved by the Japanese Government, visit
[Ministry of Health: List of Foreign Official Laboratories \(mhlw.go.jp\)](#)

Attachments:

No Attachments