



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 10/29/2003

GAIN Report Number: JA3528

Japan

Market Development Reports

Food Business Line

Periodic Press Translations from ATO Tokyo

2003

Approved by:

Kevin Sage-EL, Deputy Director
ATO Tokyo

Prepared by:

Akiko Matsuyoshi, Marketing Clerk

Report Highlights:

From America's largest overseas food and agricultural export market as translated from Japan's mass media and food industry news. This issue includes: *AEON* plans to cut costs by expanding its direct business contact with food manufacturers; Food sales shows some small improvement against continued declines in whole-store sales for supermarkets; *Carrefour's* total sales from January through June increased by 10 percent; Direct marketing, together with on-line internet sales continue to rise in Japan; Deep sea water is finding increased applications in food and beverage products and; Fresh vegetables sold in restaurants is gaining favor with Japanese consumers.

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



Food Business Line

Periodic Press Translations from ATO Tokyo

Vol III, Issue 37 Aug 15 – Sept 15, 2003

Retail/Wholesale

- *AEON* plans to strengthen its clothing and food division in the latter half of fiscal 2003 in order to recover the losses brought about by the cold weather and increased competition in the food sector. *AEON* also plans to cut costs by expanding its direct business contact with food manufacturers, and also plans to develop new business with fresh produce wholesalers. (b 8/19)
- *Seiyu* began sales of *Wal-Mart's* “Great Value” private brand processed for food products in its 400 outlets. (b 8/19)
- According to the Japan Economic Newspaper, total sales for supermarkets in July declined by 3.7%, on a whole-store basis compared to the same month last year. It was the eighth consecutive month of a decline in sales. Food sales increased by 0.5%. (b 9/2)
- *Carrefour* announced that during January through June, total sales on a same-store basis increased by 10% compared to the same period last year. The increase is attributed mainly to both the increased quantity and revisions made to their European product lines. *Carrefour* plans to open three stores within 2003, as previously scheduled. (a 9/2)

Food Service

- The number of customers for 30 major restaurants declined significantly in July compared to the same month last year, due to cool summer temperatures. Twenty-four companies did not achieve their previous year's level of sales on a same-store basis, and six companies suffered a double-digit decline. (b 8/19)
- *Dotour Coffee* is opening new coffee shops with new location concepts, such as in hospitals. The first shop started operating last December inside of a hospital in Fukushima prefecture, followed by a second one that recently opened in Okayama prefecture on August 26. (b 8/28)
- *Foodx Globe*, an operator of the *Tully's* coffee store chain, accepted a tender offer by the investment fund management firm, *AC Capital Incorporated*. As a result, it will be de-listed from the Osaka Securities Exchange's Hercules market as early as October. Plans are to integrate business operations with U.S. *Tully's Coffee Corporation*. (a 9/2)
- *Watami Food Service* plans to start producing organic vegetables in a special deregulation zone to be established in Chiba Prefecture. The company will become the first leading restaurant operator to take advantage of the government's new deregulation zone program and enter the farming business. (a 9/5)

Food Processing/New Products/Market Trends

- According to the *Japan Direct Marketing Association*, direct marketing sales rose 5.6% to 2.63 trillion yen in fiscal 2002, setting an all-time high for the fourth consecutive year. The number of people shopping online also continued to rise. A total of 341 firms saw their

combined internet-based sales go up 95% to 150 billion yen in fiscal 2002. Many consumers repeatedly ordered items such as health food and fresh food delivered directly from the producers. A growing number of smaller firms dealing in household goods and furniture also entered the online shopping business. (b 8/19)

- Products using deep-sea water are gaining increased popularity. In Kochi Prefecture, research started 15 years ago on uses for deep-sea water. Now, alcoholic beverages such as Japanese *Sake*, *Shochu*, and beer are using deep-sea water. Other products such as *Miso* bean paste, *Shoyu* soy sauce, *Tofu*, *Natto* sticky beans, noodles, and bread are also being introduced to deep-sea water. There are even non-food products using deep-sea water such as wet tissue, cosmetic products, and bath items. The market size of deep-sea water products is said to be eight billion yen. Other prefectures are now putting more effort on the development of the deep-sea water products, but Hawaiian deep-sea water remains to be the strong production source. (f 9/1)
- Due to the new regulation that is to take effect next April, retailers and food service companies are preparing to modify their price labels to show total price that includes tax. 100-yen shops are still indecisive whether to change its shop name to “105-yen shop” or not. (a 8/27)
- According to the Japan’s Agriculture Ministry, prices of fresh imported beef have risen by about 3-5% in just one month since the government imposed safeguard measures on beef imports on August 1. (b 9/2)

Comment: Domestic prices for both U.S. and Australian beef were already on the rise during the imposition of the beef safeguard. Further pressure on import prices can also be attributed to the recent detection of BSE in Canadian.

- *Wako Shokuryo*, a rice and grain distributor in Fukushima Prefecture, was discovered by authorities mixing U.S. rice in a product labeled as high quality domestic rice brand, known as “Aizu-produced Koshihikari Rice”. The company also disguised the production year as 2002 while it was really produced in 2000-2001. (a 9/8)
- Beer containing less than 1% alcohol was formerly referred to as “non-alcoholic beer”. The labeling has now been changed to “beer-taste beverage”, due to several safety concerns. *Asahi Beer* plans to introduce a new “beer-taste beverage” product line called “Point One”. *Suntory*, *Sapporo*, and *Kirin* already have such products. Competition is expected to increase now with all four major beer companies in the market. (b 9/11)

Food Safety/Consumer Awareness

- Restaurants that sell fresh vegetables in their storefronts are increasing in central Tokyo and are attracting more customers. Vegetables are selected, cut in small packages and delivered straight from contract farmers on a daily basis. Moreover, prices are set relatively low which make it more convenient and especially attractive for the health-conscious, quality-focused young working female. (b 9/4)

ATO/Cooperator/Competitor Activities/Trade Shows

- *Wild Blueberry Association of North America* will hold a promotional campaign called “Wild Blueberry Week” in unison at department stores, supermarkets, hotels, and restaurants in Japan from September 15-20. (b 9/2)

☞ 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.