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Market Development Reports

Food Business Line

Periodic Press Translations from ATO Tokyo

2003

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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: *Red Lobster* saw a profit gain in 2002 for the first time since its arrival to the Japanese market in 1982 after *Reins International* took over the Japanese operation from *Aeon* last February; *Kentucky Fried Chicken* tries out two new store concepts in Tokyo; Japan's Agriculture Ministry's affiliated association starts a new website for agricultural producers and buyers and; Japan's universities are making cafeterias more attractive with inclusion of food service chains.

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Food Business Line

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Retail/Wholesale

- Convenience store operator *C&S Co.* announced that it will merge with *Circle K Japan* and *Sunkus & Associates* as of September 1, 2004. (b 10/15)
- According to the mid-year financial statements for the five major convenience store operators, all five saw their sales for the fiscal first half fall short of their earlier forecasts mainly due to the unusually cold summer. While *Seven-Eleven Japan*, *Lawson*, and *Family Mart* secured pretax profit gains under these circumstances, *C&S* and *Ministop* suffered declines. (a 10/16)
- According to the *Japan Franchise Chain Association*, total sales of its member convenience stores in September declined by 0.6% compared to the same month last year on a same-store basis. It is the seventh consecutive month of a decline in sales compared to the previous year. (a 10/21)

Food Service

- *Lotteria Co., Ltd.*, an operator of “Lotteria” Hamburger fast food chains, plans to introduce a record high-priced premium hamburger at 380 yen. (b 10/16)
- “Red Lobster” saw a profit gain in 2002 for the first time since its arrival to the Japanese market in 1982 after *Reins International* took over the Japanese operation from *Aeon* last February. As a reward, the U.S. company owner, *Darden Restaurants* lowered the royalty fee by 0.3%. (b 10/28)
- Monthly total sales of the major food service companies improved in September after the prolonged cold and wet season in July and August. Coffee chains such as *Dotour Coffee* achieved their previous year’s monthly sales figures, and both family restaurant and pub restaurant chains saw a more moderate decline compared to the previous month. (b 10/21)
- Foreign affiliated fast food chains have established a firm basis in the Japanese market since *McDonald’s* first came in 1971. Now, those companies are forced to reconsider their brand’s image and marketing strategy due to economic recession and the recent oriental cuisine boom. For example, *Kentucky Fried Chicken* is opening new café-style stores and also, “Kentucky Express”, a new small satellite shop concept to be located inside shopping centers. (b 10/21)
- *Shidax*, a major institutional meal company announced on October 22 that it will start a group alliance with six other major institutional meal companies, aiming for joint procurement of food ingredients. The main reasons are to cut cost, increase competitiveness against foreign companies and establish a safe image as a group. (f 10/30)

Food Processing/New Products/Market Trends

- Japan’s Agriculture Ministry’s affiliated association, the *Organization for Urban-Rural Interchange Revitalization*, started a website where agricultural producers and buyers could meet on-line by registering for free. Their URL address is: <http://www.kouryu.or.jp> (b 10/16)

- *Aeon* plans to expand floor space for its pet food and other related products. *Aeon* plans to increase private label branding, together with premium pet food and large-size packages. (b 10/23)
- It is estimated that the import amount of the Beaujolais Nouveau, released on November 20, will be a record high this year. In spite of the rising Euro currency, importers are increasing the volume of orders with high expectations of a good quality wine. (a 10/29)
- *Kao* announced on October 20 that its “Econa” brand mayonnaise was authorized by the Ministry of Health, Labor, and Welfare as specified health food. It is the first time for a mayonnaise product to be so designated. (a 10/21)
- The Japanese university cafeteria is changing and becoming unique and attractive for students. For example, Tokyo Koka University opened a new food court. In addition to curry and noodles shops, it also has popular fast food shops such as “Yoshinoya” grilled beef chain and “Dotour” coffee inside its restaurant building. Chuo University also opened an Asian-Ethnic food cafeteria, utilizing menus suggested from foreign students. (b 10/30)

Food Safety/Consumer Awareness

- Murakami-gyu, a prestigious domestic beef, is gaining popularity. It is bred in Murakami-city located in the northern part of Niigata prefecture. The secret to its good taste is feeding rice and bran in addition to corn and barley. Also, only strictly selected high quality beef is delivered. In 1996, it won a top prize in Japan’s domestic beef competition at Tokyo central wholesale market. (b 10/16)
- *Vox Trading*, a food trading company, plans to start a large-scale non-agricultural chemical cultivation system. It will first start with *oba* leaf, and then expand it to strawberries and herbs. (a 10/21)

ATO/Cooperator/Competitor Activities/Trade Shows

- *Meat New Zealand (MNZ)* is planning to increase promotional activities of New Zealand beef and lamb throughout the year. *MNZ* aims to double the Japanese export value in six years compared from 2002. (b 10/23)
- The Food Service Industry Fair was held on October 8-9 in Tokyo. The overall number of attendees was 3,702, which was up 400 from last year. Attendees from the food service industry accounted for 35% of the total, which was up about 800 from last year. (Gaishokukyo News 10/31)

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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