

The Japanese Food Market & The Japanese Business Culture

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AGENDA

1. General characteristics of the Japanese market

- Macroeconomic indicators
- Demographic & social challenges of the Japanese economy
- Environmental & climate challenges of the Japanese economy

2. Specific features of the Japanese agri-food market

- Strong and weak points of the Japanese market
- Tariff and non-tariff barriers in the Japanese market access
- Food self-sufficiency in Japan
- Japanese agri-food market
- Japanese organic market
- Food distribution network in Japan
- The largest trading companies in Japan



3. Food product export to Japan

- Main food product exporters to the Japanese market
- The largest foreign investors in the food sector in Japan
- European goods in the eyes of the Japanese
- Food trade fairs and exhibitions
- Brand building in Japan
- Tips for an exporter to Japan

4. French Export to Japan

- French export value
- Number of French companies exporting to Japan
- French Geographical Indications (Gis)



5. Selected sectors of the Japanese market

- Alcoholic and non-alcoholic beverages
- Fruit and vegetables (fresh, canned, preserves)
- Canned meat and fish

6. The Japanese business culture

- A business card
- Personal relations
- Hierarchy
- Trust
- Negotiations
- Consumer patriotism versus curiosity about novelties



1. General characteristics of the Japanese market

- Macroeconomic indicators
- Demographic & social challenges of the Japanese economy
- Environmental & climate challenges of the Japanese economy



Key facts about Japan



Official country name: **Japan (constitutional monarchy / the National Diet / the Emperor Naruhito / Reiwa era)**



Official language: **Japanese**



Capital city: **Tokyo (Kanto Region)**



Area: **377,835 km²**



Population: **125,264.931**



Currency: **Japanese yen (JPY) (100 JPY ~ 0.79 USD)**



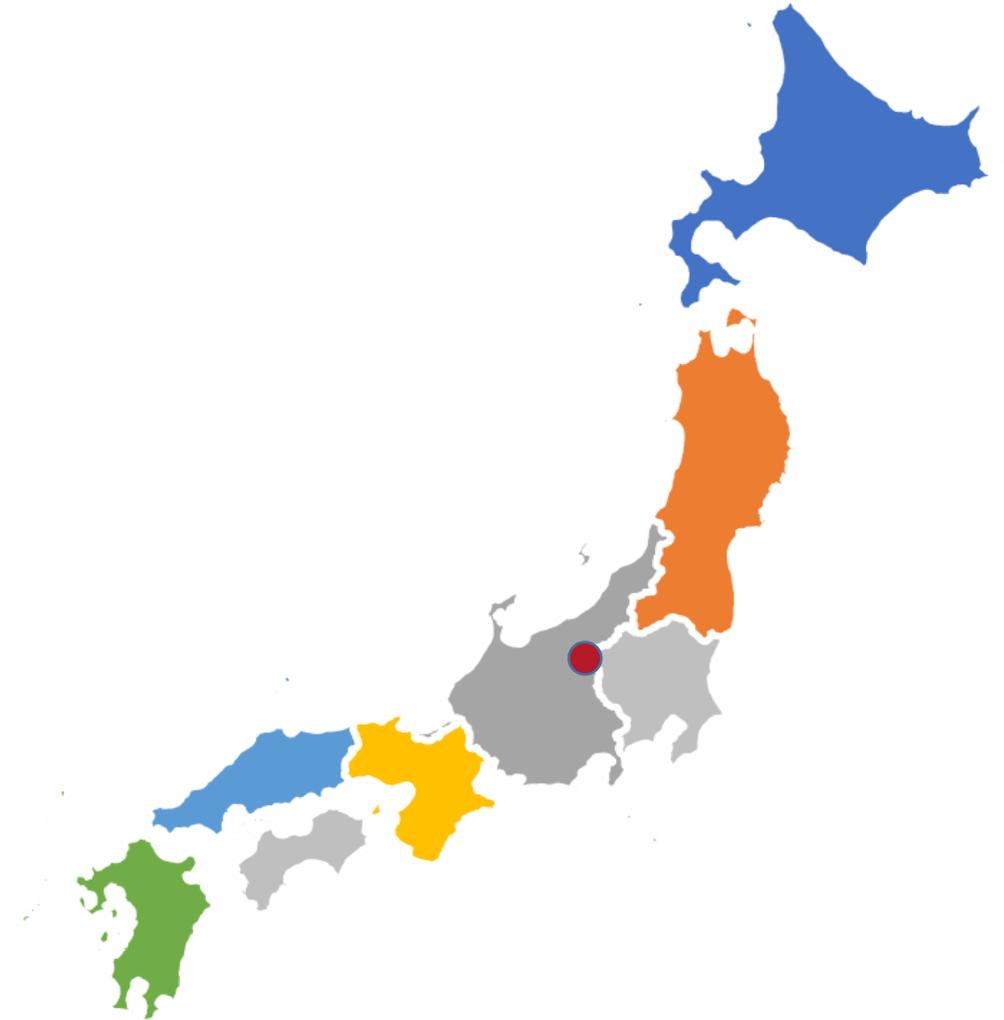
Tax rates:
CIT: 23.2%
PIT: 55.97% (National Tax Agency, 2021)
VAT (consumption tax): 10%



Time zone: **GMT +9**



Export: **USD 793 bn – China, USA, Korea**
 Import: **USD 799 bn – China, USA, Australia, Korea**



In demographic/regulatory aspect

- **Rapid Ageing of the Population** (29% >65 years old, by 2050: 40% >65 years old; the median: 48.2 years old)
- **Rapid Shrinking of the Population** (by 2048: 99.13 mn), birth rate decline; severe sub-replacement fertility issue
- Deaths outnumber births at an average rate of 1,000 a day
- Contracting of workforce by almost 1% per year and single-person households increase
- High expenditure on elderly people's care (average life expectancy: M 80 / F 86)
- High public debt (domestic): 266 % of GDP (2021, *Trading Economics*)
- Low level of women professional activation (43%)
- Technological competition and decline in competitiveness
- Low level of SMEs' internationalization (3.8 million = 99.7% comp.)
- Self-employment ratio: 10.3 %
- Covid-19 Pandemic/Postpandemic (8.73 million infections, 30,458 deaths / 80.84 % fully vaccinated people – top in G7).

In aspect of the natural environment

- **Natural disasters** (earthquakes, tsunami, volcanic eruptions, landslides etc.):
uncertainty of the future, human/material losses, high expenditure on reconstruction and revitalisation of the region, necessity of innovative preventive solutions' implementation (anti-seismic, anti-dust, anti-ash, fire-protective, etc.)
- Scarce natural resources – import indispensable
- Low level of energy self-sufficiency (9.6%)
- Low level of food self-sufficiency (on weight basis: 38%)
- 87% of the country's area is mountains – a lot of infrastructural challenges.



2. Specific features of the Japanese agri-food market

- Strong and weak points of the Japanese market
- Tariff and non-tariff barriers in the Japanese market access
- Specific features of the Japanese market
- Food self-sufficiency in Japan
- Food retail stores in Japan
- The Japanese food sector
- The Japanese organic food sector
- The Japanese health foods & supplement sector
- Food distribution network in Japan
- Top general trading companies in Japan



Strong Points

- Large and absorbent market
- High consumer purchasing power
- Excellent infrastructure

Weak Points

- Market with extremely strong competition
- Consumer distrust of newly appearing goods
- Numerous barriers to access to the market (especially of agri-food products)



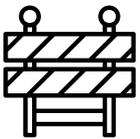
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Tariff Barriers

- High tariff rates - significant abolition / reduction thanks to the **EU-Japan Economic Partnership Agreement („EPA“)** (entered into force in February 2019) - **85% of EU agri-food products** exported to Japan had been liberalised over time (**cheese** (30% - **0%**), **wine** (15% - **0%**)). The EPA opened up trade in **processed foods, confectionery, and biscuits.**



Non-Tariff Barriers

- Low level of internationalization of standards
- Extensive and complicated distribution channels
- A saturated and mature market with strong competition
- Consumer patriotism, distrust of foreign goods
- Import quotas (dairy, cereals), minimum prices (pork), special export permits with food safety (meat: pork, beef, lamb), phytosanitary restrictions (fresh apples / peppers)
- Long negotiation process and language barrier.



- **DISTRIBUTION NETWORK** – extensive & complex / a few agents between a producer and a final customer
- **FAIRS AND EXHIBITIONS** – very important/ direct business relations
- **AN IMPORTER** – indispensable (vs. A DISTRIBUTOR)
- **CONSUMER PATRIOTISM** – attachment to local brands and products (vs. curiosity about the novelties)
- **TIME** – long decision-making and negotiation processes
- **A CUSTOMER** – “is a God” (extremely high level of services, incl. after-service care)
- **Tariff and Non-tariff BARRIERS** (incl. the language barrier)
- **TRUST** – caring and attentiveness for business relations (formal and informal)
- **RISK AVOIDANCE** – responsibility should be shared with a group, not taken individually
- **ATTACHMENT TO DETAILS / PERFECTIONISM** – high expectations towards a supplier
- **KEEPING YOUR WORD/PROMISES** - an oral commitment is equal to a written one
- **COSTS** – in general, v. high (opening of a branch is not that costly, but adjustment to Japanese standards of safety and quality or testing are v. expensive)
- **STABLE PROFIT**, but not FAST PROFIT – market accessible for patient suppliers only
- **SUCCESS** in Japanese market = success in any Asian market (benchmark and excellency reference).



As the world's largest net importer of agricultural products, Japan relies on importing, among others: cereals other than rice, legumes, oils and fats.

Food Self-Sufficiency in Japan: 38% (on weight basis)

- Rice - 97% level of self-sufficiency
 - Vegetables – 79% level of self-sufficiency
 - Seafood - 52% level of self-sufficiency
 - Meat - 53% level of self-sufficiency
 - Fruits - 38% level of self-sufficiency
 - Wheat - 15% level of self-sufficiency
 - Soybeans - 9% level of self-sufficiency
 - Beans – 7% level of self-sufficiency.
- Japan is highly dependent for foreign food supply!!!**



Source: <https://www.photo-ac.com/>



- Japan is the world's largest net importer of agricultural products
- Only **4.14 million hectares** of arable land/agricultural land available
- Sales of Japanese-made agricultural products **fell**
- Rural depopulation (8 million / 6%) & labor shortages
- Changing eating habits (declining consumption of rice and increasing diversification of the Japanese dietary life (more livestock products, oils, and fats). For the consumption of these products, Japan is dependent from overseas import for feed and raw materials. Moreover, Japan relies almost entirely on imports for the supply of wheat and beans.
- Food exports of Japan **fell** gradually from 2.4 % in 1972 to **1.2 % in 2021**.



- **Restaurants (43% market share) – „dining-out culture”**
- Instant food (21%)
- Drink bars, *izakaya*(16%)
- Institutional entities (10%)
- Hotels (9%)
- Food trucks (1%).



The **Japanese Food Sector** is worth approximately **\$ 750 billion** (2019):

- **Food & Beverage Retail Sector** accounts for \$ 467 billion (60% of the market share)
- **Food Service Industry** accounts for \$ 284 billion (40% of the market share).

Shares in retail sales of food products:

1. **Supermarkets / hypermarkets and department stores** (*AEON, Ito Yokado, Uny, Life Corp. Specialty, Daiei, Kinokuniya, Meidi-ya, Seijo Ishii, Dean & DeLuca, Queens Isetan, Kaldi Coffee*)
2. **Convenience stores** (56,700 outlets; 90% of shares belong to the 3 largest chains: *Seven-Eleven, Family Mart, Lawson*)
3. **Specialist stores, online stores, courier delivery stores, cooperatives** (e.g. *Nisseikyo*).

E-commerce market - groceries: approximately 18%

3 main e-commerce platforms (50%): *Rakuten* (40.3%), *Amazon Japan* (4.0%), *Yahoo! Japan Shopping* (4.7%).

Ito-Yokado, Maruetsu, Daiei & Apita also have their own online shops.



The Japanese Organic Food Sector has grown **1.4 times in 10 years**

- Organic farming area has also increased by **40% to 24,000 ha** but still represents only **0.5% of the total cultivated area** (target: 63,000 ha in 2030)
- Number of Organic Farmers: **11,800 people** (target: 36,000 in 2030)
- Changes in eating habits: rate of consumers consuming organic products at least once a week: **17.5%** (target: 25% in 2030)
- There is a fairly heavy reliance on organic imports from countries like **Australia, the US and Europe** in terms of pre-packaged organic F&B items.
- Communicating information about the cultivation or manufacture of organic items increases both consumer awareness and trust (**traceability**).

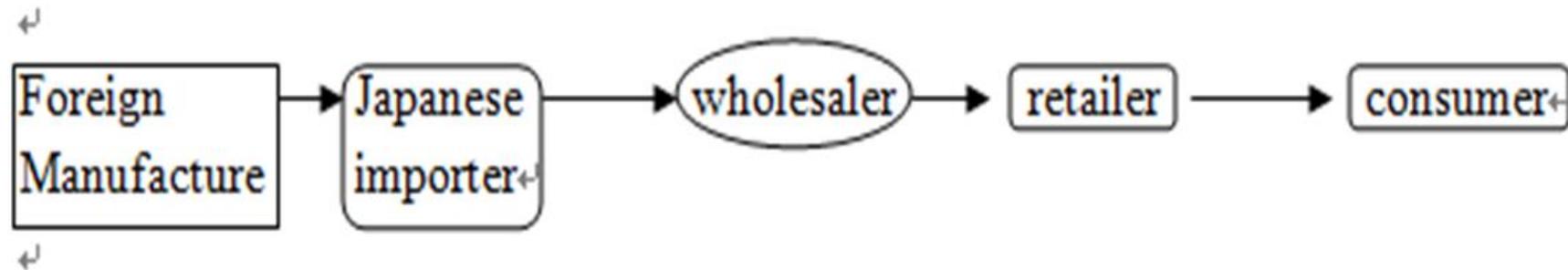


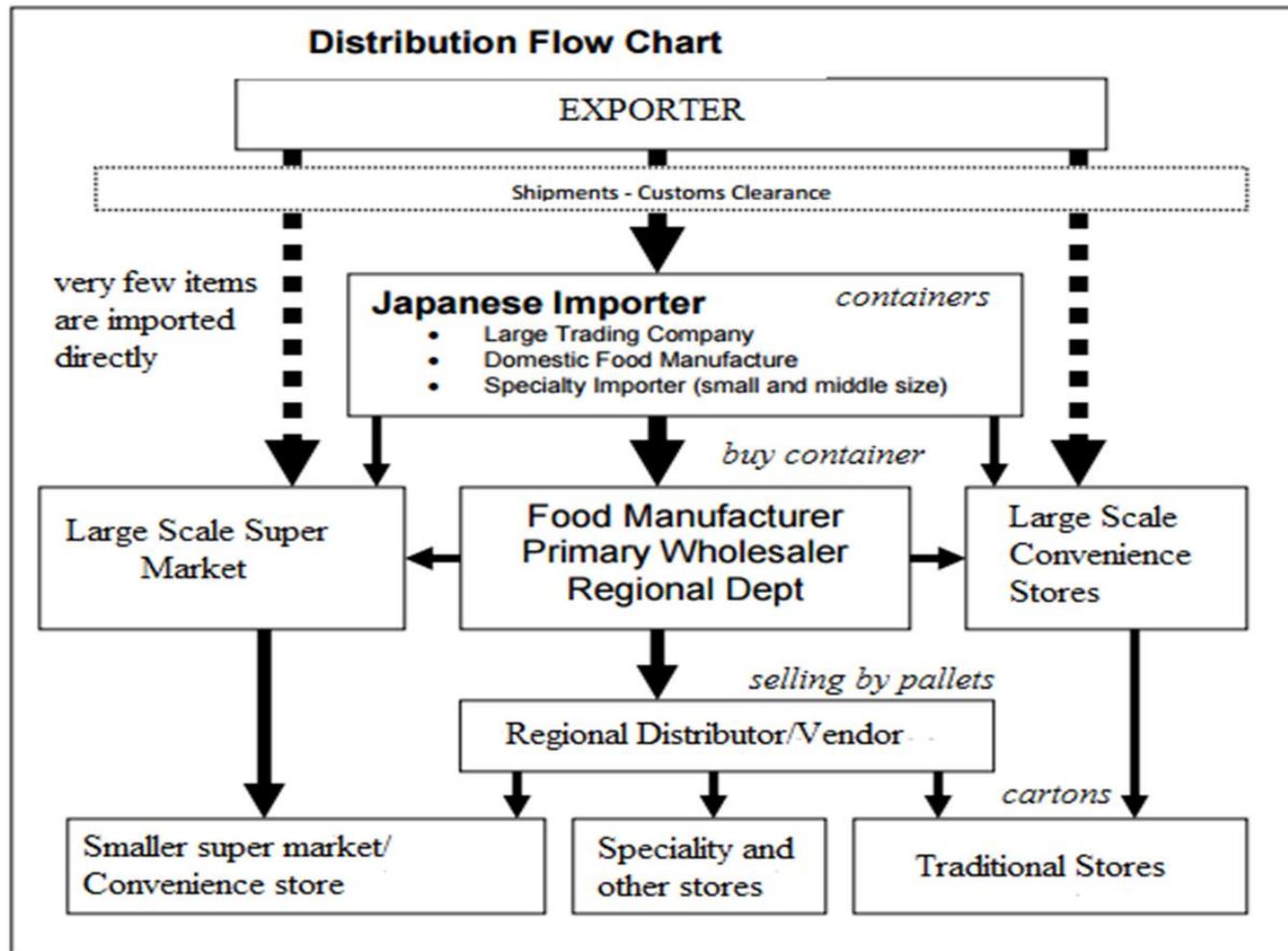
- In the busy lifestyle of the aging Japanese society, supplements are catering to the **demand for a nutritionally balanced lifestyle** among consumers.
- The health food market benefited from **the growing health awareness** as manufacturers are expanding their portfolios to include **a variety of healthy prepared meals and snacks**.
- More than half of Japanese consumers eat **yoghurt** and **natto** (fermented soybeans that are typically served with mustard or soy sauce) for health reasons (*Nippon Research Center, 2020*).
- In the fiscal year 2019, **the dietary supplement market** in Japan was valued at around **\$7 billion**.
- **Women in their fifties** & **men in higher age groups** represent the largest groups of consumers taking **supplements**.



- Basically, 1-3 agents/brokers between an exporter and a final consumer.
- Selection of a proper distributor of exported goods is the most difficult task.
- **The largest food wholesalers in Japan:**

Mitsubishi Shokuhin, Kato Sangyo, Kokubu Tokyo, Nihon Shurui Hanbai, Mitsui Foods, Itochu Shokuhin, Yamae Hisano, Central Forrest Group, Toho Group, Lacto Japan.





Top General Trading Companies

	COMPANY NAME	SALES PROFIT (UNIT: billion JPY)
1	Mitsubishi Corporation	12,884.5
2	Itochu Corporation	10,362.6
3	Mitsui & Co., Ltd.	8,102.0
4	Marubeni Corporation	6,332.4
5	Toyota Tsusho Corporation	6,309.3
6	Sumitomo Corporation	4,645.0
7	Sojitz Corporation	1,602.4
8	Kanematsu Corporation	649.1
9	Nomura Trading Co., Ltd.	95.0
10	Mitani Co., Ltd.	80.5

Source: Ministry of Finance of Japan, 2020



3. Food product export to Japan

- The main food exporters to Japan
- Challenges for EU food exporters to Japan
- Top foreign investors in the food industry in Japan
- Food import to Japan
- Japanese food import companies
- European goods in the eyes of the Japanese
- Food trade fairs and exhibitions
- Brand building in Japan
- Tips for an exporter to Japan



Japan imports large volumes of both

bulk food raw materials for further processing

and

packaged food ready for supermarket shelves.

After **tobacco**, the largest categories of imported foods by value are

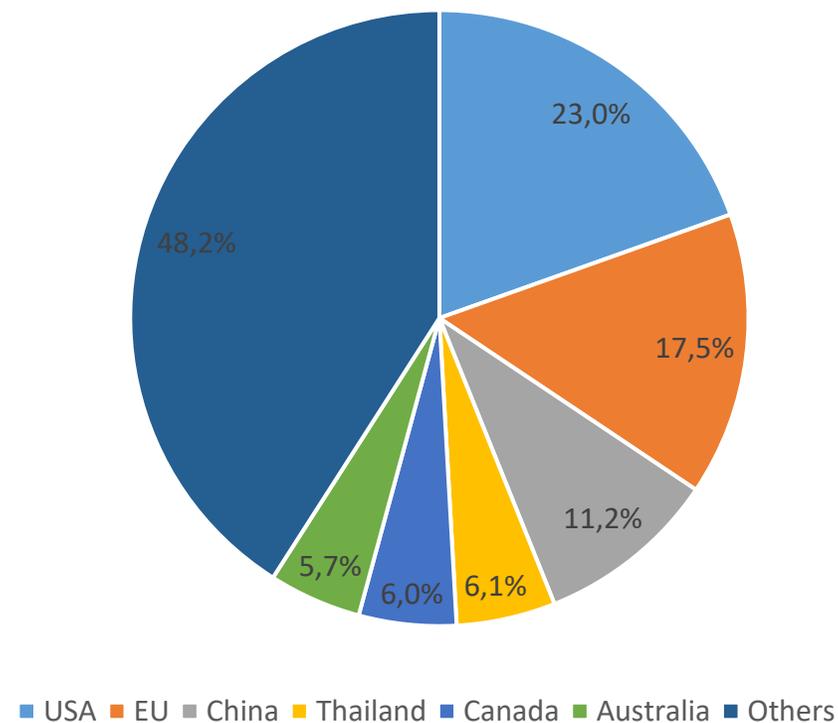
- **pork and beef,**
- **corn,**
- **fruits,**
- **alcohol.**

9.6% of imports were food and direct to consumer products.

This figure was up from 8.9% in 2019, but up from 7.9% in 2014.

Japanese demand for packaged foodstuffs from abroad is growing.

Top agri-food exporters to Japan



Source: MAFF, 2020

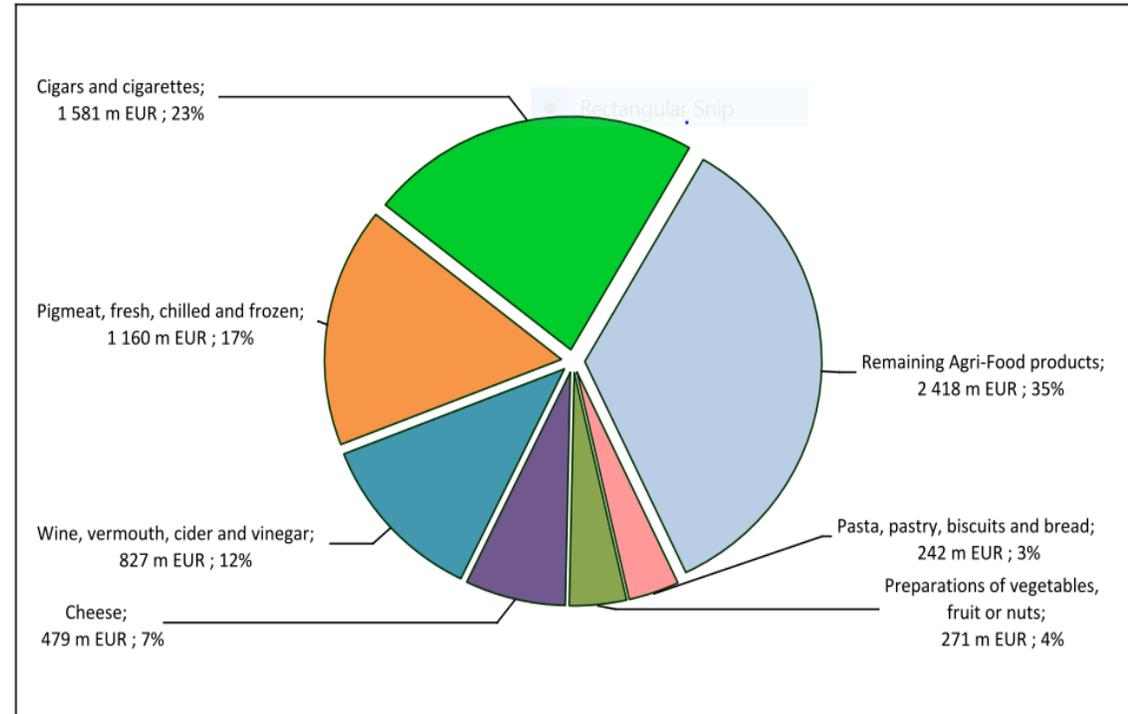


Japan is in the top 5 destinations for European Agri-Food export.

When looking at specific products (2020), the largest share is held by:

- **Cigars and Cigarettes (23%),**
- **Pork meat (17%),**
- **Wine, vermouth, cider and vinegar (12%),**
- **Cheese (7%),**
- **Preparations of vegetables, fruits or nuts (4%),**
- **Pasta, pastry, biscuits and bread (3%).**

Top EU Agri-Food exports to Japan in 2020



- In Japan, there is a phenomenon of **strong consumer patriotism** – Japanese people are attached to locally produced goods which are perceived as the top-quality products and the most trustworthy, too.
- At the same time, they are also curious about **novelties from abroad**.
- European products are considered of a **high quality** and **fashionable**.
- Japanese are ready to **pay a bit more** for the imported goods which are good and trendy.
- **Organic aspect of food products from Europe** has been recently becoming of a higher interest among the Japanese.
- **Wine, cheese, meat (esp. pork) etc.** are at present the most wanted food products from Europe.



- Consumers' preference for domestic products (consumer patriotism)
- Increasing safety concerns on food products among Japanese consumers, and frequent distrust of imports
- High expectations for quality and appearance
- Long distance from Japan
- Competition with other exporting countries, some with limited number of products with lower comparative duties under free trade agreements with Japan
- High import duties on many products (decreasing thanks to EU-Japan FTA)
- Perceived consumer antipathy for biotech, genome- edited foods and food additives
- High cost of marketing in Japan
- Importers' expectation of long-term involvement and commitment



- In Japan, **9.6% of imports are food and direct to consumer products**, and this figure has been increasing over years, as Japanese demand for packaged foodstuffs from abroad is growing.
- In 2019, the **value of food import** reached a record high of around **JPY 7.2 trillion**, implying the country's high reliance on imported products to cover domestic demand.
- **Imports of foodstuff in Japan** increased to **JPY 814,678 million in April** - from JPY 722,256 million in March of 2022 (*Ministry of Finance, Japan*).

1. China
2. EU
3. United States
4. Australia
5. Taiwan
6. South Korea

April 2022

- In 2019, the **foodstuff exports from Japan** were valued at around JPY 754 billion (nearly ten times lower than the import value). Food exports of Japan fell gradually from 2.4 % in 1972 to **1.2 % in 2021**.



- **Cargill, Inc.** (US capital)
- **Nestlé AG** (Swiss capital)
- **Archer Daniels Midland (ADM)** (US capital)
- **PepsiCo, Inc.** (US capital)
- **Unilever N.V./Unilever PLC** (US capital)
- **The Coca-Cola Company** (US capital)
- **Anheuser-Busch InBev** (US/Belgian/British capital) –
Budweiser transferred the licence to Kirin Brewery Company, Ltd.
(Kirin Beer) (producer & distributor);
in the USA, Anheuser-Busch InBev produces and sells beer for Kirin Beer
- **Mars, Incorporated** (US capital).



- ~ **AEON GROUP** (AEON, Ministop)
- ~ **7 and I Holdings GROUP** (Seven Eleven, Itoyokado)
- ~ **Marubeni GROUP** (Maruetsu, Tobu Store)
- ~ **Mitsubishi GROUP** (Life Corporation, Lawson)
- ~ **Itochu GROUP** (Family Mart, 99 Ichiba)
- ~ **Mitsui & Co. GROUP** (Mitsui Bussan Shokuhin Group)
- ~ **Sumitomo GROUP** (Summit Store, Mami Mart)



As much as **90%** of food imported from abroad is carried out with the participation of **general trading companies** (the so-called "*sogo-shosha*"):

Marubeni, Mitsui, Mitsubishi, Sumitomo, Itochu, Toyota Tsusho, Sojitz.

General trading companies have under their umbrella:

- supermarkets,
- convenience stores,
- other commercial establishments,

which provides them with wide availability of sales spaces.

Specialized trading companies (the so-called "*senmon-shosha*") are also an important intermediary:

Mitsubishi Shokunin, Kokubu Tokyo, Mitsui Foods, Itochu Shokuhin, Toyotsu Shokuhin, Nippon Access Tokyo.



As many as 3 ministries are related to the import of food, each of which is responsible for different regulations:

- **Ministry of Agriculture, Forestry and Fisheries (MAFF)**
- **Ministry of Health, Labor and Social Welfare (MHLW)**
- **Ministry of Finance (MF).**

The Ministry of Agriculture, Forestry and Fisheries has jurisdiction over the Plant Protection Act and the Act on Domestic Animal Infectious Diseases Control. The task of this ministry is to prevent the risk of introducing into the Japanese market insect diseases and pests that threaten vegetables, fruit and meat.

In addition, the Food Sanitation Law, under the jurisdiction of the Ministry of Health, Labor and Welfare, which regulates all matters relating to food sanitation, also applies. (The Food Sanitation Act + 'The Law Concerning Standardization, etc. of Agricultural and Forestry Products' (the JAS Law) + The Health Promotion Act + Food Labeling Act).

Issues related to customs procedures, which are regulated by the Customs Law, are left to the discretion of the Ministry of Finance.

Only obtaining the accreditation of all three ministries allows for the customs clearance of food.



- **Supermarket Trade Show (SMTS)** (*in February*) – the largest international trade show targeting supermarket buyers and food retailers;
- **Foodex Japan** (*in March*) - Japan's Largest International Food and Beverage Exhibition (incl. **Biofach Japan**);
- **IFIA/HFE Japan** – International Food Ingredients and Additives Exhibition & Conference / Health Food Exposition & Conference (*in May*) - Japan's Largest Trade Show for Food Ingredients & Additives;
- **JFEX - JAPAN INT'L FOOD EXPO** (*in June*) - consists of 3 specialised shows: **JFEX FOOD**, **JFEX WINE & SPIRITS**, and **JFEX MEAT & DAIRY** – B to B food exhibition gathering all kinds of food & beverages from all over the world;
- **Wellness Life Japan** (*in July*) - Specialized Trade Show of Supplement, Functional Food and Natural Food for Healthy Life;
- **Hi, FiT, S-Tec, LLj** – Health Ingredients, Food Ingredients for Taste, Safety and Technology Japan, **Food Long Life Japan** (*in October*) - Japan's Largest Trade Show for Functional & Health Ingredients.



~ Positioning/placement of your product on the Japanese Market:

A recognizable brand/ the market leader in Europe / the leader on a niche market

OR

A unique / original / innovative product

~ Check your product's potential in an online channel in Japan (Rakuten, Amazon), or test your product online.

~ Consider adjustment of your product's taste to Japanese preferences and tradition: apply strict criteria as regards **safety, quality, aesthetics, preferences toward seasonal products** – be ready to regularly add in an **innovation aspect** to your product and create a **new design of the product** at least once a year.

~ Create your **website in English** (at least) and consider a short **summary in (native) Japanese**.

~ Make a good use of marketing tools: **a strong brand, a catchy gadget with a good story or catchy phrase, promotional materials in (native) Japanese**.

~ **Present your products on dedicated trade fairs and exhibitions in Europe and Japan**, utilize an exporter support programs (i.e., “EU Gateway to Japan”, EEN, Go2Brand etc.) in order to get an access to free databases and B2B support, trainings and funds.



~ Firstly: find a reliable Japanese partner/agent/distributor – **trade fairs** might be an effective tool for that.

~ In case of large volume sales or popular brands, consider to use Japanese trade companies:

major general trade companies **"sogo shosha"** or specialized trade companies **"senmon sosha"**.

"Shosha" are basically engaged in the whole sales cycle and a full supply chain, including customs clearance, promotional activities, product development, risk management, financing and logistics.

~ Secondly: consider establishment of a legal entity in Japan (representative office, agency, branch) – to express your involvement and dedication for the Japanese Market - a key factor for building strong relationships based on trust with Japanese partners.

50% of European companies use an agent/a distributor in Japan

20% establish a representative office

10% establish an agency

2% establish a branch in Japan.

~ In case of food sector, await results after 1-2 years to have a business contract signed.

Japan is not "a fast-track business market".



- Active participation in trade fairs in Europe and Japan
- Brand building, promotional campaigns
- Promotional materials and catalogues in Japanese
- Building reference portfolio
- Product display at Japanese department stores / by celebrities and influencers in Japan
- Uniqueness and quality of a product
- Continuation and consequence / patience and well-thought expansion strategy
- Consideration of regions different than Tokyo/Kanto → flexibility and open attitude toward new products.



4. French Export to Japan

- French export value
- Number of French companies exporting to Japan
- French Geographical Indications (Gis)



- The number of French companies that export to Japan: **7,925**
- The share of EU companies exporting to Japan that are small and medium-sized enterprises: **83%**
- The number of jobs in France that EU exports to Japan help support: **87,521**
- The number of jobs in the EU that EU exports to Japan help support: **739,560**
- **Japan is France's 6th biggest trade partner outside the EU**
- The value of France's trade surplus with Japan: **EUR 850 m**
- The value of French exports to Japan: **EUR 6.4 bn**
- The value of French imports from Japan: **EUR 5.5 bn**
- **French exports to Japan increased to EUR 588 m in April 2022**
(from EUR 564 Million in March of 2022).



Companies across France export goods and services to Japan (an example).



Source: European Commission, 2022



- **Protection of traditional food:** the EPA protects **239 EU and 84 Japanese geographical indications (GIs)** from imitation and usurpation in the EU and Japan (authentic products from the two regions with a rich culinary and cultural tradition).
- French GIs:
Brie de Meaux, Camembert de Normandie (*Cheeses [soft cow milk cheese]*) & a long list of wine and spirits.
- Since 1 February 2022, the EU and Japan have protected an additional **28 GIs** for each side, including the French **Pimentón de la Vera spice**.

ANNEX 14-B. LIST OF GEOGRAPHICAL INDICATIONS

Alsatice/ Vin d'Alsace	Wine
Armagnac	Spirits
Beaujolais	Wine
Bergerac	Wine
Bordeaux	Wine
Bourgogne	Wine
Calvados ¹	Spirits
Chablis	Wine
Champagne	Wine
Châteauneuf-du-Pape	Wine
Cognac / Eau-de-vie de Cognac / Eau-de-vie des Charentes	Spirits
Corbières	Wine
Coteaux du Languedoc / Languedoc	Wine
Côtes de Provence	Wine
Côtes du Rhône	Wine
Côtes du Roussillon	Wine
Genièvre / Jenever / Genever ²	Spirits
Graves	Wine
Haut-Médoc	Wine
Margaux	Wine
Médoc	Wine
Minervois	Wine
Pauillac	Wine
Pays d'Oc	Wine
Pessac-Léognan	Wine
Pomerol	Wine
Rhum de la Martinique	Spirits
Saint-Emilion	Wine
Saint-Julien	Wine
Sancerre	Wine
Saumur	Wine
Sauternes ¹	Wine
Val de Loire	Wine



5. Selected sectors of the Japanese market

- Alcoholic and non-alcoholic beverages
- Fruit and vegetables (fresh, canned, preserves)
- Canned meat and fish

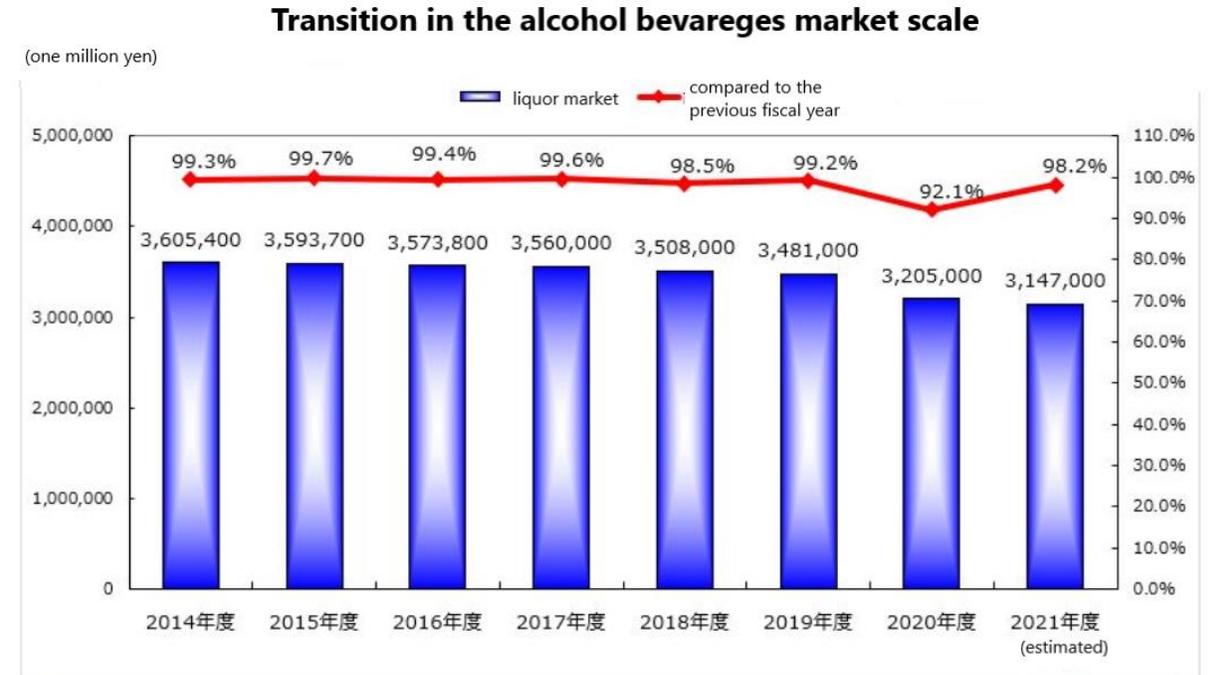


Soft Drinks:

- From the early 1950s to contemporary days, the soft drinks market has experienced a dramatic growth.
- The turning point for the growth was the Bin Coffee's introduction in 1969 and the explosion of vending machines in Japan.
- 2014~2018 – There was an upward trend.
- 2019~2020 - Consumption per capita has been going downwards & domestic **soft drink production decreased** (Covid-19).
- Japanese consumers are very **health-conscious** (esp. in Covid-19 pandemic): **beverages with low or zero sugar addition** are wanted; **mineral water** sales increased due to heightened demand from households; **vegetable and soymilk beverages** perform well.
- Japanese consumers are concerned with the environmental impact of their purchases and put great attention on **PET bottles (recyclables)** - in 2020, the production of PET bottles was still 76% of the total production of packaging.
- The demand for **vegetable and fruit drinks** grew as a result of the health concerns of the consumers. Moreover, the demand for **sugary drinks and sugary carbonated drinks decreased** since consumers preferred to consume **sugar free products**. As for functional drinks, with the fall in daily activities, the demand decreased as well. This decrease in the consumption of functional drinks did not affect the **energy drinks** sector as well, and their demand is still in a favourable condition.



- The Japanese liquor market is **one of the largest in the world** with an estimated annual sale of JPY 3,5 trillion and growing consumption in several categories. Still, **foreign liquor imports in 2020, accounted only for the 9% total of the Japanese liquor market**, with a value of JPY 256 billion.
- In 2021, the import value of alcoholic beverages to Japan amounted to **JPY 278.2 billion**. The alcohol import value peaked in 2015, with more than JPY 305 billion. Major liquors imported to Japan are **fruit wine, whisky, and beer**.



Beer (includes *Happōshu*, of a lower malt-content and third-category beers made of malt substitutes):

- 2020 - Japan was placed **7th in the ranking for the global consumption of beer (since 2007), but consumption decreased by 9.3%** (compared to 2019).
- Covid-19 – There was decrease of the demand for beer and alcohol beverages; consumption and production of **craft beer** were affected by the state of emergency.
- Shift of consumption from beer to low-priced liquor, such as **sparkling liquor, chuhai and beer-like products** (the so-called “new genre drinks”).
- 4 main producers: **Asahi** (the leader), **Kirin**, **Sapporo** and **Suntory**.
- 2015~2020 - The **non-alcohol beer market has increased (13%)**, reaching 22.66 million cases in 2020; shift towards non-alcohol beer as a consequence of the state of emergency, that effected the Japan food service industry (both Asahi and Kirin plan to increase their production of non-alcohol beer to meet the demand).
- In 2021, the **non-alcoholic beverages market size increased by 111%** (based on cases of non-alcoholic beer sold), compared to the previous year.



Wine:

- Wine import in the Japanese market accounted for **€1.6 billion in 2019**, making Japan **the second largest wine-consumer nation in Asia** and the **6th largest importer worldwide**. Japan is also the third largest sparkling wine importer by value.
- **The EU is one of the principal suppliers of alcoholic beverages in value in Japan.**
- **France** is the first supplier of **wine**, followed by **Italy**. Other EU countries that are important alcoholic beverages suppliers, for spirits and beer, are **the Netherlands, Belgium and Germany**. However, **South Korea, the US, Chile, Vietnam and UK** are strong competitors in the alcoholic beverages market.
- Covid-19 (2020) – There was decrease of the demand for wine, but home consumption increased.
- The **still wine** market - **decrease of 7%** from 2019 to 2020 (by volume was 352.2 million litres).
- Wine import - decreased by 12% y/y, totalling 64.2% of total wine sales.
- The **sparkling wine** market – **decrease of 20%** in 2020 y/y.
- **The EU holds the largest market share for sparkling wine, with 36% coming from France, 32% from Spain and 19% from Italy.**
- For the market across both **still and sparkling wines**, the **EU also dominates the market, but Chile holds 30% against France holding 28% of the market share** (when looking at specific countries).
- Opportunities: **health and sustainability** are fronts of mind:
more demand for organic, biodynamic and natural wines with no artificial additives.

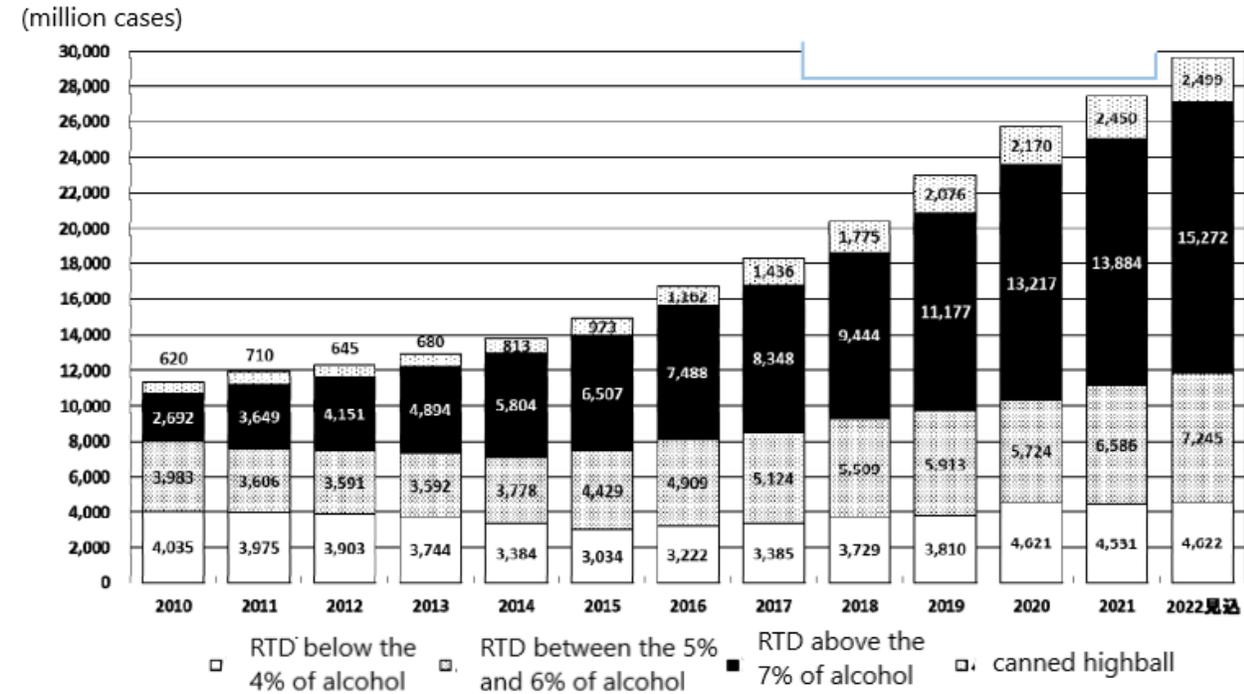


RTD Beverages (Ready-to-Drink Beverages) –

shochu-based and flavoured:

- Japan was expected to lead the global market of RTD by 2022, having already surpassed the US market. However, a large share of these products is now **non-alcoholic** to meet the growing demand of non-alcoholic beverages.
- **Growing for 14 consecutive years**, the Japanese RTD market reached its **biggest scale in 2021** with 274,510,000 cases sold, and a **107% increase** compared to 2020.
- In 2022 the market is expected to keep growing with an estimate **increase of 8%** compared to 2021.
- **Lemon-flavoured RTD** are most popular among the Japanese population.
- In 2021, the **non-alcoholic RTD market** had an even bigger growth than the alcoholic RTD market, with a **39% increase y/y**.

RTD Market Transition 2010-2022



Source: Suntory, RTD market survey, 2022



- Retail sales in the packaged food market in Japan had been estimated at **USD 198.1 billion** in 2020 (growth of 5.9% and USD 11 billion since 2016).
 - Japan is the 3rd largest package food market in the world (after the US and China).
 - By the year 2025, the **retail sales in the packaged food market** in Japan is expected to reach **USD 204.5 billion** (growth of 3.6% or USD 7 billion).
- High growth categories in the forecast include:
 1. Cheese
 2. Sweet Biscuits, Snack Bars & Fruit Snacks
 3. Pet Food
 4. Baked Goods
 5. Ice Cream & Frozen Desserts
 6. Savory Snacks
 7. Ready Meals
 8. Confectionery.

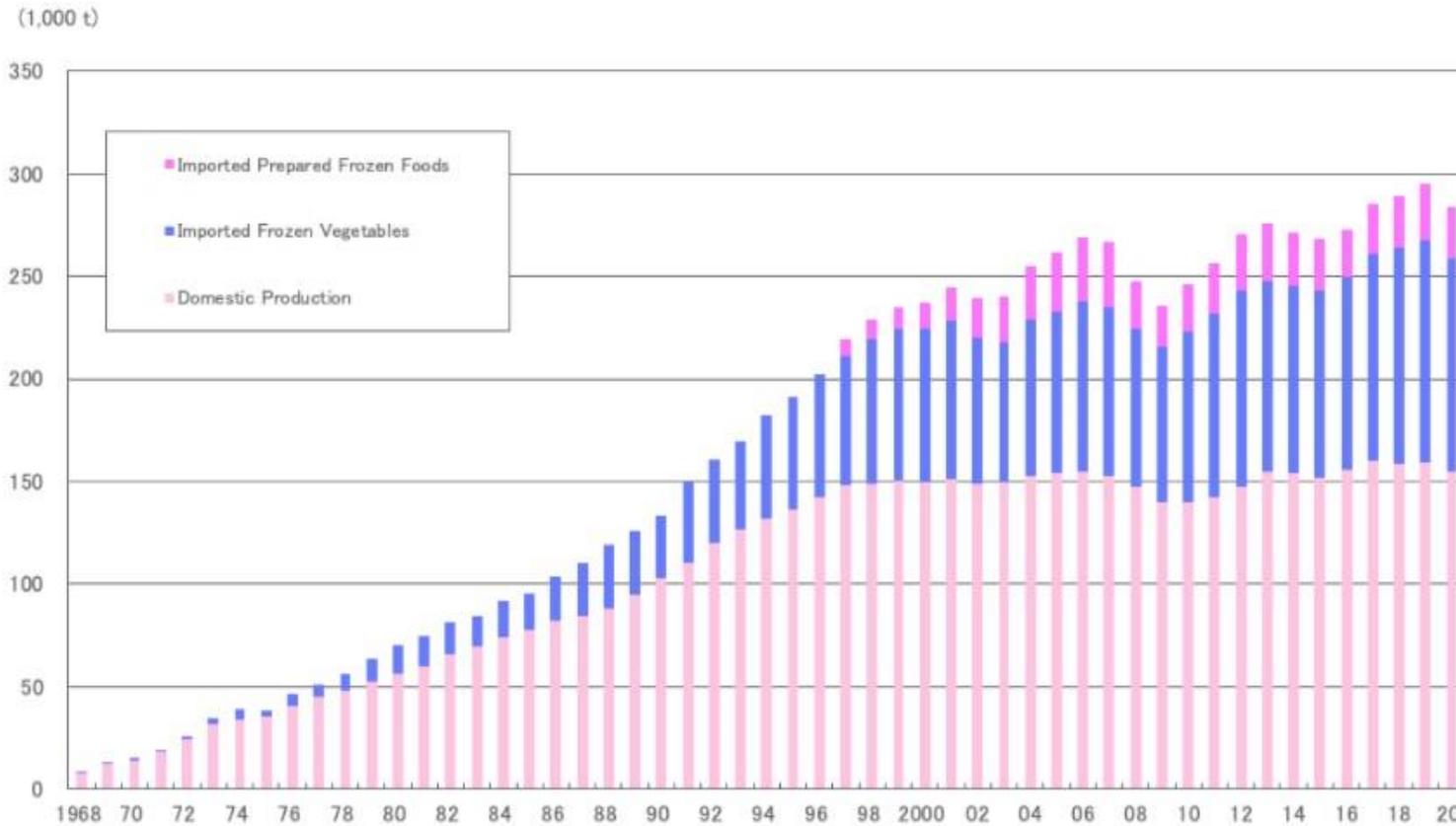


- **Frozen foods** are continually growing in popularity within the Japanese food market.
- In 1958, the frozen food production market amounted to nearly zero, while in 2020, the production value attained approximately **USD 6.6 billion**. Its popularity remarkably increased after Tohoku triple disaster in 2011 (consumers in Japan started to think about the importance of having frozen food available, especially when perishable foods are not accessible), but the increase of dual-income, elderly households and single households (ready-to-eat meals), were the important factors, too.
- In 2020, frozen food represented a total of **2,840,373 tons** (including domestic production and imported food).
- Domestic production represents more than half of the total production, but consumption of imported frozen products has increased in the last decades for frozen vegetables as well as prepared frozen foods. In 2020, prepared foods make up 89.5% of the total consumption volume, and farm products and fishery products respectively only compose 4.4% and 3.0%. Confectionery and livestock products have the lowest ratio with 2.8% and 0.3%.
- The variety of frozen food products in Japan is wide. There are categories such as **frozen meat products, noodles, fried products, and rice meals** (further divided into subcategories).



- **Frozen foods** are continually growing in popularity within the Japanese food market.

Consumption Volume of Frozen Food in Japan



- Japan imported **1,032,756 million tonnes of frozen vegetables**, and **256,404 million tonnes of processed frozen foods**.
- Among frozen vegetables, **potato** represents the main part of imports with **363,808 million tonnes in 2020**, followed by **beans** and **sweetcorn**, representing respectively **112,294** and **48,934 million tonnes in 2020**.
- In 2020, **China** and **the US** were Japan’s leading exporters for frozen vegetables, (**471,861** and **311,928 million tonnes**). **Thailand, Taiwan and Belgium** exported to Japan for an average between **30,000** and **50,000 million tonnes in 2020**. **Belgium and the Netherlands** are also active in this market, representing over **20,000 million tonnes of frozen food exports to Japan**.

Production Volume & Value of Imported Frozen Vegetables to Japan

Volume (Unit:MT)

Year	Potato	Beans	Spinach	Sweetcorn	Taro (Satoimo)	Broccoli	Mixed Vegetables	Other Vegetables	Total
2001	274,237	133,210	50,831	48,383	55,425	16,784	35,334	162,504	776,708
2002	266,884	121,108	22,979	46,311	49,660	17,301	30,357	162,620	717,220
2003	239,250	125,461	8,358	47,801	49,071	18,585	28,756	162,513	679,795
2004	268,443	134,479	14,961	48,126	52,051	21,481	32,654	189,153	761,348
2005	281,071	131,150	21,785	46,635	47,596	23,284	31,728	203,258	786,507
2006	301,326	128,216	21,585	46,861	51,471	24,979	33,417	224,024	831,880
2007	308,351	116,045	24,212	47,518	45,546	23,788	29,824	225,843	821,128
2008	315,733	106,412	23,118	44,964	38,845	22,712	23,281	195,499	770,563
2009	320,000	103,261	22,084	43,162	37,544	23,116	21,695	190,136	760,997
2010	347,445	114,423	27,088	42,420	36,297	26,577	23,436	211,720	829,406
2011	361,202	117,876	33,443	46,858	38,781	31,360	26,937	242,900	899,356
2012	385,554	118,372	32,421	48,607	39,443	36,059	27,114	264,471	952,041
2013	347,254	117,336	34,888	47,283	40,936	34,441	27,290	274,823	924,251
2014	327,036	115,252	38,263	41,764	45,537	38,679	24,239	277,194	907,964
2015	342,094	115,564	40,657	44,491	32,138	42,589	22,271	271,714	911,518
2016	350,220	119,080	42,469	49,776	33,042	45,737	22,610	280,277	943,211
2017	377,754	121,105	45,496	53,917	31,191	48,753	23,944	306,623	1,008,783
2018	381,644	120,680	24,777	54,175	32,059	57,334	24,732	329,514	1,051,938
2019	395,440	120,844	49,287	52,775	31,901	59,059	23,488	356,659	1,089,449
2020	363,808	112,294	48,053	48,934	30,138	58,620	24,386	346,527	1,032,756

Japan Frozen Food Association, Annual Statistics, 2020



The leading imported product is

- **banana** with over 60.9% share,
- **pineapple** with 9.7%,
- **kiwi** with 5.7%,
- **orange** with 5.6%,
- **grapefruit** with 4.8%.

The major suppliers of fresh fruit to Japan are led by

- **the Philippines** with 57.9%,
- **the United States** with 9.4%,
- **Ecuador** with 9.1%,
- **Mexico** with 6.7%.



1. Banana

Banana has been the dominant item among the imported fruits. The leading supplier to Japan is **the Philippines** with a dominant share of over **80%** of the value followed by **Ecuador** with **15%**. It stays as the top favored imported fruit in Japan.

2. Pineapple

Pineapple remains popular and is enjoyed by many Japanese consumers. **The Philippines** is the dominant supplier to Japan with over **90%** share in volume terms, followed by **Costa Rica** with less than **5%**. Domestic production is very limited and occurs only in Okinawa.

3. Kiwi

Kiwi has been rapidly increasing its popularity. Imports from **New Zealand** used to be valued at less than USD 100 million in 1990s and then started to grow rapidly, tripling to over USD 300 million in 2017.

4. Orange

Orange imports have been in decline since peaking at over 190,000 MT in mid-1990s. **The US** is the leading supplier of orange to Japan with over **50%** import share in volume and value terms in 2017 but is ceding market share to **Australia** and **South Africa**.

5. Grapefruit

Grapefruit was the second major imported fresh fruit into the Japanese market during early 2000s, reaching over 280,000 MT. Nonetheless, grapefruit imports started to decline in 2005 and recorded only 78,069 MT in 2017.

The consumption of grapefruit has declined in Japan due to sweet fruit preference among younger consumers.

The US used to be the largest supplier of grapefruit to Japan over the years, but it yielded its number one position in volume to South Africa for the first time in 2017.

6. Lemon

Lemon has a steady demand in the Japanese market. Domestic production is limited, recording only 11,500 MT in MT2016/2017. **The US** is the leading supplier to Japan with about **60%** of the import market share, followed by **Chile**.

7. Table Grape

Imported table grapes have been getting popular among Japanese consumers. Crispy and sweet varieties edible with skin have been well accepted as a new type of grapes, different from Japanese original grapes.

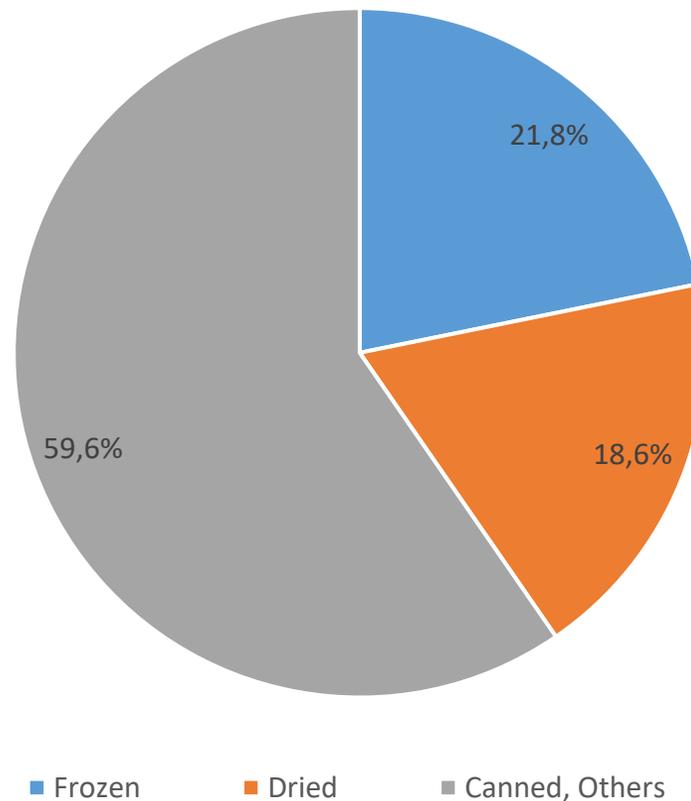
The US is the leading supplier to Japan with **35.3%** import share followed by **Chile** and **Australia** with **33.4%** and **27.2%** in volume terms.

8. Cherry

The US possesses the dominant share of over **98%** of imported cherry market, followed far behind by **Chile** and **Australia** with less than **1%**.



Japan's Processed Fruit Imports by Category (Frozen/Dried/Canned and Others)



- **China** followed by **the United States** have been the largest exporters of processed fruit to Japan by both volume and value.
- The two countries combined provide nearly **60%** of the market share by value, with the US share at around 20-21% over the past five years.
- The emerging countries in this category such as **Philippines, Chile, Mexico, Turkey, Brazil and New Zealand** have been steadily increasing their market share.
- Japan's imports of **dried fruit** are growing. By value, **raisins and prunes** account for **73%** of total dried fruit imports to Japan, although imports of other fruits have been steadily growing. Demand for **figs, dried coconuts, dried apples, cranberries, blueberries, persimmons** have grown while demand for dried apricots has not (in granola, too).
- **The US** has a market share of over **70%** by both volume and value. Other top exporters include **Turkey, China and Philippines** with **5 to 8%** market shares.
- **Raisins and prunes** alone account for **62.4%** of total US processed fruits exports (**Turkey and Australia** expand their shares).



- Ice cream is the most loved sweets in Japan and the most loved flavour is vanilla. The other flavours are chocolate, macha (green tea), cookie and cream, and strawberry.
- The most commonly sold type of ice cream in Japan is the **family-sized multipack** and the second is the **ice cream served in paper cups**.
- Hyper markets and supermarkets are the leading distributors. In 2021, Japan imported 5,848 tons of ice cream, which was valued JPY 2,659 million. **France, Belgium, Italy** are among the top 5 exporters of ice cream to Japan (**France exports 609 ton, Belgium 579 ton and Italy 383 ton** - which altogether represents 1/4 of the imports of ice cream in Japan). **New Zealand** is No 1 and exported 3,900 ton of ice cream to Japan.
- There is a very detailed classification of ice-cream categories by amount of milk contents:

Classification	Name by type	Nonfat milk solids (%)	Of which milk fat (%)
Ice creams	Ice cream	not less than 15.0	not less than 8.0
	Ice milk	not less than 10.0	not less than 3.0
	Lacto ice	not less than 3.0	--
General food	Ice candy	other than those above	



Canned (Ambient) Meat (all shelf-stable meat products, i.e., tinned meat in cans, meat in jars, cured and fermented meats such as salamis, chorizos and meat snacks like Biltong)

- The global canned meat market is projected to at a CAGR of 8.23% during the forecast period (2022-2027).
- Canned meat market in Japan registered a positive compound annual growth rate (CAGR) of **2.74%** during the period 2015 to 2020 with a sales value of **JPY 85,817.04 million** in 2020 (4.13% increase y/y). The market achieved its strongest performance in 2017, when it grew by 4.24% y/y and its weakest performance in 2016, when it increased by 0.79% over 2015.
- In 2020, canned meat sales were booming due to COVID-19 pandemic, the sales of Spam and Corned Beef went up considerably.



- Asia-Pacific is the fastest-growing region in the global market for **canned meat, especially canned fish/seafood, and fruits**. Countries, such as Japan, Korea, and China import **canned crab meat** in high quantities.
- According to MAFF, **around half of the seafood in Japan is processed and consumed salted, dried, smoked as fish paste, or canned**. The seafood processing industry has become increasingly important as consumer's preferences to easier-to-use processed products has increased. Also, the food presence of major supermarkets, such as 7-Eleven, E-mart, Big C, etc. and the increasing internet penetration, online market for the purchase of canned meat products are therefore surging the market growth.
- A wide variety of canned foods including **canned bread, grilled chicken, grilled fish, boiled fish**, or other cooked foods are available.
- **Pan Akimoto's** canned bread is produced with its unique manufacturing method patented in 4 countries: Japan, US, China, and Taiwan. They put the dough in a can and then bake it (it can be preserved for a maximum of 37 months from the date of production). Its "*Oishii Bichikushoku*" (Delicious Preserved Food) series is very popular and there are three flavors, strawberry, orange, and raisin.
- **Hotei Foods' Yakitori** (grilled chicken) has remained a long-selling canned food since 1970. Charcoal grilled domestic chicken marinated in rich and sweet soy sauce is packed in a can with its delightful aroma.
- **Kanzume Bars**, where canned foods and drinks are served have become popular these days in Japan.



- The top 3 players of the seafood processing industry are: **Maruha Nichiro (No 1), Nissui Ltd., Kyokuyo Co.** The **“Akebono Salmon”** is the best-known brand of canned salmon in Japan (feeding Japanese households for over a century).



水産業界 売上高ランキング(2020年)

	企業名	売上高 (億円)
1	マルハニチロ	8,625 →
2	日本水産	6,564 →
3	極洋	2,491 ↓
4	横浜冷凍※	864 ↓
5	マリンフーズ	836 →
6	はごろもフーズ	833 →
7	日本ハム※	768 →
8	ニチモウ※	719 →
9	ニチレイ※	629 →
10	一正蒲鉾	346 →

※は部門売上高

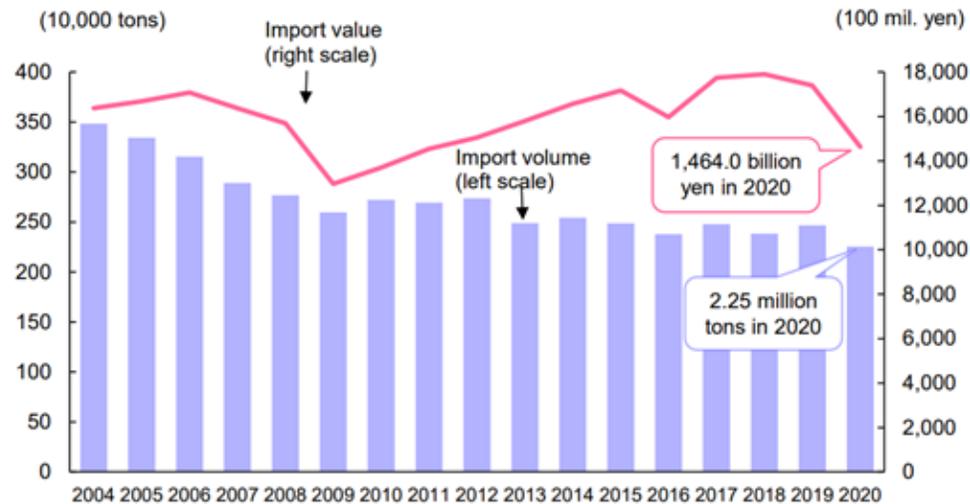
- One of the leading **luxury canned food brands** in Japan is **K&K** manufactured by **Kokubu Group Co.** (a company founded over 300 years ago in 1712) – premium canned food examples:
 - Smoked Salmon Belly (Smoked with Sakura Chips)
 - Honey Mustard Bacon
 - Corned Beef
 - Smoked Hiroshima Oysters
 - Beef Simmered in Red Wine.



- Japan's geographical conditions are very favourable for fishing (nearly 30,000 km of coastline) but in 2020 fishery production totalled **4.18 million tonnes** (76.1% seafood was caught through fishery, 23.9% was farmed through aquaculture), and both the industry as well production are on the **decline** since 1989.
- Japan produces less than 50% of this supply, and more than half of the supply comes from imports. Japan needs to **increase imports** to meet the consumption demand, which gives huge opportunities for foreign exporters to Japan.
- Two major companies operating within the marine products sector are: **Maruha Nichiro Corporation** with total assets worth over JPY 532 billion and **Nippon Suisan Kaisha Ltd.** with around JPY 475 billion in total assets.
- Japan is one of the biggest per capita fish consumers in the world. Japanese net consumption is **23.8kg per capita** (opposed to the peak of 40.2kg in 2001). This decline could in part be explained due to a more westernised diet of the Japanese (older generations, over 60 years old three times more fresh fish than those aged below 40) and a greying workforce (almost 50% of workers are over 65 years old).
- The top 3 species caught through fishing are: **Sardines, Mackerels and Shellfish.**
- The top 3 fish and seafood cultivated through aquaculture are: **Laver** (a type of seaweed), **Oysters and Yellowtails.**



- There has been a downward trend in seafood imports to Japan since 2018, but Japan remains one of the biggest importers of seafood. Japan imported around **2.25 million tonnes** of seafood in 2020 (valued at JPY 1,464 billion (11.2 billion euros)).
- The main suppliers to the Japanese market are: **China, Chile, the United States of America, Vietnam and Russia**. The top imported products are: **salmon and trout, skipjacks and tuna and shrimp**.
- Some key imports come also from **Europe**. 22.5% of imported salmon and trout in 2020 was imported from **Norway** (at a value of JPY 199.6 billion (1.54 billion euros)). As for Tuna, one of the leading suppliers to Japan is **Spain**.



Source: Prepared by the Fisheries Agency, based on the Foreign Trade Statistics (the Ministry of Finance)



- In 2021 imports of **frozen tuna fillets** recovered by 24% at 14.400 tonnes comprised of the highest value Bluefin fillet (7.616 tonnes), Yellowfin (3.305 tonnes) and Bigeye (2.486 tonnes). The leading suppliers are: **Korea, China, Spain, Morocco and Turkey**.
- Japan is one of the largest importers of **salmon, both wild and farmed**. In 2021, imports went up to 57.3 tonnes, a 13.9% increase from 2020. Most of this salmon is imported from **Chile**.
- Imports of shrimp fell over the last decade, from 290,000 tonnes in 2010 to 210.000 tonnes in 2020. Still, **shrimp and processed shrimp** remain a big part of the seafood items imported to Japan with a total value of around JPY 228.38 billion (1.75 billion euros).
- The EU is the fourth largest producer worldwide, accounting for about 3.1% of global fisheries and aquaculture production. 80% of production comes from fisheries and 20% from aquaculture. **Spain, Denmark, the United Kingdom, and France** are the largest producers in terms of volume in the EU.
- **The EU-Japan EPA represents new opportunities to EU companies seeking to export fisheries to Japan. Under the Agreement, all the fish products have been, or will be liberalised over time.**



6. The Japanese business culture

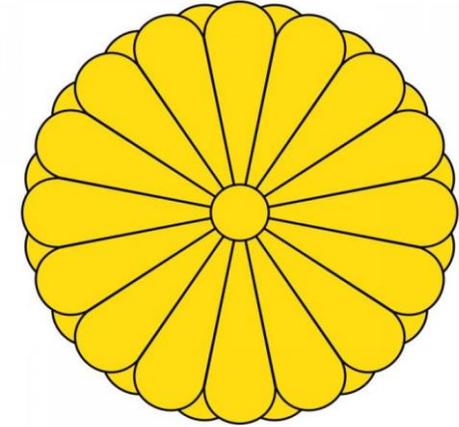
- A business card
- Personal relations
- Hierarchy
- Trust
- Negotiations
- Consumer patriotism vs. curiosity about novelties



In Japan, it all starts with a business card!



- **HIERARCHY** prevails in business relations – you are always judged according to your social roles and position in the society
- **PERSONAL RELATIONS** are the most important - “you can create first impression only once”
- **RESPECT** for any kind of **WORK** - we are all important and indispensable elements of the whole society
- **COLLECTIVISM** – the primacy of a **GROUP** over an **INDIVIDUAL** – “any protruding nail must be hammered in”
- **MUTUAL TRUST** is the highest possible value and the foundation of human relations
- **TIME** – long decision-making/negotiation process.



- A **Business Card**
- Extremely strict rules regarding **precedence/priority/seniority** in human relations, especially in business: greeting order, bow depth (angle 15°/30°/45°), seating at the table/in the elevator/in a car (best and worst seats), honorific/modest language etc.
- Attachment to the **group**: teamwork, group meetings, hobby circles etc.
- An **oral commitment** is equal to a written one (keeping your word/promises)
- **“HAI”** as a confirmation of listening to the statement, not a sign of consent (often mistaken)
- Specific **body language** (bowing instead of handshaking, pointing at the nose to express “me”/“I”, an “ok” sign, no sniffing out your nose in front of others)
- Avoiding any kind of **direct physical contact** in business relations: no hugs, no patting on the back, no touching an arm (respect for “privacy zone”)
- Being **punctual** at business meetings: Just In Time (proof of respect)
- **Formal and informal way** of building mutual trust (after work obligations).



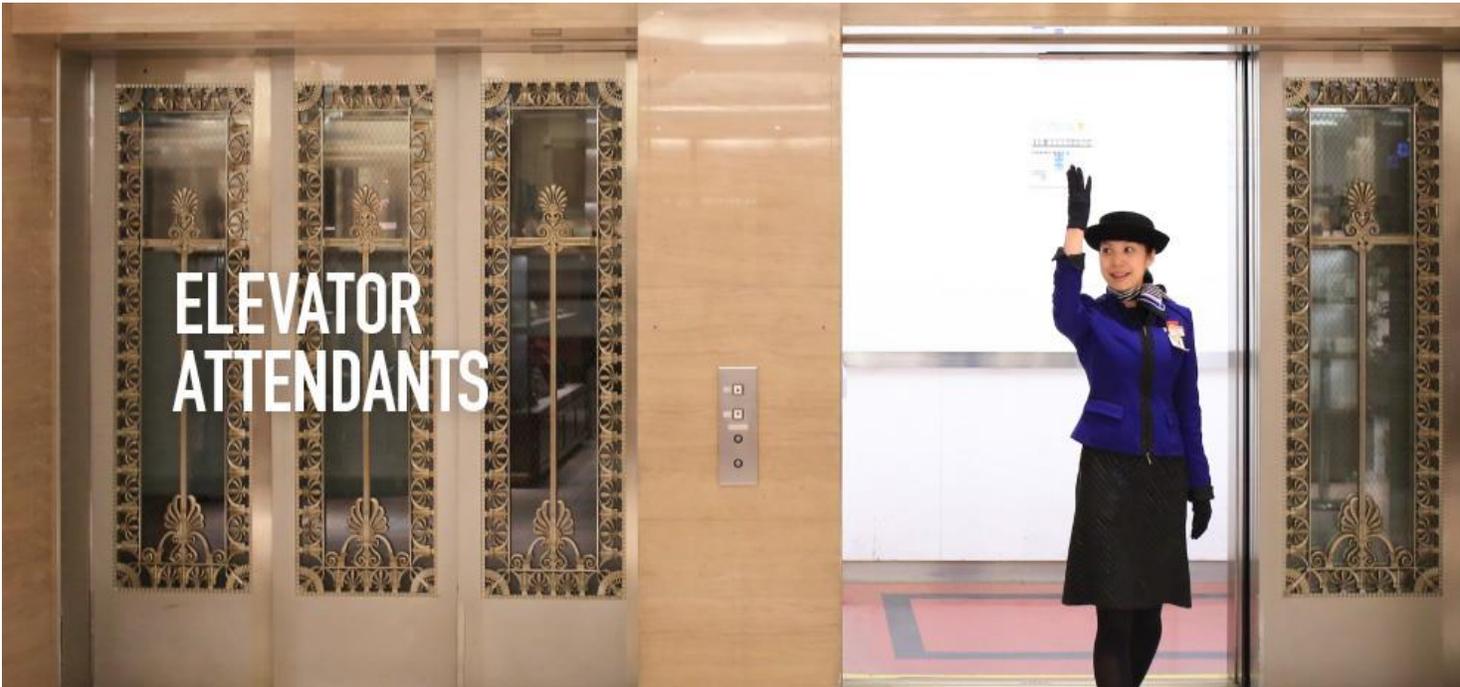
1. A Conference Room



2. A President's Room



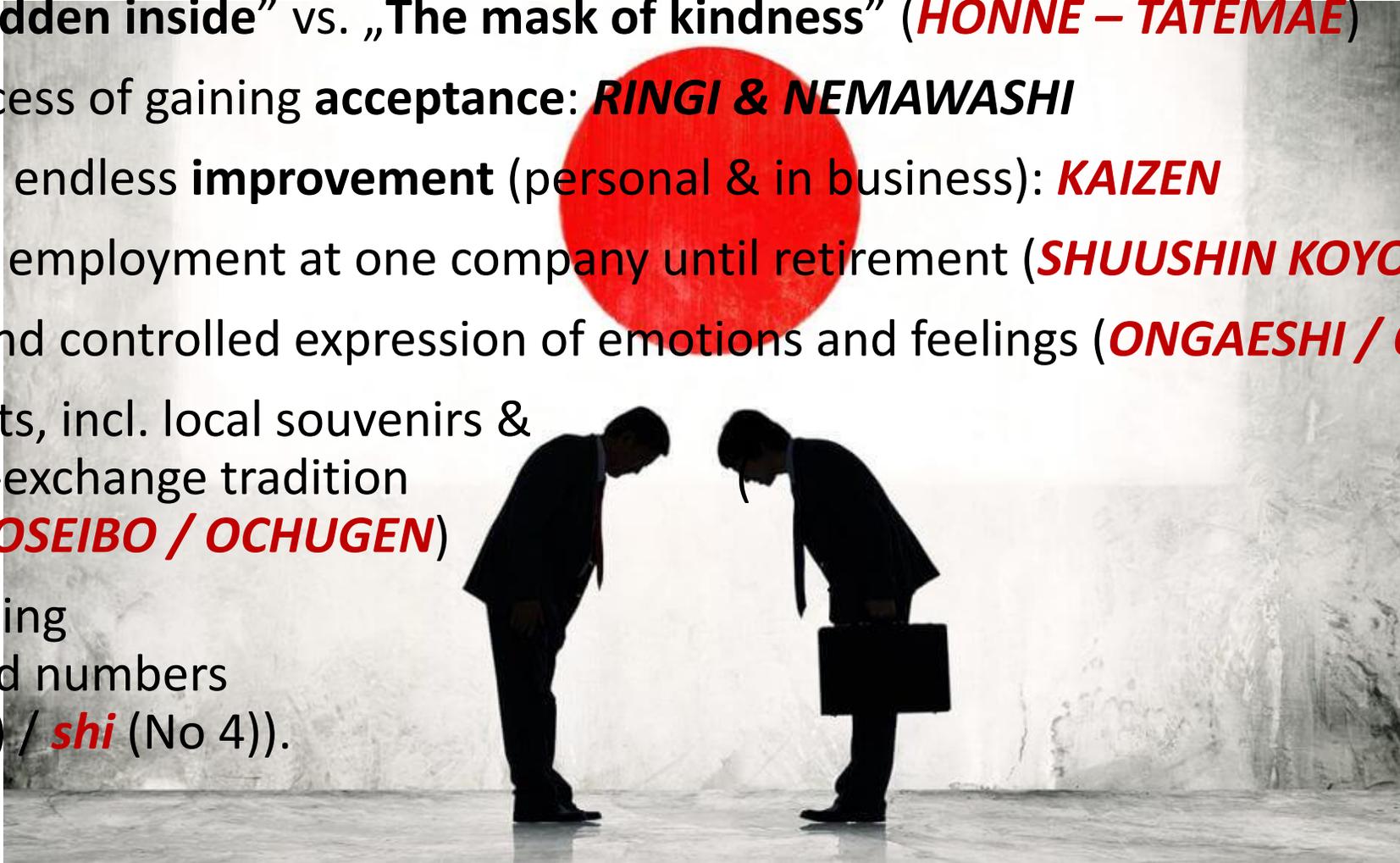
3. An Elevator



4. A Car



- „The truth hidden inside” vs. „The mask of kindness” (**HONNE – TATEMAE**)
- Informal process of gaining acceptance: **RINGI & NEMAWASHI**
- Constant and endless **improvement** (personal & in business): **KAIZEN**
- Traditionally: employment at one company until retirement (**SHUUSHIN KOYOU SEI**)
- Formalized and controlled expression of emotions and feelings (**ONGAESHI / OREI / SHAZAI**)
- Culture of gifts, incl. local souvenirs & seasonal gift-exchange tradition (**OMIYAGE / OSEIBO / OCHUGEN**)
- Special meaning of colours and numbers (**shiro** (white) / **shi** (No 4)).



- **GET TO KNOW YOUR PARTNER BEFORE YOU MEET HIM** – do the so-called "Soft interview".
- **PLAN CAREFULLY** – prepare & submit the program (obligatory!) - an official and an unofficial one.
- **CONSIDER THE PURCHASE OF GIFTS** – mind the value, wrap them well - casual, associated with your country - give it to a time convenient for the partner; a distinctive gift (in addition to the standard one) for the top person.
- **RESPECT THE HIERARCHY** (obligatory!) - when greeting, seating, handing out a business card, passing in the door, inviting to the car, inviting to speak, etc. (precedence, bow depth, fixed seat at the table, honorific / modest language).
- **CULTURE OF CONVERSATION** - do not interrupt, let the interlocutor finish the sentence and the whole utterance, nod your head and let him know you are listening carefully, at the end confirm what you have heard (therefore you think... / I understand that in your country / company...).
- **DON'T MISUNDERSTAND THE "HAI"** - do not think your interlocutor agrees with your opinion, he is just confirming he is listening to you.
- **Look in the eye** (but not too boldly and directly), **read from body language**.
- When dining together, **refill a glass of a partner** and people sitting close to you (do raise and drink beer for a toast).
- **Stick to the scheduled end time of the meeting** (or suggest a continuation elsewhere).
- **SEND A MAIL AFTER THE MEETING** - acknowledgment and summary of the visit and expression of hope for the continuation of cooperation.



Thank you for your attention!



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