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International Markets Bureau

MARKET INDICATOR REPORT | OCTOBER 2011

Organic Packaged Food

In Japan

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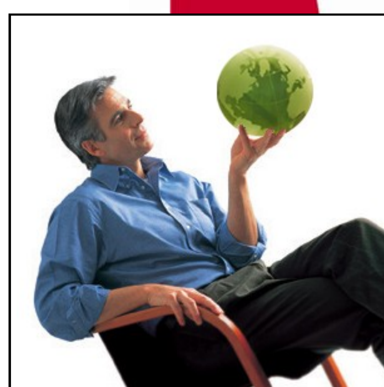

Growing Forward

Canada

EXECUTIVE SUMMARY

Japan is the most lucrative organic market in the Asian region. Japanese consumers value the Japan Agriculture Standard (JAS) certified organic label, and have shown willingness to pay a price premium for this certification. This validates the importance of government-regulated mandatory labelling in the country.

The demand for organic food is growing rapidly in Japan—the Japanese are some of the most demanding consumers in the world. They expect quality, safety and have a high level of environmental consciousness, all of which translate into an appreciation for "Yuuki Shokuhin," or organic food.

Currently, consumer demand exceeds supply. The explanation most commonly given for this discrepancy is that when Japan's new organic law went into effect in April 2001, it required strict adherence to new national standards. The word organic could only be used for foods certified and marked under the JAS organic seal.

Many Japanese farmers had been using methods that reduced or eliminated synthetic chemicals, and were selling their food products as organic. But those who could not become certified under the new standards dropped out of the market, drastically reducing the number of organic producers in Japan, at least by the official definition.

Japan is the world's largest food importer, relying on other countries for over 60% of its food. As a consequence of the recent earthquake and tsunamis that struck the country, Japan will likely need to further expand its imports of food products.

The retail food sector in Japan is similar to that of any industrialized nation. The displays are abundant and the packaging is attractive. Food is well labelled and there are multiple brands to choose from. In Japan, the stores are immaculate and employ all the latest retailing strategies. The shelves are well stocked with plenty of expensive, imported, and specialty items along with all the basics. One noticeable difference, however, is that portion and package sizes are much smaller than in Canada or the United States.

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CONSUMER TRENDS

Despite shrinking per capita expenditure on food, Japan still ranks highly in this regard compared with regional neighbours, and on a global scale. As the economy seems uncertain in the medium term, the trend for decreasing expenditure on food will persist. Monthly household food expenditures represent more than 21% of disposal income.

There exists a demand for higher-end and luxury items in Japanese food consumption, while at the same time, demand for budget, economy and private-label items will multiply in the coming years.

Relatively expensive organic foods are popular amongst the Japanese and spending in this sector will continue, with many industry experts forecasting up to 12% growth by 2014, in what is already Asia's largest organic food market in terms of revenue. Euromonitor International estimated the value of the organic packaged food and non-alcoholic beverages sector at US$ 673 million in 2010, and the market is expected to continue growing.

Organic ready-meals are proving increasingly popular and price-competitive, as supermarkets see increased sales to office workers on lunch breaks, as well as those looking for a quick and easy meal to prepare at home. Japan is home to a growing number of single-person and smaller households, and these urban consumers are looking for cost-effective and convenient meal solutions.

Consumer research by the Japan External Trade Organization (JETRO) found that 29% of the adult population in Japan belongs to the so-called LOHAS category (Lifestyle of Health and Sustainability). Consumers in this category prefer to buy organic food, health-oriented food, natural personal care products, natural food supplements and other "sustainable products and services." A breakdown of the adult population into age groups showed that the preference for organic products is quite similar with a slightly higher percentage amongst those aged 60 years and older.

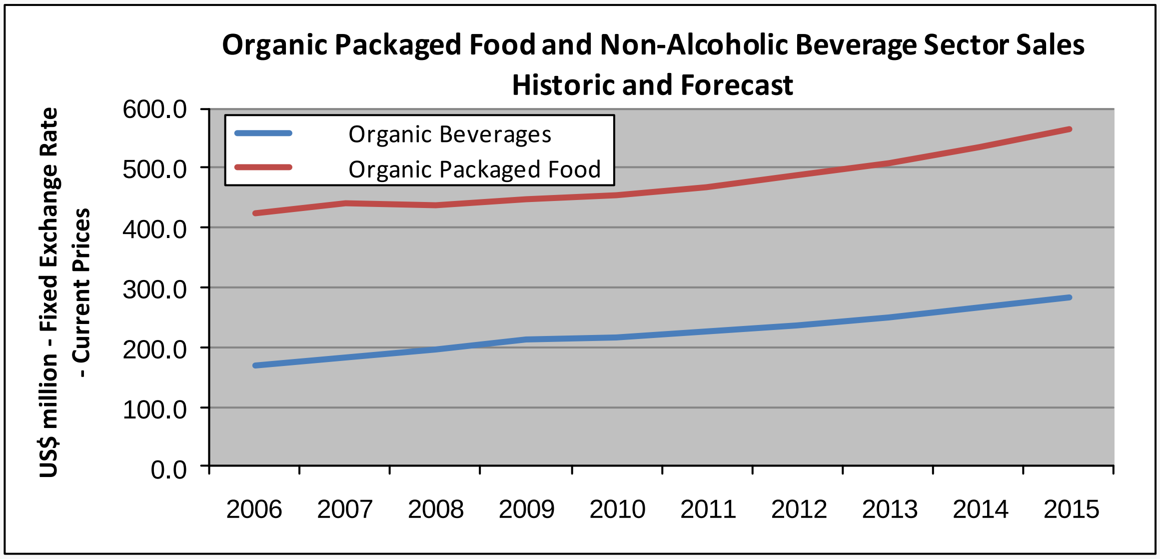
Japanese consumers tend to buy food products on a daily basis, looking for the highest quality products at several outlets. For fresh organic products, freshness (40%), taste (35%), food safety (32%) and price (26%) are important purchase criteria, whereas food additives (44%), food safety (41%), taste (36%) and price (21.8%) are the prevailing factors amongst organic processed food. Overall, due to quality and food safety concerns, Japanese consumers prefer to buy Japanese food products.

ORGANIC PACKAGED FOOD SALES

Japanese Organic Market Sizes - Historic/Forecast - Retail Value Sales in - US$ millions

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Organic Beverages	167.9	182.0	197.1	212.8	217.8	225.9	236.6	249.8	265.3	283.2
Organic Packaged Food	422.6	439.8	437.8	447.1	455.1	468.7	486.9	509.5	535.8	565.8
Total Organic	**590.5**	**621.8**	**634.9**	**659.9**	**672.9**	**694.6**	**723.5**	**759.2**	**801.1**	**849.0**

***Source**: Euromonitor, 2011*



***Source**: Euromonitor, 2011*

Japanese Organic Food and Non-Alcoholic Beverages Market Sizes by Subsector - % Growth based on Retail Sales Value				
	2005-2010		2010-2015	
	CAGR* %	Period %	CAGR* %	Period %
Organic Beverages	**6.9**	**39.8**	**5.4**	**30.0**
Organic Hot Drinks	7.5	43.6	4.8	26.5
Organic Soft Drinks	5.5	30.7	6.8	39.2
Organic Packaged Food	**2.4**	**12.6**	**4.5**	**24.3**
Organic Baby Food	3.7	20.1	4.5	24.4
Organic Bakery Products	2.5	13.0	7.4	43.2
Organic Confectionery	1.6	8.4	4.5	24.8
Organic Dairy Products	6.5	37.0	1.4	7.1
Organic Ice Cream	-1.1	-5.5	-5.1	-23.1
Organic Oils and Fats	1.5	7.5	2.0	10.2
Organic Ready Meals	7.4	42.6	3.6	19.5
Organic Rice	1.6	8.3	2.6	13.6
Organic Sauces, Dressings and Condiments	3.3	17.9	6.4	36.6
Organic Snack Bars	-	-	-	-
Organic Soup	-	-	-	-
Organic Spreads	4.6	25.1	3.2	17.2
Organic Sweet and Savoury Snacks	-	-	-	-
Other Organic Food	0.6	3.2	1.2	6.3
Total Organic	**3.7**	**20.2**	**4.8**	**26.2**

***Source**: Euromonitor, 2011*
**CAGR = compound annual growth rate*

ORGANIC PACKAGED FOOD MARKET SIZES

Japan Organic Food and Beverages Market Sizes - Historic/Forecast - Retail Sales Price in US$ millions

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Organic Hot Drinks	**118.0**	**127.5**	**141.5**	**155.8**	**158.4**	**163.3**	**170.0**	**178.5**	**188.6**	**200.5**
Organic Coffee	18.9	19.9	21.5	23.1	23.9	25.1	26.4	28.0	29.8	31.8
Organic Tea	99.1	107.6	120.0	132.7	134.5	138.2	143.5	150.4	158.8	168.7
Other Organic Hot Drinks	-	-	-	-	-	-	-	-	-	-
Organic Soft Drinks	**49.9**	**54.5**	**55.6**	**56.9**	**59.4**	**62.7**	**66.6**	**71.3**	**76.7**	**82.7**
Organic Concentrates	-	-	-	-	-	-	-	-	-	-
Organic Fruit/Vegetable Juice	49.9	54.5	55.6	56.9	59.4	62.7	66.6	71.3	76.7	82.7
Other Organic Soft Drinks	-	-	-	-	-	-	-	-	-	-
Organic Baby Food	**9.0**	**9.3**	**9.6**	**9.9**	**10.1**	**10.5**	**11.0**	**11.5**	**12.0**	**12.6**
Organic Milk Formula	-	-	-	-	-	-	-	-	-	-
Organic Dried Baby Food	-	-	-	-	-	-	-	-	-	-
Organic Prepared Baby Food	6.5	6.7	6.9	7.2	7.5	7.8	8.2	8.6	9.1	9.5
Other Organic Baby Food	2.5	2.6	2.6	2.7	2.7	2.7	2.8	2.9	3.0	3.1
Organic Bakery Products	**148.4**	**154.2**	**149.6**	**154.1**	**161.6**	**171.5**	**183.4**	**197.4**	**213.4**	**231.4**
Organic Biscuits	-	-	-	-	-	-	-	-	-	-
Organic Bread	148.4	154.2	149.6	154.1	161.6	171.5	183.4	197.4	213.4	231.4
Organic Breakfast Cereals	-	-	-	-	-	-	-	-	-	-
Organic Cakes	-	-	-	-	-	-	-	-	-	-
Organic Confectionery	**3.0**	**3.1**	**3.0**	**3.1**	**3.1**	**3.2**	**3.3**	**3.5**	**3.7**	**3.9**
Organic Chocolate Confectionery	3.0	3.1	3.0	3.1	3.1	3.2	3.3	3.5	3.7	3.9
Organic Sugar Confectionery	-	-	-	-	-	-	-	-	-	-
Organic Dairy Products	**32.4**	**34.9**	**36.9**	**38.9**	**38.6**	**38.7**	**39.0**	**39.7**	**40.4**	**41.3**
Organic Chilled and Shelf Stable Desserts	-	-	-	-	-	-	-	-	-	-
Organic Cheese	6.4	7.4	7.7	8.1	8.0	7.9	8.0	8.1	8.2	8.3
Organic Milk	18.1	20.5	22.2	23.7	23.5	23.6	23.8	24.2	24.6	25.1
Organic Soy Milk	8.0	6.9	7.0	7.1	7.1	7.1	7.3	7.4	7.6	7.9
Organic Yogurt	-	-	-	-	-	-	-	-	-	-
Organic Ice Cream	**0.6**	**0.6**	**0.5**	**0.5**	**0.5**	**0.5**	**0.5**	**0.4**	**0.4**	**0.4**
Organic Oils and Fats	**62.0**	**64.1**	**63.5**	**64.1**	**63.9**	**64.5**	**65.5**	**66.9**	**68.5**	**70.5**
Organic Butter	2.1	2.1	2.1	2.1	2.1	2.2	2.2	2.3	2.4	2.5
Organic Olive Oil	13.1	13.8	13.7	13.8	14.1	14.5	15.0	15.5	16.0	16.5
Organic Spreadable Oils and Fats	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	1.0
Organic Vegetable and Seed Oil	45.8	47.2	46.7	47.2	46.8	46.9	47.4	48.2	49.2	50.4
Organic Ready Meals	**0.7**	**0.8**	**0.8**	**0.9**	**0.9**	**0.9**	**0.9**	**1.0**	**1.0**	**1.1**
Organic Rice	**21.6**	**22.1**	**22.5**	**22.9**	**22.8**	**23.1**	**23.5**	**24.2**	**25.0**	**25.9**
Organic Sauces, Dressings and Condiments	**38.6**	**40.6**	**41.4**	**42.6**	**43.9**	**45.9**	**48.5**	**51.7**	**55.5**	**60.0**
Organic Spreads	**18.0**	**19.3**	**19.9**	**20.6**	**20.8**	**21.2**	**21.8**	**22.5**	**23.4**	**24.4**
Organic Honey	-	-	-	-	-	-	-	-	-	-
Other Organic Non-Honey Spreads	18.0	19.3	19.9	20.6	20.8	21.2	21.8	22.5	23.4	24.4
Other Organic Food	**88.4**	**91.0**	**90.1**	**89.6**	**88.8**	**88.9**	**89.7**	**90.9**	**92.5**	**94.4**

***Source**: Euromonitor, 2011*

KEY MARKET SEGMENTS: DATA FROM 2006-2015

Japan Organics Market Sizes - Historic/ Forecast - Retail Volume in '000 tonnes (unless otherwise indicated)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Organic Hot Drinks	**1.4**	**1.5**	**1.6**	**1.8**	**1.8**	**1.9**	**2.0**	**2.1**	**2.2**	**2.3**
Organic Coffee	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.7	0.7	0.8
Organic Fresh Coffee	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.7	0.7	0.7
Organic Instant Coffee	0	0	0	0	0	0	0	0	0	0
Organic Tea	1.0	1.0	1.1	1.2	1.3	1.3	1.4	1.4	1.5	1.6
Organic Black Tea	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Organic Fruit/Herbal Tea	0	0	0	0	0	0	0	0	0	0
Organic Green Tea	0.8	0.9	1.0	1.1	1.1	1.1	1.2	1.2	1.3	1.4
Organic Soft Drinks - million litres	4.9	5.3	5.3	5.4	5.7	6.1	6.5	6.9	7.4	7.9
Organic Fruit/Vegetable Juice - million litres	4.9	5.3	5.3	5.4	5.7	6.1	6.5	6.9	7.4	7.9
Organic 100% Juice - million litres	4.9	5.3	5.3	5.4	5.7	6.1	6.5	6.9	7.4	7.9
Organic Baby Food	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**	**0.5**	**0.5**
Organic Prepared Baby Food	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Other Organic Baby Food	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Organic Bakery Products	**15.1**	**15.7**	**15.2**	**15.6**	**16.5**	**17.6**	**18.7**	**19.9**	**21.3**	**22.8**
Organic Biscuits	-	-	-	-	-	-	-	-	-	-
Organic Bread	15.1	15.7	15.2	15.6	16.5	17.6	18.7	19.9	21.3	22.8
Organic Confectionery	**0.1**	**0.1**	**0**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**
Organic Chocolate Confectionery	0.1	0.1	0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Organic Cheese	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**
Organic Standard Milk - million litres	**5.7**	**6.4**	**6.9**	**7.3**	**7.4**	**7.4**	**7.5**	**7.5**	**7.6**	**7.7**
Organic Soy Milk - million litres	**1.5**	**1.3**	**1.3**	**1.3**	**1.3**	**1.3**	**1.3**	**1.4**	**1.4**	**1.4**
Organic Yogurt	-	-	-	-	-	-	-	-	-	-
Organic Ice Cream	**23.3**	**23.4**	**22.2**	**22.0**	**21.3**	**20.6**	**19.7**	**18.8**	**17.9**	**16.9**
Organic Oils and Fats	**2.9**	**3.0**	**2.9**	**2.9**	**3.0**	**3.0**	**3.0**	**3.0**	**3.1**	**3.1**
Organic Butter	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Organic Olive Oil	0.2	0.3	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3
Organic Spreadable Oils and Fats	0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Organic Vegetable and Seed Oil	2.5	2.6	2.5	2.5	2.5	2.6	2.6	2.6	2.6	2.7
Organic Ready Meals	**0.0**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**
Organic Sauces, Dressings and Condiments	**6.0**	**6.2**	**6.3**	**6.4**	**6.7**	**7.0**	**7.3**	**7.7**	**8.2**	**8.7**
Organic Soup	-	-	-	-	-	-	-	-	-	-
Organic Spreads	**0.6**	**0.6**	**0.6**	**0.6**	**0.6**	**0.7**	**0.7**	**0.7**	**0.7**	**0.7**
Organic Honey	-	-	-	-	-	-	-	-	-	-
Other Organic Non-Honey Spreads	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7
Other Organic Food	**8.3**	**8.6**	**8.6**	**8.6**	**8.6**	**8.6**	**8.7**	**8.7**	**8.8**	**8.8**

***Note:** Figures that appear as zero represent categories where retail volume was less than 100 tonnes*
***Source**: Euromonitor, 2011*

ORGANIC PACKAGED FOOD EXPENDITURE

Japan Organic Packaged Food Expenditure per Capita - Historic/Forecast - Retail Sale Value in US$				
	2008	2009	2010	2015
Organic Packaged Food	3.2	3.3	3.4	4.5
Organic Baby Food	0.1	0.1	0.1	0.1
Organic Bakery Products	1.1	1.1	1.2	1.8
Organic Confectionery	0	0	0	0
Organic Dairy Products	0.3	0.3	0.3	0.3
Organic Ice Cream	0	0	0	0
Organic Oils and Fats	0.5	0.5	0.5	0.6
Organic Ready Meals	0	0	0	0
Organic Rice	0.2	0.2	0.2	0.2
Organic Sauces, Dressings and Condiments	0.3	0.3	0.3	0.5
Organic Snack Bars	-	-	-	-
Organic Soup	-	-	-	-
Organic Spreads	0.1	0.2	0.2	0.2
Organic Sweet and Savoury Snacks	-	-	-	-
Other Organic Food	0.7	0.7	0.7	0.7

***Source**: Euromonitor, 2011*

Japanese Organic Packaged Food as % of Total Packaged Food Expenditure - Historic/Forecast				
	2008	2009	2010	2015
Organic Packaged Food	0.2	0.2	0.2	0.3
Organic Baby Food	0.7	0.8	0.8	1.1
Organic Bakery Products	0.4	0.5	0.5	0.8
Organic Confectionery	0	0	0	0
Organic Dairy Products	0.2	0.2	0.2	0.2
Organic Ice Cream	0	0	0	0
Organic Oils and Fats	1.6	1.7	1.7	1.9
Organic Ready Meals	0	0	0	0
Organic Sauces, Dressings and Condiments	0.2	0.2	0.2	0.3
Organic Snack Bars	-	-	-	-
Organic Soup	-	-	-	-
Organic Spreads	1.9	1.9	2	2.3
Organic Sweet and Savoury Snacks	-	-	-	-
Other Organic Food	0	0	0	0

***Source**: Euromonitor, 2011*

PRICING AND MARKET SHARES

Company Shares (by Global Brand Owner) - Historic - Retail Sales Value % breakdown						
	2005	**2006**	**2007**	**2008**	**2009**	**2010**
Organic Baby Food						
Otsuka Pharmaceutical Co Ltd	-	-	-	-	11.7	11.2
Nutrition & Santé SAS	-	10.2	11.8	11.8	-	-
Novartis AG	8.8	-	-	-	-	-
Others	91.2	89.8	88.2	88.2	88.3	88.8
Total	100	100	100	100	100	100
Organic Dairy Products						
Takanashi Dairy Co Ltd	55.6	52.6	54.0	53.9	53.3	53.9
Marusanai Co Ltd	14.4	15.6	13.3	13.4	13.0	13.1
Meiji Holdings Co Ltd	-	-	-	-	6.0	5.9
Meiraku Co Ltd	2.4	3.0	2.8	2.8	2.8	2.8
Meiji Dairies Corp	-	2.1	3.7	5.0	-	-
Kibun Food Chemifa Co Ltd	2.5	1.4	0.8	-	-	-
Others	25.1	25.2	25.5	24.9	25.0	24.3
Total	100	100	100	100	100	100
Organic Sauces, Dressings and Condiments						
Kikkoman Corp	7.5	8.0	8.4	8.4	8.4	8.2
Yamasa Corp	3.5	3.6	3.6	3.7	3.7	3.8
Del Monte Foods Co	2.4	3.3	3.5	3.6	3.7	3.7
Others	86.6	85.1	84.4	84.3	84.3	84.3
Total	100	100	100	100	100	100
Other Organic Food						
Nichirei Corp	4.7	5.2	5.7	6.7	7.5	7.4
Hakubaku Co Ltd	0.7	0.8	0.9	1.0	1.2	1.2
Muso Co Ltd	0.3	0.5	0.8	0.9	1.0	1.1
Ohsawa Japan Co Ltd	0.1	0.3	0.4	0.4	0.5	0.5
Others	94.3	93.3	92.3	90.9	89.8	89.8
Total	**100**	**100**	**100**	**100**	**100**	**100**

***Source**: Euromonitor, 2011*

Organic Package Unit Price in Japan - Historic/Forecast - In US$ per kg (unless otherwise noted) Based on Retail Sales Price				
	2008	**2009**	**2010**	**2015**
Organic Baby Food	25.5	25.8	25.7	27.1
Organic Bakery Products	9.9	9.9	9.8	10.2
Organic Confectionery	60.7	61.0	60.3	62.2
Organic Dairy Products	Not calculable			
Organic Ice Cream - US$ per litre	24.5	24.8	24.2	23.4
Organic Oils and Fats	21.7	21.8	21.6	22.5
Organic Ready Meals	12.9	12.7	12.5	12.9
Organic Rice	10.6	10.6	10.5	10.8
Organic Sauces, Dressings and Condiments	6.6	6.6	6.6	6.9
Organic Snack Bars	-	-	-	-
Organic Soup	-	-	-	-
Organic Spreads	32.7	32.7	32.3	33.3
Organic Sweet and Savoury Snacks	-	-	-	-
Other Organic Food	10.5	10.5	10.4	10.7

***Source**: Euromonitor, 2011*

Topmost: Bubbling Grape Cider with organic grape juice
Above: Drip On organic (mild blend) coffee

***Source:** Mintel, 2011*

BEVERAGES

Japan Hot Drinks Organic Beverages Market Sizes - Forecast - Retail Sales Value in US$ millions	2010	2011	2015
Organic Chocolate Based Flavoured Powder Drinks	-	-	-
Organic Coffee	23.9	25.1	31.8
Organic Fresh Coffee	23.2	24.3	30.8
Organic Instant Coffee	0.7	0.8	1.0
Organic Tea	134.5	138.2	168.7
Organic Black Tea	6.6	6.9	9.3
Organic Fruit/Herbal Tea	6.9	7.2	9.0
Organic Green Tea	121.0	124.1	150.3
Other Organic Hot Drinks	-	-	-

Organic Hot Drinks as % of Total Beverage Expenditure on Hot Drinks Beverages - Forecast	2010	2011	2015
Organic Hot Drinks	1.4	1.5	1.8
Organic Coffee	0.5	0.5	0.7
Organic Fresh Coffee	1.0	1.0	1.2
Organic Instant Coffee	0	0	0
Organic Tea	2.3	2.4	2.8
Organic Black Tea	0.6	0.7	0.8
Organic Fruit/Herbal Tea	1.0	1.0	1.1
Organic Green Tea	3.2	3.4	4.1
Other Organic Hot Drinks	-	-	-

Source: *Mintel, 2011*

Organic Hot Drinks Market Sizes - Forecast - based on Retail Sales Value by Unit Price in US$ per kg	2010	2011	2015
Organic Chocolate Based Flavoured Powder Drinks	-	-	-
Organic Coffee	41.1	41.0	42.2
Organic Fresh Coffee	40.6	40.4	41.6
Organic Instant Coffee	70.5	70.0	71.3
Organic Tea	106.6	105.5	106.1
Organic Black Tea	48.8	48.6	50.3
Organic Fruit/Herbal Tea	271.5	270.7	279.9
Organic Green Tea	109.9	108.8	109.5
Other Organic Hot Drinks	-	-	-

Year on Year Growth (%) of the Japanese Organic Hot Drinks Beverages Sector Forecast	2009-10	2011-15
Organic Hot Drinks	1.7	22.8
Organic Coffee	3.6	26.9
Organic Fresh Coffee	3.6	26.8
Organic Instant Coffee	3.8	27.8
Organic Tea	1.3	22.1
Organic Black Tea	4.7	34.0
Organic Fruit/Herbal Tea	2.7	25.9
Organic Green Tea	1.1	21.2
Other Organic Hot Drinks	-	-

***Source for all**: Euromonitor, 2011*

DISTRIBUTION CHANNELS

Organic Distribution Channels- % breakdown Based on Retail Sales Price			
	2008	**2009**	**2010**
Store-Based Retailing	56.7	56.6	56.8
Supermarkets/Hypermarkets	9.3	9.5	9.7
Discounters	4.2	4.3	4.4
Small Grocery Retailers	25.6	25.6	25.7
Convenience Stores	3.3	3.5	3.6
Independent Small Grocers	16.8	16.6	16.4
Forecourt Retailers	5.5	5.6	5.7
Other store-based retailing	17.6	17.2	17.0
Other Grocery Retailers	13.9	13.4	13.1
Non-Grocery Retailers	3.7	3.8	3.9
Non-Store Retailing	43.3	43.4	43.2
Vending	0.7	0.8	0.8
Homeshopping	1.8	1.9	2.0
Internet Retailing	40.1	39.9	39.7
Direct Selling	0.7	0.8	0.7
Total	**100**	**100**	**100**

Source: *Euromonitor 2011*

The Japanese food and beverage industry accounts for about 10% of the nation's total manufacturing industry. Recently, the industry has been facing strained circumstances, such as cost increases stemming from the high price of crude oil and competitive international food material procurement. Furthermore, falling birthrates and an aging population make for lessened domestic demand, and the market is in a phase of moderate downturn. Finally, product lifecycles are becoming shorter due to frequently changing consumer preferences. In this complex market situation, food and beverage manufacturers are required to develop new and innovative products at competitive prices.

Source: *Planet Retail*

However, it is predicted that demand for organic foods and beverages will strongly increase in the near future. The number of Japanese consumers paying particular attention to their health is growing, and many of them demand naturally healthy organic foods and beverages.

As domestic production is fairly small or non-existent for many products, an increase in demand will, to a large extent, have to be met by foreign suppliers. According to the FAO/World Bank report, the organic food and beverages sector is poised to grow in the coming years. However, exporters should be aware that the Japanese market is difficult to penetrate, thus a top quality product and a careful selection of distribution channels are of the greatest importance.

PRICING SAMPLES - JANUARY 2010

Below are some pricing samples of organic packaged food products sold in Japan. All of the products below are sold through the supermarket/hypermarket outlet.

Brands	Company name	Pack size	Price (YEN)
Organic Fresh Coffee			
Key Coffee Hyouon Jukusei Coffee	Key Coffee Inc	200 g	1540
Key Coffee Kobo Traja Mild	Key Coffee Inc	200 g	1120
Key Coffee Organic Brazil	Key Coffee Co Ltd	200 g	1290
Ogawa Coffee Yuki Coffee Bird Friendly Blend	Ogawa Coffee Co Ltd	200 g	698
Ogawa Coffee Yuki Coffee Fare Trade Mocha Blend	Ogawa Coffee Co Ltd	200 g	698
UCC Yuki Saibai Coffee	UCC Ueshima Coffee Co Ltd	240 g	498
Organic Instant Coffee			
UCC The Blend Yuki Saibai Coffee	UCC Ueshima Coffee Co Ltd	50 g	598
Organic Black Tea			
Nittoh Organic Yuki Saibai Darjeeling	Nittoh Tea Co Ltd	20 bags	388
Nittoh Organic Yuki Saibai Original Blend	Nittoh Tea Co Ltd	20 bags	388
Organic Green Tea			
Ito En Tegaru ni Catechin	Ito En Co Ltd	40 g	448
Mitsui Meicha Yuki no Ocha	Mitsui Norin Co Ltd	100 g	758
Organic Soy Milk			
Marusan Yuki Tonyu	Marusanai Co Ltd	1000 ml	270
Marusan Yuki Tonyu	Marusanai Co Ltd	200 ml	92
Meiraku Yuki Tofu mo Dekiru Tonyu	Meiraku Group	900 ml	168
Organic Sauces, Dressings and Condiments			
Del Monte Kokusan Kanjuku Tomato Ketchup	Kikkoman Corp	300 g	298
Del Monte Yuki Tomato Puree	Kikkoman Corp	150 g	118
S & B Yuki Basil	S&B Foods Inc	6.5 g	380
S & B Yuki Cinnamon Powder	S&B Foods Inc	22 g	370
S & B Yuki Garam Masala	S&B Foods Inc	22 g	398
S & B Yuki Garlic	S&B Foods Inc	32 g	398
S & B Yuki Nutmeg	S&B Foods Inc	27 g	380
S & B Yuki Oregano	S&B Foods Inc	5 g	378
S & B Yuki Paprika	S&B Foods Inc	25 g	380
S & B Yuki Parsley	S&B Foods Inc	4 g	380
S & B Yuki Turmeric	S&B Foods Inc	17 g	380
Tokusen Yuki Shoyu	Kikkoman Corp	150 ml	398
Top Valu Mutenka Yuki Kome Kouji Miso	Aeon Co Ltd	750 g	398
Organic Soup			
Nature Future Corn Soup	Nature Future	45 g	365
Nature FutureTomato Soup	Nature Future	45 g	365
Other Organic Non-Honey Spreads			
Sonton Yuki Anzu Jam	Sonton Food Industries Co Ltd	270 g	498
Sonton Yuki Blueberry Jam	Sonton Food Industries Co Ltd	270 g	498
Sonton Yuki Ichigo Jam	Sonton Food Industries Co Ltd	270 g	498
Other Organic Food			
Top Valu Green Peas	Aeon Co Ltd	250 g	198
Top Valu Green Eye Yuki Udon	Aeon Co Ltd	300 g	198
Top Valu Yuki Broccoli	Aeon Co Ltd	250 g	198
Top Valu Yuki Green Asparagus	Aeon Co Ltd	180 g	198
Top Valu Yuki Udon	Aeon Co Ltd	300 g	198

Source: *Euromonitor*

RESOURCES

Economic Research Service/USDA: *Changing Structure of Global Food Consumption and Trade.*

Euromonitor International.

FAO: *World Markets for Organic Fruits and Vegetables*

FAO/WTO: *Demand for Organic Products*

OSEC business network: Organic Food Market in Japan (report) [http://www.osec.ch/internet/osec/de/home/export/countries/jp/export/economic_report.-RelatedBoxSlot-15131-ItemList-24609-File.File.pdf/Marktstudie%20Biomarkt%20in%20Japan_6Dez06.pdf].

Japan Ministry of Agriculture, Forestry and Fisheries [MAFF]: http://www.maff.go.jp/e/jas/index.html

For more information on the Japanese market, please refer to these other AAFC publications:

- Inside Japan: Seafood Trade (October 2009)
- Packaged Food Sales in Japan (January 2010)
- The Japanese Consumer: Behaviour, Attitudes and Perceptions Toward Food Products (March 2010)
- Inside Japan Processed Food Trade (March 2010)
- Japanese Confectionery: Market Overview (March 2010)
- Consumer Trends: Noodles in Japan (June 2010)
- Consumer Trends: Pet Food in Japan (August 2010)
- Consumer Trends: Beef and Pork in Japan (August 2010)
- Health and Wellness in Japan (September 2010)
- Consumer Trends: Honey and Maple Syrup Products in Japan (October 2010)
- Foodservice Profile: Japan (January 2011)
- Polyphenol Antioxidants in Japan (April 2011)

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