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MARKET INDICATOR REPORT | APRIL 2013

Consumer Trends Cooking Oils in Japan



Source: Shutterstock.





► **MARKET SNAPSHOT**

- ▶ Japan is a wealthy nation of 127.5 million people, two-thirds of whom live in urban areas (67%). The capital city, Tokyo, and its metropolitan area are home to 36.5 million people.
- ▶ The Japanese population is aging rapidly. The Organisation of Economic Co-operation and Development (OECD) estimates that 23% of the population is older than 65 years old, and that only 14% of the population is aged less than 15 years.
- ▶ Japan has the third-largest economy in the world. Despite suffering from negative growth of 0.6% in 2011, the Japanese economy grew by 2.3% in 2012, reaching a total gross domestic product (GDP) of US\$5.9 trillion. The catastrophic earthquake and subsequent tsunami experienced by northern Japan in March 2011 hampered the country's efforts towards economic recovery.
- ▶ Japan relies on imports for about 60% of its food intake, and it is a net importer of agri-food and seafood products.
- ▶ Consumer expenditure on oil and fats has remained the same from 2007 to 2012 (Euromonitor International). It is expected that Japanese consumers will increase their spending at a compound annual growth rate (CAGR) of 0.3% between 2013 and 2017.
- ▶ Japanese consumers are increasingly interested in a diverse variety of foods that have superior taste, are safe and nutritious, and are offered at a reasonable price. Japanese consumers will pay a premium for high-quality food products, provided they exceed expectations.
- ▶ In addition, Japanese consumers are among the most health conscious in the world, and they are willing to take action to maintain and improve their health.
- ▶ As Japanese consumers become increasingly health conscious, they are expected to use less oil in home cooking. While olive oil is higher priced in relation to other vegetable or seed oils, more consumers are expected to switch to olive oil, as a result of its publicized health benefits (Euromonitor International).

► **INSIDE THIS ISSUE**

<i>Market Snapshot</i>	2
<i>Trade</i>	3
<i>Retail Sales</i>	3
<i>New Product Launches</i>	5
<i>New Product Examples</i>	7
<i>Market Shares by Brand</i>	10
<i>Market Shares by Company</i>	11
<i>Sources</i>	11



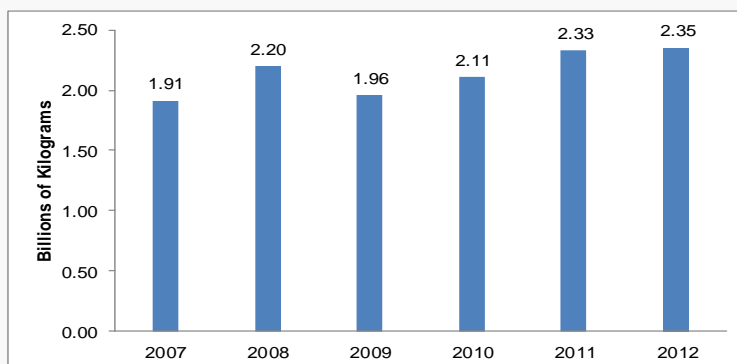
Miyajima Pagoda, Japan.
Source: Shutterstock.



► TRADE

- ▶ According to Statistics Canada, in 2012, Canada exported almost 18 million kilograms of canola oil to Japan, valued at C\$26 million.
- ▶ Canadian exports of processed canola oil to Japan are low in relation to those of canola seed for crushing. In 2012, 2.35 billion kilograms of canola seed were exported to Japan, with a value of almost C\$1.49 billion.

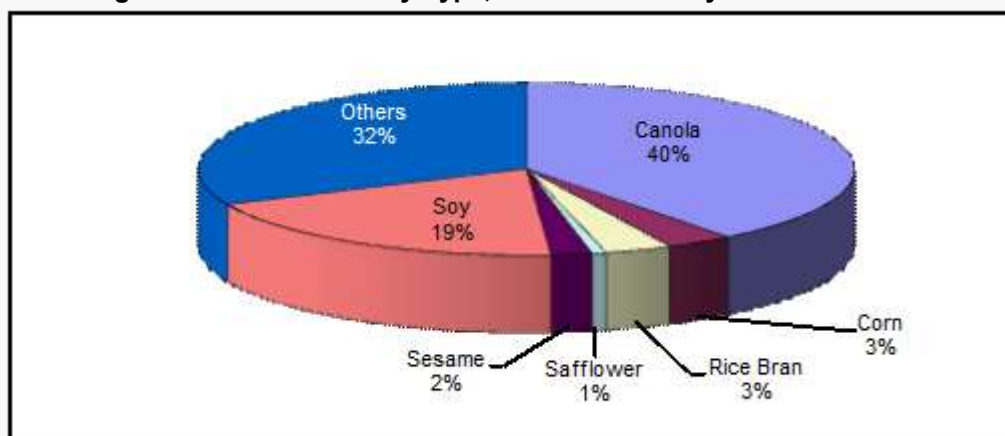
Canadian Exports of Canola Seed to Japan, 2007-2012



Source: Catsnet

► RETAIL SALES

Vegetable and Seed Oil by Type, % Retail Value by Retail Sale Price



Source: Euromonitor, 2012.

- ▶ According to Euromonitor International, 59% of total Japanese vegetable and seed oil retail sales in 2011 were canola (40%) and soy (19%). Nine percent of sales were oils from rice bran (3%), corn (3%), sesame (2%) and safflower (1%).
- ▶ The remaining 32% of sales are comprised of oils from other sources, including olive, palm, grapeseed, sunflower seed, flaxseed, fruit, nuts, vegetables or other seeds, in addition to blended oil products which include canola, soy and corn; canola and palm; palm, canola and soy; or avocado, olive, sesame, corn, and rapeseed.
- ▶ Canola oil is expected to remain popular with Japanese consumers as a result of its relatively healthy positioning. Consumers are also expected to start shifting from vegetable, seed, and other high fat oils to olive oil, which is seen as a healthier option. This suggests a potential opportunity for Canadian canola to increase its share of the oils market if it can improve awareness of the health advantages of canola oil compared to others including olive oil.



► RETAIL SALES (continued)

- ▶ Vegetable and seed oil sales grew overall by 0.7% between 2007 and 2012 at a compound annual growth rate (CAGR) of 0.1%. Cooking fats experienced an overall decline of 3.5% in the same time period, declining at a CAGR of 0.7%. Although retail sales of the various sub-categories fluctuated, the overall CAGR of oils and fats was minimal (0.5%) in the period under review.
- ▶ Olive oil experienced the greatest growth in this category, increasing its total retail value sales by 53%, at a CAGR of 8.9% between 2007 and 2012. From 2013 to 2017, sales of olive oil are expected to grow at a CAGR of 2%.

Japan Retail Sales of Oils and Fats, Historic Value in US\$ millions (Fixed 2012 Exchange Rates)

	2007	2008	2009	2010	2011	2012	% CAGR 2007-2012
Oils and fats*	3,837.1	4,082.2	4,132.3	3,993.3	3,990.5	3,981.0	0.5
Cooking fats	19.5	19.3	19.6	19.5	19.3	19.0	-0.7
Olive oil	146.1	148.8	188.8	224.4	223.7	226.2	8.9
Vegetable and seed oil	2,705.2	2,935.3	2,886.0	2,760.6	2,757.8	2,749.5	0.1

Japan Retail Sales of Oils and Fats, **Forecast** Value in US\$ millions (Fixed 2012 Exchange Rates)

	2013	2014	2015	2016	2017	% CAGR 2013-2017
Oils and fats*	3,981.6	3,985.2	3,988.8	3,990.8	3,991.7	0.1
Cooking fats	18.7	18.3	17.9	17.5	17.0	-2.3
Olive oil	229.2	233.0	237.4	242.4	248.0	2.0
Vegetable and seed oil	2,742.6	2,739.7	2,738.2	2,735.3	2,731.1	-0.1

- ▶ The volume of cooking fats sold between 2007 and 2012 declined at a CAGR of 1.3%. During the same time period, vegetable and seed oil volume sales declined at a CAGR of 1%. Between 2007 and 2012 olive oil had the highest volume growth totalling an increase of 74%, reflected in a CAGR of 11.8%.
- ▶ Between 2013 and 2017, volume sales of oils and fats are expected to have a negative CAGR of 0.5%. The vegetable and seed oil category will decline at a CAGR of 0.8%, while cooking fats is expected to decrease at a CAGR of 2.1%. Only volume sales of olive oil are expected to grow at a CAGR of 2.3% in the forecast period.

Japan Retail Sales of Oils and Fats, Historic Volume in '000 tonnes

	2007	2008	2009	2010	2011	2012	% CAGR 2007-2012
Oils and fats*	490.8	490.8	505.0	474.4	475.8	473.4	-0.7
Cooking fats	2.3	2.3	2.3	2.3	2.2	2.2	-1.3
Olive oil	11.4	11.6	15.5	19.4	19.5	19.9	11.8
Vegetable and seed oil	397.4	398.2	410.1	379.4	380.1	378.2	-1.0

Japan Retail Sales of Oils and Fats, **Forecast** Volume in '000 tonnes

	2013	2014	2015	2016	2017	% CAGR 2013-2017
Oils and fats	472.1	470.4	468.3	465.9	463.1	-0.5
Cooking fats	2.2	2.1	2.1	2.0	2.0	-2.1
Olive oil	20.3	20.7	21.2	21.7	22.2	2.3
Vegetable and seed oil	376.3	374.1	371.5	368.5	365.2	-0.8

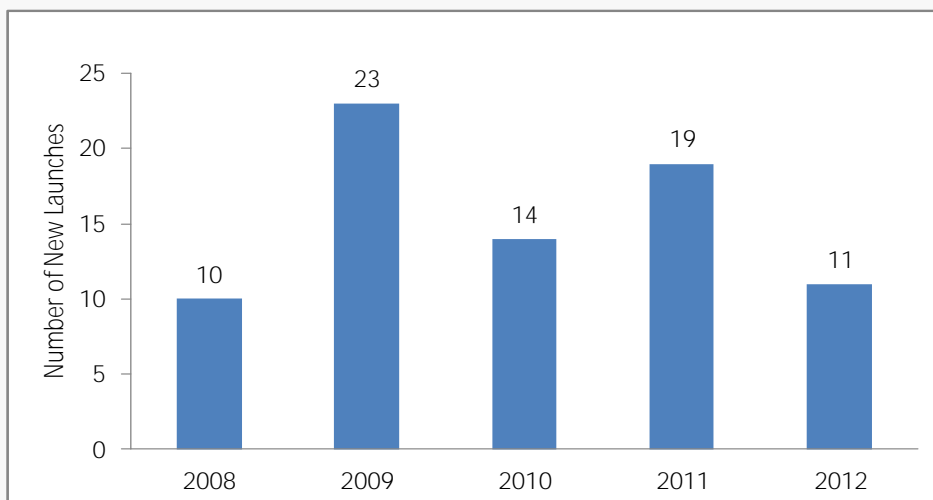
Source for all: Euromonitor, 2012

*Note: Total of sub-categories might not add to total oils and fats, as not all sub-categories are covered in this report.



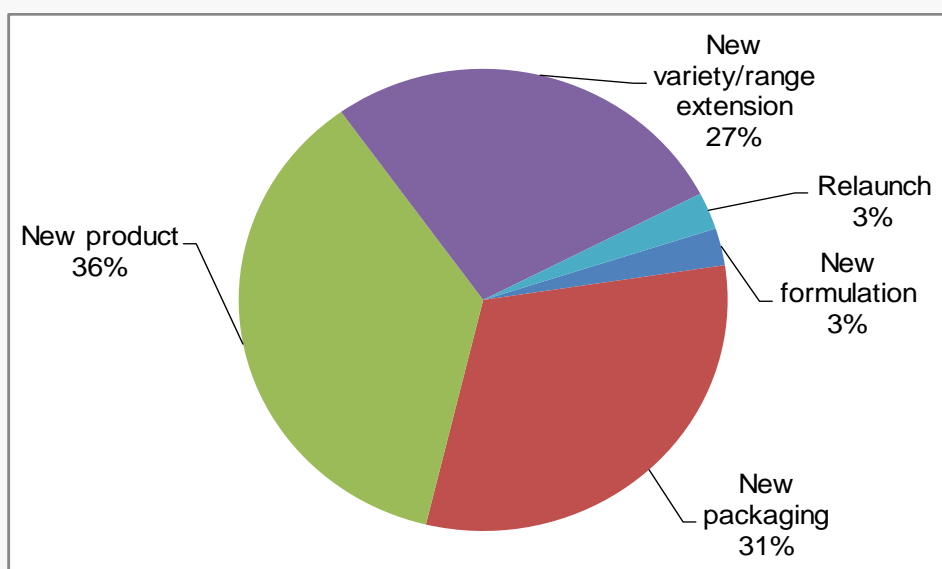
► NEW PRODUCT LAUNCHES

New Oil Product Launches in Japan by Year (Jan. 2008 - Dec. 2012)



Source: Mintel, 2013.

New Oil Product Launches in Japan by Type (Jan. 2008 - Dec. 2012)



Source: Mintel, 2013.

- According to Mintel's Global New Products Database (GNPD), 77 new oil products were introduced in Japan between January 2008 and December 2012. In this timeframe, the trend shows a steady increase in launches, with the highest number of introductions in 2009.
- Between January 2008 and December 2012, the majority of introductions were new products (36%), followed by new packaging (31%), and new varieties/range extensions (27%). New formulations and re-launches accounted for 3% each.



► NEW PRODUCT LAUNCHES (continued)

- In 2012, there were 11 new oil products introduced in Japan, of which three were made of canola oil, two were made with sesame oil and the remainder were made of various oils and blends.
- New packaging accounted for 45% of the 2012 product launches, while new products and new varieties/range extensions accounted for 36% and 18%, respectively.
- Claims regarding low/no/reduced cholesterol were the most popular in new products, while economy claims and limited edition were the second-most popular.
- New product introductions were evenly distributed between branded and private label products in 2012. While the latter has shown steady growth since 2007, branded products have seen wide fluctuations in the number of new products introduced. Out of all new product introductions in 2012, four new products were new private label and seven were branded.

New Oil Product Launches in Japan by Claim, 2012

Claims	Number of Products
Low/no/reduced cholesterol	3
Economy	2
Limited edition	2
No additives/preservatives	2
Premium	2
Seasonal	2
All natural product	1
Organic	1
Other (functional)	1
Vitamin/mineral fortified	1
Total	17

Source: Mintel, 2013.

**Note: The total number of products might not match the total number of claims as products can feature two or more claims.*

Top 5 New Oil Product Launches in Japan by Brand, 2011

Claims	Number of Products
DHC	1
House Curry Partner	1
Kewpie 3 Pun Cooking Pasta No Tame No Oil Sauce	1
Kobayashi Seiyaku	1
Lawson Select	1

Source: Mintel, 2013.



Golden Flaxseed Linseed Blend Oil
Nippon Flour Mills

Ingredients:

Linseed oil and olive oil

Description:

Normally, linseed oil is not suitable for cooking because of its distinctive odour when heated. However, this product is designed so that it does not generate odour and can be used as oil for stir fries. Linseed Blend Oil contains olive oil which adds a fruity aroma, and the combination of linseed oil and olive oil makes for a product that is high in nutrients and that has health and beauty benefits. This product is available at department stores throughout Japan, natural food stores, and through mail-order.

Source: Mintel GNPD.



Salad Oil Eco Bottle
Ajinomoto

Ingredients:

Soybean oil, rapeseed oil

Description:

Ajinomoto has introduced a new cooking oil that contains mostly soybean oil, made with the company's own "Tee Up Technique," to minimize the oily odour while cooking. The product is free of cholesterol and retails in an easily crushable eco-bottle. The oil is suitable for stir fries, dressings and marinated dishes.

Source: Mintel GNPD.



Light Frying Oil
Ajinomoto

Ingredients:

Rapeseed oil, palm protein and emulsifier

Description:

An ecological, light frying oil suitable for deep-frying food. It is said to deliver light crispy fries and to stay fresh even when it is reused. The product can also be used for non-cooked dishes, stir fries, and is available in an environmentally-friendly 1000 g bottle. It also retails in a 600 g pack. A cholesterol-free stir fry oil variety is also available in this range. The product is said to allow the use of half the usual amount of oil for stir fries.

Source: Mintel GNPD.



► NEW PRODUCT EXAMPLES (continued)



Source: Mintel GNPD

Light Canola Oil UD Eco-Pouch Ajinomoto

Ingredients:
Rapeseed oil

Description:

The company has introduced a range of cooking oils in an ecological "universal-design" pouch. The pouch is dented in the middle for an easy grip and features tiny grains to prevent the pouch from slipping from the consumer's hands. After the oil is emptied, the pouch can be folded into 1/10 of its original size to reduce wastage. As the oil can be stored with air pressed out of the pouch after each use, the oil becomes less oxidized.



Source: Mintel GNPD

Olein Rich Sunflower Oil Showa Sangyo

Ingredients:
Sunflower oil (high oleic)

Description:

This 100% sunflower oil has no flavour and can be used for a variety of cuisines including deep-fried food, sautéed food or even salads. It is light, non-greasy and contains 80% oleic acid. It also features 2.5 times more vitamin E than canola oil. The spout can be easily wiped clean. The oil is resilient to oxidation and is long-lasting. Launched on March 1st 2009, this product open-priced with new packaging prints to highlight its healthiness and purity. It has a FNFC (Food with Nutrient Function Claims) status for its vitamin E content.



Source: Mintel GNPD

Extra Virgin Olive Oil Ajinomoto

Ingredients:
Olive oil

Description:

Ajinomoto Extra Virgin Olive Oil now retails in a 600 g "UD Eco PET Bottle" that is easy to hold and pour. The cap is designed so that it is easy to adjust the amount of oil to be poured and the oil does not drip. The cap also features Braille letters. The olive oil was created from ingredients cultivated at a farm designated by the company. It was imported and managed so that the oil does not get exposed to air, preserving the product's freshness.



▶ NEW PRODUCT EXAMPLES (continued)



Source: Mintel GNPD

Biyu Gosai (Five Oil Blend) **Pola**

Ingredients:

Rapeseed oil (non-GMO), corn oil (non-GMO), sesame oil, olive oil, food-grade avocado oil

Description:

This blend of five oils is rich in vitamin E and is free of cholesterol and GMO ingredients.



Source: Mintel GNPD.

Healthy Resetta Oil **Nisshin Oillio**

Ingredients:

Edible Fats and Oils (Processed), emulsifier, Vitamin E (Antioxidants)

Description:

Healthy Resetta Oil was launched in a new 600 g bottle in response to customer feedback. It has a label that can be easily removed when throwing away the bottle. The pack has ridges, which allow the bottle to be easily gripped and poured. The weight of the bottle was reduced by 20% and it can be easily crushed to one-third of its size. The label was made larger so that it can be easily read, and features a place where consumers can write when the bottle was opened. This oil contains medium chain fatty acids and is a Food for Specified Health Users (FOSHU) certified product. The oil is not easily absorbed by the body. Also part of this range are Healthy Cholesterol Oil, Veggie Fruit Oil, Canola Oil, Canola Oil Eco Up, and Healthy Light Oil.



Source: Mintel GNPD.

Pure Grape Seed Oil **Nisshin Oillio**

Ingredients:

Grapeseed Oil

Description:

Pure Grape Seed Oil is a cholesterol-free oil containing 70% or more linoleic acid. Made from 100% grape seeds from France, this product is refined in Japan to ensure its freshness.

▶ MARKET SHARES BY BRAND



**Market Shares by Brand (by Global Brand Name) of Oils in Japan
Retail Sales Value % Breakdown**

Brand	Company Name (GBO)	2007	2008	2009	2010	2011	2012
Nisshin	Nisshin Oil Group Ltd.	27.4	28.3	27.7	29.8	29.9	29.9
Ajinomoto	Ajinomoto Co Inc.	14.0	21.3	20.2	21.4	20.8	20.7
Showa	Showa Sangyo Co. Ltd.	4.9	5.0	4.8	5.1	5.1	5.1
Neo Soft	Megmilk Snow Brand Co. Ltd.	-	-	5.8	5.6	5.2	5.0
Snow Brand	Megmilk Snow Brand Co Ltd.	-	-	2.5	2.6	2.6	2.7
Meiji	Meiji Holdings Co Ltd.	-	-	1.6	2.0	2.1	2.1
Corn Soft	Meiji Holdings Co. Ltd.	-	-	1.7	1.8	1.7	1.6
Rama	Unilever Group	1.1	1.1	1.2	1.3	1.3	1.3
Bosco	Nisshin Oil Group Ltd.	0.7	0.7	0.8	1.0	1.1	1.1
Healthy Soft Off Style	Meiji Holdings Co. Ltd.	-	-	-	-	0.6	0.9
Morinaga	Morinaga Milk Industry Co. Ltd.	0.8	0.7	0.8	0.8	0.8	0.8
Nameraka Soft	Meiji Holdings Co. Ltd.	-	-	0.7	0.7	0.7	0.7
Koiwai	Kirin Holdings Co. Ltd.	0.6	0.6	0.6	0.6	0.6	0.6
Yotsuba	Yotsuba Dairy Products Co. Ltd.	0.5	0.5	0.5	0.6	0.6	0.6
Filippo Berio	SALOV - Società per Azioni Lucchese Olii e Vini SpA	0.4	0.3	0.4	0.5	0.6	0.6
Carbonell	Deoleo SA	-	-	-	-	0.4	0.4
Bertolli	Deoleo SA	-	-	-	-	0.3	0.3
Dentelle	Showa Sangyo Co. Ltd.	0.2	0.2	0.2	0.3	0.3	0.3
Solleone	Solleone Olive Co.	0.2	0.2	0.2	0.3	0.3	0.3
Valdoro	Mizuta Enterprise Co. Ltd.	0.2	0.1	0.2	0.2	0.2	0.2
Carapelli	Deoleo SA	-	-	-	-	0.2	0.2
Risetta Soft	Megmilk Snow Brand Co. Ltd.	-	-	0.2	0.2	0.2	0.2
Cola Vita	Indalco SpA	0.1	0.1	0.1	0.1	0.1	0.1
Carbonell	SOS Corp Alimentaria SA	0.3	0.3	0.3	0.4	-	-
Bertolli	SOS Corp Alimentaria SA	-	0.3	0.4	0.3	-	-
Carapelli	SOS Corp Alimentaria SA	0.1	0.1	0.2	0.2	-	-
Econa	Kao Corp	7.9	8.1	6.0	-	-	-
Canola Soft	Meiji Holdings Co Ltd.	-	-	0.3	-	-	-
Neo Soft	Snow Brand Milk Products Co. Ltd.	5.8	5.8	-	-	-	-
Snow Brand	Snow Brand Milk Products Co. Ltd.	2.6	2.4	-	-	-	-
Corn Soft	Meiji Dairies Corp	1.8	1.8	-	-	-	-
Meiji	Meiji Dairies Corp	1.5	1.4	-	-	-	-
Nameraka Soft	Meiji Dairies Corp	0.7	0.7	-	-	-	-
S Margarine	Snow Brand Milk Products Co. Ltd.	0.7	0.3	-	-	-	-
Yasahii Soft Cholesterol	Meiji Dairies Corp	0.2	0.2	-	-	-	-
Risetta Soft	Snow Brand Milk Products Co. Ltd.	0.2	0.2	-	-	-	-
Tube de Cholesterol Zero Off	Meiji Dairies Corp	0.1	0.1	-	-	-	-
Honen	Honen Corp	7.0	-	-	-	-	-
Bertolli	Unilever Group	0.3	-	-	-	-	-
Carapelli	Carapelli Firenze SpA	-	-	-	-	-	-
Nutte Yakuto	Snow Brand Milk Products Co Ltd.	-	-	-	-	-	-
Regarro	Kadoya Seiyu Co. Ltd.	-	-	-	-	-	-
Private label	Private Label	7.9	7.7	8.4	8.7	8.8	8.8
Others	Others	12.1	11.6	14.0	15.4	15.6	15.4
Total	Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor, 2013.



▶ MARKET SHARES BY COMPANY

**Market Shares by Company of Oils in Japan
Retail Sales Value % Breakdown**

Company	2007	2008	2009	2010	2011	2012
Nisshin Oillio Group Ltd.	28.0	29.0	28.5	30.8	30.9	31.0
Ajinomoto Co Inc	14.0	21.3	20.2	21.4	20.8	20.7
Megmilk Snow Brand Co. Ltd.	-	-	9.5	9.3	9.0	8.8
Showa Sangyo Co. Ltd.	5.1	5.1	5.0	5.4	5.4	5.4
Meiji Holdings Co. Ltd.	-	-	4.4	4.5	5.1	5.4
Unilever Group	1.4	1.1	1.2	1.3	1.3	1.3
Deoleo SA	-	-	-	-	0.9	1.0
Morinaga Milk Industry Co. Ltd.	0.8	0.7	0.8	0.8	0.8	0.8
Kirin Holdings Co. Ltd.	0.6	0.6	0.6	0.6	0.6	0.6
Yotsuba Dairy Products Co. Ltd.	0.5	0.5	0.5	0.6	0.6	0.6
SALOV - Società per Azioni Lucchese Olii e Vini SpA	0.4	0.3	0.4	0.5	0.6	0.6
Solleone Olive Co.	0.2	0.2	0.2	0.3	0.3	0.3
Mizuta Enterprise Co. Ltd.	0.2	0.1	0.2	0.2	0.2	0.2
Indalco SpA	0.1	0.1	0.1	0.1	0.1	0.1
SOS Corp Alimentaria SA	0.4	0.7	0.9	0.9	-	-
Kao Corp	7.9	8.1	6.0	-	-	-
Snow Brand Milk Products Co. Ltd.	10.1	9.6	-	-	-	-
Meiji Dairies Corp	4.5	4.4	-	-	-	-
Honen Corp	7.0	-	-	-	-	-
Carapelli Firenze SpA	-	-	-	-	-	-
Kadoya Seiyu Co. Ltd.	-	-	-	-	-	-
Private Label	7.9	7.7	8.4	8.7	8.8	8.8
Others	11.0	10.5	13.0	14.4	14.5	14.4
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor, 2013.

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Agriculture and Agri-Food Canada, Global Analysis Division
1341 Baseline Road, Tower 5, 4th floor
Ottawa, ON
Canada K1A 0C5
E-mail: infoservice@agr.gc.ca

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