Agriculture and Agri-Food Canada
Agriculture et Agroalimentaire Canada

Canada

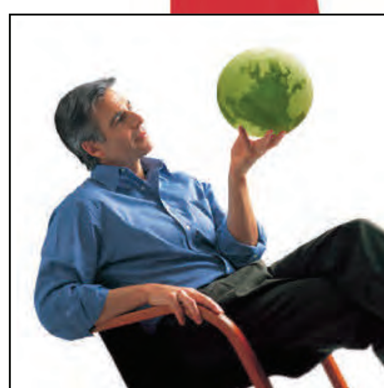
International Markets Bureau

MARKET ANALYSIS REPORT | APRIL 2013

Country Profile

Consumers in Japan





Growing Forward 2

Canada

EXECUTIVE SUMMARY

Japan is an important export market for Canada's food and beverage producers and processors. The country must import approximately 60% of their food and, with Canada able to supply products that meet many of their traditional and emerging food needs, the relationship has certainly been positive. Canada's top exports to Japan include fresh and frozen pork, canola seed, soybeans, non-durum wheat, frozen lobster, crab, and fish, as well as shrimp and prawns (Agriculture and Agri-Food Canada, 2012). These products will likely remain at the top of the export list, however the market in Japan is shifting significantly and should create new opportunities.

The earthquake, tsunami and nuclear plant disaster of March, 2011 was devastating, and the effects are rippling through both Japan's economy and the minds of its citizens. Already affected by a recession, the Japanese have reacted by spending more time at home, socializing less, eating out less frequently and generally being more careful about their spending. On the broad economic front, the final cost of the disaster has yet to be finalized, but the Japan Ministry of Agriculture, Forestry and Fisheries (MAFF) has estimated that the damage within the fishing, agriculture and forestry sector is 2,384.1 billion yen (C$27.4 billion) (MAFF, 2013). In addition to rebuilding, the sector and the government must address lingering concern about the quality and safety of domestic food products.

Over the longer term, the demographic shift towards a hyper-aged society in Japan is more significant and lasting. Products targeting smaller and single-person households, seniors, and health and wellness concerns must be considered more strongly, while continuing to emphasize quality, convenience, innovation and taste. The need to demonstrate that the supply chain can deliver a safe, nutritious and sustainably sourced product is becoming more important.

This report was prepared using multiple sources of information and is intended to increase the reader's understanding of the factors that influence Japanese food consumption and purchasing decisions. Connecting product attributes to the attitudes and values of the consumer in a target market is an essential element of effective marketing strategies.

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DEMOGRAPHICS

Population Trends

Japan has an estimated population of 127.5 million, making it the tenth-most populated country in the world (World Fact Book, 2013). The demographic profile evolving in Japan is representative of what is happening in developed countries around the world, but this country is on the leading edge of the trend towards older societies. The statistics provided in Figure 1 provide a current benchmark of the specific characteristics of the trend: decreasing fertility rates, increasing life expectancy for both men and women, and total population decline. Figure 2 illustrates this emerging demographic profile, which will turn from the well-recognized pyramid shape into a kite by the year 2050. This shift will influence all aspects of the Japanese economy, including the food and beverage sector.

Fertility Rate

Japan experienced two short baby booms: one from 1947 to 1949, which corresponded to their peak fertility rate of 3.65, and the second between 1971 to 1974. Fertility rates have fallen rapidly since that time to a record low of 1.26 in 2005. The rate has rebounded slightly to 1.39 in 2012, but is still well below what would be considered optimal to maintain the population (Statistic Bureau, 2013). Low fertility in Japan is attributed to increases in the average age of first marriage for both men and women, an increase in the age at which women are having their first child, a decline in the total marriage rate, as well as the external pressures of the economic downturn and an increased number of women in the workforce.

Figure 1: Key Demographic Statistics, Japan 2012

Total population (thousands)	127,561
0 – 14 years (%)	13.0
15 – 64 years (%)	63.1
65 years and over (%)	23.9
75 and over (%)	11.8
Population growth rate (%)	-0.077
Median age women (years)	46.9
Median age men (years)	44.1
Life expectancy women (years)	87.4
Life expectancy men (years)	80.6
Birth rate (per 1,000 population)	8.4
Death rate (per 1,000 population	9.1
Fertility rate (children born/woman)	1.39
Median age of bearing first child	30.1
Median age of first marriage (men)	30.7
Median age of first marriage (women)	29.0
Marriage rate	5.2
Divorce rate	1.87

Source: Japan Statistics Bureau, Statistical Handbook of Japan 2013 and the Japan Ministry of Health Labour and Welfare,

Life Expectancy

A combination of improvements in the country related to economic development, diet and lifestyle, health consciousness and access to advanced healthcare are all considered important factors in the increased longevity of Japanese citizens. The influences of Western culture on diet and lifestyle that are moving people away from tradition are expected to have a negative impact on life expectancy, but not enough to slow Japan's movement towards being one of the oldest societies in the world. As Japanese baby boomers enter their retirement years, there will be a gradual increase in the number of seniors until by 2050, one in 2.5 people will be elderly (National Institute of Population and Social Security Research, 2012). Of particular importance is the trend of seniors living even longer. The United Nations Population Division estimates by 2050, one in three Japanese over 60 years of age will be at least 80.

Total Population

Population projections from the National Institute of Population and Social Security Research (IPSS) predict a long period of decline in Japan, decreasing in total to 99.13 million by 2048 and to 86.74 million by 2060. Within this total population, the number of children 15 and under will fall under 10 million in 2046 and to 7.91 million in 2060. Those of working age (15-65) will also decline, going from 81.73 million in 2010 (63.8% of population) to 44.18 million (50.9% of the population) by 2060.

DEMOGRAPHICS (continued)

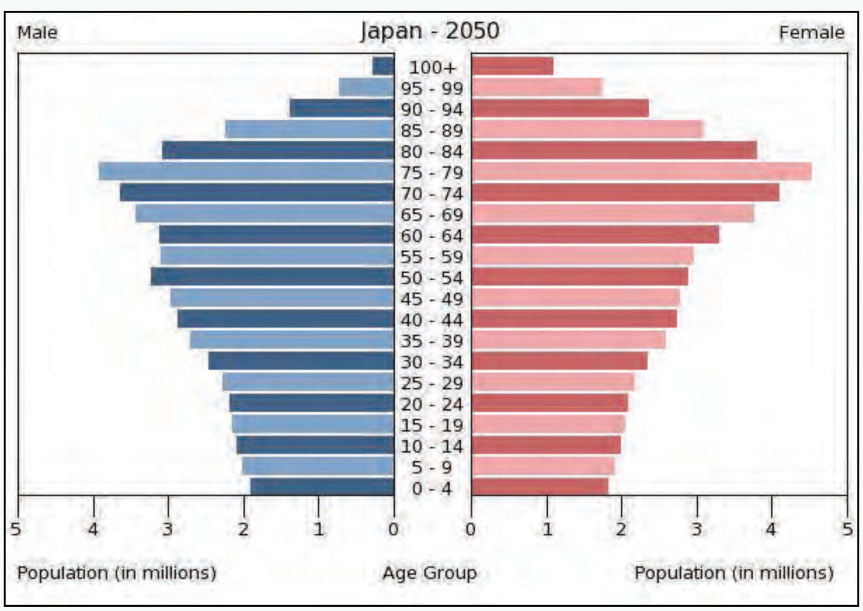
Impact of Population Trends

As one of the first developed nations to face the social, economic and cultural challenges of a population with both low fertility and a growing number of seniors, Japan is being closely monitored by both researchers and journalists. There seems general agreement that one of the most significant impacts will be the altered dependency ratio, defined as the burden placed on those of working age to support both the young and old populations. In 2010, 100 workers supported 56.7 dependents, but by 2060, 100 workers will be supporting 96.3 dependents (MHLW, 2013). This transition is projected to lead to a period of productivity challenges, lower economic growth, reduced savings and increased social contributions, which will displace Japan as one of the strongest economies of the world. Among the changes proposed to lessen demographic impacts are transforming the labour force to include more women and older workers with more flexible work arrangements, new advances in technology, as well as policy changes to minimize the impact of moving resources from the young to the old. Even with these actions, the demographic influence of aging will change spending patterns and change how the economy functions.

Source: Japan Ministry of Health, Labour and Welfare, 2010

Traditionally, younger consumers spend on durable goods, while older consumers turn more to savings and spending in the service sector. In anticipation of this trend, both industry and the Japanese government are encouraging seniors to continue to participate in all aspects of the economy by increasing their purchases in areas such as foodservice, entertainment, domestic travel and home improvement (Euromonitor 2013). The term "grey dollars" is beginning to be used more frequently to describe the savings held by seniors and the need for them to continue to spend, particularly in the goods sector as a way to maintain economic growth (Euromonitor 2013). The food and beverage sector can be well positioned to meet the opportunities presented by these demographic shifts. It will be important to monitor and segment the large and diverse senior population to identify appropriate targets for products and to understand what further developments will be required to continue to meet the demand. Although smaller in numbers, the working-age and youth populations will remain important segments to build brand loyalty, increase product range and improve innovations.

Figure 2: Population Pyramid for Japan 2050



Source: United States Census Bureau (2013)

▶ DEMOGRAPHICS (continued)

Urbanization

Approximately 67% of Japanese citizens live in urban centres, and although migration from the rural areas continues, the rate has slowed to 0.2% per year (World Fact Book, 2013). Figure 3 provides a map of Japan showing major centres in some of the 47 prefectures in Japan. Ten prefectures have a population of over 3 million: Tokyo (13.162 million), Kanagawa-ken (9.050 million), Osaka-fu (8.863 million), Aichi-ken (7.408 million), Saitama-ken (7.195 million), Chiba-ken (6.217 million), Hyogo-ken (5.589 million), Hokkaido (5.507 million), Fukuoka-ken (5.073 million) and Shizuoka-ken (3.765 million). Nine prefectures experienced population growth between 2005 and 2010: Tokyo ranked at the top with an increase rate of 4.7%, followed by Kanagawa-ken (2.9%), and Chiba-ken (2.7%). Thirty-eight prefectures lost population in that time period: Akita-ken showed the highest rate of population decline at 5.2%, followed by Aomori-ken (4.4%) and Kochi-ken (4.0%). One result of increased levels of urbanization is high population density. Tokyo is the densest among Japan's prefectures, at 6,016 persons per square kilometer, which is almost 18 times the national average of 343 persons per square kilometre (Statistics Bureau, 2012).

Education

Since the end of World War II, education has become a central pillar in the evolution of Japanese society. Elementary and junior schools provide a total of nine years of compulsory education, which offers a grounding in social and civic responsibility in addition to academics. Many Japanese young people take advantage of opportunities to continue their education abroad, particularly in the United States and the United Kingdom. The Japanese government is working to improve the calibre of its universities to keep these students and attract international students. In total, 70% of youth pursue higher education, with 80% of that group pursuing university and 20% following college or technical training, (Euromonitor, 2013). Since 2006, more adult education is being offered as a means to improve job skills, introduce new hobbies and increase health and wellness knowledge.

Figure 3: Map of Japan by Major Centre

Source: World Fact Book (2013)

Ethnicity

Japan has little diversity in its population, with less than two percent representing other ethnic groups, including Koreans at 0.5%, Chinese at 0.4% and 'others' at 0.6% (World Factbook, 2013). The Japanese, through their travel to other countries and the influence of the global marketplace, have developed a taste for cuisines that offer new experiences outside their traditions.

DEMOGRAPHICS (continued)

Households

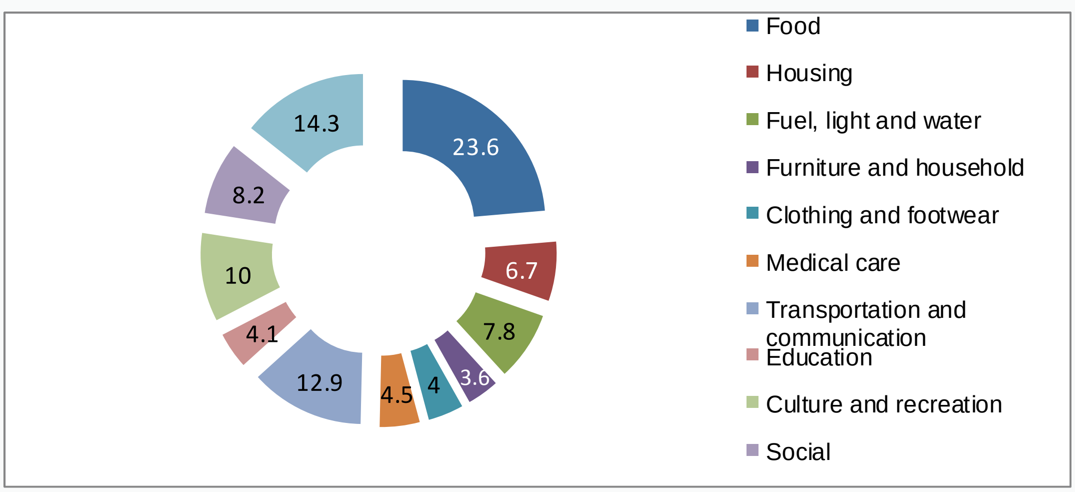
According to 2010 Japanese census data, the number of households in the country rose to its highest level ever at 51,950,504, with an average of 2.42 people per household. The number of one-person households formed the largest category at 16.79 million, over 30% of the total. Other trends included a decrease in the number of households of four people or more and an increase in two- and three-person households. In 2011, elderly households (those that included people aged 65 years or over, with or without unmarried dependents below the age of 18) represented 20.5% of the total households, with almost half of that number being one-person homes. In addition, three out of four one-person elderly households were women (Statistics Bureau, 2013). A trend attached to single living is the move to smaller living spaces. This factor needs to be considered in food and beverage packaging design in the future, as products with unique convenience and storage attributes related to household meal preparation will be favoured.

The most recent published data on housing comes from the Japanese Government's Housing and Land Survey completed in 2008. Japanese tend towards home ownership, with 61% of total housing reported as being owned, with the remaining reported as rental accommodations. Although only at 41.7%, apartment living is on the rise, as opposed to detached homes (55.3%). In response to the aging trend, the survey noted that housing with accessibility for seniors and the disabled was up 9% over the previous survey in 2003 (Statistics Bureau).

EXPENDITURES

The Japanese have historically spent a significant proportion of their income on food. In 2011, the average monthly expenditure for households of two or more people was 282,955 yen (C$3,500), with food taking the largest share at 23.6%. Figure 4 shows the breakout of consumption expenditures by category. Compared to the previous year, the costs of housing and education increased, while transportation, communication and culture and recreation decreased. As would be expected, expenditures within a household vary with stage of life, with those over 50 spending less related to transportation and communication, and more toward household care and maintenance. For non-working elderly (over 60), the average monthly expenditure was 240,602 yen (C$3,000), and for those in single households, 160,902 yen (C$2,000), both spent the similar proportion as the larger households on food (Statistics Bureau, 2013).

Figure 4: Percentage Breakdown of Monthly Expenditure for Households of Two or More in Japan



Source: Statistics Bureau, 2013

EXPENDITURES (continued)

Depending on the location within the country and shopping channel, product pricing can vary. Figure 5 looks at prices of major food items in a number of different prefectures.

Figure 5: Retail Price, In Yen, for Various Food Products by Prefecture, 2012*

Item	Unit	Sapporo	Sendai	Tokyo	Niigata	Nagoya	Kyoto	Osaka	Hiroshima	Fukuoka
Tuna fish	100 g	281	492	376	260	400	368	356	266	262
Horse mackerel	100 g	158	91	102	91	132	112	110	127	95
Cuttlefish	100 g	68	69	77	72	76	77	80	77	153
Beef (loin)	100 g	575	642	798	703	730	871	595	602	576
Pork (loin)	100 g	200	233	238	240	224	261	239	262	235
Chicken	100 g	109	125	123	136	106	130	132	121	115
Hen eggs	1 pack	182	235	237	208	208	214	219	208	213
Cabbage	1 kg	148	117	128	124	104	106	131	103	109
Chinese cabbage	1 kg	118	116	113	106	128	141	150	110	118
Radishes	1 kg	144	114	128	117	130	142	146	116	113
Apples ("Fuji")	1 kg	404	362	399	441	442	410	405	344	374
White bread	1 kg	375	354	408	427	422	421	467	417	329
Instant noodles	1 cup	142	129	143	128	137	136	137	142	129
Fresh milk	1 carton	180	172	211	238	171	179	211	178	184
Soybean paste	1 cup	334	317	326	360	332	379	357	360	293
Green tea	100 g	609	551	599	431	529	377	511	485	390
Chinese noodles	1 bowl	608	550	586	617	583	567	518	588	510
"Sushi"	1 serving	1,000	923	1,285	1,103	1,100	1,250	1,077	1,220	1,248
Curry and rice	1 dish	478	621	724	560	638	697	555	737	477
Hamburg steaks	1 serving	793	825	953	1,098	852	1,060	836	805	787

Source: Statistics Bureau, 2013

*According to the Bank of Canada, one Canadian dollar was equivalent to .01242 Japanese yen in 2012.

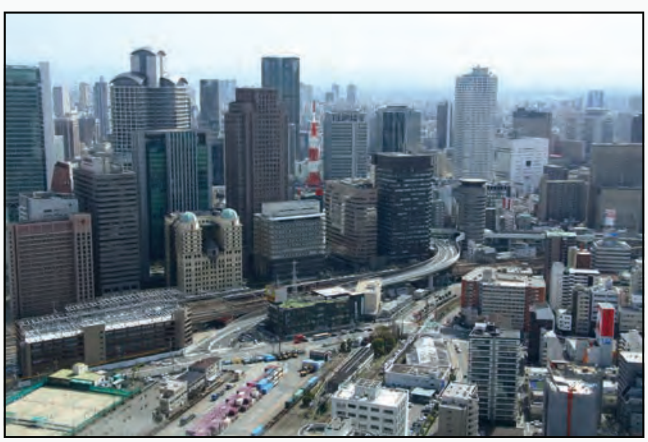
EXPENDITURES (continued)

A look at the historic and projected market value of a number of food product categories offers another perspective of how the Japanese are spending their food and beverage dollars (See Figure 6).

Figure 6: Historic and Forecast Market Value 2000-2017 (Billion Yen) (Constant 2012 prices)*

Category	2000	2005	2010	2012	2013	2015	2017
Baby food	113.1	110.0	112.7	108.0	106.4	103.4	100.8
Bakery	2,492.0	2,465.6	2,692.6	2,729.8	2,725.8	2,713.0	2,694.7
Canned/preserved food	607.7	646.6	657.5	669.9	661.5	650.2	644.4
Chilled processed food	5,493.6	5,612.0	5,497.5	5,272.7	5,224.7	5,126.2	5,047.8
Confectionery	805.2	817.3	819.2	818.6	818.3	816.1	813.8
Dairy	2,001.7	2,039.0	2,085.8	2,166.6	2,192.6	2,232.1	2,257.6
Dried processed food	2,728.3	2,668.0	2,533.9	2,519.3	2,509.3	2,492.8	2,477.0
Frozen processed food	555.6	586.9	586.2	602.8	610.0	621.4	629.3
Ice cream	487.5	485.0	544.2	544.1	543.3	544.0	548.6
Meal replacement	50.9	61.0	54.4	55.1	56.0	57.7	59.6
Noodles	1,063.4	1,127.4	1,182.0	1,260.1	1,288.8	1,331.7	1,352.5
Oils and fats	329.8	301.5	319.9	318.9	318.9	319.5	319.7
Pasta	74.4	82.5	84.5	93.1	95.8	99.7	101.7
Ready meals	1,204.1	1,459.1	1,547.5	1,635.1	1,678.3	1,724.9	1,752.4
Sauces/ dressings/condiments	1,759.8	1,764.2	1,788.2	1,804.1	1,809.1	1,817.6	1,824.6
Snack bars	47.5	56.1	65.3	62.1	62.6	63.2	63.2
Soup	153.8	179.4	195.8	203.6	206.1	209.2	211.0
Spreads	91.0	86.5	90.0	92.5	93.3	94.4	94.9
Sweet and savoury snacks	1,086.1	1,046.5	1,126.7	1,136.5	1,141.8	1,148.2	1,151.6

Source: Euromonitor, 2013



*According to the Bank of Canada, one Canadian dollar was equivalent to .01242 Japanese yen in 2012.

HEALTH AND LIFESTYLE

The traditional lifestyle, combined with an accessible and advanced healthcare system, is often cited as the reason for the general health and increased lifespan of the Japanese. The likelihood of a long life in good health, however, appears to be in some jeopardy. In a 2012 consumer survey, only 17% of respondents said they were in "good health", while 28% said they were not in good health. The need for regular physical activity only resonates with about one-third of the population and the most active were those over 60 years of age (MAFF, 2012). Health statistics bear out this changing lifestyle pattern, as an estimated 60% of deaths in Japan are the result of lifestyle diseases, such as heart disease, stroke, and diabetes (MHLW). This, along with the growing recognition of the future impact of the demographic shift, has moved the Japanese government to implement a number of programs in recent years designed to improve people's lifestyle through diet, exercise and lifestyle choices. Three examples are provided:

- **Shokuiku: Basic Law of Food Education 2005**
  A comprehensive program teaching school-age children about food, how to choose food that will improve health and the general promotion of a healthy life through a healthy diet and exercise (MHLW).

- **Metabo Law: 2008**
  This initiative of the Ministry of Health was implemented in an effort to curb the increase in metabolic system disorders and obesity and requires those between the ages of 40 to 74 years to have their waist measurements taken as part of an annual physical exam. Men must maintain a maximum 33.5-inch waist and women, 35.4 inches. Those over those limits are provided education and support in terms of losing weight, while local governments and companies can be penalized financially (Mintel, 2012).

- **Healthy Japan 21: 2000-2010 and 2012-2022**
  This was a joint program of government and private sector that promoted an active approach to creating healthy lives through healthy food choices, regular exercise and lifestyle change. Healthy Japan 21 is being relaunched in 2013 with a stronger focus on helping individuals and communities make goals related to extending healthy life expectancy, emphasizing the importance of social networks and ensuring access to health resources for all (MAFF, 2012)

There are bright spots in the Japanese health picture. Smoking is one example. In 2010, the percentage of the population classified as habitual smokers was 19.5% (32.3% of males and 8.4% of females), down from 27.7% in 2003. A combination of anti-smoking campaigns, prohibiting smoking in public facilities and increasing taxes on tobacco products, is credited with the decline. Obesity rates are among the lowest in the world and are remaining low. In 2011, 3.5% over the age of 15 were obese and 22.1% were overweight; however the rate of childhood obesity is estimated to be closer to 10% (World Health Organization, 2011). Sport in Japanese culture is very important and national teams are highly celebrated. One of the benefits of this passion is access to excellent sporting facilities, and community and workplace programs are making better and more frequent use of these venues.

Like other societies, in Japan the lure of a "quick fix' is very attractive, which leads to fads. The hit of 2012 turned out to be tomatoes, after research linked the benefits of the fruit to improved metabolism and fatigue in addition to its high lycopene and vitamin C levels. Increased sales of fresh products are being reported across the country and tomato has been turning up in all kinds of products, even chocolate (Mintel, 2012). The high consumer interest in the nutritional properties of tomatoes is expected to continue. Innovative products that offer health attributes in a tasty and convenient format hold promise.

Meiji Chocolat de Tomato contains white chocolate and freeze-dried tomatoes. ***Source:*** Mintel, 2012.

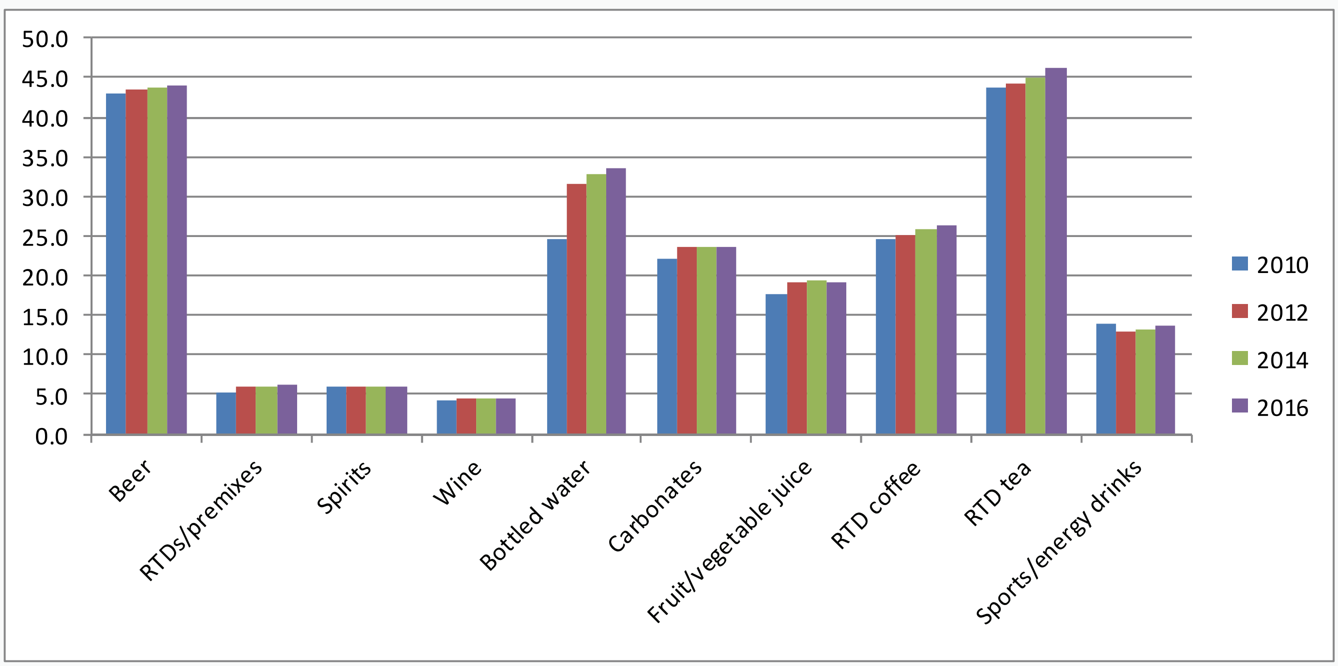
EATING AND FOOD TRENDS

At Home

The eating habits of the Japanese are based very much on traditional foods, but international cuisines and flavours are being adopted and integrated into daily meals. The traditional breakfast, based around rice, miso, omelettes, or grilled fish or seaweed, now includes cereals and bagels, a Western influence that meets the new needs of convenience and portability for the urban, commuting population. Lunches of rice balls, sushi and sashimi or noodles may now include a sandwich or pasta. More lunches are being carried from home to help save money, however, convenience stores, vending machines and food stalls are still popular choices for a quick noon meal. Dinner is considered the most important meal of the day and is generally a family occasion; yet this is evolving as well. A traditional meat or fish dish usually served may be prepared with seasoning based on other Asian cuisines, and pickled vegetables may be replaced by a salad to accompany other traditional sides such as rice or miso soup. Snacking is now an important part of the day. Chocolate, cookies, crisps, and chewing candy are favourites with younger Japanese, while older consumers tend to enjoy fresh snacks that are a little more healthy such as seasonal fruits or fresh baked goods.

There are also changes in beverage habits. Between 2010-2016, consumption gains in alcoholic beverages will be in beer and ready-to-drink (RTD) premixed cocktails, while wine and spirits will fall. Bottled water, carbonated beverages, and RTD coffee are also projected to increase in consumption at the expense of sports and energy drinks, RTD tea and fruit and vegetable juices. (See Figure 7). In terms of growth in value over the period, bottled water demonstrates the greatest potential (Euromonitor, 2013). Please refer to the Global Analysis Report “Foodservice in Japan” for details on eating out trends in Japan.

Figure 7: Per Capita Consumption of Alcoholic Drinks and Soft Drinks (litres) by Category, 2010-2016



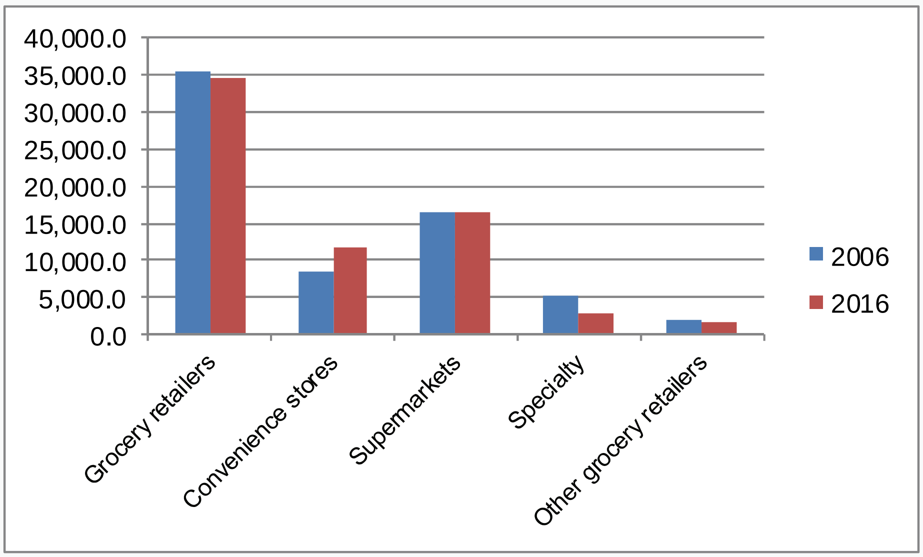
Source: Euromonitor, 2013

EATING AND FOOD TRENDS (continued)

Food Shopping

A wide range of products, both imported and domestic are available to Japanese food shoppers. Although more price-conscious than ever before, the Japanese still demand quality and taste in their products. Cooking has become a consistent practice in Japanese homes in response to tougher economic times, as well as the effects of the 2011 earthquake. This has prompted interest in trying new foods and flavourings, as well as new practices such as baking. Japanese tend to shop for food daily, particularly on the way home from work. Because of this, convenience stores, with their wide range of products, smaller size and technologies that allow quick purchases, are often chosen more often than large supermarkets. In fact, between 2006 and 2011, convenience gained ground on other channels to gain 31.1% of the total retail value of grocery retailing, and is expected to continue its year on year growth through to 2016. (Euromonitor 2013. Figure 8 shows trends in channels projected to 2016 (Euromonitor, 2013).

Figure 8: Evolution of Grocery Retailing Channels 2006 Actual and 2016 Projected (billion yen)



Source: Euromonitor, 2013

Technology

Vending machines are a very important point of sale in Japan with estimates of one machine for every 23 people. Beverages are the biggest sellers. In 2011, soft drink sales reached 1.9 trillion yen ($C23.6 billion) and coffee, milk, beer and sake totaled 361 billion yen ($C3.9 billion). Food vending is next in value with 2011 sales of 74.1 billion yen ($C796 million). The vending machine industry is constantly trying to meet evolving customer demand with innovations such as Wi-Fi enabled machines to allow customers free internet access, the creation of a hand-crank machine to ensure vending machines operate through power outages, and machines that provide detailed product information and recommendations through a touch screen (Gain Report, 2012).

The tech-savvy Japanese are embracing smart phones and integrating their use into their daily lives. One 2012 study found that 67.1% of smart-phone owners use their phone to enhance shopping. Thirty-eight percent used their phones in electronic stores, 25% used them in supermarkets and 25% in convenience stores. They were looking for, in order of importance, product reviews, lowest price, coupons and vouchers and company information (Japan Buzz, 2012). Having an effective online presence is becoming an essential marketing strategy in Japan.

EATING AND FOOD TRENDS (continued)

Food Safety

One significant result of the 2011 disasters has been heightened concern about food safety, particularly radiation levels and foodborne illness. In a poll released by the Japan Cabinet Office, 26% of citizens were more concerned about food safety than before the earthquake (17.6% of men and 30% of women). Expectedly, those closer to the disaster zone registered higher levels of concern. (Fukushima Diary, 2012). This elevated concern has resulted in numerous citizen action groups being established. The Network of Parents to Protect Children from Radiation, with over 200 chapters nationwide, is one example (Fackler, 2012). Producers, retailers, manufacturers and food service are responding in various ways: restaurants are growing their own vegetables, products are being labelled with extra assurances of their safety, and farmers are posting the results of their own radiation level testing of their products online.

Local

The Japanese have always had a strong sense of nationalism, and this is now extending to local food, prompted by many government and non-government actions on a number of fronts. Food Action Nippon was established by the Japanese government to provide information about domestic food products and balanced eating habits. The globally-based Slow Food Movement has a Japan chapter that promotes domestic vegetables, fruits and cattle tied to specific regions and cultivation techniques. MAFF has policies on improving the self-sufficiency ratio and also an extensive domestic and international "Eat Japanese" programs (MAFF 2012). The marketplace is also seeing more products with regional designations.

Sustainability

Sustainability initiatives are occurring in all sectors in Japan. In food and beverage, these extend from conservation programs such as Marine Stewardship Council for sustainable seafood at retail outlets through to organics. In Japan, the organic market is considered niche, although well-established, It was valued at US$1.28 billion in 2011, which is approximately 1% of the total food market in the country (pr-inside.com, 2012).

OPPORTUNITIES

The market in Japan offers many opportunities based around evolving consumer demands for health, taste and convenience, particularly for products that cater to new demographics. This report has suggested where some of these opportunities may be developing, however several others are listed below.

Soybeans
The nutrition and versatility of soy continues to impact product range. There are more soy milks on the market with a greater range of flavours, as well as fruit-based and carbonated soy beverages. The trend to more cooking at home is leading to more soybean powder, and soy protein to be used in cooking and baking.

Snacks/Confectionery
The demand for snack foods and confectionery is increasing and there is a trend toward imported confectionery, particularly biscuits and wafers, chewing gum, and chocolate (Japan Today, 2012). Products catering to holidays, such as Valentine's, Christmas and Hallowe'en, are in demand, as are smaller portions, individually wrapped and non-melting candy and chocolate. A demand for snacks to have at home, particularly with an alcoholic beverage, is emerging.

OPPORTUNITIES (continued)

Healthy/Functional

The strong interests in general health and foods which are high in nutritional content or foods with specific functional benefits are projected to continue, particularly for women and those over 50 years of age.

Cheese

Japanese consumers are enjoying cheese more frequently, particularly imported varieties. There are three considerations: cheese products to be used in home cooking, portable, bite-sized snacks for younger Japanese on-the-go, and premium cheeses for older consumers.

Seasonings, Spices and Other Ingredients

Products that make cooking as easy as possible, provide new taste profiles, particularly those that feature hot flavours, and are associated with other cultures, are welcome in Japanese kitchens. Salad dressings, jams, and curries are all popular examples. It is important to make containers small, recognizing the interest in fresh, smaller households and limited storage.

Home Meal Replacement (HMR)

It is estimated that 22% of all meals in Japan are HMR (Gain Report 2012). This represents a significant opportunity as the trends towards eating at home and take-from-home lunches, older consumers not being able to shop as frequently, and the appeal of convenience will continue to drive demand.

Frozen Food

Like HMR, frozen food matches the Japanese consumer need for convenience, home preparation and long shelf life. Vegetables, rice, noodles, fish and breads are popular frozen choices. The frozen food category can also be a way to introduce new flavours being sought out by shoppers.

CONCLUSION

The Japanese enjoy a great choice of food and beverage products, which makes it important that those interested in entering the market, or extending their range, clearly differentiate their products from the rest. Traditional consumer expectations for taste, quality, healthfulness and added nutrition, and convenience remain important. New demands around sustainability, safety and quality assurance, innovation, new experiences and catering to the needs of seniors broaden the scope for Canadian agri-food exporters. Japan has many opportunities for Canadian companies that are willing to take the time to establish business relationships and meet the necessary regulatory requirements enforced by the country. Companies can use the insights from this report to help them tailor their marketing strategies in Japan.

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