The Japanese Consumer
Behaviour, Attitudes and Perceptions toward Food Products
The Japanese are affluent consumers who set trends in Asia. The attitudes and consumption behaviours of the Japanese people make this mature market significantly different from those of other Asian countries. 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 demand and will pay a premium for high-quality food products, provided they exceed expectations.

Japan is experiencing a demographic and cultural shift. It is facing a rapidly aging population with 22% of its people aged over 65 years. In addition, the number of people living on their own is rising, as is income inequality. Further, Japanese women are becoming more empowered and the population as a whole is seeing an increase in lifestyle diseases. All of these factors will affect what Japanese consumers look for in food products and services.

Canada-Japan trade relations continue to be important. In 2008, Japan was Canada’s second largest export market and registered a trade surplus of C$3.8 billion. Canada has had an extensive history of exporting commodities to Japan. There is opportunity for Canadian companies to diversify and capitalize on our regulatory framework, high-quality and innovative food ingredients and products in this discerning marketplace.

This report was prepared based on multiple sources of information. The intention of this report is to increase the reader’s understanding of who the Japanese consumer is and the factors that influence their food-purchasing decisions. Connecting product attributes to the attitudes and values of the consumer is an essential element in designing a sound marketing strategy to enter a new market or penetrate an existing one.
Japan is the world’s second largest economy and the leading food importer. The country relies on imports for 60% of its food intake. Japan is a net importer of agri-food and seafood products. In 2008, its agri-food and seafood trade deficit was CAD$65.6 billion. Japan’s agri-food and seafood imports have been growing over the past five years at an average of just over 7% a year. 

Japan’s key agri-food and seafood imports in 2008 were corn, cigarettes, non-durum wheat, frozen pork, and soybeans. The United States is the key supplier of these products, with the exception of frozen pork, which is supplied mainly by Denmark. (Global Trade Atlas 2009)

The top three exporters to Japan include the United States, with 29% of market share, China with 11%, and Australia with 7%. Canada has steadily increased its share of the Japanese market and, at 6.75%, was Japan's fourth largest supplier of agri-food and seafood products in 2008. (Global Trade Atlas)

Canadian agri-food and seafood exports to Japan in 2008 totalled $3.9 billion, making Japan Canada’s second largest export market. Canada’s top agri-food exports to Japan in 2008 included canola seed, frozen pork, non-durum wheat, fresh pork and soybeans. Canada’s top seafood exports to Japan in 2008 were frozen snow crab, dried, smoked, salted and roe herring, frozen shrimp and prawns, and farmed Atlantic salmon. Canada’s principal imports from Japan were sesame oil, mandarins and clementines, sauces and preparations green tea, as well as bread, pastry, cakes and biscuits (Global Trade Atlas, 2009).

Processed food imports continued on a five-year growth trend, reaching $40.5 billion in 2008. Canada supplied almost 4.5% of Japan’s processed food imports. The United States, China and Australia are the largest suppliers of processed food to Japan, controlling 39.6% of the market. Japan’s major processed food imports include frozen pork, frozen shrimp, fresh pork, prepared chicken meat, and frozen chicken cuts.

Japan has a small agriculture sector, which is highly subsidized and protected. The Japanese Government has a policy of protecting its agriculture from international competition, yet relies heavily on imports to feed its population.

**Population**

Japan has an estimated population of 127,078,679, with a growth rate of minus 0.19% (The World Fact Book, July 2009). In the future, the declining population will result in a neutral or even negative influence on the demand for food products.

The country faces a rapidly aging population with 22% over the age of 65 years (male 11,964,694 / female 16,243,419). Another 64% of the population is between the ages of 15 to 64 years, and 13.5% is between the ages of 0 to 14 (The World Fact Book, 2009).
Population (cont’d)

With a strong health care system and good dietary habits, life expectancy in Japan is one of the highest in the world, with an average of 82.7 years. This breaks down to 79.3 years for men and 86.1 years for women (2008 Statistics Bureau, Japan Ministry of Health, Labour and Welfare). These aging consumers will likely seek new food and beverage products that address age-related health conditions. For instance, Japan has already seen increased expenditures on bottled water, organic, health foods, and health-promoting teas (Euromonitor, Consumer Life Styles, 2009).

On average, the age of first marriage is 30.2 years for men and 28.5 years for women, an increase of 1.7 years and 2.7 years, respectively, over the past twenty years. The declining marriage rate and rising marrying age is one explanation for the dropping birthrate (Statistics Bureau, Ministry of Health, Labour and Welfare). The marketplace will see a gradual reduction in family-orientated products and a rise in products targeting single and mature household units.

There continues to be inward migration from rural areas to urban centres in Japan. According to Euromonitor, 82% of the population lives in urban centres. Table 1 illustrates the population breakdown, by key trading areas and cities in Japan. This urbanization will affect the consumption of lifestyle goods and services. For instance, there is a tendency to consume a wider array of branded food and drink products, and to seek new experiences while consuming those products through novel food presentation and packaging, venues, or taste profiles.

<table>
<thead>
<tr>
<th>Area</th>
<th>City</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tokyo area</td>
<td>Tokyo</td>
<td>8,483,050</td>
</tr>
<tr>
<td></td>
<td>Yokohama</td>
<td>3,494,900</td>
</tr>
<tr>
<td></td>
<td>Kawasaki</td>
<td>1,276,200</td>
</tr>
<tr>
<td>Osaka area</td>
<td>Osaka</td>
<td>2,597,000</td>
</tr>
<tr>
<td></td>
<td>Kobe</td>
<td>1,529,900</td>
</tr>
<tr>
<td></td>
<td>Kyoto</td>
<td>1,470,600</td>
</tr>
<tr>
<td>Other</td>
<td>Nagoya</td>
<td>2,189,700</td>
</tr>
<tr>
<td></td>
<td>Sapporo</td>
<td>1,848,000</td>
</tr>
<tr>
<td></td>
<td>Fukuoka</td>
<td>1,368,900</td>
</tr>
<tr>
<td></td>
<td>Hiroshima</td>
<td>1,132,700</td>
</tr>
</tbody>
</table>

Source: Adapted from Fact Monster (October, 2009)

Ethnicity

Japan is a homogenous market with only 1.9% of the population from other ethnic groups, including Koreans at 0.5%, Chinese at 0.4% and ‘other’ at 0.6%. Interestingly, in the 1990’s, as many as 230,000 Brazilians of Japanese origin migrated to Japan to work in industries. In 2004, some of these workers returned to Brazil (The World Fact Book).

Education

Education is highly valued by the Japanese, with an average of 15 years of education per capita and a literacy rate of 99% (Statistics Bureau, Ministry of Health, Labour and Welfare). According to Euromonitor, in 2007 90% of students graduated from high school and half graduated from university or junior college. Exporters can expect a highly-educated consumer base with significant disposable income and a desire to increase consumption of foreign food products, as the Japanese are exposed to more global culture and media.
Households

According to Euromonitor, the trend toward smaller occupancy rates in Japan will continue into the future. The average number of occupants per household is 2.6 persons. In 2007, single person households represented nearly 30% of the households. This represents a 4% increase in single households from 1995, as depicted in Figure 1. The steady increase in single households is attributed to young people waiting longer to marry.

Figure 1. Japanese Households by Number of Occupants (%)

In Japan, 59% of households live in houses, compared to 40% residing in apartments (Euromonitor). Typically, Japanese families live in multi-family dwellings that encompass the extended family. Women are the primary decision makers for grocery purchases and meal preparation.

Despite a neutral to declining birthrate, growth in the number of households in the country is increasing. Single persons are also choosing to live in smaller living spaces. According to Businessweek, an emerging trend is “compact living”. A custom-built aluminum, cube-like frame called ‘tsubomi’ can be arranged into a stand-alone home or attached to existing houses. Another option is the ‘Paco Unit,’ which measures three metres by three meters, amounting to less than 100 square feet of living space. Residents sleep in a hammock that can be hooked to the walls of the cube and use a toilet that is hidden beneath the floor (Datamonitor, June 2009). This extreme concept does not have mainstream appeal, however, it does illustrate that consumers are looking to minimize. Food products with unique convenience and storage attributes will drive choice for singles. This will influence household meal preparation, packaging size, and ready-made meal options.

Source: Adapted from Euromonitor, Consumer Lifestyles in Japan
**Health and Lifestyle**

Japanese consumers are among the most health conscious and health aware consumers globally and are willing to take actions to maintain and improve their health. However, lifestyle diseases are on the rise due to the influence of the Western diet.

More and more Japanese are eating healthier in order to maintain slimmer figures. Shokuiku is a Japanese term referring to a holistic approach to food in order to improve one’s total well-being. Key concerns for women around this issue are avoiding poor nutritional habits, managing a balanced set of ingredients in a meal, producing a balanced meal, and increasing the amount of home cooking they do (Datamonitor: Health, 2009).

Japanese health concerns are similar to those of other developed countries and include: weight maintenance, metabolic syndrome, fatigue, diabetes, and allergies (Datamonitor: Health, 2009). There are market opportunities for products addressing these concerns, especially for seniors who are not satisfied with their health status.

Obesity rates are a rising concern in Japan. It is estimated that 3% of the population is considered obese which, while still very low, represents an increase. Westernized eating, which is known for higher salt, sugar and fat content, has contributed to the increase. Younger people are adopting a westernized diet, while older adults, particularly in rural areas, follow a traditional Japanese diet.

Physical fitness is important to Japanese consumers and this is reflected in the consumption of sports nutrition products. This is a highly established market in Japan, which is experiencing slow growth. The barriers to entry will be high and will require food manufacturers to have a compelling story, as well as a unique nutritional complex and/or packaging to attract consumers.

The Japanese consume on average 1200 calories daily. Their diet is composed of 15% protein, 25% fat, and 60% carbohydrates.

Japanese households eat three meals a day—breakfast, lunch, and dinner. Mealtimes are a social occasion and Japanese enjoy eating out with friends, family, or co-workers. The word for "meal" in Japanese is *gohan*. This word actually refers to steamed rice, but rice is such an important food to the Japanese that *gohan* has come to mean all sorts of meals (Web-Japan, Ministry of Foreign Affairs).

- **Breakfast** usually consists of a bowl of rice, a soy-based soup called miso, and a side dish such as grilled fish, seaweed, or an omelet. There is a growing trend for younger, single Japanese to skip breakfast. Cereals and cereal bars are rising in popularity.
- **Lunch** is usually eaten outside the home by purchasing prepared foods at restaurants or ready-made lunch packages at convenience stores. Popular lunch meals include bento boxes (portioned-out lunch boxes made up of rice, vegetables, meats, rice balls, or sushi rolls). Soup bowls of ramen (buckwheat) or udon (wheat flour) noodles are also popular at lunchtime. Sandwiches are also eaten and are usually purchased through foodservice channels. It is more common to see Japanese men eating out for lunch than women.
- **Dinner** is the most important meal of the day and is typically consumed with family at home. The most common foods consumed during dinner are meat, fish, vegetables, pickled vegetables, and rice. A traditional Japanese meal is a large bowl of rice with several side dishes such as fish and vegetables, or meat and vegetables with miso soup.

Snacking throughout the day is not common. However, Western influences are increasing the consumption of snacks. It is more common to see men snacking throughout the day than women. The majority of snacking occurs in the afternoon, with some also occurring in the evening.
**Economy**

Japan is facing its worst economic challenge since World War II. In 2008, the country entered into recession. While the Japanese financial sector was not heavily exposed to sub-prime mortgages or their derivatives, a sharp downturn in business investment and global demand for Japan's exports pushed Japan further into recession. Huge government debt, which totals 170% of Gross Domestic Product (GDP), and the aging of the population, are two major long-term problems facing the country. In 2008, GDP (in constant dollars) was valued at US$5,262.82 billion and is expected to decline by 5.8% in 2009. The economic forecast predicts a slow recovery, starting in 2010, with the exception of rising unemployment rates, which will continue to increase. In 2007, the unemployment rate was 4.16% and is forecast to increase to 4.35% by 2011.

The Japanese government has approved a large-scale fiscal stimulus package (approximately US$160 billion) to help the country recover from the economic crisis (Datamonitor). Japan is the second largest economy globally, after the United States. Japan's industrial sector is heavily dependent on imported raw materials and fuels.

Disposable income for the majority of men has decreased because of labour cutbacks. However, disposable income for women increased by 22.7% between 1999 and 2003. Both men and women in Japan contribute equally to the household income (Datamonitor). The stagnation of the economy has introduced a new era of income inequality in a country once considered the most equitable in the world. According to the United Nations Human Development Reports, in 2008, Japan ranked a 24.9 Gini co-efficient (a measure of income inequality, whereby the higher the coefficient, the more unequal the income distribution), which still makes Japan one of the most equitable countries in the world (Datamonitor: Income Complexity p. 93). In 1995, 93.1% of the population's disposable income was over US$25,000, compared to 81.4% who could earn the same amount in 2007 (Euromonitor, p. 18). The divergence of income equality will create a marketplace demanding more economically priced products and consumers will revisit private label products. However, there will remain demand for luxury and premium products.

**Political Environment**

In 2008, the Ministry of Health introduced a series of compulsory health checks aimed at pushing responsibility for one’s health back onto the individual, in order to lift some of the burden on the national health care system. People are given personal health targets, and if they are not reached, he or she is levied with larger national insurance or even fines. Policy makers are targeting lifestyle diseases such as obesity, diabetes, and lung cancer (Euromonitor 2009). This government policy will be a driver for health-oriented foods such as low-salt, low-sugar, and low-fat products. Consumption and demand for organic foods, fortified drinks, and nutritional supplements and vitamins are rising.

Japanese government communications campaigns play an important role in educating the general public about health issues. These campaigns encourage the population to take responsibility for their own health, given the aging population and the rising cost of the national medical/insurance system. Such campaigns have also prompted an even higher awareness of health and weight management among consumers.
Expenditures Overview

Food purchases are the second largest expenditure for a Japanese family, after housing. Fresh foods are important and are purchased on a daily basis. Currently, consumers visit a variety of food outlets in order to purchase the highest quality food products.

Local, general, and specialty stores account for 39% of food sales, while supermarkets, which are becoming more prevalent throughout Japan, account for 34%. Convenience stores account for a further 13% of food sales. From 2007 to 2008, the retail value of packaged food consumed increased 2.2%, whereas fresh food increased by only 0.6% over the same period (Euromonitor).

Recently, Japan has experienced an increase in sales and interest within the Sankei Super store’s “Mottainai” or “Too good to be wasted!”—a section of the store that sells heavily discounted food which is about to expire, is out of season, or has damaged packaging, reflecting the greater price-sensitivity of consumers.

According to Euromonitor, annual consumer expenditure on food was ¥41,403.1B in 1995 and dropped to ¥39,136.2B in 2007, as illustrated in Table 2. Oils and fats, and sugar and confectionery are two categories that have experienced growth. The National Statistical Office of the Organization for Economic Cooperative Development forecasts this category to continue to decrease by 13.06% for the period 2007 to 2015. Per capita, the Japanese spent US$2,601.77 or 14.63% of their disposable income in 2007 on food, versus $3,519.13 in 1995, a 26.07% reduction.

Despite the decrease in food expenditures, Japan’s expenditure per capita is one of the highest in the Asia Pacific region and globally. Falling prices in the market, due to heightened competition and private branding from supermarkets, is largely responsible for the decreased spending (Euromonitor 2009). This trend of shrinking food expenditures is expected to continue into the future. However, there exists a demand for premium and luxury items in Japanese food consumption, even as popular demand for budget, economical, and private-label items, which have not been popular amongst consumers in the past, rises.


<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bread and cereals</td>
<td>4,706.7</td>
<td>4,119.9</td>
<td>4,050.1</td>
<td>4,157.7</td>
<td>3,840.1</td>
<td>3,811.6</td>
</tr>
<tr>
<td>Meat</td>
<td>3,935.5</td>
<td>3,677.9</td>
<td>3,535.8</td>
<td>3,536.6</td>
<td>3,636.9</td>
<td>3,637.6</td>
</tr>
<tr>
<td>Fish and seafood</td>
<td>6,532.3</td>
<td>5,025.4</td>
<td>4,938.9</td>
<td>4,540.9</td>
<td>4,410.6</td>
<td>4,342.5</td>
</tr>
<tr>
<td>Milk, cheese and eggs</td>
<td>2,023.5</td>
<td>2,058.2</td>
<td>2,061.8</td>
<td>1,962.0</td>
<td>1,994.9</td>
<td>2,000.4</td>
</tr>
<tr>
<td>Oils and fats</td>
<td>1,780.4</td>
<td>1,842.0</td>
<td>1,862.0</td>
<td>1,872.9</td>
<td>1,877.3</td>
<td>1,899.0</td>
</tr>
<tr>
<td>Fruit</td>
<td>2,219.2</td>
<td>2,023.8</td>
<td>2,028.2</td>
<td>1,918.1</td>
<td>1,874.6</td>
<td>1,869.9</td>
</tr>
<tr>
<td>Vegetables</td>
<td>5,539.2</td>
<td>5,086.1</td>
<td>5,120.3</td>
<td>5,120.1</td>
<td>4,981.7</td>
<td>4,976.7</td>
</tr>
<tr>
<td>Sugar and confectionery</td>
<td>3,648.8</td>
<td>3,559.7</td>
<td>3,643.2</td>
<td>3,608.2</td>
<td>3,627.6</td>
<td>3,653.0</td>
</tr>
<tr>
<td>Other food</td>
<td>11,917.4</td>
<td>12,380.0</td>
<td>12,636.8</td>
<td>12,565.4</td>
<td>12,795.8</td>
<td>12,945.5</td>
</tr>
<tr>
<td>TOTAL</td>
<td>41,403.1</td>
<td>39,773.0</td>
<td>39,877.0</td>
<td>39,282.0</td>
<td>39,039.4</td>
<td>39,136.2</td>
</tr>
</tbody>
</table>

Note: Constant Value at 2007 prices
Expenditures Overview (cont.)

Packaged food has registered slow growth in 2008. Declining birthrates, a greying population, and the increase in costs of manufacturing, are all factors contributing to the slow growth. In 2008, most meal solution products were positioned as premium products to attract consumers through authentic tastes and flavours and natural ingredients. Manufacturers of frozen processed food particularly emphasize that their products are made from domestic ingredients. In addition, manufacturers have reduced package sizes to keep prices down (Euromonitor: Packaged Food — Japan).

Japanese consumers have intensified their already cautious approach to spending on food. For instance, the Asia News Network recently reported that supermarkets, department stores, and restaurants are increasingly stocking top-class wines at prices that are 20% to 50% cheaper than they were in 2007. The trend has been attributed to reduced demand amid the global downturn, as Japanese consumers reassess their alcoholic beverage preferences, particularly for upscale variants with premium price points (Datamonitor, October 2, 2009).

Women typically do the family food shopping. However, there is a slow movement away from daily shopping to weekly shopping trips involving the whole family, due to time pressures. Fewer trips to food outlets will translate into fewer opportunities for food manufacturers to expose consumers to their products and will require greater creativity in marketing to the consumer. For instance, increased awareness of foreign cuisine through media, study, and travel is resulting in greater demand for foreign restaurants and ingredients in the marketplace. There is an extensive selection of food and cooking-themed television shows and manga (Japanese comics). Japanese consumers will jump on new food trends, if highlighted on television programs.

Despite difficult economic times, Japanese consumers are buying into the benefits of higher priced organic and fair-trade products. Notwithstanding the expense of organic foods, these products will gain popularity. The World Organic Foods Beverage Report forecasts a 30% growth over the period of 2007-2015 (Euromonitor 2009). The Global Intelligence Alliance warns that boosting sales of organic products will not be a simple task, due to the consumers’ obsession with the look of food products and the significant price difference between organic and conventional foods. However, according to the Japanese Trade Commission, at present, the term ‘organic’ has low recognition among Japanese consumers and current market share for organic food is less than 0.5%.

The Japanese have a history of eating out and demanding high quality food and service. Despite the economic downturn, consumers continue to eat out and have altered their purchasing habits to increase consumption of budget food service such as fast food and street vendors. Between 2000 and 2007, per capita expenditures on eating out have shrunk by 1.44%. In 2007, Japanese consumers spent US$1,312.37 per capita on catering. Avoidance of high-end restaurants will create an opportunity for high-quality ingredients that can be used to prepare food at home. This will lead to a demand for fine meats, wines, foreign produce, or exotic ingredients in grocery stores, by consumers who cannot justify paying restaurant prices (Euromonitor 2009).
Consumption Tastes and Preferences

Japanese consumers desire high quality, nutritious, tasty, and safe food at a reasonable price. Product freshness and origin is very important and influences purchasing decision for foods and beverages. Japanese consumers are skeptical about food safety, particularly older consumers who have a low level of trust and growing concerns about Anzen (safety) and Anshin (peace of mind) due to recent food scandals. Examples include the Snow Brand contaminated milk scandal, the introduction of mad cow disease, Chinese vegetables contaminated with dioxin, and false labelling of beef. Canadian processors can capitalize on Canada’s strong regulatory framework and the image of its clean, pristine environment when positioning products in the market place.

Traditional consumption patterns are changing due to the influence of Western style eating habits such as dairy and meat consumption. Fish and seafood have seen a decrease in the Japanese diet, and sugar, confectionaries, oils and fats have seen growth. As consumers look to save money, they are turning to more processed and frozen foods. Ready-made meals are rising in popularity with a segment of the population to address the demand for convenience and the increasing number of single households (Euromonitor 2009).

Japan does not have one consistent taste profile, due to regional differences. There are two key regions in Japan: Kanto and Kansai. The major cities in the Kanto Region are Tokyo and Yokohama. This area is characterized by less concern for food costs, and a preference for saltier food, spicy food, Western products, and more cuisine variety.

Key cities in the Kansai region include Osaka, Kobe, and Kyoto. In contrast to consumers in the Kanto region, consumers in Kansai are very cost-conscious when it comes to food and tend to enjoy food that is less salty and not as spicy as the food popular in Kanto. These consumers also tend to prefer more traditional Japanese food to Western products (Rothbart, 2009). Food manufacturers may need to adjust the taste profile of their food products prior to introducing them into the Japanese marketplace.

Typically, women cook the family meal from scratch and are responsible for purchasing decisions. Japanese households rely on home meal-replacements several times a month and dine out once or twice monthly.

As the Japanese eat out more often, due to their fast-paced lifestyle, there is a growing trend to consume fast foods. There are two types of fast foods in Japan—Japanese family-run food shops and western-style. Japanese-style fast foods fall under four categories: bentos, noodles, rice with toppings, and street foods. Western-style dining is dominated by North American fast food chains, which results in the consumption of more meat and processed foods.

Alcohol consumption has increased in recent years. Beer accounts for 55% of the alcoholic beverage market followed by sake, Japan’s traditional alcoholic beverage. Bottled water consumption is increasing, however; tap water is preferred for economical and religious reasons. Water is seen as a “gift from nature” according to Japanese religious tradition and people are unwilling to pay for it (Datamonitor).
Consumption Tastes and Preferences (cont’d)

Functional foods are an established food category in the Japanese marketplace and have strong consumer acceptance. The Japanese functional foods market is the most developed in the world and is illustrated by the cutting-edge innovations that continue to deliver more sophisticated and niche health benefits. While functional foods were originally developed to address malnutrition after the Second World War, the Japanese were the first to officially recognize the concept of functional foods in 1984 and, by 1991, the government had set up approval systems. Functional foods were originally described as ‘Foods for Specified Health Uses’ (FoSHU). Notwithstanding the rigorous approval system in Japan, the potential for functional foods is great. In 2005 the market was estimated to be worth US$17 billion. The Japanese were found to have spent US$126 per person, per year, on functional foods compared with US$67.9 per person, per year, in the US, this amount was US$51.2 for Europeans and US$3.20 (estimated) for other Asians (Japan’s Nutraceuticals, 2006).

Despite this mature market, there is evidence that Japanese consumers have limited knowledge of functional foods regulations. A review of three Japanese market research surveys showed that 25% of those sampled in 1999 were aware of FoSHU foods. In 2001, 38% of housewives and only 21.5% of male respondents were aware of the FoSHU label, however, importantly, only 11% of males and 27% of females reported consuming FoSHU products. In the 2003 survey of fermented milk products, which is the largest product segment (Arai, 2002), most respondents (80%) consumed such products for health reasons. However, the importance of the FoSHU label was relatively minor and considerably more important amongst older consumers than younger consumers.

Nevertheless, the market for functional foods has potential. The number of products on the market (particularly probiotics) continues to grow with an estimate of approximately 400 approved products and about 1600 unapproved, at last count (Japan’s Nutraceuticals, 2006). There would appear to be some discrepancy between consumer surveys and market intelligence reports and the suggestion that unapproved (non-FoSHU) products may have more commercial value (Frewer and Trypp, 2007). Food manufacturers must assess the cost-benefit of pursuing FOSHU status for their business case, to ensure the added costs and time are warranted, when compared to the benefits of positioning the product as non-FOSHU.

Recessionary Spending Behaviour

Japanese consumers are becoming more value-conscious and are looking to save money when buying groceries. Past economic downturns have conditioned these consumers to become disciplined and resourceful shoppers. The current global economic crisis has intensified this mindset and, as a result, consumers in Japan are becoming even more value conscious. Exporters must strive to find the value ‘sweet spot’; defined as the point at which the product meets or exceeds quality expectations, but at a price that is slightly less than expected (Datamonitor: The Global Crisis 2009).

The recession is influencing the number of Japanese consumers cooking an evening meal at home from scratch every day; this has almost doubled over the past year. As well, Japanese consumers are less inclined to eat a takeaway meal at home and are willing to purchase less expensive cuts and types of meat and seafood.

Private labels are becoming more attractive to Japanese shoppers. In Japan, private label products were seen to be synonymous with “cheap products” when they first emerged in the post-bubble era. The economic bubble of greatly inflated real-estate and stock prices burst in 1990 triggering a long recession in Japan lasting more
Recessionary Spending Behaviour (cont’d)

than a decade. However, Japanese consumers have now welcomed private label products that are featured as “simple and functional” choices. Retailers are responding to this. For instance, Japan’s second-largest retailer, Aeon, said that it would replace 1,700 store brand items with cheaper ones and add 500 new products, with food items estimated to be 30–50% cheaper than national brands (Datamonitor).

Coupon usage has also become more important for Japanese shoppers in their efforts to save money when buying their groceries. This may be a means of attracting awareness to one’s product, providing it does not diminish the brand.

Positive Nutrition

With 22% of the population over the age of 65 and new compulsory health checks, the demand for eating foods with health benefits is going to rise dramatically. Consumers will seek foods with antioxidants, foods with a positive impact on blood sugar and cholesterol, health food products, dietary supplements, functional foods and nutraceuticals.

In Japan, Mamido’s Burger opened a confectionery store that gives consumers the experience of being in a fast food outlet. The burgers and fries were actually sweets, with a Mamido burger being made up of a sponge ‘bun’, chocolate cream ‘patty’ and kiwi ‘pickles’ (Datamonitor, “Individualism”, 2009).

In 2008, one major trend in Japan was health-focused products, especially those named as ‘zero-kei’ (zero-type). This includes products with zero calorie content, zero carbohydrate content, or zero fat content. In 2007, Coca-Cola and Pepsi saw their sales pushed to new heights due to their decision to launch zero-calorie drinks. In 2008, the boom of zero-type alcoholic beverages, especially beer and low-alcohol cocktail drinks, indicates that the trend is spreading from soft drinks to other product categories (Datamonitor, Dec. 2008). As obesity rates climb, consumer demand for these zero-type products will also rise.

Foodservice is rising to the consumers’ challenge of offering healthy indulgences. Innovative vegetable-eating habits are entering the mainstream. For instance, Pâtisserie Potager is a vegetable confectionery that opened in Tokyo in 2006. The store, which supports farmers and provides nutrition education through its products, is based on the novel idea of mixing vegetables into desserts. One of its specialties is a green sponge cake made with puréed komatsuna (Japanese mustard spinach) sandwiching tomatoes and fresh cream. Juices made with raw fruits and vegetables are increasing in popularity. Fresh juice stands have become a common sight at major train stations in cities like Tokyo and Osaka (Web-Japan 2009). Unique food ingredients with healthy attributes and new taste profiles will be sought after by the foodservice sector, addressing this emerging trend.

Above: Buckwheat tea — a calorie and caffeine-free beverage.
**Convenience**

Japan is known for convenience living, giving rise to popularity in convenience food. Factors contributing to the rise in convenience foods include a fast-paced lifestyle, more women in the workforce (women represent 40% of the labour force), a rising number of single-person households, variety in foods, and low prices. This trend necessitates a range of easily prepared foods encompassing home meal replacements, shelf stable, and frozen food product options. Simplified cooking is prevalent. For instance, in 2007, almost all Japanese households (94%) had microwave ovens and 37% had freezers (Euromonitor p.19). It is anticipated that there will be an increase in freezers as Japanese consumers move toward weekly, bulk, shopping trips in supermarkets or hypermarkets and away from traditional daily shopping trips.

Japanese society is a tech-savvy culture with more than 85% of households owning a personal computer, of which 90% are internet enabled. Consumers frequently shop for groceries and nutritional supplements on-line. Many consumers prefer to purchase directly from the farmer or manufacturer due to past food scandals.

**Embracing New Experiences**

Japanese consumers place a high value on new experiences, which has been ingrained into the national mindset. Although, this has been tempered somewhat by the current financial crisis, consumers still want new challenges and experiences with their food products. Interestingly, Japanese consumers over 50 years of age are also very keen to experience new things, and believe this is important to their wellbeing (Datamonitor, “Age Complexity”, 2009).

Choice and variety of grocery products is important, including flavours and packaging experiences. Food manufacturers have responded to a consumer desire for new flavours by modifying product formulations and incorporating novel flavours. For instance, consumers are becoming increasingly interested in confectionery that has fresh, fruity, and sour tastes. Another noteworthy food and beverage trend is the fusion of existing product elements to create hit products. This mix and match approach has created products that have an innovative taste or texture, or even a new product category entirely. A successful example is the new Furufuru Shaker series from Fanta. The drink product is a cross between a jelly dessert and a carbonated soft drink. Consumers shake the can before opening to change the texture of the contents (Datamonitor, December 2008).

Cafés provide opportunities for relaxation, and there are close to 300,000 such outlets throughout the country. Today, many cafés provide more than just a place to enjoy a snack with a cup of coffee or tea. A growing number of distinctive “concept cafés” are catering to customers’ needs in innovative ways. Some seek to create a therapeutic atmosphere, while others serve as venues for live entertainment or to communicate the latest trends. Still others offer customers the chance to further particular hobbies or interests (Web-Japan, 2009).

The Japanese embrace experimentation with food products. Square and heart-shaped watermelons are all the rage among foodies in Japan. A pyramid-shaped watermelon craze has overtaken the city of Fukuoka. Pictured here, a 10-inch watermelon is on sale for 52,500 yen or US $556.

Photo courtesy of the Hartman Group
Conclusion

Japan has many opportunities for Canadian companies who are willing to take the time to establish business relationships and meet the necessary regulatory requirements enforced by the country. There are market opportunities for products that provide solutions for convenient living, address emerging health issues and aging, and satisfy the consumer’s need for new experiences. Companies can use the insights from this report to help them tailor their marketing strategies in Japan.

KEY RESOURCES


Bailey, Ron. (August 2007). *Identifying Functional Food and Natural Health Products Trade and Investment Opportunities in Japan for Agriculture and Agri-Food Canada*.


Datamonitor. (October 2, 2009). Re-valuing the luxury market in Japan.


The Government of Canada has prepared this report based on primary and secondary sources of information. Although every effort has been made to ensure that the information is accurate, Agriculture and Agri-Food Canada assumes no liability for any actions taken based on the information contained herein.

The Japanese Consumer—Behavior, Attitudes and Perceptions Toward Food Products
© Her Majesty the Queen in Right of Canada, 2010
ISSN 1920-6593 Market Analysis Report
AAFC No. 11179E

Photo Credits
All Photographs reproduced in this publication are used by permission of the rights holders.
All images, unless otherwise noted, are copyright Her Majesty the Queen in Right of Canada.

For additional copies of this publication or to request an alternate format, please contact:
Agriculture and Agri-Food Canada
1341 Baseline Road, Tower 5, 4th floor
Ottawa, ON
Canada K1A 0C5
E-mail: infoservice@agr.gc.ca

Aussi disponible en français sous le titre:
Le consommateur japonais – Comportements, dispositions et perceptions à l’égard des produits alimentaires

Canada