

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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**Report Highlights:**

Marketing tips and ideas, and mail order and internet shopping trends are all trends in this month's issue.

Japan Food Trends (JFT) communicates Japanese food and lifestyle trends that may help U.S. exporters to generate product and marketing ideas.

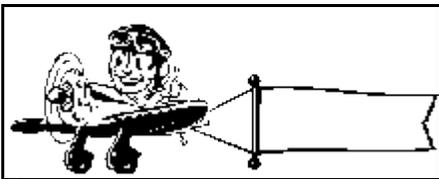
**Editor's Note:**

This month's issue spotlights marketing trends and examples of how some marketers are trying to change their marketing approach and mix. Perhaps these aren't changes that will shake the marketing world, but they might offer some food for thought. Also in this issue is mail order and internet shopping, and survey results that may enlighten you if you are interested in marketing your product through the internet. ATO Tokyo is looking into internet shopping. Hopefully, we can give more insight and perhaps an internet partner to work with in the future.

### **Tip to Creating a Copy of an Advertisement**

“Heartfelt Advertisement”, Nikkei MJ, September 25, 2009, page 18

In a series called “Marketing Skill” in Nikkei MJ the writer says that most companies develop their copy of advertisements only after the product is developed. He believes this process should be reversed. According to the writer, usually a copy is developed after the product is developed and named, and then after the advertisement strategy is created. The writer suggests that companies should instead develop products based on a copy of an advertisement for a potential product. If a product were developed based on a copy that were appealing to a particular audience then the advertisement would be more effective.



#### Usual Process

- Step 1. Develop Product
- Step 2. Create Product Name
- Step 3. Develop Advertisement Strategy
- Step 4. Create Copy of Advertisement

#### Recommended Process

- Step 1. Develop Advertisement Strategy
- Step 2. Create Copy of Advertisement
- Step 3. Select Product Name
- Step 4. Develop Product

From the Editor:

It would seem that creating a copy of an advertisement could come before the development of a product. For instance, if a product doesn't already exist, but a conceptual idea for a potential product developed in your mind first, a copy of an advertisement could already be part of your conceptual idea. The article did not have a specific example, so I'll have to leave it to your imagination.

### **Getting Attention**

“Creating New Value”, Food Industry Newspaper, October 8, 2009, page 4



Japanese sake sales are getting a small boost after manufacturers changed their traditional marketing concepts and advertising techniques to get the attention of their targeted customers. The article asks what it is that is lacking in today's sake marketing. It goes on to answer that taste, price, usage (drinking vs. condiment for cooking) are still important, but that traditional marketing and advertisements need to be changed in order to entertain, intrigue and interact with their customer base. Examples of this change includes suggesting something fun about drinking sake and/or showing that drinking sake is "cool".

Basically, all of this falls under the concept of branding and developing a common theme that ties the customer with the product. One example is a new idea by a group that wants to inject fun and change by drinking sake from a wine glass instead of an *ochoku*, the traditional cup used for sake.

From the Editor:

Even the most traditionally held product, sake, is getting some change. Obviously, the customer base in Japan is changing from the older generation to a much younger one that hasn't had much exposure to sake. Marketing is also taking a twist for this industry. Process, tradition and quality will continue to be important, but getting attention from a younger generation that has many choices of drink will have a greater role. This can actually be said about the entire food and beverage industry across the board.

### E-Commerce

**"New Era for Internet Shopping"** Nikkei MJ, October 21, 2009, page 12

The Ministry of Economy, Trade and Industry said that the market size for e-commerce is approximately \$55 billion in annual sales. The proportion for agriculture and foods/beverages isn't provided, but they do say that the convenience of internet shopping is the main reason for its popularity. The Ministry of Internal Affairs and Communications provides more insight into the reason for the popularity of internet shopping. The greatest reason is that internet shopping can be done 24/7, followed by the easy access through the internet versus the time to visit a store and paying for transportation. Other reasons are that it is easy to compare products and prices, and that there are more choices. This survey showed a significant increase in 2008 over 2007.



Internet grocery shopping has developed a customer base. Fresh produce, milk, eggs, seafood, and frozen foods can all be purchased just like going to a supermarket. Users include single women, single men, and homemakers.

The last comment in the article is that the prices at internet grocery stores aren't cheaper than the neighborhood supermarket, but convenience is the added value.

From the Editor:



Internet shopping seems to have become a basic function for many Japanese who use the internet. Actually, it's not only those who connect from a computer, but many access the internet through their mobile phones, which brings me to the next article.

**“E-shop and Mail Orders”**, Nikkei MJ, October 21, 2009, page 1

Nikkei MJ's survey on mail order, including internet shopping, has reported that total sales in 2008 was 3.9% higher than 2007. This was largely due to a 12.4% increase in internet shopping. This is a similar result to the first e-commerce article, but Nikkei MJ's survey also revealed that internet shopping using mobile phones increased by 13.2%

Internet shopping isn't always good though. Similar to the first e-commerce article, Nikkei MJ reported that one of the reasons internet shopping is popular is because shoppers like to compare prices. Sellers know it and they react. So, you can see that prices deteriorate and that affects sales in other sales channels such as supermarkets, department stores, convenience stores, etc. In fact, one of the most visited sites is kakaku.com, which can be translated price.com. It finds products in specific price ranges that are designated by the internet user. The site is accessed by 19,880,000 users per month and also guarantees the lowest price.

From the Editor:

Are all mail order and internet shopping systems price oriented? No. Mr. Hajime Tajiri, president of Summit supermarket doesn't think so.

**“Developing a Profitable Net Supermarket”**, Nikkei MJ, October 19, 2009, page 3

Summit Supermarket stores are strategically built in local areas where there isn't enough land to build megastores that the three national supermarket chains would like to construct. Summit's supermarkets are located close to their customers, who live close to local train stations and bus stations. Their locations are out-of-the-way places that aren't considered attractive for their visibility and logistics.



In his interview, there are two pieces of advice. One is that net shopping can be profitable and prices sold on the net do not have to be lower than his store prices. That is because the picking, packing, special delivery and friendly service is added value. Summit's net shop also offers limited products that aren't sold in stores. Summit's net shop has only just begun in one location, but sales and service seem to be smooth and as planned.

The second advice is that low prices don't continue. After the Lehman shock Mr. Tajiri remembered the economic downturn in 1993 pursued by the successful election of the minority party. He also recalls discount stores popping up and supermarkets competing with lower prices, but he says that it all balances out and discounts disappear. His opinion is simple. That is, there aren't many products that can be sold at discount prices and there is less that can be sold at a discount prices for a prolonged time.

One comment Mr. Tajiri made that I would like to share is: "Japanese consumers are spoiled. Even though their incomes declined and they demand low prices, they still want high quality products."

From the Editor:

It's good to hear comments and opinions about the difficulties of selling and marketing to Japanese consumers from a guy who knows.