

BUSINESS
FINLAND

Food from Finland Japan market training

June 8, 2020



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JAPAN situation with COVID 19

- Most of the data in this presentation is from pre-COVID19
- Number of confirmed cases on June 7, 2020: 17 864
 - Deaths: 917
- State of emergency (both partial and national) from April 7, 2020 until May 25
 - School closures from late February 2020
 - No actual lockdown inside the country, borders closed
- Economic impact:
 - GDP -3.4% Q1 2020
 - Phased road map to fully open the economy by August 2020
 - Japan is in technical depression with 2 consecutive quarters of negative growth
 - Revitalization package by government 200 trillion yen (\$1.9 trillion), equal to 40% of GDP
 - Unemployment rate 2.5 % in March, worst case scenario estimated to come up to 7%

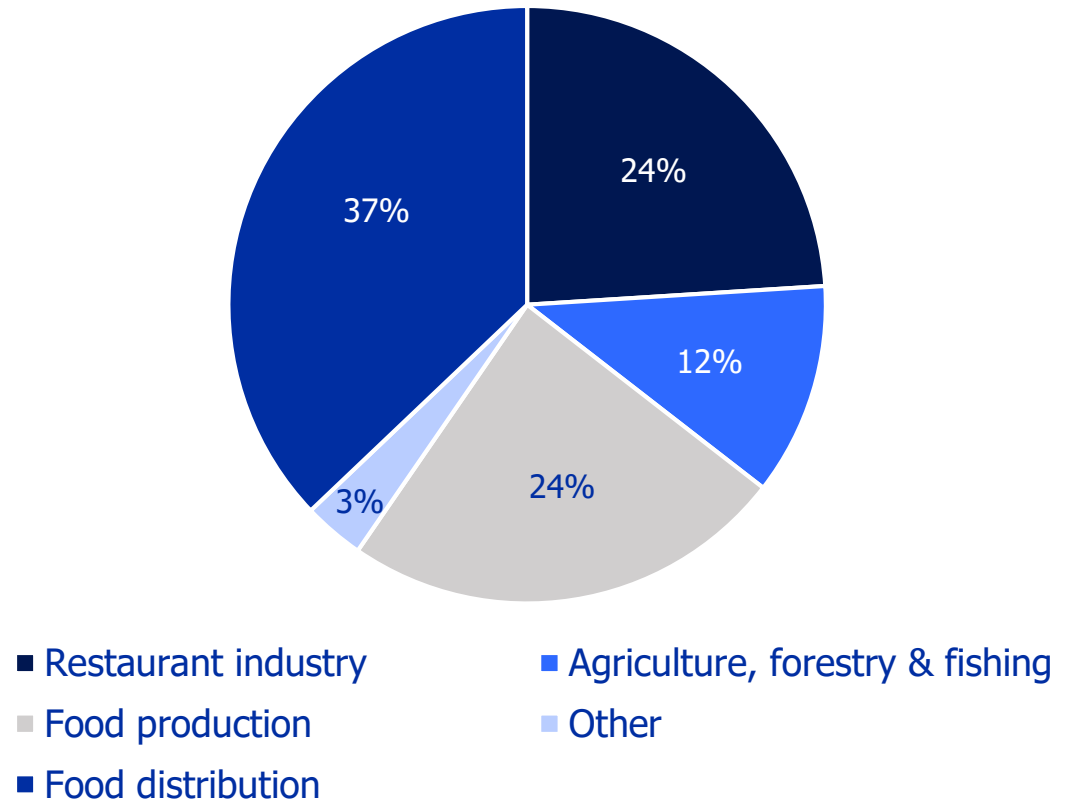
Japanese food markets statistics & trends

Japanese food industry structure and market size

①

- Out of Japan's 547 trillion GDP, 10,1% consist from the agriculture & food related industry
- The sector has seen 2,1% yearly growth in recent years and now accounts for 55,19 trillion GDP on it's own
- Main players:
 - Food distribution totaling 20,5 trillion yen
 - Restaurant industry 13,3 trillion yen
 - Food production 13,3 trillion yen

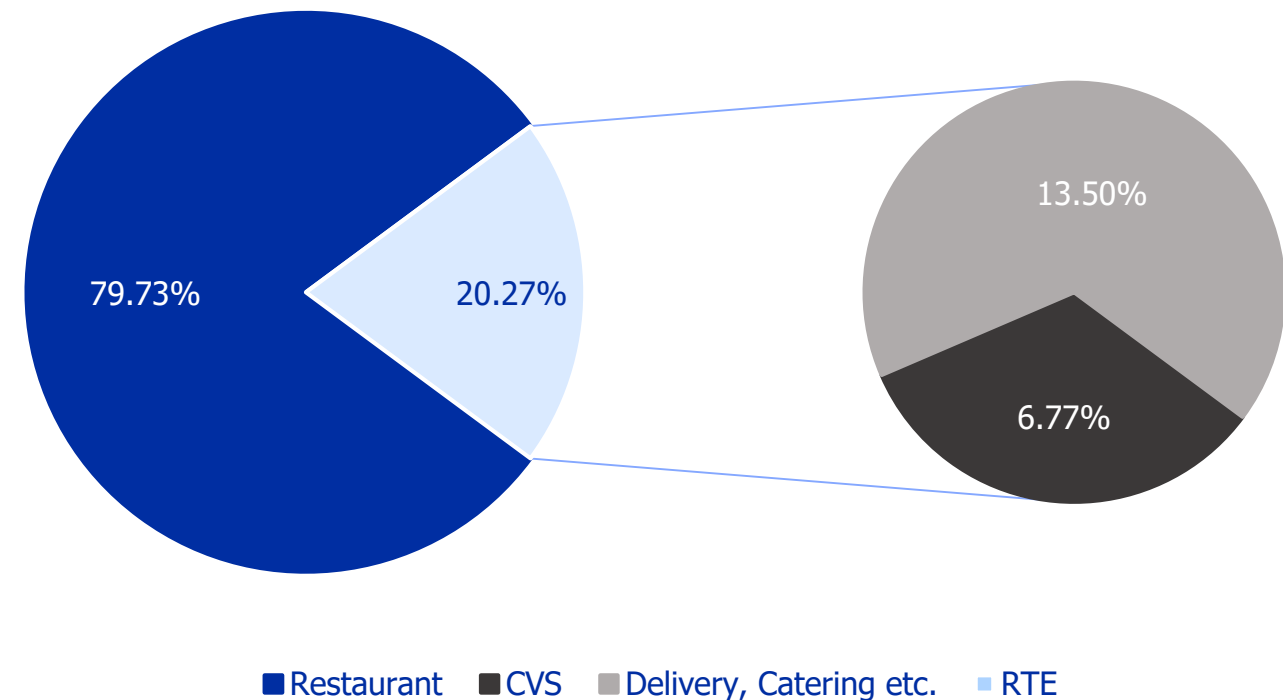
Japan food industry structure



Japanese restaurant & RTE markets

- The restaurant market's growth rate had been slowing down due to general Izakaya (tavern) chains struggling, but has been recovering steadily since 2016 due to the resurgence of the hamburger industry
- In the Ready-to-Eat (RTE) market, home delivery and catering services are generally continuing expansion.
 - Eat-in still accounts for roughly 80% of meals purchased
- Convenience stores (CVS) takeout foods have been increasing their market share.
- CVS take outs are still targeted mainly at male customers
 - Due to increase in female and senior customers, convenience stores have launched new products targeted at these customer groups

Eat-in vs RTE market size



Japanese dining habits

- Restaurant industry takes 24% of whole Japanese food industry
- Eating out is more common and affordable than in Finland
- Convenience stores are very popular & have a very wide variety of RTE foods
- Home-cooked meals still the ideal



Current food trends in Japan

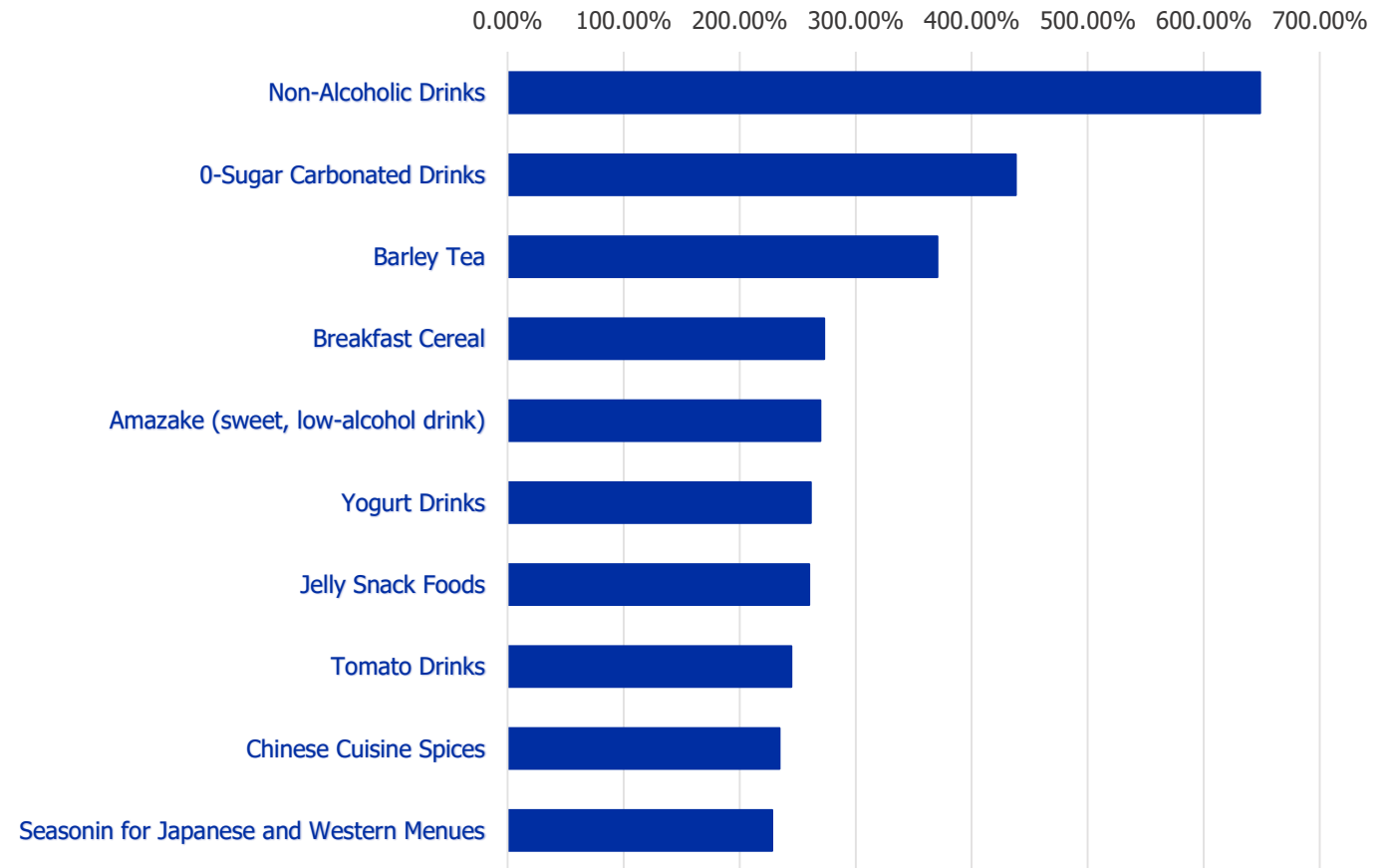
- COVID19: Take-out and delivery food, food subscriptions
- Healthy (balanced sets of meat, vegetables and carbonhydrates) foods
- Vegan products (still much behind Finland)
- Less or non-plastic packaking (eco-friendlines)
- 中食 easy to prepare/almost ready-made (frozen etc.) foods
- Non-alcoholic drinks
- Mexican, Thai etc. ethnic food
- Foods that picture well for Instagram, TikTok etc. Video formats instead of just photos



Growth products from the past 10 years

- During 2010-2019 the fastest growing food products have been:
 - Non-alcoholic drinks +648,6%
 - Sugar-free carbonated drinks +438,2%
 - Asahi Beverages strongly promoting Wilkinson, a high carbonate, zero sugar drink in the early 2010s, had a strong influence on the current demand and growth trend of these drinks
 - Barley tea +370.5% (part of growing health trend)
- In general healthy food as well as foreign food have consistently been growing during the past decade

Top 10 Highest Growth % Categories



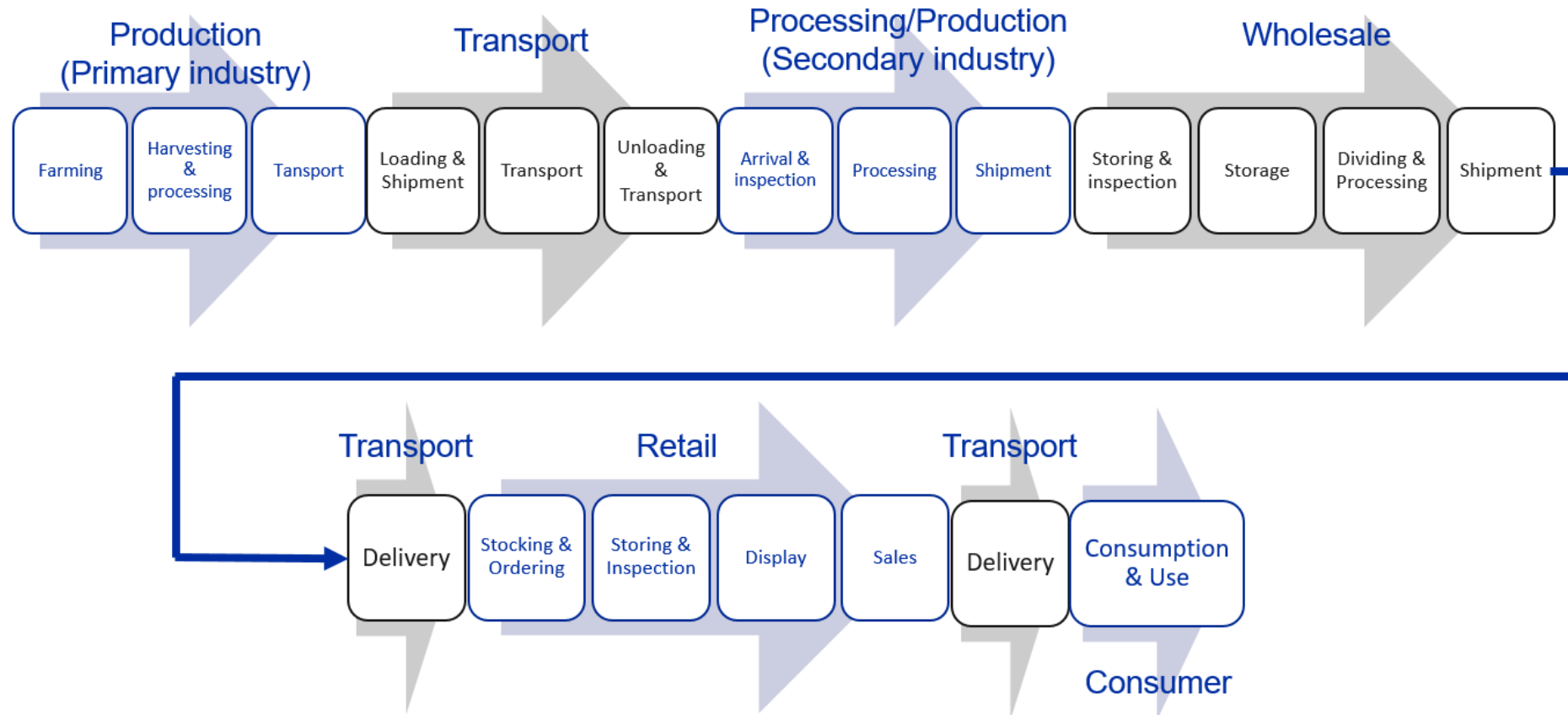
Japanese retailing trends

- Focus on consumer experience: shopping as an exiting experience & turning shops into spaces where consumers spend time
- Convenience in terms of the shopping process, product offer and delivery, which is benefiting accessible urban stores and e-commerce
- Convenience store outlet numbers and retail value sales of convenience stores continued to see good annual growth
 - Tendency to buy smaller amounts more frequently
- Seasonality: strong focus on seasonal produce and special seasonal products
- Self-checkouts and semi-self-checkouts are continuing to gain a presence in store-based retailing

Standard opening hours in Japan by channel type in 2019

Channel	24-hour opening?	Monday-Thursday	Friday	Saturday	Sunday
Supermarkets	No	08.00-23.00	06.00-23.00	08.00-22.00	11.00-17.00
Convenience Stores	Yes	24 hours	24 hours	24 hours	24 hours
Department Stores	No	10.00-21.00	10.00-21.00	10.00-21.00	10.00-20.00

Japanese Food Industry value chain



Main players of the food & retailing market

Production of foods & beverages

Rank	Company name	Annual sales (Million yen)
1	Asahi Breweries, Ltd	943,171
2	Nipponham Ltd	802,712
3	Yamazaki Baking Co., Ltd	744,922
4	Meiji Co., Ltd.	742,174
5	Kirin Holdings Company, Limited	674,213
6	Itoham Foods Inc.	533,179
7	ASAHI SOFT DRINKS CO., LTD	447,975
8	Morinaga Milk Industries Co., Ltd.	440,554
9	Nippon Suisan Kaisha, Ltd.	379,515
10	ITO EN Ltd.	371,873

GMS、 Super markets & convenience stores

Rank	Company name	Annual sales (Million yen)
1	AEON RETAIL Co., Ltd.	2,197,833
2	Ito-Yokado Co., Ltd.	1,244,262
3	SEVEN-ELEVEN JAPAN Co., Ltd.	849,862
4	FamilyMart UNY Holdings Co., Ltd. (since 2017 changed ownership, current Pan Pacific International Holdings)	712,815
5	IZUMI Co., Ltd.	683,850
6	LIFE CORPORATION	677,306
7	FamilyMart Co., Ltd.	480,361
8	York Benimaru Co.,Ltd.	429,064
9	The Maruetsu, Inc.	414,200
10	HEIWADO	375,556

Grocery Retail

Rank	Company name	Annual sales (Million yen)
1	CO-OP MIRAI	389,811
2	Yaoko Co., Ltd.	363,891
3	MANDAI Co.,Ltd.	337,795
4	Valor holdings	290,045
5	NISSIN HEALTHCARE FOOD SERVICE CO.,LTD	237,466
6	Maxvalu Tokai co.,ltd.	221,748
7	Belc CO., LTD.	211,917
8	Suntory Beverage Service Limited.	184,929
9	U CO-OP	179,208
10	Maxvalu Kyushu co.,ltd.	177,305

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Largest convenience store chains



Convenient
location



High-end convenience store by Lawson group,
Specializes in healthy & imported products

Scarce
selection



Pan Pacific International Holdings
Discount chain store



Life corporation

All companies in this section are supermarkets

Abundant
selection

Japanese
major
retailers



HEIWADO

Inconvenient
location



IZUMI Co., Ltd.



York Benimaru Co.,Ltd.

Main players of the horeca & wholesale

Grocery wholesale (※)

Rank	Company name	Annual sales (Million yen)
1	Toa Shoji Co., Ltd.	142,321
2	TOHO Food Service Co.,Ltd.	111,635
3	UCC FOODS Co, Ltd.	101,925
4	TAKASE BUSSAN CO., LTD	100,509
5	OIE SANGYO co.,ltd.	87,160
6	Yaguchi Corporation	74,928
7	Nishihara Shokai Co., Ltd.	68,100
8	Kuze Co.,Ltd.	61,317
9	OOMITSU CO.,LTD.	47,827
10	Satoh & Co., Ltd.	45,645

Restaurant industry

Rank	Company name	Annual sales (Million yen)
1	SKYLARK HOLDINGS CO., LTD.	285,140
2	Japan McDonalds	253,640
3	Starbucks Coffee Japan	170,984
4	AKINDO SUSHIRO CO.,LTD.	155,085
5	AIM SERVICES CO.,LTD. (catering for schools, offices etc.)	121,971
6	Saizeriya Co., Ltd.	117,259
7	Kura Sushi, Inc.	115,954
8	TORIDOLL Holdings Corporation	101,408
9	MONTEROZA CO.,LTD.	94,704
10	Matsuya Foods	92,289

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Part of Matsuya Foods
Japanese style dishes



Part of SKYLARK HOLDINGS CO., LTD.
Family restaurant



MARUGAME SEIMEN
UDON & TEMPURA

Part of TORIDOLL Holdings Corporation
Japanese style noodle restaurant



"Italian style" Family restaurant

Low price



REVOLVING SUSHI BAR

Family restaurant



Part of SKYLARK HOLDINGS CO., LTD.



SUSHIRO

Abundant establishments

Japanese major restaurant chains



Japanese style dishes,
Focus on healthines



白木屋
SHIRO KIYA

Part of MONTEROZA CO.,LTD.
Japanese style "izakaya" tavern

Scarce establishments

High price

Ingredient Suppliers for horeca sector ①

In the tables below are illustrated the main ingredient suppliers of well known hotels or family-oriented restaurants

Hotels*

Company Name	Suppliers by product type
Imperial Hotels	Amai (Livestock); Arcane (General); Kyokuto Foods (Dairy) A la carte Food, Imperial Kitchen, Ebisho, Kuze (Cold foods); Nomura (Side Dishes); Hamaya Coffee (Drinks); Sake no Awaya (Liquor)
Fujita Kanko	Ebiko (Seafood); Izumiya (General); Tohey (Food wholesale); Fujita (Drinks); Tatsuya Bussan (Canned goods)
Tokyo Kaikan	Kyoritsu Foods; Tokyo Kaikan Foods; Tsutaya Meat (Livestock); Fujita Fisheries; Tatsumi (Liquor)
Keio Plaza Hotels	Narikoma, Meidi-ya (Dried Foods); Nomura (Side Dishes); Arcane, Kokubu, Sankou Shouji (General); Blue Mountain (Drinks); JCLU co.jp, Million Trading, Izumi Trading (Liquor); Aikoku (Baking); Keio Department Store; Matsuo Genghis Khan (Cold Foods)
Palace Hotel Chain	Meidi-ya, Shoritsu (Dried Foods); Tsuruya Co. (Dairy); Ishiwari, Nomura (Side Dishes); Fukahire (Canned Goods); Ogiso, E-Miso, Yamamoto Foods (Cold Foods); Sake no Awaya, Izumi Trading (Liquor); Hankyu Department Store; Sankou Shouji (General); Tamaya Kobayashi Coffee (Drinks);

Family Restaurants

Company Name	Suppliers by product type
Skylark	Kanshoku (General); Shimpoh (Seafood); Starzen, Itoham (Livestock); Wada (Sweets); Nichirei Foods (Cold Foods); Satofuru (Oils); Meiji Foods (Baking)
Saizeriya	Suntory Foods, Mitsui Foods (General); Starzen, Itoham (Livestock); Top Hat (Vegetables); Maruha Nichiro, Kuze, Takase Bussan (Cold Foods);
SEVEN & I FOOD SYSTEMS CO., LTD.	Kewpie, Kuze (Cold Foods); DFC Foods, Nipponham (Livestock);
Coco's Japan	DFC Foods, Itoham (Livestock); Takase Bussan (Cold Foods); Kokubu (General); Tajimaya (Rice); Tooume (Pickled Food); Okura Shoji
Joyfull	Toho Foods, Kanematsu Shintoa (General); Kokubu (Cold Foods); Okabei, Kumamoto Pearl Rice (Rice); S-Kohda (Liquor); Yamatoku (Sweets)

Ingredient Suppliers for horeca sector ②

The table below illustrates the main ingredient suppliers of well known Café chains in Japan

Company Name	Suppliers by product type
Starbucks Japan	Starbucks; Itochu Shokuhin (General); Andersen (Baking); Takanashi (Dairy)
UCC	UCC Group; Daikoku; Asahi Foods; Nissin Foods; Rokkosan Pasture; Kaneka, Sanwa Roland, Takaki Bakery (Baking); Takanashi (Dairy); Itoham (Livestock);
Doutor Coffee	Ohayo Milk (Dairy); N-Foods; Unicafe (Drinks); Mitsui Foods (General); Yamazaki (Baking); Takizawa Ham, Nippon Ham (Livestock); NRS (Spices)
Chat Noir	Art Coffee, McDonalds (Drinks); First Baking, Meiji Foods (Baking); Nissei Foods
Ginza Renoir	Art Coffee (Drinks); Ami Foods; Meiji Foods (Baking)

EPA EU Japan Economic Partnership Agreement

- 1st of February 2019, impacts on Food were immediately witnessed
- Duties in important categories for EU like cheese, wines will be gradually lowered or were immediately deleted after enforcement
- Once the agreement is fully implemented, Japan will have scrapped customs duties on 97% of goods imported from the EU
- The agreement also removes a number of long-standing non-tariff barriers
- Sources on EPA in English:
 - <https://www.eu-japan.eu/epa-helpdesk>
 - <https://www.eubusinessinjapan.eu/node?destination=node>

Japanese imports to Eu before and after EPA

EPA not active <- | -> EPA active

Item Name	Original Tax Rate	EPA Concession	EU Imports Values from Japan (2018)	Growth Rate % (Year-on-Year)	EU Imports from Japan (Feb – Sep 2019)	Growth Rate % (Same period as last year)	EU Import Amounts from Japan (Feb – June 2019)	Growth Rate % (Same period as last year)
Mixed seasonings such as sauces	From Tax Free to 9%	Immediate Abolition	51,9€	3,6%	40,5€	16,8%	13,7	57,9%
Green Tea	From Tax Free to 3,2%	Immediate Abolition	20,7€	6,5%	14,8€	17,2%	1,8	48,5%
Beef (Fresh & Refrigerated)	12,8% + 141,4€-303,4€ per 100Kg	Immediate Abolition	13,0€	19,6%	11,6€	35,5%	7,2	91,0%
Scallop	8%	8 – year transition	18,4€	↓29,0%	8,6€	8,1%	4,6	75,3%
Fermented Alcohol incl. Sake	5,76 – 19,2€ per 100L	Immediate Abolition	12,1€	2,8%	9,1€	18,5%	2,0	37,3%
Noodles	7,7% + 24,6€ per 100Kg	Immediate Abolition	8,1€	12,3%	7,2€	38,9%	1,1	24,7%
Soups & Broths	11,5% - 14,1%	Immediate Abolition	6,5€	6,9%	4,9€	25,8%	1,6	50,7%
Fish Fillet	Depends on Fish (18% for Yellowtail)	Immediate Abolition	4,2€	↓4,0%	6,4€	136,6%	2,6	86,5%

Food categories imported by Japan

- Total value and total growth percentages of different food categories in Japan
- Tuna demand and consumption inside Japan has been sluggish and it's very visible in the import statistics as well
- Shrimp is doing even worse and has reached a 6-year low
- Salmon consumption is still experiencing moderate growth
- In the meat market, pork still dominates in both amount and value despite having a small amount of negative growth.

Item Name	Import Growth % (Total Amount)	Import Growth % (Total Value)
Agriculture products	-	3,1
<i>Tobacco</i>	↓5,2	11,3
<i>Pork Meat</i>	↓0,8	↓0,9
<i>Beef</i>	6,0	9,8
<i>Corn</i>	3,2	7,6
<i>Fresh and Dried Fruits</i>	2,3	7,1
<i>Alcohol Drinks</i>	↓11,6	2,0
<i>Chicken Meat Products</i>	5,5	5,9
<i>Frozen Vegetables</i>	4,3	4,3
<i>Wheat</i>	↓0,9	5,6
<i>Soy</i>	0,6	↓2,0
<i>Natural Cheese</i>	4,8	9,1
<i>Chicken Meat</i>	↓1,6	↓13,0
Seafood (Fresh, Cold & Frozen)	↓3,8	0,9
<i>Salmon & Trout</i>	3,8	1,0
<i>All Tuna varieties</i>	↓10,6	↓2,5
<i>Shrimp</i>	↓9,4	↓12,0

Food categories imported by Japan from Finland

Finnish food exports to Japan ranked by total value in tens of thousands of €

Ranking	Category Name	Total Import Values	Total Import Amounts	Unit of Measure
1	Cheese, Curd & other Milk Products	881,08€	2 996,6	MT
2	Malt Products (Beer, Bread etc)	345,05€	13 724	MT
3	Chocolate & other Cocoa Containing Products	236,87€	561	MT
4	Other Processed Grain	141,79€	1 881,3	MT
5	Fructose Foods	94,26€	732,6	MT
6	Frozen Fruits & Nuts	74,58€	126,4	MT
7	Pork Meat	73,77€	170,1	MT
8	Malt Extract Products (Powder, Starch etc)	56,55€	166,9	MT
9	Spirits (Vodka etc. excl. Gin)	50,82€	301,2	KL
10	Animal Protein Products	44,26€	347,8	MT
11	Fish Liver Oils, Roe & Milt	42,62€	17,3	MT
12	Caviar Products	37,70€	1,1	MT
13	Rye Products	25,41€	630	MT
14	White Flour Products (White Bread etc)	17,22€	25	MT
15	Vegetable Based Juices, Oils & Extracts	17,21€	38,4	MT
16	Fodder Related Products	16,39€	17,8	MT
17	Fish Fillet & other Fish Products	13,11€	81,2	MT
18	Bone Related Products (Broths etc)	10,66€	191,3	MT
19	Processed & Preserved Vegetable Products	9,84€	10,6	MT
20	Gin & Genever Products	8,20€	3	L

- Dairy products are the clear cornerstone of Finnish food exports representing 40% of total import values of top 20 food categories.
- Additionally to Finnish chocolate exports being high, the Finnish image of healthiness and freshness is visible in export statistics as well.
- Many of these categories, especially dairy products, are expected to grow significantly due to EPA implementations.

Do's and don'ts when entering the Japanese markets

What sells in Japan

- Japanese consumer preferences:
 - Importance of packaging & quality
 - Small packaging size, single portions etc.
 - Clear messages in Japanese on how to use or eat products via packaging, media, demonstrations, website etc.
- Examples of popular domestic products:
 - R-1 yoghurt (how to use –message, size)
 - Häagen-Dazs Japan (domesticated packaging size and flavours)
 - Calbee Furugura cereal (clear message, packaging)
- Examples of successful Finnish products:
 - Premium alcohol products
 - Confectionary
 - Most of Finnish exports is still B2B bulk ingredients



Image of Finland

- “Nordic” design and life style is popular in Japan
 - Finland is relatively well known, but people also associate things like “Fika” or “Fjord” to all Nordics
- Japanese main image of Finland: Nature, design (mainly just Marimekko), Moomin, Santa Claus, Aurora Borealis
 - Finnish food culture is not well known
- Need to think how your product fits this image



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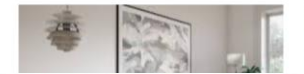
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DON'TS in Japanese markets

- Trying to use same sales strategy as in Finland or other markets
- Inability to conform and adapt to Japanese rules, regulations and business conditions
- Not taking part in local marketing efforts in Japan (expecting importer/partner to do all of the work)
- Unwillingness to take the time & resources needed for finding a partner in Japan (usual time requirement: 1 year or more after first meeting)
- Too high volume requests from the start (Japanese importers like to test products with small volumes)

DO's for successful entry into Japanese markets

- Finnish food can best be marketed as natural and pure in Japan as it fits the country image and differentiates from other foreign products
- Products that utilize the uniqueness of Finland, not just high quality
- Sufficient customization for Japanese markets
 - Packaging (size and design)
 - Adaptability to Japanese legislation and rules
- Long expiration dates required by Japanese importers
- Attitude on doing business
 - Preparedness for long-term negotiations, export procedures, understanding of Japanese business culture
 - Arranging communication in Japanese language through own staff or strong agent/partner

Business Finland services for food industry companies in Japan

- Business Finland main mission is to support exports by providing basic information on markets, connections and advice
 - This does not include detailed support in rules & regulations for imports to a certain country or direct partner search
 - If you would need these kinds of services, we are happy to introduce consultants that can help you against a fee
 - Usually the best way is to find an importer who are generally happy to take on these tasks as they have the final legal responsibility of products that they import
- We organize several buyer meetings, trade fairs, and consumer promotions each year and welcome you to join! Please follow FFF newsletters for updated information

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Export of food products from Finland to Japan

Ruokavirasto

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Japanese business customs

JETRO

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Future promotion opportunities with Food from Finland

Events & promotions in 2020 & early 2021

- E-commerce training on June 12, 2020
- Digital department store fair (ongoing)
- Finnish Food Week @ Tokyo Metsä pavilion from November 3 – 7, 2020
 - Find details & link to registration from:
<https://www.businessfinland.fi/en/whats-new/events/food-from-finland/2020/tokyo-2020-for-food-companies/>
- FoodEx 2021 in Makuhari Messe from March 9 – 12, 2021
 - Find details from: <https://www.jma.or.jp/foodex/en/index.html>
- Buyer tours

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Thank you

ありがとうございました！