



WUSATA Japan Monthly Report November 2022

Executive Summary

According to the latest release by Japan Tourism Agency, the number of foreign visitors to Japan in November 2022 was 934,500, about 45 times more than that of the same month last year, the highest figure since February 2020 (1.085 million), just before the embargo due to the COVID-19 disaster. The government's relaxation of border measures from this last October 11th and the Japanese Yen depreciation worked as tailwind.

While supporting rate by the nation to the Kishida administration's political ruling style kept dropping to the record low level, Japanese Prime Minister Kishida sticks to his policy to keep opening up the borders to let in more foreign travelers from the 'Tier-1' countries and also to support Japanese export-oriented companies to sell Made-in-Japan products including food and drinks mainly targeting the Asian countries.

Weaker yen and wider border stimulated some of the industry sectors such as the hospitality, but the main economic trends in the Japanese market looked still quite treacherous. Driven by a wave of price increases, Japanese food industry may get more sales by attracting consumers who rather looked forward to more spending toward Christmas, year-ending and New Year holiday season. Soaring material costs and a weak yen have led to higher prices for the holiday specialty food and drinks all of which Japanese nation will have to take and enjoy after all. As being reported so far, prices for as many as over 20,000 food items rose in Japan. In average, Japanese budget for this year's Christmas rose to ¥20,000 about ¥1,700 more (apprx.USD13) than that of last year. People's desire to enjoy year-end and New Year holiday will be strong enough to pay more for the live feeling that COVID restrictions would never come back again. Retail and Foodservice sectors are said to be back to normal but because of increased demand for home delivery, gift season and on-line shopping, transportation companies faced challenges in addition to lack of manpower. Japanese food and drink manufacturers, distributors and retailers may have huge lack of containers, trucks and drivers after April 1st of 2024 according to the Japanese Work Style Reform Related Law to be enforced to the Automobile Transportation Transfer labor practice. The law will cap the upper limit on overtime hours for the workers (mainly the drivers) in transportation and logistics. To address these coming 'issues,' major companies in food industry started taking measures by introducing digital platforms to operate and control food storage and distribution in commercially viable and sustainable manner, and now by protecting the rights and safety of the human resources.

Market Intelligence Update:

Since this last October when prices of about 6,700 food items were raised, consumers' sense of inflation became further sharpened when the price increase of daily products such as fluid milk and yoghurt impacted by big price hike of animal feed imported from foreign countries including the US. On the other hand, the "rush of price increases" peaked out in October as the biggest peak, and the price increase in December will look like to be minimal. Therefore, for the time being in November consumer had a short break with no worry about new price increases, knowing now it will come back again early next year even in larger scale to hit the consumers' purse probably harder than ever to manage their daily life.

While the yen is currently depreciating at around 150 yen per dollar (as of early November), the number of items scheduled for price increases next year has already been announced to more than 2,000; and "weak yen" is cited as a factor in many of them. There is little hope for the upward pressure on costs to be resolved, such as electricity and gas bills being scheduled to be significantly raised in the very near future, is unlikely for the time being because another price increase rush will return in around February ~ March next year.

Retail & Wholesale Sector

According to the National Supermarket Association of Japan, throughout October and November the sales increased in all categories of food and beverages, compared with the previous months. Especially in the fresh food category, the growth was evident although it had been sluggish due to a decline in demand for home meals. In addition, the temperature was lower than the previous year, pushing seasonal vegetable and ingredients for hot pot menus and fresh fruits performed well. Fresh-frozen, chilled, processed seafood, udon noodles and fermented products including function yoghurt drinks kept selling well.

With the needs for events, holidays and local tourism coming back, demand for home meal consumption slowed down. Many retail store chains looked doing well in terms of sales but that was due to an increase in the unit price (because of price hikes) per shopper. In order for retailers to continue their business in healthy level, supply chain management through national and regional wholesalers have become much more important. Successful wholesalers and distributors enjoyed sales increase by targeting to move less SKUs in more volume of both national and private label products. As more business people and students have come back to work and schools/college campuses, wholesalers' sales for the foodservice and CVS chains in general finally returned to the level of that prior to the pandemic.

The below table Supermarket store chains' sales stats by: National Supermarket Association of Japan, Japan Supermarket Association and All Japan Supermarket Association.

	Sales (mil.Yen)	Sales vs. same month of previous year	# of store outlets vs. same month of previous year
2021 Nov.	924,864	99.50%	103.40%
Dec.	1,122,673	99.00%	103.11%
2022. Jan.	953,380	99.00%	103.43%
Feb.	913,084	102.30%	103.54%
Mar.	962,619	101.90%	100.94%
Apr.	949,326	100.10%	100.96%
May	980,397	97.80%	101.62%
Jun.	956,755	98.30%	101.73%
Jul.	993,442	101.30%	101.02%
Aug.	1,027,400	98.90%	101.00%
Sep.	960,488	98.90%	100.40%
Oct.	985,747	102.70%	100.75%

Foodservice Sector

Into the foodservice sector the flow of people seemed to have returned, leveraged by the Japanese government's national travel support program and the significant relaxation of border measures since this last October which in Japan is recognized and appreciated as a month of Gourmet and for the best time to enjoy natural beauty and

harvest. After putting up with strong hunger for traveling and eating out for the two autumn seasons the whole country became active with big flow of people visiting tourist spots and dining/banquet places. Combined with the increase in the unit price per customer, the overall sales of the foodservice industry marked 114.8% vs. the same month of 2021. In general while big players may be surviving, small and medium sized local single outlet and restaurant chains would continue to face difficulty to source food ingredients in stable manner both for volume and price in addition to critical lack of manpower in kitchen and in the hall.

Quick snapshots per type of foodservice sector:

Fast food: Steadily growing demand for to-go dishes and returning customers for dining in, the sales marked 109.9% vs. the same month 2021. Hamburgers and pizza chains grew by 10.8% compared with the same month in 2021; Japanese style restaurant had more sales during breakfast hours as the business people and students came back to the work/study places with 11% plus vs. November 2021. Sushi chains did well with 5% plus vs. the same month in 2021 but actually all top four sushi chains had to raise prices per dish, eliminating 100-yen sushi plates anymore from the famous rotating conveyers. The sushi chains will continue to face the challenges in sourcing safe, wholesome, sustainable and fresh seafood ingredients in high volume to satisfy the customers by low-price sushi dishes year-round.

Family restaurant: With the recovery of in-store food and beverages, the sales of family restaurant sector made 120.3% compared with the same month in 2021. However it was still 96.7% when comparing with the corresponding month in 2019, the previous year. Western-style family restaurants sales were recovered steadily, mainly in the daytime, with increase by 21.3%. Japanese style family restaurants chains had signs of recovery as more local customers traveled to dine out with 20.6%. Chinese style restaurants consistently grew by 18% plus sales and Yakimiku Korean barbecue restaurants chains in total had 18.2% growth, all compared with those in November 2021.

Izakaya=Japanese style pub restaurants: Compared to the previous year when business operation was severely restricted, the number of Izakaya restaurants decreased to 94.4% while the number of customers increased to 137.9%, who spent unit price with 8.5% more. As a result Izakaya chains total sales were 149.7% vs. November 2021 but it's still 63.4% compared with that month in 2019 before Pandemic. In the upward trend, lots of customers were prone to head back home much earlier, having made izakaya restaurants, commuter trains and taxis quite slow and scarce after 8 PM on weekdays. Drinking-at-home in night time and weekends stayed strong as major consumption trend.

Café restaurants: Owing to the menu price increase and active seasonal promotions overall café restaurant chains had 19% sales increases compared with the same month in 2021. However likewise in Izakaya pub restaurant sector, the sales in late evening hours didn't do well as people tended to go home much earlier than they used to before Pandemic. The sales growth vs. corresponding month in 2019 was 10% minus in this category.

In the above pictures, it should be safe to say that Japanese nation enjoyed social eating and drinking out in this November 2022 while getting smarter and more discreet to manage their spending time and money in the safer space and zones invisibly charted by the socio-political situation as main stream consumers' sense to feel such safety has been sharpened and advanced.

USDA Japan released the following reports in October 2022 relevant to the US food and beverage export to Japan:

[Japan: Japan Accepts NOAA Catch Document for Seafood Vulnerable to Illegal Fishing](#)

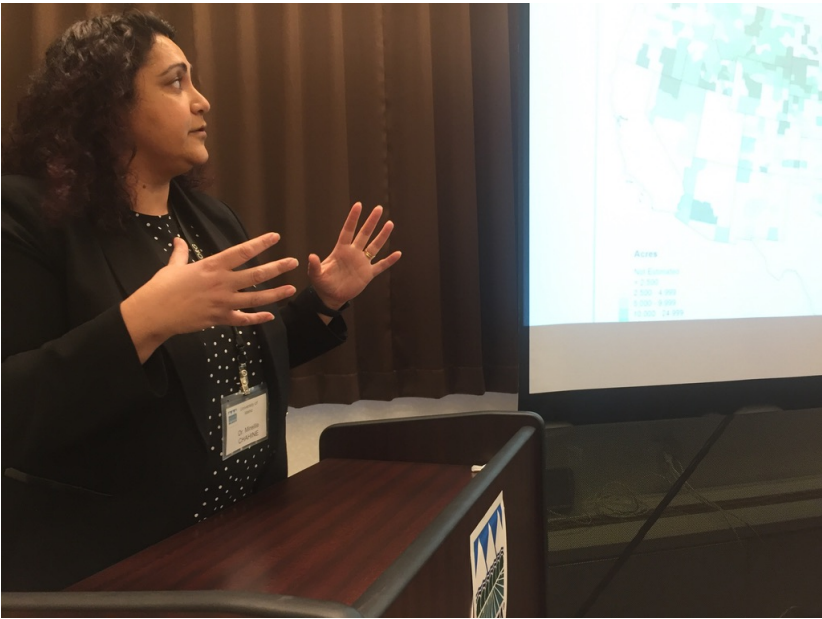
Japan will require importers of U.S. products containing mackerel, Pacific saury, sardine, squid and cuttlefish to submit a newly approved Catch Certificate issued by the National Oceanic and Atmospheric Administration

(NOAA). The requirement extends to all seafood originating from these species if the marine product is harvested after November 30, 2022.

Japan: Forage Market Update

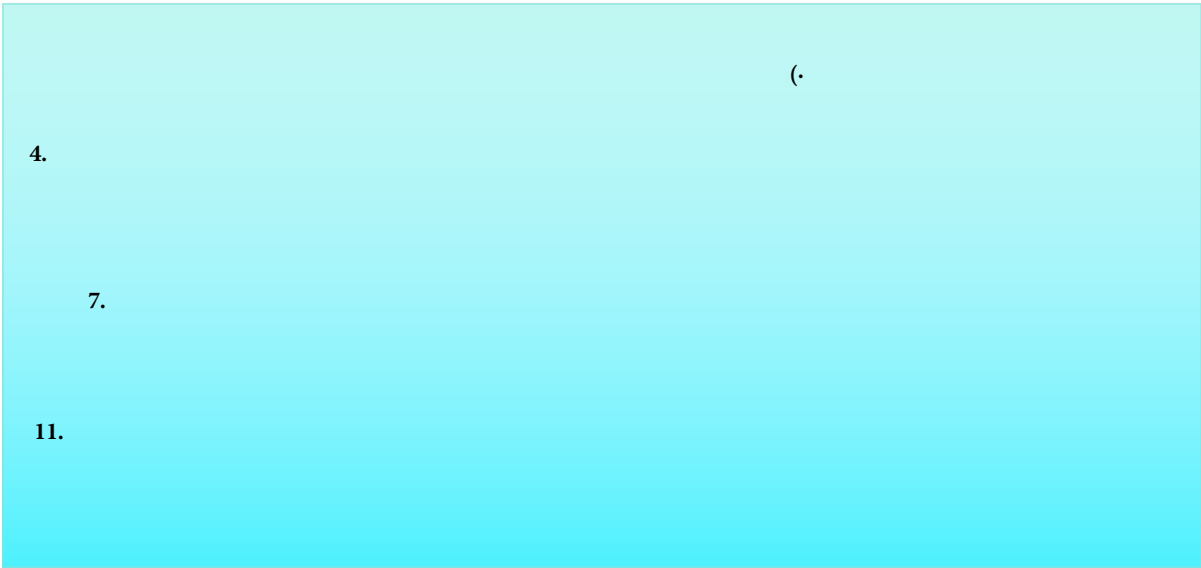
Japan imports approximately 2.6 million metric tons of forage annually, primarily from the United States, Australia, China, and Canada. Japanese importers have diversified suppliers and sought new products to help meet challenges posed by surging international prices and ongoing logistical challenges. The Ministry of Agriculture, Forestry and Fisheries is encouraging increased domestic forage production with support payments but a limited labor supply constrains production. FAS/Japan forecasts forage demand to remain stable in the near term, reflecting stable cattle production. Japanese beef cattle producers continue to seek new rice straw suppliers to ensure a predictable and steady supply. China is currently the sole foreign supplier of rice straw with market access.





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11月5日 (sat)
 福祉キャンパスくすの木学園開校の、
 ほろじ茶とコーヒーをブレンドした新商品『ほろひー』を
 土曜のみ限定発売！！

11月6日 (sun)
 富士市立高校とグランド富士が共同出展で
 富士でしか食べられない給食デザート『サイダーかん』を
 日曜のみ限定発売！！

【カリフォルニア・アーモンド協会】
 特典内容
 SNSフォローで
 Californiaアーモンドプレゼント

【カリフォルニアワイン協会】
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