



JAPAN - NEWS SCAN

Japanese Regional Supermarkets Profiting in Time of Economic Troubles – 2009/03

During the current economic troubles, Japanese stock investors are putting their money where they see the most stability: on domestically focused corporations, particularly regional supermarket chains, rather than export-oriented companies. Japanese regional supermarkets are continuing to see stable profits when other companies, especially their national and urban competitors, are experiencing significant difficulties.

“It appears that regional supermarkets have a couple advantages over their national and urban rivals: they effectively procure local vegetables and other fresh foods, and are familiar with the preferences of the population.” As well, national and urban supermarkets have higher rent and payroll costs compared to regional supermarkets.

Japanese households with salaried employees spent the same on food expenditures in 2008 as they did in 2005 (according to a survey conducted by the Japanese Ministry of Internal Affairs and Communications). However, spending on items such as clothing, household goods and other products has definitely decreased. Therefore, it seems that the Japanese public is watching their spending on luxury/unnecessary items but is generally spending the same on food products.

This is very encouraging for Alberta agri-food companies looking at business opportunities in the Japanese market. Imports are very attractive to Japanese buyers as the strong yen makes imports cheaper than better. Even with the Japanese government’s efforts to promote the consumption of domestic agri-food products, Japan still relies on 60% of food imports to meet the population’s needs. For small and medium sized enterprises, developing business relations with distributors/wholesalers that cater to regional supermarkets would be one suggested avenue in pursuing the Japanese market.

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