

JAPAN'S GROWING HEALTH-FOOD MARKET

Japanese like to think of themselves as being more health-conscious, particularly with regard to their food intake, than most other people, and in many ways they are correct. Life spans are longer in Japan than anywhere else in the world arguably because of the way people eat. That sort of diet consciousness is spreading globally and the Japanese have even created their own catchphrases. 'Metabolic syndrome', or 'Metabo' as it is better known in Japan, has become a buzzword, referring to lifestyle related conditions including cholesterol levels, diabetes, blood pressure, obesity, and aging. The result is a growing market for health foods in Japan that is being tapped by both local and foreign companies. This is creating business opportunities galore.

It all started back in the 1990s when Japan systematized its "Food for Specified Health Use (FOSHU)" and "self-medication" programs that urged people to manage their own health through dietary practices. Since then, as the population continued to age, these messages gained even greater traction. But in 2005 Japan's government eased regulations on food for specified health use, which has blurred the possibilities of growth for the health food market.

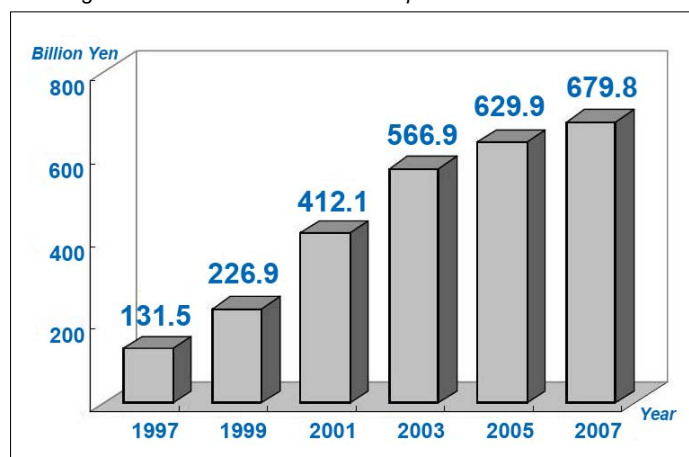
Consumer health conscious has greatly changed in terms of food for specified health use. Responses to the survey Japan Health Food & Nutrition Food Association, conducted in the end of November 2007, and are targeted government-approved 743 products, showed that in the beginning this market was centered on intestinal regulation. Now research and development has focused on blood pressure, teeth related, blood sugar level, and cholesterol. The market is expanding for these reasons. Lately the terms neutral fat related products are spreading. Food for specified health use for neutral fat and body fat related market in 2007 has grown by 72.5 billion yen compared to two years ago.

Other areas are showing strong numbers as well. In regards to blood pressure, the growth levels have been steady since the year 2005; market share has grown to 25 billion yen. Cholesterol related health food market share has grown to 23 billion yen. The main products in this area are cooking oil and salad related condiments. Teeth related products, especially gum since the display license was granted in 2003 has shown startling growth which still continues today.

PROMISING MARKET FOR HEALTH FOOD COMPANY

"Factors underlying the growth of neutral fat and body fat related market are, from April 2008, starting health guidance for 'Metabolic syndrome', the name for a group of risk factors linked to overweight and obesity that increase the chance for heart disease and other health problems such as diabetes and stroke," says Toshiaki Kitsukawa, Director of Foods for Specified Health Uses Department and Nutrition Food Department, Japan Health Food & Nutrition Food Association. And also "'Metabolic syndrome' is not hard to understand themselves for people with these symptoms. That leads to enhance purchasing power for neutral fat and body fat related market".

Market growth of Health food market in Japan



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Japan Health Food & Nutrition Food Association is a government approved health-promoting organization that promotes the nutritional supplements and functional foods in Japan. Kitsukawa continued that this growth rate of health food market in Japan will continue strong though other food product markets grow at a sluggish pace. “There is low birthrate and longevity behind it. With rising concern about health supported by aging of society, positive effect, which is backed by in-depth data and feedback from a customer, became widespread. Everyone will be increasingly apt to mind Blood sugar level, blood pressure, and cholesterol, and these related markets have growth potential for near future,” Kitsukawa predicts.



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By looking at these numbers we can tell that Japan’s health food market is supported by consumers with high health conscious. The falling birthrates and aging population will only add to the growth. Looking at the population aging rate of advanced nations, Japan was ranked last until the 1980s. During the 1990s Japan ranked in the middle, and now in the 21st century, Japan has one of the highest levels. No other country in the world has experienced an aged society like Japan’s.

Regards to the speed of an aging society, the rate it takes once at 7% to double to 14% depends on many factors. In France it took 115 years, Sweden 85 years, and Germany with a short 40 years, while England is at 47 years. Japan reached the 7% mark in 1970 and in 24 years doubled that number. There is no other example of this type of speed.

From white paper on aging society of this year conducted by the Cabinet Office, among the factors driving growth in this market are concerns about such “lifestyle diseases” as high triglycerides, bone and joint problems, and digestive distress.

In addition, the reference of FOSHU is readjusted successively through cooperation with the framework of The Codex Alimentarius Commission which was created in 1963 by FAO and WHO to develop food standards, guidelines and related texts such as codes of practice under the Joint FAO/WHO Food Standards Program. FOSHU has permitted reduction of disease risk claim since its revision in 2005, and is on the improvement to ‘standardized FOSHU’ that leads to quick and precise implementation of examination for proven product to approve them as a food for specified health use for marketing.

Because of these situations, Kitsukawa hopes it to become more

activated market, and expects that health food market in Japan is open for all companies including foreigner. Also domestic companies can distribute their distinguished materials to the people of the world. And desired trait of successful business is “insight into the needs of the consumers, with preparing efficacy of product and align data to support it,” he stressed.

The market has expanding opportunity and hidden potential for all companies. Japanese companies have introduced much kind of products. Since 2003, Kao Corporation has introduced Healthya® Green Tea and Water series, which has been supported by people who are concerned about body fat and has contributed to the expansion of the functional beverages market in Japan, reflecting a growing awareness of the importance of obesity control in preventing lifestyle-related disease.

Calpis Co., Ltd. has also introduced AMEAL S, which has led the market since its launch in 1997, largely due to its beneficial effects on blood pressure. They are not the only ones to exploit these trends; foreigners are also jumping in.

R&D AS KEY

One of the most prominent is Ajinomoto General Foods, Inc. (AGF), a 50/50 per cent joint venture launched in 1973 between Japan’s monosodium glutamate giant Ajinomoto and General Foods, one of the biggest coffee marketers in the U.S. and now owned by Kraft Foods. By late 1960 General Foods, which had originally established a plant in Hyogo prefecture in 1954, started selling one of the first instant coffees in Japan — Maxwell. In 1980 it set up an R&D center in Mie prefecture. After the 1973 tie-up the joint venture introduced new kinds of coffee, powdered instant tea, and non-dairy creamer to the Japanese market. Brands include Maxim, Blendy, and Marim. AGF now claims to be Japan’s biggest full-line coffee maker, with 690 employees and a vibrant R&D center.

Indeed, the latter is key to AGF’s prominence in Japan’s market for healthy foods. Since 2005 the company has introduced such coffee-based products as an oligosaccharide series of coffees that purport to improve the functions of the intestinal system and a related government-approved coffee that claims to reduce body fat. It is the first coffee producer to receive such Japanese government approval.



AGF <Blendy> oligosaccharide series

Functional ingredients are big business in Japan, where consumers are uniquely well informed about their benefits. Instant coffees, including coffee-mix product, contain a diverse range of functional ingredients, such as calcium, black soybeans, polyphenols, or oligosaccharides and new product variations are continually entering the market. The top-ranking product is

AGF's Blendy Oligosaccharide designed to benefit intestinal health. The product was the first coffee product achieving the certificate of Foods for Specified Health Use launched in March 2005.

“Traditionally, people have said that coffee isn't good for the stomach and sleep,” says Shinsuke Katayama, executive vice president of AGF. “But our R&D team here and in the U.K. said ‘let's think out of the box.’” Katayama says AGF R&D discovered that oligosaccharide, extracted from coffee by a technology developed at Kraft' R&D, could improve intestinal condition and inhibit fat absorption. The basic technology was developed by



Shinsuke Katayama, Executive Vice President and Representative Director of Ajinomoto General Foods, Inc.

Kraft's Banbury lab in the U.K. but improved upon by AGF's R&D center in Tokyo. “Health-product market in Japan is wide and deep, customers tend to be health-conscious and know well about efficacy of products. That leads us to find out something new.”

JAPANESE MARKET, AS A WINDOW TO INNOVATION

From here on out AGF will continue searching for more healthy products, Katayama vows. On deck are zero-sugar canned and bottled coffees and oligosaccharide-related products having other functionalities. “We are 100 per cent committed to health, wellness, safety, and truthfulness,” he stresses. What is more, he stresses, “Japan is a window to innovation for Kraft in terms of new products and packaging.” He is especially proud of bottles labels that are easy to peel off to help Japanese meet their country's rigorous recycling rules.

As the Japanese health food market expands, what will be demanded of domestic and foreign corporations is health food development that is supported by science and that the consumers will require. When consumers decide on health foods they will prefer that “there is some sort of effect”. Like Healthya (Kao Corporation), AMEAL S (Calpis Co., Ltd.), the products chosen by the consumer are the ones that have been evaluated as having an effect on health.

For this reason, not to mention the obvious, food makers will focus on “searching for ingredients that have excellent functions” and “evaluation standards that will confirm the effects” when moving towards research and development strategies.

Among the companies, AGF takes the high health conscious and the advanced technology of Japan as a merit for a research and development base and continue research daily. By using their global network to show their research and development results they can use their feed back at a global stage which will assist in

product development. This will also support providing the domestic Japanese market with ingredients that have high effects and lead to growth in the overall market.



AGF's R&D center

In a similar way, Calpis Co., Ltd. has researched on Calpis Cultured Milk and generated a wealth of advanced scientific knowledge and data, which drives the development of new microorganism technologies and technical know-how, including their work on FOSHU products for lifestyle-related diseases. AMEAL S was developed by research into the Calpis Cultured Milk in Japanese market. And ‘ameal bp’, a dietary supplement and the offshoot of their research that helps maintain healthy blood pressure, now is sold in U.S. market. They will continue to develop this brand as one of the company's flagship products.

Yakult Honsha Co., Ltd. also has continued to research and develop new product and technology. Since 1955, Yakult Central Institute for Microbiological Research, through its commitment to discovery and the promotion of a healthful life style, has for years researched the use of intestinal bacteria as a factor in health maintenance, conducting a wide range of studies on the benefits of microorganisms.

In order to answer these various consumer needs, many domestic and foreign corporations are providing product development in the health food market and will continue to do so for this market that is sure to keep growing. They will develop products that will be chosen by the consumers, and corporations that have been chosen will gather in this market. And the companies, which live well in Japanese expanding ‘healthy’ market, will answer the biggest call of consumers that “they want to live long and healthy lives”.