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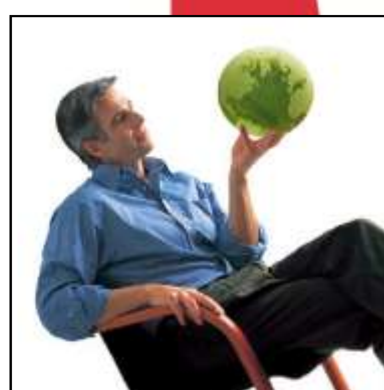
International Markets Bureau

MARKET INDICATOR REPORT | MAY 2012

Consumer Trends

Honey and Maple Syrup in Japan



Growing Forward

Canada

EXECUTIVE SUMMARY

Japan was the second-largest importer of Canadian maple syrup in 2011 after the United States (U.S.), importing 2.8 million kilograms of maple syrup, worth C$24.3 million. Canada has been Japan's top supplier of maple syrup since 2005. Japan has been Canada's top importer of maple sugar since 2008, importing 141,284 kilograms in 2011.

In 2011, Japan was also the second-largest importer of natural Canadian honey (after the U.S.), with an import value of C$7.8 million. Retail sales of honey in Japan reached over US$485.4 million in 2011, and are predicted to reach US$492 million by 2016.

Less than ideal economic conditions in Japan, combined with the earthquake and tsunami that struck the country in 2011, adversely affected consumer confidence throughout the year. Consumers cut back on unnecessary expenditures, such as impulse and indulgence products. The Bank of Japan has, however, indicated that consumer spending for 2012 thus far has been "unexpectedly robust." Japan's Trade Ministry confirmed that retail sales rose by 2.5% in December 2011, which is the largest increase since August 2010. Furthermore, Japan's retail figures showed that food and clothing were among the items that led to higher retail sales in December.

Health consciousness among Japanese consumers has grown, and healthy living campaigns launched by the Japanese government, coupled with the aging of the Japanese population as a whole, mean that this trend is likely to continue in the short to medium term. As a result, convenient and tasty packaged food under the health and wellness umbrella is increasing in popularity. The naturally occurring, health-boosting compounds found in both maple syrup and honey make these products especially attractive.

We can also expect to see more sweet and savoury snacks that address the Japanese consumers' need for indulgence, while still being healthy. In addition, more offerings under private labels will be available in an effort to compete with branded products. Consumers of spreads may turn to premium spreads, if they are positioned as organic/natural or with no artificial sugar added. Expect to see product innovation turn in this direction to better align with consumer demand.

INSIDE THIS ISSUE

DID YOU KNOW?

- Since 2008, Canada has seen a sharp increase in exports of natural honey into Japan, with export values more than doubling by 2011.

- Canada supplies Japan with 99% of its maple sugar and maple syrup.

CONSUMER TRENDS

Japan has recently begun to experience unprecedented income disparity caused by two main drivers: the aging population and the explosion of temporary and part-time workers in the country. Most older Japanese citizens are living on reduced incomes, while temporary and part-time workers are earning much lower salaries than their full-time colleagues. This is causing a growing divide between the rich and poor, splitting the consumer market into 'first class' and 'economy' sectors.

While high-end specialists are expected to continue offering premium products for those who can afford them, supermarkets are expected to respond to the growing number of cost-conscious consumers by introducing cheaper imported products and increasing their private label offerings. Younger consumers are less brand-conscious than older consumers, which is supporting this shift toward private label. Private label foods are not seen as cheap alternatives, but rather as quality ranges offered at a competitive price, due in part to educational marketing strategies that expound the quality of the products. In 2010, the largest single age category in Japan was middle-aged adults (aged 40 to 65), who accounted for 33.7% of the total population, making them a major consumer group. The consumers at the younger end of the demographic range tend to seek products and services that help them enjoy life more, such as entertainment and luxury items, while those at the older end of the spectrum are looking for goods that make them feel better and look younger. An overarching focus on health is driving the demand for health and wellness products, a trend that is expected to continue.

According to the World Organic Food and Beverage report, Japan led Asia in 2010 in the consumption of organic food and drink, with a 54% share of the region's total organic market. This trend is expected to continue, as health and wellness products grow in popularity and as the price of organic food and drink declines.

Impulse and indulgence products saw an overall decrease in value sales in 2011, as consumers cut back on unnecessary spending. In terms of categories, sweet and savoury snacks, the largest category in Japan's impulse and indulgence market by value, was the only one to record growth from 2010 to 2011, posting gains in both value (1.3%) and volume (0.9%) terms. Biscuits saw the largest value decline in 2011 at -3%, followed by cakes (-2.5%) and confectionery (-2.4%). Ice cream and biscuits saw the largest volume declines from 2010 to 2011, at -4% and -3%, respectively. However, as consumer confidence returns, impulse and indulgence products are forecast to increase by 2% in constant value by 2016. Domestic manufacturers led the production of impulse and indulgence products in Japan in 2011.

Japanese consumers tend to prefer branded indulgence products over private label, as they are perceived to be of higher quality. Sweet and savoury snacks were purchased predominantly through the grocery retailer format, followed by supermarkets/hypermarkets. Women in particular tended to buy sweets occasionally as a treat or as a reward on special occasions. Female consumers are gaining in importance in Japan as they become more financially independent and career-focused. In response, domestic marketers are striving to target ad campaigns to this demographic.

Japan Today published an article in January, 2012, describing a new food fad in the country: B-grade cuisine. B-grade cuisine is the antithesis to traditional fine dining. It is usually regionally based and tends to feature simple ingredients chosen because they taste good, sometimes in unusual combinations. These dishes are tasty and cheap and have become so popular that there are many restaurants offering samples of the best of B-grade food from across Japan. One very popular dish is *Shiro-noir*, a warm Danish pastry, topped with whipped ice cream and covered in maple syrup. This treat can be found at Japan's Nagoya coffeehouse chain.

Awareness and usage of functional foods is significant in the Asia-Pacific region. Several functional foods form part of the average diet in this region. For a consumer to adopt or increase their use of a functional food, they need to be able to identify and validate the health benefits of that product. The natural origin and limited processing of both maple syrup and honey could place both products in the functional food category, if promoted as a substitute for traditional sugar and sweeteners.

CONSUMER TRENDS (continued)

Packaging and presentation are also very important to the Japanese consumer. Small packages are preferred. Many domestic alcoholic beverage manufacturers, for example, have been capitalizing on this trend. Bottles of wine can be purchased in sizes ranging from 50 ml to 375 ml. Veuve Clicquot experienced skyrocketing sales in Japan by simply adding attractive packaging, such as a colour-coordinated box, wrapping paper, ribbon and a signature shopping bag. Without attractive packaging, these beverages are seen as bland.

Many Japanese buy Canadian maple syrup, not only for their own consumption, but also as a gift; the combination of gift-friendly presentation and smaller bottles may be beneficial in an already popular Japanese maple syrup market.

Japan – Urban Population by City

Region	City	Urban Population (millions)
Kanto	Tokyo	8.8
Kanto	Yokohama	3.7
Kansai	Osaka	2.6
Chubu	Nagoya	2.2
Hokkaido	Sapporo	1.9
Kansai	Kobe	1.5
Kansai	Kyoto	1.5
Kyushu	Fukuoka	1.4
Kanto	Kawasaki	1.4
Chugoku	Hiroshima	1.2

Tokyo, Japan. ***Source:*** *Shutterstock.*

Japan – Consumer Expenditure on Food and Non-Alcoholic Beverages by Region – US$ millions

Region	2006	2007	2008	2009	2010	2011
Chubu	63,451.1	64,962.8	72,620.8	80,179.7	83,278.3	90,250.1
Chugoku	20,274.0	20,343.9	23,079.0	25,340.8	26,173.2	28,206.5
Hokkaido	14,545.1	15,044.1	16,745.9	18,336.4	18,887.1	20,303.3
Kanto	118,555.5	118,795.7	133,497.9	147,804.9	153,953.5	167,323.1
Kansai	66,127.0	65,844.1	76,253.4	84,025.9	87,096.5	94,227.4
Kyushu	33,482.0	33,079.6	37,439.3	41,083.5	42,418.1	45,718.4
Okinawa	2,637.0	2,628.7	2,948.7	3,269.7	3,412.5	3,718.4
Shikoku	10,421.8	10,792.3	12,585.1	13,792.0	14,217.8	15,292.1
Tohoku	23,097.0	24,390.4	26,710.5	29,233.1	30,094.7	32,327.5
Total	**352,590.6**	**355,881.5**	**401,880.6**	**443,065.9**	**459,531.6**	**497,366.8**

Japan – Consumer Expenditure on Food and Non-Alcoholic Beverages by Region – US$ per Household

Region	2006	2007	2008	2009	2010	2011
Hokkaido	6,121.3	6,318.1	7,025.4	7,691.4	7,925.9	8,529.6
Kyushu	6,509.3	6,409.1	7,232.8	7,917.8	8,158.9	8,780.3
Okinawa	5,329.1	5,231.4	5,784.1	6,327.4	6,517.2	7,013.5
Shikoku	6,587.8	6,807.3	7,927.8	8,683.2	8,950.8	9,632.6
Tohoku	6,924.3	7,306.2	8,001.4	8,763.4	9,033.2	9,721.3
Kanto	7,340.1	7,273.6	8,085.3	8,857.9	9,132.5	9,828.1
Kansai	7,448.5	7,367.3	8,476.8	9,283.2	9,568.3	10,297.1
Chubu	7,418.8	7,531.0	8,350.2	9,147.8	9,431.2	10,149.5
Average	**7,131.8**	**7,146.1**	**8,014.5**	**8,779.1**	**9,050.6**	**9,740.8**

Source for all: *Euromonitor International, 2012.*

RETAIL TRENDS

In 2011, the Japanese population preferred to purchase spreads (including honey) from grocery retailers, which accounted for 83% of total spread sales, followed by supermarkets/hypermarkets.

Major grocery chains in Japan have responded to consumer demands for better value for money by cutting prices and expanding private label offerings. To achieve this, both the Ito Yokado and Seiyu chains are utilizing economies of scale and global supply reach to guarantee lower pricing.

In Japan, there is no equivalent to the European discounter format. The typical consumer of low-cost items in Japan often shops in variety stores and 'Gyomu' supermarkets (supermarkets that sell foodservice-oriented products to retail customers). Due to the well-established variety store format, there is very limited penetration of hypermarkets or forecourt retailers in Japan. The Retail Law introduced in Japan in 2000 also restricted larger retail outlets.

Convenience retail is well established in Japan, enjoying four decades of value sales growth, largely due to their easily accessible locations and ample parking. However, this trend changed in 2010, when value sales declined by 1%. This dip was attributed to a decrease in consumption. To counter this decline, convenience stores have implemented discount pricing and adopted a wider range of private label offerings. The Japan Franchise Association reported that both Aeon Co. and the convenience store chain Lawson Inc. posted record operating profits for the nine months ending November 30, 2011.

While international retail chains have a limited presence in Japan, Seiyu Ltd., a Wal-Mart-owned company, has greatly influenced retailing in Japan. The introduction of private label by Seiyu, combined with the offering of non-grocery items, were the key influences driving other domestic players.

Small grocery retailers are being squeezed out of the market by larger chains in Japan, as modern consumers continue to move toward one-stop shopping. This struggle with chained retailers is forecast to continue into the future. The country's older consumers, who often shop in the more traditional outlets, are declining in number, while the large baby boom generation prefers more modern retail formats, a trend that is expected to continue. It is therefore expected that this grocery channel will weaken in the long term.

Japan – Convenience Store Channel Data – 2011

Store	Grocery Banner Sales (US$)	Non-Grocery Banner Sales (US$)	Share (%) of Total Grocery Market	Number of Outlets	Sales Area (square feet)
AEON	3,728,463,049	880,009,912	0.9	2,102	3,393,861
Beisia	719,800,050	81,343,920	0.17	570	709,105
Family Mart	16,761,960,602	3,780,845,541	4.03	8,759	10,425,332
LAWSON	16,160,351,368	3,685,134,975	3.89	8,787	10,588,157
Seven & I	31,456,431,117	8,333,698,570	7.56	13,757	18,356,967
Tesco	25,145,748	513,703	0.01	8	21,528
Uny	11,023,546,359	2,676,571,175	2.65	6,350	7,412,029
Total	**79,875,698,293**	**19,438,117,795**	**19.21**	**40,333**	**50,906,97**

Source: *Planet Retail, Data Analysis, February 7, 2012.*

RETAIL TRENDS (continued)

Japan – Supermarkets Channel Data – 2011

Company	Grocery Banner Sales (US$)	Non-Grocery Banner Sales (US$)	Share (%) of Total Grocery Market	Number of Outlets
AEON	22,614,021,430	501,620,585	5.44	1,307
H2O Retailing	967,332,675	134,973,320	0.23	57
H2O Retailing*	252,877,516	16,826,927	0.06	25
Heiwado	870,020,188	17,773,650	0.21	61
Inagaya	2,082,383,363	42,541,029	0.5	130
Isetan Mitsukoshi	526,854,745	76,682,198	0.13	20
Izumi	166,517,295	24,236,115	0.04	14
Isumiya	773,627,641	31,956,794	0.19	53
J. Front Retailing	1,290,109,706	187,771,770	0.31	85
Life*	5,844,945,245	585,781,957	1.41	225
Okuwa	2,925,527,152	59,765,621	0.7	144
Seven & I	1,913,668,620	39,094,354	0.46	90
Tesco	632,490,619	12,921,157	0.15	58
Uny	137,170,467	2,802,257	0.03	10
Valor	2,854,453,410	415,457,513	0.69	212
Calmart	931,340,356	135,553,920	0.22	79
Zen Nisshoku	3,861,276,725	78,882,058	0.93	1,782

***Note:** *Indicated companies also include ‘Neighbourhood Store’ format.*
Source: *Planet Retail, Data Analysis, February 7, 2012.*

MAPLE SYRUP

Canadian maple syrup is often seen as an “organic,” “additive-free,” or “natural” product. This, combined with consumers’ desire to incorporate more of these food products into their diet, makes maple syrup a popular product in Japan.

Japanese consumers are very loyal to Canadian-branded maple syrup. These discerning consumers appreciate the differentiating characteristics embodied by each type of maple syrup, from lighter grade varieties, to those that are darker in colour.

In Japan, honey and maple syrup are preferred by natural-food lovers and by users of Eastern medicine. Both products can be used to sweeten traditional Japanese medicine when it is too bitter. In these cases, both honey and maple syrup are favoured over sugar, because they are more easily digested.

Canadian Trade Performance

Canada's Top 10 Export Markets for Maple Sugar by Value – C$

Rank	Partner Country	2006	2007	2008	2009	2010	2011
	World	3,087,928	4,094,745	6,074,671	4,806,516	4,679,425	4,021,785
1	Japan	1,376,339	2,445,589	3,706,772	1,993,831	2,434,204	2,201,731
2	United States	1,002,572	791,674	592,004	514,718	446,978	653,125
3	Germany	26,737	131,521	77,394	111,121	796,075	464,554
4	United Kingdom	896	120,695	124,989	137,042	33,989	169,075
5	Australia	49,700	80,554	1,795	756	52,313	153,603
6	France	272,886	268,040	150,351	638,239	81,212	95,730
7	Netherlands Antilles	80,495	0	0	0	0	78,491
8	Taiwan	15,719	64,921	50,727	57,359	24,429	69,669
9	Switzerland	183,916	34,056	24,357	8,186	135,880	60,522
10	Denmark	23,112	118,175	1,265,690	1,311,745	620,808	28,170

Canada's Top 10 Export Markets for Maple Sugar by Volume – KG

Rank	Partner Country	2006	2007	2008	2009	2010	2011
	World	382,020	491,831	428,478	399,137	347,913	299,990
1	Japan	131,368	131,368	243,113	218,750	115,037	141,284
2	United States	167,317	167,317	109,136	62,631	57,868	43,809
3	Germany	5,563	5,563	26,194	10,207	14,199	51,157
4	United Kingdom	123	123	19,355	11,952	15,405	2,309
5	Australia	4,129	4,129	16,025	99	50	3,487
6	Netherlands Antilles	10,037	10,037	0	0	0	0
7	France	37,052	37,052	28,753	13,318	61,465	4,461
8	Taiwan	1,302	1,302	6,338	2,795	2,980	1,298
9	Spain	0	0	2,963	0	0	0
10	Switzerland	15,130	15,130	20,436	2,053	540	8,882

Canada's Top 10 Export Markets for Maple Syrup by Value – C$

Rank	Partner Country	2006	2007	2008	2009	2010	2011
	World	187,535,856	213,536,247	227,664,178	247,921,649	226,618,788	238,099,142
1	United States	136,148,326	152,309,660	155,437,126	167,352,950	142,546,482	150,300,017
2	Japan	17,652,601	18,307,223	20,905,665	19,675,220	25,658,705	24,330,184
3	Germany	10,984,524	15,743,403	15,400,713	16,303,810	15,428,669	17,220,459
4	United Kingdom	3,603,441	4,203,003	10,005,861	12,931,979	9,559,161	10,450,534
5	France	4,879,854	5,051,901	6,050,760	7,651,301	7,499,010	8,143,516
6	Australia	3,731,819	4,737,382	5,398,831	8,128,896	6,830,995	6,619,020
7	Korea, South	1,032,198	2,026,880	1,691,645	2,066,720	2,937,698	5,657,799
8	Denmark	2,136,990	2,371,541	2,344,185	2,945,921	3,509,272	4,017,346
9	Netherlands	1,662,410	1,880,788	1,750,634	2,130,572	2,230,490	1,908,449
10	Switzerland	1,809,746	2,111,789	2,234,033	2,107,518	2,605,827	1,871,045

Source for all: *Global Trade Atlas, 2012.*

MAPLE SYRUP (continued)

Canada's Top 10 Export Markets for Maple Syrup by Volume – KG

Rank	Partner Country	2006	2007	2008	2009	2010	2011
	World	35,640,309	40,181,283	33,798,625	33,774,082	32,229,261	33,274,914
1	United States	27,604,345	30,683,924	25,039,427	24,282,898	21,363,172	21,938,950
2	Japan	2,445,035	2,462,948	2,330,500	2,059,286	3,122,680	2,846,503
3	Germany	1,930,447	2,761,915	1,981,667	1,811,883	2,006,058	2,070,460
4	United Kingdom	542,747	605,707	1,177,756	1,662,079	1,356,252	1,503,417
5	France	852,883	879,884	737,272	851,424	933,186	1,068,619
6	Australia	517,389	704,482	768,150	1,106,751	970,883	1,055,541
7	Korea, South	148,699	285,445	186,678	220,964	315,104	665,592
8	Denmark	386,561	419,790	327,909	375,594	505,957	588,256
9	Switzerland	409,579	404,987	347,222	467,804	507,966	400,942
10	Netherlands	229,757	279,635	181,238	213,017	252,037	243,002

Japanese Import Statistics – Maple Sugar by Value – C$

Rank	Partner Country	2006	2007	2008	2009	2010	2011
	World	5,069,348	6,004,031	8,506,265	6,366,277	6,731,070	6,567,618
1	Canada	3,892,623	5,980,539	8,474,144	6,351,047	6,705,771	6,562,977
2	United States	1,176,725	23,492	32,121	15,230	7,299	4,641

Japanese Import Statistics – Maple Sugar by Volume – KG

Rank	Partner Country	2006	2007	2008	2009	2010	2011
	World	469,896	517,477	558,731	374,871	414,617	408,295
1	Canada	356,073	516,414	557,439	374,449	414,361	408,105
2	United States	113,823	1,063	1,292	422	256	190

Japanese Import Statistics – Maple Sugar by Unit Price – C$ per KG

Rank	Partner Country	2006	2007	2008	2009	2010	2011
	World	$10.79	$11.60	$15.22	$16.98	$16.19	$16.09
1	Canada	$10.93	$11.58	$15.20	$16.96	$16.18	$16.08
2	United States	$10.34	$22.10	$24.86	$36.09	$28.51	$24.43

***Source for all:** Global Trade Atlas, 2012.*

MAPLE SYRUP (continued)

Japanese Import Statistics – Maple Syrup by Value – C$

Rank	Partner Country	2006	2007	2008	2009	2010	2011
	World	18,952,682	20,298,,000	25,108,393	20,633,734	27,589,228	24,713,280
1	Canada	18,592,840	19,996,656	24,741,464	20,245,733	27,326,300	24,604,555
2	United States	359,842	301,344	366,929	388,002	262,298	105,807
3	United Kingdom	0	0	0	0	0	2,919

Japanese Import Statistics – Maple Syrup by Volume – KG

Rank	Partner Country	2006	2007	2008	2009	2010	2011
	World	2,167,913	2,271,464	2,317,132	1,808,385	2,599,791	2,327,362
1	Canada	2,130,873	2,250,006	2,291,601	1,786,826	2,582,958	2,319,629
2	United States	37,040	21,458	25,531	21,559	16,833	7,568
3	United Kingdom	0	0	0	0	0	165

Japanese Import Statistics – Maple Syrup by Unit Price – C$ per KG

Rank	Partner Country	2006	2007	2008	2009	2010	2011
	World	$8.74	$8.94	$10.84	$11.41	$10.61	$10.62
1	Canada	$8.73	$8.89	$10.80	$11.33	$10.58	$10.61
2	United States	$9.71	$14.04	$14.37	$18.00	$15.62	$13.98
3	United Kingdom	$0.00	$0.00	$0.00	$0.00	$0.00	$17.69

Source for all: *Global Trade Atlas, 2012.*

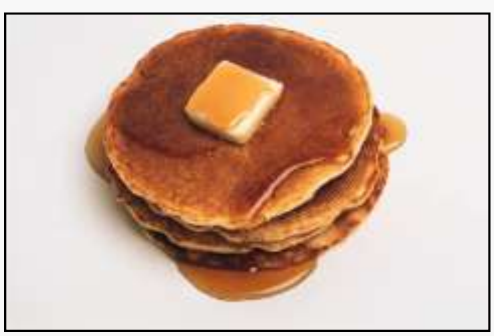
New Products

There have been 253 product variants containing maple syrup introduced to the Japanese market since 1997, with nearly 60% of these being introduced within the last five years.

For example, Baskin Robbins launched a new French toast ice cream flavour, available in its Japanese stores. It is a blend of maple syrup, cinnamon and nutmeg. The selling price of the single-serve cone is 230 yen (approximately C$2.96).

Morinaga's also launched pancakes flavoured with milk pudding, made with maple syrup and butter.

Source: *Datamonitor.*



MAPLE SYRUP (continued)

Launches of New Products Containing Maple Syrup in Japan – 2011

Category	Brand & Product Name	Manufacturer	Product Description	Packaging	US$
Bakery and Cereals	Oishii Pan Seikatsu Bread Roll - Maple Milk	Shikishima Baking	Private label bread roll.	plastic wrapper	1.42
Bakery and Cereals	Shittori French Toast Noko Maple	Lawson Inc.	Private label.	plastic wrapper	1.62
Savoury Snacks	Seven Premium Popcorn Caramel Maple	Kikuya	Private label.	plastic pillow bag	1.29
Bakery and Cereals	Seven & I - Funwari Maple French Toast	Prime Delica	Private label.	plastic wrapper	1.91
Bakery and Cereals	Cisco's Atsu Atsu Sweets Fondant Chocolat Hot Cake	Nissin Cisco	Melting chocolate cake.	plastic tray with 6 microwaveable plastic wrappers	2.59
Bakery and Cereals	Asahi Balanceup Biscuit Maple	Asahi Food and Health Care	Rich in fibre, calcium, iron and 10 vitamins. Six cookies per pack.	plastic wrapper	1.29
Bakery and Cereals	Tohato - Churros Bar Maple Aji	Tohato	Stick type pastry snack.	47 g plastic wrapper	1.29
Bakery and Cereals; Frozen Food	Meiji - Funwari Ball Pancake - Maple Sugar Filling Iri	Meiji Dairies	Soft ball pancake with maple sugar filling.	120 g plastic bag	4.50
Bakery and Cereals	Oishii Pan Seikatsu Funwari Shiro Pan Maple & Margarine	Fuji Baking	Private label soft white bun with maple and margarine filling.	plastic wrapper	1.36
Sweet and Savoury Spreads	Sakura Jirushi - Cake Syrup	Kato Brothers Honey Co.	Made with maple syrup and honey.	150 g plastic squeeze bottle	n/a
Sweet and Savoury Spreads	Sakura Jirushi Honey Maple Cake Syrup	Kato Brothers Honey Co.	Made with maple syrup and honey.	160 g glass bottle	4.91
Ice Cream	Morinaga - Hot Cake Sandwich	Morinaga & Co.	A pancake sandwich with ice cream centre.	23 ml x 10 ices in plastic bag pack	n/a
Sugar Confectionery	Kanro - Sugar Stick Crunch Candy - Maple Butter Aji	Kanro	Made with a maple butter flavour.	70 g plastic bag	2.56
Bakery and Cereals	Sweets+ - Maple Nuts Cookie	Kagetsudo Co., Ltd.	Single cookie made with maple syrup, maple walnuts and almonds.	56 g plastic wrapper	1.36
Ice Cream	Meiji Essel Super Cup Lactic Ice - Maple Cookie	Meiji Dairies	Contains less than 3% milk fat, as well as maple sugar and cocoa-flavoured cookies.	200 ml paperboard cup	1.63

Source: *Datamonitor, 2012.*

HONEY

According to a Mintel report on sweet and savoury spreads (October 2011), "opportunity exists for developing and positioning honey-based spreads as all natural, HFCS-free [high fructose corn syrup-free] options that cater to consumers' need for small affordable indulgences."

In the Asia-Pacific region, Japan is second only to China in its honey consumption, and experienced the third-highest market value growth from 2006 to 2011.

Datamonitor indicates that honey led all other sub-sectors in the Japanese spreads industry in 2011, with sales of US$485 million. Kato Brothers was the market leader.

Japan ranks third in the world for honey imports, behind the United States and Germany, with a value of C$116 million in 2011.

An example of honey's popularity in Japan is seen in Danone's Bio yogurt product line. The most popular combined flavourings were wild blueberry and strawberry (first), fig (second), and honey apple (third). The combination of the aroma of honey and the crisp texture of apple is thought to be a popular breakfast combination among Japanese consumers. Danone has also been promoting the health benefits of yogurt to achieve product success.

The spreads industry in Japan has been adversely affected by lower consumer spending habits, with sales declining by 4% in 2011. In 2012, the trend of trading down to private label food products is expected to affect the spreads industry, spurring a fall in unit prices.

The Japanese are becoming increasingly aware of the value of incorporating naturally healthy (NH) foods into their diet. Even though the economic recession had a negative impact on some NH food categories, Japanese consumers have nevertheless continued to purchase naturally healthy products. The value of this category grew by 1% in 2010, reaching US$335 billion.

Domestic player, Kato Bros Honey Co. Ltd. led the spreads segment in 2010, with a 17% value share. Kato has been a consistent leader in product innovation; for example, it launched a Café Honey, which promotes the use of honey in place of sugar. The competitive landscape of NH honey is consolidated, with Kato Bros Honey Co. Ltd. and Nippon Hachimitsu Co. Ltd. owning a combined market share of 47% in retail value sales in 2010. International brands remained weak, due to their premium price points, as Japanese consumers were unwilling to spend on products they perceived as unnecessary.

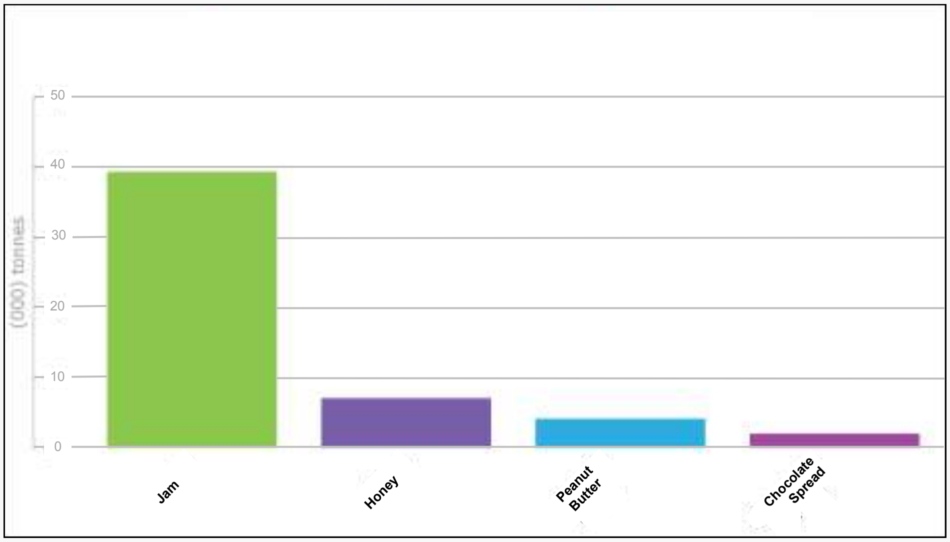
Honey is expected to see the smallest decline in value sales of any product in the spread category over the next few years, as Japanese consumer awareness of its health benefits and wide range of uses grows.

Japan - Honey Market - Historic/Forecast

	2006	2011	2016
Retail Value *(US$ millions - current prices, fixed 2011 exchange rate)*	484.3	485.4	492
Retail Volume *('000 tonnes)*	33.8	34.2	33.2

Source: *Euromonitor International, 2012.*

Japan – Sales of Sweet Spreads by Segment
Volume in '000 tonnes – 2009



Source: *Mintel, 2012.*

Canadian Trade Performance

In 2010, the United States was Canada's biggest importer of honey, followed by Japan. Canada has seen a sharp increase in its exports of natural honey to Japan since 2008, with export value increasing over 500% from 2007 to 2008. In 2011, however, Canada's export of natural honey to Japan dropped in value by more than 20% compared to 2010 figures. A further analysis shows that the total quantity of honey Canada exported to Japan in 2011 fell by more than 30% from 2010 figures.

Gourmet Canadiana Cheena is a major importer and distributor of Canadian products in Japan, such as smoked salmon and maple syrup. Ng Wah International Development Ltd. also imports and distributes a wide variety of Canadian foods.

Canada's Top 10 Export Markets for Natural Honey by Value – C$

Rank	Partner Country	2006	2007	2008	2009	2010	2011
	World	33,381,062	38,787,627	70,934,458	47,829,402	57,834,308	38,997,534
1	United States	28,976,395	33,036,701	55,359,935	33,691,789	41,616,573	28,004,530
2	Japan	784,668	975,265	5,127,445	6,714,312	9,848,183	7,860,065
3	China	31,201	587,811	554,654	1,530,989	1,126,516	972,818
4	United Kingdom	170,410	97,326	758,683	571,813	417,331	491,566
5	Germany	1,948,789	1,712,498	2,430,474	1,914,990	2,669,229	450,661
6	Hong Kong	8,352	20,774	105,665	84,702	215,348	367,799
7	France	434,378	200,187	255,889	341,638	267,623	262,207
8	Australia	0	971,516	4,814,469	2,259,844	230,247	154,119
9	India	53,464	0	40,841	30,141	0	104,447
10	Barbados	159,371	135,184	204,624	87,404	134,755	68,759

Source: *Global Trade Atlas, 2012.*

HONEY (continued)

Canada's Top 10 Export Markets for Natural Honey by Volume – KG

Rank	Partner Country	2006	2007	2008	2009	2010	2011
	World	13,593,991	16,762,766	22,640,023	12,162,019	15,145,337	9,567,936
1	United States	11,765,526	14,154,771	17,401,216	8,466,900	11,178,117	7,233,027
2	Japan	354,929	434,055	1,616,402	1,692,286	2,440,219	1,703,110
3	China	9,475	423,578	133,912	456,944	215,649	191,261
4	Germany	926,526	804,034	972,302	584,853	749,389	120,221
5	United Kingdom	68,356	40,950	265,965	141,888	93,862	79,346
6	France	148,595	58,501	77,481	72,602	59,368	56,869
7	Hong Kong	2,318	8,401	22,937	17,278	23,274	47,066
8	Australia	0	381,909	1,677,296	566,568	57,508	38,594
9	India	21,060	0	15,708	6,427	0	31,287
10	Jordan	100	0	0	600	18,600	17,550

Source: *Global Trade Atlas, 2012.*

Japan – Naturally Healthy Honey Retail Unit Prices – January 2011

Brand	Company	Outlet	Pack Size	Unit Price (Yen)	Unit Price (US$)
Meidi-Ya Junsui Hachimitsu	Meidi-Ya Co. Ltd.	Supermarket/ hypermarket	300 g	498	6.27
Renge-jirushi Hachimitsu	Nippon Hachimitsu Co. Ltd.	Direct Selling	150 g	298	3.75
Renge-jirushi Hachimitsu	Nippon Hachimitsu Co. Ltd.	Supermarket/ hypermarket	150 g	298	3.75
Sakura-jirushi Hachimitsu	Kato Bros Honey Co. Ltd.	Health & Beauty Retailer	250 g	365	4.60
Sakura-jirushi Hachimitsu	Kato Bros Honey Co. Ltd.	Supermarket/ hypermarket	250 g	384	4.84
Seven Premium Junsui Hachimitsu	Seven & I Holdings Co. Ltd.	Supermarket/ hypermarket	150 g	238	3.00
Top Value Junsui Hachimitsu	Aeon Co. Ltd.	Supermarket/ hypermarket	250 g	288	3.63

Source: *Euromonitor International, 2011.*
Note: *US$ figures were calculated from the Yen value using a 2010 fixed exchange rate.*

HONEY (continued)

Nutritional Value and Claims

In nutritional terms, honey contains many enzymes, anti-bacterial agents (such as hydrogen peroxide) and an impressive array of vitamins (especially B vitamins), as well as minerals and trace elements, albeit in fairly small quantities. Due to its high sugar content (80%), honey has also traditionally been used as a quick-fix energy booster.

Honey is also thought to offer antiseptic, antioxidant and cleansing properties to support the body and health. Rich in antioxidants, honey has been said to protect the heart, improve memory, reduce anxiety, and ease gastro-intestinal disorders (Prevention Magazine, 2003). Both the region of origin and variety of honey affect its healing qualities. There are over 23 common varieties, such as manuka, buckwheat, clover, acacia, alfalfa and wildflower.

In addition, honey is reputed to fight infection, aid in tissue healing and reduce inflammation and scarring. Honey can also be used topically to treat wounds, such as burns, ulcers, sores, and scars.

Honey has long been used by individuals suffering from bad breath, athletes foot, hair loss, sleep disorders, sore throats, colds, and even acne who look to this alternative medicine as a natural cure.

Source: *Mintel.*

New Products

Launches of New Products Containing Honey in Japan – 2011

Category	Brand	Product	Description	Pack Size	Pack Type	Price (US$)
Snack Food	Calbee	Happy Butter Potato Chips	Made with butter, parsley, honey (powder), and cream cheese.	111 g	Metallised Film Flexible	2.62
Prepared Soup	Pokka	Pumpkin Potage with Crispy Bread Pieces	Enhanced with honey.	3 x 25.8 g	Metallised Film Flexible	3.22
Snack Food	Beano	Yuzu and Pepper Bean Snacks	Flavoured with bonito and kombu seaweed and honey.	63 g	Metallised Film Flexible	1.64
Seasonings	S&B Motto Spice Shimasho	Honey Ginger	Granular seasoning made with domestic ginger and honey (powder).	15 g	Plastic PE Flexible Sachet	2.1
Boiled Sweets	Asahi	Lemon Candies	Candy made with acacia honey and lemon.	81 g	Plastic PP Flexible Sachet	2.32
Snack Food	Calbee Poterich (Private Label)	Plum and Kimchi Flavoured Potato Chips	Thick potato chips flavoured with plums, kimchi and honey (powder).	74 g	Metallised Film Flexible	2.07
Snack Food	Oyatsugoro	Chocolate Corn Snack (Honey)	Chocolate-soaked corn snack with a honey (powder) flavouring.	53 g	Metallised Film Flexible	1.26
Snack Food	Hogaraka Time	Baked Bread Snack	Bite-sized bread snack with a light sweet scent and mild butter flavour, made with honey (powder).	55 g	Plastic PP Flexible	1.18

Source: *Mintel, 2012.*

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