EU-Japan Centre
for Industrial Cooperation
日欧産業協力センター

OPPORTUNITIES FOR EU COMPANIES IN JAPAN'S ORGANIC FOOD & BEVERAGE MARKET

August 2020

Tokyoesque

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Contents

1. Glossary of Abbreviations

AOA - Aeon Organic Alliance

EPA - Economic Partnership Agreement

F&B - Food & Beverage

IFOAM - International Federation of Organic Agricultural Movements

JAS - Japan Agricultural Standard

Organic JAS – Organic Japan Agricultural Standard

JONA - Japan Organic and Natural Foods Association

MAFF - Ministry of Agriculture, Forestry and Fisheries

NPO – Non-profit Organisation

OCO – Organic Certification Organisation

USP – Unique Selling Point

2. Introduction

This report analyses the current trends and features of the organic food and beverage market in Japan. The Japanese organic food market is currently limited by various internal and structural barriers. These barriers include a lack of retail channels and producers as well as a lack of understanding among Japanese consumers of the true meaning behind 'organic'. However, the demand for healthy products from Japanese consumers and big players recently entering the market show that there is potential for growth. Furthermore, the Japanese organic agriculture is underdeveloped meaning that the domestic supply is limited. European companies can benefit from bilateral label recognition for organic items as well as preferential duty tariffs under specific conditions following a trade agreement signed between the EU and Japan.

Consumption of organic food is more prominent among the affluent consumer niche who have a higher spending power. European companies will then have a strong advantage, especially when we consider that domestically, there's not such a broad ecosystem in place, despite possessing a good amount of production knowledge.

Here, we employ a mix of desktop research from both English and Japanese sources, and give insights from one-to-one expert interviews conducted with representatives from companies and organisations involved with the organic food sector in Japan. This analysis provides useful information about how companies should market their products in Japan and outlines ways to best convince potential partners.

Questions investigated throughout the report are:

- What is the current state of the organic food market in Japan?
- How is the sector regulated?
- What is required to be labelled as 'organic'?
- Who are the current players in the market?
- How is organic food perceived by Japanese consumers?
- What are some possible ways to educate consumers?
- How can European producers enter the organic food market in Japan?
- What are the best market entry strategies?

Ultimately, this report serves as a guide for those operating or working within the organic food sector outside Japan. It seeks to bring together information on key trends and effective in-roads to the market, whilst highlighting the most attainable investment and partnership opportunities. The takeaway is need-to-know recommendations based on reliable secondary and primary research, all considered from an overarching cultural perspective.

3. Executive Summary

a. Key Characteristics of Japan's Organic F&B Industry

- ***Japan is a late adopter within the organic F&B space***

  There is significant potential for new growth, however, amid the country's ongoing globalisation.

- ***Strict criteria for organic certification can mean that the sector is complex to navigate***

  There are differences between what is considered as 'organic' across markets. For this reason, specialist assistance should be sought when looking to certify products as organic in Japan.

- ***There are many independent physical stores stocking organic items across Japan.***

  Despite this, major retailers and e-commerce platforms are most likely to hold the key to future growth.

b. Opportunities

- ***High demand for pre-packaged organic food from international suppliers***

  Foreign organic F&B goods are generally viewed favourably by Japanese consumers and are considered to be of premium quality. Stores like Bio c' Bon have brought many European brands in particular to the market.

- ***Artisan heritage resonates with consumers of organic***

  Linked with the idea of premiumness, Japanese consumers of organic F&B tend to enjoy the hand-reared artisan touch of many foreign brands.

- ***Emphasis on environmentally conscious items***

  More and more Japanese consumers are concerned with incorporating eco-friendly and sustainable goods into their lifestyles. This may have been largely triggered by the G20 Summit in Osaka 2019 as businesses and consumers alike have started to re-think their contribution towards Japan's sustainable development goals.

c. Challenges

- ***Ineffective distribution channels***

  Currently, the methods of distribution for organic F&B goods are not optimised to meet the growing demand from Japanese consumers. There have been exceptions to this, however, with key players like Bio c' Bon integrating a more direct route to market for global organic brands.

- ***Conflation of 'organic' with the 'health and wellbeing'***

  While the definition of 'organic' products is very specific and certification can only be applied when certain criteria are met, both 'natural' and 'organic' items tend to end up being associated with wellness as a general concept. On the one hand, this means that organic gets greater visibility, but on the other hand the benefits of organic don't necessarily get highlighted.

- ***Overall low consumer awareness around 'organic' as a concept***

  As organic brands operating in Japan promote a more widespread appreciation for organic F&B, this represents a key chance for further consumer education on the topic. Communicating information about the cultivation or manufacture of organic items increases both consumer awareness and trust.

d. Recommendations

- ***Do your research***

  Before embarking on a journey into the promising organic sector in Japan, it is vital to conduct thorough research to uncover the optimal route to market for your products.

- ***Choose an importer/distributor carefully***

  Consider companies that are already bringing foreign organic items into the Japanese market and have experience with navigating potentially complex hurdles.

- ***Re-align your USP to be relevant in Japan***

  This does not mean changing what the product is, but rather how it is positioned to be most relevant to a Japanese audience. For instance, highlighting the provenance of organic beef in Germany might be a strong differentiator in consumers' minds, but in Japan another aspect could be higher on the priority list when marketing.

4. Interviewees

Pascal Gerbert-Gaillard

Asia Director - Bio c' Bon

https://bio-c-bon.eu/fr

Pascal has been in the role of Asia Director for French organic retail shop Bio c' Bon since 2016 and is based in Tokyo. He has many years of experience working with trade between France and Japan and Asia as a wider region. Most recently, he became a board member for the French Chamber of Commerce and Industry in Japan. He is also a mentor and advisor for entrepreneurs looking to break into the Asian market.

Duco Delgorge

Japan organic packaged food market development specialist

Duco has nearly 30 years' experience in the Japanese food market, and about 15 years in organic packaged food. He founded MIE PROJECT in 2005, an importer and distributor of top quality organic packaged food, sourced from around the world, mainly from Europe. The company gained distribution for brands represented across approximately 2,000 stores in Japan. He says, "I have long believed in the vital role played by organic food, for health and the environment." He stepped down as CEO of MIE PROJECT in May 2018, and parted ways with the company in April this year, but his unwavering passion for developing Japan's organic market continues, and is working on some new projects, also related specifically to plant-based food, and in non-food categories.

5. The Structure of Japan's Organic Food Sector

a. Overview of the Organic Food Market in Japan

i. Key Features and Trends

Retail sales for organic food and beverages in Japan rose from €1.1 billion in 2009 to €1.5 billion in 2018[1], with the organic packaged food and beverages subsector being the 13th largest worldwide. In 2019, the value of the organic packaged food sector specifically was worth €363 million[2], while the organic beverage market was valued at €189.8 million in the same period[3]. To see this from a global perspective, Japan's per capita spend on organic packaged food and beverages equated to €8; a much lower amount compared with EU countries, particularly when we look at Denmark (€227), Sweden (€197), and Germany (€116)[4].

Over the past ten years, growth in the organic F&B sector has been marginal, but overall consumer awareness of organic as a concept is on the rise. Currently, there isn't a substantial enough supply of certified organic goods to meet higher levels of demand, and half of Japanese farmers say that the effort and maintenance that goes into overseeing organic farming is the most significant reason for *not* adopting it[5]. Japan has marginal organic exports, with most goods being consumed domestically. As such, there is a fairly heavy reliance on organic imports from countries like Australia, the US and Europe in terms of pre-packaged organic F&B items.

Along with the rise in demand comes the opportunity for Japan to develop its offering more broadly so it can compete on a global level. Having been the centre of attention recently with the 2019 Rugby World Cup and with the Tokyo Olympic & Paralympic Games now due to be hosted in 2021, further efforts are being made to accommodate not only locals but also the unparalleled influx in foreign visitors. In addition to organic, this also includes a wider variety of free-from and vegan options. According to Yano Research Institute, these global events are predicted to push the value of the organic food and beverages market slightly to reach €1.6 billion[6]. Although many European food items are sought after by Japanese consumers, the market expansion for organic foods in Japan has been limited due to the strict standards involved. It is necessary for brands to receive specific accreditation in order to sell their goods in Japan as 'organic'. If they are unable to obtain this accreditation, they can still sell the product, but the word 'organic' must

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[1] Yano Research Institute. 2018, September 28th. https://www.yano.co.jp/market_reports/C60102400 (converted from JPY 130 billion / JPY 185 billion)

[2] Euromonitor. 2020. February. (downloaded report, p.1) https://www.euromonitor.com/organic-packaged-food-in-japan/report (converted from JPY 44 billion)

[3] Euromonitor. 2020, February. (downloaded report, p.1) https://www.euromonitor.com/organic-beverages-in-japan/report (converted from JPY 23 billion)

[4] MAFF. 2019, July 26th. (p.4) https://www.maff.go.jp/primaff/koho/seminar/2019/attach/pdf/190726_01.pdf

[5] MAFF. 2019, July 26th. (p.12) https://www.maff.go.jp/primaff/koho/seminar/2019/attach/pdf/190726_01.pdf

[6] Yano Research Institute. 2018, September 28th. https://www.yano.co.jp/press-release/show/press_id/2022

not be included in the description. For this, specialist knowledge of the export procedures involved is highly recommended to avoid overspending and wasting time.

In terms of import the leading supplier of organic foods in Japan is MITOKU Company, LTD[7]. which has been trading for more than thirty years. Retail chains like Bio C' Bon[8] and some specialist supermarkets also stock a decent selection of organic produce. There are, however, often dedicated spaces within local supermarkets displaying locally-grown, organic produce although this is primarily in more rural areas. Since the process of distributing local organic goods can be costly for small producers which has a knock-on effect on the final retail price, Japanese farmers usually choose to join co-ops with several thousand members so they can bring the overall cost down and reap more benefits.

The number of organic farms in Japan has also seen a steady increase since 2006[9], along with a rise in farmers engaging in the *teikei* system (an alliance through which farmers are supported directly by consumers in the local community). This system is an 'alternative' method of getting products to consumers and is governed by principles which, rather than focusing on sustainable farming, serve as an ecological lifestyle guide.

Another issue is a general misunderstanding among Japanese consumers as to what 'organic' really means. On the whole, many Japanese consumers still do not equate the term with food and beverages, but more often with materials such as organic cotton used in clothing or cosmetics. The word 'natural' (*shizen / nachuraru*) is more often seen, and can be used more loosely as a descriptor compared with 'organic' due to the strict labelling limitations surrounding it.

If we are to compare the popularity of domestically produced organic products, we can see that there is a much stronger supply from overseas producers, particularly from regions such as Australia and Europe. This is hardly surprising when we consider that in 2019, Australia had 35 million hectares[10] of land dedicated to organic farming, Germany had 1.4 million, and Japan had a mere 10,000, so Japan relies heavily on imported organic options. Imported foods from western countries tend to automatically gain more of a 'Premium' status among Japanese consumers, but when there's an additional 'Organic' label on top of that, it can further boost the perception of high quality. In the case of both organic materials and organic foods, there tends to be a lean towards particular demographics, with babies, children, and pets being primary considerations.

While most Japan's domestic organic food manufacturers tend to be small and independent and based in rural, countryside areas, there are a handful of big brands such as Aeon retail offering organic ranges. Aeon's TopValu 'Green Eye Organic'[11] line-up consists of around seventy items from jams to chocolate and rice to miso soup. There's also

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[7] MITOKU Co. LTD. https://www.mitoku.com/

[8] Bio c' Bon. https://www.bio-c-bon.eu/fr

[9] Heinz Kuhlmann. "GON: Network and Promotion for Organic from Japan". Organic-market.info. 2014, February 4th. https://organic-market.info/news-in-brief-and-reports-article/GON.html

[10] Research Institute of Organic Agriculture (FiBL) and IFOAM - Organics International. 2019, February. https://shop.fibl.org/CHen/mwdownloads/download/link/id/1202/?ref=1

[11] Aeon TopValu Organic. https://www.topvalu.net/gurinai/organic/

Natural Lawson[12], an offshoot convenience store distinct from the regular Lawson offering, which provides a wide range of natural, low-calorie and organic products that are easily accessible for the health-conscious leading busy lives, especially working women. In the long-term, Japan needs to educate the public further, bring in more established organic brands to raise awareness from overseas, and remove key barriers to uptake to drive the consumer switch to organic.

Fresh organic produce sold at a market stall in Tokyo[13]

ii. Most popular organic products

With Japan's organic packaged food category being worth €363 million euros in 2019[14], organic artisanal bread was one of the major subcategories, valued at €138 million. The segments that experienced the highest growth between 2014-2019 were; organic confectionery (+20.2%), organic breakfast cereals (+15.4%), and organic savoury snacks (+17.3%). There have been marginal shifts in the value of organic packaged foods across all categories.

[12] Natural Lawson. https://natural.lawson.co.jp/concept/detail/1254487_4458.html

[13] Savvy Tokyo. 2016, November 18th. https://savvytokyo.com/10-tips-buying-organic-food-japan/

[14] Euromonitor. February 2020. (downloaded report, p.1) https://www.euromonitor.com/organic-packaged-food-in-japan/report (converted from JPY 44 billion – correct as of 30th June 2020)

The organic beverage market, worth €189.8 million in 2019[15], is still considerably niche in comparison to food items, with organic coffee and teas being most prominent. Overall, organic hot drinks performed better than their cold counterparts and were worth €153 million in 2019. Within the subcategory of hot drinks, organic tea ranked top at a value at €136 million. Organic instant coffee saw the highest level of growth between 2014-2019 at +20.4%. However, Euromonitor's forecast indicates that, when combined, black, fruit and herbal tea varieties will experience the most significant growth among the organic beverage options by 2024, at a rate of +5.9%.

Sales of Organic Packaged Food by Category:
% Value Growth 2014/2019 total

Type of Food	2018/19	2014-19 CAGR	2014/19 Total
Organic Confectionery	1.9	3.7	20.2
Organic Savoury Snacks	2.6	3.2	17.3
Organic Breakfast Cereals	2.6	2.9	15.4
Organic Spreads	2.2	2.7	14.4
Organic Edible Oil	1.6	2.3	12.3
Organic Ready Meals	1.5	1.8	9.2
Organic Dairy	1.1	1.7	8.9
Organic Ice Cream	1.7	1.2	6.1
Organic Bread	1.6	1.1	5.6
Organic Packaged Food	1.2	1.1	5.6
Organic Sweet Biscuits, Snack Bars and Fruit Snack	1.3	1	5.3
Organic Baby Food	0.6	0.7	3.5
Organic Sauces, Dressings and Condiments	0.4	0.3	1.5
Organic Rice, Pasta and Noodles	0.5	0.2	1.1

Source: Euromonitor[16]

[15] Euromonitor. February 2020. (downloaded report, p.1) https://www.euromonitor.com/organic-beverages-in-japan/report (converted from JPY 23 billion – correct as of 30th June 2020)
[16] Euromonitor. 2020, February. (downloaded report, p.1). https://www.euromonitor.com/organic-packaged-food-in-japan/report

Since 2014, the Japanese government has been raising consumption tax incrementally and, as of October 2019, the rates for food and beverage goods are as follows:

- 8% when purchased at convenience, grocery stores, and restaurants (for takeaway)
- 10% when dining in at a cafe or restaurant

Given that organic products are often considered as a 'premium' offering, it is plausible that future hikes in consumption tax could also have an impact on consumer purchase intent at restaurants serving organic food and beverages. Another research study conducted two weeks following the tax increase in October 2019 from 8% to 10% found that nearly half of restaurants experienced a significant decrease in custom. This was largely due to issues related to the processing of the dual tax rates for eat-in and takeaway[17]. A study conducted by researchers Rin Futara and Takahiro Hoshino of Keio University demonstrates that, following an increase in consumption tax, organic food is less likely to be selected by Japanese consumers compared with foods that outwardly claim specific health benefits[18].

b. Regulation and Taxation

In early 2000, the Ministry of Agriculture, Forests and Fisheries (MAFF) enacted the JAS, which took effect from April 2001. The JAS system was further developed in 2005 to include organic livestock products, organic processed foods of animal origin and organic feeds, taking effect from November 2005. This was updated again in 2012 to encapsulate organic feeds and organic livestock and most recently in 2017 to cover organic plants as well as other classifications of organic processed foods. The most recent update to the JAS in July 2020 states the necessity of including the official Organic JAS seal on packaging for organic livestock products and those containing ingredients of animal origin amounting to at least 5% of the total ingredients.

i. About Organic Equivalency between Japan and the EU

Since 2015, Member States of the European Union are regarded as having Organic Equivalence, or the same level of certification as Japan. An equivalency agreement means that if the terms of the arrangement are met, organic items certified by authorities in Europe may be labelled and sold as organic in Japan. This arrangement only covers organic plants and organic processed food of plant origin. However, EU companies exporting products to Japan still need to

[17] "飲食店の 49％が、消費増税の影響で「客足減った」と報告", English: "49% of restaurants report decrease in number of customers due to the consumption tax hike". Inshokuten. 2019, December 17th.
https://www.inshokuten.com/foodist/article/5598/

[18] Futara, R. & Hoshino, T. (SSRN). 2019, December 10th.
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3500958

follow a series of procedures[19] via testing bodies or via certified importers to ensure they are compliant with Japanese regulations.

On the other hand, the law defines all other foods—including, e.g., meat, fish and dairy products—as "non-specified products," and from 16th July 2020, it will be necessary to obtain Organic JAS certification for livestock and products containing animal originating ingredients[20]. All processed items containing at least 5% livestock ingredients will need to be certified, such as cheese, butter, milk chocolate, and ice-cream. Honey, however, is exempted from the rule. Organic brands exporting products that fall under these categories need to be familiar with this. JAS considers products to receive organic certification based on the following criteria[21]:

- Agricultural Products
    - Absence of chemical fertilizers and pesticides for 2 years or more before sowing/planting and cultivation (and 3 years or more before harvest for perennial crops).
    - Use of organic fertilizers such as compost, etc.
    - Absence of genetically modified seeds.
- Livestock Products
    - Mainly use organic feeds.
    - Spacious grazing land for the livestock to minimize its stress.
    - Absence of antibiotics, etc. for the purpose of disease prevention.
    - Absence of genetic modification technology.
- Processed Food Products
    - Use of chemically synthesized additives and drugs are avoided as much as possible.
    - 95% or more of raw material must be from organic agricultural products, organic livestock products, or other organic processed food products.
    - Product must be manufactured in a controlled factory that is not contaminated by chemicals.
    - Absence of genetic modification technology in the production process.

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19 MAFF. Accessed 2020, July 2nd.
https://www.maff.go.jp/e/policies/standard/specific/Export_of_Organic_products.html

20 MAFF. Accessed 2020, June 25th. https://www.maff.go.jp/e/policies/standard/specific/organic_JAS.html

21 MAFF. 2018, March. https://www.maff.go.jp/j/jas/jas_kikaku/attach/pdf/yuuki-87.pdf

ii. Obtaining Organic JAS Seals

There are two ways to obtain the necessary certification to sell organic goods in Japan. The first is to get your products specifically certified as organic through a foreign certifying agency that is recognised and approved by Japanese authorities. EU companies can either request support from a non-Japanese entity as listed by MAFF[22]. Alternatively, some Japanese organisations with the authority to release the Organic JAS seal also have support services to assist foreign brands looking to obtain certification from overseas[23]. There are other aspects to bear in mind when applying for Organic JAS certification, however, such as understanding that fields cultivating organic produce must undergo inspection by a registered certifying agency at least once a year. JONA (Japan Organic and Natural Association)[24] is a Japan-based NPO established in 1993. It is responsible for conducting strict product inspections, ensuring all-round high quality is achieved and that criteria is fulfilled. As well as being one of the first certifying bodies in Japan, JONA is also actively involved in finding new ways to spread awareness of the benefits of organic products among local consumers.

Organic JAS Seal—Source: Saikaboo[25]

The second method of exporting organic products to Japan, without obtaining an Organic JAS seal, is to do so via a JAS certified importer based in Japan. This is only applicable for EU exporters of organic products that already have an EU Organic label. Again, at the time of writing this report, there is no organic equivalency in place for animal products. Here is the description of what is required from a document prepared by the Labelling and Standards Division of MAFF's Food Safety & Consumer Affairs Bureau[26]:

> "Organic plants and organic processed foods of plant origin certified in a country designated as having a grading system equivalent to Japan's system by a Ministerial Ordinance under Article 15-2, Paragraph 2 of the JAS Law, and certified according to that grading system and arrangements between that country and Japan,

[22] MAFF. 2020, May. https://www.maff.go.jp/e/policies/standard/specific/attach/pdf/organic_JAS-2.pdf
[23] MAFF. 2020, June. https://www.maff.go.jp/e/policies/standard/specific/attach/pdf/organic_JAS-3.pdf
[24] JONA (Japan Organic and Natural Association). http://www.jona-japan.org/english/
[25] Saikaboo. http://saikaboo.com/trivia/333/
[26] MAFF. 2014, January. https://www.maff.go.jp/e/policies/standard/jas/specific/attach/pdf/organic-1.pdf

are deemed equivalent to those certified under the JAS with respect to the standards of production and distribution handling in that country. Therefore, such certified organic plants and organic processed foods of plant origin can be labelled with Organic JAS seals by certified importers when they are imported into Japan."

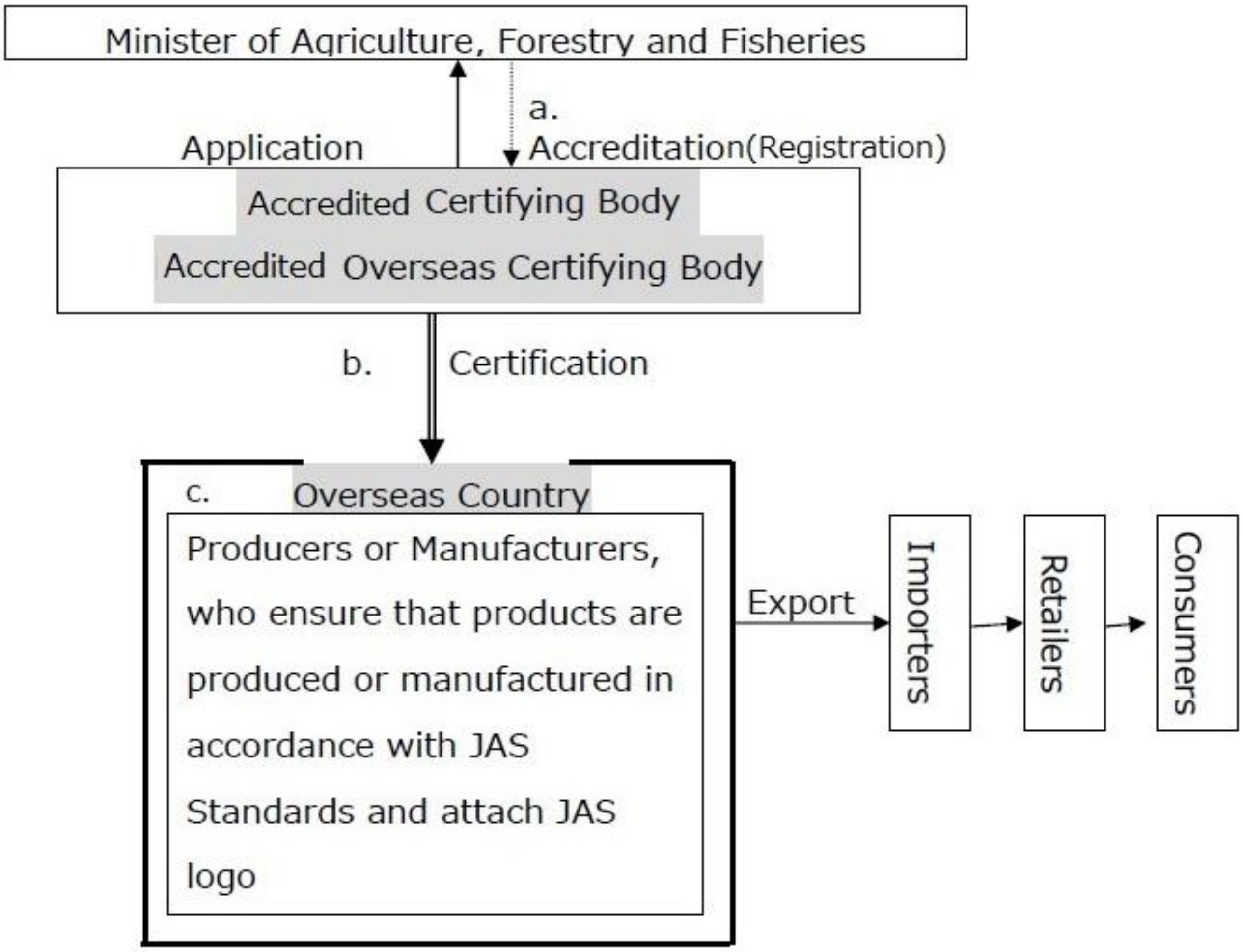
Exporters who have a contract with a JAS-certified importer may apply the Organic JAS seal to their products directly for sale in Japan. MAFF provides a list of certified importers[27]. It should be noted that if the product is exported to Japan via another country with no organic equivalency and it acquires new characteristics, then the product is *not* considered as organic.

We have talked about the lack of awareness Japanese consumers generally have around organic products. Whereas European consumers may pay attention to labels and seals, this is less the case in Japan. Therefore, it is not as essential for your organic products to carry an Organic JAS seal as it is not a key driver in terms of raising awareness. As mentioned earlier, the 'organic' label cannot be used unless there is explicit approval, but the product can still be sold under the more general category of health and wellbeing.

Any organic products sold in Japan must meet all Japanese organic labelling requirements (including the compliant use of the Organic JAS seal).

[27] MAFF. Accessed on 2020, June 24th. https://www.maff.go.jp/e/policies/standard/jas/specific/attach/xls/organic-2.xls

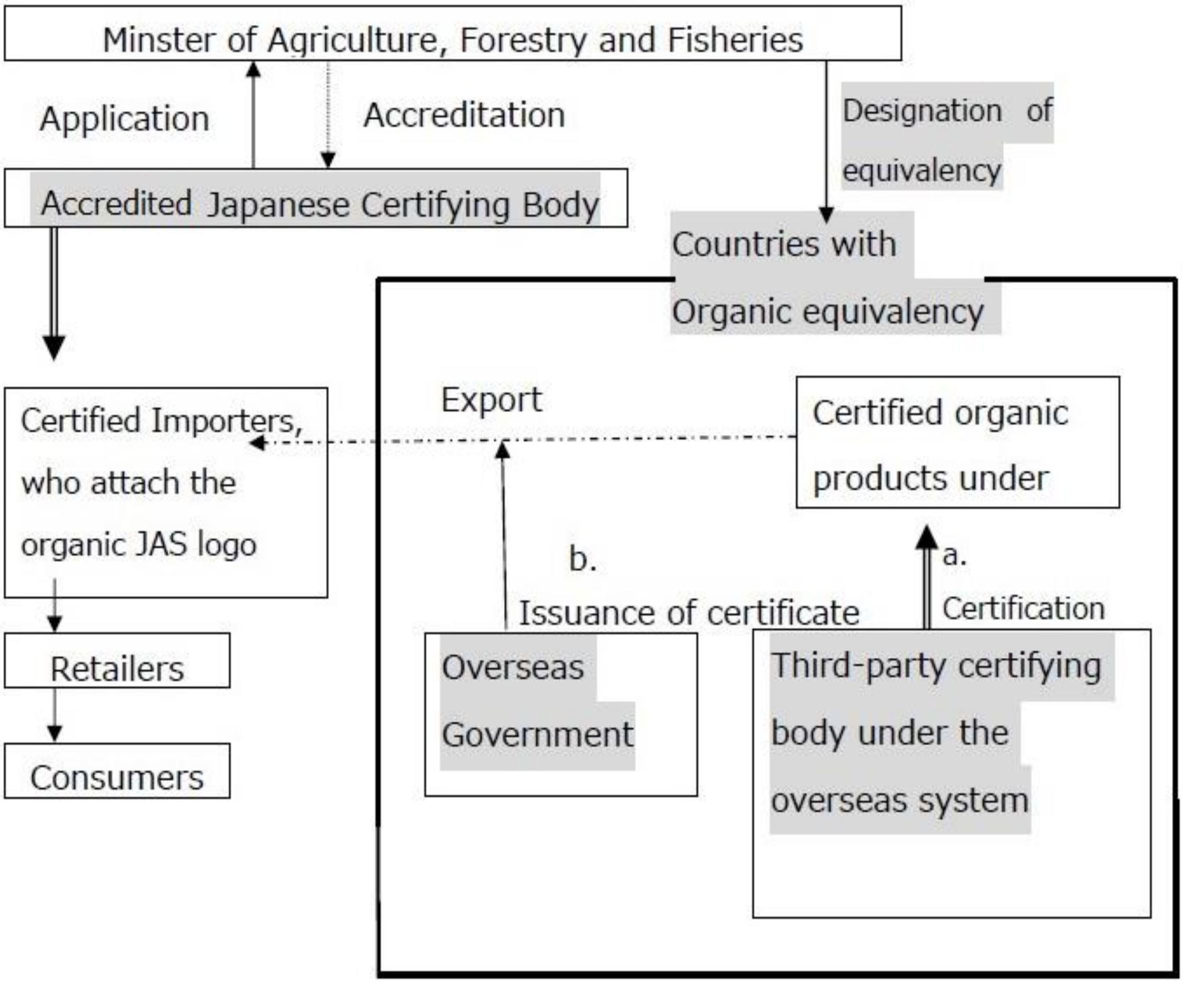
Option 1: Organic JAS Grading Conducted by Accredited Japanese Certifying Bodies or Accredited Overseas Certifying Bodies.



Source: MAFF[28]

[28] MAFF. Accessed 2020, July 2nd.
https://www.maff.go.jp/e/policies/standard/specific/Export_of_Organic_products.html

Option 2: Organic JAS Seals Provided by Importers Certified by Accredited Japanese Certifying Bodies



Source: MAFF[29]

[29] MAFF. Accessed 2020, July 2nd.
https://www.maff.go.jp/e/policies/standard/specific/Export_of_Organic_products.html

iii. Labelling requirements for organic products

According to Article 5 of the Japan Agricultural Standard for Organic Processed Foods[30] if a product makes mention of the word 'organic' in any language other than Japanese, there is an obligation to apply the Organic JAS labelling to avoid misleading consumers, which can either be carried out within the EU via a certified testing body or alternatively via a certified importer based in Japan[31]. Localised descriptions of the products as 'organic' in Japanese should be present on packaging[32]. Each of the below is commonly accepted as equating to the English terms "Organic…" or "…(Organic)" in a Japanese context. Selling products in Japan explicitly described as 'organic' *without* displaying the Organic JAS seal is not permitted[33].

(1)"有機○○" or "○○(有機)"[34]

(2) "オーガニック○○" or "○○(オーガニック)"

On the other hand, according to Article 5 of the Japanese Agricultural Standards for Organic Plants[35], organically cultivated agricultural products have a wider choice of accepted official labelling compared with organic processed foods. These are as follows:

(1) "有機農産物" (which means organic agricultural product in Japanese.)

(2) "有機栽培農産物" (which means organically grown agricultural product in Japanese.)

(3) "有機農産物○○" or "○○(有機農産物)" (which means organic agricultural product ○○ or ○○ (organic agricultural product).)

(4) "有機栽培農産物○○" or "○○(有機栽培農産物)" (which means organically grown agricultural product ○○ or ○○ (organically grown agricultural product) in Japanese.)

(5) "有機栽培○○" or "○○(有機栽培)" (which means organic farming ○○ or ○○ (organic farming) in Japanese.)

[30] MAFF. 2005, October 27th. https://www.maff.go.jp/e/policies/standard/jas/specific/attach/pdf/criteria_o-12.pdf
[31] MAFF. Accessed 2020, July 2nd. https://www.maff.go.jp/e/policies/standard/specific/Export_of_Organic_products.html
[32] MAFF. 2005, October 27th. (p.3). https://www.maff.go.jp/e/policies/standard/jas/specific/attach/pdf/criteria_o-12.pdf
[33] MAFF. Accessed 2020, July 2nd. https://www.maff.go.jp/e/policies/standard/specific/organic_JAS.html
[34] Note: In these terms, ○○ refers to (blank), to be filled in with the relevant organic product type.
[35] MAFF. 2005, October 27th. (p.6). https://www.maff.go.jp/e/policies/standard/jas/specific/attach/pdf/criteria_o-1.pdf

(6) "有機○○" or "○○(有機)" (which means organic ○○ or ○○(organic) in Japanese.)

(7) "オーガニック○○" or "○○(オーガニック)" (which means organic ○○ or ○○(organic) in Japanese.)

iv. Documentation

European organic products exported to Japan under the equivalency agreement must be accompanied by a valid organic certificate. In addition, a document including the relevant information from Article 35 of the Enforcement Regulations for the Law Concerning Standardization and Proper Labelling of Agricultural and Forestry Products[36] has to accompany each shipment. This information pertains to the matters to be stated in the certificate, including; name and address of certificate issuer, date of issue, type and quantity of agricultural products being covered, the name of the overseas entity responsible for performing certification, and a statement confirming grading of the specified products. This document must be completed by an EU-accredited Certification Body.

When entering the market in 2016, Bio c' Bon decided to try to import around 1,200 individual products in order to complete a local offering which was lacking; in the end only 650 made it due to various reasons, including; the presence of forbidden ingredients, lack of documentation given by the producers, etc. Pascal Gerbert-Gaillard, Asia Director for Bio c' Bon, estimates that it takes six months to a year to be able to successfully import an organic product into the Japanese market.

According to a representative at Soreda Diet[37], a French producer selling gluten free products in Japan, he was approached by Bio c' Bon who were interested in selling the brand's products in Japan. His comment was that requirements are strict in Japan and that they had to provide several administrative documents in order to proceed. He also considers that these demands are different from requirements in other markets. However, he deems the procedure to have been worthwhile in the long term as orders from Japan have now become regular.

v. The EU-Japan EPA

The EU-Japan EPA[38] came into effect from February 2019. This is an agreement which sets out the specifics of conducting trade between EU member states and Japan. Ultimately, this has had a positive impact on exporters of food and beverages for two key reasons, among others. The main benefit of the EPA is that tariffs on most items are eliminated from day one of entry into force, while tariffs on other goods are eliminated gradually relative to the number of years trading with Japan post-agreement. Secondly, the updated rules on GI (Geographical Indicators)[39]

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[36] MAFF. 2015, March 20th. (p.11). https://www.maff.go.jp/e/jas/pdf/jaslaw03.pdf

[37] Soreda Diet. https://soredadietsarl.site-solocal.com/

[38] EUR-Lex. 2018, April 18th. https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52018PC0192#document2

[39] European Commission. 2019, July 19th. https://ec.europa.eu/info/food-farming-fisheries/food-safety-and-quality/certification/quality-labels/geographical-indications-register/

mean that EU producers of a wider range of regionally specific goods, such as Parmigiano-Reggiano and Champagne, now have increased protection from association with unofficial competitors in the Japanese market.

To benefit from the EU-Japan EPA, there are other aspects to keep in mind, such as accurately determining Rules of Origin (where the product is deemed to have originated in terms of its overall production cycle). Producers based in EU member countries can take advantage of preferential tariffs on exports to Japan if their products qualify as 'originating' within the EU.

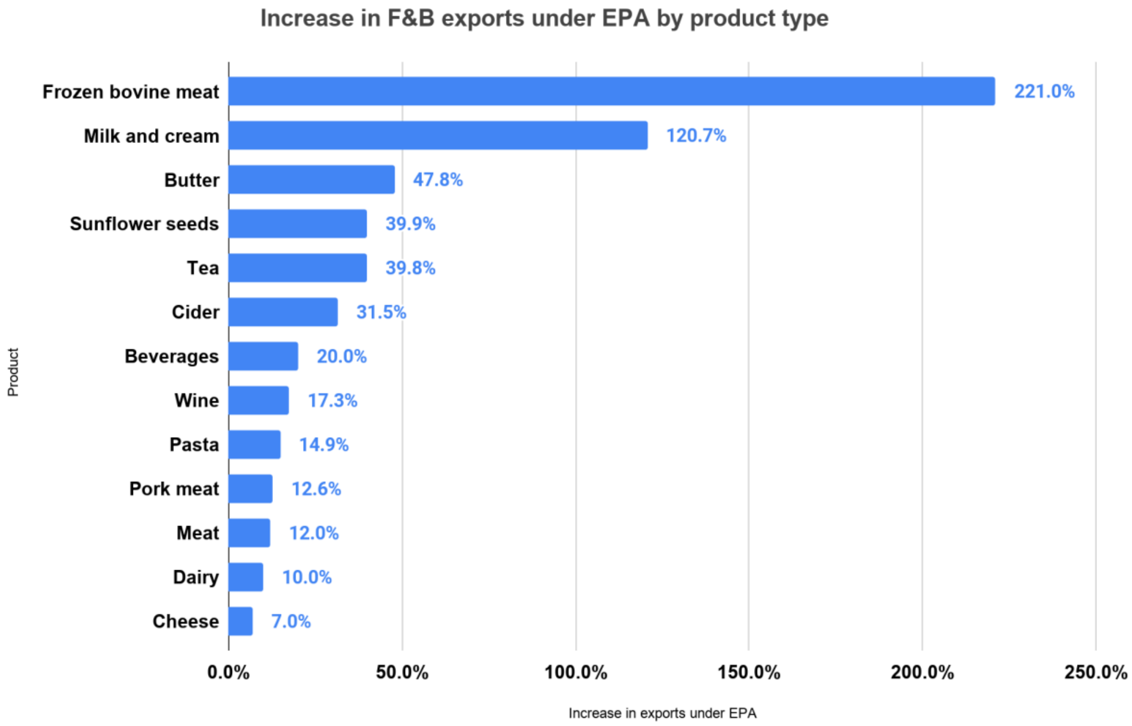
This is not always straightforward, however, especially when a product contains one or more ingredients from outside the EU. The statement on origin is presented by self-certification and this is required to prove that the product officially originates from within the EU and take advantage of the preferential tariff rates. The European Commission is responsible for communications related to the EPA, and as such they provide several guidelines designed to make this process easier to navigate[40]. According to the official guidance[41], if the exporting company does *not* meet the required criteria for the EPA, they will be denied preferential tariff treatment, and products will be taxed at the usual, non-EPA rate.

According to statistics released by the European Commission[42], by November 2019, as a result of the new agreement and tariffs, dairy exports increased by 10.4% (butter in particular saw a 47% increase), and export of beverages rose 20% compared with February—November 2018. Wines, in particular, experienced a year-on-year boost of 17.3%. The graph below shows the increase in F&B exports under EPA by product type from February—November 2018 to November 2019.

[40] European Commission. Accessed 2020, June 22nd. https://ec.europa.eu/taxation_customs/business/international-affairs/international-customs-cooperation-mutual-administrative-assistance-agreements/japan_en#heading_1

[41] European Commission. 2019, December 16th. https://ec.europa.eu/taxation_customs/sites/taxation/files/eu_japan_epa_guidance_claim_verification_denial_en.pdf

[42] European Commission. 2020, January 31st. https://ec.europa.eu/commission/presscorner/detail/en/ip_20_161



Data source: European Commission[43]

Harmonized System codes 0201 - 2209 cover the classification of all products suitable for human consumption, and the European Commission offers its MADB (Market Access Database)[44] which allows exporters to research conditions for trade with Japan, as well as other non-EU countries in advance. It should be noted that there is no specific consideration made for organic F&B products within the EPA, and criteria for this will instead be evaluated through JAS. Certain products, such as cheese and meat, are calculated by annual quantity exported using the TRQ (Tariff Rate Quota) system. This means that there is a specific rate for exports up to a certain limit, but once this is exceeded, a higher rate will be charged instead.

The table below outlines examples of product tariffs under the EPA[45] that may be relevant to organic producers. These are displayed here according to three different levels of rate change; gradual elimination over time, gradual reduction over time (but no total elimination), and elimination from the time of entry into force.[46]

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[43] European Commission. 2020, January 31st. https://ec.europa.eu/commission/presscorner/detail/en/ip_20_161

[44] European Commission – MADB. Accessed 2020, July 9th. https://madb.europa.eu

[45] Note: The EPA tariff was brought into force from February 2019.

[46] MADB. Accessed 2020, July 9th. https://madb.europa.eu/

Type of Product	HS Code	Type	EPA Entry Tariff (%)	EPA Tariff in 2035 (%)*
Sweetcorn (not containing added sugar, not frozen)	2005.80.20	Eliminated from day one	0%	0%[47]
Instant Coffee	2101.11.210	Eliminated from day one	0%	0%[48]
Cocoa Powder (not containing added sugar or other sweetening matter)	1805.00.000	Eliminated from day one	0%	0%[49]
Citrus Fruit Jams	2007.91.11.1	Gradual elimination	14.0%	0%[50]
Tomatoes preserved in substances other than vinegar or acetic acid (with added sugar)	2002.90.10	Gradual elimination	11.2%	0%[51]
Stuffed Pasta (with more than 20% of meat or fish ingredients)	1902.20.11 1902.20.21	Gradual elimination	4.6%	0%[52]
Boneless Loin Meat	0201.30.01	Gradual reduction, not eliminated	27.5%	9.0%[53]
Ice-cream	2105.00.11.1	Gradual reduction, not eliminated	18.8%	7.8%[54]

[47] MADB. Accessed 2020, July 9th.
https://madb.europa.eu/madb/atDutyDetailPubli.htm?hscode=20058020&countries=JP
[48] MADB. Accessed 2020, July 9th.
https://madb.europa.eu/madb/atDutyDetailPubli.htm?hscode=210112121&countries=JP
[49] MADB. Accessed 2020, July 9th. https://madb.europa.eu/madb/atDutyDetailPubli.htm?hscode=1805&countries=JP
[50] MADB. Accessed 2020, July 9th.
https://madb.europa.eu/madb/atDutyOverviewPubli.htm?countries=JP&hscode=200710
[51] MADB. Accessed 2020, July 9th.
https://madb.europa.eu/madb/atDutyOverviewPubli.htm?countries=JP&hscode=200210
[52] MADB. Accessed 2020, July 9th.
https://madb.europa.eu/madb/atDutyOverviewPubli.htm?countries=JP&hscode=1902
[53] MADB. Accessed 2020, July 9th.
https://madb.europa.eu/madb/atDutyOverviewPubli.htm?countries=JP&hscode=0201
[54] MADB. Accessed 2020, July 9th.
https://madb.europa.eu/madb/atDutyOverviewPubli.htm?countries=JP&hscode=210500111

6. Opportunities and Challenges

a. Current Challenges Faced by Japan

- Ineffective distribution channels
- Organic is often conflated with the health and wellbeing category
- Low consumer awareness around 'organic' as a concept

One of the major challenges the Japanese organic market faces is a lack of domestic supply: there's a limited amount of land dedicated to organic production in Japan. Technical limitations also make production difficult to profit from. Until recently, there was also a lack of unified distribution networks largely limited to independent shops, and there wasn't a structure behind it. The high price points of organic goods often mean limited profit margins for retailers. This also presents a barrier to accessibility for Japanese consumers since not everybody can afford to buy organic even if they want to. In our interview with Duco Delgorge, he notes that despite low year-on-year growth predictions from market research firms, "I believe it can grow substantially faster, but only if new, more effective routes to market, and new strategies are employed."

Another aspect that has held back growth of the organic food and beverage market in Japan is competition from other related premium offerings, such as products in the 'health' food category. Overall, there is a general lack of awareness among Japanese consumers as to what the term 'organic' truly means, and as a result it often ends up being conflated with 'natural'. Since customer service is also a priority for Japanese brands, consumers are used to purchasing products that are already wrapped to boost their aesthetic appeal and to allay concerns around safety. This, however, can result in an overuse of packaging, especially when it comes to single-use plastic which already sees around 9.4 million tonnes[55] being used every year in Japan.

As a countermeasure, companies are working together to reduce plastic use by 25% before 2030 and switch to more sustainable packaging[56]. Outside of the F&B space, Unilever Japan is a solid example of a company making a difference, aiming to use 100% recycled plastic across its various household brands by the end of 2020. Creating a more sustainable lifestyle is one of Japan's broader goals in line with what was proposed at the G20 Summit in Osaka[57]. This often fits with the image of 'organic', which presents a prime opportunity for foreign brands to contribute to this by marrying both concepts to highlight the benefits of their products.

[55] Plastics in Packaging. 2019, November 25th. https://plasticsinpackaging.com/online/japans-vision-for-asia/

[56] "Japan eyes reducing plastic waste by as much as 25% by 2030". Japan Times. 2018, October 14th. https://www.japantimes.co.jp/news/2018/10/14/national/japan-eyes-reducing-amount-plastic-waste-much-25-2030/

[57] MOFA. 2019, June 29th. https://www.mofa.go.jp/policy/economy/g20_summit/osaka19/en/overview/

b. Challenges for EU Organic Producers in Japan

- Strict standards and import procedures
- Consumer preference for domestically grown food products
- Price and profit margin considerations

While the opportunities are vast, there are also some challenges that EU-based producers of organic food will face when exporting goods to Japan. Despite the introduction of the EU-Japan EPA offering more of an incentive for certain types of exports, along with mutually beneficial terms for trade, there remain to be strict standards and qualifications in place to use the 'organic' label in Japan. There is nothing within the EPA agreement that offers any specific benefits for organic food and beverages per se. While it may be relatively straightforward to describe a product as 'organic' in the country of origin and other global markets, producers should be aware that Japan has its own set of regulations as laid out under the MAFF Organic JAS framework. Another barrier to the uptake of organic food and beverage products among Japanese consumers is that they also tend to veer towards domestically produced goods. This is because they are considered to be safer and more trustworthy.

In our interview, Duco Delgorge notes that in order for Japan's organic sector to experience further growth, there needs to be an improved balance in the marketing mix, ensuring that pricing and promotion are in line with what Japanese consumers expect.

c. Opportunities for EU Organic Producers in Japan

- High demand for pre-packaged organic food from international suppliers
- Artisan heritage resonates with consumers of organic
- More and more Japanese consumers are concerned with the eco-friendly and sustainable goods.

Farming cooperatives are a common way of doing organic business in Japan as joining one brings a number of benefits to producers. However, from a consumer perspective, this often means there is a longer route to market. On the other hand, bio producers prefer shorter routes. Another key opportunity for organic producers in the EU is that Japanese consumers do not trust big manufacturers when they see an 'organic' offering released by them. Consumers who do purchase organic food and beverages tend to be more affluent as price points are generally high. This segment invests in their health and wellbeing by seeking out superior quality products that are guaranteed safe and preservative-free.

Major retailer Aeon has also been working to expand its presence in the organic market, establishing a local retail joint venture with Bio c' Bon and the launch of its own organic product range. There has recently been an increase in the number of organic trade shows and fairs, providing opportunities for greater exposure and networking. The lack of domestic supply, while challenging for Japan, means that differentiated and targeted organic products from the EU can find a niche within which to expand.

In terms of types of organic products that tend to perform well in Japan, Duco Delgorge notes that, “For the market in general, the biggest success has been for pasta, olive oil, pasta sauces, coffee, tea, plant-based milks, granolas, mueslis and fruit spreads, as well as confectionery. In other words, relatively mainstream categories.” He also outlines opportunities in Japan for top quality items with unique selling points and competitive pricing. Organic cosmetics and household products have also experienced growth in popularity, with e-commerce platforms and major retailers being the primary outlets for these.

7. Promotion of Organic Food in Japan

a. Consumer Awareness of Organic

Back in 2011, a survey was carried out by the Soil Association[58] among 20-30 year olds in Japan. At the time, 97% had heard of the term 'Organic', but of those just 5% could accurately describe what it meant. Still, the word itself has positive connotations relating to consumables that are delicious, safe and secure.

Consumers were split as to their motives for buying organic foods: 44% said they did it because of the reduction in food additives, 41% for food safety reasons, and 36% for the improved taste/quality. Around two thirds of consumers said they bought organic at least once a month, and about 20% once a week, stating they would be likely to increase their spending in the future.

MAFF (Ministry of Agriculture, Forestry and Fisheries) carried out two online studies[59] in January 2018 over several days. The first recruited 4,530 respondents from across Japan and the second narrowed down the sample to 523. The topics covered by the questions included; purchase frequency, comprehension of the word "organic", point of purchase, which products they buy, how much they spend. The core focus here was on people who only buy organic, preference for domestic vs. foreign products, perception and understanding of the JAS mark, and finally purchase motivations for those who buy organic more than once a week.

The results demonstrated that 91% of Japanese consumers understood what the term 'Organic' means, but 58% of these were unsure of how to navigate the labelling restrictions. Despite high levels of overall awareness, just 3.7% knew the official definition of 'Organic' (lower than the 5% of respondents in the 2011 study). Although 'safety' ranked highest in terms of consumer associations with 'Organic Food', this was closely followed by the fact that it is considered 'expensive'.

Another research study was conducted with 10,000 Japanese consumers of organic F&B, jointly managed by Dentsu CDC[60] and Organic Village Japan[61]. This found that both 'health' and 'safety' ranked highest among all participants regardless of their personal monthly spend on organic (83.4% and 76% respectively). Regeneration of local area and agriculture ranked lowest in terms of motivation for purchase (3.8%). A quarter of consumers said they buy their organic produce at major supermarkets, with the 64% comprising the low-to-medium spend bracket (forking out an

[58] Soil Association. Accessed 2020, April 18th. https://www.soilassociation.org/certification/food-drink/business-support/exportsupport/global-guide/japan/

[59] MAFF (Ministry of Agriculture, Forestry and Fisheries). 2018, January. https://www.maff.go.jp/j/seisan/kankyo/yuuki/attach/pdf/sesaku-6.pdf

[60] Dentsu CDC. 2018, January 31st. https://dentsu-ho.com/articles/5783

[61] Organic Village Japan. http://ovj.jp/

equivalent of up to around €122 per month[62]) most likely to do so. By contrast, specialist organic shops were the primary purchase location for just 2.4% of respondents.

b. Marketing Communications

Some of the most fitting examples of how, thematically, an organic lifestyle is represented to consumers can be seen across various promotional media. For instance, in a television commercial[63] for organic produce offered through Shizenha Co-op[64], a child asks his father, who is cooking dinner, what the term 'Organic' means. His father answers that it is "delicious food grown through the power of nature." The key message the co-op puts forward is that even though they are offering organic food, it's 'handy' (i.e. not perceived as being a hassle to prepare on a regular, everyday basis). Shizenha Co-op's other communications primarily highlight the goodness of organic and the ways in which it can help towards maintaining a healthier lifestyle.

On the other hand, internet behemoth Rakuten produced an ad in the same year for its 'Ragri 100% Organic'[65] brand of salad, replete with a catchy song about how the salad is more delicious precisely because it is 100% organic, enabling consumers to relax while enjoying it. The 'convenience' angle is also highlighted throughout, with fresh salads delivered to homes and workplaces, making organic more accessible and, once again, quick and easy to prepare.

Often, Japanese brands conflate products labelled as 'Organic' into a catch-all healthy option that also has other wellness benefits not necessarily associated with organic as a concept. Aeon supermarket's TopValu Green Eye[66] range represents a more conscious choice for consumers and is divided into three clear categories according to their attributes; 'Organic', 'Natural', and 'Free-from'. Provenance is often emphasised as a key indication of quality and even when not technically labelled as 'Organic', when it comes to developing effective communications around products with a strong sense of heritage or locality, we recommend drawing inspiration from examples of similar offerings.

[62] Converted from JPY 15,000 (at 2020, July 28th, conversion rate of EUR≈123JPY)

[63] Shizenha Co-op Commercial (YouTube). Uploaded 2019, March 15th. https://www.youtube.com/watch?v=zprFNzJKOXQ

[64] Shizenha Co-op. https://www.shizenha.ne.jp/

[65] Rakuten Ragri 100% Organic Commercial (YouTube). Uploaded 2018, December 12th. https://www.youtube.com/watch?v=FFDdDAJq5r0

[66] Aeon TopValu Green Eye. https://www.topvalu.net/gurinai/organic

Source: Rakuten[67]

For instance, this TV campaign for Aeon TopValu 'August 74'[68] prime beef sourced from Tasmania in Australia shows the beautiful scenery of the surrounding area as well as the process that goes into preparing the beef for consumption, tracking it from farm to plate. Providing a clear visual demonstration in this way also works to kindle a stronger sense of trust among Japanese consumers. Duco Delgorge also backs up this claim, saying, "I believe that many Japanese can distinguish between localities of products and are very interested in this, especially those seeking organic food and healthy food in general."

For organic products in categories other than food or drink, there's largely a central focus on the phrase '100% Organic'. Unicharm[69], a leading producer of paper-based personal care products such as sanitary towels, reinforces the feelings of comfort and happiness provided by their 'Sofy Organic 100%' pads. In one campaign, they recruited singer and model Rola. Visual imagery includes a field full of cotton plants, a light and airy countryside kitchen, and plenty of fresh fruits and vegetables. The voiceover emphasises the concept that organic items are generally better for the consumer, especially during menstruation. Despite this being an advertisement for toiletries, the association of the term 'organic' with agricultural produce remains strong.

[67] Rakuten. https://agriculture.rakuten.co.jp/

[68] Aeon August '74 Prime Beef Commercial (YouTube). Uploaded on 2016, January 25th. https://www.youtube.com/watch?v=cnWjDDQ1_eU&list=PLOVl6SYTfg6tr4E3ukxgWu8DcOuymNdBc&index=19

[69] Unicharm. http://www.unicharm.co.jp

8. Organic Trade Shows in Japan

Despite the COVID-19 outbreak having contributed to most of Japan's exhibitions being cancelled during 2020, there are still many opportunities to network at the events related to organic food and beverages. Five major expos relevant to the sector are outlined below. It is worth bearing in mind that the majority of the events that cover organic are not specifically focused on the niche of edible products, and when they are, often this is incorporated into the much wider concept of health and wellbeing. Still, many of them take into consideration multi-sector natural and organic items, including health & beauty, personal care, and home furnishings, among others.

FOODEX JAPAN

Venue: Makuhari Messe, Chiba

Website: https://www.jma.or.jp/foodex/en/

About this Exhibition:

FOODEX JAPAN, although not explicitly focused on the organic sector, is the most prominent industry event for organic brands and associations in Japan. As such, it is the must-attend trade show for anybody looking to forge connections and learn about broader F&B innovations and offerings in the local Japanese market. The 2021 edition will be the 46th installation. In 2019, the show hosted 3,316 exhibitors and welcomed in excess of 85,000 visitors. More showcase space is given to overseas exhibitors, more than twice what Japanese exhibitors are offered, which demonstrates the strong interest in securing foreign products. The vast majority of domestic visitors to FOODEX JAPAN are operating in the trading and wholesale sector of the F&B industry, with foodservice following closely behind.

Tokyo Health Industry Show

Venue: Tokyo Big Sight

Website: https://www.this.ne.jp/en/

About this Exhibition:

The Tokyo Health Industry Show is Japan's go-to show for business relating to the health industry, which naturally includes organic and health foods as part of its coverage. The event sees more than 40,000 visitors each time, and hosts more than 600 exhibitors. The Tokyo Health Industry Show is also supported by several organisations that are prominent and influential at a national level, including the Japan Health and Nutrition Food Association and The Japan Dietetic Association. Much like the Organic Lifestyle Expo, areas of the show are divided up by theme. Despite the focus being not only for organic food, there remain to be a significant number of exhibitors working in the organic food and beverage space in Japan.

Organic Lifestyle Expo

Venue: Tokyo Metropolitan Industrial Trade Centre

Website: https://ofj.or.jp/en/

About this Exhibition: Run since 2016, the Organic Lifestyle Expo (OLE) is an exhibition hosted at the Tokyo Metropolitan Industrial Trade Centre. It takes place annually and sees at least 25,000 visitors through its doors over a three-day period. The foremost aim is to educate the public and businesses on current trends in organic, both from a global and Japanese perspective. Not only does it provide chances for visitors to learn about how the culture of organic is developing, they can view and purchase from a selection of organic products on show. To give an indication of the scale of the exhibition, there were around 150 exhibitor booths at the September 2019 event. The actual physical capacity is much larger, however, and spans several floors of the entire venue. The Organic Lifestyle Expo distinguishes itself from others by broadening its remit to be 'B2B2C', meaning that, on specified days, the event is open both to businesses and consumers with a vested interest in the organic market. The overarching theme of all Organic Lifestyle Expos is 'Organic 3.0', a concept firmly endorsed by IFOAM.

BIOFACH Japan Pavilion at FOODEX JAPAN

Venue: Makuhari Messe, Chiba

Website: https://www.biofach-japan.com/

About this exhibition: BIOFACH Japan is a pavilion within the wider FOODEX JAPAN show. Attendees of the exhibition benefit from a synergy between two leading presences, one with experience in promoting food & beverages in a more general sense, and one with specific organic expertise. As such, the exhibition attracts approximately 72,000 decision makers working in the fields of organic buying, wholesale, and retail. The dedicated Organic and Wellness section right beside the BIOFACH Japan Pavilion proves that there is demand for these products among attendees. Undeniably, the largest zone is the International Zone, which provides opportunities to showcase EU goods that don't fit into the organic category.

Organic & Natural Products Show

Venue: Tokyo Big Sight

Website: https://www.informamarkets.com/en/markets/event-listing.html

About the exhibition: The Organic & Natural Products Show is a three-day trade show hosted by Informa Markets (formerly UBM Media Co Ltd.), which takes place at Tokyo Big Sight. The core focus is on delivering updates from organic companies, offering a showcase for a wide range of products and services relating to F&B, Wellness, and the Health & Fitness industry. Approximately 500 exhibitors set up booths at the event each year.

9. Retailer Mapping

Compared with other global markets, historically Japan has lagged in terms of developing a broader organic offering, with relatively marginal growth over the past couple of decades. Now with concerns around easier access to sustainable, safe products, retailers are starting to widen their range, investing in the sector's potential to expand. Duco Delgorge notes that currently Bio c' Bon Japan is the only organic chain demonstrating strong growth in the market, and that although organic e-commerce is gaining traction, continued growth will primarily be driven by major retailers.

In our interview with Pascal Gerbert-Gaillard, he noted that the company's local success has been down to several factors including; a deep understanding of the local mindset and adapting the offering to match it, creating interactive educational experiences for customers to communicate the benefits of organic, and being able to directly import goods from European countries while simultaneously keeping offering a roster of locally-produced items catering to the everyday needs of the Japanese consumer.

a. Independent Stores

Around five hundred shops have opened in Japan since the year 2000, but most of these shops are independent and do not only offer organic products. Here, 'independent' stores are classified as shops unaffiliated with large retailers such as Aeon and convenience chains like Lawson; those are covered below.

One example of an independent retailer in the organic space is CrayonHouse[70]. Founded by Keiko Ochiai back in 1976 as a children's bookstore, it has been a longstanding proponent of alternative lifestyle goods. Gradually, over time, CrayonHouse branched out to incorporate several different offerings, one of which is organic food sourced directly from farms and sold via the organic delicatessen and restaurant. Its consumer base is primarily women, mothers and the elderly population and there are two shops spread over several floors—one in Tokyo and one in Osaka. CrayonHouse encapsulates a true spirit of craftsmanship and all products are acquired from independent makers. The central focus is on the provision of organic food as well as organic cosmetics and clothing.

Natural House[71], a chain of shops established in 1982 with outlets mostly based in Tokyo, specialises in bringing organic produce and cosmetics to consumers, sourcing items from regional producers from across Japan. Established in 1992, F&F[72] has several locations in and around Tokyo and also procures organic products directly from farmers.

b. Supermarkets and Convenience Stores

When it comes to supermarket presence in the organic space, Aeon is decidedly the most active with its TopValu brand, comprising three subcategories of offerings in the form of 'Organic', 'Natural', and 'Free From'. The chain set a goal to boost its sales ratio of organic to comprise 5% of its total agricultural products by 2020. In a press release[73] talking about Aeon's future considerations, the supermarket has stated its intention to contribute to "human, social and environmental health" through the sale of organic products that are "cultivated, distributed and consumed naturally." The reasoning behind this is to respond to rising customer demands for safer and tastier products that are also good for the environment.

Japan's major convenience store chains such as 7-Eleven and Lawson play a pivotal role in bringing new and interesting food options to customers. This means that the potential for easy access to natural and organic foods has never been easier. Natural Lawson[74] is essentially a spin-off convenience store, designed with the health-conscious in mind. It focuses on offering a wide range of delicious, vibrant and healthier options that the more commonplace convenience stores do not necessarily sell.

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[70] CrayonHouse. https://www.crayonhouse.co.jp

[71] Natural House. https://www.naturalhouse.co.jp/#

[72] F&F. https://www.shizensyoku-ff.com/

[73] Aeon. 2019, September 27th. https://www.aeon.info/common/images/en/pressroom/imgsrc/190927R_1_E.pdf

[74] Natural Lawson. https://natural.lawson.co.jp/

Natural Lawson primarily targets a female demographic, as pursuing a healthy and balanced lifestyle is deemed to be most important to this group in particular. This is not to say that male consumers are not interested in buying organic, but this is simply Natural Lawson's remit. The products on offer tend to be more in line with diet recommendations for weight management, such as no-or-low calorie. Although 'organic' does not comprise a huge part of Natural Lawson's product line-up, it is included as part of a wider overall 'natural' concept. Not only does the brand take into consideration the degree of wellness their products deliver, but also how eco-friendly they are, echoing Japan's aim to deliver on its proposed SDGs.

Solidifying its position as a leader in the organic space, in October 2019, the AOA (Aeon Organic Alliance) was announced as a way of helping farmers tackle existing supply issues domestically while acting as a platform through which to divulge new skills, enable the exchange of information, and perhaps most crucially, lower the overall costs of cultivation and distribution by providing a centralised management system. Lower production costs mean the route to market is shortened, and these benefits can be passed onto farmers, consumers and retailers alike. Within the convenience space, Natural Lawson[75] stores remain to be closest to an organic retailer, but the vast majority of products are aligned with the broader category of health and wellbeing. Stores are most often situated in the business districts of large urban centres and cater primarily to working women while also attracting health-conscious men.

c. Specialist Organic Stores

Unlike other regions such as Europe, specialist organic supermarkets did not appear in Japan until just a few years ago. Bio c' Bon opened its first store in Tokyo's upmarket Azabu-Juban area in December 2016. This was a joint venture with Aeon prior to the release of the TopValu line. This was a means of entering the organic market which was, at the time, untapped by major retailers. This would help to differentiate Aeon from the other supermarket chains in this respect.

Life Corporation, another major fundamental three pillars of organic, local and healthy products. Offerings are primarily F&B but there are other lifestyle products such as baby hand soap and laundry detergent. Much like Natural Lawson, BIO-RAL aims to appeal to customers who want a one-stop shop for leading a healthier, more eco-friendly life. supermarket chain in Japan, launched BIO-RAL[76], an offshoot store based in Osaka promoting the

There is also Kodawari-ya[77], which buys products directly from farmers and sells them across 40 shops located across the Greater Tokyo area.

[75] Natural Lawson. https://natural.lawson.co.jp/
[76] BIO-RAL. http://www.lifecorp.jp/store/bio-ral/
[77] Kodawari-ya. https://www.kodawariichiba.com/

d. E-commerce Retailers

Online is an attractive medium for independent producers wanting to sell their products directly to consumers, largely because of the low overhead costs associated with taking this route. The option for home delivery also appeals to Japanese consumers, who tend to look for a balance of value for money and convenience. There are a wide range of online retailers operating in this sector. Here is an overview of some of the notable platforms, besides Rakuten and Amazon Japan, where organic products can also readily be purchased.

SuperOrganic Foods

Website: https://super-organic.jp/category/japan/

About: Founded by Rika Oishi (also known as Rika Delicious), SuperOrganic promotes the practical implementation of organic through innovative and creative means in order to develop a healthy environment for all globally. This involves the SO standard which is designed to be accessible by the children of the future. The standard proposes the production of organic goods with absolutely no agrichemicals, no chemical fertilizers, and no radioactive materials. The company runs educational courses, and hosts pop-ups as well as a range of other related activities that inform and equip future generations with access to improved organic resources.

Bio Marché

Website: http://biomarche.jp/

About: A site specialising in a home delivery service for 100% organic produce, ranging from fruit and vegetables to meat and dairy. The company's philosophy promotes leading a fulfilling organic lifestyle and instigating change from a place of deep inner passion which fills the heart, rather than the stomach. There is a service delivering organic groceries once a week to households. Recipes and other related inspirational tips are also available via the official website.

Radish Boya

Website: https://www.radishbo-ya.co.jp/shop/

About: Much like SuperOrganic, Radish Boya was established with the desire to create a rich future for generations to come, emphasising the importance of respecting the roots of organic goods. The name originates from the Latin word 'Radix' which refers to the root of things. Goods featured on the site are all conducive to fulfilling an eco-friendly, natural lifestyle.

Tengu Natural Foodstore

Website: https://store.alishan.jp/en

About: Tengu Natural Foodstore is an online store that has been in existence since 1988. It specialises in importing and supplying a wide range of natural foods to the Japanese market. They acknowledge that it can be challenging to find clear information about organic, vegetarian and vegan foods, for locals and expats alike, and offer to assist with queries.

e. Organic Restaurants

As consumers are learning more about the benefits of adopting an organic lifestyle, in addition to the growing retail presence, there are many options to try fresh, organic dishes at independently run restaurants across Japan. This provides not only an opportunity to enjoy freshly cultivated and prepared dishes, but also educates visitors on leading an organic lifestyle. Although organic businesses have been especially prominent in countryside areas, now there are a fair number of options springing up in major hub cities like Tokyo. These include farm-to-table options sourcing fresh food from domestic farms, such as the WE ARE THE FARM[78] chain which has six locations in key neighbourhoods like Meguro and Azabu-Juban (where Bio c' Bon established its flagship Japan store). In many cases though, the emphasis is not on promoting organic only, but the concept is incorporated into a more generalised healthy or 'clean' eating line-up. The decor in these restaurants tends to echo a feeling of nature, with vegetation and natural wood being used in many cases.

WE ARE THE FARM EBISU—Source: Tabelog[79]

[78] All Farm Co. LTD. https://www.allfarm.co.jp/we-are-the-farm

[79] Tabelog. Accessed 2020, June 2nd. https://tabelog.com/tokyo/A1303/A130302/13187695/

10. Case Study: Bio c'Bon Japon

As of May 2020, there are a total of sixteen Bio c' Bon stores across Japan, most of which are concentrated within the Tokyo area. According to Pascal Gerbert-Gaillard, the role of customer-facing shop assistants is crucial in determining how readily Japanese customers warm to organic products that they are unfamiliar with. As such, Bio c' Bon organises special tasting events and seminars across its Japan stores, such as organic wine and cheese pairing sessions. There is also the chance to sample items at the deli counter before they commit to a purchase. Bio c' Bon understands the benefit of employing a double positioning strategy in terms of showcasing products as being both imported and organic. Though Japanese consumers automatically tend to gravitate towards new and exciting F&B offerings, with limited edition and seasonal releases capturing current flavour profiles, the notion of 'Organic' does not necessarily lend itself to this model. Instead, it leans more towards ethics and sustainability.

Pascal puts forward the point that Japanese consumers agree to pay for goods they perceive as qualitative. However, to combat the idea that organic is expensive, and hence exclusive, Bio c' Bon has introduced price competitive items and launched the concept of "casual organic". Mothers in their thirties make up a significant proportion of Bio c' Bon's Japanese customer base. To promote the products on offer, representatives from Japanese TV channels and press are invited to attend their store openings. Imported products may need to be tweaked a bit sometimes in terms of packaging size and flavour but this is not generally a major hurdle.

A selection of self-service bulk dry foods available at Bio c' Bon in Azabu-Juban, Tokyo—Source: Savvy Tokyo[80]

[80] Kathryn Wortley. "Organic Food & Latest Trends At Bio C'Bon In Azabu Juban". Savvy Tokyo. 2017, May 3rd. https://savvytokyo.com/organic-food-latest-trends-bio-cbon-azabu-juban/

In summary, Bio c' Bon benefits from the following:

1. Unique product offering: Approximately 40% of the products can't be found in other supermarkets.

2. **Importance of customer service and guidance:** Japanese consumers like to be guided towards particular products and given demonstrations or taste-tests.

3. Communication focus on health and quality: Desire to provide a pleasurable shopping experience in order to mitigate the premium price point of organic products.

4. Choice of location and store format: Key implementation in well to do areas and near schools means the store attracts many housewives.

11. Recommendations

a. Do your research

Before anything else, really take the time to gather insights to consider whether Japan is the right market for your brand. This is the first essential step. Duco Delgorge emphasises this point in our interview with him; “Very few suppliers achieve significant success in Japan, and it requires a lot of time and effort. Total quality and commitment are essential and finding the optimal route to market is vital.”

b. Choose an importer/distributor carefully

Once you have established whether you want to pursue the Japanese market for global expansion, vet importers and distributors with regards to their experience with supplying retailers with organic goods. It takes time and effort to build a long-lasting relationship with any Japanese partners, and it can be damaging to break contracts further down the line.

c. Re-align your USP to be relevant for Japan

Japanese consumers tend to be attracted to quality products that have a differentiating factor. What are your brand’s key features? For example, aspects such as locality or the process involved in production can be markers of quality and trustworthiness. Since organic food and beverages in Japan tend to be conflated with the growing health and wellbeing sector, consider aligning organic products in a way that demonstrates a commitment to this. Bear in the mind that this does not mean you need to completely change the branding, just considering altering the way in which it is presented.

d. Relish the chance to educate Japanese consumers on organic

Although it is true that awareness around organic in Japan is on the rise, there is still more work to do to convince local consumers of the health and lifestyle benefits that can be reaped from buying organic. For instance, Bio c’ Bon has been successful in engaging its customers, providing try-before-you-buy options, and offering products that are not commonly found elsewhere in the Japanese market. For specific organic brands, however, it will be equally important to create impactful messages through sales and marketing channels that resonate with local audiences *and* that can help them see organic in a fresh light.

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