

Japanese Chocolate Market Overview (April 6, 2020)

Features of the Japanese chocolate market

Japanese chocolate consumption is showing a growth trend, which is driven by a wide consumer base that can afford to purchase premium products on a daily basis. Competition is strong as global and local brands are aggressively investing in marketing to ensure their products reach the right segments.

In 2018, the total sales of chocolate products accounted for 4.12 billion EUR, a slight decline compared to the previous year but still a 650 million EUR increase compared to 2013.¹ Japan represents more than 4 percent of the global chocolate market, making it one of the most attractive chocolate export destinations,² and imported products constitute one-tenth of the total domestic volume. The major Japanese chocolate producers indicated in Table 1 make up a significant proportion of the domestic chocolate market.

Table 1: Major Japanese chocolate producers

Company	2018 sales volume (million EUR)	Main confectionery categories
Lotte Co., Ltd. (confectionery and ice cream division)	1,848	Chocolate, candy, chewing gum, biscuit
Meiji Holdings Co., Ltd. (confectionery and processed food division)	937	Chocolate, candy, chewing gum, biscuit, snack
Ezaki Glico Co., Ltd.	1,388	Chocolate, candy, chewing gum, biscuit, snack
MORINAGA & CO., LTD.	1,574	Chocolate, candy, biscuit, snack
FUJIYA CO., LTD.	807	Cake, chocolate, candy, biscuit, snack
Nestlé Japan	1,684	Chocolate

Source: Nikkei 2020 Gyoukaichizu³ and SMBC⁴

Significant opportunities for European chocolatiers

In 2018, the top five largest chocolate exporters to Japan were China (4108 t), followed by Belgium (3935 t), Italy (3181 t), the USA (2899 t) and France (2624 t). These five countries shared 60% of the

total import volume. While the annual import volume from China and the USA is declining, European imports are showing some growth. Over the past five years, sharp import growth from smaller European countries, such as Greece, Portugal and Sweden, has occurred, with import volumes from these countries increasing six- to seven-fold.¹

The continued growth of the Japanese chocolate market

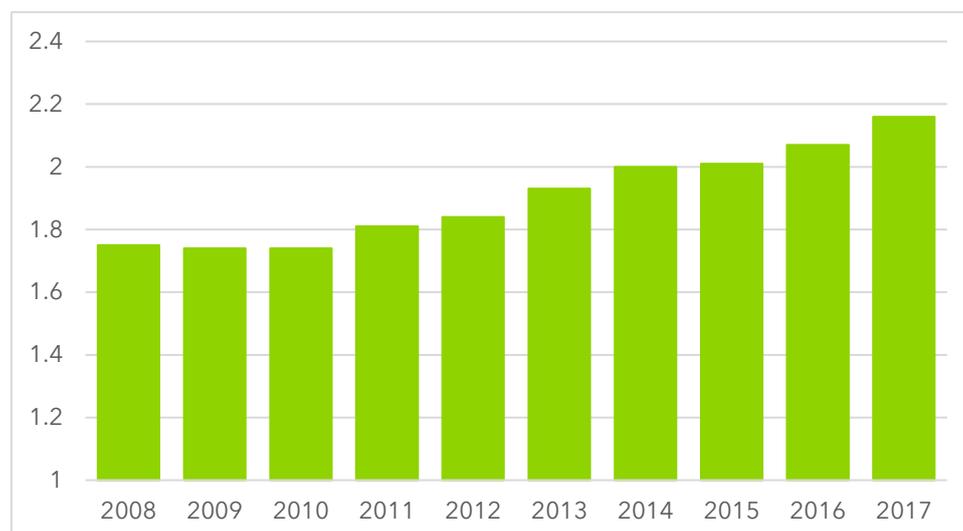
The total domestic chocolate consumption in Japan indicated in Table 2 is higher than that of Spain and Italy but less than that of Germany, France and Great Britain. The average Japanese consumer spent 2.72 EUR on chocolates per month in 2018, and the annual consumption per capita topped 2 kg in recent years, indicating a steadily growing trend (Table 3). Despite the relatively low consumption per capita, Japan remains the sixth largest chocolate market in the world.¹

Table 2: Chocolate consumption in Japan compared to European countries

	Domestic production (t)	Domestic consumption (t)	Annual consumption per capita (kg)
Germany	1,365,220	960,525	11.7
Great Britain	278,515	534,915	8.3
France	409,615	442,555	6.7
Japan	231,350	252,150	2.01
Italy	311,150	205,590	3.4
Spain	140,930	156,040	3.4

Source: Chocolate & Cocoa Association of Japan¹

Table 3: Annual chocolate consumption per capita in Japan



Source: Chocolate & Cocoa Association of Japan¹

Chocolate innovation as a driver of sales

Among the new product categories in 2018 ruby chocolate was the favourite, dominating the shelves of supermarkets and premium speciality stores, and Nestlé had the exclusive right to sell ruby chocolate for the first six months of 2018.⁵ In addition to the ruby chocolate flavour, the Kit Kat series was an instant hit. It was later also quickly picked up by other popular brands as an addition to their product lines. In September 2018, the convenience store retailer Lawson introduced the Uchi Cafe Premium Ruby Chocolate Roll Cake in more than 13,000 stores, which also became a hit.⁶

Functional chocolates for health-conscious customers are not a new category, but they have gained popularity in recent years in Japan. Fall and winter chocolate consumption is typically higher than in other seasons of the year. During these months, functional products contribute strongly to sales growth. In 2015, legislation was introduced that allows chocolate manufacturers to indicate the health benefits of products on their packaging, which may be appealing to health-conscious consumers. For instance, a cacao concentration of 70% or higher is considered beneficial in helping prevent arteriosclerosis. Meiji's Chocolate Kouka series is based on this concept. Another example is Libera, which is a Glico brand. Chocolate products under this name include dietary fibre, which may help improve the absorption of fat and/or sugar.⁷

Sales success achievable via consumer events

In the Japanese market, newcomers are always welcome because local consumers are continuously looking for new tastes and concepts. Once a year, the Takashimaya department store organizes a large-scale event called *Amour du Chocolat* at which new brands have the opportunity to present their products to Japanese consumers. Takashimaya's Nagoya store attracted 900,000 visitors, 150 brands and 2500 products in 2019. Approximately 22 million EUR of sales were generated in about one month, making it the most successful confectionery event in the country.⁸ Cosijns Chocolatier, a Belgian manufacturer, was among those who debuted at the same event. Their chocolates stood out with their playful 'zoo' theme and abundant use of fruits and nuts. These chocolates became one of the most popular at Takashimaya's online store.⁹

There are many other factors that chocolate producers should consider when they target the Japanese market. Declining birth rates and the aging population are among the important demographic factors to take into account. Nevertheless, regardless of the long-term demographic trends, Japan's chocolate market exceeds 4 billion EUR, and it has not shown any signs of decline to date. Importantly, European products seem to be gaining increasing traction. Proper marketing strategies can therefore make quality chocolates successful in the Japanese market.

Notes and References

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*Currencies exchanged to EUR based on annual averages.

Source: https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ert_bil_eur_a&lang=en