



Economic Profile of the Japanese Chocolate Industry

The World Cocoa Foundation (WCF) is an international membership foundation that promotes a sustainable cocoa economy by providing cocoa farmers with the tools they need to grow more and better cocoa, market it successfully, and make greater profits. These efforts help increase the supply of cocoa and help guarantee chocolate lovers access to their favorite products. WCF's membership includes cocoa and chocolate manufacturers, processors, supply chain managers, and other companies worldwide, representing more than 80% of the global cocoa market. For more information, visit www.worldcocoa.org.

The following information was compiled for WCF by an independent consultant and is based on the sources identified below.

Japan is Asia's largest consumer market for chocolate confectionery. According to the Chocolate and Cocoa Association of Japan (CCAJ), in 2009 Japan produced 196,553 tons of chocolate with a manufacturer's value of \$38 million. About 19,375 tons were imported from the U.S., Australia, Belgium, China, South Korea, France, Italy, and Switzerland in order to meet the domestic demand of 212,657 tons.

A combination of well-established health-food labeling system, aggressive product line development and keen consumer awareness are working in favor of a high-end chocolate confectionery market with a large customer base of health a diet conscious senior-citizens and a younger generation with busy life styles. Chocolate confectionery products enjoy a market share of around 40 percent. Japan has a very large chocolate confectionery product line that capitalizes on functional chocolate products containing flavonoids-rich dark chocolate and chocolate cereal bars with exotic fruit and vegetable flavors, spices, whole grain granola, dried fruit, premium nuts and vitamins. Chocolate manufacturers from around the world are capitalizing on this new trend by marketing creative flavors and healthy natural foods to capture their market share.

- The per capita chocolate consumption rate of 1.67 kilos with an expenditure of about \$82 per person is the largest in Asia. Pensioners (retired 55+) are the largest consumers of confectionery products and account for about 28 percent of consumption.
- Japanese consumers prefer softer and less sweet products to hard, sugary items. There is also a growing preference for low-priced individually wrapped confectionery items.
- The sales of confectionery products tend to concentrate around certain holidays. It is a Valentine's Day tradition in Japan for women to give chocolates to men as a token of their love. Women buy chocolates for their male relatives, friends, co-workers and bosses. Valentine's Day is one of the busiest days for chocolate sales in grocery, department and convenient stores. In 1980, the Japanese confectioners created the "White Day (March 14th)" when in turn men are expected to buy chocolate, especially white chocolate for women. The Christmas period is also very popular for higher-end European chocolate gifts.
- In Japan, several U.S. chocolate confectionery manufacturers have come up with exotic new flavors including soy sauce, ginger ale, green tea, banana, mango, watermelon and many others.
- Chocolate products comprise the largest overall sector in the Japanese confectionery market accounting for nearly fifty percent of confectionery sales. The top five Japanese chocolate producers include Lotte, Meiji Seika Kaisha, Morinaga & Co., Ezaki Glico, and Mary Chocolate.