

Seasonings, Spices and Other Ingredients

August 23, 2013

MARKET CONTINUES TO EXPAND AND WILL REACH 30 BILLION
YEN BY FY2013

The olive oil market continues to expand centrally with the home-use market. Since the end of March this year, sales grew drastically due to the influence of a couple of health programs on TV that featured olive oil, and the last-minute surge in demand caused by the price revision of edible oil from April. The sales volume of home-use olive oil rose year-on-year 20% from April to June 2013. There were concerns about possibilities of olive oil sales to hinder due to the extreme hot weather of the Mediterranean during summer last year, the poor harvest of olives in 2012 from major producers including Spain etc., and the soaring import price. But even after July, olive oil sales are maintaining good shape, and there is no cause for worry. Although it was not as great as the home-use market, the business-use market made significant growth mainly for high-grade brands. There are high expectations for the future.

Oil manufacturers are analyzing that the highly favorable condition of olive oil is highly attributed to each handling company's management efforts and comprehensive endeavors by the distributors in addition to the influence of TV programs and demand coming before the price increase.

"Our company has been placing advertisements and conducting cooking classes. What we got from those experiences is that people are learning to use olive oil for a wider variety of dishes, olive oil is always stocked in the kitchen, and becoming an everyday ingredient. Even in retailers, they are beginning to have a different way of display such as filling an entire shelf with olive oil, and this is contributing to its sales. It is very clear that olive oils have gained a lot of popularity and is now largely accepted. Out of the home-use oil market that accounts for 100 billion yen, it is certain that olive oil will reach a 30 billion yen market by fiscal 2013." (Olive oil manufacturer)

Nisshin Oilio Group and J Oil Mills are actively developing and selling different types of olive oil products such as smaller portion packs, blended oil, and flavor oil since olive oil sales is favorable. Although the market is growing, the consumer's degree of recognition and purchasing experience rate for olive oil are not so high. Each oil company has decided that there is still space for further cultivation of demand, thinking that it is possible to seek further growth in its sales by taking trial promotion measures and other basic

enlightening efforts.

Movements of Olive Oil Import Volume

Unit: t, %

		2007	2008	2009	2010	2011	2012	Y/Y	Jan.-Jun., 2013	Y/Y
Spain	EX virgin	6,317	7,730	9,327	11,679	11,137	14,738	132%	7,947	129%
	Pure	3,901	4,468	4,782	4,906	4,358	5,727	131%	2,835	114%
	Total	10,218	12,198	14,109	16,585	15,495	20,465	132%	10,782	125%
Italy	EX virgin	8,632	8,548	9,972	13,224	12,409	15,726	127%	8,195	114%
	Pure	6,851	6,121	6,394	6,544	5,608	7,256	129%	3,483	110%
	Total	15,483	14,669	16,366	19,768	18,017	22,982	128%	11,678	113%
Greek	EX virgin	301	349	373	491	429	500	117%	274	109%
	Pure	0	9	26	0	1	0	-	2	-
	Total	302	358	399	491	430	500	116%	276	110%
Turkey	EX virgin	1,131	1,451	1,439	1,718	1,321	1,519	115%	1,347	192%
	Pure	822	673	466	736	613	433	71%	373	183%
	Total	1,953	2,124	1,895	2,454	1,934	1,952	101%	1,720	190%
Total	EX virgin	16,706	18,336	21,439	27,467	25,675	32,958	128%	18,055	125%
	Pure	11,639	11,294	11,676	12,237	10,609	13,448	127%	6,703	114%
	Total	28,345	29,630	33,115	39,704	36,284	46,406	128%	24,758	122%

Source: Ministry of Finance "Customs Statistics". The total includes countries other than the listed 4.

Trends of Imported Products

Kato Sangyo:

http://www.katosangyo.co.jp/company/pdf/2012_company%20profile.pdf

Kato Sangyo is putting emphasis on selling Turkish "Cielo." They are aiming for further extension of business by strengthening the brand while the olive oil market continues to grow. This fall, 3 types of Cielo's extra virgin oil (910g, 454g, 228g) will become renovated. In order to boost the image of the brand, they will change the label design. Also, to prevent degradation from light, they are using a bottle with light blocking effect for 455g after the 910g. Cielo's extra virgin oil uses the first squeeze of high quality olive oil harvested along coast of the Aegean Sea. The oil has a characteristic of a simple taste that does not have a particular accent or bitterness. It has a high cost performance when comparing its quality to its price. Kato Sangyo wants to "widen the views of people who are not a large fan of olive oil" and considering a type of sales promotion of having sales clerks with specialized knowledge of the products who would explain and show how to use the



product.

Nisshin Oilio Group:

<http://www.nisshin-oillio.com/english/index.shtml>

The Italian brand, BOSCO's is gathering strength. Its sales performance was up 50% during April to June 2013 from the previous year. BOSCO's label design was renovated to emphasize "from ITALY" to have greater appeal of quality and price of olive oil directly imported from southern Italy. Hearing the customer's request, they made the labels come off easily so that it makes recycling much easier. Also, they changed the cap from screw caps to one-touch caps to make it more convenient. They even did TV commercials of BOSCO



and held campaigns where the customers can win kitchenware from Italian brands. From this spring a new product called "BOSCO Portion Pack," a single use 7g type, has been on sale. This product is not only placed in the oil section of the market, but also placed in the bread area, the frozen food area since it is related to frozen pizza, and fresh vegetable area, contributing to its sales by expanding its possibilities.

Suzusho:

<http://suzusho.co.jp/english/index.html>

There was a good demand for Greek IONIA brand's premium extra virgin olive oil (250ml) and cold press extra virgin olive oil (500ml). Both products are popular for their simple taste, high quality, and reasonable price. It had "gathered buyers with its great balance of price and quality." The "International Oil Collection" series' almond oil and pure peanuts oil (each 250g) from an English maker called AarhusKarlshamn is doing well. Nuts oil became popular in Europe and US from its health values and when it later arrived to Japan, the International Oil Collection became popular since similar products were not easily available. The pancake boom also helped increase the demand for nuts oil that goes well with the pancakes. Also, a Spanish aristocrat, Alvarez de Toledo family's Marques de Valdeuza is steadily finding its place in specialty stores, aiming for high-end users. For in store sampling promotions, they will respond to the distributors' needs individually



depending on their requests.

Nozawagumi:

<http://www.nosawa.co.jp/en/>

Nozawagumi handles Italian Cremonini. This brand has a history of over 50 years and has a fruity and fresh taste.

Business use is for food services, and retailer use is mainly for high-end distributors. The brand does not join any price competition such as special sales, and gathered fixed customers for its appeal on the premium feeling of the brand. "Extra virgin olive oil (500ml)" for retailer use is doing well even during January to June this year.

Nozawagumi is putting effort to fortify the cultivation of high-end super markets in Tohoku and Hokuriku region of Japan. One of their strategies is to build the firm basic of the category of Italian ingredients" by planning study sessions for food buyers on pasta dishes using ingredients from Nozawagumi. In the stores, they will hold NOZAWA PREMIUM for the 3rd year this year and conduct sampling sessions of pasta using Cremonini.



Japan Europe Trading:

<http://www.jetlc.co.jp/company/>

Japan Europe Trading handles several types of olive oil from Italy. They have a wide retail outlet, gaining support from the wealthy class. Their strongest product, Solleone has a fruity taste of hand picked olives that has been squeezed within 24 hours of harvest. This brand has 3 different lines: premium, casual, and organic. They also have different sizes and types: extra virgin, pure, and grape seed in 250ml, 500ml, 1000ml, and 3000ml. Sales performance last year was up 25% from the previous year (volume base), making a significant growth. An increase of 40% of Bertolli from Toscana especially played an important role in the growth.

Japan Europe Trading is putting effort into recipe proposals at stores that go well with pasta, Japanese food, and other types of food. They also conduct campaigns for consumers that lead to vitalization of the brand. The sales composition ratio (value base) of business use and retailer use is getting close to 5:5 due to the expansion of the market.



After fall, the company will reinforce proposals that have a focus on the Italian life style of rich food culture by using display boards at stores or organic recipes provided by Italian food specialists.

Nisshoku Foods:

<http://www.nisshoku-foods.co.jp>

Nisshoku Foods have an olive oil specialty store called "O & CO" and Spanish "Borges." O&CO is an olive oil specialty store where their headquarters are located in Paris, France, and Nisshoku manages the store in Japan. They use high-grade olive oil that is carefully managed in olive oil farms of the Mediterranean region. Since they only sell oil from olives of good harvest, the producers change every year. The current price range of the products Nisshoku handle is slightly higher than last year due to the influence of producers' situational change and strong euro. In the middle of October, they will sell 360 bottles of "Green Lemon Oil, Limited Edition, Limited Bottle" (229g, 2800 yen not including tax).



This product is made of olives that are early picked from the Tras Os Montes region of Portugal, and it is limited that only about 6,000 bottles exist in the world. Olive and green lemon are compressed together so they has freshness similar to a juice. The oil goes well with marinated fish, steamed potatoes, red fruit salad, and sorbet. Also, the top class olive oil "Le Rameau d'or" introduced 4 types of olive oils from Toscana, Italy. The price is 30-40% higher than ordinary, but the unique taste with great balance and the golden bottle catches the eye. "Tenuta Maria Teresa" is the top seller.