

Seasonings, Spices and Other Ingredients

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OLIVE OIL: JAPAN'S OLIVE OIL MARKET HAS ENTERED A SECONDARY
BOOM

Japan's olive oil market entered a secondary boom due to the spread and fixation of home usage. According to the Japan Food Journal, the purchase rate of olive oil doubled since 2005, and over 40% of the consumers have purchased olive oil before. It could be analyzed that olive oil's position is steadily becoming fixed as a seasoning, and this is a different type of growth from the first boom in 1998.

The market size of olive oil for fiscal 2011 rose 3.7% to 18.2 billion yen accounting for over 17% of the food oil market and ranked 2nd in that category. Both distributors and manufacturers think of olive oil as a promising field, and since market is expanding, there is a high possibility for it to grow up to about 20 billion yen in the near future. In recent years, consumers enjoy the taste and flavor in addition to the traditionally supported health values. In contrast to the first boom in the late 90s, the 2nd boom has the characteristics of demand and consumption spreading as a seasoning. In addition to this, manufacturers are actively proposing new recipes. Suggestions for a proper use of EXV and pure olive oil are accelerating and this also ties into the rapid growth in the consumption.

The main factor of the first olive oil boom in 1997-1998 was the health values (oleic acid), but recently, there are more values such as flavor and taste. Consumers have a deeper understanding towards the use of olive oil as a seasoning, and recipes using olive oil is growing in variety. This could be seen through the slowing growth of pure olive oil in contrast to the large growth of extra virgin oil, creating a greater gap.

Ranking 2nd in the food oil category next to canola, the olive oil market made rapid growth reaching 18 billion yen last year. On a value basis, it only rose 3.7%, but on a volume basis, it nearly made a double-digit growth of 18,860 tons. It was a year where both value and volume marked a record high.

The olive oil market was created in Japan during the early 90s when Italian food became popular among the Japanese consumers. It was a new market with added values such as effects for both beauty and health. Once demand for home cooking rose after the crash of the Lehman Brothers, needs for wanting to enjoy the same taste as a restaurant at home

increased. Currently, the market made a significant growth as to where the number of consumers who have purchased olive oil before is about 40%.

Taking a look at the domestic share, Nisshin Oilio Group's "BOSCO", J-Oil Mills' "AJINOMOTO Olive Oil" and "BERIO" are the 3 brands that account for nearly 60% of the share. This situation is still continuing, and it reaches about 70% when co-op related products are added. Imported products are also helping to expand and support the market by adding new lineups.



Import situation

According to the Ministry of Finance, imports from Italy and Spain together accounted for about 90%. Spain has the largest production volume globally, but Italy is the largest supplier to Japan. Since this could be said for EXV and pure olive oil, this is the characteristic of the Japanese market that represents the popularity of Italian food.

Olive oil from emerging nations such as Turkey and Greece are playing an active part for business use. With a unique flavor, they are being used as an ingredient for special dishes. Overall, imports from the two olive oil superpowers, Italy and Spain remain strong.

On the other hand, there are voices hoping for an expansion in the products from the new world just like wine. While Greek and Turkey are being recognized as a midsize import country, olive oil from South America has the possibility for a large growth depending on the exposure and expansion of market. Unlike the first boom, consumers have a better understanding of olive oil, so in the future there are high possibilities of consumers to demand items from variety of regions.

In order to grow olive, which is the oil seed for olive oil, rich natural environment is necessary. Since South American olive oil is grown under this condition, it has high expectations for the future. While consumer needs are increasing in diversity just like wine, expansion of items in the olive oil market from different countries will become the

key to further growth.

The olive oil market in Japan is currently in the transition period of growth, and the possibilities for it to spread in the future for domestic use is high. In that situation, providing a variety of choices for consumers will become a duty for the companies, as it is an effective way to contribute to a plentiful diet.

