

## Bakery Products, Noodle & Pasta

December 27, 2011

### PASTA IMPORTING MARKET IS EXPANDING

The pasta importing market is expanding. 80% of the pasta imported to Japan is from Italy and the US. From January to September in 2011, the total amount of exports from both countries grew over 10%. On the other hand, quantity from United Arab Emirates, Greece, and Turkey are quite large at 20~40%. Due to the Great East Japan Earthquake on March 11 this year, the demand for preserved foods is increasing. In addition to that, because of the strong yen, the pasta market is expanding. From January to October in 2011, the volume of pasta produced domestically was also increasing at 7.7% from the previous year, but the pasta import volume increased 12.1%, and the share for imported pasta in Japan makes 46%. In the background for the growth of imported pasta, there is an increase in spot trading due to the strong yen, and more companies are dealing directly with restaurants and volume sellers without importers. On the other hand, the price of durum wheat is soaring, and there are many companies getting the request to raise the delivery price. There are points to concern such as soaring prices of raw materials and the food storage of homes after the disaster in March, but the pasta market is growing. In 2011, products related to pasta sauce are doing well as well, and with the right promotion to consumers, the pasta market will continue to make further growth in 2012.

**Changes of Domestic Production and Import Volume of Pasta**

FY	Domestic Production Volume (t)				Import Volume (t)				
	Spagietti	Macaroni	Total	Y/Y (%)	With egg	Spagietti	Macaroni	Total	Y/Y (%)
2004	124,108	26,377	150,485	101.4	908	99,928	10,682	111,518	103.5
2005	128,848	25,897	154,745	102.8	1335	98,268	10,001	109,504	98.3
2006	135,101	25,975	161,076	104.1	634	99,338	9,816	109,788	100.2
2007	138,632	24,855	163,487	101.5	453	94,851	9,106	104,410	96.1
2008	133,291	25,298	158,589	97.0	571	117,155	9,529	127,255	121.9
2009	124,230	25,621	149,851	94.5	401	105,962	10,051	116,414	91.5
2010	129,557	25,862	155,219	103.6	333	110,503	9,816	120,652	103.6

By month, 2011

January	10,778	2,381	13,159	109.8	23	9,344	963	10,330	105.2
February	10,341	2,230	12,571	115.4	36	8,055	744	8,835	105.7
March	11,358	2,652	14,010	101.5	35	8,731	739	9,505	112.4
April	14,223	2,915	17,138	124.3	25	8,734	882	9,641	94.5
May	12,358	2,409	14,767	115.2	22	15,566	1,184	16,772	147.6
June	13,343	2,616	15,959	119.6	14	13,998	996	15,008	123.9
July	10,356	2,162	12,518	97.0	19	11,437	811	12,267	97.0
August	9,897	2,085	11,982	97.9	40	12,450	1,104	13,594	121.1
September	10,506	2,225	12,731	99.3	28	9,404	640	10,072	92.4
October	11,043	2,298	13,341	97.6	38	8,430	803	9,271	119.9
Year to the same month	11,441	2,230	13,671	-	3	6,976	755	7,734	-
January-October total	114,203	23,973	138,176	107.7	280	106,149	8,866	115,295	112.1
Year to the period total	107,127	21,140	128,267	-	265	94,094	8,465	102,824	-

Source: Ministry of Finance "Trade Statistics"

Next, let's take a look at companies that handle imported past. Nisshin Foods handles "DE CECCO" from Italy. For future selling strategies, they are planning to link the pasta with pasta sauce. For a short-term plan, they are in the Year-end and New Year sales battle, and they are going to actively promote their products in stores.



Nippon Flour Mills Co. that handles "Barilla" is working to promote this product for parties in December and New Year. There was a campaign on October 25, the World Pasta Day, where you eat an original menu at the famous chef's restaurant; you can get "Barilla" Spaghetti 1.7mm (300g) for free. About 50 restaurants in Japan including Tsutomu Ochiai (Chairman of Associazione Cuochi Cucina Italiana) from LA BETOLLA under the official slogan, "Pasta that makes him (her) happy." For the latter half of the period, Nippon Flour Mills Co. will promote to increase the familiarity for the highest-grade brand from Barilla, "Voioello." The business-use pasta from the same brand made by low temperature, long time drying method with bronze dice is highly evaluated, and they are trying to make it familiar for home-use as well.

Nosawa deals with Italian "Don Peppino's" new product, gnocchi, which is going to start selling from December. Last year, since the ones that they sold as a trial was highly evaluated, they will start selling it formally. Gnocchi from Don Peppino has the characteristic of cooking 2~3 minutes with 1% salt. It is a size of a pearl. Japanese people like small products, and it could be used for many dishes. It contains more potato than normal gnocchi with 70% potato and 30% flour. This makes the texture not too soggy, and it is one of appealing points.



Sokensha that handles an Italian organic food brand called "Girolomoni" is increasing its sales in both long and short pasta. On a product basis, the "Durum wheat organic spaghettini" that they have been selling for 2 years is getting fixed. More stores are using this product, and this year, the short type was popular. Food specialty shops such as Kinokuniya and Kitano Ace, and other stores that mainly deal in organic products are the main shops handling Girolomoni products. Each store will give out samples as a selling strategy since they get "good feedbacks when the customers eat it." They are considering adding new items.

Japan Europe Trading Co. is an importer that handles Italian products such as "SOLLEONE," "SPINOSI," and "MENNUCCCI." They are selling a large volume of business-use imported pasta, and recently, they are putting effort on one of the major food chains. SOLLEONE sustains its al dente texture even when you leave it for some time after it is boiled, and the products for business use is popular. For retail, they are creating PB for major volume sellers, and Japan Europe Trading Co. says that "recently, major volume sellers are highly inclined to PB, and some asks the importers for manufacturing. Our company provides package development, product design, price design, and price differentiation from other products." "SOOLEONE frozen pasta" is the center of attention for this term, and it is business use spaghetti from Gragnano. It uses the pullulan coating, which has a patent, and it can be cooked quickly compared to dry pasta since it uses quick heating process. This process separates the pasta quickly and allows to equally cooking the pasta.



Kato Sangyo handles its own product, "Prossimo" (Turkey/Italy) and high class Italian brand, "Pezzullo." This term, they have renovated all packages of Prossimo from turkey. As part of the renovation, for short pasta, they changed to short cooking type that only requires 3 minutes of boiling and this is doing well.



Lead off Japan started handling an import pasta brand called "BIANCONI" from this January. The two items are "No.2 Spaghettini" and "No.3 Spaghettini." It contains 80-90% of Italian flour, which is high in protein. They are expanding their business by mainly selling these products for business use to small privately owned restaurants. Lead off Japan is also concerning to add new pasta from November, and they have gotten samples from 12 companies from Italy, US, Turkey, and others and came to the conclusion. It has a smooth texture using Teflon dice, and it does not lose its quality for some time after it has been cooked. It is the first time for this brand to be sold in Japan. Bianconi is the pasta that Luciano Pavarotti, one of the three tenors used to love, and he always had it with him during the world tour.