

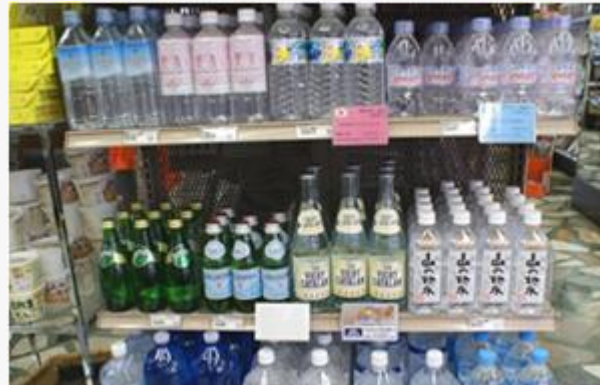
Soft Drinks & Water

July 14, 2011

MINERAL WATER / SOFT DRINKS

Mineral Water

The amount of imported drinking water recorded its highest number in both April and May. The number in May was 4 times the number in the same month last year. This is due to the water shortage from the Great East Japan Earthquake on March 11. Imports from Korea, Taiwan, and the US are expanding. Imports from Korea



especially increased, and it is 15.7 times more than a year ago. Currently, there are over 50 different imported mineral water out in the market. Importing countries are France, Italy, Canada, and Norway. Major producers that aim for a greater demand are looking for a better charm other than safety and natural. Their sales pitches are the quality of the original water, healthiness, and being environmentally friendly. They are creating lighter containers made of plants as a plan to save the environment. Making sustainability and product quality/usability compatible, they are aiming to raise the product price. To make a differentiation, there are plans to add 20~50ml more than the normal 500ml.

Import Statistics of Mineral Water (Top 5 Countries)

(Unit: KL, 1,000yen)

Country	2008		2009		2010			
	Quantity	Amount	Quantity	Amount	Quantity	Y/Y	Amount	Y/Y
France	309,276.8	24,831,501	244,939.0	18,895,945	233,881.3	95%	16,767,322	89%
U.S.A	152,442.6	6,664,494	130,369.6	4,766,570	131,375.9	101%	4,122,242	86%
Italy	12,611.1	946,873	11,350.9	728,423	14,292.5	126%	839,183	115%
Canada	10,744.1	625,333	14,654.3	636,668	12,852.6	88%	507,473	80%
Korea	1,307.6	81,854	2,327.5	103,700	11,635.4	500%	305,622	295%

Sources: Compiled from Ministry of Finance "Import Customs Statistics".

Soft Drinks

Here, we will introduce the amount of carbonated drinks, fruit juices, vegetable juices, sports/functional drinks produced within the nation, along with producer's prices and let you know where Japan is heading. This year, carbonated drinks and black tea are attracting attention. Within carbonated drinks, "Zero products" are getting the most attention.

Looking at the marketing side, not only are characteristics and flavors of the products being proposed, but the drinking scenes are also being proposed. For instance, products with "morning" as its theme, coffee and tea are put into that category along with fruit and vegetable juices. This is to give a more vivid image to the consumers. Also, more companies are making an appeal with the different types of containers.

Zero calorie drinks had problems with its taste, and it had not made much progress. Recently, these problems have been improved by the manufacturers and they have succeeded in making zero calorie drinks the same as the normal ones. As a result, the product had demand from healthy consumers who wish to drink something sweet but was concerned about the calories. Coke succeeded in this, and these "zero calorie drinks" are expanding to coffee and sports drinks. Coke is one of the least growth categories in the beverage market, but there are hopes that they will become the leading force in the market.

Production Volume and Sales Amount for Soft Drinks in 2010

Classification	Production volume (KL)	Production volume (YY)	Sales amount (1 million yen)	Sales amount (YY)	Consumption per person (ml)	Production volume Share(%)
Carbonated drink						
Coke carbonated drink	1,360,000	104.8	223,413	107.2	10,677	7.3
Clear carbonated drink	458,900	89.4	91,416	92.9	3,603	2.5
Carbonated drink with fruit juice(5%-10%)	23,700	88.4	8,087	96.4	186	0.1
Carbonated drink with fruit juice(Less than 5%)	300,000	124.7	58,754	133.2	2,355	1.6
Fruit coloration carbonated drink	444,500	97.2	47,633	74.6	3,490	2.4
Carbonated drink with milk	157,100	108.2	26,934	108.9	1,233	0.8
Carbonated water	61,600	155.9	11,601	135.3	484	0.3
Beer taste carbonated drink	126,600	196.0	34,569	184.9	994	0.7
Other carbonated drink	253,900	123.0	52,251	165.1	1,993	1.4
Energy drink	264,100	102.4	93,369	96.7	2,073	1.4
Total	3,450,400	106.2	648,027	107.4	27,087	18.5
Fruit drink						
Fruit juice (100% of fruit juice)	512,000	102.6	111,624	99.1	4,019	2.7
Fruit drink (50%-100% of fruit juice)	109,500	109.6	22,940	101.0	860	0.6
Fruit drink (Nectar)	22,400	80.6	3,924	82.8	176	0.1
Fruit drink (More than 10% of fruit juice and other than above)	439,600	93.2	91,049	90.0	3,451	2.4
Fruit drink with pulp	28,700	86.7	7,429	76.1	225	0.2
Fruit-type near water	154,100	121.4	18,717	107.9	1,210	0.8
Other direct drink	189,400	144.1	39,909	153.2	1,487	1.0
Diluted drink	59,200	113.0	6,869	111.9	465	0.3
Fruit syrup	12,100	109.0	5,505	107.2	95	0.1
Total	1,527,000	105.1	307,967	100.7	11,988	8.2
Mineral water						
Natural water	23,100	106.9	1,856	111.9	181	0.1
Natural mineral water	1,712,400	99.0	132,633	99.1	13,443	9.2
Mineral water	55,200	200.0	4,141	115.3	433	0.3
Bottled water (Excluding deep seawater)	301,500	111.1	22,868	102.7	2,367	1.6
Deep seawater	6,800	17.3	438	13.8	53	0.0
Total	2,099,000	100.5	161,936	98.4	16,478	11.2
Vegetables drink						
Tomato juice	46,300	104.3	16,090	116.3	363	0.2
Tomato mix juice	41,500	176.6	11,150	174.9	326	0.2
Tomato drink	3,200	320.0	909	354.6	25	0.0
Carrot juice	2,700	87.1	1,026	94.3	21	0.0
Carrot mix juice	9,300	62.4	2,888	76.5	73	0.0
Vegetable juice	96,100	120.6	32,654	1205.0	754	0.5
Vegetable and fruit mix juice	289,500	102.9	78,721	103.8	2,273	1.6
Vegetable drink	17,500	119.9	2,077	112.5	137	0.1
Total	506,100	109.4	145,514	111.9	3,973	2.7
Sports and functional drink						
Sports and functional drink	1,833,900	112.5	316,907	110.6	14,397	9.8
Total	1,833,900	112.5	316,907	110.6	14,397	9.8

Sources: Shokuhin Sangyo Shinbun

Healthy vegetable drinks made of 100% vegetables made a big growth. As a positive factor, there are many people who start their work hours early this year because of the earthquake, and the younger generations are trying to fulfill their morning activities. Vegetable juice (fruits mix), supported by the younger generations is a favorable wind. The product that allows easy consumption of nutrients has high hopes as a representative. Within fruit juices, low fruit juice drinks were drunk during snack, and 100% fruit juice drinks were drunk during breakfast. But recently, consumers look at factors other than how much fruit juice is contained in the product, such as its flavor and what they feel like



drinking at that time. Manufacturers are now required to develop products that are not captured in the already existing concepts.