

## Confectionery & Desserts

November 15, 2011

### IMPORTED CONFECTIONERY TO VOLUME SELLERS ON THE RISE

The import of confectioneries in 2010 increased 9.3% in volume and 1.8% in value from the previous year. According to one confectionery import agent, "this is due to the increasing demand for valentine chocolate and professional use. Since both volume and value increased during the first half on 2011 (January to June), we can expect further growth during the Christmas, end of the year season where the demand for chocolate reaches its peak." Strong yen is also another factor helping the rise in volume. The fancy, cheerfulness of imported products is getting the attention of consumers. As a result, the handling of imported confectioneries is beginning to be increased at volume sellers as a new route in addition to the usual import specialty store and department stores.

**Major confectionery import volume during the first half of 2011 (Jan. ~ Jun.)**

	Quantity(t)	YY	Amount (1 million yen)	YY
Chewing gum	165	78.2	88	108.6
Candy	5,721	109.4	3,072	114.4
Caramel	75	83.3	45	60.8
Chocolate	8,039	110.0	5,723	97.0
Biscuit (sweetened)	10,139	124.6	3,487	114.8
Total	24,139	115.1	12,415	105.4

**Major confectionery import volume in 2010 (Jan. ~ Dec.)**

	Quantity(t)	YY	Amount (1 million yen)	YY
Chewing gum	381	90.7	147	95.5
Candy	10,756	99.9	5,547	95.2
Caramel	192	83.5	133	82.1
Chocolate	20,801	107.4	16,462	101.6
Biscuit (sweetened)	17,219	119.9	6,420	109.6
Total	49,349	109.3	28,709	101.8

Sources: Compiled by Ministry of Finance "Import Customs Statistics"

Some agencies that handle imported confectionery are lowering the price of the products due to the strong yen. By providing so-called premium products using butter and flour from Europe at a cheaper price, they are trying to get new customers. The delivery of products is expanding from imported foods specialty stores and department stores to volume sellers and CVS. At volume sellers, when they want to make a difference from other products, it is difficult by just simply placing only Japan's national brand products. Instead, they are attempting to make the best out of the colorful packages and foreign printed titles of imported products.

While food specialty stores such as Kaldi Coffee Farm, Kitano Ace, and Seijo Ishii are

opening new branch stores that handle many imported goods, many buyers of major volume sellers are starting to notice that the consumer needs are on imported confectionery. Imported confectioneries are at a higher price level compared to nationally made confectionery, but even products over 500 yen are doing well, and imported confectioneries at volume sellers are expected to expand. Here, we can see a new trend formula of "imported confectionery" - "large volume sellers."

For the movement of CVS, Natural Lawson, convenience stores located mainly in the metropolitan area known for their carefully selected products are selling more imported confectioneries than ever before. For confectioneries, Natural Lawson has a good selection of products that match the needs of women who care about beauty and health. Small quantity sizes of imported confectionery are popular among women who "want to eat delicious foods in small quantities." There are many women who are concerned about calories, and smaller sizes are becoming the key. Small size or small quantity confectioneries that cost 100~200 yen have already penetrated into the market to some extent. Small, individual packaged products have high demand for people who want to try the flavor as a trial, and it also fulfills the needs of consumers who "want to eat a small amount." As the strong yen continues, prices of ingredients such as sugar, flour, and cacao are rising and this is a worrisome matter for the Japanese market, but imported confectionery is the category with high hopes.

## Trend of major imported confectionery

- Suzusho mainly handles products from an American company, Hershey's, which is famous for their chocolate "KISSES" with a unique shape and design. In the company overall, peg type (where you can hang on a wall) has the highest shipping volume. The price is, for instance, quite reasonable at 350 yen for 150g, and that is why it has become a product with consistent sales. "Drops Milk Chocolate" and "Cookie and Chocolate" that started selling this spring are also doing very well, and bringing new variety of products into the market help the increase in sales.



Photo from Hershey Japan's website

- Ryoka Japan's strongest imported confectionery is Haribo's (Germany) gummy. It takes up a lot of space on the shelf for specialty stores, and it is also spreading throughout CVS and kiosks in train stations. Its



Photo from Ryoka Japan's website

chewiness is the reason of its popularity, and it grew 8 times than 10 years ago. Ryoka Japan will throw in two other brands of chocolate to match the demand in autumn and winter. The two brands are Belvas's (Belgium) chocolate using high quality cocoa from fair trade, and Pernigotti's (Italy) Gianduia chocolate.

- Ki tanoya sells products to specialty stores and CVS such as mini size wafers from Loacker (Italy) and Maple Leaf Cookie (3 cookies) from Taste Delight (Canada). Wafers from Loacker don't use any artificial flavor, perseverance, or color and has a natural flavor. There are different flavors such as chocolate or fruits depending on the cream sandwiched between the cookies. From this fall there will be 2 new flavors. "Quadratini Chocolat" is a cube shaped wafer that could be eaten in one bite. It coated "Quadratini" with chocolate.



Photos from Kitano Shoji's website

- Arcane lowered the price of all items of Andros's (France)cookies, "Bonne Maman" and "Saint Aubert" 15% in average. This is to answer consumer needs and due to the strong yen. As a result, sales is increasing in both quantity and value basis. By setting the price below 500 yen, the aim is to have further expansion of sales and getting new users. A new product from the "Bonne Maman Biscuit" series, "Crepe Cookie" started selling in August.



Photo from Arcane's website

Wrapping thin baked crepe is a traditional confectionery in the French Bretagne region and its crispy touch with the elegant flavor of butter is a character.

- Multifood International will launch 6 new products this autumn and winter. There will be 2 new products from one of the main force, Snyder's (USA) pretzels. They will also start handling xylitol gum from Fazer (Finland). As for pretzels, "Sea salt & vinegar" with a strong pepper taste and "cheese burger mini" that tastes like hamburger started selling. The Multifood is planning to sell party bags for Christmas and New Year to raise the sales since national snacks are doing well right now.



Photo from Multifood's website