


Finnish Food & Beverage Products – Market Entry Research Project June 2020

- **Research Objectives:**

- Analyze the potentially suitable e-com marketplace and other distribution channels for Finnish Food & Beverage products to enter the Japanese market.
 - Identify, if any, possible problems or hurdles for the categories of food & beverage consumer products from Finland
 - Identify possible future partners to import / wholesale and retail (both shop, e-commerce or hybrid)
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Today's Presentation:

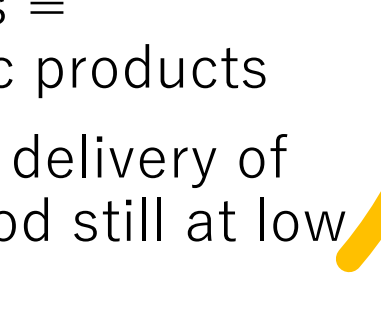
1. General Introduction Japanese Market
 2. Results of our interviews with retailers and wholesalers
 3. General Conclusion and next steps
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- **The Japanese Market for Food and Beverages:**
 - **Demographics:** 126 million people / GDP (at purchasing power parity) per capita US\$ 46.827,- (Finland: US\$ 49.548,-) (IMF 2020 estimates)
 - **Market Size:** retail sales in the packaged food market in Japan estimated at US\$182.1 billion in 2018 (Euromonitor)
 - **Retail Landscape:** a rich and vast variety of food retail outlets (department stores, supermarkets, convenience stores, discount shops, specialty stores, e-commerce, etc.)
 - **Increasing Concentration** => AEON, Seven & i Holdings, Seiyu (owned by Walmart), many regional supermarket chains

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• The Japanese Consumer and Foreign Food and Beverages:

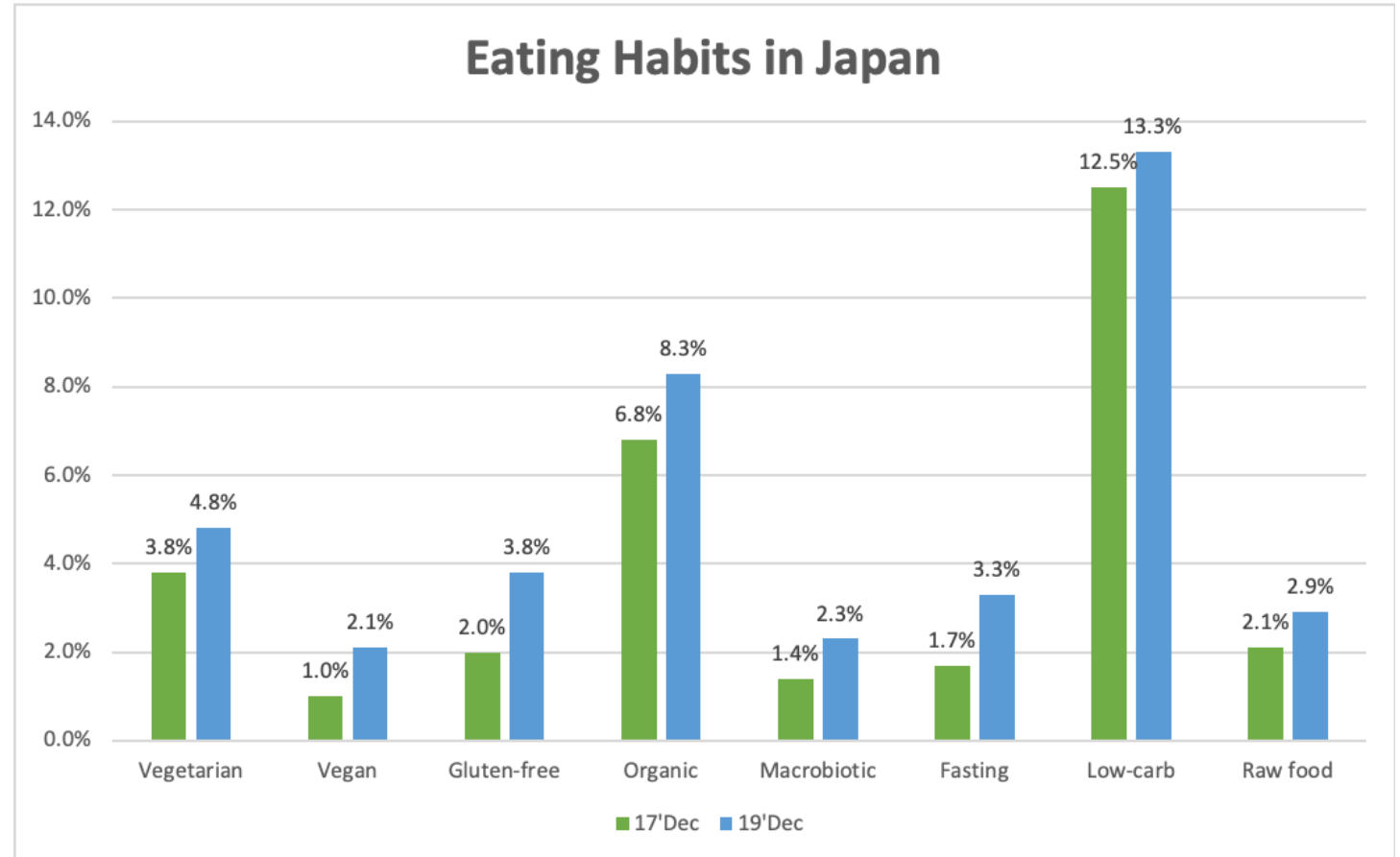
- High level of urbanization and predominantly middleclass consumers, well informed => open to new food experiences
 - Foreign food products now well-accepted; specialty food products tend to be introduced into the market by specialty foreign food retailers and wholesalers
 - High expectations for quality and appearance (and packaging)
 - Some remaining distrust of imports = consumers preference for domestic products
 - Except for COOP (traditional home delivery of food products), e-commerce for food still at low levels (6% of **all** retail shopping)
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- **The Japanese Consumer and Foreign Food and Beverages:**
 - (continued):
 - Japanese consumers are known for demanding high quality products
 - However, prices remain the leading factor for choosing food and beverage products among consumers
 - In food retail sales the relevance of food gifts remain important – summer and winter gifts, e.g. Valentine's day (up to 50% of yearly chocolate sales for one foreign company)
 - Rapid growth of organic products
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The Japanese Consumer and Foreign Food and Beverages:



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**Japanese Main E-Commerce organizations:
(for foreign food & beverage products)**

- **Amazon** - most well-known, rich choice of packaged goods, foreign products mostly offered by smaller re-sellers – which use Amazon as shopping mall
- **Rakuten** – ("the Amazon of Japan") shopping mall for both domestic and foreign food and beverage products. Also facilitator of shopping malls for big well established retailers
- **Yahoo Japan** – variety shop – with shopping mall function for a rich variety of (mostly) Japanese food & beverage products

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**Japanese Main E-Commerce organizations:
Japanese Retail Organizations (examples):**

- **Nation wide and regional Supermarkets, Food Specialty Stores, Departments Stores, etc.** - almost all offer their complete shop assortment on well-developed e-commerce sites
- **COOP** – home delivery and store business. home delivery the e-ordered goods are delivered to individual homes designated address on a weekly cycle
- **Specialty E-Commerce** shops in food: example **Oisix**
- <https://en.oisixradaichi.co.jp/company/>

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Foreign food company strategies

Big Players: Global Breweries, Food Giants:

Well established with local subsidiary, imports, local production in JV partnerships under license

Smaller Food Producers:

Partner with local food importers to penetrate the market with both e-commerce and shop strategies – the majority of overseas food & beverage producers

Niche specialty producers:

Set up local branch and develop e-commerce (as well)

Example <https://boutique.valrhona.co.jp/> - Valrhona Chocolate



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1. Interview results – Expert Opinion:

Find Yourself a Good Importer / Wholesaler!

They will help you with labelling, and any food quality requirement issues (if any). Depending on strategy, your importer can set up an e-commerce mall on Amazon or Rakuten on your behalf. Importer/wholesalers will further handle all dealings with retailers, including e-commerce




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- **Interview results – Wholesalers and retailers:**
 - None of the companies interviewed handled Finnish food products
 - Most interviewees were not familiar with Finnish food products
 - One respondent mentioned that she had read about “Finnish insect-based bread / One respondent mentioned Finlandia Vodka (handled by Asahi Breweries), Fazer confectionery (handled by Mitsui Foods)
 - Most buyers expressed (mild) interested to learn more / 3 asked to be contacted for more detailed information
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- **Interview results – Wholesalers and retailers:**
 - Buyers in retail organizations expressed the need for a reliable and trusted importer from which they want to buy
 - Most buyers mentioned that there were no special conditions for Finnish products – but prefer good quality, attractive products with consumer appeal as criteria for consideration
 - Buyers expressed concern for correct labelling and adherence to Japanese food standard and quality regulations (see file in website)
 - Only one buyer mentioned “Finnish” as a special point of appeal
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- **CONCLUSION:**
 - **There are no technical or marketing hindrances for Finnish products to enter the Japanese market**
 - **On the contrary - (most) buyers are willing to learn more**
 - **Finnish products will compete in a crowded and very competitive market but will, when adapting to local requirements and customs (packaging) have a good chance to compete**
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CONCLUSION - continued

- However – setting up your own shop on pure e-commerce platforms needs a local presence and may not be noticed by most consumers
 - Finding a good, reliable importer, as already mentioned, is key for any further steps into the market =>
 - A good importer will act as your local sales branch, help you with labelling and any other requirements and adoptions and interact with you to implement your strategy while helping you introduce
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Next Steps:

- **There is no one fit for all companies - strategies, e-commerce channel choices and brand positioning will depend on many factors like product and product lines, size of the company, brand and product positioning**
 - **Further, customized next steps can help you find suitable partners based on agreed criteria and tailored approaches**
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