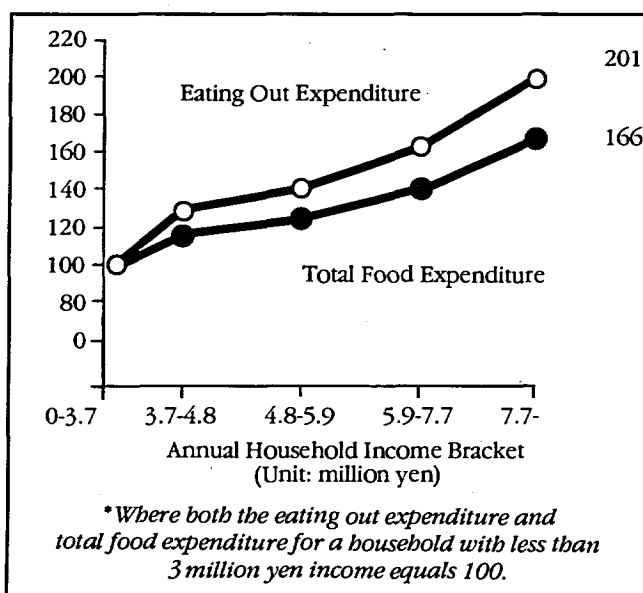


Income, food expenditure, and food service consumption are all clearly related in Japan. As income rises, both food expenditure and food service consumption also increase; however, food service consumption increases at a greater rate. As shown in Figure 2, both food expenditure and eating out expenditure for a household with less than ¥3.7 million (\$35 600 Cdn) income are given a value of 100. As household income rises to over ¥7.7 million (\$74 000 Cdn) food expenditure rises to 166 while eating out expenditure climbs to 201. In other words, a household in the ¥7.7 million income bracket spends 66 per cent more on food and 101 per cent more on eating out than a household with ¥3.7 million income. It may be expected, therefore, that as the average Japanese grows more affluent the food service industry will continue to grow and benefit from the increasing tendency to dine out.

**Figure 2**

**Food and Eating Out Expenditure by Income Bracket\* (1987)**



Source: Household Survey Annual: 1987, Management and Coordination Agency.

The Japanese already spend much more on eating out than Americans. Table 2 gives household expenditure on food services for 1985 in the United States and Japan. In that year the average Japanese family spent \$1 359 (US) annually on eating out, or 22.5 per cent more than the average American family.

**Table 2**

**Japan and United States Household Expenditure on Food Services (1985)**

|                                           | U.S.         | Japan        |
|-------------------------------------------|--------------|--------------|
| Total Expenditure on Food of Household    | \$3 116 (US) | \$4 787 (US) |
| Expenditure on Food Services of Household | \$1 109 (US) | \$1 359 (US) |
| Note: (\$1 US = ¥200)                     |              |              |

Source: Management and Coordination Agency of Japan, U.S. Ministry of Labor.

Perhaps the major reason for the greater expenditure on eating out is the common Japanese tendency not to socialize at home, but to invite people out. The Japanese seldom use their homes for entertaining and their homes are not designed with large living room areas to accommodate guests. Instead, Japanese will usually entertain friends or clients at their favourite restaurants or bars.

Furthermore, eating and drinking in Japan in a "Japanese-style" can be relatively less expensive than in Canada. Liquor licenses, for example, are not expensive so mark-ups are not as large as in Canada. Also whisky, which is very popular in Japan, can be usually bought by the bottle — not only by the drink as in Canada — and this results in a substantially lower drinking charge to the customer. There are literally hundreds of thousands of Japanese-style eating places, of which most serve alcohol, and this results in a strongly competitive market which clearly helps to keep prices down. At last count Japan had 838 000 eating and drinking establishments (1982 survey), 2.3 times as many as in the whole of the United States.

While entertaining at major hotels or on expense accounts in "bars" in Ginza or Akasaka is expensive, there are still a wide variety of lower-priced drinking establishments that also offer good food. The result is that going out to eat and drink, in small or large groups, is more of a custom in Japan than in Canada, and generally more affordable.

The Japanese food and beverage service industry is characterized by a large number of small shops, usually clustered around the local train station. These shops are often specialized, offering only one type of food such as sushi (raw fish), ton-katsu (deep fried pork), Chinese noodles, or yaki-niku (barbecued meat). The average Japanese food service establishment usually seats no more than 6 to 15 people at one time, has three employees, including the owner, and annual sales of only ¥19.1 million (\$184 000 Cdn).