The meat industry is highly competitive. Meat processors are constantly introducing innovative products which, generally, are modelled after regional and traditional delicacies found in Europe and other western countries (i.e., Black Forest ham, Schinken and a variety of sausages). The introduction of new products to boost sales is standard practice today.

Five years ago, the industry received a considerable sales boost from the popularity of what was then labelled as "handmade" ham and sausages. However, under closer scrutiny by the Japan Meat Processors' Association, it was found that only a small portion of the manufacturing process involved production by hand. Consequently, in 1987, the association required meat processors to refrain from using "handmade" in their ham and sausage labelling. Sales levelled off from the negative publicity generated by the ruling.

More recently, coarse-ground (arabiki) weiners stimulated sales in the meat industry. Until the introduction of arabiki, Japanese weiners were of a finely ground or fish paste (kamaboko) texture, which was considered to reflect Japanese taste preferences. The promotional product of the day is currently Schinken.

Further information on the Japanese meat market is available from *The Processed Meat Market*, part of the "Export Opportunities in Japan" series.

New Product Development

Taste preference plays a major role in the development of new products. In Japan, taste preferences vary from region to region. Residents of the Tokyo area prefer salty products, while Osaka-area residents prefer a less salty taste.

Product trends are set by the major meat processors since there are very few professional meat packers outside the large-scale business operations. They are hindered in their product development by Japanese consumers' general lack of knowledge when the concept of value-for-money is applied to meat. This is largely due to the relative newness of the meat industry. For example, the average Japanese consumer finds its perfectly natural for a freshly hauled fish to be priced considerably higher than one refrigerated. However, the same consumer would quickly question the price difference between fresh and frozen meat.

Meat Distribution System

In 1988, four industrial meat processors accounted for approximately 55 per cent of the ham and sausage market in Japan which, in turn, accounted for over 80 per cent of the entire processed meat market (see Table 4).

Table 4

Top Domestic Ham and Sausage Producers — 1988

Company	Value (¥ million)	Market Share (%)
Ito Ham	146 100	16
Nippon Ham	125 500	14
Marudai Ham	111 400	13
Prima Ham	104 600	12
Other	408 400	45
TOTAL	896 000	100

Source: Japan Meat Processors' Association.

Large processors maintain their meat supplies through sub-contractor-type slaughterhouses. They also sub-contract much of their small-batch specialty meat orders, such as American-style bacon which is served mainly in the restaurants of major hotels, to small and medium-sized meat processors.

Profiles on the five leading meat packers are presented in Chapter 10.

In 1988, the meat industry consisted of 1 689 producers, 10 540 distributors and 200 643 retailers.

Generally, no Japanese shopping arcade (shotengai) is considered complete if it is lacking either a greengrocery, fish store and/or meat store. Of the three, meat stores are considered low man on the totem pole. Greengrocers and fish store owners traditionally attend marketplaces and bid for supplies — a feat that requires some degree of business acumen. Meat store owners, however, place orders directly with suppliers and make payments monthly. Hence, it is generally agreed that anyone can run a meat store.