

## 4 Fast-Food Equipment

### Food Service Industry

Due to increased affluence of Japanese consumers, nearly all sectors of the Japanese food service industry have continued to enjoy steady growth over the last few years. In addition to the restaurant sector, drinking establishments such as cabarets and izakayas (saki bars) are key contributors to the overall market size of the domestic food service market.

The Japanese food and food service industries — and in particular the fast-food sector — are driving forces behind the growth of the domestic food processing machinery industry.

Other significant trends that are reshaping Japan's food processing machinery industry include:

- *Increased consumer acceptance of processed foods.* Food processors are finding it increasingly necessary to provide quality products capable of economizing kitchen chores such as food preparation and dishwashing.
- *Demand for ready-to-eat foods.* Due to smaller family size, consumers are buying food products in smaller, more economical quantities. There is also a growing tendency toward ready-to-eat packaged foods that are either fresh or easy to prepare. As a result, food production operations must now be capable of small-lot production in extensive varieties.
- *Small demand for frozen food.* Consumer demand for quality and freshness has had a marked influence on the frozen food sector. It remains much less developed than in North America and represents only a small portion of the total processed food market.
- *Growing tendency to eat out.* Over the past few years, increasing consumer awareness of foreign foods — stimulated by travel and the media as well as by a new affluence accompanying the strength of the yen — has brought about a broader, more sophisticated food service market in Japan. It is estimated that the average Japanese consumer will spend over 30 per cent of his or her gross annual income on eating out. A wide range of foreign restaurants and eating establishments has been introduced recently, including U.S.-based fast-food franchises and ethnic restaurants representing cuisines worldwide.

### Fast-Food Industry

The influx of fast-food establishments in Japan began with the introduction of McDonalds in the early 1970s. Initially, western-style ventures dominated the fast-food scene. However, the fast-food craze has since shifted to include chains that are uniquely Japanese such as sushi counters and soba (noodle) shops. Family-style restaurant chains serving western cuisine have enjoyed a steady increase in sales over the past few years while hamburger chain expansions have slowed somewhat due to intense competition among market leaders such as McDonalds, Lotteria and Mos Burger. Over the past three years, pizza delivery service has grown rapidly, especially in the metropolitan Tokyo area.

With space at a premium and land prices skyrocketing in the greater Tokyo and Osaka metropolitan areas, established fast-food chains are finding it necessary to expand into suburban areas, while relatively new chains are finding it almost impossible to set up shop in the profitable Tokyo/Osaka areas.

In principle, fast-food chains — particularly franchise operations — have set guidelines that designate not only store design and galley layout, but also equipment to be used. In the case of western franchises, specialized equipment is imported while suitable domestic machinery is selected as standard equipment.

Companies rarely deviate from this practice unless the introduction of new products necessitates other than standardized equipment or floor-space restrictions call for smaller machines. As a result, penetration of this sector is often difficult.

In terms of suppliers, a number of major pizza delivery operations are supplied with crusts, toppings or frozen pizzas by food suppliers such as Prima Ham and Yamazaki Baking. JC Foods, specializing in pizza and related materials, is a major supplier that currently serves delivery shops such as Domino's Pizza (see Chapter 10).