

1 Introduction

Bottled water, which has been gradually increasing in demand in Japan for a decade, has recently become a rapid-growth market. The growth is particularly evident in imports where volume increased nearly threefold in 1987 to 4.2 million litres and more than doubled again in 1988 to approximately 10 million litres. As all indications are that this trend will continue, the bottled water market represents a good opportunity for Canadian exporters.

2 Rising Popularity of "Delicious Water"

A number of factors have contributed to the recent boom in sales of what the Japanese call *oishii mizu* (delicious water). The ever-growing prosperity of the people coupled with the demand for high-quality food and beverage products is a major factor. To avoid the chlorine of tap water, more and more bars and restaurants are using bottled water for *mizuwari* (whisky and water), while many of the new coffee bars which have opened in large numbers in recent years, are using it to make coffee. Numerous high-class sushi bars serve bottled water as it is considered to taste better with this popular food item in Japan.

The demand for bottled mineral water is also in line with the recent health food boom in Japan and an increasing number of consumers are beginning to drink bottled water for health reasons. The Japanese regulations on imports of bottled water were relaxed in May 1986 and this has helped stimulate interest in the product and many new imported brands. Prior to May 1986, mineral water exporters had to sterilize their product by boiling which added greatly to the cost and created some production and product quality problems.

The large increase in imports in 1987 was a result, in part, of the publicity surrounding the expected water shortage in the Tokyo area because of the lack of rainfall during the rainy season. In 1988, consumer interest in the product increased as a result of publicity on the unhealthy nature of city tap water. The very cool rainy summer, however, had a dampening effect on sales of all beverages.

3 Market Segments

Initially, the demand for bottled water was almost entirely in the food service sector. Over the last several years, interest has developed rapidly in bottled water as a consumer retail item. It is estimated that about 30 per cent of total bottled water consumption is currently through the retail sector and that this sector is poised for further rapid growth.

Bottled water has become a popular gift item at department stores, particularly during the summer (end of June) gift-giving season. As per capita consumption of bottled water in Japan is less than one litre compared to 70 litres in France, there is obviously a great deal of potential for market expansion.

4 Domestic Production

While there are no published statistics on Japan's domestic production of bottled water, the trade estimates that as many as 130 companies are involved in bottled water production but six firms account for 80 per cent of the total.

Table 1

Volume of Production in Japan

Year	Volume (Kilolitres)
1978	59 000
1982	87 000
1986	81 000
1987	89 100