

DEPARTMENT STORES

Department stores have become the new location for working women to do their shopping. As women enter the workforce, shops for lunch time or after work shopping near the workplace have grown in popularity. Department stores are modifying their sales floor space to accommodate this demand and items for every day use are being emphasized. Japanese department stores have an entire floor, sometimes two, usually in the basement, devoted to food. On average food sales account for 20% of department store sales. Department stores also operate restaurants and hold a large portion of the gift food market. Specialty stores are Japan's largest food retail distribution channel in terms of sales, number of stores, and employees. Specialty stores are defined as stores which employ face-to-face selling and make over 90% of their sales through certain product categories such as fish, alcoholic beverages, etc.

SPECIALTY SHOPS

A number of fishermen operated specialty shops have opened in recent years. These shops are typically operated by species-specific fishermen, such as tuna fishermen, or their cooperatives. Tuna and skipjack stores, supplied directly by the fishermen, have been established in various cities and offer packed and frozen fillets. The aquaculturists or their cooperatives have also set up their own specialty shops. These new specialty stores completely bypass the distribution system, and thus are not subject to as many mark-ups in price. The goal of these stores is to lower the end price for consumers to encourage increased demand. An additional benefit is the higher returns the producers receive by cutting out the middlemen.

SMALL RETAIL STORES

Commonly known as mom and pop stores, they account for a significant portion of Japan's retailing sector. There are roughly 520,000 small retail stores in Japan. They normally handle a variety of products ranging from food to household goods, are small operations, and are usually only marginally profitable. Japanese law protects these mom and pop stores from the intrusion of supermarkets. Nevertheless many of these small retailers have joined the large chains to profit from the economies of scale and operating expertise.

INSTITUTIONAL FOOD SERVICES

There are over 70,000 school, company, hospital and other institutional cafeterias in Japan which serve more than 50 meals a day. Cafeterias offer standard fare, usually relying on processed and ready-to-eat foods. School cafeterias have taken part in the government-sponsored school lunch program which has been promoting the consumption of fish -- smelts and capelin are common in school lunches. Growth in the cafeteria sector appears to have slowed, however opportunities remain for exporters to tie in directly with institutional buyers.

School cafeterias make up over 50% of all cafeterias. More common than in Canada, they provide free lunches in most elementary and junior high schools in Japan. Company cafeterias account for roughly 20% and often provide low-cost subsidized meals to employees. They normally provide one meal a day, although some offer all three. Hospital and other institutional cafeterias are for the use of residents and staff. Government operated cafeterias are usually heavily subsidized.