

Distribution-packaged Confectionery Market 2009: Key Findings

➔ **Research Outline**

Yano Research Institute has conducted a study on the distribution-packaged confectionery market in Japan with following conditions.

1. Research period: April to June 2009
2. Research targets: Confectionery manufacturers, confectionery wholesalers, etc.
3. Research methodologies: Face-to-face interviews, telephone interviews and email surveys with relevant personnel were primarily employed, being supplemented by literature research.

Definition of Distribution-packaged Confectionery Market

Distribution-packaged confectionery is defined as confectionery sold through retail distribution channels, such as general merchandise stores, supermarkets, convenience stores and in-station stores. In this study major eight categories of chocolates, biscuits, rice crackers, bean snacks, snacks, chewing gums, candies & caramels and other confectionery are targeted in the distribution-packaged confectionery market.

➔ **Key Findings**

◆ **Fiscal 2008 Distribution-packaged Confectionery Market Size Increased by 1.2% from Previous Year to 2,111.2 Billion Yen**

The distribution-packaged confectionery market has grown steadily for several years, and the fiscal 2008 market size was 2,111.2 billion yen, up 1.2 percent from the previous year based on manufacturer shipment value. As consumers refrained from going out and eating out, demands at home rose. Especially snacks, biscuits and rice crackers sold well.

◆ **Demand for Confectionery Was Driven by Adults and Men and at Office**

The steady growth is supported by the success of suggestions that meet the needs arisen from diversified consumer lifestyles. For example, new demand groups of adults and men were developed and new eating scene was induced at office with use of regular confectionery delivery and placement services.

◆ **Fiscal 2009 Market Is Forecast at 2,119.5 Billion Yen with New Demand Development**

Although the market environments will continue to be severe, distribution-packaged confectionery market is expected to be vitalized through product developments considering diversified consumer tastes and lifestyle changes and new demand creation determining potential demands.

➔ **Report format:**

Published report: "Confectionery Industry: Distribution-packaged Confectionery 2009"

Issued in: June 30, 2009

Language: Japanese

Format: 311 pages in A4 format

Price: 100,000 yen (5,000 yen of consumption tax will be additionally charged for sales in Japan.)

Contacts:

Public Relations **Yano Research Institute Ltd. (URL: <http://www.yanoresearch.com>)**

Phone: +81-3-5371-6912

E-mail: press@yano.co.jp

◆ Research Summary

1. Market overview

The distribution-packaged confectionery market has been in an increasing trend since fiscal 2005. The fiscal 2008 market increased by 1.2 percent over the previous year to 2,111.2 billion yen. The market environments were severe as product prices and volumes were revised due to price hike of ingredients and materials and consumers became more saving oriented due to deteriorated economy in Japan. On the other hand, demands at home were induced under the conditions of reduced occasions of going out and eating out, and snacks, biscuits and rice crackers sold well. New products developments are active particularly for snacks, whose estimated fiscal 2008 market size was 262.9 billion yen (6.4% y/y increase), and rice crackers, whose estimated fiscal 2008 market size was 314.5 billion yen (3.5% y/y increase), targeting consumers who drink and eat some snacks at home more often than before.

Furthermore, consumer food safety awareness has increased due to the series of incidents, including poison mixture into frozen foods and melamine mixture into dairy products, and consumers are returning to made-in-Japan products in the confectionery sector as well. As a result, Japanese long-selling products that give consumers the feeling of safety performed well.

2. Notable trends

As children are decreasing more and more, the distribution-packaged confectionery market, whose main target had been children, was facing a crisis of market size reduction. However, the market scale is supported by the success in developments of new demand groups of adults and men and new eating scene at office with use of regular confectionery delivery and placement services to meet diversified lifestyles. Current middle- and old-aged people have eaten confectionery habitually since childhood, and confectionery is consumed by all three generations in many families. Confectionery demands from men became obvious and the purchase at convenience stores is remarkable. Moreover, food demands at office were created, which had not been assumed before. Regular confectionery delivery and placement services are being paid attention especially in the Metropolitan area.

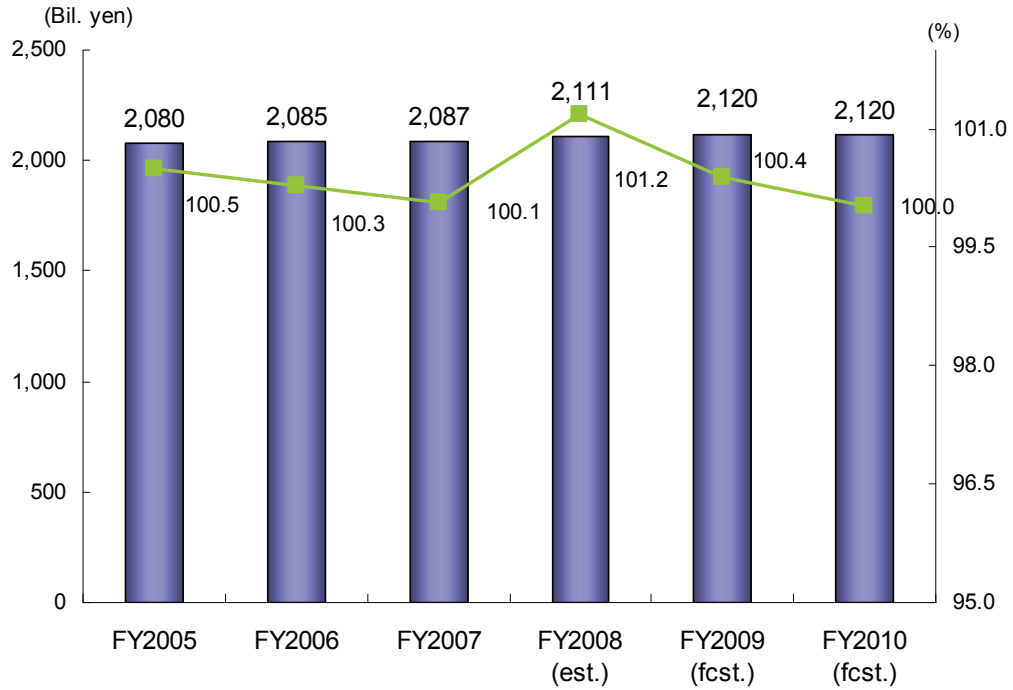
Good quality and taste of confectionery are taken for granted by consumers. Attracting them with new suggestions and convenience in addition to excellent quality and taste leads to the creation of new demand areas, which is a key to activate the market for saving-oriented consumers under recession.

3. Future prospects

As in fiscal 2008 consumers saving tendency will continue and price sensitivity is expected to be intensified. Under this condition large general merchandise stores are further lowering prices of private brand products. On the other hand, confectionery manufacturers make efforts in providing reasonable prices with existing national brand products, and moreover, they are restructuring new brand strategies with existing brands and derivative products as their long-selling brands are in a favorable condition.

The environments surrounding confectionery market will continue to be severe, and the market size is expected to be 2,119.5 billion yen in fiscal 2009 and 2,120.0 billion yen in fiscal 2010. New product developments in line with the changes in consumers diversified tastes and lifestyles and new demand developments, such as “food” at office, are desired to vitalize the whole distribution-packaged confectionery market.

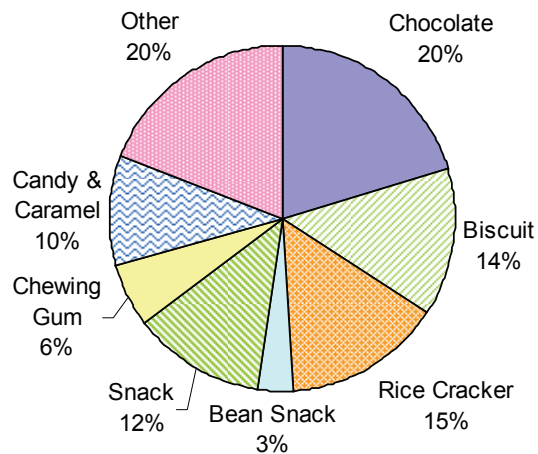
[History and Forecast of Distribution-packaged Confectionery Market Size]



Estimated by Yano Research Institute Ltd.

* Based on manufacture shipment value.

[Fiscal 2008 Market Composition by Category]



Total 2,111.2 bil. yen

Estimated by Yano Research Institute Ltd.

* Based on manufacture shipment value.