

RESEARCH SUMMARY

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Health Food Contract Manufacturing Industry in Japan: Key Findings 2010

➤ **Research Outline**

Yano Research Institute has conducted a study on health food contract manufacturing industry in Japan with following conditions.

1. Research period: February to April 2010
2. Research targets: Bulk suppliers, health food contract manufacturers, industry organizations, governmental agencies
3. Research methodologies: Face-to-face interviews, telephone surveys

➤ **Key Findings**

- ◆ **The fiscal 2009 market size of the health food contract manufacturing industry is projected to be 121.2 billion yen, down 1.1 percent from the previous year**

The fiscal 2008 market size of the health food contract manufacturing industry is estimated at 122.6 billion yen, down 1.4 percent from the previous year. This industry is influenced strongly by the health food market trends, and it shrank along with the sluggishness of the health food market.

- ◆ **Advancement to overseas may increase under the stagnant environment in Japan**

Japanese products are well received in overseas markets due to their high qualities. The health food contract manufacturing industry also enjoys good demands of exports to overseas markets, particularly to Chinese and Asian markets. As there are some areas of concerns, such as differences in business practices and political risks, companies are carefully reviewing the conditions. However, those who show interest in overseas markets are increasing in the stagnant Japanese market with less children and more old people. The possibility is high to expand exports in the future.

➤ **Report format:**

Published report: "Health Food Ingredient and Contract Manufacturing Industry 2010"

Issued in: April 2010

Language: Japanese

Format: 312 pages in A4 format

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

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1. Market Overview

The fiscal 2008 market size of the health food contract manufacturing industry is estimated at 122.6 billion yen, down 1.4 percent from the previous year. The fiscal 2009 market size is forecast to be 121.2 billion yen, down 1.1 percent from the previous year. This industry is influenced strongly by the health food market trends, and it is forced to shrink along with the sluggishness of the health food market.

Traditionally outsourcing has often been conducted for production in the health food market. With the expansion of catalog sales channel, inquiries to health food contract manufacturers from catalog sales companies are increasing. Many try to enter the catalog sales market with a minimum lot size by utilizing the contract manufacturing. This is one of characteristics in the health food contract manufacturing industry. While there are long-selling products in door-to-door sales channel, consumers' tastes and needs of the age are changing every day and well-selling materials and forms change as a result. Many health food sales companies cope with the changes flexibly by utilizing the contract manufacturing.

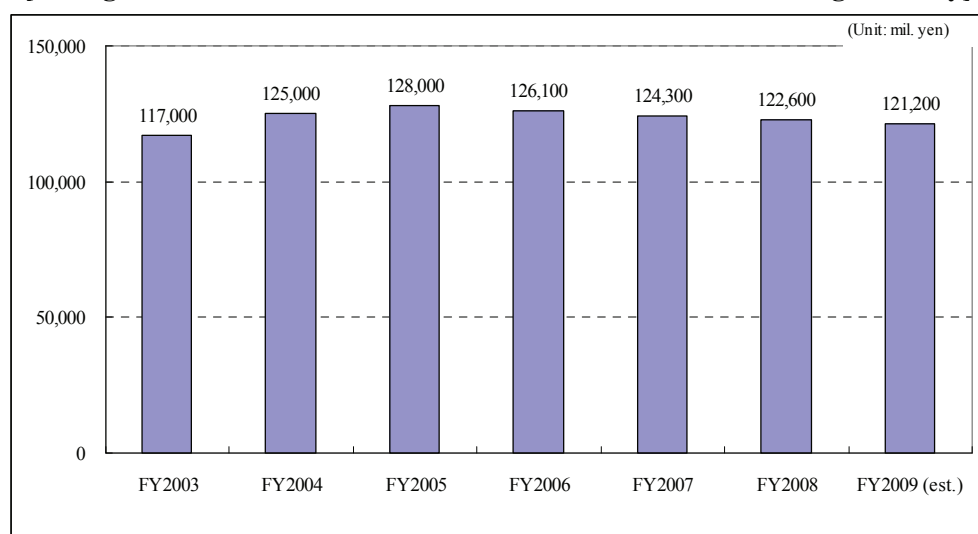
The demands for contract manufacturing are steady from catalog sales companies and new entrants, however, competitions among contract manufacturers are intensified and contract prices are dropping. They are anticipated to be screened out under severe market environments. Some are strengthening consulting sales to expand their shares in the existing customer market, and others find a way out to overseas.

2. Market Trends and Outlook

The health food contract manufacturing industry enjoys good demands of exports to overseas markets, particularly to Chinese and Asian markets. Inquiries from overseas companies are actively made in trade shows in Japan. On the other hand, as there are some areas of concerns, such as differences in business practices and political risks, companies are carefully reviewing the situations. However, those who show interest in overseas markets are increasing in the stagnant Japanese market with less children and more old people. The possibility is high to expand exports in the future.

Although the fiscal 2009 market declined due to sluggish consumptions in the health food market influenced by worsened economy, the market is forecast to grow solidly as requests for new product developments increase along with the recovery of economy in the future.

[Changes in Market Size of Health Food Contract Manufacturing Industry]



Estimated by Yano Research Institute Ltd.

Note: Based on manufacturer shipment value.