Copyright is owned by the Author of the thesis. Permission is given for a copy to be downloaded by an individual for the purpose of research and private study only. The thesis may not be reproduced elsewhere without the permission of the Author.
The Japanese Market for Organic Fruit and Vegetables

A thesis presented in partial fulfilment of the requirements for the degree of Masters of Business Studies in Agricultural Business at Massey University

Kerry Betteridge
1997
Abstract

This thesis reports the results of a study conducted in 1997 concerning Japanese consumers' awareness and consumption of organic fruit and vegetables, and their attitudes towards organic produce, food imports in general, and New Zealand in particular, as a supplier of organic produce. The study involved a self-completion survey of 998 Japanese consumers, a further 22 personal interviews with both consumers and people in the food industry, and observations of the retailing and merchandising of organic produce in Japan.

Despite difficulties associated with the Japanese organic market, the study concludes that there is continued potential in Japan for New Zealand organic exporters. There is a significant niche market in Japan for higher priced organic produce, although the price premiums achieved appear to limit the size of this market. New Zealand organic exporters must emphasise the safety of their product, and ensure that certification labelling and explanations are clear and comprehensive. The healthiness, taste, and freshness of the produce are also important points to emphasise in packaging or promotional materials.
Acknowledgements

Firstly I would like to express my most sincere gratitude to my chief supervisor, Professor Philip Gendall, for his support and guidance in writing this thesis. I also acknowledge the assistance of Professor Bill Bailey in his role as the second supervisor.

I am also deeply indebted to the numerous people in Japan who helped make this research project possible: Mrs Kaneko, Mr Ochiai, Mr Haga, Mrs Nishida, Mr Takazawa, Mr Hirayama, Mr Saito, Mrs Kosuda, Mr Nakamura, Mrs Nagata, and to all those who partook in the survey.

I would also like to acknowledge the assistance of the Japan External Trade Organisation in both Auckland and in Tokyo, as well as the various members of the Organic Products Exporters Group (OPEG) from whom I received assistance.

A sincere thank you must go to my family and friends for their invaluable support and encouragement throughout the duration of this research.

Finally but most importantly, I acknowledge God, without whom none of this would have been possible.
# TABLE OF CONTENTS

| List of Tables | v |
| List of Figures | v |

1. **SUMMARY** .................................................................................. 1

2. **INTRODUCTION** ........................................................................ 5
   2.1 BACKGROUND ........................................................................... 5
   2.2 ORGANICALLY-GROWN PRODUCE: A DEFINITION ...................... 5
   2.3 SUMMARY .................................................................................. 10
   2.4 THE DEMAND FOR ORGANICALLY-GROWN PRODUCE ............... 10
   2.5 ORGANIC PRODUCTION AND MARKETING IN NEW ZEALAND .... 12
   2.6 OBJECTIVES OF THE STUDY ................................................... 17
   2.7 OUTLINE OF THESIS ............................................................... 18

3. **THE JAPANESE MARKET FOR ORGANICALLY-GROWN PRODUCE** ... 18
   3.1 INTRODUCTION ........................................................................ 18
   3.2 ORGANIC STANDARDS ............................................................ 21
   3.3 REQUIREMENTS FOR ORGANIC PRODUCE IMPORTS ............... 21
   3.4 FOOD DISTRIBUTION ISSUES ............................................... 22
   3.5 FOREIGN ENTRY INTO THE JAPANESE MARKET ....................... 22

4. **METHODOLOGY** ....................................................................... 23
   4.1 OVERVIEW ................................................................................ 23
   4.2 CROSS-CULTURAL COMMUNICATION ISSUES .......................... 23
   4.3 CROSS CULTURAL COMMUNICATION: AN OVERVIEW .............. 24
   4.4 JAPAN; CULTURE AND CONTEXT ........................................... 29
   4.5 METHOD ................................................................................... 35

5. **RESULTS** ............................................................................... 41
   5.1 INTRODUCTION ........................................................................ 41
   5.2 CONSUMER AWARENESS ....................................................... 41
   5.3 CONSUMER BEHAVIOUR ....................................................... 43
   5.4 CONSUMER ATTITUDES ......................................................... 52
   5.5 SUMMARY ................................................................................. 57

6. **DISCUSSION** ............................................................................ 59
   6.1 CONSUMER AWARENESS ....................................................... 59
   6.2 CONSUMER BEHAVIOUR ....................................................... 59
   6.3 CONSUMER ATTITUDES ......................................................... 64
   6.4 PRICE ....................................................................................... 66
   6.5 PROMOTIONS ........................................................................... 69
   6.6 LIMITATIONS AND BIASES ................................................... 70
   6.7 RECOMMENDATIONS ............................................................ 71
   6.8 SUGGESTIONS FOR FURTHER RESEARCH .............................. 72

7. **REFERENCES** ........................................................................... 75
8. APPENDICES ........................................................................................................ 83

8.1 APPENDIX 1: Guidelines for Labelling on Organic Farm Products ................ 84
8.2 APPENDIX 2: Special Guideline for Description System of Yuki Vegetables and Fruits ........ 85
8.4 APPENDIX 4: Organic Produce as a Percentage of Total Exports ................. 87
8.5 APPENDIX 5: Comparing Adjectives in Three Languages ......................... 88
8.6 APPENDIX 6: The Survey Questionnaire ....................................................... 89
8.7 APPENDIX 7: The Personal and Group Interview Schedule and Transcripts ....... 92
8.8 APPENDIX 8: Summary of the Personal and Group Interview Results ............ 168
8.9 APPENDIX 9: Observation Schedule and Results Summary ......................... 174
8.10 APPENDIX 10: Price Elasticity for Frozen Organic Mixed Vegetables ............ 176
8.11 APPENDIX 11: Weekly Expenditures: Distributions .................................... 179
8.12 APPENDIX 12: Annual Income versus Weekly Expenditure on Organic Produce 180
List of Tables

1. Respondent description ......................................................... 37
2. Understanding of the term ‘organic’ ........................................ 42
3. Categories of ‘organic’ produce ever bought ............................ 43
4. Types of organic produce ever bought ..................................... 44
5. Fresh organic vegetables purchased in the last three months ........ 45
6. Fresh organic fruit purchased in the last three months .............. 45
7. Organic fruit or vegetable juice purchased in the last three months 46
8. Frozen organic vegetables purchased in the last three months ...... 46
9. Preferred bag size for frozen produce ....................................... 47
10. Canned organic fruit or vegetables purchased in the last three months 47
11. Frequency of purchase: ‘General Public’ ................................ 49
12. Frequency of purchase: Organic Group .................................... 49
13. Place of purchase of organic produce ...................................... 50
14. Mean weekly expenditure on organic produce ......................... 51
15. Preferred origin of organic produce ........................................ 53
16. Reasons for preferences for locally grown organic produce ....... 53
17. Rank order of preferred import countries ................................. 54
18. Reasons for first choice country ............................................. 54
19. Important factors concerning organic fruit and vegetables ........ 55
20. Perceptions of organic fruit and vegetables .............................. 56
21. Attitudes concerning organic fruit and vegetables .................... 57

List of Figures

1. Exports by Product Type ....................................................... 15
2. Markets for New Zealand Organic Produce ............................. 16
3. Price Elasticity ‘General Public’ ............................................ 52
4. Price Elasticity Organic Groups ............................................. 52