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The Development of Halal Food Market in Japan: An Exploratory Study

Shazlinda Md Yusof\textsuperscript{a}, Noriyuki Shutto\textsuperscript{b}\textsuperscript{*}

\textsuperscript{a}Faculty of Economics and Management, Universiti Kebangsaan Malaysia, Bangi 43600, Selangor, Malaysia
\textsuperscript{b}Kyushu University Business School, Kyushu University, Hakozaki 812-8581 Fukuoka, Japan

Abstract

Ageing population, changes in social structure, coupled with the recent disaster have added to economic turmoil of Japan. The long-depended industries such as automotive and electronics manufacturing have been negatively affected while the import of food and natural resources such as oil and gas have substantially increased. Therefore, Japan needs to identify other segments or industries that can re-energize the economy of the country. This paper discusses the overlooked halal food segment in Japan as a catalyst in developing other potential sectors, in line with rapid globalization and internationalization. Using content analysis from various literatures, this exploratory study focuses on the past and current situation of halal food segment, and how its development can potentially affect growing sectors such as tourism and education in Japan.

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Keyword: halal food; Japan; Japanese consumers; globalization; internationalization; growing sector

\textsuperscript{*} Shazlinda Md Yusof. Tel.: +6-0193583258; fax: +6-0389213163.
\textit{E-mail address}: shazlinda@ukm.my.
1. Introduction

Halal foods are permissible foods by Islamic rules and Muslims are obligated to consume them. The concept of halal foods remains unheard in non-Muslim countries until recently. With the increase in awareness among them, the previously distinct element of Muslims is now becoming international matter. Halal food has become an attractive industry to firms due to its huge target market valued at US$661.6 billion as at 2010 (Agriculture and Agri-Food Canada, 2011).

In Japan nevertheless, the participation of Japanese companies in this sector is still very low compared to other global players despite her facing an increasing challenges in their domestic market. Halal sector now holds the key to a greater global market, thus it is becoming inevitable for Japanese food companies to consider it as a strategic vector for repositioning the efforts of penetrating this new market.

This paper will explore the situation of Muslims and halal food market in Japan, the unique characteristics of Japanese firms with respect to halal industry, the imperatives of Halal food industry in Japan and the perception of Japanese consumers towards Halal food.

2. Background of Islam in Japan

Japan had the first contact with Islam when it was introduced as a part of Western religious thought in 1877. Nevertheless, Islam at that time was only known as a knowledge and a part of a culture history. Another important contact was made in 1890 when Ottoman Turkey dispatched a naval vessel to Japan for the purpose of initiating diplomatic relations between the two countries as well introducing Muslims and Japanese people to each other. This naval vessel called Ertugrul was capsized and sank with 609 people aboard drowning 540 of them on its way returning home.

The first Muslim Japanese ever known were Mitsutaro Takaoka and Bumpachiro Ariga. Mitsutaro Takaoka reverted to Islam in 1909 and took the name Omar Yamaoka after making the pilgrimage to Makkah. Bumpachiro Ariga, who about the same time went to India for trading purposes, had reverted to Islam under the influence of local Muslims there and subsequently took the name Ahmad Ariga.

The establishment of Muslim community in Japan was further enhanced by the building of the first mosque in Kobe (Kobe Mosque) in 1935. Three years later, the second mosque was built in Tokyo (Tokyo Mosque). These mosques however, did not portray either the identity of Japanese Muslims or their culture or architecture. The imams were also selected among the foreigners, and not Japanese Muslims.

Japan experienced Islamic boom twice; during the World War II and after the Oil Shock in 1973. The Japanese military government set the first Islamic boom to study Islam and the Muslims through related research centers and organizations as there were large Muslim communities in the then-occupied Japanese territories such as China and Southeast Asia. Later during the oil shock, Japanese media had given huge publicity on Arab countries and Muslim world, and how these countries can benefit Japan’s economy. However, with the end of World War II and Oil Shock, the coverage on Islam and Muslims had also disappeared (El-Maghrabi et al., 1995).
3. Halal Food Market in Japan

3.1. Domestic Muslim population and their needs for Halal food

There is scarce literature on Muslim population in Japan. This is because religion is not used as identification in this country. Censuses and surveys also do not generally include a question on religion. As the Japanese national survey do not include foreigners (who count for the majority of Muslim population in Japan), it is difficult to determine the exact number. The estimation however, is made based on the percentage of Muslim population of the home country of foreigner residing in Japan (Kojima, 2006). It is estimated that there are 190,000 Muslims in 2010. This is a 58 percent increase compared to 120,000 in 1990 in Japan (Brian J.G. et al., 2011). Nevertheless, the size is still very small, constituting about 0.15 percent in comparison to the total population of Japan. Most of these Muslims are immigrants, the biggest group being comprised of Indonesians whose number around 30,000, then Pakistanis, Bangladeshis and Iranians. Japanese native converts are very few, not more than 7,000, and most of them are Japanese women who have married foreign Muslim men (Nakano, 1992). Genuine revert is very few in number.

Table 1 shows the number of halal food stores and mosques or musolla (prayer room) across Japan (Islamic Center Japan, 2012). There are 55 halal food shops throughout 27 out of 48 prefectures in Japan that caters the need for halal food and ingredients. The numbers however, concentrated mainly at Tokyo. Apart from individual customers, these shops also supply halal meat and poultry, and other food ingredients to ethnic food restaurants. In rural areas, Muslims will have to place orders via internet or phone calls.

Generally, Japanese Muslims opt to cook at home most of the time or go to ethnic food restaurants when they eat out. Some would order seafood-based or vegetarian menu when eating at local food outlets. When shopping, they would clarify their doubt in ingredients shown on local food products by calling the manufacturer’s customer service center. As most of the halal food and ingredients are imported, the halal certification is based on the manufacturing country. Until 2012, there was no standard, internal halal certification available.

This table is also an initial indicator on the presence of Muslim community in the area. Because various functions and Islamic festivities are being carried out at the mosques, the need for halal food should be catered there despite unavailability of halal food store in the prefecture. In such case, halal food is either purchased online or sold by individual Muslims who stock and resell halal items from any of the stores.
Table 1: The number of halal food stores and mosques/musolla by prefecture

<table>
<thead>
<tr>
<th>Prefecture</th>
<th>Halal Food Stores</th>
<th>Mosques/Musalla</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tokyo</td>
<td>22</td>
<td>12</td>
</tr>
<tr>
<td>Chiba</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Kanagawa</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Saitama</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Gunma</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Hokkaido</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Tochigi</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Aichi</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Hyogo</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Fukuoka</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Ehime</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Gifu</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Gunma</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>Ibaraki</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Kagawa</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Kyoto</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Miyagi</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Niigata</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Okayama</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Osaka</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Shizuoka</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Toyama</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Tochigi</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Tokushima</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Kumamoto</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Hiroshima</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>55</strong></td>
<td><strong>61</strong></td>
</tr>
</tbody>
</table>

As the number of Muslims in Japan is contributed mainly by the international students, universities around Japan have started to adopt halal menu in their cafeterias. Osaka University pioneered the effort by the launching of the service in 1995. Other universities that follow suit are Kyushu University (2005), Nagoya University (2006), Tokyo University and Tohoku University (2007), Kyoto University (2009) and Waseda University (2012). In some university cafeterias, halal food is labeled as “halal” on the display menu. While the new menu was due to the growing demand of Muslim students in the universities, menu variants are still limited to ethnic foods only.

The need for halal food at schools is also a concern to Muslims residing in Japan. Most of the Muslims are between 20 to 40 years of age, and have children between 0 to 11 years old. In Japanese primary schools, foods are served for everyone. Therefore, Muslim school children have no alternative halal food except by bringing their own food. This however, has raised concern among some Muslim parents if their children would be isolated by their friends due to their diet (Sugimoto, 2000).
3.2. Response from Japanese firms and local consumers on Halal

While halal is a regulation originally meant for the Muslims to follow, the fact that there are more firms from non-Muslim countries participating in this industry at a large scale compared to those from Muslim countries is undeniable. Apparently, Japanese firms are the late entrants in this industry with multinationals being the pioneer. Until 2010, Japanese firms and outlets did not show much interest on producing halal foods for domestic market due to the following reasons:

- Halal is a sensitive issue as it is associated with religion. In addition, Japan and Islam are not closely related compared to other religions such as Buddhism and Christianity. Japanese may see halal as part of Islamic requirements; hence it becomes too complex to be associated with. It is perhaps complexities and sensitivity in Islamic rules that have been shying the Japanese food companies away from venturing into this sector (Japan Food Industry Center, 2009)
- Halal industry serves an emerging, unfulfilled, ready market around the world. As a result, modern forms of halal production, trade and consumption are proliferating on a global scale unlimited to the Muslims. On the other hand, most food and consumer goods in Japan are concentrated in the local market. Le Bas and Patel (2007) suggested that Japanese firms are more likely to adopt a strategy of exploiting home technology overseas. Without basic knowledge in halal, it would be a challenge to Japanese firms to enter halal market (domestic and overseas) because the Japanese culture is largely associated with non-halal ingredients such as alcohol and pork.
- The halal concept does not apply only to the product and process, but also throughout the firms’ value chain. This will require a major overhaul for the firm to coordinate, standardize and control its value chain. On the contrary, countries of high certainty avoidance cultures such as Japan tend to avoid risk and ambiguity and prefer incremental innovations, where each step is small and ambiguity is more easily kept under control (Hofstede, 2001)
- Japanese consumers are lacking of knowledge and awareness on halal food. A consumer survey result suggested that most Japanese consumers have not heard about halal and are not interested in learning about halal (Shazlinda, 2008). This definitely is not a motivating factor for firms to respond positively towards producing halal products.

However, due to the shrinking local market and stiff incumbent firms’ competition, which eventually may cause the rise of industry barrier, Japanese firms are seeking for alternatives outside the traditional market. Hence, venturing into halal would then be the main concern for Japanese firms as they turn to the global market. Japanese firms may not only need to transform their products but also to their organization and value chain.

4. Imperatives of the Halal food market development

4.1. Diversification of domestic income and its impact to Halal market development

Japan has been too dependent on sectors such as automotive, precision and electrical products which took up only 1 percent of the total workforce. Being a country without natural resources especially for energy generation, metal and food, Japan needs to prosper in industries that could bring in a lot of foreign currency. A contingency plan is needed to disperse the country’s participation in growing sectors such as education and tourism (Nagaike, 2011).
4.2. Education

Aiming to increase the competitiveness of Japan’s higher education as well as to provide international environment in campus for its students, the Ministry of Higher Education, Culture, Sports and Science and Technology of Japan (MEXT) has launched the Global 30 Program in 2009 to encourage the enrolments of international students to selected universities. The program is expected to attract 300,000 international students within 5 years, an increase of 300 percent from the number prior to the launching.

Figure 1: Pioneer universities participating in Global 30 Program (MEXT, 2010)

The first 13 universities that have been selected for this program are located at areas that have a substantial Muslim population such as Tokyo, Osaka, Kyoto, Sendai, Tsukuba, Nagoya and Kyushu. This would increase the probability of Muslim students to come and study in any of these universities. Furthermore, married Muslim postgraduate students tend to bring the whole family to stay with them during their year of studies. This will amplify the population of Muslims and increase the demand for halal foods.

4.3. Tourism

As the Muslim consumers across the world assert their unique needs, tourism industry and hospitality services are beginning to show the impact of halal. Fazal Bahardeen, CEO of Crescent Rating, a Singapore-based halal-friendly travel services company, had estimated that the market potential being spent by global Muslim travelers is USD100 billion. Muslim travelers can be divided into three segments; those who want wholly halal-friendly facilities for their travel; those who will use halal-friendly facilities if such choices are available; and those who do not really care about halal friendly activities. The breakdown for these three respective segments is 3:5:2, therefore 80 percent of the USD100 billion is a very strong potential for halal-friendly tourism (Maria, 2011).
Japan has always been a destination of choice for global travelers due to its uniqueness in culture, breathtaking sceneries and amazing metropolitan landscapes. Travelling in Japan used to be very expensive but the launch of low cost carrier flights to Japan has given a boost to the tourism sector. Air Asia X for example; have flown 100,000 passengers from Kuala Lumpur to Tokyo within a year after its launch in December 9, 2010 with an average passenger load of 75 percent. The frequency of flights to Tokyo was increased by double to six times per week to cater this high demand. It also flies 4 times per week to Osaka (Kansai) (The Sun Daily, 2012). Affordable fares have made more Malaysians consider Japan as their tour destination.

The increase in the number of Muslim tourists to Japan has brought the issue of Halal food availability to a higher level. This basic amenity is a big problem to Muslim tourists in Japan because of language barrier. The ingredients shown on the label of food products are written in Japanese, thus making it difficult for tourists to judge whether or not the product is consumable unless they are Japanese language proficient. They would resort to the food they bring from home and would miss the experience of trying local delicacies or spending money to buy local foods. Otherwise, they would have to depend on Japanese speaking guide/friends who can help with translations. Travelling in Ramadan would cause another problem because hotels do not provide early meals instead of breakfast. Other basic amenities that are essential for travelling Muslims includes family-friendly travel environment, prayer/ablution facilities, religious travel services, separate men-women swim facilities etc.

This has initiated the formation of a non-profit organization, Japan Halal Association (JHA), which oversees Halal certification of food outlets and products besides campaigning on the provision of places for prayers. JHA is trained and recognized by International Halal Alliance (IHI) and also a certified member of JAKIM. JHA uses JAKIM Malaysia’s standard in assisting food producers/outlets to get halal certification in Japan. Apart from that, JHA also conducts training and certification for Halal managers in Japanese companies (Japan Halal Association, 2012). Consequently, this has also encouraged a few Japanese tour companies to launch halal tour packages for Muslim tourists based in Tokyo and Osaka.

The availability of halal food in Japan will also encourage extension of tourism activities such as homestay programs and exchange programs. As Muslim tourists are becoming more comfortable with the availability of halal food and other necessities, the domestic halal market is expected to experience higher growth.

5. Conclusion

Historically, Islam in Japan took a long time to grow. Although the first revert was recorded in 1909, the awareness on the needs of Muslim residents is still low even after a decade. This exploratory study gives some insights on the background and potential of Halal market development in Japan. The limits of domestic market have hinted the potential of Halal food to be developed as an alternative sector in terms of promoting internationalization and globalization. However, novel effort is necessary to heighten the interest and correct understanding on halal and how halal can become a niche sector that can support and promote the much-emphasized education and tourism industry. Likewise, more research work should be taken up to fill gaps in the knowledge of halal market development in Japan.
References


