



A Study of Japan's Valentine's and White Day Markets

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Introduction

While most countries celebrate Valentine's Day as one special day where generally one partner is designated to be more romantic and surprise the other, Japan has taken a new approach. In the country of reciprocal relationships that emphasize "give and take," there is not one, but two days in which to celebrate love and chocolate. Within these days, there are exchanges of gifts at several levels ranging from romantic partners, to friends, and even to colleagues and supervisors in an office setting. This naturally creates a unique market for not only food products, but small gifts and other consumer goods.

The Japan Anniversary Association estimated the size of the 2016 Valentine's Day Market was 134 billion yen (Approximately \$1.18 billion exchange rate: \$1=\$121.05) a 7% increase from 2015. In 2013, the same study calculated Japan's Valentine's Day market at \$1.1 billion. The White Day Market is smaller than the Valentine's Day Market at \$578 million.

This report will examine how both special days are celebrated, touch on what brands of chocolate are popular, and then suggest possible recommendations for U.S. firms interested in the market with goods to contribute in celebration of these two special days.

The History of Chocolate, Valentine's Day, and White Day in Japan

While chocolate was introduced to Japan before the Second World War, it did not become popular until the Occupation Era when soldiers would hand it out to children. Chocolate consumption increased with the rise of Lotte, Meiji, Morinaga, Ezaki Glico, and Fujiya, all confectionary makers, who made Japanese style chocolate with subtle flavors, and in smaller sizes.

There are several stories regarding the origin of Valentine's Day and White Day.

One story cites that in 1958, Japanese chocolate company Mary Chocolate did a Valentine's Day promotion at Japan's famous Isetan Department Store. The following year, the Mary tried again with heart shaped chocolates, the option of engraving recipient names, and a new slogan. Roughly translated, the slogan said "Valentine's Day is a day for woman to share love with someone she loves." While there are several theories as to how celebration became commonplace, Valentine's Day slowly became more popular and in the 70's, women giving chocolates to men became the standard.

One popular White Day origin theory says that in 1978, Fukuoka based confectionary company Ishimura Manseido came up with a new concept. The slogan was, “I would like to take the chocolate I received from you, and wrap it with my white heart.” The company specialized in white marshmallow sweets, and sold marshmallows stuffed in chocolate for the occasion. The date March 14 was chosen because it left enough time following Valentine’s Day for confectionary makers to replenish their stocks. The name White Day came from the marshmallows sold, and this was extremely well received in the land of “give and take”.

While there is much debate about how exactly such celebrations were fully adopted into Japanese culture, the theories provide some context into understanding how they have evolved into what they are today.

Celebrating in Japan

On February 14, females in Japan purchase or make chocolates for various people in their lives. Originally, chocolates were given by females as an expression or confession of love in romantic relationships. Such chocolates were called *honmei choco*, representing the seriousness of the gift. It was custom for men receiving such chocolates to make their official response on White Day.

Chocolates for such occasions would either be high end chocolates purchased at stores or personally made chocolates, melted and hardened into original shapes. The latter involves purchasing chocolate in the bulk, melting it, and using molds and colors to create personalized chocolates. Personalized or handmade chocolates do still have an appeal for students in high school and below. Professionally made chocolates seem to be more popular for those who are older and have more refined preferences for taste and aesthetics.

A Japanese website did a profile on the best chocolates to give one’s significant other for Valentine’s Day 2016 and the following brands were listed:

Brand	Country
Godiva	Belgium
Pierre Marcolini	Belgium
Demel	Austria
Del Rey	Belgium
Pierre Herme Paris	France
Leonidas	Belgium
Galler	Belgium
Dalloyau	France
Cacao Sampaka	Spain
Laderach	Swiss
La Maison du Chocolat	France
Wittamer	Belgium
Laduree	France
Lindt	Swiss
Morozoff	Japan
Royce	Japan

At first glance, one might be shocked by the high end brands listed. The European brands dominate the *honmei* scene. For White Day, one is expected to reciprocate at a higher value. A look at the Japanese webpages for these companies will show a range of White Day options as return gifts.

Other than *honmei* chocolate, there are additional categories. One includes *giri* chocolate, roughly translated as “obligation chocolate.” Females will give such chocolates to guy friends, coworkers, and supervisors to express thanks, but not as an expression of romantic feeling. The size and quality of the chocolate would make its status evident as *giri* chocolate. There also is *tomo* chocolate, given between girls as friends, *gyaku* chocolate given from a man to a woman in a reverse and courageous act of confession on Valentine’s Day, and family chocolates given to members in the family.

The general notion is that gifts should be reciprocated, and stories of wives buying handkerchiefs or trinkets in bulk for her husband’s female subordinates are common. Female colleagues will often bond together to buy shared office chocolates for their male colleagues and supervisors, with male colleagues doing the same in return. Females could buy a box of chocolates that might be reciprocated as a high end chocolate cake from a famous bakery for White Day.

Japanese stores make sure to spur consumer appetites with promotions and new limited edition chocolates for both Valentine’s Day and White Day. Chocolates appear in stores in January with each brand releasing a range of portion sizes to meet various needs, complete with beautiful packaging. The two piece chocolate set could be for a friend, the five piece for a colleague, and the twelve piece for a romantic interest. Each store makes sure to cater options to the various needs each giver may have.

Collaboration between brands is encouraged as well as it adds to the novelty factor. In 2016, Godiva partnered with Sanrio to release a chocolate set with a Hello Kitty doll. Mary’s Chocolate sold chocolate in the shape of characters from a famous Finnish cartoon, Moomin while also making chocolates along the theme of the famous novel, “The Petite Prince.” Various brands compete to release limited additions, fueling consumption. A 2016 hit was the collaboration between domestic brands Royce and Glico, which resulted in three new chocolate products. The fusion of premium chocolate Royce and everyday chocolate Glico is just one example of how Valentine’s and White Day create new opportunities for limited edition products.

Marketing efforts go beyond traditional storefronts and into public spaces, such as train stations. Every year in the month of February and March, Japan Rail East has a Valentine and White Day Fair event promoting different chocolate brands for four days. The event showcases both new chocolate and established brands in Japan at 27 stations in the metropolitan area. Brands include Godiva, Morozoff, and Mary’s Chocolate, and the conveniently situated pop-ups attract attention and make consumption convenient for the busy Japanese worker. Japan Rail East calls this

promotional fair Chocolate Station, and decorates it stations with colorful heart booths.

In contrast to JR, Tokyo Metro promotes an event known as Metro's Sweet Spot, which introduces new sweets brands to Japan in addition to popular sweets from different Japanese prefectures in four major stations in the metropolitan area: Ginza, Shinjuku, Yurakucho, and Iidabashi.

As Japanese value the art of presentation, they prefer ornate boxes, multiple layers of colorful paper, and sturdy and fashionable bags to carry gifts in. This could lead to the preference in high end brands that tend to automatically come with such things. U.S. chocolates that come without the frills would seem more appropriate for everyday consumption as opposed to special occasions. While Japanese teenagers could easily buy M&M's or Hershey's Kisses on their way home from school, they would turn to different brands for Valentine's Day friendship gifts.

Opportunities for U.S. Companies

What opportunities may exist for U.S. companies to take advantage of these two days? The easiest would be to look into the chocolate market. For a population around the third of the United States, Japan consumed 231,400 tons of chocolate and imported 27,657 tons of chocolate in 2014.

Are no standard U.S. brands popular in Japan? That certainly is not the case. Lower priced chocolates such as Snickers, M&M's and Hershey Kisses can be found in Japanese convenience stores or specialty stores such as Sony Plaza.

Potential for Luxury Chocolates

There does seem to be potential for high end U.S. chocolate brands. Max Brenner's chocolate café in Omotesando, Japan's version of 5th Avenue, opened in Japan in 2013, and now has 4 locations. This chocolate café has captured the hearts of Japan's brunch population with hour long lines on the weekend for eager customers. Similarly, Dandelion, another U.S. brand, launched in Japan in February 2016 with a café, factory, and shop all in one. Both brands may be more recognized in Japan, the land with a heavy appetite for high end chocolates. Assuming that these companies created Valentine's and White Day options, they could join the ranks of options for *honmei* chocolates and alike.

Recommendations

The secret to success seems to be a local presence with a flagship shop, a dedicated Japanese marketing team, and Japan specific products. Websites must be in flawless Japanese, and dedicated Japanese speaking customer service staff are a must. Assuming that the same U.S. style marketing techniques would apply would be a mistake as Japanese are thorough, and demand high standards of customer service. The market is already saturated, and new brands would need to be willing to invest significantly in both location, promotional campaigns, and

Japan specific wrapping (if the U.S. version is determined to not be ornate enough.)

Beyond chocolate, there is room for other consumer goods as well. Molds, sprinkles, and dyes to make personalized chocolates are needed. Japanese consumers are eager to have a selection of new molds annually, and experiment with new styles such as the Disney characters of the year. Any culinary tools that can help make chocolates would be needed with an added plus if they are fashionable in the eye of the Japanese female teenager.

For White Day, the options beyond chocolate include boxed flowers, aroma diffusers, handkerchiefs, miniature plants, hand lotion, lip gloss and more.

There are few tradeshows that companies should consider when planning a trip to Japan. To get a sense of the gift market in Tokyo, the twice a year Tokyo International Gift Show with 200,000 visitors provides the best avenue for buyers to meet products. Furniture, pet food, chocolates and more adorn the 2500 plus exhibitor stalls. The Commercial Service Japan supports this tradeshow.

The Tokyo International Gift Show: <http://www.giftshow.co.jp/english/>

The Agricultural Trade Office in Japan (ATO), the representative office of the U.S. Department of Agriculture, is the main source of information for food related products.

ATO Japan: <http://us-ato.jp/en/index.html>

We encourage companies interested in Japan to first plan a trip to market and attend/participate in a tradeshow to better understand industry trends and competition.

Another show one may wish to consider would be the Japan version of the Salon Du Chocolate, a mega show and competition.

Salon Du Chocolate Japan: <http://www.salon-du-chocolat.jp/about>

For more information, contact:

ATO Japan (for Food related products): <http://us-ato.jp/en/inquiry/index.html>

CS Tokyo (for gift related products and opportunities): Office.Tokyo@trade.gov

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