

Japanese consumers face more price hikes in 2023

By Chris Loew

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Thousands of Japanese food processors, including Shizuoka-based tuna canner Hagoromo Foods Co., plan to raise prices in 2023.

In response to soaring prices of bonito and tuna, Hagoromo Foods already raised the prices of its products containing bonito as a main ingredient in July 2022, and its products with tuna as a main ingredient in September 2022.

Since then, however, the yen has depreciated significantly, and prices of secondary materials such as cans and edible oil have soared, resulting in a significant increase in manufacturing costs.

“Despite attempts at cost-reduction through improved production efficiency, the company determined it was difficult to achieve,” Hagoromo Foods said in a press release. It has decided to revise the prices of products such as “Sea Chicken” from 4 January, raising the suggested retail prices of 65 tuna products by between 4.8 and 25 percent, excluding tax.

The U.S. Federal Reserve Economic Data producer price index for steel cans and tinware products reveals a sharp increase in price from 239 percent of the June 1981 baseline in November 2021 to 332 percent of the baseline in November 2022 – a spike of 93.25 percent in one year.

Japan’s domestic corporate goods price index for iron and steel rose 56 percent in the two-year period from November 2020 to November 2022, and 26 percent in the last year alone.

The FAO’s price indices for oilseeds, vegetable oils, and oilmeals through November 2022 shows vegetable oils peaked in April 2022 at 250 percent of a 2014-2016 average baseline, before falling back to around 155 percent of the baseline in November, partially due to the extension of the Black Sea Grain Initiative, which allowed Russian and Ukrainian rapeseed and sunflower seed to reach global markets. Between 2014 to 2020, the index was below 100 percent of the baseline, so it currently sits at half again as much as in that period.

Tokyo-based Nissui Co. announced on 22 December it is also raising the wholesale prices of household canned goods and other products beginning 1 March, 2023. The company will increase prices of 50 different canned and bottled products by 4 to 28 percent. The increases cover about 30 percent of the company’s lineup of shelf-stable foods, including canned broiled saury *kabayaki*, bottled cod roe, and packed Korean *tsundube*.

“The price of room-temperature foods for home use will continue to increase in March and July,” the company said. “This is because the increase in raw material costs and other costs exceeds the previous price revisions.”

On 28 December, the Tokyo-based corporate intelligence company Teikoku Databank announced the results of a November survey analysis on the prices of “osechi ryori” New Year foods for the 2023 season. These are sets of holiday foods in stacking boxes. The company found the average set was 4.3 percent more expensive than in the previous year.

However, the costs of the seafood ingredients typically included in the sets were selling at considerably higher prices than in November 2022, based on wholesale price data from the Tokyo Central Wholesale Market: “ikura” salmon roe was 3 percent higher, “kazunoko” herring roe was up 23 percent, fishcake was 11 percent more, “Ise-ebi” shrimp were 40 percent more expensive, and boiled octopus was up 16 percent.

Teikoku Databank also surveyed 105 major food and beverage manufacturers on 21 December, and found prices of 7,152 food items will increase by an average of 18 percent from January to April, following a wave of price hikes in the fall of 2022.

The Food Price Trend Survey conducted by Japan’s Ministry of Agriculture, Forestry and Fisheries gives average monthly retail prices, including consumption tax, of tuna, shrimp, yellowtail, and salmon for the week that includes the 12th of the month. It is based on prices at 10 nationwide mass retailers in each of Japan’s prefectures. The prices of the four surveyed items rose between 1 and 17 percent from the previous month and between 9 and 32 percent compared with the five-year average price in the food price trend survey from 2017 to 2021.

Tuna sold at an average of JPY 528 (USD 4.10, EUR 3.78) per 100 grams, up 1 percent from November and 22 percent higher than average. Shrimp sold at JPY 342 (USD 2.66, EUR 2.45), up 5 and 9 percent, respectively; yellowtail was JPY 371 (USD 2.81, EUR 2.66), up 17 and 32 percent, respectively; and salmon sold at JPY 313 (USD 2.43, EUR 2.24) for gains of 6 and 29 percent, respectively.

Japanese consumers are strongly resistant to price-hikes, since wages in Japan have been stagnant for two decades. As a result, there is a disconnect between the country's Corporate Goods Price Index, which rose 9.3 percent year-on-year through November 2022, while the Consumer Price Index only rose 3.8 percent. Most companies have postponed passing rising costs on to customers until absolutely necessary, fearing a sharp drop in sales volumes, as happened in 2017 when an oil price rise caused price-hikes.

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