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1 February 2019 issue

● The Problem of Going Cashless

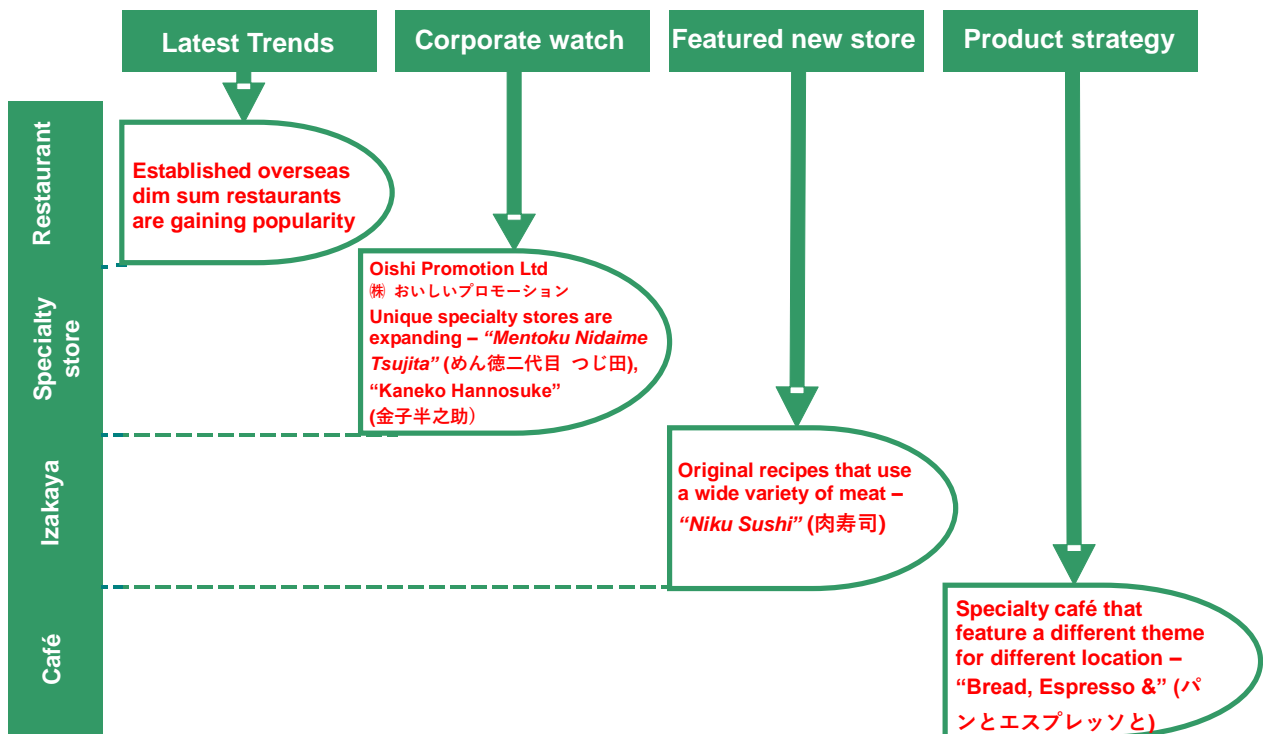
- As the use of SNS becomes widespread, the digital generation (or the Millennials) now contributes a significant share to consumption expenditure. The sales from online purchases have taken over that generated by physical stores. Before you know it, the business environment has changed, and you are left behind when a new consumption pattern takes over. This applies to the food services sector as well even though consumption patterns seem relatively constant. Your reaction to change will be delayed if you do not pay attention. In particular, cashless transactions are rapidly becoming prevalent. The government aims to improve productivity, but this comes with problems.
- Royal Host and Pronto have started operating or piloting cashless stores. Cashless operations might lead to a profit structure that has a lower rate of return. When all the sales transactions become credit transactions, the fees to credit card companies will add a downward pressure on profits. A commission as high as 3 to 5% of sales will be a big problem to businesses in the competitive F&B industry. We need a new solution.



- Jotaro Fujii

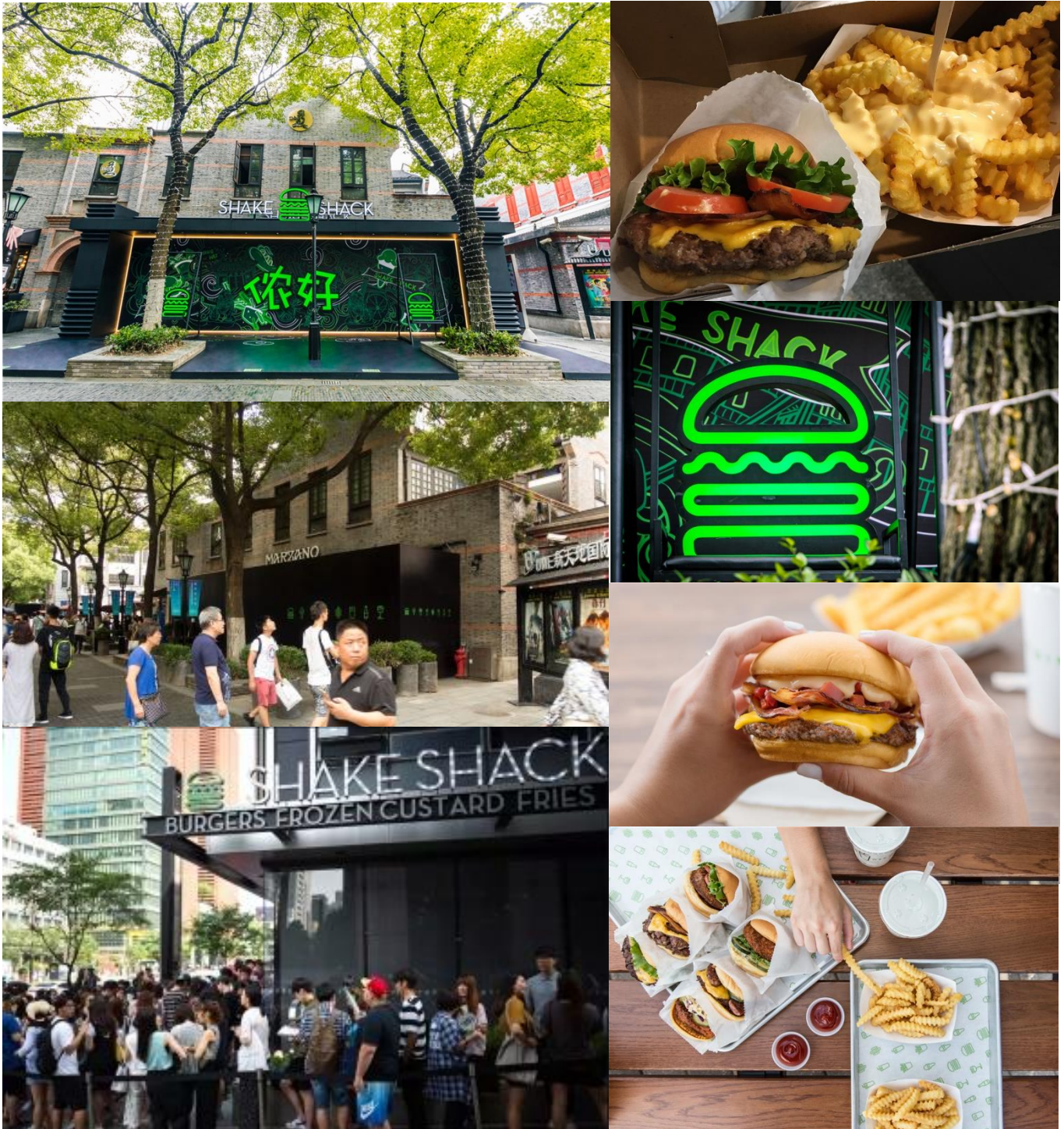
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HOT NEWS! China: 1/23 SHAKE SHACK Shanghai • First outlet in China



1. HOT NEWS! China: 1/23 SHAKE SHACK Shanghai • First outlet in China

Maxim's Group, a restaurant group that was founded in 1956 in Hong Kong, started negotiations with Shake Shack in 2017. The Group acquired the franchise rights for China, and opened the first store in Hong Kong last year. The store is attracting young customers every day (photo on the bottom left). The second store was opened in January 2019 in **Shanghai**, China. The Maxim's Group is a leading food & beverage company with bakeries, quick service concepts, and restaurants. It also holds a Starbucks FC contract. Shake Shack uses healthy Angus beef, pork and chicken. It continues to expand in Japan as an anti-junk food quick service concept. For the China market, it will expand using recipes and atmosphere that are similar to the New York stores.



2. Latest Trends

Established overseas dim sum restaurants are gaining popularity

■ **“Dumpling Time” (ダンプリングタイム 餃子時間)** By [IMM Food Service Inc アイエムエムフードサービス \(株\)](#)



● On 22 January 2019, the dim sum restaurant from United States opened an outlet on the restaurant floor (6th floor) of Shibuya Hikarie, a commercial facility located at the East exit of JR Shibuya Station. It offers 18 types of Chinese dim sum such as dumplings (餃子), Xiao Long Bao (小籠包), priced from ¥580 to ¥880. The skin of the dim sum is made upon order in the open kitchen located at the storefront. The store also serves other dishes, appetizers, noodles, etc. The “King-Dum”, a Xiao Long Bao with a diameter of 10cm, is the most popular item, and the store is patronized mainly by female diners.

■ **Tim Ho Wan (ティム・ホー・ワン)** By [WDI Group \(株\) WDI](#)



● In April 2018, the world’s cheapest Michelin 1-star Hong Kong Dim Sum restaurant opened on the first floor of the annex building of Hibiya Chanter, located in front of Tokyo Midtown Hibiya, directly connected to Tokyo Metro Hibiya Station. The restaurant serves 30 kinds of dim sum such as “Pork and Shrimp Siew Mai” (ポークと海老の焼売) and “Steamed dumplings with seven kinds of vegetables” (7種野菜の蒸し餃子), priced from ¥380 to ¥680. The “Baked Char Siew Bun”, which has the texture of the Japanese Melon Pan, is a popular item sold at the takeaway corner. The store has been drawing long queues, even to this day. The second outlet will be opened in Shinjuku in the Spring of 2019.

Discussion : The Future of Dim Sum Restaurants

Typical dim sum dishes such as “Siew Mai” (焼売), “Dumpling” (餃子), and “Spring Roll” (春巻き) are low-priced items found in the menu of Chinese restaurants. “Dumpling Time” (ダンプリングタイム 餃子時間) has set up their outlet in a commercial facility located in front of a Station, where the store attracts female customers with its showcase of dim sum production and café-like ambience. Riding on the popularity of its first outlet, Tim Ho Wan (ティム・ホー・ワン) is opening up more stores, attracting customers from a wide age range and tourists. Restaurants serving the hand-made specialty from China are set to re-ignite their expansion in Japan.

3. Progressive Companies

■ Oiishi Promotion Ltd 株式会社 おいしいプロモーション

● Unique specialty stores are expanding in Japan and overseas

Oiishi Promotion Ltd was established in October 2016. In January 2017, with management support from Advantage Partners, the company expanded their signature brands: Ramen concept “Mentoku Nidaime Tsujita” (めん徳二代目 つじ田) and Tendon concept “Kaneko Hannosuke” (金子半之助). In the same month, the company set up the 5th “Nihonbashi Tendon Kaneko Hannosuke” (日本橋 天井 金子半之助) outlet in Hawaii, USA. In Japan, the company made its first entry into Nagoya in September 2018 with its 23rd outlet (including overseas outlets) in LaLaport NAGOYA Minato AQUUS Shopping Centre. Four outlets of “Nidaime Tsujita” (二代目つじ田) opened in 2018. Nidaime Tsujita opens its 21st (including overseas outlets) outlet at Ikebukuro Nishiguchi on 29 January 2019. The company has expanded to 44 outlets across 8 concepts to-date.

● Mentoku Nidaime Tsujita (めん徳二代目 つじ田)

The concept serves 8 types of “Thick soup ramen” (濃厚らーめん) and “Thick soup Tsukemen” (濃厚つけ麺) priced from ¥780 to ¥1,160. There are 2 options for ramen – 160g and 240g, and 3 options for Tsukemen – 250g, 375g and 500g. Mikawayaya Seimen’s (三河屋製麺) straight medium-thick noodles are used to complement the rich broth made from pork bones and fish soya sauce (豚骨魚介醤油). The store is patronized mainly by male diners, who finish up the broth by adding rice (a separate order) to soak up the remaining broth. The miso ramen concept “Nidaime Tsujita Miso no Sho” (二代目つじ田 味噌の章) and tantanmen concept “Seito Masamune Tantanmen Tsujita” (成都正宗担々麺 つじ田) under the same company are also expanding as they cultivate more repeat customers.



4. Featured New Store

Original recipes that use a wide variety of meat
“Niku Sushi”(肉寿司) BY Garden Group ガーデン



● On 7 November 2018, Niku Sushi (肉寿司) opened an outlet behind the Yodobashi Camera store at the North Exit of JR Kichijoji Station. There are now 24 outlets in Tokyo. The store operates from 17:00 to 05:00, and has a seating capacity for 38. It serves 33 types of nigiri sushi, using horse meat, beef, and chicken. They include horse sashimi (赤身) and “Seseri” (せせり), beef tongue, and chicken “konbu jime” (昆布ヅメ), priced from ¥190 to ¥890 per piece. Delicacies such as “horse wasa” (馬わさ) (horse meat with wasabi), beef “Chanja” (肉チャンジャ), and dishes like “Beef tongue sausage in gravy” (肉汁牛タンソーセージ) and “Ribeye Steak” (牛リブローステーク) are priced from ¥390 to ¥1,900. The store also offers a 3-course meal. It is patronized mainly by groups of male customers and couples. The check size is estimated to be ¥4,000 per person. An outlet opened on 4 January 2019 near the Tokyo Metro Ueno Okachimachi Station, bringing the total number of stores to 45.

Evaluation

“Yakiniku Toraji” (焼肉トラジ) and “Ushigoro Bambina” (うしごろバンビーナ) are located in the downtown area, offering high quality meat sushi. “Niku Sushi” (肉寿司) ensures food safety by using low-temperature cooking. It serves meat sushi using various parts of horse meat and beef in a comfortable izakaya-style environment. “Niku Sushi”, which offers affordable and a wide variety of meat sushi, and other meat concepts such as yakiniku, steak and bars, are expanding rapidly.

5. Product / Business Strategy

Bakery Café

Specialty café that features a different theme for different location.

Bread, Espresso & (パンとエスプレッソと) BY Hito Bito Inc. (株) 日と々と

■ **Features** : There are more than 15 kinds of bread, including the original “Mu” (ムー), at the takeaway corner located at the entrance. For meals, “Panini” is available at ¥750, and there is also a limited “Branch Set” on the menu. For desserts, the store serves “French Toast” in a skillet pan, and “Bread and Espresso” (toast served with vanilla ice cream and espresso sauce). Twenty kinds of espresso-based drinks are available at ¥350 to ¥700. The store is patronized mainly by female customers. It operates from 08:00 to 20:00, and closes on every second Monday of the month. The first outlet was opened in May 2009 at Shibuya-ku Jingumae 3-chome, near to the Tokyo Metro Omotesando Station. In 2017, the company expanded with the “Bread, Espresso & Jiyugata” (パンとエスプレッソと自由形) concept (located near the Jiyugaoka Station on the Tokyu Toyoko line), “Nantoka Puresso” (なんとかプレッソ), “Bread, Espresso & Shonan” (パンとエスプレッソと湘南), Panini concept “BiRd&rUbY” (バード&ルビー), bakery “Onka” (オンカ), and sandwich concept “Sun&Witch” (サン&ウィッチ). There are now 13 stores in Tokyo. They share the latest information through their Facebook and Instagram accounts.



French toast (middle) and Branch Set (right) at “Bread, Espresso & Jiyugata” (パンとエスプレッソと自由形)

Strategy: Bakery specialty stores (ベーカリー専門店) and bakery cafés (ベーカリーカフェ) have set up outlets in Omotesando, Jiyugaoka, and Nakameguro. They have unique store names, a stylish atmosphere, and are located among fancy apparel shops, serving original breads and a variety of coffee on their menu. “Bread, Espresso &” (パンとエスプレッソと) uses the hashtag “パンエス” (“panesu”) to engage customers on social media. It adopts a unique concept and a unique menu that gives a ‘hand-made’ feel, for different locations, to attract customers.

- Latest new store

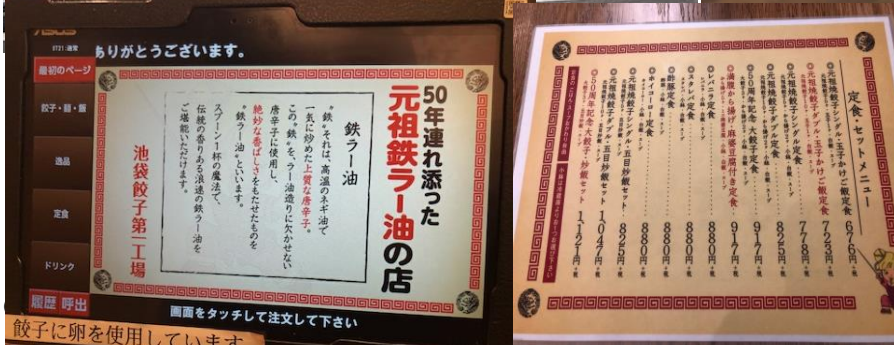
24 January 2019

“Sandonomeshi Yorigyozasuki Ikebukuro Gyozakojo”

(三度の飯より餃子好き 池袋餃子第一工場)

A 5-minute walking distance from the East Exit of JR Ikebukuro Station

The new concept that sells **gyoza made fresh in the store** and an original “**Ankake Ramen**” (あんかけラーメン) in a retro-style environment, leverages on a unique appearance and name to boost sales. It is operated by Eat&Co.



Gaisyoku.com 1 February 2019 issue

Produced by Fujii Consulting 1 February 2019

Price ¥1,500

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