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• Overseas Competition for Food Services Companies

• The Food Services industry in Japan has a market worth ¥24 trillion, but it is approaching saturation. Statistics show that 100,000 new stores opened annually, and the same number of stores are closed. It is a competitive industry, where the lunch segment, with a market of ¥10 million, cannot be ignored. To maintain growth, companies will have to consider overseas expansion. There are companies that have already done so, but the number of companies and stores remain small. There are numerous hurdles for overseas expansion, and it is not easy to overcome them.

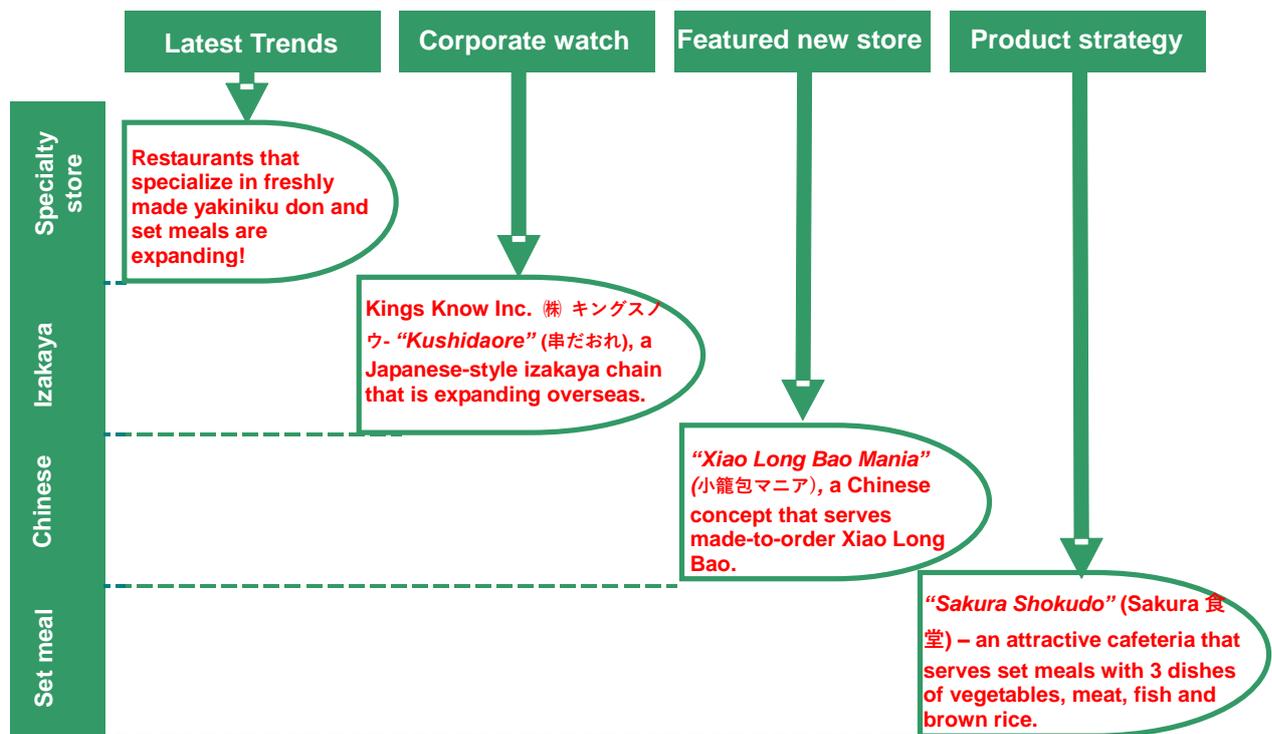


• Jolly Bee is a fast food chain that has more stores in the Philippines than McDonald's. It is expanding rapidly by acquiring a number of American food services companies through M&A. The competition in the international food services industry is heating up. What is required of Japanese companies is speed, strategy and international talents. The winner will be known in 10 years.

- Jotaro Fujii

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1.Hot News! Americia: PF Chang's Speeding up overseas expansion, following the opening of an outlet in Shanghai.

PF Chang's was founded in Colorado in 1993. It is an American chain with presence in Hawaii, Los Angeles, and is popular with Japanese as well. "Lettuce Wrap" (stir-fry chicken and bamboo shoots wrapped in lettuce) is a popular menu item. The chain has a total of 300 stores, including overseas outlets in 23 countries. An outlet was set up in Shanghai in March 2017. 18 stores will be opened this year in countries such as Bolivia and Pakistan.



2. Latest Trends

Restaurants that specialize in freshly made Yakiniku don and set meals are expanding!

■ **Tokyo Meat Packers Bento (東京精肉弁当)** By [AD Emotion Co. Ltd \(株\) エーディーエモーション](#)



● The store opened on 25 September 2018 at “Marche City”, the F&B floor located at the basement of Nihombashi Takashimaya SC, which is directly connected to the Tokyo Metro Nihombashi Station. It specializes in yakiniku, and has a seating capacity for 6. The menu includes items such as “Zabuton (chuck flap)” (ザブトン), “Tomosan kaku (Tri-Tip)” (トモサンカク), and “Kai nomi (bottom flap)” (カキノミ) set meals and bentos. Yakiniku set meals such as the “Harami (outside skirt) set meal” (ハラミ定食), “Zabuton set meal” (ザブトン定食) and “set meal with three types of beef” (牛3種盛り定食) cost between ¥1,000 and ¥1,300 for dining in. It is opening an outlet that only sells bentos at the basement of Marunouchi Building, located at the Marunouchi exit of Tokyo Station.

■ **Niku no Yamaki Shouten (肉のヤマキ商店)** By [Toridoll Holdings \(株\) トリドールHD](#)



● The restaurant started in June 2017. It serves charcoal-grilled yakiniku don (rice bowl) (炭火焼肉丼) and beef sukiyaki don. Customers can choose the amount of meat (there are 3 options from 1 serving, 1.5 servings and 2 servings) and the quality of meat (there are 4 options for dinner). There are plans to open another 6 stores in November 2018, in places such as Aeon Itabashi, Kameari Youroad, and Ochanomizu Saint Clair. This will give the store a total of more than 15 outlets. Office workers and families are the major customer groups in central Tokyo.

Discussion : The Future of Yakiniku don Specialty Stores

Gyu Kaku’s “Gyu Kaku Jinan-Bou” (牛角次男坊), “Yakiniku Like” (焼肉ライク), Antworks’ “Kikuyoshi” (十勝豚丼 き久好) and Kakiyasu honten’s (柿安本店) “Meat Express” are expanding, mainly in shopping centres. The two companies mentioned above are quick service concepts that serve freshly grilled meat, and differentiate themselves from the beef-don chains by setting up outlets in shopping districts and small commercial facilities with few specialty stores. With the expansion of the meat and take-out businesses, they aim to expand their beef specialty concepts further.

3. Progressive Companies

■ Kings Know Inc. 株式会社 キングスノウ Sales for the fiscal year ended October 2017 was ¥1.3 billion (108.3% as compared to the previous year)

Kings Know Inc. was established in November 2008. It started the “Kushidaore” izakaya (大衆 串 居酒屋 串だおれ) in December 2009 in front of the JR Okachimachi Station. In 2010, they expanded further in Tokyo with the Spanish Italian concept “Mayo de Buccho”, Chinese concept “Jang Ka Bow” (醬香房) in Hatchobori, and the “Curare” restaurant in Akasaka. Since 2012, the group grew the number of “Kushidaore” outlets in Ikebukuro, Gotanda, Shimbashi, etc. Overseas expansion started in July 2015 with the “Japoli Pizza Pasta Café” in Taiwan. At the same time, the group expanded the “Tendon” and “Katsu-don” concepts with a price point of ¥4,000 per pax. To date, the group has a total of 22 outlets over 10 concepts, including 5 overseas outlets.

● “Kushidaore” (串だおれ)

There are 45 types of skewers on the menu that are commonly found in izakayas, e.g. “Kushi-age” (串揚げ), “Kushi-yaki” (串焼き) and “Kushi tempura” (串天ぷら) priced between ¥150 to ¥180; and other lowly-priced novel items such as Camembert and Billiken (tako yaki). They also served 15 kinds of oden cooked in dashi broth, Beef and egg stew (牛どて玉煮) at ¥380, and “Chicken Nanban shibatsuke with tartare sauce” (鶏唐南蛮 シバ漬けタルタルソース) at ¥480. It is a Japanese-style izakaya patronized by office workers, middle-aged and elderly customers.



The Shibuya Sakuragaoka outlet opened in April 2018. It is a large and outstanding-looking store with 150 seats over 2 floors.

4. Featured New Stores

Note: Xiao Long Bao are steamed buns with filling.

Chinese Buns “Xiao Long Bao Mania” (小籠包マニア) BY GYOZA MANIA



- “Xiao Long Bao Mania” (the name is not on the signboard) opened in October 2018, under the overhead bridge near to the South entrance of JR Kanda Station. The operating hours are from 17:00 to 23:30 (closed on Sundays) and has a seating capacity for 30 pax. There are 3 types of Xiao Long Bao on the menu: Original, Crab Meat and Truffle, priced from ¥450 to ¥1,080 for 4 pieces (there is also an option for 6 pieces). There are 17 other types of dim sum such as “Steamed Chicken Claws” (美味蒸鳳爪), “Prawn and Chives Dumpling” (海老ニラ蒸し餃子) and “Mouth-watering chicken” (よだれ鶏) priced from ¥320 to ¥880. The store is patronized mainly by groups of office workers and couples. The cost per customer is around ¥4,000.

Evaluation

“Jin Ding Lou” (京鼎樓(ジンディンロウ)) was one of the pioneer Chinese restaurants to serve Xiao Long Bao in a set, together with rice and noodles on the menu. Most of their outlets are in shopping centers. However, Gyoza Mania’s “Xiao Long Bao Mania” is the first to present a live demonstration of the making of Xiao Long Bao in front of customers. The company plans to set up more outlets in downtown areas where there are many restaurants. It aims to attract customers with its unique brand name and an ambience that is similar to Chinese food stalls. Although the scale of each outlet is small, it is a new Chinese concept with a high unit price of ¥4,000.

5. Product / Business Strategy

Set Meal Specialty Store

Attractive healthy set meals with three dishes - a soup, brown rice and a main of vegetables, meat or fish.

Café Restaurant “Sakura Shokudo” (sakura 食堂) BY C&B Plus (株) C&B プラス

■ **Features** : For lunch, the restaurant offers 9 types of balanced set lunch under the genres of “meat”, “fish” and “balance”. The sets include healthy mains such as “Light shio koji (salted fermented rice malt) fried chicken” (やわらか塩麹唐揚げ), “Mackerel seasoned with brown miso” (玄米味噌で仕立てた鯖味噌), and “Salad Tofu Hamburger” (サラダ仕立ての豆腐ハンバーグ), a colorful side dish and brown rice. The price ranges from ¥930 to ¥1,130. The seventh outlet opened on 25 September 2018 on the first floor of “Otemachi Place” complex. The outlets are located in commercial facilities in business districts to attract office workers.



■ **Strategy** : BYO Co. Ltd's “Obon de Gohan” (おぼん de ごはん) and Skylark Holdings’ “Chawan” specialize in selling healthy set meals. Their outlets are mainly located in commercial facilities and shopping centers in downtown areas, and there are few outlets in the business districts. C&B Plus’ “Sakura Shokudo” offers a seasonal menu incorporating seasonal vegetables, dishes and superfood. It aims to attract repeat customers, and plans to expand by targeting the increasing number of health-conscious women.

- Latest new store

1st October “DONQ & RF1” (ドンク & RF1)

opened at the West exit of JR Yoyogi Station.

This is a collaboration between bakery “DONQ” and delicatessen “RF1”, and offers the signature products of the two stores. The new concept promotes a healthy lifestyle and aims to serve “daily bread and salad that please your five senses” (毎日のパンとサラダ 五感がうれしくなる). It offers set meals which combine freshly baked bread, a salad, and a side dish.



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