



JAPAN'S FOOD SERVICE INDUSTRY

Sales from Japan's hotel, restaurant, and institutional (HRI) food service industry increased by 14.2% in 2022 to a total of almost \$237 billion, according to the USDA. This growth is due to Japan's tourism industry rebounding after the Covid-19 pandemic, increasing restaurant sales across all categories. The USDA projects that the industry will continue growing; the USDA's 2023 GAIN Report predicted a further 6.5% growth in 2023, to a total of almost \$251 billion.

The specific HRI segment with the biggest increase in 2022 was the pub dining sector (izakayas, yakitori bars, etc.). This sector saw a 95% increase in sales compared to 2021, as a result of the post-pandemic recovery of Japan's after-work drinking culture.

The HRI segments with the highest sales revenue are take-out (\$55.1 billion), hotels (\$37.3 billion), and restaurants (\$42.7 billion). Combined, these three segments accounted for over 60% of total HRI sales in 2022.

Restaurants with a focus on meat-based dishes have continued to do well. Although the number of steakhouse and yakiniku restaurants decreased in 2022, the sales at these types of restaurants increased by about 6% and 18% respectively. All in all, however, many restaurants in this segment are facing challenges caused by labor shortages and rising product and utility costs. The overall number of restaurants of all types has decreased from 996,501 in 2017 to 909,560 in 2022; this represents a nine-percent decrease over just 5 years.

Many essential ingredients have become drastically more expensive over the past few years, like cooking oil (a 140% price increase from 2020 to 2022) and wheat (a 90% price increase from 2019 to 2022). Most restaurants have increased menu prices to bolster their profit ratios. 80% of fast food restaurants and 50% of izakayas increased their prices in 2022.

The influx of tourists into Japan has only increased since 2022. The yen is historically weak; as such, many tourists are increasingly willing to spend money on fine dining and high-end restaurants.

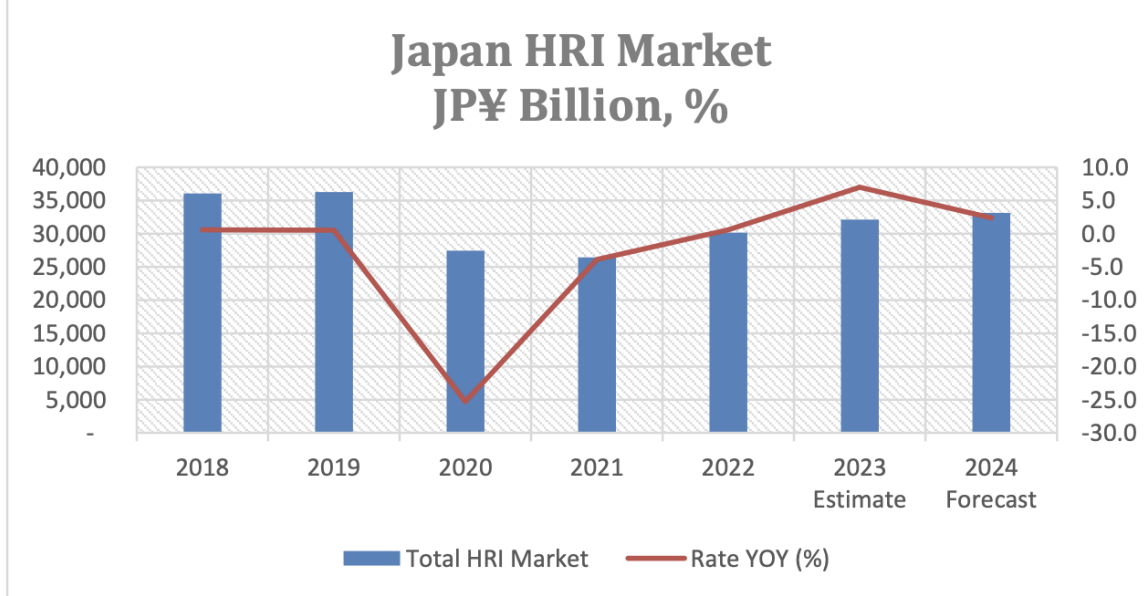
Japan has a highly developed food supply chain. Chain restaurants typically buy food from wholesalers catering to the food service industry, which offer delivery of food items and other restaurant business materials, and which in turn most often buy wares from trading houses which take care of practical matters like customs, quality testing, storage etc. Frequently, small/local restaurants will purchase food from nearby establishments like fresh food markets, butchers, and small-scale food wholesalers.

SOURCE:

[USDA GAIN Report: "Japan: Food Service - Hotel Restaurant Institutional", 4 October 2023](#)
[JTB Tourism Research & Consulting Co.: "Japan-bound statistics"](#)



Figure 2: Japan HRI Market – Total Sales, Pre. During and Post COVID-19 Estimate



Source: Fuji Keizai Marketing Research & Consulting Group, Year-over-Year rate

Figure 3: Japan Food Service Industry Market – Sales by Segments

Segment\Year	2021		2022			2023 (Estimate)	
	¥ billion	\$ billion	¥ billion	\$ billion	% Share	¥ billion	\$ billion
Fast food	3,244.4	24.7	3,497.3	26.6	13.2	3,695.9	28.1
Take out	7,139.7	54.3	7,243.6	55.1	27.4	7,320.4	55.7
Home delivery	820.6	6.2	856.8	6.5	3.2	916.6	7.0
Transportation	23.6	0.2	36.0	0.3	0.1	68.5	0.5
Leisure facilities	649.0	4.9	794.4	6.0	3.0	836.5	6.4
Institution	3,936.2	29.9	3,962.7	30.1	15.0	3,990.2	30.4
Pub dining	1,493.8	11.4	2,908.2	22.1	11.0	3,403.7	25.9
Restaurant	4,023.9	59.5	4,650.6	42.7	17.9	5,161.7	45.9
Café/tea shop	1,175.5	8.9	1,296.3	9.9	4.9	1,379.4	10.5
Hotel	3,898.5	29.7	4,903.4	37.3	18.6	5,335.5	40.6
Total: HRI	26,405.0	229.7	30,149.0	236.7	100.0	32,108.3	250.9
Trend:	-21.4%		14.2%			6.5%	

Source: Fuji Keizai Marketing Research – Food Service Industry Handbook 2022, No. 1 and No. 2
Exchange Rate: JP¥109.817 per \$USD