



## **CONSIDERING THE CURRENT MARKET SIZE AND THE GROWTH OF HALAL FOOD MARKET IN JAPAN**

**Dr. Hendry Litou**

Puratama Godo Kaisha, Japan

### **ABSTRACT**

*Halal food market in Japan is still considered small. Estimating the market size may help us see whether it is an interesting market or not. In this paper, a simple calculation method to estimate the current market size of halal food market in Japan is proposed. This paper also describes factors that will contribute to the growth of halal food market in Japan. The market size of halal food market in Japan in year 2025 is also estimated.*

**Keywords:** halal food market, market size, inbound industry

### **1. Introduction**

In year 2050, the number of Muslims in the world will reach at 2.76 billion, which makes up 29.7% of the population in the world [1]. Halal industry becomes one of the fastest growing businesses in the global market. It is estimated that in year 2015, Muslims in the world spent US\$ 1.17 trillion on food and beverage, and the revenues from halal certified food and beverage products were US\$ 415 billion [2]. This huge halal food market has attracted Japanese enterprises to export halal food products to foreign halal markets. On the other hand, halal food market in Japan is still considered small. Estimating the market size may help us see whether it is an interesting market or not.

---

This paper proposes a simple calculation method to estimate the current market size of halal food market in Japan based on the characteristics of Japan's halal food market. In this study, the market size of halal food market refers to the estimated amount of money spent by Muslims on food and beverages. This paper also describes factors that will contribute to the growth of halal food market in Japan.

The structure of this paper is as follows. Section 2 and Section 3 describe the characteristics of Japan's halal food market and the proposed calculation method to estimate the market size, respectively. Section 4 describes factors that will contribute to the growth of halal food market in Japan and the estimation of the market size of halal food market in Japan in year 2025. Section 5 states the conclusions drawn from this study.

## **2. The Characteristics of Halal Food Market in Japan**

### **2.1 Muslim Population in Japan**

In Japan, religion is not used as identification, and most censuses and surveys do not include a question on religion. So, it is difficult to estimate the number of Muslim population in Japan. A report by Brand Research Institute Inc. in year 2014 suggests that the number of Muslim population in Japan is about 150,000, which consists of 50,000 Japanese nationals and 100,000 foreigners [3].

Table 1 shows the numbers of registered foreigners living in Japan from countries with majority Muslim population as of the end of year 2017. Only countries with more than 100 persons living in Japan are listed in Table 1.

As of the end of year 2017, there are 27 countries listed in Table 1, and the number of registered foreigners living in Japan is 114,872. However, it should be noted that there are Indonesian Christian communities in Japan [4]. So it is not possible to say that all foreigners living in Japan from these 27 countries are Muslims. Still, the data may justify the estimation that there are about 100,000 foreign Muslims in Japan. In this paper, the current number of foreign Muslims in Japan is estimated around 90,000 to 100,000.

On the other hand, it is not easy to estimate the number of Muslims with Japanese nationalities in Japan. A report by Nakano in year 1992 suggests that most of Japanese Muslims are Japanese women who have married foreign Muslim men [5]. Foreigners who are

---

spouses of Japanese nationals may live in Japan as permanent residents or with the status of residences of “Spouse or Child of Japanese National.” However, the available data as shown in Table 1 does not give us any information about their sex and religion, so it is not possible to use this data to estimate the number of Muslims with Japanese nationalities in Japan. A study by Sakurai in year 2008 suggests that foreign Muslims constitute approximately 80% to 90% of the entire Muslim population in Japan [6]. If the percentage is still about the same, the number of Muslims with Japanese nationalities in Japan can be estimated around 11,000 to 25,000. On the other hand, there are foreign Muslims who have changed their nationalities to Japanese. In this paper, the current number of Muslims with Japanese nationalities in Japan is estimated around 25.000 to 30.000.

Since there are more foreign Muslims in Japan than Muslims with Japanese nationalities, the first characteristic of halal food market in Japan is that the market share of foreigners living in Japan is bigger than the market share of the Japanese nationals.

Table 1: The Numbers of Registered Foreigners Living in Japan from Countries with Majority Muslim Population and with More Than 100 Persons Living in Japan  
(as of the end of year 2017)

Countries	Total Number	Permanent Residents	Spouse or Child of Japanese National	Technical Interns	Foreign Students
Indonesia	49,982	6,200	1,991	21,894	6,492
Pakistan	15,609	4,852	641	15	382
Bangladesh	14,144	3,184	377	103	3,467
Malaysia	9,638	2,672	521	96	3,117
Turkey	5,502	980	596	10	270
Iran	4,037	2,629	290	0	237
Afganishtan	2,978	210	18	0	274
Uzbekistan	2,921	200	73	17	1,759
Nigeria	2,911	1,555	453	0	197
Egypt	1,850	248	101	0	393
Saudi Arabia	736	6	15	2	399
Senegal	673	154	109	0	151
Syria	631	52	27	0	79
Tunisia	565	103	67	0	63
Morocco	555	193	138	0	99
Kyrgyzstan	447	28	22	22	156
Guinea	404	165	59	0	34
Kazakhstan	359	45	25	0	146
Sudan	230	53	15	0	45
Algeria	225	57	23	0	30

Mali	179	77	23	0	31
Jordan	162	47	18	0	28
Moldova	161	70	40	0	11
Tajikistan	157	1	6	0	68
Iraq	129	8	11	0	17
Lebanon	123	32	13	0	18
Azerbaijan	104	11	8	0	33
Total	114,872	23,832	5,680	22,159	17,996

Source: Ministry of Justice, Japan (processed)

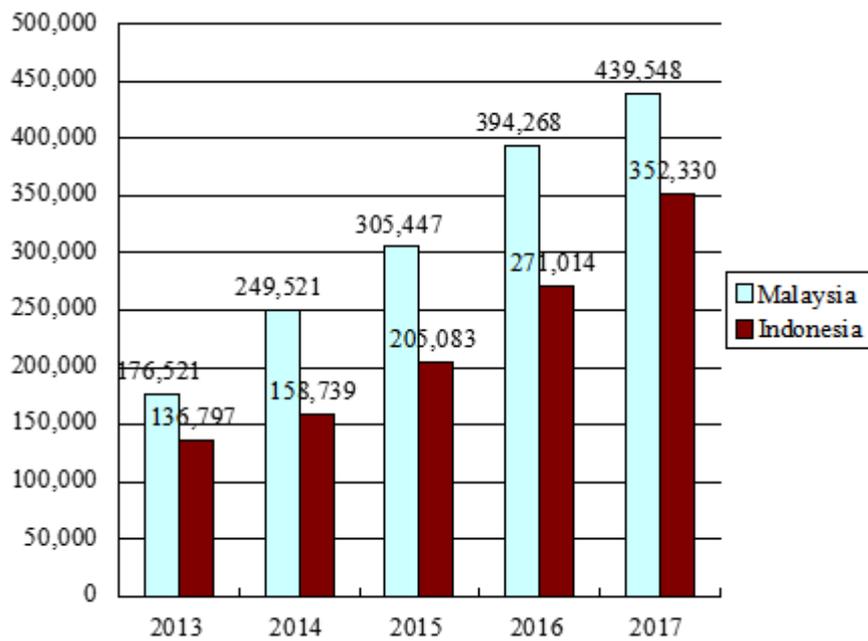
[http://www.moj.go.jp/housei/toukei/toukei\\_ichiran\\_touroku.html](http://www.moj.go.jp/housei/toukei/toukei_ichiran_touroku.html)

## 2.2 Foreign Muslim Visitors to Japan

As shown in Figure 1, the numbers of visitors from Malaysia and Indonesia are growing fast. Currently most foreign Muslim visitors to Japan come from Malaysia and Indonesia. The total number of visitors from Malaysia and Indonesia to Japan have reached more than 790,000 visitors in year 2017. Among countries with majority Muslim population, Turkey took the third place with 19,123 visitors to Japan in year 2017.

The second characteristic of halal food market in Japan is that, regarding foreign Muslim visitors to Japan, currently only visitors from Malaysia and Indonesia that need to be considered.

In this study, the total numbers of visitors from Malaysia and Indonesia are multiplied by the estimated proportion of Muslims in Malaysia and Indonesia to derive the total numbers of Muslim visitors from Malaysia and Indonesia. According to the CIA World Factbook, the proportion of Muslims in Malaysia is 61.3%, and in Indonesia is 87.2%. Thus, the estimated total number of Muslim visitors from Malaysia in year 2017 is 269,443, and from Indonesia is 307,232.



Source: Japan National Tourism Organization (processed)

[https://www.jnto.go.jp/jpn/statistics/data\\_info\\_listing/index.html](https://www.jnto.go.jp/jpn/statistics/data_info_listing/index.html)

Figure 1: The Numbers of Visitors from Malaysia and Indonesia to Japan (2013-2017)

### 3. The Estimation of the Current Market Size of Halal Food Market in Japan

#### 3.1 The Calculation Method to Estimate the Current Market Size of Halal Food Market in Japan

The proposed formula for the calculation to estimate the market size of halal food market in Japan is:

$$\text{Estimated market size} = 12E(P1 + P2) + (V1 \cdot T1) + (V2 \cdot T2) \quad (1)$$

where

$E$  is the estimated monthly food expenditure per capita of Muslims in Japan

$P1$  is the estimated number of Muslims with Japanese nationalities in Japan

$P2$  is the estimated number of foreign Muslims living in Japan

$V1$  is the number of foreign visitors to Japan from Malaysia multiplied by the estimated proportion of Muslims in Malaysia

$V2$  is the number of foreign visitors to Japan from Indonesia multiplied by the estimated

proportion of Muslims in Indonesia

$T1$  is the average spending on meals in Japan by a visitor from Malaysia

$T2$  is the average spending on meals in Japan by a visitor from Indonesia

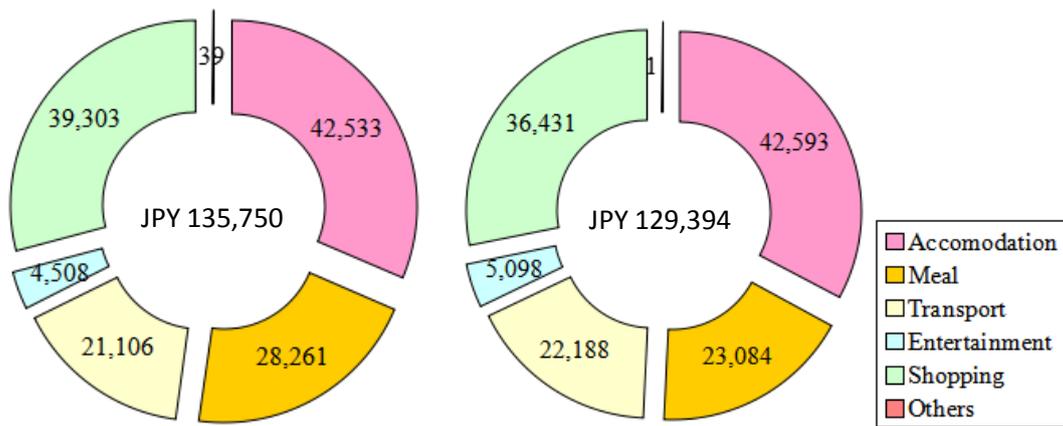
The number of Muslim population in Japan and the number of foreign Muslim visitors to Japan have been estimated in Section 2.

A report published by Ministry of Agricultural, Forestry and Fisheries, Japan (MAFF) provides survey results that show that the monthly food expenditure per capita of a two-or-more-person household in Japan in year 2014 is JPY 22,583 [7]. Another report published by MAFF provides survey results that show that the monthly food expenditure per capita of a single-male household in year 2014 is JPY 42,823, and of a single-female household is JPY 33,670 [8]. However, it should also be noted that 36.4% of foreigners from the 27 countries listed in Table 1 are technical interns and foreign students. It can be assumed that these groups of people spend money on food and beverages less than the average Japanese nationals. In this study, the monthly food expenditure per capita of a two-or-more-person household in Japan is used as the estimated monthly food expenditure per capita of Muslims in Japan.

A report published by Japan Tourism Agency provides survey results that show the per capita consumption amount of visitors from Malaysia and Indonesia in Japan in year 2017 [9]. As shown in Figure 2, the average spending on meals in Japan by a visitor from Malaysia in year 2017 is JPY 28,261, and by a visitor from Indonesia is JPY 23,084.

### **3.2 The Estimation Results**

Tabel 2 shows the estimation results. When  $P1 = 25,000$ , and  $P2 = 90,000$ , the market size of halal food market in Japan is JPY 45.87 billion. When  $P1 = 30,000$ , and  $P2 = 100,000$ , the market size of halal food market in Japan is JPY 49.9 billion. So, the market size of halal food market in Japan is estimated around JPY 45.87 billion to JPY 49.9 billion. The results also show that the market share of Muslims living in Japan is bigger than the market share of foreign Muslim visitors to Japan.



(a) Malaysia

(b) Indonesia

Source: Japan Tourism Agency (processed)

<http://www.mlit.go.jp/common/001230775.pdf>

Figure 2: The Per Capita Consumption Amount of Visitors from Malaysia and Indonesia in Japan in Year 2017

Tabel 2: Estimation Results

$P1$	$P2$	$E$	$V1$	$V2$	$T1$	$T2$	$12E (P1 + P2)$	$(V1 \cdot T1) + (V2 \cdot T2)$	Result
25,000	90,000	22,583	269,443	307,232	28,261	23,084	31,164,540,000	14,706,864,423	45,871,404,423
30,000	100,000	22,583	269,443	307,232	28,261	23,084	35,229,480,000	14,706,872,111	49,936,352,111

#### 4. Considering the Growth of Halal Food Market in Japan

##### 4.1 Improvement on the Availability of Halal Food in Japan

In the Global Muslim Travel Index, Japan’s score for service (restaurant) is only 45 [10]. It is still very low compare to Indonesia. Indonesia’s score for service (restaurants) is 90. It indicates that the availability of halal food and beverages in Japan is still limited. It is the reason why some foreign Muslim visitors choose to eat food they bring from home [11]. Improvement on the access to a variety of dining options with halal assurance will encourage foreign Muslim visitors to spend more money on meals in Japan.

As Japan is expecting to welcome 1 million foreign Muslim visitors in year 2020, and since many foreign Muslim visitors expect to enjoy Japanese food in Japan, Japanese government has made strategies to improve the environment, such as by giving support to Japanese restaurants in developing halal menu, etc [12].

**4.2 Relaxation of Japan’s Immigration Law**

In Japan, population and labor force are shrinking. Japanese government plans to establish a new status of residence that will allow 500,000 low-skilled foreigners to work in Japan by year 2025 [13]. Japan is one of the destination countries for Indonesians in search of employment [14]. When the new work visa is established, it can be assumed that the number of foreign Muslims in Japan, especially from Indonesia will increase rapidly.

**4.3 Estimation of the Market Size of Halal Food Market in Japan in Year 2025**

Considering the above factors, assumptions are made to estimate the market size of halal food market in year 2025. The first assumption is that the number of Muslim population in Japan may increase to 190.000 in year 2025, which consists of 35.000 Japanese nationals and 155.000 foreigners, and with higher monthly food expenditure per capita than in year 2014. The second assumption is that the number of foreign Muslim visitors to Japan may increase to 1.1 million a year in year 2025, with higher average spending on meals than in year 2017. As shown in Table 3, the market size of halal food market in Japan in year 2025 may increase to JPY 84.7 billion, or more than 69% up compared with the current market size.

Compare to the market size of food service industry in Japan which is about JPY 25.18 trillion in fiscal year 2015 [15], the market size of halal food market in Japan in year 2025 may seem small. However, halal food market in Japan is growing significantly. It is an interesting market to explore further.

Tabel 3: Estimation Result

<i>P1</i>	<i>P2</i>	<i>E</i>	<i>V1</i>	<i>V2</i>	<i>T1</i>	<i>T2</i>	$12E (P1 +P2)$	$(V1 \cdot T1) + (V2 \cdot T2)$	Result
35,000	155,000	24,000	500,000	600,000	30,000	25,000	54,720,000,000	30,000,000,000	84,720,000,000

#### **4.4 Limitations and Further Studies**

This study is not intended to estimate the size of the whole halal market in Japan. It only focuses on the market size of halal food market in Japan. This paper describes factors that will contribute to the rapid growth of halal food market in Japan, but the analysis of the potential obstacles to the growth of halal food market in Japan is beyond the scope of this paper.

Several research efforts should take place in the future, as described below:

- the estimation of the market size of the whole halal market in Japan, which includes care products, tourism, etc.
- the analysis of high demand products in halal market in Japan.
- the development of business strategy to reach Indonesian consumers in Japan.

#### **5. Conclusion**

Conclusions are summarized by the followings.

(1) This paper proposes a simple calculation method to estimate the market size of halal food market in Japan based on the characteristics of Japan's halal food market.

(2) The first characteristic of halal food market in Japan is that the market share of foreigners living in Japan is bigger than the market share of the Japanese nationals. In this study, the current number of foreign Muslims in Japan is estimated around 90,000 to 100,000, while the current number of Muslims with Japanese nationalities in Japan is estimated around 25.000 to 30.000.

(3) The second characteristic of halal food market in Japan is that, regarding Muslim visitors to Japan, currently only visitors from Malaysia and Indonesia that need to be considered. In this study, the total numbers of visitors from Malaysia and Indonesia are multiplied by the estimated proportion of Muslims in Malaysia and Indonesia to derive the total numbers of Muslim visitors from Malaysia and Indonesia. The estimated total number of Muslim visitors from Malaysia in year 2017 is 269,443, and from Indonesia is 307,232.

(4) In this study, the monthly food expenditure per capita of a two-or-more-person household

in Japan in year 2014 is used as the estimated monthly food expenditure per capita of Muslims in Japan. The monthly food expenditure per capita of a two-or-more-person household in Japan in year 2014 is JPY 22,583.

(5) This study uses the per capita consumption amount of visitors from Malaysia and Indonesia in Japan in year 2017, as shown in a report published by Japan Tourism Agency. The average spending on meals in Japan by a visitor from Malaysia in year 2017 is JPY 28,261, and by a visitor from Indonesia is JPY 23,084.

(6) The market size of halal food market in Japan is estimated around JPY 45.87 billion to JPY 49.9 billion. The results also show that the market share of the Muslims living in Japan is bigger than the market share of the foreign Muslim visitors to Japan.

(7) Improvement on the access to a variety of dining options with halal assurance and the establishment of a new status of residence that will allow 500,000 low-skilled foreigners to work in Japan by year 2025 will contribute to the rapid growth of halal food market in Japan. This study estimates that the market size of halal food market in Japan in year 2025 may increase to JPY 84.7 billion, or more than 69% up compared with the current market size.

## REFERENCES

- [1] Pew Research Center, *The Future of World Religions: Population growth projections, 2010-2050* (Washington, D.C.: Pew Research Center, 2015). <http://www.pewforum.org/2015/04/02/religious-projections-2010-2050/>
- [2] Thomson Reuters Islamic Finance Gateway, *State of the Global Islamic Economy Report 2016/17* (London: Thomson Reuters, 2016).
- [3] Tanaka Akio, *The Increasing Halal Market and Current State: Basic of Halal Market* (Tokyo: Brand Research Institute Inc., 2014) (in Japanese language).
- [4] Okushima Mika, Churches and Indonesian Migrants in Japan: Institutional Background and Challenge, *Intercultural Communication Studies*, 18, 2006, 35-111 (in Japanese language).
- [5] Nakano, Y. Lynne, *Marriages lead women into Islam in Japan*, (Japan Times Newspaper, November 19, 1992). [http://www.themodernreligion.com/women/women\\_japan.htm](http://www.themodernreligion.com/women/women_japan.htm)
- [6] Sakurai Keiko, Muslims in Contemporary Japan, *Asia Policy*, 5, 2008, 69-87.

- [7] Ministry of Agricultural, Forestry and Fisheries, *Trend on Food, Agriculture and Rural Area in Fiscal Year 2014* (Tokyo: Ministry of Agricultural, Forestry and Fisheries, 2015) (in Japanese language). [http://www.maff.go.jp/j/wpaper/w\\_maff/h26/](http://www.maff.go.jp/j/wpaper/w_maff/h26/)
- [8] Ministry of Agricultural, Forestry and Fisheries, *Trend on Food, Agriculture and Rural Area in Fiscal Year 2015* (Tokyo: Ministry of Agricultural, Forestry and Fisheries, 2016) (in Japanese language). [http://www.maff.go.jp/j/wpaper/w\\_maff/h27/](http://www.maff.go.jp/j/wpaper/w_maff/h27/)
- [9] Japan Tourism Agency, Consumption Trend of Foreign Visitors to Japan, Report of Year 2017 (Tokyo: Japan Tourism Agency, 2018) (in Japanese language). <http://www.mlit.go.jp/common/001230775.pdf>
- [10] Crescent Rating, *Global Muslim Travel Index 2018* (Singapore: Crescent Rating, 2018).
- [11] Shazlinda Md Yusof, Noriyuki Shutto, The Development of Halal Food Market in Japan: Exploratory Study, *Procedia - Social and Behavioral Sciences*, 121, 2014, 253-261.
- [12] Task Force for the Promotion and Execution of Tourism Strategy, *Plan and Action to Correspond to Muslim Visitors to Japan* (Tokyo: Japan Tourism Agency, 2018) (in Japanese language). <http://www.mlit.go.jp/common/001235639.pdf>
- [13] Chizuko Hayakawa, Japan's New Foray into Immigration Policy, *Asia Global Online* (Hongkong: Asia Global Institute, the University of Hongkong, 2018). <https://www.asiaglobalonline.hku.hk/japans-new-foray-into-immigration-policy/>
- [14] Nawawi, The Dynamics of Indonesian Migrant Workers in Japan Under the Industrial Training and Technical Internship Program, *Proceedings of the 16<sup>th</sup> Tri-University International Joint Seminar and Symposium*, TRIU09PN-08, Mie University, Japan, October 19-22, 2009.
- [15] Takashi Sumida, A Study on Marketing of Child Consumer in Food Industry, *Shitennoji University Bulletin*, 64, 2017, 179-194.