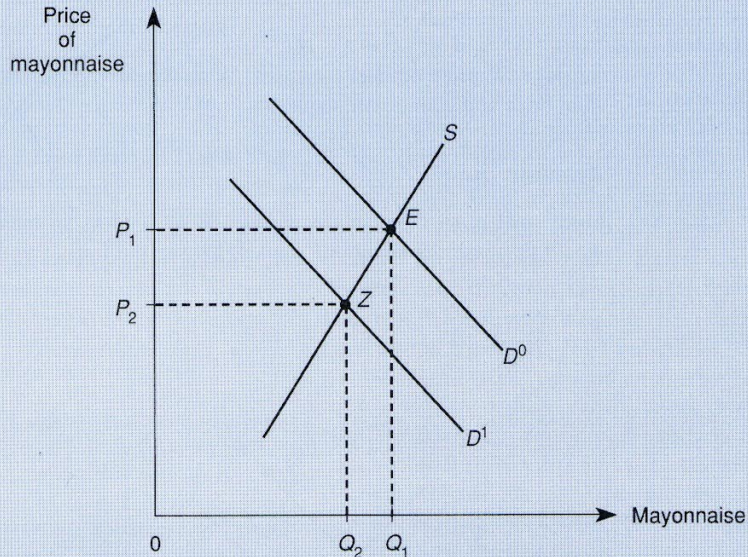


Changes in Japanese Tastes and the Market for Mayonnaise

Japanese consumers dramatically changed their consumption patterns during the late 1980s. According to an article by O. Abe in *Business Japan*, the Japanese moved away from consuming animal fats and salad oils during the late 1980s. This change in behavior, caused by increasingly health-conscious Japanese consumers, has dramatically affected the market for mayonnaise in Japan. Figure 2-21 demonstrates this market change.

consumers became more health conscious, the demand for mayonnaise shifted to the left to D^1 . This shift translates into a lower price for mayonnaise and a lower quantity of mayonnaise consumed. The new equilibrium is at point Z, which corresponds to a lower equilibrium price of P_2 and a lower equilibrium quantity of Q_2 . Thus, changes in the tastes of Japanese consumers reduced the market price and quantity of mayonnaise.

FIGURE 2-21



Notice that Figure 2-21 starts out with an equilibrium level of mayonnaise consumption at point E. At point E, Q_1 units of mayonnaise are purchased at a price of P_1 . However, as Japanese

Source: O. Abe, "Health-Conscious Consumers Change Demand of Oils and Fats Industry," *Business Japan* (February 1989).