EU-Japan Centre
for Industrial Cooperation
日欧産業協力センター

Japan's Business Culture

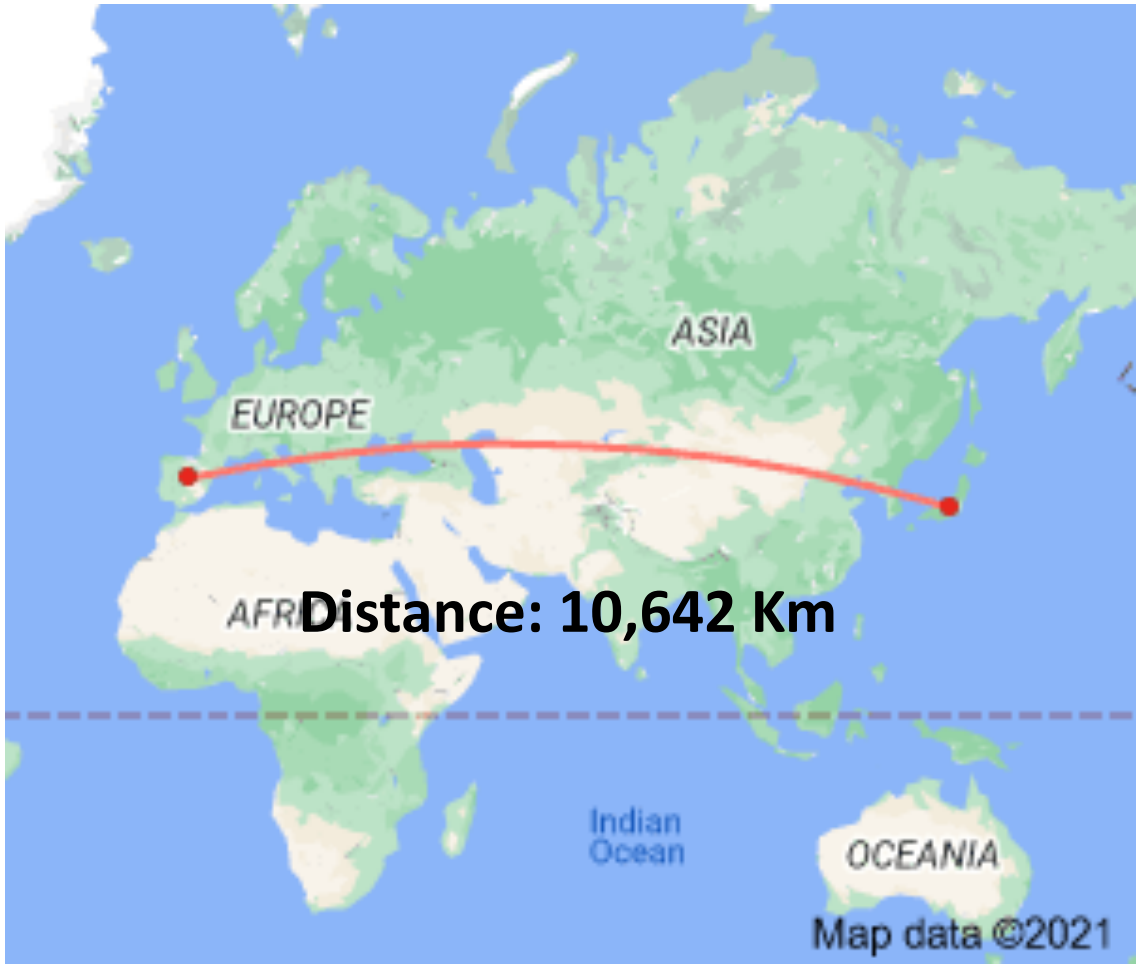
Webinar for Tecno Camp Barcelona

3 June 2021, Thursday, by C. Nakabayashi

Webinar Agenda

1. Japanese Business Culture and Practices
2. Business Communications with Japanese
3. Japanese Consumer Behaviour and Demand for Spanish Products
4. Q&A

Distance for Spain - Japan



Spain and Japan: Culture Differences and Similarities

(source: Hofstede's Cultural Differences)

- Spanish and Japanese societies are equally hierarchical and collectivist where individuals dislike assertive attitude and people work in team.
- Spanish and Japanese similarly set social rules and laws to avoid ambiguity and uncertainty.
- Spanish and Japanese alike like harmony and consensus in society, except Japanese in group are driven by competition.
- Spanish tend to emphasize short-term results while Japanese takes a long-term oriented approach.

Japan’s Business Culture

日本の文化

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Japan's Business Culture

1) CONSENSUS-BASED DECISION MAKING

Decision making process is slow because decisions must be agreed by each layer of hierarchy. In society, power is equally distributed and decision-making is consensus-based.

2) LOYALTY IN-GROUP

Japanese are loyal to the groups that they belong to, but Japanese are individually more private and reserved than most other Asians.

3) **GROUP-BASED COMPETITION**

Japanese dislike assertive and competitive individual behaviours, but Japanese in-group engage in competition. In business, employees are motivated to compete with competitors. Group competition drives Japanese to manufacture excellent and perfect products and services.

4)AVOIDING UNCERTAINTY

In Japan, life is highly ritualized and changes are difficult to make. Ceremonies are manualized and people are reluctant to go against precedence. In business, time and effort are in feasibility studies and risk factors are worked out. Managers ask facts and figures before taking any decision. Japanese companies avoid a 'surprise' by preparing all what they can do to avoid uncertainty.

5) LONG TERM COMMITMENTS

Japan is a long-term oriented society In business, companies focus on business durability/continuity and make long-term investment in business. Once trust is established, Japanese companies make a long-term commitment into business partners.

Business Communication with Japanese

日本人とのビジネス・コミュニケーション

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Japan's Business Culture

1) FORMAL AND RITUAL

Japanese business is formal and ritualistic, particularly when meeting business partners for the first time. It is to confirm formal relationships. For instance, to meet Japanese business partners for the first time, personal introduction by a third party is required.

2) TWO-TIER BUSINESS RELATIONSHIP

To establish long-lasting business relationship in Japan, you need to set up a two-tier business relationship structure: establish friendship and then move to the second stage of actual business negotiations.

3) POSITION AND STATUS

Name cards are exchanged when one meets another. The purpose is to make the other's position and status known. Japanese are status conscious and set formal relationships and communication.

4) BUSINESS CORRESPONDENCE

Japanese companies may fail to answer written enquiries. This does not mean a lack of interest. Japanese are accustomed to talk face-to-face, or, there isn't people available who speak English. Meet online.

5) DRESS CODE

Important non-verbal communication is dress. Japanese businesspeople choose a dark suit for men and sober/plain dress for women. Most Japanese businesspeople expect a certain variety in dress of foreign businesspeople. However, one should avoid extremes in dress and keep some degree of formality in dress in Japan.

6) EXPRESSIONS: 'YES' & 'NO', SMILE, EYE CONTACT

The Japanese 'yes' can also mean 'I see' or 'I understand' and does not necessarily mean agreement. Japanese culture emphasises harmony rather than confrontation. Japanese are very reluctant to give a direct 'no' answer. Instead, Japanese answer with something non-committal such as 'Let me think.' One must read negative response signs such as hesitancy or an unwillingness.

7) SILENCE IN NEGOTIATIONS

Silence are common. Japanese think over what has been said and what alternatives are open. Silence is also part of Japanese communication procedure. Foreigners find silences embarrassing and feel obliged to say something unnecessary to relieve tension, but the best way to handle silence is to exercise restraint/patience and wait for a word after silence.

Key for Successful Meetings – Before and After Meeting Preparation

- Prepare and distribute all information prior to meeting.
- Ideally, translate information into French/Japanese or into English ahead of time.
- Set purpose and goal of meeting for each meeting.
- After meeting, exchange a note on what was discussed, what was agreed, what actions are now expected
- English is not the original language of both parties so speak slowly and clearly.
- Avoid certain words, phrases or expressions , acronyms or abbreviations, slang, jokes which are not commonly used.

Japanese Consumer Behavior and Demand for Spanish Products

日本の消費者行動とスペイン製品への需要

Japan's Consumer Market Compared to Spain's

(Source: OECD, World Bank)

	Japan	Spain
Consumer Base for Demand	126 million	46 million
Disposable Income Per Capita (in US$)	US$ 29,798	US$ 23,999
Gap between richest and poorest*	6 Times	7 Times
65 and Older in Population	29%	20%

* gap between the richest and poorest compares top 20% and bottom 20% of population

Japan's Consumer Market Orientation

- Purchase decision on safety and quality, consumers willing to pay premium

  ➡ a unique premium market segment

- Decline in population and arise of aged population

  ➡ new market segments in health related sub-sectors

Demand for Spanish Exports to Japan

(source: Spain Customs)

Export Items	2019 Export Value in € M, FOB	Shares in %
Pork	493	18.1
Pharmaceuticals	321	11.8
Auto parts	212	7.8
Ash and residue	148	5.4
Olive oil	147	5.4
Passenger car	136	5.0
Wine	95	3.5
Heterocyclic compound	56	2.1
Refined petroleum products	52	1.9
Women's clothing	51	1.9

Demand for Spanish Pork in Japan

(sources: Japanese Agriculture and Livestock Industries Corporation, Sumitomo-Mitsui Bank Corporation)

Pork Meat, Pork Products		Top Exporters	Market shares
Fresh and chilled pork		USA, Canada	90%
Frozen pork		**Spain**, Denmark, Hungary	27%
Processed pork	Hams	Italy	3.8%
	Sausages	China, USA, Thailand	9%

* Hungarian pork export restarted in January 2021 (https://www.maff.go.jp/aqs/hou/require/sub2.html)

Demand for Spanish Olive Oil in Japan

(source: BCI)

Olive Oil Exporters to Japan	Value in US$
Spain	2,74 M
Italy	1,19 M
Portugal	591 K
Malaysia	362 K
Turkey	20.7 K
USA	11.6 K
Singapore	3.12 K

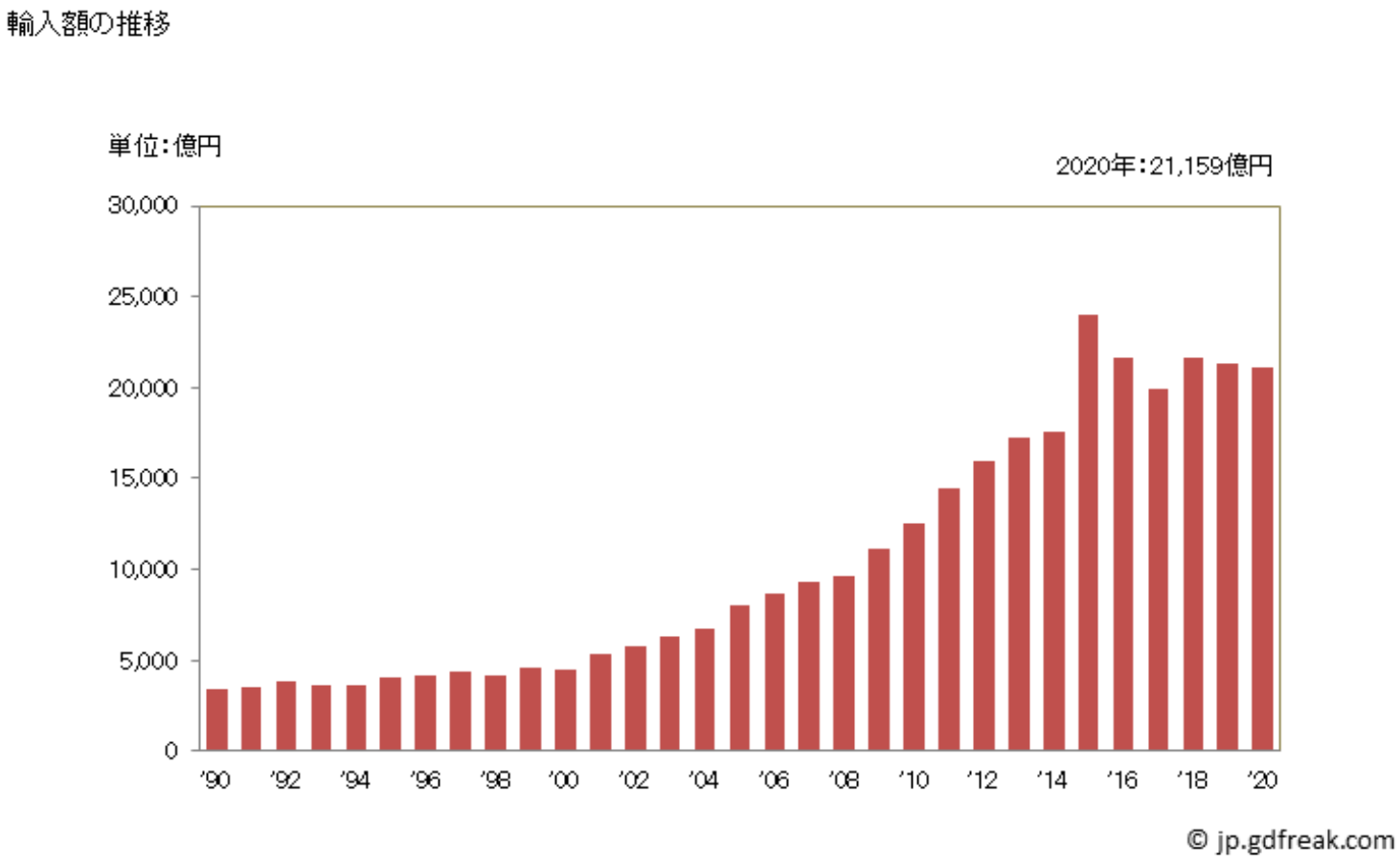
Demand for Spanish Wines in Japan

(source: Ministry of Finance, Japan)

2019 Wine Import to Japan in Quantity (%)		2019 Wine Import to Japan in Sales Price (%)	
Chile	28%	France	56%
France	23%	Italy	12%
Italy	17%	Chile	11%
Spain	**15%**	USA	7%
Australia	6%	**Spain**	**7%**
USA	6%	Australia	2%
Germany	1%	Germany	1%
Argentina	1%	Argentina	1%
South Africa	1%	Others	3%
Portugal	1%		
Others	2%		

Demand for Pharmaceuticals Import to Japan, in 10M yen

(source: Japan's Ministry of Finance)



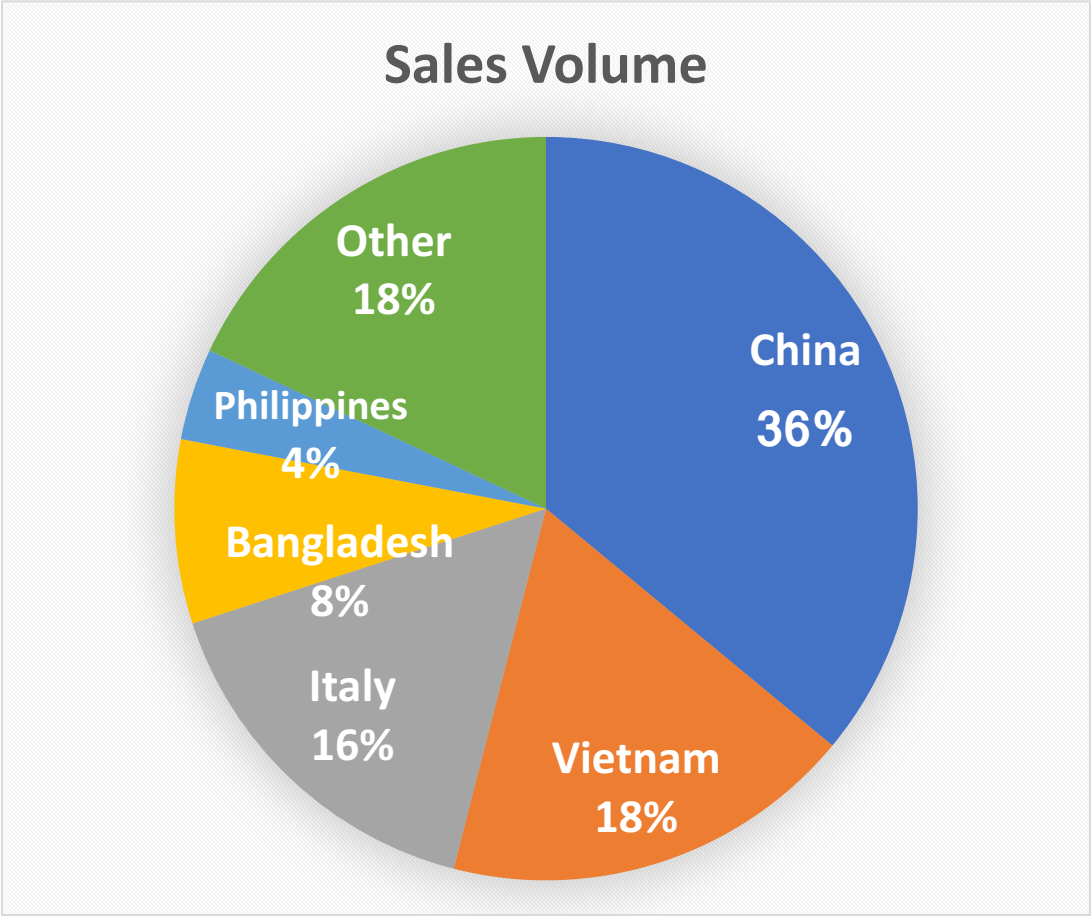
Demand for Spanish Car Parts

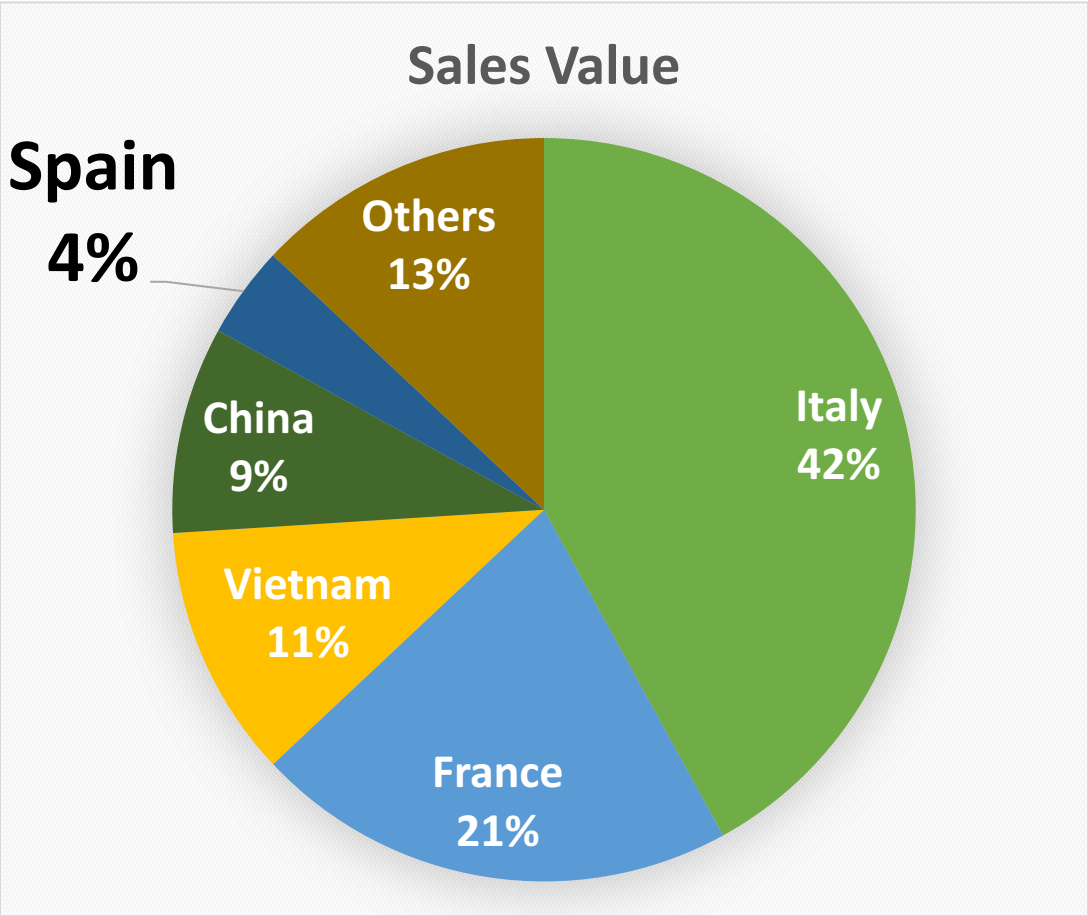
(source: JETRO)

Products	Companies	Production Sites
Body, chassis, hinges	Gestamp	95
Interior parts	Grupo Antolin	161
Roof system, engine / transmission parts, exterior / interior parts, vehicle / chassis / steering parts, Rack parts	CIE Automotive	60
In-vehicle mirrors, antenna equipment, ADAS systems, EV / HV parts, gear shift parts, etc.	Ficosa International	30
Chassis / powertrain parts, rubber / plastic parts, etc.	Mondragon Automosion	57

Market Share of Leather Handbag Import to Japan

(source: EC “Impact of EU-Japan EPA on Leather Product Market in Japan, October 2020”)





Q&A Session

Should you have any further inquiries, please contact the EU-Japan Centre for Industrial Cooperation on: office@eu-japan.eu with the following mention: 'expert support webinar on Japanese Business Culture for Spanish Exporters'