



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

Export Support Webinar – Culture

Webinar for Belgian Exporters to Japan

15 October 2020, 10:30, by C. Nakabayashi



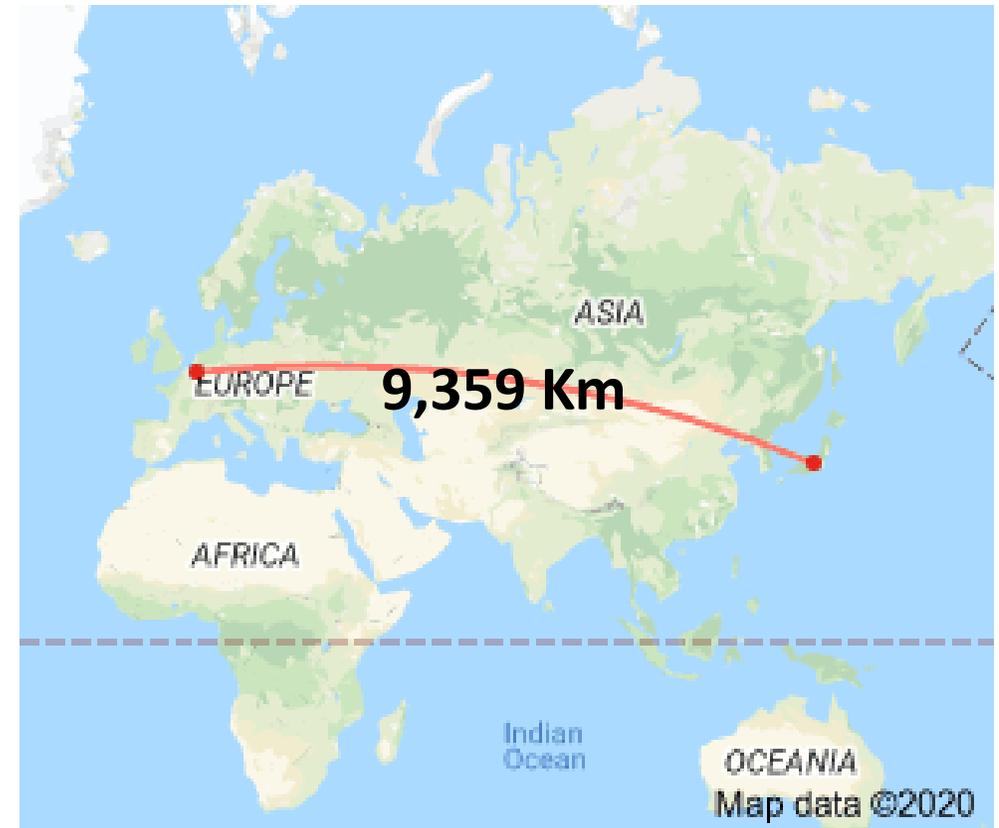
Exporting Food Products to Japan

Today's Agenda and Points of Discussion:

1. Japan's Business Culture
2. Japan's Business Practices
3. Consumer's Behaviours, and Market & Product Orientation
4. Japan's Food Market - Size and Outlets
5. Q&A



Exporting Food Products to Japan



Belgium and Japan: Similar and Different Business Cultures

- ✓ Decision-making process is similarly slow to achieve consensus
- ✓ Similarly planning and pragmatic approach to avoid uncertainty
- ✓ Differently, Individually autonomous vs group-oriented



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 in-group act situationally. Japan is a group-society and Japanese are loyal to the groups that they belong to. Japanese are individually more private and reserved than most other Asians.



Japan's Business Culture



3) GROUP-BASED COMPETITION

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

Japan's Business Culture

4) AVOIDING UNCERTAINTY

In Japan, life is highly ritualized and changes are difficult to realized. 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. Life is seen as a short moment in a history of mankind. Lives are guided by virtues and practical good examples. In business, companies focus on business durability and make long-term investment in business. As for business goals, many companies focus on long-term commitments to society as a whole. They also commit to business partners.



Japan's Business Practices

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.



Japan's Business Practices



3) NAME CARD OR *MEISHI*

Name cards are exchanged on every occasion when one businessperson meets another. The purpose is to enable recipients of cards to know the other's position and status. Japanese are status conscious and set formal relationships to decide which level of language to use and how differently to bow and act. Business cards also serve to know instantaneously names and positions and to record for future reference.

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.



Japan's Business Practices



5) **DRESS CODE**

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 which may ignore some degree of formality in dress in Japan.

6) **'YES' AND 'NO'**

The Japanese term *hai* is 'yes'. It 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 the negative response signs such as hesitancy or an unwillingness.

Japan's Business Practices

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 the tension, but the best way to handle such silences is to exercise restraint/patience and wait for a word after the silence.

8) **LONG-TERM COMMITMENTS & DUE DILIGENCE**

Japanese take long-term approach to prepare for future uncertainty. On business dealing, some Japanese companies, particularly small companies, prefer to make a broad agreement or mutual understanding rather than detailing out contract terms as they desire to allow both sides to adjust to unforeseen circumstances. However, due diligence should be given on payment terms and conditions to avoid business troubles. Legal settlements of disputes are rare in Japan.

Japan's Food Market

Size Japan's Food Market

	 Japan
Consumer Base for Food Demand	127 million
Self-sufficiency of Food Supply	40%
Spending (% in Disposable Income)	26%

Consumer Behavior and Market Orientation

Japan's Market Orientation: Safety and Quality/Premium

- Purchase decision on safety and quality
- Price on safety and quality
- 3 conditions to win consumer trust and loyalty: (1) **safety and quality** are guaranteed by authorities, (2) are proved with tradition, and (3) are disclosed on labels: these which appear on certifications, traditional production methods and product labels. They then attach accountability, authenticity and transparency to products.
- A unique market segment for super **premium food** products

Consumer Behavior and Product Orientation

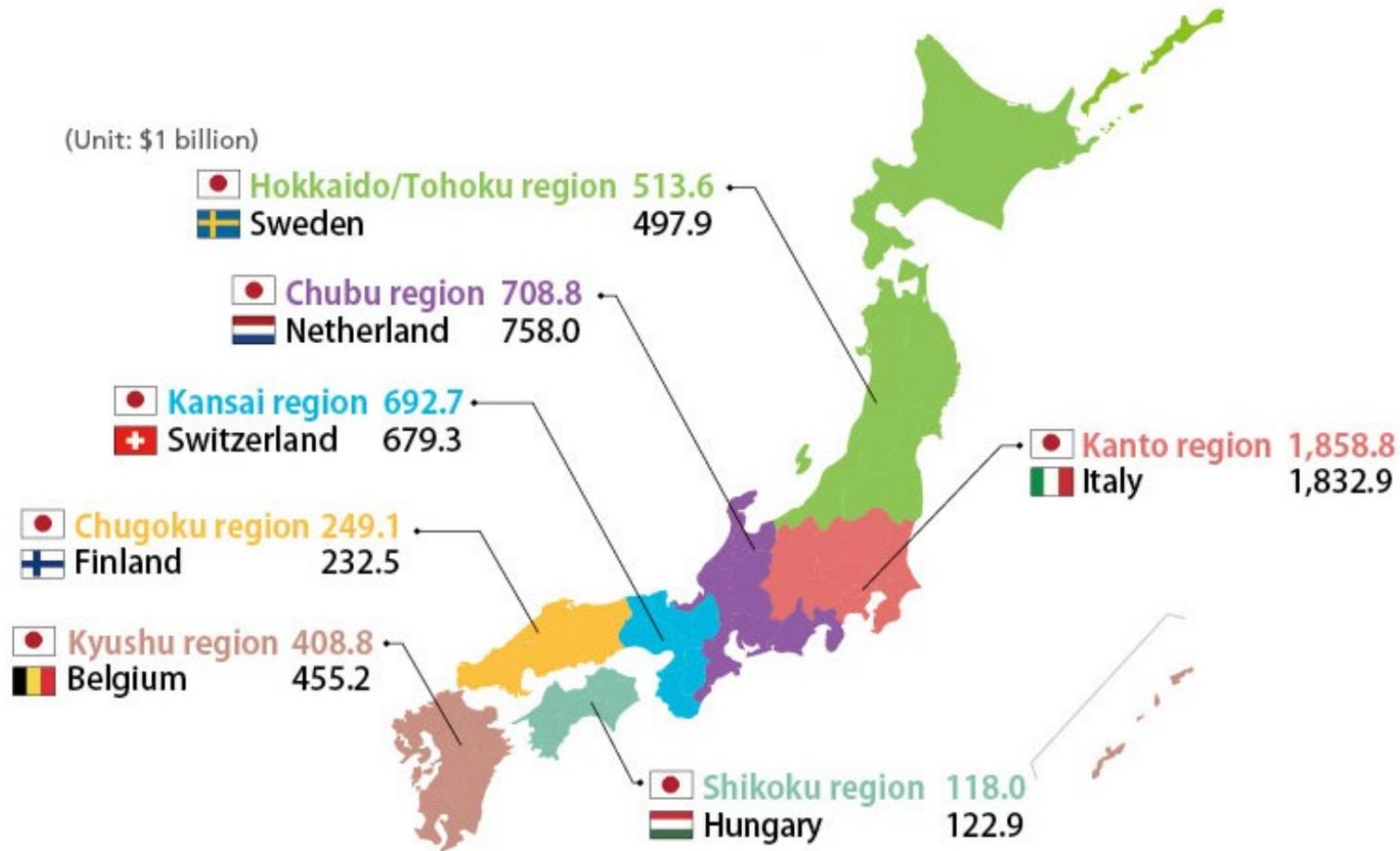
Japan's Product Orientation: Processed and Packaged Foods

- Busy modern life & small family unit: Processed food, freshly prepared and controlled under strict expiry date and time
- City life: 'Packaged or convenient food' for everyday life, sold under OEM/private labels to gain consumer loyalty
- Gift culture: So-called 'Preserved food' sold in gift food market and emergency food market



Japan's Food Market

Size of Japan's Regional Markets Compared to European Economies

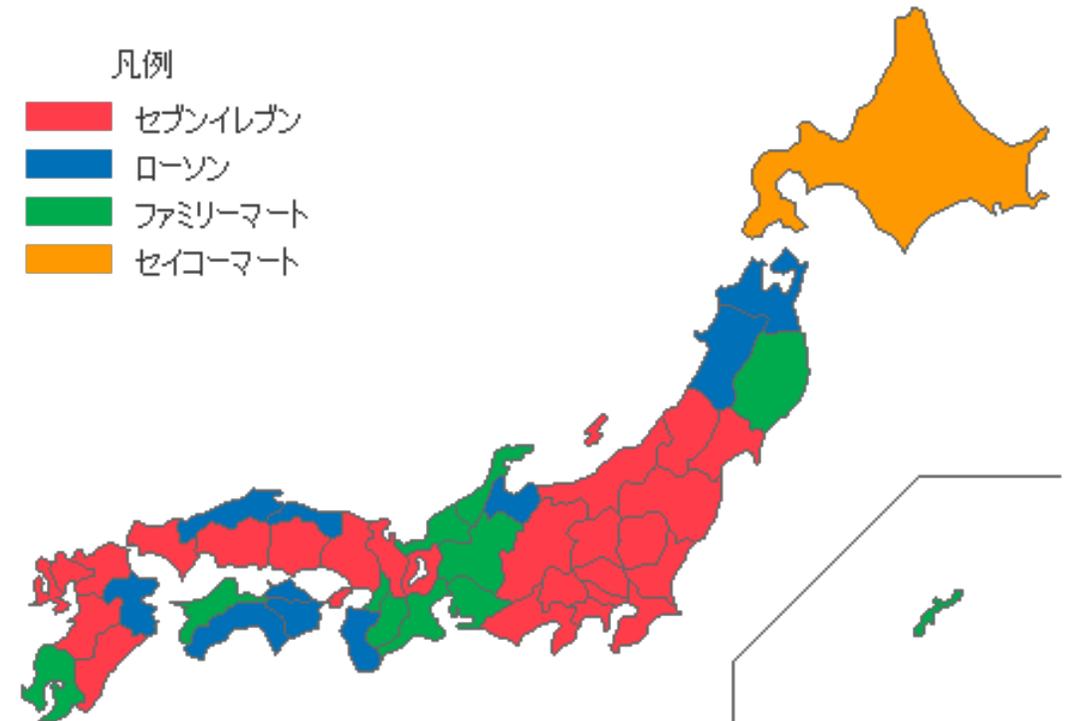




Japan's Food Market

B-2-C retail outlets – Convenience Store:

- Over 58,000 convenience stores
- Market shares
 - Seven Eleven
 - Lawson
 - Family Mart
 - Seicomart

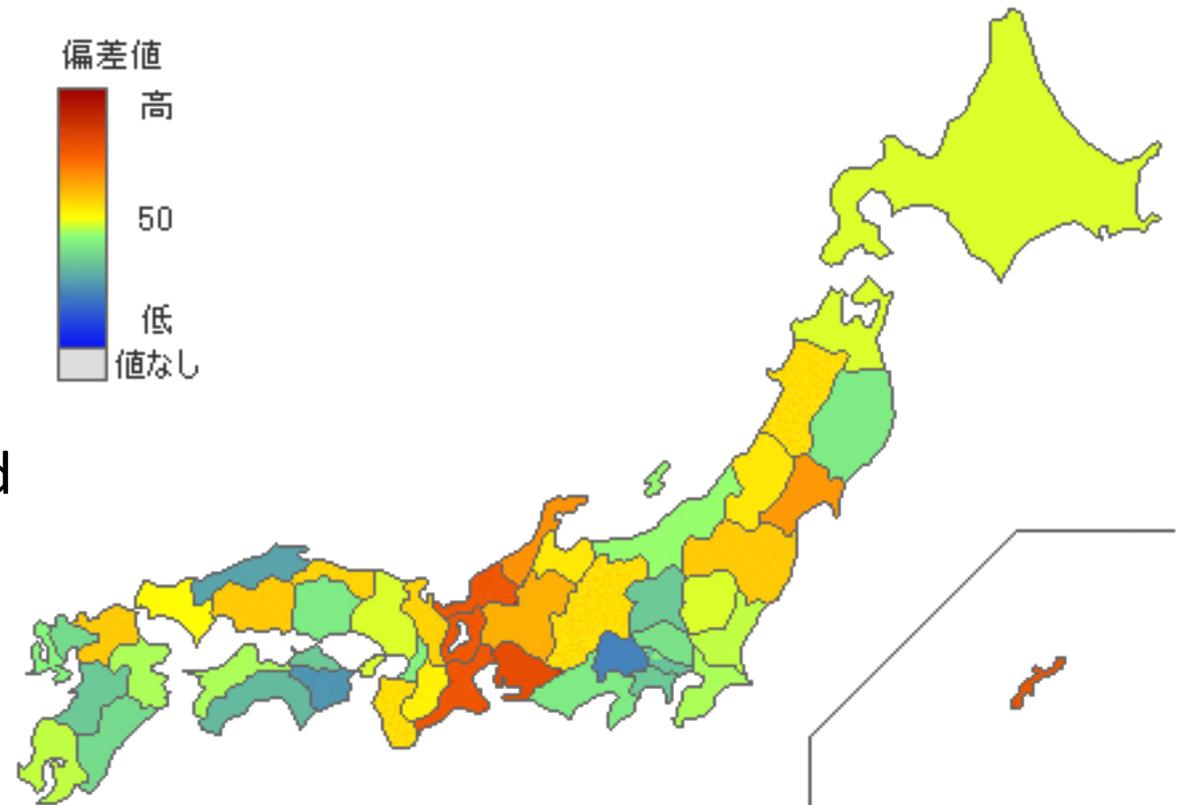




Japan's Food Market

B-2-C other retail outlets:

- Over 22,000 supermarkets
- Over 200 department Stores
- Two types of regional supermarkets and department stores: either good quality stores or discount stores
- Supermarkets specialized in imported food (some listed on next slide)





Japan's Food Market

Supermarkets for imported food	Locations	Stores	Particulars
Seijo-Ishi	All regions	171	OEM. Wine, cheese, confectionary
Kinokunia	Kanto regions	29	Large variety. Spices, confectionary
Kitano-Ace	All regions	89	OEM
Queens Isetan	Tokyo area	27	OEM, Fresh processed food
Loncos	Tokyo	5	Fresh food. Wine, cheese, desert, Maruetsu Group
Peacock Store	Kanto, Kansai	n.a.,	Lower end of premium food, AEON Group
Bio c'Bon	Tokyo	12	French store, organic food. AEON Group
Motomachi Union	Tokyo	34	American store
Miura-Ya	Tokyo	11	OEM. Fresh food
Precce	Tokyo	4	Fresh food, Tokyu Group



Japan's Food Market

B-2-B outlets:

Some Japanese "Senmon Shosha" or highly specialized trading companies

Lakuto Japan	Dairy ingredients such as butter, cheese, skin milk powder
Nichimo	Fisheries fresh and processed products
Nichiyou	Import food ingredients and products in networking with convenience chain stores and mass merchandisers. Also develop original products (OEM)for direct sales.
Shoei Food Corp	Nuts, dry fruits, confectionary and baking products
O'will Corp	Beverage, food additives, milk & dairy products, fruits & vegetable
Iceco	Ice-cream
Nippon Ham	Processed hams
Delica Foods Groups	vegetables
Sugimoto Meat Industry	Meat products. It has its own meat shops and restaurants.



Japan's Food Market

Examples of B-2-B outlets:

Highly specialized Import Agencies Used for Belgian Products

Belgian Beer	Belgian Beer Japan, Euroasia Trading, etc
Belgian Ham (Ganda)	Ashahi Grant, etc
Belgian Sweets (Cote D'Ore, Lutus, waffles, etc)	Tomoe Corp., Food Marketing International, One-second, Nichimen, Yutaka Trading, Ito-Chu
Belgian Coffee	Rurale, Shigematsu Trading
Belgian Functional Foods	DKSH Japan
Belgian Products on E-commerce	Rakuten, Amazon Japan

Exporting Food Products to Japan

Q&A Session

Thank you.

Expert's contact address: chieko.nakabayashi@faculty.uibs.org