



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

Japan's Business Culture

Webinar for French Exporters

11 March 2021, Thursday, by C. Nakabayashi



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Webinar Agenda

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



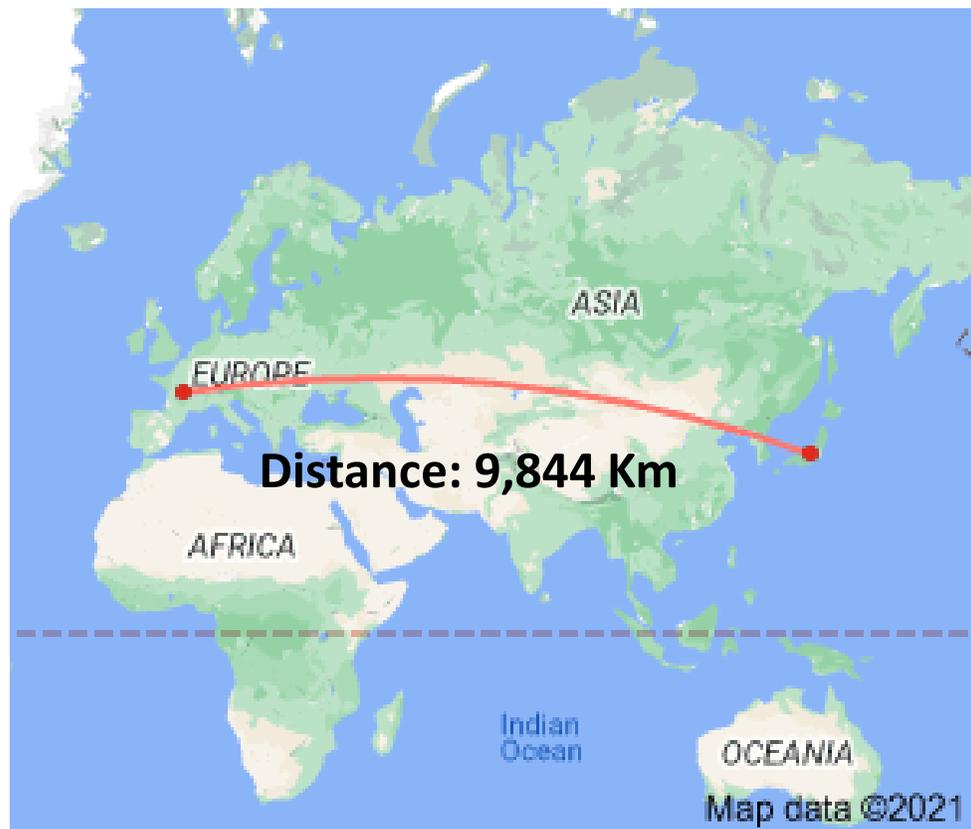
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Distance for France - Japan





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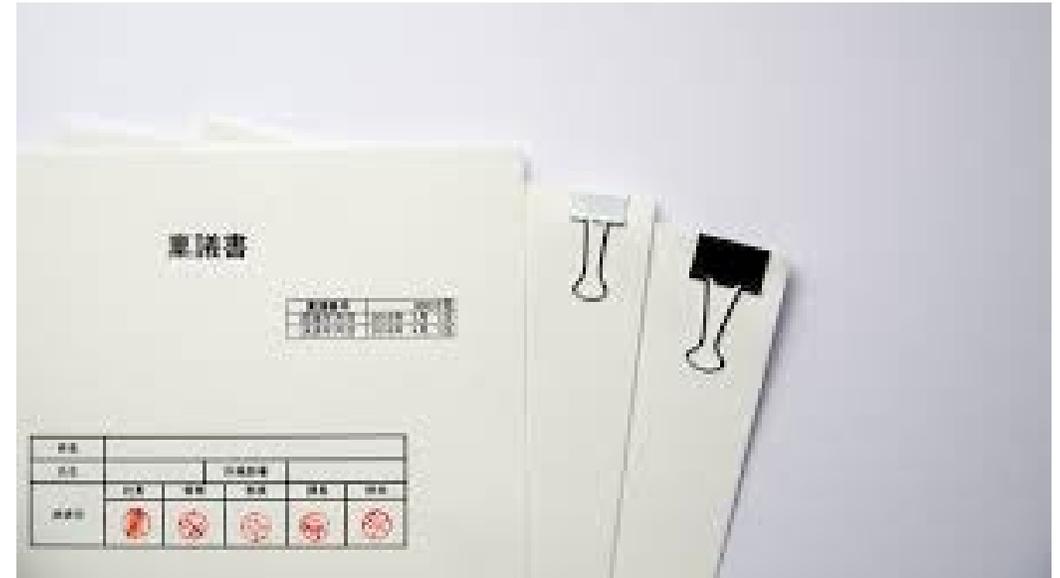
France and Japan: Culture Differences and Similarities

(source: Hofstede's Cultural Differences)

- France is an individualist society in a hierarchical, centralized system. French are self-motivated to be the best in his/her field.
- Japan is a collectivist or group-based society in a decentralized system. Group-based competition drives Japanese to achieve good results.
- French and Japanese cultures similarly prepare for uncertainty, and set laws, rules and regulations to structure life. Both cultures are long-term oriented and are pragmatic to adapt changes according to situation, context and time.

Japan's Business Culture

日本の文化



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.



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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.



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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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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.



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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.



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5) DRESS CODE

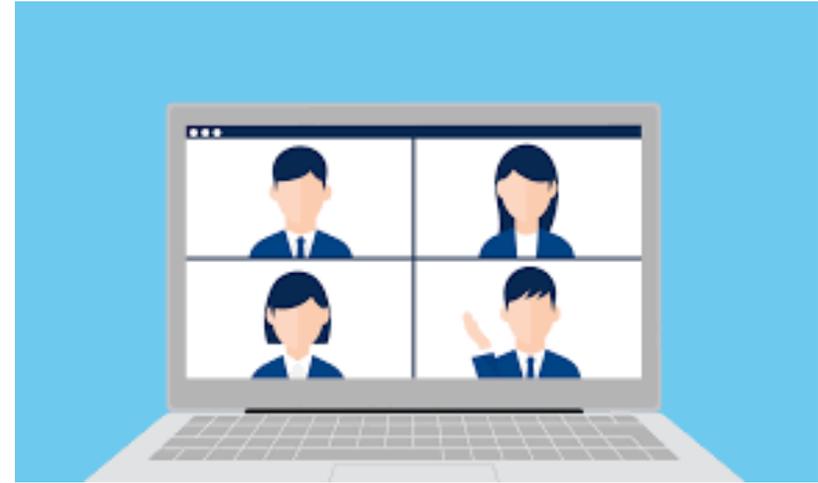
Important non-verbal communication is dress. Japanese businesspeople choose a dark suit for men and sober/plain dress for women. Most Japanese businesspeople expect a certain variety in dress of foreign businesspeople. However, one should avoid extremes in dress and keep some degree of formality in dress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



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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.



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Japanese Consumer Behavior

日本の消費者行動



Top 10 French Export to Japan in Value, 2019

(source: JETRO, the United Nations COMTRADE database)

Sector/Products	Value (US\$)
<u>Aircraft, spacecraft</u>	\$1.96B
<u>Pharmaceutical products</u>	\$908.41M
<u>Beverages, spirits and vinegar</u>	\$804.15M
<u>Machinery, nuclear reactors, boilers</u>	\$555.73M
<u>Electrical, electronic equipment</u>	\$414.54M
<u>Vehicles other than railway, tramway</u>	\$394.97M
<u>Articles of leather, animal gut, harness, travel good</u>	\$386.05M
<u>Essential oils, perfumes, cosmetics, toileteries</u>	\$318.24M
<u>Optical, photo, technical, medical apparatus</u>	\$300.97M
<u>Organic chemicals</u>	\$201.50M



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Japan's Consumer Market Compared to France's

(Source: OECD, World Data Atlas, Japanese Ministry of Agriculture, Fisheries and Forestry,)

	 Japan	 France
Consumer Base for Demand	127 million	65 million
Disposable Income Per Capita (in US\$)	US\$ 29,798	US\$ 31,304
Gap between richest and poorest*	6 Times	4 Times
65 and Older in Population	29%	21%
Food Self-Sufficiency	37%	111%

* 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

Market Shares of Wine Import to Japan 2019

(source: Ministry of Finance, Japan)

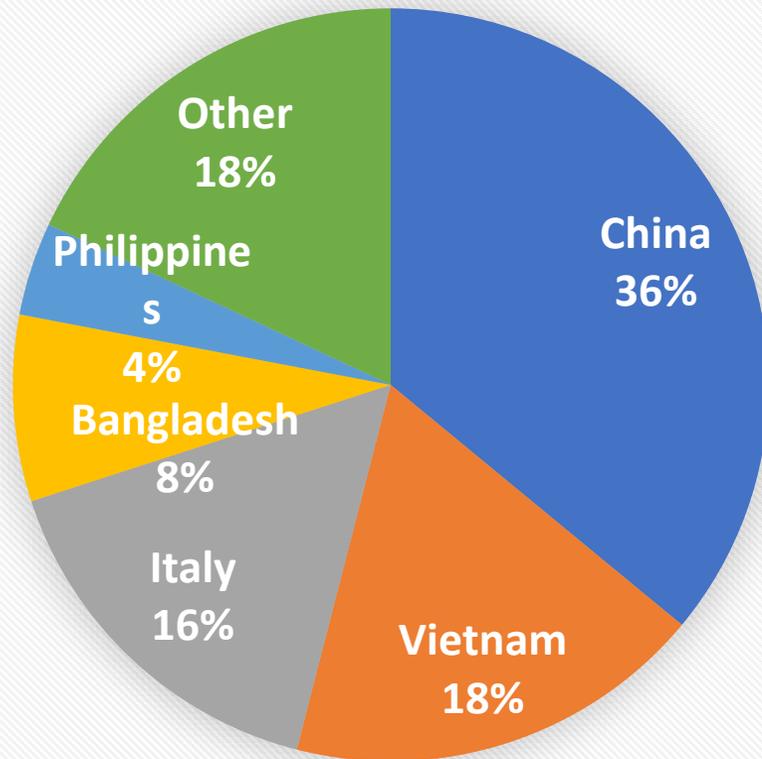
2019 Wine Import to Japan in Sales Quantity/Volume (%)		2019 Wine Import to Japan in Sales Price / Value (%)	
Chile	28%	France	56%
France	23%	Italy	12%
Italy	17%	Chile	11%
Spain	15%	USA	7%
Australia	6%	Spain	7%
USA	6%	Australia	2%
Germany	1%	Germany	1%
Argentina	1%	Argentina	1%
Others	4%	Others	3%



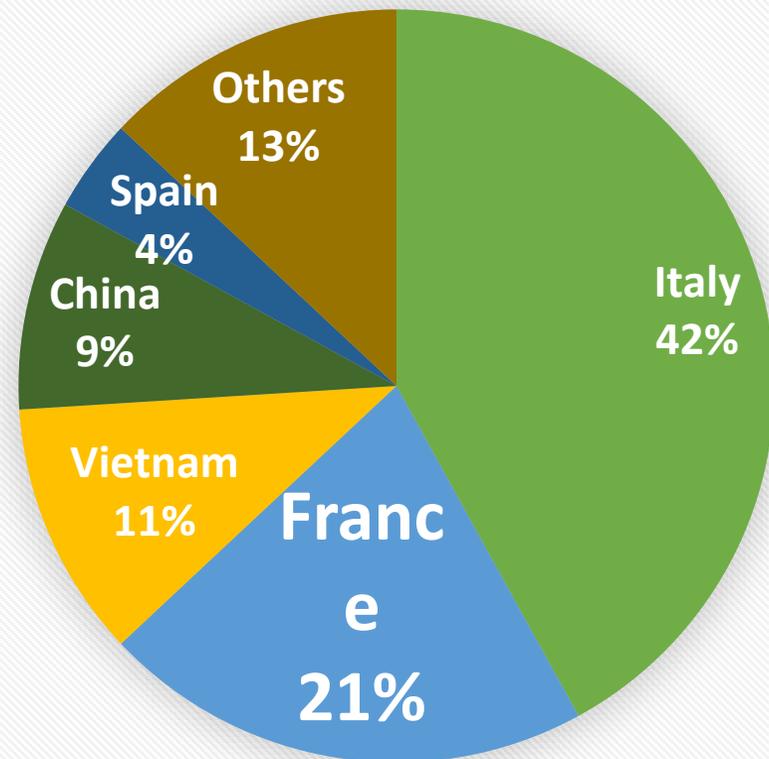
Market Share of Leather Handbag Import to Japan

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

Sales Volume



Sales Value





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Consumer Behaviour in Japan's Healthcare

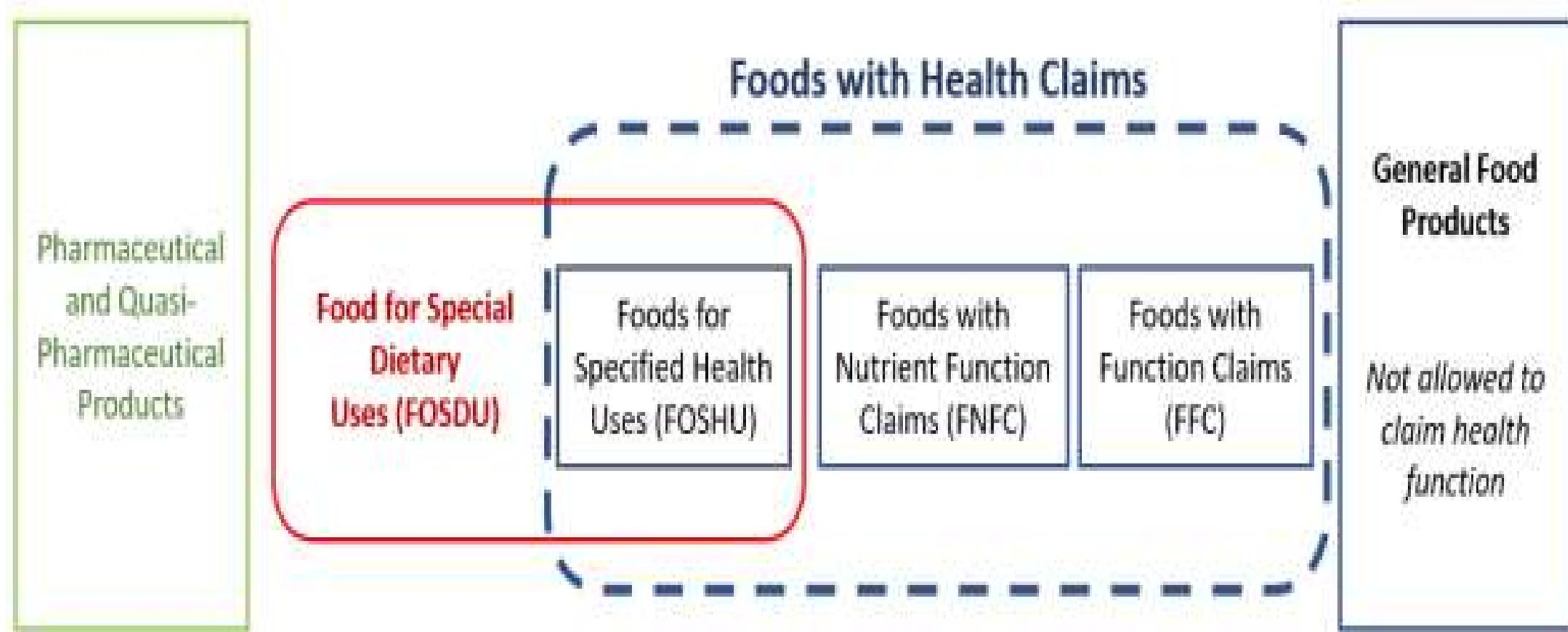
- Japan has universal health insurance which covers 70% of medical expenses for all citizens.
- Declining and ageing population bring more medical expenses but less contribution to scheme



Market growth of Japan's pharmaceuticals declines as consumer focus shifted to prevention of diseases.

Functional Food - Foods with Health Claims

(source :Japanese Ministry of Health, Labour and Welfare, Japanese Consumer Affairs Agency)





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Consumer Behavior for Functional Foods and Drinks

- Ageing population: products helping maintain overall health, promote a good night's sleep and prevent deterioration of joints, bones and muscles that could reduce mobility.
- Middle aged people in their 40's and 50's: products focusing on weight control and boosting metabolism.
- Men: products helping recover from fatigue, prevent hypertension and maintain general good health.
- Women: products with more beauty-oriented options, such as products that are good for skincare, that provide nutritional support, and that are anti-flatulent.



(Picture: Tokyo Keizai Shinbun)

Latest Functional Ingredients in Japan

- The latest trends in functional food in Japan are products that include
- **Gamma-aminobutyric acid (GABA)**- helps to relieve anxiety, reduce symptoms of premenstrual syndrome and decrease body fat
 - **Indigestible dextrin** - supplement dietary fibre
 - **Omega-3** - helps to prevent major cardiovascular events



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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 French Exporters'