

# Opportunities in Japan

## U.S. Commercial Service Osaka, Japan

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# Who We Are

- U.S. Commercial Service
  - U.S. Department of Commerce
- Help U.S. Companies Export Goods and Services to Foreign Markets and Promote Investments into the U.S.
- Commercial Service Osaka Focuses on Consumer Goods, Hospitality/Tourism, Educational Services, and Advanced Manufacturing.

# Overall Retail Circumstances in Japan

- COVID Response
  - Since early March
  - Stores cut business hours
  - Major events were canceled
- "Stay at Home" Weeks Started Late March
  - Governors of Tokyo and Osaka requested citizens not to go out for the long weekend in late March
- State of Emergency Declared on April 7
  - Many stores closed
- State of Emergency Lifted
  - Stores are opening in many cities

# Consumer Confidence Index

	Overall livelihood				
	Better	Slightly Better	No change	Slightly Worse	Worse
January 2020	0.5%	3.7%	52.5%	34%	9.4%
April 2020	0.2%	0.8%	20.8%	40.2%	37.9%

Source: Consumer Confidence Index by the Cabinet Office

# Changes in Spending

## March 2019 vs. March 2020

- Decreased

- Total Spending: -5.5% from \$2,812 to \$2,656
- Travel: Packaged Tours -80% Hotels -55.4%
- Women's Apparel: -34% Fashion Accessories -33.3%
- Eating out: -30.7%
- Education: -23.9%

- Increased:

- Foods: Pasta 28.3%, Rice 17.4%, Eggs 16.3%, Spices 12.5%
- Online Music, Movies, Netflix, Hulu
- Consumer Durables for entertainment - Nintendo Switch

# Online Shopping Increased by 20%

Product Category	March 2019	March 2020	Difference
Total (Excluding Travel and Ticket)	\$114.1	\$137.9	20.8%
Food	\$21.6	\$25.7	19.0%
Home Electronics	\$11.3	\$14.5	28.8%
Clothing and Footwear	\$16.9	\$18.3	8.0%
Software and Digital Contents	\$6.5	\$8.0	22.3%
Other Goods and Services	\$21.8	\$27.4	25.7%

Source: Monthly Expenditure on Goods and Services Ordered over the Internet per Household by All Japan, Districts and City Groups (Two-or-more-person Households)

# New Norms After COVID-19

## Example of practicing "New Lifestyle"

### (1) Basic infection prevention measures for each person

Three basics for preventing infection:

1 Keeping physical distance, 2 wearing a mask, 3 washing hands

- Keep a distance of two meters as much as possible, or at least one meter, between two persons
- Chose outside rather than inside if you are to play
- Avoid standing right in front of each other during conversation as much as possible
- Wear a mask when you go out or talk inside even without any symptoms
- Wash your hands and face first when you get back home, followed by changing clothes and showering as soon as possible
- Carefully wash your hands with water and a soap for approximately 30 seconds (also possibly with hand sanitizer)

※ Pay more attention to your health, especially when meeting those who may have a high risk of serious symptoms, such as the elderly or people with chronic diseases.

### Infection prevention related to traveling

- Refrain from traveling to and from where the infection is prevailing
- Refrain from traveling upcountry or for leisure. Business trips only when it is unavoidable
- Keep a record of the people you meet and the time of meeting in case you get infected
- Carefully follow how the infection is prevailing locally

### (2) Basic lifestyle for daily life

- Wash and sanitize hands frequently
  - Make sure to observe coughing etiquette (by covering your mouth)
  - Ventilate frequently
  - Keep physical distance
  - Avoid gatherings in crowded places, close contact settings and closed spaces
  - Check your health condition and measure body temperature every morning
- Do not force yourself to go out, and stay home if you have symptoms of fever or cold



### (3) Lifestyle for each scene of daily life

#### Shopping

- Use online shopping
- Shop by yourself or in a small group, at off-peak hours
- Use electronic payment
- Plan your shopping in advance and shop quickly
- Refrain from touching displays like samples
- Keep a distance while lining up at the cashier

#### Leisure, Sports etc.

- Select places like parks at off-peak time
- Refer to videos for home muscle training or yoga
- Jog in a small group
- Keep a distance as etiquette when passing others
- Utilize booking systems for leisure
- Do not stay long in small rooms
- Keep a distance or stay online for singing or cheering others

#### Public Transports

- Refrain from chatting
- Avoid peak-hours
- Also take a walk or use bikes

#### Meals

- Take away or delivery
- Enjoy meals at outside spaces
- Serve individually, avoid sharing plates
- Do not sit face-to-face, rather besides
- Concentrate on eating, refrain from chatting
- Avoid serving alcohol, sharing glasses or sake cups

#### Family ceremonial occasions

- Avoid banquets or meetings with large numbers
- Decline participation when you have symptoms of fever or cold

### (4) New working style

- Work remotely and rotate commuting shifts
- Keeping a distance while commuting during different working hours
- Open and widen working spaces
- Use online meetings
- Exchange business cards online
- Wear a mask and ventilate venues in case of a face-to-face meeting

※ Infection prevention guidelines for each business sectors will be prepared by relevant organizations.

# Changing Consumer Behavior

- Social Distancing
- Face Covering
- Handwashing
- Outdoor activities
- Home Shopping
  - Online Shopping, TV Shopping Channels, Mail Order
- Working Remotely



# Changes in Retail Behavior

- Frequently Disinfect Products
  - Packaging should be durable with disinfecting
  - Easy to see package: Customers don't touch
  - Self-Standing Packages: Easy for clerks to display
- Less Communication With Customers
  - Provide Product Information - Tag, POP, etc.
  - Use of Digital Signage: QR Code to lead to a product video



# Popular # on Instagram

Fashion Related	No. of Posts
Bracelets	1,545,290
Unisex	375,715
Bags/Purses	335,697
Hand-Made Bags	305,462
Casual Styling for Adults	206,027

Sorce: AIQ, Co., Ltd. Instant Trends <https://trends.aiqlab.com/>

# Product Categories with Potential

- Sanitary Products
  - Face Coverings: Face Mask and Face Mask Pouches with Hawaiian prints
  - Handwashing Related Products: Towels, handkerchief, soaps, etc.
- Stay-at-Home Products
  - Educational Toys/Online Learning
  - Hand Crafts and DIYs
  - Cooking
  - Products for Telework
  - Exercise Equipment
- Outdoor Activity Products
  - Camping and Hiking Products
- Gifts
  - People still buy gifts and send them

# Opportunities in Japan

- Tokyo International Gift Show
  - Hawaiian Pavilion by DBEDT
  - Sustainable Lifestyle U.S.A. by Commercial Service Japan
  
- Hankyu's Hawaii Fair
  - Great Market Test Opportunity
  - Online Promotion instead of physical fair 2020

# How to Enter the Japanese Market

- Work with an Importer/Distributor
  - They will handle everything: Meeting regulations, promotion, distribution and online presence.
  - Not Easy to Find One
- Sell to Retailers
  - Retailers are willing to try new products
  - B2B Wholesale sites: Faire, BTo Tree
  - Smaller orders
- Sell Directly to Consumers
  - B2C eCommerce:
    - Fulfillment by Amazon
    - Rakuten/Shopify, etc.

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