



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

# Japan's Business Culture and Practices

Webinar for North Hungarian Export Promotion,  
Budapest, Hungary

27 May 2021, Thursday, by C. Nakabayashi



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

## Japan's Business Culture and Practices

### **Agenda**

1. Japanese Business Culture and Practices
2. Business Communication with Japanese – Physical and Virtual
3. Japanese Consumer Behavior – Demand for EU/Hungarian Products
4. Q&A

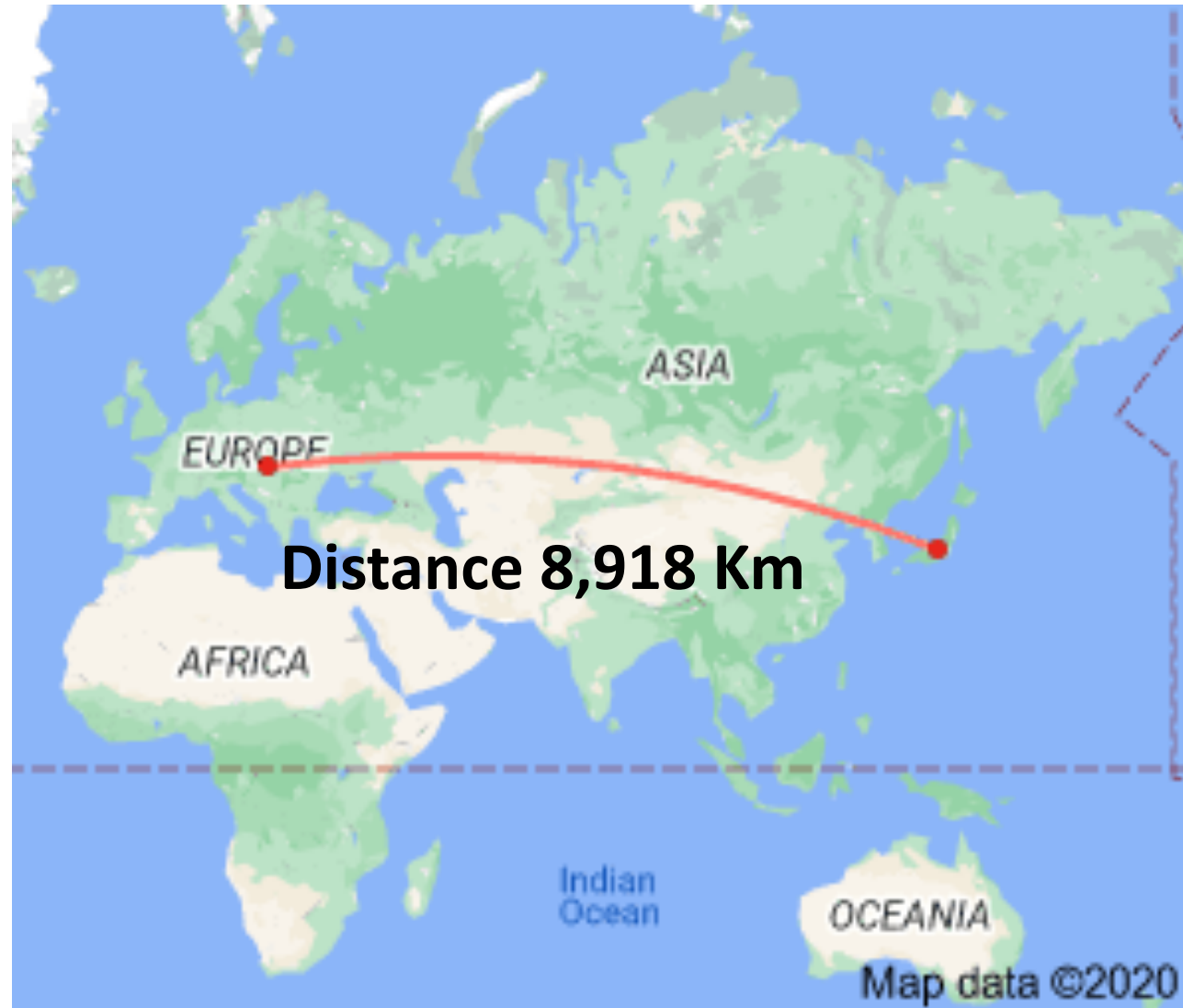


EU-Japan Centre  
for Industrial Cooperation



日欧産業協力センター

## Japan's Business Culture and Practices





# Hungary and Japan: Similar and Different Cultures

(source: Hofstede's Cultural Differences)

- ❖ Hungary is an individually competitive society while Japan is a group-oriented society.
- ❖ Both Hungarian and Japanese societies use a set of rules to help avoid uncertainty.



**EU-Japan Centre**  
for Industrial Cooperation

日欧産業協力センター

Japan's Business Culture and Practices

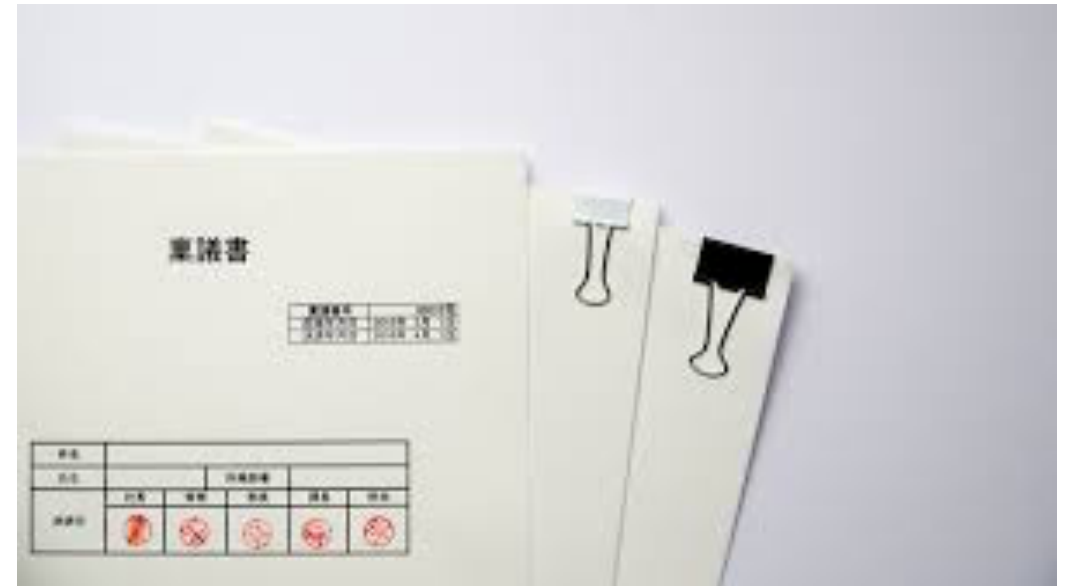
# Japan's Business Culture

日本の文化



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

## Japan's Business Culture and Practices



### 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.



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

## Japan's Business Culture and Practices



### **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.





**EU-Japan Centre**  
for Industrial Cooperation



日欧産業協力センター

## Japan's Business Culture and Practices

# **Business Communication with Japanese**

日本人とのビジネス・コミュニケーション



## Japan's Business Culture and 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 Culture and Practices

### **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.



## Japan's Business Culture and Practices



### **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.



## Japan's Business Culture and 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 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.



EU-Japan Centre  
for Industrial Cooperation



日欧産業協力センター

Japan's Business Culture and Practices

# Japanese Consumer Behavior – Demand for EU/Hungarian Products

日本の消費者行動：ヨーロッパ/  
ハンガリー製品への需要



## Japan's Business Culture and Practices

### Japanese Consumer Behavior

- Consumer choice is generally based on product **safety and quality**.
- Japanese consumers see high level of safety and quality in EU products which are **accountable, authentic and transparent**.
- Those EU products are guaranteed with EU **certifications**, are proved with European **traditional production method**, and are displayed on **product labels**.
- Japanese consumers pay high prices for safe and quality EU products.





### **Japanese Consumer Behavior- EU/Hungarian Products**

- Top EU exporters study Japanese consumer behaviour very well and market safety and quality products in Japan.
- Marketing strategies of top EU exporters are to establish a 'Made-in-Europe' brand in Japan and sell more and sell at premium prices.
- Particularly EU agri-food exports to Japan responded demand and increased 15% in 2019 .



## Growing Demand for EU Agri-food Products in Japan (source: The European Commission)

| Agriculture and Food Product  | Increase in 2019 Exports under EU-Japan EPA* |
|-------------------------------|----------------------------------------------|
| Beverages                     | 20.0%                                        |
| Wine                          | 17.3%                                        |
| Cider                         | 31.5%                                        |
| Tea                           | 39.8%                                        |
| Pasta                         | 14.9%                                        |
| Sunflower seeds               | 39.9%                                        |
| Meat                          | 12.0%                                        |
| Pork meat                     | 12.6%                                        |
| Frozen meat of bovine animals | 221.0%                                       |
| Dairy                         | 10.0%                                        |
| Milk and cream                | 120.7%                                       |
| Butter                        | 47.8%                                        |
| Cheese                        | 7.0%                                         |



# Top 5 Demand from Hungary to Japan (2018) in Agriculture, Fisheries and Forestry Sector

(source: Ministry of Finance, Japan, 2020)

| Products                   | Amounts in '1,000 US\$ | Shares |
|----------------------------|------------------------|--------|
| Feathers, feather products | 22,922                 | 29.4%  |
| Sugar confectionery        | 9,153                  | 11.8%  |
| Natural honey              | 8,061                  | 10.4%  |
| Frozen vegetables          | 1,903                  | 2.4%   |
| Alcoholic beverage         | 1,220                  | 1.6%   |
| Total                      | 77,715                 | 100%   |

## Exporting Food Products to Japan

### Another Top Demand from Hungary to Japan – Frozen Pork

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

| Pork Meat, Pork Products |          | Major Exporters                 | Market shares |
|--------------------------|----------|---------------------------------|---------------|
| Fresh and chilled pork   |          | USA, Canada                     | 90%           |
| Frozen pork              |          | Spain, Denmark, <b>Hungary*</b> | 27%           |
| Processed pork           | Hams     | Italy                           | 3.8%          |
|                          | Sausages | China, USA, Thailand            | 9%            |

\* Hungarian pork export suspended in April 2018 and restarted in January 2021  
(<https://www.maff.go.jp/aqs/hou/require/sub2.html>)



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

## Japan's Business Culture and Practices

# Q&A Session

*Please email your questions to [office@eu-japan.eu](mailto:office@eu-japan.eu) with the following mention: 'expert support webinar on Japanese business culture for Hungarian exporters'*