



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

Japan's Business Culture and Practices

Expert Support Webinar for Exporters in Turin and
Rome

20 May 2021, Thursday, by C. Nakabayashi



Japan's Business Culture and Practices

Agenda

1. Japanese Business Cultures and Practices
2. Business Communications with Japanese
3. Japanese Consumer Behavior – Demand for EU/Italian Products
4. Q&A



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Distance for Italy - Japan





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Italy and Japan: Culture Similarities and Differences

(source: Hofstede's Cultural Differences)

- ❖ Business negotiation is similarly slow and lengthy but for different reasons.
- ❖ Business relationship is similarly established based on trust but in different ways.



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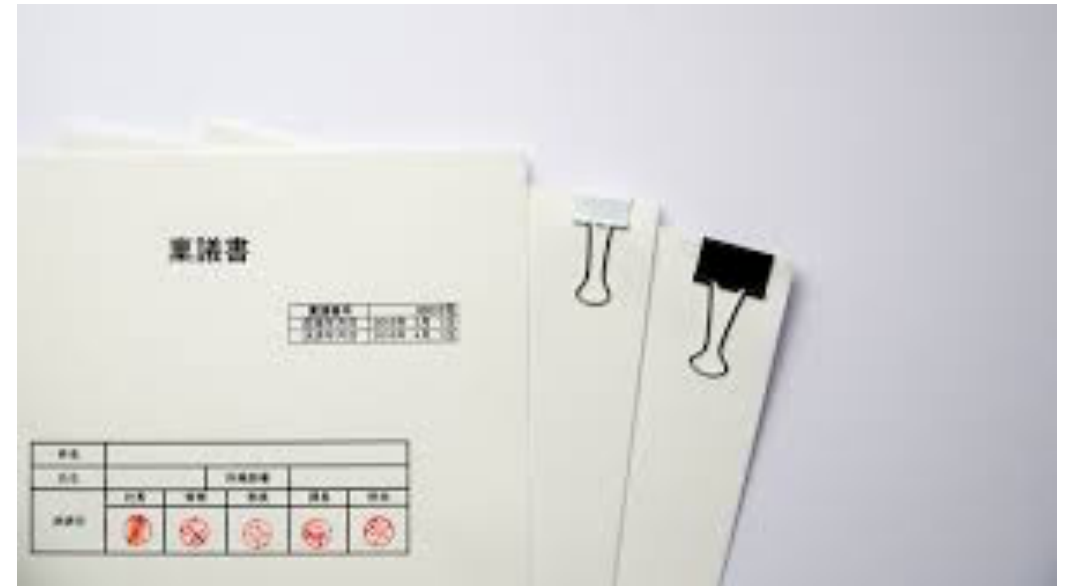
Japan's Business Culture

日本の文化



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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.



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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.



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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 – Demand for EU/Italian Products

日本の消費者行動：ヨーロッパ製品への需要



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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.



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Japanese Consumer Behavior- EU/Italian Products

- EU exporters study Japanese consumer behaviour very well and market safety and quality products in Japan.
- Typical marketing strategies of 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 .

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2019 EU/Italian Wine Export to 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%		



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2018 EU/Italian Hams and Sausages Export to Japan(Kg, yen)

(source: Ministry of Finance, Japan Trade Statistics)

Origin	Hams & Bacons			Origin	Sausages		
	Quantity	Price	Unit Price		Quantity	Price	Unit Price
Italy	3.195.808	4.254.930	1.331	Italy	826.975	949.076	1.148
Thailand	2.153.033	2.576.463	1.197	Thailand	6.189.163	3.975.686	642
USA	1.598.449	2.225.135	1.392	USA	9.299.154	5.854.354	630
China	1.255.988	1.307.804	1.041	China	10.619.573	5.521.148	520
Spain	762.910	1.191.670	1.562	Spain	135.791	195.053	1.436
Taiwan	246.467	253.884	1.030	Taiwan	193.508	110.352	570
Germany	38.314	36.303	948	Germany	1.062.363	565.470	532
Canada	28.260	29.519	1.045	Canada	69.875	60.110	860
Netherlands	26.235	25.798	983	Netherlands	-	-	-
Denmark	-	-	-	Denmark	1.734.293	900.212	519
Austria	22.497	29.638	1.317	Austria	250.855	154.388	615
France	16.153	42.715	2.644	France	55.165	76.846	1.393
Australia	8.040	6.197	771	Australia	23.939	49.220	2.056

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2018 EU/Italian Dairy Product Import to Japan - Cheese

(source: Ministry of Finance, Japan - Trade Statistics)

Dairy Item	Origin		Import, tons	Share, %	CIF, Yen/Kg
Cheese	Australia		84.884	29.4%	473
	New Zealand		61.798	21.4%	464
	USA		33.958	11.7%	514
	EU		103.152	35.7%	528
		Netherlands	29.887	10.3%	388
		Denmark	18.630	6.4%	521
		Germany	18.078	6.3%	385
		France	11.752	4.1%	814
		Italy	10.572	3.7%	975
	Others		5.421	1.9%	558
	Total		289.212	100%	497



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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 Italian exporters'