

Country Notebook



Japan

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I. Executive Summary

While being in the process of introducing Pop Tarts into Japan, it is important to analyze Japan's culture. By understanding where their people come from and their cultural habits, we will have the upper hand in entering the market. There are a few cultural topics worth discussing further.

To begin with, it is very important to understand Japanese culture. Their history dates back to the Jomon period or 30,000 B.C. For a country having civilization dating back to such an early time, it makes cultural traditions so complex. The Japanese still honor tradition and preserve the methodology of their ancestors. Shintoism is not only considered a religion, but a cultural norm. Children are practically born into believing and following Shinto traditions. Shinto traditions can not be changed, and if we decided to enter Japan, our products need to adapt to Shinto traditions.

During our research we found a few similarities to the U.S. To our surprise we found similarities in family structure and music. Most Japanese homes only include the nuclear family rather than a larger home with grandparents and relatives. However, homes including extended family and relatives still exist in rural parts of Japan. Music in Japan closely relates to pop music in the U.S. Japan's top songs include upbeat electronic, as well as, American songs. Japan began to build a stronger relationship with the U.S. after WWII. Japan has incorporated a few western ideas throughout history and the country has adapted to a democratic system.

Besides a few similarities, we have found Japan to be a very complex country with a complex culture. The Japanese value higher education with a few different regulations compared

to the U.S. Also, the Japanese follow and participate a unique variety of sports including martial arts and baseball. An interesting aspect to cover is Japanese food. Popular foods include rice, seafood, and tofu. With rice being the staple of Japanese cuisine, Pop Tart design and flavors may need to be altered if entering into Japan.

Cultural Analysis

II. Introduction

Kellogg's Company was founded in 1906 by Will Keith Kellogg and his brother John Harvey Kellogg. At the time, John owned Battle Creek Toasted Corn Flake Company and was making the corn flake product there before Kellogg branched off on its own. Kellogg's mission was to create breakfast foods that tasted good and simultaneously healthy.

Kellogg's Pop-Tarts were introduced in 1964 in the United States with only four flavors: strawberry, brown sugar cinnamon, blueberry, and apple currant. Pop-Tarts is an easy to eat, on-the-go, non-refrigeratable breakfast food. Originally, they were released without frosting toppings but by 1967 the topping was added. Currently Pop-Tarts have 29+ flavors and add limited edition ones every year. Outside of the United States they market in the United Kingdom, Canada, Ireland, Ukraine, Australia, The Philippines, Finland, and New Zealand. Pop-Tarts is Kellogg's Company's most popular brand to date. We wish to enter the Japanese market with Pop-Tarts.

III. Japan - History

The current era in Japan is Heisei, which started in 1989, but Japanese history can be dated back to 13,000 B.C. or the Jomon Period. The Jomon Period consisted of fishermen and hunters utilizing the Japanese Islands. The name, Jomon, comes from the Japanese pottery of that era; similarly, era names afterwards come from Japanese pottery as well. It was not until the following period when population began to increase. The discovery of rice on Japanese territory allowed for immigrants to flock over from China and central Asia. Around 587 legendary buddhist Prince Shōtoku became a leader in influencing law and order within Japan. Shōtoku conducted a seventeen-article constitution to establish a code of conduct for citizens and residents of power. He was also the first to refer to Japan as the country where the sun rises or the land of the rising sun. Eventually after Shōtoku's control, Japan established a form of government and capital. A central capital bounced from South to North with a change of central control. Throughout the early 1000's literature, arts, architecture and ceremonies were brought over establishing a Japanese culture. By 1500, a full scale civil war broke out between the north and south courts wanting to be recognized as the central control. And by the end 1500, muskets and more technologically advanced weapons were introduced into the country. A capital was formed in modern day Tokyo after the civil war for a long time until westerners began to migrate into Japan. In particular, American ships and soldiers came to Japan to forcefully end Japan's protectionist ways. Western ideas and culture had a large impact on the Japanese people. Over time, a democratic government and military was formed, and nationalism emerged throughout Japan. Japan fought alongside Britain in WWI and also entered WWII. Post-war economy was booming with new prime ministers and agreements with the US. Japan economy was very strong until a crash in 1989, but have since been improving and now have a lower population rate.

IV. Geographical Setting

A. Location

Japan is located in East Asia and is an island in the Pacific ocean. Japan is on the east side of North and South Korea, separated by the Sea of Japan.

B. Climate

Japan has a temperate climate with four distinct seasons. Winter in Japan is typically from December-February and it rarely gets below freezing. The air is usually dry and it's sunny. Spring takes place from March-May and is similar to spring here in America. They wear light jackets and light sweaters. Summer ranges from June-August and begins with a month long rainy season. It's very hot and humid but it's an important time for farmers since they plant their rice during this time. Fall is from September-November and also sounds like fall in the U.S. An average of 66 degree Fahrenheit with cool breezes. Typhoon season is from July-October.

C. Topography

Japan is very mountainous and is located in a volcanic zone. 69% of Japan is forested due to the majority of the area being mountainous. Earthquakes are prevalent in Japan and are destructive - there's little level area (usually where cities are formed).

V. Social Institutions

A. Family

1. Nuclear & Extended

Modern Japanese family culture is similar to American family structure. Most families in Japan are considered nuclear families, meaning married couples live together with their children without grandparents or other distant family members. The modern Japanese family structure has changed drastically from the traditional structure. Traditional Japanese family structure includes a single household housing three to five generations of a family. With this complex style, often times, the father and eventually eldest son get head control of the household, making most purchasing decisions and establishing household obligations. As result from leaving their eldest son in control, they usually receive the estate while younger sons are sent away or leave the estate after death of parents. Historically, younger sons would leave the estate in search of new opportunities or travel to western countries. This style of living and family structure is still common in rural areas of Japan.

2. Dynamics

- a) **Parental roles:** Men are referred to as breadwinners while women are homemakers. Mothers tends to do the most chorus and work around the house while fathers are away at work. Conversation between mother and father is limited making children refer to their

mothers more than fathers. This attitude is changing in Japanese families, but behaviors are not.

b) **Marriage/courtship:** Under current Civil Code, parental consent must be granted for any two getting married under the age of 20. If consent is granted or they are of age, marriage is legal once the couple has changed their status on family registration sheets. Most weddings are conducted in classical Shinto tradition.

3. **Female/Male roles (changing or static?):** Traditional gender roles play a large part in Japanese culture. Still today, men are expected to work while women take care of the house. A recent poll has found that 40 percent of both men and women in their 20s to 40s believe husbands should work full time while their wives stay at home. However, this traditional mindset is not practiced countrywide. Corporations have aimed to hire and promote more female workers. It appears these ideas are changing slowly.

B. Education

1. Role of education in society

a) Primary

Primary education is very important to Japanese. Currently, their Net Enrollment Ratio (NER) in primary education is 102%. Elementary

school lasts for six years and is similar in time-frame layout to the United State education system. Kindergarten is not mandatory. Students study similar subjects to what U.S. students study. Overall Japanese students spend six weeks longer in school than American students. Their math professors are more proficient than U.S. math professors, so Japanese students get a more sophisticated teaching experience.

b) Secondary

Secondary education ranges from seventh to twelfth grade. Japanese high schoolers take a placement exam unlike American teens who get placed in a high school based on their school district. The Japanese take their education much more seriously. Students that plan on attaining a higher level of education go to university-prep high school whereas students that don't plan on attending a university go to an industrial high school. The entrance exam scores are important because a student's acceptance to a certain high school depicts what university they can get into. Again, professors are more skilled than U.S. professors, typically holding a master's degree in the subject they're teaching. Japanese students have to attend school 210 days per year whereas American students only attend 180 days.

c) Higher

Higher education in Japan includes schooling higher than the high school level and is highly criticized. Public universities hold more “prestige” than the private universities. Japanese universities are said to be more focused on social activities than studies. This education is said to be “underdeveloped in comparison to Europe and the United States.”

2. Adult Literacy Rate: 99% (Female: 99%, Male: 99%)

C. Political System

1. **Political structure:** based on the Japanese constitution, it began right after World War II. Similar to the U.K., its imperial family is still the face of the country. The structure is as follows: the emperor serves as a symbol rather than power, while the prime minister and cabinet hold political powers. Other branches include the Diet of Japan, which includes The House of Councilors and The House of Representatives, and can create new laws. The Judicial Branch consists of the Supreme Court.
2. **Political parties:** The list of their political parties is the Democratic party, the Liberal Democratic party, the communist party, and the Komei. The LDP is the largest amongst the parties, and had been in power since 1955. Recently, the Democratic Party of Japan emerged gaining followers and popularity.

3. **Stability of government:** They have a great trust in economic freedom and nothing can ruin it. They do have a large economic debt which hurts dynamic growth dating back to the 1980's.
4. **Special taxes:** Japanese residents pay income, enterprise, property, consumption, vehicle, and liquor/tobacco taxes. Tax rate percentages increase depending on the amount amount of taxable income gained.
5. **Role of local government:** Makes up of two tiers: prefectures and municipalities, both of these are local public entities and work with local administration on their share of duties.

D. Legal System

1. Japan's judiciary system consists of five types of courts:
 - a) **Summary Courts:** deals with smaller civil cases that typically end in fines (misdemeanors).
 - b) **District Courts:** deals with the majority of criminal and civil cases in Japan that typically end in jail time.
 - c) **Family Courts:** deals with juvenile delinquents and other family disputes.
 - d) **High Courts:** deals with judgements made at the district, family and summary court levels and appeals.

- e) **Supreme Court:** deals with the judgements made at the high court level and appeals.

2. Code law: The six Japanese codes are as follows:

- a) The Civil Code
- b) The Commercial Code
- c) The Criminal Code
- d) The Constitution of Japan
- e) The Code of Criminal Procedure
- f) The Code of Civil Procedure

The six codes have been in existence since the late 1800's. Most of the civil and criminal codes were rewritten after WWII. The codes were based off of influence from Germany and France and modified and rewritten each year and displayed for the public to see.

3. Participation in patents, trademarks and other conventions: Japanese patent laws is based on first-to-file principle. The file goes as follows: A request, a specification, claims, any necessary drawings, and the abstract. As for trademarks, they go under one specific saying, "one trademark, one application." This law began back in 1884, and consisted of 24 articles. Most of the regulations still stand today, but some were diminished in response to criticism.

E. Social Organizations

1. Group behavior

Group behavior among Japanese is very competitive. They scored a 46 on the individualistic/collectivistic scale. Japanese put the harmony of the entire group before themselves. This is especially prevalent in the workplace. They're not as collectivistic as other Asian cultures though.

2. Social classes

Like the United States, Japan has a high class, middle class, and lower class.

- 3. Clubs, other organizations:** Japanese families socialize and bond almost like American families do. It's very traditional for the husband to go to work and wife to stay at home to deal with all the things that are domestic. It's not rare in rural areas to see four generations in a household, and usually that's how the way of living is.

4. Race: Asian

Ethnicity: Japanese people

There are many more ethnicities found within Japan.

Subcultures: Many, impossible to list all of the subcultures (more subcultures within the subcultures). Go to references to get more information.

F. Business customs and practices: They have certain parts of etiquette that is unique to them. Lot of Japanese business professionals do not show their motivations, and do not show their priorities. There are little things; such as, if you need a fork, be careful not to ask for it. For the factor of having chopsticks, wait for someone who is with you to pick up on that you need a fork, if you are uncomfortable with chopsticks. Second thing to know is that Japanese professionals like to say “no”, and they say it often. You can pick up on certain things they will do when they come to conclusion: indicate that something is difficult, suggest unrelated alternatives to the problem, change the conversation, or stay silent. The third thing is to know either how to properly bow, or do not do it at all. It’s very important in Japanese culture to know how to bow properly, and to know that they are aware that some might not know how. The fourth, meetings are not for brainstorming decisions. Decisions are not made in one meeting, even if someone has flown in for the meeting, they still go through a long process of how they can acquire information.

VI. Religion and aesthetics

A. Religion and other belief systems

1. Orthodox doctrines and structures

The CIA's World Factbook states the percentage of Japanese people belonging to the following religions: 79.2 Shintoism, 66.8% Buddhism, 1.5% Christianity, 7.1% other.

(Total adherents exceeds 100% because many people practice both of Shintoism and Buddhism)

Buddhism and other forms of Buddhism were the first religions to be introduced and largely practiced in Japan. Practices of Shinto, which are traditional Japanese practices and traditions, have been in place before Buddhism so have and still coincide today. Shintoism gained substantial followers before and throughout the civil war making it the most popular religion followed today. Shintoism consists of a following and praising of spirits and powers. It incorporates rituals and treatments to these spirits and powers to establish a better well being between the spirits and themselves. Many can also argue that Shintoism is a way of Japanese life rather than religion.

2. Relationship with the people

People live throughout Japan with the freedom to practice whichever religion they please. Traditional Shinto practices are common throughout Japan regardless of religion.

3. Which religions are prominent?

Shintoism is the most prominent religion in Japan. Shintoism is native to Japan and a way of honoring traditional Japanese history and practices. It is more so

ethnic religion practices, and learned from a very young age allowing Japanese people to practice other religions as well.

4. Membership of each religion

Members of the Shinto religion praise spirits and powers in traditional temples and shrines. Temples and shrines usually consist of stone or wooden beams supporting steep wooden or stone roofs. They are usually found on top of mountains dating back to the 8th century. Buddhists temples co-exist with Shinto shrines with similar architecture. Christian churches are also scattered throughout Japan.

5. Any powerful or influential cults?

Besides the existence of Shinto practices and atheism, there are not influential cults in modern day Japan.

B. Aesthetics

1. Visual arts (fine arts, plastics, graphics, public art, colors, etc.)

Many Japanese artists still take part in calligraphy and ink painting. These forms of art can be done on paper or silk. Extravagant ceramics is still prevalent today, following in the ancient pottery artists footprints. Manga is a more modern form of art (Japanese comics, cartoons, and anime). “Superflat” is the postmodern art movement that relates to anime and other “flat” forms of art.

Public art in Japan ranges from metal sculptures, to technologically integrated pieces, to stained glass work. Although there's many forms of public art, the majority of them used brighter colors and looked abstract.

2. Music

I analyzed Billboard's Top 20 songs in Japan to help me understand modern Japanese music. Most of the songs were very techno and upbeat pop sounding. Not the kind of music you would relax to. I was surprised to see three American songs in the Top 20.

3. Drama, ballet, other performing arts

Kabuki theater is the most popular type of drama that takes place in Japan. It's recognized by singing and dancing along with elaborate makeup and costumes. Other forms of drama and performing arts are prevalent but not as widely popular as Kabuki.

Ballet is also popular in Japan. Japanese ballet dancers have won popular Swiss ballet competitions. Tokyo is a big hub for ballet.

4. Folklore and relevant symbols

Similar to American folklore, Japanese folklore and mythology usually consists of mythical characters and creatures. It's influenced by Shinto and Buddhism which are the primary religions in Japan. They divide their folklore

stores into many different categories. Some of the categories include “waraibanashi”, (funny stories), “mukashibanashi”, (stories from long ago), and “obakebanashi”, (ghost/spiritual stories).

VII. Living conditions

A. Diet and nutrition

1. Meat and vegetable consumption rates

Meat: 78.26 lbs/person/year

(compare to U.S. : 210 lbs/person/year)

Vegetable: 5-6 servings of: Cabbage, pumpkins, salted pickles of green leafy vegetables, shiitake mushrooms and seaweed.

Rice: 258.19 grams (lowest income) - 309.34 grams (highest income)

2. Typical meals

- a) **Breakfast:** Miso soup and rice or toast
- b) **Lunch:** Bento - Japanese style lunch consisting of raw fish (sushi), rice and vegetables.
- c) **Dinner:** Rice and fish or meat.

3. Malnutrition rates: 23% of Japan’s population is considered overweight while 22% of women of reproductive age are anemic. Children under the age of five are 18.2 % of the population of 390,000 plus.

4. Foods available

The most popular food in Japan is gohan (rice), tsukemono (pickled vegetables), udon and soba (noodles), ramen and miso shiru (soup). Seafood such as sushi, squid, eel, shellfish, and fish are also very popular and are eaten for just about every meal. Soy products are consumed a lot as well. Tofu is the curd of the soybean and is very popular in Japan not only by itself, but to make other tofu flavored products such as tofu ice cream, desserts, and donuts.

B. Housing

1. Types of housing available:

Two types: The single-family detached home which is made of wood and paper. The multifamily dwelling which consist of rental apartments or owner occupied dwellings in a large building which is made of rice straw, compressed wood, chipped floors, and polystyrene foam.

2. Rent or own?

Owning a home in Japan typically has a low interest rate and high property yields, so having a mortgage repayment will typically be cheaper than renting an apartment. Also with owning a home, you have the freedom to redecorate and add value to your home. The disadvantage is you are responsible for maintaining costs on the property, and requires more cash. With renting there's flexibility,

and no maintenance hassle, and if you are feeling uncertainty of the surrounding or your job, you can move easier. The disadvantage is you can not alter your liking to your rent, and you can be at risk of rent price increases or termination of lease by the landlord.

3. One-family dwellings or live with other families too?

Primarily, most residents that live in the city and suburbs live in one-family dwellings. A small percentage of families in rural areas may live with another family as well.

C. Clothing

1. National dress

- Kimonos - formalwear
- Yukatas - casual wear

2. Work clothing

Business cards are the number one, most important accessory to have with you at all times in the workplace. Men wear black or navy suits from October to April with a subdued tie and white dress shirt. From May to September men wear a gray suit and typically half sleeve shirts once it starts getting warm outside. Japanese men never wear a black suit, white dress shirt, and black tie. This resembles funeral attire.

Women in the workplace dress very fashion forward. They typically wear a trouser pant suit or a long skirt of some designer brand. Coordinating their suit colors as the men do. Japanese women have shorter hair or tie back their hair if it's longer since short hair is acceptable in the office. A lot of women have to wear the company uniform when in the office but the men don't. They're not allowed to wear high heels, short skirts, or low cut blouses.

D. Recreation, sports, and other leisure activities

Activities include martial arts, sumo, boxing, golf, tennis, soccer, basketball, and baseball. Everything is traditional to how a country like the United State would compete. They have professional teams in martial arts, basketball, soccer, and baseball.

1. Types available and in demand

Baseball and Soccer are currently the two most popular sports in Japan.

2. % of income spent on activities

For most popular recreation and sport activities, high spending is not required.

E. Social Security: Developed dramatically after the end of World War II. Pension and health insurance system reforms were implemented. Long-term insurance act was implemented to support the elderly with long-term care needs their family by the society.

F. Healthcare: Provided by universal coverage, free choice of healthcare providers by patients, a multi-payer, employment-based system of financing, and predominant role for private hospitals and fee-for-service practice.

VIII. Language

A. Official language: Japanese

B. Spoken vs. written language:

Speaking Japanese is not difficult. Phonetic sounds and overall structure/formation are easy to understand. The written language is what's difficult. Japanese language consists of three different alphabets when writing. The first is Kanji, consisting of Chinese ideographic symbols. The Kanji alphabet alone has 1,000 characters. The other two, Katakana and Hiragana, contain 46 characters each. On top of many characters to memorize, each character can have multiple means based on the context it's used in.

C. Dialects

There's many different dialects in Japan. The three main dialects are:

- Standard Japanese which is the common language and is mostly spoken in Tokyo.
- Kansai, which is spoken in the western part of Japan.
- Tohoku, which is spoken by country and farming individuals.

IX. Briefing on Negotiation Style (ours and theirs)

- Japanese negotiation style is very reserved, compared to the United States, who like to be more considerably expressive and use hand language as well. Americans base their relationship horizontally, while Japanese do not consider that and want to see power in the context of hierarchy. They want to see who has the higher social status and who can fit in among the people in the negotiation. America is a M-time culture, who concentrate on one thing at a time and focus on setting deadlines, and schedule meetings in advance. The Japanese are more P-time oriented, by doing things simultaneously, and by order of their preference. The Japanese also have a harder time saying no directly, very unlike that of the American culture.

X. Sources of Information

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XI. Appendixes

Executive summary

During our analysis of the economic environment we highlighted key points that will enable us to further look into and make decisions for introducing Kellogg's Pop Tarts into Japan. There are many factors that go into introducing a new product to any market, let alone into a different country than the host country for the product. Pop Tarts is not in the Japanese market at all and we, as a team, are excited to be able to use our marketing skills to have a successful product introduction. In the economic section we had to start by looking at Japan's population. There are many people in Japan and it is a growing country where there is room for a great opportunity to sell our product within their borders. It is important to know the population in order to understand who we are dealing with.

Next, we dove into the Economic status and activity of Japan. We want to know the environmental factors that will affect our marketing decisions. We looked at GDP, growth rates, exchange rates, trends in the economy with exchange rates, as well as trade trends and other factors contributing to the economic situation. Economic development is another crucial factor in determining an international company's success.

We ended our economic environment section by looking at factors such as development of science and technology. With good science and technology we are able to use that to our advantage and develop better business models to favor an adequate introduction of our product into Japan. We looked at social media, which can be a very good marketing tool for us to reach out to various segments within the country. We also looked at retailers, distributors,

intermediaries, and operations for purchasing goods in Japan, such as using cash or credit. We were able to see opportunity and at the same time, obstacles that may need to be dealt with when we come across them. One obstacle we may encounter is the middleman situation in Japan, in section IV we will go into detail with our findings.

I. Introduction

In this section, you will find a lot of information that is crucial to our decisions we make for having our product in Japan. In the population section, we notice there has been a decrease in size while at the same time their average age continues to rise. This is one element that needs to be considered when marketing to the Japanese. Also, the fueling of their economy is driven by many factors, but one of the most important factors is their trading (imports and exports). This factor makes up 37% of their GDP. This is huge when considering conducting business with and in Japan.

One of Japan's largest industries is the auto industry. They are highly efficient at manufacturing cars as well as using their technology to make top-quality products. They are one of the top manufacturers in the world for number of cars produced annually. The Japanese do a lot of things on an industrial level very effectively and efficiently, yet there are aspects to the nation that may pose as a barrier for successful entry if they are not addressed.

I. Population

A. Total

As of March 2, 2017, Japan's estimated population was 126,702,133.

1. Growth rates

Japan's currently has a population growth rate of -.22 percent.

2. Number of live births

In 2016, the number of live births was 1,048,971. In 2017, the daily live births rate has an estimated average of 2,871 per day.

3. Birthrates

The 2016 estimated birth rate for Japan was 7.8 births per 1,000 of a population in a year.

B. Distribution of population

1. Age

Based on 2016 estimates, Japan's population by age is as followed:

- 0-14 years: 12.97% (male 8,472,869 / female 7,963,782)
- 15-24 years: 9.67% (male 6,436,935 / female 5,813,222)
- 25-54 years: 37.68% (male 23,593,194 / female 24,145,406)
- 55-64 years: 12.4% (male 7,867,611/female 7,840,141)
- 65 years and over: 27.28% (male 15,080,738 / female 19,488,235)

2. Sex

Based on 2016 estimates, Japan's population by sex is:

- Male: 61,451,347
- Female: 65,250,786

3. Geographic areas (urban, suburban, and rural density and concentration)

Japan's population distribution is very inconsistent due to its mountainous characteristics. Because of this, most of the population tends to reside within the limited plains and lowlands, especially along Pacific littoral. With this movement of residence, some have chosen to relocate into the expanding urban areas while rural population has dropped significantly. Population density of Japan in 2015 was 348.25 people per square kilometer consisting of 8,254,840 (6.5 percent) of population living in rural areas and 118,703,632 (93.5 percent) residing in urban areas.

4. Migration rates and patterns

The net migration rate is measured in five year increments. Japan's net migration equaled 350,000 for the most recent five year quarter. It was forecasted to be 0 migrants per 1,000 population for 2016. International migrant stock was last measured in 2010 at 1.71% of population, estimating in at 2,176,219. Migrant stock for 2005 period was around 2,000,000. Migration rates have been steadily increasing in small increments since 1970.

5. Ethnic groups

The majority of Japan's population is Japanese (98.5 percent) while .5 percent are Korean, .4 percent are Chinese, and .6 percent are other. In the 1990s, about 230,000 Brazilians migrated to Japan to work in industries, though some have returned back to Brazil as of 2004.

III. Economic statistics and activity

A. Gross national product (GNP or GDP)

1. Total

Japan's GDP in 2015 was 4123.26 billion USD. This indicates that Japan is responsible for 6.65 percent of the world economy. Japan's GNP increased to 549,544 billion yen in its fourth quarter of 2016 (4,819,817,172,000 USD), up from 549,482.6 billion in quarter three (4,819,182,195,040.0000 USD).

2. Rate of growth (real GNP or GDP)

Japan's GDP nominal growth rate, as of quarter 4 in 2016, was responsible for .2 percent of economic advancement. Its GDP annual growth rate had expanded by 1.7 percent in the fourth quarter of 2016 over the previous year's fourth quarter. The GDP real growth rate for 2016 was .5 percent in 2015 and 2016.

B. Personal income per capita

Japan's last recorded income per capita was in 2015 at 44,656.80 USD. GDP per capita was equivalent to 354 percent of the world's average. Japan's disposable personal income

was 769.63 yen (6749.96 USD) in December 2016, up from 338.69 yen (2970.45 USD) in November.

C. Average family income

As of January 2017, the average monthly family income per household consisting of two or more persons was 441,064 yen (\$3864.15 USD) which was about a 1 percent increase from previous year in real terms. The 2016 yearly average of monthly family income per household consisting of two or more persons was 526,973 yen (\$4,616.78 USD) which was up .3 percent in real terms of previous year.

D. Distribution of wealth

In Japan, about 15% of the population is to be considered in poverty. The top 20% have an average income of about 250,000 USD, whereas the middle class have an average income of about 50,000 USD to 100,000 USD. As of 2008, there was an inequality of wealth distribution of 32.1 (0 being perfect equality and 100 being absolute inequality).

1. Income classes

The income classes are: Lowest 10%, Lowest 20%, Second 20%, Third 20%, Fourth 20%, Highest 20%, and Highest 10%.

2. Proportion of the population in each class

The most recent and most complete survey of income class distribution we could find was from 1993. Information is based on income shares by percentiles of population and then ranked by per capita income.

- Lowest 10%: 4.8
- Lowest 20%: 10.6
- Second 20%: 14.2
- Third 20%: 17.6
- Fourth 20%: 22.0
- Highest 20%: 35.7
- Highest 10%: 21.7

Note: A more recent survey (2008) had *highest 10%* at 24.8% and the *lowest 10%* at 2.7%, but there was no data on the middle income classes.

3. Is the distribution distorted?

There is always a risk of distortion when relying on surveys to make inter-country comparisons. For one, nations tend to use different standards and procedures when collecting and analyzing data. Also, surveys that are based on income tend to show a more unequal distribution than a survey that is done on consumption.

E. Minerals and resources

Japan has relatively few mineral reserves and its mining industry is small-scale. In 2010, Japan mined and quarried industrial minerals such as dolomite, iodine, limestone, pyrophyllite, silica sand, and silica stone, but because of the decline in employment in the mining industry, depleted ore reserves, high mining costs, and access to cheaper imports, Japan chose to lower their level of mineral production. Limestone is currently their most abundant native

mineral. The country also has small reserves of nonferrous metals such as lead, silver, gold, and zinc, though gold deposits have been found and being mined in Kagoshima prefecture on Kyushu Island as well. Japan's coal reserves are diminishing and reaching depletion while Japan's reserves of gas and oil are insignificant.

Thus, Japan tends to consume more minerals and metals than it actually produces. Instead, many raw minerals and energy are imported for its industrial production and use. Imported minerals consist of bauxite, coke, copper concentrate, iron ore, zinc concentrate, silver, cadmium metal, lead concentrate, and imported energy include coal, liquefied natural gas, and petroleum.

Japan's output of produced minerals are mostly nonferrous metals such as high-purity aluminum, secondary aluminum, antimony, cadmium, cobalt, molybdenum, tin, and tungsten. They also produced and exported gold, lead, nickel, zinc, silicon and silver. Other industrial materials that were exported from Japan consisted of cement, rare earth metals, and magnesium.

F. Surface transportation

Japan has two types of surface transportation: road and rail. Road transport consists of passenger cars, other than two-wheelers, that can carry up to a maximum of nine people, including driver as well as motor vehicles which include cars, buses, and freight vehicles. Rail transport consists of trains on railways such as the high speed Maglev train.

1. Models

There are two main methods to navigate by railway throughout Japan. The first method is using Japan Railways or JR for short. They have a great infrastructure for the rail system that

runs throughout the whole country, enabling people to get from one town to the next easily. You also have the Shinkansen, or the Bullet Train. This train connects Tokyo to many cities with its several lines available to take. As far as automobiles go there are a variety to choose from. They have a wide range of cars from companies such as Toyota, Honda, Daihatsu, Nissan, Suzuki, Mazda, Mitsubishi, Subaru, and Mitsuoka. There are many other car models to choose from many different companies as well. You will not have hard time finding a car or truck to be able to get from A to B.

2. Availability

There is a large availability of train and also access to automobiles in Japan. They are one of the largest automobile manufacturers in the world as of 2012. In 2012, they had an annual production rate of 9.9 million cars. As far as trains go, there are 10,473 miles of track that runs through the country. This makes it very easy to be able to travel virtually anywhere in Japan. With a Japan Rail pass, it is very accessible for anyone to use the rail system.

3. Usage rates

In Japan there are roughly 56 million households and that includes foreign people as well. Of those households they own about 59 million cars, giving them a 1.07 household to car ratio. This is one of the lower if you compare them to the U.S. who has a household to car ratio of 1.95, as of 2011. Of the world's busiest train stations, Japan has 45 of them out of 51. As of 2013, the top 5 train stations cater to roughly 4.84 billion people annually. This goes to show that the train system in Japan is effective as well as widely used.

4. Ports

Japan has ten major seaports, five of which are considered to be container ports as well. They are: Chiba, Kawasaki, Kobe (container), Mizushima, Moji, Nagoya (container), Osaka (container), Tokyo (container), Tomakomai, and Yokohama (container). Japan also has thirty LNG import terminals which are as followed: Chita, Fukwoke, Futtsu, Hachinone, Hakodate, Hatsukaichi, Higashi Ohgishima, Higashi Niigata, Himeiji, Joetsu, Kagoshima, Kawagoe, Kita Kyushu, Mizushima, Nagasaki, Naoetsu, Negishi, Ohgishima, Oita, Sakai, Sakaide, Senboku, Shimizu, Shin Minato, Sodegaura, Tobata, Yanai, Yokkaichi; Okinawa - Nakagusuku.

G. Communication systems

1. Types

There are several key communication systems in Japan, including telephones (fixed lines), telephones (mobile cellular), broadcast media (TV and radio), and via the internet.

2. Availability

Telephone services are available on both a domestic and international level. There are numerous submarine cables that provide links throughout Asia, Australia, the Middle East, Europe, and the United States. There are also several satellite earth stations, seven Intelsat, one Intersputnik, and two Inmarsat used to ensure global reach. Broadcast media is available on six national terrestrial TV networks that include one public broadcaster. The large

amount of TV and radio stations provide a wide range of choices for Japanese consumers through either satellite or cable services. As of July 2015, internet services reach 93.3 percent of the Japanese population.

3. Usage rates

As estimated in July 2015, fixed line telephones services have 63,633,050 subscriptions, or 50 subscriptions per 100 inhabitants. Mobile telephone services totaled 158.591 million which equates to 125 subscriptions per 100 inhabitants. As stated above, 93.3 percent of the population has access to the internet, which estimates to about 118.453 million residents in 2015. Unfortunately, access to broadcast media usage rates were unavailable.

H. Working conditions

The Japanese workforce is known for working excessively long hours. Even though there is indeed a labour law, it is still common for workers to work up to sixty hours a week. This has also caused a phenomenon known as karo-shi, also known as ‘death from overwork.’

1. Employer - employee relations

Japanese employer- employee relations are centralized around harmony in the work environment. This means that managers tend to focus on providing the necessary information and tools their employees need in order to succeed in their work rather than strictly

giving out orders. Managers also like to ensure their employees are participating and cooperating with their coworkers so optimal output is met.

2. Employee participation

Japanese offices tend to have a very open layout which encourages teamwork. Employees also practice consensus building which means that before anyone presents ideas to senior managers, their workgroup must approve the idea before it advances forward. This not only catches mistakes and errors, but it also means the employee is spared any public embarrassment. This is very important to the people of Japan since even minor public embarrassment can be devastating.

3. Salaries and benefits

Japan has a universal health care system. This means that all Japanese workers enrolled in social insurance are automatically enrolled in national coverage. Upon employment, workers receive a social insurance card that they can use at any medical institute which enables them to only be required to pay 30 percent of standard costs. Employees who sign up for social insurance also receive pension benefits. Pension plans usually pay between 100,000 JPY to 250,000 JPY. There is also minimum overtime payments, paternity/maternity leave, and paid leave due to death in the family. However, there is no sick leave, nor long term or short term leave in Japan. Business expenses are fully reimbursed to employee and in most cases, so are commutation expenses though this is not an obligation the company must fulfill.

Salaries vary depending on occupation. The most profitable profession in Japan is aircraft pilots who make 17,121,000 yen a year (\$133,612 USD) and the least profitable is a sewing machine worker who makes 1,987 yen a year (\$15,503 USD).

I. Principal industries

Japan's principal industries revolve around manufacturing largely in part to its impressive technological advancements. These manufacturing industries include motor vehicles, electronic equipment, machine tools, steel, and nonferrous metals, ships, processed foods, chemicals, and textiles. Among their agriculture industry, Japan's products are rice, poultry, vegetables, fish, fruit, dairy products, beef, pork, flowers, potatoes/taros/yams, sugar cane, tea, legumes, wheat, and barley. The service industry has also become a key player in Japan's economic growth.

1. What proportion of the GNP does each industry contribute?

As of 2016, Japan's industry in measures of GDP is agriculture at 1.2 percent, services at 71.1 percent, and industry at 27.7 percent.

2. Ratio of private to publicly owned industries

The Japanese economy is heavily influenced, and grew greatly with privately owned enterprises. There are about 2 million corporations, with about 30 million people working for these corporations, which accounts for half of the workforce of Japan, as of 2005. There are publicly

owned enterprises such as governmental industries like highway, housing, water resources, energy, agriculture, and ports.

J. Foreign Investment

According to the 2015 UNCTAD report on world investment, Japan is the 8th most attractive destination for multinational companies for the 2016-2018 period. Japan is also one of the largest foreign investors. Its strengths reside in its leadership in advanced technology and R&D.

There are several barriers in place for foreign investors. For instance, linguistic and cultural differences as well as natural disasters such as the 2011 earthquake and tsunami.

As of 2015, FDI inward flow was -2,250 million USD and FDI stock made up 4.1 percent of GDP. The top five main investing countries of 2015 were:

1. United States - **36 percent**
2. Singapore - **13 percent**
3. Netherlands - **12 percent**
4. Hong Kong - **9 percent**
5. France - **8 percent**

1. Opportunities?

Foreign investment opportunities in Japan lie in the key sectors which are listed below. There are also high potential sectors that offer great investment opportunities.

These include the car industry, retail trade, information and communication techniques, biotechnology, medical care, the environment, and the sectors relative to elderly people. There are also programs that can be invested in, including the privatization program for the energy sector, JETRO- Japan External Trade Organisation, Tenders Asian Development Bank, Procurement plans in Asia, dgMarket, and Tenders Worldwide.

2. Which industries?

Key sectors include medical equipment, pharmaceutical products, biotechnology, dietary supplements, electronic components, software, Aviation and spare parts, engineering services, the new generation of energy Tourism, education and training services, safety equipment, telecommunications equipment, the fashion market, real estate products

K. International trade statistics

Japan's total exports for 2016 was \$645.2 billion USD and its total imports were \$607.1 billion USD, totalling to \$1,252.3 billion USD. The value of Japan's overall imports and exports make up 37 percent of their GDP.

1. Major exports

a. Dollar value

Japan's total exports for 2016 were valued at \$645.2 billion USD.

b. Trends

57.3 percent of Japan's exports were delivered to other Asian countries, 23.1 percent were exported to North America, and only 13 percent got shipped

to Europe. Japan currently has high negative net exports and deep international trade deficits for crude oil. This deficiency is indicative of Japan's competitive disadvantage in the international fossil fuel market. However, this also means that Japan has an opportunity to improve global position via focused innovation. Japan is also experiencing high positive net exports in their international trading of automobiles thus giving the company a strong competitive advantage in this industry. For 2016, Japan indicated they achieved a \$38 billion surplus which is a large improvement over the 2015 deficit of -\$694.9 million. Japan's top ten exports for 2016 were as follows:

- Vehicles at US \$141.9 billion which made up 22 percent of their total exports.
- Machinery including computers at \$124 billion (19 percent of exports)
- Electrical machinery, equipment at \$98.3 billion (15.2 percent of exports)
- Optical, technical, medical apparatus at \$35.9 billion (5.6 percent of exports)
- Iron, steel at \$24.5 billion (3.8 percent of exports)
- Plastics, plastic articles at \$23.4 billion (3.6 percent of exports)
- Organic chemicals at \$15.9 billion (2.5 percent of exports)
- Gems, precious metals at \$14 billion (2.2 percent of exports)
- Ships, boats at \$12.8 billion (2 percent of exports)
- Rubber, rubber articles at \$9.8 billion (1.5 percent of exports)

2. Major imports

a. Dollar value

In 2016, Japan's imports amounted to \$607.1 billion USD which was 2.9 percent lower than 2015 imports.

b. Trends

Japan's imports represent around 3.7 percent of total global imports. The majority of Japan's imports were from other Asian countries, averaging around 60.4 percent of total imports by value. Only 16 percent of their imports came from European trade partners while 13.9 percent was supplied by North America. With Japan's estimated 126.7 million people, Japan's imports average out to be \$4,800 in yearly product demand for every person in the country. The most improved import sales for 2016 were vehicles, up 91.4 percent from 2009, pharmaceuticals which were 86.9 percent since 2009, followed by plastics (up 42.6 percent) and electrical machinery/equipment (up 38.6 percent). Japan's top ten imports were as follows:

- Mineral fuels including oil at USD \$110.7 billion (18.2 percent of imports)
- Electrical machinery, equipment at \$89.9 billion (14.8 percent of imports)
- Machinery including computers at \$59.4 billion (9.8 percent of imports)
- Pharmaceuticals at \$24.4 billion (4 percent of imports)
- Optical, technical, medical apparatus at \$24.2 billion (4 percent of imports)
- Vehicles at \$20.9 billion (3.4 percent of imports)
- Ores, slag, ash at \$17.3 billion (2.9 percent of imports)
- Plastics, plastic articles at \$13.9 billion (2.3 percent of imports)
- Clothing, accessories (not knit or crochet) at \$13.4 billion (2.2 percent of imports)

3. Balance-of-payments situation

a. Surplus or deficit?

As of December 2016, Japan had a surplus of 1669 billion yen. At an annual rate, this surplus was 3.7 percent of Japan's GDP. For the whole year of 2016, Japan had a surplus of 20.6 trillion yen which was equivalent to 3.8 percent of its GDP.

b. Recent trends

Japan has had a consistent surplus in their balance of payments account since 1981. The surplus was found in the trade accounts section of the balance of payments until the mid 2000s. Recently, the income account has become the dominant source of the surplus. Between 2011 and 2015, Japan had experienced a deficit, but because of the fall in energy prices, Japan has once again regained a surplus in trade accounts. However, it is uncertain if the surplus will last.

4. Exchange rates

a. Single or multiple exchange rates?

Japan has a single exchange rate which is different than what they used to use before 1949, which was multiple rates to the U.S. dollar.

b. Current rate of exchange

In 2016, the currency exchange rate for the United States was yen (JPY) per US dollar: 107.1. As of March 3, 2017, the USDJPY currency rate decreased by .39 percent to 113.9550 from the previous trading session.

c. Trends

One trend we can look at is starting in 1972-2017. The highest USDJPY exchange was 1 USD to 306.84 JPY in December of 1974, and a low exchange of 1 USD to 75.74 JPY in October of 2011. This is interesting because over the past 43 years, the yen has gained strength, it will be interesting to see how it compares the US dollar in the years to come. Another trend came last year when the Yen was strengthening. It made a lot of companies in Japan nervous because with the stronger currency came higher prices in which they could not compete for market share especially with cheaper prices from China and Korea.

L. Trade restrictions

Japan has heavy trade restrictions on their agricultural products. According to the Organisation for Economic Co-operation and Development, over 45 percent of the value of Japan's farm production comes from trade barriers or domestic subsidies.

1. Embargoes

Japan has not only had embargoes in the past, but they have also been on the receiving end of them as well. In 1941, the United States banned gasoline and oil exports to Japan which is one of the reasons for the attack on Pearl Harbor. This embargo went on until an

agreement was finally met between the United States and Japan in the 1980s. There was also a temporary embargo back in 2011 on Japanese food imports including milk products, fresh vegetables, and fruit implemented by the United States, Taiwan, and Hong Kong which was still in effect in 2015.

In more recent years, Japan had an embargo on Italian beef from EU member states such as France, Ireland, the Netherlands, Sweden, Poland, and Denmark. In 2016, however, the fifteen year old embargo was finally lifted.

2. Quotas

Producer quotas exist on drinking and manufacturing milk. Participation in the drinking milk quota is voluntary. However, this limit is in place in order to keep market prices stable. The manufacturing milk quota requires producers to make milk into butter and milk powder. Participants in this quota get a direct payment per liter of milk within their quota. There is also a quota on milk that is used in cheese and cream products. Sugar cane and other sweeteners also have a quota. Sweetener imports also must be purchased by government state-trading enterprise and then sold off at a higher price.

Japan also uses what are called tariff-rate quotas on its most sensitive commodities such as rice and dairy products. The quota acts as a fixed volume of a product. If imports are brought within the quota will have a lower tariff while imports outside the quota will have a higher tariff. These tariffs are so high that they tend to prohibit trade. Government also has the right to trade within

most major quotas to one of the two state trading enterprises. As it stands, there are tariff-rate quotas on rice, wheat, barley, and starch.

3. Import taxes

An 8 percent consumption tax is imposed on all goods manufactured or imported into Japan. Other imports such as liquor, tobacco products, petroleum, and LPG have a form of internal taxes called the excise tax.

4. Tariffs

Tariff specific goods in Japan consist of beef, pork, dairy products, vegetable oil, and oranges. As mentioned above, tariff-rate quotas also have a tariff and that rate depends on whether or not the quota is within a specific set of standards for products like rice, barley, and starch.

5. Licensing

To get a license in Japan there are four requirements that need to be met: There needs to be a person who is responsible for management and operations, a full time engineer attached to each office, reliability, as well as financial foundation.

6. Customs duties

There are customs duties on many goods that are to be imported into Japan. They include anything from live animals, to ammunition, tobacco products, mineral products, prepared food items, wood, textiles, and other metals and stone, and plastics.

M. Extent of economic activity not included in cash income activities

1. Countertrades

Countertrades in Japan were popular back in the 1940s through early 1990s.

However, there is no relevant information available on Japan's current countertrade policies nor is there any documentation on recent countertrade products.

a. Products generally offered for countertrading

Based on past countertrades, products varied depending on the time period and situation. For instance, in the late 1980s, Japan financed a Brazilian aluminum plant in exchange for finished aluminum.

There were also a few barter that took place between the former Soviet Union and Japan. In 1991, Japan offered \$1 billion dollars worth of food and other miscellaneous products to the Soviet Union in exchange for crude oil. At an earlier point in time, Japan exchanged construction machinery for Siberian timber that was also obtained from the former Soviet Union.

A counterpurchase also occurred between Japan's Komatsu and Russia where Russia purchased construction machinery and in return, Japan's Komatsu agreed to purchase Siberian timber at a future date.

b. Types of countertrades requested (barter, counterpurchase, etc.)

As mentioned above, Japan has used both the barter and counterpurchase trade tools in order to fulfill past transactions.

N. Labor force

1. Size

Japan's labor force participation rate as of December 2016 was 60.1 percent. The number of employed Japanese citizens as of this date was 64.75 million. The total labor force was 66.84 million.

2. Unemployment rates

As of December 2016, the unemployment rate in Japan was 3 percent while the long term unemployment rate is 1.3 percent. The number of unemployed persons was 2.09 million.

O. Inflation rates

Japan's core inflation rate increased .1 percent in January of 2017 over the same month in the year before. This is the first annual gain in core consumer prices since December 2015 .

IV. Developments in science and technology

A. Current technology available (computers, machinery, tools, etc.)

As we know, Japan is very advanced when it comes to technology. They are a leading nation in technology, machinery, and medical and scientific research. Japan mainly focuses their technological investments/advancements in the automotive industry, consumer electronics, and robotics. They have all technology that is currently available in the U.S. including cell phones, plasma tvs, and computers. That being said, new technology is either readily available in Japan or it originated there.

B. Percentage of GNP invested in research and development

Japan's research and development sector makes up 3.47 percent of their total GDP.

C. Technological skills of the labor force and general population

Since Japan is so tech savvy and advanced when it comes to technology, it is safe to assume that the general population and thus, a large portion of the labor force would have beginner - intermediate technological skills (depending on age group). In addition, 86.25 percent of the population has access to the Internet and an estimate of 110 percent of Japan's total population have cell phones. This means that the tools required to improve technological skills are readily available to almost all of Japan's residents.

V. Channels of distribution (macro analysis)

A. Retailers

Japan is the second largest retail market in the world which accommodates 127 million consumers. In terms of market size, Japan makes up more than 55 percent of the entire Asian retail market. Japan's top three retailers are Seven- Eleven Japan, Ito- Yokado, and Sego & Selbu. Type of outlets are department stores, supermarkets/hypermarkets, convenience stores, discount stores, home centers, cooperative, drug stores, specialized stores, and 100 yen shops.

1. Number of retailers

According to the retail index, Japan currently has 162 total retailers varying across sixteen different sectors including fashion and clothing, food, consumer electronics, gardening, furniture and decoration, home wear, footwear and leather, personal care, sport and leisure, toys and games, books and magazines, jewelry and watches, optical, pet care, and car parts and accessories. (Some retail stores may overlap across sectors and thus, be counted more than once.) The top Japan retailers are fashion and clothing (57 retailers) and food (43 retailers). The lowest are pet care and car parts and accessories (1 retailer). In Japan's case, there are regulatory laws that limit the growth of large businesses, in favor of protecting small private owned businesses from competition which usually leads to higher retail prices. These laws also tend to discourage discount retailers and shopping malls.

2. Typical size of retail outlets

Japan's retail industry includes franchised and foreign restaurants of various sizes, though most retail stores are small in nature, measuring out to be less than 500

square meters with as little as five employees running the establishment. However, there are also some larger supermarkets and department stores.

3. Customary markup for various classes of goods

It is safe to say that in Japan, a lot of luxury items and higher brand items have a larger markup than other goods do. You can see anywhere from 50% to 200% markup from the costs it takes to make.

4. Methods of operation (cash/credit)

In Japan, a lot of the smaller restaurants as well as smaller shops and markets only accept cash as a form of payment. Though a modern country, the Japanese society is cash-oriented. When you are going to major shops and even “western style” shops or hotels, even malls, they accept credit as a form of payment as well.

5. Scale of operation

The largest retailer in Japan is Aeon, which runs the markets of Jusco and MaxValue. To show you how profitable Aeon is, in 2008/9 they showed profit of 17 billion USD.

6. Role of chain stores, department stores, and specialty shops

Department stores and Chain stores do exist in Japan, but a lot of people like to go to specialty stores, or even stores in market where they can find goods that are cheaper than chain and department stores.

In Japan they keep their major department stores as well as shopping areas downtown. These department stores, as of 2008, have been showing a decrease in consumer spending and one

thing to blame is the economic hardships and people spending less, being more conscious of their costs. Another thing that is interesting with department stores is them making deals with other bigger department stores such as H&M and Forever 21, just to stay alive.

B. Wholesale middlemen

The distribution situation in Japan can be said as very effective. The system has four features: it has a structure that is compiled of many small middlemen who only deal with smaller retailers, the channels are controlled by manufacturers, they have business philosophies that are shaped by a unique culture, and there are laws that are protective of the foundation in which the system is in. There is a high density of middlemen in Japan as well. With such a high density many goods might even go through as many as four middlemen before making it to the retailer and then finally the consumer. This is the case for Japan because, for example, small food retailers account for 57.7% of all food retail sales, whereas in the U.S. only 19.2% of sales account for all sales of food retailers.

1. Number and size

There is an incredibly high density of middlemen in Japan. In fact, the density of middlemen retailers as well as wholesalers is unrivaled by any western industrialized country. That being said, it is not unusual for consumer goods to go through three or four intermediaries before ever reaching the consumer. For example, some goods go from producer to primary, secondary, regional, and local wholesalers before finally making it to a retailer that directly sells to the consumer.

2. Customary markup for various classes of goods

Having so many wholesalers and retailers makes for one very complex and elaborate distribution system which is why consumers suffer from increased pricing. In general, products travel from large wholesalers who sell to smaller wholesalers who then sell to retailers. This cause product prices to inflate with each markup. Another reason for customary markups is because unlike the U.S., Japan consumers can return all of their products regardless of the quantity. This enables manufacturers to maintain their retail prices because the average Japanese businessman believes it is better to accept returns than to have retailers slash prices to clear out excess inventory. This approach may be beneficial for retailers and wholesalers as they are able to maintain prices and test new products with little consequence, but it hurts the consumer in that it promotes consistently high retail prices.

3. Method of operation (cash/credit)

Japan is surprisingly traditional in the sense that they aren't particularly fond of using credit to handle payment transactions because it has potential to negatively affect the value of the yen. However, as times and technology continuously propel the economy forward, the Japanese market is beginning to slowly accept credit as a sufficient means of payment at all levels of the transaction process.

C. Import/export agents

There are several options foreign companies can use to penetrate the Japanese market. First, the company can get a distributor who can sell on a local or national level. Another way is through *sales agents* who can either sell the product for you or, they can acquaint you with potential customers/clients. Joint ventures with local companies who know, understand, and have established a presence in the market can also be useful. The last, and most expensive option, would be to set up an office directly in Japan that way the company has the most control over its operations.

Regardless of which option is chosen, in order to export from Japan, the proper export documentation is required. In order to import to Japan, one needs a commercial invoice, shipping documents such as an *Air Waybill*, and a certificate of origin.

D. Warehousing

There are several warehouse companies in Japan including Narita Cargo Terminal, Narita Cargo Center, Osaka Cargo Terminal, Fukuyama Transporting Co., and Yusen Logistics Co.

E. Penetration of urban and rural markets

It is easier to penetrate the market in the urban areas of Japan because the majority of the population resides there. This means you have access to a larger segment of the market and a more diverse set of target consumers. In the rural areas, however, there is little room for new companies. There is also a more pronounced

language barrier in the rural areas since a majority of rural residents speak only Japanese.

VI. Media

A. Availability of media

Newspapers are still influential in Japan, even though their circulation has decreased within the past 10 years. People still trust reading print, even though the rise of the digital platform is taking over news media. There are five main newspapers: Omiuri Shimbun, Asahi Shimbun, Mainichi Shimbun, Nikkei, and Sankei Shimbun. As far as online media goes, it is very popular in Japan because about 59% of the population owns a smartphone so they have access to these media outlets. Also, the use of Yahoo! Is very popular still in Japan for news and as a search engine. Many people in Japan use TVs, yet the younger generations use their smartphones for TV content. From this content stems trends that emerge from the “traditional TV”, which accounts for 70% of internet searches. Also, 60% of the younger generations get their TV content from streaming online. There are five broadcasters nationwide which four are private and one is public. Another form of media available are magazines. There are over 3,300 publications, and with the reader loyalty they are still pretty popular in Japan. Social Media is also popular in Japan with Twitter at the top, then there is LINE, Facebook, Instagram, LinkedIn. LinkedIn is struggling to gain popularity because people see the outlet as a site for jobs, and traditionally in Japan, people stay with a company for a lifetime and they frown upon the idea of switching from job to job. There are more outlets for news and currents events as well that are slowly emerging

throughout the country. Though it isn't as popular as some of the other media outlets, the radio is also readily available throughout the country.

B. Costs

1. Television

Depending on the area you live in Japan, the rate of TV packages ranges from about 24 USD to 50 USD per month.

2. Radio

Radio is a relatively low cost for the people of Japan, with about 70% of the population listen to the 102, combined AM/FM broadcasts, throughout the country.

3. Print

For newspapers people in Japan usually pay anywhere from 1 USD to 1.56 USD for a daily paper. Magazine prices vary depending on the quality, and the content. They can range from a few USD upwards closer to ten USD.

4. Internet

The market for internet is much more competitive in Japan because they have better and fast speeds that cost less than they do in the U.S.. In Japan you can get 8 Mbps-50 Mbps for about 30 USD to 60 USD per month, which is much cheaper than the U.S.. That is for cable/DSL internet. For Fiber optics, you can get from 100 Mbps to 1 Gbps for about 25 USD to 56 USD for a

residence with 6 or more households, and for a single family home your rates will be higher, but only marginally at 56 USD to 67 USD per month, which is incredibly cheaper than the U.S.

5. Social media

Social media in Japan is mostly free, with some exceptions like anywhere with paying for ad free and even paying for a “premium” service. To use FaceBook, LINE, Twitter, LinkedIn, and Instagram, it costs 0 USD to get the apps but will cost money to have the phone and internet on the phone.

C. Agency assistance

There are about 17 agencies that are located within Japan. They range from advertising to branding and even marketing analytics. Any of the media outlets can have full advantage of these agencies.

D. Coverage of various media

Japan residents have relatively high television and internet usage rates, substantial newspaper/magazine usage rates, and low radio usage rates.

E. Percentage of population reached by each medium

- Individuals using the Internet : **86.25 percent**
- Penetration rates of social media:
 - Youtube: **74 percent**

- Twitter: **46 percent**
- LINE: **42 percent**
- Facebook: **38 percent**
- Ameba: **21 percent**
- Instagram: **19 percent**
- GooglePlus: **17 percent**
- Skype: **11 percent**
- Facebook Messenger: **10 percent**
- Households with television: **99.5 percent**
- Regular radio use (Seeing as how the radio is not as popular in Japan as it is in North America, the statistic of the percentage of population that listens to the radio regularly would be more beneficial): **less than 6 percent**
- Population with access to radio: **31 percent**
- Total newspaper subscriptions: **56.7 percent**
- Other media (cinema/foreign films) market share: **34.3 percent**

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IX. Appendixes