

Some Tips for Exporting Food Products to Japan

As a former Economic Counselor of the Embassy of Panama in Japan, I often received requests from Panamanian exporters interested in selling their products in Japan. These products included fruits, processed products, coffee beans, alcoholic beverages, and others.

My role was to connect Panamanian exporters with potential Japanese buyers, but this was a time-consuming process due to size and specialization of the Japanese market (126 million inhabitants). Compared to Panama (4.3 million inhabitants), Japan's market is significantly larger, and identifying, evaluating, and recommending Japanese buyers can be a challenge.

In addition, to sell in Japan, exporters must have an idea of the behavior of the Japanese consumer to determine if their product will be well-received in the market.

The Japanese are discerning and well-educated consumers. From early age, they learn to identify the type and amount of ingredients that each product has in the supermarket, and carefully observe the presentation and packaging, including the ease or difficulty to open it. Generally, they do not accept a stain or scratch on the packaging no matter how insignificant it may look like.

They are seasonal consumers due to the four seasons of the year. In winter, the Japanese consume hot soups while in summer they consume cold soups. In a tropical country like Panama, the traditional soup known as sancocho de gallina (chicken soup), is eaten hot all year round in hot weather. In Japan, beverage companies launch new products and flavors in the summer to renew interest and keep brands well positioned in the mind of consumers.

They are also interested in the origin of the product; therefore, they want to know the background such as the farm, factory or country of origin. Also, they are health-minded consumers, wishing to know the properties of the product, preferring those that are natural and organic.

They are segmented by areas of interest. For example, there are Otakus or consumers obsessed with a specific product such as cartoons or video games, creating a subculture around these products. In fact, there are clubs or groups formed around these products.

They are consumers willing to pay high prices, as they appreciate the good quality and status provided by branded products, compared to the average consumer in the world. Very cheap products are viewed with some suspicion. It is a market where people pay US\$10,000 for a watermelon, US\$500 for a melon, US\$700 for a bag of grapes or US\$3.1 million for a 270kg tuna.

In addition to consumer behavior, the exporter must understand the Japanese importer's way of thinking and working.

In Japan, personal relationships precede commercial relationships, with trust being the basis of any business relationship, while in the United States, Europe or Latin America, the contract governs the business relationship. Undoubtedly, contracts are also used in Japan to establish the terms and

conditions of commercial transactions; however, trust has enormous weight to initiate the business relationship. A person's first impression is very important in determining the course of a future relationship.

The Japanese strictly adhere to schedules. They are time-obsessed and have little tolerance for individuals who do not comply with business schedules or deadlines. If a foreign exporter fails to meet a trade deadline, it can cause serious economic and reputational damage to the importer, since the Japanese market operates with strictly calculated processes at each stage of the marketing and distribution of the products.

The Japanese think deeply about their schedules, before organizing meetings or establishing a calendar of activities. Once a date or work schedule is agreed, any changes should be avoided, unless situations of force majeure happen.

From the time the Japanese wake up in the morning until they go to bed, they have a plan for each day. They have little tolerance for improvisation. Even love dates are scheduled in advance.

If trust is essential to establishing a good business relationship in Japan, communication management is key to building trust between the foreign exporter and the Japanese importer.

In fact, throughout my experience I have observed communications that do not advance from the beginning simply because the exporter does not respond or is slow to respond to the requests of the Japanese importer, who through the communication defines the personality and way of working of the exporter.

In Japan, communications are expected to be answered within a reasonable time. Acknowledging receipt of communications is a basic rule of courtesy and an important indicator to measure a person's character and determine whether it is worth advancing in the business relationship. Failure to respond to communications in a timely manner will cause the end of communication. This sounds basic, but incredibly, it is one of the most common problems when it comes to establishing a business relationship with Japan.

Another important aspect for Japanese importers is the development of long-term trade relations as well as a sustained supply of products during the year. Short-term exporters are unlikely to sell in the Japanese market. Perhaps they can have some success in the Chinese market or other Asian markets.

On average, in Japan, it takes between six months and a year to complete a successful business transaction due to the lengthy process of consultations and investigations that take place within any company. Certainly, exporters from Latin America or other developing countries are not quite willing to wait that long. It takes a lot of patience to sell in Japan, but once the product enters the Japanese market, it acquires a significant reputation in the international market.

Japanese business protocol is unique in the world. Therefore, the experience that an exporter has had in Europe, or the United States will not help much in Japan. However, exporting to G-7

countries or foreign markets is an important letter of introduction to attract the attention of Japanese buyers.

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