

Pricing Practices

It is common practice in the industry for importers of standard scuba diving and instrumentation-related equipment to request a 12 to 15 per cent margin. This margin, however, is determined by the amount of marketing support, risk, after-sales service and other activities required of the importer. Thus, margins on different types of equipment and are naturally larger for more complex systems and equipment.

Equipment Features and Service Requirements

Quality and price. In most cases quality is considered more important than price, especially when equipment is a factor of human survival in severe underwater conditions. Although price is less important, products should be competitive within the market unless special traits warrant higher pricing.

After-sales follow-up and maintenance. Low maintenance requirements are important, particularly for imported equipment where servicing is inevitably more difficult.

After-sales follow-up and maintenance are deciding factors for many purchasers of ocean industry equipment. It is important therefore, to establish agent agreements with parties capable of handling these operations.

Several equipment end users mentioned that the necessity to fly engineers in from overseas or send equipment out for repairs would certainly influence purchasing decisions.

Communications. Open communication is recommended throughout business relations with Japanese companies particularly after negotiations have concluded and contracts have been signed. To be effective, communication should not be limited to formal business dialogue; prospective candidates and partners should be wined and dined.

User-friendliness. Due to the shortage of skilled divers and support staff, and also to new-user possibilities in areas such as leisure and construction, user-friendliness is becoming increasingly important in ocean industries equipment.

Japanese specifications. One of the biggest complaints Japanese end users have is that a fair

amount of imported equipment – mainly from the U.S., Canada and England – is not produced in metric sizes and is thus difficult to maintain.

Unique and innovative technology. In the area of ocean industry instrumentation, Japanese importers claim that there has been little development in research and other instrumentation fields. Because most user companies are small, they seek equipment with multi-use potential.

Industry needs. It is important to research and determine where special needs exist in the Japanese market and try to fill those needs. Toyama Diving Services, for example recognized an industry need and filled it successfully with Orcatron's Scuba Phone. Through research, the company found that the Japan Defense Agency was seeking new equipment to replace its outdated underwater wireless communication system.

In addition, a willingness and ability to adapt and modify equipment to fit the specific needs of a client is very important.

Training and education. Training agent staff to use and maintain general equipment is considered essential. For example, Toyama Diving Services sent staff to International Hard Suits (IHS) of Canada for several months' training. IHS engineers in turn conducted several months of tests and training in Japan.

Prompt delivery and response time. Prompt delivery and response time is important to Japanese importers. Canadian companies are considered lacking in this regard.

One of the most difficult aspects of doing business with Japanese companies is their sense of time. Usually, once they have made the initial decision to do business, they expect all requests to be attended to immediately and find it difficult to understand delays that may seem natural to Westerners.

7 Summary: Opportunities for Canadian Manufacturers

Ocean-related development and Japan's push to exploit ocean resources will continue to increase over the next decade. In turn, equipment and new technology will be in demand to supply development companies, agencies, institutes and other related organizations. In addition, the continuing strength of the yen is likely to raise the volume of imported equipment.