

8 Business Practices

Purchasing Criteria

To penetrate the Japanese food processing market, machinery or equipment must be price competitive, have features unique to the market or perform better than any product currently on the market, and meet the following criteria:

- *Multi-functionality.* Due to space restrictions, processors prefer machines that can handle several tasks.
- *User-friendliness.* Because Japanese manufacturers are forced to use part-time/unskilled labor due to the country's labor shortage, equipment and machinery must be easy to use.
- *Quietness of operation.* This feature is especially important for machines used in storefront operations.
- *Durability.* Although domestic machinery is not considered to be trouble free, food processors require that imports be durable and maintenance free.
- *Compactness.* In Japan, space is money. Therefore, machines that require less space to accomplish the same task as their larger counterparts are preferable. In addition, because Japanese diners and restaurants allow little space for kitchens, compact equipment and machinery is of particular importance when health and safety standards are considered.
- *Adaptability.* Users prefer equipment that can easily be incorporated into existing systems. As well, an adaptable system of machines is particularly desirable for use in small in-store bakeries and restaurant galleys.
- *After-sales service and support.* For users of imported equipment, after-sales service and support is a principal concern. No processor can afford work stoppages caused by equipment breakdown. West German suppliers were among the earliest to penetrate the Japanese market. Their success is attributable, in part, to periodic training sessions for Japanese affiliates in West German plants. Through these sessions, German suppliers ensure quality service while maintaining good relations with their Japanese partners.

Protection of Technology

Patents do not sufficiently ensure technology long-term protection in Japan. Being first on the market or recognized as the original manufacturer or producing an innovative and quality product are considered to be more effective than patent protection. As well, building a strong relationship with the Japanese buyer and negotiating a carefully outlined agreement can also guard against copy infringements.

The general consensus within the Japanese food machinery industry is that technology has a four- to five-year life cycle. To remain competitive, therefore, a company must continually introduce new technology and products.

Standards and Other Factors

- *Standards.* Equipment entering the Japanese market requires little modification, as Japan Industry Standards (JIS) for machinery are modelled after North American and European standards.
- *Voltage.* In Japan, voltage north of the Fujigawa River is 50 cycles while south of the river it is 60 cycles.
- *Customs.* Customs clearance normally requires three to seven days. However, the time could vary for initial shipments as they first require Ministry of International Trade and Industry (MITI) approval.
- *Import duties.* There have been no import duties applicable since April 1, 1990.
- *Pricing.* It is recognized that food processors are willing to pay significantly higher than domestic North American prices for the right equipment.
- *Mark-ups.* Importer mark-ups range from 10 to 20 per cent, and reportedly average from 12 to 15 per cent.