Specialty Trading Companies

Specialty trading companies are satisfactory for import and distribution procedures for instrumentation and standard ocean industries equipment. These companies should be capable of handling after-sales maintenance and end-user education.

For example, Toyo Corporation (Toyo Technica) has been successfully importing ocean industries equipment for the past 20 years and is able to handle maintenance and marketing activities and stock replacement parts locally. Toyo supplies 35 to 40 per cent of the overall domestic ocean industries instrumentation market. The company is currently negotiating with a Canadian company for marketing rights in Japan.

Toyo Technica's end-user market includes all shipbuilding companies, the Japan Defense Agency, the Coast Guard, government and private research institutions and agencies, salvage and diving companies, and construction companies.

Other Import Routes

The triumvirate of Toyama Diving Services Co. Ltd., Sogo Co. Ltd., and Fuji Co. Ltd. and their relationship with several Canadian companies is a good example of an optimal importing arrangement. Toyama Diving Services have knowledge of technology and market trends as an end user/distributor; Fuji (long-time importers) and Sogo (a trading company) have international know-how and trading experience; and financial support is provided by Sogo. Success is also due to the hard work that all those involved have put into personal and business relationships.

Seibu Department Stores

Another consortium approach has been adopted by Seibu Department Stores to market scuba products from Italy and the U.S. The important channel established by Seibu through a fully owned subsidiary company -- PISA -- for scuba diving activities and equipment is quite complex. Nevertheless, PISA-type operations are ideal import agents for companies interested in selling marine resort-related equipment and products in large volume.

PISA currently imports scuba diving and related equipment from Snuba of the U.S. and Mares of Italy. This operation is completed through Mares Japan and Snuba Japan -- companies partially if not fully owned by PISA.

The company also has a significant interest in PADI Japan -- a scuba diving training and licensing company that holds approximately 70 per cent of the overall Japanese scuba licensing market -- and in several marinas and other marine resorts around the world.

6 Approaching the Market

Exhibitions and trade fairs. Most industry end users agree that trade fairs and exhibitions are among the best ways of breaking into the Japanese market. Moreover, this is not limited to local exhibitions -- many Japanese end users and manufacturers attend the Offshore Technical Conference (OTC) in Houston, for example.

The major ocean industries equipment trade shows in Japan this year are listed in Table 8. The only comprehensive ocean industries equipment exhibition is TECHNO-OCEAN in Kobe. This biannual show will alternate in future between Kobe and Yokohama.

Product seminars. Seminars are considered essential in the introductory stages of market penetration. Several ocean industries equipment manufacturers from England and the Netherlands have engaged in this type of promotional activity with favourable results. Certain Japanese equipment end users and manufacturers have been singled out and contacted directly concerning seminars; the general consensus being that out of 100 firms invited, 50 would attend.

Personal contact. After initial contact is made through exhibitions and seminars, follow-up contact through personal visits and sales calls is considered critical to establish firm ties in the Japanese ocean industries equipment sector.

Personal contact is also a viable option without prior participation in exhibitions or seminars. This may be a more effective approach but it is far more time-consuming.

Technology Protection

Basically, patents are inadequate protection for technology in Japan. Most Japanese companies can implement technology with very few problems.

For example, JAMSTEC's Kaiyo, a research support vessel built in 1985, utilized a 50:50 ratio of imported and domestic instrumentation. On the next support