

Buyers

The first priority should be to leading 2 x 4 housing makers. Because of the scale of 2 x 4 activity, there isn't a problem with market size. It must be noted, however, that recently large builders have begun to import doors and windows directly.

The second priority is architects' offices as they often decide which doors and windows will be installed in the houses they design.

Another, probably more promising and less conventional, approach is to sell know-how and expertise. This is especially recommended for wooden windows because for this product, Japan is about 15 to 20 years behind Europe and North America.

As there have been many recent efforts to produce wooden windows in Japan, there is strong demand both for window components and system know-how. The know-how is particularly necessary to progress from the current artisanal level of production to mass production.

Geographic Area

The Tokyo metropolitan area is the largest selling market, especially since purchasing power there is very high. The other major geographic market is Osaka, also due to purchasing power.

Hokkaido has the highest penetration level for wooden doors and windows and local window manufacturers are interested in expansion. However, purchasing power is lower and imports are not generally in such strong demand.

Competition and Exchange Rates

In the Japanese market, prices are not decided on the basis of production effectiveness and/or product performance. Rather, competitors sell their products at or close to the prices of their competitors.

The current exchange rate is highly favorable for imported products from the U.S. and Canada. If the yen becomes much stronger, it will be obvious to many Japanese manufacturers that in the near future they will lose price competitiveness. Thus a major portion of aluminum and steel windows and doors will probably be produced and assembled overseas.

Offshore production is also an issue for wooden windows. As they are relatively new to the market, demand is not large enough for manufacturers to achieve economies of scale.

One manufacturer confided that in the future they will buy raw materials from Canada, as Canadian wood has dense grain, and then assemble and finish the products in Eastern Europe where political stability is much better than in Southeast Asian