

• "Tateguya"

This method is used for about 15 per cent of the market. It is the distribution channel for Abe Kogyo. Instead of wholesalers, Abe Kogyo sells their doors and windows to "tateguya" who act as distributors and sell to carpenters and architects.

• Direct to architects/contractors/carpenters

This is the distribution channel mainly used by importers such as Andersen as well as by small manufacturers who sometimes act as "tateguya."

Business Practices

The most important factors in Japanese business practice are the long-term view and the building of a good long-term relationship. Thus, Japanese companies tend to think that reliability of a supplier is more important than how good the products are, and certainly more important than price.

Pricing Mechanism

For domestic manufacturers, larger companies set prices to ensure profit at each stage of distribution. The final price to end users will be about 3.5 times higher than the manufacturing costs. Smaller manufacturers have fewer distribution steps and set prices at 1.8 to 2.5 times the cost.

Distributors and dealers make about 15 to 20 per cent profit. Architects and contractors make about 12 per cent on mark-ups to the sales price.

Pricing for imports is different from importer to importer because their functions are different. Some import only on request by customers and buy directly from overseas distributors or retailers. Thus their import price is fairly high compared with those of authorised importers who get export discounts from overseas manufacturers.

Some importers buy large lots and keep stocks for distribution and sales. Other importers refinish imported doors in Japan.

Although there are many factors affecting price determination, they can be determined practically by one of the following:

• For new products: convert list price to yen and multiply by 3.

For instance, if a product sells at C\$1000 in Canada, then the Japanese list price would be ¥ 300 000 ($\$1000 \times \text{¥}100 / \1.00×3)

If the importer has a distributor, the selling price will be set at 45 per cent of the list price.