

To overcome a low price and low quality image, the Taiwanese hire American designers to custom-design boats with luxury interiors to meet the demands of discriminating customers. Lines are specially designed for Japan, including models up to the 20 t capacity limit engineered for sea conditions specific to Japan.

To improve distribution and reinforce the image that their boats are built for Japan, some Taiwanese manufacturers have become partners with Japanese boat producers.

The Distribution System

Figure 1 shows three basic distribution systems Canadian manufacturers may use to introduce products to Japan. The number of intermediaries and their respective price mark-ups will vary according to the specific requirements of each transaction.

In general, the four distinct distribution and sales intermediaries are the trading company, marina operator, marketing company and sales agent. Their different price mark-ups depend on where they are situated in the distribution chain.

Japan's general trading companies are the most recent and probably most aggressive players in the marine sports and pleasure-boat industry. They provide financing, enter into agreements with dealers and are active in marina development as owners or financial backers.

The "Big Nine" trading companies are C. Itoh & Co., Marubeni Corp., Toyo Menka Kaisha Ltd., Nichimen Corp., Kanematsu-Gosho Ltd., Mitsui & Co., Sumitomo Corp., Mitsubishi Corp., Nissho Iwai Corp., and Itoman & Co.

As well as renting mooring space, marina operators sell and rent boats. Many marinas are subsidiaries of large companies and have the resources to import boats directly.

Foreign manufacturers are often represented by marketing companies who operate through a network of sales agents. Such companies are usually small and do not have the funds to support a large inventory.

Specialized direct sales agents do their own importing and selling. They are efficient, experienced and have many useful contacts.

Figure 1
Typical Price Mark-Ups

