



UKFT Japan Round Table

On July 15th 2014 UKFT organised, for the first time, an informal round table on the Japanese market. Well attended by both smaller and larger companies, there were presentations by Richard Craig (*Margaret Howell*) Dermott Rowan (*Orla Kiely*) and a representative of *Marubeni Trading Company Japan*. Also present was Barbara Wilson, fashion sector specialist at *UK Trade & Investment* and the event was chaired by UKFT's Director of International Business Development, Paul Alger.

The Japanese market remains an extremely important one for UK fashion and textile companies, especially for premium and heritage products. In spite of the weaker Yen compared to Sterling, a large number of UK companies regard Japan as their best market. Japanese buyers are among the best travelled and informed in the world and at many trade shows around the world, especially in Paris, Florence and New York where they represent some of the largest budgets. They are usually quick to seize on new products from innovative new brands and start-ups and many like to return to heritage brands from the past. However, the Japanese market has changed dramatically over the past few years and formal/tailored collections from the UK are less popular than they used to be. Also changed is the Japanese attitude to risk; as business becomes tougher, the Japanese tend to be increasingly nervous about working with brands unless they are already successful in their home market. Lingerie and swimwear products can be difficult in Japan, partly due to issues of size and fit. Childrenswear is an interesting potential market in Japan but companies should be aware that the standards required in the market are extremely high and many retailers conduct spot testing.

In general, Japan tends to look to the UK for quality branded knitwear and accessories, often to complement the retailers' locally made brands. Made in the UK/Made in EU is a real plus in Japan. Products manufactured in China and Asia can also sell but they have to have a very strong story which holds relevance for Japanese consumers. UK textiles are also popular with Japanese retailers, who use them to add value to products manufactured closer to home.

The Japanese do business their own way. The business is consumer driven and there is a need to make profits on a dramatic scale, largely because of the huge costs of trading in Japan. It is important to be aware that the market is structured differently from most other markets. There are department stores and independents but there are also "Specialty Store" chains in the branded market such as Beams, Ships and United Arrows to name but three, as well as a complicated network of trading companies and importers. Amongst all of this, it is important for UK companies to remember the principles of what the Japanese refer to as "Orderly Marketing" which is essentially one price across the market and a commitment to producing goods on-time and on-quality.

According to Richard Craig, the Japanese definition of a "sale" is when the consumer buys a product and then returns to make a second purchase. The relationship between retailers and consumers is paramount and nothing can be allowed to damage the relationship. This explains Japan's obsession with efficiency, timeliness and quality of product and service. If one retailer experiences poor quality goods from a supplier, in all likelihood that supplier will lose all its business with that buyer and there is the potential for them to lose most of their business in Japan as bad news travels fast!

Japan is an accessible market for UK companies but the UK exporter has to have a clear understanding of the Japanese market and a willingness to adapt to the Japanese way of doing business, in all its facets. The Japanese like to build long term relationships based on mutual trust and do not react well to cold calls. On the other hand, they like to discover new brands and like to have a



special relationship with their suppliers, often helping them with generous deposits and conditions in the early stages of doing business.

When brands are well established in the market, or if there is something of real interest, often Japan will offer lucrative licensing deals. At this point, the Japanese become very involved in the design and adapt and create products for the Japanese market and, in some cases, can make substantial financial and time investments. However, these kinds of deals usually take many years to put together and have to develop over time.

Japan is not a market where things happen overnight!

UKFT is working with UK Trade & Investment, the Government organisation set up to assist exporters, with its Great Weeks mission to Japan. Details are available online at www.greatweeks.co.uk

UKFT will be releasing a fashion report on the Japanese market in Autumn 2014.