Background

- Europe has gained an impressive market share in Japan since the past decade.

- European exports to Japan are going to become more important in the future.

- Previous studies, e.g. Pesonen (1993); Nilsagård (1999); Cohen (2001)
Purpose

- The purpose is to provide the information on the marketing environment in Japan.
- The analysis will focus on structural lumber used for house construction.
- The Japanese marketing environment has drastically changed and is changing further.

Topics

The Information Environment Model

Source: Juslin and Hansen 2002
Demand for Lumber

- 35.4m m³ (2003)
- Decrease since the late 1990's
- Increase in 2003
- Long term -> ??

New houses: ↓
Reform/rebuild: ↑

Source: Forestry Agency

Demand for Structural Laminated Lumber

- Increasing rapidly
- 1.7m m³ (2003)
- Small dimension was dominant first
- Medium dimension has increased
- Builders’ needs for reliable structural materials

Source: Japan Laminated Lumber Industry Association
**Imports in Lumber**

- **8.8m m³ (2003)**
- Increasing imports from Europe
- North America lost its market share

**Source:** Ministry of Finance

**Imports in Structural Laminated Lumber**

- **0.54m m³ (2003)**
- Europe has gained high market share
- European lumber meet the builders’ requirements
- Increasing imports from China

**Source:** Ministry of Finance
Changing Distribution Systems

*The pre-cut mills* has reduced the items distributed through conventional routes.

*An opportunity has arisen for Home centres* to take over the needs of lumber users.

*The Trans-Siberian Railways* could become a possible alternative route from Europe.

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Pre-cut Industry 2001

**Raw Material Inflow**
(Total: 3,748,000 m³)
- Sawmill, Laminated Lumber Mill etc. (41%)
- Wholesaler (23%)
- Trading Firm (18%)
- Auction Market (11%)
- Direct Import (2%)
- Other (5%)

**Product Outflow**
(Total: 262,000 houses)
- Construction Firm (45%)
- Wholesaler (32%)
- Self-consumption (10%)
- Auction Market (7%)
- Other (6%)

*Source:* Ministry of Agriculture, Forestry and Fishery 2002
Trends in the Pre-cut Industry

- The pre-cutting of semi-structural lumber and structural plywood is increasing.
- The pre-cut mills in the metropolitan area are becoming larger.
- The pre-cut mills have an influential role in the structural item selection.

Summary

- The changes in end-users’ needs have created a new marketing opportunity.
- Europe succeeded in meeting the changing end-users’ needs.
- One could use the changes in distribution systems for the marketing.
- Building a closer relationship with the pre-cut industry is a key to success.
Conclusion

*In order to grow further in the Japanese market, one needs to adjust its marketing to the changing environment.*

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