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**AMERICAN
BUSINESS MEDIA**

The Association of Business Media Companies

Guidelines For Publishing In Japan

A White Paper
Commissioned by the International Committee of
American Business Media

July 2003

Written by Paul Woodward, Business Strategies Group Ltd. 2003

Guidelines For Publishing In Japan

A white paper researched and written for American Business Media by Business Strategies Group Ltd.

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1. Executive Summary

- ?? Japan remains the wealthiest economy in Asia despite more than a decade of flat economic growth and deflation. Most of its 125 million people are avid consumers of print media and are targeted by one of the world's highest levels of advertising spending.
- ?? The economy, like that of the US, is primarily driven by domestic activity. To be established successfully in Japan, a company must be able to tap into that domestic market, a market which is predominantly Japanese speaking.
- ?? Accurate numbers are scarce but we estimate the value of the business publications market in Japan to be in the region of US\$1.75 – 2.0 billion.
- ?? There are almost 2,500 business publications in Japan, produced hundreds of companies, many of them very small, family-owned businesses. The market is, however, dominated by a small number of very large companies, the largest of which is Nikkei Business Publications.
- ?? There are a limited number of mid-sized companies and these are mainly operating in the technology sector.
- ?? Although B2B accounts for only around 10% of advertising spend in Japan, the information and communications category (including B2C titles) is the third largest. IT advertising makes up 35% of total B2B advertising, followed by general business (23.5%) and leisure and sports (17.3%).
- ?? Medical and healthcare magazines make up the single biggest sector with 570 separate titles.

- ?? The market for B2B events is currently relatively small at around \$500 million. It is, however, one which Japanese business media companies recognize to be an increasingly important component of their activities.
- ?? On-line revenues from Internet-based services remain relatively small and probably total no more than \$50 – 75 million within business media companies. The biggest challenge in Japan for developing an on-line business is said to be developing a robust business model rather than any significant technical issues.
- ?? Despite the popularity of mobile telephone-based data services with young people and revenues already running in the billions of dollars, there has been virtually no impact from this on B2B revenues. Analysts expect it will be at least a decade before business users require sophisticated data services on their mobile telephones.
- ?? There is a sophisticated, niche market for high-end data products in the financial services and a limited number of other industries. At the top of the market, international services can be sold. Breaking into the mainstream market with local language products is, however, much more challenging.
- ?? Real regulatory barriers to involvement in the market by foreign companies are very limited. There is still, however, some cultural resistance to involvement in the market by non-Japanese companies. There is one example of a successful business media acquisition in Japan and other companies have established viable stand-alone operations. The market looks ripe for consolidation.

2. Introduction

Business Strategies Group (BSG) has been invited to work with American Business Media (ABM) to produce a white paper on opportunities in the Japanese B2B media market for its members. The topic is a huge one and, in a paper of this nature, we can only hope to scratch the surface. In attempting to do so, we have endeavored to outline for companies elsewhere in the world the basic size and shape of the Japanese market, the key players and the special characteristics of the market.

2.1 Background to Japan market

Japan is the world's second largest economy representing around 14% of world GDP. On most measures except population, it represents economic values equivalent to more than the rest of Asia added together.

Figure 1: Japan Map



Source: CIA World Factbook 2002

Japan continues to be regarded as a challenging place for international

companies to do business. It has 127 million people of whom only around 12 million speak some level of English despite the topic being mandatory for all students. In 2001, the total number of registered native English-speaking (foreign) residents in Japan was just 89,095. This is most definitely not a market where foreign language publications can achieve any kind of mainstream presence. That being said, some publications such as the English language editions of *Time*, *Newsweek* and *National Geographic* do sustain reasonable sales in the market, often driven by language learning activities.

A unique culture developed through the several centuries that Japan was closed to foreign influence. This became mixed with modern education and business practices in the late 19th Century, a period known as the Meiji Restoration.

After re-building from the devastation of World War II, Japan became one of world's 'miracle' economies and announced its arrival as a major world player in 1964 when it hosted the Olympic Games and launched the *shinkansen* bullet trains.

For much of the 1970s and 1980s, Japan was regarded as the economy to emulate with solid growth in excess of 5% a year and companies which seemed set to take over the world. At the peak of the stock and property market bubbles in the mid-1980s, Japanese companies acquired 'trophy' assets around the world including New York's Rockefeller Center. Property values in central Tokyo were the highest in the world, by far. This all began to unravel after the financial market meltdowns of 1987.

Since the early 1990s, Japan has been stuck in a period of alternating recession and low growth characterized by deflation and a time of painful restructuring of the once apparently mighty industrial machine. Unemployment has become a feature of Japanese life.

Yet, the economy remains a wealthy one and visitors to Japan are struck by the affluence which is still clearly apparent in this so-called 'sick' economy. These are still Asia's wealthiest consumers with GDP per capita well over US\$30,000.

Despite the challenges facing many Japanese companies, it is still regarded as a place which is very difficult for international business to penetrate. There may be opportunities in the media business and we touch on these below but the cultural and economic challenges of Japan remain significant for foreign companies.

2.2 Economic overview

When reviewing Japan and the nature of the business opportunity there, three key factors need to be borne in mind:

- ?? The economy is huge and remains relatively wealthy by the standards of Asia and the rest of the world.
- ?? It has been among the slowest-growing economies in the past 15 years and that is changing the way in which business is done. At the time of writing, it was anticipated that, if Japan does not slip back into recession in 2003, it would show economic growth of only around 0.7% with 0.8% forecast for 2004.
- ?? Japan has been in a deflationary environment since the early 1990s. A poll of analysts by *The Economist* suggests that prices are likely to fall again this year by 0.6% and in 2004 by 0.5%. That being said, Japan remains an expensive place to do business by almost any standards. With recent strengthening of the Yen against the US dollar, this issue looks set to become worse for American companies in the short/medium term.

Table 1: Japan economic highlights, 2001 - 2003

	2001	2002	2003
	4.1	4.0	n.a.
	-0.5	0.3	0.6
	32,600.0	31,450.0	n.a.
	-0.7	-0.9	-0.4
	5.0	5.4	5.6
	403.2	417.2	n.a.
	349.2	337.6	n.a.
	121.6	125.2	121.5

Source: Hong Kong Trade Development Council

In short, this means:

- ?? With one-tenth of China's population, Japan has an economy roughly four times larger;

- ?? The economy is 11 times larger than Australia's;
- ?? It is characterized by deflation and slow/low growth.
- ?? Despite the prominence of Japanese-branded products around the world, international trade represents only around 19% of the Japanese economy – similar to the United States' 17.7%. Like the United States, this is an economy where business is driven primarily by domestic interests.

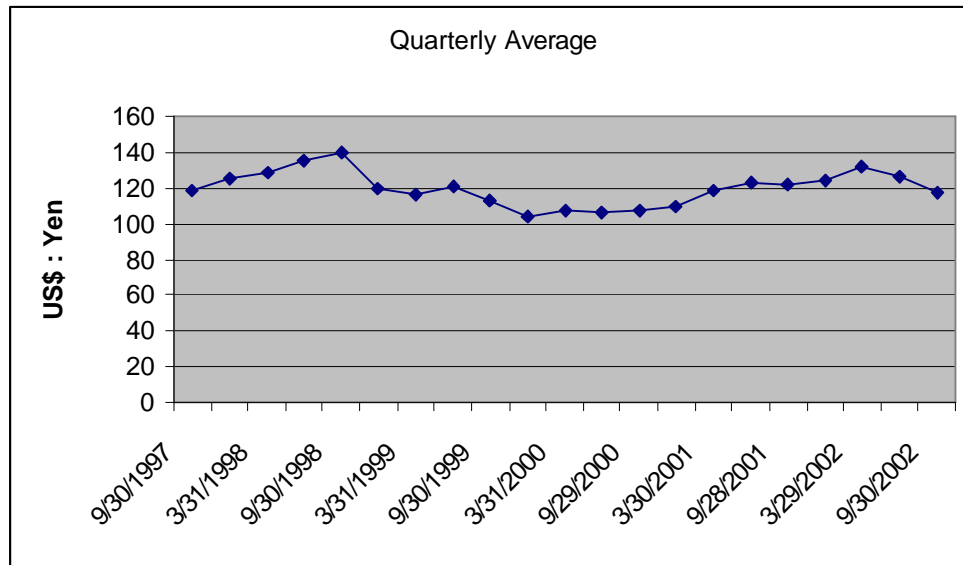
2.3 Abbreviations, currency

Abbreviations used in this report include:

BSG	Business Strategies Group Ltd., the consultants who have produced this study on behalf of American Business Media.
JASA	Japan Advertisement Sponsors Association (an advertisers' industry association)
JMA	Japan Magazine Association
JMAA	Japan Magazine Advertising Association

The Japanese currency is the Yen. The Yen has generally traded within a US\$1 = ¥100 – 140 range over the past five years. With the current US\$ weakness, a range of 110 – 120 appears to be a likely scenario. We have used ¥120 = US\$1 in this report where conversions have been made.

Figure 2: Yen:US\$ trading, 1997 - 2002



Source: BSG/Dow Jones

2.4 Acknowledgements

Many individuals and organizations have made valuable contributions to this project. We would like to thank the following in particular:

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 - o Terrie Lloyd at J@pan Inc.
 - o Vickie Green an independent custom publisher based in Tokyo
 - o Don Brown, formerly of Time Inc.
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careful and thorough research.

3. Business Media in Japan

3.1 Overview

Mr. Yoshikazu Ishibashi of the Japan Advertising Agencies Association comments that there will be “almost no change in business media” in terms of expenditures over the next five years. This has to be seen as a well-developed and mature market.

3.1.1 Publishing

Japan has a very substantial magazine publishing market with around 3,500 titles in total. Some 92 companies are members of the Japan Magazine Association (JMA) publishing around 1,200 magazines.

It is a market which many companies continue to dismiss as “too difficult”. It is, however, one of the few places in the world and certainly the only one in Asia which has the scale to support a truly substantial and potentially profitable domestic business media industry. Remember that many Japanese companies, even household names, spend 80% of their advertising budgets in the Japanese domestic market.

In many ways, the Japanese market for business publications looks rather as Europe did prior to consolidation. According to **Nikkei BP**, there are 2,498 business publications in the Japanese market. As the market is dominated by direct sales and members-only subscriptions, many of these are extremely small private companies. Large scale publishing operations are reserved almost entirely for general business and IT magazines.

B2B attracts a relatively small proportion of total advertising revenues – less than 10% of the total by most counts. Accurate numbers for B2B advertising spend plus circulation revenues are very hard to determine in Japan because of data quality issues and the very large number of small publishers. However, our estimates for B2B publishing in Japan suggest that the market is worth around US\$1.75 – 2.0 billion (excluding the value of Business-to-Government and legal specialist publishers).

IT is the 3rd largest category among all types of magazine advertising expenditure with finance and insurance at number 9. The following data were

provided by the advertising agency, **Hakohodo Inc.**:

Table 2: Magazine advertising expenditure in Japan, 2001

		¥10 million	US\$ million
1	Cosmetics/Toiletries	6,470	539.2
2	Apparel/Fashion Accessories/Personal Items	5,489	457.4
3	Information/Communications	3,573	297.8
4	Automobiles/Related Goods	3,052	254.3
5	Beverages/Cigarettes	2,759	229.9
6	Foodstuffs	2,499	208.3
7	Hobbies/Sporting Goods	2,139	178.3
8	Distributors/Retailers	2,366	197.2
9	Finance/Insurance/	2,065	172.1
10	Transportation/Leisure	1,972	164.3

Source: Hakuhodo Inc.

Circulations are moderate by US standards although much larger than those in most other Asian markets.

Table 3: Circulation of top 20 Japanese business and finance magazines

Rank	Title	Circulation
1	Nikkei Corporate Guide	700,000
2	Nikkei Business	344,858
3	Nikkei Trendy	340,000
4	Money Japan	310,000
5	Diamond Zai	300,000
6	Money Plus	300,000
7	Dime	200,000
8	Nikkei Money	190,000
9	Get Navi	176,000
10	President	171,042
11	Impression Business	150,000
12	Nikkei Business Associe	150,000
13	Nikkei Woman	140,000
14	Sapio	135,945
15	Nikkei Career Magazine	130,000
16	Diamond Weekly	120,938
17	Nikkei Venture	92,513
18	Money Life	90,000
19	Weekly Economist	85,000
20	Forbes Nihonban	82,077

Source: Hakuhodo Inc.

3.1.2 Events

There is very little research available on the Japanese trade fair market. BSG's own research conducted over the past two years shows that trade fair organisers sell an average of around 1.275 million m² (13.7 million ft²) of space each year. This generates industry sales in the region of \$400 – 500 million. This is a surprisingly small number compared to Veronis Suhler Stevenson's estimates for the US market which was \$8.1 billion in 2001.

Dentsu, the largest advertising agency in Japan, uses a figure of ¥343 billion (US\$2.8 billion) for exhibitions and 'screen advertising' in 2001. This, however, includes all public events and promotions as well as the huge outdoor screens business so it largely irrelevant to business media companies.

Full details of BSG's research into the Japanese business events market will be published in its forthcoming 2003 edition of the annual "Asia Pacific B2B Media" market study due to be published in July. A preview of the findings in this paper shows the following breakdown of space sales by industry. As elsewhere in the world, IT and related events lead the way. The fact that the food industry runs IT a very close second is, by comparison to other markets, unusual:

Table 4: Space sales at Japanese trade fairs, 2002

Industry	Net exhibition space sold (sq. metres)
1 IT/ Computer	190,750
2 Food & Beverage / Hospitality	182,750
3 Premium/House/Gifts/Toys/Stationery	138,750
4 Leisure / Hobby / Entertainment	124,500
5 Automotive / Motorcycles	87,500
6 Engineering/ Industrial/Manufacturing	60,250
7 Health/Medical	56,000
8 Electronics	49,250
9 Environment	42,250
10 Construction	42,000
11 Machines/Instruments/Hardware	41,000
12 Textiles / Apparel	37,500
13 Furniture/ Woodworking	27,250
14 Business Services	26,750
15 Retail	24,750
16 Packaging	21,250
17 Jewellery / Watch	15,250
18 Optics	15,000
19 Printing/Publishing	12,500
20 Security	12,250
Others	73,250
Total	1,280,750

Source: BSG

Many of these events are listed as having both trade and public visitors although our preliminary research suggests that the public element often outweighs the trade by quite a substantial margin. Typically, visitor numbers – which are almost never independently verified in Japan – are exaggerated by organizers. Doubling the real numbers in publicity materials is not uncommon.

The events market in Japan is increasingly important for big companies such as the market leader, **Nikkei BP**. Reasons given for this are:

- 1) Companies are looking for more direct effects from their sponsorship of advertisements and sales promotions. Events and seminars are seen to give them greater direct access to their customers.

- 2) The larger media companies are looking for multi-dimensional sales opportunities, delivering their message through a combination of magazines, web sites and other medias including conference and exhibitions.

The focus on quality of content in Japan may mean that those companies who can provide a multi-dimensional market focus with magazines, conferences, seminars and trade fairs are seen to be at an advantage of other stand-alone event companies and private events organized by individual companies. A company such as **Nikkei BP** says it is attracted by getting revenues and profits both from the events businesses directly and from related advertising, sales of books and goods at events and special issues of magazines for these occasions.

Events are said to be changing rapidly in Japan. **Nikkei BP** characterizes those changes as follows:

1. In the past, exhibitors at trade fairs focused on showing new products at each booth. More recent events are emphasizing the need to give participants solution services. To meet these needs organisers have to utilize the industry-specific knowledge of editorial writers and ad sales persons.
2. This development will also serve to strengthen the contents of our magazines and web sites linked to the events. For example, **Nikkei BP** says, in a new area like bio-technology and healthcare, events can assist publishers to clarify the appropriate positioning of related magazines and concepts.

3.2 Key players

The market for mainstream business publishers (excluding government and specialist legal publishers) is dominated by **Nikkei Business PublicationsPress** whose latest published revenues exceed \$535 million. There are a small number of very large companies, a limited number of mid-sized players and a very large number of very small companies. There has so far been very little consolidation in the trade press or trade fairs sectors.

Table 5: Top 10 Business media companies in Japan

Company	Main business area	Sales (mn ¥)	US\$ equivalent (mn)
1 Gyousei	Information for municipal governments	76,372	\$ 636.4
2 Nikkei BP	Various business magazines	64,289	\$ 535.7
3 Shinnihon Houki Shuppan	Legal publications	28,907	\$ 240.9
4 Daiichi Houki Shuppan	Legal publications	25,700	\$ 214.2
5 Mainichi Communications	PC magazines	20,115	\$ 167.6
6 Softbank Publishing	IT & PC magazines	16,726	\$ 139.4
7 Nihon Noristu Kyokai (JMA)	Business	15,764	\$ 131.4
8 Diamond Sha	Business	15,688	\$ 130.7
9 Touyou Keizai Shimpou Sha	Business	11,843	\$ 98.7
10 Igakushoin	Medical	11,800	\$ 98.3
Total		287,204	2,393.4

Source: Nikkei BP, Teikoku Data Bank, Touyou Keizai Shimpou Sha

The mid-sized players most frequently mentioned are mainly active in the technology sector and include companies such as **RIC**, **ASCII**, **Impress Group** and **Dempa**.

Table 6: Activities of major international B2B companies in Japan

Company	Activities in Japan	Senior Executive in Japan
CMP	Have an office in Japan. Organize trade shows and publishes health ingredients magazine and newsletters. Five shows in 2002: Tokyo International Health Industry Show, Sea Japan, CPhI Japan, Health Ingredients Japan, Call Centre, CRM Demo & Conference	Chris Eve, Senior Vice President
E.J. Krause	Ifia Japan (International Food Ingredients & Additives Exhibition & Conference) Expo Comm Wireless Japan (International Wireless/Mobile solutions Exhibition & Conference)	Nao Kozuka, President
IDG	Website, IT publications (7 monthly print magazines, 5 online magazines, 2 mail magazines, and various books), IT Trade Shows	Setsuro Tamai, President
McGraw Hill	With an office in Japan focusing primarily on Standard & Poors and Business Week circulation. Also has office in Japan for Platts specializing in news, prices, data, analysis, analytical tools, geospatial systems, research and consultancy for the complete spectrum of the energy industry.	
Penton	No Japan Office. IDG's trade fair subsidiary manages the Internet World event here.	
Reed Business Information	EDN (Electronic Design News) Japan, a Japanese language magazine providing design sources for engineers and managers.	Masaki Mori, Publisher
Reed Exhibitions	Reed Expo Japan: 25 exhibitions and 18 seminars in 2003, covering all sorts of industries	Tadao Ishizumi, President

Source: BSG

3.2.1 Publisher profiles

The following profiles represent the largest and most important of Japan's some 1,500 business publishers. Some of this information was compiled from interviews while other parts of this section are drawn from companies' own publicity materials:

Nikkei BP

The giant of Japanese business publishing, **Nikkei BP** was founded in 1969. It is, in turn, a subsidiary of the **Nihon Keizai Shimbun Sha**, Japan's leading business newspaper whose latest annual sales were ¥247,796mn (US\$ 2,065

million).

In a detailed response to our questions for this report, Nikkei BP notes five key developments in its business:

- 1) Entering new markets: the company has entered the environment, bio-technology markets as well as targeting new titles at older and young business leaders. In total, the company says, it has developed and launched 21 new publications in the period 1998-2002. Of these, 13 magazines are in the management and services market and eight are in the technology market.
- 2) New Internet Business: there has been continued emphasis on the development of on-line information, something that Nikkei BP started in 1996 with its news site, *Biz Tech* which has grown into one of the biggest web sites in Japan. As well as new technology sites, the company has launched new web sites for the medical profession, electronics, nano-technology and automotive technology. In 2002, the percentage Internet business as a percentage of total sales for Nikkei BP rose to 4.1% compared with 0.6% in 2001.
- 3) China business: the company entered China with web sites in 1999 and 2002. This was followed by WPC Expo China in 2001 and 2002 and other IT seminars. In 2002, the company launched *Nikkei Electronics China* in Chinese. In April 2003, Nikkei BP became the first Japanese magazine publisher to open an editorial bureau in China. It says it is now planning to publish a new periodical magazine in China in partnership with a local company. For more details on Nikkei BP's preferences in its foreign partnerships see Section 6.2.1 Partnership models on page 42 below.
- 4) Event business: Nikkei BP says its well-established *World PC EXPO* is the biggest event of its kind in Asia. In 2002, it launched a number of new events including the *Tokyo Game Show* and *Security Solution Expo*. In 2002, the company also established a consulting company, **Nikkei BP Consulting**, to develop a research and consulting business. To company is also looking to penetrate the education business market and has opened new class rooms and launched seminars, and e-learning courses.
- 5) Restructuring: As a result of the development of the Internet, Nikkei BP

comments that the relationship between IT magazines and web sites has changed. The company has shut down ten magazines in the IT market and launched eight new ones. Four titles have also been re-named.

In terms of future developments, the company says, it will focus on strengthening its two key titles, *Nikkei Business* and *Nikkei Associe* and will, if necessary, “reform” its other key IT, electronics, medical and architecture titles. It will focus in particular, it says “on the private lives of business people” as well as “advanced technology and the integration of technology and management”.

Main titles: Nikkei Business, Nikkei Associe, Nikkei PC, Nikkei Computer, Nikkei Electronics, Nikkei Medical, Nikkei Architecture, WPC Expo

Corporate web site: <http://www.nikkeibp.com/>

Senior Executive: Yukoh Kawamura, President & CEO

Mainichi Communications

Mainichi Communications, Inc. is a subsidiary of Mainichi Newspapers and was established in 1973. It produces a variety of magazines and newspapers plus a job-hunting guide for students and professionals.

Senior executive: Hiromi Hamada, President

Main titles: Mac Fan, Mac Fan Beginners, Mac Fan internet, PC fan, DOS/V Special, PC STYLE21, Windows Start, Touch PC, (Sega)Dreamcast PRESS, (Nintendo)64DREAM, Personal UNIX, INTERNET ST@RT

Corporate web site: <http://www.mycom.co.jp/mcom/english/index2.html>

Softbank Publishing

Softbank's Japanese publishing operations still publish a number of titles from the time of its association with the Ziff Davis properties. These include Japanese editions of magazines such as *PC User* and *PC Japan*. There are several spin-offs from the Yahoo! brand including *Yahoo! Internet Guide* and the more youth consumer oriented *Yahoo! BB*. A series of technical titles includes the likes of

DOS/V Magazine, Super DB2 Magazine and Java Developer.

Senior executive: Makoto Okazaki, President & CEO

Corporate web site: www.softbankpub.co.jp

Diamond Inc.

Founded by Kenkichi Ishiyama in 1913, **Diamond, Inc.** is a leading business publisher with titles targeted at senior executives and decision-makers. Its flagship weekly magazine, *Shukan Diamond*, is one of Japan's most authoritative and influential publications, combining both incisive articles on economics, business, finance and politics with first-rate reporting on social affairs.

Its own flagship weekly *Diamond* magazine, covers economics, business, finance and social affairs. The company publishes ten other magazines including the Japanese edition of *Harvard Business Review*, the *Globis Business Review*. It also publishes around 300 books each year and offers various on-line services in management, education, membership services, investment and consultation.

Web site: www.diamond.co.jp

Dempa

An electronics specialist, **Dempa** produces various titles including the English language *Asia Electronics Issue* which is BPA-audited and the daily electronics industry newspaper, *Dempa Shimbun Daily*. The company was established in the 1950s and is headquartered in Tokyo with offices across Japan, in Seoul, Hong Kong, Taipei, Manila and New York. The company has about 250 employees worldwide.

Other titles include *Display Devices, Journal of the Electronics Industry, IApliances, Audio Video International* and *Broadcasting Equipment & Technology*.

Web site: www.dempa.net

Impress

Impress was founded as a book and magazine distributor in 1954. Since the early 1990s, it has expanded to become a publisher of a variety of IT, design, imaging and music industry titles. It also has a very dynamic on-line publishing business.

Its print titles include *Internet Magazine* (since 1994), *Dos/V Power Report*, *DEKIRU Internet*, *Digital Camera Magazine*, *MdN*, *webcreators*, *Guitar Magazine*, *Sound & Recording Magazine*, *Bass Magazine*, *Rhythm and Drums Magazine*, *Keyboard Magazine*, and *Badge*.

Senior Executive: The CEO and main shareholder is Keiichiro Tsukamoto.

Web site: www.impress.co.jp

ASCII

The **ASCII Corporation** was established in 1991 and is another firm specializing mainly in IT titles.

The companies portfolio includes *Weekly ASCII*, *Monthly ASCII*, *ASCII.PC*, *ASCII PC Explorer*, *Mac Power*, *MacPeople*, *UNIX Magazine*, *Linux Magazine*, *BSD Magazine*, *Network Magazine*, *Palm Magazine* and *Hoshi Navi*.

Web site: www.ascii.co.jp

3.2.2 Event organizer profiles

Event organizing is dominated by the Japan Management Association and operators of Tokyo's Big Sight exhibition centre, (until recently, the Tokyo Trade Fair Commission). Many trade associations are also involved in organizing industry-specific events.

Major organisers include:

Japan Management Association - Nihon Noritsu Kyokai

Trade associations in Japan are the leading organisers of business exhibitions. Many of them work together with **The Japan Management Association (JMA)** to organize a wide variety of events and the JMA is, for that reason, one of the most important trade fair organisers in the country. Our own, incomplete database lists 27 events of which the JMA is the major organizer totaling some 135 – 150,000m² (1.45 – 1.6 million ft²).

The JMA is also a significant publisher of management journals and general business magazines.

Tokyo International Trade Fair Commission/Tokyo Big Sight Inc.

In April of this year, the operator of the largest trade fair center in Japan, Big Sight, merged with the Tokyo International Trade Fair Commission, a major backer and organizer of events which was established in 1956 and changed its name to **Tokyo Big Sight Inc.**

Reed Exhibitions

Reed Exhibitions is one of the strongest purely commercial trade fair organisers operating in Japan and clearly 'king of the hill' among the international companies there. It has well established positions in the jewelry and book industries, its Interphex pharmaceutical manufacturing event, stationery, optical and IT shows.

Mesago Frankfurt

Messe Frankfurt has a joint venture established in 2000 in Japan when its existing business there merged with **Mesago Japan Corporation**, another German-controlled company established in 1987. The venture organizes events for the beauty, apparel, interiors, building automation, power, and other industries.

3.3 Print media

The top industry for business magazines is medical with 507 individual titles. The other top industries in terms of numbers of titles are:

Table 7: Top industries by number of magazine titles produced

Industry
1 Medical
2 Construction
3 Agriculture & forestry
4 Fisheries
5 Food
6 Electronics
7 Transportation
8 General Business
9 IT

Source: Nikkei BP

In terms of advertising revenues, the picture is quite different:

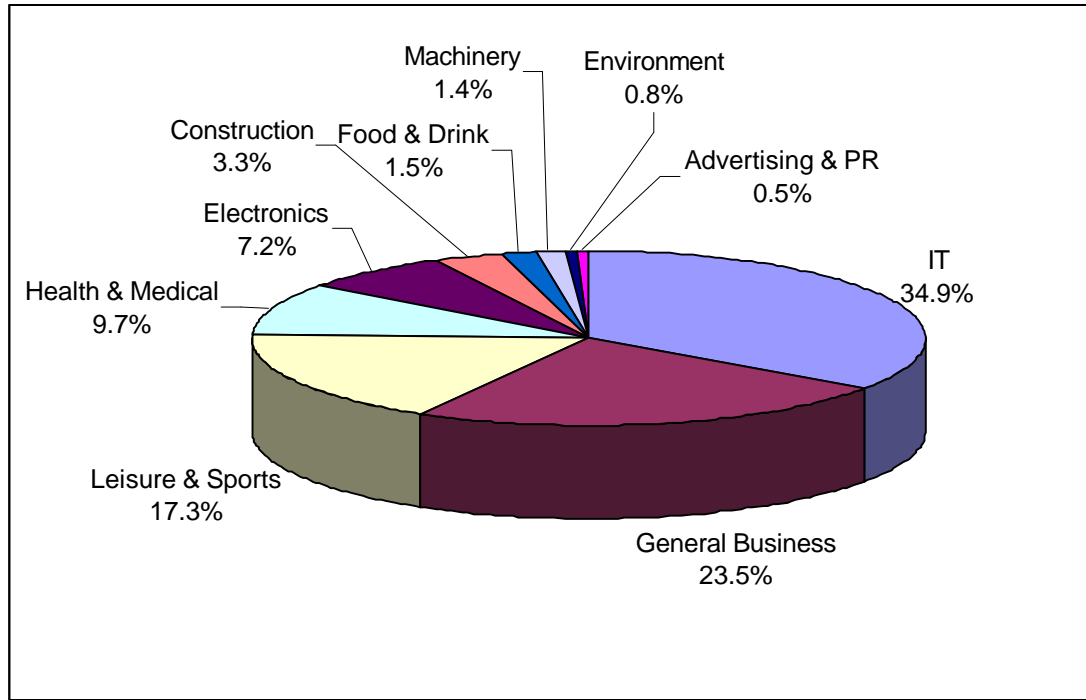
Table 8: Business magazine advertising revenues by industry, 2002

Industry	Advertising revenues (¥ million)	Advertising revenues, US\$ mn	Number of media companies
1 IT	24,033	\$ 200.3	57
2 General Business	16,199	\$ 135.0	8
3 Leisure & Sports	11,947	\$ 99.6	10
4 Health & Medical	6,691	\$ 55.8	18
5 Electronics	4,977	\$ 41.5	12
6 Construction	2,256	\$ 18.8	11
7 Food & Drink	1,043	\$ 8.7	4
8 Machinery	957	\$ 8.0	3
9 Environment	539	\$ 4.5	5
10 Advertising & PR	314	\$ 2.6	4
Total	68,956	\$ 574.6	132

Source: Nikkei BP/MRS

As seen in many other markets around the world, IT and general business dominate, even in the post Internet bubble world, sharing a substantial number of large corporate advertisers. In Japan, companies such as IBM, Microsoft, Nissan and Toyota are cited as being particularly important business magazine advertisers.

Figure 3: Advertising revenues, share by industry (of top 10 categories)



Source: Nikkei BP/MRS

According to **Nikkei BP**, total revenues of Japanese publishing companies (for all types of media) were at their highest in 1997. In that year, the market was worth about ¥3 trillion (US\$ 25 billion). Since then, Japan has experienced five consecutive years of decreasing revenues from both advertising and subscriptions.

Business magazines have seen a similar trend with the subscriber numbers and advertising revenues falling. Several well-established magazines have had to suspend publication as a result. In 2002, **Nikkei BP** says, subscription sales of medical magazines decreased by 3.2% against the previous year, business magazines dropped by 14.6%, and merchandise magazines fell by 17.6%.

The company believes that B2B advertising sales are down because of recurring bankruptcies and mergers in the domestic client base. Also, it says, “many clients are providing information through their own web sites to potential customers instead of putting ads in B2B magazines”. For more on the impact of the Internet on Japanese B2B media see page 27 below.

Following American trends, there were many start ups of new high tech business

magazines up until 2001. As elsewhere in the world, many of them have ceased publication after relatively short life spans.

Nikkei BP says, however, that industries related to environmental protection are generating new business titles more successfully. Over the past 2 – 3 years, five magazines have started in this field and they are all still in production.

3.4 Information, Internet & mobile data services

3.4.1 Internet

Despite the belief that the Internet is having some impact on B2B advertising, it is an area which Japanese companies have been relatively slow to pursue compared to their counterparts in the United States. Chris Eve of **CMP Asia** believes that this at least in part due to the importance of subscription revenues to the Japanese publishers. “They are very proprietary about their content”, he says, “and don’t want to give it away”. This is supported by comments from **Nikkei BP** which suspects that “the fact that a good deal of information is supplied on a no fee basis through web sites is contributing to decreasing B2B [print media] ad revenues”.

Nikkei BP says that only four companies among the big ten are providing on-line information actively. Those are **Nikkei BP**, **Nihon Keizai Shimbunsha**, **Softbank Publishing** and **Diamond Sha**. Other companies are only using the web for simple promotions of their own publications.

In addition to the big four companies, Nikkei BP identifies three other companies who are active in on-line B2B media and are generating what it describes as “rather big revenues” from advertising. These are IT information providers **Impress**, and **ASCII** and **Alk**, a language information provider.

Nikkei BP says it is getting revenue and profit from its internet business. The company says its successful products include BizTech, ITPro, NE-Online and a number of others. Of these, the best media is e-mail newsletter. The company says it is also successfully recruiting on-line IT vendors for seminars and events. Total internet advertising revenues in 2002 for Nikkei BP were about ¥3 billion (US\$25 million, about 4.7% of the company’s total) and some 2.1 million people are registered members of the sites.

Nikkei BP is also generating fee for content. Its search engine for magazine

archives and the BizBoard unified contents service is sold to corporate users for a fee. The company estimates revenues of around ¥500 million (US\$4.2 million) in 2003 from this business.

There are no special technical problems in establishing an Internet business in Japan so long as you have systems and databases which can process double-byte codes for Asian characters. As **McGraw Hill**'s Deven Sharma notes, "Japan is no more difficult technically for Internet products than other places. As elsewhere, the issue is how do you get paid?"

3.4.2 Mobile data services

Some 60 million Japanese are regular users of mobile telephones with 36.6 million using NTT Docomo's data-rich I-mode service. The average amount spent for data services by mobile telephone in Japan is estimated at about ¥8,000-9000 (US\$65 – 75) per person per month. However, in the B2B segment, there is virtually no impact from these services.

The most successful mobile data service is ring tone downloading, a market now worth ¥100 billion (US\$833 million). Other major services include weather and news downloads. Revenues have, however, stabilized and the major users are teenagers. Nikkei believes it will be at least 10 years before these people begin to demand business services on their mobile phones.

3.4.3 Information services

Companies such as **McGraw Hill** find a real although limited market in Japan for high-end information services in areas such as energy and financial services. Deven Sharma, the company's Executive Vice President, Global Strategy comments that "by far the largest activity we have [in Japan] is ratings". The main interest is in cross-border data. "That is driving growth", Sharma says. "We are now looking at local variants – local ratings or advisory services. So far, the focus has been at the high end of the market where we can sell English information. Now we're looking at how viable is local language service. There we run into greater risk, expense and competition with local service providers".

McGraw Hill has identified some important differences between the Japanese and US markets in their consumption of data services. Deven Sharma comments, "What we find is that, compared to consumption of information in the US which is throughout the client organization and reaches very deep, in Japan it is not so deep. A limited number of top elite get access to information service but far fewer below. The number of companies you can target is also limited. In the US,

you can sell to both 1st and 2nd tier companies. In Japan its really just the top ones”.

3.5 Opportunities for foreign involvement in the market

Terrie Lloyd is a 20 year resident of Japan who publishes what he describes as Japan's only indigenous English-language business magazine, *J@pan Inc.*, which has, he says, about 20,000 readers a month. He also publishes 10 e-mail newsletters in English and Japanese which collectively have a readership of some 160,000 people

Lloyds thinks that “Clearly there are opportunities [for international publishers] in the niche markets such as trade publications”. He says that his business is exploring this avenue by way of email newsletters. He notes that a number of foreign companies have been able to create good operations in Japan. “A case in point” he says, “is **Hachette**, which is doing well through its Fujingaho acquisition”. Others such as **IDG**, he believes, have not been so successful in publishing in Japan, but have carved out a lucrative events business there.

He also comments that “there are a large number of small, local niche publishers who are financially very weak and thus open to M&A. I would say that the Japanese publishing business is ripe for a roll-up strategy”.

There has been very limited acquisition activity in Japan, particularly between foreign and Japanese companies. In fact, we believe that **CMP Asia's** September 2001 acquisition of **Kenko Sangyo Shimbun Inc** (KSS) was the only deal of its type in recent history involving publications and events. The \$8 million cash deal brought CMP a substantial position in Japan for the first time with a series of publications and events linked to its food ingredients business in Asia and Europe. The owner of KSS, Junichi Makino, has stayed with the company, working together with CMP Asia's Tokyo-based Senior Vice President, Chris Eve.

Another commentator points out that there may be opportunities in the area of so-called “import advertising” in Japan. The JMAA has reported that almost 20% of magazine advertising (both business and consumer) comes from non-Japanese companies. In business media, we were told, “this means companies like Microsoft, IBM, HP, etc.”. It was suggested that US publishers may be in a good position to leverage their relationships with these companies in order to smooth

the process of new title launches. Others point out, however, that many large international corporations have a very substantial Japanese presence and tend to plan marketing and advertising strategies locally from Tokyo rather than from US head offices. So, benefits of this approach may be relatively limited.

3.6 Recent developments

The following is a summary of business media developments in Japan tracked by BSG since the beginning of 2003:

- 15-Jan-03 **Mesago Messe Frankfurt Corporation** announces the Intima Apparel and Fabrics International Trade Fair in May 2003

- 29-Jan-03 **Nikkei BP** issues two news magazines, *Nikkei Advantages* targeting top management and providing practical information on IT strategy and *Nikkei Food Market*, targeting food distribution management and advising on strategies in the retail market.

- 25-Mar-03 **IDG** announces an expansion of its Bio-IT franchise in Japan with increased frequency of *Bio-IT World Japan* to four times a year and the September 2003 staging of the Bio-IT World Conference.

4. The regulatory environment

By and large, the regulatory issues identified by our interviewees are not technically such that they would stop foreign business media companies launching themselves into the Japanese market. The reality of doing it is sometimes, however, rather different and complicated by cultural issues and traditions rather than laws and regulations.

4.1 Foreign ownership

For many years there were restrictions driven by Japan's foreign exchange control which made full foreign ownership complicated. For this reason, **McGraw Hill** for many years had a 49% stake in its joint venture with **Nikkei Business Press**. This venture, the foundation of what is now Japan's most important B2B media company, was dissolved in 1988.

There are relatively few official restrictions now although there are a number of cultural issues alluded to by various interviewees quoted throughout this report that make the simple management of wholly-owned subsidiaries a challenge. These include:

- ?? A difficulty for foreign companies to be 'inside' players within Japanese business;
- ?? The unwillingness of high quality staff to work for a foreign company;
- ?? The cost of operating in Japan.

Most of the firms interviewed for this report felt that there was no still great enthusiasm for foreign ownership in Japan. The severity of the economic downturn over the past decade has, however, turned a number of people reluctantly towards that option. They are more open to partnering and investment but it is rarely seen as the first choice for a Japanese business owner.

4.2 Licensing

A number of Japanese publishers license editorial content from their American counterparts particularly in the technology sector. We do not believe that there are any special regulatory requirements limiting these deals.

They look like part of the normal interchange which takes place between many

international publishers and their US counterparts. However, we believe that, when combined with advertising representation deals, some of these contracts represent a well-judged strategy to discourage foreign companies from making a full-blown market entry. The value of advertising generated in Japan plus the income from editorial licensing seems typically to be just sufficient to tip the balance away from the risks of a launch which, as noted elsewhere, are not insignificant.

5. Operational issues

5.1 Editorial content

Unlike many other parts of Asia, editorial quality is highly valued by business publishers in Japan and the editor is given considerable authority alongside the publisher. An investment in editorial is clearly a serious requirement in a market where paid subscriptions are the norm. That being said, hard-hitting investigative journalism is not the norm and, as David Hill of **IDG** notes, editorial tends to be more informational than newsy in style.

There are some elements of the editor's job in Japan with which international publishers are not immediately familiar. One company tells us, for example, of how it initially ran into problems by not being aware of the voluntary code of ethics promulgated by the Newspaper Society of Japan which governs advertising copy. This code gives the editor not only the right but also the duty to vet advertising copy. This can be particularly important in technical titles where readers will complain to the editor if there are errors in the ads. The international publisher who was not aware of this found that his editor was refusing ad copy and threatening to print blank pages when this was questioned. Ultimately the publisher agreed that the best way to deal with this was to make a virtue of it and to publicize the code.

By and large, it would be true to say that the domestic Japanese market can only be tapped with Japanese language editorial content. One small twist serves as an exception for international publishers – the brand itself. Several international publishers have commented that there is significant value in retaining the original 'English' brand name and logo-style. This can help to distinguish the Japanese edition of an international title from its purely domestic rivals.

The market for independent publishing is very limited. Vickie Paradise Green of well-established Tokyo custom publisher **Paradigm** says “The change that has most affected this field has been Japan's decade-long economic slump. There never were many such locally published magazines in this market; most disappeared even before the bubble burst because of their high operating costs, limited readership, and consequent limited advertising.”

Green also thinks that the success of the major English language financial newspapers, *Nikkei Weekly*, and the Japan editions of the *Wall Street Journal* and

Financial Times have “played an important role in the disappointing condition of the independent financial magazine press”.

5.2 Circulation

Paid circulation is the norm in Japan. Newsstand distribution is enormously important for the general business magazines particularly at railway stations and convenience stores.

For trade titles paid subscriptions have traditionally dominated the market. In a number of markets, however, well-established domestic publishers have had some difficulty maintaining subscriber numbers in the face of economic downturn.

Reed Business says it has been successful with controlled circulation in the electronics sector with its *EDN Japan* which was launched in March 2001. The company increased its BPA-audited circulation base from 25,000 to 30,000 for 2003.

There was, however, a high price to pay establishing a new circulation database in Japan. Qualified lists are not typically readily available and a “ground-up” approach is required to build a circulation. Extensive direct marketing to invite subscriptions is a laborious process but often the only alternative. To rent sufficient lists for direct marketing and pre-launch promotion was extremely expensive for Reed leaving the company with pre-launch costs which it expects to take some time to recoup despite higher than expected revenues. Others comment that international telephone companies and foreign airlines can be good sources of lists for foreign language publications.

5.3 Distribution

Unlike the subscription-dominated North American market, more than 90% of magazines of all types in Japan are sold at newsstands and book stores. Convenience stores account for 28% of Japanese magazine sales, railway kiosks have a 13% market share, while bookstores account for 56% of sales according to Yohan, one of the major distributors of magazines.

Although subscription sales are only 10%, of the total market, most of them are

business magazines. The big publishing companies are now trying to increase their subscription sales for general magazines. A number of business magazine publishers including **Nikkei BP** are selling some of their titles through subscriptions only.

Magazines are sold on a sale-or-return basis, as retailers and wholesalers are not prepared to accept firm sales. Industry experts do not anticipate any change in this in the near future.

Vickie Paradise Green at **Paradigm** notes that there is an important regulatory issue around distribution which can make a huge difference to a publisher's profitability. "It is essential to understand and conform with Japan's complex postal regulations in order to qualify for and retain periodical rates which are less costly than first-class mail", she says. Consultant Don Brown notes that "as a publisher of a weekly magazine with around 70,000 copies going through the mail, managing process and cost in this area was always a priority. You really got penalized for going over in weight and packaging (wrappers) had a long list of regulations".

Circulation of foreign language titles

Bookstores also account for 90% of international press circulation. Major bookstore chains such as Maruzen, Kinokuniya, Yurindo, Junkudo and Sanseido have separate departments for foreign language publications, and they have fairly large spaces to display a good selection of titles says Mr. Nori Watanabe of Yohan, the largest distributor of English language business magazines. Other chains and independent bookstores have more limited space for foreign press, so they can only offer a small number of titles including dailies, newsweeklies and a few major internationally recognized monthlies.

Some of those interviewed say that getting access to the distribution system can be challenging and that the cost of commissions and pricing can make the system uncompetitive for independent publishers. Vickie Paradise Green of **Paradigm** comments "Postal distribution is not a very reliable alternative because the rates are so very high, while the public is not in the habit of subscribing to magazines (although business offices certainly are)."

Watanabe notes that newsstands at international hotels and airports in large cities are also important outlets for foreign language magazines and newspapers,

though sales at these newsstands are not as important as 15 or 20 years ago. Some supermarkets and convenience stores that offer imported products for expatriates and Japanese with high income carry a few dozen imported magazine titles.

Other sales points for international magazines are university coops, but lower prices must be offered to attract students who have limited means.

Foreign language magazines are not available at some of the major sales points for domestic publications, such as railway kiosks and convenience stores. Because of limited space, they are only interested in carrying fast-moving popular local titles that sell in large quantities.

2002 saw a significant change in the distribution of international press, as two of the three players pulled out of retail distribution. OCS decided to withdraw from single-copy sales and to concentrate its efforts on subscriptions of newspapers and magazines. Hubnet, another magazine and newspaper importer, ceased operations as a distributor for foreign press. This now leaves only one importer, Yohan, which distributes foreign magazines to retailers all across Japan with its own national sales network and seven business offices in Tokyo, Osaka, Sapporo, Yokohama, Nagoya, Fukuoka, and Okinawa. The company also deals with 12 local magazine wholesalers for distribution to outlying cities.

In March, Yohan merged with Tuttle Shokai, a long established distributor of foreign language books in Japan. The new company, to retain the Yohan name, will have 70% of the general foreign book market in Japan as well as 100% of the foreign magazine business. It appears, that the process of consolidation in this sector is continuing and no potential new competitors to Yohan's domination have yet appeared.

Newsstand sales of English language news and business magazines probably account for 10 - 20% of the total sales, while 80 - 90% of sales come from subscriptions. This estimate is based on the figures for *Time*, *Newsweek*, *Business Week*, and *The Economist*.

Foreign publishers interested in expanding their presence in Japan have to find ways to increase awareness of their brand names among Japanese consumers. Tie-ups with Japanese media can provide opportunities for their names and articles to appear in Japanese magazines, newspapers, radio or TV. Some consumers who hear or read these may then like to read the original articles in English say Yohan's Watanabe. Early, accurate and regular information and

highlighting of major articles are important, he adds.

It can also be useful to provide merchandizing materials such as posters, stickers, shelf-talkers and give-away items. Last but not the least, the "personal touch" is important in this market. Personal and continued contacts with Japanese companies are vital for conducting successful business in Japan, says Watanabe.

5.4 Advertising sales

There are a number of special issues in Japan in relation to advertising sales, largely revolving around data availability and quality. These issue include:

- 1) Lack of media data: Nikkei says that most Japanese magazine publishing companies do not publicize their media data. Even big publishing companies like **Koudansha**, **Shougakukan**, and **Shuueisha** have not opened up their magazines' data. **Nikkei BP** says it is one of the exceptions who have publicized their data.

In order partially to address this issue, a data service called Magascene is produced by a company called Videoresearch (www.vrnetcom.co.jp). It sells data covering some 500 magazines including the quantity and quality of each magazine's readers and comparisons between magazines. There is also data about advertising rates and circulation numbers by prefecture as published by the Japan Magazine Advertising Association (JMAA).

- 2) Circulation Audits: Of the approximately 3,500 magazines of all types published in Japan, only 128 magazines are audited by ABC Japan which was established in Tokyo in 1952. BPA audits one Japanese magazine, *Asia Electronics Industry*, an English language Pan Asian title which is produced by **Dempa Publications** in Tokyo.

Complaints are regularly raised about this lack of audit data by the Japan Advertisement Sponsors Association (JASA) but the industry still prefers to promote self-regulated self-publication of circulation data. This approach relies upon the knowledge of media buyers about how circulations are typically inflated. "A rule of thumb is that you take one-half or one-third of the publisher stated numbers to estimate the actual number of copies sold when they are not audited", says one industry commentator.

Market leader, **Nikkei BP**, says that it now has an ABC audit for all of its

magazines. It is possible, therefore, that audits will gradually become an accepted norm in Japan. This remains so way off in the future.

- 3) Discounting: In many industry sectors of the trade press, there is deep discounting from ad rates which are already relatively low. This is typically due to large numbers of very small, family-run businesses competing for advertising from a diminishing number of manufacturers whose profits are being squeezed by Japan's poor economic performance. This is particularly marked in traditional sectors such as industrial machinery and, in the past 2 – 3 years, IT. Other areas, such as health and food ingredients are reported to see less pressure for discounting.
- 4) Research: Although they will tolerate what by US standards are poor quality media data, Japanese advertising buyers are said to be very fond of research. One publisher told us that his clients are particularly keen on customer awareness and benchmarking surveys before and after ads are run. Offering these has been a good source of income for the company as well as a useful ad sales tool.
- 5) Trust: Several publishers commented on how important is the concept of trust in the mechanics of placing and receiving advertising orders in Japan. Some agencies submit orders to magazines without client or price details. These orders are always honored. This may be what is behind the fact that some of the well-established and larger local publishers will only accept advertising from a limited number of designated advertising agencies – an inflexibility on which some emerging competitors try to capitalize.

5.5 Lists & Databases

Several publishers comment on one particular advantage that international publishers have in Japan, particularly in trade publishing. “Japanese companies love world-wide lists” says one publisher. The local firms, even those as large as Nikkei, can't really compete with names outside Japan. The global ad sell is not always easy but there appears to be great potential in Japan for the global list sale.

5.6 Custom publishing

There are in Japan opportunities for specialized custom publishers on a relatively

small scale. One such is, for example, **Paradigm**, established 11 years ago by Vickie Paradise Green, an American based in Tokyo. Paradigm publishes five magazines for the American Chamber of Commerce in Japan, the Foreign Correspondents' Club in Japan, the Italian Chamber of Commerce in Japan, Tokyo General Agency, a relocation company and the Urban Land Institute based in Washington, D.C.

In addition to the magazines, the company publishes employee newsletters in English for worldwide distribution for Takeda, the largest pharmaceutical company in Japan, Santen, an eye care pharmaceutical company, in English and Japanese; and JP Morgan bimonthly, in English and Japanese. Companies such as this can also publish annual reports and web sites.

6. Experience

6.1 Case studies

6.1.1 IDG

IDG is the largest international B2B publisher in Asia with strong operations in most Asian markets, most notably China. David Hill, President & CEO of **IDG International Publishing** shared his thoughts with BSG on developments in Japan:

What are IDG's operations in Japan at the moment?

IDG has a fully owned subsidiary publishing a variety of magazines, web sites and trade shows. We have had additional license relationships in the past but terminated all of them some years ago.

Do you think the opportunities for foreign companies are changing there?

There certainly seems to be more flexibility these days on the part of Japanese companies to consider reasonable partnerships with western companies.

What features of the Japanese business media market do you think are different to other major markets?

For starters, the standards of journalism are far different in Japan. The type of hard-hitting, probing journalism routinely practiced in the West are almost unknown in Japan. This produces a kind of magazine that is informational but not always informative. To be critical of anyone or anything is still an awkward proposition for the Japanese, and thus a critical press is a severe challenge. The press is expected to be a supportive player, not an intelligent critic.

Are there particular challenges to operating in Japan?

The Japanese business market is probably the most foreign market in the world for a western businessman. The process of doing business, the understanding of business ethics, the ideas of fair and unfair, the process of establishing business relationships, the speed with which things operate, the avoidance of direct communications all are aspects that make it very difficult for a western business person. The "good old boy" network in Japan puts most of the rest of the world to shame. The Japanese system still operates strongly in defense of itself in a xenophobic kind of way. Penetrating that system remains a time-consuming

process.

Are there particular restrictions for a company such as IDG to operate in Japan?

There are no particular restrictions aside from the cultural mentioned above. One restriction is the difficulty in hiring high-caliber management in this environment. Working for a foreign owned company still has a certain stigma to it unless it is an extremely prestigious firm.

6.1.2 Reed Business Information

Reed has had an electronics publishing business based in Asia for a number of years with *EDN Asia* until recently published from Hong Kong. “Unlike Korea and Taiwan, though”, says Martin Savery, RBI-Asia’s outgoing Publishing Director, “You can’t do it at arm’s length from Hong Kong” for Japan. “You have to be insiders in Japan with a full team”. That is why, he says, Reed decided to buy its established media rep business. “They were local, in-market and had a substantial customer base”, he says. Starting with 12 people, today they have 18.

Reed took its time to get the product established. Firstly, says Savery, “We were greatly assisted by **Reed Exhibitions**’ 30 years presence in the market”. Then, research into the Japanese title started in mid-1999. The company was fully established in 2000 and the new magazine, *EDN Japan*, launched in March 2001.

“We are now perceived as successful” says Savery. “The business is well ahead of projections. Revenues are way beyond what we imagined.”

6.2 Practical guide to market entry

When asked about the challenges of doing business in Japan, responses are consistent with Vickie Paradise Green’s view. The challenges, she says, are many. The Japanese style of conducting business can appear laborious, slow and convoluted. “Long-term relationships between Japanese companies can sometimes mean that a foreign company will be locked out” she says.

It is difficult for foreign-owned enterprise, particularly smaller ones, to obtain financing independently or short-term credit; some resolve this by finding local partners. Suppliers are reluctant to give credit, but a good many business clients may take 60, 120, or 180 days for settlement. Some settle with promissory notes.

Terrie Lloyd at *J@pan Inc.* notes “the market is clearly over-serviced, and the competition is fierce. That said, there are many niches which just simply are not filled, thus creating opportunities for foreign companies”. He notes that ad revenues are down, but that the market has not been so badly affected as the US, “so the main players are still in reasonably good shape”.

Lloyds notes that the Japanese read a lot of magazines, and thus represent an excellent market.

6.2.1 Partnership models

In its interview with us, **Nikkei BP** provided a road map to the opportunities that it perceives for collaboration. These are as follows:

- 1) Licensing: With its paid subscription model, there is a good deal of high quality technology editorial available in Japan. There are opportunities for licensing editorial content in both directions.
- 2) Books contracts: **Nikkei BP** also sees opportunities for cross-licensing books produced by business publishers.
- 3) Joint ventures: There are a limited number of joint ventures between foreign media companies and Japanese counterparts. **Nikkei BP** gives the example of its 1994 50:50 joint venture established with **National Geographic** which has been successfully publishing a Japanese edition of National Geographic in Japan.
- 4) Internet content agreements: Having partnership in Internet area and using contents mutually. **Nikkei BP** says it has already established such relationships with the US, Europe, Korea, Taiwan and China.

One of characteristics of **Nikkei BP**'s partnership with foreign media companies is non-exclusive cross licenses. The company says it may give a license for one magazine to one company and a license for another magazine to another publisher even if the second is a competitor of the first.

6.2.2 Go it alone

Despite the challenges which have been fully outlined in the preceding sections, there are now several examples of successful efforts by international business media players to establish their own businesses in Japan. **Reed** has done so on both the publishing and events side, **IDG** has its own operations as does **CMP**

(although the Japanese business it acquired and has assimilated was a good deal larger than its own business).

It is clear that there are good potential rewards for an international business media company in the Japanese market if it is willing to do the following:

1. Make a serious, long-term commitment to Japan.
2. Invest substantially in establishing a market presence.
3. Be patient with a deal-making process which can be far slower than in North America.
4. Learn to work in Japanese.

These challenges apply to many emerging markets and make many of them financially unviable. Japan, however, is not an emerging market. It is a fully-established, mature market whose scale makes it worth giving serious consideration to working through the challenges.

7. Resources

A section providing lists of useful information resources to readers.

Media specific

ABC Japan (Japanese-language only site) www.jabc.or.jp

Dentsu www.dentsu.com

The Japan Magazine Publishers Association www.j-magazine.or.jp

Japan Advertising Agencies Association www.jaaa.ne.jp

The Japan Newspaper Publishers & Editors Association www.pressnet.or.jp

Japan Exhibition Association www.nittenkyo.ne.jp/index_en.html

Japan's Publishers Association Tel: 03-3943-2311

General business sites

CIA World Factbook www.cia.gov

Hong Kong Trade Development Council www.tdctrade.com

Japan External Trade Development Organization www.jetro.org

The American Chamber of Commerce in Japan www.accj.or.jp

United States Embassy, Tokyo <http://usembassy.state.gov/tokyo/>





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