

Cool Japan Strategy

July 2012

Ministry of Economy, Trade and Industry

Cool Japan Strategy

Objectives

- Economic growth depending solely on automobile and consumer electronic industries has come to the turning point. Japan cannot survive increasingly severe competition with emerging economies only through cutting production cost.
 - Japan should find a new approach to ensure employment and opportunities for young people, and for medium and small businesses, as well as to make economic growth in the future.
- ⇒ Aims to capture 8 to 11 trillion yen of the world market by 2020, making creative industries the new core of Japan's economy.

Initiatives so far

- METI has started overseas projects since FY2011 (shown in the chart below), which have worked to trigger the development of sales channels in various fields.

France (town development, regional products)

- "Branding" by communicating "town development" efforts by the disaster-affected regions based on regional natural environment, customs, aesthetics, etc.; supporting reconstruction by generating high value-added products

France (daily goods, interior products, textiles)

- Selecting regionally designed products using the "discerning eye" of a team of young creators; developing sales channels while generating topical interest in Paris

France and China (textiles)

- "Branding" by presenting textiles, which are the sources of appeal of Japanese fashion, at the world's top fashion exhibitions; leading the entire fashion industry

France and China (traditional craftwork)

- Developing overseas sales channels for traditional craftwork products, mainly Japanese tableware
- Proposing tableware and other craftwork products suitable for local lifestyles and meals, while explaining the cultural background, use, and how to enjoy them

India and Italy (fashion, food, design, content)

- Supporting overseas expansion of the "Tokyo Collection" and overseas activities by young designers
- Expanding the Japan fan base by "branding" not only fashion but also food and daily items

France (content)

- Utilizing international events held in France, where people have strong interest in Japanese culture and from which market expansion to other European countries can be expected, to communicate information on Japan's creative industries, mainly content companies, thereby promoting further expansion into Europe

India (content, fashion, food)

- Promoting consumer products industry markets while pursuing joint Japan-India anime production and character development

China (regional products, content)

- Nationwide uncovering of local products and their PR and sales through China's TV, e-commerce, etc., in collaboration with the Anata no Machi ni Sumimasu Project (project in which television personalities live in each of Japan's 47 prefectures)

China (housing)

- Promoting sales of near-future "lifestyle packages" based on the keyword "housing" in cooperation with housing manufacturers, interior-related businesses, manufacturers of energy-saving appliances, etc.

U.S.A. and France (traditional craftwork)

- Supporting overseas expansion of traditional craftwork products by partnering Japan's traditional craftwork with fine European brands; generating topical interest and selling to affluent Europeans using the "discerning eye" of well-known artists

U.S.A. (food, daily goods)

- Selling rice cookers and sets of dishes and cooking utensils together with rice and soba, while communicating Japan's worldview (hospitality, warmth, stylishness)

South Korea (food, regional products)

- Promoting sales of foods and regional products as well as tourism to Japan by creating venues for exchange between agricultural and fishing villages in Kyushu and South Korean urban areas

Brazil (regional products)

- Developing sales channels for regional products by ascertaining Brazilian consumers' preferences by, for example, setting up satellite stores in Brazil in order to promote sales of Japanese regional products to Brazilian hotels, restaurants, etc.

Singapore (Tohoku food products)

- Building a new "Japan food brand" (including food items from Tohoku) through partnerships with restaurant businesses in Singapore and top Japanese chefs

Singapore (content)

- Promoting development of anime characters using Singapore as a base for dissemination to Southeast Asia
- Highlighting the revitalization of the Japan brand through partnerships with existing private sector events and relevant private organizations

Singapore (fashion)

- Tying Japan's street fashions to the Japan brand and test-marketing in department stores in Singapore and through the Internet
- Expanding the Japanese fashion fan base through PR aimed at local consumers

Matching of business operators (content)

- Establishing strategic business expansion plans for major targeted countries for overseas expansion for creative industries, mainly content companies, and concretely creating consortiums of companies that may be the core of those plans

Overseas Project 1: Case Study (Singapore)

While creating a marketing platform for small and medium Japanese apparel brands in Singapore, the project built local consumer interest in Japanese fashion and constructing a network of local overseas Chinese retailers.

Participating brands
(15 rising apparel brands)



Bricks-and-mortar stores

Internet stores



Building fans (media mix)
Combining stores, internet, events, and other media to transmit information on Harajuku Street Style

Develop a "Harajuku Street Style" e-commerce site.

TANGS Orchard, a 15,000 m² urban department store with four above ground and one underground stories. It targets customers in their mid-20s through 30s. Independent product lines and original brands are common.



Overseas Project 2: Case Study (India)

Promoting Japanese consumer products industry markets (food, stationery and daily goods, baby goods), while pursuing joint Japan-India anime production and character development, based on Japanese anime, which has been gaining popularity among children in India

Japan-India anime production

● Kodansha ● Pierrot ● Fuji Creative Corporation, etc.

Japan-India anime production

*Character development X Consumer goods (stationery goods, baby goods, food, etc.)
Developing new products suitable for the Indian market by adding new content to Japanese products*

● Kokuyo ● Pigeon ● Kikkoman, etc.

PR activities in India's largest city, Mumbai

Main event

Cool Japan Festival

Mar. 15-18
2012

Attracted
over
60,000
visitors

Content

Fashion

Food

Stationery and toys

Tourism

■ Cool Japan Festival

(held at High Street Phoenix in Mumbai from March 15 to 18)



Future Approach

■ The following measures will be promoted to establish a new business model making large profits, thereby broadening the industrial base.

1. Combining Japanese contents and consumer goods

- Aiming to make large profits by combining Japanese contents and consumer goods
- A meeting to match content holders and consumer goods manufacturers held on March 12
- Offering support to create concrete consortiums leading to successful cases

2. Collaborating with retail distributors, including commercial facilities

- Aiming to make large profits through collaboration with retail distributors, including commercial facilities
- Holding large-scale business matching events to support the creation of consortiums, encouraging new business start ups, and helping business promotion, thereby creating successful cases

3. Exploring regional resources and communicating information globally

- Exploring undiscovered regional resources and communicating information thereon globally, thereby revitalizing local communities and attracting tourists
- In order to attract overseas demand in respective regions, facilitating links among producers familiar with foreign markets, the tourism industry, resources unique to respective regions (food, traditional craftwork, culture), and various entities (creators, companies, NPOs, citizens, local governments, etc.)
- Offering support for building a platform for collaboration among relevant entities

[1] Challenges for Content Overseas Development

- To create successful cases of global “Big Profit-earning” with combination contents and consumer products, taking advantage of the ability to compete in overseas markets and to pull in more audiences
 - METI held a “Cool Japan Grand Meeting” for business matching between major content holders and consumer product companies on May 12th.
 - Pop culture including animation, idols and B-grade gourmet food are one of principal pillars of culture and arts boosting “Cool Japan”
- To work to ensure continual broadcasting and distribution for contents as well

1. Big Profit-earning

To work on overseas development with plans for not only (1) content export but also (2) secondary use and (3) promotion for sponsors



Tangible cases of consortium (examples)



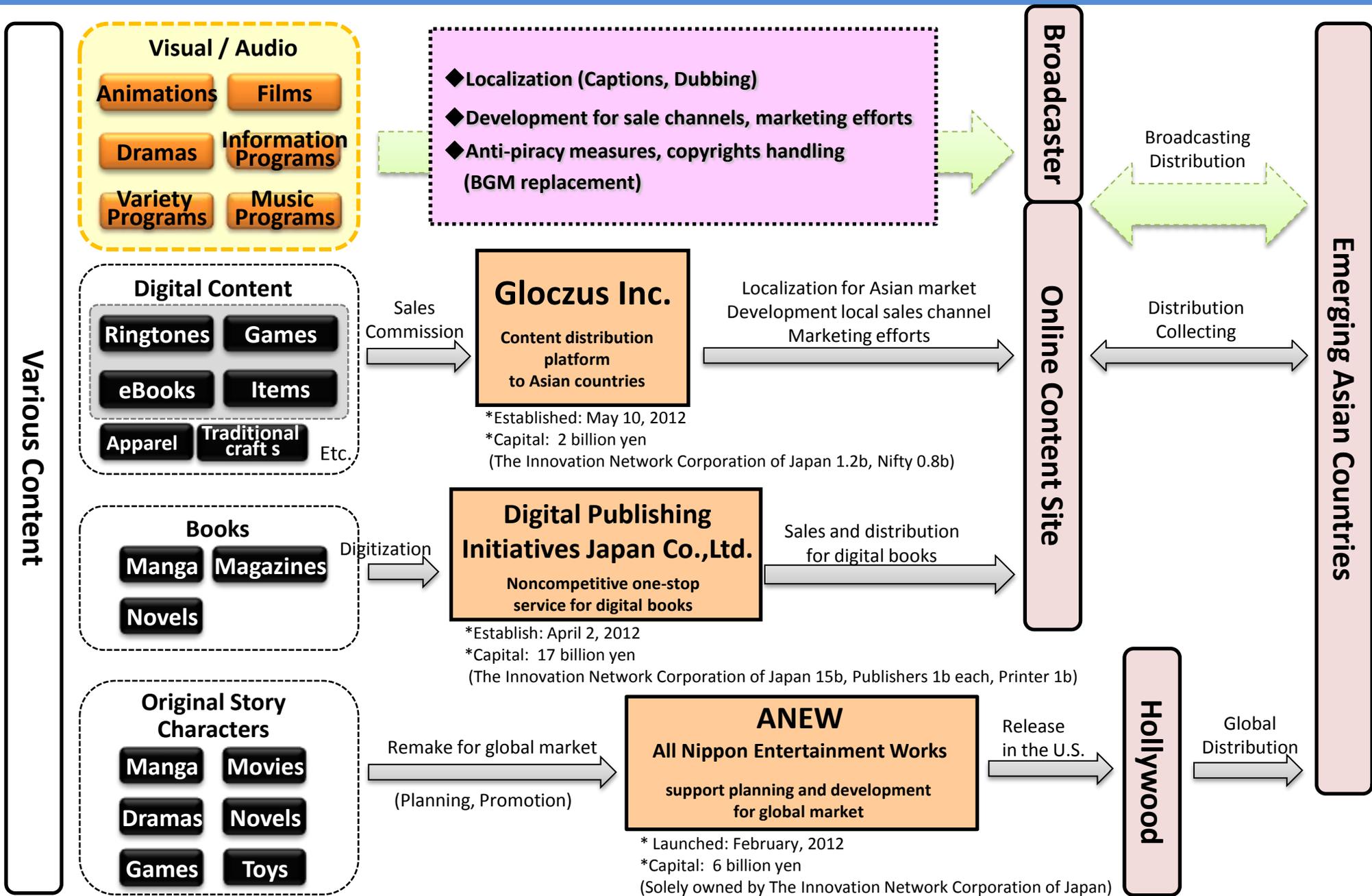
2. Continual exposure

To ensure continual broadcasting and distribution for contents so that Japanese contents are widely watched at local sites and the popularity of the “Made in Japan” brand is kept up



➤ METI supports the content industry with localization (translation, etc.) and business matching between content holders and sponsor companies, in efforts to ensure opportunities for continual exposure of content in target countries.

Work Flow to Support Content Overseas Development



[2] Collaborating with Retail Distributors, Including Commercial Facilities

- Local bureaus should closely cooperate with local governments and local private companies to explore and utilize undiscovered regional treasures, which play significant roles in the Cool Japan strategy, and should make efforts to identify targeted buyers and increase sales in collaboration with commercial facilities and other retail companies.
- A meeting to match retail distributors, including commercial facilities, and food, fashion, anime, and regional products was held on April 24.

“Want to expand business to Asian countries but have difficulties in making negotiations independently”

“Have a sense of crisis in Japan’s declining presence in Asia”
“Seeking new businesses through differentiating Japan’s originality”

SMEs (creative industries)

SMEs, etc. that have attractive commodities or brands and are eager to expand business overseas, but are in need of a common base for overseas expansion
Apparel, accessories, cosmetics, music, anime, character toys, food, etc.



Participation

Platform to create Cool Japan consortiums

Diversified brands and commodities



Distributors/ media

- ✓ SMEs: Presentation of the concept of their original brands and commodities
- ✓ Commercial facilities/distributors: Presentation of their superiority in location and needs of targeted buyers

Collaboration

Commercial facilities, retail companies

Developers and retail distributors offer a section of their overseas shops/malls and streets as a “Japan floor” or “Japan street,” positioning these as local sites (the spokes) of sanctuaries in Japan (the hub), and attract tourists to Japan as well.

Representing Japanese developers

Japanese distributors expanding business overseas

Creation of consortiums

- ✓ Differentiating Japanese companies from local competitors through integrating their living-related commodities
- ✓ Creating a business model wherein all the participants can enjoy merits
- ✓ Branding of Japan as a whole

[3] Exploring Regional Resources and Communicating Information Globally

- As an inbound strategy composing the Cool Japan strategy together with overseas business expansion, developing sanctuaries in Japan as the only spots in the world where people can experience the essence of Cool Japan, thereby attracting overseas demand
- Exploring local resources and creating wide-area creative cities by combining with the food industry and tourism industry
- Building a system to expand creative cities nationwide and communicating information globally

Major factors in building creative cities

■ Inviting outside personnel

(Examples)

- Building a network among producers familiar with foreign markets, the tourism industry, and resources unique to respective regions
- Fostering of producers

■ Participation of various entities and creation of bases

(Examples)

- Renovating a closed school and installing Wifi, etc.
- Strengthening collaboration through holding street events
- Providing financial support (favorable loan conditions by regional banks and Shinkin banks, creation of funds)

■ Industrialization of regional resources

(Examples)

- Utilizing regional resources, and regional brands and industries
- Regional food, traditional craftwork, history, and natural environment
- Utilizing activities for revitalizing communities and local shopping towns
- Tourism utilizing regional resources and local food

<Case study: Kanazawa>

A high class Japanese inn becomes a showcase to present the essence of Japanese charm, combining traditional craftwork and food

Building a platform or base for creation

System to generate new innovation

■ Environment to foster leaders

(Examples)

- A program wherein key persons foster the next generation

■ Commitment of local governments

(Examples)

- Communication of municipal branding strategy
- Relaxation of regulations

■ Future-oriented atmosphere

(Examples)

- Advertising original local activities via the media

< Case study: Naoshima >

Efforts have been made to enhance the charm over the area by developing accommodations for long stays, placing the Naoshima Contemporary Art Museum as its core.

Exploring Regional Resources and Communicating Information Globally (Challenges)

[Challenges]

There have been some individual successful cases, but their scales have not been large enough to support local economies as a whole. To develop these pinpoint initiatives to a larger scale and to make large profits should be aimed at. The following problems hinder such goals.

- Although there are rich regional resources nationwide,
 - i) their value has not been recognized by local residents or has not been discovered by outside people;
 - ii) efforts to utilize them have been made, but only independently by individual companies or within a single industry, while neither cross-industrial collaboration (which links regional resources and the design, art, content, services, or tourism industries) nor cross-regional collaboration (such as between Karatsu ware and woodwork in Tendo) have progressed; and
 - iii) such efforts have been made only within respective regions, and they have failed to establish networks linking to foreign countries, in particular.

- As regional resources have been managed mainly by individuals and SMEs,
 - i) their efforts to attract personnel who can extract new charm from regional resources have not been sufficient or they have lacked strategies necessary for overseas business expansion;
 - ii) they have difficulties in creating human resource networks and ensuring opportunity for collaboration;
 - iii) the efforts made by those individuals and SMEs have not been trusted or properly recognized in foreign countries; and
 - iv) they do not have enough information on overseas markets, and they lack appeal power and a communication base for overseas business expansion.



Exploring Regional Resources and Communicating Information Globally (Countermeasures)

[Countermeasures]

- Through actively utilizing outside personnel (= the “discerning eye”), measures should be strengthened to explore regional resources, promote collaboration among multiple industries, create new markets, enhance Japanese brands, and promote inbound tourism. (Assistance relating to human resources)
- Efforts should be made to build a platform for cross-industrial or cross-regional collaboration, and prepare a base for communicating information for promoting overseas business expansion and inbound tourism. (Preparation of opportunity for collaboration among various entities)
- A favorable environment should be developed to facilitate creative activities (events and filming, etc.) in towns. (Operation and relaxation of regulations, utilization of the special zone system)
- Support should be provided in an integral manner for discovering and networking personnel for creators and producers, collecting and providing know-how in successful cases, and strengthening communication power to provide information overseas. (Strengthening of domestic and overseas networks)
- A system should be created to recommend and grant awards for new initiatives for creative collaboration centering on regional resources. (Grant of credit)

