

# Cool Japan Strategy

(Modified version of the Interim Report  
submitted to the Cool Japan Advisory Council)

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Ministry of Economy, Trade and Industry

# Cool Japan Strategy (Bottlenecks)

## 1. Bottleneck

- “Cool Japan” (fashion, food, animation, daily goods, traditional craftwork of Japanese origin) has been gaining popularity worldwide. In particular, it has significant potential as an industry in emerging countries including those in Asia, where the number of wealthy class and middle class people is growing rapidly.

However, the following are bottlenecks.

### <Overseas expansion>

- (i) Main “Cool Japan” players are mostly SMEs and individual creators, etc., and
  - i) they have difficulty in collecting information about local markets and finding partners (information collecting ability)
  - ii) they have difficulty in securing space in local commercial bases (bargaining ability) and lack strong appeal to consumers (brand capability)
  - iii) they have difficulty in comprehensively introducing Japanese culture and lifestyle to create a boom in foreign countries (ability to globally introduce culture)
  - iv) SMEs cannot get a sufficient supply of risk money from financial institutions (funding ability)
- (ii) In the meantime, large companies (commercial bases and content distribution companies), which are expected to play a role as a platform to support overseas expansion of the Cool Japan strategy, have no clear profit model and take a cautious stance toward overseas investment to avoid assuming large risks alone. Financial institutions are also careful about supplying risk money to overseas expansion and new businesses.
- (iii) There are not enough opportunities to present Japanese visual content.
- (iv) Due to the fields being closely related to each country’s culture and daily life, entry regulations (regulations on distribution and content, etc.) are often imposed by the relevant country’s government.

### <Regional resources>

Although there are affluent regional resources nationwide,

- (i) local people are not aware of them, or outsiders have not discovered them.
- (ii) efforts are made independently by individual companies or among individual industries, and collaboration across industries (between regional resources and design, art, content, services, and tourism, etc.), collaboration among towns as a whole (towns’ overall efforts for branding such as by Ginza, Harajuku, and Kanazawa), and collaboration across regions (Karatsu-yaki china and dishes and utensils of Tsubamesanjo) have not progressed.
- (iii) efforts are ‘shut in’ locally and a network, especially linked to overseas markets, has not been built.

# Cool Japan Strategy (Past Initiatives)

## 2. Past Initiatives

### (1) Overseas expansion

- Offering of support for feasibility studies (F/S) and test marketing when SMEs, which play the central role in the Cool Japan strategy, jointly try to explore sales channels  
(METI has implemented Cool Japan Overseas Strategic Projects since FY2011)
  - Succeeded in discovering local partners and rejuvenating the image of Japanese brands in Singapore and India, etc.
- Creation of cross-industrial consortiums
  - Matching among SMEs, commercial bases, and content distribution companies
  - Now creating consortiums in emerging countries, mainly in Asia
- Top sales by METI Minister Edano in Singapore and India

### (2) Regional resources

- “CREATIVE TOKYO” project
  - Shopping districts, industries, NPOs, and national and local governments will work together to integrally introduce the appeal of Tokyo, thereby revitalizing consumption and attracting tourists.
    - 109 organizations are participating (as of September 2012)
  - As concrete efforts, Japan’s first street fashion show was held in Ginza in March 2012, in cooperation between the Ginza shopping district, department stores, the Japan Fashion Week, denim producer (Hiroshima), Tokyo Metropolitan Government, Chuo ward, the police, and METI.
    - Similar events are planned in Shinjuku and Shibuya. Related parties are now discussing regulations for implementing a vehicle-free zone, while referring to the model case in Ginza.
- Efforts for revitalizing local communities nationwide utilizing respective regional resources (Sapporo Special Contents Zone, etc.)
- METI Minister Edano appealed to Internet users to participate in Cool Japan (Nico Nico Cho-Kaigi: 3.5 million participants on the Internet)

# Cool Japan Strategy (Challenges)

## 3. Future Challenges

- There have been some successful cases, but as an industry, their scale has not been large enough. To develop these pinpoint initiatives to a larger scale and to make large profits is a big challenge for the future.

## 4. Administrative Project Review

On June 8 2012, external experts reviewed the Cool Japan Overseas Promotion Projects, which is a budgetary program of METI, and concluded as follows.

Evaluation: Required drastic improvements

- Show concrete roadmaps for acquiring a global market of 8 to 11 trillion yen, that is the the ultimate goal of Cool Japan Strategy, and set the results indicators that enable us to properly ascertain progress.
- Adopted projects should be limited to those that are beneficial to the whole industry and which should be implemented as government projects.

# Current Status of Japanese Economy and Cool Japan Strategy

## 5. Current Status of Japanese Economy and Cool Japan Strategy

- Under the very serious conditions of the Japanese economy such as intensifying competition with emerging countries, diminishing domestic demand, deteriorating growth potential, and battered local economies, we can no longer rely on conventional models of Japanese industry and economy, consisting of mass production, mass consumption and cost competition. Japan will never survive without creating new sources of revenues.
- Looking globally, the market for life and culture related industries is expected to expand rapidly, mainly in emerging countries in Asia (the market size will be over 900 trillion yen worldwide in 2020).
- Under such circumstances, we should promote the Cool Japan strategy to transform the appeal of Japanese culture and lifestyle (food, fashion, lifestyle, and various contents such as animation, dramas, games, films and music; and tourism) into added value (= create a mechanism to convert culture into industry) and create new growth industries, thereby preparing employment and opportunities for SMEs and young people.
- Through these initiatives, we should try to (i) acquire foreign demand amounting to 8 to 11 trillion yen (at present, only 2.3 trillion yen) from the 900 trillion-yen market, and (ii) revitalize domestic demand, create employment in local communities, and attract more foreign tourists.

# Cool Japan Strategy (Future Initiatives)

## 6. Future Initiatives

Taking into consideration the evaluation of the administrative project review, efforts should be made as follows.

(1) Embodiment of the concept of making large profits (roadmaps for acquiring the global market of 8 to 11 trillion yen)

The following three phases should be promoted integrally (content × consumer goods, collaboration with distribution and retail businesses, exploration of regional resources and international communication)

- (i) Widely disseminate content, fashion, food, and tourism of Japanese origin to overseas consumers to create a Japan boom in foreign countries [Media projects]
- (ii) Create a mechanism to gain profits locally through product sales and provision of services (stores, EC, TV shopping, etc.) [Distribution projects]
- (iii) Create a mechanism to invite Japan followers to “meccas” in Japan and promote consumption in Japan [Inbound projects]

(2) Roles that the national government should play

- (i) Share the strategy among the nation as a whole and conduct collaboration among ministries and agencies (Collaborate with the Cool Japan strategy, attract tourists, and export Japanese food, etc.)
- (ii) Comprehensively introduce Japanese brands, culture, and lifestyle
- (iii) Create a new incubation system
  - Combine SMEs, globally competent human resources, and public and private risk money
- (iv) Develop common infrastructures, such as securing local broadcast and distribution networks
- (v) Miscellaneous administrative services to individual companies (countermeasures against pirated copies and illegal distribution, demand on the relevant foreign governments for the easing of entry regulations, support for content localization, provision of market information by JETRO, and advice on legal or accounting procedures)

# Overall Image of the Cool Japan Strategy to Make Large Profits

