

**Product Market Study 2008**  
**Japanese DIY Products Market**



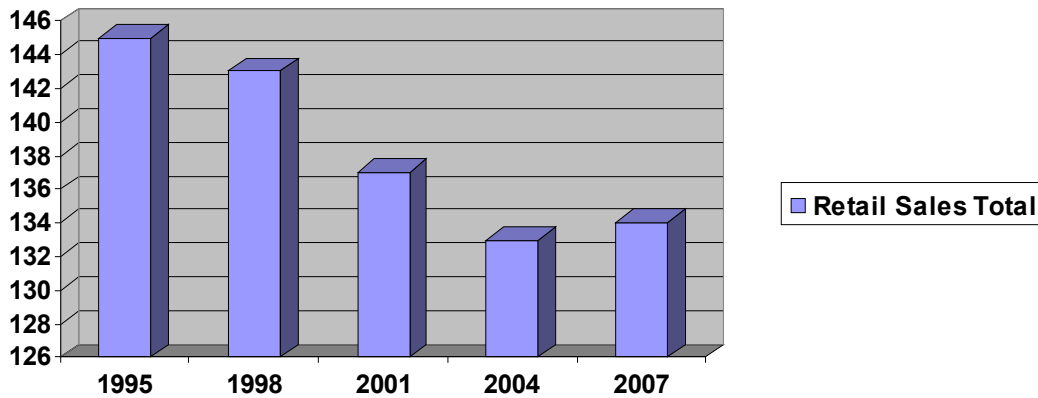
**MATRDE TOKYO**

## INTRODUCTION

For a long time, market size of Japanese retail industry has been shrinking due to long-term economic recession. However, recently, the industry is showing sign of slight recovery as shown in Figure 1. In 2007, total retail sales recorded at JPY134 trillion. Home centers which dealing with various DIY related products, have played an important role in the recovery of the retail industry.

Figure 1 – Retail Sales in Japan

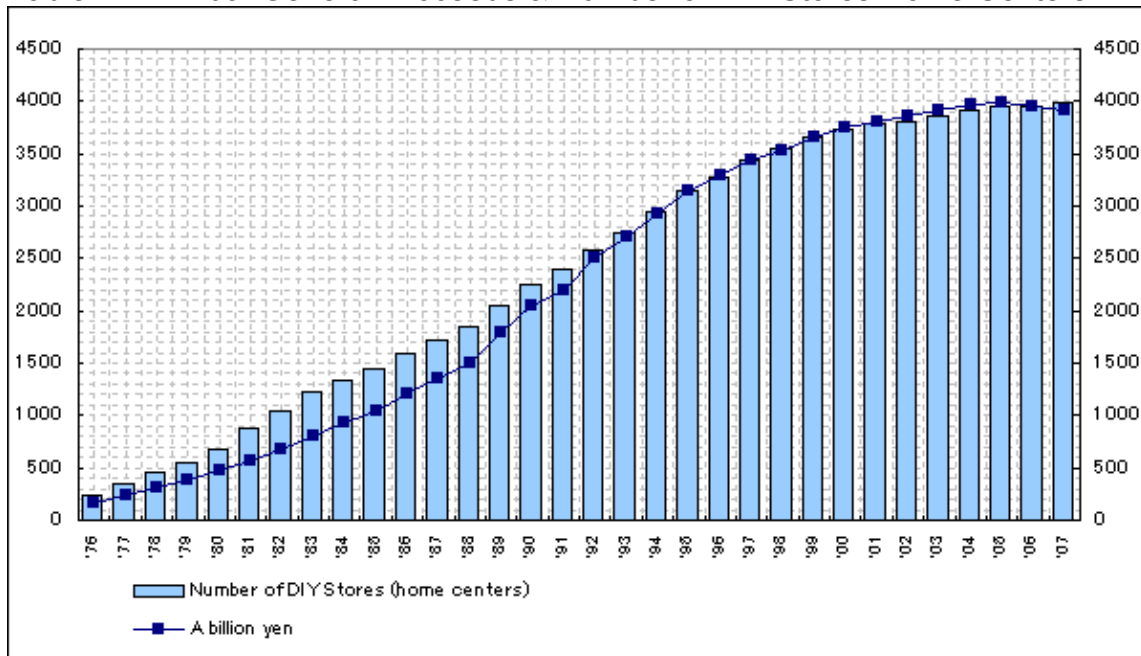
(Trillion Yen)



Source: Ministry of Economy, Trade and Industry, Japan

## GENERAL INFORMATION ON JAPANESE DIY HOME CENTERS

Table 1 – Annual General Proceeds & Number of DIY Stores/Home Centers



Source: Japan DIY Industry Association

According to Japan DIY Industry Association, to which the national leading 115 home centers belong to, in 2007, the market size for home centers was JPY3.92 trillion (approximately US\$39 billion), showing continuous increase in general. However, if we compare to their performance in 2005, it shows slight slowdown. Even though the market size of home centers are not as big as in 2005, but the number of DIY stores has increased to 3,980 in 2007.

It was estimated that the numbers of Home Center firms is around 200; however, most sales are generated by leading Home Centers, which are the members of Japan DIY Industry Association. Thus, total industry sales are estimated around JPY4.5 billion, according to the Association.

Japanese DIY home center industry consists of several leading regional chains, and there are no nation-wide chains as can be seen in other retail industries such as supermarkets and convenience stores. This is due to the different market/consumer requirements by regions. The six companies listed below are the major DIY home center firms with more than 80 outlets.

Table 2 - Major DIY Home Centers

Company name	CAINZ CO., LTD. [ <b>CAINZ</b> / 107 stores]
Address	380, Takaseki-cho, Takasaki, Gunma 370-0043
TEL	027-320-1886
FAX	027-320-1777
URL	<a href="http://www.cainz.co.jp/english_Site/e_index.html">http://www.cainz.co.jp/english_Site/e_index.html</a>
Market Area	North-Kanto region, Jyoshinetsu region
Company name	KEIYO CO., LTD. [ <b>KEIYO</b> / 124 stores]
Address	1-28-1, Mitsuwa-dai, Wakaba-ku, Chiba, Chiba 264-0032
TEL	043-255-1111
FAX	043-253-5951
URL	<a href="http://www.keiyo.co.jp/">http://www.keiyo.co.jp/</a>
Market Area	Kanto region, Chubu region
Company name	KOHNAN SHOJI CO., LTD. [ <b>KOHNAN</b> / 117 stores]
Address	6-637-1, Ohtori-Higashi-machi, Sakai, Osaka
TEL	0722-74-1621
FAX	0722-74-1631
URL	<a href="http://www.hc-kohnan.com/hc/foreign/engindex.html">http://www.hc-kohnan.com/hc/foreign/engindex.html</a>
Market Area	Kinki region
Company name	KOMERI CO., LTD. [ <b>KOMERI</b> / 462 stores]
Address	4453-1, Ibarasone, Shinane, Niigata 950-1456
TEL	025-371-4111
FAX	025-371-4151
URL	<a href="http://www.komeri.bit.or.jp/english/top_e.htm">http://www.komeri.bit.or.jp/english/top_e.htm</a>
Market Area	Shinetsu region
Company name	NAFCO CORPORATION [ <b>NAFCO</b> / 160 stores]
Address	1-2-16, Kaji-cho, Ogura-kita-ku, Kita-Kyushu, Fukuoka 802-0004
TEL	093-521-7030
FAX	093-521-1694

URL	<a href="http://www.nafco.tv/index.html">http://www.nafco.tv/index.html</a>
Market Area	Kyushu region, West Japan

Company name	HOMAC CO., LTD. [ <b>HOMAC</b> / 141 stores]
Address	2-1-41, Koubetsu-Chuo-3-jo, Koubetsu-ku, Sapporo, Hokkaido 004-8611
TEL	011-892-6611
FAX	011-892-2164
E-mail	<a href="mailto:info@homac.co.jp">info@homac.co.jp</a>
URL	<a href="http://www.homac.co.jp">www.homac.co.jp</a>
Market Area	Hokkaido, Tohoku region

Nowadays, there is a trend where most of home centers have established a mega size stores which occupied floor area for over than 10,000 sqm of retail floor space. For example CAINZ, JOYFUL HONDA and TOSTEM VIVA HOME, is actively launching these mega-size stores, the so-called “Super Home Centers”. Super home centers not only sell variety of DIY products but tie up with supermarkets, and establish food court, playground, etc., to attract more family visitors especially during weekends.

## DIY INDUSTRY SALES TREND

Japan DIY Industry Association has conducted a survey on sales composition based on data from major DIY firms in Japan as shown in Table 2.

Table 2 – Sales Composition by Product Categories (2006)

Classification A	Classification B	Products	Sales (%)
<b>Tools &amp; Materials</b>	Hand Tools	Carpenter Tools	2.8
	Electric Tools	Drill, Cutter, parts, etc.	2.5
	Working accessories	Carpenter wear, gloves, etc.	2.1
	Metal Housing Equipments	Metal fixtures, casters, etc.	3.3
	Paints & Painting Tools	Paints, brush, etc.	1.8
	Glues & Packing Materials	Glue, tape, rope, card box, etc.	1.9
	Woods and Building Materials	Timber, plywood, floorings, etc.	4.9
	Water, Gas, Tubes	Tubes, tap, etc.	1.5
	Housing Equipments	Bathtub, toilet, system kitchen, etc.	1.3
	<b>Subtotal of Tools &amp; Materials</b>		

<b>Electrics &amp; Electrical Products</b>	Lights & Lightings	Lights, wire, batteries, etc.	4.6
	Electrical Households	TV, radio, refrigerator, CD-Player, etc.	3.7
	<b>Subtotal of Electrics &amp; Electrical Products</b>		<b>8.3</b>
<b>Interior Products</b>	Interior Materials	Wallpaper, carpet, blind, etc.	4.6
	Furniture	DIY furniture, rack, etc.	3.9
	<b>Subtotal of Interior Products</b>		<b>8.5</b>
<b>Household Goods</b>	Household/Kitchen Goods	Kitchen goods, cleaning goods, etc.	8.0
	Household Expendables	Sanitary goods, toilet paper, detergent, etc.	12.1
	<b>Subtotal of Household Goods</b>		<b>20.1</b>
<b>Gardening &amp; Exterior Products</b>	Exterior Goods	Fence, balcony, terrace, stones, cleaning poles, etc.	3.0
	Plants	Plants, flowers, seeds, etc.	3.2
	Gardening Goods	Fertilizer, pesticides, gardening goods, etc.	6.3
	Pets & Pet Goods	Pets, pet food, etc.	7.5
	<b>Subtotal of Gardening &amp; Exterior Products</b>		<b>20.0</b>
<b>Car Goods and Gardening Goods</b>	Car Goods	Car maintenance goods, oil, tire, wheel, navigator, etc.	2.8
	Bicycles and related goods	Bicycle, parts, baby car, etc.	1.5
	Leisure & Sports Goods	Sporting goods, health maintenance goods, outdoor goods, camping, etc.	2.4
	<b>Subtotal of Car Goods and Gardening Goods</b>		<b>6.8</b>
Stationery & Crafts		Hobby goods, craft, stationery, toys, books, etc.	<b>5.1</b>
Services	Housing Reformation	Designing, construction, etc.	1.5
	Other Services	Delivery, rental, etc.	1.1
	<b>Subtotal of Stationery &amp; Crafts and Services</b>		<b>2.6</b>
Others		Food, clothes, cigarette, etc.	<b>6.7</b>

Source: Survey of DIY Industry 2006, Japan DIY Industry Association

Japanese consumers consider home centers as shopping place for DIY products, gardening goods and household goods, as they are usually cheaper than specialty stores. However, products like electrical households and car goods have shown slight decrease as compared to the same products sold in specialized electrical household outlets such as Yamada and Kojima, and car goods retail chains such as Autobacs and Yellow Hats where their sales were increased.

Home Center is a one-stop purchase center providing various products at reasonable prices. Although product range may not be as wide as compared to above mentioned specialized retail chains, Home Centers will surely continue to cater the demand for low-cost goods with its original product development, mostly produced overseas under their own brand.

### **Potential Product Categories – Pet-related goods, Stationery/Craft and “Idea-goods”**

Pets and Pet-related goods have now become one of the important driving forces for Home Center sales, accounting for 7.5% of total in 2006, and have increased to 8.2% in 2007. This is due to continuous increasing demand of owning domestic pets mainly dogs and cats, where it also contribute to growth in sales for related pets products and services such as trimming, bathing and healthcare.

Pet-related products can be care-goods, clothing, toys, accessories, pet foods, etc. In addition to regular products such as comb, cages, rubber toys, etc, there are unlimited opportunities for new items to be accepted by pet-owners, either functional or fashionable.

However, since nowadays, pet-owners tend to treat their pets just like human babies; safety is one of the important factors that must be taken into account for this product category as well. For pet foods, for example, although there are no legal restriction for usage of additives, regulation under the Pet Food Fair Trade Commission, indication of materials used is obligatory.

Malaysian manufacturers/exporters must also understand the pet-owning condition/situation in Japan.

Dogs, for example, used to be owned as watchdogs, thus, used to be kept outside the house. However, nowadays, even large-size dogs are kept in the house as “companion animals”. Average spending for dogs has increased therefore, currently estimated around JPY110, 000 (roughly US\$1,100) per dog a year. Breakdown is: Food (50%), Medical expense (30%) and others (20%).

The last category “Others” have potential for further growth, with over 25 million registered dogs and cats in Japan. Again, they do not necessarily have to be products that are indispensable for pet-owning.



#### Example: Toilet for Dogs

The product on the left is made in China, but some Malaysian exporters are supplying these plastic frames. Retail price is about US\$40.00.



#### Example: Clothes for Dogs

Under Japan-Malaysia Economic Partnership Agreement (JMEPA), tariffs have been removed for most textile products, offering business chance for Malaysia. The product on the left is made in China, sold at around US\$30.00.

Stationery and hobby/craft goods are another category that demonstrated slight increase in 2007. Unlike nation-wide electrical household outlets and car goods retail chains, current single-product-category retail industries such as individual stationery shops and bookstores are declining. Their market shares have been taken over by Home Centers and General Merchandise Stores such as AEON (formerly known as JUSCO) and Ito Yokado.

Based on the trade enquiries received by MATRADE Tokyo, there are demands for products such as adhesive tapes, clear folder, etc.

While supplying ordinary/regular products, home center is a place where original “idea” goods can be purchased. Malaysian household rubber gloves have high reputation, thus having large share at home centers. Due to this, on the other hand, it is difficult to largely expand sales, since demand is limited as well.

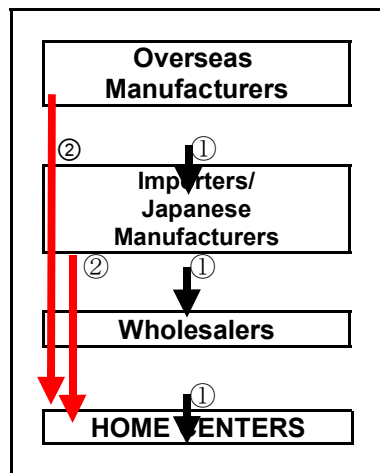
The photo below is a decorative household rubber glove, which have become popular among housewives a few years ago. While ordinary rubber gloves can be purchased at the price of JPY200-300, these gloves are sold at JPY2, 000 – 2,300. If consumers purchase these kinds of products as part of fashion, it can easily be imagined that they will possess several designs at the same time, while ordinary rubber gloves are purchased only “in case of need”. Unfortunately, most of them are imported from USA (such as Gloveables brand) and China

(Licensed product of Laura Ashley brand, for example). As a quality producer of rubber gloves, Malaysian companies must look into this development seriously.



## IMPORT SOURCE AND DISTRIBUTION SYSTEM

For foreign products, sourcing channel is diversifying, from the traditional sourcing method (①) to direct/indirect import (②).



Many DIY companies are welcoming product proposals, especially from overseas, some disclosing direct e-mail address of the import procurement division on websites, which is not a common practice in Japan. JOYFUL HONDA, CAINZ, KOHNAN and KOMERI offer foreign exporters to propose their products in their English website.

In addition to store-front sales, internet sales are another emerging distribution system. DOIT, for example, operates the largest shopping website in Japan. Procurement offer is available in their website: [http://www.doit.co.jp/english/english\\_f.htm](http://www.doit.co.jp/english/english_f.htm)

## IMPORT TRENDS

Market share of OEM products from China is the largest among all kinds of imported products in the DIY industry. This is due to low-cost factor; however,

recently, two negative factors are changing the trend; price rise and distrust towards product safety.

China, with its rapid economic expansion, is beginning to lose attractiveness as low-cost production source. Buyers are now looking at ASEAN as alternative source.

Although this has been a trend for the past few years, the recent food poisoning (insecticide-tainted) issue of Chinese “Gyoza” (Dumpling with minced meat and vegetable stuffing) was a determinant that led Japanese consumers to refraining not only from food products imported from China, but to other non-food products as well.

Among ASEAN, Malaysia is definitely one of the candidates that can replace existing products imported from China, having proved its product quality and price competitiveness through supplying various DIY products such as rubber gloves, plastic products, knock-down furniture, etc.

Japan DIY Industry Association says buyers would often travel overseas to participate in trade exhibitions, and visit local companies/factories to source new products, and MATRADE Tokyo have assisted several business trip in the past.

## **LABELING REGULATIONS**

### **Household Goods Quality Labeling Law**

The Law aims to protect consumers from losses caused by a lack of knowledge of products by requesting suppliers to provide appropriate labeling for consumers' correct understanding of products. JETRO provides English version of the Law in their website: <http://www.jetro.go.jp/en/market/regulations/>

For further details, contact:

Products Safety Division, Consumer Affairs Department, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry  
URL: <http://www.meti.go.jp>

### **Industrial Standardization Law**

(Voluntary Labelling based on Provisions of Law): JIS MARK



Under the Industrial Standardization Law, standards are set for the quality of industrial products. Products meeting the JIS standards may be labelled with the JIS mark of approval. Products are designated which

may be so labelled among the products covered by the JIS (“JIS Mark Labelling System”).

For further details, contact:  
Japan Standards Association  
URL: [http://www.jsa.or.jp/default\\_english.asp](http://www.jsa.or.jp/default_english.asp)

## **Recommendations for Malaysian Exporters**

Again, many Home Centers are offering product proposals, and Malaysian companies are strongly advised to log into their websites to submit their proposals. In doing so, suppliers must understand the market requirement and information of competing products, especially domestic brands. Quality-wise, buyers and consumers will expect equal quality as compared to domestic products, but being less expensive.

Distrust towards products from China, unfortunately, has given negative image towards imported products as a whole, except for world-known brands. With this in mind, for example, for pet-related products, it is more recommended to target on non-food products rather than pet foods and snacks, since currently, wherever import origin may be, no products can have higher consumer confidence than locally produced food products.

Product potentials are not only pet-related and stationery, but also include all categories listed in Table 2.

However, although news and statistics report that Japanese economy is recovering from recession, the demand towards “high-quality, low-cost product” trend is anticipated to continue, which is proved by the continuing growth of Home Centers offering such products.

## **RELATED ASSOCIATIONS AND EXHIBITIONS**

### **Japan DIY Industry Association (Organizer of Japan DIY Homecenter Show)**

<http://www.diy.or.jp/english/index.html>

Shin Kanda Bldg.5F., 1-8-5 Kajicho,  
Chiyodaku Tokyo 101-0044 Japan

Tel: (81)3-3256-4475      Fax: (81)3-3256-4457      E-mail: [diy@smj.co.jp](mailto:diy@smj.co.jp)

### **Japan DIY Homecenter Show**

<http://www.diy-show.jp/eng/top.html>

Japan DIY Homecenter Show is an annual trade fair, exhibited by 600 companies, attended by 70,000 visitors. 170 exhibitors are from overseas,

mainly from China. Home centers are the most potential target for foreign DIY products, and Malaysian companies are advised to consider participation in this show. Japan DIY Home center Show 2008 will take place at Makuhari Messe in August 2008. Interested parties can contact:

Show Secretariat (Overseas exhibitor only)

Space Media Japan Co., Ltd.

TEL: 03-3512-5670

FAX: 03-3512-5680

E-mail: [diy@smj.co.jp](mailto:diy@smj.co.jp)

## **JAPAN PET FAIR**

[www.jppma.or.jp](http://www.jppma.or.jp)

Japan Pet Fair is organized by Japan Pet Products Manufacturers Association, held biennially. Presented by 100 exhibitors (foreign exhibitor: 10%), the Fair attracts 180,000 visitors (40,000 – 50,000 buyers). The first two days are open only to professionals, and the last two days are open to public. Japan Pet Fair 2007 was held from March 29 to April 1, 2007, at Pacifico Yokohama. JPPMA is announcing call for application for 2009 in their website. Interested companies can contact:

Japan Pet Fair 2009 Secretariat (c/o Japan Pet Products Manufacturers Association)

TEL: 03-3206-9440

FAX: 03-3523-5660

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Prepared by MATRADE Tokyo