



No. 27

**March
1999**

JETRO

**Japanese Market
Report** –Regulations & Practices–

Glassware

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Yen – Dollar Exchange Rate

Year	Yen/US\$
1 9 9 4	1 0 2
1 9 9 5	9 4
1 9 9 6	1 0 9
1 9 9 7	1 2 1
1 9 9 8	1 3 1

Source : “International Financial Statistics,” I M F

Introduction

Essentially, glass products can be divided into two categories: for industrial and for consumer use. This report focuses on the latter, which includes kitchenware and tableware like glasses and plates; interior objects such as vases, ashtrays and desk accessories; and other ornaments (see Fig. 1). In this report, the term “glassware” is used for these products.

The purpose of this research is to study the current status of Japanese glassware market and support foreign companies in their efforts to export to Japan.

Fig. 1: Types of Glass Products

For industrial use		
For consumer use	Kitchenware and tableware	Glasses (tumblers, goblets)
		Plates and bowls
		Coffee pots and other tableware
	Interior objects	Vases and ashtrays
		Chandeliers
		Desk accessories and other ornaments
	Ornaments	Miscellaneous accessories

I. Market Summary

For the past five years, the sales value of glassware has experienced a decline owing to the prolonged economic stagnation (Fig. 2). On the other hand, the value of imports has grown (Fig. 3).

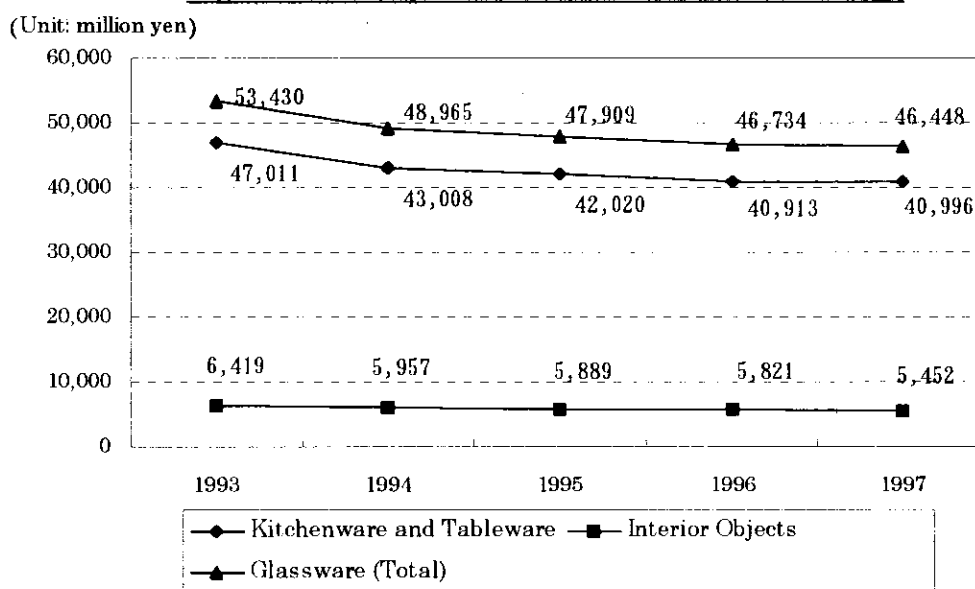
Glassware is mainly imported from Europe and Asia. In Japan, glasses (tumblers and goblets) hold biggest shares of total glassware sales. Glasses held 44% shares in 1997 (Fig.4). They are also imported mainly from Europe and Asia.(Fig. 5 and Table 1).

Imports from Asia are mass-produced and relatively inexpensive, and serve daily needs. Recently, the value of imports from China has risen, owing to increased shipments of color cut glasses. Color cut glasses made in China sell for about one tenth of Japanese fine handmade cut glasses.

Imports from Europe are widely ranged from popular products to deluxe crystal glass products. France, Italy and Czechoslovakia are big exporter to Japan among European countries. These three countries have a tradition of making excellent crystal glass products. Not only deluxe crystal glass products but also a large amount of popular products are exported to Japan from them.

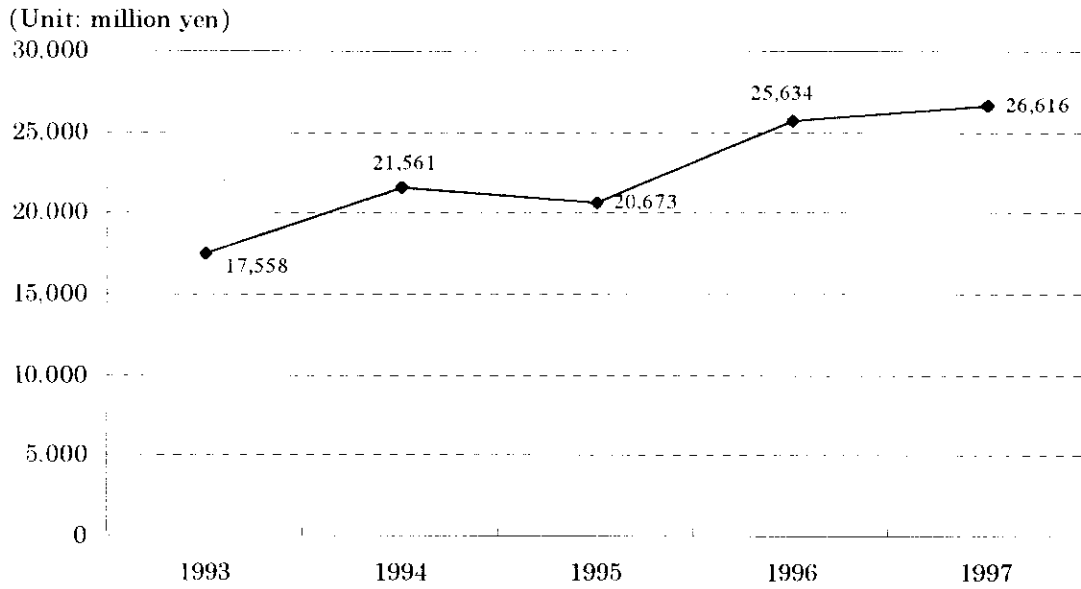
In recent years, sales of certain deluxe products with big-brand names are mounting rapidly. Even in the midst of economic stagnation, consumers seem willing to buy whatever they view as of good quality.

Fig. 2: Transition in the Sales Value of Glassware



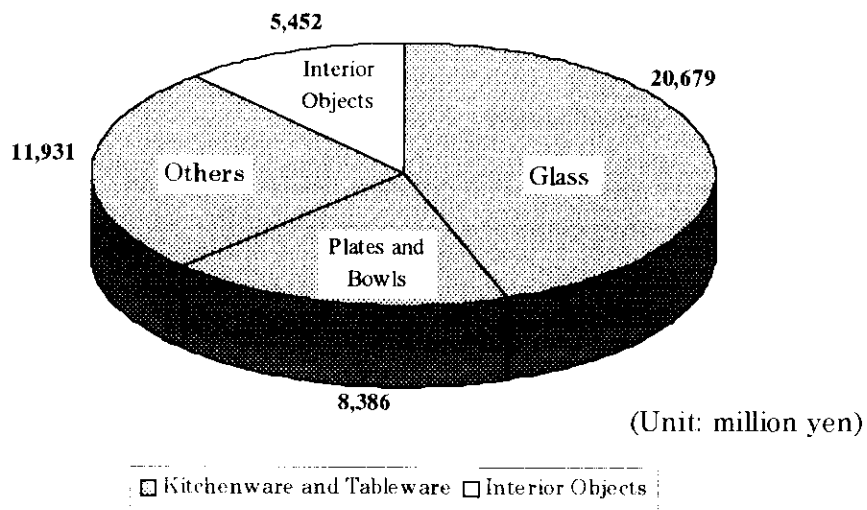
Source: "Annual Report on Statistics of Miscellaneous Goods,"
Ministry of International Trade and Industry

Fig.3: Transition in Import Value of Glassware



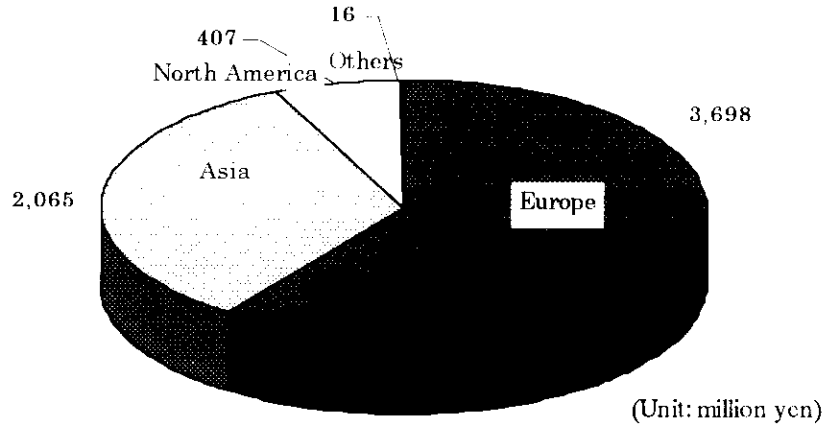
Source: "White Paper on International Trade,"(1994-1998)
Ministry of International Trade and Industry

Fig.4: Sales Value of Glassware in 1997



Source: "Annual Report on Statistics of Miscellaneous Goods,"
Ministry of International Trade and Industry

**Fig.5: Import Amount of Glasses (tumblers, goblets)*
by area in 1997**



*HS code No.7013.29-000

Source: "Japan Exports & Imports," Ministry of Finance

Table 1: Top Ten Exporting countries of Glasses (tumblers, goblets)* to Japan in 1997

(Unit: million yen)

	Country	Import value
1	China	1,047
2	France	995
3	Italy	489
4	U.S.	400
5	Czechoslovakia	399
6	R.O. Korea	394
7	Germany	384
8	Rumania	359
9	Thailand	332
10	Hungary	212

*HS code No.7013.29-000

Source: "Japan Exports & Imports," Ministry of Finance

II. Import System and Related Laws and Regulations

A. Inspection System and Related Laws and Regulations

As for imported glassware, Japan has no special law, regulations or inspection system. But the products must measure up to the same standards as their domestic counterparts.

1. Food Sanitation Law

The Food Sanitation Law, under the jurisdiction of the Ministry of Health and Welfare, stipulates that a product be subjected to a leaching test as required by the law to confirm that lead and cadmium are within leaching standards. The testing method and leaching standards are as follows;

a. Testing method

A test product filled with 4% acetic acid is left in a dark place at normal temperature for twenty-four hours, after which the amount of leached lead and cadmium is determined via atomic absorption spectrometry. The result is expressed in one of two ways: density for a deep container test vessel (depth of 2.5 cm or more when filled); or weight per unit area for a the shallow type (less than 2.5 cm deep when filled) or those which cannot be filled by liquid.

b. Leaching Standards

	Lead	Cadmium
Deep container (capacity less than 1.1 liter)	5.0 ppm	0.5 ppm
Deep container (capacity of 1.1 liter or more)	2.5 ppm	0.25 ppm
Shallow container and others	17 $\mu\text{g}/\text{cm}^2$	1.7 $\mu\text{g}/\text{cm}^2$

2. Household Goods Labeling Law

According to the Household Goods Labeling Law, under the jurisdiction of the Ministry of International Trade and Industry, products made of heat-resistant glass or reinforced glass must be so indicated to the consumers by labels, etc. The latter type must be labeled as “made of reinforced glass”; the former having heat resistance from 120°C to less than 400°C must be indicated as a “heat-resistant glass product,” while items having a capacity of 400°C or more must be marked as “super heat-resistant glass.”

B. Tariff

Japan imposes three tariff rates on glassware according to HS code and type:

HS code	Product	Standard rate	WTO agreement rate	Preferential treatment tariff
7013.10-000	Glass ceramics	4.6%	3.1%	0.0%
7013.21-000	Leaded glass tumblers and goblets	4.6%	3.1%	0.0%
7013.29-000	Other glass tumblers and goblets	4.6%	3.1%	0.0%
7013.31-000	Leaded glass tableware and kitchenware(except tumblers and goblets)	5.8%	3.9%	0.0%
7013.32-000	Heat-resistant glass tableware and kitchenware (except tumblers and goblets)	5.8%	3.9%	0.0%
7013.39-000	Other glass tableware and kitchenware	5.8%	3.9%	0.0%

III. Distribution

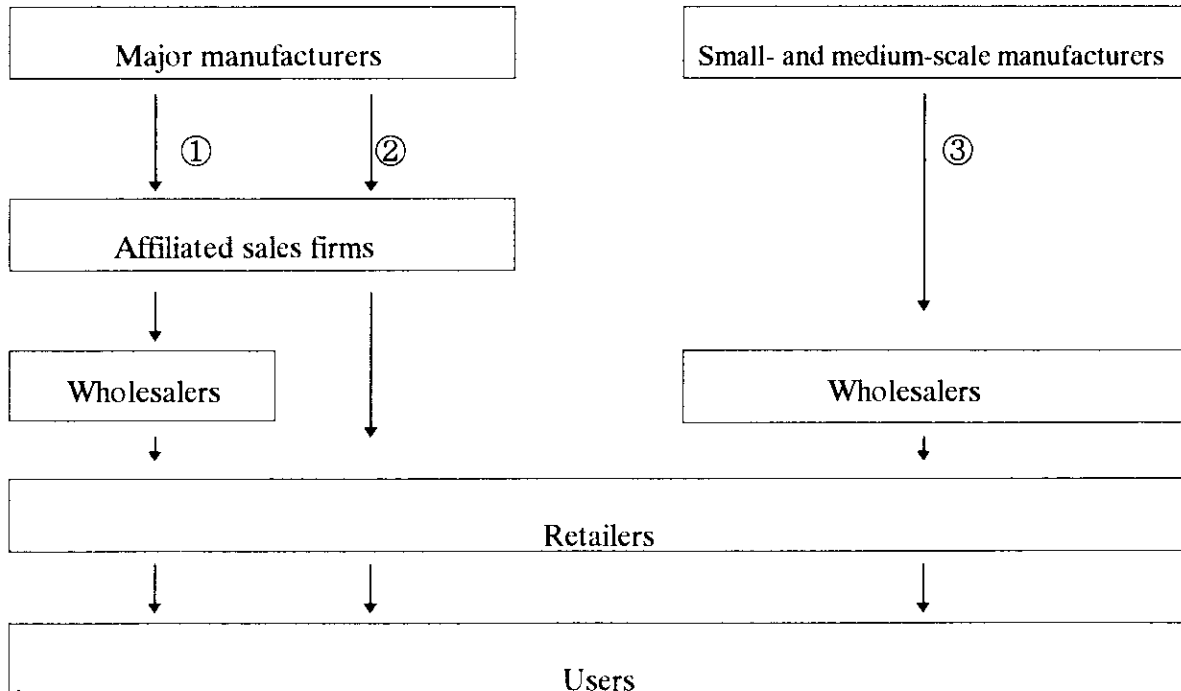
A. Glass Product Distribution Channels

1. Domestic Product Distribution

In many cases, the products of major manufacturers are sold through their affiliated sales firms, which occasionally market the goods to wholesalers, that in turn resell them to retailers like department stores and specialty shops (Channel ① in the figure below). In other cases, the affiliated sales firms market the goods directly to retailers (Channel ②). The output of small- and medium-scale manufacturers go to retailers through glassware or general merchandise wholesalers (Channel ③). Glass products bought for daily household use and those purchased as gifts are distributed mainly through such channels.

Products for commercial use by hotels and restaurants are usually ordered directly to the manufacturer. Pubs sometimes serve beer or drinks in glasses or schooners bearing a logo, often that of the beverage producer. In such cases the beverage producer orders them directly to the glass manufacturer.

Domestic Product Distribution Channels

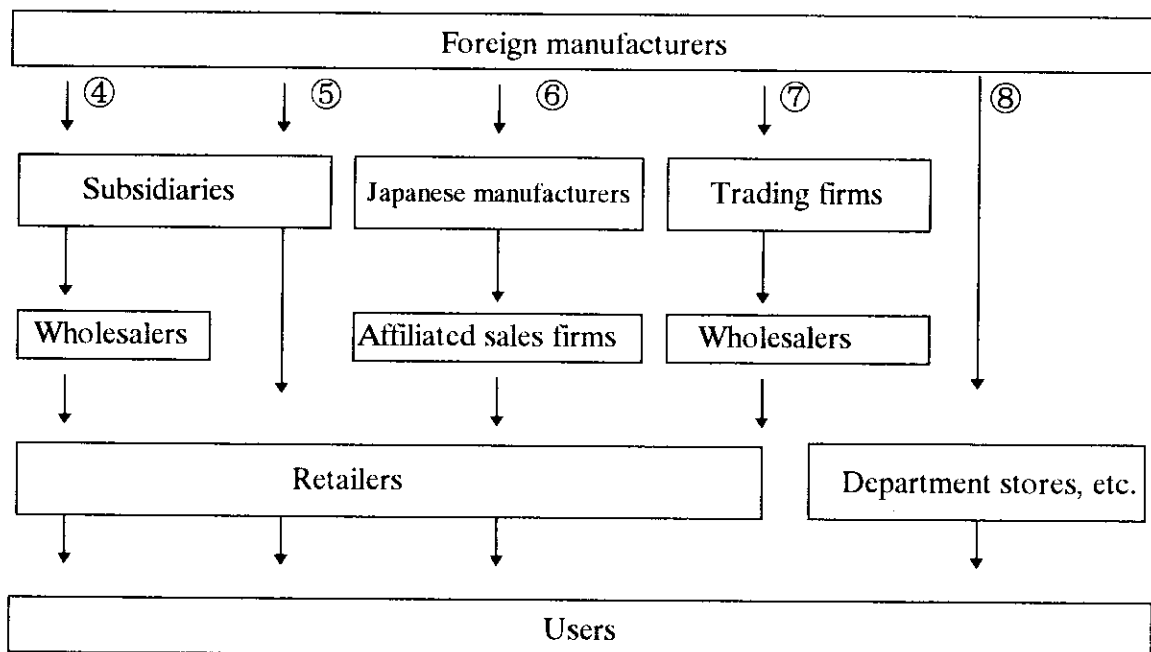


2. Distribution Channels for Imports

Four routes are used for the distribution of imported glass products. Firstly, foreign manufacturers set up a Japanese subsidiary which markets the goods as a sales agent to wholesalers and retailers (Channels ④ and ⑤). Principal European deluxe glass product manufacturers usually move their wares through such channels. Secondly, Japanese manufacturers import and resell the products through their affiliates (Channel ⑥). Thirdly, there are cases wherein trading firms get between the foreign producers and the wholesalers (Channel ⑦). Lastly, major department stores and boutiques buy goods directly from the foreign manufacturers (Channel ⑧).

Similarly, in products for commercial use, hotels and restaurants sometimes place orders directly with major foreign glass manufacturers. In such cases, their Japanese subsidiary receive the order first.

Distribution Channels for Imports



B. Consumer Tastes

Basically, Japanese glass product market is separated into three segments: household use, gifts, and commercial use by hotels and restaurants. The following describes consumer taste in each segment and provides an insight to future trends.

1. Household Use

In ordinary household use, deluxe products as bought by devotees of fine glassware, pose an exception. Glassware that sells well is lower priced and meant for daily use. Specifically, the following have recorded good sales.

- Tumblers, 350 to 500 yen each
- Semi-crystal glasses, 850 to 1,000 yen each
- Wineglasses, 450 to 800 and 1,000 to 1,500 yen each
- Bowls and plates, 250 to 400 yen each

(Data from a Domestic Manufacturer)

According to certain retailers and glass manufacturers, the unit price of the best selling products is falling slightly compared with the one in the times of asset-inflated “bubble” economy. It seems to reflect a consumer’s desire to buy necessities at lower cost in economic stagnation.

Since glass is breakable, inexpensive products for ordinary household use are foreseen to continue their pattern of satisfactory sales.

By product category, the current wine boom has proved to be favorable for wineglasses.

As glass is fragile, consumers are also choosy about quality, which can be considered with respect to function and appearance. For daily use, quality in terms of function tends to come first: products that sell well are durable and easy to use. Conversely in case of the deluxe products bought by collectors, quality in terms of beauty is emphasized, in addition to function. The beauty of glassware lies in clarity, color, cutting, ornamentation, etc.

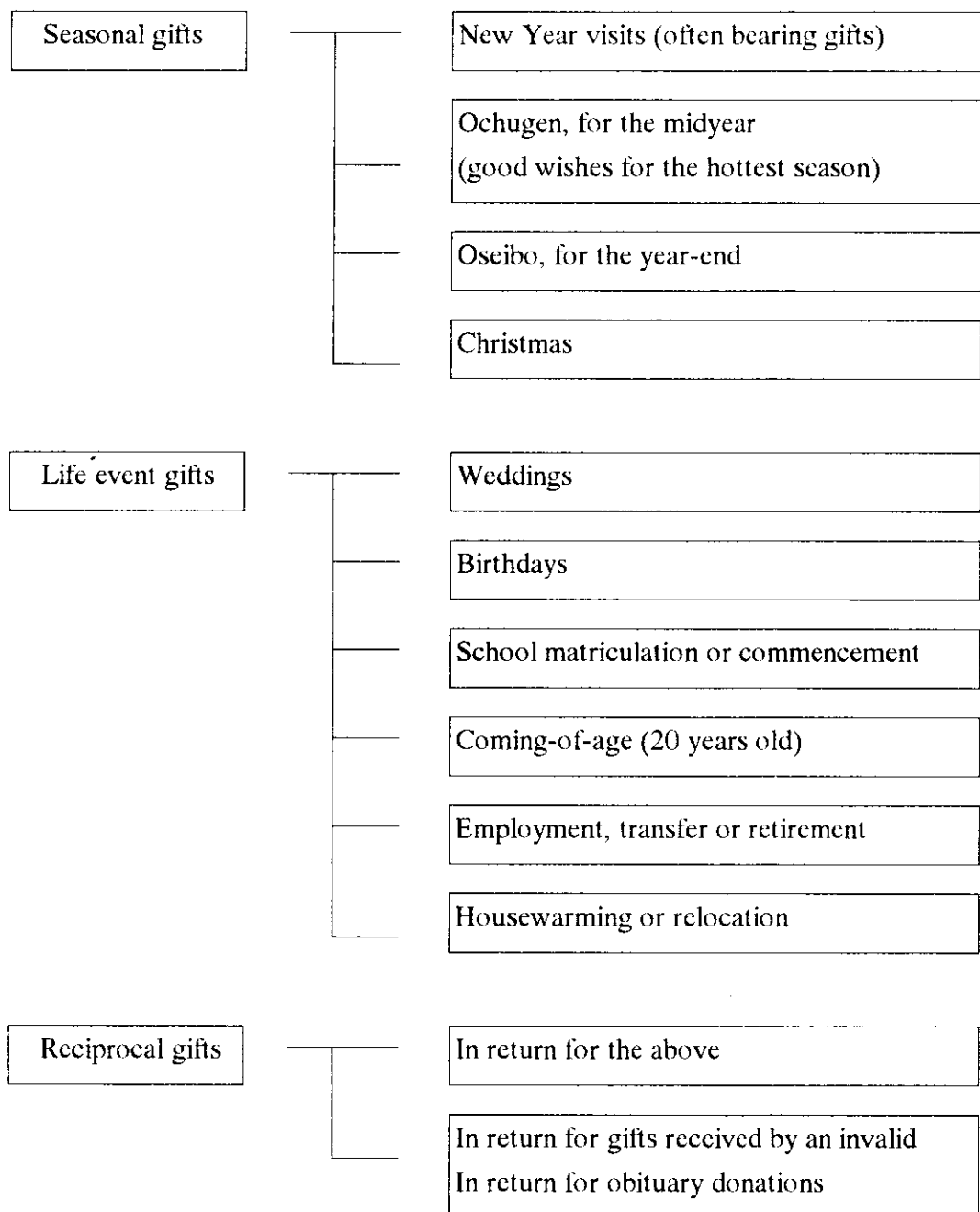
2. Gifts

a. Market background

A salient characteristic of Japanese glassware sales is the custom of exchanging gifts as a form of communication to confirm friendship and other relationships on various seasonal occasions and the life events.

For instance, Japan has the custom of gifts, like “Ochugen,” for midyear, and “Oseibo”, at the year-end. Typical among gifts for occasions during one’s life is the wedding present. The Japanese often buy goods that can be used immediately after their receipt for gifts of this sort, which created a promising market for glass manufacturers. Fig. 5 collates the major gift occasions in Japan.

Fig. 5: Major Gift Needs in Japan



A characteristic of gift needs is that their price can be decided even before choosing what to buy. Within the limit of their budget, the most suitable gift is selected from among many alternative products. Accordingly, retailers make a wide range of goods available, bearing in mind consumer budgets. Certain catalogs organize glassware gifts according to price, the most popular being 3,000, 5,000, 10,000 and 15,000 yen. Products bearing such price tags sell very well as gifts.

b. The Need for Popular Products

The best selling products in today's gift market are sets of glasses. Responding to the nation's unique gift needs, Japanese glass manufacturers have established their own sales methods to sell their goods as sets. For instance, five to ten glasses (as opposed to six or a dozen in the Occident) are packaged in a fancy box and offered as a set, with tumblers traditionally the best sellers, although wineglass pair sets are gaining popularity. These products are designed and made to suit to Japanese gift needs from the outset of planning.

The prices of sets depend on the quality of glass itself and the level of ornamentation, such as printing, cutting, coloring, etc., and range anywhere between 1,500 and 10,000 yen per set. To differentiate from other competitive products, some sets also include ice pails and pitchers.

Based on the trend in glasses, salad bowls and plates are also being sold in sets, although with fewer choices available. Sets of plates are seasonal and sold mainly in summer. While glasses for serving beverages are sold and used throughout the year, other glass tableware, which the Japanese use mainly for serving cold food, are regarded as better for summer.

For glassware like tumblers and plates to be selected as gifts, they must satisfy not only their budgets but also the quality and function sought by the Japanese.

Vases have been traditionally preferred as gift items, too. The best-selling vases cost from 3,000 to 5,000 yen each. One reason for their perennial popularity as gifts is that they are large and, with artistic cutting, tend to impress the recipient yet are available at relatively low cost.

c. Need for Deluxe Products

Since gifts are meant to please, consumer psychology has it that deluxe products, whose prices are so high that they hesitate to buy for themselves, are apt to be chosen to impress those who receive them. Reflecting this, sales of more expensive crystal glass products for gifts have grown recently. Especially, a certain deluxe brand-name crystal

glass product suddenly became well known in Japan when newlywed celebrities presented examples as gifts to the attendees at their wedding reception. Consequently, sales of the product are booming in defiance of the persistent economic stagnation. The unit price of well-selling deluxe glassware ranges between 10,000 and 30,000 yen.

When choosing deluxe products as gifts, consumers focus on quality from the standpoint of eye appeal in addition to function, as needed in deluxe home-use glassware. Of late, consumer taste is shifting from large products with gorgeous ornamentation to smaller, simpler but beautiful items. One reason for the shift is that, in reality, most consumers lack the funds to buy big-brand deluxe crystal glassware with sumptuous ornamentation. Under budget constraints, they think recipients will be happier to get smaller, simpler yet artistic brand-name deluxe crystal glass.

While quality in terms of glassware beauty is important, its brand name value, another mark of quality, and its image as a luxury product have also become criteria for gift selection. Product with brand name is often chosen as gifts because of the confidence in the brand name itself. Consumers feel safe and comfortable by choosing them because they feel the brand name guarantees its quality.

The tendency for consumers to buy deluxe glassware as gifts placing emphasis on well-known brands with proven quality is likely to continue. It is especially so at present, since consumers have taken a very prudent stance toward shopping in general. It is not that they hesitate to buy because of the economic stagnation; rather, most of them will not buy unless convinced of good quality. In short, they do buy if certain merchandise is worth the money.

3. Commercial Use

As mentioned, with glass products for commercial use, hotels and restaurants usually place orders to manufacturers individually. In this case, buyer needs can be grouped into two types: for added value in the form of luxury, and low prices to cut daily operational costs.

Hotels and restaurants that care little about prices and seek luxurious products have become rare, the latest trend being to keep certain levels of quality and luxury but with the least possible outlay. For instance, some hotels, which purchased deluxe crystal products before, have switched to buying semi-crystal products. Since hotels and restaurants buy products made to order, they seek to cut costs via mass production based on lot orders. Pubs and other casual restaurants get tumblers, schooners and the like from major beverage manufacturers, often bearing the latter's logo, which is typical

of low-cost procurement.

Hotels and restaurants, now finding themselves in even worse straits than consumers owing to the economic stagnation, are likely to remain highly cost-conscious in their buying.

IV. Advice on Market Entry

A. Sales Channels

At present, most major foreign manufacturers successful in the Japanese glassware market move their product through their own Japanese subsidiaries, which sell the goods to wholesalers and retailers. But it is hard for foreign firms to set up subsidiaries in Japan from the very outset of market entry. If another company of the same group has a subsidiary in Japan, it can be used as a step toward developing business in Japan. For firms lacking contact with the Japanese market, two methods can be considered.

1. Trading Firms or Major Japanese Glass Manufacturers

One way is to work through a trading firm, since they traditionally have been common windows to Japanese import markets. Major Japanese glass manufacturers also import goods they themselves do not produce. Since major Japanese glass manufacturers have established sales channels in their country, foreign firms are recommended to contact them. When doing business with a major Japanese glass producer, if each entity's needs dovetail, a relationship can develop to an OEM (Original Equipment Manufacturing) arrangement.

2. Department Stores and Boutiques

At present, department stores are proactively buying directly from abroad to differentiate their goods from competitors. Thus it makes sense for foreign glass manufacturers desirous of entering the Japan market to get in touch with department store buyers.

Unlike department stores and boutiques, Trading firms and principal Japanese glass manufacturers have greater need for popular products than the deluxe variety. In fact, recent years have seen growing demands for popular-priced goods among Japanese general merchandise trading companies.

B. User Needs

In Japanese glassware market, consumers look for two things: affordability, which is obvious for products used in our daily lives, and good quality even though they must pay more to get it. Taking these factors into account, there are two types of strategy for market entry:

1. Lower Price Tags

When foreign manufacturers try to sell low-cost goods to meet consumer needs for affordable prices, they must be careful about the following points. While low-price imports have increased, certain industry experts have mentioned that some imports fail to satisfy Japanese market needs in terms of delivery and quality. In particular, when Japanese glass manufacturers import low-cost products, these two factors invariably surface as issues.

a. Delivery

A low-price product is often expected to create demand for a large quantity all at once. At present, however, even if they try to procure a large volume from abroad, it is often difficult to secure a big enough volume by the specified delivery date.

b. Quality

Once again, Japanese consumers are very selective. It may sound overmuch, but they tend to expect the quality of deluxe products even in low-price goods. Consequently, the quality standards for low-cost products sold in Japan are higher than those in other countries.

For example, in glassware, the allowable number and size of bubbles and scratches, which appear in the process of manufacturing, is smaller in the Japan market. As a result, products accepted at certain prices in the country of origin, may not be suitable for selling in Japan. If such goods account for a large portion of the imported lot, the cost per salable item increases and greatly dampens the desire of importers to buy again.

If the above issues of delivery and quality are resolved, more foreign goods with low prices would be acceptable in Japan.

2. High-Quality Products at Reasonable Prices

Consumers buy merchandise with good quality even if the prices are a little higher. To meet such needs, foreign manufacturers must supply high-quality glassware in terms of function and beauty, depending on their purpose and usage, at reasonable prices.

Again, since gift purchases command a large share of Japanese deluxe glassware market, foreign firms would do well to enter this market segment first.

Most department stores report that the bulk of their glassware sales are for gift purposes, and certain major foreign glassware manufacturers claim that 60% of their products sold in Japan go for gifts. Thus one of the keys to success for foreign glass

manufactures in the Japan market is to supply products suitable for gifts.

For foreign glass producers to rack up a success in Japan they must have a strong sales point. To popularize a product as a gift item, they must convince the consumers of their suitability as such. They must have a clear concept of the unique features of their goods that will hold greater appeal for consumers than what the competitor makes. In particular, it is essential to establish a compelling brand image with high quality for the product. Moreover, while Japanese buying public is growing more and more selective in terms of cost, adroit pricing strategy to satisfy such needs is of the essence.

For example, certain foreign manufacturers, whose products were considered deluxe in the extreme, have shifted to lines of less costly merchandise fit for daily household use, and have renovated their shops to look more casual. As a result, their customer base has expanded and their sales have mounted.

Another foreign manufacturer observed that products bearing price tags of hundreds of thousands of yen, which sell well in some other countries, seldom sell in Japan and found that goods priced at tens of thousands of yen sell better. As a result, they have increased their inventories of goods that sell well and established their popularity among Japanese consumers.

Appendix 1. Related Trade Fairs and Exhibitions

1. International Glassware Trade Show

(1)Office: The Glass Manufacture's Association of Japan

Nihon Glass Center Bldg., 3-1-9,

Shinbashi, Minato-ku, Tokyo

Phone: 03-3595-2717

Fax: 03-3595-2719

(2)Date: January 2000

(3)Frequency: Annually

(4)Place: Sun Shine City, Tokyo

2. Tableware Festival

(1)Office: The Yomiuri Shimbun

1-7-1, Otemachi, Chiyoda-ku, Tokyo

Phone: 03-3242-1111

Internet URL : <http://www.yomiuri.co.jp>

(2)Date: February 2000

(3)Frequency: Annually

(4)Place: Tokyo Dome

3. International Houseware Show Tokyo

(1)Office: International Houseware Show Council

c/o Japan General Merchandise Promotion Center

The Iwasaki 1st Bldg., 4F,

8-4, Tomisawacho, Nihonbashi,

Chuo-ku, Tokyo

Phone: 03-3639-8881

Internet URL : <http://www.gmc.or.jp>

(2)Date: June 1999

(3)Frequency: Annually

(4)Place: Tokyo Big Sight (Tokyo International Exhibition Hall)

4. Ambiente Asia

(1)Office: Messe Frankfurt K.K.

c/o Japan General Merchandise Promotion Center

The 2nd Kiya Bldg., 3F,

4-3-2, Iidabashi, Chiyoda-ku, Tokyo

Phone: 03-5275-2851

Internet URL : <http://www.messefrankfurt.com>

(2)Date: June 1999

(3)Frequency: Annually

(4)Place: Tokyo Big Sight (Tokyo International Exhibition Hall)

Appendix 2. Related Organizations

1. Government Office

(1) Consumer Goods Division

Consumer Goods and Service Industries Bureau

Ministry of International Trade and Industry

1-3-1, Kasumigaseki, Chiyoda-ku, Tokyo

Phone: 03-3501-1705 / Fax: 03-3501-6794

Internet URL: <http://www.miti.go.jp>

(2) Food Sanitation Division

Environmental Health Bureau

Ministry of Health and Welfare

1-2-2, Kasumigaseki, Chiyoda-ku, Tokyo

Phone: 03-3595-2326 / Fax: 03-3503-7965

Internet URL: <http://www.mhw.go.jp>

2. Industrial Organization

(1) The Glass Manufacture's Association of Japan

Nihon Glass Center Bldg., 3-1-9, Shinbashi, Minato-ku, Tokyo 105

Phone: 3595-2717 / Fax: 03-3595-2719

3. Manufacturers

(1) Sasaki Glass Co., Ltd.

2-2-6, Nihonbashi-Bakurocyo, Chuo-ku, Tokyo

Phone: 03-3663-1211 / Fax: 03-3663-8790

(2) HOYA Corporation, Crystal Division

2-7-5, Naka-Ochiai, shinjuku-ku, Tokyo

Phone: 03-3952-1765 / Fax: 03-3952-1187

(3) Ishizaka Glass Co., Ltd.

11-15, Takatsujicyo, Showa-ku, Nagoya-shi, Aichi

Phone: 052-871-3311 / Fax: 052-882-5454

(4) Kagami Crystal Co., Ltd.

4-5, Koyadai, Ryugasaki-shi, Ibaraki 301

Phone: 0297-64-7113 / Fax: 0297-64-7611

(5) Otsuka Glass Co., Ltd.

4-3-12, Fujiwara, Funabashi-shi, Chiba
Phone: 047-438-2411 / Fax: 047-438-9249

4. Trading Firms

(1) Ninomiya Crystal Co., Ltd.

1-10-33, Edagawa, Koto-ku, Tokyo
Phone: 03-3615-1401 / Fax: 03-3644-7126

(2) Nichio Boeki Co., Ltd.

5-10-15, Higashi-nakano, Nakano-ku, Tokyo 164
Phone: 03-3364-2781 / Fax: 03-3364-5087

(3) Meiwa Trading Co., Ltd.

3-3-1, Marunouti, Chiyoda-ku, Tokyo 100 Japan
Phone: 03-3240-9511 / Fax: 03-3240-9555

(4) Hayashitoku Co., Ltd.

83, Nakanocyo, Ogawa, Marutamachi, Nakagyo-ku, Kyoto, 604
Phone: 075-222-0231/231-2222
Fax: 075-256-4554

5. Department Stores

(1) Takashimaya Co., Ltd.

5-1-5, Nanba, Cyuo-ku, Osaka-shi, Osaka
Phone: 06-6631-1101
Internet URL: <http://www.takashimaya.co.jp>

(2) Mitsukoshi Ltd.

1-4-1, Nihonbashi- Muromachi, Cyuo-ku, Tokyo
Phone: 03-3241-3311
Internet URL: <http://www.mitsukoshi.co.jp>

(3) The Seibu Department Stores, Ltd.

1-28-1, Minami-ikebukuro, Toshima-ku, Tokyo
Phone: 03-3981-0111
Internet URL: <http://www.seibu.co.jp>

(4) Isetan Company Limited

3-14-1, Shinjuku, Shinjuku-ku, Tokyo
Phone: 03-3352-1111
Internet URL: <http://www.isetan.co.jp>