

The Possibility of Developing “Japanese-Style Distribution Infrastructure” in the ASEAN Region

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In contrast to Japan’s shrinking distribution market, the fast-growing ASEAN (Association of Southeast Asian Nations) distribution market, where modernization efforts are under way, has been drawing much attention. However, little progress has been made in developing a Japanese-style distribution system overseas because of its intricate structure. Currently, serious consideration has been given to exporting “Japanese-style distribution infrastructure” as a package and developing such infrastructure in overseas markets.

Japanese-style distribution infrastructure that needs to be developed in foreign markets consists of “hard infrastructure,” such as roads and ports, and “soft infrastructure,” such as business practices and rules, distribution structure and an appropriate way of dividing roles.

A look at ASEAN countries reveals that they face the necessity of meeting increasingly modernized consumer needs, while maintaining their existing complicated multilayer distribution industries. In this regard, Japanese-style distribution infrastructure would be able to better meet the needs of these countries because the structure is closer to that of Japan than to that of Europe and the U.S., thus having greater competitiveness than that of Europe and the U.S.

In developing this infrastructure in foreign markets, the following three measures should be strengthened: (1) promoting exports, (2) supporting business development in target markets and (3) supporting business expansion in target markets.

The key points for success in this undertaking include: (1) ensuring transparency, clarity and openness in the division of roles and establishing rules for profit sharing, (2) setting up an organization dedicated to global development that has expertise in region-specific distribution systems and creating headquarters functions and (3) receiving support from the Japanese government in the form of “mid- to long-term investments,” rather than obtaining “subsidies that have only a short-term effect.”

I Why Should “Japanese-Style Distribution Infrastructure” be Developed in the ASEAN Distribution Market Now?

These days, increased attention has been paid to the moves of Japanese companies into the ASEAN (Association of Southeast Asian Nations) distribution market. To help them successfully enter and develop business in the market, the need has arisen to create a “common industry-wide infrastructure to achieve greater distribution efficiency (distribution infrastructure).”

There are three reasons behind such moves. First, the ASEAN distribution market is at a turning point, calling for the modernization of consumption behavior.

Figure 1 shows the relationship between per capita gross domestic product (GDP) and GDP share of the service industry with respect to Asian countries. For Japan, data for 1961 to 2009 are plotted; for other Asian countries, data for only 2009 are indicated. When we look at per capita GDP and GDP share of the service industry with respect to four ASEAN countries, that is, Vietnam, Indonesia, Thailand and Malaysia (shown in the boldface box at the bottom left of the graph), we find that the figures for these countries are at the same level

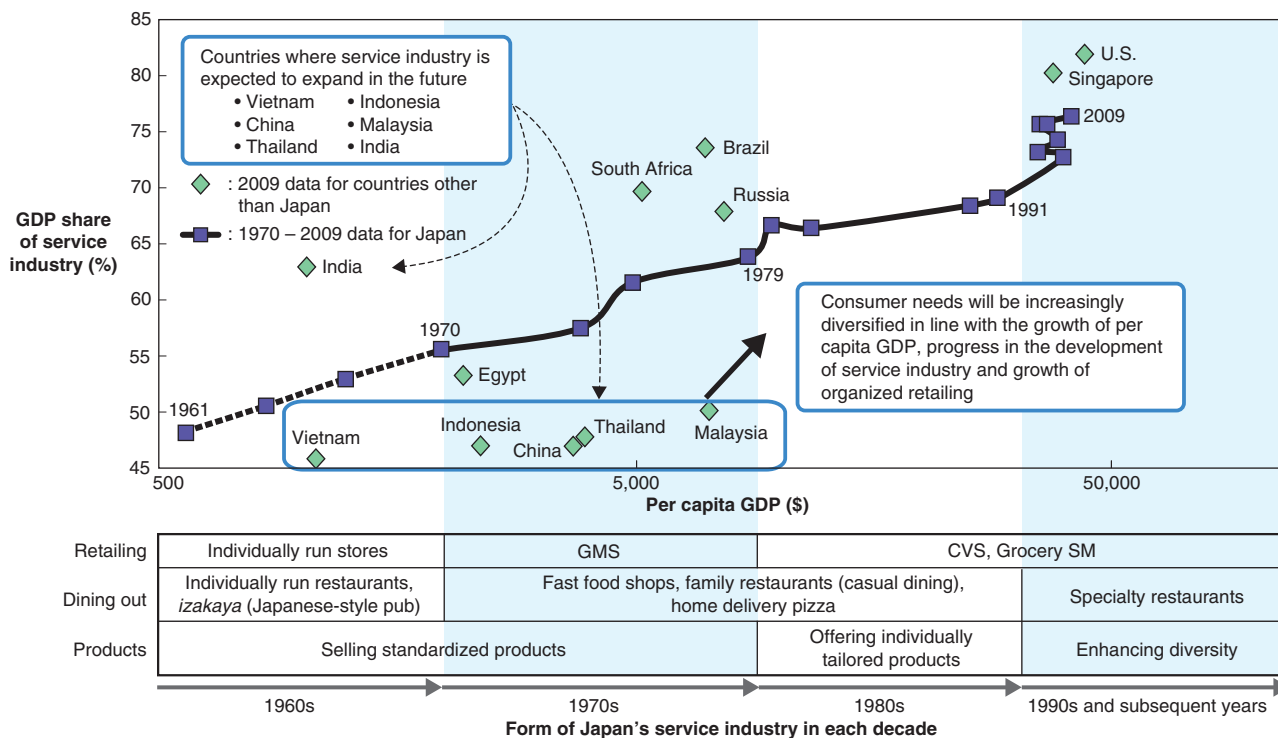
as were those for Japan in the 1960s and 1970s. At that time, the modernization of distribution started to take place in Japan. In the same way as in Japan, distribution modernization is beginning to occur in ASEAN countries. In Japan, during that period, food products and services started to be offered through distribution channels, marking the start of the accumulation of related expertise.

Second, in 2003, Japan and ASEAN countries signed a general framework agreement for a bilateral free trade agreement (FTA) and, in 2008, the ASEAN-Japan Comprehensive Economic Partnership Agreement was signed. Currently, negotiations are under way for joining the Trans-Pacific Strategic Economic Partnership Agreement (TPP). These governmental initiatives also require the creation of an environment that facilitates exports.

The third reason relates to Japan’s shrinking domestic market. As is clear from Figure 2, which shows the trend in household food consumption, the scale of Japan’s retail industry is on a downward trend after having reached a peak in the 1990s. To ensure growth potential, many Japanese companies are turning towards overseas markets.

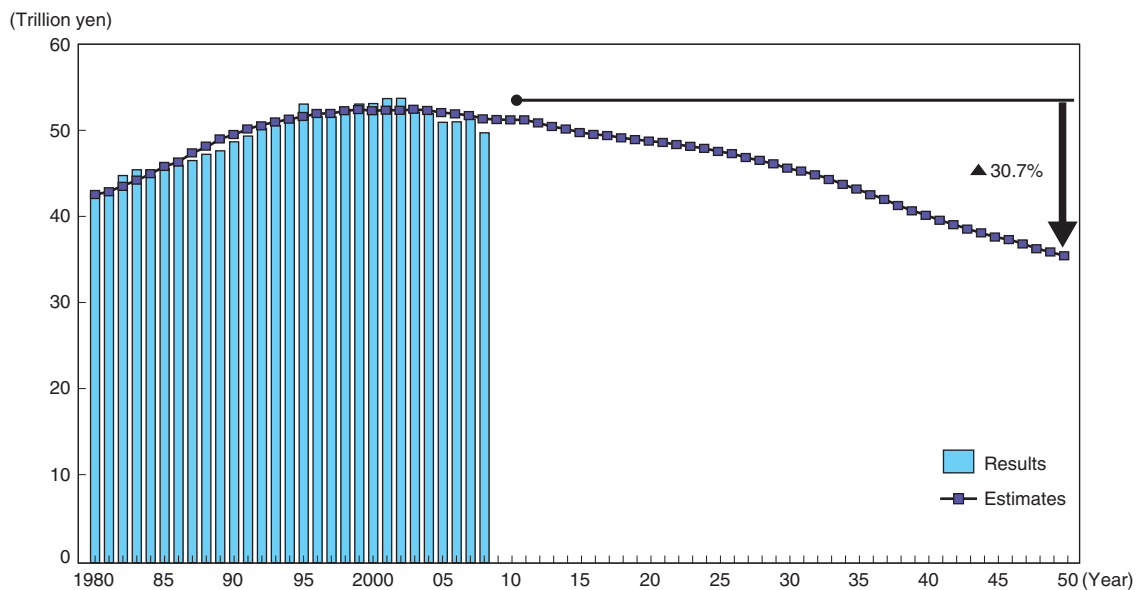
For the above-mentioned reasons, many Japanese companies are attempting to develop business in overseas markets, particularly in ASEAN countries and China. However, their efforts to do so have been met with difficulties before their moves even gained

Figure 1. Per capita gross domestic product (GDP) and service industry as percentage of GDP (for Japan, 1961 – 2009 data; for other countries, 2009 data)



Notes: 1) Data for Japan are plotted for every three years. Because the GDP share of the service industry was not calculated before 1970, the figures for 1961 to 1970 are based on the average rate of increase for 1967 to 1970. 2) CVS = convenience store, GMS = general merchandise store, SM = supermarket.

Source: Compiled based on United Nations “National Accounts Main Aggregates Database.”

Figure 2. Trend in Japan's real household food consumption up to 2050 (results and estimates)

Source: Material published by the Distribution Economics Institute of Japan.

momentum. A major cause complicating the moves of Japanese companies is, in short, the issue of Japan's distribution structure, which is efficient but complex.

To deal with this issue, serious consideration has been given to the possibility of making a "Japanese-style distribution infrastructure" package out of Japan's distribution structure as a whole and exporting this package as a means of promoting the development of business by Japanese distribution companies, particularly in the ASEAN region.

II What "Japanese-Style Distribution Infrastructure" is Needed?

Figure 3 illustrates the general components of distribution infrastructure that underlies a business model of each company. These components can be broadly classified into two types of infrastructure.

One type is referred to as "soft infrastructure," which includes a common industrial platform that consists of technology, brands, business practices/industrial standards, information technology (IT) and so on, as well as legal systems, regulations, etc. Another type is known as "hard infrastructure" that is necessary for land development, which includes roads, ports and transport networks. Of these two types of infrastructure, in this paper, focus is placed on the possibility of developing Japan's soft infrastructure to support business development in foreign markets. This is because hard infrastructure has already been developed in emerging and developing countries by their governments as an explicit priority as well as through official development assistance (ODA) programs offered by

developed countries including Japan. On the other hand, the importance of soft infrastructure has so far not been the subject of much discussion.

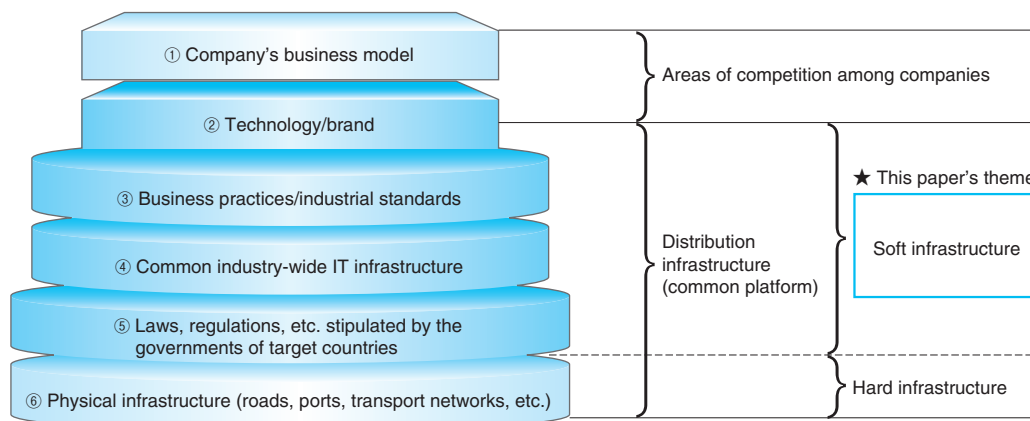
Soft infrastructure tends to be confined to transient activities such as product promotions and exhibitions held in target countries to introduce Japan's brands and technologies. Otherwise, it could be in the shape of requests made by the Japanese government to target countries' counterparts to ease regulations.

When planning to enter or actually entering overseas markets, many Japanese companies have often been faced with the issue of soft infrastructure, especially in their efforts to promote exports and develop and expand their businesses there. Japan's transaction rules and industrial standards are different enough from those of target countries that Japan's distribution structure cannot be used "as is" in target countries.

The Japanese distribution structure is characterized by its excellent division of roles among manufacturers, wholesalers and retailers. This feature enables a wide variety of selections offered at stores and reduced store stockouts, providing consumers with comfortable and convenient lifestyles.

However, if, for example, a Japanese manufacturer attempts to move independently into overseas markets, unlike in Japan, a company must independently establish sales channels to put its business on the right track, which requires considerable time even for large companies. In the case of small- and medium-sized enterprises, some companies have abandoned their idea of developing business overseas despite having competitive products.

The situations often faced by retailers include difficulty in procuring Japanese products that have competitive strength and the need to make capital investments on their own to ensure efficient distribution,

Figure 3. Distribution infrastructure components

necessitating increased costs. These situations tend to slow the pace of business development in foreign markets, or even lead to companies' decisions to scrap their plan to enter the markets.

Given that manufacturers and retailers are facing difficulties in moving into overseas markets, it is naturally difficult for wholesalers to either make prior investment in establishing logistics networks or related facilities on their own, or to risk having product stocks.

As such, the inability to rely on the linkage of manufacturers, wholesalers and retailers, which is both organic and complex as seen in Japan's distribution structure, constitutes a major barrier to entry into foreign markets.

With the support of the Japanese government, Japan's product launches and brand promotions might contribute to the improvement of the reputation of Japanese brands to some extent in ASEAN countries. However, because of insufficient soft infrastructure and because actual businesses have not yet been fully expanded, these efforts have often resulted in simply contributing to the increased sales of similar products made by companies in other countries.

If consideration is given to competition with companies in other countries, such as China and Korea, that offer products similar to Japanese products but at lower prices based on their cost leadership strategy, it is, of course, important for Japanese companies to be cost competitive. Nevertheless, it is unlikely that such cost competitiveness constitutes the sole source of competitive strength. Rather, more emphasis should be placed on how to achieve product differentiation at reasonable prices. However, in so doing, because sophisticated distribution infrastructure as seen in Japan is not available in ASEAN and other emerging and developing countries, the need to establish such infrastructure on its own will inevitably lead to a company incurring comparatively high costs.

For this reason, the promotion of business development by Japanese manufacturers and retailers in overseas markets requires the enhancement of soft infrastructure

for distribution. The solution to this need is the export of a "Japanese-style distribution infrastructure" package. This solution would be essential to facilitate the entry of Japanese companies into foreign markets.

III Needs of Target Countries and Competitive Strength of "Japanese-Style Distribution Infrastructure"

In Chapter II, the authors stated that while Japan has an efficient distribution system, the system consists of manufacturers, wholesalers and retailers that are intricately linked, which necessitates the export of this distribution infrastructure as a package. However, the question remains as to whether this concept can be accepted by target ASEAN countries.

In brief, because ASEAN countries currently face a "policy dilemma," there is a high probability that the target countries can accept Japanese-style distribution infrastructure.

To achieve the vision of building the ASEAN Economic Community (AEC) by 2015, ASEAN member states announced and have been implementing a comprehensive development plan known as the "Master Plan on ASEAN Connectivity" to facilitate economic growth in the entire ASEAN region. While this master plan initially focused on the development of hard infrastructure, manufacturing industry, service industry (communications) and so on, almost no mention was made of the area of distribution of consumer goods that are most familiar to consumers despite the area accounting for 10 to 20 percent of each country's GDP. However, recently, a higher priority has been placed on the area of distribution, with consideration being given to distribution as a theme to be dealt with in such development plans.

A major policy intention of the governments of the ASEAN countries lies behind such moves. The ASEAN

countries have been promoting foreign direct investment (FDI) from developed countries, particularly in the manufacturing sector, by means of economic liberalization through signing free trade agreements (FTAs) and joining the World Trade Organization (WTO). In addition to the manufacturing sector, these countries have also committed to liberalizing the retail and service sectors to increase their foreign currency reserves. However, the retail and service sectors have traditionally provided many jobs. In particular, it has become a critical policy for the governments of these countries to not put small family-run stores known as “mom and pop stores” out of business and secure the jobs provided by small- and medium-sized wholesalers. As such, the governments of target countries are caught in a dilemma between promoting the liberalization of foreign capital inflows in the area of distribution and protecting domestic small- and medium-sized enterprises.

On the other hand, as shown in Figure 1, given their growing needs for modern retailing and more comfortable and convenient lifestyles, consumers in target countries have clearly been calling for the modern retail services that are offered by companies in developed countries.

If an attempt is made to search for a reference model among developed countries that have built highly sophisticated and organic distribution networks by overcoming such a dilemma, it is considered that Japan’s distribution system, which consists of manufacturers, wholesalers and retailers, is more suitable than those that prevail in Europe and the U.S. where

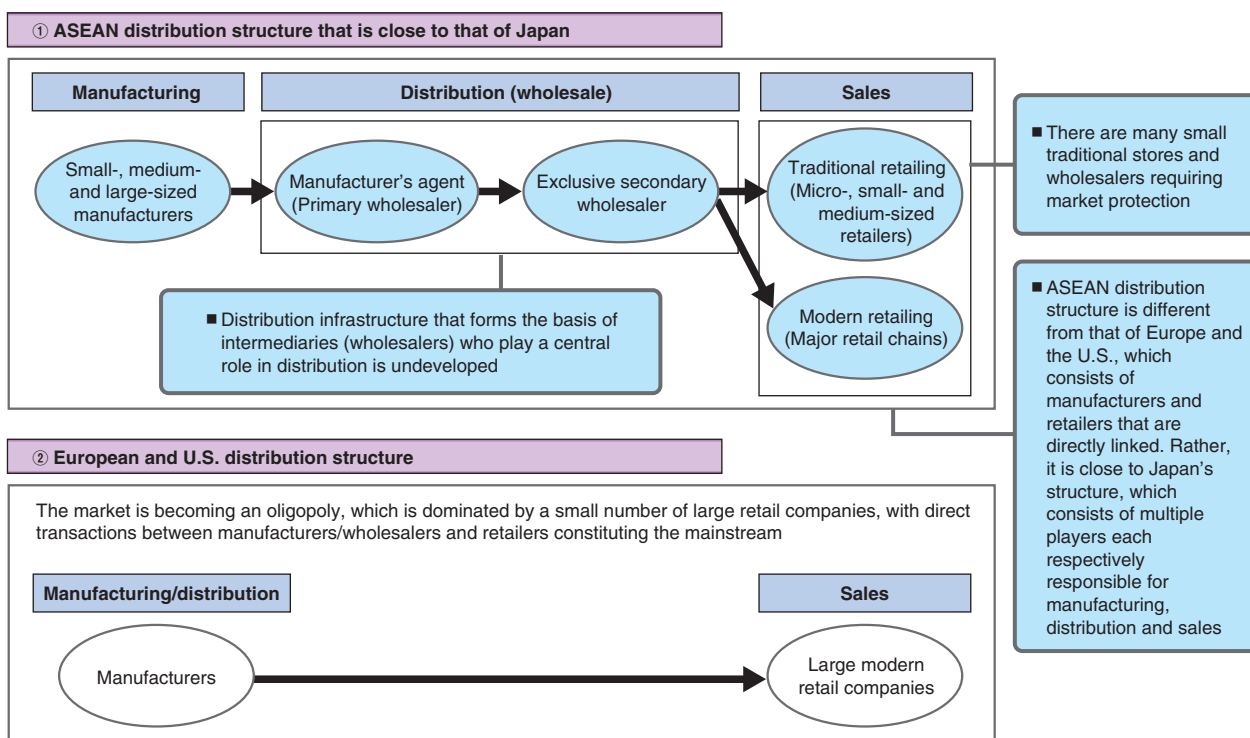
a small number of large manufacturers and retailers dominate the market, constituting a fairly oligopolistic market (Figure 4).

Not only for Japanese companies but also for the target ASEAN countries, the Japanese-style distribution infrastructure is easier to accept in that it would both promote the modernization of distribution and enable small- and medium-sized enterprises to maintain their current level of employment.

For these reasons, it becomes more realistic for all Japanese companies concerned to jointly establish a “distribution infrastructure in the non-competition area” with the cooperation of the governments of both Japan and the target countries so that they can offer differentiated products at reasonable prices, as discussed in Chapter II. The building of this distribution infrastructure would improve the competitive strengths of Japanese companies in the target countries.

By product, this infrastructure would prove highly effective for food distribution, which requires advanced freshness management and control of the entire value chain. Because traditional distribution that is prevalent in the target countries has been causing frequent fatal incidents due to food poisoning as well as increased food waste, the introduction of expertise provided by foreign companies would lead to the development of industry in the target countries. In addition to food, consumer demand for foreign products and services has also been increasing in the areas of cosmetics and daily necessities against a backdrop of growing needs for diverse and high-quality products/services.

Figure 4. Distribution structure: Similarities between ASEAN countries and Japan, and differences from Europe and the U.S.



IV Mechanisms Needed to Build “Japanese-Style Distribution Infrastructure”

According to interviews with manufacturers, producers, wholesalers and retailers in Japan, specific measures to build Japanese-style distribution infrastructure include:

- ① Promoting exports
- ② Supporting business development in target markets
- ③ Supporting business expansion in target markets

The concept of these three measures is illustrated in Figure 5. Each measure requires all three parties, i.e., manufacturers, wholesalers and retailers, to jointly undertake activities toward achieving the same goal with support from the Japanese government. By so doing, these measures are designed to set up the functions of Japanese-style distribution centering on soft infrastructure.

1 Promoting exports

The efforts to promote exports include the reduction of the costs of exports from Japan as well as marketing Japanese products.

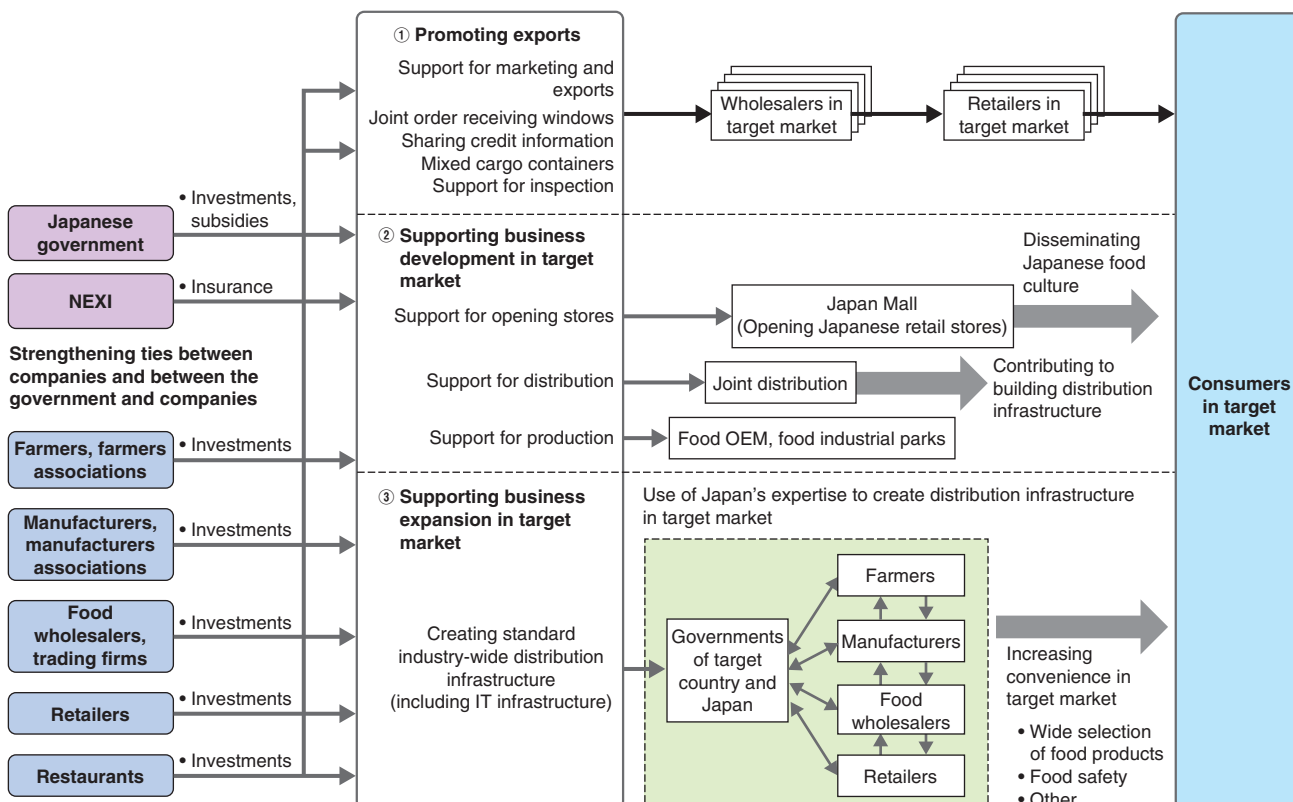
The first issue that must be dealt with in promoting imports/exports is the reduction of the costs of logistics. At the initial stage of market entry, it is difficult for a single company to fill a container with its products. To address this issue, an effective approach is to share a container with multiple companies and thus reduce the costs of logistics incurred by each company.

For orders placed from overseas via email and/or telephone, local languages are often used, not just Japanese or English, frequently leading to an inability to respond to such orders. To deal with this issue, it is useful to jointly set up an order receiving window that is capable of handling multiple languages.

The next issue after understanding the content of an order is the difficulty of payment collection involved in overseas transactions, which often causes companies to avoid such transactions. To ensure payment collection, in addition to the method of cash on delivery, a practical approach is sharing credit information about overseas customers and jointly setting up a credit management system.

For sales in foreign markets, registration/inspection requirements to meet the standards established by the government of a target country sometimes constitute a barrier. For example, to start selling a new product in Vietnam, the product must first be registered/inspected, which incurs a certain cost. These requirements hamper the test marketing of various new products prior to their final launch in the target market. One way of dealing

Figure 5. Measures to promote export of distribution infrastructure



Notes: IT = information technology, NEXI = Nippon Export and Investment Insurance, OEM = original equipment manufacturing.

with such requirements would be for the Japanese government to provide support for the costs involved.

As discussed above, at the initial stage of market entry, any attempt by a single company to do everything alone is often met with limitations. An effective solution to such limitations would be to build distribution infrastructure that organically links the activities of multiple companies. Furthermore, support from the Japanese government should go beyond simply holding exhibitions and conducting promotional activities; the government should also choose to achieve “real benefits” rather than mere reputation.

2 Supporting business development in target markets

The next measure of supporting business development in target markets includes not only mutual support among Japanese companies for activities such as opening stores, securing logistics networks and acquiring and operating production facilities, but also support from the Japanese government.

When opening stores, it is desirable to open them jointly, rather than independently, in such a way that Japanese lifestyles can be exhibited. While there are many Chinatowns and Korea towns around the world, there are few “Japan towns.” This scarcity has both good and bad aspects: while there are many Japanese people who can easily adapt themselves to their surroundings in a foreign country, Japanese lifestyles have not yet been fully demonstrated. Among the ASEAN countries, many have an impression that South Korean lifestyles are more advanced than are those of Japan even though they recognize the high quality of Japanese home appliances and industrial products. To provide a real picture of Japanese lifestyles, some forms of activity are necessary to show Japanese lifestyles.

Furthermore, what is essential for successfully deploying Japanese food products in overseas markets is the development of logistics and sales channels that enable the availability of product quality and value that appeal to consumers. One way of developing such channels is to establish a joint venture or form a business partnership with a local company. Above all, the development of a cold chain in which a given temperature range is maintained throughout the entire supply chain is indispensable for offering the high quality of Japanese food products. However, it is often difficult for a local partner company alone to meet such needs. Nevertheless, the establishment of such a chain independently by a Japanese company would incur a large cost and slow the pace of business development. As a solution, the approach of forming an alliance with a Japanese company that has been operating in the target market and has already established its own logistics network to share logistics functions by setting up an appropriate division of roles deserves attention in order to quickly bring

products to market. For a Japanese company owning such a network, sharing logistics functions would bring about the advantage of reducing costs if no product competition is involved.

A similar arrangement can be applied to production. Sharing production capabilities with other companies would accelerate the expansion of business in the target market. For example, to strengthen price competitiveness, a company will sooner or later encounter the need to manufacture its products locally in the target market. When this need arises, constructing a factory from scratch requires a large amount of investment. Looking at the other side of the coin, there are cases in which a Japanese company that has already been manufacturing its products in the target market is facing difficulties in increasing capacity utilization for its factory constructed there for exporting its products to Japan. By entering into an OEM (original equipment manufacturing) agreement, the use of such unutilized capacity would help a Japanese company that has just entered the market steer its strategy to local production and would bring about advantages to both companies. In addition, facilitating tie-ups for local production and developing a food industrial park in the target country with support from the Japanese government would also be useful so that such food OEM services could be provided to new market entrants as well as to small- and medium-sized enterprises planning to move overseas.

These activities should be promoted based on the concept of making efforts to increase market share of all Japanese products by setting up a division of roles among Japanese companies, rather than the idea of Japanese firms struggling against each other for limited market share.

In addition, the cost incurred for the distribution of Japanese products overseas presents a problem. In order to minimize such cost, focus should be shifted from increasing exports from Japan to distributing Japanese products all over the world, where local production gains in importance. Here again, the issue of investment in constructing production facilities comes to the forefront. One way of addressing this issue would be adopting approaches such as OEM, rather than coping with the issue solely by a single company.

3 Supporting business expansion in target markets

The third measure to build Japanese-style infrastructure is to support the expansion of business by Japanese companies in target markets. In addition to partnerships formed individually by each company and the Japanese government’s support for individual projects, efforts to this end should also include the building of distribution infrastructure in a target country with the involvement of local companies and the government of the target country.

In building such infrastructure, the areas of competition should be explicitly separated from those of non-competition. Upon such separation, the parties concerned should all have the recognition that for the areas of non-competition, joint infrastructure could bring about greater efficiency than one that is individually set

up and operated. The creation of standard, industry-wide distribution infrastructure and IT infrastructure based on this accord is essential.

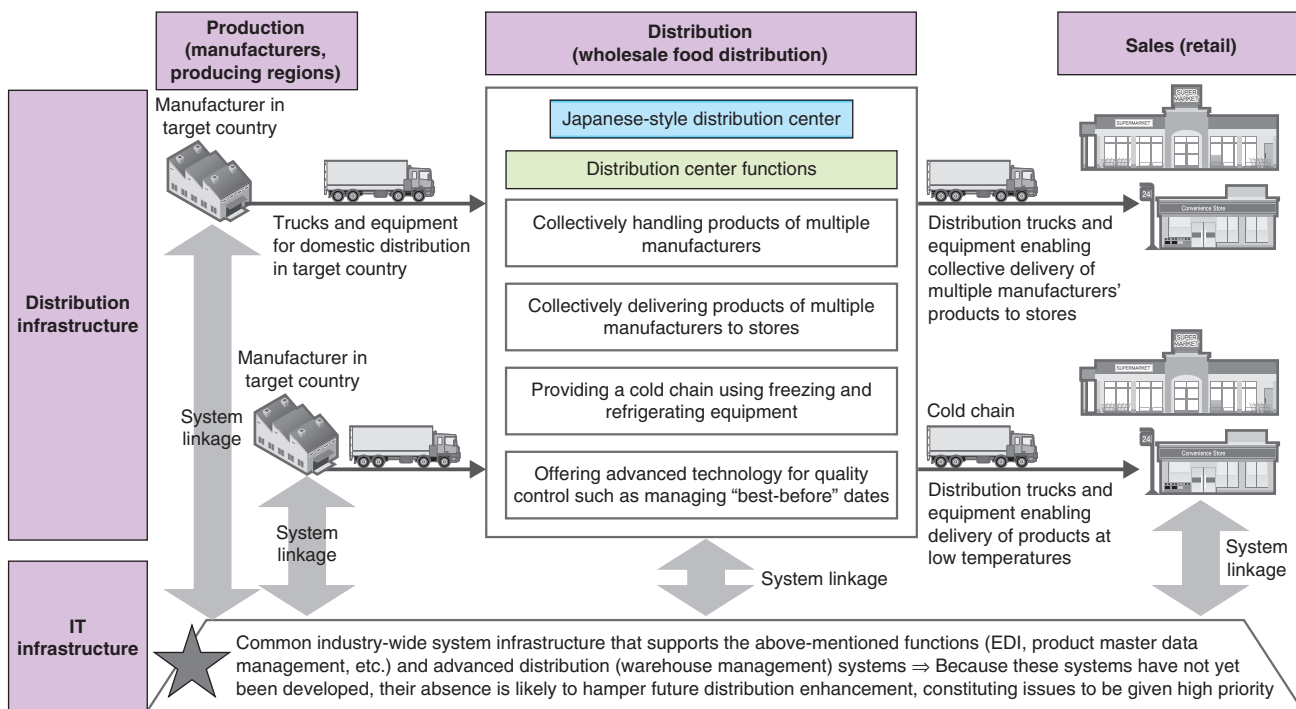
Because the creation of such infrastructure could affect a target country’s industrial policy in such a way that the country’s distribution structure is transformed,

Table 1. Example policy themes for ASEAN-wide solutions

Theme	Area				
	Vision	Regulations	Promotion	Value chain (distribution structure, business practices)	ICT
Greater supply chain efficiency	Sharing an ASEAN-wide vision towards enhancing consumer goods distribution	Easing market entry regulations for the purpose of assimilating expertise in advanced distribution and retailing	Building distribution infrastructure through public-private partnerships	Establishing common standards for a system controlling and regulating unfair trade practices	Developing standard ICT infrastructure through public-private partnerships
Strengthening competitiveness of small- and medium-sized enterprises			Successor development support program for small- and medium-sized enterprises (e.g., support for acquiring MBA)	Promoting shift to retail formats that are equipped with advanced distribution infrastructure (CVS, voluntary chains)	
Protecting food safety and security as distribution industry		Creating an ASEAN-wide vision for food safety and security in the distribution stage			Establishing standards and building infrastructure towards creating cold chains, and developing food traceability infrastructure
Strengthening consumer education and protection		Studying regulatory measures for consumer protection	Promoting consumer education regarding food safety through cooperation between public and private sectors		Using ICT to facilitate consumer education

Notes: ICT = information and communications technology, MBA = master of business administration, CVS = convenience store.
 Source: Compiled based on various materials published by the Economic Research Institute for ASEAN and East Asia (ERIA).

Figure 6. Common industry-wide distribution and IT infrastructures



negotiations between the governments of Japan and the target country are imperative.

Table 1 lists example policy themes adopted by the Economic Research Institute for ASEAN and East Asia (ERIA), which was established by 16 East Asian countries including the 10 ASEAN member countries, China, South Korea and Japan, in discussing the standardization and creation of infrastructure in the area of distribution on a Japan plus ASEAN-wide basis.

In addressing these policy themes, expectations are given to the improvement of Japan's status in the field of distribution in ASEAN countries as well as to the expansion of the business of private-sector companies. As the roles assumed by Japan to achieve these goals, in addition to government agencies, private-sector companies should actively be involved by cooperating in sharing expertise and constructing distribution infrastructure.

For example, to achieve greater distribution efficiency in target countries, not only hard infrastructure, but also IT infrastructure, which can serve as an industry-wide standard, must be developed (Figure 6).

The projects of establishing these industry rules and developing infrastructure must be proceeded by working together with the government of the target country and local companies, while making the best use of Japan's positive points.

V Key Points for Success in Developing “Japanese-Style Distribution Infrastructure”

In order to export and develop distribution infrastructure described thus far overseas including the ASEAN region, the three points listed below are key.

1 Ensuring transparency, clarity and openness in the division of roles and establishing rules for profit sharing

During our discussions with Japanese companies about the need for such distribution infrastructure for their overseas business development, they tended to agree with the idea in general, but details were often yet to be agreed.

When asked for a reason, generally, they replied that “even in domestic transactions among manufacturers, wholesalers and retailers, complexity and ambiguity prevail, and the logic of the buyer is often pushed through. Such being the case, it is unlikely that things work well simply because the target markets are overseas markets.”

While a highly sophisticated division of roles among manufacturers, wholesalers and retailers is a key feature of Japan's distribution infrastructure, it is also true that obscure business practices remain. They would be

unwilling to bring such ambiguity further to overseas markets.

However, efforts to remedy such unclear business practices have been under way. In May 2011, a council for facilitating linkages among manufacturers, wholesalers and retailers was established to achieve greater efficiency throughout the entire supply chain of food products and daily necessities. The council has undertaken various studies with the participation of representatives from each industry (manufacturers, wholesalers and retailers) including those on the methods of profit sharing.

Some say that because the target markets are those of ASEAN and other emerging/developing countries where distribution infrastructure is yet to be developed, it is easier to achieve a division of roles and profit sharing among the entities involved in distribution infrastructure based on transparent agreements.

To this end, it is first necessary to ensure transparency, clarity and openness in establishing a division of roles among concerned Japanese entities and to make rules for profit sharing by increasing supply chain efficiency. The same can be said for establishing partnerships with local companies. With the aim for co-existence and mutual prosperity, an important point is to enter into transparent agreements, establish a clear division of roles and devise rules for profit sharing.

2 Setting up an organization dedicated to global development that has expertise in region-specific distribution systems and creating headquarters functions

The development of Japan's highly sophisticated and intricate distribution infrastructure in overseas markets requires headquarters functions that provide supervision and coordination for all related projects.

Currently, government organizations such as the Japan External Trade Organization (JETRO) and general trading firms have taken on some of these roles. However, the functions they provide are not sufficient to fulfill all headquarters functions, which require knowledge and expertise in distribution and are needed to support the overseas sales of Japanese products that are characterized by many varieties and small lots.

Moreover, the role of leadership in establishing industry-wide standards is essential in order to build distribution infrastructure in ASEAN and other target countries. In sum, a need arises for launching an organization dedicated to the global development of distribution infrastructure as well as for creating headquarters functions for this purpose. Because distribution infrastructure is highly public in nature, its global development should be supervised by an organization set up through public-private partnerships, and persons responsible for headquarters functions must be well versed in distribution systems in the ASEAN region.

However, the ASEAN region consists of many different distribution situations varying from country to country and there are wide disparities in the availability of statistical data. Moreover, varying categories of distribution business formats make it difficult to compare situations in each country in parallel. Therefore, while the organization should be equipped with the functions needed to build ASEAN distribution infrastructure, it should first work to analyze and coordinate a definition of distribution in common language with the participation of the ASEAN countries and Japan.

3 Support from the Japanese government in the form of “mid- to long-term investments,” rather than “subsidies that have only a short-term effect”

Major undertakings such as the development of distribution infrastructure cannot be accomplished overnight. Given the difficulty involved in achieving such undertakings using a short-term perspective, which is often adopted by private-sector companies, mid- to long-term support from the Japanese government is a preferable alternative.

However, considering Japan’s current fiscal situation, it is not realistic to expect the Japanese government to be directly involved in establishing an organization dedicated to the global development of distribution infrastructure through public-private partnerships and to generously provide large subsidies.

Support from the government should focus on programs having a perspective of mid- to long-term investments rather than providing subsidies that have only a short-term effect. For example, besides sponsoring temporary events such as exhibitions, subsidies could be more effectively used. The same holds true for government-invested funds such as “Cool Japan Fund (providing support for tapping into overseas demand)”

and “A-FIVE (Agriculture, forestry and fisheries Fund corporation for Innovation, Value-chain and Expansion Japan).” These funds should also sharpen their ability to accurately assess business feasibility and potential from a perspective of mid- to long-term investments.

Recently, many Japanese manufacturers and distributors (wholesalers and retailers) have visited ASEAN countries one after another to conduct market research. While these countries would welcome the entry of Japanese companies into their markets, some people in these countries ironically say “No Action, Talking Only (NATO)” with respect to the excessively cautious attitudes taken by Japanese companies in developing business overseas.

Given their current dependence on Japan’s highly sophisticated and intricate distribution infrastructure, Japanese manufacturers and distributors tend to shy away or flinch from independently accessing overseas markets.

While it may take a long time to develop Japanese-style distribution infrastructure in ASEAN countries, efforts should be made persistently, much like “NATO (pronounced as *natto* in Japanese),” which is fermented soybeans (a traditional Japanese food) and is very sticky. The authors believe that by exporting such infrastructure to ASEAN countries, possibilities do exist for Japan to regain its positive reputation and enhance its global competitiveness.

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