



WORLD OF TOYS

by Spielwarenmesse eG

BUSINESS GUIDE

Japan

www.spielwarenmesse-eg.de/en/tokyo



Tokyo Toy Show

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1. General Market

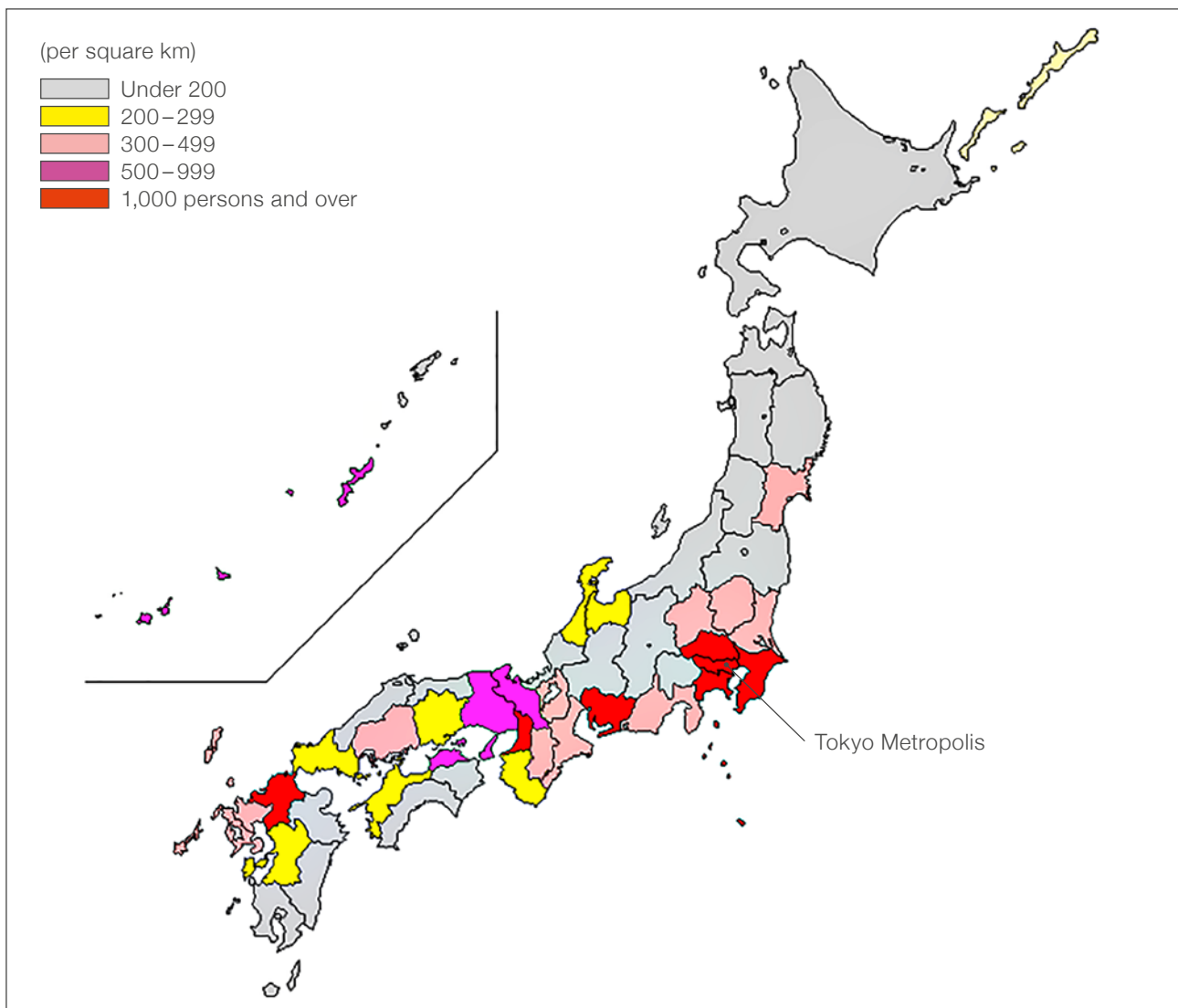
1.1 Demographics

With a size of 337,974 km², Japan is considered the fourth largest island country in the world. Japan consists of four main islands, with the most densely populated cities such as Tokyo, Osaka and Nagoya on the island Honshū. Therefore, more than 90 % of the 124 million inhabitants live in urban regions, with one third of the population living in and around Tokyo alone. The overall density lies at 328.9 people/km², while in Tokyo and surrounding areas it is over 1,000 people/km².



Population Density by Prefecture (2020)

Source: Statistics Bureau, MIC.



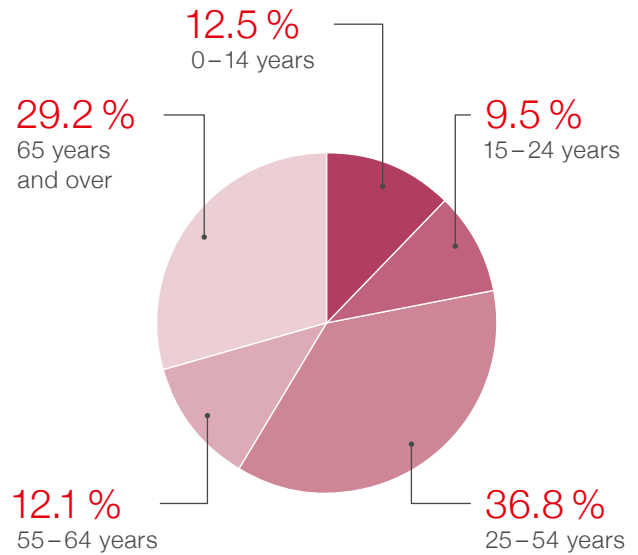


1. General Market

Japan is a “super-aged” society, since one of the largest age groups is 65 years and over, 29 % of the whole population in 2020, which means more than one in five is 65 or over. This is the consequence of two elements: a high life expectancy and a low fertility rate.

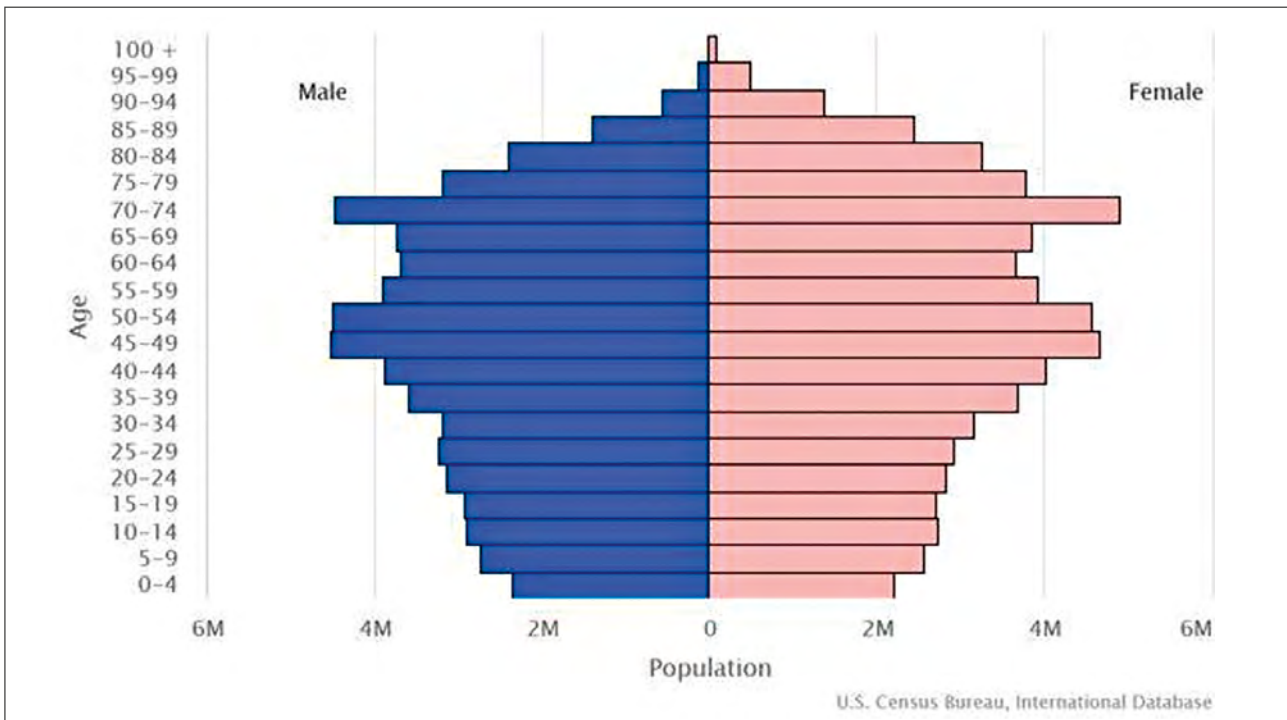
Age Structure (2020)

Source: Japan Age Structure (www.indexmundi.com)



Population Pyramid (2022)

Source: Japan – The World Factbook (www.cia.gov)



Nevertheless, Japan is a pioneering country in terms of its silver economy. Several companies are adapting their products to meet the needs of an aged market that is expanding quickly.



1. General Market

1.2 Purchasing Power and Consumer Behavior

With its population, Japan is regarded as a “key country” and represents one of the leading economic powers with extremely high purchasing power.

- Total GDP: \$ 4.366 bn/¥ 564.704 bn
- GDP per capita: \$ 35.034/¥ 4.531.358

Source: Wirtschaftsdaten kompakt – Japan (www.gtai.de)

In Japan, online shopping is becoming increasingly popular due to the fact that half of the population utilizes social media on a regular basis. When it comes to product recommendations, many Japanese people turn to watching videos and following influencers. Additionally, almost three quarters of buyers conduct research on social media before making a purchase. The younger generation is especially interested in new products and lower prices, while the older generation tends to prioritize quality and brand loyalty. Japanese consumers also tend to be drawn to products imported from countries considered to be "specialists," and they are open to buying international brands for common consumer goods. It's important to note that quality standards and service requirements, including sales procedures, shipping, packaging and after-sales support are generally high in Japan.

1.3 Sales Channels

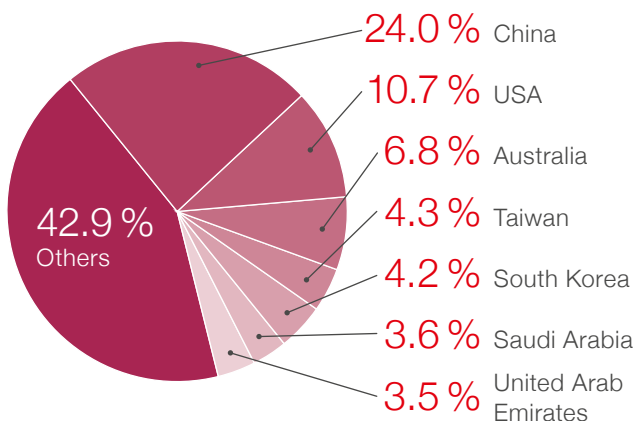
In Japan, brick-and-mortar stores and cash are at the heart of the retail landscape. Domestic online shopping is on the rise, owing to the convenience of having goods delivered to your door during the COVID-19 pandemic. Yet, conventional in-store visits are preferred by Japanese shoppers, with in-store purchases accounting for most of the spending. Major metropolitan areas such as Tokyo, Osaka and Nagoya are key shopping destinations, which are well-connected to the suburbs by an efficient transportation network. Although well-known shopping areas draw mostly young people, regular extensive shopping trips are uncommon in Japan.

1.4 Trading Partners

Japan imports and exports goods mainly in the Asian region. Nevertheless, the USA and Australia are among the largest main suppliers. Germany is the largest main suppliers. Germany is the largest buyer of Japan from Europe.

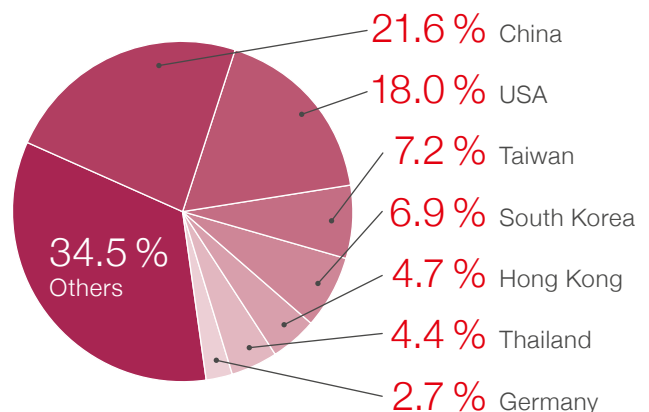
Main Supplying Countries (2021)

Source: Statistical Handbook of Japan 2022 (www.stat.go.jp)



Main Buying Countries (2021)

Source: Statistical Handbook of Japan 2022 (www.stat.go.jp)





2. The Japanese Toy Market

2.1 General Information

The Japanese toy market is a significant part of the country's economy, with an import value of approximately \$ 3.3 billion in 2020. While Japan may not be the largest toy market in the world, it still provides good opportunities for international toy manufacturers, especially those who offer innovative and high-quality products. The total value of the Japanese toy industry was around 894.6 billion ¥ (circa \$ 7.9 billion) in 2021, with a strong demand for high-quality and innovative toys, particularly in the area of robots and electronic toys.

In addition, the Japanese toy market is one of the top five in the global Toy and Games Market with \$ 13.4 bn revenue in 2022, and includes a diverse variety of analog and electronic products targeting children and adults alike.

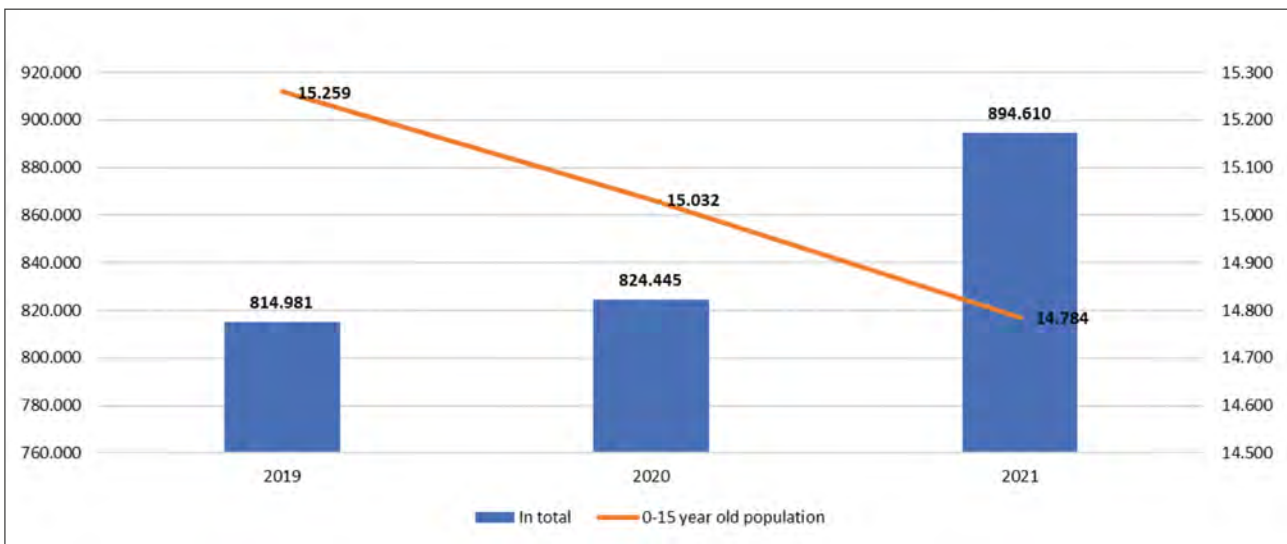
Manufacturers are looking to teens and adults to stimulate growth because of an aging society defined by a dropping birth rate and a decreasing kid population. Despite this, the market volume continues to rise, with companies creating and maintaining collections of various goods such as card games and figurines, as well as complementing their typical toy series with limited-edition merchandise, which releases on a regular basis.

Sources: Import value of toys and indoor games to Japan from 2015 to 2021 (www.statista.com)
Value of the toy market in Japan from fiscal year 2013 to 2021 (www.statista.com)
Revenue of the toys & games market worldwide by country in 2022 (www.statista.com)

Size of the Toy Market in Japan and Change in Population under 15 Years old

(Unit: million ¥/1,000 population)

Source: 2021 年度国内玩具市場規模 (www.toys.or.jp)





2. The Japanese Toy Market

2.2 Toy Categories

The country is also ahead in terms of technology, which is why high-tech trend toys are becoming increasingly more important, with a growth of 40.3% from 2020 to 2021. But card games or trading cards (+45.6%) and vehicle toys (+12.2%) are also growing steadily.

2021 Domestic Toy market size

(Unit: million ¥)

Source: 日本国内の玩具市場規模及び15歳未満人口の推移 (2001~2021年) (www.toys.or.jp)

Classification	Main Products	2020	2021	2020 vs 2021
1 Game	General games (including mini electronic games), 3D puzzles, others (including parties, jokes, magic tricks)	19.236	17.941	93.3%
2 Card games, trading cards		122.452	178.249	145.6%
3 Puzzle		17.622	15.119	85.8%
4 High-tech trend toys	Interactive toys, robots, computer related	6.471	9.076	140.3%
5 Characters	TV character toys, movie character toys, etc.	67.628	68.623	101.5%
6 Vehicle Toy	Mini cars, train toys, electric, others (racing, springs, metal toys, etc.)	42.914	48.158	112.2%
7 Doll, Play House	Dress-up (dolls, houses), play house, arts & crafts, collectible toys, hugging dolls, others (including accessories, cosmetics for girls)	38.421	38.733	100.8%
8 Plush	Character stuffed animals, non-character stuffed animals	26.314	27.978	106.3%
9 Education	Blocks, wooden, preschool, toddlers, babies (baby toys, bath toys, baby products), strollers, car seats, tricycles, others (including musical instruments, telephones, picture books, playground equipment, kids videos, electronic animals)	172.722	171.561	99.3%
10 Saisonal items	Toy fireworks, summer toys, summer goods, small toys, sports toys, sporting goods, outdoor activities	50.214	49.716	99.0%
11 Miscellaneous Goods	Variety, gifts, interior, houseware, stationery, apparel, others	105.541	105.107	99.6%
12 Hobbies	Model railroad, figures, etc.	144.166	153.633	106.6%
13 Others		10.744	10.716	99.7%



Tokyo Toy Show



2. The Japanese Toy Market

2.3 Trends

Every year, the international Trend Committee of Spielwarenmesse eG identifies the latest trends in the toy industry, and many of these trends are relevant to the Japanese toy market.

One of the Spielwarenmesse® 2023 trends is **Brands for Fans**, which is a large trend observed in the general toy industry as well as in Japan, towards licensing and retro products. Classic games like the Rubik's Cube, including the Silver Medal-winning Impossible Rubik's Cube version at the 2022 Tokyo Toy Show, are part of this trend. Manga figures or well-known characters from Animes are enjoying a great popularity as well.



Another trend is in the **Action Toys** category, which means toys with which you can play actively, such as action figures, like the Unitroborn by Bandai, which won the Silver Medal from the Tokyo Toy Show in 2022. Or vehicle toys, like the ChoroQ by TOMY, which won the Grand Prize at the Japan Toy Awards in 2022.

The **Character Toys** section is also an ongoing trend for many years, including toys based on character intellectual properties. An example are LCD Toys, like the "Sumikkogurashi Sumikko Water" by TOMY, which won the excellence Award at the Japan Toy Awards in 2022.





Tokyo Toy Show



3. Japanese Etiquette

Greeting

A bow is the most common form of greeting in Japan. However, when meeting with foreigners in a business context, Japanese choose to shake hands. They avoid a long shake, a two-handed shake, shaking the person and squeezing too hard. Also, do not bow and shake hand at the same time.

In Japan you usually address others by their family name. In business communication norms dictate to match the family name with appropriate honorific suffixes: -san or more formally – sama. For example, Smith-san instead of Mr. Smith.

Business Cards

Exchanging business cards in Japan has a much higher importance than in the Western business context. Business card etiquette is one if not the most important area of Japanese business culture. Make sure you have enough business cards handy and never run out of them during your business trip in Japan.

How do you exchange business cards in Japan?

- Business cards are exchanged at the beginning of a meeting, before taking a seat.
- Don't hand your business partner a card straight out of your wallet or pocket. Japanese commonly keep theirs in a nice case. It is respectful to do the same.
- Keep two hands on your business card when offering it, likewise, do the same when accepting. Place your hands on the outside of the card to not block the name or other important information.
- Bow slightly when accepting or delivering a business card.
- Read the card before you put it in the case or leave it on the table in front of you until the end of the meeting. This means you are paying attention to the other person and checking their position and importance in the company. If you don't know how to pronounce the person's name, it is not considered rude to ask.
- Do not write on a business card. Adding notes or scribbling on the back of a business card is considered extremely rude.

Communication

Smalltalk is the Japanese way of starting business negotiations. Smalltalk is an essential step before moving on to serious business topics. Talking about the weather is completely normal in a Japanese business setting.

Avoid being negative while replying. The best way to respond is to compliment the hospitality, the convenience of the transport system and, if you are in a rural region, the beauty of the surrounding landscape. In Japan, communication is considered indirect, where posture, tone of voice, and facial expression are all important factors. Nonverbal communication is typically more trusted by Japanese than spoken messages. Any topic that forces people to confront anything embarrassing on a personal, professional or cultural level is considered as a taboo.

Subjects that come close to reaching the level of ultimate taboo:

- Japan's involvement in war atrocities,
- Yakuza,
- Nuclear policy after the 2011 earthquake and tsunami.

Meetings

Don't rush to the first seat available in the conference room. It is considered rude to sit before the host. If you're not sure what to do, wait for the host to direct you to your seat or ask about it. You are expected to listen actively, demonstrating interest in the views of the Japanese side. Using your electronic device implies a lack of interest.



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