

Success Stories: Ideas for Potential Players

Wholesale / Retail



Sales / Services

Japan Palm International Co., Ltd.

From Jiangsu to Fukuoka: establishing a distribution point in Japan



Some of Japan Palm International's standard wrapping cord products.

Founded in 1995 in China's Jiangsu Province, Shanghai Palm International makes and exports goods for the DIY store market such as rubber boots, gloves, and wrapping cord. In January 2007 the company set up a Japanese subsidiary in Fukuoka city to import and sell to the local market. Thanks to their careful attention to the needs of customers and meticulous quality control efforts they already have a number of well-regarded and long-selling products in Japan.

90 Minutes to Shanghai and 90 Minutes to Tokyo

In 2000 the company established a distribution base in Shanghai. Soon 75% of exports from Shanghai were to

Japan, and 25% to Europe and America. The company conducted research on the Japanese market and decided that a Japanese subsidiary would help them utilize their company's competitive advantages such as competitive pricing, rapid product development, the ability to manufacture a wide variety of products, and excellent quality control. In order to further expand their business in Japan, in 2007 they set up Japan Palm International Co., Ltd.

Fukuoka is just 90 minutes by plane from Shanghai (and the same distance from Tokyo), making it ideal as a Japan base for a Jiangsu company. It is also connected to Shanghai by a high-speed ferry, which takes just 24 hours. It is even possible to pass goods by ferry through customs on Saturday and Sunday, thus enabling fast and punctual delivery.

Since Palm's manufacturing facilities are based in China, the Japan subsidiary has benefitted from production cost savings and the ability to import small lots. Thanks to Fukuoka's proximity to the company's Chinese production and distribution base, they are able to import goods quickly and react speedily to changing business and market conditions. Also, the established business record of their China production facilities is reassuring for potential customers in Japan.

Japanese-Chinese Cooperation

Japan Palm International has two vice-presidents,

2007 Japan Palm International Co., Ltd. was established in Fukuoka. The city was chosen for its proximity to Shanghai and the strength of the local DIY store market.



Vice-president Zhang Wei.



Chinese national Zhang Wei and Japanese national Masahito Sakuramoto, whose business relationship goes back some 20 years.

In 2005 the company made contact with Fukuoka city officials with a view to investigating the Japanese market and possibly setting up a subsidiary. The



Palm's production facility in Jiangsu Province.

company made use of JETRO's Fukuoka Invest Japan Business Support Center (IBSC) for five months and received advice such as on residency regulations for foreign nationals and the practical details of setting up a company in Japan.

Fukuoka has a thriving DIY store market so the city was a perfect starting point for covering the whole of Japan. Fukuoka has a strong manufacturing base, plentiful human resources, and many small and medium-sized companies with excellent technology.

Japan as a whole has many advantages as a stepping-stone for Palm's global expansion strategy. Learning to quickly and effectively meet the needs of Japan's knowledgeable consumers has offered the company much valuable information and experience it can use both in China and in other markets. By setting up a base in one of the world's most advanced markets Palm hopes to develop new distribution and trade systems.

Japan also has some of the strictest safety and quality regulations in the world, and the challenge of meeting them has been a productive experience for Palm. For example, the company faced challenges meeting Japanese regulations for one of their standard wrapping cords. But now they are confident that the

high-quality product they developed will also sell well in the Chinese and other markets.

"Accurate Information and Reliable Partners"

Japan Palm's 2008 turnover was 200 million yen, which they aim to increase to 1 billion yen within several years. Nevertheless, faced with fierce price competition the Japanese DIY store market is gradually shrinking. Large malls, discount shops and drugstores also sell similar products, so it is difficult to be optimistic for the future of the market. As competition intensifies so will the quality and price demands on manufacturers. Meanwhile, companies like Palm will have to meet the needs of their customers even more quickly and accurately.

"The needs of the Japanese market, and also the business customs in Japan, are completely different to China, Europe or America," notes vice-president Zhang Wei. His advice to other companies moving into the Japanese market is: "thoroughly investigate the market characteristics of the country in which you plan to invest and build a strong network of local partners."

"It is important to make full use of the public resources available," he adds. "That will give your company credibility, provide you with reliable information, and minimize the risks that come along with starting up a new business."

Japanese Operation

Established:	2007
Capital:	¥20 million
Employees:	5
Business:	Japan Palm International Co., Ltd. imports and sells goods for the DIY store market.
Location:	Nishihara Building, 2-7-35 Higashi-Hie, Hakata-ku, Fukuoka, Japan
URL:	http://www.japan-palm.com/
Parent company:	Shanghai Palm International Co., Ltd. (China)