

# The Business Experience of Belgian companies in Japan

**JETRO** Brussels

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## UCB S.A.

Allée de la Recherche, 60, 1070 Brussels, Belgium, Tel: +32/2/559.99.99

【Revenues 2005】 2.3 billion EUR

【EBITA 2005】 475 million EUR

【Employees】 8,367 (June 30, 2006)

【Sales by region】USA 44%, Europe 38%, Japan 11%, ROW 7%

【Establishment and ownership】

Funded in 1928, listing at Euronext Brussels, major shareholder: Financière de Tubize S.A. 42%

【Product & services】

A leading global biopharmaceutical company dedicated to the research, development and commercialization of innovative pharmaceutical and biotechnology products in the fields of central nervous system disorders, immune and inflammatory disorders and oncology

【Worldwide】

(R&D)

Braine-l'Alleud (Belgium), Cambridge (UK), Slough (UK), Atlanta (USA), Tokyo (Japan).

(Sales and manufacturing)

Subsidiaries in 40 countries, and commercialize products worldwide.

## UCB Japan Co., Ltd.

2-2, Kandasurugadai, Chiyoda-ku, Tokyo, Tel: +81 (0)3 5283 1800

【Revenue】 244 million EUR (11% of the worldwide revenue)

【Employees】 370 (including 3 expatriates), composed of 195 for sales & marketing, 62 for drug development, 54 for production, 54 for management, administration, quality, drug safety, medical and regulatory affairs

INTERVIEW : At UCB Japan Co., Ltd.

Mr. Emanuel CAEYMAEX, Representative Director and President, UCB Japan Co., Ltd.

### **How did you enter the Japanese market?**

UCB Japan Co., Ltd. was established in 1988 as the 100% subsidiary of the UCB. During the first decade, UCB Japan had co-developed 2 drugs with Japanese partners (Zyrtec with Sumitomo Pharmaceuticals and Myocalm with Taiho Pharmaceutical).

In 1989, UCB established a joint-venture company due to the lack of expertise in Japan for the chemical business such as pharma film and specialty chemical.

To become a fledged company, in line with Japanese regulatory requirements, UCB Japan then established a manufacturing plant in 1995 for down stream production of its strategic product Zyrtec. The year 1998, 10 years after its establishment, was the turning moment for UCB Japan. This year, we launched Zyrtec, a new generation antihistamine, in the Japanese market and two Japanese partners started to distribute Zyrtec. Since then, Zyrtec has become widely recognized in Japan as a leading antiallergic drug. Zyrtec's success became a trigger of our continued growth, allowing us to create a solid base of activities. Particularly, the acquisition of Fujirebio's pharmaceutical division in 2000 allowed us to add 2 strengths:

1. Expanded sales network in Japan (currently, 16 offices in Japan), thus, start our own sales operations for our in-house brands as well as for third-party products.
2. Integrated plant that can serve for the manufacturing of all our products

### **What is the importance of the Japanese market as a part of your global expansion?**

In 2005, UCB Japan revenues was 11% of worldwide UCB revenues. Considering the following 4 factors, we position Japan as one of the most promising strategic markets.

- Japan is the 2<sup>nd</sup> largest pharma market in the world
- UCB target therapeutic areas that are still underserved in Japan
- High rate progression of the aging population
- Tendency of de-regularization of the Japanese market

### **What are your current development strategies in Japan?**

We currently have a strong basis for further development in Japan with solid teams in drug development, quality & medical affairs, regulatory affairs, production, sales & marketing and corporate strategy.

Based on such human capital, we are focusing the following 3 actions:

- Development and filing for approval of UCB's two novel specialist medicines: Keppra in epilepsy and Cimzia in Crohn's disease Strong partnerships with our Japanese or non-Japanese partners

for the sales of products such as Zyrtec (anti-allergic), Cinalong (calcium antagonist), and other products.

- Reinforcing medical capability and strong partnerships with our Japanese or non-Japanese partners for the sales of products such as Zyrtec (anti-allergic), Cinalong (calcium antagonist), and other products.

- Reinforcing medical capability and developing our sales forces with high level of scientific knowledge for the promotion of specialty products in CNS (Centre Nervous System) and inflammatory disorders.

### **What challenges do you have competing with Japanese firms and other foreign firms?**

Our challenge in the Japanese market is double:

First one is the partnership strategy. We continue to develop strong partnership and strategic alliances to maximize our brands and product portfolio.

Second one is to develop and launch timely our new products in the Japanese market.

### **Have you made any product changes to fit the Japanese market?**

There is no adaptation in the molecules themselves except packaging and sometimes form of administration. However, we are obliged to conduct safety/tolerability studies in healthy volunteers as well as dose finding studies to account for possible differences in Japanese patients. Hence we adopt the Japanese drug approval process to research, sell and manufacture our products. To speed up patient access to our novel medicines we work hard to obtain recognition of foreign data to be used in Japan with minimal delay.

### **In addition to the drug approval process, what are the specificities in the Japanese market?**

Generally, the Japanese customers demand frequent visits of our medical representatives. The interpersonal relationship between customers and medical representatives is more important in Japan than in the United States and in Europe.

Another different point would be in the relationship between doctors and patients. Contrary to the United States where patients talk with doctors on almost equal footing, Japanese patients tend to regard doctors as their superiors with great respect.

### **What are the obstacles in the Japanese market?**

The most obvious obstacle is the adaptation to the Japanese registration process which contains many specific requirements. The investment to meet these requirements is weighed against our local resources to conduct Japan-specific development projects. The second one is the time to market for new molecules that historically has been longer in Japan than in Europe or in the US. Pricing of new products and mandatory price cuts after launch is an obstacle as well.

### **What are your future goals?**

We have the ambition to become a leading biopharma company that contributes to raise the quality of life of patients suffering from severe disease as well as their families. As UCB creates value to the Japanese society it hopefully will also reap financial rewards. We aim to triple our revenue within the coming 5~10 years, thanks to our innovative products currently in our R&D pipeline in area of CNS, Inflammation, oncology and allergy/respiratory.

## **REALCO S.A.**

Avenue Albert Einstein 15, Louvain-la-Neuve, Belgium, Tel : +32(0)10 45 30 00

**【Net revenue 2005】**5.044 million EUR

**【Revenue by region】** Belgium (78.4%), France (11.7%), Japan (4.9%), others (5%)

**【Employees】**33

**【Establishment & Ownership】**

Established in 1968, listed on Euronext since 14 June 2006

Major shareholders: Oxygen 39.83%, Ecotech Finance: 26.26%, Golden Blackman: 13.54%

**【Products and services】**

Realco develops researches, manufactures and distributes responsible products which meet the specific needs for professionals and consumers for maintenance, purification and cleaning.

Its commercial activities are grouped under 3 distinct divisions: Business to Business (BtoB) which represents 42% of total sales, Business to Consumer (BtoC) which represents 58% of sales and Export.

- BtoB markets include products for institutions, all kinds of food industries, waste water treatment plants and farming.

- BtoC markets include products for retail shops, supermarkets (CARREFOUR, LECLERC, etc).

- Export markets include both BtoB and BtoC products for European countries (France, Spain, Portugal, Sweden, Denmark, Holland, Switzerland, Italy, Czechoslovakia, Poland, and the Baltic States) and Asian countries (India, Hong-Kong) and Japan.

**【References】**

- Companies: Solvay, AGC Automotive (Splintex), GSK, Procter & Gamble, Pfizer, Belgacom (société de téléphonie belge), Electrabel (société d'électricité),

- Hotels: Sheraton, ACCOR, Holiday Inn, etc;

- OTAN, SHAPE (american military base in Belgium);

- Disneyland Tokyo;

- Universities: Ulg, UCL St-Luc, etc;

- Restaurants : « Comme chez Soi », « Bruneau », etc; fast food: Quick, etc;

- Food Industries: chocolate factories (BARONIE, Puratos, Neuhaus, Galler, OGC Cacao, etc); meat industries

INTERVIEW : At Realco S.A

Mr. Thibault JACOBS, Export Manager, Ms. Géraldine MALCORPS, Export Executive

### **How did you enter the Japanese market?**

Since 1968, REALCO has researched, developed, manufactured and marketed unique products for cleaning and waste water treatment using chemical and biochemical expertise for both individual and professional users. REALCO invests substantially in research, as much as 15% of its turnover. Our R&D' department has worked constantly to design new products, improve manufacturing processes and develop new applications. Research results enable REALCO to regularly market innovative products that best meet customers' special requirements.

REALCO's reputation lies in its capacity to create enzyme based products based on biotechnological research, through its own R&D department in cooperation with the UCL and ULB universities. Enzymes are natural (protein) molecules that have unbeatable cleaning powers and that accelerate the waste water purification process. REALCO was the first to introduce enzymes into industrial detergents thanks to its exceptional cleaning power.

Regarding Japan, in 1998, we started develop and commercialize our products for both individuals and industries on the Japanese market through partnership agreements with Mitsui and Shikoku (leading players in the Japanese chemical industry). This partnership agreement, which was initially for 8 years, has been renewed for the coming 5 years.

### **What are the strong points of your products and business model?**

Our major strong points for the Japanese market are:

Our strong relationship with our Japanese partner companies which are the specialist of the Japanese market.

Our expertise for the creation of enzyme based products and our capacity to adapt such products according to our partner's requirements which reflect its local regulations, specs and business customs. The scope of local adaptation is wide from formulation of ingredients, packaging to setting up new production lines and procedures.

## **What are attractive points of the Japanese market?**

We would like to point out the following 2 points:

### **1. Success in Japan serves us as an excellent reference**

The success in Japan is regarded as a proof for the quality of products and services. Therefore, this could be regarded as a premium ticket for further development in global market palaces.

### **2. High people's concern to the environment and the healthcare**

We feel that Japanese people are more sensitive to the environment and the healthcare than people in the rest of the world. One of user's benefits of our enzyme based products is "reduction of pollution (chemical oxygen demand, DBO5, suspended matter) without side effect to the human body, other animals and plants". This benefit is highly appreciated and accepted by the Japanese market.

## **Are there any communication barriers between people here and those in Japanese partners?**

We don't have particular difficulty on this point. Off course, Japanese and Belgian has different way of reasoning, actions and communication. But, if we interact intensely each other with respect of other culture, we can understand and work effectively together.

It is also important to have face-to-face meetings as frequently as possible with them to avoid misunderstandings and to accelerate collaborations. That is why we go to Japan 4 or 5 times a year, and they come to Belgium frequently as well.

## **What challenges do you have competing with Japanese firms?**

Our challenge is to continuing our efforts to respond accurately to the requirements from our Japanese partners, which are very strict in all aspects, from development of adapted products including its quality, procedures of production and timeline for delivery of products.

We learn things permanently through these interactions with our partners. We believe that our investment to such adaptation efforts allows us to yield a rich harvest.

**What would be your advices for Belgian companies to be successful with Japanese business partners?**

I would like to point out the following 3 factors:

- Be rigorous and serious
- Work hard
- Be reactive and flexible

**What is your future objective and how will you achieve them?**

REALCO gives priority of investments to the innovation of our products and manufacturing process. Furthermore, each market has its proper specificities in the international market places. Consequently, our strategy for international development is not to create our proper subsidiary abroad, but to reinforce commercial partnerships. This policy can be applied also to Japan. Our objective is to develop and market more our products in a close relationship with our current Japanese partners.

## **PIERRE MARCOLINI**

Rue du Bassin Collecteur 4, 1130 Bruxelles, Belgium, Tel: +32(0)2 216 97 68

【Revenue】 5 million EUR

【Employees】 30

【Establishment and ownership】

Established in 1995 after solid experiences at Fauchon, Wittarmer and Mahieu

【Product & services】

Chocolatier (chocolates, deserts, biscuits, ice cream and sorbets)

【Worldwide】

Stores in London, Paris, New York, Kuwait and Tokyo

The Cream of the Crop & Company (Exclusive partner of Pierre Marcolini in Japan )

6-6-7, Ginza Chuo-ku, Tokyo, Japan, Tel: +81 3 35 69 14 08

【Revenue】 9 millions Euros for Pierre Marcolini Division

【Employees】 71 including part time workers

INTERVIEW : At The Cream of the Crop & Company, Tokyo

Mr. Yushi TAJIMA, President, The Cream of the Crop & Company

### **How did you introduce Pierre Marcolini to the Japanese market?**

In the late 90's, Pierre began to be interested in developing his brand in Japan and met several Japanese importers, but he found nobody fitting to his philosophy and project.

At that time, I heard of Pierre Marcolini as nice chocolatier from one of my friends in the Belgian embassy of Japan. He suggested me to get in touch with Pierre for an eventual collaboration. But, at that time, I didn't care much about, because I didn't have any experiences in chocolate business even though my company has imported the many prestigious European brands such as Sergio Rossi, John Lobb, and Delvaux. Few months later, in December 1999, I met Pierre by chance at Brussels. During this meeting, Pierre and I could spontaneously share our value and philosophy on the brand management. At the same time, we recognized that we have a common friend, whose name is François Schwennicke, the President of Delvaux, Belgian luxury brand for bags. I have a good relationship with him as exclusive distributor of Delvaux in Japan, and Pierre

also knows well him as a good friend. Thanks to this common friend, Pierre and I could have mutual trust from the beginning, and decided to tie-up for the development of his brand in Japan.

### **What are your development strategies?**

When I started to work with Pierre, I thought that if we can't demonstrate its uniqueness, it is difficult to be successful in Japan where many worldwide brands had been already introduced including those of chocolates. Therefore, we decided to take "only one and selective strategy" which consists of the following 2 factors:

- Developing Pierre Marcolini as fashionable movement
- Developing Pierre Marcolini not as chocolate itself but as valuable brand

Under this strategy, first of all, I invested about 700.000 euros to open a chocolate building in Ginza town (Tokyo) where, like Champs-Elysee in Paris and 5<sup>th</sup> avenue in New York, most prestigious luxury brands of the world set up their shops. The concept of this building is that customers can touch, feel and taste entirely the universe of Pierre Marcolini. The first floor is the chocolate shop where the chocolates are displayed, like jewelries, in deluxe showcases. The second and third floors are a café where we serve to customers a variety of desserts made based on the Pierre's recipes such as chocolate gateau, chocolate mousse and chocolate ice cream, in a relaxed atmosphere where interior is colored in chocolate.

The reason why we set up a café upstairs is simple. The key success factor to sell chocolates is to provide the place where customers can taste them firstly. Thus, 80-90% of our customers coming to our café buy chocolates in our shop before leaving our building.

Secondary, we have been increasing the brand awareness of Pierre Marcolini, thanks to the medias-mix, the combination of magazines, TV and fun's network.

Thirdly, as we take a selective strategy, we don't take commercial actions to mass targets, for example, we prefer not to participate in food fairs contrary to the others chocolates manufacturers do aiming at appealing to a wide range of publics.

### **What challenges do you have competing with other chocolate brands in Japan?**

Our current challenge is to maximize synergies between chocolates and ice cream of Pierre Marcolini. We recently opened the ice cream building just next door to the chocolate building. The first floor is a shop of ice creams and sorbets, made based on the recipes of Pierre Marcolini. The second and third floor are café where people can penetrate to the universe of Pierre Marcolini through ice cream desserts such as marron parfait and ice cream cakes.

We believe that the synergy between a chocolate building and that of ice cream could consolidate the brand value of Pierre Marcolini in Japan.

### **What are the specificities in the Japanese market?**

This is the comments of Pierre in occasion of his interview with a Japanese newspaper Nikkei, the most popular and credible economy focus newspaper in Japan.

*“Japanese people are very curious about foods and its evolution. They succeed to develop the chocolate culture in just one century that has been developed by Europeans over many centuries. I think Japanese traditional foods have been focalized on the permanent research of the elegances and the quality. On the other hand, after the Second World War II, as the introduction of Western foods to the market, people have tried to see and study the Western foods actively in traveling around the world, then to develop new type of foods in finding out appropriate harmonization and mixture of Western and Japanese cultures.*

*Under such circumstances, I am also stimulated a lot in getting touch with Japanese culture since opening of our shop here. This allows me to inspire new creations.”*

### **What are your future goals?**

Our goal is to reach 20 millions EUR in terms of the turnover of Pierre Marcolini products in increasing its brand awareness and value, based on the synergy between chocolate and ice cream of Pierre Marcolini.

## LUTOSA N.V.

Zone Industrielle du Vieux Pont, 5 B-7900 Leuze-en-Hainaut, Belgium, Tel: +32 (0)69 66.82.11

【Net revenues】180 million EUR

【Employees】 600

【Sales by region】80% Europe, 20% other regions (Japan 1.5%)

【Establishment and ownership】

Established in 1978, the official manufacturing business commenced, when the public company Gastropom was set up on 22 March (predecessor of the public company Van den Broeke – Lutosa).

【Product & services】

Manufacture of a wide range of potatoes products such as frozen French fries, potatoes cube, organic products, chilled chips and flakes

【Worldwide】

Subsidiaries at 7 countries in Europe, South-America, China and Japan

### Lutosa K.K (Japan)

Palais Royal Rokubancho 208, Rokubancho 6-1, Chiyoda-ku, Tokyo,

Tel: +81 3 52 75 65 17

【Employees】 1

INTERVIEW : At Lutosa Japan K.K

Mr. Bernard de le Court, Representative Director, Lutosa Japan K.K

## **How did you enter the Japanese market?**

First business of Lutosa in Japan goes back to the early 80's. In 1981, via Japanese importer, Lutosa's commercialized its products for some French restaurants in Japan which needed our French fried potatoes. Since then, Lutosa had remained to provide a small quantity of products to such niche market over 20 years.

The reason of this modest business at that time was that 95% of the potatoes such as chips and fried products had been imported from USA for Japan based American first food restaurants such as McDonald's and Kentucky Fried Chicken. This means that, for Japanese consumers, fried

potatoes were not something small and yellow as European imagine, but something big and white. Since 2001, to respond to the growing demands from Asian market for developing American type of potatoes, Lutosa has added this type of products to sell to this market, particularly to Japan. Since then, the export to Japan has gradually increased and at the same time, the awareness of the European type products in Japan has been increasing. Thus, we successfully made some contracts with big chains of family restaurants.

Under such favorable environment, Lutosa established its own Japanese subsidiary just 1 year ago in order to accelerate its business development.

### **What is the importance of the Japanese market as a part of global expansion?**

For the time being, our turnover in Japan is relatively low compared with that of Europe. In addition, the consumption of foods based on potatoes here is not as frequent as in Europe where people are used to eat even in their house with its specialized equipment “friteuse”.

However, the Lutosa regards Japan as the promising market for the following 3 reasons:

European type of products are regarded as quality products compared with American products, therefore, the profit is high.

Strong exigency of the Japanese consumers to the quality of products allows Lutosa to make continuous efforts to improve its quality.

Japan is a model country for the many Asian countries in terms of life style and social evolution. Therefore, the success in Japan serves as the touch stone for the development in this region.

### **What are your current development strategies in Japan?**

Now that we have our proper sales office since last year, we are making efforts to develop our business both to the professional markets like restaurants and to private markets via supermarkets and other type of retailers.

To achieve this objective, we, as European leader in potato products, are pushing our arguments of differentiation from American products.

### **What challenges do you have competing with American firms or products?**

First challenge is to inform to the Japanese customers, the attractiveness and its rich variation of

the European potato products such as fried potatoes, etc.

Second challenge is to respond at maximum to the specific requirements from Japanese buyers. They ask us to produce potatoes and deliver our products in accordance with their proper ways of quality management. Thus, we accept, as special measure, that the Japanese buyers visit potato fields and plants, even though, we don't usually open to the third parties because of the confidential reasons. Moreover, our management team in Belgium has the willingness to create a special production line for Japanese customers even if its initial sales volume would be very small.

### **How many employees do you currently have at your Japanese subsidiary?**

We are just on the starting point. Since establishment of this subsidiary, it is my roll to ensure everything here from imports, marketing, sales and administration. I hope sincerely develop our organization in recruiting qualified people in accordance with our sales development.

### **What are the specificities in the Japanese market?**

I would like to point out the following 5 specificities:

1. Put importance to the quality rather than the price.

This is related to the exigency of the Japanese consumers to the quality of products that I mentioned above.

2. Long-term orientation

It takes a long time to conclude a contract with a Japanese new customer, because many interlocutors are involved in the decision making process based on their internal research of the consensus. Therefore, we should be very patient.

3. Quick execution

Once a decision is made, Japanese customers make us rush to execute right away, saying that "I want this absolutely by tomorrow morning!!". Therefore, we should be very careful for this, if possible, be ready to do with anticipation.

4. Strong fidelity of customers

If we can obtain their trust as a result of good first job, the probability to obtain their long-term commitment is relatively higher than Western customers.

5. Importance of verbal commitments

Japanese customers are not used to utilize writing contracts. The verbal agreements based on

the trusty relationship are frequently utilized in Japan.

**What are your future goals?**

Our objective is to increase the number of our customers in the field of the chains of restaurant, hotels and supermarkets, in order to triple our turnover in Japan within the next five years.

## **LMS International N.V.**

Researchpark Z1, Interleuvenlaan 68, 3001 Leuven, Belgium, Tel: +32 16 384 200

【Net revenues 2005】 95 million Euros (over the years, LMS has maintained a track record of profitable double-digit growth)

【Employees】 700

【Establishment】

1980-Establishment of LMS as a spin-off of the K.U. Leuven,

【Ownership】 Majority of shares are owned by the management and minority of them by NPM Capital

【Products and services】

LMS is a worldwide leader in noise and vibration engineering, providing engineering software and services industry in physical test, innovative technologies for the refinement of physical prototypes, and an integrated process solution for virtual prototype simulation.

【Worldwide】 23 offices

(Operational and product development offices)

Belgium, Germany, The Netherlands, USA, Romania, Italy

(Sales & support offices)

France, Germany, Italy, UK, Russia, USA, Korea, China and Japan

【References】

BMW, DaimlerChrysler, Ford, Honda, General Motors, Renault, Toyota, Volkswagen, Bosch, Delphi, Michelin, Rieter, Visteon, Airbus, Boeing, NASA, ESA, NASDA, JAXA, Nokia, Motorola, Sony, Canon, IBM, HP, Harley-Davidson, etc.,

## LMS JAPAN K.K

Shin-Yokohama Daini Center Bldg., 6th floor, 19-5, Shin-Yokohama 3-Chome, Kohoku-ku, YOKOHAMA, 222-0033 Japan, Tel: +33 (0)45 478 4800

【Revenue】 13.8 Million EUR (15% of the worldwide revenue)

【Employees】 35 (all of them are locally hired managers and staffs)

INTERVIEW : At Tokyo

Dr. Urbain Vandeurzen, Chairman and CEO, LMS International, Chairman of VOKA

Mr. Toshiki TAKEI, President, LMS Japan

### **How did you enter the Japanese market?**

From the beginning of the establishment of our company, we started to expand globally our technologies to provide advantages to our multinational customers. Based on this global orientation, we started to enter the Japanese market 20 years ago. Initially, we had exported our products to a Japanese importer/distributor. But, several years later, we faced the limit for the further development, for instance, the limits in sharing the strategic information and capability to provide in-depth solution to the customers, etc.

As a result of these limits, we decided to launch our proper commercial subsidiary LMS Japan in 1994 and started to sell products with small team. (first year's revenue: 0,69 millions EUR).

### **What is the importance of the Japanese market as a part of your global expansion?**

Our revenue in Japan is currently 10 to 15 %, depending on the exchange rate, of the worldwide revenue.

The Japanese market is strategically important for the following 3 reasons:

Historically, Japan has the strong culture of manufacturing and technological evolution

Need to improve the quality of products is very strong here

Speed in evolution of product and technology is very fast, particularly in the field of car manufacturing

### **What are the features and strong points of your products and business model?**

We have a strong experience of engineering in the past 25 years. Thanks to our focus on the largest commitment to engineering innovation ensured by our 700 talented people, we have more than 3000 manufacturing companies actively use LMS products and services.

Our strong point is our capability to deliver the combination of the following 3 services, while many competitors just provide one of three services. In this sense, we have no competitor.

LMS Tec Manager (data management S/W of engineering data in the test and simulation)

LMS Test Lab (physical test S/W and H/W )

LMS Virtual Lab (virtual simulation S/W)

Another strong point is our capability to deliver variety of engineering services. For instance, in the field of vehicle development, we can respond to the customer's requirements to accelerate the engineering process in the following fields:

Conventional Transfer Path Analysis & Contribution Analysis for Road Noise

Trimmed Body Modeling for Vibro-Acoustic prediction

Engine force identification

Model updating using physical data

Virtual test rig

Motorcycle tire modeling

Brake noise

Sound quality branding

### **What challenges do you have competing with Japanese firms and/or with other foreign firms?**

Our key challenges for success are:

Gaining in-depth engineering knowledge, our process understanding, and our willingness to truly partner with our customers.

Understanding our customers' challenges, anticipating their future needs, and responding with innovative solutions – we will continue to grow and lead our industry forward in empowering engineering innovation.

### **Have you made any product changes to fit the Japanese market?**

In order to be flexible to each client's specific requirements, we develop product, particularly for the Japanese market, which allow each customer to adapt their specific data and/or their management system of R&D and production.

### **How many employees do you currently have at your Japanese subsidiary? Did you have any problems securing qualified personnel?**

We have actually 35 people (10 for administration & marketing, 10 for sales, 15 for engineering &

technical support).

Regarding the recruitment, we had some difficulties at the beginning of our development in Japan for the following reasons:

LMS was not enough known in Japan to attract qualified people due to our insufficient penetration to the Japanese market.

The number of candidates possessing both deep knowledge of our industry and international mind-sets was limited in Japan.

However, it is not the case any more. We can find qualified people easier than before thanks to our recent progress of sales and presence in Japan.

Moreover, people tend to work for a long time in our company based on their high motivation. This may be thanks to their opportunities to work in a challenging environment of “technological innovation in global basis for our multinational customers”

### **Are there any communication barriers between people in Belgium and in Japan?**

Our policy on foreign subsidiary's management is to maximize localization, therefore, there is no expatriate here. Off course, we should work closely and effectively between staffs in Belgium and those in Japan for the product's development, marketing and financial control.

Aiming at understanding well in both ways, we make efforts to exchange people. For instance, we sent one Belgian engineer as resident in Japan to understand the Japanese market, aiming at optimizing product development and marketing together with Japanese staffs. He visited many Japanese customers, involved in the projects and created the interpersonal relationship to become insider of the customers beyond cultural differences.

### **Do you have any difficulties due to the cultural difference of the Japanese market?**

We don't think that the Japanese market is specifically different from other market places. Each country has more or less its cultural specificities. Moreover, each customer has its proper culture. For instance, Toyota, Nissan and Honda, each company has very different culture. As we work based on each customer's orientation, we don't care about the national or regional cultural differences.

## **What are your future goals and how will you achieve them?**

The first phase of our development in Japan started when LMS Japan was established in 1994. We have been developing our activities satisfactory during this phase in getting contracts with about 30 big customers, particularly in the field of vehicle manufacturing.

From now on, we should move ahead to the second phase of development which consists of the following 2 dimensions:

Increase the number of customers (from 30 to 300)

Diversify the field of industry (not only a few fields such as vehicle, but also other fields such as electric, machinery and aerospace).

To shift effectively to this second phase, we intend to invest intensively to “people” such as recruitment of new talents and development of competency of our people.

## **Esko-Graphics N.V.**

Kortrijksesteenweg 1095, BE-9051 Gent, Belgium, Tel: +32 9 216 92 11

**【Net revenues】** 116.6 million EUR

**【EBIDA】** 7.8 million EUR

**【Employees】** 711

**【Sales by region】** EMEALA 48%, North America 33%, Japan 10%, Asia-Pacific 9%

**【Establishment and ownership】**

2002- Establishment of Esko-Graphics as results from the merger between the Belgian Barco Graphics and the Danish Purup-Eskofot

October 6th 2005- Became a partner company of Axcel A/S, the Danish leading private equity firm

**【Product & services】**

A world leader of packaging pre-production solutions. Key product lines include a range of workflow software modules covering the entire supply chain and integrating graphics, structure and project management; flexo Computer-to-Plate systems; cutting & creasing tables for short-run production and sample making in packaging and sign & display markets

**【Worldwide】**

9 major foreign subsidiaries in Europe, USA, Asia-Pacific and many distribution partners worldwide

### Esko-Graphic Co.,Ltd (Japan)

Y-M Shinjuku Bldg. 2F, 4-1 Yotsuya 4-Chome, Shinjuku-ku, Tokyo,

Tel: +81 3 53 63 09 72

**【Revenue】** 7.6 million EUR (10% of the worldwide revenue)

**【Employees】** 20 (all of them are locally hired managers and staffs)

INTERVIEW : At Esko-Graphics Co.,Ltd, Tokyo

Mr. Kazutaka YAMADA, President, Mr.Yoshikazu NAKAO, General Manager

### **How did you enter the Japanese market?**

In 1992, Barco Graphics, the former parent company, started its Japanese business via a small Japanese importer/distributor, then, due to the limited performance of this partner, changed partner to Altech KK in 1993, a Japanese importer/distributor in the field of industrial machinery. In 1995, Esko-Graphics Japan was established as a joint venture between Barco Graphics (60%) and Altech KK (40%).

The first phase of this JV company had remained very modest. We started our business with 5 employees and the first year's sales was 0.55 millions EUR. We had been just in charge of technical support for Altech's sales team of Barco products.

Since 2000, we have moved to the 2<sup>nd</sup> phase of our development. We took over the sales team of Barco products from Altech KK. Since then, our business has developed rapidly. One of reasons of this development was thanks to the increasing number of product lines as a result of the merger between the Belgian Barco Graphics and the Danish Purup-Eskofot.

### **What is the importance of the Japanese market as a part of global expansion?**

Our revenue in Japan is currently 10% of the worldwide revenue. The Japanese market is becoming more and more strategic for Esko-Graphics for the following reasons:

Japan is the 2<sup>nd</sup> largest printing market in the world. Success in Japan becomes a touchstone for the worldwide development. As the Japanese customers are the most exigent in the world to the quality of products and services, it is not too much to say that a success in Japan allows company to drive to a success in other countries.

Japanese market can be positioned as the gateway to the Asian market, such as China, South-Korea and the South-East Asian countries. The companies in printing industry in these regions look carefully at evolution of technologies and quality in the Japanese competitors or partners. Many Asian printing companies visit Japan to see what's happening. During their visits, they also check our products and services, thus this could be the good opportunities for us to expand our business in such countries.

The company can regard Japanese market as one of the stable pillars of the sales, thanks to its low country risk and its long-term relationship with customers.

### **What are your current development strategies in Japan?**

In the field of pre-production for printing, there are 2 market segments. One is the commercial print, such as for posters, brochures, newspapers and magazines. The other is the packaging print such as for food products, electric products, etc.

We focus our activities on the later segment with our wide range of innovative technologies that make its products stand out from the competition, both in hardware and software. Furthermore, we are currently accelerating our strategic direction towards “software-driven system integration”. Thanks to this “only one strategy”, we currently keep 30 % of the market share in Japan, approximately the same share of other Belgian competitor with whom we compete in the world. The rest 40 % of the market share is taken by local competitors who consider this market segment as their non-core business.

### **What challenges do you have competing with Japanese firms and other foreign firms?**

Our current challenge is the local adaptation of our products. All of our products are developed in Belgium. In the past, we didn't make much effort to adapt our products to the Japanese market. For instance, there was no user's manual in Japanese. This is becoming a big obstacle for our further development vis-à-vis our Japanese competitors. In Japan, people are not familiarized in reading and understanding the texts in foreign language, including English.

Furthermore, the packaging print industry in China is developing rapidly in associating with transfer of production facilities and technologies of Japanese companies to China. We think that it's time to develop software programs and peripheral tools like user's manual based on Chinese and Japanese characters.

### **How many employees do you currently have at your Japanese subsidiary? Did you have any problems securing qualified personnel?**

We have currently 20 employees (2 for general management, 4 for administration, 6 for sales, 8 for technical support). As most of them came from Altech, our Japanese partner of joint venture, we

don't have major problem for recruitment. Whereas, when we need new recruitments, we meet some difficulties, because we work in B to B market for the specific fields. Therefore, the name of our company is not really known in general labor market to attract nice people. Therefore, we should look for such people with recruitment agents in a closed way, instead of researching with open media.

### **What are the specificities in the Japanese market?**

We would like to point out the following 4 specificities:

#### 1. Exigency of the customers to the quality of products and services

Due to this exigency, we launch new products firstly to Europe, then some months later to Japan. This allows us to improve its quality and adjust its functionality in Europe, then launch them in a perfect situation to Japan.

#### 2. Strong culture of human relationship

Japanese customers tend to put importance not only on the quality of products, but also on the trust with sales people. Generally speaking, it takes a long time for suppliers particularly in the field of B to B to gain the trust of customers. Consequently, the speed of development in the Japanese market tends to be slow compared to that in the Western market.

#### 3. Importance of sales people as customers' interface

Many Japanese customers ask everything to sales people from up (before sales) to down (after sales) stream, hoping that our sales people become as their unique interlocutor.

#### 4. Management style of organization

We can find many differences in its working style, internal relationship, way of making decision and distribution of tasks and responsibilities to people.

### **Are there any communication barriers between people in Belgium and in Japan?**

Sometimes, we meet the difficulties when we discuss with people in Belgium about product development and marketing in Japan. Insufficient mutual communication and knowledge of culture lead sometimes to misunderstanding, under or overestimation of what the other say.

Facing these difficulties, we are trying to exchange people between here and Belgium, for instance, a Belgian engineer has stayed here for 3 years to understand well the Japanese business culture and more specifically the features of Japanese customers' requirements. He visited many customers with our sales people and spent much time with our people in back office as well. In exchange, we also plan to send Japanese technical staffs to Belgium in next year to understand well head quarter' s culture to improve our collaboration.

### **What are your future goals?**

We intend to develop more in Japan in managing efficiently our costs and quality of products. For this objective, we are expanding our sales networks of resellers in Japan. We aim to increase the sales ratio from these channels, which represents currently 20% of our total turnover.

## **RUE BLANCHE S.A.**

Rijshout 3, zone Maalbeek, B1702 Groot-Bijgaarden, Belgium, Phone: +32 2 481 50 81

【Net revenues 2005】 6 million Euros

【Employees】 110 (40 for RUE BLANCHE)

【Establishment & Ownership】

1987 – Marie Chantal Regout and Patrick Van Heurck launch their first Collection RUE BLANCHE, registered as a High Fashion Brand, present it in their first showroom 32, rue Blanche in Brussels.

The range includes only seven styles all in cotton knitted jersey.

1988 – The First RUE BLANCHE shop opens Antoine Dansaert street in the most trendy part of heart of Brussels.

1989 – A second shop opens in Knokke, the fashionable town on the Belgian coast.

1990 – First TOTAL LOOK Collection including about a 130 styles.

1991 – The first franchise opens his RUE BLANCHE shop in Liege (Belgium).

【Products and services】

High fashion brand in women's prêt-à-porter

Shops: 12 in Belgium, 1 in France, 1 in Japan

\* The group has another fashion brand “BELLROSE” for men, women and kids

INTERVIEW : At Boutique Rue Antoine Dansaer, Brussels  
Mr. Patrick Van Heurck, Managing Director, Rue Blanche S.A

### **How did you enter the Japanese market?**

As soon as our first collection was launched in 1987, some Japanese importers have been interested in “Rue Blanche” to commercialize in Japan. In 1991, as a result of the discussions with such importers, we decided to work with Look Corporation (former Renoun Look), and concluded the agreement with them for import, distribution and licensing of “Rue Blanche”.

Since then, the brand has been developing through 1 shop in Tokyo and 7 corners in prestigious department stores based on the major cities in Japan. Actually, the annual sales reach 200 millions JPY.

### **What are the features of the Japanese market?**

I would like to point out the following 2 features:

Japanese ladies are very sensitive and exigent in all aspect of the fashion from design, color, row materials and quality of products.

Japan is one of the most dynamic and stimulant markets. Therefore, it seems to me very important to go to Japan not only to sell products, but also to feel inspiration for new creations.

### **What will be your future development?**

The current distribution agreement with Look Co will be terminated on January 2007. We are now on the discussion with other importers being interested to sell our products. In cooperation with such future partner, we expect to develop further. In addition, we intend to introduce another brand "BELLEROSE" to Japan.

## **GLACIO N.V.**

Lilsedijk 22, 2340 Beerse, BELGIUM Phone: +32(0)14 60 17 11

**【Net revenues 2005】**19 million Euros

**【Revenue by region】** Europe 90%, Japan 8 %, other export markets 2%

**【Employees】**180

**【Establishment & Ownership】**

1972– The production facility in Beerse (Belgium) was built as a unit for ice cream products, destined to the door-to-door market. At that time, all products were marketed under the “Pinti” brand.

1983– Schöller GMBH, at that time the largest ice cream company in Germany, took over the plant in Beerse and transformed it in 1996 to the European Centre of Expertise of the Schöller Holding, focusing on the gastronomy market.

2001– Schöller Holding including the Beerse plant, holding a 2% world market share at that time, was taken over by the Nestlé Group which had been developing rapidly its ice cream business via acquisitions of several ice cream brands in the world.

October 2003– the local management of the Beerse factory took over the plant in a Management Buy Out, as a result of a strategic decision of the Nestlé Group to concentrate on their core business segments. This take over was driven under the impulse of Thomas Becker, who had run the production plant since 1983.

January 1st 2004– The company officially started as Glacio NV, keeping its customers portfolio including Nestlé which represents even today 30% of our total sales.

**【Products and services】**

Glacio delivers ice cream specialties:

to complement the offer of major European ice cream manufacturers under their own brands;

to the major home vending specialists;

to its own Japanese daughter, Glacio Ice Cream Japan KK and to other countries outside of the EU (Korea, Malaysia, China, Russia)

Glacio concentrates on designing ice cream solutions for the home vending (door-to-door) and gastronomy (commercial foodservice) markets in Europe and Asia.

INTERVIEW : At Glacio N.V

Mr. Bert Nys, Sales Manager Export out of Europe

### **How did you enter the Japanese market?**

During the period when we were a company of the Schöller group, we started to develop products for the foreign countries. Regarding the Japanese market, we started to export 3 of our products to a restaurant chain in 1996.

Since then, we have studied carefully the Japanese ice cream market, and learned that just limited variations of ice cream were commercialized in Japan. This seemed to us an opportunity to enter the Japanese market. Thus, in 2001, Schöller Japan was launched as an importer of our products for the Japanese customers such as restaurants chains, wholesalers, retailers, etc.

During the first phase (2001–2003) of our development, we made a strategic alliance with a Tokyo based Belgian company which already had some knowledge and local networks in Japan. It was this partner who took charge of the commercialization of our products by building a special division.

### **Did you receive any assistance from Japanese organizations such as JETRO?**

As time passed in the above first phase of development, we began to feel some limits to develop our business and complexities to manage people in terms of speed and quality of services to our customers.

At the same time, we got the ownership of Schöller Japan as a result of the take over of the Beerse factory from the Nestlé Group by the local management.

Thus in 2004, we decided to re-design our Japan business as a proper subsidiary and changing its name from Schöller Japan to Glacio Japan. For this re-starting phase, we received much support from JETRO for the recruitment of people and setting up our Tokyo office.

### **What are the strong points of your products and business model?**

We have the following 3 major strong points:

1. Competency in the gastronomy market based on our strong European identity.

In Japan, we have no strong competitors in this segment and our capabilities to innovate and produce flexible products are the key success factors in Japan.

2. Quality of our products, ensured by permanent efforts in the quality management.
3. Our proper brands in Japan instead of manufacturing products for third parties under private brands. For instance, the awareness of our brand “Temptations”, launched in Japan recently, has been increasing rapidly.

### **Have you made any product changes to fit the Japanese market?**

We are always looking at the local market’s requirements and needs. The scope of adaptation is not only its flavor but also shape, design, volume and packaging. Our team in R&D, marketing in Beerse and our sales people in Tokyo collaborate closely to design the best adapted products for the Japanese market. Indeed, it should be noted that we try to adapt at maximum to the local needs without losing our European identity.

### **What is the importance of the Japanese market as a part of your global expansion?**

Today, our turnover in Japan represents 8% of our total sales, which is the highest figure in our export business out of Europe. The Japanese market is extremely important to us for the following 4 reasons:

Japan can be regarded as the gateway to the rest of the Asian markets

The success in Japan became a good reference and gives a positive impression to our European and other customers

People’s concern about the quality of products and services is extremely high in Japan. This forces us to keep focused on our strict quality management policy and procedures

Japanese consumers are very curious about European foods particularly in the field of desserts. This allows us to reinforce our position of European brand with high end products. It is therefore possible to obtain a higher level of commercial margin as long as we can provide high quality products.

### **Do you find any features of the Japanese market other than those you mentioned earlier?**

We would like to point out the following 3 features:

1. Complex distribution system

The distribution system in Japan is generally complicated. There are many intermediates from raw material to end consumer who all take his or her small margin.

Although there is a tendency to simplify the distribution system, this complexity always exists. In order to distribute our products as simple as possible, we are trying to approach customers who wish to make contracts directly with us.

## 2. Strong interpersonal relationship

When you want to sell your products, interpersonal relationships are very important. If you know well who is involved in the decision making process, you can work efficiently. From this point of view, the foreign company has a big challenge, because you must invest much time to get to know the decision makers. In addition, there are usually many people in each level of hierarchy who are involved in the decision making process. Usually a vendor should firstly enter into the “Madoguchi” which means a window person to present his proposal. This window person is someone who executes the operations and he or she positions relatively low in the hierarchy and has a limited power of decision taking. If your proposal is concerned about relatively small business, it is their job to analyze your proposal and make the decision. If your proposal is related to an important part of the business, it will go up to the higher levels of the hierarchy for its step by step approvals. Therefore, you have the risk to spend a long time to get the final decision which does not always need to be positive. Consequently, we try to approach a prospect with small business in which a window person can decide without approval of his or her superiors.

## 3. Importance of *Nomunication*

“Nomunication” is a coined word in combination of “Nomu”(= drink) and “communication”. Through my experiences in Japan, I understood that the communication after your business time in a bar or Karaoke with your potential or actual customers, your staff and all type of business partners is very important. I think it is the most effective way to tie a good relationship with them, because it is in this context when they talk with me openly both about business and private life. Therefore the psychological and cultural distance becomes smaller. Each time when I go to Japan, I try to have such *Nomunication* frequently.

## **What are the obstacles of the Japanese market?**

First obstacle is subject to the regulations. In order to obtain a license to import and

commercialize the food products in Japan, we have to go through a very complicated administrative procedure. Fortunately, we have a Japanese specialist here in Beerse who is able to bridge between the Japanese administrations and our R&D people and can respond swift and accurate to their requirements.

Secondly, the Japanese ice cream market is shrinking since several years now. The reason of this decreasing demand is, in my opinion, the lack of products' innovation. This could be due to the absence of ice cream specialists like us. Many Japanese manufacturers are very often generalist, which produce milk, candy, chocolates, biscuits and ice cream. Subsequently, they tend to position their ice cream products as non-strategic business. Therefore they focus on big sellers in ice creams of which they can expect the volume effects.

However, we must note that this hesitation for innovation would certainly be the driving force for Glacio who is specialized in designing ice cream, and used to survive with permanent innovations.

**How many employees do you currently have at your Japanese subsidiary? Did you have any problems securing qualified personnel?**

We have currently 4 employees for marketing/sales and administration. After a long search, we just now found an adequate group manager for this team. We are permanently looking for experienced people, having sufficient knowledge of ice cream businesses, experience of sales management and international mind-set, but we are facing difficulty to find such qualified people.

**What challenges do you have competing with Japanese firms?**

Our current challenge is related to our supply chain management. We always try to deliver our products to our customers in a good timing. In Japan, announcing an "out of stock" to a client means losing your client. Therefore, we have to keep permanent minimum stocks. But, the problem is that Japan is very far from our plant in Beerse. On the one hand, the transportation by ship of our products takes 6 weeks and on the other hand customers order our products just in time.

Under such circumstances, we must create the best practice in our supply chain from commercial prevision, production/ logistic planning, and inventory management to satisfy our customers without loosing our cost efficiency. Facing this challenge, we created an efficient logistic network in Japan in cooperation with Nichirei, a specialist in processed foods, marine products, meat/

poultry products and low-temperature logistics, based on 6 warehouses.

**What are your future goals and how will you achieve them?**

Our objective is to become the best known European style ice cream brand in Japan. Under this objective, we will try to increase the number of customers and the volume of sales with specialized and value added products.

