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UNIVERSITY OF HELSINKI  
DEPARTMENT OF FOREST ECONOMICS

# Marketing Environment of Structural Lumber in Japan

Toshiaki Owari



## Background

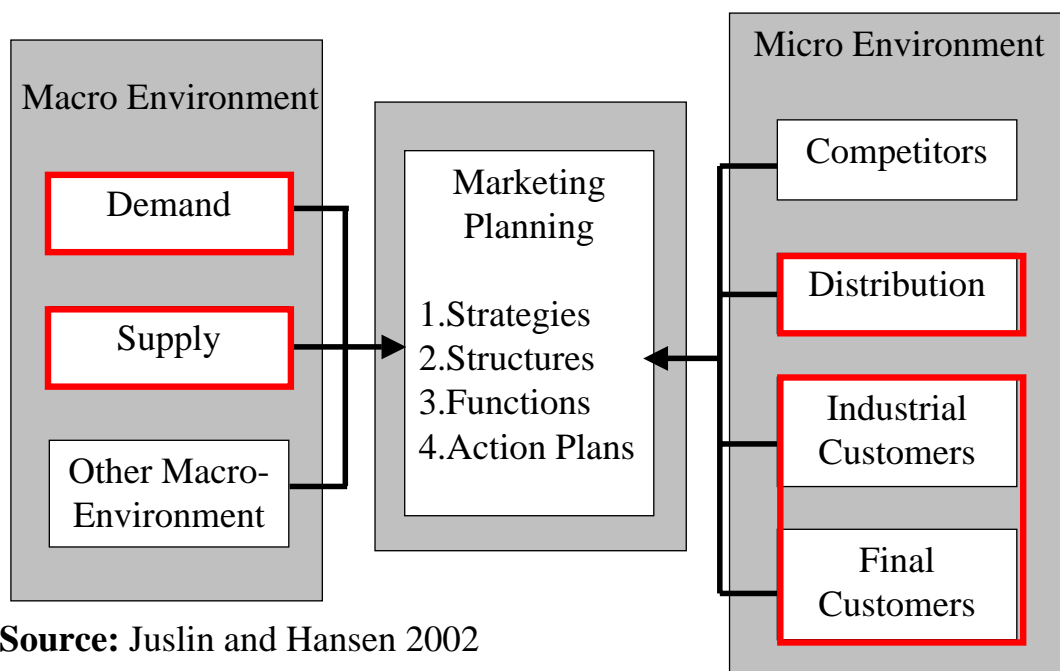
- ⌘ Europe has gained an impressive market share in Japan since the past decade.
- ⌘ European exports to Japan are going to become more important in the future.
- ⌘ Previous studies, e.g. Pesonen (1993); Nilsagård (1999); Cohen (2001)

# Purpose

- ⌘ The purpose is to provide the information on the marketing environment in Japan.
- ⌘ The analysis will focus on structural lumber used for house construction.
- ⌘ The Japanese marketing environment has drastically changed and is changing further.

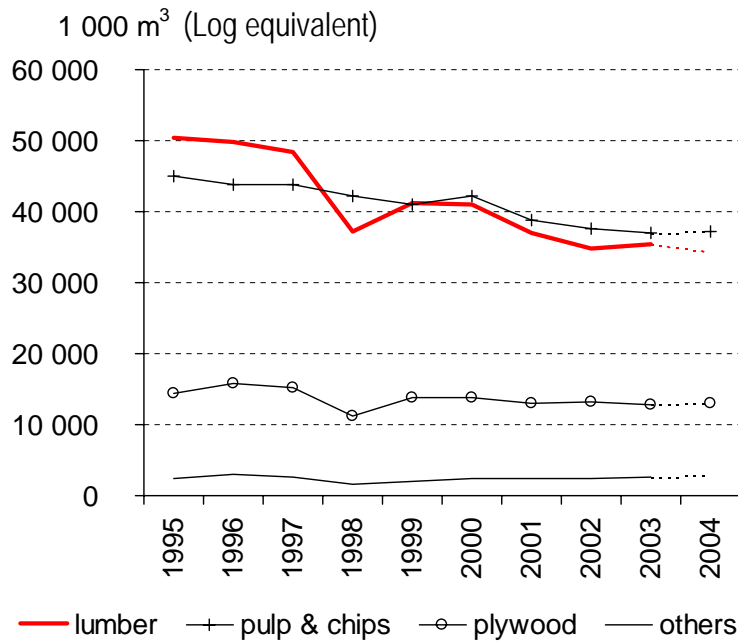
# Topics

## The Information Environment Model



Source: Juslin and Hansen 2002

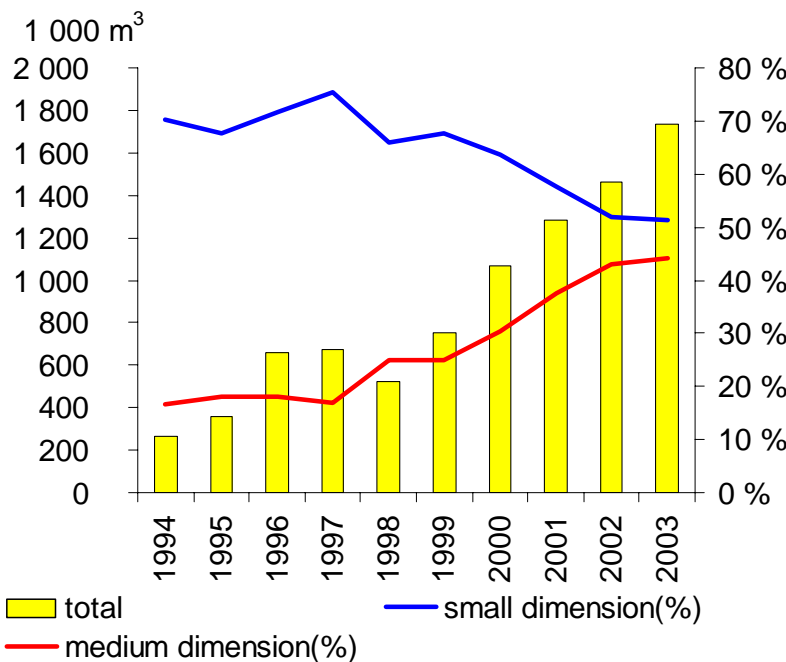
# Demand for Lumber



- ⌘ 35.4m m³ (2003)
- ⌘ Decrease since the late 1990's
- ⌘ Increase in 2003
- ⌘ Long term -> ??
- ⌘ New houses: ↓
- ⌘ Reform/rebuild: ↑

Source: Forestry Agency

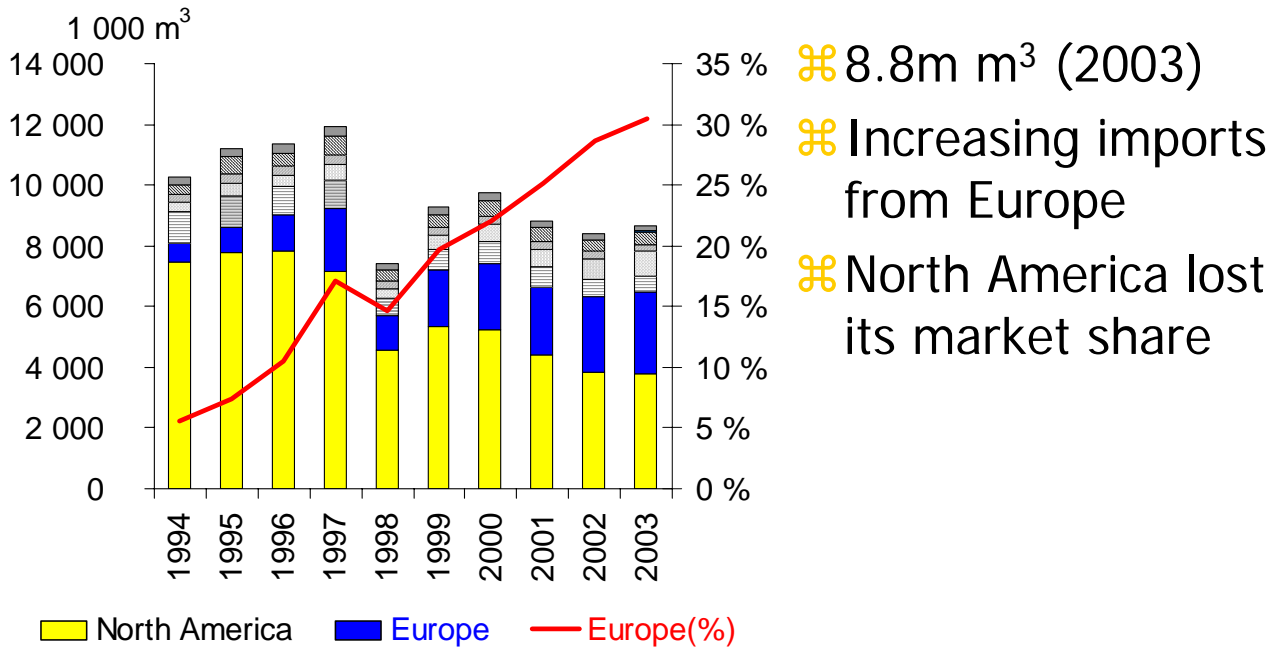
# Demand for Structural Laminated Lumber



- ⌘ Increasing rapidly
- ⌘ 1.7m m³ (2003)
- ⌘ Small dimension was dominant first
- ⌘ Medium dimension has increased
- ⌘ Builders' needs for reliable structural materials

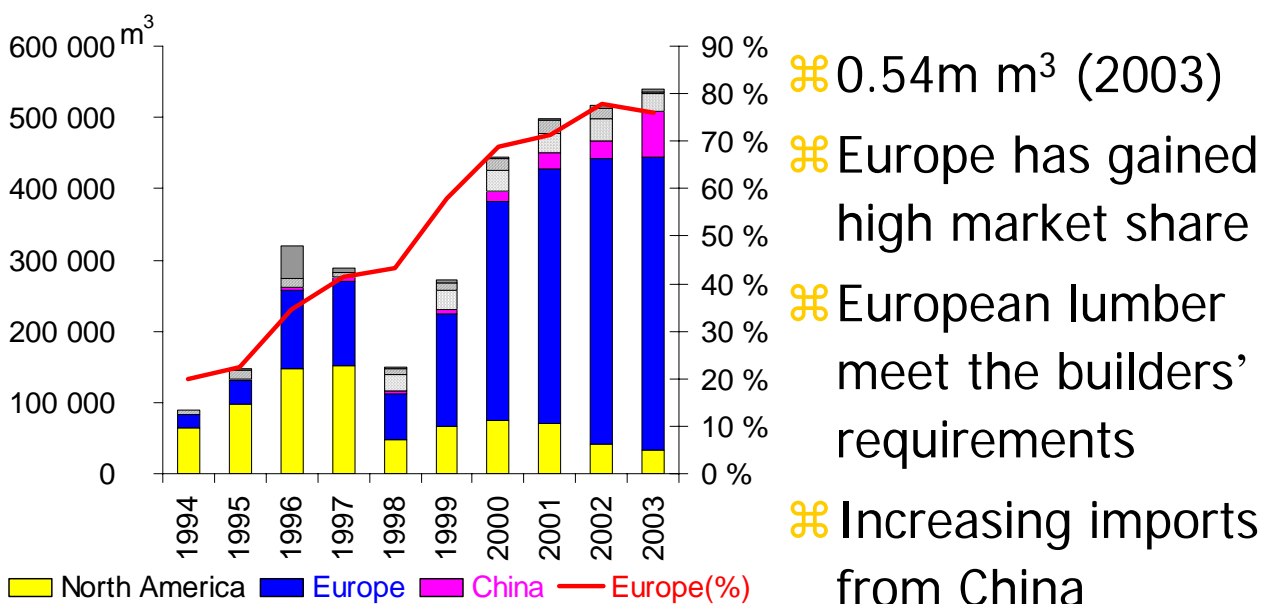
Source: Japan Laminated Lumber Industry Association

# Imports in Lumber



Source: Ministry of Finance

# Imports in Structural Laminated Lumber

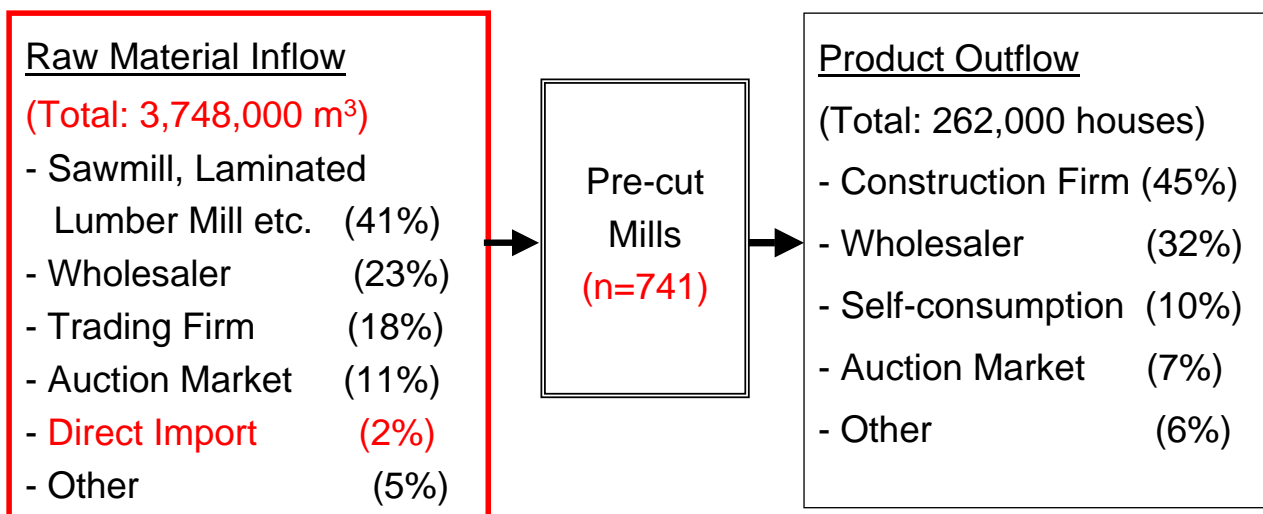


Source: Ministry of Finance

# Changing Distribution Systems

- ⌘ The **pre-cut mills** has reduced the items distributed through conventional routes.
- ⌘ An opportunity has arisen for **Home centres** to take over the needs of lumber users.
- ⌘ The **Trans-Siberian Railways** could become a possible alternative route from Europe.

## Pre-cut Industry 2001







# Trends in the Pre-cut Industry

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- ⌘ The pre-cutting of semi-structural lumber and structural plywood is increasing.
- ⌘ The pre-cut mills in the metropolitan area are becoming larger.
- ⌘ The pre-cut mills have an influential role in the structural item selection.

## Summary

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- ⌘ The changes in end-users' needs have created a new marketing opportunity.
- ⌘ Europe succeeded in meeting the changing end-users' needs.
- ⌘ One could use the changes in distribution systems for the marketing.
- ⌘ Building a closer relationship with the pre-cut industry is a key to success.

# Conclusion



⌘ In order to grow further in the Japanese market, one needs to adjust its marketing to the changing environment.

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