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## Japan

**Post:** Tokyo ATO

### **Trade Lead System - The First Success in Japan**

**Report Categories:**

ATO ACTIVITIES reports

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**Report Highlights:**

ATO Japan facilitated the first Trade Lead System (TLS) success. A small size Japanese company, Fukushima Shoji, specializing in imported foods, purchased lollypops from Illinois based Das Foods, LLC in October 2010 through the TLS. Das Foods LLC now has a chance to become a high quality specialty food exporter to Japan as the buyer is a supplier to high-end retailers in the market. While the sale was only \$20,000, future sales are expected to reach \$70,000 per year.

## **General Information:**

### **First Success Under The New System**

This trade lead (TL) is the first success for the new Trade Lead System (TLS) in the world. The Japanese buyer, Fukushima Shoji, is a small Tokyo based enterprise specializing in imported fancy food. The company was looking for a tasty hard candy wrapped in colorfully designed American style package.

An Illinois based candy manufacturer, Das Foods LLC, produces lollipops with unusual flavors and fancy wrappings. The company owner promptly replied to the inquiry, which resulted in the first TLS facilitated sale. Das Foods LLC now has a chance to become a high quality specialty food exporter to Japan as the buyer is a supplier to high-end retailers in the market.

While the preliminary sale was only \$20,000, future sales are expected to reach \$70,000 per year.

### **Refining the System**

Japan boasts a \$750 billion food and drink market and is the largest overseas market for U.S. consumer ready foods, making it the perfect country to test the system. ATO Japan has been intimately involved with the system since the beginning of the program in 2009. The first versions of the system did not provide enough detail or clarity to allow potential exporters to respond properly. For example, Fukushima Shoji originally submitted a TL in December 2009, which attracted only four potential suppliers. The Japanese buyer received replies from all four suppliers; however, three of the suppliers did not carry hard candy, and the fourth already had an exclusive agent in Japan.

To rectify this situation, ATO Japan invited the manager of the TLS, Randall Green of New Media Solutions (NMS), to Japan in May 2010. Mr. Green met with ATO specialists and several Japanese importers. Through these meetings, Mr. Green and the ATO were able to determine Japanese buyers' needs and identify ways to improve the system. As a result, responses from suppliers are now automatically e-mailed to the ATO where they can be reviewed and clarified. In addition, NMS broadened the scope of potential suppliers.

After the improvements were made, Fukushima Shoji received 18 potential suppliers as opposed to the four received earlier. The ATO was able to clarify the buyer's request before suppliers replied, eliminating wasted time and confusion. The importer also appreciated the communication and support that the eventual U.S. supplier, Das Foods LLC, provided. Total time from response to sale was three months, faster than the buyer expected.



## **Selling the System and Next Steps**

ATO Japan has actively promoted TLS to potential importers, gathering trade leads and visiting over 100 Japanese companies. In addition, ATO Japan hosted three TLS seminars targeting unknown Japanese food importers in Tokyo, Osaka and Nagoya. ATO Japan staff also traveled the U.S. to brief key State Department of Agriculture staff on using TLS. (Refer to appendix for details of each activity.)

For the next year, ATO Japan is planning additional TLS seminars in Sapporo, Sendai, Niigata, Hiroshima and Fukuoka in order to increase the reach of the TLS throughout Japan.

### **Appendix:**

#### **1. TLS Seminar in Nagoya**

A Trade Lead System (TLS) Seminar was held in Nagoya on September 21, 2010. As Japan's third largest city after Tokyo and Osaka, Nagoya is the largest industrial production area in the country.

Steve Shnitzler, ATO Japan Director, gave opening remarks and a presentation to the selected Japanese trade of about 20 people. The presentation included ATO Japan functions and benefits for importers. Alex M. Otsuka, ATO Marketing Specialist, also gave presentation on details of TLS and import trends from the U.S. to Japan. Soon after the seminar, ATO received a trade lead regarding sparkling candy from an importer.

#### **2. TLS Seminar in Osaka**

Akiko Kashiwagi, ATO Osaka, conducted a TLS seminar in Osaka in September 2010. The seminar attracted about 20 representatives, ranging from trading houses to food service and food/fresh produce importers.

After the seminar, ATO Osaka received one Trade Lead regarding dry beans, four positive inquiries about using the TLS immediately, and thirteen interests in use of TLS in the near future. The ATO specialist is following up on these interests including fresh produce and other products in Western Japan.

### 3. TLS Trip to the West Coast

Chika Motomura, ATO Osaka, and Randall Green, President of NMS, visited the states of Washington, Oregon and California in September 2010. The trip was made to build relationships with the staff of the agriculture departments of these states and promote the use of the TLS.

Ms. Motomura and Mr. Green met with each State Department of Agriculture, explaining the strengths of the TLS in detail and demonstrating the application. ATO Japan also gave briefings on its efforts in Japan to promote the system and how the TLS is helping U.S. exporters.

The visits helped identify the bottlenecks for the TLS that currently hinder wide use by the states and U.S. suppliers. One key issue highlighted through the meetings was the existence of multiple databases. Following the meetings, all three states and the NMS agreed to continue to talk on how to transition the State databases to the TLS database.