

The Outcome of Support Program for Foreign Direct Investment (FDI) Investigation of Small and Medium-sized Enterprises 2013

Koyoseiga Co., Ltd.

Company profile

- **Address** 5241-5 Funatsucho, Himeji-shi
- **President & CEO** Natsuko Sasada
- **Industry** Roof construction
- **Business** Production, sales, and construction of roof tiles for cultural properties, shrines, temples, castles, towers; production, sales, and construction of anti-cold and solid roof tiles for general residences; tourism business; production and sales of *ibushi* products
- **Capital** 10,000,000 yen
- **Employees** 13
- **URL** <http://www.koyoseiga.co.jp/>
- **Targeted country** The United States

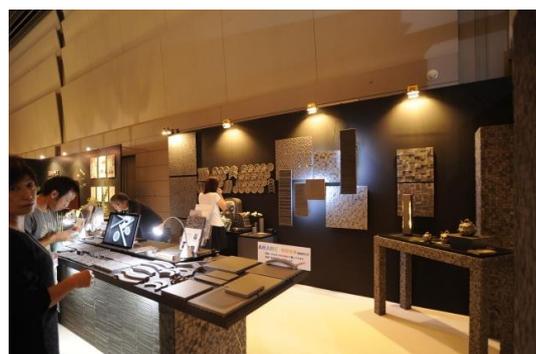


■ Title

Conducting Market Research and Finding Markets for Interior Products Made of *Ibushi* Tiles

■ Business overview

In 1805, Kobayashi Mataemon who was a designated *kawara* (Japanese roof tile) artisan of Himeji Domain moved to Funatsu and opened a kiln. Since then, “kanzaki-kawara” became renowned across Japan. Taking over the tradition, our company was founded in 1923. During this period, there were about 40 kanzaki-kawara manufacturers but only 2 remained when I took over this company 13 years ago. We sustained our business mostly by taking orders from shrines and temples and working on their roof tiles. While roof tiles in other areas of Japan are fired for 10 hours, kanzaki-kawara are fired and smoked for 4 days. Our company specializes in “*ibushi-kawara*” which is made by *ibushi* (smoking) in the last process of *yakishime* (high-temperature firing). This smoking process creates a carbon film on the tile’s surface, which protects roof tiles and its color from weather conditions such as rain, snow, and frost, and prevents deterioration. Roof tiles have been giving life of 100 to 200 years to wooden buildings. The beautiful glow of *ibushi-kawara* is known as “*ibushi silver*” and its continuous rows look like waves. The “waves of *kawara*” have long served as Japan’s original scenery, helping Japanese people develop a sense of aesthetics. Himeji Castle underwent the “major restoration of the Heisei period” after 50 years since its last restoration. Our company took part in restoring the shachi-kawara decorated on the top of main keep and other parts of the Castle’s roof tiles. As a group of *kawara*



artisans, we have strived to keep the traditional craft of “*ibushi-kawara*” alive. By placing our values on the basics of *kawara* production and the true nature of *kawara*, we “use quality clay and slowly fire our products in high temperature” and ensure that our “roof tiles provide safety and security and gives life to buildings.” By putting our time and effort, we have been providing our customers with quality products for true satisfaction. Recently, tourists visiting “GIN NO BASHAMICHI” which is an attractive tourism resource also began to stop by our company. So we started to offer visitors clay roof tile experience at our

workshop. In parallel to this effort, we have been taking new initiatives. Without limiting to roof tiles, we have developed new products including ornaments and wall materials and participated in trade shows.

■ Motivation and aim of overseas development (Before Feasibility Study (F/S))

In 2007, our company participated in the INTERIOR PRO EX CO 2007 (IPEC 2007) hosted by Japan Federation of Interior Planner's Association (JIPA) and received an incentive award. We were evaluated as "by utilizing traditional techniques and materials, the company makes efforts and suggestions that are reflective of the times. Their future development is promising." Subsequently in 2010, we participated in the "New York International Gift Fair 2010," the world's leading trade show held in New York, to gauge the level of acceptance overseas. Through this exhibition, we felt that the Japanese traditional culture is respected and its value is appreciated.



We attracted strong interest when we participated in the "International Contemporary Furniture Fair (ICFF)" held in New York in 2011 and successfully reached agreements with a few companies. However, as we continued the same approach for a few years, limitations became evident. We would receive inquiries at our every exhibit but they would not lead to anything. We realized that without a physical base, it would be difficult to create a long-lasting business. In the midst of this situation, we were fortunate to find about the support program for FDI investigation of small and medium-sized enterprises by the Hyogo International Business Center and applied for the program in order to find a distributor in New York.

■ Objective, contents, and outcome of the Feasibility Study (F/S)

In December 2013, we visited candidate distributors, their clients, as well as their showrooms in the United States. Our aim was to develop a market in the United States and to conduct a market research survey for our product "ARARE," which is a construction material made of *ibushi* tiles. We asked an expert to select prospective candidates in advance and met with over 10 companies including those who we met at previous trade shows. By visiting candidate stores and showrooms, we were able to hear their requests. At architectural firms and design studios, we heard honest opinions and what materials (size, texture, and price) were wanted firsthand. Then, we realized that it would be more effective to directly deal with architects and designers who can specify construction materials rather than finding a distributor.

During our visit to the United States in December, a Japanese woman who has been living in New York helped us with our meetings as an interpreter. She followed up on the prospects and, because of her efforts, we were able to take an order through a designer in New York for an interior wall in a general residence. She is currently working as our agent and we have been able to reach business agreements successfully with her serving as a mediator.



In May 2014, we met Mr. Odaira who has been living in New York and was exhibiting wallpapers made of *washi* (handmade Japanese papers) at the "International Contemporary Furniture Fair (ICFF)." Mr. Odaira and our company jointly took an order to design the interior for a *teppanyaki* restaurant in Florida.

It is true that we are very fortunate to have found a wonderful agent serving as a bridge in negotiations but we also learned the power of individual visits. The key person to negotiate is either the building owner or a designer with decision power. By taking the approach of focusing on these persons with the authority, we plan to continue our development efforts.

■ Future prospects

Through this Feasibility Study (F/S), we strongly felt the need for building a network of connections. That is by making frequent visits to have face-to-face negotiations, not only via emails or phone calls. In the building industry in the United States, orders take specific routes. For example, even if an architectural designer recommended our *ibushi*-made construction material, it is impossible to use it unless it is on the specific distribution route. Therefore, in order to find a market in the United States, it is necessary to locate where the distribution route starts.



In addition, we received feedback from architects and designers and many of them pointed out that our products are costly. We are currently working to reduce costs by placing top priority on this challenge. Our cost reduction efforts include fully allocating a subsidy, which was provided by an institution, to capital investment for this specific purpose. We also became the main distributor of a construction material manufacturer to directly purchase materials from them. As a result, we have successfully reduced material costs.

When we have new capital running, reduced costs will be determined. With our new product prices, we plan on taking a more aggressive approach on the starting points of the distribution routes in the United States.

■ Comments from overseas business development promoter (Hideo Kawakami)

During its golden age, there were 40 manufacturers of “kanzaki-kawara.” By the time the president Sasada took over the company, there were only 2 manufacturers making traditional roof tiles. To discover a new path overseas, she used our organization’s F/S program. Since the company has excellent product quality, I believe that there is high potential for overseas development once their products gain attention from architects and designers. As a case of global development of the Japanese traditional craft, which stands on art and techniques, I will continue to support Koyoseiga Co., Ltd.

