

# Achievement Case of a Support Project to Investigate Overseas Expansion for Small and Medium-sized Enterprises

[Project Name] Investigation into sales channel expansion for our own products (bags) in the US

UNOFUKU & Co., Ltd.

## Company Profile

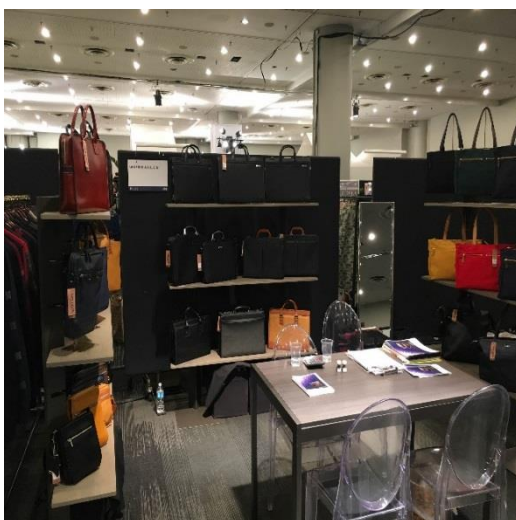
- **Location:** 328 Kajiwara Toyooka
- **Representative:** President and representative Director Takaya Uno
- **Industry:** Bag manufacturing and wholesale business
- **Outline of operations:** Men's business bags, casual bags, travel bags, school bags, and women's bags
- **Capital:** 40 million yen
- **Sales:** 900 million yen
- **Number of employees:** 28
- **URL:** <http://www.unofuku.com/>
- **Overseas expansion status and plan:**  
Established a representative office in Hong Kong in 1997.



Headquarters front view

## Business Summary

In 1921, we founded the travel goods wholesale business as an Uno Fukuyoshi store. It has been recorded that the roots of Toyooka's bag came from a basket made of willow, and has been placed in Shosoin, in the Nara era. Toyooka flourished as a production area of wicker trunk (Yanagigoori) in the Edo period, and a bag with a leather band that was tightened to the wicker trunk emerged in the Meiji era. Toyooka has become a "City of Bags" by adding the sewing technology provided by sewing machines, based on the wicker trunk production technology which continued from the Taisho era.



PROJECT NEW YORK booth

In 1955, we were reorganized into a stock company, and from this time on we began to manufacture bags, pouches and wicker baskets for export, which we began exporting to the US, Canada, Australia and Europe through trading companies. The Toyooka bags that supported the local economy from the Taisho era to the Showa era were struggling after the collapse of the economic bubble. OEM became the mainstream mode of manufacturing in what had been the production area for bags with the name of Toyooka, and even if we made a luxury brand which we were certain to see when walking through the city, we were deeply ashamed of the absence of the name "Toyooka."

We participated in the international leather goods trade fair "Mipel" held in Milan, Italy in autumn 2012 with the desire to bring the name of Toyooka back to the foreground. A unisex bag (for both men and women), which we collaborated on with

Keiichiro Yuri, a designer from the same town, was awarded a prize in the "Image & Communication" category. The bag was evaluated in terms of it being about half the usual thickness as well as its design. This made us feel that we could succeed in global markets.

We have been making efforts to respond to various different customers' requests including the production of our own original products, making full use of creative product planning and the ability to make proposals and the powerful network unique to our company. In addition, we set up an "automatic warehouse" which was unusual for the distribution of bags in 1993. This allows us to keep track of the inventories of a wide variety of products in real-time and enabled an unattended lift to pick up things automatically as we strive for accurate and prompt deliveries.

### ■ Motivation and Aim for Overseas Expansion

Since our founding, we have been producing bags for nearly 100 years, however, there have been concerns about sluggish growth in the domestic market, and in addition to the problems we faced after the economic bubble collapsed, we feared that we could not survive unless we made a move against cheap imported Chinese products. This was why we established a Hong Kong office in 1997 for overseas expansion and we have actively promoted sales to Asia. However, considering the benefits of the elimination of tariffs through the TPP and from the aspect of trust, we also felt the need to expand our business to the United States.

Speaking of made in Japan, even though the fields of "cars", "precision machinery", and "food" have a high quality image, with general apparel clothing, the designer (design) comes before the products, and jeans were the only product where "made in Japan" is obviously recognized. Therefore, our challenge was how to be recognized as "made in Japan" in the field of bags. In order to do that, we thought that it was important for our customers to realize the size, the sense of touch and the level of comfort in use, which cannot be understood only in photographs, by actually hand-carrying the bags that had been made in Japan.

In the American bag market, bags made in Japan were not at all common, interestingly, "made in Japan" products were not on sale at all in the selling spaces of mass merchandisers and department stores. Under these circumstances, since Hyogo International Business Center was looking for companies to participate in an investigation project on overseas expansion in which they would provide support such as overseas exhibitions, we applied for the project as an investigation to expand our sales channels to the US, and we were accepted.



At the New York booth



With customers at the exhibition booth

### ■ Achievement After Support from Hyogo International Business Center

We exhibited business bags and casual bags at the "PROJECT NEW YORK" exhibition held in New York from January 20 to 22, 2015, where American buyers and consumers actually touched the bags with their hands, and we gathered information such as sizes, levels of comfort in use, and differences in how to think of colors. The impact of the Japanese "made in Japan" was very high, and we found that the shape of the bags sold in Japan (for example, Dulles bags) was very unusual in the US. We exchanged business cards with about 30 buyers and received orders from 3 companies. We got advice on product

manufacturing through actually receiving orders, and it helped us to more fully understand customers' needs in the US. We started shipping orders in late February to March.

We visited the US again in August 2015, we visited customers and listened to their requests for products, which led to new product development. As we were thinking to continuously exhibit our products at the same exhibition, a member of promotion staff from Hyogo International Business Center, Mr. Asakawa, introduced us to JETRO's "support project for foreign trade fair individual exhibitions", and our application was accepted. As a result, we were able to exhibit our products from January 24 to 26, 2016.

#### ■ **Future Prospects**

In the future, we will also expand our sales channels to Europe and we are planning to exhibit our products at several exhibitions, including "Mipel" in Italy. In this way, we would like to aim to become a truly global company.

#### ■ **From Overseas Expansion Promotion Staff (Shiro Asakawa)**

UNOFUKU & Co., Ltd. utilized the investigation support project for small and medium-sized enterprises adopted in 2014, and started the first step of expanding their sales channels and developing new products through exhibitions in the United States. After this support project ended, they further expanded sales in the US market with the support of JETRO who were introduced by our center, and have since been steadily expanding sales.

We expect that they will be able to achieve further results in the future by developing sales channels to Europe.