

Selling Canadian Books in Japan

A Guide for Canadian Publishers

Selling Canadian Books in Japan: A Guide for Canadian Publishers

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About This Update

This third edition of Livres Canada Books' *Selling Canadian Books in Japan: A Guide for Canadian Publishers* has two goals. One is to present a comprehensive overview of today's book market in Japan, including updates since the previous report in 2014. The second is to highlight the most relevant changes and developments for Canadian and other foreign publishers wishing to grow their business in Japan.

The report is presented in two sections. Section 1 examines the Japanese-language publishing (*washo*) market, with particular focus on opportunities for translation rights sales. It also sets out issues facing the Japanese industry, and describes changes, already in motion, that foreign publishers need to understand. Section 2 examines the imported book (*yosho*) market, including adult and children's trade, academic books, and English Language Teaching (ELT).

This guide is based on multiple Japanese-language print and online sources, available English-language sources, interviews with industry experts, and the expertise and experience of the two authors. Major print and online sources include the "Japan Publishers Association Annual Report 2018" (*Shuppan Nenkan 2018*), "Book Page 2019" (*Hon no Nenkan 2019*), Japan Statistical Yearbook 2019 (*Nihon Tokei Nenkan 2019*), Bunka News (*Bunka Tsushin*), and a range of other print and online trade publications and bestseller lists referenced throughout the report. In order to elicit more candid responses, interviewees have not been identified by name. The authors have, however, provided Livres Canada Books with a full list of interview subjects.

Canadian dollar equivalents of yen values used throughout this report are based on the annual average exchange rates for the year(s) in question.¹

¹ Exchange rates have been taken from <https://www.ofx.com/en-au/forex-news/historical-exchange-rates/yearly-average-rates/>.

Executive Summary

Japan is an important market for international publishers. Despite the economic stagnation of the past few decades, Japan is still the world's third largest economy and the fourth largest book market.² It has a large population of 126 million urban-based (92%), well-educated people (99% advancing to high school; 55% advancing to tertiary education in 2019³) with near 100% literacy.⁴

On the other hand, Japan is a notoriously insular market. This is, at least in part, owing to the combination of 1) a sense of self-sufficiency/complacency because of the scale and other advantages listed above and 2) a unique (i.e., not spoken anywhere else) national language. These factors contribute to what is often referred to as the “Galapagosization” of Japan where the motivation to master foreign languages is low (Japan is 53rd out of 100 on the 2019 English Proficiency Index⁵), and there is limited interest in living or working abroad.⁶

It is not surprising, therefore, that Japanese consumers prefer local content in their own language from domestic publishers. Of approximately 75,000 new books published in 2018, fewer than 10% were translated titles. The demand for English-language books is also small relative to the total market. That said, given the overall market scale, Japan is still an attractive market for foreign publishers.

There have been two significant developments in the Japanese publishing industry since the 2014 edition of this report. One is a major shake-up of the distribution system initiated, at least in part, by Amazon. Citing frustration with persistent out-of-stock issues with mega-distributor Nippan, Amazon announced in April 2017 that it would open direct accounts with publishers. This was the first time that a major retailer bypassed the traditional distributors. Amazon has the potential to exert pressure on other long-held practices as well, including the consignment sales and resale price maintenance systems.

The other development is the consolidation and, in some cases, reinvention of book retailing. According to Allmedia's annual survey of the book trade, Japan had 10,174 bookstores in 2018, less than half the number of 20 years ago.⁷ As in North America and many other markets, Japanese book retailing is consolidating with a shift to fewer, larger, more modern, more innovative bookstore concepts.

² See Statista, <https://www.statista.com/statistics/288746/global-book-market-by-region/>.

³ See “gakko kihon chosa 2019” (“2019 Survey of Schools and Universities”), e-Stat Portal of Official Japanese Statistics, https://www.e-stat.go.jp/stat-search/files?page=1&query=%E9%80%B2%E5%AD%A6%E7%8E%87&layout=dataset&toukei=00400001&tstat=000001011528&stat_inf_id=000031852304&metadata=1&data=1.

⁴ See “Japan Literacy Rate 1990–2020,” Macrotrends.com, <https://www.macrotrends.net/countries/JPN/japan/literacy-rate>.

⁵ See “2019 English Proficiency Index,” EF Education First Ltd., p. 6.

⁶ For example, see Mariko Sanchanta, “Japan's Workers: Please Don't Send Me Abroad. Ever!,” *The Wall Street Journal*, 16 September 2010, <https://blogs.wsj.com/japanrealtime/2010/09/16/japans-workers-please-dont-send-me-abroad-ever/>. This article reports on a survey of 400 Japanese by the Sanno Institute of Management.

⁷ “nihon no shoten, tenposu wa ichi-man hyaku nanaju yon ten, uriba menseki wa hyaku niyu roku man happyaku nanaju ni tsubo” (“10,174 Bookstores, Floor Space 1,260,872 Tsubo”), *Bunka Tsushin* (Bunka News), 27 May 2019, <https://www.bunkanews.jp/article/118948/>.

The underlying force driving change in Japan is demographics. The Japanese population is aging, shrinking, and internationalizing.⁸ Two major implications for the publishing industry include the following: the sharp decline in magazine sales, which for many years underpinned profitability for distributors and retailers; and changing customer behaviour, especially the time spent on smartphones (and not reading books). Bookstores are reacting with various strategies to bring books back into their customers' lifestyles, including diversifying their product lineup, adding cafes, restaurants, and events, and improving store design. Tsutaya, known for transforming music and DVD rental and retailing in the 1980s and 1990s, is leading the charge in the book market with "lifestyle-based" stores customized for the local market. We discuss Tsutaya's strategy in detail below.

On the imported books front, the situation is stable but significantly less robust than it was 10 or 20 years ago. The demographic problem has its effects here as well, extending into budget issues for the largest market sector for imported publications, the university market. Still, opportunities exist and these will be addressed in more detail below. Significant developments since 2014 include the following:

1. Increased retail opportunities in brick-and-mortar, especially Tsutaya and Kinokuniya
2. Increased online opportunities (print and digital), through Amazon and Rakuten
3. Introducing English as a compulsory subject in elementary schools
4. An explosion of inbound tourists

⁸ For example, see Bryan Lufkin, "More Seniors, More Foreigners: How Japan is Changing," *BBC WorkLife*, 11 December 2018.