

Creating New Corporate Value of Italian Companies by Japanese Investment

ITALY-JAPAN BUSINESSGROUP

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a) Introduction



YAGI TSUSHO LIMITED

Corporate profile – <http://www.yagitsu.co.jp/>

Establishment : In 1946

Turnover : 500 million US\$

Overseas branches & offices : Milan, Paris, New York, Hong Kong,
Shanghai etc.

Subsidiary Company : Supremes Incorporated (<http://www.supremes-inc.jp>)
Mackintosh Limited (<http://www.mackintoshrainwear.com>) etc.

b) Characteristics of Italian fashion companies

- ① Exportation with product excellence and creation
- ② Industrial cluster has been formed especially for fashion (printed fabric / woven fabric / luxurious shoes / knitwear / leather products / furniture etc.)
- ③ Not a subcontractor but a independent manufacturer
- ④ Family operation (small to medium size)

c) Difficulties facing Italian fashion companies

- ① As lead time becomes shorter, required quicker delivery
- ② 4 collections a year in stead of 2 in the past
This cost more money
- ③ Too strong Euro makes export price uncompetitive
- ④ Massive cheap import from China
- ⑤ Facing problems of financing
- ⑥ Facing problems of successor
- ⑦ Do not have know how for branding and global marketing

d) Characteristics of Japanese market and Japanese importer

Because of long lasted (14years) recession after the burst of bubble economy, Japanese fashion market has changed dramatically.

Many of wholesalers who used to carry Italian fashion goods bankrupted.

Japanese department stores started to be merged as a group.

Big size specialty store chain has gained stronger power and conventional small size stores faced difficulty in surviving.

Only those importer / distributor of fashion goods who not only import Italian collection but also who have capability to have Italian manufacture produce what Japanese market wants season by season survives.

e) Solution

New relation between Italian and Japanese Company - Global operation by the collaboration between Italian creation and production technology and Japanese financing & marketing function

This will be realized in the form of Japanese Company's financial participation or acquisition of Italian company

Key factors for Japanese company's Investment decision on Italian fashion company.

- ① Historical background
- ② Philosophy of the top management as regards to creation
- ③ Designing
- ④ Craftsmanship
- ⑤ Production capacity and management
- ⑥ Marketing ability
- ⑦ Management