**Globally Speaking**

**Episode 050**

**Localization in Japan**

M I’m Michael Stevens.

R I’m Renato Beninatto.

M And today on Globally Speaking, Renato, we’re talking about…is it fair to have a favorite country or a list of favorite countries?

R Yes.

M Ok. At least maybe a favorite country I’ve visited. That at least puts some context to it.

R You haven’t been to Brazil.

M I haven’t been to Brazil yet, though Brazil is one of my favorite countries in general. But we’re talking not about Brazil today, except for that. We’re talking about Japan.

R Japan! Now let me tell you a little connection that there is between Brazil and Japan. Very few people know that the largest Japanese population outside of Japan lives in Brazil. They actually migrated to Brazil in the 1800s, and if you like Brazil nuts, which come from the Amazon, they are still grown today by the Japanese colonies that live there in the Amazon.

M Wow. I had no idea.

R But before we move forward, I know we have a good following in Japan. I must say I’m sorry and say *[Japanese].*

M Which is a really important phrase in Japanese.

R It’s the only phrase that I need in Japan. Which means…I don’t speak Japanese.

M Perfect. Absolutely perfect.

R It has helped me a lot while I’m there. Not that people look at me and think I speak Japanese. I don’t have the *physique du rôle,* as they say.

M Well, related to the language, one of the stories I have is with my children. When they decide on what language they’re going to study initially, I promise to take them on a trip to that country before they’re 16. With the assumption or place where they speak the language. With the assumption. I’ve got little girls, and they’re probably going to learn French, and we’re going to go to Montreal, right? Cheap flight and very easy.

 Well my oldest daughter proved me wrong when she came home and said “Dad, I’ve chosen the language I’m going to study.” And I said “what’s that?” and she said Japanese. And I thought, wow, this is going to be a lot more complicated to get to Japan. And we did, and that was a great story in and of itself. But I don’t think our podcast is about that.

R Even though she has participated in our podcast.

M She’s been on our podcast, and we hung out on that trip in Japan.

R That’s right. You and I and her.

M And Aiden.

R We were together in Japan and we went to a Brazilian steakhouse there. So, everything comes together.

M It all ties together. Well, today we have two experts with us on Japan and the business climate there, but also an expert in localization and translation.

R These guests have their perspectives on Japan; they are in Japan, and they share with us what is essential in the Japanese market. One of the things we have to keep in mind is that, and I’m going to go back in history here again. When I first started doing research in the localization space, we did a survey with 75 countries about every aspect of localization. And one of the questions in our questionnaire was, “What is the most difficult market for you”? “What is the toughest market?”, and the standard answer was Japan.

 And occasionally we would have a person that would say Canada. Canada? And the guy said, “I’m only responsible for the Americas.”

M That’s ok

R They didn’t have Japan in their portfolio. But the key thing is that Japan is the third-largest economy in the world. The number of brands that we consume from Japan is amazing. But they also consume all kinds of products from all over the world. So, Japan is a challenge in both senses. In the sense that their products need to be localized into other languages. If you look today in a Honda or a Toyota car, you have an electronic Panasonic, Sony, or something like that. Your TV is probably from a Japanese brand.

You like sushi, or you don’t like sushi; you like tempura. There’s something from Japan that permeates our lives every day. The challenge to get into that market, the fact that it’s an island, an archipelago where it’s a monocultural space. So, it’s very different than going into Europe where you have 20-plus languages, but there is a certain common identity.

M And a level of connectional-ism that exists there, whereas Japan is, figuratively and literally, an island.

R So, our guests will give their perspectives, and I think you’ll have fun, and you’ll appreciate what they have to share with us. So, let’s start….

M So Tim Romero, he hosts the podcast, Disrupting Japan. He’s going to give us a perspective of the business community and what’s happening there.

R And then we’re going to Oya Koc. She runs a company in Japan called Oyraa, which is an online platform for interpreters, and you can use your mobile to access them on demand. And she’s an interesting story because she’s Turkish, but she has a start-up in Japan.

M So each one of these guests brings their own perspective and view, and I think there’s a lot to learn from that. So, let’s let Tim start

T Well, I’m Tim Romero. I host the Disrupting Japan podcast where we interview Japanese start-ups and entrepreneurs and talk about innovation in Japan and what it’s like to run a company there. I’ve started four companies in Japan myself; I’ve sold two; bankrupted two. That’s 50-50, so not too bad as far as start-ups go. And thanks for having me on the show.

M That would be a great baseball batting average. So, I’d say you’re doing pretty good. So, Tim, I’m going to take a stab here, we’re not sitting face-to-face but you do not sound Japanese.

T Yes, amazingly enough I’m not. I’ve been in Japan close to 25 years now, but believe it or not, I first came to Japan as a professional musician, years and years ago. My music career, let’s just say it was short even by Japanese standards! And that was in the late ‘90s, and I thought this internet thing sounded interesting, so I quit my job and started a company and ended up selling it and then… you know how it goes, rinse, wash, repeat. I kept doing that.

R That’s fascinating. And why Japan?

T Well, it’s a wonderful country. Once you get over the sort of alien-ness of it all, you know, the first year or so here, everything is new and strange and wonderful, but after that passes, it’s a very comfortable place to live, and it’s a very different market in which to build businesses.

R So, we talk in these podcasts about cultural differences, language, localization, different models. What is different for... because, let’s frame this in a better way. Japanese companies are global companies today as are many American companies and European companies. Today, you can drive a Japanese car, you can have a Japanese computer, you have these global Japanese brands. How are they different when they look at the world from the Western brands that look at Asia? Is that something, is there any angle that you have noticed a major difference?

T Sure, there are quite a few. Do you want to look at this from, for example, the angle of design and localization or from the angle of business strategy?

R Let’s start with design, and then we can talk about business strategy because the two of them go together.

T I’d say the biggest thing is… I mean, all of your listeners understand the importance of localization, but I’d say the biggest thing is this sensitivity to cultural differences. So, for example, Japanese tend to… I’ll give you a specific example. I used to run a company called Engine Yard, which was a platform-as-a-service company; it was a San Francisco start-up, and I ran the Japan market entry. We found quite accidentally that we had this sign-up wizard, where it would walk you through every step of the sign-up, and it was about six pages long that everyone around the world really liked.

 But, we also had this kind of diagnostic tool, which was a single page with probably 60 different fields you had to input. It looked horrible. We found that the Japanese actually preferred the single-page to the well-designed, hand-holding wizard. I think it was just a sense that the Japanese like to know what they’re getting into before they commit to a process.

M Yes, that step of being walked through one action at a time was not compatible.

T Right. They just kind of … okay, where are we going to end up here? And then, great … let’s do it! And so, we cleaned that particular page up and made it presentable. It was a huge difference. But quite honestly, most of the marketing mistakes, most of the mistakes I see companies make during localization are really simple ones. Things like… I don’t know how many times I’m still seeing, you know, that standard stop sign icon, used to mean stop? Stop signs don’t look like that in Asia, so it’s just like a confusing icon.

 So, there are a lot of things; I mean, I find in general these days, most companies do it well, but US and Japanese companies are on the opposite extremes. US firms tend to assume that they need almost no localization to the point where they will launch in English when coming into Japan. And Japanese firms tend to assume that they need to change everything about their product when going to market where, usually, the truth is somewhere in between.

 Now, I think that’s changing. In fact, there will be an episode of Disrupting Japan where I sat down with the CEO of design from Goodpatch, and he works specifically with helping companies come into and go out of Japan. His point is that he was saying because of the iPhone and Android interfaces, design really is becoming more global. That’s kind of pushed the whole, not necessarily localization industry, but it’s pushed the whole design industry towards a certain standard, and because of that, localization and global markets are becoming easier to access.

R That’s a very good point because in the early days, Japan was very advanced with their docomo phones, with features, and they had emojis and all these things that we incorporated in the Western design, but it’s now all the same, right? It’s the same IOS, there might be a little bit… I don’t know if our listeners are familiar with Line, but it’s the WeChat of Japan.

M The originators of the sticker for social media.

R But, it’s different. The way they communicate is different; it’s easier, but a lot of Snapchat features look a lot like things that you have online. So, there is this cross-pollination, it appears.

T I think absolutely so.

R So, in terms of strategy, what do you think is different from the Japanese start-up and your traditional American start-up? American start-ups don’t necessarily think of global markets very early on in their design. Is there a difference in that sense?

T I think so when you’re looking in terms of the start-ups themselves. How much local start-ups think of global markets, I think, directly depends on the size of the economy they’re operating in. So, the US has a huge economy and access to funding and very few start-ups think about globally other than a “yes, we want to do that someday”. If you look at start-up countries like Israel or Singapore, there is a tremendous number of start-ups that come out of these countries despite the fact they are very small economies, but almost every single one of them is globally focused. Because they know, they don’t have enough, there’s not a big enough domestic market to grow in.

 Japan is kind of an unhappy medium there. The economy is big enough that start-ups can focus on Japan, but I’d say over the last five years or so there’s been a real growing sense that you need to be thinking about the global markets. VCs today are reluctant to invest in companies that are only focused on the domestic markets. So, I think that’s changing here, and that’s good.

M As Tim mentioned, there is a lot of change in business culture in Japan, as it is through the rest of the world. Right now, there is a lot of discussion about the changing dynamic between men and women in the workplace, and our next guest, Oya Koc, has been able to build a successful company in Japan as a start-up. She’s a woman who’s running it, and she has Turkish heritage.

R Well, I think in Japanese, the word is *gaijin*, which is the foreigner. And we know that Japan has this tradition or perception of being a male-dominated business environment. So, let’s hear how she did.

O I was, you know, used to being in a male… not dominant, but yes, male dominant perhaps industry, studying with many men students already at school and everything. So, I was personally actually very used to this, being surrounded with men and working with them.

 So, I think that made my life easier, but definitely the challenges of being a woman entrepreneur in tech has more challenges in Japan; however, as you just mentioned, being a gaijin makes a little bit of a difference here because if I were Japanese, perhaps the barriers would be higher, perhaps, because that person is actually one of them, right?

 But being a gaijin, being a foreigner already is like… makes them think that you are not one of those people, in a way; and I think how you put yourself, how you communicate with people, how professional you are. And, you know, once you kind of give that feeling to the people, to the investors, to your colleagues and everyone, it’s… I think those barriers… I can challenge those barriers as well.

 So, initially, of course, you face that… you experience and face that reaction or perhaps challenge; however, once you start communicating with people, and once you help them understand you as well, and what you are doing,it makes a difference.

 You do whatever you want to do, and at the end, you achieve because you give results, and you are very capable in executing your plan, doing what you want. You have a vision and everything. Then the picture is so different; then these people really respect you, and they want to work with you.

 So, I would just recommend all women in a male-dominant country, and especially in male-dominant industries, just to be a little less sensitive about this topic. Just to overcome it, and just do whatever you want to do, and once you prove by doing, then the barriers are gone.

M So, Tim, what do you think is important that our listeners are understanding about the start-up community in Japan and sort of your work there?

T I think one of the most interesting things about it, I think that when people talk about start-ups or the start-up community, or just talk about innovation in general, almost everyone looks towards Silicon Valley… that venture model. They compare what’s going on in Silicon Valley to what’s going on wherever they happen to be and say “what’s different, what do we need to change?”

 But, I think one of the most interesting aspects of Japan is, I think there’s a different model starting to develop here. I mean, there is a pretty healthy start-up scene, but there’s also a tremendous number of mid-sized companies that are like 100 people who’ve been part of someone’s supply chain who are now changing and trying to become product companies. And until the last 10 years, all of those companies were pretty much focused on just being a supplier, and there’s a chance for a tremendous amount of innovation to be just brought onto the market from experienced technology companies trying to productize, rather than small companies starting from scratch.

 And I think that’s unique to Japan, and it’s very interesting watching it develop.

M I was just listening to Goldman Sachs’ podcast recently, and they were talking about the success Germany has had, and really they have so few large international companies, but they have mid-sized companies that provide very high-quality goods for other areas, and Japan has that same type of opportunity.

T It is actually quite similar. Japan’s situation is a little more extreme because in the ‘50s and ‘60s, well actually really up until the ‘90s, supply chain companies were only expected to supply one corporate group. You basically had one customer. It was… that’s just the way things worked. So, there are now 165,000 mid-sized manufacturers in Japan. And a lot of them are having to learn to sell and market for the first time, but it’s good for the economy because it’s forcing this huge section of the economy that represents half of all corporate revenues and employs more than half of the Japanese workforce to suddenly start to innovate.

R One of the things that we have outside of Japan is this concept of multiculturalism. Japan is a fairly monocultural society, right? You don’t have much diversity; it’s a single-language country; very low rates of immigration, and is that something that is changing at all or still something where it’s Japanese or die?

T It’s very hard. There’s a very, very small subset of businesses where you can get by selling in English. So, when I look around Asia, I kind of break the countries into… or actually globally, you can look at which countries are English-native, which are English-friendly, and which are English- hostile. So, English-friendly countries might be India, Singapore, the Philippines, maybe Hong-Kong. English is not really the native language, but you can do business in English; it’s acceptable. English-hostile countries are like Japan and Korea. And it doesn’t mean they dislike English or anything like that, but it means that if you want to do meaningful business here, you’ve got to be doing it in Japanese.

 If your user base is very small, and there’s no meaningful competition, you might be able to get by with English. But in general, you won’t be able to scale your business much here unless you’re doing business in Japanese.

**END OF CONVERSATION**