

Smooth Moves

By Kazuyoshi Kajihara

"The moving business is not part of the transportation industry; it is a service industry."

That is the guiding policy at Art Moving Center Co., the young Osaka-based moving company that in a few short years has won the overwhelming support of its customers, and with it stunning growth. The secret to the company's remarkable success has been the wide range of services it offers—some only peripherally related to the traditional tasks of house movers in Japan—in effect bringing the service industry spirit into what has long been one of the most conservative of Japanese businesses.

Founded in 1977, Art Moving Center Co.'s sales for fiscal 1981 were ¥4,845 million. That was respectable enough. But its fiscal 1986 sales were nothing if not spectacular: ¥17,139 million, a 3.5-fold jump in only five years.

Art Moving today has 600 employees, 600 large and small moving vans, and last year undertook some 110,000 moving jobs. In just a decade, it has staked out its territory as the leader among Japan's moving companies.

What are the services that have propelled Art Moving into fame and fortune? The company's first innovation was a breakthrough for the moving industry in Japan. As the first firm to deal exclusively in household moving, Art Moving took the onerous task of packing off its customers' hands, sending trained personnel to their homes equipped with cardboard boxes, tape and everything else needed to completely pack all the items being shipped. The company's slogan was: "Housewives, don't pack by yourselves."

Two years later, in March 1979, Art Moving launched its free "moving exterminator" service. In order to prevent pests from being moved to the new house or apartment along with the furniture, the company began loading its cargo in sealed containers that could be fumigated en route. Because cockroaches and other insects secrete themselves in household belongings, the company tied up with

insecticide maker Earth Chemical Co. to launch the service. The exterminator service slogan was: "Don't let the roaches move with you."

In June the next year, Art Moving perfected its double-decker moving bus, the "Dream Saloon 21." With their belongings loaded into the cargo compartment at the back of the bus, a family can ride to their destination in a luxuriously appointed second-floor saloon above the driver. The Dream Saloon 21 sprang from the thought that a family should not have to move separately from its belongings. The bus, employed mainly on long-distance moves of 200 km or more, is booked up around the year.

Still not content, Art Moving went on to develop its "Power Container" in December 1980. A hydraulic jack under the flatbed of a specially rigged truck elevates the cargo container as high as a third-story window or balcony, allowing furniture and other belongings to be carried straight from low-rise apartments or the upper stories of a house into the waiting van. Upon arrival, the furnishings can be unloaded straight into the new lodging. The system allowed huge savings in labor.

That is not all. Art Moving also offers rental containers for storing furniture and other belongings when customers run out of room at home. It undertakes all kinds of minor construction work associated with moving, transports pianos and other special cargoes and has introduced electrically driven cargo handling equipment to speed up loading and unloading. All the company's wide range of moving-related services have been well received.

Art Moving is as adept at publicity as it is at plotting out thorough services. The "Art" in the company name suggests that the firm has elevated household moving to an art. But at the same time, the "A," which is also the first sound in the Japanese syllabary, ensures that the company's name will be among the first in telephone Yellow Pages listings.

The telephone numbers for all of Art

Moving's branches and business offices nationwide have been standardized as "0123." Following the local city and district code number, customers can be sure of finding the familiar "0123," making it easy to remember. Art Moving has dubbed its nationwide chain of branches and offices "The 0123 Network." Its decision to incorporate the numbers into advertising jingles for television and radio commercials has also boosted customer recognition.

A woman's touch

The president of this tiger of the moving industry happens to be only 40 years old, and, in a startling departure from Japanese business precedent, she is a woman named Chiyono Terada.

Her husband, Toshio Terada, founded Terada Unyu (transport) in 1968. Chiyono helped out with her husband's business, but in 1977 the couple decided to found Art Moving and to put Chiyono at the helm as president. Terada Unyu is still in business, and Toshio, its president, is also listed as Art Moving's managing director. Chiyono became president when she was only 30, and today leads a company with annual sales pushing ¥20 billion. She also holds the important post of vice chairman of the committee on medium-sized industry of the powerful Kansai Committee for Economic Development.

"By most classifications, the moving business comes under the transport industry," says Terada. "In fact, however, transportation accounts for only about 20% of moving a household. The most important work really comes in packing family belongings, setting them up in the new dwelling and other work coming before and after the move itself. If you consider moving a housing service instead of transportation, then there's no end to all the new ideas that come bubbling up."

Terada has transformed the image of the moving business from that of a truck-

ing-related business to a more service-oriented field. Moreover, it has all been done with a woman's touch. Since Terada knows from her own experience that the housewife is the key player in virtually any family move, all the company's telephone consultations are carried out by female employees. A soft-sell approach to customers' questions and a shared understanding of a woman's concerns and needs result in more customer contracts.

Art Moving's services are certainly complete. This also means that the company's rate scale is substantially higher than those of competing companies. Terada acknowledges the gap, but dismisses it as unimportant. "There are approximately 36,000 land freight companies throughout Japan," she says, "and they've all been competing solely on the basis of price. We don't intend to imitate other companies. We believe that good service is worth an appropriate price."

Terada reports that her company's immediate goal is to carve out a 15% share of the household moving market, a market she estimates as being worth some ¥400 billion. That figure is based on the approximately 4 million moves handled each year by Japanese freight companies, calculated at an average cost of ¥100,000 each.

This is an ambitious target. Some 60% of Art Moving's sales come from family moves, with the remainder accounted for by moving services for corporations and other business clients. The company's household moving sales for last year came to slightly more than ¥10 billion, and they are now embarking on expanding those sales to 15% of a ¥400 billion market, to ¥60 billion.

The moving industry in Japan has long been notorious for treating customers arrogantly, providing inferior service and using vague and shifting rate scales. Art Moving Center has pioneered an entirely new style of business and revolutionized the industry. Art Moving may be the No. 1 company in the household moving industry, but it will be no easy task to conquer that 15%. The reason is simple. Provoked by the new ideas and growth of Art Moving, the old guard of Japan's transportation and trucking industry are now moving into the family moving business in earnest.

Takuhaibin hits it big

Perhaps the biggest news to hit the trucking business in the last 10 years has been the rise of *takuhaibin*, or home-delivery, services. *Takuhaibin* services are



With the company philosophy "the moving business is a service industry," Art Moving Center Co. has become the leader among Japan's moving companies in just a decade.

specifically tailored to transporting small parcels directly from door to door or quickly and at minimal cost. Yamato Transport Co., one of the giants of the trucking industry, was the first to start full-fledged *takuhaibin* services back in 1976. Today, some 30 companies have hammered together a market that is flooded annually with an estimated 500 million delivery orders. In the past, the small parcel post service operated by Japan's Ministry of Posts and Telecommunications dominated this market, but the system's reputation for bad service—considered by many a consequence of government ownership—left it vulnerable to aggressive private-sector competition. Today use of the national parcel post service has declined, and it is a minor player in the *takuhaibin* market.

Macroeconomic factors lay behind the explosive growth of *takuhaibin* enterprises. As the Japanese economy shifted from high to low growth, the rate of expansion of industrial and commercial cargoes slowed. Faced with stagnation in their traditional market, the big shippers had no choice but to focus their resources on the small-lot cargo needs of the average individual or corporate consumer.

Now the same trucking and shipping firms that have survived and flourished in the cutthroat *takuhaibin* market are turning their attention to the moving busi-

ness. Unwilling to let Art Moving have all the goodies for itself, they are aggressively bolstering their household moving divisions. At the center of the storm is none other than Japan's largest land freight company, and also the second-largest *takuhaibin* firm, Nippon Express Co., which handles 144 million parcels a year. Following close on its heels is top *takuhaibin* company Yamato Transport, which transports 239 million packages annually.

Nippon Express is one of the oldest companies in the industry. Its business ties with Japan Railways (the former Japanese National Railways) has given it a nationwide network. The approximately 600,000 moving jobs it performs each year was once enough to make it No. 1 in that business as well. Now Nippon Express is out to reclaim its previous supremacy. This past January it established "Moving Departments" or "Moving Centers" in the business offices of each of the nine blocs into which it has divided the Japanese market. By setting up specialized sections for the moving operations formerly left up to each regional business team, the company hopes to appeal more directly to the average consumer.

At the same time, Nippon Express began selecting staff for special training as "moving planners." The planners visit the homes of customers armed with calculators and manuals to prepare cost

estimates on the spot. They can also determine how much material and the type of truck needed for the job. Nippon Express's 3,000 moving planners showed their stuff this past March and April, Japan's traditional peak moving season, as most company and government personnel changes are decided in March at the end of the fiscal year.

"A good 35% of moves happen during these two months," says Hiroshi Fujioka of Nippon Express's House Removal Department. "The peak comes in the last week of March and the first week of April. We're so busy then we can use every ounce of help we can get."

Removal menus

Nippon Express is working to strengthen not only its personnel and organization but also its equipment and services. On the equipment side, the company has deployed 100 "super-remover" trucks for loading and unloading furnishings from high-rise apartment blocks and condominiums. The trucks use winch-equipped extension ladders like those on fire department hook-and-ladder trucks to reach upper stories.

Nippon Express also tied up with the Tokyo-based environmental sanitation company Ikari Disinfection Co. in August last year to provide housecleaning services at both ends of the move. In addition to cleaning, a fumigation service is included.

A unique service launched in July 1986 targets families moving overseas. The overseas living information center at Nippon Express's Tokyo Overseas Removals Branch is run in cooperation with Cosmos Group, a volunteer organization of housewives who have lived in foreign countries. The center offers information on all aspects of daily life abroad to people making their first move overseas.

Yamato Transport is also bolstering its household moving business. Yamato's selling point is the three separate "courses" it has devised to match the style, scale and budget of its customers: the "Easy Moving Pack," the "Charter Move" and the "Little Mover."

The "Easy Moving Pack," launched in July 1985, covers everything from packing to cleaning the old and new dwellings, unpacking belongings and arranging the furniture. Rates are standardized by number of rooms and distance traveled. Women "moving-visers" who take responsibility for the move from beginning to end have been assigned to Yamato business offices nationwide. The entire move is carried

out by the same specialist team, a revolutionary system in Japan's moving industry. Yamato has 225 "moving-visers" on call throughout the country.

The "Charter Move" is a more conventional service, designed for customers who want to do their own packing. Once everything is ready to go, Yamato provides a truck, driver and stevedores to load and unload the cargo. The "Little Mover" course covers small loads. Prices are strikingly low: ¥1,600 to move a small TV from Tokyo to Osaka or ¥4,200 for a desk or small refrigerator.

In addition to these three courses, Yamato also offers numerous optional services. Yamato workers will take down and reinstall television antennas and air-conditioners, or pack and transport paintings, art objects and other valuables. Yamato will even apply for water, electricity, gas, telephone, newspaper and other services on the customer's behalf after the move. The fee for all that time-consuming paper work is only ¥5,000.

"Moving doesn't just mean relocating people and their belongings," says Katsuhiko Saiki, Yamato's public relations chief. "It means relocating one's base for living. Our company takes care of everything that entails. Our next target after the *takuhaibin* market is the moving business."

Tapping potential markets

The Japanese moving market is starting to overheat. There has been a steady decline for more than a decade in the total number of people moving each year. According to an annual report on population movements compiled by the statistics department of the Management and Coordination Agency, the peak year for moves from one city, town or village to another was 1973, when 8.54 million people relocated. The number has fallen ever since, and in 1984 was down to 6.56 million. Apparently the shift from high to low growth in the national economy has given rise to an increasingly sedentary population.

Yet despite this decline in the population of potential movers, the transportation industry is putting more effort into cultivating the household moving market. At least one reason is the same as that behind the spurt in *takuhaibin* services, namely, that with industrial and commercial physical distribution decelerating, these companies must rely on business generated by the average consumer to fill the gap.

Another reason, however, is the conviction that, depending on how the indus-

try adjusts to these conditions, it is possible to expand the moving market even as the absolute number of people relocating declines. Many people do not rely on professionals at all, but pack and move themselves using rent-a-cars. If these people knew of the existence of, for example, Yamato's "Charter Move" or "Little Mover," or were aware of the many optional services now in the product lines of moving companies, they might be tempted to give them a try.

Another way to expand the market is to offer a wide range of post-moving services. Art Moving, for example, finds customers who have used its moving services are also interested in its housecleaning service package, which includes general cleaning, pest removal and disinfecting.

"The average Japanese moves 3.3 times in his or her life, compared to 6-7 times for the average American," says Art Moving's President Terada. "We want to respect the ties between ourselves and our customers who, after all, ask us to help them with one of the biggest events in their lives. In order to keep alive these ties and to offer our customers new services as they come along, we maintain computerized files on all our customers." Because Art Moving has assisted in nearly 1 million moves, that immense customer list constitutes a valuable company asset.

There remains yet another untapped moving market in Japan, estimated to be worth ¥300 billion a year: helping *tanshin-funin* businessmen, or businessmen who have been transferred and leave their families behind. The number of such *tanshin-funin* businessmen has been put at around 150,000. Entrepreneurs have high hopes for this market, in terms of leasing household goods, providing cleaning services, delivering groceries, making wake-up calls and taking care of all the paper work left over when another transfer comes through.

The strong yen and the rise of powerful new competitors among the Asian NICs mean that Japan is witnessing a rapid decline in the relative competitiveness of traditional smokestack industries. In their place, service industries will play an increasingly important role in the Japanese economy. Moving companies are a classic example of a new service industry. Be they new, specialized companies like Art Moving, or venerable but still flexible giants like Nippon Express or Yamato Transport, these companies hope to create new markets through fierce competition. Japan's moving market seems certain to grow even livelier in the years ahead. ●