Forestyle: Web Marketing Strategy Exploiting Mountain Trees and Contractors

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1. Introduction and Background

Higashishirakawa is a mountain village nestled in the mountains of southeastern Gifu prefecture with a population of about 2,500. Forest lands covers close to 90% of the village, so production of lumber and homebuilding are the chief industries followed by wet-field rice, tea, and horticulture.

These past two decades have witnessed a steady decline of the homebuilding business of the village, falling from a peak of 70 new home orders in 1993 to a dismal 14 orders in 2009, and this has resulted in reduced income for many local residents involved in the construction trade, and this disparity with other towns and villages only continues to widen. The problem is made worse by a steep decline in population after 2003 leading to pessimistic predictions that the village will become a marginal local community by 2023, which is defined as a village where more than half the residents are over the age of 65.

The village finds itself in this awkward situation because it is heavily dependent on just one industry—homebuilding—with roughly 60% of village businesses involved in residential construction, and also because the village has not kept pace with broader changes in society: penetration of the Internet, the rise of manufactured homes, and changing needs of today's home buyers. Until recently, the basic sales approach of village builders was to go after potenial buyers in their 60s and rely on word-of-mouth and referrals, but unfortunately these builders have virtually ignored younger buyers in their 30s and 40s who now make up a major segment of the market.

2. Business Solutions

In order to solve the challenges faced by Higashishirakawa village, it was decided to pursue an ICT-based project that would greatly simplify the process of ordering and building new homes. In order to boost the number of new home orders from village builders that had declined so precipitously, the village office took a leading role in developing a dedicated online site called *Forestyle* (forest + style), a place where one can order a "custom-built home made of top-grade local timber," that was rolled out in 2010 (URL: http://www.forestyle-home.jp/). The site took special pride in offering a so-called *sixth-order industrialization* solution that combines growing (primary industry 1) with processing (secondary industry 2) and distributing and selling (tertiary 3) to produce remarkable synergies (1 + 2 + 3 = 6).

The project raised high hopes among local contractors who were eager for additional homebuilding orders. Increasing the number of new home orders holds the key, for the industry also supports many subcontractors—companies that fell and ship logs, sawmills, precut mills, and a host of other related businesses rely on home sales. Moreover, improvement in this area promises to bring up local incomes and reverse the demographic challenge of declining population.

Groundwork for the project was laid in 2008 and 2009: a cable TV network was deployed throughout the village, which gave local residents access to data from all across Japan, then the following ICT-based business solutions were implemented to support the project.

Figure 1: *Forestyle* organizational structure

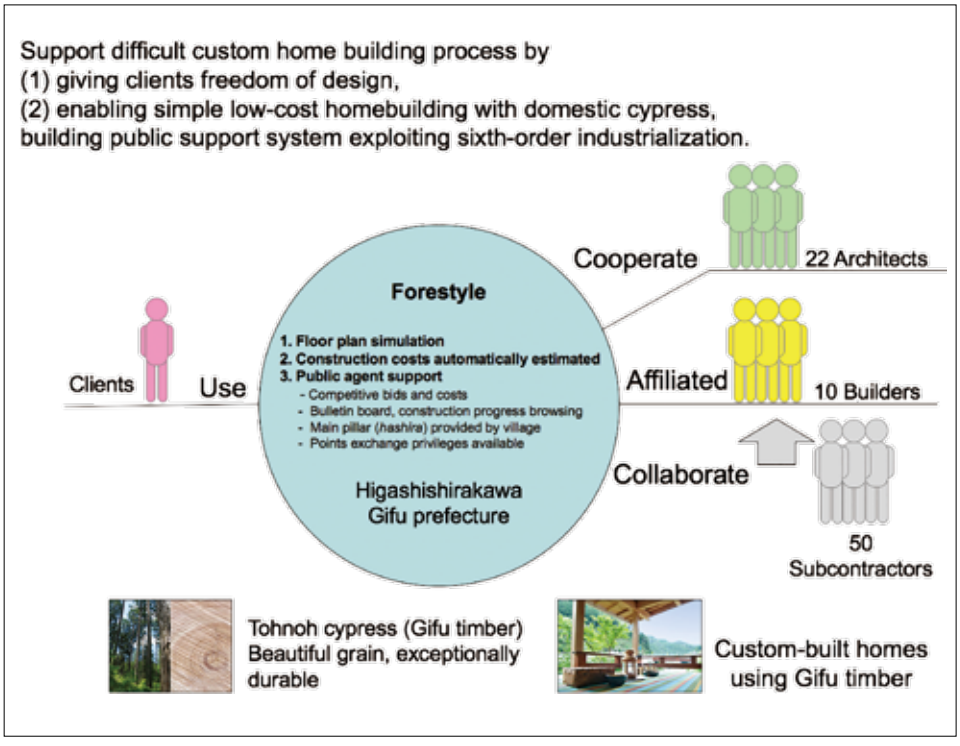


Table 1: Business solution methodology

Issues	Solutions
Typical clients are getting younger: from 50s and 60s to 20s and 30s.	Created system on the Internet for sketching floor-plan that also displays estimated construction costs in real time.
Custom built homes using top-grade domestic lumber considered very expensive.	
Very small-scale contractors are avoided out of concern they may go bankrupt.	Contractors are backed by the government and local contractors are organized as a group to create a mechanism for price competition.
Client wants custom built home but also wants competition on price.	
Need/demand for traditional Japanese-style home has vanished.	A young architect is include in the group, who is very good at incorporating traditional Japanese design elements.

3. System Features

Floor Plan Simulation

Floor plan simulation provides a way to quickly and easily sketch a floor plan using Internet Explorer or some other browser without having to download any special software. This gives the customer a rough estimate of cost, while letting the supplier offer fair market value for construction based on top-grade local timber. It has always been very difficult when ordering a custom-built home to get an approximation of architectual fees, but the online simulator gives potential clients a rough estimate of construction costs without even having to contact the builder.

Without any special expertise, a customer can define detailed specifications of his or her dream house—the shape of the roof, quality and material of columns, insulation material, and so on—and customize the house to make it resemble exactly what the customer wants.

Agent System

Each builder has his own appoach to contracting and building custom-built homes, and especially if an architect is involved in the process, this adds another layer of complexity that is hard for ordinary clients to understand. Especially for younger home buyers in their 30s and 40s, buying a home is a major once-in-a-lifetime investment and causes tremendous anxiety. *Forestyle* offers an advisor, a neutral third party, who works with potenial buyers to set their minds at ease and help them get through the process of buying a home without experiencing buyer's remorse. Staff from the village office serve as the neutral advisor; they provide agents for potential buyers who set up interviews, obtain and explain cost estimates, and provide any other information that might be required.

User Categories

Users who access the site are divided into four different categories depending on their degree of interest or commitment: *Web Users*, *Members*, *Members PLUS*, and *Construction Users*. One can become a *Member* by simply entering his or her e-mail address and creating a password, and this gives members full access to the floor plan sketching system while preserving their anonymity. *Members PLUS* show a greater degree of commitment by providing their personal information and specific details about the type of house they are considering buying. Finally, *Construction Users* are fully committed: they have signed a contract and work is underway on their home-building projects. These users can follow the progress of work by logging onto the construction progress schedule on their individual pages at the website.

Table 2: Privileges for each category of user

Access / Category	Web Users	Members	Members-PLUS	Construction Users
Display floor-plan, construction cost estimates	○	○	○	○
Save, modify floor-plans		○	○	○
Member's own page (bulletin board)		○	○	○
On-line architectural consultation		○	○	○
In-person architectural consultation			○	○
Consult Construction Progress Schedule				

Figure 2: Simulation drawing

4. Project Success

Over the five-year period from 2009 to 2013, the *Forestyle* project generated orders for 118 homes, which is equivalent to about ¥3.1 billion in sales. While most of the orders came from the Chukyo region centering on the city of Nagoya where the village is located, two orders came from as far away as Tokyo. Over the same five-year period, the volume of locally sourced cypress (*hinoki*) increased by about 48%. Net sales for *Forestyle*-related operations increased by roughly 70%, which boosted the per capita income of residents of the village by about 16%.

Based on the primary features of the project—trustworthiness of *Forestyle* as a public-private collaboration, and transparency of construction-related costs—the system has done extremely well: the number of clients is sharply up, the number of custom-built home orders has recovered (the number of orders has grown by 85% since *Forestyle* was made available), and this has contributed significantly to job security and income stability of the local residents.

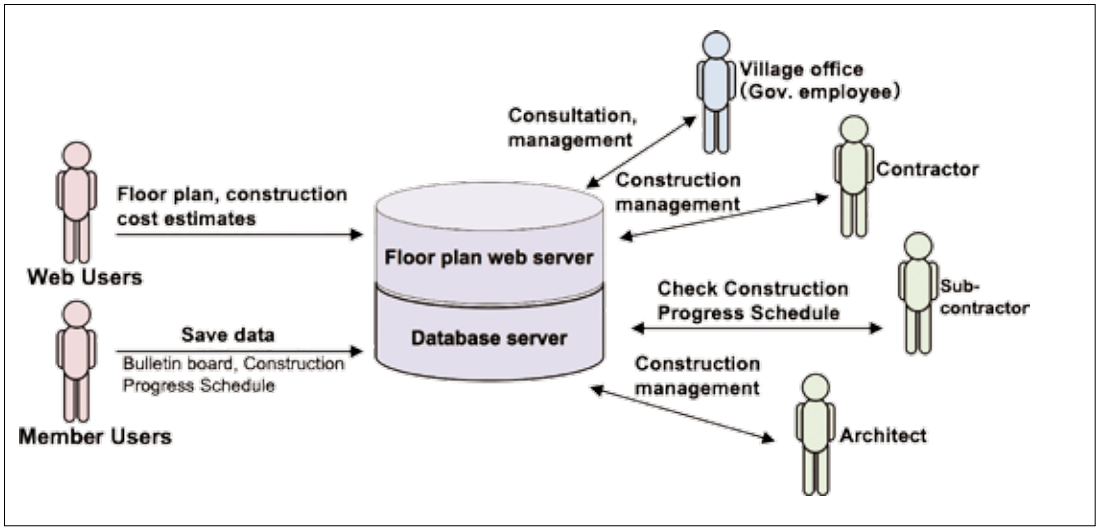
During the five-year period from 2003 to 2008 before *Forestyle* was rolled out, Higashishirakawa village experienced a precipitous *downward spiral* (the blue inner circle in Figure 4), and no amount of individual initiative or effort seemed able to reverse the trend. Promotional measures for local governments typically focus on incentive grants, on-the-job training for contractors, and similar initiatives, but these kinds of indirect support are seldom effective in helping an industry recover that is already in decline. The *Forestyle* project adopts a more direct approach of simply increasing the amount of work and seeks to achieve a *sustainable spiral* (the pink outer circle in Figure 4). While this approach takes longer, one can see that the economic conditions in Higashishirakawa village have clearly started to recover.

5. Conclusions: Future Prospects

The goal of this project is not simply to increase the number new home orders, for the contractors support a fairly large number of subcontractors which cannot simply be discarded. Rather, the objective is to evolve into a local industry leader that grows into a sustainable operation meeting current needs to increase employment, stabilize population growth in the community, and even contribute to moderate population growth.

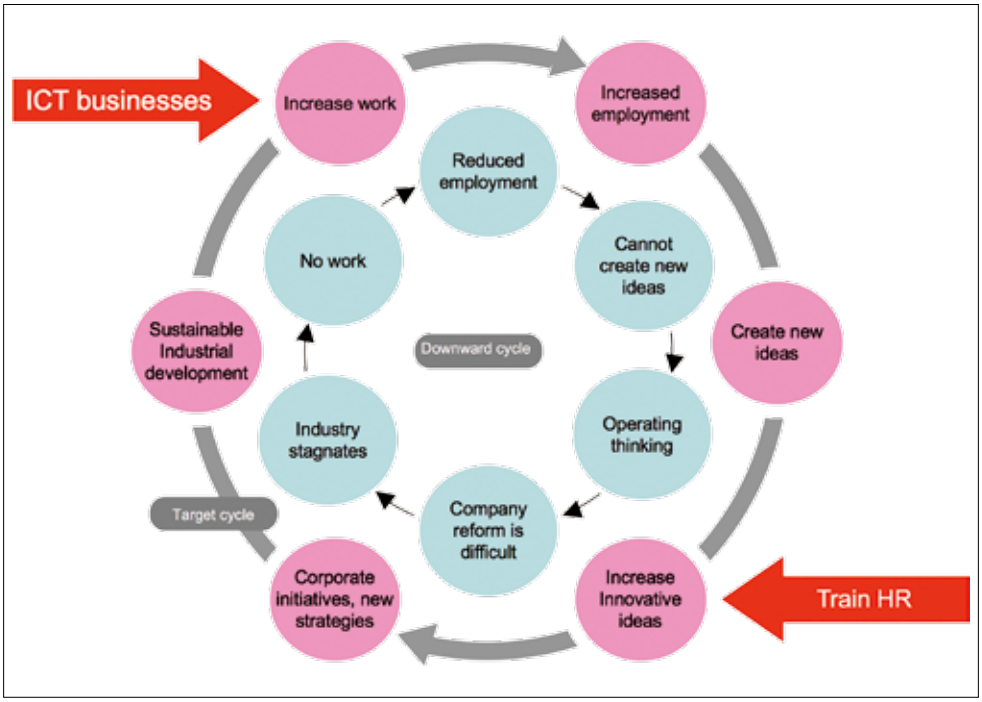
In 2014 having received the *Village of the Year Award* for the third time in a row and the Regional Information Award from the Ministry of Internal Affairs and Communications (MIC), the *Forestyle* project has attracted considerable interest. With people turning to the Internet for information more frequently and

Figure 3: System drawing



Photos: Example of home and architecture

Figure 4: Goal-oriented spiral



some people actually visiting Higashishirakawa for themselves, the village itself is attracting fans. Some of these fans may be *Construction Users* to have commissioned custom-built homes made of top-grade domestic timber.

The project is currently growing at a healthy clip, but the consumption tax and other factors adversely affect new home construction orders, so we must seek ways to strengthen *Forestyle's* appeal. Moreover, if the project achieves the beneficial effect of actually increasing the local population, this will raise other issues such as how to retain younger people to take up local jobs and raise families in the village. In the years ahead, we must move beyond government support, step up and let the private sector—contractors and builders—assume the leading role for expanding and growing *Forestyle*.

Finally, we would note that at the top of the *Forestyle* website, there is a declaration that *Forestyle* intends to donate the *Forestyle* system to "everyone in the local government and village construction industry."

The *Forestyle* system (including the *Forestyle* website, the wood home yen simulator, the wood home database, etc.) is a 2008-2009 regional ICT model construction project web system for promoting online orders of custom-built homes managed by Gifu prefecture Higashishirakawa village under contract with the Ministry of Internal Affairs and Communications.

In districts where residential construction using local materials is the mainstay of local industry, we are now in a period when changes in construction needs are having an immense impact on regional income and population structure.

As a local government facing this exact dilemma, Higashishirakawa village plans to turn over the *Forestyle* System to the local housing and construction organization.

While putting local government employees in the role of intermediary has proved rather cumbersome, it has achieved some positive results similar to when NPO and labor union employees are used as intermediaries. Moreover, since the system itself is deployed in the cloud, *Forestyle* can be rolled out with minimal system development costs or investment in equipment.

Thanks to the efforts of my colleagues and much synergistic energy, I sincerely hope that we can build a viable network that continues to produce excellent results.

Forestyle Reference Material

The following subsidies are provided to cover introduction and maintenance cost project resources for the "Domestic Timber Utilization-based Regional Economic Promotion Project" supported by MIC Regional ICT Model Construction Projects

Introduction project costs

FY 2008: ¥28,531,000

FY 2009: ¥29,370,000

Annual maintenance costs

¥17,156,000 (2013 reported basis)

System management

VISH, Inc. (Nagoya City, Aichi Prefecture)

Governing body

Higashishirakawa Village, Gifu Prefecture
Kando 548, Higashishirakawa Village, Kamo District, Gifu Prefecture, Japan.