Japanese Marketing

Fundamentally Different

Ritgerð til BA-prófs í Japónsku Máli og Menningu
Höskuldur Hrafn Guttormsson
Janúar 2016
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Abstract

Japan has always had a unique image in the eyes of many westerners and especially when it comes to its unique and whacky commercials. This study is motivated by the question; “Do the Japanese have a fundamentally different way of marketing compared to the western world?” It aims to advance our understanding of how and why Japanese marketing differs from typical western marketing by focusing on the history of Japan, conventional marketing practices of Japanese companies and the differences between Japanese and western cultures. Hofstede’s model of cultural dimensions is used for analysis of the cultural differences.

The findings from the research indicate that culture significantly effects and explains the way marketing is conducted, which is why Japanese marketing differs considerably from western marketing. The results, implications for international businesses, and the significance of cultural difference for explaining consumer behaviour are discussed and reviewed.
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Introduction

Traveling to Japan there is undoubtedly a defining atmosphere in Japan’s metropolitan cities such as Tokyo and Osaka. Something that cannot be found anywhere else, something indescribable. The mix of people, skyscrapers and the endless neon signs that cover copious amount of wall space and light up the streets. A vibe that is so uniquely Japanese. Although this vibe is only found in the core of each city it is undoubtedly one of the first things visitors notice and what surprises many is how much noise- and visual-pollution advertising produces. On busy streets and intersections whole buildings are covered in neon signs and LED screens that play commercials on a loop. On the streets themselves salesmen stand and yell in a megaphone or try to hand everyone that passes by a pack of tissues with an ad on them. From inside some of the stores a cacophony of music and advertisements can be heard from speakers conveniently placed to play music both inside and outside the stores. Inside the stores it’s the different side of the same coin. Whether walking into a megastore, boutique or a restaurant, as soon as you are spotted all the employees shout in unison: “Irashaimase” 「いらしゃいませ」 or “welcome” in Japanese. These center city stores themselves are full of small screens and speakers that play advertisements over and over. Due to the sheer amount of all these advertisements it becomes exceedingly difficult to ignore them. Having been brought up in this culture it might be easier to ignore, but for someone from a different culture entering this environment can come as quite a shock.
There are a lot of things that are unique for Japan and Japanese marketing such as the extravagance of Japanese commercials, the need to make everything cute and the role mascots play in all kinds of establishments. This has made Japan stand out and given it a unique image unlike anything else. Why is it that Japanese advertising differs so drastically from other countries? Since advertising, one of the main aspects of marketing, in Japan is so different from other countries, could it be that Japan has a fundamentally different way of marketing? Japan’s television broadcasts are famous for their whacky commercials which have become a worldwide phenomenon spreading like wildfire on the internet (Fine & Fine, 2015), indicating that there must be some kind of difference between Japan and the rest of the world. The following chapters will deal with the essence and fundamentals of Japanese marketing and its history. Key elements of Japanese marketing will be compared to western marketing practices and explained with regard to Hofstede’s and Trompenaars cultural dimensions’ model. Finally, the difference between Japanese and western advertising will be examined.

**History of Marketing in Japan**

There are several factors that have influenced the unique development of Japanese culture. The population of Japan has been largely homogenous for over 2,000 years with Japanese as the main language acting as a cultural barrier, making international relations difficult. Furthermore, they spent roughly 200 years in near complete isolation during the Shogun era from the 1630’s until the 1850’s closing off the majority of external influences.

There are two distinct periods that define the history of Japan. First, the period up to the mid-1850s, which was heavily influenced by Chinese and Korean culture, and the second, the period from 1850 once the opening of Japan was facilitated by commodore Perry, and Japan became majorly influenced by the west (Meyer, 1993). Japan, had for a long time in history been isolated, it wasn’t until the end of the third Tokugawa shogunate, around 1868, that Japan was no longer closed off to outsiders. The isolation before that time facilitated the creation of Japan’s own unique way of
social and business methods (Melville, 1999). The period of the Meiji regime (1868-1912) undoubtedly brought forth the most radical changes to Japanese society (Witkowski, 2014). From 1868 Japan looked westward and started applying and adjusting western customs to fit Japanese culture, the period referred to as the westernization of Japan.

During the Meiji period, from the opening of Japan up until the end of World War II, corporate alliances played a dominant role in Japanese markets. These alliances, known as the ‘Zaibatsu’. Zaibatsu meaning “financial clique”, were business enterprises controlled by large families in charge of holding companies or a wide group of heavily related companies (Melville, 1999). The zaibatsu is not a historically unique phenomenon but the scale and number of them in Japan at the time was certainly unique. They became so big that they were able to control parts of the economy. They also played a pivotal role in the industrial expansion of Japan, breaking new ground with well-financed businesses capable of expanding internationally. At the end of World War II the zaibatsu were dissolved by the American occupation as the Americans believed that the monopoly of the zaibatsu fostered war mobilization. The disbanding did not last long as after the occupation ended the former zaibatsu groups reformed, avoiding the antimonopoly restrictions set by the Americans, by restructuring and forming the ‘Keiretsu’. The keiretsu, meaning lineage, come in two different types, horizontal keiretsu and vertical keiretsu. (Keiretsu, n.d). The horizontal keiretsu were common soon after World War II and were made up of connected companies usually centered around a bank. Today vertical keiretsu, named after their hierarchical structure, are more common where manufacturers and distributors are connected through an informal and often intertwining proprietorship. The keiretsu are still prevalent today and customers frequently base their trust on keiretsu groups and companies they have known for a long time. The Sumitomo Banking Group is an example of this (Melville, 1999).

In regards to marketing, the 20th century saw the most radical changes in Japanese culture. In the 30 years following World War II, it became common in Japan to adapt western marketing strategies and apply them to the Japanese business structure. It was during that period that international trade expanded significantly and
Japanese products gained worldwide acceptance. This success can in many ways be attributed to the high tariff and nontariff barriers set by the Japanese government. The government regularly intervened by subsidising and financially supporting businesses and the Minister of international trade oversaw centralized planning, protecting home markets, low labour costs and the development of monopolies rather than competition (Nakanishi, 1981).

It can be difficult for a foreigner to understand the concept of Japanese marketing because it is so highly influenced by the culture and history of Japanese business developments. In order to attempt to understand one must first gain an understanding of Japanese culture and how it affects marketing. Following WWII, marketing became well understood and widely accepted in Japan. Companies carefully researched consumer’s wants and needs, developed products with desired features and put into place effective marketing programs to support them (Lazer, Murata & Kosaka, 1985). In the 1960’s Japanese marketers performed market studies of potential opportunities in international markets, knowing full well that they did not yet have the capabilities nor means of serving them.

What is so Unique About Japanese Marketing?

In Japanese the only word for marketing is the English loanword “Māketingu” すマーケティング. Despite the word having a long history and a clear meaning in English, the word is fairly new to the Japanese language. There are a few Japanese words that have a similar meaning as marketing, for example Shihan and Hanbai but both of them are more correctly translated into ‘commercial’ or ‘sales’. No Japanese word exists that accurately describes the concept and process of marketing (Yoshida & Nakamura, 2012). The word “Māketingu” in Japanese is written in katakana which is the alphabet used solely for foreign loanwords. Therefore, by only having an English loanword for marketing many Japanese regard it as a foreign concept and up until recently did not

1 Katakana words are foreign words directly inserted into the Japanese language without a translation. These words can often be translated poorly or lose their original meaning over time so that they end up bearing little to no resemblance to their original meaning, yet possess a singularly Japanese meaning.
fully grasp the significance of the concept and consequently, Japanese marketing strategies developed in a completely different way from western ones.

While marketing has been one of the major components of western businesses for more than a hundred years, Japanese business models largely neglected this aspect until after World War II. As renowned management consultant Peter Drucker (1977) once wrote, marketing is one of the biggest parts of businesses today.

Because the purpose of business is to create a customer, the business enterprise has two – and only these two – basic functions: marketing and innovation. Marketing and innovation produce results: all the rest are costs (Drucker, 1977: 90).

This would most likely surprise many Japanese businessmen, as they would undoubtedly replace the word marketing with either engineering or production. Having not been familiar with the prevailing concept of marketing until the beginning of the 1950’s, the Japanese had their own unique way of marketing (Lazer et al., 1985). It is notable that even though marketing has been such an alien concept to the Japanese, they have certainly taken to the practice of utilizing it in their own distinctive way. One kind of marketing strategy that is unique for Japan is the so-called ‘Tissue-Marketing’. Tissue marketing is a type of ‘Guerrilla Marketing’ which is a marketing strategy that is unconventional and cost-efficient yet achieves maximum exposure of the brand. (Gordenker, 2007). Tissue marketing has been increasingly popular in Japan and every year four billion packets of free tissues are distributed. This marketing strategy is implemented by printing advertisements on small tissue packets that are then distributed to the public. Representatives from companies find a spot in busy train stations or crowded urban areas and hand out these tissue packs. This method utilizes the usefulness of the tissues that results in pedestrians being more often than not willing to accept the advertisements that are being handed out, opposed to for instance handing out posters or other kinds of ads that the recipient has no use for, and subsequently he would be more likely to either decline the ad or throw it out soon after receiving it (Gordenker, 2007). The efficiency of this method is not surprising considering how successful Japanese marketing efforts have been since they embraced the concept.
In order to comprehend the intricacies of marketing, one must first understand communication. People communicate differently in different cultures. The biggest difference is between high-context and low-context communication in collectivist and individualistic cultures. A defining difference between Japan and most western countries is that Japan is considered a high-context culture (Miyahara, 2004). Japan is considered the embodiment of a high-context culture where communication is conducted not only through spoken words but also largely through tone and body language. People in high-context cultures tend to choose their words more carefully, leave many things unsaid and leave much to interpretation. The United States and most European countries are in contrast perceived as low-context cultures, as these cultures largely do not rely on subliminal messages, what is said is meant and no particular deeper meaning is placed on the spoken word (Luthans & Doh, 2012).

**What Are Cultural Dimensions and how do they Affect Marketing**

In examining the difference between Japan and the west it is important to look at their respective cultural dimensions. Famous social psychologists and theorists, Hofstede and Trompenaars have defined several cultural dimensions that measure a specific cultural element for distinguishing each culture. Their model will be used as a basis for the current thesis as they are generally considered the foremost authority on cultural differences in business studies and their theories the most frequently cited research on this topic. As not all of the dimensions are relevant to this subject, for the purpose of this thesis only those that are directly relevant will be covered in the following chapters.

*Hofstede's cultural dimensions theory* can be extremely useful when examining the difference between marketing cultures as it’s used to define a culture’s values and can be employed to study customer behaviour in various cultures. It can also explain differences in the concepts of identity, self and personality and in turn can help explain variations in branding strategy and advertising (De Mooij, 2014). Companies often refer to *Hofstede’s model* when they engage in international marketing so as to gain insight in to the cultural differences that lie between their own cultures and the
cultures they intend to do business in, something that is imperative for successful business in other cultures.

Hofstede’s dimensions count six: Power distance, individualism/collectivism, masculinity/femininity, uncertainty avoidance, long-/short-term orientation and indulgence. The model ranks 76 countries on a scale from 0 to 100 for each dimension. The countries can then be compared to each other using the scale, as seen below where Japan’s cultural dimensions are compared to the United States dimensions. The United states are used as an example because they reflect a general score of many western countries and is often used in research when comparing east and west.

The power distance dimension is defined as “the extent to which less powerful members of a society accept and expect that power is distributed unequally” (De Mooij & Hofstede, 2010, p. 89). Countries that have high power distance have a strong concept of a societal hierarchy, a society where everyone has his or her rightful place and status needs to be defined. This concept is important to understand when looking at global brands seeing as where power distance is high it is important that one’s social status be made clear by using global brands. Global brands service this need by equipping those of power with luxury items so that they can clearly be distinguished from others. This is also applies to Japan, which has a relatively high power distance.
factor, and is evident by Japan’s affinity towards designer brands (Ashcraft & Ueda, 2010).

The individualism/collectivism dimension is defined as “people look after themselves and their immediate family only, versus people belong to in-groups that look after them in exchange for loyalty” (De Mooij & Hofstede, 2010, p. 89). In individualistic cultures people’s identity is their own and it is considered important to be a unique individual. Individualistic cultures tend to be universalistic, believing their values are valid for everyone else. They also tend to use low-context communication with obvious verbal communication. (De Mooij & Hofstede, 2010). On the other hand in collectivistic cultures, people identify with the group they belong in, their identity is based on a social system where they form a part of a specific cluster. Collectivistic cultures depend on high-context communication and indirect communication. When selling in an individualistic culture it is important to be fast and efficient, whereas in collectivistic cultures it is first necessary to build a relationship between parties so as to establish mutual trust. In advertising, the difference between individualistic cultures and collectivistic cultures becomes evident; Individualistic cultures rely on persuasion in order to influence the customer whereas collectivistic cultures focus on creating trust between the company and the customer. Japan is a prime example of a collectivistic culture (Kloss, 2001), for example, Japanese advertisements usually appeal to customers by inducing positive feelings instead of providing information on the products superiority. The emergence of the keiretsu and the zaibatsu was in part due to Japan’s collectivism, where working together and building solid relationships is valued considered immensely beneficial. Trompenaars also describes a similar dimension of: Individualism vs. Communitarianism, defining cultures based on whether people regard themselves to be individuals or a part of a group. Trompenaars research also found Japan firmly placed on the communitarianism side (Luthans & Doh, 2012).

The masculinity/femininity dimension is defined as: “the dominant values in a masculine society are achievement and success; the dominant values in a feminine society are caring for others and quality of life” (De Mooij & Hofstede, 2010, p. 89). Masculine societies revere performance and achievements which are demonstrated, so status brands or products such as jewellery are important to show one’s success (De
Mooij & Hofstede, 2010). In masculine cultures household work lands on the wife while the husband works, and shopping is more often than not done by the wife. Japan is an example of this definition of masculine culture as shopping, both for day-to-day necessities and major consumer items, is considered mainly as female domain (Kloss, 2001). Japanese women are expected to stop working after childbirth and become housewives, however while the husband earns for the family, the wife is in charge of household and family expenditures (Clammer, 1997). As the housewives are usually considered responsible for the family budget and shopping it is no surprise that marketing is more often than not targeted towards women.

Uncertainty avoidance is defined as “the extent to which people feel threatened by uncertainty and ambiguity and try to avoid these situations” (De Mooij & Hofstede, 2010, p. 90). In cultures where uncertainty avoidance is high, rules and formality are a requirement. The need to know and be in charge is strong and people often rely on experts to guide them. People living in high uncertainty avoidance cultures tend not take change with open arms and to not be as innovative as people of low uncertainty avoidance cultures. High uncertainty avoidance cultures tend to have a passive attitude towards health by concentrating on purity of food and drink and using more medication. The Japanese exhibit this to a great extent, Japanese food is usually of good quality, widely considered healthy and they rely on an assortment of medication when needed. Low uncertainty avoidance cultures however, tend to have a more vigorous attitude towards health by focusing on fitness and sport activities (De Mooij & Hofstede, 2010).

Long- versus short-term orientation is defined as “the extent to which a society exhibits a pragmatic future-orientated perspective rather than a conventional historic or short-term point of view” (De Mooij & Hofstede, 2010, p. 90). Values included in Long-term orientation cultures tend to value perseverance, hierarchies and economical management. These cultures are also more often than not shame based cultures, societies where shame is the primary tool that is used to gain control and maintain social order (Benedict, 1946). Short-term orientation cultures on the other hand, value personal steadiness and stability, and respect for tradition. Focus is on pursuit of happiness rather than on pursuit of peace of mind. (De Mooij, 2010). Long term
oriented cultures have a tendency to revere nature. Advertisements in these cultures frequently display symbols of nature and the harmony of man and nature. This advertising method is commonly used in Japan, Mt. Fuji, cherry blossoms and forests are not an uncommon sight in ads. These images are meant to incite heartfelt feelings which the consumer then links to the product. (De Mooij, 2014).

Trompenaars' model of national culture differences divides cultures into one of two polars in 7 different categories. Universalism/Particularism, Individualism/Communitarianism, Neutral/Emotional, Specific/Diffuse, Achievement/Ascription, Sequential/Synchronic and Internal/External control. One dimension in particular has a large effect on marketing, which is the Neutral versus Emotional dimension (Trompenaars & Hampden-Turner, 1997). Japan is deemed a neutral culture as it is generally acknowledged that Japanese people avoid showing emotion in public. Therefore, the effect of showing emotion in marketing, whether it be salespeople or in advertisements, is greater than in an emotional culture. Utilizing emotion can however be a risk since the Japanese are not used to that much exposure to emotion in their daily lives (Gillespie & Hennessey, 2010). Nestlé has exploited emotion greatly when advertising the chocolate bar Kit Kat. Nestlé hit the jackpot by accident when they realized that their product, Kit Kat, when translated into Japanese became “Kitto katto” (きっとカット) which can be translated as “You’ll definitely win”. It soon became a tradition in Japan to give friends and family who were taking any kind of an exam a Kit Kat beforehand as a sign of support. There are now over 100 unique types of Kit Kat flavours exclusive to Japan, everything from green tea flavour to Edamame Soybean flavour. Although originally by sheer luck, this is a great example of the effectiveness of emotional marketing when it is adapted to the Japanese way of thinking (Luthans & Doh, 2012)

Marketing and the Concept of Self

The cultural values that have been covered here above are only one factor of three that fit into the customer’s concept of self. The concept of self can be divided into three factors: Cultural values, mental processes and Social processes. The customer’s
cultural values reflect his personality and identity. Mental processes are the customer’s internal processes, how he thinks, learns, perceives, categorises and processes information. Social processes are how he relates to other people, including his motivations and emotions. Both processes affect interpersonal and mass communication, which then affects advertising appeals and style of advertising (De Mooij & Hofstede, 2010). Figure 1 illustrates the interplay of these factors.

![Figure 1: Global advertising research – understanding cultural values of consumers](image)

The motives and emotions of consumers are a vital factor that companies need to consider when they try to appeal to potential customers. These factors are however culture bound and thus understanding how they vary is important for positioning brands and for developing advertising appeals in different markets. (De Mooij 2004, 2010). How people experience emotion is for the most part universal, everyone feels the same basic emotions, joy, sadness, anger and fear (Ekman & Friesen. 1971), it is however how these emotions are displayed and recognized that differs between cultures. Facial expressions are the key part in displaying and recognizing emotion. Renowned cross-cultural psychiatrist Cigdem Kagıtçibasi (1997) found that emotions in cultures that have a high power distance and collectivistic cultures are considerably
more subdued than in egalitarian cultures with low power distance. In particular collectivistic East Asian cultures like Japan tend to only display positive emotions and hold back negative ones. When focusing on facial expressions, the Japanese tend to focus more on the eyes whereas Americans focus on the mouth (Yuki, Maddux & Masuda, 2007). This may explain the difference between Japanese and Western emoticons where the Japanese ones focus more on the eyes while generally in western communication the focus is in smiling or frowning. In Japanese advertisements the models/actors usually bear a more neutral look on their face than in American ones where the model is likely to have an over exaggerated smile on their face so as to convey the amount of happiness you will experience using the product that is being advertised (Yuki et al., 2007).

Mental or cognitive processes are how people perceive the world around them. Learning, thinking and communicating are all mental processes and vary between cultures, especially between individualistic and collectivistic cultures. In individualistic cultures brands are created “by adding values or abstract personality traits to products” (De Mooij & Hofstede, 2010, p. 95). However, in collectivistic cultures consumers are more concerned by “concrete product features than in abstract brands”
De Mooij & Hofsteede, 2010, p. 95) because they are less used to conceptual thinking. In collectivistic cultures where so much importance is placed on context and situation, brand concept is too abstract to be debated as is done in individualistic cultures (De Mooij & Hofsteede, 2010). Japan for example, brands are linked to famous people instead of adding abstract personal traits to the product. The people are called ‘Talents’ and companies strategically use them to promote their products. The bigger the star, the better (Praet, 2001). American companies on the other hand, usually develop brands with distinctive characteristics while Japanese focus more on the corporate brand. Large corporate brands are meant to exude trust in Japan which is evident in Japanese commercials where the corporate logo is shown more frequently than in American commercials (Souiden, Kassim & Hong, 2006).

How people acquire and process information differs also greatly between individualistic cultures and collectivistic cultures with high power distance. In cultures that are highly collectivistic and have a high power distance, people acquire information through interpersonal communication and base their purchasing practices on feelings and trust. On the other hand in individualistic cultures with a low power distance, people base their purchases on feedback from media and friends (Cho, Kwon, Gentry, Jun & Kropp, 1999). Word of mouth is therefore influential in both types of cultures. However, because Japanese companies rely so heavily on trust it is exceedingly important for them to have good customer service (Kloss, 2001).

Categorizing differs a lot between individualistic and collectivistic cultures. How people view objects and other people is influenced by their culture. Individualistic people focus more on categorizing objects by their properties whereas collectivistic people rather focus on objects in order of relationships (Choi, Nisbett, & Smith, 1997). This difference in categorizing clarifies the difference in acceptance of brand extension. Collectivistic cultures such as Japan, view the product in regard to the reputation of the company and how trustworthy it is. When that same company decides to extend their range and offer another product, the Japanese are quick to

2 Talent or “Tarento” (タレント) is a Katakana word whereas mentioned before has a meaning quite different from the original English word. Tarento used to describe celebrities who regularly appear on mass media, particularly on TV.

3 Brand extension refers to when companies introduce a new product in a new category under an existing recognized brand (Tauber, 1981). For example if Apple started making furniture.
accept and trust that product. Individualistic people like Americans however, tend to view a brand extension as a different product and are not as accepting (Monga & Roedder 2007).

Consumers are inclined to project their own personality preferences onto successful global brands (Foscht, Maloles, Swoboda, Morschett, & Sinha, 2008). A commercial cross-cultural brand value study researched this and came to the conclusion that people in high uncertainty avoidance and low power cultures credited strong global brands to be ‘friendly’. Traits like ‘prestigious’ were credited to brands in culture with a high power distance. ‘Trustworthy’ was most often credited to brands in cultures with a high uncertainty avoidance cultures but low uncertainty avoidance cultures and low power distance cultures brands were credited with traits such as ‘innovative’ (Crocus 2004, in De Mooij 2010). These preferences reflect what each culture defines as a winning trait in a brand, it is therefore not surprising that many large successful companies in Japan present a trustworthy image and that marketing tends to be based around that concept.

Consumer Behaviour & Market Research

For better understanding the difference between marketing in Japan and the west it is worth taking a look at the relationship between attitude and behaviour. Customers from individualistic cultures desire consistency between their attitudes, feelings and behaviours. This can be used to predict the behaviour of customers based on their attitude towards products and services. By doing so, a purchase prediction can be made resulting from a positive attitude (Chang & Chieng, 2006). However, customers from collectivistic cultures tend not to possess the same desire as there is no consistent relationship between attitude and future behaviour. This, in turn, indicates that in collectivistic cultures it is not possible to determine attitude towards advertisements as in individualistic cultures (De Mooij & Hofstede, 2010). Therefore in Japan, which is a collectivistic society, the success of marketing cannot be measured using the same methods as western, individualistic societies employ. Not being able to accurately predict consumer behaviour therefore completely changes the methods
used for market research and marketing and consequently become quite different than in western cultures.

Large Japanese companies are sceptical as to whether western style market research would work in Japan and ergo exercise a different approach. They feel western companies are too reliant on consumer attitude surveys and consider them to be a waste of time, to quote Sony’s chairman Akio Morita: “Why do Americans do so much marketing research? You can find out what you need by traveling around and visiting the retailers who carry your product” (Johansson & Nonaka, 1987). Japanese companies desire accurate and useful information just as much as American and European companies however because the success of marketing cannot be measured the same way as in the western world and Japanese consumers also behave differently, the end result is that market research is approached in a different manner. Consequently Japanese companies collect valuable information from their distributors and retailers regularly, this hands-on research is divided into two categories, ‘soft data’ and ‘hard data’ (Johansson & Nonaka, 1987). Soft data research involves managers gathering data by visiting dealers and other members of the distribution channel and talking to staff to get a better feel for what the actual people who sell or handle the product think. This way the data collected is much more specific than data gathered through conventional methods, as well as the managers build a relationship with dealers which can yield an important competitive advantage. The soft data approach may seem to lack the methodological rigor of scientific market research, but it’s by no means haphazard or careless. Hard data is then obtained by managers through reviews of inventory, sales, and other data that shows items’ actual movement through production and distribution channels. This as well as soft data gathering is done by visiting associates who handle distribution and retail in addition to reviewing statistical data (Johansson & Nonaka, 1987).

Japanese companies such as Canon and Honda regularly send representatives to visit their distributors in America in order to do research and gain a better feel for what issues they might be dealing with. These methods of data gathering of the Japanese are a lot more hands on than what is usually done in the United States. Of course there are numerous variations of market research methods but a method that
has been popular in America have been so called attitude surveys. These surveys are good for uncovering the intent and desires of potential customers in individualistic cultures but less so in collectivistic ones (De Mooij & Hofstede, 2010). Therefore soft and hard data collected by Japanese companies better reflect the behaviour of existing consumers rather than intent gathered by conventional market research. However, Japanese companies have occasionally also been known to use consumer surveys and other quantitative research tools, but in those cases managers never base marketing decisions primarily on the information derived from them (Johansson & Nonaka, 1987). Soft and hard data offers a level of intimate knowledge from distribution channels and customer tastes that a standard way of market research just doesn’t yield.

Japanese companies, more than most European and American corporations, generally exert significantly more control over their distribution channels (Buzzell, 1983). This can for example be traced to the success of the Japanese automotive company Toyota, where they have been more successful than their competitors Nissan, in part because of their stronger distribution network. In some cases, companies have complete control over distributors because the manufacturer holds ownership over the distributors or has enough market power to dominate the channel. Shiseido, a Japanese cosmetics manufacturer, has one of the strongest market presences in Japan. It sells its products through a network of stores that employ company-trained salespeople that have specially reserved shelf space for the company’s brands. In Japan, where trust is so important, a consumer’s choice of store can influence what brand he or she will buy. (Johansson & Nonaka, 1987).

Having such strong vertical integration directly affects the quality of market research data Japanese executives can gather. Research tasks can then also be shifted to the distributors. Store employees for example sometimes survey customers using performance review surveys which are becoming increasingly popular in Japan. According to professors Johansson and Nonaka (1987): “Japanese people don’t see marketing as something like engineering or finance that can be taught in school. Sensitivity to customers’ desires is learned through hard work and experience”.
Therefore their different approach to market research leads to different marketing strategies.

**Marketing Strategies of Japanese Companies**

In order to understand how Japanese managers devise and execute appropriate marketing strategies it is first necessary to be aware of the Japanese government policies that have shaped Japan’s economic development and Japanese businesses through the years. Throughout the last century the Japanese government has hand-picked certain industries to fund and nurture in order to help domestic production. In doing so it has prevented unnecessary competition as well as facilitated the creation of monopolies (Lee & Trim, 2008).

This government model encouraged cooperation but at the same time influenced competition. Large successful monopolies were created but needed to compete within their respective markets, resulting in companies focusing greatly on quality and eventually the creation of *TQM* or *Total Quality Management*. *TQM*, which is now known and frequently implemented all over the world is the process of lean production and continuous improvement that was first developed in Japan (Porter, Takeuchi & Sakakibara, 2000). This explains why Japanese companies are so intrinsically committed to providing quality products. This is a key component of Japanese company’s marketing success and can be attributed to high tariff and nontariff barriers, direct and indirect government intervention, centralized planning by the Ministry of International Trade and Industry, and the practice of monopolies rather than competition (Lazer et al., 1985). By avoiding unnecessary competition and encouraging quality, the Japanese market has influenced the reshaping of Japanese companies to provide high quality products with a high level of customer service which takes into account customer behaviour (Porter et al., 2000).

Considering the above, which marketing strategies characterize a successful Japanese company? Japan’s biggest companies, such as Toyota, Shiseido and Matsushita⁴ lead their respective markets and employ the same strategy, a strategy

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⁴ Has now become Panasonic Corporation (Panasonic Corporation, 2015).
called ‘market dominance’. They all have broad production lines and a high degree of vertical integration, meaning they extend their production to include more products and acquire suppliers and/or retailers to handle their product. A fair amount of companies in Japan follow this strategy and on average these companies all score higher than other companies on five performance indicators (i.e., sales growth, profit growth, market share increase, investment efficiency, and overall financial strength measured on a relative scale vis-a-vis other competitors) (Ertel & Takeuchi, 1986). Additionally, these companies share a few distinctive features.

They:
- have a speedy product innovation cycle,
- emphasize the software and service dimensions of the product concept,
- make heavy investments in advertising and personal selling as well as in the channels of distribution, and
- take a leadership role in product technology. (Ertel & Takeuchi, 1986).

Large and successful western companies, such as Apple and Google share these same features. The market dominance approach is an undeniably effective strategy for larger companies but may however not work as well for smaller companies or ones in industries other than the technology industry. Other successful Japanese companies have utilized the ‘market focus’ strategy. This strategy might be considered the opposite of the market dominance where the focus is on a narrow product line and a small or no degree of vertical integration (Focus strategy, n.d.) It implies limiting production to a few exclusive products and relying on other companies for distribution and retail. These companies however successful they become in Japan, rarely integrate or expand into the international market.

Another strategy successful Japanese companies have applied is to create a gap of information between themselves and the customer and then managing that gap on their own accord. This is done by offering a ‘system’ of products rather than just one product. Yamaha for example started offering piano lessons with their pianos. By offering that service Yamaha added value to their product but at the same time gave the company more control over the customer by making them believe they were dependent on the company for information and service (Ertel & Takeuchi, 1986). The
market dominance strategy and the market focus strategy are not inherently Japanese but rather international. Michael Porter describes four generic strategies all companies follow. Known as 'Porter's generic strategies', these marketing methods have no clear origin but were defined by Porter in 1980.

It is important to note that these generic strategies are not dependent on a culture’s cultural dimensions nor the customer’s concept of self and are therefore employed internationally. This shows that major marketing strategies applied in Japan, especially by large corporations, do not differ from those used in the western world. It is however interesting to note that Japanese companies were the first to implement TQM, which is now a standard for the world largest companies. Today, independent from marketing strategy, most companies utilize advertising to some extent. The following chapters will cover the fundamentals of Japanese advertising and the most popular and noticeable type of advertising, television commercials.

**Hard-sell vs. Soft-sell**

In today’s society there are two prevalent ways of advertising; ‘Hard-sell’ and ‘soft-sell’. The two methods utilize completely different tactics in order to try to sell products. *Hard-sell* is a direct approach that appeals to the rational side of the customer, by directly and loudly stating the quality of the product and its superiority over its competitors it creates a sense of urgency and overwhelms the customer in order to get him to buy the product (Chu, Gerstner & Hess, 1995). This approach is used when the seller wants the consumer to do something soon, for example buy a new product that just came out, whereas *soft-sell* is more often used as to create pleasant connection between the costumer and the brand. *Soft-sell* is a more indirect approach where the purpose of the advertisement is to evoke an emotional response, by focusing on emphasizing certain feelings or emotions the seller subtly creates a connection between the brand or product and positive associations made by the customer (Okazaki, Mueller, & Taylor, 2010).

The *hard-sell* approach tends to be more common in the US and Europe, although the *soft-sell* approach, which is more predominant in Asia, is also quite
frequently used. Japan being a collectivistic society where coexistence and cooperation are valued over confrontation and competition, *hard-sell* advertising is especially disliked (Kloss, 2000). This results in comparison advertising rarely being used as it is considered impolite to belittle competitor’s products. As Japan is a high-context, collectivistic culture, *soft-sell* advertising is preferred. Because companies tend to generally be trusted more than in the west, by simply raising awareness of the product and building a certain atmosphere around it usually results in it becoming a fast spreading trend (Kloss, 2000).

**Television Commercials**

Commercials are a medium for companies to attract attention to their product and appeal to potential customers to use their products or service. Companies all over the world use advertisements to persuade potential customers, however there are endlessly different variations of advertisements and American and Japanese commercials in particular seem to be inherently different. Japanese television commercials have attracted worldwide attention for being whacky and colourful. An example of this are videos uploaded by the Fine brothers on the world’s biggest video sharing site *YouTube*. They have videos solely dedicated to different types of people reacting to abnormal things. Their videos showing people reacting to Japanese commercials have collectively over 32.000.000 views (Fine & Fine, 2015).

Gordon Miracle (1987) was one the first scholars to research advertising on a global scale. He established that standardization for advertising globally does not work. Different cultures react differently to advertising and need different incentives. Individualistic cultures rely on persuading the customer whereas collectivistic cultures focus on inducing positive feelings and building trust instead of offering candid information. The difference in intent is revealed in difference in the way brand logos are presented in television commercials in different cultures. Frequency and timing of logos differs quite between cultures (Miracle, Taylor & Chang, 1992), and typically Japanese television commercials tend to show the identification of the brand,
company name, or product considerably later than US television commercials usually do.

Miracle (1987) found the process of feel-do-learn is how Japanese consumers experience marketing and advertising. Like mentioned above, the purpose of Japanese commercials is not to persuade or to attempt to change attitude. Rather to build trust and a relationship between the customer and the company. Advertising is meant to please the customer and create a dependency. This results in ‘feel’ being the customer’s first response. The customer then follows this by purchasing the product. Thereafter comes the knowledge or the ‘learning’. The opposite is true for western cultures where the order of events reversed.

Japan, being a high-context society, where a lot of what is meant is left unsaid and left omitted, tends to focus on the soft-sell approach and indirect information. Whereas the United States are considered a low-context society and consequently companies tend to apply the hard-sell approach and direct information. Japanese commercials are therefore not as informative as their American counterparts. As mentioned before Japanese commercials concentrate on inducing warm feeling in the viewer and then attempting to connect those feelings to the company and/or brand by putting emphasis on the logo at the end (De Mooij & Hofstede, 2010, p. 98).

A study done by Carolyn A. Lin at the University of Connecticut that examined 464 American commercials and 863 Japanese commercials revealed the Japanese commercials to be less informative than the American ones. While the American commercials used facts and traits to showcase their products advantage, the Japanese commercials carefully exhibited indulgence within a set frame of reference (Lin, 1993). Japanese commercials focused more on creating an attractive image and playing on the viewer’s feelings. Japanese advertisements exhibit indulgence with careful crafting of product image and appearance designed within a subtle frame of reference. This contrast severely with the American fixation on presenting facts and attributes to display superiority. In Japan ‘boasting’ of product quality and ‘bribing’ customers into buying the product are not in line with the tradition of respectful treatment of customers and respectable projection of company image. On the same grounds comparative and testimonial messages are not a desirable form of advertising in Japan.
This explains why Japanese commercials are not as informative as American one and usually utilize the soft-sell approach. One simple way of creating a certain image for a product is by inserting into the advertisement a known figure that already has a particular characteristic that defines them, a.k.a. a celebrity.

**Celebrities**

The frequent use of celebrities in Japanese advertising can be explained by the importance of both context and relationship orientation of the self in collectivistic cultures. Japan utilizes celebrities in advertising very differently than western cultures. In western societies how celebrities are used relates to the degree of masculinity (in this context, need for success), which helps explain why in America obsession with celebrities is so noticeable. However, in the collectivistic Japan, the use of celebrities in advertising is even stronger than in the United States. The frequent use of celebrities in Japanese ads is related to their high collectivism, where the celebrity serves as a medium to be the face of the brand in a world of many similar products (Praet 2001). Westerners are also quite frequently used in advertising as they reflect a chic image. Both famous westerners and non-famous ones are used, although with Japanese actors non credible testimonials from unknown actors rarely work (Kloss, 2000).

In his description of the celebrity phenomenon in Japan, Praet (2001) provides explanations that refer to two collectivistic aspects: the relational self and context. In Japan, unlike most countries, celebrity appearances are not limited to famous actors, singers, sport stars, or comedians. Advertising is a stage for established celebrities to capitalize their fame; it also is the steppingstone for models and aspiring actors toward fame. In Japan the word ‘talent’ (tarento) is used to describe most personalities in the entertainment world, and star is reserved for those who are seen to have long-lasting popularity. Many of these talents are selected on the basis of their cute looks. First, in the context of entertainment and advertising, this phenomenon seems not to pose problems of distinctiveness, which might give in the context of the family or a work-related environment. Second, the function of using such tarento is to give the brand a “face” (as mentioned before) in the world of brands with similar product attributes. Instead of adding abstract characteristics to the product, it is linked to concrete
persons. This is also explained as part of the creative process, in which the creative team in advertising agencies prefers to explain a proposed campaign of a brand or product by showing the client a popular talent whom the campaign is to be built around, rather than talking about an abstract creative concept. In a large study comparing 25 countries, Praet found that mainly collectivism explains differences in the use of celebrities in advertising, where the function of a celebrity is to give face to the brand in a world of brands with similar product attributes (Praet. 2008).
Conclusion

It is clear that the Japanese have a somewhat different approach to marketing compared to what is considered to be the ‘norm’ in Europe and the United States. The impact of western marketing concepts and ideas has not ‘Westernized’ or radically altered fundamental Japanese constructs. The result of applying the marketing philosophy has not been the ‘Americanization’ of Japanese business methods and approaches, but rather the ‘Japanization’ of American marketing. What has happened is the modification and adaption of selected American marketing constructs, ideas, and practises to adjust them to the Japanese culture, which remains intact. What emerges is a different marketing approach, one that is uniquely Japanese but incorporates important marketing concepts that apply (Lazer et al., 1985).

The interference of the Japanese government with Japanese businesses during the 20th century changed the economic landscape of Japan and influenced the creation of specific market strategies and raised the standards of Japanese quality production. It was due to this quality production at a fair price that made Japanese products internationally recognized and popular all over the world. The success of Japanese businesses internationally can therefore largely be linked to the quality of their products rather than their effective business strategies. Shaped by their culture, they produced high quality products, and how they market those products is also affected by their culture. The Hofstede model of national culture dimensions has proven to be an immensely useful tool in understanding consumer behaviour across cultures and consequently how marketing and advertising are dependent and change as a result. The most important dimension that affected this the most turned out to be collectivism. The level of a cultures collectivism has a direct effect on how consumers experience the presentation of brands and products which calls for different marketing strategies and advertising methods. Due to the cultural aspects of consumer behaviour the effectiveness of marketing cannot be measured as accurately as in the western world and marketers must use other means to discern the impact of their marketing and advertising strategies. However due to the high collectivism of Japan, trends are quicker to catch on and spread.
In conclusion, it is safe to say that Japanese marketing principals are in fact *fundamentally* different from western ones according to everything researched. However, as this thesis was mainly conducted by researching material from other scholars, for further research, it would be interesting to apply a more hands on approach by visiting several Japanese companies and interviewing employees on their view on Japanese marketing practices.
Bibliography


Crocus (Cross-Cultural Solutions) (2004) This was a cross-cultural study that measured brand value (called ‘brand pull’) and provided a cultural explanation of strong or weak brand value in different countries. It was conducted by the research agency chain Euronet, in cooperation with the advertising agency chain Interpartners. Unpublished


**Picture Bibliography**


