

# MARKETING IN JAPAN

By GIICHI FUKAMI

*Professor of Marketing and Stock Market*

## I. Overview

In years to come those who study the history of Marketing in Japan may be struck by a curious phenomenon: For many years Japanese businessmen had felt no special urge to study American new idea of Marketing. Then suddenly, beginning in the 1950's hundreds upon hundreds of them accepted the new idea of Marketing as an essential part of their business philosophy.

Why? What caused that feeling to come upon Japanese businessmen at all? What caused it to arise in these times — and not sooner?

Although there were those who felt that Marketing was just another of those passing methodological fashions to which businessmen are sometimes said to be addicted, there were two compelling reasons for its rise: that the methods and techniques of grasping market conditions, of selecting a product for production or merchandise for buying, or of approaching the customer through advertising or salesmanship had long been inadequate, and was finally beginning to be adjusted to real business needs; and that, because of World War II, there had been a great shift in the problems and opportunities of our people, which eventually demanded a corresponding shift in the business program.

Needless to say, one should not overlook, in this connection, the influence of American way of life at large and business methods in particular upon Japanese life and business. Had it not been for the American influence very elaborately steered by ICA toward things Japanese in recent years, it would have been impossible to observe such shift in Japanese life and business.

In principle, however, Marketing is one perfectly natural outcome of the long trend toward integrated complete distributive activities rooted in the real concerns of all the businessmen or of all the people at large. Any movement to bring the business activities into intimate relationship with the actualities of progress of economic society must inevitably concern itself with the flow of goods and services from production to consumption, in other words with Marketing.

Marketing is also a perfectly natural response to the felt needs of the businessman in today's tantalizing world — a world unprecedentedly rich in consumers' goods as well as resources, yet at the same time somehow, a world where consumers' want is hard to satisfy.

Particularly in Japan, the yearnings and frustration of the man on the street, as he surveys the disparity between his actual standard of living and the standard which our technology has supposedly made available to him, may be vague and undefined. But they are a result of deeply significant changes in Japanese way of life after World War II; and they are so to say an expression of continuing human needs for help under the strains of

international affairs as well as modern industrial civilization.

Therefore it is firmly believed that no serious businessman can appraise Marketing as a mere fad or as a minor, incidental feature of business at transition periods. We are forced to view it as a permanent adaptation in the work of business — an essential part of the modern business activities — and to devote to it thought and energy commensurate with its importance.

Nevertheless, we are placed in not so easy a position. We have to face the fact that introducing the new idea, as a matter of fact, from U.S.A. into Japanese business is no easy task. It will not be accomplished by our merely agreeing that we are willing to do it. Japanese business leaders who sincerely accept the obligation face three key problems:

1. To comprehend the full meaning, nature, and purpose of Marketing, which has been fostered and accomplished in U. S. A. to its perfection. The first great need of any Japanese business leader is an adequate idea of what he is trying to accomplish. Snap judgments and crude, narrow conceptions are today the major bottleneck in the development of valid programs. The field is broad, with many ramifications and with subtle, intangible factors which demand even a philosophical refinement of thinking.

2. To blend the needed Marketing into the entire business activities so as to give every businessman a broad and complete perspective without undue overlapping or serious gaps.

3. To learn to actuate Marketing functions well. The actuation does not, of course, call for a wholly unique methodology. Yet, as in every field of learning, certain distinctive methods will be found effective through earnest and serious studies. Furthermore, to learn well some of the subject matter involved, they will need a firsthand familiarity with many actual matters to be found in U.S.A. not easily acquired from books.

## II. *American Influences on the Development of Marketing Thought in Japan*

The description set forth in the above section does not imply at all that there were no American influences on the development of Marketing thought in Japan before World War II. The above section has confined its description mainly to the adoption of new idea of Marketing into actual business life in Japan after the War. The early problems of developing Marketing thought among Japanese professors of Marketing have been put aside there and left for the treatment in this section.

Some of Japanese professors have already attended the lecture on Marketing by Professor A. W. Shaw at Harvard University in early 1910's. Many Japanese professors have visited later University of Chicago, Columbia University, Harvard University, University of Pennsylvania and other universities to develop their Marketing thought. Among other names, those of American professors who have so kindly helped the study of these Japanese professors may be mentioned here, in alphabetical order, in honor of their respected guidance: Professors H. E. Agnew, R. B. Alspaugh, T. N. Beckman, F. E. Clark, P. D. Converse, M. T. Copeland, H. H. Maynard, M. R. McNair, P. H. Nystrom, J. L. Palmer, and J. W. Wingate.

Coming back to Japan these Japanese professors have crystallized their knowledge of Marketing in their own way, and they have conducted the course of Marketing throughout

the years ranging from 1920's to 1940's. Almost all of their lectures seemed to have won the admiration of their students to the extent of well nigh one hundred per cent, but the environment has not been ripe enough for the introduction of the idea into actual business life. In other words, the effect of the university lectures has been confined within the classroom. The theory advocated in classrooms has had little influence on the actualities of Japanese business.

Very curious phenomenon! But it has been actually true. And this kind of truth is nothing but an expression of lingering condition of backward economy of Japan. Besides, it goes without saying that Japanese economic structures have been distorted for at least about ten years before and during World War II to introduce the true idea of Marketing into the actualities of business. It is quite natural that the deformed, abnormal business is not qualified for imbibition and adoption of normal idea of Marketing.

In contrast with such business condition before the War, the business condition after the War has been proving itself to be ever-increasingly normal and orderly. Or more precisely, it has become anew as it were a *tabula rasa* for the adoption of the new idea. Furthermore, in addition to the fact described in section I, many American books on Marketing have been imported and read among businessmen as well as scholars. Among other names, those of authors or editors of such publications may be mentioned here, in alphabetical order, in honor of their contribution to the progress of Japanese Marketing: Professors H. E. Agnew, R. S. Alexander, I. D. Anderson, H. H. Bakken, R. Bartels, T. N. Beckman, T. L. Blanke, D. F. Blankertz, D. Bloomfield, M. H. Borden, E. S. Bradford, M. B. Brisco, B. Brown, G. H. Brown, L. O. Brown, T. J. Cannon, D. Carson, F. E. Clark, R. M. Clewett, H. A. Conner, P. D. Converse, M. T. Copeland, R. Cox, R. D. Crisp, J. Dean, W. L. Doremus, E. A. Duddy, D. J. Duncan, G. A. Elgass, A. W. Frey, E. H. Gault, C. S. Goodman, H. L. Hansen, M. S. Heidingsfield, H. W. Hepner, G. B. Hotchkiss, D. Houghton, R. M. Hower, H. W. Huegy, K. D. Hutchinson, O. Knauth, H. T. Lewis, L. C. Lockley, H. H. Maynard, M. R. McNair, G. L. Mehren, G. N. Merry, B. Nash, W. A. Nielander, P. H. Nystrom, W. S. Peters, D. M. Phelps, C. F. Phillips, D. A. Revzan, O. R. Robinson, F. A. Russall, G. S. Shepherd, W. J. Shultz, G. R. Terry, F. L. Thomsen, H. R. Tosdal, R. S. Vail, H. G. Wales, E. B. Weiss, J. W. Wingate, and M. M. Zimmerman.

### III. *Marketing Practices in Present Day Japan*

Even though it is only a few years since the modern idea of Marketing was introduced into the actualities of Japanese business, it is of late becoming ever-increasingly notable that the idea is being taken up by many leading businessmen for their business policy-making and administration. We take even justified pride in such studies and exertions performed by them at every hour of the day and night for the adoption of the idea into their individual business.

As has been alluded to in section I, such welcomed tendencies toward the perfection of our business are mainly due to the recommendation and advice brought back by those several specialists study teams sent to U.S.A. for the research into Marketing problems. Thousandtimes thanks are due to ICA as well as those teams.

The 1st Report made very recently by the Marketing Specialists Study Team sent to

the domestic area covering Tokyo and Nagoya, has revealed the fact very clearly that the chief concern of the corporations inspected by the team is to develop and strengthen Merchandising function (as defined by AMA) still further. It is true that they are all trying to introduce marketing research activities into their integrated business activities, but they plan the introduction mainly for the sake of effective Merchandising.

Then, their first concern regarding Merchandising is in turn to introduce and establish rationalized Merchandising organization and effective Merchandising procedures. For the purpose, all of them are looking up an well-coordinated organization to function Merchandising activities. Some of them are delegating the top function of Merchandising to the assembly of executive directors, while others are organizing an advisory council with the president as its chairman. After all has been said and discussed, it is found that there must be at any rate a spirit of coordination among all the departments concerned to actuate this Merchandising function very smoothly and effectively to the purpose of the corporation.

It is found very suggestive that some corporations inspected are delineating a very clear distinction between Merchandise, or Product, Planning, and Production planning. They understand the Merchandising as a quality (such as design) control program as against Production Planning which they understand as a quantity control program. Such distinction conceived by the corporations seems to demonstrate an excellent understanding of the two functions on the part of them.

All the corporations inspected show also interest in pricing policy, channel policy, sales promotion policy, and employees education programs.

In connection with the pricing policy, they show special interest in price maintenance problems, the discount house problems, and trade-in policy.

With regard to channel policy, they show their special concern with franchise marketing policy. Merits and demerits of exclusive franchise Marketing channel are being weighed and balanced with extraordinary care and deliberation.

As regards sales promotion policy, some of them put more weight on consumer helps, while others concentrate their energy on dealer helps. To adopt the broadest concept of the sales promotion, they are putting almost constant weight on advertising, but with the advent of TV. advertising they have almost certain perspective that the expenses thus far appropriated to press advertising will be cut and this much will be transferred to the expenses of TV. advertising.

The importance of employees education is being ever-increasingly recognized and advocated by every person who has good discerning eyes. At present OJT seems to occupy the biggest percentage of such educational program. Incidentally, some professors of Marketing advocate for more education of top management sometimes jokingly and sometimes very earnestly.

A problem regarding the concept of Marketing specially maintained in connection with social progress warrants a few more words. Those corporations inspected this time seem to be influenced by the thought of Professor Drucker in their understanding of Marketing function in relation to social progress. Especially, one news publisher and several manufacturers of consumers' goods show thorough understanding that Marketing is a dynamic process of society through which business enterprise is integrated productively with society's purpose and human values.