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MARKETING IN WESTERN VERSUS EASTERN CULTURE – COMPARING AND CONTRASTING BETWEEN THE U.S. AND JAPAN

Xiao Li[1] , Paul D. Berger[2]

[1,2]Bentley University, Waltham, MA 02452, U.S.A.

Abstract

In this paper we consider differences in marketing in Western vs. Eastern cultures and use the United States and Japan as the primary, but not exclusive, focus of our discussion. We first consider the general issue of companies trading internationally, and home in on the U.S. and Japan. We consider corporate cultures and examine a deeper look at the U.S. vs. Japan along a set of six dimensions, and we distinguish between internal and external aspects. We use case studies of three companies to illustrate our points, and end with a noting of our conclusions and managerial implications and some advice for companies seeking to enter the Japanese market.

Keywords: Corporate Culture; Marketing Differences in the West Vs. the East; Abcam in Japan; Japan Laser Company, Uniqlo.

1. Introduction

Management expert, Peter Drucker once said, "the aim of marketing is to make sales superfluous" (Swaim, 2013). It is believed that a successful marketer's job is to make the product or service speak to the customer and, in a sense, "sell on its own." When marketers deliver the message through an advertisement and other information channels, what is the underlying message that can essentially target different cultural groups? Moreover, in a completely different cultural context, such as from western to eastern, how can the storytelling evolve to be more efficient? How should marketing adapt with changing customer needs under different cultural contexts?

The United States is a cultural melting pot with many ethnicities, including White Americans, African Americans, Hispanic and Latino Americans, Asian Americans, Native Americans, and many other minorities. In the United States, multicultural marketing is a necessary topic for a company to study, sometimes even worth assembling a team within its marketing department. In Japan, the case is different. The composition of the Japanese population is 98.5% Japanese, 0.5% Korean, 0.4% Chinese, and 0.6% other (CIA, 2018). For historical reasons, the Japanese government had been adding pressure on multinational corporations to get back control of trade (Fitzgerald and Rowley, 2015). Multinational corporations have expressed difficulties adapting into the Japanese market. International marketers usually face the challenge of finding the balance between keeping originality and localizing to a new culture (Westjohn et al., 2017).

This paper will examine the factors that lead to a business being successfully operated in another cultural context, one which is different from where this business originated, both internally and externally; our primary comparison will be between the U.S. and Japan, as representatives for western and eastern culture. The paper will also include case studies from both field observations and literature review. Also, managerial recommendations will be offered for future reference to companies that want to operate in Japan.

2. Background

According to the U.S. CIA and the World Trade Organization, international trade accounts for about 20% of the global gross domestic product (GDP), and firms are becoming more interlinked with their foreign customers (Samaha et.al., 2014). Among Standard & Poor's 500 firms that report foreign sales, 46% of their total revenues came from foreign markets in 2010 (Silverblatt and Guarino, 2011). International marketing is increasingly critical for multinational companies who need proper strategy to adapt to different cultures as they enter a new country. Culture plays an important role in the effectiveness of performing international marketing.

Historically, multicultural marketing has been viewed as an important aspect of marketing. The concept of multicultural marketing refers to groups of customers from different cultural backgrounds, but who engage in similar activities, such as buying products (Korzenny, 2008). As Korzenny concluded, multicultural markets are likely to be a lasting trend, and marketers should be prepared to serve them in the right ways. In the global market, it is imperative for companies who operate in a multiple-cultural context to understand the similarities and differences among the different cultures. It is especially important for new marketers to learn how to work in such a global and multicultural environment (Wright and Clarke, 2010).

Culturally, Japan is a country with a unique tradition and an excellent representation of an ancient Asian culture. In the Japanese language, there are many words that come directly from other languages such as English, but are first "adapted" to a Japanese language version (Condon and Masumoto, 2011). This shows the preservation of the original language of Japanese. When an American company wants to open a Japanese office, should it keep its original American culture as its corporate culture, or should it localize enough to attract more Japanese local workers to join? Can the same strategy be applied to treating customers who are known as ethnocentric? Although multinational products and corporate brands seem to have an advantage over local competitors (Swoboda and Hirschmann, 2016), how can these multinational brands market to locals in their own culture, and gain an edge in the competition? We later exemplify these issues through some case studies.

3. Some Issues

3.1 Overview of U.S. and Japanese Corporate Cultures

Based on the Hofstede Insights of Country Comparisons (Hofstede Institute, 2018), the Japan and U.S. cultures are summarized and compared below along selected dimensions to provide readers a general understanding. There are six dimensions on which the cultures were compared: Individualism, Power Distance, Uncertainty Avoidance, Masculinity, Short-term vs. Long-term orientation, and Indulgence. Through these dimensions, we are able to obtain a basic impression of what the cultures are like in the two countries.

3.1.1 Individualism vs Collectivism

Generally speaking, U.S. firms are more likely to be individualist firms, while Japanese firms tend to be collectivist firms, similar to their respective cultural backgrounds. In general, Japanese people put "we" before "I" and tend to have a sense of community. They most often put others in their mind and have a serving spirit for others. In business, the service industry in Japan is outstanding. Compared to the U.S., Japan is certainly collectivist. However, if comparing Japan to other Asian countries, for example, China, it is safe to say that the Japanese are more private and reserved, based on daily contact.

3.1.2. Power Distance

Power distance refers to "the extent to which the less powerful numbers of institutions and organizations within a country expect and accept that power is distributed unequally" (Hofstede Institute, 2018). It is related to hierarchy and seniority. Japan received an intermediate score of 54, which shows a mixed situation in different aspects of the Japanese workforce: it is hierarchical when it comes to making decisions, as each decision needs to be confirmed with each layer until it reaches the top management. However, the same example demonstrates the decentralized power, as no single person has the power to dictate the decision-making process. It can sometimes be viewed as a paradox. The U.S. received a score of 40, lower than, but not too far away from Japan's score. U.S. organizations can be hierarchical, but in social settings people tend to leave the hierarchy behind and respect equality as much as possible.

3.1.3 Uncertainty Avoidance

Japan is one of the most uncertainty-avoiding countries in the world, having scored a 92 on this dimension (a higher score indicated a larger degree of uncertainty-avoidance.) Some believe this is due to being constantly threatened by natural disasters in Japanese history and, consequently, the Japanese have learned to plan thoroughly for the unexpected. In modern times, uncertainty- avoidance has been applied into corporate Japan, where the preparation work takes up a lot of time and effort before a project is started. Managers tend to ask for a very detailed plan and look into figures to make sure that everything is in place before any decisions are made. As a result, changes are generally relatively hard to be

made in Japan. The U.S. has a different business style. It scored a 46 on the uncertainly-avoidance scale. In the U.S., companies allow and respect freedom of expression and welcome innovative ideas and opinions from anyone. This culture difference somehow explains why Japan is strong at production industries which requires strict rules and regulations, while the U.S. is good at innovative industries such as technology development.

3.1.4 Masculinity Vs. Femininity

Japan ranks high on masculinity. Among a comparison with the U.S. and China, Japan received a score of 95 while China scored 66 and the U.S. scored 62. A high score on masculinity represents that the society is driven by "competition, achievement and success, while success being defined by the winner / best in field" (Hofstede Institute, 2018). Likewise, in Japanese business, the competition is fierce and the pressure on labor workers is known to be huge.

3.1.5 Short-Term Vs. Long-Term Orientation

Japan and the U.S are almost total opposites on this dimension. Japan received a score of 88 and the U.S. scored a 26. A high score indicates a long-term orientation in the corporate culture. In a case study below, the very employee-centric Japanese company, JLC, offers employees lifelong employment. This is an excellent example of Japan's long-term orientation and this policy is seen hardly anywhere else in the world. Long-term orientation can also be seen in the large R&D investment in Japan, regardless of economically good or bad times. In the U.S., companies measure their performance on a more short-term basis, taking a more practical approach by viewing profit and loss statements often. Individuals tends to seek fast development.

3.1.6 Indulgence

Japan scored relatively low on this dimension with a score of 46, showing that society is somehow restrained by social norms and people try hard to control their desires. Although Japan does not score the lowest among Asian counties, it certainly is one representation of self-controlling citizens. The U.S. scored a 68, reflecting a stronger social belief in "work hard, play hard."

3.2 How Businesses Operate in Different Cultural Context: Examples

Imagine that a U.S. company has grown large enough to enter the Asian market. After consideration of logistics, budget, and ROI, its management decides to open a Tokyo office as its Asian hub. This Tokyo office will serve their sales team both locally and internationally. It needs to build relationships with local Japanese customers, discover neighboring Asian customers, such as in China and Korea, keep in contact with its U.S. headquarters, and most importantly, to hire local Japanese employees and grow the office. In fact, more or less, this is not just an imaginary situation, but a simplified version of many multinational corporations headquartered in downtown Tokyo.

As suggested above, there are two factors that can impact whether the western newcomer will survive successfully in an eastern culture, such as in Japan. How it adapts itself to serve customers can be evaluated as set of external factors, and how it shapes its culture to serve its employees can be treated as a set of internal factors. Below, these factors are discussed.

3.2.1 External Factors: Relating to Customers

3.2.1.1 Language is a must, but not everything

The first step after entering a new culture market is to overcome the language barrier. Imagine marketing to people who do not speak English at all. Other than hiring a translation agency and making sure that they understand the materials being translated, the culture adaptation is very important and not to be skipped. In 2006, Volkswagen had to pull down multiple billboards from many big cities after receiving numerous complaints about the headline "Turbo-Cojones." The word, "cojones," means "testicles," in Spanish, and is a well-known phrase also to English speakers in the U.S. (Ballance, 2007). There is a history of other similar language issues that have arisen in promotions. The first of these perhaps occurred in the 1960's, when Chevrolet began to market its cars in South America, where all the countries except Brazil speak Spanish. One of the most popular models of Chevrolet was the "Nova," and a decision was made by Chevrolet to lead its south American excursion with the Nova. However, in Spanish, "no va" means "does not go " - not the best of endorsements for an automobile.

A supplementary program of culture training should be added in addition to the regular translation process. This may ensure that the brand's positioning gets carried forth correctly in the other language, without the meaning of it being changed unknowingly during the translation process.

3.2.1.2 Different Media Approaches

Customers under different cultural contexts are likely to have different buying habits. Also, their channels for receiving information may often be different. On trains, for example, European passengers are more likely to read newspapers than U.S. passengers. Japanese tend to read books or newspapers on the subway, while Chinese are more likely to focus on

their phones. This is a simple example of how companies should understand customers' different habits to receive messages so that they can efficiently target customers. Interestingly, a recent paper by Ya and Berger (2018) considered the cross-cultural impact of newspaper reading, including on the subway, on the newspaper-publishing industry in various locations/cultures.

3.2.1.3 Customs and Norms

Superstitious beliefs still play a role in the marketing mix. According to a recent poll result, 33% of Americans believe that finding a penny is a sign of good luck, 23% believe that 7 is a lucky number, and 12% still believe that 13 is bad luck (Westjohn et al., 2017). These superstitious beliefs root from western history and religious stories and are embedded in western customers' consciousness. In comparison, in eastern culture, the superstitious beliefs can be even more pervasive. In Chinese culture, Feng Shui is an important aspect in both personal and professional life. Most people will consult A feng-shui master before they move into a new house, and even after they move in, they will ask for advice about the furniture layout and facings. It is believed that a different set up may influence the Yun (luck) of this person. For business, it is important to open the new business on a lucky day by consulting a special calendar, something similar to the lunar calendar, with advice on what should and should not be done on this day. In Singapore, it was found that 64% of high-level managers have used feng-shui experts to create a harmonious, "lucky," environment (Westjohn et al., 2017).

With this in mind, when a company markets to western customers in the U.S., it should avoid bringing up cases that are in contradict norm beliefs. With many different ethnicities in the U.S., it is not unlikely that marketing may attract one particular group of customers and leave "not such a great" impression on other groups. And, U.S. consumers are very sensitive to being included. In eastern cultures, such as in Japan and China, companies should avoid the chance of customers relating the company product or service with a bad experience, horror tales, or bad luck.

3.2.2 Internal Factors: Relating to Employees

3.2.2.1. Direct and Indirect Feedback

North American supervisors tend to give feedback directly to the team. Normally, they will praise the team's effort first, highlight what was done right, then go into points that need to improve. Japanese supervisors do not usually give feedback. Like the old saying goes, "No news is good news." When there is no feedback from the Japanese supervisor, it is usually a good sign that the subordinates are doing a fair or good job. The feedback comes out when there are issues that need to be addressed. Sometimes the feedback is expressed through non-verbal communications, such as behaviors. From the Japanese supervisor's point of view, feedback is more about sensing and understanding the subordinate's progress, and giving instructions how to proceed, rather than evaluating someone's work (Condo and Masumoto, 2011).

Whether to give direct feedback or indirect feedback depends on the composition of the office. It also depends on what kind of culture exists in this sub office, and whether it is localized or maintained as one with the home office. Most importantly, managers and team members with different cultural backgrounds should align their expectations first to avoid frustration, such as one worker waiting for direct verbal feedback and another communicating through indirect methods.

3.2.2.2 Employee Centric

A key purpose of marketing is to motivate targeted clients to buy, but the audience may also include the future employees (Aldisert, 2002). Implementing an employee-centricity strategy requires a company to look at employees as the first customer, and believe that employees are one of its most valuable assets, along with other intangible assets such as customers, alliances and reputation. Being employee centric should not be viewed as being the opposite of customer centric or contradictory to a profit-driven business model. The employee- centric philosophy is at the heart of the Japanese "serving" culture. In fact, it can be, and should be, applied worldwide, regardless of culture, as it has been proven to be an excellent way to run a company (Aldisert, 2002).

4. Case Studies

4.1 Abcam in Japan

Abcam is a British company which provides antibodies and other biotechnological products to patients and research organizations. They do not offer products directly to patients, but rather, they sell to lab researchers and what they called "sub-dealers," especially in Asian countries such as Japan and China. This B-B-C model (Abcam to sub-dealers to end users) allows them to eliminate the need of building their own warehouse in Japan. Using sub-dealers also minimizes the competition between Abcam and other distributors.

Customer centricity is the key marketing strategy of serving Japanese customers. Unlike U.S. customers, Japanese customers still prefer traditional ways of doing business. According to one of the staff who handles daily transaction at Abcam, at least 80% of the orders in Japan still come from fax machines, instead of a more sophisticated ERP system. Nevertheless, instead of educating customers and pushing them to adopt new technology, Abcam chose to work on

accommodating customers' need by adding more human resources to handle fax orders. The company understands that this is due to cultural factors, such as the Japaneses' high level of risk avoidance, and a tendency to have more human (face-to-face, phone call) interaction in business. The situation would likely be handled very differently with UK or U.S. customers.

The company also did their research concerning how to better serve their local customers. Firstly, Japanese consumers value service quality as much as they value product quality. Abcam maintained almost 100% order accuracy in the past year. They also carefully informed customers about potential backorders to demonstrate information transparency. Secondly, Japanese customers consider face-to-face interaction as an important part of doing business. Abcam chose to root their Japan office in central Tokyo to make sure that their staff can reach most of the clients physically in a short time, for the purpose of building superior personal relationships. Thirdly, Japanese customers are long-term oriented; they look for long-term benefit and value relationship like partnership. To gain trust from the customer and foster a long-term relationship, Abcam Japan extended their order cut-off time for same-day delivery from 3pm to 4pm as customers required; this demonstrated the continuous improvement of customer service. Abcam Japan learned from the Japanese culture and adopted quickly to adjust to a new cultural environment as they continue to look for ways to grow their Japanese market.

4.2 Japan Laser Company (JLC) in Local Market

Japan Laser Company (JLC) is a local trading company specializing in lasers. In its basic business model, it used to serve solely customers in Japan. After upgrading to a new global business model, JLC now serves not only Japanese customers but also customers overseas. Based on the company literature, after the CEO and president, Mr. Nobuyuki Kondo, was appointed in 1994, he turned 2 million dollars of debt around and has achieved 23 consecutive years of growth in revenue and profits. According to President Kondo, the key to a business surviving and experiencing long-term growth is the management style called compassionate business. Especially while operating in Japan, JLC is absolutely employee centric. It is believed that his "employee first, customer second" policy is at the heart of the company's success. The company has a zero-layoffs policy which redefines employee incentives. Thirty percent of its managers are female in 2018, while the average in Japan for the number of women holding leadership roles for private-sector firms and central government workers are both below 10% (The Japan Times, 2014).

In return, employees at JLC work for the company as if they are part of a big family. JLC's "Credo" (the contract between management and employees) is a 16-page handbook that is offered to new employees on their first day of employment. It notes the principles of working for this company: to be needed by others, to help others, and to be loved by others. This unique company culture can be tracked back to the Japanese collective culture. It would certainly be a quite unusual if implemented in a western workplace, where the individual contribution is valued more than being accepted by the crowd. However, in Japan, JLC was able to attract many young graduates and international interns as employees.

4.3 Uniqlo in the World

Uniqlo, founded in 1984 in Hiroshima, Japan, is now the largest clothing chain in Asia and the third-largest globally, with ambitions to become number one in the near future. In 2017, Uniqlo's parent company reported a record setting operating profit of 176.4 billion yen ($1.57 billion) for that fiscal year ending in August; a large part was thanks to a 95.4% increase in overseas earnings (Johnson, 2017). In an interview, Uniqlo's leadership has shared what it viewed as the secret formula for building a truly successful global brand. Given its Japanese origin, it is vital to maintain the product quality as a major brand positioning. From a marketing perspective, Uniqlo believes "truth-telling trumps storytelling." To be always honest with customers is a way to build brand trust, no matter where they are. For example, Uniqlo's slogan is "made for all," which illustrates the company's philosophy of providing casual clothes to all people, regardless of age, gender, ethnicity, or other defining metrics. To build brand trust with customers, it believes that it should always start with truth and go from there. In order to become a truly global brand, Uniqlo has the confidence to make what works in Tokyo also work in Los Angles and other locations. Although the Asian market is Uniqlo's major market and has been a success, capturing only the Asian market is not enough for their global marketing goal. Uniqlo wants to also capture the U.S. market, provide the same excellent products and apply the same brand philosophy. Its leadership believes that if Uniqlo is to be "#1," it's won't be because it is bigger, but because it is better.

5. Conclusions and Managerial Implications

Nowadays, it is increasingly important for marketers to develop global perspectives. For companies, whether or not they are global organizations, it is likely they will operate in a deeply multicultural environment and be in touch with customers, suppliers and counterparts with different cultural origins. U.S. companies that are going into Asian markets will face many challenges (and vice versa). In order to transform these challenges into opportunities, companies should watch for key factors both externally and internally. Externally, companies should first ensure that the brand message is not lost in translation; they should also keep an eye on the media to ensure that it is efficient to reach most target customers, and respect local customs and norms to avoid irritating the audience. There are noteworthy cases where this

has happened. When McDonalds entered France in the 1980's, it did not realize that its signature product, the "Big Mac" meant "souteneur" in slang French ("pimp" in English), and many people claimed to be offended. Interestingly, in this case, it did not have any long-term consequences for McDonalds, at least presumably, since the product name still remains in France. There was also the case when Pepsico ran a magazine ad in China, wanting to say, "Come alive with Pepsi." This is Pepsi Cola's major positioning, the idea that Pepsi is for younger, more active, modern folks (hinting that its main rival, Coca Cola is for older, less active folks). However, the Chinese translation came out "Pepsi brings your ancestors back from the grave," and again, many people were offended. In this case, the ad was not enduring – it was quickly removed from the magazine.

Internally, management should set the tone of communication style; most importantly, they should keep employee centricity in mind and view employees as a most valuable asset, ultimately serving the customer right while maintaining a sustainable corporate culture. Additionally, for managers to be prepared entering a new culture environment:

5.1 Maintain Quality and Respond to Regional Customers' Needs

Taking Japan as an example: Japanese people pay close attention to the seasons in social settings as well as in the workplace. Just like "context" in the marketing framework, it is very important for anyone working in Japan to be in sync with others at work and with society. R/GA prepares a presentation to familiarize its international workers with traditional holidays in Japan, and how these holidays will influence the business. Maintaining quality is the baseline; any competitor would have to meet this basic requirement. In addition to the baseline, the competitor with more customer insight will win the competition.

5.2 Keep Employees as Part of the Culture

Should new employees adjust to company culture, or should the company take its people as their culture? In the case study of the previous section, the JLC company chose the latter course of action. The result turned out to be very rewarding for the company. As has been noted, employees should be one of the company's most valuable assets. Letting employees become part of the company culture can make it sustainable and attract more qualified candidates to join the culture.

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