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A Comparative Study of International Marketing Strategies between Japanese, American and European Multinational Companies: Thailand 1997

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CAS Discussion paper No 25

June 1999

1. Introduction

Many empirical studies and much of the literature on management during the 80s and early 90s reflected the superiority of Japanese management styles and methods not only in production, but also in marketing and especially international marketing. Before, and during this period, Japanese companies grew from imitators to innovators and came to dominate some industries, such as motorcycles and consumer electrical products world-wide. They also became increasingly competitive in, and to take larger market shares in the global industries, such as automobiles, computers and electronic products. In the 70s, in response to growing Western discontent with Japanese exports which were decimating their home markets, Japanese companies set up factories in their major markets in the US and Europe. At the same time increased prosperity in Japan and concomitant higher wages meant that most low or middle market products could no longer be manufactured profitably in Japan. Thus, corporate Japan started to export its production centres to lower cost Asian countries. In many cases, Thailand was chosen as the most suitable country because of its stable political system, its lower cost of land and labour and its geographical location.

However, after two decades of solid growth the apparent invincibility of corporate Japan was to be tested by the persistent and deep recession in Japan in the 90's which revealed fundamental flaws in the Japanese economy. The property bubble in Japan burst and the banking system began to weaken under the twin problems of a huge rise in non-performing loans (NPLs) and unabated demand for funds from corporations. The strains on the banking system were exacerbated by the prevailing low interest rates and low margins which meant the banks could not generate sufficient funds to write off their bad debts and re-capitalise. The domestic market contracted as unemployment, a new phenomenon, increased. Consumers became increasingly conservative, reducing spending. Thus, Japan was forced to rely on exports in an attempt to maintain growth and to revive a domestic economy characterised by low or zero growth, and an increasing tide of personal and corporate bankruptcies. During this period Japanese corporate profitability contracted and eroded almost yearly. However, at the same time US and European companies having survived their recession during the 80s were much leaner, stronger and focussed; consequently, they were in much better shape to face the weakening Japanese competition. By now Japan was no longer unquestionably superior in management and productivity.

In the middle of the 1990s scholars began to query the concept of alleged Japanese superiority in management, especially international marketing. The evidence from the global marketplace particularly in the automobile, financial services and computer software industries indicated that there was a strong revival in the US and European management capabilities. The question was asked: Is Japanese management capability declining? And is Japanese competitiveness eroding in the era of globalisation? If the answer to these questions is "yes", then to what extent has the concept of Japanese management superiority become a myth?

In the framework of a probable and significant metamorphism in the relative strengths of the major players - US, European and Japanese companies - in a marketplace that was becoming increasingly globalised, and which was being characterised by leaner corporations focussed on a narrower product profile, it seemed questionable whether the complex and unwieldy patterns of Japanese corporate organisational structures could adapt and react flexibly to a marketplace that was changing rapidly.

Our empirical research, reported in this paper, was conducted in Thailand during 1997 and attempted to evaluate differences in the effectiveness of Western and Japanese management in the domain of international marketing. The sample was 44 Japanese, 20 American and 14 European multinational companies operating in Thailand. The research utilised an extensive questionnaire embracing seven major research questions that covered most aspects of international marketing. The questionnaire sought opinions and perceptions from top marketing management of the sample companies. Although the major limitation of this type of research is that it is concerned with management's perceptions rather than facts about the success and relative strength of the companies in international marketing, it is not without validity. In reality marketing management is involved very often with opinions and perceptions rather than facts. A further limitation is that 47.8% of the respondents were of Thai nationality. It is thus possible that they might not represent the same opinion as would he held by, for example a Japanese manager in, say, Tokyo. Nevertheless it could be suggested that their opinions could be more realistic as no nationalism is involved.

Our major findings, as will be seen in detail below, especially concerning technological innovation and advanced research, product quality, customer service, market share maintenance and growth, product and brand development and standardisation, and sales promotion showed that the perceptions of marketing management of the different groups of companies were in contradiction to much of the literature. It was remarkable that in the above areas Western companies, and particularly American companies, perceived themselves as superior to Japanese competition, and more so that Japanese companies saw themselves as weaker than the competition. The significant difference in degree of practice by the three groups of companies in the above areas indicated that in general, the Japanese companies' perception of their abilities was considerably lower than that of Western companies. This evidence suggests that, at least in Thailand, the concept of superior Japanese management may no longer be true. It is also interesting that much incidental evidence since the economic crises of 1997-8 in Asia tends to be supportive of the empirical evidence of this research, and reinforces the suggestion that Japanese superiority in marketing management can be considered to be a myth.

Related economic evidence from the business press certainly indicates that Japanese companies are in many instances in a fragile financial condition. Toyota is selling its shareholdings in 70 subsidiaries. Nissan is allowing Renault to take a significant stake, probably 30%. Many Japanese financial companies have withdrawn from Thailand. Mazda is now a subsidiary of Ford. Most of the work in the clean-up and restructuring of the financial system and corporate restructuring in Thailand has been undertaken by American companies. Finally, the world's five largest banks are no longer Japanese as was the case in 1985. There is much more evidence available concerning the relative decline of much of Japan's industry. During the long Japanese recession it seems that Japanese industry has at least stagnated if not actually decayed. Financial pressures through lower profits and losses have prevented Japanese companies, especially in financial services, computer software and in the automobile industry, from maintaining a leading position. On the other hand the strong economies in Europe and the USA during the past decade have allowed Western companies to grow successfully, and they appear to have adapted to globalization more effectively than Japanese companies.

2. Review of literature

A plethora of reasons have been proposed to account for the success of Japanese companies in marketing their products internationally since the 1960's. Certainly, during the period 1960-1990 Japan was an astounding success in penetrating, growing and dominating markets in a diverse range of products mostly goods, but also services, in the international marketplace. The issues involved, the reasons for or the causes of this success are complex and often interrelated and are much too diverse to be analysed in any depth in this paper. Nevertheless certain central issues, such as the historical background of opportunity, production management techniques, general management principles, marketing management strategies as well as the role of the government and more elusive qualities such as the work ethic, quality, perseverance and flexibility have been briefly considered. Additionally, we have considered whether isolated factors or a combination of factors are responsible for Japanese success in the international marketplace. Thus, in this section, we attempt to illustrate some of the many factors that contributed to Japan's success. It is interesting to note that some of these factors, particularly organisational ones, may now be contributing to the comparative decline of Japanese corporate management when compared to revitalised American and European companies which seem to have adapted better to globalisation and have seized pre-eminent positions in many global markets.

Opportunity was the key to Japans initial success in international marketing. Both European and American post-war industry was characterised by strong unions, old factories and machinery, weak management and tired, poor quality products. Surprisingly, Japan's industrial revival was largely ignored by the West which believed it was only concerned with plagiarised, low end, low quality products. These beliefs were still maintained long after Japanese industry had transformed itself into dynamic organisations capable of producing high quality, high technology and innovative products. Western markets were thus unprepared for and unable to resist the Japanese marketing onslaught. Put simply, Japanese products were too competitive in terms of quality and price for Western consumers to resist. From the 1970s onwards a strong domestic economy with fierce competition enabled Japanese companies to move up market, both in products, and production facilities, and to increasingly encompass higher technology in the pursuit of innovation. Initially products, but later the production facilities were exported world-wide.

Many reasons for this success have been proposed and an analysis of Japanese management methods and organisational structure reveals many of the components of this success. Alston (1986) suggested four principles behind this success; the deep involvement of Japanese production workers with the manufacturing process, abilities in problem solving, quality improvement and the emphasis on working as a group or team. Pascale and Allen (1981) suggested the importance of shared values by workers and management though informal group communication. Moreover, the difference between the high wage culture of large prestigious companies and small companies with much lower wages, who were used as subcontractors meant that the most able management could be recruited by the large companies and their high cost structure was subsidised by their usage of small low-wage companies as subcontractors. These large companies also formed strategic alliances - Keiretsu - combining banks, the large companies, suppliers and distributors into powerful conglomerates that straddled and controlled all components of business, finance, production, marketing and distribution (Sato ,1980). Also, there was a high degree of flexibility in both individual job responsibilities (Alston, 1986) and interdepartmental co-operation (Burns & Stalker, 1961; Kono, 1984). In addition, the high quality of Japanese products has been ascribed to the high quality of workers. The lifetime employment system motivated workers to superior achievements (De Cock, 1982). Furthermore, the importance of seniority in performance was outlined by Yoshino (1975). Importantly, unions in Japan were enterprise-based and their influence was mild and seldom negative in comparison to the militancy of western unions. Thus, Japanese workers appeared to be more responsible, motivated and flexible (Hanami, 1981) and automation, including robots, was welcome in Japan (De Cock, 1982) whereas it was seen as a threat to employment in Europe.

Production management techniques have also been cited by many authorities as having been fundamental to much of Japan's industrial strength. The Just-in-Time (J.I.T.) principle has been given much credit for Japan's high productivity (Walleigh, 1986). This concept was well suited to the complicated Japanese distribution system and the use of multi-level suppliers by the large companies (Pegels, 1984) Another system given much prominence was the Kanban system originated by Toyota (Delporte, 1982). In the late 50s total quality control was introduced into Japanese manufacturing industry (Schonberger, 1982) and it is believed to have been a vital concept in improving the quality and reliability of Japanese products (Ishikawa, 1985). Also, Japan appears to have implemented automation with worker compliance more readily than the West (Thurow, 1987; Zahra & Covin, 1993). Other characteristics of Japanese production control methods were: high quality customer service, a flexible manufacturing system and a high degree of organisational inter-dependence with suppliers as enumerated by Muller (1982). The willingness to develop technology was also emphasised in the literature by amongst others Van Dierdonck (1982), Franko (1989), and Clark (1989). Finally, the concept of Zero Defect Manufacturing has been a long established principle in Japan (Helper, 1989). Clearly, these methods all contributed to Japanese efficiency and productivity in manufacturing competitive products which could be successfully marketed internationally.

Advantages of Japanese marketing methods have also been analysed by many researchers. Competitive advantage has been seen to be the crux of Japanese marketing (Kono, 1984). In a study of the British market in 1987 by Saunders et al (1987) the Japanese were found to be superior in many important domains of marketing such as product differentiation, advanced research capability, product design, cost reduction and efficient large scale manufacturing. Many Japanese marketing executives recognised that intense competitive pressure in their domestic market has resulted in great efficiency and the ability to compete successfully on an international scale (Lazer et al, 1985). The ability to react to consumer behaviour aptly is also believed to have been significantly transferred to international marketing (Engel et al, 1993; Donnelley & Sons, 1993). The way Japanese marketing departments are organised, though group work, and with a focus on consensus in decision making has also been propounded as a factor in Japanese marketing achievement (Nakane, 1970; Nakajima, 1981; Morishyma, 1982; Tanouchi, 1983). Specifically, it was believed that this group oriented approach allowed Japanese marketing departments to implement strategies more effectively (Saunders et al, 1987). Further, Japanese marketing departments strived for long term market share, through increased volumes and tended to position themselves in market segments with high growth potential. Additionally, Japanese marketers were felt to be more intuitive and subjective and had more communication orientated qualities which allowed them to “feel”, understand and react to foreign markets better than Western marketing personnel (Howard & Teramoto, 1981; Saunders, et al 1987). Furthermore, pricing has been used by the Japanese as a major competitive tool to enter markets (McDonald & Cavisgil, 1990). In many cases Japanese companies have sold below cost – dumped - to gain strategic footholds (De Rycke, 1982).

However, it seems implausible that Japan’s international marketing success is solely attributable to management, whether general, production or marketing or even a combination of all three. With little doubt, the role of the Japanese government especially MITI has been critical in corporate Japan’s success. “Marketing in Japan has benefited highly from supportive government policies and subsidies” as, Genestre et al (1995) indicated. The Japanese government is seen as acting in a role similar to a corporate headquarters responsible for planning and coordination, and also formulating long term policies and undertaking major investments. Its role was both consultative and indicative in directing and helping companies effectively in the development of new markets (Morishyma, 1982). More importantly the Japanese government has, through a variety of tariff and non-tariff barriers, effectively prevented much foreign penetration of its domestic market at least until the last decade. Recently, particularly in financial services, Western companies have played a more important role in the Japanese market. However, historically, a strong closed domestic market, with minimal foreign competition has been of immense benefit to corporate Japan. Also, the Japanese government has effectively fielded much European and American discontent caused by the performance of Japanese exporters. It has also demonstrated great flexibility by accepting voluntary export controls (VERAS) on perhaps 30-40% of Japanese exports in order to avoid foreign market closures as retaliation.

Other characteristics of Japanese marketing superiority which have been cited in the search for a definition of the causation of that success have been more elusive qualities, such as flexibility, quality, pragmatism and the hard work ethic. In conclusion, the literature has suggested many and varied reasons for Japan’s success in the international marketing arena. Much of the research has focused on only a single factor such as “personality” (Norman & Birley, 1991) “leadership vision” (Tichy & Deranna, 1989) “efficiency of production” (Hayes, 1989) or “innovation” (Foster, 1989). Others have suggested, more plausibly, multiple reasons for success (Porter, 1985; Douglas & Rhee, 1989; and Hooley et al, 1992). It seems reasonable to conclude that the reasons for Japans marketing success are indeed varied and include many overlapping factors, encompassing management, government assistance and more ephemeral cultural considerations. Interestingly, as will been seen later several significant results from our empirical research in Thailand are in contradiction to the conventional viewpoints expressed in the literature reviewed. The empirical results are nevertheless congruent with evidence from the marketplace that suggests that Japanese companies no longer enjoy predominance and unequivocal success in international marketing. This change in perception is more apparent in the provision of services than in the manufacture of goods.

Just as Japan seized the opportunity in the 60s to become the world's largest exporter, so it seems that the business revolution aimed at a truly global marketplace is being driven by American and European multinational companies that are exploiting information technology more effectively than the Japanese, and that Japanese corporations beleaguered by a long lasting domestic recession are participating in this business as followers and no longer leaders.

3. Research methodology

The research design encompassed descriptive and quantitative statistics. The research method was to collect data from top marketing management, who were Western, Japanese and Thai, from the sample of 44 Japanese, 20 American, and 14 European multi-national companies operating in Thailand. Self-administered questionnaires and personal interviews were used. Both biographic and demographic data was collected on the respondents, the parent companies, and the subsidiaries operating in Thailand. Marketing practice in Thailand was classified into 3 levels:

1) adoption of marketing policy from parent company,
2) modification of parent company policy
3) implementation of marketing policy locally and independently.

The main questionnaire consisted of seven parts, each of which covered a specific marketing function, as follows:

- Marketing environment
- Consumer behaviour
- Marketing organisation
- Marketing strategy and decision making
- Marketing mix
- Production/marketing relationship
- Marketing information systems

The scales used in the questionnaire were nominal, ordinal and ratio. A pre-test of the questionnaire was conducted and the response was acceptable. Questionnaires were delivered to respondents and collected two days later. A response rate of 74% (sample 78) was achieved. The data was analysed by SPSS using mode, median, mean and Chi-square and the Kruskall Wallis statistical tests. Three levels of significance were set: highly significant ($p=0.01$), significant ($p=0.05$) and noticeably significant ($p=0.10$).

4. Population and sample

The original intention was to use matched triads in the sample. However, this method was abandoned because it was found to be, in most cases, impossible to match 3 companies, Japanese, American and European, of similar size in the same business. Also, it was found that such a sample would not adequately represent the population. If a matched triad system had been used it would have implied that only smaller or medium sized companies would have been selected. These smaller companies would probably have minimal international marketing skills and would not have adequately represented the real population which has many very large multinational companies. It was, usually, not possible to match 3 large companies: for example, Shell (Europe) and Caltex (USA) were chosen as substantial oil companies but there is no equivalent Japanese company. Similarly Fuji (Japan) and Kodak (USA) were chosen as photography companies, but the European competition, Agfa-Gaevart, is proportionally much smaller in Thailand. In view of these problems it was felt that the sampling technique actually used achieved a better representation of the population. Initial enquiries at Chambers of Commerce produced approximate numbers of substantial companies of over 1,000 Japanese companies, about 500 American companies and some 350 European companies operating in Thailand. The numbers are approximate because these are no official accessible statistics on foreign companies, classified by nationality, available in Thailand. The size criteria mandated no less than 100 employees and a minimum capital of 100 million baht. The sample selected to represent the population consisted of 44 Japanese, 20 American and 14 European companies which were chosen from a population of 226 companies by proportional stratified random sampling. The strata were six categories of business: manufacturing, trading, construction, banking, transportation, and other services. The samples in each category contained the largest companies (in terms of assets) which were willing to participate in the research. Although some bias may result from our method of sample selection, it is believed that this method reflects both the distribution and size of foreign companies in Thailand.

A further difficulty encountered arose from the concept of nationality. Due to legal and practical limitations of shareholding structures, many of the companies did not have a foreign majority shareholder, even though it was apparent that control was exercised by foreign shareholders. In the case of foreign companies owning between 51% and 100% of the Thai registered company there was, of course, no difficulty in identifying the effective nationality of the companies. Many US and European companies met this criterion. However, there was difficulty when foreign ownership of the equity was 50% or less. Many Japanese companies are often joint ventures or have a minority shareholding and have Thai management. Essentially control remains Japanese, however, and they may be legitimately considered as ‘Japanese’ companies. Additionally, legislation, specifically the Alien Business Law, has induced many companies to maintain equity ownership below 50%. Thus, the definition of ‘nationality of ownership’ is more problematic for companies with foreign shareholdings of less than 50%.

For the purpose of this research a complex definition of nationality was utilised:
“A company, with a name often the same as the foreign company but not necessarily so, with a substantial and concentrated foreign shareholding, where corporate culture, decision making processes and often the language of management communication is the same as the foreign owner. Additionally, major policy decisions and financial support are derived from the foreign shareholder; majority ownership and management may well be Thai but the effective control exerted is clearly not Thai”.

In summary, the research was designed to investigate differences in the perceptions of marketing managers regarding the success and strength of their respective companies. It was believed that differences in perception could be analysed to provide insights into significant marketing practices of the different national groups of companies. It was further considered these differences in practice could indicate areas of marketing where a particular group of companies appeared to have a superior performance to another group, or the other groups.

5. Results

The questionnaire used in our research comprised seven sections, each dealing with a major domain of marketing and, in total, 151 questions were asked. As could be expected many of the answers were not significantly different and many were predictably consistent with the literature. In this report we have mostly focused only on those questions that produced statistically significant differences which illustrate important differences in perception between the three groups of companies. Although the results are not reported in full in this paper, no result that has a material bearing has been omitted. In many instances, as shown below, the empirical results were strikingly contradictory to the literature and our general expectations, based on that literature. The findings provide substantial evidence for reasoning that, in Thailand at least, conventional ideas regarding Japanese superiority in international marketing are debatable and that in 1999 this concept may be little more than a myth.

Our research produced many significant differences regarding the perceptions of the respondents. Interestingly, in almost every instance, the marketing managers of Japanese companies perceived the abilities and strengths of their companies at a significantly lower level than their Western competitors. In the few instances that Japanese companies showed a higher degree of practice it was usually related to a practice that was not obviously beneficial. For example, Japanese companies used multilayer distribution (Table 6) to a significant degree more than Western companies. However, such a practice which effectively makes the process of distribution slower and more costly cannot be considered a good business practice. Thus, in this instance, a low degree of practice, as the Western companies indicated can be interpreted as a desirable trait. Whereas, in many instances, a low degree of practice, as exemplified by the Japanese answers to the question on advanced research capabilities can rationally be interpreted as being non beneficial. Similarly, Japanese companies paid significantly more attention to identifying the country of origin (Table 5) than the Western companies. However, it can be argued that in a really global operation this is no longer a desirable characteristic and that to succeed in the current global marketplace a product must transcend nationality and become acceptable on its own merits.

Table 1 below shows the data related to the degree of assistance of the home country government to companies and perceptions of its importance and value.
We had expected that Japanese companies would perceive that their government assisted them to a greater degree than Western companies. In fact, with the exception of government sponsorship of new industries, the results indicate that American companies perceived their government helpful to a significantly greater degree than Japanese companies. However, 17 out of 44 Japanese company respondents were Thai. It is reasonable to assume that their knowledge on this topic was probably limited, and this may result in some bias on the findings of this section. Nevertheless, a broadly similar proportion of Thais (13 out of 34) were respondents from European companies. Thus, potential bias should be limited or at least equalized. Interestingly, European companies seemed to expect very little assistance or co-operation from their governments. The limitation regarding home government activi-

ties, and a probable lack of knowledge by Thai respondents on that topic, is, however, not applicable to the other research questions which produced significant difference. It seems logical that nationality of respondents is not a significant factor in the evaluation of more general marketing characteristics which are a more or less universal concept.

Table 1: Relationship between Government and marketing of Japanese, American, and European companies in Thailand

International Marketing Characteristics		Company			H
		Japanese	American	European	
1) The relationships of your company with the government in your home country is coordinated	n	44	20	14	
	Mean Rank	40.37	45.78	27.89	6.577*
	Median	4.00	4.00	3.00	p=0.05
2) Good relationships are maintained with the government in your home country	n	44	20	14	
	Mean Rank	40.44	47.20	25.54	9.995**
	Median	4.00	4.00	2.50	p=0.01
3) Your government assists your business in your home market	n	44	20	14	
	Mean Rank	41.99	45.42	23.21	10.084****
	Median	3.00	3.00	2.00	p=0.01
4) Government sponsorship for new technology industries is available	n	44	20	14	
	Mean Rank	48.25	31.98	22.64	17.928**
	Median	3.00	2.00	2.00	p=0.01

Level of significance: ** = 0.01; * = 0.05; # = 0.10. NS = Not significant

Table 2 below, illustrates some very significant differences in the perception of high technology and advanced research capabilities between the 3 groups of companies. It is striking that, in every case, American companies perceived themselves to be superior to both Japanese and European companies. And also that, with only one expectation, European companies were ranked second and Japanese companies last. In these vital areas of product success Japanese companies surprisingly, but quite clearly, perceived their abilities to be much lower than Western companies.

Table 2: Technology and advanced research capability environment of Japanese, American, and European companies in Thailand

International Marketing Characteristics		Company			H
		Japanese	American	European	
1) Utilize technological innovation to gain unique competitive advantage	n	44	20	14	
	Mean Rank	35.20	45.33	44.68	4.499#
	Median	4.00	5.00	5.00	p=0.10
2) Maintain leadership in worldwide high-technology markets	n	44	20	14	
	Mean Rank	33.55	54.35	37.00	13.472**
	Median	4.00	5.00	4.00	p=0.01
3) Emphasis on producing the best performing products, at the lowest cost, with the highest quality, in every… market ...	n	44	20	14	
	Mean Rank	36.51	49.30	34.89	6.567*
	Median	4.00	5.00	5.00	p=0.05
4) Apply the integration of technology with marketing in order to meet customer needs	n	44	20	14	
	Mean Rank	34.24	48.83	42.71	7.789*
	Median	4.00	5.00	5.00	p=0.05
5) Adoption of advanced technologies and introduction of technologically sophisticated products	n	44	20	14	
	Mean Rank	32.77	51.47	43.54	11.993**
	Median	4.00	5.00	5.00	p=0.01
6) Strong on advanced research capabilities	n	44	20	14	
	Mean Rank	35.09	46.70	43.07	4.603#
	Median	4.00	4.00	4.00	p=0.10
7) Strong on product design capabilities	n	44	20	14	
	Mean Rank	32.44	51.13	45.07	11.844**
	Median	4.00	4.00	4.00	p=0.01
8) Product quality is superior to the competition generally	n	44	20	14	
	Mean Rank	33.59	49.30	44.07	9.155**
	Median	4.00	5.00	4.50	p=0.01

The results in this section are in contradiction with to much of the literature which emphasises Japan's technology superiority. However, it does support the Dentsu Institute report of 1995 that prophetically stated "Japan has not been successfully changing its industrial market and social structure during the long recession."

Table 3 below shows selected results concerning customer satisfaction and competitive advantage. In every instance, the Japanese companies perception of their ability to ensure customer satisfaction was lower, both significantly and non significantly, than American and European companies.

Table 3: Customer satisfaction and competitive of Japanese, American, and European companies advantage in Thailand

International Marketing Characteristics		Company			H
		Japanese	American	European	
1) Emphasis on quality and reliability for customers	n	44	20	14	
	Mean Rank	35.78	47.22	40.14	4.580#
	Median	4.00	5.00	5.00	p=0.10
2) Emphasis on customer service and satisfaction	n	44	20	14	
	Mean Rank	35.69	45.10	43.46	3.886
	Median	4.50	5.00	5.00	(NS)
3) Development of long-term relationships with consumers by continuing to provide quality products and services	n	44	20	14	
	Mean Rank	35.73	46.10	41.93	4.349
	Median	5.00	5.00	5.00	(NS)
4) Emphasis on customer orientation "the customer is king"	n	44	20	14	
	Mean Rank	35.98	42.10	46.86	3.430
	Median	4.00	5.00	5.00	(NS)
5) Emphasis on giving 'superior quality and reliability' as a major competitive advantage	n	44	20	14	
	Mean Rank	34.90	50.30	38.54	8.564**
	Median	4.00	5.00	5.00	p=0.01

Again these findings are not consistent with the literature. In fact, they are virtually the opposite of the survey by Saunders et al (1987) of the British market. The findings indicate that Western companies have become more customer oriented than Japanese companies. Increasingly, customer satisfaction is becoming a vital success factor in marketing and a perceived weakness in this area is indicative of a major flaw in marketing strategy.

Table 4 illustrates differences in perceptions regarding cultural and demographic factors in the marketing environment. Similar to the previous results, these answers indicate that American companies have superior awareness of cultural and demographic factors compared to both Japanese and European companies. This is somewhat surprising as in the past American companies were often characterised as being culturally unaware and this lack of attention to cultural matters was behind their failures in some markets. Also Japan, as an Asian culture, would seem to have obvious similarities and possibly empathy with the Thai cultural environment.

Table 4: Demographic environment impact on behavioural patterns and marketing mix of Japanese, American, and European companies in Thailand

International Marketing Characteristics		Company			H
		Japanese	American	European	
1) Your marketers are familiar with the cultural traits of the potential market they want to do business with	n	44	20	14	
	Mean Rank	36.22	49.55	35.46	6.897*
	Median	4.00	4.00	4.00	p=0.05
2) Adjust marketing programs to be acceptable to consumers in foreign markets	n	44	20	14	
	Mean Rank	34.67	46.70	44.39	5.639#
	Median	4.00	4.00	4.00	p=0.10
3) Examine each cultural element to be sure that none present obstacles to the marketing plan	n	44	20	14	
	Mean Rank	35.86	49.60	36.50	6.638*
	Median	4.00	4.00	4.00	p=0.05
4) Examine each element of the marketing mix that is influenced by an element of culture	n	44	20	14	
	Mean Rank	39.08	49.10	27.11	9.921**
	Median	4.00	4.00	3.50	p=0.01
5) Interest in the age distribution of the population in a potential market	n	44	20	14	
	Mean Rank	42.34	42.88	25.75	7.077*
	Median	4.00	4.00	3.00	p=0.05
6) Pay attention to the different stages of the life cycle of consumers who have different needs and present…	n	44	20	14	
	Mean Rank	38.55	49.70	27.93	8.755**
	Median	4.00	4.00	3.00	p=0.01

It was also noticeable that European companies paid relatively little attention to demographic factors. These results may indicate that American management is changing considerably and is now more amenable to cultural factors in the global market. The results may also be considered to demonstrate that Japanese management is either not changing, or is changing at a rather slower pace than American management.

Table 5 and Table 6 show many significant differences between the perception of the three groups of companies with regard to the marketing mix. (Price, Product, Promotion and Place)

Table 5: Price, product, promotion strategies of Japanese, American, and European companies in Thailand

International Marketing Characteristics		Company			H
		Japanese	American	European	
1) Price is set below the firm's cost in order to gain market share in particular markets in the short term	n	44	20	14	
	Mean Rank	47.34	29.80	28.71	13.094**
	Median	3.00	2.00	2.00	p=0.01
2) Price is set below the firm's cost in order to accommodate an economic recessionary cycle in particular markets in…	n	44	20	14	
	Mean Rank	48.47	27.20	28.89	17.030**
	Median	3.00	2.00	2.00	p=0.01
3) Emphasis on superior value recognition, so you can price your products more to actual value, vis- a-vis...	n	44	20	14	
	Mean Rank	34.39	44.97	47.75	6.107*
	Median	4.00	4.00	4.00	p=0.05
4) Emphasis on presenting a uniform appearance everywhere your company operates and is seen by...	n	44	20	14	
	Mean Rank	32.99	49.45	45.75	9.571**
	Median	3.00	4.00	4.00	p=0.01
5) Use a standardized product for building a global brand	n	44	20	14	
	Mean Rank	34.41	54.40	34.21	13.021**
	Median	4.00	5.00	4.00	p=0.01
6) Emphasis on identifying country of origin(The made in...) label on your product	n	44	20	14	
	Mean Rank	45.42	30.83	33.29	7.934*
	Median	4.00	3.00	3.00	p=0.05
7) Emphasis on investment in facilities, staff, training, and distribution networks for creating an international service ...	n	44	20	14	
	Mean Rank	34.52	47.13	44.25	6.233*
	Median	4.00	4.00	4.00	p=0.05

International Marketing Characteristics		Company			H
		Japanese	American	European	
8) Emphasis on offering the best service in all markets	n	44	20	14	
	Mean Rank	36.56	48.55	35.82	5.103#
	Median	4.00	5.00	4.00	p=0.10
9) Preserve good relations with the client when you sell a product	n	44	20	14	
	Mean Rank	32.72	50.90	44.54	12.447**
	Median	4.00	5.00	5.00	p=0.01

The answers to questions 1 and 2 show that Japanese companies, as the literature suggested, were much more prepared to sell below cost to penetrate markets and to support markets during recessions. However, these practices, although successful in the past, are now more questionable, particularly in mature markets because of the implementation and enforcement of anti-dumping laws. With the exception of these two questions and question 6 (country of origin emphasis) American companies, in every case, and usually European companies, showed a higher degree of practice than Japanese companies. It was noticeable that Japanese companies attached significantly less importance to factors that are vital in building global products (question 4, 5, 6). Japanese companies emphasised country of origin significantly more than Western companies. However, this seems to indicate that they are not aware of the transnational significance of a global market, and that emphasis on national origin may well be an outdated proposition.

Table 6 below illustrates differences between the groups of companies in Place strategies. Japanese companies favored multi-layer distribution channels and encouraged no-quibble returns from retailers. Neither of these practices seem to be profitable or efficient business practices. Maintenance of such practices by Japanese companies shows an inability to effect necessary changes in efficiency which could improve profitability. This demonstrated inflexibility may be structural or conceptual but it is another serious flaw in Japanese management capability in the IT era when the pace of change is obviously increasing. Certainly, resistance to change has never been a successful business practice.

Table 6: Place/Distribution strategies between Japanese, American, and European companies in Thailand

International Marketing Characteristics		Company			H
		Japanese	American	European	
1) Use multi-layer systems for your distribution channels	n	44	20	14	
	Mean Rank	46.78	28.38	32.50	11.580**
	Median	4.00	2.00	3.00	p=0.01
2) Manufacturer guarantees to take the unsold goods back from the retailers, irrespective of the reason for non-sale	n	44	20	14	
	Mean Rank	46.39	28.50	33.57	10.885**
	Median	3.00	2.00	2.00	p=0.01
3) Use logistic management for increasing profits	n	44	20	14	
	Mean Rank	35.33	40.78	50.79	6.331*
	Median	4.00	4.00	5.00	p=0.05
4) Seek market success through developing the advertising strategy appropriate to that market	n	44	20	14	
	Mean Rank	37.07	48.95	33.64	5.827*
	Median	4.00	4.00	4.00	p=0.05
5) Develop both standardized and localized advertising	n	44	20	14	
	Mean Rank	35.03	49.55	39.18	6.391*
	Median	4.00	4.50	4.00	p=0.05

Table 6 also shows that American companies perceived their advertising methods, both localised and standardised, to be more effective. Conversely, Japanese companies perceived that they were less responsive in developing advertising strategy that was localised and appropriate to a market. This was rather surprising as there are marked similarities in Thai and Japanese advertising methods particularly in the use of humor in advertising. Nevertheless, the obvious conclusion from the answer to the questions on the marketing mix is that the Japanese companies perception of their abilities was significantly lower than American companies. Also significant was the fact that American companies were seen to be more serious about logistic management.

Table 7 below shows, again, that American companies had a higher perception of their abilities in market research than both Japanese and European companies.

Table 7: Utilization of resources in marketing research between Japanese, American, and European companies in Thailand

International Marketing Characteristics		Company			H
		Japanese	American	European	
1) Have a well-organized market research and information system at your disposal	n	44	20	14	
	Mean Rank	37.61	47.60	33.86	4.457#
	Median	4.00	4.00	3.00	p=0.10
2) Relatively large sales promotion budgets	n	44	20	14	
	Mean Rank	40.24	45.13	29.14	4.611#
	Median	3.00	4.00	3.00	p=0.10

Finally, table 8 below shows that American companies were more interested in short-term profit than Japanese companies. The research does not indicate, however, whether the desire for short-term profit was exclusive of, or inclusive of a goal for long-term profitability. What it may indicate when considered holistically with the other significant findings is that American companies expected to become profitable quicker than Japanese companies, but not necessarily at the expense of longer-term gains. If this is the case then it is another indicator of management efficiency, and it is not a negative trait. Certainly in view of these results, and the continual growth in the US economy it seems unlikely that American companies have not learnt from past failures attributable to an excessive short-term focus. Desire for short-term profit may only be part of a longer-term strategy and in fact denotes efficient management.

Table 8 : Company objective of short term profit between Japanese, American, and European companies in Thailand

International Marketing Characteristics		Company			H
		Japanese	American	European	
1) Emphasis on short-term profit as the company's objective	n	44	20	14	
	Mean Rank	35.25	49.60	38.43	6.232*
	Median	2.00	3.00	2.00	p=0.05

6. Discussion

The significant findings of this research indicate that, generally speaking, Japanese companies have a lower perception of their abilities in international marketing than American companies. In many instances, Japanese companies were also ranked behind these from Europe. Thailand is Japan’s largest centre of production outside Japan and it seems valid to theorise that Thailand reflects a micro view of Japanese company attitudes and perceptions that can reflect similar behaviour in other markets. Also, it is interesting that the empirical results of this research are substantiated by factual business evidence in many cases.

It can be stated that there is much of this evidence to prove that many Japanese companies are financially weaker as a result of the recession in Japan that has lasted almost a decade. This financial weakness has revealed substantial flaws in the structure of Japanese business. The Keiretsu, the distribution system, the banking system, and management systems have all been cited as reasons for Japan's previous success in international marketing. However, it is plausible, now, to suggest that the inherent inflexibility and complexity of these systems are also reasons for Japan's current decline and inability to change itself to accommodate the new demands of information technology (IT) and globalisation. At the same time, however, there is evidence from the marketplace that in many industries Japan is alive and well, and leading the technological revolution. For example, Sony plans by 2004 to make CDs redundant after a life span of only 20 years and to replace them with a microchip. It is also interesting to note that in Thailand much of the funding to revitalise the economy has been promised by Japan. Also, Japanese companies have been to the forefront in refinancing business in Thailand, notably Toyota. In many instances, such as Siam Cement subsidiaries in non-core areas, Japanese companies are buying out their Thai partners.

There is an apparent paradox to be resolved. On the one hand, there is evidence both from this research and the marketplace, which indicates that Japan is no longer superior in international marketing. On the other hand, there is evidence that Japanese companies are refinancing and maintaining leadership in certain industries and Japan's trade deficit continues to grow.

It seems reasonable to suggest that the last decade of growth in the American and European economies have facilitated Western companies in the enhancement of their management capabilities. It has enabled them to expand the resources they invested in technology and research. Conversely, the decade-long recession in Japan has lead to lower corporate profitability and lower allocations to research and technology. During this decade Western companies have come to dominate industries such as financial services, computer software, fast food and, more recently, the automobile sector. However, in many consumer products Japan has maintained leadership. Furthermore, it seems probable that the speed of change within the business environment has accelerated in the past decade. For example, computers are now several hundred times faster than those of the early 1970s. It also appears that multinational companies have become more standardised in organisation and that there are fewer differences in abilities and competitiveness between successful companies in the era of global marketing. A further noticeable trend is that multinationals in the global marketplace have focused on a narrow core product range, and diversification and conglomeration are no longer considered viable options. This trend in globalisation has been disadvantageous to Japanese companies with complex organisational structures and diverse, and sometimes illogical, product ranges. At this point, it is also worth conjecturing that the generation that helped Japan to success in the 1960s and 1970s is now largely retired, and that the attitudes of the current generation to work and companies differ significantly from the previous generation. This may be a further factor in the relative decline in

Japanese industrial strength, not to forget competition from other Asian tigers, Taiwan, Hong Kong, Korea and Singapore which has undoubtedly sapped Japanese strengths.

It is also worth considering the concept of relative decline. It is possible that American and European companies have markedly increased their competitiveness during the 1990s. Thus, Japanese competitiveness may not actually have declined much but it may have been eroded by the enhanced competitive strength of Western companies. It is also possible, and indeed probable, that Japan has just not changed fast enough in a global environment as the Dentsu institute suggested in 1995, and it is interesting to note that Western companies have been much more successful in the Japanese domestic market in the last five years, particularly in financial services. Nevertheless, Japan's trade deficit with the West increased both in 1997 and 1998.

It is not realistic to generalise these empirical results to Japanese marketing globally. Nevertheless, it is interesting that the conclusions of our research are congruent with other factual evidence from business and the marketplace. The results do also point to several interesting trends which may help to elucidate the paradox of Japanese marketers conceiving themselves as weak compared to the competition, of Japanese companies remaining world class in many industries and of Japan achieving a growing trade deficit.

First, in many areas, the findings show that Western companies have been closing the competitive gap with Japan. Second, the concept of Japanese marketing supremacy must be reviewed, as it can no longer be considered as an unqualified truth. In many instances, it may be considered at least partly a myth. Third, the pace of change in international business has become more rapid in the 1990s, which has lead to a situation where multinational companies have become increasingly standardised and display almost uniform practices unrelated to previous national characteristics. Fourth, Western companies have become dominant in service industries, particularly these concerned with IT such as financial services, but, also interestingly, in some non service areas such as autos. Nevertheless, Japanese companies are still dominant in mass production consumer industries such as electronics and electrical goods. These considerations appear to be valid in Thailand and they may also have wider implications. In Thailand, Western companies now dominate the financial services, as well as the accountancy, insurance and consultancy industries. For example AIA, an American company, represents 55% of the total domestic life assurance business. GE Capital is now the largest finance company in Thailand. Merrill Lynch, Vickers Ballas and Morgan Grenfell are big players in the stock market. And ABN-AMRO owns the first foreign controlled Thai bank. In manufacturing, however, the stake building is by both Western and Japanese companies. Italians and French have bought significant stakes in the second, and fourth largest cement companies, whereas Siam Cement is selling all its holdings in steel and glass to Japanese companies. Interestingly, in the aftermath of the Thai economic crisis there were no reports of foreign multinational companies in dire straits contrary to many Thai companies which are on the verge of bankruptcy.

The general conclusion that may be drawn is that global leadership in services and in manufacturing is polarising. Western companies are predominant in most global service industries. In manufacturing, Japan is probably still No.1, but the rapid dominance of the global automobile industry by US companies suggests that this leadership cannot be taken for granted. The problem of Japan was succinctly stated by Yoh Korosowa, chairman of Japans biggest bank: “The general character of Japan cannot be changed, should not be changed and will not be changed”.

Unfortunately, if Japan wishes to remain as a world class industrial country it ***must*** change. Globalisation has probably been one of the most significant changes in the history of the world. Only those multinationals that can adapt to and benefit from this change will survive as business leaders in the next century. The question of Japan’s ability to change remains unanswered.

7. Conclusion

In general, the empirical evidence of this research does not support the concept of overall Japanese superiority in marketing management. Evidence from the business world suggests a polarization in the leadership of services and manufacturing on a global scale. In services, Western companies are usually the leaders, but in manufacturing, while Japanese companies are most often the leaders, the field is still open and the current status quo may be changed in the next century. Finally, a variety of reasons for the changes noticed have been proposed but further research is required to fully understand what has happened, and what is still happening.

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