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Japanese Attitudes Toward American Business Involvement in Japan: an Empirical Investigation

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Abstract:

Examines Japanese attitudes and behavioral intentions toward US products, firms, and government. Findings indicate that, although Japanese consumers do not regard US products as better than competing Japanese products, they still tend to purchase them. Furthermore, they want their government to keep an eye on US businesses, but not to set limits on market share and investments or restrict repatriation of profits. The respondents were open to the idea of Japanese scientists and firms sharing their technology with US firms. Presents the strategic implications of these findings.

Keywords:

Consumer attitudes, Consumer behaviour, Japan

Disregarding strong domestic opposition, the Japanese government recently took an unprecedented decision to import rice. Poor harvests and pressure from trading partners led to the opening of the agriculture market to foreign competitors. The Japanese government, in accordance with the new world trade treaty achieved under the auspices of the General

Agreement on Tariffs and Trade (GATT), agreed to import 4% of its annual supply of rice in 1995, increasing it to 8% six years later ([Pollack, 1993](#)).

Importation of rice

Viewed as an important step toward liberalizing the Japanese economy, the decision to import rice was heralded everywhere. However, when retailers began selling foreign rice, they discovered that many Japanese consumers, especially the elderly, preferred domestic rice. Consumers stood in lines for hours to purchase the home-grown variety. The large price difference between domestic and foreign rice was not enough to convince them to buy the cheaper imported rice. They would rather pay a considerably higher price for domestic rice than purchase the foreign rice they considered inferior.

While the reluctance of Japanese consumers to buy foreign rice because of social and religious considerations was to be expected, it had an unintended effect. It strengthened the view held by many in the USA that Japanese consumers dislike foreign products and that they buy foreign brands only when domestic options are unavailable. This example of an unfavorable Japanese attitude toward foreign products is seen in the USA as evidence of nontariff barriers in Japan. *Business Week* (1989) reported that 68% of those polled in the USA thought that unfair barriers in Japan create trouble for American products in Japan and 79% thought that the USA should take measures to persuade Japan to import a certain amount of US products. In yet another poll, 65% of Americans believed that Japan unfairly restricts sales of US goods ([Smith, 1990](#)).

American perceptions

American perceptions of Japan are largely shaped by the popular media which, not infrequently, provides anecdotal evidence of Japanese dislikes for foreign products. Politicians and pundits in the USA frequently allege that unfair trade practices and nontariff barriers in Japan hinder the entry of American products. Given these prevalent beliefs in the USA, it would be instructive to examine empirically Japanese attitudes toward American business involvement in Japan.

Several studies on Japanese consumers exist, but their main focus is on understanding how they view American or other foreign products. This study expands on the existing literature in numerous ways: first it determines Japanese attitudes not only toward American products, but also toward American firms and government; second it examines Japanese attitudes about what their government should do to manage US businesses in Japan; and third it ascertains Japanese intentions to purchase American products. This information will add to the existing body of literature on Japanese consumers and enhance US firms' ability to develop effective marketing mix strategies for the Japanese market.

To achieve these objectives, we have divided the article into four sections. The first highlights the growing importance of trade relations between the USA and Japan; the second reviews the literature on Japanese attitudes toward American products and the effects of country of origin on consumer behavior; the third explicates the research method and then presents the findings; and the fourth covers the strategic business and marketing implications of the findings.

The US and Japanese trade relations

Japan, the second largest economy in the world, is the third largest exporter after the USA and Germany. Its exports to the USA increased from \$1.15 billion in 1960 to \$106.16 billion in 1993. Over 75% of their exports to the USA consist of machinery and transport equipment. Like exports, Japanese direct investments in the USA increased from \$9.7 billion in 1982 to \$96.7 billion in 1992. Comparatively, US exports to Japan increased from \$1.35 billion in 1960 to \$46.04 billion in 1993, and US foreign direct investments from \$6.4 billion in 1982 to \$26.2 billion in 1992 (see [Figure 1](#) for historical data on exports and imports).

Trade deficit

Notwithstanding the US trade deficit with Japan, US exports to Japan have consistently increased during the last four decades. On a per capita basis, Japan imports roughly the same amount from the USA as the USA does from Japan. Over the years, the increasing flow of products, services and capital between the two economies has made them highly interdependent. Their firms are increasingly forming strategic alliances to improve their competitive positions in the global market. As important trading partners and as major economies in the world, the two countries need to understand each other to avoid trade disputes that can potentially lead to an economic crisis.

Country-of-origin and consumer behavior

[Nagashima \(1970\)](#), in one of the pioneering studies, obtained some interesting results on Japanese attitudes toward US, UK, German, French, and Japanese products. He found that, comparatively, US products were rated the best in terms of technical advancement, mass production and worldwide distribution but were considered less reliable than German and UK products. Furthermore, he found that younger people, in comparison with Japanese businessmen, showed a stronger preference for US products. In a follow-up study eight years later, [Nagashima \(1977\)](#) found that US products had fallen into the last place in terms of careful and meticulous workmanship. In contrast, the perception of Japanese and German products had improved considerably.

US supply sources

[Chiesl and Knight \(1981\)](#) examined Japanese attitudes toward US supply sources and found that, although respondents held strongly favorable attitudes toward US product innovativeness, their perception of US product quality and the American workforce was highly unfavorable. These findings coincide with another survey in which Japanese consumers evaluated foreign products favorably in terms of design and individuality but unfavorably in terms of their function and quality ([Nishina, 1990](#)).

The existing research helps us understand Japanese beliefs about US products, but it does not indicate how these beliefs affect purchase intentions. Research on country-of-origin indicates that information on country-of-origin influences not only attitude formation but also other forms of behavior. [Hong and Wyer \(1989\)](#), for example, found that a product's country-of-origin stimulated subjects' interest in a product and led them to think more extensively about product

information and product evaluation. [Johansson \(1989\)](#) found that consumers who are familiar with product attributes use country-of-origin cues as a “short-cut” to determine product attributes and avoid unnecessary information processing. And [Johansson and Nebenzahl \(1987\)](#) found that consumers avoided products from one country while preferring those from others.

Research method

The sample comprises 161 students at a major Tokyo university. Students were sampled for three reasons: first, as a group, they reflect the changing Japanese attitudes; second, today’s students are tomorrow’s decision makers and consumers; and third, students represent an identifiable group likely to play a critical role in Japan’s future.

Survey

The survey instrument consisted of a series of statements on products, firms, governments and behavioral intentions. For each statement, students were asked to indicate their agreement or disagreement on a five-point scale, anchored by strongly agree and strongly disagree. The other three options were disagree, neutral and agree.

Research findings

US products

Increasing competitive pressure and the desire to exploit emerging business opportunities are persuading many US firms to expand their business in Japan. The success of this expansion will be greatly determined by what the Japanese think about American products.

Evaluation of US products

The overall evaluation of US products was not favorable. In general, the respondents believed that US products were neither the best in the market nor were they a better deal for money than competing non-US products. Respondents also believed that US products break more often and require more maintenance than competing Japanese products (see [Table I](#) for a complete breakdown of responses).

US firms

Consumers form attitudes not only of products but also of firms. These attitudes affect how they may respond to a firm’s product offerings. We, therefore, collected data on Japanese attitudes toward American firms.

Japanese attitudes

The respondents, in general, believed that US firms were increasing their influence over Japanese government officials. They also believed that US firms did not keep the interests of Japan uppermost; the firms were perceived as taking more from the Japanese economy than they contributed. Furthermore, US firms were not believed to be short-term-oriented, but their executives were perceived as caring more for themselves than for their companies (see [Table II](#) for a complete breakdown of responses).

The US government

Governments play an important role in regulating the international flow of products. Understanding what people think their government should do to manage foreign firms is important because these opinions can influence government policies. Therefore, we obtained respondents' views about the US government and what the Japanese government should do in relation to US businesses.

US government

Half of the respondents thought that the US government does not allow Japanese firms to operate freely in the USA; half of them thought otherwise. Both US and Japanese governments were seen as equally involved in helping their firms conduct international business. Opinions were equally divided on whether the US government unfairly supports its businesses to gain a competitive edge in the Japanese market and whether it is influenced by lobbyists. The respondents overwhelmingly disagreed with the statement that the USA does not keep the interest of the USA first (see [Table III](#) for a complete breakdown of responses).

Japanese government

Japanese government role

In general, the Japanese believed that their government should not set limits on US investments in Japan, restrict the repatriation of profits back to the USA, set upper limits on market shares of American firms, or control US business involvement in the Japanese economy. They also overwhelmingly disagreed with the statement that the Japanese government should not buy US products (see [Table IV](#) for a complete breakdown of responses).

Behavioral intentions

Marketers want to know if consumers intend to buy their products because purchases are preceded by the intention to buy. In the following section, we report our findings of Japanese consumers' intention to purchase US products.

Japanese consumers buy US products

Although US products were not believed to be the best in the market in terms of quality, Japanese consumers intended to purchase them. Not only do they intend to buy US products themselves but also they intend to encourage their friends to do so. They expressed a willingness to work for US firms and did not mind Japanese scientists or companies selling technology to US firms (see [Table V](#) for a complete breakdown of responses).

Expand operations overseas

Strategic business and marketing implications

Increasing competitive pressure is forcing US businesses to expand their operations overseas. One country where many US firms have gone to establish their marketing presence is Japan. Although the USA maintains a significant presence in Japan, the performance of many firms has been less than satisfactory.

Strategies are market-specific plans of action and thus should be based on target market conditions, not on beliefs prevalent in the home country about the host country target market. Before making market entry decisions and developing marketing strategies, marketers need to determine how products and firms from their country are viewed in target markets. Furthermore, they need to understand the roles that governments are expected to play in managing international trade because this also can affect their bottom line performance.

Quality, durability, performance and value

The results from this survey indicate that US products are not viewed as favorably as competing Japanese products in terms of quality, durability, performance and value. Thus, to improve their market position, US firms can follow a two-pronged strategy. First, they need to develop products that are more reliable and better than competing products in terms of price and quality. Second, they need to change their products' image. This can be achieved by emphasizing product features that are not taken for granted by consumers, that is, US firms should emphasize those features that are important to consumers and that other competing brands lack. More importantly, marketers should make sure that promotional claims and product performance are consistent. What advertisements promise, products should deliver.

Survey results indicate that Japanese consumers are open to buying US products. What US firms need to do is to use this openness to their advantage. Public sentiments in Japan are not against free trade, a favorable sign for businesses and government officials. US firms also need to engage in institutional advertising in much the same way as Honda and Toyota are doing in the USA. Their public relations activities should focus on employees, customers, and special interest groups. In today's global economy, firms are both economic and political actors. They can gain a competitive advantage by having a better understanding of the marketplace.

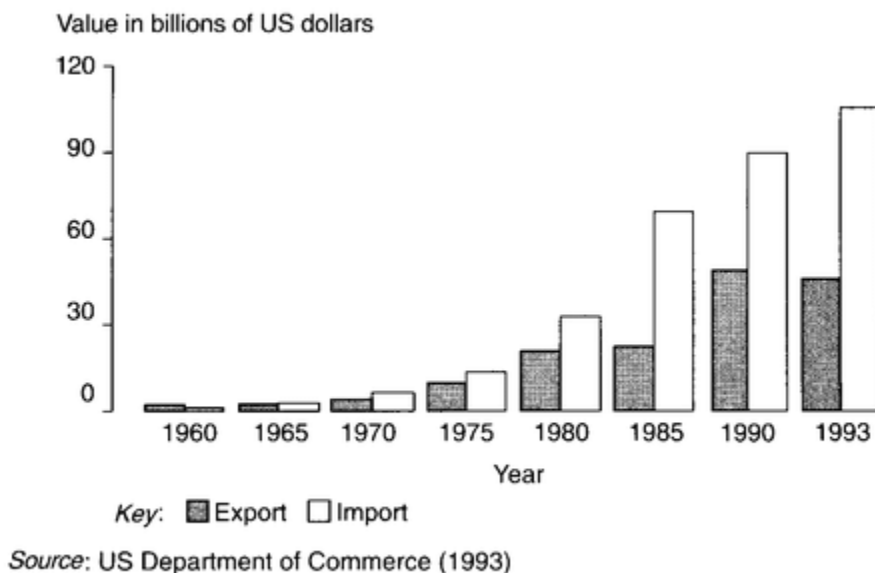


Figure 1. US exports to and imports from Japan

Source: [US Department of Commerce \(1993\)](#)

Beliefs	Response percentage				
	Stongly disagree	Disagree	Neutral	Agree	Strongly agree
US products are the best in the Japanese market	31.1	52.2	14.3	0.6	0.6
US products are a better deal for the money than nonUS products	9.3	42.9	35.4	11.2	1.2
US products break down more often than Japanese products	0.6	9.3	44.7	35.4	9.9
US products require more maintenance than Japanese products	0.6	9.3	40.4	39.1	10.6
US products perform better than Japanese products	14.3	41.6	41.6	1.9	0.6

Table I. Attitudes toward products

Beliefs	Response percentage				
	Stongly disagree	Disagree	Neutral	Agree	Strongly agree
US businesses want to establish monopoly power in the Japanese market	0.6	25.5	32.3	36.0	5.6
US businesses are ruthless competitors	1.9	29.8	37.9	28.6	1.9
US executives care more for their companies than for themselves	14.3	47.2	31.1	7.5	0.0
US businesses sacrifice short-term goals for long-term goals	15.5	33.5	42.2	6.8	1.9
US businesses operating in Japan keep the interest of Japan uppermost	23.0	46.0	23.0	5.6	1.9
US businesses give more to the Japanese economy than they take from it	6.8	31.7	49.7	10.6	1.2
US businesses are increasing their influence over Japanese government officials	0.6	14.3	43.5	36.0	5.6
US businesses treat their employees in the USA better than the Japanese companies treat their employees in Japan	8.7	22.4	46.0	21.1	1.9

Table II. Attitudes toward US firms

Beliefs	Response percentage				
	Stongly disagree	Disagree	Neutral	Agree	Strongly agree
The US government does not allow Japanese firms to operate freely in the USA	5.0	29.2	31.1	27.3	7.5
The US government helps US firms more than the Japanese government helps Japanese firms to conduct international business	31.1	22.4	50.3	21.1	3.1
The US government unfairly supports US businesses to gain a competitive advantage in the Japanese market	4.3	29.2	41.0	18.6	6.8
Unlike Japan, the US government is not influenced by foreign lobbyists	3.7	30.4	36.0	26.1	3.7
The US govenment does not keep the interest of the USA first	23.0	38.5	21.1	11.8	5.6

Table III. Attitudes towards the US government

Beliefs	Response percentage				
	Stongly disagree	Disagree	Neutral	Agree	Strongly agree
The Japanese government should set a limit on US investments in Japan	9.9	53.4	26.1	9.3	1.2
The Japanese government should not allow US firms to send profits back to the USA	6.2	48.2	39.1	5.6	0.6
The Japanese government should control US business involvements in all sectors of the Japanese economy	13.7	46.0	23.0	15.5	1.9
The Japanese government should have a restrictive set of rules for US businesses	10.6	39.1	30.4	16.8	2.5
The Japanese government should not buy US products	31.1	52.8	11.2	3.1	0.0
The Japanese government should set an upper limit on market shares of US companies in Japan	16.1	41.6	21.1	18.0	2.5
The Japanese government should stay out of the affairs of US businesses	6.8	27.3	34.2	24.2	7.5

Table IV. Japanese government role

Beliefs	Response percentage				
	Stongly disagree	Disagree	Neutral	Agree	Strongly agree
I do not intend to buy US products	14.3	47.8	32.3	3.7	1.2
I intend to recommend that my friends buy only Japanese products	24.8	52.8	18.0	1.9	1.2
I intend to buy US products only if Japanese products are not available	13.7	55.3	23.0	5.6	1.9
I intend to discourage my friends from buying US products	32.3	47.8	16.1	2.5	0.6
I intend not to work for a US company	13.7	34.8	32.9	11.2	6.2
I intend not to support the idea of a US company doing business in Japan	13.0	41.0	34.8	7.5	2.5
I intend to favor US participation in the Japanese market	4.3	5.6	16.8	59.6	13.0
I intend to discourage Japanese scientists from selling their technology to US firms	14.9	49.1	29.2	5.0	1.2
I intend to discourage Japanese businesses from selling their technology to US firms	16.8	46.0	28.0	6.8	1.9

Table V. Behavioral intentions

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