The Role of Obligation in the Japanese Marketing System
Scott Shane
Business Quarterly (1986-1998); Summer 1988; 53, 1; ABI/INFORM Global
pg. 92

Scott Shane
Management Associate, Citibank N.A.
New York

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The way in which the members of a society view obligation to others is an important cultural characteristic and, as such, greatly influences how products are marketed in that society The Japanese consider obligation a far more important social force than do North Americans As a result, conceptions of obligation play a greater role in Japanese marketing than they do in North American marketing. Despite the importance of obligation to marketing in Japan, the existing literature tells little about it Moreover, the approach of many foreign businessmen to the Japanese market indicates that they do not understand Japanese conceptions of obligation The purpose of this article is to examine Japanese views toward obligation and show how they influence the Japanese system of marketing

The Japanese believe that there are two types of obligation First, there is a sense of indebtedness or burden passively received by a subordinate for favors bestowed by a superior, or *on* *On* is a debt that one must always try to repay but which can never be fully repaid. Second, there is a contractual obligation between individuals which is limited in time and which has to be repaid with mathematical equivalence to the favor received, or *giri*

On

Throughout history the Japanese people have felt the strongest sense of *on* to the person responsible for their family's livelihood. Even today, Japanese businessmen have a deep sense of obligation to those people who make it possible for them to earn their income, and this sense of obligation is made apparent in the structure of the relationship between buyers and sellers

In Japan the sales relationship is always hierarchical, with the buyer in the position of superiority. Since the seller receives an *on* when the buyer purchases one of his products, the seller's behavior toward the buyer is directed toward repayment of this debt. In the simplest terms, this attitude means that the buyer is king in Japan

Throughout the entire distribution system, the transfer of goods from seller to buyer is characterized by a lavish extension of credit, discounts, rebates, gifts, and even invitations to social events. When sales are made, the client's wishes regarding the settlement of accounts are taken into consideration as much as possible to help his cash flow position Payments by draft and the assumption of market finance by sellers are common. In fact, the settlement of accounts by drawing promissory notes for as long as six months after delivery is an established practice

In Japan, the customer's preferences in terms of delivery are also followed Many companies do not maintain inventories and demand the "Kanban" method of delivery in which products arrive just in time for their use Consequently, suppliers must have the facilities to ensure a steady flow of goods, often making shipments on a daily basis. This system requires sellers to hold the goods in their warehouses at considerable cost in insurance and space until customers need them Moreover, purchasers may demand extra deliveries and services beyond those written into contracts and, within limits, these demands are considered accepted practice. When a client says, "we need a product immediately", the supplier will strive to meet his wish regardless of the loss in profit due to the increased cost

Because of the need to meet immediate customer demands for a company's product, the number of warehouses owned by Japanese companies does not necessarily strike a balance between customer service and distribution costs, as is the case in North America, but leans heavily toward customer service. And, although it is not cost-effective for a retailer to carry enough inventory to fill all customer orders immediately, the Japanese try to come as close as possible. Japanese stores carry many more models than North American stores and are able to provide immediate delivery in cases when North American establishments would have to order the product.

Since retailers try to meet their customers' desire for prompt access and large selection, there is always the danger of unsold goods remaining in the hands of retailers. Consequently, in Japan, goods are often sold on consignment through a process by which wholesalers supply goods to stores and then accept

Scott Shane is a Management Associate at Citibank N A in New York He has a B A in History from Brown University and an M S in International Business Diplomacy from the Georgetown School of Foreign Service Mr Shane has previously worked for Citibank in Haiti, for Credit Agricole in Paris and for the Kyoto Community Bank in Kyoto, Japan He speaks French, Spanish and English fluently and has published articles in the *International Journal of Advertising* and other international journals

the return of those items which are not sold. Similarly, a popular method of selling household items is a door-to-door scheme in which a household accepts a box of several products on consignment and is charged for the amount used when the salesman returns six months later.

Because of the importance of the relationship between sellers and buyers, some wholesalers will even provide their customers with sales personnel Twenty percent of all sales personnel in department stores are provided by wholesalers and manufacturers at their own expense as a service to their customers In some cases, such as with goods having a low profit margin, this percentage runs as high as 50%

Usually too, the Japanese supplier must respond to his client's need for a considerable amount of literature and assistance, as well as provide user training sessions and invitations to factory demonstrations of equipment. Consequently, promotional activities to convince users of product efficiency, economy and quality are an important part of sales in Japan. Often an engineer will personally deliver a product himself or go along to explain the technicalities of the machinery. He may even do the soldering and wiring work for the client, or set up the piece of equipment. For this reason, a larger portion of salesmen in Japan have technical ability than do their counterparts in North America.

The *on* relationship also leads sellers to revise components and materials which do not meet the user's tight specifications, Japanese businessmen regard product adaptation as part of their marketing program One example of this emphasis on adaptation is found in a company that imports microswitches from the United States. At considerable cost, the Japanese company recalibrates the microswitches to the appropriate levels for each of its customers before it delivers them

To repay *on*, Japanese marketers may also make quality improvements which require the expenditure of money, research efforts or other resources to a point that is beyond the rational economic trade off between quality and cost For example, if, after analysis, it appears to be economical to reduce the percentage of defects in a process from 5% to 1% but not go to 1/10 of 1%, a Japanese firm will likely reduce the percentage of defects to 1/10 of 1% anyway. The reason is that not to do so would be to fail to repay the company's obligation to the customer

One of the interesting characteristics of *on* debts is that they are never completely repaid. The Japanese say that receivers can repay only one ten-thousandth of the debt through their behavior toward *on* givers. Because of the unlimited nature of *on* debts, transactions in Japan are never complete, even when products have been purchased and delivered As a result, after sales service is a key element of marketing success in Japan. This service includes both repair work and parts supply. Japanese businessmen believe that the purchase of a product comes complete with unlimited after sales service for repair or exchange. Warranties are virtually unlimited because the customer wants to have service provided if he comes in after the end of the warranty, and the seller wants to please the buyer and pay back his *on* debt.

Conceptions of *on* also lead Japanese retailers to go out of their way to provide service to their customers. For example, banks often give customers free juice or soft drinks, and have televisions that customers can watch while waiting. A Fuji Bank branch in Tokyo features a lending library and a children's playpen equipped with toys Large department stores often contain theatres, amusement centres, restaurants, and child-care facilities They hold exhibits, concerts and lecture series; they offer lessons in a wide variety of sports such as golf and skiing and recreational activities such as flower arranging and the tea ceremony

Japanese marketers also spend a great deal of time getting feedback from customers on their products They will spend hours in discussion with their customers about what limitations and defects exist in their present product offerings, how products might be improved, and how customers might react to possible product modifications. Once collected, these perceptions, complaints and suggestions are extensively analyzed and critiqued for insight into user needs and potential product development.

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The behavior of sales personnel in Japan also reflects the obligation felt by sellers toward buyers In sales training, everything from the greetings to the polite bow and "thank you" as the customer leaves, is drilled repeatedly into Japanese salesmen and saleswomen, and salespeople always greet customers with a "good morning" or a "good afternoon" After the sale is made, the customer is treated with great deference and gratitude All company employees, including the switchboard operators, are trained to thank their opposites for all the occasions on which they had helped the seller.[1]

Finally, because of the deep debt that sellers have to buyers, the former present the latter with lavish gifts at the mid-summer and winter gift giving holidays Representatives of the selling companies present gifts to members of the buying companies as far down the production line as foremen and section heads During the holiday season, each company spends thousands of dollars on food, liquor, and other gifts for the managers and even ordinary employees in customer companies; the salesmen often spend a week or two taking them around [2]

Giri

Giri is a person's obligation to repay with mathematical equivalence, a favor done for him or her For example, in Japan, if a person gives a cake as a gift, the person receiving the gift will almost always give something back. If the gift is not repaid by another cake, then at least a symbolic piece of paper will be returned on the cake plate.

The same concept exists in Japanese marketing Japanese businessmen realize that by providing a gift or by doing a favor, they are obligating the receiver to reciprocate in some way Consequently, banks and other companies give gifts such as calendars to their customers These gifts mean that the recipients must then revisit the company if only to return a symbolic gift, and this return visit increases the chances that the customer will buy products or services from the company. Similarly, Japanese marketers give small gifts to participants in market research studies to create an obligation to the company which ensures that they will complete the surveys. Japanese businessmen try to create the same sense of obligation when they entertain their clients. They know that the recipient is obligated to reciprocate, giving them another opportunity to sell their products.

Some companies have even worked *giri* into their marketing strategies. For example, Wella Cosmetics Company creates *giri* by furnishing know-how to clients for professional beauty care products when they first begin opening their beauty shops. This sense of *giri* makes their customers feel obligated to continue to use Wella products. Similarly, when Procter and Gamble introduced Pampers to the Japanese market, it distributed sample boxes to consumers The goal of this strategy was to create a sense of obligation among consumers and thereby, to get them to try Pampers Tupperware also employs a *giri*-based marketing strategy in Japan. Japanese hostesses give small gifts to participants at Tupperware parties and the Tupperware Company gives the hostesses special gifts based on the number of sales made at the party and the number of participants

Another way of establishing *giri* is to lend money. Once someone has lent money to another person, the latter has an obligation to support the former whenever he or she can Consequently, Japanese manufacturers often lend money to wholesalers to get them to feel a sense of *giri*. This balances the debt of *on* felt by the manufacturer to the buyer and enables the manufacturer to get greater control over the middlemen

Because of the power of *giri* in Japanese society, however, the Japanese are uncomfortable in receiving unsolicited gifts Accepting even a small item may entail a great deal of responsibility to reciprocate later The weight of obligation also explains why most Japanese are reluctant to start new business relationships unless they are clearly to their benefit They do not like to look at product samples because they think that if they look at a sample they are obligated to buy it. Moreover, Japanese businessmen often ignore written inquiries from other firms. To respond acknowledges obligation – to send samples and price lists or to explain why they do not want to do business with the inquiring firm. Furthermore, *"Japanese businessmen have a deep sense of obligation to those people who make it possible for them to earn their income; and this sense of obligation is made apparent in the structure of the relationship between buyers and sellers."*

in Japan, it is difficult to meet one's counterpart during the early stages of a negotiation because if he is known to you, he is obligated to help you. Finally, Japanese people are often willing to pay higher prices for products rather than to go through friends to get a lower price because the latter method puts them in debt to their friends. This debt limits the range of selection because once the introduction is made, there is a strong obligation to buy.

Giri is also the reason that Japanese wholesalers never carry all brands of a product that is selling well. When Japanese wholesalers agree to handle a product, they obligate themselves to help the manufacturer make his product profitable. And selling a competing item would be a violation of *giri* to the manufacturer.

Because of this cultural framework, Japanese companies work with a limited number of suppliers and distributors. The typical firm utilizes only one to three suppliers for any component part or raw material needed and nearly all suppliers commit over three-quarters of their capacity to one manufacturer. Similarly, the Japanese tend to rely on the sole agent system in distribution. In Japan, manufacturers usually agree to limit the number of dealers who will handle a product in return for a pledge that the dealers will not sell competing lines.

As a result, the expansion of a distribution system in Japan almost always entails the building of new outlets rather than the buying of existing ones from rivals. For example, Honda Motors' recent attempt to expand its dealerships in Japan required the building of new outlets despite the tripling of Tokyo land prices since 1985. By contrast, Honda's expansion in the United States relied almost exclusively on acquiring or sharing rival companies' dealerships.

The power that *giri* exerts over Japanese marketing is illustrated by the following story. A famous French designer who was invited by one of the largest department stores in Tokyo to show his collection, required a particular material for some of his designs. Since the material was not made by any of the firms supplying the store, he asked the store to get the material from another textile company. The store politely refused. It did not have established dealings with the firm that made that material and to establish those relations would be a violation of *giri* to the supplier of the other material. Consequently, the designer was forced to do without the material.[3]

Conclusions

Conceptions of obligation are an important part of Japanese culture. For this reason, they have also exerted a strong influence over Japanese marketing. In Japan, obligations are considered to be one of two types – *on*, or *giri*. *On*, a sense of indebtedness for favors bestowed by a superior, skews the marketing process strongly in favor of the buyer and makes the provision of credit and sales personnel, the meeting of deadlines, the use of sales on consignment, promotional activities, after sales service and product adaptation, more important aspects of marketing in Japan than in North America. *Giri*, a sense of obligation that must be repaid in proportion to the amount given, also influences Japanese marketing. Because of *giri*, the Japanese are less willing than North Americans to establish business relations, are more loyal to those with whom they do business, and are more likely to use the creation of obligations as a marketing tool. An understanding of these two types of obligations will help North American marketers succeed in Japan.

References

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