The Japanese Retail Industry Marketing Development in China

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Abstract: - 2012 Economist Intelligence Unit (EIU) has published "2022 Global Retail Development Outlook". It said that expecting to 2022, the scale of Chinese retail market will reach $8.3 trillion, accounting for the total 1/4 global scale retail. It will be twice the retail markets in U.S. The retail market in Japan has basically become saturated. Japanese retail enterprises are also turning to overseas, and have noticed that they need to open up overseas markets as soon as possible. Especially the Chinese market is particularly important to Japanese retail companies.

This study starts with the development process of initial retail globalization. Next, search the reasons for the retardation of retail globalization, clarify the background and the reasons why the retail globalization develops slowly and analyze the characteristics of Chinese retail market and also the marketing of Japanese-funded retail enterprises. Finally, provide suggestion.

Key-words: - China, Japanese-funded retail enterprises, marketing, international marketing strategy

1 Development Process of Japanese Retail Globalization

The overseas investment of Japanese retail trade first began in the mid-1950s. Japanese retail trade is the majority of the overseas investment in Asia. Into the mid-1980s, the investing activities of Japanese retail trade have entered a peak period in the Asian region. The development of Japanese retail trade has mainly influenced Asian regional investment background in the following two aspects. The first aspect is Asia booming economy. Because the incomes and living standards continue to improve, Asia will become the most promising market in the future. The second aspect is to break the deadlock of saturation in Japanese domestic market. Because Japan has the constraint of The Large Retail Stores Act, the retail enterprises which have faced the difficulties of opening new stores in Japan take overseas market as the breakthrough point. They especially turn to Asia. However, in the beginning of 1990s, it was significant that Japanese retail trade had withdrawn from the Asia retail market. After entering the 21st century, as Chinese economy has taken off, a large number of Japanese-funded retail enterprises focused on the amazing Chinese land. There has been the situation of scrambling to invest in China.

2 The Definition and Main Reasons of Retail Globalization

2.1 The definition of retail globalization

The so-called globalization of the retail industry means the transitional distribution activities carried out by retail industries. In other words, whether it is that domestic retail industry expands overseas or that retail industry in other countries makes investment in the country, you can apply this definition.
The British researcher, N. Alexander [2], thinks that carrying out the transnational distribution activities with two or more other countries simultaneously can be called globalization of the retail industry. When he defined this phrase, he also did a research of what globalization of the retail industry was. He thinks retail globalization is a management activity to manipulate retail industry in various markets considered restrictions, economic status, social status, cultural environment and retail structure, etc. Through the research above, he explains the definition of retail globalization below [1]. It is the retail industry creating the different environment from the country to transplant retail management technology overseas while establishing international trading relationship and transcending limitations, economic status, social status, cultural environment, retail construction and other kinds of obstacles. It is also the retail organization which is able to improve to reach the international integration stage.

According to the research from Aoki Hitoshi [3], whether it is a single retailer or collaboration by plural retailers, it can be called globalization of the retail industry if it is the distribution activity beyond national borders of the two countries or more than two countries. He thinks that globalization of the retail industry consists mainly of three aspects which are market access, procurement of goods and knowledge transferring. About the globalization of the retail industry, Mukaiyama Masao [4] proposed the viewpoints which are "from the inside to outside" and "from the outside to inside". Furthermore, to combine these two points of view with "Branch" and "Merchandising", He pointed out the four analytical frameworks to distinguish the globalization of the retail industry.

Professor Harada Tamotu [5] thinks that retail globalization is the global circulation activity. While strengthening the trading activities, which has been carried on as a core since before, it is also taking achieving international changes of distribution system as purpose. In other words, while capturing the change of economic environment, along with the international mobile of financial resources and merchandise, the power of commodity purchasing, force of suggesting, direct investment power, marketing power, and propulsive force of export business effectively seize opportunities and new ways of marketing and carry out the commercial use reasonably.

### 2.2 Main reasons of retail globalization

N. Alexander has conducted a systematic collation and also done the deep investigation and evaluation of main investment reasons. For the main reasons of overseas development, N. Alexander has classified them into pushing and pulling reasons and evoking and assisting reasons. On this basis, he also made a distinction of the investment motivation in international market by dividing it into the positive motivation and the negative one. The positive motivation includes the maturing of domestic market, the intensification of competition and the cost rising caused by consumers. N. Alexander organized the motivation of retail industry developing overseas form the five dimensions, which are policy, economy, society, culture, and retail structure. Detailed content is shown in Table 1.

#### Table 1: N. Alexander’s Main Reasons of Retail Industry Developing Overseas

<table>
<thead>
<tr>
<th>Distinction</th>
<th>Pushing reasons</th>
<th>Pulling reasons</th>
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<tbody>
<tr>
<td><strong>Political reasons</strong></td>
<td>Unstable policy</td>
<td>Stable policy</td>
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<td></td>
<td>Severely restricted environment</td>
<td>Easing restrictions</td>
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<td></td>
<td>Be swayed by culture of anti-commercial revitalization</td>
<td>Smoothing financial restrictions to consumer</td>
</tr>
<tr>
<td><strong>Economic reasons</strong></td>
<td>Unstable economic situation</td>
<td>Stable economic situation</td>
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<tr>
<td></td>
<td>Low growth rate</td>
<td>The possibility of high growth</td>
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<td></td>
<td>Costly operation</td>
<td>Low cost operation</td>
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<td></td>
<td>Maturing market</td>
<td>Developing market</td>
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<tr>
<td></td>
<td>Narrow domestic market</td>
<td>Possibilities of investment</td>
</tr>
<tr>
<td><strong>Social reasons</strong></td>
<td>Negative social environment</td>
<td>Positive social environment</td>
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<tr>
<td></td>
<td>Demographic information missing charm</td>
<td>Charming demographic information</td>
</tr>
<tr>
<td></td>
<td>Low population growth rate</td>
<td>Population increasing</td>
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<tr>
<td><strong>Cultural reasons</strong></td>
<td>Exclusive cultural ethos</td>
<td>Charming cultural structure</td>
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<tr>
<td></td>
<td>Heterogeneous cultural environment</td>
<td>Innovative retail culture</td>
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<tr>
<td></td>
<td></td>
<td>Corporate ethos</td>
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<tr>
<td><strong>Reasons of retail structure</strong></td>
<td>Harsh competitive environment</td>
<td>The existence of market opportunities</td>
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<td>High density of markets</td>
<td>The existence of enterprises having equipment</td>
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<td></td>
<td>Saturation of industry</td>
<td>The expansion of following</td>
</tr>
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<td></td>
<td>Unfavorable operating environment</td>
<td>Relaxing business environment</td>
</tr>
</tbody>
</table>

Meanwhile, N. Alexander indicated that retail industries should not reactively or negatively open up overseas markets only in case of small domestic market. Instead, they should positively seize or create the opportunity to extend overseas markets.

From the above overview, we can learn that the motivation of retail globalization is caused by policy, economy, society, culture, retail structure, and other reasons of external environment that individual enterprises cannot control, the growth opportunities or interest generated by retail industries according to environmental changes. It has also become the main reason of strategic investment toward overseas.

Sixthly, even though both the company of industrial products and the commercial enterprises have made a decision, the globalization of commercial enterprises usually spend more time than the globalization of industrial companies.

For the reasons of retail globalization being tardy, the American scholars, Salmon Walter J and Andre Tordjman [9], think that along with the mutual connectivity of U.S. and Europe consumer culture improving, the prototype of the global market is formed. They think that relative to the worldwide marketing strategy of manufacturing for retail industries, they mostly do not have necessary international financial and operating capability because the overall scales are relatively small. In addition, they follow the rule of expanding domestic scale. Thirdly, they are lack of the knowledge and understanding for foreign market. Fourthly, they reduce the costs of developing domestic market through purchasing all over the world.

In the background of globalization, it has become necessary and important to research the retail globalization and international retail marketing nowadays while it is developing rapidly from the industrial society to the post-industrial society.

4 The Features of the Chinese Retail Market

Chinese retail market has experienced reform and opening for 35 years. It has basically thrown away the management system, business model and the shortage economy under planned economy and the market structure leaded by seller. The number of scale, the enterprise quality, market prosperity, the form and pattern of competition, and the status and role of retail industry in national economic development has been changed dramatically. Now, the Chinese retail market has entered a new stage of development, which is to begin to show the basic features of modern retail market under the world economy [6, 7].

Chinese retail market at this stage has the following characteristic.

1. The retail giant from different countries around the world gathering in Chinese retail market

Currently, the retail giant around the world gathered in Asian retail market, and the Chinese market is the most important one in Asia. Besides Europe, the US and Japan, retail giants of Asia-Pacific countries
also hope to come to China to seek greater development.

2. Varied industrial formats developing comprehensively, and new industries keeping subdividing market

China Domestic Trade Bureau issued the "Retailing classification norms and opinions" in 1998, which divide the industrial formats into department stores, supermarkets, hypermarkets, convenience stores, warehouse stores, specialty shops, stores, and shopping centers based primarily on retail location, scale, target customers, product mix, shop facilities, business methods, and services. Now, with the continual emergence of new industries, the rapid growth of new industries will reach new and old dynamic equilibrium and each new industry would have target customers and business positions after the market segment. Meanwhile, new retail industries appear in large numbers after combining new industries. It further subdivided the retail market and satisfied the personal, professional, service, consumer demand.

3. Excessive competition among enterprises

Europe, Japan, overseas Chinese and other companies around the world gathered in China. In addition, Chinese domestic retail industry and Chinese retail market have become the most competitive market in the world. If Japanese-funded retail industries want to develop Chinese retail market, it must deeply analyze the local market, use Japanese retail exclusive forts, which are sophisticated management and humanized service, advantages of service awareness and service concept. If Japanese-funded retail industries can set the marketing strategy, which is full compliance with local market, then it might be possible to win in this fierce and brutal competition.

5 Marketing Strategies of Japanese-funded Retail Industry in China

In recent years, Japanese-funded retail industry mainly in the Chinese market as the main tier cities, and second and third tier cities develop relatively slow. The author thinks that taking first-tier cities as the main metropolitan centers and taking second and third tier cities around into account to go deeply into inland market is probably better than expanding marketing dispersed around. It is also one of the best ways of Japanese-funded retail industry marketing in this stage. Of course, the consumer behaviors of each person in the first-tier metropolitan area are various due to habits, religion, education, culture, and so on. Therefore, the marketing combination of Japanese-funded retail industry in each first-tier metropolitan area ought to set a proper marketing mode according to the location and situation. Furthermore, filing in the regional strategies, enterprises also need to consider the own brand penetration condition, practical experience in China, and marketing investment efficiency so far.

6 Conclusion

Through the above research overview, we can see that the previous international research of Japanese-funded retail industries in China still has some problem written below. Firstly, it is true that there is no formal systematic research about international marketing research of Japanese-funded retail industry in China so far. The reason why the international marketing research of retail industry relatively delays is that the international marketing research of manufacturing industry has been the mainstream academic research. Secondly, there are many previous researches about retail globalization, while the previous researches about the international marketing of retail industry are few. Thirdly, the international marketing researches of Japanese-funded retail industry are mostly conducted in growth strategy point instead of competitive strategy point. Fourthly, there are almost no researches about Japanese-funded retail industry in marketing mix point.

Japanese retail industry is gradually getting mature through after decades of development. On the other hand, the economic down turning, fertility declining, population aging, and other reasons has caused market saturation and excessive competition. Besides, operating costs in Japan continue to rise, and these reasons have prompted Japanese retail
industry to set international development as their own goal. While Japanese retail industries are marching to overseas rapidly, there are many Japanese retail industries marching to overseas withdrawing money or stopping doing business. The main reasons are deterioration in operating income and expenses and maladjustment in local markets. No matter how brilliant the accumulated retail experience and technology are, they may not be valid in retail market of invested countries. To the Japanese-funded enterprisers who want to invest in Chinese market of retail industries, it is necessary to know the environment of Chinese retail market, domestic situation, and development of the industry. At the same time, competitive advantages constructed in domestic countries may not be able to play the same effect, so we have to consider Chinese society and economic environment together.

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[3] Aoki Hitoshi, ”Retail Internationalization of Research” Aichi Gakuen University Institute, Aichi Gakuin University FORUM, Volume 43, No. 1,2000,p.67
[6] Motoo Kawabata, Supra note 4, p.37
[7] Motoo Kawabata, Supra note 4, p.40