

A MARKETER LOOKS AT JAPAN AND ROMANIA

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It is an honor to be addressing the distinguished guests, participants, and organizers who are attending this conference on **Japan---Romania: differences, resemblances, cross points**. Thank you to Rector Ovidiu Folcut for inviting me.

This is my third visit to the Romanian American University. Each time I am impressed by the hospitality shown me by the university administration, faculty, staff, and students.

After my first two visits I traveled outside of Bucharest to enjoy the medieval towns of Transylvania: Brasov, Sighisoara, and Sibiu.

I find the historical side of Romania to be quite interesting. We have nothing of a comparable age in my country where the original *McDonalds* restaurant from just 1954 is on the United States historical register as a protected site!



Because my background is in the field of marketing I will focus my remarks on Japan and Romania as a marketer might see them. I taught various topics in marketing at San Francisco State for over thirty years and have specialized in electronic and digital marketing since 2000.

A marketer is always looking for attractive markets. A market is defined as people or organizations that are both **able** and willing to buy. **Able** refers to having

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the financial resources to make the purchase. **Willing to buy** refers to buyers who want or need the specific product or service.

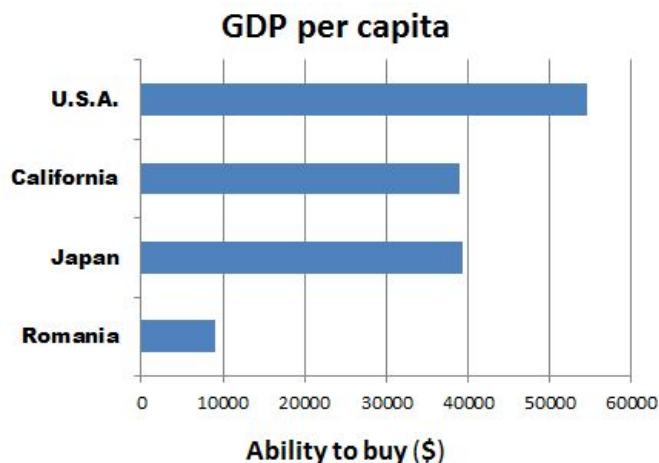


The two main characteristics of markets are their size and growth rate. Bigger is better and faster growth is better.

How many potential buyers are there and how much income is available to them? Is the number of buyers increasing and is their income increasing?

Let us look at how Japan is a much larger economy than Romania. The land area of Japan is 57 percent larger than that of Romania. Sometimes I will include a comparison to my home country, the United States, and my home state, California. The land area of California is 77 percent larger than that of Romania.

With regard to gross domestic product Japan with 5000 billion US\$ per year is 26 times larger than Romania with its GDP of 192 billion US\$. GDP per capita also shows huge differences among these four markets:



Growth of GDP in 2013 shows Romania making significant progress:

Japan	1.5%
Romanian	3.5%
U.S.	2.5%

The population of Japan is currently about 127 million compared to 21 million for Romania. Let us look at population growth in two recent periods: 1990 to 2010 and 2000 to 2012.

Population growth from 1990 to 2010

Japan	3.6%
Romania	-7.8% (loss of 1.8 million)
USA	24.0%

Population growth from 2000 to 2012

Japan	- .2%
Romania	- 4.9%
USA	11.2% (added 32 million people)

Young consumers are an attractive market to many marketers of goods and services. Young consumers make up a higher proportion of the population in the United States than in Japan or Romania.

Romania	aged 15—24	12%
Japan	aged 15—24	10%
United States	aged 15—24	14%

Low birth rates, few immigrants, and long life expectancy have made population growth in Japan and Romania low and the proportion of young consumers low, also. Life expectancy in Japan is 83 years, United States 79 years and Romania 75 years.

Businesses for adults in Japan are growing along with the old population, such as **diapers** for adults. In 2012, the yearly sales of *Unicharm* adult diapers slightly surpassed those for babies. (<http://archive.thedailystar.net/newDesign/news-details.php?nid=233795>)

In addition to size and growth marketers take note of the infrastructure of the market including the communications system, payment system, and the transportation system.

Government censorship is not a significant problem in Japan and Romania in contrast to countries such as Saudi Arabia as shown in this advertisement by the furniture maker IKEA. The ad on the left was altered by IKEA to insure its acceptance in Saudi Arabia. (<http://www.slideshare.net/GlobalMaxer/v4-idf-november-2013-global-maxer-28528174>)

IKEA Saudi Arabia



GlobalMaxer
Driving Global Conversions

The transportation system of Romania is much inferior to that of Japan and the United States. The distance from Boston, Massachusetts to New York City is approximately the same as the distance from Bucharest to Sofia, Bulgaria. However, underinvestment in highways and rail systems in the post-World War II period has meant that the time (and thus the expense) to travel these distances is much greater in Romania.

Bucharest to Sofia

New York City to Boston

by car 5.5 hours

by car 4 hours

by train 10.5 hours

by train 4 hours

Modern businesses rely on electronic communications so let us look at a 2013 e-readiness study by the consulting firm, Forrester Research, Inc. (<http://www.internetretailer.com/2014/01/20/why-online-retailers-may-want-explore-east>) Forrester scored 55 countries and regions to assess e-commerce readiness taking into account factors such as consumer payment behavior, shipping and technology infrastructure, disposable income, and the size of the online retail markets. The top four economies were the United States, China, Japan, and South Korea. Japan alone accounts for 7% of the world's total retail sales. Japanese shoppers are relatively wealthy and the country shows a preference for durable goods.

Nonfood sales (often purchased with credit cards) in Japan are 71% of its total retail sales (*world average is 53%*). "Japan's tech-savvy population, high retail sales per capita and high affinity for debit and credit card ownership demonstrates its consumption power and online presence." (Forrester, 2013) Japanese consumers own an average of **6.2 payment cards** each, the highest per capita average in the world. (<http://webprod.forrester.com/Forrester+Readiness+Index+2013+eCommerce+Global+Study/-/E-PRE6064>)

Romanians, in contrast, do not frequently buy things online in part because they do not have the capability of an electronic purchase from a website. Just 25% of Romanians are holders of a debit or credit card. There is recent growth in the use of debit cards: ATM transactions in Romania were more than 60 percent higher in volume and over five times more valuable in 2012 compared to 2011. (<http://www.euromonitor.com/financial-cards-and-payments-in-romania/report>)

Before a consumer will buy something online he must be online. The proportion of Romanians online is much lower than in Japan and the United States. Data are from 2012.

	<u>population</u>	<u>% on internet</u>
Japan	127 million	80 %
Romania	22 million	44 %
USA	314 million	78 %
California	38 million	80 %

The speed of the internet experienced by consumers and businesses affects the usefulness of electronic communications. When measuring the average megabits per

second and ranking countries, Akamai Technologies finds Japan and Romania near the top in the world with South Korea ranked number one. (Akamai Technologies, Q3, 2013)

South Korea	22.1 Mbps	(1)
Japan	13.3	(2)
U.S.	9.8	(8)
Romania	7.8	(21)

A marketer will definitely look at the different preferences of consumers in each market. Looking at popular pages on the world wide giant, Facebook, can give insight into consumers in Japan and Romania. Below are the most ten most popular entertainment Facebook pages in Romania followed by the ten most popular in Japan. Notice that there is no overlap.

Pages	Brands	Media	Entertainment	Sport	Celebrities	Society	Community
#	Page		Local Fans ▼		Fans		
1		Facebook for Every Phone		2 259 788	413 103 402		
2		Romanii au talent		1 060 969	1 298 258		
3		Candy Crush Saga		820 776	64 867 351		
4		Mr. Bean		714 337	54 843 511		
5		Cronica Carcotasilor		677 439	811 841		
6		Titanic		640 726	49 691 734		
7		Tom And Jerry		558 029	32 497 230		
8		Acces Direct		537 752	616 982		
9		Criminal Case		533 800	43 548 559		
10		Home Alone		5 May 2014	522 356	12 740 464	

Source: (<http://www.socialbakers.com/facebook-pages/entertainment/ country/ romania/>)

Pages	Brands	Media	Entertainment	Sport	Celebrities	Society	Community	P
#	Page	Local Fans ▼		Fans				
1	 ディズニー				671 840		799 381	
2	 幸せココロサブリ				323 355		330 216	
3	 くまモンオフィシャル				136 356		158 318	
4	 Glee				125 993	24 316	751	
5	 クスッと笑えるネタが満載! みんなでケンティSuper				121 751		124 171	
6	 Gossip Girl				111 138	13 932	268	
7	 Toy Story				102 794	33 775	008	
8	 Les Misérables				98 521	1 719	224	
9	 Sex and the City				95 449	14 211	558	
10	 SMTOWN		5 May 2014		93 601	3 481	166	

Source: (<http://www.socialbakers.com/facebook-pages/entertainment/country/japan/>)

Because search engine use is so important to marketers in most countries and Google search dominates in most countries, let us look at an example of how language affects search terms. If an Italian is searching in Google for cheap or low cost airlines tickets, he may type in “voli economici.” But, as the data show below, the much more popular search term is “voli low cost.” (<https://econsultancy.com/blog/63880-eight-cultural-differences-that-impact-conversion#i.zw1ns1dzhei010>) Search engine marketers must be sensitive to the use of language in order to effectively use pay-per-click and search engine optimization.

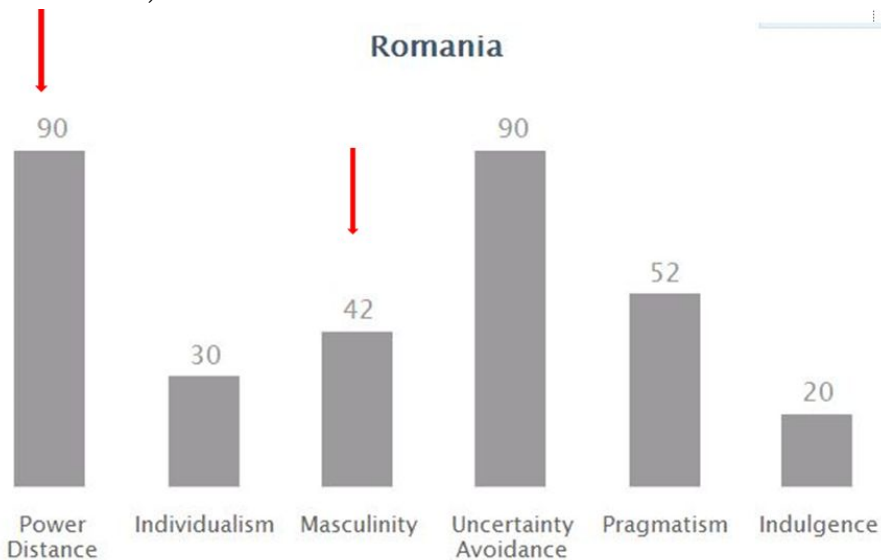
	Volume	Country	Language
Cheap Flights	4,400	Italy	English
Cheap Flight	880	Italy	English
Voli low cost	246,000	Italy	Italian/English
Voli economici	33,100	Italy	Italian
Offerte voli	22,200	Italy	Italian
Compagnie low cost	14,800	Italy	Italian

Good marketers will also be aware of the cultural values work of Geert Hofstede, a Dutch social psychologist who did pioneering studies in the 1970s and 1980s of cultures across modern nations. His five dimensions of culture are:

- 1) Power Distance
- 2) Individualism
- 3) Uncertainty avoidance
- 4) Masculinity
- 5) Long Term Orientation

At the Geert Hofstede Center website one may see column graphs showing the scores that dozens of countries are given. A sixth dimension has been added based on work by Michael Minkov. (<http://geert-hofstede.com/countries.html>)

For example, power-distance is scored much higher in Romania than in Japan or the United States. “Romania scores high on this dimension (score of 90) which means that people accept a hierarchical order in which everybody has a place and which needs no further justification. Hierarchy in an organization is seen as reflecting inherent inequalities, centralization is popular, subordinates expect to be told what to do and the ideal boss is a benevolent autocrat.” (<http://geert-hofstede.com/romania.html>. 2014)





Another interesting view of national or regional culture is found in the work of psychologist Richard E. Nisbett of the University of Michigan. A marketer would find it useful to read his 2003 book: *The Geography of Thought, How Asians and Westerners Think Differently...and Why*.

Advertisers, in particular, should be aware of Nisbett's insights into how relationships differ between Asian cultures and Western cultures. "An emphasis on relationships encourages a concern with the feelings of others. When American mothers play with their toddlers, they tend to ask questions about objects and supply

information about them. But when Japanese mothers play with their toddlers, their questions are more likely to concern feelings.” (Nisbett, 2003, p.59) The wording and images in advertising must differ between these two cultures for the message to be conveyed effectively.

Advertising professionals tend to combine a good knowledge of the culture of a market with the skills to craft effective messages for the buyers in that culture. The general manager of McCann Worldgroup in Japan made several good comments when he was interviewed in 2012. (<http://truthcentral.mccann.com/wp-content/uploads/2013/01/Japan-Today-Inside-the-World-of-Japanese-Marketing.pdf>)

His main comments address these seven bullet points:

- Discussions with clients
- Radio and print are most trusted
- Digital phones are quite familiar
- Not much use of comparative advertising
- Symbolism is very important
- Product lifecycles are short
- Use of celebrities is popular

In summary, do we see attractive markets in Japan and in Romania? With regard to Japan the general answer is yes because the market is big and wealthy although slow growing in most respects. With regard to Romania the answer is yes because it has a relatively large population with much potential to grow in both consumer goods and infrastructure. Its recent GDP growth bodes well for a rising standard of living.

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Socialbakers: social media analytics platform: