

CHARACTERISTICS OF THE BUYING DECISION PROCESS FOR JAPANESE PRODUCTS – A EUROPEAN CUSTOMER’S MARKET PERSPECTIVE

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Abstract

This paper addresses the general characteristics of buying decision process in case of Japanese products on the European market. Building and maintaining a long lasting win-win relation between buyer and seller is the premise for the development of any market activity on national and international market. Knowing the buying behaviour characteristics is an important effort of the organisation to adapt to target market and offer satisfaction to the consumer. Japanese products adaptation to foreign markets is a large process that has started in the 1970s, being focussed on innovation and quality. Here we present a study that emphasises the general process of offer adaptation by the Japanese companies to the foreign market, and the next steps needed for obtaining strategic advantages on the European market.

Keywords: Consumer Behaviour, Consumer Decision-Making, Japanese Products, Buying Behaviour, Marketing Strategy

JEL Classification: M31, D10, F20

1. INTRODUCTION

The general marketing process focuses on creating customer value and building profitable customer relationships. The ability of an organisation to constantly satisfy the consumer is related, among others, to understanding the buying process and characteristics of consumer’s behaviour in general. The success of a marketing strategy depends on this ability and on creating customised offers for each market. Therefore, Japanese organisations interested in the European market must take into account some internal and external factors that influence consumer’s behaviour, as well as consumer’s social and psychological peculiarities, the impact of

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subcultures on consumption patterns; linguistic and psychographic particular details which refer to aspects of a person's lifestyle and personality.

We consider this study to be a starting point for a comprehensive understanding of how European individual consumers think, what they value and how they decide when acquiring a particular Japanese product or service. The enclosed information is the outcome of a documentary study based on secondary online and offline up-to-date sources.

2. CHALLENGE OF A CONTINUOUS AND DIVERSE CONSUMER BEHAVIOUR STUDY

The buying process study must be considered within a larger process – consumer behaviour study – which integrates the analysis of preceding or subsequent stages of the buying process, including analysis of consumer's states of mind during these stages.

Consumer behaviour is the study of how individuals, groups, and organizations select, buy, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and wants [Solomon, (2011)]. Consumer behaviour is a complex process involving the activities people engage in when seeking for, choosing, buying, using, evaluating and disposing of products and services with the goal of satisfying needs, wants and desires [Belch, Belch, (2004)]. Consumer behaviour study is a continuous, dynamic process, which involves data, tools and processes from various disciplines. **Buying behavior** is the decision processes and acts of people involved in buying and using products. **Consumer buying process** refers to buying behavior of ultimate consumers, those who purchase products for personal or household use and not for business purposes [Pride, Ferrell, (2009)]. Understanding the buying decision process is essential, as this decision justifies any product or service.

The consumer has to make lots of decisions daily. The marketing experts study the consumer behaviour in order to understand the dynamics of buying preferences and future decision making motivations. Today we may identify a set of behaviour elements specific to various consumer groups, but tomorrow a new set of evolution lines may appear, that are beyond the known patterns. This is a dynamic process, related to the economic, social, political and technological development, including the individual development of each consumer.

The specialised literature approaches consumer behaviour by studying the individual psychological processes used by consumer to make acquisition, consumption, and disposition decisions, the group behaviors and the symbolic nature of consumer behavior [Hoyer, MacInnis and Pieters, (2013)]. The buying decision may be influenced by cultural, social, personal and psychological factors. Thus, the consumer will rely on his life experience and a set of inner specific elements acquired in time, such as motivation, ability, and opportunity; exposure,

attention, perception, and comprehension; memory and knowledge, and attitudes about an offer. These elements may be influenced by culture, subculture, social class, groups and social networks, family, roles and status of consumer, age and cycle strategy, occupation, economic situation, lifestyle, personality and self-concept [Kotler and Armstrong, (2014)]. The influence of emotions, culture, individual perception and preference is de-emphasized even though human motivations are found to actually determine value and influence of choices and decisions [Ansle, (1982)]. Planned and impulsive purchase decision making is often influenced by emotions.

Economic, social and technological development has determined the consumer to become active and involved into identification and even making of the products he needs. The customer's level of involvement varies depending on the consumer's interest in the product or service. His interest rises with the desire to identify with the product in front of the others and drops with the decrease of social exposure related to the product. Consumer's involvement does not necessarily concern his own consumption, as there are various roles in the purchase decision making process, played by one or more persons. Thus, consumer behaviour should not be approached as if it were isolated; it should be regarded in a wide context of inter-connections and influences. The consumer may be an organisation or a group, the decision being made by one or more persons. One of the important groups considered in our study is the family, in which the members switch roles in the purchase decision making process.

The answers related to various behaviour processes are deeply hidden in the mind of the consumer, and the consumer himself finds it difficult to explain the factors that determined him to make a certain purchase decision. Consumer behaviour study is a complex, long process that involves many resources; the outcome may materialise in many years of brand or store loyalty, strong connections between product or store and consumer that may be very difficult for competitors to break.

3. GENERAL CHARACTERISTICS OF EUROPEAN CONSUMER

3.1 Global consumer versus local consumer

The organisational offer must be adapted to characteristics of targeted global consumer or local consumer's needs. This is one of controversies debated by specialists who study global consumer behaviour.

Some organisations plan their global market activities taking into consideration the global consumer culture; this trend is mainly due to a high number of online communication soft programs, the use of international languages (mainly English), rise of business mobility, common values and aspirations, adoption of

cultural influences such as the American lifestyle, adoption of some international brands irrespective of demographics and social class, development of some regional groups and a predominant economy and currency. Consumer behaviour convergence means Westernization of society, the term “Western” being related mainly to USA and also some European countries such as Germany, UK or France. Unlike US people and northern Europeans, who tend to be universalistic in their perceptions and assumptions [Adler, (1991)], the Japanese wish to demonstrate the unique character of their culture globally. Usually, the lack of knowledge about some European countries generates the conception that all countries having the same development level are similar. Americans tend to view all Europeans as similar; Europeans tend to view all Asians similar; and Asians, when referring to Western culture, usually mean American culture [Mooij, (2011)].

Transforming the consumer into a global one is in line with the opinion of Brian Salsberg from McKinsey's Tokyo, regarding Japanese consumer behaviour. It seems that after decades of behaving differently, Japanese consumers suddenly look a lot like their counterparts in Europe and the United States. Celebrated for their willingness to pay for quality and convenience and usually uninterested in cheaper products, Japanese consumers are now flocking to discount and online retailers. Sales of relatively affordable private-label foods have increased dramatically, and many consumers, despite small living spaces, are buying in bulk. Instead of eating out, people are entertaining at home. Workers are even packing their own lunches, sparking the nickname *bento-danshi*, or “box-lunch man”. This fundamental shift in the attitudes and behavior of Japanese consumers seems likely to persist, irrespective of any economic recovery. That's because the change stems not just from the recent downturn but also from deep-seated factors ranging from the digital revolution to the emergence of a less materialistic younger generation. [Salsberg, (2010)]. The changes that occur on their own market may determine a better understanding of European consumer by Japanese companies.

Some specialists emphasise the need to adapt the organisational activities to the local target-consumers. Specialists state that global consumer's view is generally based on rational elements, macro-development data evolution, and follow an economic development – number of cell phones, television sets, households penetration of refrigerators or passenger cars per 1.000 population, studying consumer behaviour outside the social context [Mooij, (2011)]. Thus, a set of particular aspects, that could bring organisation's offer closer to consumer by designing some products more suitable for his personal needs, have been omitted.

Consumer behaviour convergence or divergence may be analysed by examining the consumption indicators of various regions. Mooij states that the analysis of data series in time for consumption and acquisition of various products proves that at macro level and at micro level both convergence and divergence take places, but to varying degrees in different regions. Behaviour convergence may be

noticed in regions with similar economic development. Mooij considers that even in homogenous regions, like Europe, few convergence cases may be reported. Generally, although the ownership of products converges, that does not mean that the utilisation converges, the same product being used differently in various regions. Thus, although we may speak about consumer behaviour convergence at macro level, there are differences at micro level.

Differentiation of consumer behaviour triggers the need to adapt the offers to various markets. With regard to the European market, the economic and social evolution have determined situations that support the idea of organisational activities adapted to the specific character of each nation. The differences between European countries are considerable. Marketers must still consider a country's history, national character, and cognitive styles within targeting processes and product placing on various markets. While the European Union is unifying markets, actual developments is showing that it is still a wide divergence in terms of economic development levels, languages, religions, and legal systems. Generalizations are both difficult and dangerous.

3.2. European market in figures

With a population over 825 million (over 11% of global population) Europe is one of the highly attractive markets for the international companies. *The EU Explained: Consumers* Report shows that, in 2014, out of the 825 million consumers of Europe, over 507 million live within the European Union, the third largest population of any political entity after China (1 269 million) and India (1 001 million). Eurostat, the statistical office of the European Union, estimated that on 1 January 2015 the population of the 28 EU Member States was 508.2 million, with a growth of 1.3 million against the previous year.

Many Europeans would probably say that while they are comfortable, they don't earn enough money. However, the living standard keeps improving in general. Eurostat estimated that in 2014 consumption per capita (Actual Individual Consumption –AIC) varied from 49% to 140% of the European Union average across the member states. These estimates emphasise outstanding differences between the amount of goods and services consumed by individuals at the EU level. Taking into account the other European countries which are not in the EU, the difference between consumption power of various countries keeps growing.

According to the European Commission [<http://ec.europa.eu>], Japan is the EU's second biggest trade partner in Asia, after China. Japan remains a major trade partner for the EU, and Europe is a very important market for Japan. The total amount of products imported by the EU from Japan in 2014 was 54.6 billion Euro, while the services performed by Japanese companies on the EU market amounted to 14.6 billion Euro in 2013. EU imports from Japan are dominated by machinery,

electrical machinery, motor vehicles, optical and medical instruments and chemicals. EU market ranks the 3rd for the Japanese companies trade. At the same time Japan is a major investor in the EU, with a total amount of 160.5 billion Euro in 2013.

The figures above demonstrate the trade potential and the interest of Japanese organisations in the European market. In this context, knowing the European consumer represents one of the premises for developing strong and long lasting trade relations on this market.

3.3. Japanese brands on the European market

In time, Japanese products have become increasingly appreciated on the European market. The image and reputation of the majority of Japanese products in the 1960s were generally poor, a factor that had implications for distribution and pricing among other things. Throughout the 1970s, 1980s and 1990s, however, the Japanese concentrated on quality and product innovation to the point at which even the most die-hard and conservative European or American was forced to admit that in many markets it is now the Japanese who set the lead [Wilson and Gilligan, (2005)].

The most representative Japanese brands which address the individual consumer, presented in *Interbrand, Japan's Best Global/Domestic Brands 2015* Report operate on the European market as well. We can mention company names that are in global top 10: Toyota, Honda, Canon, Sony, Nissan, Panasonic, Uniqlo, Nintendo, Lexus, Toshiba. Japanese products are represented by famous names in sectors such as automotive, electronics, clothing manufacturing and retail.

Sometimes, Japanese companies' attempt to adapt to the European market and Western market in general involved the use of Western words as a shorthand for anything new and exciting. Thus, the product could be adopted easier and the brand could be better recalled by Western consumer. The resulting phenomenon is known as "Japlish", where new Western-sounding words are merged with Japanese. For instance: Mouth Pet (breath freshener), Pocari Sweat (refreshment water), Armpit (electric razor), Brown Gross Foam (hair-colouring mousse), Virgin Pink Special (skin cream), Cow Brand (beauty soap) and Mymorning Water (canned water) [Solomon et. al., (2006)].

4. CONSUMER BUYING DECISION PROCESS

The successful implementation of a marketing strategy depends on understanding the buying process. Purchasing is just a step towards meeting the consumer's needs. Buying decision process depends on the amount of available information. When the choice of a product requires a big amount of information, the consumer needs more time to make a decision, and most often the number of

purchases is lower. [Lurie, (2004)]. In some cases the consumer decision is a learnt decision or the purchase is made on impulse. Thus, the decision is made with minimum effort or even with no conscious effort, and in this case we speak about automatic choices. Such elements must be identified and the organisation's strategy must be adapted to the particular type of consumer, selling place and time (design, package, selling power) in order to offer favourable experience to potential customers.

Marketers seek to identify the consumer's needs and ways to meet them. The Japanese product may have been adapted to the European market and may bring some characteristics needed on this market, but this does not mean it will generate reasonable sales on the targeted market. Starting with the product launch campaign on the European market, Japanese companies should target the user and also the buyer of the new product. In general, the buying decision may involve several target groups, that may play various roles:

1. The *initiator*, the person who wants a product. For instance, the child of a family wants Wii U Console from Nintendo.
2. The *influencer*, the person who could determine the purchase by his comments, in our case, the mother.
3. The *decider*, the person who makes the decision of buying the console, in this case the father.
4. The *buyer*, the person who performs the purchase of Wii U Console from Nintendo.
5. The *user*, the person who will use the product, in our case the child who wanted the Nintendo console. The parents can be users as well.

Knowing these roles is important for understanding the organisation promotion process; we need to know whom to address and how, in order to increase the campaigns efficiency. There may be switch of roles within the purchase process; in case of solitary consumers, one person may play all five roles.

The **consumer buying decision process** includes five stages: *need recognition, information search, evaluation of alternatives, purchase decision, and postpurchase behavior*. The buying decision process does not always follow all the five stages. Depending on the nature of the buyer, the product and the buying situation, the consumer may follow only part of above mentioned stages. Also, there is no guarantee that, once initiated, the buying process will reach finality.

4.1. Need Recognition

The buying process begins when the buyer recognises the difference between a desired state and an actual condition, due to various internal or external stimuli.

Once recognised, the need may be utilitarian, based on functional characteristics of the product, or hedonic, which emphasises the pleasure or the aesthetic value of the product [Holbrook and Hirschmann, (1982)].

Marketers must examine the consumer needs in order to understand their evolution and how to reflect them. Sales oriented organisations shall use advertising, sales personnel and packaging to help trigger recognition of such needs or problems, or to increase the gap between desired state and an actual condition.

4.2. Information Search

After need recognition, the consumer will search more information about means that lead to satisfaction of needs. The information may be obtained by unitary or sporadic consultation of one or several sources. Here are some information sources: *personal sources* - family, friends, colleagues and neighbours; *public sources* - mass media, consumer ratings, online searches; *commercial sources* - advertising, Web sites, sales staff, packaging, brochures and displays; *experiential information sources* - handling, examining or trying the product.

Surveys showed that, surprisingly, the consumers look for small amounts of information. In case of long lasting commodities, half of consumers look for the products in one store, and only 30% look at more than one brand of appliances [Kotler and Keller, (2012)].

Information sources vary depending on the product and the consumer's degree of involvement. For example, as soon as the European consumer has identified the need to buy a new car, he will notice all automotive market messages, he will consult forums and web sites that make comparisons between various brands, will initiate talks with his friends. If there is no affinity for a specific brand, he may have to decide whether it should be a Japanese or European-made car. He will start from a budget and he will try to identify a set of online comparisons and tests in view of selecting the brand by looking at its functional to hedonistic characteristics.

4.3. Evaluation of Alternatives

Following information research, the customer will identify a set of brands that could possibly meet the initial need identified based on its attributes. At this stage he will compare the pros and cons of buying a certain brand. We must always be aware that the entire process started from covering a need. The consumer looks for some benefits and the brand chosen due to its characteristics must deliver the expected benefits.

The marketers' role is to understand the nature of competition and strategic market positioning. Consumers' product selection criteria may be the source of understanding the positive differentiation of products on various market segments.

In case of the European consumer, the Japanese car makers should understand consumer's car selection criteria. The comparison may include elements related to characteristics of the car (price, performance, quality, styling, maintenance cost, discounts), their utility, perception of the brand and product design, payment methods and some hidden needs such as perception of the others on him driving that car.

4.4. Purchase Decision

At this stage the consumer has already expressed his preference for a certain brand out of the many existing offers and can start buying the product. At this stage the consumer will also choose the retailer. The seller may determine the choice of a specific product by customising the offer, granting some benefits related to loans under favourable conditions, warranties, maintenance agreements, installation of product.

4.5 Post-purchase Evaluation

After the purchase, the product is evaluated during consumption. At this stage the consumer will find out whether the product and all its characteristics meet the expectations that determined the buying decision-making.

The evaluation may lead to post-purchase dissonance, when the product has not met the consumer's expectations (the consumer is disappointed) or post-purchase consonance, when the product has met the expectations and even exceeded them. This will trigger customer satisfaction. Satisfaction represents a function of the closeness between expectations and the product's perceived performance [Oliver, (2006)]. When the initial expectations are exceeded, the consumer becomes delighted.

Many European consumers are satisfied with the Japanese cars because of quite low price, service and low maintenance costs. As they want to please the target groups with higher expectations, the major Japanese automotive companies have each introduced an upscale automobile: Toyota's Lexus, Nissan's Infiniti, and Honda's Acura.

Consumer satisfaction will lead to re-buying the product and/or communication of favourable impression of the product, while consumer disappointment will determine return or product abandonment and possibility of sending unfavourable impressions to other potential consumers. All consumer's states of mind are easily communicated online and the truth will determine rise or drop of sales and image of the product.

The Japanese firms have made consistent efforts to adapt and become recognised on the European and international market, in sectors such automobiles,

motorcycles, watches, cameras, and audio and video equipment. Products from Toyota, Honda, Mitsubishi, Canon, Suzuki, Sony, Sanyo, and Toshiba are sold all over the world and have set standards of quality that other products still strive to reach. This has been a difficult process, which sometimes brought very low profit and required consistent effort toward efficiency and adaptation to the market.

Japanese firms adaptation goes beyond offer adaptation. We should consider the fact that cultural differences between seller and buyer may influence the achievement of satisfaction in cross-national business relationships. Hence the need for adaptation of firm staff, from the management staff to the basic personnel. In Japan young people are working hard to adopt Western values and behaviours – which explains why the current fashion for young people is bleached, blond hair, chalky make-up and a deep tan [Solomon et. all., (2006)].

Recent development has shown that premium brands such as Sony, Panasonic, and Sharp [Cheung, (2012)] have reduced their activity while trying to stay profitable. Various business portfolio and lack of vision, orientation of consumers toward digital media and games, mobile devices, software apps and the Internet have caused the loss of competitive advantages. This evolution shows that consumer orientation is the key element for building a marketing strategy adapted to the market trends.

CONCLUSIONS

Answers to many Japanese firms' challenges in Europe may be found by understanding the national differences. The European consumer is not a global consumer, as there are many differences between European markets at micro level. We may talk about global brands, but not about the same purchase motivations. When building marketing strategies, we may consider an integrative approach of European markets, but we must be aware that the tactical instruments of strategy implementation must be adapted to specific local markets.

Cultural differences between seller and buyer may influence achievement of satisfaction in cross-national business relationships. Cultural influences are sometimes difficult to analyse as we risk a global short-term or mid-term approach, but they can be more pervasive and reliable on a long term. Standardisation of products and practices can only satisfy the consumer incompletely, while adaptation of offers, communication and interaction methods to the local market has become mandatory for the success of any business.

Understanding the stages and influence factors within the buying decision process is an important step that the Japanese company can take toward understanding and increasing European consumer satisfaction. Consumer behaviour study is a complex, long process, which involves many resources; its results may

materialise in many years of brand or store loyalty, lasting connections between product or store and consumer.

This study provides a platform for future research on the purchase and consumption patterns for Japanese products on European markets.

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