# JAPANESE EXPORT MARKETING: STRUCTURES, STRATEGIES, COUNTERSTRATEGIES*

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*Against the success of Japanese exporting companies during the last decade, a brief but comprehensive review of the factors behind their performance is presented. Based on a combination of secondary and primary data, the structures within which the exporting companies operate are spelled out and integrated. The integration is shown to lead naturally to a particular strategic posture dominated by a long-run perspective and a high quality/price ratio in products meticulously adapted for very specific market segments. Potentially valuable counterstrategies drawing upon the Japanese experiences and military analogies are developed.*

## Introduction

There is no need to argue any longer for the case that Japanese exporting companies have been singularly successful in penetrating foreign markets (although there have been failures, particularly in the earlier years.) The record, well documented elsewhere speaks for itself (see, for example, Abernathy, Clark & Kantrow, 1982, Johannson, 1981, Kotler & Fahey, 1982, Vogel, 1979, and Yoshino, 1976). Similarly, some of the factors which underlie this performance have been thoroughly discussed in various trade and related publications, both in the U.S. and Western Europe (see, for example, *Business Week*, 1980, *Der Spiegel*, 1980, *Affarsekonomi*, 1981). The explanations, although partial in many cases, serve rather well as a guide to understanding the Japanese exporting prowess. Yet there is a need to place the various factors in a cohesive framework, in particular with respect to the role that marketing factors play in the overall picture, and also for the purpose of identifying what possible counterstrategies could be contemplated by Western firms. This integration is the basic purpose of the present paper.

The framework developed here draws on published secondary material as well as primary data collected through personal interviews in some of the larger exporting companies. In what follows, some of the basic environmental factors will first be briefly sketched. The article then discusses the intra-company factors in production and management systems which recently have been given so much attention by business scholars and practitioners. There follows a section on marketing factors based on the primary data collected. Next the basic components of the Japanese marketing strategies abroad are reported. An integrative framework which summarizes the interdependence between the factors is then presented and discussed (for a capsule presentation of this part of the paper, see Figure 1).

In the last section of the article several alternative counterstrategies against the Japanese are discussed and evaluated.

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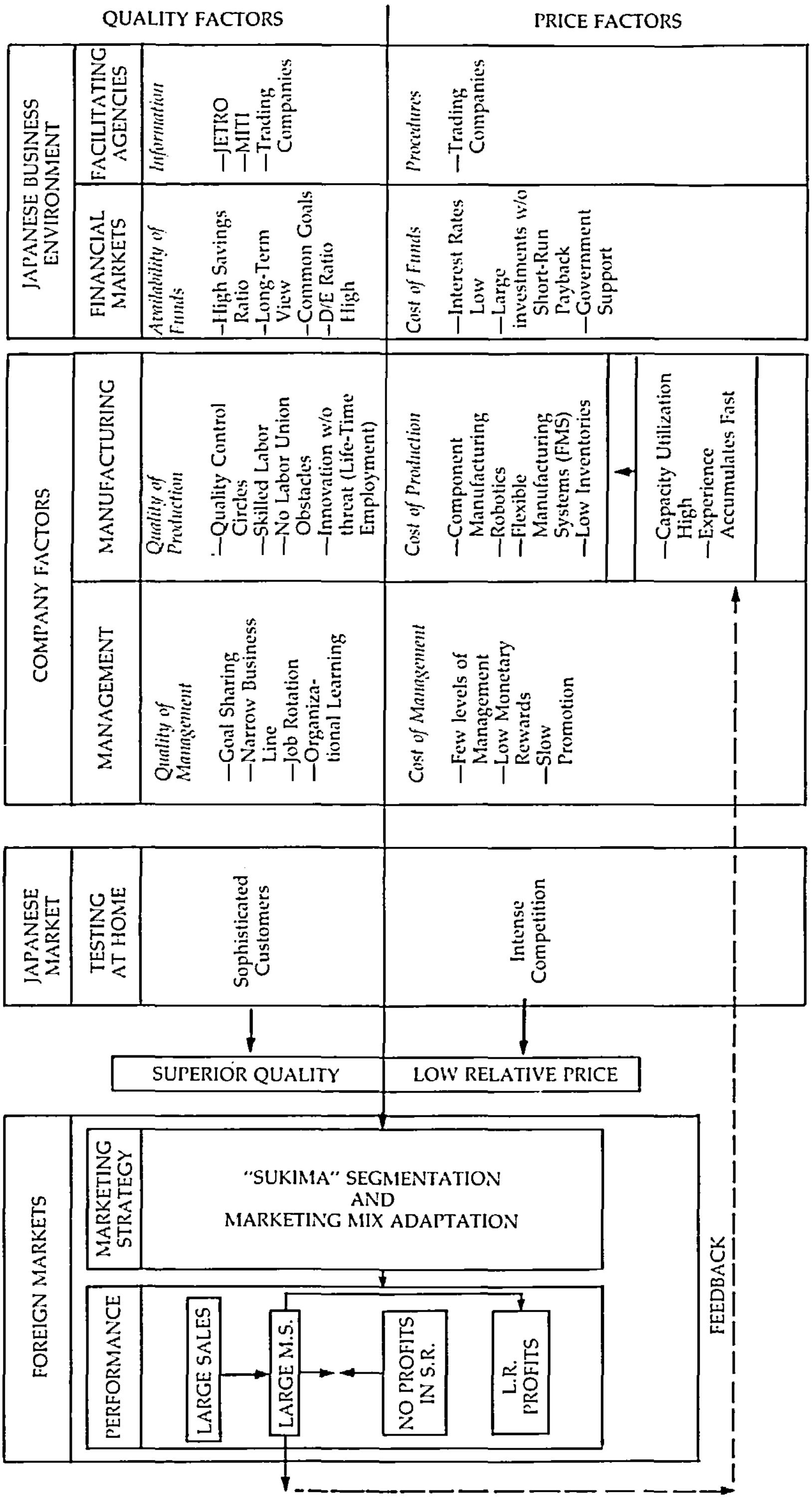
Figure I
Japanese Export Marketing: How a Superior Quality/Price Ratio is Achieved



### Business Environment

One might well ask how such a "separate" people as the Japanese have been able to penetrate foreign markets so successfully. Part of the reason lies in the institutions created in Japan for the purpose of facilitating exports.

The trading company role is well known and requires little extended discussion here (see, for example, Roehl, 1982, for an insightful presentation). It requires naturally only limited "export consciousness" to explore overseas markets if the company has easily available an external export division. Although trading company activities are largely concentrated in the staple commodity areas, the simple availability of a world-wide network of contacts makes exporting a much less hazardous marketing task.

Other facilitating agencies include JETRO, the semi-public information organization which originally started out as an export promoter, changed its name to an *external* trade promoter, and recently (1982) began actively soliciting foreign suppliers to Japan. There is of course also considerable government support for the prioritized export industries, particularly through the MITI and Ministry of Finance, although direct subsidies are no longer common (*Business Week Int.*, 1981). An important factor relating to government and various bank activities concern the operations of the capital markets, with Japanese companies able to borrow considerable amounts of low-interest funds for overseas business (partly a function of the high savings ratio among Japanese households). Coupled with the strong long-term support from related companies with common goals in the so-called Zaibatsus, the financial constraints that so often operate upon Western companies abroad are much less binding for the Japanese firms (on this, see the resentful reaction of Western competitors reported by Rose, 1978).

### Company Factors

Lately there has also been much attention paid to the internal factors of the organization, namely production and management systems, and how they impact on the Japanese company performance. Here, it is necessary to emphasize that the discussion concentrates on the larger Japanese firms. There are some exports also by small firms, but in contrast to, say, Italy, by far the greatest portion of exports is accounted for by very large companies.

### Production Systems

As is well known, it is in the large companies that the practice of life-long employment is most common (see Abegglen, 1958). It is also in these companies that the individual rewards to the workers are the highest, both in terms of pay, bonuses, and status (See, for example, Clark, 1979). This means in turn that these companies are seen as the most attractive employers for young workers and college students, and the most successful of the companies (often measured in terms of their domestic market share, i.e. size) can count on access to the cream of the crop of new employees.

By linking the semi-annual bonuses to company performance, the loyalty and life-long commitment to the company on the part of the employees are translated into strong incentives for hard work. In addition, the use of up-to-date technical production processes (robotics and flexible manufacturing systems) and quality control circles is fostered by the capability of the employees, and by the lack of industry-wide labor unions. Rather than building solidarity with workers in competing companies, the employees of a firm view them as competitors, and there is no necessary correlation between pay for a particular skill level between a high share company and a low share firm in the same industry. On these and related matters, see, for example, Abegglen, 1958, Clark, 1978 and Aron, 1982.

The large company in Japan provides also the focus for a host of small component sub-contractors which in many cases are directly controlled by their single customer, either via financial and personnel policies, or simply as a matter of tacit understanding. An oft-quoted example of this is the "Kanban" system developed by Toyota and the low inventories such an arrangement makes possible (see, for example, Roehl & Schmitt, 1982). By "leaning on" these suppliers in times of reduced sales the large company is often able to sustain quite drastic shortfalls without necessarily damaging their worker morale or their financial viability. It goes without saying that for employees in these smaller companies the vision of a secure, lifelong attachment to a company "provider" represents more of a "pipedream" than a real possibility.

### Management Systems

The recent interest in Japanese management techniques (Ouchi, 1981, Pascale & Athos, 1981) represents another attempt to ferret out the intra-company factors which are decisive in the Japanese success. What is emerging is a picture of the organization as a "clan" or "family" with goal sharing, consensus, and mutual support taking precedence over confrontations, initiative and ambition. It is hard to assess the relative contribution that these new structures make to the successful performance observed, and the new writings tend to address this issue quite obliquely. But a couple of observations can be made.

First, it is clear that the relative looseness of position descriptions and lack of professional management training in the Japanese companies do make it possible to interact quite easily laterally, i.e. across organizational chains of command. Most of the managers have spent their whole working life in the company and are quite familiar with its operations, in particular since job rotation is enforced (Clark, 1979). By virtue of the fact that the companies tend to be much more industry-specific, i.e. operate within a relatively narrow line of industry, the amount of shared knowledge among managers in finance, marketing, production and personnel is generally very high. This by itself would tend to enhance their ability to make sound decisions with respect to foreign markets, and an ability to "pool" easily a large amount of information.

This latter point is emphasized in recent studies (see, for example, Kagono et. al., 1981, and Nonaka & Johansson, 1982). In these analyses the Japanese organization is viewed as an "information processing unit" which is shown to perform very well in terms of organizational learning, i.e. developing the organizational skills to adapt to new contingencies. Since studies of the difficulties of breaking into foreign markets have demonstrated the importance of informational and learning factors (see Bilkey, 1978, and Johanson & Vahlne, 1977) this provides support for the argument that management factors do indeed affect export performance.

### Marketing Factors

The issue of information processing naturally leads into the question of marketing factors and their role in the successful Japanese performance. To what extent does the existence of government information agencies and worldwide trading companies contribute to the marketing research activities of these firms and their ultimate success in the marketplace? What is the role of marketing strategy variables such as segmentation and positioning, and the deployment of tactical measures comprising the marketing mix?

To find out the answers to some of these questions informal personal interviews were carried out with the export managers of 12 of the largest Japanese firms involved in exporting. The firms were selected on the basis of their performance abroad over the last decade and covered the three industries shown in Table I.

TABLE I
The Companies Interviewed

| *Electronics* | *Autos* | *Steel* |
|---|---|---|
| Sony | Toyota | Japan Steel |
| Matsushita | Nissan | Nippon Kokan |
| Mitsubishi | Toyo Kogyo | Kawasaki |
| Denki | (Mazda) | |
| Hitachi | Honda | |

Initially, two trading companies (Mitsubishi and C. Itaoh) were interviewed to generate some background information and to develop the questionnaire.

The interviews all took place in the Japanese headquarters of the companies (in Tokyo, except for Matsushita – outside Osaka – and Toyo Kogyo – in Hiroshima). They were organized with the assistance of the Jetro headquarters in Tokyo, and involved an initial preparatory contact during which the questions were distributed, and a second meeting (usually a few days later) during which the actual interviews took place. The questions centered around two main themes, one concerned with the global expansion of the company (timing and selection of country markets, development of overseas manufacturing and sales offices) and a second theme dealing with the entry strategies and marketing decisions in selected countries. The interviews were held in English and were rather informal by necessity (partly to allow further probing of key topics). In several cases these probes necessitated the use of an interpreter, sometimes provided by the respondent himself. The interviews took an average of one hour and a half to complete, but allowed follow-up to be carried out later to clarify key points.

The reporting of the findings will first deal with informational factors, then cover the entry strategies employed. The discussion will then turn to promotion and price policies, the product/market interface, and finally report on the importance of the quality/price ratio.

## 1. Informational Factors

In terms of utilization of trading company information for foreign markets, the usage varies a great deal. Steel companies employ sogo shoshas for about 80 percent of their information needs, while electronics companies and autos average about 10 to 15%, some as high as 40% and some, like Sony, close to 0%. The government sources are used very rarely (Jetro seems to be more important for smaller companies), and the remaining percentage of market information is generated from company operations abroad and at home. The degree of importance of sources from abroad varies directly with the level of export and direct foreign investment.

There are other sources of information utilized by most of these companies. Many employ students and other expatriates abroad on an informal basis, encouraging and rewarding their search for information of interest. Also, the type of information gathered tends to be more varied than one would expect necessary on a pure marketing basis. Cultural, political and social events and developments are covered and serve to set the stage for more in-depth analysis contracted out to local research consultants. With the group consensus decision making process it becomes natural to attempt to set specific research findings against the context of the country culture spelled out by other relatively loose data. Where one pressured decision maker easily can be overwhelmed by information overload, a group sifting through and evaluating the evidence without the necessity for individual responsibility for specific decision can be quite effective (although perhaps not as efficient) in arriving at a sound solution.

Without making too much of this aspect of the marketing process, it is clear that the emphasis by Western companies upon "scientific" research will not be sufficient when it comes to penetrating foreign markets. On the other hand, the Japanese approach can be time-consuming and irritating to the decision oriented executive in the Western company, where efficiency tends to be emphasized and relevancy demanded. An illustration of this dilemma was provided by one frustrated executive in the Japanese subsidiary of a Swedish multinational who wanted to copy the Japanese approach, and assigned his Japanese assistant to cover relevant newspaper articles about the Japanese market. When asked why he spent so much time on each of the dailies, the assistant answered simply "I think it is all relevant".

## 2. Entry Strategies

When asked about mode of entry, a similar pattern as for information sources emerged. The Japanese companies in autos and electronics tend to rely on wholly or partly owned subsidiary distributors, who then sell to retailers (dealers). There are exceptions. For example, Toyota did not find the market for trucks in Algeria to be large enough for a full-fledged introduction and instead licensed one of the trading companies to undertake the marketing. The steel companies utilize trading companies almost exclusively. These matters are already well known, and of greater interest is perhaps the question of selection of countries (and timing).

Among the auto and electronics manufacturers, there was almost a complete convergence in their export expansion paths. The initial markets tended to be in South East Asia – another example of the "cultural distance" theory propounded by Johanson & Vahlne (1977). Before entering European markets, and, in particular, before entering the U.S. market, considerable experience in exporting had been built up in these original target markets. Furthermore, before entering the all-important Western markets, an attempt was made to enter another market with similar characteristics. The most common choice at this stage was Australia, which was viewed quite often as a "dress rehearsal" entry before approaching Western markets. What clearly emerged was a sense that these companies wanted to develop some exporting skills before taking on the major market countries – a type of "export experience curve" rationale. (For further evidence on the expansion paths, see Yoshino, 1976, Ch. 5, and Hanssens & Johansson, 1982).

## 3. Promotion and Price

There was a general consensus among the people interviewed that promotional efforts must be tailored to each country specifically, a "poly-centric" approach. There was no belief that the advertising successful in Japan could be used in other countries, for example. On the contrary, most of the firms hired local agencies to do their advertising, although in some cases branch offices of the large Japanese agencies (Dentsu, Hakuhodo), where local staffing existed, were used. Even though most of the sales offices established in the market countries had a fair number of Japanese expatriates, their functions were mainly confined to coordination and communication with the home office. There seemed to be no feeling that promotional knowhow generated in the home market could be used to advantage abroad, a stark contrast to the "Put a Tiger in your Tank" standardization sometimes advocated by U.S. multinationals.

The respondents were generally unwilling to disclose much of the pricing schemes used for foreign markets. The general theme was one of seeing the entry into a market as a long-term "investment" and market penetration was accordingly a much more important pricing objective rather than quick profit-taking with a skimming approach. Several of the firms employed a version of the "experience curve pricing strategy" where a relatively low price was expected to lead to large volume and future cost savings. It became rather clear that individual markets were not seen as "profit centers" but rather as pieces in one large global puzzle. By generating sufficient funds at home and in some selected country markets where the share positions were strong, the lower returns emanating from a low price penetration strategy in newer markets could be sustained over a relatively long period of time.

### 4. Product/Market Policies

Speaking about product development, one recurrent theme emerging from the interviews was the dominant role of the home market. In a sense many of the managers interviewed saw success at home as the most difficult and the most important test of their products. The reason was the intense competition coupled with very sophisticated and demanding customers. If a reasonable success (i.e. market share) in the Japanese market could be attained, success abroad would come easy, relatively speaking. But at the same time, there was no question about the level of product adaptation which these companies were willing to pursue. In an attempt to corner the tradeoffs between adaptation and other market factors such as growth, size, probable share, and quick payout period, an informal attempt was made at a conjoint analysis. It failed, for the simple reason that the managers could not visualize "trading off" adaptation of the product against the quick profits that simple exporting of an unadapted product might have yielded.

There was no necessary agreement that the exported versions of the products would be of higher value or higher quality than domestic ones, if anything the opposite. But there was agreement on the fact that the products marketed abroad must show definite differential advantages over competitive alternatives. One standard example cited was Toyota's analysis of the VW Beetle before designing their own competing alternative (cf Kotler & Fahey, p. 9). This line of attack was emphasized most by Sony, whose "innovativeness" has produced new features and products which set the norms for other products in the market, both in Japan and abroad.

Talking about market segmentation and product positioning, these project factors again came to the fore. Because of the reliance on the home market at the early stages of the product life cycle, the natural approach seemed for many to be one of identifying special segments where their particularly strong features would be an asset. This "niche" approach, as it has become called in the U.S., was usually likened to a "sukima" strategy, referring to the small opening that remains when a sliding door does not quite fit its frame. The general idea was that by entering through a "chink in the armour," existing competitors would not take notice and defend their product line strongly. From this "foot-in-the-door" entry further inroads would come naturally.

Most of the managers emphasized the "marketing concept" and their desire and intent to make sure that the foreign markets were supplied with products they wanted. At Sony, in particular, and in a few other instances, more emphasis was placed on the notion that many products will create their own markets, and thus that the marketing concept was only partially valid. In these cases the role of formal marketing research was naturally seen as limited – as is well known, Sony does much less marketing research than most of its competitors in Japan and abroad (cf Levitt, 1983, p. 99).

### 5. Quality/Price Ratio

One of the continuous re-iterations in these interviews was the desire to provide the customer with "good value", a high quality/price ratio. This was seen as the competitive edge provided by many Japanese products. The context in which they were speaking was of course somewhat different from Western companies: they were people who had been with these companies when "Japanese products" stood for shoddy quality sold at cut-rate prices. They did not view their approach as being "low-price", even though initial entry in a new market might be accompanied by lower prices than standard for the quality offered. By obtaining a large market share, perhaps after some initial losses and only after several years in some cases (Honda's motorcycle plant in Belgium was one example, turning into the black only after about 10 years), the experience curve effect would serve to reduce costs sufficiently to justify the lower prices.

This emphasis upon a high quality/price ratio was coupled with a firm belief in the "rationality" of the buyer. They paid short shrift to the notion that people are willing to buy a particular product simply because it comes from a certain country (the "country-of-origin" bias). It might happen in a few cases, and in the short run. But over the longer run, no customers will continue to purchase an inferior alternative. Marketing to these managers was accordingly seen as a means by which "an offer that cannot be refused" is presented to the potential buyer.

### An Integrated Framework

The way in which the various forces affect the strategy and performance of the Japanese exporting company can best be seen with reference to the scheme presented in Figure 1. To start unraveling the picture the point of departure might best be the competitive edge in markets abroad, the high quality/price ratio. How is such a high ratio achieved?

On the product quality side, the factors discussed above include the precise definition of narrow "sukima" segments to be used as "beachheads" in the entry phase, and a fastidious adaptation of the product and other elements of the marketing mix to local conditions. These strategies are developed on the basis of a wide information and marketing research coverage of conditions in the targeted markets, and a deliberateness in the attack predicated upon the long-term view taken of an entry as an investment. The willingness to adapt and the care of the analysis is partially a natural consequence of the separateness that the Japanese feel with the rest of the world. There is no illusion that other peoples will like a product because the Japanese customers do.

The products marketed abroad have first shown their mettle in the competitive home market and tend to be the "winners" of that competitive struggle (there are exceptions: Sanyo is not a highly regarded competition in Japan, but does very well abroad. Sony is highly regarded, but nevertheless does not capture the major shares in the Japanese markets – see Kotler & Fahey, 1982, p. 5). This competitive situation relates directly to the lack of industry solidarity among firms in the same markets, and the consequences in terms of manpower attractiveness, pay, and status that a high market share confers. It also is predicated on the sophisticated buyers in the Japanese markets in the areas where Japanese exports excel.

But to have good products to market, manufacturing must be attended to. Here, as we have seen, the Japanese companies have done very well. In terms of labor skills, production process technology, management on the shop floor and with innovations such as the quality control circles, the Japanese company might well be the world leader. As for the financial side of operations, the long-term, low-interest loans (which create the high debt/equity ratio so well known among Japanese companies) provide a setting where a long-term investment view of marketing abroad is made possible. Since some of the Japanese products are sufficiently new that education of the buyer and the creation of new markets are prerequisites for success, this financial base, plus the support of the government and other companies within the Zaibatsus, allows exactly the kind of strategic posture with a long-term view so necessary for successful performance.

On the pricing side, similar factors are at work. The focus on market share, which comes naturally after the experiences in the home market, predates the famous BCG demonstration that share and profitability go hand in hand. Specifically, the high market share goal naturally involves an experience-curve pricing strategy, with low prices leading the attainment of lower costs. But to properly capitalize on these experience effects a constant eye has to be kept on possibilities for improving and streamlining operations. The lack of union obstacles (cf Orr, 1982) and the fact that building anew is quite natural among the Japanese with their post-World War II memories intact (a point surprisingly often stressed in our interviews) have served well in allowing cost-cutting automation and robotization to take place.

For such plant investments to be justified, capacity utilization rates must be high – and the emphasis upon increased sales and market share has matched this criterion very well. One may of course question what will happen when these growth conditions slack off, and there is evidence that the companies are worried about these developments (see, e.g., Lohr's article in New York Times, 1983). But judging from the efforts of the steel companies, where a saturated world market has already been encountered, the Japanese companies will find a way to cope. (The most pressing issue mentioned among steel managers was their desire to develop technology and production processes which allow profitable operations at very low levels of capacity utilization, and some success has already been reported – see Industrial Review of Japan, 1980, p. 63).

These investments in manufacturing and marketing are, again, made possible by the relatively accommodating financial support provided in the Japanese capital markets. For the low-cost operations the level of interest rates, in particular, has been instrumental. In this regard alone, the Western companies recent attempts to counter the Japanese onslaught have been severely hampered from the start.

In conclusion, the integrative framework provided by Figure 1 depicts a phenomenon that has been very hard to compete against the world markets. Next, let us turn to the identification of some possible counterstrategies in the marketing domain that might prove worthwhile to explore.

## Counterstrategies

To combat the success of the Japanese companies a number of counterstrategies can be (and have been) suggested. They range from government imposition of quotas, to easing the restrictions of the Japanese capital markets, to exhortations to "Buy domestic products". Here the focus will be on marketing counterstrategies, starting with existing strategies, then covering some emerging concepts and finally drawing upon some military analogies.

**1. Existing Strategies**

There are some possible counterstrategies which might be called traditional strategies. These include "aggressive" pricing, identification and filling of those product gaps that attracted the Japanese in the first place, and the pursuance of R & D leadership in hi-tech industries. Other suggestions can be derived from textbook principles, including the identification and targeting of unfilled market "niches" and the intense pursuit of new markets where the Japanese are not yet dominant.

More promising are perhaps the propositions by Porter (1980) concerning product differentiation, low-cost leadership (an "experience curve" strategy) and the explicit definition of company skills in filling the needs of small segments with special requirements. There are companies which have already "streamlined" their operations so as to make this last option natural (see e.g., Kiechel in Fortune, 1982 and Business Week, 1981). Having well defined product/market subsets coupled with a definition of skills in a relatively narrow sense has made it possible to increase cost efficiencies and also focus more attention on customer demands – in a sense this concentration of effort mirrors that of the more successful Japanese companies.

**2. Emerging Strategies**

These existing strategies will have to be abetted by more innovative new strategies to be successful against the Japanese. There are some new alternatives in the gestation stage and these emerging strategies might well serve their purpose and at the same time rewrite some of the traditional marketing principles.

The strong integration between marketing and production functions made possible by the flexible manufacturing systems in Japanese companies is one of the driving forces behind the new concepts. In the divisionalized, multi-product corporation close interaction between production and marketing staff is not easy. Marketing managers might have little or no knowledge of the basic production questions in their particular division, having been recruited from other divisions in the company. So is the case for the general manager. The streamlining of operations into more narrowly defined skill areas should serve by itself to make the lateral communications between marketing and production feasible and more fruitful. If in addition the organizational structure is augmented so as to make direct, face-to-face interactions between the functional managers a natural part of management activities, the Japanese advantages on this score might well be eliminated (although the professional "identity" of the managers might well be threatened – see Ouchi, 1981, p. 36).

This development is behind what Kotler–Fahey identify as the emergence of a new function, the "management of product-market evolution" (p. 23). They see the tasks of the marketing manager to include the identification of new market segments, the development of products for these segments, and, most significantly, the continuous "management" of the development of these segments. The concept is dynamic, with marketing and products following closely the evolution of markets over time. As was mentioned previously, some Japanese do not view their marketing to be simply reactive to customer desires at any one given point in time. Rather, they readily acknowledge the possibility that their new products will by themselves change existing preferences, sometimes radically. As a consequence, it becomes important to anticipate customer reactions in the future as new products enter the market. And since some of the firm's own product and marketing policies will affect where the market will head, a natural conclusion is to help the movement in a direction where the firm's differential advantage is the greatest. The product/market management task discussed by Kotler – Fahey can thus be translated into a "pro-active" strategic posture.

This new thrust is also echoed in the new thinking about the marketing concept exemplified by Levitt (1977) and Thorelli (1983). These authors recognize explicitly that the role of the marketing orientation of firms in the past has been too "reactive", simply seen as a philosophy of satisfying the customers whatever their expressed desires tend to be. From this perspective both authors tend to fault modern marketing research techniques for being too "mechanistic", too concerned with method rather than content (Levitt, 1983, pp. 17–19, Thorelli, p. 14). Their deemphasis upon formal methods of marketing research is perhaps a natural outgrowth of the new orientation towards the dynamics of evolving markets. It can be reconciled with the existing know-how, however, if it is recognized that new product research has always been chancy at best. What seems to be emerging is a consensus that the Japanese invasion has made mature markets behave as new product markets, thus invalidating "tried-and-true" analytical methods.

### 3. "Military" Strategies

Some of these emerging strategies draw quite directly upon the structures and strategies employed by the Japanese. It is possible, perhaps, to extend this borrowing even further.

As was argued earlier, the Japanese inroads have usually started with a "sukima" approach, avoiding direct confrontation where the "enemy" strength was greatest. Pushing the military analogy further, it is clear that an element of surprise is important and useful. A "surprise" strategy can be translated into an avoidance of doing "the usual thing". It mandates the kind of "new mind-set" requested by Kotler & Fahey (p. 25) and also the imaginative analysis of possibly "loose" market data demanded by Levitt and Thorelli. But it also involves keeping the enemy in the dark about intentions for the future – Chrysler's early announcement about auto models for 1985 would not be very sound according to this thinking.

Second, the military analogy suggests that the strategic analysis needs to pinpoint not only weaknesses but also possibilities of maneuvers which exploit these weaknesses through a surprise attack. To accomplish this, the "beachheads" selected should be such that there is relatively low involvement by the Japanese in the markets and the line of attack should be oblique rather than a direct frontal assault. This suggests a choice of several segments away from Japanese strongholds and a marketing strategy which offers little incentive and room for counterattacks. The basic aim would be to create a strong fortification in terms of product and service values which could withstand a possible counterattack and at the same time lessen the incentive for undertaking it.

Some of the new thinking about global strategies fits in well here. As Hout, Porter and Rudden (1982) point out, for certain companies in "global" industries (as opposed to "multi-domestic" industries) it becomes natural to mobilize the total company forces in combating the enemy. This mobilization involves making explicit trade-offs between market positions in different countries, allowing prices and revenues in some countries to remain low in order to constrain the mobility of competitors, and then collect on the firm's strength in other country markets.

Third, the military analogy serves to point to the possibility of "preemptive" strikes behind enemy lines. There is no doubt that the relatively protected home market has played a great part in allowing the Japanese firms to expand abroad. Judging from the moves into the Japanese markets by firms such as IBM (see Watson, 1982) and the recent liberalization of entry restrictions (see US – Japan Trade Study Group, 1983) aggressive market campaigns towards selected segments in the Japanese home market are now quite feasible. In this context the possibility of using local forces, i.e. competing Japanese companies, as deterrents to a counterattack cannot be ignored. The recent tie-ups in joint ventures between Western and Japanese firms (Nissan and Volkswagen in Japan, GM and Toyota in the U.S., for example) in fact represents this type of strategy. By marshalling "guerilla" forces in the form of Japanese companies, including the trading companies, a radically different strategic situation is created. The Japanese companies have to carry part of the competitive fight among themselves, and if the fierce competition discussed earlier with reference to the domestic market is any indication, the results might be very interesting.

## Summary and Conclusion

This paper has provided an integrated summary of the factors that lie behind the success of Japanese exporting companies abroad and how these factors interrelate to produce a high-level performance. As some of these "country-specific" and "firm-specific" advantages are being duplicated elsewhere (an effort which is rapidly underway in many countries and companies) one can expect the Japanese advantages to lessen. Even so, it is clear that they have a head start and that they are not sitting idly on their conquests. What emerges, therefore, is a clear possibility of ever more intensive competition on a global scale in the future. Whether or not the counterstrategies proposed in the latter part of the paper will prove sufficient and decisive is of course too early to tell, but there are reasons to expect that the "military" type of strategic thinking will be quite appropriate in this competitive "warfare".

Military thinking has been applied previously to marketing strategy (see Kotler & Singh, 1981), and it is noteworthy that General Westmoreland was recently invited to Tokyo to lecture on strategy to business executives. When these notions are coupled to the emerging conceptualization of the evolution of product markets and their management, a synthesis can be achieved centering on a "pro-active" marketing strategy. Marketing needs to be adapted to the idea that new markets and segments can be created by the company, that moves by competitors can and should be anticipated (see Porter's 1980 discussion), and that the entry, positioning and defense of the firm's products involves more than just the marketing function. Furthermore, this new synthesis involves close scrutiny of existing and potential customers to make sure that needs are anticipated and changes are made easier. The stance of the successful marketer resembles more that of a problem-solver, in the tradition often associated with companies like IBM. With more narrowly defined sets of specific company skills and more direct tie-ins with customers such a development would seem natural and should develop quite organically.

None of the strategic pointers presented are particularly new of themselves, but their combined impact could have radical consequences for the approach taken by marketers in the future. Most Western firms would seem a priori capable of the suggested reorientation, and several firms have, as already noted, pursued this type of strategy for some time. There is perhaps one potential problem down the road: The "professionalism" ascribed to by many individual organizational members in Western corporations might have to be erased. No longer will the marketing manager be "the marketer" in the company but everybody will have to do their share. Perhaps the functional manager will become an outmoded conception as the "professional man" again yields to Whyte's "organizational man" (Whyte, 1956). In this development the role of the professional business schools might well prove to be a reactionary one; but there is perhaps reason to expect that the "market mechanism" will assert itself in such a way that functional separation also in these institutions becomes a thing of the past.

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