

Attitudes to Imports

By Toshikazu Inuzuka

It has been almost 40 years since I first went to work for Mitsukoshi, Ltd. Having spent most of these decades working with imports, I would like to draw on these experiences in discussing the many ways in which the Japanese market for imports has changed and the problems that still remain.

In the fall of 1972, Mitsukoshi commemorated its tercentenary by holding the Mitsukoshi France Fair. Purchasing for this fair was done in February that same year by Mitsukoshi teams visiting 11 cities throughout France. Not only did the French government help, there was even a trade exhibition at the Château de Blois on the Loire. Basically, the pattern at the time was for French manufacturers to show us what they wanted to sell and for our buyers to choose from the selection offered.

By 1975, however, Mitsukoshi buyers had started to request different sizes, colors and even shapes to suit the Japanese market. And in the early 1980s, things were being made to order for import as Mitsukoshi buyers provided more detailed specifications covering material, design and production.

In effect, the decade following the Mitsukoshi France Fair saw Japanese imports change from mere hunting and gathering to a hybrid planting and reaping mode in which products were carefully cultivated for import.

Before the war, imports were a mark of luxury and even extravagance, well out of the reach of the ordinary citizen. Yet since the widespread liberalization of import controls on golf equipment, textiles and other consumer goods in the 1960s, imports have gradually lost their aura of wealth. Along with this leveling, there has also been another change: whereas prewar consumer imports were almost exclusively from the advanced Western nations, imports since the 1960s have been just as likely to originate from any one of a great number of countries worldwide. They come from all corners of

the world, and they are sold in all corners of Japan.

The massive lifting of quotas, the major reductions in customs duties, and more recently the yen's appreciation have all played a role in this change. In particular, the yen's strength has led to a boom in overseas travel, exacerbated the disparity between Japanese and foreign prices, encouraged increased offshore production, and led to expanded reverse-imports. The 1987 *White Paper on the Economy* even went so far as to call the reverse-import phenomenon a mark of the Japanese market's maturity.

Emphasis on time

Previously oriented toward first the quantity and then the quality of goods, consumers are today starting to place more emphasis on time. For example, it used to be regarded as unnecessary to take account of the housewife's time and efforts, and mothers thought nothing of washing diapers to use them over and over again. In contrast, today's mother uses disposable diapers in an effort to use her time and energy more efficiently.

Consumers have also started to put a greater emphasis on usage opportunities. When goods were scarce, the very fact of ownership itself had value. Yet today, goods are available in abundance and it is storage space (i.e. land) that is in scarce supply. As a result, people are avoiding ownership and leaning toward rental.

Today's consumers are also more independent and have a better eye for what they want. When Mary Quant made the miniskirt all the rage in 1964, it took Japan by storm and it seemed the stores were selling nothing but miniskirts. When the miniskirt revival struck in 1986, however, it was limited to only a small segment of the population. The consumer psychology has changed from wanting to be one of the crowd to wanting to be a little bit different.

As noted in the Ministry of Finance's



Many Japanese consumers are still heavily influenced by brand names when making purchases.

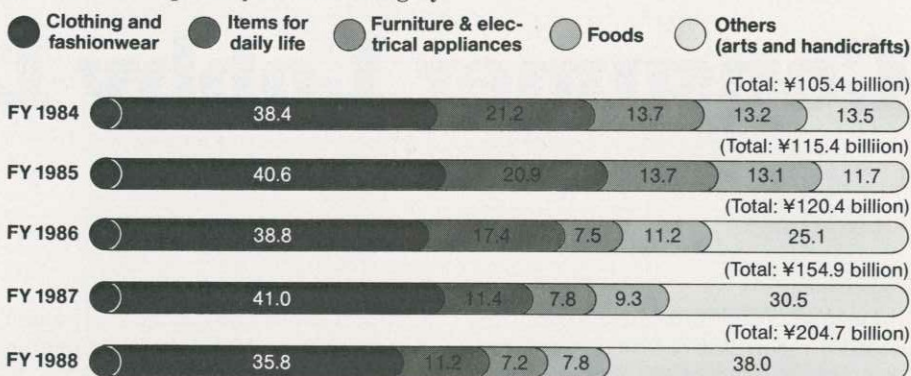
1972 publication *One Hundred Years of Japanese Customs*, the philosophy underlying Japanese tariffs when the system was established in 1858 was one of setting low tariffs on consumer necessities and high tariffs on luxury goods, and keeping the customs duties low on raw materials and high on value-added manufactured goods. While this may have been understandable for a resource-poor country determined to catch up with the industrialized West and just starting out in international trade, this basic approach persisted until well after the end of World War II. Not surprisingly, the regulations formulated during this period were designed to encourage exports and discourage imports.

Things have changed radically over the years as Japan has grown to account for over 10% of the total world GNP, and vigorous efforts have been made to promote imports and to achieve equilibrium in the trade balance. There has been substantial growth in Japanese consumer imports.

Yet even though the tariffs have come down on accessories plated with precious

Fig. 1 Direct Imports by Product Category

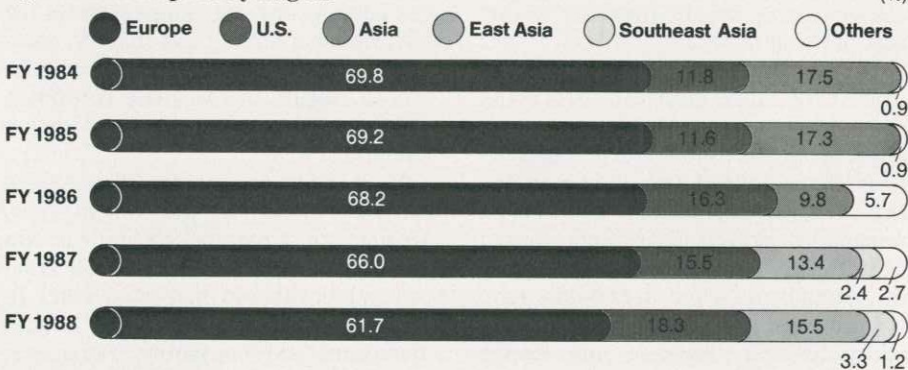
(%)



Source: Japan Department Stores Association

Fig. 2 Direct Imports by Region

(%)



Notes: East Asia refers to China, South Korea, Hong Kong and Taiwan; Southeast Asia to the ASEAN countries; Others to Oceania, the socialist bloc (excluding China), the Middle East, Africa, Latin America and other regions (including Canada and South Asia).

Source: Japan Foreign Trade Council, Inc.

metal, lace underwear and other items, they continue to be treated as luxury imports and subjected to higher import duties than everyday accessories, underwear or whatnot. Given the changes in consumer values, however, I doubt if many consumers consider these imports luxury items any more, and I hope that beefed up import-promotion policies will be accompanied by a complementary dismantling of outmoded tariffs and obsolete regulations.

Another major question in this area is that of how to reconcile the different interests of manufacturers and consumers. This is not, of course, a problem unique to Japan. Nonetheless, the feeling persists in Japan that the business lobby is stronger than the consumer lobby. While there are sound reasons for protecting business interests, the need to also look out for consumer interests imposes inherent limits on what can or should be done for business.

At the Japan Academy of Consumer Education's 1985 Kyoto Conference on Consumer Education, Virginia H. Knauer, special assistant to the president and director of the U.S. Office of Consumer Affairs, eloquently argued that deregulation is in the consumers' best interests and that consumers need more than protection—they also need the same access to information and specialist education that business has. Taking this one step further, I suspect that better consumer education and freer access to consumer information would translate into a new surge of domestic demand.

Changing attitudes

At the same time, I hope that consumer attitudes will continue to change. I have long thought that the main reason older Japanese (50 or older) rely so heavily on brand names is that their formative years were spent during the war and in the early postwar poverty when goods were scarce and there were few opportunities to develop a sense of fashion. Being unsure exactly what they want, they opt for the safety of a famous name. Since then I have realized that this theory does not account for the very strong predilec-

tion for brand names among young people who have grown up paying great attention to fashion.

While most of the famous designer and big-name products have the kind of stylish quality one would expect from their reputations and are probably worth the extra money that they cost, it is also true that top prices do not necessarily mean top quality. Japan seems to have more than its fair share of consumers who do not understand this. Consumers who are aware of this are increasing every year, but they still account for a lamentably small percentage of the total.

Japanese consumers demand quality goods and services. And this quality fixation has, it must be admitted, contributed to the non-price competitiveness of Japanese manufactures. Their definition of quality is sometimes strained, however. Even with all of the overseas travel—estimated at 10 million Japanese a year—there are still some who believe that a minor discoloration relegates leather goods to third-rank or who think that a wine with dregs is inferior.

For many years, I have been telling

overseas exporters that the Japanese consumer is the most quality-conscious in the world and that a constant effort has to be made to enhance quality to satisfy these very demanding consumers. Yet lately I myself have started to question this thesis and started to wonder if Japanese consumers are not being somewhat unreasonable in their demands.

Of course, not all of the blame can be laid on the consumers' doorstep. Do not, in fact, manufacturers and retailers bear some of the responsibility for pampering these spoiled consumers and flattering their "discerning eye"? What is needed today is a finer sense of consumer rationality. Consumers need to be able to define their own quality requirements and ascertain whether or not a product meets these functional specifications. In effect, they need to abandon the affected concern for appearances and concentrate on real quality.

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