

# Japanese Culture on the World Stage

By Sugiura Tsutomu

## Definition of Culture

Derived from its roots, which mean “to cultivate” and “to respect,” the English and French word “*culture*” had come by the mid-16<sup>th</sup> century to denote “developing spiritual capacity through germane intellectual training.” *Bunka*, the Japanese word for culture, is also defined as the “composite of modes of behavior or patterns of living acquired, shared and communicated among people,” as well as “that which is born of spiritual activities, mainly in the areas of academia, art, religion and morality.” The root of the character *bun* in the Japanese word *bunka*, however, originated from the crisscrossed rope patterns in the Jomon style of pottery and denotes a beautiful pattern or decorative touch that is externally beautiful. It is from this root meaning that I define *bunka* as “that which enriches the qualities of day-to-day human life.”

## Third-Generation Japonisme: Breaking into the Ranks of Global Pop Culture

Two young Frenchmen, friends of my son, visited Japan two years ago. Although they had traveled all the way from France, they returned home without seeing Kyoto or Kamakura, although they did visit Tokyo’s Akihabara, Shibuya, Shinjuku and Ikebukuro, carrying back with them around 50 books of *manga* comics. To my surprise, I learned their reason for coming to Japan was specifically to buy manga.

Japan was once admired by other countries for its traditional culture – such as pottery, lacquerware, the tea ceremony, flower arrangement, *bonsai* (dwarfed trees), *haiku* and *tanka* poetry, calligraphy, martial arts and kimono – aspects of the culture prized only among a narrow group of intellectuals and Japanophiles.

Recently, however, Japanese contemporary pop culture has made notable strides in popularity. Japanese *anime* (animations) and video games in particular are forms of entertainment shared by children around the world, and it is through the personalities and lifestyles of the characters featured in these media that young people around the world are exposed to, and come to admire and imitate, the soul and culture of Japanese people.

The craze over Japanese culture among young people is also evident from the websites created by anime fans from other countries. These sites are filled with photographs of young people dressed in the outfits of characters that appear in anime, a type of role-play, if you will. Power Rangers and Sailor Moon character costumes are also apparently popular among an increasing number of children in the United States when trick-or-treating on Halloween. One English website devoted to the popular video game *Final Fantasy* has, in fact, attracted more than 40 million hits, a true indication of how many fans this game has attracted. Google searches reveal even more websites featuring Japanese anime than *Snow White*, *Mickey Mouse* and other Disney animation.

The smash hit *Pocket Monsters (Pokémon)* series became a hit sensation as soon as it aired nationwide on U.S. television in 1998, with revenue from the U.S. release of the Pokémon movie in the following year topping \$85 million. The series has been broadcast in nearly 70 countries around the world. Thirteen billion Pokémon trading cards have been sold globally, and when the market for all character-related goods is considered, Pokémon is an economic force said to be worth some ¥2.3 trillion worldwide.

*Bishojo Senshi Sailor Moon* (Pretty Soldier Sailor Moon), the TV anime series created by Takeuchi Naoko and

launched in 1991, has also gained a fan base of millions worldwide, airing in 20 countries in multiple languages. *Shonen Jump*, a Japanese magazine for young people, was first published in the United States in November 2002, and more than 500,000 issues have already been printed.

Hamasaki Ayumi and other Japanese singers and entertainers also enjoy a wide fan base overseas, concentrated primarily in other Asian countries. Millions of teenagers in Hong Kong, Seoul and Bangkok avidly follow the latest Japanese trends, a phenomenon also responsible for the illegal circulation of bootleg copies of Japanese products in Asia.

In addition to the popularity of the unique Japanese sensibility inherent in these forms of entertainment, Japanese manga, anime and video games are highly acclaimed for their extremely well-developed narratives, and superior, realistic depiction of speed in motion, attracting the attention of foreign artists, designers and other cultural communicators. Japanese anime have also been used in music videos by Western rock groups. The French group Daft Punk uses anime by Matsumoto Leiji, creator of *Uchu Senkan Yamato* (Space Battleship Yamato), and the British group, The Orb, uses Doraemon as a character in its recent single, *From a Distance*.

The popularity of Japanese movies has also increased, with well-publicized critical acclaim enjoyed by the filmmakers Kitano Takeshi and Miyazaki Hayao. Miyazaki’s *Sen to Chihiro no Kami-kakushi (Spirited Away)* was the first animated film to win the Grand Prize at the Berlin International Film Festival, going on to win the Academy Award in 2003 for “Best animated feature film.” Even such Hollywood films as *The Last Samurai* (directed by Edward Zwick) and *Kill Bill* (directed by Quentin Tarantino) pay homage to,

and take their inspiration from, the Japanese culture and spirit.

I have dubbed the phenomenon described above as “Third-Generation Japonisme,” a phenomenon resembling the first generation of Japonisme that emerged at the end of the 19<sup>th</sup> century and a second during the 1950s and 1960s. The latest generation, however, differs from the first two in one key component – the current wave has brought Japanese culture to the general public in other countries where it has found a more widespread appeal, particularly among young people.

Against the backdrop of this mania for Japanese culture, young Americans evidently now refer to all things “made in Japan” as “JDM” (short for Japanese domestic market), using the term used as a synonym for “cool.” Leading industries like the automobile industry are even reaping the benefits of the influence that Japanese culture wields, with Toyota Motor Corp. enjoying brisk sales of its new Scion compact car launched in California in June 2003. Besides its reasonable sticker price, the car’s success was affected by its popularity among the young “Generation Y” consumer class, who were born in the 1980s. This generation’s admiration for all things “JDM” is strong, having been weaned on Japanese anime and video games.

### Cultural Trade Balance Finally Tips Toward Exports

There are three elements behind the sudden surge in the popularity of modern Japanese culture in the 1990s. First, a stagnating domestic economy led to the saturation of the market in Japan, and culture-related industries began to make serious efforts to move into overseas markets. Second, higher quality products and software gained a stronger foothold amid the international competition. Prior to the example

provided by Suzuki Ichiro and Matsui Hideki in the arena of professional baseball, the manga and anime industry focused on exporting products that had already proven extremely competitive in the domestic market. Third, as fashion in general has become increasingly homogenized due to young people around the world interacting on the Internet and through other channels, the groundwork has been laid for the acceptance of other cultures without prejudice or preconception.

As previously mentioned, “culture” is born of the spiritual. As such, it is by its very nature difficult to quantify, and there has therefore been no attempt to date to quantify Japan’s “cultural influence” abroad in terms of money – a monetary figure analogous to a country’s gross domestic product (GDP). In an effort to remedy this, I have attempted to evaluate one aspect of the overall influence of Japanese culture abroad by analyzing trade figures, namely for goods and services, to quantify Japan’s “cultural influence abroad” (CIA).

In order to do this, items from trade and services statistics seemingly linked to “content businesses,” an area arguably evolving from spiritual activity, were selected and analyzed in terms of annual trends spanning the decade of the 1990s. As specific indices to measure Japan’s “CIA,” “records, tapes and other recorded materials,” “books, newspapers, pictures and other printed matter,” “photographic plates and film exposed and developed” “motion pictures” and “art objects, collector’s items and antiques,” were selected from among commercial trade statistics, with “royalties and license fees” and “personal, cultural and recreational services revenue” were selected from among services import/export statistics.

The total for these exports (the amount received in service trade) tripled from ¥0.5 trillion to ¥1.5 tril-

lion between 1992 and 2002, though growth in overall exports showed only a 21% increase from ¥43 trillion to ¥52 trillion over this same period. The breakdown for main export products reveals 15% increases for automobiles, as well as iron and steel, 42% in motors, 72% in chemical products and 75% in semiconductors. These figures indicate that growth in exports for culture-related items far outpaced growth in overall exports of Japanese goods.

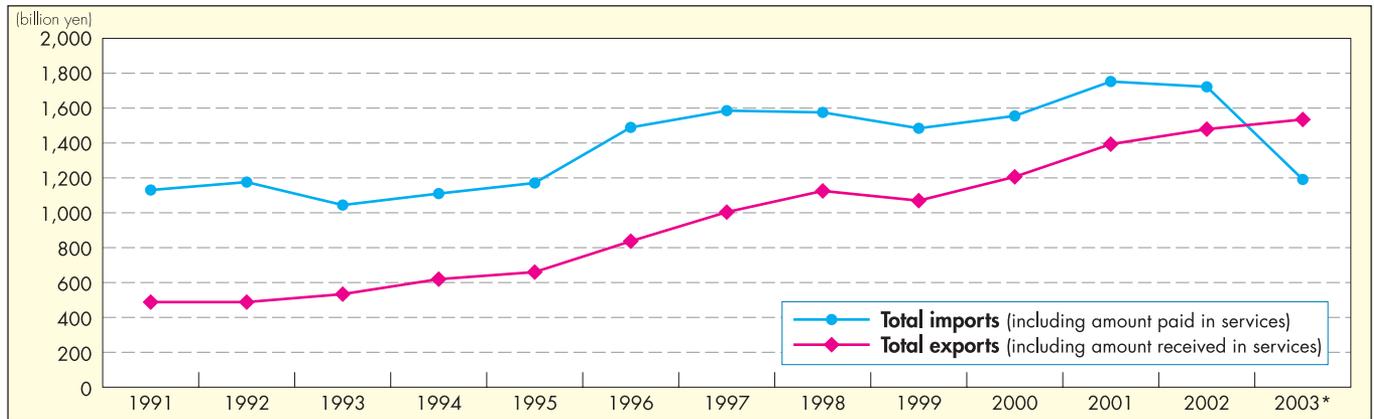
A breakdown of culture-related items reveals that “royalties and license fees” gained the greatest share of exports, ¥1.3 trillion, growing 3.4 times larger over these 10 years. Exports of “photographic plates and film” increased 12-fold to ¥37.2 billion, while “personal, cultural and recreational services revenue” tripled to ¥39.3 billion.

Other items, however, experienced negligible growth. “Motion pictures (exposed and developed)” and “books, newspapers, pictures and other printed matter” saw increases of only 0.7-fold, “art objects, collector’s items and antiques” 1.6-fold and “records, tapes and other recorded materials” 1.5-fold. This gap in growth indicates that the focus of cultural exports is shifting away from film, art objects, books, tapes and other goods toward the sale of rights, live performances and other services.

Did Japanese cultural exports follow the same trend in 2003? The answer to this question must be found in an analysis of estimates based on the actual figures available for 2003, those for the period between January and September. Based on these figures, total culture-related exports for 2003 are projected at ¥1,528 billion, a 2.9-fold increase over the ten-year period since 1993 and a 3.7% increase over the previous year.

Conversely, culture-related imports are expected to total ¥1,196 billion, a 30.6% decrease over the previous year and a mere 14% increase over the past decade. Payments for royalties and

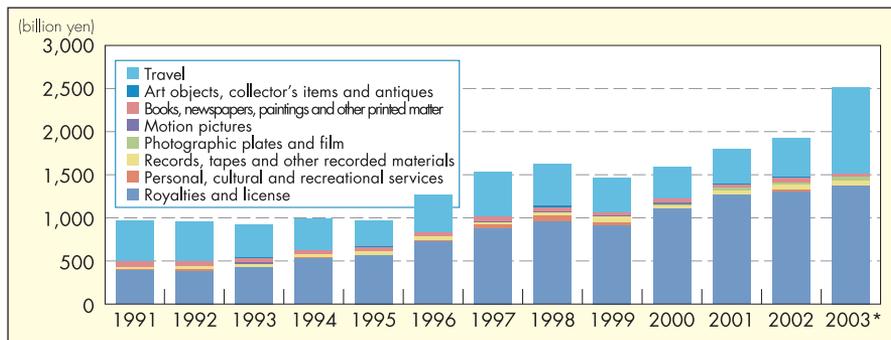
Figure 1 Reversal of Import-Export Balance for Culture-Related Items



Note: The culture-related items illustrated in this table represent the sum total for royalties and license fees; personal, cultural and recreational services; records, tapes and other recorded materials; photographic plates and films; motion pictures; books, newspapers, paintings and other printed matter; and works of art, collector's items and antiques. (Travel industry figures are not included.)

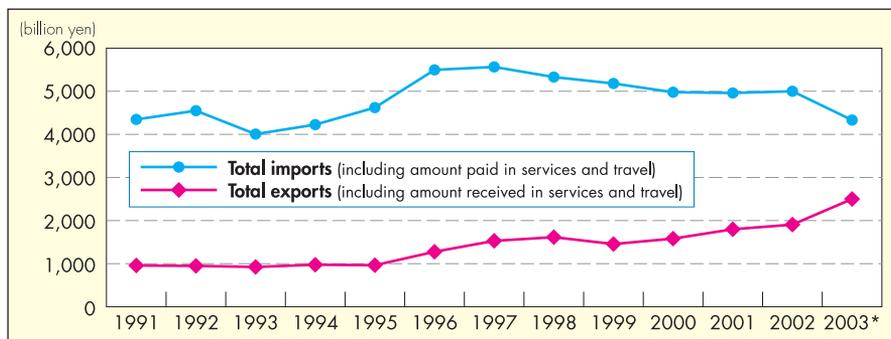
Source: Compiled from monthly reports on Japanese imports and exports and international trade balance statistics. Data for 2003 are estimates based on actual January to September figures.

Figure 2 Expanding Japanese Cultural Exports



Source: Compiled from monthly reports on Japanese imports and exports and international trade balance statistics. Data for 2003 are estimates based on actual January to September figures.

Figure 3 Contracting Culture-Related Trade Balance



Note: The culture-related items illustrated in this table represent the sum total for royalties and license fees; personal, cultural and recreational services; records, tapes and other recorded materials; photographic plates and film; motion pictures; books, newspapers, paintings and other printed matter; art objects, collector's items and antiques; and travel.

Source: Compiled from monthly reports on Japanese imports and exports and international trade balance statistics. Data for 2003 are estimates based on actual January to September figures.

license fees toward the end of 2003 would have increased, and though actual trade figures could exceed estimates on either side, it is highly likely that exports will finally outstrip imports in 2003. (Fig. 1)

It should also be noted that travel industry revenue, a barometer of the popularity of Japan overseas, rose significantly in 2003. Though travel industry figures are not included in the culture-related export numbers cited above, travel during the January-September term grew 2.5-fold over the same term of the previous year. The total for culture-related exports in 2003, including travel, is estimated at ¥2,511 billion, a figure that is rapidly approaching the total of ¥4,349 billion for imports in the same sector. (Figs. 2 and 3)

What remains when travel is removed from the discussion of culture-related items is what we refer to as creative intellectual property. With Japanese companies losing their competitive edge in conventional price wars as China and other market players emerge, industries dealing in "creative intellectual property" constitute an area of potential future growth for the Japanese economy. Japanese companies will therefore have no choice but to enhance their

competitiveness by offering even greater product quality and focusing on patents, copyrights and other high value-added “cultural influences.”

### Profit Rates Strong for Industries with Strong Cultural Orientation

For this analysis, I hypothesize that “there is a correlation between the degree of cultural orientation at a corporation and its ordinary profit rates with a tendency for ordinary profit rates to rise in proportion to the degree of culture orientation.” To test this hypothesis, the “cultural influence” of each individual corporation and industry must be quantitatively measured.

In terms of measurements, expense items in such areas as research and development (R&D), advertising and marketing, entertainment, conferences and meetings, periodicals and newspapers, and supporting of arts are seemingly relevant from the perspective of stimulating culture industry demand. R&D expenditures, for example, enhance a company’s presence in the creative intellectual market, while advertising and marketing expenditures focus on expanding broadcasting, publishing, film and music activities. Expenditures for supporting arts provide direct support for cultural businesses.

In consideration of access to statistics, analysis focused on three expense items for each industry taken from Bank of Japan statistics – “experimental research expenditures,” “advertising and marketing expenditures” and “intangible fixed assets” as part of corporate asset reserves. The combined totals for these three categories were then divided by total sales to calculate a provisional “degree of cultural orientation.” Under this formula, “intangible fixed assets” indicate know-how and other expertise purchased or developed by a company, and include operating licenses, patent rights, leaseholds, trademark rights, utility model patents, design rights, mining concessions and fishing rights.

Table 1 lists the results of these calcu-

Table 1 Degree of Cultural Orientation at Japanese Corporations (average for FY1991-1995)

	Cultural orientation	Ordinary profit rate
<b>Industry Total</b>	<b>2.3 %</b>	<b>2.2 %</b>
<b>Manufacturing Industries</b>	<b>3.4 %</b>	<b>3.1 %</b>
Foods	3.6 %	3.3 %
Beer and alcohol	4.8 %	3.5 %
Textiles	4.1 %	3.0 %
Chemical products	7.1 %	5.8 %
Resin products, cleansers, and cosmetics	10.5 %	6.0 %
Pharmaceuticals	14.3 %	14.1 %
Oil refining	0.4 %	2.1 %
Rubber products	1.6 %	6.0 %
Ceramics and pottery	3.6 %	3.5 %
Steel products	1.6 %	1.3 %
Non-steel metallic products	2.2 %	2.1 %
Metallic products	1.4 %	6.3 %
General machinery	4.4 %	3.0 %
Office and home equipment	10.7 %	4.5 %
Electrical machinery	5.7 %	2.6 %
Communication and electronic devices	9.9 %	2.2 %
Transport machinery	1.3 %	2.5 %
Automobiles	1.3 %	2.1 %
Precision machinery	6.3 %	2.3 %
<b>Non-manufacturing industries</b>	<b>1.6 %</b>	<b>1.6 %</b>
Wholesalers and retailers	0.4 %	0.6 %
Wholesalers	0.1 %	0.4 %
General trading companies	0.1 %	0.3 %
Retailers	2.5 %	2.5 %
Department stores	3.1 %	1.5 %
Self-service stores	1.9 %	2.1 %
Total for construction and real estate	1.4 %	3.7 %
Construction	0.6 %	3.8 %
Real estate	5.9 %	2.7 %
Telecommunications	10.5 %	4.5 %
Electricity and gas	8.0 %	5.0 %
Service industries	1.6 %	4.5 %
Movies and entertainment	5.1 %	6.8 %

Source: *Management Analysis of Major Corporations*, Research and Statistics Department, Bank of Japan. Analysis averages 651 corporations (377 in manufacturing industries and 274 in non-manufacturing industries) that include leading listed and unlisted corporations with minimum capital of ¥1 billion.

lations. The figures provided cover the period from fiscal 1991 through fiscal 1995.

Under this formula, “pharmaceuticals,” at 14.3%, is the manufacturing sector with the highest cultural orientation, followed by “resin products,

cleansers and cosmetics;” “office and home equipment;” and “communications and electronic devices;” all of which hover around 10%, and finally “precision machinery” at 6.3%. In non-manufacturing industry, the most culturally oriented sector is “telecommunications”

at 10.5%, followed by “electricity and gas,” “real estate” and “movies and entertainment,” each of which scores 5% or higher. Manufacturing industry as a whole scores 2.3%, while the non-manufacturing sectors shows a 1.6% degree of cultural orientation.

Interestingly, all of the industrial sectors with high “cultural orientation” scores, as illustrated in the table, also posted high level of ordinary profit. “Pharmaceuticals,” the sector with the highest cultural orientation score, posted a 14.1% ordinary profit rate, followed by “movies and entertainment,” “resin products, cleanser and cosmetics,” “electricity and gas” and “telecommunications,” all with profit rates of 5% or higher.

The cosmetics industry is a prime example. The majority of the containers in which cosmetics are sold are extremely beautiful objects in themselves, and in some cases, I understand, foreign companies such as the French firm Raison Pure are commissioned to design containers for Japanese cosmetics. Investing in designers in this way creates high value-added products, the cumulative result of which is brand power.

Brand power is not the sole result of a product in itself. The highly artistic and internationally acclaimed posters for Shiseido Co. designed by Nakamura Makoto, for example, are a perfect example of this type of investment. The recognition these posters enjoy also contributes to Shiseido’s brand recognition and brand power in foreign markets.

Hermès, Louis Vuitton, Cartier and Prada have all opened new stores in downtown Tokyo. Despite their high prices, these traditional French high-end luxury goods are selling well.

With access to culture a constitutionally guaranteed right for all its citizens, the French government has developed a sophisticated national policy on culture. This national disposition is also reflected in the high rates of export for the country’s most culturally influential, value-added products.

The combined revenue of the 67

member companies of Comité Colbert, an association of companies that deal in high-end brands, totals 70 billion francs (approximately ¥1.4 trillion), 77% of which is derived from exports. High-end brands account for approximately 3% of overall French exports, a ratio equivalent to that of iron and steel or video equipment among Japanese exports.

As one of the country’s leading exports, wine must also be considered a French brand. Though wine is more globally recognized, France’s food industry as a whole has recently shifted toward a stronger brand orientation.

Today Japan’s agricultural products face the same stiff competition as other industries do from low-priced products from abroad. If, however, the apples, cherries, peaches, *nashi* (apple pears), mandarin oranges, *Koshihikari* rice and many other agricultural products and foods for which districts across Japan are known were to gain the prestige of brand power, these products may find their own market niche without the need to compete for the same customers as low-priced agricultural products from abroad. The protection of local labels on products other than wine and distilled liquor has even come up for discussion in the new round of World Trade Organization talks. If Japanese industries were to position products to enjoy the cultural value of “brand power,” Japanese goods would be able to co-prosper with low-priced, mass-produced items from overseas. They would do it in the same way that expensive Burberry coats have found their niche with Japanese who also own low-priced Uniqlo fleece jackets and wear both brands depending on the occasion, or in the same way that a Cartier fountain pen is owned by someone who also uses ballpoint pens from a discount shop.

### ■ The Value of “Soft Power”

There is, however, another aspect of culture – the “soft power” proposed more than 10 years ago by Harvard

University’s Joseph S Nye, Jr. “Soft power” is the ability to influence lifestyles by touching the hearts and minds of ordinary people around the world. It can be said that the post-World War II international society is one in which the United States leads in the arena of soft power, as well. A large number of people across the globe wants to drink Coca-Cola, wear jeans and watch Hollywood movies. The value of this type of influence is more than just economic.

With Japan’s cultural influence on the rise, more and more people throughout the world are taking up the study of Japan and the Japanese language. In 1991, the Japan Foundation received 58,000 applications for its annual Japanese Language Proficiency Test, a figure that had increased 500% to 286,000 by 2002, over a period of just 11 years. The number of people studying the Japanese language, including those taking correspondence courses, is also expected to grow ten-fold to three million. Many of these three million, we can be certain, gained their interest in the Japanese language by watching Japanese anime when they were children.

The same ten-year period during which Japan has struggled with economic stagnation has also been a decade of increasing worldwide recognition of Japanese culture. Japan has taken its first steps along the path to becoming a “culturally-based nation.” With the growth in exports from Japan of high value-added products and services that reflect its unique culture, people around the world will continue to gain greater insight into the appeal of Japanese culture. ■

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