

# The Most Demanding Japanese Consumers and Their Implications

By *Hatakeyama Noboru*

**M**ORE than 10 years ago when I was the Vice Minister for International Affairs at the Ministry of International Trade and Industry (MITI), now the Ministry of Economy, Trade and Industry (METI), Jack Welch, the then President and CEO of General Electric Company (GE) kindly visited my office. He said something like as follows. "The Japanese market is not closed but it is a bit different from the others in that Japanese customers are quite demanding. Our company has two of the most demanding Japanese customers, Japan Air Lines (JAL) and Tokyo Electric Power Company (TEPCO). But by responding to the demanding from those customers, we have found out our company has become a market leader."

Those most demanding customers of Japan may have also nurtured Japanese competitive manufacturers. This is said to be one of the reasons why Japan has a big trade surplus every year. In the case of the service sectors, including finance, security and transportation, Japanese suppliers could not become competitive because the customers for those services were not able to be demanding due to the severe restrictions imposed upon the types and kinds of services to be supplied. In the agricultural sector as well, consumer voices could not play a big role in improving its competitiveness because very few options were available due to the severe restrictions on imports of many agricultural goods. Of course even in the case of manufacturing, the competitiveness of Japanese car industries and digital home appliance industries might not have been derived from demanding Japanese customers in the first place. They have become competitive through exposing their products to international competition. Therefore, we have to recognize that the demanding Japanese customers have not necessarily been the whole reason for the international competitiveness enjoyed by Japanese manufacturers. However the demanding customers of Japan have played a big role in strengthening the economy, especially the parts and components industries.

The question then arises as to why Japanese customers are demanding.

Answering to this question, there is an interesting hypothesis as follows. There were four classes in the feudal society of Japan; the warrior (samurai) class was ranked as the highest followed by the classes of farmers, manufacturers and merchants in that order. The warrior class was the pure consumer and constituted a big market for the merchant class that was ranked as the lowest. Because of the difference of social ranking and purchasing power of the warrior class, the merchant class had become accustomed to the patronizing attitudes and demanding requests from the warrior class. Thus in Japan, merchants became very modest and customers were arrogant and demanding. According to the hypothesis, this is the historical origin of the demanding Japanese customers.

This hypothesis also explains the differences between consumers in the United States and those of Japan. The United States did not have a feudal period. There was no discrimination between consumers and merchants, especially in their social ranking. As long as a transaction had been completed in the United States, the merchant who succeeded in selling a product must have been happy, but the consumers who bought the product were thought to be happy as well because they could acquire what they had wanted. The concept of "contract" was everything over there. In this type of society, consumers might refrain from being too demanding.

This hypothesis might also be able to explain one of the reasons for the continuous trade surplus Japan has vis-a-vis the United States. The U.S. exporters have difficulties in selling their products to the demanding Japanese customers, while it is very easy for Japanese exporters to sell to the not so demanding U.S. customers. On the other hand Japanese customers may not be too comfortable to deal with the not so modest U.S. suppliers, while the U.S. customers might be enjoying the modesty of Japanese exporters.

However this hypothesis may not adequately explain the European situation. Europe also had a feudal period. There were many pure consumers including royal

families and warriors and the aristocracy in the European society and market. If the same logic as Japan were true, those European pure consumers must have become very demanding as well. But it seems that this was not the case.

Then, what made the differences between Japanese and European customers? What would be the real reason why Japanese consumers are so demanding? Are they really more demanding than the consumers of other countries? I will have to study more. **JS**

## COMING UP

"Visit Japan" is a national plan to double the number of foreign tourists by 2010. Japan has a great deal to offer the international visitor. Hot spring resorts are becoming increasingly popular with visitors, mainly from other Asian countries, who are interested in the health benefits. Major cities like Tokyo also have their special attractions. The next issue of *JAPAN SPOTLIGHT* will look at tourism in Japan and the development potential of the country's tourism-related businesses.

## TO READERS

We welcome letters of opinion or comment from our readers. Please include writer's full name and address, and send your letters to the Editor.

**Japan Economic Foundation,  
11th Floor, Jiji Press Building,  
5-15-8 Ginza, Chuo-ku,  
Tokyo 104-0061 Japan**

**Fax: +81-3-5565-4828**

**E-mail: [japanspotlight@jef.or.jp](mailto:japanspotlight@jef.or.jp)**

Letters may be edited for reasons of space or clarity. The editor has no obligation to acknowledge receipt of a letter or give a reason for not publishing it. No inquiries by telephone concerning letters will be accepted.