MARKETING BLUNDERS BY AMERICAN FIRMS IN JAPAN

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ABSTRACT

This paper deals with the marketing failures of prominent American firms in Japan. It is based on actual blunders committed by these companies in the 1960s, 70s, and 80s. The study objective is to examine marketing mistakes abroad to see what can be learned, in the hope that internationalizing firms can avoid problems that have plagued others in the past. Japan was chosen for study because its culture and business infrastructure are different in the extreme from those of the United States, thereby providing numerous salient examples.

As the U.S. market for cake mixes began to mature in the early 1960s, General Mills, the originator of Betty Crocker brand cakes, turned its attention to Japan. When it came to baking cakes in the traditional Western way, however, there was one major technical problem to overcome: the vast majority of Japanese households had no oven. Eventually, General Mills hit upon the one appliance found in virtually every Japanese kitchen — the electric rice cooker — and soon developed a cake mix which could be prepared accordingly. However, after launch, it soon became apparent that the new product was not getting repeat sales. Subsequent research revealed two major problems. First, in Japan, rice is often eaten at every meal and hence, the housewife will usually make enough at one time to last through at least three meals. Thus, as leftover rice is habitually stored in the cooker, use of the device to bake cakes proved inconvenient. Second, rice is the staple in Japan and is also considered a sacred food, possessing numerous symbolic qualities and traditions which date back thousands of years. Newly cooked rice reflects the core of Japanese civilization itself: pure and unadulterated by things foreign. Problems arose when, following cake preparation, a chocolate or vanilla aftertaste was left in the sacrosanct cooker. As a result, Japanese housewives abandoned the product *en masse*. In short, the notion of Japanese making cakes in their rice cookers proved to be the equivalent of English making coffee in their teapots — it simply isn't done. Subsequently, General Mills realized its error and withdrew the product from the Japanese market (Fields 1983; Fortune 1981).

Historically, the first Ford automobile was imported into Japan in 1905, only two years after Henry Ford started his first factory in Detroit. By 1924, Ford's local subsidiary was importing ten times more vehicles than Japan's total domestic production. By the late 1920s, both Ford and General Motors were assembling vehicles there from parts imported from the USA and, in 1929, the two firms built more than 29,000 cars, far outpacing local firms. Chrysler entered the market in the same year and was soon doing brisk business itself. In 1937, the Japanese began restricting American companies and, with war approaching, the Big Three were forced to shut down two years later. Following World War II, the Japanese government erected a wall of tariff and non-tariff barriers which greatly hindered U.S. companies' attempts to enter the local market (Ribeiro 1990). When viewed from a historical perspective, many of Detroit's problems are clearly traceable to protectionist foot-dragging by the Japanese government and to idiosyncrasies of Japan's culture and business infrastructure. However, other obstacles were just as surely made in Detroit, the result of inadequate research and marketing efforts by the auto-makers. The most striking indicator of this is the Big Three's failure, until 1993, to regularly supply vehicles with right-hand drive steering in spite of the fact that the Japanese have always driven on the left. This is a classic case of firms failing to adapt a product, in a very fundamental way, to the needs of the market. Moreover, the large-bodied cars that most Americans favor do not fit in the average Japanese garage and they are simply too big to be conveniently navigated over many domestic roads. Yet these are the cars that the Big Three have traditionally pushed in Japan. Clearly, Detroit has not been strongly sensitive to the needs of the Japanese market. Other firms to be examined in this research are Avon Cosmetics, Simmons Mattress, and Proctor & Gamble. Case studies will provide a basis for understanding how international marketing blunders occur and what firms can do to avoid them. Lessons, having fundamental applicability to any firm venturing abroad, will be extracted and analyzed.