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INTERNATIONAL COMPARISON OF CONSUMER BEHAVIOUR OF YOUNG GENERATION IN TAIWAN AND JAPAN

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Abstract

The experience of the economy theory used in the article measures the influence of the economy and social effects on consumer behaviour. Since a large number of comparative studies of generations in Japan already exist, in this research the verification of findings was undertaken by comparing the consumer behavior of youth in a foreign country. This research provides comparative analysis of consumer behavior of Japanese and Taiwanese youth. Dining out and home meal replacement which all the youth consume daily in common are chosen as an object to compare. In addition, the SIPS purchase process model is used in this research. It is a model of the evolution of social networking on the Internet. Opinion polling amongst Taiwanese and Japanese students was the main tool of the experiment. The results of the research include: 1. the items in question on two or more explanatory variables were first collected in the principal component analysis; 2. the correlation analysis of each principal component and the objective variable was performed; 3. as a result of the verification, the SPSS of the International Business Machines was used in a statistical procedure, making each peculiar trait clearer by the experience economy theory or the SIPS theory. The information which contributes to product development SIPS and the promotional strategy of a consumption-goods company is the implication of this research. In this research, the objective is to clarify empirically the difference in consumer behaviour between the youth of Japan and the youth of Taiwan.

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Keywords: Consumer behaviour, international comparison, young generation.



1. Introduction

The new technological and economic paradigm of the information age has brought about new structures and processes in business and market (Alcacer, Cantwell, & Piscitello, 2016). This research provides an empirical international comparison of the consumer behaviour of the young generation regarding dining out and home meal replacement in Taiwan and Japan.

Nowadays, the youth of Japan are reported to have stopped consuming much mass communication, etc. It seems that there is, for example, decreasing incentive for young people to buy goods like motorcars, which are a luxury and not a necessity at least in the city. The automobile makers of Japan are increasingly concerned that this movement away from cars will lead to a lowering of purchasing power among the young in the future. Each maker is developing various promotion activities, in order to slow down this downturn in car consumer spending. As a factor of transition in young people's consumer behavior, the influence of various social effects, a reference group's trait, etc. can be considered.

According to Kotler (2001), the factors of marketing activities, the external stimulus, the buyer trait, and the decision-making process are a model of buying behaviour. Marketing activities are a product, price, place, promotional strategy, etc., which a company performs (Kotler, 2001). Other external stimuli are macro environments, such as an economic situation, technological progress, political stability, and culture. A buyer's trait is constituted of micro environments, such as a cultural factor, social effect, individual factor, and psychological factor. A cultural factor and social effect are dependent on the trait of the reference group to whom individuals belong (Mikhailova & Kokodey, 2018). For example, they belong to a social stratum, a workplace, membership of a professional institution, a family, etc. A subculture called the Akiba party (*otaku*) among the youth of Japan may also be one of these. An individual factor consists of age, revenue, life stages (a student, employment, marriage, childbirth), etc. It is argued that the generation to which consumers belong has a close relationship with consumption propensity in response to the influence of the abovementioned sociocultural factor. In addition, psychological factors are purchase motive and motive hierarchy (Maslow, 1943). These are perceived as risk, degree of involvement, etc.

2. Problem Statement

Considering the trait as a generation of today's Japanese students, a long-time tardy-growth-economy, the so-called "20 lost years (or 30 years)", has been experienced. The Japanese economy experienced economic growth or large-scale monetary relaxation in the 1980s. Subsequently, the business climate retreated sharply in the 1990s, and the long slump continues. Ordinary workers cannot gain promotion easily and they find it difficult to increase their income. For many people, the reimbursement of the large debt borrowed during the high-growth period has become a heavy burden. The prospect of permanent employment in conventional Japanese management has disappeared and lay-offs have increased. Many people who gained promotion by chance came to think that their responsibility is too heavy compared with the little reward. Students in Japan today have grown up without experiencing a good economy. They have continued to see the generation of their parents suffering from the downsizing of companies, large loan repayments, etc. Furthermore, the nation has a huge cumulative fiscal deficit which cannot be repaid absolutely. Shrinkage in the quantity of stipend receipt in future and the limitations of social security public

finance are predicted as a result of the shrinkage of the working population due to low birthrate and longevity. This generation of university students in Japan may have a defensive attitude about the economy. It is believed that their consumption behaviour is greatly influenced by such social and cultural factors.

In this research, an empirical study of the trait of consumer behaviour of the youth of Japan was conducted. Since a large number of comparative studies of generations in Japan already exist, in this research, the verification of findings was undertaken by comparing the consumer behaviour of youth in a foreign country. In this case, Taiwan was the comparative object. Although the economy of Taiwan has recently slowed down, it has accomplished great growth over 10 years or more. Science and technology policies including a Hsinchu science park and a venture-oriented education have been successful, meaning that the country is internationally competitive especially in the IT sector. There are also many Taiwanese entrepreneurs who play an active part internationally; for example, many are active in Silicon Valley. As a developed country in Asia, the Taiwan economy is rich and there is demand for high-class goods.

In this research, the experience economy theory is used. This measures the influence of the economy and social effects on consumer behaviour. An experience economy theory is relevant for analyzing consumption propensity in an economically rich society. In addition, although various models exist in the theory of the consumer purchase process, the SIPS model was used in this research. An SIPS model is suitable for explaining present-day youth consumer behaviour.

In particular, it is a model of the evolution of social networking on the Internet. As a method of research, a questionnaire of students in Taiwan and Japan was conducted. In Taiwan, the Taipei area, considered to be the most economically prosperous, was selected. The Osaka area was selected in Japan as representative of the fluctuations in past economic growth and subsequent economic deceleration.

3. Research Questions

3.1. Experience economy

Pine and Gilmore (2001) question the technical progress and intensification of a competitive environment as the context in which customers experience value. In addition, experience value is now demanded by individuals. Essentially, a customer's view of value has evolved from commodity to product, from product to service, and from service to experience. The stage of experience has aspects that are very different from those of other stages, and larger economic value emerges from the experience economy.

a) Commodities: A commodity is defined as something that is produced by the natural world and is substitutable. The price is determined only based upon the balance of supply and demand in the market. Since all the suppliers must offer the same price, the price is fixed by the invisible hand of God.

b) Products: Because produce can be used in a particular way, the price can be higher than that of commodities. As the specifications of produce can be standardized, large companies can dominate through economies of scale.

c) Services: A service is something that individuals wish others to carry out. It is an individually-offered, formless activity that is customized to fit a personal, concrete demand. The customer generally appreciates the service itself more than the product used to provide the service, since the product is only

the means of providing the service. Therefore, most products face the possibility of being commoditized today.

Products easily become commodities in the service economy if they are not seen as differentiated in the eyes of consumers. Products are constantly discounted. The more products are commoditized, the more consumers decide to purchase based on price and affordability alone; this is a vicious circle (Balynin, Mikhaylova, & Nizhneva, 2018). Therefore, producers try to associate products with services in order to escape from the trap of commoditization. In doing so, producers can satisfy consumer needs. Also, producers notice that consumers appreciate services more than products, and are thus sometimes happy to charge for the service itself separately.

However, a service can also easily fall into the trap of commoditization. Commoditization is an action that strips a good or service of differentiating characteristics. The Internet is powerful enough to commoditize both products and services. For instance, in knowledge services, a licensed tax accountant even faces the same situation confronted by software programs that can offer the same service. As a result, the new economic value of experience has come to the forefront instead of the service economy. It is already insufficient to be competitive based only on products and services.

d) Experience: A commodity is substitutable, a product is tangible, and a service is immaterial. Experience incorporates the aspect of staying power, in the sense that it remains in one's memory. The person who values experience finds value in a certain moment and an event that a company offers. Nowadays, people want to spend money rather to have experience more than to procure services.

Experience value creation. Companies offer an experience that remains in consumers' minds, instead of offering products and/or services themselves. Conventional economic value is controlled by companies more easily than is the economic value of experience. Experience is born in a person's mind; it is impossible for two separate people to have the same experience, as the experience is affected by individual feelings and the interaction process throughout the event (Garland, 2002).

The value of a product or service is eliminated as soon as it is consumed, but the value of experience remains, because of the function of personal memory. An experience has no form, but people appreciate experience today because its value resides in the individual for a long time. If the nature of experience is mastered, the minds and wallets of consumers can be accessed. The reason it is more costly to purchase an experience is that its economic value is higher than that of products or services. Many successful companies have products and services in experiences and differentiate them today.

e) 4Es model: The customer experience is categorized into four realms of experience. The 4Es model of experience consists of Entertainment (passive or absorption), Education (active or absorption), Esthetics (passive or immersion), and Escapism (active or immersion), which will create a meaningful experience. This model is explained on two levels: 1. Customer involvement (either passive or active); 2. Customer engagement.

Entertainment is a passive or absorption aspect of experience, where the customer enjoys the experience of watching others and, at the same time, their minds are engaged with the event. This kind of experience means that customers are associated with a performer or an event, which makes them simply enjoy it by themselves. For example, concerts, movies, and events provide traditional perceptions of experiences.

The second field of experience is Education, which means increasing customer skills from active participation in the experience; the guest's or customer's mind is actively engaged. This is active absorption, but what information or activities will help the customer in the exploration of knowledge? And what do we want them to learn from the experience? The purpose of this experience is to learn something new. Attending ski school is one example of this type of experience.

The Escapist experience is an active immersion aspect, which involves a higher level of customer engagement and active participation in real environments. To increase escapist experience the service provider must know how to make customers active participants in the experiences. Amusement parks, gambling, and extreme sports are the best examples of escapist experiences. Esthetics is the passive or immersion aspect of experience, whereby a customer enjoys the event without putting in much effort. The purpose is just to be there, being able to use the senses and take in the experience. A visit to an art museum is one example of esthetics experience.

In the four realms of experience, entertainment is about sensing, education is about learning, escapism is about doing, and esthetics is about just being there. By taking into account all four realms of experience, it should be possible to offer to a customer a good, appealing, and engaging product, which makes meaningful experience.

3.2. SIPS

SIPS, the contemporary model of consumer behavior proposed by Dentsu, is an acronym of the words Sympathize, Identify, Participate, and Share and Spread. Various precedence researches exist in the model of consumer behavior, and AIDMA (Attention, Interest, Desire, Memory, and Action) is prominent in Japan (Dentsu, 2016). SIPS is a view of the behavioral model of consumers with deep involvement in social media (Pine & Gilmore, 2001).

For several years, social media and social networking services have grown globally. In particular, utilization of social media in the mobile environment has extended as a result of the diffusion of smart phones. Furthermore, in Japan, social media continues to grow in popularity and the method of communication is significantly changing. In the SIPS model, there are advertisement changes in the direction which considers Sympathy (Empathy) as important. Rather than "Sympathy", it may be more suitable to use "Empathy" in English. Dentsu (2016) uses Sympathy, which is more familiar to Japanese people. In addition, this word is used in order to convey dynamic nuance.

The objective of mass marketing is to sell to as many people as possible. The mass media is the most efficient for this aim. In the mass media, it is important to draw attention. Advertisement can capture consumers' attention by being conspicuous. In mass marketing, attention is important to interest many people and to promote a purchase. However, in social marketing, attention is not important to begin with. On social media, the one-sided recommendation from a company has almost no value. It is because the objective recommendation of a companion and an acquaintance is trusted overwhelmingly. Consumers may feel antipathy toward a one-sided recommendation from a company. Then, Sympathy (Empathy) becomes a key point (Minghui, 2015).

In the case of a company, the corporate image formed by usual enterprise activity, philanthropy, promotion, etc. may be important. Sympathy (Empathy) toward a goods brand is important, and for the

individual who is spreading the information it is also significant (Glock, 2017; Rassuli & Harrell, 1990). The reliability of the person who is conveying the information, whether a companion, an acquaintance, an expert, a celebrity, etc., has a major impact. In order for consumers to receive the information from a company and a brand, Sympathy (Empathy) must be in social media. The recommendation by consumers who have deep Sympathy (Empathy) for a company or a brand spreads easily among companions and acquaintances. In addition, it is viewed that buying behaviour means to participate in the activity of a company and to spread the transition of an information diffusion.

4. Purpose of the Study

In this research, the objective is to clarify empirically the difference in consumer behaviour between the youth of Japan and the youth of Taiwan. Dining out and home meal replacement, which all the youth consume daily, were chosen as a comparative object. Since many did not own high-class durable consumer goods, such as a motorcar, they were not chosen as objects. In addition, since fashion, cosmetics, etc. had large individual difference in terms of the degree of involvement (adherence), they were not chosen as objects. Home meal replacement is a style of cooking; buying cooked dish and eating it at home. Since cooking is possible at home, dining out and home meal replacement are not a necessity. In addition, since there are various choices, as an object of analysis, the difference in preference appears easy. In addition, it is also an object comparatively taken up through word-of-mouth communication on the Internet, etc.

According to precedence research, when an economy grows, life is enriched, the supply capability of goods comes to exceed demand, and the value of goods decreases (Abdeen & Haight, 2002). Consumers come to observe the convenience of the accompanying service and the value of the experience when using goods or services rather than the value acquired from the fundamental attribution of the actual goods. In other words, in a goods selection, the abundance of life and the importance of an experience value are related closely.

Japan and Taiwan are developed countries in Asia, and the fundamental standard of living has been attained. Therefore, it can be assumed that a significant part of consumer goods selection behaviour can be explained according to precedence research on an experience value. However, the consumer behaviour of youth in Japan may not be rich consumer behaviour by the attribution group's economic and social effect as mentioned above. Furthermore, the youth of Taiwan may have grown up in a society which achieved economic growth rapidly and viewed many success models as familiar. Therefore, the youth of Taiwan may require the consumption of high quality goods and consider the experience value as more important in consumer behaviour.

In addition, the night market in Taiwan, which includes an eating house, a variety store, etc. is very characteristic of dining out and home meal replacement. A night market not only has the big draw as an everyday shopping place for people, but it is also attractive to both domestic and foreign tourists. According to Jiang, a night market utilizes media effectively, and gives a special significance to goods; more than the independent promotion of each store, it achieves the group effect of accumulation (Rui, 2012). The store group of a night market is varied; a store which has been familiar for a long time, a novel store and goods. Since there is much competition in a night market and stores change, the visitor can experience a fresh emotion every time he or she visits a store. For the consumers and tourists of Taiwan, the value of a night

market is not merely the procurement of goods. It also creates various experiences. Therefore, the following hypotheses are formulated:

H1. An experience economy theory hardly suits consumer behaviour as regards dining out and home meal replacement among youth in Japan.

H2. An experience economy theory suits well consumer behaviour as regards dining out and home meal replacement among youth in Taiwan.

Moreover, the youth of Japan and the youth of Taiwan are considered to use similarly social networking on the Internet in the purchase process. The difference in terms of the purchase process may not be significant. Therefore, the following hypothesis is drawn:

H3. An SIPS theory suits well the purchase process as regards dining out and home meal replacement among youth in Japan and Taiwan.

5. Research Methods

5.1. The verification method

As a verification method, a questionnaire of university students in Taiwan and Japan was conducted. The question items were based on the hypotheses. As an objective variable, a question was based on the selection of the place of dining out and home meal replacement. Additionally, in relation to the experience economy theory and the SIPS theory, one question was an explanatory variable. All question items were answered on a five-point Likert Scale. The students of Taipei in Taiwan and Osaka in Japan were the participants in this questionnaire as mentioned. The survey period was November, 2014, and, in total, 100 (Japan 50, Taiwan 50) effective responses were obtained.

As regards the responses of the questionnaire, the question item on two or more explanatory variables was first collected by principal component analysis. Next, the correlation analysis of each principal component and the objective variable was performed. The statistical procedure used SPSS of International Business Machines (ver. 22).

5.2. Principal component analysis

First, after carrying out an assessment of reliability, and a removal of the ceiling and floor effect, principal component analysis was performed along with the hypotheses.

As a result, three principal components were extracted concerning Product: taste and a menu, cosmetics or health, and appearance. Two principal components were extracted about Service: the convenience of a location and the convenience of store hours. One principal component was extracted about Entertainment experience, and this mainly concerns a shop assistant's reception. One principal component was extracted about Education experience, and this mainly concerns knowledge about a dish, etc. Two principal components were extracted about Esthetics experience: the exterior of a store and the coolness of an eating-and-drinking style. Two principal components were extracted about Escapism experience: the exchange with an acquaintance and comfort and relaxation. Two principal components were extracted about SIPS: Sympathy and Share and Spread.

5.3. Correlation analysis

Next, the correlation analysis of place of dining out or home meal replacement and each of the above-mentioned principal components was conducted. The result of the correlation analysis is shown in Fig. 1 and Fig. 2, respectively. (However, ** in the figure is 1% of a significant probability, and * is 5% of a significant probability).

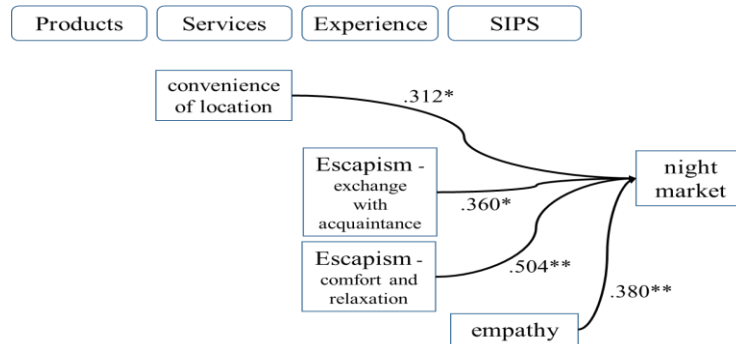


Figure 01. The result of the correlation analysis of youth in Taiwan

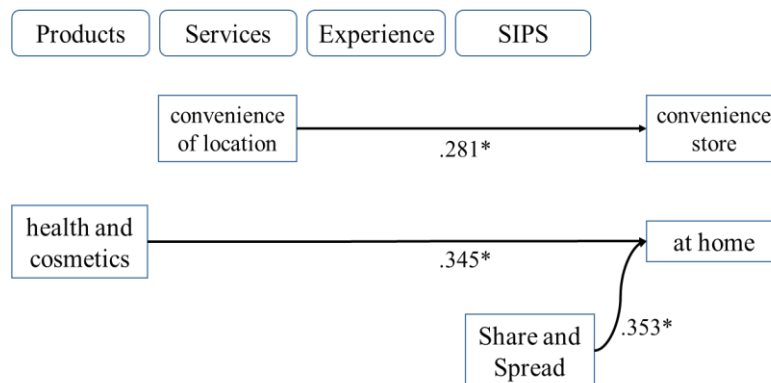


Figure 02. The result of the correlation analysis of youth in Japan

6. Findings

First, consumer behavior in terms of dining out and home meal replacement of youth in Taiwan is considered. It was found that the experience economy theory is suitable for assessing the consumer behavior of youth in Taiwan. Escapism experience in experience economy is especially connected to the utilization of a night market, according to the result of the correlation analysis. In terms of service, the convenience of location is also an important factor (Usata, 2016). In addition, Sympathy on the Internet stimulates consumption. The youth of Taiwan visit frequently the night market, in order to have fun with a companion or to relax. In dining out, it is more important than the attraction of the actual goods that unusually pleasant time can be experienced. In addition, empathy for others that they may have pleasant experience dining out in a social network is assumed to have contributed strongly to the selection of a store (Tajik & Ranjbar, 2018).

Next, the consumer behavior of youth dining out and home meal replacement in Japan is considered. The experience economy theory was hardly applied. It seems that goods are chosen in a neighboring convenience store, a supermarket, etc., and eating is preferred at home rather than spending money dining out. In a selection of goods, greater importance is attached to a health and cosmetics than to appearance or a taste. Moreover, it seems that they enjoy spending personal experience on a social network on the Internet.

Dentsu (2016) considered the consumer behavior of youth in present-day Japan. For example, they are known as satori generation, a mild Yankee, etc. and the following tendencies are described. The youth of Japan do not have high expectations for the future, but they are satisfied with the status quo. In addition, a behavior range and a circle of acquaintances are quite narrow. The youth of Japan do not like to waste money but to shop cost effectively. They consider effect as important as regards food and are conscious of health and medical payment. In addition, they do not like arguing with others but want to associate only with a few people close to them. They have fun without spending money, and the social network is enjoyed by their close companions. In this respect, it seems to be difficult for a consumption-goods company to stimulate consumption among the youth of Japan. However, the goods with high cost performance may be effective. In addition, user-friendly goods, service, etc. fit for a home may be effective. The above-mentioned hypotheses 1–3 were mostly verified.

7. Conclusion

The objective of this research was to make a comparative and quantitative analysis of the difference in the consumer behaviour of youth in Japan and Taiwan. Each peculiar trait became clear using the experience economy theory or the SIPS (purchase process) theory as a result of the verification. As regards limitations of the research, the survey area is limited to two nations. The statistical procedure used SPSS of International Business Machines As a result of the verification, each peculiar trait became clear by the experience economy theory or the SIPS theory. The information which contributes to product development and the promotional strategy of a consumption-goods company is the implication of this research. In future, each trait can be clarified more through multinational comparison.

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