Localization Strategies of Japanese Food Service MNE in 8 Asian Countries and Regions: A Case study

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1. Introduction

Different from 20th century, in which Japanese MNEs established their plants in Asia in order to get cheaper labor to produce and export their products to developed countries, Japanese MNEs today regard Asian countries and regions as emerging and expanding markets and pay much attention to the local cultural factors such as languages, religions, living styles, social norms and values to define their local business strategies (Justyna Dabrowska, 2008). Under this condition, in order to survive and grow in this current dynamic and competitive global business environment, more and more Japanese food service MNEs are going out to reach for new markets in Asia and the business opportunities are growing due to the remarkable economic development of Asian countries and regions.

However, accompanying with this globalization expanding process, Japanese food service companies are also facing a lot of difficulties and challenges at the same time and how to manage and deal with these cultural differences between local markets and Japan market plays a very important role in terms of doing business in Asia. Japanese MNEs need to analyze and adapt to new markets' cultures and design appropriate localization strategies for the local markets.

2. Purpose of this research

In Asian markets, Japanese MNEs are facing cross-cultural difficulties. For example, Uniquo had failed in Indonesia & Bangladeshi markets in the very beginning when they launched casual clothing in 2013 due to the lack of knowledge about traditional Islamic lady fashion. Ajinomoto also had encountered cultural differences and have been researching and developing appropriate local taste products/food in order to be accepted by the local

markets. Thus, managing cultural difference issues has become extremely essential to Japanese MNEs' success in Asian countries and regions.

Based upon a case study of Mos Food Services Inc., this research's purpose is to analyze the cultural factors which influence Japanese food service MNE's business strategies and explore how Japanese MNEs overcome these cultural differences and succeed in Asian markets. A qualitative approach has been used in this research. Data has been gathered through direct observation and in-depth interviews (April & July,2017). To gather secondary data, this research has used journals, books, and published articles.

3. Literature Review

The discussion on standardization versus localization has been lasted for a long time. In order to reach to various global markets, MNEs take local market's economic, political, social and cultural factors into consideration. Though it is well known that if a company wants to save its cost for R & D, production and marketing, the best choice should be standardization strategy. However, each country has its own culture, economic development stage and MNEs are expected to respond to the cross-cultural issues in each market. Sometimes, a localization strategy, sometimes a balanced strategy should be applied in order to win in a competitive market.

Table1: Characteristics of Standardization and Localization Strategies

	Standardization Strategy	Localization Strategy
Characteristics	Companies operate as if the world were one great market disregarding superficial regional and national boundaries. ・Well managed companies move from customizing products to offering universally standardized products. (Levitt,1983; Cavusgil,1996) ・Standardization helps promote corporate identity and the development of global brand recognition brings distinct advantage over competitors. (Enatsu& Kuwana, 2012; Ota, 2016)	Based on understanding the specific requirement and consumer preferences of the local consumers. ・When a company reaches to overseas markets, its products and service should respond and adapt to the local market. Managers from the home country have to learn the local business customs and learn how to manage cross-cultural issues. (Adler, 1986; Ota, 2016)

As indicted in table 1, some researchers argued that companies need to learn to operate as if the world were one great market disregarding superficial regional and national boundaries. These researchers for standardization proclaimed that well managed companies had to move from customizing products to offering universally standardized products (Levitt, 1983; Cavusgil, 1996). However, on the other hand, some researchers indict that when a company reaches to overseas markets, its products and service should respond and adapt to the local markets. According to this localization approach, managers from the home country should learn the host country's business customs, languages and learn how to manage cross-cultural issues. (Adler, 1986; Ota, 2016)

4. Case Study Analysis: Mos Food Services Inc.

Mos Food Services Inc., established in 1972 as a Japanese food service company, has operated hamburger franchises and other food service businesses in Japan and in 8 Asian countries and regions. It is a 45 year-old company and has more than one thousand and three hundred employees. Mos Burger's first overseas store in Asian market was opened in Taipei, Taiwan in 1991 and has developed its international business for 27 years. So far, it has established more than three hundred stores in Asian markets.

Mos Food Services Inc. encountered cross-cultural differences and has been researching and developing local taste products/food in order to be accepted by the local Asian customers. Following the direct investment in Taiwan in 1991, Mos Food Services Inc. has been developing their markets in 8 Asian countries and regions including Singapore, Hong Kong, China, Thailand, Indonesia, Korea and Australia. In spite of Taiwan and Singapore markets, the other overseas stores were opened in 21st century. MOS BURGER stores have been growing smoothly in Taiwan market. Singapore, Hong Kong and Korea's markets are also expanding though not as speedy as Taiwan. In terms of Thailand, Indonesia, China and Australia markets, MOS BURGER's business has not been going very smoothly. Compared with the other markets, MOS BURGER has been growing in Taiwan continuously and the reason is because of its balance of standardization and localization strategies. Regarding the other markets, there are cross-cultural issues needed to be solved.

5. Findings, Implementation and Limitation

Thanks to the understanding and cooperation of Mos Food Services Inc.'s top managers, this research has got some findings. By analyzing the data collected from interviewees and case study, the influences of cultural factors in MOS BURGER's development and localization strategies have been proved. Like Mos Food Services Inc., Japanese food service MNEs are encouraged to do their best to manage cross-cultural factors in order to be competitive and successful in Asian markets.

Finally the author has to mention that this research has its limitations. Firstly, it discussed the cross-cultural impacts on Japanese MNE's localization strategies in Asian countries but has not analyzed detailed differences between Japanese culture and each Asian countries' cultures. Secondly, Mos Food Service Inc. is a medium-size MNE and the analysis has its limitation. However, its potential global development is worthy of observing and following.

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