Individual Assignment: SAMPLE

Assignment: Find an article on consumer behavior in the country assigned for your group project; write a summary of the article; attach a hard copy of the article with your write-up – limit: one page.

Instructor’s note to students:

1. Follow the format given below. Remember, however, that this is just a sample. Do not follow this sample verbatim. Tie your discussion, implications, questions should with the main topic of the article/or news.
2. Make sure to select an article/news that can be effectively used in your group project.
3. No two students in the same group will choose the same article/news. That is, each group member must work on a unique article/news.
4. You can use newspaper or academic journal or magazine or a credible website as your source of news.
5. Ask me, if you have questions.

Student Name: ________________
Mktg 680
March 09, 2006

1. **Source:** Turner, David. “Why selling to little people is no longer child's play: Japanese toy and entertainment groups are having to be ever more inventive in the face of a plunging birth rate.” Financial Times 06 June 2005: 18.

2. **Main topic of discussion:** The article discusses the marketing challenges and opportunities that have surfaced due to the decline in the Japanese birth rate.

3. **Summary:** The birth rate in Japan has decreased to 1.3 children per woman which is causing consolidation in children’s entertainment companies. Retailing is also affected in that marketing to stay-at-home mothers is changing. The negative consequences suffered by some industry segments represent opportunities for convenience outlets that serve the childless, on-the-go population. Many entertainment companies and retailers are focusing their marketing efforts on the growing older population in hopes that these grandparents will spend much of their disposable income on their shrinking grandchild population. The trend in low birth rate is expected to continue in Japan and surface in many other countries.

4. **Major Implications:** As the birth rate continues to fall and the population ages, Japanese firms must address the following issues:
   1. Understand how to develop innovative ideas with a shrinking younger workforce.
   2. Understand how to connect to a more mobile and unburdened young adult-market.
   3. Japanese firms need to conduct market research to understand how grandparents spend their income on their grandchildren.

5. **Interesting Questions / Issues:**
   1. Is it possible for these entertainment and game companies to develop games that will address health issues of an aging population? Ex. Alzheimer’s Game.
   2. For organizations that market to children, is it worth staying in this market at all?
   3. Prepare a list of US companies and products that are in a position can to capitalize on this trend. That is, they can use this trend as a marketing opportunity? Give an example.
Why selling to little people is no longer child's play: Japanese toy and entertainment groups are having to be ever more inventive in the face of a plunging birth rate, writes David Turner;

DAVID TURNER. Financial Times, London (UK): Jun 6, 2005. pg. 18

Tomy is to take over its troubled bigger rival, Takara, which reported a 2004-05 loss of Y14.7bn (Pounds 75m). In the same month Bandai, Japan's top toy maker, announced plans to merge with Namco, the game equipment maker. Meanwhile, entertainment parks are closing.

It is not simply businesses that cater directly for children that are feeling the heat. The face of retailing is changing under pressure from the falling birth rate. At department stores, which rely on the housewife wishing to buy everything for her family under one roof, sales are falling by 2 per cent a year, according to AT Kearney, the international consultancy.

the scheme depends on elderly people having at least the odd grandchild. Since even the United Nations' medium-level estimate forecasts another decline in Japan's birth rate - which has dropped below one child per woman in Tokyo - that pleasure may be denied to ever larger numbers of elderly people.

Companies in the world's second biggest economy are facing a problem that will provoke a shudder of recognition across the rich world: a frustrating lack of little people.

Japanese people are marrying late, if at all, and children are becoming a rare commodity. Earlier this month the government disclosed that the birth rate had shrunk to less than 1.3 children per woman - low even by the standards of other rich countries.

Many companies that in the past have thrived on the patronage of small customers and their parents are suffering. In recent
weeks toy and game makers have announced two merger and acquisition agreements, a sign that the sector expects more trouble.

Tomy is to take over its troubled bigger rival, Takara, which reported a 2004-05 loss of Y14.7bn (Pounds 75m). In the same month Bandai, Japan’s top toy maker, announced plans to merge with Namco, the game equipment maker. Meanwhile, entertainment parks are closing.

But it is not simply businesses that cater directly for children that are feeling the heat. The face of retailing is changing under pressure from the falling birth rate. At department stores, which rely on the housewife wishing to buy everything for her family under one roof, sales are falling by 2 per cent a year, according to AT Kearney, the international consultancy.

For the astute shop owner, however, there are new demographic peaks to conquer. Sales at convenience stores, whose typical customer is the childless 30-year-old man anxious to buy his lunch and evening meal with minimum effort, are growing by 18 per cent a year, says AT Kearney.

At the same time, up-market boutiques that sell branded goods are faring fairly well as high earners extend the child-free years.

A portion of that market comprises empty-nesters keen to sample some long-deferred hedonism.

“There’s a bulge of people around 55 to 60 who have finished with their children,” says Hiro Yamanashi, head of consumer and retail at McKinsey, the international strategic consultancy.

“They have plenty of money and they know how to enjoy life.”

But for every company that has diversified to target that market there are many more that have yet to work out how to sell to it. "The money is there but the door is not open," says Mr Yamanashi.

Companies in other rich countries would be unwise to indulge in schadenfreude. Japan’s birth rate may be low but according to projections released by the United Nations last year, fertility in the world’s wealthier nations could fall below Japanese levels within a decade.

One business that has widened its appeal through imaginative marketing is Oriental Land, which manages the Tokyo Disney parks. A campaign targeting adults was launched last year and advertisements even appeared in a leisure magazine published by the Nihon Keizai Shimbun, Japan’s upmarket financial newspaper.

Meanwhile, Mariko Fujiwara, research director at the Hakuhodo Institute of Life and Living, part of the Hakuhodo communications group, cites travel companies as a sector that has successfully responded to changing demographics by designing luxurious but undemanding itineraries for older travellers.

Even the bleak prospect of mental decline in old age may provide commercial opportunities. Sega Sammy has developed a computer game for people with Alzheimer’s disease suggesting that the toy and game industry can find a way to adapt.

Meanwhile, canny businesses may be able to take advantage of the fact that the falling birth rate means grandparents have fewer little ones to spoil - making them keen to splash out even more extravagantly on those they do have. That process is aided by the traditional Japanese practice of older people periodically giving cash gifts to the younger generation.

Oriental Land launched a campaign around the time of Japan’s annual respect for the aged day in September, with special gifts for grandparents who brought grandchildren to the park.

But the scheme depends on elderly people having at least the odd grandchild. Since even the United Nations’ medium-level estimate forecasts another decline in Japan’s birth rate - which has dropped below one child per woman in Tokyo - that pleasure may be denied to ever larger numbers of elderly people.

That would be a disappointment not only for them but for corporate Japan as it comes to terms with a one-time baby boom that has become a baby bust.