



MAXIM²⁰⁰⁷

Export Policy Plan

Title: **Bringing *Maxim* to Japan, an export policy plan**

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Date: 25 May 2007

The Hague School of European Studies

Haagsche Hogeschool, 25 May 2007, The Hague

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Summary

The summary of this export policy plan briefly outlines how I went about writing this plan to export Dennis Publishing's *Maxim* magazine to the Japanese market. By asking which instruments Dennis Publishing will have at its disposal, I paved the way for a broad study on the opportunities and threats that would await *Maxim* in Japan. From the use of biodegradable paper to a strategic alliance with *Kyoto Seika University*, all possible chances of creating a sustainable competitive advantage are discussed. A great deal of attention is also given to the macro environmental factors that set the scene in Japan. From a protectionist government to the high expenditure on entertainment products, a complete picture is painted of Japan's macro environment. Next to these practical elements however, a great deal of theoretical knowledge is used in this export policy plan. With help from the likes of Porter and Alsem, theoretical subjects are clarified before being put into practice, thus providing the reader with a clear framework of relevance.

This paper is divided into four main chapters and numerous sub chapters. The four main chapters are: the introduction, the internal and external analysis, the strategy and finally a conclusion with recommendations. The choice for a focused differentiation strategy explains itself in the strategy chapter. In the conclusion of this plan, I summarize the research, answer the research question and show that it is indeed possible for Dennis Publishing to export their product, *Maxim* magazine, to Japan.

1. Introduction

“Japan is plugged into the world, but the world isn’t plugged into Japan” (Lacktorin, M. 2003).

This is one of the things I learned while I was an exchange student in Hirakata, Japan, three years ago. Living in Japan for five months, amongst Japanese people, was an experience I will never forget. Both through personal encounters and the fact that I kept my eyes open, I managed to obtain a general understanding of the Japanese culture as well as its economy, even during the short time I lived in Japan. Fortunately, I also found the time to do some serious studying. The lecturer of a course (Strategic Management) I took while I was there was M. Lacktorin, a former vice-president for Citi-bank. When he told me and my fellow students the little anecdote about Japan being plugged into the world, he was trying to tell us that Japan, being an island and having been self-sufficient for centuries, had developed in very different ways than ‘the West’ had. It had developed values and morals that originated from different elements of society and were based on different beliefs. “Different” is the word. Over the years, Japan has gradually allowed foreigners - both individuals and companies- to observe their culture from within. However, to say that Japan was also allowing these foreigners to actually be part of Japanese society, would be exaggerating. Nowadays, things are a little different: multinationals from all over the world have offices in Japan and numerous American and European brands have become immensely popular with the Japanese public. Some things, however, never seem to change. Tax regulations and difficult legal procedures involving tons of paperwork, make it difficult for foreign companies to penetrate the Japanese market whereas native companies appear to have it much easier. Perhaps protectionism would be the best description for this policy. This is also, what was meant with the world not being “plugged into Japan”: one can try as hard as one wants, learn the language, master the culture and be as polite as necessary, somehow one will never be fully ‘plugged into’ Japan. On the contrary, Japanese multinationals have a global presence unseen in any other nation. It would not be incorrect to say that most Western countries have much more ‘open’ cultures than most Asian countries, including Japan. In the case of Japan the culture is probably even more ‘closed’ due to the fact it is an island.

The anecdote Mr. Lacktorin told me was one of the things that inspired me to find out more about Japan and its market. As part of his class, ‘Strategic Management’, he gave me the assignment of writing a small strategic management plan for a magazine called ‘*Maxim*’, published and distributed by the Dennis Publishing Group. That assignment became the starting point for the export policy plan you have in front of you now. It is an export policy plan for the product: ‘*Maxim*’ into the market: Japan. The research question and subquestions for this plan are posed in the following chapter (1.1).

1.1. Research Questions

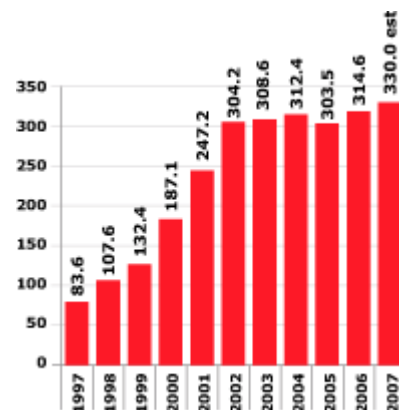
The main question I ask is this: 'Which instruments will Dennis Publishing need to have at its disposal when exporting the product *Maxim* to the Japanese market?' In the process of answering this question, I will make use of the following research questions:

- What are *Maxim*'s strengths, weaknesses, opportunities and threats?
- Who are *Maxim*'s competitors and how will *Maxim* position itself amongst them?
- What strategy should *Maxim* follow when entering the Japanese market?

Before answering these questions, let us find out more about the company and its product: Dennis Publishing and *Maxim*.

1.2. About Dennis Publishing and *Maxim*

Dennis Publishing is one of the world's leading media enterprises. Felix Dennis who founded it in 1974 privately owns the company. The Dennis Publishing group consists of a number of operating companies in both the UK and USA. It has offices in London and New York. In 2005, it saw its annual turnover increase drop a little, only to recover from this in the two years that followed (Graph 1.). It publishes twenty different magazine titles in the UK and four in the US (out of which two: *Blender* and *Stuff* are only published in the US). The Dennis group now employs 370 people in the UK and 290 in the USA and sells more than 5 million magazine copies a month on average (Dennis



Graph 1. Dennis Publishing Group turnover in Millions of Dollars

Publishing website, 2007). *Maxim* magazine is considered Dennis Publishing's flagship as it is the world's number one 'general interest magazine' selling four million copies a month globally. *Maxim* appears in 21 different languages and is distributed in thirty countries, amongst which are several European and South American countries. It is however, not yet available in Japan. *Maxim* is licensed to be published by some of the publishing world's giants; *Hachette Filipacchi*, *Axel Springer*, *Televisa*, *GMM Grammy Media*, *Singapore Press Holdings* and the *South China Morning Post* are all publishers of *Maxim*.

1.3. Vision

Felix Dennis is the sole proprietor of Dennis Publishing and perhaps because of that he can afford to have somewhat of an extraordinary mission statement (1.4) as well as a unique vision on the magazine industry. His success in this business is partly due to these personal qualities. Above all, he is interested in satisfying his customers' needs and is not afraid to take risks along the way. To illustrate this, here is an example: by the end of 2003, Dennis saw a possible niche market in the US. A new weekly newsmagazine was about to be born. The market then was so heavily saturated that all of his competitors would tell Felix

Dennis he was out of his mind and assured him the new product would flop. Dennis however, saw a clear customer demand for more 'bite size' information in the US due to an ever faster growing economy. He made *The Week* into a successful magazine by using the concept of 'bringing people the world news in 40 pages'. It is now one of the most popular newsmagazines in the United States. In Dennis Publishing's corporate culture we can also see a reflection of the headstrong person that is Felix Dennis. His offices are known to be unconventional and energetic. It is also said that all personnel is asked to dress nicely and styled neatly, to create a classy working environment (DP website, 2007).

1.4. Mission Statement

The unique character of Felix Dennis is not only reflected in the company vision. Unlike most mission statements, Dennis Publishing's mission statement is a poem written by the self-declared poet: Felix Dennis. The poem, called *The Bearded Dwarf*, can be found on the Dennis Publishing website. It reveals the kind of person Delix Dennis is: an achiever. The poem is added as an appendix (Appendix I) to this export policy plan.

1.5. Goals

As I mentioned earlier, *Maxim* magazine is Dennis Publishing's *flagship*, being the best selling magazine in its assortment. *Maxim* can be found on practically any newsstand in the 'first world' and on their website; Dennis Publishing calls the newsstand the primary battleground. However, *Maxim* is not available in Japan. Although some of *Maxim*'s direct competitors (*Playboy magazine*, *GQ* and *Esquire*) are represented in the worlds third largest economy (after the US and China), *Maxim* is not (CIA World Fact Book: Japan, 2007). I will go further into this in the competition analysis (chapter 3.1). This export policy plan will prove that it is indeed possible for Dennis Publishing to export *Maxim* to Japan and to gain a sustainable competitive advantage over its competitors. The goals stated concerning the launch of *Maxim* magazine in Japan – both short-term and long-term - must be specific, measurable, challenging but above all: attainable (Procter & Gamble). Unfortunately, the information regarding *Maxim*'s market share in the UK and the US is only available at great cost (a report must be purchased). However, considering the number of competitors, it is reasonable to aim for a 20% market share in Japan within two years of launch. This is of course a short-term goal. In the long term, the goal will be to become Japan's number one general interest magazine in circulation with a 7 out 10 instant brand awareness.

1.6 Market definition

The market definition is 'The market for general interest magazines in Japan, as they are available to males between 20 and 35 years old'. '*Maxim* addresses the real life needs of intelligent, professional men in an entertaining as well as informative way. It sets out to reach men in their late 20's rather than 'out and out lads', producing a magazine that readers can

grow into rather than out of. Research confirms that *Maxim*'s mean average age is on target at 28' (DP website, 2007)

2. Internal and External analysis

In this chapter, we ask the question: What are *Maxim*'s strengths, weaknesses, opportunities and threats (the first research question). We will gradually be moving towards a so-called S.W.O.T. matrix, taking one letter at a time, starting with the 'O' and 'T' for *Opportunities* and *Threats*, and then on to *Strengths* and *Weaknesses*. *Maxim*'s strong and weak points are drawn from the internal analysis (chapter 2.2). When compared to the competition's weaknesses and strengths we gain perspective on the *relative* strong and weak points for Dennis Publishing and *Maxim* (Alsem, p. 200, 2001). Together with *Threats*, the *Opportunities* are derived from the external analysis through a: *buyer analysis*; *branch analysis*; *competition analysis*; and finally a *distribution analysis*.

2.1 External analysis: Opportunities & Threats

We start with the external analysis, in search of opportunities and threats for *Maxim* magazine by analysing its buyers, branch, competitors and distribution network.

2.1.1 Buyer analysis

As mentioned earlier, Dennis Publishing's chairperson Felix Dennis is a very customer-oriented businessperson. *Maxim* knows which customers it is satisfying; it knows *what* it is satisfying and how to go about doing that. Ferrell, Harline, Lucas & Luck developed a series of six questions that will analyse a products buyer. Though not waterproof, Ferrell's approach is sufficient in this case. These are the six questions (The 6 W's) asked and answered (Alsem, p. 92, 2001):

- **Who** are *Maxim*'s current and potential customers? The well-educated, intelligent and professional 28-year-old male.
- **What** do *Maxim*'s customers do with the magazine? They use it for entertainment; relaxation; to stay up-to-date with the latest trends; to fulfil their need for respectful erotica.
- **Where** do customers buy *Maxim* magazine? Next to a relatively small group of subscribers, customers buy their *Maxims* at a local newsstand or at a bookstore. Besides these conventional methods of purchasing a magazine, Dennis Publishing has invested in offering *Maxim* and several other magazine titles as well, through 'mobile content' and the internet. Customers need to subscribe to gain full access to the magazine's content on the web or on their mobile phones. Dennis Interactive UK is the digital division of Dennis Publishing Ltd. that takes care of these digital magazine elements. The transferring of these digital vending locations to Japan will prove to be much easier than getting the magazine to stand out in conventional newsstands in Japan. These methods are cheaper and in a technologically advanced country such as Japan, the number of buyers one can reach through these methods is considerably higher. At the same time, millions of people

prefer a product you can physically touch or hold in your hands rather than something that is made up out of ones and zeros, so there is no way the printed copy of *Maxim* won't be introduced alongside its digital compeer.

- **When** do customers buy *Maxim*? A question that is very difficult to answer without any sales-data. Perhaps this question is not very relevant as the answer is relatively predictable: the magazine sells the heaviest on the day the new edition appears and the first days after that. Then sales will steadily decline until the next edition appears, etcetera.
- **Why** do customers buy *Maxim* instead of other competing magazines? It is likely buyers choose *Maxim* over its competitors for various reasons. One of them is its specific level of explicitness: more explicit than *GQ* or *Esquire* but less explicit than *Playboy magazine*. It is a level of explicitness that apparently appeals to large groups of buyers. The most important reason however, is *Maxim's* witty writing style and its *light* way of providing the reader with information: less serious than most *GQ* and *Esquire* articles, but more serious than *FHM*.
- **Why** do potential customers not buy *Maxim* magazine? A likely answer is that the same aspects *Maxim* buyers consider positive, discussed in the previous question, are cons for an even larger group of buyers: explicitness amongst other things. The general interest magazines that are available in Japan target their audience at bookstores and newsstands. It will be important for *Maxim* to try to position the magazine in a fashion that allows it to distinguish itself from its main competitors. The basis for this differentiation strategy will not be the magazine's selling price but its content. However, we will go further into this in the strategy chapter (chapter 3.)

The answers to the six questions above will be included in the S.W.O.T. analysis and matrix (chapter 2.3.).

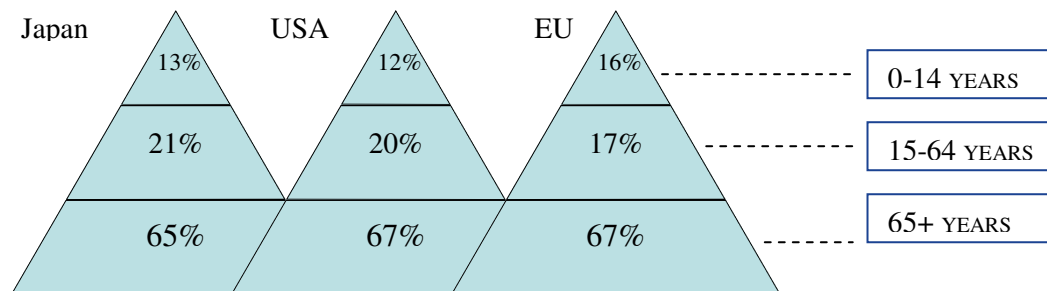
2.1.2 Branch analysis

Alsem states that 'concerning the branch-analysis, two goals are explicitly set: to acquire insights in the attractiveness of the market, and to acquire insights in the possible opportunities & threats from a branch perspective' (Alsem, p. 127, 2001). In a later stage, these threats and opportunities are compared to *Maxim's* strong and weak points in the S.W.O.T. analysis (chapter 2.3.) Firstly, we will compare the macro environmental factors of *Maxim's* current active markets to those of Japan. Secondly, we will examine the market: its size; the product-life cycle: and how sensitive the market is to conjuncture and seasonal influences. Thirdly, we will look at Porter's 5-forces model with regard to *Maxim's* branch of industry.

2.1.2.1 Macro environment

In this chapter, we will look at PESTEL: the political, economic, socio-cultural, technological, ecological and finally legislative factors of the macro environment.

After an unusually prolonged stagnation during the 1990s, the Japanese economy finally started showing a recovery in official statistics in February 2003, and the recovery is steadily continuing. According to an announcement by the Cabinet Office in March 2006, Japan's gross domestic product (GDP) rose 1.3% in real terms in the October–December 2005 quarter and 5.4% on an annualized basis, registering the fourth straight quarterly growth. The figure brought the 2005 annual GDP growth to 2.7% in real terms and 1.4% in nominal terms. The unemployment rate, which peaked at 5.4% in 2002, dropped to 5.3% in 2003, the first improvement in 13 years. The figure further improved to 4.7% in 2004 and to 4.4% in 2005. Stock prices recovered dramatically from their post-bubble low of 7,603.76 posted in April 2003 to 16,111.43 on December 30, 2005. Private consumption marked a 2.2% increase in real terms in 2005 (Japanese Foreign Press Centre website, 2007). In addition to these economic statistics, an investigation into the 'time required to start a business in Japan' performed by *the Worldbank* tells us that this 'time' decreased by a staggering eight days, from 31 days in 2005 to 23 days in 2006 (World Development Indicators Database, 2004).



Graph 2. Population structure of Japan, USA and EU

Dennis Publishing and *Maxim* operate in democratic and often wealthy 'first world' countries in Europe and North America that are technologically advanced and urbanised. These countries are also relatively homogenous concerning the structure of their population (Graph 2.). Japan will not be an extreme exception in this case. It has a population of around 127 million people, the U.S.A count a population of 301 million and the EU has a population of 490 million people (CIA World Fact Book, 2007)

Socio-culturally, however, there is a very diverse spread within the markets of Dennis Publishing. Compared with the US and Europe, Asian countries are a completely different ballgame, Japan especially. As it is, Dennis Publishing does not adjust *Maxim* magazine for the different markets in which it appears. Nonetheless, taking into account Japan's unique culture, exporting *Maxim* here might force Dennis Publishing to make an exception on that rule. Specifically the traditionally different role patterns between men and women in Japan will ask for an altered approach if *Maxim* wants to succeed in creating a sustainable competitive advantage over its competitors. I will go further into this in chapter 2.2.2. (Strengths and Weaknesses on brand level). Besides the internal differences in the relation between men and women, other socio-cultural differences greatly affect the Japanese macro environment.

Japanese entrepreneurship has been consistently low throughout the years for example. People prefer working for large corporations and often 'marry' them for life. The Japanese business spirit is another socio-culturally interesting aspect. Taiwan, China and Japan have been fighting over the rights of thousands of patents for decades now, all accusing one another of theft from the other. Probably none of these countries is innocent in this matter. A final socio-cultural, which is of great importance to Dennis Publishing and *Maxim*, is the government's regulations on chastity. What these regulations imply is that on published photographs or drawings of the female body, no genitals and nipples are allowed to be visible to the reader. For the male body this only goes for the genitals. What happens is that either the publishers blur these areas, or the government does it for them.

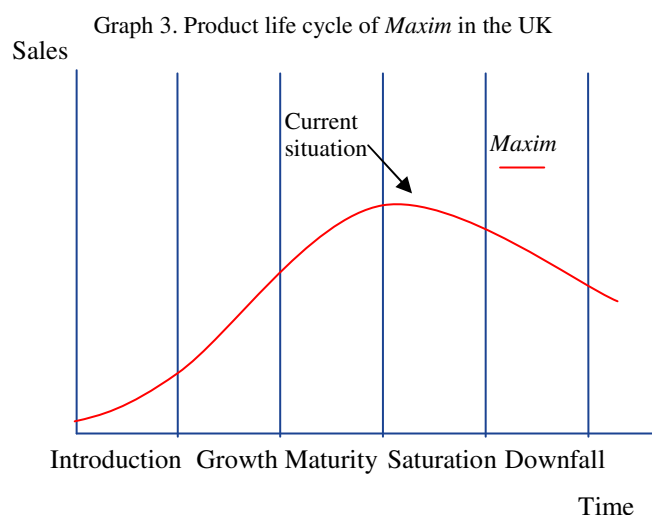
Another macro environmental factor is ecology. In the spirit of the recent skyrocketing global environmental awareness, it might prove very opportune for *Maxim* to start printing their magazines on biodegradable paper. The Japanese edition could be the first prototype of this concept. In doing so, Dennis Publishing will earn respect, not only with its buyers, but also and perhaps even more importantly, with the public amongst which are its potential buyers. Perhaps it will even help *Maxim* overcome the difficulties of entering the Japanese market if the government could reward this type of environmental awareness by easing up on some of the old-fashioned protectionist regulations.

'The Japanese government declared war on the Japanese *Iron Triangle* in late 1993: the iron relations between politicians, bureaucrats and industrials, which at the same time are pools of corruption' (Kypers et. al, p. unknown. 1998) . Although the war was won, in a way there are still numerous "shreds" of that iron triangle that continue to complicate matters for foreign companies.

2.1.2.2. Market

Size matters. The larger a market is, the more attractive it will be for a company to do business in since the chances that 'your buyer' is out there, will increase with the size of the market. With a population of 127 million people and 41 million males between the ages of 15 and 64, Japan is

one of the largest markets in the world (CIA World Fact Book, 2007) Of course, a larger market will attract more competitors than a small one so there is a negative side to it as well (Alsem, p. 139, 2001). When we look at *Maxim* in the product-life cycle (Graph 4.) we see that *Maxim* has reached maturity and is now on its way down. 'Sales of the ten-year-old monthly

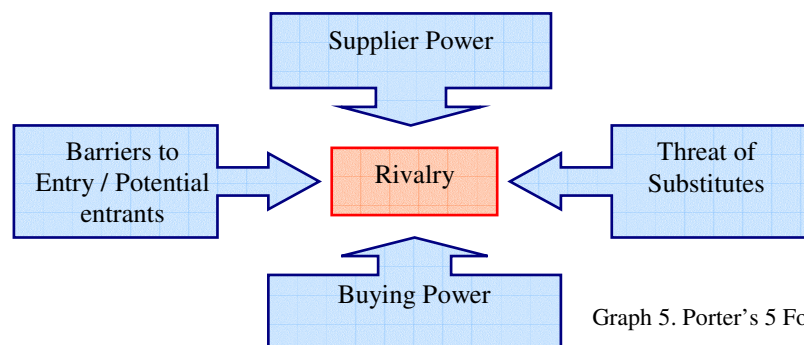


(*Maxim*) had collapsed by 29.3 per cent to 131,497 in the second half of last year (2006)' (London Times, 2007). This was in the UK last year. In the USA, sales have remained at a steady 2.5 million copies, half a million less than direct competitor Playboy magazine (Top 25 magazines in paid circulation, 2007). In Japan, things are not so great either. In a report by the Japanese External Trade Organisation (JETRO) it is mentioned that:

'Magazine sales sank 1.8% to 1,276.7 billion yen, the eighth consecutive year of decline. Sales at convenience stores once contributed significantly to magazine sales, but weekly magazines sold mainly through convenience stores dropped sharply by 7.1%. Since magazines are supported by regular readers, sales and circulation cannot be boosted with one-off best sellers, unlike with books. Moreover, the climate for magazines is expected to become even tougher due to the declining size of Japan's young population, i.e. primary magazine buyers, and competition from the Internet. New magazines launches also took a downturn (Fig. 6). The Research Institute for Publications found that only 201 new magazines were launched in 2005, far fewer than in 2004, which recorded the highest number of new titles in 10 years. The categories with the most new magazines were general interest (67), hobbies (43), lifestyle (13) and weekly (13). A number of puzzle magazines (such as crossword puzzles) were launched. Conversely, 140 magazines either went into hiatus or were discontinued, a substantial drop from the record 2004 figure of 172 magazines and similarly high figures of 2001–2003. The leading categories were general interest (35), hobbies (22) and weekly (18)' (JETRO, 2007). Overall, the magazine market in Japan does not appear to be as healthy as desired.

2.1.2.3 Structure of branch

Alsem states: 'Markets in which sales are very sensitive to conjuncture or seasonal influences are far less attractive to potential entrants than markets in which this is not the case' (Alsem, p. 141, 2001). It is not plausible to think that a magazine notices any serious consequences caused by seasonal influences.



Graph 5. Porter's 5 Forces model

However, since *Maxim* is an article of luxury, it is likely to be more sensitive to conjuncture than other non-luxurious goods. How profitable is *Maxim*'s branch? We will tackle this question next, using Porters' 5-forces model (Graph 5.) (Alsem, p. 142, 2001). The average profitability in a branch is very difficult to determine, because not all companies that

are active in a certain branche will make this information publicly available. Through Porter, we can however get a clear view of the attractiveness of the magazine branch in Japan.

Graph 5. shows the forces that influence the branch structure in which *Maxim* operates.

Looking at Japan, we will now determine whether these forces are either strong or weak.

- Barriers to entry / Potential new entrants: this force is weak. Because of the high barriers to entry and the fact that *Maxim*'s direct competitors have already entered the Japanese market, the threat of potential new entrants is relatively low. The fact that there is little product differentiation supports this. However, since some of *Maxim*'s competitors (*Playboy*, *GQ*, and *Esquire*) are indeed present in the Japanese market will make things difficult for *Maxim*. The set goals concerning market share are goals that are set sharply and, being a new market, *Maxim* might encounter complications in Japan with beating its direct competition.
- Threat of substitutes: using the market definition as put in chapter 1.6., this force would be weak. However, when we use a broader definition instead, the force becomes much stronger: then a substitute could be anything from a television-set to a hamburger at Mc Donald's. With the saturated market for entertainment in Japan, where consumers can choose from a large range of products to entertain themselves, the threat of substitutes is strong.

	1985	1990	1995	2000	2004	2005
Food	73,735	78,956	77,886	73,844	70,116	68,910
Housing, utilities	30,410	31,961	41,276	42,264	40,464	40,932
Transportation, communications	24,754	29,469	32,966	36,208	39,272	38,738
Entertainment	24,191	30,122	31,550	32,126	31,262	31,028
Education	10,853	14,471	15,381	13,860	13,581	12,495
Clothing	19,606	22,967	20,229	16,188	13,572	13,440
Medical care	6,931	8,866	9,845	11,323	12,215	13,044
Furniture, appliances	11,665	12,396	12,529	11,018	9,961	10,010
Others	70,970	81,966	87,400	80,302	73,760	72,308
Total	273,114	311,174	329,062	317,133	304,203	300,903

Graph 6. Composition of Household expenditure (in ¥)

Nevertheless, we can see in graph 6 that although expenditure in entertainment has gone down in 2005, it still constitutes a considerably large part of the total household expenditure (JFPC, 2007).

- Supplier power: this force could be strong or weak. Since it is difficult to say who the magazine's suppliers are, it is even more difficult to say anything about their power. When you consider the suppliers to be the paper-manufacturers, supplier power would be strong. However, when you consider the suppliers to be the advertisers, supplier power would be a lot weaker.

- Buyer power: this force is strong. Buyers have low switching-costs and are able to make high product demands.
- Rivalry: this force is of course very strong. Take one look at (the number of) *Maxim*'s competitors in Japan and see that the degree of rivalry is very fierce. The opportunities and threats that this competition leads to will be discussed in more depth in the following competition analysis.

2.1.3 Competition analysis

In this third building block of the external analysis, we examine *Maxim*'s competitors in Japan to find out which opportunities and threats await Dennis Publishing's flagship on entry of the Japanese market. Dr. K.J. Alsem puts it like this: 'The goals of a competition analysis are to acquire insights in the strong and weak points of the competition as well as their future behaviour' (Alsem, p. 155, 2001). This analysis will also answer our second research question: 'Who are *Maxim*'s competitors and how will *Maxim* position itself amongst them?' When we have identified these strong and weak points then it is time to combine this information with *Maxim*'s own strengths and weaknesses. These must of course first be identified, and they will be, in chapter 2.2. Now let us start by listing *Maxim*'s competitors in Japan. The 'obvious' competitors are the reasonably similar magazines with more or less the same male target audience. Their selling prices (revealing their price strategy) and number of ads per edition are compared in graph 7. The different magazine titles are then described individually.

Property	<i>Playboy</i>	<i>FHM</i>	<i>GQ</i>	<i>Men's Health</i>	<i>Esquire</i>
Price	€ 5.20	€ 4.95	€ 6.99	€ 5.15	€ 7.15
Ads %	19.2%	18.5%	37.7%	33.8%	47.6%

Graph 7. Selling price in € & N° of ads in percentage of total pages. Empirical research was performed (MVP) based on June 2007 editions of magazines

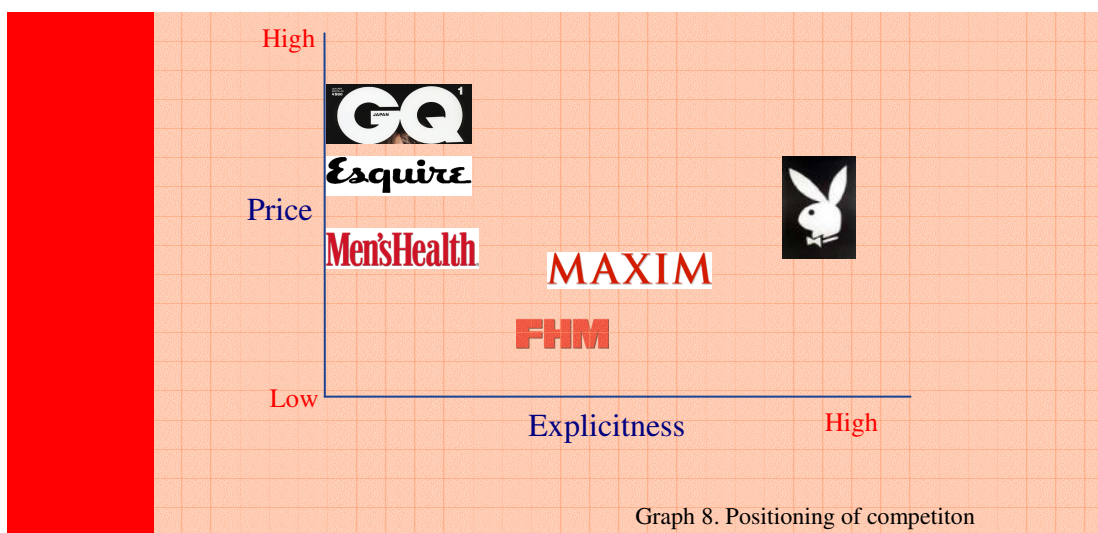
- **Esquire**, *for men who mean business*. Hearst corporation publishes the magazine, which has a general circulation of around 700,000 (Hearst Corporation, 2007). *Esquire* has a Japanese edition. *Esquire* is a semi-serious non-explicit magazine of which almost half the pages are advertisements for sunglasses, aftershave, alcoholic beverages and electronic gadgets. This high number of adds can either tell us the magazine is doing great (financially) or that it needs all of those adds to survive. It all depends on how much effort a magazine has to put into attracting its advertisers. Advertisers will be willing to pay more money to advertise in - and will be more likely to choose for - a successful magazine than a bad-running one. We can tell at least one thing from the high number of ads in *Esquire*: the magazine is generating a lot of money through advertising. The fact that *Esquire* has so many ads in it however, will have different side effects. It will annoy the readers who buy the magazine specifically for the articles but it will also please the

readers that care about which brands their magazine endorses. *Esquire's* photography can best be described as artistically classy. Furthermore, *Esquire* is the most expensive magazine in its range. This supports its sophisticated image but it also scares off potential customers. A weak point for *Esquire* will undoubtedly be its lack of uniqueness, regarding for instance competitor *GQ* magazine. A strong point for *Esquire* would be its non-explicitness – this means they did not have to alter their level of explicitness for the Japanese market.

- **GQ**, *look sharp, live sharp*, is a magazine similar to *Esquire* - albeit slightly cheaper and has fewer advertisements. It has the same problem as *Esquire* regarding its uniqueness: they are both performing the same trick. *GQ* launched itself in Japan in the beginning of 2004. *Condé Nast Publications* publishes *GQ* with a circulation of around 1,000,000. Unlike most of its competitors, it relies heavily on subscriptions (78%) (Conde Nast, 2007). The photography in *GQ* is often in black and white and when it is not, it has little colour in it. The people photographed are of the ages 30 to 40.
- **FHM**, *for him magazine*. The magazine is published by *EMAP*, a fierce competitor of Dennis Publishing. In 2005, it had a circulation of 1.29 million in the US but when sales went down last year *EMAP* withdrew *FHM* from the market (FHM, 2007). It has multiple international editions but the biggest after the US is the UK where its circulation was 420,688 in 2006 (FHM, 2007). *FHM* is really the perfect magazine for the Japanese market as far as explicitness goes. It shows nothing not allowed by the Japanese government (nipples and/or genitals: these are normally 'blurred' by government organisations that monitor the chastity of imported magazines) and thus has no altering to do regarding the explicitness of its content. Of all the large competitors, *FHM* has the lowest selling price and the fewest number of advertisements. The photographs they use are often 'borrowed' from other media and over-used in the magazine's content. The most attention is given to the photo shoots of the scarcely dressed *FHM*-women. Together with *Playboy*, *FHM* is perhaps the biggest competitor for *Maxim* as its content has a great overlap with Dennis Publishing's flagship. Design and use of colours are similar, as are the companies that advertise in them. The battle between *Maxim* and *FHM* in Japan will be won over their writing style and topic-choice. *FHM* however, does not (yet) have a Japanese edition.
- **Men's Health**, *everything that moves a man*. *Men's Health* is a magazine that focuses on fitness and health for men, leaving out explicit photos, but including erotica-covering articles and stories. Its publisher *Rodale Press* issues no information on the circulation of its magazines. The median age of the *Men's Health* reader is 37 (Rodale Press, 2007). One of its weak points is the fact that it has a relatively smaller target audience than its competitors through a narrowing of subject choice for their magazine content (health & fitness). With a little over a third of its pages being ads, it is doing pretty well financially one can imagine. The photography in this magazine is used as a means to an end rather than an artistic expression. *Men's Health* does not have a Japanese edition.

- **Playboy**, *everything that fascinates men*. Published by *Playboy enterprises inc.* it has the largest circulation in the US: roughly 3,000,000. ("The girls next door," 2006). It is the most explicit out of all five (six including *Maxim*) magazines. It shows everything 'forbidden' by the Japanese government. Photography in *Playboy* consists of obviously staged series of naked women. Of course, there are tons of other magazines that copy the exact format of *Playboy* magazine, but the *Playboy* name is too strong to really suffer from that. Less than a fifth of its pages are filled with advertisements and unlike *FHM*, you get the feeling it was meant that way by Playboy's publishers. Price wise Playboy has settled in the lower regions, amongst the good company of *FHM* and *Maxim*. *Playboy* has been in Japan for quite some years already.

In the process of creating a sustainable competitive advantage, the most important competencies for magazines are the magazines' writing style, their photography, the level of explicitness of content, and their selling price. The first two competencies were described in the individual descriptions above. How *Maxim*'s competitors are positioned regarding these last two competencies, is visualized in graph 8.



Next to these magazines, there is additional competition for *Maxim* in Japan. Japan is a country where animated movies attract larger crowds to the cinemas than most Hollywood features. The Japanese version of *Maxim*'s target audience, the 28-year-old male, often prefers anime booklets (a Japanese form of art and drawing style) to regular magazines. These cultural differences present *Maxim* with both threats and opportunities. We come back to this in chapter 3.2.2. (Strategic alliances and implementation).

2.1.4 Distribution analysis

In this fourth and final building block of the external analysis, we look into the distributors and suppliers that are active in the Japanese market. Regarding this, Alsem mentions the following: 'Due to an increase of concentration in retail trade, a great deal of power in the

distribution column has shifted from manufacturers towards distributors' (Alsem, p. 177, 2001). This is why, after having researched the buyers, the branch and the competition, the distribution analysis is of equal importance. Which ways does Dennis Publishing have to supply their customers with *Maxim* magazine? In the current situation, customers have four ways of obtaining the magazine. All of *Maxim*'s competitors also use these four methods. The first one is the most obvious: the newsstand. The second way is through subscription. The third way is via the internet (one has to subscribe for the online edition to gain full access to the magazine's content) and the fourth and final way of obtaining the magazine is by means of *mobile content*, a very recent application. Mobile content can mean two things: either the customer gets access to the full magazine (this of course depends on the quality of the phone) or the customer receives a couple of explicit photos from the latest edition. For *Maxim*, a company part of the Dennis Publishing Group, handles these last two manners of providing the customers with their magazines: 'Dennis Interactive UK (DI) is the digital division of Dennis Publishing Ltd. DI and responsible for the digital output of the company's websites, e-mags and mobile phone services' (DP website, 2007). As for the old-fashioned way of distributing magazines we can say that in Japan: 'Finished books and magazines are distributed to bookstores and other retailers via distributors, called *toritsugi*. While there are about 70 distributors, Tohan and Nippan dominate with a combined share of nearly 90%. The distribution system features two distinct business practices: resale-price maintenance system and the commission-sales system. Under the former, publishers set retail prices and conclude an agreement with distributors and retailers to impose these defined prices. This scheme is accepted as an exception to the Anti-Monopoly Law for cultural and public policy reasons' (JETRO, 2006).

2.2. Internal analysis: Strengths & Weaknesses

Next up is the internal analysis, where we search for *strengths* and *weaknesses* within Dennis Publishing's organisation, and within *Maxim* magazine. We will explore them on two levels: organisational- and brand level. After that we will complete the internal analysis, so that we can move on to the S.W.O.T. matrix and compare all discovered strengths, weaknesses, opportunities and threats. A (sustainable) competitive advantage needs to always be based on a company's strong points. These strong points can result in an improvement of the organization's skills (such as strong marketing skills) and better means (such as financial- and production means). A source of advantage does not automatically lead to a positional advantage (the next phase). An organization must try to convert its strong points into positional advantages (Alsem, p. 197, 2001).

2.2.1 Strengths and weaknesses on organisational level (sources of advantage)

There are many *strengths* to be found on the organisational level of Dennis Publishing and *Maxim's* editorial staff. As with any other magazine, the secret of creating a good final product lies within its personnel: the writers, editors and photographers. Thus, *Maxim's* employees are the secret to its success as they are the ones who physically produce the stories, articles and photos that together make up the content of the magazine. Felix Dennis' employees are said to be as customer-focused as their boss is. Within management, the strong points are the quality of management combined with a transparent organisational structure and the healthy and challenging corporate atmosphere it creates. The company website mentions this: 'How you write and design, rather than add up, is the currency of Dennis. As the publishing industry consolidates around the world into bland corporations, Dennis' edge is its independence, risk-taking and innovation. It's a philosophy that has served us well. The company has consistently identified, launched and developed new titles, creating fresh markets and opportunities for advertisers. We've also found the more we practice and the harder we sweat, then the luckier we get. Employees are given enough latitude to blaze their own trail. Those who do this with the greatest success find their reward on the beautiful island of Mustique. Every year staff vote for seven employees most deserving of an all expenses paid trip' (DP website, 2007).

Almost every magazine relies on the numerous (international) companies that choose them to place their advertisements. Because of this, the marketing department of any magazine has to attract advertisers in order to survive financially: it needs the advertisers money. *Maxim* has continually done well in this area. Next to personnel and sales & service, *Maxim* has a well running marketing department. Furthermore, product quality is relatively high (*Maxim* is a high-end magazine) and they have a very reliable distribution-partner in Seymour. 'Seymour Distribution Limited, equally owned by Felix Dennis and Frontline, is a major independent distributor of magazine titles in the UK. It currently handles 500 newsstand titles, more than any other UK distribution company does. Seymour ensures that magazines reach the right place, at the right time and in the right quantity in order to cost-effectively

Maximise sales both at home and overseas' (DP website, 2007). Weaknesses on the organisational level can also be found. Dennis Publishing's organisational structure for instance, is not a very modern one. In the end, the power of decision-making still lies in the hands of only one person: Felix Dennis. And because he is such an peculiar man, this has undoubtedly caused internal conflicts. Regarding his skills as an entrepreneur however, there is not much to complain.

2.2.2. Strengths and weaknesses on 'brand' level (positional advantages)

On brand level, the level of *Maxim* magazine, we need to look at *Maxim's* competitors and make some comparisons to see *Maxim's* positional advantages. Unfortunately, an analysis of means is the only out of three methods available of determining *Maxim's* relative strong points. In the process of benchmarking, we will look at price, advertising, explicitness of content and quality of content. A cost analysis and an experience-curve cannot be done due to a lack of available data. In the competition analysis, we saw a list of *Maxim's* competitors and we found out how these magazines distinguish themselves from one another. Now it is time to compare that information, gathered through empirical research, with *Maxim*. When adding a final column to graph 7. to include *Maxim*, we get graph 9. We gather that for all six magazines, excluding Men's Health (which has a lower selling price than *Maxim*, but slightly more advertisements), the higher the selling price of the magazine is, the more ads it prints, relatively speaking. *Maxim* is no exception here. Perhaps a strong point for *Maxim* here, is that it receives ample financial resources through advertising but at the same time manages to keep the percentage of ads in the magazine low enough to avoid irritation with its readers. Then again, at the same time Dennis Publishing might wish for *Maxim* to increase its advertisements indefinitely in order to generate more cash flow. In that case, *Maxim's* ad-percentage of just under 30 percent might be a weak point with regards to its competitors Men's Health and Esquire (resp. 33.8% and a staggering 47.6%).

Property	<i>Playboy</i>	<i>FHM</i>	<i>GQ</i>	<i>Men's Health</i>	<i>Esquire</i>	<i>Maxim</i>
Price	€ 5.20	€ 4.95	€ 6.99	€ 5.15	€ 7.15	€ 5.25
Ads %	19.2%	18.5%	37.7%	33.8%	47.6%	29.6%

Graph 9. Selling price in € & N° of ads in percentage of total pages. Empirical research was performed (MVP) based on June 2007 editions of magazines

Maxim's real strong points however, lie not in its price-strategy, its advertising policy and especially not in its level of explicitness, but we will come to that shortly. Their strong points lie mainly in the quality of writing. Flip through a *Maxim* magazine, read an article and you will immediately notice the witty and refreshing writing style. Combined with the ever important choice of topic for articles, it is this style, indissolubly connected to *Maxim's* spiritual father Felix Dennis and passed on to all of his employees, that has lead *Maxim* magazine to become so successful over the years. Coming back to the level of explicitness, we must

conclude that *Maxim* might have a problem entering the Japanese market. I mentioned in the competition analysis (chapter 2.1.3) the regulations concerning explicitness in Japan. Fact is, that *Maxim* magazine will have to alter its content if it wants to play by the rules. Graph 8. in the competition analysis shows where *Maxim* is positioned with its current level of explicitness. On its photos, it shows no genitals, but it does show nipples. Although part of Felix Dennis' philosophy, that particular type of explicitness must go. In any case, this is a weak point for *Maxim* magazine. Another weakness for *Maxim* could be the fact that all of their magazines are printed on very expensive, high quality paper. This material is not biodegradable.

2.3 S.W.O.T analysis and matrix

From all the data gathered from the previous chapters, the S.W.O.T. analysis (graph 10.) shows the sources of opportunities and threats derived from it. Per analysis, the threats and opportunities are listed.

2.3.1 S.W.O.T analysis

Graph 10. Sources of Threats and Opportunities		
Factor	Opportunity	Threat
Buyers		
Segments	Digital content magazine	-
Importance of general- or product-values		Level of explicitness unsuited for Japanese market
Perception / image of product	Sensitivity for trends and hypes in Japan, could help launch <i>Maxim</i> 's image	
Branch		
<i>Macro environment variables</i> Demographic	Similar population structure in Japan as <i>Maxim</i> 's active markets.	-
Economic	The recovered and growing Japanese economy	
	'Starting a business in 23 days'	
Socio-cultural	Changing of traditional role-patterns, status of men / women	Present traditional role-patterns, status of men / women
Technological	Technologically advanced country: possibilities for mobile content	Mobile content might be outdated by the time <i>Maxim</i> is introduced in Japan
Ecological	Use of biodegradable paper	-
Political / Legal		Tax regulation and legal paperwork
		Protectionism
<i>Branch structural factors</i> Potential entrants	High barriers of entry scare off potential entrants	Lowering of barriers to entry would impose threat of potential entrants
Substitute products	Steady high household expenditure on entertainment	Numerous substitutes available
Buying power	-	Low switching costs for buyers
Supplier power	-	-
Degree of rivalry	Use of experience from competing with rivals in other markets	<i>Maxim</i> 's direct competitors are present in the Japanese market
<i>Market size / Growth</i>	Advertising	Saturation of magazine market
Competitors		
Expected strategy	Playboy not active in mobile content	Expected 'war for the newsstand'
Suppliers / Distributors		
Expected strategy	Use of existing structure	Two companies dominate market

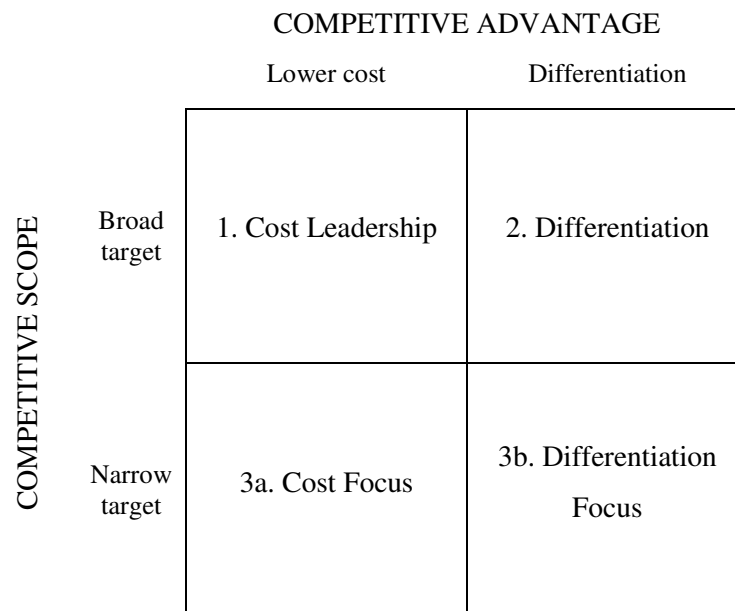
2.3.2 S.W.O.T matrix

The opportunities and threats derived from the S.W.O.T. analysis are combined with *Maxim*'s strengths and weaknesses to form strategies. These strategies (Graph 11.) will be explained in greater detail in the strategy chapter (3.).

Graph 11. S.W.O.T. matrix for <i>Maxim</i>		
	Strengths	Weaknesses
	S1 Witty and refreshing writing style	W1 Use of what seems to be expensive high quality paper
	S2 Providing <i>Maxim</i> through digital content	W2 <i>Maxim</i> 's level of explicitness
	S3 <i>Maxim</i> 's high entertainment value	W3 No competencies to introduce mobile content by itself
Opportunities	SO Strategies	WO Strategies
O1 Technologically advanced country: 'everybody' has a cell phone	SO1 Providing <i>Maxim</i> through digital content in Japan (S2, O1)	WO1 Strategic alliance with cell phone companies in Japan (W3 O1)
O2 Recent development of global environmental awareness	SO2 Providing <i>Maxim</i> through digital content in Japan, limiting use of paper (O2, S2)	WO2 Use of biodegradable paper for hardcopies of <i>Maxim</i> (O2, W1)
O3 Steady high household expenditure on entertainment	SO3 Position magazine as an entertainment product through advertising (O3, S3)	WO3
Threats	ST Strategies	WT Strategies
T1 Very different cultural background, taste and likes/dislikes	ST1 Strategic alliance with KS University for renewed (manga) content (T1, S1)	WT1 Blur prohibited explicit elements of photography (W2, T3)
T2 Tax regulations, legal paperwork and protectionist government	ST2 Manga / hentai elements in <i>Maxim</i> 's content (T1, S1)	WT2 Government rewarding use of bio-paper by being more flexible(T2, WO2)
T3 Government regulation concerning explicitness	ST3	WT3
T4 Saturated magazine market	Providing <i>Maxim</i> through mobile content attracts larger market segments (S2, T4)	Strategic alliance with one of two major Japanese distributors (W3, T4)

3. Choice of Strategy

In this chapter, we will answer the third and final research question of this export policy plan: What strategy should *Maxim* follow when entering the Japanese market? Regarding strategy, Porter mentions this: 'The fundamental basis of above-average performance in the long run is *sustainable competitive advantage*. Though a firm can have a myriad (a lot, MVP) of strengths and weaknesses vis-à-vis its competitors, there are two basic types of competitive advantage a firm can possess: low cost or differentiation. The significance of any strength or weakness a firm possesses is ultimately a function of its impact on relative cost or differentiation. Cost advantage and differentiation result from a firm's ability to cope with the five forces better than its rivals' (Porter, p. 11, 1985). There is a choice of three generic strategies for any firm to create a sustainable competitive advantage. It can choose cost leadership, differentiation or focus. In graph 12., we see a visualisation of these different types of generic strategies.



Graph 12. Three types of generic strategies

Japan as a country is a *low cost* nation. A country where, in many industries, companies try to 'achieve and sustain overall cost leadership' to create a sustainable competitive advantage (Porter, p. 13, 1985). Especially in the automotive industry, there are clear signs of this. At a certain point in the last decade of the 20th century, Japanese companies such as Toyota and Mitsubishi were hardly making any profits in pursuit of cost leadership. Budget cuts in all departments nearly caused these companies to go down. However, a low cost strategy is not necessarily a bad strategy. Then again, it is conceivable that *Maxim* would be better off with a differentiation strategy than a low cost strategy, but I will get to that soon. In addition, even a differentiator will strive for as much cost reduction as possible, just not at the cost of the differentiation strategy it has set out to follow. Porter

mentions: 'A differentiator thus aims at cost parity or proximity relative to its competitors, by reducing cost in all areas that do not affect differentiation' (Porter, p. 14, 1985). Next to low cost and differentiation strategies, we mentioned a third possible strategy: Focus. As shown in graph 12, there are two varieties of the focused strategy: the focused low cost- and the focused differentiation strategy. What *focused* suggests is that the strategist in question will focus on a certain segment or small group of segments to apply its strategy, aiming to become an above-average player in the market.

With focused low cost strategies, this means the company will focus on a specific segment on which it can outplay its competitors cost wise. In the case of focused differentiation, it 'exploits the special needs of buyers in certain segments' in order to capitalize on the differences it has with its opponents. Such differences imply that the segments are poorly served by broadly targeted-competitor (Porter, p. 15, 1985). This is exactly the case for *Maxim* and its direct competitors in Japan (*Playboy*, *GQ* and *Esquire*). In the past ten years, it seems as if *Playboy* magazine has completely neglected the digital revolution as it refused to go 'on line' for a long time. When they finally realised they were missing out on things the damage, unfortunately for them, had already been done. Today still, *Playboy* seems hesitant to jump on the digital train to success. Dennis Publishing did however embrace the opportunities of the digital age when these presented it selves, and began researching its possibilities resulting in the foundation of Dennis Interactive UK. This segment of the market in Japan - the buyers of digital content-magazines - is clearly up for grasps for *Maxim*. For this reason among others, Dennis Publishing's choice of strategy on a business level (for *Maxim*) in Japan must be one of focused differentiation. Next, we will be looking at how to implement this strategy on different levels.

3.1. Strategy on different levels

Strategies are formed on more levels than one. In the next couple of chapters we will look at corporate, business and functional level strategies as well as international vs. multi-domestic strategies (Quick MBA, 2007).

3.1.1 Corporate-Level Strategy

Strategy on this particular level mainly involves the selection of branches of industry in which the firm wishes to operate as well as the creation of synergy between the different Strategic Business Units. This is why corporate level strategy is of little importance to the quality of this export policy plan. Everything Dennis Publishing does not produce on its own, it out sources. Furthermore, there is no question of the firm wishing to get involved in additional or even different branches of industry. It may however seek to form strategic alliances of some kind, with companies operating in different industries (for instance the mobile telephone industry). In chapter 3.2. we will go into these strategic alliances.

3.1.2 Business-Level Strategy

As we mentioned in chapter 3.1, the business-level strategy for Dennis Publishing is one of focused differentiation. This generic strategy is a focused strategy because Dennis Publishing gears *Maxim* towards a specific target audience and market. Their distinctive competencies lie mainly in their human resources department, consisting of innovated, talented people. This, combined with their corporate culture, leadership skills, and risk-taking are what provide Dennis Publishing with opportunities to create a sustainable competitive advantage.

3.1.3 Functional-Level Strategy

On a functional level, *Maxim* should try to obtain a sustainable competitive advantage on all levels of CRIQUE, an abbreviation for these four terms: Customer Responsiveness, Innovation, Efficiency and Quality. What we learned from the introduction and the macro environmental analysis (chapters 1.1 and 2.1.2.1), is that Japan is a unique culture and that if *Maxim* wants to succeed in the Japanese market, it should be responsive to that culture. For instance, many of the topics discussed in *Maxim* editions around the world relate to electronic gadgets and entertainment. *Maxim* should immediately pursue in investing in the creation and upholding of valuable close contacts with various Japanese companies in these industries (innovative electronics). They must do this to bring in advertisers (financial resources) as well as customized - and thus customer responsive - content. The fact that Dennis Publishing out sources its distribution to Seymour Distributions (in which it holds a 50% stake) makes sure that it can benefit of economies of scale efficiently. In Japan, Dennis Publishing has to rely on its own for the distribution of *Maxim* (as a printed magazine), as Seymour has no contracts in Japan nor does it outsource any activities to Japanese distribution companies. It would be wise to try to cooperate with competitors to gain access to the distribution channels these competitors are using. More on this is to come in the strategic alliances chapter (3.2).

3.1.4 International & Multi-Domestic Strategy

Next to strategy on the three levels we have just discussed, there is also a choice to be made regarding the global element of strategy. Dennis Publishing follows both an International and a Multi-Domestic strategy. The International element lies in the fact that they have centralized product development and manage to maintain tight control over its research and development department as well as the quality of content in their magazines. They monitor their marketing and product strategy so that Felix Dennis' vision stays a consistent theme, even throughout its licensed editions. There is not much but some local responsiveness (the multi-domestic element) concerning the specific content for each country in that, some changes are made for each region to cater towards that market, while keeping the overall core competency of *Maxim*; their writing style a factor of continuity throughout each market. There is some pressure for greater local responsiveness, especially in Japan. Therefore, the multi-domestic part of their strategy needs to be extended. Perhaps even, new

core-competencies must be created if *Maxim* is to introduce itself in Japan. It will be a new market where readers have different demands, tastes, and a very different cultural background, something we have learned from this export policy plan. A blend of new and existing core competencies will prove a successful recipe for sustainable competitive advantage in the Japanese market. New culturally witty Japanese translation styles must be acquired and new types of content must be developed to make *Maxim* fit the market it potentially has in Japan. How to go about this and with whom, will be discussed in the following chapter.

3.2. Strategic Alliances and implementation of strategy

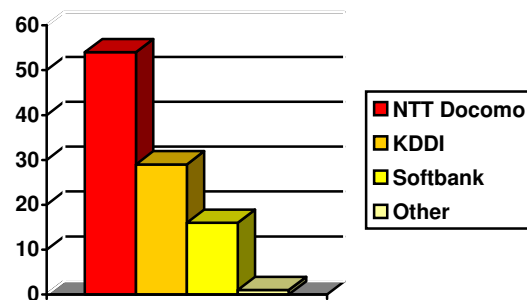
A strategic alliance is a form of cooperation between two or more companies that mutually benefit through economies of both scope and scale in multiple organisational departments. Knowing this, Dennis Publishing needs to pursue several options if it wants *Maxim*'s launch in Japan to be successful. Proposed in the next chapters are three options for possible strategic alliance in Japan.

3.2.1. Three big players: digital content

Early 2004, Dennis Publishing formed a strategic alliance with Vodafone, O² and Orange World (the 3 largest players in the UK) to make *Maxim* content available through these providers. This service, named "*Maxim Mobile*", provides various downloadable *Maxim* content to users. Together they are providing a mutual-beneficial service that each would not be able to provide effectively

on its own. Dennis Publishing did not have the technological capabilities to launch such a project without incurring huge costs. Likewise, the three mentioned companies did not have the vision, innovation, or creative people on staff to create the content available through "*Maxim Mobile*". All companies combined their core competencies to provide a new service that would not otherwise be available.

'NTT Docomo, which dominates Japan's mobile phone market with a 54 percent market share, is facing stiffer competition from rivals such as KDDI Corp., especially since the October start of number portability. NTT Docomo had 52.6 million out of the country's total 96.72 cell phone users, as of March 31 2007, according to the non-profit Telecommunications Carriers Association. KDDI came in second with 28.18 million and Softbank had 15.92 million subscribers (Japan's top mobile phone carrier reports 25 percent drop in fiscal year profit, 2007). This quote shows us the players that are active on the Japanese cell phone market.



Graph 13. Market share (percentage) of cell phone market in Japan 2007

Dennis Publishing must form a strategic alliance with these three big players (Graph 13.) on the cell phone market to be able to sell *Maxim's* digital content in Japan.

3.2.2. Kyoto Seika University: magazine content

We discussed earlier the need for *Maxim's* local responsiveness in Japan. *Maxim's* content needs adjusting to fit the acquired taste of its Japanese target audience. If you ride a commuter's train or subway in Japan, you will notice the large number of young men reading manga or hentai (the erotic twin of manga) booklets during their commute. Given this, *Maxim* has the chance of adding manga / hentai elements to its magazine content with the aim of better answering to the wishes of its Japanese target group. The next question is of course how to find the human resources for this idea. *Kyoto Seika University* presents Dennis Publishing with the answer. Their successfully introduced faculty of manga has a total undergraduate enrolment of 565, out of which 169 male and 396 female students (*Kyoto Seika University*, 2007). If Dennis Publishing would strategically align itself with *KSU*, it could lay claim to the university's top talents and employ them at *Maxim's* Japanese edition. *KSU* on its turn could benefit from offered (international) internships and additional funding by Dennis Publishing. Next to *KSU*, there are of course several other universities, albeit of lower status, such as the *Design University* in Kobe, where one can major in manga & animation.

3.2.3. Tohan and Nippan: distribution network

Besides a necessary alliance with companies in the cell phone industry to 'distribute' *Maxim* through mobile content, cooperation in distributing the hardcopy magazine must be sought either with competitors or with Japanese distributors. It is obvious to choose for one of the two big ones in the distribution sector: *Tohan* or *Nippan* (distribution analysis 2.1.4). This is probably even a better strategy for *Maxim* than trying to cooperate with a direct competitor such as *Playboy*, when conflicts of interest seem unavoidable.

3.2.4. Advertising: battle for the newsstand

Next to television commercials and simple advertisements at newsstands, positioning *Maxim* as a product with high entertainment value, the strategic alliance with the big three in telecommunications in Japan (chapter 3.2.1) will facilitate both the distribution – through digital content - and the advertising for *Maxim*. These cell phone companies have the opportunity of reaching millions of potential customers for *Maxim*. The brand awareness will skyrocket, once these companies notify their clients of the digital content possibilities concerning *Maxim* magazine. During this process, the biodegradable version of the magazine will be introduced in the Japanese newsstand as well, and with the acquired brand awareness, the battle for these newsstands can be won.

4. Conclusion and recommendations

In chapter 1.1. of this export policy plan, we posed a research question and three subquestions. The research question was, 'Which instruments will Dennis Publishing need to have at its disposal when exporting the product *Maxim* to the Japanese market?' Throughout this plan, we have managed to make several decisions regarding *Maxim*'s opportunities, threats, strengths and weaknesses, regarding the competition and finally, regarding the right choice of strategy. These decisions on their turn, answered the subquestions posed in the previously mentioned chapter. And as a result, the research question is answered. The most dangerous threats and the most attractive opportunities were combined with *Maxim*'s strongest strengths and the weakest weak points, in a way that winning strategies finally rolled out of the S.W.O.T. analysis and matrix. These strategies include the instruments Dennis Publishing will need to have at its disposal when exporting the product *Maxim* to the Japanese market.

Although the magazine market is heavily saturated in Japan and the rest of the world, *Maxim* will have a great chance of succeeding in Japan. In order to do so, however, they will need to adapt the magazine's content to fit the Japanese culture. New core competencies must be acquired and old ones altered in such a way that would allow *Maxim* to create a sustainable competitive advantage in Japan, and to achieve its goals. The altering of content will proceed in four stages. First, *Maxim*'s level of explicitness must be chastened; meaning prohibited parts of the female body in *Maxim*'s photo shoots need to be blurred. Having done this, *Maxim* can advance to the second stage in which the content is adapted to the wishes of its target audience in Japan. By strategically aligning with *Kyoto Seika University*, Dennis Publishing can acquire a new core competency: manga / hentai content. This will make the magazine more attractive for its potential Japanese buyers. The third stage, involving the distribution of the magazine, consists of two parts: providing the magazine through digital content and a strategic alliance with either *Tohan* or *Nippan*, the two big players in magazine and newspaper distribution in Japan. When Dennis Publishing has taken care of these three stages, finishing the fourth stage will clear the path for a successful entrance of *Maxim* into the Japanese market. In this final stage, Dennis Publishing prepares *Maxim*'s entrance through advertisement. Next to television commercials and simple advertisements at newsstands, positioning *Maxim* as a product with high entertainment value, the strategic alliance with the big three in telecommunications in Japan (chapter 3.2.1) will facilitate both the distribution – through digital content - and the advertising for *Maxim*. It will perhaps not be as easy for *Maxim* to attain the set goals with regards to becoming Japan's number one general interest magazine in circulation and attaining satisfactory instant brand awareness. However, Dennis Publishing can, with the recommendations that resulted from this export policy plan, successfully introduce *Maxim* magazine into the Japanese market. In the end, Dennis Publishing will maybe never be fully plugged into Japan, but Japan will be completely plugged into *Maxim*.

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Appendix I

Dennis Publishing company poem: 'The Bearded Dwarf'

Appendix I

Dennis Publishing company poem: 'The Bearded Dwarf' (www.dennis.co.uk)

There's them as plan and them as chance
And them as rather walk than dance,
There's them as never leaves the shore,
But me, I've always seized an oar,
A mate or two on either side
To set our backs against the tide,
Not knowing where our prow might touch,
Nor turning round, nor caring much.

Strange it is for them as row,
Never seeing where they go,
While lubbers Nelson couldn't teach
Shout out instructions from the beach -
Dry-sailors with their spread-sheet screens
Who count the cost of pork and beans,
New chandlers with their silly lists
Saluting flags and analysts.
I've sailed the ship, I've owned the line,
I've swilled on bilge and drunk fine wine,
I've paced the bloody jetty, too,
Not knowing how I'd pay the crew.
I've sailed at dawn without a plan,
Faced mutiny and 'ung a man,
('ung more than one, if truth be told);
I've stacked the decks with blood and gold
Paid out upon the barrel-head
(With widows and their orphans fed
Most scrupulous, 'cash money down' —
I'm quite the thing in Portsmouth Town).

There's men whose backs I 'ad to flay
Who'll tell you I worked 'ard as they,
Stood my watch and stood with ease
While younger men went on their knees;
And though the seas we sail aren't salt,
And though I'm not without some fault,

They line along Canary wharf
To sail upon the Bearded Dwarf.

And why? Is it to learn a trade
Or all the filthy gelt we've made?
To 'elp convert our 'eathen kin
Or bang out weevils in a tin?
No sir! It's just they love to mock
The Royal Navy, lock and stock,
To never 'ave to kneel and cow —
Or curtsey on the starboard bow.
There's not a Navy ship that sails
Could 'ope to catch the Dwarf's coat tails,
(Unless, the crew was drunk, the sods —
And then I'd give 'em even odds
'Gainst toady jacks who buff the brass
Or kiss the first lieutenant's arse).
No sir! I'd rather starve afloat
Than scoff swill in a Navy boat,
A measly pint of grog a day
And 'Christmas pud on Christmas Day'
If you've behaved — then forced to sing
Like choirboys: 'God Save The King!'

“So up my lads, we're glory bound,
The tide is turning on the Sound,
There's native girls with luscious lips
And nowt but grass upon their hips,
There's Spanish Dons, the old buffoons,
Their fat tubs stuffed with gold doubloons.
Strange stars there are in Southern skies -
Am I a man who'd tell you lies...?

* * *

Line up along Canary wharf:
Sign up to sail the Bearded Dwarf!"

Appendix II

Evaluation form for final papers

Appendix II

**The Hague School for European Studies
Evaluation form for final papers**

Name student: Michiel van Poelgeest

Formal requirements

correct / incorrect

1. Introduction contains central question and justification of research:
2. Summary has been included either separately or in the conclusion:
3. Titles of chapters and paragraphs are short and informative:
4. Correct use of references:
5. Length is satisfactory:
6. Cover page includes title, author, supervisor, HEBO, HH, place and date :
7. Final paper is written according to HEBO regulations:

Main points:

Incomplete Inadequate Sufficient Excellent

1. Correlation of theory and practice:
2. Use of specialisation's expertise:
3. Research results used to effect:
4. Clear line of reasoning and justification:
5. Conclusions answer the central question:

Total grade:

Final paper supervisor:

Date:

Short clarification:

Appendix III

Ephorus report

Appendix III: Ephorus report

Beste Michiel van Poelgeest,

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