

UNIVERSITY OF STIRLING

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Spatial Implications of Organisational
and Technological Change in Japanese
Retailing.

Volume 1

Comprising:

Contents

- Part One Japanese Retailing: A Background Study
Part Two Analysis of the Census of Commerce 1972-1985

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ABSTRACT

In 1960 department stores were the sole form of large-scale retailing in Japan. The retail industry was otherwise comprised of a very large number of small firms. Two significant trends have occurred since 1960. First, there was the emergence of new large-scale retail formats and their subsequent growth. Second, there was the development of large organisations operating on a multiple store basis. New organisational forms evolved including superstore and supermarket chains, and speciality chain stores. Geographical and historical factors were first examined that have affected the structure of the modern Japanese retail industry. A framework embodying the concepts of threats and opportunities was then used to identify forces that have influenced organisational and technical change since 1960. The following "Threats and Opportunities" were analysed:

- The Economic Climate
- The Changing Japanese Consumer
- Technological Change
- Relationships Between Retailers and Wholesalers
- Changes in Commercial Land Use
- Government Policy and Legislation

Major structural trends within retailing during the period 1972 - 1985 were then examined, through an analysis of 29 retail categories in the Census of Distribution for the period 1972 - 1985. A sample of nine categories was chosen for a more detailed analysis, using thematic maps, to show the geographic distribution of outlets in 1985 and selected changes since 1972. One of these categories was comprised of large stores including superstores and many supermarkets. It figured prominently within the changes described in the analysis.

The leading six superstore /supermarket companies, by sales February 1986, formed the subjects of case studies, with the objective of obtaining insights into the spatial implications of organisational and technological change within these examples of large-scale retail companies. Their development was described, including their expansion through diversification. The Chandler Thesis was selected, and found to be an appropriate model, in considering the organisational changes occurring within these companies. Finally, some international comparisons were made.

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PREFACE

Much of this thesis is concerned with large stores and chain store operations. In Japan, certain types of stores have been given names that do not correspond to the use of such terms in the United Kingdom. This is particularly true of the labels 'Department Store' and 'Supermarket'. In order to avoid misleading impressions or confusion, some relevant definitions commonly used in Japan are given in Appendix A.

For the reader's convenience a map of Japan follows immediately after the Acknowledgements showing the administrative divisions referred to in various places within the text of the thesis.

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Richard Pring (1985) has expressed it very well for me:

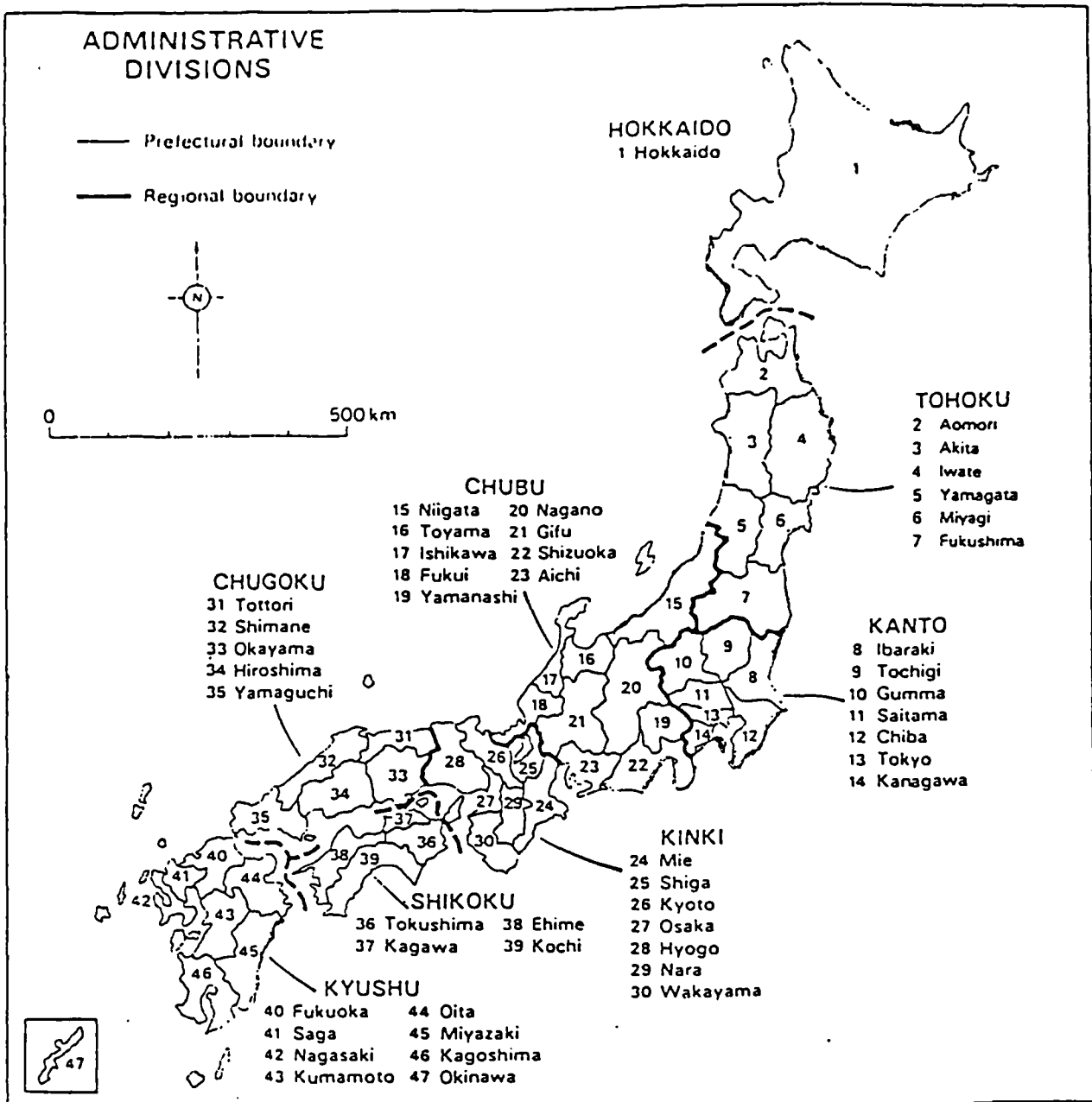
"The sort of person I am is the result of many different influences, but some of those influences are the literature I have been introduced to, the objects and activities I have come to love through school and university, the grasp (adequate or not) I have acquired through study of MY place in space and time, the religious and moral ideas that give meaning and inspiration to my life". p131.

Needless to say? All errors are mine alone. Aficionados of Acknowledgements will understand my two-finger wordprocessing limitations and empathize with me when I say I have no minor personal failings to speak of (plenty of major ones though!!). Yes, my handwriting is appalling. I am addicted to Chocolate and Coffee. I do not admit to being a cloistered traumatised cuckoo; but to being a phoenix: - just like this manuscript has been.

I dedicate this research to my long suffering family (my neglected spouse, my maltreated children, and our physically abused pets!!!) who have shared with me in the joys (and traumas) of this odyssey of both time and space. (Ecclesiastes Chapter 7, verse 25.) I am beginning to sound like Dr Sam Beckett - or Dr Who?

To Mandy, Stephen and Joy. And pets.

MAP OF JAPAN SHOWING ADMINISTRATIVE BOUNDARIES



1. Introduction.

1.1 Overview of Chapter 1.

Japanese retailing has aptly been described as being "fascinating but little understood" (Larke, 1992). This thesis is an attempt to add to the existing knowledge of the subject so that the Western reader may understand it a little better. It is written by one who has had but eight months first-hand knowledge of Japan, whose worldview is non-Japanese in origin; but who has wished to describe Japanese retailing in an objective way, without being prejudiced or prescriptive as far as is possible.

Section 1.2 describes how this research came about, and the principal objectives are presented in Section 1.3. A measure of the significance of the research is then given in Section 1.4.

Section 1.5 constitutes an initial overview and summary of previous English language materials on Japanese distribution (the author is not fluent in Japanese). It is also a "scene setter", giving an initial indication of many of the characteristic features of the system that are examined later in greater depth.

Section 1.6 examines some critically important feasibility issues pertaining to the carrying out of the research and which shaped the chosen final research design as described in Section 1.7. That section starts with an overview of the fascinatingly different aspects of the Western approaches to retail location theory before the overall thesis research design is set out. The research methods eventually chosen after due consideration are described in Section 1.8. A detailed consideration of the task of the data transcription and translation involved in the necessary use of original Japanese statistical and survey material is then to be found in Section 1.9. Finally, there is a summary of some vitally important issues arising in the chapter.

1.2 Background to the Research.

During the educational year 1984/5 a number of universities in the United Kingdom submitted research proposals to the Economic and Social Research Council (ESRC), London, in the hope of obtaining awards for research purposes. One of the successful universities was the University of Stirling, which received an award for a prospective PhD student to carry out research into a subject which was subsequently advertised under the title of: "Spatial Implications of Organisational and Technological Change in Japanese Retailing."

In order to obtain the award, the Institute for Retail Studies (on behalf of the University) had put forward a number of objectives for the proposed study.

1.3 Objectives Of The Research.

These objectives may be likened to a set of 'Terms of Reference' with which the successful candidate had to comply in order to satisfy the ESRC that the proposed research was worthy of their funding. The objectives put forward were as follows:

- a) The research will examine structural change in Japanese Retailing, primarily in respect of spatial implications such as the changing spatial provision of various types of stores and shops.
- b) The research will explore the applicability of the transfer of Western concepts of the study of Western retail change to the study of retail changes in Japan. This will take into account cultural differences.
- c) A feature of the study should be a specific analysis of corporate retail strategy within a topic area to be chosen by the student.

- d) A major feature of the research is to be the analysis of Japanese Retail and Distribution statistics, in depth, for the first time in English.

Within this framework considerable freedom was to be allotted to the student to structure the design of the research project according to his own interests and skills.

Another impetus for the study was an ongoing interest in Japanese distribution within the Institute for Retail Studies; as shown by the Principal Supervisor who had previously visited research institutions and retailers during an extended stay in Japan (Dawson 1984). (See also Dawson 1985, 1989; Dawson and Larke, 1989; and Dawson and Sato, 1983). In his working paper of 1984, Dawson had considered a "possible comparative study of European and Japanese distribution by providing a European view".

1.4 Significance and Originality of the Research.

As stated above, it is believed the study is the first to undertake an in-depth analysis of retailing statistics for Japan in English. It will further add to existing knowledge through the inclusion of the case study of retail corporate strategy.

The research is also significant in view of the current avowed desire of the Japanese Government to modernise its distribution sector. Changes in legislation have effectively reduced the number of stores with a floorspace of 500 square metres or more that were opened each year during the 1980s. In Japan legislation has existed to protect small and medium sized retailers from the competition of the large scale retailers. The Large Scale Retail Stores law was passed by the National Assembly in 1973; near the beginning of the period under review in this study, amended in 1982 and subsequently relaxed in 1991. Between 300 and 400 large stores were approved annually from 1974 to 1980. Between 1980 and

1984 the number fell to about 150 (Katsumoto & Miyazaki, 1984).

The Law has been said to limit the number of large supermarkets within a given trading area and that as a result existing chains have established local monopolies. This has been a factor in generally uniform prices being found in different store types. Studies have shown prices in small stores are close to those in chain store supermarkets (DPRG 1989, Kuribayashi 1989).

The research presents an overall view of the location patterns of various kinds of retail outlets; and the chosen case study of six leading retail groups provides insights on how locational policy is formulated by concentrating on the strategy formulation of retail companies. Such an approach is appropriate as the research is largely a pioneering, exploratory, descriptive study.

1.5 Previous Research into Japanese Retailing.

There is a very extensive literature in Japanese in both book and journal form, but English language textbooks or translations are few and deal mostly with the retail, distribution and marketing sectors in the mid 1960s and the 1970s. The most comprehensive works are two translations of Japanese textbooks; written in the mid 1960s and both published in English in 1971 (Tajima 1971, Yoshino 1971).

More recent books contain some material of particular use to exporters of goods to Japan, reflecting the practical interest of Western businessmen with respect to the comparative complexity of the Japanese distribution system. The most relevant book is by Czinkota and Woronoff (1986) which summarises some of the changes of the 1970s and includes some summary statistics. Another example is by Batzer and Laumer (1989), originally written in German, for German businesses trying to enter the Japanese Market.

According to Goldman (1991) emphasis has been placed on:

" ... familiarizing Western readers and would-be importers with the complexities of the system. Little attention was given to more basic questions such as what are the elements that make this system traditional, why a traditional distribution system continues to operate in a highly developed country, and what are the main developments and the forces driving them." p155.

During the course of this research, a fellow doctoral student of Stirling University embarked upon an examination of consumer store loyalty in Japan (Larke, 1991). Appendix C reproduces the abstract to his exploratory thesis. It is submitted that in a subsequent article (Larke, 1992) he was correct when he suggested that a preliminary literature review of the distribution system is a necessary background to carrying out empirical research into Japanese retailing. This is especially so since in a comparatively short period of time (30 years or so) there has been the emergence of large-scale, multiple store chain retailers in Japan operating a variety of retail formats. In the United states this pluralization of retail businesses occurred over a much longer time, from about 1900 (Nakata, 1988). Concerning the literature pertaining to such a review Larke (1991) asserted:

"English language literature relating to Japanese distribution tends to take a critical stance. While comprehensive studies are few, they are not necessarily poor, especially the ones that employ genuine Japanese material. Some of the more insightful reports include: British Embassy Commercial Section (1988a, 1988b), Cooper (1990), Czinkota and Woronoff (1986), Dentsu

(1978), Dodwell Marketing Consultants (1985, 1987), Euromonitor (1989a, 1989b), Fields (1989), JETRO (1987), JETRO and MIPRO (1985), Kajiwara (1988), MIPRO (1983), Shimaguchi (1978) and Yoshino (1971)." p19.

At least two more can be added to this list, and are very important to the present study: both are by Goldman (1991; 1992).

According to Goldman (1992):

"Japan's retail system has been characterized as containing too many small stores, few large modern ones and too many wholesalers." p13.

"... terms such as premodern, archaic, Byzantine, outdated, anachronistic, or maize are often used to describe it (Czinkota 1985; ICSG 1986; MITI 1989; Shimaguchi 1978; Shimaguchi and Rosenberg 1979; Tajima 1984." p12.

As Ueda (1993) has said, distribution in Japan has been called the least productive and backward sector within the economy; and Uno (1990) mentions that critics of the system declare that it "raises distribution costs and forces up retail prices." Barriers to importers to Japan are perceived to include the systems of sole import agents, consignment sales, the traditional system of rebates between wholesalers and retailers, and other practices based on long-term traditional cultural values; and the operation of the Large-Scale Retail Store Law which is said to block the construction of large retail outlets (JEI 1987, 1989; JCC1 1989, Maruyama 1991).

Larke (1991) evaluated the Japanese response to such charges:

"Japan self defence of the distribution system is common, but, somehow, uncommitted and weak.

... Similar, rather unconvincing defence has appeared

in English in the past (Hayashi 1980, Kajihara 1985, Koyama, 1984:1985, MIPRO 1983, Murata 1973, Tajima 1984:1987) and continues to be published (for example Mukoyama 1990, Shioya 1989)." p18.

A defence based on comparative statistics is made by Maruyama (1991). It is worth quoting his summary in full as it gives an indication of further distinct characteristics of the system:

"Summing up these findings, we should give Japan's distribution sector a passing grade in the tests of productivity, profit margins, and inventory ratios. Though Japan may have more retailers and more wholesaling tiers than is normal in the West, particularly the United States, its distribution system seems to be operating relatively proficiently.

All in all, the high concentration of tiny businesses and the multiple layers of the wholesaling structure should be seen as rational responses to consumer behavior featuring frequent trips to neighborhood shops, where people make their purchases in small quantities and expect a wide range of services. The retailers serving these customers try to be reliable and prompt, and the wholesalers backing them up, faced with the need to supply a great number of small stores, have organised themselves in tiers, thereby holding down their transaction costs. Ordinarily one would expect this multitiered structure, where a pattern of frequent small-lot deliveries prevails, to be a costly arrangement, but in fact it is not notably more costly than the systems in other industrial countries. In this respect, it may even deserve to be praised." p7.

To help understand the background to his defence, he points to various factors that shape the Japanese retail environment such as population density, layouts of cities, the diffusion of motor vehicles, the state of the transportation system, laws governing larger stores, various spatial constraints and shopping behavior.

Table 1.1 An International Comparison of Gross Profit Margins and Inventory Ratios within Distribution Systems.

<u>A) Gross Profit Margins</u>				
	Japan (1986)	United States (1986)	West Germany (1985)	Britain (1984)
Gross profit margins (i)				
Wholesale	11.2	19.4	12.6	13.4
Retail	27.1	31.0	34.2	27.6
Aggregate profit margin/retail sales (ii)	57.6	49.7	58.9	55.6

<u>B) Inventory Ratios</u>				
	Japan (1986)	United States (1986)	West Germany (1985)	Britain (1984)
Inventories/sales				
Wholesale	4.4	11.0	7.3	8.1
Retail	9.7	12.6	12.3	11.6
Aggregate inventories/retail sales (iii)	24.8	23.2	26.6	28.6

NB: (i) (Sales - merchandise costs)/sales.
(ii) (Wholesale gross profit margins + retail gross profit margin)/retail sales.
(ii) (Wholesale inventories + retail inventories)/retail sales

Source: Papers and Proceedings of the Seventh EPA International Symposium, Economic Planning Agency, October 1989.

Table 1.1 presents Maruyama's data on Gross Profit Margins and Inventory Ratios for four countries in the mid-1980s. He suggests that the Japanese operating costs and net profits are not particularly high as both Japan's retailers and wholesalers operate on slightly smaller margins than in the West, and also Japanese distributors have the highest inventory turnover rate.

Goldman (1991) believes that in fact the non-food retail

structure in Japan is "quite similar" to that within the United States, and that the structural differences between the two systems "are largely confined to the retail food sector". In Japan, he says, the food sector is dominated by small stores. In the United States it is dominated by large stores. By way of contrast, in both countries the nonfood sector is dominated by small and medium-size outlets. He notes also that the small traditional grocery (multi-line) stores that often dominate traditional retailing systems are not found in Japan.

Goldman (1992) characterized the performance of the system as being a mixed performance system. In deciding whether it was highly inefficient, as is often perceived, he concluded that:

"The conclusion as to whether Japan's distribution system is inefficient depends on the criteria used for evaluation. If the sole criterion used is the similarity to Western systems, then the inefficiency thesis prevails. However, if the positivistic-modernization framework is rejected and the institutional-ecological perspective adopted, direct assessment of the system's performance on a broad set of criteria is required. Japan's distribution system employs a high proportion of the labor force, labor productivity in distribution is low, and prices to consumers are high. These major weaknesses are accompanied by generally high levels of product quality and service outputs to consumers, flexibility and responsiveness of the the system to changes in demand, widespread adoption of new technologies, and experimentation with new retailing formats. The distribution system is highly equitable and the large

traditional sector has not blocked economic development, the development of new retail formats, mass marketing or the delivery of standard of living to consumers." p34. [Note: Similar thoughts have also been expressed by Dawson, 1984].

"An analysis of the determinants of low productivity shows many of the causes to be deeply-rooted and to reflect basic value tradeoffs and environmental forces. It is therefore concluded that it is naive to expect that distribution costs in Japan can be significantly reduced through the same methods that proved their effectiveness in the West.". p11. (Emphasis mine.)

Briefly, he describes the positivistic-modernization and institutional-ecological perspectives as follows, maintaining that the second approach is the most appropriate to use in Japan:

"The positivistic approach to development and the modernization ideology it has spawned [see Preston (1982), Dholakia and Sherry (1987), and Savitt (1988)] are based on the idea that development means a progressive adoption of the model system's characteristics. It is associated with such concepts as evolution of societies and stages of development." p16

"The institutional approach emphasizes the role of norms, traditions, practices, social and political beliefs, and historical events as major determinants of organizational structures and processes. Each aspect of the system is viewed as a part of an integrated whole that should not be considered in isolation. Ecological theories emphasize the effects of environmental conditions and internal determinants on a system's structure and performance. The patterns and activities

that best serve a society will be reinforced and maintained, those that don't will disappear." p18.

The institutional-ecological approach has been used in studying organisations (for example Carrol 1984, Perrow 1986, Pfeffer 1982, Zucker 1987), and adapted for application to the study of distribution systems (for example Arndt 1981, 1983; Dholakia and Sherry 1987, Savitt 1988; Stern and Reeve 1980). Dawson (1985) and Batzer and Laumer (1989) believe developments in Japan are best described as evolution, and not as revolution.

Fields (1985b) maintains though that in distribution in Japan:

"Change will occur if externally imposed through major shifts in economic factors or consumer choice. Change will not evolve from the system, which is based on fundamental societal values". p23.

Turning briefly to corporate retail strategy in Japan, Dawson (1989) has written:

"The widely stated view that retailers' strategy is fundamentally different from that in Europe and the U.S. is based on a superficial view of strategy. As with the changes in structure, there are many similarities in strategic management between Japanese retailers and their counterparts in the U.S. and Europe." p55.

The largest retail businesses are reputed to have employed management 'know-how' and expertise that is as advanced to that found anywhere in the world (Asano, 1989; Wylie, 1989).

The main body of available English language material relevant to this study is reviewed in chapters 2 and 3 of this thesis.

This literature review looks at changes in the structure of retailing from a variety of perspectives. In a doctoral thesis,

even if it is not predominately concerned with hypothesis testing, the research should be concerned with the generation and answering of higher order cognitive questions. According to Brown (1975) higher order cognitive questions involve the completion of three distinct stages, namely analysis, synthesis, and evaluation. In the present research context, analysis requires identification of the factors of change, the making of inferences and using examples to support such statements. Synthesis includes the solving of problems posed or identified in analysis, and the making of predictions; producing "interesting juxtapositions of ideas and images". Evaluation judges the quality of ideas put forward, or solutions to problems; and also requires any personal opinions on issues or controversies to be rationally based.

Overall, there has been a construction of a broad but shallow overview of Japanese retailing in English. Relatively little English language material exists on the internal organisational factors or business functions of Japanese retailing. An understanding of both factors external and internal to firms is needed in order to explain retail location, hence the inclusion of a case study in Part Three as proposed in Section 1.2 above.

Chapter 2 contains an examination of the geographical, demographic and historical backgrounds to retailing in Japan, with special reference to large-scale retailing which has greatly increased in importance since the early 1960s. This material complements the background material of Larke (1991).

Most of the literature is to be found in journal articles. Much was originally written in Japanese and subsequently translated into English for publication in the West. Much of it consists of generalities and is repetitive. Often, statements of general application are made supported by poor or isolated or

insufficient examples to justify the claims by Western criteria.

The articles cover various topics ranging from trends in consumption through descriptions of different kinds of retail outlets to the legal constraints on new store openings. The material content can be largely classified as covering sources of opportunities and threats to retailers within the retailing environment. They each have an influence on retail location as suggested at length in Section 1.7 and are reviewed in Chapter 3.

1.6 Three Principal Problems in the Research Area.

Specific problems associated with the research design, methodology and data analysis are considered in the appropriate sections in the remainder of this chapter. From the very beginning, however, there were three very important limiting factors which moulded the project throughout its entire lifetime.

The first was the language barrier. It was fortunate that there was a body of English language material available since the student had no previous knowledge of the Japanese language. When the project started, however, there were no known volumes of Japanese retail and distribution statistics written or annotated or analysed in English. Some progress was made with learning the language, and this was later utilised in translating the relevant Kanji contained in both the available retail statistics and the documents containing the data for the case study which were eventually obtained during a visit to Japan. It was soon found that rapid progress in Japanese was impossible because of a basic lack of aptitude for acquiring the requisite linguistic skills. It should also be remembered that even where such aptitude exists it is commonly accepted that it takes at least two years to acquire a reasonable working grasp of this language which has a very different system of writing to that in the West.

The second main problem was quickly identified through feedback received after two presentations were given by the student to academic staff and other research students. This was the sheer potential scope of the proposed research. For example, retail census data were then available for the 2.4 million retailers, eating and drinking places in 1982, and there were data for four other census years between 1972 and 1979. Later the data for 1985 were also available. There was therefore ample opportunity to construct a large database on the University mainframe computer. Added to that was the thought of possibly looking at the local distribution of various types of retailer in one or more cities, plus data required for the completion of a case study. Therefore to avoid serious problems of overloading during the anticipated lifetime of the research it was continually necessary to exercise extreme selectivity with the large amounts of data.

The third limitation concerned the need to carry out some of the work in Japan. When the research started there was no guarantee that funds would be forthcoming from any source to fund a visit to Japan. It was primarily envisaged that a visit would be necessary in order to carry out the proposed case study and to gather material and/or data not readily available in the United Kingdom. Eventually a scholarship was successfully competed for under the auspices of the Japan Scotland Society (in Tokyo) which enabled the student to spend eight months in Japan during 1987/88 as a Visiting Research Fellow at Chuo University. During this stay the census data for 1985 was published and obtained.

A consequence of the insufficient language skills possessed during the visit was a dependence on the availability of interpreters. The implications are considered in Section 1.7.5 which deals with the choice of case study in the research design.

1.7 The Research Design.

1.7.1 The Literature Review and the Inter-Disciplinary Nature of Store Location Research.

A distinctive feature of the research is the interaction between two major "parent" fields of study involved. The approach of the study to spatial analysis is essentially a geographical one. In the object of the study, ie the retail industry, much about outlet location cannot be explained just by geography alone. The location decision is often the first strategic plan implemented by an organisation. As McGoldrick (1990) wrote:

"Store location decisions are frequently considered to be the most important elements of retail marketing. Although a good location is unlikely in itself to compensate for mediocre overall strategy, a poor location can be a deficit that is very difficult to overcome." p157

The first objective put forward in Section 1.3 stated:

- a) The research will examine structural change in Japanese Retailing, primarily in respect of spatial implications such as the changing spatial provision of various types of stores and shops.

Store location within this objective is defined so as to cast it in its broadest sense geographically, and for the purpose of the case study so as to incorporate the spatial elements of corporate location strategy by including a hierarchy of regional location, the city or town, and type of site. (As suggested by Davies and Rogers (1984), and Davison et al, (1988)).

Just before this research project was started, Davies and Rogers (1984) started the introduction to their book by saying:

"Store location and store assessment research constitutes a distinctive area of work from both an

academic and a practical retailing point of view; but it is one about which relatively little has been written and few summary textbooks have been published.

This lack of documentation can be explained partly by its rather curious academic origins and partly by a veil of secrecy that hangs over its application in business. Its academic roots are to be found in Marketing Geography, which is a small, specialized subdivision of an otherwise diffuse discipline not generally noted for its orientation to business problems." (Emphasis mine.)

While reviewing the literature on retail location generally, it became evident in the initial stages that there were a number of theories of potential or actual use to anyone wishing to describe and analyse retail location patterns (Guy, 1980). McGoldrick (1990) for instance has noted that the topic of store location has been considered from a number of perspectives, "being of direct interest to researches in geography, marketing, town planning, operations research and economics". p157.

One unfortunate aspect of this multiplicity of possible approaches was summed up by Guy (1980) as follows:

"The development of theory and empirical research has, with a few exceptions, been inhibited by academic demarcation lines, and a comprehensive understanding of spatial choice patterns either of retailers or consumers does not yet exist."

It is submitted that the research design for this project could not be based upon the adoption of one single approach and excluding all others. The second objective in Section 1.3 is:

b) The research will explore the applicability of the

transfer of Western concepts of the study of Western retail change to the study of retail changes in Japan. This will take into account cultural differences.

The literature as reviewed in Chapters 2 and 3 is therefore examined in terms of several approaches as part of objective b) above in both terms of location patterns for objective a) and the external influences operating on corporate strategy examined in the proposed study in objective c); and as such is part of the research process itself and not just an account of previous work.

As Garnier and Delobez (1979) declared:

"Any model of the spatial distribution of shopping activities that does not take into account the multitude of [variables] is of little interest or value."

Guy had this in mind when he referred to five approaches which he stated have been of actual or potential use in explaining retail location and which he reviewed in Chapter 2 of his book. They are considered in order in the next section. They form an initial framework of design options from which suitable methods could be chosen to carry out the objectives within Section 1.3.

When Guy wrote his book a substantial body of research had been carried out with respect to industrial location and the role of organisational decisions associated with it. Before 1980, as far as retail organisational strategy was concerned, little work appeared to have been done by British researchers.

However, since the early 1980's a growing number of researchers in the U.K. and elsewhere have been occupied with both academic and applied research into questions of corporate retail strategy (for example McFadyen, ed (1987), Walters (1988) and McGoldrick (1990)); and during the time taken to complete the thesis there has also been a corresponding expansion of the

literature relating to the spatial strategies of retailers, (e.g. Gosh and McLafferty (1987) and Brown (1992)). The expansion of the literature during the research period concerning the spatial strategies of retailers and store location in various ways is therefore considered at more appropriate places within the thesis.

1.7.2 Design Options for the Literature Review: Western Approaches to Retail Location Theory.

1.7.2.1 The Economic Approach.

The state of a nation's economy affects both the amount of money consumers have to spend and also any expansion plans of retailers. The economic trends in Japan since the 1960s are considered in Chapter 3, Section 2.

Guy (1980) describes how that according to orthodox economists the location of retailers' outlets would ensure the custom of people living or working close to them, thus leading to partially monopolistic advantages. This argument was weakened in 1929 by Hotelling who found that often firms selling identical products cluster together to prevent competitors from capturing an excessive share of the market. There is not general agreement as to whether a clustered or dispersed pattern is likely to develop. Guy mentions that economists have had little enthusiasm for testing theories of retail management location practice.

He also identified various 'naive assumptions' within the framework of economic theory. It assumes that retailers are always fully aware of the advantages to be gained from finding optimal locations, and that they are able to move short distances to improved locations, at minimal cost, when following the actions of competitors. Retail outlets in non optimal sites will fail in due course. Customers are taken to obey simple rules in their shopping habits, such as visiting the nearest shop offering

the required goods. In recent years Brown (1989, 1992, 1993) has re-assessed the 'legacy' of Hotelling. For reasons explained at the end of the chapter (Section 1.10 point 7) further discussion of this and theories of retail marketing cycles that account for changes in retail structure over time is to be found in Chapter 8.

1.7.2.2 The Social Psychological Approach.

This approach is of use in gaining insight into consumer buying behaviour. Fields of study include 'images' that different stores have and the attractiveness of their physical settings (eg Kunkel and Berry (1968), May (1974), Arnold et al. 1983)).

As Guy pointed out, this approach needs to be considered as assumptions of uniformly rational behaviour of consumers and retailers that underlie economic theory and central place theory (see next subsection) have come under attack as the results of empirical work. It has been shown that the policies of property developers and major retail firms can have important effects on location and size of new shopping centres, and also affect the prosperity of older urban areas. Also, several surveys of consumers show that a substantial minority at least take shopping trips longer than necessary to purchase particular goods or services. To sum up, consumer behaviour is affected both by the spatial disposition of shopping facilities that are available, and by personal and social characteristics of the consumer.

The two basic approaches to this particular type of research are the carrying out of interview surveys designed to demonstrate what factors are important to the individual when choosing shops and centres, and the second infers these factors from analysis of actual behaviour at aggregate level. Examples of surveys include those by Tauber (1972) who addressed the issues of personal and social motives for shopping, and the study by Mintel (1986) which

related shopping to leisure activities. There are however considerable difficulties associated with any studies of shoppers' motives, as summarized by McGoldrick (1990):

"Differences in time, retail sector, place, sample, methodology and research orientation represent just six of the major difficulties in combining or comparing studies of shoppers' motives. Even when most of these factors are held fairly constant, studies have illustrated significant differences between the patronage motives of shoppers in different geographical regions or countries." p74.

One such study has been carried out in Japan by Larke (1991); Appendix C reproduces the abstract to his thesis. It ends with:

"It was concluded that Japanese consumers have clear and detailed perceptives of the large stores available for their use. Some differences were identified between consumer types and different geographical locations in Japan."

References to this study appear in this thesis as appropriate.

In Japan demand has led to different shopping patterns from in the West. For example housewives prefer to shop daily for fresh food in small lots from neighbourhood stores (De Mente, 1987).

Furthermore, in Japan, there is a 'vertical' society where relationships are based on perceived rank or status. Works on Japanese society include those by Nakane (1973), Reischauer (1981) and Smith (1983). Great importance is placed upon 'Trust' relationships in business. There is an emphasis on 'Groupism', i.e. the idea of placing priority on the interest of the group before that of the individual in an individual-group relationship. English language books dealing with 'Groupism' and 'Trust'

relationships, especially from a management perspective, include those by Hasegawa (1986), Iwata (1978) and Odaka (1986).

Relationships in Japan between retailers, wholesalers, manufacturers, and consumers can often be perceived to be different from those in other countries. The administrative environment is also quite different in many ways for Japanese retailers compared with Western retailers. These matters are therefore considered in the literature review in Chapter 3.

1.7.2.3 The Geographical Approach.

This approach is by nature directly concerned with spatial patterns, whether of location or of behaviour. Since the 1950's much work has been carried out on evaluating retail location patterns. The emergence of Christaller's 'Central Place Theory' led to much empirical measurement of shopping centres and of consumers' buying preferences.

This theory is concerned with the discovery of order in the spacing of population clusters and settlements in the landscape. It is assumed that there is some logic in the distribution of spacing of settlements of different sizes and functional importance. His theory has been found to contain certain limitations. It presumes an isotropic land surface which is not true of Japan. Local conditions inevitably modify any theoretical arrangement of settlements in a particular area. A second main limitation is that it is more appropriate to regions emerging from a subsistence economy in which there is a clear distinction between town and country. Therefore some important modifications have subsequently been made to the theory (Davies, 1976).

Guy pointed out that in fact weak, if any, support from the empirical studies of shopping centres existed for the theory. He suggested that was perhaps one reason why in more recent years

geographers had started to look more towards explicit studies of consumers' decision making and behaviour, taking into account social and cultural factors. Studies have investigated the awareness of consumers of available shopping facilities, and also the role of distance in buying different types of goods.

He noted furthermore that there was a growing awareness among the so-called 'Marketing Geographers', particularly in the USA, of the need to study spatial implications of retailing from new perspectives and with additional tools of analysis. The emphasis was on finding out appropriate retail locations; and if possible near optimum locations in terms of revenue and operating costs. He categorised the work of 'Marketing Geographers', as being the 'Retail Management Approach' and this is considered next.

1.7.2.4 The Retail Management Approach.

This is more of a practical approach for practitioners compared with the academical approach of traditional geographers.

Marketing geographers have made indirect use of central place theory while defining market areas or trade areas for stores and shopping centres. They have increasingly used surveys of consumer behaviour and attitudes. Their research methods developed out of the academic environment. It was in America where broad geographical insights were first linked with the decision making functions of marketing. The father figure of this approach is William Applebaum. (See Applebaum, 1968; Kornblau 1968).

Marketing practice is largely geared to a more micro approach, being closely related to special policies in the individual firm. One example of a micro theory is that of rent theory which is applicable to the evaluation of individual store sites and the internal land use of business centres. The importance and contribution of this theory is shown by Scott (1970).

Also dealing with 'real life' situations is the 'General Interaction Theory'. Davies wrote it "is seen to provide a kit bag of tools for dealing with real world situations." Implicit within it is an operational approach to planning whereas Central Place theory refers more to an underlying strategy. It is rather a theory of movement than location. It depends largely upon a loose collection of mathematical equations based around a concept of gravity borrowed from Newton's law of gravity in physics.

Various so-called 'gravity models' such as Reilly's have been applied in different ways to many kinds of interactions as well as shopping movements. Reilly's law was specified in terms of the interaction between very large settlements. It states "two cities attract trade from an intermediate town in the vicinity of the breaking point approximately in direct proportion to the squares of the distances from these cities to the intermediate town".

In their book on retail location strategy, Ghosh and McLafferty (1987) review Reilly's gravity model in Chapter 4, and other more recent gravity models (or spatial-interaction models, as they are often called) in Chapter 5. The authors conclude that such models can predict the pattern of consumers' shopping trips in a particular area quite well. They can assist retail analysts by simulating how changes in market factors may have impact upon the performance of particular store outlets. The models require the use of carefully constructed databases using accurate data. Each model must be calibrated using statistical procedures.

According to Knowles and Waring (1976) some geographers have argued though that when considering a particular region or area:

" ... one must first understand the relevant theory and then examine local deviations, using the model as a yardstick for comparison. Others believe that each

region is unique, and that explanation should seek to discover the special relationship between local conditions and settlement ordering."

Central Place theory and the General Interaction theory may be used to describe and explain the broad relationships between a system of centres and their trade areas. They suffer from the fact that they offer few guide-lines for studying the internal structure of business centres or the detailed comparison and composition of shopping trips. Davies pointed out the need to establish consistent classifications concerning major business types and their locational requirements. He identified three prevalent economic activity types:

"a, Certain activities exist to serve the everyday needs of a surrounding population and these require locations which command a 'general' level of accessibility. These are effectively centralised locations.

b, Other activities exist to fulfil a mainly service role by catering to the needs of a passing through trade. These are activities which require proximity to major routeways or communications where there are enhanced levels of 'arterial' accessibility.

c, Further activities exist to provide a highly specialised set of either goods or services to a particular type of clientele. These require an assorted mixture of different locations but ones which reflect a special level of accessibility due to such things as physical site resources or prestige."

The difference in such locations has important implications for any assessments of consumer behaviour. Guy mentioned that at the time of writing there was an "almost complete lack of concern

of centre and store location experts with any elements of the psychological or sociological approaches to retailer or consumer behaviour."

Davies (1984) had pointed out when he wrote his book that there had been signs of growth in links between academics and business firms and in consultancy work opportunities which were subject to the implications of town and country planning regulations. The Town Planning Approach is considered next.

1.7.2.5 The Town Planning Approach.

McGoldrick (1990) wrote:

"Dawson (1980) points out that all governments in the Western industrial nations intervene in the retail sector. The extent of this intervention does however differ considerably, as do the structures and processes of planning. In the UK and many European countries, retailers and developers have been more constrained than their counterparts in the USA. The modest number of out-of-town shopping centres in the UK and the uneven distribution of large stores are indicative of these constraints." p178

The planning process in Britain has been comprehensively discussed by Guy (1980) and by Davies (1984).

In Britain, new stores have usually been forced by planning legislation to occupy sites in existing types of centres. In Japan, legal restrictions on the floorspace allowable to large scale retailers have been used to protect small retail concerns. These are two instances of how companies do not always have a free hand when establishing new outlets. Retail strategy is often subject to town planning intervention in the retail sector.

In all planning schemes the attractive power of commerce is fully utilised. The business centre is the key to the development of a focal point in urban life. This is particularly true in new towns. As well as the shopping centre there exists administrative, cultural and commercial functions. Such centres in industrialised nations are now carefully calculated and planned. Not least in order of importance is the need to consider transport developments and the provision of parking space. This is particularly true of Japan with its narrow streets and traffic congestion. There, a new development has been a comparatively wider use of new out of town centres compared with Britain.

Again, central place theory and general interaction theory are used in planning, and particularly in Britain. The former has acted as a rationale for determining the sizes and spacing standards for new shopping centres at a regional and local scale. It is used to facilitate an evaluation of whether existing arrangements are efficient. General interaction theory offers a rather more flexible means to provide specific forecasting purposes in respect of trade area estimation and the size capacities of shopping areas.

Guy commented that

"the town planning approach is one where future events in retailing are usually forecast in a rather simplistic manner, and policies designed accordingly.

... there is little indication that planners are fully aware of the findings of market researchers on variations in aspirations and perception among consumers. There is even less evidence that most planners understand the decision processes of developers and retailers."

1.7.3 The Chosen Design for the Literature Review.

Where feasible, and subject to the factors outlined in Section 1.6, it was decided to incorporate material in the literature review relating to each of the disciplines considered in Section 1.7.2. The use of various approaches in the research as appropriate helps to avoid the use of any one of them acting as a blinder (Barber, 1976). This is because each tends to determine and restrict the relevancy of data, its collection, analysis and interpretation (Spanos and Chaves, 1970).

During the initial consideration of the English language material, it became obvious that there were similarities between the subject matter of the disciplines in Section 1.7.2 and those factors that are often categorised as 'threats and opportunities' within 'SWOT' analysis as commonly used by analysts of corporate strategy (McGoldrick, 1990; Knee and Walters 1985). (SWOT = Strengths, Weaknesses, Opportunities Threats). As an objective of the research is to consider corporate strategy, it was considered appropriate to review the literature in terms of the approaches of Section 1.7.2 and in terms of threats and opportunities.

Therefore, in Part One, each of the background factors identified in the previous section are considered which each have a bearing on the spatial provision of retailing in Japan.

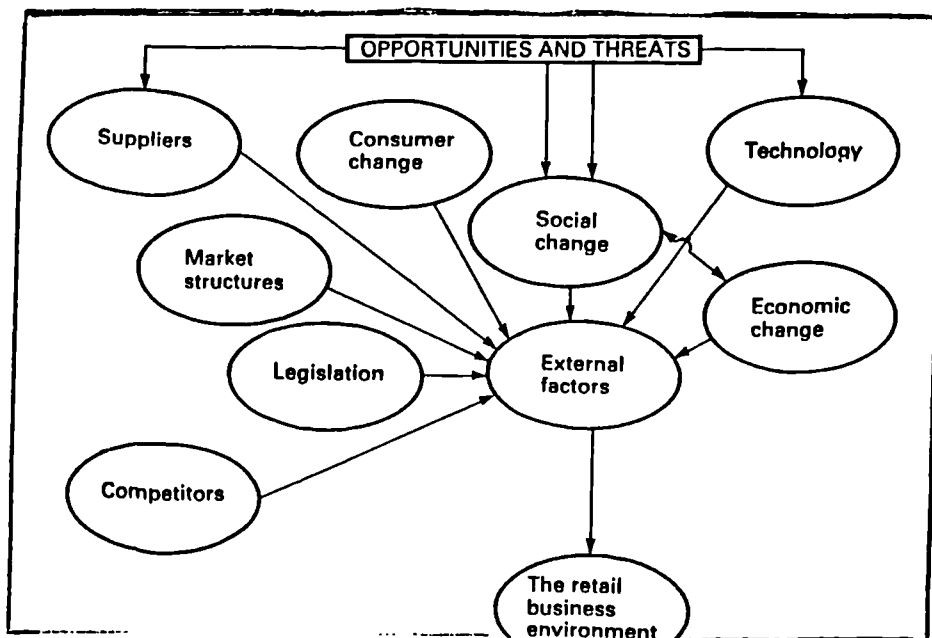
In Chapter 2, geographical and historical factors peculiar to Japan are described that have shaped retail location patterns.

During the course of the research attention was also paid to cultural and social aspects. They have been taken into account in such matters as changing consumer purchasing behaviour (in a very broad sense and not at the detailed level carried out by Larke, 1991), and relationships between retailers and suppliers. They are included within the following list of external factors (which

were identified in the English language literature) that affect retailers within the retail environment. They are described in Chapter 3. Some comparisons are found in Chapter 8, acknowledging work carried out in Western countries as part of objective b) in Section 1.3. (Explained in Section 1.10 point 7). The factors are:

- 1 Forces of Change
- 2 The Economic Climate
- 3 The Changing Japanese Consumer
- 4 Technological Change
- 5 Relationships Between Retailers and Wholesalers
- 6 Changes in Commercial Land Use
- 7 Government Policy and Legislation

Fig 1.1 Identifying Opportunities and Threats in Retailing.



Source: Adapted from Knee and Walters, 1985 (Page 56).

There is quite an overlap between the above list and the external factors in Figure 1.1 as applied to SWOT analysis and retailing in the United Kingdom by Walters & Knee (1985).

1.7.4 The Design for the Analysis of Published Statistics.

In Part Two the analysis of the Census data in accordance with objectives d) and a) in Section 1.3 provides factual data

from which an "objective-external" view of trends in retailing can be obtained. Restated, these objectives are:

- d) A major feature of the research is to be the analysis of Japanese Retail and Distribution statistics, in depth, for the first time in English.
- a) The research will examine structural change in Japanese Retailing, primarily in respect of spatial implications such as the changing spatial provision of various types of stores and shops.

At the beginning of the research it was envisioned that the statistics would be chosen from among the following sources:

1. The 3-yearly census of retail and wholesale activity conducted by the Japanese Government.
2. Government data on the growth of new kinds of store.
3. Data from retail research institutions within Japan.
4. Specific data in respect of the proposed case study.
5. Company annual reports.

The full title of the census is the Census of Commerce. It was first carried out in 1952. It was then conducted every two years until 1976. Since then it has been conducted at three yearly intervals. This census covers both wholesale and retail stores. Volumes covering 1972 to 1982 were immediately available for analysis. The 1985 volume was obtained in Japan.

The census contained details for 29 categories of retail outlets, further divided into 65 sub-categories. The details for each comprised the total number of shops, annual revenue, employees, floorspace and stock value for each of the 47 geographical and administrative areas known as Prefectures. Once a database had been constructed from these variables (excluding stock value) the population total for each prefecture for each

census year was subsequently added to the database.

Because this is in effect a pilot study, and the potential for detailed analysis is enormous, it was decided to carry out the census data analysis on a national basis for all categories; and by prefectures for a number of very important selected categories, rather than say for individual towns. (Japan is divided into 47 prefectures for administrative purposes).

In interpreting objectives a) and d) in Section 1.3, it was decided, that as a geographical component was implied within Part Two, that thematic maps could well be used in conjunction with selected tables to show the changing spatial provision of various types of stores and shops and also changes in the structure of the retail industry. Accordingly, the GIMMS software package was utilised to produce suitable maps and output. GIMMS is a commercial general purpose geo-processing system, designed for the analysis and graphical presentation of statistical data.

This package was the only suitable, accessible, package then available for the purpose of this research; and was only implemented on the University of Stirling's mainframe computer after the student returned to Scotland from Japan. One advantage of this delay was that the recently available 1985 Census data could be incorporated in the requisite computerised database.

At the time of implementation, enquiries had revealed that there were no known existing digitised maps of Japan that could be used with GIMMS. Therefore a suitable large map of Japan was used in the preparation of a digitised map with the valuable help of the staff in the Environmental Sciences Department, in the University, who graciously carried out the bulk of the work involved. The Computer Department then assisted me by transferring the data for the co-ordinates of the map to the

university mainframe, and also prepared it for use with GIMMS. The student then had the sole responsibility for writing the application programs within GIMMS itself and the construction of the necessary associated database, and the production of maps.

The period of 1972-1985 for the Census analysis was chosen because full Census figures were available for 1972-1985, coinciding with the major changes in legislation. Also, the 1985 Census revealed that for the first time the total number of shops had decreased since the previous Census had been undertaken. (The total number of retail stores subsequently decreased by only 0.5 percent between 1985 and 1988 compared to a decrease of 5.4 percent between 1982 and 1985. According to Dentsu (1988) and MITI (1989) this small decrease was made up mainly of marginal, part-time retailers working from their homes. At the time of writing it is known that between 1988 and 1991 there was also a decrease of 1.8% (Tradescope, 1993b). Yoshida (1992) predicted that the number of shops will fall to around 1.3 million by 1995.

Since 1974 legislation has governed the opening of stores with a floorspace of 500 square metres or more. Because all applications for new openings of stores above this limit pass through a series of administrative channels, including final consideration by the Ministry of Trade and Industry, the government has been able to collect yearly figures for the number of large scale retail outlets. It was anticipated that it would be possible to approach MITI during the visit to Japan with a view to obtain relevant data on large store openings. Likewise it was hoped to obtain data from retail research institutions within Japan and specific data in respect of the proposed case study, but when the research was initially designed the student could only make a guess at what data would actually be available. It

was known that a number of large retail companies published English language annual reports and accounts.

During the visit, data was obtained from MITI, and Japanese language data purchased, and annual reports were obtained from a number of companies. This material was incorporated in the case study as described in the next Section, where it is explained why it was decided that the data on individual stores would be best considered in Part Three. Summary statistics for stores governed by the large store laws that were available prior to the visit to Japan are given in the discussion in Section 3.7 of Chapter 3.

February 1986 was chosen as the cut off point in order to make the study reasonably upto date and manageable, because the 1985 Census was taken during the Fiscal year ending February 1986. The corresponding English language company reports for Fiscal 1986 examined in Chapter 6 cover the 12 months ending February 1986.

At this point it is worth mentioning that the considerable amounts of work involved within the painstaking transcription and translation processes for the Census data, the data subsequently obtained from MITI, and other data obtained for the case study, are fully described in Section 1.9.

1.7.5 The Case Study Design.

As stated in Section 1.7.1 there is much within the topic of retail location that cannot be explained by geography alone. Therefore Chapters 6 and 7 contain an analysis of the corporate retail strategies of six of Japan's leading retail companies in accordance with objective c), in Section 1.3, which was:

- c) A feature of the study should be a specific analysis of corporate retail strategy within a topic area to be chosen by the student.

Some suggestions for topic areas to form the basis for a case

study under objective c) above were initially put forward to the ESRC in the original award application. They were as follows:

- a) The emergence of corporate and technological innovation in retail companies based in the major cities (Tokyo, Yokohama, Osaka) and its spread through the urban system.
- b) The emergence of chain stores and the corporate policies of spatial spread of operations and format diversification.
- c) The spread and form of government policy to control large stores and stimulate new business.
- d) The adoption from the West and adaption to Japanese conditions of particular retail methods, eg DIY retailing, convenience stores, furnishing etc.
- e) The adaption of the traditionally small business sector to new types and levels of competition.

The list is included here for two reasons. First it formed an initial basis for an initial feasibility study of topics. Second, once a topic had been chosen (whether from the list or not) the list became a starting point for suggestions for future research. To some extent these topics are actually addressed in a broad, less detailed way, within the literature review in Part One.

In Part Two of this thesis an "objective-external" view of trends in retailing is presented. In Part Three the case study attempts therefore to gain insights into the "subjective-internal" aspects of corporate locational strategy through studying six companies which were all incorporated after the late 1950s. After due deliberation, these particular companies were chosen for a number of reasons as follows.

They were examples of the leading superstore/supermarket chain

store companies that have emerged in the 1960s and grown rapidly through expanding their geographical sphere of operations and by means of format diversification. They form examples of topic b).

Five of the companies were the top five retail companies, in terms of sales, from 1983 to 1986 having filled the positions formerly occupied by department stores. The six companies all started operations within the most heavily populated regions of Japan, namely Kanto Kinki or Chubu, with later expansion in other areas of Japan. The companies fall naturally into two groups.

The first group includes Daiei, Ito-Yokado and Seiyu. All three were established in the period 1958-1963. The first stores were located in the areas of greatest concentration of population, ie Tokyo and the Osaka-Kobe area of Kinki. They are examples therefore of companies within topic a).

The second group includes JUSCO, Nichii and Uny. These three companies were formed through mergers of comparatively small locally based chains between 1963 and 1971. Their first stores were located in Kinki and in Central Japan between Kinki and the Tokyo - Yokohama conurbation.

Organisational change in these companies, and the adoption of innovative technology, is examined in Chapter 6. The case studies thereby contain some examples covered by topic d). These studies include examination of the locations of stores from 1972 to 1985.

In Chapter 7 a statistical analysis of the Companies' stores is presented, using published data and material supplied by the Ministry of International Trade and Industry (MITI). These documents were all obtained during the visit to Japan. A sample of 1,230 stores formed the basis for the analysis. The MITI information covered stores that were governed by large store

legislation and so topic c) could also be partially addressed.

By combining the techniques of statistical analysis and the study of retail strategy the intention was to detect changes in the organisational structure of the Companies and the resulting effect on the spatial provision of outlets, their size and format. Technological change was considered, especially where it could affect the location of a retail outlet or its use.

The thesis combines both exploratory and hypothesis testing methodology, but with the greater part being concerned with exploratory techniques. The proposed hypotheses being tested in the thesis relate primarily to the case studies of the six leading retail companies. They are as follows:

1. The large retail companies have grown rapidly during 1972-1985, as the result of successfully responding to threats and opportunities within the retail environment.
2. Diversification through the adoption of new retail formats has contributed to this growth.
3. Legislation governing large stores has been a factor in diversification, and has slowed down the rate of growth, but not necessarily the size, of large stores.
4. The average size of the companies' superstores and supermarkets has increased considerably.
5. The leading companies have expanded their territory of operations through various strategies.

Section 9.4 contains conclusions as to whether these specific hypotheses put forward have been supported or rejected, or whether the position remains unclear in respect of any of them. A number of previously published hypotheses have been noted and set out in Section 3.8 of Chapter 3,

During the course of the research further hypotheses emerged

to form the subject matter of possible future research and testing. They are submitted in Chapter 9 which draws together the conclusions reached in the individual chapters and also contains suggestions for further study.

The statistical data associated with the case study consisted of values for several variables in respect of individual stores and the shopping areas in which they were situated. It would have been impossible to incorporate this data in Part Two, as part of the analysis of the Census of Distribution, since all of the available Census volumes before 1985 only contained data for prefectures. The 1985 volume that was obtained did contain data for the totals for each variable for each city and town. It is submitted that it was more meaningful to carry out a case study on strategy within companies in conjunction with a statistical analysis of the information available in respect of their stores.

In Section 1.6 it was stated that it was anticipated that the material required for the case study would be obtained in Japan, and that the language problem would be a barrier to rapid progress. It was necessary therefore to make the best use of published statistics even if they were annotated in Japanese.

While these statistics were being sought and obtained, a number of interviews were carried out, with the help of interpreters, with executives from a number of companies and organisations. Without exception the executives were most courteous and willing to talk. However it was soon obvious that they could only supply general information or information specific to their own position and that there was a serious possibility that I would not have the time needed or the means available to obtain material of a sufficient standard for the case study from within the companies concerned during the amount of time available during my visit.

The most important data obtained from an interview was that contained in a copy of a document used internally by MITI in respect of the large stores legislation as mentioned in Section 1.7.4. The case study stores data is considered in Chapter Seven.

Some of the interviews did however provide leads for avenues of further information for one of my interpreters who was also conducting research for a PhD. He could use his fluency in both spoken and written Japanese to develop a number of long term relationships in order to obtain the kind of data necessary for questionnaire or survey research methodologies in ways that were not open to myself. He was in fact more or less permanently resident in Japan, and much more familiar with the culture and with the lengthy and complicated introduction processes that have to be complied with in order to obtain information. He thus had advantages that I did not possess and had much more flexibility.

Usually, once a fairly junior executive is happy to be interviewed, and it has taken place, an interview with a more senior one has to be arranged and so on until the information or data is obtained. It takes time to enter into and develop a relationship of trust, within the context of a different culture.

My own experiences confirm what De Mente (1987) has written:

"In practical terms, this means that the foreign businessman cannot approach a Japanese company as he would a Western company with any chance of getting similar results in a like period of time. From the first moment of contact, the Japanese businessman is more concerned with how you got his name, whether you have an introduction, and, if you do, whom it came from, than with the purpose of your visit. If you do not have an introduction, you are off on the wrong foot

and may make no progress at all. If you have one, but it is from someone with whom the Japanese businessman or his company has no important relationship, it may do you very little good.

... Conditioned to respond positively only to people in his own group or with whom he has an established relationship, the Japanese businessman is seriously limited in his reaction to people he doesn't know or has no reason to trust." p16.

These are some of the reasons why published English language accounts of company strategy were sought for. With help and with introductions from the staff of Chuo University, in Hachioji, I was able (over a period of several weeks) to obtain English language Annual Company Reports for several Supermarket and Department Store companies for a number of years. (In some cases they covered all of the period Fiscal 1972 to 1986 inclusive). Apart from the reasons put forward for their use in Chapter Six, they proved to be the most comprehensive and most easily obtained materials covering strategy within the available time. Chapter Six contains a critique of the use of English version reports.

It was not feasible to obtain the kind of data that would be used in some of the approaches that could be used to study and explain retail location as described in Section 1.7.2. I was unable to obtain data for instance in order to use any of the spatial interaction models mentioned in Section 1.7.2.4. I did not have the language skills necessary to conduct surveys into consumer behaviour. In any event, I did not wish to overlap the work being concurrently carried out in that area by my interpreter and colleague, who in any event was not restricted to using English language materials like I was (see Larke, 1988).

Initially I prepared a list of questions asking how a company actually conducted the process of selecting a site for a new store and what factors were taken into account and how store size was determined, and whether any kind of check-list was used or any quantitative forecasting or assessment techniques were used. After some weeks an interview was arranged with a senior executive and I was able to give him the list of questions. He spoke English, and an interpreter was able to clear up points. Confidentiality issues were discussed, and ways put forward to ensure this in the research. However I heard no more. In general the interviews I was able to arrange yielded very general information or details of where I could obtain published statistics.

1.7.6 Design Summary

The most compelling justification for the research design used is that to a large extent it was implied by the nature of the objectives of the study stated in Section 1.3, and affected by the limitations described in Section 1.6. With that in mind there is a natural division of the study into three parts. In Part One the background factors identified in section 1.7.3 are considered which have a bearing on the spatial provision of retailing in Japan, in essence using a European viewpoint.

In Part Two the analysis of the Census data provides factual data from which an "objective-external" view of trends in retailing can be obtained. Because this is in effect a pilot study, and the potential for detailed analysis is enormous, it was decided to carry out the Census data analysis on a national basis for all categories and by the 47 prefectures for selected categories. (Prefectures are broadly similar to counties.)

In Part Three the case studies represent attempts to study the "subjective-internal" aspects of corporate locational strategy as

expressed in Annual Reports; and to use available statistics to illustrate also developments in the spatial distribution of stores of each company upto February 1986.

The research methods that were subsequently adopted fall into two broad categories. Firstly there were quantitative methods of statistical analysis required for the analysis of the Census data in Part Two and the data on the case study stores in Part Three. Secondly there were qualitative methods used for the case study.

1.8. Research Methods.

1.8.1 Quantitative Methods.

Chapter 4 contains a description of the retail census data used to build a computer database for the period 1972-85. An exploratory statistical analysis by classification of retailers was first carried out at the national level, to present an initial overview of trends. A carefully selected sample of nine of the 29 categories was chosen for the more detailed analysis at the prefectural level which is contained in Chapter Five. Tables and pie charts were constructed as appropriate. The analysis in Chapter 5 makes use of computer generated thematic maps, prepared through the use of the GIMMS software package that was introduced in Section 1.7.4, to show various spatial changes over time.

There are three main purposes for the analysis in Chapter 7:

- 1) Exploratory analysis of published Japanese statistical material in respect of the case study stores;
- 2) The use of regression analysis to examine the sales of the case study stores during Fiscal 1985, from the angles of both stores assessment and sales prediction.
- 3) Using the findings of 1) to quantitatively test those hypotheses put forward in Section 3.8.2 of chapter 3.

As a general point, tables were considered more important than maps because the sample was small enough for the data to be shown for each company without undue loss of information and this even applied to showing how the companies expanded territorially over time. Inter alia, tables are used to portray the geographical distribution of the stores, relationships between stores and population distribution and density, and the size of stores and the date of opening.

The additional data obtained from the Ministry of International Trade and Industry includes some details about the surrounding areas of retail development in which the individual stores are located. Five types of site were identified. The Chapter includes an analysis by type of site. The five types are:

- 1) The traditional city 'High Street' shopping location,
- 2) A site near a railway station in a city,
- 3) A suburban location within a city,
- 4) Part of a railway terminal complex,
- 5) A location within a town or large village
(ie not counted as any kind of a city site).

A more sophisticated use of tables in the Chapter involves the application of the Chi-Square test to determine whether any patterns could be identified concerning various variables.

At various points within Chapter 7 correlation matrices are presented. As Shaw and Wheeler (1985) state: "As we would expect a great deal of geographical analysis involves studying the relationships between two or more variables, either through time or in different places." The Pearson Correlation coefficient is a statistical technique that can be used to determine the strength of a relationship between two variables. It can be used both as a descriptive tool and as an inferential statistic in assessing the significance of a relationship.

In Chapter 7 the Pearson Correlation coefficient is used to assess the degree of linear association between the sales, sales floorspace, number of staff and number of parking spaces for each store, the population, and population density of the city, town or ward in which the store was located. The correlation coefficient between the size of individual store and date of opening for each company is given. For Class 1 stores governed by the large stores legislation, the length of time between the successful outcome of an application to MITI for a proposed store and the store opening, the size of the surrounding shopping area, the numbers of retailers and core stores involved in the consultation process are also included in the analysis.

Section 7.7 contains an assessment of store sales performance using multiple regression analysis. It includes separate analysis for the different companies, geographical regions and kinds of site of stores in the data sample governed by the large store legislation. It is also used to present a predictive model for 1985 sales for the total population of supermarket and superstore outlets. Regression analysis is widely used as a methodology in store assessment research (Davies and Rogers, 1984).

1.8.2 Qualitative Methods.

The six companies are introduced in Chapter 6 and there is a description of how their overall organisational form has changed upto 1986 using English language Reports for several years. This is done by tracing the main features of their historical development and growth in Section 6.2.

Although it is important, strategy is but one of the influences on organisational design. In Chapter 3 several others are identified and described as 'Threats and Opportunities.' They include forces acting upon the firm within the business

environment and technology. Where possible, using material from the reports, Section 6.3 examines the factors identified in Chapter 3 which have contributed to or facilitated organisational change within the six companies.

The Chandler Thesis, which was first published in the USA in 1962, is described and submitted in Section 6.3 as being a suitable model for considering the organisational changes within the Companies. This model helps to explain the important relationship between corporate strategy and structure. As the companies made strategic responses to changes in retail trends the implementation of such strategies resulted in major changes in their organisational structures. Hare (1986) stated that "Undoubtedly the most influential writer in the area of strategy and organisational structure is Chandler." His work therefore provides a suitable starting point for any study of corporate organisational development.

Furthermore, Child (1984) points out that the Chandler Thesis is an attempt to bring together the main strands of the 'Contingency Analysis' approach. One implication of this approach for any firm's policy on organisational change is that its organisation must develop in line with its strategies. He states "Writings in this vein [including Chandlers's] have generally concentrated on just two strategic characteristics, growth and diversification." Growth and diversification are characteristics of corporate change identified in the histories in Section 6.2.

Finally, the model is appropriate where the business under consideration expands its operations in terms of both its range of products and its geographical coverage (Hare, 1986). It is therefore a useful aid to understanding the growth and spatial expansion of the six companies.

1.9 The Task of Data Transcription and Translation.

1.9.1 The Census of Commerce.

There were six editions of the Census to consider for the period 1972 to 1985. Each volume was written in Japanese. Most of the data were set out in columns, so the first requirement was to obtain translations of the various table and column titles. There was an English/Japanese list of retail classification categories published in March 1978 by the Office of Statistical Standards Administrative Agency entitled 'Standard Industrial Classification for Japan'. This was then used to identify the categories of retail stores in each volume of the Census. Appendix D shows sample pages from the 1985 volume, the only one readily available that contained data for cities and towns besides prefectures.

Altogether for each of six years, values for four store variables for each of 29 retail categories in each of 47 prefectures were available for possible transfer into a computer plus the population total and density for each prefecture in each year. In total this amounted to a possible 57, 246 figures, so it was very important to exercise objectivity as to what to use.

As a starting point, data entry was first confined to the national figures for each year to assess overall changes during the period 1972-1985. This resulted in an initial input of 870 entries including code numbers for categories. There were twelve missing values. The store variables included the national totals for stores, sales floorspace, employees, and sales.

It was subsequently discovered, while in Japan, that the data for the three years 1976, 1982, and 1985 (giving just national totals for the retail categories) had been published by the Distribution Economics Institute of Japan in the Statistical Abstract of Japanese Distribution (1986). The Abstract is in

English and consists of statistical tables without annotation. They include one table on retailing at the prefectural level, which contains total retail establishments, employees and annual sales for 1985. No other English language extracts or versions of the Census were discovered during the course of the research.

As described in Section 4.5 of Chapter 4, a subset of nine categories was chosen for analysis at the prefectural level. Data entered into the computer for these categories, the total for all categories, plus population figures, and land areas, (used to compute population density) and prefecture codes, for each census year amounted to 12,126 individual figures including 188 missing values. The population data was also used to produce the maps of population changes in Chapter 2.

In exercising objectivity when analysing the data, only the entries for 1972, 1982 and 1985 were subsequently manipulated to produce the required information in Chapters 4 and 5. The MINITAB statistical software package was used for this purpose primarily, though the Statgraphics (Personal Computer) package was also used to produce some pie charts.

1.9.2 The Case Study Materials.

To carry out the analysis, data from several sources were pooled to produce a database of 1,230 individual stores owned by the six companies or their subsidiaries and affiliates. Of this total, 874 stores were operated by the six companies, and 356 by subsidiary or affiliated companies. The main sources were:

- 1) Japan Chain Stores Association Handbook for 1988.
- 2) Survey of Large Retail Shops (C.K.S. 1986).
- 3) Current Company Yearbook (1988).
- 4) The data from The Ministry of Trade and Industry (MITI).

Appendices E through H show sample pages from each source.

Source 4) contained extra data in respect of the 714 Class I stores owned and operated by the case study companies that were governed by the large stores legislation. Because more variables would appear in the proposed database with regard to these stores than the others, it was decided that two separate databases would be more convenient when statistically analysing the data. In one, there would be data for the Class 1 stores, while the other would contain all the stores and the variables that were common to all.

The first step, in the construction of suitable computerised databases, involved the use of the MITI book. This was comprised of sections containing details for every Class 1 store by every city and town. A bilingual map was obtained showing all of the cities and major towns. In the index each place was given in both English and in Kanji. By using these Kanji, each section of the MITI document could be identified. By each prefecture there was then a subsection for every city and town where the Class 1 stores were located. A number was allocated for each prefecture, and city in the book, and each name was added in English. In total there were 652 cities (11 of which were further subdivided into 132 wards). A further 64 towns or large villages were later identified as containing stores. The population figure and population density for each city, ward, and town were taken from the October 1985 Population Census and added to the document.

The Japan Chain Stores Association Handbook for 1988 was used then to identify all of each company's stores, including those that were not classified as Class 1 stores and were therefore not included in the MITI document. Each company's stores were listed separately. Again the book was written in Japanese. The location had to be checked against those shown in the other books. It was this source that gave the number of staff per individual store.

The figures for floorspace for the non-Class 1 stores were also taken from this book. This publication was used in identifying stores operated by subsidiary or affiliated companies.

The type of site occupied by each store was identified from the Survey of Large Retail Shops (C.K.S. 1986). This publication also showed the number of car parking spaces provided in respect of each store. Like the MITI document it was written entirely in Japanese and arranged in a prefecture and city order. Again the name and number of each place had to be entered and each store location was double checked. Using these two sources together was helpful in clarifying entries that were unclear for various reasons. Added together the details then gave answers to doubts for example about such place names as the name of the relevant shopping neighbourhood and the street, and even the company name. Sometimes a company operated two or more stores in a city quite close together and they would operate a store under another name.

Each subsection of the MITI document for each city and ward was then checked to see if it contained details of any of the stores in the sample. If it did then an identifier number for each store was added to it and a code number to show the type of site it occupied. The number used for each store was used as the primary key in both databases and was based on the ordering of stores in the Japan Chain Stores Association Handbook for 1988.

The MITI document included details of whether each store was retrospectively governed by the legislation of 1974, the date an application was made under the law, the date it was granted, the date of the store opening, the sales floorspace of the store, the total sales floorspace of the shopping neighbourhood, the number of core stores and retailers in the neighbourhood; plus the total size of the neighbouring area including non-sales space.

The sales figure for each store in the sample, for fiscal 1986, was taken from the Current Company Yearbook (1988). Like the other books it was written in Japanese. Once more store locations had to be identified for each store entry, since the ordering of stores in the various books was dissimilar. There was no universal way of listing stores by location, date of opening, or size. The databases were then constructed using the above details.

1.10. Issues Arising.

Some very important issues have arisen during this introductory chapter that have vitally shaped the whole thesis.

1. In order to obtain the initial research award, the Institute for Retail Studies had put forward to the Economic and Social Research Council a number of objectives for the proposed study for their approval, which may be likened to a set of 'Terms of Reference' with which the successful candidate had to comply. As a result the thesis is predominately exploratory and descriptive, focusing on changes in the retail structure in three ways. They are: (i) an overall and mostly qualitative impression by means of the literature review, (ii) a quantitative analysis of the Census of Commerce, and (iii) a mixed qualitative and quantitative study assessing change in six influential retailing groups of companies.

2. The author possessed only an elementary grasp of written and spoken Japanese. This placed a number of restrictions upon how the research could be carried out and also on the range of topics. There were many possible approaches to the study which therefore were infeasible because of the lack of language skills, readily attainable data; or impossible because of environmental and time factors such as when there is a need to enter into, and build on, long-term relationships and confidence to obtain information

about the workings of organisations and that time is not there.

3. Having said that topics were limited, it was still the case that a great amount of statistical material was available. Hence a balance had to be struck between the amount of detail within the analysis of the census and the need to give a readily understood summary of both temporal and spatial change in retailing.

4. Circumstances such as the availability of funds for overseas fieldwork and the time available for collecting original Japanese materials resulted in cut-off dates for the appropriate data analyses being necessarily selected during 1985 and 1986. As for material within Parts One and Four, references are from sources readily accessible within the United Kingdom as of March 1994.

5. The task of data transcription and translation constituted a major part of this work. Neither myself, my Principal Supervisor, the Staff of Chuo University, nor any of the various people interviewed in Japan knew of any "off-the-shelf" census materials already existing in a suitable tabular form, or within a computer database or other files, or in any map form; in suitable forms required for the analyses of changes in time and space contained in Chapters Four and Five. The numerical data for the case study stores had to be painstakingly extracted from several sources all written or annotated in Japanese and predominantly in Kanji form.

6. It was stated at the beginning of the chapter that the study would look at Japanese retailing as it is, without prejudice, and without the aim of saying how it should be. Having attempted to do that, it remains a fact that major changes have occurred, as will be seen in the thesis. It was also stated in Section 1.3 that the thesis would involve a number of objectives that would

facilitate understanding of those changes. The second one was:

"The research will explore the applicability of the transfer of Western concepts of the study of Western retail change to the study of retail changes in Japan.

This will take into account cultural differences."

It is inevitable therefore that some comparison with change in the West will be required in evaluating the changes in Japan. The most logical way to incorporate such findings is to present them separately in Chapter 8 immediately before the conclusions, so as not to clutter the progressive thread of the research as it winds its way, from an aggregate view, to a view of individual types of stores and a selection of companies, via a summary of change in the different categories of shops at the national and prefectural levels. (Prefectures are broadly equivalent to English counties.)

7. The main thrust of the thesis is that it is an examination of actual changes that occurred, as shown by the title. It is not primarily about selecting the best explanatory theoretical framework of retail change to apply to Japan. Such an attempt would require a thesis in its own right. However it is submitted that theories of institutional change in retailing are "concepts of the study of Western retail change" and should also be considered in Chapter 8 not just for interest value but because they form a logical basis for a suggestion for a future research project. (A study of these theories, involving exhaustive literature reviews, has been largely carried out during the lifetime of this project by Brown, 1987; 1988; 1989; 1991; 1992; 1993). Other suggestions, and questions arising from the whole thesis, are reserved for due consideration more conveniently in Chapter 9 in the conclusions.

PART ONE. JAPANESE RETAILING: A BACKGROUND STUDY.

Chapter 2. Introduction to Japan and the Retail Sector.

2.1 Introduction.

This chapter describes the geographical and historical factors that have had a major impact upon the structure of the modern Japanese retail industry. Particular emphasis is placed on two basic causal elements explaining shop location. The first is the distribution of the population. The second element is the development of large-scale retailing during the 1960s. This includes the emergence of multiple-outlet chains, with stores being opened in the growing suburban areas of the major cities as well as in provincial cities.

In Section 2.2 there is a short description of the topography of Japan. It shows that over three-quarters of the total population is in Central and Southwest Japan. There is also an account of how Japan is divided up into prefectures. These are the broad equivalent of counties in the U.K. and have a measure of political autonomy. An outline of their legislative powers is given. A more detailed description of their role in the Large Store Law process is in Section 3.7. Much of Part Two, and some of Part Three, contain statistical analysis using the prefectures as the geographic level of measurement.

Section 2.3 contains more detail of the distribution of population in Japan. First it contains an account of the main urban concentrations and cities. This is followed by an analysis of population statistics at both regional and prefectural levels for 1972-1985. Thirdly there is a brief account of changes in the age structure and household composition.

The primary purpose of this statistical analysis is to identify the areas of Japan that experienced the greatest changes in terms of population density and population growth rate. These changes are illustrated by the use of statistical maps prepared with the GIMMS computer software introduced in Chapter One.

Section 2.4 describes the origins of Japan's multi-layered distribution system, and how its present structure is very much the result of geographical influences. The material used is substantially drawn from the translated works of Tajima and Yoshino. Both books were first published in English in 1971.

Tajima's book became "a classic, oft quoted reference work in the field of distribution in Japan." (Translator's Preface). It covers distribution specifically, both retail and wholesale aspects included. Yoshino covers distribution as part of a study of marketing in Japan. Nevertheless it has important chapters on changes and innovation in Japan's distribution sector. These two works provide the basis for a description of Japanese retailing prior to the period under investigation. They also contain much of the material used to describe the influential developments in large scale retailing considered in Section 2.5. In addition they cover the important area of government policy towards the distributive industries, examined in Chapter 3, section 3.7.

Section 2.5 begins with Yoshino's declaration that in 1960 the department stores were the only form of large scale retailing in Japan. The retail sector was otherwise comprised of a very large number of small concerns. He noted that by the end of the decade three new major retail institutions had emerged. These

were supermarkets, speciality stores and a new form of department store engaged primarily in instalment sales. Section 2.5 traces the broad forms of their subsequent development. The increasing challenge of non-store retailing is also considered.

In the 1960s population redistribution and the development of chain stores had become recognised in the West as basic factors in changing patterns of shop location. Increasing importance was also being attached to the changing socio-economic composition of consumers. An example of this new awareness is provided by Schell (1964) who examined retail change in Boston during 1946-7 and 1960-1. Her work demonstrated that the provision of retail facilities could not be adequately explained by Central Place Theory alone or by the geographical distribution of population at just one point in time. Furthermore, since the 1960s, attention has been focused on the increasing importance of several other locational influences, as identified in Chapter One.

2.2 Main Geographical Features of Japan.

This section opens with a description of the main physical characteristics of Japan based on Andrews (1971). This is followed by an account of regional differences from English (1977). The section concludes with details of the Prefectural system of local government taken mainly from Sato (1984).

Japan is an island nation lying off the east coast of Asia. It has the general shape of a crescent and extends 3,000 km (1,860 miles) from end to end. The country is made up of four main islands, ie Hokkaido, Honshu, Shikoku and Kyushu; and more than 3000 minor offshore ones. The land area is approximately 378,000 square km. (146,000 square miles). Lying as it does on

LANDFORM DIVISIONS showing major plains

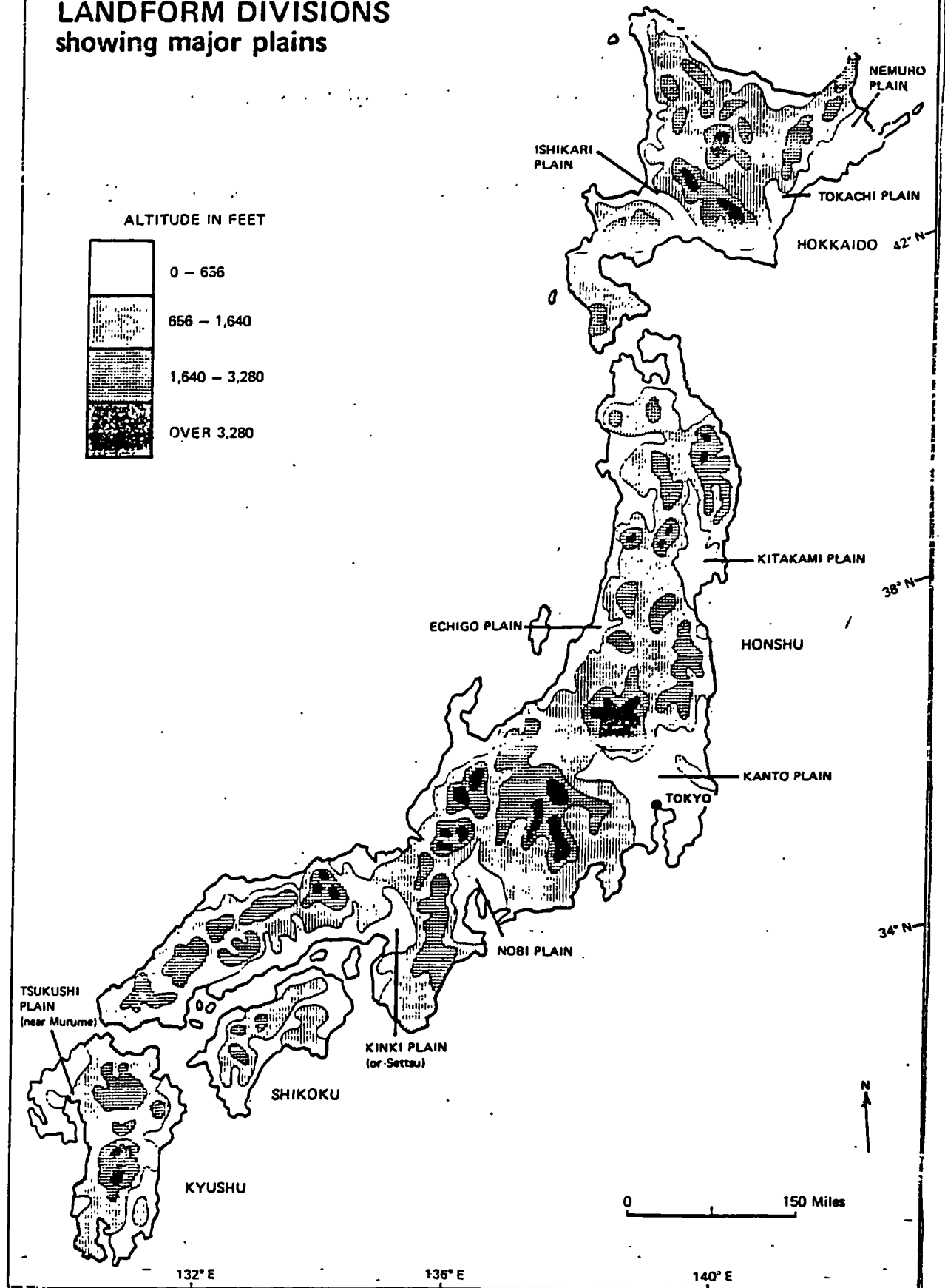


Figure 2.1 Landform Divisions Of Japan. Showing the Major Plains.

Source:
Andrews. 1971.

the Circum-Pacific earthquake zone, the Japanese Archipelago is one of the world's most seismologically active areas.

The landscape of Japan is predominately mountainous as shown by Figure 2.1 (Andrews, 1971), so the population is concentrated on the few large plains. Southern Honshu contains the largest plains, and it is this area where the population has always been greatest. The Kanto plain, surrounding Tokyo, is by far the largest with an area of 13,000 square kilometres (5000 square miles.) The next six most important plains, with areas in square kilometres and miles, are:

1) Ishikari, in Hokkaido	2,050 km ²	(800 m ²).
2) Echigo, central-west Honshu	1,800 km ²	(700 m ²).
3) Nobi, by Nagoya in southern Honshu	1,800 km ²	(700 m ²).
4) Kitakami, north of Sendai, northern Honshu	1,550 km ²	(600 m ²).
5) Settsu, near Osaka, southern Honshu	1,250 km ²	(480 m ²).
6) Tsukushi, surrounding Kurume in Kyushu	1,200 km ²	(460 m ²).

The narrow main island, Honshu, is divided by mountain ranges into the western, Sea of Japan, side and the Pacific coast side. The mountains shelter the Pacific side in winter from the severe cold that comes from mainland Asia. Because of this and its more favourable topography, all of Japan's major cities are located in the Pacific coastal region. Figure 2.2 shows the main regional features at the beginning of the period 1972 to 1985. (Andrews, 1971).

An account of regional features and patterns is given by English (1977). He states:

"Because the Japanese have occupied this island home for centuries, differences in race, religion, and culture

REGIONS

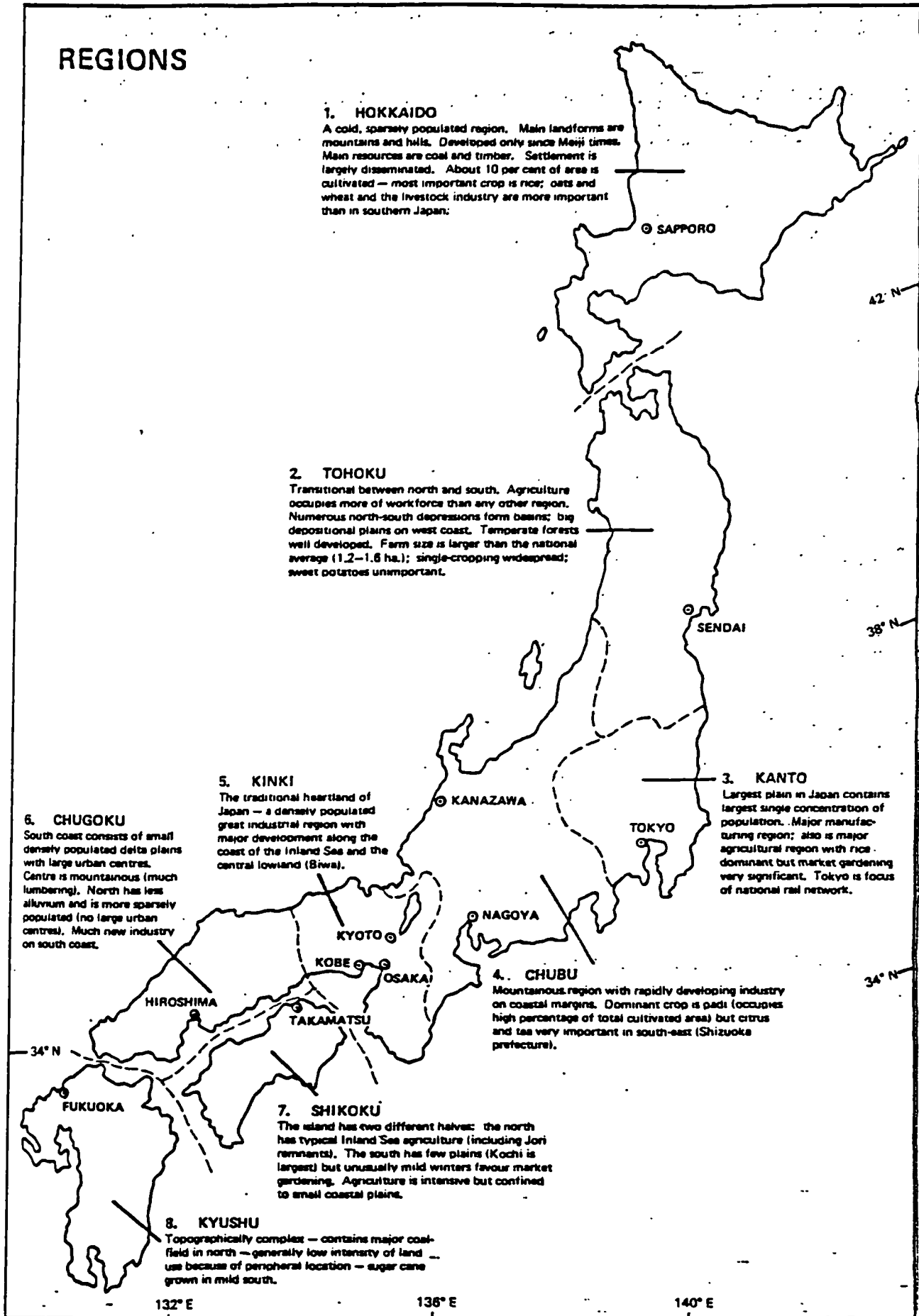


Figure 2.2 The Main Regions Of Japan.

Source:

Andrews. 1971.

are relatively minor from one region to another. The principal distinctions are environmental- mountain versus plain, the cold north versus the subtropical south."

On the bases of terrain and climate, English conveniently divided Japan into three highly distinctive zones. Hokkaido, the northernmost island of Japan; Tohoku, the northern third of the island of Honshu, which constitutes a transition zone; and Central and Southwestern Japan.

Hokkaido has an area of approximately 202,000 square kilometres (78,000 square miles), about a fifth of Japan. It differs from the rest of the country not only in climate and topography, but also because historically it was the most recently settled region and because of its comparative isolation from the centres of Japanese civilization to the south. In 1970 it had a population of 5.2 million and was the least densely settled region of the archipelago. Its only major city was the port of Sapporo with just over 1 million inhabitants. Other than agriculture, the economy of Hokkaido was based on extractive industries such as coal, oil, timber and fishing.

Tohoku is regarded as a transition zone between the frontier region of Hokkaido and the subtropical part of Japan in the centre and southwest. It is more rural and less urbanised than any other comparable region. It consists of about 18% of the total land area, and the population in 1970 was under 10 million. While population density was greater than in Hokkaido, it was still less than half the average density of the Centre and Southwest. Industrial expansion has been hampered by mountainous terrain, the lack of raw materials and deepwater ports; and

because its centres of population tend to be inland and isolated from the coast, clustered in separate intermontane basins.

English describes Central and Southwestern Japan as "the subtropical heartland of Japanese industry, agriculture and population." By the 1970s it contained more than three-quarters of Japan's population and most of its economic activity. It is comprised of the so-called 'Core' and 'Periphery.' The Core extends 965 kilometres, (600 miles) from the Kanto Plain in the East along the shores of the Inland Sea to northern Kyushu in the West. It is densely populated throughout. In contrast the southern flank of the Periphery, ie southern Kyushu and southern Shikoku, is sparsely populated and comparatively backward, isolated from the mainstream of the Core's economic development. The northern flank is more varied in terms of population density and development (English, 1977).

The spatial framework used in Part Two is provided by the scheme of 47 prefectures (Appendix C.) 43 are called ken, or prefecture e.g. Okayama-ken, 2 are named fu, or urban prefectures (Kyoto-fu, Osaka-fu), one is identified as to, or metropolis (Tokyo-to), and one is called do (Hokkaido). Each has its own capital city and elected assembly, with a governor appointed by the central government in Tokyo.

Prefectures form the middle tier in the hierarchy of Japanese government between the central government and the municipalities. As such they are roughly equivalent to the British counties, with one major difference; that is, they have had some degree of political autonomy since the post-war American occupation. They possess powers to enact and enforce their own legislation. As a result much of the day-to-day running of Japan is conducted at

the prefectural level (Glickman, 1979).

The following details about prefectures, and their role in local government, are taken from Sato (1984). Both the prefectural and municipal governments are classified as 'Local Public Entities.'

The Japanese Constitution of 1947 contains four articles on Local Self-Government and sets forth the principle of local autonomy. Each local public entity has a legislative assembly, an executive function and the right to adopt its own legislation. This consists of bylaws and regulations. Generally speaking:

"Municipalities are responsible for those matters most directly related to the daily lives of the residents _ _ To, Do, Fu and Ken [ie. prefectures] deal with the following types of affairs:

- (a) affairs to be dealt with over a broad area;
- (b) affairs requiring uniformity of performance;
- (c) affairs related to liaison and coordination; and
- (d) supplementary affairs."

Both Prefectural and Municipal governments have the power to levy local taxes on corporate companies as well as the central government.

The following details on Japanese corporate taxes are taken from material provided at a course held in London, December 3rd 1986, by The Institute of Cost and Management Accountants.

" There are three corporate taxes in Japan:

1. National income tax, being:

33.3% on taxable income which is distributed;

43.3% on taxable income which is not distributed.

There are reduced rates for corporations with a share capital of less than 100,000,000 Yen [approximately 42,000 Pounds Sterling].

2. Enterprise tax: 12% of domestic taxable income.

[See note below.]

3. Inhabitants tax:

Prefecture: 5% of national income tax payable.

Municipal: 12.3% of national income tax payable.

The rate of tax in 2. and 3. differs from prefecture to prefecture.

The combined effective corporate tax is in the range 52-55% _ _ _

Other Taxation.

There is an electricity and gas tax, stamp duty and the equivalent of local government rates."

(ICMA, 1986).

Note: According to the Toyota Motor Corporation Annual Report for 1985, "Enterprise taxes are charged to selling, general and administrative expenses."

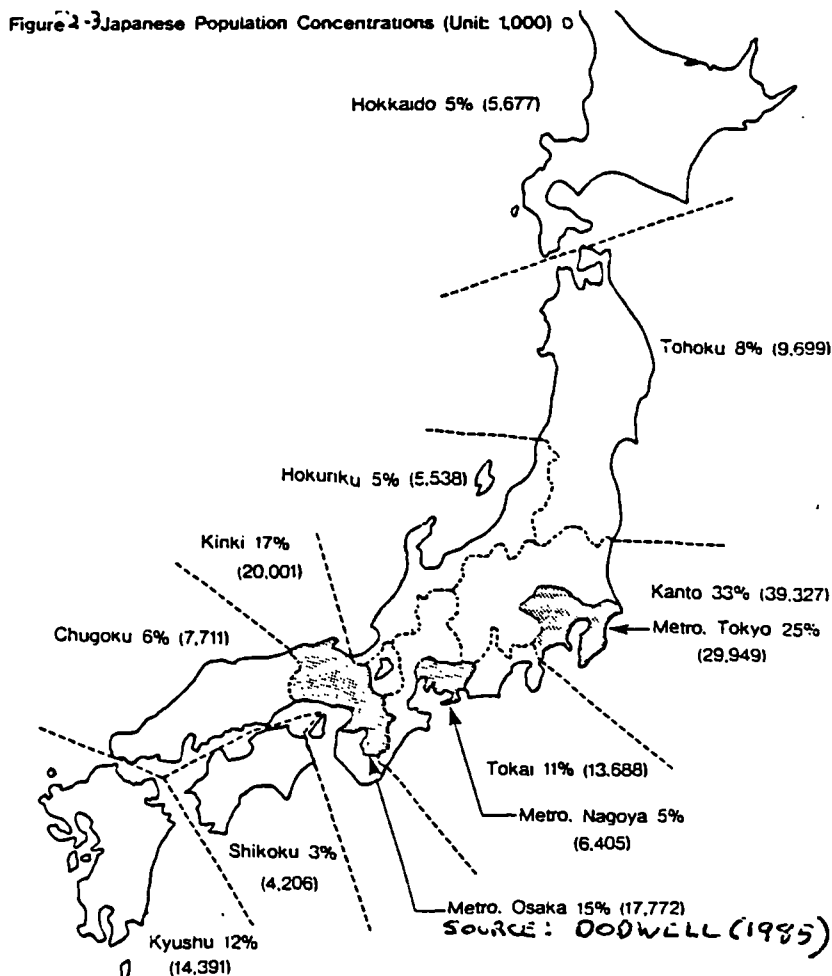
The allocation of functions as between central government, prefectures and municipalities is sometimes vague. Sato states:

"The scope of activities of local public entities is not always fixed; it is determined in light of changing economic and social conditions, regional differences, financial restrictions, and other factors. _ _ The Local Autonomy Law provides only that matters relating 1) to judiciary affairs, 2) to postal service, and 3) to national institutions of education and research shall not be handled by local public entities."

There is a great variation of population size for both prefectures and municipalities. For instance, in March 1981 the smallest municipality was a village in Tokyo prefecture with just 196 inhabitants. The largest was Yokohama with a population of 2,787,487. By way of contrast, in October 1980 there were 8 prefectures with under a million residents, and 10 only out of 47 had a total population greater than Yokohama. One of these is the Tokyo Metropolis, composed of 23 Special Local Public Entities known as Special Wards (Sato, 1984).

2.3 Population Distribution.

After World War 2, there was a significant movement of population to industrial centres. This resulted in the creation of major population concentrations based on the largest cities, especially in the three metropolitan areas of Tokyo, Nagoya and Osaka. Figure 2.3 shows this concentration as of 1984.



By 1984, 45% of the total population was in these 3 areas, ie., 54 million persons, occupying only 10% of Japan's total land area. 25% (30 million people) were contained in the Tokyo metropolitan area, occupying 4% of the land area. These areas are massive markets for consumer goods (Dodwell, 1985).

Reischauer (1981), describes the composition of these major metropolises in the mid 1970s. Tokyo itself contained eight and a half million people in its main urban areas known as wards. The suburban cities in the remainder of Tokyo prefecture took this figure over eleven million. A further two and a half million people were to be found in Yokohama, and over a million in Kawasaki. Together these cities form an almost unbroken urban belt, and with adjacent suburban and heavy industrial areas in neighbouring prefectures had a population over fifteen million. The Kansai metropolitan area around Osaka has another large population, in excess of twelve million. It is the one great regional rival to the Kanto region around Tokyo. The word Kansai means west of the pass, while Kanto means east of the pass. Kansai includes Osaka with its population of almost three million, the old national capital of Kyoto and the large port of Kobe, each with around one and a half million, and a large number of smaller municipalities.

Midway between Kanto and Kansai is the Nagoya conurbation with over two million people. Other major population concentrations include Fukuoka, the old capital of northern Kyushu, and Kitakyushu (a large centre of industry), both located in northern Kyushu and each with a million and a quarter population. Sapporo, the capital of Hokkaido had more than two

million, and Hiroshima, on the Inland Sea, over 850,000. There were more than 150 cities of between 100,000 and 750,000 people.

Table 2.1 The 50 largest cities in Japan, by region,
October 1985.

Region	City	1985 Rank	1985 Population	% Change 1972-85	Change in Rank
HOKKAIDO	Sapporo	5	1 542 979	+42.9	+ 2
	Asahikawa	45	363 630	+18.2	- 7
TOHOKU	Sendai	14	700 248	+22.3	- 1
	Iwaki	47	350 566	+ 6.1	-13
KANTO	Tokyo	1	8 353 674	- 5.0	0
	Yokohama	2	2 992 644	+23.0	+ 1
	Kawasaki	9	1 088 611	+ 9.6	0
	Chiba	13	788 920	+48.0	+ 2
	Funabashi	21	506 967	+38.5	+11
	Sagamihara	22	482 778	+49.7	+13
	Matsudo	28	427 479	+48.0	+15
	Yokosuka	29	427 087	+16.2	+ 2
	Hachioji	30	426 650	+57.1	+21
	Utsunomiya	36	405 384	+27.9	+ 1
	Kawaguchi	37	403 012	+26.1	- 1
	Ichikawa	39	397 806	+41.8	+ 8
	Urawa	43	377 233	+28.2	- 2
	Omiya	44	373 015	+25.3	- 5
Fujisawa	50	328 387	+32.9	+11	
CHUBU	Nagoya	4	2 116 350	+ 2.5	0
	Hamamatsu	19	514 118	+13.4	0
	Niigata	23	475 633	+20.1	+ 2
	Shizuoka	24	468 362	+ 9.0	- 2
	Kanazawa	27	430 480	+15.9	+ 2
	Gifu	35	411 740	+ 3.7	-11
	Nagano	49	336 967	+14.4	- 9
KINKI	Osaka	3	2 636 260	- 8.8	- 1
	Kyoto	6	1 479 125	+ 3.4	- 1
	Kobe	7	1 410 843	+ 6.5	- 1
	Sakai	12	818 368	+26.3	- 1
	Higashiosaka	18	522 798	+ 6.4	- 2
	Amagasaki	20	509 115	- 7.5	- 6
	Himeji	25	452 916	+ 7.5	- 2
	Nishinomiya	32	421 267	+11.6	- 4
	Toyonaka	34	413 219	+11.8	- 4
	Wakayama	38	401 357	+ 6.0	-11
	Takatsuki	41	384 783	+36.2	+ 5
	Hirakata	42	382 257	+51.4	+16
	Suita	48	348 946	+27.3	+ 1

CHUGOKU	Hiroshima	11	1 044 129	+61.6	+ 1
	Okayama	15	572 423	+18.8	+ 2
	Kurashiki	33	413 644	+ 8.0	- 7
	Fukuyama	46	360 264	+32.2	+ 4
SHIKOKU	Matsuyama	31	426 646	+22.4	+ 2
KYUSHU	Fukuoka	8	1 160 402	+27.7	+ 2
	Kitakyushu	10	1 056 400	+ 0.7	- 2
	Kumamoto	16	555 722	+22.3	+ 2
	Kagoshima	17	530 496	+23.1	+ 4
	Nagasaki	26	449 382	+ 3.8	- 6
	Oita	40	390 105	+36.8	+ 4

Source: Statistics Bureau, Management and Co-ordination Agency.

Table 2.1 shows the populations of the 50 largest cities in 1985, the percentage change since 1972, and also the change in ranking. The cities are tabled according to the region in which they are located.

In 1972 the 50 cities had a total population of 38,209,396; ie 35.6 % of the national total of 107,332,000 (rounded to the nearest 1,000). As of October 1st 1985 the total population of the 50 largest cities was 42,631,588. This amounted to 35.2 % of the national population of 121,047,196. During the period 1972-1985 the total population of these cities had increased by 4,422,190 or 11.6% while the national total had increased by the higher rate of 12.8% .

Three of these cities recorded a decrease in population. The population of the Capital, Tokyo, declined by 442,619 (5.0 %). The population of Osaka and nearby Amagasaki, both in Kinki, also fell by 252,884 (8.8 %) and 41,208 (7.5 %) respectively. Osaka lost its status as Japan's second largest city to Yokohama, adjacent to Tokyo. Yokohama's population rose by 559,620 (23.0%).

In addition to Yokohama, six other cities in the Tokyo Metropolitan Area or adjacent prefectures had population increases of 100,000 or more as follows: Chiba (255,893), Sagamahira

(160,221), Hachioji (155,073), Funabashi (140,901), Matsudo (138,568) and Ichikawa (117,203). Within the parent region of Kanto just 3 of the 15 cities declined in rank.

By way of contrast only the smallest 3 out of 13 cities in Kinki increased in rank, namely Hirakata, Takatatsuki and Suita. They also recorded the 3 highest percentage increases in the region. The respective increases in percentage and absolute terms were: 51.4% (129,759), 36.2% (102,371) and 27.3% (74,915).

Japan's third largest metropolitan area was centred on Nagoya in the central region of Chubu which physically separates Kinki and Kanto. The population of Nagoya, the fourth largest city, grew by 2.5 % (51,105). This was the second smallest increase (in percentage terms) of the 50 cities. The lowest increase of 0.7% was in Kitakyushu in the southernmost region of Kyushu which increased by 7,495 inhabitants.

Out of 20 cities, where population increased by 25% or more, 15 were located in Kanto or Kinki. 3 of the other 5 were the largest cities in their respective regions, and each grew by over 250,000 persons. Sapporo, the capital of Hokkaido and Japan's fifth largest city, increased by 463,701 (43.0%). In Chugoku Hiroshima's population grew by 398,182. This city ranked first among the 50 cities in terms of percentage increase with 61.4% . In Kyushu the population of Fukuoka rose by 251,046 (27.7%). The other two cities were Oita in Kyushu and Fukuyama in Chugoku. Their respective increases and rates of growth were 104,975 (36.9%) and 87,820 (32.2%).

Figures 2.4 and 2.5 show population totals 1985 and percentage increases 1972-85 for each prefecture. Data was taken from the 1985 Population Census Of Japan.

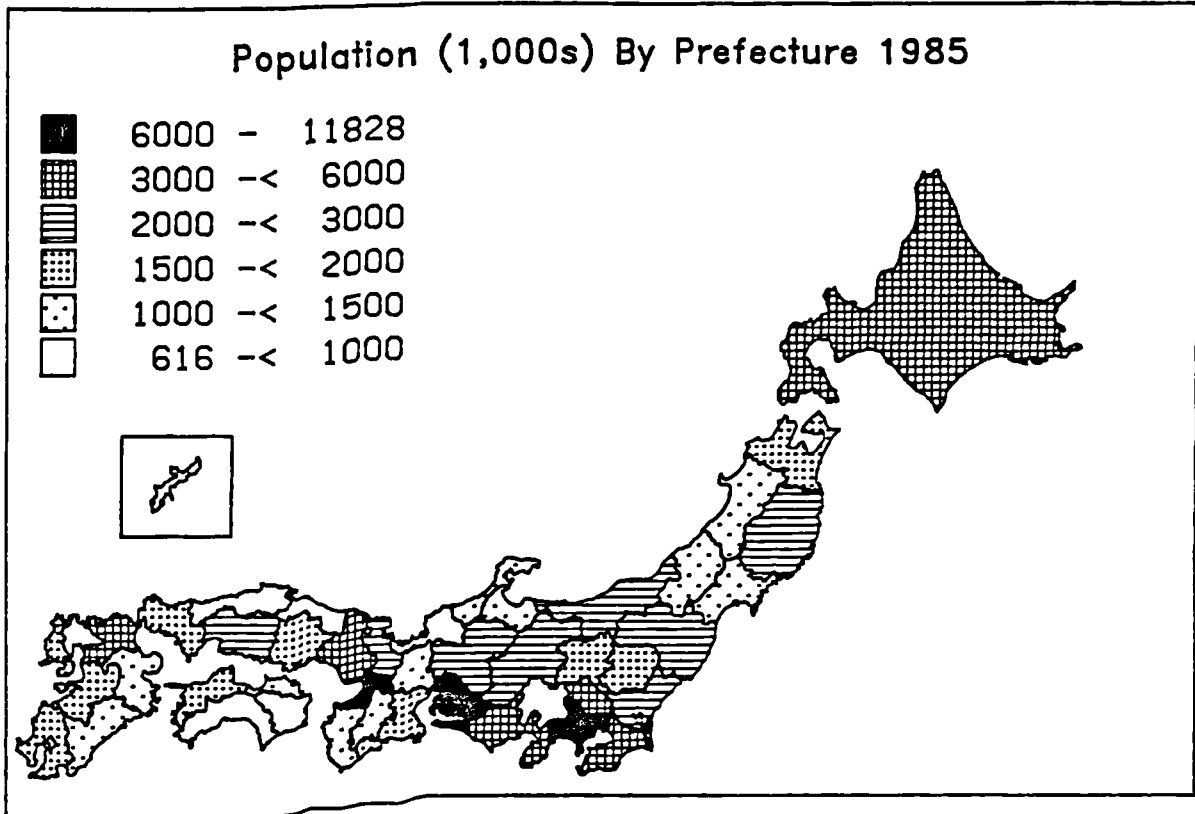


Figure 2.4 Population (1,000s) By Prefecture 1985.

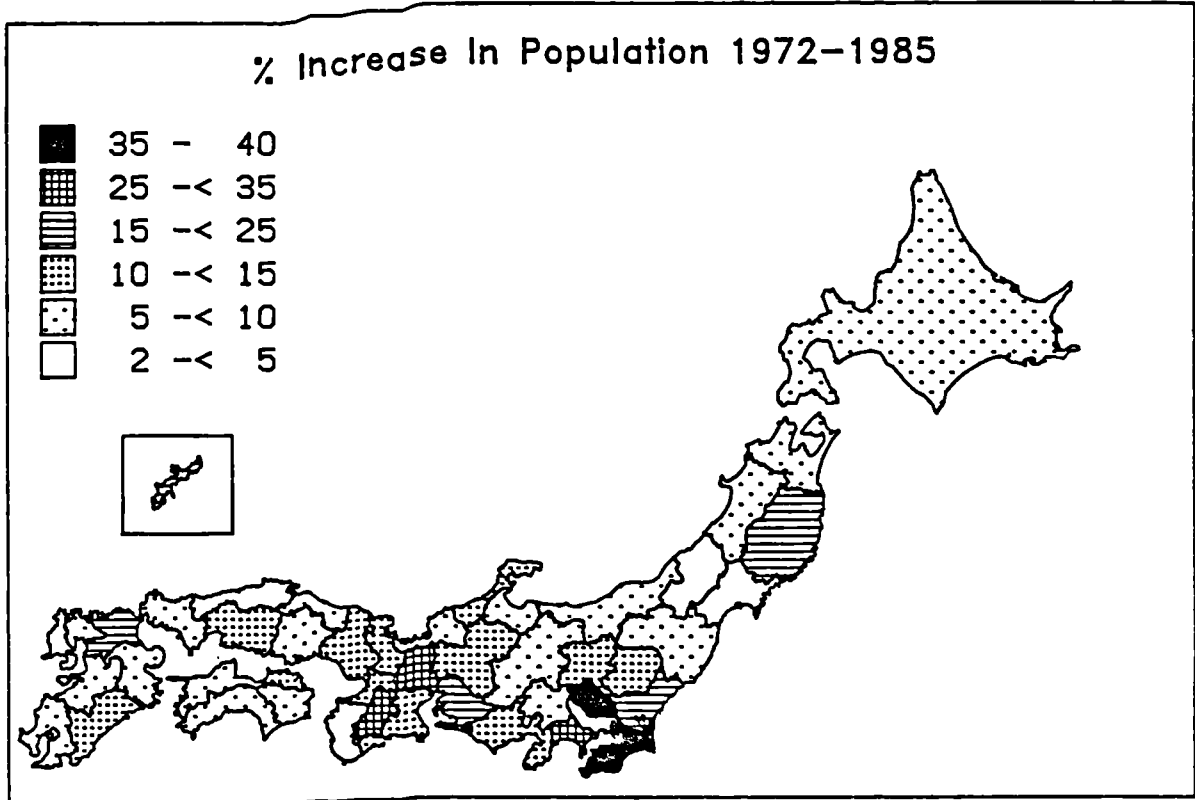


Figure 2.5 % Increase In Population 1972-1985

In 1985 there were 10 prefectures with a population greater than 3 million. By examining Figure 2.4, and referring to the map of prefectures at the beginning of the thesis, it can be seen that 8 of the 10 are within the Kanto - Kinki - Chubu 'Core' of Honshu. In 1985 The 8 prefectures together contained 54,249,187 people (44.8%) as shown previously in Figure 2.3. Six of them form a continuous coastal belt, ie Chiba, Tokyo, Saitama, Kanagawa, Shizuoka and Aichi. The total land area of these 6 is only 7% of Japan. Their combined population in 1985 amounted to 40,303,042 or almost exactly one third of the whole country.

The Kanto, Kinki and Chubu regions are comprised of 23 prefectures. In 1985 there were 79,208,410 inhabitants in these three regions. This total represents a share of 65.4%, slightly higher than in 1972 when it was 64.2%. This growth demonstrates the continuing predominance of the central regions of Japan. The rates of population growth for individual prefectures between 1972 and 1985 are shown in Figure 2.5. Apart from Fukuoka in Kyushu, and the islands of Okinawa, every prefecture whose population increased by more than 15% was located in the main island of Honshu.

Population growth in three prefectures surrounding Tokyo Prefecture accounted for 32.9% of the total national increase between 1972 and 1985. These prefectures, and their respective rates of increase, were Chiba (40.35%), Saitama (37.75%), and Kanagawa (26.16%). Ibaraki, adjacent to Chiba grew by 23.53%. Tokyo Prefecture increased by just 2.61%, the lowest in Japan after Yamagata, in Tohoku (2.03%). The population increase in the Kanto region accounted for 42.04% of the increase in the whole of Japan.

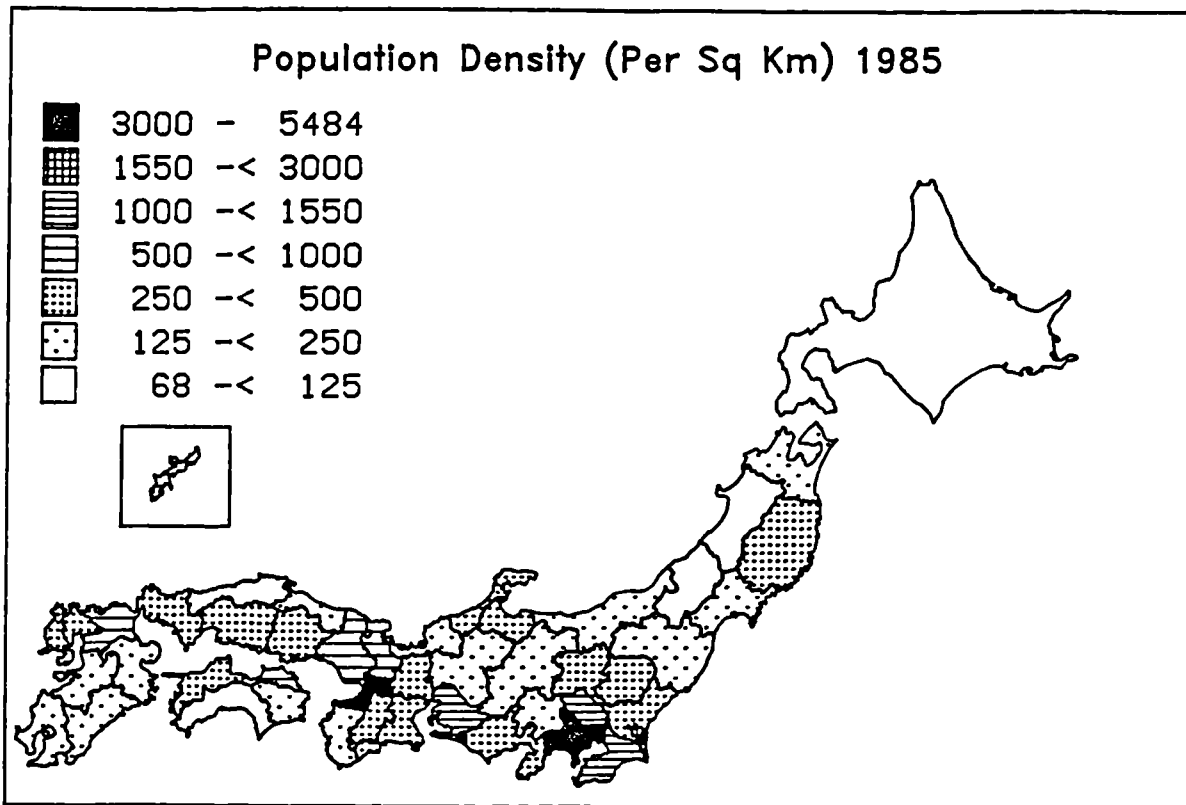


Figure 2.6 Population Density (Per Sq Km) 1985.

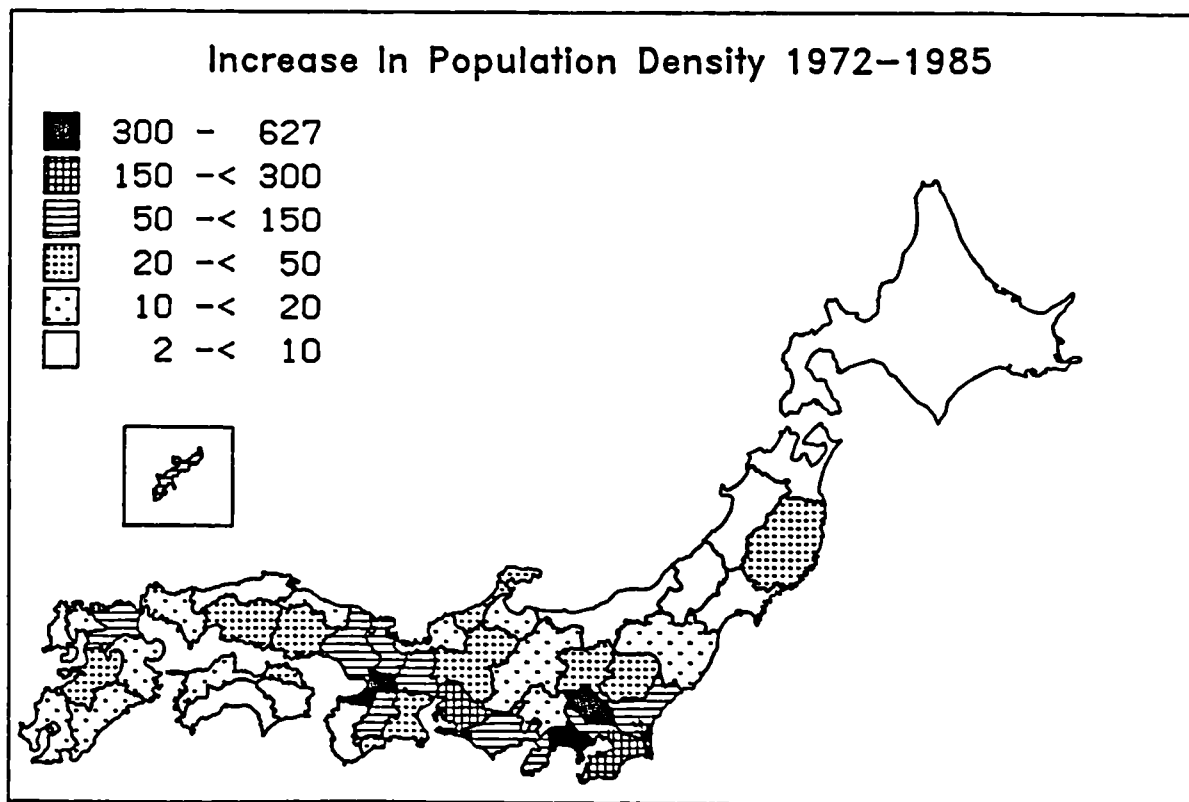


Figure 2.7 Increase In Population Density 1972-1985.

The next most significant contribution to the national increase in population during 1972 to 1985 occurred in the adjacent prefectures of Osaka and Hyogo, where growth amounted to 9.96% of the total. Their respective increases were 11.11%, and 11.28% . The adjacent prefectures of Nara and Shiga grew by 32.09% and 25.79% . These 4 prefectures accounted for 13.89% of the national increase. Aichi which includes the city of Nagoya, contributed 6.09% of the national growth, increasing in population by 15.31% .

Outside of the 'Core', population increases of 15% or more occurred in the Okinawa islands (22.18%), Iwate (17.18%) and Fukuoka (15.78%) .

The population density of Japan rose from 289 per square kilometre in 1972 to 325 in 1985. Figure 2.6 shows population density by prefecture in 1985.

Figure 2.7 shows the increase in population density by prefecture from 1972 to 1985. The pattern of increase is similar to that portrayed in Figure 2.5; with the greatest percentage increases in population density occurring in the prefectures with the greatest percentages in population growth. The rankings of prefectures in terms of increase in population and in population density are nearly identical, the differences between them being one or two places up or down the lists.

Table 2.2 contains the population data used in the preparation of the map in Figure 2.4. It also shows the number of households per prefecture and the average number of persons in each household for 1985. The households in the most heavily populated prefectures such as Tokyo, Kanagawa and Osaka tend to

have smaller households than the national average. These three prefectures contained 23.07% of the total population in 1985.

Table 2.2 Population and Households By Prefecture 1985

<u>Prefecture</u>	<u>Population</u>	<u>%</u>	<u>Households</u>	<u>%</u>	<u>Average Members</u>
All Japan	121,048,923	100.00	38,133,297	100.00	3.17
Hokkaido	5,679,439	4.69	1,930,078	5.06	2.94
Aomori	1,524,448	1.26	443,995	1.16	3.43
Iwate	1,433,611	1.18	412,880	1.08	3.47
Miyagi	2,176,295	1.80	641,669	1.68	3.39
Akita	1,254,032	1.04	350,976	0.92	3.57
Yamagata	1,261,662	1.04	331,302	0.87	3.81
Fukushima	2,080,304	1.72	574,968	1.51	3.62
Ibaraki	2,725,005	2.25	758,085	1.99	3.59
Tochigi	1,866,066	1.54	521,556	1.37	3.58
Gunma	1,921,259	1.59	556,268	1.46	3.45
Saitama	5,863,678	4.84	1,751,372	4.59	3.35
Chiba	5,148,163	4.25	1,572,575	4.12	3.27
Tokyo	11,829,363	9.77	4,511,423	11.83	2.62
Kanagawa	7,431,974	6.14	2,491,849	6.53	2.98
Niigata	2,478,470	2.05	680,756	1.79	3.64
Toyama	1,118,369	0.92	300,526	0.79	3.72
Ishikawa	1,152,325	0.95	338,066	0.89	3.41
Fukui	817,633	0.68	224,295	0.59	3.64
Yamanashi	832,832	0.69	244,804	0.64	3.40
Nagano	2,136,927	1.77	621,880	1.63	3.44
Gifu	2,028,536	1.68	567,946	1.49	3.57
Shizuoka	3,574,692	2.95	1,033,037	2.71	3.46
Aichi	6,455,172	5.33	1,985,108	5.21	3.25
Mie	1,747,311	1.44	508,085	1.33	3.44
Shiga	1,155,844	0.96	320,354	0.84	3.61
Kyoto	2,586,574	2.14	860,309	2.26	3.01
Osaka	8,668,095	7.16	2,904,717	7.62	2.98
Hyogo	5,278,050	4.36	1,666,482	4.37	3.17
Nara	1,304,866	1.08	375,311	0.98	3.48
Wakayama	1,087,206	0.89	333,839	0.88	3.26
Tottori	616,024	0.51	173,211	0.45	3.56
Shimane	794,629	0.66	233,161	0.61	3.41
Okayama	1,916,906	1.58	583,470	1.53	3.29
Hiroshima	2,819,200	2.33	922,244	2.42	3.06
Yamaguchi	1,601,627	1.32	518,938	1.36	3.08
Tokushima	834,889	0.69	248,498	0.65	3.36
Kagawa	1,022,569	0.85	306,996	0.81	3.33
Ehime	1,529,983	1.26	492,583	1.29	3.11
Kochi	839,784	0.69	283,424	0.74	2.96

Fukuoka	4,719,259	3.89	1,522,528	3.99	3.10
Saga	880,013	0.73	242,619	0.64	3.63
Nagasaki	1,593,968	1.32	489,492	1.28	3.26
Kumamoto	1,837,747	1.52	553,963	1.45	3.32
Oita	1,250,214	1.03	395,855	1.04	3.16
Miyazaki	1,175,543	0.97	376,071	0.98	3.13
Kagoshima	1,819,270	1.50	640,954	1.68	2.84
Okinawa	1,179,097	0.97	334,778	0.88	3.52

Source:

1985 Population Census Of Japan;
 Statistics Bureau, Management And Coordination Agency.

Between 1965 and 1985 the average number of members per household decreased from 4.1 persons to 3.2. Reasons given by Dodwell (1985) include:

1. Fewer couples live with their parents after marriage.
2. Smaller families.
3. An increase in the number of single member households.
4. An increase in the number of women in the workforce.
5. A trend for couples to marry at a later age.

Table 2.3 shows details of average monthly family income by workers' households from 1974 to 1984, as contained in the Family Income and Expenditure Survey. This annual survey does not cover agricultural and fishery households, nor single member households. The term workers' households refers to households where the household head is in employment, and disposable income is income after deduction of tax and social insurance premiums.

Between 1974 and 1984 the percentage of disposable income to the whole decreased slightly each year as taxation and social insurance premiums increased. Over the period there was a general trend for the proportion of living expenditure to decrease also. The ratio of living expenditure to disposable income is described in the survey as the 'Propensity to Consume'. Between 1974 and 1982 it had increased from 75.7% to 79.3% and it then decreased

to 78.7% by 1984.

Table 2.3 Average Monthly Family Income By Households 1974-1984.

<u>Year</u>	<u>Income In Yen</u>	<u>Change Rate %</u>	<u>Disposable Income</u>	<u>% Of Total</u>	<u>Living Expenditure</u>	<u>% Of Total</u>
1974	205,792	-	187,825	91.3	142,203	69.1
1975	236,152	14.8	215,509	91.3	166,032	70.3
1976	258,237	9.4	233,462	90.4	180,663	70.0
1977	286,039	10.8	256,340	89.6	197,937	69.2
1978	304,562	6.5	270,307	88.8	208,232	68.4
1979	326,013	7.0	286,828	88.0	224,438	68.8
1980	349,686	7.3	305,549	87.4	238,126	68.1
1981	367,111	5.0	317,279	86.4	251,275	68.4
1982	393,014	7.1	335,526	85.4	266,063	67.7
1983	405,517	3.2	344,113	84.9	272,199	67.1
1984	424,025	4.6	359,353	84.7	282,716	66.7

Source:

Statistics Bureau, Management and Co-ordination Agency;
Annual Report On the Family Income and Expenditure Survey
1984.

Another marked demographic trend in Japan has been the change in the age structure of the population. Table 2.4 shows that the proportion of people aged 65 or over has increased from 5.7% in 1960 to 9.9% in 1984. The proportion of people under 30 has fallen from 57.7% to 42.6% in the same period, while the proportion of the population aged 30 or more has increased from 42.3% to 57.4%. The largest increase, of 6.7%, has been in the 45 to 65 age group. Each age group may be broadly identified, in terms of size, as a changing consumer segment of the population.

Having looked at the geographical and demographical background prior to the research, the historical background is now examined.

Table 2.4 Age Composition of Population 1960-1984.

<u>Year</u>	<u>Age 0-15</u>	<u>15-30</u>	<u>30-45</u>	<u>45-65</u>	<u>65 +</u>
1960	30.0%	27.7%	19.9%	16.7%	5.7%
1965	25.6	28.8	22.1	17.2	6.3
1970	23.9	27.8	23.1	18.1	7.1
1975	24.3	24.8	23.1	19.9	7.9
1980	23.5	21.5	24.2	21.7	9.1
1984	22.0	20.6	24.1	23.4	9.9
Change 1960-84:	-8.0	-7.1	+4.2	+6.7	+4.2

Source: Statistics Bureau, Management and Coordination Agency

2.4 Historical Setting of the Japanese Retail Industry.

While much attention has been paid to Japanese manufacturing management (eg. Dickerman, 1974; Sasaki, 1981; Pascale & Athos, 1982; McMillan, 1984) relatively few English language books have been wholly devoted to, or even covered, distribution and retailing in Japan. Mainly they were published in the early 1970's. The most comprehensive of them were by Tajima and Yoshino. Both were first published in English in 1971, being updated from their first Japanese editions. Yoshino's work contained data upto 1969, and Tajima's upto 1968.

Tajima makes an important point in his preface:

"In comparison to production, distribution is a hard matter to grasp, being closely tied to a country's history and culture."

He noted that by 1968 there were 1.67 million wholesalers and retailers in Japan. Per capita Japan had approximately twice as many stores as in the U.S.A., while having a total land area about the same as California.

Tajima points out, that traditionally, distribution was both a refuge for surplus labour and was labour intensive. He

describes it as being in an unsatisfactory state, having three major elements of backwardness. Firstly, the system largely consisted of wholesalers and retailers that were only marginally profitable. Secondly, the distribution sector was highly complex, with commodities passing through many businesses before finally reaching the consumer. Thirdly, he comments on "the excessive number of distribution businesses."

He cites as evidence of this marginal profitability that in 1966, 36.2% of all retail stores had only 10 to 19 square metres of sales floorspace, and nearly 90% had a floorspace under 50 square metres. This was despite an evident trend towards larger size stores. In particular there had been a particularly high rate of increase in the number of stores with 200 square metres or more.

Yoshino suggested that, historically, the large number of distribution establishments was due to geographical factors. During the feudal, Tokugawa, era Japan had been divided into some 300 or so semi-autonomous provinces with each specialising in the production of various products, and having its own highly localised distribution system. The large number of small producers of speciality goods required "multiple levels of marketing intermediaries." Even after the feudal system was abandoned, the provinces retained much of their individuality and uniqueness. (According to Shimoda (1992), the modern system has its origins in 1577 when it replaced the former guild system). Yamamoto (1993) points out that even in the 1990s, a great number of small-scale farmers are scattered throughout the nation and produce low volumes of a small range of items.

Tsurumi (1982) suggested that this multilayered channel system allowed the marketing of products of manufacturers at "a fraction of the costs of direct sales"; and therefore that the system in fact was the "most economical and efficient means of serving [the] market environment."

A further complicating factor in the distribution system had been an inadequate infrastructure. Even in the mid 1960s Yoshino could say:

"Poor road conditions, storage facilities, communication and transportation have constituted major deterrents to the smooth flow of information and materials."

He considered the roads of Japan as being among the worst in any industrialised country. In part these deficiencies were due to restrictions on mobility, of both people and merchandise, caused by the four main island division of Japan and its mountainous terrain. A supplier wishing to reach customers in more than one area therefore required the services of intermediary wholesalers in each target area. The relationship between retailers and wholesalers is further examined in Chapter 3, Section 5.

Historically, Japanese manufacturers have generally preferred to specialise within their area of expertise, ie production, and not in distribution. The consequent dependence of the retailers on the many wholesalers is summarised by Czinkota (1985) as follows:

"Retailers, in turn, being numerous, very small and confined to specific geographic regions, needed the inventory and distribution functions provided by wholesalers to survive."

Table 2.5 shows that between 1972 and 1985 the number of wholesale establishments had grown by 59.4%. The Census Of Commerce conducted in 1972 and 1985 by the Ministry Of International Trade and Industry shows that over the same period the number of retailers had increased at the much lower rate of 9.0% from 1,494,643 to 1,628,620.

Table 2.5 Wholesale Establishments In Japan 1972-1985.

<u>Prefecture</u>	<u>Wholesalers</u>		<u>Increase</u>	
	<u>1985</u>	<u>1972</u>	<u>1972-85</u>	<u>%</u>
1. Tokyo	68,172	43,632	24,540	56.2
2. Osaka	45,710	30,084	15,626	51.9
3. Aichi	28,313	18,007	10,306	57.2
4. Fukuoka	17,576	10,526	7,050	67.0
5. Hokkaido	16,599	10,854	5,745	52.9
6. Hyogo	14,896	9,994	4,902	49.0
7. Kanagawa	14,427	8,429	5,998	71.2
8. Shizuoka	13,286	7,609	5,677	74.6
9. Saitama	12,052	5,761	6,291	109.2
10. Hiroshima	10,848	6,960	3,888	55.9
11. Chiba	9,973	5,049	4,924	97.5
12. Kyoto	9,694	6,628	3,066	46.3
13. Others (35)	151,456	95,630	55,826	58.4
Total	413,002	259,163	153,839	59.4

Source:

Ministry Of International Trade And Industry;
Census Of Commerce 1972 and 1985.

Between 1982 and 1985 the numbers of both retail and whole-sale establishments declined for the first time. This trend in the retail structure is considered in detail in Chapter 4.

Dodwell (1985) points out that for the period 1972-1982:

"The number of wholesalers has grown by 65%, compared to 15% for retailers. This is significant in showing that the distribution system, so far as it still uses the traditional system of primary and secondary wholesalers, is not being rationalized."

Table 2.5 also shows that between 1972 and 1985, 63% of all wholesalers were located in the 12 prefectures containing Japan's major cities. Tokyo and Osaka were the predominant prefectures, although their less than average growth rates indicate a slight degree of decentralisation.

Tajima (1971) wrote that in 1958 the cities of Tokyo and Osaka had similar status as wholesaling centres but that by 1968 the share of sales for Osaka was over 12% less than that of Tokyo. Osaka and the Kinki region was diminishing in scale as a distribution centre compared with Tokyo and the Kanto region.

Table 2.6 demonstrates the increasing importance of wholesaling in the Kanto region, in terms of the number of wholesalers, and the comparative decline of the Kinki region. The Kanto region includes the prefectures of Tokyo, Kanagawa, Saitama and Chiba. Together these accounted for 24.2% of outlets in 1972 and 25.3% in 1985. Although Tokyo's share had fallen from 16.8% to 16.5% the decrease had been more than made up for by growth in adjacent prefectures, most notably in relative terms in Saitama and Chiba. The relative change measures the percentage change in terms of change in the 1972 figure. Included in Kinki are Osaka, Hyogo and Kyoto. Together their share in 1972 amounted to 18.1%, and fell to 17% in 1985. The greatest decline in relative terms had taken place in Kyoto. Together these two

regions accounted for 42.3% of establishments in 1972 and 1985.

Table 2.6 Concentration Of Wholesalers 1972-1985.

<u>Prefecture</u>	<u>% Of Total</u>		<u>Change 1985-1972</u>	
	<u>1985</u>	<u>1972</u>	<u>Absolute</u>	<u>Relative</u>
1. Tokyo	16.5	16.8	-0.3	-1.8
2. Osaka	11.1	11.6	-0.5	-4.3
3. Aichi	6.9	6.9	0.0	0.0
4. Fukuoka	4.3	4.1	+0.2	4.9
5. Hokkaido	4.0	4.2	-0.2	-4.8
6. Hyogo	3.6	3.9	-0.3	-7.7
7. Kanagawa	3.5	3.3	+0.2	+6.1
8. Shizuoka	3.2	2.9	+0.3	+10.3
9. Saitama	2.9	2.2	+0.7	+31.8
10. Hiroshima	2.6	2.7	-0.1	-3.7
11. Chiba	2.4	1.9	+0.5	+26.3
12. Kyoto	2.3	2.6	-0.3	-11.5
13. Others (35)	36.7	36.9	-0.2	-0.5
Total	100.0	100.0		

Note:

Absolute change = 1985 % less 1972 %

Relative change = Absolute change divided by 1972 %, X 100

Source:

Ministry Of International Trade And Industry;
Census Of Commerce 1972 and 1985.

In 1988 the number of wholesalers stood at 436,000 (Maruyama, 1991), 75% employed nine or less persons and 22% just one or two.

Traditionally, wholesalers have not only handled the physical distribution of goods for retailers, but have also handled warehousing, financing, inventory, returns from customers, promotions and collections of payments for manufacturers. The

very high cost of land means that storage areas and distribution infrastructures are very expensive. This means that even larger retail companies tend to hold limited stock levels and use wholesalers' distribution centres (Goldman, 1991).

Larke (1991) concluded that presently:

"The role of many wholesalers is defined by traditional ties, expectations and business practices, but their functions also continue to survive because of the overall structure of the Japanese manufacturing and retail industries." p83.

According to Yamamoto (1993), there are two kinds of wholesale markets for perishable products. There are central markets and local wholesale markets. In the former are primary and secondary wholesalers. Only secondary wholesalers are found in local markets. The central markets were founded during the 1920s by the government with the aim of modernising the food distribution system. At present, there is an increasing amount of produce purchased direct by large supermarket chains, processed food and food service industries not passing through the central markets. This is partly due to improvements in technology in food handling and preservation.

Table 2.7 from Larke (1992), page 5, shows retail outlets in Japan by business category for 1985 and 1988. If large stores are defined to include all stores with 50 or more regular employees, then in 1976 they accounted for approximately 0.3% of all stores, and 0.4% in 1985. Their combined annual sales were 20.5% of the national total in 1976, 20.8% in 1979, and 20.0% in 1982. (Statistical Abstract of Japanese Distribution, 1986).

The literature reveals that since 1960 in Japan there has been

the emergence of new large-scale retail formats with significant subsequent growth and impact both structurally and spatially: and also of organisations operating on a multiple store basis. These important developments are considered in the next section after an examination of the changes within that most traditional category of large stores in Japan. i.e. the department stores.

Table 2.7 Retail Outlets by Type of Business 1985 and 1988.

Category	1985 Number of outlets	1988 Number of outlets	Percentage change 1985-1988
General merchandise	3,531	3,843	0.09
Department stores	1,827	1,911	0.05
Other general stores	1,704	1,932	0.13
Clothing and apparel goods - -	229,606	234,527	0.02
Japanese clothing	54,234	50,322	-0.07
Men's apparel	35,929	35,026	-0.03
Women's and children's apparel	70,814	83,468	0.18
Footwear and hosiery	27,649	25,333	-0.08
Other	40,890	40,378	-0.01
Food and beverages	671,190	650,110	-0.03
General foods	92,602	77,468	-0.16
Beverage and seasonings	106,693	107,665	0.01
Meat and poultry	36,171	32,936	-0.09
Fresh fish	46,638	43,890	-0.06
Cured food	9,419	9,128	-0.03
Vegetables and fruit	50,871	49,836	-0.02
Confectionery and bakery	150,416	139,794	-0.07
Rice, barley and cereals	41,167	40,435	-0.02
Other	137,213	148,940	0.09
Motor vehicles, bicycles, carts	83,931	89,292	0.06
Motor vehicles	47,686	53,491	0.12
Bicycles and motorcycles	36,245	35,801	-0.01
Furniture, household goods	172,686	164,833	-0.05
Furniture, fixtures, tatami	55,183	51,602	-0.06
Hardware and kitchenware	32,373	29,902	-0.08
China and glassware	8,970	8,782	-0.02
Household appliances	74,386	72,958	-0.02
Other	1,774	1,589	-0.10
Other retailers	467,700	464,796	-0.01
Drugs and toiletries	85,181	86,342	0.01
Farm and garden supplies	21,428	21,156	-0.01
Fuel and gasoline	74,470	73,540	-0.01
Books and stationery	78,186	76,903	-0.02
Sports goods, toys and music	43,138	41,801	-0.03
Cameras, photographic goods	18,625	15,781	-0.15
Watches and optical goods	22,622	21,835	-0.03
Second-hand goods	5,014	5,903	0.18
Other	119,036	121,535	0.02
Totals	1,628,644	1,607,401	-1.30

Notes: Minus sign indicates percentage net decline in store numbers.

1988 figures adjusted to compare with previous years owing to survey differences.

2.5 Large Scale Retailers 1960 - 1993.

2.5.1 Department Stores.

The development of department stores during the 1960s is most comprehensively described by Yoshino (1971). A more recent review has been carried out by Lein (1987). Department stores have had a long history in Japan, many being established in the first decade of this century or even earlier. The origins of the largest department store company, Mitsukoshi, may be traced back to 1673, whilst Matsuzakaya was founded in 1611. Department stores are to be found in the main streets of the larger cities where they dominate the crucial shopping areas, in transport terminals, and in major urban centres. The only viable locations are where large numbers of people gather. In Japanese, the traditional definition for department stores is *hyakka-ten* which literally means a store selling a hundred products. In every day conversation the term *depato* is used (Lein, 1987).

Yoshino gives the following breakdown of the goods sold by department stores in 1969 near the beginning of the review period:

"Looking at the composition of sales by major merchandise categories, _ _ , soft goods constitute the single most important line of merchandise, accounting for roughly 43 per cent of the total sales. Household furnishings, including home appliances, account for 15 percent, furniture for 13 percent, and sundry goods for 7 percent of the total sales.

The remainder comes from miscellaneous sources."

He also stated that foodstuffs accounted for an important share of total sales, but did not give any figures. Tanaka (1971) gives a figure of 17.4% for 1969.

In many stores the whole of the basement is like a vast

emporium of food, designed so as attract shoppers using underground exits to gain access to commuter trains (Bass, 1990).

The traditional emphasis in department stores has been on personal service and the provision of a luxurious, prestigious shopping environment, in which varied cultural and recreational activities are provided. Many stores incorporate space for exhibitions, concerts and lectures. Instruction in numerous sports is often available as well. Larke (1988) has also observed that many stores incorporate beer gardens and children's amusement parks and small Shinto shrines (all on the roof), beauty parlours, real estate, share dealing, interpretation for foreign customers, and credit card facilities.

According to Yoshino the regular customers of department stores had high incomes; and given the seniority-related wage scales in Japan they were likely to be in the higher age groups. He based his conclusions upon his analysis of the 1964 National Survey of Family Income and Expenditure.

He identified three broad categories of department stores. Firstly, the original, traditional, stores were based primarily on the sale of dry goods and clothing in the major metropolitan areas. He lists the major store groups of Mitsukoshi (founded in 1673), Daimaru (1717), Matsuya (1869), Takashimaya (1831), Matsuzakaya (1611), Isetan (1886) and Sogo (1830) in this category. The foundation dates in this section are taken from Tanaka (1971). In the 1960s, these companies pursued remodelling and expansion of their main stores. Yoshino states this was intended to

" _ _ facilitate the trend toward one-stop shopping and to make the store distinct enough to

attract customers from suburbs who otherwise would prefer to shop in their own neighborhood."

The second category of stores was those owned by private railway companies. They included Seibu (1940), Odakyu (1961), Hankyu (1929), Kintetsu (1910), Hanshin (1933) and Tokyu, originally founded in 1662, which also became a railway company. They were located at the railway stations in the main cities. In Tokyo and Osaka, for example, there are stores served by commuter trains with lines actually starting in the stores and reaching out into the suburbs. According to Joseph (1993) they had often built these suburbs. The railway companies, with their strategic position in the rapidly growing suburbs, have diversified their activities into such fields as retailing, real estate development, and various transport and service businesses.

Yoshino cites three advantages possessed by these rail based retailers when they entered the mass merchandising age.

"First, extensive land ownership along the railway lines is extremely valuable for store sites. Second, they can locate their stores as a part of planned housing developments, and in this regard they have a clear advantage over competitors in the choice of store location. Third, they often have greater access to managerial and financial resources, including good banking connections."

According to Lein (1987) these two types of store companies "... have grown towards uniformity. Sites of outlets are no longer limited to downtown city centers or terminals. Many companies have invaded territories of

the other type or have looked for new locations, such as shopping centers." p6.

The third type were local department stores, typically family concerns, located in large cities outside the metropolitan areas. They were generally smaller than the other types. They had to face increasingly strong competition from both expanding metropolitan based department stores and supermarket and discount chains. Lein (1987) states they tended to be more specialized.

Since the end of the 1960s several local department stores have entered into business arrangements with the major stores. For example Takashimaya's 1986 English language report makes mention of the 'Hiland Group'. It consisted of Takashimaya's own 18 stores plus 23 stores each owned by a separate firm. The activities of the group include " _ nationwide joint buying, national joint advertising, and national networks for gift coupons and delivery systems, etc., _ ".

Another example is the All Nippon Department Stores Development Organisation (A.D.O.) established in 1973. The principal member is Isetan. A.D.O is described in Isetan's 1986 Report as a merchandising alliance composed of over 30 companies operating "about 50 department stores throughout Japan". Isetan itself owned seven stores. Matsuya is another member with two stores. Amongst the listed activities of A.D.O. are product development, purchasing and employee training.

A third example is the Department Stores Allied Corporation (D.A.C) formed in 1978 with the supermarket company Nichii as the main member. Nichii is one of the case study companies considered in Chapter 6, and more detail on D.A.C is contained in Section 6 of that chapter.

According to Lein (1987) these joint organisations are less significant than the so-called keiretsu (industrial groups). While Mitsukoshi is the only traditional type store to have connections with any keiretsu (i.e. with Mitsui) terminal depato often play a key role within a keiretsu. He states that:

"Member companies benefit from each other's knowhow, economies of scale in purchasing identical items, personnel exchange, shared technological developments, and collective marketing. ... they consult with each other on big issues during weekly or monthly meetings between the various levels of management. Daily management, however, is left entirely to each member."

p18

Yoshino relates that historically, most companies had operated on a single store basis, although a few owned up to a maximum of three or four. During the 1960s several stores turned to multiple store operations in response to increasing competition from the emerging supermarkets and large scale speciality shops. The more progressive stores started diversification programmes, including the creation of supermarket subsidiaries.

They were able to do so because they had greater financial resources than some of the newer retailers. Some, like the Seibu keiretsu, had the advantages of already being in a well diversified business form, including access to capital. They had management potential, despite their conservative outlook at times. Another factor was high corporate reputation and prestige.

During the 1960s instalment credit facilities were

introduced by retailers to fill the increasing consumer needs for them. The regular department stores were able to compete in this market, and some of the smaller retailers offering this service were forced out of business. A number of department stores, eg. Marui, were primarily engaged in instalment sales. In Marui 80 to 90% of their total sales came from this source in the 1960s.

Yoshino states that there were 243 department stores in Japan in 1969. Only 46 of these stores were located in the six major cities, with the others spread throughout the country. These 46 stores however contained almost half of the total floor-space of all department stores in Japan, and accounted for nearly 70% of total department store sales. Several stores in Tokyo had selling floorspace approaching 50,000 square metres (535,000 sq. feet).

According to Tanaka (1971) the number of department stores a year later (1970) was 287. He used the following working definition of a department store when calculating this figure:

"A department store is a retailing store, which handles a variety of commodities, having selling floorspace of more than 1,500 square metres."

Yoshino's total had been calculated by including stores in the seven largest cities with a sales floorspace of at least 3,000 square metres, and 1,500 square metres elsewhere, in accordance with the definition in the current Department Store Law. (Appendix A contains details of alternative definitions of department stores.)

Tanaka gives details of the location and size for each of the 287 stores, which Yoshino does not do. 50 were in the six major cities and had a combined sales floorspace of 1,413,465 square

metres. 27 of the 50 stores belonged to the companies named in the above list of traditional type department stores. A further 12 appear in the list of railway based stores. A comparison of Tanaka's list of stores with department store data contained in Dodwell (1985) shows that Keio Department Store can also be classified as a railway based company, making a total of 13 in that category. 7 out of the remaining 10 stores were concentrated in the two cities of Nagoya (4) and Yokohama (3).

Of the 50 stores, 24 were in the city of Tokyo and had a total sales floorspace of 741,366 square metres. There were 9 stores in Osaka, which ranked second in floor space with 303,032 square metres. Next in order of total selling space was Nagoya, having 5 stores and a combined total of 141,316 square metres.

The 237 stores outside of the 6 main cities were located in a total of 128 cities. The traditional store companies listed above owned 15 stores between them, and just Kintetsu among the listed railway based stores owned 4 stores.

By 1970 the department stores' position of leadership in Japanese retailing had been seriously undermined by the emergence of mass merchandising chains such as the variety stores and supermarkets. According to Yoshino the conservative department store managements had been initially slow to grasp changing consumption trends in a changing society, and the shifts in population distribution. They had become complacent; with their stores having been the pre-eminent retail institution for so long beforehand. Furthermore, department stores were faced with problems over the need to obtain official approval for the opening of new stores or the expansion of existing ones. This was

to prove even more of a challenge during the 1970s and early 1980s when the large scale retailing legislation was made increasingly more restrictive.

By the early 1970s however, there was some evidence (according to Groke, 1972) that some leading store groups were becoming aware of the need for changes in their operations. Sales assistants required improved sales training to meet the requirements of a population with increasingly greater product knowledge. There was mounting pressure from rising costs, including wages and packaging. Attention was focused on improvements in inventory holding, and if possible the setting up of stores' own warehouses. There was a trend towards the use and purchase of own brand goods. In many stores there were congestion problems and layout deficiencies, so there was some introduction of self-service. Several stores were made more attractive by the opening of new service orientated departments such as beauty shops and cafes. Other areas investigated were advertising policies, cultural displays, imported goods and credit sales (Groke, 1972).

Changes in management style during the 1970s resulted in a successful increase in the scope of operations of leading store groups. These enlarged businesses were organised into divisions operating separately, able to realise economies of scale. Various stores improved their buying practices, by taking fuller advantage of volume purchasing, at lower costs from wholesalers dealing primarily with the newer mass merchandise retailers and large oligopolistic manufacturers. It can be argued then that they became important pioneers in the modernization of the Japanese retail scene (Nomura Research Institute, 1978).

As department stores moved into the 1980s they faced a number of challenges. These included heavier income taxation, the need to save energy, a larger number of working women; and changes in demand from an ageing population. The changing age structure of the population is demonstrated in Table 2.2 of Section 2.3. (Noda, 1981). As a result, new tastes in demand and consumer lifestyles are being reflected in internal store design. For example, boutiques may adjoin each other within stores and new, sophisticated images used (Trucco, 1984). Lein (1987) reported that "A recent move in the policies of all department stores is to broaden their appeal and attract younger customers."

A substantial number of the department stores belong to the Japan Department Stores Association. In 1970 the number of individual stores was 192. 49 were located within Japan's 6 largest cities, just one less than the figure given earlier in this section by Tanaka. In 1985 the national total stood at 255, of which 60 were in the 6 main cities. According to Lein (1987) there had been a considerable slowing down in the rate of building new stores by this time, due to legal restrictions and uncertainty about the retail environment. Many of the main shopping areas including Ginza in Tokyo and at Yokohama station were already overcrowded with stores. Table 2.8 shows the number of stores, total floorspace in square metres and annual sales in millions of Yen, for both the member stores in the 6 main cities and those elsewhere for the period 1965-1985.

The stores in Table 2.8 are a sample of the total number of department stores for each of the selected years. (See Appendix A). Perhaps the most meaningful statistics that can be derived

from the table are the trends in average store size and in sales per square metre of sales floorspace shown in Table 2.9.

Table 2.8 Japan Department Stores Association:
Summary Statistics Of Member Stores 1965-1985.

Year	<u>Stores In 6 Main Cities</u>			:	<u>Stores Elsewhere</u>		
	No.	Floorspace	Sales		No.	Floorspace	Sales
1965	45	1,160,853	615,968		110	860,459	244,302
1970	49	1,508,611	1,262,562		143	1,343,166	561,592
1975	55	1,746,153	2,539,410		183	2,034,814	1,525,727
1980	56	1,843,144	3,519,744		180	2,253,639	2,202,806
1985	60	1,952,781	4,134,657		195	2,601,299	2,697,437

Source:

Adapted from Japan Department Stores Association (1986).

Table 2.9 Japan Department Stores Association:
Store Size And Sales Per Square Metre.

Year	<u>Stores In 6 Main Cities</u>			:	<u>Stores Elsewhere</u>		
	No.	Average Floorspace	Sales/M2		No.	Average Floorspace	Sales/M2
1965	45	25,797	530,617		110	7,822	283,921
1970	49	30,788	836,904		143	9,393	418,111
1975	55	31,748	1,454,288		183	11,119	749,812
1980	56	32,913	1,909,641		180	12,520	977,444
1985	60	32,546	2,117,317		195	13,340	1,036,958

It can be seen from Table 2.9 that in 1985 the stores in the main 6 cities had an average floorspace 2.4 times that of the other stores, and 2.0 times the sales per square metre figure. Between 1965 and 1985 the ratio of floorspace in the 6 cities to

elsewhere had decreased steadily from 3.3:1 to 2.4:1 while the sales per square metre ratio varied between the fairly narrow limits of 1.87:1 in 1965 and 2.04:1 in 1985.

In the 6 cities the average sales floorspace had increased 26.2% during the period, while elsewhere there had been an increase of 70.5%. The sales per square metre in the 6 cities for 1985 was 4 times that for 1965. Elsewhere it was 3.65, showing that although the average floorspace had grown faster than in the 6 cities the growth in sales performance per square metre had lagged behind. Table 2.10 shows the number of stores in each of the six largest cities and the percentage of sales.

Table 2.10 Department Stores In and Outside of the Six Largest Cities (1985).

	Stores		Sales %
	Number	%	
Six largest cities	60	23.0	60.5
Tokyo	26	10.0	29.9
Osaka	11	4.0	15.8
Kyoto	7	2.5	3.5
Kobe	5	2.0	2.9
Nagoya	7	2.5	5.1
Yokohama	4	1.5	3.3
Local cities	195	77.0	39.5

Source:

Japan Department Stores Association 1986.

Table 2.11 shows the department store companies that were in the list of the top-ranking 25 retailers in terms of sales during fiscal 1986 exceeding 200,000 Million Yen. The rankings show a major change since February 1969. In that year the top ranked retailer was Daimaru, followed by Mitsukoshi, Takashimaya and Matsuzakaya; all four being department stores in Table 2.9

Table 2.11 Leading Department Stores, February 1986.

<u>Company</u>	<u>Established</u>	<u>Sales *</u>	<u>Stores</u>	<u>Rank</u>
1. Mitsukoshi	1904	568,417	14	6
2. Seibu	1940	535,321	10	7
3. Takashimaya	1919	501,531	6	8
4. Daimaru	1920	495,994	8	9
5. Matsuzakaya	1910	363,525	9	11
6. Marui	1937	357,338	34	12
7. Isetan	1930	291,166	5	14
8. Hankyu	1947	279,940	8	16
9. Tokyu	1919	273,173	5	18
10. Sogo	1919	222,053	3	24

Notes:

* Sales in Millions of Yen.

Establishment Date refers to first legal incorporation of original company, not necessarily to its foundation date.

Marui is classified as a credit department store.

Sources:

Sales and Stores:- Ryutsu Keizai Shinbun (1987);
Nihon Keizai Shinbun.

Establishment Date:- Dodwell (1985)

2.5.2 The Rise of the Supermarket.

Larke (1988) has pointed out that there are problems of terminology for western researchers trying to define the term Supermarket within the Japanese context. This is largely because the Japanese themselves use the term 'Suupaa' to include a wide number of retail formats which would not be typically called supermarkets in other countries. For example, in many Japanese stores the proportion of space devoted to food is comparatively

small. Some of these formats appeared during the 1970s and are considered in Part Three. For the purpose of this section a simplified definition may be used as suggested by Dodwell (1985):

"-- a supermarket is a self-service operation, which deals in a variety of goods. In addition, its floor-space is usually large and its business day is less than 12 hours."

More complete working definitions are given in Appendix A in order to cover the stores operated by the 6 largest retailers (as of Fiscal 1986) between 1970 and 1986.

A number of factors have contributed to the rapid expansion of supermarkets. The rise in the amount of consumers' disposable income (described in Chapter 3 section 2) enabled them to buy products commensurate with an improved standard of living. The larger manufacturers sought to stimulate increased consumption by aggressive advertising. This led to an increased desire to buy their goods, but these were price sensitive because potential demand outstripped the increase in disposable income. By offering products at lower prices, supermarkets took the lead in meeting this demand at the expense of department stores and small retailers (Dodwell, 1985).

Makino (1987) asserts that "The flourishing supermarket business is the direct result of the increase in the number of working women." This is echoed by Tajima (1990a). According to JETRO (1983) the number of women in employment in 1965 was 18.8 million. By 1982 the number had risen by 17.15 % to 22.0 million. Dodwell (1985) gives the percentage of married women who went to work in 1974 as 50%. In 1984 the percentage stood at 60%

and women accounted for 40% of the total labour force. Miura (1989) stated that statistics show that 55% of salaried workers' wives in metropolitan areas had a job, usually part time.

The early growth of supermarkets is chronicled by Tajima (1971). He begins his account with the so-called "Housewife's Store" of the 1950s which heralded the new supermarket age. At first these stores did not feature self service or checkouts, but they did offer cut-price mass produced goods with mass media publicity. Generally they were not well organised and their selling techniques were crude. However, the rapid multiplication of branches plus drastic price-cutting constituted a challenge to the traditional retail structure.

A watershed occurred with the opening of the first "Daiei" store by Mr. Isao Nakauchi, in 1957, who was previously established in the wholesaling of pharmaceuticals. The store was self-service, and had 13 employees. In 1969 Daiei had become the largest mass merchandising firm in Japan. In terms of sales volume it ranked fourth in the list of top retail companies, after three department stores. By February 1985 there were 157 Daiei stores employing 24,920 people of whom 13,646 were full-time employees and 11,274 were part-time. The company was ranked first in terms of sales which amounted to 1,282,678 million Yen for the fiscal year just ended. The figures for 1985 come from Dodwell (1985).

The Daiei philosophy was that the consumer is king, and that price and distribution policies should be formulated accordingly. This was revolutionary. Manufacturers had by that time become the dominating force in the distribution sector. Tajima states that the rise of Daiei and its imitators "bears a close

resemblance to the first part of the theory of the cyclical growth of retailing _ _ (ie), the intrusion of an outside discount organisation".

Although many of Daiei's competitors failed to establish themselves in supermarkets, the total number of supermarket stores rapidly increased after 1961. This was not due to new companies entering the field, but was the result of expansion by successful organisations. Their success was due to the adoption and systematic application of retailing innovations, imported primarily from North America. These included: self service, concentrated checkouts, replication of outlets, diversification of commodities sold, special promotions and loss leaders.

By 1970 there was fierce competition between the large scale retailers involved in supermarket operations, necessitating new strategies and tactics. These covered such matters as store location, their format and environment, the acquisition of capital finance and takeovers or mergers. During the 1960s, the number of supermarket stores linked with private railway companies, department stores or co-operatives gradually increased. New stores were opened in the provincial cities and in the suburbs of major cities. Shopping centre developments began to incorporate supermarkets. A number of companies obtained a listing on the stock exchanges.

By the end of the 1960s the influence of the supermarket chains on Japanese retailing was considerable. They had become major competitors to department stores. They had departed from traditional retail practice with its emphasis on labour intensive, specialised, single-store operation. The chain store system permitted the use of central purchasing of goods with

consequent reductions in total distribution costs. Management and organisational structures evolved, which incorporated innovative practices, such as centralised distribution facilities and the use of staff groups in long range planning. Computerised merchandising control systems were introduced. Increasingly more emphasis was placed on market and location analysis. The appearance, and subsequent growth, of the supermarket chains was the catalyst by which specialists started to pay attention to the distribution sector.

By the 1970s distinctions between the top-ranking supermarkets and department stores were disappearing. Indeed leading department store groups themselves were entering supermarket operations, eg the Seibu group with their Seiyu stores. Tajima points out that there were signs that department store companies were beginning to move towards chain store operations and that:

"Conversely, at a certain stage in its development, the supermarket tends to adopt the comprehensive merchandise coverage of the department store. The expression "department stores become chains, and chains become department stores" refers to this exchange of tactics or innovations."

Leading supermarket chains were opening stores in new shopping centre developments, selling a wide range of merchandise beside food, and surrounded by speciality stores. Department stores also were being opened in new shopping centres.

Furthermore, both leading supermarkets and department stores had established ties with major overseas retailers. The Dodwell Report (1985) states the outcome as follows:

"Since the middle of the 1970s, large supermarkets have also introduced a number of management systems from the United States for the operation of fast-food chains, convenience stores, discount stores and speciality stores to diversify their business lines since consumer requirements have varied from year to year."

Table 2.12 Leading Supermarket Chains, February 1986.

<u>Company</u>	<u>Established</u>	<u>Sales *</u>	<u>Stores</u>	<u>Rank</u>
1. Daiei	1957	1,373,559	164	1
2. Ito-Yokado	1913	953,206	124	2
3. Seiyu	1946	765,475	170	3
4. JUSCO	1926	761,167	153	4
5. Nichii	1963	577,196	166	5
6. Uny	1950	412,793	111	10
7. Nagasakiya	1948	291,031	111	15
8. Izumiya	1949	279,842	58	17
9. Chujitsuya	1954	253,855	72	19
10. Kotobukiya	1949	245,906	159	20
11. Uneed	1946	244,702	58	22
12. Maruetso	1943	237,620	167	23
13. Tokyu Store	1956	208,476	82	25

Notes:

* Sales in Millions of Yen.

Establishment Date refers to first legal incorporation of original company, not necessarily to its foundation date.

Sources:

Sales and Stores:- Ryutsu Keizai Shinbun (1987);
Nihon Keizai Shinbun 1987.

Establishment Date:- Dodwell (1985)

Table 2.12 gives details of the major supermarket companies, ranked by sales for the fiscal year ending February 1986. Also shown is their rank in the list of all retailers. Table 2.11 includes the supermarket companies that were included in the list of the top 25 retailers in terms of sales, and also those with sales in excess of 200,000 Million Yen. The first six companies are examined in detail in Part Three.

During the 1970s and 1980s, large supermarket stores faced legal restrictions on store size and openings. This acted as an incentive towards diversification policies, and included the setting up of large-scale chains of convenience stores and other kinds of retail businesses as described in Chapter 6. Some of the large retail companies thereby became known as "conгло-merchants" which Nakata (1988) stated was a development not previously seen in Europe or in the United States. He described them as follows:

"The Conglo-merchant is a corporate group that owns many kinds of retail businesses. In the gaps between its principal lines of business it opens appropriate types of retail stores with the goal of covering the commercial sphere as completely as possible". p19

Examples include Daiei, Ito-Yokado and the Seibu Group. While in the West there are groups of retailers dealing with different markets altogether, while belonging to a particular enterprise group, the Japanese conгло-merchant tries to deal with all of the consumers within a specified geographical area. An example from Nakata makes this concept a little clearer to understand. While the large superstores are located at major railway junction stations in the suburbs; regular supermarkets are found near other stations, and convenience stores are to be found in "small-

unit residential districts between the stations." Within main urban areas department stores, also part of the group, are to be found with speciality shops belonging to the group being positioned around them. Their significance becomes even more apparent when considering the following statement from Nakata:

"The same merchandise is often sold at these different retail businesses, all belonging to the same distribution group. All the stores share the same purchasing, physical distribution and information system". p20. (Emphasis mine.)

2.5.3 The Spread of Large Scale Speciality Stores.

During the 1970s, large chains of speciality stores emerged in various specialised fields such as home appliances, shoes, books, cameras and watches. Speciality stores are defined by Dodwell (1985), as stores employing face-to-face selling methods and whose sales are generated dominantly from one category of product from a wide variety such as fish, fresh produce, alcohol, footwear and electrical appliances. Dodwell identifies four broad categories of speciality stores as follows:

" _ first, those that specialise in luxury items in competition with department stores, such as Mikimoto (jewelry), Eikokuya (men's wear), and Kanematsu (shoes and handbags, second, those that concentrate on volume products directed towards a limited age group such as Shinseido (musical instruments and discs), Kiddy Land (toys) and Familiar (children's wear), third, those that are discounters and concentrate on a limited product range, such as Men's Shop Sam's (men's wear),

Yodabashi Camera (cameras and watches) and Megane Drug (spectacles), fourth, those that are small independent stores such as fish stores, home electrical appliance stores and liquor stores."

Most speciality stores are very small, but they collectively form the largest category of retailers in terms of sales, employees and number of stores. The small independent businesses have had to face severe competition from supermarkets and convenience stores and are gradually decreasing in numbers. By way of contrast a number of speciality chain store groups have more than 200 stores and are increasing their market share by means of aggressive expansion programmes (Dodwell, 1985).

Discount stores sales grew sharply during the 1980s. Some sell unsold stock from wholesalers and retailers, some specialize in luxury or imported items, while others concentrate heavily upon a single product, such as shoes, pharmaceuticals or electronics. In recent years an improving image has helped increase sales; before they were often associated with unreliability and poor quality (see Kuribayashi (1989) for example). A further reason has been a reduction in the price competitiveness of large supermarket chains with regard to lower-priced items. Consumers are said to be more price conscious too now (Okazaki, 1992).

Few companies have tried to emulate North American discounters' management practices and low cost methods, so far, but a notable example has been the Rogers 2 experimental outlets owned by Hokushin Shoji K.K. (Ota, 1992). The North American toy store chain Toys "R" Us Inc has started operations in Japan (see Larke, 1991). This company sources its merchandise from the manufacturers directly and stores all of its inventory on shelves

so that each store also functions as a warehouse (Akaishi, 1992).

In 1992 the number one toy retailer in Japan was Hello Mac, established three years before by Chiyoda, a discount shoe store chain group. These 360 toy stores were on average 330 square metres compared with the usual average of 89 square metres, and larger stores up to 990 square metres were planned. They are located in suburban areas where land prices are lower and parking spaces are available (Kusanagi, 1992).

As can be seen in Part Three many supermarkets and superstores have space allocated to speciality store tenants. This is often known as "shops within a shop" retailing. These are often chain store outlets, forming part of the diversification schemes of supermarket companies or which are operated through business agreements of various kinds. Detailed examples are to be found in Chapter 6.

During the 1990s many speciality retailers have located outlets at roadside locations in the suburbs. These include apparel shops for men, women and teenagers. It is expected that retailers will continue to extend their chains in the suburbs by opening outlets alongside roadside family restaurants, and other destinations for family outings, as well as near housing areas (Tradescope 1992b).

Larke (1991) reported that:

"The major superstore chains have been active in developing this type of business. For example, Uny operates several roadside clothing chains including Rough Ox and Belle Femme. There are also a number of independent roadside chains including Autobacs Seven car accessories (Suzuki, T. 1990a), Alpine Sorts, Aoki

International and Ayoma Trading men's clothing (Allen and Suzuki, 1989; Suzuki and Allen, 1990) Chyoda Shoes (Mizusawa, 1990), and Shimamura women's fashions (Mizusawa and Willems, 1990; Oya and Allen, 1990)."

"These stores command overall commercial areas that are as large as if not larger than many centrally located department stores. Clientelle will often drive from a distance to visit the stores. Frequently, a number of stores will locate together on the same stretch of road. This again increases the attraction for a wide range of clientelle." p162-p163

He noted that local governments have shown some signs of being unhappy about the drawing power of the roadside retailers and were considering the introduction of regulations to control them.

Some of the large speciality stores are known as "distribution trading houses". They are located in the major cities. They sell items such as audio-visual goods, cameras and watches at prices 30 to 40% below list price. Two well-known names are Yodobashi Camera and Doi. The prices are lower because the goods are delivered directly from the manufacturer to the company bypassing any wholesalers and their price mark ups. Another benefit is quicker deliveries because there is no intermediary distribution chain. There is a corresponding reduction in inventory levels in the stores (Makino, 1987).

Table 2.13 shows the top ranking speciality store companies by sales during fiscal 1986. In February 1974, there were 25 speciality store retailers in the list of the top 200 retail companies ranked by sales, of which one operated more than 200 stores. By February 1986 the number had risen to 41, including 7

with 200 or more stores. Of the remaining 159 companies 54 were department stores (including 2 credit department store chains), 87 were supermarkets, 9 were co-operative stores, 3 were convenience stores, 3 were non-store retail companies; and 3 were miscellaneous including a chain of railway station kiosks and a Do-It-Yourself chain. (Ryutsu Keizai Shinbun 1987).

Table 2.13 Leading Speciality Store Chains, February 1986.

<u>Company</u>	<u>Estd.</u>	<u>Description</u>	<u>Stores</u>	<u>Sales</u>	<u>Rank</u>
1. Best Denki	1953	Electrical	116	108,128	38
2. Daiichi Sangyo	1947	Electrical	80	103,211	42
3. Maruzen	1869	Bookstores	2	80,034	62
4. Joshin Denki	1950	Electrical	73	75,470	63
5. Dai-ichi Katei Denki	1947	Electrical	111	63,355	75
6. Yodabashi	1967	Cameras	9	59,824	80
7. Kinokuniya	1946	Bookstores	29	58,120	82
8. Suzunoya	1950	Kimonos	171	56,823	84
9. Sagami	1974	Kimonos	212	56,451	85
10. Laox	1976	Electrical	45	54,675	86
11. Suzuya	1951	Women's Wear	115	52,832	93
12. Takakyu	1950	Men's Wear	195	50,379	101

Notes:

* Sales in Millions of Yen.

Establishment Date refers to first legal incorporation of original company, not necessarily to its foundation date.

Source:

Ryutsu Keizai Shinbun (1987); Nihon Keizai Shinbun.

Establishment dates from Dodwell (1985).

In every city centre, and many suburbs of the major urban

areas, there are high-rise buildings known as "fashion buildings". They house large numbers of speciality retailers and restaurants on as many as six floors or more. The emphasis is on fashion apparel. Many of the tenant stores belong to large retail groups and national multiple speciality store chains in addition to local chains and independent retailers. Tenants usually include those providing services such as hairdressing, opticians and some food and variety stores. The buildings are to be found in and near city centres and so compete with department stores. A number are owned by the largest superstore groups, including Vivre 21 operated by Nichii and mentioned further in Chapter 6. Perhaps the best known example is Seibu's Parco concept. In 1992 there were 13 of them. One is located in Nagoya and contains 340 tenants, restaurants; a hotel and leisure centre within its 11 floors and 44,000 square metres of sales space (Larke 1992).

In the early 1990s a new kind of speciality store appeared that stocked materials and products for the increasing numbers of home owners undertaking large-scale refurbishment, popularly known as 'reform' instead of moving house or rebuilding. Many new houses built prior to the 1970s showed significant signs of deterioration after only 20 years or so. (When considering Japan's wealth, the country's housing is comparatively backward; Fields, 1985b). A number of store chains were established, including the 130 "Refine Shop" outlets owned by Matsushita Electric, 70 "Living More" outlets operated by Tokyo Gas; the 50 "Lifa" outlets opened by Inax (a large ceramic manufacturer). The products in heaviest demand are those to be found in rooms where water is used; i.e. kitchens and bathrooms (Yagi, 1993).

The early 1990s have also seen the spread of the factory

outlet concept as a new retail channel to satisfy a growing consumer demand for lower prices. There are two types of outlet, as originally conceived in North America; those selling brand-name products direct ex-factory, and those that sell unsold goods from either department stores or fashion outlets. Tradescope (1993a) has looked specifically at the second type, and described an area within the port of Nagoya with a new, developing commercial zone called "Jetty" that will emphasize such units.

Finally, there is a type of retail outlet which is very much a speciality product operation that has particular characteristics. These stores are part of the so-called keiretsu system. There are many types of keiretsu systems including production networks linking subcontractors to manufacturers, large groups of manufacturers that are centred heavily on banks; and networks linking retailers to manufacturers for the distribution of products including toiletries- cosmetics, electrical appliances, electronics, confectionery-bakery foodstuffs. Recently keiretsu chains operating consumer electronics stores have gone into a slump because of competition from discount stores. These chains are enormous: In 1990 there were 24,000 shops nationwide affiliated to the Matsushita group, 13,000 with Toshiba, and 10,000 with Hitachi. The majority of these shops in fact also had stocks of some rival products (Shibayama and Kiji 1989, Maruyama 1991). Shukan Toyo Keizai (1991) maintains Keiretsu are in decline and are not as powerful nor as exclusionary as might be expected.

2.5.4 The Challenge of Non-Store Retailing.

The traditional forms of Non-store retailing are mail-order stores and door to door sales. They are the focus of this

section. However, innovations in technology have resulted in a high potential for electronic home shopping in the future. This subject is more properly described in Section 3.4 which deals with the impact of technological changes upon retailing.

According to Kakita (1984) non-store retailing experienced higher growth rates in the early 1980s than conventional store retailing. He gave the following details:

"According to reports by market survey firms and the Yano Economic Research Institute, mail-order sales registered an increase of 13.3% and 21.2% in 1981 and 1982, respectively [over the previous year], while door-to-door sales increased 10.3% and 11.6% in 1981 and 1982.

The combined increase rates of mail-order and door to door sales averaged 13.8%, an impressive figure given that overall retail sales increased by 8.6%, those of department stores and supermarkets having increased 3.1%"

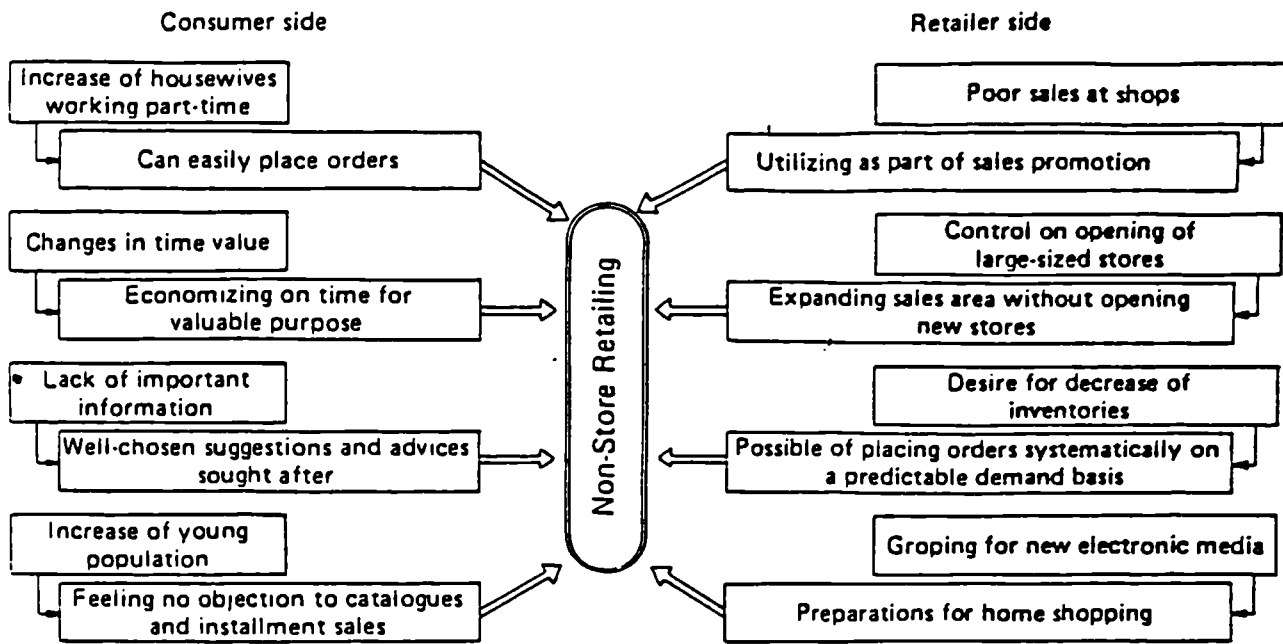
In Fiscal 1985, the total sales value of the non-store retail sector reached almost three trillion yen of which catalogue sales accounted for approximately one third (Sanghavi, 1990).

According to Kealing (1991), the growth rate in mail order sales for the four years to 1990 was 72%. According to Tradescope (1993b), some 35,000 retailers were engaged in mail or catalogue sales, representing an increase of 7,000 establishments or 27.3% since 1988. Sales increased by 56.1 % in 1991 over 1990 to 2,121.5 billion Yen.

Tradescope (1993b) states that by 1991 203,000 retail establishments had installed vending machines, of which 73.5%

were food and beverage retailers.

Kakita has portrayed the reasons for the growth of non-store retailing as shown in Figure 2.8.



Note: In upper squares are given social and business backgrounds. In lower squares are given reasons for utilizing mail-order sales and door-to-door sales.

Source: Asahi Research Center

Figure 2.8 Circumstances Behind and Reason for Growth of Non-Store Sales.

The range of mail order goods is very wide, including food, clothing, furniture, household goods and home electrical appliances. Large scale retailers have increasingly entered the market, seeing it to be one of the more promising ventures. This in itself improves the image of mail order and thus market prospects for the future. Also contributing to this optimism is the growing awareness of consumers to the convenience of mail order, and product variety, through mass media advertising. It is

also a convenient channel for companies wishing to sell new products, without wishing to prejudice sales through their stores (Dodwell, 1985).

According to Czinkota and Woronoff (1986):

"Although these nonstore retailers still face problems in the area of designing an effective physical distribution system and difficulties in overcoming the high initial costs of media fees and catalog production, some firms reportedly are already profitable."

The authors do not say what proportion of the companies are profitable, neither do they explain the problems and difficulties.

Maryuma (1984) has made the point that the growth of non-store retailing is surprising against a backdrop of declining growth rates of sales for stores. This very fact has encouraged retailers to enter the field during the 1970s. For instance, in 1973 Matsuzakaya Department Stores started mail order operations under an agreement with Quelle of West Germany, Europe's largest mail order retailer. In the same year the Seibu organisation entered the mail order business through a link with Sears Roebuck, the world's largest retailer. Daiei started direct sales in 1975.

The year 1984 (in which the above article by Maryuma was published) has, according to Kealing (1991) been generally recognised as

"... the advent of truly modern mail-order operations in Japan and the point at which full-fledged expansion of the business began." p22.

In his article he indicates that one reason for the growth in annual sales of \$5.3 billion in 1984 to \$9.2 billion in 1989 was improvements in technology that led to the maintenance of much larger mailing lists and to the processing of orders in greater bulk. Also, improvements in physical distribution systems were more likely to ensure swift delivery on a nationwide basis. Sharp increases in disposable income was another factor, which "caused a shift in favour of leisure-time activities and away from daily shopping chores". The industry had diversified into many new product areas, including many appealing to the consumer's desire for individuality. The most heavily marketed products were fashion sundry items, jewelry, precious metals, timepieces and cameras. Kealing also considered how American firms like Lands' End, Austad's and Williams-Sonoma had established mail-order businesses in Japan.

Ichikawa (1989) describes various examples of door to door delivery services, including home delivery of high-class foodstuffs, flower delivery, delivery services for golfers and skiers, courier services, delivery from convenience stores and selling without store premises. Many products are delivered by Motorcycle delivery services. They first appeared in Tokyo in 1982, and are designed to offer a speedy service for small items within a relatively small area.

According to Otomo (1987) and Shozo (1988), catalogue and mail order sales in Japan account for about the same proportion of retail sales as in the United States at between 1.0% to 1.5%.

The case studies in Chapter 6 contain examples of how large-scale retailers have included non-store retailing in their diversification schemes.

2.5.5 Market Shares 1972-1985

Table 2.14 shows that the department stores' share of total sales had decreased from 9.5% to 7.8% during the period 1962-1985. By way of contrast self-service stores (ie supermarkets) had steadily increased the size of their share from 3.7% to 15.5% between 1962 and 1982.

Table 2.14 Retail Sales By Class of Store 1962-1985.

<u>Year</u>	<u>Department Stores</u>		<u>Self-Service</u>		<u>Other Retailers</u>	
	Billion Yen	%	Billion Yen	%	Billion Yen	%
1962	585	9.5	226	3.7	5,338	86.8
1964	788	9.4	392	4.7	7,170	85.9
1968	971	9.1	581	5.4	9,132	85.5
1970	1,286	7.8	1,029	6.2	18,389	86.0
1972	2,382	8.4	2,449	8.7	23,462	82.9
1974	3,563	8.8	4,254	10.6	32,483	80.6
1976	4,613	8.2	6,750	12.0	44,666	79.7
1979	5,670	7.7	10,670	14.5	57,224	77.8
1982	7,048	7.5	14,601	15.5	72,322	77.0
1985	7,983	7.8	-	-	-	-

Source:

Census of Commerce; Ministry of International Trade Industry.

Note:

The Census of Commerce was conducted every two years before 1976, and every three years afterwards.

In 1962 department stores and self-service stores together had a 13.2% share of sales. In 1982 their combined share was 23%. The self-service stores had increased their share at the expense of both the department stores and the small retail stores.

Since 1982 The Ministry of International Trade and Industry has used a new classification system for market shares which is

not compatible with the one previously used. A number of smaller stores and their sales were subsequently included in the department store category. It is likely that these extra sales contributed towards the apparently increased share in 1985.

The Self-Service category was discontinued for summary purposes after 1982. It was replaced by the Supermarket category and enlarged to include a number of smaller stores. The 'Other Retailers' category included convenience stores, speciality stores, small retail stores and others (Dodwell, 1985).

Table 2.15 Sales By Type Of Store 1982.

<u>Category</u>	<u>Stores</u>	<u>%</u>	<u>Billion Yen</u>	<u>%</u>
Department Stores	461	0.0	7,314	7.8
Supermarkets	65,779	3.8	16,340	17.4
Convenience Stores	23,235	1.3	2,178	2.3
Speciality Stores	1,093,601	63.5	45,996	48.9
Small Retail Stores	536,934	31.2	21,952	23.4
Others	1,455	0.1	192	0.2
<hr/>				
Retail Trade Total	1,721,465	100.0	93,971	100.0

Source:

Census Of Commerce.

Table 2.15 shows sales by type of store for 1982 using the newly introduced summary classification. It should be noted that the department store classification is not the same as Category 431 (Department Stores) used in the main body of the Census. The number of stores in Category 431 is much greater, as it includes a number of the larger supermarkets which are often described as superstores. A definition of department stores corresponding to Category 431 is in Appendix A. Appendix B gives a list of retail

categories used in the Census Of Commerce, which forms the subject matter of Part Two.

Table 2.15 also shows that the stores in the department store and supermarket categories amounted to less than 4% of the total number of stores, but that their sales amounted to just over 25%.

Tables 2.16 and 2.17 contain evidence to support the view that department stores had strengthened their management in response to the success of the superstores. The figures are from the Industrial Bank of Japan 1986 as reproduced by Lein (1987).

Table 2.16 Sales per Person (S/P).

Year	Department Stores		Superstores	
	S/P (1,000 Yen)	Growth (%)	S/P (1,000 Yen)	Growth (%)
1977	31,906	9.3	23,678	11.7
1979	37,363	8.2	25,852	0.4
1981	42,199	4.9	28,239	3.0
1983	44,072	1.0	31,590	5.6
1985	49,833	6.6	32,589	2.3

Table 2.17 Sales per Sq. Metre (S/M2).

Year	Department Stores		Superstores	
	S/M2 (1,000 Yen)	Growth (%)	S/M2 (1,000 Yen)	Growth (%)
1977	1,218	4.4	799	6.7
1979	1,342	4.6	839	0.5
1981	1,462	3.1	916	3.1
1983	1,438	(-)2.0	948	1.9
1985	1,510	2.5	989	2.4

Finally, as for mail order sales, the actual share of mail order sales out of total retail sales for 1972-1982 was very low, despite the rate of growth noted in the previous sub-section. Between 1972 and 1982 the market share rose from just 0.4% (108 billion Yen) to 0.7% (630 billion Yen). In comparison, in the early 1980s the equivalent figure for the U.K. was 5%, and 9% in the U.S.A. (Dodwell, 1985).

2.6 Conclusions.

Japan is a country with a very high population density. The distribution of population is very uneven because the country is predominantly mountainous with a limited amount of flat land. Approximately 70 percent of the population is concentrated in the Pacific Coast Industrial Belt or "Core" which extends from the Kanto region to North Kyushu. Within the Belt the three metropolitan areas of Tokyo-Yokohama, Nagoya, and Kyoto-Osaka-Kobe contained 45% of the total population in 1984, ie 54 million persons, occupying only 10% of the total land area of Japan. Because the distribution of population is so uneven, a feature of the thesis will be a frequent comparison between developments in the three metropolitan areas, the "Core" and elsewhere.

As Nakata (1988) has said "Until about 30 years ago, the Japanese retail structure was exceedingly simple". The English language literature on the history of retailing in Japan shows two new significant trends occurred during the 1960s. First there was the emergence of new large-scale retail formats and their subsequent growth. New organisational forms evolved encompassing department stores with several branches, superstores and supermarkets, speciality chain stores and non-store retailing. Secondly there was the development of larger retail organisations operating on a multiple store basis. Both trends are central to the theme of this thesis. Many of the companies involved had expanded greatly in terms of territorial expansion and store numbers by 1985.

The retail system therefore has the appearance of a "dual" system comprising the "traditional" and "modern" parts. However,

both parts are generally served by the same wholesalers and manufacturers, and the "traditional" retailers have access to the distribution infrastructures utilized by the "modern" retailers. Consumers of all socio-economic levels have ready access to both types of retailers in many localities offering similar assortments of goods. Thus, issues of limited outreach of consumers and differential access, which are so typical of many less-developed countries, are not applicable to Japan. In such countries, affluent consumers buy their goods in modern stores, but the disadvantaged sectors of society buy within the traditional sector. This is not so in Japan (Goldman, 1992).

Chapter 3 Threats and Opportunities Within The Retail Industry.

3.1 Forces of Change and Retail Location.

Chapter 3 has three main purposes:

- 1) Sections 3.2 through 3.7 develop the framework of organisational and technical change presented in Chapter 1, by making further use of the available English language material on Japanese retailing.
- 2) Section 3.8 provides a presentation of hypotheses concerning the spatial implications of organisational and technical change 1972-1985. The hypotheses are tested in Chapters Six and Seven.
- 3) Section 3.9 contains some conclusions.

In postwar Japan major structural changes have occurred within the distribution sector of the economy, but often 15 or 20 years later than in Europe. Developments in the 1970s and 1980s have taken the form of rapid evolution, according to Dawson (1985). He has developed a classification of change within Japanese retailing as follows:

"Four features are useful in explaining contemporary retailing in Japan: the first is the similarity to change which took place in Europe in the 1960s; the second is the similarity to present day western change; the third is the change special and indigenous to Japan, and the fourth is the continuing adherence to Japanese retailing."

The historical background in Chapter 2 gives examples of the first feature. Material on the second and third is to be found both in this chapter and in Chapter 6. The continuance of traditional forms of retail outlets is largely concerned with small-scale retailing and they are mainly considered in Chapters 4 and 5. However this is a convenient point to consider the less

complex set of factors that influence the location of such stores before embarking upon the more detailed discussion of the factors that affect the location of stores within the modern sector.

The stores within the traditional sector are small stores (apart from the numerically tiny proportion of stores that can be called traditional department stores) and can be divided into two types: the marginal and the specialised. As Larke (1991) pointed out the marginal stores usually provide only a basic living wage. Many of their owners are old. These stores are operated within homes and carry only a shallow assortment of goods. Often the revenue supplements salaried income. There are no regulations restricting retailing in residential areas. Therefore it is relatively easy to open such stores (Goldman, 1991). It is widely agreed that they account for most of the 160,000 or so store closures between 1982 and 1988 (MITI, 1987; Dentsu, 1988); DPRG, 1989; Economic Planning Agency, 1988).

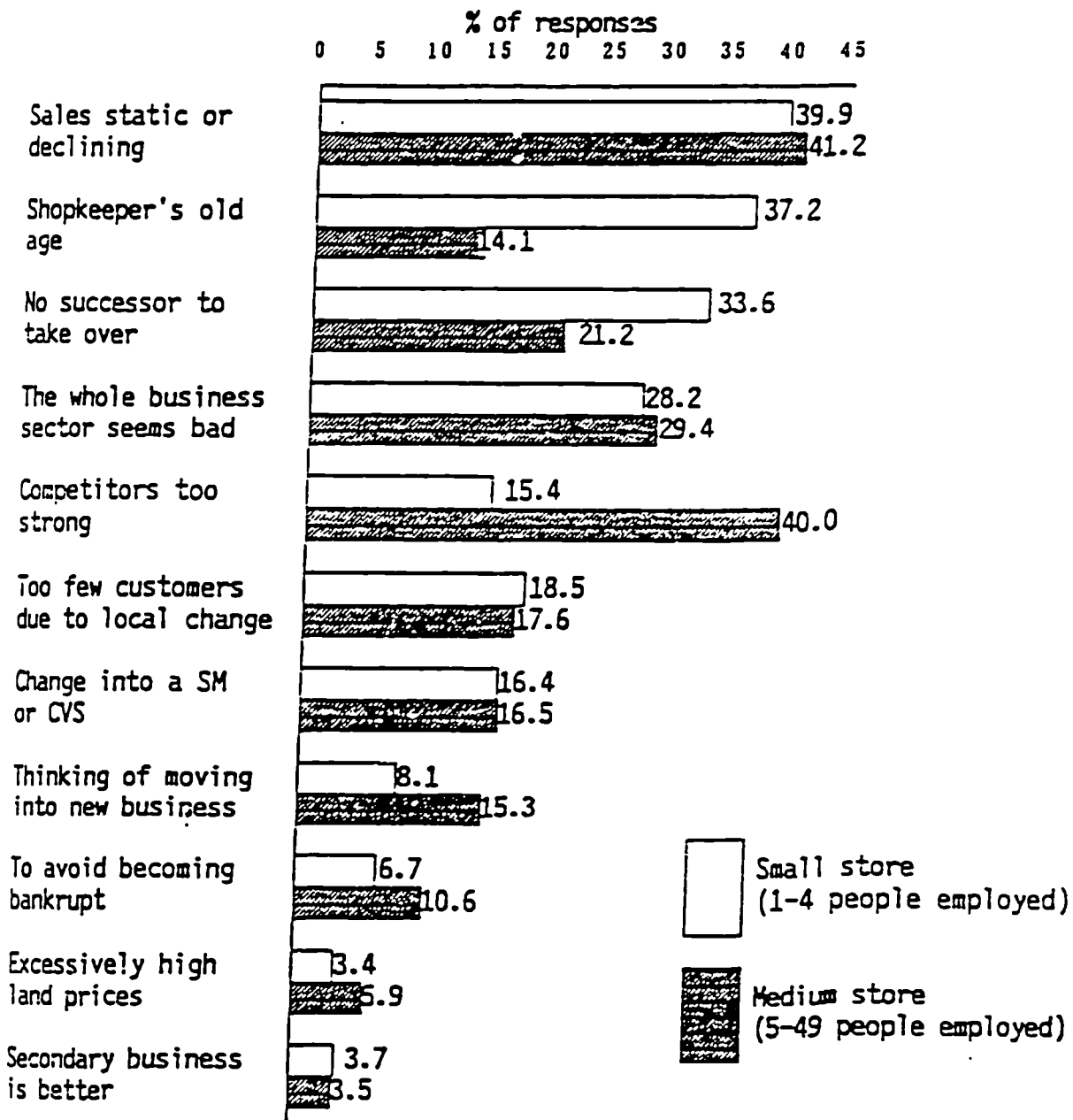
As for specialised small stores, it is convenient to consider the following summary from Goldman (1991):

"The specialised retailers carry wide assortments in a narrow product line. They are mostly located in the neighborhood shopping districts, around train and subway stations, and along major streets. This retail format and many of these small stores continue to be economically viable. The reasons have to do with the high population density, consumers' frequent trips to stores, an emphasis on service, freshness, and quality, and the continued support of the manufacturers and wholesalers." p161-162

The negative side of store location is store closure. A government white paper in 1988 concerning small and medium sized

FIGURE 3.1

POTENTIAL REASONS FOR SMALL AND MEDIUM RETAIL CLOSURES



NOTE: SM - supermarket, CVS - convenience store

Source: Survey of existing retailers reasons for considering closure or retirement, published in *Chūshō Kigyō Hakusho* (1988), and reproduced in *MITI* (1989a: p.75).

businesses contained the results of a survey among such retailers who were asked to give reasons why they would retire or close the business. Figure 3.1 shows in graph form the potential reasons, and is taken from Larke (1991). It is interesting that the medium store operators were much more concerned with competition and were more likely to consider a change to a new business venture. Both kinds of retailers were obviously concerned about the level of consumer spending and shop revenue and the retail environment.

To understand the forces of change that have a bearing upon the locational policies of retailers within the modern sector it is necessary now to consider again the historical background.

Yoshino (1971) identified changes in the environment during the 1960s which put new demands on the Japanese distribution system. In particular he attributed new strains on marketing to:

" _ _ two basic and closely related factors - the rapid postwar economic growth and the significant social changes that the nation has been undergoing concurrently."

He asserts that these factors paved the way for the emergence of a mass consumption market during the 1960s. The economic background is described in sections 3.2 and the changing Japanese consumer in 3.3.

After World War Two, a series of reforms originating from the post-war American occupation meant that Japan changed considerably compared with the pre-war era. Japan began to acquire the characteristics of mass consumption societies in the Western world. Yoshino argued that society, including the marketing system, had an inherent capacity to adapt to rapid change, and could both "initiate and sustain rather dynamic changes with a minimum of disruptive effort."

At first the marketing system changed in response to changes in the environment. At a later stage it began itself to influence the environment, and so a pattern emerged of "two forces vigorously interacting and reinforcing each other."

According to Yoshino, changes in the marketing sector were " _ _ a result of groping experiments of enterprising entrepreneurs in both the manufacturing and distribution sectors who saw profitable opportunities for innovation in the traditional system in the rapidly changing environment. These innovations did not come about as a result of organised and systematic plans that were well thought out in advance. They were uncoordinated trial-and-error experiments."

The entrepreneurs who were successful in introducing mass merchandising retail institutions into Japan were heavily influenced by North American models. Examples can be seen in Chapters 2 and 6. Thus in Japan, as in the West, as Etgar (1984) wrote:

"Retailing changes are seen as planned or unplanned adaptive responses to threats and opportunities embodied in the environment surrounding the pertinent retailing structure." p49

Other observations and summary quotes from the West about retail change can be applied to Japan, including the following quote from McGoldrick (1990) in which the essence of the change in Japan is largely captured, though the modern sector is smaller in terms of relative size than in Britain:

"In spite of its scale and importance, the retailing industry was not initially at the forefront in embracing the marketing concept. In the 1960s this could be attributed to the fragmented nature of the

industry, characterized by a very large number of retail organizations. The industry became rapidly more concentrated, and major retailers wielded their new-found power through aggressive buying, high-budget advertising campaigns or elaborate store designs. The use of marketing weapons, however, does not always indicate that the marketing concept is being applied. It is only in relatively recent years that many retailers have taken an enlightened and integrative view of their marketing activities." p1.

Concerning the link between store location and the growth of multiple store chains, as in Chapter 2, Mercurio (1984) has said:

"A store location strategy is the planned physical expansion of a retail chain. Essentially, it is a method for meeting prescribed company growth objectives. A well-designed store location strategy brings together an assessment of a company's operation with a plan that provides a suitable adaption to the marketplace. Such a strategy reflects information from two major areas.

1. The company itself, reflecting its goals, objectives, operating and merchandising policies and capital resources.
2. The external environment in which the retailer must perform, including population characteristics, consumer expenditures, and the competitive setting." p238

Thomas, R. E. (1983), claims that in practice strategy and organisational structure are inseparable. If a Western view can be used as a starting point for further discussion then strategy can usefully be defined using the words of Grieve Smith (1985):

"Ansoff and other writers in recent years have broadened the scope of what they regard as strategy to cover all aspects of the relationship between the firm and its environment, rather than just the product/market mix, and thus allow a greater variety of issues to be treated as strategic. For example, Hofer and Schendel, [1978] define strategy as 'the basic characteristics of the match an organisation achieves with its environment'".

According to Johnson (1987) retail strategists should be concerned with with the following five matters:

- 1) Defining the scope of the retail organisation's operations,
- 2) Matching that organisation's activities to the business environment,
- 3) Matching that organisation's activities to its resource capabilities,
- 4) The allocation, or even reallocation, of a major part of its resources as necessary,
- 5) The direction of the organisation over the long term.

These matters are so crucial that Pennington (1985) maintains that strategic planning is the only function that the organisation's chief executive cannot delegate to others.

Within any chain store organisation in any industrialised nation, the choice of store format and size; plus the substantial costs of land, construction, operating expenses, depreciation, and possible refurbishment, are linked to all the above 5 points and greatly affect the choice of individual store location.

In Chapter 2 the changing structure of the retail industry has already been noted and described at the national level. There have been many changes in Japan during the same period within the

economy and in society. Another Western view, that of Walters (1988), may validly serve to describe much of the content of this chapter:

"This part considers the development of retail marketing and the influences that have been responsible. Two major and basic influences are identified: the structure of the industry and the nature and rate of social and economic change. The industry has witnessed major changes in the size and influence of multiple retailers, the outcome of which has been a reversal in the 'power' structure of distribution channels. Social and economic change based upon changes in affluence and aspirations have been accelerated by technology. The successful retailers are those who have identified opportunities in the process of change and have matched resources to the needs and desires of selected customer groups. This requires an understanding of the elements of customer satisfaction, their influences on customer store choice decisions, and how these can be accommodated.

Successful retail marketing is based upon careful customer analysis and segmentation, from which are developed customer profiles." p47.

It is submitted therefore that the framework of threats and opportunities taken from the concept of SWOT analysis as proposed in Chapter 1 for use in this chapter is indeed a suitable one.

Johnson and Scholes (1989) have also pointed out that:
"A SWOT analysis, therefore, provides a mechanism for systematically thinking through the extent to which the organisation can cope with its environment." p78

If an organisation wishes to change and grow in response to its environment it cannot afford to stand still. There are a number of possible growth strategies. One way of classifying these is to describe them in terms of the merchandise offered and the customers chosen as the targeted market (see Figure 3.2).

Figure 3.2 Growth Strategies

		CUSTOMERS	
		Existing	New
MERCHANDISE	Existing	Penetration	Market development
	New	Merchandise development	Diversification

Source:

Cox and Brittain (1988) p31. Note: this figure is based on Ansoff's product-market strategy matrix. (Ansoff 1965).

Cox and Brittain describe these strategies as follows:

- "a) the penetration strategy. This relies on the retailer aggressively seeking to increase his or her market share;
- b) Merchandise development. There is a limit to the growth which can be achieved by penetrative strategies and most retailers pursuing growth will look to add new merchandise to appeal to their customers and thus generate extra sales;
- c) Market development. This strategy can be pursued in two ways:

- (i) New customers can be sought in geographic areas not previously served

- (ii) Alternatively, market development may involve attracting new customers in the same geographical area ...

The difficulty is that if the merchandise remains the same but a new group of customers is being sought, some other element of the retail mix has to change to appeal to them e.g. price or LOCATION or store image;

(d) Diversification. New merchandise for new target customer groups is the most expansive of the growth strategies. It is possibly the riskiest of the growth strategies but can bring the highest rewards ... " p30-31. (Emphasis mine.)

The importance of customer segmentation within any corporate store location policy has been stressed by Cox and Brittain:

"The target market is the major determinant of the ideal store LOCATION." p78.

"The retailing concept proposes that the most critical factor in determining the success of a store is the identification and satisfaction of customer needs. Thus specific retail strategies should address this objective requiring the retailer, first, to identify the target customers and then to satisfy their needs through an appropriate retail mix strategy - considering LOCATION, merchandise, price, communication, store atmosphere and layout, and customer service." p33 (Emphasis mine).

Place, product, price and promotion are commonly referred to as the 4 Ps of marketing, and also as the four major ingredients of the retail mix over which retail management can exercise the most control as both markets and environment change. (Lewison and Delozier, 1986). Without customers the retailer has no reason to exist. Identification of potential customers and buying behaviour is crucial when starting or drastically changing a business.

(A recent and comprehensive guide to consumer behaviour in general, in the West, is that of Loudon and Della Britta, 1993). Cox and Brittain (1988) summarize the approaches to segmentation.

"There are four bases for segmentation: geographic, demographic, psychographic and behavioural." p67

These are then broadly defined by the authors as follows:

geographical e.g. region, town, types of neighbourhoods such as retirement areas, council estates etc.

demographical - "probably the most widely used method"

- a) age and life cycle stage
- b) sex
- c) family size and ages of members
- d) income
- e) occupation

psychographic - segmenting a market according to lifestyles, social class and personality traits.

behavioral

- a) Occasions, e.g. weekly shopping, emergency top up shopping
- b) benefits sought, e.g. quality merchandise, best possible price or credit facilities etc.
- c) store loyalty.

For successful segmentation: segments must be measurable, economically viable (of substantial size); and be accessible.

Although the Japanese have borrowed from Western cultures, they were not merely copying. They modified appropriate institutions, techniques and concepts to meet Japanese conditions. The introduction and role of new technology is considered in section 3.4. By 1976 it too could be said of Japan:

"Although there are considerable international differences in the rate and form of retail change the general trend to a larger-scale economy is a common feature of all the westernised countries. The immediate causes for this trend are to be found in the changing TECHNOLOGY within distribution itself. Customers require an increasing degree of convenience in shopping and an increasing choice in the selection of goods and services; firms can provide this and at relatively cheaper costs by building larger stores in NEW TYPES OF LOCATIONS." (Davies, 1976; p76). Emphasis mine.

(A 1960s discussion of technology may be found in Gist, 1968).

Advancements in technology have made it possible for retailers to collect vast amounts of information about consumers. Company strategy will determine the precise data required. Multiple retailers and local independents for instance have very different territorial spheres of influence. The organisation, to adapt to significant change, must ask where and what its business should be in future. Should it concentrate (or diversify) into everyday or luxury items? Durable goods or foodstuffs or convenience goods? Should it position itself down market or up market? These factors will eventually affect the type of locations to be sought - major city centres, suburban foci, district centres, local shopping parades or corner stores. Each kind of trading location will determine the form of information required (Pope, 1984). A treatment of the types and general sources of suitable information (in a UK context) is found in Jones (1984).

Technology is also important for another reason: it can help an organisation to use information in order to achieve a measure of advantage over its rivals.

"Technology offers competitive advantage via more efficient cost control and product advantage and via speed and quality of market information on range, variety, and availability of goods. The core technological requirement here is for centralized data on inventory, sales, re-ordering, distribution, and costs". Segal-Horn (1987), p29.

Walters (1988) has identified the issues of competitive advantage (low cost leadership and relative differentiation; from the work of Porter, 1980 and 1985) as being central to debates about retail marketing strategy. McGoldrick has described low cost leadership as being

"... typically associated with sustained investment and access to capital, intense supervision of labour, low cost-distribution and tight control systems. In the case of retailing, the required attributes would also be likely to include strong buying, merchandising expertise and highly efficient store management systems." - And on competitive advantage:

"Competitive advantage through differentiation is likely to be associated with strong marketing abilities, creative flair and a good reputation for quality and/or innovation. In retailing, this may translate into particular advantages in terms of product range, LOCATIONS, store design/ambience, services and/or promotion." p98. (Emphasis mine).

Knee and Walters (1985) stated that competitive advantage (and relative differentiation in particular), segmentation and positioning are clearly linked, quoting Wind (1980) who has said:

" A product's positioning is the place a product occupies in a given market, as perceived by the relevant group of customers; that group of customers is known as the target segment of the market." p19.

Developments in computer technology since the late 1950s coincided with an energetic academic zeal in determining whether a wide range of statistical techniques and mathematical models could be applied to a multitude of emerging problems including individual store assessment. Two methodologies making full use of computers were widely pursued. The first involved regression analysis and other multi variate procedures based on the use of correlation coefficients. The second involved spatial interaction or 'gravity' models as noted in Chapter 2. (Davies, 1976).

It was further noted in Chapter 2 that store location research has drawn from a wide variety of disciplines. It is interesting within the context of this chapter, that in connection with a study by Schell (1964) in the USA (involving Central Place theory and spatial interaction models) Kivell and Shaw (1980) wrote:

"The basic causal elements [in terms of observed facts] were population redistribution, the changing socio-economic composition of the consumers and the differing role of the chain store." p132.

In section 3.5 the evolving relationships between retailers and wholesalers are examined as large scale retailers have sought to adapt to the changing retail environment.

Another force of change affecting the spatial provision of retailing has been post-war changes in land use, and they form the subject matter of section 3.6. Major consequences for large retailers of the development of new suburbs are outlined also.

Government policies, and legislation limiting large scale retailers in their choice of sites are examined in section 3.7. Kirby (1984) presents the following important hypothesis:

" — — perhaps the most important factor influencing the development of the retail system has been the influence of Government legislation." (Emphasis mine).

Statistical data on the Large Store Laws, obtained from the Ministry of International Trade and Industry, is incorporated in the statistical analysis of large-scale retailers presented in Chapter 7. It is there used in a quantitative test of this hypothesis in respect of 6 leading and powerful retailers.

Section 3.8 is concerned with published; and further, hypotheses to be tested in the remainder of this thesis. Section 3.9 contains conclusions drawn from the material in this chapter.

3.2 The Economic Climate.

3.2.1 Economic Considerations.

The aim of Section 3.2 is to examine national economic trends, external to firms, which ultimately have some bearing on the number and location of retail outlets. (See also Chapter 8 on theories of structural change including the legacy of Hotelling.) The section contains material and data on the growth of the national economy during the period 1960-1993 and its impact upon personal and household expenditure and large scale retailing. Some statistics on household income, taxation and expenditure have already been considered in Chapter 2, Section 2.3.

Davies (1976) states that there are two main economic constraints which affect individual firms when considering potential locations for stores. First, there is of necessity a minimum level of consumer demand required for a firm to become established and make a profit. Secondly, customers will generally be prepared to travel only a certain distance to a retail outlet, depending upon the nature of the firm's product or services. This means that there is an maximum spatial area that the outlet can serve (Davies 1976).

Consumer demand and expenditure is affected by changes in the economy. Customers' buying power is affected by changes in income, taxation, prices, and inflation. Consumers with a high level of buying power tend to buy a different assortment of goods than those with relatively low buying power. Changes in buying power can therefore affect the volume sold of different kinds of goods, for example, goods regarded as luxuries (Spitz and Flaschner, 1980).

Lewison and Delozier (1986) comment on the effects of increases in families' incomes on expenditure as follows:

"Families' incomes and expenditures have been studied and grouped into a set of relationships known as Engel's Laws. Briefly, these laws state that

1. As a family's income increases, the percentage of income spent on food decreases.
2. As a family's income increases, the percentage of income spent on clothing is roughly constant.
3. As a family's income increases, the percentage of income spent on housing and household operations remains roughly constant.
4. As a family's income increases, the percentage of income spent on all other goods increases."

Macro economic changes and trends therefore should influence corporate decision making. No organisation exists in a vacuum. An expanding economy provides new scope and opportunities for existing firms as well as the incentive for the establishment of new companies. On the other hand an economic recession can lead to business failure, although a depressed economy can provide opportunities for some companies. It is also necessary to consider both short term and long term trends in the economy and any increases in the cost of capital if expansion is contemplated (Bowman and Asch, 1987).

Location strategies are often among the first corporate strategic plans to be implemented, and they are often the first ones requiring long term substantial financial commitment (Arnold, Capella and Smith, 1983).

3.2.2 National Income Accounting: Some Definitions.

Some useful definitions of relevant concepts in national income accounting, mentioned throughout this section, are provided by Kennedy (1987).

1) Gross National Product (GNP).

Kennedy describes GNP as "the most useful aggregate measure of the economic activity of a country." It is also known as Gross National Income, denoted by economists by the symbol Y. These two terms are used interchangeably, depending upon context and convenience. GNP, or Y, consists of four main components. These are household consumption (C), business investment (I), government expenditures (G), and the foreign trade balance, or net exports denoted by (X-M). Symbolically therefore,

$$Y = C + I + G + (X-M).$$

Short definitions follow of each. Household Consumption and Business Investment are the most immediate relevant components.

2) Household Consumption (C).

Households consist of one or more persons, the members of which may or not be family relations. Many persons live in the same premises by virtue of occupation eg nursing staff. Students in a hall of residence or sharing a flat is another example. Households, defined in this broadest sense, are where the output of the economy is consumed. Household consumption is defined as:

"_ _ all those activities that consist in markets of goods and services that yield direct personal satisfaction. _ _ If we sum together the expenditures of individual households, we arrive at the total expenditure of households on consumption, and this provides us with information on the largest single component of national income."

3) Business Investment (I) .

To an economist business investment means the acquisition of capital goods, e.g. buildings and machines, to

produce output. This process is often called Capital Formation. Some capital investment is carried out solely to replace life-expired or obsolete capital equipment. If this amount is subtracted from total investment expenditure, then we have left the net addition to existing investment. When this net investment is substantial the economy expands its capacity to produce future output. In other words, conditions are created for economic growth.

4) Government Expenditure (G).

Government income is derived from the household and business sectors through taxation and borrowing. Purchasing power is taken from these sectors by governments so that they can purchase goods and services in accordance with their political priorities and objectives. Governments purchase large quantities of goods and services from the business sector, at a cost negotiated with suppliers which then appears in national income accounts. The products of government expenditure are not generally sold in the market place so the cost put on them in the accounts is not likely to be the price that the market place would put on them. For example, expenditure on defence or police forces cannot be valued solely by prices that members of the public may be willing to pay.

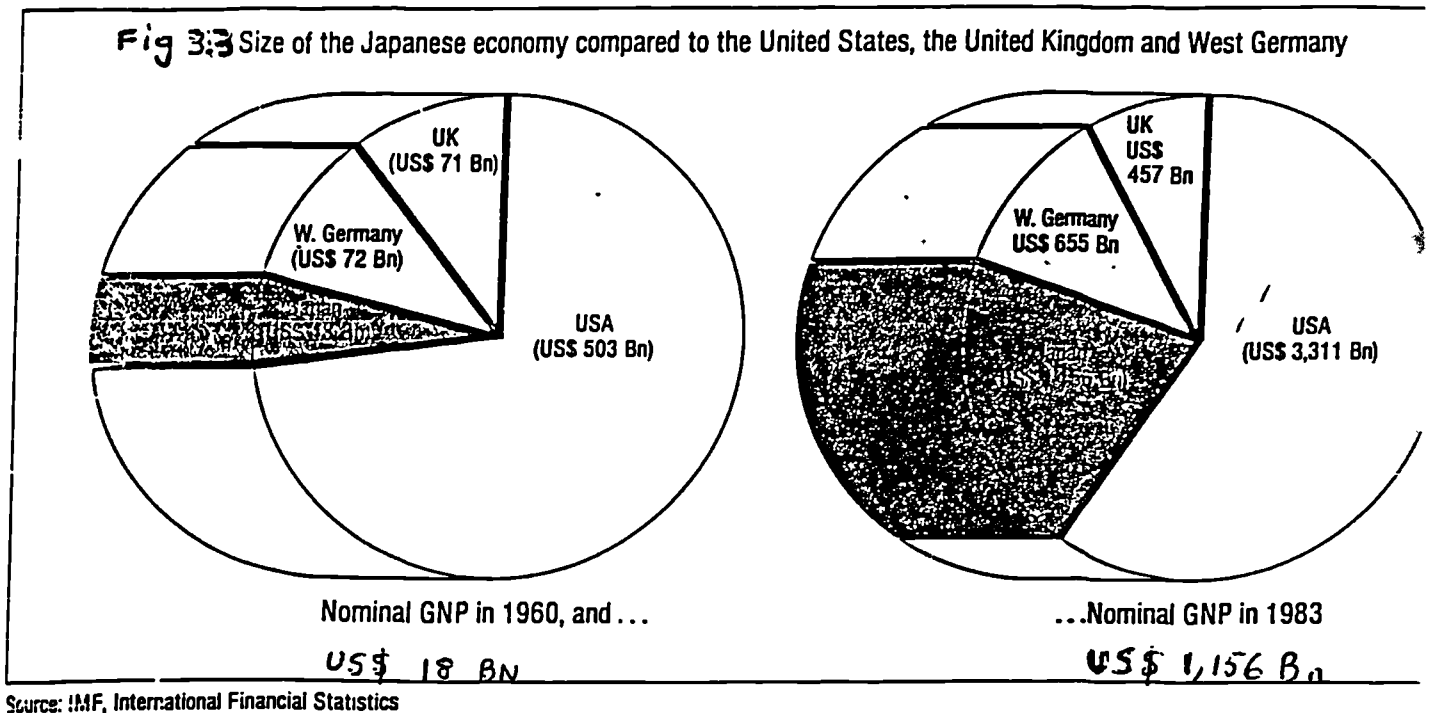
5) Foreign Trade Balance (X-M).

If a country exports part of its output of goods and services, then they cannot form part of household consumption, business investment or government expenditures. Exports reduce the GNP available for consumption in a country, while imports add to the GNP which is available for consumption. The net exports figure (i.e. exports (X) less imports (M)), is entered into the national accounts.

3.2.3 The Japanese Economy 1960-1993.

Figure 3.3 shows a comparison of Japan's gross national product with the United Kingdom, the United States and West Germany for the years 1960 and 1983.

It can be seen from Figure 3.3 that the size of Japan's gross national product was approximately 1.76 times that of West Germany and 2.53 times that of Britain.



By the mid 1980s, Japan had become the free world's second largest consumer market after the United States. Between 1955 and 1980 Japan's gross national product (GNP) had increased about ten times compared the United States twofold increase. (Lazer, 1985). The nation had become the world's largest creditor (Watts, 1993). By 1980, Japan's share of world gross output had risen from 2% in the mid 1950s to 10%. In contrast the United States share had declined from almost 40% to just over 20%. This rapid economic growth by Japan has required a rapid restructuring of the economy

as a whole. Large corporations (retailers included) have had to recognise this and change accordingly or face inevitable decline. Each industry has seen accelerated competition between firms, which needed to be able to adjust in terms both of organisational structure and investment, in order to maintain or increase market share in a rapidly changing environment. The risk of losing market share is often more important to the larger companies than decreasing profits (Abegglen and Stalk, 1985).

Another feature of the rapid economic growth was the existence of a "dual structure", comprised of a small proportion of large manufacturing businesses and a large proportion of small to medium sized ones. This distribution was reportedly unchanged in the 1960s and 1970s (Sasaki, 1981). A similar situation prevailed in retailing during the early 1960s, as noted in chapter 2. It would appear therefore that polarisation of this nature is historically inherent within the Japanese economic framework as a whole. Subsequent changes in shop numbers and average size, by category, are described in Part Two.

Begg, et al (1987) provide data on the comparative economic performance of Japan, the UK, USA and Germany for 1960-1985. Some is reproduced in Table 3.1. The table brings out the contrast between the good years of 1960-1973 and the difficult years of 1973-1985.

The authors state that:

"The 1970s was a period of poor macroeconomic performance throughout the world. In almost every country there was a decline in the growth of both real GNP and real GNP per person, a rise in unemployment rates, and an increase in inflation."

Table 3.1 Real GNP Growth And Inflation.

(Average percentage rates per annum)

	<u>UK</u>	<u>USA</u>	<u>Germany</u>	<u>Japan</u>
Real GNP growth				
1960-73	3.2	4.2	4.8	10.5
1973-81	0.5	2.4	2.0	4.0
1981-85	1.8	2.6	1.1	4.3
Inflation				
1960-73	5.1	3.2	3.3	6.1
1973-81	15.4	9.4	4.9	9.0
1981-85	6.9	5.5	3.1	1.3

Sources: Economic Report of the President of the United States;
United Nations, World Economic Survey

In the mid-1980s there was the emergence of the so-called 'bubble economy'. The prices of assets such as real property and stocks rapidly became inflated and this resulted in a hazardous over extension in a number of sectors within the economy. In 1991 the Bank of Japan introduced deflationary policies in order to burst the 'bubble'. Consequently, economic growth diminished rapidly and in the short term at least there appears to be little chance of a return to the 'free-spending philosophy' of recent years. In fact a major economic slow down (by Japanese standards) had set in by about 1989. With the burst of the bubble, consumers have gone into 'hibernation' while profits fell (Watts, 1993).

3.2.4 Gross National Product (GNP) 1960-1985.

A commentary of trends in GNP for 1960-1984 is given by Kunio (1986). In the 1960s the average yearly increase in GNP was 10%. During 1970-1973 the rate had dropped to 7.8 % but by international standards it was still high. Then in late 1973 the oil embargo, imposed by the Organisation of Petroleum Exporting Countries (OPEC) on the industrialised countries brought the era of rapid growth to an end. The embargo itself was of short

duration but it was immediately followed by an OPEC decision to triple oil prices. This had a great affect on the Japanese economy because of the country's dependence on imported oil. At the time 90% of Japan's energy requirements were imported.

In 1974 GNP showed a decline (- 1.3 %) for the first time since World War Two. The following year saw a positive growth of 2.4 per cent. By way of contrast, only one Western country (France) experienced a positive, albeit slight, positive growth. In 1976 the rate was upto 5%, and stabilised around that level until the second oil crisis of 1979. Oil prices continued to rise through 1980 and into 1981. At one stage the price of oil had almost tripled again. This time the economy was not so adversely affected. Japan had become less dependent on oil. The rate of growth in GNP did not significantly drop until 1981 when it dipped to 4% . It fell to 3.3% for 1982-1983, and rose again to 5% in 1984.

3.2.5 An Analysis of Gross National Expenditure.

Minami (1986) carried out a quantitative analysis of Japan's economy for the period 1880 to 1980. He noted that during the period 1945-1980 personal consumption expenditure (C) was always the largest component of gross national expenditure, followed by gross domestic fixed capital formation (I), exports (X-M) and government consumption expenditure (G). The abbreviations used here correspond to those used in Section 3.2.2.

He concluded that economic growth was more dependent on C and I rather than on (X-M) and G. About a third of the increase in GNE was the result of increases in capital formation. He argued that while C tended to increase with increased income, I depended partly on technological innovation. He states:

"Thus one may conclude that the real engine of economic growth [in Japan] is capital formation and that Japanese economic growth has been investment led."

Minami gives some details of the percentage of C and I of real GNE for selected years (Table 3.2).

Table 3.2 C and I (% of GNE) 1954-1980

<u>Year</u>	<u>C</u>	<u>I</u>
1954	63.9	15.4
1960	62.5	23.0
1970	56.4	33.7
1980	53.7	32.4

Minami also looked at the composition of gross domestic expenditure for 106 countries, including Japan, in 1980. The shares for Japan of C (58%), (X-M) (14%), and I (10%) were lower than the average figures of 67%, 35% and 17% respectively. However in Japan the share of C was, at 32%, higher than in all the other countries. Average C was 23%. In the UK the figure was 21.5%, and in the USA 18.1%.

At the end of 1986 there was an expansion in the economy that was led mainly by personal consumption (Tokai Bank, 1989). This lasted until the slowdown of 1989-1993 (Watts, 1993). Watts noted that "private consumption hit bottom in the April-June 1993 quarter". At the end of 1993 it was anticipated that consumption would pick up, aided in part by the need for consumers to replace white goods and cars. This would be encouraged by the launch of a number of high-quality, low-priced products, including some based on technological advances in semiconductors and 'fuzzy' household appliances. 'Fuzzy' logic products include washing machines, video cameras, televisions, shower mixers and vacuum cleaners (as described by Karatsu, 1991).

3.2.6 Changes in Consumers' Disposable Income.

The state of the economy affects both large and small businesses. For example loss of sales may be a consequence of an overall reduction in consumer spending rather than some other factor. It is difficult for retailers to make assessments about macroeconomic trends in terms of long term forecasting.

In the 1960s, Japan experienced the so-called "consumption revolution". The first half saw a consumption boom in smaller domestic articles especially, and then large and durable consumer goods, including cars, in the second half (Koyama, 1985).

During the period 1970-1982 the growth of private consumption in Gross National Expenditure, as a percentage, rose as follows in Table 3.3

Table 3.3 Private Consumption Expenditure 1970-1982

<u>Year</u>	<u>1970</u>	<u>1975</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
% composition	52.3	57.2	58.3	57.9	58.9

Source: Economic planning agency.

One effect of the 1973 oil crisis was that consumers became more price conscious as a result of consumer education campaigns, and were attracted by the lower prices of the large stores. They also started to rely less on the advice of retail staff, and more on the reputation of national or own brand names (Shimaguchi and Rosenberg, 1979).

By 1983 there were signs that the economy was recovering from its recessionary phase after the 1979 oil crisis. At the end of 1982 it was clear that the disposable income of working families had started to increase, by 3%. However there had been no increase in private consumer expenditure for 1982. There were calls from the private sector to the government to stimulate domestic demand (Nishikawa, 1983).

3.2.7 The Economy and Large Scale Retailing.

The second oil crisis of the 1970s coincided with the toughening of restrictive measures on store size and location, which are described in section 3.7.

In the second half of 1980, deflatory effects in the economy had contributed towards a stagnant business situation. Sales were not helped by an unusually cool summer season. Consumer prices increased at a marked rate, but stabilised in 1981. Personal spending remained at a similar level. However there was a decrease in the level of disposable incomes, because of increases in income tax and social security payments, which hampered prospects of increased sales. Between 1980 and 1982 department store sales were sluggish. In 1980 the growth rate of these stores had been 8.2%. In 1981 this had fallen to 4.7%. In 1982 the trend continued, and coincided with a further strengthening of legal constraints on large stores (Noda, 1981; 1982).

Supermarkets also were affected. In 1982 they suffered a sharp fall in turnover expansion. There was a steep drop in the expansion rate of new stores and selling space because of the legal measures. Furthermore abnormal weather affected the sale of seasonal goods. (The Grocer, 1984).

In the latter half of 1983 the recovery gained momentum. Between then and the end of 1985, consumer prices were stable, and the amount of disposable income increased. Both department stores and supermarkets benefited from the steady economic upturn.

The early 1980s have been called the "supermarkets' black period." In 1984 they cut down on their work forces, reduced inventories and reviewed both merchandise and store location policies. There was a marked increase in diversification schemes into speciality shops and service related businesses. Table 3.4

overleaf, taken from Dodwell (1982), shows many of the tie ups with overseas companies that had taken place by 1982.

Table 3.4 Tie Ups Between Japanese and Foreign Retailers.

<u>SUPERMARKET</u>	<u>Name of Foreign Partner</u>	<u>Type of Tie-ups</u>
Daiel	J. C. Penny (USA)	Operation know-how on general merchandise stores
	Marks & Spencer (UK)	Joint merchandising of clothing & foodstuffs
	As Printemps (France)	Operation know-how on department stores & joint merchandising
	K Mart (USA)	Operation know-how on discount stores & joint merchandising
	Kroger (USA)	Exchange of management know-how & joint merchandising
	Worldwide Chain System (USA)	Operation know-how on box stores
	U.S. Shoes (USA)	Operation know-how on shoe stores
	Michil Moon (USA)	Information on design for women's sportswear
	Lawson Milk Products of Consolidated Foods (USA)	Operation know-how on convenience store chain 'Lawson'
	Swift (USA)	Operation know-how on ice cream shop chain 'Dipper Dan'
	Wendy's Int'l (USA)	Operation know-how on hamburger shop chain 'Wendy's'
	Marriott (USA)	Operation know-how on coffee shop chain & hotels
	Victoria Station (USA)	Operation know-how on restaurant chain
	Ito-Yokado	Southland (USA)
Denny's (USA)		Operation know-how on coffee shop chain
Seiyu Stores	Sears, Roebuck (USA)	Technology for retailing
	Jewel Companies (USA)	Operation know-how on supermarkets for foodstuffs and convenience store chain 'Family Mart'
Ury	Petersville Australia (Australia)	Technology for retailing
	Vroom & Dreesmann (Netherlands)	Company operation technology
	Circle K (USA)	Operation know-how on convenience grocery store chain
Nagasakiya	Winchell's Donut House of Denny's (USA)	Operation know-how on doughnut house chain
	IHOP (USA)	Operation know-how on supermarkets
Inageyo	Associated Grocers (USA)	Exchange of know-how on merchandise development and store operation
AIC	Safeway (USA)	Exchange of merchandise and management know-how
C.G.C. Japan	C.G.C. (USA)	Distribution of C.G.C.'s chain brand products
	Sainsbury (UK)	Distribution of Sainsbury's store brand products
Selco Chain	C.G.C. (USA)	Distribution of C.G.C.'s chain brand products
<u>Name of Dept. Store</u>	<u>Name of Foreign Partner</u>	<u>Type of Tie-ups</u>
Mitsukoshi	Horten Department Store (USA)	Joint merchandising
Takashimaya	Intercontinental Group of Department Stores	A member since 1956
Seibu Dept. Stores	Sears, Roebuck (USA)	Mail order catalogue business
	Beijing Foreign Trade Bureau (China)	Imports of merchandise & operation of department stores
	Habitat (UK)	Operation of furniture shop chain
	Liberty (UK)	Mfg./sales of printed fabrics
Matsuzakaya	Associated Merchandising Corp. (USA)	An affiliated member since 1972
	Quelle (W. Germany)	Mail order catalogue sales
Hanshin Dept. Store	Allied Stores Int'l (USA)	Joint merchandising
Matsuya	Allied Stores Int'l (USA)	Joint merchandising

Source: Dodwell, 1982. (Pages 70-71)

Apparently department stores had improved their businesses more steadily than supermarkets because they dealt in higher value products and consumer demand for quality was on the increase. It is noteworthy that three major stores were opened in Tokyo's prestigious shopping district, Ginza, during 1984, by Seibu, Hankyu and Daiei. The latter was in conjunction with Au Printemps of France. This triggered the opening of other department stores in the Tokyo shopping centres of Shinjuku, Shibuya and Ikeburo (Tanaka, 1985).

A survey was carried out in 1986, by the Industrial Bank of Japan, examining planned capital investment by 24 industries. Among the 2,895 companies surveyed were 75 Department Store and Supermarket companies. On average these retailers had planned to increase capital investment for the financial year 1985 by an extra 27.2% over the previous year. By way of contrast the average planned increase (all industries) was 11.2% (Ueda, 1986).

During the years of the so-called "bubble economy", taken to be approximately from 1985 to 1991, there was a consumption boom. The sales of large scale stores expanded significantly, for example by 4.9% in real terms during 1987 and by 6.7% in 1988 (Tokai Bank, 1989).

When the "bubble economy" burst in the early 1990s, retailers, and especially department stores, started to introduce lower-priced items across the board to avoid a slump in sales. For example, a number of department stores (including Mitsukoshi) implemented new lines of high quality apparel for men and women with reasonable prices. Seibu's attempts to escape the economic slowdown included the opening of the Kids Farm PAO eight-story department store in Shibuya, "a place where children can learn about everything from sewing to animals while they are playing".

Seibu chose the area because it was dominated by women's fashion outlets, but had few stores for children (Tradescope, 1992c).

3.3 The Changing Japanese Consumer.

3.3.1 Changes in Consumer Expenditure.

Professor Izeki (1991) of Keio university maintains that there have been three distinct periods of consumer purchasing behaviour since 1960. The first was from 1960 to 1975, which he describes as a "mass market" period, in which consumers exhibited similar patterns of behaviour based primarily on price and function. It was comparatively easy for both manufacturers and distributors to predict consumer demand, so mass production systems produced large amounts of 'average' products.

The second period lasted from 1976 to 1985 and he characterized it as a "segmented market" period. With high levels of ownership of durable goods, consumer segmentation developed, so design and form became more important than price and function. The third period has seen a new style of marketing which Izeki calls "concept marketing". In English the idea seems vague, but instead of consumers being brand-orientated and buying total coordinated clothing by one brand, "fashion conscious consumers began selecting products from several brands coordinating them themselves."

The following diagrams (Fig 3.4) overleaf show the broad changes in consumer expenditure for the years 1970-1984. The data was taken from the Asian Market Atlas (1984) and Dodwell (1985). From Figure 3.4 it can be seen that the percentage of food to total consumption has decreased during 1970-1984 from 34.1% to 26.1%. There has been however an increase in expenditure on food consumed in restaurants, see section 3.3.4. According to Dentsu Japan (1981a) a MITI survey, covering the years 1968-1978, showed

Consumption Structure of All Japanese Households Nationwide

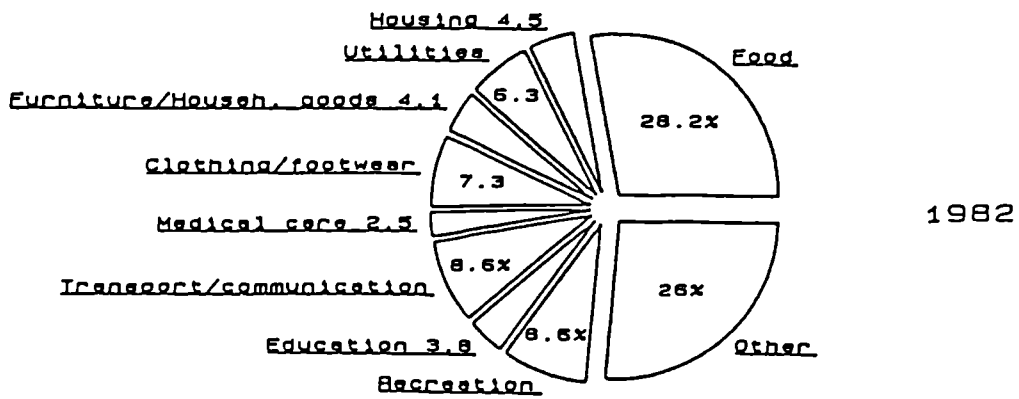
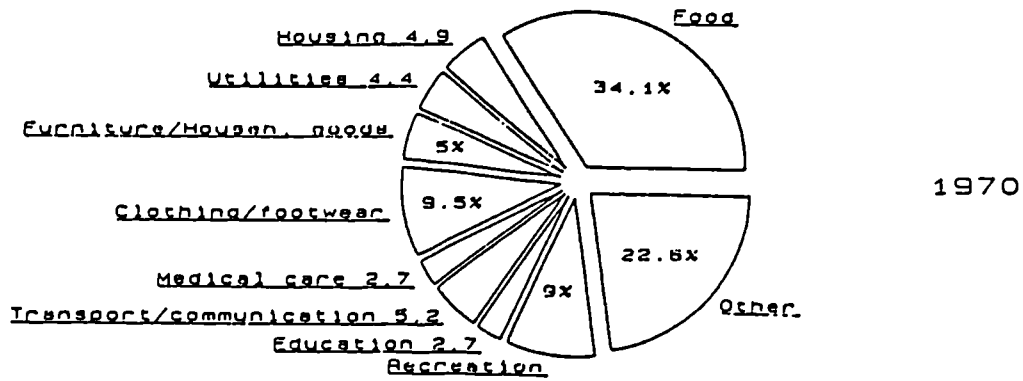
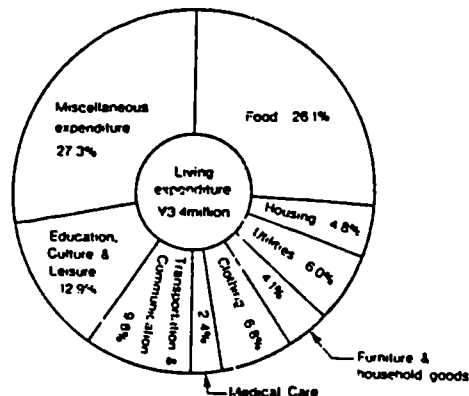


Figure 10. Household Spending - 1984
(Working household)



Source: "Family Income and Expenditure Survey" Management and Coordination Agency

Figure 3.4 Consumption Structure of All Japanese Households Nationwide 1970 - 1984.

that household expenditure at restaurants tripled during the period; as did spending on meat, drink, bread, perishable fish

products, dried and salted fish, and processed foods. There was also a marked trend towards spending more on higher quality items. These trends support the view that the Japanese diet has become more westernised. Daily food shopping habits and their implications for food shop locations are considered in the next subsection, and in 3.3.3.

Spending on other basic necessities, such as clothing, furniture and household goods, and housing, has grown more slowly than total spending. In contrast, spending on services such as utilities, transport and communication, education culture and leisure has grown faster than the rate of total living costs. In 1982, the "miscellaneous" or "other" expenditure became the largest category of spending. This category is largely composed of social expenses and pocket money, reflecting increased personal expenditure on leisure activities and hobbies. (Dentsu Japan 1981a).

Dodwell (1985) summarises the trend by saying:

"Consumer spending has been shifting from essentials to discretionary items related to services and leisure activities, the latter in 1984 accounting for over half the total."

There continues to be a number of 'ceremonial events' during the lifetime of a Japanese person which are usually accompanied by large expenditures. De Mente (1987) lists them as follows:

"These events are the naming ceremony shortly after a child is born; the first birthday; at age three or four, when the child enters kindergarten; at the three, five, and seven children's festivals; at six, when they enter elementary school; at 12, when they enter junior high school; at 15, when they enter senior high school;

at 18, upon entering college; at 20, when they become legal adults; at 22, when they finish college and enter a company; at 25 or 26, when they get married; at 27, when they have their first child; and between the ages of 55 and 60, when they retire."

Two recent additions are St. Valentine's Day and "anniversary days" such as "Sweet Ten Diamond" (when husbands are urged by the media to give their wives a diamond on their tenth wedding anniversary. On important occasions in Japan it has been said that no expense is spared in buying gifts; shigarami (social obligation) being as strong as ever (Japan Update, 1990).

Joseph (1993) has commented on the practice of giving gifts.

"The average family in Japan gives or receives a gift at least once a week and probably spends more than 1,000 pounds a year on presents. Between them, they spend about 50 billion pounds a year on gifts. It is a pivotal part of the country's economic and social structure, intricately woven into the Japanese sense of obligation." p162.

Table 3.5 overleaf shows changes in the consumption of major durable consumer goods between 1968 and 1984. Several consumer durable items of goods have reached market saturation point.

According to Tradescope (1992c):

"From the mid-1980s to the beginning of the 90s, luxury was a key word in retailing upscale items ranging from apparel to automobiles. Consumers became more aware of different levels of quality associated with luxury and were willing to spend nearly any amount to obtain the best. Since last year, [1991] however, due to a turnaround in the economy, consumers have become more

cautious about spending, and as a result, more price conscious." p17.

Table 3.5 Trend Of Ownership Of Primary Durable Consumer Goods

<u>Products</u>	<u>Rate of Households Owning (%)</u>		
	<u>Feb. 1968</u>	<u>Mar. 1978</u>	<u>1984</u>
1. Colour TV sets	5.4	97.7	99.2
2. Electrical refrigerators	77.6	99.4	98.7
3. Elect. washing machines	84.8	98.7	98.4
4. Vacuum cleaners	53.8	94.7	96.7
5. Cameras	59.8	82.1	85.7
6. Sewing machines	82.6	83.8	80.2
7. Bicycles (adult)	70.5	76.9	78.2
8. Carpets	29.5	66.5	70.5
9. Radio cassette recorders	24.5	59.3	70.2
10. Compact water heaters	21.4	72.9	69.7
11. Passenger Cars	13.1	51.7	64.8
12. Dining room sets	21.0	56.5	63.8
13. Stereo sets	24.1	56.3	58.0
14. Air conditioners	3.9	29.9	49.3
15. Beds	18.7	43.5	44.4
16. Portable space heaters	-	9.6	32.3
17. VCRs	-	1.3	18.7
18. Pianos	5.2	14.9	17.6
19. Movie cameras/projectors	-	8.6	8.8

Source: Economic Planning Agency
 Research Institute of Retail Industry & Distribution
 System

The Japanese studies expert Bownas (1993) offers a profile of the **Bubble consumers, 1985 to 1991**

There were new key words for the tone and themes of consumption as it matched the dramatic pace of asset appreciation during the economic bubble years of the second half of the 1980s. Factors and themes included:

Strong yen	enabling the Japanese consumer 'to step into what had been a dream world'
Domestic demand Investment and travel overseas	officially stimulated, leading to
Spread of five-day week	and a slow reduction in working hours stimulated weekend travel and resort condominium development
Quality of life	selective and individualized consumer tastes
Convenience	handy, time- and space-saving, portable and miniaturized
Natural	health and sport
Personal investment	self-realization
Affluence	traditional, genuine, luxury, global, enabling 'the combination of the elegance of Japanese tradition with the opulence of the present'
High function	and high performance, upgrading with new concepts and technologies

many of these themes appear in:

Housing development and home enhancement	two-and three-storey structure basements system bathrooms, kitchens, bedrooms multi-function bathrooms (with warm-water bidet) bay windows with built-in-air conditioning air purifiers new range of 'fuzzy' household appliances exclusive high-tech, large-scale durables, including larger fully automated washing machines (39.8%) ² large capacity refrigerators (72.4%) high-definition television (HDTV) automatic breadmakers exclusive imported furniture, tableware
Convenience	prepaid cards nationwide-house-to-house deliveries networking services microwave ovens (69.7%) portable and cordless telephones (39.6%)
Upgrading	CD players (34.3%) CDs (95% of the music market in 1990) satellite broadcasting
Affluence	luxury leisure patterns high-class cars, domestic and imported luxury cruises leisure-oriented recreational vehicles 'aesthetic' (beauty) clubs

Health and sport	natural household water purifiers oxygen business mineral water, imported and domestic nutrition-fortified and sugar-free drinks high fibre-content foods anti-germ, anti-odour blouses jogging cycling sports clubs
Personal investment	early morning and 24-hour classes for business people seminars for entrepreneurs colour consulting, using colours to make a personal statement manners seminars for young ladies bridegroom charm schools, to mould the man to the modern woman's personal tastes
Miniaturization	passport-sized video-cassette recorder laptop personal computer book-sized computer memo-sized word processor personal facsimile card-sized photocopier card-sized voice recorder

P117-9.

3.3.2 Consumer Shopping Habits.

In Japan most shopping is still done by women. For instance about 90% of department store customers are women and their children (JETRO, 1985a). Approximately 80% of all private consumption expenditures are made by women, who make most of the household buying decisions. (De Mente, 1987). In part this is due to the very long hours that men work, and also to the traditional practice whereby the Japanese husband surrenders his salary to his wife in exchange for an allowance (German, 1985:b). Because of the lack of space in most homes, Japanese housewives prefer to shop several times a week in convenient neighbourhood stores (Shimaguchi & Rosenberg, 1979). They buy food almost daily because they can only carry small amounts home. Working women and housewives have very strong purchasing power Tajima (1990a).

According to Akiyama (1983) the Japanese housewife will go to a supermarket once a week or so, while otherwise using a neighbourhood store. These stores are often small and sell few

items, such as meat, alcohol or confectionery. As for supermarket shoppers, German stated that an estimated 90% of them do their shopping by walking, riding bicycles or motor bikes. Fields (1985b) claims that most housewives in the cities lived within ten minutes' walking distance of a store.

There has been an increasing emphasis upon convenience when shopping. Ogawa (1984) explains this as follows:

"_ there is a growing preference for convenience, reflecting higher female employment, the growing number of singles, and shifts in waking hours. There is a tendency to buy things at the nearest store, at the most convenient time of the day, as quickly as possible. This suggests an increasing polarization in consumer behaviour between daily necessities on one hand, and leisure and hobby-related merchandise on the other."

Bass (1990) has pointed out that a survey carried out by the Japan Retailers Association revealed that on average a Japanese working woman had more than 100 garments in her wardrobe, a figure twice that of her American counterpart. A possible reason given was that most Japanese cannot hope to buy their own homes on account of "staggering" land prices and so their disposable incomes are spent instead on clothing, home furnishings, gourmet food and trips overseas. Miura (1989) pointed to the fact that as a result the resort industry in Japan is also growing. In the mid 1980s land prices in Tokyo, Osaka and Nagoya recorded large increases of upto 90% in a single year (Hasegawa, 1987).

In Japan the practice of businesses paying out summer and winter bonuses also affects household purchase and consumption patterns. These bonuses may account for as much as 20% of the

worker's annual income (Hitonami, 1983). According to JETRO (1985) approximately half of the bonus is added to savings, and the rest is typically used for loan repayments and the purchase of major durables. These bonuses are paid in mid-summer and in December. At these times consumers are more likely to buy superior quality, expensive food items, accessories and gifts;

"giving both importers and domestic manufacturers two prime marketing targets to aim for each year."

Department stores have been associated with prestigious goods for gift giving for a long time. Prominent among these stores has been Mitsukoshi, who since 1986 has established a chain of gift shops in other cities besides Tokyo (Tradescope 1991).

3.3.3 Food Purchases and Eating Out.

The majority of consumers live in densely populated urban areas. Their dietary preference for fresh, perishable, foods accounts for the continuation of many small neighbourhood shops (Nakanishi, 1985; Tajima, 1984). The freshness and quality of Japanese food is well known (Nakahara, 1988). Since the early 1970s however, the Japanese diet has been influenced by cuisines from other countries. As a result, the Japanese diet has become more diversified; and to some extent Westernised, but only superficially as imported foods are generally adapted to the Japanese palate (JETRO, 1985a).

The Japanese are spending more on eating out and on education too, as more and more of them pursue a lifestyle of health improvement and seek a higher level of culture and learning (Nishikawa, 1983). It has been estimated that approximately 60% of the population eat out at lunchtime almost every day, while more than 50% go out for dinner at least one day a week. In 1960 eating places of all kinds numbered 164,753. By

1982 the corresponding figure was 536,840 and in the same year the total number of food and beverage retailers was 725,158 (JETRO, 1985a).

In the 1980s the food service industry grew rapidly. Reasons given for this include the increase in working women, higher personal incomes and the increased emphasis on leisure time. The department stores and supermarket also competed for an increasing share of the take-out food market, by offering fare of equivalent quality to that of restaurants. The market has also expanded by the appearance of new "take-out only" shops and pizza home delivery chains. In 1989 the Japanese spent 38.5% of their household budgets on dining out (Tradescope, 1992a).

When it came to dining out in the 1980s, there was an increasing number of new types of fashionable cafes and restaurants. For example, there were French restaurants with a luxury image, and restaurants with modern decor aimed at the 20 to 30 year old age group (Nakazawa, 1985). It has been argued that the profits of high priced French (and Italian) restaurants has been largely fuelled by generous corporate expense accounts rather than any taste preferences (Tradescope, 1992a).

3.3.4 The Increased Demand for Leisure Related Goods.

In contrast to the local purchasing of daily necessities, there has been an increase in the demand for hobby and leisure goods and activities, even on an inter-regional trading competition basis. This is possible because of the increase in the spread and use of motor cars (Ogawa, 1984). Customers pursuing hobby and leisure activities look for a wide choice, with detailed commodity information. Konaga (1984) suggested that this widening of consumer interests "promises to promote competition in a broad range of fields, including ones

yet to be developed."

In recent years there has been a upsurge of interest in leisure activities such as health clubs, aerobics, surfing, windsurfing and tennis. The established sports of baseball, swimming, bowling, gymnastics and jogging are each said to claim over 20 million participants each. Although expensive, crowded golf courses do not deter Japan's 12 million golfers. Perhaps surprisingly to most westerners, Japan has the largest number of skiers for any one country, approaching 8 million (JETRO, 1985a).

"Leisure is something new to modern Japan" wrote Fields (1990) who also asserted that the reluctant male worker is being dragged into the concept of leisure by his wife and children under 30. To Fields the strongest institutional factor inhibiting an increase in leisure time "is the preponderance of family-type, small businesses".

3.3.5 Changes in Consumers' Personal Values.

According to Yokota (1984) changing consumption patterns since 1960 were linked to changes in values held by the Japanese. He identified three main groups of consumers, according to the kinds of values that influence their buying preferences. His conclusions were based on a survey of a sample of consumers, using their responses to questions concerning a list of values that they would choose to associate themselves with.

The first group were modern Japanese. They were orientated to modernity as typified by North America having values of speed, youth and size. The second group held a traditional cultural outlook and emphasised seriousness, beauty, enjoyment and tradition. The third group were concerned with rising standards of living and a modern lifestyle expressed through abundance, brightness, convenience, intimacy and peacefulness.

Group one was very interested in western products. Foreign goods are to be found in department stores, supermarkets and speciality stores throughout Japan. Group two wished to buy products designed to last for a long time. It consisted primarily of middle aged and older people. Group three saved and planned ahead, and its members were often interested in cultural classes, clubs and societies. By way of contrast group one borrowed the most, and organised its social and domestic affairs with the least regard to outside opinion.

Several authors have written that consumers have become more interested in individuality and sophistication. (Takaoka, 1984; Kakita, 1985; Trucco, 1985). According to Woronoff (1985) the pursuit of individualism may well have been a factor in the great increase in consumer expenditure of recent years. He adds that

"It is not quite enough to justify what has turned into almost an orgy of spending on expensive, luxury and prestige purchases, status symbols of every sort. The object is no longer even to acquire things of value or beauty but more exactly to command objects that enhance one's position."

However, Nakazawa (1985) has maintained that there has not been any major change in the basic Japanese way of life, for example from the traditional consensus based society to a more individualistic styled western one. Goldman (1991) echoes this by saying that the basic values and behavioral patterns have changed very little. In retailing price is not as important as quality or service, ready-to-prepare and processed items are less valued than freshness; and exposure of the consumer to Western consumption culture through overseas travel and the media have not led to any great change in the basic consumer values.

There has been an increasing interest in environmental issues. Products that remind consumers of nature, such as mineral water and fruit juices are more popular. Fake furs are being preferred to real ones for no slaughter of animals is required (Taniguchi, 1990).

3.3.6 Characteristics of the Consumer Market.

A number of characteristics about the Japanese market stand out. Whatever the lifestyle, consumers expect goods to be of a high standard. They prefer to purchase them frequently in small frequent quantities. Images and brand names are also very important to them. For some products there may be many brands with little difference in content. For example, there are about 130 kinds of beer on sale in Japan, yet the main difference is in the variety of packaging.

There is a great demand for famous imported brands, especially from the United States and Europe. Because Japanese lifestyles encompass both oriental and western elements they also tend to have a comparatively wide range of possessions. For example, they often use Japanese style cups for drinking tea and western ones for coffee. (Koyama, 1985). While purchases of high-priced Western-style tableware are mainly for gifts, consumers in their 20s and 30s are starting to use high quality Western-style tableware. Also more people have a set of china to use for entertaining Tradescope (1990).

Focus Japan (1984) gave details of a survey on foreign goods bought, carried out by Hakuhodo Institute of Life and Living Inc. in 1983. It listed the most popular items purchased as follows:

"The top foreign items purchased by young males were fountain pens, sportswear, shoes, whiskies and lighters, while those middle aged usually bought

whiskies, neckties and watches. Among women, perfumes ranked first of all for all ages and were followed by handbags and accessories. -- Cars were among the most desired items for all ages. As for women, furs had the most appeal for everyone, with accessories and fashion goods also favoured by the young."

It has been suggested however that foreign goods have totally lost their former prestige, partly because Japanese goods are known the world over for their quality. Top name goods are being bought on the basis of function rather than labels (Aburatani, 1985; Kakita, 1985).

Koyama (1989) believed three main points characterized the market place during the 1980s. These points are:

"A dualism in consumer behavior; on the one hand people are seeking products that have a special quality that can only be found in particular items, while on the other there is real demand for simple products without adornment. The second is a diversification and segmentation of markets. The third is consumer demand for necessary products, in necessary amounts, at the necessary time, in the necessary place.

Dualism in purchasing behavior is not only a characteristic of the market as a whole, individual consumers also demonstrate both trends." p18

De Mente (1987) argued that cultural values are changing rapidly in Japan; but that the market has only a surface appearance of Westernisation. He lists eight cultural influences at work in the consumer market, identified originally by George Fields whom he describes as being a recognised authority on marketing in Japan. They are:

" _ the dependency syndrome (the continued importance of authoritative brands/makers); groupism (which results in booms and busts in the marketplace); the tendency for young spenders to be mavericks until they join the adult work force as a Shakai jin (literally "society person"); the growing mobility in the work force, which will tend to level out market segmentation; the growing influence of consumer taste; the increasing importance of the role of the housewife as a money manager, as well as a money earner; a gradual rationalization of the clanlike ties that bind retailer and wholesaler relationships; and, finally, the revolution in housing in Japan (from traditionally styled houses and apartments to Western-style housing)."

The reference to groupism may be better understood by considering some practical implications of the emotional factor involved in business relations. De Mente has written:

"Emotion plays a very big role in distribution in Japan. This emotional factor expresses itself most strongly in the relationships between business contacts. Once a manufacturer engages in business with a wholesaler or dealer, there is a tremendous amount of pressure - socially and psychologically - for him to continue in this relationship despite changing circumstances that may make such an association not only unprofitable, but ruinous."

Retailer and wholesaler relationships are considered in more detail in Section 3.4.

While commenting that the days of mass consumption are now over in Japan, Taniguchi (1990) explained that it requires much more

sophistication to attract customers. They still want high quality goods and reasonable prices, but they also are buying images and themes as much as products. "They are buying atmosphere more so than merchandise and decisions are no longer a matter of "good" and "bad" but are now based on personal "like" and "dislike"". As Koyama (1989) has put it, there is often a hidden motivation that prompts self expression and "many consumers believe that what they own is an indication of their personality".

Goldman (1991) describes the market from the consumers' point of view, during the early 1990s, as follows:

"Consumers are highly satisfied and many researchers have commented on the high levels of service, after-sales support, product information, packaging, delivery, cleanliness, salespeople attitudes, and the rich shopping environment (Czinkota and Woronoff 1986; Johansson 1986; Nakahara 1988; RPDTM 1985; Shimaguchi 1978; Yoshino 1971, 1975). The retail system is easily accessible. Because of the high population density not only small stores but also supermarkets are located near to consumers. Many department stores and speciality stores are located at or near train stations and a good public transportation system enables convenient access to these stores." p24

Taniguchi (1990) adds that suburban "road-side" shopping centres are now increasing in number and are popular at weekends.

Even though discount stores sell products at lower prices, many consumers will not shop in them because they believe it means lower quality and levels of service. One stop shopping is not highly valued, nor faster movement through stores, nor reduced contact with store personnel. As a result there are

relatively few Japanese discount stores and they account for only a very small proportion of sales. This has not prevented the leading superstore companies from experimenting with them. Examples include Daiei's Topos stores and JUSCO's Big Barn stores (Goldman 1992, Kuribayashi 1989). The Economic Review (1989) said it is not clear how the public are reacting to discount stores.

In 1993 the population of Japan was 125 million. Bownas (1993) has presented a concise, but clear, identification of the consumer segments that make up this population, "every one of them an eager yet discerning consumer". These definitions are the results of sophisticated techniques used by advertising agencies (such as Dentsu), the Japanese media, Japan Air Lines, the Japan Travel Bureau, and research organisations including the Nomura Research Institute and the Nikko Research Center. Briefly, the main segments are:

"teens, aged 11-19.

young adults, aged 20-29

adults, aged 30-49

mature adults, aged 50-59

'silver' citizens, aged 60 and over.

... Among specific consumer subgroup targets identified by Dentsu, Japan's leading advertising corporation, are:

office ladies (OLs) aged 20 to 24

Hanako, the model OL, aged 25 to 29

working men in their 20s

'Trente Ans', working single women or DINKS in their 30s

mothers in their 30s

men in their 30s

baby boomers". p122

Notes: DINKs = Dual Incomes, No Kids. Baby boomers are Japanese born in the immediate postwar years.

Market segmentation, and the response of leading retailers, is considered in more detail in the case studies in Chapter 6.

3.3.7 Some Implications of Structural Changes in Society.

In the post-war period, Japan has experienced a rapid ageing of its population, as described in Chapter 2, Section 2.3. The rate of change is greater than that of any country at any time. It is due to a combination of an increasingly long life expectancy and a sharp decline in the birth rate.

There are a number of effects on the economy when a nation's population begins to age. Amongst these, older people's share of income increases producing an increasing demand for products by that age group. The ratio of their private consumption, to the total private consumption of the country as a whole, increases and may create an increasingly important market for retailers to fulfill (Maruo, 1981). JETRO (1985:a) has identified this growing consumer segment as being of increasing importance to the health care, leisure and travel industries. In 1990 there were 21.55 million 'silver' citizens aged 60 or over, making up over 17% of the population (Bownas, 1993).

Between 1960 and 1985, there have been 30,000 to 40,000 more boys than girls born every year. As a result the third postwar generation, including every person under the legal maturity age of 20, comprises 700,000 more males than females. This imbalance among the young is reported to be dictating consumer fashions and market movements. Young men are said to be influenced in their selection of goods by their girl friends' preferences; or if they do not have a girl friend they will buy the sort of things they think will help them get one! (Uchida, 1986).

Woronoff (1985) has pointed out that young women between 20 and 25 constitute a high spending consumer segment, often attracted to imported products. For example, he quotes that they "wear the latest Paris fashions, to a degree never seen in Paris, and have nothing but the latest accessories, often made specially for the Japanese market."

These young women are described by the rest of the population as 'batchelor aristocrats'. Between education and motherhood they often earn a reasonable salary or receive comfortable allowances from their families; and have complete freedom to spend as they please. According to De Mente (1987) they spend substantial amounts of money on clothing, accessories, gifts and travel; and are one of the most courted segments within the Japanese market.

The female office workers aged between 25 and 29 are another important segment; and the stereotype 'Office Lady' (OL) as represented by the media is currently affectionately called 'Hanako' and is portrayed as having "an astonishing propensity to consume" according to Bownas (1993); who says:

"Hanako loves to window shop, even when she is not really interested in buying. Before she buys something, she likes to hold it and 'feel' its quality. As a shopper she is a highly discriminating individual. 'I lose interest if lots of people have the same thing'. This trend leads her to steer clear of top brand items." p125.

3.4 Technological Changes.

3.4.1 The Background to Change.

Between 1950 and 1960 Japanese companies had entered into almost two thousand agreements with overseas concerns for the use of technology. 70% of them were with American companies. The national goal was to narrow the gap between technology in

Japan and advanced countries in the West (Nomura, 1978). Changes in the retail sector in the following decade were in part due to technical advances as this gap lessened. These changes included the appearance of supermarkets, chain stores and other new retail forms. The volume sales of supermarkets were made possible because of mass production and standardisation. Transport and storage technology developed and effectively reduced the distance between production and consumption while ensuring a smoother and safer transport of goods (Murata, 1973). Some generalities about the physical distribution system, automatic warehousing, sorting and picking may be found in Industria (1992).

It has been said that the introduction of new technology in Japanese retailing was not so much done with a view to reduce operating costs, but rather to enhance customer service, and thereby increase the quality of retailing (Dawson, 1985). This section reviews reported instances of the adoption of the new forms of technology, and their effects. A number of reports concern the Seibu group, of which Seiyu forms a part.

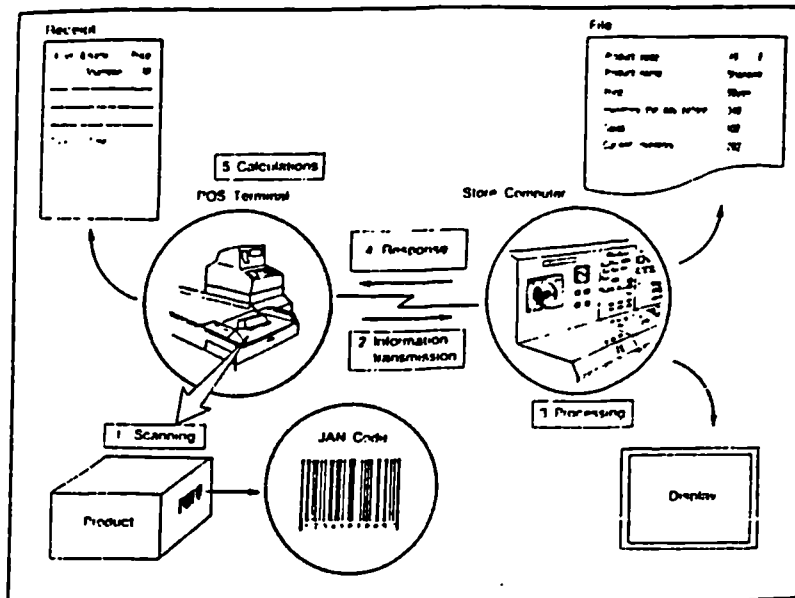
3.4.2 Point of Sale Scanners and Computers.

A major innovation in Japanese retailing has been the rapid increase in the number of stores using electronic point-of-sale (EPOS) scanning equipment. By the mid-1980s most department store, superstore and leading food store companies had started to install EPOS, or had experimented with pilot store installations. (Retail Distribution Industry Group, 1984).

Figure 3.5 shows the main components of an EPOS system. A basic EPOS system consists of one or more EPOS terminals at the sales checkout area, linked to a store control computer. The equipment is used to read the bar code of each product which is transmitted to the computer. Using the product name and price,

the computer revises the sales and inventory data in its files. Periodically these files will be printed and analysed by the company's information control centre. (Dodwell 1985)

Figure 3.5 A Basic Electronic Point Of Sale (EPOS) System.

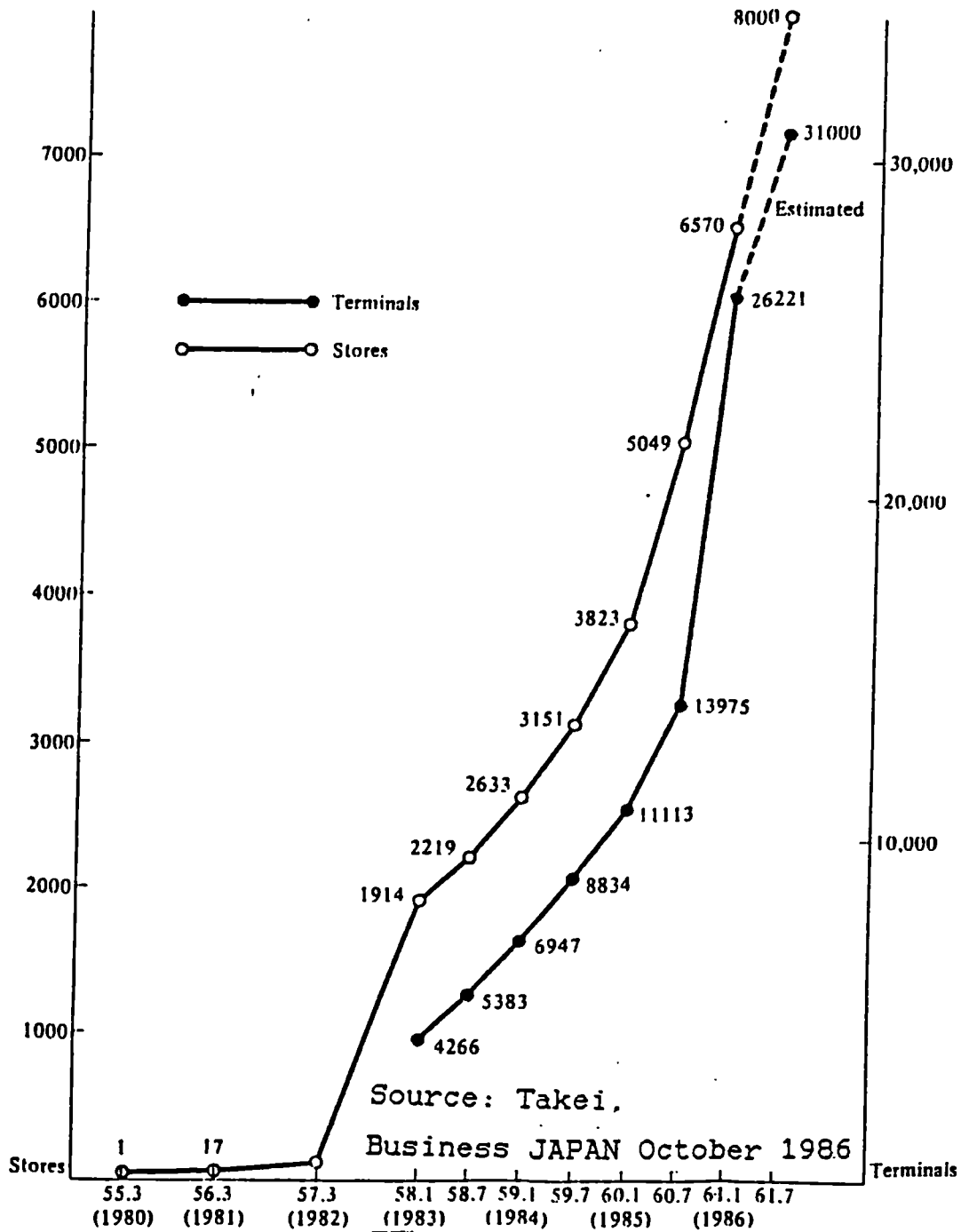


Source: Dodwell (1985).

The benefits of EPOS technology include the speeding up and accuracy of the checkout process, the elimination of the need for pricing each item, and rapid clerical accumulation of sales data. A variety of reports can be compiled from item movement data yielding valuable information for improving inventory control and product ranges. Poor selling lines can be dropped and overall inventory levels reduced with a consequential increase in profit margins (Retail Distribution Industry Group, 1984; Tanaka, 1991).

Takei (1986) outlines the national diffusion rate of EPOS systems within the retail sector for 1980-1986. Between March 1980 and April 1986, the number of stores using EPOS systems grew from 1 to 6,992. Between July 1985 and April 1986 alone there was an increase of 1,943 stores, ie 38%. The Japanese Article Number (JAN) bar code system was used by approximately 23,000

manufacturers on between 400,000 and 500,000 product items by 1986. Figure 3.5 shows the trends during the period.



The Retail Distribution Industry Group (1984) survey showed that by late 1984 there were approximately 3,200 Japanese stores using a point of sale system, second only to the U.S.A. with 10,300. By way of contrast the United Kingdom had 155, Canada 500, France 350, Germany 300, Sweden 130, Holland 126, Australia 75, Spain 31, Italy 20, South Africa 9, and Norway 3. Of Japan's total 2,000 stores belonged to the 7-Eleven convenience store

chain considered in Chapter 6.

Dodwell (1985) gives details of some specific companies' plans to introduce POS systems. By the end of 1985 Ito-Yokado was expected to have installed 8,000 terminals at all of its 120 plus stores. The company was the first of the large supermarkets to equip all its stores with POS. Others are following its lead. Medium sized chains too are introducing POS. For example, in 1985 Chujitsuya started to install about 1,700 scanners in 29 of their larger stores. It was anticipated that inventory turnover would improve by 10% to 24 days. By March 1985 the following large supermarket chains had started to install POS systems :

Table 3.6 Large Supermarket Chains with the POS System.

<u>Retailers</u>	<u>Stores with POS</u>	<u>Installation Schedules</u>
Daiei	17 stores	All stores by 1990
Nichii	7	All stores by 1987
Ito-Yokado	6	All stores by 1985
Tokyu Store	5	New and remodelled stores
Jusco	4	Selected stores
Seiyu	2	Considering more terminals

Source: Dodwell (1985).

With the exception of Tokyu Store, the retailers in Table 3.6 are subjects of case studies in Chapter 6, which include details from annual reports concerning technology and point of sale systems.

Takei (1986) puts forward some reasons for the rapid growth in the number of point of sale systems between 1982 and 1986. An important reason was the rapid rate of increase in the number of products marked with bar codes. Another reason was the realization that the information obtainable from point of sale

systems could be used to evaluate changes in the increasingly competitive retail environment. Such information had become an important aid in formulating management strategy. The information available included frequency and volume of sales for individual merchandise lines. A third reason was the fall in prices of point of sale systems by 20 to 30% in just a few years. The equipment itself and the computer software available were becoming more sophisticated and at lower cost.

By July 1989, the number of POS registers in Japan stood at 119,137 to be found within 42,880 stores. Most of these stores were part of large retail companies (Larke, 1992). DCC (1989) had put the figure of stores in the region of 60,000 stores.

One drawback of relying over-heavily on POS data has been identified by Izeki (1992). Many stores identify best selling items only to discover other stores are stocking the same and as a result some custom is lost because of lack of choice. Karatsu (1991) has pointed to rises in costs and to increased complexity in connection with introducing POS technology in the quest for higher levels of quality, saying they have led to higher prices.

It is not just customer service at the point of sale itself that is being improved. POS systems and computers have been utilised in accumulating consumer information for entry into distribution data services. Both the retail and wholesale components of the distribution sector use on-line computer systems for trade information and computer processing of customer information. In 1984, the distribution industry used 43% of all computers in Japanese industry (Konaga, 1984).

Japan is said to be currently entering a new stage in its development whereby society is becoming information orientated. Increasingly, interlocking electronic information systems are

spanning whole industries. (Ichikawa, 1985). It has also been predicted that new technology and services based on computers will make information Japan's main industry in the next century. In the mid 1980s, the number of computers in Japan was growing by more than 20% a year. The growing importance of information in Japan is expected to lead to changes in the economy, and in social structure and values (Masuda, 1985).

The information systems in the distribution sector used include the so-called 'LAN' and 'VAN' systems. Local-Area Network (LAN) systems are increasingly used to allow companies to set up their own links to branches, thereby saving considerable sums of money. The Value-Added Network (VAN) system was designed for the retail/wholesale industry and uses telephone links, computers and other equipment between wholesalers and retailers, to monitor inventories and aid accounting; and contributes to making the distribution of goods more efficient (Japan Pictorial, 1985).

Dodwell (1985) mentions that in 1985 Daiei had plans to establish one of the largest VAN systems in the country. The company proposed a merger between its existing software firm, DSS, and another unnamed company. Dodwell give the following details of the new system:

"Presently, DSS has two data processing centres and has developed an on-line network among its 2,000 stores and 1,000 makers and wholesalers. The new subsidiary is expected to create links between its stores and wholesalers. The stores transmit POS information to the wholesalers and makers through the new VAN system. The makers or wholesalers then send information on inventories and production plans to the stores."

In 1984, Mr I. Nakahara, the Chairman of the Japan Chain

Stores Association, reported that in retailing demand was increasing for advanced communication systems and information networks such as the LAN and VAN systems. On-line systems had improved operations in large stores by the facilitation of more accurate and faster deliveries of merchandise from suppliers. Computerization had also helped in the expansion of credit systems to meet the needs of the so-called "cashless society" (Nakahara, 1984).

In the wholesale sector, and especially the large "sogo shosa" trading companies, the new information networks are part of their attempt to restructure their domestic distribution networks (Nakanishi, 1985).

The introduction of POS technology has meant many supermarkets and other retailers have been able to emulate Toyota's famous Just-In-Time (JIT) system. However this has placed severed demands on vendors because of the requirement for frequent deliveries. Requested delivery schedules are not always reasonable and there are labour shortages (Kitano 1988, Industria, 1992). In the late 1980s, demand for transport began to outstrip supply and it was increasingly difficult to find truck operators who were prepared to make deliveries at odd hours or at short notice. As a result the cost advantages of the system were becoming smaller (Whenmouth, 1991).

On the other hand, labour productivity has increased in recent years within the distribution sector, and commentators argue that this has been due to the adoption of information technology innovations rather than other factors (EPA 1988) and if this continues then it might compensate other weaknesses within the Japanese system (DCC, 1989).

Japan's largest consumer cooperative, the Nada Kobe Consumers

Cooperative society, introduced its second generation POS system during 1989. Using this system, goods arrive at shop outlets from the society's three distribution centres within 24 hours of an order being received. Horii (1989) said this was due in part to

"the automatic piece picking warehousing systems that have been installed at the Cooperative's three distribution centers: These employ conveyor belt systems that move along shelves with digitized codes to select the items required for an order. In addition to their ability to reduce the number of warehouse staff required, the new system permits outlets to order a single unit of any product. It has the benefit of being a paperless system". p4.

It has been pointed out that POS systems are being developed for use with vending machines that transmit sales data by radio waves. Besides department stores and supermarkets they are being introduced in farmers' and consumers' cooperatives, chains of speciality stores and convenience stores (Tanaka, 1991).

3.4.3 Innovations by the Seibu Group.

In 1984 and 1985, a number of journals featured technological innovations in large stores, and in particular in two newly opened stores of the Seibu Department Store Group. These were located at Yurako-Cho in Tokyo, and Tsukuba, about 50 kilometres from Tokyo.

The Yurako-Cho store has approximately 10,500 square metres of floorspace and is located near the edge of Tokyo's celebrated Ginza shopping area. It contains several information - orientated electronic systems. Among these are a network of 177 cathode ray tube (CRT) terminals and closed circuit television (CCTV) displays, including a giant 32 - screen unit, which shows three

dimensional home interior simulation system and an IBM voice response information system with an electronic message board. Digitally synthesised voices can be heard on the escalators (Kilburn, 1984).

Kilburn states why the store drew considerable attention:

" [It] bristles with electronic hardware_ No other store has so much advanced information in one location, and though this is undoubtedly impressive, the secret of Seibu lies more in its understanding of the role of department stores in Japanese life and its ability to relate this creatively and rapidly to the onward march of the 20th century."

The Seibu group is also known for the introduction of robotics in its department store at Tsukuba, which coincided with the holding of the International Expo '85 in Japan. The Retail News Letter (No. 313, 1985) gave a list of novel features incorporated in this store:

- "- a circular escalator enabling customers to obtain a view over the whole centre.
- robots for distributing the merchandising from the receiving dock to the departments.
- a solar powered car to carry purchases to the parking
- cable TV used for armchair shopping (some 10,000 subscribers in the first year).
- air-conditioning using solar energy.

Several of these features had been initially tried out at a small supermarket opened in October 1983 at Nokendai (a south western suburb of Yokohama) by Seiyu, part of the Seibu group. Scott-Plummer (1984) mentions some other electronic devices installed there, including automatic slicer machines for

customers which incorporated voice response systems. In addition there were calculators attached to customers' trolleys showing the value of goods selected, and centrally controlled liquid crystal display panels on shelves for items that change price frequently. There was also a computerised unloading and stacking system which was developed by the Seibu group itself. This featured metal carts that automatically transfer groceries from the delivery lorry to one of the six levels within the warehouse. While the store is closed a robot forklift type of machine conveys the carts to any of 30 different parts of the store for manual shelf-fillers to then take over.

3.4.4 Technology in Non-Store Retailing.

Nishikawa (1984) and Trucco (1984, 1985) indicate another potential of technology in retailing, ie. in home shopping using computers and special television terminals in customers' own homes. Such equipment could be used for other services including banking. These three articles show the widespread interest in this field amongst top retailers, who take seriously the possibility that it could transform retailing in the future.

Dodwell (1985) outlined the Japanese system of Videotex, called CAPTAIN (Character and Pattern Telephone Access Information System). The United Kingdom counterpart is Prestel. CAPTAIN is already partially in use among television owners. The system allows contracted homes to obtain information on daily living, the economy and business. This is displayed on their television sets which are connected to a host computer by means of a CAPTAIN adaptor and telephone links. Because the system has two way communication it has potential as a non-store retail distribution channel. As Dodwell stated:

"The user can order products from home, and pay for them automatically through the home terminal. The system may change the existing distribution system dramatically."

However, several problems have to be solved before any such transformation can be a reality. Ogawa (1984) drew attention to the fact that door-to-door delivery facility development is behind that of other systems involved such as information and transaction processing. There are problems of cost and marketing (Maruyama, 1984; Konaga, 1984).

Makino (1987) states that, with the exception of France, consumer acceptance of videotex has been slow. However it is submitted that there will be a continuance with CAPTAIN for the same reason that Dawson and Sparks (1987) have put forward in the United Kingdom context. As profits from home electronic shopping can be much higher than from conventional supermarkets, companies are likely to carry on with the experimental stage with a view to possible long term profits.

Generally, such forms of non-store retailing as home shopping, catalogue sales, door to door sales, etc, act as a spur to existing speciality shops, chain stores and department stores to make them offer extra attractions to draw customers (Takaoka, 1984).

3.5 Relationships Between Retailers and Wholesalers.

3.5.1 The Prominent Position of Wholesalers.

In 1970, 55% of the volume of wholesaling was concentrated in the two cities of Tokyo and Osaka. Merchant wholesalers held a powerful position within the marketing framework. A feature of the distribution system was the common forward and backward financing, by wholesalers, of other firms.

Both retail and production units tended to be small; and so wholesalers provided working capital to small firms by allowing them credit, which the banks did not do. Consequently this allowed:

"wholesalers to take up a pivotal position in channel finance and effectively dominate channel relationships. Wholesalers tended to specialise by function, by product and regionally. -- it becomes possible for goods to pass through eight or ten institutions between producer and consumer." (Dawson, 1979).

Fields (1985a) described this distribution chain as follows:

"Only one in six wholesalers deals directly with the source; in other words, they are intermediate chains or storage points for products which start their seemingly endless journey from the primary wholesaler."

The number of wholesalers in the chain depends on whether the product is mass produced, its storage characteristics and the level of production volume. At the manufacturing level the degree of industrial concentration can be influential, as may any need for retailers to stock wide ranges of goods (Dodwell, 1985). It has been asserted that in general manufacturers are satisfied with the distribution system and that they do not perceive the traditional sector to be an obstacle as far as access to the consumers is concerned (DPRG (1989) Yoshino, (1971;1975).

Dawson noted that in 1972 almost 72% of wholesale establishments had less than ten employees. He suggested that the large number of small outlets was the result of the division of wholesale functions among several types of wholesalers.

Therefore the relationship between Japanese retailers and wholesalers is important by virtue of the very high number of

wholesalers in comparison with retailers. Koyama (1984) recorded that in 1982 there were 1,720,000 retailers. If eating and drinking retail establishments are included, then the total for retailers was approximately 2.4 million. In the same year there were 430,000 wholesalers. The latter had increased by 60,000 in the previous three years.

By the late 1970s, sales of wholesalers were 3.7 times those of retailers. In the U.S.A. the comparable figure was 1.1 to 1, and in France 1.2 to 1 (Beaujer-Garnier and Delobez, 1979). The most often cited reason for the large proportion of wholesalers is the historical environment, as described in Chapter Two. As late as 1984 McMillan could write:

"Japan's vast distribution system is rooted culturally in the life of its agricultural past and small villages. Even Japan's bigger cities are no more than an assemblage of villages and neighbourhoods. What is so striking is the extent to which this village structure has persisted in distribution, despite the vast modernisation in manufacturing."

3.5.2 The Effects of Spatial Constraints.

German (1985b) described how constraints on floorspace have affected supermarket purchasing of food lines from wholesalers and also inventory holding levels. For instance, restrictive legislation involving floorspace has led to a marked reduction in the number of new stores opening each year, or has placed limits on individual store size. These laws are considered in section 3.7. One consequence of them has been that a number of large supermarkets have diversified into convenience store operations. Examples are to be found in Chapter 6.

In contrast to the large display areas and labour saving

policies, of major European and American stores, the Japanese retailer is forced to employ merchandising systems that are best suited for his limited space. Even the larger stores often do not have sufficient space for instore merchandising activities in order to realise customer demand. For example, in the perishables departments displays and counters may be changed several times a day in order to satisfy different customer needs at those times. For instance, there are special displays for when the traditional housewife does her shopping in the morning, and for the working woman who likes to shop between 5 p.m. and 6 p.m. at night.

Space is the critical commodity in daily operations. One reason is the very expensive cost of land. Furthermore all of the large supermarket chains practice the lifelong system of employment, so layoffs and redundancies are unheard of among full time male employees above a certain level. German also said:

"Even part-time employees are seldom laid off and are guaranteed jobs as long as they want them."

As a result of spatial constraints, daily deliveries from the majority of wholesalers is common practice. Supermarkets have comparatively small backroom storage space; therefore high sales demand leads to retailers asking for, and getting, more frequent delivery of goods from wholesalers. In practice this means that the holding of inventory is moved another step backwards in the system. Thus better use is made of existing space, but at the expense of increased labour costs for supermarket companies in the ordering and handling of goods.

German visited many wholesalers handling groceries and perishables. He found that they too put greater emphasis on the use of space rather than on reducing labour costs. He rarely found loading docks. Even when he did encounter loading docks,

hand labour was used in the loading of individual carts which would then be rolled onto trucks for onward delivery to retail stores.

3.5.3 Inherent Resistances to Change in Distribution.

As regarding scope for change, Tajima (1971) argued:

" _ _ any change in the constitution of distribution must start with the simplification of the wholesaling structure."

However the Japanese system possessed resilient characteristics which proved highly resistant to change in the 1970s and early 1980s. This was largely because the past had endowed the present with particular trade customs and ties between retailers and wholesalers. Ties and relationships are by nature long standing and almost permanent (Fields, 1985a). Great emphasis has always been put on the ideals of harmony, mutual co-operation, loyalty and traditional associations. Culturally, there is a strong preference for moderation as well, with the result that executives in distribution abhor any extreme decisions. (Shimaguchi and Rosenberg, 1979).

Goldman (1992) has categorised certain values that are typical of Japanese management within distribution channel relationships:

"The following were identified as characterizing Japanese marketing management (Shimaguchi 1978; Lazer, Murata, and Kosaka 1985): (1) "Pseudo harmonism," emphasizing the importance of maintaining harmony while acknowledging the existence of underlying disagreement; (2) "Eclecticism," emphasizing human harmony aspects of decisions but recognising the economic costs involved; (3) "Exceptionism," emphasizing exceptions to established procedures, resulting in paradoxes and

apparent inconsistencies but allowing for flexibility and adaptability; and (4) "Economic Non-Functionality," recognising that marketing activities involves not only economic efficiency but also human considerations. Economic factors do dominate, however, in the long run.

In Japan transactions are not impersonal. They are viewed as part of total human activity. The functional specialization and clear division of responsibility of the West is replaced with group responsibility leading to loosely defined functions and overlapping responsibilities. Channel relationships are characterized by group orientation, loyalty, and adherence to the hierarchical-vertical authority structure." p31-32.

In Japan, unlike other developed nations, distribution activities are perceived as a combination of personal, social and political activities, in which performance is not evaluated simply in economic-functional terms only; but includes non economic considerations too. Tradition plays such an important part in Japanese culture that even the very fact that a particular arrangement or practice exists may be enough to justify it continuing (Lazer et al. 1985, Goldman 1991).

Despite these ties, Czinkota (1985) points out:

"The existence of these strong bonds, however, should not be interpreted as doing away with competition. Retailers expect their wholesalers to be actively involved in business development and exert pressure on the manufacturers to remain competitive in their product offerings."

However in Japan competition takes on different forms than in

the West, especially between retailers themselves. Goldman (1991) says it is indirect and non confrontational even though it is aggressive. For example he says the large supermarket chains are in a race for improved growth and profitability ratings, and:

"There is little-head on intratype competition aimed at enticing customers in specific trade areas to switch over from rival stores." p176

And in his second report (1992) he commented that:

"While it is aggressive, price competition is shunned. It is accepted that competition should be "fair", that is, within socially dictated bounds (Shimaguchi 1978; Lazer, Murata, and Kosaka 1985). Consequently, the large chains have not resorted to price competition against each other and against the small stores. Much of their attention has been directed to growth through diversification and to increasing long-term consumer loyalty (Annual Reports: Saison Group 1988-1989; Jusco 1988; Nichii 1988).

Business behaviour patterns between retailers and wholesalers have been conditioned by 6 main practices. These are: deferred payment schemes, returns privileges, very frequent deliveries, competitive pricing, dealer aids, and perhaps most conspicuous to Western observers, the system of rebates. Over 500 categories of rebate have been identified, according to function and type. They are offered on a case by case basis and are confidential, so that terms are not common knowledge. Principally rebates have five major aims:

- 1) to facilitate market access,
- 2) to obtain distribution channel co-operation,
- 3) to improve distribution of products,
- 4) to provide methods of control,

5) to realise financial objectives

(Shimaguchi and Lazer, 1979).

Accounts and critiques of these various practices and customs are to be found in Uehara (1989), Maruyama (1991), Shimoda (1992) and Ueda (1993). Most rebates, for example, would be considered unfair and discriminatory in other countries. A foreign company would be required to pay out rebates for loyalty and support as well as for criteria pertaining to economic performance. The process is time consuming, costly, highly subjective and confusing; and makes it difficult to determine the profitability of both products and strategies. They are long term and secret. The practice of returning unsold goods has been described as hindering retailers' motivation to innovate, manage product assortments effectively or monitor customer requirements. The resulting increase in costs to manufacturers means higher prices being charged to consumers.

Changes in the retail system have meant that many larger retailers do not depend as much on the traditional functions of wholesalers. For instance large supermarket chains do not require financing by wholesalers: they have the resources to do it themselves. Many large retail chains no longer have to rely on market information provided by wholesalers as they have their own extensive data collection systems. Small retailers depend on wholesalers for information as they cannot afford such systems of their own (Akaishi, 1992).

Large retailers who have effectively implemented POS systems are giving up the practice of returning unsold products; taking product risks upon themselves. As a result they are becoming less dependent upon manufacturers and are increasing their power and profitability (Goldman, 1991).

3.5.4 Changes in Purchasing by Large Scale Retailers.

These characteristics and practices have not entirely prevented changes from taking place. The emergence of both large scale manufacturers and retailers, possessing considerable financial and marketing resources, made the traditional role of wholesalers less vital. Consequently manufacturers, wholesalers and retailers were all trying to dominate the channels of distribution for their goods. Large retailers have attempted to reduce manufacturers' power by selling brands that are less national. Some are seeking direct power over channels by means of vertical integration. Many make direct purchases from the manufacturers concerned and have built their own distribution centres, or alternatively are increasingly bulk buying from selected large wholesalers (Dodwell, 1982; Czinkota and Woronoff, 1986).

Yoshino (1971) noted that the new mass merchandise firms emerging in the 1960s could buy from what sources they chose, largely on their own terms, and had considerable influence in determining manufacturers' selling prices.

Department stores have been very reluctant to buy from small manufacturers however, preferring to make purchases from well established companies with whom they have had long term relationships (Matsushita, 1991).

Czinkota and Woronoff (1986) assert that there have been changes in the distribution sector because of the aftermath of the 1973-1974 oil shock when wholesalers often passed on large price increases to retailers. According to these authors these changes

"have been little noticed, but indicate and to some extent have already resulted in major shifts in

the functions, structure, and processes of the system."

The first change they mention is the increasing trend towards integration; an example given is the clothing industry with manufacturers absorbing wholesalers. Also there have been cases where large wholesalers have integrated with secondary and even tertiary wholesalers in order to retain their position within the market. In some instances however wholesalers have absorbed smaller manufacturers.

Another change has been a trend towards the use of order-consolidated delivery services by many wholesalers. By this means transportation costs are said to be reduced on average by 30% and for some companies by as much as 60%.

Transport problems, increasing urban populations and shortage of warehouse space has led to the appearance of 'distribution zones'. These are the results of government-sponsored joint ventures between large warehouse companies, terminals and small firms, in order to construct modern warehouse and storage facilities. The new centres are described as follows:

"[they] contain distribution warehouses, display space, office buildings, and space for parking. High warehouse buildings with direct truck access offer efficient space utilization. Warehousing space is fully climatized and largely automated. The administration of such centres also provides for maintenance, security, and common facilities such as cafeterias."

(Czinkota and Woronoff, 1986).

During the 1980s falling profits have led some of the retailing chains to consider operating their own warehouses, especially in the food sector (German, 1985a). In order to

maintain market share, large scale wholesalers have widened their product ranges. Consequently many smaller wholesalers have lost sales to them (Akiyama, 1985).

Another source of supplies for retailers is imported goods. The distribution process for such goods can be shorter than for domestic products with which they are competing (Konagawa, 1984). There are two general ways in which goods are imported in Japan. The exporter may use the services of a sole agent, or may set up its own sales company within Japan. This may take the form either of a fully owned subsidiary or as a joint venture. The goods are usually of high quality and are sold in department stores or speciality shops (Dodwell, 1985). In fiscal 1986, large scale retail stores sales of imports amounted to 12% of their total sales (Brooks, 1989).

Teranishi wrote a later article (1988) in which he described three main import strategies of retailers and revealed that Daiei now ranked as Japan's number one retailer of imported products. As well as describing Daiei's import activities, he mentions that other leading superstore chains (including Seiyu, Jusco, Nichii and Uny) have been increasing their direct imports, which is the first broad strategy.

This first strategy indicates a change from indirect imports through trading firms. These goods are often called *kaihatsu yunyu*, or "developed imports", because prior to import Japanese retailers have "developed" the product by giving specifications to local manufacturers plus advice on production processes, quality and delivery. Prominent items are clothing, household goods, food and electrical appliances. They are often marketed under house brand names and so can be tailored to match the merchandising policy of the retailer.

The second strategy is the increase in imports of higher value-added products, and especially apparel such as suits, jackets and blouses. The example of men's suits is given where European made fabric is supplied by Japanese retailers to garment makers in Korea and Hong Kong accompanied by detailed specifications. There has also been a marked increase in the import of other higher value-added products including VTRs, bicycles, refrigerators and fans. The third strategy consists of diversifying the countries and regions of origin. Instead of buying garments for example from just the traditional sources in Hong Kong, Korea and Taiwan, retailers are also purchasing in China and Thailand.

An interesting development, given the background culture, is that some manufacturers are becoming dependent upon the guidance of retailers when deciding what should be produced and when, and where it should be delivered to (Goldman, 1991).

3.6 Changes in Commercial Land Use.

3.6.1 Historical Introduction.

An account of Japanese commercial land zones is given in Hattori, Sugimura and Higuchi (1980). It describes the urbanisation of contemporary Japan, and its influence on the so-called "commercial cores." The authors state that great changes have taken place, since World War 2, in the distribution of commercial cores. They had occurred at the same time as improvements in the lifestyles of consumers, in communications, and in business management.

The pre-war structure of commercial cores was relatively simple. There would be centrally located department stores, old established shops, restaurants and cinemas. After the war, as urbanisation increased, there was a steady trend towards

decentralisation of many commercial activities, including retailing. By way of contrast the trend for the wholesale trade, was one towards greater centralisation, in strategic locations in cities conducive to a more efficient distribution of goods. Wholesaling is particularly concentrated on Tokyo, Osaka and major provincial cities such as Hiroshima and Sapporo.

3.6.2 An Urban Classification.

Four different types of urbanisation are described by Hattori et al (1980), depending on the size of towns and the intensity of change. The first concern small, regional towns, having an urban population between 20 and 30,000 and a municipal population upto 100,000. Many are experiencing decline. The central commercial cores of such towns are inadequate to meet all the needs of the population, which looks to higher ranking cities to satisfy demand.

Next in size are the Prefectural capitals, which have witnessed development and reorganisation of their commercial cores. One feature has been the appearance of large scale stores adjacent to railway stations. Their urban population is in the range of 200,000 to one million, and have a municipal population up to three million.

The third type are metropolitan areas, having an urban population from two to ten million persons. They have vast central functions. Their radius of influence extends from 30 to 100 kilometres, with a clearly observable concentric zone structure. Downtown areas have experienced sharp falls in population, and there has been a corresponding increase in the suburbs. Of these, the Tokyo and Osaka conurbations form the fourth and largest type of urban complex, ie. the "Tokaido Megalopolis."

Hall (1984) gives the following information on rates of population growth in the area surrounding the Tokyo Metropolitan Government (TMG). (The TMG is almost, but not quite, the same area covered by Tokyo Prefecture.)

"By the late 1970s the population of the entire TMG area was declining while that of the surrounding ring was rapidly increasing. While the most rapid growth between 1960 and 1965 was in the ring 20 to 30 kilometres (12 to 18 miles) from the centre, by 1965-1975 it was 30 to 40 kilometres (18 to 25 miles) distant and by the late 1970s even farther than this."

Andrews (1971) notes the presence, in the City of Tokyo itself, of multiple nuclei and shopping centres. These are in addition to the central commercial zone which is comprised of Nihonbashi, Marunouchi and the Ginza. The major shopping centres are roughly located six kilometres from each other on a ring with a radius of approximately six kilometres from Tokyo Central Station. The most prominent centres are Shibuya, Ikebukuro and Shinjuku; and all three contain major railway stations.

Changes in residential areas in the metropolises have led to the growth of commercial urban areas away from the traditional downtown area. Reischauer (1981) noted that sizeable, second order downtown areas have developed where commuting railway lines converge. Shinjuku is a notable example in Tokyo, located eight kilometres to the west of the original downtown area. Like several commuting centres, it has large department stores and a great number of bars, restaurants, coffee shops and entertainment facilities. Third order centres, having a high degree of centrality, are to be found in outer urban areas. For example, there are about 30 in Tokyo, and 10 in Osaka.

On the fringes of the metropolises there are satellite cities with railway stations that are the focus of commercial zones based on new department stores and supermarkets. Examples include Yokohama and Kashiwa in the Tokyo metropolitan area, Hirakata and Sakai in the Osaka area, and Bisagai and Kasugai near Nagoya.

The major consequences for large retailers of the development of new suburbs are outlined by the Dodwell studies (1982, 1985). Because of the enlargement of the major cities, land and housing prices have risen in the city centres (for dramatic examples of price increases in the 1980s see Nagase, 1989). As a result, new suburbs have been continually built since the 1950s. New stores, especially supermarkets, have been opened in these growing areas, where relatively more space is available to build parking facilities to attract motorists.

About a quarter of Japan's total land area is subject to the City Planning Law which has provided the basic framework for urban planning for over 20 years. Its underlying purpose is to prevent uncontrolled urban sprawl, promote orderly urban development and to encourage and facilitate public infrastructure investment (Ishikawa, 1991).

The suburbs have continued to grow at a faster rate than the inner city areas. As a result inner-city retail outlets have attempted to attract and retain custom by adapting, diversifying or featuring special attractions. For example, department stores make special provision for children, the holding of cultural exhibitions, family shopping on Sundays; and the sale of prestige goods.

The residents of the new suburbs adopted new lifestyles as described in Section 3.2. They had more time for leisure pursuits as the average number of hours worked gradually decreased. In

order to meet this new demand new forms of retailing have appeared, including fast food stores, do-it-yourself stores, sportswear shops, boutiques and other new types of speciality shops. They have provided attractive opportunities to leading retailers for diversification. Examples are to be found in Part Three.

3.6.3 The Effects of Retail Competition.

In the past, competition between department stores and large supermarkets has led to problems. In the metropolitan areas this was fiercest in third order urban centres, and in the railway station areas of the satellite cities. In the regional cities it took place in the station and downtown areas.

Saeki (1981) lists some of the consequences of this competition. The appearance of large scale retailers in an area lead to altered traffic flows, changes in the relative values of business locations, and small shops losing custom. Small and medium sized retailers put pressure on the government to restrict the floor space size of new large stores, and to ensure careful screening of planning applications by the controlling bodies. In the late 1970s the conflict sharpened between small and large scale retailers, and led to the implementation of the revised Large Scale Retail Law in 1979. The strengthening of legislation concerning large stores has also been a contributory factor in large scale retail diversification. The legislation is considered in section 3.7.

Many shopping streets in city downtown areas have faced difficulties as a result of competition from supermarket chains, department stores and even from roadside stores in the suburbs. In order to revitalize and boost these streets, MITI's Small and Medium-sized Corporation Agency has established the "Community

Mart" program which subsidizes shopping streets that carry out renovation schemes. Examples include Motosumiyoshi Nishiguchi Shopping Street in Kawasaki, and Chuo-dori in Toyama City (Tradescope, 1991).

3.6.4 Urban Shopping and Entertainment Centres.

The increase in consumer demand since the Pacific War has included leisure orientated goods and services. This trend has been reflected in the modernisation and reconstruction of shopping centres. A number of so-called "shopping" parks (Kaimono koen) have appeared, principally in the central shopping districts of peripheral or depressed areas, or in areas centred on rail stations. In the United Kingdom they would be the equivalent of many pedestrian zones.

In shopping parks consumers actively seek enjoyment in a convivial atmosphere of amusement and shopping places. They featured park-like environments and attractive public squares, accompanied by considerable building reconstruction. An English equivalent is downtown Coventry. The first "park" was launched in 1969 in Asahikawa Shi. This form of land use can now be found in several places, especially in Osaka and Yokohama.

In areas of escalating land prices, there can be found shopping centres that have developed below ground level. 70% of Japan's underground shopping centres are situated in the three metropolitan areas of Tokyo, Osaka and Nagoya. These underground schemes range from small fourth order to large first order ones. Many are found at railway terminals. In first order centres department stores may have three basement floors. According to Oka and Amano (1991) "... you don't see such underground malls elsewhere in the world. Montreal is about the only other place." Larke (1991) says that other cities with extensive underground

shopping malls include Sapporo and Kyoto.

Hattori notes:

"The distribution of the underground shopping centres shows distance-decay trends from central urban centres to second order urban centres and, still further out, to suburban and peripheral areas, according to the decreasing size of the central commercial districts."

Hattori also gives a detailed account of the development of "Sakariba" (Entertainment places). He describes them as:

" _ _ flourishing streets or places in the central sectors of large cities and towns where many people come together at one time. These consumers flock in search of bargains, amusement, social intercourse, the appreciation of culture, educational activities, or the simple enjoyment of a stroll along streets teeming with city life."

In the dozen or so vast Sakariba serving hinterlands of several millions of people the major entertainment functions (including retailing) are fully and comprehensively represented. The functions include commercial, cultural, eating and drinking, social, and leisure functions. The commercial functions include shopping centres with branches of well known stores, speciality shops, department stores, food stores and restaurants.

The minimum hinterland to support a Sakariba is between a half and one million people. Outside of the major metropolitan areas their distribution shows:

" _ _ a relatively regular pattern corresponding to the spatial disposition of the population density."

Larke (1991) mentions how some of the largest shopping centres in Japan have been established by the leading retail

companies. Examples include the MY-CAL centre of southern Yokohama run by Nichii, and a number operated by the Seibu-Saison group elsewhere. In 1990, the largest shopping centre was the Raraporto centre in the prefecture of Chiba. The key tenants were a Daiei superstore and a Sogo department store. In total there were 345 tenants in a total area of 270,000 square metres, of which sales floorspace accounted for approximately 97,000 square metres. He has reported however that:

"Large scale shopping centres are rare because of the difficulty of finding available land sites and the legal problems of opening large stores, but small centres, sometimes of less than 1,500 squ. m. are more common. Japanese shopping centres have been developed as modern versions of traditional Japanese shotengai, [defined in Section 3.7.7] but they are usually dominated by a single key tenant. Some small centres may have no more than five or six tenant stores built within or around the same site ... [they are] designed to appeal to a greater variety of clientele than are fashion buildings [see Section 2.5.3]. p156.

He distinguishes fashion buildings and general shopping centres on the bases of tenant mix, individual tenant power, location and structure. Figure 3.5 overleaf shows the number of shopping centres in each prefecture in 1989 taken from Larke (1991) p153.

3.6.5 A Note on Urban Land Use and the Construction Industry.

The role of the construction industry in the urban economy is crucial. Especially important is the need for ample funds to be available so that the industry can respond to the increasing demands and requirements of both the public and private sectors in times of policies of economic expansion. Funds

are required for commercial, residential and industrial redevelopment and important public works schemes such as highway construction.

According to the Organisation for Economic Cooperation and Development in 1985, Japan spent 17.1% of its national income on construction. In comparison Britain spent 6.1% and was bottom of the international league table of spending on construction and infrastructure. (Balchin and Kieve, 1985)

Physical distribution facilities have received a low priority in urban planning (Okano et al., 1989). As recently as 1990 it has been said that when it comes to the urban environment there is a complete lack of suitable commodity transport facilities as well. Furthermore, it is no easy matter to relieve the serious traffic congestion in the larger cities. Apart from budgetary constraints, land prices are escalating and so it is not possible at present to expand the road network adequately (Koshi, 1990). Urban distribution and the problem of traffic jams is considered by Miyamoto (1989) who believes that the heart of the problem of truck traffic is "a lack of coordination between road facilities and the location of distribution bases".

3.7 Government Policy and Legislation in Respect to Retailing.

3.7.1 MITI's Programmes of the 1960s.

The larger retail companies have been greatly affected by legislation introduced to protect small retail concerns. The most recent account of government policies protecting small Japanese retail businesses is by Kirby (1984). His work, although principally concerned with small to medium sized businesses, contains an evaluation of the Large Scale Retail Store Law which is covered in Section 3.7.4. It also contains details of specific MITI programs developed in the 1960s designed to encourage small

scale independent traders to rationalize their operations.

These included incentives designed:

" _ _ to encourage independents to pool their resources and develop a single large store in a strategic location, thereby increasing customer convenience, reducing duplication and enabling greater economies of scale."

These incentives were introduced in 1963 and took the form of loans. The aim was to encourage the creation of new co-operatives, department stores and supermarkets. To qualify for a loan, a number of conditions had to be satisfied. At least five separate stores had to be involved, of which at least 70% of the participating businesses had to have less than 50 employees. The new store had to have a minimum floorspace of 200 square metres.

From 1964 similar assistance was forthcoming for the encouragement of any group of stores situated within the same area to modernise and renovate the whole shopping district. 1966 saw the introduction of loans for the purpose of forming voluntary chains and co-operatives.

As well as providing loans, the Government set up advice and training schemes. The Small-Medium-Size Enterprise Agency maintains management guidance centres in each of the prefectures and in six of the major cities. They promote training for both owners and personnel in retailing businesses in addition to offering consultancy facilities. The National and Prefectural governments also share the cost of providing two training programmes. One is for managers and one for other employees. Finally, the Local Federation of Small Businesses offers subsidies to businesses with less than four employees in respect of education and consultancy.

3.7.2 The MITI Committee on Distribution 1967

It was apparent in the mid 1960s that the emphasis on protecting the small trader needed readjusting. The previous measures had been aimed at protecting small businesses in the economy. However the economy itself was being transformed. The emergence of the large scale manufacturing firms and a mass market for goods prompted the Government to set up a Committee on Distribution in 1967. Existing strategies had become inappropriate, so its purpose was to advise the Government on policy formulation.

The very existence of the Committee indicated a change of emphasis from protection to modernisation. In 1968 it produced a report entitled "A Perspective and the Challenge of Modernisation of the Distribution Sector." It took account of the need to make the distribution system more efficient and flexible to change. Tajima (1971) revealed that the report was critically received, and described it :

" _ _ as being, for instance, a shallow attempt to cover too much ground and lacking in a sense of priorities."

Yoshino (1971) described the Committee's recommendations as:

" [being] stated in rather vague terms. This is consistent with the Japanese bureaucratic tradition, in which such a report typically sets the basic tone and direction, and formulation and implementation of specific programs are left to bureaucratic functionaries."

3.7.3 Policy Recommendations.

Yoshino identified in the Report eight broad areas of policy in which the following courses of action were called for:

- 1) A continued encouragement towards co-operative efforts

- between retailers, with assistance from the Government.
- 2) The modernisation of management and operations practices. The Report particularly mentioned adoption of self service, improved techniques in merchandising, the setting up of distribution centres, plus improvements in the processing of information.
 - 3) A need to train middle management to meet the growing need for it in the distribution sector, to make better use of unskilled labour, and to bring in techniques to improve the use of managers' time and work.
 - 4) A rationalisation of trading customs and trade practices.
 - 5) A need to rationalise the physical distribution system, and to incorporate new innovations such as the siting of warehouse facilities in strategic locations. Also included were the concepts of unit load systems, and the co-ordinated use of different transportation modes.
 - 6) Improvements in shopping location, and the co-ordinated development of distribution facilities of any large scale. This includes the planning of shopping centres, distribution centres, warehousing and wholesaling. Such locations should be chosen to optimise the benefits to both regional and national economies. Market data should form the basis of decision making on location, and ideally this should be provided by the Government and held in a central data bank.
 - 7) Distribution data networks, using computers, should be developed. More comprehensive commercial statistics should be available.
 - 8) Provision of required capital, by the Government, to modernise distribution. A major consideration here was the

rising price of land. Government finance injections would hopefully increase the flow of private capital.

This report was followed in 1969, by a second advocating the need for the application of a "total distribution sector concept" in order to modernise distribution; requiring interaction between the public and private sectors. The report recommended the following steps towards this goal:

- 1) A central co-ordinating, administrative, body should be established, laying down guidelines to the private sector.
- 2) This body should also provide essential information on distribution activities generally, and improve information flows within the distribution sector itself.
- 3) The Government should provide tax incentives and loans in order to further the adoption of the total system concept.

Yoshino identified several obstacles to implementing these proposals. First of all, the officials within MITI were subject to limits on the Department's budget imposed by the Ministry of Finance, which had government authority to establish budget allocations between different departments. There were also a number of competing policies that could be more politically expedient. These included the protection of small businesses, and of domestic firms against overseas competition.

Furthermore, there was the limited power given by statute to MITI officials, especially with regard to the large number of small retailers and merchants:

"_ _ short of outright control the government lacks absolutely effective means to enforce its guidelines. It certainly lacks the strong incentives and potential threats that the state bureaucracy can bring to bear on large businesses."

Many of the merchants were content just to make a basic living, and had little natural desire for new innovations in their businesses.

Lastly, MITI needed the cooperation of other ministries to implement its desired programs. Inter-ministerial rivalry at that time was strong. A number of government agencies and departments had some jurisdiction over matters concerning the distribution system. Each had its own policies, and was striving to develop its own programs.

Yoshino's damning conclusion was:

"Given these conditions, it is likely that viable policies will be formed through a series of groping experiments rather than through a well-thought-out and systematic approach."

Although the Japanese government has undoubtedly played a major part in the nation's economic growth, during the 1970s and 1980s, it has not escaped critical comment concerning its policies towards the distribution sector. For instance Professor Abegglen (1985) has written:

"This is not to say that all Japanese government policies are economically sound, that all sectors are rationally managed, or that there is public concurrence with all policies and no pressure groups. — Political pressures have given rise to policies that protect small shopkeepers and block rationalization of the distribution sector."

Kirby (1984), looking back over nearly 25 years, said that progress had been slow in the Government's programmes for distribution. The 1970s had seen a widening gap between the wholesaler and consumer price indexes, which he suggested

indicated inefficiency in the distribution sector. He did not explain why it did so. It is submitted that this may in part be a reference to the fact that typically the numerous intermediary stages in the distribution system result in retail prices that, according to De Mente (1987)

" _ are four to five times higher than wholesale prices - as compared to two times in the U.S. and Western Europe."

Kirby went on to say that the government had consequently sought retail planning policies directed at modernising and rationalising Japan's "fragmented, disorganised and antiquated traditional distributive system." At the same time, he could say however that there were very few governments anywhere possessing overall policies towards distribution. Also, within his article he suggested that:

"_ _ perhaps the most important factor influencing the development of the retail system has been the influence of Government legislation." (Emphasis mine).

He was particularly referring to the Large Scale Retailing Establishment Law, the basic underlying philosophy being:

"If the opening of large-scale retail stores, with their ability to attract great numbers of customers, is not coordinated in an orderly fashion, it can create financial difficulties for many small neighbourhood stores and is likely to adversely affect the stability of local communities." JCCI (1989) p19.

3.7.4 The Large Scale Retailing Establishment Law.

After World War 2, the government's first attempt to control and restrict large scale retail stores was the Department Store Law of 1956. This law was enacted to control the

establishment of new stores, the expansion of older ones, and to frame regulations concerning their business methods. The Law was passed because of the belief that the uncontrolled operation and growth of department stores would adversely affect interests of small traders.

The emerging wave of supermarkets, discount and variety store companies often evaded the Law's ambit, by constructing stores in which various sections were operated by subsidiary companies. By this means, no one individual company in the store operated enough floorspace to bring it under the Law. This defect in the law was the subject of considerable criticism right from the beginning. Also, there were to be found so-called "disguised department stores" operating as supermarkets which were not originally meant to be subject to the Law. They had similar sales volumes to the regular department stores. (Tajima, 1971).

Under this law it was necessary to seek approval for a new store, from the Council on Department Stores, if in the seven largest cities the proposed floorspace was 3000 square metres, or 1500 square metres elsewhere. The Council would then make their recommendations to the Minister of International Trade and Industry (MITI). Over 90% of all applications to the Council were approved. In 1974 the law was strengthened by the enactment of The Large Scale Retail Store Law; amended in 1979. It applied to all stores with a total sales area of 1500 square metres or more or 3000 square metres in the ten largest cities. Between 1974 and 1979 the percentage of successful applications made under the 1974 legislation was 56%. Approximately half of the prefectures and many municipal governments also regulate stores of size 200-300 square metres (Kirby 1984, Dawson and Sato 1983). Larke (1991) stated that apart from the last three authors "Few

adequate summaries of the law exist in English".

The legislation itself authorizes certain 'Administrative Guidance' processes. A definition of 'Administrative Guidance' is given by Shiono (1984):

"My definition of administrative guidance is as follows: administrative actions taken by administrative organs, although without legal binding force, that are intended to influence specific actions of other parties (feasance or non-feasance in order to realise an administrative aim."

It is generally recognised that there are three classes of administrative guidance and they are not always mutually exclusive. These classes are (1) regulatory administrative guidance, (2) reconciliatory administrative guidance; and (3) promotional or advisory administrative guidance. The Large Store Law embraces both classes (1) and (2). The rationale behind (1) is the desire of interested parties to seek restrictions on the activities and self-interest of other parties including companies. Even local government can be subject to administrative guidance from the central government. The aim of (2) is the reconciliation of conflicting interests between private persons.

Administrative guidance in Japan has no legal force of itself. Nevertheless the persons involved almost invariably prefer the process to the alternative of going before a court of law. As Shiono puts it:

"The approach preferred in Japan is to create a situation that is acceptable to both the administrative organs and the other parties through informal negotiation. _ _ _ It is my conjecture that both public officials and business enterprises see administrative guidance as a more effect-

ive measure to promote their interests."

Should the applicant refuse to comply with the advisory guidelines the minister or governor concerned has the power to issue binding orders by resort to legal means of various kinds, eg through planning legislation in the case of building size and floorspace. Watts (1993) points out that the system of administrative guidance (gyosei shido) gives to bureaucrats great scope for flexibility and opportunity for denial should guidance given be shown subsequently to have been wrong or embarrassing. On the few occasions that any of MITI's guidelines have ever been ignored by companies, the firms have quickly changed tactics when faced with threats of sanctions or legal action.

According to Seiki (1981) the law had two immediate objectives. These were:

- "1. To assure that the small and medium retailers located in the neighbourhood of large-scale retail shops retain suitable business opportunities, and
2. To promote the orderly development of the retail industry."

The amended Law of 1979 covered two classes of large retail establishments (Dawson and Sato 1983), defined as follows:

- 1) Class 1 stores are units of 1500 square metres and over gross floorspace, but in the Tokyo Metropolitan area, and designated cities with the same administrative status as prefectures, the limit remained at 3000 square metres.
- 2) Class 2 stores of between 500 and 1500 square metres; except in the Tokyo Metropolis and designated cities where the range is 500 to 3000 square metres.

With Class 1 stores, it is MITI who collects all the relevant evidence and then makes the final decision about the application.

(It is Class 1 data that was made available by MITI as a source for analysis in Chapter 7.) With Class 2 stores, the decision is delegated to the prefectural governors. It has been noted by Czinkota and Woronoff (1986) that, in addition, some prefectures and city councils have passed ordinances restricting the opening of stores with 300 square metres or even 200 square metres.

At either level, an investigation is carried out in order to predict the effects of the opening of a new large store on the existing small/medium retail outlets in the area. According to Seiki (1981):

"The study will take into account such factors as the size of the community, the trend of population movement in the area, the business prospects of the local small and medium retailers, the existence of other large-scale stores, and the state of their business."

Once the evidence has been examined, and there is a strong possibility that the new store would have a considerable impact on retailing in the neighbourhood, MITI or the prefectural governor concerned then would ask for the opinion of the Large-scale Retail Business Council (or its equivalent at the prefectural or metropolitan level). This body, which functions as an advisory organ will obtain formal evidence from Local Chambers of Trade, consumer groups and retail organisations. Finally, the applicant concerned would be advised either to delay the opening of the store or to reduce the size of it. Other matters for recommendations include the length of business hours and monthly holidays.

Seiki points out that a fair implementation of the Law depends especially upon two factors:

"_ _ the interest of consumers should always be

protected, and when large-scale shops include small and medium retailers within their premises, opening a new one would not necessarily jeopardise the modernisation of neighbourhood retail industry." (Emphasis mine.)

3.7.5 Large Store Growth Rates 1974-1980.

Dawson and Sato (1983) describe how the 1979 amendments strengthened the 1974 Act. The 1974 Act basically applied to the Class 1 stores described above. The amendments of 1979 introduced the Class 2 store, thereby extending the law to cover stores of 500 square metres or more. The time period laid down for consultation was increased to 5 months for both classes. This meant that the total time between when the developer submits an application invoking the Act and when permission to open the store is granted could be as much as 17 months and not less than 13. The nature of these amendments were anticipated by companies who put in a substantially increased number of applications in 1979. There were 576 as opposed to 243 for 1978, an increase of 137%.

The new Act meant increased influence for the Prefectural authorities. Furthermore the Act had increased the powers of both the retail lobby and of local government in the middle sized markets of 50-200,000 population.

"So, in 1980 and 1981 growth has taken place in the larger places with smaller cities able to limit large store development even to the extent of halting all development, at least in the short term."

The authors traced the effects of the 1974 Act on large store openings and the initial impact of the 1979 Act using the data presented in the following tables overleaf. Table 3.7 shows that of the 4,266 applications submitted for Class 1 stores

between 1974 and 1980 roughly one third were for stores in the Kanto region which includes the Tokyo-Yokohama metropolitan area. This proportion was more or less constant each year. At the end of 1980 2,996 Class 1 store units had either been opened or development permission had been received. Under the 1974 Act approximately two thirds of applications had been successful. The authors claim that despite this marked growth in large store openings "the number and density of large stores remains relatively low compared with Western Europe."

Table 3.7 Growth Of Large Scale Store Numbers In Japan

Year	First Class Stores				
	Article 3 Applications		Openings		Floorspace million sq. m.
	Total	Kanto region	Total	%	
Pre 1974	1,815	647	1,714		11.24
1974	398	148	197	49	1.26
1975	280	100	176	63	1.09
1976	265	82	213	80	1.22
1977	318	104	190	60	1.20
1978	243	77	188	77	1.31
1979	576	181	212	37	1.51
1980	371	121	106	29	0.79
1981*			7		0.25
Total to 1981	4,266	1,460	3,003		19.88

Note:

* First three months only.

The figures for pre 1974 stores relate to stores which were in existence before the 1974 Act came into force and which would have been governed by it had they been opened afterwards. For administrative purposes MITI issued retrospective permission for them after bringing these existing stores within the ambit of the new act. This is referred to again in Chapter 4.

Table 3.8 shows further details of the composition of the 2,996 Class 1 stores. By way of explanation, the term Multi-shop department stores refers to large buildings comprising a number

Table 3.8 Class 1 Large Scale Store Openings By Type of Store (Store Size In Thousands Of Square Metres).

	Openings											
	Existing In 1974		1974-1976		1977-1979		1980		1981		Total to 1981	
	number	mean size	number	mean size	number	mean size	number	mean size	number	mean size	number	mean size
Full department stores	293	14.8	31	14.0	32	11.4	6	12.9	352	30	16.3	
Speciality stores	184	2.8	89	2.9	67	3.8	11	2.7	351	69	3.4	
Credit/Instalment department stores	41	4.7	9	7.1	6	9.5	1	7.5	57	4	6.3	
Supermarkets and hypermarkets	924	5.5	361	6.9	379	7.4	74	8.3	1,738	589	8.6	
Multi-shop department stores	265	4.2	95	3.4	116	4.1	14	4.6	490	50	4.8	
Other	7	4.1	1	2.8	0	0	0	0	0	2	8.9	
Total	1,714	6.6	585	6.1	590	6.8	105	7.4	2,996	664	8.1	

Source: MITI

Table 3.9 Class 1 Large Scale Stores By Size Of City (Store Size In Thousands Of Square Metres).

City size *800 population	Existing 1974		1974-1976		1977-1979		1980		Total to 1981		Applications under consideration, March 1981	
	number	mean size	number	mean size	number	mean size	number	mean size	number	mean size	number	mean size
10 largest cities	256	13.1	49	8.8	59	11.3	13	8.3	377	54	12.8	
over 300	399	6.5	117	6.2	114	7.2	24	16.6	654	92	8.6	
200 - 300	286	6.4	91	7.1	68	7.9	12	18.8	457	71	8.3	
100 - 199	326	5.3	96	6.8	86	8.1	7	9.2	515	69	10.8	
50 - 99	272	4.4	113	5.8	187	5.9	24	5.9	516	120	8.5	
30 - 49	120	3.4	65	4.9	77	4.8	28	5.7	282	105	7.7	
15 - 29	47	2.8	42	4.2	59	3.5	13	5.7	161	116	5.3	
Less than 15	8	2.7	13	2.5	20	4.8	3	18.2	44	37	4.9	

Source: MITI

of small to medium-sized retailers that have relocated and operate within a joint unit.

The category supermarkets and hypermarkets includes the larger supermarkets, and superstores as defined in Appendix A. This category forms the single largest category of Class 1 stores.

Over 500 applications were under consideration in March 1981. As a result there was much concern by MITI and city authorities; a contributory factor to the introduction of further measures in 1982 described in the next section. The average size of newly opened stores in this group steadily increased during the decade from 5,500 square metres in 1974 to 8,600 in March 1981. Applications for larger stores were in the pipeline.

Table 3.9 shows that in 1974 38% of Class 1 stores, with 53% of large store floorspace, were located in cities with a population of 300,000 or more. There was an obvious relation between the size of city and average size of large stores. In the period 1974-1979 stores were being opened in cities with under 30,000 inhabitants. Considerable interest in the potential of such areas was being shown by supermarket companies. The opening of a large store in a small place could establish a monopoly. In 1974 there was less than 25% of large store floorspace in cities of 50-200,000 population. Between 1974 and 1979 however a third of new floorspace appeared in these cities.

3.7.6 The 1982 Temporary Measures.

According to Okamoto (1980), the government wished to repeal some of the law relating to large scale retailing, but the likelihood of doing so was not very great. In fact a new

development took place which resulted in the introduction of further administrative measures in 1982. In response to allegations of bribery, and conflicts arising out of the retailing laws, MITI introduced so called "temporary measures" (Economist, 1983).

Seiki (1982, 1983, 1984) wrote three articles describing these new measures and trends between 1982 and 1984 in the number of applications for new stores. These articles are of particular interest because of his position as Officer for Adjusting Large Scale Retail Stores, MITI during that time.

The 1982 measures were introduced at a time of pessimism about retail trends. They were based on the recommendations of the MITI Committee on the Problem of Large Department Stores. The Committee suggested that consideration should be given to a licensing system for large scale stores. The response of MITI was to form a committee to consider various topics related to the Japanese distribution system as a whole (See section 3.7.2). The main measures of 1982, as stated by Seiki (1983), were:

- "(1) guidance to place restrictions on notifications of opening new stores in small cities, towns and villages with low population density or in areas where large-scale stores had been already opened in the past,
- (2) guidance to demand an adequate explanation, prior to notification, of the concrete plan to open new stores by retail enterprises to the city, town or village or to the director of the local chamber of commerce and industry. Plans with vague content (for example, opening of a new store for strategic reasons) are to be rejected at this stage." (Emphasis mine.)

Between 1982 and 1984, there was a large drop in the number

of Class 1 notifications.

"Notifications in fiscal 1982 numbered 132, or one seventh that of the preceding year and around one-fifth that of fiscal 1979. It also continued at a low level in fiscal 1983." (Seiki, 1984)

Seiki stated that this reduction in numbers was not due just to the restrictive measures, but also because of the continuing consumer recession, the change in customers' needs and the shelving of expansion plans because of unsatisfactory performance. The larger stores were exercising more care in submitting notifications, which reduced the level of social friction that had been generated in the past.

There were also changes in the location patterns of new stores. Fewer stores were being opened in the suburbs and along trunk roads. There was a relative increase in the number of new stores in existing shopping areas.

Czinkota and Woronoff (1986) asserted that the large store legislation has had a negative impact on large scale retail companies in three main ways. First, MITI only accepts notifications that have already been unanimously accepted by the parties concerned. Such consensus is very difficult to obtain. Second, it is claimed that the application process is both time consuming and costly. Third, even if an application is successful there may be financial repercussions. For example, restrictions placed upon opening hours in some cases adversely affect both revenue and maintenance costs. The authors do not however present any quantitative evidence to support these claims.

3.7.7 Calls for the Abolition of the Law: Developments 1986-1993.

Within Japan, demands have often been made for the abolition of this piece of legislation, for example see Fields

(1988), Nakauchi (1989), Takaoka (1989), KKC Brief (1990), Tajima (1991). It has been regarded as a barrier to exporters seeking access to Japanese markets and has also kept prices artificially high (Brooks, 1989; KKC Brief 1990; Maruyama 1991).

Principal external pressure has come from the United States during the so-called 'Structural Impediments Initiative' talks held between the two countries. Trade negotiators, politicians, business executives and U.S. governmental officials have all been critical of the distribution system (Goldman, 1992). The United States has repeatedly called upon Japan to deregulate large retail stores, and also:

" ... to remedy anti-competitive commercial practices involving such items as the return of unsold goods, rebates, affiliated retailers [eg Keiretsu outlets], continuous transactions, and the sole import agency system." (KKC Brief, 1990, at page 1).

These practices were examined in detail by a number of bodies (ACCJ 1989, ICSG 1986, JEI 1989 and 1990, JCC1 1989; and by Uehara, 1989). Some, including unrestricted product returns and rebates, had been originally instituted both to maintain the manufacturers' channel control, and to motivate retailers (Miyashita, 1989).

According to Larke (1991), however, independent small retailers during the late 1980s still supported the Law and many large companies were very reluctant to criticise it openly. (The President of Daiei was rather more forthcoming see for example Nakauchi, 1989; 1992). As Thomson (1990) put it though, the large retailers were "more than happy" at the thought of the law being abolished completely. Larke went on to say that:

"Domestic critics of the Large Store Law are, however,

scathing (Mishima (1988), Nakaoka (1989), Niwa (1988))." p21
It has been argued that the Large Store Law has directly prevented any real competition between the chain stores. When a large store already existed in a particular trading area it was less likely that permission would be granted to open others. The large retailers have avoided gaining reputations as ruthless competitors by not making negotiations difficult. They have not engaged readily in price competition. As a result, local independent stores collectively form the most active competition to large stores in many cases (Goldman 1991, Larke 1992).

Many independent small stores are members of street associations known as shotengai. There are about 14,000 to 16,000 of them, of which the largest is in central Tokyo ie. the Ginza shotengai made up of 853 members operating over 193,00 square metres of sales floor space. These associations constitute a significant political lobby. They offer various services to their members, including national and local lobbying, promotions of the street and development of the streets in conjunction with local authorities and public and private financiers (Larke, 1992).

Larke also reported that:

"In 1990, as a direct result of American pressure during the Structural Impediments Initiative (SII) talks, Japan agreed to make changes to the operation of the law which would reduce the application time to a maximum of one-and-a-half years from start to finish. While refusing to allow the Americans to dictate the abolition of the law, a major review was promised to take place in 1993". p7. (See also MITI 1989, New York Times 1989, 1990).

And, in anticipation of the prospect of partial deregulation

" ... the number of new large store applications increased by 31 per cent in 1989 with 332 applications, and it is estimated that there were some 468 applications in 1990, a further increase of 41 per cent [MITI 1990]. There were 270 applications between February and June 1991 alone [Nikkei Ryutsu Shinbun 1991]. p7-8.

Table 3.10 shows the cumulative numbers of both Type One and Type 2 stores opened under the Large Store Law from 1982 to 1988.

Table 3.10 Cumulative numbers of Type 1 and Type 2 stores Opened under the Large Store Law from 1982 to 1988.0

Store Category	1982	1983	1984	1985	1986	1987	1988
Type 1 stores	3,446	3,644	3,764	3,869	3,967	4,117	4,247
Type 2 stores	10,589	10,812	11,021	11,201	11,372	11,579	11,749
Total	13,513	14,035	14,456	14,785	15,070	15,339	15,996

Source: MITI Vision for Distribution in the 90s, Tsusho Sangyo Chosakai, Tokyo, 1989.

The more stringent of the local regulations were also to be abolished, and the degree of influence exerted by local governments reduced. The changes were expected to lead to an increase in the number of large stores, especially of superstores and supermarkets, and to more experimentation with mass-discount stores. Foreign retailers would have less difficulties in opening stores in Japan (Goldman, 1991).

Tajima (1991) speculated that in the event of total or substantial deregulation of the law, the large store retailers would embark upon an expansion spree, even though some chains had a number of individual stores operating at a loss. Expansion would take place where land prices are cheaper, in the suburbs. He raised the question of what would happen to the natural

landscape; saying the law "is sadly lacking in urban-planning considerations".

A phenomenon resulting from the continuance of the law is the proliferation of medium-sized stores that have a size just below the lower, 500 square metre, threshold of the law. These stores are commonly called yonkyupa stores (498 square metre stores). As a result a number of local government authorities have introduced ordinances regulating medium-sized stores as well (Brooks,1989).

Larke (1992) suggested that after the results of the review due in 1993 have been published the largest superstore companies might quickly expand to the point of market saturation, in which case they could consider embarking upon an "aggressive acquisition of the key medium-sized regional chains that currently account for 25 per cent of the retail market".

Yoshida (1992) believed that initiatives by the government designed to deregulate the retail industry, including alterations to the large store store, constituted one of two reasons for the decline in small and medium-sized retailers; the other being a continuing change in lifestyles leading to falling profits and a consequent trend for children of "mom and pop" stores taking up more lucrative employment elsewhere than in the family business. (See also KKC Brief (1990) for a similar viewpoint).

3.8 Hypotheses.

3.8.1 Published Hypotheses.

Dawson and Sato (1983) considered what would be the likely effects of the Large Scale Retailing Establishment Law (as amended in 1979). They predicted that the effects on Japanese retailers would be similar to those experienced by their European counterparts, when adjusting to retail and planning laws. The large retailers would take some combination of the following

adaptive causes of action:

- "(a) Possibly they will seek extensions rather than new developments;
- (b) possibly they will move into the retail formats which appear to have greater chance of obtaining development permissions and away from hypermarket type operations;
- (c) possibly new stores will evolve;
- (d) almost certainly there will be even more scrambled merchandising in existing units;
- (e) possibly large stores will be developed as anchors for small shopping centres in which provision is also made for small shops;
- (f) it is likely that new stores will be built of a size just below the critical threshold of the Act."

Among the more general predictions made by Dodwell in 1981/1982 were the following:

"Superstores will continue to strengthen their position through tie-ups and by gaining control of their distribution channels.

Speciality shops that cater to the new lifestyle of the Japanese will continue to grow. The discounters will be facing a difficult period as most of them rely on bulk purchases and lack of capital may hamper their expansion."

As concerning the size of shops, Beaujer-Garnier & Delobez (1979) predicted:

"It is probable that spatial constraints rather than traditional purchasing habits will force the Japanese to maintain moderate sized shops, and so reflect

American practice rather less than they would have wished."

3.8.2 Proposed Hypotheses.

This thesis combines both exploratory and hypothesis testing methodology. As explained in Chapter 1, Part Three is mainly concerned with exploratory techniques. The one hypothesis to be tested in Chapters 4 and 5 is that stores classified as Category 431 (Department stores) in the Census Of Commerce have increased substantially in terms of numbers and store size. This category is misleadingly named, as it includes many of the larger superstores and supermarkets in addition to department stores. Different definitions of department stores, including Category 431, are given in Appendix A.

The proposed hypotheses to be tested in the thesis relate primarily to Part Four and the case studies of the six leading supermarket companies, ranked by sales, in the fiscal year ending February 1986. These companies were Daiei, Ito-Yokado, Seiyu, JUSCO, Nichii and Uny. The first five were also the first five in terms of sales out of all Japanese retailers. Uny was tenth.

The major hypotheses to be tested with regard to the case study companies include:

1. These large retail companies have grown rapidly during 1972-1986, as the result of successfully responding to threats and opportunities within the retail environment.
2. Diversification through the adoption of new retail formats has contributed to this growth.
3. Legislation governing large stores has been a factor in diversification; and has slowed down the rate of growth, but not necessarily the size, of large stores.
4. The average size of the companies' superstores and

supermarkets has increased considerably.

5. The leading companies have expanded their territory of operations through various strategies.

3.9 Conclusions.

3.9.1 On The Use of The Threats and Opportunities Approach.

The study of threats and opportunities, in the business realm, has become established and widely accepted as an aid to the formulation of corporate strategy. It entails a search for environmental changes likely to make an impact on the company.

"It underlines the fundamental point that changes in markets or other external factors may constitute either a threat to an established business activity, or an opportunity for an extension of existing activities or the introduction of new activities or new methods."

(Grieve Smith, 1985).

The school of thought that believes that organisational structure is primarily the result of response to its environment is known as the determinist school. It adopts the so-called contingency approach to the design of organisational structure, which rejects the theory that there is any one best way to manage a company. Each situation has to be analysed separately (Buchanan and Huczynski, 1985).

However, there is a limit to the amount of resources or time that even large organisations can devote to the evaluation of a potentially large number of external influences. As a result there is scope in industrialised nations for the use of outside organisations to provide information, consultancy and forecasts.

In any event there must be some extent in which a company treads into the unknown when making major strategic decisions that affect its structure. As a result there is another school of

thought that believes that organisational structure follows solely as a result of decisions made by holders of power within the organisation. Therefore Part Three looks at the extent to which large-scale Japanese retailers have had freedom to determine their structure.

3.9.2 The Application Of The Model To Japanese Retailing.

It is submitted that the 'Threats and Opportunities' framework is useful because it implies that changes will occur in the retail industry. Primarily this is because, to survive in business, businessmen have to adapt if the business they are in is changing to any real extent. Demand for existing products may change, and consumers may either demand different products or be susceptible to the attraction of innovative products or the dictates of new fashions. Entrepreneurs may rise to prominence and profoundly change the nature of an industry, or at least a segment of it. The example of Isao Nakauchi and his company, Daiei, was given in Chapter 2.

It is further submitted that once the new Japanese large-scale retail chains became established, they had more freedom of choice to make an impact on their environment rather than to merely follow its dictates. They were able to use mass advertising media to influence demand. Their ability increasingly to buy in bulk at lower prices from a wider net of suppliers gave them greater choice in what to sell and where to sell goods. Because they had been relatively recently established they had, to a large extent, been able to avoid being locked into a system of relationships with suppliers based on long term interpersonal ties and obligations.

However, it is recognised that in the case of new retail formats and organisation, there is always a key decision to make

as to whether the company should take the risks of being a leader, or whether it should be a follower. It is submitted that this is especially true of Japan where market share is so important, as stated in section 3.2.

The significant overall growth in the economy between 1960 and 1973 provided an impetus for continued expansion of large scale retailing companies. During the period of relatively slower economic growth between 1973 to 1985, and especially from 1979 to 1985, these firms could no longer rely solely on higher economic growth to maintain their share of an increasingly competitive market. De Mente (1987) summarises the situation as follows:

"The early 1980's saw something of a revolution in Japan's retail industry as the department stores, chain stores, speciality stores, and convenience markets scrambled to keep or increase their shares of the trade. This revolution included the massive renovations of stores, which resulted in a virtual face-lift for the entire industry, the implementation of point-of sale systems, the introduction of house brands, the streamlining of store staffs, and a strong move to cater to the new consumer demand for private, exclusive labels, with less emphasis on national brand names. This revolution grew out of the maturation of the Japanese as consumers. They stopped buying things just because everybody else had them or because they were made by a nationally famous company and became much more discriminating in what they bought and where they shopped."

As noted in Table 3.5 a number of categories of durable goods had reached or nearly reached market saturation point.

Other environmental changes included a higher level of car ownership and expanding suburban areas. These changes had encouraged changes in both organisation and technique within the retail industry. Changes included the adoption of self-service, forms of new technology, diversification, vertical integration, and the development of large companies (Dawson and Sato, 1983).

However the expanding companies were not entirely free to open new stores in new suburbs, or anywhere else, whenever they wanted to. Katsumoto and Miyazaki (1984) have identified three major obstacles to new retail store development.

"First- Japan's population density means land is scarce, and so is very expensive.

Second- Construction costs are high because of the need to build earthquake-resistant structures.

Third- Government regulations restrict development of larger stores. _ _ Approximately 300 to 400 large stores were approved annually from 1974 to 1980; since that time, the number has been about 150 a year."

The legal restrictions on store size since 1974 gave the companies opportunity to experiment in new store formats and product ranges despite the brake on the rate of opening large stores. This period coincided with the slowing down in the rate of economic growth, and in the light of the comments in this section on the economic environment, it is too simplistic to suggest that legal restrictions have been the major threat or constraint. It is submitted that it would have been in the best interests of companies anyway to diversify their operations to some extent. It can also be argued that the participation of many parties in the application process for large stores may benefit all the retailers involved, and of course, the customers.

PART TWO. ANALYSIS OF THE CENSUS OF COMMERCE 1972 - 1985.

Chapter 4 National Retail Trends 1972 - 1985.

4.1 Overview of Chapter Four.

Chapter Four has the main aim of a review of national retail trends from 1972 to 1985 inclusive, using data from the Census of Commerce. Some 1988 statistics are included in Section 4.7.

Section 4.2 consists of an introduction to the Census of Commerce. Section 4.3 presents the basic tables used in the rest of the chapter to identify national retail trends. The tables are accompanied by brief commentaries. Section 4.4 contains an analysis of national change within the 29 categories. Section 4.5 describes how a sample of nine of these 29 categories was chosen for the more detailed analysis at the prefectural level which is contained in Chapter Five. Section 4.6 provides a summary of the main retail trends for 1972 - 1985. Some statistics from the 1988 census are given in Section 4.7. Conclusions are in Section 4.8.

4.2 The Census of Commerce.

The following details about the Census of Commerce are taken from The Census of Commerce: Post World War, Volume 3 (Explanatory volume). This was published in 1982 by the Ministry of International Trade and Industry Statistics Association Bureau. The Census was first carried out in 1952. It was then conducted every two years until 1976. Since then it has been conducted at three yearly intervals. The Census covers both wholesale and retail stores as defined in division G (wholesale and retail trade) of the Standard Industrial Classification for Japan.

In 1982 the Census defined the retail sector as having six broad classes of retailing, classified as follows:

<u>Group</u>	<u>Broad Retailing Categories</u>
43	General Merchandise
44	Dry Goods, Apparel and Accessories
45	Food and Beverages
47	Motor Vehicles, Bicycles and Carts
48	Furniture, Fixture and Household Utensils
49	Miscellaneous Retail Stores

Until 1982, Group 46 was used to denote Eating and Drinking Establishments. For most purposes the Census treated this group as a separate kind of business from retailing, in the same way that wholesaling was separated from retailing. The group was not included at all in the available volume of the 1985 Census as a retail activity, following the re-numbering of retail categories adopted from 1985 onwards. For reasons of consistency these businesses are excluded from analysis, and the older classification was used for the 1985 data. The six groups are subdivided into 29 types of retailing as defined in Appendix B.

Three kinds of survey are used to collect the information for the census: survey A is sent to incorporated establishments, survey B to unincorporated establishments, and survey C to eating and drinking establishments. Surveys B and C are simpler than survey A, as they are addressed mainly to family businesses that are not likely to keep such detailed accounting records in comparison with incorporated establishments. The survey method used is described as follows:

"Census enumerators deliver questionnaires to establishments using a list compiled before hand. Later, census enumerators collect the questionnaires during a predetermined period, and send them, together with a

prepared survey list, to the municipal government. The municipal government sends the questionnaires to the prefectural government for filing and examination. The prefectural government then sends the questionnaires to MITI after closely examining the contents to arrange and record the industrial classifications in the questionnaires. MITI publishes the Census of Commerce after the examination and revision of the data, compilation by electronic computer and printing.

A preliminary report is released ten months later and the final report is published a year and six months after the survey was conducted." p58.

4.3 The Structure of Retailing 1972-1985.

4.3.1 Summary Census Statistics, By Business Category, 1972-1985.

The data in this chapter is taken from the 1985 Census of Commerce (Preliminary Report) and the main reports of the 1985 Census. The Preliminary Report contained national statistics in respect of the six broad categories of retailing, subdivided into 29 types of business, for each census during 1972 - 1982. The corresponding data for 1985 is taken from the 1985 Census.

The Preliminary Report was used in respect of the earlier years because it contained the final, adjusted figures for those years. The available volumes of the earlier censuses contained unadjusted national figures, even though they contained finalised data for the 29 categories at the prefectural level. The prefectural data is used in the analysis of selected store types in Chapter Five. The available statistics for each of the 29 categories included totals for floorspace, employees, annual sales and sales floorspace. Table 4.1 gives the national totals for each of these for the census years from 1972-1985 inclusive.

Table 4.1 Census Summary Statistics for Retailing 1972-1985

<u>Year</u>	<u>Stores</u>	<u>Employees</u>	<u>Floorspace (1)</u>	<u>Sales (2)</u>
1972	1,495,510	5,147,377	69,501,928	28,292,696
1974	1,548,184	5,303,378	73,474,617	40,299,895
1976	1,614,067	5,579,800	80,976,484	56,029,077
1979	1,673,667	5,960,432	88,425,345	73,564,400
1982	1,721,465	6,369,426	96,781,150	93,971,191
1985	1,628,644	6,328,614	94,506,983	101,719,064

Notes:

- (1) Sales floorspace area in square metres
- (2) Revenue in millions of Yen for the year

The total numbers of stores and employees, plus the total of sales floorspace and annual sales, increased each census year from 1972 to 1982 inclusive. Between 1982 and 1985 the number of stores decreased by 92,821 (5.39%), the total of employees by 40,812 (0.64%), and total sales floorspace by 2.02 million square metres (2.09%). Annual sales for 1985 were 7.7 million million Yen higher than in 1982, an increase of 8.24%.

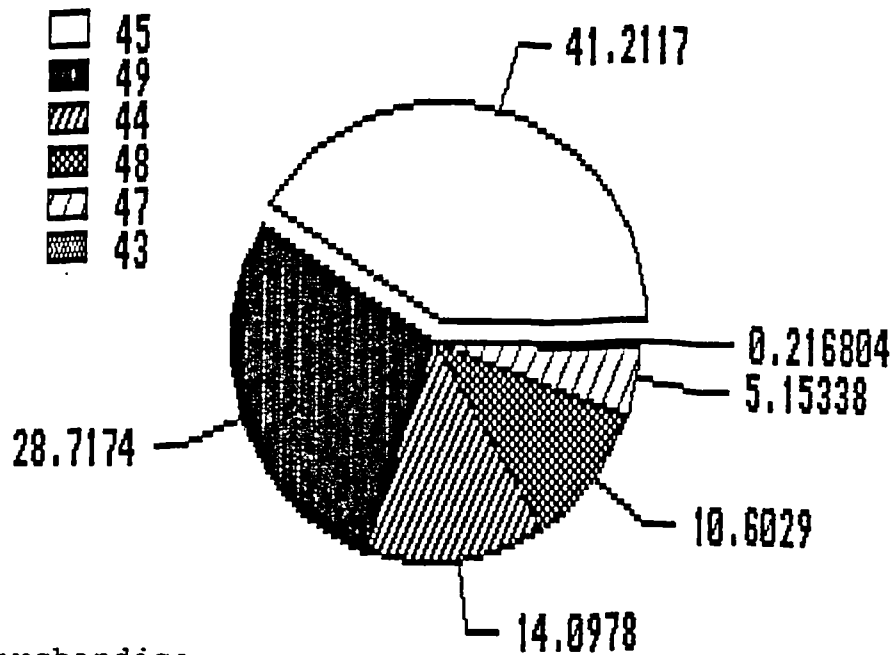
Because of these trends, in Section 4.4 the periods of time chosen in the analysis of change were 1972 to 1985, 1972 to 1982, and 1982 to 1985.

Tables 4.2 to 4.9 contain details of total stores, employees, sales space and annual sales for 29 retail categories in each census year from 1972 to 1985. The data for the three years 1976, 1982, and 1985 has also been published by the Distribution Economics Institute of Japan in the Statistical Abstract of Japanese Distribution (1986). The Abstract is in English and consists of statistical tables without annotation. They include one table on retailing at the prefectural level, which contains total retail establishments, employees and annual sales for 1985.

4.3.2 Composition of Store Totals 1972-1985.

Between 1972 and 1985, Group 45 Food and Beverage Stores consistently formed the largest of the six broad categories of stores, as shown in Tables 4.2 and 4.3. Group 43 General Merchandise Stores were always the smallest group. Figure 4.1 illustrates the relative importance, in terms of store numbers, of the six store groups in 1985. Particularly apparent is the difference between the percentages of General Merchandise Stores (0.22%) and Food and Beverage Stores (41.21%).

Figure 4.1 Percentages of Stores 1985
By Broad Retailing Categories



KEY

- 43 General Merchandise
- 44 Dry Goods, Apparel and Accesories
- 45 Food and Beverages
- 47 Motor Vehicles, Bicycles and Carts
- 48 Furniture Fixture and Household Utensils
- 49 Miscellaneous Retail Stores

In Table 4.3. the three categories with the highest percentages of stores in 1972 were 457 Confectionary and Bakery Stores (12.67%), 499 Miscellaneous Stores (10.34%) and 459 Miscellaneous Food and Beverage Stores (8.86%). They made a total of 31.87%. In 1985 they accounted for 30.15% of stores, and their respective percentages were 9.24%, 12.49% and 8.42%.

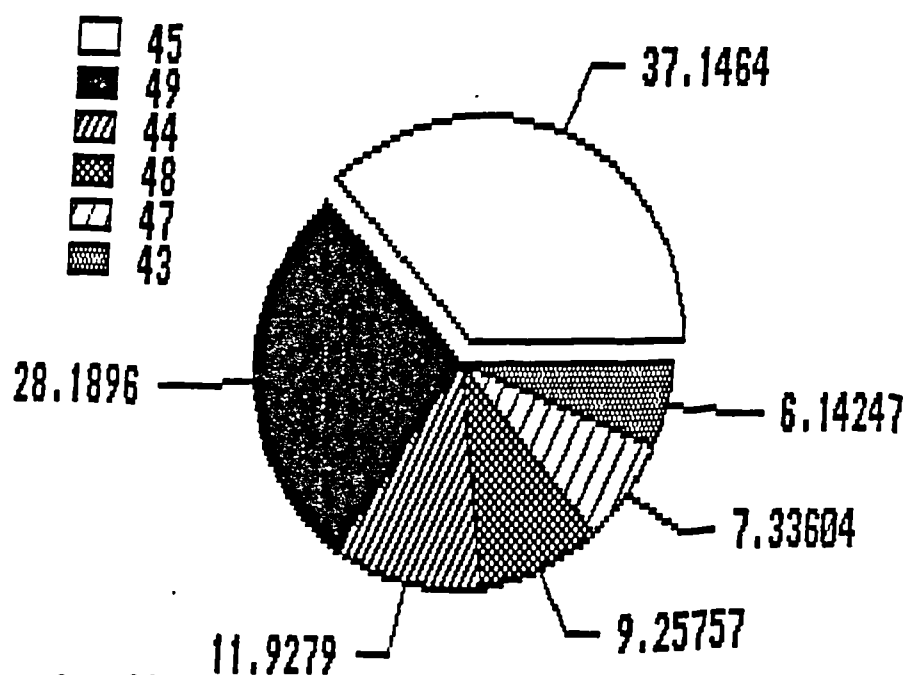
Table 4.2. Total Stores by Business Category for Census Years 1972-1985

	1972	1974	1975	1979	1982	1985
43 GENERAL MERCHANDISE						
431 Department Stores	2,746	3,153	3,558	3,631	4,219	3,531
439 Miscellaneous General Merchandise	855	1,285	1,547	1,985	1,754	1,827
	1,891	1,868	2,011	1,645	2,465	1,704
44 DRY GOODS, APPAREL AND ACCESSORIES						
441 Dry Goods, Dress Materials and Bedding Stores	205,979	216,928	227,352	236,904	242,864	229,506
442 Men's Clothing Stores (Foreign Style)	53,000	55,091	57,394	58,761	59,662	54,234
443 Women's and Children's Dress Stores (Foreign Style)	40,976	43,211	44,361	42,829	40,984	35,929
444 Footwear Stores	29,764	36,080	45,536	57,782	66,502	70,814
449 Miscellaneous Retail Apparel and Accessories	36,645	35,477	34,522	32,887	30,712	27,649
	45,594	47,059	45,639	44,645	45,004	40,980
45 FOOD AND BEVERAGES						
451 Grocery Stores	711,367	721,241	732,818	734,750	725,585	671,130
452 Beverage and Seasoning Stores	82,093	89,632	93,625	96,437	90,504	92,602
453 Meat and Poultry Stores	102,648	106,344	106,436	107,277	109,621	106,593
454 Fresh Fish Stores	39,366	42,222	43,836	43,874	41,371	36,171
455 Cured Food Stores	56,165	56,947	58,057	56,574	53,133	46,638
456 Vegetable and Fruit Stores	15,662	15,495	14,820	13,196	11,850	9,419
457 Confectionary and Bakery Stores	65,293	66,110	66,195	61,727	56,785	50,871
458 Rice, Barley and other Cereal Stores	189,444	182,413	184,580	179,675	175,941	150,416
459 Miscellaneous Retail Food Beverage Stores	40,214	40,842	41,864	42,443	42,467	41,467
	120,482	121,236	123,405	123,547	141,813	137,213
42 MOTOR VEHICLES, BICYCLES AND CABS						
421 Motor Vehicle Dealers	59,410	62,646	66,987	73,961	84,988	83,931
422 Bicycles, Including Motor cycle Stores	24,191	22,081	31,279	38,287	47,652	47,686
	35,219	35,565	35,708	35,674	37,336	36,245
48 FURNITURE, FIXTURE AND HOUSEHOLD UTENSILS						
481 Furniture, Fixture and Strain Mat Stores	156,912	164,079	175,345	183,201	189,404	172,686
482 Hardware and Kitchenware Stores	53,132	56,369	59,987	61,008	62,527	55,183
483 Chinaware and Glassware Stores	36,630	36,658	37,276	36,199	36,038	32,373
484 Household Appliances Stores	7,318	8,077	9,059	9,814	10,259	8,970
489 Miscellaneous Household Utensil Stores	58,765	61,892	67,766	74,727	78,943	74,386
	1,067	1,083	1,255	1,453	1,637	1,774
49 MISCELLANEOUS RETAIL STORES						
491 Drug and Toiletory Stores	359,096	380,137	408,007	441,220	474,405	467,700
492 Farm and Garden Supply Stores	62,456	64,935	69,156	75,462	82,855	85,181
493 Fuel Stores (Including Petrol Stations)	18,789	18,985	20,008	21,107	22,367	21,428
494 Book and Stationery Stores	59,665	64,255	68,424	70,668	75,045	74,470
495 Secondhand Stores	58,912	62,276	67,348	72,501	78,427	78,186
499 Retail Trade, not classified elsewhere	4,632	4,481	4,812	4,958	5,158	5,014
	154,642	165,145	178,259	196,524	210,553	203,421
TOTAL: ALL STORES	1,495,510	1,548,184	1,614,067	1,673,667	1,721,465	1,629,644

4.3.3 Composition of Employee Totals 1972-1985.

As with stores, Group 45 Food and Beverage Stores consist entirely contained the greatest number of employees between 197 and 1985. Tables 4.4 and 4.5 also show that Group 43 General Merchandise Stores always had the fewest. Figure 4.2 depicts the relative importance, in terms of employees, of the six store groups in 1985. In comparison with the proportions of stores in Figure 4.1, the difference between the percentages of General Merchandise Stores (6.14%) and Food and Beverage Stores (37.15%) is significant but is not as great, this being due to the relatively large number of staff per Group 43 store.

**Fig 4.2 Percentages Of Employees 1985
By Broad Retailing Categories**



KEY

- 43 General Merchandise
- 44 Dry Goods, Apparel and Accesories
- 45 Food and Beverages
- 47 Motor Vehicles, Bicycles and Carts
- 48 Furniture Fixture and Household Utensils
- 49 Miscellaneous Retail Stores

In Table 4.5, the percentages of staff for Catagory 431 Department Stores were significantly higher than for stores. In 1985 the percentage for employees was 6.02%, nearly 55 times as great as the percentage of stores (0.11%).

Table 4.4 Total Employees by Business Category for Census Years 1972-1985

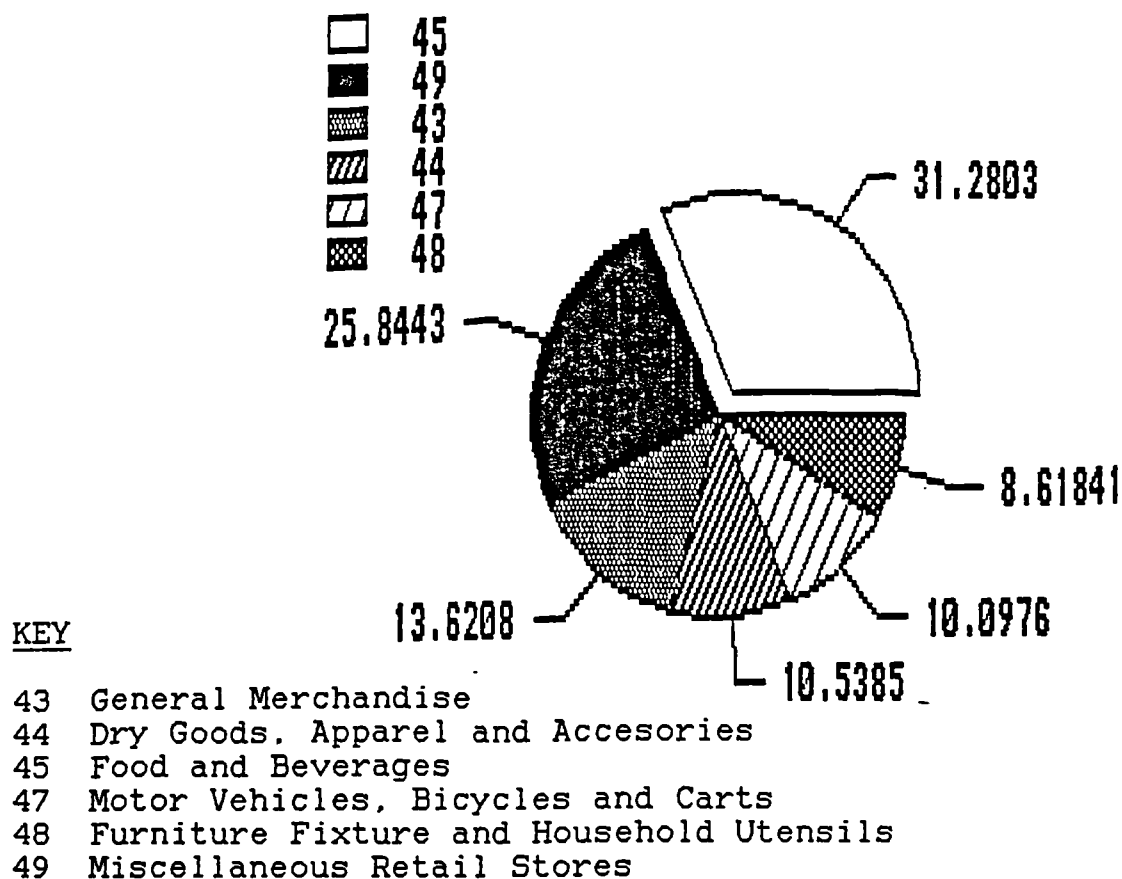
	1972	1974	1975	1971	1982	1985
43 GENERAL MERCHANDISE						
431 Department Stores	226,799	303,505	324,638	361,410	277,234	380,711
439 Miscellaneous General Merchandise	10,547	10,573	11,109	9,703	9,783	8,022
44 DRY GOODS, APPAREL, AND ACCESSORIES	751,299	755,205	774,924	782,749	793,447	754,871
441 Dry Goods, Dress Materials and Bedding Stores	228,481	223,871	223,626	220,604	220,214	198,546
442 Men's Clothing Stores (Foreign Style)	149,736	146,100	141,366	128,906	120,381	106,488
443 Women's and Children's Dress Stores (Foreign style)	140,038	155,229	194,419	225,695	250,023	252,367
444 Footwear Stores	88,162	84,754	84,015	80,917	75,499	69,968
449 Miscellaneous Retail Apparel and Accessories	144,882	145,251	131,508	126,617	126,210	127,502
45 FOOD AND BEVERAGES	1,916,651	1,931,043	2,012,665	2,138,632	2,112,917	2,350,851
451 Grocery Stores	299,780	316,670	365,987	439,012	437,526	621,966
452 Beverage and Seasoning Stores	286,425	288,480	286,061	289,804	293,305	294,115
453 Meat and Poultry Stores	121,991	124,955	128,999	123,506	123,200	112,363
454 Fresh Fish Stores	153,723	152,607	156,481	154,071	145,231	132,192
455 Cured Food Stores	36,269	35,880	34,784	32,272	29,389	23,771
456 Vegetable and Fruit Stores	179,769	172,904	178,999	167,405	161,832	146,173
457 Confectionary and Bakery Stores	384,812	372,033	385,339	391,249	404,493	373,531
458 Rice, Barley and other Cereal Stores	117,893	115,402	117,467	119,816	118,979	116,341
459 Miscellaneous Retail Food Beverage Stores	335,989	346,842	358,558	415,217	493,000	530,419
47 MOTOR VEHICLES, BICYCLES, AND CARTS	358,236	362,481	386,945	444,377	473,308	464,269
471 Motor Vehicle Dealers	293,387	297,591	321,079	377,310	400,000	390,416
472 Bicycles, Including Motorcycle Stores	64,849	64,890	65,866	67,067	73,308	73,853
48 FURNITURE, FIXTURE, AND HOUSEHOLD UTENSILS	573,236	586,614	608,951	624,496	624,094	585,875
481 Furniture, Fixture and Strain Mat Stores	179,088	189,206	197,521	200,126	198,632	177,403
482 Hardware and Kitchenware Stores	95,150	94,612	96,127	96,579	101,518	100,001
483 Chinaware and Glassware Stores	23,463	25,167	27,382	29,325	29,825	26,067
484 Household Appliances Stores	271,544	273,720	283,247	293,113	288,291	275,019
489 Miscellaneous Household Items Stores	3,991	3,909	4,674	5,353	5,828	7,385
49 MISCELLANEOUS RETAIL STORES	1,304,779	1,353,957	1,460,568	1,536,915	1,778,663	1,784,015
491 Drug and Toiletory Stores	175,190	173,512	184,023	203,280	223,739	229,490
492 Farm and Garden Supply Stores	76,704	79,196	85,518	93,138	95,136	90,284
493 Fuel Stores (Including Petroleum Stations)	307,442	315,386	324,322	333,470	356,711	357,248
494 Book and Stationery Stores	340,464	360,222	405,023	457,112	437,637	547,175
495 Secondhand Stores	9,408	8,897	9,458	9,557	10,331	10,173
499 Retail Trade, not classified elsewhere	395,521	416,244	452,224	502,358	555,059	543,645
TOTAL ALL STORES	5,141,377	5,303,328	5,573,800	5,960,432	6,163,446	6,328,614

4.3.4 Composition of Annual Sales 1972-1985.

As with stores and employees, Group 45 Food and Beverage Stores consistently recorded the highest amount for annual sales between 1972 and 1985. Tables 4.6 and 4.7 show that from 1974, Group 43 General Merchandise Stores were ranked third in sales.

Figure 4.3 depicts the relative importance, in terms of sales, of the six store groups in 1985. In comparison with stores in Figure 4.1, and employees in Figure 4.2, the difference between the percentages of General Merchandise Stores (13.62%) and Food and Beverage Stores (31.28%) is much less, this being due to the relatively large sales per Group 43 store.

**Fig 4.3 Percentages of Sales 1985
By Broad Retailing Categories**

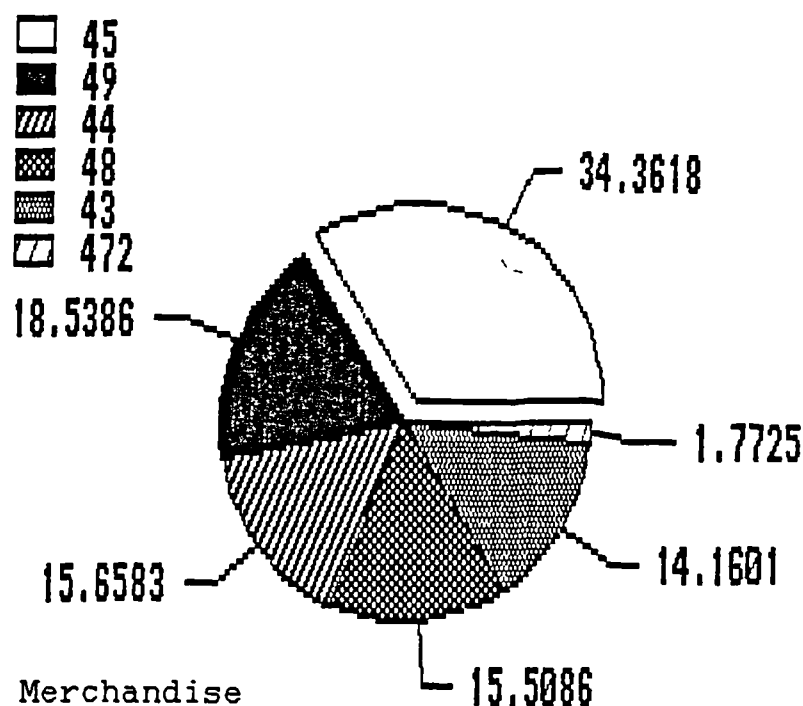


In Table 4.7, the percentages of sales for Catagory 431 Department Stores were higher in all years than other catagories of stores. In 1985 the percentage for sales was 13.46%, over 122 times as great as the percentage of stores (0.11%).

4.3.5 Composition of Total Sales Floorspace 1972-1985.

Group 45 Food and Beverage Stores constituted the highest sub total of sales floorspace between 1972 and 1985. Tables 4.8 and 4.9 do not include floorspace for Category 471 Motor Vehicle Dealers, nor the Petrol Stations within Category 493 Fuel Stores. This data was not recorded in the Census. Figure 4.4 illustrates the relative importance, in terms of the known floorspace, of the six store groups in 1985.

**Fig 4.4 Percentages of Sales Floorspace
By Broad Retailing Category 1985**



KEY

- 43 General Merchandise
- 44 Dry Goods, Apparel and Accessories
- 45 Food and Beverages
- 472 Motor Bikes, Bicycles and Carts
- 48 Furniture Fixture and Household Utensils
- 49 Miscellaneous Retail Stores

In Table 4.9, the percentages of floorspace for Category 431 Department Stores were higher than for all other store categories from 1974 onwards. In 1985 the percentage was 13.90%, an amount of 13,174,388 square metres. In the same year, Category 451 Grocery Stores were next, with 12,973,552 square metres (13.69%). By way of contrast to the Department Stores, Class 439 General Merchandise Stores totalled 207,952 square metres (.22%).

Table 4.8 Sales Floorpace (Square Feet) by Business Category for Census Years 1972 - 1985

	1972	1974	1976	1979	1982	1985
43 GENERAL MERCHANDISE						
431 Department Stores	5,343,681	7,816,215	9,422,017	11,565,420	12,429,438	13,382,340
439 Miscellaneous general merchandise	5,000,302	7,509,530	9,141,099	11,235,770	12,186,082	13,174,388
	342,779	386,685	280,918	329,650	243,356	207,952
44 DRY GOODS, APPAREL AND ACCESSORIES						
441 Dry Goods, Dress Materials and Bedding Stores	10,930,619	11,684,092	12,882,168	14,188,798	15,405,427	14,798,155
442 Men's Clothing Stores (Foreign Style)	3,409,251	3,497,388	3,662,301	3,806,347	3,934,390	3,456,239
443 Women's and Children's Dress Stores (Foreign Style)	1,676,225	1,791,763	1,867,204	1,976,306	2,087,211	1,942,235
444 Footwear Stores	2,285,552	2,669,196	3,858,255	4,715,399	5,606,496	5,517,961
449 Miscellaneous Retail Trade - Apparel and Accessories	1,235,471	1,259,910	1,327,169	1,401,944	1,444,374	1,382,376
	2,324,150	2,465,915	2,167,231	2,288,802	2,332,956	2,499,344
45 FOOD AND BEVERAGES						
451 Grocery Stores	24,209,920	25,611,680	27,507,645	30,658,986	33,189,784	32,474,331
452 Beverage and Seasoning Stores	6,044,854	6,795,123	8,083,309	9,940,695	11,769,387	12,973,552
453 Meat and Poultry Stores	3,943,085	4,158,392	4,157,372	4,438,008	4,650,273	4,443,067
454 Fresh Fish Stores	1,032,709	1,152,773	1,227,527	1,343,237	1,341,851	1,163,357
455 Cured Food Stores	1,531,936	1,608,962	1,656,954	1,757,334	1,716,735	1,492,762
456 Vegetable and Fruit Stores	467,563	476,918	470,010	462,827	436,486	313,064
457 Confectionary and Bakery Stores	2,095,455	2,284,941	2,269,020	2,265,492	2,248,517	1,949,547
458 Rice, Barley and other Cereal Stores	4,351,147	4,294,631	4,461,669	4,629,520	4,752,350	4,071,802
459 Miscellaneous Retail Food Beverage Stores	1,535,669	1,530,585	1,546,290	1,614,190	1,628,873	1,535,593
	3,287,502	3,389,355	3,635,494	4,207,683	4,645,312	4,531,587
42 MOTOR VEHICLES, BICYCLES AND CARTS						
421 Motor Vehicle Dealers	-	-	-	-	-	-
422 Bicycles, Including Motor cycle Stores	1,334,357	1,406,671	1,407,862	1,573,668	1,755,073	1,675,142
48 FURNITURE FIXTURE AND HOUSEHOLD UTENSILS						
481 Furniture, Fixture and Straw Hat Stores	10,361,090	11,405,743	12,785,858	14,595,907	15,923,392	14,656,667
482 Hardware and Kitchenware Stores	5,243,952	6,174,638	7,027,678	7,895,882	8,406,237	7,447,078
483 Chinaware and Glassware Stores	1,671,025	1,723,553	1,924,514	2,122,192	2,537,608	2,436,252
484 Household Appliances Stores	401,333	448,901	515,212	637,421	669,498	563,423
489 Miscellaneous Household Utensil Stores	2,998,857	3,003,001	3,253,096	3,751,418	4,202,106	4,086,432
	53,923	55,650	65,368	90,066	107,943	123,482
49 MISCELLANEOUS RETAIL STORES						
491 Drug and Toiletory Stores	11,412,191	11,713,814	13,097,337	15,043,366	16,078,036	17,520,348
492 Farm and Garden Supply Stores	2,139,027	2,188,836	2,323,836	2,692,502	3,071,962	3,210,727
493 Fuel Stores (Including Petrol Stations)	1,396,544	1,295,436	1,428,805	1,777,293	1,897,629	1,777,385
494 Book and Stationery Stores	1,189,240	936,315	956,159	980,488	1,078,546	1,016,241
495 Secondhand Stores	1,953,641	2,063,603	2,315,717	2,731,055	3,051,882	2,897,227
499 Retail Trade, not classified elsewhere	141,604	138,422	153,956	178,014	195,327	193,137
	4,592,135	5,099,202	5,918,864	7,491,214	8,282,690	8,425,631
TOTAL	63,591,888	69,718,215	77,102,879	88,425,345	96,781,150	94,252,166

Table 4.10 Average Sales Floorpace (Square Metres) by Business Category for Census Years 1972 - 1985

	1972	1974	1975	1979	1982	1985
43 GENERAL MERCHANDISE						
431 Department Stores	1945.99	2478.98	2648.12	3185.19	2946.06	3789.96
439 Miscellaneous General Merchandise	5849.01	5843.99	5908.92	5557.49	6947.68	7210.94
	181.27	164.18	139.69	200.48	98.72	122.04
44 DRY GOODS, APPAREL AND ACCESSORIES	53.07	53.86	56.66	59.89	63.43	64.45
441 Dry Goods, Dress Materials and Bedding Stores	64.33	63.48	63.81	64.78	65.94	63.73
442 Men's Clothing Stores (Foreign Style)	40.91	41.47	42.09	46.14	58.93	54.86
443 Women's and Children's Dress Stores (Foreign Style)	76.79	73.98	84.73	81.61	84.31	77.92
444 Footwear Stores	33.71	35.51	38.44	42.63	47.03	50.00
449 Miscellaneous Retail Apparel and Accessories	50.97	52.39	47.59	51.27	51.84	60.99
45 FOOD AND BEVERAGES	34.03	35.51	37.54	41.73	45.74	48.38
451 Grocery Stores	73.63	75.81	86.34	103.08	129.98	140.10
452 Beverage and Seasoning Stores	38.41	39.10	39.06	41.37	42.42	41.64
453 Meat and Poultry Stores	26.23	27.30	28.00	30.62	32.43	32.16
454 Fresh Fish Stores	27.20	28.25	28.54	31.06	32.31	32.01
455 Cured Food Stores	29.85	30.78	31.71	35.07	36.83	33.24
456 Vegetable and Fruit Stores	32.09	33.35	34.28	36.70	38.25	38.32
457 Confectionary and Bakery Stores	22.97	23.54	24.17	25.77	27.01	27.01
458 Rice, Barley and other Cereal Stores	38.19	37.48	36.94	38.03	38.36	37.30
459 Miscellaneous Retail Food Beverage Stores	26.62	27.96	29.46	31.51	32.76	33.03
47 MOTOR VEHICLES, BICYCLES AND CARTS	-	-	-	-	-	-
471 Motor Vehicle Dealers	-	-	-	-	-	-
472 Bicycles, Including Motor cycle Stores	37.89	39.55	39.43	44.11	47.01	46.22
48 FURNITURE, FIXTURE AND HOUSEHOLD UTENSILS	66.03	69.51	72.92	79.67	84.07	84.87
481 Furniture, Fixture and Strain Mat Stores	98.70	109.54	117.15	129.41	134.41	134.95
482 Hardware and Kitchenware Stores	45.62	47.02	51.63	61.38	70.41	75.26
483 Chinaware and Glassware Stores	54.84	55.58	56.87	64.95	65.26	62.81
484 Household Appliances Stores	50.90	48.52	48.00	50.28	53.23	54.94
489 Miscellaneous Household Utensil Stores	50.54	51.39	52.08	61.99	65.94	69.61
49 MISCELLANEOUS RETAIL STORES	31.78	30.81	32.10	35.91	38.11	37.46
491 Drug and Toiletory Stores	34.25	33.55	33.60	35.68	37.08	37.69
492 Farm and Garden Supply Stores	74.33	68.23	71.41	84.20	84.84	82.95
494 Book and Stationery Stores	33.16	33.14	34.38	37.67	38.91	37.06
495 Secondhand Stores	30.57	30.89	31.93	34.29	37.87	38.52
499 Retail Trade, not classified elsewhere	29.20	30.88	33.20	38.12	41.21	41.42
TOTAL	44.29	46.98	49.88	55.16	58.78	60.92

Table 4.10 shows the average floorspace of stores in each category. The most noticeable feature is the large average size of Category 431 Department Stores compared with other stores. Between 1972 and 1985, the average floorspace of Category 431 stores had increased from 5,849 square metres to 7,211 square metres, an increase in size of 1,362 square metres or 23.28%. During the same period the average size of Category 451 Grocery Stores almost doubled from 73.63 to 140.18 square metres, an increase of 66.55 square metres (90.38%). The average for all stores rose from 44.29 to 60.97 square metres, an increase of 16.68 square metres or 37.67%.

In three of the 28 categories the average store size declined. Most noticeably, Category 439 General Merchandise Stores fell from an average of 181.27 square metres in 1972 to 122.04 square metres in 1985, a decline of 59.23 square metres or 32.68%. The size of these stores fluctuated considerably. For example, the respective figures for 1976, 1979 and 1982 were 139.69, 200.40 and 98.72 square metres. Class 441 Dry Goods Stores declined by a small amount from 64.33 to 63.73 square metres, and Category 458 Rice and Cereal Stores from 38.19 to 37.30 square metres.

4.4 Major Trends in Retailing 1972 - 1985

4.4.1 The Impact and Importance Of Large Stores.

Tables 4.7 and 4.9 show the pre-eminence of Category 431 Department Stores in terms of annual sales and sales floorspace; despite the fact that the number of stores had only risen from 0.06% of the total in 1972 to 0.11% in 1985.

In each Census from 1972 to 1985 inclusive, this category recorded the highest percentage of total sales. The percentage in 1972 was 10.91% and in 1979 it had increased to 14.26%. It fell back to 13.29% in 1982, but by 1985 it increased again to 13.46%.

when annual sales amounted to 13,694,870 million Yen. The average annual sales per store figure in 1985 was 7,495,823,755 Yen. This figure is approximately 37 times that of the second highest category, Motor Vehicle Dealers, which equalled 202,338,821 Yen.

There was a similar pattern in respect of sales floorspace; except that in 1972 the percentage of floorspace for Department Stores (7.86%) was bettered by Category 451 Grocery Stores (9.51%) and Category 481 Furniture, Fixture and Straw Mat Stores (8.25%). The share of floor space rose to 12.71% in 1979, declined to 12.59% in 1982, and then rose to 13.90% in 1985 when floorspace amounted to 13,174,388 square metres and the average selling space was 7,211 square metres. The next category of stores was Grocery Stores, with an average sales space of 140.18 square metres.

In 1985, Category 431 stores ranked sixth in terms of employees with 380,711 persons (6.02%), an increase of 153,912 (67.86%) since 1972. The average number of employees per store was 84.24. The definition of these stores includes the requirement that each store has at least 50 employees. It is not stated in the Census which other categories include stores with more than 50 employees.

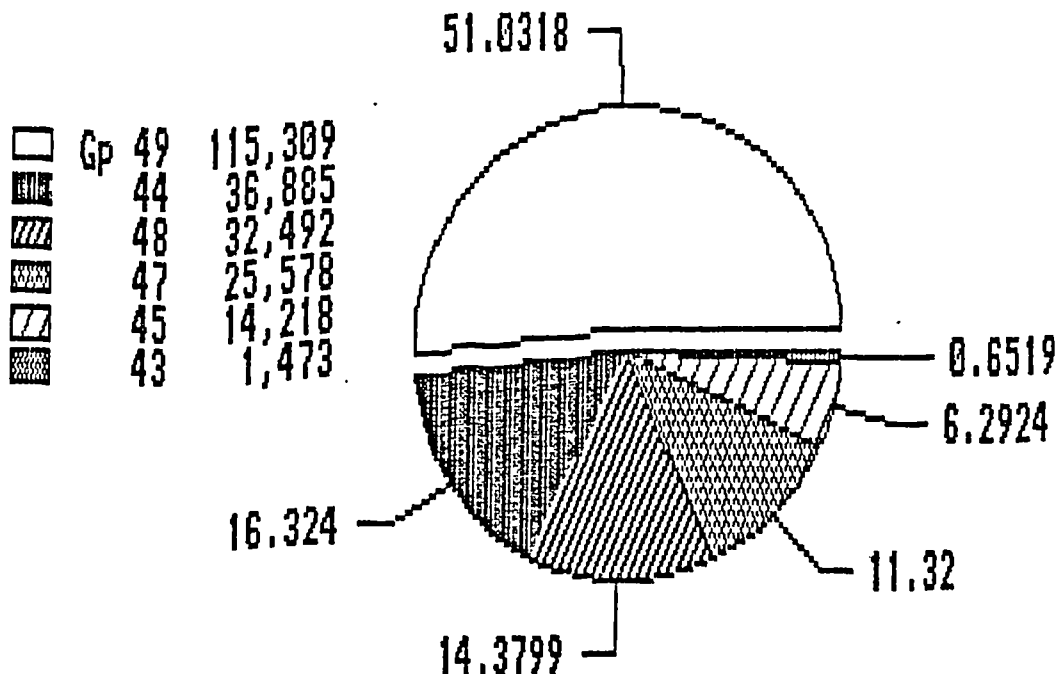
If large stores are defined to include all stores with 50 or more regular employees, then in 1976 they accounted for approximately 0.3% of all stores, and 0.4% in 1985. Their combined annual sales amounted to 20.5% of the national total in 1976, 20.8% in 1979, and 20.0% in 1982. (Table 11 of the Statistical Abstract of Japanese Distribution, 1986). In 1982 the sales of these stores amounted to 18,794,238 million Yen. Of this total, Category 431 stores sales amounted to 12,489,933 million Yen.

4.4.2 Changes in Store Numbers.

For the first time since 1962, the total number of stores in 1985 was lower than in the previous census. In 1982 there were 1,721,465 stores. Three years later the total was 92,845 less at 1,628,620. This was a reduction of 5.39%.

Apart from Group 45 Food and Beverage stores, the number of stores in each of the six main groups of retailing had increased continually from 1972 to 1982, and had then decreased by 1985. The number of Food and Beverage stores first declined in 1982, then again in 1985. For each group, the total increase of stores for the period 1972 - 1982, and the percentage of the total increase of 225,955 stores, is depicted in Figure 4.5.

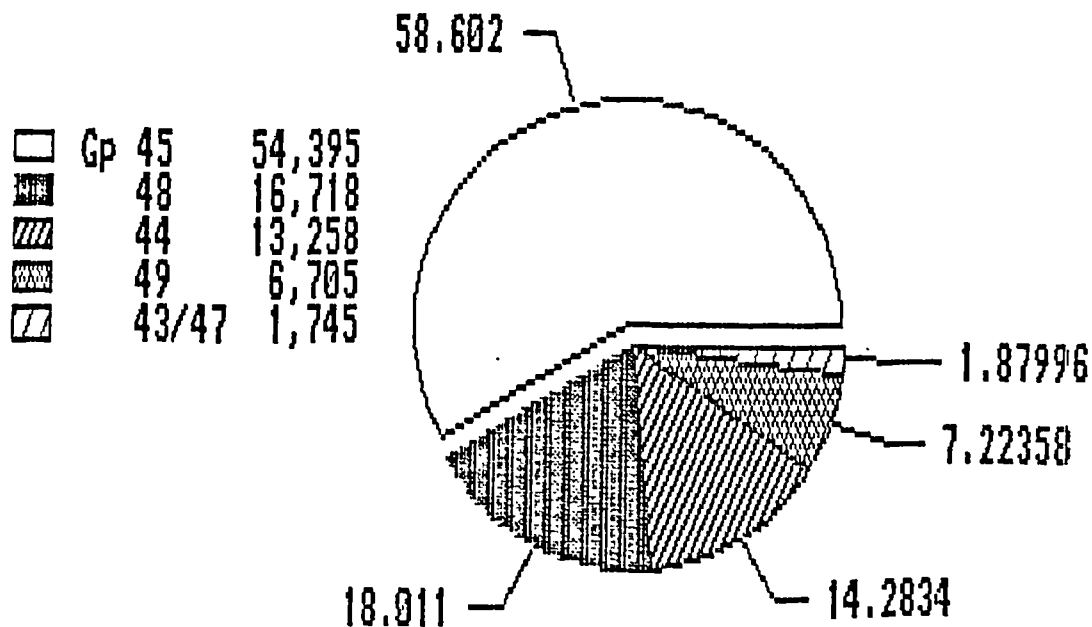
Fig 4.5 Increases in Store Numbers by Broad Retailing Categories 1972-82



- 43 General Merchandise
- 44 Dry Goods, Apparel and Accesories
- 45 Food and Beverages
- 47 Motor Vehicles, Bicycles and Carts
- 48 Furniture Fixture and Household Utensils
- 49 Miscellaneous Retail Stores

Group 49 Miscellaneous Stores increased by 115,309 stores (51.03%). Category 499 (not Classified Elsewhere) stores are in this group. They include :- Sports Goods. Toys. Cameras. Watches. Musical Instruments. Tobacconists: and Florists. From 1985, the reclassification of the Census category numbering system meant that separate figures were available for some of these types of stores. This is a reflection of the increasing importance attached to these stores in recent years. For example, many of these stores sell leisure related products. The increasing demand for these was noted in Chapter 3. The other main feature of Figure 4.5 is the comparatively tiny increase of 1,473 stores (0.65%) in Group 43 General Merchandise Stores.

Fig 4.6 Decreases in Store Numbers by Broad Retailing Categories 1982-85



KEY

- 43 General Merchandise
- 44 Dry Goods, Apparel and Accesories
- 45 Food and Beverages
- 47 Motor Vehicles. Bicycles and Carts
- 48 Furniture Fixture and Household Utensils
- 49 Miscellaneous Retail Stores

Figure 4.6 illustrates how the decreases in stores between 1982 and 1985 were split between the main types of retailers. Groups 43 and 47 are added together for graphical convenience, because of their low respective decreases of 608 and 1,057 stores. In Group 43, Department Stores increased by 73, and in Group 47 there were 34 more Motor Vehicle Dealers.

The decrease of 54,395 Food and Beverage stores represents 58.60% of the total decrease in stores between 1982 and 1985. These stores had increased by 14,218 (2.00%) between 1972 and 1982. It was the only group to record a decrease between 1972 and 1985, with a reduction of 40,177 stores (5.65%) for the period.

Table 4.11 gives the full breakdown of changes in store numbers, for the 6 broad types of retailing and 29 individual categories, from 1972 to 1985. For convenience, Table 4.12 shows in descending order the five categories with the greatest increases in store numbers between 1972 and 1985, and the five with the greatest decreases. In a similar manner, Table 4.13 shows the greatest percentage changes in store numbers.

These three tables show the decline in the importance of all categories of Group 45 stores, with the exception of Category 451 Grocery Stores. These increased by 8,511 between 1972 and 1982, and 1,998 between 1982 and 1985; a total increase of 10,509 between 1972 and 1985.

The only store group in Group 44 which grew in numbers steadily, and significantly, throughout 1972 to 1985 were Women's and Children's Dress Stores. This category recorded the highest increase in percentage terms of 137.92%, with an increase of 41,058 stores which was second to Category 499 with 48,779 (31.54%). Other stores with notable and sustained growth were Category 491 Drug and Toiletry Stores, which grew by 22,725

Table 4.11 Changes In Store Numbers, By Business Category, 1972 - 1985.

	Change 1972-85		Change 1972-82		Change 1982-85	
		%		%		%
43 GENERAL MERCHANDISE						
431 Department stores	972	113.68	899	105.15	73	4.16
439 Miscellaneous General Merchandise	-187	-9.89	574	30.35	-761	-30.87
	785	28.59	1,473	53.64	-688	-16.31
44 DRUG GOODS, FURNITURE AND ACCESSORIES						
441 Dry Goods, Dress Materials and Bedding Stores	1,234	2.33	6,662	12.57	-5,428	-9.10
442 Men's (Including Stores (Foreign Style))	-5,047	-12.32	8	.02	-5,055	-12.33
443 Women's and Children's Dress Stores (Foreign Style)	41,050	137.92	36,738	123.43	4,312	6.48
444 Footwear Stores	-8,996	-24.55	-5,933	-16.19	-3,063	-9.97
449 Miscellaneous Retail Trade - Apparel and Accessories	-4,614	-10.12	-590	-1.29	-4,024	-8.94
	23,627	11.47	36,885	17.91	-13,258	-5.46
45 FOOD AND BEVERAGES						
451 Grocery Stores	-40,177	-5.65	14,218	2.00	-54,395	-7.50
452 Beverage and Seasoning Stores	10,509	12.80	8,511	10.37	1,998	2.21
453 Meat and Poultry Stores	4,045	3.94	6,973	6.79	-2,928	-2.67
454 Fresh Fish Stores	-3,195	-8.12	2,005	5.09	-5,200	-12.57
455 Cured Food Stores	-9,527	-16.96	-3,032	-5.40	-6,495	-12.22
456 Vegetable and Fruit Stores	-6,243	-39.86	-3,812	-24.34	-2,431	-20.51
457 Confectionery and Bakery Stores	-14,422	-22.09	-6,508	-9.97	-7,914	-13.46
458 Rice, Beer, and other Cereal Stores	-39,028	-20.60	-13,503	-7.13	-25,525	-14.51
459 Miscellaneous Retail Food Beverage Stores	953	2.37	2,253	5.60	-1,300	-3.06
	16,731	13.89	21,331	17.70	-4,600	-3.24
	24,521	41.27	25,578	43.05	-1,057	-1.24
47 MOTOR VEHICLES, BICYCLES AND PARTS						
471 Motor Vehicle Dealers	23,495	97.12	23,461	96.98	34	.07
472 Bicycles, including Motor cycle Stores	1,026	2.91	2,117	6.01	-1,091	-2.92
	15,774	10.05	32,492	20.71	-16,718	-8.83
48 FURNITURE, TRAVEL AND HOUSEHOLD UTENSILS						
481 Furniture, Picture and Strain Hat Stores	2,051	3.86	9,395	17.68	-7,344	-11.75
482 Hardware and Kitchenware Stores	-4,257	-11.62	-592	-1.62	-3,665	-10.17
483 Chinaware and Glassware Stores	1,652	22.57	2,941	40.19	-1,289	-12.56
484 Household Appliances Stores	15,621	26.58	20,178	34.34	-4,557	-5.77
489 Miscellaneous Household Utensil Stores	707	66.26	570	53.42	137	8.37
	108,604	30.24	115,309	32.11	-6,705	-1.41
49 MISCELLANEOUS RETAIL STORES						
491 Drug and Toy Stores	22,725	36.39	20,399	32.66	2,326	2.81
492 Farm and Garden Supply Stores	2,639	14.05	3,578	19.04	-939	-4.20
493 Fuel Stores (Including Petrol Stations)	14,805	24.81	15,380	25.78	-575	-.77
494 Book and Stationery Stores	19,274	32.72	19,515	33.13	-241	-.31
495 Secondhand stores	382	8.25	526	11.36	-144	-2.79
499 Retail Trade, not classified elsewhere	48,272	31.54	55,911	35.15	-7,639	-3.32
	133,134	8.30	225,955	15.11	-32,827	-5.32

Table 4.12. Greatest Changes In Store Numbers, By Business Category, 1972 - 1985.

	<u>1972-85</u>	<u>%</u>	<u>1972-82</u>	<u>%</u>	<u>1982-85</u>	<u>%</u>
B) GREATEST INCREASES						
499 Retail Trade, not classified elsewhere	48,779	31.54	55,911	36.16	-7,132	-3.39
443 Women's and Children's Dress Stores (Foreign Style)	41,050	137.92	36,738	123.43	4,312	6.48
471 Motor Vehicle Dealers	23,495	97.12	23,461	96.98	34	.07
491 Drug and Toiletory Stores	22,725	36.39	20,399	32.66	2,326	2.81
494 Book and Stationery Stores	19,274	32.72	19,515	33.13	-241	-.31

B) GREATEST DECREASES						
457 Confectionary and Bakery Stores	-39,028	-20.60	-13,503	-7.13	-25,525	-14.51
456 Vegetable and Fruit Stores	-14,422	-22.09	-6,508	-9.97	-7,914	-13.46
454 Fresh Fish Stores	-9,527	-16.96	-3,032	-5.40	-6,495	-12.22
444 Footwear Stores	-8,996	-24.55	-5,933	-16.19	-3,063	-9.97
455 Cured Food Stores	-6,243	-39.86	-3,812	-24.34	-2,431	-20.51
C) CHANGES FOR ALL STORES	133,134	8.90	225,955	15.11	-92,821	-5.39

Table 4.13. Greatest Percentage Changes In Store Numbers, By Business Category, 1972 - 1985.

	<u>% 1972-85</u>	<u>Stores</u>	<u>% 1972-82</u>	<u>Stores</u>	<u>% 1982-85</u>	<u>Stores</u>
B) GREATEST INCREASES						
443 Women's and Children's Dress Stores (Foreign Style)	137.92	41,050	123.43	36,738	6.48	4,312
431 Department Stores	113.68	972	105.15	899	4.16	73
471 Motor Vehicle Dealers	97.12	23,495	96.98	23,461	.07	34
489 Miscellaneous Household Utensil Stores	66.26	707	53.42	570	8.37	137
491 Drug and Toiletory Stores	36.39	22,725	32.66	20,399	2.81	2,326

B) GREATEST DECREASES						
455 Cured Food Stores	-39.86	-6,243	-24.34	-3,812	-20.51	-2,431
444 Footwear Stores	-24.55	-8,996	-16.19	-5,933	-9.97	-3,063
456 Vegetable and Fruit Stores	-22.09	-14,422	-9.97	-6,508	-13.46	-7,914
457 Confectionary and Bakery Stores	-20.60	-39,028	-7.13	-13,503	-14.51	-25,525
454 Fresh Fish Stores	-16.96	-9,527	-5.40	-3,032	-12.22	-6,495
C) CHANGES FOR ALL STORES	8.90	133,134	15.11	225,955	-5.39	-92,821

stores (36.39%). The only other stores with increases in each successive census were Category 489 Miscellaneous Household Utensil Stores. The total of these stores rose from 1,067 in 1972 to 1,774 in 1985, an increase of 707 (66.26%).

In 1985, four categories of stores within Group 45 appeared in the list of the top five categories in terms of the percentages of total stores. These are shown in Table 4.14 which lists the top and bottom five percentages in 1985, and also their percentages in previous years. Category 457 was the only one of the top five to decrease in store numbers between 1972 and 1985. The highest percentage of all stores in 1985 was 12.49% for Category 499 stores, while the lowest was 0.10% for Category 439 stores. Category 431 stores also appeared in the bottom five with 0.11% of all stores in 1985.

Table 4.14 Selected Categories: Percentages Of Total Stores

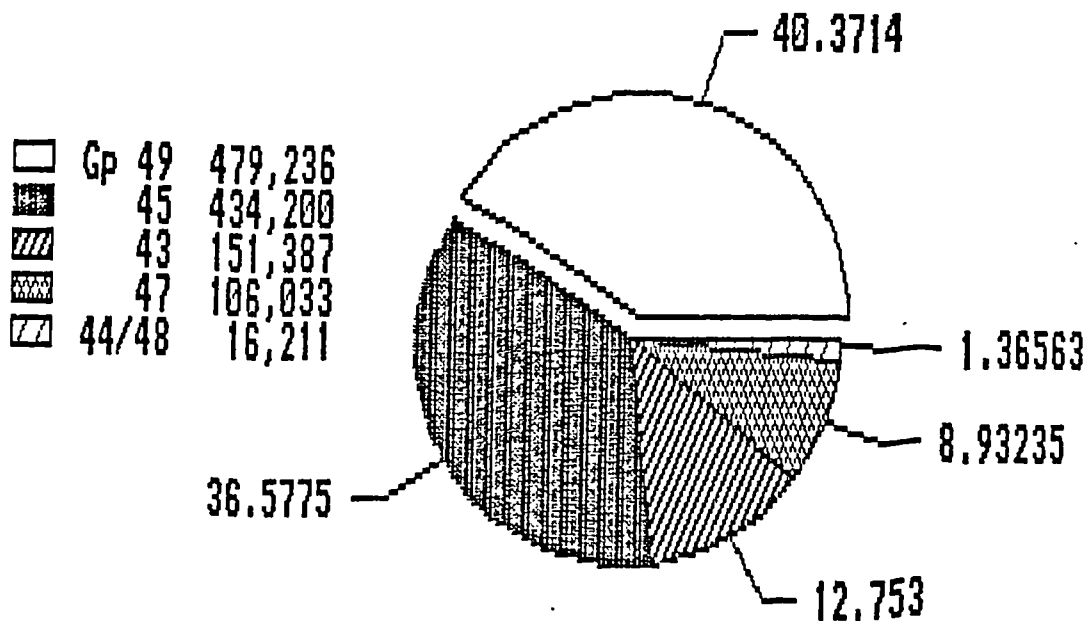
	<u>1972</u>	<u>1974</u>	<u>1976</u>	<u>1979</u>	<u>1982</u>	<u>1985</u>
<u>A) Top Five</u>						
499 Miscellaneous	10.34	10.67	11.04	11.74	12.23	12.49
457 Confectionery	12.67	11.78	11.44	10.74	10.22	9.24
459 Food & Beverage	8.06	7.83	7.65	7.98	8.24	8.42
452 Beverage/Seasoning	6.86	6.87	6.59	6.41	6.37	6.55
451 Grocery Stores	5.49	5.79	5.80	5.76	5.26	5.69
<u>Sub Total:</u>	<u>43.42</u>	<u>42.94</u>	<u>42.52</u>	<u>42.63</u>	<u>42.32</u>	<u>42.39</u>
<u>B) Bottom Five</u>						
483 China & Glassware	.49	.52	.56	.59	.60	.55
495 Secondhand Stores	.31	.29	.30	.30	.30	.31
431 Department Stores	.06	.08	.10	.12	.10	.11
489 Household Utensil	.07	.07	.08	.09	.10	.11
439 General Merchandise	.13	.12	.12	.10	.14	.10

4.4.3 Changes in Employee Totals.

The number of people regularly employed in retailing increased by 1,187,237 or 23.09% between 1972 and 1985, compared with an increase of 8.90% in the number of stores. The average number of employees per store rose from 3.44 in 1972, to 3.70 in 1982, to 3.89 in 1985.

Figure 4.7 shows how the increase in employees between 1972 and 1985 was split between the main types of retailers. Groups 44 and 48 are added together because of their comparatively low respective increases of 3,572 and 12,639 persons. Groups 45 and 49 together accounted for an increase of 913,436 persons (76.95%). Group 43 contributed 12.75% of the increase despite accounting for an increase of stores during the period of 0.65%.

Fig 4.7 Increases in Employees by Broad Retailing Categories 1972-85



KEY

- 43 General Merchandise
- 44 Dry Goods, Apparel and Accesories
- 45 Food and Beverages
- 47 Motor Vehicles, Bicycles and Carts
- 48 Furniture Fixture and Household Utensils
- 49 Miscellaneous Retail Stores

Table 4.15 shows the breakdown of changes in employee numbers from 1972 to 1985. Table 4.16 shows the five categories with the greatest increases in employee numbers between 1972 and 1985, and the five with the greatest decreases. Similarly, Table 4.17 shows the greatest percentage changes in the numbers of employees.

There were increases for all categories in Groups 47 and 49 between 1972 and 1985. The only stores in Group 481 not to record an increase by 1985 were category 481 Furniture, Fixture and Straw Mat Stores. These stores had actually increased by 19,544 employees between 1972 and 1982, and then decreased by 21,229 between 1982 and 1985.

Category 451 Grocery Stores employees increased by the greatest amount of 322,176 persons, and by the greatest percentage of 107.47%, between 1972 and 1985. Category 459 Miscellaneous Retail Food and Beverage Store employees increased by the third highest number of 194,430 (57.87%). Category 452 Beverage and Seasoning Store employees were the remaining category in Group 45 with an increase of 7,690 (2.68%). There were reductions in employees for the other stores in this group; and an examination of Table 4.4 shows that these reductions started to occur mainly in the latter half of the 1970s. Only Category 452 Cured Food Stores employees consistently declined in numbers between each census from 1972 to 1985.

There were also steady reductions in employees for all store types in Group 44, apart from Category 443 Women's and Children's Dress Stores (Foreign Style). These stores rank third in the list of greatest percentage increases in Table 4.17, with an increase of 80.21% or 112,329 persons between 1972 and 1985.

In Group 43, the increase in employees in Department Stores was the fourth highest with 67.86% (153,912 persons). By

Table 4.15. Changes in Employee Totals, by Business Category, 1972 - 1985

	Change 1972-85	%	Change 1972-82	%	Change 1982-85	%
43 GENERAL MERCHANDISE						
431 Department Stores	151,387	63.78	149,691	63.07	1,696	.44
439 Miscellaneous General Merchandise	153,912	67.86	150,455	66.34	3,457	.92
	-2,525	-23.94	-764	-7.24	-1,761	-18.00
44 DRY GOODS, APPAREL AND ACCESSORIES						
441 Dry Goods, Dress Materials and Bedding Stores	3,572	.48	42,118	5.61	-38,546	-4.86
442 Men's Clothing Stores (Foreign Style)	-29,935	-13.10	-8,217	-3.60	-21,718	-9.86
443 Women's and Children's Dress Stores (Foreign Style)	-43,248	-28.86	-29,355	-19.60	-13,893	-11.54
444 Footwear Stores	112,329	80.21	109,985	78.54	2,344	.94
449 Miscellaneous Retail - Apparel and Accessories	-18,194	-20.64	-11,663	-13.23	-6,531	-8.54
	-17,380	-12.00	-18,632	-12.86	1,252	.99
45 FOOD AND BEVERAGES						
451 Grocery Stores	434,200	22.65	396,266	20.67	37,934	1.64
452 Beverage and Seasoning Stores	322,176	107.47	237,746	79.31	84,430	15.71
453 Meat and Poultry Stores	7,690	2.68	12,880	4.50	-5,190	-1.73
454 Fresh Fish Stores	-9,638	-7.90	1,209	.99	-10,847	-8.80
455 Cured Food Stores	-21,531	-14.01	-8,492	-5.52	-13,039	-8.98
456 Vegetable and Fruit Stores	-12,498	-34.46	-6,880	-18.97	-5,618	-19.12
457 Confectionary and Bakery Stores	-33,596	-18.69	-17,917	-9.97	-15,679	-9.69
458 Rice, Barley and other Cereal Stores	-11,281	-2.93	19,623	5.10	-30,904	-7.64
459 Miscellaneous Retail Food Beverage Stores	-1,552	-1.32	1,086	.92	-2,638	-2.22
	194,430	57.87	157,011	46.73	37,419	7.59
47 MOTOR VEHICLES, BICYCLES AND CARTS						
471 Motor Vehicle Dealers	106,033	29.60	115,072	32.12	-9,039	-1.91
472 Bicycles, including Motor cycle Stores	97,029	33.07	106,613	36.34	-9,584	-2.40
	9,174	14.18	8,629	13.34	545	.74
48 FURNITURE, FIXTURE AND HOUSEHOLD UTENSILS						
481 Furniture, Fixture and Strain Mat Stores	12,639	2.20	50,858	8.67	-38,219	-6.12
482 Hardware and Kitchenware Stores	-1,685	-.94	19,544	10.91	-21,229	-10.69
483 Chinaware and Glassware Stores	4,851	5.10	6,368	6.69	-1,517	-1.49
484 Household Appliances Stores	2,604	11.10	6,362	27.12	-3,758	-12.60
489 Miscellaneous Household Utensil Stores	3,475	1.28	16,747	6.17	-13,272	-4.60
	3,394	85.04	1,837	46.03	1,557	26.72
49 MISCELLANEOUS RETAIL STORES						
491 Drug and Toiletory Stores	479,236	36.73	473,874	36.32	5,362	.30
492 Farm and Garden Supply Stores	54,300	30.99	48,549	27.71	5,751	2.57
493 Fuel Stores (Including Petrol Stations)	13,580	17.70	18,432	24.03	-4,852	-5.10
494 Book and Stationery Stores	49,806	16.20	49,269	16.03	537	.15
495 Secondhand Stores	206,711	60.71	197,173	57.91	9,538	1.77
499 Retail Trade, not classified elsewhere	765	8.13	923	9.81	-158	-1.53
	154,024	38.95	159,528	40.33	-5,504	-2.98
TOTAL ALL STORES						
	1,182,237	23.08	1,226,049	23.89	-43,812	-3.64

Table 4.16 Greatest Changes In Employees, By Business Category, 1972 - 1985.

	1972-85	%	1972-82	%	1982-85	%
A) GREATEST INCREASES						
451 Grocery Stores	322,176	107.47	237,746	79.31	84,430	15.71
494 Book and Stationery Stores	206,711	60.71	197,173	57.91	9,538	1.77
459 Miscellaneous Retail Food Beverage Stores	194,430	57.87	157,011	46.73	37,419	7.59
499 Retail Trade, not classified elsewhere	154,074	38.95	159,528	40.33	-5,454	-.98
431 Department Stores	153,912	67.86	150,455	66.34	3,457	.92

B) GREATEST DECREASES

442 Men's Clothing Stores (Foreign Style)	-43,248	-28.88	-29,355	-19.60	-13,893	-11.54
456 Vegetable and Fruit Stores	-33,596	-18.69	-17,917	-9.97	-15,679	-9.69
441 Dry Goods, Dress Materials and Bedding Stores	-29,935	-13.10	-8,217	-3.60	-21,718	-9.86
454 Fresh Fish Stores	-21,531	-14.01	-8,492	-5.52	-13,039	-8.98
444 Footwear Stores	-18,194	-20.64	-11,663	-13.23	-6,531	-8.54
C) CHANGE FOR ALL STORES	1,187,237	23.09	1,228,049	23.89	-40,812	-.64

Table 4.17 Greatest Changes In Percentages of Employee Totals, By Business Category, 1972 - 1985

	1972-85	Persons	1972-82	Persons	1982-85	Persons
B) GREATEST INCREASES						
451 Grocery Stores	107.47	322,176	79.31	237,746	15.71	84,430
489 Miscellaneous Household Utensil Stores	85.04	3,394	46.03	1,837	26.72	1,557
443 Women's and Children's Dress Stores (Foreign Style)	80.21	112,329	78.54	109,986	.94	2,344
431 Department Stores	67.86	153,912	66.34	150,455	.92	3,457
494 Book and Stationery Stores	60.71	206,711	57.91	197,173	1.77	9,538

B) GREATEST DECREASES

455 Cured Food Stores	-34.46	-12,498	-18.97	-6,880	-19.12	-5,618
442 Men's Clothing Stores (Foreign Style)	-28.88	-43,248	-19.60	-29,355	-11.54	-13,893
439 Miscellaneous General Merchandise	-23.94	-2,525	-7.24	-764	-18.00	-1,761
444 Footwear Stores	-20.64	-18,194	-13.23	-11,663	-8.54	-6,531
456 Vegetable and Fruit Stores	-18.69	-33,596	-9.97	-17,917	-9.69	-15,679
C) CHANGE FOR ALL STORES	23.09	1,187,237	23.89	1,228,049	-.64	-40,812

contrast, Category 439 employees decreased by 2,525. The total increased from 10,547 in 1972 to a peak of 11,109 in 1976; before falling to 8,022 in 1985.

Table 4.18 shows the top and bottom five store categories in terms of their employees as percentages of all retail employees in 1985. Between 1972 and 1985 the combined percentage of the top five store types increased from 32.39 to 41.72%, showing their increasing importance in terms of retail employment.

The change in the percentage for Grocery Stores since 1972 is particularly noticeable. In 1972 there were four other categories with higher values, three of which appear in the table. Category 493 Fuel Stores was the other with 5.98%.

In the bottom five, the marked decline in the importance of categories 439 and 455 is evident. Although 489 had the lowest value in 1985, the table shows how this had increased since 1972.

Table 4.18 Selected Categories: Percentages of Total Employees.

	<u>1972</u>	<u>1974</u>	<u>1976</u>	<u>1979</u>	<u>1982</u>	<u>1985</u>
<u>A) Top Five</u>						
451 Grocery Stores	5.83	5.97	6.56	7.37	8.44	9.83
499 Misc. Stores	7.69	7.86	8.10	8.43	8.72	8.69
494 Books & Stationery	6.62	6.79	7.26	7.67	8.44	8.65
459 Misc. Food & Beverage	6.54	6.54	6.43	6.97	7.74	8.38
471 Motor Vehicle Dealers	5.71	5.61	5.75	6.33	6.28	6.17
<u>Sub Total:</u>	<u>32.39</u>	<u>32.77</u>	<u>34.10</u>	<u>36.77</u>	<u>39.62</u>	<u>41.72</u>
<u>B) Bottom Five</u>						
483 Chinaware & Glassware	.46	.47	.49	.49	.47	.41
455 Cured Food	.71	.68	.62	.54	.46	.38
495 Secondhand Stores	.18	.17	.17	.16	.16	.16
439 Misc. Gen. Merchandise	.21	.20	.20	.16	.15	.13
489 Household Utensils	.08	.07	.08	.09	.09	.12

4.4.4 Changes in Annual Sales.

Group 45 Food and Beverage Stores recorded the greatest increase in sales in 1985 as compared with 1972. This amounted to a difference of 23,128,094 million Yen, an increase of 266.15%. During the same time however, the increase in stores in this group had amounted to 6.29% of the total increase, as shown in Figure 4.5. Next, Group 49 Miscellaneous Retail Stores sales were 19,990,392 million Yen higher, which was a change of 317.40%.

The increase in Group 43 General Merchandise stores accounted for 0.65% of the increase in stores, and yet sales for this group were 10,677,971 million Yen higher in 1985 than in 1972, which was equivalent to an increase of 336.11%. This percentage was higher than any other group. The increase in sales for this group was higher than that of Groups 44, 47 and 48.

Table 4.19 shows the breakdown of differences in annual sales for all categories between 1972, 1982 and 1985. Table 4.20 shows the five categories with the greatest increases in annual sales, and the five with the greatest decreases. Similarly, Table 4.20 shows the greatest percentage changes in sales.

The largest increase between 1972 and 1985 was 10,805,815 million Yen, generated by Category 451 Grocery Stores. This was also the highest percentage increase of 529.72%; more than twice the increase of 259.52% in the national total. The increase in Category 431 Department Stores sales was next in magnitude with 10,608,084 million Yen, an increase of 343.75%.

In sharp contrast, the sales of the other stores in Group 43, namely Miscellaneous General Merchandise stores, recorded the lowest percentage increase of 76.82%, with the second lowest increase of 69,887 million Yen. The lowest increase was 55,624 million yen (163.87%) for Category 495 Secondhand Stores.

Table 4.19 Changes in Sales, by Business Category, 1972 - 1985

	Difference 1972 - 1985		Difference 1972 - 1982		Difference 1982 - 1985		
		%		%		%	
<u>43 GENERAL MERCHANDISE</u>							
431 Department Stores	10,677,971	336.11	9,479,506	298.38	1,198,465	9.47	
439 Miscellaneous General Merchandise	10,608,084	343.75	9,403,947	304.73	120,4137	9.64	
	69,887	76.82	75,558	83.05	-5,671	-3.41	
<u>44 DRY GOODS, APPAREL AND ACCESSORIES</u>							
441 Dry Goods, Dress Materials and Bedding Stores	6,932,325	183.04	6,392,503	168.78	539,822	5.30	
442 Men's Clothing Stores (Foreign Style)	1,434,705	116.54	1,471,012	119.49	-36,307	-1.34	
443 Women's and Children's Dress Stores (Foreign Style)	782,284	132.73	764,265	129.67	18,019	1.33	
444 Footwear Stores	3,318,431	388.50	3,015,845	353.07	302,586	7.82	
449 Miscellaneous Retail - Apparel and Accessories	502,899	154.23	508,886	156.06	-5,987	-.72	
	894,007	113.65	632,496	80.41	261,511	18.43	
<u>45 FOOD AND BEVERAGES</u>							
451 Grocery Stores	23,128,094	266.15	20,026,681	230.46	3,101,413	10.80	
452 Beverage and Seasoning Stores	10,805,815	529.72	8,464,206	414.93	2,341,609	22.29	
453 Meat and Poultry Stores	3,313,805	191.46	3,009,691	173.89	304,114	6.42	
454 Fresh Fish Stores	791,613	140.83	855,061	152.12	-63,448	-4.48	
455 Cured Food Stores	941,717	166.15	957,366	168.91	-15,649	-1.03	
456 Vegetable and Fruit Stores	119,428	78.22	182,539	119.55	-63,111	-18.83	
457 Confectionary and Bakery Stores	946,809	125.58	958,854	127.18	-12,045	-.70	
458 Rice, Barley and other Cereal Stores	1,541,547	167.04	1,642,629	175.50	-101,082	-3.92	
459 Miscellaneous Retail Food Beverage Stores	1,229,638	127.04	1,156,561	119.49	73,077	3.44	
	3,437,723	350.86	2,799,774	285.75	637,949	16.88	
<u>42 MOTOR VEHICLES, BICYCLES AND CARTS</u>							
471 Motor Vehicle Dealers	7,213,951	235.96	5,830,102	190.70	1,383,849	15.57	
472 Bicycles, Including Motor cycle Stores	6,755,828	233.53	5,453,443	188.72	1,296,385	15.52	
	458,122	278.69	370,659	225.48	87,463	16.35	
<u>48 FURNITURE, FICTURE AND HOUSEHOLD UTENSILS</u>							
481 Furniture, Ficture and Strau Hat Stores	5,483,634	167.03	5,007,506	152.53	476,128	5.74	
482 Hardware and Kitchenware Stores	1,547,844	183.88	1,657,488	196.91	-109,644	-4.39	
483 Chinaware and Glassware Stores	983,876	239.05	826,154	200.73	157,722	12.74	
484 Household Appliances Stores	174,012	178.14	191,553	196.10	-17,541	-6.06	
489 Miscellaneous Household Utensil Stores	2,638,360	141.12	2,277,383	119.10	420,977	10.05	
	79,544	402.67	54,929	278.07	24,615	32.96	
<u>49 MISCELLANEOUS RETAIL STORES</u>							
491 Drug and Toiletry Stores	19,990,392	317.40	18,942,197	300.75	1,048,195	4.15	
492 Farm and Garden Supply Stores	1,788,248	226.45	1,489,605	188.63	298,643	13.10	
493 Fuel Stores (Including Petrol Stations)	1,797,960	258.34	1,668,323	239.72	129,637	5.48	
494 Book and Stationery Stores	8,819,889	385.35	8,765,408	382.97	54,481	.49	
495 Secondhand Stores	2,539,935	276.60	2,379,318	259.11	160,617	4.87	
499 Retail Trade, not classified elsewhere	55,624	163.87	55,001	162.04	623	.70	
	4,388,236	317.44	4,584,542	291.22	404,134	6.52	
TOTAL ALL STORES	73,426,368	259.52	65,678,495	242.14	7,747,873	8.24	

Table 4.20 Selected Changes In Sales (Millions of Yen), by Business Category, 1972 - 1985.

	1972-85		1972-82		1982-85	
	Sales	%	Sales	%	Sales	%
B) GREATEST INCREASES						
451 Grocery Stores	10,805,815	529.72	8,464,206	414.93	2,341,609	22.29
431 Department Stores	10,608,084	343.75	9,403,947	304.73	120,4137	9.64
493 Fuel Stores (Including Petrol Stations)	8,819,889	385.35	8,765,408	382.97	54,481	.49
471 Motor Vehicle Dealers	6,755,328	233.53	5,459,443	188.72	1,296,385	15.52
499 Retail Trade, not classified elsewhere	4,988,736	317.44	4,584,542	291.72	404,194	6.57
B) LOWEST INCREASES						
483 Chinaware and Glassware Stores	174,012	178.14	191,553	196.10	-17,541	-6.06
455 Cured Food Stores	119,428	78.22	182,539	119.55	-63,111	-18.83
489 Miscellaneous Household Utensil Stores	79,544	402.67	54,929	278.07	24,615	32.96
439 Miscellaneous General Merchandise	69,887	76.82	75,558	83.05	-5,671	-3.41
495 Secondhand Stores	55,624	163.87	55,001	162.04	623	.70
C) TOTAL FOR ALL STORES	73,426,368	259.52	65,678,495	232.14	7,747,873	8.24
Table 4.21 Selected Percentage Changes In Sales (Millions of Yen), by Business Category, 1972 - 1985.						
B) GREATEST INCREASES						
451 Grocery Stores	523.72	10,805,815	414.93	8,464,206	22.29	2,341,609
489 Miscellaneous Household Utensil Stores	402.67	79,544	278.07	54,929	32.96	24,615
443 Women's and Children's Dress Stores (Foreign Style)	388.50	3,318,431	353.07	3,015,845	7.82	302,586
493 Fuel Stores (Including Petrol Stations)	385.35	8,819,889	382.97	8,765,408	.49	54,481
459 Miscellaneous Retail Food Beverage Stores	350.86	3,437,723	285.75	2,799,774	16.88	637,949
B) LOWEST INCREASES						
456 Vegetable and Fruit Stores	125.58	946,809	127.18	958,854	-1.70	-12,045
441 Dry Goods, Dress Materials and Bedding Stores	116.54	1,434,705	119.49	1,471,012	-1.34	-36,307
449 Miscellaneous Retail Trade - Apparel and Accessories	113.65	894,007	80.41	632,496	18.43	261,511
455 Cured Food Stores	78.22	119,428	119.55	182,539	-18.83	-63,111
439 Miscellaneous General Merchandise	76.82	69,887	83.05	75,558	-3.41	-5,671
C) TOTAL FOR ALL STORES	259.52	73,426,368	232.14	65,678,495	8.24	7,747,873

Table 4.19 shows that for ten categories their total annual sales were lower in 1985 than in 1982. Five were in Group 45 (Food and Beverages). In the same group, the largest increase in sales between 1982 and 1985 was achieved by Category 451 Grocery Stores. This amounted to 2,341,609 million Yen.

The five categories with the greatest increases in sales in Table 4.20, for the period 1972 to 1985, are the same categories that appear in Table 4.22 with the highest percentages of national retail sales during 1985. The one change in the ordering is that Grocery Stores ranked behind Department Stores. Together they accounted for 26.09% of sales in 1985, with the value for Grocery Stores increasing at a faster rate between 1972 and 1985. Among the lowest percentages, the only increase was Household Utensils from .07% to .10%.

Table 4.22 Selected Categories: Percentages of Total Sales.

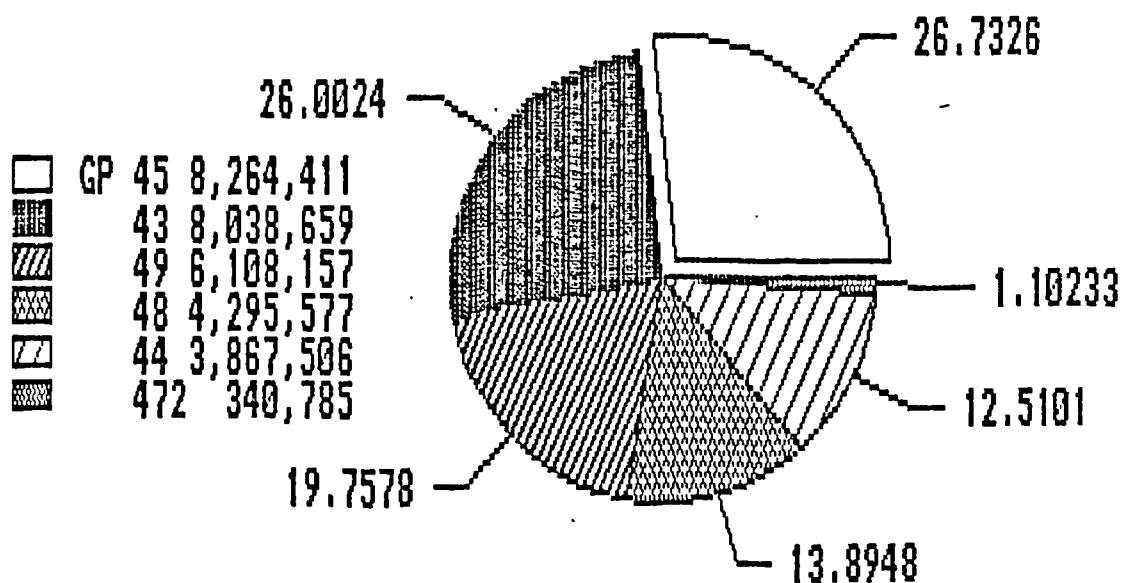
	<u>1972</u>	<u>1974</u>	<u>1976</u>	<u>1979</u>	<u>1982</u>	<u>1985</u>
<u>A) Top Five</u>						
431 Department Stores	10.91	13.64	13.85	14.26	13.29	13.46
451 Grocery Stores	7.21	7.09	8.24	9.56	11.18	12.63
493 Fuel Stores	8.09	8.26	9.55	8.81	11.76	10.92
471 Motor Vehicles	10.22	9.77	9.13	10.26	8.89	9.49
499 Miscellaneous	5.55	5.74	5.85	6.21	6.55	6.45
<u>Sub Total:</u>	<u>41.98</u>	<u>44.50</u>	<u>46.62</u>	<u>49.10</u>	<u>51.67</u>	<u>52.95</u>
<u>B) Bottom Five</u>						
455 Cured Food Stores	.54	.52	.49	.42	.36	.27
483 China & Glassware	.35	.37	.35	.33	.31	.27
439 General Merchandise	.32	.31	.32	.26	.18	.16
489 Household Utensils	.07	.06	.07	.08	.08	.10
495 Secondhand Stores	.12	.13	.11	.09	.09	.09

4.4.5 Changes in Total Selling Floorspace.

Figure 4.8 shows how the total increase in floorspace between 1972 and 1985 was split between the main types of retailers. In Group 47 no data was available for Motor Vehicle Dealers. The figures for Category 493 Fuel Stores do not include the floorspace of petrol stations. It is not possible therefore to directly compare the breakdown in the increase in floorspace with that of store numbers, employees and sales.

Group 45 accounted for the largest increase of 8,264,411 square metres (26.73%). In Group 43, the net increase of 8,038,659 square metres amounted to 26.00% of the total increase. This group was the only one that did not have a reduction in floorspace between 1982 and 1985, when there was a total decline of 2,023,984 square metres (2.09%).

Fig 4.8 Increases in Sales Floorspace by Broad Retailing Categories 1972-85



KEY

- 43 General Merchandise
- 44 Dry Goods, Apparel and Accesories
- 45 Food and Beverages
- 47 Motor Vehicles, Bicycles and Carts
- 48 Furniture Fixture and Household Utensils
- 49 Miscellaneous Retail Stores

Table 4.23 shows that between 1982 and 1985 there were increases for just five categories of stores as follows:

451 Grocery Stores	1,204,165 sq m
431 Department Stores	908,306 sq m
449 Misc. Apparel & Accessories	166,388 sq m
491 Drug & Toiletry Stores	138,765 sq m
489 Misc. Household Utensils	15,539 sq m

Among the decreases, five categories are shown with reductions of more than 250,000 square metres:

481 Furniture, Fixture & Straw Mat	959,159 sq m
457 Confectionery and Bakery	680,548 sq m
441 Dry Goods etc	478,151 sq m
499 Not Classified Elsewhere	357,059 sq m
456 Vegetable & Fruit Stores	298,970 sq m

Between 1972 and 1985, Category 431 Department Stores floorspace increased the most by 8,173,486 square metres. During the same time there was an increase of 972 of these stores, which represents just 0.65% of the increase in all retail stores. This category was also the one with the highest percentage increase in floorspace of 163.44%. The next three categories with greatest absolute increases in floorspace in Table 4.24 also appear in the list of greatest percentage increases in Table 4.25, namely categories 451, 499 and 443.

Between 1972 and 1985 there were seven categories with reductions in sales space. Five were in Group 45 Food and Beverages, including Category 457 Confectionery and Bakery Stores with the greatest reduction of 279,345 square metres as shown in Table 4.24. As with the pattern of store closures in Table 4.15, this shows there has been a definite restructuring of the food stores sector. This is further borne out by the large increase in

Table 4.23 Changes in Total Sales Floorpace, by Business Category, 1972 - 1985

	Change 1972-85	%	Change 1972-85	%	Change 1982-85	%
43 GENERAL MERCHANDISE						
431 Department Stores	8,038,659	150.43	7,085,757	132.60	952,902	7.67
439 Miscellaneous General Merchandise	8,173,486	163.44	7,185,180	143.68	988,306	8.11
	-134,827	-39.33	-99,423	-29.00	-35,404	-14.55
44 DRY GOODS, APPAREL AND ACCESSORIES						
441 Dry Goods, Dress Materials and Bedding Stores	3,867,506	35.38	4,474,778	40.94	-607,272	-3.94
442 Men's Clothing Stores (Foreign Style)	46,988	1.38	525,139	15.40	-478,151	-12.15
443 Women's and Children's Dress Stores (Foreign Style)	266,010	15.87	410,986	24.52	-144,976	-6.95
444 Footwear Stores	3,232,409	141.43	3,320,944	145.30	-88,535	-1.58
449 Miscellaneous Retail Trade - Apparel and Accessories	146,905	11.89	208,903	16.91	-61,998	-4.29
	175,194	7.54	8,806	.38	166,388	7.13
45 FOOD AND BEVERAGES						
451 Grocery Stores	8,264,411	34.14	8,979,864	37.09	-715,453	-2.16
452 Beverage and Seasoning Stores	6,928,698	114.62	5,724,533	94.70	1,204,165	10.23
453 Meat and Poultry Stores	499,982	12.68	707,188	17.93	-207,206	-4.46
454 Fresh Fish Stores	180,648	12.65	309,142	29.94	-178,494	-13.30
455 Cured Food Stores	-99,174	-2.55	184,799	12.06	-223,973	-13.05
456 Vegetable and Fruit Stores	-154,499	-33.04	-31,077	-6.65	-123,422	-28.28
457 Confectionery and Bakery Stores	-145,908	-6.96	153,062	7.30	-298,970	-13.30
458 Rice, Barley and other Cereal Stores	-279,345	-6.42	401,203	9.22	-680,548	-14.32
459 Miscellaneous Retail Food Beverage Stores	1,324,085	41.28	1,437,810	44.83	-93,725	-5.73
					-113,725	-2.45
47 MOTOR VEHICLES, BICYCLES AND CARTS						
471 Motor Vehicle Dealers	-	-	-	-	-	-
472 Bicycles, Including Motor Cycle Stores	340,785	25.54	420,716	31.53	-79,931	-4.55
48 FURNITURE, FIXTURE AND HOUSEHOLD UTENSILS						
481 Furniture, Fixture and Strain Mat Stores	4,295,577	41.46	5,562,302	53.68	-1,266,725	-7.96
482 Hardware and Kitchenware Stores	2,203,126	42.01	3,162,285	60.30	-959,159	-11.41
483 Chinaware and Glassware Stores	765,227	45.79	866,583	51.86	-101,356	-3.99
484 Household Appliances Stores	162,090	40.39	268,165	66.82	-106,075	-15.84
489 Miscellaneous Household Utensil Stores	1,095,575	36.63	1,211,249	40.50	-115,674	-2.75
	69,559	12.00	54,020	100.18	15,539	14.40
49 MISCELLANEOUS RETAIL STORES						
491 Drug and Toiletry Stores	6,108,157	53.52	6,665,845	58.41	-557,688	-3.08
492 Farm and Garden Supply Stores	1,071,700	50.10	932,935	43.61	138,765	4.52
493 Fuel Stores (Excluding Petrol Stations)	380,841	27.27	501,085	35.88	-120,244	-6.34
494 Book and Stationery Stores	-172,999	-14.55	-110,694	-9.31	-62,305	-5.78
495 Secondhand Stores	943,586	48.30	1,098,241	56.22	-154,655	-5.07
499 Retail Trade, not classified elsewhere	51,533	36.39	53,723	37.94	-2,190	-1.12
	3,833,496	83.48	4,190,555	91.26	-357,059	-4.02
TOTAL	31,455,228	45.01	33,183,252	52.19	-2,023,984	-2.09

Table 4.24 Greatest Changes In Total Sales FloorSpace, by Business Category, 1972 - 1985.

	<u>1972-85</u>		<u>1972-82</u>		<u>1982-85</u>	
	<u>%</u>	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>	<u>\$</u>
A) GREATEST INCREASES						
431 Department Stores	8,173,486	153,44	7,185,180	143,68	988,306	8,111
451 Grocery Stores	6,928,698	114.62	5,724,533	94.70	1,204,165	10.23
499 Retail Trade, not classified elsewhere	3,833,496	83.48	4,190,555	91.26	-357,059	-4.07
443 Women's and Children's Dress Stores (Foreign Style)	3,232,409	141.43	3,320,944	145.30	-88,535	-1.58
481 Furniture, Fixture and Straw Hat Stores	2,203,126	42.01	3,162,285	60.30	-959,159	-11.41
B) GREATEST DECREASES						
457 Confectionary and Bakery Stores	-279,345	-6.42	401,203	9.22	-680,548	-14.32
493 Fuel Stores (Excluding Petrol Stations)	-172,999	-14.55	-110,694	-9.31	-62,305	-5.78
455 Cured Food Stores	-154,499	-33.04	-31,077	-6.65	-123,422	-28.28
456 Vegetable and Fruit Stores	-145,908	-6.96	153,062	7.30	-298,970	-13.30
439 Miscellaneous General Merchandise	-134,827	-33.33	-99,423	-29.00	-35,404	-14.55
C) CHANGES IN TOTAL SALES FLOORSPACE						
	31,165,278	49.01	33,189,262	52.19	-2,023,984	-2.09
<u>Table 4.25 Greatest Percentage Changes In Total Sales FloorSpace, by Business Category, 1972 - 1985.</u>						
A) GREATEST INCREASES						
431 Department Stores	163.44	8,173,486	143.68	7,185,180	8.11	988,306
443 Women's and Children's Dress Stores (Foreign Style)	141.43	3,232,409	145.30	3,320,944	-1.58	-88,535
489 Miscellaneous Household Utensil Stores	129.00	69,559	100.18	54,020	14.40	15,539
451 Grocery Stores	114.62	6,928,698	94.70	5,724,533	10.23	1,204,165
499 Retail Trade, not classified elsewhere	83.48	3,833,496	91.26	4,190,555	-4.07	-357,059
B) GREATEST DECREASES						
439 Miscellaneous General Merchandise	-39.33	-134,827	-29.00	-99,423	-14.55	-35,404
455 Cured Food Stores	-33.04	-154,499	-6.65	-31,077	-28.28	-123,422
493 Fuel Stores (Excluding Petrol Stations)	-14.55	-172,999	-9.31	-110,694	-5.78	-62,305
456 Vegetable and Fruit Stores	-6.96	-145,908	7.30	153,062	-13.30	-298,970
457 Confectionary and Bakery Stores	-6.42	-279,345	9.22	401,203	-14.32	-680,548
C) CHANGES IN TOTAL SALES FLOORSPACE						
	49.01	31,165,278	52.19	33,189,262	-2.09	-2,023,984

floorspace of Category 451 Grocery Stores. Other reductions were in Categories 439 Miscellaneous General Merchandise, and 493 Fuel Stores (excluding petrol stations).

Table 4.26 shows the top and bottom five store categories in terms of floorspace as percentages of all retail floorspace in 1985, and changes since 1972. Between 1972 and 1985 the combined percentage of the top five store types increased from 36.43% to 50.16%, showing their increasing importance in terms of retail employment.

The change in the values for Category 431 and 451 Stores since 1972 is particularly noticeable. There was a reduction between 1982 and 1985 in the value for Category 499, and a continual decline after 1976 in that of Category 481. In the bottom five, only the value for category 489 had increased since 1972.

Table 4.26 Selected Categories: Percentages of Sales Floorspace.

	<u>1972</u>	<u>1974</u>	<u>1976</u>	<u>1979</u>	<u>1982</u>	<u>1985</u>
<u>A) Top Five</u>						
431 Department Stores	7.86	10.77	11.86	12.71	12.59	13.90
451 Grocery Stores	9.51	9.75	10.48	11.24	12.16	13.69
499 Miscellaneous	7.22	7.31	7.68	8.47	9.07	8.89
481 Furniture etc	8.25	8.86	9.11	8.93	8.69	7.86
443 Women's Dress etc	3.59	3.83	5.00	5.33	5.79	5.82
<u>Sub Total:</u>	<u>36.43</u>	<u>40.52</u>	<u>44.13</u>	<u>46.68</u>	<u>48.30</u>	<u>50.16</u>
<u>B) Bottom Five</u>						
483 China \ Glassware	.63	.64	.67	.72	.69	.59
455 Cured Food	.74	.68	.61	.52	.45	.33
439 Misc. Merchandise	.54	.44	.36	.37	.25	.22
495 Secondhand Stores	.22	.20	.20	.19	.20	.20
489 Household Utensils	.08	.08	.08	.10	.11	.13

4.4.6 Changes in Average Floorspace.

Tables 4.27 to 4.29 show changes in the average selling space of 27 categories. No floorspace data was available in respect of Category 471 Motor Vehicle Dealers. Group 49 does not include Category 493 Fuel Stores, as no floorspace data was available for petrol stations.

Category 431 Department stores average sales space increased most from 1972 to 1985, by 1,362 square metres, from 5,049 to 7,211 square metres. In percentage terms, this increase in size of 23.28% was below the average of 37.66%. The highest percentage increase was 90.28%, for Category 451 Grocery Stores. The average floorspace of these stores had increased by 66.47 square metres from 73.63 to 140.10 square metres.

There was one category with a reduction in store size between 1972 and 1982. Category 439 stores were smaller on average by 82.55 square metres at 98.72 square metres in 1982. This figure increased to 122.04 square metres in 1985, a net reduction of 59.23 square metres since 1972. This was also the greatest percentage decrease of 32.68% as shown in Table 4.29. The average store size had fluctuated markedly, as shown in Table 4.10.

There were reductions in size for 13 categories between 1982 and 1985. As a result there were two categories with a lower average store size in 1985 than in 1972, which had actually had a higher size in 1982. These were categories 441 and 458, which appear in Table 4.29 under the list of decreases.

Although the number of Category 443 Women's and Children's Dress (Foreign Style) stores had increased most in percentage terms during 1972 to 1985, by 137.92%, the average size of these stores increased the least in percentage terms, by 1.47%, from 76.79 to 77.92 square metres in 1985.

Table 4.22 Changes in Purchase Sales FloorSpace per Store, By Business Category 1972 - 1985

	Change 1972-85	%	Change 1972-82	%	Change 1982-85	%
43 GENERAL MERCHANDISE						
431 Department Stores	1,843.97	94.76	1,000.07	51.39	843.90	28.65
439 Miscellaneous general merchandise	1,961.93	23.28	1,098.59	18.78	263.34	3.79
	-59.23	-32.68	-82.55	-45.54	23.32	23.62
44 DRY GOODS, APPAREL, AND ACCESSORIES						
441 Dry Goods, Dress Materials and Bedding Stores	11.38	21.44	10.36	19.52	1.02	1.61
442 Men's Clothing Stores (Foreign Style)	-60	-93	1.61	2.50	-2.21	-3.35
443 Women's and Children's Dress Stores (Foreign Style)	13.15	32.14	10.02	24.49	3.13	6.15
444 Footwear Stores	1.13	1.47	7.52	9.79	-6.39	-7.58
449 Miscellaneous Retail Trade - Apparel and Accessories	16.29	48.32	13.32	39.51	2.97	6.32
	10.02	19.66	.87	1.71	9.15	17.65
45 FOOD AND BEVERAGES						
451 Grocery Stores	14.35	42.17	11.71	34.41	2.64	5.77
452 Beverage and Seasoning Stores	66.47	90.28	56.27	76.42	10.20	7.85
453 Meat and Poultry Stores	3.23	8.41	4.01	10.44	-1.78	-1.84
454 Fresh Fish Stores	5.93	22.61	6.20	23.64	-1.27	-.83
455 Cured Food Stores	4.73	17.34	5.03	18.44	-.30	-.93
456 Vegetable and Fruit Stores	3.39	11.36	6.98	23.38	-3.59	-9.75
457 Confectionary and Bakery Stores	6.23	19.41	6.16	19.20	.07	.18
458 Rice, Barley and other Cereal Stores	4.10	17.85	4.04	17.59	.06	.22
459 Miscellaneous Retail Food Beverage Stores	-.89	-2.33	.17	.45	-1.06	-2.76
	6.41	24.08	6.14	23.07	.27	.82
42 MOTOR VEHICLES, BICYCLES, AND CARTS						
421 Motor Vehicle Dealers	-	-	-	-	-	-
422 Bicycles, Including Motor cycle Stores	8.33	21.98	9.12	24.07	-.79	-1.68
48 FURNITURE, FIXTURE, AND HOUSEHOLD UTENSILS						
481 Furniture, Fixture and Strain Mat Stores	18.84	28.53	18.04	27.32	.80	.95
482 Hardware and Kitchenware Stores	36.25	36.73	35.74	36.21	.51	.38
483 Chinaware and Glassware Stores	29.64	64.97	24.79	54.34	4.85	6.89
484 Household Appliances Stores	7.97	14.53	10.42	19.00	-2.45	-3.75
489 Miscellaneous Household Utensil Stores	4.04	7.94	2.33	4.58	1.71	3.21
	19.07	37.73	15.40	30.47	3.67	5.57
49 MISCELLANEOUS RETAIL STORES (EXCLUDING FUEL STORES)						
491 Drug and Toiletory Stores	5.68	17.87	6.33	19.92	-.65	-1.71
492 Farm and Garden Supply Stores	3.44	10.04	2.83	8.26	.61	1.65
494 Book and Stationery Stores	8.62	11.60	10.51	14.14	-1.89	-2.23
495 Secondhand Stores	3.90	11.76	5.75	17.34	-1.85	-4.75
499 Retail Trade, not classified elsewhere	7.95	26.01	7.30	23.88	.65	1.72
	11.22	33.46	12.01	40.44	-.29	-.70
TOTAL	16.68	37.66	14.49	32.22	2.19	3.23

Table 4.28. Greatest Changes In Average Sales Floorpace (Sq Meters) per Store, By Business Category 1972 - 1985

	GREATEST INCREASES			
	1972-85	%	1972-82	%
B) GREATEST INCREASES				
431 Department Stores	1,361.93	23.28	1,098.59	18.78
451 Grocery Stores	66.47	90.28	56.27	76.42
481 Furniture, Fixture and Strau Mat Stores	36.25	36.73	35.74	36.21
482 Hardware and Kitchenware Stores	29.64	64.97	24.79	54.34
489 Miscellaneous Household Utensil Stores	19.07	37.73	15.40	30.47
B) DECREASES AND LOWEST INCREASES				
452 Beverage and Seasoning Stores	3.23	8.41	4.01	10.44
443 Women's and Children's Dress Stores (Foreign style)	1.13	1.47	7.52	9.79
441 Dry Goods, Dress Materials and Bedding Stores	-.60	-.93	1.61	2.50
458 Rice, Barley and other Cereal Stores	-.89	-2.33	.17	.45
439 Miscellaneous general merchandise	-59.23	-32.68	-82.55	-45.54
C) CHANGES FOR ALL STORES	16.68	37.66	14.49	32.72
	2.19			3.73
Table 4.29 Greatest Percentage Changes In Average Sales Floorpace per Store, By Business Category 1972 - 1985.				
B) GREATEST INCREASES				
451 Grocery Stores	90.28	66.47	76.42	56.27
482 Hardware and Kitchenware Stores	64.97	29.64	54.34	24.79
444 Footwear Stores	48.32	16.29	39.51	13.32
499 Retail Trade, not classified elsewhere	39.46	11.72	40.44	12.01
489 Miscellaneous Household Utensil Stores	37.73	19.07	30.47	15.40
B) DECREASES AND LOWEST INCREASES				
484 Household Appliances Stores	7.94	4.04	4.58	2.33
443 Women's and Children's Dress Stores (Foreign style)	1.47	1.13	9.79	7.52
441 Dry Goods, Dress Materials and Bedding Stores	-.93	-.60	2.50	1.61
458 Rice, Barley and other Cereal Stores	-2.33	-.89	.45	0.17
439 Miscellaneous general merchandise	-32.68	59.23	-45.54	-82.55
C) CHANGES FOR ALL STORES	37.66	16.68	32.72	14.49
				3.73

4.5 Choice of Retailing Categories for Prefectural Analysis.

4.5.1 Objectives of the Selection

It was decided to use a subset of categories as a basis for a more detailed analysis of trends at the prefectural level, using a number of thematic maps to illustrate important trends.

The Department Stores Category 431 includes many of the case study stores in Chapter 7. and was therefore the first category chosen to be in the sample. In 1985 this category had the largest percentages of floorspace (13.90%) and sales (13.46%).

The other categories were chosen with the aim of producing a sample accounting for 80% or more of the net increase in total sales floorspace for the period 1972 to 1985. The purpose of this was to identify the major changes in the spatial distribution of retailing. A number of criteria were used in the selection of store types, and these are outlined in the following sub-section.

4.5.2 Criteria Used in the Selection of Categories

The sample of categories was chosen as follows:

1) First, the number of candidate categories was reduced from 29 to 27. Two categories were excluded from consideration because of the lack of detail in the Census about sales floorspace as shown in Table 4.9. These were Motor Vehicle Dealers (Category 471) and Fuel Stores (Category 493).

2) The five categories of store with 5% or more each of total sales floorspace, as recorded in the 1985 Census, were to be included in the sample. Table 4.26 shows that these were :

- Category 431 Department Stores (13.90%)
- Category 451 Grocery Stores (13.69%)
- Category 499 Miscellaneous Stores (8.89%)
- Category 481 Furniture, Fixture & Matting Stores (7.86%)
- Category 443 Women's & Children's Dress Stores (5.82%).

3) The categories identified in 1) above were also the five categories with the greatest increases in floorspace during the period 1972 - 1985 as shown in table 4.24.

4) The Grocery Store and Miscellaneous Store categories also appeared in the list of store types accounting for 5% or more of total stores in 1985, as shown in Table 4.3. Three other store types contained 5% or more stores, and each belonged to the broad category of Food and Beverages. The two categories with the highest percentages were chosen to bring the sample number of store types up to seven. These two types were Confectionery and Bakery Stores (Category 457) and Miscellaneous Retail Food and Beverage Stores (Category 459). Their respective percentages were 9.24% and 8.42%, and their rankings in store percentages were 2nd and 3rd. Category 459 stores also ranked 6th in terms of increased floorspace between 1972 and 1985 with an increase of over 1.3 million square metres.

5) Household Appliances Stores (Category 484) was subjectively added to the list as the 8th category for the following reasons. First, it appeared within the highest eight percentages of the total for floorspace (8th), store numbers (8th) and sales (7th). The ranking for staff was tenth. Categories 471 and 493 had higher percentages for staff, but were already excluded. Second, it appeared at number seven in the list of categories contributing towards the net increase in total floorspace during the period 1972 - 1985, with an increase of almost 1.1 million square metres.

6) Miscellaneous General Merchandise Stores (Category 439) were included as the final category to provide a contrast with the Department Stores of Category 431. The Census classifies the former stores as having less than 50 employees per store on a

regular basis, and the latter stores as having more than 50.

7) A check was carried out to see if the above store categories together accounted for 80% or more of the net total increase in sales floorspace between the Census years of 1972 and 1985. Category 439 Miscellaneous General Merchandise Stores were found to have decreases in their floorspace totals. The other seven categories together increased by nearly 26.80 million square metres. This represents 85.96% of the total net increase of almost 31.17 million square metres.

There were decreases in total floorspace for three retail categories. One of these, Category 439 Miscellaneous General Merchandise stores, is included within the sample. Category 493 Fuel Stores were excluded from the selection process for reasons already given. The third category was 455 Cured Fish Stores, with the lowest decrease of 6.65% (31,077 square metres). Details of the chosen categories are shown in Table 4.30.

Table 4.30 Summary Of Selected Retail Categories in 1985.

<u>Category</u>	<u>Stores(%)</u>	<u>Staff(%)</u>	<u>Sales(%)</u>	<u>Floor- space(%)</u>	<u>% of Net Increase</u>
431	.11	6.02	13.46	13.90	26.23
439	.10	.13	.16	.22	*
443	4.35	3.99	4.10	5.82	10.37
451	5.69	9.83	12.63	13.69	22.23
457	9.24	5.90	2.44	4.30	*
459	8.42	8.36	4.34	4.78	4.25
481	3.39	2.80	2.35	7.86	7.07
484	4.57	4.35	4.53	4.31	3.52
499	<u>12.49</u>	<u>8.69</u>	<u>6.45</u>	<u>8.89</u>	<u>12.30</u>
TOTAL:	<u>48.36</u>	<u>50.07</u>	<u>50.46</u>	<u>63.77</u>	<u>85.96</u>

* Decrease recorded

4.6 Summary of Retail Trends 1972 - 1985.

A number of scatterplots were constructed and examined in order to inspect the relationship between changes in the totals of all types of stores, floorspace, employees and sales from 1972 to 1985. They showed that the relationships considered were in a positive linear form, which was intuitively predictable. The plots were then used to identify distinctive features. Table 4.31 shows the degree of association between the above changes as measured by the Pearson correlation coefficient.

Table 4.31 Retail Changes: Initial Correlation Details.

A) 1972-1985

Correlations:	STORES	SPACE	STAFF	SALES
STORES	1.0000 (0) P= .	.4231 (27) P= .028	.5715 (29) P= .001	.3994 (29) P= .032
SPACE	.4231 (27) P= .028	1.0000 (0) P= .	.7593 (27) P= .000	.9500 (27) P= .000
STAFF	.5715 (29) P= .001	.7593 (27) P= .000	1.0000 (0) P= .	.7380 (29) P= .000
SALES	.3994 (29) P= .032	.9500 (27) P= .000	.7380 (29) P= .000	1.0000 (0) P= .

B) 1972-1982

Correlations:	STORES	SPACE	STAFF	SALES
STORES	1.0000 (0) P= .	.4441 (27) P= .020	.6056 (29) P= .000	.3820 (29) P= .041
SPACE	.4441 (27) P= .020	1.0000 (0) P= .	.7612 (27) P= .000	.9331 (27) P= .000
STAFF	.6056 (29) P= .000	.7612 (27) P= .000	1.0000 (0) P= .	.7102 (29) P= .000
SALES	.3820 (29) P= .041	.9331 (27) P= .000	.7102 (29) P= .000	1.0000 (0) P= .

B) 1982-1985

Correlations:	STORES	SPACE	STAFF	SALES
STORES	1.0000 (0) P= .	.5593 (27) P= .002	.4810 (29) P= .008	.3248 (29) P= .086
SPACE	.5593 (27) P= .002	1.0000 (0) P= .	.7438 (27) P= .000	.8175 (27) P= .000
STAFF	.4810 (29) P= .008	.7438 (27) P= .000	1.0000 (0) P= .	.7506 (29) P= .000
SALES	.3248 (29) P= .086	.8175 (27) P= .000	.7506 (29) P= .000	1.0000 (0) P= .

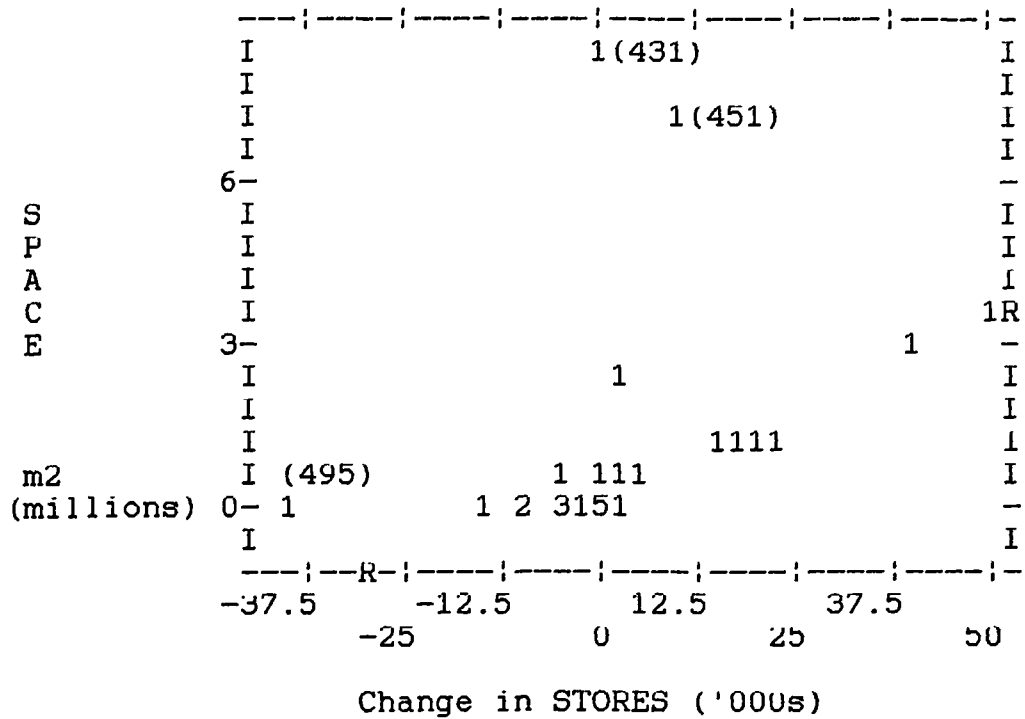
EXPLANATION:

Coefficient / (Cases) / 2-tailed Significance
 " . " is printed if a coefficient cannot be computed

Predictably, the increase in stores led to an increase in floorspace between 1972 and 1985. In Figure 4.9 the scatterplot of store increases and floorspace increases for 27 categories shows a linear relationship; with two categories having store increase values in conjunction with noticeably high values for increased floorspace. They are Category 431 Department Stores and Category 451 Grocery Stores. During the period 1972 - 1985 the average size of Department Stores had increased by 1,362 square metres from 5,049 to 7,211 square metres or 37.66%. The Grocery Stores average size increased most in percentage terms by 90.28%, ie by 66.47 square metres from 73.63 to 140.10 square metres.

In the scatterplot of store and employee changes in Figure 4.10, four categories are noticeable for having store increases with comparatively high increases in employees. This shows a trend for these stores to become relatively more labour intensive. In order of intensity, these stores were Category 451 Grocery Stores, 494 Book and Stationery Stores, 459 Miscellaneous Retail Food and Beverage Stores, and 431 Department Stores. 495

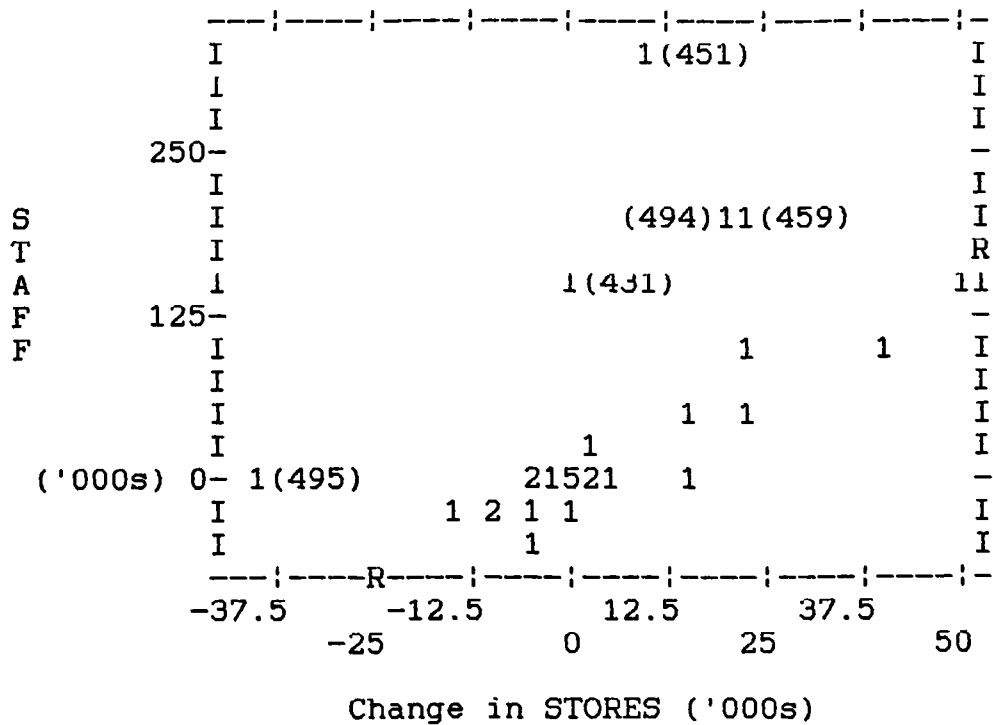
Fig 4.9 Plot of Increase in SPACE with Change in STORES



27 cases plotted.

Regression statistics of Increase in SPACE on Changes in STORES:
 Correlation .42314 R Squared .17905 S.E. of Est 1946868.37
 Sig. .0279 intercept(S.E.) 964605.097(383120.81)
 Slope(S.E.) 53.18511(22.77701)

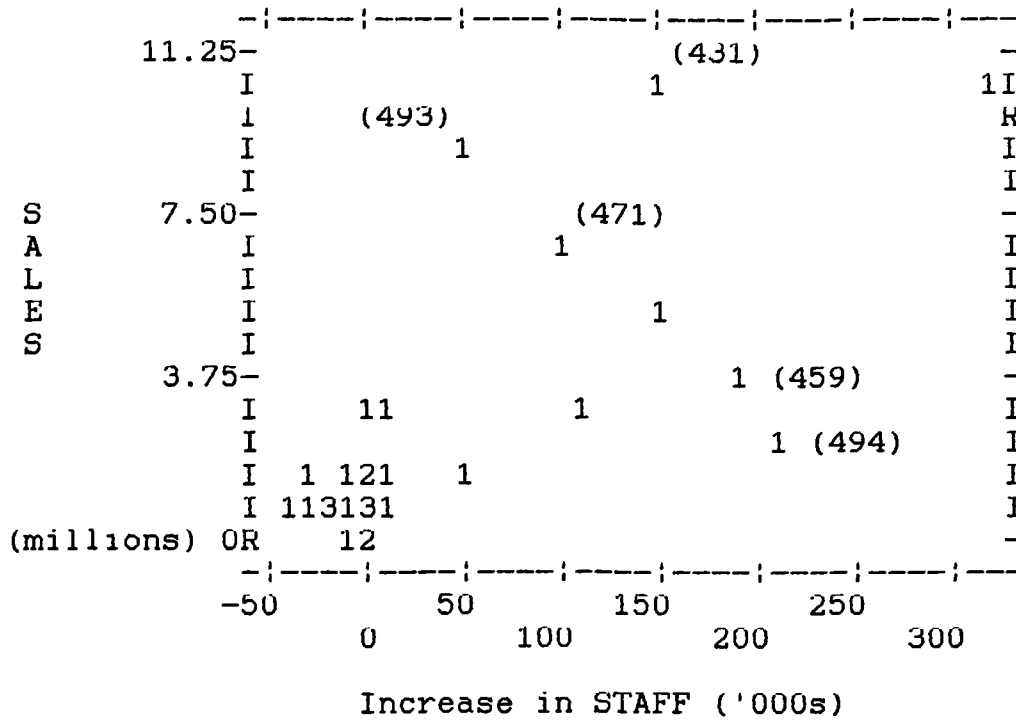
Fig 4.10 Plot of Increase in STAFF with Changes in STORES



29 cases plotted. Regression statistics of Increase in STAFF
 on Increase in STORES: Correlation .57148 R Squared .32659
 S.E. of Est 73462.0102 Sig. .0012 intercept(S.E.)
 27120.2357(14165.998) Slope(S.E.) 3.01013(.83184)

sales. They are 494 Book and Stationery Stores and 459 Miscellaneous Retail Food and Beverage Stores. 451 Grocery Stores had the greatest increase in staff.

Fig 4.12 Plot of Increase in SALES with Increase in STAFF



29 cases plotted.

Regression statistics of Increase in SALES on Increase in STAFF:
 Correlation .73804 R Squared .54471 S.E. of Est 2069/84.82
 Sig. .0000 intercept(S.E.) 1538560.88(425332.47)
 Slope(S.E.) 25.28949(4.44959)

Table 4.32 Retail Changes: Selected Correlation Details.

A) 1972-1985

Correlations:	STORES	SPACE	STAFF	SALES
STORES	1.0000 (0) P= .	.8367 (23) P= .000	.8579 (23) P= .000	.6921 (23) P= .000
SPACE	.8367 (23) P= .000	1.0000 (0) P= .	.8705 (23) P= .000	.7947 (23) P= .000
STAFF	.8579 (23) P= .000	.8705 (23) P= .000	1.0000 (0) P= .	.7653 (23) P= .000
SALES	.6921 (23) P= .000	.7947 (23) P= .000	.7653 (23) P= .000	1.0000 (0) P= .

B) 1972-82

Correlations:	STORES	SPACE	STAFF	SALES
STORES	1.0000 (0) P= .	.8515 (23) P= .000	.9089 (23) P= .000	.7948 (23) P= .000
SPACE	.8515 (23) P= .000	1.0000 (0) P= .	.8583 (23) P= .000	.7992 (23) P= .000
STAFF	.9089 (23) P= .000	.8583 (23) P= .000	1.0000 (0) P= .	.8013 (23) P= .000
SALES	.7948 (23) P= .000	.7992 (23) P= .000	.8013 (23) P= .000	1.0000 (0) P= .

C) 1982-1985

Correlations:	STORES	SPACE	STAFF	SALES
STORES	1.0000 (0) P= .	.6686 (23) P= .000	.8348 (23) P= .000	.3245 (23) P= .131
SPACE	.6686 (23) P= .000	1.0000 (0) P= .	.8313 (23) P= .000	.3831 (23) P= .071
STAFF	.8348 (23) P= .000	.8313 (23) P= .000	1.0000 (0) P= .	.4563 (23) P= .029
SALES	.3245 (23) P= .131	.3831 (23) P= .071	.4563 (23) P= .029	1.0000 (0) P= .

EXPLANATION:

Coefficient / (Cases) / 2-tailed Significance
 " . " is printed if a coefficient cannot be computed

From the above discussion, it can be seen that a sub set of six categories has a high influence upon the correlation values in Table 4.31 part (A). Table 4.32 shows the values after these stores are excluded from the computation. The excluded categories are: 431 Department Stores, 451 Grocery Stores, 459 Miscellaneous Retail Food and Beverage Stores, 471 Motor Vehicle Dealers, 493 Fuel Stores; and 494 Book and Stationery Stores.

In Table 4.32 parts A) and B), all correlations are generally much higher, with the exception of sales with space. The value was reduced from .95 to .79 in part A), and .93 to .80 in B). In part C) values involving sales were lower; the others were higher.

Three of the excluded categories in Table 4.31 are included in the sample analyzed in Chapter Five, namely 431 Department Stores, 451 Grocery Stores; and 459 Miscellaneous Retail Food and Beverage Stores.

4.7 Summary of Changes 1985 - 1988.

After the author returned from Japan, with a Japanese copy of the 1985 Census, and having completed the fieldwork for Part Three of the thesis, some summary tables for changes between 1985 and 1988 were subsequently published in English by Larke (1992). Table 4.33 shows overall national changes in the numbers of outlets, businesses, employees and sales. Table 4.34 shows the change in the number of stores by business category.

Table 4.33 Structural Changes in Japanese Retailing 1985 -1988.

	1985			1988		
	Number	Percentage of total (see note)	Percentage change on previous survey	Number	Percentage of total (see note)	Percentage change on previous survey
Total number of outlets	1,628,644	100.0	-5.4	1,619,752	100.0	-1.3
Businesses	1,431,751	100.0	-6.7	1,386,774	100.0	-3.6
Average number of outlets per business	1.1	—	0.0	1.2	—	9.0
Incorporated businesses	252,416	17.6	1.6	270,750	19.5	7.3
Outlets operated by corporations	449,309	27.6	3.1	503,728	31.1	12.1
Average number of outlets per corporation	1.8	—	2.6	1.9	—	5.5
Full-time employees	6,328,614	100.0	-0.6	6,851,335	100.0	7.4
Unincorporated business	2,927,974	46.3	-5.4	2,912,849	42.5	-0.5
Incorporated business	3,400,640	53.7	3.8	3,938,486	57.5	15.8
Total retail turnover	101,718,812	100.0	8.2	114,839,927	100.0	12.9
Unincorporated business	24,291,626	23.9	0.5	24,575,297	21.4	1.2
Incorporated business	77,427,438	76.1	10.9	90,264,630	78.6	16.6

Notes: Turnover in ¥ million.
 Corporate businesses given as percentage of businesses.
 Outlets operated by corporations given as percentage of total number of outlets.

Source: MITI, Census of Commerce, General Statistics, Tsushu Sangyo Chosakai, Tokyo, 1989. (As in Larke, (1992) p4.)

Table 4.34 Changes in Store Totals by Retail Categories 1985-1988

Category	1985 Number of outlets	1988 Number of outlets	Percentage change 1985-1988
General merchandise	3,531	3,843	0.09
Department stores	1,827	1,911	0.05
Other general stores	1,704	1,932	0.13
Clothing and apparel goods - -	229,606	234,527	0.02
Japanese clothing	54,234	50,322	-0.07
Men's apparel	35,929	35,026	-0.03
Women's and children's apparel	70,814	83,468	0.18
Footwear and hosiery	27,649	25,333	-0.08
Other	40,890	40,378	-0.01
Food and beverages	671,190	650,110	-0.03
General foods	92,602	77,468	-0.16
Beverage and seasonings	106,693	107,665	0.01
Meat and poultry	36,171	32,936	-0.09
Fresh fish	46,638	43,890	-0.06
Cured food	9,419	9,128	-0.03
Vegetables and fruit	50,871	49,836	-0.02
Confectionery and bakery	150,416	139,794	-0.07
Rice, barley and cereals	41,167	40,435	-0.02
Other	137,213	148,940	0.09
Motor vehicles, bicycles, carts	83,931	89,292	0.06
Motor vehicles	47,686	53,491	0.12
Bicycles and motorcycles	36,245	35,801	-0.01
Furniture, household goods	172,686	164,833	-0.05
Furniture, fixtures, tatami	55,183	51,602	-0.06
Hardware and kitchenware	32,373	29,902	-0.08
China and glassware	8,970	8,782	-0.02
Household appliances	74,386	72,958	-0.02
Other	1,774	1,589	-0.10
Other retailers	467,700	464,796	-0.01
Drugs and toiletries	85,181	86,342	0.01
Farm and garden supplies	21,428	21,156	-0.01
Fuel and gasoline	74,470	73,540	-0.01
Books and stationery	78,186	76,903	-0.02
Sports goods, toys and music	43,138	41,801	-0.03
Cameras, photographic goods	18,625	15,781	-0.15
Watches and optical goods	22,622	21,835	-0.03
Second-hand goods	5,014	5,903	0.18
Other	119,036	121,535	0.02
Totals	1,628,644	1,607,401	-1.30

Notes: Minus sign indicates percentage net decline in store numbers.

1988 figures adjusted to compare with previous years owing to survey differences.

Source: MITI, Census of Commerce, General Statistics, Tsushu Sangyo Chosakai, Tokyo, 1989. (As in Larke, (1992) p5.)

4.8 Conclusions.

An objective of the analysis of retail trends at the national level for the period 1972 to 1985 was to determine the retail categories with the greatest changes in the totals for stores, employees, sales and sales floorspace, and also in the average floorspace per store.

For the first time since 1962, the total number of stores in 1985 was lower than in the previous census. In 1982 there were 1,721,465 stores. Three years later the total was 92,845 less at 1,628,620. This was a reduction of 5.39%. Apart from Group 45 Food and Beverage stores, the number of stores in each of the six main groups of retailing had increased continually from 1972 to 1982, and had then decreased by 1985. The number of Food and Beverage stores first declined in 1982, then again in 1985.

The decrease of 54,395 Food and Beverage stores represents 58.60% of the total decrease in stores between 1982 and 1985. Between 1972 and 1982 these stores had increased by 14,218 (2.00%). It was the only group to record a decrease between 1972 and 1985, with a reduction of 40,177 stores (5.65%) for the period.

Tables 4.11, 4.12 and 4.13 show the decline in the importance of all categories of Group 45 stores, with the exception of Category 451 Grocery Stores. These increased by 8,511 between 1972 and 1982, and 1,998 between 1982 and 1985; a total increase of 10,509 between 1972 and 1985.

Table 4.12 shows that the stores with the greatest increases in numbers between 1972 and 1985 were Category 499 Retail Trade, not classified elsewhere (48,779), and Category 443 Women's and Children's Dress Stores (Foreign Style) (41,050). The greatest decreases in numbers were Category 457 Confectionery and Bakery

Stores (-39,028) and Category 456 Vegetable and Fruit Stores (-14,422). The highest percentage increase in stores was 137.92% for Category 443 followed by 113.68% for Category 431 stores.

The number of Category 451 Grocery Stores employees increased by the greatest amount between 1972 and 1985, by 322,176 and also by the greatest percentage of 107.47%, as shown in Table 4.16. Category 494 Book and Stationery Stores were second in the list of increases with an increase of 206,176. The greatest decreases were for Category 442 Men's Clothing Stores (Foreign Style) (-43,248) and Category 456 Vegetable and Fruit Stores (-33,596).

Table 4.20 shows that the two greatest increases for annual sales during the period 1972 to 1985 were for Category 451 Grocery Stores and Category 431 Department Stores. Category 451 recorded the greatest percentage increase of 529.72%. These two categories also recorded the greatest increases in floorspace in Table 4.24 with 6.9 million square metres and 8.2 million square metres respectively. The greatest decreases were for Category 457 Confectionery and Bakery Stores (-0.28million square metres) and Category 493 Fuel Stores (Excluding Petrol Stations) (-0.18 million square metres).

Both Category 431 Department Stores and Category 451 Grocery Stores had increases in store numbers in conjunction with noticeably high values for increased floorspace as indicated in Figure 4.9. During the period 1972 - 1985 the average size of Department Stores had increased by 1,362 square metres from 5,049 to 7,211 square metres or 37.66%. The Grocery Stores average size increased most in percentage terms by 90.28%, ie by 66.47 square metres from 73.63 to 140.10 square metres as shown in Table 4.28. The three store types with decreases in average floorspace were

439 Miscellaneous General Merchandise (-59.23 square metres), 458 Rice, Barley and other Cereal Stores (-0.89 square metres) and 441 Dry Goods, Dress Materials and Bedding Stores (-0.60 square metres).

Category 431 Department Stores and Category 451 Grocery Stores have figured prominently among the list of changes described in this chapter. The importance of Category 431 Department Stores was discussed in Section 4.4. Tables 4.7 and 4.9 show the pre-eminence of these stores in terms of annual sales and sales floorspace. These stores show the highest increases in sales in conjunction with the highest increase in sales floorspace as shown in Figure 4.11. The small supermarkets that are not caught by the Category 431 definition would be caught by the 451 Category of stores as would also the convenience chain stores.

The scatterplot of store and employee changes in Figure 4.10, showed that Category 451 Grocery Stores and 431 Department Stores recorded store increases with comparatively high increases in employees, showing a trend for these stores to become relatively more labour intensive.

The second main objective of the Chapter was to choose a manageable number of significant categories to be the subject of analysis at the prefectural level using thematic maps as an aid to interpretation. The first criteria for selection was increase in sales floorspace. Some of the increase in space would reflect extensions to existing stores, or larger rebuild stores, particularly for Category 431 Department Stores.

Seven of the categories chosen in Section 4.5 together accounted for 86% of the total increase of sales floorspace. Four of them included stores that are described in Section 2.5 of Chapter Two as having new store formats and belonging to multiple

store companies. Beside multiple department stores, superstores and supermarkets they include many of the speciality stores described in Section 2.5.3. The categories are 431 Department Stores, 443 Women's and Children's Dress Stores (Foreign Style), 484 Household Appliances Stores and 499 Retail Trade, not classified. The latter included Sports Goods, Cameras and Toys.

The other categories chosen for further analysis included the Category 451 Grocery Stores and also 439 Miscellaneous General Merchandise Stores, 457 Confectionery and Bakery Stores, 459 Miscellaneous Retail Food Beverage Stores and 481 Furniture, Fixture and Straw Mat Stores.

The nine categories included those five with 5% or more each of the total sales floorspace in 1985, those seven with the greatest increases in floorspace and four out of five categories with 5% or more each of total stores in 1985. Together the nine categories comprised 48.36% of all stores in 1985, 50.07% of the total of retail employees, 50.46% of total sales, 63.77% of sales floorspace and 85.96% of the net increase in sales floorspace between 1972 and 1985.

Table 4.34 shows that in most categories there was a decline in store numbers between 1985 and 1988 when the national total stood at 1,607,401 (down by 1.3%). The exceptions included marked growth in women's and children's clothing stores, and second-hand stores. Category 431 department stores continued to grow.

The stores within the traditional sector are small stores (apart from the numerically tiny proportion of stores that can be called traditional department stores); and they may be divided into two types, as noted in Section 3.1: i.e. the marginal and the specialised. It is widely agreed that marginal stores account for most of the 160,000 or so store closures between 1982 and

1988 (M111, 1987; Dentsu, 1988); DPRG, 1989; Economic Planning Agency, 1988). According to Larke (1991), the marginal stores usually provide only a basic living wage. Many of their owners are old. These stores are operated within homes and carry only a shallow assortment of goods. Often the revenue supplements salaried income. There are no regulations restricting retailing in residential areas. Therefore it is relatively easy to open such stores (Goldman, 1991). Possible reasons as to why these stores were closed are to be found in Figure 3.1.

At the time of the completion of this thesis, it was known that between 1988 and 1991 there was a further decrease in the total number of stores of 1.8%, i.e. in the order of 29,000 stores, to approximately 1.58 million stores (Tradescope, 1993b).

Chapter 5. Spatial Analysis of Selected Retail Categories.

5.1 Overview of Chapter Five.

In this Chapter, a number of approaches are used to examine the spatial provision of the selected number of retail categories which were chosen at the end of Chapter 4. For reasons given in Section 1.6 and 1.7.4 of Chapter 1, thematic maps are used to show the geographic distribution for 1985, and some changes for 1972 - 1985, using the prefectures as the units of area for spatial analysis. For Category 499 (Miscellaneous Stores) however the most recent year for comparative data was 1982. As explained in Section 1.7.5, individual stores are considered in Chapter 7.

At the outset, it was decided to undertake analysis of each of the variables in the Census of Commerce with the one exception of stock. These variables are the totals, per prefecture, for employees, stores, sales floorspace; and sales for each category.

Tables 5.1 to 5.8 contain the category data used in this chapter. For each prefecture, the actual total figure for each variable for 1985, and the change between 1972 and 1985, may be readily referred to in conjunction with the maps.

In Section 5.2 geographical variations in retail employment concentrations for 1985 are shown in prefectural maps which use the principle of the location quotient. The location quotient (LQ) is a spatial coefficient extensively used by geographers to measure the extent by which different areas vary from a particular norm such as the national average (Shaw and Wheeler, 1985). In Section 5.2 LQ is calculated for each prefecture using the equation $LQ = (X_i/X)/(Y_i/Y)$.

Explanation:

- X_i = employment in a given retail activity i , in a prefecture
- X = total retail employment in a prefecture
- Y_i = national employment within retail activity i
- Y = total national employment in retailing.

The scale for the quotient is arranged around unity. this means that values below the national average, showing under-representation of employment, are compressed between 0 and 1. There is no upper limit above 1 for values above the average.

The location quotient has been evaluated by Smith (1975):

"It is sensitive to the size and shape of the areal units of observation, and the result can change substantially with different levels of areal aggregation. ... they are useful for obtaining a quick impression [visually] of concentration, but not very powerful descriptive devices. " p204.

A major drawback is that local differences may possibly not be revealed where the data is only available for large areas. The smaller the areas from which data are collected, the greater the likelihood that there will be a variation of the quotient for the particular activity or industry. Furthermore, if there are significant differences in the size of the areas from which data has been collected, then this may make any attempt to compare quotients for individual cities, and regions etc meaningless. The quotient is derived from the Lorenz curve, which is itself an approximate visual method of representing a distribution, and can be heavily influenced by variations within the size of the various units under consideration (Theakstone and Harrison, 1970).

LQs have been used in the United Kingdom in studies taking regions as the area of measurement (Shaw and Wheeler, 1985). The use of smaller areas, such as counties or prefectures would make a better choice as there would be less possibility of the above drawbacks causing severe distortions. One obvious feature of Japan is the disproportionate size of Hokkaido, the island prefecture, in which the capital Sapporo features pre-eminently.

Location quotients are useful because they can provide a way to indicate noticeable patterns of agglomeration, a desirable initial objective in any spatial analysis. It is also possible to produce more complicated quotients, based on other formulae, for particular industries using different criteria such as wages paid and the number of man hours worked (Whyne-Hammond, 1979). Such data was not readily available during the research.

Each location quotient map is complemented by another map showing the percentage change, by prefecture, in the number of employees for the period 1972-1985. As an aid to interpretation, attention was also focused on the correlation between: first, absolute changes in employees and in population increase; and second, percentage changes in both. Scatterplots of the variables were inspected to determine outliers, ie unusual combinations of values. Another check carried out was the comparison of ratios for the change in variables; the ratios being changes in employees to increases in population and percentage changes between them. By these means, any particularly striking trends in the maps could be identified and described.

In Section 5.3 the provision of each retail activity in each prefecture is examined in terms first of the percentage of the national total of stores; and second, the percentage change in the number of stores since 1972. Note is taken of prefectures that experienced a high degree of change as concerning their share of the national total between 1972 and 1985. In a similar manner Section 5.4 examines the spatial provision by considering the selling floorspace of stores. Section 5.5 relates the number of stores in each prefecture to the population in terms: first, of the number of persons served per store; and second, by examining the percentage of national sales.

Section 5.6 brings the different approaches together in an inter-category comparison, making use of correlation analysis. There is an emphasis on comparing changes for department stores with the other types. This is because the majority of case study stores in Chapter Seven with 50 or more staff belong to the category of department stores, and because they feature prominently within the realization of the objectives of the research presented within the first chapter. Also, the larger stores stocked many of the kinds of products sold by the other categories. The section includes details and comparisons of store numbers, floorspace, employees and sales for 1985, and a comparison of changes during the years 1972 to 1985. It takes into account average floorspace to qualify the findings. For example, Prefecture A may contain a small number of stores with a large average floorspace; in B a large number of stores may have a low average floorspace. Section 5.7 presents a summary and conclusions.

Tables 5.1 to 5.8 contain the original category data used in this chapter, and they follow forthwith.

Table 5.1 Selected Categories of Employee Totals By Prefectures, 1985.

Ref.	Prefecture	All Employees	431	439	443	451	452	459	481	484	499(1982)
1	Hokkaido	304,280	18,640	346	11,269	42,296	11,608	22,203	5,630	11,377	25,299
2	Aomori	87,049	4,125	90	2,827	8,960	4,718	7,608	1,948	3,560	6,547
3	Akita	78,349	2,628	127	2,637	9,464	4,377	5,714	2,183	3,116	6,298
4	Iwate	115,853	5,291	282	4,136	10,913	6,915	10,169	2,755	4,315	9,228
5	Yamagata	73,083	1,762	65	2,794	7,182	4,245	5,157	2,423	3,139	5,775
6	Miyagi	70,168	3,150	142	2,257	6,738	4,250	4,097	1,807	3,000	6,127
7	Fukushima	110,226	4,407	160	4,123	10,700	6,440	8,861	3,321	4,584	9,165
8	Ibaraki	139,362	5,105	238	4,856	15,870	8,057	10,267	4,177	5,510	9,673
9	Tochigi	96,140	4,997	188	3,481	9,810	6,336	7,542	2,639	3,875	9,126
10	Gunma	95,575	4,345	57	3,253	10,263	6,222	8,087	2,437	4,297	9,250
11	Saitama	245,506	17,368	203	8,053	29,050	17,864	25,752	6,121	9,554	18,228
12	Chiba	230,081	16,732	345	8,075	27,202	14,692	21,521	5,601	9,366	16,791
13	Tokyo	666,755	62,437	604	32,005	51,483	47,147	62,135	15,719	29,241	65,493
14	Kanagawa	323,400	24,591	285	12,374	35,258	21,749	34,470	7,931	12,848	24,149
15	Niigata	136,279	5,106	160	5,392	15,459	7,924	9,381	4,712	6,244	11,489
16	Toyama	63,893	1,850	111	2,790	6,722	3,553	3,779	3,235	2,951	5,471
17	Ishikawa	65,431	1,934	109	2,906	6,949	3,700	4,493	2,325	2,715	6,288
18	Fukui	65,431	1,437	25	2,182	4,736	2,368	3,167	1,271	1,863	4,265
19	Yamanashi	47,245	2,402	52	1,632	4,560	2,440	3,097	1,077	1,672	4,420
20	Nagano	42,569	2,402	177	4,431	12,969	6,295	6,613	3,842	4,672	11,199
21	Gifu	111,993	4,300	110	4,080	10,547	6,115	6,992	3,928	4,668	9,318
22	Shizuoka	102,570	4,587	232	8,127	20,289	11,552	16,061	4,390	7,798	18,042
23	Aichi	186,553	7,201	300	12,459	26,562	19,041	28,079	10,087	14,483	28,150
24	Mie	331,145	20,323	138	3,637	10,302	5,348	5,452	3,492	4,147	8,550
25	Shiga	91,383	4,031	80	1,629	5,013	3,236	5,065	2,281	2,510	4,264
26	Kyoto	56,526	4,360	80	1,529	10,278	10,846	13,026	4,546	6,361	14,104
27	Osaka	144,544	9,199	181	6,332	29,656	31,436	45,174	11,921	21,439	41,993
28	Hyogo	458,840	41,179	400	20,610	29,656	18,251	23,691	8,910	12,572	24,411
29	Nara	271,285	13,277	335	12,613	25,228	18,251	23,691	1,873	2,438	4,871
30	Wakayama	55,029	4,474	34	1,956	4,609	3,659	3,766	1,981	3,209	6,108
31	Tottori	61,591	2,244	112	2,490	5,866	3,130	3,073	1,285	1,654	3,687
32	Shimane	46,073	3,444	85	1,271	4,019	1,186	1,747	1,843	2,175	4,592
33	Okayama	46,073	1,395	131	1,953	5,404	4,540	7,702	3,289	4,607	9,142
34	Hiroshima	102,130	5,693	179	3,618	9,953	6,652	11,673	4,368	7,274	13,518
35	Yamaguchi	153,335	8,540	330	5,741	15,595	3,574	7,481	2,933	4,171	8,585
36	Tokushima	93,959	4,908	171	4,063	9,750	2,508	2,903	1,181	2,374	4,145
37	Kagawa	45,144	1,436	132	2,144	4,602	2,667	3,619	1,878	2,978	5,642
38	Ehime	55,545	1,682	50	2,256	5,859	4,459	6,583	2,304	3,890	7,814
39	Kochi	82,490	4,803	102	3,090	7,836	4,459	6,583	2,304	3,890	7,814
40	Fukuoka	50,145	1,226	67	2,257	5,436	2,256	3,854	1,460	2,529	4,802
41	Saga	266,970	16,591	266	10,901	20,424	14,081	23,149	7,207	11,160	21,985
42	Nagasaki	48,741	2,441	56	1,611	4,605	2,887	3,419	1,365	1,954	3,675
43	Kumamoto	88,230	2,957	144	4,120	6,824	5,260	7,872	2,380	4,209	8,253
44	Oita	100,330	5,020	105	3,309	9,016	4,963	8,462	2,435	4,264	8,435
45	Miyazaki	73,788	5,129	153	2,105	5,948	3,332	5,855	2,167	3,296	6,994
46	Kagoshima	66,465	4,022	130	2,342	7,974	2,943	5,184	1,588	2,975	6,257
47	Okinawa	97,558	3,401	174	2,971	12,444	5,092	7,857	2,802	4,216	8,160
48		64,246	1,539	59	3,259	9,333	1,541	5,813	1,545	3,237	5,974
TOTAL		6,328,503	380,211	8,022	252,362	671,356	323,531	530,419	172,403	225,019	556,297

Table 5.2 Selected Categorical Changes in Employee Totals 1972-1985.

Map Ref.	Prefecture	431	439	443	451	452	459	481	484	499(1982)
1	Hokkaido	9,077	-320	4,913	14,316	-1,804	6,086	-1,332	-2,881	6,316
2	Ronori	1,743	-102	792	4,246	-469	1,881	-403	-265	1,695
3	Akita	1,244	-14	868	3,926	-915	1,657	-248	-612	1,988
4	Iwate	1,584	137	2,506	6,621	-333	3,248	112	-352	3,413
5	Yanagata	420	-144	1,533	3,293	-1,203	1,302	-415	-646	1,664
6	Niyagi	857	22	1,022	2,958	-1,138	689	-440	-250	1,924
7	Fukushima	1,073	-677	2,196	3,879	-2,132	3,821	50	-356	2,650
8	Ibaraki	2,299	-25	2,884	8,801	-1,476	4,135	271	-703	3,983
9	Tochigi	1,445	-28	1,764	4,575	-1,427	2,848	-526	-211	2,501
10	Gunma	2,030	-43	1,629	4,542	-1,386	3,012	-142	190	2,667
11	Saitama	11,603	-95	4,998	19,206	3,422	15,147	619	2,214	7,576
12	Chiba	11,081	123	4,955	18,523	3,135	11,620	329	1,863	7,908
13	Tokyo	5,357	106	13,662	31,455	-1,579	24,107	4,534	1,902	23,902
14	Kanagawa	13,298	-177	4,845	23,109	2,045	15,086	-180	1,492	6,267
15	Nilgata	1,473	-18	2,260	6,796	-1,641	1,489	-1,231	-987	2,579
16	Toyama	148	73	1,194	4,359	-709	872	-332	6	1,707
17	Ishikawa	905	64	1,237	3,473	-560	1,761	-386	-256	2,417
18	Fukui	826	-79	871	1,982	-275	870	141	-256	1,279
19	Yamanashi	1,135	"	751	1,751	-554	1,203	-118	6	1,023
20	Nagano	2,184	-144	1,585	4,325	-1,552	1,629	-846	-407	2,956
21	Gifu	2,335	-170	1,714	2,905	-810	2,875	20	-171	2,320
22	Shizuoka	2,513	-36	3,549	10,371	-1,776	6,252	-440	414	4,124
23	Aichi	7,066	-48	5,876	15,605	145	12,105	-408	1,813	8,861
24	Nie	2,275	-35	1,652	5,584	-352	1,634	-216	512	2,201
25	Shiga	2,682	-100	565	2,421	-243	2,228	-108	121	1,129
26	Kyoto	3,696	-30	3,030	7,549	-112	3,358	-11	-100	2,156
27	Osaka	18,187	-305	8,942	20,108	2,345	11,796	-497	-462	10,770
28	Hyogo	5,214	-864	5,732	15,241	2,188	6,061	-375	-312	5,846
29	Nara	"	"	826	3,103	545	1,461	395	373	1,440
30	Makayama	1,984	-1	1,089	2,732	-533	654	-39	147	945
31	Tottori	502	29	407	1,780	-251	411	-39	-85	1,106
32	Shimane	501	-83	978	1,941	-708	427	64	-365	1,247
33	Okayama	3,618	-207	1,595	2,374	309	3,906	262	-85	2,752
34	Hiroshima	5,778	89	2,080	6,575	603	4,168	321	-224	4,050
35	Yanaguchi	2,367	8	1,422	3,036	-322	1,892	-234	-519	1,638
36	Tokushima	925	-42	1,065	2,065	-477	914	-50	-79	1,136
37	Kagawa	1,070	-363	892	2,571	-153	1,079	-96	-340	784
38	Ehime	2,255	-188	944	3,078	90	3,028	-447	-641	1,772
39	Kochi	"	"	1,032	2,406	-306	1,015	231	-154	1,371
40	Fukuoka	6,699	-230	4,702	10,244	168	9,580	760	103	6,269
41	Saga	1,444	-226	665	2,440	-332	470	-36	-444	1,014
42	Nagasaki	1,837	-338	1,353	2,599	-792	2,247	126	8	2,138
43	Kumamoto	1,127	-105	483	3,890	-1,137	2,557	227	-252	2,153
44	Oita	2,607	-107	707	2,268	-510	2,366	16	-198	1,283
45	Miyazaki	694	-181	76	3,244	-554	1,802	-220	47	2,003
46	Kagoshima	611	-170	862	5,689	-760	2,227	153	235	3,260
47	Okinawa	868	39	1,110	2,862	557	1,950	-109	494	2,493
TOTAL		148,727*	-5,005*	109,813	316,811	-13,349	191,032	-2,025	985	161,511

Missing values. * Total for known values.

Table 5.3 Selected Categories Total Stores by Prefectures 1985.

Map Ref.	Prefecture	431	439	443	451	452	459	481	484	493(1982)
1	Hokkaido	101	76	2,563	5,780	3,629	5,153	1,458	3,050	7,879
2	Ronori	21	26	781	1,745	2,248	2,523	474	994	2,227
3	Rkita	16	32	735	1,952	2,214	1,934	746	919	2,269
4	Iwate	30	42	1,080	1,725	3,030	3,065	839	1,265	3,280
5	Yanagata	10	16	755	1,939	2,122	1,822	874	964	2,186
6	Miyagi	19	33	615	1,116	2,053	1,472	604	899	2,323
7	Fukushima	31	49	1,056	2,125	3,187	2,477	1,141	1,370	3,509
8	Ibaraki	27	60	1,158	2,496	3,805	2,864	1,416	1,568	3,872
9	Tochigi	29	18	894	1,668	3,085	2,032	937	1,102	3,426
10	Gunma	25	22	919	1,668	2,753	2,069	810	1,223	3,574
11	Saitama	92	37	2,070	2,574	7,005	5,715	1,983	2,642	7,094
12	Chiba	65	53	1,961	3,065	5,261	4,448	1,709	2,326	6,088
13	Tokyo	188	92	7,980	3,789	14,661	14,443	4,218	6,375	21,313
14	Kanagawa	123	39	2,985	2,571	7,180	7,066	2,262	3,180	8,717
15	Niigata	31	46	1,386	2,509	3,379	3,018	1,615	1,849	4,557
16	Toyama	12	19	875	906	1,574	1,150	1,319	925	2,215
17	Ishikawa	9	12	617	988	1,538	1,277	823	824	2,204
18	Fukui	8	12	642	795	1,064	891	805	633	1,629
19	Yamanashi	17	12	523	1,035	1,223	1,000	432	563	1,734
20	Nagano	30	63	1,232	2,202	2,533	1,849	1,406	1,471	4,461
21	Gifu	27	30	1,311	2,119	2,740	1,639	1,269	1,418	3,806
22	Shizuoka	39	45	2,388	2,624	4,940	4,167	1,449	2,279	6,810
23	Richi	93	62	3,735	3,617	7,603	6,515	3,017	3,890	10,951
24	Nie	25	42	1,075	1,497	2,263	1,461	1,153	1,193	3,475
25	Shiga	27	20	535	941	1,391	1,140	754	709	1,909
26	Kyoto	35	33	1,847	1,365	3,809	3,408	1,336	1,752	5,760
27	Osaka	132	60	6,617	2,984	12,579	11,068	3,653	5,242	16,643
28	Hyogo	62	78	3,579	3,095	6,839	5,650	2,688	3,183	10,296
29	Nara	22	14	671	786	1,554	1,015	644	728	2,193
30	Wakayama	26	36	801	1,069	1,630	963	665	974	2,786
31	Tottori	12	16	430	711	574	515	405	466	1,386
32	Shimane	10	28	528	1,239	733	901	673	636	1,758
33	Okayama	36	39	1,071	1,920	2,020	1,629	919	1,331	3,703
34	Hiroshima	50	77	1,836	2,779	2,977	2,432	1,373	1,971	5,406
35	Yamaguchi	37	43	1,075	1,770	1,617	1,841	656	1,186	3,425
36	Tokushima	10	24	725	1,042	1,239	971	404	704	1,854
37	Kagawa	12	16	741	1,061	1,108	922	564	754	2,352
38	Ehime	31	33	1,019	1,576	2,023	1,885	707	1,050	3,367
39	Kochi	5	28	804	829	1,201	1,363	430	704	2,103
40	Fukuoka	107	40	2,915	2,701	5,773	6,005	1,817	2,514	8,678
41	Saga	20	20	496	801	1,360	1,136	478	632	1,548
42	Nagasaki	21	40	957	1,801	2,346	2,657	693	1,196	3,079
43	Kumamoto	27	26	911	2,017	2,390	2,582	788	1,163	3,100
44	Oita	32	31	648	1,080	1,567	1,789	682	945	2,811
45	Miyazaki	22	19	709	1,642	1,429	1,699	522	951	2,290
46	Kagoshima	16	38	905	2,747	2,362	3,155	1,003	1,331	3,200
47	Okinaua	8	13	1,458	4,211	805	2,317	520	925	2,050
TOTAL		1,822	1,704	20,814	92,602	150,416	132,213	55,183	24,386	211,296

Table 5.4 Selected Category-wise Changes in Store Totals, 1972-1985.

Map Ref.	Prefecture	431	439	443	451	457	459	481	484	493(1982)
1	Hokkaido	40	-37	1,443	-280	-1,550	-100	-150	524	2,056
2	Honori	10	-10	474	-77	-524	-158	-74	176	529
3	Rkita	8	-5	384	-53	-794	203	26	153	593
4	Iuete	14	2	720	398	-948	-27	65	271	1,026
5	Yanagata	1	-30	478	117	-964	35	-74	153	615
6	Niyagi	4	6	391	112	-939	-5	-231	141	661
7	Fukushima	17	-81	654	358	-1,585	221	42	166	1,016
8	Ibaraki	11	16	753	449	-1,327	291	162	358	1,191
9	Tochigi	16	-33	544	242	-1,173	281	-169	144	938
10	Gunma	13	-9	645	184	-1,293	393	-50	216	957
11	Saitama	65	6	1,343	237	-620	2,077	289	855	2,666
12	Chiba	38	30	1,320	818	-313	1,200	295	805	2,473
13	Tokyo	44	32	4,704	889	-3,652	2,828	1,364	1,034	5,717
14	Kanagawa	68	7	1,797	623	-1,144	1,565	314	736	2,151
15	Niigata	19	-8	795	245	-1,226	-90	-408	173	985
16	Toyama	4	-1	464	237	-718	-155	-125	116	561
17	Ishikawa	4	-1	446	125	-369	170	-150	110	582
18	Fukui	4	-11	297	29	-352	73	-32	34	406
19	Yamanashi	13	-2	295	-85	-482	170	22	80	427
20	Nagano	22	-12	647	83	-1,314	68	-297	204	959
21	Gifu	17	-10	671	-128	-2,941	252	-153	264	931
22	Shizuoka	20	-16	1,436	-8	-1,826	878	-431	551	1,734
23	Richi	45	9	2,153	582	-1,865	1,188	-184	973	2,996
24	Nie	17	12	599	195	-858	117	-151	231	765
25	Shiga	14	-8	290	138	-363	204	35	117	466
26	Kyoto	29	6	1,009	669	-1,003	91	48	383	927
27	Osaka	81	10	3,622	326	-1,716	792	314	994	3,723
28	Hyogo	11	14	1,926	298	-646	382	-85	507	2,130
29	Nara	21	11	363	298	-132	96	178	178	497
30	Wakayama	19	12	385	118	-569	-42	32	157	460
31	Tottori	1	-5	243	-20	-293	21	24	101	400
32	Shimane	5	4	318	175	-484	-206	54	76	422
33	Okayama	27	4	614	-540	-67	273	265	329	953
34	Hiroshima	40	38	1,025	99	-211	66	205	466	1,475
35	Yamaguchi	20	7	566	-349	-503	-251	-12	234	629
36	Tokushima	7	-35	362	100	-554	45	-18	92	440
37	Kagawa	9	-28	391	-63	-276	10	14	84	464
38	Ehime	18	-28	513	-156	-301	74	-28	171	797
39	Kochi	3	-36	480	-30	-367	246	73	139	587
40	Fukuoka	60	-7	1,788	-174	-1,426	1,213	315	748	2,496
41	Saga	14	-14	286	97	-508	-112	29	137	304
42	Nagasaki	13	-3	491	138	-738	-114	85	302	787
43	Kumamoto	13	-31	408	-87	-1,316	-135	86	189	542
44	Oita	21	-20	333	-192	-472	155	53	182	691
45	Niyazaki	4	-12	329	7	-436	30	-9	243	787
46	Kagoshima	6	-31	416	-112	-1,000	-23	23	334	1,118
47	Okinawa	5	9	326	-432	-4	-155	-47	239	742
TOTAL		957	-313	39,937	6,327	42,162	14,135	1,534	14,870	54,772

Table 6.6 Selected Categories Total Sales Floorpace, in Square Meters, 1985.

Map Ref.	Prefecture	431	439	443	451	452	459	481	484	499 (1982)
1	Hokkaido	726,208	6,966	314,354	971,286	131,073	232,712	326,081	176,542	389,533
2	Ronori	162,581	2,278	72,664	192,551	69,564	86,061	95,748	59,012	102,468
3	Akita	95,616	2,229	63,924	210,221	63,461	56,082	85,889	45,649	111,176
4	Iwate	178,703	12,584	97,920	234,730	86,549	119,212	118,725	66,049	131,506
5	Yanagata	53,013	1,876	76,870	151,399	56,226	55,176	103,919	50,649	98,883
6	Miyagi	122,501	3,318	70,052	157,533	54,675	36,001	83,055	48,386	91,903
7	Fukushima	149,992	4,280	111,861	220,441	86,479	110,907	122,235	65,908	150,704
8	Ibaraki	214,012	6,568	132,182	387,502	112,214	83,043	122,609	94,443	170,031
9	Tochigi	195,554	9,067	93,461	238,946	85,270	71,193	122,925	62,631	174,637
10	Gunma	191,780	1,401	80,032	235,291	77,977	61,851	116,445	69,535	169,786
11	Saitama	675,831	7,564	192,748	554,449	176,367	143,826	302,440	148,592	284,479
12	Chiba	677,744	10,457	193,697	478,600	162,447	151,572	259,211	145,917	265,212
13	Tokyo	1,688,289	6,841	522,116	790,032	370,444	414,648	384,930	350,999	782,545
14	Kanagawa	929,581	6,805	250,408	585,358	188,301	230,856	272,612	191,697	329,821
15	Niigata	200,323	2,931	133,011	307,053	97,091	83,733	166,744	88,729	188,062
16	Nagata	82,980	1,296	80,988	141,897	45,723	37,246	141,087	45,094	97,245
17	Toyama	78,435	4,315	79,042	160,913	47,060	45,447	129,549	41,094	145,065
18	Ishikawa	45,823	552	66,148	114,184	31,575	32,268	104,390	35,421	81,089
19	Fukui	84,328	1,447	38,090	93,124	33,289	28,497	56,004	28,177	98,096
20	Yamanashi	166,784	4,159	122,805	304,679	73,479	53,207	170,859	71,091	189,561
21	Nagano	180,001	1,998	102,622	235,660	79,950	61,373	177,314	73,649	161,277
22	Shizuoka	284,593	5,676	208,068	420,657	136,256	122,329	200,032	124,141	314,148
23	Richi	814,805	9,563	276,997	602,758	241,450	245,267	481,281	248,874	484,392
24	Mie	143,280	3,322	88,989	229,046	65,346	49,395	164,233	72,290	154,622
25	Shiga	144,909	1,254	32,259	90,928	41,284	42,566	102,266	36,792	62,171
26	Kyoto	248,225	3,174	124,488	173,231	99,329	100,960	163,458	75,730	179,364
27	Osaka	1,196,851	9,370	317,718	577,565	290,051	314,908	485,571	294,459	543,199
28	Hyogo	450,181	6,892	248,995	479,474	172,795	169,725	332,874	175,503	361,633
29	Nara	147,374	683	35,813	83,869	38,668	40,181	68,235	34,969	88,660
30	Wakayama	113,190	2,346	53,845	120,988	35,489	20,990	79,425	39,643	90,432
31	Tottori	70,200	1,510	26,806	87,124	17,017	16,017	46,391	28,155	61,113
32	Shimane	46,209	4,635	48,465	139,407	18,840	26,120	62,508	32,493	84,174
33	Okayama	223,717	5,876	82,407	251,856	55,086	81,343	149,047	81,201	174,190
34	Hiroshima	349,886	6,107	113,359	366,770	75,592	95,551	181,311	107,000	230,045
35	Yamaguchi	174,791	3,568	88,401	216,210	41,123	76,263	117,292	64,660	133,032
36	Tokushima	55,445	3,833	67,461	126,198	33,469	27,628	49,770	34,076	77,364
37	Kagawa	60,509	1,205	49,646	165,013	33,930	24,654	98,808	44,920	106,222
38	Ehime	162,542	2,264	65,009	189,052	55,776	67,701	110,584	59,049	150,927
39	Kochi	37,606	1,827	48,498	126,084	25,799	44,059	71,790	35,841	81,239
40	Fukuoka	688,294	8,528	209,858	495,245	151,397	245,857	341,711	184,790	447,546
41	Saga	87,548	1,310	34,776	102,441	33,426	32,995	59,246	27,333	57,679
42	Nagasaki	121,551	1,989	93,360	145,683	59,121	90,725	96,215	52,647	92,328
43	Kumamoto	164,223	2,947	67,072	199,605	61,821	99,962	116,903	66,748	133,876
44	Oita	187,895	5,743	50,239	166,139	43,384	69,970	91,625	45,098	121,715
45	Miyazaki	160,905	8,751	51,096	170,531	36,984	58,890	69,724	43,806	102,283
46	Kagoshima	102,760	5,442	69,449	272,720	64,794	95,987	109,716	63,915	132,772
47	Okinawa	36,820	1,205	63,892	209,079	24,361	76,623	84,302	52,835	104,485
TOTAL		13,124,388	207,952	5,517,961	12,973,552	4,071,802	4,531,587	7,447,078	4,086,432	8,782,630

Table 5.6 Selected Categoryless Changes in Floor-space Totals, in Square Metres, 1972-1985.

Map Ref.	Prefecture	491	499	443	451	457	459	481	484	493(1982)
1	Hokkaido	503,873	-10,206	197,959	377,698	-36,245	31,276	86,935	11,307	143,223
2	Honori	85,616	-198	41,021	91,037	-5,056	1,405	17,299	14,296	40,506
3	Rkita	66,497	-2,003	23,015	94,812	-16,189	-2,151	17,574	3,758	46,855
4	Iwate	96,733	9,369	70,229	142,300	-16,062	38,412	64,308	24,720	67,238
5	Yamagata	25,850	-2,911	55,339	80,919	-16,062	4,001	29,944	16,512	42,669
6	Miyagi	63,597	1,691	47,328	88,635	-11,110	-2,116	28,090	16,308	40,224
7	Fukushima	59,187	-19,169	57,239	102,220	-38,166	42,045	21,189	-14,419	58,748
8	Ibaraki	152,486	354	93,101	234,968	-18,376	1,110	29,430	44,175	80,816
9	Tochigi	125,912	1,324	57,894	122,763	-27,009	18,073	19,644	16,645	57,433
10	Gunma	136,942	-395	55,255	128,525	-19,717	15,645	41,530	28,040	91,247
11	Saitama	529,401	-759	131,033	350,323	-9,683	38,878	105,511	62,582	145,394
12	Chiba	519,173	5,218	135,096	307,821	11,694	55,522	96,072	64,483	152,399
13	Tokyo	526,826	-3,586	295,932	451,393	25,666	242,190	114,587	117,547	461,498
14	Kanagawa	681,561	-11,822	120,061	341,170	14,766	95,459	75,546	69,220	140,717
15	Niigata	132,152	-235	76,774	144,062	-26,017	-8,965	6,855	4,780	64,633
16	Toyama	39,235	263	52,289	87,410	-15,290	-2,191	13,909	3,532	39,342
17	Ishikawa	54,520	2,521	49,042	74,568	-10,855	12,813	40,703	6,695	90,904
18	Fukui	32,113	-1,287	44,258	53,329	-7,832	5,766	33,136	2,831	39,541
19	Yamanashi	64,273	-1,749	24,102	31,976	-6,646	-1,991	19,171	9,996	42,593
20	Nagano	117,303	-610	63,797	125,592	-26,771	42	36,768	7,211	76,544
21	Gifu	117,303	-4,399	55,039	64,542	-19,423	11,777	47,182	11,741	67,504
22	Shizuoka	161,060	-1,865	118,837	212,645	-35,033	30,953	27,650	35,701	120,531
23	Aichi	448,996	3,341	159,513	314,437	4,840	110,533	152,663	88,843	245,769
24	Nie	104,829	-1,496	55,604	132,820	-11,392	13,774	47,196	26,128	61,975
25	Shiga	94,014	-1,756	15,585	49,048	-2,829	16,300	38,014	12,067	25,778
26	Kyoto	149,623	-2,723	69,706	128,980	-1,585	32,869	38,073	17,652	44,598
27	Osaka	743,997	-7,601	152,573	396,640	41,603	108,241	181,797	73,043	257,149
28	Hyoogo	282,611	-12,864	150,705	278,193	9,393	33,027	95,917	18,753	166,332
29	Nara	73,812	-775	16,794	57,303	2,049	15,726	26,216	9,131	47,207
30	Wakayama	35,374	195	30,748	65,729	-4,263	-2,858	10,067	8,305	31,062
31	Tottori	28,616	-2,006	16,895	40,812	348	1,873	15,765	3,064	30,957
32	Shimane	167,559	-2,502	32,130	67,998	-7,715	-1,047	20,311	10,415	42,623
33	Okayama	295,028	-1,103	45,191	93,524	3,924	36,444	45,854	21,745	93,522
34	Hiroshima	111,731	96	50,860	178,494	10,494	22,566	44,790	11,595	109,735
35	Yamaguchi	43,279	-2,044	48,833	93,351	979	20,128	38,932	14,682	56,517
36	Tokushima	48,786	-5,002	27,516	61,851	-7,115	1,549	5,630	10,469	43,701
37	Kagawa	108,894	48,786	24,489	91,129	-674	-2,883	40,399	8,612	75,108
38	Ehime	421,976	48,786	27,516	82,205	1,882	22,368	25,547	9,964	45,051
39	Kochi	67,712	48,786	27,516	63,117	-5,215	7,202	23,147	1,789	45,471
40	Fukuoka	82,864	-6,208	132,516	267,049	-11,407	91,766	139,899	56,922	282,605
41	Saga	101,701	-4,237	17,414	53,642	-8,018	-7,200	17,633	4,117	24,340
42	Nagasaki	136,033	-22,790	51,302	69,894	-6,002	13,253	26,204	6,299	18,300
43	Kumamoto	74,509	-3,880	28,132	102,367	-11,512	23,002	46,601	17,760	52,517
44	Oita	53,399	-4,92	23,098	90,261	-7,580	26,230	22,376	12,951	57,647
45	Miyazaki	20,515	-4,410	40,146	62,439	-4,301	15,992	12,073	12,791	45,364
46	Kagoshima	39,565	430	39,565	82,181	37,809	25,654	40,687	27,981	75,183
47	Okinawa									
	TOTAL	2,987,985	-130,532	3,208,082	6,806,800	-260,078	1,268,920	1,065,871	2,159,542	4,142,251

* Missing values. * Total for known values.

Table 5.7 Selected Categories Annual Sales, in Millions of Yen, by Prefecture 1985.

Map Ref.	Prefecture	431	439	443	451	452	459	481	484	499(1982)
1	Hokkaido	639,602	4,974	204,280	870,897	87,800	216,861	93,661	170,738	294,413
2	Honori	105,929	1,004	40,388	161,286	23,269	56,736	29,031	46,937	61,190
3	Rkita	73,252	1,956	36,775	171,442	22,718	37,166	23,775	38,493	57,126
4	Iwate	195,538	7,315	68,298	209,619	41,962	91,003	38,293	58,792	94,067
5	Yamagata	45,771	931	41,534	122,207	20,429	34,834	25,414	41,839	52,543
6	Niyagi	78,538	2,126	32,843	141,579	23,234	28,208	22,653	43,316	57,064
7	Fukushima	124,511	2,644	68,430	196,470	35,406	101,439	36,710	64,124	81,925
8	Ibaraki	145,776	3,963	84,575	343,118	50,180	72,769	52,350	84,709	100,925
9	Tochigi	156,449	5,183	55,693	207,086	36,512	66,766	30,052	69,861	86,736
10	Gunma	134,647	891	52,217	224,863	37,939	69,065	31,638	69,954	95,887
11	Saitama	582,419	8,174	152,657	697,276	113,953	202,699	90,798	172,834	192,561
12	Chiba	604,481	6,633	143,182	564,799	99,228	191,544	77,299	148,225	182,333
13	Tokyo	2,839,357	13,756	656,023	1,187,785	364,197	541,540	267,968	706,199	1,055,935
14	Kanagawa	908,726	7,105	232,246	807,100	160,371	306,778	122,250	282,565	294,164
15	Niigata	148,561	2,641	81,762	301,596	49,068	71,614	50,508	78,099	98,148
16	Toyama	65,413	1,911	41,660	131,569	24,098	34,481	36,067	39,866	55,580
17	Ishikawa	65,186	2,225	46,603	146,532	24,625	38,926	30,881	36,639	68,507
18	Fukui	38,736	298	34,536	107,179	15,296	25,137	24,574	33,557	42,166
19	Yamanashi	79,000	1,128	23,714	92,331	14,625	21,695	14,321	28,647	39,636
20	Nagano	142,565	3,442	78,839	326,844	42,540	59,821	48,190	75,911	112,904
21	Gifu	141,239	1,762	60,223	212,165	39,944	63,753	52,943	69,550	89,289
22	Shizuoka	244,639	2,604	136,302	428,885	72,084	137,560	57,019	122,456	188,099
23	Aichi	742,314	9,024	217,961	617,845	150,430	248,932	144,758	266,257	327,254
24	Mie	114,212	3,649	58,369	201,629	33,300	47,118	46,796	66,571	82,714
25	Shiga	137,189	1,213	20,935	98,927	22,078	39,059	29,629	37,500	40,201
26	Kyoto	347,485	2,726	113,644	239,267	77,931	104,825	66,903	97,977	151,942
27	Osaka	1,639,635	10,376	334,220	706,737	221,121	350,127	170,668	414,514	595,934
28	Hyogo	528,399	7,819	199,140	620,621	121,299	179,877	116,296	206,995	262,372
29	Nara	131,534	286	27,485	78,101	22,541	32,505	22,938	39,650	43,097
30	Wakayama	98,820	1,357	35,333	102,155	16,314	19,725	23,114	44,647	52,345
31	Tottori	59,871	1,231	14,581	81,574	7,347	12,873	12,309	22,452	33,929
32	Shimane	37,882	2,048	26,868	98,721	9,352	18,759	16,472	29,673	41,189
33	Okayama	205,989	2,571	48,656	201,294	30,860	73,605	40,510	73,590	92,243
34	Hiroshima	317,108	6,451	85,501	313,630	51,702	99,261	57,068	128,115	141,193
35	Yamaguchi	142,994	2,865	56,976	160,933	21,861	62,071	33,294	61,831	82,801
36	Tokushima	45,079	2,374	33,271	80,923	11,983	17,653	14,163	31,865	41,792
37	Kagawa	59,634	868	33,223	138,420	15,301	25,176	27,175	40,357	50,253
38	Ehime	160,876	1,298	43,117	146,837	24,470	49,271	27,761	51,826	67,015
39	Kochi	40,105	809	28,835	112,209	10,926	26,790	17,644	33,993	43,414
40	Fukuoka	593,472	7,729	169,821	385,750	88,942	202,272	106,616	169,656	242,318
41	Saga	63,938	926	19,886	83,049	14,643	23,093	13,970	23,923	28,956
42	Nagasaki	102,272	1,935	57,021	109,190	34,048	61,598	28,599	53,749	67,043
43	Kumamoto	187,381	1,937	43,524	142,261	26,235	70,260	27,915	60,299	73,210
44	Oita	146,892	2,692	29,789	101,847	17,290	43,919	23,876	44,373	57,112
45	Niyazaki	97,949	2,711	29,826	120,972	13,589	36,800	14,804	34,737	50,711
46	Kagoshima	97,512	2,611	39,956	195,520	25,402	56,983	27,061	51,814	66,727
47	Okinawa	40,734	634	31,889	107,695	9,081	44,566	22,863	40,965	50,890
TOTAL		13,694,071	160,866	4,122,601	12,845,735	2,472,524	4,417,514	2,389,592	4,610,520	6,187,880

5.2 Location Quotients 1985 and Staff Increases 1972 - 1985.

5.2.1 Category 431: Department Stores.

In Figure 5.1 there are four prefectures with a LQ of 1.25 or more; two in each of the Tokyo and Osaka metropolitan areas. There are another six in the island of Honshu with LQs between 1.00 and 1.25. Apart from Tottori these all contain, or are adjacent to, areas of urban concentration.

The island of Shikoku, as a whole, had a lower share of employees in this category given its share of total retail employees. The island region of Kyushu was a mixture. It contained the lowest value (0.40) for isolated Okinawa. There were comparatively low values for Kagoshima (0.58) and Nagasaki (0.75), and five values in a fairly narrow band of 0.83 and 1.16. Hokkaido was just above the normal average with a quotient of 1.02. However, the department stores on the island were nearly all to be found in the capital, Sapporo.

Figure 5.2 shows that the largest percentage increases of staff occurred in the southern half of the country. Hiroshima had the largest increase of 209.20%, followed by Saitama (201.27%) and Chiba (196.09%). The lowest increase was in Tokyo (8.70%). The overall increase for the 45 known prefectures was 67.97%. It can be seen that in Kanto significant growth occurred in the area around Tokyo but not in the capital. High land values and lack of sites in Tokyo prohibited substantial growth.

Several prefectures in the south had large increases in employees compared with their increases in population. These prefectures were Hiroshima (209.20%), Tokushima (181.02%), Kagawa (174.84%), Okayama (174.36%) and Saga (144.83%). The region of Kinki as a whole increased above the average of 67.97%, while Tohoku's was considerably below.

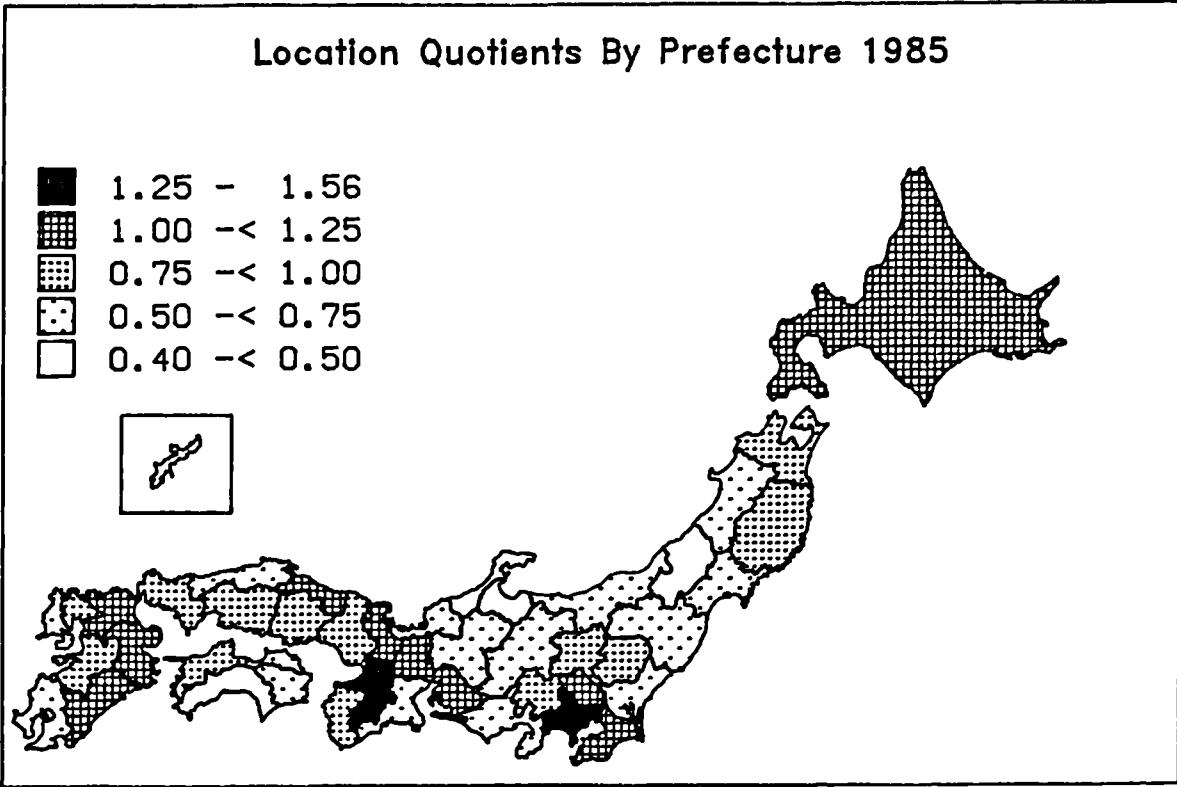


Figure 5.1 431 Stores: Location Quotients By Prefecture 1985

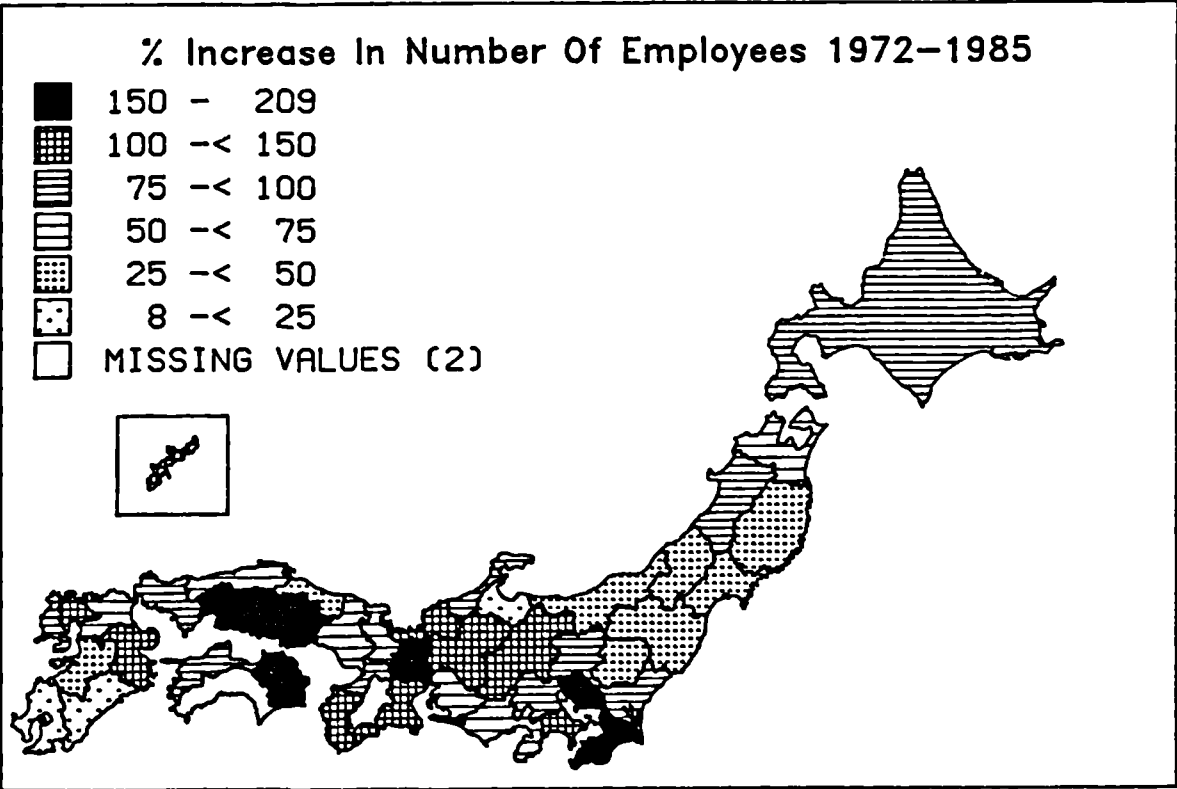


Figure 5.2 431 Stores: Percentage Increase in Number of Employees

5.2.2 Category 439: General Merchandise Stores.

Figure 5.3 shows the geographical distribution of these stores complemented that of department stores. The value of LQs for general merchandise stores was considerably higher in 29 prefectures. Twenty had a value less than 1.01 for department stores, and a value above 1.00 for general merchandise stores.

Ten prefectures had a value under 1.00 for Category 439 stores and above 1.00 for department stores. With the exception of Hokkaido and Fukuoka (Kyushu) these prefectures were all in the Kanto, Kinki and Chubu urban concentrations. Five prefectures had values of 1.00 or above for both types of store. They were: Chiba, Shiga and Tottori (Honshu); Oita and Miyazaki (Kyushu).

Figure 5.4 shows mostly decreases in staff from 1972 to 1985, the greatest being Kagawa (87.89%), Fukushima (80.89%), Saga (80.14%), and Fukui (75.96%). The total for the 45 known prefectures had decreased by 40.58%.

The largest increases occurred in Okinawa (195.00%), Toyama (192.11%), Ishikawa (142.22%) and Iwate (94.48%). Together they made up one of three clusters of prefectures in terms of increase combined with percentage growth of population. The population increases were Okinawa (22.18%), Toyama (7.19%), Ishikawa (12.83%) and Iwate (17.18%). The second cluster of 36 prefectures were grouped relatively closely, with 30 decreases, and 5 increases in staff, and one constant. They had population increases between 2.03% (Yamagata) and 15.78% (Fukuoka).

The third group was made up of five prefectures with population changes above 23.50%. Four were in Kanto. Their respective changes in staff and population were: Chiba (55.41%, 40.35%), Ibaraki (-9.51%, 23.53%), Kanagawa (-38.31%, 26.16%) and Saitama (-31.88%, 37.75%). The fifth was Shiga (-55.56%, 25.79%).

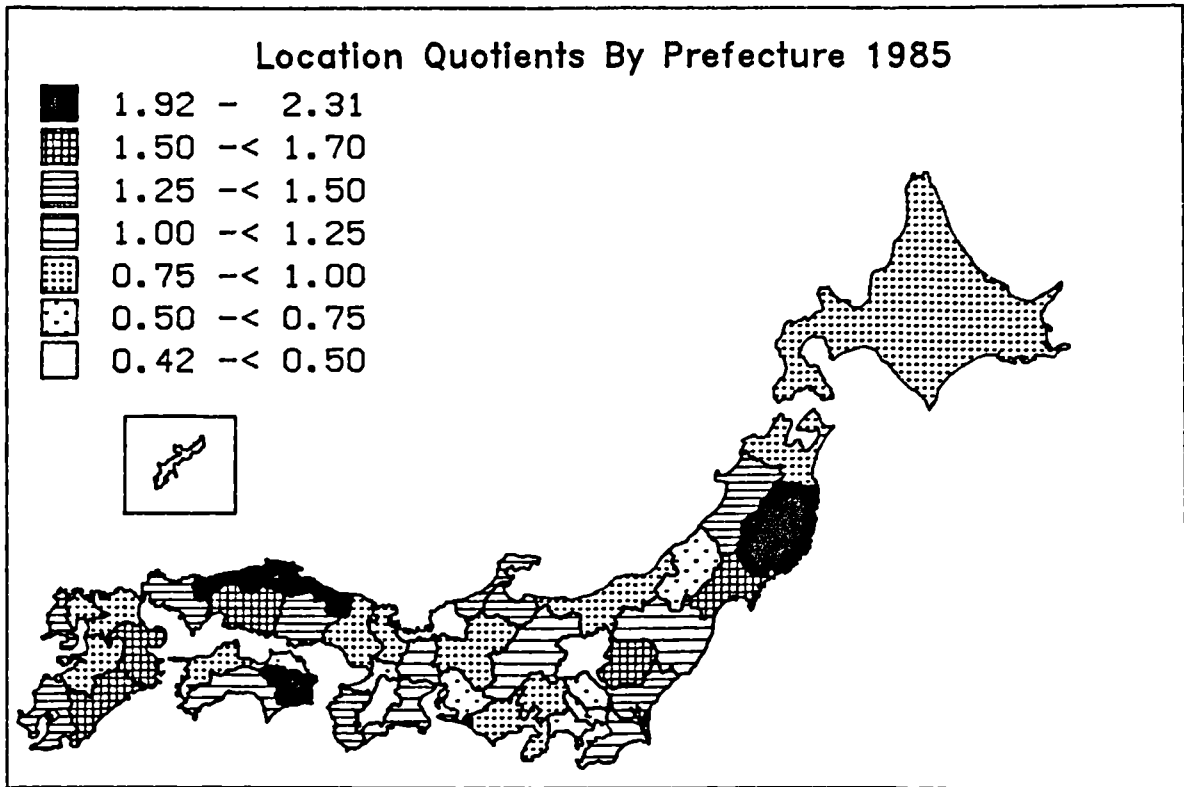


Figure 5.3 439 Stores: Location Quotients By Prefecture 1985

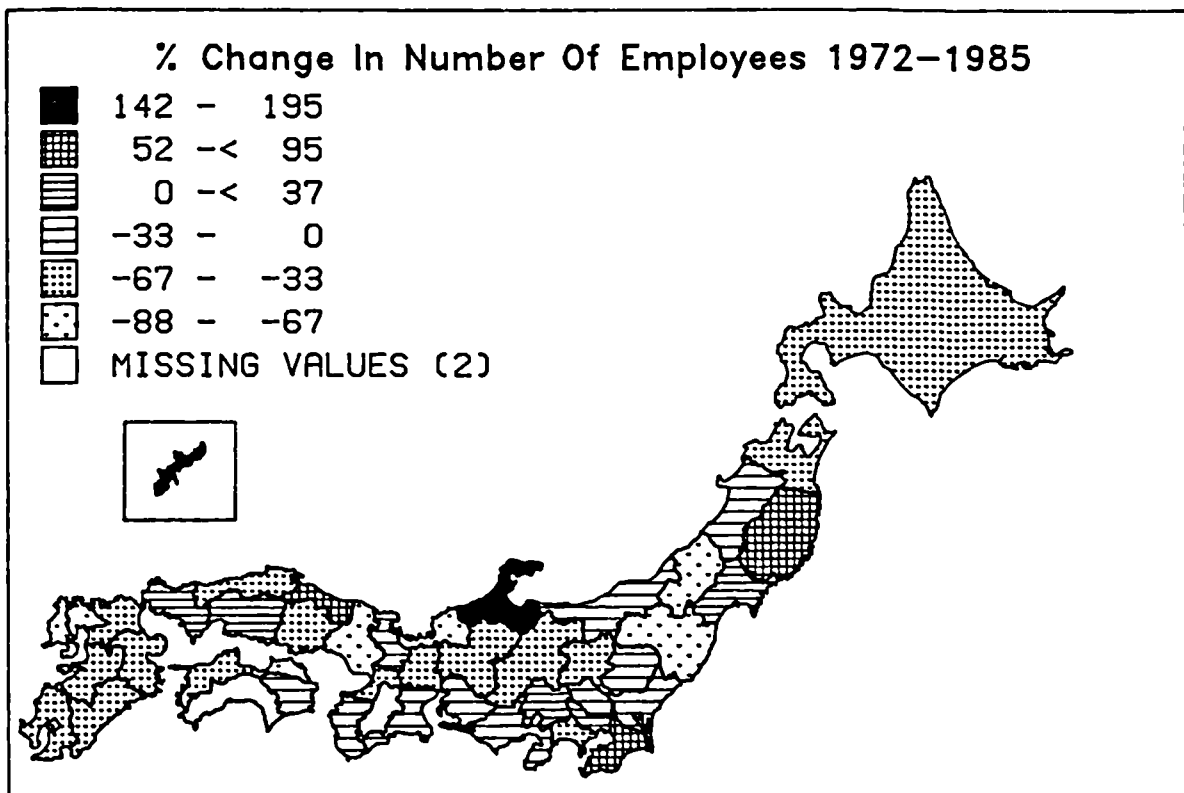


Figure 5.4 439 Stores: Percentage Increase in Number of Employees 1972-85

5.2.3 Category 443: Women's and Children's Dress Stores.

Figure 5.5 shows that the highest LQs occurred in the southern half of Japan, particularly in the island of Shikoku, Kinki and northern Chubu . The two highest values occurred in Okinawa (1.27), and Tokyo (1.20). For Osaka the value was 1.13 and for adjacent Hyogo 1.17. The Hokkaido and Tohoku regions both had values less than 1.00 . Thirty three prefectures had LQ values of between 0.88 and 1.12. The lowest values were for Shiga (0.66) in Kinki; and Oita (0.72) and Kagoshima (0.76) in Kyushu.

It can be seen from Figure 5.6 that the largest percentage increases in employees were in the Kanto and Tohoku regions. Saitama was the highest with 163.60 % and Chubu second with 158.81%.. Both were in Kanto. Along with Kanagawa (64.35%) these prefectures around Tokyo had large absolute increases in population, but relatively low increases in employees. On the other hand, Tokyo recorded the highest increase in employees of 13,662 (74.48%) but had the lowest increase in population of 2.61%. Kanto contained three other prefectures with increases above 100%. They were Ibaraki (146.25%), Tochigi (102.74%) and Gunma (100.31%). The total national increase in employees was 77.03% during 1972 - 1985.

The second lowest percentage increase in population (2.03%) took place in Yamagata, Tohoku which recorded a high increase of employees (121.57%). Two other prefectures in Tohoku had high increases in staff. They were Iwate (153.74%) and Fukushima (111.08%).

Although Kanto and Tohoku experienced large percentage increases in employees, they still had LQs below 1.00 as shown in Figure 5.5.

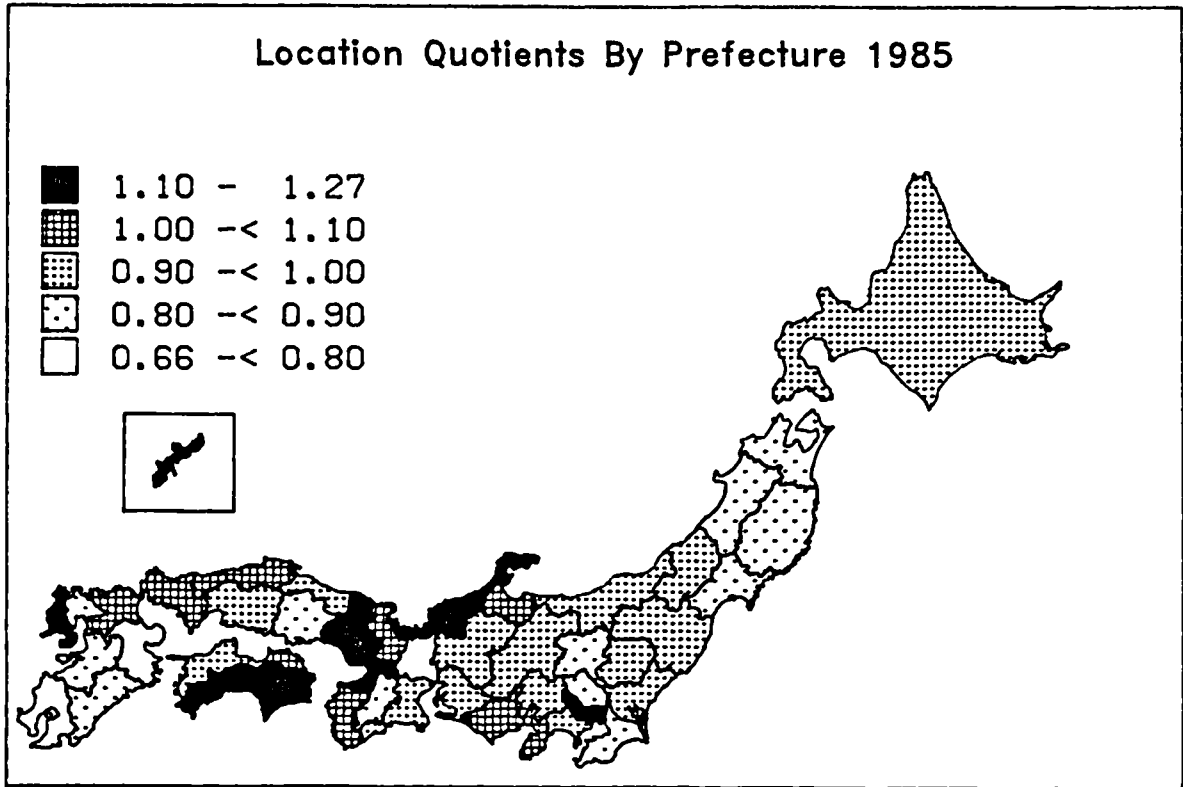


Figure 5.5 443 Stores: Location Quotients By Prefecture 1985

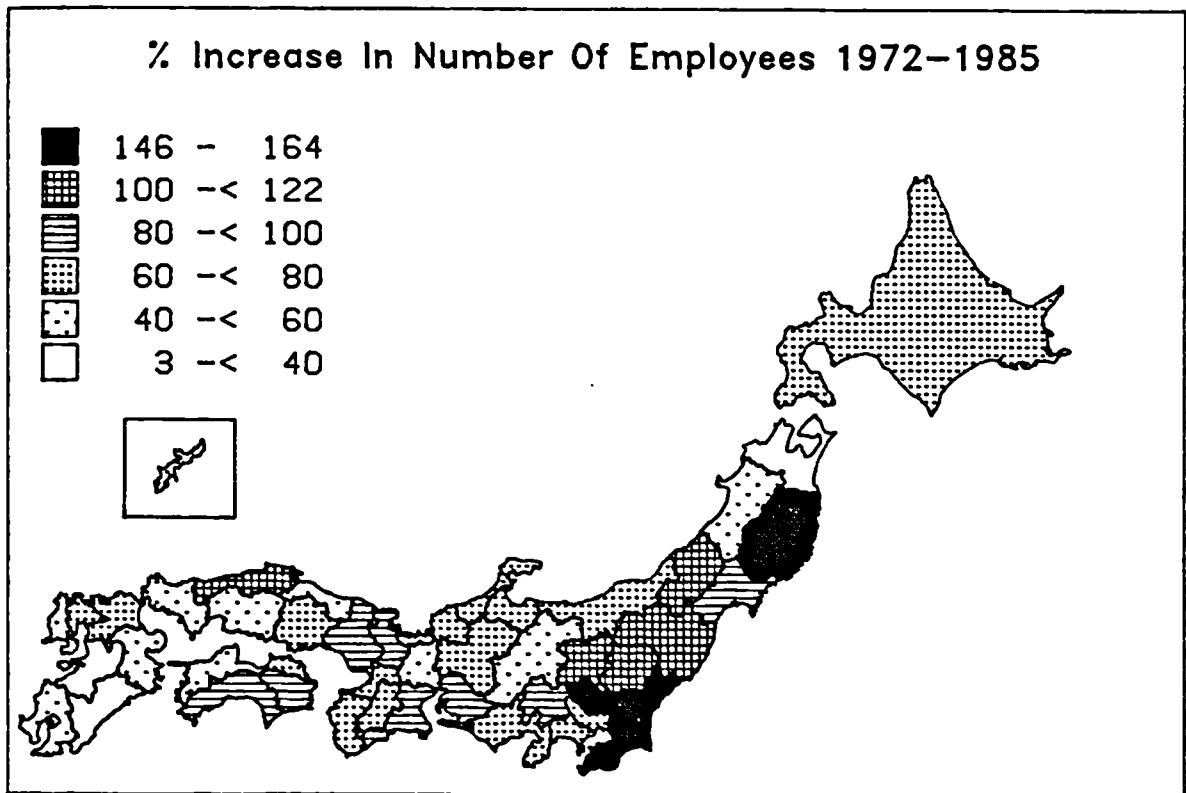


Figure 5.6 443 Stores: Percentage Increase in Number of Employees 1972-85

5.2.4 Category 451: Grocery Stores.

Figure 5.7 shows relatively high LQs for Hokkaido (1.41) and Okinawa (1.48). Next were Kagoshima (1.30) and Miyazaki (1.22) in Kyushu, and Akita (1.23) in Tohoku. By way of contrast, the four lowest values are Osaka (0.66), Kyoto (0.72), Fukuoka (0.78) and Tokyo (0.79). All the other prefectures in Kanto had values over 1.00 including Ibaraki (1.21), Saitama (1.20) and Chiba (1.20). In comparison, Kinki had only one prefecture, Mie (1.15) which had a value greater than 1.00. Twenty seven prefectures had LQ values between 0.87 and 1.11.

Figure 5.8 shows that outside of Kanto the largest percentage increases in employees generally took place in prefectures with location quotients less than 1.00, particularly in Kinki. The national increase as a whole for the period was 103.82%. There were 14 prefectures (29.79%) that had values above this figure. There were five of these prefectures in each of Kinki and Kanto, and two in Chubu. The others were Iwate (154.26%) in Tohoku, and Saga (112.79%) in Kyushu. In total there were 33 prefectures (70.21%) with below average increases.

There were four increases of more than 200%, of which three occurred in Kinki, namely Kyoto (275.80%), Osaka (210.60%) and Nara (206.04%). The other increase was in Chiba (213.42%). In comparison with the rest of the country, Osaka and Kyoto had increases disproportionately high with relation to their percentage changes in population. By contrast Okinawa recorded a large change in population but a small increase in employees. In terms of absolute increases in the numbers of staff and population, Tokyo had the highest increase in employees (13,662) and a disproportionately low population increase (301,000). The converse was true in surrounding Saitama, Chiba and Kanagawa.

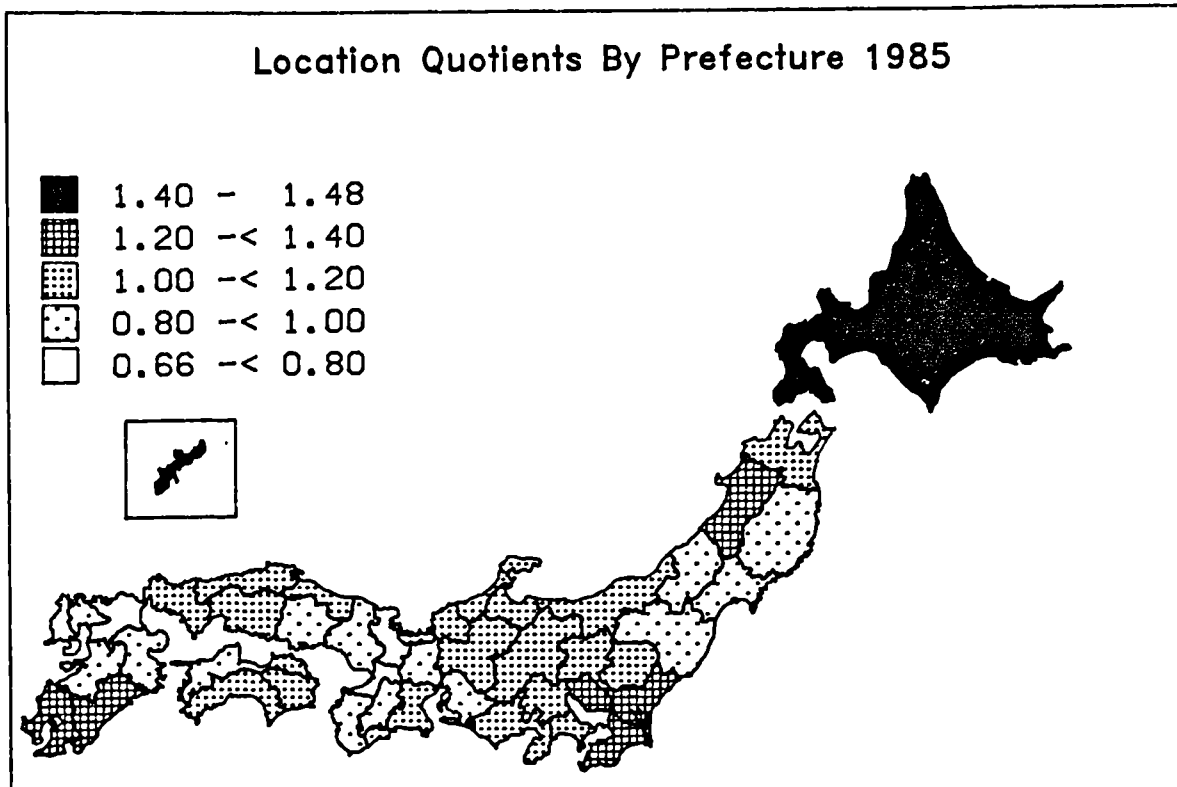


Figure 5.7 451 Stores: Location Quotients By Prefecture 1985

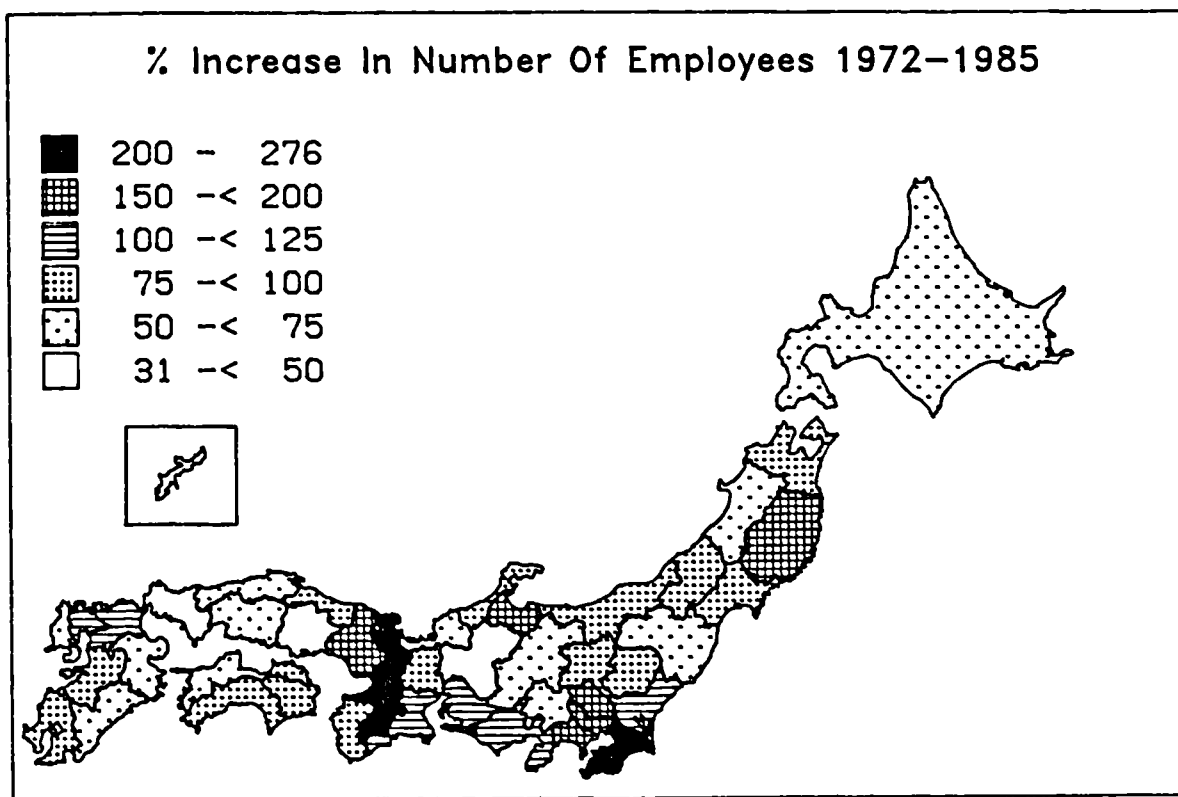


Figure 5.8 451 Stores: Percentage Increase in Number of Employees 1972-85

5.2.5 Category 457: Confectionery and Bakery Stores.

From Figure 5.9 it can be seen that all of the prefectures in Kanto had LQs greater than 1.00, the highest belonging to Saitama (1.23). The other main area of concentration was formed of four adjoining prefectures in Kinki including Kyoto, which had the highest value in the country of 1.27. Twenty two prefectures had values in the narrow 0.90 to 1.10 band.

The lowest values occurred in Okinawa (0.51), Tottori (0.58) and Shimane (0.59); the last two both in Chugoku. All of Chugoku and Shikoku had values under 1.00. The greatest regional variation in terms of the spread of values occurred in Kyushu, ranging from Okinawa (0.51) to Nagasaki (1.01).

In Figure 5.10 two main trends in employment are shown. First, there was quite a high percentage increase in the area surrounding Tokyo Prefecture, and also in Osaka and adjoining prefectures. In Kanto, the increases were: Chubu (27.13%), Saitama (23.69%) and Kanagawa (10.38%). These three also recorded three of the four highest percentage increases in population; ie 40.35%, 37.75% and 26.16% respectively. In Kinki, Nara's population increased by 32.09%, and employment by 17.50%. Employment increases in adjoining prefectures were: Hyogo (13.62%), Osaka (8.06%) and Kyoto (1.04%). All these increases occurred in prefectures with a LQ of 1.08 or higher. By way of contrast, the highest increase was in Okinawa (40.25%), which had the lowest LQ (0.51).

The second main trend was a decrease in employment throughout most of the rest of the country. Altogether there were decreases in 34 prefectures. They included Hokkaido, all in Tohoku; and in Chubu all prefectures apart from Aichi which increased by 0.77%. There was a national decrease of 3.45% between 1972 and 1985.

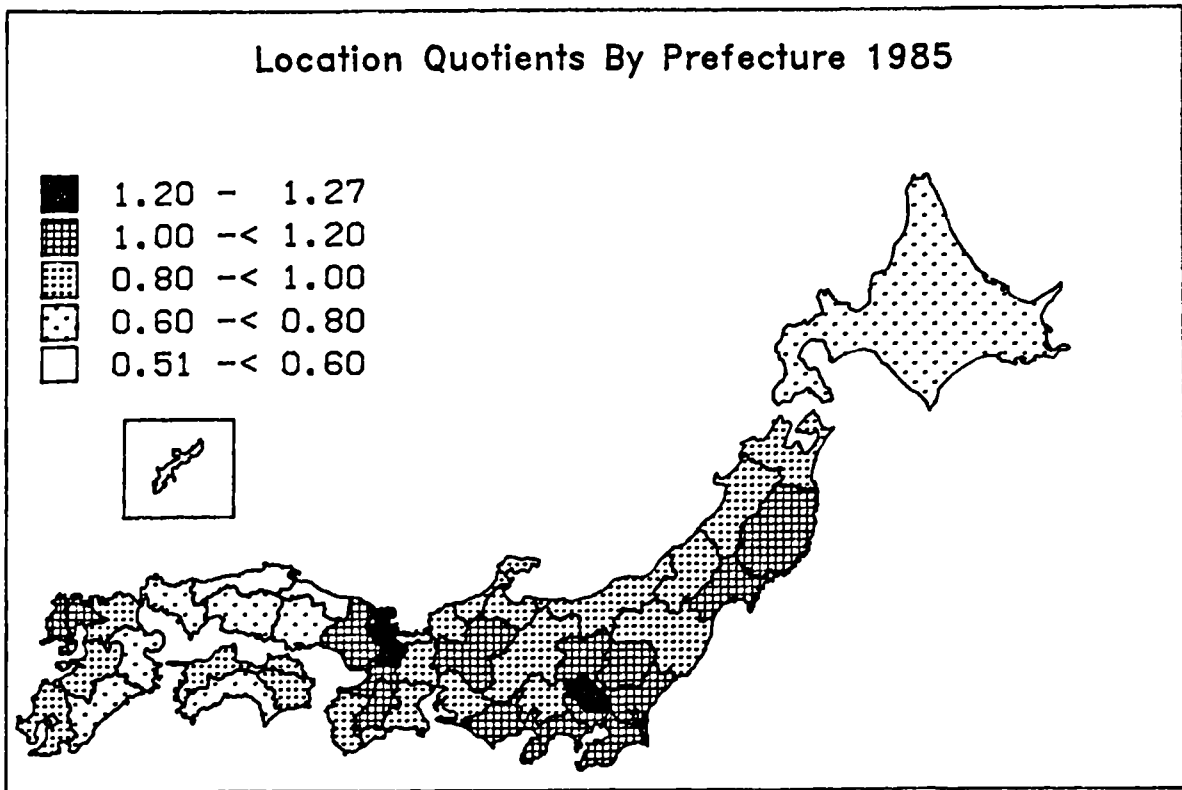


Figure 5.9 457 Stores: Location Quotients By Prefecture 1985

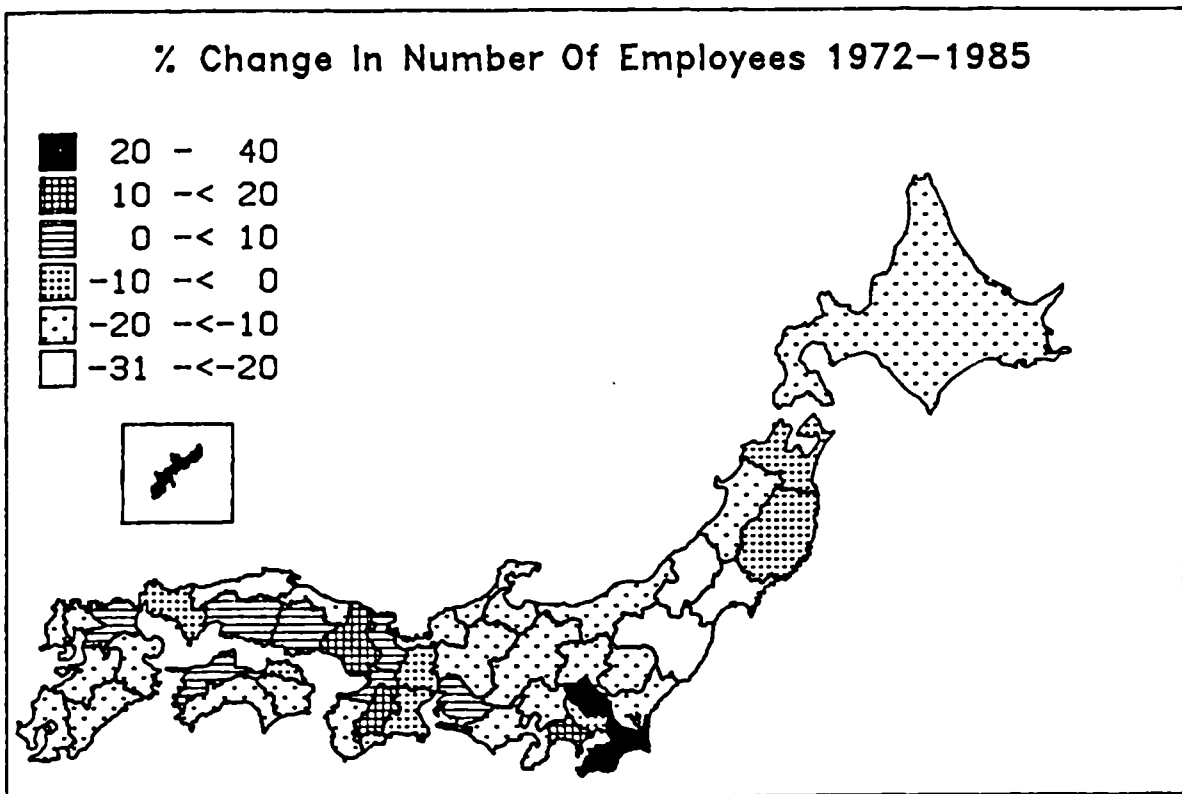


Figure 5.10 457 Stores: Percentage Increase in Number of Employees 1972-85

5.2.6 Category 459: Miscellaneous Retail and Food Stores.

Figure 5.11 shows that most of the prefectures with LQs greater than 1.00 formed a continuous belt running through parts of Kanto, Chubu and Kinki. Apart from the north of Tohoku and northern Kyushu, the remaining prefectures had values below 1.00. The lowest values were 0.60 for Wakayama (Kinki) and Tottori (Chugoku). In total 17 prefectures (36.17%) had values of 1.00 or more, and 30 (63.83%) had less.

Figure 5.12 shows that there were increases in staff of 100% or more in three prefectures. Two were in Kanto, namely Saitama (142.83%) and Chiba (117.36). The third was Okayama in Chugoku with 102.90%. The lowest increases were in Saga (15.94%), Niigata (18.87%) and Shimane (18.35%). These three prefectures had LQs of 0.84, 0.82 and 0.71 respectively. For the whole of Japan the increase was 56.29%. In Kanto, all of the prefectures exceeded this figure. Ibaraki (60.67%) and Tochigi (60.67%) are noteworthy as they are the only prefectures in Kanto with LQs below 1.00.

There is a strong regional contrast with Kinki where totals in four prefectures increased between 27.04% (Wakayama) and 35.34% (Osaka). Mie's total increased by 42.80%. Only Shiga (78.53%) and Nara (63.38%) had increases above 56.29%. Compared with most prefectures Nara had a somewhat low increase in proportion to its increase in population. Nara was one of just two prefectures in the region with LQs below 1.00, ie 0.82. The other was Mie with a value of 0.71.

Tokyo had the highest increase in employees (15,147). This was disproportionately high for its population increase (301,000) when compared with the other prefectures. Neighbouring Saitama had the highest percentage change in staff (142.83%) which was quite high for its population change of 37.75%.

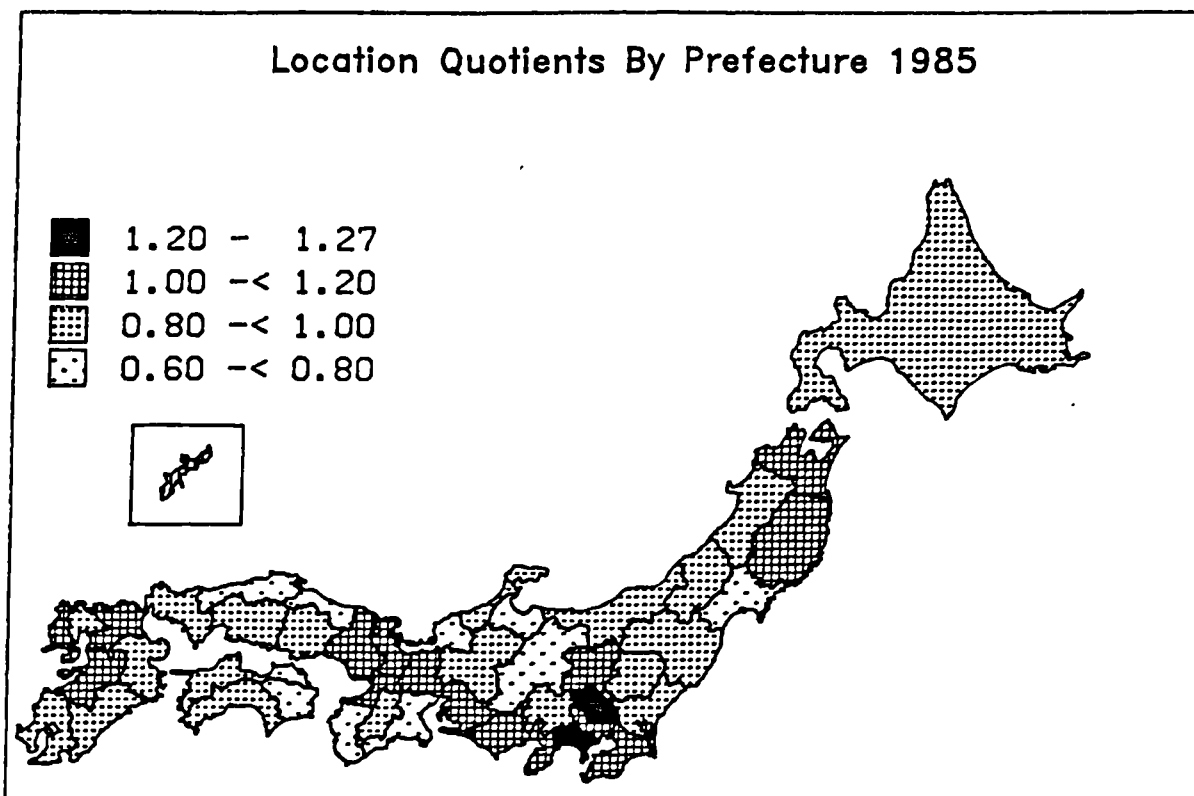


Figure 5.11 459 Stores: Location Quotients By Prefecture 1985

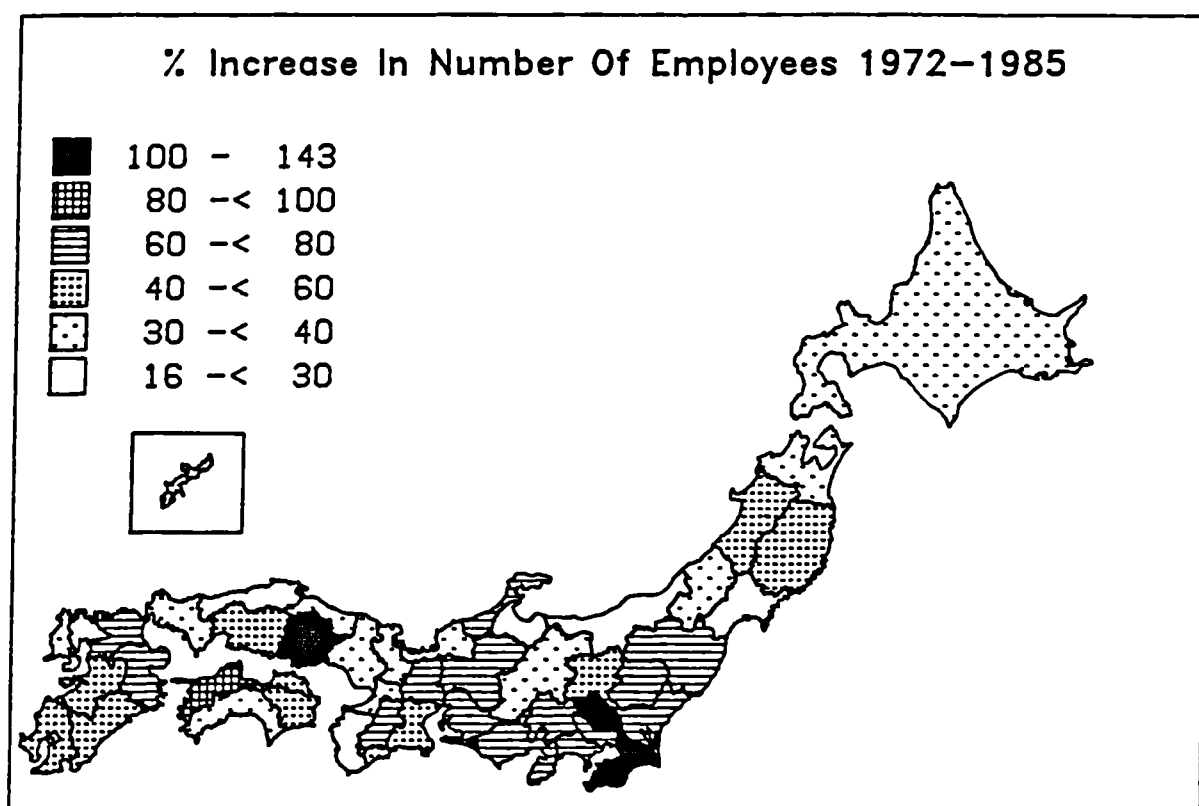


Figure 5.12 459 Stores: Percentage Increase in Numbers of Employees 1972-85

5.2.7 Category 481: Furniture , Fixture and Straw Mat Stores.

Figure 5.13 shows that Kanto, Tohoku and Hokkaido were the regions least well served by this retail activity. Hokkaido had the lowest Location Quotient of 0.66, followed by its nearest neighbour, Aomori, which had a value of 0.798. The highest provision was to be found in a block of prefectures in central Japan, composed of most of Chubu and part of Kinki. The prefectures with the highest LQs were Toyama (1.81) and Fukui (1.64) in Chubu, and Shimane (1.43) in Chugoku. Altogether 31 prefectures had a LQ of between 0.84 and 1.15, a fairly narrow range of values.

In Figure 5.14 it can be seen that there were decreases of staff in 29 prefectures and increases in the remaining 18. The national total of employment declined by 0.01%. The most conspicuous change took place in Tokyo which recorded the highest increase of 4,534 employees (40.54%) and yet increased in population by only 2.61%. The second highest change was 26.73% in Nara which also recorded the third highest population increase of 32.09%. There were three other prefectures with increases over 10%. They were Fukuoka (11.79%), Saitama (11.25%) and Kumamoto (10.28%).

Apart from Nara, all the prefectures in Kinki recorded decreases in staff totals of less than 6%. Unlike Tokyo, Osaka recorded a decrease of 4.00%, ie 497 employees. In Chubu seven out of nine prefectures recorded reductions, the exceptions being Fukui (+ 6.95%) and its neighbour, Gifu (+0.51%). In both Kinki and Chubu, and the islands of Shikoku and Hokkaido, there were decreases in prefectures with LQs below 1.00. The same was true in Tohoku apart from Iwate which increased by 4.24%.

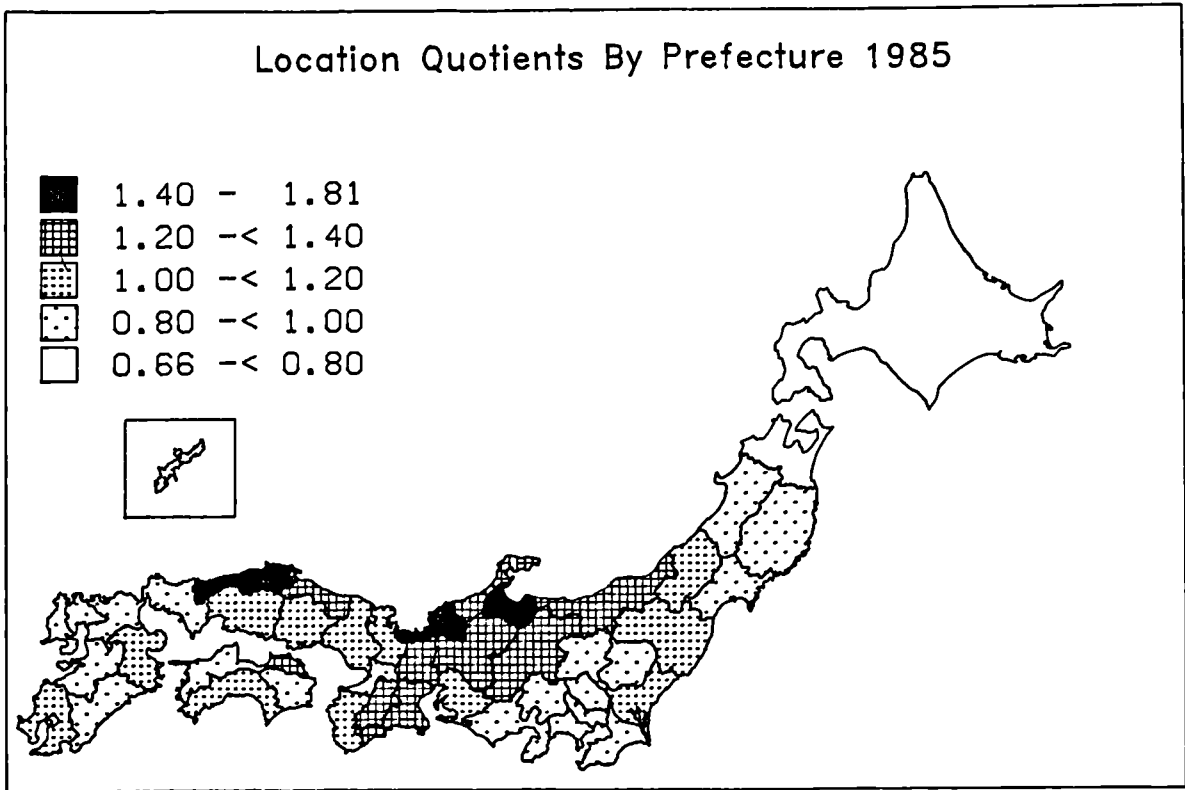


Figure 5.13 481 Stores: Location Quotients By Prefecture 1985

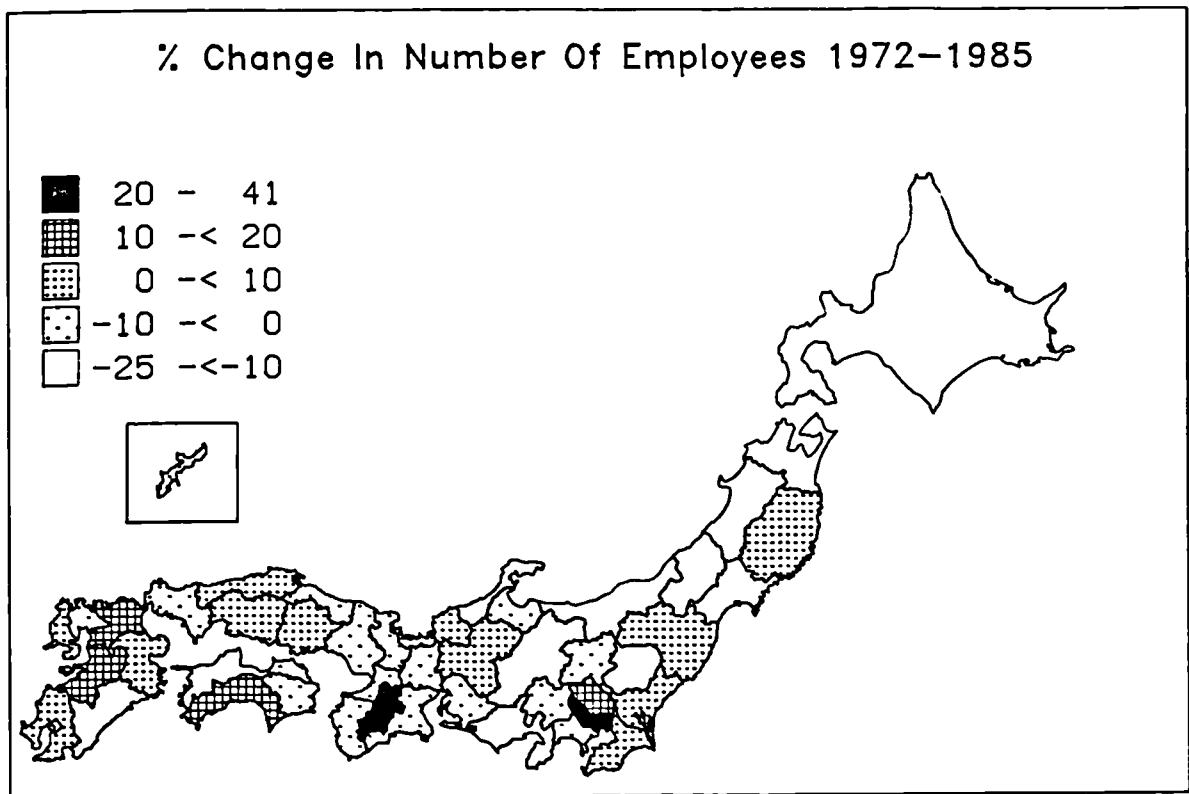


Figure 5.14 481 Stores: Percentage Increase in Number of Employees 1972-85

5.2.8 Category 484: Household Appliance Stores.

All the prefectures in Figure 5.15 are grouped into a narrow range of quotient values; 40 being between 0.90 and 1.10. This indicates that each prefecture requires a certain minimum level of stores. Apart from four prefectures in Kyushu (including Fukuoka), the prefectures with LQs less than 1.00 were in the north and Centre of Japan. Hokkaido and all prefectures in Tohoku recorded values below 1.00. In Kanto, Tokyo (1.01) and Gunma (1.03) were just above. There were 18 prefectures with LQs between 0.90 and 1.00, and 22 between 1.00 and 1.10.

Figure 5.16 shows a general pattern of regional increases and decreases in the number of employees. There was however little change in the national total of employees, which increased by 0.36% between 1972 and 1985. Hokkaido and Tohoku both had decreases. The prefectures in these regions had LQs less than 1.00. There were decreases throughout the Chugoku and Shikoku regions. The greatest decreases were in Hokkaido (20.21%), Saga (18.52%), Yamagata (17.07%) and Akita (16.42%). Kyushu had a mixture of increases and decreases, the most notable feature being the increase of 18.01% in Okinawa.

The decreases were largely offset by high increases in Kanto. In particular Saitama rose by 30.16%, Chubu 24.83%, Ibaraki 14.63% and Kanagawa by 13.14%. All of these were near Tokyo, which increased by 6.96%. Only one prefecture in Kanto had a decrease, and that was Tochigi (5.16%). The Kanto prefectures form part of a belt of prefectures with increases that extended along the Pacific coast into Chubu and Kinki. This belt did not stretch so far as to include the metropolitan area of Osaka and Hyogo. It did include Osaka's neighbour, Chubu, with its increase of 24.83%. The only other increase in Honshu was Toyama (0.20).

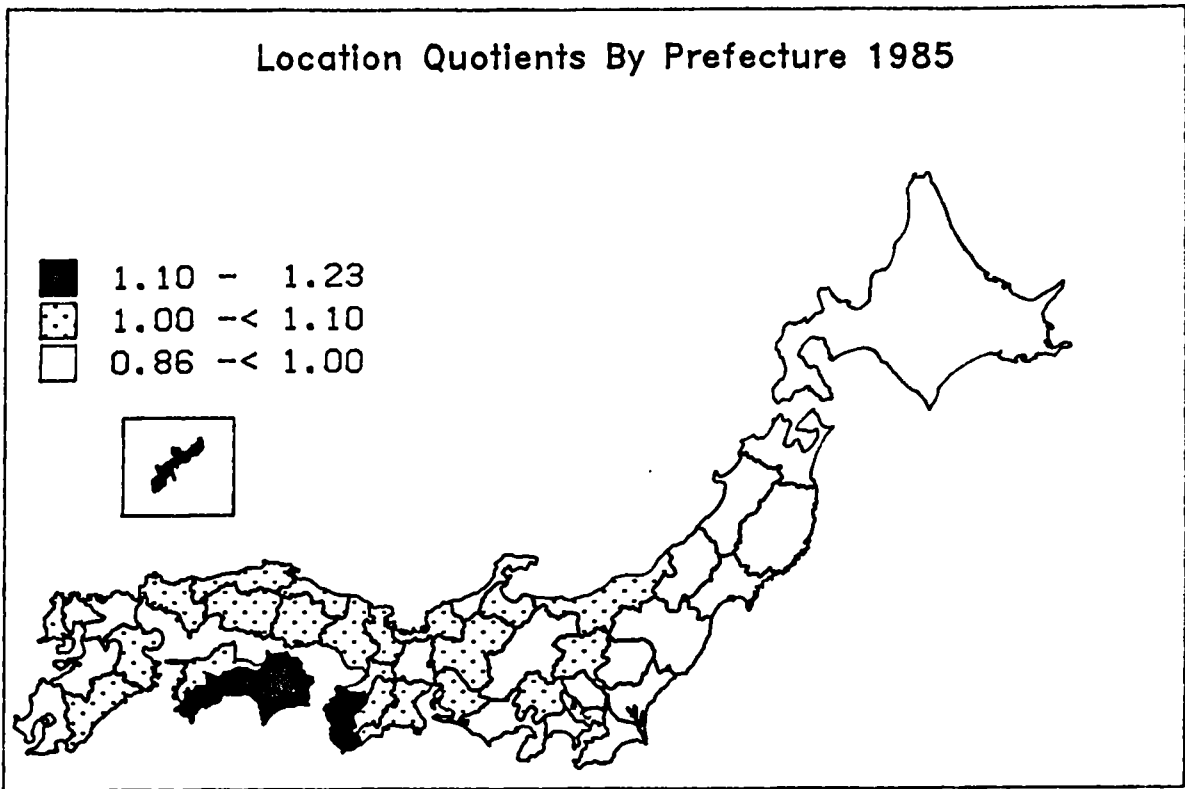


Figure 5.15 484 Stores: Location Quotients By Prefecture 1985

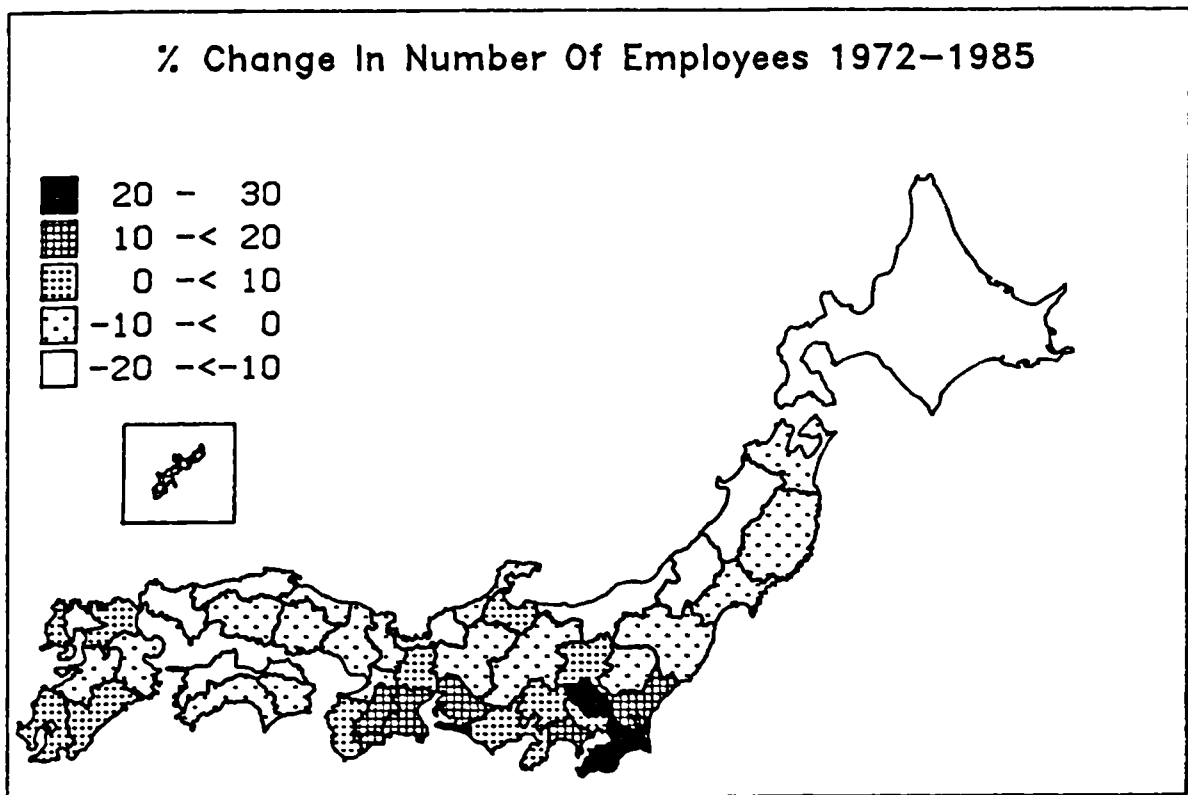


Figure 5.16 484 Stores: Percentage Increase in Number of Employees 1972-85

5.2.9 Category 499: Miscellaneous Stores (1982).

Like the previous category of stores all the prefectures were grouped into a narrow range of quotient values. Figure 5.17 shows that most of the northern half of Japan's prefectures had values below 1.00, while most in the southern half had values above. The prefectures with the highest value were Yamanashi and Tottori, both having a location quotient of 1.17. The lowest values were for Shiga and Aomori; both with 0.85. The map also shows that in Kanto the three prefectures surrounding Tokyo had quotient values less than 1.00; Tokyo itself having a LQ of 1.08.

It can be seen from Figure 5.18 that the largest percentage increases in employees took place in Kanto. Chubu was the highest with 82.75 % and Saitama second with 76.63%. Along with Kanagawa (35.05%) these prefectures around Tokyo had large absolute increases in population, in combination with relatively low increases in employees. On the other hand Tokyo recorded the highest increase in employees of 23,902 (57.47%) but had the lowest increase in population of 2.61%. Kanto contained another prefecture with an increase above 50%, namely Ibaraki with 52.13% The total national increase in employees was 40.91% during 1972 - 1982. Twenty one prefectures had increases of 40% or more, and twenty six had increases of less than 40%.

The lowest percentage increases in employment were recorded in Kagawa (16.14%), Wakayama (18.30%) and Kyoto (18.04%).

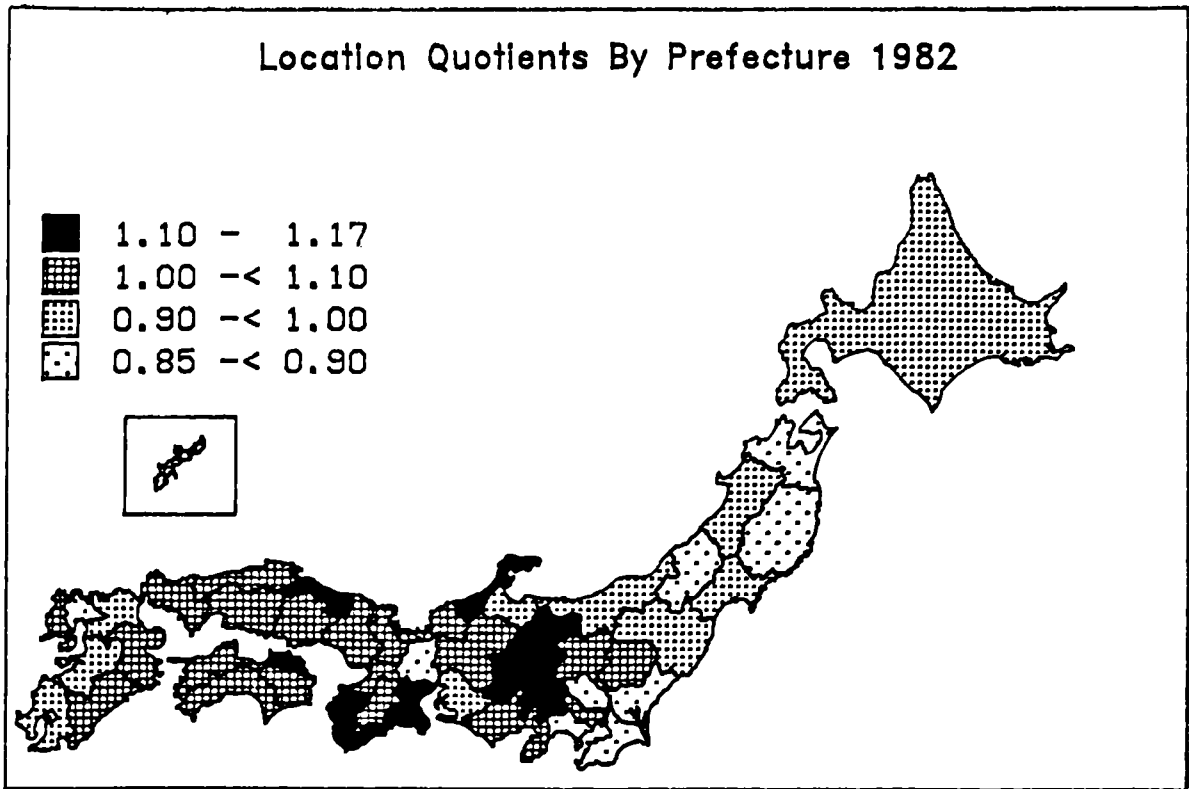


Figure 5.17 499 Stores: Location Quotients By Prefecture 1982

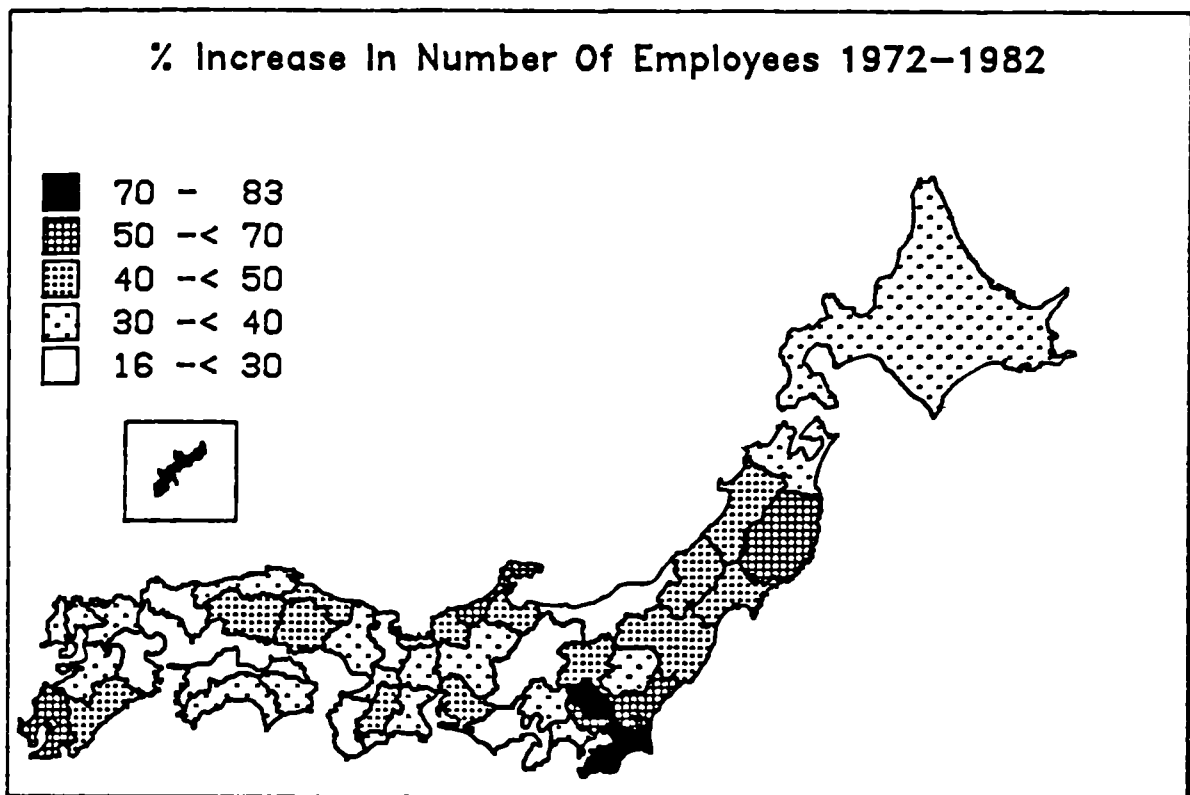


Figure 5.18 499 Stores: Percentage Increase in Number of Employees 1972-82

5.3 Changes in Store Numbers

5.3.1 Category 431: Department Stores.

Figure 5.19 shows that this category of stores is strongly concentrated in the Tokyo, Osaka and Nagoya conurbations. Tokyo Prefecture accounted for 10.29% of the national total. When the totals of Kanagawa (6.73%) Saitama (5.04 %) and Chiba (3.56%) are added to Tokyo's, the percentage of stores in these four adjoining prefectures in the Kanto region is 25.62% . In Kinki, Osaka (7.22%), and its neighbour Hyogo (3.39%), account for a further 10.61 % of stores. In Chubu, Aichi contained 5.09% and adjoining Shizuoka 2.13%, contributing another 7.22%. Elsewhere in the island of Honshu the amount for Hiroshima was 2.74%. These 9 prefectures accounted for 46.13 % of Department Stores.

The other 25 prefectures in Honshu contained 31.31% of stores between them. The 13 prefectures in the islands of Kyushu (total 13.85%), Hokkaido (5.53%) and Shikoku (3.18%), together accounted for 22.56 % of total stores. In Kyushu the urban prefecture of Fukuoka recorded 5.86%. Out of 47 prefectures 11 (23.40%) had a percentage of 2.13 or more and 36 (76.60%) had less.

Figure 5.20 shows a variety of prefectural growth rates in store numbers from 1972 to 1985. The national total had grown by 110.62%. The low rate of 30.56% for Tokyo is conspicuous. The increases in adjacent prefectures were much higher. The increase in Saitama was 240.74%, in Chiba 140.74% and in Kanagawa 123.64%. Tokyo's share declined from 16.55% in 1972 to 10.29% in 1985. The combined share of these four prefectures fell from 29.07% in 1972 to 25.62% in 1985, though Saitama's share had increased from 3.10% to 5.04%. Other reductions in share size included Hyogo from 5.86% to 3.39%, and Hokkaido from 7.01% to 5.53%. Hyogo's stores had grown by 21.57%, and Hokkaido's by 65.57%.

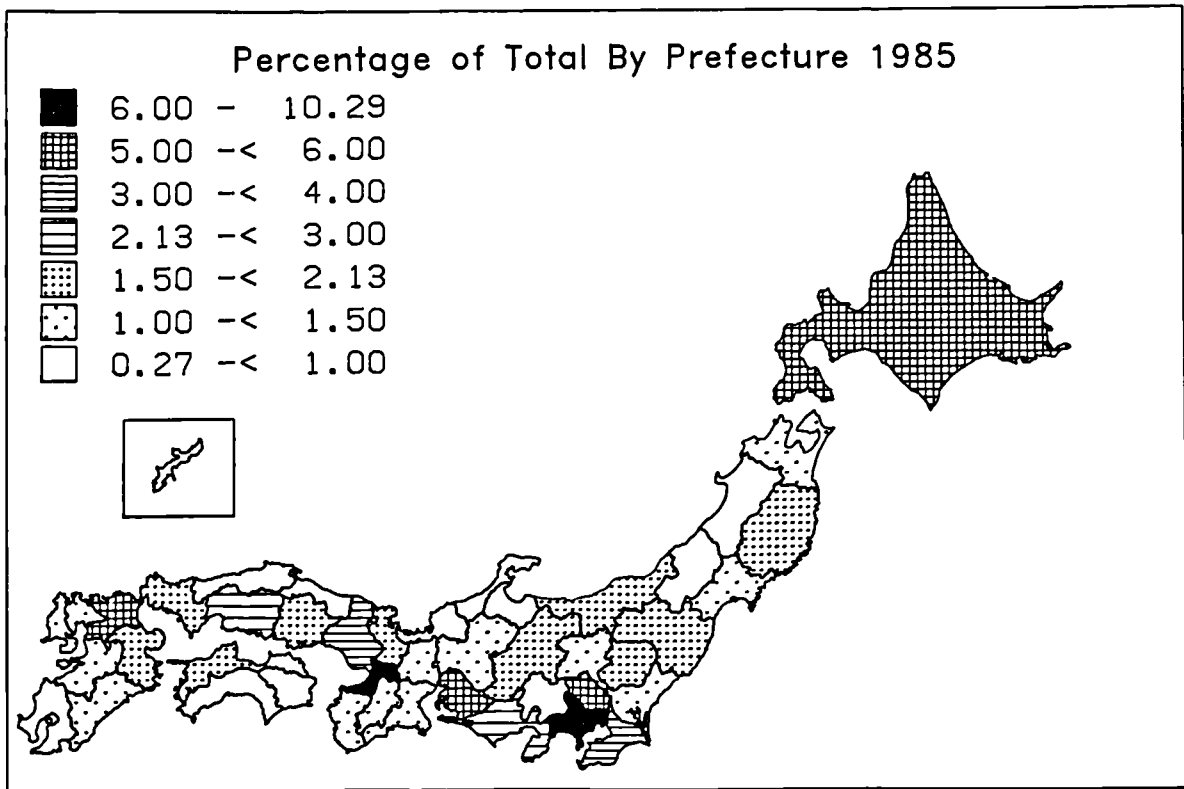


Figure 5.19 431 Stores: Percentage of Total By Prefecture 1985

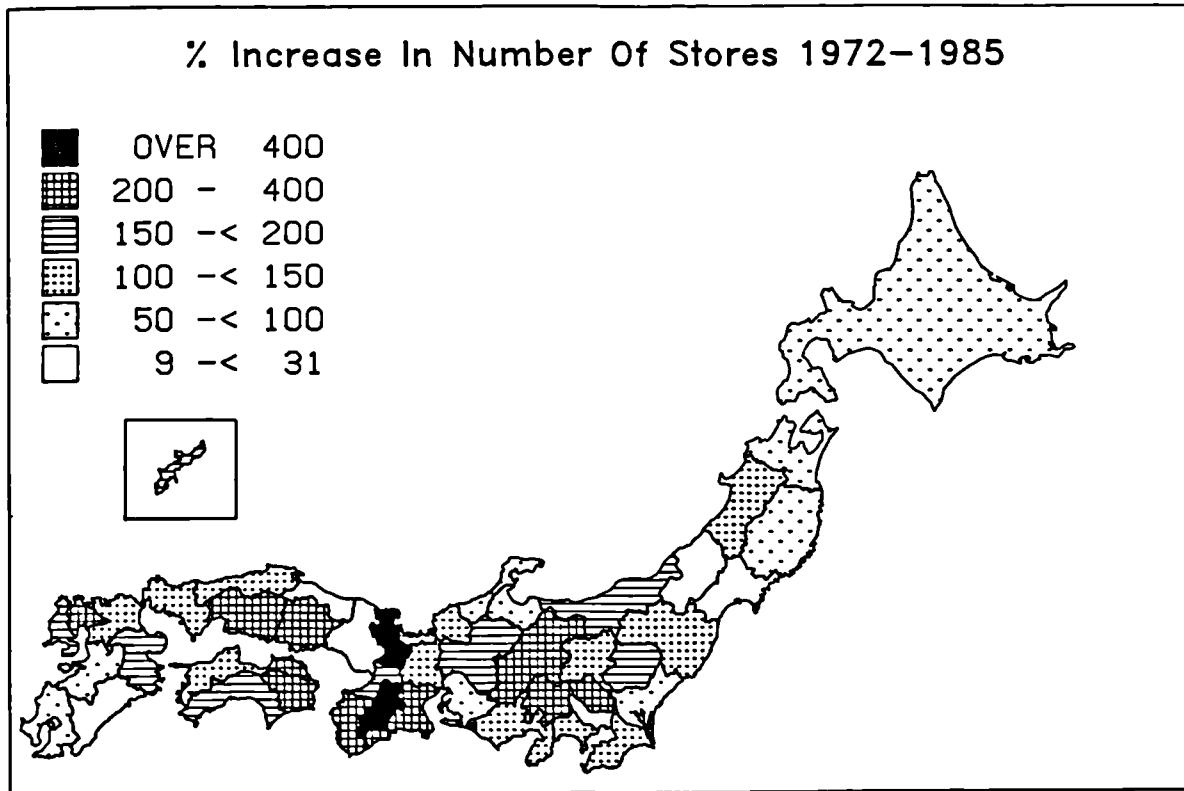


Figure 5.20 431 Stores: Percentage Increase in Number of Stores 1972-85

5.3.2 Category 439: General Merchandise Stores.

Figure 5.21 shows that the highest percentages of these stores were located in the Kanto, Chubu, Chugoku, and Kinki regions. A secondary concentration was to be found in the island of Kyushu and a high proportion in Hokkaido. Altogether 21 (44.68%) out of 47 prefectures had a percentage of 2.13 or more and 26 (55.32%) had less.

5.40 % of stores were in Tokyo Prefecture. When the totals of Ibaraki (3.52%), Chiba (3.11%), Kanagawa (2.29%) and Saitama (2.17%) are added to that of Tokyo, stores in these 5 prefectures in Kanto amount to 16.49 %. By way of comparison, the 13 prefectures comprising the islands of Kyushu (13.33%), Shikoku (5.93%) and Hokkaido (3.62%), together accounted for 23.72% of the national total. In Kyushu, Fukuoka and Nagasaki both recorded 2.35% and Kagoshima 2.23%.

Prefectures with major increases in shares between 1972 and 1985 were Hiroshima (1.93% to 4.52%), Tokyo (2.97% to 5.40%) and Chiba (1.14% to 3.11%). The main decrease was in Fukushima which went down from 6.15% down to 2.52%.

Figure 5.22 shows that there were 18 prefectures with increases and 29 prefectures with decreases. The total number of stores had declined by 16.58%. Those prefectures with increases in stores were mainly in the Tokyo, Osaka and Nagoya conurbations and surrounding areas. There were also increases in eastern Tohoku, southern Chugoku and Okinawa. Apart from Okinawa, there were decreases in prefectures in the Islands of Hokkaido, Shikoku and Kyushu. The prefectures with the highest increases were Okinawa (225%), Nara (366.67%) and Chiba (130.43%).

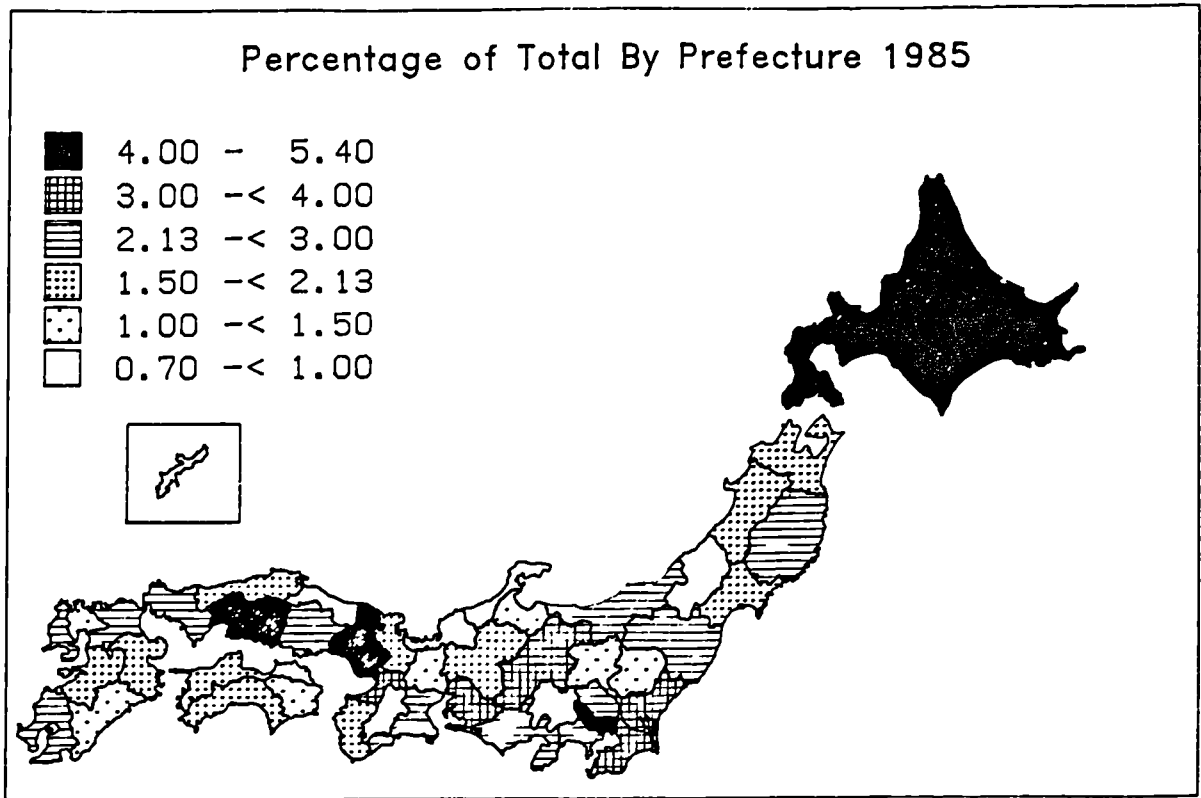


Figure 5.21 439 Stores: Percentage of Total By Prefecture 1985

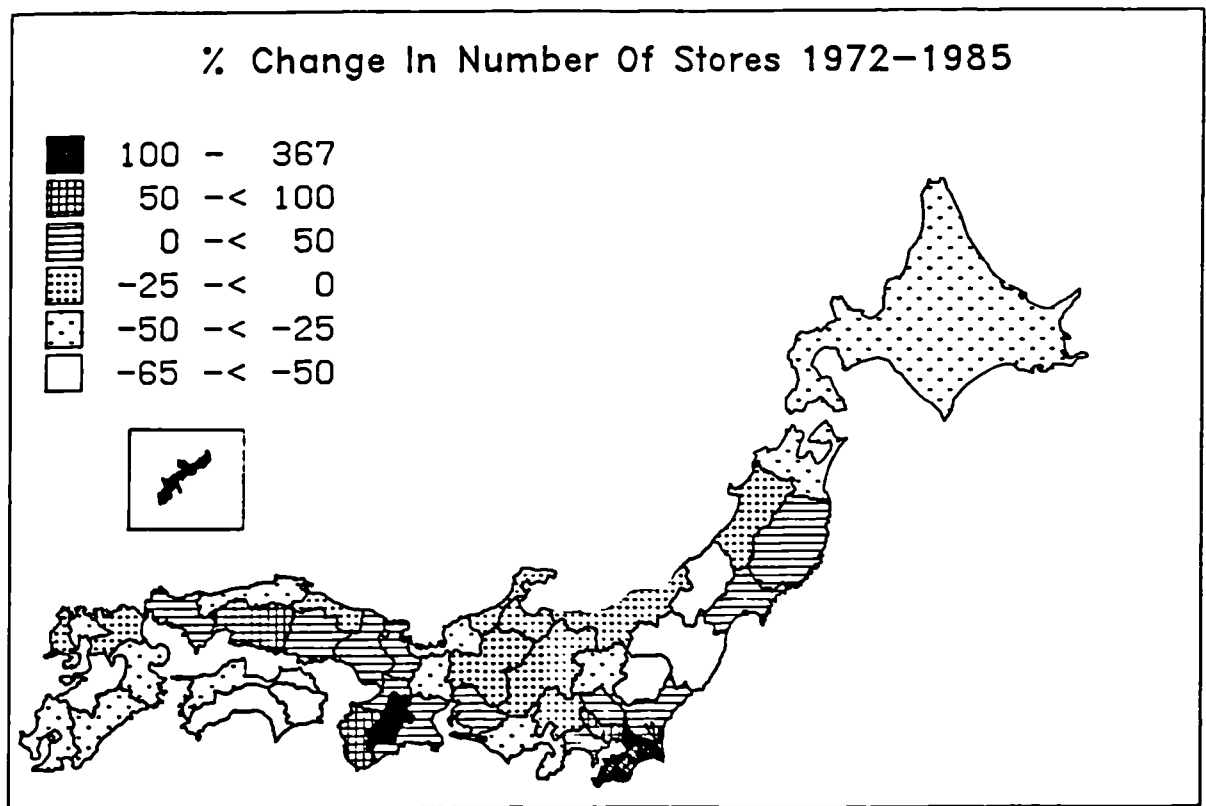


Figure 5.22 439 Stores: Percentage Increase in Number of Stores 1972-85

5.3.3 Category 443: Women's and Children's Dress Stores.

Figure 5.23 shows that this category of stores is mainly concentrated in the Tokyo, Osaka and Nagoya conurbations. Tokyo Prefecture contained 11.27% of the national total. When the totals for Kanagawa (4.22%), Saitama (2.92 %) and Chiba (2.77%) are added to Tokyo's, the percentage of stores in these four prefectures in Kanto is 21.18 % . In 1972 their share was 18.89%. In Kinki, Osaka (9.34%), Hyogo (5.05%) and Kyoto (2.61%) contained 17.00 % of stores, down from 17.76% in 1972. In Chubu, Aichi contained 5.27% and Shizuoka 3.37%, adding another 8.64%. Elsewhere in Honshu, Hiroshima included 2.59% of stores. These 10 prefectures accounted for 49.41% of the national total.

By comparison, the other 24 prefectures in Honshu contained 29.60% of stores between them. The 13 prefectures comprising the islands of Kyushu (total 12.72%), Hokkaido (3.62%) and Shikoku (4.65%), together accounted for 20.99 % of the total. In Kyushu, Fukuoka recorded 4.12%. Out of 47 prefectures, 12 (25.53%) had a percentage over 2.13 and 35 (74.47%) had less.

The total number of stores increased by 138.07% between 1972 and 1985. All prefectures in Kanto increased above this amount; and so did five of the six in Tohoku, the exception being Akita with 109.40%. In the rest of Japan only four prefectures increased by more than 138.07%. They were Fukuoka (158.65%), Shimane (151.43%), Shizuoka (150.84%) and Kochi (148.15%).

Figure 5.24 shows that the prefectures with the highest increases were Gunma (235.40%) and Chiba (205.93%) in Kanto, and Iwate (200.00%) in Tohoku. Four out of the five smallest increases were in Kyushu, namely Okinawa (28.80%), Kumamoto (81.11%), Kagoshima (85.07%) and Miyazaki (86.58%). In Fukui (Chubu), there was an increase of 86.09%.

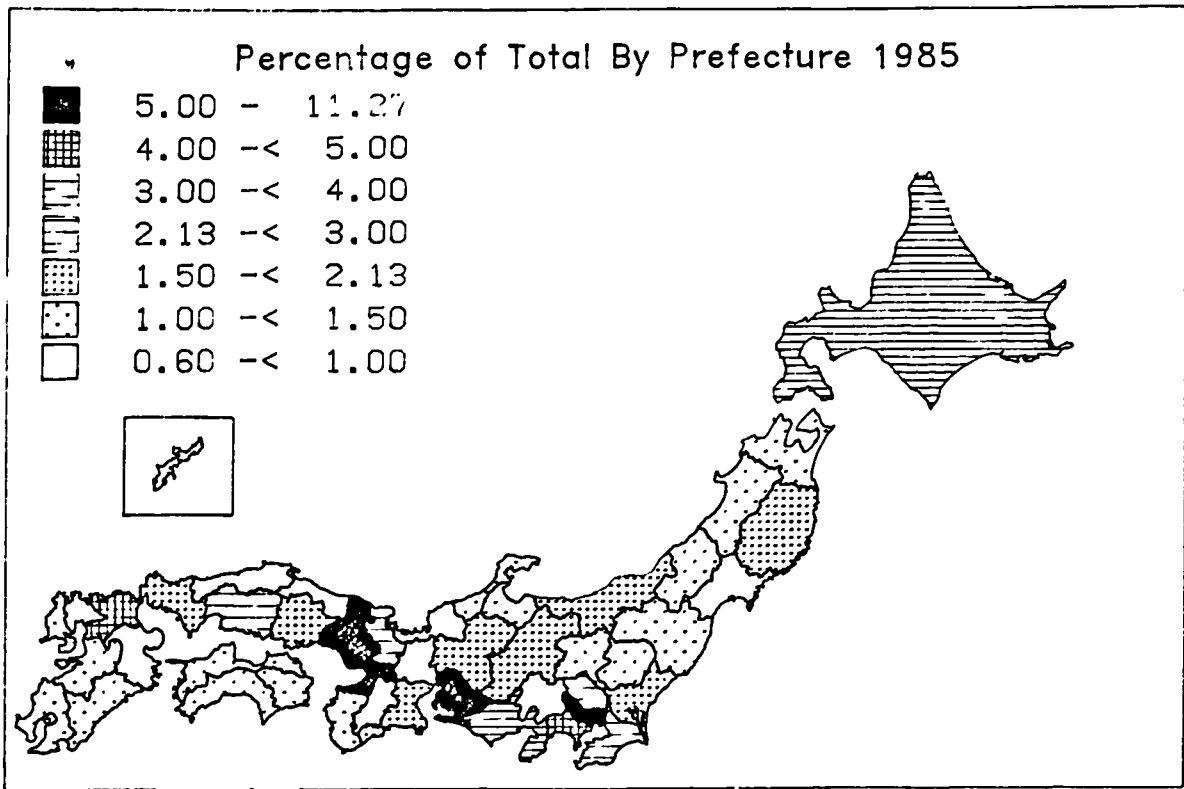


Figure 5.23 443 Stores: Percentage of Total By Prefecture 1985

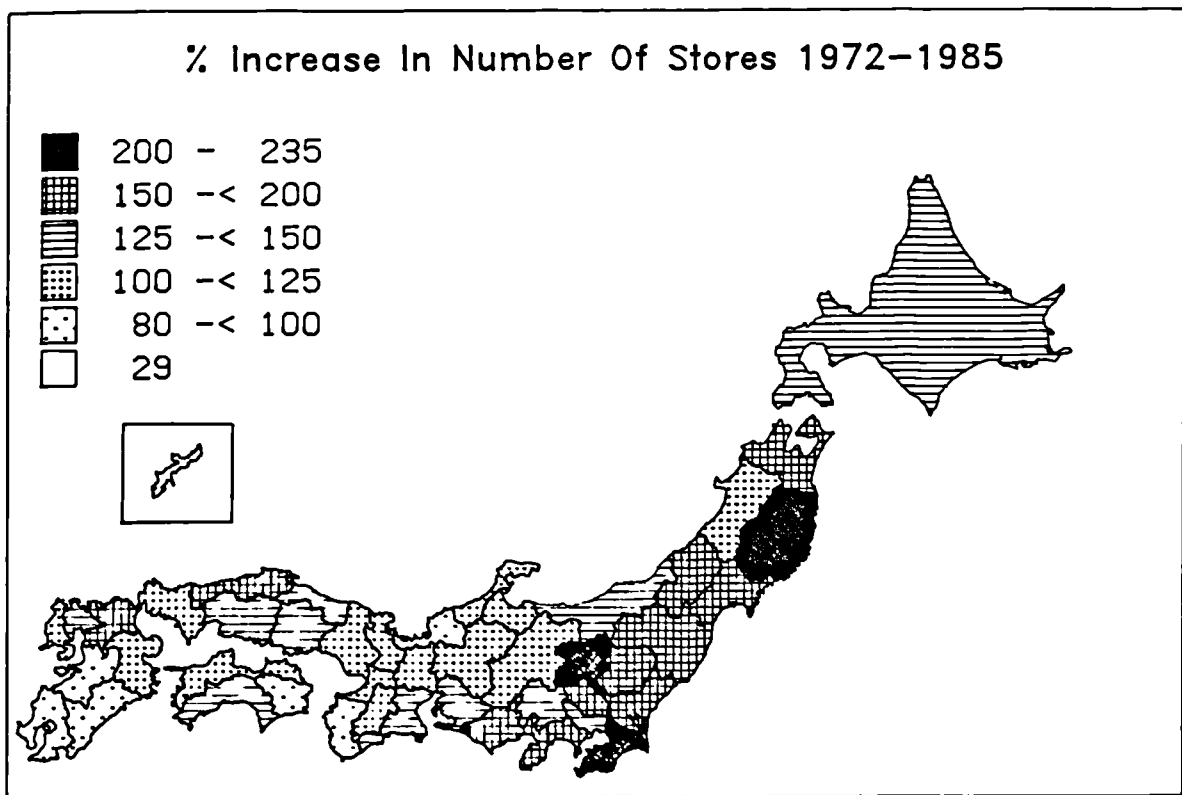


Figure 5.24 443 Stores: Percentage Increase in Number of Stores 1972-85

5.3.4 Category 451: Grocery Stores.

In Figure 5.25 the highest percentages for these stores are distributed between the Kanto, Chubu, Kinki, Hokkaido, and Kyushu regions. In total 19 (40.43%) out of 47 prefectures had a percentage of 2.13 or more, and 28 (59.58%) had less.

4.09 % of stores were in Tokyo Prefecture. When the totals of Chiba (3.31%), Kanagawa (3.21%), Saitama (2.78%) and Ibaraki (2.70%) are added to that of Tokyo, stores in these 5 prefectures in Kanto amount to 16.09 % . In Chubu five prefectures had over 2.13%, namely Aichi (3.91%), Shizuoka (2.83%), Niigata (2.71%), Nagano (2.38%), and Gifu (2.29%), making a total of 14.12%. In Kinki, Hyogo (3.34 %) and Osaka (3.22%) contained 6.56 % of stores.

The other two prefectures in Honshu with 2.13% or more were Hiroshima (3.00%) and Fukushima (2.35%). In total these 14 prefectures accounted for 42.12 % of total stores. The remaining 20 of the prefectures in Honshu contributed 28.40% between them. The 13 prefectures comprising the islands of Kyushu (18.36%), Hokkaido (6.24%) and Shikoku (4.88%) together accounted for 29.48% of total stores. In Kyushu, Okinawa's total was 4.55%, Kagoshima 2.97 %, Fukuoka 2.92% and Kumamoto 2.23%.

Between 1972 and 1985 the total number of stores increased by 13.52%. There were 17 prefectures with increases above 13.78%, 13 with increases between 0.43% and 12.41%. Seventeen had decreases between 0.30% and 21.95% , and these were mostly in the north and south apart from three in Chubu.

The greatest increases occurred in the Kinki and Kanto regions. In Kinki, Kyoto increased by 96.12%, Nara by 61.07% and Osaka 52.32% . In Kanto there were increases over 25% in Chiba (36.40%), Tokyo (30.66%) and Kanagawa (26.53%).

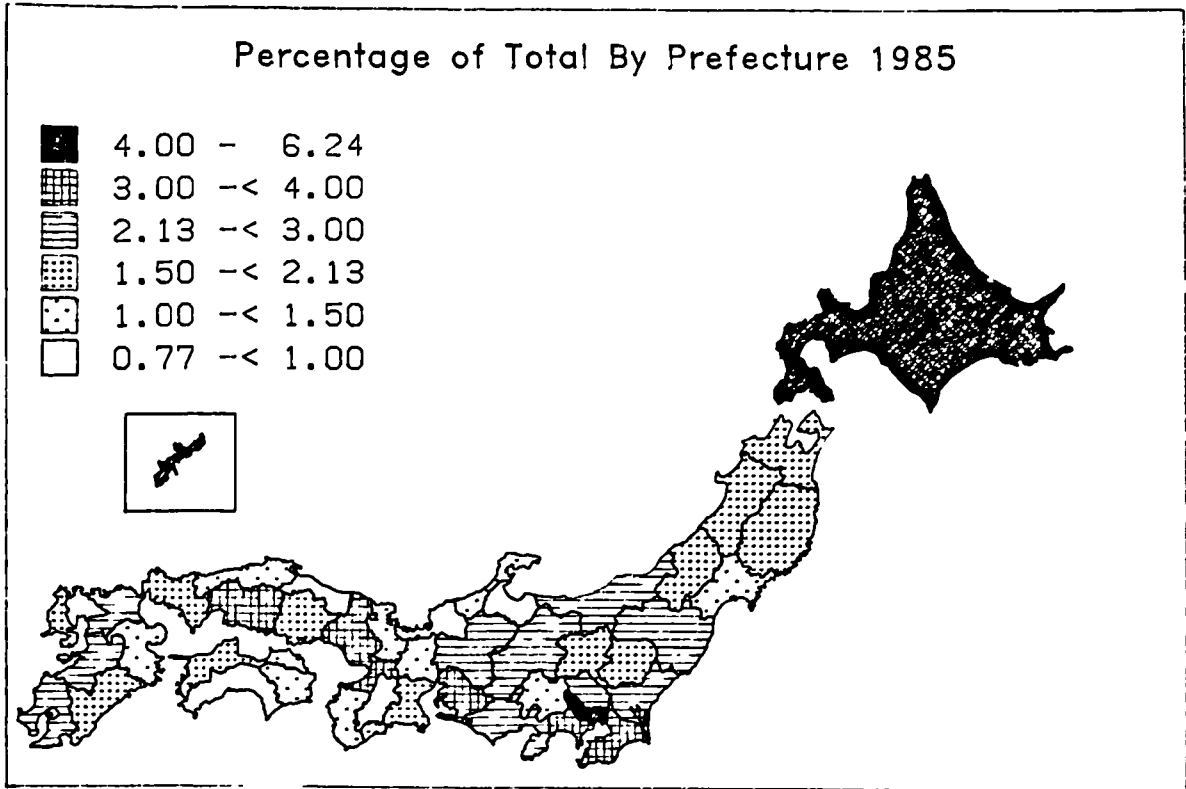


Figure 5.25 451 Stores: Percentage of Total By Prefecture 1985

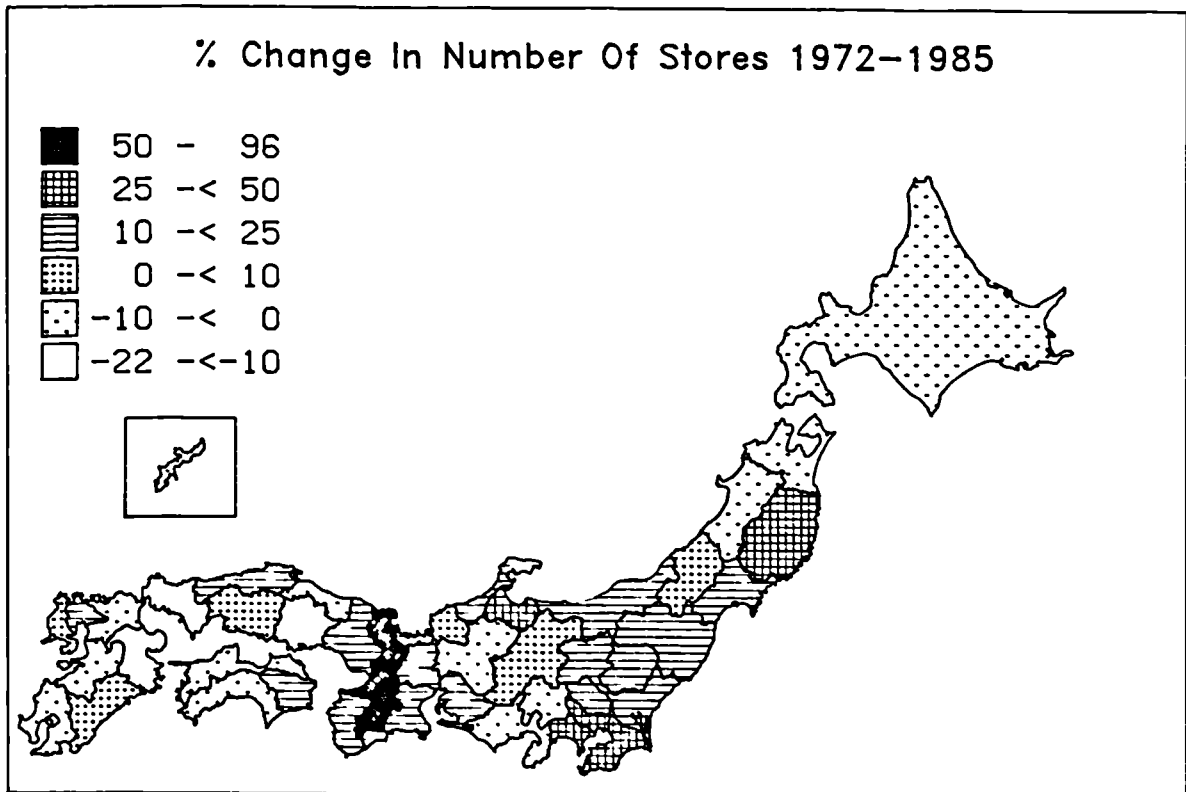


Figure 5.26 451 Stores: Percentage Increase in Number of Stores 1972-85

5.3.5 Category 457: Confectionery and Bakery Stores.

Figure 5.27 shows that this category of stores is strongly concentrated in the Tokyo, Osaka and Nagoya conurbations. Tokyo Prefecture accounted for 9.75% of the national total. When the totals of Kanagawa (4.77%) Saitama (4.66 %), Chiba (3.50%) and Ibaraki (2.53%) are combined with Tokyo's, the percentage of stores for this block of five prefectures in the Kanto region is 25.21% . In Kinki, Osaka (8.36%), Hyogo (4.55%) and Kyoto (2.53%) accounted for 15.44 % of stores. In Chubu, Aichi contained 5.05% and adjoining Shizuoka 3.28%, adding a further 8.33%. These 11 prefectures accounted for 48.98% of stores.

The remaining 23 prefectures in Honshu contained 32.92% of stores between them. The 13 prefectures comprising the islands of Kyushu (total 11.99%), Hokkaido (2.41%) and Shikoku (3.70%), together accounted for 18.10 % of total stores. In Kyushu, Fukuoka contained 3.84 % . Out of 47 prefectures, 13 (27.66%) had a percentage of 2.13 or more and 34 (72.34%) had less.

Although Figure 5.28 shows that there were decreases in staff in every prefecture, there was an increase in the share of the national total for prefectures within the Kanto and Kinki conurbations. In Kanto, the combined shares of Saitama, Chiba Tokyo and Kanagawa had risen from a total of 20.68% in 1972 to 22.67% in 1985. In Kinki, the share for Osaka and Hyogo had risen from 11.31% to 12.91% .

Between 1972 and 1985, the total number of shops had decreased by 20.57% . The smallest decrease was Okinawa (0.49%). The areas of least change were south Chugoku, and the Kinki and Kanto conurbations. There were 16 prefectures with decreases under 20.57% , and 31 with over. The greatest decrease was 51.77% for Gifu, followed by Shimane (39.77%) and Kumamoto (35.51%).

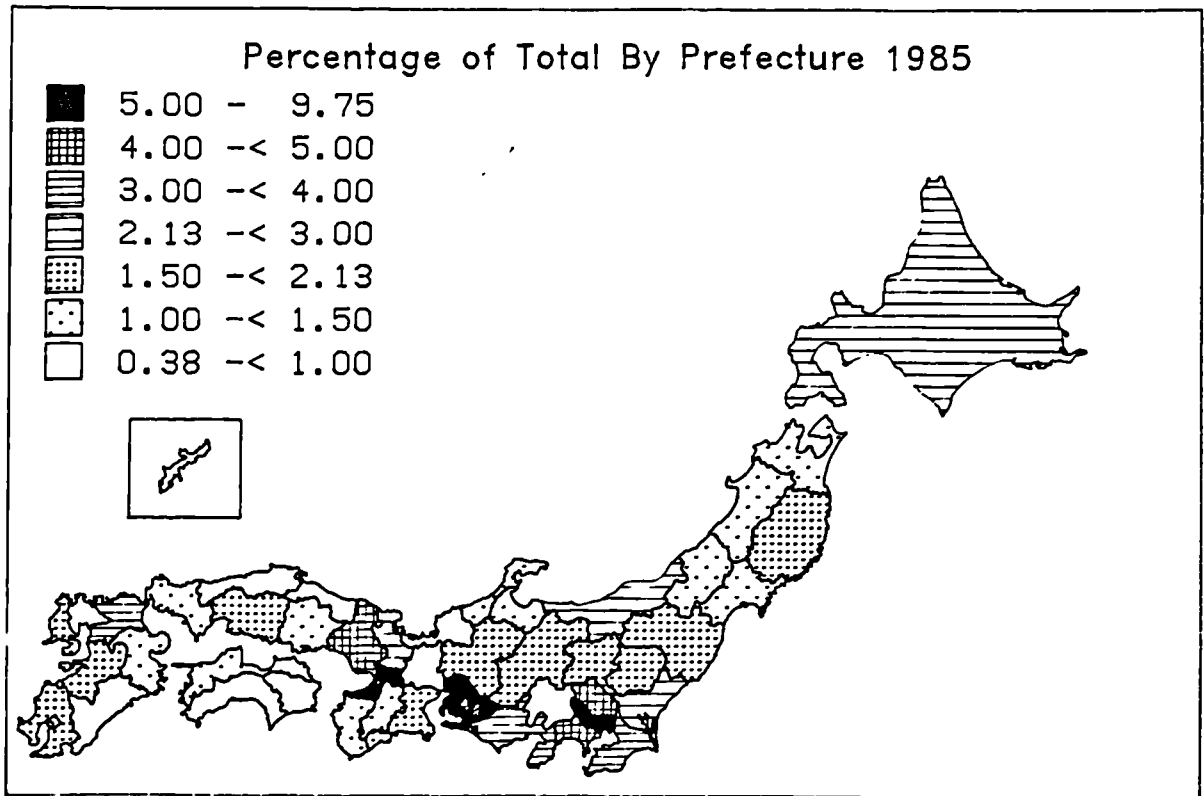


Figure 5.27 457 Stores: Percentage of Total By Prefecture 1985

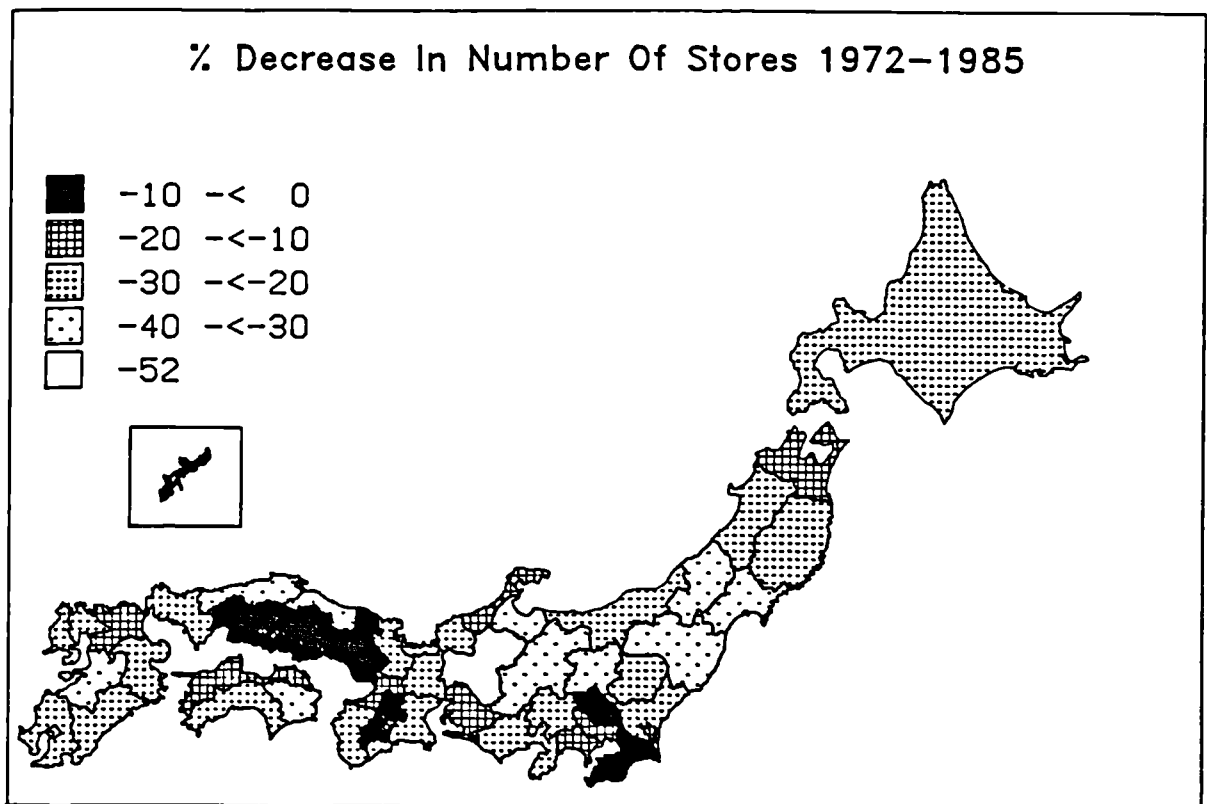


Figure 5.28 457 Stores: Percentage Increase in Number of Stores 1972-85

5.3.6 Category 459: Miscellaneous Retail and Food Stores.

Figure 5.29 shows that this category of stores is largely concentrated in the Tokyo, Osaka and Nagoya conurbations. The greatest changes in prefectural shares of the total took place in Kanto. Between 1972 and 1985 Tokyo's share of the national total rose from 9.44% to 10.53%. Saitama's share increased from 2.96% to 4.17%, Kanagawa's from 4.47% to 5.15%, and Chiba's from 2.64% to 3.24% .

In Kinki, Osaka (8.07%), Hyogo (4.12%) and Kyoto (2.48%) contained a further 14.67% of stores. In Chubu, Aichi contained 4.75% and Shizuoka 3.04%, making a further contribution of 7.79%. Elsewhere in the island of Honshu Iwate contained 2.23% of stores, and Niigata 2.20%. In total these 11 prefectures accounted for 49.98% of the national total.

By way of comparison, the other 23 prefectures in Honshu contained 26.96% of stores between them. The 13 prefectures comprising the islands of Kyushu (total 15.56%), Hokkaido (3.76%) and Shikoku (3.74%), together accounted for 23.06% of total stores. In Kyushu , the total for Fukuoka was 4.38% and Kagoshima (2.30%). Out of 47 prefectures 14 (29.79%) had a percentage of 2.13 or more and 33 (70.21%) had less.

Figure 5.30 shows that most of the highest percentage increases in stores were in Kanto. These included Saitama (57.09%), Chiba (36.95%), Kanagawa (28.45%) and Tokyo (24.35%). Elsewhere, there were increases of 26.70% in Shizuoka and 25.31% in Fukuoka. The national total rose 13.95%. Fifteen prefectures had increases above 15.01%, and 18 between 1.10% and 11.31%.

There were decreases in 14 prefectures. These were mostly in the north and south. The greatest decreases were in Shimane (18.61%), Yamaguchi (12.00%) and Toyama (11.88%).

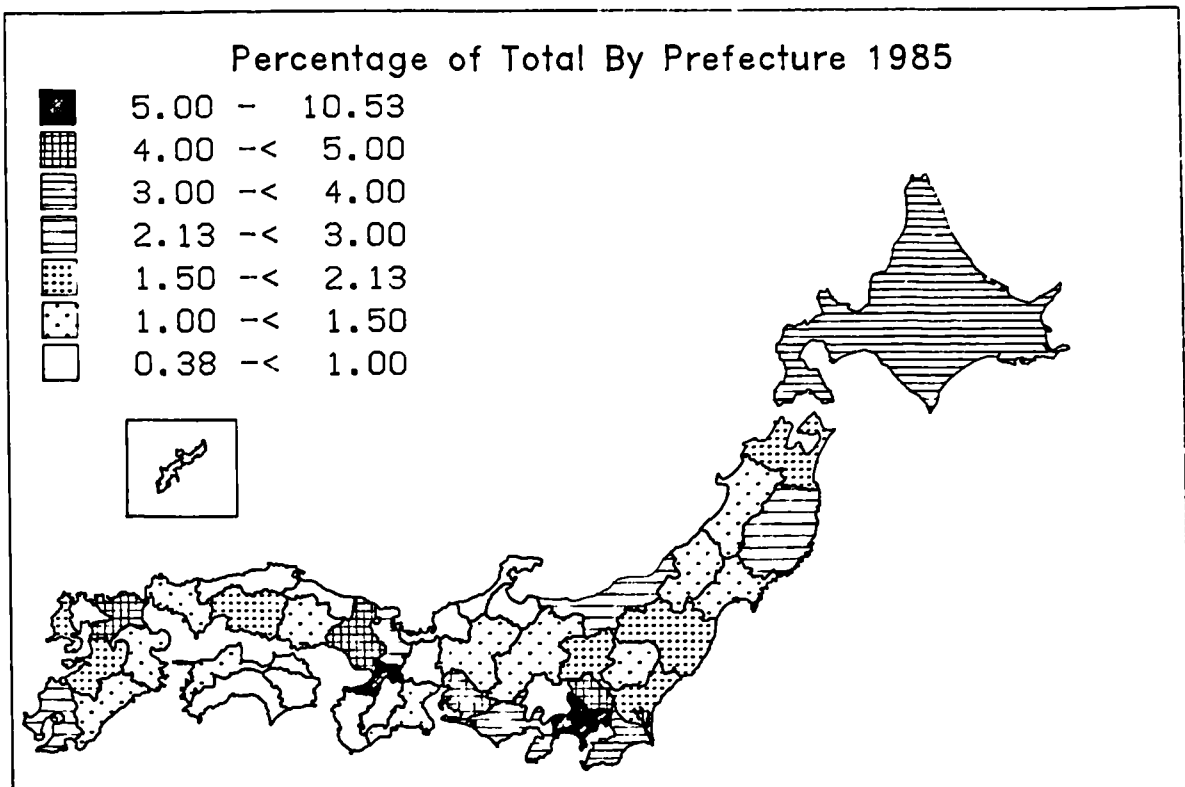


Figure 5.29 459 Stores: Percentage of Total By Prefecture 1985

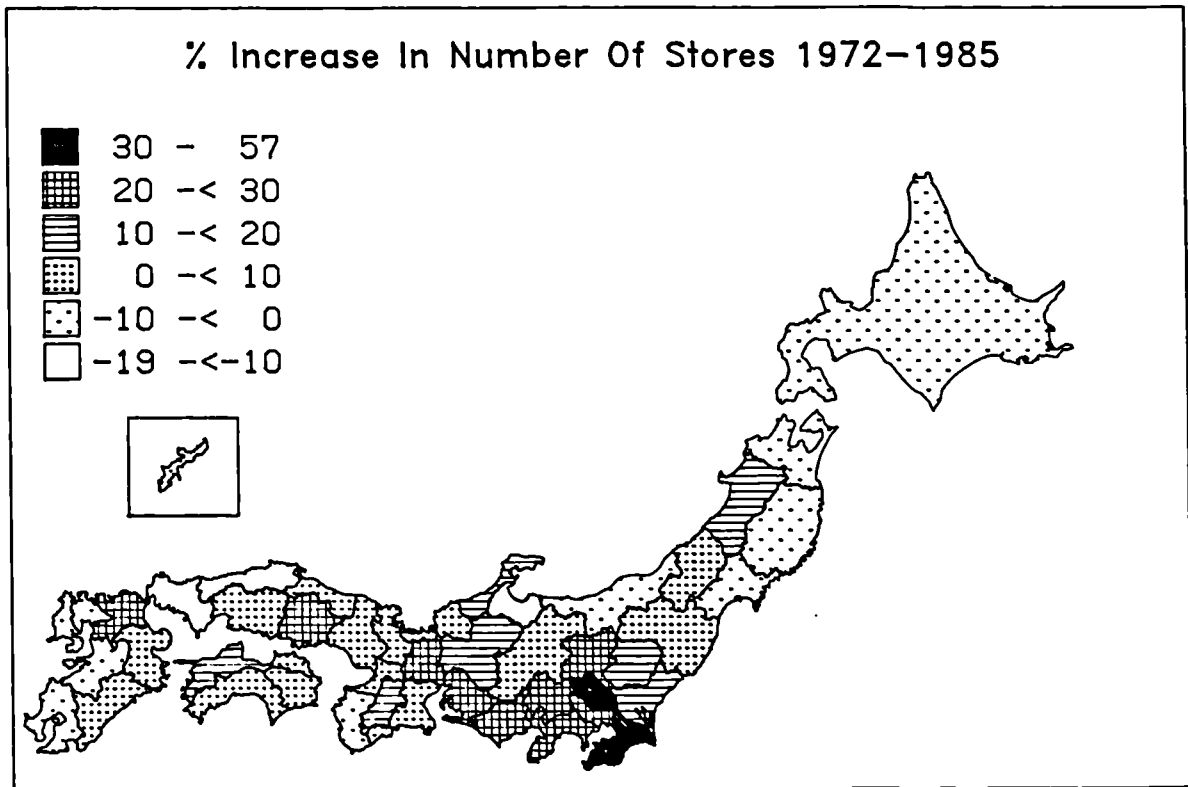


Figure 5.30 459 Stores: Percentage Increase in Number of Stores 1972-85

5.3.7 Category 481: Furniture , Fixture and Straw Mat Stores.

From figure 5.31 it can be seen that this category of stores is particularly concentrated in the Tokyo, Osaka and Central areas. Tokyo Prefecture accounted for 7.64% of the national total. When the totals of Kanagawa (4.10%) Saitama (3.59%), Chiba (3.10%) and Ibaraki (2.57%) are combined with Tokyo's, the percentage of stores for this block of five prefectures in the Kanto region is 21.00 % . Tokyo's share had risen from 5.32% in 1972 to 7.64% in 1985.

Six out of nine prefectures in Chubu had percentages of at least 2.13%. These were: Aichi (5.47%), Niigata (2.93%), Shizuoka (2.63%), Nagano (2.55%), Toyama (2.39%) and Gifu (2.55%). The total for these prefectures was 18.52%. In Kinki, Osaka (6.62%), Hyogo (4.87%) and Kyoto (2.42%) together account for 13.91% of stores. In Hiroshima the percentage was 2.49. Altogether 15 prefectures in Honshu contained 2.13% or more of stores each, accounting for 55.92% of the national total.

The other 19 prefectures in Honshu contained 25.74% of stores between them. The 13 prefectures comprising the islands of Kyushu (total 11.89%), Shikoku (3.81%) and Hokkaido (2.64%) together accounted for 18.34 % of total stores. In Kyushu, Fukuoka contained 3.29% . Out of 47 prefectures, 17 (35.17%) had a percentage of 2.13 or more and 30 (63.83%) had less.

Between 1972 and 1985 the total number of stores increased by 4.06%. Figure 5.32 shows there were 26 prefectures with increases; and 21 with decreases of which eight were in Chubu. Of the increases, 21 were higher than 4.06%. Among the decreases, nine were between 10.76% and 27.66%. The greatest percentage increases were Tokyo (47.79%) and Okayama (40.52%). The greatest decreases were Miyagi (27.66%) and Shizuoka (22.93%).

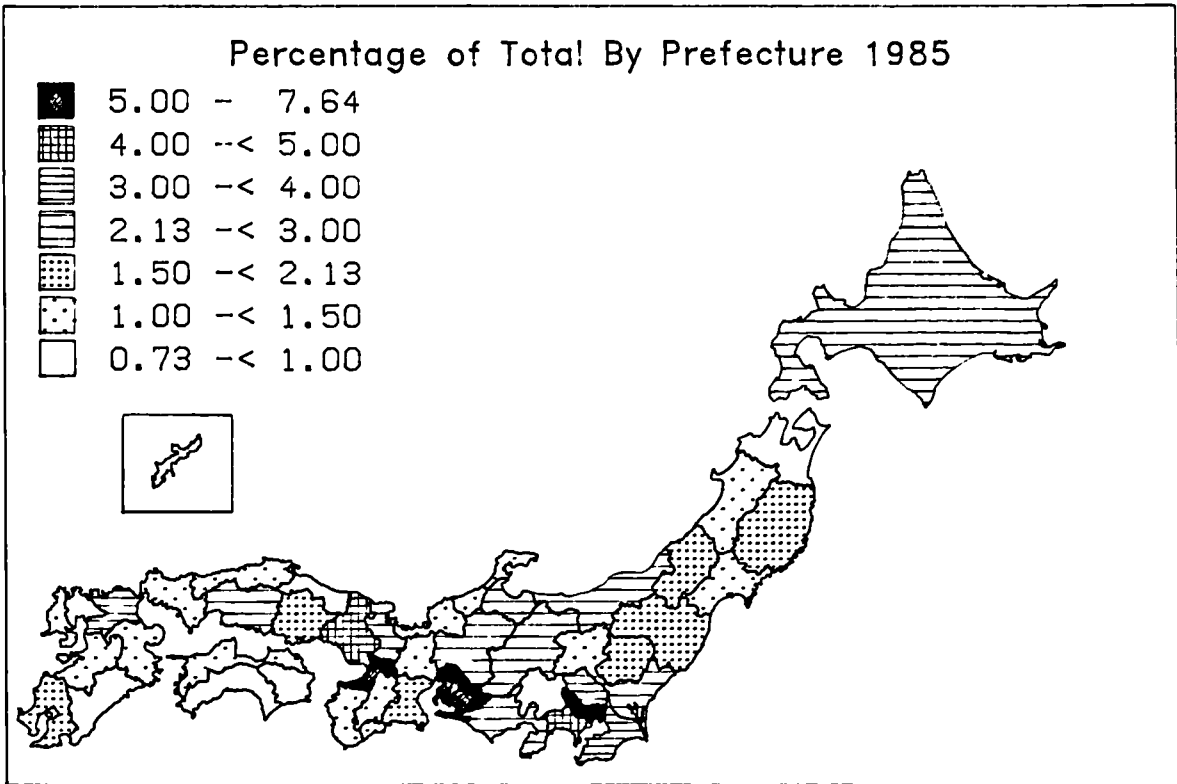


Figure 5.31 481 Stores: Percentage of Total By Prefecture 1985

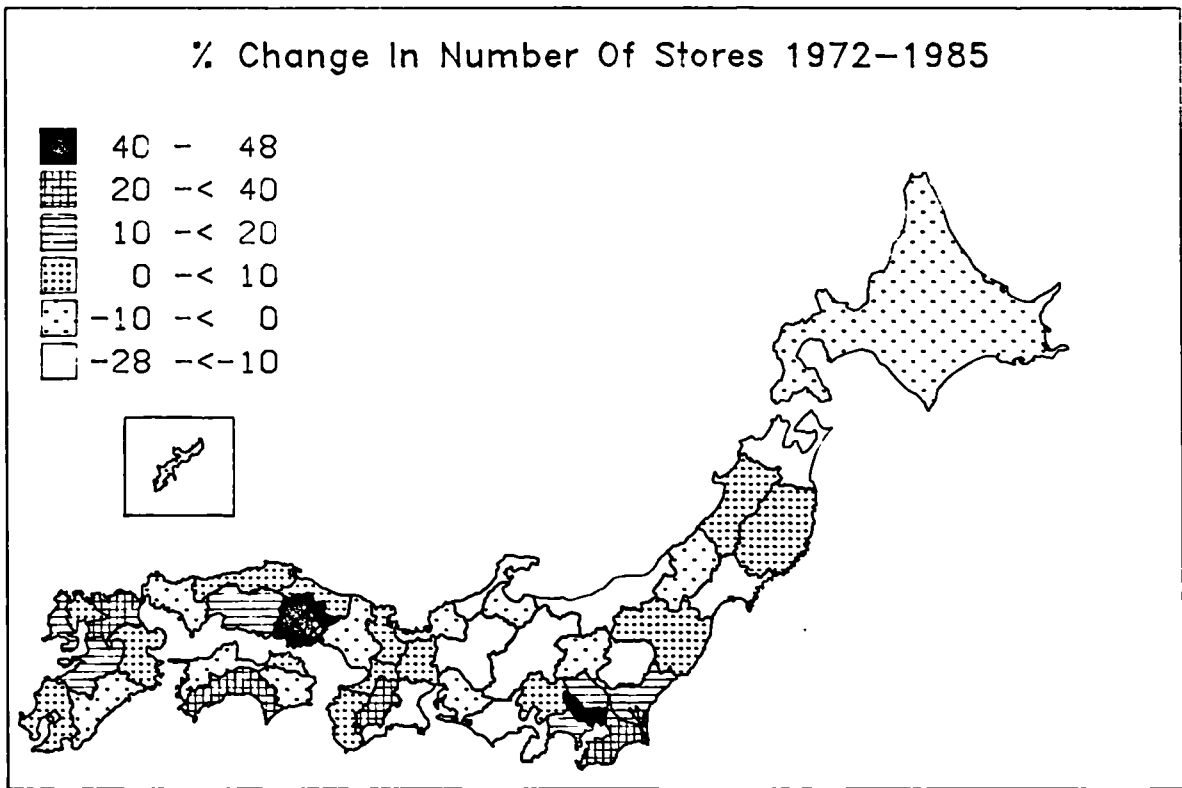


Figure 5.32 481 Stores: Percentage Increase in Number of Stores 1972-85

5.3.8 Category 484: Household Appliance Stores.

Figure 5.33 shows that this category of stores is strongly concentrated in the Tokyo, Osaka and Nagoya conurbations. Tokyo Prefecture accounted for 8.57% of the national total. When the totals of Kanagawa (4.28%), Saitama (3.55%), Chiba (3.13%) and Ibaraki (2.13%) are added to Tokyo's, the percentage of stores in these five adjoining prefectures is 21.66%. In Kinki, Osaka (7.05%), and neighbouring Hyogo (4.28%) and Kyoto (2.36%) together contain 13.69% of stores. In Chubu, there was a total of 5.23% in Aichi and 3.06% in Shizuoka, together making a contribution of 8.29%. Elsewhere in the island of Honshu the amount for Hiroshima was 2.65%, and for Niigata (2.49%). In total these 12 prefectures contained 48.78% of the stores.

By way of comparison the other 22 prefectures in Honshu contained 29.28% of stores between them. The 13 prefectures comprising the islands of Kyushu (total 13.52%), Shikoku (4.32%) and Hokkaido (4.10%) together accounted for 21.94% of total stores. In Kyushu the urban prefecture of Fukuoka recorded 3.92%. Out of 47 prefectures 14 (29.79%) had a percentage of 2.13 or more and 33 (70.21%) had less.

The total number of shops had risen by 26.46% between 1972 and 1985. Most of the prefectures in the regions of Hokkaido, Tohoku, Chubu and Shikoku had risen by less than this amount. The exceptions were Aichi (33.36%) and Shizuoka (31.89%) in Chubu, and Iwate (27.26%) in Tohoku. There were 30 prefectures with increases below 26.46% and 17 above. Figure 5.34 shows that the two prefectures with the highest increases were Chiba (52.93%) and Saitama (47.85%) in Kanto. Kanagawa's total grew by 30.11% and Tokyo's by 19.36%. The smallest increases were Fukui (5.68%) and Niigata (10.32%).

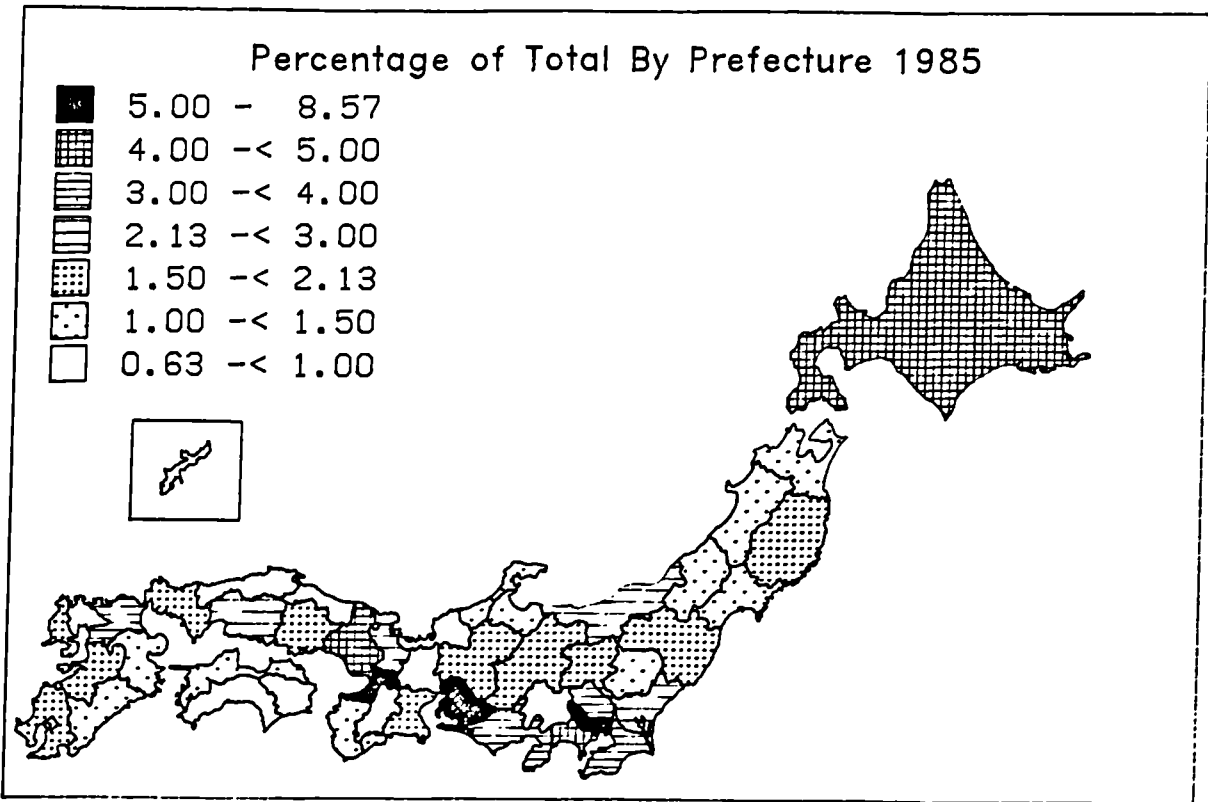


Figure 5.33 484 Stores: Percentage of Total By Prefecture 1985

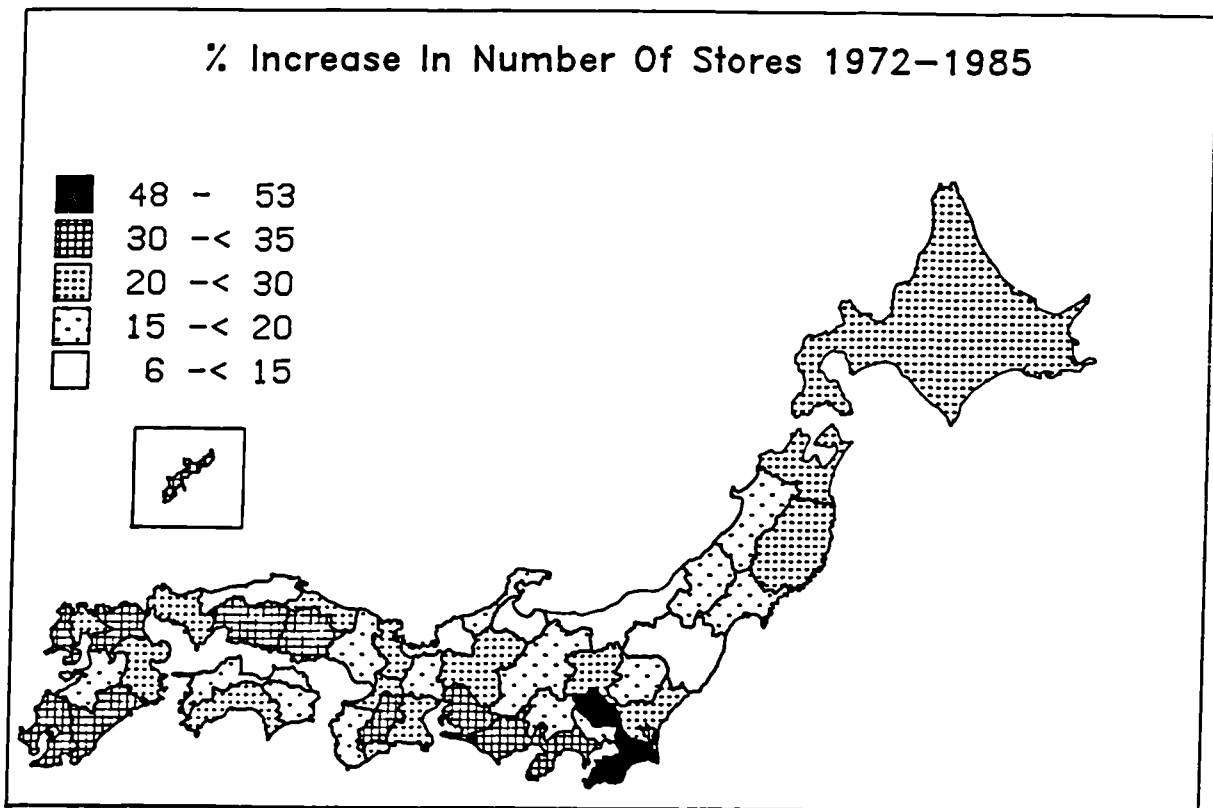


Figure 5.34 484 Stores: Percentage Increase in Number of Stores 1972-85

5.3.9 Category 499: Miscellaneous Stores (1982).

It can be seen from Figure 5.35 that the main concentrations of this category are in the Tokyo, Osaka and Nagoya conurbations. Tokyo Prefecture accounted for 10.09% of the national total. When the totals for Kanagawa (4.13%), Saitama (3.36%) and Chiba (2.88%) are added to Tokyo's, the percentage of stores in these four prefectures in Kanto is 20.46%. In Kinki, Osaka (7.88%), Hyogo (4.87%) and Kyoto (2.73%) contained a 15.48% of stores. In Chubu, Aichi contained 5.18% and Shizuoka 3.22%, adding a further 8.40%. Elsewhere in Honshu Hiroshima contained 2.56% of stores, and Niigata 2.16%. These 11 prefectures accounted for 49.06% of the total. The other 23 prefectures in Honshu contained 29.97% of stores between them.

Altogether the 13 prefectures comprising the islands of Kyushu (total 12.66%), Shikoku (4.58%) and Hokkaido (3.73%) accounted for 20.97% of total stores. In Kyushu, Fukuoka recorded 4.11%. Out of 47 prefectures 13 (27.66%) had a percentage of 2.13 or more and 34 (72.34%) had less.

Between 1972 and 1985 Tohoku and Kanto had increased their shares slightly while the other regions in Honshu had reductions. The main changes were in Kanto where Chiba's share rose from 2.31% to 2.88%, and Saitama's from 2.83% to 3.36%. By contrast in Kinki, Osaka's share had fallen from 8.25% to 7.88%, and Hyogo's from 5.22% to 4.87%.

The total number of stores had increased by 37.01%. There were 16 prefectures with increases above this value, and 31 below. The prefectures with the greatest increases in Figure 5.36 are Chiba (68.41%) and Saitama (60.21%). No prefecture in Kinki had an increase above 32.29% (Shiga), while two had the lowest increases of 19.18% in Kyoto and 19.78% in Wakayama. Osaka rose by 28.82%.

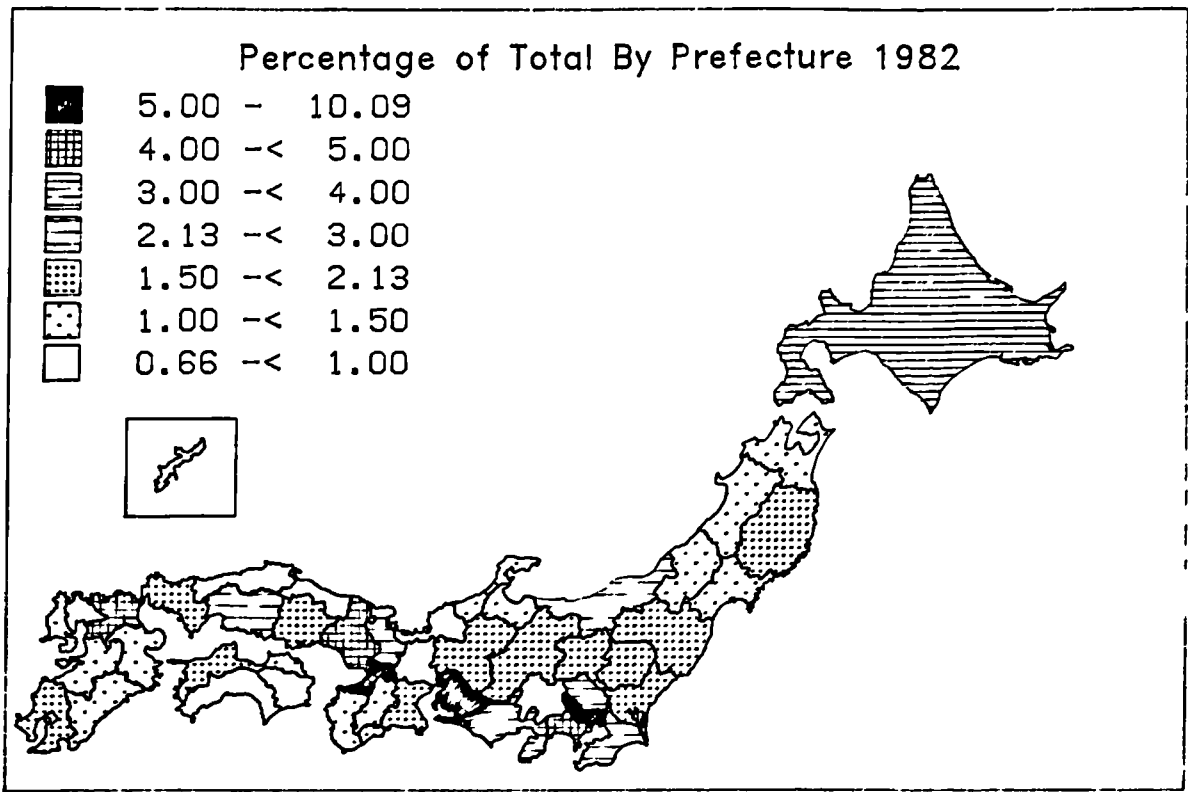


Figure 5.35 499 Stores: Percentage of Total By Prefecture 1982

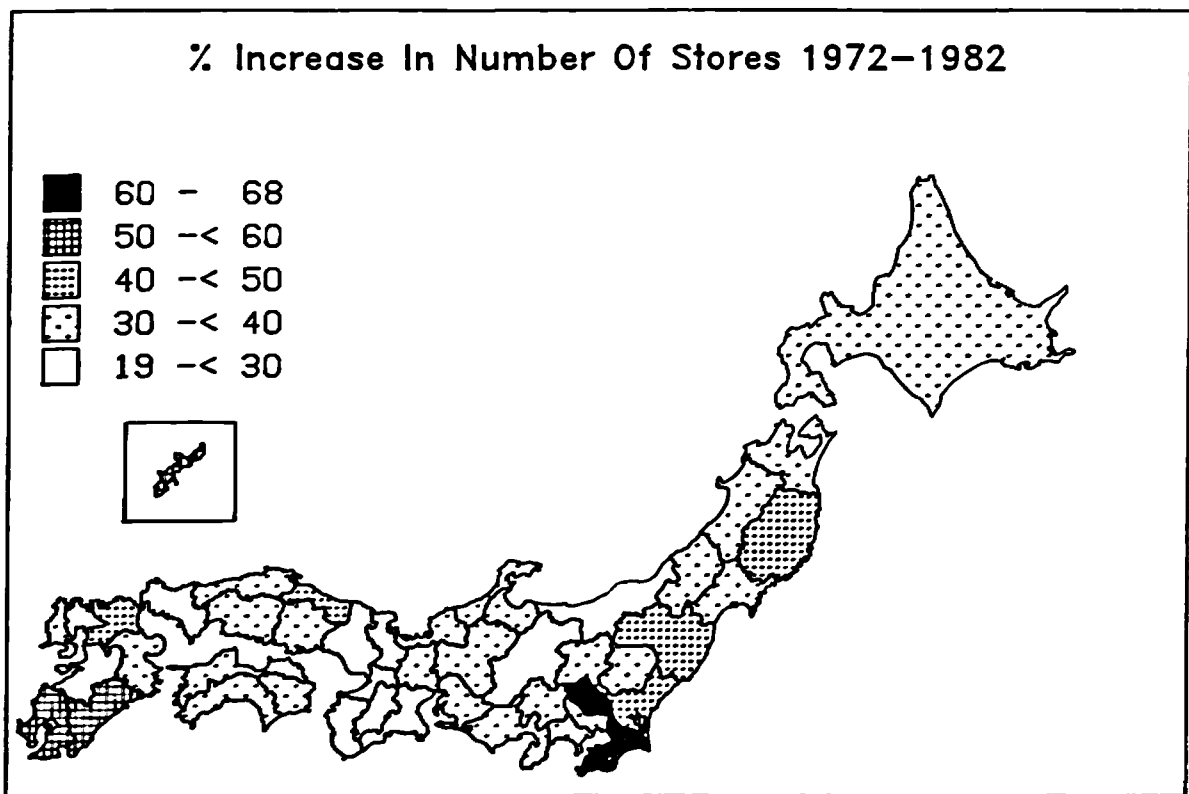


Figure 5.36 499 Stores: Percentage Increase in Number of Stores 1972-82

5.4 Changes in Floorspace.

5.4.1 Category 431: Department Stores.

Figure 5.37 shows that in 1985 the main concentrations of total selling space were in the Tokyo, Osaka and Nagoya conurbations. Tokyo accounted for 12.82% of the national total. When the totals of Kanagawa (7.06%), Chiba (5.14%) and Saitama (5.13%) are added to Tokyo's, the percentage of floorspace in these four prefectures in the Kanto region amounts to 30.15%. In Kinki, Osaka (9.08%), and Hyogo (3.42%) accounted for a further 12.50% of space. In Chubu, Aichi contained 6.18% and adjoining Shizuoka 2.16%, making a further contribution of 8.34%. Elsewhere in the island of Honshu the amount for Hiroshima was 2.66%. These 9 prefectures accounted for 53.65% of floorspace.

The other 25 prefectures in Honshu contained 25.35% of floorspace between them. The 13 prefectures forming Kyushu (total 11.76%), Hokkaido (5.51%) and Shikoku (3.73%), together accounted for 21.00% of total space. Eleven prefectures (23.40%) had a percentage of 2.13 or more and 36 (76.60%) had less.

Figure 5.38 shows a wide range of prefectural growth rates for floorspace from 1972 to 1985. The overall pattern of change is similar to the pattern of change in store numbers shown in Figure 5.20. The national total had increased by 163.74% according to the Census, although there were missing individual values for Nara and Kochi in 1972. Twenty eight prefectures increased their totals by more than this value and 17 had increases below. The highest increases were Hiroshima (537.80%) and Kagawa (416.16%).

The lowest increase was in Tokyo (45.36%). The increases in adjacent prefectures were much higher. The increase in Saitama was 361.54%, in Chiba 327.41% and in Kanagawa 274.80%. Osaka and Hyogo had increases just over average, of 164.29% and 168.55%.

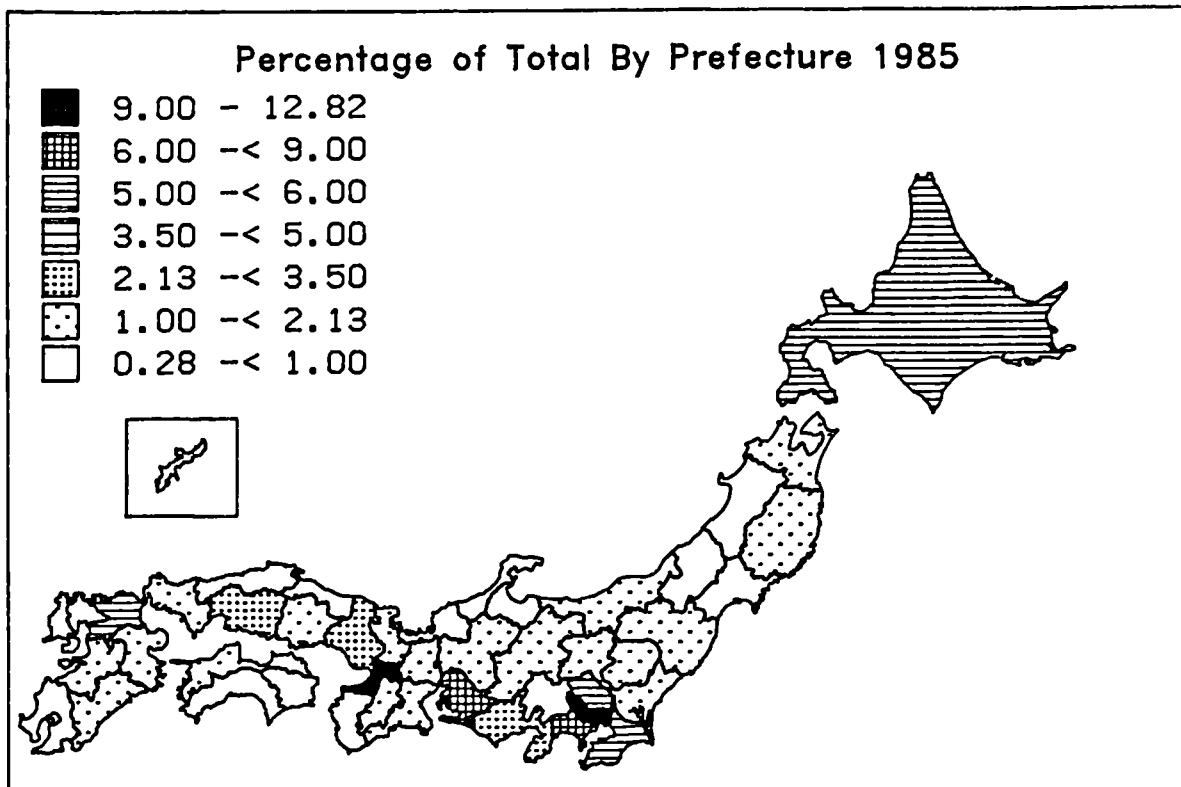


Figure 5.37 431 Floorspace: Percentage of Total By Prefecture 1985

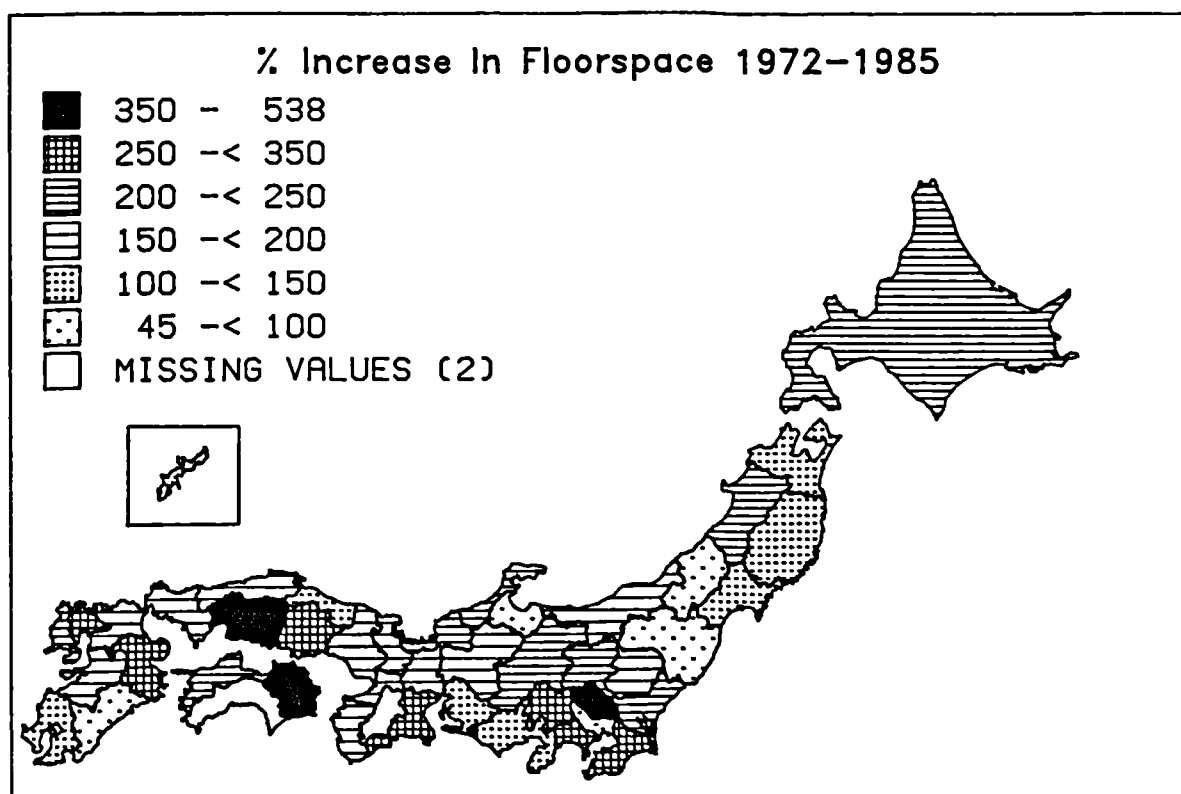


Figure 5.38 431 Stores: Percentage Increase in Floorspace 1972-85

5.4.2 Category 439: General Merchandise Stores.

Figure 5.39 shows the highest percentages of floorspace were mainly distributed between the Kanto, Chubu, Chugoku, Kinki and Kyushu regions. Altogether 19 (40.43%) out of 47 prefectures had a percentage of 2.13 or more and 26 (59.57%) had less. The correlation coefficient between floorspace and stores was .551.

The largest percentage of floorspace was 6.05% in Iwate, Tohoku. There was 3.29% of selling space in Tokyo Prefecture. When the totals of Chiba (5.03%), Tochigi (4.36%), Saitama (3.64%), Kanagawa (3.27%) and Ibaraki (3.16%) are added to that of Tokyo, sales space in these 6 prefectures in Kanto amount to 22.75 % . In Chubu two prefectures had over 2.13%, namely Aichi (4.60%), and Shizuoka (2.73%), making a total of 7.33%. In Chugoku, Hiroshima (2.94%), Okayayama (2.83%) and Shimane (2.23%) together contained 8.00% of selling space. In Kinki, Osaka (4.51%) and Hyogo (3.31%) contributed 7.82% of space.

These 14 prefectures accounted for 45.90% of total stores. The other 20 prefectures in Honshu contributed another 27.46%. The 13 prefectures comprising Kyushu (17.28%), Shikoku (6.01%) and Hokkaido (3.35%) together accounted for 26.64% of total sales space. In Kyushu, Miyazaki (4.21%), Fukuoka (4.10%), Oita (2.76%) and Kagoshima (2.62%) all had figures higher than 2.13 .

Figure 5.40 shows there were 11 prefectures (23.40%) with increases and 36 (76.60%) with decreases. The total floorspace had declined by 41.22%. The greatest decreases were in Nagasaki (91.97%, Kagawa (88.39%) and Fukushima (81.75%). The prefectures with increases were mainly in Tohoku, Kinki and Chubu. The highest increases were in Iwate (291.42%), Ishikawa (140.52%), Miyagi (103.93%), and Chiba (99.69%). Tokyo decreased by 34.39%, Kanagawa by 63.47%, Osaka by 44.79% and Hyogo by 65.11%.

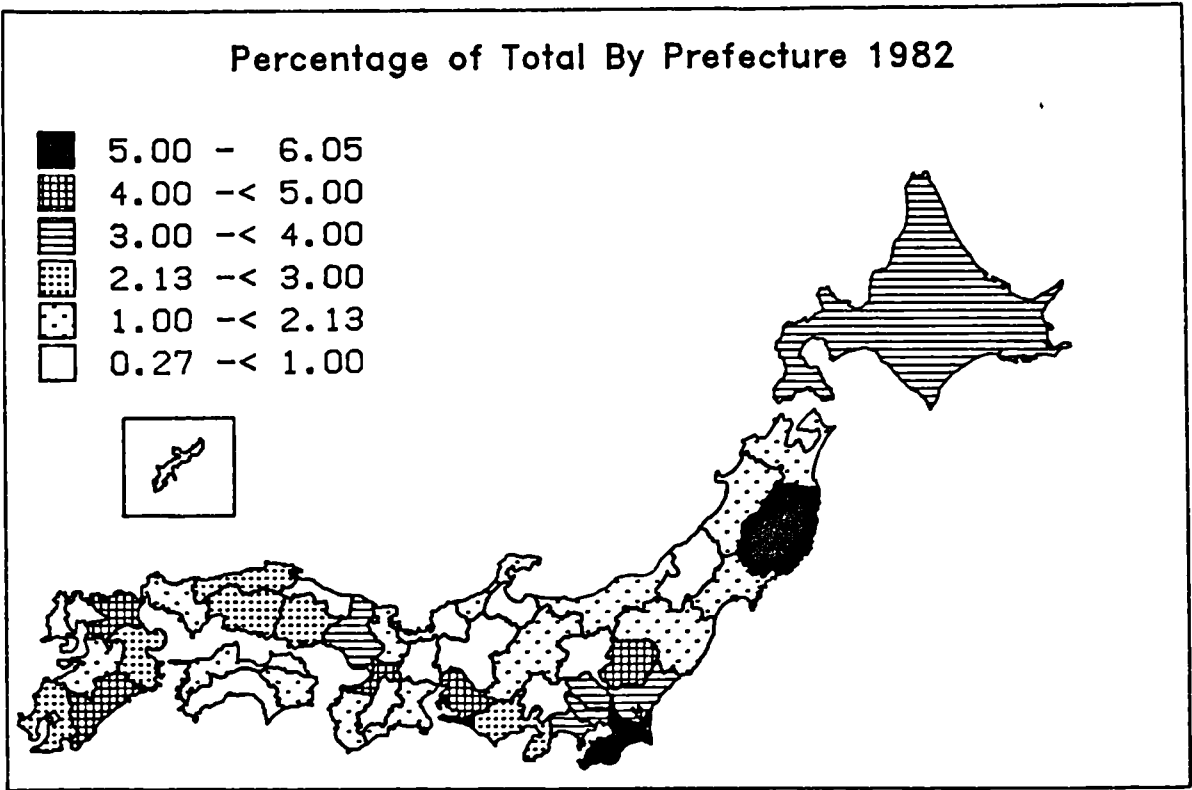


Figure 5.39 439 Floorspace: Percentage of Total By Prefecture 1982

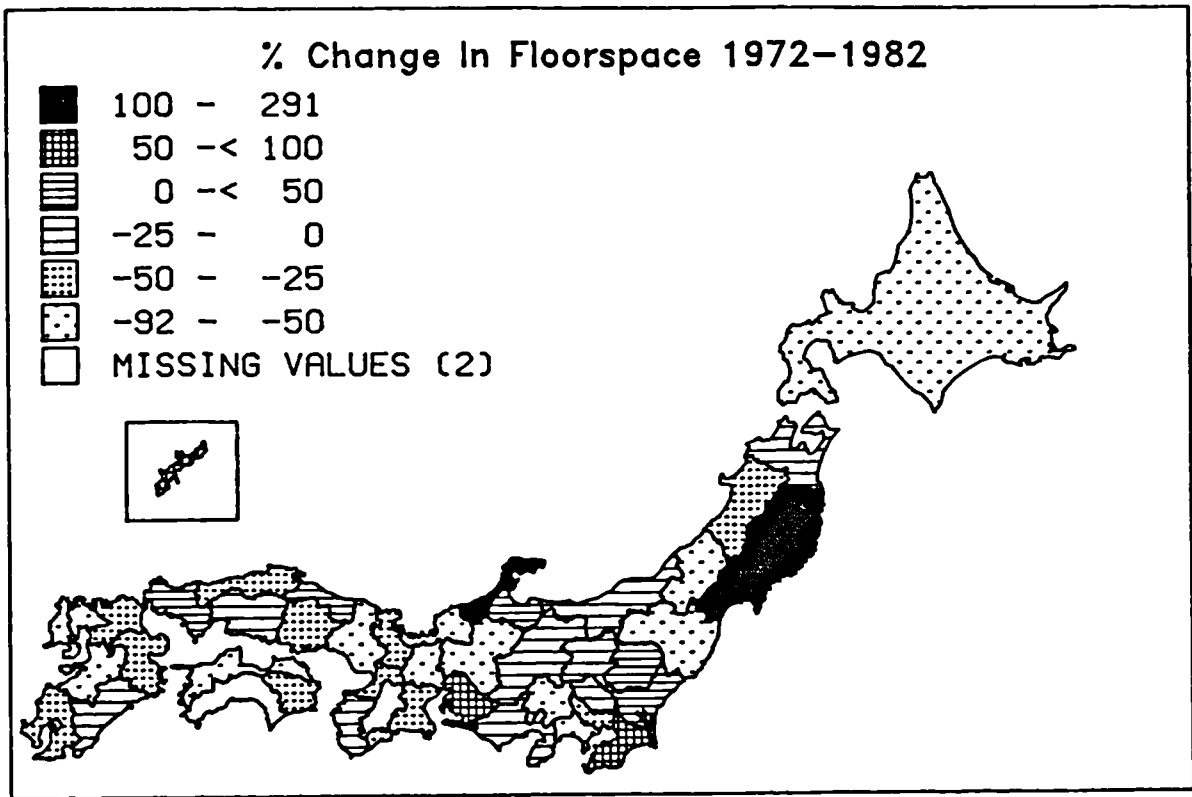


Figure 5.40 439 Stores: Percentage Increase in Floorspace 1972-82

5.4.3 Category 443: Women's and Children's Dress Stores.

Figure 5.41 shows that floorspace for this category of stores was mainly concentrated in the Tokyo, Osaka and Nagoya conurbations plus a high percentage in Hokkaido. Tokyo Prefecture accounted for 9.46% of the national total. When the totals for Kanagawa (4.54%), Saitama (3.49%), Chiba (3.51%) and Ibaraki (2.40%) are added to Tokyo's, the percentage of floorspace in these five Kanto prefectures is 23.40%. In Kinki, Osaka (5.76%), Hyogo (4.51%) and Kyoto (2.26%) contained a further 12.53% of space. In Chubu, Aichi contained 5.02% and Shizuoka 3.77%, making a further contribution of 8.79%. Elsewhere in Chubu Nagano included 2.23% of floorspace. These 12 prefectures in Honshu accounted for 46.95% of the total.

The other 24 prefectures in Honshu contained 31.57% of stores between them. The 13 prefectures comprising Kyushu (total 11.60%), Hokkaido (5.70%) and Shikoku (4.18%), together accounted for 21.48% of total stores. In Kyushu, Fukuoka recorded 4.12%. Out of 47 prefectures, 12 (25.53%) had a percentage of 2.13 or more and 35 (74.47%) had less. There was a very high positive correlation (.939) between total floorspace and total stores.

The national increase in floorspace for 1972-1985 was 141.97%. There were 25 prefectures (53.19%) with increases above this figure and 22 (46.81%) below. Figure 5.42 shows that the greatest regional variations occurred within Tohoku and Shikoku. Two of the three highest increases, and the lowest, were recorded in Tohoku. Yamagata increased by 257.02%, Iwate by 253.62%, and Akita by 56.26%. The highest increase of 262.15% was in Tokushima, Shikoku, where Ehime had a low increase of 73.27%. There were substantial increases in Prefectures surrounding Tokyo with the exception of Kanagawa (92.09%). Tokyo rose by 130.84%.

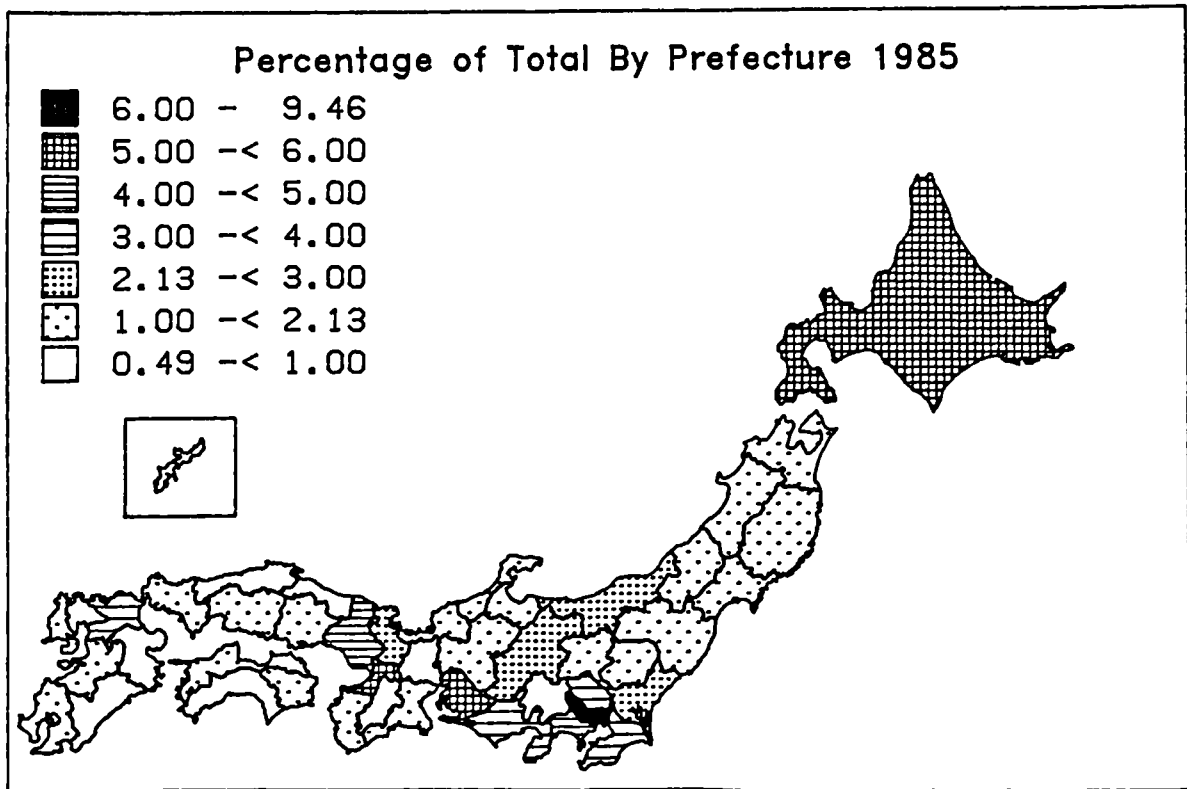


Figure 5.41 443 Floorspace: Percentage of Total By Prefecture 1985

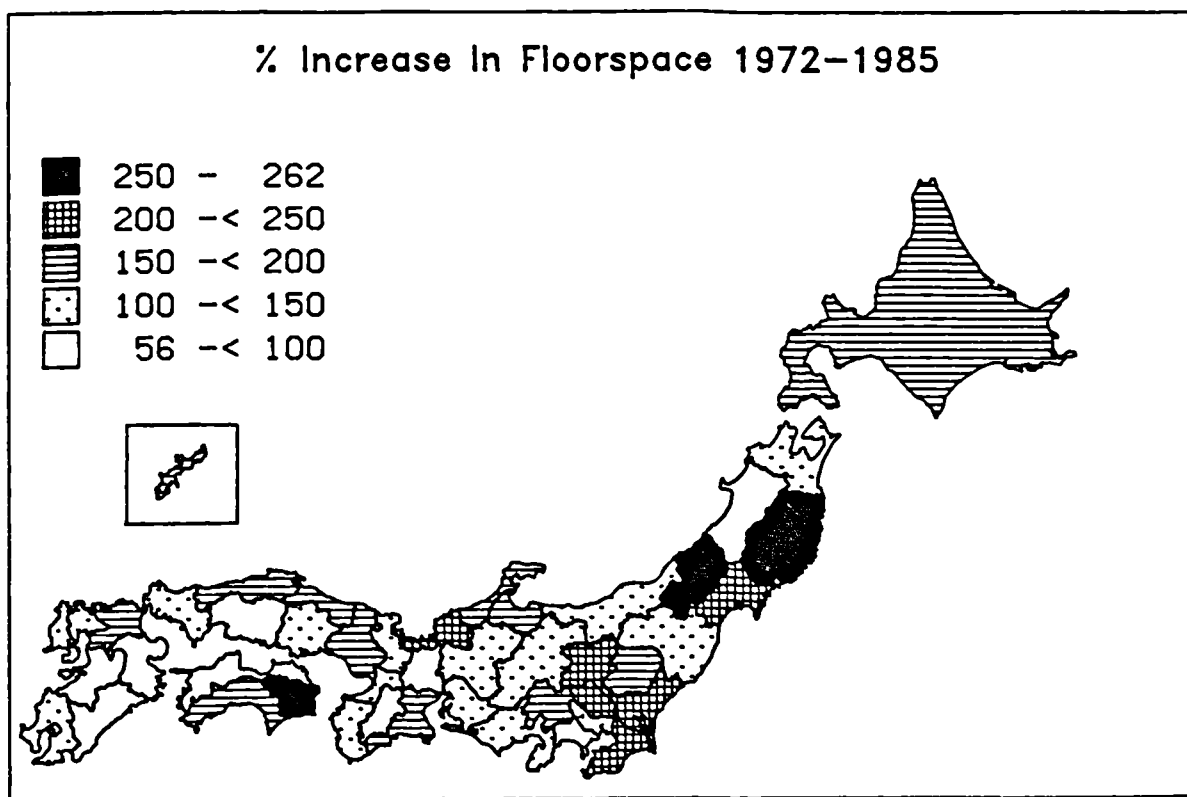


Figure 5.42 443 Stores: Percentage Increase in Floorspace 1972-85

5.4.4 Category 451: Grocery Stores.

It can be seen from Figure 5.43 that the highest percentages for floorspace for these stores were distributed between the Kanto, Chubu, Kinki regions and Hokkaido. In total 14 (29.79%) out of 47 prefectures had a percentage of 2.13 or more, and 33 (70.21%) had less. There was a very high positive correlation (.877) between total floorspace and total stores.

6.09 % of sales floorspace was in Tokyo Prefecture. When the totals of Kanagawa (4.51%), Saitama (4.27%), Chiba (3.69%) and Ibaraki (2.99%) are added to that of Tokyo, space in these 5 prefectures amount to 21.55%. In Chubu four prefectures had over 2.13%, namely Aichi (4.65%), Shizuoka (3.24%), Niigata (2.37%), and Nagano (2.35%) making a total of 12.62%. In Kinki, Osaka (4.45%) and Hyogo (3.70 %) contained 8.15 % of floorspace.

The other prefecture in Honshu with 2.13% or more was Hiroshima (2.83%). These 12 Honshu prefectures accounted for 45.15 % of selling space. The remaining 22 of the prefectures in Honshu contributed 29.13% between them. The 13 prefectures comprising the islands of Kyushu (13.56%), Hokkaido (7.49%) and Shikoku (4.67%) together contained 25.72% of total sales space. In Kyushu, Fukuoka contained 5.43% and Kumamoto 2.21%.

Figure 5.44 shows that the three prefectures with the greatest increases were in Kanto, namely Kyoto (292.47%), Osaka (219.23%) and Nara (215.70%). The national increase for 1972 - 1985 was 114.84%. All the prefectures in Kanto apart from Tochigi (105.67%) increased above this figure. Most of the prefectures in Chugoku, Shikoku, Chubu, Tohoku and Hokkaido had increases below, the lowest being Gifu (37.74%) and Yamanashi (52.93%) in Chubu. Twenty six prefectures (55.32%) had increases below 114.84% and 21 (44.68%) had increases above.

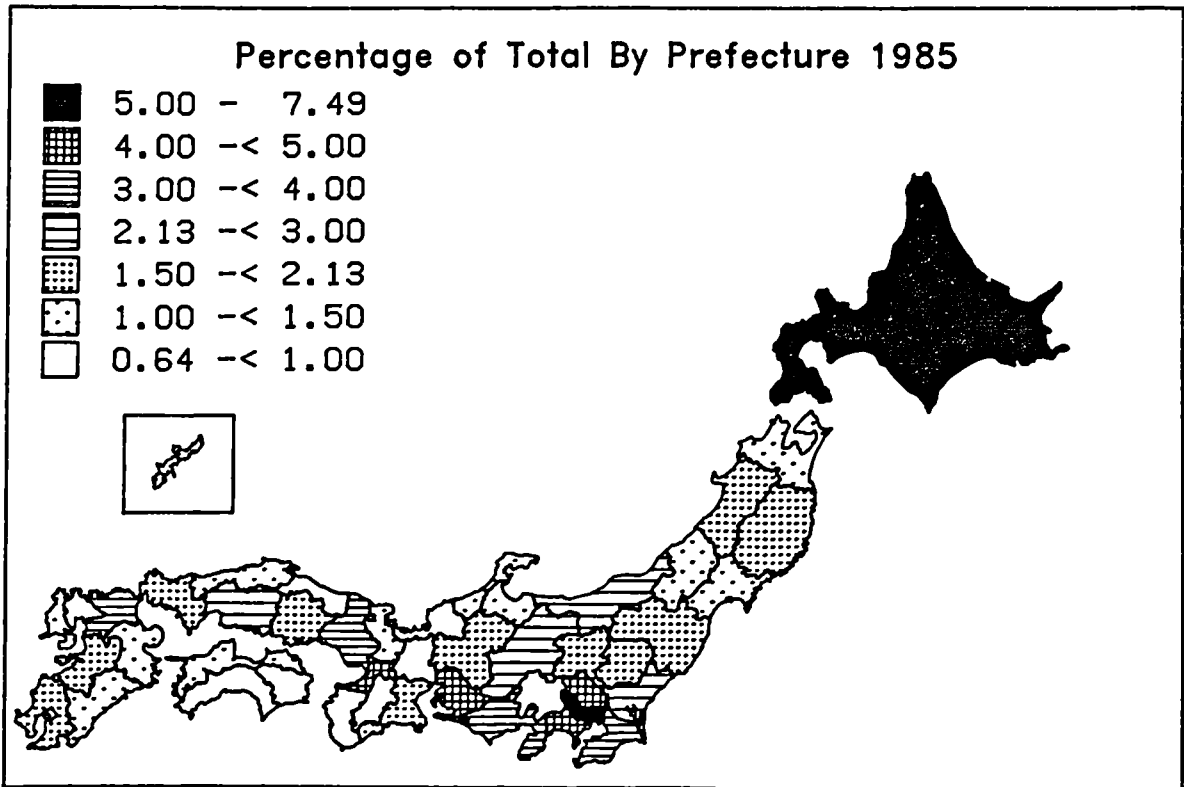


Figure 5.43 451 Floorspace: Percentage of Total By Prefecture 1985

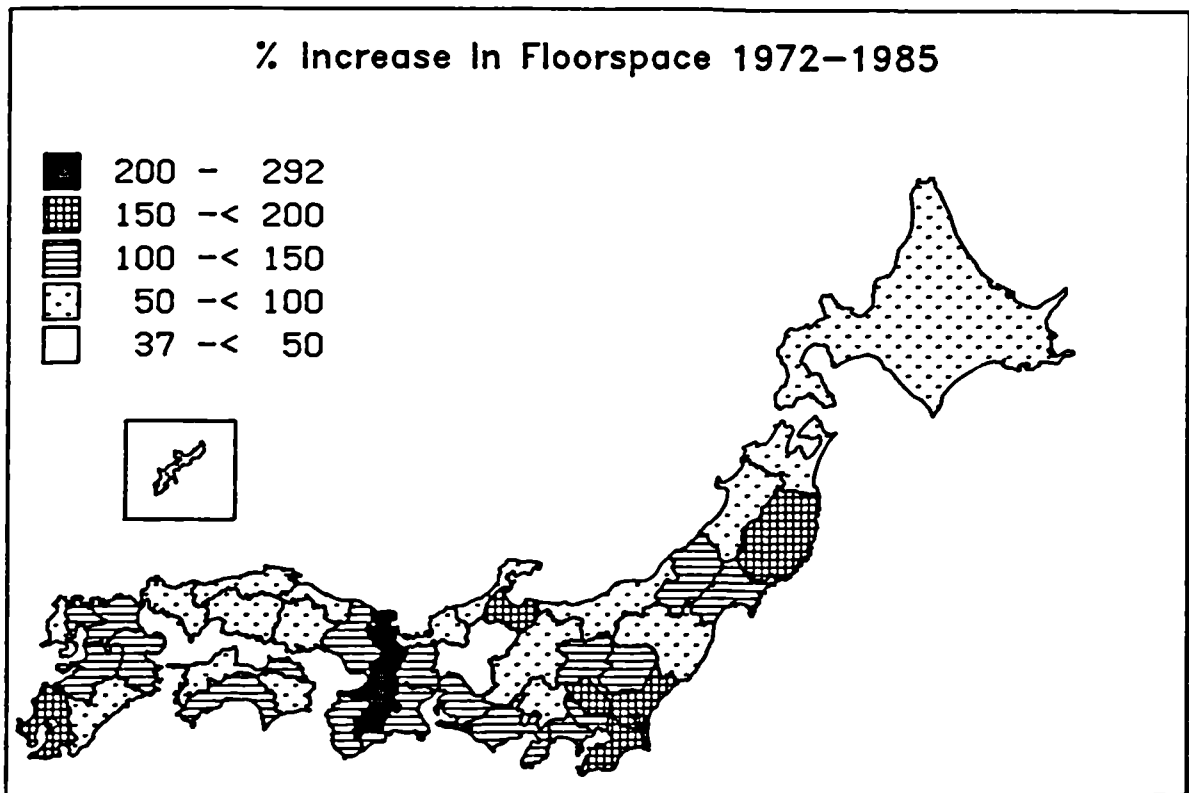


Figure 5.44 451 Stores: Percentage Increase in Floorspace 1972-85

5.4.5 Category 457: Confectionery and Bakery Stores.

Figure 5.45 shows that floorspace was strongly concentrated in the Tokyo, Osaka and Nagoya conurbations. Tokyo Prefecture accounted for 9.10% of the national total. When the totals of Kanagawa (4.62%) Saitama (4.33 %), Chiba (3.74%) and Ibaraki (2.76%) are combined with Tokyo's, the percentage of the stores' floorspace in this block of five prefectures in the Kanto region is 24.55%. In Kinki, Osaka (7.12%), Hyogo (4.24%) and Kyoto (2.44%) together account for 13.80% of sales space. In Chubu, Aichi contained 5.93% and adjoining Shizuoka 3.35%, making a further contribution of 9.28%. Elsewhere in Honshu there were figures of 2.38% for Niigata and 2.13% for Iwate. In total these 12 prefectures accounted for 52.14% of selling space.

The remaining 22 prefectures in Honshu contained 29.31% of floorspace between them. The 13 prefectures comprising the islands of Kyushu (total 11.68%), Shikoku (3.65%) and Hokkaido (3.22%) together accounted for 18.55 % of total space. In Kyushu, Fukuoka contained 3.72 % . Out of 47 prefectures, 14 (29.79%) had a percentage of 2.13 or more and 34 (70.21%) had less. There was an almost perfect positive correlation (.989) between the totals of floorspace and stores within prefectures.

There were reductions in floorspace within 32 (68.09%) prefectures and increases in 15 (31.91%). Figure 5.46 shows that the increases were in the southern half of Japan, particularly in Kinki and Chugoku. The two highest increases were in the two southernmost prefectures of Kagoshima (140.11%) and Okinawa (49.61%). Osaka, was third highest with 16.75%. Hiroshima was fourth with 16.12%. Kanto and Kinki contained six prefectures with increases between 5.60% and 8.51%, including Tokyo with 7.44% . The largest decrease was Fukushima (30.62%).

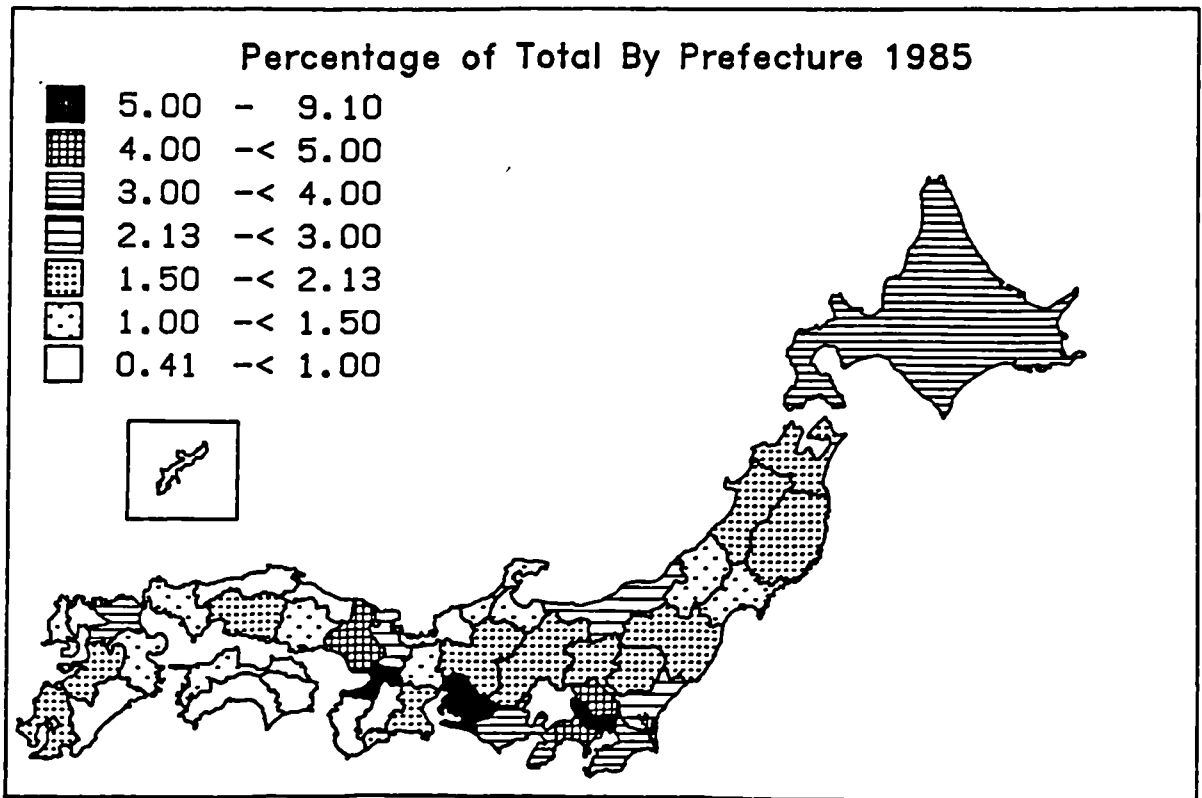


Figure 5.45 457 Floorspace: Percentage of Total By Prefecture 1985

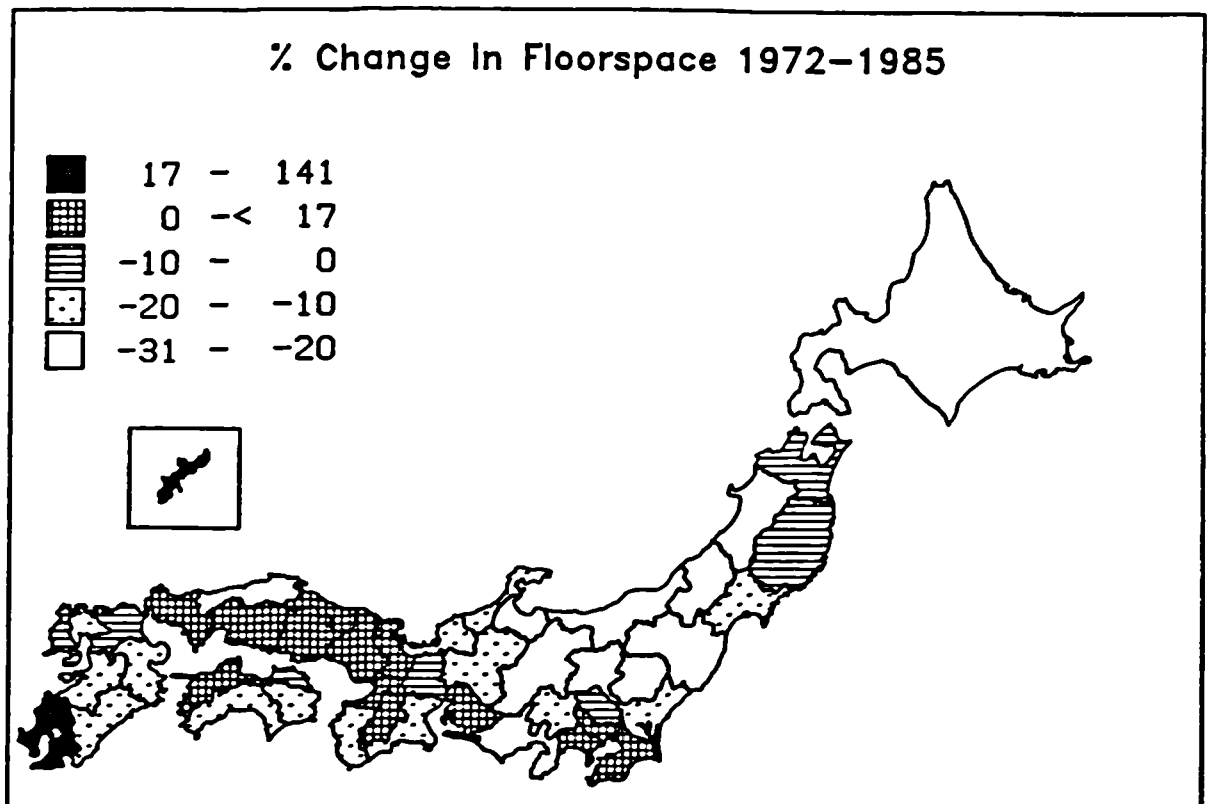


Figure 5.46 457 Stores: Percentage Increase in Floorspace 1972-85

5.4.6 Category 459: Miscellaneous Retail and Food Stores.

Figure 5.47 shows that this floorspace for this category of stores was largely concentrated in the Tokyo, Osaka and Nagoya conurbations. Tokyo Prefecture accounted for 9.15% of the national total. When the totals for Kanagawa (5.09%), Chiba (3.34%) and Saitama (3.17 %) are added to Tokyo's, the percentage of sales space in these four prefectures in Kanto is 20.75%. In Kinki, Osaka (6.95%), Hyogo (3.75%) and Kyoto (2.23%) contained a further 12.93% of floorspace. In Chubu, Aichi contained 5.41% and Shizuoka 2.70%, making a further contribution of 8.11%. Elsewhere in the island of Honshu Iwate contained 2.63% of space, and Fukushima 2.45%. In total these 11 prefectures accounted for 46.87 % of the national total.

By way of comparison, the other 23 prefectures in Honshu contained 30.07% of floorspace between them. The 13 prefectures comprising the islands of Kyushu (total 15.56%), Hokkaido (3.76%) and Shikoku (3.74%), together accounted for 23.06% of total floorspace. In Kyushu, the total for Fukuoka was 4.38% and Kagoshima (2.30%). Out of 47 prefectures 14 (29.79%) had a percentage of 2.13 or more and 33 (70.21%) had less. There was a very strong positive correlation (.972) between the totals of floorspace and stores within prefectures.

Between 1972 and 1985 the floorspace total rose by 41.81%. Fourteen prefectures (29.79%) had increases above, the greatest being Tokyo with 140.434%. Figure 5.48 shows two more prefectures increased by over 80%, ie Okayama (81.17%) and Aichi (82.04%). Of the other 10 prefectures, four were in Kinki, two were in Kanto, two were in Kyushu, one was in Shikoku; and one in Tohoku. There were decreases in nine (19.15%) prefectures. Three exceeded 10%, namely Saga (17.91%), Wakayama (11.98%) and Kagawa (10.47%).

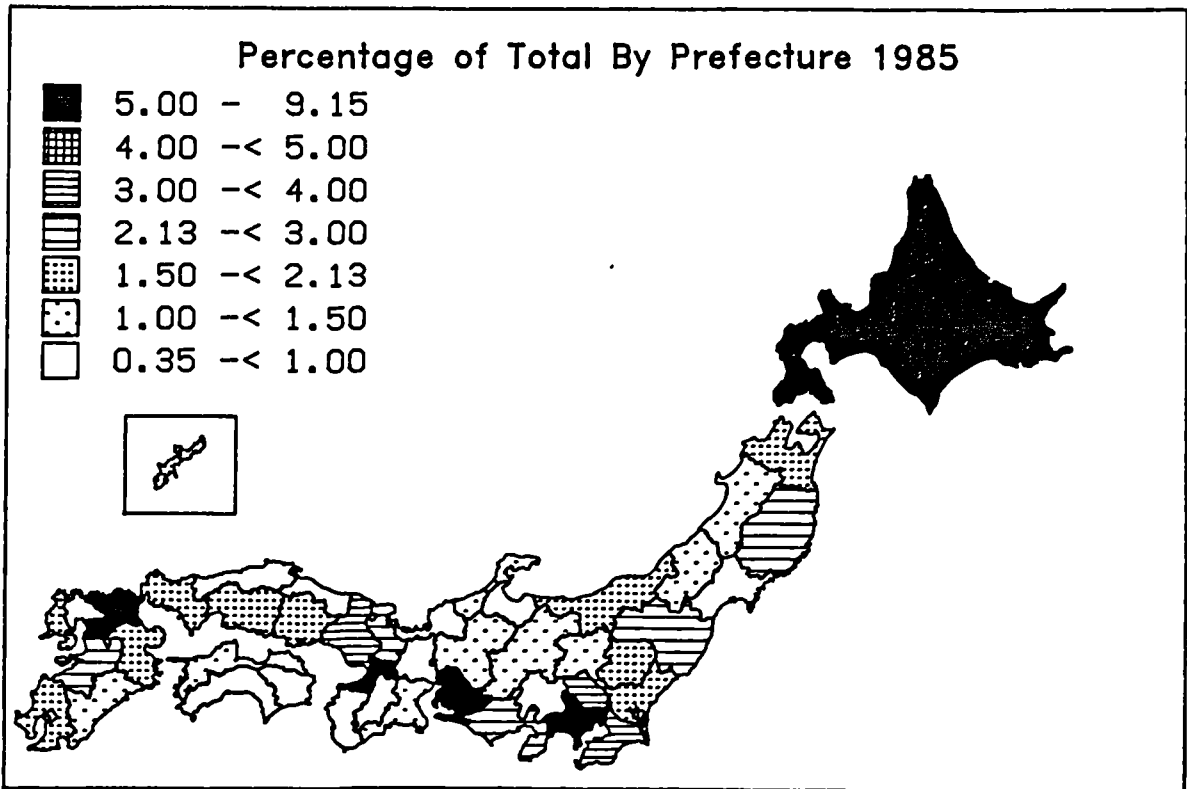


Figure 5.47 459 Floorspace: Percentage of Total By Prefecture 1985

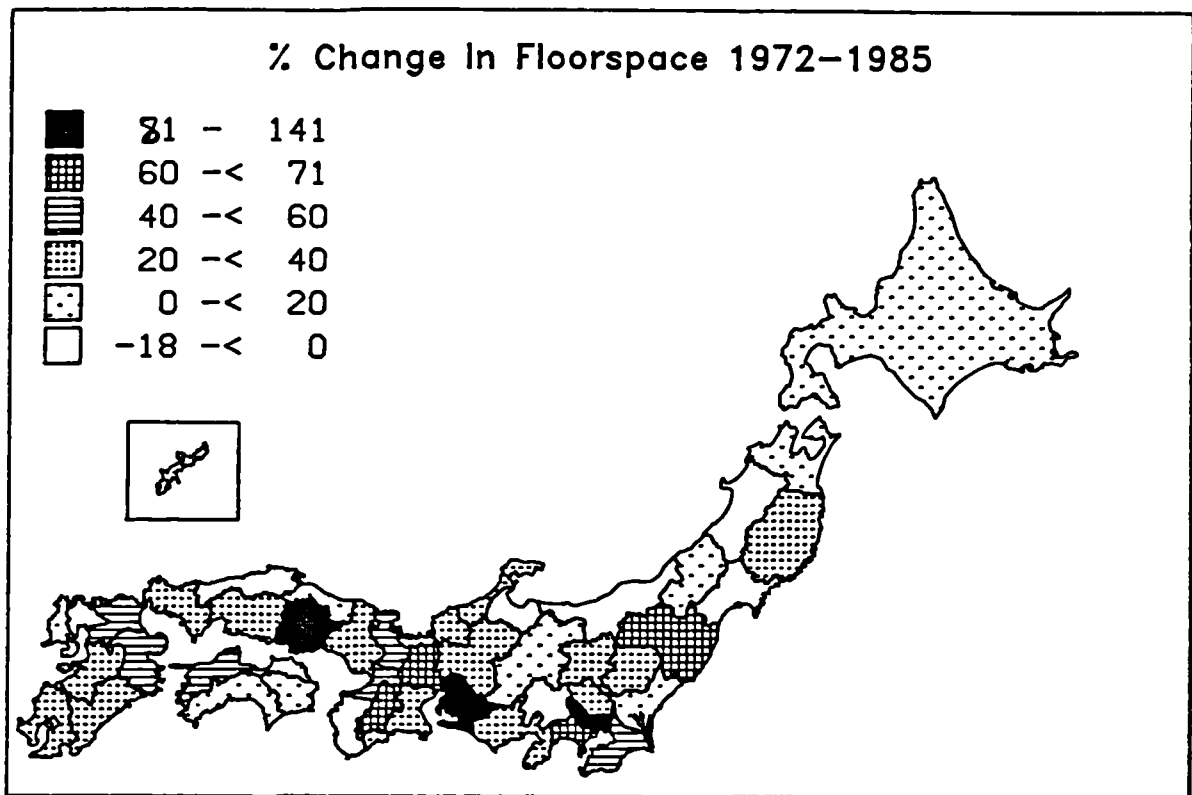


Figure 5.48 459 Stores: Percentage Increase in Floorspace 1972-85

5.4.7 Category 481: Furniture, Fixture and Straw Mat Stores.

Figure 5.49 shows that for this category floorspace was particularly concentrated in the Tokyo, Osaka and Central areas. Tokyo Prefecture accounted for 5.17% of the national total. When the totals of Saitama (4.06%), Kanagawa (3.66%), Chiba (3.49%) and Ibaraki (2.32%) are combined with Tokyo's, the percentage of floorspace in this block of five prefectures in Kanto is 18.07%. Five out of nine prefectures in Chubu had percentages of at least 2.13%. These were: Aichi (6.46%), Shizuoka (2.69%), Gifu (2.38%), Nagano (2.29%) and Niigata (2.24%). The total for these prefectures was 16.06%. In Kinki, Osaka (6.52%), Hyogo (4.47%) and Kyoto (2.19%) together contained 13.18% of floor-space. In Hiroshima the percentage was 2.43, and in Mie 2.21%. Altogether 15 prefectures in Honshu contained 2.13% or more of store space each, accounting for 51.95% of the national total.

The other 19 prefectures in Honshu contained 26.21% of selling space between them. The 13 prefectures comprising the islands of Kyushu (total 13.02%), Shikoku (4.44%) and Hokkaido (4.38%) together accounted for 21.84 % of total space. In Kyushu, Fukuoka contained 4.59% . Out of 47 prefectures, 17 (35.17%) had a percentage of 2.13 or more and 30 (63.83%) had less. There was a very strong positive correlation (.928) between the totals of floorspace and stores within prefectures.

The total floorspace grew by 42.13% between 1972 and 1985. There were 23 prefectures with increases below this figure and 24 above it. The highest increases in Figure 5.50 were Okinawa (93.42%) and Iwate (84.31%), and the lowest was Niigata (4.29%). The remaining prefectures were fairly evenly spread in value from 10.94% to 69.32%. There were above average increases in Tokyo (42.39%) and four adjoining prefectures, and in Osaka (59.84%).

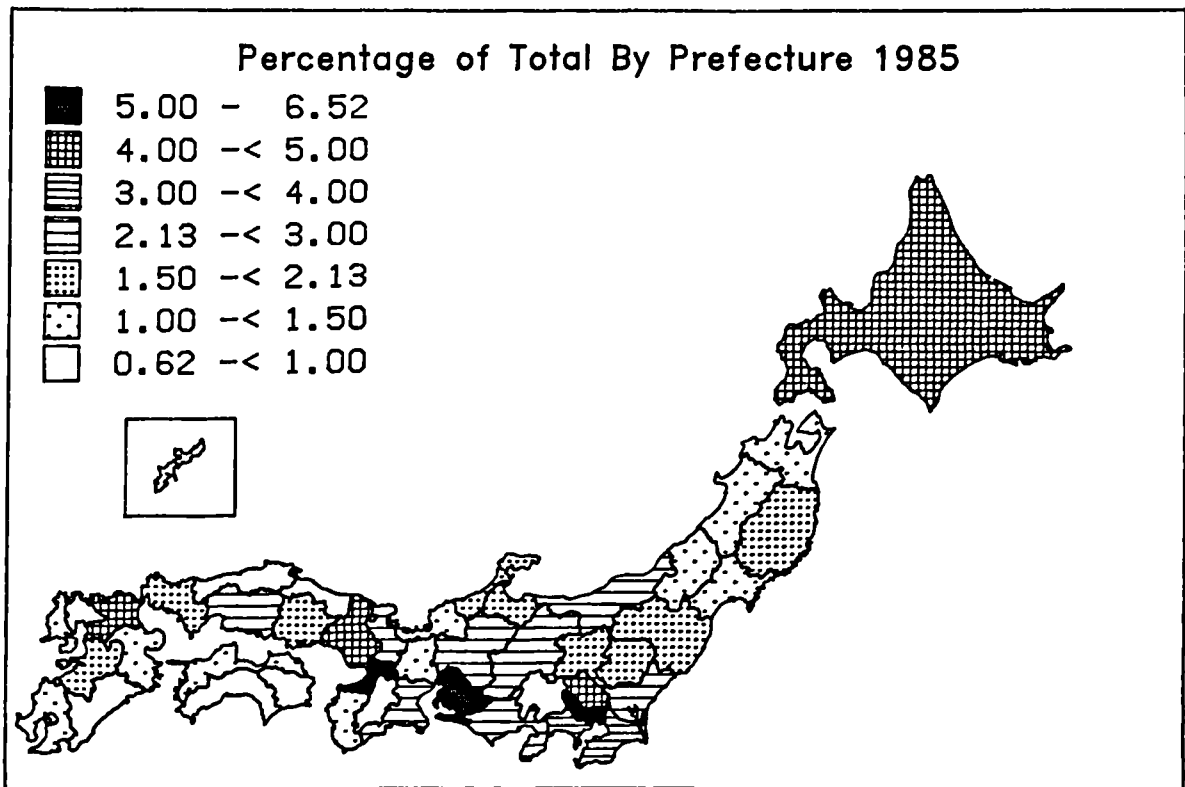


Figure 5.49 481 Floorspace: Percentage of Total By Prefecture 1985

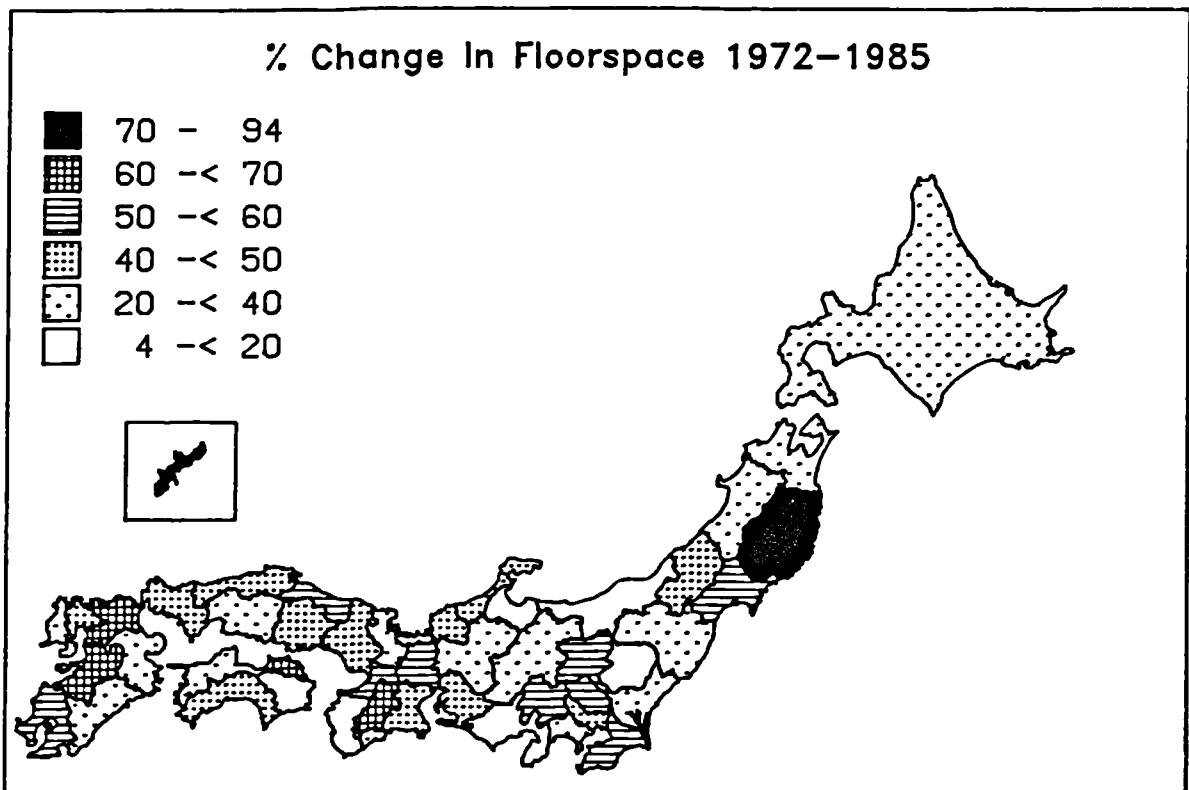


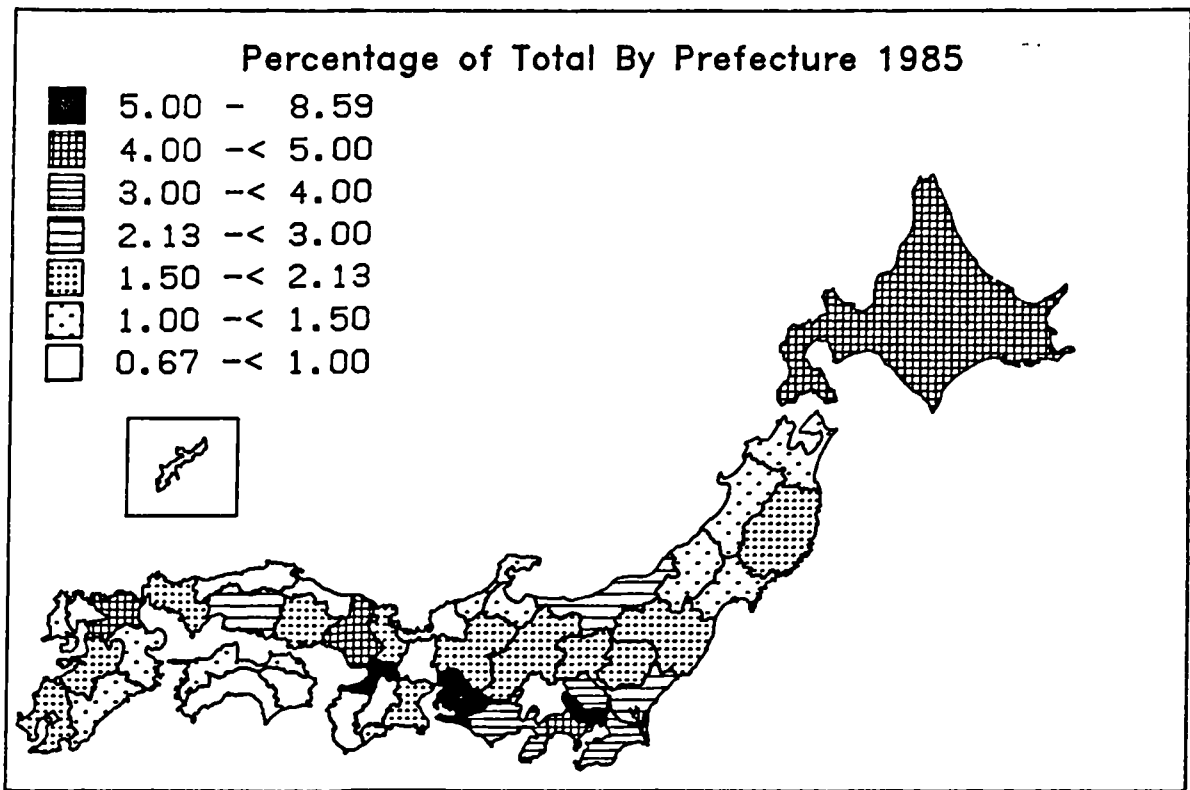
Figure 5.50 481 Stores: Percentage Increase in Floorspace 1972-85

5.4.8 Category 484: Household Appliance Stores.

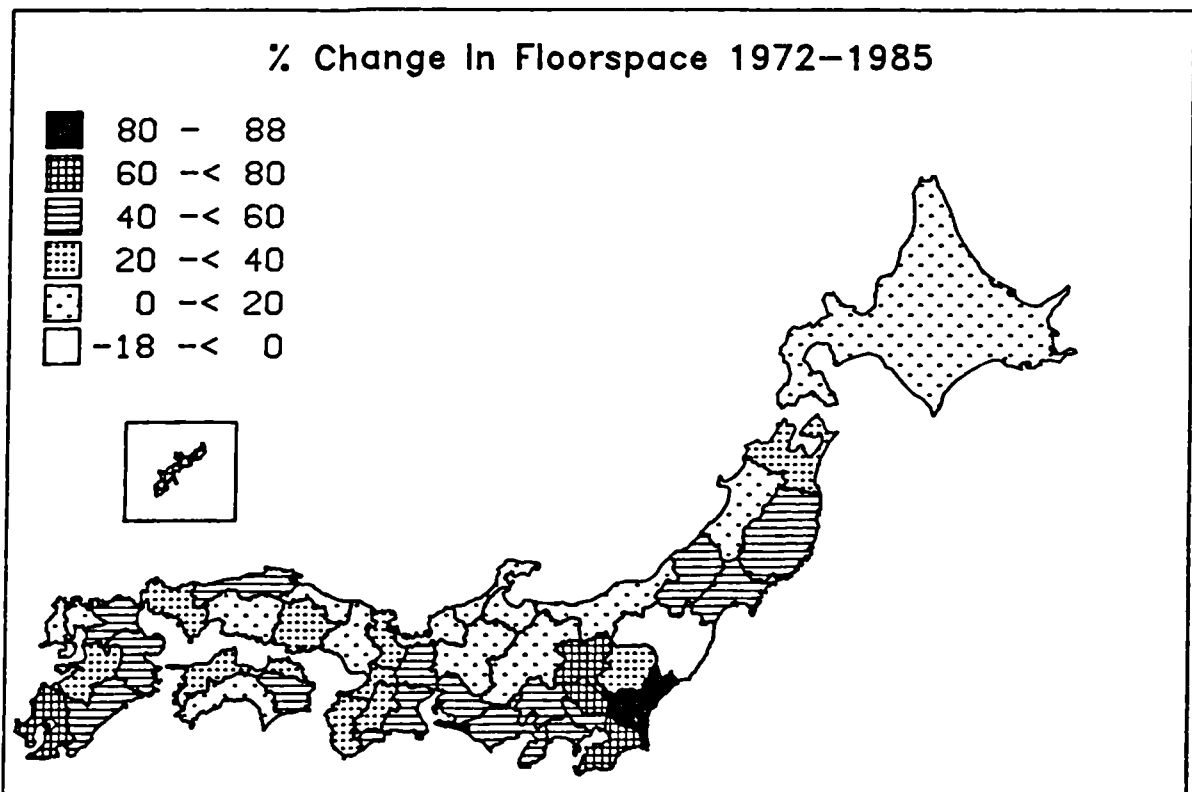
Figure 5.51 shows selling space was largely concentrated in the Tokyo, Osaka and Nagoya conurbations. Tokyo Prefecture accounted for 8.59% of the national total. When the totals of Kanagawa (4.69%), Saitama (3.64%), Chiba (3.57%) and Ibaraki (2.31%) are added to Tokyo's, their percentage of floorspace is 22.80%. In Kinki, Osaka (7.21%), and neighbouring Hyogo (4.29%) and Kyoto (3.04%) together contained 14.54% of space. In Chubu, there was a total of 6.09% in Aichi and 3.04% in Shizuoka, together totalling 9.13%. Elsewhere in Honshu the amount for Hiroshima was 2.62%, and for Niigata (2.17%). These 11 prefectures contained 51.26% of the stores' sales space.

The remaining 23 prefectures in Honshu contained 27.04% of floorspace between them. The 13 prefectures comprising the islands of Kyushu (total 13.13%), Hokkaido (4.32%), Shikoku (4.25%) and together contained 21.70% of total store floorspace. In Kyushu, Fukuoka recorded 4.52%. Out of 47 prefectures 13 (27.66%) had a percentage of 2.13 or more and 34 (72.34%) had less. There was an almost perfect positive correlation (.992) between total floorspace and total stores.

Figure 5.52 shows the percentage changes in floorspace, by prefecture, between 1972 and 1985. The national total had risen by 37.23%, which was exceeded in 21 prefectures (44.68%). Fukushima was the only prefecture with a decrease, of 17.95%. There was a low increase in Hokkaido of 6.84%. Apart from Tochigi (36.20%), there were above average increases throughout Kanto as follows: Tokyo 50.35%, Kanagawa 56.62%, Saitama 72.76%, Chiba 79.18%, and Ibaraki 87.88%. This contrasts with Kinki where Osaka and four adjoining prefectures had below average increases. Osaka increased by 32.99% and Hyogo by 30.39%



5.51 484 Floorspace: Percentage of Total By Prefecture 1985



5.52 484 Stores: Percentage Increase in Floorspace 1972-85

5.4.9 Category 499: Miscellaneous Stores (1982).

It can be seen from Figure 5.53 that the main concentrations of this category were in the Tokyo, Osaka and Nagoya conurbations. Tokyo Prefecture accounted for 8.91% of the national total. When the totals for Kanagawa (3.76%), Saitama (3.24%) and Chiba (3.02%) are added to Tokyo's, the percentage of selling space in these four prefectures in Kanto is 18.93%. In Kinki, Osaka (6.18%) and Hyogo (4.12%) contained a further 10.30 % of stores. In Chubu, Aichi contained 5.52% and Shizuoka 3.58%, making a further contribution of 9.10%. Elsewhere in the island of Honshu Hiroshima included 2.62% of sales space, and Niigata 2.14%. Together, these 11 prefectures contained 43.09 % of the national total. The other 23 prefectures in Honshu accounted for 34.16% of floorspace.

Altogether the 13 prefectures comprising the islands of Kyushu (total 13.58%), Shikoku (4.73%) and Hokkaido (4.44%) accounted for 22.75% of total space. In Kyushu, Fukuoka recorded 5.10%. Out of 47 prefectures 13 (27.66%) had a percentage of 2.13 or more and 34 (72.34%) had less. There was a very strong positive correlation (.976) between the totals of floorspace and stores within prefectures.

The total floorspace grew by 84.22% between 1972 and 1985. There were 24 prefectures with increases below this figure and 23 above it. The highest increases in Figure 5.50 were Fukuoka in Kyushu (171.34%), Ishikawa in Chubu (167.84%), Tokyo (143.75%), and Chiba (135.09%). The two regions with the greatest internal variation were Kyushu and Chubu. The lowest increases were in Nagasaki (24.72%) and Kyoto (33.09%). Hokkaido recorded one of the lower increases with 58.15%.

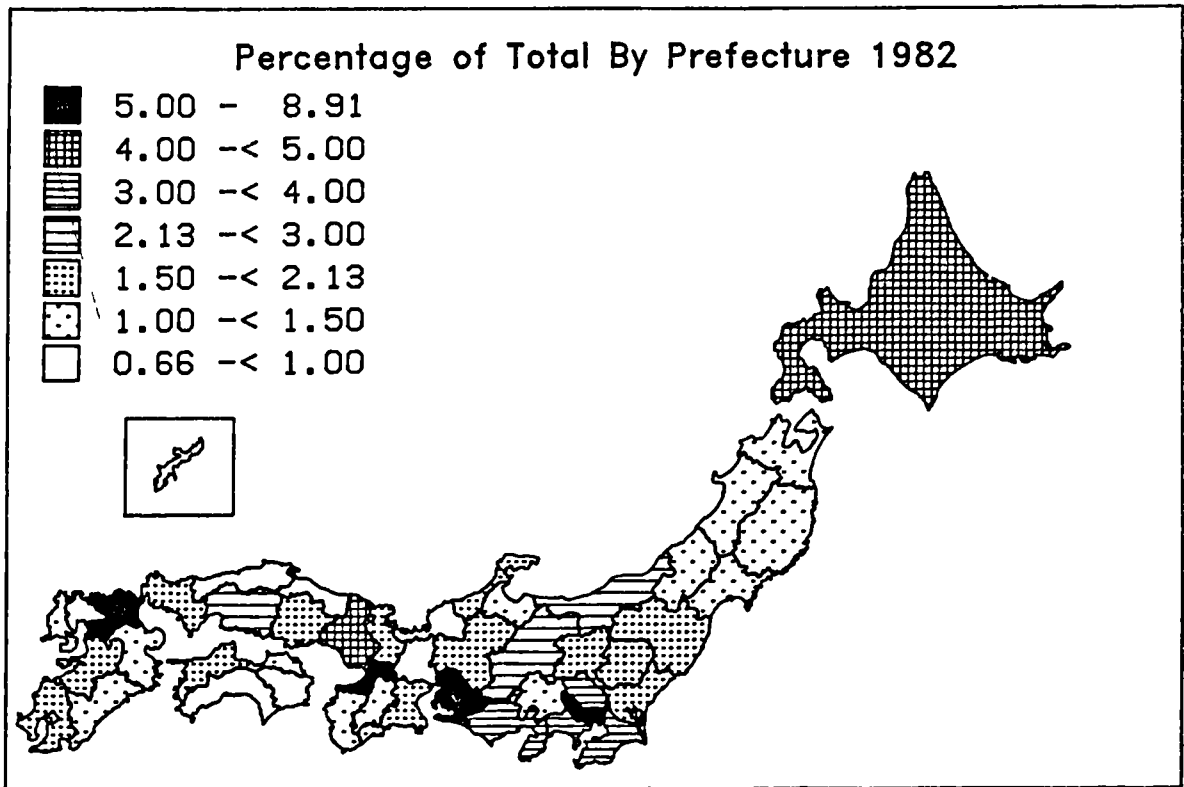


Figure 5.53 499 Floorspace: Percentage of Total By Prefecture 1982

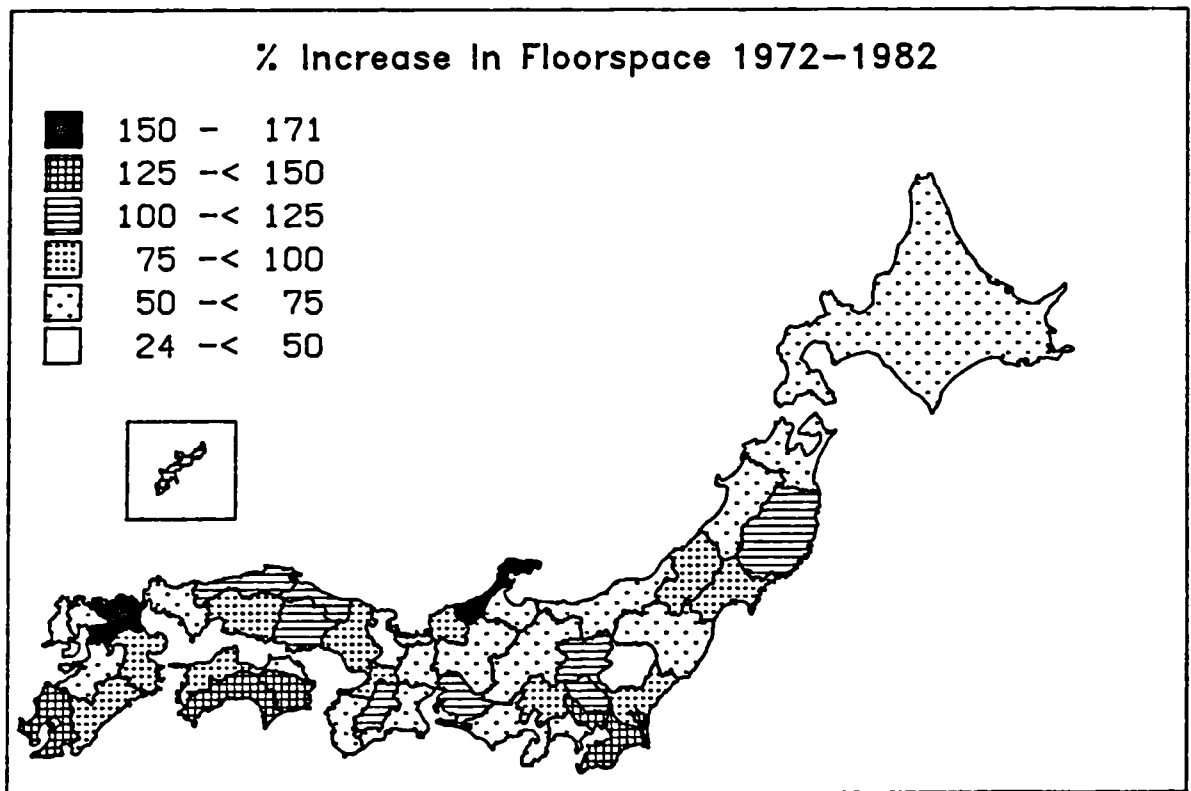


Figure 5.54 499 Stores: Percentage Increase in Floorspace 1972-82

5.5 Average Population Served by Store, and Percentage of National Sales by Prefecture 1985.

5.5.1 Category 431: Department Stores.

In 1985 the national average for the number of persons served by each store in this category was 66,255. For Tokyo the number was 62,922 and for Osaka 65,667. Figure 5.55 shows that the region with the greatest variation in the incidence of shops in relation to the population served was Chubu, followed by Shikoku. Apart from Hokkaido, all prefectures with a value of 1 store per 60,000 persons or less were in the southern half of the country. The correlation coefficient between total stores and population in each prefecture was .970, indicating a very strong positive linear relationship.

Figure 5.56 shows that the highest sales figures were recorded in the Tokyo and Osaka conurbations. Tokyo Prefecture accounted for 20.73% of national sales. When the totals of Kanagawa (6.64%) Chiba (4.41%) and Saitama (4.25%) are taken into account, sales for these four adjoining prefectures in the Kanto region amount to 36.03%. In Kinki, Osaka (11.97%), and its neighbours Hyogo (3.86%) and Kyoto (2.54%) accounted for a further 18.37% of sales. Elsewhere in the island of Honshu the amount for Aichi was 5.42%, and Hiroshima 2.32%. In total these 9 prefectures accounted for 62.14% of all sales.

By way of contrast, the other 25 prefectures in Honshu accounted for 21.28% of sales between them. Furthermore, the 13 prefectures comprising the islands of Kyushu (total 9.72%), Hokkaido (4.63%) and Shikoku (2.23%), together accounted for 16.58% of total sales. In Kyushu the urban prefecture of Fukuoka recorded 4.80%. Out of 47 prefectures therefore 11 (23.40%) had a percentage of 2.13 or more and 36 (76.60%) had less.

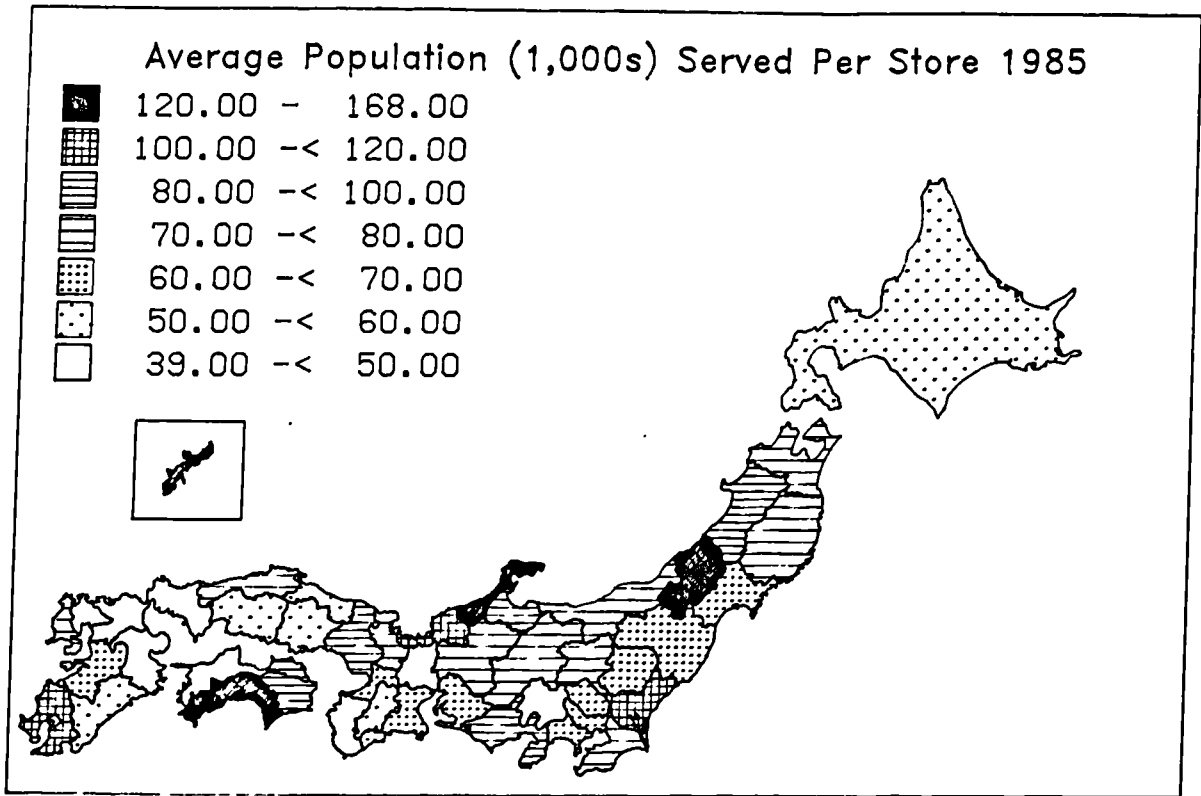


Figure 5.55 431 Stores: Average Population Served Per Store 1985

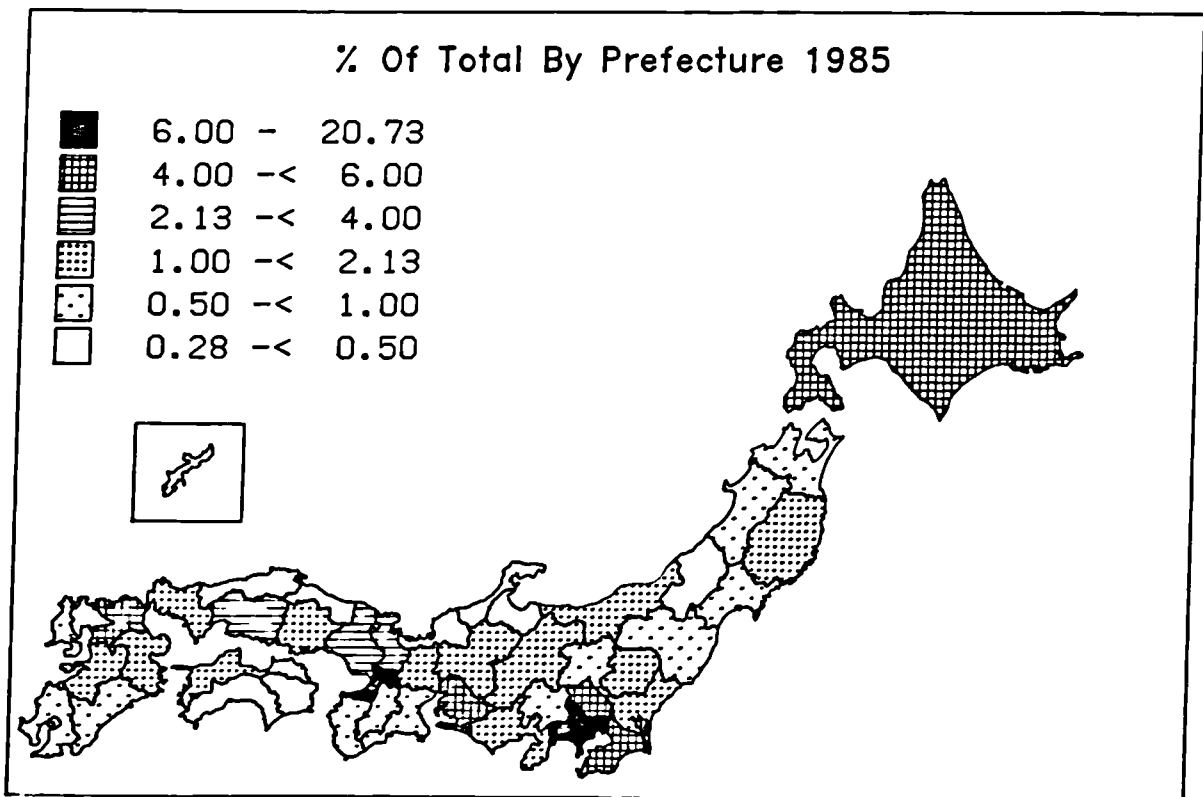


Figure 5.56 431 Sales: Percentage of Total By Prefecture 1985

5.5.2 Category 439: General Merchandise Stores.

In 1985 the national average for the number of persons served by this category of stores was 71,037. The region with the lowest incidence of shops in relation to the population was Kanto, and the highest were Chugoku and Shikoku. In prefectures containing large cities there were generally over 100,000 persons per store; examples being Kanagawa (190,563), Saitama (158,477), Osaka (144,468), Tokyo (128,580), Fukuoka (117,982) and Aichi (104,116). These prefectures formed a distinct group with the highest numbers of persons served and yet have a comparatively high incidence of department stores and population. The correlation coefficient between total stores and population in each prefecture was .729.

Figure 5.58 shows that the highest sales figures were recorded in the Kanto, Kinki and Chubu conurbations. Tokyo Prefecture accounted for 8.55% of national sales. When the totals of Saitama (5.08%), Kanagawa (4.42%), Chiba (4.12%), Tochigi (3.22%) and Ibaraki(2.46%) are added to that of Tokyo, sales for these 6 adjoining prefectures in Kanto amount to 27.85%. In Kinki, Osaka (6.45%), and adjacent Hyogo (4.86 %) contributed 11.31% of sales. Other prefectures in Honshu with 2.13% or more were Aichi (5.61%), Iwate (4.55%), Hiroshima (4.01%) Mie, adjacent to Aichi(3.22%) and Nagano (2.14%). In total these 13 prefectures accounted for 58.69% of all sales.

The remaining 21 prefectures in Honshu contributed 21.70% of sales between them. The 13 prefectures comprising the islands of Kyushu (13.19%), Hokkaido (3.09) and Shikoku (3.33%), together accounted for 19.61% of total sales. Fukuoka in Kyushu recorded 4.80%. Fifteen (31.91%) out of 47 prefectures had a percentage of 2.13 or more and 32 (68.09%) had less.

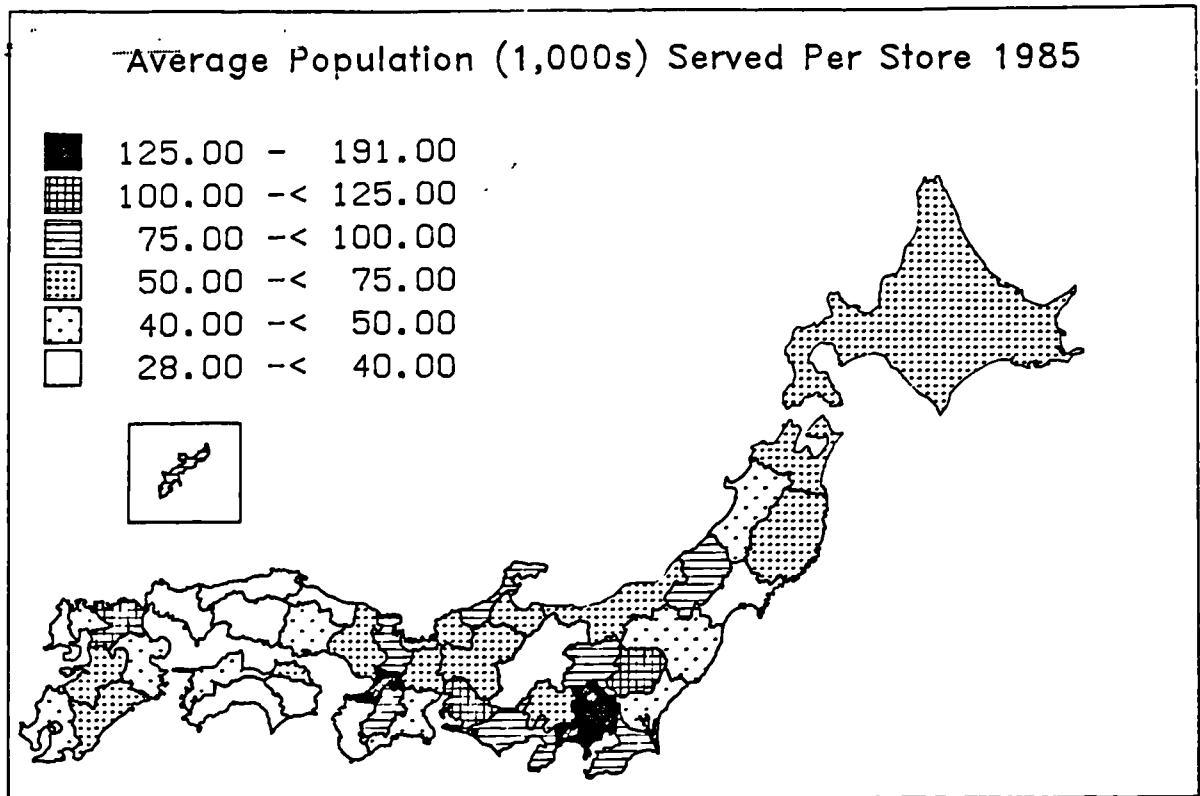


Figure 5.57 439 Stores: Average Population Served Per Store 1985

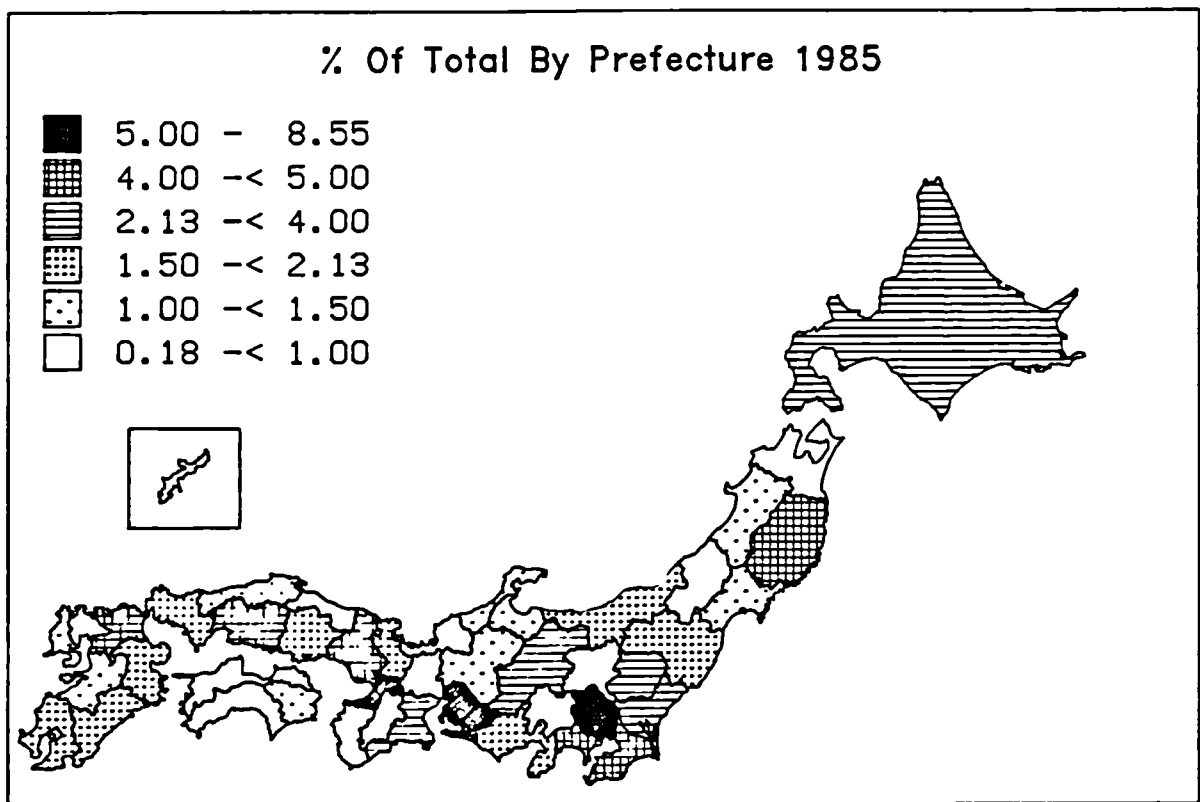


Figure 5.58 439 Sales: Percentage of Total By Prefecture 1985

5.5.3 Category 443: Women's and Children's Dress Stores.

In 1985 the national average for the number of persons served by this category of stores was 1,709. The regions in Figure 5.59 with the lowest incidence of stores and population are the three northernmost ones of Hokkaido, Tohoku and Kanto. In Kanto, Tokyo was the only prefecture having a value below 1,709 with 1,482 persons per store. Neighbouring prefectures had much higher numbers of persons served, namely Saitama (2,833), Chiba (2,625) and Kanagawa (2,490). The regions with the highest incidence are Chugoku and Shikoku. Elsewhere, 23 out of 32 prefectures recorded values below the average. The correlation coefficient between total stores and population in each prefecture was .943, indicating a very strong positive linear relationship.

Figure 5.60 shows that the highest sales figures were recorded in the Kanto, Kinki and Chubu conurbations. Tokyo Prefecture accounted for 15.72% of national sales. Adding the totals of Kanagawa (5.57%), Saitama (3.66%) and Chiba (3.43%) to that of Tokyo gives a total for these four adjoining prefectures of 28.38%. In Kinki, Osaka (8.01%), Hyogo (4.77%) and Kyoto (2.72%) contributed 15.50% of sales. Other prefectures in Honshu with 2.13% or more were Aichi (5.22%) and neighbouring Shizuoka (3.27%) in Chubu. Altogether these 9 prefectures accounted for 52.37% of national sales in 1985.

The remaining 25 prefectures in Honshu contributed 28.02% of sales between them. The 13 prefectures comprising the islands of Kyushu (10.10%), Hokkaido (4.90%) and Shikoku (3.32%), together accounted for 19.61% of total sales. Fukuoka in Kyushu recorded 4.07%. 11 (23.40%) out of 47 prefectures had a percentage of 2.13 or more and 36 (76.60%) had less.

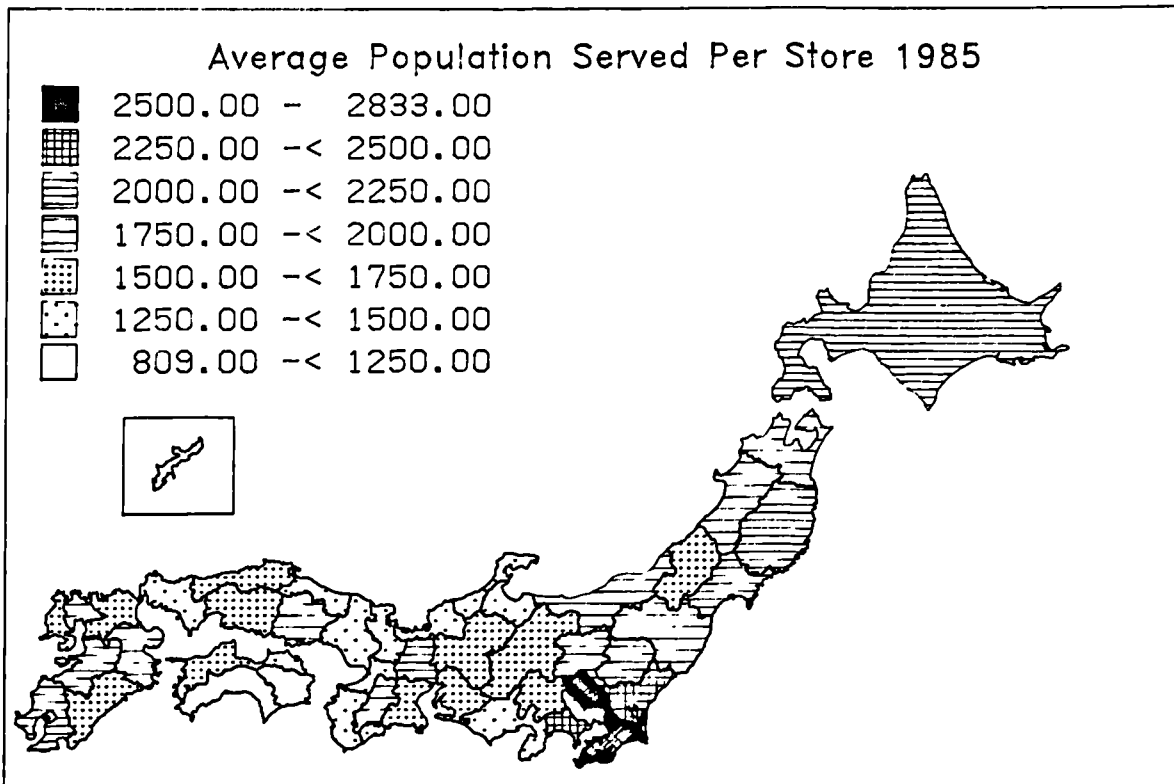


Figure 5.59 443 Stores: Average Population Served Per Store 1985

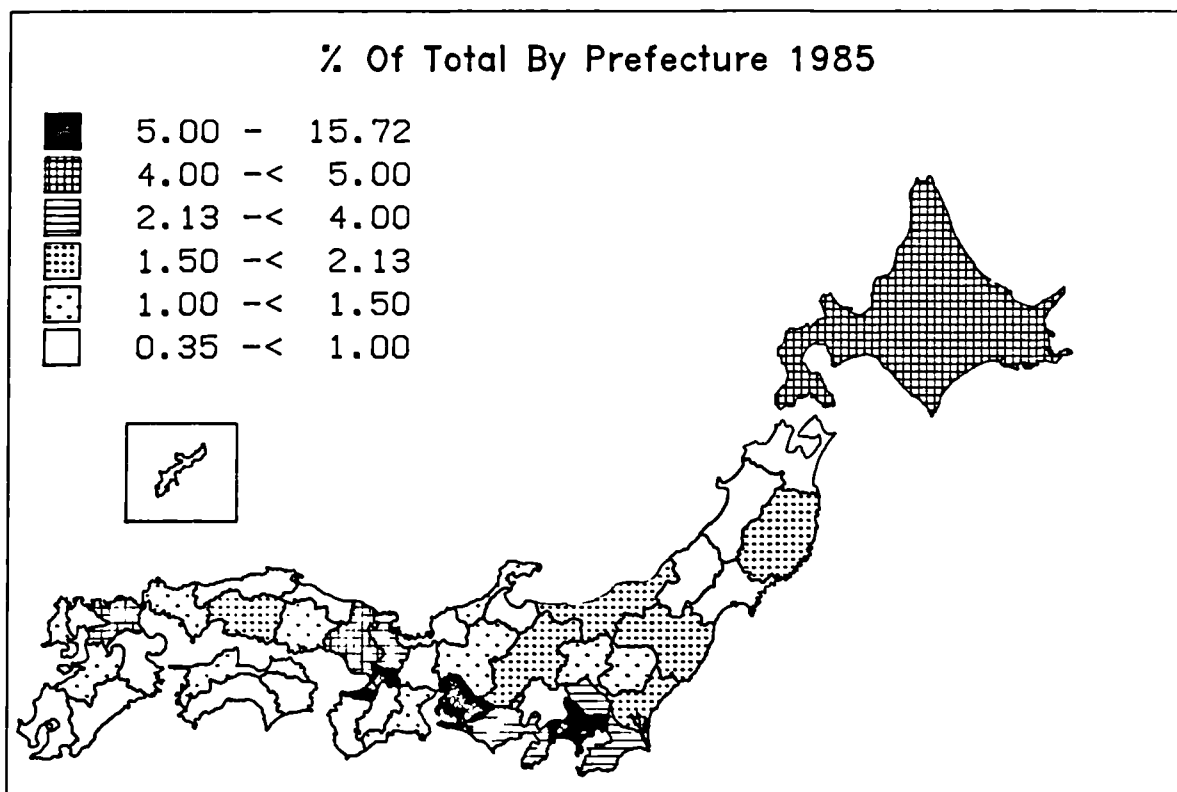


Figure 5.60 443 Sales: Percentage of Total By Prefecture 1985

5.5.4 Category 451: Grocery Stores.

In 1985 the national average for the number of persons served by this category of stores was 1,307. Generally, the prefectures in Figure 5.61 with the lowest incidence of stores and population were those containing the largest cities. The population per store in Tokyo was 3,122 , in Osaka 2,905 , and in Kanagawa 2,501. The correlation coefficient between total stores and population in each prefecture was .701. If Hokkaido and Okinawa are excluded from the computation the result is .825, demonstrating a stronger relationship. These islands have high values for stores and low values for population compared with the rest of Japan. It is submitted that this reflects the predominately rural characteristics of these islands.

Figure 5.62 shows that the highest sales figures were recorded in the island of Hokkaido, and in the Kanto and Kinki conurbations. Hokkaido accounted for 6.78%, second to Tokyo prefecture which had 9.25% . Adding the totals of Kanagawa (6.28%), Saitama (4.96%), Chiba (4.40%) and Ibaraki (2.67%) to Tokyo's gives a total of 27.56% for these five adjoining prefectures. In Kinki, Osaka (5.50%), and Hyogo (4.83%) contributed 10.33% of sales. Other prefectures in Honshu with 2.13% or more were Aichi (4.81%), Shizuoka (3.34%) and Nagano (2.54%) in Chubu, and Hiroshima (2.44%). These 11 prefectures in Honshu accounted for 51.02% of national sales in 1985.

The other 23 prefectures in Honshu contributed 28.78% of sales between them. The 12 prefectures comprising Kyushu (9.70%) and Shikoku (3.72%), together accounted for 13.42% of total sales. Fukuoka in Kyushu recorded 3.00 % . 14 (29.79%) out of 47 prefectures had a percentage of 2.13 or more and 33 (70.21%) had less.

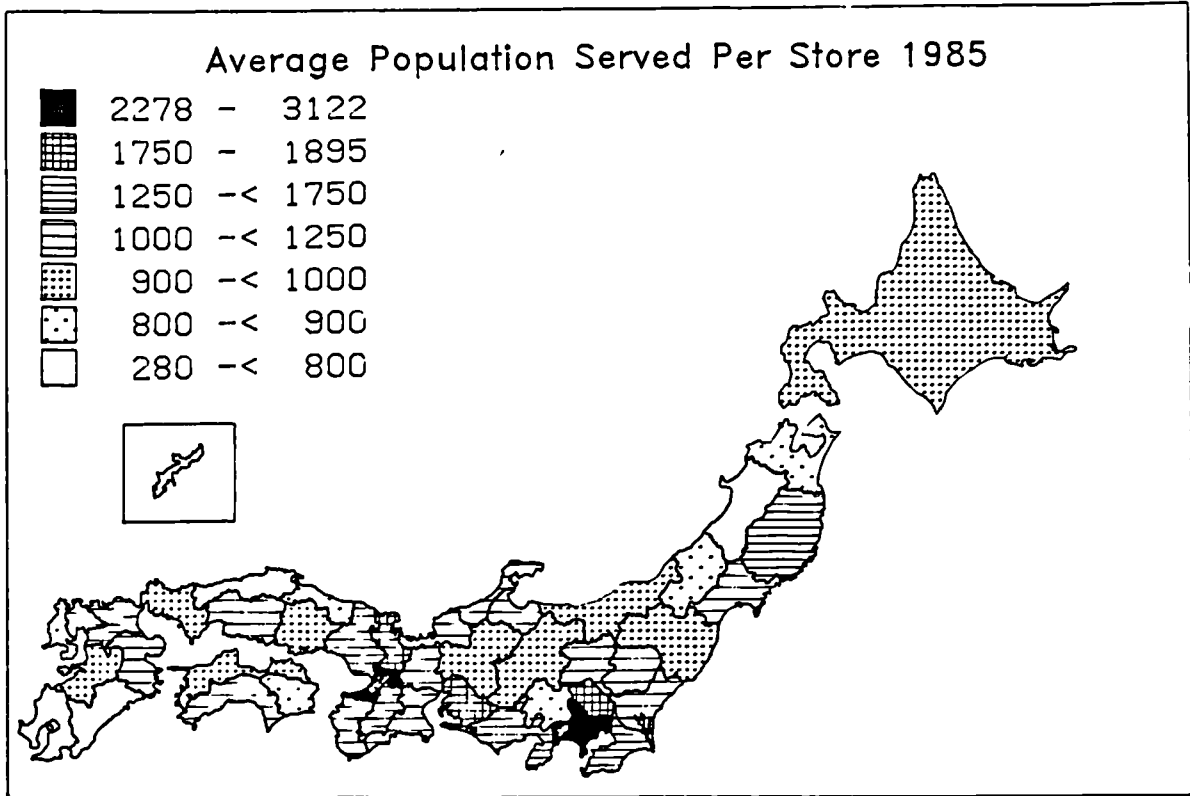


Figure 5.61 451 Stores: Average Population Served Per Store 1985

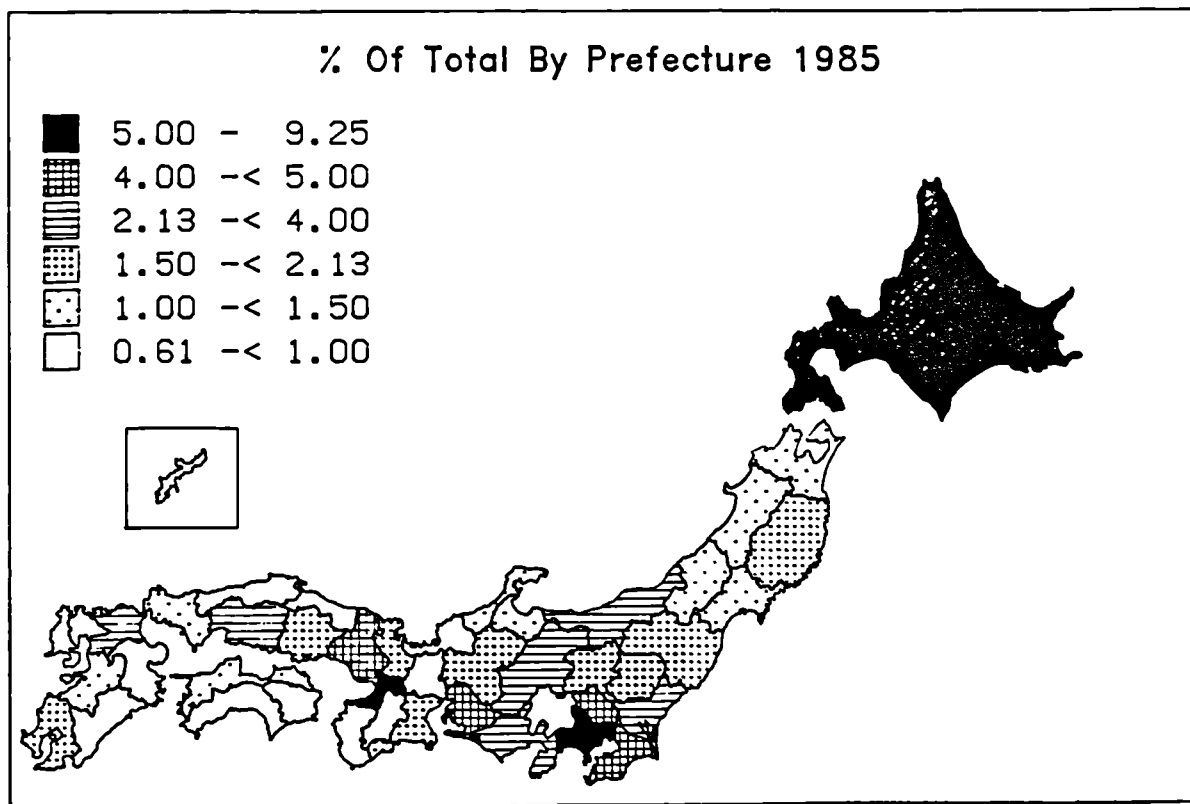


Figure 5.62 451 Sales: Percentage of Total By Prefecture 1985

5.5.5 Category 457: Confectionery and Bakery Stores.

In 1985 the national average for the number of persons served by this category of stores was 805. The highest prefectural averages by a substantial margin were Hokkaido (1,565) and Okinawa (1,465). The prefectures in Chugoku all had averages between 947 and 1,095, and for Kanagawa it was 1,035. The region with the highest incidence of stores and population was Tohoku, in which Yamagata had the lowest average of 591 persons per store. The three adjoining prefectures in northern Kanto also had low averages. The averages for Tokyo and Osaka were 807 and 689 respectively.

The correlation coefficient between total stores and population in each prefecture was .967; this shows a very strong positive linear relationship.

Figure 5.64 shows that the highest sales figures were recorded in the Kanto, Kinki and Chubu conurbations. Tokyo Prefecture accounted for 14.70% of national sales. When the totals for Kanagawa (6.47%), Saitama (4.60%) and Chiba (4.01%) are added to Tokyo's, sales for these 4 prefectures in Kanto total 29.78%. In Kinki, Osaka (8.93%), Hyogo (4.90%) and Kyoto (3.15%) contributed a further 16.98% towards the national total. Other prefectures in Honshu with 2.13% or more were Aichi (6.07%) and Shizuoka (2.91%), both in Chubu. These 9 prefectures accounted for 55.74% of all sales.

The other 25 prefectures in Honshu contributed 28.93% of sales between them. The 13 prefectures comprising the islands of Kyushu (9.26%), Hokkaido (3.54%) and Shikoku (2.53%) together accounted for 15.33% of total sales. Fukuoka in Kyushu recorded 3.59%. Eleven (23.40%) out of 47 prefectures had a percentage of 2.13 or more and 36 (76.60%) had less.

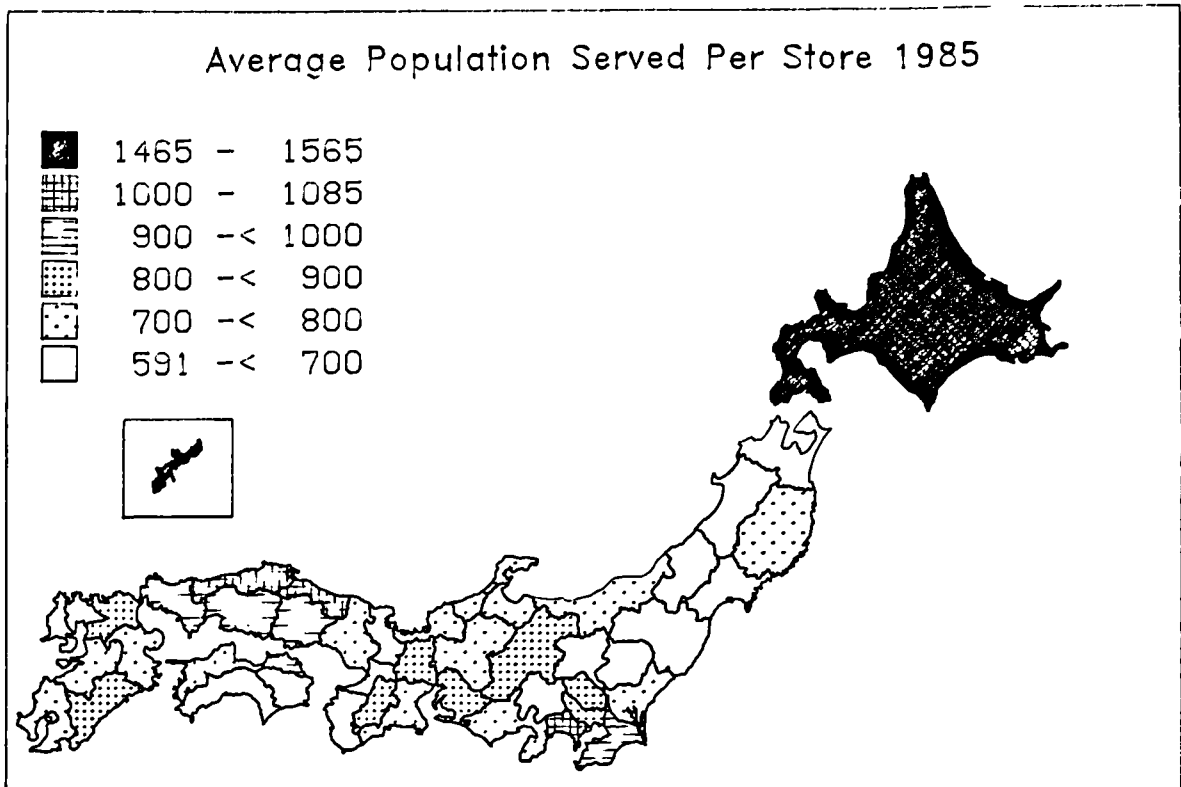


Figure 5.63 457 Stores: Average Population Served Per Store 1985

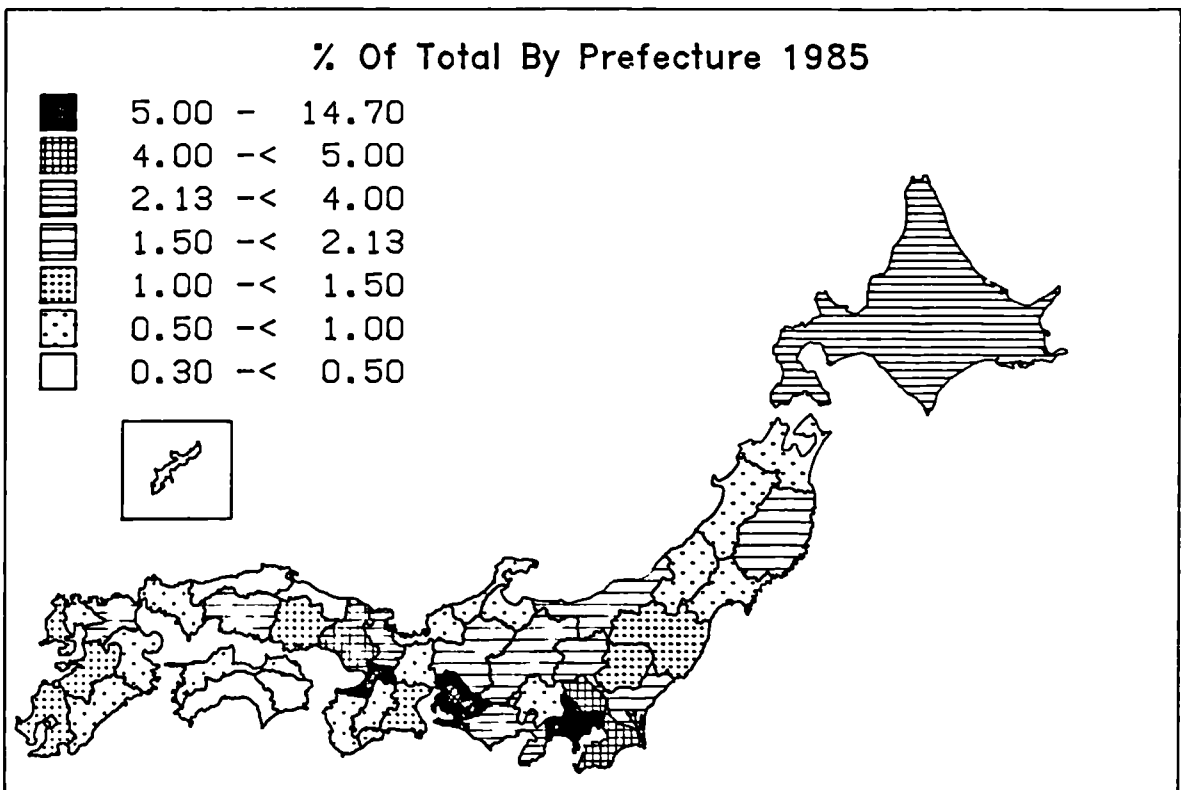


Figure 5.64 457 Sales: Percentage of Total By Prefecture 1985

5.5.6 Category 459: Miscellaneous Food and Beverage Stores.

In 1985 the national average for the number of persons served by this category of stores was 882. In 1985 the regions with the highest incidence of shops and population were Tohoku and Kyushu, as shown in Figure 5.65. The map also shows that in Kanto Tokyo had an average of 819 persons per store, while the average in Saitama was 1,026 , in Kanagawa 1,052 , and in Chiba 1,157. There was a similar situation in Kinki, with Osaka (783), Hyogo (934) and Nara (1,286). There was a high average also in Mie (1,196). Elsewhere in Honshu there were extensive areas with high averages in Chubu and Chugoku. The correlation coefficient between total stores and population in each prefecture was

Figure 5.66 shows that the highest sales figures were recorded in the Kanto, Kinki and Chubu conurbations. Tokyo Prefecture accounted for 12.26% of national sales. Adding the totals of Kanagawa (6.94%), Saitama (4.59%) and Chiba (4.34%) to that of Tokyo gives a total for these four adjoining prefectures of 28.13% . In Kinki, Osaka (7.93%), Hyogo (4.07%) and Kyoto (2.37%) contributed 14.37% of sales. Other prefectures in Honshu with 2.13% or more were Aichi (5.64%) and Shizuoka (3.11%) in Chubu, Fukushima (2.30%) in Tohoku and Hiroshima (2.25%) in Chugoku. In total, these 11 prefectures recorded 55.80 % of national sales in 1985.

The remaining 23 prefectures in Honshu contributed 24.39% of sales between them. The 13 prefectures comprising the islands of Kyushu (12.20%), Hokkaido (4.91%) and Shikoku (2.70%), together accounted for 19.81% of total sales. Fukuoka in Kyushu recorded 4.58% . Thirteen (27.66%) out of 47 prefectures had a percentage of 2.13 or more and 34 (72.34%) had less.

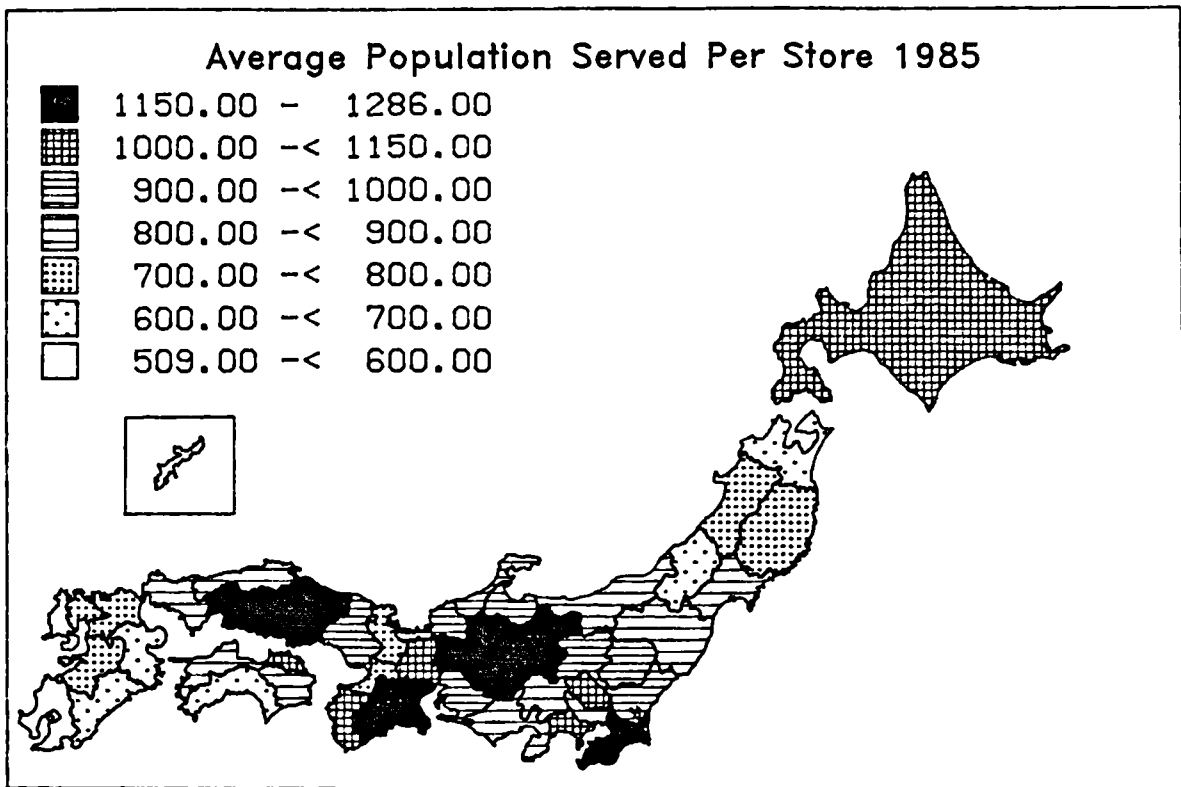


Figure 5.65 459 Stores: Average Population Served Per Store 1985

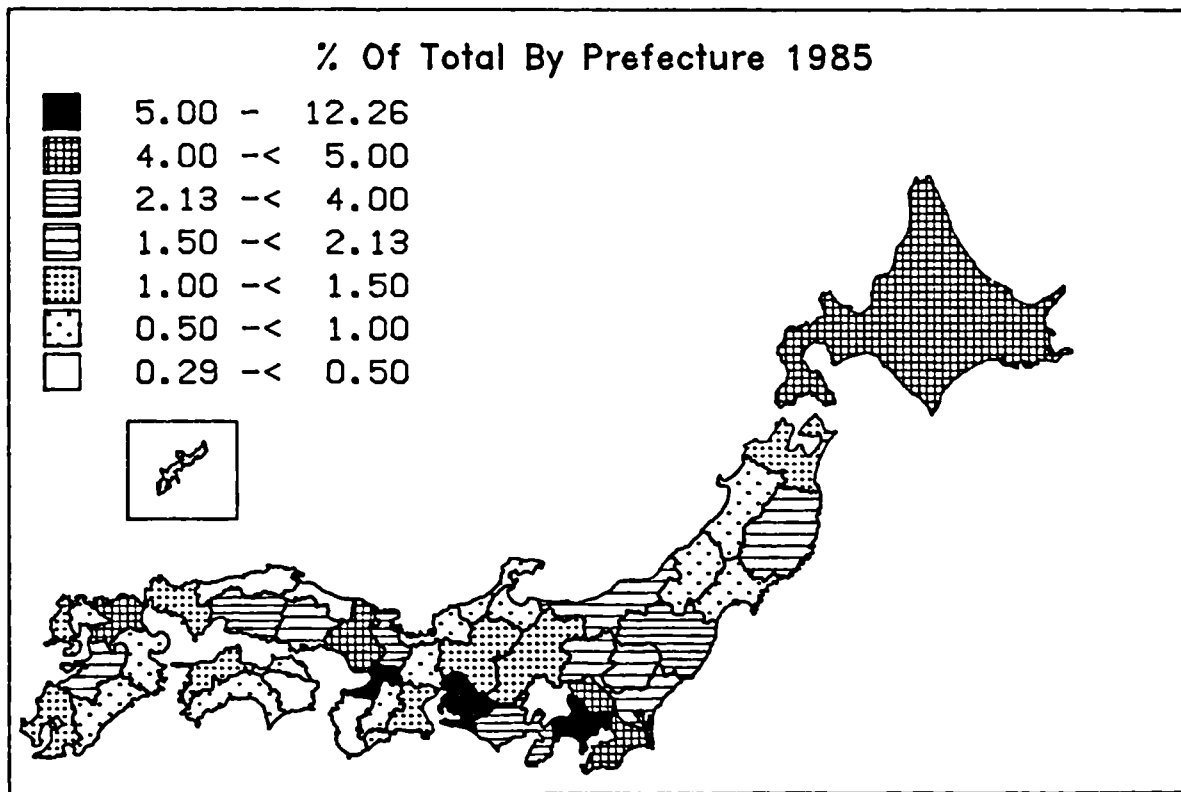


Figure 5.66 459 Sales: Percentage of Total By Prefecture 1985

5.5.7 Category 481: Furniture, Fixture and Straw Mat Stores.

In 1985 the national average for the number of persons served by these stores was 2,194. Three of the five prefectures with averages under 1,500 persons per store form a short belt in Chubu, as shown in Figure 5.67. They were Toyama (848), Fukui (1,016) and Ishikawa (1,400). The other two were Shimane (1,181) in Chugoku, and Yamagata (1,435) in Tohoku. The two areas with the lowest incidence of stores and population were composed of Hokkaido (3,895) and Aomori (3,215), and the most urbanised prefectures in Kanto. The latter were Kanagawa (3,286), Chiba (3,012), Saitama (2,957) and Tokyo (2,804). The correlation coefficient between total stores and population in each prefecture was .943, which indicates a very strong positive linear relationship.

Figure 5.68 shows the highest sales figures were recorded in the Kanto, Kinki and Chubu conurbations. Tokyo Prefecture accounted for 11.21% of national sales. If the totals for Kanagawa (5.12%), Saitama (3.80%), Chiba (3.23%) and Ibaraki (2.19%) are pooled with Tokyo then the total for these five is 25.55 %. In Kinki, Osaka (7.14%), Hyogo (4.87%) and Kyoto (2.80%) contributed 14.81 % of sales. Other prefectures in Honshu with 2.13% or more were Aichi (6.06%), Shizuoka (2.39%), Gifu (2.22%), all in Chubu, and Hiroshima (2.39%). These 12 prefectures accounted for 53.42% of total sales in 1985.

The remaining 22 prefectures in Honshu contributed 27.95% of sales between them. The 13 prefectures comprising the islands of Kyushu (10.10%), Hokkaido (4.90%) and Shikoku (3.63%), together accounted for 18.63% of total sales. Fukuoka in Kyushu recorded 4.46%. Fourteen (29.79%) out of 47 prefectures had a percentage of 2.13 or more and 33 (70.21%) had less.

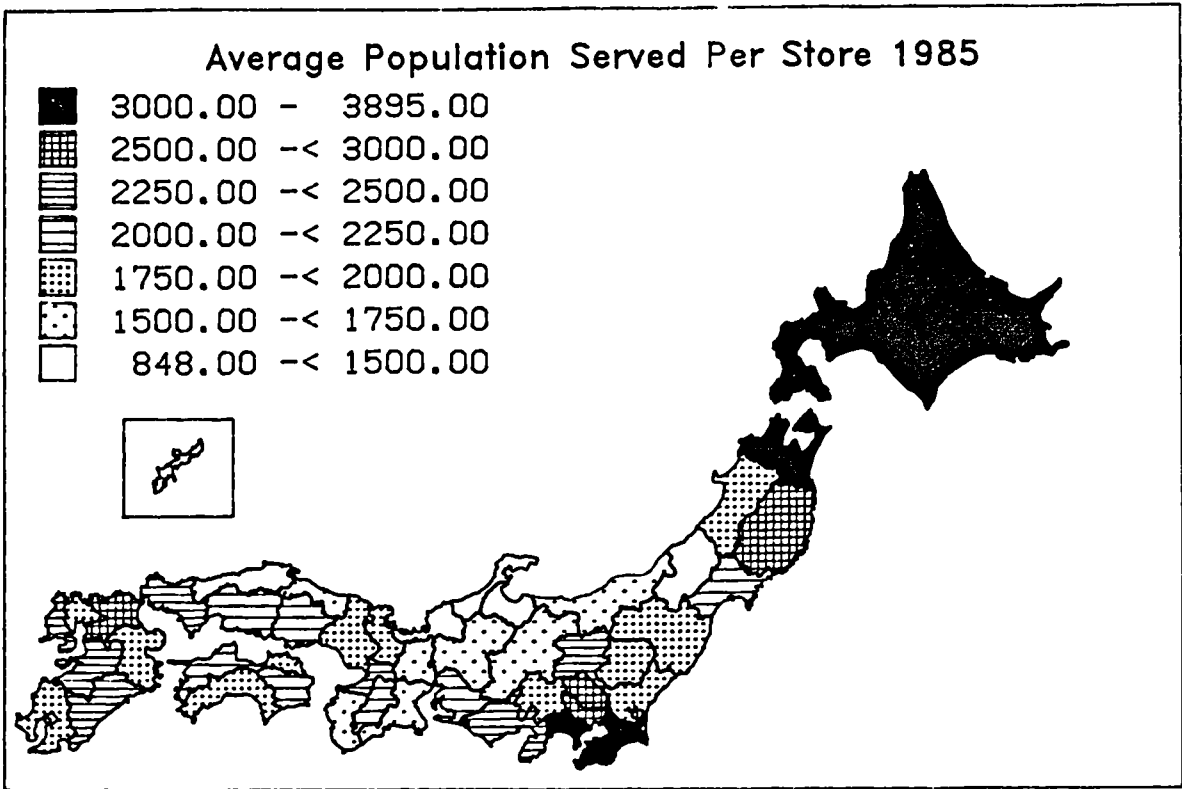


Figure 5.67 481 Stores: Average Population Served Per Store 1985

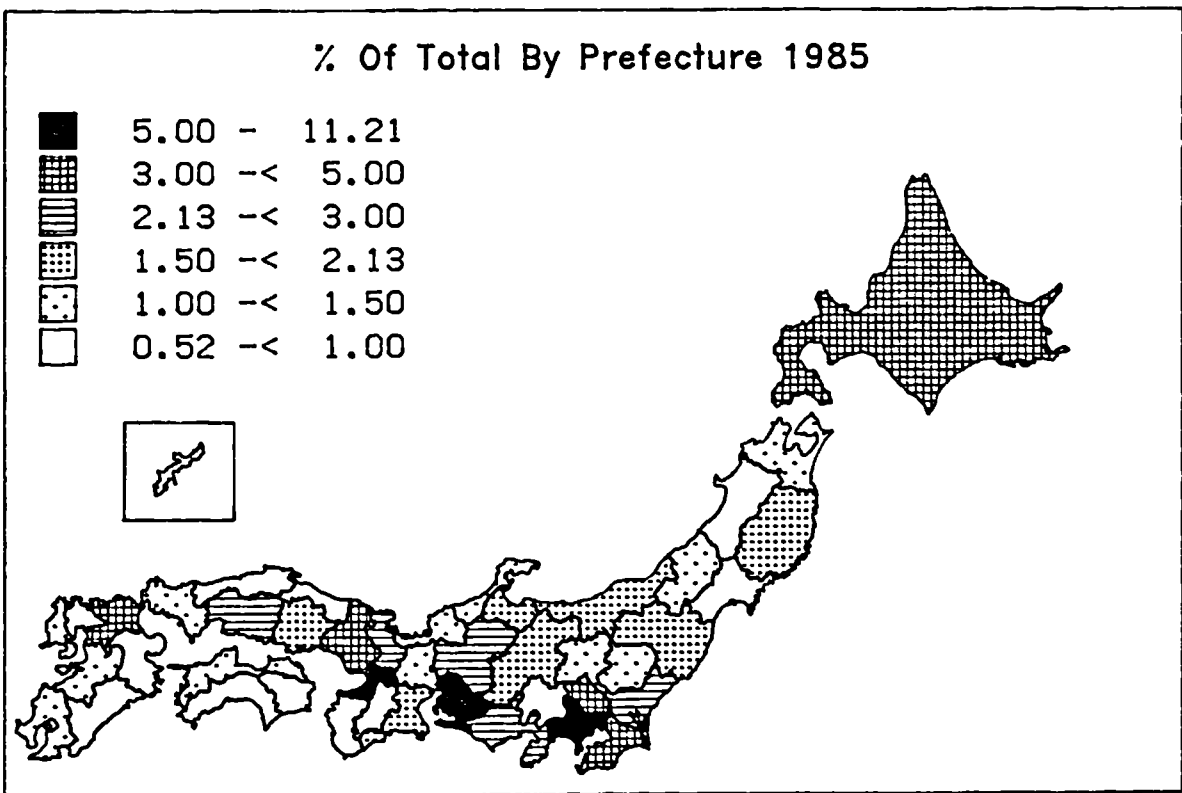


Figure 5.68 481 Sales: Percentage of Total By Prefecture 1985

5.5.8 Category 484: Household Appliance Stores.

In 1985 the national average for the number of persons served by each store was 1,627. All but one of the prefectures in Chubu, Chugoku, Shikoku and Kyushu had averages below 1,627. The exception was Aichi, with the slightly higher value of 1,659. Figure 5.69 shows that the region with the highest incidence of stores and population was in Shikoku, although the prefecture with the lowest average was in Wakayama (1,116). The region with the lowest incidence was Kanto; the prefectures with the highest averages being Kanagawa (2,337), Saitama (2,220) and Chiba (2,213). Tokyo had the fifth highest average of 1,855. The fourth was Hokkaido with 1,862. The correlation coefficient between total stores and population in each prefecture was .981; this indicates a very strong positive linear relationship.

Figure 5.70 shows that the highest sales figures were recorded in the Kanto, Kinki and Chubu conurbations. Tokyo Prefecture accounted for 15.32% of national sales. Adding the totals of Kanagawa (6.13%), Saitama (3.75%) and Chiba (3.21%) to that of Tokyo gives a total for these four adjoining prefectures of 28.41%. In Kinki, Osaka (9.00%), Hyogo (4.49%) and Kyoto (2.13%) together contributed 15.62% of sales. Other prefectures in Honshu with 2.13% or more were Aichi (5.77%) and Shizuoka (2.66%) in Chubu, and Hiroshima (2.78%). In total, these 10 prefectures recorded 55.24% of national sales in 1985.

The other 24 prefectures in Honshu contributed 27.23% of sales between them. The 13 prefectures comprising the islands of Kyushu (10.40%), Hokkaido (3.70%) and Shikoku (3.43%), together accounted for 17.53% of total sales. Fukuoka in Kyushu recorded 3.68%. Twelve (25.33%) out of 47 prefectures had a percentage of 2.13 or more and 35 (74.47%) had less.

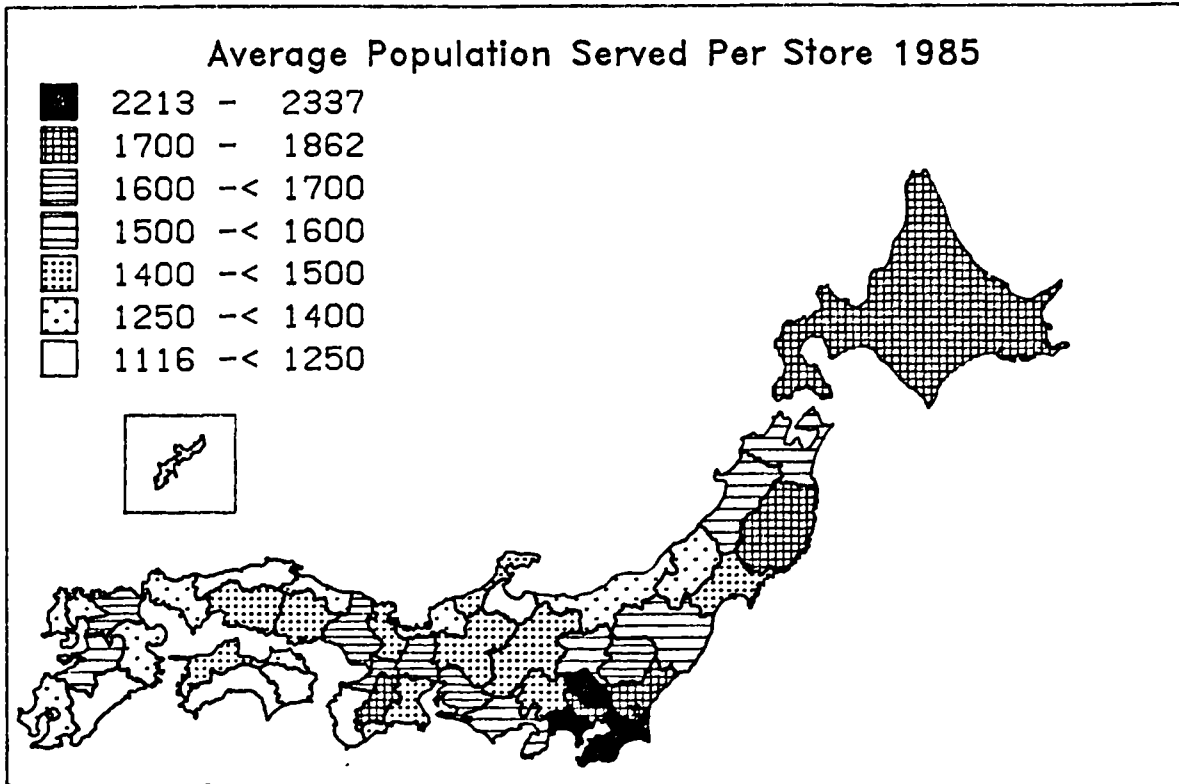


Figure 5.69 484 Stores: Average Population Served Per Store 1985

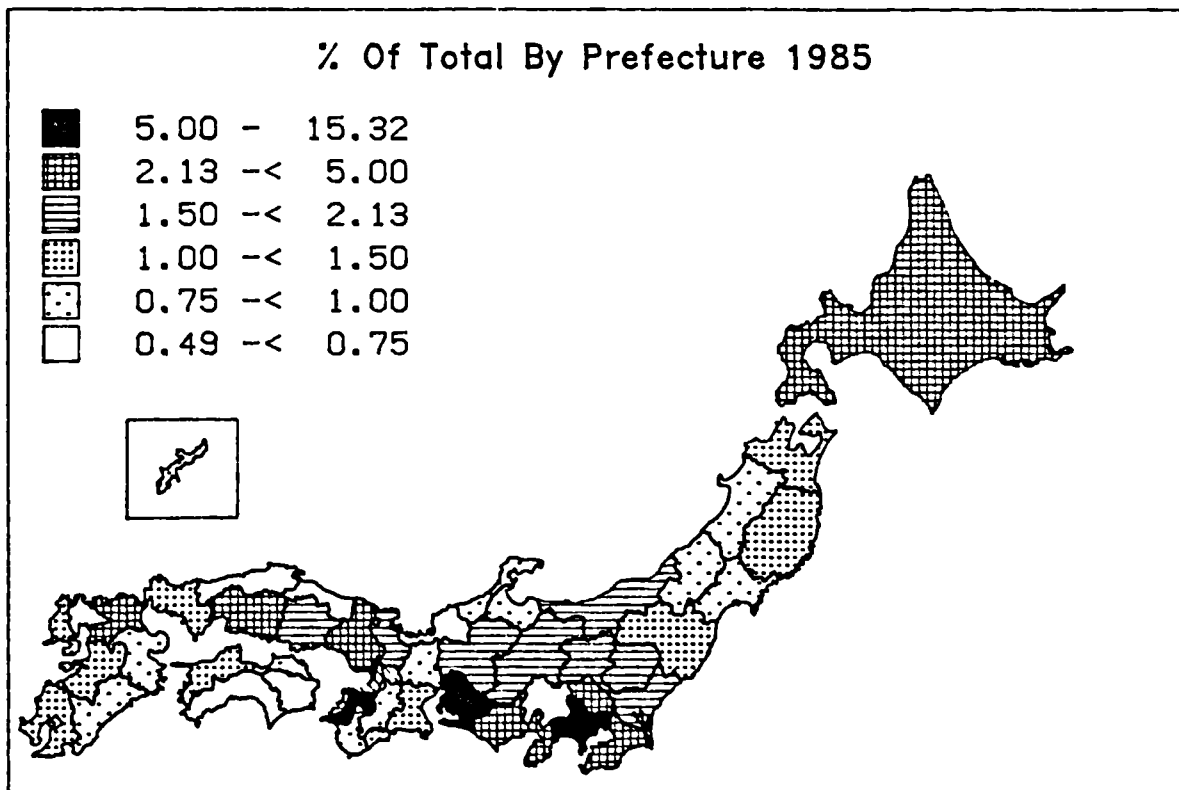


Figure 5.70 484 Sales: Percentage of Total By Prefecture 1985

5.5.9 Category 499: Miscellaneous Stores (1982).

In 1982 the national average for the number of persons served by this category of stores was 558. All prefectures in Chubu, Chugoku and Shikoku, apart from Aichi with 572, had averages below 558, the lowest being Kochi in Kyushu with 396. Kyushu was the region with the highest incidence of stores and population. The region with the lowest incidence was Kanto, and contained the prefectures with the three highest averages. These were Kanagawa (813), Chiba (806) and Saitama (789). The average for Tokyo was 543. In Kinki the value for Osaka was 503 and for Hyogo 498. Hokkaido and all prefectures in Tohoku had averages above 558. The correlation coefficient between total stores and population in each prefecture was .968, indicating a very strong positive linear relationship.

Figure 5.72 shows that the highest sales figures were recorded in the Kanto, Kinki and Chubu conurbations. Tokyo Prefecture accounted for 17.06% of national sales. When the totals for Kanagawa (4.75%), Saitama (3.11%), and Chiba (2.95%) are added to that of Tokyo, sales for these 4 prefectures in Kanto amount to 27.87%. In Kinki, Osaka (9.63%), Hyogo (4.24%) and Kyoto (2.46%) contributed a further 16.33% of sales. Other prefectures in Honshu with 2.13% or more were Aichi (5.29%) and Shiizuoka (3.04%) in Chubu, and Hiroshima (2.28%). Together these 10 prefectures accounted for 54.81 % of all sales.

The remaining 24 prefectures in Honshu contributed 26.87% of sales between them. The 13 prefectures comprising the islands of Kyushu (10.29%), Hokkaido (4.76) and Shikoku (3.27%), together accounted for 18.32% of total sales. Fukuoka in Kyushu recorded 3.92% . Twelve (25.53%) out of 47 prefectures had a percentage of 2.13 or more and 35 (74.47%) had less.

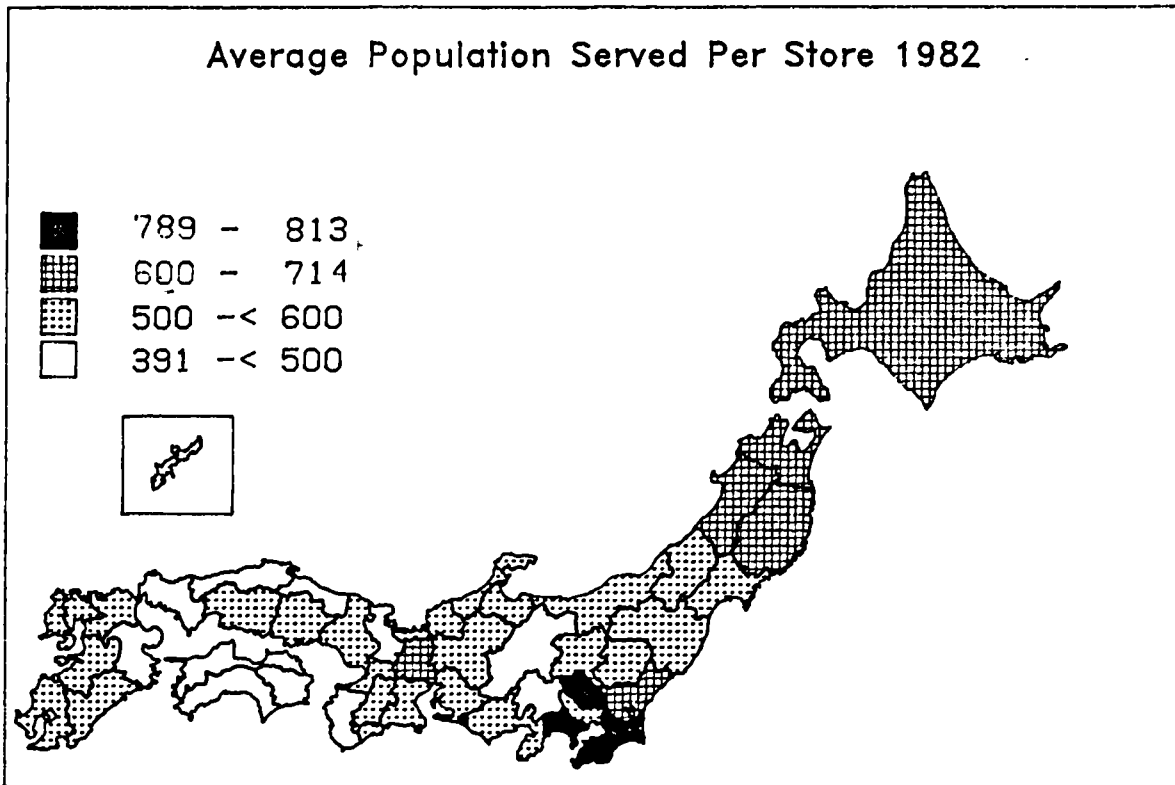


Figure 5.71 499 Stores: Average Population Served Per Store 1982

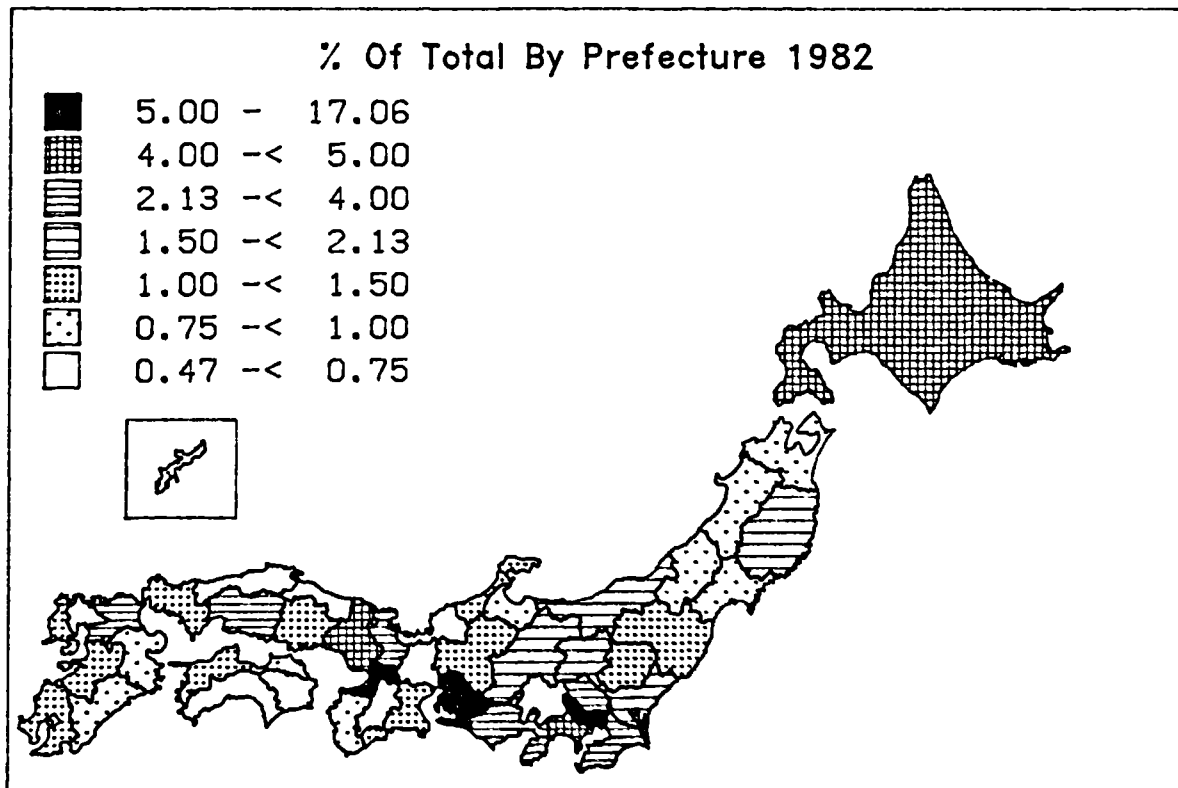


Figure 5.72 499 Sales: Percentage of Total By Prefecture 1982

5.6 Inter-Category Comparisons

Tables 5.9 to 5.15 contain Correlation Matrices for 1) population and (a) employee totals, (b) store numbers, (c) sales floorspace and (d) sales for 1985 for each selected category, all at the prefectural level; and 2) changes in population and (a) employee totals, (b) store numbers, and (c) sales floorspace between 1972 and 1985.

Tables 5.9, 5.11, 5.13 and 5.15 show respectively in 1985 that for numbers of employees, store totals, floorspace totals and total sales the values of the correlation coefficient for each store category and the population per prefecture were all between .70 and .99 with one exception. The coefficient for Category 439 General Merchandise floorspace and population was .60. These tables show the values of coefficients between the different types of stores themselves for each variable were generally high.

By way of contrast, Tables 5.10, 5.12, and 5.14 show a much greater variation in the coefficient values for increases in population, and staff, store numbers and floorspace for the period 1972-1985. Some of these values are not statistically significant showing that the corresponding relationships are not linear. Category 431 Department Stores recorded the highest coefficient values for increases in population with increases in employees (.85, in Table 5.10) and for increases in population with increases in sales floorspace (.84, in Table 5.14). The value for population increase and increases in Category 431 store numbers in Table 5.12 was also high at .78, second to Category 484 Household Appliances stores at .79. The lowest significant values, at the .05 level, in Table 5.12 were for Category 481 Furniture, Fixtures and Straw Mats (.31) and 439 General Merchandise (.37).

Table 5.9. Selected Retail Categories: Correlations for Employees and Population, 1965.

Correlation	431	439	443	451	457	459	481	484	POP
431	1.0000	.8543	.9732	.8762	.9731	.9776	.9358	.9763	.3579
	P = .	P = .000	P = .000	P = .000	P = .000	P = .000	P = .000	P = .000	P = .000
439	.3543	1.0000	.8855	.8798	.8658	.8755	.8751	.8942	.8993
	P = .000	P = .	P = .	P = .000	P = .000	P = .000	P = .000	P = .000	P = .000
443	.9732	.8855	1.0000	.8991	.9834	.9787	.9681	.9932	.3643
	P = .	P = .	P = .	P = .000	P = .000	P = .000	P = .000	P = .000	P = .000
451	.8762	.8798	.8991	1.0000	.8925	.9236	.8915	.9120	.3567
	P = .000	P = .000	P = .000	P = .	P = .000	P = .000	P = .000	P = .000	P = .000
457	.9731	.8658	.9814	.8925	1.0000	.9365	.9681	.9834	.3765
	P = .000	P = .000	P = .000	P = .000	P = .	P = .000	P = .000	P = .000	P = .000
459	.9776	.8795	.9787	.9236	.9885	1.0000	.9637	.9871	.3912
	P = .000	P = .000	P = .000	P = .000	P = .000	P = .	P = .000	P = .000	P = .000
481	.9358	.8751	.9631	.8915	.9681	.9337	1.0000	.9803	.3659
	P = .000	P = .000	P = .000	P = .000	P = .000	P = .000	P = .	P = .000	P = .000
484	.3760	.8942	.9932	.5120	.9834	.9371	.9809	1.0000	.3793
	P = .000	P = .000	P = .000	P = .000	P = .000	P = .000	P = .000	P = .	P = .000
POP	.3579	.8893	.9643	.9567	.9765	.9312	.9659	.9793	1.0000
	P = .000	P = .000	P = .000	P = .000	P = .000	P = .000	P = .000	P = .000	P = .

KEY:

- 431 = Department Stores
- 439 = General Merchandise
- 443 = Women's & Children's Dress Stores; Foreign Style
- 451 = Grocery
- 457 = Confectionery & Bakery
- 459 = Miscellaneous Retail Food and Beverage
- 481 = Furniture, Fixtures and Straw Mats
- 484 = Household Appliances
- POP = Population

Mean

Std. Dev.

431	8,100.23	1,118.48
439	170.68	114.15
443	5,369.51	1,353.89
451	13,233.11	10,549.71
457	7,947.47	1,444.76
459	11,285.51	1,321.08
481	3,774.53	1,375.78
484	5,851.47	1,268.86

One-tailed / 2-tailed significance. 47 cases.

* Employees per prefecture.

Table 5.10 Correlations for Employee Changes and Population Changes, 1972-85.

Category	431	439	443	451	457	459	481	484	POP
Correlation	1.0000 (45) P = .	-.1388 (44) P = .369	.7007 (45) P = .000	.7908 (45) P = .000	.6955 (45) P = .000	.7495 (45) P = .000	.0862 (45) P = .573	.3076 (45) P = .040	.8529 (45) P = .000
439		1.0000 (44) P = .	-.0821 (44) P = .596	-.0405 (44) P = .794	-.0974 (44) P = .529	.0005 (44) P = .997	.1793 (44) P = .243	.2906 (44) P = .056	-.0266 (44) P = .664
443			1.0000 (47) P = .	.9365 (47) P = .000	.2918 (47) P = .047	.9154 (47) P = .000	.5128 (47) P = .000	.3909 (47) P = .007	-.5713 (47) P = .000
451				1.0000 (47) P = .	.4362 (47) P = .002	.5536 (47) P = .000	.4214 (47) P = .003	.5019 (47) P = .000	.7658 (47) P = .000
457					1.0000 (47) P = .	.4209 (47) P = .003	.0858 (47) P = .566	.4685 (47) P = .001	.7309 (47) P = .000
459						1.0000 (47) P = .	.5569 (47) P = .	.6098 (47) P = .000	.7477 (47) P = .000
481							1.0000 (47) P = .	.5200 (47) P = .000	.8529 (47) P = .000
484								1.0000 (47) P = .	.5888 (47) P = .000
POP									1.0000 (47) P = .

- Key:
- 431 = Department Stores
 - 439 = General Merchandise
 - 443 = J. J. & Children's Dress Stores; Foreign Style
 - 451 = Grocery
 - 457 = Craft/Confectionery & Bakery
 - 459 = Miscellaneous Retail Food and Beverage
 - 481 = Furniture, Furnitures and Straw Mats
 - 484 = Household Appliances
 - POP = Population

Cases Mean Std. Dev.

45	3,306.16	3,855.97
44	113.75	130.72
47	2,336.45	2,498.04
47	6,740.66	6,636.62
47	-284.02	1,216.75
47	4,064.51	4,833.02
47	-44.15	812.06
47	20.96	825.32
47	299,438.09	384,539.84

Off-diagonal (Cases) / 2-tailed significance. Minimum participation of cases = 44. * Persons per prefecture.

Table 5.11. Selected Retail Categories: Correlations for Stores and Population - 1985.

Correlation	431	439	443	451	457	459	481	484	POP
431	1.0000								
439	$r = .8915$ P = .000	1.0000							
443	$r = .7028$ P = .000	$r = .9095$ P = .000	1.0000						
451	$r = .6805$ P = .000	$r = .7036$ P = .000	$r = .6279$ P = .000	1.0000					
457	$r = .3208$ P = .000	$r = .6864$ P = .000	$r = .9613$ P = .000	$r = .5842$ P = .000	1.0000				
459	$r = .3420$ P = .000	$r = .6854$ P = .000	$r = .9132$ P = .000	$r = .6551$ P = .000	$r = .9769$ P = .000	1.0000			
481	$r = .3845$ P = .000	$r = .7383$ P = .000	$r = .9437$ P = .000	$r = .6199$ P = .000	$r = .9591$ P = .000	$r = .9276$ P = .000	1.0000		
484	$r = .3495$ P = .000	$r = .7681$ P = .000	$r = .9772$ P = .000	$r = .7042$ P = .000	$r = .9731$ P = .000	$r = .9651$ P = .000	$r = .9651$ P = .000	1.0000	
POP	$r = .9701$ P = .000	$r = .7292$ P = .000	$r = .9448$ P = .000	$r = .7014$ P = .000	$r = .9671$ P = .000	$r = .9731$ P = .000	$r = .9434$ P = .000	$r = .9812$ P = .000	1.0000

Key:

- 431 = Department Stores
- 439 = General Merchandise
- 443 = Women's & Children's Dress Stores; Foreign Style
- 451 = Grocery
- 457 = Confectionery & Bakery
- 459 = Miscellaneous Retail Food and Beverage
- 481 = Furniture, Flowers and Straw Hats
- 484 = Household Appliances
- POP = Population

Mean & Std. Dev.

- 431 = 38.97
- 439 = 36.26
- 443 = 1,506.68
- 451 = 1,970.26
- 457 = 3,200.34
- 459 = 2,919.43
- 481 = 1,174.11
- 484 = 1,584.68

Coefficient of Determination: .47 cases. * Stores per prefecture

Table 5.12. Correlations, Changes and Population Changes 1972-1975.

Department	431	439	443	451	457	459	481	484	POP
431	1.0000	.3442	.7270	.4548	.3595	.7206	.4575	.8523	.7806
	P = .	P = .018	P = .000	P = .001	P = .013	P = .000	P = .001	P = .000	P = .000
439	.3442	1.0000	.3875	.3535	.0088	.3597	.3673	.4652	.3762
	P = .018	P = .	P = .007	P = .015	P = .353	P = .013	P = .001	P = .001	P = .009
443	.7270	.3875	1.0000	.6226	.6650	.7373	.6215	.8767	.5164
	P = .000	P = .007	P = .	P = .000	P = .000	P = .000	P = .000	P = .000	P = .000
451	.4548	.3535	.6226	1.0000	.3944	.5247	.3923	.5623	.5113
	P = .001	P = .015	P = .000	P = .	P = .006	P = .000	P = .006	P = .000	P = .000
457	.3595	.0088	.6650	.3944	1.0000	.5221	.2803	.5075	.1635
	P = .013	P = .953	P = .000	P = .006	P = .	P = .000	P = .056	P = .000	P = .272
459	.7206	.3597	.7873	.5247	.5221	1.0000	.6605	.8770	.7075
	P = .000	P = .013	P = .000	P = .000	P = .000	P = .	P = .000	P = .000	P = .000
481	.4575	.3673	.6215	.3923	.2803	.6305	1.0000	.5161	.3051
	P = .001	P = .011	P = .000	P = .006	P = .066	P = .000	P = .	P = .000	P = .037
484	.8523	.4652	.8767	.5623	.5075	.8270	.5261	1.0000	.7875
	P = .000	P = .001	P = .000	P = .000	P = .000	P = .000	P = .000	P = .	P = .000
POP	.7806	.3762	.5164	.5113	.1635	.7075	.3051	.7875	1.0000
	P = .000	P = .009	P = .000	P = .000	P = .272	P = .000	P = .037	P = .000	P = .

Key:

- 431 = Department Stores
- 439 = General Merchandise
- 443 = Women's & Children's Dress Stores: Foreign Style
- 451 = Grocery
- 457 = Confectionery & Bakery
- 459 = Miscellaneous Retail Food and Beverage
- 481 = Furniture, Fixtures and Strand Fats
- 484 = Household Appliances
- POP = Population

Mean

- 20.36
- 6.66
- 849.72
- 134.62
- 897.06
- 300.75
- 32.64
- 316.38
- 293,468.09

Std. Dev

- 16.70
- 21.21
- 882.36
- 322.30
- 735.14
- 616.13
- 252.74
- 256.14
- 384,535.14

(Coefficient / Z-tailed Significance) No. of Cases = 47

* Stores per prefecture

Table 5.13 Selected Retail Categories for Floor Space Totals and Percentages, 1915.

Relationship	431	439	443	451	457	459	481	484	POP
431	1.0000 P = .	.5799 P = .000	.9424 P = .000	.6590 P = .000	.9528 P = .000	.9558 P = .000	.8750 P = .000	.9677 P = .000	.9337 P = .000
439		1.0000 P = .	.5645 P = .000	.6289 P = .000	.6027 P = .000	.6195 P = .000	.9457 P = .000	.6052 P = .000	.5366 P = .000
443			1.0000 P = .	.5162 P = .000	.9534 P = .000	.9423 P = .000	.8320 P = .000	.9650 P = .000	.9685 P = .000
451				1.0000 P = .	.8400 P = .000	.8764 P = .000	.8742 P = .000	.8883 P = .000	.8332 P = .000
457					1.0000 P = .	.9440 P = .000	.9127 P = .000	.9761 P = .000	.9770 P = .000
459						1.0000 P = .	.8887 P = .000	.9683 P = .000	.9502 P = .000
481							1.0000 P = .	.9457 P = .000	.9053 P = .000
484								1.0000 P = .	.9809 P = .000
POP									1.0000 P = .

Key

- 431 = Department Stores
- 439 = General Merchandise
- 443 = Women's & Children's Dress Stores; Foreign Style
- 451 = Grocery
- 457 = Confectionery & Bakery
- 459 = Miscellaneous Retail Food and Beverages
- 481 = Furniture, Fixtures and Strain Pans
- 484 = Household Appliances
- POP = Population

Area

Std. Dev.

260,306.13	335,406.79
4,424.51	3,013.07
117,403.43	96,313.52
276,033.02	194,797.29
66,634.05	72,380.20
56,416.75	82,800.34
158,448.47	108,530.30
66,945.36	71,493.61

Coefficient of Determination, 47 cases.

* Floor space per acre.

Table 5.14 Correlation Lines for Flour, Beans, and Beans in Population Change, 1972-95.

Operational	431	439	443	451	457	459	481	484	POP
431	1.0000 (.45) P = .	-.1506 (.45) P = .321	.8079 (.45) P = .000	.9285 (.45) P = .000	.3864 (.45) P = .009	.7345 (.45) P = .000	.8566 (.45) P = .000	.7942 (.45) P = .000	.8424 (.45) P = .000
439		1.0000 (.45) P = .	-.1249 (.45) P = .414	-.1194 (.45) P = .435	.0213 (.45) P = .890	-.1236 (.45) P = .419	-.0884 (.45) P = .564	-.1204 (.45) P = .431	-.0016 (.45) P = .992
443			1.0000 (.47) P = .	.9312 (.47) P = .000	.1939 (.47) P = .178	.8130 (.47) P = .000	.7725 (.47) P = .000	.7972 (.47) P = .000	.5800 (.47) P = .000
451				1.0000 (.47) P = .	.3032 (.47) P = .038	.7619 (.47) P = .000	.6344 (.47) P = .000	.6343 (.47) P = .000	.7606 (.47) P = .000
457					1.0000 (.47) P = .	.4740 (.47) P = .001	.4458 (.47) P = .001	.4858 (.47) P = .001	.2624 (.47) P = .075
459						1.0000 (.47) P = .	.7483 (.47) P = .000	.8511 (.47) P = .000	.4743 (.47) P = .001
481							1.0000 (.47) P = .	.7968 (.47) P = .	.6896 (.47) P = .000
484								1.0000 (.47) P = .	.6543 (.47) P = .000
POP									1.0000 (.47) P = .

Key:

- 431 = Department Stores
- 439 = General Merchandise
- 443 = Women's & Children's Dress Stores; Foreign Style
- 451 = Grocery
- 457 = Confectionery & Bakery
- 459 = Miscellaneous Retail Food and Beverage
- 481 = Furniture, Fixtures and Soft Furnishings
- 484 = Household Appliances
- POP = Population

Cases

Mean Change

Std Dev

- 45
- 45
- 47
- 47
- 47
- 47
- 47
- 47
- 47
- 47

Coefficient, (cases) / total and significance. Minimum correlation of cases = 45.

Table 5.16: Selected Pairwise Correlations of Annual Sales and Population, 1985.

Correlational	431	439	443	451	457	459	481	484	499
431	1.0000	.8404	.4807	.8667	.9769	.9363	.9523	.9885	.3327
	P = .	0 = .000	P = .000	P = .000	F = .000	P = .000	P = .000	P = .000	P = .000
439		1.0000	.8534	.8583	.8820	.8346	.8766	.8163	.9065
		P = .000	0 = .	P = .000	F = .000	P = .000	P = .000	P = .000	P = .000
443			1.0000	.9161	.9867	.9707	.9762	.9904	.3544
			P = .000	0 = .000	F = .000	P = .000	P = .000	P = .000	P = .000
451				1.0000	.9176	.9172	.9263	.8994	.3682
				P = .000	0 = .000	P = .000	P = .000	P = .000	P = .000
457					1.0000	.9799	.9844	.9914	.3727
					P = .000	P = .000	P = .000	P = .000	P = .000
459						1.0000	.9750	.9713	.3508
						P = .000	P = .000	P = .000	P = .000
481							1.0000	.9776	.3738
							P = .000	P = .000	P = .000
484								1.0000	.3571
								P = .000	P = .000
POP									1.0000
									P = .000

Key:

- 431 = Department Stores
- 439 = General Merchandise
- 443 = Women's & Children's Dress Stores: Foreign Style
- 451 = Groceries
- 457 = Confectionery & Bakery
- 459 = Miscellaneous Retail Food and Beverage
- 481 = Furniture, Flowers and Straw Hats
- 484 = Household Appliances
- POP = Population

Coefficient / Z-tailed Significance 47 cases.

Mean / Std. Dev of year by prefecture.

	Mean	Std. Dev
431	291,363.21	480,690.70
439	3,422.68	2,995.68
443	88,778.74	108,692.46
451	273,313.51	246,746.40
457	52,713.28	64,684.74
459	93,989.66	102,967.37
481	50,842.49	48,484.04
484	98,096.17	119,550.38

Table 5.16 Selected Correlation Coefficients of Average FL increases, 1995.

Department	431	439	443	451	457	459	481	484	POP
431	1.0000								
439	r = .1547	1.0000							
443	r = .299	r = .1637	1.0000						
451	r = .1547	r = .299	r = .1637	1.0000					
457	r = .1513	r = .241	r = .272	r = .1746	1.0000				
459	r = .3154	r = .1377	r = .1035	r = .1377	r = .0962	1.0000			
481	r = .737	r = .617	r = .575	r = .830	r = .295	r = .008	1.0000		
484	r = .1137	r = .0722	r = .0161	r = .4171	r = .4046	r = .2778	r = .4416	1.0000	
POP	r = .003	r = .762	r = .530	r = .7098	r = .0549	r = .0268	r = .0264	r = .3901	1.0000

Key:

- 431 = Department Stores
- 439 = General Merchandise
- 443 = Women's & Children's Dress Stores Foreign Style
- 451 = Grocery
- 457 = Confectionery & Bakery
- 459 = Miscellaneous Retail Food and Beverage
- 481 = Furniture Fixtures and Services
- 484 = Household Appliances
- POP = Population

Mean

Std Dev

- 6,250.00
- 130.34
- 62.15
- 135.14
- 27.48
- 33.35
- 157.31
- 53.45
- 2,575.47

Coefficient / 2-tailed significance 17 cases.

* If square metres by prefectures

Table 5.12 Selected Categorical Average F. Percentage (59. Net (92) 1985.

Sl. No.	Prefecture	431	439	443	451	452	459	491	494	493(1982)
1	Hokkaido	7,190.2	91.65	122.66	168.04	36.12	45.16	223.65	57.80	49.44
2	Honori	7,742.0	87.62	93.04	110.24	30.94	34.11	202.00	53.37	46.01
3	Akita	5,976.0	69.66	86.37	107.70	29.66	28.13	115.13	49.67	49.00
4	Iwate	5,956.8	299.62	90.67	136.08	23.56	38.89	141.51	52.21	40.09
5	Yamagata	5,301.3	117.25	101.92	108.22	25.50	30.28	118.90	52.81	45.23
6	Niigata	6,447.4	100.55	113.91	111.21	26.63	24.46	137.51	53.82	39.56
7	Fukushima	4,838.5	99.54	105.92	101.35	27.13	44.77	107.13	49.11	42.95
8	Ibaraki	7,926.4	109.47	114.16	115.25	23.43	29.00	121.90	53.47	43.91
9	Tochigi	6,984.1	503.72	104.34	113.25	27.64	35.04	131.19	56.83	50.97
10	Gunma	7,671.2	63.63	87.06	119.39	23.32	29.09	143.76	56.86	47.51
11	Saitama	7,346.0	204.43	93.12	119.40	25.18	25.17	152.52	56.21	40.10
12	Chiba	10,426.8	197.31	98.76	116.15	23.90	34.08	151.67	62.73	43.56
13	Tokyo	9,980.3	74.35	83.95	208.51	25.27	28.71	91.26	55.06	36.72
14	Kanagawa	7,557.6	174.43	83.95	197.02	26.23	32.67	120.52	60.26	37.84
15	Niigata	6,462.0	63.72	95.97	112.38	23.73	27.74	113.25	47.91	41.27
16	Toyama	6,915.0	68.21	92.56	116.62	23.05	32.39	106.97	48.71	43.90
17	Ishikawa	8,715.0	359.53	96.72	112.87	31.60	35.59	157.41	50.01	65.82
18	Fukui	5,727.9	46.03	103.02	113.63	23.68	36.22	129.68	55.91	49.78
19	Yamanashi	4,960.5	120.53	72.92	89.59	22.22	28.50	129.64	50.01	56.57
20	Nagano	5,559.5	66.02	99.62	138.27	23.01	28.78	121.52	48.33	42.49
21	Gifu	6,666.7	66.63	78.22	111.18	23.18	36.12	129.73	51.91	42.37
22	Shizuoka	7,297.3	126.13	87.12	116.51	27.58	29.36	128.05	54.47	46.13
23	Aichi	8,761.3	154.24	71.16	116.65	31.76	37.65	142.44	61.98	44.23
24	Mie	5,731.2	79.10	82.72	113.00	23.88	33.81	142.44	60.60	44.50
25	Shiga	5,367.0	62.70	60.30	96.63	23.68	37.34	135.63	52.17	32.57
26	Kyoto	7,092.1	96.13	67.40	116.91	25.08	29.62	122.35	43.22	31.14
27	Osaka	9,067.1	156.17	48.02	119.55	23.06	28.45	132.92	56.17	32.64
28	Hyogo	7,261.0	88.35	69.57	114.92	25.27	30.04	123.83	55.14	35.12
29	Nara	6,698.8	48.79	53.37	106.70	21.80	35.59	105.96	48.03	40.43
30	Wakayama	4,353.5	65.17	74.71	113.18	21.77	21.80	119.43	40.70	32.46
31	Tottori	5,850.0	94.33	62.34	112.14	23.65	31.10	114.40	51.42	47.08
32	Shimane	4,620.9	165.54	91.75	112.12	23.70	28.99	92.88	60.49	47.89
33	Okayama	6,214.4	150.67	76.34	131.18	27.27	49.33	162.18	61.00	47.04
34	Hiroshima	7,997.7	79.31	61.74	131.98	25.39	39.29	132.06	54.29	42.55
35	Yamaguchi	4,724.1	82.93	82.22	112.15	25.43	41.42	128.80	54.52	38.84
36	Tokushima	5,544.5	159.71	93.02	111.11	27.01	26.74	123.19	49.40	45.17
37	Kagawa	5,042.4	75.31	67.00	115.53	31.62	26.74	175.20	53.58	45.16
38	Ehime	5,243.3	68.61	53.30	119.96	27.57	35.92	156.41	56.23	44.83
39	Kochi	7,521.2	65.23	60.32	112.09	21.48	32.33	166.95	50.92	38.63
40	Fukuoka	6,432.7	213.23	72.00	113.66	23.23	40.94	188.06	63.41	51.57
41	Saga	4,377.4	65.50	70.11	117.89	21.58	29.04	123.95	43.25	37.26
42	Nagasaki	5,788.1	49.73	97.56	110.69	23.20	34.15	138.84	44.02	29.39
43	Kumamoto	6,082.3	113.35	73.52	118.96	25.87	36.72	148.35	57.39	43.19
44	Oita	5,871.7	185.25	77.52	113.63	27.63	39.11	114.42	47.72	44.30
45	Miyazaki	7,313.9	460.53	72.07	103.66	23.88	34.66	113.57	46.06	44.67
46	Kagoshima	6,422.5	143.21	76.74	119.30	27.43	30.42	109.39	48.02	41.49
47	Okinawa	4,602.5	92.63	43.32	119.65	31.26	35.07	147.90	57.11	50.92
PREFECTURAL AVERAGE		7,210.9	122.01	77.32	110.18	27.07	33.03	134.95	51.91	41.42

Table 5.18 Department Store Average Floorspace:
Selected Prefectural Changes 1972-1985.

A) 10 Largest Increases in Average Floorspace (Square Metres).

<u>Rank</u>	<u>Prefecture</u>	<u>Region</u>	<u>1972</u>	<u>1985</u>	<u>Change</u>	<u>% Change</u>
1	Chiba	Kanto	5,873	10,427	4,554	77.54
2	Ibaraki	Kanto	3,845	7,926	4,081	106.14
3	Hyogo	Kinki	3,286	7,261	3,975	120.97
4	Ishikawa	Chubu	4,763	8,715	3,952	82.97
5	Hokkaido	Hokkaido	3,645	7,190	3,545	97.26
6	Kanagawa	Kanto	4,510	7,558	3,048	67.58
7	Gunma	Kanto	4,570	7,671	3,101	67.86
8	Iottori	Chugoku	3,166	5,850	2,684	84.78
9	Miyagi	Tohoku	3,927	6,447	2,520	64.17
10	Miyazaki	Kyushu	4,800	7,314	2,514	52.38

B) Tokyo and Osaka

30	Tokyo	Kanto	8,066	8,980	914	11.33
38	Osaka	Kinki	8,880	9,067	187	2.11

C) The Six Prefectures with Decreases

42	Okayama	Chugoku	6,240	6,214	-26	-0.42
43	Yamanashi	Chubu	5,014	4,961	-53	-1.06
44	Nagano	Chubu	6,133	5,560	-573	-9.34
45	Okinawa	Kyushu	5,435	4,603	-832	-15.31
46	Wakayama	Kinki	5,625	4,354	-1,271	-22.60
47	Fukushima	Tohoku	6,486	4,839	-1,647	-25.39
<u>National Average</u>			<u>5,849</u>	<u>7,211</u>	<u>1,362</u>	<u>23.28</u>

5.7 Conclusions.

It was proposed in Section 3.8 of Chapter 3 that the stores classified as Category 431 Department stores have increased substantially in terms of numbers and size between 1972 and 1985. This category includes superstores and larger supermarkets. It is the main one of interest with regard to the thesis objectives.

Table 5.18 shows a substantial increase in the average size of these stores of almost a quarter for the period. Table 4.12 (page 161) also shows this category registered the second highest percentage increase in the number of stores of 113.68% (972 stores). It is submitted that at the national level there is sufficient evidence to accept the hypothesis. However Table 5.18 shows there were decreases in average size in six prefectures.

Tables 5.19 and 5.20 further qualify these findings by showing the effect of growth in stores and floorspace at the regional level. There were decreases in the share of Category 431 stores for each of the three northernmost regions, and increases for the rest. Table 5.19 shows that the highest increase was that of Kinki. Within this region Osaka's share rose from 5.86% to 7.22%, and Kyoto's from 0.69% to 1.92%.

Table 5.19 Regional Changes in Department Store Shares 1972-1985.

<u>Region</u>	<u>1972%</u>	<u>1985%</u>	<u>Change</u>
Hokkaido	7.01	5.53	-1.48
Tohoku	8.38	6.96	-1.42
Kanto	33.44	30.00	-3.44
Chubu	13.56	14.56	1.00
Kinki	15.73	18.00	2.27
Chugoku	5.96	7.95	1.99
Shikoku	2.40	3.18	0.78
<u>Kyushu</u>	<u>13.44</u>	<u>13.85</u>	<u>0.41</u>
TOTAL	<u>99.92*</u>	<u>100.03*</u>	<u>*Rounding Error</u>

Also at the regional level, there were decreases in the share of total floorspace for four regions, and increases for four. Table 5.20 shows that the greatest decrease was in Kanto. Tokyo's share of the total fell from 23.22% to 12.81%. The other prefectures in Kanto all increased their shares. The region with

the greatest increase was Chugoku. Within this region Hiroshima's share rose from 1.10% to 2.66%, and Okayama's from 1.12% to 1.70%.

Table 5.20 Regional Changes in Department Store Floorspace 1972-1985.

<u>Region</u>	<u>1972%</u>	<u>1985%</u>	<u>Change</u>
Hokkaido	4.45	5.51	1.06
Tohoku	7.30	5.78	-1.52
Kanto	38.00	34.71	-3.29
Chubu	15.41	14.72	-0.69
Kinki	16.95	18.55	1.60
Chugoku	4.53	6.56	2.03
Shikoku	1.55	2.40	0.85
<u>Kyushu</u>	<u>11.82</u>	<u>11.77</u>	<u>-0.05</u>
TOTAL	<u>100.00</u>	<u>100.01</u> *	

* Due to rounding error.

In Table 5.14 the correlation coefficient between the increase in sales floorspace for Department Stores and the increase in population is .84, and the corresponding value for Grocery Stores is the next highest at .76. The coefficients for the other two food category stores were much lower. The value for Miscellaneous Retail Food and Beverage Stores was .47 and for the Confectionery and Bakery Stores it was .26. These figures may suggest that between them Department Stores and Grocery Stores have been increasingly gaining a share of the sales of food products sold by other categories of Food and Beverage stores. It was noted that the correlation coefficient between the increase in sales floorspace for Department Stores and the increase in floorspace for Grocery Stores was very high at .92.

It was also noted that the correlation coefficient between the number of Grocery Stores and population in Table 5.11 was the lowest of the nine categories at .70. The location quotients in Figure 5.7 show that those for Osaka (0.66) and Tokyo (0.79) were among the lowest. Conversely in Figure 5.1 there were four prefectures where there were location quotients for Department Stores of 1.25 or more and there were two each for the Tokyo and Osaka metropolitan areas. The location quotient maps did not exhibit any striking similarities for the categories as a whole.

It was found in Tables 5.9, 5.11, 5.13 and 5.15 that the values of the correlation coefficient for the population per prefecture and 1) the numbers of employees, 2) store totals, 3) floorspace totals and 4) total sales in 1985 were all between 0.70 and 0.99 for each store category apart from Category 439 General Merchandise where the coefficient for floorspace and population was .60. The values of coefficients between the different stores for each variable were generally high.

Tables 5.10, 5.12, and 5.14 show a greater variation in the coefficient values for increases in population, with increases in staff, store numbers and floorspace. Some values were not statistically significant. The Department Stores had the highest coefficient values for increases in population with increases in floorspace (.84, Table 5.14) and for increases in population with increases in employees (.85, Table 5.10). The value for population increase and increases in Category 431 store numbers in Table 5.12 was high at .78, second to Category 484 Household Appliances Stores at .79. The lowest significant values in Table 5.12 were for Category 481 Furniture, Fixtures and Straw Mats Stores (.31) and Category 439 General Merchandise Stores (.37).