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Spatial Implications of Organisational
and Technological Change in Japanese
Retailing.

Volume 2

Comprising:

Part Three Case Studies of Selected Large-Scale Retailers

Part Four Change, Comparison, Conclusion.

Appendices

References

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PART THREE. CASE STUDIES OF SELECTED LARGE-SCALE RETAILERS.

Chapter 6. The Six Leading Superstore Companies February 1986.

6.1 Introduction To Chapter 6.

6.1.1 Plan of Chapter 6.

Studies of the spatial diffusion of various kinds of economic activity frequently chart the progress of the leading five or six companies in that field as being influential or representative. The top six Japanese supermarket/superstore companies of 1986, by sales, were among the most geographically dispersed, though this was in part achieved through subsidiary or affiliated companies. The Companies chosen were the leading six supermarket/superstore companies as of February 28th 1986. The first five were also the five leading companies amongst all Japanese retailers. The six companies were as follows in Table 6.1 below which is based on non-consolidated accounting principles:

Table 6.1 The Six Leading Supermarket/Superstore Companies 1986.

<u>Rank</u>	<u>Name</u>	<u>Founded</u>	<u>Head Office</u>	<u>Stores</u>	<u>Sales *</u>
1	Daiei	1957	Kobe	164	1,373,559
2	Ito-Yokado	1958	Tokyo	124	953,206
3	Seiyu	1963	Tokyo	170	765,475
4	JUSCO	1969	Tokyo	153	761,167
5	Nichii	1963	Osaka	166	577,196
10	Uny	1971	Nagoya	111	419,036

Source:

Dodwell Report (1985)

Nihon Keizei Shinbun (1987)

* Millions of Yen

The purpose of Chapter 6 is to introduce the six companies and to describe how their overall organisational form has changed upto 1986 using English language Reports for several years. This is done first by tracing the main features of their historical development and growth in Section 6.2. Section 6.3 examines a number of factors that have contributed to or facilitated organisational change. The Chandler Thesis is described and submitted as a suitable model for considering the

organisational changes within the Companies. Sections 6.4 to Sections 6.8 inclusive describe in more detail the organisational changes introduced in Section 6.2. In particular they contain examples of how the companies have diversified. Finally, Section 6.9 contains conclusions drawn from the material.

As regarding spatial/organisational studies of supermarket companies, Laulajainen (1987) has remarked that:

"... so few studies have been conducted on the spatial behaviour of retail corporations at the national level ... We are aware of the existence of only a handful of spatial studies discussing the growth, and perhaps decline, of retail companies on a national scale." p3

"The small number of studies cannot be explained by referring only to the presumed triviality of the field ... One possible explanation, and in our view rather a good one, is that the availability of data on outlets is less than a casual observer might expect." p7

Laulajainen conducted a comprehensive study of some 60 companies within the United States, taking the then 48 contiguous states as the spatial scale. His approach was, like the present study, predominately exploratory and so the research technique used was verbal, descriptive and cartographic. As explained in Chapter 1, Section 1.8.1, tables are used in Chapter 7 instead of maps to avoid unnecessary loss of information. Otherwise, the case study is also descriptive and exploratory. As for place names, and a further mass of detail to be encountered in Chapter 7 after all the detail of Part Two, one can only echo Laulajainen's apology:

"Undoubtedly it will place heavy demands on the Reader's willingness to digest encyclopedic data, her patience

to wait for the seemingly overdue conclusions and her mastery of the place names of the areas studied. As regards the last item, a standard road map would, of course, be tremendously helpful." p10.

Laulajainen has identified the following crucial aspect of typical growth patterns within Western supermarket companies:

"The central SPATIAL LESSON of supermarketing, perhaps the most typical of all convenience goods operations, is the importance of the critical mass. Unless a comparatively large local company can be acquired, entry into a distant, even rapidly growing, market is hazardous. The explanation is the low mark-up, perhaps 20% or less, combined with the bulkiness of merchandise, which make a low-cost logistical function a critical factor. That is difficult to achieve without one's own warehouses and delivery fleet which, again, must be above a certain size to be cost effective.

The result is that the USUAL method of successful and sustained territorial occupation is by expanding existing operations to adjacent areas, the CONTAGIOUS DIFFUSION." p79. (Emphasis mine).

This study will, inter alia, seek to ascertain whether the six companies conform to this particular pattern or not.

Considerably more attention has been given to industrial location than to the spatial strategies of retailers. Chapman and Walker (1987) for instance contains an overview of the changing location patterns of large businesses; incorporating insights from several disciplines, and providing a comprehensive survey. Laulajainen adopted certain approaches employed in the study of industrial location to his study. In particular he considered the

importance of the founder-entrepreneur in shaping the organisation; and the achievement of growth through acquisition either with, or without, consideration of competition. Retailers follow the market; and so have different requirements to many industries. E.g. they are less likely to be located near the source of raw materials than extractive industries would be.

6.1.2 The Use of Company Reports.

A number of leading Japanese retailers issue English language annual reports. Among them are the leading supermarket /superstore companies considered in this chapter. The reports usually cover fiscal years ending on the last day of February according with Japanese custom. Besides financial details they include a Chairman's Report, and there are often sections dealing with company operations, objectives and strategies. Much of this is designed to attract investment from English speaking countries. As a result information about suppliers is largely restricted to import sources. Whatever language they are written in, company annual reports are a prime source of information about the objectives the companies have formulated.

Each of the six companies was approached and asked for as many reports as possible, in English, for the period 1972-1986. The following reports were provided by company offices in Japan:

<u>Company</u>	<u>Fiscal Years</u>
Daiei	1973 to 1986
Ito-Yokado	1973 to 1987
Seiyu	1972 to 1987
JUSCO	1975 to 1987
Nichii	1978 to 1987
Uny	1982, 1985, 1987

These reports all contain consolidated financial accounts.

Luffman et al (1987) point out that annual reports are primarily designed for shareholders, and will focus on those objectives of major interest to the shareholders. The authors then stress that such public statements expose company senior management to criticism if their objectives are not achieved. It is submitted that the English language reports are not only convenient for a non-Japanese reading audience but also include broad accounts of company expansion, diversification and operations. This is presented to attract overseas interest and potential sources of investment funds. Furthermore the opening of new stores involves major capital investments, so there is some justification for examining company performance and progress from the shareholder/investor point of view.

6.1.3 A Justification For Concentrating on Diversification.

In Section 6.1. it was stated that the study largely would cover organisational change by examining areas of diversification. Knee and Walters (1985) have written:

"Diversification is seen as movement into an area in which the firm, or division, has not previously been engaged (or has not been seen by its customers to be engaged) _ Diversification usually involves the company in new products, new markets, and for the company concerned, new types of retail outlets."

The above process is clearly visible in Sections 6.2 to 6.8.

Luffman et al (1987) emphasise the two broad categories of diversification in practice, ie by product and/or market. They identify the following main factors that often lead a firm to adopt a policy of diversification:

- 1 Current markets and products may be inadequate to meet profitability or growth objectives.

- 2 A new opportunity may arise to increase profitability. It may originate as a proposal from a research and development department.
- 3 Another motivation is the spreading of risk.
- 4 There may be sizeable amounts of spare funds.
- 5 It may prove necessary to improve the existing business by acquiring specific resources or skills.

In the specific realm of retailing Knee and Walters (1985) have identified the following additional forces:

- 6 Radical changes in consumers' tastes and habits.
- 7 A decline in customer loyalty.
- 8 Severe competition from either inside or outside the retail industry.
- 9 Restrictions imposed by local or national government.

These factors are mainly concerned with external influences on a firm and largely correspond to the model of forces for change presented in Chapter 1 and examined in Chapter 3. It is submitted that because of this an emphasis on diversification is appropriate for this chapter. The conclusions in Section 6.9 are drawn largely from a matching of these factors with the material in the rest of the chapter.

6.2 Emergence, Growth and Main Developments 1957-1986.

6.2.1 Daiei.

In 1957 Daiei's first store opened in a suburb of Osaka in front of Senbayashi railway station. It had a floorspace of 53 square metres and a staff of 13. It sold drugs, cosmetics, household goods and food. The store was named 'Daiei's Store for Housewives'. This name was shortened to Daiei in 1970. In 1958 the Company opened Japan's first large-scale supermarket in Kobe. By 1962 there were seven stores with 1,200 employees. One of

these stores had sales comprising more non-food items than food items. Daiei claim that this store, in Kobe, had become a super-store; in their words a store "which combined the functions of supermarkets and department stores".

Over the next three years the number of staff more than doubled to 2,500. 1965 saw the opening of specialised furniture outlets. By this time the Company had established or acquired 19 stores. Among them were small chain stores in the Tokyo, Kyushu and Shikoku regions.

At the end of 1969 there were 43 stores, and two milestones had been reached in the retailing history of both Daiei and Japan. In 1968 the Company was involved in the creation of Japan's first full-scale shopping complex in Kori, a suburb of Osaka. It was designed to offer both a wide range of merchandise for customers to choose from and a relaxing atmosphere. A similar 'Shoppers' Plaza' type store was opened in Ibaragi, another suburb of Osaka. The second milestone was the opening of Daiei's first 'Large sized, City type' store in Kobe. This store, first opened in 1966, now consisted of 10 floors including a basement.

By 1970 Daiei's stores could be divided into three broad types:

- " (1) relatively small stores on busy shopping streets in big cities,
- (2) large stores in middle and medium sized cities,
- (3) extensive shopping centres in the suburban areas of big cities."

Table 6.2 shows the growth of Daiei in terms of stores and sales in selected fiscal years, corresponding to the years of the Census of Distribution, for the period 1970 - 1985 and including Fiscal 1986.

Table 6.2 The Growth Of Daiei Co. Ltd. 1970 - 1985

<u>Year</u>	<u>Stores</u>	<u>Sales *</u>	<u>Rank</u>
1970	43	120 000	4
1972	75	207 100	2
1974	111	476 600	1
1976	129	705 990	1
1979	151	940 469	1
1982	159	1 216 065	1
1985	157	1 255 857	1
1986	164	1 373 559	1

* 100,000 of Yen.

Source:

Nihon Keizei Shinbun (1987)

The first two of the Type (3) stores were opened in Tokyo, at Akabane, and in Haramachida in one of the suburbs of the Capital. Both these stores featured large car parks for that time and various leisure facilities. In 1970 Daiei opened the Orient's largest shopping centre in the Nakamoju suburb of Osaka. The Daiei store was the main retailer in an American-style community plaza shopping centre occupying a 31,500 square metre site, complete with a children's playground, a swimming pool, and spaces for 1,200 cars.

The early 1970s proved to be momentous years for Daiei. The company expanded its operations to all the major regions of Japan. In 1972 the Company ousted Mitsukoshi, the prestigious department store company, from the coveted position of Japan's number one retailer in terms of annual sales. Daiei retained this rank for the remainder of the period covered by this thesis.

By 1974 the company had 32 subsidiaries in the following spheres of operations:- chain stores, speciality stores, leisure

and service facilities, real estate and manufacturing. Daiei had entered into franchise agreements with several local supermarket and store chains in the Shikoku and Kyushu regions of southern Japan. As of February 1974, 36 franchised superstores had been opened by 15 companies.

Franchising agreements with independent chain store operators required little, if any, equity investment. Under these arrangements merchandise was to be sold to the associated company at cost plus a fee. Another type of arrangement involved the supply of management or merchandise expertise. Such agreements were entered into with C.G.C. Japan and Nihon Selco, which were voluntary grocery chains. The main purpose of these agreements was to open new markets for Daiei's own-brand lines of goods. By this means Daiei had become a wholesaler of mass merchandise products.

By 1975 Daiei had pronounced itself to be a 'conglomerate merchant', with the expressed intentions to expand its speciality store operations and to open the first store of a planned chain of convenience stores in the near future. The new venture was a tie up with Consolidated Foods Corporation of the USA. The idea was to provide residential areas of cities with stores that opened until late at night, selling convenience type goods different from those of large stores, and manned by a small staff. The first planned openings were in Osaka on an experimental basis, with future stores to be operated through franchising. In the second half of the decade, Daiei continued to build up its convenience store and speciality shop operations as described in Sections 6.7.3 and 6.5.1 respectively.

The fiscal 1982 report claimed that Daiei was Japan's most diversified retailer, proclaiming that "Diversification has been

a constant process during the first 25 years of our history." The Company furthermore expressed its desire to be a transnational corporation. At that time, February 1982, there were 106 consolidated or associated companies.

Over the previous two years there had been a significant increase in the number of mergers, acquisitions and spin-offs within the Daiei group. In 1979, for example, Sanko had become a separately listed company on the Tokyo Stock Exchange, and later merged with Maruetsu, a prominent Kanto based supermarket chain. Another significant example is the Kyushu Daiei company, incorporated in May 1981 in order to control Daiei's operations in the Kyushu region. Later that year this company was involved in a merger with a leading Kyushu supermarket chain called Uneed.

In 1981 Daiei stated its intention to extend its involvement in vertical integration, from various food operations to manufacturing activities. In the realm of horizontal integration Daiei had entered into department store operations by the early 1980s. This topic is covered in Section 6. Other developments during the 1980s included hotels and the commencement of a consumer finance business. Daiei acquired Daiichi Kensetsu Kogyo, a construction company that was listed on the Tokyo and Osaka stock exchanges, to participate in future store construction and modelling.

As well as opening new stores, Daiei developed new services by making further use of the Company's distribution facilities and merchandise skills. In fiscal 1982 for example Daiei Leasing was established in order to manage the leasing of store equipment and delivery vehicles used in Daiei's own operations, with a view to possible future ventures in the transportation and leisure activity fields.

In 1981 Autoworld was set up to provide a full range of services for the younger, fashion orientated, motorist, spanning "the initial purchase to the junking of the vehicle." A full line of parts and accessories is carried, with an emphasis on contemporary appeal. Repair and tuning services are available, and the stores can also carry out the expensive and exhaustive biannual inspections that are compulsory by law.

The first Daiei 'Home World' catalogue was distributed in Daiei stores in 1981. By 1983 it was also available in 5,000 bookstores. In the same year 300,000 copies were soon sold, making this a record for catalogues. The annual catalogue was also supplemented by ten speciality and seasonal catalogues. In fiscal 1984 circulation reached half a million copies. Mail and telephone orders accounted for 8 billion yen. Daiei aimed to multiply this figure several times in the future.

In fiscal 1985 Daiei set up a direct marketing division with a central data base in Tokyo. Plans included the eventual processing of all telephone orders in Tokyo by using nationwide relay stations.

The 1985 Report listed other activities in which Daiei had become engaged. Daiei Leisureland was a subsidiary managing a chain of 21 sports and cultural activities centres. Facilities included tennis, ice skating, swimming, painting, calligraphy and flower arranging. This company was set up in response to the national health and leisure boom which was significantly affecting consumption patterns.

Table 6.3 shows the growth of Daiei in terms of sales floorspace in selected fiscal years, corresponding to the years of the Census of Distribution, for the period 1970 - 1985 and also February 1986. The average floorspace of Daiei stores almost

doubled between 1970 and 1986.

Table 6.3 Daiei Co. Ltd.: Growth of Floorspace 1970 - 1986

<u>Year</u>	<u>Stores</u>	<u>Sales Floorspace</u>	<u>Average Floorspace</u>
1970	43	153 000	3 558
1972	75	305 000	4 067
1974	111	559 000	5 036
1976	129	735 000	5 698
1979	151	994 000	6 583
1982	159	1 083 000	6 811
1985	157	1 095 000	6 975
1986	164	1 155 000	7 043

Source:

Company Annual Reports

Table 6.4 contains additional corporate information for 1985.

Table 6.4 Daiei: Corporate Information February 1985.

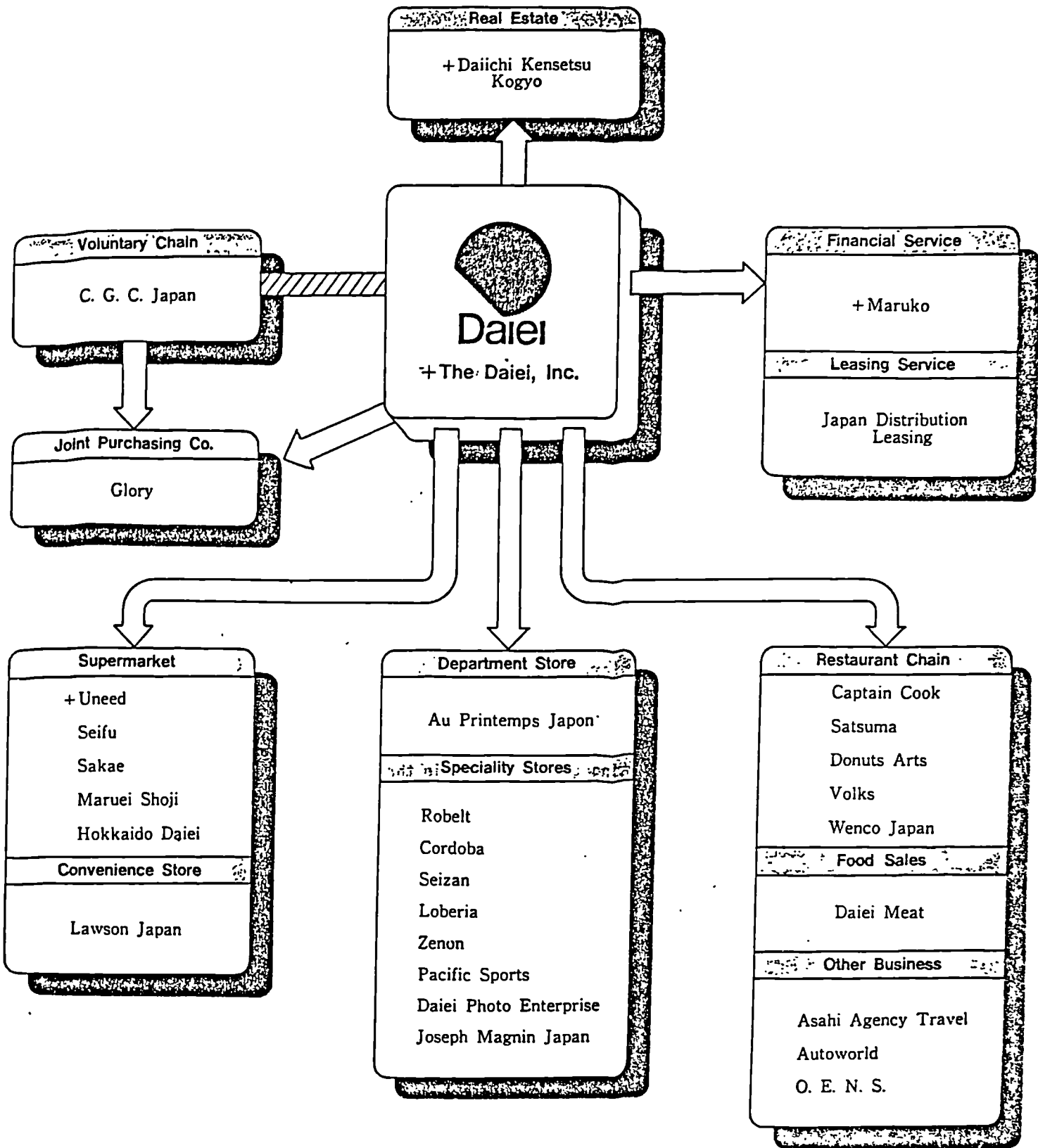
President	: Isao Nakauchi
Paid Up Capital	: 14,424 million Yen
Major Shareholders	: Isao Nakauchi 16.1%, Dai-ichi Mutual Life Insce. 4.4%, Tokai Bank 3.8%, Taiyo Kobe Bank 3.8%, Sanwa Bank 3.8%, Sumitomo Bank 3.8%
Employees	: 24,920 (Full-time 13,646 Part-time 11,274)
Sales in Fiscal 1985	: 1,282,678 million Yen
After - Tax Profit	: 7,074 million Yen
Sales By Product	: Food 33% Clothing/Personal Items 20% Household goods 14% Hobby/Sporting goods 10% Wholesale 23%
Stores / Location	: 157. 84 in Kinki, 38 in Kanto, 35 elsewhere.

Source:

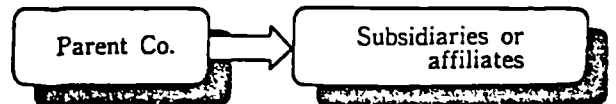
Dodwell (1985) p175.

Figure 6.1 shows the composition of the Daiei Group of Companies during fiscal 1985.

Daiei Group



Source: Dodwell (1985) p127.



Business tie-up

+ Listed On Stock Exchange

6.2.2 Ito-Yokado.

The Company's origins can be traced back to 1948 when an apparel store in Senju, central Tokyo, was opened by the late Yuzuru Ito. In 1958 his younger brother, Masatoshi Ito, incorporated the business under the name Yokado Co., Ltd., having remodelled and expanded the store. Masatoshi Ito visited Europe and the United States during 1961 in order to study retail distribution systems and methods. The Company opened its first superstore in Akabane, northern Tokyo during the same year. A second was opened in 1962 in Kita-Urawa in Saitama Prefecture.

The next two superstores were opened in 1963, then two more in 1964, and one in 1965 when the Company was renamed Ito-Yokado. To date all stores but one were located in Tokyo Prefecture. Between 1966 and 1972 the chain expanded into Kanagawa, Fukushima and Chiba prefectures.

Table 6.5 The Growth Of Ito - Yokado Co. Ltd. 1970 - 1985

<u>Year</u>	<u>Stores</u>	<u>Sales *</u>	<u>Rank</u>
1970	19	32 000	23
1972	28	70 000	15
1974	42	139 600	11
1976	57	253 820	6
1979	84	488 569	2
1982	106	758 723	2
1985	121	896 269	2
1986	124	953 206	2

* 100,000 of Yen.

Source:

Nihon Keizei Shinbun (1987)

Table 6.5 shows the growth of Ito - Yokado in terms of stores

and sales in selected fiscal years, corresponding to the years of the Census of Distribution for the period 1970 - 1985 and fiscal 1986.

Ito-Yokado was listed on the Second Section of the Tokyo Stock Exchange in September 1972, and on the First Section in July 1973. In the same year an agreement was entered into with The Southland Corporation of the United States with the intention of opening a chain of modern convenience stores bearing the Seven-Eleven name in Japan. By 1986 there were 2,651 of these stores, making it the largest chain of its type. In the same year Ito-Yokado entered into agreement with another American company, Denny's Restaurants. The first Denny's outlet in Japan was opened inside the Kamiooka superstore during the year. These ventures are covered in Sections 6.7.2 and 6.8.2 respectively.

1973 is also important for being the year when the York Benimaru supermarket affiliated company was established. This company operated stores with a floorspace smaller than that of the superstores, but greater than that of the convenience stores. The size of new superstores often exceeded 10,000 square metres. In 1975 Ito-Yokado founded its own subsidiary, York Mart, to build a chain of supermarkets with an average sales space of 1,200 square metres. Further detail is given in Section 6.4.2

In 1972 Ito-Yokado was the 15th ranked Japanese retailer in terms of sales. In 1974 the Company was ranked at number 10, and in 1978 became number 2 after Daiei. It retained this rank for the rest of the period under review. During 1980-1986 the Company ranked first in terms of net income, being noted for its profitability.

The Kanto region has always been Ito-Yokado's main area of operations, although a number of stores have been opened

in northern and central Japan since the late 1970s. Reports for the early 1980s indicate that stores were usually located either in metropolitan areas or in medium-sized cities. They generally occupied sites having easy access to public transportation facilities.

A new venture in fiscal 1986 was the opening of a department store near Tokyo in Saitama Prefecture. This was in conjunction with Associated Dry Goods of the USA.

Table 6.6 shows the growth of Ito - Yokado in terms of sales floorspace in selected fiscal years, corresponding to the years of the Census of Distribution, for the period 1970 - 1985 and also February 1986. As of February 1986 the average size of the 124 superstores was 8,429 square metres, over three times the average of 2,686 square metres in 1970.

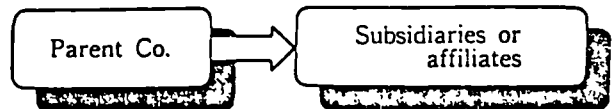
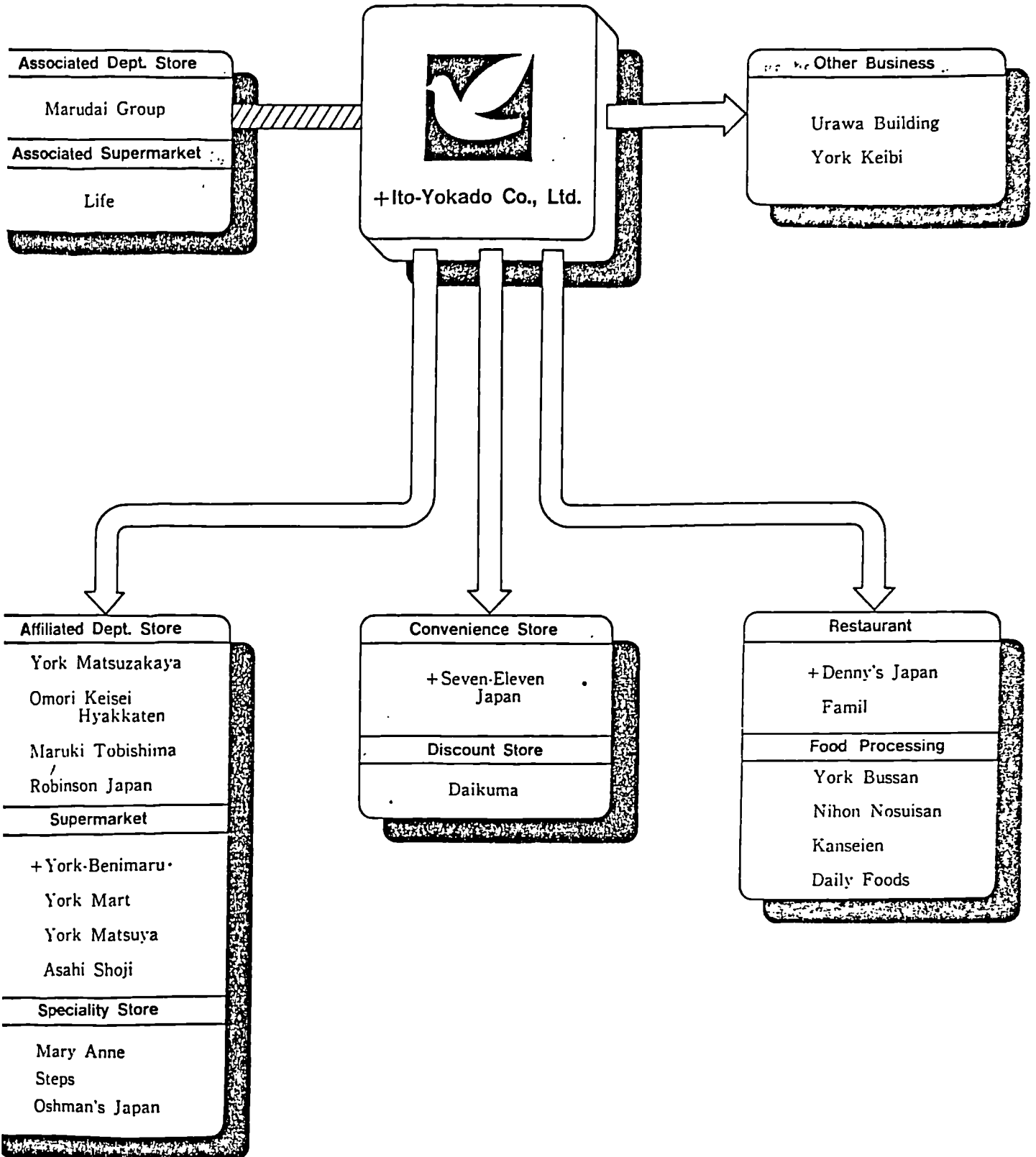
Table 6.6 Ito - Yokado Co. Ltd.: Growth of Floorspace 1970 - 1986

<u>Year</u>	<u>Stores</u>	<u>Sales Floorspace</u>	<u>Average Floorspace</u>
1970	19	51 033	2 686
1972	28	123 331	4 405
1974	42	244 060	5 810
1976	57	358 720	6 293
1979	84	625 078	7 441
1982	106	861 377	8 126
1985	121	1 012 811	8 370
1986	124	1 045 225	8 429

Source:
Company Annual Reports

Figure 6.2 shows the companies belonging to the Ito - Yokado group as of February 1985.

Ito-Yokado Group



 Business tie-up

Source: Dodwell (1985) p129.

+ Listed On Stock Exchange

Table 6.7 contains additional corporate information for 1985.

Table 6.7 Ito - Yokado: Corporate Information February 1985.

President	: Masatoshi Ito
Paid Up Capital	: 15,686 million Yen
Major Shareholders	: Ito Kogyo 5.8%, Masatoshi Ito 4.9%, Dai-ichi Mutual Life Insce. 4.1%, Mitsui Mutual Life Insce. 4.1%, Sicovam 2.9% .
Employees	: 22,825 (Full-time 12,704 Part-time 10,121)
Sales in Fiscal 1985	: 903,519 million Yen
After - Tax Profit	: 17,622 million Yen
Sales By Product	: Food 34% Clothing/Personal Items 30% Household goods 19% Others 17% .
Stores / Location	: 121: 28 in Tokyo, 21 in Kanagawa, 17 in Saitama, 15 in Chiba, 11 in Hokkaido, 5 in Fukushima, 4 each in Ibaraki, Nagano & Tochigi, 12 in other Prefectures

Source:

Dodwell (1985) p200.

6.2.3 Seiyu.

The first Seiyu outlets originally formed part of the Seibu Department Store Company's operations from 1956 to 1963, while Seibu's management evaluated a number of possible strategies for the future. Eventually Seibu decided to develop two retailing systems based on the "bilateral polarity theory" which is described in the 1972 Report as follows:

"The theory was based upon two different consumer patterns evidenced when personal income levels rose sufficiently to result in strengthened economic activities. One of the patterns was to purchase merchandise of taste or of a specialized nature at a department or speciality store, even though the store was at a relatively remote distance; the other pattern

was to purchase daily necessities at a neighbourhood store"

Seiyu was officially inaugurated in 1963, to open a chain of stores handling daily necessities for consumers in sites more conveniently located than department stores. The first new Seiyu store had a sales floorspace of 1,157 square metres, which was large by contemporary standards. In 1964 the Shin-Koiwa store was opened with 3,300 square metres of sales area, the largest to date of the 20 existing stores. It had three floors above ground level and one below. The policy of opening a number of larger stores continued, with the opening in 1965 of the Koganei store which had 7,000 square metres of sales floorspace extending over six floors.

The emerging network of stores was built up by finding suitable sites near commuter railway stations in Tokyo's expanding suburbs. At first this happened in the north west of Tokyo prefecture, with later expansion in neighbouring prefectures within the Kanto region.

Table 6.8 The Growth Of Seiyu Co. Ltd. 1970 - 1985

<u>Year</u>	<u>Stores</u>	<u>Sales *</u>	<u>Rank</u>
1970	71	80 000	7
1972	87	132 000	5
1974	105	226 900	5
1976	121	351 870	3
1979	140	481 812	3
1982	153	592 297	3
1985	168	732 916	3
1986	170	765 475	3

* 100,000 of Yen.

Source:
Nihon Keizei Shinbun (1987)

Table 6.8 shows the growth of Seiyu in terms of stores and sales in selected fiscal years, corresponding to the years of the Census of Distribution, for the period 1970 - 1985.

In the fiscal 1973 Report Seiyu stated that it was the largest chain retailer in the Tokyo region. In the same year the Company expanded its geographical sphere of operations by opening stores in Shizuoka and Ibaragi prefectures. Seiyu at that time was ranked 5th among retailers in terms of sales. It ranked number three from 1975 to 1986 inclusive apart from one year (1981). In 1973 there were already 105 stores. By the end of 1985 the number had risen to 170.

Being part of the Seibu Group meant that there were financial and managerial resources backing the expansion of Seiyu. One instance of this is to be found in the 1973 Report:

"Thus other members of The Seibu Group, such as Seibu Department Stores, Seibu Urban Developments and Seibu Chemical Industries, are being called upon to assist in the development of new shopping areas, especially in the less developed parts of Japan."

At the same time Seiyu was involved in integrating retailing, distribution and manufacturing operations. Among the latter were Asahi Food and Fukushima Frozen Foods companies. Also in 1973 Seiyu entered into a cooperative agreement with Sears Roebuck of the United States to establish catalogue sales operations within Japan. 150,000 Catalogues were sold in 1974 and again in 1975.

During Fiscal 1974 Seiyu was listed upon the Tokyo Stock Exchange. The Company had embarked upon a programme of building a number of large stores of between 10,000 and 16,500 square metres of sales floorspace. The first such store opened in

Tokiwadaira (Tokyo) on the 10th of December 1974. It was located in a suburb of about 50,000 households and had six floors providing 15,000 square metres of sales floorspace. There was however quite a spread of store sizes in existence. The standard medium sized store for example had 3,300 square metres of sales area with three to five floors. There were 25 stores with approximately 1,200 square metres. The average sales floorspace all all stores was a little under 3,000 square metres with new stores in 1974/5 averaging just over 5,000 square metres.

By this time two subsidiary companies operated stores in Kansai and Nagano, which is outside Seiyu's own geographical area of operations. They were appropriately named Kansai Seiyu and Nagano Seiyu. Further mention of them is made in Section 6.4.3.

In fiscal 1978 Seiyu entered the convenience store sector with the opening of the first Family Mart store, described in Section 6.7.3.

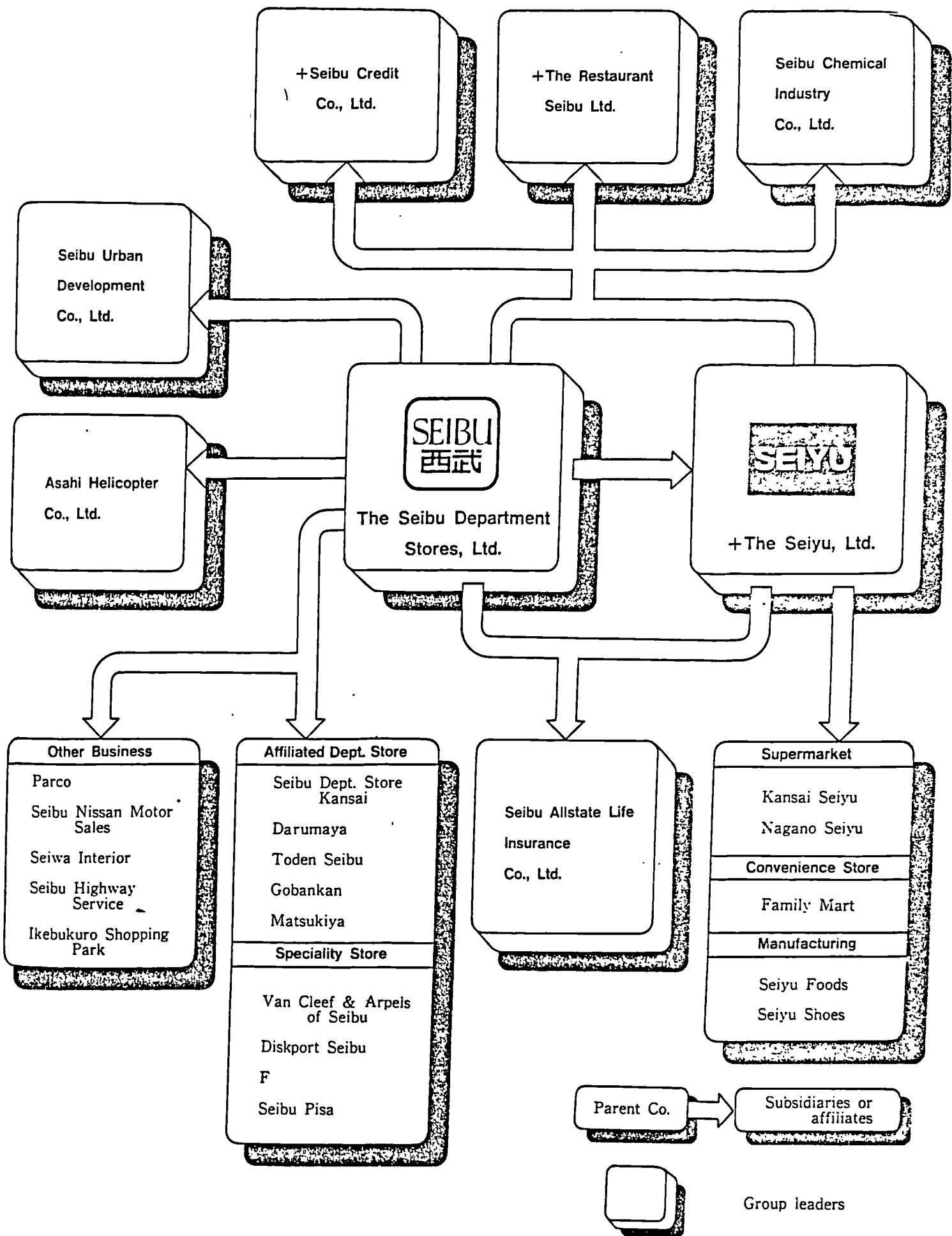
Five basic types of Seiyu stores were open by 1978:

"_ shopping centres with sales floor space of more than 10,000 square metres, the large stores with more than 8,500 square metres of sales floor space, the standard size store with approximately 2,000 to 8,500 square metres of sales floor space, supermarkets with an average of approximately 1,500 square metres in sales areas _ "

During the 1980s Seiyu described seven of its larger stores as department stores.

Seiyu had a limited experience of speciality store operations during the 1980s, which were more appropriately the sphere of other companies in the Seibu Saison group, shown in Fig 6.3

The Seibu Group of Retail Enterprises



Source: Dodwell (1985) p115.

+ Listed On Stock Exchange

Table 6.9 shows the growth of Seiyu in terms of sales floor-space in selected fiscal years, corresponding to the years of the Census of Distribution, for the period 1972 - 1985 and also February 1986.

Table 6.9 Seiyu Co. Ltd.: Growth of Floorspace 1972 - 1986

<u>Year</u>	<u>Stores</u>	<u>Sales Floorspace</u>	<u>Average Floorspace</u>
1972	86	206 350	2 399
1974	104	285 936	2 749
1976	121	388 044	3 207
1979	140	516 114	3 687
1982	153	608 604	3 978
1985	168	714 283	4 252
1986	170	720 054	4 236

Source:

Company Annual Reports

Table 6.10 contains additional corporate information for 1985.

Table 6.10 Seiyu: Corporate Information February 1985.

President	:	Seiji Tsutsumi
Paid Up Capital	:	7,040 million Yen
Major Shareholders	:	Seibu Department Stores 18.3%, Seiji Tsutsumi 5.1%, Seiwa Sangyo 2.8 %, Employees ' Association 2.5%, Dai-Ichi Kangyo Bank 2.5%
Employees	:	18,004 (Full-time 9,343 Part-time 8,661)
Sales in Fiscal 1985	:	732,916 million Yen
After - Tax Profit	:	3,248 million Yen
Sales By Product	:	Food 42% Clothing 26% Household goods 22% Others 10%
Stores / Location	:	171. 72 in Tokyo, 27 in Saitama, 20 in Kanagawa, 18 in Chiba, 5 in Ibaraki, 5 in Shizuoka, 24 in other prefectures.

Source:

Dodwell (1985) p251.

6.2.4 JUSCO.

The early history of JUSCO is given in the 1975 Report:

"JUSCO (formerly Okadaya Co., Ltd.) was established _ _ 1926 and operated as a retail outlet. On March 20th, 1970, it joined with Futagi Co., Ltd., owner of 27 stores in Hyogo Prefecture and with three other companies, and changed its firm name to JUSCO CO., LTD. On August 20, 1972, it joined with KEIHAN JUSCO CO., LTD. (formerly Shiro Co., Ltd.) owner of 11 stores in the Osaka area. In the same year it joined with two other companies that had their sales territories in the Chugoku district. On February 20, 1973, two companies in the Kyushu district and four companies in the Tohoku district were added."

Table 6.11 shows the growth of JUSCO in terms of stores and sales in selected fiscal years, corresponding to the years of the Census of Distribution, for the period 1974 - 1985.

Table 6.11 The Growth Of JUSCO Co. Ltd. 1974 - 1985

<u>Year</u>	<u>Stores</u>	<u>Sales *</u>	<u>Rank</u>
1974	91	145 300	10
1976	101	241 010	8
1979	117	444 826	5
1982	141	609 488	3
1985	152	732 015	4
1986	153	761 167	4

* 100,000 of Yen.

Source:

Nihon Keizei Shinbun (1987)

The word JUSCO stands for Japan United Stores Company, and its initial geographic base was the Kinki and Chubu

regions. The Company's subsequent growth has been largely through mergers and various business arrangements with local supermarket and department store companies. An example in 1976 was the merger with Ohgiya Co., Ltd., a medium-sized chain in Chiba Prefecture which owned 22 stores within the Tokyo Metropolitan Area.

During August 1976 JUSCO was listed on the First Section of the Tokyo Stock Exchange, and had 108 stores under direct control, ranking seventh in terms of sales. By 1979 this position had improved to fourth, a position it retained in 1986.

As well as the parent company there are regional, consolidated companies. For example in 1982 there were 141 stores under direct management, and 153 stores operated by 21 regional companies. The 294 stores were located in Tokyo, Osaka and Kyoto prefectures plus 32 other prefectures.

A feature which has set JUSCO apart from its leading competitors has been the principle of 'Federated Management' described in the fiscal 1976 Report as follows:

"When JUSCO merges with a local company, JUSCO's central management establishes a new firm, which is responsible for managing the operational territory of the merged company. Once this is established JUSCO establishes basic company policies and assumes control of management know-how, mass merchandising, and other headquarters functions. In turn, each local company takes over the reputation and credit in its trading area established by the merged company, and under JUSCO's direction, works to develop and improve the efficiency of store operations, thereby fostering the

chain's growth."

In the 1976 Report JUSCO declared it was promoting a programme of establishing stores on the outskirts of cities, sited in suburban shopping centres. A JUSCO store, and sometimes a department store, would be the key tenant in these shopping centres which would have parking spaces for 1,500 cars or more.

"In addition to a number of speciality shops, a shopping centre also includes a bank, a clinic, cultural facilities, and sports and leisure facilities, all contributing to a community-like atmosphere."

Two other store types were mentioned in this report. Firstly, there were large stores of 17,000 to 30,000 square metres sited at railway stations in cities of size 300,000 to 500,000 people. These stores were full-line stores selling food, clothing and household goods. Secondly, medium sized stores were located in less populated areas where there were no large stores previously.

According to the 1978 Report, JUSCO had received requests from local retailers to open stores in their area. The Company claimed that this happened rarely with other large scale retailers. The Report also announced two major mergers, with Isejin Co., Ltd., and Itohan Co., Ltd. Isejin operated two department stores and 37 supermarkets, and Itohan had 18 stores.

JUSCO commenced convenience store operations in July 1980 with the opening of the first corporately owned Ministop store. The Company was the last of the five companies who ventured into this field. During the 1980s JUSCO has also diversified into restaurant operations.

As of February 1985 Jusco operated 155 stores under direct management. 66 of these were in Kinki, 49 in Chubu, 18 in Tohoku, 11 in Kanto, and 11 elsewhere. One of these was the "Bon

Belta" department store opened in Ageo, a satellite city of Tokyo, in September 1983.

20 regional supermarket chains were managed by local affiliates. Prominent among the affiliated chains were:

<u>Company Name</u>	<u>Location</u>	<u>Stores</u>
Kakudai Jusco	Miyagi	12
Isejin Chain	Ibaraki	25
Ogiya Jusco	Chiba	16
Hokuriku Jusco	Ishikawa	19
Fukuoka Jusco	Fukuoka	15

JUSCO has also ventured into the leisure service business. In Fiscal 1985 the Company opened a leisure facility on the fourth floor of the Marinpia Shopping Centre. Claimed to be the largest facility in the retail business, 'The Space' was large enough to feature circus entertainment as well as sports and a cinema.

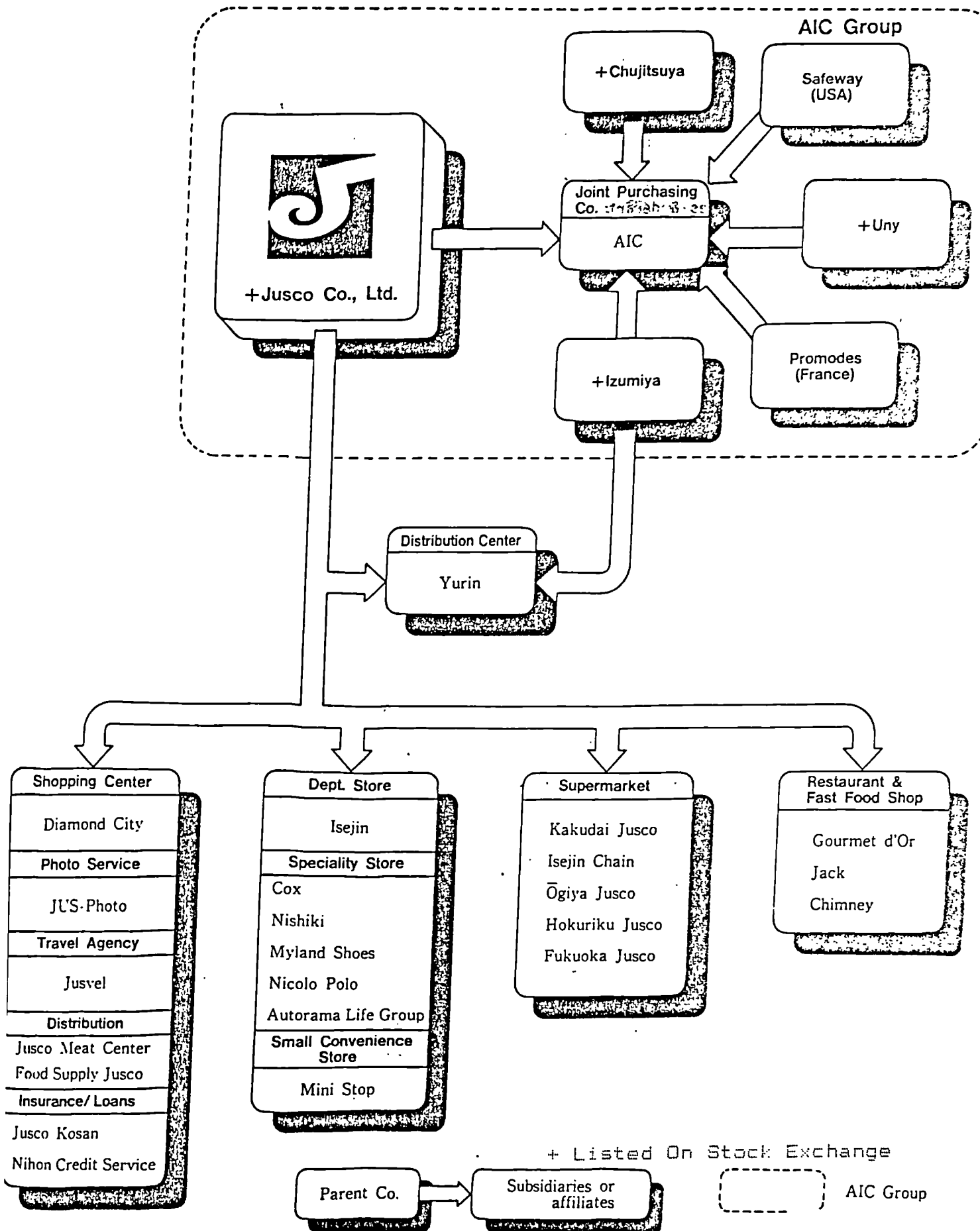
Another JUSCO enterprise is the Zwei Company formed in November 1984. This is a marriage arrangement service which works on a membership system. Advice is given on a diagnosis of marriage suitability.

Table 6.12 shows the growth of JUSCO in terms of sales floorspace for the period 1978 - 1985 including selected fiscal years corresponding to the years of the Census of Distribution.

Table 6.12 JUSCO Co. Ltd.: Growth of Floorspace 1978 - 1985

<u>Year</u>	<u>Stores</u>	<u>Sales Floorspace</u>	<u>Average Floorspace</u>
1978	111	444 267	4 002
1979	117	483 071	4 129
1982	141	620 537	4 401
1985	152	675 428	4 444

Source:
Company Annual Reports



The initials AIC in Fig 6. stand for Allied Import Co., which was set up in 1979 for the joint purchasing of merchandise from overseas sources by JUSCO and the Uny, Izumiya, Chujitsuya and Uned supermarket companies. In 1981 Uned withdrew and Safeway Stores Inc. of the United States became a participant. In 1985 the second largest French supermarket company, Promodes, was also expected to become a membership of AIC (Dodwell, 1985).

Table 6.13 contains additional corporate information for 1985.

Table 6.13 JUSCO: Corporate Information February 1985.

President	: Hidenori Futagi
Paid Up Capital	: 11,822 million Yen
Major Shareholders	: Takuya Okada 7.7 %, Dai-Ichi Kangyo Bank 3.7%, Daiwa Bank 2.7%, Nippon Mutual Life Insce. 2.6 %, Employees' Association 2.3%
Employees	: 19,912 (Full-time 9,900 Part-time 8,012)
Sales in Fiscal 1985	: 732,015 million Yen
After - Tax Profit	: 9,334 million Yen
Sales By Product	: Food 28% Clothing 22% Household goods 17% Others 33%
Stores / Location	: 155. 66 in Kinki Region, 49 in Chubu Region, 18 in Tohoku Region, 11 in Kanto Region and 11 elsewhere.

Source:

Dodwell (1985) p204.

6.2.5 Nichii.

Nichii Co., Ltd was formed in 1963 through the merger of Self Hatoya, Okamoto Shoten, Yamato Kobayashi (three retail clothing companies) and a wholesaler called Elpis. The new company expanded rapidly through mergers with medium sized supermarket companies. Originally focusing on clothing sales,

Nichii began to broaden its business by including food lines and daily necessities in its stores during 1966, and then furniture and electrical appliances in 1969. In 1969 the Company ranked 14th among Japanese retailers. By 1983 Nichii had steadily improved its position to fifth, which it held until 1986. The Company was listed on the First Section of the Tokyo Stock Exchange in August 1976.

Table 6.14 shows the growth of Nichii in terms of stores and sales in selected fiscal years, corresponding to the years of the Census of Distribution, for the period 1970 - 1985 and also including fiscal 1986.

Table 6.14 The Growth Of Nichii Co. Ltd. 1970 - 1985

<u>Year</u>	<u>Stores</u>	<u>Sales *</u>	<u>Rank</u>
1970	88	50 000	14
1972	129	103 200	9
1974	154	205 900	6
1976	115	229 020	10
1979	137	349 643	7
1982	158	490 945	6
1985	165	566 473	5
1986	166	577 196	5

* 100,000 of Yen.

Source:
Nihon Keizei Shinbun (1987)

By 1978 there were 166 stores located in all of Japan's regions apart from Hokkaido. The heaviest concentration of stores was in the Kinki region where the Company had its origins. There were four types of Nichii stores currently operating according to the report:

- "1. Compact stores have sales floor space of less than 1,500 square metres and sell mainly clothing.
2. Medium-sized stores have 1,500 to 5,000 square metres of sales floor space and sell a wide range of goods with particular emphasis on food.
3. Large stores have sales floorspace of more than 5,000 square metres and sell a full range of goods. They include tenants and in some cases have parking areas.
4. Suburban shopping centres normally have more than 7,000 square metres of floorspace and sell a complete range of goods. They all have substantial parking space and include tenants. Several also include other consumer services such as restaurants coffee shops and banks."

In the following year the first two stores were opened in Hokkaido.

1979 saw the introduction of Nichii's shop-in-shop concept, in which speciality-shop style units were incorporated into Nichii stores. This meant that up to 35% of the sales space was devoted to personal selling. Eventually, in the mid-1980s, the concept found its ultimate expression when a number of new or remodelled stores were formed entirely of speciality shops. These developments are covered in Section 6.5.1.

In 1972 Nichii established a voluntary chain of retailers called the Nichii Allied Chain. The name was changed in 1978 to Nippon Allied Chain (NAC). Nichii acted as a wholesaler to the chain. NAC was also a vehicle for the promotion of forming core companies' through mergers among its members. More detail is contained in Section 6.3.5.

Nichii has also had an involvement with department store operations since 1972, eventually leading to the formation of the Department Stores Allied Corporation (DAC) in 1978. Further details are given in Section 6.6.5.

Nichii has a sporting activity subsidiary known as People Co., Ltd. . This was originally set up in 1973 as a facility for childrens' sports. By 1986 it catered primarily for adults. The 63 centres included aerobics facilities in several Nichii stores.

The reports for Nichii contain little detail about the total floorspace of stores. The data refers mainly to consolidated stores. In February 1985 the average floorspace of these 317 stores was 3,738 sq km.

Table 6.15 contains additional corporate information for 1985.

Table 6.15 Nichii: Corporate Information February 1985.

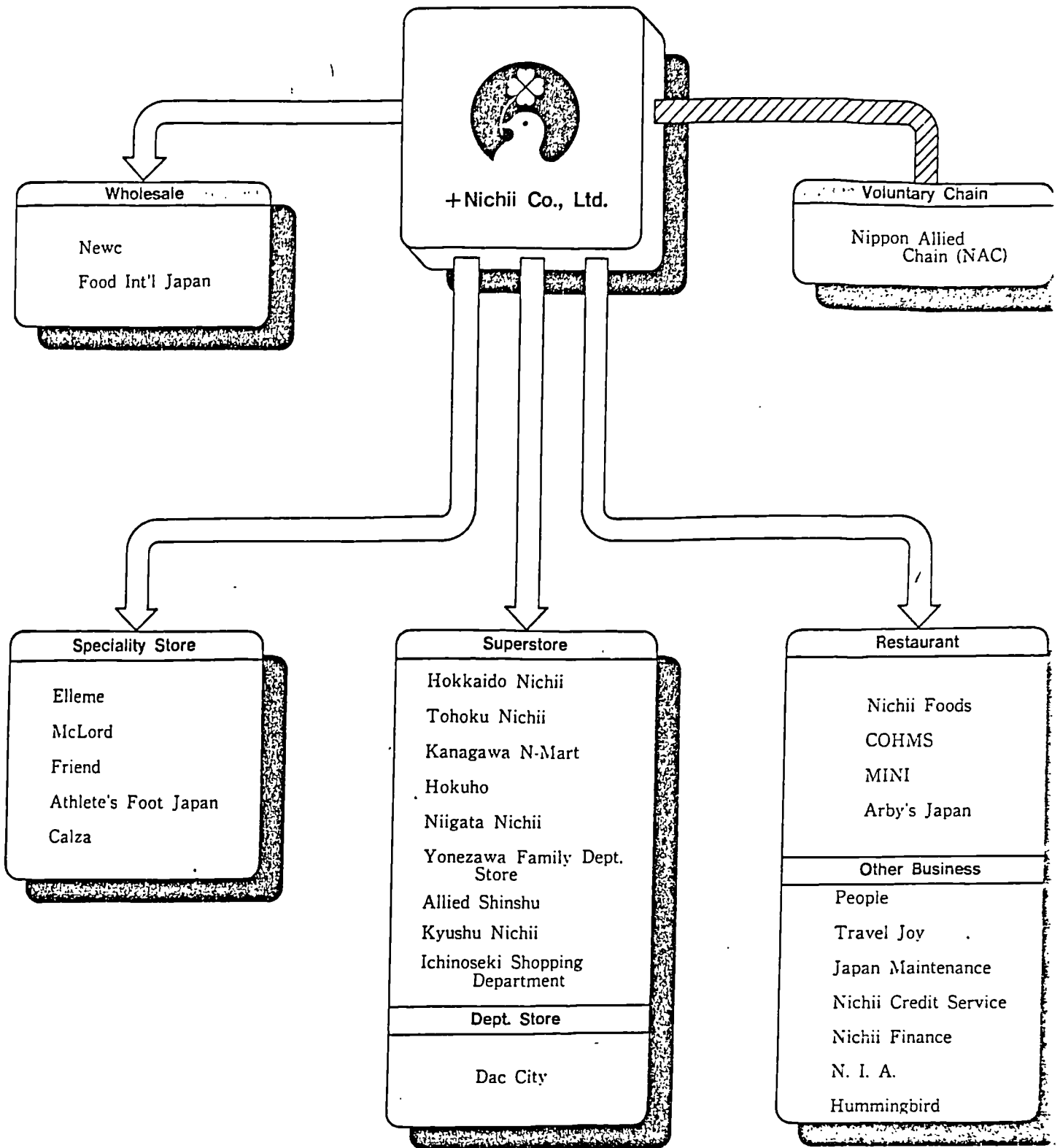
President	: Toshimine Kobayashi
Paid Up Capital	: 10,625 million Yen
Major Shareholders	: Sanga Co. 6.3%, Dai-Ichi Kangyo Bank 4.5 %, Nippon Life Insce. 4.4%, Tsuneo Okamoto 3.5 %, Sumitomo Trust & Banking 2.8%
Employees	: 19,007 (Full-time 8,919 Part-time 10,099)
Sales in Fiscal 1985	: 566,473 million Yen
After - Tax Profit	: 6,875 million Yen
Sales By Product	: Clothing 39% Food 29% Sundries 22% Home electrical appliances 4% Furniture/Interior goods 3% Others 3%
Stores / Location	: 164. 87 in Kinki, 25 in Kanto, 25 in Chugoku, 10 in Kyushu, 9 in Chubu, 8 in Shikoku

Source:

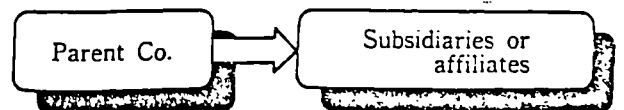
Dodwell (1985) p238

Figure 6.5 shows the companies in the Nichii Group in 1985.

Nichii Group



+ Listed On Stock Exchange



 Business tie-up

6.2.6 Uny.

Dodwell (1985) states that Uny Co., Ltd. was established in 1971 when the Nishikawa and Hoteiya companies merged together. The two companies were local chain stores based in Nagoya in central Japan. Table 6.16 shows the growth of Uny in terms of stores and sales in selected fiscal years, corresponding to the years of the Census of Distribution, for the period 1972 - 1985 and also includes fiscal 1986.

Table 6.16 The Growth Of Uny Co. Ltd. 1972 - 1986

<u>Year</u>	<u>Stores</u>	<u>Sales *</u>	<u>Rank</u>
1972	113	103 200	9
1974	111	156 500	9
1976	114	215 390	12
1979	88	260 331	12
1982	98	357 331	10
1985	106	396 747	10
1986	111	412 793	10

* 100,000 of Yen.

Source:

Nihon Keizei Shinbun (1987)

The following details are from the three available English language annual reports.

In 1977 the U Store Co., Ltd was founded. This is a super-market chain subsidiary operating stores that are smaller than Uny stores. In Fiscal 1986 there were 15 of these stores and all were located in the Chukyo region of central Honshu. The average sales floorspace was 1,643 m² compared with 4,910m² for Uny stores.

Uny entered into convenience store operations during 1979 by entering into a licensing agreement with the Circle K Corporation of the United States. The developing chain was organised as a wholly owned subsidiary in 1984. The majority of the 256 stores in 1986 were located in Chukyo and adjacent areas.

Uny's other major subsidiary is the Sagami kimono chain store. It is the first Uny subsidiary to be publicly listed. As of February 1986 there were 212 of these stores. This company is unusual in that it employs modern merchandising and marketing techniques in a traditional sector of the retail trade. A POS system was fully implemented by 1986.

In 1984 Uny founded two subsidiaries to operate speciality women's wear stores principally within Uny stores. These stores had their origins in in-store boutiques. In the mid 1980's Uny developed a shop-in-shop policy, where in new and remodelled stores carrying the Apita name approximately 38% of floorspace was devoted to such shop units. The Apita concept was intended to attract fashion conscious younger shoppers.

Uny has a business division which is involved in real estate development operations. Details of Uny Housing Co Ltd are contained in the 1982 Uny report. Besides developing various types of housing, the Company's advisory services cover housing loans and finance, selling and purchasing, insurance, landscaping and interior decorating.

Table 6.17 shows the growth of Uny in terms of sales floor-space for the period 1981 - 1986 including fiscal years corresponding to the years of the Census of Distribution. It can be seen from the table that there was very little change in the average store size.

Table 6.17 Uny Co. Ltd.: Growth of Floorspace 1981 - 1986

<u>Year</u>	<u>Stores</u>	<u>Sales Floorspace</u>	<u>Average Floorspace</u>
1981	98	480 748	4 906
1982	101	495 197	4 903
1983	102	496 843	4 871
1984	104	512 365	4 927
1985	106	518 647	4 893
1986	111	544 959	4 909

Source:
Company Annual Reports

Table 6.18 contains additional corporate information for 1985.

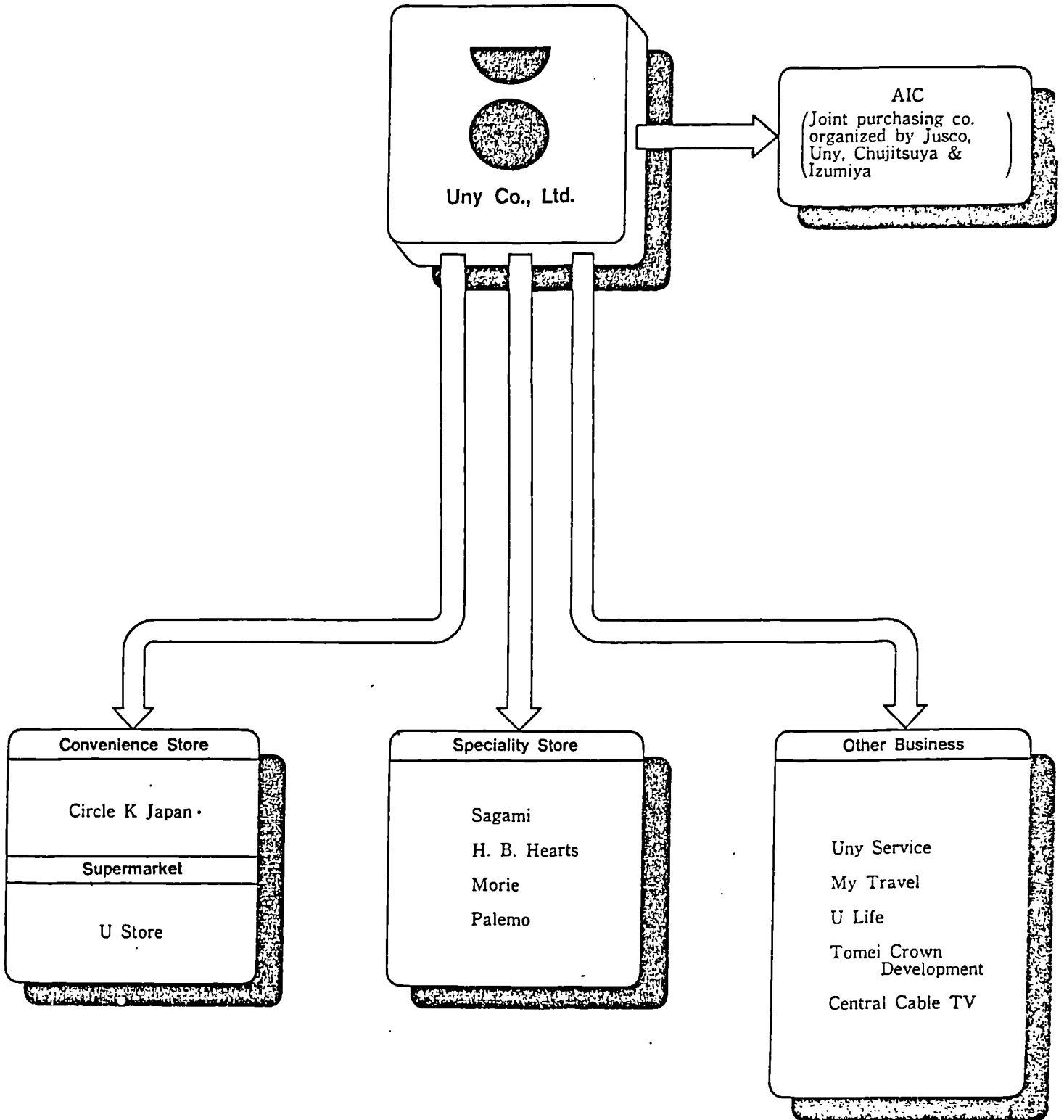
Table 6.18 Uny: Corporate Information February 1985.

President	: Toshio Nishikawa
Paid Up Capital	: 7,511 million Yen
Major Shareholders	: Credit Suisse 4.3 %, Tokai Bank 4.0%, Nippon Life Insce. 3.3%, Toshio Nishikawa 2.7 %, Sanwa Bank 2.7%
Employees	: 13,511 (Full-time 7,047 Part-time 6,464)
Sales in Fiscal 1985	: 396,747 million Yen
After - Tax Profit	: 7,747 million Yen
Sales By Product	: Food 41% Clothing 33% Housing goods 21% Others 5%
Stores / Location	: 157. 65 in Chukyo Region, 10 in Hokuriku Region, 19 in Tokyo Prefecture, 14 in Shizuoka Prefecture

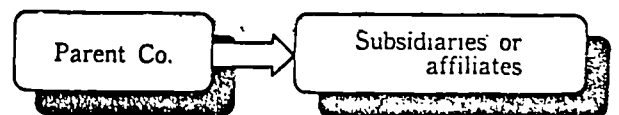
Source:
Dodwell (1985) p271

Figure 6.6 shows the composition of the Uny Group of companies as of February 1985.

Uny Group



+ Listed On Stock Exchange



Source: Dodwell (1985) p135.

6.3 Retail Trends, Strategic Response And Organisational Change.

6.3.1 The Interaction Of Strategy And Organisational Structure.

Before considering specific influences that have had an impact on the organisational structure of the six companies a model is presented in this subsection which 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. It is submitted that a suitable model for consideration here is the Chandler Thesis.

The Chandler Thesis, published in the USA in 1962, has been summarized by Bowman and Asch (1987) as follows:

1. The structure of the firm follows its growth strategy.
2. Structure and strategy develop through a particular sequence.
3. Structures are not adapted until pressure of inefficiency forces a change.
4. The formulator of strategies is rarely the person who creates structures." (p240).

The Chandler Thesis was chosen as a model of strategic and organisational change for the following reasons:

1. Hare (1986) states "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.
2. There is enough information within the available company reports to test the application of the Chandler Thesis in a general, albeit not highly detailed, manner. The limitation on the amount of available information effectively ruled out the

adoption of a more sophisticated model. In particular, several models have elaborated upon the Thesis since 1962.

One such model is Greiner's development model which explores more fully the impact of company performance upon organisational structure. Greiner (1972) developed his model whereby a firm's age, size and growth rate are related to five stages of both process and structural development that the firm needs to pass through in order to maintain acceptable levels of performance. It is submitted that his model would be useful in any further research on organisational change in large Japanese retail companies.

3. The Thesis may usefully be applied to retailing (Knee and Walters 1985).

4. The Thesis, and subsequent elaborations of it, have been usefully applied in industries other than retailing in a number of countries (Bowman and Asch, 1987).

5. 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 that:

"Writings in this vein [including Chandlers's] have generally concentrated on just two strategic characteristics, growth and diversification."

Growth and diversification were major characteristics of corporate change identified in the company histories in Section 6.2.

6. 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.

Chandler wrote:

" _ four phases or chapters can be discerned in the history of the large American industrial enterprise: the initial expansion and accumulation of resources; the expansion into new markets and lines to help assure the continuing full use of resources; and finally the development of a new structure to make possible continuing effective mobilisation of resources to meet both changing short-term market demands and long term market trends." (Chandler, 1962).

According to Walters and Knee (1985) the Chandler Thesis proposes a sequence which begins with the creation of new strategy. This results in new administrative problems and the economic performance of the firm suffers. The next stage is an appraisal of the situation. Finally measures are taken to bring about a recovery in performance.

The authors describe how the above sequence has been frequently related to organisational development within retailing as follows:

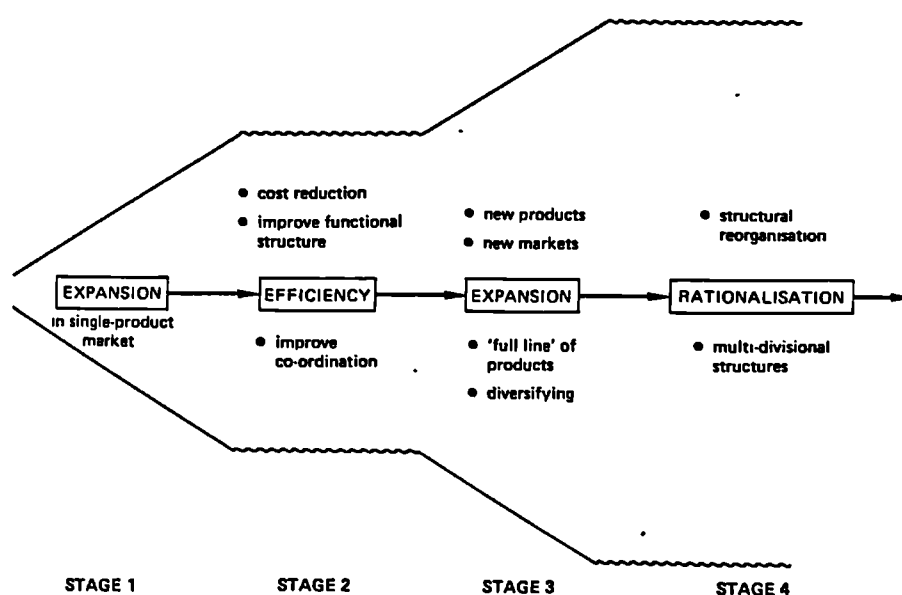
"As companies grew and changed their growth strategies, usually starting from single units, growth was typified by an expansion of volume, followed by geographical expansion into new territories. As a result their administrative activities expanded and changed with the need for coordination, specialisation and standardisation. For these purposes the functional department was created.

Vertical integration followed. Businesses stayed in the same industry but acquired or created units to

perform other functions. Considerable administrative increases occurred in terms of forecasting, scheduling and capacity coordination. Finally, Chandler described product diversification, where firms moved into new industries in order that the existing base might continue to be employed, as primary markets declined. The new administrative problems were related to project and investment appraisal, and a new form of organisation developed in which time horizons for decision making became important. To cope with this, companies 'divisionalised'; divisions became responsible for short-term operating decisions, while the long-term decisions concerning capital allocation and strategic direction were handled centrally by a head office." Walters and Knee, (1985); P111-112.

The four phases of development can therefore be portrayed as in Figure 6.7.

Fig 6.7 Chandler's Four Stages Of Development.



Source:

Bowman and Asch (1987), Strategic Management, Macmillan, p241.

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. Johnson and Scholes (1989) have summarised influences on organisational design as shown in Figure 6.8 below. They include the size, accountability and inherent culture of the organisation.

Fig 6.8 Influences On Organisational Design.

		Structural form							Style	
		Functional	Divisional	Matrix	Centralised	Decentralised	Specialisation/differentiation	Integration		Mechanistic
Strategies	Cost leadership	*			*	*	*	*	*	*
	Differentiation				*	*	*	*	*	*
	Limited product/markets	*			*	*	*	*	*	*
	Market development	*					*	*	*	*
	Vertical integration		*			*	*	*	*	*
Diversification			*		*	*	*	*	*	
Technology	Separate technical processes		*							
	Integrated technical processes	*								
	Mass production				*			*		
	Non-standardised production				*	*		*	*	*
	Complex technology			?	?	*	*	*	*	*
	Level of innovation					*	*	*	*	*
Type of organisation	Size of organisation		*		*	*	*	*	*	
	External accountability				*	*	*	*	*	
	'Defenders' 'Prospectors'	*	*		*	*	*	*	*	*
Environment	Simple/stable				*	?	?	*	*	*
	Dynamic				*	?	?	*	*	*
	Complex		*		*	*	*	*	*	*
	Competitive				*	?	?	*	*	*
	Hostile				*	*	*	*	*	*
	Multinational		*		*	*	*	*	*	*

*|Likely effect of influence
?Likely to raise as key issue

Source:

Johnson and Scholes (1989), Exploring Corporate Strategy: Text and Cases, Prentice Hall, p278.

Figure 6.8 brings together, in a convenient form, the influences on corporate structure which are to be examined in the rest of this chapter, wherever possible using material from the reports. A comparison of the Companies' organisational development is presented within the conclusions in Section 6.9

6.3.2 The Companies' Perceptions Of The Changing Retail Market.

This subsection examines in turn each of the 6 Companies' own observations on consumption trends as noted in the English language. Note is also made of statements as to how they intended to respond to them. The reports are mostly considered in date order to enable a chronological account to be given for each company. Particular emphasis is put on those trends having a potential for substantial organisational change, as identified in Chapter 3. To avoid unnecessary repetition the accounts consist of the most distinctive of the Companies' observations. This is concluded with Figure 6.9 which shows both the shared and distinctive views of the Companies.

Daiei acknowledged in the 1974 Report that, in order for the Company to continue to grow, there was a need to improve the quality of mass merchandise goods stocked.

"Consumers do not merely want more quantity of merchandise. They are now seeking better quality merchandise to better the quality of their lives. In other words, Daiei believes that unless they continue to raise the quality of their merchandise, they cannot expect continued expansion. -- Daiei knows far better than anyone else what consumers want." (Emphasis mine).
A Company motto of this time was 'Offering better goods at more reasonable prices.'

After the oil crisis of the previous year there had been

considerable anxiety concerning possible shortages of various daily necessities. The 1974 Report mentions that retailers run out of stock of some items occasionally, and that:

"Housewives rushed to chain stores and other retail shops to buy all kinds of goods _ _ Particularly serious were fears about the scarcity of toilet paper, detergents, sugar and some other daily necessities made of imported raw materials."

In the 1975 Report Daiei took a positive view of the subsequent slowing down of the economy. The Company referred to the American economic depression of the 1930s;

" _ _ when American chain stores firmly established the solid foundation for growth by responding expertly to the needs of consumers."

The Company stated its intention to meet the changing needs of consumers through accurate evaluation of new needs and the opening of appropriate stores including speciality shops. The 1976 Report commented that many consumers wanted new life styles with a greater emphasis on individuality, fashion and convenience.

In the 1980 Report Daiei forecasted the following developments for the retail trade and the Company during the coming decade:

"It will be a period when companies which can offer new lifestyles to the consumer are needed. It requires companies with a philosophy. In terms of the industry structure, segmentation will become much clearer. We will be putting more weight behind all our operations, including the larger full-line stores, full-line discount stores, supermarkets, speciality stores, convenience stores and our new box stores and planned

department stores. We will also be taking advantage of new opportunities in such areas as leisure, travel and sports."

In the early 1980s Daiei perceived that consumption trends had polarised. For example, consumers were prepared to spend more on fashion goods cosmetics and luxuries, but wanted increasing value for money from daily necessities such as soap or vegetables. According to the 1983 report, there were increasing opportunities for opening discount stores and for selling a greater variety of higher priced speciality products in selected, newer superstores.

The 1983 Report contained a section entitled "The Changing Market". In it, Daiei expressed its opinion that in the 1980s consumer buying behaviour was becoming less predictable than in the previous decade, and that it was necessary for retailers to concentrate on specific target segments of the population.

The Section referred to changing demographic influences that were impacting upon consumer buying behaviour. These included the increasing numbers of working women and senior citizens. Teenagers were becoming more prosperous and sophisticated. There was a diversity of tastes noted as between different income groups and age groups. Attention was drawn to one age group in particular, the trendsetting 30 to 35 year group:

"Known as the "Bulge Generation" this segment is seen as having led the boom in leisure activities, sports, car ownership and the attendant lifestyles of more eating out and shopping away from the neighbourhood. This segment of the population has influenced similar spending patterns in lower and higher age brackets."

The Report described a newly defined consumer group comprised

of salaried workers transferred away from their homes and families for long periods. These workers were usually accommodated in company-subsidised one room apartments. The Report stated that

"_ these white-collar workers form an important market for retailers and restaurateurs in regional cities. Manufacturers and retailers have begun to cash in on this market by offering "one-room" furniture - similar to but of better quality than that marketed for students living away from home. Also, food retailers are enjoying a boom in easy-to-cook foods."

The Section emphasised the need for large chain store retailers to adapt to lower levels of consumer spending, a move towards more spending on services, increasing competition between themselves; and government restrictions upon the opening of new, large, stores. These trends were seen as pressure on companies to diversify. Daiei made the following statement on diversification:

"Daiei, as the nation's largest retailer, has pioneered diversification, but other chains are following suit. In a survey taken last year by a leading Japanese trade newspaper, Japanese retailers listed in order of importance the new businesses they planned to enter. Reflecting the changing lifestyles of consumers in Japan, the top six markets for diversification were sports, education, recreation, food services, consumer lending and credit cards." (Emphasis mine).

Daiei also suggested that the restrictions on opening large stores, coupled with cash flow pressures generated by lower sales, would result in reduced levels of capital investment by firms. This was being reflected in the kinds of business under

development by large retailers, noted as follows:

"Direct marketing techniques such as catalog sales top the list because of their advantages in terms of low levels of capital investment. These are followed by mini supermarkets, convenience stores, home supply stores (do-it-yourself carpentry and interior decorating), specialty store complexes and speciality store chains."

Finally, Daiei declared that retailers would need to place an emphasis on modifying existing stores to meet local needs.

Ito-Yokado made this statement in the 1980 report:

"It has always been the contention of Ito-Yokado management that the potential for growth in the Japanese retail market is almost boundless, the only constraint on a company's growth being its own abilities. By any standards, conditions in the Japanese market have been conducive to growth."

"The general trends in recent years have been as follows: superstore chains have been gaining share, department stores have declined, speciality store operations are growing, and organisations of small retailers such as franchise convenience store chains are meeting with success. But even within particular segments performance has varied significantly by company."

President Masatoshi Ito makes the point in his Statement for fiscal 1981 that in the 1980s it was likely that new forms of retailing would appear in Japan. His reason for this was that consumption patterns were becoming increasingly westernised. He gave examples of store types that were commonly found in the United States but not in Japan. He wrote:

"In Japan there are no drug-store chains, no catalog showroom stores, virtually no discount stores and no suburban shopping malls - though railroad station building arcades could be considered their equivalent."

He predicted that new forms of retailing including convenience stores and coffee-shop style restaurants would become more common.

In the mid 1980's the Company identified a number of factors influencing changes in the retail environment. The 1984 Report lists the following:

- 1) Increasing numbers of nuclear families
- 2) An increase in the proportion of dual income families
- 3) The increase in the number of automobiles
- 4) An aging population
- 5) A greater demand for leisure activity related goods
- 6) More demanding consumer preferences in quality and choice

Commenting on factor 6) the Report went on to say that "mass retailing approaches that once were sufficient, no longer suffice" because of increasing diversification of consumers tastes and the pursuit of individualism. The Company's view was that because of these changes the supermarket concept was still evolving in Japan.

Seiyu's 1980 Report contained the following declaration:

"We are approaching the 1980's cautiously, aware of the rapidly diversifying range of challenges such as inflation, escalating operational costs and changing regulations that confront the domestic retail industry."

In subsequent years the Company repeatedly gave its view that consumers continued to expect value for money despite socio-economic changes. In considering its status as a mass

merchandiser, the Company stated in the 1983 Report that it would meet demand by using "a combination of high-volume distribution, diversified sourcing and increased operational efficiency."

JUSCO made the following observations in the 1986 Report:

"Retailing has experienced two revolutionary periods. The first occurred when mass production and merchandise began, the second is current and revolves around the diversification of purchasing and the emergence of information and services as goods."

JUSCO had earlier maintained in the 1983 report that the Company was accurately monitoring the changes in consumer lifestyles and purchasing behaviour. The following strategies had been implemented to meet consumers' needs.

- " 1) Greater variety in merchandising - JUSCO now offers a selection of merchandising comparable to that of a full-sized department store.
- 2) More complete lineup of original brands - Original brands names have been added to basic merchandise items to increase their price merit.
- 3) Enhanced differential merchandising -Speciality stores are designed to offer a wide assortment of merchandise to appeal to more varied consumer tastes.
- 4) Development of new merchandise - JUSCO develops its own new products such as its line of health foods."

In their 1980 Report Nichii reported the following widely held prediction:

"As we move into the 1980's, many observers see this new decade as a crucial one for the Japanese retail trade, with a clear separation of companies which can survive and grow from those that cannot"

The Company itself saw the new decade as bringing new opportunities for sustained growth. In particular, Nichii expressed the view that there were unfulfilled consumer needs arising from social and economic trends. The Chairman asserted in his report for 1979 that:

"Retailers find themselves in the vortex of changes in values, and must respond to the changes in the social environment if they are to meet consumer needs and contribute to the design of new lifestyles. Those who can make the shift from merely providing goods to supplying ideas for living as well, will survive and prosper."

Nichii were not backward in declaring their self-confidence to meet the challenges of the 1980's, as this excerpt from the 1983 Report shows:

"It is our ability to accurately discern trends in the retailing environment, and to formulate and implement strategies that respond to the changing patterns of consumer behaviour. This keen sensitivity has long been a fundamental strength of Nichii. _ Based on this sensitivity, we have implemented specific programs designed to match the diversified needs of customers. These programs include the development of speciality shops, private brands and various store concepts."

In their 1984 report Nichii listed the following characteristics of change in the the retail environment.

- 1) Changes in demographic trends.
- 2) A change from material need in society to material sufficiency. Basic necessities were now taken for granted.
- 3) Increasing affluence had led to a mushrooming of leisure

activities.

4) Consumers now had a greater desire for self expression.

In the mid 1980s Nichii claimed to have substantially increased sales by targeting young people under thirty years of age, especially working women and college students.

Uny's President Toshio Nishikawa stated in the 1982 Report: "The Japanese economy is in a period of stable but slow growth, and continued expansion of large retailers has become an inappropriate means to promote further modernization of the industry. It's just inefficient. We all face a completely new operating environment and we must now rethink our strategies for growth".

He qualified this by stating in the 1985 Report:

"We've entered a stage where almost all the growth in retailing depends on strategic decisions by management rather than on the benefits of a favorable economy. Aggregate growth in consumption is slow, but structural changes are rapid."

Uny, like Nichii, claimed to have correctly identified changes facing retailing; and to have responded more effectively to them than the competition. Priority was laid on improvement in quality; presenting customers with a choice of products and services to meet the desire for individualism. Consumers were no longer perceived to be as attracted as they were formerly to the mass-marketing approach of general merchandise stores.

The 1985 Report also commented consumers were spending more of their money on such intangibles as leisure and education. The Company was therefore promoting their superstores as being community orientated service centres offering cultural, sports, leisure related activities and services as well as merchandise.

Figure 6.9 contains a comparison of the Companies' perceptions as to key environmental factors. There is less content for Uny as only three annual reports were available for the Company, but overall the lists of perceptions are similar for the companies.

Figure 6.9 The Companies' Perceptions of Key Environmental Factors.

<u>Factors</u>	<u>Daiei</u>	<u>Ito-</u> <u>Yokado</u>	<u>Seiyu</u>	<u>JUSCO</u>	<u>Nichii</u>	<u>Uny</u>
<u>A) Customer Desires</u>						
Improved Quality	*	*	*	*	*	*
More Choice & Variety	*	*	*	*	*	*
More Fashionable Goods	*	*	*	*	*	*
Individualism	*	*	*	*	*	*
Convenience Shopping	*	*	*	*	*	*
<u>B) Customer Characteristics</u>						
Increasing Number of Women in the Workforce	*	*		*	*	*
Increasing Number of Nuclear Families	*					
Increasing Number of Dual Income Families	*	*				
30 - 35 years Age Group	*			*	*	*
Mobile Salaried Workers	*					
Ageing Population	*	*	*			*
Increase in Automobiles	*	*		*		
<u>D) Retail Opportunities</u>						
Leisure Related Goods	*	*	*	*	*	*
Segmentation by Products	*	*	*	*	*	*
In Store Restaurants	*	*	*	*	*	*
Credit Card Facilities	*	*	*	*	*	*
Loan Facilities	*	*	*		*	
Sports Facilities	*	*	*	*	*	*
Educational Facilities	*		*			*
<u>E) Other Influences</u>						
Economic Conditions	*	*	*	*	*	*
Disposable Income Trends	*	*	*	*	*	*
Retailing Trends	*	*	*	*	*	*
Large Store Legislation	*	*	*	*	*	*
Local Demand / Needs	*	*	*	*	*	*
Demographical Statistics	*	*	*	*	*	
Retail Competition	*	*	*	*	*	
Socio Economic Forces	*		*	*		
Western Influences	*	*			*	

6.3.3 Organisational Reforms.

The first mention of any organisational reform by Daiei is in the fiscal 1975 report. Daiei had engaged the consultative services of Booz, Allen and Hamilton Incorporated of the United States, with the aim of increasing operational efficiency and to reshape the management system.

A new 19 storied headquarters building was made operational on March 3rd 1975. It was located in Suita, Osaka Prefecture, and contained offices for Daiei itself, its subsidiaries and for affiliated companies.

Fiscal 1984 was the first year in Daiei's 'First 3-Year Plan.' During the year a new management structure was implemented. Company activities were reorganised as follows:

1) The Basic Business Operations Group.

This comprised Daiei super-stores, supermarket franchises, and Daiei Group wholesaling.

2) Diversified Operations Group.

This covered convenience stores, department stores, food services, speciality stores, consumer credit and new ventures.

The Basic Business Operations Group was composed of six regional divisions. Each of these had three business departments, namely soft goods, hard goods and food products. Each regional business department now had the authority to carry out routine purchasing. Before 1984 Head Office had been responsible for purchasing.

As of February 1986 Daiei operated within four business sectors. These were 1) retailing, 2) hotels, restaurants and other service operations, 3) financing operations and 4) real estate development operations.

Ito-Yokado's 1982 Report announced the start of a program to reduce inventory levels. New responsibilities were given to store managers in order to improve interstore communication and achieve a greater flexibility in merchandising. POS equipment started to appear in the superstores, with the intention to equip all of them in due course. Each store became a separate profit centre. At Head Office support facilities were strengthened by the establishment of store development and renovation teams. Use was made of the services of marketing consultants.

In March 1979 Seiyu organised its activities into superstore operations, department store operations and the Family Mart convenience store operations. Each of these divisions had its own internal management and control system. The change came about because of the increase in the number of Seiyu stores, the variety of store sizes, and the wider geographical spread of the Company in recent years.

During the 1970s the average size of new Seiyu superstores steadily increased. A greater variety of goods was displayed in the larger stores and so an increased amount of inventory was necessary. Seiyu found that the rate of inventory turnover declined as the the number of products stocked increased. This resulted in a tendency towards reduced profit margins.

During fiscal 1981 there was a major reorganisation of the Nichii's structure of administration. The number of regional operating divisions was increased from three to six. The head office assumed responsibility for allocating resources to each division and developing private branded goods. Each division had delegated responsibility to allocate resources within its area in order to establish speciality stores, for store investment, and the supply of merchandise to stores. Responsibilities included

budget control and individual store profitability. These regional divisions also co-ordinated the activities of the Nichii stores, the Nippon Allied Chain (NAC), and stores belonging to the Department Stores Allied Corporation (DAC). NAC and DAC are described in subsections 6.4.5 and 6.6 respectively.

Figure 6.10 contains a comparison of known dates when the Companies decided to reorganise. Throughout the period JUSCO followed its policy of being involved in regional mergers.

Figure 6.10 Dates When the Companies Decided to Reorganise.

<u>Known Date of Reorganisation</u>	<u>Daiei</u>	<u>Ito-Yokado</u>	<u>Seiyu</u>	<u>Nichii</u>
1975	*			
1979			*	
1981				*
1982		*		
1984	*			

6.3.4 The Site Location Process.

The annual reports contain comparatively little detail about the way in which the Companies chose sites for individual stores or the factors influencing their decisions. Neither are there any statistics as to the different kinds of sites. In part this deficiency in the description of the spatial organisation of the Companies is made up for in Chapter 7 where most stores in the database have been coded for the type of site occupied. The basic types are 1) High street style location, 2) Adjacent to a rail station, 3) Suburban location, 4) In a rail terminal site.

Daiei, Nichii and Uny reports do not give specific details of the site location process. Of the other three companies the most direct account is from Ito-Yokado in their reports from 1974-1980.

Ito-Yokado's 1980 Report gives the following general description of its superstore locations:

"Ito-Yokado superstores are typically free-standing buildings with extensive parking areas conveniently located near suburban centres or in shopping complexes adjacent to commuter railroad systems."

In the 1974 report the following location factors were listed:

"Local conditions and the national economy __ trends in population growth and employment structure, traffic patterns, and existing and planned industrial programs (ongoing as well as planned), and income levels of the local population __ and [location] is designed to achieve maximum efficiency of our centralised mass merchandising system."

The 1975 Report then gave the following insight as to how sites within particular designated areas were chosen:

"First of all we walk around the area looking for possible sites. If we were to insist on first class sites in front of the stations, it would involve the expenditure of a great deal of money and thus the prices of our goods would go up. Experience has taught us that a good site slightly further away from a station is better. We have also found that sites which are more or less square are cheaper than rectangular sites."

In 1974 8 new stores had been opened, bringing the total to 42 at that stage of the Company's development.

Sometimes Ito-Yokado had opened stores on the outskirts of established shopping districts in order to share the benefits of increased customer traffic with existing local retailers.

Whatever site was chosen, the aim was to identify locations that reduced costs.

As of 1975 most of Ito-Yokado's stores were in the Kanto region. Stores were close enough for the Company to realise economies of scale through bulk buying and the distribution of goods from distribution and processing centres, as described in Section 6.4, thereby reducing distribution costs.

According to the 1976 Report there were three priorities in choosing store sites:

- 1) Local demand
- 2) Road and rail developments
- 3) Participation in community development planning.

Furthermore, the 1978 report stated that:

"Superstores are generally located in metropolitan areas and in medium-sized cities on sites with easy access to public transportation facilities."

This Report stated that the time span for planning and development for supermarkets and superstores was two to three years. The following Report asserted that there was a large number of potential sites throughout Japan for superstores.

Seiyu made the following statement in their 1975 Report:

"As the urban sprawl in the Kanto Plain continues, Seiyu has been extending its network of stores out along the major transportation arteries. This means near rail terminals on public and private lines.

— expansion has been greatest in those suburbs which have reasonably priced housing, shorter commuting distances to downtown business areas, improved public facilities and shopping areas."

6.3.5 Distribution Systems and Some Notes On Suppliers.

By 1986 each of the six companies had established distribution centres to serve their outlets, in order to provide a means of delivering fresh foods to stores with the minimum of delay. Another aim put forward in some of the reports was the reduction of physical distribution costs. The Daiei Report for 1982 for example cited plans for further distribution centres that would help fulfil the Company's intention to reduce distribution costs from about 4% of the cost of sales to approximately 3.4% within a few years. The Ito-Yokado Report for 1976 said the impetus for improving their distribution system was the threat to profits posed by recent years of recession. Seiyu's 1975 Report gave their reason as reducing costs of distributing costs to their customers by reducing the number of intermediaries in the chain, reducing transportation distances and reducing the time taken for goods to go from producers to consumers. Similar reasons were given by JUSCO in the 1982 and 1983 Reports.

Daiei's first distribution centre was opened in 1970 in Kobe, and occupied a 30,000 square metre site. It had a handling capacity of between 40,000 and 50,000 tons per month. It handled products from overseas as well as from various areas of Japan. It functioned as a bonded warehouse for imports. In the 1974 Report it was stated that the centre was equipped with modern material handling equipment. According to the Report:

"Every day hundreds of trucks from the distribution center rush merchandise to the 150 Daiei and Sanko stores throughout Japan and also to the franchised stores."

In 1974 two similar centres were opened, one in Atsugi on the outskirts of Tokyo, and one in Fukuoka, on Kyushu in the south.

Another three were scheduled to be opened by 1977. A number of smaller depots were open by 1981, strategically located near major metropolitan areas. The 1982 Report announced plans to build two more distribution and processing centres. The first, in Tokyo, was due for completion by June 1983. The other was to be built in Osaka by autumn 1984. In the meantime a new computer system was being implemented in Kobe. A goal of this expansion plan was to reduce distribution costs from 5.4% down to 3.4% of the cost of sales.

It was stated in the 1980 Report that:

"Low-cost mass merchandising in contemporary Japan is impossible without attention to international sources of goods. In our pledge to the Japanese consumer to provide the best value, we have of necessity looked worldwide for lower prices."

Daiei imported about 15% of the food sold in its stores during fiscal 1976, but the Report does not say if this is by volume or value. In fiscal 1977 live cattle were being imported from the United States and chilled meat from Australia. Other imported goods included refrigerators made especially by General Motors of North America. In 1978 Marks and Spencers' St Michael branded goods from the United Kingdom were introduced into 37 stores. The number of sources of imported goods expanded throughout the decade, especially in the United States and Europe.

The Company's first overseas office was opened in Hong Kong in 1972. By 1981 there were eleven offices in several countries, with the main concentration being East and Southeast Asia. In 1979 Daiei had opened overseas purchasing offices in London, Beijing and Tianjin. These were followed in 1980 with others in

Singapore, Seattle, Los Angeles and New York.

All these offices were opened to gather information and to assist in the Company's purchasing operations. Daiei's declared strategy was to identify the best sources for goods on a world-wide basis. The amount of imports was predicted to rise sharply in the new decade.

North America had become an important source of agricultural products in the 1980s as well as for clothing. Food imports included citrus fruit, meat, fish and vegetables. Apparel included jeans, sportswear and sweaters. There were business tie ups with J.C. Penny, U.S. Shoe, Swift, and Consolidated foods.

Asian countries were sources for a broad range of goods which could be sold at discount prices. In Tianjin a joint venture company was established for the importation of clothing, food and household goods.

Famous branded goods from Europe included St Michael, and goods from the French Au Printemps Department Store.

In the mid 1980s Daiei stressed regional purchasing. Prior to late 1982 all regional purchasing had been centrally organised. A new system was introduced in which more initiative was given to regional management. The goal was the reduction of excess inventories caused by inaccurate demand forecasting. The regions now had authority to submit purchasing proposals for approval to the Central Purchasing Division, which then arranged for goods to be bought and delivered.

In the 1983 Report Daiei stressed the importance of large chain store companies being increasingly more selective in their choice of wholesalers. It went on to say that:

"Retailers will judge wholesalers not only on their price merits but also on their distribution costs and

accurate information services."

Ito-Yokado possessed seven distribution centres by 1975. They were all located in the Tokyo region. These centres were organised under a new headquarters distribution division to ensure greater co-ordination of activities and expansion. In 1975 an average of 80% of all the Company's chain store merchandise was handled by these centres or the Company's three processing and cold storage centres. In some lines, including clothing, the figure was close to 100%.

According to the fiscal 1976 Report the impetus for the development of the system could be traced to the threat to profitability in recent recessionary years. This was perceived to be a threat throughout the industry. The report stated that:

"Centralized bulk purchasing direct from suppliers and channelled to individual stores under tight inventory control was seen as the solution to Japan's unique retailing operations."

By 1978 there were nine distribution centres and four processing centres, all within or near to the Tokyo Metropolitan Area. The functions of the distribution centres included the transfer of processed foods, clothing and other goods to a special Transfer Centre for onward delivery to the superstores. An exclusive fleet of trucks and vans was used as transport over both long and short distances.

One of the processing centres was in Atsugi City. Opened in 1973, it was arguably the largest of its kind in Japan with an area of 8,300 square metres. The equipment and operating systems were based on lessons learnt from American and European food operations companies. The centre was fully computerised and incorporated advanced systems technology.

In fiscal 1975 the three processing centres handled 52% of raw fish sold instore, 38% of fresh meat and 22% of fruit and vegetables. With the addition of the fourth centre, the corresponding figures for fiscal 1978 were 82% for raw fish, 56% for fresh meat, and 31% for fruit and vegetables.

The 1979 Report disclosed that there were separate purchasing schemes operated for those Ito-Yokado subsidiaries described later in this chapter. It also mentions that the amount of goods imported by the Company was increasing. Half of the annual amount was foodstuffs, clothing accounted for 40% and other goods 10%. As with Daiei, imports proved to be a source of goods which could be sold at lower prices, especially food.

The 1976 Report stated that the Company had over 1,500 suppliers in Japan and a dozen or so other countries. They were usually paid on a monthly basis instead of the usual lengthy deferred settlements that were common in retailing. Like Daiei, Ito-Yokado recognised that merchandising operations needed to take into account regional characteristics.

Seiyu's first distribution centre was opened during 1969 in Fuchu, a Tokyo suburb. Seiyu claimed in their 1974 Report that it was the largest of its type in Japan. Some details were given in the next year's report. It had a total floorspace of 26,270 square metres, with provision for off-loading from 45 large size trucks and onloading for another 70. This centre handled approximately 80% of Seiyu's total sales value of goods sold in the Kanto region. The centre had a computer link with the Seibu Group's Information Centre's distribution system computers. By fiscal 1977 it had "contributed greatly to increased efficiency and lower costs". A second centre near Tokyo was planned because of increasing sales.

In the early 1980s Seiyu expressed its view that imported goods would continue to be an important factor in its strategy to ensure a supply of reasonably priced high quality goods to offer customers. The 1982 Report states that Seiyu was expanding its purchasing activities overseas. According to the previous year's report they included a tie up with Sears Roebuck whereby a line of private brand appliances was developed and imported with success. A joint venture in Australia with JARCO facilitated the processing of meat products for export to Japan. In 1986 a herd of cattle was imported from Australia.

JUSCO had six distribution centres according to the 1979 Report. One of them was jointly owned with another store company, under the Yurin Co., Ltd name. It had 32,310 square metres of floorspace. Together these centres handled 73.1% of clothing purchased in fiscal 1979, 14.1% of food and 5.2% of household goods. A new centre in the Tokyo area was due to open in 1980. The 1979 Report also mentions that JUSCO was monitoring regional requirements as part of its purchasing activities.

The Company had embarked upon an expansion of its distribution facilities in order to reduce transport costs by:

" _ the centralized delivery of goods at distribution and processing centres, pushing through labor saving and automation measures using computers and bringing the goods to the customers more cheaply, more quickly and more safely."

JUSCO opened four distribution centres during Fiscal 1983, including the 'Food supply JUSCO Funabashi Centre' near Tokyo. This centre was claimed to be the first in Japan capable of handling the five major categories of perishable foods together. This new centre also had the capacity to process upto 150,000

packs of food daily. The advantage of this was that merchandise and raw material would be sent to the centre instead of individual stores. This resulted in substantial reductions in the amount of time and labour spent in each store accepting and inspecting deliveries.

In common with the other companies considered in this chapter, JUSCO increased the amount it purchased from overseas during the late 1970s. The 1976 and 1978 reports give the following examples. Buyers frequently visited the United States and Europe. Clothing was bought in increasing quantities from South East Asian countries. Beef was supplied from Australia. In order to establish a supply of fish and shellfish a marine product processing company had been established in Korea in 1973. In 1977 JUSCO purchased high quality merchandise direct from European Economic Community companies rather than through trading houses. This was promoted within key stores.

During fiscal 1979 JUSCO jointly established an import company ("AIC") with Uny and three other supermarket chains, namely the Uneed, Izumiya and Chujitsuya Companies. The venture was seen as a means of purchasing in bulk at advantageous prices to the members. The potential was seen for a steady growth in imports. AIC became involved in merchandising exchange with Safeway Stores of the United States. Safeway became a member of AIC and contributed capital to it.

In fiscal 1979 Nichii operated five distribution centres, located in the Kinki, Chugoku, Kanto and Kyushu regions. These centres handled approximately 20% of Nichii's total sales. Most goods were supplied direct to Nichii's stores.

The Company at this time was in the process of implementing a new purchasing system in which the Head Office, regional

merchandising centres and individual stores were to each make one third or so of all product purchases. The system was designed to enable Nichii to respond to regional and local requirements. Nichii admitted that this resulted in higher labour costs, but claimed that the personnel concerned had accumulated significant expertise which would be an asset in the face of increasing competition. Recognising the need to make the system more efficient, Nichii centralised the purchasing of household goods in 1978 in a centre in Osaka, and it is submitted this was in effect at least a partial admission of defeat. In fiscal 1979 a new merchandising centre was opened in Hokkaido to purchase clothing, and another centre in Tokyo was scheduled to be opened in May 1979, as part of a plan to establish merchandising centres in each of the major geographic regions to serve Nichii and the related Nippon Allied Chain described in section 6.4.5.

Uny makes a single reference to distribution centres, and this can be found in the 1982 Report. Four centres existed, one in each of Uny's four operating regions. All imported goods were distributed through AIC.

Figure 6.11 compares the companies' known distribution operations.

Figure 6.11 Comparison of the Companies' Distribution Operations.

	<u>Daiei</u>	<u>Ito-</u> <u>Yokado</u>	<u>Seiyu</u>	<u>JUSCO</u>	<u>Nichii</u>	<u>Uny</u>
Distribution Centres	*	*	*	*	*	*
Processing Centres	*	*				
Central Purchasing	*	*			*	
Regional Purchasing	*			*	*	
Overseas Purchasing	*		*	*		*
Regional Depots	*				*	*
Central Depots		*		*		

6.3.6 Technological Innovations.

A common theme in the introduction of computerization by the companies has been the desire to use it to order goods from suppliers and to improve inventory control. Both Daiei and Ito-Yokado claimed to be pioneers in the use of modern technology in the retail sector.

Daiei claimed, in the 1973 Report, that the Company "pioneered the application of computers to retail management by becoming Japan's first retailer to adopt extensive data processing systems". In 1973 a centralised computer centre near Kobe was used for applications in merchandise control, accounting, financial control and payroll computations. A five year plan was announced the following year to extend data processing capabilities with the following aims:

- 1) Determination of optimum geographic distribution of stores.
- 2) Improved control of merchandise distribution networks.
- 3) Further improvement of the information processing network.

In 1982 a new computer system was being implemented in the Kobe distribution centre, and computer applications were being developed to enhance the operation of subsidiary companies and to provide centralised data processing facilities. New software for the electronic ordering of goods had cut lead times for the delivery of hard goods and grocery products to 24 hours from 48.

Ito-Yokado first introduced computers during 1968. In the 1975 Report the Company claimed to have pioneered the use of technology in the retail trade, especially in the preparation of divisional profit and loss accounts. Statistics were broken down by store and commodity to ascertain sales, gross profits, expenses and net profits. Another early use for computers was in the purchase of fresh foods using the ATOM (Advanced Telephone-

line Ordering Management) system.

Details of the ATOM system are given in the 1974 to 1976 Annual Reports. It was adopted from the American SLIM (Store Labour and Inventory Management) system. ATOM was designed to reduce wasted food purchases by forecasting day to day inventory changes at the stores, both on a short and long term basis. The aim was to match lead times from suppliers against forecast demand and thereby to reduce left overs and increase the rate of turnover. In turn the consumer would benefit through reduced prices.

ATOM was initially linked to a fresh fruit processing centre from which produce was physically distributed to the superstores, and used software adapted by the Japanese distribution industry. ATOM was subsequently extended to the ordering of other daily necessities and a range of sundries and clothing. Each day sales information from each store would be fed to Head Office, so that fast moving goods could be identified.

ATOM became linked with another system called 'Allocation'. The latter system was used for the centralised purchase of fashion goods. When such items were sold, tags were removed and data from them was used to automatically reorder from manufacturers and suppliers.

By the mid-1970s the continued development of computer applications within purchasing, accounting and transport enabled Ito-Yokado to take further advantage of economies of scale. The 1977 Report expressed the Company's desire to install fully an electronic POS system within its superstores. This was considered to be essential for further expansion of operations.

Ito-Yokado was the first Japanese superstore operator to install POS terminals within all its stores, during 1985. The

Company first adopted POS technology within the clothing and durable departments of 2 stores during fiscal 1980, with plans for installation in 5 more stores in the coming year. A goal was set of implementation in all stores by 1985. In Fiscal 1981 this target date was brought forward to 1983. The 1986 Report stated that 8000 terminals were installed by November 1985 in all its superstores. At that time this figure was approximately half of all terminals within the country. This full implementation followed the successful use of POS systems in all stores within the Seven-Eleven convenience store division.

The first mention of the use of POS equipment by Nichii is in the 1980 Report. This stated that POS technology was installed in a single store as an experiment and that this would be extended to further stores. The experimental stage was a lengthy one. The 1986 Report specifically stated:

"We will move beyond an experimental phase once a sufficient base of working knowledge is established. We will then install POS systems in most of our stores."

Nichii's 1986 Report showed the existence of a POS equipment trial in an undisclosed number of stores. A stated aim was to use it to identify and eliminate slow-moving items from among the 200,000 approximately stocked.

Jusco announced in the 1984 Report that POS equipment was installed in stores in eastern Japan after successful trials in the Kansai District.

Daiei also first installed a POS system into selected stores in Kansai. By February 1985 there were 10 stores in Kansai, plus a further 15 stores in the Tokyo area. A total of 60 stores was expected to be equipped by the end of 1985.

Seiyu introduced a POS system during Fiscal 1985. A stated objective was a reduction in inventory of 15% by the end of fiscal 1986. The system derived data on individual items sold from price tags. The 1986 Report mentions that inventory had been reduced by 7.1% during the year, partly by reducing the stock held of low-turnover goods.

Uny's 1987 Report revealed the existence of a POS system, scheduled to be operational in most superstores within two years.

6.3.7 Perceptions of the Large Scale Store Laws.

In the 1982 Report, Daiei negated the suggestion that administrative changes introduced since 1979 would have any adverse impact upon the Company's growth rate or competitive position. However, the Chairman's Report hinted that the reason for this lay in Daiei's strategy of diversification.

In a supplement included in the Report, Katsuichi Fujititsu of the Yamaichi Research Institute made the assertion that MITI had set limits upon the amount of floorspace that each of the top 10 superstore chains and department stores could open each year. In addition MITI would decide if a planned store had a sufficient population in the area to support it. The foreseeable effect was a slowing down in the rate of increase in floorspace. There would also be a definite increase in the lead times for opening new stores because of the more complicated negotiation process inherent in the 1982 measures.

When the law was strengthened in 1974, Ito-Yokado's initial reaction was that it would not

"seriously affect the expansion plans of big stores, since the law allows considerable administrative discretion in its implementation."

Three years later, the Company had this to say about their experience of the law:

"This [administrative] process consumes time and the Company's resources, but the experience of the past three years has demonstrated that the process can be mutually beneficial. We understand the community's concerns and they get a broader perspective of our objectives for improving the retailing environment of the community."

Between 1979 and 1982 the Company's attitude towards the Law changed somewhat. In 1979 Ito-Yokado could still say that the only constraint on a retail company's growth was its own abilities. It perceived the growth potential in the retail industry as being almost boundless. In 1982 the Report concluded that the natural limit for the number of superstores had not yet been reached. The measures of 1982 had "left many companies in a sort of limbo." Then in the 1983 Report the Company acknowledged that the new measures had prevented the Company from growing at its own pace.

Seiyu's 1977 Report corroborated Ito-Yokado's claim that the administrative process had increased both lead times and costs. In the previous 3 years Seiyu had not been refused permission for any of its planned stores. In 1983 Seiyu admitted that the new measures would cause a 'slight decline' in future in the number of stores opened per annum.

According to their 1978 Report, the impact of the Law upon JUSCO had been softened by the Company's longstanding policy of coordinating its expansion with the welfare of local communities and retailers. The following year this was put forward as the reason why JUSCO had been asked by local retailers to open

stores to be the nuclei of new shopping centres. The 1981 Report confirmed that several such stores had been opened. Otherwise the reports have little to say about the effects of the Law.

In their 1978 Report Nichii did not believe either that the 1974 Law would significantly affect the Company's rate of expansion. It did reveal that the laws had to some extent extended lead times in opening new stores, and also sometimes that the planned floorspace had to be reduced. A second brief reference to the Law is found in the 1983 report, where it is acknowledged that it had slowed down the pace of store openings.

There is mention of the legislation concerning large stores in one of the three Uny reports. "In the Interview with the President" (Toshio Nishikawa) in the 1982 Report, the President denied that the 1982 measures would impede the modernization of the Japanese retail industry.

However in Section 3.7.6 it was noted that 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. It is submitted that all the changes discussed in this section were significant factors in the companies' diversification strategies. Figure 6.12 summarises the Companies' responses to these environmental changes.

Figure 6.12 The Companies' Responses to Environmental Change.

	<u>Daiei</u>	<u>Ito-</u> <u>Yokado</u>	<u>Seiyu</u>	<u>JUSCO</u>	<u>Nichii</u>	<u>Uny</u>
<u>Declared Responses</u> <u>(in the Reports)</u>						
Evaluate Customer Needs	*	*	*	*	*	*
Offer Quality	*	*	*	*	*	*
Increase Product Choice	*	*	*	*	*	*
Offer Fashion Goods	*	*	*	*	*	*
Develop Own Brands	*	*	*	*	*	*
Increase Efficiency	*	*	*	*	*	*
Modernization & Renovation	*	*	*	*	*	*
Take New Opportunities	*	*	*	*	*	
Open Appropriate Stores	*	*	*	*	*	*
Develop Speciality Shops	*	*	*	*	*	*
Diversified Sourcing	*	*	*	*	*	*
High Volume Distribution	*	*	*	*	*	*
<u>Distribution System Developments</u>						
Distribution Centres	*	*	*	*	*	*
Processing Centres	*	*				
Central Purchasing	*	*			*	
Regional Purchasing	*			*	*	
Overseas Purchasing	*		*	*		*
Regional Depots	*				*	*
Central Depots		*		*		
<u>Ist Known Introduction</u> <u>Of Computer Technology</u>						
	1973	1968	1985	1984	1980	1987
<u>Known Date of</u> <u>Reorganisation</u>						
1975	*					
1979			*			
1981					*	
1982		*				
1984	*					
<u>Reaction to Store Law:</u>						
Initial lack of concern	*	*	*		*	*
Subsequent concern shown		*	*			

Sections 6.4 to 6.8 show how the companies expanded their operations through Subsidiary and Affiliated Supermarket Companies and through diversification. Each section closes with a comment of how the Chandler Thesis relates to the material.

6.4 Principal Subsidiary and Affiliated Supermarket Companies.

6.4.1 Daiei.

Dodwell (1985) briefly mentions that Daiei has affiliated with a number of medium-scale local supermarkets including Kochi Supermarket in 1969, Sanko in 1970, Seifu in 1980 and Uneed in 1981. Capital tie-ups were made also with Jujiya and Maruetsu. The latter merged with Sanko in 1981.

In 1982 the first D Mart store was opened. Three more were opened by Fiscal 1984. The D Mart concept was inspired by K Mart, a leading discount retailer in the USA. The 1983 Report listed the main characteristics of D Marts as follows:

- 1) They were a new kind of up-market superstore compared with others within the Company.
- 2) They carried a complete range of discount items, including food, apparel, furniture and electrical appliances.
- 3) Prices of all goods were generally 20-30% less than national brand goods.

This report disclosed that a superstore in a suburb of Tokyo had been converted into a D Mart discount store after a competitor had established a store in the vicinity. After it was renovated, the store's performance improved significantly.

The 1984 Report mentions the existence of 52 Big-A 'box stores' within Metropolitan Tokyo. With a floor salespace of around 300 square metres these self-service stores sold food and household goods. The goods were displayed and stacked within their original shipment cartons to minimize overheads and the number of staff required. Products were mainly private brands.

6.4.2 Ito-Yokado

Ito-Yokado established York Mart Co. Ltd in December 1975, and the first three stores were opened in suburban cities near

Tokyo during 1976. The 1977 Report claimed that the new venture was a new concept within the Japanese retail industry, similar to the combination stores in the United States, with foodstuffs expected to account for 70% of sales. In essence, York Mart stores were planned to bridge the gap in sizes between Ito-Yokado's superstores and convenience stores. The average sales space was intended to be about 1200 square metres, making it about one tenth the size of new superstores but several times larger than Seven-Eleven stores.

Because of the start up expenses involved, York Mart did not start making a profit until fiscal 1981. As of February 1981 there were 24 stores with an average sales floorspace of 1,303 square metres. By February 1986 there were 38 stores, average floorspace of 1,423 square metres, all located within Tokyo or surrounding prefectures. An indication of their location is given in the 1980 Report:

"[they are] designed to correspond to the developing residential pattern of the Tokyo Metropolis where suburban development typically centres around commuting railroad stations and gradually builds out farther and farther from the stations."

Until 1986 there was a joint purchasing system with the superstores. However the Company felt the need for York Mart to have a more distinct identity with separate purchasing. Future plans for the chain included a policy of improved inventory control, a tighter distribution system and an overall aim of market dominance.

York-Benimaru is an affiliated company of Ito-Yokado. This chain of supermarkets is located in Fukushima, Miyagi and Yamagata Prefectures, in the Tohoku region to the north of Tokyo.

In fiscal 1986 Ito-Yokado was the largest shareholder in the 50 store company with a 29% interest.

Data on these two companies is contained in Chapter Seven.

6.4.3 Seiyu.

Kansai Seiyu and Nagano Seiyu are subsidiaries operating in two regions outside of the parent company's geographic spread. These stores are included in the data analysis in Chapter 7. In 1974 there were 20 stores operated by Seiyu Stores Kansai Co. Ltd in the Osaka - Kyoto area. By fiscal 1986 the number had increased to 34. Seiyu Stores Nagano Co., Ltd operated 16 stores in the Chubu region. This company was enlarged through the acquisition of Wuoriki Supermarkets Co., Ltd. by Seiyu in 1975, raising the total to 38 outlets. The number of stores rose slowly to 44 in fiscal 1986.

6.4.4 JUSCO.

In fiscal 1986 there were 317 JUSCO stores, including 156 belonging to the following local Consolidated JUSCO subsidiaries:

Higashi Nihon Iryo Co.	Keneman JUSCO Co.
Nishiou JUSCO Co.	Showado JUSCO Co.
Kakudai JUSCO Co.	F.D. Showado Co.
Ugo JUSCO Co.	Hokuriko JUSCO Co.
Ugo Shopping Co.	Matsuzaka N.D. Co.
Izumoya Co.	Sanin JUSCO Co.
Isejin Co.	Sanyo JUSCO Co.
Isejin Chain Co.	Fukuoka JUSCO Co.
Ogiya JUSCO Co.	Saga JUSCO Co.
Bon Belta Ageo Co.	Oita JUSCO Co.
Hoteiya Co.	Tachibana Department Co.
Shinshu JUSCO Co.	Tachibana Store Co.

140 of these 156 stores form part of the sample in Chapter Seven.

6.4.5 Nichii.

In the fiscal 1986 Report the number of Nichii superstores was put as 286, with stores in each of Japan's eight regions. Of this total, the parent company accounted for 156 including Vivre 21 stores, and subsidiaries the remaining 130. These 130 not only include regional superstores, but also the Dac City stores which are described more conveniently in Section 6.6. There is very little information about the other subsidiaries. However the sample of 39 regional based stores in the next chapter provides detail on three regional chains, namely Tohoku Nichii, Hokkaido Nichii and Kyushu Nichii. The last two were originally part of the NAC organisation.

NAC is a partly owned subsidiary of Nichii. Founded in 1972 with 45 members, NAC originally stood for Nichii Allied Chain. The name was altered to Nippon Allied Chain in fiscal 1978. It is a voluntary organisation of locally organised stores whereby member stores can purchase Nichii branded goods at a lower wholesale price than anywhere else. In 1974 sales to NAC accounted for 1.4% of Nichii's net sales, and this had increased to 3.9% in 1978. NAC has gone through considerable organisational changes since its inception.

In fiscal 1977 Nichii supplied goods to NAC member stores accounting for approximately 10% of NAC total sales. At that time there were 509 NAC stores operated by 222 individual participants. Nichii was the only Japanese chain store involved in such an organisation. The annual report for 1977 gave two reasons for being involved with NAC:

- "1. Nichii can expand the market of its operations without the necessity of investing in new outlets.
2. Nichii can purchase goods in quantity. At the same

time, Nichii can reduce the cost of goods it handles itself."

In 1978 NAC was incorporated as a means of centralising the purchasing and wholesale functions. It was 60% Nichii owned and 40% owned by the participating members. The new subsidiary was also a vehicle for the promotion of forming 'core companies' through mergers among its members. Two examples are given in the 1981 Report, concerning the northernmost and southernmost of Japan's four main Islands. In Hokkaido a 'core company' merged with four superstores to form a 62% owned subsidiary with 14 outlets. In Kyushu, seven NAC subsidiaries merged to become Allied Kyushu with 21 stores. The new subsidiary was 76% owned. In fiscal 1986 the Hokkaido company was a 100% owned subsidiary of Nichii and was named Hokkaido Nichii. Allied Kysushu had become part of Kyushu Nichii, a 97% owned subsidiary.

6.4.6 Uny.

Uny established the U Store chain during 1977. By 1986 there were 15 stores, with an average sales floorspace of 1,643 square metres. All are located in the Chukyu area in Central Japan. The 1982 and 1987 reports provide the following information. First, these medium size supermarket stores have a much more limited trade area than the larger Uny superstores. They are located in suburban areas where land costs are lower, in areas of high customer traffic flows. Stores are provided with parking space. The stores sell a narrower range of goods than the Uny stores. A limited selection is carried of higher turnover foodstuffs, household goods and clothing. Each store is staffed by approximately 11 full-time and 40 part-time employees. They form part of the sample in Chapter 7.

As mentioned in Section 6.3.1 The Chandler Thesis is an appropriate model where the business under consideration expands its operations in terms of both its geographical coverage and its range of products and (Hare, 1986). This section, and Section 7.6 shows how each store group expanded in size and in geographical coverage through affiliated and subsidiary companies. The establishment of the latter resulted in new organisational structures within each group.

6.5 The Shop-In-Shop Concept and Speciality Store Operations.

6.5.1 The Shop-In-A-Shop Concept.

Nichii claimed, in their 1981 Report, to be the first superstore chain to develop the shop-in-shop concept within their medium and large-sized stores. In fiscal 1986 approximately 35% of sales floorspace was given over to 'shops' within each of these stores. Because of this claim, and the comparatively greater detail in the Reports, Nichii's in-store shops are examined here first.

The concept is summarised in the following description taken from the 1987 Report:

"Nichii has created a variety of separate shops inside a single store, each with something special to offer the customer. Each of these speciality shops has a unique image, with its own sales staff and in-house brands. Targeting specific segments of the market, Nichii has thus far developed 56 shop-in-shop concepts with Nichii marketing specialists developing the concept, products and training programs for each in-store shop. -- the specially trained sales staff furnishes an added dimension in personalized attention and service."

(p 8-9).

It is submitted that Nichii has attempted to create a hybrid superstore, combining the functions and appeal of a superstore with those of speciality stores. These 'shop' units are not local tenants. They are not like departments within a traditional department store in as much as there is no strong overall visual corporate image linking the various shops. There is not enough information within the reports to make a comparison with the organisational structure of department stores.

In the 1980 Report the Company gave the following indication of the importance of these shops:

"Speciality stores and other service activities have been a fast growing segment of our operations. Their expansion has been closely linked with the introduction of shop-in-shop merchandising techniques. This means that almost all our speciality shops are located in Nichii Group retail outlets, with only a few units in the stores of other retailers. _ _ In our speciality operations, the object of management is to be the leader in each market segment."

Four types of shops-within-a-shop were being developed in 1980/1981. 'Budget' shops were stocked with basic goods and necessities normally associated with the high volume lines of superstores. Merchandise for these stores was procured by Head Office. 'Lifestyle' shops offered better quality items in a slightly higher price zone. 'New Lifestyle' units offered broader ranges of goods within more narrowly targeted lines of merchandise. Both types of 'Lifestyle' shops featured personal service as against self-service in the 'Budget' shops. The fourth kind was called 'Country' shops and these carried goods targeted at individual regions; purchasing of stock being

delegated to the individual store.

According to the 1982 Report the development of these shops was based on the findings of an intensive analysis of the country's retail market. Nichii claimed that most chain stores involved in mass merchandising had tended to ignore consumers outside of the narrow but highly targeted 30-35 years age range. Nichii decided to target other age groups as well.

The Company therefore announced plans to open shops-in-a-shop within its subsidiary companies, and also to subdivide some shops into special 'corners' about 20 square metres each. According to Nichii this size had proved to be the most efficient unit of sales floorspace, and these corners were introduced in the hope of improved turnover and profits. The 1983 Report said that it was the responsibility of each individual company to monitor market trends and to formulate and implement appropriate strategies.

The 1985 Report stated that the shop-in-shop format was chosen as the Company's key approach to meeting the needs of modern consumers. By 1985 48 types of shop-in-shop units were in existence. The Report declares that research had shown that around 35% of sales floorspace in Nichii stores was the optimum to allocate to speciality shops. The emphasis on personal selling provides customer feedback. Merchandise is carefully selected and priced to attract different consumer segments where there is high growth potential in terms of sales.

By February 28th 1986 there were over 2,700 in-store shops. Primarily they stocked fashion apparel targeted at consumer segments with different needs and preferences. As these in-store shops have grown in number, so have the number of original brand lines. In addition, Nichii also imported foreign branded goods

from Europe and North America.

The concept has been developed in some new and refurbished stores to the point where virtually all of the floorspace is given over to shops-in-a-shop. These stores are called Vivre 21. Nichii's 1984-1987 Reports describe the development of their Vivre 21 format since its conception in 1979.

According to the 1984 Report the Vivre 21 format comprises a single store building containing speciality stores designed to compete with the increasing number of modern independent speciality stores appearing in the main cities. The basic strategy was to attract young working women and female university students living in these cities. These groups had been identified as having sizeable disposable income and a taste for the most recent fashions. Initial plans envisaged a network of about 20 Vivre 21 stores. The first store was opened in Fukuoka in March 1982; followed by others in Kyoto (1983), Kobe and Tokyo (1984), Yokohama (1985) and Okayama in March 1986. The largest of these stores is Yokohama with over 14,000 square metres.

Apart from the Tokyo store they were all remodelled superstores. These stores had not been matching the needs of young customers adequately. The Reports describe how the Vivre 21 stores were designed to attract this consumer segment:

"By assembling numerous speciality shops in one store, Vivre 21 retains the atmosphere of a smaller, more stylish retail outlet while offering extensive variety. This allows most young and most 'young minded' shoppers to satisfy their desire to acquire an individual look, and also to shop at only one store."
(1984 Report).

"The shop-in-shop format creates a sense of

exclusivity, since each shop features its own brands, display style and sales personnel." (1987 Report).

Although the main merchandise line was apparel, the stores contained audio, home furnishing and hobby departments. There were also restaurants, sports facilities, video and audio studios.

In 1984 Nichii opened their first Saty store. Like Vivre 21 stores it was comprised of speciality stores. Saty was targeted at young couples, two-income families and women between 20 and 30. The pioneer store was located in Nara. It contained also a number of leisure facilities for swimming, tennis and aerobics. A second store was opened in Wakayama during 1985.

Daiei's shop within a shop programme was expanded in the mid 1980s. The 1986 Report said this had contributed to higher sales over the previous year. It went on to say:

"Examples of this program include "Daily Use Shops" which emphasise value and several shops aimed at specialized customer groups such as "Lollipop" (casual wear for teenagers) and "Toss Up" (apparel for young men)."

The first Daily Use shops were opened in seven selected stores during fiscal 1985. No other details of the program are given.

Ito-Yokado first mentions 'in-store shops' or 'special corners' in the 1987 Report, which strictly speaking is outside of the period covered by this study. The first of these units were incorporated within new and renovated stores.

The first reference by Seiyu to special 'corners' is in the 1980 Report. 'West Coast Fashion Corner' had recently been introduced to promote a particular brand of apparel. Also

'Cleaning Corner' had been established in fiscal 1980 which sold natural oils and fat based nationally branded soaps. The 1981 Report states that there had been recent expansion in the number of in-store clothing corners and boutiques. These were based on several themes including adult formal wear, young casual clothes and feminine fashions. Growth continued in fiscal 1982 of the amount of floorspace devoted to these units.

By 1983 a programme of store remodelling had been introduced, and a number of renovated and new stores featured a new WALK fashion section using a speciality apparel shop-in-shop concept.

JUSCO mentions in the 1981 Report that 'Casual Corners' were being introduced into some of its stores directed at young customers. The Company first really committed itself to establishing a system of in-store shops during fiscal 1983. Examples of these new shops are listed as follows:

"Among these shops are "Blue Grass", a total fashion store for women and teenagers, "Borton," dealing in men's clothing, "Esprit Mule," offering European-style casual wear for women, and "Work-shop," a store specializing in work clothes."

In 1984 Blue Grass was formed into an independent company. In fiscal 1986 there were 91 outlets. By this time other in-store shop names had appeared. J-1st promoted simple, but elegant high quality ladies' fashions targeted at the younger career woman. Simple Rich offered natural coloured, simply designed, clothes and household goods.

Uny introduced a new store format for its new and remodelled stores during the mid 1980s. These stores were named Apita stores. According to the 1987 Report 38% of sales floorspace

approximately was devoted to boutique type speciality shops, selling mainly clothing.

6.5.2 Speciality Store Subsidiaries.

A number of the six companies' speciality store subsidiaries originated as shops within stores and were not separate companies. Others were established straight away as subsidiary companies. The outlets have not necessarily always been located inside the supermarkets or superstores of the parent company.

Table 6.19 shows Daiei's principal speciality store subsidiary companies as of February 1986.

Table 6.19 Principal Daiei Speciality Stores.

<u>Subsidiary</u>	<u>Established</u>	<u>Business</u>
Joseph Magnin, Japan Ltd	1963	Women's clothing
Cordoba Inc.	1969	Shoes
The Dai-Chu Inc.	1972	Chinese goods
Pacific Sports Co. Ltd.	1973	Sporting goods
Seizan Ltd.	1975	Kimonos
U.S. Shoes Japan Ltd	1975	Shoes
Prenatal Japan Ltd	1975	Maternity/Baby goods
Lobelia	(Not given)	Women's clothing

Daiei's 1985 report contains the following notes:

"The Daiei Group operates speciality stores at 988 sites, including Robelt and J-any boutiques in Tokyo's ultrachic Ginza and Harajuku areas. Our Pacific Sports chain operates 59 outlets, offering a carefully selected assortment of top-brand domestic and international sporting goods. Lobelia and Joseph Magnin, Japan focus on fashionable women's wear. Seizan caters to the steady demand for traditional Japanese

kimonos, and Dai Chu is a retailer of Chinese Goods."

The 1983 Report states that the speciality stores were located in metropolitan areas.

Ito-Yokado's recognition of the importance of speciality store operations is implied in the following quotation from their 1985 Report:

"Young shoppers are turning increasingly to speciality retailers because these offer theme-based product selection and expert advice on products and related matters."

There were two Ito-Yokado speciality store consolidated subsidiaries in 1986, namely Mary Ann and Oshmans. Mary Ann is a young women's fashion chain. It originated as an experiment in 1962 and was formed into a separate company in 1977. In fiscal 1986 there were 35 shops. 19 of these were located inside Ito-Yokado superstores and 16 were free-standing units. Oshmans was a new venture into the sporting goods market formed in December 1984 in collaboration with Oshman's Sporting Goods Inc. of the USA. The first outlet was scheduled to open in July 1985 in Harajuku in Tokyo. Steps is an affiliated company of Ito-Yokado, established in 1972, specialising in young men's casual fashions, with an emphasis on European and American styles. In February 1986 there were 18 units, 15 of which were in-store outlets and 3 were free-standing. Future plans for these three chains included a higher proportion of free-standing stores.

A distinctive feature of Steps is its membership scheme. Members receive advance information on new products and invitations to special events.

Seiyu commenced speciality store chain operations in 1981 with the opening of the first DAIK do-it-yourself home

improvement store. A second followed in 1982. Using the experience gained from these stores, Seiyu opened a DOMO home furnishing store in Saitama prefecture. This was converted from an existing Seiyu store. It included a DAIK store and a home appliance store. In the same year a Howdy Seibu shop was opened selling high quality food.

A further DAIK store opened in fiscal 1984, and was a converted Seiyu supermarket. The following year the DOMO stores were closed. Seiyu decided that home furnishing operations were best carried out within Seiyu superstores.

In October 1982 a COMICA outlet was opened at a Seiyu store in a suburb of Tokyo. It sold handmade craft goods, stationery and imported products. It included an audio-video corner. This shop was designed to appeal to young fashion conscious people. It was closed down however in fiscal 1985.

In fiscal 1986 Seiyu operated one speciality store chain known as Mujirushi Ryohin, which is translated as 'No-name Brand.' The first two of these free standing stores were opened in Tokyo and Osaka in 1983. Stores were later opened in Nagoya and Fukuoka. Three stores opened in Fiscal 1986 and were franchised. They were located in Nagasaki, Kyoto and Takamatsu. 20 more were planned in the next year, both franchised and non-franchised stores. This target was not realised; there were 18 units open at the end of the fiscal year.

These stores are not speciality stores in the sense of specialising in one or two related categories of goods. Over 1,000 products carried the Mujirushi Ryohin label in 1986, including ranges of food, clothes, furniture and stationery. They are described in the 1985 Report as being

" _ _ practical, reasonably priced, and highly functional; all superfluous production processes and decoration have been eliminated. _ _ Products include undyed clothing, stationery made of recycled paper, and unusual foods."

Many of these products were also available in Seiyu stores, Seiyu's Family Mart convenience store chain and Seibu department stores.

JUSCO established Emi's Co., Ltd in 1973 as a 100% owned subsidiary formed to sell younger women's clothing and accessories. In fiscal 1981 there were 32 outlets, located mainly in-store and two independent units in fashionable urban areas. They were to be found mainly in Kanto, Chubu and Kinki regions. During 1984 Emi's amalgamated with Cox, a mens' wear speciality chain operating in JUSCO stores. Under the Cox name, the company operated a total of 114 units as of February 1986.

JUSCO established the Myland Shoes subsidiary in 1982 with the first store being opened inside the Company's Kasai store with a floor sales space of 460 square metres. In the same year there were 9 in-store Nishiki kimono shops. Another chain being developed at this time was Nicolo Polo for jewellery. As of February 1986, there were 16 Myland shops, 18 of Nishiki, and 4 Nicolo Polo outlets.

Table 6.20 lists Nichii's main speciality store subsidiaries.

Table 6.20 Principal Nichii Speciality Stores.

<u>Subsidiary</u>	<u>Established</u>	<u>Business</u>
Friend Company Ltd.	1971	Women's apparel/fabrics
Elleme Company Ltd.	1972	Women's clothing
McLord Company Ltd.	1975	Men's casual wear
Athlete's Foot Japan Co.	1979	Sporting goods

Some details of the first three companies are to be found in the 1983 Report. Friend stores stocked articles and fabrics for dressmaking and home furnishing. Various bags and pouches were sold as well. Elleme was targeted at young women in their late teens and early twenties. Company market research had identified this segment of consumers to be the most fashion conscious. 5 out of 66 stores in fiscal 1983 were in independent locations. McLord specialised in men's casual wear and sportswear for young men aged 17-25. As of February 1986 there were 73 Friend shops, 93 Elleme stores, and 54 McLord stores.

In fiscal 1986 the Uny Group included three consolidated speciality store subsidiaries. Numerically, the largest was the Sagami Company Ltd., comprised of 212 kimono shops. It was also the first Uny subsidiary to be publicly listed that year. Next in size was the Molie chain of 88 women's clothing shops. Palemo Company Ltd was the third chain with 67 stores and also sold women's clothing. Both Molie and Palemo were established as independent subsidiaries during 1984. Both companies had their origins in existing in-store speciality stores.

The Sagami stores had an average floorspace of 160 square metres in 1986, offering a large range of kimonos designed for all ages and occasions. They were mostly located inside Uny stores. The 1987 report mentions however that in recent years most newly opened shops were located within shopping centres constructed by other developers, or in areas with heavy shopper traffic. The chain had also opened a number of CATIART shops mostly within Sagami stores specialising in luxury goods such as furs and jewellery. Market research had indicated that often the next luxury item to be bought after a kimono was either a fur or jewellery.

The majority of the chain's competitors were traditional, family run concerns. Sagami was able to achieve economies of scale through size, modern marketing practices and merchandising. Three quarters of the kimonos stocked were designed exclusively for the Company. The usual practice in the trade was purchasing from suppliers on a consignment basis only. The exclusive designs carried a premium retail price and higher profit margins. The 1985 Report claims that Sagami was one of the kimono industry's leaders in terms of productivity by both employee and sales space. By February 1986 all stores were equipped with POS equipment in order to increase profitability and efficiency.

Molie outlets were previously known as Juan and specialise in high quality fashionwear for middle aged women. They feature personal service in a salon style setting. The new company started operations on August 21st 1984 with 62 boutiques. A further 15 were opened in Uny stores by the end of the fiscal year, and the first Molie store to be opened outside a Uny super-store was opened in Tokyo's Ginza shopping quarter. Expansion plans over the next few years included the a rapid expansion of independently located shops.

Palemo operates two types of boutique. Gal Fit stores are the principal shops, aimed at teenaged girls and offer fashions and accessories. Limestone specialises in casual wear for young women in the early 20's age group. When the new subsidiary commenced operations, on February 21st 1985, there were 52 outlets in total. A further 15 were opened in the next twelve months, including more independently located shops.

Figure 6.13 shows sectors in which each company, apart from Seiyu, operated speciality stores during fiscal 1986. Seiyu's No Name Brand stores are excluded as they stock a much wider

selection of products than a typical speciality store.

Figure 6.13 Comparison Of Speciality Store Operations 1986.

<u>Sector</u>	<u>Daiei</u>	<u>Ito-Yokado</u>	<u>JUSCO</u>	<u>Nichii</u>	<u>Uny</u>
Women's Clothing	*	*	*	*	*
Men's Clothing	*		*	*	
Kimonos	*		*		*
Jewellery			*		
Chinese Goods	*				
Footwear	*		*		
Sporting Goods	*	*		*	
Maternity and Baby Goods	*				

6.5.3 In-Store Tenants.

Daiei's 1981 Report mentions that rental income was received from tenants who leased space within larger stores. No mention of tenant stores is contained in the reports of Ito-Yokado, Seiyu or JUSCO.

Nichii's 1978 Report declares that tenants were located in recently built large stores and in shopping centres. In the latter, tenants occupied as much as 30-40 % of sales floorspace. As of fiscal 1978 1,263 tenants were located within Nichii Stores, accounting for 18.6% of floorspace on average. The tenants were generally locally based, offering goods and services not generally provided by the Company. The reports do not indicate the nature of the products and services offered by tenants.

Uny's Annual Report for fiscal 1982 contains the following statement about instore tenants:

"To complement the range of merchandise offered by Uny superstores, a growing portion of the sales floor space

in the superstores is leased to unaffiliated tenants, subsidiaries and affiliated companies which operate independently. As of February 20, 1982, over 1,900 tenants were operating in 92 Uny superstores. The number of tenants per superstore varies by the size of the superstore, with the largest having 88 tenants. These tenants offer various types of goods and services such as dry cleaning and laundry facilities, coffee shops and travel agencies." (p5)

The 1982 Report stated that in some of the Company's largest superstores, described as Sun Terrace shopping centres, there was a third of floorspace occupied by tenants. These included speciality shops, restaurants, banks and dental clinics. These superstores were located in suburban residential areas, or in small cities. The largest was Sun Terrace Chiyodabashi which had a floorspace of 13,120 square metres, of which 4,566 square metres (34.8 %) were given over to tenants. The most recently opened Sun Terrace stores were smaller with approximately 5,000 square metres of floorspace each.

The shop-in-shop format allows for both expansion of the range of products on offer in existing stores and targeting of a greater number of types of consumers by age or income for example, and perhaps in order to compete with other companies who have adopted this policy in order to improve or maintain share of the local market.

As previously noted, several of the store's speciality store operations started as shops within stores. Organisational changes occurred as some of these developed into separate companies and /or free-standing store chains. Figure 6.13 (p 378) shows how the companies expanded into specialised market segments.

6.6 Department Stores Operations.

Since 1981 Daiei has built up a chain of department stores under licence from Au Printemps, the French department store company. The first Au Printemps Japon department store was opened in Kobe in 1981. The following year a second was opened in Sapporo in the northernmost prefecture of Hokkaido. In 1983 the third store was opened in Osaka. Daiei declared then its intention to open more of these stores in Japan's major cities in coming years. The next store wasn't opened until 1984. It was located in Tokyo's Ginza shopping district. The opening of this store attracted nationwide interest, and on opening day 130,000 customers were reported to have visited it.

During Fiscal 1986 the management of these stores was restructured. Au Printemps Japon S.A. was liquidated. Management of the Kobe and Osaka stores passed from the subsidiary company to Daiei, and the Sapporo store came under Hokkaido Daiei, Inc. Printemps Ginza, the flagship store, was controlled by Printemps Ginza S.A. Responsibility for the Daiei controlled stores lay with the Diversified Operations Group.

The opening of these stores was a response by Daiei to greater customer demand for quality and luxury goods. The stores took advantage of Daiei's central purchasing and distribution departments. Some of the merchandise is imported from Au Printemps in France, being introduced to the French and Japanese markets simultaneously. The goods are targeted especially towards fashion-conscious young working women possessing high levels of disposable income. Inside the stores there are also modern service facilities including restaurants, culture centres, ticket outlets, financial service centres, travel agencies and wedding preparation centres.

By 1984 Au Printemps Japon had opened seven Petit Printemps speciality stores with a floorspace between 66 and 198 square metres. The reports do not state if they are located within Daiei stores or not. In the mid 1980s it was planned to expand this chain by three to five outlets per annum. The ultimate aim was to establish a nation wide chain of these speciality shops.

During 1985 Ito-Yokado opened the first Robinson's department store at Kasukabe, in Saitama Prefecture, north of Tokyo. Robinson's Japan was the result of an agreement between Ito-Yokado and Associated Dry Goods Inc (ADG) of the USA. The new store incorporated the store logo, internal layout, fixtures, decor and wrapping paper of the American store. The location was chosen because Kasukabe had experienced rapid growth. Since 1981 its population had quintupled to reach 170,000. The Company calculated that the market area for the store extended to 550,000 people.

There was already an existing Ito-Yokado superstore in the city. The Company stated that the changing consumer needs and tastes of the local community could no longer be met by superstores alone.

It was also claimed that the new store was different from traditional Japanese department stores in a number of respects. One third of the store's employees were recruited from outside the department store industry in order to bring in fresh, unprejudiced ideas. Merchandise and pricing were chosen to match the needs of the local community.

According to the 1986 report Seiyu operated seven so-called department stores distributed as follows: Tohoku 1, Kanto 2, and Chubu 4. The number had remained unchanged since 1982 when these stores were described as offering:

"_ _ a diversified, full line, high grade range of clothing, food, household goods and services, mainly on a personal service basis. They generally have between 9,000 and 13,000 square metres of sales floorspace which is utilized in a way which meets the particular requirements of the communities they serve".

Seiyu classified their stores in 1982 as department stores, superstores (full line or standard) and supermarkets. In the 1982 Report store size is used as one way to grade the Company's stores, and these department stores were the largest stores in the Company. These particular stores are included here as an example of the difficulty of categorising many large stores in Japan. Given that the range of products is wider in a large Japanese superstore than in supermarkets, it is likely that the designation department stores in this case is mainly a convenient way of distinguishing them from smaller, predominantly self service, stores within Seiyu. Seiyu itself is classified as a superstore company within the Seibu Saison organisation which also includes Seibu Department Stores.

JUSCO's 1984 Report gives details of the "Bon Belta" department store opened in Ageo, a satellite city of Tokyo, in September 1983. The local population was calculated to be predominately in the 30 to 40 year age group. The store was planned to be a model for future JUSCO stores, embodying the concept of "a total fashion plaza enjoyably combining new life styles."

Nichii's involvement with department stores can be traced back as far as 1972 when the company entered into cooperation agreements with Yamada Department Store and Takeda Department Store. Further agreements were later reached with

other department stores, culminating in the formation of the Department Stores Allied Corporation (DAC) in 1978.

The main purposes were the provision of finance and consultation on retail systems. As of 1980 DAC was a 90% owned subsidiary, and Nichii had thereby acquired a controlling interest in a number of prominent local department stores.

It was comprised of 5 member companies owning 12 stores. By pooling resources, and with the financial backing of Nichii, DAC opened the first department stores comparable in size to Nichii's largest superstores.

In 1981 three of the member companies of DAC merged, and the other two followed suit in 1982. Three years later DAC was renamed Dac City Company Ltd. The number of stores was currently 11, all located in Tohoku or Kanto.

As of February 1986 Nichii had a 93% equity ownership in Dac City. Nichii's shop in a shop policy was being implemented in Dac City stores. The Company claimed that this policy combined with inventory reduction programmes enabled Dac stores to return a profit in 1985.

It is submitted that in part these department store operations are in part an attempt to bridge the gap between superstores and traditional department stores and to present a new attractive image to consumers. They provide a means of expanding the range of products usually sold. With the exception of Seiyu, already a part of the Seibu Department Store Group, they are further examples of how the companies expanded and diversified their scope of operations.

6.7 The Convenience Store Revolution.

6.7.1 Introductory Remarks.

Five of the 'Big Six' supermarket companies were involved in convenience store operations by the start of the 1980s, the sole exception being Nichii. Each company's stores follow the same basic format. Modern, brightly illuminated self-service stores of between 75 and 200 square metres floorspace open at least 16 hours a day providing a product range of approximately 3,500 lines. The vast majority of these stores are operated on a franchise basis. The fastest growth in numbers and greatest territorial expansion followed the announcement and introduction of tighter measures under the Large Store Legislation.

6.7.2 The Pioneers: Ito-Yokado and Seven-Eleven.

In 1973 Ito-Yokado entered into a licensing agreement with the Southland Corporation of the U.S.A in order to set up a new chain of modern neighbourhood convenience stores with an average size of 160-200 square metres and opening hours of 7 am. to 11pm. It was planned to stock food and household sundries, and to carry between 2,500 and 3,000 product lines by well known brands. The pilot store opened in Koto-Ku, Tokyo during May 1974, and was operated by the York Seven Company subsidiary of Ito-Yokado.

According to Ito-Yokado's 1974 Annual Report the traditional 'mom-and-pop' neighbourhood stores had not responded during the previous five years to changes in consumer behaviour, and in particular to the increasing demand for quality as well as variety. An increasingly large number of housewives were prepared to travel once or twice a week to downtown department stores. The newly emerging supermarket/superstore companies were providing strong competition. In many cases this resulted in

shorter travelling distances. However this was still a long way short of satisfying the desire for convenient and frequent local shopping for quality daily necessities. The new chain was meant to fill this gap and to improve Ito-Yokado's market coverage.

It was declared in the 1975 Report that 15 stores had been opened by February 1975 and that a target of 100 openings was set for the next 12 months using a franchise system. Applications for franchises had been received from all over Japan. The Company's assistance to individual franchisees covered store location, management consultation, financial assistance and advertising. In the event the target was not reached: 69 franchise stores were opened by February 1976. However the Company revealed its ambition by setting a five year target of 1000 stores. The franchise stores operated under the 7-Eleven name, to distinguish them from five pilot-scheme stores run entirely by York Seven. In June 1975 one of the 7-Eleven stores began opening on a 24 hour basis.

The following excerpt from the 1976 Report captures the appeal of the 7-Eleven format:

"The '7-Eleven' symbol of the new-style convenience stores (self-service stores with central check-out) already is identified nationwide with shopping convenience and brand name trust. Limited stocks of traditional Japanese neighbourhood stores are replaced with selections of best-selling brands of fresh foods and canned foods, liquors, general daily necessities and periodicals. Young people are attracted by the modern decor but Japanese of all ages and classes patronize the stores."

Figure 6.14 shows the growth of the chain between 1974 and

February 1986. The number of stores open at the end of each fiscal year is plotted against the left hand vertical axis, and the net increase in stores each year is plotted against the right hand vertical axis. The net increase is given because a relatively small number of stores were closed. There were altogether 115 closures between February 28th 1978 and February 28th 1986. 70 of these occurred after fiscal 1982. The data is taken from the Company's annual reports. These provide total floorspace figures only upto February 1979, at which date the total was 56,972 square metres for 591 stores, an average of 96.4 square metres.

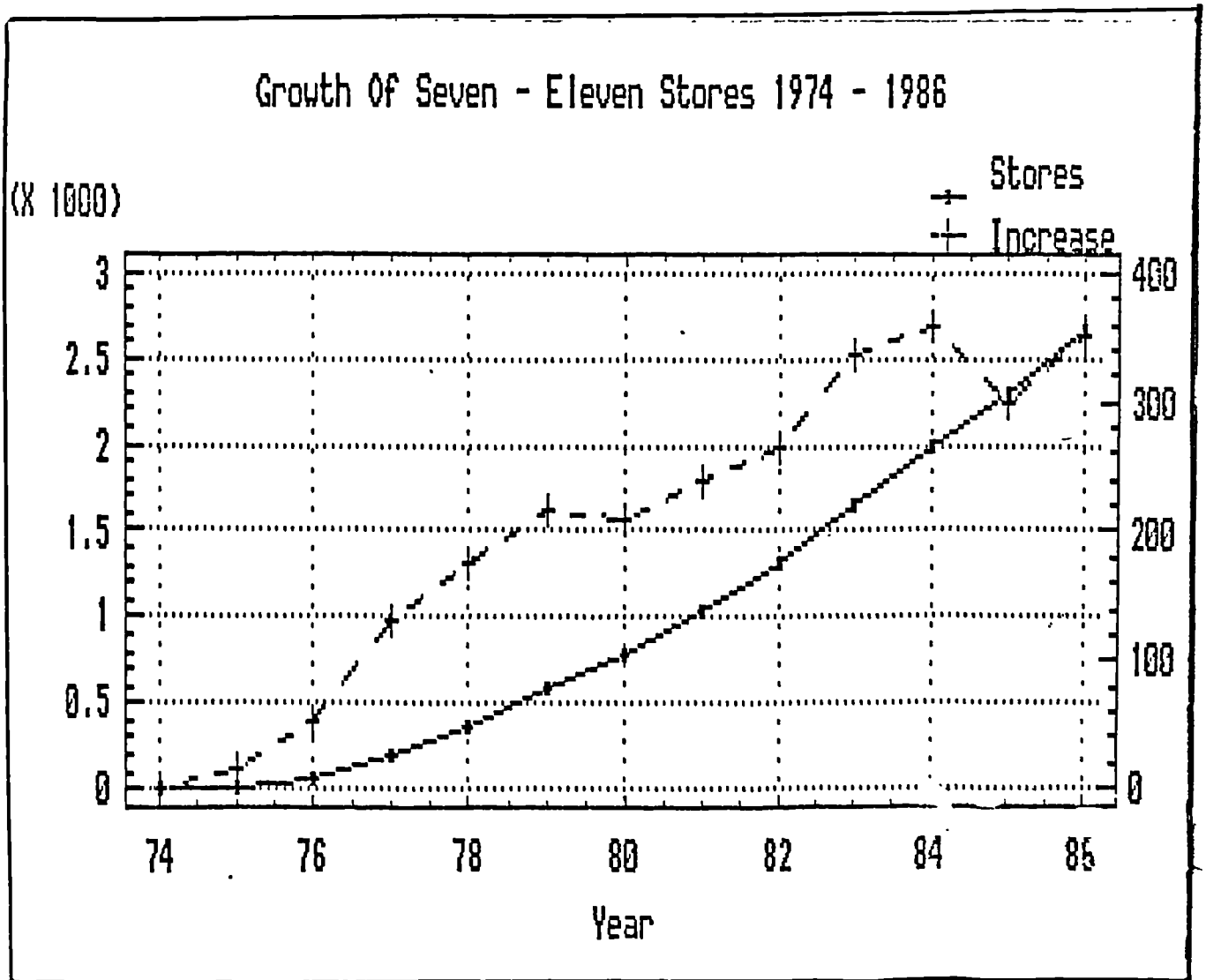


Fig 6.14 Seven - Eleven: Growth In Number Of Stores 1974-1986.

The chain grew from 69 units to 199 in Fiscal 1977, "the pace of growth having exceeded original management expectations." This was the first year that the operation yielded a profit. Many of the franchisees had previously operated traditional 'mom-and-pop' type stores, and were experiencing the benefits of being involved in mass merchandising and organized retailing. The opening of a new franchise store was a full turnkey operation including the layout of the new store, the provision of equipment, and the provision of supervisors to provide ongoing assistance. Once opened, the accounts of the stores were computerised. Increased revenue and profits meant that often the stores provided the owner's family with a full-time income eliminating the need to supplement it through part time work.

After four years of operations, the size of the chain was 375 stores in February 1978. 149 were in Tokyo. 161 were in the rest of the Kanto region. 65 were located in areas to the north of Kanto, including Saporro in Hokkaido, and in central Japan. The lower limit of the range of floorspace had been reduced from 160 to 75 square metres. A number of stores were open for 24 hours a day. The target for the end of fiscal 1982 had been raised from 1,000 to 1,200 stores. The target was in fact exceeded with 1,306 stores opened as of February 28th 1982.

In October 1979 Seven-Eleven Japan Co., Ltd was listed in the second section of the Tokyo Stock Exchange and was 51.9% owned by Ito-Yokado. During Fiscal 1980 the number of outlets had risen to 801. 29 individual franchisees had opened a second or third store. Territorial expansion increased with the opening of 23 stores in Fukuoka Prefecture in the island of Kyushu and the opening of 28 stores in prefectures surrounding Kanto. These included the first stores in Shizuoka and Ibaraki prefectures.

The number of stores in Hokkaido was more than doubled to 43.

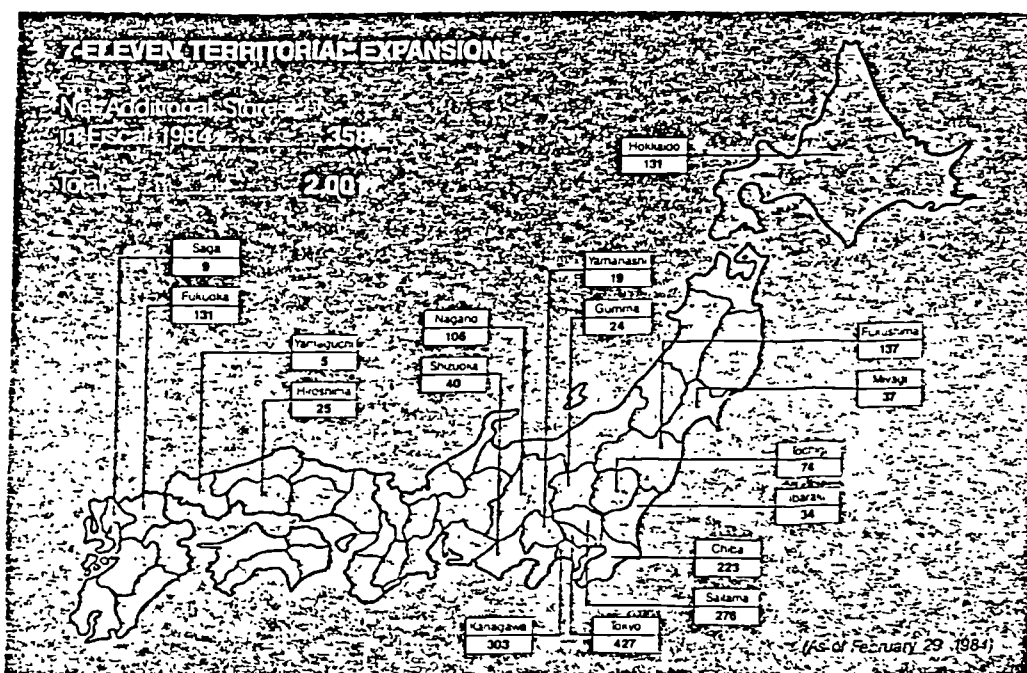
The 1000th store was opened during 1980. By February 1981 there were 1040 outlets in the chain, located in 12 of Japan's 47 prefectures; the largest concentration being in the Tokyo metropolitan area. Approximately one third were open 24 hours a day, and all stores were open every day of the year. Future plans included the opening and operation of stores in regional clusters with between 40 and 50 stores in each division. The idea behind this was to increase the effectiveness of advertising, and to further minimise distribution costs that had already been reduced by the adoption of a computerised inventory system.

An outline of this system as it existed in the early 1980s, prior to the introduction of EPOS equipment, is to be found in the Reports for 1980-2. Each store was equipped with a computer terminal linked with a central computer. The computer produced information on a monthly basis about product demand. It was possible to analyze this for the whole company, by districts and individual outlets, and so monitor trends in the market. Both fast and slow moving lines could be identified and stock levels adjusted accordingly.

Stock orders from each store were entered into the computer to facilitate bulk purchasing from a carefully selected list of national and local suppliers. This resulted in benefits of economies of scale and a greater bargaining power than that of individual small shops. The Seven-Eleven Company made agreements with wholesalers whereby consolidated deliveries of different competitors' products could be made to the stores. This resulted in less paperwork for shop staff and a reduction in the number of inconvenient, frequent small-sized deliveries received from suppliers.

The Reports for 1981/2 indicate that the customer profile of Seven-Eleven was becoming broader. More and more housewives were beginning to shop at these stores as well as young, mostly male, single workers and students. Perhaps one reason for this was the stocking of quality fresh foods, reflecting the preference for frequent local purchasing as noted in Chapter 3. Fast foods and snacks were becoming increasingly popular. These included hamburgers cooked in microwave ovens and the popular 'onigiri' rice balls. In fiscal 1981 fast foods accounted for 12 % of total sales, and the share was gradually increasing.

Fig 6.15 Distribution of Seven-Eleven Stores February 1984.



In fiscal 1983 EPOS equipment was installed in all of the chain's current 1,643 stores. Whereas one year previously only 2% of retail lines in Japan carried bar codes, a total of 85.5% of Seven-Eleven's stock lines now carried them. During that year the Company had changed 2,100 items out of the typical 3,500

lines on sale in its stores. It was anticipated that the EPOS system would enable the chain to respond more speedily to changes in demand. The other major event of the year was the territorial expansion into Saga, Miyagi and Hiroshima Prefectures, all outside of the Kanto region. In the next 12 months the number of stores reached 2,001. Figure 6.15 shows the geographical distribution of outlets as of February 1984.

By the end of fiscal 1984 both EPOS and electronic order booking systems had been fully implemented. An online network linking the stores and suppliers was established. The already high rates of turnover on fast moving lines was further improved. New items, with higher added value, were being added continually and slower moving lines were being weeded out. Own brand products were promoted on television and elsewhere by the media, with particular emphasis on fast foods and hot snacks.

In fiscal 1985 no stores opened in new prefectures. The Company's declared primary objective was to increase the number of outlets in existing areas and to achieve market dominance. The new total was 2,299 stores, of which 209 were corporately managed and owned. A further 259 were wholly owned. The 1985 report revealed that these 468 'corporate facilities' generally made a higher profit contribution, and that Seven-Eleven was considering increasing the number of these stores to increase its assets. Over the next year a further 101 corporate facilities were opened out of a total of 366 new outlets. This type of store accounted for 21.5% of the chain's stores as against 18.8% in fiscal 1984 and 17.9% in Fiscal 1983. Again no stores were opened in new prefectures.

In fiscal 1986 the POS system was enhanced with the instalment of interactive CRT terminals in stores displaying POS

data graphically in colour. According to the report for that year the POS system and Electronic Order Booking system had been instrumental in speeding up deliveries of orders, and in reducing distribution and inventory holding costs. Figure 6.16 shows the distribution of the 2,651 stores as of February 1986.

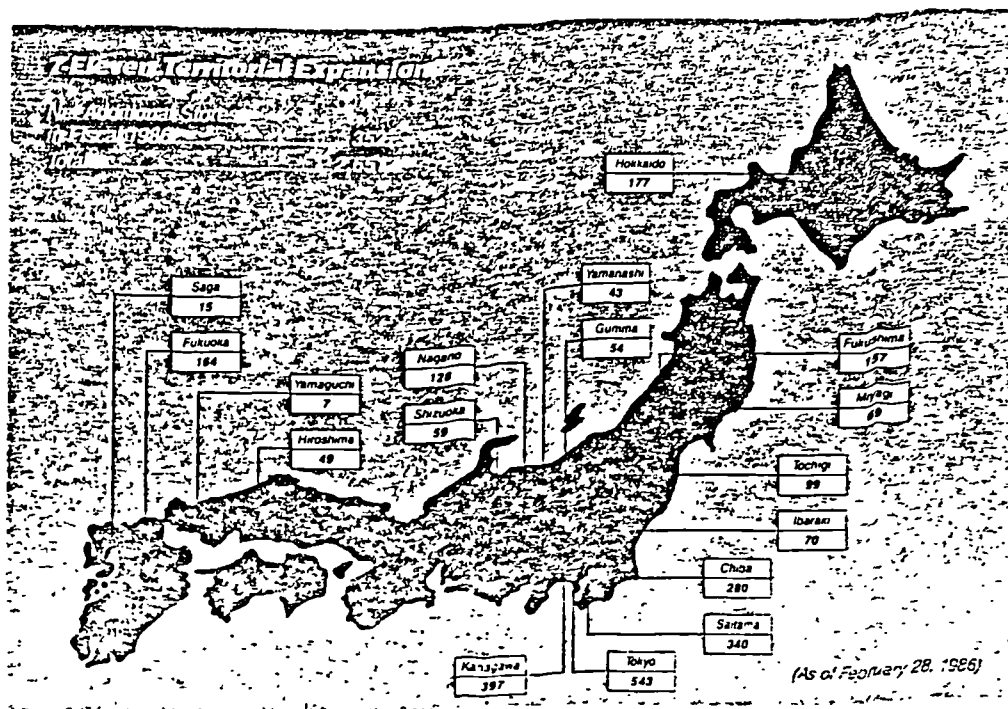


Fig 6.16 Distribution of Seven-Eleven Stores February 1986.

The next section outlines the growth of the other four companies' chains of convenience stores, namely Lawson (Daiei), Family Mart (Seiyu), Circle K (Uny) and Ministop (JUSCO). These chains were largely developed a number of years after the Seven-Eleven chain was seen to be successfully established and for this reason they can conveniently be described as "Followers".

6.7.3 The Followers: Lawson (Daiei), Family Mart (Seiyu), Circle K (Uny) and Ministop (JUSCO).

Table 6.23 shows when these four companies first opened convenience stores and the subsequent growth of each chain. The total of stores as of February 28th each year is given. Seven-Eleven is included for comparison.

Table 6.21 Comparison In Size Of The 5 Convenience Store Chains.

Year	<u>Seven-Eleven</u>	<u>Lawson</u>	<u>Family Mart</u>	<u>Circle K</u>	<u>Ministop</u>
1974	0				
1975	15	0			
1976	69	10			
1977	199	52	0		
1978	375	83	3		
1979	591	88	13	0	
1980	801	118	47	*	0
1981	1040	225	77	*	3
1982	1306	347	113	24	13
1983	1643	616	190	79	70
1984	2001	782	321	135	80
1985	2299	970	526	185	94
1986	2651	1204	758	256	118

Note: * unknown.

Source: Annual Reports

Like Ito Yokado, Daiei entered into an agreement with an American company in order to develop a convenience store chain. In November 1974 the agreement was concluded with the Lawson Milk Company, the convenience store division of Consolidated Food Corporation. The first Lawson (Japan) experimental stores were opened during 1975 in the Osaka area. Two were under direct management and the others were under franchise.

Compared with Seven-Eleven, the rate of increase in the number of stores over the first 5 years of operations was slow. 118 Lawson stores had been opened by February 1980. By contrast Seven-Eleven had expanded to 591 units in its first five years. In fiscal 1981 Seven-Eleven's net increase was 239 stores, 14

more than Lawson's entire total of 225. In fiscal 1981 there were 1040 Seven Eleven stores after seven years of trading. Although the number of Lawson stores opened in subsequent years increased rapidly it was fiscal 1986 before the 1000th store was opened; with a total of 1204 as of February 1986.

The following information is derived from the 1985 Report. The average sized store is about 100 square metres. All stores open 24 hours a day to attract custom from two-income families who find shopping difficult during normal opening hours. In addition to the 3,000 plus convenience store stock lines and fast foods the stores provide a number of customer services such as photographic film processing, advanced bookings for theatre performances, and in about 75% of stores photocopying facilities. The report mentions that a weekly television programme promoted the Lawson chain with cash prizes for its customers. 1984 saw the initiation of a winter gift season catalogue, with other Daiei companies providing a delivery service.

Daiei's reports do not show the number of Lawson stores by prefecture, they merely describe their location as being nationwide and concentrated in suburban areas. The 1985 Report stated that future expansion would take place in Japan's major urban areas. There is no information given as to the proportion of Lawson stores that are franchised or company owned. Inventory control is computerised but no details are given except that orders could be delivered within 24 hours.

Seiyu did not enter the convenience store market until 1977 when the first three Family Mart stores were opened. In 1981 the 89 existing outlets were reformed under a non-consolidated subsidiary. As with Lawson growth in the first few years was relatively slow, but accelerated rapidly after 1982, and was

again based primarily on franchising. The 1986 Report showed that in February 1986 there were 758 stores, 682 of which were located in Kanto, and 71 in Kansai. The remaining 5 were in the Chubu region. The majority of stores open 24 hours a day, and many sell tickets for entertainment events. Openings over the next few years were expected to be in the region of 250 per annum. The 1987 report revealed that plans had been formulated to increase the number of stores in Chubu, and in particular in the Nagoya area. Expansion into Tohoku was also being considered.

This Report also declared that in 1985 Seiyu had started to install POS and Value Added Network systems as part of a three year programme to link Family Marts and Seiyu stores. The aim was to create a unified control system for both chains. Each store would be treated as an individual profit centre and its contribution towards profit would then be monitored. One outworking of this scheme has been the stocking of the Mujirushi Ryohin (No-Name Brand) line in Family Marts as well as in Seiyu stores.

Uny was the fourth of the five companies to enter the field, under a licensing agreement with the Circle K Corporation of the USA. The first store opened in 1979. As of February 1986 the total had reached 256, of which 250 were franchised. The majority of the stores are located in Nagoya and the Chubu region, midway between Kanto and Kansai. This was in accordance with Uny's strategy for achieving market dominance in the region. In 1984 Circle K Japan was reorganised as a wholly owned subsidiary of Uny. According to the 1985 Report the chain had the highest revenue of any convenience store chain in the region. A feature of the chain's organisation was the grouping of between six and eight stores under an area manager.

Finally, JUSCO commenced convenience store operations in July 1980 with the opening of the first corporately owned Ministop store. The first franchise outlet was opened in June 1981. In February 1986 there were 118 outlets, making this the smallest of the five chains covered in this chapter.

Distinguishing features include the provision of fast food corners with seating provision and a larger range of 4,500 stock lines. Inventory control was assisted by computer links to a central head office.

Convenience stores fit in with the application of the Chandler Thesis since they are an example of diversification, as are the restaurant operations considered in the next section.

6.8 Subsidiary Restaurant Operations.

6.8.1 Daiei.

In Fiscal 1985 Daiei operated 14 food service chains, each targeting a particular segment of the market. They included restaurants, hamburger chains, donut and ice-cream shops. Some of the chains were set up in conjunction with overseas franchising companies, which provided operational expertise and the attraction of well known trade names. Several outlets of the various subsidiaries are located inside Daiei's superstores.

The 1984/5 reports give examples of some of Daiei's food store operations. Volks steak houses cater for the modern Japanese taste for Western style dining with an aura of sophistication and yet firmly targeted at families. There were 65 Volks steak houses at the end of Fiscal 1984. Competing in the fast-food market are two hamburger chains independently managed by Wenco Japan. Wendy's is aimed at young adults and older age groups, while Dom Dom caters for children and teenagers. As of

February 1984 there were 339 Wenco outlets altogether.

In fiscal 1984 there were also 24 Milky Way family restaurants, 38 Donut Arts donut shops and 335 Dipper Dan ice cream shops including franchise units (159 in 1983). There was a chain of Chinese restaurants named Koupuri with prices 10-25% below that of other Chinese restaurants. Most Chinese restaurants at the time catered mainly for banquets and weddings. Koupuri's targeted market was the family eating out on a budget and businessmen. Finally the 1983 Report states there were 40 Satsuma noodle shops and 309 Captain Cook restaurants. The latter offered light meals and beverages in a Japanese style coffee house atmosphere.

6.8.2 Ito-Yokado.

In the same year that Ito-Yokado concluded its agreement with the Southland Corporation the Company made an agreement with a second company in the USA. This time it was with Denny's, America's largest restaurant chain. Denny's was chosen as a partner after careful scrutiny of several such chains. The first Denny's restaurant in Japan was opened in 1974 inside Ito-Yokado's Kamioka store. The opening hours were from 7am to 11pm. Later stores are generally free standing, in leased premises, with a uniform appearance and offer an American style menu designed largely to attract passing motorists.

Because of high start-up costs this operation did not make a contribution towards earnings until fiscal 1978. In November 1982 the chain was listed on the Second Section of the Tokyo Stock Exchange. As of February 1986 there were 249 outlets, including an undisclosed number of franchised units.

The 1980 and 1981 reports paint the clearest picture of this

venture. In Fiscal 1980 Denny's was a 79.5% owned subsidiary with locations primarily in the Kanto region. The average size was 320 square metres. There were between 130 and 150 items on the predominantly American style menu, with some Japanese meals being offered. It was claimed that 80% of customers came by automobile, although some successful units did not have any parking spaces at all. The increase in car ownership was cited to be a factor in the opening of a number of drive-in Denny's restaurants in and around Kanto. A total of 20 restaurants operated 24 hours a day and more were planned for the Metropolitan Tokyo area to meet late night and early morning demand. The 1984 Report revealed also that prototypes were being planned for different kinds of locality including resorts as well as urban centres. In fiscal 1984 30 existing restaurants had been remodelled, and during fiscal 1986 46 were refurbished.

Ito-Yokado's York Food Service Company commenced a second restaurant business in 1973 under the Famil Restaurants name. It became profitable in 1975. According to the 1980 Report it was an 88% owned subsidiary. The majority of these restaurants are located inside Ito-Yokado superstores. They offer a mixture of Japanese, Chinese and Western style meals. They were designed to appeal to all generations. The number of Famil outlets reached a peak in Fiscal 1982 when the total was 113. However, by early 1986 the number had declined to 101, of which 78 were located inside Ito-Yokado stores and the remaining 23 were freestanding. According to the 1986 Report some units had been closed because they were unprofitable.

6.8.3 Seiyu

One restaurant operation is mentioned in Seiyu reports. In February 1986 there were 230 fast food restaurants operated by

the Ceppo Company subsidiary. The 1985 Report states the menu
" _ _ contains, in addition to hot dogs, several Japanese
and unconventional fast food items which have special
appeal for Japanese, and growth should be rapid."

6.8.4 Jusco

Jusco's restaurant operations include the Gourmet d'Or family restaurant chain and the Red Lobster seafood restaurant chain. Gourmet d'Or was originally established in 1979 as Coq d'Or, and merged with Sanko Ltd in November 1984. Red Lobster was formed in August 1982 and was the result of a joint venture business agreement with General Mills Inc. of the USA. In February 1986 there were 111 Gourmet d'Or outlets and 7 Red Lobster outlets, all located in the Tokyo metropolitan region.

The merger between Gourmet d'Or and Sanko was undertaken with a view to pool management expertise in order to develop a range of formats to attract custom. As from Fiscal 1985 the following formats were under development: 1) free standing restaurants, 2) units in shopping centres, 3) gourmet restaurants, 4) concessionary restaurants offering high-class western style food, and 5) take out sales. According to the 1987 Report the chain had been offered as a franchise after 1985. A feature of this chain is the so-called 'home-made' flavour. Microwave ovens and other fast food equipment are not used to produce meals. High quality food at reasonable prices is offered from a menu of some 220 items. According to the 1986 Report this approach meant that the chain had gained a high reputation with customers.

The Red Lobster menu is comprised of a variety of seafood dishes such as crab, shrimp and lobster. The latter is obtained live from the east coast of the USA, reflecting the projection of

a high quality and freshness image. The success of the first 7 stores, plus the lessons learnt, resulted in plans for a more rapid rate of expansion in the near future.

6.8.5 Nichii

Nichii Foods Co. Ltd. was formed in 1972. By the beginning of 1986 this subsidiary comprised 154 units throughout the country, located either within Nichii stores or as free-standing outlets. They serve Japanese noodles and light meals. Four other subsidiaries have been established in recent years. These operate coffee shops, restaurants, hamburger and crepe shops.

6.8.6 Uny

Uny had just one fast food chain in fiscal 1986. This was Winchell's Donut House, formed through a licensing agreement with Denny's of the USA in 1979. This is the same Denny's that Ito-Yokado linked with. 12 stores were in existence as of February 1982, located in or near Uny superstores. This figure is greater than the 10 units of February 1985, which suggests the venture has not been as successful as originally envisaged.

6.9 Conclusions.

The six retail groups under consideration were all incorporated after the late 1950s. They are therefore of comparatively recent origin compared with the traditional department stores. 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. Uny was placed tenth in 1986. The 1986 ranking of these companies corresponds nearly to the order in which the companies were incorporated. The exception is JUSCO which ranked one place ahead of Nichii but was founded seven years later. The six parent companies all started operations within the 'core' regions of Kinki, Chubu or Kanto with later expansion in other areas of Japan. The companies fall naturally into two groups.

Daiei, Ito-Yokado and Seiyu 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. Their founders had observed and studied retail developments overseas and these new companies were pioneers in the introduction of self-service, mass merchandise supermarket chains. Each company has been established and subsequently developed by an entrepreneurial president who correctly identified new market opportunities within retailing. In the case of Seiyu the President, Seiji Tsutsumi, was concurrently President of Seibu Department Stores.

The three companies of the second group were formed through mergers of comparatively small locally based chains between 1963 and 1971. They can therefore be described as 'followers', at least in a historical sense. Their first stores were located in Kinki and in Central Japan between Kinki and the

Tokyo - Yokohama conurbation.

Table 6.22 shows how the average store sizes for Daiei, Ito-Yokado and Seiyu have increased between 1972 and 1985. For comparison the average size of Category 431 (Department Stores) stores is included. The data refers to sales floor-space area.

Table 6.22 Average Store Size (Sq Km) of Group 1 Stores.

STORE TYPE	1972	1974	1976	1979	1982	1985	+ %
Ito-Yokado	4405	5810	6293	7441	8126	8370	90.0
Category 431	5849	5844	5909	5657	6948	7211	23.3
Daiei	4067	5036	5698	6583	6811	6975	71.5
Seiyu	2399	2749	3207	3687	3978	4252	77.2

Source: Company Reports
Census of Commerce

The table shows that each company's stores had increased steadily in size over the period and that their rate of growth was much higher than for 431 type stores generally. Ito-Yokado stores were larger than 431 type stores after 1976 and were almost twice the size of Seiyu stores. The average size of Ito-Yokado stores also increased the most, almost doubling. Daiei stores were nearest in size to 431 stores and showed the smallest increase in store size for the three companies from 1972 to 1985.

The reports for the other three companies give much less detail about the size of stores. In 1985 the average sales floorspace of JUSCO stores was 4,444 sq km and for Uny the figure was 4,939 sq km. The only data for Nichii refers to consolidated stores, and the average floorspace of these 317 stores was 3,738 sq km. It can be seen therefore that in 1985 only Ito-Yokado stores were larger on average than type 431 department stores.

In section 6.2 it was shown that Daiei, Seiyu, JUSCO and Nichii all operated a wide range of different sized stores. Ito-Yokado and Uny had consolidated subsidiaries comprised of stores with a smaller average size than those of the parent companies. Generally the larger stores placed less emphasis on food lines in terms of the proportion of floorspace given over to them. The depth of product lines stocked in these stores was similar to that of many department stores. They were often sited in more convenient locations for many customers.

Ghosh and McLafferty (1987) point out that individual store size is a strategic variable that management need to consider when choosing a trading area. They suggest that although accessibility is important, customers prefer to shop more frequently at larger supermarket stores and are prepared to travel longer distances to do so. Larger stores carry a wider range of goods and attract more customers but they are also more expensive to operate. It is submitted that the following statement from these authors is particularly true in Japan where conurbations have high land prices and high population density:

"Although theoretically, store size is a continuous variable, in practice, firms usually consider a limited number of discrete size levels because of constraints on alternative design configurations and the size of land parcels."

All six companies adopted a strategy of regional concentration centred on one or two urban conglomerations. As well as opening stores in traditional 'high street' shopping areas, the companies have opened stores by rail stations and in the faster growing suburban areas

surrounding major cities. Generally, the location of stores is highly indicative of increasing market penetration in selected areas of high population density.

The use of distribution depots and vehicle fleets may be best seen as a way to rationalise the multiplicity of supply and delivery channels that exist in the Tokyo and Osaka hinterlands, rather than an attempt to use economies of scale and centralisation on a national, or even regional basis.

Apart from Uny, the companies have sought to have an involvement in other geographical regions by means of subsidiary and or affiliated companies, or through equity investment in local supermarket chains. The Dodwell Report (1985) indicates that in Japan there is a significant degree of investment by department store and superstore companies in smaller chains.

During the 1970s and 1980s each of the companies diversified their operations and adopted a portfolio of retail formats. Daiei, Ito Yokado, Seiyu and JUSCO all operated supermarkets, superstores, speciality stores, convenience stores, fast food outlets or restaurants plus a small number of department stores. Nichii had involvements in all these sectors apart from convenience store operations and the only exception for Uny was department stores.

Most of the diversification schemes of the 6 groups were developed after the introduction of the tighter administrative measures by MITI in 1974. It would be too simplistic to suggest that these measures were the main cause of diversification. Although the measures could result in the imposition of restrictions on the size of individual stores the average store size for each company increased steadily from 1972 to 1986. The main affect of the measures appears to

have been the slowing down in the rate of large store openings because of the increasing amount of time spent on consultation between involved parties. It is this restraint, on the rate of expansion, which is likely to have acted as a spur to these companies in including diversification as a part of their strategic planning. Kotler (1984) has said:

"Strategic planning is the managerial process of developing and maintaining a viable fit between the organisation's objectives and resources and its environmental opportunities. The job of strategic planning is to design the company in such a way that it consists of enough healthy businesses to keep the company going even when some of its businesses are hurting." (Emphasis mine).

It may be argued that to these companies which had experienced, and become accustomed to, rapid growth by the mid 1970s, that a slow down in the rate of store openings was hurtful. In this sense diversification meant a reduction of risk as well as ventures into new market opportunities. The general opinion of management in the period after 1974 was that there were almost limitless possibilities of growth if the companies could devise and implement successful strategies.

The scale of diversification noted in this chapter also suggests the existence of both growth objectives on the part of each company and the availability of sizeable funds for expansion. Some expansion occurred by means of vertical integration or by entering non retail activities. The use of licensing agreements in several instances is an indication that the companies themselves either were lacking to

some extent in specific resources and skills, or wished to establish a foothold in the potential market as soon as possible. Perhaps the most obvious examples are the convenience store operations of Ito-Yokado and Daiei, and also their department store ventures.

In part diversification followed changes in consumers' tastes and habits. For example the increasing number of women in the workforce was a contribution to the success of convenience store operations which provided convenient shopping hours. These bright, modern shops were also attractive to single workers and students. Another reason for their rapid growth was an increasing demand for better quality goods in neighbourhood stores.

According to Takaoka (1984) the modern convenience store was the fastest growing retail format during the mid 1980's in Japan. Another example of a response to changes in consumers' tastes was the introduction of speciality shops. Both convenience stores and speciality shops were new opportunities to enter new market segments and to help maintain the companies' growth rates.

Finally, a comparison is now made between the companies as to their organisational development, using the Chandler Thesis as described in Section 6.3.1.

Figure 6.17 shows the results of the application of the Chandler Thesis to the six companies. It is submitted that they show that the Chandler Thesis, at least in its broadest form, is an appropriate model for applying to organisational change within the companies. The application of a more elaborate version of the model, such as Greiner's development model, would require much more data and information about company performance.

Figure 6.17 Application of the Chandler Thesis to the Six Companies

	<u>Daiei</u>	<u>Ito-</u> <u>Yokado</u>	<u>Seiyu</u>	<u>JUSCO</u>	<u>Nichii</u>	<u>Uny</u>
<u>STAGE 1: EXPANSION</u>						
Single Product Market	*	*	(1)	*	*	*
Presidential Strategy	*	*	*			
Expansion by Volume	*	*	*	*	*	*
<u>STAGE 2: EFFICIENCY</u>						
Cost Reduction	*	*	*	*	*	*
Distribution System Developed	*	*	*	*	*	*
<u>STAGE 3: EXPANSION</u>						
Geographical Expansion	*	*	*	*	*	*
New Product Ranges	*	*	*	*	*	*
New Market Segments	*	*	*	*	*	*
Diversification	*	*	*	*	*	*
<u>STAGE 4: REORGANISATION</u>						
Reorganisation	*	*	*	(2)	*	(3)
Multidivisional	*	*	*	*	*	*

Notes:

- (1) Already part of Seibu Saison Group of Companies
- (2) Much of this was through regional mergers
- (3) Insufficient Information

Chapter 7. A Statistical Analysis of the Case Study Companies.

7.1 Introduction to Chapter Seven.

The aim of this chapter is to build on the foundation laid in Chapter 6 through:

- 1) Exploratory analysis of Japanese statistical material
- 2) The use of regression analysis to examine sales in 1985.
- 3) Using the findings of 1) to quantitatively test the hypotheses in Section 3.8.2 of chapter 3.

To carry out the analysis, data from several sources was 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).

The analysis in this chapter is primarily concerned with the 874 stores operated by the six companies. The other 356 stores are examined, in Section 7.6 to provide further information about the companies. They are not subjected to full analysis for two reasons. First, they do not include all existing subsidiary or affiliated stores. For example, the Daiei report for Fiscal 1985 states that "The Daiei Group, including franchised, affiliated, and other associated stores, has 551 superstores...". Only one of these stores appears in the list of 356 stores. Second, there are many missing values for certain variables. This is particularly true of the sales figures of these stores for Fiscal 1986, for which there were 282 missing values.

The analysis begins in Section 7.2 with an introductory statistical overview. Section 7.3 contains an account of the

geographical distribution of the stores. The relationship between stores and population distribution and density is examined.

In Section 7.4 there is an account of 714 Class 1 stores which were wholly owned by the six companies and governed by the large store legislation. Additional data, in respect of those stores, was obtained from the Ministry of International Trade and Industry, who provided a copy of a document containing data used for internal purposes. The additional data includes details about the surrounding areas of retail development in which the individual stores are located. The section 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).

The site classification was available for 669 of the companies' 714 Class 1 stores, but for only 9 of their 160 non Class 1 stores.

In section 7.5 a historical dimension is introduced into the analysis by considering the original opening dates of the stores, in existence in February 1986, in conjunction with other factors.

Section 7.6 contains details of some of the subsidiary and affiliated companies of the case study companies.

In Section 7.7 there is 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 has been widely used as a methodology in store assessment research (Davies and Rogers, 1984).

7.2 Introductory Statistical Overview.

Table 7.1 contains summary statistics for the 874 wholly owned stores, compiled from the material in the database. The average sales floorspace figures for each company are all above the 2,500 square metre threshold for superstores as suggested in Appendix A by the Unit for Retail Planning Information (1976).

Table 7.1 Summary Statistics of the Case Study Stores, 1986.

<u>Company:</u>	<u>Stores</u>	<u>Staff</u>	<u>Sales</u> <u>(*)</u>	<u>Sales Floor-</u> <u>space (sq m)</u>	<u>Average</u> <u>Floorspace</u>
Daiei	164	21,803	970,209	1,149,884	7,011
Ito - Yokado	123	9,340	791,820	889,697	7,233
Seiyu	167	7,290	675,219	720,486	4,314
JUSCO	154	17,573	499,928	698,011	4,533
Nichii	156	-	533,993	696,805	4,467
Uny	110	9,975	406,840	544,311	4,948
Total:	874	-	3,878,009	4,699,194	5,377

(*) Sales in Millions of Yen

<u>Company:</u>	<u>Average</u> <u>Staff</u>	<u>Average</u> <u>Sales *</u>	<u>Sales *</u> <u>/ Staff</u>	<u>Sales *</u> <u>/ Fspace</u>
Daiei	130.56	5,952	46.42	0.91
Ito - Yokado	75.93	6,438	81.70	0.93
Seiyu	43.65	4,068	121.67	1.15
JUSCO	114.11	3,289	27.85	0.76
Nichii	-	3,423	-	0.75
Uny	90.68	3,699	39.30	0.74
Total:	-	4,457	-	0.88

There was no data on staff for 28 Nichii stores and one Daiei store. The latter was a store of 2,243 sq metres floorspace, opened during 1985, in Hyogo Prefecture. There were also missing sales values for four stores, as shown in the following list:

<u>Company</u>	<u>Prefecture</u>	<u>Staff</u>	<u>Floorspace</u>	<u>Sales</u>
Daiei	Hyogo	6 *	2,937	-
Seiyu	Hokkaido	177	12,298	-
JUSCO	Akita	4	456	-
JUSCO	Akita	17	1,251	-

* Estimated. This store was in close proximity to a larger store, and Daiei usually combined the data of these two together. These figures indicate that, with the exception of the Seiyu store, the missing values would have made only a small difference to the final totals.

More notable are the discrepancies:

- 1) between the sales figures in Table 7.1 and those published by Nihon Keizei Shinbun (1987) which accompany the description of each Company in Section 6.2 of Chapter 6; and
- 2) between the sales space totals in Table 7.1 and those within the company reports.

These discrepancies are shown in Table 7.2. In Table 7.2 (a) the Nihon Keizei Shinbun sales figures for Fiscal 1986, and the number of stores they were based on, are shown in brackets, in columns marked as (1). In Table 7.2 (b) the floorspace and store totals from the company reports are in brackets, in the columns marked (2). The Companies' annual reports were not used to make a comparison of sales with the data sample because some of them were comprised of consolidated accounts only.

Table 7.2 Discrepancies in Sales and Selling Space Statistics.

a) Sales Totals for Fiscal 1986.

<u>Company:</u>	<u>Stores</u>	<u>Sales in Millions of Yen</u>	
	(1)	(1)	
Daiei	164 (164)	970,209	(1,373,559)
Ito - Yokado	123 (124)	791,820	(953,206)
Seiyu	167 (170)	675,219	(765,475)
JUSCO	154 (153)	499,928	(761,167)
Nichii	156 (166)	533,993	(577,196)
Uny	110 (111)	406,840	(412,793)
Total:	874 (888)	3,878,009	(4,699,194)

Note: (1) = Nihon Keizei Shinbun

b) Sales Floorspace Totals Fiscal 1986.

<u>Company:</u>	<u>Stores</u>	<u>Sales Floor-</u>		<u>Average</u>
	(2)	<u>space</u>	<u>sq m)</u>	<u>Floorspace</u>
	(2)	(2)		(2)
Daiei	164 (164)	1,149,884	(1,155,000)	7,011 (7,043)
Ito - Yokado	123 (124)	889,697	(1,045,225)	7,233 (8,429)
Seiyu	167 (170)	720,486	(720,054)	4,314 (4,236)
JUSCO	154 (152)	698,011	(675,428)*	4,533 (4,444)
Nichii	156 (-)	696,805	-	4,467 -
Uny	110 (111)	544,311	(544,959)	4,948 (4,909)

Notes:

(2) = company annual reports for Fiscal 1986

* = JUSCO's total is for Fiscal 1985.

Tables 7.3 to 7.6 contain a breakdown of staff, floorspace, parking spaces and sales data by company for Fiscal 1986.

In Chapter 4, Section 4.5.1, it was stated that many of these stores are classified as Category 431 Department Stores. This is because they offer a wide range of goods for sale besides food and have at least 50 full time employees per store.

Table 7.3 Employees Per Store Fiscal 1986.

Employees per Store	Stores by Companies						Total
	Daiei	I-Y	Seiyu	Jusco	Nichi	Uny	
1 - 24	3	6	79	14	30	3	135
25 - 49	12	10	36	8	40	17	123
50 - 74	19	40	18	26	33	14	150
75 - 99	15	48	10	27	18	38	156
100 - 124	27	15	14	23	6	22	108
125 - 149	24	2	3	11	1	5	47
150 - 174	28	2	5	14	0	6	55
175 - 199	14	0	2	12	0	3	30
200 - 760	21	0	0	19	0	2	41
Missing cases	1	0	0	0	28	0	29
<u>Total</u>	<u>164</u>	<u>123</u>	<u>167</u>	<u>154</u>	<u>156</u>	<u>110</u>	<u>874</u>
Average staff:	133.8	75.9	43.7	114.1	47.0*	90.7	85.2
Percentages							
1 - 24	1.8	4.9	47.3	9.1	23.4	2.7	15.4
25 - 49	7.3	8.1	21.6	5.2	31.3	15.5	14.1
50 - 74	11.6	32.5	10.8	16.9	25.8	12.7	17.2
75 - 99	9.2	39.0	6.0	17.5	14.1	34.5	17.8
100 - 124	16.5	12.2	8.4	14.9	4.7	20.0	12.4
125 - 149	14.6	1.6	1.8	7.1	.8	4.5	5.4
150 - 174	17.1	1.6	3.0	9.1	-	5.5	6.3
175 - 199	8.5	-	1.2	7.8	-	2.7	3.4
200 - 760	12.8	-	-	12.3	-	1.8	4.7
Missing cases	.6	-	-	-	17.9	-	3.3

Valid Cases 845 * Missing Cases 29 (28 for Nichii).

In Table 7.3 there are 587 (67.2%) stores with 50 employees or more and which may therefore have been Category 431 stores. 567 of these stores were governed by the large-scale retail legislation.

Two of the companies had a majority of stores with less than 50 employees. There were 115 Seiyu stores and 70 Nichii stores, amounting to 68.9% and 54.7% of the Company totals respectively. Together these 185 stores accounted for 71.7% of the stores with less than 50 staff. Only Seiyu had an average of under 5 employees per store, ie 43.7. The average value for Daiei was approximately three times this at 133.8.

Although the average staff per store value for Daiei was much higher than for Ito-Yokado stores, at 133.8 compared with 75.9,

the average size per store for Ito-Yokado (7,233 square metres was greater than that for Daiei (7,011). The next highest value was 2,063 square metres less at 4,948 for Uny.

Approximately three-quarters (660) of the 874 stores had a floorspace area of 2,500 square metres or more, and approximately half (441) were over 5,000 square metres in size. Nearly one-tenth (85) had a sales area over 10,000 square metres, including 32 Daiei and 21 Ito-Yokado stores as shown in Table 7.4.

Table 7.4 Sales Floorspace Of Stores (Sq. Metres) Fiscal 1986.

Store Size (Square Metres)	Stores by Companies						
	Daiei	I-Y	Seiyu	Jusco	Nichi	Uny	Total
405 -< 2,500	20	8	74	41	54	15	212
2,500 -< 5,000	31	21	34	47	35	47	217
5,000 -< 7,500	36	37	26	46	38	32	214
7,500 -< 10,000	44	34	18	12	21	14	143
10,000 -< 12,500	18	17	7	7	6	0	55
12,500 -< 15,000	9	3	8	1	2	2	25
15,000 -< 17,500	0	0	0	0	0	0	0
17,500 - 18,708	5	1	0	0	0	0	6
<u>Total</u>	<u>164</u>	<u>121*</u>	<u>167</u>	<u>154</u>	<u>156</u>	<u>110</u>	<u>872</u>
Average size	7,011	7,233	4,314	4,533	4,467	4,948	5,377
Percentages							
405 -< 2,500	12.2	6.6	44.3	26.6	34.6	13.6	24.3
2,500 -< 5,000	20.1	17.4	20.4	30.5	22.4	42.7	25.1
5,000 -< 7,500	21.3	30.6	15.6	29.9	24.4	29.1	24.4
7,500 -< 10,000	26.8	28.1	10.8	7.8	13.5	12.7	16.4
10,000 -< 12,500	11.0	14.0	4.2	4.5	3.8	-	6.3
12,500 -< 15,000	5.5	2.5	4.8	.6	1.3	1.8	2.9
15,000 -< 17,500	-	-	-	-	-	-	-
17,500 - 18,708	3.1	.8	-	-	-	-	.6

Valid Cases 872 * Missing Cases 2 (Both Ito-Yokado)

Mean floorspace per employee

54.1 93.9 125.0 42.4 159.3 56.1 87.9

One possible reason for the variation in the values of mean floorspace per employee could be a difference in the level of self-service for different companies, stores, and or departments.

When car spaces are compared with sales floorspace, Daiei stores had a low number compared with the other companies, and JUSCO stores had a much higher number. There were 45 Daiei stores (27.4%) without any spaces provided, and there were 24 JUSCO stores (15.6%) with 1,000 spaces or over. Table 7.5 also shows that there was a high percentage of Nichii stores (44.2%) where no spaces were available.

Table 7.5 Spaces Available for Cars per Store.

Spaces per Store	Stores by Companies						Total
	Daiei	I-Y	Seiyu	Jusco	Nichi	Uny	
0	45	12	28	12	69	12	178
2 - 99	29	13	64	37	18	14	175
100 - 199	15	13	19	18	5	15	85
200 - 299	20	15	20	9	12	12	88
300 - 399	5	13	9	7	7	11	52
400 - 499	12	14	10	15	8	8	67
500 - 599	5	13	4	12	11	8	53
600 - 699	7	10	4	3	7	9	40
700 - 799	4	4	2	5	5	4	24
800 - 899	3	7	2	8	6	7	33
900 - 999	5	2	0	2	3	0	12
1,000 - 2,000	3	7	2	24	5	10	51
Missing cases	11	0	3	2	0	0	16
Total	164	123	167	154	156	110	874
Average Spaces	237.9	404.7	169.9	421.9	242.3	403.8	303.5
Percentages							
0	27.4	9.8	16.8	7.8	44.2	10.9	20.3
2 - 99	17.7	10.6	38.3	24.0	11.5	12.7	20.0
100 - 199	9.2	10.6	11.4	11.7	3.2	13.6	9.7
200 - 299	12.2	12.2	12.0	5.8	7.7	10.9	10.1
300 - 399	3.1	10.6	5.4	4.5	4.5	10.0	5.9
400 - 499	7.3	11.4	6.0	9.7	5.1	7.3	7.7
500 - 599	3.1	10.6	2.4	7.8	7.1	7.3	6.1
600 - 699	4.2	8.1	2.4	1.9	4.5	8.2	4.6
700 - 799	2.4	3.3	1.2	3.2	3.2	3.6	2.7
800 - 899	1.8	5.7	1.2	5.2	3.8	6.4	3.8
900 - 999	3.1	1.6	-	1.3	1.9	-	1.4
1,000 - 2,000	1.8	5.7	1.2	15.6	3.2	9.1	5.8
Missing cases	6.7	-	1.8	1.3	-	-	1.9
Valid Cases	858	Missing Cases		16			

When car spaces are compared to the average store sales in Table 7.6, JUSCO had the highest value for spaces but the lowest for sales. Ito-Yokado recorded the highest average sales.

JUSCO was also ranked last in sales per employee, and fifth in sales per square metre. Although Seiyu was third in average sales per store, the Company was ranked first in both sales per square metre and sales per employee.

Table 7.6 Sales per Store in Fiscal 1986.

Sales Per Store (Millions of Yen)	Stores by Companies						
	<u>Daiei</u>	<u>I-Y</u>	<u>Seiyu</u>	<u>Jusco</u>	<u>Nichi</u>	<u>Uny</u>	<u>Total</u>
223 -< 1,000	4	4	23	16	46	7	100
1,000 -< 2,000	15	3	32	37	15	17	119
2,000 -< 3,000	15	6	31	27	20	19	118
3,000 -< 4,000	13	8	18	23	15	26	103
4,000 -< 5,000	21	21	12	14	17	18	103
5,000 -< 6,000	18	18	15	16	13	8	88
6,000 -< 7,000	24	16	7	9	9	6	71
7,000 -< 8,000	17	13	4	7	10	4	55
8,000 -< 9,000	9	9	2	1	5	4	30
9,000 -< 10,000	10	13	7	0	1	0	31
10,000 -< 11,000	6	5	5	2	2	0	20
11,000 - 18,593	11	7	10	0	3	1	32
Missing cases	1	0	1	2	0	0	4
Total Stores	164	123	167	154	156	110	874
Average sales	5,952	6,438	4,068	3,289	3,423	3,699	4,458
Percentages of Stores							
223 -< 1,000	2.4	3.3	13.8	10.4	29.5	6.4	11.4
1,000 -< 2,000	9.1	2.4	19.2	24.0	9.6	15.5	13.6
2,000 -< 3,000	9.1	4.9	18.6	17.5	12.8	17.3	13.5
3,000 -< 4,000	7.9	6.5	10.8	14.9	9.6	23.3	11.8
4,000 -< 5,000	12.8	17.1	7.2	9.1	10.9	16.4	11.8
5,000 -< 6,000	11.1	14.6	9.0	10.4	8.3	7.3	10.1
6,000 -< 7,000	14.6	13.0	4.2	5.8	5.8	5.5	8.1
7,000 -< 8,000	10.4	10.6	2.4	4.5	6.4	3.6	6.3
8,000 -< 9,000	5.5	7.3	1.2	.6	3.2	3.6	3.4
9,000 -< 10,000	6.1	10.6	4.2	-	.6	-	3.5
10,000 -< 11,000	3.7	4.1	3.0	1.3	1.3	-	2.3
11,000 - 18,593	6.7	5.7	6.0	-	1.9	.9	3.7
Missing cases	.6	-	.6	1.3	-	-	.5

Sales Performance per Store (Millions of Yen)

	<u>Sales per</u> <u>Square Metre</u>	<u>Rank</u>	<u>Sales per</u> <u>Employee</u>	<u>Rank</u>
Daiei	.913	3	46.417	4
Ito-Yokado	.932	2	81.698	3
Seiyu	1.417	1	121.674	1
JUSCO	.756	4	27.850	6
Nichii	.747	5	115.147 *	2
Uny	.743	6	39.295	5
Average	.882		72.554 *	

* 28 missing cases for employees of Nichii stores.

In Table 7.7 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 of the 874 stores. Also included in the correlation matrix are variables for the population and population density of the city, town or ward in which the store was located. Wards are used where the city concerned is one of the eleven with a population over one million.

Table 7.7 Correlation Matrix of Selected Variables.

Correlations:	SALES	FSPACE	STAFF	PARKING	POPEN	DENSITY
SALES	1.000 (0) P= .	.856 (870) P= .00	.655 (841) P= .00	.432 (858) P= .00	.085 (870) P= .01	.014 (870) P= .68
FSPACE	.856 (870) P= .00	1.000 (0) P= .	.705 (845) P= .00	.480 (858) P= .00	.028 (874) P= .41	-.138 (874) P= .00
STAFF	.655 (841) P= .00	.705 (845) P= .00	1.000 (0) P= .	.434 (830) P= .00	-.022 (845) P= .53	-.131 (845) P= .00
PARKING	.432 (858) P= .00	.480 (858) P= .00	.434 (830) P= .00	1.000 (0) P= .	-.143 (858) P= .00	-.338 (858) P= .00
POPEN	.085 (870) P= .01	.028 (874) P= .42	-.022 (845) P= .53	-.143 (858) P= .00	1.000 (0) P= .	.286 (874) P= .00
DENSITY	.014 (870) P= .68	-.138 (874) P= .00	-.131 (845) P= .00	-.338 (858) P= .00	.286 (874) P= .00	1.000 (0) P= .

Explanation: (Coefficient / (Cases) / 2-tailed Significance)
 " . " is printed if a coefficient cannot be computed

In Table 7.7, the relationships between variables involving POPEN or DENSITY mainly have coefficients indicating very weak linear relationships. A low relationship is suggested between DENSITY and POPULATION by the coefficient of .286, and between DENSITY and PARKING by the negative coefficient value of -.338. The coefficients for the other relationships indicate moderate to strong linear relationships.

7.3 The Spatial Distribution Of Stores

The regional distribution of stores is shown in Table 7.8. All but 48 of the stores (5.5%) were located in the five regions that comprise the island of Honshu. Over two thirds of the total were in just two regions, with 325 stores in Kanto (37.2%) and 270 in Kinki (30.9%). No company had stores in every region, and each had more than half of its stores within a single region.

Table 7.8 Case Study Stores by Regions

Region	<u>Daiei</u>	<u>I-Y</u>	<u>Seiyu</u>	<u>Jusco</u>	<u>Nichi</u>	<u>Uny</u>	<u>Row Total</u>
Hokkaido	-	12	8	-	-	-	20
Tohoku	5	10	1	22	-	-	38
Kanto	39	90	141	11	25	20	326
Chubu	14	11	11	24	5	89	154
Kinki	89	-	-	87	92	1	269
Chugoku	12	-	-	4	23	-	39
Shikoku	5	-	-	6	8	-	19
Kyushu	-	-	6	-	3	-	9
<u>TOTAL</u>	<u>164</u>	<u>123</u>	<u>167</u>	<u>154</u>	<u>156</u>	<u>110</u>	<u>874</u>

Percentages

Hokkaido	-	9.8	4.8	-	-	-	2.3
Tohoku	3.0	8.1	.6	14.3	-	-	4.3
Kanto	23.8	73.2	84.4	7.1	16.0	18.2	37.3
Chubu	8.5	8.9	6.6	15.6	3.2	80.9	17.6
Kinki	54.4	-	-	56.5	59.0	.9	30.9
Chugoku	7.3	-	-	2.6	14.7	-	4.5
Shikoku	3.0	-	-	3.9	5.1	-	2.2
Kyushu	-	-	3.6	-	1.9	-	1.0

In terms of regional concentration the companies can be divided into two groups of three. Seiyu, Uny and Ito-Yokado all had a substantial majority of their stores within a single region. There were 141 Seiyu stores (84.4%) in Kanto and also 90 Ito-Yokado stores (73.1%). There were 89 Uny stores (80.9%) in Chubu. In the other group, over half of each company's stores were located in the region of Kinki; ie 92 Nichii stores (59.0%), 87 JUSCO stores (56.5%) and 90 Daiei stores (54.9%).

Only in Kanto and Chubu could stores of each company be

found. None of the companies can therefore be accurately described as having a nationwide presence through the parent chains of stores alone. Only Daiei and JUSCO had a presence in all five regions of Honshu. Both companies also had a small number of stores in Shikoku, but none in Hokkaido or Kyushu.

The prefectural distribution is shown in Table 7.9; and Table 7.10 lists the 387 stores (44.3%) in the 50 largest cities. In terms of prefectures, Daiei was the most geographically dispersed company with stores in 29 prefectures out of 47; followed by JUSCO with stores in 23 prefectures, and Nichii with stores in 20. Both Ito-Yokado and Seiyu operated stores in 18 prefectures. Uny was the least geographically dispersed company with stores in 13 prefectures, and with 52 stores (47.3%) in Aichi Prefecture.

There were 303 stores (34.6%) in just three prefectures, ie 116 stores in Tokyo (13.3%), 98 in Osaka (11.2%) and 89 in Hyogo (10.2%). In Tokyo Prefecture, there were 71 Seiyu stores, of which 41 were in the city of Tokyo; and also 29 Ito-Yokado stores of which 19 were in the city. In Osaka Prefecture, There were 41 Nichii stores and 40 Daiei stores; out of which 13 and 5 stores respectively were in Osaka itself. In neighbouring Hyogo Prefecture, there were a further 44 Daiei stores (of which 2 were in Kobe) and also 30 JUSCO Stores.

There were 215 stores in the 7 largest cities. 70 were in Tokyo and 37 in Yokohama. Of the 215 stores, 129 (60%) were governed by the large scale store legislation, whereas in the other 43 cities 146 (84.9%) stores out of 172 came under the law. Elsewhere the proportion was 90.1%. The stores governed by the law are examined more fully from Section 7.4 onward. Two of the 43 cities had more than 10 stores. They were Sakai and Himeji, and both were in Kinki with 12 stores each.

Table 2.9 Location of Case Study Stores as of February 28, 1985.

Map Ref.	Prefecture	Date	T-Y	Saiyu	JUSCO	Nichii	Uny	Total	%	(Non Law)
1	Hokkaido	-	12	8	1	-	-	20	2.3	-
2	Honshu	-	12	-	-	-	-	3	.3	-
3	Honshu	-	11	-	-	-	-	8	.9	(2)
4	Honshu	-	11	-	-	-	-	4	.5	(1.25)
5	Honshu	-	11	-	-	-	-	9	1.0	-
6	Honshu	-	11	-	-	-	-	8	.9	-
7	Honshu	-	15	-	-	-	-	6	.7	-
8	Honshu	-	4	-	-	-	-	14	1.6	-
9	Honshu	-	4	-	-	-	-	9	1.0	-
10	Honshu	-	17	-	-	-	-	10	1.1	-
11	Honshu	-	14	-	-	-	-	39	4.5	(9)
12	Honshu	-	29	-	-	-	-	60	6.9	(5.63)
13	Honshu	-	21	-	-	-	-	116	13.3	(3)
14	Honshu	-	21	-	-	-	-	77	8.8	(49)
15	Honshu	-	21	-	-	-	-	8	.9	(14)
16	Honshu	-	-	-	-	-	-	5	.6	(2)
17	Honshu	-	-	-	-	-	-	6	.7	(1.25)
18	Honshu	-	-	-	-	-	-	5	.6	-
19	Honshu	-	-	-	-	-	-	2	.2	-
20	Honshu	-	-	-	-	-	-	4	.5	-
21	Honshu	-	-	-	-	-	-	10	1.1	-
22	Honshu	-	-	-	-	-	-	7	.8	-
23	Honshu	-	-	-	-	-	-	6	.7	-
24	Honshu	-	-	-	-	-	-	14	1.6	-
25	Honshu	-	-	-	-	-	-	52	6.0	(1)
26	Honshu	-	-	-	-	-	-	1	.1	-
27	Honshu	-	-	-	-	-	-	13	1.5	-
28	Honshu	-	-	-	-	-	-	26	3.0	-
29	Honshu	-	-	-	-	-	-	80	9.2	-
30	Honshu	-	-	-	-	-	-	32	3.7	(5)
31	Honshu	-	-	-	-	-	-	4	.5	(4)
32	Honshu	-	-	-	-	-	-	4	.5	(3.13)
33	Honshu	-	-	-	-	-	-	13	1.5	(9)
34	Honshu	-	-	-	-	-	-	19	2.2	(5.63)
35	Honshu	-	-	-	-	-	-	38	4.4	(22)
36	Honshu	-	-	-	-	-	-	89	10.3	(27)
37	Honshu	-	-	-	-	-	-	21	2.4	(16.88)
38	Honshu	-	-	-	-	-	-	11	1.3	(4)
39	Honshu	-	-	-	-	-	-	1	.1	(1)
40	Honshu	-	-	-	-	-	-	8	.9	(1.63)
41	Honshu	-	-	-	-	-	-	1	.1	-
42	Honshu	-	-	-	-	-	-	16	1.8	(2)
43	Honshu	-	-	-	-	-	-	12	1.4	(1.25)
44	Honshu	-	-	-	-	-	-	10	1.1	(2)
45	Honshu	-	-	-	-	-	-	5	.6	(1.25)
46	Honshu	-	-	-	-	-	-	8	.9	(1)
47	Honshu	-	-	-	-	-	-	5	.6	-
48	Honshu	-	-	-	-	-	-	1	.1	-
49	Honshu	-	-	-	-	-	-	1	.1	-
50	Honshu	-	-	-	-	-	-	1	.1	-
51	Honshu	-	-	-	-	-	-	1	.1	-
52	Honshu	-	-	-	-	-	-	1	.1	-
53	Honshu	-	-	-	-	-	-	1	.1	-
54	Honshu	-	-	-	-	-	-	1	.1	-
55	Honshu	-	-	-	-	-	-	1	.1	-
56	Honshu	-	-	-	-	-	-	1	.1	-
57	Honshu	-	-	-	-	-	-	1	.1	-
58	Honshu	-	-	-	-	-	-	1	.1	-
59	Honshu	-	-	-	-	-	-	1	.1	-
60	Honshu	-	-	-	-	-	-	1	.1	-
61	Honshu	-	-	-	-	-	-	1	.1	-
62	Honshu	-	-	-	-	-	-	1	.1	-
63	Honshu	-	-	-	-	-	-	1	.1	-
64	Honshu	-	-	-	-	-	-	1	.1	-
65	Honshu	-	-	-	-	-	-	1	.1	-
66	Honshu	-	-	-	-	-	-	1	.1	-
67	Honshu	-	-	-	-	-	-	1	.1	-
68	Honshu	-	-	-	-	-	-	1	.1	-
69	Honshu	-	-	-	-	-	-	1	.1	-
70	Honshu	-	-	-	-	-	-	1	.1	-
71	Honshu	-	-	-	-	-	-	1	.1	-
72	Honshu	-	-	-	-	-	-	1	.1	-
73	Honshu	-	-	-	-	-	-	1	.1	-
74	Honshu	-	-	-	-	-	-	1	.1	-
75	Honshu	-	-	-	-	-	-	1	.1	-
76	Honshu	-	-	-	-	-	-	1	.1	-
77	Honshu	-	-	-	-	-	-	1	.1	-
78	Honshu	-	-	-	-	-	-	1	.1	-
79	Honshu	-	-	-	-	-	-	1	.1	-
80	Honshu	-	-	-	-	-	-	1	.1	-
81	Honshu	-	-	-	-	-	-	1	.1	-
82	Honshu	-	-	-	-	-	-	1	.1	-
83	Honshu	-	-	-	-	-	-	1	.1	-
84	Honshu	-	-	-	-	-	-	1	.1	-
85	Honshu	-	-	-	-	-	-	1	.1	-
86	Honshu	-	-	-	-	-	-	1	.1	-
87	Honshu	-	-	-	-	-	-	1	.1	-
88	Honshu	-	-	-	-	-	-	1	.1	-
89	Honshu	-	-	-	-	-	-	1	.1	-
90	Honshu	-	-	-	-	-	-	1	.1	-
91	Honshu	-	-	-	-	-	-	1	.1	-
92	Honshu	-	-	-	-	-	-	1	.1	-
93	Honshu	-	-	-	-	-	-	1	.1	-
94	Honshu	-	-	-	-	-	-	1	.1	-
95	Honshu	-	-	-	-	-	-	1	.1	-
96	Honshu	-	-	-	-	-	-	1	.1	-
97	Honshu	-	-	-	-	-	-	1	.1	-
98	Honshu	-	-	-	-	-	-	1	.1	-
99	Honshu	-	-	-	-	-	-	1	.1	-
100	Honshu	-	-	-	-	-	-	1	.1	-
101	Honshu	-	-	-	-	-	-	1	.1	-
102	Honshu	-	-	-	-	-	-	1	.1	-
103	Honshu	-	-	-	-	-	-	1	.1	-
104	Honshu	-	-	-	-	-	-	1	.1	-
105	Honshu	-	-	-	-	-	-	1	.1	-
106	Honshu	-	-	-	-	-	-	1	.1	-
107	Honshu	-	-	-	-	-	-	1	.1	-
108	Honshu	-	-	-	-	-	-	1	.1	-
109	Honshu	-	-	-	-	-	-	1	.1	-
110	Honshu	-	-	-	-	-	-	1	.1	-
111	Honshu	-	-	-	-	-	-	1	.1	-
112	Honshu	-	-	-	-	-	-	1	.1	-
113	Honshu	-	-	-	-	-	-	1	.1	-
114	Honshu	-	-	-	-	-	-	1	.1	-
115	Honshu	-	-	-	-	-	-	1	.1	-
116	Honshu	-	-	-	-	-	-	1	.1	-
117	Honshu	-	-	-	-	-	-	1	.1	-
118	Honshu	-	-	-	-	-	-	1	.1	-
119	Honshu	-	-	-	-	-	-	1	.1	-
120	Honshu	-	-	-	-	-	-	1	.1	-
121	Honshu	-	-	-	-	-	-	1	.1	-
122	Honshu	-	-	-	-	-	-	1	.1	-
123	Honshu	-	-	-	-	-	-	1	.1	-
124	Honshu	-	-	-	-	-	-	1	.1	-
125	Honshu	-	-	-	-	-	-	1	.1	-
126	Honshu	-	-	-	-	-	-	1	.1	-
127	Honshu	-	-	-	-	-	-	1	.1	-
128	Honshu	-	-	-	-	-	-	1	.1	-
129	Honshu	-	-	-	-	-	-	1	.1	-
130	Honshu	-	-	-	-	-	-	1	.1	-
131	Honshu	-	-	-	-	-	-	1	.1	-
132	Honshu	-	-	-	-	-	-	1	.1	-
133	Honshu	-	-	-	-	-	-	1	.1	-
134	Honshu	-	-	-	-	-	-	1	.1	-
135	Honshu	-	-	-	-	-	-	1	.1	-
136	Honshu	-	-	-	-	-	-	1	.1	-
137	Honshu	-	-	-	-	-	-	1	.1	-
138	Honshu	-	-	-	-	-	-	1	.1	-
139	Honshu	-	-	-	-	-	-	1	.1	-
140	Honshu	-	-	-	-	-	-	1	.1	-
141	Honshu	-	-	-	-	-	-	1	.1	-
142	Honshu	-	-	-	-	-	-	1	.1	-
143	Honshu	-	-	-	-	-	-	1	.1	-
144	Honshu	-	-	-	-	-	-	1	.1	-
145	Honshu	-	-	-	-	-	-	1	.1	-
146	Honshu	-	-	-	-	-	-	1	.1	-
147	Honshu	-	-	-	-	-	-	1	.1	-
148	Honshu	-	-	-	-	-	-	1	.1	-
149	Honshu	-	-	-	-	-	-	1	.1	-
150	Honshu	-	-	-	-	-	-	1	.1	-
151	Honshu	-	-	-	-	-	-	1	.1	-
152	Honshu	-	-	-	-	-	-	1	.1	-
153	Honshu	-	-	-	-	-	-	1	.1	-
154	Honshu	-	-	-	-	-	-	1	.1	-
155	Honshu	-	-	-	-	-	-	1	.1	-
156	Honshu	-	-	-	-	-	-	1	.1	-
157	Honshu	-	-	-	-	-	-	1	.1	-
158	Honshu	-	-	-	-	-	-	1	.1	-
159	Honshu	-	-	-	-	-	-	1	.1	-
160	Honshu	-	-	-	-	-	-	1	.1	-
161	Honshu	-	-	-	-	-	-	1	.1	-
162	Honshu	-	-	-	-	-	-	1	.1	-
163	Honshu	-	-	-	-	-	-	1	.1	-
164	Honshu	-	-	-	-	-	-	1	.1	-
165	Honshu	-	-	-	-	-	-	1	.1	-
166	Honshu	-	-	-	-	-	-	1	.1	-
167	Honshu	-	-	-	-	-	-	1	.1	-
168	Honshu	-	-	-	-	-	-	1	.1	-
169	Honshu	-	-	-	-	-	-	1	.1	-
170	Honshu	-	-	-	-	-	-	1	.1	-
171	Honshu	-	-	-	-	-	-	1	.1	-
172	Honshu	-	-	-	-	-	-	1	.1	-
173	Honshu	-	-	-	-	-	-	1	.1	-
174	Honshu	-	-	-	-	-	-	1	.1	-
175	Honshu	-	-	-	-	-	-	1	.1	-
176	Honshu	-	-	-	-	-	-	1	.1	-
177	Honshu	-	-	-	-	-	-	1	.1	-
178	Honshu	-	-	-	-	-	-	1	.1	-
179	Honshu	-	-	-						

Table 7.10 Case Study Stores in the 50 Largest Cities as of 1986.

Region	City	Rank	Population		D	I-Y	S	Store Companies				All
								J	N	U		
HOKKAIDO	Sapporo	5	1 542	979	-	3	7	-	-	-	10	
	Asahikawa	45	363	630	-	1	-	-	-	-	1	
TOHOKU	Sendai	14	700	248	1	-	-	1	-	-	2	
	Iwaki	47	350	566	-	2	-	-	-	-	2	
KANTO	Tokyo	1	8 353	674	7	19	41	1	2	-	70	
	Yokohama	2	2 992	644	6	9	8	-	4	10	37	
	Kawasaki	9	1 088	611	1	1	1	-	-	1	4	
	Chiba	13	788	920	1	1	6	-	-	-	8	
	Funabashi	21	506	967	1	1	5	-	-	-	7	
	Sagamihara	22	482	778	1	2	1	-	-	1	5	
	Matsudo	28	427	479	2	3	2	-	-	-	7	
	Yokosuka	29	427	087	-	-	5	-	-	1	6	
	Hachioji	30	426	650	1	-	1	-	-	-	2	
	Utsunomiya	36	405	384	-	1	-	1	-	-	2	
	Kawaguchi	37	403	012	1	2	-	1	-	-	4	
	Ichikawa	39	397	806	1	-	2	-	-	-	3	
	Urawa	43	377	233	-	2	2	-	1	-	5	
	Omiya	44	373	015	1	1	1	-	-	-	3	
Fujisawa	50	328	387	1	1	1	1	1	1	6		
CHUBU	Nagoya	4	2 116	350	6	-	3	5	-	14	28	
	Hamamatsu	19	514	118	-	-	-	1	2	1	4	
	Niigata	23	475	633	1	-	1	1	-	-	3	
	Shizuoka	24	468	362	-	-	-	-	-	2	2	
	Kanazawa	27	430	480	1	-	-	-	-	1	2	
	Gifu	35	411	740	-	-	-	-	-	2	2	
	Nagano	49	336	967	1	1	-	-	-	-	2	
	KINKI	Osaka	3	2 636	260	5	-	-	6	13	-	24
Kyoto		6	1 479	125	1	-	-	5	9	-	15	
Kobe		7	1 410	843	23	-	-	4	4	-	31	
Sakai		12	818	368	7	-	-	1	4	-	12	
Higashiosaka		18	522	798	1	-	-	2	3	-	6	
Amagasaki		20	509	115	5	-	-	-	2	-	7	
Himeji		25	452	916	3	-	-	8	1	-	12	
Nishinomiya		32	421	267	3	-	-	1	3	-	7	
Toyonaka		34	413	219	3	-	-	1	1	-	5	
Wakayama		38	401	357	1	-	-	1	1	-	3	
Takatsuki		41	384	783	3	-	-	1	2	-	6	
Hirakata		42	382	257	1	-	-	-	1	-	2	
Suita		48	348	946	1	-	-	-	1	-	2	
CHUGOKU		Hiroshima	11	1 044	129	2	-	-	-	-	-	2
	Okayama	15	572	423	3	-	-	2	1	-	6	
	Kurashiki	33	413	644	2	-	-	1	4	-	7	
	Fukuyama	46	360	264	1	-	-	-	3	-	4	
SHIKOKU	Matsuyama	31	426	646	2	-	-	-	1	-	3	

KYUSHU	Fukuoka	8	1 160 402	-	-	1	-	1	-	2
	Kitakyushu	10	1 056 400	-	-	-	-	2	-	2
	Kumamoto	16	555 722	-	-	-	-	-	-	0
	Kagoshima	17	530 496	-	-	-	-	-	-	0
	Nagasaki	26	449 382	-	-	1	-	-	-	1
	Oita	40	390 105	-	-	1	-	-	-	1
Totals:				101	50	90	45	67	34	387

% of Company Store Totals within the 50 cities:

Daiei (D) 61.6%, Seiyu (S) 53.9%, Nichii (N) 42.9%,
 Ito-Yokado (I-Y) 40.3%, Uny (U) 30.9 JUSCO (J) 29.2%.

Source of Population Data:

Statistics Bureau, Management and Co-ordination Agency.

225 of the 387 stores were in the 11 cities with a population over one million. The Companies with least stores in the 5 cities were JUSCO (29.2%) and Uny (30.9%). Daiei had 61.6% of its stores in these cities. The remaining 487 stores were located within another 305 cities and towns.

Approximately one quarter of the 874 stores (25.7%) were located in the cities with a population of a million or more. A similar proportion of stores (24.8%) were in cities or towns with a population of less than 100,000. Table 7.11 shows the relatively high percentage of JUSCO (41.6%) and Uny (39.1% stores in these smaller cities and towns. It also shows the relatively high percentages of Seiyu (36.5%) and Daiei (31.1% stores in the largest cities.

The majority of JUSCO and Uny stores were located in areas of relatively low population density. Table 7.12 shows that 74.0% of JUSCO stores and 65.5% of Uny stores were in areas with a population density of less than 2,500 per square kilometre. By way of contrast, less than one fifth of Seiyu stores were in areas with a density less than 2,500 and nearly a quarter of stores were located in areas with a density value between 12,50 and 21,403. The 6 stores with a value over 20,000 were in Tokyo.

Table 7.11 Population of City or Town

Population Total	Stores by Companies						
	Daiei	I-Y	Seiyu	Jusco	Nichi	Uny	Total
8,000-< 100,000	13	27	25	64	45	43	217
100,000-< 200,000	31	29	35	20	24	17	156
200,000-< 300,000	15	14	13	21	15	8	86
300,000-< 400,000	14	11	11	7	14	9	66
400,000-< 500,000	21	8	11	14	11	7	72
500,000-< 600,000	10	1	5	5	8	1	30
600,000-< 700,000	-	-	-	-	-	-	0
700,000-< 800,000	2	1	6	1	-	-	10
800,000- 818,000	7	-	-	1	4	-	17
Over 1,000,000	51	32	61	21	35	25	225
<u>Total</u>	<u>164</u>	<u>123</u>	<u>167</u>	<u>154</u>	<u>156</u>	<u>110</u>	<u>874</u>
Percentages							
8,000-< 100,000	7.9	22.0	15.0	41.6	28.8	39.1	24.8
100,000-< 200,000	18.9	23.6	21.0	13.0	15.3	15.5	17.8
200,000-< 300,000	9.1	11.4	7.8	13.6	9.6	7.3	9.8
300,000-< 400,000	8.5	8.9	6.6	4.5	9.0	8.2	7.5
400,000-< 500,000	12.8	6.6	6.6	9.1	7.1	6.4	8.2
500,000-< 600,000	6.1	.8	3.3	3.2	5.1	.9	3.4
600,000-< 700,000	-	-	-	-	-	-	-
700,000-< 800,000	1.2	.8	3.6	.6	-	-	1.1
800,000- 818,000	4.3	-	-	.6	2.6	-	1.9
Over 1,000,000	31.1	26.0	36.5	13.6	22.4	22.7	25.7

Table 7.12 Population Density Of Ward, City or Town

Population Density Per Square Km.	Stores by Companies						
	Daiei	I-Y	Seiyu	Jusco	Nichi	Uny	Total
70 -< 2,500	50	54	31	114	78	72	399
2,500 -< 5,000	29	14	37	13	23	14	130
5,000 -< 7,500	45	26	35	9	20	9	144
7,500 -< 10,000	12	4	16	8	11	12	63
10,000 -< 12,500	18	13	8	3	8	1	51
12,500 -< 15,000	4	5	18	5	9	1	42
15,000 -< 17,500	3	5	13	0	2	1	24
17,500 -< 20,000	3	2	3	2	5	0	15
20,000 - 21,403	0	0	6	0	0	0	6
<u>Total</u>	<u>164</u>	<u>123</u>	<u>167</u>	<u>154</u>	<u>156</u>	<u>110</u>	<u>874</u>
Percentages							
70 -< 2,500	30.5	43.9	18.6	74.0	50.0	65.5	45.7
2,500 -< 5,000	17.7	11.4	22.2	8.4	14.7	12.7	14.9
5,000 -< 7,500	27.5	21.1	21.0	5.8	12.8	8.2	16.5
7,500 -< 10,000	7.3	3.3	9.6	5.2	7.1	10.9	7.2
10,000 -< 12,500	11.0	10.6	4.8	1.9	5.1	.9	5.8
12,500 -< 15,000	2.4	4.1	10.8	3.2	5.8	.9	4.8
15,000 -< 17,500	1.8	4.1	7.8	-	1.3	.9	2.7
17,500 -< 20,000	1.8	1.6	1.8	1.3	3.2	-	1.7
20,000 - 21,403	-	-	3.6	-	-	-	.7

Table 7.13 Selected Companies' Employees, by Prefectures, February 1985.

Map Ref.	Prefecture	Daiei	%	IY	%	Saiyuu	%	JUSCO	%	Uny	%	Mitsumi	(Missing Stores)
1	Hokkaido	-	-	897	8.96	510	7.00	-	-	-	-	-	-
2	Honshu	-	-	212	2.27	-	-	182	1.04	-	-	-	-
3	RIKTA	164	.75	42	.45	-	-	520	2.95	-	-	-	-
4	Idate	216	.99	38	.35	-	-	320	1.82	-	-	-	-
5	Yamagata	317	1.45	-	-	-	-	744	4.23	-	-	-	-
6	Miyagi	337	1.55	-	-	-	-	684	3.89	-	-	-	-
7	Fukushima	-	-	76	.81	194	2.66	-	-	-	-	-	-
8	Ibaraki	299	1.37	265	2.84	295	4.05	511	2.91	138	1.38	-	-
9	Tochigi	123	.56	308	3.30	248	3.40	348	1.98	150	1.50	-	-
10	Gunma	-	-	47	.50	869	11.92	260	1.48	187	1.87	-	-
11	Saitama	1,221	5.60	1,330	14.24	248	3.40	-	-	-	-	235	(1)
12	Chiba	1,332	6.11	1,335	14.29	620	8.50	-	-	-	-	541	-
13	Tokyo	1,463	6.71	1,955	20.93	2,319	31.81	231	1.31	103	1.03	155	-
14	Kanagawa	1,305	5.99	1,732	18.54	979	13.43	340	1.93	1,320	13.23	536	-
15	Niigata	693	3.18	-	-	3	.04	591	3.36	-	-	-	-
16	Toiyama	190	.87	-	-	-	-	-	-	416	4.17	-	-
17	Ishikawa	164	.75	-	-	115	1.58	-	-	331	3.32	-	-
18	Fukui	-	-	-	-	129	1.77	-	-	134	1.34	-	-
19	Yamanashi	288	1.32	148	1.58	151	2.07	-	-	563	5.64	-	-
20	Nagano	153	.70	326	3.49	205	2.81	283	1.61	585	5.86	54	-
21	Gifu	-	-	75	.80	205	2.81	369	2.10	12,262	12.65	171	-
22	Shizuoka	-	-	159	1.70	335	4.60	2,711	15.43	4,732	47.44	129	-
23	Richi	1,125	5.16	-	-	-	-	-	-	54	.54	-	-
24	Mie	100	.46	-	-	-	-	-	-	-	-	-	-
25	Shiga	-	-	-	-	-	-	520	2.95	-	-	374	(6)
26	Kyoto	128	.59	-	-	-	-	1,841	10.48	-	-	1,168	(13)
27	Osaka	5,012	22.99	-	-	-	-	2,967	16.88	-	-	588	(5)
28	Hyogo	4,217	19.34	-	-	-	-	1,139	6.48	-	-	502	(1)
29	Nara	445	2.04	-	-	-	-	263	1.50	-	-	225	(1)
30	Makayama	161	.74	-	-	-	-	-	-	-	-	-	-
31	Tottori	165	.75	-	-	-	-	-	-	-	-	-	-
32	Shimane	-	-	-	-	-	-	441	2.51	-	-	325	-
33	Okayama	697	3.20	-	-	-	-	-	-	-	-	349	-
34	Hiroshima	402	1.84	-	-	-	-	-	-	-	-	217	(1)
35	Yamaguchi	376	1.72	-	-	-	-	-	-	-	-	45	-
36	Tokushima	114	.52	-	-	-	-	324	1.84	-	-	106	-
37	Kagawa	320	1.47	-	-	-	-	289	1.64	-	-	166	-
38	Ehime	275	1.25	-	-	-	-	-	-	-	-	75	-
39	Kochi	-	-	-	-	-	-	-	-	-	-	61	-
40	Fukuoka	-	-	-	-	-	-	-	-	-	-	-	-
41	Saga	-	-	-	-	57	.78	-	-	-	-	-	-
42	Nagasaki	-	-	-	-	104	1.43	-	-	-	-	-	-
43	Kumamoto	-	-	-	-	155	2.13	-	-	-	-	-	-
44	Oita	-	-	-	-	2	.03	-	-	-	-	-	-
45	Miyazaki	-	-	-	-	-	-	-	-	-	-	-	-
46	Kagoshima	-	-	-	-	-	-	-	-	-	-	-	-
47	Okinawa	-	-	-	-	-	-	-	-	-	-	-	-
Total		21,803	100.00	9,340	100.00	2,230	100.00	12,523	100.00	9,325	100.00	5,022	(28)

Table 7.14 Sales Floorpace of the Case Study Companies by Prefecture, February 1985.

Rep. Prefecture	Date	%	TY	%	Selyu	%	JUSCO	%	Nichii	%	Uny	%	Total	%
1 Hokkaido	-	-	102,548	11.53	49,437	6.72	6,219	.89	-	-	-	-	150,985	3.21
2 Honori	8,366	.73	22,691	2.55	-	-	24,432	3.51	-	-	-	-	29,910	.62
3 Akita	8,898	.77	4,439	.58	-	-	13,390	1.92	-	-	-	-	37,237	.79
4 Iwate	16,323	1.42	2,878	.32	-	-	37,008	5.30	-	-	-	-	25,165	.54
5 Yamagata	9,000	.78	10,065	1.13	-	-	26,438	3.79	-	-	-	-	53,331	1.13
6 Miyagi	16,361	1.42	26,037	2.93	12,859	1.78	22,107	3.17	-	-	-	-	38,896	.83
7 Fukushima	9,725	.85	30,085	3.38	29,913	4.01	19,344	2.77	-	-	9,064	1.67	106,530	2.27
8 Ibaraki	-	-	4,161	.47	24,741	3.43	14,535	2.08	30,892	4.43	13,330	2.45	66,922	1.42
9 Tochigi	-	-	121,627	13.67	97,536	13.54	12,908	1.85	17,942	2.52	67,546	12.41	289,357	6.16
10 Gunma	71,661	6.23	123,903	13.93	83,130	11.54	13,638	1.95	68,758	9.87	5,558	1.20	521,713	11.10
11 Saitama	82,324	7.16	158,124	17.77	232,384	32.25	25,029	3.59	-	-	25,347	4.66	373,051	7.94
12 Chiba	93,797	8.16	164,460	18.48	91,539	12.71	13,638	1.95	-	-	18,328	3.37	289,357	6.16
13 Tokyo	84,150	7.32	-	-	126	.02	-	-	-	-	8,443	1.55	47,278	1.01
14 Kanagawa	22,123	1.92	-	-	9,650	1.34	-	-	-	-	25,347	4.66	38,345	.82
15 Hiogo	12,998	1.13	-	-	8,795	1.22	-	-	-	-	18,328	3.37	35,978	.77
16 Toyama	6,000	.52	-	-	8,744	1.21	-	-	-	-	8,443	1.55	8,443	.18
17 Ishikawa	-	-	-	-	24,409	3.39	-	-	-	-	30,784	5.66	32,487	.69
18 Fukui	9,743	.85	14,000	1.57	8,744	1.21	12,327	1.77	6,400	3.23	31,252	5.74	79,015	1.68
19 Yamaguchi	9,227	.80	30,209	3.40	8,795	1.22	20,185	2.89	22,521	3.23	59,817	10.99	58,453	1.24
20 Nagano	-	-	8,474	.95	24,409	3.39	71,903	10.30	-	-	265,084	48.70	433,873	9.23
21 Gifu	-	-	14,715	1.65	21,686	3.01	111,232	15.94	12,564	1.82	2,650	.49	130,082	2.77
22 Shizuoka	60,485	5.26	-	-	-	-	13,079	1.87	41,608	5.97	-	-	60,943	1.30
23 Aichi	3,536	.31	-	-	-	-	60,120	8.61	132,165	18.97	-	-	433,055	9.22
24 Mie	6,256	.54	-	-	-	-	100,998	14.47	54,613	7.84	-	-	378,305	8.05
25 Shiga	240,770	20.94	-	-	-	-	38,911	5.57	52,274	7.50	-	-	114,634	2.44
26 Kyoto	222,695	19.37	-	-	-	-	13,531	1.94	24,378	3.58	-	-	48,009	1.02
27 Osaka	25,449	2.04	-	-	-	-	-	-	-	-	-	-	6,256	.13
28 Hyogo	9,500	.83	-	-	-	-	-	-	-	-	-	-	9,500	.21
29 Nara	6,258	.54	-	-	-	-	-	-	-	-	-	-	6,258	.13
30 Wakayama	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31 Tottori	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32 Shimane	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33 Okayama	34,656	3.01	-	-	-	-	14,339	2.05	39,039	5.60	-	-	88,034	1.87
34 Hiroshima	23,912	2.08	-	-	-	-	-	-	42,195	6.06	-	-	66,107	1.41
35 Yamaguchi	19,692	1.71	-	-	-	-	12,221	1.75	26,823	3.85	-	-	46,515	.99
36 Tokushima	4,022	.35	-	-	-	-	2,000	.28	5,000	.72	-	-	21,243	.45
37 Kagawa	18,509	1.61	-	-	-	-	14,057	2.01	12,161	1.75	-	-	44,727	.95
38 Ehime	13,448	1.17	-	-	-	-	-	-	21,049	3.02	-	-	34,437	.73
39 Kochi	-	-	-	-	-	-	-	-	6,506	.93	-	-	6,506	.14
40 Fukuoka	-	-	-	-	-	-	-	-	11,525	1.65	-	-	18,584	.40
41 Saga	-	-	-	-	7,059	.98	-	-	-	-	-	-	7,200	.15
42 Nagasaki	-	-	-	-	7,200	1.00	-	-	-	-	-	-	11,983	.26
43 Kumamoto	-	-	-	-	11,983	1.66	-	-	-	-	-	-	-	-
44 Oita	-	-	-	-	1,295	.18	-	-	-	-	-	-	1,295	.03
45 Miyazaki	-	-	-	-	-	-	-	-	-	-	-	-	-	-
46 Kagoshima	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47 Okinawa	-	-	-	-	-	-	-	-	-	-	-	-	-	-
48 Total	1,149,884	100.00	889,697	100.00	720,486	100.00	598,011	100.00	696,805	100.00	644,311	100.00	4,639,194	100.00

Table 7.15 Selected Component Comparison of Average Sales Floorpace
(In Square Meters) in Wholesale Stores, by Prefecture, 1985.

Map Ref.	Prefecture	Date	TY	Selvyu	JUSCO	Nichii	Uny	Average (A)	Cal. (B)	(B-A)
1	Hokkaido	-	8,546	6,055	-	-	-	7,549	7,190	359
2	Honori	-	11,346	-	6,219	-	-	9,637	7,742	1,895
3	Akita	8,366	4,439	-	4,082	-	-	4,662	5,976	-1,314
4	Iwate	8,898	2,878	-	6,695	-	-	6,292	5,957	335
5	Yamagata	8,162	-	-	5,287	-	-	5,926	5,301	625
6	Miyagi	9,000	10,065	-	4,406	-	-	5,688	6,447	-759
7	Fukushima	8,181	5,207	12,859	7,369	-	9,064	6,483	4,839	1,644
8	Ibaraki	9,725	7,936	7,228	6,448	-	6,108	7,609	7,926	-317
9	Tochigi	-	4,161	-	-	-	-	7,436	6,984	452
10	Gunma	-	11,944	8,247	7,268	7,723	6,665	5,218	7,671	-359
11	Saitama	10,291	7,155	4,064	-	6,154	-	7,419	7,346	71
12	Chiba	8,527	8,850	4,890	-	5,981	6,558	4,419	10,427	-1,008
13	Tokyo	8,415	5,453	3,273	12,908	5,981	4,498	5,365	7,558	-4,482
14	Kanagawa	11,062	7,831	4,161	6,819	9,823	4,503	5,365	6,462	-1,193
15	Niigata	12,398	-	-	5,006	-	5,069	6,910	6,915	-524
16	Toyoama	8,000	-	9,650	-	-	6,109	7,195	8,215	-1,520
17	Ishikawa	-	-	-	-	-	4,222	4,122	6,915	-524
18	Fukui	9,743	7,000	8,744	-	-	5,209	5,845	5,567	318
19	Yamanashi	9,227	8,474	8,795	6,164	5,400	4,398	5,078	4,961	161
20	Nagano	-	7,552	8,136	-	5,630	5,273	5,633	6,567	-822
21	Gifu	-	9,768	8,136	6,728	5,138	4,273	5,633	7,297	-1,664
22	Shizuoka	7,561	7,358	5,422	4,278	3,156	4,065	5,731	8,761	-3,030
23	Richi	-	-	-	-	-	-	-	-	-
24	Mie	6,256	-	-	-	-	-	-	-	-
25	Shiga	6,019	-	-	2,616	3,201	-	3,208	7,032	-3,824
26	Kyoto	5,061	-	-	3,536	3,224	-	4,419	9,067	-4,048
27	Osaka	7,816	-	-	3,367	3,641	-	4,251	7,261	-3,010
28	Hyogo	9,500	-	-	6,485	4,356	-	5,459	6,639	-1,180
29	Nara	6,258	-	-	4,510	3,568	-	4,364	5,354	-1,090
30	Wakayama	-	-	-	-	-	-	-	-	-
31	Tottori	6,931	-	-	-	-	-	-	-	-
32	Shimane	7,971	-	-	3,585	5,277	-	5,502	4,521	1,081
33	Okayama	6,564	-	-	-	4,688	-	5,509	6,214	-705
34	Hiroshima	9,255	-	-	-	3,892	-	4,652	7,098	-2,446
35	Yamaguchi	6,724	-	-	-	4,074	-	4,249	5,545	-1,296
36	Tokushima	-	-	-	-	4,054	-	5,591	5,042	549
37	Kagawa	-	-	-	4,686	7,016	-	6,506	7,521	-1,015
38	Ehime	-	-	-	-	3,842	-	3,717	6,433	-2,716
39	Kochi	-	-	-	-	-	-	-	-	-
40	Fukuoka	-	-	-	-	-	-	-	-	-
41	Saga	-	-	-	-	-	-	-	-	-
42	Nagasaki	-	-	-	-	-	-	-	-	-
43	Kuramoto	-	-	-	-	-	-	-	-	-
44	Oita	-	-	-	-	-	-	-	-	-
45	Miyazaki	-	-	-	-	-	-	-	-	-
46	Kagoshima	-	-	-	-	-	-	-	-	-
47	Okinawa	-	-	-	-	-	-	-	-	-
Average:		2,011	2,233	4,314	4,631	4,467	4,948	5,377	2,211	-1,834

Table 7.13 gives details of the number of store employees for each company by prefectures. There were 28 missing values for Nichii stores, so a direct comparison between percentages was not possible for all six companies. In terms of prefectural concentration 68.0% of Ito-Yokado store employees were in the adjoining prefectures of Tokyo, Kanagawa, Chiba and Saitama. Also in the same prefectures were 65.7 % of Seiyu employees. There were 47.4% of Uny staff in Aichii. Osaka and neighbouring Hyogo contained 42.33% of Daiei employees and 27.4% of the JUSCO total.

As noted in Table 7.7 the correlation coefficient between staff and sales floorspace for the 874 stores was a fairly strong one at .705, and the relationship between these two variables and population and population density was negligible. Table 7.1 provides a breakdown of sales floorspace by company and prefecture, and Table 7.15 gives the corresponding average floorspace values, and also for purposes of comparison the average floorspace of Category 431 Department Stores.

Several of the values that are substantially higher than the company average floorspace are actually floorspace sizes for a single store. Examples for Daiei include the single store in each of Akita, Iwate, Miyagi, Tochigi, Toyama, Ishikawa, Yamanashi and Nagano. There was an Ito-Yokado store in Miyagi. Examples of prefectures with single Seiyu stores include Fukushima, Ishikawa, Yamanashi, Nagano and Saga. There were single JUSCO stores in Aomori and Tokyo, a Nichii store in Gifu; and Uny stores in each of Ibaraki, Tochigi and Tokyo. Apart from Tokyo and Tochigi, these prefectures are either in the regions of Tohoku or Chubu.

The average floorspace for Category 431 Department Stores was lower than that for the average of the case study stores in 1 prefectures and higher in 28.

7.4 Class 1 Law Store Analysis.

More than 90% of the Daiei, Ito-Yokado and Uny stores were Class 1 stores as shown in Table 7.16. The largest deviations from the overall average were for Seiyu and Nichii who together owned nearly two thirds (105) of the 160 non-Class 1 stores.

Table 7.16 The Companies' Class 1 Stores.

	<u>Daiei</u>	<u>I-Y</u>	<u>Seiyu</u>	<u>JUSCO</u>	<u>Nichii</u>	<u>Uny</u>	<u>Total</u>
Class 1 Stores	150	113	102	128	116	105	714
Non-Class 1	14	10	65	26	40	5	160
<hr/>							
Total	164	123	167	154	156	110	874
Percentages							
Class 1 Stores	91.5	91.9	61.1	83.1	74.4	95.5	81.7
Non-Class 1	8.5	8.1	38.9	16.9	25.6	4.5	18.3

In Section 7.3, Table 7.9 shows the distribution by prefectures of stores including the 160 (18.3%) that were not Class 1 stores. Nearly a quarter (38) of the Non-Class 1 stores were in the city of Tokyo. In Kanto as a whole the number was 75 or 46.9%, (of which 61 were Seiyu stores), and in Kinki the total was 67 or 41.9%, (of which 34 were Nichii stores and 19 were JUSCO); making a total of 142 out of the 160 Non-Class 1 stores (88.8%).

It was possible to classify 669 (93.7%) of the Class 1 stores by type of site as in Table 7.17. The percentage values for JUSCO differ markedly from the other companies for all sites apart for High Street locations, indicating a very different location strategy. Also noticeable are the large proportion of station sites overall, and for Seiyu and Ito-Yokado in particular. Nearly half of the unclassified sites were for Uny stores, and over a fifth were Daiei stores, totalling 31 out of 45 or 68.9%.

Table 7.17 Type Of Store Site Occupied by Class 1 Stores

Type of Site	Stores by Companies							
	<u>Daiei</u>	<u>I-Y</u>	<u>Seiyu</u>	<u>Jusco</u>	<u>Nichi</u>	<u>Uny</u>	<u>Total</u>	
High Street	48	32	24	29	39	33	205	
Near Station	54	54	57	25	38	28	256	
Suburb	26	18	12	55	29	23	163	
In Rail Terminal	8	4	0	1	2	0	15	
Town / Village	4	2	4	14	6	0	30	
Unknown	10	3	5	4	2	21	45	
Total	150	113	102	128	116	105	714	
Valid Cases	669	Missing Cases (Unknown)				45		
Percentages								
High Street	32.2	28.3	23.5	22.7	33.6	31.4	28.7	
Near Station	36.0	47.8	55.9	19.5	32.8	26.7	35.9	
Suburb	17.3	15.9	11.8	43.0	25.0	21.9	22.8	
In Rail Terminal	5.3	3.5	-	.8	1.7	-	2.1	
Town / Village	2.7	1.8	3.9	10.9	5.2	-	4.2	
Unknown	6.7	2.7	4.9	3.1	1.7	20.0	6.3	

Table 7.18 The Distribution of Types of Sites By Regions.

Region	<u>High Street</u>	<u>Near Station</u>	<u>Suburb</u>	<u>In Rail Terminal</u>	<u>Town / Village</u>	<u>All</u>
Hokkaido	4	2	11	-	-	17
Tohoku	11	9	9	4	2	35
Kanto	66	137	30	5	8	246
Chubu	41	37	34	2	2	116
Kinki	61	58	62	4	13	198
Chugoku	11	11	10	-	2	34
Shikoku	9	1	6	-	2	18
Kyushu	2	1	1	-	1	5
Column	205	256	163	15	30	669
% of Total	30.6	38.3	24.4	2.2	4.5	100.0
Percentages						
Hokkaido	2.0	.8	6.7	-	-	2.5
Tohoku	5.4	3.5	5.5	26.7	6.7	5.2
Kanto	32.2	53.5	18.4	33.3	26.7	36.8
Chubu	20.0	14.5	20.9	13.3	6.7	17.3
Kinki	29.8	22.7	38.0	26.7	43.3	29.6
Chugoku	5.4	4.3	6.1	-	6.7	5.1
Shikoku	4.4	.4	3.7	-	6.7	2.7
Kyushu	1.0	.4	.6	-	3.3	.7

Table 7.18 shows the number and percentage for each type of site by regions. The largest site categories were Near Station with 256 (38.3%) sites, and High Street stores with 30.6% (205).

In Table 7.19 the Chi-square test is used to test the null hypothesis that the site and region variables are independent of each other. Two measures of association, based on chi-square, are used to measure the strength of association between site type and region. Both measures result in a value from 0 to 1.

Table 7.19 Observed and Expected Frequencies for the Chi-Square Test of Site Types by Region.

REGION	SITE-> Count Exp Val Residual	High	Near	Suburb	Row Total
		Street	Station		
Hokkaido		4 5.5 -1.5	2 7.2 -5.2	11 4.3 6.7	17 2.7
Tohoku		11 10.6 .4	13 14.0 -1.0	9 8.4 .6	33 5.2
Kanto		66 76.4 -10.4	142 100.9 41.1	30 60.7 -30.7	238 37.2
Chubu		41 36.6 4.4	39 48.3 -9.3	34 29.1 4.9	114 17.8
Kinki		61 59.4 1.6	62 78.5 -16.5	62 47.2 14.8	185 29.0
Chugoku		11 10.3 .7	11 13.6 -2.6	10 8.2 1.8	32 5.0
Shikoku		9 5.1 3.9	1 6.8 -5.8	6 4.1 1.9	16 2.5
Kyushu		2 1.3 .7	1 1.7 -.7	1 1.0 -.0	4 .6
	Column Total	205 32.1	271 42.4	163 25.5	639 100.0
Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5	
69.87299	14	.0000	1.020	5 OF 24 (20.8%)	
Measure of Association	Value				
Cramer's V	.23382				
Contingency Coefficient	.31396				

The Station and Terminal sites were collapsed into one category, and the small number of town and village sites omitted, in order to reduce the number of expected frequencies (E.F. under 5; and to ensure there would be no expected frequency under 1. It was noted that all of the 15 Terminal sites were in Honshu and nearly half of the Town\ Village sites were in the region of Kinki.

The table shows that the largest residuals occur in the cells for Kanto and Kinki. There is a high positive residual for station sites in Kanto and a comparatively high negative residual for station sites in Kinki. There is also a high negative residual for suburban sites in Kanto and a substantial positive residual for suburban sites in Kinki. There were also proportionately high deviations from the expected frequencies in the islands of Hokkaido and Shikoku.

The observed significance level for a chi-square of 69.87 for a table having 8 rows and 3 columns, and therefore 1 degrees of freedom (D.F.), is .000. The null hypothesis is rejected, and the alternative hypothesis accepted, ie that there is a dependence between type of site and regions and that therefore certain types are more likely to occur in some regions than in others.

The results from two measures of association used, Cramer's V and the Coefficient of Contingency, are approximately of the same magnitude, and indicate a low degree of association. They are not particularly large values even though the observed significance level for the chi-square statistic is zero. For large sample sizes, quite small departures from independence will be statistically significant (Norusis, 1988).

Section 3.7.4 of Chapter 3 described how consultation with local retailers was required before approval could be given by the Ministry of International Trade and Industry to a Class 1 Store opening. Table 7.20 is a breakdown for the case study companies of the total retail floorspace involved in each store approval application. The total retail floorspace includes the floor space in the vicinity under the control of the local retailers involved and that of the relevant case study store.

Table 7.20 Total Retail Floorspace Of Shopping Area.

Total Retail Floorspace (Sq m.)	Stores by Companies							<u>Total</u>
	<u>Daiei</u>	<u>I-Y</u>	<u>Seiyu</u>	<u>Jusco</u>	<u>Nichi</u>	<u>Uny</u>		
1,500 -< 2,500	4	2	7	8	6	5	32	
2,500 -< 5,000	19	12	30	26	17	28	132	
5,000 -< 7,500	34	28	22	28	28	34	174	
7,500 -< 10,000	29	37	19	21	27	21	154	
10,000 -< 12,500	23	14	10	22	17	9	95	
12,500 -< 15,000	15	9	7	12	11	5	59	
15,000 -< 17,500	7	7	3	5	4	2	28	
17,500 -< 20,000	7	2	2	2	2	-	15	
20,000 -< 22,500	5	2	-	1	2	1	11	
22,500 -< 25,000	-	-	1	1	1	-	3	
25,000 - 100,346	6	-	1	2	1	-	10	
Total	149*	113	102	128	116	105	713	
Percentages								
1,500 -< 2,500	2.7	1.8	6.9	6.3	5.2	4.8	4.5	
2,500 -< 5,000	12.8	10.6	29.4	20.3	14.7	26.7	18.5	
5,000 -< 7,500	22.8	24.8	21.6	21.9	24.1	32.4	24.4	
7,500 -< 10,000	19.5	32.7	18.6	16.4	23.3	20.0	21.6	
10,000 -< 12,500	15.4	12.4	9.8	17.2	14.7	8.6	13.3	
12,500 -< 15,000	10.1	8.0	6.9	9.4	9.5	4.8	8.3	
15,000 -< 17,500	4.7	6.2	2.9	3.9	3.4	1.9	3.9	
17,500 -< 20,000	4.7	1.8	2.0	1.6	1.7	-	2.1	
20,000 -< 22,500	3.3	1.8	-	.8	1.7	1.0	1.5	
22,500 -< 25,000	-	-	1.0	.8	.9	-	.4	
25,000 - 100,343	4.0	-	1.0	1.6	.9	-	1.4	

* 1 Daiei Store figure Missing

Almost two thirds of the stores (460) were to be found in shopping areas between 2,500 and 10,000 square metres in size, with 46% of the stores (328) located in areas ranging from 5,00 to 10,000 square metres. There were 42.2% of Daiei stores (63) in areas over 10,000 square metres, compared with 16.2% for Uny (17).

It was inappropriate to carry out a chi-square test for shopping area size and all 8 regions because the requirements for expected frequencies above 1 and no more than 20% of expected frequencies less than 5 test could not be met. The test was applied therefore to the 6 regions of Honshu where 671 (93.8%) of the stores were located, although 22.9% of expected frequencies were still under 5. Table 7.21 contains the results of the test.

Table 7.21 Observed and Expected Frequencies for the Chi-Square Test of Size of Shopping Area by Region in Honshu

PREF->	Count	ITohoku	IKanto	Ichubu	IKinki	Ichugoku	I	I Row
	Exp Val	I	I	I	I	I	I	ITotal
RETAIL	Residual	I	I	I	I	I	I	I
1,500 -<	2,500	I 1	I 10	I 5	I 12	I 3	I 31	I 4.6%
		I 1.6	I 11.6	I 6.8	I 9.3	I 1.6	I 4.6%	
		I -.6	I -1.6	I -1.8	I 2.7	I 1.4	I	
2,500 -<	5,000	I 7	I 44	I 28	I 42	I 5	I 126	I 18.8%
		I 6.6	I 47.2	I 27.6	I 38.0	I 6.6	I 18.8%	
		I .4	I -3.2	I .4	I 4.0	I -1.6	I	
5,000 -<	7,500	I 5	I 53	I 39	I 53	I 10	I 160	I 23.9%
		I 8.4	I 59.9	I 35.1	I 48.2	I 8.4	I 23.9%	
		I -3.4	I -6.9	I 3.9	I 4.8	I 1.6	I	
7,500 -<	10,000	I 5	I 52	I 43	I 32	I 7	I 139	I 20.7%
		I 7.3	I 52.1	I 30.5	I 41.9	I 7.3	I 20.7%	
		I -2.3	I -.1	I 12.5	I -9.9	I -.3	I	
10,000 -<	12,500	I 7	I 38	I 16	I 24	I 6	I 91	I 13.6%
		I 4.8	I 34.1	I 20.0	I 27.4	I 4.8	I 13.6%	
		I 2.2	I 3.9	I -4.0	I -3.4	I 1.2	I	
12,500 -<	15,000	I 6	I 23	I 7	I 18	I 2	I 56	I 8.4%
		I 2.9	I 21.0	I 12.3	I 16.9	I 2.9	I 8.4%	
		I 3.1	I 2.0	I -5.3	I 1.1	I -.9	I	
15,000 -	100,346	I 4	I 31	I 9	I 21	I 2	I 67	I 10.0%
		I 3.5	I 25.1	I 14.7	I 20.2	I 3.5	I 10.0%	
		I .5	I 5.9	I -5.7	I .8	I -1.5	I	
	Column Total	5	251	147	202	35	670	100.0%
		5.2%	37.5%	21.9%	30.1%	5.2%		

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
28.94523	24	.2222	1.619	8 OF 35 (22.9%)

Measure of Association	Value
Cramer's V	.10393
Contingency Coefficient	.20350

Number of Missing Observations = 1

In order to carry out the test it was also necessary to reduce all space values over 15,000 square metres into one class. The observed significance level for a chi-square of 28.945 for a table having 7 rows and 5 columns, and therefore 24 degrees of freedom is .222. It is submitted that this result can be generalised to shopping areas containing Class 1 Supermarkets and Superstores in Honshu of all companies. Adopting either a significance level of .01 for a Type 1 error, or .1 for a Type error, the null hypothesis is therefore accepted that there is no dependence between the sizes of shopping areas and regions.

In Table 7.22 the Chi-square test is used to test the null hypothesis that the size of shopping area and site variables are independent of each other. The Station and Terminal sites were collapsed into one category, and the small number of town and village sites omitted, for the same reasons as in Table 7.19. It was also necessary to include all values over 15,000 square metres in one category. These 65 values were 10.2% of the total.

The observed significance level for a chi-square of 27.446 for a table having 7 rows and 3 columns, and therefore 12 degrees of freedom is .007. The null hypothesis is rejected, and the alternative hypothesis accepted, ie that there is a dependence between the size of the shopping area involved and the type of site.

The results from the two measures of association used, Cramer's V and the Coefficient of Contingency, are roughly of the same magnitude, and indicate a low degree of association.

The table shows fairly sizeable negative residuals for High Street locations in shopping areas over 10,000 square metres, and also negative residuals for suburban sites of less than 7,50 square metres. Proportionately, the highest positive residuals

were for High Street locations where the area was between 5,00 and 7,500 square metres, or less than 2,500 square metres. There were positive residuals for both station and suburb sites where the area floorspace was 7,500 square metres or more.

Table 7.22 Observed and Expected Frequencies for the Chi-Square Test of Size of Shopping Area in Square Metres by Type of Site.

SITE->	Count	Exp Val	High	Near	Suburb	Row Total					
			Street	Station							
SIZE OF AREA	Residual										
1,500 -< 2,500	17	10.3	6.7	9	13.6	-4.6	6	8.2	-2.2	32	5.0
2,500 -< 5,000	38	35.3	2.7	48	46.7	1.3	24	28.1	-4.1	110	17.2
5,000 -< 7,500	64	49.4	14.6	56	65.3	-9.3	34	39.3	-5.3	154	24.1
7,500 -< 10,000	42	43.6	-1.6	58	57.7	.3	36	34.7	1.3	136	21.3
10,000 -< 12,500	23	28.2	-5.2	42	37.3	4.7	23	22.4	.6	88	13.8
12,500 -< 15,000	9	17.3	-8.3	26	22.9	3.1	19	13.8	5.2	54	8.5
15,000 - 100,346	12	20.9	-8.9	32	27.6	4.4	21	16.6	4.4	65	10.2
Column Total	205	32.1		271	42.4		163	25.5		639	100.0

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F.< 5
27.44603	12	.0067	8.163	None

Measure of Association	Value
Cramer's V	.14655
Contingency Coefficient	.20294

In each shopping area, there was at least one "core" store. This term is roughly the equivalent of the term "anchor" store used in Britain. In Table 7.23, 503 of the Companies' stores were the sole core stores in shopping areas that were involved in the approval and consultation process. The remaining 210 stores were in areas with one or more other core retail stores. No Ito-Yokado or Seiyu Stores were in areas with more than two core stores.

Table 7.23 Core Retailers in the Shopping Areas.

No of Core Stores	Stores by Companies						Total
	<u>Daiei</u>	<u>I-Y</u>	<u>Seiyu</u>	<u>Jusco</u>	<u>Nichi</u>	<u>Uny</u>	
1	121	98	91	65	80	48	503
2	13	15	9	31	22	28	118
3	8	-	-	15	6	19	50
4	3	-	-	6	6	6	21
5	1	-	-	6	1	3	10
6	-	-	-	3	1	1	5
7	1	-	-	2	-	-	3
8	1	-	-	-	-	-	1
12	1	-	-	-	-	-	1
13	-	-	-	-	1	-	1
Total	149*	113	102	128	116	105	713
<u>Percentages</u>							
1	81.2	86.7	89.2	50.8	69.0	45.7	70.5
2	8.7	13.3	8.8	24.2	19.0	26.7	16.5
3	5.3	-	-	11.7	5.2	18.1	7.0
4	2.0	-	-	4.7	5.2	5.7	2.9
5	.7	-	-	4.7	.9	2.9	1.4
6	-	-	-	2.3	.9	1.0	.7
7	.7	-	-	1.6	-	-	.4
8	.7	-	-	-	-	-	.1
12	.7	-	-	-	-	-	.1
13	-	-	-	-	.9	-	.1

* 1 Daiei Store figure Missing

Table 7.24 contains the observed and expected frequencies for the Chi-Square Test of number of core retailers in shopping areas by regions in Honshu. It was necessary to exclude stores outside of Honshu, and to have a single category for 4 or more cores, in order to meet the requirements of the test. The observed significance level for a chi-square of 132.426 for a table having 5 rows and 4 columns, and therefore 12 degrees of freedom is

.000. The null hypothesis is rejected, and the alternative hypothesis accepted, i.e. that there is a dependence between the number of core retailers in the shopping areas involved and the different regions in Honshu.

There were 89 stores in locations where there were three or more core retailers. Of these, 39 were in the Chubu region and 43 in Kinki. One other region contained a location with more than core stores, namely Kyushu with 13 in Fukuoka City which included a Nichii store of 9,510 square metres. In Kanto there was a high positive residual for single cores and negative residuals for other values. The results from Cramer's V and the Coefficient of Contingency indicate a low to moderate degree of association.

Table 7.24 Observed and Expected Frequencies for the Chi-Square Test of Core Retailers in Shopping Areas by Region in Honshu.

REGION->		Count	ITohoku	IKanto	ICHubu	IKinki	ICHugoku	I	Row				
Exp Val	I	I	I	I	I	I	I	I	Total				
Residual	I	I	I	I	I	I	I	I					
CORES	1	I	16	I	231	I	73	I	121	I	29	I	470
		I	24.6	I	176.1	I	103.1	I	141.7	I	24.6	I	70.1%
		I	-8.6	I	54.9	I	-30.1	I	-20.7	I	4.4	I	
	2	I	15	I	18	I	35	I	38	I	5	I	111
		I	5.8	I	41.6	I	24.4	I	33.5	I	5.8	I	16.6%
		I	9.2	I	-23.6	I	10.6	I	4.5	I	-.8	I	
	3	I	4	I	2	I	21	I	20	I	1	I	48
		I	2.5	I	18.0	I	10.5	I	14.5	I	2.5	I	7.2%
		I	1.5	I	-16.0	I	10.5	I	5.5	I	-1.5	I	
	4	+I	0	I	0	I	18	I	23	I	0	I	41
		I	2.1	I	15.4	I	9.0	I	12.4	I	2.1	I	6.1%
		I	-2.1	I	-15.4	I	9.0	I	10.6	I	-2.1	I	
Column		35	251	147	202	35	670						
Total		5.2%	37.5%	21.9%	30.1%	5.2%	100.0%						
Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F.< 5									
132.42571	12	.0000	2.142	4 OF 20 (20.0%)									
Statistic	Value												
Cramer's V	.25668												
Contingency Coefficient	.40624												

A Chi-Square test was carried out to compare the number of core stores in shopping areas in different types of site. To carry out the test, it was necessary to include terminal stores with station stores, and again to have a single category for 4 or more cores. The results are given in Table 7.25.

Table 7.25 Observed and Expected Frequencies for the Chi-Square Test of Core Retailers in Shopping Areas by Type of Site

SITE->	Count Exp Val Residual	IHigh IStreet	IStation I	ISuburb I	ITown / IVillage I	I I	Row Total
CORES							
1	151 147.1 3.9	210 194.4 15.6	101 117.0 -16.0	18 21.5 -3.5	480 71.7%		
2	33 32.5 .5	33 42.9 -9.9	32 25.8 6.2	8 4.8 3.2	106 15.8%		
3	11 14.4 -3.4	17 19.0 -2.0	16 11.5 4.5	3 2.1 .9	47 7.0%		
4 and over	10 11.0 -1.0	11 14.6 -3.6	14 8.8 5.2	1 1.6 -.6	36 5.4%		
	Column Total	205 30.6%	271 40.5%	163 24.4%	30 4.5%	669 100.0%	
Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5			
17.63799	9	.0396	1.614	3 OF 16 (18.8%)			
Measure of Association	Value						
Cramer's V	.09375						
Contingency Coefficient	.16027						

The observed significance level for a chi-square of 17.638 for a table having 4 rows and 4 columns, and 9 degrees of freedom is .040. At the significance level of .01, for a Type 1 error, the null hypothesis is accepted, that there is no dependence between the number of core retailers in the shopping areas and different types of site. The results of Cramer's V and the Coefficient of Contingency indicate a low degree of association if a choice was made to use a significance level of .05 instead.

Table 7.26 Number Of Involved Retailers Within Shopping Area

	Stores by Companies						<u>Total</u>
	<u>Daiei</u>	<u>I-Y</u>	<u>Seiyu</u>	<u>Jusco</u>	<u>Nichi</u>	<u>Uny</u>	
1 - 4	52	19	68	6	6	14	165
5 - 9	12	27	9	17	13	17	95
10 - 14	14	26	6	19	21	15	101
15 - 19	18	16	5	19	21	19	98
20 - 24	10	10	5	9	9	11	54
25 - 29	4	4	1	14	7	13	43
30 - 34	12	2	1	11	7	7	40
35 - 39	1	1	1	5	4	1	13
40 - 44	7	4	0	3	7	1	22
45 - 49	2	1	1	8	3	3	18
50 - 54	3	1	0	1	3	2	10
55 - 60	2	0	0	8	5	0	15
60 - 183	12	2	5	8	10	2	39
Total	149*	113	102	128	116	105	713
1 - 4	34.9	16.8	66.7	4.7	5.2	13.3	23.1
5 - 9	8.1	23.9	8.8	13.3	11.2	16.2	13.3
10 - 14	9.4	23.0	5.9	14.8	18.1	14.3	14.2
15 - 19	12.1	14.2	4.9	14.8	18.1	18.1	13.7
20 - 24	6.7	8.8	4.9	7.0	7.8	10.5	7.6
25 - 29	2.7	3.5	1.0	10.9	6.0	12.4	6.0
30 - 34	8.1	1.8	1.0	8.6	6.0	6.7	5.6
35 - 39	.7	.9	1.0	3.9	3.4	1.0	1.8
40 - 44	4.7	3.5	-	2.3	6.0	1.0	3.1
45 - 49	1.3	.9	1.0	6.3	2.6	2.9	2.5
50 - 54	2.0	.9	-	.8	2.6	1.9	1.4
55 - 60	1.3	-	-	6.3	4.3	-	2.1
60 - 183	8.1	1.8	4.9	6.3	8.6	1.9	5.5

* 1 Daiei Store figure Missing

Table 7.26 shows the total number of retailers involved in the consultation process for each approval application within the surrounding shopping area. Prominent features are the small number of retailers involved for two thirds of the Seiyu stores, and the comparatively high proportions of JUSCO and Nichii stores where more than 50 retailers were involved.

It was inappropriate to carry out a chi-square test for the number of retailers involved and regions because the requirements for the test could not be met even for Honshu. Table 7.27 contains the observed and expected frequencies that would have been used in the test for purposes of comparison.

Table 7.27 Observed and Expected Frequencies for Number of Retailers in Shopping Areas by Regions.

REGIONS->									
RETAILERS:									
Count	Hokkai	Tohoku	Kanto	Chubu	Kinki	Chugo-	Shiko-	Kyushu	Row
Exp V.	-do					ku	ku		Total
Resid									
1- 4	1	4	93	21	33	7	3	3	165
	4.6	8.1	58.1	34.0	46.7	8.1	4.2	1.2	23.1%
	-3.6	-4.1	34.9	-13.0	-13.7	-1.1	-1.2	1.8	
5- 9	3	7	40	17	18	5	4	1	95
	2.7	4.7	33.4	19.6	26.9	4.7	2.4	.7	13.3%
	.3	2.3	6.6	-2.6	-8.9	.3	1.6	.3	
10- 14	8	4	31	21	25	7	5	0	101
	2.8	5.0	35.6	20.8	28.6	5.0	2.5	.7	14.2%
	5.2	-1.0	-4.6	.2	-3.6	2.0	2.5	-.7	
15- 19	2	2	37	21	27	6	3	0	98
	2.7	4.8	34.5	20.2	27.8	4.8	2.5	.7	13.7%
	-.7	-2.8	2.5	.8	-.8	1.2	.5	-.7	
20- 24	2	4	13	21	10	2	2	0	54
	1.5	2.7	19.0	11.1	15.3	2.7	1.4	.4	7.6%
	.5	1.3	-6.0	9.9	-5.3	-.7	.6	-.4	
25- 29	1	5	5	15	16	1	0	0	43
	1.2	2.1	15.1	8.9	12.2	2.1	1.1	.3	6.0%
	-.2	2.9	-10.1	6.1	3.8	-1.1	-1.1	-.3	
30- 34	1	5	10	9	13	2	0	0	40
	1.1	2.0	14.1	8.2	11.3	2.0	1.0	.3	5.6%
	-.1	3.0	-4.1	.8	1.7	.0	-1.0	-.3	
35- 49	2	3	9	12	22	4	1	0	53
	1.5	2.6	18.7	10.9	15.0	2.6	1.3	.4	7.4%
	.5	.4	-9.7	1.1	7.0	1.4	-.3	-.4	
50-183	0	1	13	10	38	1	0	1	64
	1.8	3.1	22.5	13.2	18.1	3.1	1.6	.4	9.0%
	-1.8	-2.1	-9.5	-3.2	19.9	-2.1	-1.6	.6	
Column Total	20	35	251	147	202	35	18	5	713
	2.8%	4.9%	35.2%	20.6%	28.3%	4.9%	2.5%	.7%	100%

Number of Missing Observations = 1

Of the 93 stores involving 4 or fewer retailers in Kanto where there was a large positive residual, 58 were Seiyu stores, 1 were Ito-Yokado stores and 14 were Daiei stores. 64 stores involved 50 or more retailers. 38 were in Kinki, made up of 1 Nichii stores, 12 Daiei stores and 10 JUSCO stores.

Table 7.28 Observed and Expected Frequencies for the Chi-Square Test of Number of Retailers in Shopping Areas by Type of Site.

SITE->	Count	High Street	Station	Suburb	Town / Village	Row Total	
RETAILERS	Exp Val	Residual					
1 - 4	63	48.7	72	18	6	159	
	14.3	7.6	64.4	38.7	7.1	23.8%	
5 - 9	35	27.0	34	16	3	88	
	8.0	-1.6	35.6	21.4	3.9	13.2%	
10 - 14	30	29.1	34	29	2	95	
	.9	-4.5	38.5	23.1	4.3	14.2%	
15 - 19	25	27.3	43	16	5	89	
	-2.3	6.9	36.1	21.7	4.0	13.3%	
20 - 24	10	15.3	16	20	4	50	
	-5.3	-4.3	20.3	12.2	2.2	7.5%	
25 - 29	11	12.0	13	10	5	39	
	-1.0	-2.8	15.8	9.5	1.7	5.8%	
30 - 34	10	11.0	11	13	2	36	
	-1.0	-3.6	14.6	8.8	1.6	5.4%	
35 - 49	7	15.6	18	24	2	51	
	-8.6	-2.7	20.7	12.4	2.3	7.6%	
50 - 183	14	19.0	30	17	1	62	
	-5.0	4.9	25.1	15.1	2.8	9.3%	
	Column Total		205	271	163	30	669
			30.6%	40.5%	24.4%	4.5%	100.0%
<u>Chi-Square</u>	<u>D.F.</u>	<u>Significance</u>	<u>Min E.F.</u>	<u>Cells with E.F. < 5</u>			
65.39103	24	.0000	1.614	8 OF 36 (22.2%)			
<u>Measure of Association</u>		<u>Value</u>					
Cramer's V		.18050					
Contingency Coefficient		.29840					

In Table 7.28 the Chi-square test is used to test the null hypothesis that the number of retailers and site variables are independent of each other. The Station and Terminal sites were collapsed into one category.

The observed significance level for a chi-square of 65.391 for a table having 9 rows and 4 columns, and therefore 24 degrees of freedom is .000. The null hypothesis is rejected, and the alternative hypothesis accepted, i.e. that there is a dependence between the number of retailers in the the shopping area involved and the type of site.

The results from two measures of association used, Cramer's V and the Coefficient of Contingency, are roughly of the same magnitude, and they indicate a low degree of association.

The table shows that the category 1 - 4 retailers contains the highest positive residual, for High Street stores; and the largest negative residual, for Suburban locations.

Finally, Table 7.29 contains the correlation matrix for the variables used in this section, plus the sales floorspace of the Class 1 stores, population and population density. The following abbreviations are used in the matrix:

- 1) FSPACE = Sales floorspace of each Class 1 store
- 2) RETAIL = Total retail floorspace of the shopping area
- 3) ALLRETS = Number of retailers in the shopping area
- 4) CORES = Number of core stores in the shopping area

There were moderately strong relationships between RETAIL and FSPACE and between RETAIL and ALLRETS. There was a low value for the association between CORES and ALLRETS; and also between CORES and RETAIL. None of these 4 variables had a coefficient value of 0.2 or more for relationships with either POPN or DENSITY.

Table 7.29 Correlation Matrix of Shopping Area Variables.

	FSPACE	RETAIL	ALLRETS	POPN	DENSITY	CORES
FSPACE	1.000 (0) P= .	.663 (713) P= .000	.230 (713) P= .000	.123 (713) P= .001	.072 (713) P= .055	.012 (713) P= .745
RETAIL	.663 (713) P= .000	1.000 (0) P= .	.569 (713) P= .000	.117 (713) P= .002	.045 (713) P= .234	.249 (713) P= .000
ALLRETS	.230 (713) P= .000	.569 (713) P= .000	1.000 (0) P= .	.048 (713) P= .202	.075 (713) P= .047	.372 (713) P= .000
POPN	.123 (713) P= .001	.117 (713) P= .002	.048 (713) P= .202	1.000 (0) P= .	.244 (714) P= .000	-.102 (713) P= .007
DENSITY	.072 (713) P= .055	.045 (713) P= .234	.075 (713) P= .047	.244 (714) P= .000	1.000 (0) P= .	-.056 (713) P= .132
CORES	.012 (713) P= .745	.249 (713) P= .000	.372 (713) P= .000	-.102 (713) P= .007	-.056 (713) P= .132	1.000 (0) P= .

Explanation:

(Coefficient / (Cases) / 2-tailed Significance)

" . " is printed if a coefficient cannot be computed

7.5. Expansion Of The Store Networks.

Between January 1st 1960 and December 31st 1985 inclusive, the six companies had opened a total of 861 stores, of which 301 (35.0%) were opened prior to January 1972 and 561 (65.0%) afterwards. The number of stores opened in each year, by each of the six companies, is given in Table 7.30. The totals do not include stores of any subsidiary or affiliated companies. Figure 7.1 uses a graph to show the total stores opened each year.

Tables 7.31 to 7.36 show how each company expanded its geographical area of operation between 1945 and February 1986. Where an asterisk is shown by the number of stores opened in a Prefecture at a particular time this means that stores had not been previously opened in that prefecture.

Table 7.30 Stores Opened By The 6 Companies 1960-1985.

<u>Year</u>	<u>Daiei</u>	<u>I-Y</u>	<u>Seiyu</u>	<u>JUSCO</u>	<u>Nichii</u>	<u>Uny</u>	<u>Total</u>	<u>%</u>
1960	1	0	0	0	4	1	6	0.70
1961	2	1	1	1	1	0	6	0.70
1962	0	1	3	1	4	3	12	1.39
1963	3	1	0	2	3	1	10	1.16
1964	3	2	4	2	4	1	16	1.86
1965	1	0	2	2	2	0	7	0.81
1966	2	2	3	1	6	1	15	1.74
1967	5	3	8	5	7	4	32	3.72
1968	3	2	16	8	11	7	47	5.46
1969	9	3	10	5	10	10	47	5.46
1970	13	4	12	7	9	8	53	6.16
1971	14	5	6	7	11	7	50	5.81
1972	14	6	8	11	4	7	50	5.81
1973	17	8	9	10	2	8	54	6.27
1974	7	6	10	8	4	10	45	5.23
1975	7	7	8	9	3	5	39	4.53
1976	4	10	7	7	9	4	41	4.76
1977	11	10	6	6	3	4	40	4.65
1978	5	7	8	10	10	1	41	4.76
1979	10	8	6	14	16	6	60	6.97
1980	7	13	6	7	4	6	43	4.99
1981	8	4	10	8	9	3	42	4.88
1982	4	7	7	9	5	2	34	3.95
1983	2	4	8	3	2	2	21	2.44
1984	2	4	4	5	5	3	23	2.67
1985	8	4	3	5	2	5	27	3.14
<u>Total</u>	<u>162</u>	<u>122</u>	<u>165</u>	<u>153</u>	<u>150</u>	<u>109</u>	<u>861</u>	<u>100.02</u> *

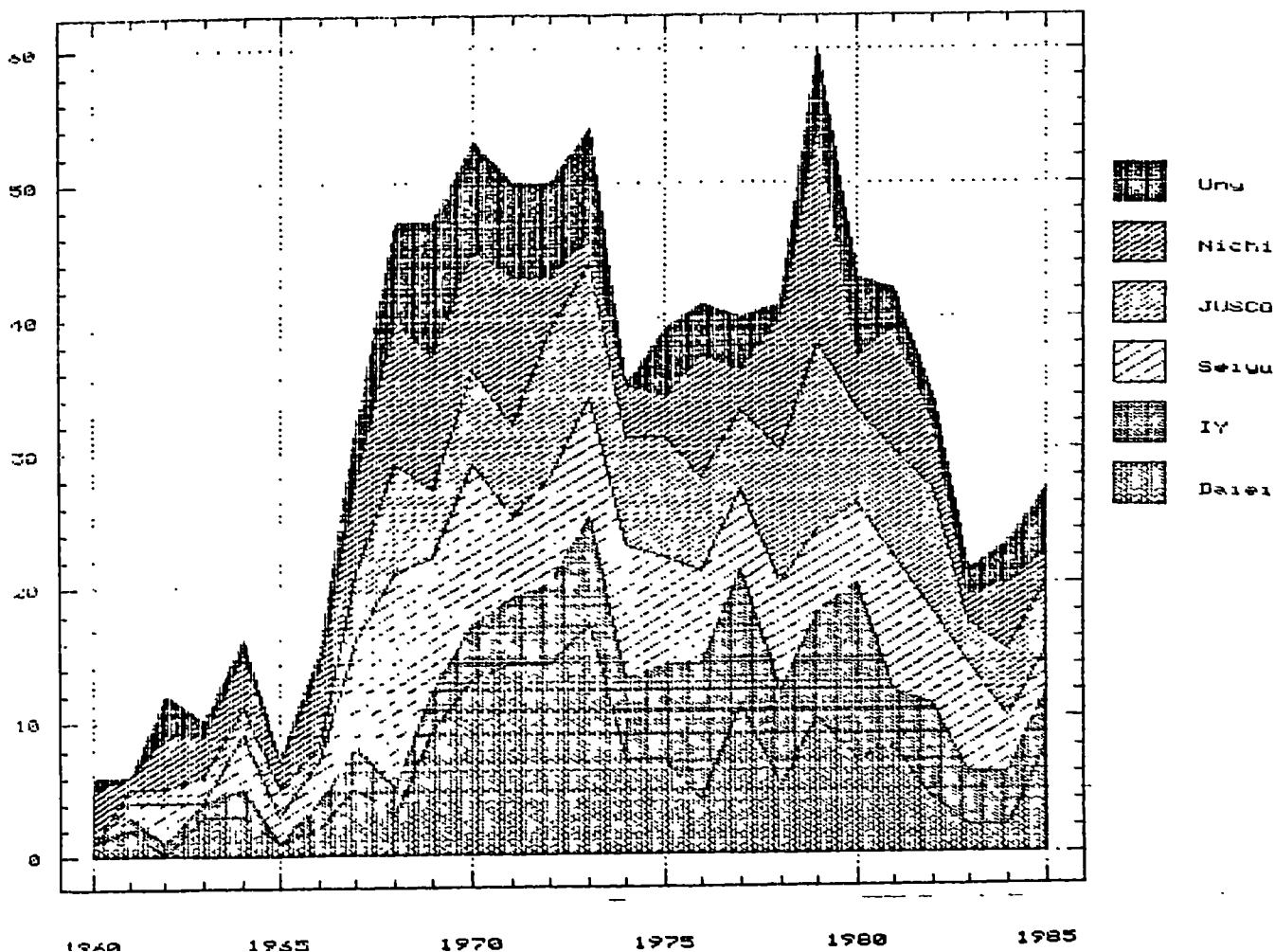
Figure 7.1 Total Annual Number Of Stores Opened 1960-1985.

Table 7.30 shows two main periods of steady increase in the number of stores opened, each ending with a sharp decline. The decreases coincide with the passing of the large scale law in 1974 and after the amendments of 1979.

Table 7.31 Years of Daiei Store Openings by Prefectures.

REGION Pref	1945/ 1965	1966/ 1967	1968/ 1969	1970/ 1971	1972/ 1973	1974/ 1975	1976/ 1978	1979/ 1981	1982/ 1986 (Feb)	
<u>TOHOKU</u>										
Akita	-	-	-	-	-	-	-	1*	-	1
Iwate	-	-	-	-	1*	-	-	-	-	1
Yamagata	-	-	-	-	1*	-	1	-	-	2
Miyagi	-	-	-	-	-	1*	-	-	-	1
<u>KANTO</u>										
Ibaraki	-	-	-	-	1*	-	-	-	1	2
Tochigi	-	-	-	-	-	-	-	1*	-	1
Saitama	-	1*	-	-	-	1	-	3	1	6
Chiba	-	-	-	-	2*	1	3	3	-	9
Tokyo	-	-	3*	2	1	1	1	1	2	11
Kanagawa	-	-	-	3*	2	1	2	-	2	10
<u>CHUBU</u>										
Niigata	-	-	-	-	1*	-	-	-	1	2
Toyama	-	-	-	-	-	-	1*	-	-	1
Ishikawa	-	-	-	-	-	-	-	1*	-	1
Yamanashi	-	-	-	-	-	1*	-	-	-	1
Nagano	-	-	-	-	-	-	1*	-	-	1
Aichi	-	-	1*	1	6	-	-	-	-	8
<u>KINKI</u>										
Mie	-	-	-	-	-	-	-	-	1*	1
Kyoto	-	-	-	-	-	1*	-	-	-	1
Osaka	3	1	3	7	10	2	6	6	2	40
Hyogo	6	4	3	7	4	4	4	5	6	43
Nara	-	-	-	1*	1	1	-	-	-	3
Wakayama	-	-	-	-	-	-	-	1*	-	1
<u>CHUGOKU</u>										
Tottori	-	-	-	-	1*	-	-	-	-	1
Okayama	2	-	-	1	-	-	1	-	1	5
Hiroshima	-	-	1*	2	-	-	-	-	-	3
Yamaguchi	-	-	1*	1	-	-	1	-	-	3
<u>SHIKOKU</u>										
Tokushima	-	-	-	1*	-	-	-	-	-	1
Kagawa	-	1*	-	-	-	-	-	1	-	2
Ehime	-	-	-	1*	-	-	-	1	-	2
Column	11	7	12	27	31	14	21	24	17	164
Total %	6.7	4.3	7.3	16.5	18.9	8.5	12.8	14.6	10.4	100
* New Prefs	-	2	4	4	6	3	2	4	1	
Present in:	3	5	9	13	19	22	24	28	29	

Tables 7.31 to 7.36 show store openings by each company during the intervals covered by the Census of Distribution. Only one company opened stores in a new region after 1975 and that was JUSCO who eventually opened four stores in Chugoku.

In terms of Prefectures, Daiei's greatest geographical expansion occurred between 1972 and 1973 when stores were opened in six new prefectures, including two in Tohoku which marked the end of regional expansion. During this time 31 stores were opened. After 1965 there were stores opened in Osaka and Hyogo during every interval. As of February 1986 there were Daiei stores in 29 different prefectures out of a possible 47.

Table 7.32 Years of Ito-Yokado Store Openings by Prefectures.

REGION Pref	1945/ 1965	1966/ 1967	1968/ 1969	1970/ 1971	1972/ 1973	1974/ 1975	1976/ 1978	1979/ 1981	1982/ 1986 (Feb)	
<u>HOKKAIDO</u> Hokkaido	-	-	-	-	-	1*	4	5	2	12
<u>TOHOKU</u>										
Aomori	-	-	-	-	-	-	1*	1	-	2
Akita	-	-	-	-	-	-	-	-	1*	1
Iwate	-	-	-	-	-	-	-	-	1*	1
Miyagi	-	-	-	-	-	-	-	1*	-	1
Fukushima	-	-	1*	2	1	1	-	-	-	5
<u>KANTO</u>										
Ibaraki	-	-	-	-	1*	2	1	-	-	4
Tochigi	-	-	-	-	1*	1	-	2	-	4
Gunma	-	1*	-	-	-	-	-	-	-	1
Saitama	1	-	1	2	4	2	5	-	2	17
Chiba	-	-	-	2*	1	-	6	3	2	14
Tokyo	5	4	3	3	3	-	4	4	3	29
Kanagawa	-	-	-	-	3*	5	-	7	6	21
<u>CHUBU</u>										
Yamanashi	-	-	-	-	-	1*	-	-	1	2
Nagano	-	-	-	-	-	-	3*	-	1	4
Gifu	-	-	-	-	-	-	-	1*	-	1
Shizuoka	-	-	-	-	-	-	2*	-	-	2
Aichi	-	-	-	-	-	-	1*	1	-	2
Column	6	5	5	9	14	13	27	25	19	123
Total %	4.9	4.1	4.1	7.3	11.4	10.6	22.0	20.3	15.4	100
* New Prefs	-	1	1	1	3	2	4	2	2	
Present in	2	3	4	5	8	10	14	16	18	

Ito-Yokado's greatest growth and geographical expansion occurred between 1976 and 1981. Before 1974 most of the stores were located in Kanto with a few in Tohoku in the north of Japan. After 1974 stores were opened in ten new prefectures including prefectures in Hokkaido and Chubu. Stores were opened in Tokyo Prefecture during each interval apart from 1974/1975, immediately after the passing of the 1974 legislation and corresponding with the period of initial expansion into Hokkaido and Chubu. As of February 1986 there were stores in 18 different prefectures.

Table 7.33 Years of Seiyu Store Openings by Prefectures.

REGION Pref	1945/ 1965	1966/ 1967	1968/ 1969	1970/ 1971	1972/ 1973	1974/ 1975	1976/ 1978	1979/ 1981	1982/ 1986 (Feb)	
<u>HOKKAIDO</u>										
Hokkaido	-	-	-	-	1*	-	3	3	1	8
<u>TOHOKU</u>										
Fukushima	-	-	-	-	-	1*	-	-	-	1
<u>KANTO</u>										
Ibaraki	1	-	-	1	1	-	-	-	1	4
Gunma	-	-	-	-	1*	2	-	-	-	3
Saitama	-	-	7*	2	3	3	4	4	1	24
Chiba	-	-	-	5*	2	2	5	2	1	17
Tokyo	11	9	13	7	6	4	4	10	7	71
Kanagawa	-	2*	6	3	2	2	1	1	5	22
<u>CHUBU</u>										
Niigata	-	-	-	-	-	-	-	-	1*	1
Ishikawa	-	-	-	-	-	1*	-	-	-	1
Yamanashi	-	-	-	-	-	-	-	1*	-	1
Nagano	-	-	-	-	-	-	1*	-	-	1
Shizuoka	-	-	-	-	1*	2	-	-	-	3
Aichi	-	-	-	-	-	-	1*	-	3	4
<u>KYUSHU</u>										
Fukuoka	-	-	-	-	-	-	1*	-	1	2
Saga	-	-	-	-	-	-	-	1*	-	1
Nagasaki	-	-	-	-	-	1*	-	-	1	2
Oita	-	-	-	-	-	-	1*	-	-	1
Column	12	11	26	18	17	18	21	22	22	167
Total %	7.2	6.6	15.6	10.8	10.2	10.8	12.6	13.2	13.2	100
* New Prefs	-	1	1	1	3	3	4	2	1	
Present in	2	3	4	5	8	11	15	17	18	

Before 1972 all Seiyu's stores were in Kanto. Stores were

opened in the new regions of Hokkaido, Tohoku, Chubu and Kyushu between 1972 and the end of 1975. No new regional expansion occurred afterwards. The busiest period for store openings was 1968/1969 when 26 stores were opened including 13 in Tokyo. After 1965 Seiyu stores were opened in Tokyo Prefecture during every interval including 10 in 1979/1981. In February 1986 there were Seiyu stores in 18 prefectures.

Table 7.34 Years of JUSCO Store Openings by Prefectures.

<u>REGION</u> Pref	<u>1945/</u> <u>1965</u>	<u>1966/</u> <u>1967</u>	<u>1968/</u> <u>1969</u>	<u>1970/</u> <u>1971</u>	<u>1972/</u> <u>1973</u>	<u>1974/</u> <u>1975</u>	<u>1976/</u> <u>1978</u>	<u>1979/</u> <u>1981</u>	<u>1982/</u> <u>1986</u> (Feb)	
<u>TOHOKU</u>										
Aomori	-	-	-	-	-	-	1*	-	-	1
Akita	-	-	-	1*	-	1	2	2	-	6
Iwate	-	-	-	-	-	-	1*	-	1	2
Yamagata	-	-	-	1*	1*	1	1	1	2	7
Miyagi	-	-	-	-	-	2*	-	2	2	6
<u>KANTO</u>										
Ibaraki	-	-	-	-	-	1*	1	-	1	3
Tochigi	-	-	-	-	-	2*	-	1	-	3
Saitama	-	-	-	-	-	-	-	-	2*	2
Tokyo	-	-	-	-	-	-	-	-	1*	1
Kanagawa	-	-	-	-	-	-	-	1*	1	2
<u>CHUBU</u>										
Niigata	-	-	-	-	1*	1	-	1	2	5
Gifu	-	-	-	-	-	-	-	2	-	2
Shizuoka	-	-	-	-	1*	-	-	2	-	3
Aichi	2	1	3	2	1	1	2	2	-	14
<u>KINKI</u>										
Mie	3	1	-	2	3	3	8	4	2	26
Kyoto	-	-	2*	-	2	-	-	-	1	5
Osaka	1	2	3	2	4	1	2	-	2	17
Hyogo	3	2	4	4	6	2	1	5	3	30
Nara	-	-	1*	-	1	1	2	-	1	6
Wakayama	-	-	-	1*	1	-	1	-	-	3
<u>CHUGOKU</u>										
Okayama	-	-	-	-	-	-	1*	2	1	4
<u>SHIKOKU</u>										
Tokushima	-	-	-	-	-	1*	-	2	-	3
Kagawa	-	-	-	1*	-	-	-	2	-	3
Column	9	6	13	14	21	17	23	29	22	154
Total %	5.8	3.9	8.4	9.1	13.6	11.0	14.9	18.8	14.3	100
* New Prefs	-	0	2	4	3	4	3	1	2	
Present in	4	4	6	10	13	17	20	21	23	

The busiest period for JUSCO store openings was 1979/1981 when 29 stores were opened. The first and only store in the city of Tokyo was not opened until 1985. As of February 1986 there were stores in 22 prefectures. Expansion into new regions beside Kinki occurred between 1970 and 1978. As with Daiei, there were stores opened in Osaka and Hyogo during every interval after 1965, except for in Osaka between 1979 and 1981.

Table 7.35 Years of Nichii Store Openings by Prefectures.

REGION Pref	1945/ 1965	1966/ 1967	1968/ 1969	1970/ 1971	1972/ 1973	1974/ 1975	1976/ 1978	1979/ 1981	1982/ 1986 (Feb)	
<u>KANTO</u>										
Gunma	-	-	-	-	-	-	2*	2	-	4
Saitama	1	1	1	2	1	1	1	3	-	11
Tokyo	-	-	-	-	1*	-	-	1	1	3
Kanagawa	-	-	-	-	1*	-	4	1	1	7
<u>CHUBU</u>										
Gifu	-	-	-	-	-	-	-	1*	-	1
Shizuoka	-	-	1*	2	-	-	-	1	-	4
<u>KINKI</u>										
Mie	-	1*	-	1	-	-	2	-	-	4
Kyoto	3	2	1	3	-	-	1	2	1	13
Osaka	7	3	11	5	1	1	6	2	5	41
Hyogo	6	2	1	1	-	1	-	2	2	15
Nara	3	1	1	1	-	1	2	1	2	12
Wakayama	-	-	1*	1	1	-	-	3	1	7
Okayama	1	-	-	1	-	1	-	4	-	7
<u>CHUGOKU</u>										
Hiroshima	1	-	1	2	-	-	1	4	-	9
Yamaguchi	-	2*	1	1	-	1	-	1	1	7
<u>SHIKOKU</u>										
Tokushima	-	-	-	-	-	-	-	1	-	1
Kagawa	-	1*	-	-	-	1	-	-	1	3
Ehime	-	-	1*	-	-	-	2	-	-	3
Kochi	-	-	-	-	-	-	1*	-	-	1
<u>KYUSHU</u>										
Fukuoka	1	-	1	-	-	-	1	-	-	3
Column	23	13	21	20	6	7	22	29	15	156
Total %	14.7	8.3	13.5	12.8	3.8	4.5	14.1	18.6	9.6	100
* New Prefs	-	3	3	0	2	0	2	1	0	
Present in	8	11	14	14	16	16	18	19	20	

Like JUSCO, the busiest period for Nichii store openings was 1979/1981 when 29 stores were opened. No stores opened in a new region after 1969 when the first store was opened in Chubu. As with Daiei, stores were opened in Osaka during every census interval after 1965. In 1986 there were stores in 15 prefectures.

Uny had stores in the least number of prefectures, i.e. 12. All stores were in Kanto or Chubu, apart from one opened in Kinki during 1972/1973. The period of most openings was 1968/1969 when 17 stores were opened including 9 in Aichi.

Table 7.36 Years of Uny Store Openings by Prefectures.

REGION Pref	<u>1945/</u> <u>1965</u>	<u>1966/</u> <u>1967</u>	<u>1968/</u> <u>1969</u>	<u>1970/</u> <u>1971</u>	<u>1972/</u> <u>1973</u>	<u>1974/</u> <u>1975</u>	<u>1976/</u> <u>1978</u>	<u>1979/</u> <u>1981</u>	<u>1982/</u> <u>1986</u> (Feb)	
<u>KANTO</u>										
Ibaraki	-	-	-	-	-	-	-	1*	-	1
Tochigi	-	-	-	-	-	-	-	-	1*	1
Gunma	-	-	-	-	-	1*	1	-	-	2
Tokyo	-	-	-	-	-	-	-	1*	-	1
Kanagawa	1	2	6	1	1	-	2	1	1	15
<u>CHUBU</u>										
Toyama	-	-	-	2*	1	1	-	1	-	5
Ishikawa	-	-	-	-	1*	1	1	-	-	3
Fukui	-	-	1*	-	-	-	-	-	1	2
Nagano	-	-	-	-	-	3*	1	-	3	7
Gifu	-	-	-	2*	-	1	2	1	-	6
Shizuoka	-	3*	1	-	4	1	-	4	1	14
Aichi	6	-	9	10	7	7	2	6	5	52
<u>KINKI</u>										
Mie	-	-	-	-	1*	-	-	-	-	1
Column	7	5	17	15	15	15	9	15	12	110
Total %	6.4	4.5	15.5	13.6	13.6	13.6	8.2	13.6	10.9	100
* New Prefs	-	1	1	2	2	2	0	2	1	
Present in	2	3	4	6	8	10	10	12	13	

The Companies' annual reports contain few details about individual store closures, and therefore details of stores opened but closed before 1986 are not included in the analyses in this chapter. Table 7.37 summarises the available information.

Table 7.37 Store Closure Information.

<u>Company</u>	<u>Interval</u> *	<u>Closures</u>	<u>Net Increase</u>
Daiei	1976-86	8	35
Ito - Yokado	1970-86	3	105
Seiyu	1976-84	19	43
JUSCO £	1979-86	56	58
Nichii £	1978-86	48	120
Uny	1981-86	4	13

Notes:

* Fiscal Years

£ Available data includes affiliated and subsidiary stores. No separate figure for parent company only.

Source:

Company annual reports.

The following extracts indicate reasons for some of the closures. The first extract is from Daiei's annual report for Fiscal 1983:

"We have started to phase out our older superstores in markets where they are no longer sufficiently competitive. Some of these stores have been converted to discount stores, and others have been replaced by new superstores."

Similarly, the Seiyu report for Fiscal 1982 contained the following statement:

"Seiyu opened 12 new superstores and supermarkets in fiscal 1982, including nine stores in new areas, two new stores that replaced older facilities and one new store that supplements an existing one." (Emphasis mine).

The JUSCO annual report for Fiscal 1986 states:

"Some stores have proven to be too old or incapable of meeting the needs that the modern shopper has. Where it perceives this problem, JUSCO has quickly scrapped the store in question and built a more appropriate

facility. A number of new stores were constructed in the year under review as a result of this strategy."

Nichii's report for Fiscal 1983 mentioned that "...14 stores, principally smaller ones, were closed". In the report for Fiscal 1986 it was reported that

"In the Kanto region of operations, our Kita-Urawa and Kasukabe superstores were reopened following installation of speciality shops ..." (Emphasis mine).

Table 7.38 Expected and Observed Frequencies for Chi-Square Test of Sales Floorspace Of Store (Sq M) by Year When Store Opened, From 1972 to February 1986.

OPENED->	Count	I1972 -	I1974 -	I1976 -	I1979 -	I1982 -	I
	Exp V	I1973	I1975	I1978	I1981	I1986	I Row
FLOORSPACE--	Resid	I	I	I	I	I(Feb)	ITotal
96 -<	2500	I 17 I 14.3 I 2.7	I 5 I 11.6 I -6.6	I 16 I 16.9 I -0.9	I 17 I 19.7 I -2.7	I 22 I 14.6 I 7.4	I 77 I 13.8%
2500 -<	5000	I 29 I 22.7 I 6.3	I 11 I 18.3 I -7.3	I 22 I 26.8 I -4.8	I 32 I 31.2 I .8	I 28 I 23.1 I 4.9	I 122 I 21.8%
5000 -<	7500	I 29 I 30.6 I -1.6	I 38 I 24.8 I 13.3	I 30 I 36.2 I -6.2	I 43 I 42.1 I .9	I 25 I 31.2 I -6.2	I 165 I 29.5%
7500 -<	10000	I 24 I 22.5 I 1.5	I 14 I 18.2 I -4.1	I 34 I 26.6 I 7.4	I 31 I 30.9 I .1	I 18 I 22.9 I -4.9	I 121 I 21.6%
10000 -<	12500	I 4 I 8.5 I -4.5	I 10 I 6.9 I 3.1	I 13 I 10.1 I 2.9	I 12 I 11.7 I .3	I 7 I 8.7 I -1.7	I 46 I 8.2%
12500 -	18708	I 1 I 5.4 I -4.4	I 6 I 4.4 I 1.7	I 8 I 6.4 I 1.6	I 8 I 7.4 I .6	I 6 I 5.5 I .5	I 29 I 5.2%
	Column Total	104 18.6%	84 15.0%	123 22.0%	143 25.5%	106 18.9%	560 100.0%

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F.< 5
38.41154	20	.0079	4.350	1 OF 30 (3.3%)

Statistic	Value	Significance
Pearson Correlation Coefficient	-.0064	.880
Cramer's V	.1310	
Contingency Coefficient	.2533	

Table 7.38 contains the expected and observed frequencies for the Chi-Square Test of dependence between the sales floorspace of each store and the year of store opening for selected intervals between 1972 and February 1986. The results of the use of the Pearson Correlation Coefficient show that there is no linear correlation between the size of each store and the year when it was opened. The Chi-square test is therefore used to determine any patterns of change between each Census and to test the null hypothesis that sales floorspace and date variables are independent of each other. Floorspace values above 12,500 square metres were collapsed into one category.

The observed significance level for a chi-square of 38.412 for a table having 6 rows and 5 columns, and therefore 20 degrees of freedom is .008. The null hypothesis is rejected, and the alternative hypothesis accepted, i.e. that there is a dependence between the sales floorspace area of the store involved and the type of site.

The results from Cramer's V and the Coefficient of Contingency indicate a low degree of association.

In Table 7.38 the main features for 1972/1973 are the positive residuals for stores under 5,000 sq. m. and negative residuals above 10,000 sq. m. For 1974/1975 the signs of residuals for these classes change, and the largest positive residual in the table appears for the size interval of 5,000 to 7,500 sq. m. The number of stores opened in 1976/1978 rose quite sharply. The main feature of the residuals is the change of signs since the last time period in the two size ranges between 5,000 and 10,000 sq. m. The residuals for all stores in 1979/1981 were comparatively small. There followed a comparatively sharp drop in the number of stores opened after 1981, the most noticeable

feature being the positive residuals for stores below 5,000 sq. m. in contrast with negative residuals for other stores under 12,500 sq. m. Table 7.39 contains details of the sizes of all of the companies' stores opened before February 1986 in the selected intervals. The correlation coefficient between the size of individual store and date of opening for each company is given.

Table 7.39 Size of Case Study Stores Opened During Selected Years.

<u>All Stores</u>	Upto	66/	68/	70/	72/	74/	77/	80/	82/	ALL
Sq. Metres	1965	67	69	71	73	75	78	81	86	Feb
96 < 2500	42	32	37	24	17	5	16	17	22	212
2500 < 5000	13	8	37	38	29	11	22	32	28	218
5000 < 7500	8	4	9	27	29	38	30	43	25	213
7500 < 10000	2	1	8	11	24	14	34	31	18	143
10000 < 12500	3	2	1	3	4	10	13	12	7	55
12500 < 15000	-	-	2	-	-	6	4	8	5	25
17500 - 18708	-	-	-	-	1	-	4	-	1	6
Column	68	47	94	103	104	84	123	143	106	872
Total %	7.8	5.4	10.8	11.8	11.9	9.6	14.1	16.4	12.2	100
1) <u>Daiei</u>	Upto	66/	68/	70/	72/	74/	77/	80/	82/	ALL
Sq. Metres	1965	67	69	71	73	75	78	81	86	Feb
96 < 2500	4	2	1	8	2	-	1	1	1	20
2500 < 5000	4	1	5	6	7	-	3	3	5	34
5000 < 7500	3	2	2	8	9	3	-	4	3	34
7500 < 10000	-	1	4	5	8	4	9	9	4	44
10000 < 12500	-	1	-	-	4	5	4	2	2	18
12500 < 15000	-	-	-	-	-	2	1	5	1	9
17500 - 18708	-	-	-	-	1	-	3	-	1	5
Column	11	7	12	27	31	14	21	24	17	164
Total %	6.7	4.3	7.3	16.5	18.9	8.5	12.8	14.6	10.4	100
Corr:	.3564**									
2) <u>Ito-Yokado</u>	Upto	66/	68/	70/	72/	74/	77/	80/	82/	ALL
Sq. Metres	1965	67	69	71	73	75	78	81	86	Feb
96 < 2500	4	3	-	-	-	-	1	-	-	8
2500 < 5000	2	2	4	4	1	-	2	4	2	21
5000 < 7500	-	-	-	4	6	6	9	6	6	37
7500 < 10000	-	-	1	1	7	3	10	7	5	34
10000 < 12500	-	-	-	-	-	4	4	6	3	17
12500 < 15000	-	-	-	-	-	-	-	1	2	3
17500 - 18708	-	-	-	-	-	-	1	-	-	1
Column	6	5	5	9	14	13	27	24	18	121
Total %	5.0	4.1	4.1	7.4	11.6	10.7	22.3	19.8	14.9	100
Corr:	.5141**									

3) <u>Seiyu</u>	Upto 1965	66/ 67	68/ 69	70/ 71	72/ 73	74/ 75	77/ 78	80/ 81	82/ 86 Feb	ALL
Sq. Metres										
96 -< 2500	9	10	12	5	7	5	7	9	10	74
2500 -< 5000	-	-	9	10	3	4	4	2	2	34
5000 -< 7500	2	-	2	2	3	4	3	5	5	26
7500 -< 10000	1	-	1	1	4	2	3	3	3	18
10000 -< 12500	-	1	1	-	-	-	2	2	1	7
12500 -< 15000	-	-	1	-	-	3	2	1	1	8
Column	12	11	26	18	17	18	21	22	22	167
Total %	7.2	6.6	15.6	10.8	10.2	10.8	12.6	13.2	13.2	100
Corr: .2324*										

4) <u>JUSCO</u>	Upto 1965	66/ 67	68/ 69	70/ 71	72/ 73	74/ 75	77/ 78	80/ 81	82/ 86 Feb	ALL
Sq. Metres										
96 -< 2500	4	3	7	5	5	-	4	5	8	41
2500 -< 5000	2	2	5	3	8	4	7	10	6	47
5000 -< 7500	-	1	1	4	5	9	10	11	5	46
7500 -< 10000	-	-	-	1	3	3	1	2	2	12
10000 -< 12500	3	-	-	1	-	1	1	1	-	7
12500 -< 15000	-	-	-	-	-	-	-	-	1	1
Column	9	6	13	14	21	17	23	29	22	154
Total %	5.8	3.9	8.4	9.1	13.6	11.0	14.9	18.8	14.3	100
Corr: .0920										

5) <u>Nichii</u>	Upto 1965	66/ 67	68/ 69	70/ 71	72/ 73	74/ 75	77/ 78	80/ 81	82/ 86 Feb	ALL
Sq. Metres										
96 -< 2500	19	11	13	5	1	-	3	1	1	54
2500 -< 5000	2	2	4	8	-	1	3	8	7	35
5000 -< 7500	2	-	3	3	5	4	7	10	4	38
7500 -< 10000	-	-	1	2	-	2	6	8	2	21
10000 -< 12500	-	-	-	2	-	-	2	1	1	6
12500 -< 15000	-	-	-	-	-	-	1	1	-	2
Column	23	13	21	20	6	7	22	29	15	156
Total %	14.7	8.3	13.5	12.8	3.8	4.5	14.1	18.6	9.6	100
Corr: .5488**										

6) <u>Uny</u>	Upto 1965	66/ 67	68/ 69	70/ 71	72/ 73	74/ 75	77/ 78	80/ 81	82/ 86 Feb	ALL
Sq. Metres										
96 -< 2500	2	3	4	1	2	-	-	1	2	15
2500 -< 5000	3	1	10	7	10	2	3	5	6	47
5000 -< 7500	1	1	1	6	1	12	1	7	2	32
7500 -< 10000	1	-	1	1	2	-	5	2	2	14
12500 -< 15000	-	-	1	-	-	1	-	-	-	2
Column	7	5	17	15	15	15	9	15	12	110
Total %	6.4	4.5	15.5	13.6	13.6	13.6	8.2	13.6	10.9	100
Corr: .2094										

NB. 2 Tailed sig. levels of correlation (Corr:) * = .01 ** = .001

The use of correlation analysis at the company level reveals a moderately strong degree of association between the year a store was opened and its size for Ito-Yokado and Nichii stores and a low degree for Daiei and Seiyu. There is no statistically significant correlation value for JUSCO or Uny, which in part may contribute to the fact that the coefficient value for stores opened after 1972 (i.e. $-.0064$) is not significant in Table 7.39. The coefficient value for all stores opened before March 1986 and floorspace is low at $.3408$ and is significant at the $.001$ level.

The remainder of this section concerns the Class 1 stores governed by the 1974 legislation discussed in Section 3.7.4 of Chapter 3. Daiei, Seiyu and Uny had each opened half of their stores before 1974. In Table 7.40 it can be seen also that a large majority of Ito-Yokado stores (72.6%) were opened after 1974, as were smaller majorities of JUSCO (63.3%) and Nichii (58.6%) stores.

Table 7.40 Whether Class 1 Stores Opened Before 1974 Legislation

	<u>Daiei</u>	<u>I-Y</u>	<u>Seiyu</u>	<u>Jusco</u>	<u>Stores by Companies</u>		<u>Total</u>
					<u>Nichi</u>	<u>Uny</u>	
Before 1974	75	31	51	47	48	53	305
After 1974	74	82	51	81	68	52	408
(Missing 1)							714
Percentages							
Before	50.0	27.4	50.0	36.7	41.4	50.5	42.8
After	49.3	72.6	50.0	63.3	58.6	49.5	57.2
(Missing .7)							

In Table 7.41 the Chi-square test is used to test the null hypothesis that the date of opening and site variables are independent of each other for the Class 1 stores. The Station and Terminal sites were collapsed into one category, and the small number of town and village sites omitted in order to meet the test requirements. No stores were opened in rail terminals before 1972. Just 5 out of 38 small town or village stores opened

before 1972, and 22 were opened during 1979 to February 1986.

Table 7.41 Observed and Expected Frequencies for Chi-Square test of Years of Store Openings by Types of Site.

SITE-> OPENED	Count	IHigh	IStation	ISuburb	I	Row Total
	Exp Val Residual	IStreet	I	I	I	
1945 - 1965		I 12	I 12	I 2	I	26
		I 8.3	I 11.0	I 6.6	I	4.1%
		I 3.7	I 1.0	I -4.6	I	
1966 - 1967		I 15	I 4	I 0	I	19
		I 6.1	I 8.1	I 4.8	I	3.0%
		I 8.9	I -4.1	I -4.8	I	
1968 - 1969		I 32	I 30	I 3	I	65
		I 20.9	I 27.6	I 16.6	I	10.2%
		I 11.1	I 2.4	I -13.6	I	
1970 - 1971		I 30	I 43	I 7	I	80
		I 25.7	I 33.9	I 20.4	I	12.5%
		I 4.3	I 9.1	I -13.4	I	
1972 - 1973		I 27	I 43	I 11	I	81
		I 26.0	I 34.4	I 20.7	I	12.7%
		I 1.0	I 8.6	I -9.7	I	
1974 - 1975		I 26	I 29	I 21	I	76
		I 24.4	I 32.2	I 19.4	I	11.9%
		I 1.6	I -3.2	I 1.6	I	
1976 - 1978		I 19	I 45	I 36	I	100
		I 32.1	I 42.4	I 25.5	I	15.6%
		I -13.1	I 2.6	I 10.5	I	
1979 - 1981		I 26	I 34	I 58	I	118
		I 37.9	I 50.0	I 30.1	I	18.5%
		I -11.9	I -16.0	I 27.9	I	
1982 - 1986 (Feb)		I 18	I 31	I 25	I	74
		I 23.7	I 31.4	I 18.9	I	11.6%
		I -5.7	I -.4	I 6.1	I	
	Column Total	205 32.1%	271 42.4%	163 25.5%	639 100.0%	

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
109.29142	16	.0000	4.847	1 OF 27 (3.7%)

Measure of association	Value
Cramer's V	.29243
Contingency Coefficient	.38217

The observed significance level for a chi-square of 109.291 for a table having 9 rows and 3 columns, and 16 degrees of

freedom is .000. The null hypothesis is rejected, and the alternative hypothesis accepted, ie that there is a dependence between the date of store opening and the type of site.

The results from the two measures of association used, Cramer's V and the Coefficient of Contingency, indicate a low to moderate degree of association.

There are proportionately high negative residuals for suburbs before 1974, and for High Street stores after 1975. The move towards opening comparatively more stores in the suburbs, rather than in the more traditional High Street and station sites after the 1974 legislation was passed, may mean that there was an increasing shortage of such sites.

Table 7.42 shows details of the size of shopping areas in which the Class 1 stores were opened, and the numbers of retailers and core stores involved in the consultation process during selected time intervals.

Table 7.42 Selected Details of Store Openings in Shopping Areas.

A) Size (Sq. M.)	Upto 1965	66/ 67	68/ 69	70/ 71	72/ 73	74/ 75	76/ 79	80/ 81	82/ 86 Feb	ALL
1,500 -< 2,500	2	7	7	7	2	1	1	2	3	32
2,500 -< 5,000	9	5	34	22	17	6	10	16	13	132
5,000 -< 7,500	11	5	15	31	26	27	15	23	20	173
7,500 -< 10,000	-	2	9	12	26	14	29	37	25	154
10,000 -< 12,500	2	1	4	9	9	13	25	22	9	94
12,500 -< 15,000	2	-	2	4	3	12	14	12	10	59
15,000 - 100,346	1	1	1	4	7	6	16	20	13	69
Column	27	21	72	89	90	79	110	132	93	713
Percentages										
1,500 -< 2,500	7.4	33.3	9.7	7.9	2.2	1.3	.9	1.5	3.2	4.5
2,500 -< 5,000	33.3	23.8	47.2	24.7	18.9	7.6	9.1	12.1	14.0	18.5
5,000 -< 7,500	40.7	23.8	20.8	34.8	28.9	34.2	13.6	17.4	21.5	24.3
7,500 -< 10,000	-	9.5	12.5	13.5	28.9	17.7	26.4	28.0	26.9	21.6
10,000 -< 12,500	7.4	4.8	5.6	10.1	10.0	16.5	22.7	16.7	9.7	13.2
12,500 -< 15,000	7.4	-	2.8	4.5	3.3	15.2	12.7	9.1	10.8	8.3
15,000 - 100,346	3.7	4.8	1.4	4.5	7.8	7.6	14.5	15.2	14.0	9.7
% of Total	3.8	2.9	10.1	12.5	12.6	11.1	15.4	18.5	13.0	100

	Upto 1965	66/ 67	68/ 69	70/ 71	72/ 73	74/ 75	77/ 78	80/ 81	82/ 86	ALL Feb
B) <u>Retailers Involved</u>										
1- 4	10	13	27	16	34	16	19	17	13	165
5- 9	7	3	16	10	10	10	10	13	16	95
10- 14	-	-	9	17	11	21	19	13	11	101
15- 19	3	2	9	14	12	10	9	21	18	98
20- 24	-	2	1	8	6	5	8	16	8	54
25- 29	2	-	-	7	1	6	8	11	8	43
30- 34	2	-	3	4	8	4	6	10	3	40
35- 49	1	-	3	6	2	2	12	19	8	53
50-183	2	1	4	7	6	5	19	12	8	64
Total	27	21	72	89	90	79	110	132	93	713

Percentages

1- 4	37.0	61.9	37.5	18.0	37.8	20.3	17.3	12.9	14.0	23.1
5- 9	25.9	14.3	22.2	11.2	11.1	12.7	9.1	9.8	17.2	13.3
10- 14	-	-	12.5	19.1	12.2	26.6	17.3	9.8	11.8	14.2
15- 19	11.1	9.5	12.5	15.7	13.3	12.7	8.2	15.9	19.4	13.7
20- 24	-	9.5	1.4	9.0	6.7	6.3	7.3	12.1	8.6	7.6
25- 29	7.4	-	-	7.9	1.1	7.6	7.3	8.3	8.6	6.0
30- 34	7.4	-	4.2	4.5	8.9	5.1	5.5	7.6	3.2	5.6
35- 49	3.7	-	4.2	6.7	2.2	2.5	10.9	14.4	8.6	7.4
50-183	7.4	4.8	5.6	7.9	6.7	6.3	17.3	9.1	8.6	9.0

% Total 3.8 2.9 10.1 12.5 12.6 11.1 15.4 18.5 13.0 100.0

	Upto 1965	66/ 67	68/ 69	70/ 71	72/ 73	74/ 75	77/ 78	80/ 81	82/ 86	ALL Feb
C) <u>Cores</u>										
1	20	17	53	56	70	54	68	91	74	503
2	2	1	13	20	8	16	21	23	14	118
3	1	-	3	9	6	5	11	11	4	50
4+	4	3	3	4	6	4	10	7	1	42
Column	27	21	72	89	90	79	110	132	93	713

Percentages

1	74.1	81.0	73.6	62.9	77.8	68.4	61.8	68.9	79.6	70.5
2	7.4	4.8	18.1	22.5	8.9	20.3	19.1	17.4	15.1	16.5
3	3.7	-	4.2	10.1	6.7	6.3	10.0	8.3	4.3	7.0
4+	14.8	14.3	4.2	4.5	6.7	5.1	9.1	5.3	1.1	5.9

% Total 3.8 2.9 10.1 12.5 12.6 11.1 15.4 18.5 13.0 100

Number of Missing Observations = 1

Noticeable features in Table 7.42 are the larger percentages of shopping areas with floorspace over 15,000 square metres after 1975, the high percentages of store applications involving 35 or more retailers during 1977-1981, and the percentage of 1-2 core

stores was highest at 95.6% for 1982 to February 1986.

Tables 7.43 to 7.45 contain the expected and observed frequencies for each Chi-Square Test of dependence between the sales floorspace of each store, the total retailers involved, core stores and date of opening, so that any patterns can be identified during the years following the 1974 legislation.

Table 7.43 Crosstabulation: Total Retail Floorspace Of Shopping Area by Year When Store Opened.

	Count	1972 -	1974 -	1976 -	1979 -	1982 -	Row
	Exp Val	1973	1975	1978	1981	1986	Total
	Residual:					(Feb)	
1500-< 2500	2	1.6	1.4	2.0	2.4	1.7	9 1.8%
	.4	-.4	-1.0	-.4	1.3		
2500-< 5000	17	11.1	9.7	13.5	16.2	11.4	62 12.3%
	5.9	-3.7	-3.5	-.2	1.6		
5000-< 7500	26	19.8	17.4	15	23	20.5	111 22.0%
	6.2	9.6	-9.2	-6.1	-.5		
7500-<10000	26	23.4	20.5	29	37	24.2	131 26.0%
	2.6	-6.5	.4	2.7	.8		
10000-<12500	9	13.9	12.2	25	22	14.4	78 15.5%
	-4.9	.8	8.0	1.6	-5.4		
12500-<15000	3	9.1	8.0	14	12	9.4	51 10.1%
	-6.1	4.0	2.9	-1.4	.6		
15000-100346	7	11.1	9.7	16	20	11.4	62 12.3%
	-4.1	-3.7	2.5	3.8	1.6		
Column Total	90	17.9%	79	110	132	93	504 100.0%
			15.7%	21.8%	26.2%	18.5%	
Chi-Square	D.F.	Significance		Min E.F.	Cells with E.F.< 5		
41.33305	24	.0153		1.411	5 OF 35 (14.3%)		
Measure of Association	Value		Significance				
Cramer's V	.1432						
Contingency Coefficient	.2753						
Pearson Correlation	.0881		.048				

In Table 7.43 the observed significance level for a chi-square of 41.333 for a table with 7 rows and 5 columns, and 2 degrees of freedom is .015. At the .050 level the hypothesis is rejected, and the alternative hypothesis accepted, i.e. that there is a dependence between the size of the shopping area and the date of opening. The results from Cramer's V and the Coefficient of Contingency indicate a low degree of association.

The table shows that the majority of the negative residuals occur between 1974 and 1982 in categories of space under 7,50 square metres and for floorspace above 10,000 square metres in 1972 and 1973. In 1986 the size category with the largest number of stores was 7,500 to 10,000 sq. m. with 131 stores (26.0%).

In table 7.44 the observed significance level for a chi-square of 72.764 for a table with 9 rows and 5 columns, and 32 degrees of freedom is .001. At the .001 level the hypothesis is therefore rejected, and the alternative hypothesis accepted, i.e. that there is a dependence between the number of retailers involved and the date of opening. The results from Cramer's V and the Coefficient of Contingency indicate a low degree of association.

The table shows no immediately striking pattern in the residuals, though after 1978 there is a block of positive residuals for categories of retailers in the range 15 to 50. In 1986 the retailers category with the largest number of stores was 1 to 4 with 99 stores (19.6%).

The significance level in Table 7.45 for a chi-square of 16.185 for a table with 4 rows and 5 columns, and 12 degrees of freedom is .183. At any level less than .1 the null hypothesis is therefore accepted, i.e. that there is no dependence between the number of core retailers involved and the date of opening. In 1986 357 (70.8%) of the applications featured one core store.

Table 7.44 Crosstabulation: Number Of Retailers Within Area
by Year When Store Opened.

Count	1972 -	1974 -	1976 -	1979 -	1982 -	Row
Exp Val	1973	1975	1978	1981	1986	Total
Residual					(Feb)	
1 - 4	34 17.7 16.3	16 15.5 .5	19 21.6 -2.6	17 25.9 -8.9	13 18.3 -5.3	99 19.6%
5 - 9	10 10.5 -.5	10 9.2 .8	10 12.9 -2.9	13 15.5 -2.5	16 10.9 5.1	59 11.7%
10 - 14	11 13.4 -2.4	21 11.8 9.2	19 16.4 2.6	13 19.6 -6.6	11 13.8 -2.8	75 14.9%
15 - 19	12 12.5 -.5	10 11.0 -1.0	9 15.3 -6.3	21 18.3 2.7	18 12.9 5.1	70 13.9%
20 - 24	6 7.7 -1.7	5 6.7 1.7	8 9.4 -1.4	16 11.3 4.7	8 7.9 .1	43 8.5%
25 - 29	1 6.1 -5.1	6 5.3 .7	8 7.4 .6	11 8.9 2.1	8 6.3 1.7	34 6.7%
30 - 34	8 5.5 2.5	4 4.9 -.9	6 6.8 -.8	10 8.1 1.9	3 5.7 -2.7	31 6.2%
35 - 49	2 7.7 -5.7	2 6.7 -4.7	12 9.4 2.6	19 11.3 7.7	8 7.9 .1	43 8.5%
50 - 183	6 8.9 -2.9	5 7.8 -2.8	19 10.9 8.1	12 13.1 -1.1	8 9.2 -1.2	50 9.9%
Column Total	90 17.9%	79 15.7%	110 21.8%	132 26.2%	93 18.5%	504 100.0%

Chi-Square D.F. Significance Min E.F. Cells with E.F. < 5
 72.76391 32 .0001 4.859 1 OF 45 (2.2%)

Measure of Association Value Significance
 Cramer's V .1900
 Contingency Coefficient .3552
 Pearson Correlation .1057 .018

Number of Missing Observations = 1

Table 7.45 Crosstabulation: Core Retailers by Year Store Opened.

Count	1972 -	1974 -	1976 -	1979 -	1982 -	
Exp Val	1973	1975	1978	1981	1986	Row
Residual					(Feb)	Total
1	70	54	68	91	74	357
	63.8	56.0	77.9	93.5	65.9	70.8%
	6.3	-2.0	-9.9	-2.5	8.1	
2	8	16	21	23	14	82
	14.6	12.9	17.9	21.5	15.1	16.3%
	-6.6	3.1	3.1	1.5	-1.1	
3	6	5	11	11	4	37
	6.6	5.8	8.1	9.7	6.8	7.3%
	-6	-8	2.9	1.3	-2.8	
4	6	4	10	7	1	28
or	5.0	4.4	6.1	7.3	5.2	5.6%
more	1.0	-4	3.9	-3	-4.2	
Column	90	79	110	132	93	504
Total	17.9%	15.7%	21.8%	26.2%	18.5%	100.0%

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
16.18476	12	.1829	4.389	1 OF 50 (5.0%)

Measure of Association	Value	Significance
Cramer's V	.1035	
Contingency Coefficient	.1764	
Pearson Correlation	-.0665	.136

Number of Missing Observations = 1

Table 7.46 shows the number of years that passed between the date when approval for a store was given by MITI and the date when each store was actually opened. In total, 305 stores were already in existence before 1974. A further 11 stores were declared by MITI to be existing when the 1974 law was effective. Of the remaining 398 stores, 232 (58.3%) were opened within years of the approval being given. There were 38 stores (9.5% of the 398) that were opened after an interval of 4 years or more.

Table 7.46 Years Between Approval Date And Store Opening.

	Stores by Companies						
	Daiei	I-Y	Seiyu	Jusco	Nichi	Uny	Total
Existing	77	34	50	50	49	56	316
0 -< 1 year	18	17	16	19	17	18	105
1 -< 2 years	21	31	13	26	23	13	127
2 -< 3 years	17	16	10	20	13	9	85
3 -< 4 years	9	9	7	8	4	5	42
4 -< 5 years	4	4	3	2	5	3	21
5 -< 6 years	2	1	-	2	4	-	9
6 -< 7 years	1	-	1	1	-	1	4
7 -< 8 years	-	-	1	-	1	-	2
8 -< 9 years	-	-	1	-	-	-	1
10 -<11 years	-	1	-	-	-	-	1
TOTAL	149*	113	102	128	116	105	713
Percentages							
Existing	51.7	30.1	49.0	39.1	42.2	53.3	44.3
0 -< 1 year	12.1	15.0	15.7	14.8	14.7	17.1	14.7
1 -< 2 years	14.1	27.4	12.7	20.3	19.8	12.4	17.8
2 -< 3 years	11.4	14.2	9.8	15.6	11.2	8.6	11.9
3 -< 4 years	6.0	8.0	6.9	6.3	3.4	4.8	5.9
4 -< 5 years	2.7	3.5	2.9	1.6	4.3	2.9	3.0
5 -< 6 years	1.3	.9	-	1.6	3.4	-	1.3
6 -< 7 years	.7	-	1.0	.8	-	1.0	.6
7 -< 8 years	-	-	1.0	-	.9	-	.3
8 -< 9 years	-	-	1.0	-	-	-	.1
10 -<11 years	-	.9	-	-	-	-	.1

* 1 Daiei Store figure Missing

In Table 7.47 the Chi-square test is used to test the null hypothesis that the intervals before date of opening and the actual date are independent of each other. Intervals of 4 or more years were reduced to a single category.

The observed significance level for a chi-square of 292.478 for a table having 6 rows and 4 columns, and 15 degrees of freedom is .000. The null hypothesis is rejected, and the alternative hypothesis accepted, ie that there is a dependence between the length of interval and the date of store opening.

The results of Cramer's V and the Coefficient of Contingency, indicate a moderate degree of association. The table

shows that the frequencies for intervals of 2 years or more generally increased after 1975 whereas before there were none. After 1978 the frequencies and proportions of intervals under two years steadily declined.

Table 7.47 Observed and Expected Frequencies for Chi-Square test of Intervals (in Years) and Years of Store Openings.

OPENED->	Count	I1974 -	I1976 -	I1979 -	I1982 -	I	Row
	Exp Val	I1975	I1978	I1981	I1986	FebI	Total
YEARS	Residual	I	I	I	I	I	
0	11	4	1	1	17		
	3.2	4.5	5.4	3.8	4.1%		
	7.8	-0.5	-4.4	-2.8			
0 -< 1	60	31	9	5	105		
	20.0	27.9	33.5	23.6	25.4%		
	40.0	3.1	-24.5	-18.6			
1 -< 2	8	60	43	16	127		
	24.2	33.7	40.5	28.5	30.7%		
	-16.2	26.3	2.5	-12.5			
2 -< 3	0	13	47	25	85		
	16.2	22.6	27.1	19.1	20.5%		
	-16.2	-9.6	19.9	5.9			
3 -< 4	0	1	20	21	42		
	8.0	11.2	13.4	9.4	10.1%		
	-8.0	-10.2	6.6	11.6			
4 - 11	0	1	12	25	38		
	7.3	10.1	12.1	8.5	9.2%		
	-7.3	-9.1	-0.1	16.5			
Column Total	79	110	132	93	414		
	19.1%	26.6%	31.9%	22.5%	100.0%		

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F. < 5
292.47846	15	.0000	3.244	3 OF 24 (12.5%)

Measure of association	Value
Cramer's V	.48527
Contingency Coefficient	.64342

Number of Missing Observations = 1

A Chi-Square test was carried out to compare the length of intervals between approval and store opening in different types

of site. To carry out the test, it was necessary to include terminal stores with station stores, and to have a single category for intervals of 4 or more years. The results are given in Table 7.48.

Table 7.48 Observed and Expected Frequencies for Chi-Square test of Intervals (in Years) and Types of Sites.

SITE-> YEARS	Count	IHigh	IStation	ISuburb	ITown /	I	Row Total
	Exp Val	IStreet	I	I	IVillage	I	
	Residual	I	I	I	I	I	
0		I 4	I 7	I 5	I 1	I	17
		I 3.8	I 6.0	I 6.0	I 1.2	I	4.3%
		I .2	I 1.0	I -1.0	I -.2	I	
0 -< 1		I 28	I 36	I 32	I 4	I	100
		I 22.5	I 35.1	I 35.4	I 7.1	I	25.3%
		I 5.5	I .9	I -3.4	I -3.1	I	
1 -< 2		I 27	I 40	I 47	I 9	I	123
		I 27.6	I 43.2	I 43.5	I 8.7	I	31.1%
		I -.6	I -3.2	I 3.5	I .3	I	
2 -< 3		I 12	I 30	I 32	I 8	I	82
		I 18.4	I 28.8	I 29.0	I 5.8	I	20.7%
		I -6.4	I 1.2	I 3.0	I 2.2	I	
3 -< 4		I 7	I 14	I 13	I 4	I	38
		I 8.5	I 13.3	I 13.4	I 2.7	I	9.6%
		I -1.5	I .7	I -.4	I 1.3	I	
4 - 11		I 11	I 12	I 11	I 2	I	36
		I 8.1	I 12.6	I 12.7	I 2.5	I	9.1%
		I 2.9	I -.6	I -1.7	I -.5	I	
Column Total		89 22.5%	139 35.1%	140 35.4%	28 7.1%		396 100.0%

Chi-Square	D.F.	Significance	Min E.F.	Cells with E.F.< 5
9.80606	15	.8318	1.202	4 OF 24 (16.7%)

Measure of association	Value
Cramer's V	.09085
Contingency Coefficient	.15545

The observed significance level for a chi-square of 9.806 for a table having 6 rows and 4 columns, and 15 degrees of freedom is 0.832. The null hypothesis is accepted; there is no dependence between the length of intervals and different types of sites.

7.6 Subsidiary and Affiliated Companies.

Tables 7.49 to 7.54 contain summary statistics of sales in 1985, sales floorspace, employees per store, available car spaces, regional location and dates of store openings for various companies related to the case study companies. These subsidiary or affiliated companies, for each of the six companies, together with references to descriptions in section 6.4 of Chapter 6 are:

- 1) Ito-Yokado: York Mart Co. and York-Benimaru, s. 6.4.2.
- 2) Seiyu: Kansai Seiyu and Nagano Seiyu, s. 6.4.3.
- 3) JUSCO: Various regional companies, s. 6.4.4.
- 4) Nichii: Tohoku Nichii, Hokkaido Nichii & Kyushu Nichii, s.6.4.5
- 5) Uny: U Store, s.6.4.6.

There are details for just one store related to Daiei, opened during 1978 by a station in Narashino in Chiba Prefecture, with a floorspace of 15,456 square metres, and a staff of 182. There are no details given of car spaces, retailers involved and sales.

Table 7.49 Crosstabulation: Known 1985 Sales Per Store (Millions Of Yen) by Companies.

Related to:	I-Y	JUSCO	Nichii	Row Total
Yen (Millions)	-----			
34 -< 1000	16	4	7	27
1000 -< 2000	20	2	3	25
2000 -< 3000	12	2	1	15
3000 -< 4000	1	-	-	1
4000 -< 5000	-	1	-	1
5000 - 6000	-	1	3	4
8000 -< 9000	-	1	-	1

Column	49	11	14	74
% Total	66.2	14.9	18.9	100.0

Percentages

34 -< 1000	32.7	36.4	50.0	36.5
1000 -< 2000	40.8	18.2	21.4	33.8
2000 -< 3000	24.5	18.2	7.1	20.3
3000 -< 4000	2.0	-	-	1.4
4000 -< 5000	-	9.1	-	1.4
5000 -< 6000	-	9.1	21.4	5.4
8000 -< 9000	-	9.1	-	1.4

Table 7.50 Crosstabulation: Sales Floorspace Of Store (Sq M)
by Companies.

Related to: Square metres	I-Y	Seiyu	JUSCO	Nichii	Uny	Row Total
96 -< 2500	81	46	83	15	12	237
2500 -< 5000	6	9	23	4	4	46
5000 -< 7500	-	10	19	10	-	39
7500 -< 10000	-	5	11	7	-	23
10000 -< 12500	-	-	2	3	-	5
12500 -< 15000	-	-	2	-	-	2
17500 - 18708	-	-	1	-	-	1

Column	87	70	141	39	16	353
% Total	24.6	19.8	39.9	11.0	4.5	100.0

Percentages

96 -< 2500	93.1	65.7	58.9	38.5	75.0	67.1
2500 -< 5000	6.9	12.9	16.3	10.3	25.0	13.0
5000 -< 7500	-	14.3	13.5	25.6	-	11.1
7500 -< 10000	-	7.1	7.8	17.9	-	6.5
10000 -< 12500	-	-	1.4	7.7	-	1.4
12500 -< 15000	-	-	1.4	-	-	.6
17500 - 18708	-	-	.7	-	-	.3

number of Missing observations = 2

Table 7.51 Crosstabulation: Employees Per Store by Companies.

Related to: Staff	I-Y	Seiyu	JUSCO	Nichii	Row Total
0 - 24	12	25	61	9	107
25 - 49	45	19	19	5	88
50 - 74	24	15	10	4	53
75 - 99	5	6	13	1	25
100 - 124	1	3	11	-	15
125 - 149	-	2	6	-	8
150 - 174	-	-	9	-	9
175 - 199	-	-	4	-	4
200 - 760	-	-	9	-	9

Column	87	70	142	19	318
% Total	27.4	22.0	44.7	6.0	100.0

Percentages

0 - 24	13.8	35.7	43.0	47.4	33.6
25 - 49	51.7	27.1	13.4	26.3	27.7
50 - 74	27.6	21.4	7.0	21.1	16.7
75 - 99	5.7	8.6	9.2	5.3	7.9
100 - 124	1.1	4.3	7.7	-	4.7
125 - 149	-	2.9	4.2	-	2.5
150 - 174	-	-	6.3	-	2.8
175 - 199	-	-	2.8	-	1.3
200 - 760	-	-	6.3	-	2.8

number of Missing observations = 37

Table 7.52 Crosstabulation: Spaces Available For Cars by Companies.

Related to: Spaces	I-Y	Seiyu	JUSCO	Nichii	Uny	Row Total
0	7	7	21	2	-	37
2 - 99	34	3	27	8	2	74
100 - 199	22	8	12	-	-	42
200 - 299	11	-	7	-	9	27
300 - 399	8	2	5	1	2	18
400 - 499	1	3	4	-	2	10
500 - 599	3	2	6	2	-	13
600 - 699	1	2	4	-	-	7
700 - 799	-	2	4	-	-	6
800 - 899	-	-	6	-	-	6
900 - 999	-	-	1	-	-	1
1000 - 2000	-	-	8	1	-	9
Column % Total	87 34.8	29 11.6	105 42.0	14 5.6	15 6.0	250 100.0

Percentages	I-Y	Seiyu	JUSCO	Nichii	Uny	Row
0	8.0	24.1	20.0	14.3	-	14.8
2 - 99	39.1	10.3	25.7	57.1	13.3	29.6
100 - 199	25.3	27.6	11.4	-	-	16.8
200 - 299	12.6	-	6.7	-	60.0	10.8
300 - 399	9.2	6.9	4.8	7.1	13.3	7.2
400 - 499	1.1	10.3	3.8	-	13.3	4.0
500 - 599	3.4	6.9	5.7	14.3	-	5.2
600 - 699	1.1	6.9	3.8	-	-	2.8
700 - 799	-	6.9	3.8	-	-	2.4
800 - 899	-	-	5.7	-	-	2.4
900 - 999	-	-	1.0	-	-	.4
1000 - 2000	-	-	7.6	7.1	-	3.6

number of Missing observations = 105

Table 7.53 Crosstabulation: Regional Presence by Companies.

Related to: Region	I-Y	Seiyu	JUSCO	Nichii	Uny	Row Total
Hokkaido	-	-	-	6	-	6
Tohoku	49	-	15	14	-	78
Kanto	38	-	42	-	-	80
Chubu	-	36	37	-	13	86
Kinki	-	34	4	-	3	41
Chugoku	-	-	9	-	-	9
Kyushu	-	-	36	19	-	55
Column % Total	87 24.5	70 19.7	143 40.3	39 11.0	16 4.5	355 100.0
Hokkaido	-	-	-	15.4	-	1.7
Tohoku	56.3	-	10.5	35.9	-	22.0
Kanto	43.7	-	29.4	-	-	22.5
Chubu	-	51.4	25.9	-	81.3	24.2
Kinki	-	48.6	2.8	-	18.8	11.5
Chugoku	-	-	6.3	-	-	2.5
Kyushu	-	-	25.2	48.7	-	15.5

Table 7.54 Crosstabulation: Years of Store Openings by Companies.

Related to: Region	I-Y	Seiyu	JUSCO	Nichii	Uny	Total
1945 - 1965	2	1	7	3	-	13
1966 - 1967	1	3	4	-	-	8
1968 - 1969	3	9	7	3	-	22
1970 - 1971	6	10	9	3	-	28
1972 - 1973	4	7	24	5	-	40
1974 - 1975	4	11	11	2	-	28
1976 - 1978	20	12	26	6	3	67
1979 - 1981	29	6	23	7	7	72
1982 - 1986 (Feb)	18	11	29	2	6	66
Column	87	70	140	31	16	344
% Total	25.3	20.3	40.7	9.0	4.7	100.0

Percentages						Row Total
1945 - 1965	2.3	1.4	5.0	9.7	-	3.8
1966 - 1967	1.1	4.3	2.9	-	-	2.3
1968 - 1969	3.4	12.9	5.0	9.7	-	6.4
1970 - 1971	6.9	14.3	6.4	9.7	-	8.1
1972 - 1973	4.6	10.0	17.1	16.1	-	11.6
1974 - 1975	4.6	15.7	7.9	6.5	-	8.1
1976 - 1978	23.0	17.1	18.6	19.4	18.8	19.5
1979 - 1981	33.3	8.6	16.4	22.6	43.8	20.9
1982 - 1986 (Feb)	20.7	15.7	20.7	6.5	37.5	19.2

number of Missing observations = 11

There were sales figures for only 74 stores related to Ito-Yokado, JUSCO and Nichii. The tables indicate different numbers of missing values. Over 80% of 353 stores (284) had a floorspace of less than 5,000 square metres, and for 67.4 % (238 stores) the floorspace was under 2,500 square metres. Of the known staff figures, 71.7% (195) of stores employed less than 50 people, and approximately one third (107) less than 25. Approximately two thirds (233) of the stores were opened after 1973.

Together, the regional JUSCO stores were found in six regions. Ito-Yokado, Seiyu and Uny affiliates or subsidiaries were found in two, and the Nichii stores in three. Tables 7.55 to 7.59 set out the opening dates of stores, by prefectures, for each group of companies, showing stars by Regions or Prefectures in which the parent group itself has not opened a store in its own name.

Table 7.55 Ito-Yokado: York Mart & Benimaru; Openings by Prefectures

	1945/ 1965	1966/ 1967	1968/ 1969	1970/ 1971	1972/ 1973	1974/ 1975	1976/ 1978	1979/ 1981	1982/ 1986a	
<u>TOHOKU</u>										
Yamagata*	-	-	-	-	1	-	-	-	1	2
Miyagi	-	-	-	-	-	-	2	2	4	8
Fukushima	2	1	3	6	3	4	8	8	5	40
<u>KANTO</u>										
Ibaraki	-	-	-	-	-	-	-	2	1	3
Saitama	-	-	-	-	-	-	3	8	3	14
Chiba	-	-	-	-	-	-	3	4	2	9
Tokyo	-	-	-	-	-	-	2	2	-	4
Kanagawa	-	-	-	-	-	-	2	3	3	8
Column	2	1	3	6	4	4	20	29	19	88
% Total	2.3	1.1	3.4	6.8	4.5	4.5	22.7	33.0	21.6	100

In Table 7.55 all of the Kanto stores were opened after 1975 as were three quarters of the Tohoku stores. The Kanto stores belonged to York Mart, and those in Tohoku to York-Benimaru. Only one store, in Yamagata was opened in a prefecture where there were no stores bearing the Ito-Yokado name.

Table 7.56 Seiyu: Nagano Seiyu & Kansai Seiyu; Openings by Prefectures

	1945/ 1965	1966/ 1967	1968/ 1969	1970/ 1971	1972/ 1973	1974/ 1975	1976/ 1978	1979/ 1981	1982/ 1986a	
<u>CHUBU</u>										
Nagano	1	1	7	8	3	3	6	3	4	36
<u>KINKI *</u>										
Shiga	-	1	-	2	1	2	1	-	3	10
Kyoto	-	1	2	-	1	1	3	-	1	9
Osaka	-	-	-	-	1	2	1	2	2	8
Hyogo	-	-	-	-	1	3	1	-	-	5
Nara	-	-	-	-	-	-	-	1	1	2
Column	1	3	9	10	7	11	12	6	11	70
% Total	1.4	4.3	12.9	14.3	10.0	5.7	17.1	8.6	15.7	100

The Kansai Seiyu stores, in Kinki, operated stores in 5 prefectures, compared with the 36 Nagano stores of Nagano Seiyu. Altogether 40 stores (57.1%) opened after 1973.

Table 7.57 JUSCO: Regional Companies; Openings by Prefectures

	1945/ 1965	1966/ 1967	1968/ 1969	1970/ 1971	1972/ 1973	1974/ 1975	1976/ 1978	1979/ 1981	1982/ 1986a	
<u>TOHOKU</u>										
Yamagata	-	2	2	2	1	-	2	-	4	13
Miyagi	-	-	-	-	1	-	-	-	-	1
<u>KANTO</u>										
Ibaraki	1	-	3	-	5	3	3	2	3	20
Tochigi	-	-	-	-	-	2	1	1	-	4
Saitama	-	-	1	1	3	1	-	-	1	7
Chiba	-	-	-	-	-	-	3	3	4	10
Tokyo	-	-	-	-	-	-	-	-	-	1
<u>CHUBU</u>										
Niigata	-	-	-	-	-	-	-	-	1	1
Toyama *	-	-	-	-	2	2	-	-	1	5
Ishikawa*	2	1	-	1	4	-	1	1	1	11
Fukui *	-	-	-	-	-	-	2	-	-	2
Nagano *	-	-	-	-	-	1	3	4	7	15
<u>KINKI</u>										
Mie	-	1	-	-	-	-	-	-	-	1
Wakayama	-	-	-	1	-	-	1	1	-	3
<u>CHUGOKU *</u>										
Shimane	-	-	-	-	-	-	-	-	1	1
Hiroshima	-	-	1	-	2	-	3	1	-	7
Yamaguchi	-	-	-	-	-	1	-	-	-	1
<u>KYUSHU *</u>										
Fukuoka	3	-	-	2	-	-	2	4	1	12
Saga	-	-	-	-	-	-	-	-	1	1
Nagasaki	-	-	-	-	-	1	-	-	-	1
Oita	-	-	-	2	2	-	-	-	1	5
Miyazaki	-	-	-	-	4	-	5	5	3	17
Column	7	4	7	9	24	11	26	23	28	139
% of Total	5.0	2.9	5.0	6.5	17.3	7.9	18.7	16.5	20.1	100

Through regional companies, JUSCO extended its sphere of activities into two more regions, namely Chugoku and Kyushu. Stores were also opened within four more prefectures in Chubu. In total, 88 stores (63.3%) were opened after 1973.

Nichii likewise extended its operations geographically, through regionally based companies, in the two northern regions of Hokkaido and Tohoku, and also the southern region of Kyushu as shown in Table 7.58. Seventeen stores (54.8%) opened after 1973.

Table 7.58 Nichii: Tohoku Nichii, Hokkaido Nichii & Kyushu Nichii
Openings by Prefectures

	1945/ 1965	1966/ 1967	1968/ 1969	1970/ 1971	1972/ 1973/	1974/ 1975	1976/ 1978	1979/ 1981	1982/ 1986a	
<u>HOKKAIDO</u> *										
Hokkaido	-	-	-	-	-	-	2	4	-	6
<u>TOHOKU</u> *										
Aomori	-	2	2	-	-	-	-	-	-	4
Iwate	2	-	-	-	-	-	-	1	-	3
Yamagata	-	-	-	1	-	-	-	-	-	1
Miyagi	1	-	-	-	-	-	-	-	1	2
Fukushima	-	1	1	-	-	-	1	-	1	4
<u>KYUSHU</u> *										
Fukuoka	-	-	-	1	-	-	2	2	-	5
Nagasaki	-	-	-	2	-	-	-	-	-	2
Kumamoto	-	-	-	-	-	2	-	-	-	2
Oita	-	-	-	1	-	-	1	-	-	2
Column	3	3	3	5	0	2	6	7	2	31
% Total	9.7	9.7	9.7	16.1	0.0	6.5	9.4	22.6	6.5	100

Finally, Table 7.59 shows that all of Uny's U Stores were opened after 1975 and that there were no stores opened in any new regions or prefectures where there were no Uny stores.

Table 7.59 Uny: U Store; Openings by Prefectures

	1945/ 1965	1966/ 1967	1968/ 1969	1970/ 1971	1972/ 1973/	1974/ 1975	1976/ 1978	1979/ 1981	1982/ 1986a	
<u>CHUBU</u>										
Gifu	-	-	-	-	-	-	-	1	-	1
Aichi	-	-	-	-	-	-	3	4	5	12
<u>KINKI</u>										
Mie	-	-	-	-	-	-	-	2	1	3
Column	0	0	0	0	0	0	3	7	6	16

Notes:

- * = New Regional / Prefectural expansion
- a = End of February 1986

Table 7.60 sets out the prefectural distribution of the 123 stores comprised of 874 stores belonging to the parent companies and the 356 belonging to the various subsidiaries and affiliates.

Table 7.60 Prefectural Distribution Of 1230 Stores Sample 1986.

Ref	Prefecture	Daiei	I-Y	Seiyu	JUSCO	Nichii	Uny	Total	%
1	Hokkaido	-	12	8	-	6*	-	26	2.1
2	Aomori	-	2	-	1	4*	-	7	.6
3	Akita	1	1	-	6	-	-	8	.7
4	Iwate	1	1	-	2	3*	-	7	.6
5	Yamagata	2	2*	-	20	1*	-	25	2.0
6	Miyagi	1	8	-	8	2*	-	19	1.5
7	Fukushima	-	45	1	-	4*	-	50	4.1
8	Ibaraki	2	7	4	23	-	1	37	3.0
9	Tochigi	1	4	-	7	-	1	13	1.1
10	Gunma	-	1	3	-	4	2	10	.8
11	Saitama	6	31	24	4	11	-	76	6.2
12	Chiba	9	23	17	15*	-	-	64	5.2
13	Tokyo	11	33	71	2	3	1	121	9.8
14	Kanagawa	10	29	22	2	7	15	85	6.9
15	Niigata	2	-	1	6	-	-	9	.7
16	Toyama	1	-	-	5*	-	5	11	.9
17	Ishikawa	1	-	1	11*	-	3	16	1.3
18	Fukui	-	-	-	2*	-	2	4	.3
19	Yamanashi	1	2	1	-	-	-	4	.3
20	Nagano	1	4	37	18*	-	7	67	5.4
21	Gifu	-	1	-	2	1	7	11	.9
22	Shizuoka	-	2	3	3	4	14	26	2.1
23	Aichi	8	2	4	14	-	64	92	7.5
24	Mie	1	-	-	27	4	4	36	2.9
25	Shiga	-	-	10*	-	-	-	10	.8
26	Kyoto	1	-	9*	5	13	-	28	2.3
27	Osaka	40	-	8*	17	41	-	106	8.6
28	Hyogo	44	-	5*	30	15	-	94	7.6
29	Nara	3	-	2*	6	12	-	23	1.9
30	Wakayama	1	-	-	6	7	-	14	1.1
31	Tottori	1	-	-	-	-	-	1	.1
32	Shimane	-	-	-	1*	-	-	1	.1
33	Okayama	5	-	-	4	7	-	16	1.3
34	Hiroshima	3	-	-	7*	9	-	19	1.5
35	Yamaguchi	3	-	-	1*	7	-	11	.9
36	Tokushima	1	-	-	3	1	-	5	.4
37	Kagawa	2	-	-	3	3	-	8	.7
38	Ehime	2	-	-	-	3	-	5	.4
39	Kochi	-	-	-	-	1	-	1	.1
40	Fukuoka	-	-	2	12*	9	-	23	1.9
41	Saga	-	-	1	1*	-	-	2	.2
42	Nagasaki	-	-	2	1*	3*	-	6	.5
43	Kumamoto	-	-	-	-	2*	-	2	.2
44	Oita	-	-	1	5*	2*	-	8	.7
45	Miyazaki	-	-	-	17*	6*	-	23	1.9
46	Kagoshima	-	-	-	-	-	-	0	.0
47	Okinawa	-	-	-	-	-	-	0	.0
Column		165	210	237	297	195	126	1230	
% Total		13.4	17.1	19.3	24.1	15.9	10.2		100.0

Note: * = Prefectures with only subsidiary or affiliated stores.

Entries marked with a star show those prefectures with only subsidiary or affiliated stores, and show that Seiyu, JUSCO and Nichii have all expanded their territory of operations through subsidiary or affiliated companies.

The percentage of these related stores that were Class 1 stores was 42.5%, much less than the figure of 81.7% for the parent companies. The smallest individual values for companies in Table 7.62 are 21.8% for Ito-Yokado and 18.8% for Uny related stores.

Table 7.61 Crosstabulation: Whether Stores Governed by Law, by Companies.

	I-Y	Seiyu	JUSCO	Nichii	Uny	Total
No	68	39	71	13	13	204
Yes	19	31	72	26	3	151
Column	87	70	143	39	16	355
% Total	24.5	19.7	40.3	11.0	4.5	100.0

Percentages

No	78.2	55.7	49.7	33.3	81.3	57.5
Yes	21.8	44.3	50.3	66.7	18.8	42.5

Table 7.62 Crosstabulation: Types Of Site by Companies.

Site Type	I-Y	Seiyu	JUSCO	Nichii	Uny	Row Total
High Street	4	11	22	9	-	46
Near Station	2	12	17	7	-	38
Suburb	10	5	23	7	3	48
Rail Terminal	-	2	-	-	1	3
Town / Village	7	9	19	4	7	46
Column	23	39	81	27	11	181
% Total	12.7	21.5	44.8	14.9	6.1	100.0

Percentages

High Street	17.4	28.2	27.2	33.3	-	25.4
Near Station	8.7	30.8	21.0	25.9	-	21.0
Suburb	43.5	12.8	28.4	25.9	27.3	26.5
Rail Terminal	-	5.1	-	-	9.1	1.7
Town / Village	30.4	23.1	23.5	14.8	63.6	25.4

Table 7.63 Crosstabulation: Sales Floorspace Of Store (Sq M)
by Type Of Site.

Square Metres	High Street	Near Station	Suburb	In Rail Terminal	Town / Village	Row Total
96 -< 2500	9	8	15	1	39	72
2500 -< 5000	18	8	11	2	4	43
5000 -< 7500	10	12	12	-	1	35
7500 -< 10000	5	7	7	-	2	21
10000 -< 12500	2	2	1	-	-	5
12500 -< 15000	-	1	1	-	-	2
17500 - 18708	-	1	1	-	-	2

Column	44	39	48	3	46	180
% Total	24.4	21.7	26.7	1.7	25.6	100.0

Percentages

96 -< 2500	20.5	20.5	31.3	33.3	84.8	40.0
2500 -< 5000	40.9	20.5	22.9	66.7	8.7	23.9
5000 -< 7500	22.7	30.8	25.0	-	2.2	19.4
7500 -< 10000	11.4	17.9	14.6	-	4.3	11.7
10000 -< 12500	4.5	5.1	2.1	-	-	2.8
12500 -< 15000	-	2.6	2.1	-	-	1.1
17500 - 18708	-	2.6	2.1	-	-	1.1

number of Missing observations = 2

Table 7.64 Crosstabulation: Regions by Types Of Site.

Region	High Street	Near Station	Suburb	In Rail Terminal	Town / Village	Row Total
Hokkaido	-	1	4	-	-	5
Tohoku	6	4	11	-	7	28
Kanto	8	8	8	-	8	32
Chubu	9	5	13	2	24	53
Kinki	8	12	5	1	2	28
Chugoku	2	2	4	-	-	8
Kyushu	13	6	3	-	5	27

Column	46	38	48	3	46	181
% Total	25.4	21.0	26.5	1.7	25.4	100.0

Percentages

Hokkaido	-	2.6	8.3	-	-	2.8
Tohoku	13.0	10.5	22.9	-	15.2	15.5
Kanto	17.4	21.1	16.7	-	17.4	17.7
Chubu	19.6	13.2	27.1	66.7	52.2	29.3
Kinki	17.4	31.6	10.4	33.3	4.3	15.5
Chugoku	4.3	5.3	8.3	-	-	4.4
Kyushu	28.3	15.8	6.3	-	10.9	14.9

Table 7.65 Crosstabulation: Year When Store Opened
by Type Of Site.

YEARS	High Street	Near Station	Suburb	In Rail Terminal	Town / Village	Row Total
1945 - 1965	4	-	-	-	-	4
1966 - 1967	1	1	-	-	-	2
1968 - 1969	3	2	-	-	3	8
1970 - 1971	2	1	-	1	5	9
1972 - 1973	9	6	6	-	3	24
1974 - 1975	7	4	3	-	3	17
1976 - 1978	4	10	9	1	6	30
1979 - 1981	6	6	18	-	13	43
1982 - 1986 (Feb)	10	7	11	1	12	41
Column	46	37	47	3	45	178
% Total	25.8	20.8	26.4	1.7	25.3	100.0

Percentages

1945 - 1965	8.7	-	-	-	-	2.2
1966 - 1967	2.2	2.7	-	-	-	1.1
1968 - 1969	6.5	5.4	-	-	6.7	4.5
1970 - 1971	4.3	2.7	-	33.3	11.1	5.1
1972 - 1973	19.6	16.2	12.8	-	6.7	13.5
1974 - 1975	15.2	10.8	6.4	-	6.7	9.6
1976 - 1978	8.7	27.0	19.1	33.3	13.3	16.9
1979 - 1981	13.0	16.2	38.3	-	28.9	24.2
1982 - 1986 (Feb)	21.7	18.9	23.4	33.3	26.7	23.0

Number of Missing Observations = 3

For completeness, Tables 7.62 to 7.65 contain details of 181 of the 356 stores by type of site. They show crosstabulations of floorspace by site, regions by site, and opening dates by site. Interestingly, in Table 7.62 a comparatively large percentage of stores (25.4%) were located in small towns or large villages, and the largest percentage (26.7%) were in suburbs. In Table 7.63 the rail terminal stores were comparatively small. Table 7.64 shows that Chubu contained the largest percentage of stores (29.3%) and also the largest percentage (52.2%) of stores in small towns or in villages. In Table 7.65, 155 (87.1%) stores were opened after 1971 including all of the suburban stores.

7.7 An Evaluation of Sales Performance using Regression Analysis

7.7.1 Purpose of the Analysis.

It has been observed that there is often a close relationship between sales and population size, and other variables including floorspace and the number of shops. Such relationships may be described in terms of regression equations (Davies, 1976). There is a consideration of the literature on this technique in Craig, Ghosh and McLafferty (1984). These books also review other quantitative techniques that may be used in store assessment and sales prediction studies depending on the availability of data and the different data requirements.

The exploratory model presented in subsection 7.7.3 is used to describe the data and sales performance, and the predictive model in subsection 7.7.4 is an attempt to generalize the findings and to estimate population sales values for all the supermarkets and superstores in 1985.

Table 7.66 shows some summary sales, statistics in respect of the six companies. Table 7.67 then shows variations in sales per square metre for 1) each company, 2) in terms of the regional distribution of stores, and 3) for the different site types.

Table 7.66 Summary Sales Statistics For Fiscal 1986.

<u>Company:</u>	<u>Sales in</u> <u>1985 *</u>	<u>Average</u> <u>Sales *</u>	<u>Sales *</u> <u>/ Staff</u>	<u>Sales *</u> <u>/ Fspace</u>
Daiei	970,209	5,952	46.42	0.91
Ito - Yokado	791,820	6,438	81.70	0.93
Seiyu	675,219	4,068	121.67	1.15
JUSCO	499,928	3,289	27.85	0.76
Nichii	533,993	3,423	-	0.75
Uny	406,840	3,699	39.30	0.74
Total:	3,878,009	4,457	-	0.88

(*) Sales in Millions of Yen

Table 7.67 Variations in Sales per Square Metre 1985, in Yen.

a) by Companies.

<u>Store</u>	<u>Mean</u>	<u>Standard Deviation</u>	<u>Range</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Valid Cases</u>	<u>*</u>
Seiyu	1,146,690	543,400	3,527,150	94,209	3,621,359	166	1
Ito Yokado	931,751	290,989	2,176,024	295,741	2,471,765	123	0
Daiei	912,651	376,498	2,500,459	47,774	2,548,234	163	1
JUSCO	756,291	313,605	1,683,911	159,714	1,843,625	152	2
Nichii	747,494	265,150	1,559,412	198,830	1,758,242	156	0
Uny	743,189	238,931	1,186,784	164,859	1,351,643	110	0
All stores	881,648	391,829	3,573,585	47,774	3,621,359	870	4

b) by Region

<u>Region</u>	<u>Mean</u>	<u>Standard Deviation</u>	<u>Range</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Valid Cases</u>	<u>*</u>
Kanto	1,005,758	456,787	3,573,585	47,774	3,621,359	325	0
Kyushu	913,506	459,057	1,731,295	94,208	1,825,503	9	0
Kinki	879,004	352,691	2,430,980	117,253	2,548,234	269	1
Hokkaido	768,236	188,112	545,814	524,076	1,069,890	19	1
Chugoku	734,722	251,101	1,185,398	380,426	1,565,824	39	0
Chubu	732,866	280,469	1,792,717	164,859	1,957,576	154	0
Shikoku	728,785	214,447	850,202	368,598	1,218,800	19	0
Tohoku	709,177	332,421	1,765,286	159,714	1,925,000	36	2

c) by Type of Site

<u>Sites</u>	<u>Mean</u>	<u>Standard Deviation</u>	<u>Range</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Valid Cases</u>	<u>*</u>
Terminal	882,058	289,688	1,111,295	485,896	1,597,191	15	0
Station	842,187	311,653	2,500,460	47,774	2,548,234	256	0
Suburb	840,363	245,488	1,376,126	296,452	1,672,578	163	0
Village	804,465	361,343	1,629,673	289,625	1,919,298	38	0
High St.	797,223	360,265	2,026,270	159,714	2,185,984	204	2

* = Missing values

Table 7.68 shows total sales by company in each prefecture. It can be seen that each company recorded a substantial percentage of sales in just two prefectures. Uny recorded 63.61% of its sales in Aichi and Kanagawa, Seiyu 52.44% in Tokyo and Kanagawa, Daiei 43.58% in Osaka and Hyogo, Ito-Yokado 39.05% in Tokyo and Kanagawa, JUSCO 33.05% in Hyogo and Mie, and Nichii 29.76% in Osaka and Hyogo. Over half (54.06%) of the total of the companies' sales were registered in these 6 prefectures. A further 14.68% of sales were recorded in Saitama and Chiba, making a total of 68.74% in 8 prefectures out of 47.

Table 7.68 Sales (in Millions of Yen) of the Case Studies Companies, by Prefecture, During Fiscal 1986.

Map Ref.	Prefecture	Sales	%	TY	%	Saiyu	%	JUSCO	%	Nichii	%	UHY	%	Total	%
1	Hokkaido	-	-	73,278	9.25	30,939	4.58	-	-	-	-	-	-	104,217	2.69
2	Honshu	8,019	.62	20,431	2.58	-	-	6,796	1.36	-	-	-	-	27,217	.70
3	RIKTE	7,560	.79	2,982	.37	-	-	13,304	2.66	-	-	-	-	22,217	.57
4	Iwate	11,185	1.15	3,432	.43	-	-	4,827	.97	-	-	-	-	15,819	.41
5	Yamagata	17,325	1.73	-	-	-	-	15,601	3.12	-	-	-	-	26,786	.69
6	Miyagi	-	-	7,018	.89	-	-	21,239	4.25	-	-	-	-	45,582	1.16
7	Fukushima	10,914	1.12	18,014	2.28	12,761	1.89	-	-	-	-	-	-	30,775	.79
8	Ibaraki	2,883	.30	30,345	3.83	20,615	3.05	15,629	3.13	-	-	-	-	81,380	2.10
9	Tochigi	-	-	22,759	2.87	-	-	10,393	2.08	-	-	-	-	39,845	1.03
10	Gunma	50,652	6.25	3,648	.46	18,187	2.69	8,995	1.80	15,655	2.33	3,877	.95	44,821	1.16
11	Saitama	66,783	6.88	116,098	14.66	83,554	12.37	10,995	2.12	46,092	8.63	7,331	.94	254,391	6.55
12	Chiba	82,368	8.49	117,793	14.88	69,546	10.30	10,617	2.12	17,062	3.20	3,760	.92	532,422	13.73
13	Tokyo	55,215	5.69	159,761	20.18	258,904	38.34	11,739	2.35	43,713	9.31	56,303	13.84	417,625	10.77
14	Kanagawa	21,060	2.17	149,439	18.87	95,210	14.10	17,068	3.41	-	-	-	-	38,259	.99
15	Miyagi	7,415	.76	-	-	131	.02	-	-	-	-	-	-	15,131	.39
16	Tochigi	6,343	.65	-	-	5,796	.86	-	-	-	-	-	-	22,546	.58
17	Ishikawa	-	-	-	-	-	-	-	-	-	-	-	-	28,167	.73
18	Fukui	-	-	-	-	-	-	-	-	-	-	-	-	3,535	.09
19	Yamanashi	5,451	.56	10,312	1.30	7,729	1.14	-	-	-	-	-	-	23,492	.61
20	Nagano	6,735	.69	24,520	3.10	6,091	.90	-	-	3,704	.69	23,760	5.81	60,921	1.57
21	Gifu	-	-	6,688	.84	-	-	11,018	2.20	11,788	2.21	43,736	10.75	44,403	1.14
22	Shizuoka	-	-	14,164	1.79	15,398	2.28	46,944	9.39	9,762	1.83	202,476	49.77	335,209	8.64
23	Aichi	48,508	5.00	11,168	1.41	26,113	3.87	76,834	15.37	9,762	1.83	2,294	.56	90,438	2.33
24	Mie	1,548	.16	-	-	-	-	-	-	-	-	-	-	1,548	.04
25	Shiga	6,093	.63	-	-	-	-	13,345	2.79	38,830	7.27	-	-	58,868	1.52
26	Kyoto	224,838	23.17	-	-	-	-	50,557	10.11	101,360	18.38	-	-	376,755	9.72
27	Osaka	198,056	20.41	-	-	-	-	88,370	17.68	57,580	10.78	-	-	344,006	8.87
28	Hyogo	20,530	2.12	-	-	-	-	33,086	6.62	41,512	7.77	-	-	95,128	2.45
29	Nara	7,722	.80	-	-	-	-	5,273	1.05	18,572	3.44	-	-	31,367	.81
30	Makayama	5,600	.58	-	-	-	-	-	-	-	-	-	-	5,600	.14
31	Tottori	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Shimane	28,748	2.96	-	-	-	-	12,660	2.53	26,999	5.06	-	-	68,407	1.76
33	Okayama	13,302	1.37	-	-	-	-	-	-	27,634	5.17	-	-	40,936	1.06
34	Hiroshima	19,596	2.02	-	-	-	-	-	-	20,742	3.88	-	-	40,338	1.04
35	Yamaguchi	2,628	.27	-	-	-	-	8,393	1.68	3,305	.62	-	-	14,926	.38
36	Tokushima	14,059	1.45	-	-	-	-	7,573	1.51	10,238	1.92	-	-	31,870	.82
37	Kagawa	11,073	1.14	-	-	-	-	-	-	14,730	2.76	-	-	25,803	.67
38	Ehime	-	-	-	-	-	-	-	-	6,912	1.29	-	-	6,912	.18
39	Kochi	-	-	-	-	-	-	-	-	11,397	2.13	-	-	16,547	.43
40	Fukuoka	-	-	-	-	-	-	-	-	-	-	-	-	7,925	.20
41	Saga	-	-	-	-	-	-	-	-	-	-	-	-	11,047	.28
42	Nagasaki	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	Kumamoto	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44	Oita	-	-	-	-	-	-	-	-	-	-	-	-	-	-
45	Miyazaki	-	-	-	-	-	-	-	-	-	-	-	-	-	-
46	Kagoshima	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47	Okinaua	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		970,209	100.00	231,820	23.89	675,219	69.60	493,928	50.90	633,993	65.34	486,840	50.17	3,878,003	398.80

7.7.2 Preliminary Issues in Variable Selection.

In practice, a retail chain using the technique of multiple regression to explore the effect of certain variables on sales of existing stores, or predict sales at a new outlet, is likely to select independent variables from each of four main categories of variable. These are catchment area delimitation, demographic variables, store variables and external variables (Davies and Rogers, 1984). It is submitted that such practice is based on tried and tested theory, which can be used to construct a practical regression model.

A major limitation of the analysis carried out was that the majority of the candidate variables in the database were store variables or external variables. Demographic variables were restricted to the total population of the city, ward or town in which each store was located, and the corresponding population density. There was no precisely defined spatial catchment area delimitation variable available.

The objective in the initial model building stage was to incorporate variables that merited inclusion on the basis of theory and preferably having at least a low correlation with Sales. The following critical values for describing different degrees of correlation have been suggested by Toyne and Newby (1971):

"Values of $\pm .700$ to 1.00 show a high degree of association, $\pm .400$ to $.700$ show a substantial relationship, $\pm .200$ to $.400$ show a low degree of correlation, $\pm < .200$ a negligible relationship."

Two conflicting objectives need to be resolved when constructing a regression model from a subset of the available candidate regressor variables. The first objective is to include

as many variables as possible, in order that the predicted value of the dependent variable is influenced by the maximum amount of "information" contained within those variables. The second objective is to include as few regressors as possible. This is because the variance of the prediction of the dependent variable increases as the number of independent variables increases (Montgomery and Peck, 1982).

Furthermore, when an additional variable is entered into the regression the value of the coefficient of determination will never decrease. This means that additional variables may be included that may increase the value of the coefficient without yielding any useful knowledge about what affects the value of the dependent variable (Schoeder, Sjoquist and Stephan, 1986).

Another practical issue concerns the ratio of cases to variables. Tabachnick and Fidel (1983) suggest:

"Ideally one would have 20 times more cases than variables. If stepwise regression is to be used, a procedure that is notorious for capitalizing on chance, a case-to-variable ratio of 40 to 1 would be appropriate."

For convenience the following notation is used in the following analyses:

LAW6 = the 714 stores wholly owned by the six companies and governed by the large stores legislation.

TOTAL6 = the 874 stores wholly owned by the six companies.

7.7.3. An Exploratory Model for Analysing 1985 Sales Performance.

For the purposes of this model the LAW6 sample was chosen because of the larger number of independent variables. For these stores, standard multiple regression was performed between the sales of each store during 1985 as the dependent variable and

seven independent variables chosen to go into the model. These were sales floorspace (FSPACE), the number of employees (STAFF), the total sales floorspace of all the retailers concerned (RETAIL), the number of core stores (CORES), the number of available car spaces (PARKING), the population density of the ward, city, town or village where the store is located (DENSITY and the number of retailers in the shopping area (ALLRETS). This model included 3 store variables (FSPACE, STAFF and PARKING), three external variables (RETAIL, CORES and ALLRETS) and one demographic variable (DENSITY).

Table 7.69 Checklist for Standard Multiple Regression.

1. Issues
 - a. Number of cases and variables
 - b. Outliers
 - c. Multicollinearity and singularity
 - d. Normality, linearity, and homoscedasticity of residuals
2. Major analyses
 - a. Multiple R, F ratio
 - b. Adjusted multiple R, overall proportion of variance accounted for
 - c. Significance of regression coefficients
 - d. Squared semipartial correlations
3. Additional analyses
 - a. Post hoc significance of correlations
 - b. Unstandardized (B) weights, confidence limits
 - c. Standardized (beta) weights
 - d. Unique versus shared variability
 - e. Suppressor variables.

Source:

Using Multivariate Statistics,
Tabachnick and Fidell (1983), p136.

Table 7.69 contains a checklist referred to in this use of standard multiple regression. (Tabachnick and Fidell, 1983).

For the LAW6 stores, seven independent variables, namely FSPACE, STAFF, RETAIL, CORES, PARKING, DENSITY and ALLRETS were chosen to go into the model. The model included 3 store variables (FSPACE, STAFF and PARKING), three external variables (RETAIL, CORES and ALLRETS); and one demographic variable (DENSITY). The number of cases was 714 and so the cases to independent variables ratio was 102:1 and therefore well above the minimum requirements for regression.

Analysis was performed using SPSS/PC regression and indicated 5 outliers; based on the assumption that a residual is an outlier if its value is over 3 standard deviations from the predicted value. Removal of these outliers did not result in a better model as other outliers replaced them. As none of the variables was likely to be an error, and that the percentage of cases was 0.7%, it would be of little use to remove them from the analysis.

As concerning the issues of normality, linearity, and homoscedasticity of residuals, such assumptions about the data are necessary only for purposes of inference as Tabachnick and Fidell (1983) make clear. For completeness, Table 7.70 contains measures to help estimate the normality, linearity, and homoscedasticity of residuals. It shows that only CORES was not linearly related, but it was decided to keep the variable in as it would yield the only possible information about the effects of competition from any comparable, nearby stores. In a perfectly normal distribution the skewness and kurtosis values would be 0. Homoscedasticity assumes that the standard errors of prediction are approximately equal at all levels of the predicted dependent variable, and is related to assumptions of normality.

Table 7.70 Normality, Linearity and Homoscedasticity of Residuals.

<u>Variable</u>	<u>Cases</u>	<u>Mean</u>	<u>Std Dev</u>	<u>Skewness</u>	<u>Kurtosis</u>	<u>Correlation with Sales</u>
SALES (a)	713	5,172.6	3,052.3	1.01	1.40	-
PARKING	703	365.1	359.8	1.35	1.98	.3136 **
STAFF	707	97.5	60.2	1.68	5.89	.5709 **
FSPACE	713	6,333	3,111	0.72	0.39	.8091 **
DENSITY	714	4,122.3	4,063.0	1.43	1.86	.2295 **
ALLRETS	713	20.1	22.4	2.66	11.05	.2102 **
CORES	713	1.6	1.2	3.94	24.37	.0062
RETAIL	713	8,829	6,197	5.69	70.13	.5485 **

Notes:

(a) Millions of Yen

** 2-tailed Test of Linearity, Significant at .001 level.

Tables 7.71 to 7.73 contain the results from the analyses mentioned in parts 2 and 3 of Table 7.68. It can be seen straight away that the model applied to each individual company in Table 7.71 did not work well when compared to the equation obtained for all of the 714 stores in the final column.

The beta coefficients (otherwise known as standardized coefficients) measure the change in the dependent variable, measured in standard deviations, which occurs when there is a one standard deviation change in the independent variables. Table 7.71 shows the highest beta coefficient for the total equation to be .686 for floorspace, but for 5 of the companies STAFF is the variable with the highest beta coefficients. The model is also inadequate at the company level because of problems in some cases with coefficients that are not statistically significant, for example FSPACE with Ito-Yokado, JUSCO and Uny. The equation for all stores has four variables that are significant. As for the others, it is logical that the presence of a competitive CORE

store will result in a predicted loss of revenue of some 49. million yen for fiscal 1986. It is slightly surprising that there is also a loss of 3.7 million yen corresponding to each retailer in the shopping area. There is a small loss incurred for each square metre of floorspace in the shopping area.

The model has an R Square value of .700, indicating that 70% of the variation in SALES about its mean is explained by variations in the independent variables about their respective means. The adjusted R Square is used in adjusting for the number of independent variables used in the regression process.

Using the 7 independent variables for stores in different regions and sites is more suitable than applying them to each company, especially when the cases to variable ratio is acceptably high. In Table 7.72 the ratio for Kanto is 35.86:1, for Chubu 21:1 and for Kinki 29:1. In Table 7.73 the ratios for High Street stores are 29.3:1, Near Station 36.57:1 and Suburbs 23.28:1.

The beta coefficients for Kanto, Chubu and Kinki in Table 7.72 are roughly in the same order of importance as for all stores, with the main difference being the PARKING coefficient for Chubu. The Kanto coefficients are the closest overall to the national ones. Looking at slope coefficients, the loss due to CORES is greatest in Kanto, which also has the highest value for STAFF.

In Table 7.73, the highest slope and beta coefficient values for FSPACE both occur under High Street stores, while the figures for station sites are proportionately much lower. Surprisingly there is a negative sign for STAFF under High Street stores which at face value literally indicates some over staffing! Parking is less important in the suburbs apparently. Perhaps shoppers walk there more often or there is more space for cars reasonably near.

Table 2.21 Regression Analysis by Company

Variable Company: Dalco I - Y Selyu Jusco Nichil Uny Bill Stores

B) Slope Coefficients

FSPRCE	.353 ***	-	-.038	.344 ***	.104	-	-.426 ***	.121	.673 ***
DENSITY	.137 ***	.014	.014	.166 ***	.067 **	3.814E-03	.154 ***	.069 ***	.154 ***
STAFF	15.624 ***	108.409 ***	.014	48.867 ***	22.351 ***	102.106 ***	.102 ***	35.639 ***	5.806 ***
PARKING	.642	.419	.419	1.918	.502 **	.143	.143	1.279 ***	.827 ***
RETAIL	.018	.033	.033	-.076	8.082E-03	-.284 ***	-.107	68.379 ***	7.570E-03
CORES	156.010	-254.631	-254.631	-123.313	-150.550 **	278.365 ***	278.365 ***	13.883	-50.550
ALRETS	5.234	-3.598	-3.598	9.472	7.358	-43.747 ***	-43.747 ***	13.883	-3.761
Constant	12.826	-1232.244 ***	-1232.244 ***	-455.878	-79.592	-531.153 ***	-531.153 ***	-505.364 **	-504.156 ***

B) Statistics

Min no of pair- wise cases	140	113	101	128	110	105	105	697
Cases	150	113	102	128	116	105	105	714
Outliers	1	1	1	3	4	0	0	5
Multiple R	.767	.948	.929	.900	.953	.928	.928	.837
R Squared	.588	.898	.863	.810	.909	.861	.861	.700
Adjusted R Sq.	.567	.891	.853	.799	.903	.851	.851	.697
Standard Error	2102.035	937.246	1353.011	342.553	862.214	798.988	798.988	1637.088

C) Beta coefficients

FSPRCE	.372 ***	-	.041	.336 ***	.117	-	-.441 ***	.131	.686 ***
DENSITY	.178 ***	.021	.021	.213 ***	.093 **	4.429E-03	.093 **	.090 **	.205 ***
STAFF	.339 ***	.330 ***	.330 ***	.598 ***	.696 ***	1.012 ***	1.012 ***	2.15 ***	.114 ***
PARKING	.053	.046	.046	.144 ***	.106 **	-.013	-.013	2.43 ***	.098 ***
RETAIL	.056	.046	.046	.102	.020	.527 ***	.527 ***	.176	.015
CORES	.065	.031	.031	.014	.102 **	.142 ***	.142 ***	.038	.020
ALRETS	.041	-.061	-.061	.078	.078	-.406 ***	-.406 ***	.096	-.028

Significance probabilities (p): * p < .1 ** p < .05 *** p < .01.

Table 7.22 Regression Analysis by Regions

Variable	Hokkaido	Tohoku	Kanto	Chubu	Kinki	Chugoku	Shikoku	Kyushu	National
B) Slope Coefficients									
FSPACE	.857 ***	.837 ***	.658 ***	.665 ***	.531 ***	.700 ***	.729 ***	1.092	.673 ***
DENSITY	.345 ***	1.356 **	.156 ***	.138 ***	.076 **	.107 **	.464	-.	.154 ***
STAFF	54.204 ***	5.027	11.133 ***	7.640 ***	2.953	14.337 **	.320 ***	-.	5.805 ***
PARKING	-1.696 **	.316	.708	1.545 ***	.213	-.221	.570	-.	.827 ***
RETRIL	-.490 ***	-.	-.011	-.051	.146 **	.202	-.	-.	7.571E-03
CORES	-.	-1702.873 **	-437.229	-30.228	-14.114	-408.852	-.	-.	-50.550
ALLRETS	-.	24.127	-4.089	-9.376	-11.508	72.967	-.	-.	-3.761
Constant	-215.179	-.558	-72.305	-759.702 **	131.089	354.984	-710.632	-1021.266	-504.156 ***
B) Statistics									
Min no of pair- wise cases	16	35	248	146	192	34	18	5	697
Total Cases	20	0	251	147	203	35	18	5	714
Outliers	3	0	2	2	0	1	0	0	5
Multiple R	.986	.861	.844	.866	.813	.897	.829	.791	.837
R Squared	.973	.742	.713	.750	.661	.805	.648	.625	.700
Adjusted R Sq.	.963	.687	.704	.737	.648	.752	.592	.500	.697
Standard Error	402.307	2053.010	1782.860	1372.725	1650.264	1243.220	1253.443	1510.921	1637.088
C) Beta coefficients									
FSPACE	1.237 ***	.620 ***	.683 ***	.660 ***	.552 ***	.827 ***	.763	.791	.686 ***
DENSITY	.213 ***	.282 **	.210 ***	.146 ***	.108 **	.072	.134	-.	.205 ***
STAFF	.846 ***	-.094	.174 ***	.174 ***	.073	.348 **	7.270E-03 ***	-.	.114 ***
PARKING	-.200 **	.027	.066	.251 ***	.028	-.094	.094	-.	.098 ***
RETRIL	-.865 ***	-.	-.027	-.077	.274 **	-.658	-.	-.	.015
CORES	-.	-.317 **	-.041	-.015	-7.497E-03	-.077	-.	-.	-.020
ALLRETS	-.	.089	-.027	-.064	-.092	.729 *	-.	-.	-.028

Significance Probabilities (p): * p < .1 ** p < .05 *** p < .01

Table 2.23 Regression Analysis by Sites.

Variable	Type of site:	High Street	Neat Station	Suburbs	Rail Terminal	Town / Village	Rail 714 Stores
B) Slope Coefficients							
FSPACE		.081 ***	.550 ***	.661 ***	.787 ***	.545 ***	.673 ***
DENSITY		.148 ***	.200 ***	.180 ***	.147 ***	.090 ***	.154 ***
STAFF		-5.032 *	7.621 ***	6.374 **	19.920 *	9.712 *	5.806 ***
PARKING		1.331 **	1.389 ***	.460	4.707	.266	.827 ***
RETAIL		-.133	.071 *	-.010	-.010	-.010	7.571E-03
CORES		138.825	-138.783	-35.707	-	-550.353	-50.550
HLRETS		5.659	-13.155 *	4.608	-	13.198	-3.761
Constant		-371.327	-391.814	-301.762	-4201.864 *	476.059	-504.156 ***
B) Statistics							
Min no of pair-wise cases		197	251	162	14	23	697
Cases *		205	256	163	15	30	714 *
Outliers		2	0	3	0	3	5
Multiple R		.795	.854	.854	.924	.881	.837
R Squared		.633	.729	.729	.854	.776	.700
Adjusted R sq.		.619	.721	.716	.790	.715	.697
Standard Error		1656.112	1634.137	1491.242	2333.363	916.613	1597.088
C) Beta coefficients							
FSPACE		.932 ***	.582 ***	.687 ***	.656 ***	.642 ***	.686 ***
DENSITY		.244 ***	.262 ***	.182 ***	.132	.071	.205 ***
STAFF		-.110 **	.145 ***	.133 **	.295	.304 *	.114 ***
PARKING		-.123 **	.130 ***	.071	.212	.050	.098 ***
RETAIL		.212	.135 *	-.031	-.015	.015	.015
CORES		.059	-.039	-.020	-	-.262	.020
HLRETS		.042	-.104 *	.030	-	.103	-.028

* There were 45 cases unclassified by site among the 714 stores.

Significance Probabilities (p) : * p < .1. ** p < .05. *** p < .01.

7.7.4 A Predictive Model

After using regression with the LAW6 stores a number of times, it became apparent that four independent variables would be selected for the whole sample if either stepwise or backward elimination regression techniques were used. These variables were FSPACE, STAFF, PARKING and DENSITY, all available for the TOTAL sample of 874 stores which included the non - Class 1 stores. It was decided to therefore to use the larger sample in order to construct a predictive model using hierarchal regression.

The initial model building for this model required a different approach for the TOTAL6 stores compared with the LAW6 stores. For TOTAL6 three candidate variables FSPACE, STAFF and PARKING each had a correlation (pairwise) with SALES greater than .40 with respective values of .856, .655 and .432; while the value for OPENED was above the .200 threshold at .253. The remaining two variables, DENSITY and POPN, had negligible correlations of .014 and .085 respectively with SALES but were important from the theoretical point of view. It was decided therefore to include all six variables into the initial equation.

Hierarchical regression was then used to determine whether the addition of STAFF, PARKING, DENSITY, POPN and OPENED improved the prediction of sales beyond that afforded by knowing the sales floorspace, with FSPACE being chosen as the initial independent variable as it had the largest correlation with SALES.

Table 7.74 contains a checklist of items that were considered in this use of hierarchical regression.

The number of cases was 874 and the cases to independent variables ratio was 145.7:1. Analysis was performed using SPSS/PC regression and indicated 9 outliers. These were retained for the same reasons as in the discussion on outliers in Subsection 7.7.3

Table 7.74 Checklist of Hierarchical Regression Analysis

1. Issues
 - a. Number of cases and variables
 - b. Outliers
 - c. Multicollinearity and singularity
 - d. Normality, linearity, and homoscedasticity of residuals
2. Major analyses
 - a. Multiple R, F ratio
 - b. Adjusted multiple R, overall proportion of variance accounted for
 - c. Squared semipartial correlations
 - d. Significance of regression coefficients
 - e. Incremental F
3. Additional analyses
 - a. Unstandardized (B) weights, confidence limits
 - b. Standardized (beta) weights
 - c. Prediction equation from stepwise analysis
 - d. Post hoc significance of correlations
 - e. Suppressor variables.
 - f. Cross-validation (stepwise and setwise)

Source:

Using Multivariate Statistics,
Tabachnick and Fidell (1983), p141.

Table 7.75 contains measures to help estimate the normality, linearity, and homoscedasticity of residuals. Figure 7.2 shows that there is a failure of homoscedasticity. The plot shows Heteroscedasticity. Inspection of bivariate correlations for very high Pearson Correlation values is one method to test for multicollinearity and redundant variables. Such inspection showed the highest correlation to be .705 between FSPACE and STAFF and no values high enough for any variable to be redundant.

Table 7.76 Hierarchical Regression of Selected Variables on Sales.

<u>Variable</u>	<u>Mean</u>	<u>Std Deviation</u>	<u>Variance</u>	<u>Cases</u>
SALES	4457.482	3178.881	10105283.815	870
FSPACE	5376.652	3470.198	12042276.149	874
STAFF	85.211	62.424	3896.745	845
PARKING	303.493	351.956	123873.128	858
OPENED	{19}74.042	6.313	39.850	874
POPEN	233690.032	183664.297	33732574046.881	874
DENSITY	4894.385	4731.874	22390633.829	874

Minimum Pairwise N of Cases = 830 Dependent Variable.. SALES
 Variable(s) Entered on Step Number

1.. FSPACE

Multiple R .85632
 R Square .73329
 Adjusted R Square .73297
 Standard Error 1642.69309

Analysis of Variance

	DF	Sum of Squares	Mean Square
Regression	1	6142971475.17245	6142971475.17245
Residual	828	2234308807.43466	2698440.58869

F - 2276.48943 Signif F = .0000

Condition number bounds: 1.000, 1.000

----- Variables in the Equation -----

Variable	B	SE B	95% Confidence Interval for B	
FSPACE	.78444	.01644	.75217	.81671
(Constant)	239.84037	104.41008	34.90080	444.77994

----- Variables in the Equation -----

Variable	Beta	SE Beta	Correl Part	Cor	Partial
FSPACE	.85632	.01795	.85632	.85632	.85632

----- Variables in the Equation -----

Variable	Tolerance	T	Sig T
FSPACE	1.00000	47.713	.0000
(Constant)		2.297	.0219

----- Variables not in the Equation -----

Variable	Beta In	Partial Tolerance	Min Toler	T	Sig T
DENSITY	.13480	.25853	.98100	.98100	7.696 .0000
STAFF	.10176	.13968	.50253	.50253	4.057 .0001
PARKING	.02713	.04608	.76956	.76956	1.327 .1850
POPEN	.06048	.11706	.99921	.99921	3.390 .0007
OPENED	-.04395	-.08001	.88385	.88385	-2.308 .0212

Variable(s) Entered on Step Number

2.. DENSITY

Multiple R	.86667	R Square Change	.01783
R Square	.75112	F Change	59.23414
Adjusted R Square	.75051	Signif F Change	.0000
Standard Error	1587.80572		

Analysis of Variance

	DF	Sum of Squares	Mean Square
Regression	2	6292308255.58928	3146154127.79464
Residual	827	2084972027.01783	2521126.99760

F = 1247.91577 Signif F = .0000

Condition number bounds: 1.019, 4.077

----- Variables in the Equation -----

Variable	B	SE B	95% Confidence Interval for B	
FSPACE	.80146	.01604	.76996	.83295
DENSITY	.09056	.01177	.06746	.11366
(Constant)	-294.91422	122.52672	-535.41417	-54.41428

----- Variables in the Equation -----

Variable	Beta	SE Beta	Correl	Part Cor	Partial
FSPACE	.87490	.01752	.85632	.86655	.86664
DENSITY	.13480	.01752	.01421	.13352	.25853

----- Variables in the Equation -----

Variable	Tolerance	T	Sig T
FSPACE	.98100	49.952	.0000
DENSITY	.98100	7.696	.0000
(Constant)		-2.407	.0163

----- Variables not in the Equation -----

Variable	Beta In	Partial Tolerance	Min Toler	T	Sig T
STAFF	.11096	.15749	.50140	.50041	4.583 .0000
PARKING	.08276	.13824	.69443	.69443	4.012 .0001
POPEN	.02333	.04470	.91337	.89673	1.286 .1988
OPENED	-.01450	-.02671	.84413	.84413	-.768 .4428

Variable(s) Entered on Step Number

3.. STAFF

Multiple R	.87022	R Square Change	.00617
R Square	.75729	F Change	21.00825
Adjusted R Square	.75641	Signif F Change	.0000
Standard Error	1568.93986		

Analysis of Variance

	DF	Sum of Squares	Mean Square
Regression	3	6344021583.95107	2114673861.31702
R residual	826	2033258698.65604	2461572.27440

F - 859.07446 Signif F = .0000

Condition number bounds: 1.998, 15.043

----- Variables in the Equation -----

V riable	B	SE B	95% Confidence Interval for B	
FSPACE	.73024	.02220	.68667	.77381
DENSITY	.09310	.01164	.07025	.11594
STAFF	5.65042	1.23278	3.23067	8.07017
(Constant)	-405.90464	123.46879	-648.25415	-163.55513

----- Variables in the Equation -----

Variable	Beta	SE Beta	Correl Part	Cor	Partial
FSPACE	.79716	.02423	.85632	.56391	.75308
DENSITY	.13858	.01733	.01421	.13710	.26809
STAFF	.11096	.02421	.65511	.07857	.15749

V riable	Tolerance	T	Sig T
FSPACE	.50041	32.897	.0000
DENSITY	.97879	7.998	.0000
STAFF	.50140	4.583	.0000
(Constant)		-3.288	.0011

----- Variables not in the Equation -----

Variable	Beta In	Partial	Tolerance	Min Toler	T	Sig T
PARKING	.07054	.11805	.67974	.46493	3.415	.0007
POPN	.02722	.05275	.91139	.49693	1.517	.1296
OPENED	-9.813E-03	-.01827	.84156	.46400	-.525	.5998

Variable(s) Entered on Step Number

4.. PARKING

Multiple R	.87216		
R Square	.76067	R Square Change	.00338
Adjusted R Square	.75951	F Change	11.65907
Standard Error	1558.91364	Signif F Change	.0007

Analysis of Variance

	DF	Sum of Squares	Mean Square
Regression	4	6372355587.32704	1593088896.83176
Residual	825	2004924695.28008	2430211.75185

F - 655.53501 Signif F = .0000

Condition number bounds: 2.151, 27.157

----- Variables in the Equation -----

Variable	B	SE B	95% Confidence Interval B
FSPACE	.70944	.02288	.66452 .75435
DENSITY	.10593	.01216	.08206 .12980
STAFF	5.03551	1.23807	2.60537 7.46565
PARKING	.63712	.18659	.27087 1.00336
(Constant)	497.84269	125.59979	-744.37545 -251.30994

----- Variables in the Equation -----

Variable	Beta	SE Beta	Correl Part Cor	Partial
FSPACE	.77445	.02498	.85632	.73358
DENSITY	.15769	.01810	.01421	.29021
STAFF	.09888	.02431	.65511	.14020
PARKING	.07054	.02066	.43195	.11805

Variable	Tolerance	T	Sig T
FSPACE	.46493	31.004	.0000
DENSITY	.8523	8.711	.0000
STAFF	.49079	4.067	.0001
PARKING	.67974	3.415	.0007
(Constant)		-3.964	.0001

----- Variables not in the Equation -----

Variable	Beta In	Partial Tolerance	Min Toler	T	Sig T
POPEN	.03296	.06405	.90405	.45986	1.842 .0658
OPENED	.03709	.06499	.73487	.44914	-1.869 .0619

Equation Number 1 Dependent Variable.. SALES

End Block Number 1 PIN = .050 Limits reached.

Figure 7.3 Pairwise Plot of Standardized Residual

Outliers = 3. *: Selected M: Missing

Case #	-6.	-3.	3.	6.	SALES	*PRED	*RESID	*ZRESID
60	.	..*	.	.	7502	2803	4699	3.0146
83	.	..*	.	.	18593	13609	4984	3.1970
100	*.	17325	8053	9272	5.9477
127	.	*..	.	.	2883	7740	-4857	-3.1154
206	.	..*	.	.	12208	7290	4918	3.1549
235	.	..*	*	.	17955	12241	5714	3.6654
386	*.	14205	5538	8667	5.5599
394	.	..	*	.	16445	9922	6523	4.1843
460	.	*..	.	.	1118	5816	-4698	-3.0136

9 Outliers found.

Residuals Statistics:

	Min	Max	Mean	Std Dev	N
*PRED	-240.0389	14273.8525	4569.3646	2711.4343	830
*RESID	4856.7090	9271.9102	53.7414	1507.0139	830
*ZPRED	-1.6943	3.5406	.0404	.9780	830
*ZRESID	-3.1154	5.9477	.0345	.9667	830

Total Cases - 874

Durbin Watson Test = 1.67561

Figure 7.4 Histogram - Standardized Residual

NExp N (* = 3 Cases, . : = Normal Curve)

5	.64	Out	**
4	1.27	3.00	*
7	3.24	2.67	:*
5	7.40	2.33	*:
*	15.1	2.00	*****.
*	27.7	1.67	*****.
*	45.5	1.33	*****.
*	66.9	1.00	*****.
*	88.2	.67	*****.
*	104	.33	*****.
*	110	.00	*****.
*	104	-.33	*****.
*	88.2	.67	*****.
*	66.9	-1.00	*****.
*	45.5	-1.33	*****.
*	27.7	1.67	*****.
8	15.1	2.00	***.
3	7.40	-2.33	*.
3	3.24	2.67	:
2	1.27	-3.00	*
0	.64	Out	

Table 7.77 Regression with 6 Variables entered and Backwards
Elimination Results.

Beginning Block Number 1. Method: Enter
Variable(s) Entered on Step Number

1.. OPENED
2.. POPN
3.. STAFF
4.. DENSITY
5.. PARKING
6.. FSPACE

Multiple R .87330
R Square .76266
Adjusted R Square .76093
Standard Error 1554.30638

An lysis of Variance

	DF	Sum of Squares	Mean Square
Regression	6	6389020657.79784	1064836776.29964
Residual	823	1988259624.80927	2415868.31690

F = 440.76772 Signif F = .0000

Condition number bounds: 2.250, 58.201

----- Variables in the Equation -----

Variable	B	SE B	95% Confidence Interval for B	
OPENED	18.64507	9.97555	-38.22559	.93544
POPN	5.694312E 04	3.09128E 04	-3.73414E-05	1.176204E-03
STAFF	4.84816	1.24308	2.40818	7.28814
DENSITY	.09767	.01260	.07293	.12240
PARKING	.80049	.19978	.40835	1.19263
FSPACE	.71302	.02334	.66722	.75883
(Constant)	737.18001	725.26255	-686.40208	2160.76211

V riable	Beta	SE Beta	Correl	Part Cor	Partial
OPENED	-.03703	.01981	.25300	-.03174	-.06501
POPN	.03290	.01786	.08450	.03128	.06408
STAFF	.09520	.02441	.65511	.06623	.13471
DENSITY	.14538	.01876	.01421	.13162	.26081
PARKING	.08863	.02212	.43195	.06804	.13833
FSPACE	.77836	.02547	.85632	.51887	.72902

Variable	Tolerance	T	Sig T
OPENED	.73487	-1.869	.0620
POPN	.90405	1.842	.0658
STAFF	.48397	3.900	.0001
DENSITY	.81958	7.750	.0000
PARKING	.58944	4.007	.0001
FSPACE	.44438	30.555	.0000
(Constant)		1.016	.3097

Beginning Block Number 2. Method: Backward
End Block Number 2 POUT - .100 Limits reached.
No variables removed for this block.

Table 7.77 is included for purposes of comparison to show the resulting equation when all six independent variables are entered. No variables were removed using backwards elimination regression and a significance level of .1 to force removal. Both POPN and OPENED had values less than .07.

Table 7.76 includes the correlations (Corell) between each independent variable and SALES, the unstandardised regression coefficients (B) and intercept, the standardised regression coefficients (Beta), the partial correlation coefficients (P rtial) and R, R Squared and adjusted R Squared. It was found after step 4 that R for regression was significantly different from zero; $F = 655.535$ with a significance of .0000. Confidence limits of 95% appear for the regression coefficients. Means and standard deviations are given at the head of the table. The addition of DENSITY, STAFF and PARKING all contributed significantly to the amount of shared variability beyond that arising from FSPACE but together they only increased the value of R Squared from .73329 to .76067, an increase of 0.02738 representing a further 2.738%.

It was felt that little would be gained from transforming any or all of the variables involved. The addition of three variables to floorspace contributed little to R Squared and Adjusted R Squared which were already quite high. Transforming variables would also lead to difficulties in interpretation and would be unlikely to eliminate most of the outliers. The final equation is $SALES = .709 FSPACE + .106 DENSITY + 5.040 STAFF + .637 PARKING - 497.843$; where SALES - sales in millions of Yen.

7.8 Conclusions

The six case study companies considered in Part Three all started operations within the 'core' regions of Kinki, Chubu or Kanto. Table 7.8 shows that for each company more than half of its stores were located within a single region as of February 1986. By way of contrast Table 7.9 shows that within a number of prefectures each company operated a single store. The Companies had adopted a policy of concentrating most of their stores in and around the area where they were founded, opening relatively few stores in other parts of the country. With the exception of Uny, the companies have established an involvement in other geographical regions by means of subsidiary and/or affiliated companies, or through equity investment in local supermarket chains. This accords with the trend towards contagious diffusion, often combined with expansion through acquisition, as identified by Laulajainen (1987) and noted in Section 6.1.1 of Chapter 6. The companies can be divided into two groups.

Daiei, It Yokado and Seiyu were established between 1958 and 1963, and the first stores were located in the major population concentrations around Tokyo and Osaka. Their founders had observed and studied retail developments overseas and these new companies were pioneers in the introduction of self-service, mass merchandise supermarket chains. Each company was established and then developed by an entrepreneurial president who correctly identified new market opportunities within retailing. In essence this process is the same as that which featured prominently in many companies studied by Laulajainen (1987). The other three companies were formed through mergers of comparatively small locally based chains between 1963 and 1971. They can therefore be described as

'followers', at least in a historical sense. Their first stores were opened in Kinki and in an area of Central Japan between Kinki and the Tokyo - Yokohama conurbation.

As well as opening stores in traditional 'high street' shopping areas, the companies have opened stores by rail stations and in the faster growing suburban areas surrounding major cities. Generally, the location of stores is highly indicative of increasing market penetration in selected areas of high population density.

In section 6.2 of Chapter 6 it was shown that Daiei, Seiyu, JUSCO and Nichii all operated a wide range of different sized stores. Ito-Yokado and Uny had consolidated subsidiaries comprised of stores with a smaller average size than those of the parent companies. Generally the larger stores placed less emphasis on food lines in terms of the proportion of floorspace given over to them. The depth of product lines stocked in these stores was similar to that of many department stores. They were often sited in more convenient locations for many customers.

Altogether 714 out of the 874 stores, i.e. 82%, directly operated by the six companies were designated as Class 1 stores under the Large Store Legislation. In Table 7.16 it was seen that over 90% of Daiei, Ito-Yokado and Uny stores were Seiyu and Nichii chose to open a larger proportion of stores than the others with a floorspace less than 2,500 square metres as shown in Table 7.4. There was additional data available for analysis for these stores as explained in the introduction to Chapter 7 which contains a quantitative analysis in respect of the 714 stores.

There were 669 Class 1 stores with a known site classification.

JUSCO appeared to have a different location strategy from the other companies in as much that apart from High Street sites the percentage values for the other types of site were markedly different. Overall there was a large percentage of station sites, especially for Seiyu and Ito-Yokado, as seen in Table 7.17

The Chi-Square Test was used a number of times in Chapter 7. In Table 7.19, for example, the test results indicated a low measure of dependence between the type of site and geographical regions of Japan. There were more station sites in Kanto than would have been expected and fewer suburban sites. The reverse was true of Kinki. Proportionately, there were also high deviations from each of the expected frequencies for Hokkaido and Shikoku.

The Chi-Square Test in Table 7.22 shows fairly sizeable negative residuals for the number of stores opened in High Street shopping areas with a total floorspace of 10,000 square metres or more, and negative residuals for suburban sites of 7,500 square metres or under. Proportionately, the highest positive residuals were for High Street stores in shopping areas of less than 2,500 square metres, and between 5,000 and 7,500 square metres. Table 7.41 contains the Chi-Square Test observed and expected frequencies for years of store openings and types of site. They show a comparatively lower than expected number of Suburb stores were opened before 1974, and for High Street stores after 1975.

The descriptive exploratory regression model used in Section 7.7.3 was found to be more suitable for different site types and geographical regions than for the different companies. It is submitted that the use of the predictive model would be most appropriate for those stores in the sample of 1230 without a published sales figure for 1985; or intuitively the model could be extended to other companies' superstores and supermarkets in

those prefectures where the six companies are well represented, as indicated in Table 7.9 or in the cities in Table 7.10.

Turning now to the hypotheses proposed in Chapter 3, Section 3.8.2, the following points are submitted. With regard to Hypothesis 1, Section 7.5 of Chapter 7 covered the expansion of each company's store network between 1960 and 1985. Table 7.30 contained the number of stores opened each year by each company from 1960 to 1985 inclusive. Between January 1st 1972 and February 28th 1986, 314 of the companies' stores were opened, representing 35.9% of the 874 stores open as of February 28th 1986 and an increase of 56.1% over the total of 560 stores open at the beginning of the period. By way of comparison, Table 4.11 showed that the number of Category 431 Department Stores had increased by 113.7% and that Category 451 Grocery Stores had increased by 12.8% between 1972 and 1985.

These figures show a considerable growth in store numbers. If the numbers of stores belonging to the associated and subsidiary companies are also included, taking into consideration speciality shops, convenience stores and other commercial activities, then it is submitted that rapid growth has indeed occurred and the hypothesis should be accepted.

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.

There is evidence in support of that part of Hypothesis 3 which states that the rate of growth in the number of large stores had slowed down. Table 7.30 and Figure 7.1 show two periods of growth in which there was an underlying upward trend in the number of stores opened by the six companies each year.

The first was prior to 1974 and the passing of the 1974 large store legislation. Then there was a fall in the number of stores opened in 1974 and 1975. From 1975 to 1981 there was also an upward trend, but the yearly totals were all less than the total for 1969, apart from a notable surge in store openings in 1979 when the law was amended. Following the so-called Temporary Measures of 1982 there was a decline in the number of store openings. Table 7.40 shows that 408 of the stores opened after the 1974 legislation was passed were Class 1 stores. Table 7.30 shows that from January 1975 a total of 424 stores were opened (including 13 opened before March in 1986).

It was noted in Section 3.7.6 of Chapter 3 that Seiki (1984) suggested that the general reduction of Class I notifications after 1982 was not only the result of the 1982 measures, but also caused in part by a continuing consumer recession, changes in customers' needs and the shelving of expansion plans because of unsatisfactory performance. The effect of the legislation on diversification was considered in Section 6.9 of Chapter 6, where it was submitted that the legislation had been a contributory factor in the diversification processes of the companies.

With regard to the point put forward as to store size in Hypothesis 3, Table 7.38 shows that for 560 stores opened after 1972 as a whole that there was no correlation between the size of each store and the year when it was opened. The results of the Chi-Square test in Table 7.38 show a low degree of dependence between the size of a store and its year of opening. As far as the period from 1972 to 1982 is concerned, the Table contains evidence to support the claim in Hypothesis 3 that there was not necessarily a slowing down of the increase in store size. However after 1982 there were positive residuals for stores below 5,000

square metres and negative residuals for other stores under 12,500 square metres suggesting a trend towards smaller stores.

4. The average size of the companies' superstores and supermarkets has increased considerably.

Table 7.78 shows the average store size in various years for the companies, excluding Nichii, taken from their annual reports. The figures are taken from tables in Section 6.2 of Chapter 6. The table shows comparatively small increases in average size overall after 1982, but for Daiei, Ito-Yokado, and Seiyu the 1985 figures are much higher than those for 1972.

Table 7.78 Growth in Average Sales Floorspace (in Square Metres) of the Case Studies Companies' Stores.

<u>Year</u>	<u>Daiei</u>	<u>Ito-Yokado</u>	<u>Seiyu</u>	<u>JUSCO</u>	<u>Uny</u>
1970	3 558	2 686			
1972	4 067	4 405	2 399		
1974	5 036	5 810	2 749		
1976	5 698	6 293	3 207		
1979	6 583	7 441	3 687	4 129	
1982	6 811	8 126	3 978	4 401	4 903
1985	6 975	8 370	4 252	4 444	4 893
1986	7 043	8 429	4 236		4 909

The only available data for Nichii refers to consolidated stores, and the average floorspace of these 317 stores was 3,738 sq km during fiscal 1986.

By way of contrast, there was a statistically significant coefficient value for store size and date of opening for all of the 874 stores opened before March 1986, and this indicated a low measure of association at .34. At the individual company level Table 7.39 shows that there was a moderately strong positive

degree of association between the size of Nichii and Ito-Yokado stores and the years in which they were opened (.55 and .51 respectively), and a low degree for Daiei and Seiyu store size and year of opening (.36 and .23 respectively). There were no statistically significant values for JUSCO or Uny.

It can be seen from the above discussion that there is evidence in support of accepting Hypothesis 4 as regards Daiei, Ito-Yokado, and Seiyu over the period 1972 -1986, but that for JUSCO Nichii and Uny the evidence is inconclusive.

5. The leading companies have expanded their territory of operations through various strategies.

Tables 7.31 to 7.36 inclusive show the geographical expansion of the companies' store networks at the prefectural level for the period 1945 to February 28th 1986. They show that each of the six companies had expanded as suggested in Hypothesis 5. Chapter 6 gave an account of how the companies used a strategy of diversification in order to expand. Section 7.6 of this chapter gave some examples of how they expanded through subsidiary and affiliated companies into new prefectures as shown in Table 7.60.

Also in this Chapter, the following relevant facts were noted about Kanto using the results of Chi-Square tests. Table 7.24 showed a large residual for Kanto for shopping areas where the applicant store was the single core retailer. Table 7.27 showed a high positive residual for Kanto where the number of concerned retailers was under 5. In Table 7.45 there is a moderately higher than expected residual for national store openings after 1982 where the store was the only core store.

PART FOUR. CHANGE, COMPARISON, CONCLUSION.

Chapter 8 Summary Discussion: A Comparison of Change

8.1 Introduction.

"The CHANGES that take place in a nation's retail system CANNOT be divorced from the economical, technological, social, cultural and legislative contexts in which they occur (Cundliff, 1965; Arndt, 1972; Wadinambiaratchi, 1972)." From Brown (1984), p63. (Emphasis mine).

At this point it is convenient to summarize the organisational and technological changes that have occurred in the Japanese retail system; and in so doing to also take the opportunity to compare those changes with ones that have occurred in the West.

This comparison could arguably have been incorporated in the literature review of Part One. There are at least three reasons why that is inappropriate. First, some of the material has its origins in later years after the cut off date for data analysis, in Parts Two and Three, and so is best considered subsequently. Expediency dictated a visit to Japan during 1987/1988 and the collection of research materials that were available and up to date as of early 1986 for reasons already explained in Chapter 1. Data analysis was therefore fashioned by, and carried out, in the light of the literature published and available at that time.

Second, separate consideration is warranted because having built up a picture of change in Japan, it can be held in the mind's eye as a completed image that can now be compared with images of change in Western countries. This will help to make it easier to fully consider the following objective of Section 1.3:

- 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.

In the three chapters of Part One, the background to change in Japan was considered, including an examination of the English language materials pertaining to each of the factors named in the above quote by Brown, including material published after 1986. This has not been an easy task. As Larke (1991) also discovered:

" ... Japanese materials are not widely available in Britain even in original form, let alone translation." p503

An international comparison is attempted in Section 8.2. The degree of geographical coverage reflects the fact that the author is firstly resident in Britain and secondarily within Europe; and geographically far removed from North America, Australia and other industrial nations. Coverage is concentrated accordingly, the main comparison being with trends in the distribution sector in Europe. Prime sources of information on European trends contemporaneous with the research are a working paper by Dawson (1984) and the especially commissioned report of Dawson and Burt (1987). They are used here rather like the works of Tajima (1971) and Yoshino (1971) were used in Chapter 2 to give an overall impression. Other references are incorporated as appropriate.

A third reason for postponing the discussion till now is that on the eve of this thesis, Brown (1984) was still able to say:

" ... there is no doubt that the study of retail locational change lacks a firm conceptual foundation." p2.

Since then Brown has considered most thoroughly the theories that have been put forward to explain changes in the structure of retailing, which in turn will affect the location patterns of retail outlets; and indeed even make an impact upon the types of retail formats that may be observed at any one time in a country. His work (eg. 1987; 1988; 1989; 1991; 1992; 1993) incorporates exhaustive literature reviews and is referred to in Section 8.3.

It was submitted in Chapter 1 that theories of institutional change in retailing are "concepts of the study of Western retail change". One of these was proposed in the above noted report by Dawson and Burt, namely the 'Spiral of Organisational Growth'. This and other theories are considered in Section 8.3. They show a need for future research into institutional change in Japan.

Because of the potential vastness of the field, the aims of this chapter must necessarily be modest. The level of abstraction must necessarily be a broad one too. For instance, a thesis could be produced to explain retail location and change for any major Japanese city, following the case of Belfast in Northern Ireland (Brown, 1984). It would take at least a thesis-length piece of research to do justice to each of Tokyo, Yokohama, Osaka, or one of the other cities with over a million inhabitants. Similarly, a thesis could be written for each of the factors of change, for example Larke (1991) on consumer loyalty. Consequently, in both this chapter and indeed the entire thesis, this author was placed in a very similar plight to Brown (1984) who made the following declarations which also apply herein.

"The emphasis, therefore has been on breadth of study rather than statistical depth. Opting for a broad based approach however raises the problem of a lack of research focus and the possibility of failure to fully explore the subtleties of the subject matter An indepth analysis which fails to take these factors into account, is by definition, incomplete." p403.

In the next section an international comparison is presented, in terms of corporate and organisational trends, operational and establishment trends, and environmental trends; adapting the format used by Dawson (1984) in a university working paper.

8.2 An International Comparison of Retail Change.

The working paper by Dawson (1984) summarized the main trends in distribution that have occurred within Europe. The following summary is from pages 10-11, Table 1. It has been starred so as to show a comparison with trends in Japan, as well, as follows:

- * Some evidence concerning Japan has been noted
- ** Substantial evidence is noted in the thesis

Fig 8.1 Trends in the Distribution Sector in Europe

A. Corporate or organisational trends

- ** 1. Increase in the market share of large enterprises; decrease of share of small non-integrated enterprises
- * 2. Increase in channel power of large retail enterprises; decrease in power of wholesalers and manufacturers
- * 3. Integration of retail and wholesale functions into single enterprises
- ** 4. Increase in various types of contractual chain organisation, eg franchise, voluntary group, retailer co-operative etc
- ** 5. Increase in merger and takeover activity to obtain national and international market presence
- ** 6. Increase in awareness of the need for (a) integrated management (including financial) information systems, (b) management training schemes
- * 7. Increase in institutional (life insurance companies, pension funds, etc) investment in distribution enterprises
- * 8. Continued profitability of the distribution sector even during the current depression in much of the rest of the economy

B. Operational and establishment trends

- ** 9. Decrease in the number of fixed shop establishments
- ** 10. Broadening of the range of non-shop retail activity
- ** 11. Polarisation of operating scale of establishments, both retail and wholesale, with the successful co-existence of large and small units.
- ** 12. Increase in market share of large establishments
- ** 13. Broadening of product mix within individual store formats

- ** 14. Attempts to devise more standard shop formats, eg hypermarkets, DIY centres, convenience stores, etc
- 15. Sustained high level of price competition with increased competition by product variety
- 16. Increased use of low cost (and more flexible) part-time labour in unskilled and semi-skilled occupations
- ** 17. Increase in the share of capital investment accounted for by new machinery and equipment, eg EPOS equipment materials handling machinery, office computers, etc
- ** 18. Attempts to reduce stock volumes in shops and depots
- ** 19. Search for profit in more efficient merchandising as a result
- ** 20. Increased control over all aspects of operations
- ** 21. Higher quality of design of establishments to respond to new lifestyles and to accommodate new technologies (energy budgeting, materials administration, etc)

C. Environmental trends

- 22. Increase in the share of retail and wholesale activity taking place in controlled environments such as shopping centres, food parks, etc; decrease of traditional environments of shopping streets and inner-city wholesale districts
- ** 23. Increased locational decentralisation of retail provision of convenience goods in urban areas with the concentration of specialist retailing into the central areas of towns and cities
- 24. Locational change in wholesaling to reflect changing accessibility
- ** 25. Increased investment and activity in middle markets (towns of about 40-150,000 population)
- 26. Increased difficulty in providing an adequate distribution network in remote rural areas
- ** 27. Increased consumer segmentation by lifestyle necessitating distribution response in product type, shop network, shop operation, etc; decline in spending on food.
- ** 28. An ageing consumer base and decline in family size
- 29. Uncertainty by government on whether and how to intervene
- ** 30. A growing concern that the search for efficiency and low cost distribution should not result in increased inequity in consumer access to retail provision.

8.2.1 Corporate or Organisational Trends

In both Europe and Japan, a tendency has been observed towards the generation of a dual structure in the retail sector. Dawson and Burt (1987) reported that in Europe the structure is typically comprised of a large number of small businesses and a small number of very large enterprises. Both kinds of retailers respond to different consumer requirements, and their trading strategies are often complementary rather than competitive. They co-exist in the market, responding to different consumer demands. These findings are similar as those for Japan in this thesis.

Since 1960, the British, European, and American distribution systems have become increasingly concentrated into the hands of large business corporations (Grant, 1987; Knee and Walters, 1985; McGoldrick, 1984). A similar process has begun to occur in Japan, but the Japanese system continues to be fragmented (Larke, 1991).

It has been said that within Japan:

"Large retailers have reached a position of consolidation. The positions of Daiei, Ito-Yokado, Jusco and Seibu Saison Group are now inassailable except from within their own ranks. Only in the final years of the 1980s have even these relatively new companies made any significant moves away from traditional distribution roles, ie. those which automatically supported other members in the chain, and towards more open competition with a view to expanding their own markets. The strength of the largest retailers may mean that the industry as a whole undergoes considerable concentration of power into the hands of a relatively small number of corporations."
(Larke, 1991) p501.

According to Ohmae (1983) the reason behind the successes among large Japanese corporations is the existence of "a strategist of great natural talent: usually the founder or chief executive." Such strategists have an intuitive grasp of strategy without, often, the benefit of a formal education in business or strategy. Their strategies "originate in insights that are beyond the reach of conscious analysis". Ohmae's thesis, is, in essence:

"Successful business strategies result not from rigorous analysis but from a particular state of mind. In what I call the mind of the strategist, insight and a consequent drive for achievement, often amounting to a sense of mission, fuel a thought process which is basically creative and intuitive rather than rational." p4.

Daiei, Ito-Yokado and Seiyu were established between 1958 and 1963. Each company was established and developed by an entrepreneurial president who has often identified new market opportunities within retailing. The founders had observed and studied retail developments overseas and these new companies were pioneers in the introduction of self-service, mass merchandise supermarket chains.

It has been argued that all firms have a strategy. In some, somebody has consciously tried to construct a strategy, whereas in others it is a result of a series of separate decisions which in total have resulted in a viable organisation. The apparent strategy may have been constructed only in the minds of outside observers, and not in fact be a deliberately integrated policy, Bowman and Asch (1987). Some researchers, eg. Porac et al.(1987) have looked into the psychological principles that determine how retailers do "make sense out of their competitive environments" when they respond to opportunities or threats that occur.

Gilligan and Sutton (1987) have explored strategic planning systems within retailing in the United Kingdom, and in the grocery and Do-It-Yourself sectors in particular, and they concluded that such systems were not particularly well established nor developed in retail organisations and that planning horizons were often relatively short.

Dawson (1989) has listed the following similarities concerning the strategies of large retailers within Japan and Europe:

- " - more market led-approach using information technology particularly to develop strategic marketing information systems;
- corporate diversification from retailing into a range of other service sectors aimed at the final consumer and also the small business, with different divisions being operated within an overall holding company;
- multi-format retailing with several store names being used by a single company;
- more product development and design being carried out by retailers rather than by wholesalers and manufacturers;
- retailers developing their own distribution facilities, increased interest in international store operations through opening of stores in other countries or entering joint agreements to operate in another country." p55.

Dawson and Burt (1987) argued that various pressures have led to organisational changes in Europe resulting in the development of large organisations that are often found in geographically distinct markets and different sectors of retailing. Their conclusions on organisational change are set out in Appendix I.

Many of their observations also apply to Japan. They mention that the retail sector is becoming increasingly dominated by multiple chain store organisations and integrated retailers, at the expense of the independent retailers. As consumer behaviour has changed, new marketing concepts and new products have been

introduced as leading retailers have embraced the philosophy of marketing concept and strategic planning and have adopted a more 'professional' management philosophy. Strategic responses to the changes in the business and consumer environments have meant that companies can minimise the constraints on growth that are inherently imposed by legislation from time to time. As companies have responded to external pressures and opportunities, a major trend in corporate activity has been an increase into horizontal diversification into new product markets and service activities.

Watts (1980) declared that "choice of strategy influences the spatial growth of an enterprise" (p107). Within the geographical literature there has been a growing awareness that organizational and spatial structures are often interrelated (Keeble and McDermott, 1978; Taylor and McDermott, 1982; Wood, 1978).

In Section 6.9 it was submitted that the application of the Chandler Model, which considers the relationship between strategy and company growth, was appropriate in examining organisational changes in the companies, occasioned largely by diversification.

Most of the diversification schemes of the 6 groups were developed after the introduction of tighter administrative measures by MITI in 1974. It would be too simplistic to suggest that these measures were the main cause of diversification. The main effect of the measures appears to have been the slowing down in the rate of large store openings because of the increasing amount of time spent on consultation between involved parties. Restraint on the rate of expansion is likely to have been a spur to these companies in making diversification a part of their strategic planning. The scale of diversification suggests the existence of growth objectives for each company and the availability of sizeable funds for expansion.

8.2.2 Establishment and Operational Trends

The modern Japanese retail sector has been described as being 'dynamic' by Goldman (1991) who defines its composition as being

" ... some 450 department stores, 1,300 superstores, 4,500 food supermarkets, 16,000 modern convenience stores, and some 12,000 self-service nonfood speciality stores (mostly apparel, furniture, electrical goods, and household stores). All together these stores account for some 28 percent of retail sales (DEI, 1988)." p162.

Since 1982 there has been a decrease in the number of retail outlets in Japan, and especially in the small business sector. In Britain, the trend has been described by McGoldrick as follows:

"There was a very rapid decline in the number of shops in Britain until the mid-1980s; some argue that numbers are now increasing again, if service outlets are taken into account. Britain has considerably fewer shops per capita than most other European countries. The vast majority of closures have been small shops, but the emergence of the convenience store format has helped to arrest this trend. Large, new stores, including superstores and hypermarkets, are taking an increasing share in most retail sectors; there is evidence of polarization in consumers' regular shopping habits, with major trips to large stores and intermediary 'topping-up' in small, local stores. There has been a vigorous phase of shopping centre developments, and most retail sectors have now established a presence in out-of-town centres or retail parks." p63-64

Table 8.1 constitutes an international comparison of the

structural Characteristics of five national distribution systems. It shows that in Japan there are more stores per capita. There is also a proportionately higher number of wholesalers.

Table 8.1 International Comparison of Structural Characteristics of Distribution Systems.

	Japan (1988)	United States (1982)	United Kingdom (1982)	France (1982)	West Germany (1985)
Number of Retail Stores (thousands)	1,620	1,731	343	565	320
Number of Wholesale Establishments (thousands)	437	416	95	78	119
Number of Retail Stores per 10,000 people	132	75	61	102	52
Number of Wholesale Establishments per 10,000 people	36	18	17	14	19
Number of Retail Stores per Wholesale Establishments	3.7	4.2	3.6	7.3	2.7
Ratio of Wholesale to Retail Sales	4.2	1.9	2.0	1.6	1.8
Number of Employees per Store	4.2	6.4	10.2	4.2	13.6
Annual Sales per Retail Employee (millions of yen)	17	25	13	17	16
Annual Sales per Wholesale Employee (millions of yen)	103	94	41	35	61

Sources: Japan: Census of Commerce 1988; U.S. Census of Retail Trade 1982; U.K. Retailing Business Monitor 1982; France Comptes Commerciaux de la nation INSEE 1982 and France des Commerces Ministry of Commerce 1982; West Germany: Handles und Gastattenzahlung, 1986 and Statistisches Jahrbuch 1986, and DEI 1988 (all as shown in Table 1, Goldman (1991) p14).

McGoldrick (1984, 1990) and Segal-Horn (1987) summarize the trends in the structure of retailing, in its environment and in consumer behaviour within the UK since 1960. Rogers (1984a),

Lusch (1987), and Kowalski (1988) summarize the trends that have occurred in the USA. For a detailed account of consumer behaviour within the context of the USA see Schiffman and Kanuk (1978), and for an account from the UK perspective see Foxhall (1990).

According to McGoldrick (1990):

"There was a dramatic decline in the number of shops in Britain through the 1970s, with numbers falling from 509,818 in 1971 to 362,500 in 1980 (Schiller and Boucke 1989). This represented a loss of over 16,000 outlets per year, around 45 per day, during those years." p43.

These figures do not include catering and financial outlets.

Dawson (1983a) has put forward the following reasons for the decline of small, independent, traders in Britain:

- a) broad economic and social change (inflation, recession, buying behaviour);
- b) competition from multiples and co-operatives;
- c) increased operating costs (rates, electricity etc);
- d) lack of capital for investment;
- e) availability of supplies of goods (price, quantity, delivery, etc.);
- f) urban renewal;
- g) age of entrepreneur (approaching retirement);
- h) poor locations;
- i) inflexible management attitudes.

If this list is compared with Figure 3.1, then a) - d), and g) above can be implied to be reasons for closures in Japan also.

Superstores figured prominently within Part Three. In the UK a superstore has a size between 25,000 and 50,000 square feet, and hypermarkets are those stores over 50,000 square feet. Table 8.2 shows the growth of superstores within the UK between 1970 and 1981, and table 8.3 for the period 1982 - 1988.

Table 8.2 Number of superstores in the UK

Year	Superstores	Year	Superstores
1970	33	1978	210
1972	59	1980	279
1974	98	1981	315
1976	161		

Source: Institute of Grocery Distribution,
I.G.D. News, 1982 (June).

Table 8.3 Penetration of grocery superstores and hypermarkets in Great Britain, 1982 and 1988

Standard region	No. of stores		% change 1982-88	Population per store ('000)
	1982	1988		
North	19	35	84	88.0
Wales	18	32	78	88.2
E. Midlands	26	43	65	91.2
North East	52	69	37	92.4
Yorks and Humberside	36	53	47	92.4
W. Midlands	34	50	47	103.6
East Anglia	7	18	157	110.7
South West	16	38	138	119.6
Scotland	42	41	- 2	124.9
South East	55	86	56	142.7
Greater London	11	35	218	193.6
Total GB	316	500	45	110.4

Source: based upon IGD data, derived from Institute for Retail Studies (1989, p.27); Institute of Grocery Distribution (1988, p.40).

As McGoldrick (1990) said:

"The penetration of grocery superstores and hypermarkets differs very considerably between the regions of Great Britain. Based upon the 25,000 sq. ft definition, Table [8.3] shows 500 such stores in 1988, with high penetration in many areas of the North but low penetration in London and the South East. These regional differences relate largely to the Geographical spread of Companies (notably Asda) which took the lead

in the development of superstores. They also reflect the significant differences that existed between the planning attitudes in different regions ..." p49

In Chapter 7, Table 7.39 shows that the six companies featured in Part Three had opened 660 stores by February 1986, out of a total of 874, with a sales floor space of 2,500 square metres (approximately 27,000 square feet) or more. A further 116 can be added from known subsidiary and affiliated stores in Table 7.50, making 776. Many more were connected with the six companies, especially Daiei, JUSCO and Nichii, for which precise details were not readily available. Goldman (1991) noted there were 1,300 superstores by the late 1980s. It can be seen that whatever the precise definition of a superstore is in Japan, that these retail groups constitute a major presence within this sector. The great majority of stores were located in the largest conurbations.

From the mid 1970s, retail polarisation has been a feature of the distributive systems in most of the high-level, western style economies. According to the theory of polarisation, as stores increase greatly in size, become fewer in numbers, and are spatially more concentrated, there emerges an increasing requirement for small stores that are conveniently sited near to where the consumer lives. The concept of modern convenience stores has spread from America to various other countries, and is now well established in the retail system of Japan as well as in several European countries, including Sweden, Denmark and France. In Britain it was in an embryonic form in 1986 with about 2,200 stores including those set up by the 7-Eleven and Circle K companies (Kirby 1987).

The advantages of multiple store operation, whatever the size of the individual outlets in the chain, are linked to economies

of scale as listed by Cox and Brittain (1988), p13:

- "(a) centralized buying;
- (b) concentration on fast-moving lines - manufacturer's brand leaders or own-labels;
- (c) merchandise largely pre-sold or self-sold through a mixture of national advertising and open instore displays;
- (d) high-volume, high-cost locations in most major shopping centres alongside other multiples (giving them the advantage of associated sales);
- (e) relatively low prices;
- (f) few services, or alternately, optional charge services;
- (g) strong corporate identity most noticeable in shopfronts, fascias, instore fittings and advertising; and
- (h) centralization of many other functions such as advertising, personnel recruitment and training, operating policies, etc"

Within Europe, many companies operate a wide range of stores and store sizes. In Japan, Daiei, Seiyu, JUSCO and Nichii all operate a wide range of different sized stores. Generally the larger stores place less emphasis on food lines in terms of the proportion of floorspace given over to them. The depth of product lines stocked in these stores is similar to that of many department stores. They are often sited in more convenient locations for many customers. As a result of diversification, the companies' portfolios of stores also include considerable numbers of speciality stores and other smaller outlets like restaurants.

A number of approaches to evaluating retail trading performances for individual locations are to be found in Jones and Mock (1984), including the use of Thiessen Polygon Techniques and various trade area analysis and market penetration methodologies; for which no suitable data was available during the research. This work contains examples of the use of stepwise regression models for different types of sites and incorporating variables for which data was unavailable during the research.

In both Japan and Europe, companies have expanded their scope of operations by investing in other companies in various ways. These include acquisition of shareholdings in other companies, agreed mergers, absorption, or (rarer in Japan), outright takeovers. Companies wishing to pursue particular strategic plans may enter into joint operation of stores, the contracting out of functions, or membership of a co-ordinating group. Costs and risks are spread between the partners. Many large companies use a combination of internal growth, acquisition and collaboration.

In Chapter 6 it was seen how the six companies, as part of their diversification strategies, targeted consumer segments. Diversification in Europe has been described in Section 2.4 of Dawson and Burt. In existing markets, companies have diversified to get a foothold in growing segments of the market place. Others have undertaken non - retail activities, such as traditional wholesaling, physical distribution, and even manufacturing. While there have been similar instances in Japan, eg. Daiei and Seibu, diversification appears primarily to develop geographical coverage through the development of new chains of outlets within the same territory of the superstores to meet either convenience needs of customers or to complement goods offered in superstores.

Technological development influences consumer behaviour and retailing management activities. There are several points of contact between both, for instance the use of point of sale (POS) equipment to capture data in order to determine aspects of consumer behaviour. Walters (1988) makes the following caveat:

"Technology does not operate or influence retailing (or, for that matter, any other activity) in isolation and its effect must be considered alongside cumulative change occurring elsewhere within the economy." p265.

Information technology has been increasingly used to create competitive advantage by improving productivity and margins, and by offering more effective ways to manage businesses. It can be used to produce better information flows throughout the supply chain, and accurate and quick responses both by senior executives centrally, and managers in individual retail outlets. This leads to lower levels of stock and associated costs, and improves service levels (Martel, 1986; Walters, 1988; Slater, 1990).

Since the early 1970s computers have been used for personnel, accountancy, and physical distribution functions on a wide scale. More recently (PoS) computers, using terminals in individual stores, have increased in numbers as they have become smaller, faster, more reliable and cheaper (in relative terms). This progress has been contemporaneous with the development of product codes that have been standardized by manufacturers, wholesalers, and retailers. It has increased the scope for obtaining 'hard' data for space allocation decisions (McGoldrick, 1990). He noted:

"Within the UK grocery sector, there are 873 stores with full-scale scanning installations at the start of 1989 (IGD News 1989). Over 200 of these were Sainsbury stores; among the non-food retailers, Boots had 180 scanning stores (Retail Review 1989). EPoS systems are by no means limited to larger stores. Marks and Spencer acquired 2,500 'stand-alone point-of-sale' systems, which need neither power nor communication cables, for its smaller stores (Retail 1988). Euromonitor (1989c) reported that the UK ranked third in Europe in terms of scanning stores, behind France and West Germany." p11.

In Chapter 3, it was noted that by July 1989, there were POS registers within at least 42,880 stores in Japan.

Lewis, R. (1989) contains articles under the title 'I. T. in Retailing: Application of Information Technology and Corporate Models in Retailing'. Among the concerns addressed is whether smaller companies are able to take advantage of POS technology.

Jones (1987) has written a guide as to what should be the major considerations for retailers when adopting EPoS, and McKinsey (1974) has analysed the benefits of using EPoS, which can be broadly divided into logistical benefits, productivity benefits, buying benefits, customer service benefits; and various helps for the formulation of marketing strategy.

Developments in technology have enabled retailers, researchers and academics to use sophisticated computational methods when carrying out store assessment and spatial analysis. For instance, over two dozen statistical techniques used in statistical mapping and spatial analysis are discussed in Dickinson (1973).

Mcfadyen (1987) contains chapters from various contributors describing recent trends within retailing in the UK. This subsection closes with an overview of some trends noted by them, that have been noted so far in the thesis.

For instance, in Britain there has been a mushrooming of speciality clothing stores that are directly targeted at chosen consumer segments. According to Ody (1987) an important date was spring 1982 when the Kendall chain of stores owned by Hepworth was re-launched as Next. In her own words:

" ... almost overnight, Next appeared to transform shopping patterns. It also became an instant cult. Outlets were forced to close as the crush of customers built up or ran out of stock, and Next clones began to proliferate as other retailers sniffed success and leapt unashamedly onto the band wagon." p3

Ody also describes some of the in store concession type operations that have appeared during the 1980s and describes reactions of leading retailing companies to the so called fashion revolution of the 1980s within the women's wear scene.

"This was the beginning of niche marketing - identifying and brilliantly exploiting a segment of the market that was uncatered for - in this case the 25-45-year-old aspiring career woman. It ran parallel, in the early 1980s, with a decline in the youth market, partly because of youth unemployment and partly because of a drop in the teenage population." pviii of Mcfadyen.

Beaumont (1987a) described some changes within the food sector, such as a continuing move towards larger stores and a change of emphasis on price in the 1970s to quality in the 1980s.

Cox (1987) has studied some of the major mergers and retail acquisitions occurring within the UK following the high inflation conditions of the 1970s. There are proportionally fewer mergers in Japan; expansion through various tie ups is preferred instead.

Segal-Horn (1987) observed that leading retailing multiple store chains have been securing sites well in advance of actual building using cash flow from existing operations in order to pre-empt their competitors. As a result, this has driven up the price of key sites. This has been observed in Japan too. Chapter 7 gave examples of long lead times before store opening.

Rudd (1987) addressed the importance of physical distribution in determining location, pointing out that the 'Big Six' retailing multiple-store groups in the UK during the 1980s dictated and dominated the way that goods move through the supply chain. The 'Big Six' in Japan had begun to affect the balance of power in the distribution sector by the late 1980s but to a much

lesser extent. They have been developing their own physical distribution systems as noted in Chapter 6.

Worthington (1987) has outlined the history of the provision of credit card facilities by British retailers since the appearance of the first credit card, Barclaycard, in 1966 and relates how more and more retailers have become skilled in the management and marketing of credit. There is now less resistance to credit in Japan, and there has been a significant increase in the provision of credit facilities by large scale retailers.

8.2.3 Environmental trends

Dawson and Burt (1987) listed a number of demographical trends which have been seen to occur in Japan also. They are:

- a decline in the population growth rate;
- a decline in the size of households;
- an increase in the number of households;
- an ageing population;
- a suburbanisation of population. (Volume 1, page 1)

Similarly, they have noted various socio-economic trends and trends in consumer lifestyles in Europe which are found in Japan:

- an increased involvement of women in the workforce;
- a growth in real incomes for those employed;
- increased ownership of durable household goods;
- a change in the size, and duration of certain stages in the family life cycle;
- the emergence of new attitudes and value structures among groups of consumers;
- an increased importance of the individual, with greater emphasis upon self-fulfilment and personal experience;
- increased real and perceived personal mobility;
- a widening of spatial and temporal horizons;
- an increased awareness of other lifestyles and culture. (p 1-2)

Dawson (1989) has since identified further changes in social patterns within Japan that can be added to the list, namely:

- greater affluence and higher disposable income of young people;
- more leisure time and more spending on leisure activities for many groups of consumers;
- an increasing contrast between the big city lifestyle and small town and rural lifestyles. p54.

Obviously, there are differences of degree for all these trends as between all of the European countries and Japan, and

some are difficult to quantify. The importance of these trends is their influence upon the location, composition and size of both consumer segments and markets. Technology and information plays an important role too, by enabling consumers to more effectively know and consider the range of purchasing options open to them, in accordance with their individual purchasing power and time constraints. Thus there are associated rises, or falls, in demand for various products and services; and in the numbers, size, and locations of the retail outlets offering them. The authors note that it is the increasing fragmentation of the declining mass consumer market which is the impetus for retail opportunities.

Technology is used by retailers for information gathering, and improvements and innovations have enhanced their ability to respond to external opportunities and threats effectively, for:

"In a fragmenting and rapidly changing consumer market, adaptability and speed of response become essential."

(Dawson and Burt, 1987; p2).

Lucas (1986) and Poyner (1987) have extensively looked at the aspects of consumer changes that have affected retailers. Changes in life-styles have resulted in new challenges to retail management. Some of the life-style trends of the 1980s and 1990s in the United Kingdom were summarized by Lucas (1986):

more casual;
flexibility of roles/women's liberation;
instant gratification;
new theology of pleasure;
changing morality;
concern about appearance and health;
novelty, change and escape;
naturalism;
personal creativity;
changing attitudes towards credit;
new work ethics;
self-help versus institutional reliance;
consumerism;
ecology orientation;
time conservation;
convenience. (p 31).

To a greater or lesser degree these have all happened in Japan, but as indicated in Chapters 3 and 6 it depends greatly upon the behaviour of different consumer segments and age groups. Concerning texts on consumer behaviour generally, the majority are North American in origin. Recent examples include Assael (1992), Collins (1992), Solomon (1992), and Engel et. al. (1993). Horton (1984) considered the buying behaviour of customers primarily as it affects the decision making aspects of retailers. Collins stresses the importance of understanding the business environment; and devotes a chapter to the importance of corporate retailers constructing databases on consumer characteristics, in order to provide information and data for regression analyses in their store location research programs.

Turning briefly to the input of products to retailers instead of the output of goods to the customers, a comprehensive review of product/supplier selection criteria carried out by Nilsson and Host (1987) identified nearly 400 criteria used by retail buyers in buying decisions. These varied considerably between sectors and product types. They were classified in terms of profitability and sales, assortment considerations, consumer evaluation, supplier's marketing, supplier characteristics, competitive considerations, tactical considerations, salesman presentation, and various distributive factors.

As for the latter function, McKinnon (1989) offers detailed insights into the planning and operation of distribution systems, and Christopher (1992) addresses many of the strategic issues involved, albeit primarily from the manufacturers' point of view.

8.3 Theories of Organisational Change in Retailing: A Discussion.

Dawson and Burt maintained that the main motives behind structural change are: a search for market dominance, diversification, and internationalisation. The latter is outside the scope of this thesis. Company reports do show that a number of major Japanese retailers are involved in retailing overseas, including Daiei and Ito-Yokado. All three trends have been observed in Japan, though in Part One the different manifestations of competition were noted. Each trend has encouraged organisational growth, which has been achieved by responding to the changes in consumer demand, the economy, technology and legislation as seen in Part One and in Chapter 6.

In the last section, various aspects of the retail environment were considered. Dawson and Burt placed them within four main types, namely consumer change, economic change, fiscal change, and legislative change. These labels are used in their model of organisational growth in retail corporations known as the Spiral of Organisational Growth, as depicted in Figures 8.2 and 8.3.

Briefly, over the last thirty years or so, retailing has been increasingly transformed by the increase in large corporations and a decrease in the number of firms that are family owned. As companies have adopted growth strategies they have had to look to external investment and financial backing. The increase in institutional investment has led to pressure on companies to grow as financial institutions consider both the present and potential performance of organisations. The spiral of growth occurs as the realization of strategies for growth in turn requires additional investment. It becomes self-perpetuating as shown in Figure 8.2.

The process is in turn affected by events within the external environment as portrayed in Figure 8.3. They reveal the need for

FIGURE 8.2:

THE SPIRAL OF ORGANISATIONAL GROWTH

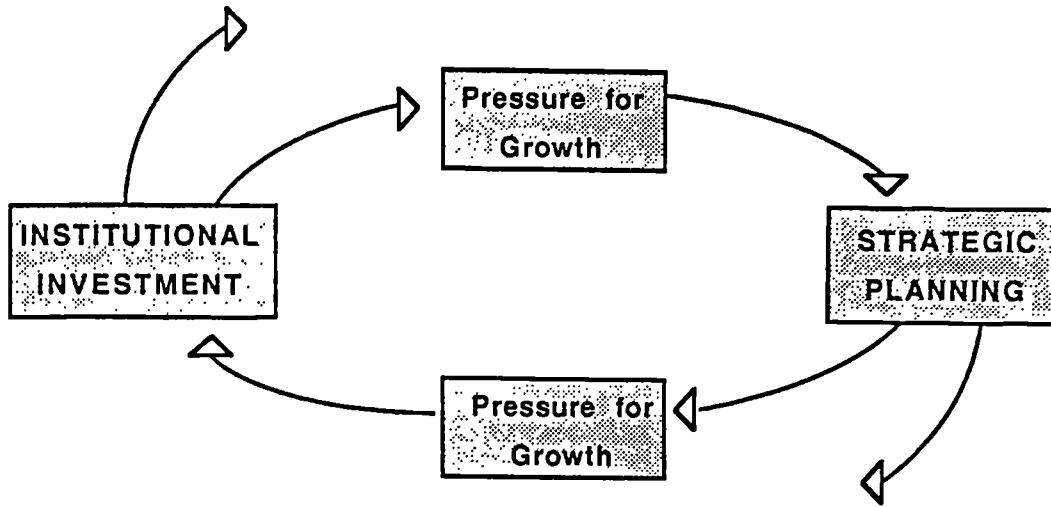
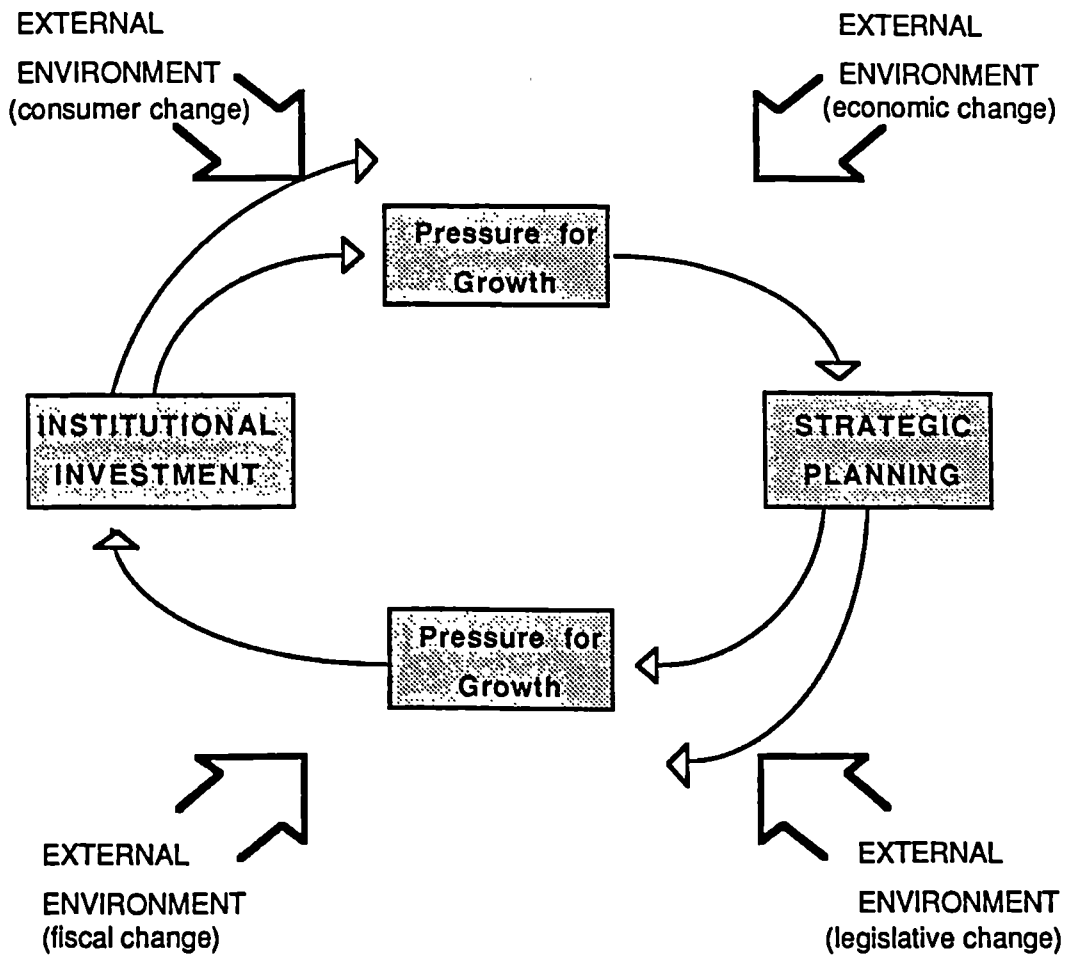


FIGURE 8.3:

EXTERNAL CONSTRAINTS UPON THE SPIRAL



retailers to continually review their strategies and if necessary to amend them. If they do not, corporate growth is limited, and will eventually threaten the very existence of the organisation.

Dawson and Burt point also to the need for a form of internal control or constraint over the growth of the spiral process. This is to prevent stagnation and to facilitate the growth required by external investors who are looking at long term results. Managers with the requisite skills are needed as retail companies develop into multi-activity and multi-sector organisations. Such managers are required to exercise a flexible, yet strict, control. Their capability, or lack of it, represents the main barrier therefore to companies taking full advantages of opportunities arising from both consumer and corporate change.

There are doubts as to whether the model could at present be applied satisfactorily to Japan. For instance, it has been said:

"In Japan, stimulus for the growth of large retailing comes not from financial institutions, as much as from the major retail families of Nakauchi (Daiei), Ito (Ito-Yokado), and Tsutsumi (Seibu). The proportion of retail companies quoted on the Tokyo Stock Exchange is relatively low, but growing steadily (Dawson and Larke, 1989)." p85.

So, it must be asked if any other models or theories of retail change may be applied to Japan, that might shed light on the changing spatial composition and distribution of outlets. Chandler's thesis is one way of portraying company change with an emphasis on growth. Other models look at locations generally, in terms of nations, regions, hinterlands or city centres.

The various theories have generally been shown to be difficult to examine from a spatial perspective. Apart from the 'Wheel of

Retailing' there has been relatively little geographical interest shown in these theories of organisational change. For the most part geographical studies have been more concerned with the environmental consequences involved rather than with the causes of origin and change. Research into the diffusion of new business innovations has been concerned mainly with observing and describing various patterns rather than looking at and explaining underlying forces at work (Davies, 1976). Predictably, there have been a number of case-studies dealing with the spatial evolution of supermarket companies and chain stores. Examples include Berry (1972) Cohen (1972), and Dawson (1970 and 1973).

The topic of institutional change in retailing has encompassed study of changes in various retail formats, in particular firms, in national and even intra-national retail systems, in regional, and in urban areas. The theories and models have attracted a large volume of literature, in spite of their having limitations. They do provide some insights into cyclical tendencies within retailing (McGoldrick, 1990).

After conducting empirical research into retail change in Belfast City Centre, Brown (1984) inductively reasoned that models of institutional change in retailing "have some spatial relevance". Brown also pointed out (1987) that writings on the subject had never been comprehensively reviewed before, despite the inclusion of introductory sections on retail change within many text books on retailing. For example, the 'Wheel of Retailing' 'the Retail Accordion', and theories based on 'Natural Selection' are the most widely quoted, and Appendix I contains an overview of these three main theories of institutional change as set out in the introductory chapter of Cox and Brittain (1988).

Brown's article was, therefore intended to be a `state-of-the-

art' survey of the different schools of thought. He himself classified the accounts put forward for explaining change into three broad types of approach as follows:

"The first, environmental theory, contends that changes in retailing are a function of developments in an institution's operational milieu. Cyclical theory, the second and by far the most common perspective, suggests that change takes place in a rhythmic fashion and is characterised by the recurrence of earlier patterns. The third school of thought, conflict theory, focuses attention on the inter-institutional strife that occurs when novel retail forms first appear." p6.

Environmental theory declares that the structure of the retail system is affected by demographical, cultural, social, technological and legal changes within the marketplace (Appendix K, part 3). As these elements change, different retail institutions appear on the scene, and in due course "emerge, develop, mature and decline in direct response to environmental circumstances". Most studies have been anecdotal, though some researchers have made use of statistical analysis to try and identify the strength of relationships between structural change and a range of socio-economic variables such as population size and density, urban form, per capita income and employment.

"Termed "macro-retailing" by Rosenbloom and Schiffman [1981], these investigations have been undertaken at the international [Hall et al. (1961); Takeuchi and Bucklin (1977);], national [Ingene and Lusch (1981)], regional [Ingene (1983)], urban [Bruce (1969)], and intra-urban [Alderson and Shapiro], levels of analysis, though the results of the latter two have tended to be

somewhat less clear-cut than their larger scale counterparts." p7.

Etgar (1984) has proposed a model of change of retail institutions which combines the natural selection approach with the economic and sociological approaches to produce an open system model that is based on the three biological concepts of variation, selection, and retention.

In Chapter 1 it was noted that Goldman (1992) believed that an institutional-ecological approach is the best to use in the Japanese context. Clearly, similar investigations could be carried out into Japanese retailing by researchers successfully overcoming the sort of constraints discussed in Section 1.10.

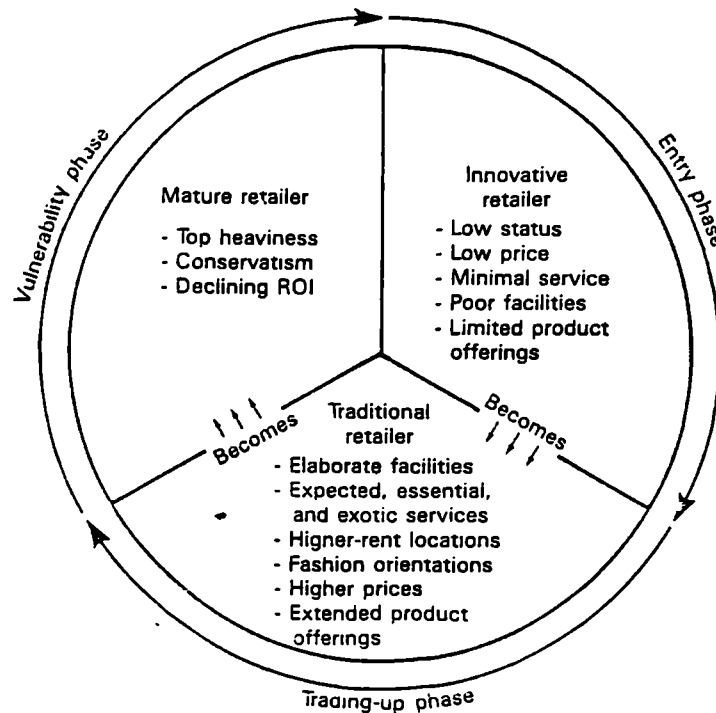
However, it must be kept in mind, as Brown pointed out, it is now held that "a universal model of retail development is unobtainable ". Account would have to be taken of peculiarly Japanese social, and cultural, values and forces to prevent Western researchers trying to force and shape their findings to fit particular, favourite, models that reside all too easily within their own subconscious worldviews. Furthermore, this school of thought merely identifies the possibilities within the environment. It cannot determine what will happen because of the variety of human responses, hence, to Brown, it remains unproven.

There are three major conceptualisations of change associated with cyclical theories, ie. the wheel of retailing, the retail accordion and the retail life cycle. Some researchers argue a fourth should be added to this list, ie. the polarisation principle. The first two are described in Appendix K.

The wheel of retailing has been called a "useful Aunt Sally" by Rosenbloom (1981) and the "dominant concept for those who practise and study (and teach) in the retail field" by Greyser

(1976). It originated as a 613 word hypothesis written by McNair (1958). As outlined in Appendix K, Part 1, it is concerned with companies trading up. Discussions on the theory have focused on the causes of trading up and on the universality of the concept. Figure 8.4 portrays the essential characteristics of the theory.

Figure 8.4 The Wheel of Retailing



Source:
Brown (1987), p11.

Two points from Appendix K (part a) immediately arise when considering Japanese retailing. First, many leading companies, including Daiei, Ito-Yokado, and Seiyu, were formed originally by entrepreneurs who can fairly be described now as ageing. It will be interesting to observe the progress of these companies in the next 10 to 15 years, in the light of the cultural differences between Japan and the West, eg. groupism and the vertical society, as far as they may affect investment generation and management succession. The second point is that competition so far in Japanese retailing has been based on the size of the market captured without recourse on aggressive price competition. The present author's personal observations tend to suggest that

in Japan non-price competition has not been as ruinous as price competition. The slow growth of discount stores and also consumer behaviour trends in general seem to support this view.

The rise of the Daiei group as a so-called conglomerant, described in Chapter 6, is significant, for Brown (1987) wrote:

" ... conglomerant-controlled chains of department stores, specialists, discount houses or whatever, are tailored to specific wheel positions and prevented from evolving into the niches already occupied by other arms of the empire. The wheel is effectively ossified ... " p12.

Personal impressions gained after visits to many Japanese superstores, and a number of shopping centres in the Tokyo - Yokohama - Kawasaki urban sprawl, tend to confirm that the features and tendencies of the retail accordion theory outlined in Appendix K, Part 2, are widespread in urban Japan. These observations indicate that work on the application of the retail accordion, in detail, could be worthwhile and quantifiable.

The retail life cycle is based on the product life cycle. In brief, retail institutions are said to pass inevitably through four anthropomorphic stages of birth, growth, maturity and decline. It has been described by Davidson (1970), Davidson et al (1976), and Davidson and Johnson (1981). Critics maintain that it is not an inevitable process. Brown (1987) pointed out that parallels have been drawn between the cycle and the wheel of retailing, but suggests the rate of revolution of the cycle is speeding and that of the wheel is slowing down.

The polarisation theory only describes the relationship between large and small institutions. It suffices to say that as a model of change it remains largely untested, though the present thesis, Dawson (1985), and Larke (1991) show that in Japan there

has been a rapid, simultaneous development of large super-store/hypermarket and modern small convenience store operations.

Conflict theories postulate that whenever a new kind of retail business appears there is an active response from the established retail formats. One theory is derived from Marxist theory. Known as the dialectical theory of institutional change, it was formalised by Gist (1968). It argues that antithesis is followed by a synthesis. It has been suggested (for example (Davies, 1976) that the supermarket is the antithesis of the traditional counter-service grocery store and the resulting synthesis is the self-service grocery store. Entirely new formats can emerge. One other theory is based on the idea that after the initial shock of the appearance of the new kind of institution, existing retailers make a defensive retreat, acknowledge the intruder and adapt.

There have been several attempts to combine together two or all three of the frameworks to produce a comprehensive model. One theory combining all three approaches was posited by Agergaard et al (1970). Brown (1987) described it as being "undoubtedly the most important conceptual advance since McNair's original [wheel] hypothesis ". It is regarded as a spiral theory, rather than a wheel or cycle theory. When legislation, or other constraints on the evolution of retail formats, are introduced, then Brown compares it to a coiled spring. As institutions trade up, a vacuum appears at the low cost or specialist ends of the spectrum. New formats emerge as a result of the successful exploitation of opportunities. In due course as living standards improve the original format is recreated at a higher plane.

The theory would be used to show that the modern convenience store is a sophisticated version of the old style of corner shop. However, the theory has not yet been integrated successfully

Table 8.4 Explanations of Retail Change: Evaluation

Conceptual framework	Source	Examples	Strengths	Weaknesses
Cycles	Historical sciences	Wheel of retailing, retail accordion.	Simple, easily remembered, useful yardstick, stresses inevitability of change.	Deterministic, inflexible, focus on pattern not process, management portrayed as powerless, ignores influence of competitive and socio-economic environment.
Conflict	Behavioural sciences	Dialectical theory, crisis-response.	Emphasizes interaction and mutual adaptation that occurs in wake of innovation. Stresses role of manager as decision maker.	Deterministic, outcomes pre-ordained ignores wider environmental context.
Environment	Natural sciences	Ecological analogy catastrophe theory.	Flexible, focus on "uncontrollables". Applicable to wide variety of socio-economic contexts.	Danger of analogy with physical sciences, ignores importance of human decision taking.

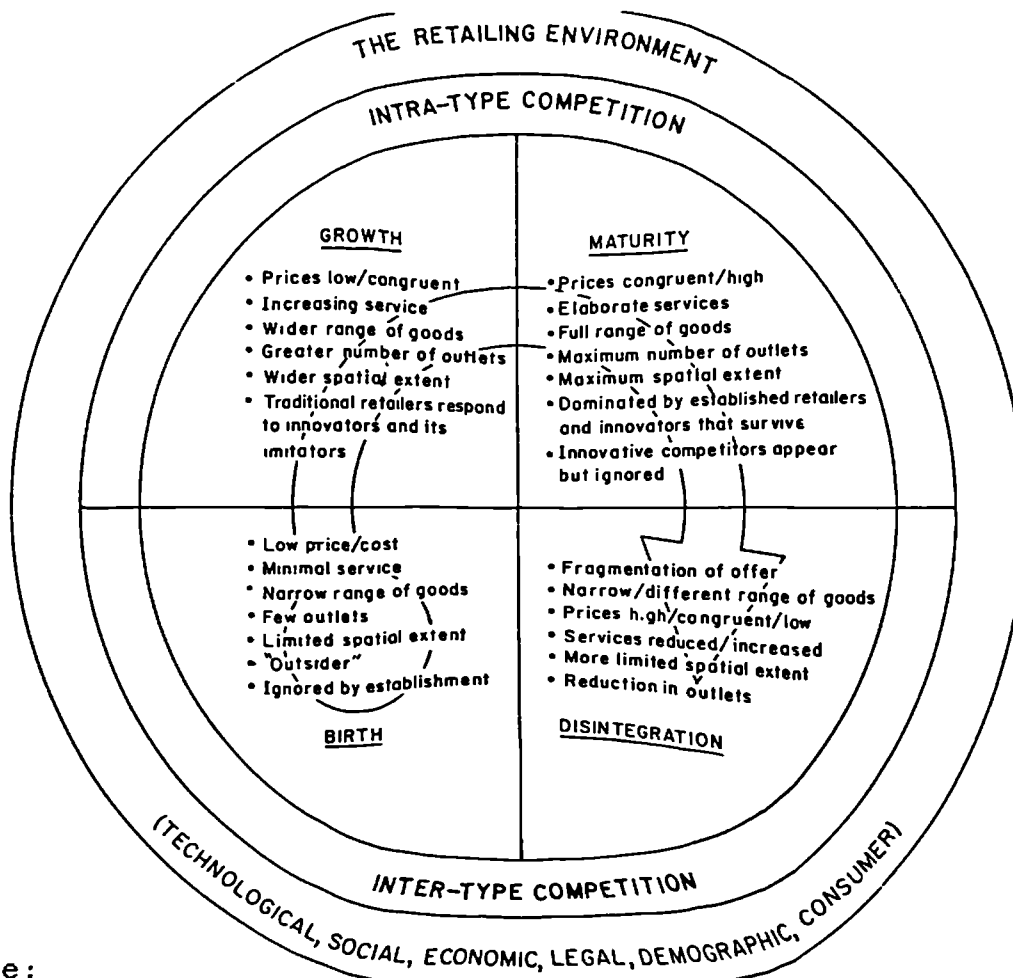
Source: Broun, S. (1991) Variations on a Marketing Enigma: The Wheel of Retailing Theory, *Journal of Marketing Management*, 7(2).

in a comprehensive conceptual framework of change within retail institutions (Brown, 1991).

The strengths and weaknesses of the three main conceptual frameworks of institutional change in retailing are shown in Table 8.4, as evaluated by Brown (1991).

None of the individual theories provide a complete way of describing change in retailing. (Brown has referred to Hunt (1976), and concluded that the so called theories do not in fact meet the formal criteria for Theory.) There have been several attempts to mold two or all three frameworks in order to try and produce a comprehensive model. A tentative picture of evolution in retailing, put forward by Brown, using elements of the three main conceptual frameworks, appears as Figure 8.5 below.

Figure 8.5 Brown's Comprehensive Model of Retail Change



Source:

Brown (1991)

To Brown (1988), change in the retailing structure:

" ... is the outcome of environmental influences and a cycle-like sequence of inter- and intra-institutional conflict". p32.

Common to cycles, wheels, spirals, pendulum swings and even mathematical representations of catastrophe are arcs of many lengths and different rates of change in gradient. There are arcs and cycles in ecology, seasons, day and night; and according to both Judaism and Christianity there is nothing new under the sun. Arcs are to be seen in every facet of existence. The problem lies in portraying them without losing important information. Most people are used to simplifications of reality in two dimensions at most.

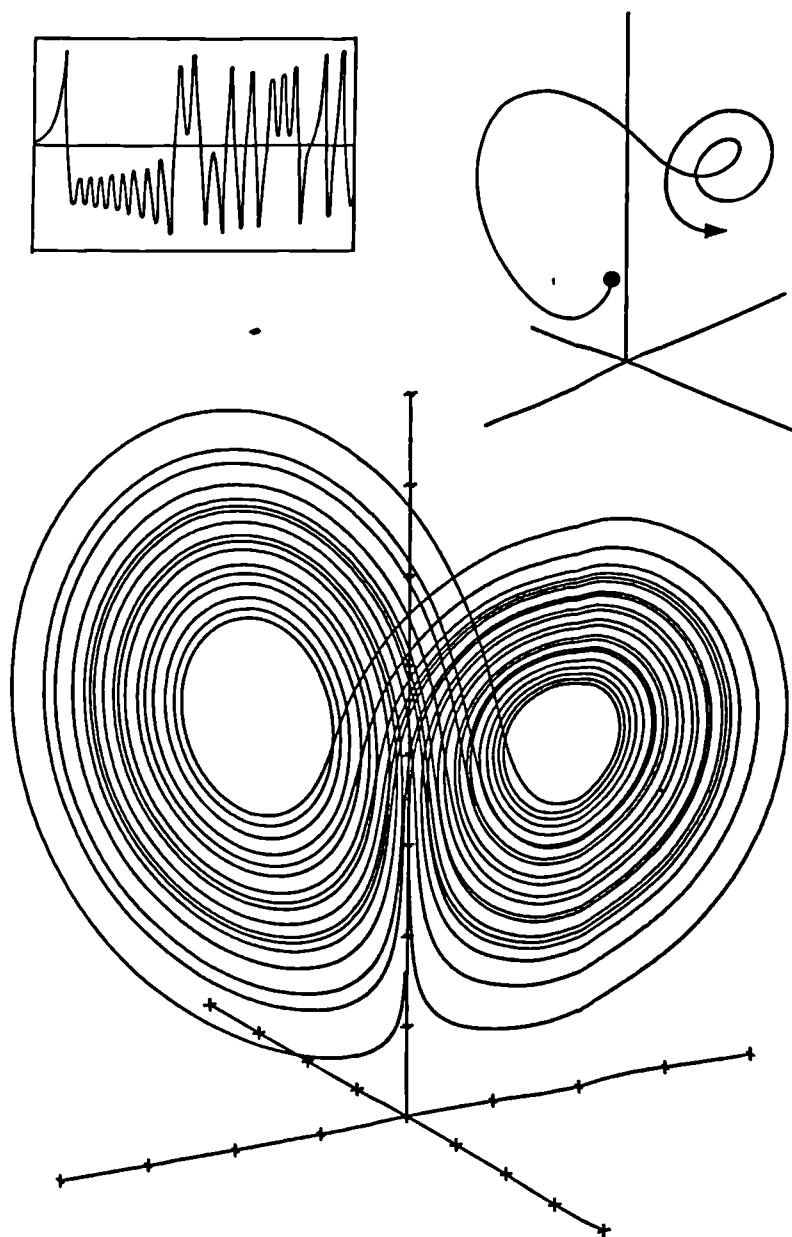
Strangely, three dimensional portrayals of chaotic behaviour often show spiral type patterns. This raises the question: is it always necessary to insist on assumptions of underlying order as postulated by some theories of change? Or is there order in chaos despite our inability to always represent it visually in an easy to understand form? Figure 8.6 demonstrates the point. It is an example of the Lorenz Attractor, which came out of the work of the meteorologist and mathematician after which it is named. It plots three variables, spirally, in a three dimensional space, in a way that resembles a butterfly's wings, hence its nickname, the 'butterfly effect', and it became an emblem to the early explorers of the science of chaos. Gleick (1988) commented that:

"The shape signalled pure disorder, since no point or pattern of points ever recurred. Yet it also signalled a new kind of order." p 30, (Emphasis mine).

Of course the model originated within a particular application of physics, but as Gleick pointed out Lorenz was thinking in terms of some sort of generalized and abstracted model, which

exhibited behaviour which he intuitively felt was characteristic of some aspects of the external world. One can ask if the search for an improved model of retailing could reasonably incorporate a way of finding connections between different kinds of apparent irregularity. Is human decision making always rational? Is there a parallel between some of the laws of physics and human behaviour? After all physical laws do require we have to meet our basic needs which are largely satisfied by the retail sector.

Figure 8.6 The Lorenz Attractor.



Source:
Gleick (1988), p28.

Because of problems associated with the various definitions of individual retail institutions, Brown believed that the greatest potential for further research lay with studies of specific individual retail firms, though as he pointed out (1987a), firm-specific studies were in their infancy and all three of the conceptual frameworks described had been used to analyse individual retail locations.

The research objectives in Chapter 1, and the difficulties faced during fieldwork in Japan, (see Section 1.10), together meant that there ^{were} no adequate opportunities and means to study retail location at the micro-scale level of analysis to any great depth; though Chapter 7 contains some data on supermarkets and superstores located in shopping areas, subject to administrative guidance, which were used for regression analysis. The next section looks briefly at micro-scale location theory and the impact of planning on shopping centres, and underlines the need for future research at the individual store level within Japan; in particular into the siting of stores within the new wave of planned shopping centres as well as unplanned shopping districts.

8.4 Notes on Micro-Scale Location Theory and Planning.

Brown has also examined retail location at the micro-scale (for example: 1984, 1987b, 1989, 1990b, 1992 and 1993). As he points out, the ultimate success or otherwise of a store depends on the appropriateness of the physical site within the type of shopping area, whether it be a city centre, a retail warehouse park, a regional shopping centre or any other kind. Compared with the amount of published literature at the national, regional or urban scales of investigation, there has been little academic discussion about micro-scale location within either planned shopping centres or unplanned shopping areas (Brown, 1993).

It is pertinent to point out here that concerning the late 1980s, (the census data and fieldwork data for this thesis was obtained in 1987 and was only up to date as of February 1986):

" ... a "revolution" has recently occurred in retailers' attitudes to store location and in their willingness to avail themselves of the spatial analyst's tool kit (Breheny, 1983, 1988). So much so, that one prominent commentator was moved to describe the late 1980s as a "golden age for store location and market analysis" (Wrigley, 1988, p30. "Never before", he concluded, "have the skills of locational analysis ... been so closely identified with the commercial imperatives of retailers"." Brown (1992) p10.

Although major retailers themselves have only comparatively recently been ready, or able, to adopt sophisticated techniques for store location, academics have a long tradition of using them in their own research. As noted in Chapter 1, these academics have come from a wide range of disciplines, subject areas and skills. The purpose of this section is not to go over that ground again, but rather to gain insights into how a particular deficit of this thesis can be rectified. This research has been concerned with retailing at the macro-level scale of prefectures, and with the locational consequences of large retail groups as they have grown and diversified. In a very real sense this thesis is both a retailing history book and a geography one too. There remains a need to study Japanese retail location at the micro-scale level.

Just as he sought to comprehensively review the literature on theories of change within the institutional structure of retailing (1987a), Brown (1992) sought to review the literature on retail location at the micro-scale.

The concept of agglomeration of similar kinds of retailing businesses within distinctive parts of shopping areas features prominently in the micro-scale literature. Two concepts are inexorably bound up with the study of micro-scale location, namely Hotelling's (1929) 'principle of minimum differentiation' and 'bid rent' theory. Together with Central Place theory, they constitute the neoclassical, theoretical, foundations of locational research. (This approach is not concerned directly with the locational decisions of individual firms, but with the functioning and spatial structure of the retail system). Both concepts assume that within the material world economic activity occurs in a unhindered competitive manner and that consumers are "rational, utility maximising decision makers". The theories are normative, and "predict spatial patterns of retail activity that ought to occur, given the underlying assumptions ..." (Brown, 1992; 1993).

It has been demonstrated that the concept of minimum differentiation cannot explain the "statistically proven (Kivell and Shaw 1980), clustering of similar retail firms" when the underlying assumptions have been relaxed in a real life setting. It is very rare in life for the assumptions to be realised, but:

"By introducing uncertainty and risk reducing behaviour into the Hotelling problem and realistically assuming a once-and-for-all locational choice, Webber (1972) has shown that the inevitable outcome is an agglomeration of sellers at the center of the market. What is more, this conclusion holds good when the initial assumptions of homogeneous market, duopolistic competition, inelastic demand, no economies of scale and so on, are relaxed ..." Brown (1989) p459.

Bid rent theory, predicts that there will be a concentric arrangement of intra-centre land uses. Department stores and speciality stores will be found at the heart of the city centre. Convenience stores and grocery stores will appear in outer zones. This is because the laws of supply and demand for land predict that those businesses who can afford to pay the highest rent will locate in the centre which is the focal point of transportation and where the highest rents are to be found. Its use as a model is derived from the fact that it is concerned with the location of retail outlets in shopping districts and centres. Central Place theory and its derivatives are concerned primarily with the spacing and size of shopping districts within urban areas.

Like minimum differentiation, bid rent theory too has been heavily criticised because of its assumptions. They include: a free market in property, fully informed, profit maximising sellers and buyers and uniform travel costs. A major problem with empirical studies is the shortage of adequate long-term data on land values combined with a variety of different valuation measures with property.

However, in common with the principle of minimum differentiation, empirical evidence drawn from the study of intra-centre shop patterns appears to confirm the normative predictions of the two theories. In Japan for example, Sasaki's (1991) study of a Central Business District (CBD) did show a definite decline in land values with distance from the city centre in Sendai City. Also in Japan, Okabe et al. (1985) is an example of an attempt to quantify the degree of agglomeration of convenience goods retail outlets. It does not follow, however, that the evidence proves the theories are true, for other factors may account for existing spatial patterns in retailing.

Hence, increasingly since the 1970's, there has been an increase of empirical studies into consumer behaviour on the one hand, encompassed by behaviourist studies; and the behaviour and strategies of retailers, as part of the structuralist approach to micro-scale retailing, on the other. These are comprehensively reviewed by Brown (1992).

In Chapter 1 it was explained that the present author would be free to carry out the research, particularly into the strategy aspects, in accordance with his already acquired skills. The Terms of Reference pointed towards a macro-scale treatment of the Census Data, and a 'structuralist' study of case study companies. Those skills were largely acquired during the study of companies' distribution strategies. By instinct and previous training, the main preferred focus for further micro-scale research in Japan would encompass the interaction of large-scale retail locational strategists' practices and methodologies in selecting actual sites, and the increasing trend to opening stores within large planned shopping centres. This could also take into account studies of 'magnet stores' (including consumer studies) along the lines of Davies and Bennison (1978), Howard and Reynolds (1991), Larke (1992), and others, and could also include study of nearby, smaller, retail units.

Several consumer "demand side" (behaviourist studies) analyses have been undertaken to model the micro-scale movements of shoppers in both unplanned districts and planned shopping centres, including Nelson (1958) Rutherford (1979); and Hagishima et al. (1987) in Fukuoka City, Japan. "Supply side" (structural approach) studies show that the locational choices of retailers in fact shape consumers' store patronage decisions. The most important supply side influences upon store location are:

" ... first, the tenant placement policies of shopping centre developers; second, the spatial strategies of multiple retail organizations; and third, the controls of central and local government." Brown (1993) p14.

Turning to planning related issues, which have been important in the UK and which could be studied in Japan in future in depth, as part of a comparative study, it has been written:

"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." McGoldrick (1990), p178.

Within the UK, local authorities are responsible initially for the granting or refusing of planning permission. Central government administers appeal inquiries, at which a wide range of issues are looked at, including those set out in Table 8.5, overleaf. These issues could be considered in any future research into new, large shopping centres in Japan.

According to McGoldrick (1990), the main reasons for refusals for planning permission relate to land use, traffic, and impact on existing centres.

If a proposed site is in a designated Green Belt, then there is a low chance of success. Other grounds for refusal are physical and visual intrusion, including cases where Green Belt designation does not apply. As a result there have been many

commercially attractive sites, on the outskirts of towns and cities, where planning permission has not been granted. However, where proposed sites are in land previously designated for industrial use, then often a more flexible attitude has been shown in cases where there is alternative industrial land available for development as well. Traffic issues are raised at most inquiries but are not usually primary reasons for refusal.

Table 8.5 Large new stores: planning issues

Possible advantages	Possible problems
Economic	
Lower prices	Affects other traders
Enhancement of centre (if integrated)	Depletion of other centres
New employment	Changes employment structure
Generates rates and revenue	Extra infrastructure costs e.g. roads
Meets demand in growth area	
Environment	
Improvement of run-down areas	Visual intrusion
Reduction of congestion in existing centres	New congestion points
Safe, comfortable environment	Less character than old centres
	Inhibition of other development
Social	
Convenient shopping	Favour car-borne shoppers
Efficient shopping	Lack social role of small shops
Increases choice	May isolate elderly and immobile
Popular with majority	Local monopolies

Source: Davies and Reynolds (1986).
(From McGoldrick, 1990; p181).

As for impact issues, they are debated in terms of the probable adverse effects upon individual retailers or existing shopping

centres, but, as McGoldrick states:

"The former now carries little weight per se at inquiries, unless the cumulative effect of such impacts would markedly jeopardize the viability of important existing shopping areas. The Secretary of State for the Environment has stated that the planning system is not designed to inhibit competition between retailers or between retail types. The major impact issues therefore revolve around effects upon the shopping hierarchy, the consequences for inner cities, and the social effects of more car-orientated provision." p182

He also drew attention to two consequences of the increasing mobility of shoppers and the use of the car in longer trips:

"1. Less attractive outlets, no longer enjoying a spatial monopoly, are forced to compete more vigorously or go out of business. 2. Large outlets can enjoy greater economies of scale by drawing trade from a very wide catchment area, if their 'retail mix' is sufficiently attractive to shoppers." p31.

There has been a trend therefore to large new stores and centres, and often in locations not previously used for retail purposes. As Guy (1984) observed, retail development outside of established shopping centres, combined with the increasing unpredictability of shoppers' choices of destination for both comparison and convenience shopping trips, means that Central Place theory is no longer appropriate as a basis for planning policy. It also means that the concept of a retail hierarchy which had been developed since the 1930s, based as it was upon central place theory, has been severely challenged.

Central place theory is essentially a normative model rather

than a prescriptive model of the retail hierarchy. Despite this, there has been a tendency within town planning to defend the established hierarchy, in which comparison shopping is grouped within larger centres, with convenience shopping being widely dispersed. However, in the mid 1980s, there began a weakening of the town centre's monopoly of comparison shopping as economies of scale in store operation and management have led to the construction of large free standing stores, and decentralisation has steadily grown (Potter, 1982; Schiller, 1987). As a result:

"The original British planning strategy of clustering retailing into town and suburban areas has proved unworkable and has been steadily abandoned." Schiller, p72.

Schiller described the process of decentralisation as taking place in three waves. The first involved food retailers, the second bulky goods, and the third comparison shopping. Future research in Japan might determine if a similar process is occurring, especially in the three great urban conurbations.

In the 1970s, ASDA and other superstore groups, expanded their off-centre food retailing operations. At the time, it was generally felt that there was no great threat to the town centre's monopoly of comparison shopping, and so record amounts of town centre shopping schemes were opened during the 1970s.

The second wave of decentralisation began in the mid-1970s. This involved stores offering bulky goods such furniture and DIY, and large stores selling branded goods including white electricals and cars. Garden centres also expanded rapidly. Many retail warehouses sold goods like timber and sanitary ware that had never previously been sold in the town centre. Planners gave less opposition to the second wave than they did to the first. Many of these new stores occupied redundant industrial buildings.

The third wave involved comparison goods such as clothing, and between the start of 1984 and the end of 1986 the number of out-of-town regional shopping centres proposed of 500,000 square feet or more rose from 1 to 40. Planned centres in out-of-town developments also include district centre retail parks, which were first built in the early 1980s as groups of retail warehouses within industrial estates. The more recent of these resemble conventional shopping centres including covered walkways, seating areas, cafes and other facilities. The smallest out-of-town developments are speciality centres comprised of small independent units selling high quality items to visitors and tourists. An example is Liverpool's Albert Dock development.

Another tendency in Britain has been the conversion of city centres into pedestrianised shopping centres. Variety, fashion, and furniture stores are still found there, but in addition there are many small speciality outlets that sell such diverse goods and services as travel, greeting cards, ties, shirts, socks, cameras and others not commonly found in supermarkets and super-stores. In a city shopping precinct, it is likely that furniture and clothing shops will be in large central premises whereas food shops will occupy smaller sites on the edge. Furthermore there is a tendency for shops of a particular kind to locate close to one another in what are known as congeries. Examples in London are Hatton Garden for jewellers' shops, and Oxford Street for department stores (Jefkins, 1993). Examples in Tokyo include electrical shops in Akihabara and department stores in the Ginza.

On a worldwide scale, Dawson (1983b) undertook an overview of different types of shopping centres using examples from many countries. He took into account locational considerations, development processes, and also the policy implications involved.

8.5 Concluding Remarks.

This chapter has summarized organisational and technological changes that have occurred in the Japanese retail system, and in so doing a comparison was made with changes that have occurred in the West. It was seen that many of the changes were similar, though the distinction between the modern retail sector and the traditional sector is still more marked than it is in many of the industrialised nations in the West.

The chapter concluded with an overview of theories that have been put forward to explain changes within the structure of retailing, and there are signs from the research findings that there is scope for further research concerning some of these theories in a Japanese context, in particular the retail accordion theory, environmental based theories and conflict theories. It will be interesting to see how the largest retail companies develop once their original founders are no longer at the helm, and furthermore whether it will be more appropriate to consider the wheel of retailing in Japan at that time.

It was also pointed out that there is scope for further studies into selection of sites for individual retail outlets from both within a company context, and from the perspective of micro-scale location theory. One possibility would be to combine the study of retailers' site selection processes with a study of the new type of large shopping centre that is emerging in Japan. Together with the suggestions in the next chapter, the identification of these research topics goes some way towards fulfilling one of the objectives of this study, namely to identify further research areas.

Chapter 9. Conclusions and Suggestions for Further Study.

9.1 Chapter Overview.

Section 9.2 re-states the aims of the research undertaken and the methods used to achieve them. The main research findings are summarised in Section 9.3. There is a discussion in Section 9.4 of implications for larger issues arising from the research. Section 9.5 contains suggestions for future possible research.

9.2 Restatement of the Research Aims and Methodology.

The first objective was to examine major trends within the structure of the Japanese retail industry between 1972 and 1985, and to gain an overall view of the spatial distribution of various kinds of retail shops throughout Japan. This involved an analysis of the Census of Commerce in Chapters 4 and 5. Emphasis was placed on the growth of large-scale chain stores.

Historical and geographical factors affecting the structure of Japan's retail industry were examined in Chapter 2. Emphasis was placed on two basic causal elements explaining shop location, namely the distribution of the population and the development of large-scale retailing during the 1960s. The origins of the multi-layered distribution system were described. It was shown how the structure is in part the result of geographical influences.

In Chapter 3 there was an adoption of the "Threats and Opportunities" framework which entails a search for those environmental changes likely to make an impact on companies.

To survive in business, businessmen must adapt if their business is subject to major changes. Stewart Howe (1986) stated:

"... the analysis of markets and competitors may lead a business to revive its objectives, and in particular the targets which it can hope to achieve in terms of profitability or GROWTH." p49. Emphasis mine.

On the other hand, It was 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. Entrepreneurs like Isao Nakauchi of Daiei rose to prominence and were able to bring about significant changes within the retail industry.

The second main objective therefore was to obtain insights into the formulation of the locational policies of the top six retail companies, by sales February 1986, using case studies to obtain insights into the spatial implications of organisational and technological change within these diversified retail companies. The Chandler Thesis was applied to these companies in Chapter 6, and a statistical analysis of stores was presented in Chapter 7.

A third objective of the study was to define further areas of research in the largely unexplored field of Japanese retailing. In the light of the previous chapter, the terms of reference in Chapter 1, and the points raised in Section 1.10, it is submitted that these methods were appropriate and suitable for this thesis.

9.3 The Main Research Findings

Japan has a very high population density. The population distribution is uneven, for the country is predominantly mountainous with a limited amount of flat land. Around 70 percent of the population is concentrated in the Pacific Coast Industrial Belt extending 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 10% of Japan's total land area.

In Chapter 2, it was noted that in 1960 department stores were the only form of large scale retailing in Japan. The retail sector was otherwise comprised of small concerns. Two new

significant trends occurred during the 1960s. Firstly, there was the emergence of new large-scale retail formats and their subsequent growth. Secondly, there was the development of larger retail organisations operating on a multiple store basis.

New organisational forms have evolved encompassing department stores with several branches, superstores and supermarkets, speciality chain stores, discount chain stores, and non-store retailing. Many of the companies involved had expanded greatly in terms of territorial expansion and store numbers by 1986. Among these companies are those analysed in the studies in Part Three.

The total number of retail stores in 1988 was 1,607,400. Of these, approximately 2.13% of them constituted the 'modern' sector and accounted for 28% of sales, which shows their importance.

Economic growth between 1960 and 1973 had been conducive to the continued expansion of large retailing firms, but the period of relatively slower economic growth from 1973 to 1985 meant they could not rely on economic growth to maintain their share of an increasingly competitive market. Increasingly, since 1960, there has been the adoption of self-service and new technology, diversification, vertical integration, and the development of new forms of large companies. Legal restrictions on store size after 1974 gave companies the opportunity to experiment with new store formats and product ranges.

Part Two consisted of an analysis of the Census of Commerce from 1972 to 1985. In 1985 the total number of stores was lower than in the previous census for the first time since 1962, and the trend has continued. Category 431 Department Stores and Category 451 Grocery Stores figured prominently among the changes described. Supermarkets not caught by the Category 431 definition would be caught by the 451 Category of Grocery stores

as would convenience chain stores. Superstores and supermarkets belonging to the case studies companies fall in these categories.

The two greatest increases in annual sales during the period 1972 to 1985 were for Department Stores and Grocery Stores. These categories recorded the greatest increases in floorspace. Between 1972 and 1985 the average size of these stores had increased by 37.66% and 90.28% respectively.

The nine types of shops chosen for prefectural analysis in Chapter 5 comprised 48.36% of stores in 1985, 50.07% of retail employees, 50.46% of total sales, 63.77% of sales floorspace and 85.96% of the increase in sales floorspace between 1972 and 1985.

Four of these categories included stores that are described in Chapter Two as having new store formats and belonging to multiple store companies. They include many of the speciality stores described. 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 elsewhere which included Sports Goods, Cameras and Toys.

In Chapter 5 the location quotient maps did not exhibit any striking similarities for the categories as a whole. In Figure 5.1, the map for Department Stores, there were four prefectures where there were location quotients of 1.25 or more. There were two each for the Tokyo and Osaka metropolitan areas. In contrast the location quotients for Grocery stores in Figure 5.7 show that those for Osaka (0.66) and Tokyo (0.79) were among the lowest.

Correlation analysis in Chapter 5 showed that values of the correlation coefficient for the population per prefecture in 1985, and 1) the numbers of employees, 2) store totals, 3) floorspace totals and 4) total sales in 1985 were between .70 and .99 for each category except for Category 439 General Merchandise

where the value for floorspace and population was .60.

The tables show a greater variation in the coefficient values for increases in population, with increases in staff, store numbers and floorspace. The Department Stores had the highest coefficient values for increases in population with increases in floorspace (.84) and for increases in population with increases in employees (.85). The value for population increase and increases in Category 431 store numbers was high at .78.

It was suggested that between them Department Stores and Grocery Stores have been increasingly gaining a share of the sales of food products sold by other Food and Beverage stores.

The six case study companies considered in Part Three all started operations within the 'core' regions of Kinki, Chubu or Kanto. For each company more than half of its stores were located within a single region as of February 1986. By way of contrast each company operated a single store within a number of prefectures. The Companies had adopted a policy of concentrating stores mainly in and around the area where they were founded, opening relatively few stores elsewhere in the country. Apart from Uny, the companies established an involvement in other regions by means of subsidiary and or affiliated companies, or through equity investment in local supermarket chains.

In addition to opening stores in traditional 'high street' shopping areas, the companies opened stores by rail stations and in fast growing suburban areas around major cities. Generally, the location of stores indicates increasing market penetration in selected areas of high population density.

714 out of the 874 stores, i.e. 82%, directly operated by the six companies were Class 1 stores under the Large Store Law.

The descriptive exploratory regression model used in Section

7.7.3 was found to be more suitable for different site types and geographical regions than for the different companies. It is submitted that the use of the predictive model would be most appropriate for those stores in the sample of 1230 without a published sales figure for 1985; or intuitively the model could be extended to other companies' superstores and supermarkets in those prefectures where the six companies are well represented.

In Section 6.9 it was submitted that the application of the Chandler Model was appropriate in considering the organisational changes in the companies, occasioned largely by diversification.

In the 1970s and 1980s each company diversified their operations. Daiei, Ito-Yokado, Seiyu and JUSCO all operated supermarkets, superstores, speciality stores, convenience stores, fast food outlets or restaurants plus a small number of department stores. Nichii operated in all sectors except convenience stores. The only exception for Uny was department stores.

A number of hypotheses relate to the case studies companies were put forward in Chapter 3. Briefly, the conclusions reached in Chapter 7 were as follows, taking each hypothesis in turn.

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.

Between 1972 and 1986, there was a considerable growth in store numbers for each company. If the stores belonging to the associated and subsidiary companies are also included, taking into consideration speciality shops, convenience stores and other commercial activities, then it is submitted that rapid growth has indeed occurred and the hypothesis should be accepted.

2). Diversification through the adoption of new retail formats has contributed to this growth.

It is difficult to judge quantitatively the degree of success the companies enjoyed in responding to changes within the market, but it is clear that diversification has contributed to the growth of the companies as put forward in Hypothesis 2. The hypothesis is therefore accepted.

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.

There was evidence to support that part of Hypothesis 3 which states that the rate of growth in the number of large stores had slowed down. It was also noted that it may have declined in part by a continuing consumer recession, changes in customers' needs and the shelving of expansion plans because of unsatisfactory performance. It was submitted the legislation was a contributory factor in the diversification processes of the companies.

With regard to store size, it was shown that for 560 stores opened after 1972 as a whole there was no correlation between the size of each store and the year when it was opened. As far as the period from 1972 to 1982 is concerned, there was evidence that there was not a slowing down of the increase in store size.

4). The average size of the companies' superstores and supermarkets has increased considerably.

There was some evidence in support of accepting Hypothesis 4 as regards Daiei, Ito-Yokado, and Seiyu during 1972-1986, but that for JUSCO Nichii and Uny the evidence is inconclusive.

5). The leading companies have expanded their territory of operations through various strategies.

Each of the six companies had expanded as suggested in Hypothesis 5. The companies used a strategy of diversification in order to expand. Examples were given also of how they expanded

through subsidiary and affiliated companies into new prefectures.

Finally, in Chapter 8 there was a comparison of retail change in Japan and Western countries, especially in Europe. It was noted that there have been many similarities; which suggests that it is appropriate to apply western concepts in studies of retail institutional change in Japan providing sufficient attention is paid to cultural differences. The thesis was shaped by the 'Terms of Reference' which resulted in a consideration of opportunities and threats in the retail environment. In the light of the brief overview of the theories of retail change, the findings of Parts One and Three indicate that McNair and May's explanation (1976) of institutional change may be the most appropriate for Japan at present, within the heavily populated regions at least. According to Brown (1988) they replaced McNair's cyclical metaphor with:

" ... an environmental-cum-conflictual perspective, [and] argued that retail innovations were partly an outcome of developments in the economic, technological, social, consumer and marketing mileux but primarily a consequence of MANAGERIAL ABILITY TO CAPITALISE on environmental opportunities. If successful, moreover, innovations are imitated, proliferate and pose a challenge to existing retail forms, which respond, in turn, to the perceived threat (see also May and McNair, 1977; McNair and May, 1978)". p28.

Personal observations in Japan, gained from visits to many stores and shopping centres of many types and sizes within the Tokyo-Yokohama-Kawasaki region, suggest that imitation has taken place. The sources of statistical data also included much data on smaller companies that was not used. Some of their Annual Reports were seen, and inspection indicated that immitation has occurred.

9.4 Implications for Larger Issues

Clearly, deductions drawn from a sample of just six retail groups cannot be successfully generalised to the whole population of large-scale retailers. The companies are important because they are successful examples of growth and diversification to other companies who were established at a later time. They would provide an initial yardstick for comparison in any study of other large diversified retail businesses. Further research should compare other superstore and supermarket companies with the case study companies in order to fully test the hypotheses in Section 9.3, using data on those matters requiring further evidence.

The discussion in Section 8.3 underlines the vast potential for research inherent within the title of this thesis, especially if the constraints identified in Section 1.10 can be overcome.

Inevitably there have been important aspects of the wide ranging themes of this thesis that have received scant attention or passing reference. Some of these form the basis for suggestions for future research in the next section.

9.5 Suggestions for Future Research

By virtue of concentrating on new large-scale formats, the bias in this research has inevitably been towards a preoccupation with the modernization of the retail industry. Besides further research on the modernization process (attempting perhaps to use models introduced in Section 8.3, for instance studying the reaction of innovative companies to imitation); another area for research would be a comparative study of retailing, including more traditional retail forms in the more rural or less densely populated regions of Japan such as the islands outside of Honshu.

The six companies in Part Three expanded operations through tie ups and mergers. Further research could include studies of

Table 9.1 Checklist of Data Sources.

<i>External sources</i>	<i>Internal sources</i>
Population totals	Retail sales
Population types	Sales areas
Income	Sales productivities
Unemployment	Stock and stock areas
Retail sales	Tenure type
Shopping centre composition	Other performance indicators
Competition	Sales forecasts
Branch position	
Inflation	

Source: 'Developing a strategic planning data base' by M. P. R. Pope in R. L. Davies and D. S. Rogers (eds.), *Store Location and Store Assessment Research*, Copyright © 1984 John Wiley & Sons Ltd. Reprinted by permission of John Wiley & Sons Ltd.

Table 9.2 Location Checklist Factors.

<i>Population</i>	<i>Accessibility</i>	<i>Competition</i>	<i>Costs</i>
Population size	Pedestrian flow	Existing retail activity	Purchase price
Age profile	Pedestrian entry routes	Direct competitors	Leasing terms
Household size	Public transport	Indirect competitors	Site preparation
Income levels	Types	Anchor stores	Building restrictions
Disposable income per capita	Cost	Cumulative attraction	Building costs
Occupation classifications	Ease of use	Compatibility	Development concessions
Main employers	Potential	Existing retail specification	Rates payable
Economic stability	Car ownership levels	Selling areas	Refurbishment needs
Unemployment levels	Road network	Turnover estimates	Maintenance costs
Seasonal fluctuations	Conditions	Department/product analysis	Security needs
Housing density	Driving speeds	Trade areas	Staff availability/rates
Housing age/type	Congestion	Age of outlets	Delivery costs
Neighbourhood classification	Restrictions	Standard of design	Promotional media/costs
Home ownership levels	Plans	Car parking	Turnover loss—other branches
Building/demolition plans	Parking	Saturation index	
Life-style measures	Capacity	Competitive potential	
Cultural/ethnic groupings	Convenience	Outlet expansion	
Current shopping patterns	Cost	Refurbishment	
	Potential	Vacant sites	
	Visibility	Interception	
	Access for staff	Repositioning	
	Access for transport and deliveries	Competitor policy	

Source:

Both Tables from McGoldrick (1990) p161

tie ups and mergers in the less densely populated regions.

In contrast, another subject could be the determination of whether saturation point has been reached in the metropolitan areas as regarding the opening of hypermarkets and superstores.

In this research there was minimal data obtained in respect of store sites. The findings of studies on the development of out-of-town centres, Off-centre stores, stores near rail stations and transport interchanges, and free-standing superstores could be compared with those drawn from similar studies in the United Kingdom, Europe, North America and other countries.

Another comparative research project could be an in-depth study of the ways in which large retail organisations seek and choose specific sites, including those subject to legislation.

In the United Kingdom and North America, multiple linear regression analysis has been employed as a tool in store location research, particularly as a sales forecasting model. A more sophisticated version of the regression models used in Chapter 7 would include adequate catchment area delimitation, plus several additional demographical, store and external variables. The selection of variables would depend on the nature of the store. Tables 9.1 and 9.2 show the types of data sources and locational factors that could be used either in regression analysis, or which would be taken into account in shopping centre studies.

My final suggestion would be an investigation into the extent of vertical integration carried out by large scale retailers and their expansion into non retailing activities.

Suggestions concerning consumer behaviour, have been put forward by Larke (1991). He also referred to the considerable logistical and cost hurdles faced by Western based researchers, and the need for the ability to use original Japanese materials.

APPENDIX A

Large-Scale Retailing in Japan: Some Definitions.

1 Department Stores.

In Japan there are three very different definitions of Department Stores. Tanaka (1971) provides the details of them as formulated at the beginning of the period 1972-1985. The first two are used by The Ministry of International Trade and Industry when compiling governmental statistics.

(1) Commodity and Number of Employees.

'A retailing enterprise which sells general commodities and has more than 50 employees, without regard to the selling floor space.'

This definition corresponds to Category 431 in the Government Census of Distribution, considered in Part Two and officially described as Department Stores. Confusingly, stores in Japan that are commonly known as superstores fall within this definition as do many supermarkets.

(2) Floor Space

'A retailing enterprise which owns a store having selling space of more than 3,000 square metres in the seven largest cities (Tokyo, Osaka, Yokohama, Nagoya, Kyoto, Kobe, and Kitakyushu), and more than 1,500 square metres in other cities.'

By 1985 the number of largest cities had been extended to include Sapporo, Kawasaki, Hiroshima and Fukuoka.

This definition corresponds to those stores governed by the Large Store Laws referred to in the text. Selling space includes the sales area and such customer facilities as stairs, lifts, escalators, hallways and lounges. It excludes space devoted to

such entertainment areas as dining and banquet rooms, theatres and exhibition areas.

If just one store in a 'Department Store' chain meets this definition, then every one of the stores in that chain is deemed to be a department store, whether or not it complies with the floor space requirement.

(3) Japan Department Store Stores Association.

'A retailing store which meets the governmental floor space definition and belongs to the Japan Department Stores Association.'

Unlike definition (2) only stores meeting the sales space criteria are normally counted as being department stores.

2 Supermarkets and Superstores

According to Dodwell (1985) there is no universal definition in Japan of supermarkets. They suggest one as follows:

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

German (1985b) has pointed out that supermarkets are often three or four stories high; with just one floor given over to food sales. Food sales however could account for almost half of store revenue and profits.

Dodwell make the further distinction between 'ordinary' supermarkets and 'Superstores'. The latter are supermarkets that have very large sales volumes and wide ranges of products in addition to food. The term is often applied to the larger supermarkets owned by such companies as Daiei, Ito-Yokado, Seiyu, Jusco, Nichii and Uny.

Larke (1988) sheds further light upon the meaning of terms often used to describe the stores of these large companies and others. He gives the following summaries of definitions translated from Tajima (1980):

Supermarket

' - self service, low margin, high turnover, low pricing store concentrating on food products. It has special managerial characteristics and single store sales over 100 million Yen a year.'

Superstore

' - self service volume store with merchandise concentrated in non-food items, notably ready-to-wear clothes and daily necessities, and with management similar to a supermarket. [Tajima] suggests that this term is peculiar to Japan - the American use being to differentiate from a supermarket in terms of floorspace rather than function.'

Chain Stores

' - a number of individual stores (over 10) under control of one management base. This does not include department stores which have a lot of management independence between branches. Many of Japan's supermarkets/superstores, such as Daiei, Ito-Yokado, and Seiyu can be considered chain stores.'

General Merchandise Stores

' - high volume store based on a wide range of high quality goods similar to a department store but with a smaller merchandise range. Japan's largest Chain Stores are gradually taking on these characteristics.'

Dawson and Sato (1983) point out that in Japan there is no distinction made between superstores and hypermarkets.

Within the United Kingdom, the Unit for Retail Planning Information (1988) uses the following metric floorspace definitions for superstores and hypermarkets:

"Superstores are defined as single-level self-service stores selling a wide range of food, or food and non-food goods with at least 2,500 square metres (27,000 sq. ft.) trading floorspace and supported by car parking. Stores selling only non-food goods are excluded. Stores with 5,000 square metres (54,000 sq. ft.) or more are commonly referred to as Hypermarkets."

3 Convenience Stores.

A definition of this category is given by Czinkota and Weronoff (1986). Such shops form the vast majority of shops and are mainly small, with a very limited customer area. However, the authors note that the term is often applied to a new form of chain store retailing that first appeared in Japan in the mid 1970s. They state:

"These stores are typically located in residential areas, carry only goods needed daily, and are open long hours. In most instances, these stores are part of chains and are owned by an individual or on a franchise or volunteer basis. The chain management provides owners with help and training in the areas of management techniques and stocking policies. The largest convenience store chain in Japan is 7-11. By the end of February 1984, it had 2000 stores with 350 to 450 new outlets expected to open every year."

7-11 forms part of the Ito-Yokado group of companies and is considered in Part Three, as are other leading chains.

Appendix B.

Standard Industrial Classification For Japan: The Retail Trade.

8th Revision May 1976, as published 1978.

Note.

This classification was used in each census for 1972 to 1982 inclusive. A new classification was used in 1985, the main differences being the renumbering into a 531 to 599 series instead of 431 to 499, and a reclassification of category 499. As most of the census analysis is concerned with the period 1972-1982, the older version is referred to in this thesis.

<u>Major Group Number.</u>	<u>Group Number.</u>	<u>Classification Category.</u>
43		GENERAL MERCHANDISE
	431	Department Stores
	439	Miscellaneous general merchandise stores (with less than 50 employees)
44		DRY GOODS, APPAREL AND ACCESSORIES
	441	Dry Goods, Dress Materials and Bedding Stores
	442	Men's Clothing Stores (Foreign Style)
	443	Women's and Childrens's Dress Stores (Foreign Style)
	444	Footwear Stores
	449	Miscellaneous Retail Trade - Apparel and Accessories. - includes bags and small cases.
45		FOOD AND BEVERAGES
	451	Grocery Stores
	452	Beverage and Seasoning Stores
	453	Meat and Poultry Stores
	454	Fresh Fish Stores

<u>Major Group Number.</u>	<u>Group Number</u>	
	455	Cured Food Stores
	456	Vegetable and Fruit Stores
	457	Confectionary and Bakery Stores
	458	Rice, Barley and other Cereal Stores
	459	Miscellaneous Retail Food Beverage Stores - includes milk dealers, delicatessen stores, tea stores and processed food stores
47		MOTOR VEHICLES, BICYCLES AND CARTS
	471	Motor Vehicle Dealers
	472	Bicycles, including Motor cycle Stores
48		FURNITURE FIXTURE AND HOUSEHOLD UTENSILS
	481	Furniture, Fixture and Straw Mat Stores
	482	Hardware and Kitchenware Stores
	483	Chinaware and Glassware Stores
	484	Household Appliances Stores
	489	Miscellaneous Household Utensil Stores
49		MISCELLANEOUS RETAIL STORES
	491	Drug and Toiletry Stores
	492	Farm and Garden Supply Stores
	493	Fuel Stores
	494	Book and Stationery Stores
	495	Secondhand Stores, except Motor Vehicles, Bicycles, Carts and Books
	499	Retail Trade, not classified else- where. Includes the following:- Sports Goods, Toys, Cameras, Watches Musical Instruments, Tobacconists, Florists and non classified stores.

APPENDIX C

Abstract: Larke (1991), Consumer Perceptions of Large Retail Stores In Japan, Unpublished Phd Thesis, Stirling University.

This thesis considers consumer perceptions of large stores in Japan. A lack of published English language research concerned with consumer behaviour in Japan was noted, despite strong and growing interest in the Japanese consumer market. Japanese distribution is reviewed as the background to an empirical study of store perception in Japan. This review considered Japanese wholesale and retail structures in detail in order to provide information necessary to understand the situation of large retail stores in Japan.

The possibility of substantial store 'loyalty' in Japan was considered on the basis of an observed hierarchial structure to store preferences. A review of the literature pertaining to consumer 'loyalty' revealed that genuinely 'loyal' behaviour is likely to be rare. Consumer preference was considered, and the development of hierarchial preference was identified.

An empirical study was carried out over a one year period in Japan. The study involved a two part survey employing repertory grid interviews and a questionnaire survey. Four regional cities and five consumer types were employed in the survey. This approach proved successful in collecting a large volume of detailed data. The use of repertory grid as a technique for data collection was considered in the light of its use with Japanese consumers in the Japanese language.

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.

APPENDIX D: SAMPLE PAGES OF CENSUS OF COMMERCE (1985).

(甲+乙)

1. 1丁目別別、産業分類小分類別の商店数、従業員数、年間販売額、商品手付額、売場面積 (続4)
Number of Establishments, Total Number of Employees, Total Sales During the Year, Value of Merchandise

都道府県	市区部	531 百貨店				532 その他の百貨店				54 小売業			
		商店数	従業員数	年間販売額	商品手付額	商店数	従業員数	年間販売額	商品手付額	商店数	従業員数	年間販売額	商品手付額
東京	計	32	5129	144,892	14,497	187,895	31	153	2,692	351	5,743	2,009	678
	201 百貨店	29	4,956	142,366	14,195	183,084	18	124	2,309	278	4,833	1,611	549
	202 百貨店	3	173	2,526	301	6,811	13	29	313	73	910	438	114
	203 百貨店	4	720	16,626	2,067	27,814	1	11	11	21	177	299	222
	204 百貨店	4	710	16,626	2,067	27,814	1	11	11	21	177	299	222
	205 百貨店	1	1	1	1	1	1	1	1	1	1	1	1
	206 百貨店	1	1	1	1	1	1	1	1	1	1	1	1
	207 百貨店	1	1	1	1	1	1	1	1	1	1	1	1
	208 百貨店	1	1	1	1	1	1	1	1	1	1	1	1
	209 百貨店	1	1	1	1	1	1	1	1	1	1	1	1
計	22	4,072	97,949	12,438	160,905	19	130	2,711	561	8,751	1,845	635	
201 百貨店	20	3,428	81,585	9,001	52,422	11	71	814	214	1,010	1,808	578	
202 百貨店	5	144	24,896	3,091	58,475	4	21	214	54	1,010	206	77	
203 百貨店	4	724	17,457	2,352	23,249	1	11	11	21	177	299	222	
204 百貨店	2	1	1	1	1	1	1	1	1	1	1	1	
205 百貨店	1	1	1	1	1	1	1	1	1	1	1	1	
206 百貨店	1	1	1	1	1	1	1	1	1	1	1	1	
207 百貨店	1	1	1	1	1	1	1	1	1	1	1	1	
208 百貨店	1	1	1	1	1	1	1	1	1	1	1	1	
209 百貨店	2	1	1	1	1	2	2	2	2	2	2	2	
計	16	3,401	97,512	10,760	102,760	38	174	2,611	443	5,442	2,249	931	
201 百貨店	14	2,216	71,730	7,906	43,430	15	111	1,111	1,111	1,111	1,111	1,111	
202 百貨店	1	1	1	1	1	1	1	1	1	1	1	1	
203 百貨店	1	1	1	1	1	1	1	1	1	1	1	1	
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205 百貨店	1	1	1	1	1	1	1	1	1	1	1	1	
206 百貨店	1	1	1	1	1	1	1	1	1	1	1	1	
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208 百貨店	1	1	1	1	1	1	1	1	1	1	1	1	
209 百貨店	1	1	1	1	1	1	1	1	1	1	1	1	
計	8	1,539	40,734	12,072	36,820	13	59	634	186	1,205	3,308	805	
201 百貨店	8	1,539	40,734	12,072	36,820	10	41	478	64	504	2,874	712	
202 百貨店	5	1,539	40,734	12,072	36,820	5	41	478	64	504	2,874	712	
203 百貨店	1	1	1	1	1	1	1	1	1	1	1	1	
204 百貨店	1	1	1	1	1	1	1	1	1	1	1	1	
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209 百貨店	1	1	1	1	1	1	1	1	1	1	1	1	
計	2	1	1	1	1	23	23	23	23	23	23	23	
201 百貨店	1	1	1	1	1	1	1	1	1	1	1	1	
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計	8	1,539	40,734	12,072	36,820	13	59	634	186	1,205	3,308	805	
201 百貨店	8	1,539	40,734	12,072	36,820	10	41	478	64	504	2,874	712	
202 百貨店	5	1,539	40,734	12,072	36,820	5	41	478	64	504	2,874	712	
203 百貨店	1	1	1	1	1	1	1	1	1	1	1	1	
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209 百貨店	1	1	1	1	1	1	1	1	1	1	1	1	
計	2	1	1	1	1	23	23	23	23	23	23	23	
201 百貨店	1	1	1	1	1	1	1	1	1	1	1	1	
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計	8	1,539	40,734	12,072	36,820	13	59	634	186	1,205	3,308	805	
201 百貨店	8	1,539	40,734	12,072	36,820	10	41	478	64	504	2,874	712	
202 百貨店	5	1,539	40,734	12,072	36,820	5	41	478	64	504	2,874	712	
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209 百貨店	1	1	1	1	1	1	1	1	1	1	1	1	
計	2	1	1	1	1	23	23	23	23	23	23	23	
201 百貨店	1	1	1	1	1	1	1	1	1	1	1	1	
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207 百貨店	1	1	1	1	1	1	1	1	1	1	1	1	
208 百貨店	1	1	1	1	1	1	1	1	1	1	1	1	
209 百貨店	1	1	1	1	1	1	1	1	1	1	1	1	

APPENDIX E: SAMPLE PAGE OF JAPAN CHAIN STORES ASSOCIATION HANDBOOK FOR 1988.

ユ ニ 一

No	店名	所在地	電話	開店年月	売場面積 (㎡)	従業員数	取扱商品部門													
							食	衣	雑	薬	家	家	其	の						
	東京本部	東京都港区高輪3-26-33 (秀和品川ビル)	(03)440-8811																	
6001	元住吉店	神奈川県川崎市中原区井田仲の町307	233(044)777-2010	5	43.11	2,195	46	○	○	○	○	○	○	○	○	○	○	○	○	○
2	大口店	" 横浜市神奈川区入江2-18	232(045)433-1411	02	46.6	4,539	79	○	○	○	○	○	○	○	○	○	○	○	○	○
3	綱島店	" " 港北区綱島西3-3-3	232(045)541-5531	08	44.11	4,392	92	○	○	○	○	○	○	○	○	○	○	○	○	○
4	日吉店	" " 港北区箕輪町字舟下 707-2	232(044)62-3211	09	52.6	8,305	143	○	○	○	○	○	○	○	○	○	○	○	○	○
5	中山店	" " 緑区台村町往塚下 231-1	232(045)933-2431	13	42.11	5,272	107	○	○	○	○	○	○	○	○	○	○	○	○	○
6	イセザキ店	" " 中区伊勢佐木町3-105	232(045)261-1551	04	44.4	4,019	86	○	○	○	○	○	○	○	○	○	○	○	○	○
7	弘明寺店	" " 南区中島4-84	232(045)731-5330	07	37.5	1,922	46	○	○	○	○	○	○	○	○	○	○	○	○	○
8	杉田店	" " 磯子区杉田2-2-1	232(045)772-3983	07	44.9	1,420	41	○	○	○	○	○	○	○	○	○	○	○	○	○
9	金沢文庫店	" " 金沢区大川21	232(045)783-0001	08	47.9	8,518	160	○	○	○	○	○	○	○	○	○	○	○	○	○
10	戸塚西口店	" " 戸塚区戸塚町60	232(045)871-3880	07	41.12	863	24	○	○	○	○	○	○	○	○	○	○	○	○	○
11	戸塚店	" " 戸塚区上倉田769-1	232(045)864-1201	10	58.6	8,804	185	○	○	○	○	○	○	○	○	○	○	○	○	○
12	橋本店	" 相模原市橋本3-3-1	24(0427)73-0111	51.11		7,765	108	○	○	○	○	○	○	○	○	○	○	○	○	○
13	衣笠店	" 横浜市衣笠町1-13	234(0468)51-5924	43.4		1,483	32	○	○	○	○	○	○	○	○	○	○	○	○	○
14	長後店	" 横浜市長後字宿下分705	237(0466)44-6095	44.10		3,045	77	○	○	○	○	○	○	○	○	○	○	○	○	○
15	座間店	" 座間市入谷1-416-2	24(0462)56-0111	55.5		5,004	94	○	○	○	○	○	○	○	○	○	○	○	○	○
16	太田店	群馬県太田市飯田町1404	131(0276)45-8111	52.10		7,539	105	○	○	○	○	○	○	○	○	○	○	○	○	○
17	藤岡店	" 藤岡市藤岡416-4	135(0274)23-6161	50.2		5,791	82	○	○	○	○	○	○	○	○	○	○	○	○	○
18	成瀬店	東京都町田市成瀬1-3-2	214(0427)28-7111	55.6		6,558	103	○	○	○	○	○	○	○	○	○	○	○	○	○
19	水戸店	茨城県水戸市南町3-6-33	97(0292)26-1311	55.11		9,064	138	○	○	○	○	○	○	○	○	○	○	○	○	○
20	アビタ足利店	栃木県足利市朝倉町245	116(0284)72-8811	60.11		6,108	150	○	○	○	○	○	○	○	○	○	○	○	○	○
21	竜ヶ崎店	茨城県竜ヶ崎市若菜町松葉1783	(02976)6-3563	61.6		591	3	○	○	○	○	○	○	○	○	○	○	○	○	○
22	守谷店	茨城県北相馬郡守谷町久保ヶ丘2-1-1	(02974)5-2211	62.4		4,050	35	○	○	○	○	○	○	○	○	○	○	○	○	○
	静岡地区本部	静岡県静岡市常盤町2-13-1	(0542)51-1371																	
23	三島広小路店	" 三島市広小路町10-6	338(0559)71-9211	48.7		4,722	75	○	○	○	○	○	○	○	○	○	○	○	○	○
24	吉原店	" 富士市国久保2-1-10	342(0545)51-9027	49.6		7,386	132	○	○	○	○	○	○	○	○	○	○	○	○	○
25	富士宮店	" 富士宮市大宮町18-21	339(0544)24-0255	48.10		4,013	94	○	○	○	○	○	○	○	○	○	○	○	○	○
26	呉服町店	" 静岡市呉服町2-1-5	333(0542)51-3833	42.11		2,212	40	○	○	○	○	○	○	○	○	○	○	○	○	○
27	焼津店	" 焼津市本町4-10-24	344(0546)29-4311	44.7		3,688	62	○	○	○	○	○	○	○	○	○	○	○	○	○
28	藤枝店	" 藤枝市本町2-1-35	346(0546)41-6911	42.11		1,625	46	○	○	○	○	○	○	○	○	○	○	○	○	○
29	島田店	" 島田市本通3-3-3	34(05473)5-6611	54.4		3,738	99	○	○	○	○	○	○	○	○	○	○	○	○	○
30	掛川店	" 掛川市南西郷七ノ坪118-1	345(05372)4-4411	47.11		4,365	88	○	○	○	○	○	○	○	○	○	○	○	○	○
31	磐田駅前店	" 磐田市中根399-6	343(05383)5-1151	42.7		2,569	35	○	○	○	○	○	○	○	○	○	○	○	○	○
32	磐田店	" " 見付字天王下3007-1	343(05383)4-5511	55.11		4,688	120	○	○	○	○	○	○	○	○	○	○	○	○	○

APPENDIX F: SAMPLE PAGE OF SURVEY OF LARGE RETAIL SHOPS (C.K.S. 1986).

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都市別大型小売店一覧 (既存、進出予定店舗) (20)

店 舗 名	売場面積 (㎡)	店舗名、系列 開店予定年月など	立地	町小 場収 容台 数	店 舗 名	売場面積 (㎡)	店舗名、系列 開店予定年月など	立地	町小 場収 容台 数
須 崎 557	5,252	SUSAKI	商	220	ビッグマートビル	11,814	ユニード(9,570)	商	
須崎S.C.	3,306				須崎S.バザール	3,885	ユニード(3,804)	商	
大川S.C.	1,946				博商森権店	3,547	博商(3,060)	商	
					松崎S.C.	3,200	博商(2,103)	商	
中 村 558	3,377	NAKAMURA	商	140	(博多)	77,189		商	
中村S.P.さつき	3,358	中村スーパー		40	福岡五福	21,877		商	
中村S.T.てん	2,219	みやた中村	商	180	博多St.B.	16,511	博多井筒屋	商	
*中村S.P.さつき	3,558	増床			福岡東邦生命ビル	15,200	寿屋	商	
福 毛 559	1,777	SUKUMO	商	120	博多St.B.名店街	12,520	岩合	商	
ブルータウンin F.M.	1,777				えじまや南福岡店	4,259	えじまや(697)	商	
							日祐(363)	商	
土佐清水 560	1,617	TOSASHIMIZU	商	50	博商S.バザール	3,822	ユニード(3,221)	商	
土佐清水S.C.P.ビル	1,617	高知スーパー(643)			H.C.安野店	3,000	ユニード(3,000)	商	
[福 岡] 40		FUKUOKA			(中央)	168,416	ユニード	商	
北九州 561	272,803	KITAKYUSHU	商	300	福岡Sp.P.松屋ビル	12,171	ダイエー、福岡松屋	商	
(門司)	12,178			200	天神コア天神第1ビル	46,399	ニチイ、寿屋、ベスト電器	商	
山崎屋	6,525		商	30	ル・第2ビル			商	
門司丸和	5,651		商	200	岩田屋本店	32,546		商	
*寿屋松ヶ江S.C.	6,315		商	400	西日本渡辺ビル	22,147	博多大丸	商	
(香松)	15,181		商	20	渡辺通再開発ビル	15,054	岩合	商	
井筒屋石松店	6,344		商	15	ベスト電器福岡店	7,354		商	
マルシヨク香松店	3,759		商	15	福岡西鉄名店街	5,509	岩合	商	
須崎S.C.	5,078	北九州丸食	商	564	原家具福岡店	3,729		商	
(戸畑)	7,539		商		河村家具本店	3,507		商	
マルシヨク戸畑店	3,586		商		(南)	18,989		商	
サンリア戸畑店	3,949	マルシヨク	商		野間アピロス	13,495	ユニード	商	
(小倉北)	98,956		商	383	大橋西鉄名店街	5,414	西鉄ストア	商	
井筒屋	35,890	本店	商	105	(西)	15,639		商	
小倉五福	16,366		商	70	福岡西グリーンP.	15,699	ユニード(12,679)	商	
ダイエー小倉店	10,510	ユニード	商	250	B.			商	
朝日ヶ丘ショッピングセンター	7,689		商	100	*北山興産B.	13,741	寿屋(10,000)	商	
デオニー	6,553		商	50	(城南)	87,716		商	
マルシヨク列津店	5,813		商	50	(早良)	20,247	西新岩国屋(16,400)	商	
小倉東映会館	4,696		商	50	西新S.D.	16,135	ユニード(11,203)	商	
原家具	4,158		商	50	西新S.C.	10,223	ニチイ(7,217) N	商	
マルシヨク大倉店	3,667		商	50	西新S.バザール	7,819	ユニード(5,808)	商	
三軒野ショッピングセンター	3,414		商	50	サン総合開発第1	4,255	ユニード(4,245)	商	
バザール			商		B.			商	
(小倉南)	52,302		商		日祐西新店	5,145		商	
ダイエー城野店	13,997	ユニード	商	500	中村家具福岡店	3,886		商	
下村S.D.	9,785	ニチイ N	商	400	大牟田 5611	44,751	OMITA	商	
徳力アピロス	12,446	ユニード	商	700	松屋	9,706		商	
小倉S.D.	10,600	ニチイ N	商		久留米井筒屋大牟田	8,640		商	
丸久小倉南店	5,474	丸久	商		大牟田S.バザール	4,737	ユニード(4,345)	商	
(八幡東)	3,667		商		まるまつ	3,776	まるまつ(3,596)	商	
八幡ショッピングセンター	3,667	ユニード	商		S.C.マルシヨク	3,935	マルシヨク(2,617)	商	
(八幡西)	82,988		商		和光S.C.	2,796	日祐(1,122)	商	
イト黒崎	41,079	黒崎そごう(21,136)	商		S.C.さんえい	2,637		商	
黒崎S.C.	9,721	福岡ジャスコ(8,384)	商	270	大牟田パレスビル	2,567		商	
長崎屋黒崎店	9,998		商	76	大牟田西鉄名店街	2,244		商	
井筒屋八幡店	5,800	北九州丸食	商	350	三西ストア	2,078		商	
サンリア折尾	5,267	ユニード系列	商	200	丸共ストア四山店	1,635		商	
ダイエー黒崎店	4,458		商		*大牟田S.C.	10,500	ユニード(5,200)	商	
アラザナカイ	3,663		商		久留米 5640	78,414	KYUME	商	
原家具黒崎店	3,000		商		久留米井筒屋	16,014		商	
相生S.バザール	3,000		商		米城ビル	11,344	久留米岩田店	商	
*ホームインブルー	4,500		商		久留米Sp.P.	8,202	ユニード	商	
アメント	9,894	マルシヨク	商		久留米西鉄名店街	6,570	タミー	商	
*水原MS.C.			商		国鉄久留米駅前S.	2,930	ユニード	商	
			商		バザール			商	
福岡 562	383,656	FUKUOKA	商		家具アラザナフコ	1,837	西日本ナフコ	商	
(東)	35,733		商		タイホー十三郎店	1,820		商	
倉庫S.バザール	13,287	ユニード(8,577)	商		ショッピングセンター久留米	13,107	六ツ門ユニード	商	
			商		西鉄久留米駅前口再	6,002		商	
			商		開発B.A棟			商	
			商		* B棟	10,588		商	

APPENDIX H: SAMPLE PAGE OF DATA FROM THE MINISTRY OF TRADE AND INDUSTRY (MITI).

所 在 地	第一種大規模 小売店舗の名称	設 置 者 名	開 出 日 (公 示 日)	開 店 日	区 分	建 物 の 概 要				小 売 業 の 概 要			閉店時刻 の概要 (午後)	休業日数 の概要	備 考
						専 門 店	専 業 店	店 舗 面 積 (m ²)	小 売 業 者 数	特 定 大 型 店 舗 の 店 舗 面 積 (m ²)	特 定 大 型 店 舗 の 店 舗 数	特 定 大 型 店 舗 の 店 舗 面 積 (m ²)			
岡山県 岡山市 中之町 2ビル	中之町 2ビル	中之町 2ビル	49.3.30	既行	B	専門店	27,204	5,239	20	2	岡山県 岡山市 中之町	1,146 (7:00-7:00) 2,907 (7:00-7:00)	7:00 (年42日)	1/1004	
岡山県 岡山市 中之町 中央会館	中之町 中央会館	中之町 中央会館	49.4.4	既行	B	専門店	9,253	4,086	1	1	岡山県 岡山市 中之町	4,086 (7:00-7:00)	7:00 (年30日)	1/1004	
岡山県 岡山市 中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	49.4.4	既行	B	専門店	9,705	6,110	7	1	岡山県 岡山市 中之町	5,302 (7:00-7:00)	7:00 (年30日)	1/1004	
岡山県 岡山市 中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	49.4.4	既行	B	専門店	5,868	4,857	3	1	岡山県 岡山市 中之町	3,272 (7:00-7:00)	7:00 (年30日)	1/1004	
岡山県 岡山市 中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	49.4.5	既行	A	百貨店	12,495	6,030	28	1	岡山県 岡山市 中之町	17,102 (6:00-7:00)	6:00 (年42日)	1/1004	
岡山県 岡山市 中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	49.4.5	既行	C	百貨店	46,544	22,195	1	1	岡山県 岡山市 中之町	22,195 (7:00-7:00)	7:00 (年42日)	1/1004	
岡山県 岡山市 中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	49.4.11	既行	C	専門店	22,479	10,241	18	1	岡山県 岡山市 中之町	6,944 (7:00-7:00)	7:00 (年30日)	1/1004	
岡山県 岡山市 中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	49.5.2	既行	◎	百貨店	14,357	1,576	8	1	岡山県 岡山市 中之町	892 (7:00-7:00)	7:00 (年44日)	1/1004	
岡山県 岡山市 中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	49.5.25	既行	◎	百貨店	14,357	1,576	8	1	岡山県 岡山市 中之町	892 (7:00-7:00)	7:00 (年44日)	1/1004	
岡山県 岡山市 中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	50.3.19	既行	B	専門店	8,882	3,825	18	1	岡山県 岡山市 中之町	2,306 (6:30-7:00)	6:30 (年24日)	1/1004	
岡山県 岡山市 中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	50.3.27	既行	B	百貨店	5,054	4,086	31	1	岡山県 岡山市 中之町	2,306 (6:30-7:00)	6:30 (年24日)	1/1004	
岡山県 岡山市 中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	50.6.2	既行	B	百貨店	5,054	4,086	31	1	岡山県 岡山市 中之町	2,306 (6:30-7:00)	6:30 (年24日)	1/1004	
岡山県 岡山市 中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	50.7.4	既行	C	専門店	22,251	10,686	34	1	岡山県 岡山市 中之町	6,802 (7:00-7:00)	7:00 (年30日)	1/1004	
岡山県 岡山市 中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	50.7.4	既行	C	百貨店	22,251	10,686	34	1	岡山県 岡山市 中之町	6,802 (7:00-7:00)	7:00 (年30日)	1/1004	
岡山県 岡山市 中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	50.7.22	既行	C	専門店	2,650	2,270	7	1	岡山県 岡山市 中之町	948 (6:30-7:00)	6:30 (年30日)	1/1004	
岡山県 岡山市 中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	51.6.15	既行	◎	百貨店	14,564	9,156	6	1	岡山県 岡山市 中之町	8,458 (7:00-7:00)	7:00 (年30日)	1/1004	
岡山県 岡山市 中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	51.7.3	既行	◎	百貨店	14,564	9,156	6	1	岡山県 岡山市 中之町	8,458 (7:00-7:00)	7:00 (年30日)	1/1004	
岡山県 岡山市 中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	51.8.24	既行	B	百貨店	10,783	4,731	34	1	岡山県 岡山市 中之町	8,901 (7:00-7:00)	7:00 (年30日)	1/1004	
岡山県 岡山市 中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	51.9.4	既行	C	専門店	33,768	18,331	19	3	岡山県 岡山市 中之町	15,176 (7:00-7:00)	7:00 (年30日)	1/1004	
岡山県 岡山市 中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	51.10.8	既行	C	専門店	2,993	1,999	1	1	岡山県 岡山市 中之町	6:30 (年54日)	6:30 (年54日)	1/1004	
岡山県 岡山市 中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	中之町 日本生命岡山駅前ビル	51.10.22	既行	C	専門店	2,993	1,999	1	1	岡山県 岡山市 中之町	6:30 (年54日)	6:30 (年54日)	1/1004	

注。()内は調査済み

APPENDIX I: ORGANISATIONAL CHANGE IN EUROPE: SOME CONCLUSIONS

- 2.7.1 The major changes occurring within the organisational structure of European retailing are primarily related to increased pressures for organisational growth. These pressures have been further increased as institutional investors have replaced or supplemented family interests in European retail organisations, and as organised concentration within most retail sectors has forced companies to explore new avenues and opportunities. The need to respond to these pressures for growth within the organisational environment, has generally led to most companies considering a wider range of strategic options than has traditionally been the case in retailing.
- 2.7.2 As companies respond to these pressures, they have become involved in a variety of diverse activities in different retail sectors and geographical markets. The longer-term and wider view of their business activities provided by strategic planning, has seen an increase in market concentration, diversification and internationalisation at the organisational level. These trends have been motivated by both positive and negative responses to external and internal changes in the organisational and operational environment. External factors such as consumer change and government intervention have both provided and restricted opportunities for growth, and organisational and operational changes have allowed companies to pursue many of these options.
- 2.7.3 The future importance of each of these trends will vary from country to country, and upon the ability of individual companies to manage and control the increasing complexity of modern retail organisations. The future development of market domination strategies within European retailing depends largely upon opportunities within countries, and in specific retail sectors, organisational concentration has already reached high levels, and the potential for future growth may be limited, whereas in others - particularly southern Europe and some non-food sectors - concentration is still at low levels and opportunities exist. The greatest potential for further concentration may be through geographical expansion, whether at the national or international level, and among contractual chains, as they seek to improve their efficiency to allow them to compete with corporate chains.
- 2.7.4 The greater opportunity for organisational growth in certain retail sectors or segments has encouraged the diversification of retail organisations. Again, both restrictions in present operations and perceived opportunities in new activities as a result of external and internal changes in the organisational environment,

encourage these strategies. Consumer change in particular has provide growth opportunities in certain retail markets and segments, with those relating to leisure activities having received most attention to date. Another area attracting the attention of retailers in recent years has been service activities. Some of these activities deserve particular attention for they represent a response to changes in consumer attitudes and consumer activity, with the goods being offered to consumers being regarded more as a 'service' or complete package, not merely a physical product. Diversification into service activities is likely to continue in the future, but many of these activities require particular specialist skills. Consequently, existing staff and management expertise may place constraints upon future development.

2.7.5 Finally, in recent decades, internationalisation strategies have proved popular with many European retailers, with potential growth opportunities overseas, and home market limitations, providing the impetus for such an option. Although internationalisation can be a hazardous strategy, and generally involves some organisational or operational adjustment, the identification of similar consumer groups and opportunities in different national markets is likely to maintain and encourage these trends in future.

2.7.6 Each of these three major trends at the organisational level may be pursued through internal and external growth mechanisms. The extent to which these mechanisms are adopted relates again to national market conditions and corporate circumstances. In the most concentrated markets and sectors, site saturation may prevent further indigenous growth, while government intervention may limit acquisition, merger and takeover policies. Similarly, the opportunities for acquisition may be limited. In markets in which organisational concentration is both high or low, the size, significance or quality of potential targets may prevent acquisition from becoming a viable strategy.

2.7.7 It is, however, evident that co-operation and collaboration are playing an important role in the pursuit of these corporate strategies - at an international, national and sectoral level. The increased use of such growth mechanisms reflect, in part, a recognition by many retailers of the need for, and benefits of, specialisation and expertise - particularly with regard to diversification and internationalisation strategies in which the organisation often comes into contact with unfamiliar consumer groups and consumer activity. Additionally, co-operation and collaboration by virtue of their less formal and rigid linkages allow corporate flexibility, enabling the company to respond rapidly to changes in the consumer and other relevant environments.

- 2.7.8 These pressures for growth and corporate responses within the organisational environment of European retailing, inevitably have implications for the structure and relationships within the retail and distribution industry. Concentration, involving an increased market share held by fewer organisations, disrupts both existing horizontal and vertical channel relationships, as do diversification and internationalisation strategies, which may introduce generally efficient and relatively well organised concerns to less efficient sectors or markets.
- 2.7.9 However, perhaps the most important implications of organisational change within retailing, as far as companies are concerned, are those related to corporate control and management issues. Both the complexity and diversity of major retail companies, and the pace at which change may occur within the industry, require flexible control over the organisation. The direction and pace of organisational change at a strategic and operational level must be managed by the company. Advances in communications technology have gone some way towards providing the information necessary to allow this controlled flexibility, but this alone will not provide the solution. There is a need for adaptations in management systems if the necessary control systems are to be implemented successfully.

Taken from Dawson and Burt (1987), The Evolution of European Retailing, Volume 2, Corporate Change, p36-38.

APPENDIX J: BENEFITS OF ELECTRONIC POINT OF SALE (EPOS) SYSTEMS

1. Logistical benefits

- (a) The rapid flow of information and the immediate recording of sales allows stockholding to be reduced; in the [UK] grocery sector, the typical holding of 2.5 weeks' sales has been reduced to 1.4 in some cases (Robson 1987).
- (b) Orders to suppliers can be automatically triggered or suggested.
- (c) Deliveries can be scheduled to reduce congestion in the loading area, thereby improving vehicle utilization.

2. Productivity benefits

- (a) Faster checkouts mean better utilization of store labour.
- (b) Detailed records of transaction flows facilitate better labour scheduling (Dawson et al. 1987).
- (c) There is less need for 'front-end' supervision, and cash management is facilitated.
- (d) No/less item price marking is required, although more care is required in shelf-edge marking.
- (e) Better stock control and faster checkouts allow more productive use of space.

3. Buying benefits

- (a) Buyers have a constantly updated record of sales trends by product and by store.
- (b) It is not necessary to accept manufacturer's generalized or selective reports of sales trends.
- (c) Demand forecasts can be based upon detailed knowledge of seasonal and local trends.

4. Customer service

- (a) Faster checkouts and better labour scheduling reduce queues.
- (b) Itemized receipt provides a detailed record of purchases.
- (c) There should be fewer checkout errors, although cases have been reported of stores failing to harmonize the prices on the shelf markers with those in the computer file.
- (d) Further time saving is achieved if the EPOS system is linked to automatic cheque printing, credit authorization or electronic funds transfer systems (EFTPOS).

5. Marketing strategy

- (a) Immediate feedback can be obtained after adjustments in pricing, product range, display allocations or advertising.
- (b) Experiments involving the manipulation of marketing variables can be more easily and rapidly analysed.
- (c) Store layouts can be improved through the analysis of product purchase patterns, i.e. which products tend to be bought within the same transaction.
- (d) Analysis of transaction numbers and sizes by time of day/day of week can provide guidelines for policies regarding hours of opening and customer service levels.

- (e) If some form of customer identification is linked to the transaction record, for example if a store card is used, then many additional opportunities are available. The success of each commodity group in attracting specific customer segments can be analysed. Communications can be sent to certain customers to increase their loyalty to the store and/or to encourage them to use different sections of the store.

Source: McGoldrick 1990, p12-13.

APPENDIX K: THEORIES OF RETAIL CHANGE.

As adapted from the summary by Cox and Brittain (1988), p6-8.

1) The Wheel of Retailing.

This theory, first championed by Professor McNair of Harvard (1957), postulates that an efficient innovatory form of retailing (such as discounting) enters the market and attracts the public by its new appeal. Growth and maturation occur during which market shares are increased, but trading-up occurs and finally the firms become high cost, high price retailers once again vulnerable to the next innovator. Reasons for occurrence include:

(a) Organizational deterioration. As young innovators age they become more conservative and may seek greater social acceptableness. Again, they may be unable to recruit management capable of extending the life of the innovation.

(b) Economic factors. The popularity of non-price competition produces higher gross margin requirements as an institution matures. It suggests that non-price competition is less ruinous than price competition.

2) The Accordion Theory or General-Specific-General Cycle.

This describes the tendency for retail business to become dominated (alternatively) by generalists, then specialists and then generalists again. The switch to the specialist store from the old time general store occurred because:

- (a) the greater variety of consumer goods available could not be accommodated in the old general store;
- (b) growth of cities meant that consumer markets allowed profitable segmentation;
- (c) it provided a social content to the shopping trip which was required as society became more complex and impersonal.

The tendencies helping to create the new general store or hypermarket include:

- (a) joining complementary lines, e.g. meat, groceries and produce;
- (b) creaming, i.e. taking the most popular lines from other retail outlets' ranges, e.g. paperbacks, confectionery, to create small but sure profits;
- (c) scrambling, i.e. the taking of risky merchandise from other outlets means buying high margin, lower stockturn lines, e.g. unit audio, expensive toys;
- (d) adding complete ranges 'borrowed' from other institutions, e.g. Marks and Spencer selling food to increase the physical density of shoppers in their stores;
- (e) the growth of shopping centres. Large modern air conditioned centres, particularly those with a substantial food complement, are somewhat like huge general stores. Note also the return to small convenience stores which are now competing successfully by staying open for long hours."

3) Natural Selection in Retailing.

Charles Darwin's biological theory of natural selection has been plagiarised and paraphrased to 'retail types (or units), which best adjust to their environment, are most likely to survive'. The department store is often cited as an example of a retail type failing to adapt quickly to changes in external conditions like suburban growth and congestion in town centres. These very factors have, of course, helped the out-of-town stores.

The major environmental factors affecting retailing are:

(a) Changes in the consumer character:

(i) demographic, e.g. population changes;

(ii) social, e.g. product and service preferences;

(iii) economic, e.g. changes in real incomes.

(b) Changes in technology, e.g. greater ownership, use of motor cars, and of food freezers.

(c) Changes in competition, i.e. changes in the levels of competitive strength within the areas of influence. It will be seen that these factors may react upon the environment in both a friendly and unfriendly way depending on the type of retail organization.

Notes:

1. The following is taken from McGoldrick (1990):

"Retailing is a dynamic industry, subject to constant change brought about by economic, demographic, legislative, technological and competitive forces. Some writers have observed cyclical tendencies in the life and trading styles of retail companies and institutions. The 'wheel of retailing' hypothesis suggests that retail innovators tend progressively to trade up, leaving themselves eventually vulnerable to new innovators. The concept of the life-cycle has also been applied to retailing institutions, and retail life-cycles appear to be getting shorter. Although these generalizations obviously cannot be applied in every case, they do help to underline the need for positive, long-term marketing planning." p19

2. The 'Accordion Theory' or 'General-Specific-General Cycle' was initially expounded by Hower (1943) and Hollander (1966). Rosenbloom (1981) stated it should not be regarded as being either a predictive tool or a precise explanatory model.

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