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RETAILING REVOLUTION IN JAPAN: a comparative study

by

Takeshi Shimizu

The storm of distribution-revolution has been overshadowing the retail business in Japan for the past few years as in many countries abroad. Even such an extreme argument has come about to be expressed that in the near future the Japan's retail business would be wholly predominated by the American-born retail form of big-sized and self-service system, that is, super-market, discount-house, SSDDS and others.

True in America such big-sized self-service form of retailing is now making up an overwhelming share in the retail business and appears to be further expanding. However, whether this fact is applicable to our country as it is, or whether it can serve as a blueprint for our future retail business—these problems permit no immediate answer, leaving much room for reflection on the peculiar features of our country. So in this paper we want to consider future courses of our retail business in connection with surrounding peculiar conditions in Japan.

The Mechanism of Distribution-Revolution in the United States

Needless to say, national economy consists of three aspects, or phases, of production, distribution and consumption. In America first the production-revolution was borne by various innovations on energy sources and resultant progresses of mechanization and in the postwar period automatization all pointing to cost-down and rationalization in production. Naturally this brought about mass-production and product standardization. Next, in the consumption phase, the growth in personal income and expenditure for consumption, and the emergence of the middle-income class as well, caused the level-off of consumption mode, which worked to uniformize consumption patterns, customs and behaviors of consumers, and thus to formulate mass-consumption market for standardized products. This is the consumption-revolution in America.

The distribution-revolution advanced, being affected by the revolutions in both sides and keeping some time-lag. There, the mechanism of distribution,

which was to perform the function of connecting standardized mass-products and the uniformized mass-market, had to be one consisting of uni-type mass-distribution machines. This could provide grounds for the birth and existence of big-type self-service retail stores. It was enough for the retail business, as one of the distribution machines, efficiently to connect standardized mass-production and uniformized mass-consumption. As the one method of rationalization and improvement of distribution efficiency, served the self-service system and big scale business, and this led to lower prices. In fact these developments brought about a decrease of distribution expenses of food retailing, from 30% to 17%, and an economization of more than 10% on food expenditure of consumers. Such advances of the distribution-revolution were further promoted by various socio-economic factors.

The first to be mentioned was increased smoothness in physical distribution activities derived from progresses in transportation and warehousing facilities; the second, development of mass-media which enabled speedy appeal to consumers and pre-selling, thus affording the ground for self-selection; the third, labor shortage and accompanying high labor cost, which necessitated the adoption of self-service system; the fourth, automobilization which facilitated self-service system through transportation of purchased goods by the customers themselves, and high-rate popularization of refrigerators that gave birth to practice of stock-buying on week base; the fifth, movement of population toward suburb areas made expansion of selling space easier through lower rent and diminished financial burden which, side by side with improved traffic conditions, supported big stores in the suburbs. In addition to these, developments of packaging materials and methods of freezing and processing brought about the merchandise fitted to self-selection.

In this way, the production and consumption-revolution, and socio-economic factors as well, resulted in the flourishing big-sized and self-service retailing in U.S. Today the total number of supermarket is 33,300, accounting for 69% of the total dollar sales volume of retail grocery stores and as much as 16.5% of national retail sales in 1960.¹⁾

Present Conditions and Peculiar Features in Japan

In Japan the first self-service store, Kinokuniya, was born in 1953, twenty-three years after 1930 when Michael Cullen first opened a supermarket, "King Kullen Store". Thereafter the self-service store showed gradual growth, until in 1964 it registered 5,045 stores; 839 stores if confined to those with a yearly sales amount of \$280,000 or more.²⁾ In 1964 their total sales are estimated to be 7.65% of total retail sales, and about 4% as for supermarkets

1) Source: Facts in Retail Grocery Distribution, April, 1961, p.F9.

2) According to the Japan Self-Service Association.

and superstores with yearly sales of over \$280,000.

Presently in Japan the share of self-service stores in the National retail sales is supposed to be less than a quarter of that in U.S., but it is expected to rise gradually. It is questionable, however, if the weight should reach to a level comparable with America in the near future. For in Japan various peculiarities as against U.S. are found with respect to each of production, distribution and consumption phases, as well as with other socio-economic factors.

First let's consider our peculiarities on the production phase. The National industrial production for 1962 has shown a 2.7-fold increase over 1955; 7.6-fold in the durable consumer-goods sector. This fact might be said to suggest the arrival of the production-revolution at this country, with mass-production and standardized products, accelerated by technological innovation and automatization. A fact to be noticed here is, however, that medium-small scale producers are carrying a heavy weight—producers employing less than 300 workers account for 99.5% of the total number. On another hand, for town households, 75% of consumers' expenditure for industrial consumer goods is directed to products of medium-small scale makers. These facts contradict the said mass-production of standardized products in its primary sense. They represent a great difference as compared with U.S. where production is concentrated on a small number of producers, even though one could similarly speak of the production-revolution on both countries. As another peculiarity on the production phase, agricultural production is worth mentioning. In recent years supplies of agricultural products have been unable to meet increasing demands following the grade-up of diet life in Japan, despite remarkable growth in live-stock and fruit production. Neither mass-production nor surplus production nor product standardization can be recognized in agriculture, that is to say, hardly any production revolution.

As for the peculiarities in the consumption phase, one can see that the contents of the consumption-revolution in U.S. have been increased personal income and personal expenditure for consumption, birth of middle-income class and uniformization of consumption life—all on high degrees, whereas in Japan these have been only on low levels. To illustrate, our per-capita annual income for 1963 was \$520 compared with \$2,500 in U.S. Annual consumer expenditure was \$360 compared with \$2,000. The trend of level-off in consumption might be recognized also in our country, as has been pointed out in the White Paper on National Living, with respect to qualitative changes in diet life, popularization of durable consumer goods, transitions in light-heat consumption or growth of so-called leisure consumption.³⁾ Yet such level-off has been only of limited scale, since consumers are lacking in the uniformity of living and consumptions-views to be based on rationalism and

3) Economic Planning Agency, Kokumin Seikatsu Hakusho, 1964.

efficiency-ism as seen in America. Thus an appreciable difference within the advances of consumption-revolution should be acknowledged between Japan and U.S.

Next, on the peculiarities on the distribution phase, structural characteristics in our retailing must be observed. Firstly, over-multitude and pettiness of retail stores are to be pointed out. At the present, in 1966, retail stores count about 1,370 thousand; 14 stores per 1,000 population compared with 9 in U.S. The pettiness is shown in the state that stores with 1 to 4 employees account for 90% of the total number; those bigger ones with more than 20 employees are less than 1%. The number of regular employees per a store is only 3.0 persons as against 4.9 persons in U.S.⁴⁾

The said over-multitude and pettiness are reflected also in the relative composition of wholesale and retail stores. The ratio of number of both stores between the two is 17 to 83, while that of yearly sales is adversely 83 to 17. Contrastively in U.S. the former ratio is 16 to 84, almost the same as in our country, while the latter is 60 to 40, substantially heavy on the side of retail sales.⁵⁾

Such over-multitude and pettiness are closely related to the following factors. Firstly, entry into retail market is rather easy, bringing about numerous number of small-sized stores. Retailing usually requires not so much specialized skill or experience and is possible to open with small amount of funds; hence numerous new entry. Between 1956 and 1964 new opening registered 733 thousand; deducting closed stores of 611 thousand, a net increase of 122 thousand.⁶⁾ The other reason lies in the minuteness of market, indigenous to retailing. In our country uniformalization of living-mode and tastes is not so much advanced, the area and unit of shopping are limited compared with U.S., and so most of retail stores are those dealing convenience goods, with markets being minutely divided by areas and merchandise lines. This is causing sharp competition among small retailers themselves as well as between small and big stores. Due to the minuteness of market even big stores are unable to utilize the "economy of scale" fully. On the other hand, small stores consist mainly of personally-managed establishments depending on the labor of family members. These are meeting the competition by way of covering low productivity by underestimating the value of their own labor. These are making the ground for the survival of small-sized retail stores.

Their low productivity is represented in the figures below. Retail stores with yearly sales of some \$1,400 each make up 50% of all stores. Monthly sales per a store amount only \$830 compared with \$1,200 in U.S.A. Similarly

4) Shogyo Tokei Sokuho (Statistical Report on Commerce), 1966. Census of Business 1963.

5) Shogyo Tokei Sokuho, 1966. Census of Business 1963.

6) Medium-Small Enterprise Agency, Chusho Kigyo Hakusho (White Paper on Medium-Small Enterprises), 1966, p. 72.

monthly sales per a worker is about \$560 as against \$2,400 in U.S. right reflecting low productivity.⁷⁾ In the national incomes account, per-employee income for wholesale-retail industry in 1965 is \$1,500, which exceeds \$720 for agriculture-forestry-fishery, but falls short of ¥1,700 thousand for manufacturing.⁸⁾ It is true that since 1959 the pace of productivity increase in distribution has been a little larger than that in manufacturing, but this should be regarded as a result of price rises due to increased distribution costs rather than an improvement in productivity.

We can point out four factors affecting on such low productivity. The first is the above mentioned minute division of market, which naturally necessitates a larger number of stores in retailing and wholesaling. Secondly, differentials of business scale should be observed. In 1964 the per-employee sales for big-sized wholesale stores with employees of more than 100 persons was 7 times as high as that for small stores with 1 to 2 employees; in retail stores, about 4 times. Thirdly, there is backwardness in business modernization. In the case of personal and household-wise enterprise, which is numerous in our retailing, money accounts for household and business are usually un-separated, resulting in low store-owner's consciousness for improving business management. Fourth, the accumulation of distribution-capital is still insufficient. Retailers' ability to procure capital is weak, and their investments in physical facilities are far smaller than in manufacturing.⁹⁾

The peculiarities in our distribution industry can be seen not only for retail level, but also for wholesale level. As of 1966, 288 thousand wholesale stores were existing. This represented a ratio of 1 to 4.7 between wholesale and retail stores; in U.S. 1 to 5.5. In addition, it should be kept in mind that in Japan most products are distributed through complex routes of wholesalers, whose power still remaining influential. In other words in our wholesaling intra-group trade is occupying a high proportion (40 to 50%) as compared with U.S. while retailers buy not directly from producers but indirectly through wholesalers. The reason for such complexity of distribution structure could be found in the minuteness and dispersedness both in the structures of demand and production. The pettiness and dispersedness in retail market requires a large multitude of wholesalers, making the distribution channel more complex. For instance, it is said, in textile industry five to six steps lie between yarn and finished articles on sale.¹⁰⁾ For another example, in raw-fresh foodstuffs a large number of assemblers are needed, making complex steps, because small-scale producers are spreading over many areas.

7) Statistical Report on Commerce, 1964.

8) Op.cit., White Paper on Medium-Small Enterprises, 1966, p.72.

9) Op.cit., White Paper on Medium-Small Enterprises, 1966, p.73.

10) Tokyo Chamber of Commerce and Industry, Wagakuni no Voluntary Chains (Voluntary Chains in Japan), 1967, p.12.

In addition to the above explained peculiarities regarding production, distribution and consumption, there are various particular features of socio-economic factors. Firstly, physical facilities for distribution, including transportation and warehousing, are appreciably unadvanced, as is shown by the fact that today rationalization of such facilities are being put on earnest discussion.⁶⁾ Secondly, wage levels are low compared with U.S., although the differentials between the two countries have been diminishing owing to the level-up of our wages in general, and so any economization of personnel expenses by way of, e.g., self-service system, does not always lead to economized total cost. Thirdly, relatively low grade of popularization of auto and big-type refrigerator is hampering American-type self-service system; U.S. has one car per 2.3 persons, Japan one car per 26 persons; for refrigerator the popularization in America is 98%, in Japan 83% (and that, small-type). Our consumers usually rely on immediate-use purchase, which naturally tends to be conservative. This confines consumption and purchase. In the comparison of unit-purchase amount, it is \$0.8 in Japan's supermarkets, much smaller than \$5 in U.S. Fourth, the concentration of population on urban areas is working together self-service store into town districts, which leads to narrower selling space partly due to higher rent. American supermarket has, on average, a space of about 1,400 sq. meters; in Japan, a quarter of this. For this reason, car-stationing space is provided only by 7% of supermarkets. Fifth, worse traffic conditions in town areas are making utilization of self-service stores more difficult for consumers. Lastly in America developments of cold-storage equipment, food-processing technique and packaging method have helped promoting the self-service system. There are in Japan still on advanced stages, especially for pre-packaging, making a serious difficulty for the system.

In the above we have illustrated our peculiarities on various aspects. Those in the production and consumption phases reveal the reality that no American-some mass-production and mass-consumption exists in Japan, hence no mass-distribution that might give the ground for big-type and self-service retailing. Stillmore its development is being checked by various socio-economic factors. Therein lies the reason for customary-service stores to remain.

Future Course and Development in Japan

In America thirty-eight years have passed since the first birth of supermarket; in Japan only fifteen years since the beginning of self-service store. There is a historical gap of twenty three years, which is nothing but to tell the same gap on national economy, its three phases. In view of the current growth rate of the Japanese economy, two times as high as that of U.S. it might be possible to expect that in ten years American-type self-service retail-

ing would predominate market, presenting a picture akin to America today. True, a forecast by the Ministry of International Trade and Industry that by 1975 self-service stores would account for 20.6% of total retail sales, and the share of 16.5% that American supermarkets are holding today, might suggest that the present state of retailing in U.S. presents a blue-print for Japan ten years later.

A point to notice here is, however, that, even if big-type self-service stores may have a dominant share ten years later, this would not be a position extending over all of product lines. In other words, the self-service system can most effectively exhibit its strength only as a distribution machine of standardized products toward uniformed demands. The product lines are thus confined to those with sufficient room for the "economy of scale" to work. Such field may include processed foodstuffs, medical goods, grocery, some durable consumer goods and clothings.

Even with these goods it is not safe to say that a perfect predomination by big-type self-service stores would prevail. For, when, due to standardized and uniformalized consumption life derived from increased income and production, all people drink the same instant coffee, put on clothes of the same pattern, carry handbags of the same color or have shoes of the same design on, there will always emerge some consumer groups who prefer distinction from general people. On these cases the market will be divided into one for mass people and one for upper-stratum. In the upper-stratum market an expenditure of more money will not be hesitated for a product that can meet a main taste or desire and distinguish him from others.

Actually in the postwar transitions of consumer wants, three stages are clearly recognizable; the first, for satisfying physical needs; the second, for fulfilling desire to possess utility goods such as appliances and cars; the third, for gratifying spiritual wants. It may be said that in Japan today consumers are being born who pursue high-class taste or sense. Therefore, the future seems hopeful for those high-class speciality-stores pointing to such high-class markets, if they make efforts to assort a good variety of some selected items, if on a small scale, in contrast to self-service stores that put utmost weight on rationalization through the system and hence are poor in variety; and if further furnish better personal services to customers. To observe the current state of specialty-stores in Japan, their national organization, the Japan Specialty Stores Association, is subscribed by 8,232 stores, of which as many as 5,435 stores belong to the field of clothings, reflecting a particularity of our economic structure. This fact has some connection with the phenomenon that in Japan the word "superstore" is used generally to imply big self-service store dealing clothings mainly with substantial influence in the trade. A noteworthy matter about the specialty store is that there is appearing an advance toward bigger type and upper-class concentration through the chain system, as seen in the annexed table.¹¹⁾

However, it is not specialty stores alone, but also department stores as well, that should point to the said upper-stratum market. Environmental conditions are becoming more and more rigid for department stores, that have been proud of several-hundred-years' tradition and history and sitting on the throne of the retail business circles. At present, 1967, they count 374 stores, 173 firms, making up 10.3% of total national retail sales. Although this share of 10.3% exceeds 9.8% of 1960, there is a declining tendency in the more recent years; 10.7% in 1962, 11.0% in 1964.¹²⁾ This is due to their degrading growth rate of sales; between 1964 and 1966 national retail sales showed a growth of 20% compared with 10-odd % for department stores. This shift in relative position was derived from the development of the self-service system, mainly of supermarket, and the movement of population toward suburbs.

Apart from the above explained high-class specialty stores and department stores aiming at high-stratum markets, special service stores and local-stores might also be expected to survive, side by side with big-type self-service stores.

The said special service store denote beauty-saloon, barber's shop, cleaning shop, repairer of electrical appliances, etc. Small-type store for these services must increase as the result of grade-up of the standard of living and advance of the service economy. These stores have merits in that relatively small amount of capital is need and personal services, which the self-service system cannot provide, are capable to utilize. Hence, these fields are expected to make further advance without suffering from threats from big-type stores.

On the other hand, the future of local-stores remains to be seen, which aim at near-by customers only. In the realty these are gravely being affected by the development of big-type self-service stores. A detailed analysis of this type of small retailers is indispensable for clarifying the peculiarities in Japan, in view of the facts that the Japanese distribution-revolution is not yet completed and small-type stores are still holding a large share. In the below, therefore, the present phase of local-stores and the conditions for their ex-

11) Concentration in Specialty Stores

	Number of top Firms	Share	
		1967	1970 (est.)
Electrical appliances	300	17%	29%
Camera	100	44	55
Watch	100	13	22
Furniture	50	12	19
Shoes	10	13	19
Books	100	20	35

(Nihon Keizai Shimbun, Jan. 4, 1968.)

12) Nihon Keizai Shimbun, Dec. 10, 1967.

istence shall be considered in some details.

Retailing Cycle and Small Stores

It is often said that the history of retailing is that of big retailer. Since the turn of the century the "general store" and "limited-line store", which had been representative retail store in America for several hundred years, began to be threatened by the emergence of the big-type store, then a revolutionary form of retailing. The birth of the department store, to be called the forerunner of big-type store, was in the 1860s; the mail-order house started in the latter half of the 19th century and blossomed in the 1910-1920s; the chain store flourished in the 1920s; in the 1930s emerged the self-service store and supermarket; in the 1950s was born the discount house; in the 1960s SSDDS.

Throughout these developments and transitions of big-type retail store, there has been a common pattern that is called the "wheel of retailing."¹³⁾ At the beginning newly born type advanced into market with weapons of low margin and low price in order to compete with existing customary type retail stores. As stores of this new type gained ground within the retail structure, the competition turned itself from one between different types to one within the same type. Then the price was no more effective as the weapon and replaced for elaborated establishments and facilities and qualitative betterment of merchandises. This caused, however, increased investment and operating costs, resulting in higher price; these in turn provided incentive to emergence of another new type stores that utilized low price as the weapon. Depicting such a cycle, all big-type retail forms followed the course of birth, flourishing and decline.

The developments and transitions of big-type retail stores having been so epochmaking, we are susceptible to an illusion that retail trade is represented only by such big-type stores. In the real position of retailing, however, even in America today most retail stores are being operated by independent, small retailers. In 1958 in America, of total 1,780 thousand stores with total sales of \$220,000 m, 1,440 thousand are independent stores not affiliated with chain systems. Again of this 1,440 thousand stores, 80% are small-type stores with yearly sales of less than \$100 thousand; so these account for 65% of all retail stores. While thus making up an overwhelming portion for the number, their share in sales is only 5%.

Such a picture is more distinct in present Japan. Total retail sales for 1966 counted \$30 billion, a 25.5% rise over 1964; retail stores numbered 1,370 thousand, a 5.2% increase over 1964. This rise in sales exceeding that in number may partly suggest growth of big-type stores, but the weight of

13) Significant Trends & Developments in the post period, M.P. McNair, pp. 17~18.

petty stores has been still heavy as before. So-called petty stores, that is, those with 1 to 4 employees, registers in 1966, 1,230 thousand, an increase of 70,000 over 1964, making up 90% of total retail stores. If the scope is limited to the "household-wise" retail stores, with 1 to 2 employees, their proportion has shown 70% in 1958, 71.0% in 1960, 71.3% in 1962 and 70.3% in 1964; a fairly stable value, only in 1966 declining to below 70%, i.e., 67%.¹⁴⁾ In short, it may be safe to estimate that in Japan independent petty stores account for more than 90% of the total retail stores since the chain system is still unmaturing.

All these demonstrate that small-type stores, even petty shops, ought not to be lightly treated since in essence retailing is a petty business with limited customers as the object, and so the economy of scale does not work so strongly as with the case of the production phase.

The Development of Community and the Local-Store

The local-store here denotes those petty shops, with 1 to 2 employees, that deal in mainly convenience goods; as the matter of retailing form of stores it includes the general-store and limited-line stores such as fresh-meat, fruit and vegetables, hardware or clothings shops—those generally grouped under the specialty store in the wide sense. Stores dealing shopping goods, e.g., better-quality clothes, accessories, watch or camera, are excluded from the said local-store, since more specifically these have the character to be called selected-type specialty stores.

The name of local-store is given to the general-store and such limited-line store, for the reason that these can successfully meet competition only by their location in areas outside trade-centers of town areas. The problems to be presented here concern with the general-store and limited-line store faced with competition from both sides—from one side by big-type self-service stores i.e., supermarket, superstore and discount-house, that feature high turn-over and low prices through the self-service system, from the other side by selected-type specialty stores and department stores intending to appeal to high-level desires of customers.

Now, what is the reason why, not only in our country but also in America, local stores are maintaining a high proportion in the number of stores despite severe competition. It may be found in its functions and characteristic features. Its function is different from that of the supermarket in that the former bears all functions of retailing. The supermarket has shifted the functions of delivery, finance and merchandise selection to the consumer's shoulders, whereas the local store put these on their own shoulders. So, it may be said, the local store creates all utilities of place, time, possession and information

14) Shogyo Tokei Sokuho (Statistical Report on Commerce), 1966.

fully, as contrasted with the supermarket. And the characteristics of the local store lie on the point that generally it is located in a local community of relatively small scale, and is managed in conformity with desires of small number of customers there. Here lie the elements that are to distinguish it from big-type or specialty stores.

In short, the function and characteristics of the local store exist in furnishing convenience to limited customers. Such "convenience" may be grasped as a mathematical function of time, costs and labor. Indeed the local store provides with convenience, which, however, cannot always be the condition for its survival. Its existence is to be defined by the development stage of each relevant local community. So, in the following, it will be considered in terms of various development stages of community how the convenience of local store works effectively in face of competition according to various.

First, suppose a local community with population of only a few hundreds, the first stage of communal development. In such a small society a large number of retail stores may be impossible to sustain in view of the population and their purchasing power. There at most only one to two stores will be required with assortment for every kind of necessities for daily living including foodstuffs, medical goods, underwears, stationery, etc., and at site most convenient. Here, general-stores will be born, which, at the initial stage of communal development, can hold a sort of locational monopoly, at least with daily necessities of living. The convenience given to customers will not be small, by credit buying or delivery of goods, on the ground of personal intimacy between the master and them. Hence, so long as the community remains as it has been, the general-store will always continue to exist.

Let's consider the next stage where the community has developed to a town 2,500 to 10,000 population. Increased population and hence purchasing power will diversify customers' wants and bring forth division among all the merchandise lines that hitherto have been dealt by general-store. As the result, limited-line stores, e.g., fruit-vegetables, medical goods and confectionery stores, will emerge. These stores will be able to serve customers with wide assortments and rich knowledge on goods, in addition to the convenience of extra-time opening, credit sale or delivery furnished by general-stores, similarly on personal contact between the master and customers. Thus limited-line stores will provide more convenience than general-stores will, and predominate the market with daily necessities.

When the community reaches the third stage, a small city with residents of over 100 thousand, there will be opened supermarkets, regular chain stores, department stores and high-class specialty stores, all as the competitor to limited-line stores. Supermarkets will render convenience of lower prices and free selection by way of the self-service system. And with increasing mobility of population, the convenience of credit sale or delivery, that makes the merit of limited-line stores, will lose charm and price-appeal will come

to the fore. Thus supermarket will threaten the position of limited-line stores, particularly those dealing foodstuffs, grocery or clothings. Although department stores and high-class specialty stores will not fall into direct competition, they will exert appreciable effect upon some of limited-line stores; e.g., dealing clothings in general.

At the fourth stage, a big city with population of over 1 million, various trade centers will grow in many districts. In city centers and sub-centers there will be formed shopping districts, where department stores and high-class specialty stores dealing selective-buying goods will flock together. Within such shopping areas little room will be reserved for limited-line stores dealing necessities of living. Further, in areas outside of shopping districts, a shopping street will be constructed around each station, where various sorts of limited-line stores and a few high-class specialty stores will open side by side. For these limited-line stores, population living in the residential areas behind the street will make the customer. However, if such residents grow to a considerable multitude, it will invite in-advance of supermarkets or regular-chain stores. Also some limited-line stores will emerge around apartment houses or group-house districts, where a shopping streets will be brought up if developed further. In short, in big cities there will be born a number of trade centers, whose scale and nature will affect the degree of convenience that limited-line stores can afford to customers, and hence the merit of their existence.

Future Movement of the Local-Store

As has been observed in the above, the esteem by customers toward local-stores varies with the development stage of the community where a store is located. The existence of local-stores is limited to cases where the relevant community want convenience that can be given by them. Whether the local-store is most desirable as the bearer of retail function is a problem to be differently answered in accordance with the development of a community. Thus, the way local-stores should follow in the future must be examined in connection with the stage of community development.

As for the general-stores in a community of the first stage, it would be necessary to make preparation for the second stage of community development since their monopolistic position is unable to occupy forever. They must improve looseness in management and accumulate funds for future advance. This may also apply to limited-line stores now in the second-stage society. Rich resources, established consciousness on business and fulfilled store management are required. The same stores in the third stage would be forced to establish something of counter-measures because they are already in the midst of sharp competition with big-type stores or high-class specialty stores.

In the fourth stage, the problem would be different according to the trade center where the store is located. The prospect for limited-line stores at shopping district of city center or sub-center would not be so bright since they primarily deal daily necessities with the nature of convenience goods, and have the character of local-shop. As to the area around apartment house or house-group the same would be possible to speak as with the case of the general-store in the first stage or the limited-line store in the second stage. It would be limited-line stores in shopping street that suffer most seriously in the fourth stage. They are standing on near the same position as those in the third stage. Their possible course, for both the third and fourth stages, would be similar. It would be along three lines; the first, step-out toward more specialization; the second, step-out toward big-type; the third, toward improved efficiency through cooperations. Among those moving toward specialty three groups would be distinguished; one toward increased variety within the boundry of present lines; one toward specialization among others into, for instance, foreign-fashion cake in case of confectionary, which is rather hard to deal for the supermarket; and one toward high-class specialty stores dealing goods of selective-buying nature.

For those local-stores moving toward big-type, with aim at "one-stop shopping" stores, one way might be found in cooperative-supermarket or cooperative-departments stores, since primarily they are petty retailers. There are two methods of cooperation; establishment of cooperative chains and participation to a wholesaler sponsored voluntary chain. Presently in Japan there are 29 cooperative chains and 38 chains sponsored by wholesalers.¹⁵⁾ To these chains are participating 15,000 retailers, whose share in total retail sales is estimated at a little above 2%. Those related to clothings occupy 30% of all chains, surpassing food-related ones of 20%. In Japan the chain system is extended over rather various fields, which makes a particularity as against America, where the majority belongs to grocery retailing.

Which one is the most preferable among the above mentioned ways depends on the nature of the merchandise line, contents of business and competitive position. However, whatever chosen, an indispensable thing is positive attitude and innovative action, if the local-store should continue to exist and grow in the distribution sector in which rapid and sharp revolution is on advance in recent years.

Summary

In the United States the production revolution gave birth to the consumption-revolution, which in turn inevitably derived the distribution-revolution. In the retail level it brought forth flourishing large self-service stores includ-

15) Tokyo Chamber of Commerce and Industry, op. cit., pp. 16~17.

ing supermarket, discount house and SSDDS. So they have been born primarily to meet requires from the production- and consumption- revolution. Their development has been backed up by various socio-economic factors.

Such self-service system and mass retailing as U.S. does not exist at least in present Japan. What really exists is Japanese-type mass retailing and self-service system. This is because the revolution on production and consumption, that makes a prerequisite to revolution on distribution, is only Japanese-type, far less complete as compared with that in America. Stillmore, within socio-economic factors, that should promote the distribution-revolution, many problems are remaining to be solved, formulating one of our peculiarities.

Our current distribution revolution, therefore, is nothing but Japanese-type distribution revolution, developing on the base of Japanese-type production-revolution, Japanese-type consumption-revolution and other Japanese-type peculiarities. Should such peculiarities, represented by the word "Japanese-type," be dissipated in the future, the weight of large self-service retailers would become heavier. In this sense American retailing might be said a blueprint for our retailing.