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A STUDY ON THE NATURE OF RETAIL COMPETITIVE STRUCTURE

by

Shigeto Konishi

1. Preface;
2. Intertype Competition Accompanying Merchandise-Diversification Process;
3. The Process of Merchandise Contraction by Specialization;
4. Conclusive Remarks

I. Preface

The nature of competitive structure in retail trade¹⁾ has been grasped by theoretical economists with a category of "monopolistic competition" from the viewpoint of pattern classification of market structure. This term is given in the sense that the uniqueness of merchandise accompanying the personality of individual store itself, concerning location and many other conditions, carries a nature of monopoly, while on the other hand such merchandise stands on competitive position with commodities being sold under different situations.²⁾ True something of "chain linking of markets" with oligopolistic nature may be recognizable among certain kinds of stores.³⁾ It is also true, however, that retail competition has a character essentially different from that in oligopolistic industries, e.g. iron and steel industry, featured with fewness of competitive enterprises and limitation on new market-entry in contrast to that in retail field as will be observed in the next chapter.⁴⁾ For this reason it has been the customary way of analyzing the classificatory nature of retail competitive structure to assume monopolistic competition, and upon this assumption make economic-theoretical analysis. Such theoretical approach will be presented on a future occasion, but here I should like to notice, from the viewpoint of our problem, i.e. the nature of retail competitive structure, that in the said economics-approach the competition is generally grasped on the basis of single commodity, and hence recognition is not perfect on the multi-product nature in deal, a feature inherent in retail trade.⁵⁾ In view of this point, in this article it is intended to study the classificatory nature of retail competitive structure of today not as horizontal competition being usually taken up by economists (that is,

- 1) Howard takes the meaning of competitive structure as almost the same with "market structure" in theoretical economics. He defines it as "all of the conditions that management takes into consideration in erecting price policies and deciding actual prices," and has illustrated some of its key factors (in his term key dimensions) such as number and scales of competitive enterprises, degree of product differentiation trend of demands, costs and legislations (J.A. Howard: *Marketing Management, Analysis and Planning*, 1963, p.156). These factors mentioned by Howard, however, had already been employed in economics as a part of the standards for pattern classification of market structure. Therein market structure is supposed "to put restriction on the room for freehand decision of enterprises in enforcing business strategies" (Bastiaan De Gaay Fortman: *Theory of Competition Policy*, 1966, p.50). Needless to say, classified patterns of market structure regarding monopoly and competition supply models to be used for judging market behaviors or competitive behaviors. Howard, however, has pointed out that actually in most cases the market structure falls under a category of "oligopolistic," and supposedly he has developed the concept of competitive structure in order to include into it all conditions affecting management's price policy—to find out management's clues in performing actual competitive actions—not adhering to the customary pattern classification in economics (Howard: *op.cit.*, p.158, Shubik also has focused on oligopoly in discussing the relation between market structure and competitive behaviors. Miratin Shubik: *Strategy and Market Structure*, 1964, pp. 249–258). In this article the term retail competitive structure, used in the title, is interpreted as "a concept involving all factors affecting competitive behaviors of retailers both on price and non-price sides," and its nature is studied from the viewpoint of pattern classification. On the framework of this article also see Note 6 in this chapter.
- 2) E.H. Chamberlin: *The Theory of Monopolistic Competition, A Re-orientation of the Theory of Value*, 7th edition, 1956, p.63. In connection with the monopolistic nature of retail competition, Holton divides retailer's merchandise into physical goods and services, the latter being added to the former by retailer (incl. credit and delivery services, store facilities, merchandise assortment, difficulty adjustment and locational condition), and asserts that mainly from this portion of services are derived the particularities and distinctions of goods in deal in individual stores. (R.H. Holton: *Scale Specialization and Costs in Retailing*, in *Marketing, A Maturing Discipline*, Proceedings of the Winter Conference of the American Marketing Association, ed. by M.L. Bell, 1960, p.460).
- 3) E.H. Chamberlin: *op.cit.*, pp. 103–104; Ref. also E.R. Howkins: "Marketing and the Theory of Monopolistic Competition," *Journal of Marketing*, Vol. IV, April 1940, p.383.
- 4) L.W. Weiss: *Economics and American Industry*, 1961, p.436. Oligopoly here pertains to Stigler's "closed oligopoly" (G.J. Stigler: *The Theory of Price*, revised edition, 1962, p.231) or Scitovsky's "collective monopoly" (Tibor Scitovsky: *Welfare and Competition*, 1951, pp.23–25, p.384), that is, oligopoly standing under conditions of price agreement and market-entry restriction. Positive studies of retail competition are still very poor, but Holdren has pointed out that a relation of mutual dependence within oligopolistic-competitive behaviors is supposable, because, on the definition of "discriminated oligopoly" by Bishop, in American super-markets cross elasticity, E_{ji} , is large relative to price elasticity, E_{ii} , and hence the value of ratio E_{ii}/E_{ji} is small. At the same time he acknowledges neither price agreement between managements of super-markets nor remarkable obstacles for market-entry, and denies the said closed oligopoly. (Ref. R.L. Bishop: *Elasticities*,

Cross-Elasticities, and Market Relationships, the American Economic Review, Vol. XLII, Dec. 1952, p.780, 799; B.R. Holdren: The Structure of a Retail Market and the Market Behavior of Retail Units, 1960, p.181.)

- 5) There are exceptions, e.g. Holdren, *ibid*.
- 6) "Horizontal competition" refers to the competition among institutions of distribution with the same type (e.g. among independent, single-unit retailers themselves), while "inter-type competition" denotes that among institutions with varied systems of distribution on the same stage of distribution (e.g. between chain-store and independent, single-unit store). We can discern another pattern of competition on distribution process, that is, "vertical competition" between, e.g., wholesaler and retailer. Ref. Yukichi Arakawa: Kouri-shōgyō Kōzō Ron (Structures of Retail Distribution), 1962, p.159. J.C. Palamounain, Jr.: The Politics of Distribution, 1955, pp.24-57.

Here, to present more clearly the significance and the framework of analysis of this article in which the focus is placed on the theme of intertype competition, some scrutinization on what are generally implied by the terms of "nature" and "pattern" or "forms" of competition. Howard has given three areas to be taken up in explaining the nature of competition: competitive behaviors, competitive structure, and economic effects (Howard, *op.cit.*, p.149). Intertype competition and other patterns of competition in distribution process, mentioned above, can be regarded as showing respective characters in the context of pattern classification as explained in Note 1, each exerting particular effects upon competitive behaviors in the same way as monopolistic competition, which term is used by economists to present the nature of retail market in its horizontal dimension. On the other hand, the nature of competitive behaviors, being often named "dimensions of rivalry" (Howard, *op.cit.*, p.146) or "areas of competition" (Wroe Alderson and Stanley J. Shapiro: Towards a Theory of Retail Competition, in *Theory in Marketing*, ed. by Cox, Alderson and Shapiro), appears to be expressed by way of pattern classification that can directly reflect the nature of decision-variables of enterprise, as is shown in the words of price competition or quality competition. Howard has argued the problem confining it to price competition mainly for convenience's sake (that is, by reasons of: 1. competition on price is most keen; 2. the part played by price in competition is relatively well known; 3. analysis of price competition can afford management an insight for the total marketing planning to compete with other enterprises (Howard, *op. cit.*, pp.148-155), but obviously it is unrealistic to neglect other decision-variables than price. Fortman includes into areas of competitive behaviors not only price competition but also quality competition, spatial competition and others, in other words competition regarding decisions on various economic variables—quality of goods, location and so on. He also treats two patterns of competition—namely interindustry competition, i.e. competition among substitutive goods to satisfy the same want, and open competition, i.e. potential competition with no restriction on market-entry—on the same line with the above three patterns, namely price, quality and location (Fortman: *op.cit.*, pp.52-57). He maintains that the former two patterns should not be directly contrasted to the latter three, because these can emerge taking forms of the three—price, quality, location—similarly as competition within the industry can do. But no further definite expression on this point is given by him. As is observable in what I have already mentioned, the former patterns represent the nature of competitive structure in the context of pattern classification, while the latter patterns refer to the ones directly reflecting dimensions of competitive behaviors.

In this article the problem of intertype competition will be examined as a feature of modern-age retail competition, to find out the mechanism of its

competition assuming single-sort merchandise as is seen among independent, one-unit food stores), but as intertype competition born within the process of merchandise diversification, that is, the expansion of the sorts of products in deal; put socio-economic analysis on the mechanism of its emergence;⁶⁾ examine in comparison with the process of merchandise contraction or specialization which is still persistent in retail trade; and lastly discuss one aspect of retail competitive structure as an environmental condition defining retail competitive behaviors of today.

The expansion of the sorts of commodities in deal of a retailer is termed "scrambled merchandising" or "product proliferation" or "diversification", and the consequent competition thereof is expressed as "intertype competition" or "conglomerate market competition." These trends—hereafter simple names of diversification and intertype competition will be used—are fundamental in retail all over the world today. In our country also, moves toward such diversification, as well as toward manifold-commodity store, have recently become remarkable, especially as the development and expansion of chain-networks of big stores, which are attracting wide attention as having some relation with the problem of consumer-goods prices.⁷⁾ However, such retail competition in our country is featured with characteristics heavily dependent on our socio-economic conditions, the process of resultant retail reformation being expected to show much peculiarity. This article is intended to observe the competitive structure emphatically with respect to its facet of intertype competition. Such reformation in our retail competitive structure is supposed to exert effect also upon marketing channel policies of producers and whole-salers, directly as well as indirectly.

2. *Intertype Competition Accompanying Merchandise-Diversification Process*

So-called intertype competition—that is, competition among different-

emergence. (Intertype competition is regarded, as mentioned above, as a phenomenon characteristic to retail competition, and hence conceptionally heterogeneous to the said inter-industry competition, but both generate economically analogous effects as will be shown in the last part of this article. To add a word in this connection, so-called channel competition, that arises from wholesaler's transformation into manifold-goods dealer by diversification of merchandise in deal, is a concept homogeneous to intertype competition.) Assuming that intertype competition is fostered in accompany with the expansion of merchandise-sorts by retailers, in order to grasp this particular pattern of competition from macro-viewpoint, related factors affecting the diversification process will be analysed, partly in comparison with merchandise contraction process.

- 7) "Noshiagaru Big Store (Jumping Big Stores)" in *Nihon Keizai Shimbun*, Jan. 1, 1967, "Big Store no Senryaku (Strategies of Big Stores)" in ditto Jan. 10, 1967. In these essays "big store" is not clearly defined, but seemingly given an implication that it has competency of being the innovator in our future commerce.

type dealers in selling the similar kind of goods—arises where dealers intend to break down traditional divisions of retail forms and accompanying idea on the nature of respective in-deal commodities; to speak concretely, it follows merchandise diversification by retailers. This phenomenon has been seen for an appreciably long time, but after the war-end become the characteristic pattern of retail competitive structure. In the following its factors and situations will be examined from socio-economic viewpoint.¹⁾ These factors can be broadly grouped under: 1. subjective factors on the side of the retail trade; 2. factors on the side of supply; 3. factors on the side of demand. On the other hand, among them are distinguishable fundamental-inherent factors and current-dynamic ones. This distinction will be significant in forecasting the future course of retail trade in this country.

1) Subjective factors

(a) The nature of cost structure in retail store

The most fundamental—and inherent in retail—factor stimulating diversification lies in the fact that, in the cost structure of retail store, most of operation costs, excluding the cost of commodities, belong to fixed cost or discretionary fixed cost at least in short-run, and hold the nature of overhead cost. Where a diversification is not accompanied by a big cost increase, and the results of decreasing average cost are large, much contribution to total profit is in prospect, even if the added goods must be sold at low mark-up.²⁾ Also even in such case where a fortified manning becomes necessary in accompany with a diversification, requiring additional cost, profit increase may be possible due to the nature of discretionary decision of such cost, which nature makes absorption easy. Further a decrease in the cost of goods themselves can be expected following a large-volume in-stocking. Of course such property of cost structure will not always foster diversification, and the ex-

- 1) The framework of analysis of this chapter owes much to; W.C. Hill & J.D. Scott, "Competition between Different Types of Retail Outlets in Selling the Same Commodity," *Harvard Business Review*, Vol. XI, No.4, July, 1933, pp. 526-527; R.M. Alt, "Competition among Types of Retailers in Selling the Same Commodities," *the Journal of Marketing*, Vol. XIV, No.3, Oct., 1949, pp.441-447; T.A. Staudt & D.A. Taylor, *A Managerial Introduction to Marketing*, 1965, pp.295-304.
- 2) Obviously, on a long-term view, it is desirable that averaged mark-up may cover total operation expense. But there is no lower limit of mark-up on individual goods, excepting legislative limitations (R.M. Alt: op.cit., p.443).
- 3) Holton finds a limitation on the economy of scale in the fact that, in order to induce a customer to take worry of going to a specified shop or shop group, not other ones, there must be something of benefit to the customer to offset his additional pains, to be provided by the side of retailer, either in price or quality or assortment, which naturally may cause some expense. He figures the curve of the function of average long-term cost of retail as an inversed J-shaped line, its horizontal portion representing wide range of amount of sales. (R.H. Holton: op.cit., pp. 461-462.)

pected "economy of scale" will be of limited value if viewed on long-run basis involving, e.g. expansion of shop floor space.³⁾ Yet it is undeniable that diversification is given a fundamental momentum by the nature of operation costs in retail being little affected by increase or decrease of total sales in short-run. Among others the wage system in our country, still holding a deep color of straight salary, provides a big pool of overhead costs in retail business, wherein payroll accounts for a large portion of total cost. The property of discretionary fixed cost is most marked in super-market.⁴⁾

(b) Growth of new retail systems

In the history of retail development in America we see a successive growth of a series of new retail machines as "marketing innovation," beginning with the birth of department store in the 1870s, and subsequently followed by mail-order-store, chain-store, super-market of foodstuffs, and discount-department-store. As regards such retail innovation various interpretations from different angles have been suggested up to today, with the hypothesis of "Wheel of Retailing" as representative one.⁵⁾ This hypothesis supposes that all of these systems had started with low-margin policy, but traded themselves up with the maturity of machines, giving room for intrusion of next-comers. But it should be pointed out that, in our sense of the problem, every one of these systems adopted, along with the said low-margin policy, the diversification policy in the varieties of sort and quality of commodities, though to different degrees.⁶⁾ This is particularly seen in the recently developed hybrid store (discount-department-store), that employs self-service system in non-food retail sector as well as food sector and are proud of numerousness of sorts of goods in deal and magnitude of shop scale, exerting a dynamic impact upon intertype competition.

4) A survey on super-markets in America shows that 90% of costs, excl. stock-in cost of goods, was accounted for by fixed or discretionary fixed costs.

5) This hypothesis was set forth by McNair, and given thorough scrutinization by Hollander (see M.P. McNair: "Significant Trends and Developments in the Postwar Period," in *Competitive Contribution in a Free, High-level Economy and Its Implications for the University*, ed. by A.B. Smith, 1958, pp. 17-18; S.C. Hollander: *The Wheel of Retailing*, *Journal of Marketing*, Vol. 25, No.1, 1960, pp.37-42). Doody, on his historical approach, explains patterns of innovation emphasizing historical restraints on existing enterprises under competitive condition (A.F. Doody: "Historical Patterns of Marketing," *Proceedings of the Winter Conference of the American Marketing Association*, 1962, ed. by W.S. Decker, pp.245-253). Regan, concerning the development phases of retailing, tries to find out such concepts that not only can explain the past but also are of value in forecasting the future, through structural and functional analysis of retailing (W.J. Regan: *The Stages of Retail Development*, in *Theory in Marketing*, ed. by R. Cox, W. Alderson & S.J. Shapiro, 2nd edition, 1964, pp.139-153).

6) G.B. Tallman & B. Blomstrom: "Retail Innovation Challenges Manufacturers," *Harvard Business Review*, Sept.-Oct., 1962. ditto: *Soft Goods Join the Retail Revolution*, *H.B.R.*, Sept.-Oct., 1960.

Retail trade in our country represents an extreme dual-structure, consisting of a handful of department-stores with the nature of monopolistic commercial capital and petty retailers characterized by excessive numerousness and poorness. What have supported such situation for a long time and prevented the growth of modern big-scale retailing are the geographical and economic narrowness of our home market and the overwhelming superiority of department-stores, which have origin in the pre-capitalism commercial capital, being primarily conditioned by the particular process of development of Japan's capitalism.⁷⁾ Against the background of such situations, after the war department-stores have stepped into active course of development; first by rapidly increased sales on floor space in hand, next by expanded space owing to accumulated funds through increased sales, then by diversification and grade-up of in-deal goods, and lastly by establishing super-chain-stores aiming at advance into suburbs of big cities. An attempt to check such development, as a relief to the small-scale retailing, was made in the earlier postwar period by a regulative law, Law Concerning Department-Stores, which inversely resulted in giving a stimulus to space expansion on the very moment of legislation. In this way, department-stores, the sole monopolistic capital in Japan, are now exerting impact not only on dealers of selective-shopping goods in town streets but also on those of convenience goods in suburbs. However, within this retail structure of two-way polarization, are being born stores of intermediate stratum to be called "big store" different from department-store. This has been caused by the fact that, as will be shown later, also in our country the ground for big-scale sales on the discount basis is maturing if partially on both sides of production and consumption and on the other hand department-stores had placed emphasis on other-than-price policies, shifting the function of merchandising on wholesalers. That these intermediate-stratum stores are on rapid growth, pointing to voluminous discount sales, has an important significance in our study of diversification process.⁸⁾ According to a survey by the Japan Chemical Textile Association, super-stores with yearly sales of 100 thousand yen or over numbered 383 in 1962, whereas they counted over 1,000 in 1964—a rapid growth. In this a noteworthy fact is the advance into this area of retail field by private railway companies, big wholesalers, food and fishery companies and local-capital

7) The structural characteristics of Japan's retail trade are fully discussed in Y. Arakawa: *op.cit.*, Chapters 8 & 9. H. Sugioka finds the reason for the non-existence of established big capital, other than department-stores, in a partial co-existence of department-store and petty retailer in the sense that the former does not completely expel the latter. See H. Sugioka: "Super-Market no Shinshutsu to Nihon no Kourishō (Advance of Super-Markets and Retail trade in Japan)" *Keizai Hyōron*, Aug. 1963, pp.81-82.)

8) H. Sugioka, *ibid.*, pp.83-87. M. Itō, *Tairyō Shōhi Jidai (Age of Mass-Consumption)*, 1964, pp.218-223. K. Ishii, *Nihon no Shōhi Shijō (Consumer Market in Japan)*, 1964, pp.241-245.

department-stores, all featured with big capital. A trend of diversification is recognizable at the same time, that is, from an extremely biased position on foodstuffs and clothing to a balanced composition. According to a report by the Nihon Keizai Shimbun (a commercial paper) in last December, big stores with sales of 3 billion yen or over counted 50 firms, their sum total amounting to 400 billion yen in 1966, that is, 4% of national retails sales of 10,000 billion yen: In the share of goods dealt by these 50 stores, clothing accounted for 40% and foodstuffs 30% on the average. Those stores were lessening that deal either clothing or foodstuffs with share of 70% or over. Herein can be seen the trend toward manifold-goods store in accompany with the rise of new forces in retail. In short, through such process of retail innovation a new phase of intertype competition is developing.

(2) *Factors on the side of Supply*

(a) Effects of automation

A factor, on the supply side, affording a strong driving force to diversification is automation. Automation works firstly to increase the weight of fixed cost by contracting human labor, to push up profit-loss breaking point, and to increase the sales amount considerably which is necessary to realize the present amount of profit or to get the present capital-profit ratio. Second, it makes a rapid rise in production capacity possible. Due to these two phenomena producers must erect new routes of sales for increased products in addition to existing ones, thus accelerating the diversification process of retailers.

In Japan mass-production system is being promoted on the whole on some consumer durable goods, some foodstuffs, medical materials or cosmetics. However, within these industries are also involved not a few of anti-modern enterprises.⁹⁾

The sector of foodstuffs, especially produce, is indispensable for supermarket to attract fast customers and to strengthen competitive power. Yet these goods are still out of mass-production and standardization, and left to processing for sale by retailers on the final stage of distribution, reflecting immaturity of capitalistic enterprising in agriculture and fishery and con-

9) Refer following literatures on the particularities on the supply side in Japan. S. Takebayashi: "Magarikado no Marketing Ron e no Approach (How to Approach the Marketing Theory on a Turning Corner)" Kindai Eigyo, Oct. 1966, pp. 63-65. K. Ishii: op.cit., pp.97-211; H. Sugioka, ed., Ryutsu Mondai o Kangaeru (Considerations on Distribution Problems), 1966; M. Takeuchi, Seicho Keizai ka ni Henbo suru Chusho Kigyō (Changing Medium-Small Scale Enterprises under Growth Economy), Part II, pp.67-125. An analysis on the so-called dual economy in Japan, i.e. co-existence of modern and pre-modern sectors, from the standpoint of the modern economics may be found in M. Shinohara: Sangyo Kozo Ron (Essays on Industrial Structures), 1966, pp.57-75.

ventional practices of consumers. Food industry in Japan may majorly divided into two sectors; one concerning primary processing (manufacture of sugar, flour, vegetable oil, fodder) and one on secondary processing (bread, cake, canned food, and on animal meat). Even in those kinds in the first group that depend on imported materials, not being under seasonal or locational influences, and some in the second group, excessive competition is seen among numerous tiny producers as well as among big enterprises of small number, showing as a whole the character of dual structure in common with other industries. Also in textile industry a remarkable differential in productivity (hence in wages) exists between monopolistic yarn spinners and medium-small enterprises in processing sector, again the dual structure. Mass-sale on discount price is possible with textile goods, on the basis of bulk and cash in-stocking, because in this industry remnant stocks are always found in both production and distribution processes due to excess competition and rapid change of consumers' vogue supplying a good object of discount sale, and in addition unit prices are high compared with foodstuffs and the range of attractable customers is wide relatively. Supported by these circumstances, mass-sale machines of our country have mainly been depending on textile, as well as other non-food, goods to realize mass-sale and rapid rotation of capital.

Anyhow, the weaknesses in business structure and technological level of our industries are undeniable, and hence it must be admitted that the effects of automation on retail diversification might be partial and indirect. However, it is a noteworthy fact that the technological innovation recently being realized in the secondary-processing sector of foodstuffs is affording a chance for linking and uniting in the industry that has long been dispersed in individual sectors, in accordance with grade-up and modernization of food consumption. Also in textile industry, in order to meet the need of bulky consumption of yarn following the birth and subsequent development of synthetic fibre, linking-up in processing phase is being advanced by big yarn makers in the form of finance for technological improvements or other aids to subordinate firms, which suggests a sign of dissolution of the dual structure in the industry.¹⁰⁾ Such new trends should be paid attention from the angle of productivity.

Beside the factor of automation, there are other factors on the supply side such as introduction of new products, quality improvement, diversified assortment and service policies. When producers come to take up new products or trade-up and -down or manifold-product policy, retail diversification is fostered in order to provide adequate sales channels for producers.¹¹⁾ As

10) M. Shinohara: *op. cit.*, pp.93-95.

11) Owing to new-product development by producers, the number of commodity items dealt by super-markets in America increased from av. 2,000 in 1950 to av. 6,000 in 1960; in half of the stores it counted, 5,000 to 7,500 (T.N. Beckman & W.R. Davidson: *Marketing*, 1962, pp.231-232).

was observed in the occasion when first frozed food was introduced in American market, an introduction of a new product generally causes competition among various routes for its dealing, which step by step is settled to some of them. And if a nation-wide network of repair service to customers is provided by a producer, especially of durable consumer goods, retailers will increase who deal in such producer's products.

(3) *Factors on the side of demand*

(a) Changes in shopping practices of consumers

These changes in consumer's practices greatly affect the sorts of retailer's merchandise. Among them the most significant one is the popularization of self-service system. This system is now widely employed in retail field of clothing, home sundry goods and other numerous products, making merchandise diversification possible without sharp increase in payroll account. It has been argued that in our country full advantages of this system cannot be reaped because wage level is low compared with foreign countries. But as we can suppose from the strong voices of big stores on quantitative and qualitative shortage of manpower in the above cited report of a paper,¹²⁾ the significance of self-service will become recognized more and more clearly. So its effects on diversification will also grow larger.¹³⁾

(b) Interconnectedness of demand

If diversification is to contribute to total profit of a store, it must be one that can find support in the demand side. In this regard, an essential condition is that diversification should be conducted maintaining in some sense connections with goods being dealt in the past. Various forms of such connections are seen: (1) connections is usages of goods, e.g. car cleaner, repair parts, accessories, battery or tire served by gasoline station; (2) addition of akin or substitute goods into one assortment, e.g. margarine to butter, which would increase sales of the latter; (3) A wider variety in a type of goods on the same price level, which would attract new customers or more fully satisfy selection taste of existing customers; (4) addition of new sorts of goods which would bring about a change in a customer's customary com-

12) "Big Store no Senryaku (Strategies of Big Stores)," in Nihon Keizai Shim-bun, Jan. 9, 1967.

13) According to a survey compiled recently by Medium-Small Enterprises Agency, percentage ratios of payroll to sales (and in parentheses, sales administration cost to sales) in the whole Japanese retail trade in 1964, 1965, 1966 was respectively 10.2 (19.5), 11.1 (21.1), 11.6 (22.0): by business types and sections, in super-markets mainly of foodstuffs, 6.6 (14.8), 6.9 (14.9), 7.3 (15.5), in super-stores mainly of clothing, 6.2 (14.5), 6.1 (15.6), 7.1 (17.2), in retailers of textile-sundry goods 8.1 (18.0), 8.4 (19.6), 9.4 (19.7), in retailers of foodstuffs, 6.5 (13.3), 8.0 (15.2), 8.2 (17.4). These figures show appreciable rises of payroll to sales amount in every sort, which make the main factor of increasing ratios of sales administration cost to sales.

position of purchase (customary market basket), e.g. sale of non-food goods in foodstuff shop. (5) interrelations in a wide sense to be seen in so-called "impulse buying," that shows unstable composition in one's purchase (mostly resulting not from taste on goods but from convenience of time).¹⁴⁾ Interrelationship between demands, presenting itself in these forms, is most marked in department-store and supermarket, where the convenience of "one-stop" shopping is typically obtainable. That big stores specialized in clothing are now devoting themselves also to foodstuffs or home goods, in order to attract more number of customers, represents their efforts to meet customers' desire for one-stop shopping.

In evaluating the effects of one-stop shopping, however, some qualifications on it should be taken into consideration. As is well known per-capita income of our country is very low compared with foreign advanced nations—about one fourth of America, one half of Britain, Germany, and France, and by 20% below Italy.¹⁵⁾ This lowness of income has tended to foster shopping practices different from those in these countries—that is, daily and small-quantity buying, especially of raw-fresh foodstuffs, within a narrowly confined area, housewife's walk of 10 to 15 minutes and distance of 1,500 meters. This is derived from social conditions including, beside income level, housing, communication and others, plus psychological resistance to stock purchase

14) F.E. Balderston: "Assortment Choice in Wholesale and Retail Marketing," *Journal of Marketing*, Oct., 1956, reprinted in *Explorations in Retailing*, ed. by S.C. Hollander, pp.410-412. Hawkins has mentioned of the interrelation of demands as a factor to negate the marginal-utility principle in retail, already in 1940 (E.R. Hawkins: op.cit., pp.388-389). Oxenfeldt, in his recently published article on pricing of product lines, has grouped the sources of demand-link under eight items as below: (1) one-stop shopping for conveniences of timeliness and economic reasons; (2) impulse buying caused by goods assortment, customer's disposition and mood of commodity presentation (similarly with the first item, this does not require complementarity); (3) broader assortment, that is, addition of commodity items to a certain sort, for customers' convenience of selection; (4) simultaneously and directly related use; (5) enhanced value of products, e.g. remote-control system applied to television set, not necessarily based on relationship in use; (6) prestige builder that helps to elevate seller's esteem; (7) effects by traffic builders or attention builders or image builders; (8) quality supplements for repair, maintenance or mend of a certain item, e.g. sale of special lubricant by maker of precise engine (A.R. Oxenfeldt: *Product line Pricing*, Harvard Business Review, July-August, 1966, pp.141-143). In considering reasons for diversification of a retailer, to appreciate on the basis of these items will be effectual (especially items No. 5-8 are unique expressions by Oxenfeldt).

15) Ref. S. Takebayashi: op.cit., p.66; S. Akiya, *Shohizai Kakaku to Seisan Ryūtsu Kōzō* (Prices of Consumer Goods and Structures of Production and Distribution), in N. Imai ed., *Gendai Nihon Shihonshugi no Bukka Mondai* (Price Problems in the Modern Japanese Capitalism), 1964, pp.160-164. As to international comparison of income and consumption see S. Endo, *Sengo Nihon no Keizai to Shakai* (Economy and Society in Postwar Japan), 1966, pp.171-208.

(fear of unutilized remnant and on freshness). In a recent opinions survey on stock purchase in the cities of Sapporo, Tokyo, Nagoya, Osaka-Kobe and Fukuoka, supporters from the point of economy and convenience account for only 20% or less in each city. Contrastively, as to super-store the majority is with the affirmative side—more than 60% in Tokyo and Osaka-Kobe and 70% in Fukuoka—for the reasons that “stock buying is possible, self-choose is free, and mental worries to shop-employees are needless.¹⁶⁾ These situations of the matter lead us to a conclusion that in Japan qualitative and quantitative differentials of purchase among consumers are larger than, say, in America where purchase for a week's needs makes common practice, and due to these differentials the effect of one-stop shopping may be below big-stores' expectation, although the position is not the same between town centers and suburbs. At the same time, as is suggested in the above mentioned survey on consumers' attitudes to super-market, some changes in shopping pattern are supposable for the future in accompany with modernization of production and distribution processes.

In the above we have examined the mechanism of diversification on its various aspects, taking the reals in our country into view. As a matter of fact, diversification might be promoted as a necessary means to meet competition, regardless of its contribution to profit. In any way it is obvious that, on the ground of complicatedly mixed functions of these factors, market-entry is always being performed. The entry, therefore, not only takes form of new-shop opening, but also is fostered by diversification or alteration of products in deal, resulting intensified intertype competition.¹⁷⁾ Then, the next question is to what a degree such process of diversification may go on to proceed. To speak theoretically, a limit may be found in the point at which maximum profit is attained. As a factual matter, the limitation lies in the restrictive conditions that no change be needed in existing sales system, being naturally most fitted to concerned product (e.g. check-out in super-market)—

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- 16) Ref. Research Group for Five Commercial Broadcasting Corporations ed. *Nihon no Shōhisha* (Consumers in Japan), 1964, pp.144-147. Takizawa takes money amount of one shopping as the factor that defines its radius and widens areal dispersion of retail shops, and maintains that, even for generally bought in small amount, there will be born a possibility that the retail diversion might be lessened and some part of conditions for super-markets or big scale shops of foodstuffs might be fulfilled, in accompany with increase in household number and income, development of preservable food and improvement of home preservation facilities (K. Takizawa: *Kourishōgyō no Chiiki Bunsanteki Seikaku to Tenpo Kibo* (Areal Dispersion of Retail and Shop Scale), in F. Muramoto ed, *Shōgyō no Tenkai to Mondai* (Problems Related to Retail Development), 1962, pp.206-211
- 17) J.P. Cairns: “Competition in Food Retailing—Some Recent Developments,” *Journal of Retailing*, Vol. 37, Fall, 1961, No.3, pp.34-38. Cairns says the most effective way of market entry in retail field is addition of foodstuffs into products in retail by non-food retailer.

qualitative restraint—, and on the other hand the limit of floor-space at least in short-run—quantitative restraint.¹⁸⁾ The facts that diversification is neither limitless nor always fruitful, and that even in America specialized dealers are still accounting for a large share of total retail business, lead us to the need of examining the process of retail specialization as a counter-power against intertype competition.

3. The Process of Merchandise Contraction by Specialization

The intensification of intertype competition by merchandise diversification makes the most characteristic feature of retail today. Yet, if viewed from historical standpoint, another current, namely the trend of specialization, should not be looked over. This process has been promoted by following factors.¹⁾ It is of interest that the above mentioned restraining conditions against diversification make at the same time influential part of these factors.

(1) Subjective factors

(a) Non-economic factors

Two factors can be shown as non-economic. One is the mental inclination of most retailers wishing "quiete life" rather than taking worries accompanying diversification—a negative reason. Another is the feeling of contentment of being a specialist, say, an artisan temper—a positive reason. These two factors work strongly on our retailers whose consciousness as enterpriser or business manager is generally low and intention to innovation is weak. Especially in the sector of produce, where specialized deal based on years' experience is necessary, there is provided wide room for retailers to act as specialists. This is the more significant because such sector holds a great weight in total food retail trade. It is to be noted here that these motives can make reasons for specialization but it is another problem whether they may, or may not, be acceptable in the markets. This nature of the matter applies to every factor other than those on the demand side.

(b) Material resources and managing ability

Conceptually retail shop can be carried on with small-scale monetary resources, and hence merchandise assortment of wide breadth and shallow depth, an extreme example being "general store" in rural area. Under actual competitive conditions, however, there is generally a minimum limit of necessary stock for each sort of commodity, which explains the reason for confining business to some specified section, together with the restraint of personal managing ability. Needless to say, this factor has a relation with the above explained quantitative condition, i.e. floor space. This problem may matter

18) B.R. Holdren: op.cit., pp.156–157.

1) S.C. Hollander: "Notes on the Retail Accordion," the Journal of Retailing, summer, 1966, pp.36–40.

little to chain-stores backed by department-stores or other big capital or super-stores with large sales amount of 500 to 1,000 million yen yearly. But to most super-markets this problem of facility is serious because, it is said, at least shop floor space 500 tsubo (1,650 sq. meters) and additional vacant ground of 150 tsubo (495 sq. meters) will be necessary for a store to provide with assortment broad enough to facilitate one-stop shopping, whereas their present usual capacity is only in the order of 60 to 70 tsubo, 200 tsubo being the exceptionally largest, with sales of 100 to 500 million yen.²⁾ This is more serious because of their location overwhelmingly posited in shop streets or town areas. Also in other sectors of retail trade than super-market, restraints by material and personnel resources are making active factors accelerating specialization.³⁾ This problem of managing ability affects assortment also in connection with so-called vertical integration, in the context of which we have a hypothesis that the capability of assortment is more limited in the case of retail function performed by producer by way of forward integration than in the case of backward integration by retailer.

(c) Costs

The conditions of costs relate to the above said problem of capacity. We have already pointed out the existence of the pool of overhead costs. However, under situations of this country as observed above, a diversification of so large a scale as to necessitate expansion of business scale in the long-run will inevitably cause enlarged shop floor space, stock volume, or office work including in-stocking and others, hence changes in cost structure. Of course if diversification surely derives profit increase surpassing cost increase, such policy may be adoptable for a business, but it should be noticed that even in such case, in order to expect lower-stocking cost, in-stocking of larger

2) S. Akiya: Nihon teki Super no Shinro (Future courses of Japan's Super-Markets), in H. Sugioka ed. op.cit., pp.89-102.

3) Statistical data that can show movements in the problem of retailers' alteration of goods in deal are almost unavailable, since fact-surveys on retail field have been conducted on the basis of sectional divisions by principal merchandise lines. Only one way possible is to estimate changes in goods sorts through trends of yearly sales by retail sections. (Tokyo Chamber of Commerce and Industry, Research Room, Tokyo no Kouri Shōgyō 1966 [Retail trade in Tokyo of 1966], in Chōsa Shiryō No.41, pp.18-'9.) First study of self-service system is made in 1964's survey of commercial statistics by the Ministry of International Trade and Industry. See MITI, Minister's Office, Research and Statistics Section, ed., Wagakuni no Shōgyō (Commerce in Japan-1965). (See Supplementary Tables of this article.) A clue for our aim can be found in a report on retailers of Tokyo and neighboring cities. (Tokyo Chamber of C. & I.: Shutoken Shotoshi ni Okeru Shōhisha Kōdō to Kouri Katsudō no Jittai [Consumer Behaviors and Retail Activities in Metropolitan-Area Cities], Chōsa Shiryō, No. 41-3, pp.61-62.) This report shows that 58.8% of retailers were intending specialized retailing, 23.3% manifold retailing and 11.5% toward outside-retail businesses. In this data, however, motives for specialization are not shown.

volume in fewer sorts will become necessary.

(2) *Factors on the side of demand*

Whether a consumer prefers manifold-goods shop or specialized shop depends on the nature of the goods, aim of the purchase, and time and weariness to be borne for the shopping. As has been explained under the paragraph of demand-side conditions affecting diversification, it is a general inclination of consumers to find convenience of one-stop buying or to feel recreation-like charm in looking round rich assortment in manifold-goods store, but there are some factors alleviating such convenience or charm as below.

In some cases, a combination of displayed commodities is inharmonious and hence impossible, for example, sale of men's suit at shop corner of ladies' ready-made dress is difficult. Such inharmonious combination naturally gives feeling of strangeness to customers, unless intermediate space of some distance is provided between the two goods. A second factor is that purchasers dislike shops of halfway assortment, as is shown in a survey in America. In our country also, in foodstuff purchase an essential motive lies in freshness and rich assortment. These two factors suggest discontinuous points lying within diversification. Lastly a research in America reveals that an inclination of diminishing returns emerges with diversification and enlarged sales scale due to conditions that:⁴⁾ mere bigness of scale turns burdens of purchasers of wasting time and physical energy, which induces them rather to go to specialized shops with good assortment; and big stores often tend to lose distinction and personality. The development of big stores in Japan is still to be seen in the future, but the above examination clarifies that successful specialization depends on more intensified distinctiveness and necessary personal ability. The merits of specialization are being pursued also on the side of big businesses—e.g. by lending a part of shop floor of department-stores or super-stores, by segmenting market by customer strata or purchase purposes, or by establishing other independent shops.⁵⁾ This will surely make increasingly fierce the struggle between big and medium-small retailers. This means that the future of petty retailers, colored with a character of family-enterprise which has long been rooted in our retail field, should be considered in a forward-looking way such as cooperative management.

4) A.F. Doody & W.R. Davidson: "Growing Strength in Small Retailing," Harvard Business Review, July-August, 1964, pp.72-73. Purchase behaviors of consumers in Japan are partially shown in Supplementary Table (B).

5) It is said in department-stores, especially in Tokyo, expansion of floor space is again becoming active, in which diversification is intended to compete with big-stores, and as well specialization in each goods section is not ignored pointing to manifold-and-specialized store. See Hyakkaten Big Store to seriau (Department-Stores in Competition with Big Stores), Nihon Keizai Shimbun, Feb. 26, 1967.

4. *Conclusive Remarks*

In intertype competition, which represents an aspect of retail competitive structure, are reflected other conditions of wide range beside the above illustrated factors, including consideration on the counter actions by other retailers, link relation on the supply side, effects on composition of stores by shopping-center planners, and further related conditions extending to politics, legislation, industrial location, population and culture. Problems concerning such environments surrounding retail trade in a wide sense will be discussed in another occasion.¹⁾ But to speak conclusively in short, the ever-changing process of retail trade is constituted under influences of two interacting powers, diversification and contraction, as has been ingeniously depicted by Hollander with an analogy of patterns of accordion band or orchestra.²⁾ Such patterns take particular courses in respective countries or markets. All-applying general laws of behavior cannot be expected.³⁾ In the end this process will approach to a shape as might appear in a well-designed and attractive shopping center, through mutual complementation of large-diversified stores and specialized stores. Diversification and specialization will go on hand in hand in our country also, in which, at least as a matter of sales shares, big retailers will increasingly expand their influences while intertype competition will grow more and more intense. Such forecast must be resulted from a forward-looking analysis of actual situations of factors of competitive structure and dynamic transformation.⁴⁾

- 1) On the recent studies of this problem in America, see the followings. S.C. Hollander: "Retailing: Cause or Effect?, Emerging Concepts in Marketing," Proceedings of the Winter Conference of the American Marketing Association, 1962, ed. by W.S. Decker, pp.220-30. ditto: Restraints upon Retail Competition, 1965. E.W. Cundiff: "Concepts in Comparative Retailing," Journal of Marketing, Vol. 29, Jan. 1965, pp.59-63. Hollander, in the latter shown work, includes restrictive conditions from retailer groups themselves as well as those from various fronts of social impact, government suppliers and labor power, into factors affecting retailers' competitive behaviors such as pricing, service, merchandising or promotion. A. Yamamoto has asserted that an aspect of modern enterprises should not be looked over that they are taking active positions against the milieu of competitive structure so that it may become advantageous to themselves. A. Yamamoto: Marketing to Kyōsō (Marketing and Competition), in K. Morishita & Y. Arakawa. ed.: Taikei Marketing Management (System of Marketing Management, 1966, pp. 147-171. It appears, however, that such active positions of retailers against environments are rigidly confined to a limited extent, though conditioned by scales of individual enterprises, Ref. Hollander: Retailing: Cause or Effect, op.cit., p.230.
- 2) Hollander: "Notes on the Retail Accordion," p.31.
- 3) Hollander: *ibid.*, p.54.
- 4) Equipment expansion in synthetic fibre industry is recently appreciable, while on the other hand big-scale stores are active in shop space expansion at a

We have observed the nature of retail competitive structure, putting focus on the aspect of intertype competition. Lastly we want to say a word on the effects upon retail competitive behaviors worked by the said "accordion pattern" and thereby derived characteristic transformation of competition. The extension of diversification and the intensification of intertype competition tell at the same time market-entries substantively being effected, which in turn means poly-existence of shops with different cost structures in dealing in the same goods and hence price differentials among them. And, the possibility of high prices becomes more restricted due to increased seller's elasticity to demand caused by inter-shop competition.⁵⁾ Inefficient stores must find resort in non-price competition, including personal selling service and others. The question of which competition, price or non-price, plays leading part will be settled according to all factors affecting, but in general price competition will extend over all retail sectors. On the other hand diversification will work to deepen monopolistic color mainly through non-price competition, since it places emphasis on personality and uniqueness of shops; else, the ground for small-scale specialized shops will be lessened. When competitive behaviors take due course, appropriate conformity between supply and demand becomes possible to expect socially.

Supplementary Table A

The following data are compiled from the Survey of Trade Statistics (so-called Trade Census) in order to grasp, to a possible extent, the factual evidence of intertype competition statistically. As has been mentioned in the text, since intertype competition embraces a nature of breaking customary sectional divisions of retail trade, the situations of such competition with respect to individual, more specified, merchandise lines can not be analysed on the basis of the census adopting customary sense of merchandise class-

rate higher than in the boom year 1962. As the result, in these stores sales of clothing accounts for more than 50% of total sales, surpassing those of department stores. Advance of foreign capital to follow foreseen capital liberalization will also exert influences upon the nature of competitive structure. See Y. Sugiura: "Seni Sangyō no Ryūtsū Kakumei (Distribution Revolution in Textile Industry)", *Economist*, July, 2, 1967.

- 5) Fortman insists that also interindustry or open competition puts limitation on policy decision in pricing since seller's elasticity to demand becomes larger. See B.D.G. Fortman: *op.cit.*, p.56. We should keep in mind, however, that these forms of competition do not necessarily show the intensity of competition directly. Generally it is said that competition under oligopoly is possibly more fierce than perfect competition. N.Kamakura: *Gendai Kigyō Ron* (Essays on Modern Enterprise), 1966, pp.88-89, 194. Cassady mentioned as factors defining intensity of retail competition: (1) existence of active competitor, (2) existence of new market-entrants, (3) excessive number of retail shops, (4) stagnant demand position and (5) loss of order by innovation in management policies. Ralph Cassady, Jr.: *Competition and Price Making in Food Retailing*, 1962, pp.108-113.

ification. And further, although the census has been conducted bi-annually since 1952, new types of retail institution (super-market, super-store, etc.) have been taken up only after 1964, and hence time-serial analysis is impossible. Although many other problematic points must be settled in utilizing the trade census for our purpose as shown in the below, this table may have some significance as the first step toward quantitative clarification of inter-type competition, waiting further pile-up of data for compilation.

**Comparative Positions of Two Major Merchandise
Lines, by Retail Types**

	Share in Total National Sales (%) ²⁾	Ratio of Costs to Sales (%) ³⁾	Share in Total Sales of Each Type (%)
(1) Clothes, Clothing and Belongings			
Department-stores ¹⁾	22.8	17.2	52.2
Retailing of clothes, etc.	76.6	18.1	principal ⁴⁾
Self-service Stores ⁵⁾			
Retailing of miscellaneous goods	1.7	11.2	32.9
Retailing of clothes, etc.	3.9	13.5	87.0
Retailing of food and drink			
-dealing in produce	0.4	12.2	5.7
-not dealing in produce	0.3	11.3	10.2
Sub-total	0.7	11.9	7.1
Other retailing ⁶⁾	0.05	11.5	10.1
(2) Foodstuffs and drink			
Department-stores	4.3	17.2	17.3
Retailing of food and drink	95.0	13.5	principal
Self-service stores			
Retailing of miscellaneous goods	1.2	11.2	44.2
Retailing of clothes, etc.	0.2	13.5	9.3
Retailing of food and drink			
-dealing in produce	3.5	12.2	85.7
-not dealing in produce	1.3	11.3	75.5
Sub-total	4.8	11.9	82.5
Other retailing	0.04	11.5	16.5

Notes on Table A

1) Figures in the table were computed from the results of the Trade Census of July 1st, 1964, compiled into Ministry of International Trade and Industry, Research-statistics Division of Minister's Office, "Wagakuni no Shōgyō (Trade in Japan)". There is one thing to be noticed on the definition of department-store. The figures of Census on department-stores cover the period of one year, July 1st, 1963 to June 30th, 1964—the coverage of "one year" being the same with the Survey of Sales Statistics of Department-Stores, but the former involves cooperative associations for living or of agriculture contrastively to the latter. (In the latter named survey,

department-store is defined as "retail stores of commodities for clothing, meal and dwelling with employment of 50 persons or over.") In the Table, data on department-stores were obtained, for the convenience of materials, from data on those under the Law Concerning Department-Stores of 1956, which were compiled based upon the historical year, causing some inconformity of period with the Census data. However, those department-stores in Census, but not under the Law, account for only 2-3% in sales, and at the same time those stores overlap neither with "Retailing of other miscellaneous goods" nor with "Retailing of miscellaneous goods" involved into self-service stores, both in the Trade Census.

2) In computing total national sales of clothes-clothing-belongings and food-drink, the yearly sales of "Retailers of other miscellaneous goods" in the Trade Census were divided into clothes-clothing-belongings retail, food-drinks retailing, bicycle-wagon retailing, furniture-appliance retailing and other retailing in proportionate to respective yearly sales, and the results were added to the total sales of the two goods categories.

3) Computed on juridical-person stores and private stores with regular employees, from MITI's Survey of Trade Statistics.

4) Business sections are assorted with respect to principal goods with the largest sales amount.

5) Those stores employing self-service system on more than 50% of shop floor space, total space being wider than 100 sq. meters.

6) Self-service stores within "Other retailing" are most remarked in Metal-ware-sundry retail and Ceramic-glassware retail.

On the ground of these results we can infer as follows. First in both sorts of goods, self-service stores are holding unnegligible shares in total national sales, taking place of customary retail types. On the other hand, deal of textile goods by food-drink shops and, vice versa, sale of food-drink by retailers of clothes, etc. appear to be gaining ground. Secondly the ratio of operation costs to sales is substantially low in self-service stores, suggesting possibly advantageous position in competition with retail types with high ratio. Further, goods with low shares in sales composition, say related commodities, do not necessarily require such high-rate profit as to fully compensate direct and indirect costs contrastively to principal goods, and so their sales could be continued so long as some surpluses are expected after deducting direct costs. Particularly in the case of self-service stores that have favorable cost-sales ratio, such sale of "related lines" may exert serious effects upon retailers who deal in such goods as principal business.

Supplementary Table B

This Table was partially selected, as an example of statistical evidence concerning the purchase behaviors of consumer in Japan, from "1964 National Survey of Family Income and Expenditures, Vol. 6, Expenditures on Commodities by Types of Purchase Place, Bureau of Statistics, Office of the Prime Minister, Japan." This report presents the results by the second national survey of consumption for the three months, Sept. to Nov., of 1964, following the first survey of 1959. But the survey of purchase places appears first in this second survey.

Table 1—A Quantities, Expenditures and Average Prices of Commodities per Household per Month by City, Town and Village Groups and Types of Purchase Place (All Households) In Yen

Commodities	No. of tabulated house-holds		House-hold size adjusted	Earnings per house-hold	Age of house-hold head	(100—100) Living ex-pen-ditures		(100—150) Food		(100—150) Cereals		(100—109) Rice (1kg)			(100—102) Domestic (total) (1kg)			(100—101) Domestic (rationed) (1kg)			(102) Domestic (non-rationed) (1kg)			(103) Inferior (1kg)		(104) Improved (1kg)				
	Exp.	Exp.				Exp.	Exp.	Exp.	Exp.	Aver. price	Quan.	Exp.	Aver. price	Quan.	Exp.	Aver. price	Quan.	Exp.	Aver. price	Quan.	Exp.	Aver. price	Quan.	Exp.	Aver. price		Quan.	Exp.		
All Japan	(1) Total	33505	52100	4.18	1.66	43.1	44288	17618	3816	102.34	28.02	2969	102.32	28.65	2329	97.94	18.01	1764	109.51	10.65	1165	86.66	.04	3	75.39	.04	3	75.39		
	(2) Retail stores						21269	13910	3437	102.42	27.14	2779						1764	111.23	8.86	985	86.66	.04	3	75.39					
	(3) Department stores						2633	464	113																					
	(4) Super market						2240	1615	119																					
	(5) Cooperatives						694	304	30	107.18	.03	3	107.68	.03	3				106.75	.03	3									
	(6) Peddlers						756	575	70	107.48	.58	62	106.78	.56	60				106.77	.56	60									
	(7) Others						1527	664	138	98.20	1.27	125	98.15	1.19	117				98.14	1.20	117									
	(8) Charges for misc. services						15169	186	4																					
	All cities	(1) Total	30780	41200	4.19	1.65	42.9	46307	18403	3837	103.60	28.40	2944	103.51	28.15	2914	98.47	17.63	1736	111.95	10.52	1178	87.89	.02	2	75.39	.02	2	75.39	
(2) Retail stores							21877	14431	3483	103.53	27.01	2798	103.46	26.81	2774	98.47	17.63	1736	113.03	9.18	1033	87.92	.02	2	75.39	.02	2	75.39		
(3) Department stores							2961	530	20																					
(4) Super market							2493	1808	137																					
(5) Cooperatives							683	294	30	108.36	.03	3	108.92	.03	3				108.08	.03	3									
(6) Peddlers							710	546	70	108.88	.57	63	108.45	.56	61				108.45	.56	61									
(7) Others							1501	606	94	101.78	.79	80	101.44	.75	76				101.43	.75	76									
(8) Charges for misc. services							16102	188	3																					
Cities with 50,000 or more		(1) Total	25476	35896	4.17	1.64	42.9	47340	18738	3833	104.25	28.01	2920	104.16	27.78	2883	98.89	17.36	1717	112.94	10.41	1176	88.46	.02	2	75.39	.02	2	75.39	
	(2) Retail stores						22163	14744	3501	104.16	28.85	2799	104.08	26.06	2776	98.89	17.36	1717	113.75	9.31	1059	88.51	.02	2	75.39	.02	2	75.39		
	(3) Department stores						3170	576	21																					
	(4) Super market						2557	1854	139																					
	(5) Cooperatives						644	284	31	108.86	.04	4	109.42	.04	4				108.61	.03	4									
	(6) Peddlers						665	507	59	109.56	.49	52	109.21	.47	51				109.28	.47	51									
	(7) Others						1498	585	79	103.68	.63	65	103.43	.61	62				103.47	.60	62									
	(8) Charges for misc. services						16643	188	3																					
	7 major cities	(1) Total	4022	14036	4.18	1.61	42.8	53320	21063	3948	108.63	26.76	2907	108.55	26.63	2890	101.78	15.42	1569	117.86	11.22	1321	89.76	.02	2	73.00	.02	2	73.00	
(2) Retail stores							24890	17299	3659	108.44	26.07	2827	108.36	25.94	2811	101.78	15.42	1569	118.02	10.52	1242	89.76	.02	2	73.00	.02	2	73.00		
(3) Department stores							4148	750	28																					
(4) Super market							2484	1762	134																					
(5) Cooperatives							440	166	16																					
(6) Peddlers							337	398	62	117.70	.41	49	117.52	.41	48				117.52	.41	48									
(7) Others							1464	513	47	112.95	.28	31	112.83	.28	31				112.56	.29	31									
(8) Charges for misc. services							19377	175	2																					
Medium cities		(1) Total	11461	11867	4.13	1.63	42.7	44440	17534	3757	101.91	28.44	2889	101.84	28.21	2872	97.63	18.23	1779	109.63	9.98	1093	86.51	.01	1	75.96	.01	1	75.96	
	(2) Retail stores						20453	13389	3398	101.80	27.17	2766	101.74	26.98	2744	97.63	18.23	1779	110.29	8.75	965	86.51	.01	1	75.96	.01	1	75.96		
	(3) Department stores						2885	523	20																					
	(4) Super market						2684	1947	149																					
	(5) Cooperatives						745	319	33	92.77			102.90						103.50											
	(6) Peddlers						674	522	60	105.89	.53	56	105.58	.52	55				107.62	.52	55									
	(7) Others						1483	638	94	103.23	.74	77	102.97	.71	73				102.99	.71	73									
	(8) Charges for misc. services						15525	191	3																					
	Small cities A	(1) Total	9993	9993	4.21	1.69	43.1	42390	16909	3773	101.31	29.24	2963	101.16	28.91	2924	97.05	19.07	1851	109.15	9.82	1073	88.03	.02	2	77.08	.02	2	77.08	
(2) Retail stores							20371	12749	3391	101.24	27.59	2793	101.11	27.33	2763	97.05	19.07	1851	110.48	8.26	912	88.16	.02	2	77.08	.02	2	77.08		
(3) Department stores							2152	402	16																					
(4) Super market							2507	1866	136																					
(5) Cooperatives							830	419	51	109.23	.13	14	109.52	.13	14				109.81	.13	14									
(6) Peddlers							824	635	61	105.00	.53	56	104.16	.51	53				104.17	.50	53									
(7) Others							1372	635	114	100.36	.99	100	99.85	.94	94				99.88	.93	94									
(8) Charges for misc. services							14134	203	4																					
Small cities B		(1) Total	5304	5304	4.28	1.73	43.4	93986	16218	3861	99.64	31.10	3100	99.52	30.61	3047	95.93	19.43	1864	105.75	11.19	1183	85.83	.03	3	75.00	.03	3	75.00	
	(2) Retail stores						19977	12343	3871	99.49	28.09	2795	99.42	27.78	2762	95.93	19.43	1864	107.54	8.85	898	85.83	.03	3	75.00	.03	3			

Table 1-B Quantities, Expenditures and Average Prices of Commodities per Household per Month by City, Town and Village Groups and Types of Purchase Place (All Households) In Yen

Commodities	(635)			(637)			(638)			(639)			(640)			(641)			(649) Others	(650-659) House- hold & govern	(656) Men's socks " (pair)								
	Men's shirts (continued)			Ladies' shirts (each)			Ladies' other underwear (each)			Children's shirts (each)			Infants' underwear (each)			Children's other underwear (each)													
	Quan.	Exp.	Aver. price	Quan.	Exp.	Aver. price	Quan.	Exp.	Aver. price	Quan.	Exp.	Aver. price	Quan.	Exp.	Aver. price	Quan.	Exp.	Aver. price											
All Japan																													
(1) Total	29	93	394	30	115	384	14	50	319	27	84	279	14	41	225	04	9	233	26	57	47	393	205	39	39	205	39	205	
(2) Retail stores	09	43	408	13	53	360	06	20	331	11	35	284	07	19	221	02	4	228	11	24	24	174	223	18	18	223	18	223	
(3) Department stores	06	29	426	09	37	387	04	16	339	08	27	308	04	11	241	01	3	262	07	13	11	102	209	10	10	209	10	209	
(4) Super market	03	14	310	05	16	294	03	9	290	06	16	282	03	8	204	01	2	204	05	11	8	56	175	07	07	175	07	175	
(5) Cooperatives	01	3	397	01	4	380	01	2	308	01	10	296	01	1	231	01	2	225	01	2	1	13	189	01	01	189	01	189	
(6) Peddlers	01	2	441	01	2	380	01	1	331	01	1	272	01	1	226	01	1	235	01	1	1	6	139	01	01	139	01	139	
(7) Others	01	2	330	01	3	343	01	2	344	01	3	270	01	1	239	01	1	283	01	1	1	11	138	02	02	138	02	138	
(8) Charges for misc. services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
All cities																													
(1) Total	21	96	392	31	120	358	15	53	318	28	93	278	15	44	219	03	8	235	26	61	47	397	194	41	41	194	41	194	
(2) Retail stores	09	42	404	13	52	369	06	21	331	11	37	280	07	19	226	01	3	231	11	24	24	164	200	18	18	200	18	200	
(3) Department stores	06	32	423	10	41	388	04	17	361	08	30	314	04	13	229	01	3	263	07	20	11	112	210	11	11	210	11	210	
(4) Super market	04	15	315	06	18	299	04	10	245	07	17	233	04	9	186	01	2	199	06	12	8	61	178	08	08	178	08	178	
(5) Cooperatives	01	3	394	01	4	387	01	2	303	01	10	278	01	1	251	01	2	228	01	2	1	13	192	01	01	192	01	192	
(6) Peddlers	01	2	477	01	3	408	01	1	369	01	1	268	01	1	226	01	1	219	01	1	1	5	155	01	01	155	01	155	
(7) Others	01	2	314	01	3	351	01	2	344	01	3	285	01	1	259	01	1	286	01	2	1	11	132	02	02	132	02	132	
(8) Charges for misc. services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Cities with 50,000 or more																													
(1) Total	20	95	393	32	122	358	15	54	319	29	93	279	14	44	218	03	8	234	26	61	48	371	195	41	41	195	41	195	
(2) Retail stores	08	40	402	13	50	368	05	20	322	11	37	280	06	18	224	01	3	225	10	23	23	160	199	17	17	199	17	199	
(3) Department stores	06	33	425	11	45	385	04	18	364	09	32	318	04	14	229	01	3	269	08	21	12	120	211	12	12	211	12	211	
(4) Super market	04	16	319	06	19	297	04	11	246	07	18	235	04	9	185	01	2	197	06	12	8	62	178	09	09	178	09	178	
(5) Cooperatives	01	3	404	01	4	389	01	2	303	01	10	264	01	1	266	01	2	225	01	2	1	12	195	01	01	195	01	195	
(6) Peddlers	01	2	495	01	3	423	01	1	394	01	1	272	01	1	250	01	1	226	01	1	1	5	159	01	01	159	01	159	
(7) Others	01	2	313	01	3	356	01	2	349	01	3	285	01	1	266	01	1	291	01	2	2	11	144	02	02	144	02	144	
(8) Charges for misc. services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
7 major cities																													
(1) Total	21	102	399	38	149	367	16	59	322	32	104	280	13	43	224	04	7	236	25	60	51	392	192	44	44	192	44	192	
(2) Retail stores	09	42	405	16	63	361	06	22	323	14	45	274	07	20	224	02	3	212	11	23	23	25	181	195	21	21	195	21	195
(3) Department stores	06	35	447	13	58	425	05	19	385	10	35	373	03	13	233	01	3	306	07	23	12	126	219	11	11	219	11	219	
(4) Super market	04	18	312	06	19	300	04	12	253	08	19	237	03	8	188	01	1	185	05	10	9	58	179	08	08	179	08	179	
(5) Cooperatives	01	3	474	01	4	418	01	2	303	01	11	229	01	1	220	01	2	235	01	1	1	7	217	02	02	217	02	217	
(6) Peddlers	01	3	555	01	3	456	01	1	393	01	1	286	01	1	267	01	1	230	01	1	1	4	171	01	01	171	01	171	
(7) Others	01	3	317	01	4	325	01	2	369	01	3	240	01	1	330	01	1	305	01	3	2	14	125	03	03	125	03	125	
(8) Charges for misc. services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Medium cities																													
(1) Total	20	93	385	27	107	354	15	55	307	28	87	270	15	44	216	04	8	235	27	61	48	362	197	38	38	197	38	197	
(2) Retail stores	07	33	388	09	37	387	05	18	329	08	27	280	05	15	225	01	3	235	09	20	21	130	202	13	13	202	13	202	
(3) Department stores	07	37	409	10	41	359	05	19	344	10	35	296	05	16	229	02	4	258	09	23	13	130	209	13	13	209	13	209	
(4) Super market	04	16	332	06	20	296	04	12	230	08	13	224	04	9	166	01	1	206	07	14	8	69	177	06	06	177	06	177	
(5) Cooperatives	01	3	356	01	3	400	01	2	323	01	3	277	01	2	408	01	2	235	01	2	1	16	191	02	02	191	02	191	
(6) Peddlers	01	3	655	01	3	456	01	1	393	01	1	286	01	1	267	01	1	230	01	1	1	4	171	01	01	171	01	171	
(7) Others	01	3	375	01	3	400	01	3	338	01	3	256	01	1	186	01	1	232	01	1	2	12	180	01	01	180	01	180	
(8) Charges for misc. services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Small cities A																													
(1) Total	19	93	389	27	106	347	13	45	331	25	85	277	14	41	214	03	7	228	25	59	47	355	197	41	41	197	41	197	
(2) Retail stores	09	45	408	12	49	361	05	19	353	10	36	289	06	18	223	01	3	234	11	25	24	165	202	18	18	202	18	202	
(3) Department stores	06	27	397	08	32	362	04	14	359	07	25	285	04	12	223	01	2	231	11	17	11	99	203	12	12	203			