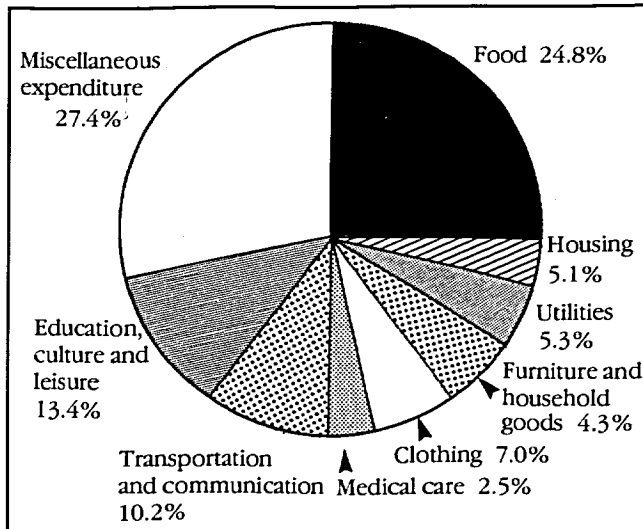


Figure 2

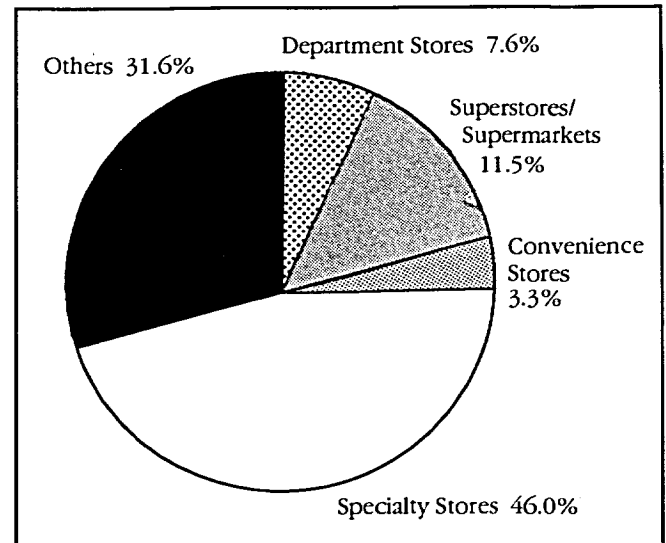
Household Spending — 1987 (Working Household)
Living Expenditure — 3.6 Million Yen



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

Figure 3

Total Sales Volume in Japan by Store Type
Fiscal Year 1985 — 101 719 Billion Yen (\$978 Billion Cdn)



Source: "Census of Commerce," MITI.

2 Retailing in General

There are six categories of establishments that make up the Japanese retail trade: 1) department stores; 2) superstores/supermarkets; 3) convenience stores; 4) co-ops; 5) specialty stores — shoe stores, butcher shops, etc.; and 6) others — general retailers, mom and pops, etc. Total 1985 retail sales by type of store is given in Figure 3. Of the ¥101 719 billion (\$978 billion Cdn) in retail sales, fully 78 per cent is handled by specialty and other stores. The remaining 22 per cent is controlled by the department stores, supermarkets and convenience stores.

Perhaps the greatest difference in the retailing systems of Japan and North America is the prevailing dominance of specialty stores and other small shops in Japan. As shown in Table 3, there are still over 1.5 million of these small stores, or almost 94 per cent of all the retail outlets in Japan, accounting for about 70 per cent of total retail sales. Generally, these small shops are clustered tightly together in neighbourhood shopping districts or "Shotengai."

Japan's shotengai have not changed greatly in structure despite the rapid modernization of other areas of Japanese society. Basically, the shotengai form in areas where people tend to gather. In Tokyo, for example, the immediate areas around the myriad of commuter train stations are the most common places for shotengai. Shotengai can vary greatly in size and usually consist of a selection of basic stores such as fruit and vegetable shops, meat stores, fish stores, liquor stores, dry cleaners, etc. Over the last 10 or 20 years, there may have emerged in the shotengai a supermarket and a convenience store.