

Superstore and Supermarket Profiles

THE DAIEI, INC.

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ANNUAL TURNOVER (Period ending February 1988)	1 550 314 million yen
TOTAL NUMBER OF STORES	177
LOCATION OF STORES	Nation-wide
AVERAGE ANNUAL SALES PER STORE	8 759 million yen
PROPORTION OF FOOD SALES	29%
TOTAL FLOOR SPACE	1 264 000 square metres
TOTAL NUMBER OF EMPLOYEES	15 544
YEAR ESTABLISHED	1957

Daiei (pronounced dye-aye), since opening its first store in 1957 has come to be the largest retailer and superstore/supermarket chain in Japan. It has achieved this phenomenal growth in two ways: the rapid expansion of its own directly-operated stores; and the active development of business and capital tie-ups with other medium-size supermarket chains. Daiei now directly runs 177 stores, of which more than half are in the Osaka region and about a quarter around Tokyo. These stores had a combined sales of ¥1.5 trillion in 1987.

In addition, Daiei affiliated supermarkets (usually Daiei is the largest shareholder) include Uneed, the 12th largest chain in Japan and Maruetsu, the 11th largest. Both these chains are discussed later in this section.

Daiei is also connected with the second largest convenience store chain, Lawson, which is also discussed later (under convenience stores).

Daiei has tie-ups with foreign companies, including Au Printemps (France), Lawson Milk (U.S.A.), Swift (U.S.A.), J.C. Penny (U.S.A.), K Mart (U.S.A.) and Kroger (U.S.A.). Daiei has 10 overseas offices, including ones in Los Angeles, New York and Seattle. Daiei is also tied to a number of restaurant or fast food chains in Japan such as Wendy's, Captain Cook and Volks, among others.

Daiei joined with CGC Japan, a voluntary chain of 170 supermarkets, and set up a joint merchandising and purchasing company, Glory Inc. Daiei has also established a new firm, Advanced Department Stores of Japan (ADS), together with other stores such as Jujiya, Au Printemps and Maruko, to conduct centralized buying of merchandise.

Daiei has been bolstering its mail-order and door-to-door businesses. In restructuring Riccar Co., a bankrupt sewing machine manufacturer, Daiei reorganized the company into a wholly-owned subsidiary of Printemps Ginza to strengthen its mail-order business in 1988. Daiei sold more than 800 000 copies of "Home World" catalog in 1987, and also transferred its door-to-door catalog sales operation to Riccar in 1988.

To cope with the severe competition from rivals in Japan and its relatively low profitability, Daiei has been urging all of its stores to use POS systems and promoting the OMC credit card, which can be used at all 5 000 group stores. The group's new system for ordering and receiving goods using a POS set-up has reportedly contributed significantly to the improvement of inventory turnover ratios. The OMC credit card, which was first issued in 1983, boasted 3 million cardholders in 1987, and has tie-ups with both VISA and MasterCard.