

Convenience Stores

Over the last few years, convenience stores have been booming in Japan and the trend is expected to continue in the immediate years ahead. Total number of stores in 1985, both chain and independent, was 29 236. It is believed there will be 50 000 stores by the early 1990s.

While there is no specific definition of a convenience store, there are basic similarities such as:

- longer operating hours of usually 12 to 24 hours per day;
- the handling of convenience goods, small packaged meats, snacks, common beverages and usually some fast food;
- brightly lit, self-serve stores of about 100 square metres in size;
- products are sold at list price, or at a slight premium over supermarkets.

The product mix of convenience stores varies from chain to chain. Some offer no fast food, others sell considerable amounts of fresh meat and vegetables, while some even handle small consumer durables such as toasters or rice cookers. Generally, food products, including processed, fresh or fast foods, make up about 90 per cent of total sales.

Most of the convenience store chains in Japan grow mainly through the conversion of existing independent retailers into their chains, rather than through the creation of completely new stores. The chains therefore look upon the hundreds of thousands of general retailers and mom and pops as a large pool of potential franchisees. The convenience chain's appeal is its more scientific approach to retailing, and its clean, bright, well-organized stores. The chains also will train those who will run the store, and help these owners to be more professional and efficient. Some of the larger convenience store chains command a royalty of up to 45 per cent of total profit from their franchisees.

Some chains of small stores are called mini-supers. The 33 chains of mini-supers distinguish themselves from the convenience stores in several ways:

- maximum of 12 operating hours;
- directing their competitive efforts more at supermarkets by offering discounts and trying to sell in volume;
- mini-super chains can have stores over 500 square metres in size, though most are about the same size as convenience stores;
- products are very similar to a supermarket though with less selection.

The most successful of the convenience and mini-super chains in Japan is Seven-Eleven. Since opening its first store in 1974, Seven-Eleven has grown to 3 121 outlets and sales of ¥95 billion. In many ways Seven-Eleven's style of store has been the model that most other convenience stores have appeared to copy. Few others have matched the scientific approach that Seven-Eleven has taken to its retailing business. It is, for example, the first chain to employ a Point-of-Sale (POS) system in all its stores, which is similar to the UPC system used in North America.

Co-ops

Co-operative food retail has its origins in two types of co-operative organization. One is the consumer organized co-operatives, which usually have their roots in housewives or neighbours organizing to form joint-purchase groups to realize volume discounts. Some of these consumer co-ops have grown into large organizations with their own co-op brands, of which some may even be manufactured by the co-operative. The largest is the Nada-Kobe Consumer's Co-operative Society, with 105 stores and total sales in 1986 of ¥256 billion.. (See Table 5.)

Table 5

Major Consumer Co-operatives (1986)

Co-operative	Sales		Number of Stores
	\$ Cdn (millions)	Yen (billions)	
Nada-Kobe Consumers Co-op Society	2 462	256	105
Zenkoku Rodosha Kyosai	1 279	133	117
Seikyo Rengokai	1 144	119	117
Seikatsu Kyodo Kumiai	1 135	118	143
Shimin Seikyo	519	54	29
Kanagawa Seikatsu Kyodo Kumiai	510	53	58
Toyota Co-operative	452	47	N.A.
Tokyo Tomin Sei Katsu Kumiai	423	44	31
Kyodo Kumiai			
Miyagi Seikatsu Kyodo Kumiai			
Shimin Seikyo Saitama			

Source: *Ryutsu Kaisab Nenkan*.