

Retail food sales, as taken from the last two commercial censuses, increased ¥4.5 trillion from 1982 to 1985, which is equivalent to a compound annual growth rate of about five per cent. Paradoxically, this occurred while the average Japanese household was shifting a small percentage of its disposable income away from food to more leisure and non-essential expenditures.

Food retailing in Japan was originally the total preserve of specialty stores and general retailers. Supermarkets and superstores, with their large food sales areas of upwards of 1 500 square metres, are a relatively modern occurrence and did not make their first appearance in Japan until the mid-1950s. Even then, the larger stores did not grow in number very rapidly until the boom period of the late 1960s and early 1970s. Department stores, taking their cue from the supermarkets, also expanded their handling of food to the point of creating food floors — usually an entire floor in the basement devoted to the sale of food and beverage.

The dramatic growth of the supermarket chains was cut short in the mid-1970s by the passage of a law to protect the smaller retailers. The law required that any new store over 1 500 square metres receive the consent of the local shopkeepers before it be allowed to open. This law sent a shock through the supermarket industry, but proved very effective in maintaining the neighbourhood shops, which are declining, but only very slowly.

In the 1985 census (Table 3) the government counted over 67 150 supermarkets in Japan, having total sales of over ¥19.2 trillion (\$184 billion Cdn). Many of these stores would be far smaller than what is normally considered a supermarket in North America.

As can be seen from Figure 4, the Japanese housewife still relies on the small general retailers and specialty stores of the neighbourhood shopping district (shotengai) for a majority of her food needs. These small stores account for no less than 49 per cent of all the food sold through retail outlets in Japan. The Japanese housewife generally shops once a day at the local stores either by bicycle or on foot. Shopping is generally done for that day's consumption and purchased food quantities are usually smaller than is common in Canada. Even at a supermarket the average purchase is only about ¥1 500 (approximately \$14 Cdn). There is not a great deal of bulk purchasing. Staples such as rice or soya sauce, that are bought in large quantities, are often purchased from specialty stores which will deliver the products.

There is a slow evolution of small independent retailers forming chains; many of the small retail stores have bought chain store franchises or joined voluntary chains. One of the major benefits of joining these chains is lower merchandise costs brought about through group purchasing. Some of the better organized chains also train personnel and bring a more scientific approach to store management. Among the fastest growing of these chains of small stores are the convenience store chains such as Seven-Eleven or Lawson's, which are in the midst of a boom.

In the following sections, the food retailing industry is discussed in regard to each of the major categories of retail store type: department stores, superstores/supermarkets, convenience stores, co-ops, specialty stores and general retailers.

### Department Stores

Department stores in Japan can be divided into two groups. One is the traditional group of stores, some dating back 300 years, that includes Mitsukoshi, Matsuzakaya, Matsuya, Takashimaya, Sogo and Daimaru. The second group consists of stores that were established in more modern times and usually are connected with suburban train lines. The train lines established these stores as both an attraction and a convenience for people living along their commuter routes. These include Seibu, Tokyu, Odakyu, Hankyu, Tobu and Meitetsu. Usually, these stores enjoy prime sites at, or near, the main terminals of their parent railroad companies. In general, the older department stores tend to be more elegant with more expensive products than the newer stores, though Seibu is one major exception.

Until 1973, department stores were the largest retail companies. Since that time this position has been largely taken over by the superstore chains. The department stores have tried to distance themselves from their superstore competition by offering luxury goods and a more sophisticated and prestigious atmosphere. Fashionable clothing and personal goods form their main strengths and account for 50 per cent of department stores' sales. Recently some of the superstores have been trying to move into the department stores' market by opening higher grade subsidiaries.

The major differences between department stores in Japan and those in North America include:

*Food Floors:* With the exception of Marui, virtually all major Japanese department stores have a basement food floor, and sometimes two floors. Fully 20 per cent of the average department store's sales are accounted for by these food floors, which are typically the noisiest and most crowded floors in any department store.