Abstract
Purpose – This paper will overview the historical development of modern retail formats in Japan, focusing on how the Western ideas influenced them and how Japanese marketers revised them to fit Japanese consumers and cultural conditions.

Design/methodology/approach – Comparative study on historical development of retail formats

Research limitation/implications – This paper indicates that modernisation of retailing in Japan was a process of creating the Japanese version of modern retailing, rather than simply following the Western ways. This suggests that there are many different versions of modernisation in retailing. This research should be supplemented by historical research in modern retailing in many non-Western countries.

Keywords – department store, chain store, keiretsu store, supermarket, convenience store

Paper Type – Extended abstract

This paper will overview how modern retail formats developed in Japan on the basis of influences from Western ideas in order to show how Japanese marketers modified these original ideas to fit Japanese consumers and business and consumer culture.

Keiretsu retailing
A unique retail format in Japan was keiretsu retailing, which was organised by manufacturers as exclusive retail networks. Although this is not usually categorised as a retail format, the basic idea was extracted from chain stores in America and multiples in Britain.

The historical condition for this format was the discrepancy in abilities between modern manufacturers and traditional petty retailers; that is, although some modern manufacturers, who established the mass production system, needed to have nation-wide retail networks to sell their products, there were scarcely independent retailers who had knowledge of modern retailing and enough business resources to develop the networks in the 1910s to 30s in Japan. Under this condition, some manufacturers launched to develop their own networks that exclusively dealt with their own products at required retail prices by manufacturers. With about 35,000 to 50,000 Hoshi Chain Stores organised by Hoshi Pharmaceutical Co. in the 1910s to 20s as the start, several keiretsu networks were organised, such as about 4,000 Morinaga Belt-Line Stores by Western-style sweets producer, Morinaga, about 7,000 Shiseido Chain Stores by Western-style cosmetics producer, Shiseido, and about 10,000 Matsushita Associate Stores by electrical products manufacturer, Matsushita (later Panasonic) in the 1920s to 30s.

The network system of keiretsu retail stores became full-fledged in the electrical goods field in the 1950s to 70s. Keiretsu retailing began to be undermined by the growth of independent retailers who acquired sufficient knowledge and business resources to develop their own chain networks by their own efforts, although the actual conditions were different in each industry.

The department store
The department store looked similar to the Western counterparts, but had some unique features. This was the only one modern format that was developed fully by independent retailers before the Second World War.
The first department stores, such as Mitsukoshi, Shirokuya, Daimaru, Matsuzakaya and Takashimaya, were descendants of large-sized _kimono_ fabrics stores, called _odana_, prosperous before modern Japan. Japanese department stores were able to observe American and European department stores, and introduced this format to change their stores that could fit modern Japan in the 1900s to 20s. These stores became the place where many Japanese consumers encountered Western-style items for the first time, but were operated in a Japanese way; for instance, the shoes caretaker system, in which every customer had to take off their shoes at the entrance of department stores, was kept until around the time of the Great Kanto Earthquake in 1923.

In the 1930s, private electric railway companies, such as Hankyu, Hanshin and Keiokin, established some new department stores. These companies developed many housing lots adjacent to their railway lines, and built the department stores at their main stations, called 'terminal department stores'.

These powerful department stores were dominant in urban retail markets, leading to the strong anti-department store movement by traditional merchants, and to the enactment of the regulatory law in 1937. The regulatory policies targeting on large-scale retailers continued until 2000, undergoing a few revisions along the way.

**Super: a Japanese version of self-service stores**

After the Second World War, _super_ became predominant in Japanese retailing. The term was originally a Japanese abbreviation from supermarkets, but the actual form became quite different from its American counterpart. This format was the first historical case, in which new independent retailers, who were not legitimate merchants inheriting resources from prosperous predecessors, got the ability to observe the American self-service system and introduce this system into Japan. The arrangement was, however, very Japanese.

They developed the Japanese format called _super_ or ‘general super’, selling not only food but also clothing and may other items at cheaper prices in multi-storey buildings. These were at first called ‘self-service discount department stores (SSDDS)’. After the Second World War, not only particular classes in society, but also almost all Japanese people changed their fashion from the Japanese-style to the Western-style; and mass consumption of Western-style under- and outer-clothing made of new synthetic fibres flared up during the period of so-called High Economic Growth (1955 – 73). Corresponding to this trend, general _super_, such as Daiei, Ito Yokado, Seiyu (later Saison group), Jusco (later Aeon), Nichii (later Mycal and bought by Aeon) and Uny, became a retail institution to meet mass demand for this clothing. It should be interesting to note that the background of these general _super_ was not food merchants; they came from the areas outside food trading, such as clothing merchants (Ito Yokado, Jusco, Nichii and Uny), a subsidiary of a department store (Seiyu), and a pharmaceutical merchant (Daie). Regarding food trade, general _super_ were naturally involved in this from their early days, but independent small merchants, such as butchers, fish mongers and green grocers, were still popular until the late 1970s mainly due to Japanese preferences for freshness and small-lot buying. General _super_ had a high percentage of clothing trade in all of their sales volume at first, although the percentage of food selling gradually increased and became predominant in the due course of time.

**The convenience store**

Convenience stores were born in America, and fully developed in Japan. Under the regulatory law of large-scale stores, the companies of general _super_ organised their subsidiaries in this field because the unit store was small enough to escape the regulation.

The so-called ‘big three’ in this industry were all organised by general _super_, that is, 7-Eleven Japan (by Ito Yokado), Lawson (by Daiei) and Family Mart (by Seiyu). The Japanese convenience stores developed a Japanese way of strategy, such as dense locating of shops near homes with presumption of consumers’ coming on foot, development of Japanese-style ‘fast foods’ such as rice balls and box lunches, frequent delivery of products to each shop in order to maintain freshness and reduce the stock level, and heavy human support to every shop as shown by the fact that each supervisor responsible for several stores regularly visited and gave support to stores a few times a week. In the Japanese retail scene, convenience stores have become the main players since the 1970s/80s. Although these stores did not appeal to lower prices, they attracted many consumers by convenient location and providing Japanese-type fast foods and services with long opening hours and operations seven days a week. In contrast to price-conscious formats such as hypermarkets and superstores, which became the mainstream in retailing in many Western countries after the 1970s/80s,
the non-price appealing format became predominant in Japan. This feature represented a Japanese trait in itself. 7-Eleven Japan and Ito Yokado’s (now Seven and i Group) acquisition of the bankrupt Southland Corporation in 1991 was a result of the rapid development of convenience stores in Japan.

Conclusion
The figure below shows the international influences of Western ideas of retail formats on Japan. Modern ideas of retailing inevitably came from the West due to the socio-economic conditions in the world in the 20th century. This, however, never meant Japan has been culturally colonised by the West, but has conducted what de Certeau (1984) defined as ‘making’ or ‘another production, called “consumption”’. The progress of modern retailing in the 20th century in Japan was the process of a revision of Western ideas to fit Japanese culture. Now Japan looks to be so close to the West, and yet so far away.

References
Figure
International influential relationships on development of major retail formats in Japan