

論 説

Retailer's Challenge to the Changing Market

— Transforming consumers to customers, turning them into final clients
are absolutely essential for the survival in the existing market —

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<Abstract>

At the threshold of 21st century, merger & acquisition or unexpected buyout would, more often than not, surely be high on the agenda of board of directors meetings, urging speedier decision for quick-operation. The goal is quickening the penetration into some sector of a certain industry, seeking more profits with less investment.

Abrupt shrinkage of ever-expansion in mid-course is seen for strategic reason or tactical one. These trends are observed in the sector of retail industries specifically, since retailers are destined to face immediate consumers with screening severity, for this, it is an unwritten golden rule that when the consumers are satisfied and convinced they will turn into loyal clients which cause smooth flow of precious capitals. Thus, long-term relationship with the clients would become possible by the retailer's introduction of new type of operation.

Key words : Changing market, Convenience, Customers

Overview :

As the times have witnessed severe reality, people in general, in terms of consumers, have come to determine the trends of the world economy where uncertain factors have been lingering upon entire globe. Retailers in general have come to realize the ever-changing market and genuine desire of budget-conscious consumers who are categorically divided into two brackets: one, for the rich, and the other, for the poor bracket, consciously, paying attention to the mediocre echelon which tends to upscale each individual life. The author has tried to visualize actual situation of retailers as a whole and analyze the future retailer operation so as to live up with the need of the tens of millions of consumers throughout entire global market, and, if any, providing any clue to this stagnant suffocated world. "September 11th Attack" has changed everything including ways, means, values, beliefs, beaten-track elements, negatives or affirmatives, whichever you might choose and wherever you might go beyond. The world has faced inexperienced environments for the first time ever in historic records.

Reading demographics :

Before watching the behavioral change of consumers, the author found it absolutely necessary to take note of the recent change in the number of population. Especially, America would be more attentive on this issue, since the number of immigrants, legal or illegal whichever it might be, would be amazingly great as has been shown over the TV or other sources. The author happened to collect the data, which are a little bit outdated, but possibly figure out relatively accurate numbers, and consequently, has been able to grasp the movement of consumers in my own way. According to the demographics, the following breakdown could easily be done. Ultimate consumers buy goods and services for their own personal or household use. In the U. S. there are over 260 million consumers, living in 96 million households. They spend over \$4.3 trillion a year on goods and services. The efforts of many marketers are focused on these (or more likely a subset of these) potential customers. The composition of the consumer market is constantly changing. Consider that every hour the U. S. experience 460 births, 250 deaths, and 100 new immigrants. That means the mix of consumers is changing by over half a million people a

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month. Thus, the first challenge is to develop an understanding of what this market looks like and how it is changing. To develop an appreciation of this dynamic consumer market, it would be necessary to examine its geographic distribution and several demographic dimension.

Geographic distribution :

Marketing executives monitor current patterns and projected trends in the regional distribution of the population in order to plan their strategies. The biggest markets are in the East North Central, South Atlantic, and Middle Atlantic region. However, the greatest rate of population growth over the past four decades has occurred in Southern and Western regions. Nowadays, most populous states are California, Texas, and Florida, in descending order.

The rural population :

The U.S. rural population declined steadily for many years, but this trend seems to have reversed. In the 1990s nearly four times as many Americans have taken up residence in rural area as in the 1980s. Rural areas, which contain only about one-fourth of the total population, are now growing at nearly the same rate as cities. There are several explanation for this development. One is the growth in employment opportunities on the outer edges of large urban area. People can take advantage of these jobs while still living in the country. Another factor is the growing number of retirees who are leaving the cities for rural area with smaller communities and slower-paced life-styles. Rather than viewing the increasing popularity of rural living as a temporary adjustment, some see it as a long-term, gradual deconcentration of the U. S. population. With advances in communication technology and decline in industrial jobs the need for people to concentrate in small areas in cities is greatly diminished. As a result, the population may be slowly moving toward a country of smaller, more widely dispersed cities and towns. Certainly it is something to watch because such a change would have many implications. For example, it would be unfortunate for retailers with large stores and large mall operators who depend on masses of customers. On the

other hand, this could be a good development for catalog retailers and merchants using the internet to reach customers.

About 75 percent of the U. S. population live in large urban areas like New York, Los Angeles, Chicago, Detroit and San Francisco and so forth, but the author recognizes it more necessary to dwell on the suburban population since chain store management in any category is still now focusing in and around the suburban areas.

The suburban population :

As metropolitan areas have grown, their composition has also changed. The central cities are growing very slowly. In some cases, older established parts of the cities are actually losing population. Much of the real growth is occurring in the suburbs of these cities. As families have moved to suburbs, the economic, racial and ethnic compositions of many cities (especially the core areas) are considerably different from their adjacent suburbs. For example, 60 percent of black households live in central cities of large metro-areas, but only 25 percent of black households reside in the suburbs. The changes in these areas have had several market implications. First, some retailers have followed consumers from the cities to the suburbs. Since a great percentage of suburban people live in single-family residence, there is a vastly expanded market for lawn mowers, lawn furniture, home furnishings, and home repair products. Second, service organizations typically locate close to their markets.

Consumer demographics :

The author from the beginning strongly intends to dwell upon the demographics to the effect that popular demographic characteristics include age, gender, family life cycle, education, income, and ethnicity. They are important to marketers because they are closely related to the demand for many products. Changes in demographics signal the rise of new markets and the elimination of others. They help us anticipate the needs and wants of the population. Here the author emphasizes the revelation of "Gender" .

At one time gender differences in marketing were quite distinct, but the lines are not as clear as used to be.

Two factors are particularly significant in this movement. One is the steady growth in working woman and the other is the increasing overlap of male and female roles. Sixty percent of women over 16 years old would be working outside the home. This is, the author thinks, significant to marketers because the life-styles and buying behavior of women in the outside labor force are quite different from those of homemakers. The author calls readers' attention to a fact that a challenge for marketers is to remember that women are now major purchasers of what were once male-dominated products such as insurance, mutual funds, cars, and business travel. In an interesting reversal, for the first time ever, women are now buying more athletic shoes than men. In another role shift, men are doing more grocery shopping worldwide. This is meaningful because it is a traditionally female role, and because the behavior of male and female grocery shoppers is so different. In the supermarket, men make more unplanned purchases, are less brand loyal, and less price conscious. They buy more beer, ice cream, and hot dogs, and less cottage cheese, yogurt, and salad dressing. These and other differences have implications for what products are offered, how they are advertised and displayed, and selection of items to promote.

Solution selling :

HMR (Home Meal Replacement= By definition, HMR, a sort of service for convenience, setting "Home" at the center, consumers take home meals which are ready-to-eat, ready to heat and ready-to-cook, without dining out and the supplier of frozen foods includes them in HMR category). Through this expression, the author keenly senses the social changes which have, more often than not, crucial meaning in leading ordinary life, facing the US and Japan whichever. Since the way of life, contemporary elements, and problems of workforce resemble in every aspects as all sources of information come directly from the States. Now, Meal "Solution" problem attracts more keener attention for retailing industries as a whole in quest of niche market in immeasurable choices in doing what one wants wherever and whichever other than cuisine tastes or ethnic foods whatever. Now the combination of casual weekly foods and formal week-end foods makes change of mind for

each family, not to mention time and place. These phenomena reveal vividly single life, young and old, defying beaten track ever. Since choices come first at birth, there is no blaming any whatever.

In the field of supermarket, new tactics have immediately been introduced so as to comply with the needs of customers. The means in terms of HS (Home Solution = more soluble at home compared with the way of HMR saving the time and manipulation of hands) provides with well-prepared variety of instant foods (usually take-out). Underground mall of Japan's department stores will not survive without HMR or HS maneuvers, as has been advocated by Noble & Associates Inc. It is undeniable data regarding the introduction of HMR by supermarkets which hit 82% of total, and the only prospective way for the continuation of supermarkets operation for survival is to follow the following norms to be drawn: (1) To provide as many consumers as possible with warmer meals. (2) To make it easier to buy food items, easier to carry them home. (3) To prepare completely pre-cooked, easy to eat in the form of chilled HMR. (4) To make it easy-to-heat, easy-to-eat in the form of chilled foods which are to be delivered to each home. (5) To provide pre-prepared easy-to-cook meals. (6) To install catering department to provide to a number of people. (7) To provide selection of menu of many varieties. (8) To combine HMR with relevant items and beverages. Needless to say, as has been previously mentioned, freshness and strictly sanitary cleanliness comes top priority.

Supermarket evolution :

Food Marketing Institute (FMI) has discussed on urging possibility of introducing ECR (Efficient Consumer Response) into the supermarket circles which has already been applied by Wal-mart since 1987 as a tool of strategic partnership alliance whose functional system lies in providing merchandises from "independent optimum level" to "total optimum standard", which is common practice to the side of Wal-mart, being still belated in this field for the rest concerned. It might be hardly said that the word ECR could be defined in one word or two, but it might be simply mentioned here that the abbreviated word stands for the basic idea for the protection of consumers

in general in that with close relationships among manufacturers, distributors and sales organs, each seeks consumers maximum profits with optimum balancing among these three parties avoiding each independent merits in quest of ultimate, common optimum goals, basically opening up information to one another whenever necessary.

Breakdown of food retailing by format :

According to Noble & Associates Consulting Inc. statistical record in 1999, the categorical percentages of pre-cooked food retailing in the U.S. are follows : Fast food share has shown 48%, self-service restaurant 25% and supermarket comes third place with only 12%, meaning that HMR's marketability in the future might be promising when the trend is amply taken into account²⁾. Without the concept of so called "Solution", no industry in the 21st century could survive. There has been the times when if needed items by consumers should be less expensive compared with other stores, it could be deemed as satisfactory only if the quality is exactly the same, and obtainable whenever necessary and customers try to search for such stores, taking reasonable time into account. The times now has gone. Nobody ever try to maneuver to do so for that particular purpose in quest of lesser price³⁾.

Destination Store :

Apart from initial stage of various type of operations, there might be coming to or reaching new stage of destination-oriented store which is now high on the agenda of the board of directors of each categorically different management. As phenomenal and typical trends the newly-evolved convenience stores have extensively been transformed into destination stores. The pre-requisite of these are as follows,⁴⁾ and these are also considered to be three (3) constructing elements of destination stores :

- (1) Overwhelmingly huge space (two to three times as large space as existing ones)
- (2) Overwhelmingly voluminous merchandises (Depth of categorical assortments, far deeper compared with existing ones)
- (3) Overwhelmingly low price (Discount Intensive

Power)

Group of flourishing independent stores :

Genuine dynamism could be found in the spheres of totally new type of operation which is very common throughout the States. For example, Electronics Stores in Los Angeles called "FRY" is regarded the typical, flourishing one out of many thanks to the Silicon Valley of Northern California, boasting huge store-size of 9900m² with deep assortments of merchandises and ample inventory which no other stores can match around its vicinity, with the addition of overwhelming low price, being surrounded by joyful atmosphere for entertaining promising customers. It might be simple reason to supercede the existing chain businesses which are imperative to expand and add the outlets in succession if effectiveness and efficiency are taken into consideration for profit-seeking strategy thereby.

Regarding independent store, contrary to regular chain stores, one eye-catching-note could be drawn to attract the customers to that particular store, that is, that customers be better excited or astonished with "something unknown", by the owner's full manipulation of accurate managerial knowledge and free thinking. From this idea keyword, "Entertainment" composes the vital elements which has inducing power of the inflow of millions of customers. In other word, it might be mandatory to please the customers which means coming alone only for pleasure has the meaning itself, urging the clients eventual purchase of the merchandise of the store it carries. Given another example of the individual store in Boston, the concept of the aforementioned individual entertainment-oriented store would be better understood. "JOURDON", the independent furniture store is run by two brothers, both are heroes, the owner of the store behave as actors, shooting commercials of their play, making shopping-mall like a store — layout in Disneyland, providing each day with different shows so as to enjoy customers, including several festivals whenever necessary to satisfy would-be-customers and more than that, the environmental temperature and humidity varies in accordance with sales spaces installed⁵⁾. In addition, the author adds another new-word and its example for giving changing retailer's maneuver now introduced into Japan. The word

"Eatertainment", the coinage is the combination of "Eat" and "Entertainment". The restaurant named "Rain Forest" in Minneapolis, is very unique in that the roars of beasts and various voices of wild animal can be heard from every corners, and thunderstorm starts all of sudden. There spreads the world of real forest. It might be no exaggeration to mention that the individual idea combined with venture-capital, could create the new type of retail operation which only bullish investors can afford to comply with new thought.

Eatertainment business :

The word sounds queer, however, as has been explained above. This has something to do with contemporary trends and tastes anyone could imagine. The author gives some example similar to this. The word "edutainment" is the combination of the word, "education" and "entertainment" which leads the people to attractive and exciting education guiding the people to the enjoyable, very interesting sphere of learning or study even to the sphere of research as has been clearly uttered by Dr. Joroph, professor of Massachusetts Institute of Technology "MIT" to the effect that attitudes of students are inclined to go towards immeasurably Disney World, on one hand, and same remarks could be heard by those from the Disney World, that is, Disney World is nearing extremely to MIT. The meaning is that more and more people have mixing interest in learning and pleasure both of which is indispensable in leading sound life. Taking traveling, pleasure trip alone cannot satisfy the participant to each one's heart. Traveler would ask the travel company to make tour of a certain plant whatever products it might make. Traveler has interest in the process of its finishing touch taking wine for example, starting from vineyard to finishing plant.

The theory of ever-changing marketing channels :

The theories of retailer's business life cycle could be categorically divided into two : the one is comprehensive as is usually shown on the ordinary business cycle, that is, the business, being initially starting, growing and boasting its prime, then gradually declining, finally fading away out of the market. The other is partial, which has been

well-applied in the academic field, being advocated by Dr. M. P. McNair in 1958⁶⁾ — "The Wheel of Retailing". Briefly, newly-born innovative retailers' fierce battle against existing rival firms could be described as they are more attentive on the weak points of the peer companies by introducing lower margin and lower price method, defeating the competitors and eventually intruding upon existing market-share to the new comer's favor. That means should they overwhelm the other, the victors also face the same fortune, since to make their merchandises more attractive, they have to add value on the items they carry, or must consider the better assortments, forcing them to make mark-up, labeling better price tag to each item to maintain the desirable qualities of any goods they have. This cyclic phenomenon or trend is, in essence, exactly the same among the newly-born retailers.

In the meantime, new type of operation, or format, continues to evolve for the better, in quest of quality and quantity whichever. As Dr. McNair put it "retail operation can be characterized as the recycling of its process how the new comer looks like brand-new in appearance, destined to come back to its original status after elaborately evolved-transformation. The world famous Woolworth variety store (now, defunct), in those days, once called it "Ten cents store" which represents the cheaper shopping place for general public. It was compelled to make mark-up of the price tag due to the rise of cost, tried to change the type of operation by introducing more items in more spacious sales area like the general merchandise store and has done defying the cheapness of items and adopted the abundance of items but was not well-functioned as expected. In the mean time, GMS (General merchandise stores like Sears, JC Penney and Montgomery Ward) have penetrated into the market for full line services, with reasonable profit, followed by DS (Discount store with non-food daily necessities at lower price). Another type of operation targeted at lower price daily products seekers came into being. Retailing business, as Dr. R. Cox put it⁷⁾, continues to evolve. It might safely be said that its progress could be continued, even being growing, keeping with times conforming to customers wants and needs of contemporary days. Due to this evolving process, thousands of thousands innovators in the past have suddenly disappeared, and some which survived, still,

continuously remain innovative in anticipation of promising destination stores⁸⁾ .

Exception :

There are some exceptions which are not suitable to this theory. In this category, only two are the exceptional, and remain stable hereafter ever since its emergence in new market in 1950s. These are convenience stores (like Seven-Eleven) and fast food restaurant (Like McDonald Hamburger), and have strong propelling elements to keep continuing ever. In retail business vending-machine is, as a pattern, unsuitable to take into account theoretically, putting aside of the former two categories⁹⁾.

Regarding Seven-Eleven convenience store, the basic reasons for still flourishing throughout the world are that any items are available at any time and at each family's nearest location when each wants and that they are mostly open 24 hours all year around, although the items they carry are quite limited. Furthermore, to open up the store, chain operator does not necessarily need the experience with small investment. The only thing for owner of the store to do is to sell by contract. Franchisor will take care of every detail from location to the volume of items in would-be-franchisee store. Consequently amateur store manager is always welcome should he or she meet the requirements of the franchisor's proceedings. Christian countries of the world usually prohibit to work on Sundays, but in the long process of the battle among franchisors and traditional establishment in the east coast of the U. S., the violators of blue law prohibiting working on Sundays have not been punished until now and the problem is still yet pending. As for the McDonald Hamburger, it is universally admitted that within 63 seconds it is completed ready to serve with uniform tastes wherever it is served, either in Moscow or Beijing and the cleanliness of hamburger is globally guaranteed by McDonald brand. The author also tries to reveal the vending-machine is totally omitted in the field of distribution system in general, because vending-machine manufacturers sell a large quantity of beverage, food, cigarette and so forth through machine operators which carry a huge quantity of various vending-items, setting price.

Wal-mart unmatched struggle ever :

The author could easily praise the unmatched retailer labeled invincible retail outlet, that is, Wal-Mart. Since this behemoth retailer sprung from the rural market with daily products produced in vicinity market, it eventually has succeeded in sneaking in urban gigantic market. By checking every details of the surrounding consumers it grasped the consumers' needs and desire, having realized what is of vital importance in retailing. Categorically, Wal-Mart has been regarded as discount store as K-Mart has been treated as such. However, the latter's "Umbrella Operation", which means opening up a number of stores in the limited marketing area in one shot so as to grasp as many promising customers as possible in a short period of time, has since its initial stage been of great threat to the rest of the discount store with large, medium-sized, smaller outlet and so forth.

Wal-mart's double strategies :

With this concept in mind, vanguard Wal-mart started two types of experiments, starting in 1986 through to 1987. First, Hypermarket has newly been developed in 1986 in Garland, Texas. World-eye, with great concern, watched this new experiment of building "Hypermart USA" comprised of one piece ground floor sales space of 17490m². This format originated from experienced Europe and had never been known to the US, with 70 scanning cash registers installed to smoothly pass the clients at the end of their purchase of various categorical items such as full-fledged combination of items of foods, clothing, lodgings, furnishings, toys and so forth. Consequently they found out the store is too huge for consumers to enjoy shopping and too costly for investors to invest in anticipation of would-be-customers, concluding the final decision not to go far beyond at the initial investment, and moved to another experiment, without prior notice to the third party, in secret, cultivating new "Supercenter", 70 miles northeast from Dallas so as to penetrate into rural area located in St. Louis, Mo. This supercenter format has proved successful since it included basic assortment of supermarket such as foods, beverages, and perishables other than discount store's limited assortment of non-food items. Wal-mart

decided to buy local smaller supermarkets, and proceeded to statewide operation after buying McClain Food Inc. to sway over "Supercenter" operation throughout the States. Dropping the idea of additional Hypermart USA operation, Wal-mart left only four stores intact for further rapid growth of "Supercenter" throughout other parts of the United States.

As has been advocated by R. R. Gist, subsequently by T. J. Maronic and B. J. Walker, to explain the framework of changing retailing business, Dialectical thesis theory¹⁰⁾ would be easily understood by concerning party, for easy example by taking up existing department store (high-margin, low-turnover, high price, complete service, located in downtown) versus innovative discount store (low-margin, high-turnover, low price, self-service). The latter's antithesis with opposite attitude towards the consumers produce Discount Department Store as a result¹³⁾. Through these variety of thesis, retailers try to start their precarious enterprises. There is limit in any case which might be cost or margin which are the components of price-decision and thus how to determine the type of business operation depends upon the consumers surrounding up-coming new store.

Wal-mart transforms itself to meet the conceivable consumers :

The first experimental "Supercenter" was established in 1987 one year behind its predecessor, Hypermart in Dallas, Texas, the location of which is small town of meadow with the population of 9200, named Washington. In 1980s, Wal-mart expanded large number of stores by 170-180 yearly, enlarging the existing size of 365m² to 670m², almost double-size stores, in rapid succession, having ample reason to do nothing to fear nor worry, since elaborated marketing around the trading area was already done. To be exact, with only 9200 population, they commuted from the town to St. Louis, Mo. One-hour-drive distance from the meadow town to St. Louis. There exists the absolute need to make one-stop-shopping. This meadow town of Washington, Missouri, badly has long been longing for the more larger, better assortment store in its own small village. On average, some supermarkets and some discount stores could be enough and suffice anything if any, should the trading area be every small

like Washington, Mo, this being the pilot store of supercenter of Wal-mart.

Supply chain management :

This basic idea usually is called "Quick Response" (QR), further leading to "Supply Chain Management" (SCM). The fundamental thought of those has, from the beginning, been originally derived from Sam Walton, founder of Wal-mart¹¹⁾.

Merchandising industries :

Supermarkets are the largest merchandising industries, never being considered gone under. Chain store profits based on sales are small, but based on capital investment, supermarket profits are much higher — 12.5 percent on the average¹⁴⁾.

Abiding by the successful formats they first created, they try to monopolize the market as their first step. It is not the rare case that they open up the stores around 50 to 100 per year. This speedy creation of new outlets gives them eventually the limit, or will lead to over-stores situation in those areas extended domestically. Thus, they penetrated into the market in foreign countries wherever conceivable, stretched out huge lands adjacent to the U. S., being Canada to the northward up and Mexico to the southward down. To make the most of the given opportunities, American management tends to make variety of experiments in succession, in which they thought they apply quite a few formats by single enterprise.

Quick decision of retreat :

However, once bad performance is surely anticipated, they withdraw the existing, or new plan all at once for retreat. For easy reference of American retail industry, the author emphasizes the next points : sales volumes of the year of 2000 counted at \$ 193 billions out of which they earned \$32.1 billions abroad, which shows sales-up rate 41.2% in foreign market, revealing entire Wal-mart's rate of increase in sales volume is 15.9% up by dint of the foreign marketing of merchandises. Accordingly, the key to success would be in the hand of foreign marketing as

statistics has shown clearly. Not only American retail giant but also, French and German retail giants are looking to Japanese market, knowing their coveted 1400 trillion yen of deposits and savings (equivalent to \$11.7 trillion) stocked superficially throughout entire monetary organizations of Japan, leaving them intact due to precarious recession of our economy. Most of them has in silence been awaiting for the inflation-targeted measure to be abruptly taken up to make breakthrough. Carrefour, French Hypermarket, well-known in food category, has succeeded in purchasing most items direct despite piles of document-clearances which diminish wholesale function to make cost down and calm down neighbors by governmental protective measures and maintaining sales volumes nearer to their goals.

Consumers behavioral psychology :

Costco has the bitter experience (once felt so but consequently turned better as explained in later paragraph) among leading retail giants .The rival companies come to the next door to attract as many consumers as possible. "People tend to gather wherever people gather." This is true in some sense. Other well-known Japanese or American retail giants play a vital role of advertisement which has dual effects with both time-honored brand and magnet power attracting customers, which Costco lacks, the only thing Costco expects to its neighbors are to gather as many people as possible to expose their new type of operation. Even if the store may carry a variety of merchandises it leaves sometime supplemental and marginal factor. Only the store existence of its vicinity becomes "trotting about space for entertainment" where millions of millions of people are to pour in. Further notable points must be borne in mind. Not all American store has succeeded in Japan, rather many have managed to prolong the retreat, other than Toy's Us, GAP, Sport Authority. Their sales performance has proved effective in Japan. Office Depot must give second thought of its operational tactics for further pickup.

Bold challenge imperative for survival :

Notwithstanding the outcry of world market opening movement, there are lot of advanced countries which still

close the door firmly. Thinly opening it could be negligible extent for freer trade. However, it is ironically true that the more advanced countries are prone to be untoward to the unconditional opening compared with the developing countries. The reason is simple in that world giants which occupy the permanent seats in the U.N. Security Council are all agricultural countries, which means they all are self-sufficient by themselves, and thus the priority comes to some sector of agriculture for their common interest. Tariff barrier as well as non-tariff barrier would some day in the future fade away or diminish to the minimum as the market economy has penetrated into the former socialist countries, avoiding protective measures of the party involved. As the author described in the past Proceedings of the Tokai University Junior Colleges Vol.1st 1999, clearer phenomena have revealed how to adapt self to the change of the world market, and subsequent prescription might be drawn out. The conventional edge over the past knowledge has recently lost genuine power in every field of any industry as a whole due mainly to unexpected phenomenon from fruitless result. To be concrete, a variety of knowledge intensive methods by the past experience, sometimes, hinders the proper understanding of the human behaviors which fluctuate in accordance with, as it were, "dog year pace" of change in human life style which means every five year could be facing the turning point. New market must be either found or be created, so the driving force of consuming power must be either aroused or be created by and with the combination of tactics and strategy. In the retail industry's field, the introduction of new type of operation, this problem has been overcome to a certain degree.

Relative value of a single item :

Any single item, value could be judged by the formula $V=Q/P$, which is widely accepted in the retail world, V(Value) is equal to the quality(Q) divided by the price(P), which means, the higher the quality one wants, the more one must pay, should one choose to stick to higher quality. That is common formula, most people admit, however this can be applicable only to the practical daily commodities. Manufacturers as well as the distributors and retailers have found themselves helpless

to apply positive applications of this theory. In essence, deregulation which has been welcomed by the majority of consumers as an unmatched opportunity to seek lower-price, quality merchandise without hindrance has utterly proved to bring about negative results¹¹⁾. The author strongly emphasized that the severer reality be understood and advised that the successive expansion of sales area prove valid, effective and profitable and the common formula has functioned well enough before deregulation. However, this deregulation measure does not function well enough as a guiding strategy. The reason is quite simple. For effectiveness, past criteria neither work, nor are applicable now that basic competitive tactics have greatly changed. Since the adoption of EDLP (Every Day Low Price) policy in late '90s by each wholesale price club (U.S. born membership wholesale club which sales all items at wholesale price, which means that once he or she acquired the membership card by paying 35 dollars in an average and validity of the card never cease to expire after issuance, then he or she is qualified to be a member of eligible wholesale price club (one of new type of operation, now active), which enable them to buy any items at EDLP. If so desired, single person is eligible to be a independent store owner. One condition is essential, he or she must be stable staff member like local government, airline, city-run bus company, university professor that have something to do with solvency and stability of economic status.

The essence of type of operation as buying place :

Originating from the customers life style, there begins the shopping area. Usually it is called selling area (from the vender 's viewpoint). Same space ,whichever it might belong to, functions totally differently. This is not mere playing game of words, but viable reality exists. The place changes its name by the role it plays. If it is even in the factory of the distant local town, its existence is only for consumers or a little wiser customers. It could be properly said that the place is "buying place for customers" as if it is declaring that any one who wants to buy would be no vendors nor wholesalers . Either retailers or final consumers are qualified.

Influence of internet on retailing :

Ever since the introduction of internet, the world has been experiencing the promising performance by making most of the data-based marketing¹²⁾. However in the field of retailing Amazon.com, Inc. has been hit by huge deficit. However, it could be expected that the global shopping and global price ultimately narrow the gap between the worldwide merchandises and consumers home-bases, thus making easier to go shopping anywhere in the world by full manipulation of the device at each home. There is no need to mind the slow turnover merchandise, in normal case, and the merchandise would be withdrawn from the shelves. It is, however, unlikely to think of the internet system applied in any parts of business process at this moment. Rather it might be possible to control customers numeric data which is to be recorded properly. Should retail business try to adopt the device in the transaction it would work more effectively and we are unable to expect good-performance in seeking profits out of adoption or application of internet at the time of ever-changing circumstances. However the time has been ripe for any type of business to anticipate the upward trends in installing internet devices wherever you might go and what you are going to do, since all concerned have something to do with internet, a rosy path of internet retailing can be conceivable in the near future. Japan's leading department stores like Mitukoshi, Takashimaya, Daimaru and so forth, are performing multipurpose retailing with the combination of TV shopping, Catalogue shopping together with internet sales, which all lack human factor, one of weak points.

Ever-growing type of operation :

Mere expansion of the existing retailers does not guarantee the future market-share. Renovation or innovation might be vital in the process of acquiring new market share which is one of the measures whenever we evaluate the business growth. In this regard, remodeling of the existing stores is similar to the newly-born type of operation which attracts lots of customers when they found the store. Thus, newly- born, attractive and enjoyable, sometime exciting one, coupled with the relatively lower price, will make deeper assortments of the

store items and keep fairly good performance. In other words, "convenience" comes first. On the other hand, customers prefer the store carries variety of items which customers need deeper and wider in assortment, and then, customers would continue to support the prospective, newly remodeled and comfortable store, which beats status-quo and defy old format store. These all must be viewed from the consumers standpoint as the matter of course.

Seller-buyer relation :

Selling has traditionally been seen as a confrontational activity, with the sales-person 'hierarchically' subservient to the buyer — the former trying to persuade the latter to buy something not wanted or needed. It is seen as a 'zero-sum game', in which each of the participants can gain only at the expense of the other¹⁵⁾. In recent years, however, it has been argued that the most productive relationship in such sales deals is based on a 'win-win' approach, in which it is expected that both sides will gain from the deal (albeit in different ways) so that they start out with the intention of producing a mutually beneficial arrangement. An increasing number of organizations have, indeed, come to see the relationship as one interdependence — where the two sides adopt a 'peer-to-peer' relationship. The sales role here is sometimes described as relationship management. As this type of relationship requires a higher level of personal support, from a more skilled sales professional ('a relationship manager'), it will typically be limited to the five or ten most important customers. Above is the brief aspects of confrontational activity in which any buying system or situation is taken into account. There are three categories of buying: (1) economic buying influence (conceivable merchandise- mix buying is essential with less expense), (2) user buying influence (demanding customer's will reflects in merchandise buying) and (3) technical buying influence (buyer's well-calculated merchandise buying technique works well). Looking at these, no one can exactly identify the customers motive of influence.

Conclusion :

In closing this paper, the author has elaborately tried

to zoom up the abrupt alteration of the shopping pattern of the past by making gear-change by the marketers, having led to the distribution evolution throughout the entire world, incidentally touching slightly upon the topics of gender which is in full swing in the academic field. Marketing (deep in the meaning since its surely reflects the social, political and cultural situation of the times) is the top urgent subjects and is the issue to be tackled properly day by day and to be solved sooner, because the excellence of the marketing leads the company to stable and reliable situation. The marketers, in terms of retailers, have something to do with manufacturers which, in their own parts, study timely investment for the sound continuation of the stable economy, making strenuous efforts so as to proceed the thriving path viably. Although retailers are generally considered to be the no core business but rather marginal, now it has become evident that the Wal-mart is the world biggest sales giant starting from near 'scratch' which world must bear in mind, the author only provides the affordable information and the marketing method and type of operation with sort of formats which propel the retail business in a fashion evolved. Through this variety of information, people come to understand the genuine thesis of the distribution system as a whole. The author has, in mind, more things to mention over the gravity of retail industries. However, due to the limit of the scope of revelation, the author is obliged to withdraw further persuasion over the turbulent retail industries in general. The author concludes this paper with the most important things. That is, the heritages of retail business mind lie in the (1) convenience, (2) variety of merchandises, (3) deep items, (4) consumers-oriented attitude, (5) sensing of the ever-changing environments, (6) fairness and clearness in every respects, (7) always modesty, (8) quickness to respond, (9) imitation before censure, (10) avoidance of blaming others (wholesalers, manufacturers etc. whichever). Aforementioned are all the inclusive elements which any retailers must have in mind and be attentive to at all time whenever they take consumers into serious account. The author would dare to say only Wal-mart, right now opening up the stores in ten countries, has them all since it has been universally admitted by the majority of people of the world in which it has branched out, it being conforming to the ambience of the times. In

addition, these days the world has entered into open-market as is stipulated in the preamble of World Trade Organization. Most of the tariff barriers are ultimately to be removed, opening the way to the domestic consumers in general in due course. The author, as our predecessors have put it, finds urgent need to clarify the direction of the wind towards which favorable wind blows and by dint of which new retailers could manage to clear each way smoothly. As Wal-mart has ever evidenced from its initial stage, the word "Starting from near scratch" holds eternally good. This thesis also is searching for better management and operation at the threshold of 21st century. The author further stresses the importance of retail operation whether it might be wholesale-oriented or manufacture-oriented, or oriented toward vertical or horizontal flow of products. Its study has explicitly been intertwined with interdisciplinary elements within its scope and boundary. Incidentally, defying the theory of retailing industry, a unique operation of retail outlet has undoubtedly been evolved in parallel with the development of the predecessor, having conspicuously become evident at the threshold of 21st century. Rural area has been deemed ideal sales space in terms of size of sales floor and parking spaces for promising upscale business customers and the like. It has been a foregone conclusion to apply chain operating sales method in any form, since the adoption of chain operation guaranteed the voluminous sales, huge consumption, higher turnover of moving merchandises, variety of imaginable items, absorbing all sorts of ethnic varieties. Huge general merchandise stores or gigantic discount stores have ironically proved untoward to consumers of every echelon. In contrast to this trend, the runner-up has come to the fore so as to insist the presence of their unique "format" which reverses the concept of mass-sales, mass-consumption, mass-merchandizing and, more than anything else, simple "standardization" has shown the limit consumers in general are unable to bear. As the instances of bad example, it would be enough to list up two gigantic chain operators: the one, Sears and, the other, K-mart. and the sales volumes of those companies have been dwindling yearly, and the latter has collapsed as has been viewed by many critics.

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変貌する市場環境へ向かって小売業は挑戦する。

「消費者を顧客に変え、最終的には固定客へと仕向け現在の市場環境で生き残るためには新しい業態開発が必要条件である。」

米村 徹

<要 旨>

21世紀の初頭に当たり、企業合同、合併、買収と言う言葉が頻繁に役員会の俎上にのり、実行のため迅速な決断を促される事であろう。狙いは投資効率を良くするため最小限度の投資により最大増益を図るためのものである、そのため、時折、戦略的、戦術的理由により途中で投資額を突然、減らしたりして進行中の拡張路線を突如縮小する事も当たり前になってきている。この種の傾向は一般的に言って「小売業」に具現されている事が多い。何故なら、小売業は宿命的に「厳しく選ぶと言う」消費者の眼に晒されているからである。消費者には不文律ともいえる黄金律があって、消費者が納得し満足すると、初めて固定客としての関係が維持され、顧客が必要とする新業態が開発される誘引となりうるのである。