

Post-Bubble Japanese Department Stores

The Need to Search for New Paradigms

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Abstract

While department stores were among the defining institutions of Japanese pre- and post-war consumer culture, their sales and market shares have fallen in the post-bubble period, forcing companies to close some stores and to generally rethink their business models. As companies have rebuilt stores, reviewed cost structures, and increased their independence from suppliers, this chapter argues that the fundamental business paradigm of department stores itself is under threat. Changes in employment patterns, societal values, and demographics call into question the business model of department stores. While store operators are changing their ways, it is questionable whether they can create a new paradigm that distinguishes their stores as clearly as previously from the many offerings available to consumers in Japan today.

Keywords: department stores, Internet, gift-giving, social relations, consumption, baby boom generation

Introduction

Normal at first sight, simple at first sight, its ingenuity and perfectionism concealed. When you wear it, when you use it, you will understand. Created with sincerity and carefully selected. Precisely because we are a department store we can make these suggestions.¹

1 www.takashimaya.co.jp/style/mono/index.html, accessed 28 February 2006.

In June 1992, Tobu reopened its department store on the west side of Ikebukuro, one of Tokyo's busiest commuter railway stations. The renovations that had nearly doubled the store size to 83,000 square metres, thus making it Asia's biggest department store, were estimated to have come at a price of ¥100 billion (approx. €606 million). With the renewed store Tobu expected to outdo the rival Seibu department store on the east side of the station, and to expand its customer base to fashionable, young people, thereby increasing sales to ¥216 billion (approx. €1.7 billion) by 1993. Indeed, over five million people visited the store in the first month after its renovation, spending over ¥20 billion (approx. €118 million). Yet, at the time of the store's opening, enthusiasm was somewhat muted. The decision to expand the store was made in 1989, at the height of Japan's booming bubble economy, which, through asset inflation, had also driven private consumption. With this period coming to an abrupt end in 1992, consumer spending was down, and recouping the investment was now expected to take at least six years, instead of the initially expected two years. In 1992, there was still anticipation that the Japanese economy would return to its previous continuous growth and consumer prosperity, but sustained economic recovery never materialized.² While other retailers found success with new business models during the 1990s (Meyer-Ohle 2003; Dawson and Larke 2005), the department store industry has experienced a long, drawn-out period of falling sales, leading to mergers and store closures in and outside of Japan since the burst of the bubble economy. Tobu Ikebukuro's sales for 2013 stood at ¥106 billion (approx. €815 million) below its pre-renovation figures of 1992, which were achieved in a much smaller store (Niida 2010; Larke and Causton 2005; Nikkei MJ Ryūtsū Shinbun 2014).

Japanese department stores implemented various initiatives to maintain their position in Japan's consumer markets. These included reviewing product groups, reaching out to new customer groups, making room for attractive fast-fashion chains as tenants, opening stores in suburban shopping malls or copying shopping-mall principles when redesigning their own stores, and, finally, reproducing their businesses online. In this chapter, I will take a closer look at this last strategy, arguing that, while moving their business to a new medium, the Internet, department stores left their underlying business paradigms largely unchanged. This paradigm sees

2 'Japan's Tobu Store Opening Collides with Slowdown', *Reuters News*, 8 June 1992; 'Tokyo's Stores Lament Loss of Big Spenders', *Financial Times*, 27 October 1992; "Kyokan" hyakkaten, deashi wa junchō – Tōbu Ikebukuro-ten, uriage mokuhyō kōsu', *Nihon Keizai Shinbun*, 24 July 1992.

the customer as dependent on the authoritative advice of the department store, as the opening quote indicates. Consumers are instructed on what is appropriate to buy for certain social settings and situations according to their status, age, and gender. This paradigm stands in stark contrast to recent perceptions of marketing, advertising, and consumption, which, in advanced consumer cultures, see leadership in the creation of meaning and trends as having largely shifted to sophisticated and sovereign consumers (Firat, Dholakia and Venkatesh 1995; Holt 2002). Indeed, it can be argued that the continued post-bubble slump that Japanese consumer markets have suffered is partly due to too many companies not having critically reviewed their paradigms and instead continuing to rely on established strategies for serving the Japanese consumer market.

To illustrate the activities of Japanese department stores, this chapter makes use of a set of data collected on the web presence of Japanese department stores. In order to be able to cover the strong seasonality of the marketing activities of department stores, data were systematically collected over the period of one whole year, from February 2006 to January 2007. The data cover six Japanese department store companies – Daimaru, Isetan, Matsuzakaya, Mitsukoshi, Takashimaya, and Seibu – selected because of their differences in location and historical development. The collection of data involved taking weekly screenshots of web pages. Due to the massive amount of data, not every single page could be recorded, so only those pages that appeared to have been newly added over the previous week have been used. Thus, the data do not represent the complete web presence of the selected companies, but a sample; however, this sample is very large, with the number of screenshots totalling nearly 10,000. To make this data set accessible, screenshots were coded using photo database software that allowed the data to be sorted and accessed based on various categories and combinations thereof, thereby enabling me to identify significant trends.

Department stores in Japan

With some of the leading companies evolving from the merchant companies of the Edo period, the history of the Japanese department store started well before Mitsukoshi declared itself a Western-style department store in 1904. Since then, the Japanese department store has survived various challenges, including wars, restrictive government regulations, and the advancement of new retail formats, despite concerns regularly being voiced over its future (for example, Nihon Keizai Shinbunsha 1985; Suzuki 1993;

Watanabe 1997). As one of the defining institutions of Japan's cities and consumption patterns, the Japanese department store has received a fair amount of academic attention. Moeran (1998), Young (1999), Richter (2004a and 2004c), Tamari (2006), and Jinno (1994) have looked at the roles that department stores played within the construction of an early consumer culture in Japan. Creighton (1991, 1992, 1998a, and 1998b) has followed this up by looking at the department store during the period of the late 1980s. Moeran's (1998) and Tamari's (2006) contributions on the history of Mitsukoshi are a reminder that Japanese department stores, despite at first sight appearing to have a traditional outlook, have, from the beginning, been highly innovative. This innovativeness stretches from store design to the procurement of merchandise; most importantly, it includes the way that department stores have continuously sought to create meaning for the products and services offered in their stores, a point also emphasized by all other authors. Especially remarkable is the way that department stores have simultaneously managed to present themselves as authorities on Japanese etiquette and products, while at the same time selectively introducing and legitimizing the use of non-Japanese customs and products. Richter (2004b) looks at store magazines published by department stores in the 1920s and 1930s, arguing that these magazines played a major role in discussing and defining a lifestyle with Western attributes that still complied with certain Japanese habits. She suggests that it was the correct understanding of this balance that led to the acceptance of these customs by Japan's new upper middle class. Young (1999) sees department stores as a strong driver of homogenization within Japan's newly emerging middle class of the interwar period, a concept that was transferred to mass culture in the post-war period.

As I mentioned at the beginning of this chapter, since the end of the bubble economy, which provided department stores with yet another period of strong growth after an initially rather pessimistic outlook at the beginning of the 1980s (Nihon Keizai Shinbunsha 1985), the situation for most department store companies has been challenging, with sales figures and store numbers dropping steadily. For example, Seibu Department Store, which under its charismatic and outspoken owner, Tsutsumi Seiji, led the industry in innovation and vision during the 1980s, and is therefore extensively featured in the articles of Creighton and also Ueno (1998), had to undergo a reorganization and was bought by general merchandising and convenience store group Seven & I Holdings in 2006. Mitsukoshi, which was the focus of most work on the earlier history of department stores, has merged into a holding company with Isetan, with the latter generally regarded as possessing the superior strength in the relationship with regard to financing and marketing.

The following examples show how department stores have presented themselves on the Internet. They demonstrate first how department stores, even post-bubble, have kept to their basic paradigm of being authoritative guardians, helping their customers to navigate complicated social relationships and situations by making the right purchasing decisions. However, other examples will show how department stores have continued with their efforts to set new trends and, in this way and because of their cultural capital, have linked existing concepts with new ones.

Educating customers: Is my diamond the right size? Am I wearing the right dress?

To meet the ring of your destiny, a compromise is taboo! 'Having come into the cruel situation where your diamond was smaller than that of your friends was slightly...' 'Having been modest and gone down one rank, you will regret this forever after...' These are the voices of seniors. To ensure that you get something that at whatever age and place can be worn without embarrassment, you will have to discuss it with him and lean on him a bit. Choose the ring that you will like all your life.³

Weddings have always been an important part of the business of department stores. Here, the department store can combine all of its merchandising skills, organizational capabilities, and cultural capital, equipping the bride and the groom from dress to honeymoon, as well as organizing the ceremony and providing appropriate wedding favours (or, more precisely, 'wedding return gifts' [*kekkon uchi iwai*]) for the guests. The above quote is taken from the entry page of a web feature by Seibu Department Store, announcing its autumn bridal fair; it links to four other pages that provide advice on how to choose the perfect wedding ring, how to best provide guests with wedding return gifts (guests themselves are expected to give cash), how to choose the right wedding gown, and, finally, what kitchen utensils and tableware to buy. These products come from several departments, yet the Internet allows the department store to present them all under a common theme.

The above advertisement text, which rather bluntly appeals to the bride not to be shy in her demands, exemplifies a common theme in the marketing of department stores. Products are not advertised for their essential, aesthetic qualities or their functional fit, but rather to educate, some might even say

3 www.2seibu.co.jp/bridal/select/ring.html, accessed 24 August 2006.

patronizingly, about how they will contribute to a person's social role, obligations, and standing. Consequently, even the kitchenware section argues:

When the wedding preparations come to a conclusion, start preparing for your new life straight away. When you are newly married, there are many occasions to invite parents and friends, so you'll need to get kitchen utensils and tableware, won't you?⁴

Other department stores similarly educate their customers. Matsuzakaya, the leading department store in the Nagoya area, has a special Internet page on customs in Nagoya and instructs the page visitor that:

[i]n the Nagoya area, in addition to the ceremonial exchange of marriage gifts, it is customary to provide every family member with an appropriate gift (for example: a white shirt, a belt, a handbag, a sash, etc.).⁵

Another common approach is to refer to experts with knowledge or experience, and these can be either so-called seniors, as in the above ad, or shop floor staff: 'Supported by professionals: the style that mirrors the ideal of being together as a couple.' At the same time, though, department stores make a conscious effort to reduce barriers and create familiarity by portraying their staff as approachable and caring. Photos show employees as friendly and average-looking, and they are often accompanied by a quote in ordinary, sometimes even somewhat casual Japanese, as opposed to the very formal language that is typically used in a department store setting.

The tone and text of department store advertisements may contribute to homogenized consumer behaviour and appearance. This becomes most apparent when advising customers on how to dress for certain occasions, such as school entry, graduation ceremonies, job interviews, or even entry interviews for private schools and kindergartens. Again, stores are authoritative in their advice. In a detailed web advertisement targeting parents preparing for entrance interviews for private schools and nurseries, Mitsukoshi promotes, without exception, very sober and expensive, governess-style dresses, with the only light-hearted aspect being a dress that has the English word 'success' stitched into one of the inner pockets. The accompanying 'One Point of Advice' page, which actually consists of 20 bullet points in small font, advises mothers ('Don't wear clothes that make

4 www2.seibu.co.jp/bridal/select/interior.html, accessed 24 August 2006.

5 www.honten.jp/topic/contents/bridalclub/bridal.html, accessed 20 February 2006.

you stand out more than your child'), fathers ('When you sit down on a chair your socks will be visible, so wear something that matches your suit'), and children on the appropriate dress choice ('It is necessary to change for sports and other tests, so choose clothing with few buttons').⁶

While Japanese department stores find it increasingly difficult to draw customers to the upper floors of their store buildings, the extensive food sections in the basement are usually packed with people. The retailers have transferred their expertise in selling food to their web pages and utilize a highly sophisticated and reliable infrastructure for home deliveries. The inclusion of food is a major distinction of the web pages and online business of Japanese department stores in comparison to those in other countries:

The Selection for Spring Gatherings. The beginning of new life and saying farewell to the previous life, spring is a time when you meet with an increasing number of people. For these gatherings we have brought together a range of appropriate sweets.⁷

In selling food, companies again position products less for personal pleasure than as a means for their customers to appropriately fulfil social expectations. The above quote is from Takashimaya's year-long series 'Sweets for Four Seasons'. Appearing in early March, it points out that April is the time to move house, start a new job, or start studying, which requires customers to meet new people and say farewell to existing friends and colleagues:

Beginning to study, starting a new job, spring is the time to begin a new life. Wherever you are, there will also be a lot of people who help you to get started. What is indispensable in beginning a happy new life? Courtesy visits. Regardless of age and gender, take the first step into your new life by creating good feelings with sweets that everyone likes. We recommend boxes with individually wrapped sweets.⁸

Additional pages recommend, in an equally educational tone, the right items for a dessert at a family dinner, a farewell party, or a simple tea party with friends:

6 www.mitsukoshi.co.jp/nihombashi/mensetsu/03.html, accessed 3 May 2006.

7 www.takashimaya.co.jp/shopping/food/contents/sweets/index.html, accessed 3 February 2007.

8 www.takashimaya.co.jp/shopping/food/contents/sweets/special/spring07/page02.html, accessed 2 March 2007.

Of course, with close friends it is unnecessary to get too carried away. Here, a snack around 3:00 p.m. is just right [...] We recommend a cake of the type that can be cut. Of course, when you start passing it around, the conversation will begin, with comments like 'A lot for me!' and 'For me, so many centimetres.'⁹

Other department stores similarly place food in a social setting, present beautiful pictures and poetic texts, or provide further context by introducing the person who has created or chosen the product:

In a building that is a large atelier rather than a factory, watched by Jean-Jacques, a member of the second generation, sincere-looking craftsmen who know every step of the procedure are silently at work. In front of an aged oven we listen to the third-generation Philippe [...] (on French chocolate maker Bernachon).¹⁰

Of course, not all the items offered in department stores are presented in a direct social context; yet, even when introduced in the context of personal pleasure, the consumer is reminded of the responsibilities and expectations that come with having reached a certain age. Here, the textual item appears that probably stands out the most in the web pages of Japanese department stores, being the very frequent use of the term *otona*, which can be translated as 'grown-up' or 'adult':

The daily life of women is brightened by the luxurious gloss of the superior-quality design [...] Please note that materials like luxurious cashmere have been used for these coats, making them appropriate for the adult man.¹¹

Similarly, Isetan presents a man's cologne as providing 'the grown-up, manly image that grown-up men yearn for'.¹² Daimaru advises customers to 'search for an adult backpack or shoulder bag that is just right for walking the streets

9 www.takashimaya.co.jp/shopping/food/contents/sweets/special/spring07/index.html, accessed 2 March 2007.

10 www.isetan.co.jp/icm2/jsp/store/shinjuku/event/chocola/bernachon/html, accessed 5 January 2007.

11 www2.seibu.co.jp/coat/man.html, accessed 3 November 2006.

12 www.isetan.co.jp/icm2/jsp/store/shinjyuku/item/mens/limited.jsp, accessed 14 February 2006.

or for going on a short journey on a holiday'.¹³ Seibu advertises Hawaiian shirts as 'floral patterned Alohas that are fitting for the adult'.¹⁴

In his analysis of Japanese consumer behaviour, Clammer (1997) has pointed to strong expectations in Japan to change one's consumption style according to age, and department stores play to such demands. The dress style has to change with age, and even when one dares to do something that might be associated with being young, like using a backpack or wearing a Hawaiian shirt, this has to be done properly, not violating the image of an adult.

Developing new customer groups

Cool Biz Style – The summer temperature in the office is 28 degrees. At Matsuzakaya we recommend a business style that while cool and comfortable also ensures a good appearance.¹⁵

In March 2005, the Japanese government decided to contribute to the fight against global warming by setting the temperature of air conditioners in its administrative offices to 28 degrees. Companies were encouraged to follow this move. In return, a more casual dress style, deviating from the previously strictly enforced dress code of formal suit, dress shirt, and necktie was encouraged. For employees, who previously did not have to think much about what to wear to work, this led to considerable insecurity, as they did not want to appear either over- or underdressed.

Department stores realized that this was an opportunity to bring more men to their stores and positioned their sales floors and staff as the most appropriate place to turn to for advice. Matsuzakaya's Cool Biz campaign not only featured carefully coordinated styles for different age groups (30/40/50 years), but also an educational, illustrated example of a shopper in his fifties:

While Nagatanigawa-san was at first embarrassed by Cool Biz, he now understands how to choose a Cool Biz style, and enjoys being able to effortlessly select an outfit.¹⁶

13 www.daimaru.co.jp/view/goods/doods3/index.html, accessed 22 July 2006.

14 www2.seibu.co.jp/fathersday.coolbiz/father.index.html, accessed 20 May 2006.

15 www.matsuzakaya.co.jp/honten/select/mo60523.html, accessed 27 May 2006.

16 www.matsuzakaya.co.jp/honten/select/mo60523.html, accessed 27 May 2006.

Mitsukoshi even asked men to interpret Cool Biz as a chance to dress up:

This year is not just about being cool [...] At Mitsukoshi we have prepared various business styles that express individuality, from jackets and shirts to accessories like pocket handkerchiefs.¹⁷

Generally, with overall sales falling, department stores turned to the fashion needs of men as a new source for revenues, and this also extended to campaigns for Father's Day. Very much in tune with Japan's ageing demographics, campaigns depict elderly fathers being helped to be a bit more stylish by their wives and grown-up children.

LOVE TO PAPA – On Fathers' Day, a present for the husband, because we all wish for a father who is a bit more stylish. In your appreciation for every day, spice up your love a bit. Do you wish to improve your standing as his wife just a tiny bit more? How about these presents?¹⁸

The campaign by Daimaru features a fit-looking, 60-year-old Japanese model with greying hair and a beard, wearing a casual golf outfit. Encouraging wives to offer their husbands a Father's Day gift, suggestions include a watch ('embracing the moving hand of a man'), a polo shirt ('dressing casual as an adult is quite difficult'), or shoes ('real knowledge about style shows on the feet'). Mitsukoshi presents a similarly fit-looking, grey-haired man, dressed in a white linen suit and shirt ('my admirable father') and follows up with a selection of food and beverage items. A separate set of pages from its Nihonbashi store advertises a Father's Day Fair, categorizing presents as either 'on', for work ('The stylish father who attracts gazes in the office is defined by particular items'), or 'off', for leisure ('The father who is also fashionably smart during his relaxation time is defined by the refinement of his styling').¹⁹

With its pioneering store annex building for men's fashion in Shinjuku, Isetan has clearly established itself as the leader in male-fashion retailing. Traditionally, Isetan's Father's Day campaign only uses black and dark-brown tones, and features merchandise such as a leather travel bag, hiking shoes, and a stylish, leather-coated hip flask.²⁰ In another campaign for men,

17 www.mitsukoshi.co.jp/coolbiz/, accessed 1 July 2006.

18 www.daimaru.co.jp/shinsaibashi/papa06/main.html, accessed 24 May 2006.

19 www.mitsukoshi.co.jp/nihombashi/fathersday/, accessed 17 June 2006.

20 www.isetan.co.jp/icm2/jsp/store/shinjuku/event/0605fd/index.jsp, accessed 27 May 2006.

Isetan again keeps to the black and brown colours that have come to signal men's fashion, and in prominent white text introduces the men's suit store, The Stylegate, with the slogan 'Imagining the good old days of the Japanese, continuing classic style into the future'. This is presented next to a picture of four determined-looking tailors whose products are featured in the store. Illustrated with a picture of a clothes rail with a shirt, tie, hat, and suit arranged on it, is a long textual feature informing potential customers that

[t]hose who were the most expressive were the Japanese of the good old days. They represent, in essence, the legitimate classic. There were a lot of men in Japan's past, like Yoshida Shigeru, Mori Masayuki or Shirasu Jirō, who were well versed in style.²¹

Thus, as men's outfitters, Isetan is not only looking to the future, but also to the past, suiting the general trend in post-bubble Japanese media and society, which sees a lack of initiative and energy in the current young generation and hopes to overcome this by pointing to the shining examples of entrepreneurial endeavour, perseverance, and leadership found in the Meiji period and among the immediate post-war generation.

Similarly, department stores have depicted and linked the past and the future when advertising products for a sustainable lifestyle:

June, Environment Month – LOHAS as proposed by Nihonbashi Mitsukoshi – A return to Edo – Learning in Nihonbashi – Living only on energy drawn from nature and protecting the environment: these are the common people of Edo. Extracting wisdom, polishing their skills, creating practical everyday items and beautiful traditional craftwork. For eating and in everyday life, they use only natural materials. Absorbing and continuing this Edo culture and bringing it into the present in a joyful and stylish manner, this is Japanese LOHAS.²²

Japanese marketers have picked up the LOHAS (Lifestyles of Health and Sustainability) concept enthusiastically, and the above campaign by Mitsukoshi is a good example of how a department store has appropriated this concept to suit its own needs. Not limited to a certain product or a certain need and open to interpretation, a concept like LOHAS fits ideally within the

21 www.isetan.co.jp/icm2/jsp/store/shinjuku/mens/clothin/closeup/stylegate.html, accessed 2 April 2007.

22 www.mitsukoshi.co.jp/nihombashi/lohas/03.html, accessed 3 June 2006.

scope of a department store. Again stores came up with campaigns that included products and services from several departments and leveraged their organizational and cultural capital by organizing exhibitions and events. Daimaru's FEEL LOHAS Fair combines Japanese tableware and French champagne, explaining:

An evening in spring, calmly enjoyed with a beautiful sake cup. On a graceful autumn evening, quietly tasting a special beverage on your own is a luxury reserved for adults. The theme for early evening is champagne from Bourgogne in beautiful Japanese china.²³

In a separate column, Daimaru provides additional information, such as on the Mingei movement (the Japanese folk art movement of the 1920s and 1930s), the way to fold a *furoshiki* (a Japanese wrapping and carrying cloth), and the benefits of organic cotton. Both department stores' LOHAS campaigns thus strongly reference what is perceived as traditional Japanese culture, showing how culture can be preserved, but also how it can be adapted.

Mangos on Marine Day: Post-bubble department stores

The seventeenth of July is Marine Day (*Umi no Hi*). Since 1996, it has been part of the ranks of national holidays. Japan, being an island nation, cannot be separated from the sea. Currently, the marine leisure market is also growing, and with continuing developments it has also become necessary to take the pollution of the coast and other problems to heart. Thus, this holiday has been established as a day of thanks for the blessings of the sea and to ask for prosperity for the coastal nation of Japan [...], This being so, we introduce sweets made from mango, because mangos resemble beaches.²⁴

This rather laboured effort by Daimaru to sell mango products on the national Marine Day holiday reminds us that not every marketing campaign by Japanese department stores is as coherent and makes as much sense as the examples presented earlier. In addition, the differences between the department stores need to be acknowledged. Isetan emphasized non-Japanese

23 www.daimaru.co.jp/lohas/item/item4/index.html, accessed 23 October 2006.

24 www.daimaru.co.jp/shinsaibashi/foods/day/main.html, accessed 15 July 2006.

products, presented itself as the most fashionable of the department stores, and almost exclusively used non-Japanese models. Mitsukoshi was strong on Japanese tradition and food, while Daimaru had the most text-based website, liked to feature store personnel, and made an effort to involve its customers. Seibu, in line with its origin as a railway terminal department store, had a particular focus on products for everyday life. Takashimaya had the most advanced e-commerce site, and Matsuzakaya used its Internet presence to inform its customers about sales and other store events.

Overall, department stores particularly stood out from other retail formats because of the rich context that they created to market their products and stores on the Internet. Below, I summarize my main findings, based on my analysis of the set of data collected on the web presence of Japanese department stores.

Firstly, department stores continue to present themselves as authorities on how to behave in certain social settings, what to wear when and where, what to give as gifts to whom, and what to eat at what time of the year. This authority, while packaged nicely, is clearly conveyed to consumers. This approach is distinct from that normally described for Japan, in which much of the interpretation of the advertisement is left to the recipient by being indirect and aesthetically driven instead of message-driven, and which aims to create vaguely positive feelings or simply draw attention.²⁵

In addition, department stores position themselves as the authority on what constitutes the appropriate lifestyle according to age and, especially, the appropriate tastes, appearance, and behaviour for an adult. Buying products at a department store is portrayed as a sign of having achieved a certain maturity in life. This is a point that has not been developed fully in research on department stores published to date. This might indicate that this aspect has only gained importance in recent years, as department stores have increasingly had to differentiate themselves in a setting where consumers face a larger variety of stores, including many that promise to sell goods of a quality equal to those from department stores, but at lower prices.

My analysis confirms that department stores continue to present themselves as guardians of Japanese culture and traditions, but at the same time creatively present ways in which traditional items can be adjusted for, or combined with, newer or non-Japanese items for contemporary use. Japanese department stores also continue to introduce foreign products to their customers, legitimizing their consumption by describing long traditions and special craftsmanship as well as pointing to their popularity in

25 Berliner (as early as) 1925; Görtzen 1995; Dallmann 1998; Helgert 2005.

other countries and providing instructions on how to use them in a Japanese context. Finally, despite displaying their goods on the Internet, department stores present themselves as people's organizations by regularly featuring employees and their interactions with customers. Overall, department stores continue to show their powers of innovation by suggesting new ways of behaving, whether they be ways of combining Japanese and Western food, ways of dressing up instead of dressing down in response to higher temperatures in the office, or the idea of wives presenting gifts to their husbands on Father's Day.

Fujioka (2006), in her book about the development of the Japanese department store, refers to a group of Japanese university students in provincial Nagasaki that she had been teaching, none of whom had ever set foot in a department store or had any idea what a department store was about. Indeed, one may question whether the department store for the current, young generation will ever assume the role that it had for their parents and grandparents.

The declining importance of the department store in Japan has been linked to several factors. Internally, one factor is the loss of control over sales floors to suppliers as a result of focusing on commission sales and relying on delegated personnel to serve customers. Companies realize this and have been strengthening their own merchandising capacities by reorganizing processes, training their own buyers, and engaging in independent market research. Yet, considering the size of stores and the scope of merchandise handled, this remains an ongoing task. Another reason for struggling department stores is the quick growth, from the 1990s onwards, of price-aggressive fast-fashion retailers and other discount stores on the one hand, and large, comprehensive shopping centres and fashion stores on the other hand. Shopping centres that offer comprehensive facilities have become a destination for families, while fashion stores located on the top of commuter stations in metropolitan areas have been drawing younger, fashion-oriented customers (see Chapter 2). Consequently, some department stores have allowed price-aggressive retailers into their premises, or – when renovating their stores – have been adopting elements of the shopping mall by adding facilities and renting out space to independent tenants. The implementation of such measures was driven by consumers, who faced stagnating or even falling incomes, and yet, at the same time, had increasing communication and education expenses, and therefore were looking to reduce expenditure on clothing and food. Here, department stores, with their entrenched supply chain relationships and rigid cost structure, had very little room to adjust to

demands from consumers for the same product quality, yet at lower prices (Larke and Causton 2005; Fujioka 2006; Niida 2010).

Besides the often-cited reasons mentioned above, on a deeper level the fit of the underlying business model of the Japanese department store with current developments in society can be questioned. As outlined in this chapter, the business model of Japanese department stores relied on, and – as my analysis of the web pages of department stores shows – since the turn of the millennium has continued to rely on, guiding consumers on how to behave in line with societal expectations. However, this approach relies upon the continued validity of these expectations and behaviours, and there are indications that their importance is waning.

The paths that people's lives take have been changing and are less secure than in the past. Some young people do not want to, and many more do not manage to, secure the life-long, blue- or white-collar positions in Japanese companies that previous generations could rely on (Meyer-Ohle 2009). These long-term positions provided rising incomes and future security, but also implied compliance with rigid expectations with regards to personal appearance and the exchange of gifts to sustain relationships; they often even included expectations on how to arrange one's private life. With the rate of people working in non-regular employment patterns having reached 40 per cent, there is less need to comply. People still consume, yet their spending is to a much lesser extent guided by the need to fulfil social obligations and expectations; instead, they are guided by their individual aspirations and needs. Even for people in regular employment, the need to maintain relationships through gift-giving is declining. Fewer employees give gifts to their superiors during the two gift-giving seasons over the year, and some companies have even banned this practice. The same is true for the exchange of gifts among business partners, which used to be an important corporate market for department stores. People continue to give gifts, but prefer to give only to family and friends; therefore, less importance is placed on such gifts having the added value of having been purchased at a prestigious department store.²⁶

The above development correlates with changes in demographics. Japan's population is ageing and shrinking fast. Fewer young people also means fewer people entering or graduating from schools, and fewer people reaching adulthood, marrying, or being interviewed for and getting their first

26 'New Corporate Codes Bar Employees from Accepting Gifts', Entertainment, *Nikkei Weekly*, 27 April 1998, p. 3; 'Japan Business Seminar: "Oseibo", Christmas and the Art of Year-End-Gift-Giving in Japan', *Nikkei Weekly*, 26 December 2011, p. 28.

job – all events that the department store provided advice for and catered to. Department stores hope that these developments will be compensated for by the retirement of Japan's post-war baby boom generation, for whom the department store still has meaning. Retirees are seen as affluent, having had careers when the Japanese employment system still provided stability and assured career advancement, even when this meant having to sacrifice leisure and consumption. However, while this provides some opportunities for department stores, relief is only expected to be temporary, with people of the baby boom generation being expected to again restrict consumption once they reach the ripe old age of 75 years. The industry believes that, for the majority of people, this will happen in the year 2025, and this has led to articles calling to prepare for the '2025 problem'.²⁷

With regards to their future, the Internet is a double-edged sword for department stores. It not only provides department stores with a new sales channel, but also with a new outlet to display their authority in matters of consumption, and thus with a way to invite people into their stores. With the number of store visitors decreasing, non-store sales are increasingly becoming more important for department stores. However, the Internet also provides consumers with alternatives to the department store when seeking advice and reassurance about consumption decisions, not only from other retailers, but increasingly, and more importantly, from other consumers. Consequently, a survey showed some uncertainty among department stores about their ability to reach consumers online and whether the rewards from communication efforts and non-store sales fully justify the effort put into maintaining an attractive web presence (Nihon Hyakkaten Kyōkai 2007).

At the beginning of this chapter, Japanese department stores were described as being among the defining institutions of Japanese marketing and consumer culture. Traditional at first sight, the Japanese department store nonetheless continuously demonstrated its powers of innovation and creativity. With the ambition to preserve and shape Japanese customs and behaviour, not just for the upper, but also for the very broad middle class, department stores indeed had a business model that clearly distinguished them from other retailers. Yet, this business model seems to have lost much of its relevance today, and it is questionable whether department stores can again find ways to regain their special position in Japanese retailing.

27 'Dankai seidai ga kōki kōrei-sha, dankai junia 50-sai-dai ni', *Sutoaazu Ripooto*, January 2015, pp. 17-20.

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