

Globalisation of Retailing: The Aim and the effect of Japanese Department Stores

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Japanese department stores such as Mitsukoshi and Takashimaya were there from the beginning of the globalisation of Japanese enterprise. However, these department stores are struggling in their Western market; Mitsukoshi recently closed its European branches and Takashimaya took a decision to close its New York branch. They are also suffering to find out the strategy to meet the demand in China. Their globalisation is far from the successful as compared with the UK grocery retailers, the Japanese convenience stores, and the Japanese manufacturers. In this study it will be clear why globalisation of Japanese department stores had failed, and where the difference lies between the globalisation of manufacturers and that of retailers.

Japanese department stores had opened their branches with the expatriate staff in Europe in the late 19th century in order to import the European weaving machine and to export the Japanese texture. The trading activities of Mitsukoshi and Takashimaya triggered the establishment of their related trading company such as Mitsui and Iida (predecessor of Marubeni). These branches contributed to transform their business format into a westernised modern department store in the early 20th.

They launched into China to provide the military and dairy products, after the outbreak of war between China and Japan in 1937. They were able to meet the increasing demands of the Japanese army and the military companies in Asia, and then their sales increased rapidly to the peak of their sales in the pre-war period. They looked at Asian market as strategic one which could complement shrinking Japanese market and in addition overcome domestic disaster market.

Japanese consumer market expanded with the high economic growth in the middle of 20th century, however, department stores focused on their domestic market again and upgrading their merchandise. As Japanese market had enough demand for their development, department stores went back to the domestic companies. Their Western branches were for the Japanese tourists and residents, and had an assigned role to stay on the cutting edge of fashion for their loyal customers. Although they also adapted their business into the Asian market, these had only a limited effect on their business. The department store's development paralleled the development of Japanese economy. In analysing the essence of their failure, this study describes that there are an impeded aspect of globalisation in retailing.