

Stores Diversifying

Department stores and superstores in Japan are no longer mere merchandisers. Some of them are now even expanding into the entertainment and amusement businesses.

In September 1989, Tokyu department store opened a modern complex housing concert halls, movie theaters, recording studios and other cultural facilities next door to its store in Tokyo's Shibuya district. To commemorate the opening of the complex, called the Tokyu Bunkamura (Tokyu cultural village), Wagner's *Tannhäuser* was performed at the main hall by the full company of the Bayreuth Opera Theater.

In the early spring, Jusco Co., one of the leading superstore operators, opened a huge 90,000-square-meter shopping center consisting of a superstore, two movie theaters, a sports club with swimming pool, a bowling alley, an outdoor playground with a mini golf course, a drive-in movie theater and a parking lot capable of accommodating 2,500 cars in Noda, a small town some 40 kilometers east of Tokyo. This type of suburban shopping center was previously almost nonexistent in Japan. The Tokyu Bunkamura and Jusco's Noda shopping center reflected moves by big retailers in 1989 to diversify their traditional businesses.

Behind the boom in individual consumption, which has continued for more than two years on the crest of a higher



Individual consumption is expected to remain the driving force of the domestic economy, benefiting department stores and supermarkets.



The new Jusco shopping center in Noda symbolizes the trend for Japan's department stores and superstores to become more than mere merchandisers.

yen, lies the strong desire of Japanese consumers for convenience, comfort and affluence in their daily lives. They want commercial facilities not only to offer a wider variety of goods, of both high quality and famous brands, but also to provide facilities for cultural, leisure and amusement activities. To meet such consumer needs, many big retailers are opening new branches, increasing floor space or refurbishing existing shops.

The relaxation of restrictions on opening large retail stores, which started two years ago, is also contributing to such merchandisers' expansion into the fields of amusement and entertainment. The trend toward the easing of such restric-

tions picked up momentum with a recommendation for the promotion of competition in the distribution industry, known as the "Vision for the Distribution System in the 1990s," submitted to the minister of international trade and industry by the Industrial Structure Council last June.

Personal consumption will remain brisk in 1990 and large retail stores are certain to benefit from the consumption boom. The driving force behind the boom in consumption is the continued rise in corporate profits in all industrial sectors, which in turn is expected to bring higher earnings to consumers.

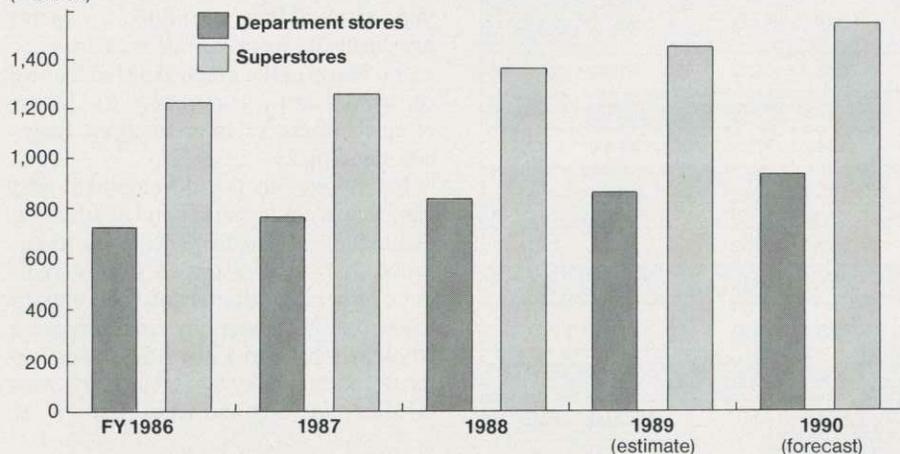
Housing starts, which topped 1.5 million for three consecutive years up to 1989, are expected to fall below that level in 1990, a negative factor in the consumption trend. Nevertheless, as the ratio of house and apartment owners is expected to rise, demand for furniture will remain firm.

Many households have lately replaced their cars, electronic equipment and other durable goods with new models, and so replacement demand for such goods is not likely to increase sharply, another negative factor in consumption. But a new consumer trend—the penchant for luxury cars and electronic equipment for individual, rather than household use—is picking up momentum and is expected to support consumer demand. ■

(Tatsuhiko Tanaka, senior economist)

Department Store and Superstore Sales

(¥ billion)



Sources: Japan Department Stores Association; Japan Chain Stores Association