

# The restructuring of Japanese retailing and its impact on retail internationalization

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## Introduction

Much has been written about the manner in which retailers have been expanding their activities on an international scale (Burt et al, 2005; Dawson, 2007). This literature places a stress on the levels of innovation in the sector, both in terms of branding (Burt and Mavrommatis, 2006) and of technology. However, unlike many other industrial or service sectors, there is not much discussion of the environment in which retailing takes place, whether the legislative environment (Davies, 1993) or the ownership of and links between retailers (Larke and Davies, 2007).

This paper looks at Japan as one example of the effect of context on the level of international activity among retailers, whether by Japanese retailers or inward investment by foreign retailers into Japan. It looks at the 'end of the beginning,' the outcome of the retail internationalisation undertaken by several of Japan's largest retailers during the 1980s and early 1990s. Whilst these activities were relatively minor in relation to their store networks within Japan (with the exception of Yaohan), they said a lot about the retailers' aspirations and a new-found belief in connecting with the rest of the world. Buoyed by the availability of cheap credit and encouraged by government they built stores in countries around the world; of particular interest here are Daiei (China, USA); Sogo (Australia, Hong Kong, Indonesia, Malaysia, Singapore, Thailand, United Kingdom, U.S.A) and Yaohan (Brunei, Canada, China, Costa Rica, Hong Kong, Indonesia, Macau, Malaysia, Singapore, U.K., U.S.A.). This expansion was brought to a sudden stop by the Japanese 'credit crunch' and the consequent desire to reform the system whereby those retailers had been supported by their banks. In this respect there is a focus on the work of the IRCJ and what it tells us about the environment for international activities by retailers.