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Knowledge Introduction from Abroad into
Management of Department Stores:
Centering on Activities during the Period of
Postwar Recovery in the 1950s and the 1960s

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Abstract: During the period of postwar recovery of department stores, knowledge introduction from department stores overseas was positively carried out in a variety of ways to obtain practical know-how for the management of department stores, reflecting an increase in newcomer department stores and enhancement of managerial fundamentals in existing department stores to take advantage of expanding demand. In these activities, however, some differences were seen due to the existence of managerial resources taken over from the prewar era, and competitive positions.

Keyword: Knowledge transfer, introduction methods, existing knowledge and introduced knowledge, department stores

1. Preface

The department store is a retail business format with a history of 100 years since its establishment in Japan, but it is significant to look back at the 1950s and the 1960s when Japan was in the midst of recovery in economy from the damage of World War II, and Japanese department stores were under reconstruction in the history of the management of the department store, and to analyze how they met remarkable quantitative expansion of and qualitative changes in consumers' demands, and how they

modernized management approaches.¹

Although the share occupied by the department store industry in personal consumption peaked in the 1960s (Koyama 2005),² this paper attempts to clarify the fact that there were a large number of cases of knowledge introduction from abroad, methods of introduction and contents of knowledge introduced to meet the consumers' demands and modernize the management during the period from the 1950s to the 1960s when Japanese department stores were reconstructed and moved toward their peak in their share of personal consumption.³

1-1. Interpretation of the 1950s and the 1960s for Japanese department stores

Interpretation of the 1950s and the 1960s for Japanese department stores is significant from three viewpoints. First, following postwar recovery of demand, department stores as the sole large-sized retailers expanded stores and opened new stores, and entered another growth period (restoration) together with newcomers. In this period, many department stores restarted operations on a full scale, while newcomer department stores were established one after another. Specifically, Kansai-based department stores branched out into Tokyo, e.g., the Tokyo Oimachi Store of Hankyu Department Store (1953), the Daimaru Tokyo Store (1954) and the Sogo Tokyo Store (1957). In addition, terminal-station-inclusive department stores expanded their store floors such as in the step-by-step increases in store areas by the Ikebukuro Store of Seibu Department Stores, and the Toyoko Department Store (current Toyoko Store of Tokyu Department Store). In provincial regions as well, new department stores appeared; conventional kimono shops and comprehensive clothing shops transformed themselves into department stores; and local influential and emerging businesses entered the department store industry.⁴

Second, with recovery of consumer demand, the western lifestyle rapidly penetrated among general consumers, and new and different merchandise categories increased, including western clothes (ready-to-wear clothes), which caused a decisive turning point in merchandising (MD).⁵ Concretely, until the first half of the 1950s, ladies' clothes were usually made to order like kimonos, but in the second half of the 1950s, so-called easy-order, i.e., semi-custom-made, clothes became the mainstream, and in the 1960s, ready-to-wear products occupied the market. For example, Isetan started selling semi-custom-made ladies' clothes in 1953, and opened the ready-to-wear ladies' clothes corner in 1957.

Third, in this period, modernization of management was required. General business organizations were suffering gaps in the composition of employees caused by a ban on new employment and

Knowledge Introduction from Abroad into Management of Department Stores

military requisition during the World War II, while the patriarchy system in the prewar era still affected the relationship between the management and the employees and the employment relationships. Under these circumstances, it was a crucial challenge for the Japanese society to bridge qualitative and quantitative gaps, build modern management fundamentals and raise productivity (Matsuda and Sakakura 1960). Moreover, department stores were seeking modern, practical management approaches and trying to introduce them to enhance management techniques for corner development and merchandising to respond the needs. Newcomer department stores were also comprehensively pursuing concrete know-how and management methods including those at the paperwork level. In short, department stores were reorganizing their knowledge to operate their stores, or seeking overseas for the operational knowledge they were lacking and learning by the knowledge, and constructing modern management infrastructures.

1-2. Competitive conditions and management of knowledge for department stores in this period

Against this historical background, department stores were urged to deal with new markets and reinforce their management fundamentals, but the effective measures varied with operating style, and it can be assumed that there were differences between major chains that had been operating multiple stores since the prewar days with management knowledge of a certain level, and other department stores and newcomers.

Here, let us look at the state of competition in the department store industry as of 1950 (Chart-1). Mitsukoshi, Takashimaya, Matsuzakaya and Daimaru were leading the industry, and were far ahead of others. This status is different from today's situation.

The fact that major department stores were already equipped with know-how about management and store operation of a certain level immediately after the end of World War II is suggested by the existence and contents of books discussing the management of department stores jointly written by practical persons of various department stores and published shortly after the war.

The representative papers dealing with department stores in this period are Shimizu and Tsuchiya (edited) (1951) and Tsuchiya (edited) (1955). In both papers, researchers and practical persons describe the significance of the commerce style of the department store, and concretely present issues from management formats to slips in every operational field such as merchandise purchasing, sales, corner management and accounting. In Shimizu and Tsuchiya (edited) (1951), for example, Daimaru wrote about store development, store equipment and real estate management (6th Section).

Figure-1 Sales Ranking of Department Stores

1950			2000		
Rank	Name	Share	Rank	Name	Share
1	Mitsukoshi	—	1	Takashimaya	—
2	Takashimaya	98.3	2	Mitsukoshi	67.9
3	Matsuzakaya	88.1	3	Seibu	61.3
4	Daimaru	78.0	4	Isetan	41.7
5	Hankyu. Dept	31.4	5	Daimaru	40.9
6	Shirokiya	20.3	6	Matsuzakaya	35.7
7	Toyoko	16.9	7	Hankyu	30.5
8	Isetan	16.1	8	Kintetsu	30.4
9	Sogo	11.0	9	Tokyu	24.7
10	Marubutsu	11.0	10	Tobu	19.0

Share: Relative Share to the top company.

Source: Sales data of 1950 is based on Toshiaki Maeda(1999), 2000 is based on Stores Annual report (2001)

Mitsukoshi described display and advertisement (8th Section) and operation of the household articles department (17th Section), Takashimaya described personnel affairs and employees' unions (9th Section), Toyoko Department Store described labor conditions (11th Section), Matsuzakaya described general affairs, and repairs and utilities (13th Section), Isetan described financing (14th Section), Matsuya described operation of the clothes, foods and housing goods departments (16th Section) and Shirokiya described management of the bargain floor and leased corners (18th Section). This is evidence that each department store was holding management knowledge of a certain level in each field.

1-3. Knowledge introduction through translation of literature on department stores overseas

It is another fact that after the end of World War II, horizons were broadened again to foreign countries, and studies of department stores overseas and exploitation and introduction of operational knowledge of department stores overseas were positively carried out. Introduction of literature concerning operational knowledge of department stores overseas includes Kataoka (1957) and Shimizu (1961), (1962) and (1963). Kataoka (1957) introduced "Reconsideration of Functions and

Knowledge Introduction from Abroad into Management of Department Stores

Innovative Ability of Department Stores” (1954) by Pasdermajian, Secretary General to the International Association of Department Stores, and a professor of Université de Genève, and presented basic principles of management, and challenges from the analysis of major administrative indices as a business style.⁶ In particular, he emphasized the importance of centralized management functions that may be called “integrated management functions,” defining the characteristics of the business style of the department store as functions that optimize their complex merchandise lines according to changes in the market, and functions that adjust deployment of salespeople according to fluctuations in sales corners.

Shimizu (1961), (1962) and (1963) are the three volumes comprising the translation of the “Buyers Manual” created by the National Retail Merchants Association (NRMA) that concretely introduced in detail the actual operation methods and key points in the broad domain of merchandising. This Manual describes all the practical tasks from merchandise planning to purchasing, stock control, numerical control, sales promotion and organizational requirements.

1-4. Consciousness in this study

Despite introduction and translation of materials abroad on management of department stores in foreign countries, it was more difficult than today to acquire information from abroad in the postwar days. Tokyo-Haneda airport was opened in 1951, but most Japanese people traveled by ship, and payments in yen abroad were restricted until liberalization in 1964, so related people were hardly able to acquire overseas materials. Moreover, in this period, because neither apparel companies nor general trading firms were operating satisfactory offshore bases and information networks, department stores had to seek and get information for themselves.⁷

Under these circumstances, however, Japanese department stores were active in pursuing information and introducing knowledge from department stores in foreign countries. Without passively waiting for translation of materials on department stores in the U.S. and Europe by department store researchers or introduction of studies overseas about department stores, many practical staff members were positively seeking knowledge on department store operations in foreign countries, and introducing such knowledge for themselves. It has been recorded in corporate histories and passed down from generation to generation that practical knowledge was needed, and many practical materials (including slips and management sheets) were introduced.

The first intention of this study was to clarify actual situations by reviewing these activities from the viewpoint of knowledge transfer, and systematically analyzing behaviors to seek, introduce and

transfer management knowledge toward managerial innovation of Japanese department stores in this period.

The second intention was to find differences between major department stores and others in activities to introduce knowledge concerning the managerial domain such as store operation and management administration toward modernization of management. For this purpose, the author analyzed their activities on the assumption that differences would be seen in corporate activities due to the differences in management abilities in this period, and accumulation of managerial knowledge from prewar days.

2. Research on preceding literature concerning introduction of management knowledge from abroad

Japan's department stores were born from knowledge studies by practical people who visited department stores in foreign countries in the early days (Takahashi 1972). During the development stage following the birth, knowledge was introduced from department stores abroad concerning store construction. Shiraishi & Toba (2003) gave a full picture of the prewar process in which Takashimaya positively made use of knowledge from department stores overseas mainly through study tours.

As for transfer of knowledge concerning the retailing business, there are many studies on the transfer of knowledge on business styles and store operations that take place when retailers operating international businesses advance from their homeland to developing countries from the viewpoint of global marketing. Regarding the business style of the department store, Sekine & Go (2003) analyzed the transfer of techniques for department operation from Japan to Korea as technical tie-ups for store openings.

Not so many studies, however, have been made from the standpoint of receivers of knowledge who develop management abilities and organizational capabilities by introducing knowledge.

Methods of knowledge transfer seem to be a subject for further research, because what methods exist, and which methods are effective among them have not yet been clarified satisfactorily (Kim 2002). Suzuki (1980) divided into three types and organized the methods of transfer of retailer management techniques. That is, when retailer management techniques are transferred from A to B, (i) staff members move from A to B, (ii) staff of B receives retailer management techniques from A, or (iii) any third party intermediates the transfer of retailer management techniques.

Kacker (1988) defined knowledge on retailing as the business concept, the operation policies and the techniques of which the retailers adopted, and classified ways of transfer of knowledge into

Knowledge Introduction from Abroad into Management of Department Stores

“planned transfer” and “unplanned transfer.” The ways of “planned transfer” include direct investment overseas, management contracts, joint ventures, and franchising. In contrast, the cases where any knowledge on retailing is discovered by chance at an overseas study tour, a seminar or a convention, and the knowledge is transferred without any official negotiations are regarded as “unplanned transfer.” Then, he emphasizes the importance of “planned transfer,” comparing it to “unplanned transfer,” where the intention of the organization concerned is not working and whether the transfer is continued is uncertain. Leonard - Barton (1995) organized methods to introduce knowledge from the outside, and categorized them into 8 steps such as “study tours,” “R&D agreements,” “joint development” and “M&A” according to two criteria of the new technique capability and commitments. Then, they state that, to acquire any core capability, there are only two methods, “joint ventures” and “M&A,” where there is the possibility of full transfer in the context.

How should this study categorize and position the measures and activities for introduction of knowledge from department stores overseas during the period from the 1950s to the 1960s, the subject of the study?

3. Methods of study

This study used the three methods to conduct research and analysis shown below to give a full picture of the knowledge introduction activities carried out by Japanese department stores in the 1950s and the 1960s, especially exploitation of overseas information and knowledge, and actual situations of introduction activities (such as who obtained what and how).

First, the author checked the corporate history and business-related literature issued by Isetan, Seibu Department Store, Takashimaya, Daimaru and Mitsukoshi to study their actual business activities, i.e., introduction and transfer of knowledge and techniques from department stores in foreign countries.⁸

Second, he conducted interviews with experienced staff members (who joined in the 1950s or the 1960s) to hear directly from them about the collection and introduction of information and knowledge from department stores in the U.S. and Europe, and checked the actual situations.⁹ In addition, he also intended to take advantage of the interviews to find practical materials buried at actual business sites, and uncover subjects of department store study that had never been researched.

Third, he extracted information about learning activities and overseas information collection in this period from reports on activities of the Japan Department Stores Association.

4. Results of study: Summary by introduction method

Referring to categorization of knowledge introduction methods by Leonard - Barton and Kacker, classified knowledge introduction methods other than literature reading according to criteria of whether the activity could be made by a single company, and whether the activity required intervention of the provider into (i) study tours to stores, (ii) knowledge transfer by a third party, (iii) introduction of materials such as manuals other than research literature, (iv) admission to any overseas organization such as a department store association, (v) acquisition through a tie-up with a specific department store, (vi) dispatch of staff members, (vii) invitation of specialized persons with professional knowledge from abroad, and (viii) direct entry into any overseas market.

Fugire-2 Introduction Knowledge from Overseas

■ Activities were existing

	Isetan	Seibu	Daimaru	Takashi maya	Mitsu koshi	Association Of Department store
Study tour	■	■	■	■	■	
Transfer by a third Party	■				■	■
Operational Methodologies	■		■	■		
Admission to Association		■	■	■		■
Tie-up with Foreign Dept. stores			■	■		
Training abroad		■	■	■		
Invitation of specialized Persons	■			■		■
Direct Entry Opening Stores		■	■	■		

4-1. Study tour to a department store in a foreign country

In the 1950s, Japanese people were hardly allowed to travel overseas, and only high-ranking management people traveled during several postwar years. By actually visiting department stores in the U.S. and Europe, younger managers were strongly inspired, and affected the management vision and their leadership over employees.

For example, President KOSUGE Tanji III of Isetan (in 1951 then, named Managing Director

Knowledge Introduction from Abroad into Management of Department Stores

KOSUGE Toshio) visited a lot of department stores in the U.S. and Europe from June to September 1951.¹⁰

At Daimaru, in 1953 then President KITAZAWA went to Paris, France, to attend the Annual Convention of Rotary International, and visited some department stores in the U.S. and Europe. Then, TANAKA Shosuke, the head of its Tokyo Store, made a study tour in the U.S. and Europe in 1955, and other officers also went abroad as non-regular members of the Japan External Trade Organization (JETRO) or a student studying abroad, and tried to collect information there.

Takashimaya joined the Intercontinental Group of Department Stores (1956), an international organization of the department store industry, and afterward, its management people such as the president and the senior managing director went to the U.S. and Europe, and visited many stores almost every year. In addition, KURAHASHI Yoshio, a member of the Research Department, visited departments stores in eight countries in the U.S. and Europe in 1962, and made significant contributions to the Medium- and Long-Term Management Plan (the First Five-Year Plan) of Takashimaya.

4-2. Knowledge transfer by a third party

In the case of the department store industry, the third party referred to in the categorization of knowledge transfer methods by Suzuki (1980) will be the Japan Department Stores Association, the consulting department of an information system company or a store designing company.

The Japan Department Stores Association invited specialists from the U.S. and held lecture meetings earlier than the 1950s (in 1948, Mr. Philip L. Howard, Senior Manager of the Purchasing Department of the Baroque Department Store in the U.S., and in 1949, Mr. G. A. Marshal, Vice President and Senior Manager of the Overseas Department of NCR). In 1956, the Association invited Chairman J. C. Penny of J. C. Penny in the U.S. for a lecture.

In the 1960s, the U.S. information system companies such as IBM and NCR were spreading information systems beginning with cash registers, and broadly introducing ideas of advanced information systems and system-based management approaches.

4-3. Introduction of operational methodologies (manuals)

As described above, during his visit to the department stores in the U.S. and Europe in 1951, President KOSUGE Tanji III of Isetan found the “Buyers Manual” edited by the NRMA, was impressed with the operation methods described in the Manual, and is said to have brought it back

home.¹¹ The concept of merchandise categorization standards presented in the Manual was interpreted in-house, and edited into Isetan's own "Merchandising (MD) Notes" by adding target categorization, usage categorization, and concern-level categorization to pricing categorization and seasonal categorization, and made full use of these notes in subsequent corner designing, merchandising and management.

Depato Shimbun, a publisher for the department store industry, also paid attention to the "Buyers Manual" by the NRMA. Then, the publisher asked Takashimaya to translate and review it, and SHIMIZU Shigeru of the Research Department of Takashimaya took charge of this task through its publication.¹² In this way, merchandising knowledge of department stores in the U.S. was also introduced independently of Isetan.

4-4. Admission to an international department store association

Takashimaya joined the NRMA in 1951 to secure a route to get information about U.S. department stores. In addition, the company was admitted to the Intercontinental Group of Department Stores, composed mainly of department stores in Europe, in 1956 to keep a channel to acquire information from European department stores. Actually, Takashimaya took advantage of the friendship with member department stores in this Group to develop events abroad and introduced European brands.

In 1962, Daimaru joined the International Association of Department Stores (IADS), which was established for the purpose of exchanging materials and information among major European department stores for the purpose of facilitating their mutual prosperity.¹³

Seibu Department Store was admitted to the Association Commerciale Internationale (ACI) in 1962. Seibu needed to join a group of European department stores to increase purchases of European merchandise and prepare for events with merchandise from abroad, and chose the ACI, as it was different from the Group that admitted Takashimaya. Seibu tried to exchange merchandise with Les Galeries Lafayette in France in particular, but their merchandise, centering on general consumer goods, hardly fit the Japanese market, and did not produce satisfactory performance.¹⁴

By joining overseas organizations of department stores, Japanese department stores mainly intended to establish tie-ups in merchandise in developing the events for overseas merchandise rather than to introduce management knowledge. Takashimaya and Seibu, however, learned headquarters-led purchasing systems from European department stores and introduced them in the 1960s toward subsequent multi-store operation, which should be regarded as significant in terms of management. Seibu Department Store learned the functions of merchandising organizations and

Knowledge Introduction from Abroad into Management of Department Stores

knowledge to operate those organizations from ACI's member department stores, renovated the structure of the Merchandise Department, and started merchandise development and centralized purchasing of the standard merchandise (1962). Takashimaya reorganized its Merchandise Department as the model of Karstadt Department Store in Germany, a member of the Intercontinental Group of Department Stores (1963).

4-5. Tie-up with a specific department store

Management of Daimaru had had contacts with managers of Macy's Department Store in the U.S. in prewar days, and established a tie-up with Macy's in services in 1962 to make joint advertisements and provided customer-introduction support services. In the latter, both department stores issued an introduction letter to travelers from the U.S. to Japan and from Japan to the U.S.

Taking advantage of the tie-up with La Rinascente in Italy, a member of the Intercontinental Group of Department Stores, Takashimaya held an "Italian Fair" in 1956. Afterward, Takashimaya established an association with Italian brands including Louis Vuitton, GUCCI and Ferragamo.

4-6. Information collection and knowledge introduction through dispatch and training of staff members abroad

With the easing of restrictions on traveling abroad in 1964, opportunities increased for practical staff members to visit overseas department stores. At these opportunities, the staff members dispatched abroad were enabled to gain practical know-how on the operation of department stores by observing stores with their own eyes, listening to members of the overseas department stores, and bringing back materials, and these opportunities sharply expanded.

In 1964, Takashimaya started opening overseas representative offices in New York, Paris and Essen (Germany) to secure its own functions to collect information. In addition, from 1969, Takashimaya sent employees to several overseas department stores for onsite training on practical tasks.

Through its relationships with ACI via its Paris Representative Office, Seibu Department Store dispatched young employees to European department stores as a short-term study abroad program. In 1966, SUGIMOTO Atsushi was sent to the Kaufhof Department Store in Germany for three months of practical training. WADA Shigeaki was dispatched to France for a half year to learn ACI's merchandise development methods in 1968.

4-7. Invitation of specialized persons from abroad

In this period, Japanese department stores were actively inviting merchandise-related specialists from abroad, e.g., fashion designers to hold fashion shows and trade conventions, and fitters to train Japanese department stores' staff in charge of customized clothes. Mitsukoshi conducted several training courses for sales corners including technical training for customized men's wear. No corporate history of Japanese department stores, however, carries any description about the introduction or training of management or operation strategies.

4-8. Direct entry to overseas markets

Although opening a store abroad can be regarded as an opportunity to acquire knowledge on trade with suppliers in foreign countries, knowledge about merchandising and knowledge for operating stores abroad, Takashimaya and Seibu Department Store, which opened overseas stores during the period from the 1950s and the 1960s, did not have such intentions at first, and actually could not acquire any particular knowledge from operation of stores abroad.

Takashimaya opened New York Takashimaya in the U.S. in 1958, earliest in any Japanese peers. This action was part of its foreign currency acquisition policies, and the store was designed as a base to sell Japanese products overseas. The foreign currency earned by the store was used to purchase merchandise. It is unknown whether any knowledge was acquired about the operation of the department store.

After taking the office of Chairman of the House of Representatives, TSUTSUMI Kojiro, the founder of the Seibu Group, visited the U.S., and opened a store in Los Angeles in 1962 with the intention to build a bridge between Japan and the U.S., but the store did not thrive. Then, the store was transformed to a showroom for apparel products, followed by other improvements, and finally it was closed as a failure, and Seibu withdrew from the U.S. During the operation of the store, Seibu neither learned nor introduced into Japan any know-how for operation of the U.S. department stores.

Examples of opening of a store overseas include Hawaii Shirokiya in 1959, Hong Kong Daimaru in 1960 and Bangkok Daimaru in 1964.

5. Summarization of knowledge introduction activities

5-1. Knowledge introduction from overseas department stores in the 1950s and the 1960s

First, in the 1950s and the 1960s, knowledge on operation was actively introduced from overseas department stores through methods of exploitation and introduction that were more diversified than the form of literature introducing overseas department stores and its translation.

When closely looking at whether such knowledge exploited and introduced was deeply related to management from the viewpoint of Kacker (1988), however, many of these activities were “unplanned transfers,” where knowledge on retailing was incidentally found during study tours abroad, seminars and conventions, and transferred without any official negotiations. Examples of “planned transfers” include only study and training abroad through business tie-ups carried out by Takashimaya and Seibu Department Store. From the viewpoint of Leonard - Barton (1995), examples of “joint ventures” and “M&A,” where management makes a strong commitment, include only the cases of Seibu and Sears, Roebuck (U.S.) in the 1970s, and Isetan and Barneys New York (U.S.) in the 1990s, and no such activities were seen in the 1950s and the 1960s.

Subjects and contents of knowledge introduced were also centered mainly on the fields of merchandise and sales, such as clothes, sales techniques for customized merchandise and ready-to-wear clothes in particular, and the corner concepts to meet new lifestyles. As for acquisition of management knowledge, on the other hand, although a few cases were known from corporate histories and interviews in this research. One case worthy of special mention will be the renovation of functions and structures of the headquarters’ merchandise department to the western formats toward multi-store operation, separating sales and buying, and centralized purchasing in the headquarters. Specifically, Seibu Department Store and Takashimaya separated functions of the merchandise department are separated from functions of sales at stores. In addition, they learned the western-style centralized buying system in the headquarters and the merchandise headquarters system was introduced (by Seibu in 1962, and by Takashimaya in 1963).

Knowledge on merchandising operation given in the “Buyers Manual” introduced by Isetan was converted to knowledge called categorized merchandising and edited into the “Merchandising (MD) Notes,” which was used extensively in new corner designing. In the spring of 1954, for example, consideration was started for the children’s wear and the baby goods corners, and extended to the teens and the household goods corners (1956). Based on the new categorized merchandising, modern approaches to merchandise planning, assortment and corner control took root in Isetan.

5-2. Relations between the existing management resources and the activities to introduce knowledge from abroad

In activities to introduce knowledge in the management domain such as store operation and management administration toward modernization of management, some differences are thought to exist between major department stores and others. With regard to the assumption that differentials existed in knowledge introduction activities due to management abilities in this period and management knowledge accumulated since prewar eras, the following fact was confirmed:

It was found that the important existing resources depend on not only (i) whether management approaches and management knowledge for store operation were already held, but also (ii) whether contacts with overseas entities and information collection functions were secured to get knowledge from abroad on an organizational basis. This is because wide differences due to these factors were seen in the ease and activeness of activities to introduce knowledge.

According to the fields assigned to each department store to create a book describing the department store business published shortly after the end of World War II, Mitsukoshi, Daimaru, Takashimaya, and Matsuzakaya seem to have already been equipped with management knowledge, and among them, Takashimaya and Daimaru had contacts with overseas entities, and secured information collection functions such the Research Department, so they were more active than others in the exploitation and introduction of knowledge on overseas department stores.

In contrast, Isetan and Seibu Department Store, with poor existing knowledge, were aggressively introducing knowledge from abroad in the 1950s and the 1960s to catch up with the leading major companies. As stated above, Isetan made the concepts presented by the “Buyers Manual” from the U.S. take firm root in the company, and established management infrastructures so robust that later, it became called “Isetan of merchandising.” Seibu Department Store rapidly built up networks in Europe in the 1960s, and preceded others in the introduction of choice brands.

Thus, Japanese department stores can be classified into three groups as shown in Chart 2 when organizing their behaviors in postwar modernization of management, whether they relied on the existing resources, or whether they were positive in introducing knowledge from abroad, from the viewpoint of differentials in competitive position in the industry and existing management resources (knowledge taken over from prewar days and information channels with overseas organizations at the time).

As a challenge for today’s department store industry, will Japanese department stores be able to

Knowledge Introduction from Abroad into Management of Department Stores

restore their positive momentum to get knowledge from the outside as in the 1950s towards the peak of the industry? The current department store industry is suffering from structural problems so serious that they could be fatal. So the industry needs to size up its managerial resources more severely than in the postwar days, and to strive to build up channels for exploitation and introduction of knowledge. If Japanese department stores recognize their characteristics and essential management functions, and carry out activities to introduce knowledge with clear objectives toward the establishment of their organizational capabilities, they will succeed in properly acquiring the necessary knowledge. I want to observe knowledge introduction and its fruits as my next subject of study.

<Notes>

1. Despite some differences of specific organizational details between modernization of department stores from the 1920s to the 1930s and that from the 1950s to the 1960s dealt with in this study, if “modernization of management” is interpreted as corporate activities to enhance management approaches and organizational operation to catch up with leading western peers at the time, this can be regarded as activities of the same nature.
2. The ratio of sales of department stores to personal consumption (values announced by the Japan Department Stores Association) increased from 3.5% in 1952 to a peak at 5.0% in 1961 and 1962. Afterward, the ratio continued declining to reach 2.9% in 2002. Koyama S. (2005) *Where are department stores going to?*, Ito M. (edited) *Japanese Industrial System (vi) New Distribution Industry*, NTT Publishing, p.254.
3. This study positions knowledge introduction as one of the approaches for corporations to enhance their management abilities, and interprets corporate activities to exploit and introduce (materialize in-house) knowledge. Therefore, the study does not discuss the stage where introduced knowledge takes root in the organization and further contributes to business performance.
4. Tottori Daimaru (with capital participation by a bus company, and opened in 1949), and Shimonoseki Daimaru (with capital participation by a fishery company, and opened in 1950) were founded based on know-how provided by a major department store. Many independently founded department stores like Sasebo Toraya (with capital participation by a seed company, and opened in 1955 and closed in 1957) failed.
5. Regulations on fabric products were lifted including abolition of the clothing coupon in 1950, and complete lifting of the clothing ration regulation 1951, and liberalized distribution started after ten years.

Miyazoe

6. Introduced in detail and its significance in Miyazoe (2004).
7. According to Kashiyama (1976), KASHIYAMA Junzo, founder of Onward Kashiyama, traveled to the U.S. and Europe for the first time in 1959 to see the mass production system in the U.S. fabric industry. At the time, Daimaru started manufacturing and sales of men's ready-to-wear suits under the private brand "Trojan" (1959). Takashimaya opened a store in New York (1958), and Seibu Department Store established the Overseas Business Division (1959) to import products. Thus, department stores preceded apparel companies in product development, and collection of information from abroad. It was in the 1970s that Onward Kashiyama started establishing manufacturing and sales bases overseas, such as men's clothes (1972 in the U.S.) and ladies' clothes (1973 in France, and 1974 in Italy).
8. This study selected major corporations in the industry with officially compiled corporate histories to research such histories. Although Matsuzakaya has a corporate history, the history focuses more on the introduction of stores and describes the history of each store and its equipment than on business activities, the subject of this study, so this company is excluded.
9. The author conducted interviews with employees of and retirees (10 persons) from Isetan, Seibu Department Store, Takashimaya, Daimaru and Mitsukoshi (the interviewees are listed at the end of this paper as an attachment).
10. It is said that, since Isetan was not doing overseas trade at that time, traveling abroad was difficult, but thanks to help by the president of Mikimoto Pearl, this study tour was realized. At this point, Isetan was far behind Takashimaya and Daimaru, which had been traveling overseas and collecting information abroad since the prewar period.
11. Secretariat to Corporate History Editors, Public Relations, Isetan (1990), *A Century of Isetan*, Isetan, pp. 116-118.
12. Direct interview with SHIMIZU Shigeru (June 2004).
13. Daimaru 250-year History Editorial Committee (1967), *Daimaru's 250-year History*, Daimaru, pp.546-547.
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<List of Interviewees>

Regarding knowledge introduction from abroad during the 1950s and 1960s, I collected precious information and completed this paper thanks to interview surveys with the following people. I greatly appreciate their cooperation to the survey.

The list indicates the corporate name, the title of the interviewee as of the interview, and date of the interview.

Daimaru: Ex Director and the Head of Kyoto Store (June 4, 2005 and August 19, 2005), Ex Manager of Women's Dress Department (2005.2.1/2005.6.5)

Isetan: Director and Managing Executive Officer (November 19, 2004 and December 2, 2004, and May 23, 2005), Ex staff in charge of edition of the corporate history (June 9, 2004)

Mitsukoshi: Staff of the Gift Sales Department of Nihombashi Head Store (March 9, 2004)

Staff of the Men's Clothes and Accessories Department of Nihombashi Head Store (March 19, 2004)

Deputy Secretariat-General of the Headquarters of the Labor Union (February 10, 2004)

Seibu Department Store: Representative Director and Vice President of Millennium Retailing (March 8, 2004 and March 30, 2004)

Takashimaya: Ex Chief of New York Representative Office, and Deputy Senior Manager of the Personnel Department of the Head Office (March 12, 2004)