All of the programs in financial and operating research except front-end automation, are under the supervision of Ed Knauss, SMI's Manager of Operations Analysis.

In the merchandising and marketing research area we are continuing to do our annual Super Market Industry Speaks and Facts About New Super Markets reports which I assume most of you are familiar with. You may not be aware, however, that we are now publishing the detailed tables from each of these reports as a separate document. These are essentially fact books, but provide the interested reader with access to much more data than was previously available.

In terms of special studies, we are now beginning a rather large-scale project dealing with service delis. This project is being undertaken jointly with A.C. Nielsen and Armour. The objective of the research is to describe the nature and extent of service delis as they exist in the U.S. super markets and to identify dimensions of a successful deli operation. The project will include a survey of Nielsen's store panel, some more detailed research on a smaller sample of carefully selected deli operations, and a national consumer phone survey covering consumer behavior and attitudes towards the deli. This research will be released at our 1973 Annual Convention.

Another project deals with super market practices, problems and opportunities in the area of the procurement and sales of general merchandise. The objective of this research is to define the extent of general merchandise sales in super markets and to provide direction for future research and educational efforts in this area.

All of the projects in the merchandising and marketing areas are under the supervision of Diane Wolgemuth, our Manager of Research and Surveys.

Of course a major part of our continuing research involves our Information Service. Within the last year the Information Service has developed a Monthly Index Service listing articles related to food distribution which has been very well received both by SMI members and a large number of non-members. In addition, the Information Service has played a very important role in providing factual information for our work in Consumer Price Programs and the development of store employee training materials in this area.

*****

CHANGES IN FOOD DISTRIBUTION IN JAPAN

by
Shoji Nakamura
Store Engineering, Inc.
Tokyo, Japan

Examines the prepackaging of fish in Japanese supermarkets.

Since 1953 when the first supermarket began its operation in Japan, the supermarket industry has been growing rapidly and is continuing to expand very rapidly.

However, the most difficult problem with which Japanese businessmen are being confronted is in the continuous rise in the cost of labor. For instance, during 1971-1972, the wage rate for a high school graduate in food retailing rose by 15.7%. This is not an unusual condition but a constant trend in our country for these 10 years.
In order to absorb the endless expansion of labor cost, we have strived to improve in many areas. Among them the conversion of traditional perishable departments into self-service which showed most remarkable results.

The common supermarket in Japan has three or four perishable departments: fresh meat, fresh fish, and produce departments and sometimes a delicatessen department is added.

Prepackaging of produce began almost fifteen years ago and the techniques of meat packaging were imported from U.S.A. about ten years ago, therefore, Japanese food people have had some amount of knowledge of how to package meat and produce. Regarding the produce, I believe, Japan might be one of the most successful prepackaging countries.

Prepackaging of Fish

However, we are the most fish eating people in the world and are very much interested in its freshness and taste. We know many kinds of fish menus which require such high freshness as SASUIMI, therefore, many people were afraid of adopting self-service in this department.

A fish department which makes up 12% of the total sales in the common supermarket used to be a money consuming and low productivity department. In addition to this, it was a headache for supermarket executives to handle traditionally emotional journeymen.

Besides the problem of high wage rates in this department and low productivity, there are the following disadvantages in self-service fish departments:

1. Front glass disturbs impulse sales.

2. Therefore, fish clerks often remove the front glass and resulting high temperatures are very harmful to keep the quality of fish.

3. Even if front glass and back door of show case were closed, the surface of fish dries up by the convection of cooled and dry air. This condition is unacceptable to Japanese consumers.

4. It is very difficult to keep temperature if back doors are often opened in busy store.

5. Difficulty of budgeting.

Two View Points, Advantages by Prepackaging Fish

On the other hand self-service in the fish department has many advantages:

Advantages from the view point of the store:

1. Improved productivity

2. Increased impulse sales

3. Keep quality and freshness by self-service cases

4. Prevent shrinkage

5. Decrease markdowns

6. Budget easily

7. Improve sanitary conditions

8. Expel bad smells

Advantages from the view point of consumer:

1. Increased freshness

2. Better tastes

3. Eliminate waiting in front of the cases

4. Better selection and pricing: convenience of self-service

5. Better sanitary condition

Procedures to Convert Fish Department

To convert traditional service fish department into self-service, I adopted the following cautious procedures:
1. Education of employees
   a. Consumers' increasing demand to quality
   b. Quality keeping mechanism
   c. Importance of temperature control and its procedures
   d. Advantages of prepackaging, especially stressing customer's viewpoint
   e. Prepackaging procedures and display procedures
   f. Better work methods
2. Improve the display cases and other facilities
3. Improve the layout
4. Improve lighting
5. Suggest new merchandising
6. Education of consumers
   a. Announcement of adoption of self-service and sure improvement of quality freshness, and tastes
   b. By newspaper ads prior to the conversion
   c. By P.O.P. materials
   d. By handbills
   e. By store people

The results were very satisfactory in most cases; 6 stores increased their fish sales by 25-50%, 2 stores increased by 51-75%, 1 over 100% in recent 10 stores without so much increment of labor forces.

Conclusion

Of course the productivity in fish department increased remarkable compared to increased sales. However, I would like to bring attention to the remarkable sales increase. This increase may be due partly to the convenience of self-service, but from the viewpoint of QUALITY, the facts contain more implication.

1. Fish is most appropriate category for prepackaging from the viewpoint of quality.
2. To keep freshness and better taste means to add something valuable. If something valuable is added surely customers do not resist against the changes.
3. Employees should understand new value and they should make customers understand the new value.
4. New value should be rendered at less money.
5. Customers are not concerned about increase of productivity.
6. In other words, abolishment of old service must be offset by the substitution.
7. Role of Education is very important.