

A Study on Customer Attitude towards Reuse Goods Shop A Case Study with Respect to Hard off Corporation, Japan

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Abstract

Old is gold an adage, has become true at HARD OFF in Japan. What would one do with an old and outdated item? Just throw or keep in a cupboard, which further deteriorate the value and buy a new thing, this is the basic idea behind the establishment of Hard Off which is Eco-Reuse Factory in Japan. The Hard Off follow 4Rs- Reduce, Recycle, Reuse and Refuse. They often undertake small repairs to upgrade the performance of few articles. The current paper is to focus on the re-using and marketing methods of abandoned/used goods; organization and activities undertaken at HARDOFF stores; and also to know the customers perception about these stores and goods available. In order to examine the customer's perception, a survey of 50 people at 5 different stores in and near by Tochigi prefecture, Japan has been made, and observed that customers are very interested in buying used goods, and pricing was considered genuine, the consumers here don't feel a blot or social stigma in purchasing these used goods. This paper also analyses the reason behind customer loyalty towards these stores and found that the customers feel that they can upgrade themselves at low cost. This store should not be confused with artefacts and antique goods shops.

Keywords: Customer perception, Hard off, re-use, repair and recycle.

1. INTRODUCTION

Market is a place where different types of goods are bought and sold, and every marketer has some space and consumer segment. In olden days we heard of barter system where goods are exchanged for some other goods, but with the introduction of currency and monetary system, goods are exchanged for some price. Undoubtedly, new goods have value but how about old and used good? So, in olden days used goods have value but do they have value in recent days also? The answer is yes at HARD OFF stores in Japan. HARD OFF deals with buying used goods, repair them and sell those goods in their stores.

They started with buying and selling of old books in the name of BOOK OFF, with the grand success of Book off and the public interest towards low cost old books, they have come out with an idea of selling used goods in the name of HARD OFF. By making old goods reusable; they are postponing the waste disposal and thus saving the environment. In fact, used goods trade often takes place between countries for highly sophisticated technological and very expensive goods like war ships, airplanes, submarines, etc.

Pollution caused by plastic and electronic goods is a fact of growing concern all over the world. India is becoming a dumping yard for this kind of waste. REUSE can be the solution to this problem.

1.1 LITERATURE REVIEW AND NEED FOR THE STUDY:

According to America's Research Group, up to 15% of people shop at resale or consignment shops at least once a year. There are also indications that second hand clothes are becoming more acceptable in the US.

Another report by O'Donnell and Hughes, (2007), stated that National Association of Resale & Thrift Shops estimates that sales in the second-hand industry have risen by around 5% per annum over the last decade.

A survey of consumers' use and perceptions of second hand retail outlets conducted by Japan's Economic Planning Agency (2000), found that cheapness was the dominant reason given for expected future purchase, particularly for clothes, children's wear and toys.

Another research in Japan on home electric appliances found that, even where respondents wanted to repair goods, they were defeated by 'social systems', with respondents most frequently citing the relative expense of repair, when weighed against the cost of a new product as an impediment (Tasaki et al. 2004).

According to an ICM telephone survey of UK homeowners for esure, 1 in every 7 objects in the average UK home is from a second-hand source (esure 2006). The survey found that family and friends were the most widespread source of second-hand goods, followed by charity shops and car boot sales, with almost 3% of respondents picking up discarded goods from skips (esure 2006).

An article in Times of India (2013), stated that young Indian customers no more differentiate between

used and new goods particularly electronic gadgets where better technology can be obtained at low prices, and some people feel they can upgrade themselves by disposing off older goods in these second hand shops.

The current study helps to understand the aspects of used goods market and how to organize them in an attractive manner as in India young urban population is on rise who are upgrading with changing technology, a solution for mounting electronic waste in India would be these re-use goods stores.

1.2 OBJECTIVES OF THE STUDY:

1. To study the profile of Hard Off and its organizational frame work
2. To examine different activities undertaken and work culture at Hard Off.
3. To ascertain customer's attitude towards used goods, through a survey.
4. To analyze customer's tastes and preferences over used goods.
5. To identify factors contributing to customer retention and measure customer loyalty.

1.3 RESEARCH METHODOLOGY:

- a) Area selected- 5 stores selected in and near Tochigi prefecture, Japan.
- b) Data source- Primary data is collected by field survey with the help of questionnaire and secondary data is collected from local magazines and websites.
- c) Sampling technique- Simple random sampling technique, with 50 sample size.
- d) Statistical techniques used-Tables, percentages, weighted mean.
- e) Period of the study- 2012-14, Primary data collected in 2012.

2. PROFILE OF HARDOFF:

HARD OFF CORPORATION Co., Ltd. is a Japan-based company mainly engaged in the reuse business. The company was founded in 1972 and is headquartered in Shibata, Japan. It deal with buying of used goods, clean them, repair and make them usable and sell for a price much lower than the price of newer goods..

The Company operates in two business segments.

- ❖ The Reuse segment purchases and sells various secondhand goods, including personal computers, audios, visuals, musical instruments, watches, cameras, various software, furniture, interior products, gifts, household goods, garments, sports products, white goods, outdoor products, automobile supplies, toys and others, through the operation of stores under the names HARD OFF, OFF HOUSE, MODE OFF, Garage Off, Hobby Off, JUNK HOUSE, BOX SHOP and BOOK OFF.
- ❖ The Franchise Chain (FC) segment is engaged in the supply of commodities and the provision of management guidance services to franchise stores for merchant fee and royalty fee. On July 1, 2011, it fully acquired a Niigata-based company.

In the year 2005, HARD OFF CORPORATION is listed in TOKYO STOCK EXCHANGE. It has a market capitalization of 9.5billion yen, with 14 million shares outstanding, from this one can understand how big the organization is and on how large-scale are its business operations. There are over 696 Hard off stores in Japan. A vast 1300 odd number of people earn lively hood through this Eco Recycle Factory, and many more work as part time employees.

The sales and profit figures over the years:

| YEAR | SALES (in billion) | PROFIT (in billion) |
|------|--------------------|---------------------|
| 2001 | JPY 5.5 | JPY 1.1 |
| 2012 | JPY 11.5 | JPY 3.9 |
| 2013 | JPY12.02 | JPY 4.2 |

Source: www.Japaninc.com

It is approximately having a profit margin of 20%, and with 10% market share, it is the market leader.

2.1 Organizational Framework:

HARDOFF CORPORATION is a company mainly engaged in the reuse business, they are located near big business centers and the shops are quiet spacious, clean, brightly illuminated and decorated, with abundant staff welcoming every customer 'irashimase' as they enter the store. Goods are neatly placed in shelves and section wise. One can find costly brands like Rolex and Armani watches, Tommy Hilfiger and C'Dior products, Louis Vitton bags to name few.

As these many goods cannot be dealt under one roof, different goods are sold in different stores like;
Book Off - Book off mostly sells Japanese used books, in addition to books they also sell magna (Japanese comics and cartoons). Book off gained much familiarity with a wide range of books and customers are allowed to read quietly in the store without purchasing them. There are over 900 Book off stores in Japan itself and also 8 overseas branches in US and other parts of the world.

Another important activity that resulted in the success of Book off is cutting the edges of the books to

look new. Book off buys books at 10percent of the cover price and sell them lower than 50percent of the cover price. They stock the books for three months, if they are not sold, they reduce the price to 100yen which is dead cheap and will be sold easily.

Hard Off - Hard off sells electronic equipment like personal computers, refrigerators, washing machines, A.C'S, musical instruments and stereos, video games, sofas, etc.

Off House - Off house sells branded accessories like handbags, belts, interior decorative pieces, gift items, toys, gold items, etc.

Mode Off - Mode off sells ladies and men's and kids clothes along with accessories.

Garage Off - Garage off sells old automobile spare parts like audio systems, tires, seats, upholstery, etc.

Hobby Off - Hobby off sells sports equipment like skating shoes, golf sticks, skiing boards, tennis bats, etc.

ECO RECYCLE FACTORY has become a boon to the economically backward people who cannot afford costly branded goods; they can buy here at even less than half of their original price. Even though the products here are old and used ones, they are maintained so neatly that they look nothing less compared to a new product.

3. ACTIVITIES OF ECO RECYCLE FACTORY:

In Japan there are strict rules as to the disposal of waste, garbage is basically separated into combustible, non-combustible and recyclable items, and the collection is done as per collection schedule, i.e. day and time. The disposal of large sized items like furniture, bicycles and electric appliances is handled by a special collection service against a fee, usually on an appointment basis. Thus this Eco Reuse Factory has become very helpful for people to get rid of old and unused goods (waste). They undertake:

1. Buying and selling of all kinds of old and used goods.
2. They follow policy 4R's-Reduce, Recycle, Reuse and Refuse.
 - Reduce- reduce consumption of new products, by so doing fresh and potentially useful raw materials usage can be reduced.
 - Recycle- recycling old goods to make them appear new with little additions to some category of goods like sofas, beds, toys, leather products, etc. It helps in low energy usage, pollution and waste disposal.
 - Reuse- reuse goods, which in turn helps in reduced consumption of raw materials.
 - Refuse- refuse worthless goods, which absolutely cannot be repaired and those which are likely to be rejected by the customers.
3. They accept only those goods, which can be resold according to their look and working conditions after under taking small repairs and cleaning, the staff will decide the price of the goods. Hard off buys goods for a nominal price, people often give goods for free.
4. They have **free business trip purchase** facility, if any person have a lot to sell can avail this option by making an appointment over phone. Based on distance and nature of products this facility is provided.
5. The price, the customer is charged includes Repair, Maintenance and Cleaning.
6. Every store has a repair shop adjoining. All repairs are undertaken there, they have no centralized repair system. The staff there decides whether a particular product is repairable or not.
7. They give warranty ranging from 3-12 months according to the value of the product, and conduct free repair within that period if there is some default.
8. For gold and diamond ornaments, original quality certificates mentioning their carat age are also given to the customers, supporting their quality of work.
9. Another interesting feature of the store include holding your favorite item for some days on some additional payment, if that doesn't fit your vehicle until you find a bigger van. Regarding which they issue a receipt, it should be shown on pick up.
10. These shops exist in single or in combination. For Ex: Hard off (alone) or Book off and Mode Off(together in one complex), so on.
11. These stores are open 365days a year.

The only drawback is; one have to buy what the store is offering and not what they want to buy (color or features), that is where the buyer has to compromise.

4. DATA ANALYSIS AND INTERPRETATION:

Customers attitude, tastes and preferences and customer retention.

From the survey conducted with the sample 50 customers in 5 stores in and near Tochigi prefecture, Japan, the following observations are made;

| Table 1 | Table showing age of respondents. | | | | | |
|-------------------|-----------------------------------|-------|-------|-------|-----|-------|
| Age (in yrs) | 10-20 | 20-30 | 30-40 | 40-50 | >50 | Total |
| No. of respondent | 12 | 7 | 9 | 12 | 10 | 50 |

Source: Primary data

Nearly half of the respondents, 22 were in age group of 10-20 years and 50 years and above; as they have less income they can satisfy their requirements from these reuse shops, 10-20 years customers mostly buy sports equipment like tennis and badminton rackets, skates, games and toys, hand bags, etc and customers above 50years often buy clothes and electronic equipment. The segment between 40-50years constituted nearly 25%, they prefer goods like crockery, glassware, etc.

| Income (JPY in 000's) | 100-200 | 200-300 | 300-400 | 400-500 | >500 | Total |
|-----------------------|---------|---------|---------|---------|------|-------|
| No. of respondents | 11 | 12 | 10 | 9 | 8 | 50 |

Source: Primary data

Irrespective of income levels people buy goods here, cost of living is high in Japan and an income of 500,000JPY and above per month is considered as satisfactory. As the goods are very cheap compared to the new ones in the market, low priority goods are bought here just to enjoy using them, and some often buy to satisfy their needs.

| Reason for buying | cheap | Look | Variety | Brands | Total |
|-------------------|-------|------|---------|--------|-------|
| No.of respondents | 14 | 16 | 10 | 10 | 50 |

Source: Primary data

People purchase these goods for their low cost, appearance, and most importantly brands which are very expensive in the market, though they are outdated models people prefer them, those purchasing for brands are mostly high school students between age group of 15-20 years who often like to change accessories regularly and they earn low.

| Preference of goods | clothes | House equipment | Personal goods | Jewelry | Electronic goods | Toys | total |
|---------------------|---------|-----------------|----------------|---------|------------------|------|-------|
| No. of respondents | 14 | 8 | 10 | 5 | 8 | 5 | 50 |

Source: Primary data

Up to 28% respondents like to purchase clothes like jerkins, woolen clothes, winter clothing, as new ones are expensive and people would like to change them for every winter, so Hard Off is the best option for them to fulfil their needs. Personal goods like shoes, accessories like bags, belts, etc are often purchased more which constitute 20% of the total sample.

| Age/preference of goods | Costly goods | Cheaper goods |
|-------------------------|--------------|---------------|
| 10-20 years | 4 | 8 |
| 20-30 years | 2 | 5 |
| 30-40 years | 6 | 3 |
| 40-50 years | 5 | 7 |
| >50 years | 3 | 7 |
| | 20 | 30 |

Source: Primary data

One feature found in this store is they have very expensive branded goods costing beyond 100000 yen like Louis vitton bags, Rolex watches, diamond jewelry, etc and on other hand they have many cheap items costing less than 105 yen like chop sticks, accessories, soft toys, etc. This question is to find out whether customers prefer cheap goods or costly goods, the age group between 30-40 years mostly choose costly goods i.e. 6 (12% of 40%) and customers between 10-20 years mostly preferred cheap goods i.e. 8 (16% of 60%).

In addition to the above, the following observations were made;

- I. Regarding satisfaction obtained on usage of those goods, to my surprise all 50 respondents were happy and satisfied, they have absolutely no complaints regarding price or quality of those goods, they feel the price here is much lower than new products particularly the branded ones. Most of them feel the goods are moderately or adequately priced.
- II. All the respondents were satisfied regarding the performance of the used goods from these stores, of the 50 sample only 4 customers suffered malfunction in particular to electronic goods and they were repaired within 2-3 weeks' time.
- III. Regarding service and response of the staff, all 50 respondents were happy, the staff is interactive and answer to all questions with patience even they don't buy.
- IV. Most of the customers visit these stores often, almost 48 respondents said they would visit these stores

- once in a month.
- V. All the customers participated in the survey said the staff response and service is excellent and good, none said as poor service.
 - VI. Regarding the knowledge about the store 10 (20%) respondents came to know through advertisement, 22 (44%) respondents came to know through friends and 18 (36%) respondents explored themselves.
 - VII. Regarding re-visit and re-purchase, all respondents said they are happy with products and service and would visit again and also inform friends about the goods available.
 - VIII. Of the total sample only 7 respondents sometimes feel purchasing here a social stigma, but still they purchase here because costly branded goods are available for low price.
 - IX. For the question “Would you hesitate to tell your friends that you are purchasing used goods” only 42 respondents answered the question and out of them 25 respondents said yes, 15 respondents said not sure, and 2 respondents said no, they would not mention their friends that they are using used goods.
 - X. Respondents view Hard off is better than its competitors like RECYCLE KING and few other because of the wide range of products offered by them at a very low price, where one may even find a product as cheap as 10yen(a coin purse, chopstick stand, etc).

5. Limitations of the Study:

1. The basic problem encountered during the study is there is no literature review available; compilation of data was very difficult.
2. Most of the information is in Japanese, language was a hurdle the staff was ready to explain their operations and their frame work but they couldn't speak English.
3. Also, the sample size is very small because of language problem. They mostly doesn't understand English and respondents were hesitant to answer the questions.

5.1 PROSPECTS IN INDIA FOR RE-USE SHOPS:

With the digital revolution and the advent of smart phone technology, users are replacing their old ones to update themselves, as a result electronic waste is mounting up and in a country like India where strict rules as to their disposal are absent, these reuse/used goods shops can help reduce disposals, even in India there are reuse shops but the operations are in small scale and unorganized manner. Big articles like used cars, furniture, etc. has big market, but goods like musical equipment, sports goods, clothes, accessories, etc. market is negligible. The current study throws light on how to organize used goods sale in an attractive manner and make available expensive goods to economically forbidden people, along with reducing harm to the environment. The urban employed youth want to upgrade with latest technology, take the case of Apple I-phone with every new version launch the consumer wants to acquire the latest, if a reuse store like Hard-off is available they can dispose older ones at appropriate prices and economically forbidden customers can obtain older ones at lower prices. Thus these stores are boon for both upper and lower economic classes of customers.

6. CONCLUSION

Thus, this ECO RECYCLE FACTORY with innovative repair and cleaning systems is not only increasing the life of the products but also help in reducing waste disposal into the environment resulting in less pollution and reducing the consumption of fresh raw materials.

So, these stores are boon not only to buyers and sellers of goods but also to nature. It reduces the amount of waste land filled.

In a country like India, with huge population mostly economically weaker sections these recycle shops will help them use technology at low price. Since this kind of activity needs large space and staff with technical skills (to undertake repairs), any large business house can take this as an opportunity for business diversification, and give value to used goods.

Further research can be made industry wise, the availability of used goods in India, and organizations dealing with reuse goods in different parts of the world.

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ANNEXTURES: QUESTIONNAIRE:

A questionnaire has been framed and given to 50 customers visiting Hard off to know the views about the stores; the goods, service, quality, response, etc. The questions include;

1. What is your age (in years)?
i) 10-20 ii) 20-30 iii) 30-40 iv) 40-50 v) 50 and above.
2. What is your income (Japanese Yen, JPY 000's) ?
i) 100-200 ii) 200-300 iii) 300-400 iv) 400-500 v) 500and above.
3. Reason for buying goods at Hard-Off?
i) Cheap ii) Look iii) Brands iv) Variety.
4. What kind of goods you generally prefer to purchase?
i) Clothes ii) house hold equipment iii) Personal goods
iii) Gold/diamond items v) Electronics vi) Toys.
5. Which category of products would you prefer to buy?
i) Costly goods ii) Cheaper goods
6. Are you satisfied with the price of goods at Hard-Off?
i) Goods are priced high ii) Feel more price for used goods
iv) Moderately priced iv) Adequately priced.
7. How do you think is the quality of goods at Hard-Off?
i) Good ii) Average iii) Satisfactory iv) Poor
8. Have you faced any malfunction of goods during the warranty period?
i) Yes ii) No
8.1. If yes, did Hard Off provide free service/repair of the goods?
i) Free repair ii) charged price iii) Did not repair
9. How regularly you buy goods in these stores?
i) Once in a month ii) Forth-nightly iii) Weekly
10. How is the response of staff and their service?
i) Excellent ii) Satisfactory iii) Poor
11. How did you know about the stores?
i) Through advertisement ii) Through friends iii) Self knowledge
12. Will you visit again for subsequent purchase?
i) Yes ii) No.
13. Would you inform your friends about the goods available at Hard Off?
i) Yes ii) No
14. Do you feel a kind of social stigma to purchase goods at Hard Off?
i) Often ii) Sometimes iii) Never
15. Would you hesitate to tell your friends that you are purchasing used goods?
i) Yes ii) Not sure iii) No
16. Whom do you consider as competitor for Hard-off

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