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A STUDY ON RETAIL LOCATION

The Relocation of Tokuda Drugs
from 1724 Yesler to 1620 Jackson
with reference to
Richard Nelson's
Eight Principles of Locating a Store

Mr Bruffy
Geography 100
March 3, 1970
Wendy Tokuda

After twenty-nine years of business on the corner of 18th and Yesler, proprietor and Pharmacist George Tokuda moved his small, but prosperous drug store (in the summer of 1969) four blocks away to 17th and Jackson. It seems hard to understand why a small businessman would remain in the district which had seemingly been the cause of many a headache and after 1:00AM phone call. The reasons for this particular new location are as complex as the history this store has undergone.

Through the years from 1935, (interrupted only by WWII during which the store was sold then again secured) George Tokuda shifted with the tide of ethnic groups (the neighborhood changed from Jewish to Oriental to Black) resulting in 1969 with a faithful customer population consisting of past local customers who have since moved away (mostly Japanese), resthome businesses, and local area welfare customers. The neighborhood business district of which he was a part, had developed into a breeding ground and target area for crime- theft, arsony, assault, etc.

The fountain, and candy and magazine stock at the old store ^{which} attracted a loitering, petty (and sometimes not-so-petty) shoplifting crowd, never really paid for itself and was kept mainly for sentimental and social reasons. This was one reason for moving- to get rid of the fountain and sundries. Another motivating factor was the "son-of-a-gun" (quote, unquote) landlord of the old firetrap building, of which the store was a part, who never did too much about the age old ceiling that fell periodically, or about the thriving cochroach population, or about the medieval, inefficient heating system. But the final impetus forcing the move was the immediate neighborhood. Two factors- "Ma Kendle's Home for Aspiring Jail Denizens" and Gyan's Old Furniture Store (a business which the ~~local~~ neighborhood had adopted as the local fire-bomb target) made owning the store a definite hazard.

And so, Mr Tokuda moved his smoke stained merchandise from the old, familiar location only four blocks away to Jackson. His new store, bright, modern, and roomy, is located under a doctor's office, but other than that is removed from any other

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neighboring businesses. Before explaining the whys of this particular location I will present Richard Nelson's theory of the "Eight Principles of Locating a Store", the goal of these guiding principles being to achieve "maximum business volume and market saturation". These principles, meant to be observed in applying selection criteria to any retail site (be it a new site, a relocation, or the opening of a branch), will then be related to the specific situation of Tokuda Drugs.

THE EIGHT PRINCIPLES

1. ADEQUACY OF PRESENT TRADING AREA POTENTIAL- in order to survive, a store must be located in an area that can economically support it.
2. ACCESS OF SITE TO TRADING AREA- maximum accessibility for customers insures success for a business. (the type of customer is important- ^{those} shared with neighboring stores, happeners-by, or faithful, reputation-attracted people)
3. GROWTH POTENTIAL- the total business of a store should be constantly increasing to balance the recent trend of declining profit ratios.
4. BUSINESS INTERCEPTION- it is profitable to intercept a business by locating between that traditional market and it's customers.
5. CUMULATIVE ATTRACTION- sometimes more business can be drawn by locating near similar business units and/or complementary units.
6. COMPATIBILITY- compatible, complementary business located near each other profit in proportion to the degree of compatibility.
7. MINIMIZING COMPETITIVE HAZARD- it is most profitable to select a location near the fewest competitive or intercepting markets.
8. SITE ECONOMICS- a successful site is profitable in terms of it's cost in relation to it's productivity (site is efficient, has pleasant amenities, is easily maintained, etc.).

Richard Nelson's Eight Principles present a valuable outline for locating a new site, but I found that in the case of the relocation of Tokuda Drugs, there were many situations or conditions which modified the strength, effects, or relevance fo the Principles. This, I feel, is to be expected in the application of these particular Principles, as they are meant only as a ^{selection} guideline- the degree to which they apply and are satisfied correlating positively with the amount of economic success of that site.

& criteria

In brief, this particular location was chosen because it was available, modern, would not have a fountain or sundries, was close enough to the old store to assure the continuance of traditional trade, and yet was out of the crime breeding neighborhood shopping area.

Because the new location is relatively close in distance to the old store, and because Tokuda Drugs has established, over time, a fairly faithful customer following, ^{many of} the profit-producing criteria set by the Principles were immediately and positively answered for the new site. Firstly, Mr Tokuda was insured of a trading area that can support him- the criteria for Principle #1 was pre-set and answered for him. Also, he didn't face the task of re-establishing his reputation and trade ^{in a new area}.

Accessibility remained at a maximum. (Principle #2) It should be mentioned here that Tokuda Drugs delivers perscriptions. The Central Area location, for purposes of delivering and for the benefit of ^{faithful} customers coming from various parts of the city, is economically desirable. Neighborhood business has continued as before because of the fact that "customers continue to go to a traditional source of goods" and because of the lack of any nearby competing or intercepting drugstore. Suscipient, "happens by" business never had been important, except with the fountain which had been eliminated, and continues in unimportance as a customer source.

The new wite then, just as the old site, has no significant neighborhood pharmaceutical competition, satisfying Principle #7 (competition avoidance) and eliminating the importance of Principle #4, the Intercepting Principle. since Tokuda Drugs is the traditional market.

Two principles, that of "Growth Potential" (#3) and again, that of Minimizing Competition (#7) contain elements that threaten all the remaining small businessmen of today. Mr Tokuda has solved the problem of the competing, ^(though distant) economic chain stores and the trend of decreased profit, by cutting down on the help's hours (he has four employees), increasing pharmaceutical efficiency (where his profit comes from) and again, by relying on his personal, faithful customer following. The cutting out of the fountain and sundries made no difference on the amount of profit. The fact that

Tokuda Drugs is an established, personal type of small business is important. With ^(customer mobility making them "closer") the growing competitiveness of the expanding chain stores, a novice small businessman would probably not be able to "make it" in the same location that Mr Tokuda has ^(the small businessman) chosen. He is the last of a dying element- and importantly is not as concerned now with growth and profit, He is secure, and satisfied.

The application of the Principles of Cumulative Attraction and Compatibility bring up some interesting points. In the old location, Tokuda Drugs shared much business with the neighboring compatible stores (the grocery, fish market and cleaners), which created an "Oriental trade corner", but this customer element continued their business with him after his move. However, the negative, undesired business (the cause of the theft and arson threat) attracted by the conglomeration of the small stores was left behind in the old neighborhood shopping center.

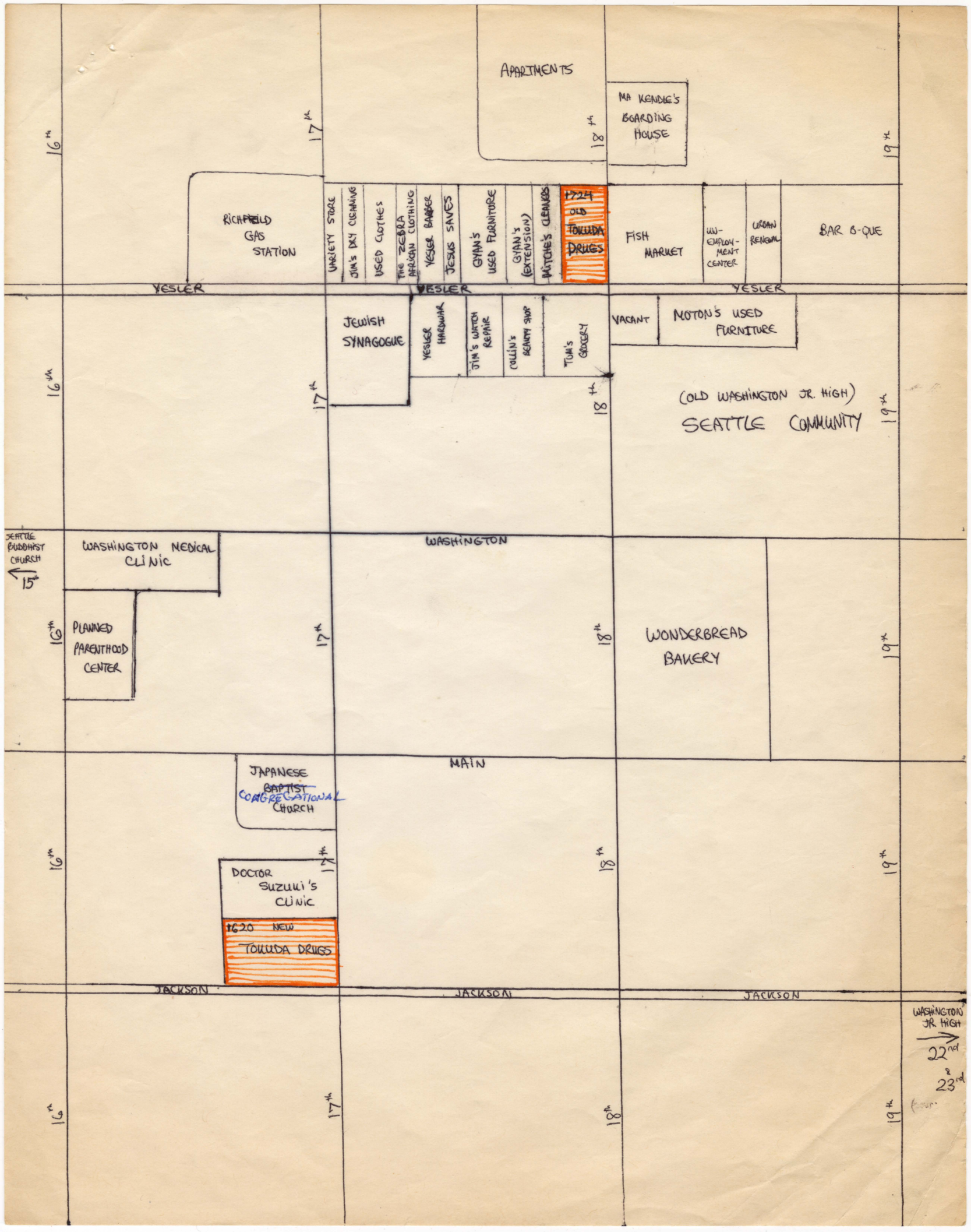
The fact that the new site is located under the Doctor's office, which is considered highly compatible in Nelson's eyes, ironically has not generated that much business. (the Dr. specializes in shots and does little prescribing). Also, the fact that there are no other neighboring compatible stores has not injured the income of the store. It should be mentioned that drug stores do not profit by being near other drugstores as the Cumulative Attraction (similar site) may have implied.

In reference then to the first seven Principles, the site criteria Nelson has ^{either} set have been satisfied in the same manner for the new site as the old site, or have been warranted irrelevant for rather esoteric reasons. It is the last principle, that of Site Economy, which made a great deal of difference in the two locations. The new store, away from the hazardous crime-attracting neighborhood trade center, and more importantly, without the fountain and sundries which invited the dangerous business, has almost completely eliminated the problem of theft, store breakage, and fire threat. Also, the modern, better heated, and cleaner more efficient facilities have made the now specialized drugstore a much more pleasant business.

*in interesting outlook
I will close in terms of analysis.*

MAP SHOWING THE NEW AND OLD
LOCATIONS OF TOKUDA DRUGS

Only the important surrounding businesses and institutions with particular relevance to Tokuda Drugs have been mapped. For the most part, the black areas on the map are residential homes, with a few empty lots.



16th

17th

18th

19th

APARTMENTS

MA KENDIE'S
BOARDING
HOUSE

RICHFIELD
GAS
STATION

VARIETY STORE

JIM'S DRY CLEANING

USED CLOTHES

THE ZEBRA
AFRICAN CLOTHING

YESLER BARBER

JESUS SAVES

GYAN'S
USED FURNITURE

GYAN'S
(EXTENSION)

MATCHE'S CLEANERS

1724
OLD
TOKUDA
DRUGS

FISH
MARKET

UN-
EMPLOY-
MENT
CENTER

URBAN
RENEWAL

BAR B-QUE

YESLER

YESLER

YESLER

16th

17th

18th

19th

JEWISH
SYNAGOGUE

YESLER
HARDWARE

JIM'S WATCH
REPAIR

COLLIN'S
REPAIR SHOP

TOM'S
GROCERY

VACANT

MOTON'S USED
FURNITURE

(OLD WASHINGTON JR. HIGH)
SEATTLE COMMUNITY

SEATTLE
BUDDHIST
CHURCH
15th

WASHINGTON MEDICAL
CLINIC

WASHINGTON

19th

17th

18th

19th

PLANNED
PARENTHOOD
CENTER

WONDERBREAD
BAKERY

16th

17th

18th

19th

JAPANESE
BAPTIST
CONGREGATIONAL
CHURCH

MAIN

DOCTOR
SUZUKI'S
CLINIC

1620 NEW
TOKUDA DRUGS

JACKSON

JACKSON

JACKSON

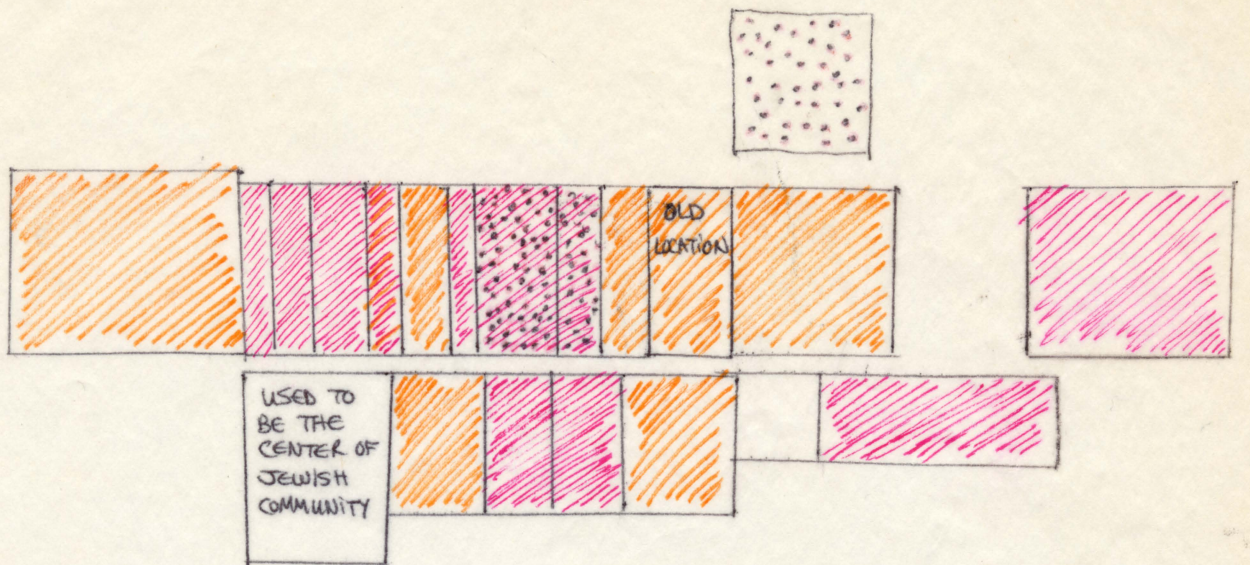
16th

17th

18th

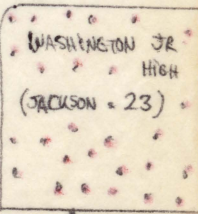
19th

WASHINGTON
JR HIGH
22nd
23rd






USED TO
BE CENTER
OF
JAPANESE
COMMUNITY

NEW
LOCATION



WASHINGTON JR
HIGH
(JACKSON - 23)

COLOR KEY

-  Relying almost exclusively on local trade (almost all Black Proprietors)
-  Relying on incoming outside - the central-district trade as well as local trade (all Japanese Proprietors) with loyal followers
-  Crime breeding elements



All literary information in this report is from:

Nelson, Richard Lawrence, The Selection of Retail Locations, 1958.
Pages 52-55, and 74-75.

THE CITY CCUNCIL OF
THE CITY OF SEATTLE

MEMORANDUM

To Mr. George Takuda, 1620 South Jackson Street, Seattle, Washington 98144
From SAM SMITH, City Councilman Date September 8, 19⁶⁹
Subject Attached Communication from Chief of Police

Pursuant to your letter of August 7, 1969, the attached report from Chief of Police Frank C. Ramon is forwarded to you for your information.

I would also like for you to know that we will be contacting you further in this regard.

SS:lm

Att.

F. C. RAMON
CHIEF OF POLICE

THE CITY OF SEATTLE

OUR NO. _____

YOUR NO. _____



September 5, 1969

Honorable Sam Smith, City Councilman
The City Council of Seattle
1111 Seattle Municipal Building
Seattle, Washington 98104

Dear Councilman Smith:

With reference to the attached memorandum dated August 9th regarding the communication from Mr. GEORGE TOKUDA:

I have reviewed the information submitted by Mr. Tokuda along with a statistical report, which I requested as a result of your inquiry.

Mr. Tokuda, in his letter, indicates a concern over a high incident of crime in a small area in and around 18th South and South Main Street and the Collins Playfield in which young suspects prey upon elderly Japanese people.

All of our crime information is filed according to census tract number, and therefore I requested a statistical run for Census Tract #160 in which the concerned area is located. Census Tract #160 is an area much larger than the small area which Mr. Tokuda relates to in his letter.

The statistical run indicated that for the first 6 months of 1969, there were 67 offenses of crimes against persons. Crimes against persons offenses are: rape, robbery, and assault.

This is in comparison to 663 crimes in all of Seattle. Census Tract #160 experienced approximately 4% of the total crimes against persons. It is estimated that Census Tract #160 contains approximately $\frac{1}{2}$ of 1% of the total population. One must conclude from these figures that a disproportionate part of the crimes against persons is occurring in Census Tract #160.

In a recent reply to an inquiry from the Japanese American Citizens League, I indicated that approximately 25% of the total crimes occurs in the Central Area and that approximately 25% of the Patrol force is assigned to that same area, which would indicate that the total assignment of available manpower to the Central Area coincides with the incident of crime in that same area.

Honorable Sam Smith, City Councilman
The City Council of Seattle

September 5, 1969
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This, of course, does not take into account that we have been experiencing an increase in crime throughout the City, which would indicate that additional forces are needed, but what it does indicate is that the allocation of existing manpower is in accordance with the incident of crime.

The incident of crime in Census Tract #160 would indicate that additional enforcement action is needed in that area. Unfortunately, each time we cause additional enforcement in one area, it means that we decrease the enforcement in some other area.

I have directed the Patrol and Special Operations Division Commanders to increase the enforcement action temporarily in Census Tract #160 to evaluate the need for a permanent increase of assigned personnel in that area.

If I can be of further assistance in this matter, please advise me at your earliest convenience.

Yours truly,

F. C. RAMON
Chief of Police

G. R. FULLER
Assistant Chief of Police
Operations Bureau

GRF/mlw
Enclosures