

Survey on Trades of School Uniforms
at Public Junior High Schools
(Summary)

November 29, 2017

I. Objectives, etc.

Objectives

Public junior high school students generally wear school uniforms and it is common that the parents of students entering junior high schools are asked to purchase school-specified uniforms. Those school uniforms are relatively expensive among the items parents need to buy for their children entering junior high schools. In recent years, the prices of school uniforms have been on the rise.

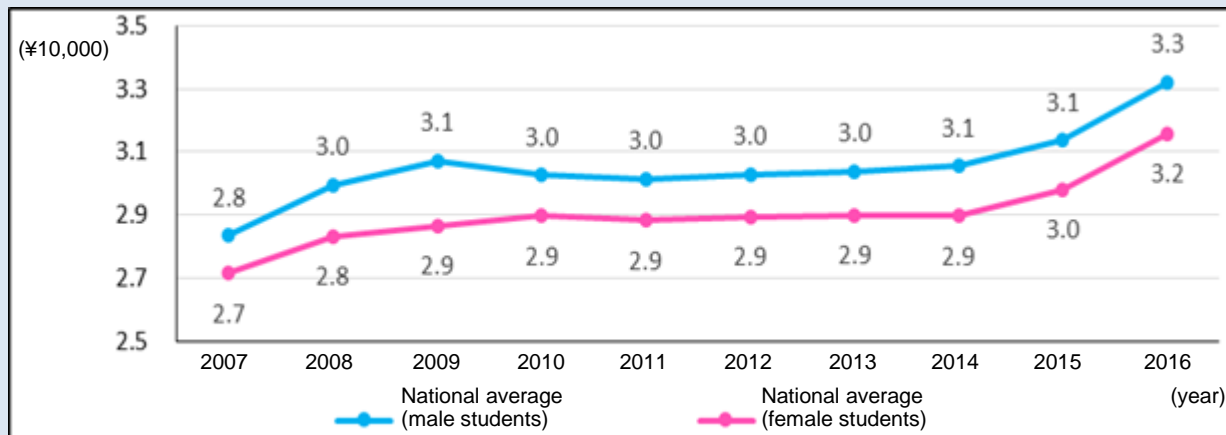
With the aim of confirming if there are any trade practices in trades of school uniforms at public junior high schools, which might cause problems from the viewpoints of the Antimonopoly Act (hereinafter, "AMA") or competition policies, the Japan Fair Trade Commission (hereinafter, "JFTC") has initiated a survey on conducts of schools specifying their uniforms against school uniform manufacturers, conducts of schools specifying their uniforms against distributors and conducts of school uniform manufacturers and distributors.

The targets of this survey, etc.

- The targets of this survey:
 - Trades of school uniforms at public junior high schools which accept students without entrance examinations (hereinafter, "schools")
- Period: From December 2016 through July 2017
- Survey methods: Questionnaire and interview surveys
 - ◆ Questionnaires
 - 600 schools (447 schools responded with a recovery rate of 74.5%)
 - ◆ Interviews
 - 4 manufacturers
 - 7 distributors
 - 27 schools
 - 7 others

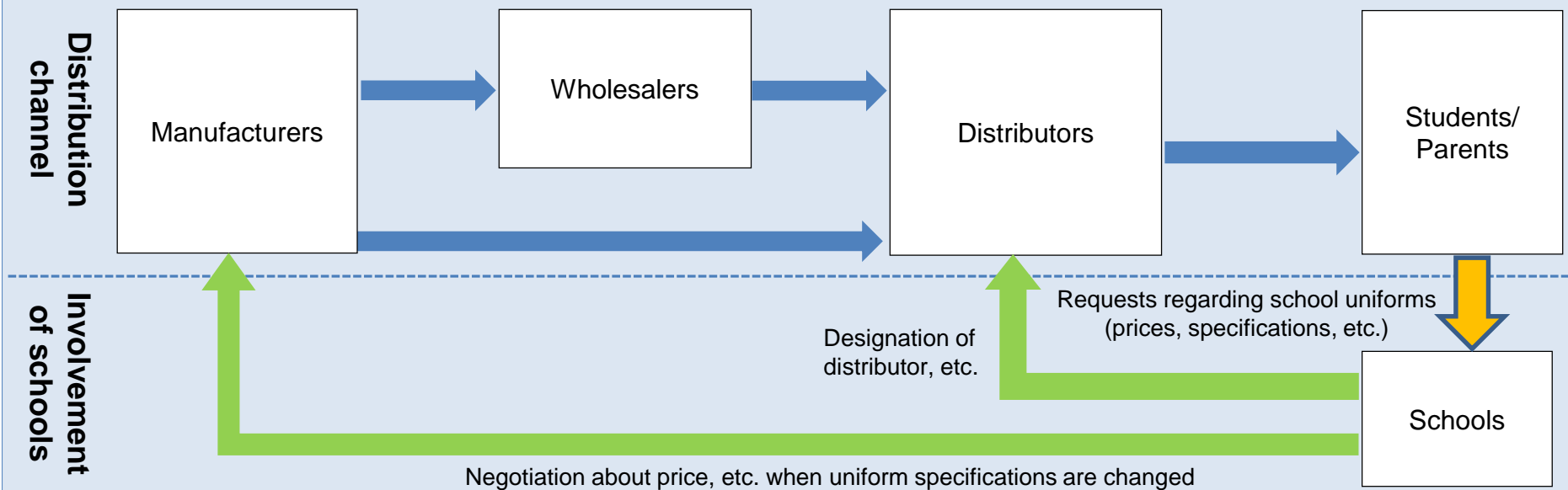
Changes in school uniform selling prices

Selling prices of school uniforms have been on the rise in the past ten years.



Source: Prepared by the JFTC based on the "Annual Report on Retail Price Survey (Retail Price Survey (Trend Survey))," Statistics Bureau, Ministry of Internal Affairs and Communications

Distribution of school uniforms



In general, school uniforms are sold wholesale by uniform manufacturers to distributors directly or through wholesalers (which include manufacturers' subsidiary sales companies), then students/parents purchase school uniforms from distributors. In most cases, schools do not directly purchase school uniforms. However, considering the requests from students/parents who actually bear the financial burden of purchasing school uniforms, some schools are partially involved with manufacturers or distributors in trades of school uniforms.

Characteristics of school uniforms

- In general, school uniforms are produced in small lots to each school's specification, hence small economies of scale.
- In most cases, the specification of each school uniform remains the same for a long period without regularly changes. Schools require uniform manufacturers always to be able to supply school uniforms in the same specifications for a certain length of time.
- It is said that parents expect school uniforms to meet the following three requirements:
 - [1] after-the-sale service such as size adjustment and repair,
 - [2] high-quality enough to endure 3-year-long use at school, and
 - [3] ensured delivery of school uniforms so that students can wear them at entrance ceremonies.

Designation and types of school uniforms

The percentage of the schools that designate specific types of uniforms* is 98.6% (441 schools). * Including the schools that allow students to wear either uniforms or their own clothes.

Male students		
Type	No. of schools	%
Stand-up collar	338	76.6%
Blazer	102	23.1%
Others	1	0.2%

Female students		
Type	No. of schools	%
Sailor suit	241	54.6%
Blazer	158	35.8%
Eton jacket	41	9.3%
Others	1	0.2%



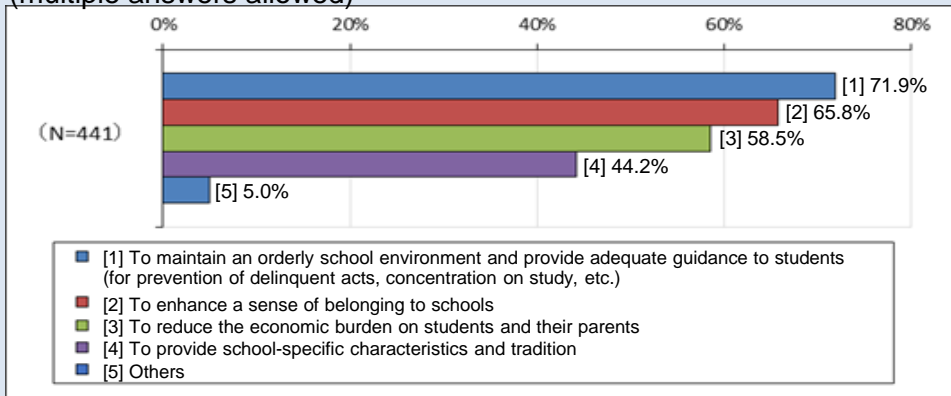
Source: Data obtained from Takimoto Co., Ltd.

Reasons for designating school uniforms

Many schools designate their uniforms for the following reasons:

- To maintain an orderly school environment and provide adequate guidance to students
- To enhance a sense of belonging to schools
- To reduce the financial burden on students and their parents

Reasons for designating school uniforms (multiple answers allowed)



How to respond to future requests for the disclosure of school uniform specifications

In the last five fiscal years,* 98.0% of the schools surveyed have not been requested by any uniform manufacturer or distributor to disclose their school uniform specifications. Many schools responded that they would disclose their school uniform specifications if there are requests to do so in the future. There were a small number of schools responding that they would consider it when there are requests to do so.



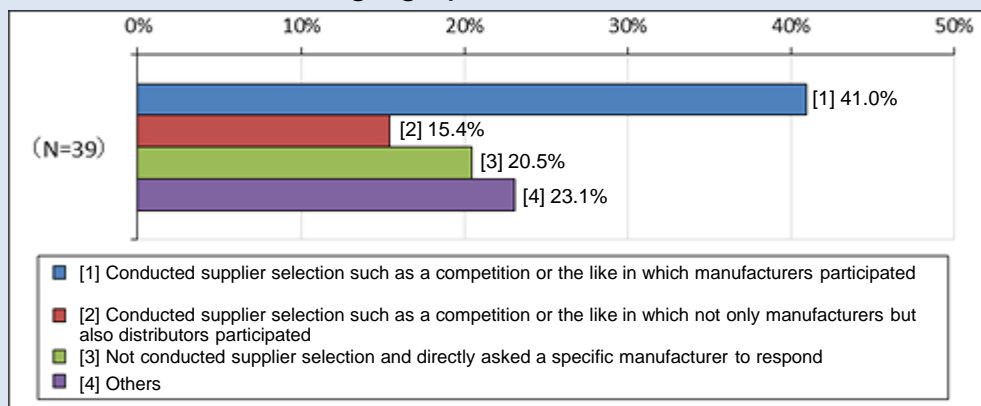
* For the five years between April 2012 and March 2017. (The same applies hereinafter.)

Procedures for changing specification

Of the schools that have changed their uniform specifications in the last five fiscal years:

- 56.4% held a competition or the like in which manufacturers or distributors participated (options [1] and [2])
- 20.5% did not conduct supplier selection and directly asked a specific manufacturer to respond (option [3])

Procedures for changing specification of school uniform



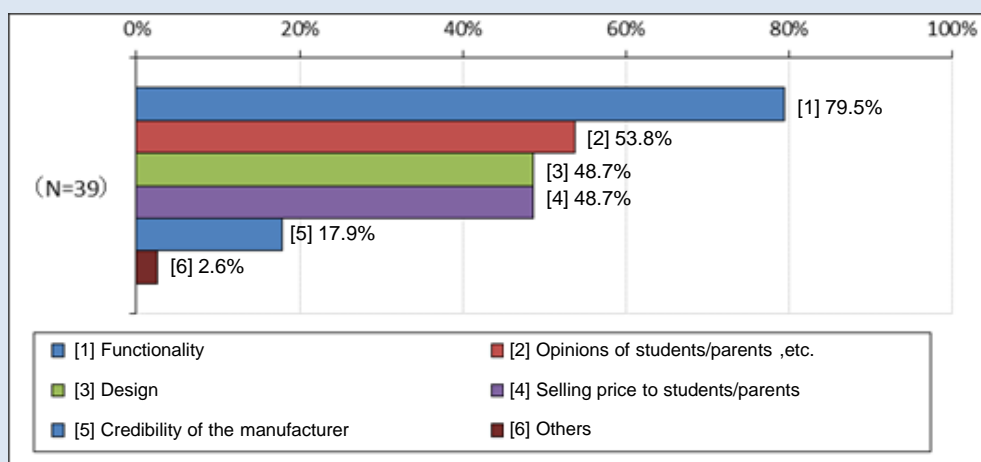
Key points for changing specification

Many schools focus on the following points in changing their uniform specifications:

- Functionality
- Opinions of students, parents, etc.

There were several schools that negotiated with manufacturers or distributors so that the selling prices (to students/parents) of uniforms in new specifications would be lower than for an existing uniform.

Key points for changing specification of school uniform (multiple answers allowed)



Presentation of price conditions in changing specifications

23.1% of the schools that changed their uniform specifications presented price conditions to manufacturers or distributors.

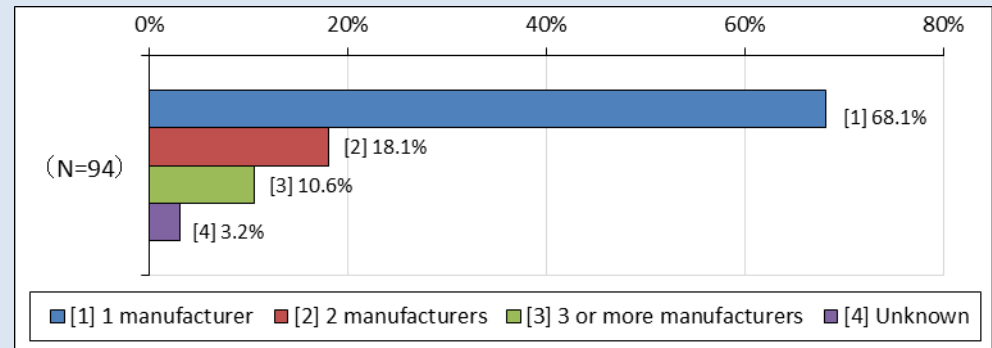
Designation of manufacturers

Of the schools that specify their uniforms (441 schools), 21.3% have designated manufacturers.

Number of designated manufacturers

Of the schools that designated their manufacturers, 68.1% have designated only one manufacturer.

Number of designated manufacturers



Reviews of designated manufacturers

- Many of the schools that designate a manufacturer of school uniforms do not review the designation of the manufacturers. There are some schools which continued to designate the same manufacturers without knowing the reason for it.
- In order to ensure reasonable uniform prices and transparent, some schools have designated manufacturers by regularly comparing price estimates from them.
- From the standpoint of reducing the financial burden on parents, some schools were notified by local boards of education to the effect that they should receive comparative estimates from multiple manufacturers or distributors in selecting school-designated goods like school uniforms.

Introduction of distributors by schools

Many schools introduce the distributors that are dealing in their school uniforms in school enrollment briefings or other opportunities.

Those distributors are roughly classified into the following three groups depending on how schools introduce such distributors:

Designated distributors: Schools have designated these distributors as suppliers of their uniforms, and advise students or parents to buy school uniforms from the distributors.

Handled distributors: Schools introduce these distributors as handling their uniforms. In this case, however, schools advise students or parents that if the uniforms meet specifications of the schools, they may purchase them from outlet other than handled distributors.

No introduction: Schools do not introduce any distributor.

How schools are introducing distributors

Male students	Designated distributors		Handled distributors		No introduction	
	No. of schools	%	No. of schools	%	No. of schools	%
Stand-up collar	50	14.8%	172	50.9%	116	34.3%
Blazer	67	65.7%	27	26.5%	8	7.8%

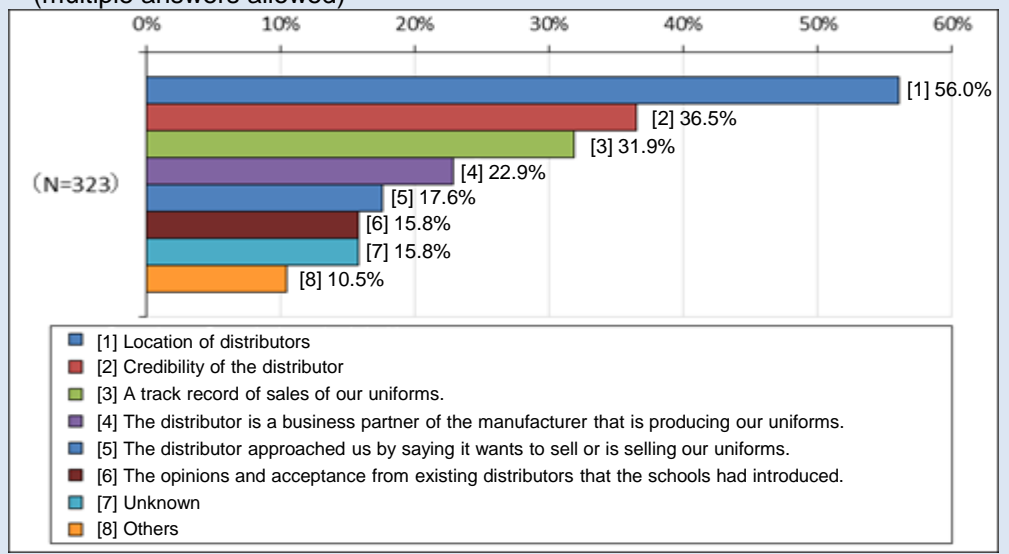
Female students	Designated distributors		Handled distributors		No introduction	
	No. of schools	%	No. of schools	%	No. of schools	%
Sailor suit	52	21.6%	96	39.8%	93	38.6%
Blazer	85	53.8%	57	36.1%	16	10.1%
Eton jacket	13	31.7%	19	46.3%	9	22.0%

Selection criteria for designated distributors, etc.

As selection criteria for designated distributors, etc. (designated distributors and handled distributors), many schools focused on the convenience of students or parents such as location of distributors.

On the other hand, some schools focused on opinions and acceptance from existing distributors that the schools had introduced.

Selection criteria for designated distributors, etc. (multiple answers allowed)



Approaches from new distributors

In the last five fiscal years, the schools that were approached by distributors wanting to become new designated distributors, etc. (30 schools), 76.6% accepted the offers from new distributors.

Before accepting those new distributors, some schools asked them to make necessary adjustments with the existing designated distributors, etc. In addition, some schools put their response on hold for the reason of being very busy.

Reviews of designated distributors, etc.

16.1% of the respondents (52 schools) regularly reviewed their designated distributors, etc. in the last five fiscal years.

However, there was not much change in designated distributors, etc.

There were cases in which some schools and boards of education regularly hold bids for selection of distributors in order to ensure reasonable uniform prices and transparent. As a result, the lowest bidders were selected as new distributors.

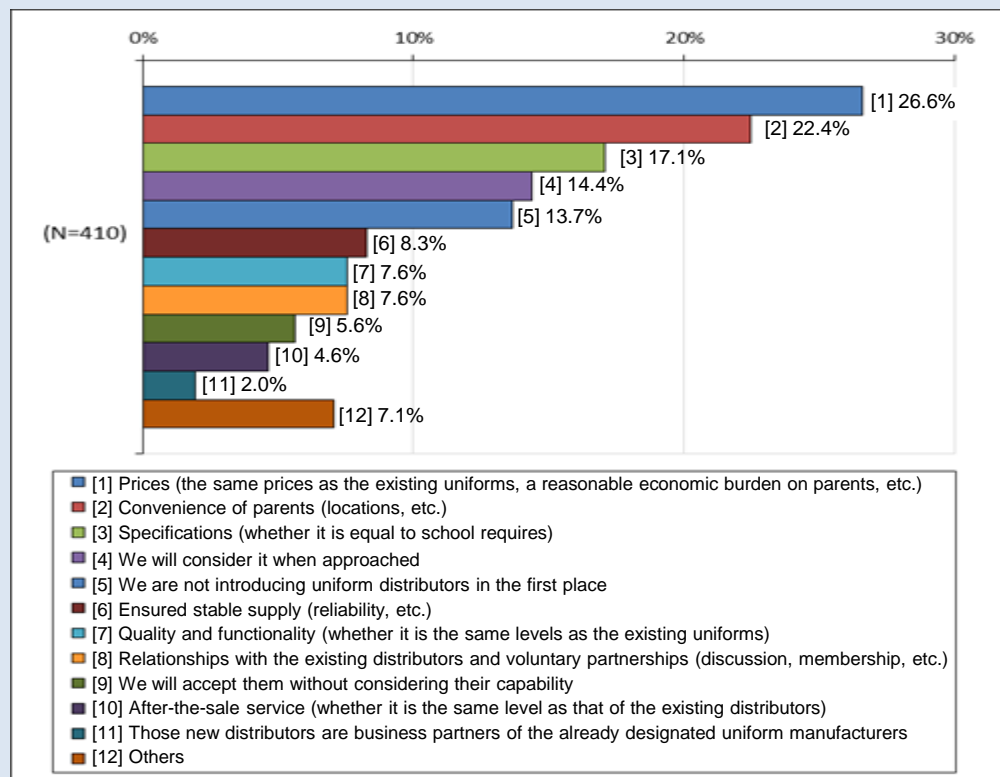
How to respond to approaches from new distributors

Many schools responded that if approached by new distributors, they would consider those approaches from the standpoints of the prices and quality of school uniforms and the convenience and reliability of the distributors.

On the other hand, some schools accepted those new distributors on the conditions that they would discuss with the existing distributors or voluntary partnerships* and become members of the voluntary partnerships.

* Voluntary partnerships established not based on provisions of the related laws.

How to consider and respond to future approaches from new distributors (multiple answers allowed)



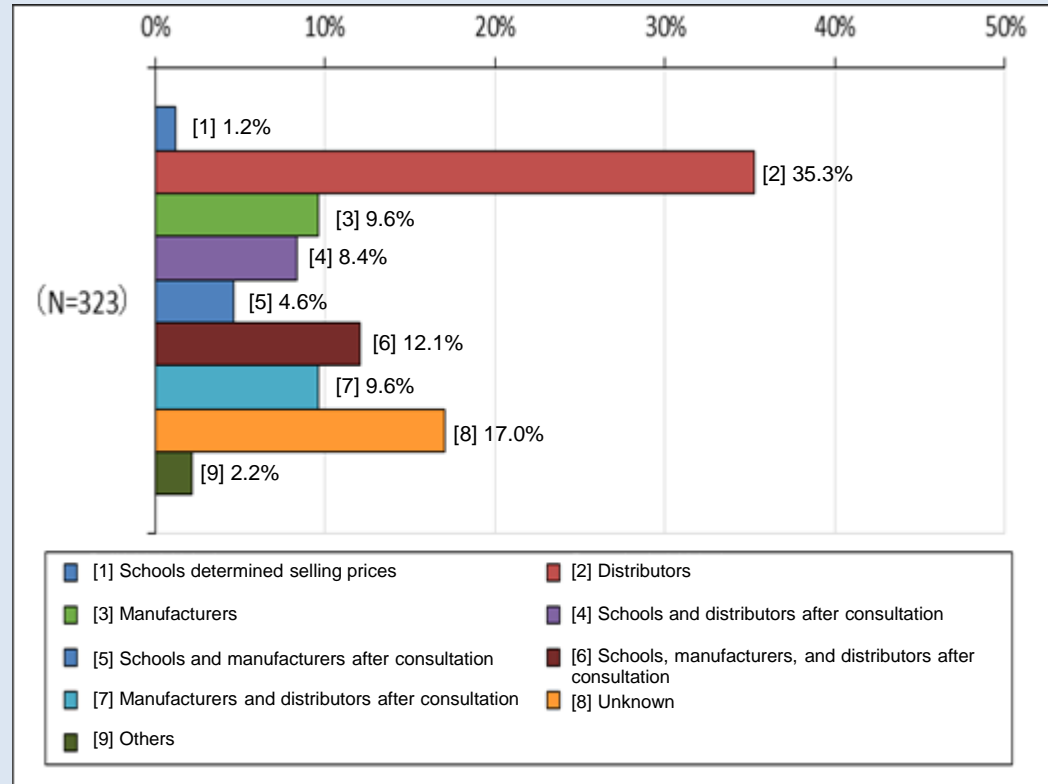
Who determines selling prices of school uniforms

35.3% of the surveyed responded that "distributors" determined selling prices of school uniforms. Among those who responded that schools were involved in selling price determination, 1.2% said that "schools determined," 8.4% "schools and distributors determined after consultation," 4.6% "schools and manufacturers determined after consultation," and 12.1% "schools, manufacturers, and distributors determined after consultation."

* Responses to this question are based on schools' understandings, and the JFTC has not confirmed about responses.



Who determines selling prices of school uniforms



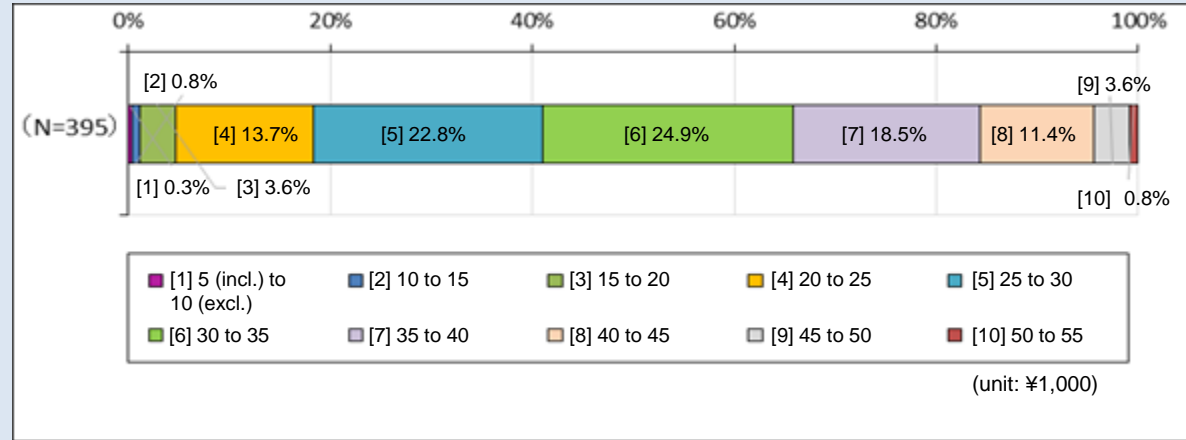
Selling prices of a school uniform set

The most popular price range of a school uniform set*(each for a male and female student) is from ¥30,000 (incl.) to ¥35,000 (excl.).

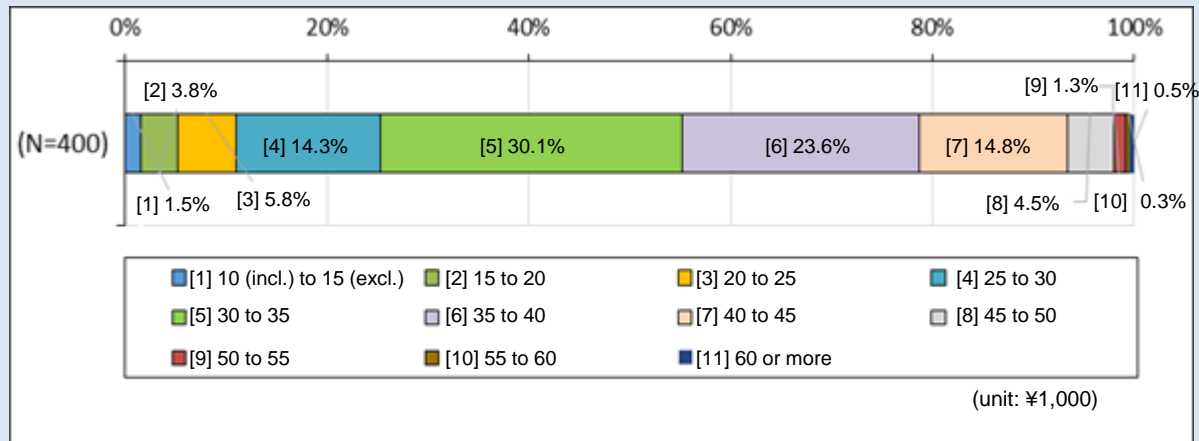
* A school uniform set: A set of school uniforms (winter school uniforms such as a coat with a stand-up collar and a pair of slacks, or a blazer and a skirt) and the related items that each school specifies, such as a shirt, blouse, necktie, and ribbon.



Male students



Female students



Selling prices of school uniforms

Effects of the standardization of school uniform specifications

There are some cities where school uniform specifications are being standardized. There is a tendency that average uniform selling prices are lower in the local governments that standardize their school uniform specifications than the ones in other local governments.

Male students	Standardized	Unstandardized
Stand-up collar	¥23,081	¥29,316
Blazer	¥24,215	¥33,017

Female students	Standardized	Unstandardized
Sailor suit	¥27,653	¥29,888
Blazer	¥23,765	¥32,288

Effects of the number of designated uniform distributors, etc.

The number of designated uniform distributors, etc. that each school introduces varies depending on the school. If Eton jackets are excluded from our consideration, there is a tendency that average selling prices of school uniform are lower when the number of designated distributors, etc. is more than four than the ones when the number is one.

Male students	1 distributor	2 distributors	3 distributors	4 or more distributors
Stand-up collar	¥29,748	¥29,765	¥29,443	¥27,871
Blazer	¥34,025	¥31,275	¥32,983	¥32,902

Female students	1 distributor	2 distributors	3 distributors	4 or more distributors
Sailor suit	¥30,281	¥29,827	¥29,919	¥28,999
Blazer	¥32,254	¥31,500	¥32,999	¥31,330
Eton jacket	¥27,306	¥29,214	¥27,278	¥28,503

Selling prices of school uniforms

Effects of schools involvement in the determination of selling prices

There are cases where some schools are involved in the determination of selling prices. If Eton jackets are excluded from our consideration, there is a tendency that average selling prices of school uniform are lower when schools are involved in the determination of selling prices.

Male students	Designated distributors		Handled distributors	
	Involved	Not involved	Involved	Not involved
Stand-up collar	¥28,702	¥30,807	¥27,940	¥28,968
Blazer	¥31,177	¥33,323	¥33,315	¥34,086

Female students	Designated distributors		Handled distributors	
	Involved	Not involved	Involved	Not involved
Sailor suit	¥28,443	¥28,750	¥27,835	¥30,803
Blazer	¥30,458	¥32,945	¥32,455	¥32,778
Eton jacket	¥27,920	¥27,949	¥30,487	¥27,715

Econometric analysis

An econometric analysis was conducted to study the effects of the number of designated distributors, etc. on selling prices of school uniforms.

As a result, statistically significant reductions in school selling prices were recognized in the following cases.

- Local governments are standardizing school uniform specifications
- Schools introduce a larger number of designated distributors, etc.
- Schools are involved in the determination of selling prices



- **The involvement of schools in sales activities of manufacturers and distributors [1]**

When a **school** is involved in trades of school uniforms, **the school is expected to take the "Actions schools are expected to take" as follows** (in pages 14 and 15) so that competition works effectively between manufacturers and between distributors.

When a school is involved in trades of school uniforms, it should be noted that depending on how school acts, the involvement might induce violation of the AMA by manufacturers or distributors (see "Acts that require special attention" in pages 12 and 13).

Acts that require special attention

(1) If the act of a school ([1] to [3]) induces its manufacturer to restrict distributor's free decision on selling price, the act of the manufacturer could become problematic under the AMA (restricting resale price).

[1] A school requests that its manufacturer be to set the prices presented in a competition or comparative estimates from multiple firms equal to the selling price of distributors that parents will actually pay.

[2] Selling prices of school uniforms are determined among the school, manufacturers, and distributors.

[3] A school demands that its manufacturer to ask its all distributors to offer the same selling price.

- **The involvement of schools in sales activities of manufacturers and distributors [2]**

Acts that require special attention

- (2) There are cases where some schools may ask distributors to generally control selling prices of school uniform. **If the act of a school ([1] and [2]) induces its distributor to fix selling prices in concert with other distributors, the acts of the distributors could become problematic under the AMA (unreasonable restraint of trade).**
 - [1] The school shows distributors the selling price which manufacturer presented when a school changes its uniform specifications.
 - [2] The school asks its distributors to adjust their selling prices to the same level.
- (3) **If an existing designated distributor, etc. does not reasonably respond to the asking of a school ([1] and [2]), the act of the existing designated distributor, etc. could become problematic under the AMA (interference with a competitor's transactions).**
 - [1] In the case where the school requires the opinions and acceptance from its existing designated distributors, etc. as selection criteria for new designated distributors, etc., the school asks for the opinions and acceptance from the existing designated distributors, etc.
 - [2] The school asks a distributor who wants to be a new designated distributor, etc. to discuss with the existing designated distributors, etc.
- (4) **If a voluntary partnership does not reasonably respond to the act of a school (e.g., the school asks a distributor who wants to be introduced as a new designated distributor, etc. to discuss with the voluntary partnership and become its member), the act of the voluntary partnership could become problematic under the AMA (interference with a competitor's transactions; limiting the present or future number of firms in any particular field of business).**

- **The involvement of schools in sales activities of manufacturers and distributors [3]**

Actions schools are expected to take

(1) **Selection of manufacturers and designated distributors, etc.**

a. By promoting competition between manufacturers or distributors, students and parents are more likely to purchase inexpensive, high-quality school uniforms. **To that end, the schools are expected to take the following four actions.**

[1] The schools should select manufacturers and designated distributors, etc. in an appropriate way such as competitions, bids, and comparative estimates from multiple firms.

[2] If the school designates a specific manufacturer for the reason that their uniform specifications are unique, the school should make sure the designation is indeed necessary.

[3] If the school is asked by a new distributor to disclose their uniform specifications, the school should disclose them in the absence of special circumstances.

[4] If the school is approached by a new distributor for entry, the school is expected not to put its response on hold in the absence of rational reasons.

b. When the school introduces its designated distributors, etc. to parents, the school's effort to increase the number of such distributors by accepting offers from new entrants who want to be new designated distributors, etc. would create more distribution routes and a business environment favorable to students or parents. **To that end, the schools that introduce their designated distributors, etc. are expected to increase the number of such distributors.**

- **The involvement of schools in sales activities of manufacturers and distributors [4]**

Actions schools are expected to take

- (2) The involvement of schools in the determination of selling prices of school uniforms**
 - a. When a school holds a competition or conducts comparative estimates from multiple firms inviting manufacturers, and if the school is involved in the determination of selling price of school uniforms in the process, the school is expected to take the following three methods.**
 - [1] The schools should request manufacturers to submit wholesale price, not retail price, in competitions or comparative estimates from multiple firms.
 - [2] As a minimum requirement for participation in a competition, the schools should require manufacturers to be capable of offering estimated prices similar or lower than the selling prices for their existing uniforms, or the uniforms of other junior high schools.
 - [3] In a competition, the schools should request manufacturers to offer lower selling prices for a new school uniform at a price lower than the one for an existing uniform.
 - b. When a school requests their distributors to curtail their selling prices, the school is expected to do so in a way that would not induce them to violate the AMA, e.g. distributors' price fixing.**

Actions manufacturers and distributors are expected to take

Not to mention violations attributable to themselves, **manufacturers and distributors must keep in mind that they would be held legally liable for acts violating the AMA even if those result from the involvement of schools. The JFTC expects that they trade properly with this in mind.**

Actions to be taken by the JFTC

The JFTC is hoping that competition in school uniform trades will be promoted so that students or parents will be able to purchase more high-quality, inexpensive school uniforms. In addition, the JFTC understands that schools are also working hard to try to reduce the financial burden on parents of students – school uniforms purchasers. **The JFTC will actively distribute the results of this survey widely to school officials, keep monitoring trades of school uniforms at public junior high schools and take strict actions against any violations of the AMA.**