

J. Front Retailing
Summary of Q&A session at business strategy presentation
“Revitalization of Shibuya PARCO”
Date and time: 15:30-16:15 on Monday, July 14, 2025

Q. Looking at Shibuya PARCO from an outsider’s perspective, I think it is impossible for anyone to catch up. In that context, as the store manager, how would you assess the current level of competitive advantage the store maintains, including this positive renovation? In particular, in this renovation, I would like you to self-evaluate the areas where you were able to create distinctive advantages over competitors.

A. It is difficult to say how long our competitive advantage will last, but I am keenly aware that the pace of daily change has accelerated considerably since the COVID-19 pandemic. In the past, they would have tended to move about once every five years or so, in line with where the market was changing, but now I believe that major movements are occurring every two to three years. While 2022 and 2023 - often referred to as “post-COVID” years - saw different consumption trends compared to now, with growing influence from both international markets and multiple generations, we are planning our future strategies with these factors firmly in mind.

The area we put the most effort into in this renovation was the fashion zone on the middle floor, which I explained earlier as ADVANCED CONTEMPORARY. Looking overseas, in particular, we have an inseparable relationship with large fashion houses, and we were one of the first to begin development of a new zone, and I think this is the area where we put the most effort this time.

Q. I think that Shibuya PARCO is definitely leading the way in terms of content within the J. Front Retailing Group in some ways. With the reconstruction of Fukuoka PARCO and various other projects underway, how will this project promoted by Shibuya PARCO be extended to Parco as a whole? Of course, it is no good to bring exactly the same thing, but what common elements can be utilized in the renovation of other stores?

A. In my view, content-level development is what comes last. In other words, success is not just about being able to expand Nintendo or JoJo to other Parco locations, but what matters most is how the process itself and the acquired know-how can be horizontally deployed.

The possibility of making it work is in part down to human efforts, but conversely, the members who worked together at Shibuya PARCO are now scattered across headquarters and various stores, so I think we should focus our greatest efforts on developing and training people who can follow the Shibuya PARCO way of doing things.

Q. It might not be Shibuya PARCO, but I would like to know the first Parco store that attracted a luxury brand, the year, and any difficulties you faced at the time. Is it relatively easy now? The reason for this question is that I would like to know whether there is a risk that other competitors, such as Lumine, will copy this, or whether there is a risk that this will be copied.

A. I don’t know everything in the past, but I heard that Miumiu opened a single store in Shibuya PARCO in 2002. This was before I joined the company, but I feel that the struggles the company faced then were quite similar to those we face now.

Regarding the common aspects, foreign luxury brands place greater emphasis on how many like-minded peers are present when making store location decisions. This time too, despite some feeling that a certain number of peers had gathered, there were many voices expressing that they were still not quite satisfied.

I think that our competitive advantage lies in our negotiating skills to deal with such situations, and in our ability to curate in the way suitable to open their stores not in the same genre, and in creating promotional mechanisms. If we can keep our know-how in this area firmly in hand, I think we will be able to maintain a certain level of lead.

Q. Is the reason behind their hesitation to be very cautious about whether this store has the customers that the brand is targeting or whether it would damage their brand?

A. Brands often demand safety, so I feel that to some extent they have a desire to open new stores by following the precedent of similar brands that have already been successful.

Under such circumstances, I feel that in taking on new challenges, it will be necessary to create a variety of reasons for doing so, and that it will be necessary to firmly develop clear narratives and supporting evidence to show that the customers of Comme des Garçons and Undercover, for example, should be able to make a positive contribution to the brands they wish to attract.

Q. In your earlier explanation, you mentioned that the top management is the producer, but how many people are capable of fulfilling this role of producer? In the revitalization of Shibuya PARCO, did the store manager act as the producer? I would like to know about this human resource aspect.

A. From my perspective, I think the executives who launched this project were the producers. I have been running Shibuya PARCO as the second-generation manager since then, and around every producer, there is always someone who fits the director type, and I feel like those individuals eventually become the next producers.

What we are actually doing involves organizing task assignments, schedule management, and how to develop the know-how needed to achieve goals. As mentioned earlier, even minor differences in curating can determine whether a tenant signs up or not, or make the difference between successful and unsuccessful promotions. When trying to build a relationship between each content and, for example, create a sales floor called Chaos Culture Geek, whether or not the direction can be properly given depends on the leadership skills of the top person involved.

In terms of operating with this organizational structure, I feel that more and more people are becoming accustomed to this way of working. This is the same as what I mentioned earlier about the reconstruction of Fukuoka PARCO, but if we can continue to train people and operate in the same style, I think there is enough room for human resources to grow.

Q. By the way, how old are those who served as executives and producers at that time? As perhaps those who still possess that early Parco spirit or something like that would agree, when shown this sales decline graph, I wondered whether there are still people capable of doing this kind of work while still holding on to that original spirit, and whether they have the time to pass it on.

A. They already retired, but they went through a period of falling sales, rather than the good

times of those days. I myself joined the company in 2004, so I have the sense that I have been busy fighting the competition ever since.

However, precisely because the situation is getting tougher, when we try to undertake a new project such as rebuilding, if there are people among the members involved in the project who have the enthusiasm to create something new, I believe there will be a flow that allows them to pass on know-how and other information to those around them, so I think that momentum is important.

Q. Parco has several stores in Tokyo, and is there any collaboration between the stores? At the Group level, I often hear about customer collaborations between GINZA SIX, Daimaru, and Matsuzakaya, but from the perspective of Parco or Shibuya PARCO, I would like to know how far things have progressed, what you are hoping for, and what issues have become apparent.

A. Speaking solely from my position as manager at Shibuya PARCO, one notable characteristic is that each Parco location has significantly different customer profiles and target demographics.

On the other hand, for example, PARCO_ya Ueno and Shibuya PARCO have a relatively similar tendency to attract culturally sensitive foreigners, especially those from Western backgrounds. Therefore, there are some common areas in terms of tenant composition and service level that would fit in well with this trend. So, while carefully analyzing each location's unique characteristics, we are currently implementing coordinated approaches where appropriate, addressing each aspect piece by piece.

Regarding customer engagement strategies, particularly post-COVID, we have seen a shift from primarily using house cards to now increasingly connecting through social media and apps, and I, as store manager of Shibuya PARCO, feel that each company is searching for ways to connect this way.

At Shibuya PARCO, we have many customers who are connected through social media, so we are currently focusing most of our efforts on how best to link these connections with our newly enhanced app and card systems, and how we can smoothly guide social media connections through our systems.

Q. Some may argue that customer collaboration holds significant potential for sales growth, and do you think that future customer collaborations with GINZA SIX, the Daimaru Tokyo store, and the Matsuzakaya Ueno store could contribute significantly to sales?

A. There are customers who are attached to each store and customers who are attached to each brand. Customers are more concerned about the products they can see and the memories they have with the sales staff, so if we can achieve better collaboration and synchronization of merchandise, it could help naturally increase customer connections.

As I have had various discussions with store managers, I feel that since the areas are slightly different, there is a lot of potential for exploring future collaboration.

Q. As a continuation of what you just said, are there any other benefits that Shibuya PARCO has gained by being part of the J. Front Retailing Group? Conversely, I would like to know if there are any that Shibuya PARCO might be giving to the Group.

A. First of all, the major benefit we are getting is the complementarity of the area, which is

where we feel most strongly. When I am in Shibuya, I often hear that people, especially those who come from overseas and spend a great deal of money on fashion, use both GINZA SIX and Shibuya PARCO. In this context, naturally, as we exchange information on what strategies to implement, we also refer to each other's pioneering approaches. Although it hasn't taken shape yet, as we both place great importance on art, we have begun discussing ways to collaborate on promotions.

Conversely, we provide in return with each company-level strategies in each of our areas, for example, Nagoya, Fukuoka, and Shinsaibashi, so while this is purely based on my subjective assessment, I think that we are doing business with each other at fairly similar levels. In this context, Parco may be more likely to be the first to make contact with younger customers and catch up on new trends. As mentioned earlier, for example, when it comes to working with IP people, it might be easier to start by trying it at Parco even if it is not yet in shape. After that, we can collaborate to expand to a larger space or reach a slightly different customer base, and I think we have already started doing that in some places. I feel that there is a lot of potential in that aspect.

Q. Do you feel that some of those connections are stronger than before?

A. I strongly feel that way. I think that is true in terms of personnel matters as well, but if anything, I think it is more that we are in sync in terms of the way we view what is going on in the world today. There is a tangible sense that the perspective of what to focus on is becoming increasingly common across various organizations through collaboration, with each beginning to share similar viewpoints.

Q. I understand that the ratio of fixed to variable rates varies depending on the tenant contract, but with sales having more than doubled since their peak, how much have profits increased? Please tell me as much as possible about contracts and profits together.

A. Regarding contracts, there are certain aspects that aren't easily disclosed, so I can't go into details, but the combination of fixed rent and commission-based rent is being adopted solely to improve the accuracy of tenants' lineup. At present, there is not much of a trend toward fixed rents increasing and rent levels falling. Overall, transaction volume and profits have been increasing at nearly the same pace, and this is also the case for Shibuya PARCO alone. Profits have more than doubled from the original plan.

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