

# Realization of New Department Store Model



# Started “Department Store Renewal” Program

## Building of specialty zones

J. Front Retailing is working on developing a new department store model to realize stronger market response capabilities and a structural switch to low-cost operation.

The new department store model is described in short as a “department store renewal program to create attractive and profitable stores that entice customers to visit.” One of its core components is the establishment of “specialty zones.” It is important to develop such zones that customers feel at first glance are “their shopping places” on the basis of a store strategy based on a regional market research and considering the values and lifestyles of target customers and the regional competitive environment.

Among various types of specialty zones, JFR will develop mainly two types, including a “tightly targeted type” that seeks specialty in lifestyles and a “power category type” that narrows down items, for the time being. By placing many zones having such specialty in stores, we will generate their competitiveness and favorable image.

A typical example of specialty zone is “Ufufu Girls,” which opened in the north wing of Daimaru Shinsaibashi store in November 2009. Its target is narrowed down to young and around 30-year-old women. We placed stylish café and adopted new communication tools including a blog site and free information paper, as well as assorted fashion items and accessories of the brands that department stores had not dealt in before. Its new space and values and floor name created toward a clear target have rapidly pervaded and we succeeded in branding “Ufufu Girls.” Daimaru Kyoto store, which completed its first phase of refurbishment on April 22, 2010, already uses the achievements of “Ufufu Girls” and operates other specialty zones including women’s shoes and women’s

accessories zones. JFR will gradually expand these efforts to other stores.



Ufufu Girls, Daimaru Kyoto store

## Out-of-the-box store planning

Amid the building of the new department store model, the approach adopted in Matsuzakaya Ginza store is attracting attention in terms of out-of-the-box store planning. With the redevelopment project of Ginza 6-chome district a few years away, the store is trying to expand its customer base and improve its response capabilities to customer needs as much as possible, based on a market research. Specifically, Forever 21 (the second shop in Japan with about 3,070-square-meter space) opened on the first to fifth floors on April 29. As it is expected to draw a wide range of new customers, the store is increasing the products for young people of which assortment was poor, reviewing price ranges and encouraging them to shop on other floors.



Matsuzakaya Ginza store

## Structural switch to low-cost operation

Dividing its retail floor operation into two types including “shop operation” and “independent operation,” JFR is working on establishing an operation system, planning staff distribution and training personnel to suit their respective characteristics.

In “independent operation type sections,” the planning and management of merchandising are centralized in the headquarters, while stores are dedicated solely to sales and services. It mainly covers independently selected items offered in non-partitioned open space, including mostly men’s and women’s accessories, and private brands. Owing to its importance in growth strategy toward the future, JFR is working on enhancing the development of this type from a long-term perspective.

In “shop operation type sections,” suppliers lead merchandising, mainly including product selection, and selling, while our employees in charge of sales floors concentrate on the management of sales figures and other floor operations, sales and service training, promotional activities and the replacement and introduction of brands and shops. In order to improve sales and customer services, they will increase counseling including floor managers’ support for shop managers. Whereas the headquarters staff will support stores in strengthening their competitiveness by widely collecting and analyzing market information, providing information to stores, finding new brands and shops and negotiating business terms with suppliers.

These “changes in retail floor operation” will enable business operation with a small number of employees and the switch to low-cost operation resulted from productivity growth will make great progress. These efforts will lead to a reduction in the total number of employees of J. Front Retailing and Daimaru Matsuzakaya Department Stores from 7,500 persons (in March 2010) to 6,000 (at the end of February 2011).