



Provide New Value Using ICT



“Lifetime Service Hub” plan

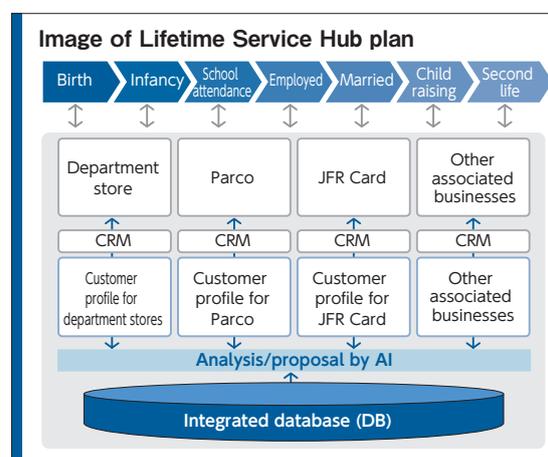
We are building a new customer base called “Lifetime Service Hub,” and by integrating the database of more than six million good customers owned by companies in the Group, we are creating systems to “strengthen lifetime engagement with customers.”

In the current era of the so-called “100-year life,” the lifetime value of each individual is increasing. In such a situation, we have many direct customer touch points through the provision of various products and services. It is a big advantage of the Group. With the progress of ICT, information gained through these touch points is becoming more and more important as a source for creating additional value. For this reason, we would like to create systems to “strengthen lifetime engagement with customers” through the Lifetime Service Hub. By doing this, we will collect and use not only “fixed information” such as customer attribute information and purchase information we have obtained so far but also “unfixed information” obtained through chat using strong relations with customers to understand customers more deeply than ever and enhance engagement dramatically.

Firstly, in this fiscal year, we will accumulate information collected from customers of our department stores in the new integrated database to enhance the value of customer assets as deepened information. In fiscal year 2020, we will expand this initiative into Parco and other companies in the Group to integrate and centralize the database as the Group. In addition, we will strive to upgrade information through accumulation of data such as conversation history and purchase history using new touch points including chat.

In the future, by adding experimental AI analysis

and with the “era of 100-year life” in mind, we will have more customer touch points than ever on various occasions and milestones all through life beginning with birth and create long and deep relations. And by doing this, we will expand opportunities to provide optimal products and services to alleviate customers’ “frustrations” and “concerns,” and furthermore, operate new businesses. Through these initiatives, we will provide new value as a “Multi Service Retailer” beyond the framework of retail.



Release of mobile app

With the progress of ICT technology, it is said that about 60% of individuals have smartphones and that more than 80% have mobile devices (mobile phones, PHS and smartphones). In this context, Daimaru Matsuzakaya Department Stores rebuilt customer strategy from the perspectives of “providing new customer experiences” and “upgrading sales activities” using digital technologies and released mobile app in 13 stores across Japan in May this year as part of initiative to further strengthen relations with customers.

Its main functions include the “electronic membership function” that enables a user to earn and use points like a card, the “upgrading function” to change services according to the frequency of visit to the store and the amount purchased, the “alert function” to provide bargain or other information timely, and the “store information function” that enables a user to check the events, topics, floor guide, etc. of his/her desired store anytime. We will add the “settlement function” to further improve services.

In addition to information gained through ID cards such as our private label cards, we will be able to obtain a wider range of information on customer buying behavior and preferences using app. We expect that relations with customers or CRM activities will evolve dramatically. Information upgraded through these initiatives, which forms the basis of the Lifetime Service Hub plan, will be accumulated in the integrated customer database.



Digital technologies to improve in-store services

Here we present an example of using digital technologies from a customer perspective at the Daimaru Tokyo store. The Daimaru Tokyo store has many customers, on average 100,000 people on weekdays and 120,000 people on weekends, due to its location at a terminal. Restaurants and cafes on each floor are very highly occupied due to convenient access and many customers wait for a table on weekends. Similarly wait time for women’s restrooms on the 1st basement floor and the 2nd floor is long.

In order to improve this situation, we introduced a “real-time vacancy status display service” with the cooperation of Vacan, Inc., a company that provides vacancy information. Customers can check whether it is “full” or “not” in advance on the digital signage on each floor in the store or by accessing the website on their mobile devices such as smartphones outside the

store.

We will strive to develop and improve services that enhance customers’ shopping experience value by expanding this initiative into other stores and using digital technologies to support customers.



Real-time vacancy status display service

Work style reform by introducing RPA

We tackle “work style reform” by introducing RPA (Robotic Process Automation) to streamline administrative operations system and shift to high-value added operations. Specifically, at three companies including J. Front Retailing, Daimaru Matsuzakaya Department Stores and JFR Service, routine operations such as expense calculation, entry of ordering operations into system and collection of necessary input information for project proposals are picked up to be covered by RPA. In fiscal year 2018, we automated 42 operations, approximately 8,000 hours, by introducing new software and strengthening systems. During the five-year period of the current Medium-term Business Plan, we plan to expand RPA to cover up to 300 operations in the entire Group and we aim to increase productivity by automating approximately 30,000 man-hour operations.

In addition to these initiatives, we will make operations paperless, facilitate BYOD (Bring Your Own Device) and create an enabling environment for telework to realize full-scale “work style reform.”

