



Management Strategy ▶ [Special Report] Interview 02

“Renaissance” after COVID-19

MAKIYAMA Kozo

Director and Senior Managing Executive Officer
Representative Director,
President and Executive Officer
Parco Co., Ltd.

Growth as a developer

One of the important tasks of the Group is business portfolio transformation and I think the growth of the Developer Business has its key. The Real Estate Business was transferred from Daimaru Matsuzakaya Department Stores to Parco last September and more expectations have been placed on Parco.

We will invest more money and human resources in the Developer Business to steadily grow it. I think this is a big point. The Developer Business is also responsible for using corporate real estate (CRE) strategy. So we have a very heavy role and responsibility and it is challenging. The Developer Business strategy takes long from getting an idea to crystallizing it.

While gaining understanding about it, we would like to work hard on large scale projects such as urban joint development considering our strength and how we will work with other companies which are strong in such projects.

In the development of the Osaka Shinsaibashi area and the Nagoya Sakae area, people from the Department Store and the employees of Parco are working together and brushing up the plans at an accelerated pace.

As a matter of course, the Developer Business and the Parco SC Business require attractive content. Parco has connections with many people including tenants, artists, designers and creators.

I think it is desirable to develop through co-creation by involving them in necessary content

businesses to improve tenant services digitally and grow tenants.

In the working space business and the wellness business, we are already seeing success by bringing people who have various talents and empathize with what Parco is doing. We would like to foster content businesses in the Parco SC Business and provide content beyond boundaries, which will also give a great appeal to the Developer Business, to contribute to the Group.

A survey shows that the places the most foreign people want to visit after COVID-19 comes to an end are Tokyo in Japan and New York in the world. Parco creates various things physically and digitally by altering expression every day, which urban, global and cutting-edge people can enjoy most. I think expectations for

Parco are heightened because of such appeal of content, which will become the main pillar of the Parco SC Business and the Developer Business.

Deeper synergy with the Department Store

On November 22 last year, Shinsaibashi PARCO newly opened amid the third wave of spreading COVID-19 infections. However, more synergy with the adjoining Daimaru Shinsaibashi store is created than we imagined.

Most notably, newly opened Shinsaibashi PARCO widened the selection of products for the customers of the Department Store. There is something about which we could not get an idea if the Department Store was expanded into the site of Shinsaibashi PARCO and some items that cannot be carried by the Department Store are provided there. Parco's appeal was widened in the J. Front Retailing Group.

To take an example, we held an exhibition of a famous artist when Shinsaibashi PARCO opened. We sold some of his works to *gaisho* customers of the Department Store and they were sold out immediately. The Department Store is very strong in making proposals to affluent customers typified by *gaisho* customers and can conduct a business with *gaisho* specialists between customers and the stores in the system that is not constrained by physical stores in a sense.

It was very impressive that *gaisho* staffs were pleased that their offerings increased when Shinsaibashi PARCO opened. They know individual customers' preferences and what to propose next to please them. I feel “through people” is the most important.

In this respect, the next role of Parco is to show the *nouveau riche*

and the MZ generation what they need to enjoy the world with a rich spirit and to ask them to shop with us because the Parco Group provides many such products and experiences and also produces various things.

It must be well possible for the Group to deepen and widen the customer strategy, which we might say is completed in the Department Store. I think we will be able to develop strategies so that the spiritually rich MZ generation who has a touch point with Parco thinks it is wonderful to spend at a department store.

The problem is that the MZ generation does not think of going shopping at a department store because they have no shopping experience in a department store like not reading a newspaper and not watching a television. The role of Parco is to carry out the “entry function,” that is to say, to show people who swagger around the world and make the nicest couple consumption, which is organized by Parco, that there is a department store beyond them when their lives become rich in a real sense.

Toward “renaissance”

We formulated the current Medium-term Business Plan by back casting from 2030. We may say that we cannot imagine the world in 2030. The situation of the COVID-19 pandemic will greatly change with the progress of vaccination. I think people will want to go to physical Parco stores when they can travel freely after COVID-19 comes to an end.

The subject of Parco's popular entertainment “Pizarro” (PARCO Theater) is who is an enemy. It is also a story that people in Utopia are not necessarily happy. It is a story of people who fight for someone, but ultimately, a story about how we

should live. Currently, we live in a precious era in a sense. I think the desire to enhance our lives arises only because we are restricted from freely traveling due to COVID-19.

Then, it will have more value to provide experiences to spend precious time through Parco's entertainment. As it is Parco's strong point, I am sure that unchanged value provided by Parco will become more important in the future.

Awareness of sustainability will become more important in the future. As I believe the employees of Parco are unknowingly aware of the Sustainability Policy, I would like to show what will become important in the next era and co-create exciting sustainable lifestyles with the next generation. And I would like to hear people say that it is Parco that incubated the coolness and appeal of urban life.

I think “renaissance” will come after COVID-19 comes to an end. New unconventional tangible and intangible goods, art and culture we have never seen, and furthermore, the business formats and business models that will greatly change customers' lives and values, which are digital transformation, will be created in the process of achieving recovery and reconstruction in the world. Parco will carve out a path to such an era by finding new buds and trying as an “adventure.” I believe the role of the Parco Group will get bigger and bigger.

It is only creativity that drives us to overcome this unprecedented crisis and achieve recovery. In the J. Front Retailing Group and in the current rapidly changing society, we will continue to take on new challenges and realize Parco's vision “Excite, Design and Create” to have an overwhelming presence.