

Connect Real and Digital with “Human Warmth”



Digital centering on the strength of physical stores

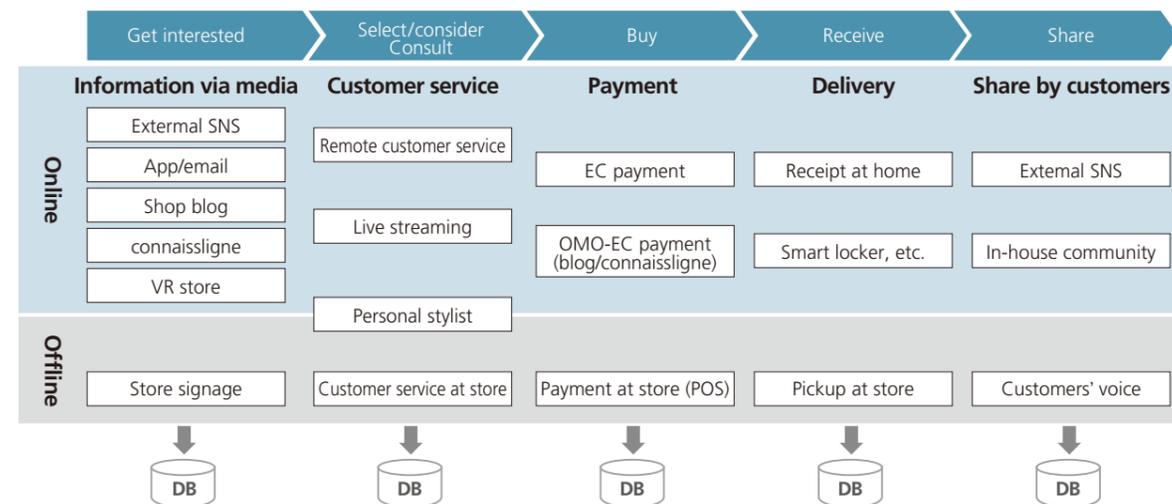
The current COVID-19 pandemic made more apparent the vulnerability of the business models of the core Department Store and Parco Businesses. As you may know, the Department Store and Parco could hardly conduct sales activities when people were restricted from traveling. We must say that it is the limitation of our current retail model that overly depends on physical stores. Therefore, we think we are required to redefine an out-of-the-box fundamental commercial model that does not depend only on physical stores to respond to drastic changes like the current ones. On the other hand, physical stores remain important “places” that increase value through “people.” That is to say, we think it is important to create new experience value centering on physical stores and by merging them with digital (OMO).

The COVID-19 pandemic renewed our awareness that department stores conduct business amid “time and place constraints.” There is no doubt that there are business opportunities in overcoming these constraints. The point is to design department store’s OMO in a customer journey. We will create a unique shopping site from which people feel “human warmth” instead of expanding so-called e-commerce.

OMO shopping site begins with cosmetics

Specifically, we are preparing to launch a cosmetics OMO shopping site within fiscal 2021. We will create a distinctive website that combines the real world, e-commerce and our owned media DEPACO. We will create buying experiences so that customers can receive consulting and other services and special information online like in physical stores. Customer journey is complicated by diversified customer touch points.

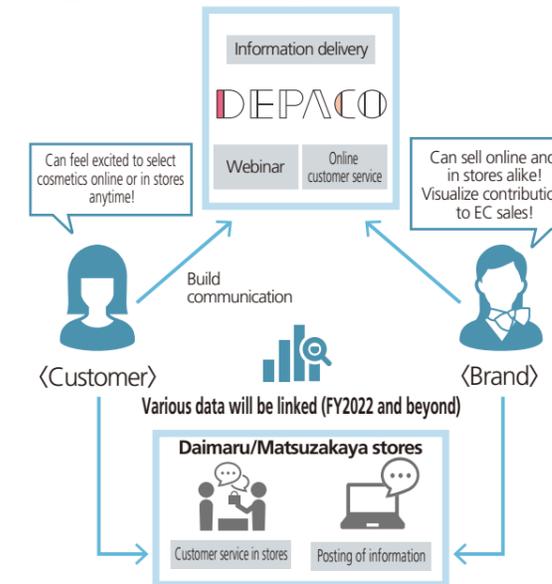
Conceptual diagram of OMO



It has become common to come and go between the digital and real worlds in the process of buying. In this situation, customer experience provided through “people” can be said to be exclusive additional value generated by the Group. A crucial difference from general e-commerce is in increasing customer satisfaction through person-to-person mutual communication. We will realize OMO using human attraction by digitally reproducing our strength brushed up in the real world.

In addition, we will create our own OMO shopping site for art in fiscal 2022. Its beta version will be released within this fiscal year at the earliest. These are just a few examples. Going forward, we will develop and expand the Group’s unique and distinctive OMO centering on “people.”

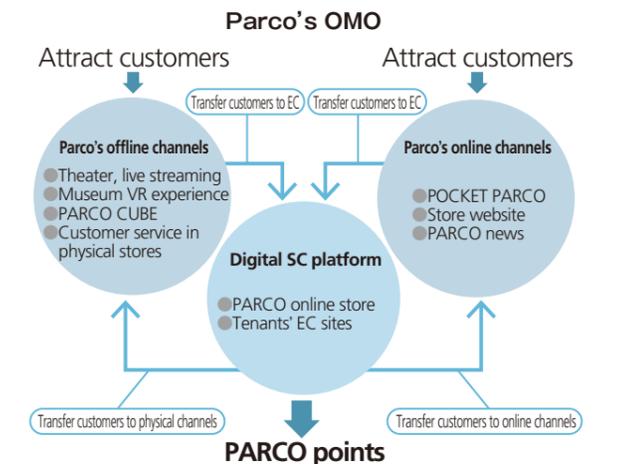
Image of OMO shopping site DEPACO



Build a digital SC platform

Parco has online channels including POCKET PARCO, individual stores’ websites and PARCO news and offline channels including physical stores, a theater, video streaming, museums and PARCO CUBE. Using their ability to attract customers at their customer touch points, we will build a digital SC platform linking online and offline channels. We will provide e-commerce services, which support both online and offline channels, through the digital SC platform tailored to the needs of the tenants that provide products online. By giving “PARCO points” when customers buy through the digital SC platform, we will transfer them to physical stores and serve them online again. We would like to achieve such OMO customer transfer cycle.

Concerning Parco’s strong entertainment, we will strengthen hybrid entertainment by merging live and digital instead of depending only on physical stores’ ability to attract customers.



Interview ▶ OKAZAKI Rui, Senior General Manager, DX Promotion Division, Daimaru Matsuzakaya Department Stores Co. Ltd.

Merge Real and Digital Based on Strength

Our DX is business model transformation centered on our strong categories and domains. As the first step, we are preparing for cosmetics OMO shopping site. We will renew our online media DEPACO and set up our own editorial department in the company to focus on disseminating information online. As for service, we are creating a foundation using our strength fostered offline so that sales people in stores can well serve customers online. We will create an EC site with these characteristics, which enable customers to buy whenever they want. For art, we are aiming to create one of the biggest platforms in Japan. We conducted some PoC experiments, which achieved more results than imagined.

I am a rare person who returned to the company as a DX leader after moving to an IT company. It was a valuable experience to learn about a business model other than retail. The entire team has come to consider not only retail that sells products but also customer experience value and select the most appropriate business model to diversify revenue streams. In the past, before launching projects, sometimes we were too cautious to succeed. I think what has changed the most is our stance of trying to do first.



*DX stands for Digital Transformation.
PoC stands for Proof of Concept.