VALUE CREATION
J. Front Retailing Group’s Strength

Develop, Merge, and Expand Strengths

Commercial Production Capability

Daimaru and Matsuzakaya, which operate in the department store format, have kept their 300 and 400 years of histories responding to the changing times and have embodied sustainable management. They have strived to propose new lifestyles that make customers’ lives more fulfilling all through the ages. Above all, they have an advantage in producing a luxury world (department store basement food floor) that provides a wide variety of food. They also succeeded in developing a luxury mall GINZA SIX by selecting the drastic option “not to operate a department store.” Parco, which operates in the SC format, creates attractive commercial space using its total production capability for commercial facilities. Particularly symbolic is unique SHIBUYA PARCO, which is positioned as a next-generation commercial complex. With a selection of cutting-edge shops in the fields of mode, art, and culture, it serves as a hub for communicating Parco brand. Parco performs all operations from marketing in the areas where it opens new stores and planning to the compilation of shops, the production of environment, the operation of shops, and maintenance. Only in 2019, it opened as many as four stores and its commercial development in an optimal format continues to evolve. In addition, Parco keeps its stores fresh in response to market changes through regular and active renovations.

The Developer Business, which has growth potential, will try to develop new commercial spaces using the uniqueness of the Group that has these two formats and merging their strengths.

Good Customer Base

Daimaru and Matsuzakaya have approximately four million identified customers, including industry-high 1.3 million app users (February 28, 2022). App is positioned as the centerpiece of the Real+Digital Strategy. They have as many as 300,000 paloio customers unique to department stores and mainly composed of affluent people. The recent marked trend of paloio customers is brisk spending by young people in their 20s to 40s. The development of young customers has been one of the Department Store’s important long-standing challenges and it is steadily progressing driven by strengthened digitization.

Parco has approximately two million identified customers, which are characterized by many highly discriminating customers in their 20s to 30s. In fall this year, (Os in the real world and online will be integrated as PARCO members to further develop CRM.

Data obtained from these more than six million good customers are the Group’s invaluable asset that forms a base for improving its product selection and services. We can say these data are evolving as higher value-added information through app as a digital touch point. Using the Group customer data platform JCDP (updated from former LTS-Hub), we will accumulate and analyze data obtained from customer touch points to provide further advanced value.

We operate 15 department stores, 18 PARCO stores, and a luxury mall GINZA SIX in major cities across Japan, from Sapporo, Hakodate in the north to Hakata, Fukuoka in the south. Thus our store allocation is well balanced. Daimaru or Matsuzakaya department store and PARCO store adjoin each other in Nagaoya, Ueno in Tokyo, and Shinsaibashi in Osaka and it is easy for the Group to create synergy in these locations. As in Shinsaibashi, Osaka, Daimaru, which was rebuilt and reopened in 2019, and PARCO, which was newly opened in 2020, are operated as one in connected buildings, many customers shop in both stores and they have become a symbol of the Group’s synergy creation. By placing disparate things side by side, unprecedented new value was created.

As we own many of our flagship stores in urban areas, and furthermore, we also have a considerable amount of usable real estate around our stores, we think there is enough room to develop as “area” centering on our existing stores, that is to say, the Group has enough medium- to long-term growth potential.

In order to realize this, we developed a Developer Strategy as one of three key strategies in the current Medium-term Business Plan and newly created a Developer Business segment. The areas that can be expected to particularly develop in the future are the Nagaoya area and the Shinsaibashi area in Osaka. Development projects are already underway in these areas. We expect them to achieve steady results in the next Medium-term Business Plan or later.