VALUE CREATION

JFR's Intangibles



Forefront of Digital Strategy



Enterprise

Ten years ago, in 2012, when I worked in the Management Planning Division of Parco, the management raised an issue. Parco had been good at communicating information to customers through mass media and it had been Parco's strong area. However, was the way to communicate with customers changing? Immediately we formed a project team

of young employees and discussed. A key phrase for such discussion was "smartphone penetration."

As everyone uses a smartphone and connects to the Internet anywhere and anytime for 24 hours a day, we needed to be highly aware of designing the method of communicating with customers through smartphones.

Like responding to this change, particularly the retail industry including

Parco had to be aware of omnichannel as a new keyword

COVID-19 made more apparent such change in customers, which is important for the Group. The physical stores of the Department Store and Parco are the main places in which we deliver value to and communicate with customers and customers shop. However, when we had to suspend business due to the COVID-19 pandemic, they could not

serve these functions. Therefore, we needed to address online services directly to communicate with customers and provide them with shopping experiences and services. I think these two years were very challenging for both the Department Store and Parco.

I feel the underlying thinking of responding to the post-digital era or using digital technologies in response to the era of living with COVID-19 are actually common to Parco and the Department Store. In addition to the desire of employees and suppliers in stores, and in Parco stores, sales staff of tenants to provide their products and services to customers, their customer service skills should be expanded also using digital technologies. People are present in the Group's value delivery to customers ahead of digital technologies. We will create value available only here and deliver it to customers. By doing so, customers will welcome us with a smile. Whether we can provide or communicate such situation to customers using digital technologies as well is the basis of the Group's use of digital technologies. And in strategy terms, it is the Real×Digital Strategy.

Shift to customer data-driven management

The enhancement of value of the real world and the advancement of the use of digital tools through the implementation of the Real×Digital Strategy will result in obtaining data on customer behavior. By accumulating these data on JCDP, a platform created by updating former LTS-Hub, we would like to understand and realize the products and services customers potentially want. Data are used to further enhance the value of the real world and the quality of value delivery in real world is improved. The value is delivered to customers not only physically but also digitally and returned as data. I think this circle is the essence of the Real×Digital Strategy.

Data obtained through the touch points of the Department Store, Parco, and JFR Card are centralized on JCDP to understand how customers use the services of the Department Store, Parco, and JFR Card. And by doing so, they can provide better services to customers. In addition, they will be able to find the products and services that the customers who use either services of the Department Store or Parco may like and create the opportunities for them to use the services of both. In terms of the uniqueness of the Group, I would like to more deeply pursue this point.

Both the Department Store and Parco have thought what products and services customers will like, smile, and feel their lives fulfilling. I believe the Group will deliver value that pleases customers more by creating new value and improving it using data obtained from customers.

I am sure that this initiative will also be useful for the Developer Strategy and the Prime Life Strategy as well as the Real×Digital Strategy. All the three strategies will be connected by duly using data obtained through the Real×Digital Strategy and this will become a driving force for each strategy. I think this is the implementation of customer data-driven management.

Challenge to the metaverse field

Currently it is shifting to the Web 3.0 era. In terms of the environment, smartphones are becoming increasingly sophisticated. At some point in the near future, smart glasses will come out as a next generation device and the block chain and cloud AI will be used. In fact, it is predicted that one fourth of the world population will live in the metaverse for one hour a day in 2026.

Daimaru Matsuzakaya Department
Stores opened a store in a virtual market
and Parco opened a virtual museum. The
virtual museum can not only make a
physical exhibition virtual but also expand
it, that is to say, a world different from the
real one can be added to it. I think it is
the time to try many and various services.
I think it is important how we can provide
operating companies with an
environment for such trials.

Recently, I participated in an event

NFT NYC with people from startups. It was held around Times Square in New York. By holding a smartphone over Times Square, we could see Japanese pop culture filling the space. It was created using their platform. Both the Department Store and Parco are originally a place that many people visit to enjoy unusual experiences. However, the creation of physical extraordinary experiences costs much and it is not sustainable. Holding a smartphone to see something shown virtually in existing physical space may be transitional. When smart glasses prevail, I think customers will expect the commercial space of the Department Store and Parco to become very interesting.

The future commercial space must be both physical and virtual. To this end, I think it is important to address the metaverse field from now. In the metaverse, space is augmented. Therefore, in a sense, it may be said it is a return to reality. What kind of enjoyment can we provide not on a computer or smartphone screen but in space regardless of physical or virtual? Providing new experiences to customers by combining the real world and the virtual world through people or communities. Those that can do this best will attract customers. In this sense, I think the Group has much potential.



The shirt he wears is a limited edition for AKIRA ART OF WALL, an exhibition held at the opening of Shibuya PARCO in 2019. Actually, this event was already related to the metaverse.

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