

Pave the Way for the Future of Retail.



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The mavericks are taking action

Tabata: After joining the Company and establishing an open innovation organization, I was stationed in San Francisco. The local business community, especially in California, is very environmentally conscious, and when I was asked, “What kind of business are you in?” and replied, “Department stores,” I was often told, “That is a business that sells a lot of goods, encourage disposable consumption, and is not good for the environment.” What if we seriously pursued a business model that is good for the environment while leveraging the assets we have built up until now? This was the perspective from which I created AnotherADdress, a subscription-based business model under the concept of Fashion New Life.

Shimogaki: As I experienced life during the COVID-19 pandemic, I keenly felt how people's views on life and death had changed, with their values undergoing significant shifts. This created a strong demand for people to organize their belongings, leading to substantial growth in the reuse market. If our customers also had such growing needs, I thought there might be a reuse business tailored to those customers that would be unique to the Company. Thus, I launched JFR & Komehyo Partners through a joint venture with Komehyo.

I decided on a joint venture scheme because, from the moment I launched CVC, I felt that we needed to move away from excessive self-reliance. My basic thinking was that the lowest-risk, fastest, and most reliable approach would be to borrow the expertise of those who could do what we couldn't do ourselves.

Tabata: While e-commerce made its debut in the late 20th century, there was a kind of preconceived notion that what people purchase in department stores isn't something they buy online, resulting in a situation where department stores missed the boat. So, looking at the medium to long term from the perspective of what will come next in e-commerce, I predict that there will be a growing tendency to make choices

when consuming, such as whether to buy something or share it with others.

I want to take on the challenge from the very beginning and create a situation where we can diversify our portfolio in preparation for the next major shift in consumption. I want to create a business that combines the essence of fashion with growing environmental awareness. These are my main ideas.

The essence of Creating Shared Value (CSV)

Tabata: When I was stationed in San Francisco, I frequently had the opportunity to communicate with venture entrepreneurs at the forefront of their fields. Their fast pace and risk-taking approach to work felt like my ideal way of developing a business. I was surprised at the huge gap between that and the pace of the new business the Company was trying to launch.

After returning to Japan, I became even more determined to launch a new business, and felt that I needed to organize my approach, whether it be through M&A, CVC, or a venture. For the venture model, I decided to clarify the domain and operate as an independent organization with its own funding and systems. I believe that the Company's full support for this approach led to a smooth launch.

Shimogaki: At the holding company, you were involved in launching open innovation, and I am a founding member of CVC. Listening to you, I realized once again that we share a common experience of the faster-paced world outside, including how management decisions are made, through our contact with external venture companies.

Tabata: It could be said that having seen the outside world makes it easier for us to break out of our shells. People in the venture world are all working at a faster pace under much greater stress, which really makes me wonder, “Is this really okay for us?” I think the experience of being in that environment is very significant.

When I first joined the Company and worked in the Management Planning Division, only executives or higher could attend management meetings. Back then, what staff in the Management Planning Division did could be summed up as printing meeting materials and then deciding whether to fold them into two or three sheets, whether to staple them vertically or diagonally—these kinds of trivial details were actually valued. Of course, that is no longer the case now. I think we have developed much more open management where younger voices can be heard.

Shimogaki: You and I share a common approach to environmental issues from a CSV perspective, but I think what is even more important is that we both start from the market. Sustainable CSV ultimately requires establishing economic value before we can address social value.

Our newly launched reuse business is based on the idea that it is not resources that should be recycled, but excitement. Customers themselves enjoy the benefits, and as a result, they naturally become members of a recycling-oriented society. I believe that such a world is important.

Tabata: I agree with this, and assuming that consumers will act solely because something is good for the environment is not accurate. What is needed now is doing something beneficial for them, something that brings them joy, only to discover afterward that it also happens to be good for the environment. Economic value emerges from this customer satisfaction first, then environmental benefits follow. Only by addressing this sequence can business sustainability be improved. The crucial point is ensuring CSV operates as a viable business model, and I think this is an absolute non-negotiable aspect we must never compromise on.

A new axis for retail

Tabata: I believe that retailers should not simply sell products. They should focus on how to change people's lives and feelings through the products.

The serious challenge I am currently pursuing is creating a worldview that distinguishes between “buying” and “renting.” In other words, AnotherADdress is not only good for the environment, but also significantly increases the value of the experience.

Shimogaki: Following a similar line of thought to yours, I think that buying with resale in mind will probably become more common. If that happens, the concept of ownership will change, and how we think about the value of goods could change a lot too. I think we will start to value better goods more.

At that time, the Group should have a function to recycle goods, and in order to accommodate the spread of such lifestyles, I believe we need to properly establish a reuse business framework now.

Tabata: As the secondary distribution market grows and matures, I believe that all goods will shift from consumer goods to investment goods. When that happens, everyone will

start thinking about the difference between the purchase price and the resale price. People who have that mindset will see the market differently from those who don't, including how they view department stores and other retailers today. That is not a bad thing. It means that consumers will have more choices, which will increase their experience value and allow them to try new things, which is good for them.

Shimogaki: Japan's population is set to decline rapidly in the future, and the market is sure to shrink. However, what I have felt in the post-COVID era is how irreplaceable the value of the real world, which could be said to be the polar opposite of online convenience, is. I believe that there will always be places where people's emotions intersect. It is important to see how much we can amplify those emotions on such occasions.

Tabata: Department stores may be inefficient places to buy goods, but I believe that their true value lies in the symbolic nature of the experiences they offer. In other words, we should not think of our retail business as simply selling goods. We should reiterate its essence, who is conscious of what, or the symbolism it possesses. I believe that is where universal value lies.

Break through barriers as one team

Shimogaki: Since the start of the current medium-term plan, the Company has been sending the message that the entire Group is one team, and I really agree with that. You and I are both aware that we are mavericks, and we see each other as fellow pioneers who are taking on new challenges. I am thinking about how we can work together in our respective businesses. In order for the Group to become a more innovative corporate group, it would be ideal if we could share the good news generated from our challenges and use it as a catalyst for behavioral change within the Group. By continuing to do so, I believe that the corporate culture will become more relaxed and interesting things will continue to emerge.

Tabata: With 31 stores in major cities across Japan, including Daimaru, Matsuzakaya, PARCO, and GINZA SIX, attracting approximately 300 million customers annually, the Group has a wealth of diverse human resources and many dream-like assets. I believe that if we can unite as one team, we will be able to achieve great things. However, there may be various barriers that no one talks about. It is our job to break through those barriers. It is true that there are many challenges, but I believe that what we want to do and what we should do is to show them in a positive light.

Shimogaki: The strength of the Group lies in the diverse means and points of contact we have for making people happy. Although each company in the Group, including the Department Store and Parco, operates in different markets, they all share at their core a desire to want to stir people's emotions and create “new happiness.” If we break down barriers and connect with each other more closely, I believe there will be unlimited business opportunities.