



Management Strategy > Innovation of Department Store Business

Here Is the “Future of Department Store.”



Forward-looking rebuilding of the main building of the Daimaru Shinsaibashi store

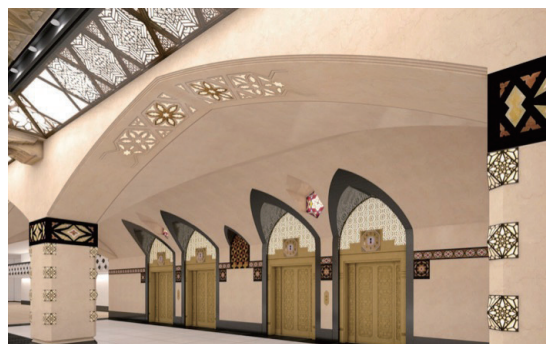
Big project positioned as a symbol of innovation of the Department Store Business to overcome combined challenges facing department stores – On September 20, 2019, the main building of the Daimaru Shinsaibashi store will be newly reborn as an unprecedented “exclusive” store that blends “tradition” and “innovation” ranging from in store space and store planning to in operation. Using the “beauty of Vories’ architecture,” which colored the former Shinsaibashi store, in part of its exterior and interior and blending it

with modern design, we will create commercial space that provides real store’s unique “experience value.”

The concept to create the store is “Delight the World. Shinsaibashi, Adored by the World.” While further strengthening services to the affluent and foreign tourists to whom sales are already strong, the Shinsaibashi store has set “all customers that actively enjoy their lives” as its target. With respect to merchandise mix, the floor area for and the number of brands of luxury items, cosmetics and drinking and dining on the basement floors (*depachika* in Japanese) will be increased significantly. Cosmetics will be offered not only on the main floor but also on other



Peacock relief



Elevator hall



Crystal tower on the 7th floor

multiple floors. About half of drinking and dining on *depachika* are composed of new brands. In addition, we will expand “experience-based-consumption”-conscious merchandising combining drinking/dining with product sales such as a food hall. In other categories, we have revised conventional merchandise composition by gender or item and we will actively introduce new brands. The store will have 370 shops including 37 Kansai’s first shops and 50 shops in new formats.

Innovative hybrid business model

In the meantime, the business model is completely different from conventional department stores. It is based on an innovative layer structure in which fixed-term lease accounts for approximately 60% of total floor area. The transactions of traditional department stores are centered on *kaitori*. But later a new form of transaction without inventory called *shoka shiire* emerged and it occupied 80% in the 1980s. In current low-growth and highly uncertain period, however, over-dependence on *shoka shiire* will not only make us ignore a challenge to new market but also increase the risk of decreasing profitability. Therefore, we asked ourselves what the new business model that increases the appeal of the store and maximizes revenue is and one of the answers will be realized in the new main building of the Shinsaibashi store. We will create an epochal hybrid department store business model with an optimally balanced mix of the advantages of *kaitori* / *shoka shiire* and the advantages of fixed-term lease while it is completely seamless from a customer perspective.

And we will customize the results of this new trial according to individual stores and area characteristics and use them as a “new scalable department store business model.”

Also as a flagship store with an ESG perspective

We identified five priority materiality issues*1 to realize a “sustainable society” and the entire Group



Rendering of food hall on the 2nd basement floor

strives to produce results. This new main building of the Shinsaibashi store was created from such perspective. Specifically, renewable energy and LED lighting will be used throughout the building including the back stockrooms. We will aggressively implement initiatives to create a low-carbon and recycling society with the cooperation of customers and suppliers by centrally controlling deliveries in the building to reduce delivery operation time and eliminate the congestion occurring when carrying products in and out, promoting the use of green packaging materials, permanently installing clothes collection boxes as an Ecoff*2 activity and other means.

*1 Our five materiality issues include “contribution to a low-carbon society,” “management of the entire supply chain,” “coexistence with local communities,” “promotion of diversity” and “realization of work-life balance.”

*2 Campaign implemented by Daimaru Matsuzakaya Department Stores to recycle clothes, shoes, bags, etc.

Parco will open in the north wing in spring 2021

After the new main building opens, the renovation work of the north wing, which currently operates as a department store, will start and it will be newly born as a real estate rental model with Parco as its anchor tenant in spring 2021. The north wing will have two basement floors and 14 floors above the ground. And “Parco” will occupy from the 2nd basement floor to the 7th floor above the ground as a large anchor tenant. There is no store in Parco format in the Osaka area and many local customers have eagerly awaited the opening of Parco. Through this initiative, we will further expand the creation of the Group synergy. At the same time, by connecting the new main building and the north wing as one, we will create a more than 80,000-square-meter commercial complex that attracts a wide range of customers.

Creation of the community, “Shinsaibashi, Adored by the World,” will begin in earnest. We will contribute to increasing the appeal of the community by promoting the Urban Dominant strategy and draw new crowds to the area.