

New Model

Realization of
New Department Store Model



Confident about “the Renewal of Department Stores”

Culmination of new department store model— Grand opening of expanded Daimaru Umeda store

J. Front Retailing is advancing the establishment of a new department store model to strengthen market response capabilities and realize a structural switch to low-cost operation.

The new department store model is a department store renewal program to create attractive and profitable stores that entice customers to visit. Specifically, we are working on: (1) expanding target customer base; (2) widening the range of products and prices in particular; (3) developing specialty zones; and (4) increasing management efficiency; as well as maintaining and strengthening the middle to high-end product offerings in which department stores have traditionally been strong, while clarifying and thoroughly implementing store strategy in each store, in a bid to adapt to major market changes including the consumer shift to more casual lifestyles and more frugal and price-sensitive behavior. The newborn Daimaru Umeda store, which represents the present culmination of the new department store model, increased its floor space (64,000 square meters, 1.6 times larger than before) and had its grand opening on April 19, 2011. It has changed from a specialty department store specializing in women’s fashion items to a fashionable and contemporary urban lifestyle store making comprehensive lifestyle proposals with a broader assortment of products including food, livingware and luxury brands, and, in particular, wider price ranges.



JR Osaka station

Attracting more customers by widening product range

Umeda store has defined families with small children who had seldom shopped at department stores and the younger set visiting the area around Umeda as its new strategic targets and actively introduced the brands that are popular in so-called fashion buildings and the products and services that department stores lacked, including Tokyu Hands and Pokemon Center. Meanwhile, the store significantly increased the lineup of luxury brands strongly demanded by its existing customers. Thus we could meet more customers’ needs by widening the range of prices and categories, and these efforts have driven dramatically more traffic to the store.

We see great results in an overwhelming increase in footfall. Initially, Umeda store was expected to have an average of 90,000 visitors a day. Since its grand opening, however, there has been far more footfall than expected, and even one year after its opening, around 120,000 shoppers on weekdays and more than 150,000 shoppers on weekends and holidays visit the store. At New Year opening sales on January 2, the store recorded the highest footfall of 270,000 visitors since its opening. We also added 190,000 new cardholders. The total number of identifiable customers of the entire Umeda store has reached 580,000 persons at the end of February 2012, which means that we are steadily gaining the loyalty of customers.

The store’s customer base is also significantly widening. Comparison of data of identifiable customers with fiscal 2009 when the store was not affected by the expansion work shows that the share of young and around 30-year-old customers increased by 2.3 points to 26.1% and that their spend grew by 26.3%. In the meantime, the number of around 40-year-old and senior customers who were its main

customers in the past increased by 29.4% and their spend is also steadily rising. These data clearly show that the store attracts a wide range of customers.

Progress of low-cost operation

Our sales floor operation is divided into two types including “shop operation” and “our own operation” and we are working on establishing an operation system, planning staff distribution and training personnel to suit their respective characteristics.

Along with these efforts, Umeda store successfully set up an efficient matrix operation system by consolidating the former six departments divided by merchandise categories into three departments divided by floors and combining it with an organization providing cross-sectional support. And at the same time, the store’s back-office functions were merged with those of Shinsaibashi store in March 2011, and then, the same functions of Kyoto and Kobe stores joined them in March 2012 to further streamline our organization.

These changes in sales floor operation enabled operation with a small number of employees, and thus improved productivity has greatly advanced low-cost operation. We will use these achievements for other department stores including Nagoya and Kobe stores in which big renovation projects are under way, and Tokyo store, which will increase its floor space in fall 2012.

Changes in the number of Umeda store’s identifiable customers by age

