

Retailers must be smart if they hope to grow overseas

Department store sector awaits approval of integration of Daimaru, Matsuzakaya

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Major department stores Daimaru Inc. and Matsuzakaya Holdings Co. on May 24 will seek shareholder approval to integrate management in September. They are expected to create Japan's top department store group.

It has been said for some time that the department store industry is on the

ebb. But some operators are increasing profits by paying attention to the profitability of each floor and through careful tenant and merchandise selection.

The industry can play an important role in Japan's economic growth if these operators lead a realignment that raises productivity.

All retailers are faced with increasingly difficult business environments amid Japan's dwindling population. Even convenience store chains, regarded as the sole winner in the retail industry, are witnessing

stalled earnings.

In the meantime, specialty retailers such as Fast Retailing Co., which operates the Uniqlo chain of casual clothing stores, are boosting earnings and advancing overseas. Online retailers are also performing strongly. And IC tags as well as other information technologies will help retailers streamline their operations.

If Japanese retailers are to conquer overseas markets, they will have to find and nurture competent people with expertise in design and product development — and who are skilled at managing day-to-day operations.

The ultra-hip Harajuku district in Tokyo draws attention from fashion labels around the world, which means this neighborhood's retailers, at least, are projecting soft power overseas.

But Japanese retailers can do more. They should seek a formidable presence in the global market by developing attractive business models in which talented personnel can shine.

And wisdom can help them ride the wave of "Japan Cool" to international competitiveness.



Looking Ahead

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