SNAPSHOT REPORT SERIES

JAPANESE DEPARTMENT STORES IN 2025-26

Is the luxury party over?

JapanConsuming Market Intelligence

www.japanconsuming.com

CONTENTS

Report Summary **4**

It's all about accessories **6**

Only the top few have surpassed 2019 sales **7**

Widening performance gap **8**

Top 30 department store operators **9**

A tale of two formats: Top 50 stores **11**

Tourists visit but don't spend **13**

Charts

Chart 1: Department Store Sales by Category, FY2024-5 6

Chart 2: Top Stores by Apparel And Fashion Accessory Sales. FY2024-5 7

Chart 3: Big City Stores vs Regional Stores, 2007-2024 8

Chart 4: Leading Department Store Companies. FY2024-5 9

Chart 5: Leading Department Store Branches. FY2024-5 ..... .10

Chart 6: Tourist sales at department stores, 2022 to July 2025 ..... .13

This publication is provided without any representation or endorsement made and without warranty of any kind whether express or implied, including but not limited to the implied warranties of satisfactory quality, fitness for a particular purpose, non-infringement, compatibility, security and accuracy. In no event will JapanConsuming or Psilligence Pte Ltd. or any of the contributors be liable for any damages including, without limitation, indirect or consequential damages, or any damages whatsoever arising from use or loss of use, data, or profits, whether in action of contract, negligence or other action, arising out of or in connection with the use of the publication. No part of this publication may be reproduced without prior written permission from the publisher. © Psilligence Pte Ltd. 2000–2025.

DEPARTMENT STORES IN 2025-26

Department stores saw a 3.5% sales rise in FY2024-25, driven by VIPs and inbound tourism, though urban stores far outperformed regional counterparts. Much of this growth fell away from the Spring but then recovered in August. Top chains are looking to wealthy VIPs to counter weaknesses in areas like apparel, and investing in app-based customer identification, personalised events, and experiential content to attract younger, high-spending shoppers. This reflects the shift toward personalised and lifestyle-driven consumption at top stores – but the sector as a whole will contract further.

REPORT SUMMARY

Department stores achieved higher sales and profits in FY2024, driven primarily by sales of luxury accessories, inbound tourism, and affluent local spending. However, recent falling sales, as well as underlying trends, reveal a deepening urban-regional divide, critical challenges in demand across categories and changes in buying behaviour.

Record Growth Fuelled by Luxury and Tourism

- Department store sales grew 3.5% overall and 4.2% like-for-like, powered by big-city stores whose success came from inbound tourists and local wealthy customers. While womenswear recorded a modest increase (0.4%), most growth came from accessories, which were up sharply against 2019 data. Though the inbound tourist trade slowed from the Spring due to the stronger yen and price hikes, it remains above pre-pandemic levels and rose in some stores in August, and is still seen as a stable growth area, alongside VIP (Gaisho) sales.
- 16 stores, led by Isetan Shinjuku, Hankyu Umeda, and JR Nagoya Takashimaya, exceeded the ¥100 billion barrier last year, with Isetan Shinjuku alone at more than ¥400 billion, highlighting the concentration of growth in top urban locations.

The Urban-Regional Performance Gap

- The disparity between urban and regional department stores has become more pronounced, leading to a growing weakness in clothing sales. Sales of luxury accessories showed an even sharper divide – many stores outside the top ranks have failed to rebuild traffic post-pandemic, reinforcing persistent long-term gaps.
- While the recent fall in inbound luxury spending has narrowed the gap, structural trends such as store closures, competition from malls and online, and conversion to leisure-based malls, will ensure the gap between urban and regional stores endures.

Company and Store Performance: Winners and Laggards

- Of the top 30 department store companies, only ten have grown sales over the past five years.
- Leaders are rethinking future planning beyond category silos which will widen the gap further. Isetan-Mitsukoshi is focusing on its increasingly sophisticated app (including a global version) to sell more, resulting in 70% customer identification and an increase in high-spending customers of 100,000.
- This means a lot more profit: its breakeven sales threshold has fallen dramatically from 90% to 74% since 2018, illustrating higher sales densities and operational efficiency improvements. Takashimaya has made strides in regional store effectiveness and will open a new concept at Tamagawa in 2027, a model for the rest of the chain.

Apparel still weak

- Only half the top 50 stores increased sales last year. They managed to secure 30% of their sales from apparel, versus only 17% for stores ranked 51st and below. This reflects not only consumer preference but also an operational shift: many regional stores have offloaded apparel floors to specialty tenants, further shrinking their own share.
- To find growth, some, such as Isetan Shinjuku, are shifting from moderate and mid-range brands in favour of more luxury and designer offerings. Matsuzakaya Nagoya on the other hand, has replaced 60% of its clothing brands, mixing higher-priced brands with moderate offerings to build cost-performance appeal.
- Takashimaya, meanwhile, is focusing on deeper supplier partnerships, developing more unique, value-driven apparel through about 28 key collaborations.
- This signals an industry-wide effort to improve cost-performance across all price points to rejuvenate

customer profiles.

- Some stores are compensating for weaker clothing sales with art and pop culture hooks such as anime/manga exhibitions – Matsuya Ginza, for example, has tripled related sales since pre-COVID, attracting new, multi-generational visitors.

Gaisho: Personalisation Drives Loyalty

- All major chains have sharpened their focus on Gaisho (VIP) sales given the impact on growth; since 2019, much of the 4.5 point increase in ratio of sales for fashion accessories (to 17.5%) and the 3.3 point gain in watches/jewellery (to 10.1%) are the result of sales to VIPs, both local and foreign.
- Isetan-Mitsukoshi now orchestrates multi-category VIP events selling not just luxury goods, but also cars, real estate, and musical instruments – its recent "Tanseikai" event alone generated ¥6.8 billion.
- The emphasis is shifting toward offering experiential value and longer-term engagement via dedicated teams, data analysis, and apps.
- Rivals like Daimaru-Matsuzakaya and Takashimaya are also leveraging apps and CRM systems to incentivise and analyse VIP activity, aiming to move more top app users to Gaisho status and enhance personalised recommendations.

Inbound Tourism: Shifting Dynamics and Declining Luxury Spend

- A stronger yen and luxury price hikes sapped inbound luxury demand although improved in August. While inbound tourist footfall has not fallen so sharply, spending shrank to July. A new type of repeat tourist also prefers experiences and travel to more remote areas rather than shopping. Large chains are responding by focusing on foreign VIP engagement, global app launches (Isetan-Mitsukoshi signed up 50,000 in one month), and dedicated membership incentives. Takashimaya's Singapore VIP card and Daimaru Matsuzakaya's CRM initiatives are also aimed at deepening customer relationships, with the aim to reduce volatility in inbound sales.

The Road Ahead: Balancing Efficiency and Relationships

- The department store outlook is uncertain. Gains at the top have been substantial, but the reliance on luxury spending and inbound tourism is precarious. The most successful players are those using apps, data, and new merchandise to build better connections, diversify product/services, and engage younger customers. But economic, social, and migrational shifts will ensure that the sector overall will contract further, with more closures and repurposing of buildings.

REPORT DETAIL

IT'S ALL ABOUT ACCESSORIES

Department store sales rose 3.5% in FY2024-25 based on JDSA figures and around 4.2% like-for-like (Nikkei estimates 6.9% like-for-like from a smaller sample and METI 4.2%) led by the biggest chains, which achieved record-high sales and profits.

But this growth was driven by demand from inbound tourists and local wealthy customers buying luxury watches, jewellery, and leather accessories, primarily in stores in major cities. While total apparel sales rose 4.2%, this was mostly womenswear. As a result, the ratio of sales for fashion accessories like Bags and Jewellery/Watches rose sharply compared to 2019. Cosmetics sales remain 5% below 2019 levels despite a nearly 10% increase last year. The only other category to increase share was womenswear and only by 0.4 points. Food share has fallen 3.4 points since 2019, while sales fell 4.5% alone last year.

The big chains plan ongoing reforms in three areas: clothing, Gaisho sales and inbound tourism.

Chart 1: Department Store Sales by Category, FY2024-5

	FY2024 ¥m	YonY %	Vs. 2019 %	Ratio 2024 %	Ratio vs. 2019 pts
Apparel Total	1,548,499	4.2	-2.2	27.0	-1.8
Menswear	307,268	2.8	-11.0	5.4	-0.9
Womenswear	1,077,093	5.6	6.5	18.8	0.4
Childrenswear	87,790	-0.2	-26.2	1.5	-0.6
Other Apparel	76,348	-3.8	-28.9	1.3	-0.6
Fashion Accessories	1,012,019	9.3	38.9	17.6	4.4
Cosmetics	509,491	9.4	-5.0	8.9	-0.9
Jewellery/Watches etc	578,964	12.6	53.9	10.1	3.3
Other General Goods	150,643	-4.9	-18.8	2.6	-0.7
Household Goods	189,677	0.3	-13.2	3.3	-0.7
Foods	1,423,606	-4.6	-8.3	24.8	-3.4
Restaurants	125,717	-3.3	-9.2	2.2	-0.3
Services	48,497	1.9	-15.0	0.8	-0.2
Other	151,352	9.8	19.8	2.6	0.3
Total	**5,738,464**	**3.5**	**4.3**	**100.0**	**0.0**

Source: JDSA; Company Reports; JapanConsuming

ONLY THE TOP FEW HAVE SURPASSED 2019 SALES

As Chart 2 makes clear, almost all the benefits from higher sales of apparel and fashion accessories (bags, small leather goods, scarves etc), accrued to the most prestigious stores in the biggest cities. There were a few notable exceptions, such as Hankyu Hakata and Hankyu Men's Tokyo in clothing, and Hankyu Kobe and a clutch of Daimaru stores in regional stores.

In clothing, while the top 50 stores managed to garner just under 30% of sales from apparel, the ratio for stores ranked 51st and below was only 17%.

This confirms a widening gap in clothing sales between mostly top-ranked, urban stores and lower-ranked regional stores – although this also reflects the fact that many regional stores have offloaded apparel floors to specialty fashion tenants where sales are recorded differently, so less of the transaction hits the books of department stores.

But no such excuses for the sharp fall in sales of luxury accessories, with many of those below the top 15 failing to make any kind of comeback post Covid.

Chart 2: Top Stores by Apparel And Fashion Accessory Sales. FY2024-5

Rank		Apparel Sales ¥m	YonY %	Vs. 2019 %	Ratio %
1	Isetan Shinjuku	166,474	14.4	56.4	39.5
2	Hankyu Umeda	82,923	11.4	18.7	22.7
3	Daimaru Shinsaibashi	72,596	14.5	96.3	63.0
4	Matsuzakaya Nagoya	62,858	2.0	23.4	47.8
5	Daimaru Kobe	59,182	8.8	47.4	60.1
6	Daimaru Sapporo	46,129	24.8	75.5	52.3
7	Daimaru Kyoto	38,931	22.0	24.5	49.4
8	Mitsukoshi Nihonbashi	34,192	5.7	9.4	21.2
9	Daimaru Tokyo	29,033	13.4	21.3	34.4
10	Tobu Ikebukuro	21,900		-8.5	20.7
11	Kintetsu Harukas	21,720	2.8	-11.0	17.5
12	Matsuya Ginza	21,226	10.7	-2.8	17.3
13	JR Isetan Kyoto	20,001	2.0	-8.4	30.9
14	Keio Shinjuku	20,147	4.7	-3.6	24.4
15	Daimaru Umeda	19,910	8.2	-16.2	33.2
16	Mitsukoshi Nagoya	14,097	4.3	-6.7	20.1
17	Fukuya	13,621	-3.9	-9.9	30.2
18	Hankyu Hakata	12,496	8.5	-47.4	18.0
19	Hanshin Umeda	10,105	-7.0	-55.6	15.6
20	Yamakataya	10,062	-1.8	-15.7	26.3
21	Tokiwa	9,249	-6.4	-	17.4
22	Meitetsu	8,724	-11.7	-60.0	22.7
23	Tenmaya Honten	8,672	-4.2	-	23.5
24	Hankyu Mens Tokyo	8,647	5.2	-	62.0
25	Fujisaki	8,207	-2.4	-	17.8
26	Isetan Shizuoka	7,763	-5.4	-	50.8
27	Hankyu Nishinomiya	7,332	-0.3	-	29.6
28	Takashimaya Iyotetsu	7,100	-3.9	-	23.2
29	Entetsu	7,003	-1.7	-	23.4
30	Odakyu Shinjuku	6,816	5.8	-	21.4

Rank		Accessories Sales ¥m	YonY %	Vs. 2019 %	Ratio %
1	Hankyu Umeda	114,426	20.4	110.2	31.3
2	Matsuya Ginza	60,253	34.0	170.6	49.2
3	Isetan Shinjuku	54,820	9.6	79.2	13.0
5	Kintetsu Harukas	26,584	12.0	7.9	21.4
6	Hankyu Hakata	26,561	14.4	106.2	38.3
4	Mitsukoshi Nihonbashi	26,142	9.7	96.1	16.2
7	Fujisaki	12,723	6.0	43.7	27.0
8	Mitsukoshi Nagoya	11,255	9.6	49.9	16.0
9	Tobu Ikebukuro	10,414	-	7.0	9.8
10	Izutsuya	8,746	-	6.1	18.4
11	Hanshin Umeda	7,795	-5.3	-12.0	12.0
12	Yamakataya	7,351	6.6	5.4	19.2
13	Keio Shinjuku	7,323	0.6	5.0	8.9
14	Daimaru Umeda	6,765	2.7	6.9	11.3
15	Takashimaya Iyotetsu	6,700	-4.6	-31.2	21.9
16	Fukuya	6,652	0.3	-16.9	14.8
17	Daimaru Tokyo	6,008	3.2	-12.0	7.1
18	Hankyu Kobe	5,817	6.8	-7.7	13.5
19	Daimaru Kobe	5,193	3.6	-17.9	5.3
20	JR Isetan Kyoto	5,138	-3.2	-18.8	7.9
21	Daimaru Kyoto	5,047	7.0	-26.1	6.4
22	Daimaru Sapporo	4,592	7.6	-60.1	5.2
23	Daiwa Kanazawa	4,468	-1.2	-34.6	9.5
24	Tenmaya Honten	4,344	-3.6	-66.4	11.8
25	Odakyu Shinjuku	4,305	12.1	-33.7	12.0
26	Entetsu	4,230	-14.9	-38.1	14.1
27	Hankyu Mens Tokyo	4,146	-0.8	-57.9	29.7
28	Tobu Honten	3,908	2.2	-69.8	18.4
29	Matsuzakaya Nagoya	3,646	2.3	-54.5	2.8
30	Meitetsu	3,399	-11.8	-47.3	8.8

Source: Company Reports; Senken; JapanConsuming *Some multiple stores under one branch. Mitsukoshi Ginza, Takashimaya and Sogo Seibu not included

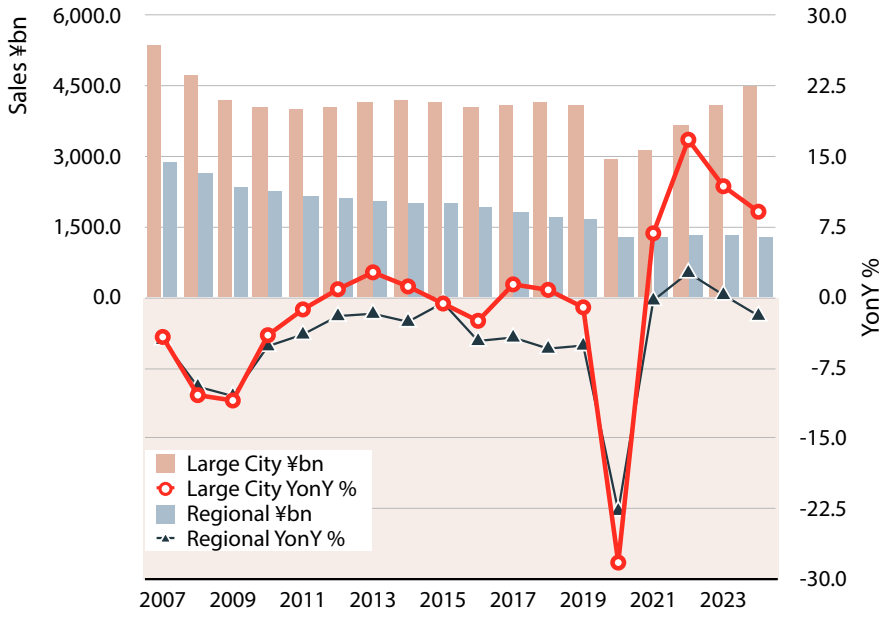
WIDENING PERFORMANCE GAP

The net result of weak apparel and accessory sales at regional stores is a huge gap in sales growth performance between stores in the top 10 largest cities and the rest since 2020. As everyone knows, this was at first because of wealthy urban dwellers spending more on luxury at home during and just after Covid in lieu of travelling overseas, and then, from 2022, inbound spending at the same stores.

But not shown in Chart 3 is the dramatic fall in growth at these big urban luxury emporiums since the start of FY2025. This has led to a narrowing of the gap between big city and regional performance – and in some regions, sales have actually been higher than some big cities in certain months.

But as the Chart shows, the gap in performance is a long-term trend and these short-term blips won't change that; further inroads by malls and online, more store closures and conversions to leisure-based malls, will all ensure the gap persists.

Chart 3: Big City Stores vs Regional Stores, 2007-2024



Source: JDSA; JapanConsuming

TOP 30 DEPARTMENT STORE OPERATORS

Among the top 30 department store operating companies, only seven posted lower sales last year. Many also enjoyed sharply higher operating profit, with growth of as much as 67%. However, only 10 have surpassed 2019 sales levels and many are well behind.

The major concern remains the dependence on luxury brands. Apparel sales remain sluggish, with only 12 of the 30 companies seeing increases overall, although a few more did better in womenswear.

Without an improvement in clothing, which remains the biggest category for many companies, it will be hard to create a counterpoint to weaker inbound sales.

At the top of the leader board, however, executives are moving beyond category considerations for future planning.Isetan-Mitsukoshi is focused on:

Its app, including a global version, which has led to 70% of customers now being identified

Mixing merchandising and services across categories to attract both local and foreign VIPs, including finance, cars, travel and real estate. It has added 100,000 more customers spending over ¥3 million a year recently, resulting in its breakeven sales point falling from 90% to 74% since 2018.

Takashimaya is catching up with its rival on app development and data collection and analysis, but is making greater progress in working each property better, with higher efficiency at regional stores than rivals. Next up is a reworking of Takashimaya Tamagawa slated for completion in 2027 which it hopes will be the model going forward.

Chart 4: Leading Department Store Companies. FY2024-5

Overall Rank	Company	HQ Location	Gross Rev. ¥mn	YonY %	vs. 2019 YonY %	Op. Profit ¥mn	YonY %
1	Takashimaya	Osaka	876,025	2.5	15.2	27,905	37.1
2	Isetan-Mitsukoshi HD	Tokyo	775,271	10.0	18.2	56,130	40.8
3	Daimaru-Matsuzakaya	Osaka	755,786	10.3	15.2	29,778	22.9
4	Hankyu-Hanshin	Osaka	635,620	10.0	41.1	28,239	42.7
5	Kintetsu	Osaka	239,075	0.7	-7.5	4,206	48.1
6	JR Tokai Takashimaya	Nagoya	215,417	11.0	30.3	-	-
7	Tobu	Tokyo	143,976	-	4.2	5,185	22.4
8	Iwataya-Mitsukoshi	Fukuoka	132,914	6.7	24.0	6,075	21.0
9	Matsuya	Tokyo	129,057	19.4	58.1	4,929	66.7
10	Tokyu	Tokyo	106,480	-	-40.6	755	-
11	Keio	Tokyo	91,661	4.0	5.0	1,251	32.0
12	Odakyu	Tokyo	73,948	11.7	-42.4	-	-
13	JR West Isetan	Kyoto	71,820	3.3	11.4	1,952	11.0
14	Mitsukoshi Nagoya	Nagoya	63,200	2.5	-27.9	-	-
15	Sapporo Marui Mitsukoshi	Sapporo	62,764	-	2.7	1,280	-
16	Tenmaya	Okayama	57,671	-0.1	-31.3	2,554	9.6
17	Tokiwa	Oita	53,041	-1.1	-7.4	-	-
18	Izutsuya	Kokura	47,954	-	-18.3	1,009	-
19	Fujisaki	Sendai	47,060	2.8	4.9	464	30.0
20	Tsuruya	Kumamoto	47,029	0.1	-11.5	-	-
21	Fukuya	Hiroshima	45,073	-4.6	-8.7	-	-
22	Daiwa	Kanazawa	39,046	0.3	-10.6	-	-
23	Meitetsu	Nagoya	38,499	-8.4	-21.4	-	-
24	Yamakataya	Kagoshima	38,328	1.1	-9.1	105	-6.1
25	Keikyu	Yokohama	35,940	2.3	-	-	
26	Niigata Isetan-Mitsukoshi	Niigata	33,995	-5.4	-20.8	641	-21.1
27	Takashimaya Iyotetsu	Shikoku	30,562	-4.5	-10.8	331	-27.4
28	Entetsu	Shizuoka	29,948	1.7	-	580	-30.4
29	Mitsukoshi Sendai	Sendai	26,347	-4.6	-12.7	-54	-
30	Keisei	Ibaraki	23,330	1.7	-	-	-

Source: Company Reports; JapanConsuming Sogo Seibu and Tsuruya not included

Chart 5: Top 50 Department Store Branches. FY2024-5

Rank		Location	Sales ¥m	YonY %	Vs. 2019 YonY %	Sales Area Sqm	Sales Density ¥/ sqm/month
1	Isetan Shinjuku	Tokyo	421,283	12.1	61.0	65,950	532,326
2	Hankyu Umeda	Osaka	365,349	16.3	51.4	98,450	309,251
3	JR Tokai Takashimaya	Nagoya	215,417	11.0	30.3	104,000	172,610
4	Takashimaya Namba	Osaka	180,981	13.7	21.0	65,900	228,858
5	Mitsukoshi Nihonbashi	Tokyo	161,653	5.7	35.6	62,300	216,229
6	Takashimaya Nihonbashi	Tokyo	160,502	7.5	22.7	47,300	282,773
7	Takashimaya Yokohama	Yokohama	142,421	5.8	10.0	56,500	210,060
8	Iwataya Mitsukoshi	Kyushu	132,914	6.7	14.3	95,500	115,981
9	Matsuzakaya Nagoya	Nagoya	131,635	3.8	13.2	86,500	126,816
10	Kintetsu Harukas	Osaka	124,292	2.6	1.8	100,000	103,577
11	Mitsukoshi Ginza	Tokyo	124,186	18.5	50.0	36,200	285,879
12	Matsuya Ginza	Tokyo	122,491	20.3	60.5	32,200	317,006
13	Daimaru Shinsaibashi	Osaka	115,261	20.4	28.7	46,500	206,561
14	Takashimaya Kyoto	Kyoto	111,509	14.6	24.5	58,000	160,214
15	Tobu Ikebukuro	Tokyo	105,946	13.4	10.8	85,900	102,780
16	Takashimaya Shinjuku	Tokyo	100,016	13.5	34.3	53,700	155,208
17	Daimaru Kobe	Kobe	98,404	7.1	32.2	50,600	162,062
18	Daimaru Sapporo	Sapporo	88,253	16.9	14.1	45,000	163,431
19	Daimaru Tokyo	Tokyo	84,513	7.9	9.2	46,000	153,103
20	Keio Shinjuku	Tokyo	82,404	4.5	14.9	45,200	151,925
21	Daimaru Kyoto	Kyoto	78,775	11.7	20.3	50,800	129,224
22	Mitsukoshi Nagoya	Nagoya	70,258	5.0	51.6	80,100	73,094
23	Hankyu Hakata	Kyushu	69,358	11.3	-0.7	41,800	138,274
24	JR Isetan Kyoto	Kyoto	64,756	1.7	-7.2	43,800	123,204
25	Hanshin Umeda	Osaka	64,756	-2.0	-1.1	53,000	101,818
26	Marui Mitsukoshi Sapporo	Sapporo	62,764	-	27.6	37,003	141,349
27	Daimaru Umeda	Osaka	60,031	9.1	-6.7	64,000	78,165
28	Tokiwa	Kyushu	53,041	-1.1	42.2	115,300	38,336
29	Tokyu Shibuya	Tokyo	50,372	-	-45.7	27,800	150,995
30	Takashimaya Tamagawa	Tokyo	48,029	3.2	-18.2	22,800	175,545
31	Izutsuya	Kyushu	47,594	5.2	-18.9	55,700	64,000
32	Fujisaki	Sendai	47,050	2.8	11.2	32,000	122,526
33	Tsuruya	Kumamoto	47,029	0.1	-19.9	69,732	56,202
34	Fukuya	Yamaguchi	45,073	-4.6	-8.7	57,300	65,551
35	Hankyu Kobe	Kobe	42,981	6.3	-4.2	45,500	78,720
36	Meitetsu	Nagoya	38,499	-8.4	-22.9	54,900	58,438
37	Yamakataya	Kyushu	38,328	1.1	0.1	48,500	65,856
38	Tenmaya	Okayama	36,838	-1.0	-12.6	52,000	59,035
39	Isetan Urawa	Saitama	36,288	-6.7	-5.2	32,200	93,913
40	Odakyu Shinjuku	Tokyo	35,775	15.0	-16.7	9,300	320,565
41	Keikyu	Yokohama	35,490	2.3	-9.6	42,000	70,417
42	Isetan Niigata	Niigata	33,995	-5.4	-20.8	24,400	116,103
43	Takashimaya Kashiwa	Chiba	33,665	-3.1	-9.8	24,500	114,507
44	Tobu Funabashi	Chiba	32,366	1.9	-13.2	36,450	73,996
45	Odakyu Machida	Tokyo	31,894	8.1	-	19,100	139,154
46	Isetan Tachikawa	Tokyo	31,859	-1.2	-8.8	37,500	70,798
47	Takashimaya Iyotetsu	Shikoku	30,562	-4.5	-42.5	43,000	59,229
48	Entetsu	Shizuoka	29,948	1.7	-	35,600	70,103
49	Matsuzakaya Ueno	Tokyo	27,319	7.5	-	21,700	104,912
50	Mitsukoshi Sendai	Sendai	26,347	-3.4	-	33,800	64,958

Source: Company Reports; JapanConsuming *Some companies manage multiple s under one branch. Sogo Seibu not included

A TALE OF TWO FORMATS: TOP 50 DEPARTMENT STORES

As Chart 5 shows, only 11 stores in the top 50 posted lower sales last year but, among the 100, only 62 saw growth compared to 83 the year before, again revealing a widening gap.

18 stores managed double-digit increases but this was down from 25 stores the year before, reflecting the slow down in VIP and inbound sales in the last three months of the financial year.

While the number of stores posting higher sales decreased, overall annual growth for the top 50 averaged 5.7% and 8.7% against 2019. However, large urban stores carried the rest; the number of stores exceeding ¥100 billion increased from 12 in FY2023 to 16, led by Isetan Shinjuku, Hankyu Umeda, JR Nagoya Takashimaya, Matsuya Ginza, and Mitsukoshi Ginza, which all posted record sales.

But even the worst performance, from Meitetsu, was a drop of just 8.4% and only three stores contracted more than 5%. The bigger concern is the long-term trend – i.e. without the inbound bubble – with 13 stores in the top 50 still around 20% below 2019 sales and many more of the smaller stores still to rebound at all from Covid.

As with companies, weak clothing sales at the store level remains an issue, with only half of stores in the top 50 increasing sales last year. While 50% of stores increased sales of womenswear, only 30% posted higher menswear sales and around 25% for childrenswear.

Almost everyone is aware of the need to reduce dependence on the always fickle, and now contracting, inbound tourist traffic, and a variety of ideas are emerging:

Apparel

In apparel, leading stores are swapping out wholesaler brands in the mid-price range for a mix of luxury and lower priced higher cost performance ranges.

Isetan Shinjuku, for example, unveiled an updated 4th floor luxury clothing section in November 2024, as part of its store-wide "high-sensitivity, high-quality" strategy, evolving into a luxury lifestyle-oriented store that goes beyond just clothing. New products include the introduction of Louis Vuitton's women's line, as well as Phoebe Philo and Auralee. Prime Garden, its store-curated sales area, was revamped, resulting in a younger customer profile in her 30s and early 40s.

Over in Nagoya, Matsuzakaya updated 60% of its womenswear brands but, at the same time, introduced more accessories, scents and cosmetics into the fashion floors, again resulting in a younger customer profile. Unlike Isetan, it sees the higher prices of luxury brands as an opportunity to introduce new, moderate priced ranges with higher cost performance.

Takashimaya has taken a similar approach, working with a smaller number of core supplier partners (around 28) to develop more unique ranges that offer better value than previous wholesaler brands – not a particularly high barrier.

VIPs

The mot du jour at all big stores and chains is, of course: Gaisho. VIPs drove the sharp increase in sales during and after Covid and the success of some chains, in particular, Isetan-Mitsukoshi, in using technologies to develop much deeper personal relationships. This has lead to a 4.2 point increase in the sales share of fashion accessories since FY2019 to 17.5% and a 3.3 point increase in Jewellery/Watches to 10.1%. Many initiatives now seek to expand Gaisho sales further:

Isetan-Mitsukoshi is creating VIP events to sell products not available in store, such as cars, real estate and even high-end musical instruments. Its recent "Tanseikai" event at Isetan Shinjuku generated sales of ¥6.8 billion alone, and another called "Ippinkai" at Mitsukoshi Nihonbashi also

exceeded forecasts. The chain is promoting a one-group external sales structure by leveraging group assets such as data to organise responses by forming teams of buyers, in-store sales staff, and other staff members and sharing customer information.

Daimaru-Matsuzakaya is aiming to convert its top app-based customers into Gaisho customers through incentives and special events.

Takashimaya has introduced a new sales support system called SFA which it hopes will allow its Gaisho team to better analyse customers and promote product customers would like.

TOURISTS VISIT BUT DON'T SPEND

As is clear from Chart 6, following a dramatic decline in inbound tourist sales growth, sales then went negative from this calendar year. While footfall fell much less, tourists didn't buy in large part because of the yen which has risen from a low of ¥160 to the US dollar to around ¥145. Luxury brands increased Japan prices by as much as 15% in some cases, reducing the appeal further. To add salt to the wound, weaker economic data in China has reduced spending power and travel.

The type of tourist has also changed, with many more repeat visitors, who spend instead on travelling to more remote areas and on experiences and dining more than goods.

However, early data from major chains suggests some improvement in August tourist sales.

Again big chains are aiming to reduce fluctuations by focusing on foreign VIPs through apps and other forms of direct communication, including more and larger VIP salons, in-store personal concierges and special events. Isetan-Mitsukoshi's new global app garnered 50,000 registrants in the first month, for example, and Takashimaya targets 8,000 customers for its new VIP card, up from 1,500 at launch.

Chart 6: Tourist sales at department stores, 2022 to July 2025

Source: JDSA; JapanConsuming

OTHER REPORTS BY JAPANCONSUMING

JAPAN CONSUMING

NOVEMBER 2023

IN THIS ISSUE

Onward on the march

Monthly Report

JapanConsuming is a monthly report that offers subscribers an easy, fast way to keep up with retail and consumer trends, deals, marketing ideas, competitor strategies, and all the latest store and consumer data – in a clear, concise format.

JapanConsuming is read by companies ranging from luxury goods firms like LVMH, sports companies such as Adidas, cosmetics brands like L'Oreal, food businesses including Danone and fashion retailers across all price points from Giorgio Armani to Zara and H&M.

The monthly report is for those operating in Japan, those planning to, and anyone that wants to know about one of the largest consumer markets in the world.

Each month, we cover most consumer sectors as well as retail trends, strategy, winners & losers, consumer sentiment, company performance and future trends. JapanConsuming is above all, about relevant, concise and usable, information.

To receive a sample, please email us.

For more information, please click here.

ONLINE ORDER FORM
(FOR INVOICE TO YOUR COMPANY)

BUY ONLINE
(PAY BY CARD IN MULTI-CURRENCIES)

JapanConsuming

Real Insight on Japanese Consumer Markets

This report was produced by JapanConsuming. JapanConsuming is a research business dedicated to analysing Japanese retail & consumer markets to help businesses understand Japan. For more information on Japanese consumer markets, including monthly reports, in-depth sector reports, custom research, and market entry consulting, please contact us.

www.japanconsuming.com

info@japanconsuming.com