

Deployments in JR East Under-Viaduct Spaces and Ekinaka Commercial Spaces

JR East Lifestyle Business Development
Headquarters

Introduction

'Thriving with Communities, Growing Globally' is the catchphrase for the JR East Group *Management Vision V — Ever Onward* released in October 2012. In 'Thriving with Communities', JR East 'draws a blueprint for the future together with members of the community as it does its part to build vibrant communities'.

In lifestyle services, JR East is promoting 'attractive urban development centred on stations'. This is done by dealing with changes in the business environment, such as ageing of society and globalization, and demands from customers and the community while consolidating attractive services and functions at stations. Stations are the 'face' of the town and by going forward with three types of urban development in line with these features, JR East is aiming for stations that can be venues where people can interact.

First, in large-scale development projects at station locations such as Tokyo, Shinjuku, Shibuya, Yokohama, Chiba, and Sendai, the station is treated as a single town and efforts are made to increase the value of the station in conjunction with group companies operating businesses at the station. Moreover, JR East aims to increase the value of the area as a whole starting from the station by coordinating with local governments and companies around the station. Tokyo Station City is one example.

In the project to develop the neighbourhood around Shinagawa Station, which is one of the largest in Japan, transportation base functions will increase greatly. Therefore, JR East is aiming at 'urban development' that will be internationally attractive and coordinated with the local community, going against conventional ideas.

Second, JR East is promoting network development of stations in the greater Tokyo area not only as points, but also as lines and areas where a railway line and the trackside are considered as one. In this way, the company is promoting creation of trackside brands that can be chosen by customers. This integrated development heightens trackside attractiveness matching customers' needs and makes people want to live near JR East lines.

Specifically, JR East reorganizes facilities and services

and promotes urban development by means such as formulating strategies for each line and renewing buildings near stations in accordance with the strategy. This promotes development that makes use of site features.

Third, JR East is coordinating with local governments and others to promote urban development centring on stations in provincial core cities facing population decline. The company is making coordinated efforts with local governments to revitalize communities and enhance public functions and community functions by renovating station facilities and updating buildings near stations. It is also aiming for stations to become the 'face' of the city and entire surrounding area with high-level convenience for both locals and visitors by enhancing gateway functions, etc.

Efforts to Increase Trackside Value by Using Under-Viaduct Spaces

The Chuo Line Mall Project, which started with the grade elevation between Mitaka and Tachikawa on the JR East Chuo Line, is currently underway and studies are in progress to formulate strategies for areas along major lines such as the Keiyo, Yokohama, and Nambu lines to be followed by development plans based on these strategies. This unique urban development is based on sharing trial-and-error ideas with trackside local governments and citizens.

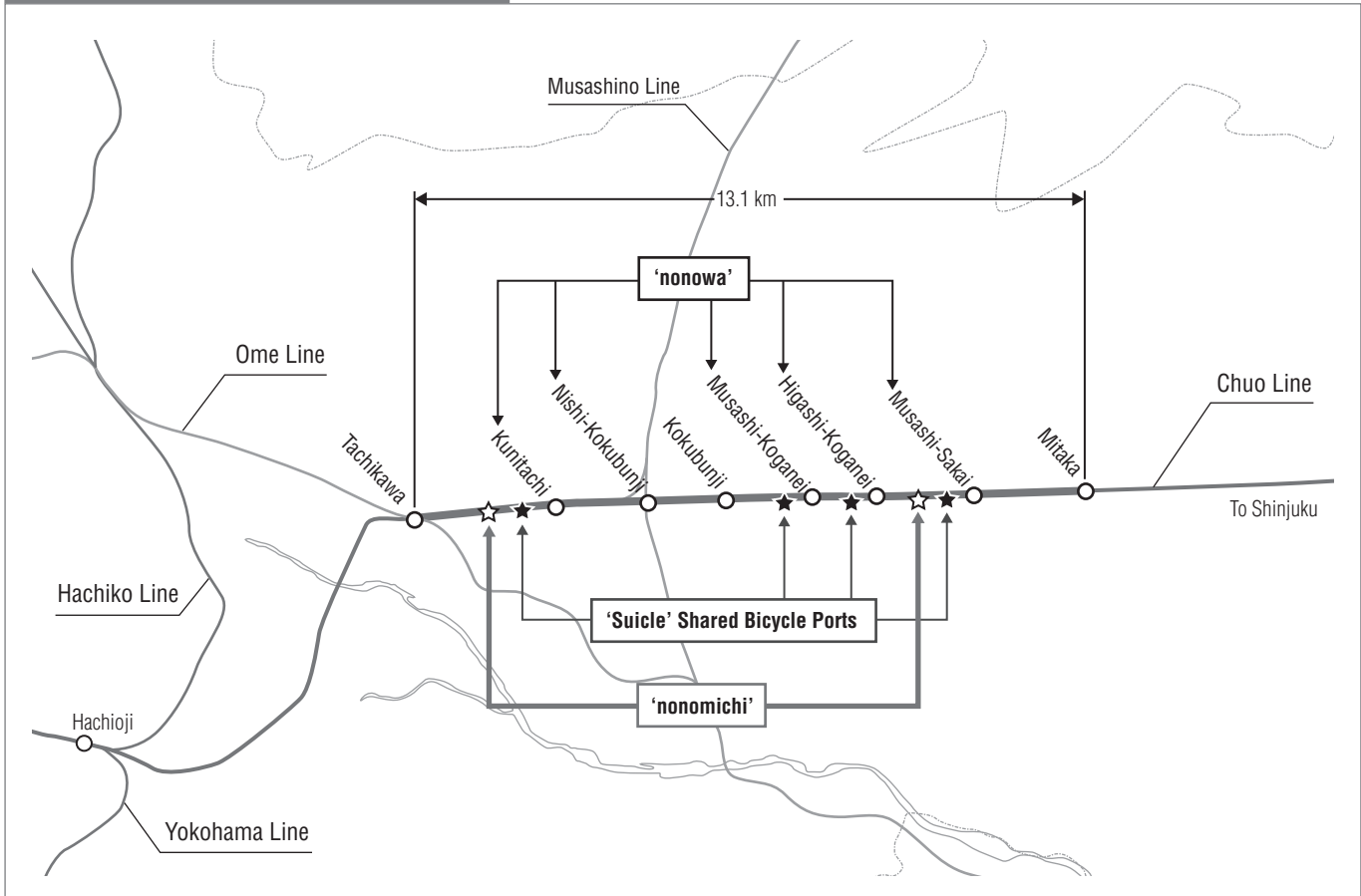
In Tokyo, small- and medium-sized businesses with a local flare and individuality are being developed utilizing under-viaduct spaces. They aim to create new flows of people in harmony with the local community by incorporating local history and features in their development and by expressing local individuality.

Chuo Line Mall Project

The 13.1-km continuous grade separation project between Mitaka and Tachikawa on the JR Chuo Line was completed in November 2010, creating a giant development space of about 70,000 m² under the viaduct.

The Chuo Line Mall Project (Fig. 1) started from this opportunity. The project goes beyond just using the new

Figure 1 Location of Chuo Line Mall Project



'nonomichi' promenade

(JR East)

space for car and bicycle parking or for warehousing disaster supplies; there are plans to build attractive integrated commercial and community facilities, creating an invigorating lifestyle space. The objective is to connect the station and town and increase the attractiveness of stations as faces of the town, thereby increasing the value of the Chuo Line trackside.

The JR Chuo Line Mall Co., Ltd. was established on 1 December 2010 to implement this project and is proceeding to invigorate trackside areas by developing and operating commercial facilities, running station businesses, and coordinating with the local community. Specifically, it runs businesses at the Musashi-Sakai, Higashi-Koganei, Musashi-Koganei, Nishi-Kokubunji, and Kunitachi stations and in areas between these stations. At the Musashi-Sakai, Higashi-Koganei, and Kunitachi stations, it runs station-related operations, such as securing platform safety and operating ticket gates. The company also develops and operates the 'nonowa' business at the five stations and the 'nonomichi' promenades under the viaduct as well as promotes community-based activities for building the trackside brand.

The nonomichi promenades have facilities supporting residents' lives, such as health clinics, and are also developing mobility centres for the elderly along with cafés, workshops, and other spaces where anyone can gather or relax. Botanical plantings evoking the image of the Musashino area, signs offering local information, and other contrivances make it fun to walk through the promenades, while warm lighting creates spaces with an uncluttered feeling. The promenades also feature community gardens and terraces as well as cafés, and deck terraces, creating new venues for community interactions.

'Suicle' shared bicycle ports for picking up or dropping off bicycles at four locations including under the viaduct near Higashi-Koganei and Musashi-Sakai, operate 24-hours-a-day, 365-days-a-year to encourage movement around the area. Bicycles can be borrowed in three ways—season ticket, temporary, or visitor (1 day) according to the user's circumstances, such as commuting or transport to nearby tourist spots. The number of users is increasing gradually and there are plans to set-up more ports in town matching future development along the line to create a network for riding around town.



'Suicle' shared bicycle port

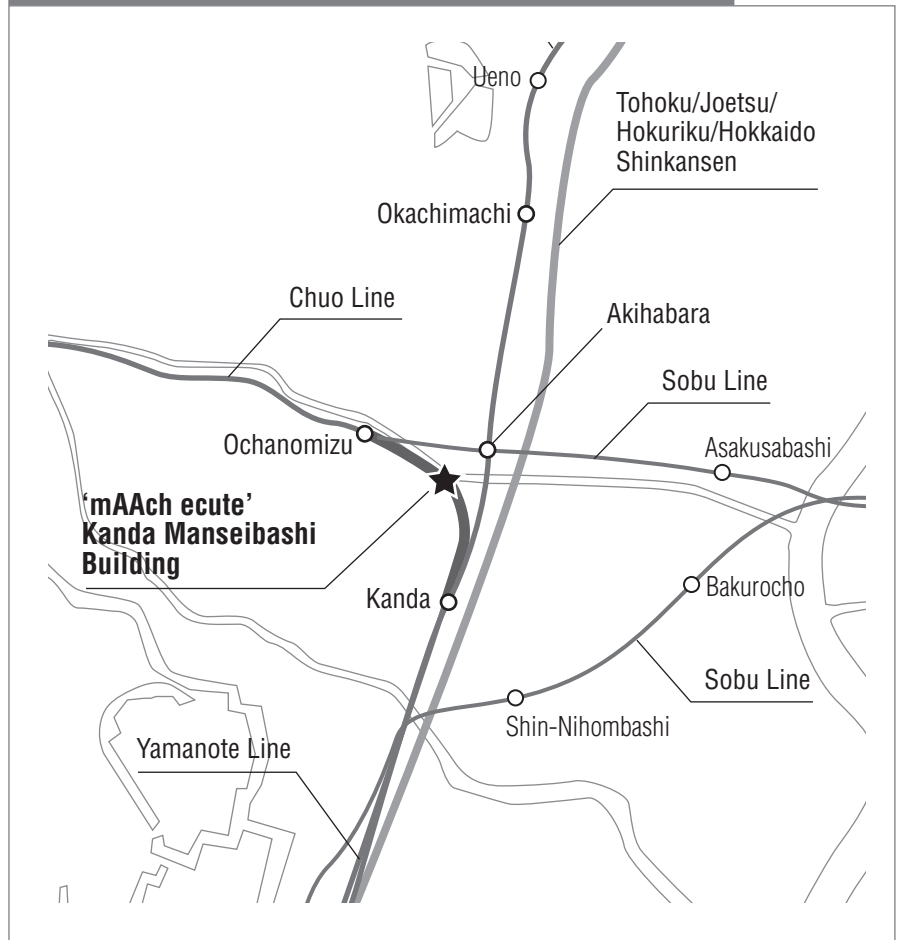
(JR East)

'mAch ecute' Kanda Manseibashi Building

JR East Kanda Manseibashi Building is a 20-story office building with two underground floors located on the site of the former Transportation Museum, which closed in 2006 (Fig. 2). 'mAch ecute' is operated by JR East Station Retailing, Co., Ltd. at the base of the building. It was developed to use the Meiji era (1868–1912) Manseibashi bridge brick arches as a landscape resource, and opened in September 2014.

The mAch ecute facility features the Fukumori café, the haluta interior brand, and other shops promoting the regional attractions of locations across Japan at Kanda. There are also shops promoting new attractions

Figure 2 Location of 'mAch ecute' Kanda Manseibashi Building



Exterior of mAch ecute

(JR East)

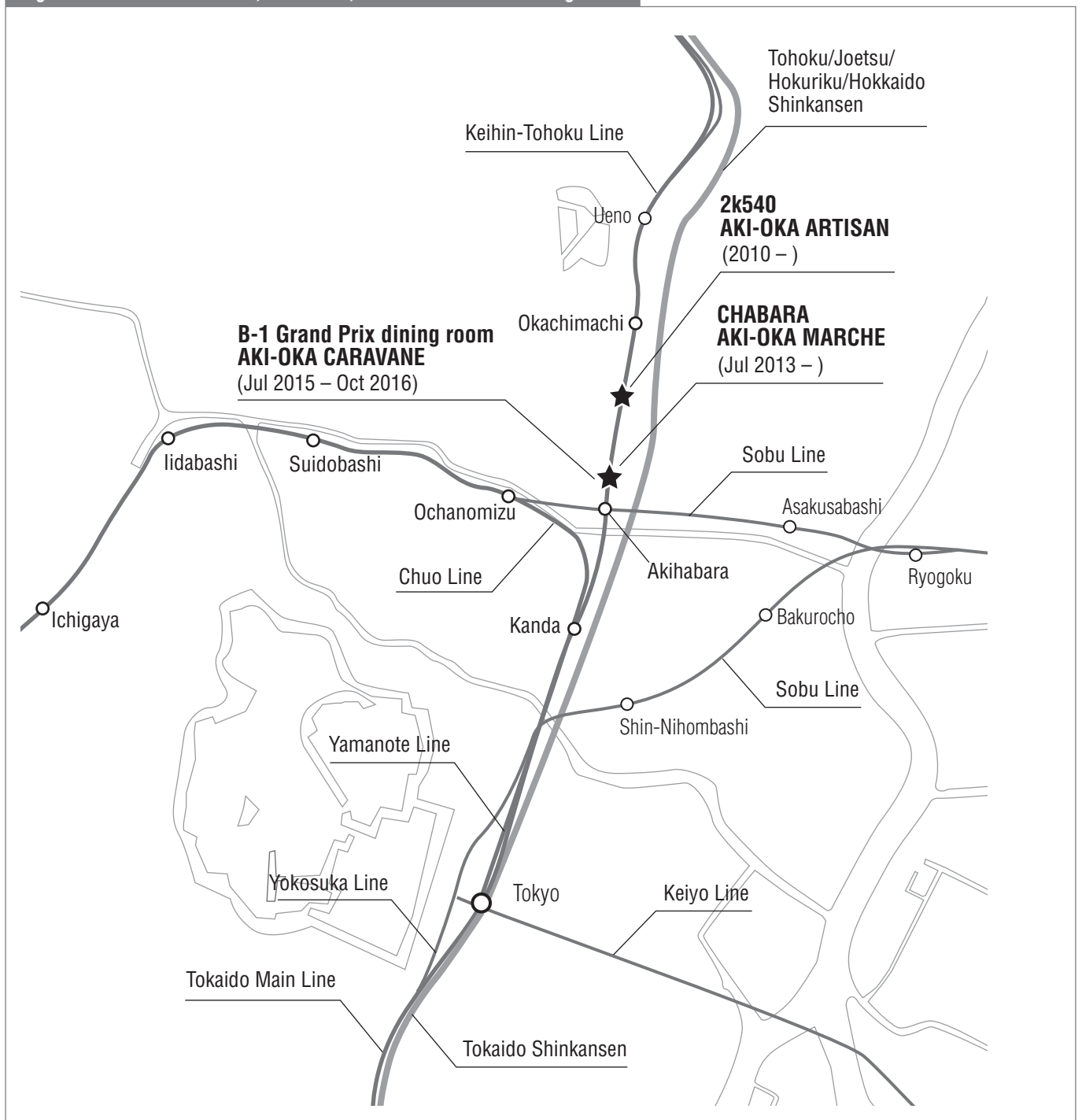
in the Kanda Manseibashi area, such as the NOAKE TOKYO sweet shop, VINOSITY domi wine shop, OBSCURA COFFEE ROASTERS specialty coffee shop, and the N3331 café bar on the platform of the former Manseibashi Station.

Activities telling the location's backstory are being carried out with roots in the community. In addition to introducing the area's history, activities include events with a regional flair, exhibitions for local artists and artisans, workshops, and walking tours.

2k540

The 2k540 AKI-OKA ARTISAN facility opened in 2010 as a craft space developed and operated by JR East Urban Development Corporation (JR East UDC) in the under-viaduct space between JR East Akihabara and Okachimachi stations to support creators (Fig. 3). Traditionally Okachimachi was where local industries such as leather goods and jewellery had thrived, and this development has recreated a base for the next generation of creators.

Figure 3 Locations of 2k540, CHABARA, and B-1 Grand Prix dining room





2k540 AKI-OKA ARTISAN facility opened in 2010 as craft space

(JR East)



Exterior of CHABARA AKI-OKA MARCHE

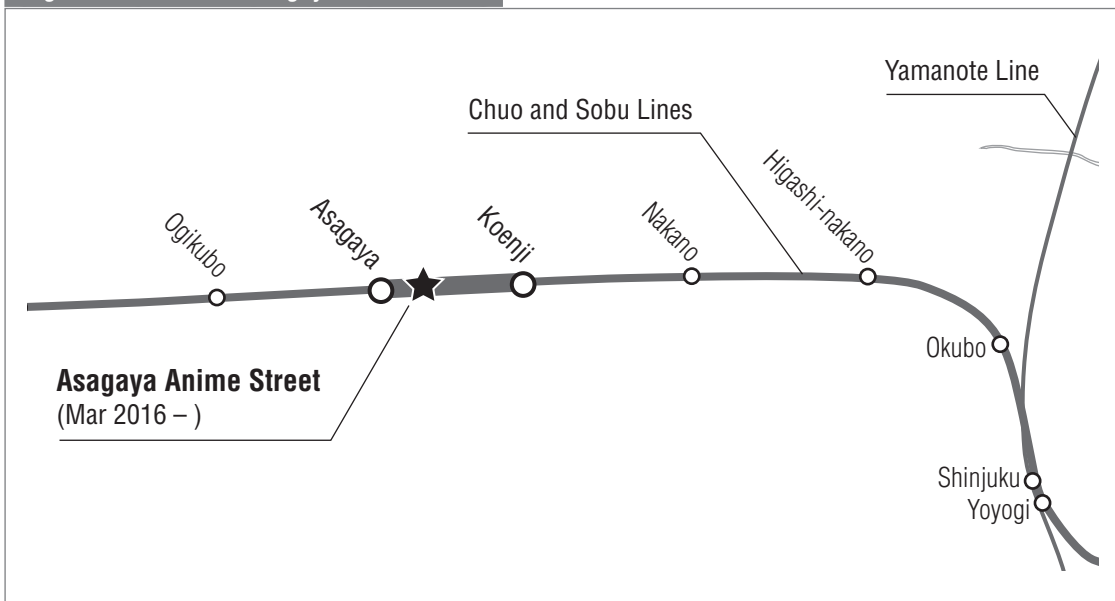
(JR East)



Asagaya Anime Street

(JR East)

Figure 4 Location of Asagaya Anime Street



In addition to permanent shops, hands-on workshops and events give people experience in craftsmanship.

CHABARA

CHABARA AKI-OKA MARCHE opened adjacent to 2k540 in July 2013 as the second project in the under-viaduct space (Fig. 3). Like 2k540, it was developed and is operated by JR East UDC. Quality goods selected from across Japan

are sold at the Nippon Department Store Shokuhinkan in the facility to connect producers and consumers directly. Events are also held from time to time with an emphasis on learning and experiencing.

The facility was built on the site of the former Kanda Fruit and Vegetable Market and created a new venue for disseminating food culture. Like 2k540, it is taking on the challenge of creating and attracting new flows of people to a seldom-visited area between stations.



ecute Omiya

(JR East)

B-1 Grand Prix dining room AKI-OKA CARAVANE

In July 2015, JR East UDC opened the first 'B1 Grand Prix dining room' in the under-viaduct space between the JR East Akihabara and Okachimachi stations (Fig. 3) as the official Tokyo venue for the 'B1 Grand Prix' event supporting regional revitalization through promotion of 37 local foods from across Japan. However, it closed in October 2016 after fulfilling its intended purpose of 'telling the attraction of communities through local foods'.

Asagaya Anime Street

JR East UDC opened Asagaya Anime Street in March 2014 in the under-viaduct space between Asagaya and Koenji stations on the JR East Chuo Line (Fig. 4). Sugunami Ward, where Asagaya Station is located, is one of the top anime (animation) production centres in Tokyo and has long been home to many studios. Asagaya Anime Street was created as a spot where animation producers and consumers (fans) can interact. This is a new type of facility where people who create and view animation can meet to promote new interactions and foster new creators. It transformed an under-viaduct space into an opportunity to bring new vitality to the animation industry in search of next-generation talent.

Present State and Future Outlook of Ekinaka Commercial Facilities

17 million people pass through JR East stations every day, presenting a huge business opportunity for the JR East group of companies. Various retail shops, eateries, and other facilities provide convenient and enjoyable services in these stations. Active efforts are being made to develop new business and open new shops meeting the diverse needs of customers inside the ticket wickets (*ekinaka*).

A station renaissance is underway to create new stations for the 21st century with the aims of developing all possibilities for stations and increasing convenience for customers. Specific measures include construction to improve facilities, such as universal design (escalators, elevators, etc.), widening concourses, and improving signs. Moreover, various efforts are underway to 'change stations', such as development focusing on the local area, while creating new business space by optimal placement of businesses in individual stations and thoroughly reviewing existing facilities.

The first large-scale station renaissance project was at JR East Ueno Station. The station building dating from 1932 was completely reviewed from customers' perspectives followed by redevelopment to create an amenity-rich and easy-to-use station retaining the historical building.

The March 2005 opening of ecute Omiya at JR East



Shops selling fresh fruits, vegetables and crafts

(JR East)

Omiya Station in Saitama created new value with an even more thorough customer orientation under the new business model for 'retail business developed in ticketed areas of stations'.

Despite these efforts, stations with high commercial potential, such as large-scale terminals, have little space for commercial redevelopment, making it difficult to maintain development momentum.

In this situation, efforts are being made to provide new value to customers and improve existing businesses to increase usage.

Improving Existing Core Business

New concept for NewDays convenience stores and kiosks

In December 2014, more than 500 NewDays convenience stores operated by JR East Retail Net Co., Ltd., started an image makeover. At first glance, the only change was a switch in the image colour from red to green, but new efforts were implemented from four aspects.

The first was creation of corners for multi-purpose activities such as product promotion and sales geared towards outside the shop. Second was delivery of

information by digital signage at shop entrances and walls inside and outside the shop using advertising media to make the most of the shop location inside the ticket wickets. Third was introduction of self-service cash registers and automatic change machines trialled previously. Fourth was changing display racks and products according to time—time-specific merchandising—to maximize use of the limited shop area. Time-specific merchandising allows deployment of products focused on women, or night hours, and is gradually increasing customer spend.

In the platform kiosk business, which has grown in line with the history of railways, new 'NewDays KIOSK' shops debuted in March 2015 to cultivate new demand by means such as enabling payment of utility bills, setting up 'health corners' to create demand from female customers, and enhancing the line of daily goods for women (cosmetics, stockings, etc.).

Innovation in Soba (Buckwheat Noodle) Business

The prevalent image of stand-up noodle shops in stations is that they are used by male company employees for a quick



GRANSTA, one of commercial facilities in Tokyo Station

(JR East)

meal during short breaks in work. To change that image, Nippon Restaurant Enterprise Co., Ltd. improved the quality level of meals by switching from pre-boiled noodles to fresh noodles, and is updating the brand to *Irorian Sakura* and *Soba Ichi* with an eye to broadening the limited customer base. It has succeeded in attracting women to a food genre that was once patronized almost exclusively by men, and shops making the switch have seen a 10% increase in sales.

Vending Machines for Women

The vending machine business has seen a large increase in sales over the past 10 years, particularly in next-generation vending machines that debuted in 2010. Even so, movements are underway to capture new customer segments. The 'naturacure' brand of vending machines started by JR East Water Business Co., Ltd. in March 2015 is one example, targeting working women who have not used vending machines much up to now.

To break from the standard perception of vending machines being where businessmen buy canned coffee, naturacure offers women many products not usually seen in vending machines, such as herb-based drinks.

The temperature range of products was also a focus, with drinks dispensed at room temperature unlike conventional vending machines.

New Value Proposal

Omni-channel sales (ekinaka on Internet)

As customer purchasing behaviour diversifies and the needs of station users continue to change, efforts in developing new sales channels have started at JR East's logistics business. Sales go beyond simply selling in stations with the aim of further increasing convenience.

JR East started a trial online shopping service in April 2014 jointly with the 'ecute' operator and other ekinaka commercial facilities at JR East Station Retailing. Based on the success of the trials, on 17 November 2014 it was announced that JR East would start a service where online orders can be picked up at ekinaka shops or delivered to customers' homes, providing year-round service and expanding the shops' product lines.

This service has been viewed positively by customers thanks to various benefits, such as not queuing behind customers who have not reserved in advance during busy



'nonomo' shop in Akihabara Station

(JR East)

seasons like Christmas. Although still in the early growth phase, ekinaka on the Internet is seeing a gradual year-on-year increase in the number of orders.

Ekiben ajino-jin

Like kiosks, the history of station *ekiben* boxed-lunch shops is closely related to railways. To invigorate ekiben shops, every summer to autumn, JR East holds the 'Ekiben ajino-jin' (tasty lunchbox battle) to decide the best ekiben of the year. Originally the event was held as part of other events, but this separate project has been held every year since 2012 over the entire JR East operations area following the 2011 Great East Japan Earthquake. Every year many votes for best ekiben are submitted to make it a successful event.

Efforts to Invigorate Communities

One of the priorities of the JR East Group *Management Vision V* published in October 2012 is 'strengthening collaboration with local communities'. As part of this effort, the company takes on 'regional rediscovery projects.' To introduce the attraction of regional foods across eastern

Japan, the company opened the nomono Ueno shop in January 2012. There are currently four 'nonomo' shops in greater Tokyo, which along with Marche shops, sell fresh fruits and vegetables, crafts, and more at eight locations across greater Tokyo. In this way, The JR East operations area is working as a whole to expand markets.

In addition, JR East Food Business Co., Ltd. has produced wild-game menu items for limited periods since 2011 at Becks Coffee shops and Becker's sandwich shops at more than 100 locations centred on ekinaka facilities in greater Tokyo. The sandwiches use venison from Nagano Prefecture and have become a hit product helping contribute to rural communities.

Evolution of Ekinaka Development

10th anniversary of ecute Omiya

ecute Omiya is an ekinaka commercial facility opened in March 2005 inside the ticket wickets at Omiya Station. ecute Omiya annual sales have greatly exceeded the ¥5.5 billion forecast before opening based on a new 'purchase according to performance' scheme, which ecute operates autonomously

with the main feature being the sales-floor merchandising structure and including employee training and sales floor environment creation. Development of other ekinaka commercial facilities is underway at Shinagawa, Tachikawa, Nippori, Tokyo, and other main stations in greater Tokyo.

In line with the 10th anniversary of ecute Omiya, a campaign dubbed 'THE OMIYA GARDEN PARTY! —10th ANNIVERSARY—' was held from 2 February 2015 to the 10th anniversary on 5 March. It included sales of limited products as well as events.

Since ekinaka commercial facilities are now common, ecute implements measures such as events with themes 'telling the story behind creating the location', which provides experiential value for the local community.

The station is a symbolic place for the town and is to some degree a public place. The support of the community is essential in doing business, and there is a need to continue 'telling the story behind creating the location'.

Destination Campaigns and Partnerships with Railways

Japan's pre-eminent Tokyo Station is enhancing management under the concept of 'Tokyo Station becomes the town' with JR East and a management council made up of group companies working to increase the value of the area centred on Tokyo Station.

Naturally, the main ekinaka targets are station users, and coordination with station facilities is a very important effort. At destination campaigns (DC) held each year by companies in the JR group in tandem with local governments and tourism operators, various coordinated measures are implemented at ecute, GRANSTA, and other Tokyo Station commercial facilities.

During the Hokuriku DC held for about 1 month from 1 October 2015, local products from Ishikawa, Toyama, Fukui, Niigata, and Nagano prefectures were exhibited, tourism promotion events were held, and dishes were provided featuring ingredients from the Hokuriku region. In conjunction, a project was held where people visited spots around Ueno and Tokyo noted in a special pamphlet to collect clues related to Hokuriku and enter a draw for Hokuriku products with 180 winners. This went beyond group companies and shop boundaries as a wide-area measure involving management council member shops as well as Ueno Station as a whole.

Future Improvements

Handling more inbound visitors

According to data from the Japan National Tourism Organization (JNTO), about 19.7 million people visited

Japan in 2015, greatly exceeding past records. The JR East group is currently working on various essential efforts targeting inbound visitors, considering future growth in lifestyle services business.

Specific efforts include expansion of duty-free shopping already available mainly at station buildings to include ekinaka facilities of GRANSTA and ecute (GRANSTA, GRANSTA Dining, Central Street, and ecute Tokyo at Tokyo Station along with mAAch ecute Kanda Manseibashi, ecute Ueno, ecute Shinagawa, and ecute Shinagawa South). Another effort is opening currency exchange kiosks and machines at Tokyo, Shinagawa, and Shinjuku stations with future expansion plans.

JR East Retail Net started handling prepaid mobile-phone SIM cards on a trial basis from November 2015 to meet visitors' needs for easy communications. These are available in the Shinjuku and Tokyo areas, which are popular locations where inbound tourists visit and stay. The good results resulted in a sales area expansion in January 2016 to include NewDays convenience stores at JR East Yamanote Line stations. Plans are also underway to conduct earnest efforts geared to inbound visitors at retail and food shops, such as point-of-purchase displays and menus.

Conclusions

Major station renovations are scheduled before 2020, and plans are underway to go forward with development of related lifestyle services businesses.

While still at the planning stage in the rapidly shortening time until the 2020 Tokyo Olympics, the concept is to meet the challenge of working to help people from around the world use under-viaduct spaces and ekinaka shops with a smile. ■

Acknowledgment

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