

With teamwork cultivated through corporate integration, we are creating a new generation of home improvement stores.



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Home improvement stores that continually change to meet customer needs

The company name “DCM” is derived from the concept of “Demand Chain Management,” distribution reform from the customer’s perspective. This is the opposite of the more conventional “supply chain management,” incorporating the idea of emphasizing the needs of the customer rather than the convenience of the supply side. This approach is reflected in our Principles of Conduct, “Demand Chain Management for Customer: Always thinking from the customer’s perspective.”

In 2016, at the time of the 10th anniversary of the establishment of DCM Holdings Co., Ltd., we adopted as our new company philosophy “Do Create Mystyle.” The slogan reflects our aim to be a company that helps customers realize their ideas and desires, which we call “Mystyle,” by doing and creating. The needs of customers are diverse, and the dreams they have for their lives continually change with the times. Our pledge to respond flexibly to such changes, and to change ourselves, is also embodied in this philosophy.

In March 2021, when DCM Co., Ltd. was created by integrating five home improvement companies, we established a value system based on the company philosophy of “Do Create Mystyle.” We formulated the Principles of Conduct

to embody this system, drawing on employee-generated ideas, mainly from younger employees. I was extremely pleased to see that “teamwork” featured so prominently alongside our aspirations for customers and local communities. This is because it was the employees themselves who included the concept of teamwork, with all employees working with mutual respect and cooperation as they fulfilled their roles. I truly felt the mindset of employees united for the sake of customers.

Capturing the essence of DIY and pioneering potential markets

Home improvement stores have changed with the times. More intense competition from companies in other industries entering the market has had an effect, but the biggest factor is the changes in customers. When I entered this industry around 30 years ago, customers were eagerly buying products to make their lives easier. Durable consumer goods such as the “big three” of televisions, washing machines, and refrigerators, along with automobiles, were becoming widespread. But I think that underlying this trend was that the sort of smaller items that make life just a little more convenient had yet to reach households.

Time went on, and as consumer goods became more common in households to a certain extent, a growing need emerged not only for products that make life more convenient, but those that enrich people’s lives, such as gardening, DIY, and pet supplies. Stores needed to expand and deepen their product lineup to meet such needs.

Further, in recent years, as more companies adopted work-from-home schemes in response to the COVID-19 crisis, employees became able to work without going to the office. With this change in lifestyle, more people began dreaming of trading their small downtown apartment for

a large house in the suburbs where they could keep pets and have a garden, and raise their children in areas with fresh air. Demographic trends such as the declining birthrate, aging population, and concentration of population in cities have supported this trend, allowing people to purchase vacant houses in the suburbs at a lower cost. This in turn has driven demand for renovation of the houses that have been acquired. In response, we have expanded our offerings in the field of DIY renovation.

Homeowners can of course hire a contractor for renovation work, but more and more people are adopting the mindset that they want to do what they can on their own. This is partly to keep costs down, but also because they are attracted to the idea of doing it themselves. We first noticed this market trend and changing needs toward DIY and home renovation around 2010, and reflected it in our store management and product development. As a test, we purchased a vacant house in Sapporo, Hokkaido, and had our employees try to renovate it. We found that it was almost impossible to renovate a house using only the products that were available at DCM stores at the time. Based on this experience, we expanded the sales floor to include products that homeowners would need for renovation, and sales exceeded our expectations. Up to that point, I think it’s fair to say that our company, or anyone in the home improvement industry, had not been able to capture the latent needs and interests of customers. Afterward, we developed a “DIY renovation” format where customers could gain hands-on experience with reform in the store, or receive advice from an employee with specialized knowledge when purchasing products. This was implemented from an early stage, and has become one of our strengths.

I consider DIY to encompass not only home improvement, but also gardening, keeping pets, and enjoying the outdoors, and even cooking and



cleaning. In other words, DIY is an activity that you do on your own, in the way that you want. In that sense, by looking at the DIY domain more broadly, we are able to meet the needs of today's customers who are seeking to enrich their lives and find solutions, not just buy things. We want to make stores more interesting, and offer new formats to uncover potential markets. One example is developing the DIY market in urban areas. Until now, DIY has generally been associated with life in suburban areas with a house and a garden, rather than the city center. In 2022, we opened DCM DIY place, a new type of urban-centered store in Ebisu, Tokyo, to offer DIY ideas and experiences tailored to customers living in the city center, and develop demand.

Strategy for a new-generation, customer-centric home improvement store

DCM Holdings is currently implementing its third Medium-Term Management Plan, covering the

period of fiscal 2023 to fiscal 2025, which aims to advance toward achieving our long-term business vision for 2030 of “transformation into an integrated business that comprehensively makes people’s lives more comfortable.” The first medium-term management plan (fiscal 2017 to fiscal 2019) and the second (fiscal 2020 to fiscal 2022) focused on the business integration and full consolidation of the home improvement operating companies under our corporate umbrella. This third plan aims for full-fledged growth building on our business strategy of creating a “new-generation home improvement center.”

The first step is to further strengthen the areas most desired by customers, such as DIY renovation, gardening, pet supplies, and leisure, allowing us to provide greater convenience, specialization, and depth. At the same time, we are developing competitive store formats for large, medium, and small stores. At large-scale stores, we have already introduced expert consultation as a section of the sales floor, so the key will be how to expand this to medium and small-sized stores. Home improvement stores in Japan have mainly been run as general merchandise stores, so store operations have been standardized based on the same concept, regardless of store size. In this latest business plan, we will clarify the roles and concepts of each store according to size. The product lineup and certain services will be refined to best suit the store size, but even our small stores will continue to be “convenient neighborhood home improvement stores” for customers. We are working to build a unique BOPIS (Buy Online Pick-up In Store) style service, so that even if a small store does not have the specific items a customer wants, the process of acquiring them will be as smooth as possible. Customers will be able to order what they need from our e-commerce site, or with assistance from store staff, and have it delivered to the store the following day or day after.

In addition, when arranging sales floors, we are paying more attention to the balance between staples (regular products) and seasonal items. Utilizing accumulated information on local needs, we will create sales spaces that offer a full line of regular products, along with the seasonal items most in demand in a particular area. This will ensure that even small stores with limited sales

areas will offer the best product lineup in the area during certain periods and for certain categories.

Sustainable value creation through DCM-style projects

The driving force for the DCM Holdings medium-term management plan is the 36-Month Project, an internal, cross-sectional organization with executive officers as task leaders. Under this project, we will execute a PDCA cycle over the three years (36 months) of the plan period, and steadily implement the measures necessary to achieve the plan targets. For each task, we set themes that must be resolved for DCM to realize its aim of being “an integrated group of businesses that help people live more comfortably,” including store strategy and product development, as well as such factors as customer contact points, human resource strategies, and digital transformation (DX) measures. The 36-Month Project is a company-wide program that must be carried through to conclusion, while at the same time, it is an initiative that anticipates the changes in society and customer needs, so it inevitably includes themes related to ESG and SDGs. As such, the measures for the 36-Month Project are closely linked to initiatives to promote sustainability.

Promoting sustainability is nothing special for DCM Holdings. This is because the basic

philosophy of DIY, taking care of things and using them for a long time, and doing the things that you can on your own, overlaps with SDGs. Accordingly, we believe that by creating a solid plan for the 36-Month Project, and having all employees implement it as part of their daily work, we can naturally contribute to a sustainable society.

In addition, we encourage the appointment of young employees to implement the 36-Month Project. We feel that by including young people in various measures such as the 36-Month Project, and in the process give them the opportunity to think about larger issues, take on challenges, and experience setbacks and successes, that we will develop the next generation of leaders. I am particularly hopeful that we will develop human resources able to create systems to respond to change, and systems that are more convenient and rational.

Message to stakeholders

Rather than thinking about the future of home improvement centers, we try to envision the home improvement centers of the future, and through back casting seek to evolve beyond the imagination or expectations of stakeholders.

We hope you will notice and appreciate our efforts, teamwork, and the changes we make to achieve this. Thank you for your continued support.

