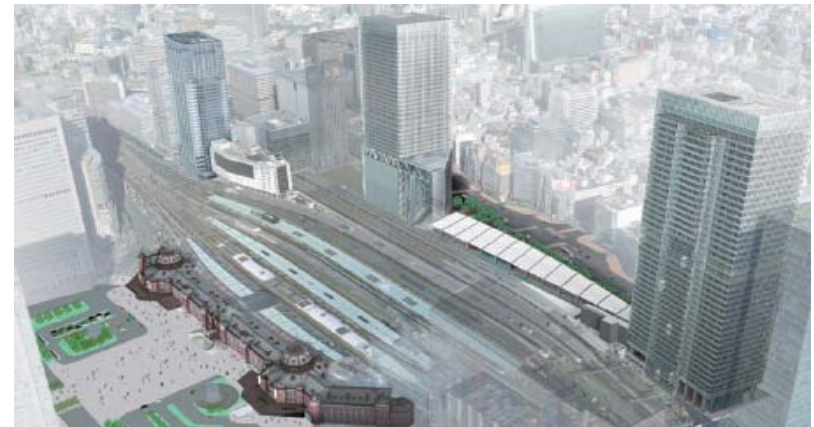




## ***Developing life-style businesses & Smartcard system initiated by JR East***



Mitsuo Higashi,  
Director of the International Department,  
East Japan Railway Company

# Presentation Outline

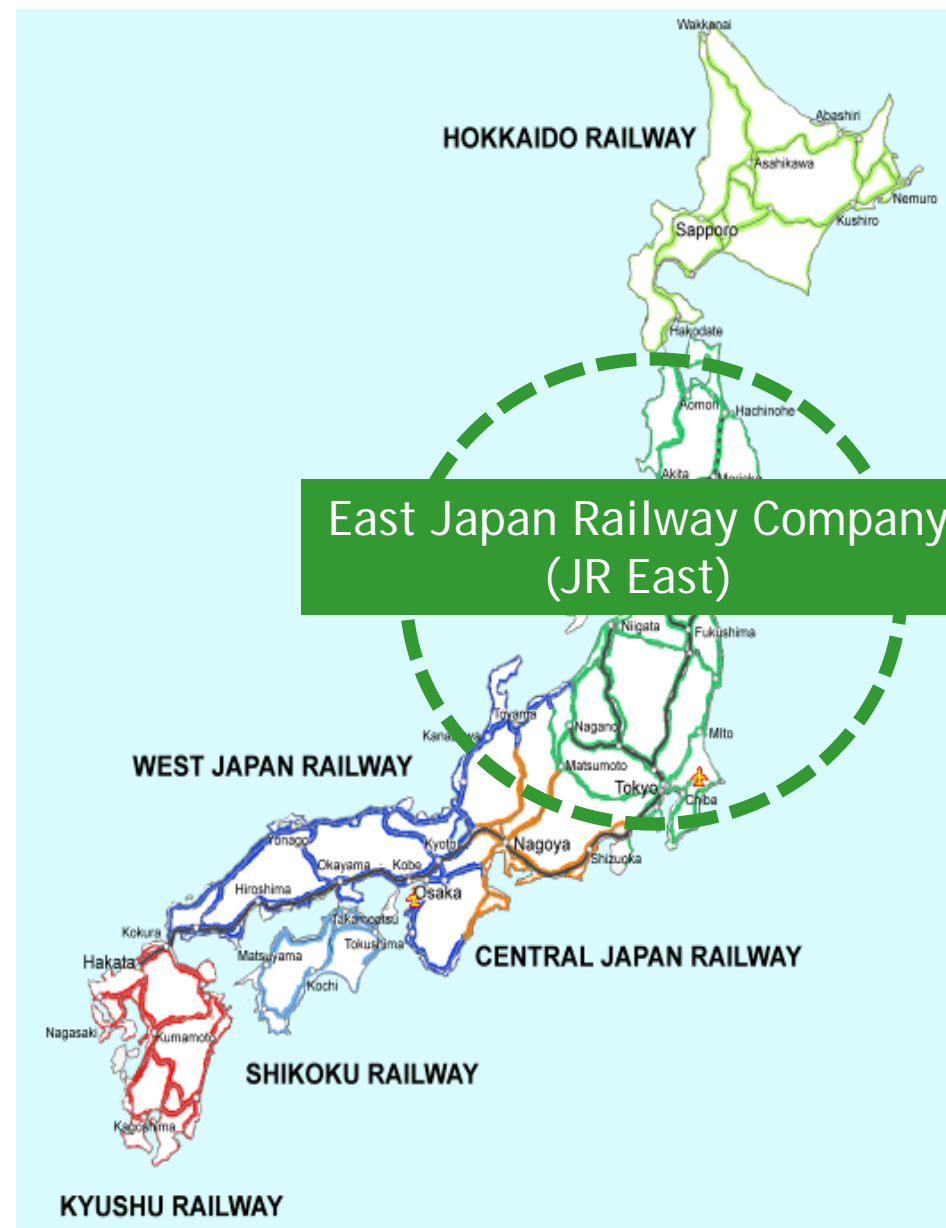
1. Brief introduction of railways in Japan and East Japan Railway.
2. Examples of station development
3. Concepts in station development
4. The Station Renaissance Program
5. Suica Smartcard System

# Brief introduction of railways in Japan and East Japan Railway.



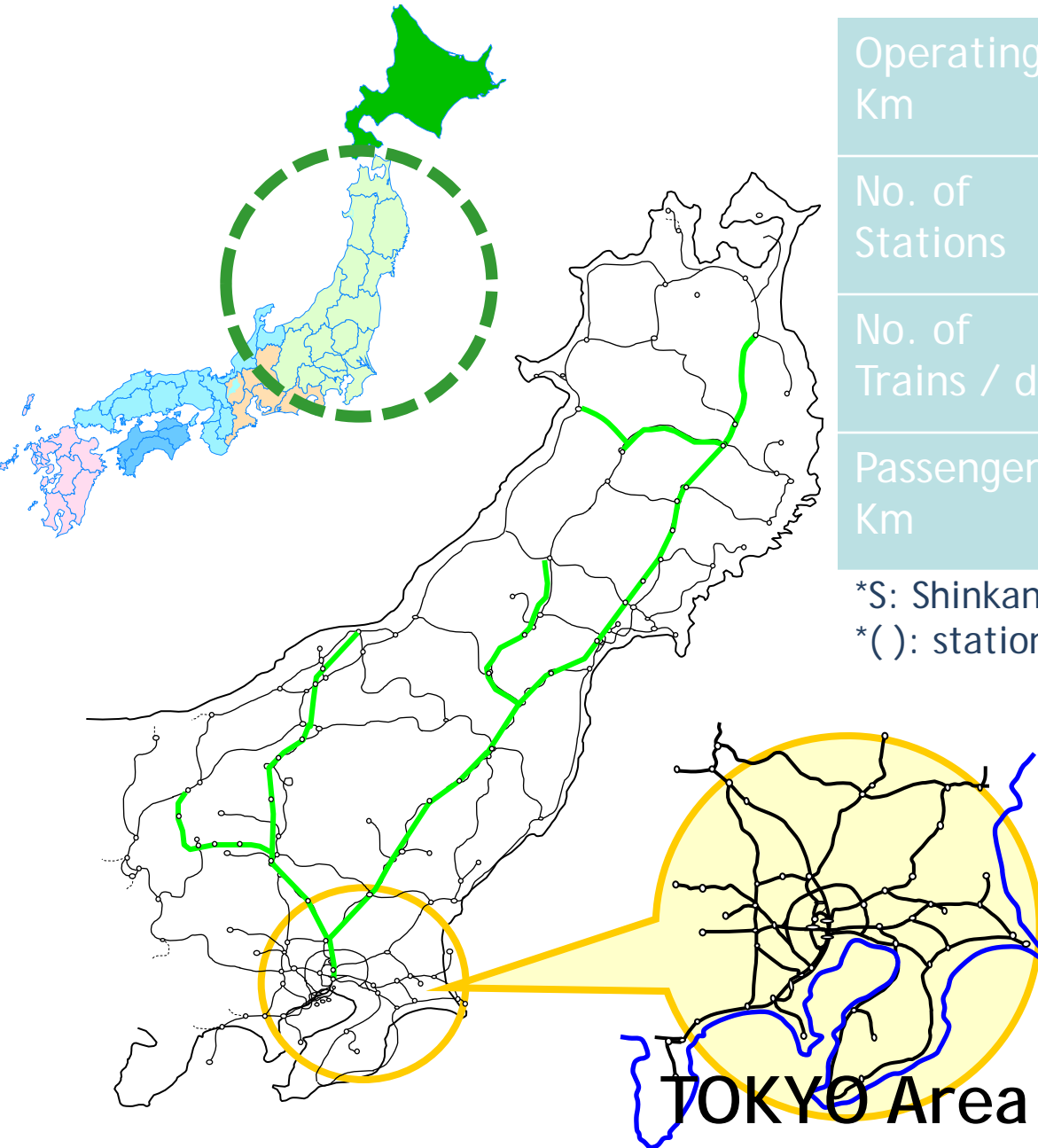
# Railways in Japan

	Railways in Japan	JR Group
No. of Operators	205	7 6 Passenger railways + 1 Freight railway
Operating KM	27 thousand	20 thousand
No. of Employees	203 thousand	122 thousand
Passenger Kms	405.6 billion	255.2 billion
Ton-Km	23.3 billion	23.1 billion



As of 2009

# Company profile of JR East



Operating Km	7526.8 km	S: 1,052.9 km
		C: 6,473.9 km
No. of Stations	1,703	S: 35 (*25)
		C: 1693
No. of Trains / day	12,667	S: 310
		C: 12,357
Passenger Km	129.6 billion	S: 19.3 bil.
		C: 110.3 bil.

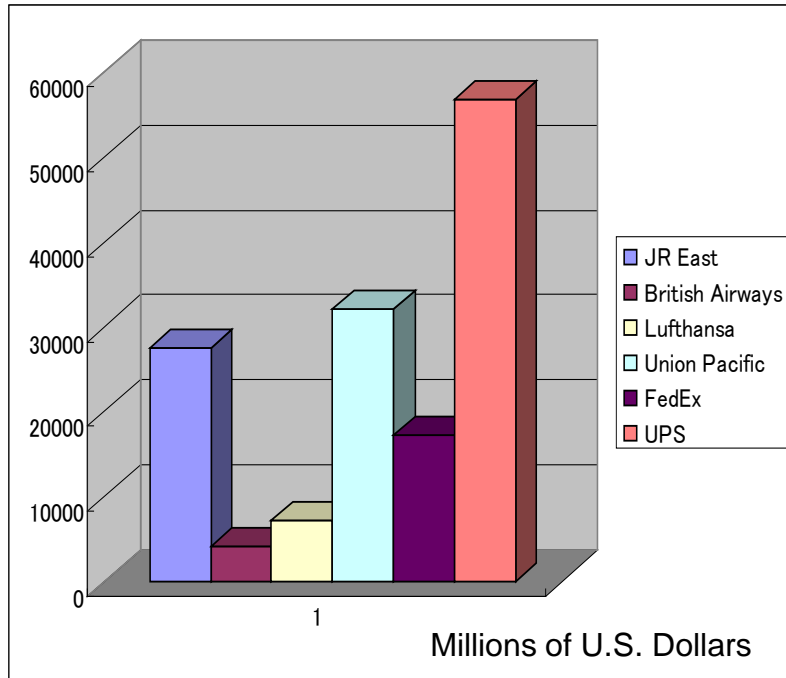
\*S: Shinkansen C: Conventional lines

\* ( ): stations also served by conventional lines

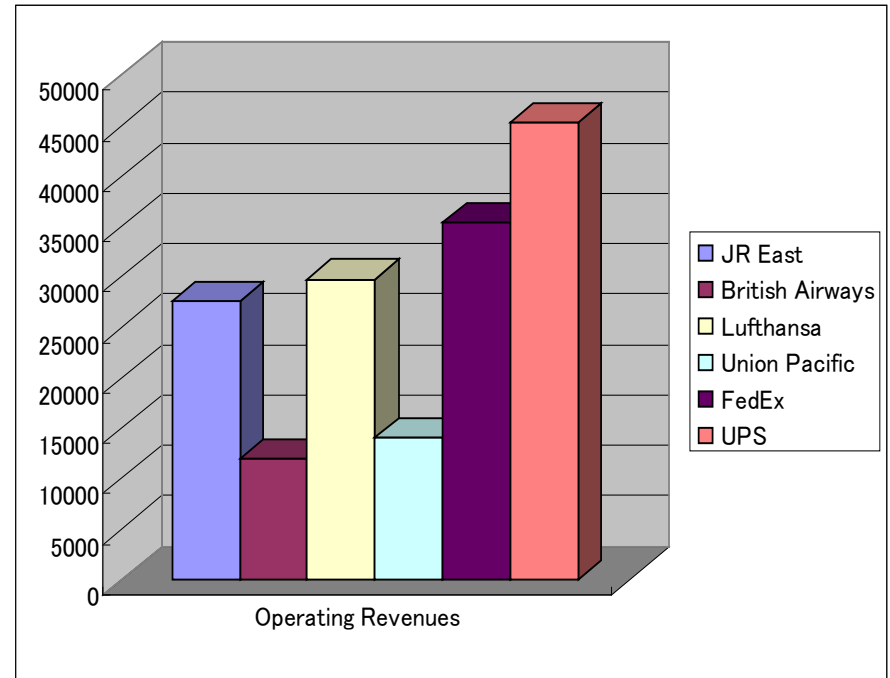
**17 million  
Passengers  
per day**

# International Perspectives

## Total Stock Market Value



## Operating Revenues



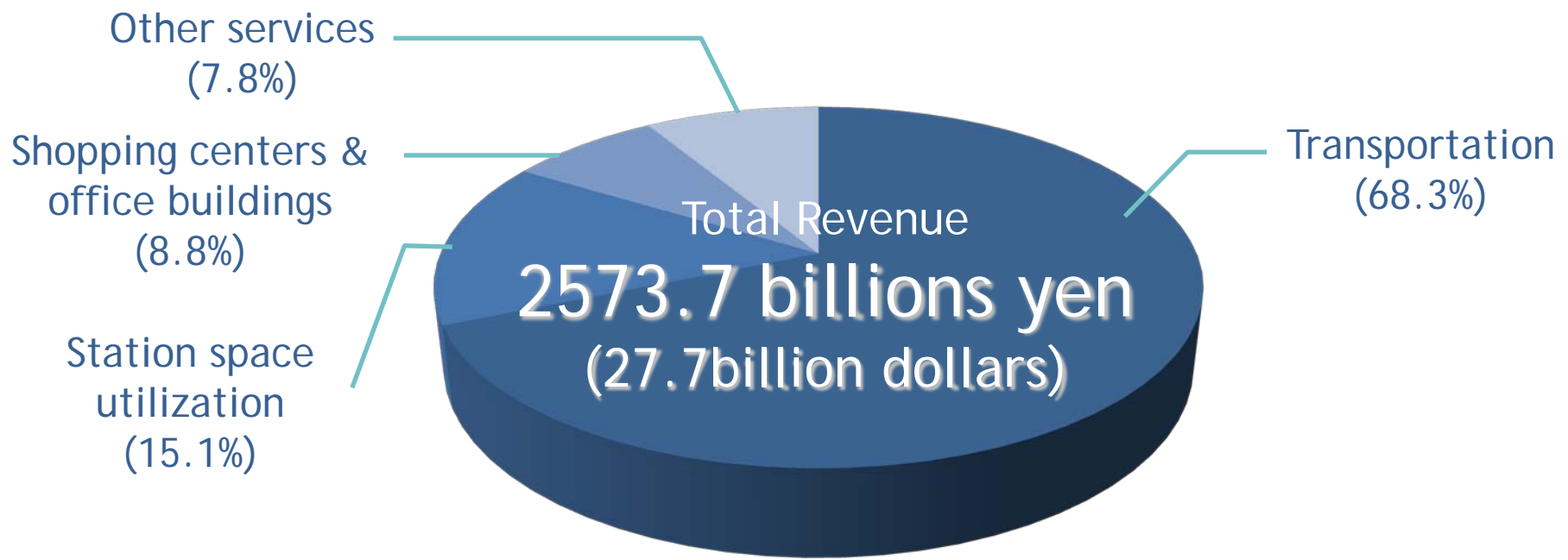
	Total Stock Market Value	Operating Revenues
JR East	27647	27674
British Airways	4233	12071
Lufthansa	7210	29859
Union Pacific	32288	14143
FedEx	17259	35497
UPS	56957	45297

Millions of U.S. Dollars

# Examples of station development



# Consolidated Accounting of JR East Group



	(Billions of Yen)	
<i>(Year ended March 31 2009)</i>	Operating Revenue	Operating Income
<b>Total</b>	<b>2573.7</b>	<b>344.8</b>
Transportation	1758.0	231.3
Station space utilization	387.1	33.3
Shopping centers & office buildings	226.9	69.3
Other services	201.7	13.5



# Large-scale station development projects( Tachikawa )

**Tachikawa station FY2009 Revenue**  
**79.3 billion JPY**

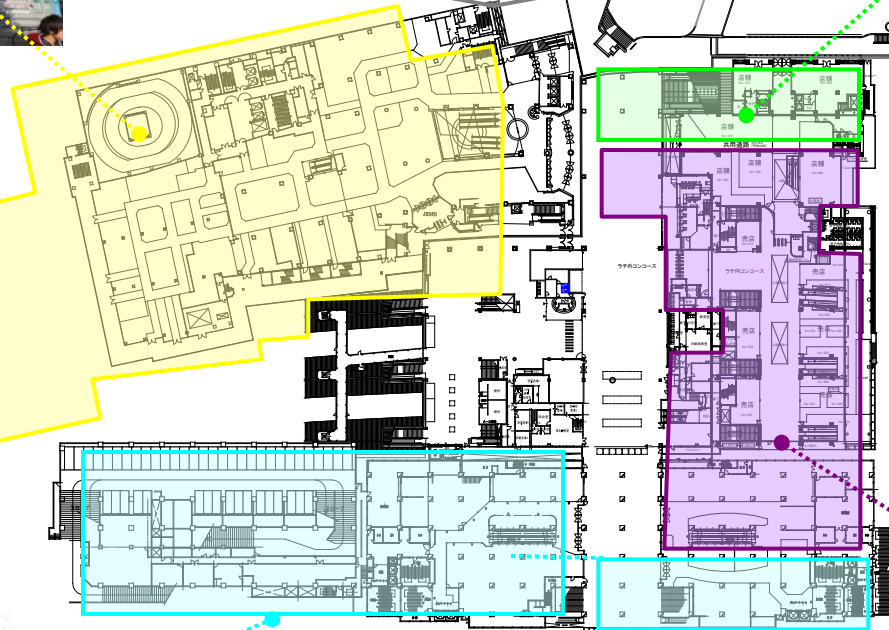
**Lifestyle services**  
**64.1 billion JPY**  
**81%**

**Rail services**  
**15.1 billion JPY**  
**19%**



**Granduo Tachikawa**  
**April 1999**  
**17 billion JPY/year**

**Lumine Tachikawa**  
**October 1982**  
**39 billion JPY/year**



**Hotel Mets Tachikawa**  
**October 2008**  
**0.3 billion JPY/year**



**Ecute Tachikawa**  
**October 2007**  
**5.8 billion JPY/year**

**Four facilities**  
**each with a different concept**  
**meeting customer demand**  
**from every angle**

Office

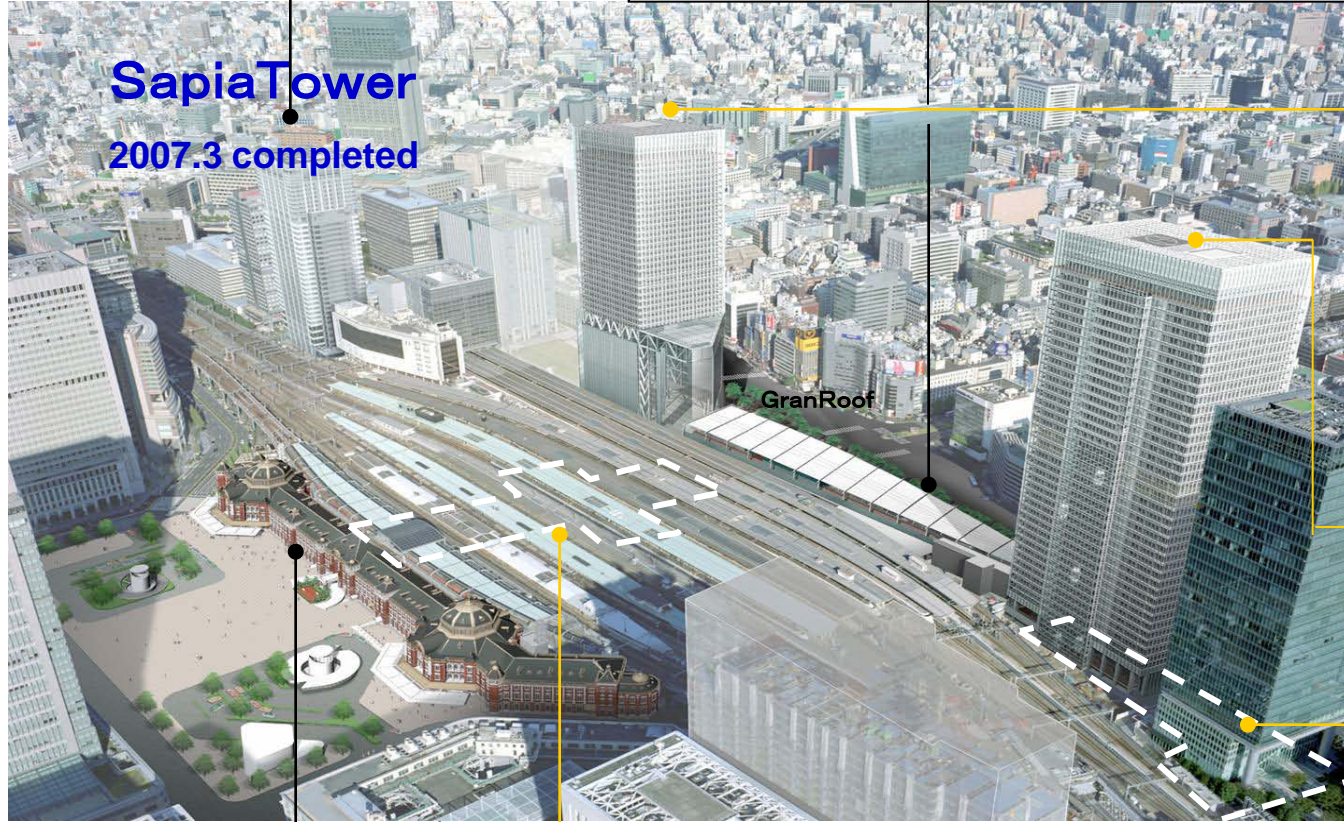
Hotel

Conference



Pedestrian deck and station facilities

**SapiaTower**  
2007.3 completed



GranRoof

**GranTokyo North Tower**



2007.10 completed  
(phase I)

**GranTokyo South Tower**



2007.10 completed

Restore and  
Conserve



**GranSta**

2007.10 OPEN



**B1 Floor in Tokyo Station**



# Concepts in station development

## Our basic development concept

The first concept is  
to develop surplus spaces in stations on a small scale.

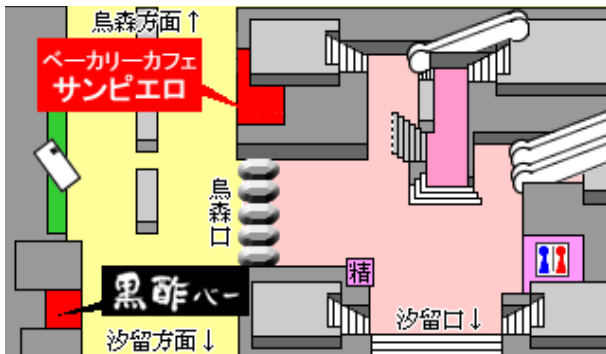
The second concept is  
to create new commercial spaces by relocating facilities.

The third concept is  
to redesign to improve  
both its railway functions and its commercial functions.

The fourth concept is  
redevelop station areas by matching our projects  
with public works that reinforce city functions.

# Developing surplus spaces in stations on a small scale

The mini bar stand and baker shop located near the entrance gate of Shimbashi station



**New Days**  
In station CVS



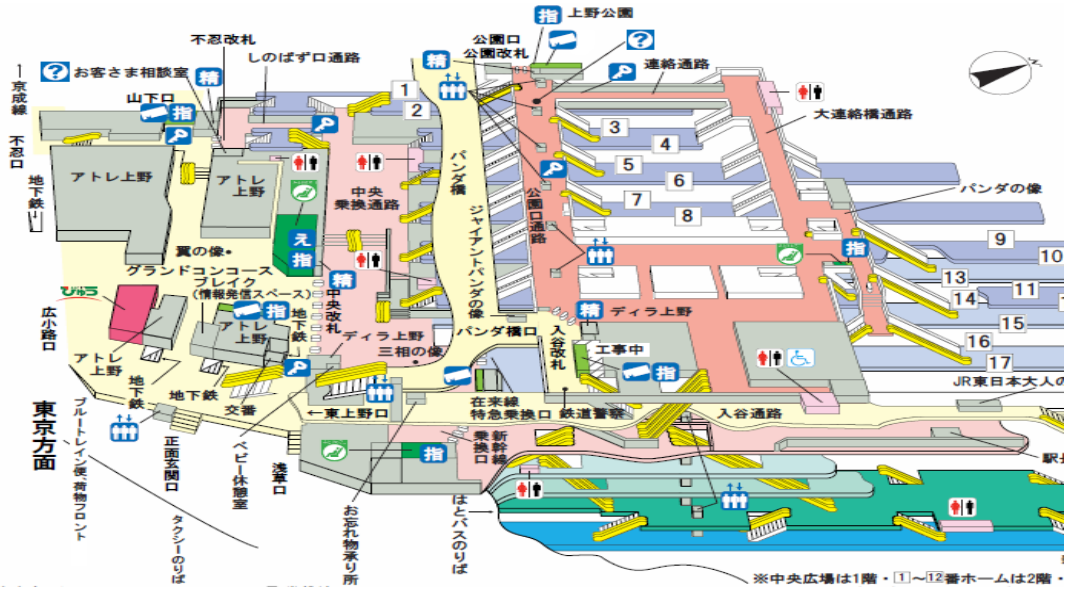
**MUJI**  
In- station variety grocery store



**UNIQLO**  
In- station casual clothing store

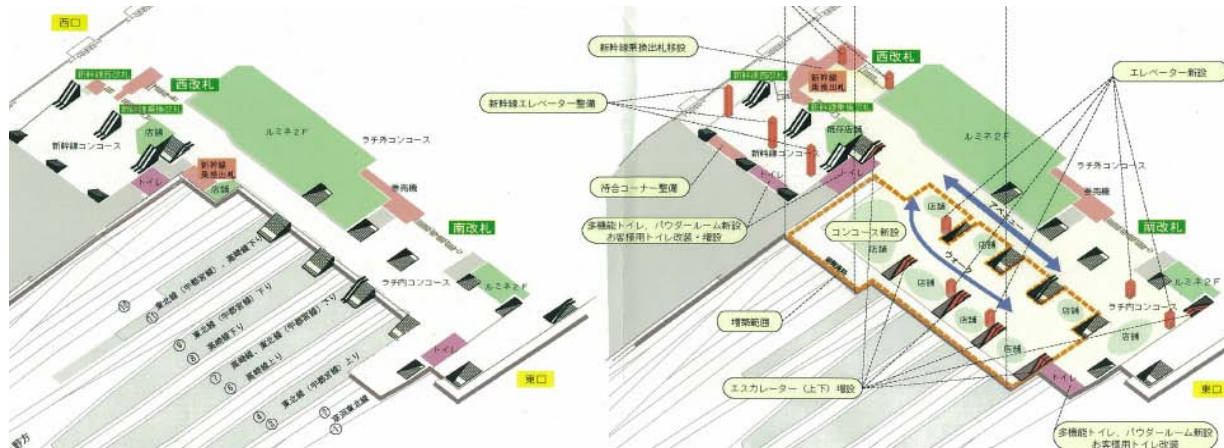
# The UENO station redevelopment project

## Creating new commercial spaces by relocating facilities

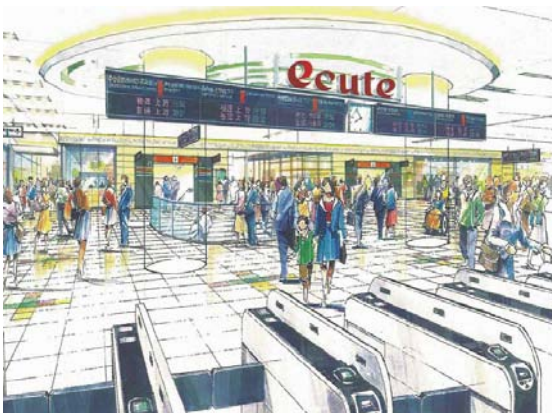


# Ecute Omiya redevelopment project

Inside station development for passengers in transit to integrate shopping zones with railway functions



Integration of railway and commercial space



Improved signboards

# Fundamental station improvement construction at Shinjuku Station



Current photo of the construction on route 20 overpass

Image picture of the Shinjuku transportation hub after completion ↓



# The Station Renaissance Program





# The Station Renaissance Program

**Stations, used by 17 million passengers per day  
(JR East's largest business resource.)**

Customer perspectives

Standpoint of group  
value enhancement

**Reconstruction of optimal facility designs from zero  
= regeneration of stations**

**Enhancement of customer service**

Integration of railway and lifestyle  
service businesses

**Creation and vitalization of businesses**

Cooperation with community and  
vendors

**Enhanced attractiveness of  
stations**

**Higher profitability  
from stations**

**Creation of Stations of the 21st Century**

# Specific examples of the Station Renaissance program



Integration of railway and commercial space  
(Cheerfulness)



Commercial space above concourse



Improved signboards



Comfortable restroom

# The Station Renaissance Program

## -Major Themes in Commercial Development -

attractive station space

**-Cluttered atmosphere of station space with incoming and outgoing passengers-**

attractive retail outlets.

**-Disadvantage of customers easily getting bored with frequent usage in daily lives-**

attractive products at the outlets

**-Consideration to passengers' usages of outlets on the way to their destinations-**

# Major Themes in Commercial Development

## -Attractive Space-



Environmental design



Enhanced seasonal decoration,



Improved lighting

# Major Themes in Commercial Development

## -Attractive Outlets-

Selection of high-profile tenants



Utilization of short span event space for weekly / monthly



Contracting methods

Leasehold for fixed period

# Major Themes in Commercial Development -Attractiveness of Products-



Visibility  
and  
appeal



Small size ,high-quality products



Original packaging

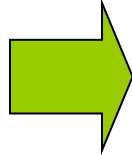
# Suica Smartcard System

 Suica



# Outline of Suica

JR East  
IC card



# Suica

(Super Urban Intelligent CARD)

**Sui-sui** (smooth gate-passing) with this **IC CARD**



- **Commuter pass**
- **Commuter pass + Stored Fare functions**
- **rewritable/reusable**
- **Rechargeable SF**



- **Stored Fare card**
- **Rechargeable**



Transport-related functions

- **e-Money function**
- **Small amount payment service**
- **Expanding SF uses**



- **ID recognition function**
- **Entrance Security System**

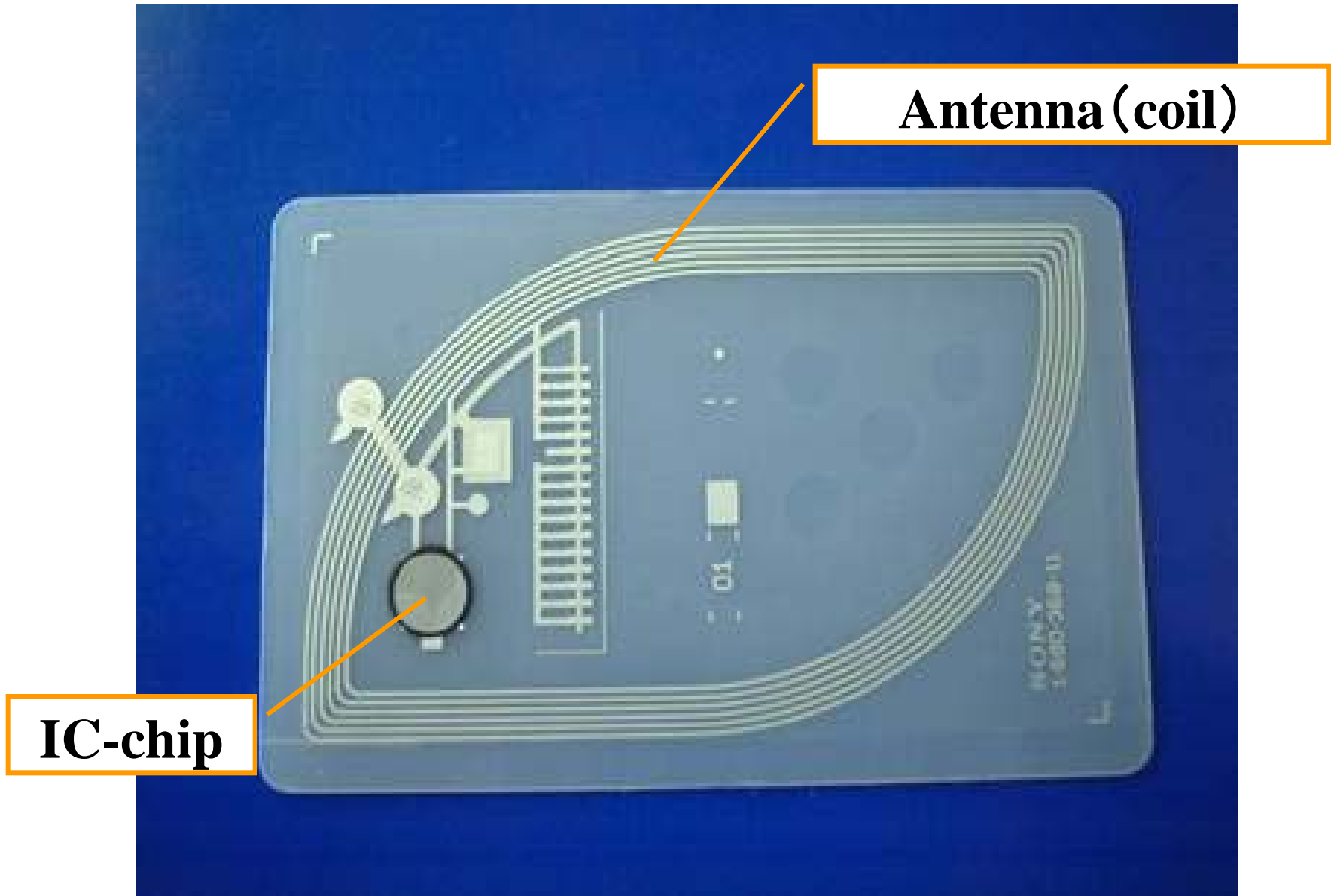


other functions

Up to 20,000 Yen can be stored in one card



# Inside IC card “Suica”



# Suica Strategy

## Public Transport Ticket

### ■JR East area

Increasing usage rate in Tokyo area  
(fiscal 2011 *Suica* / *PASMO* usage rate of 90%)  
Enabling use on all railway lines

### ■Outside area

Expanding interoperable network  
(Sapporo, Fukuoka areas)

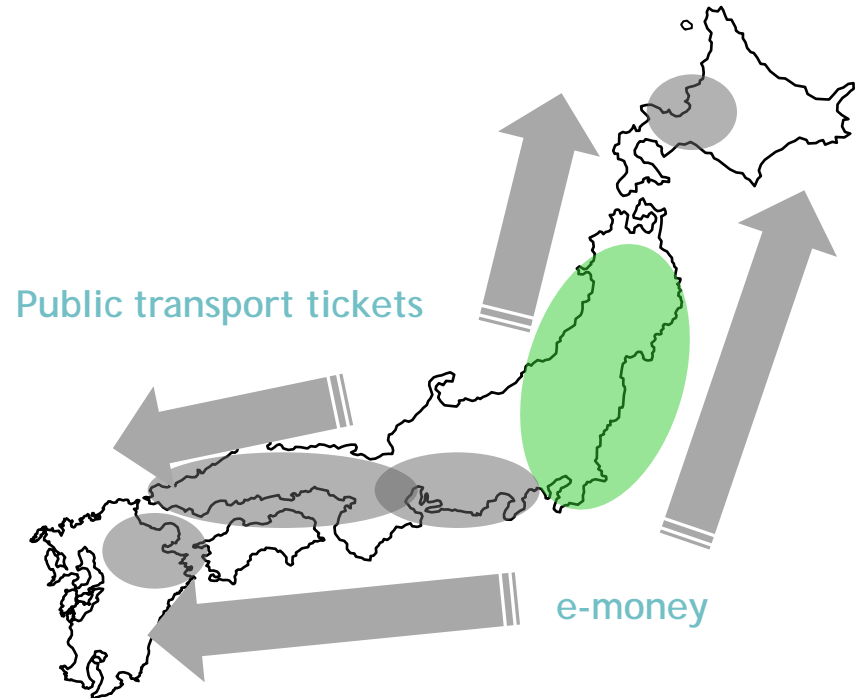
## e-money

- Establish as No.1 e-money
- Spread nationwide
- Increase tie-up partners
- Increase compatible stores

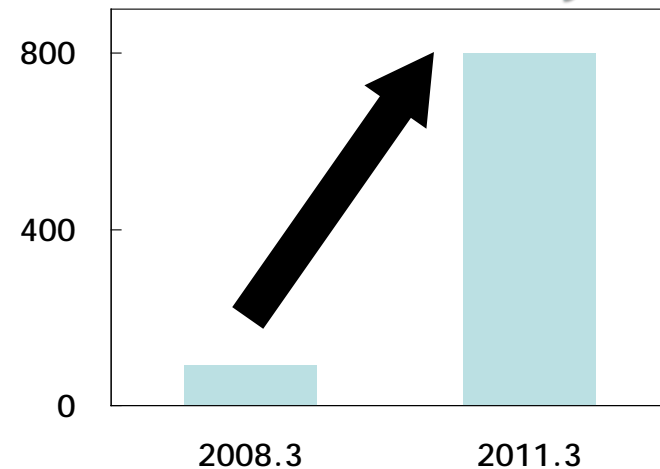
## New information business

- Use data for marketing

## ■Expansion of interoperable usage area

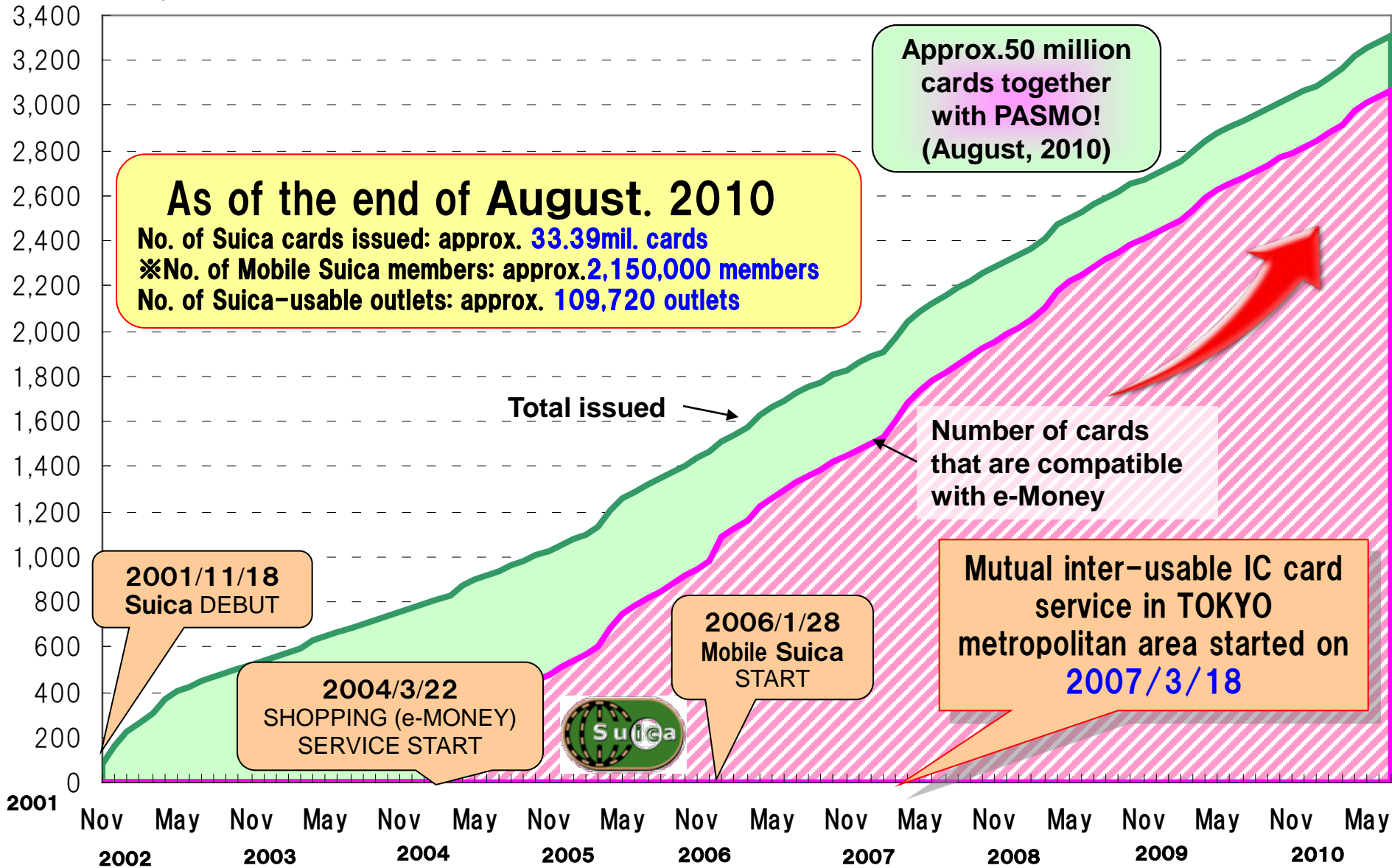


## ■Target 2011: 8 million transactions / day



# Number of Suica cards issued

( X 10,000)



# Suica Electronic Money

Suica Electronic Money service was launched in March 2004.

Suica is available at many locations such as convenience stores, bookstores, restaurants, and vending machines.



Convenience Store at the station



Kiosk



Locker



Vending machine

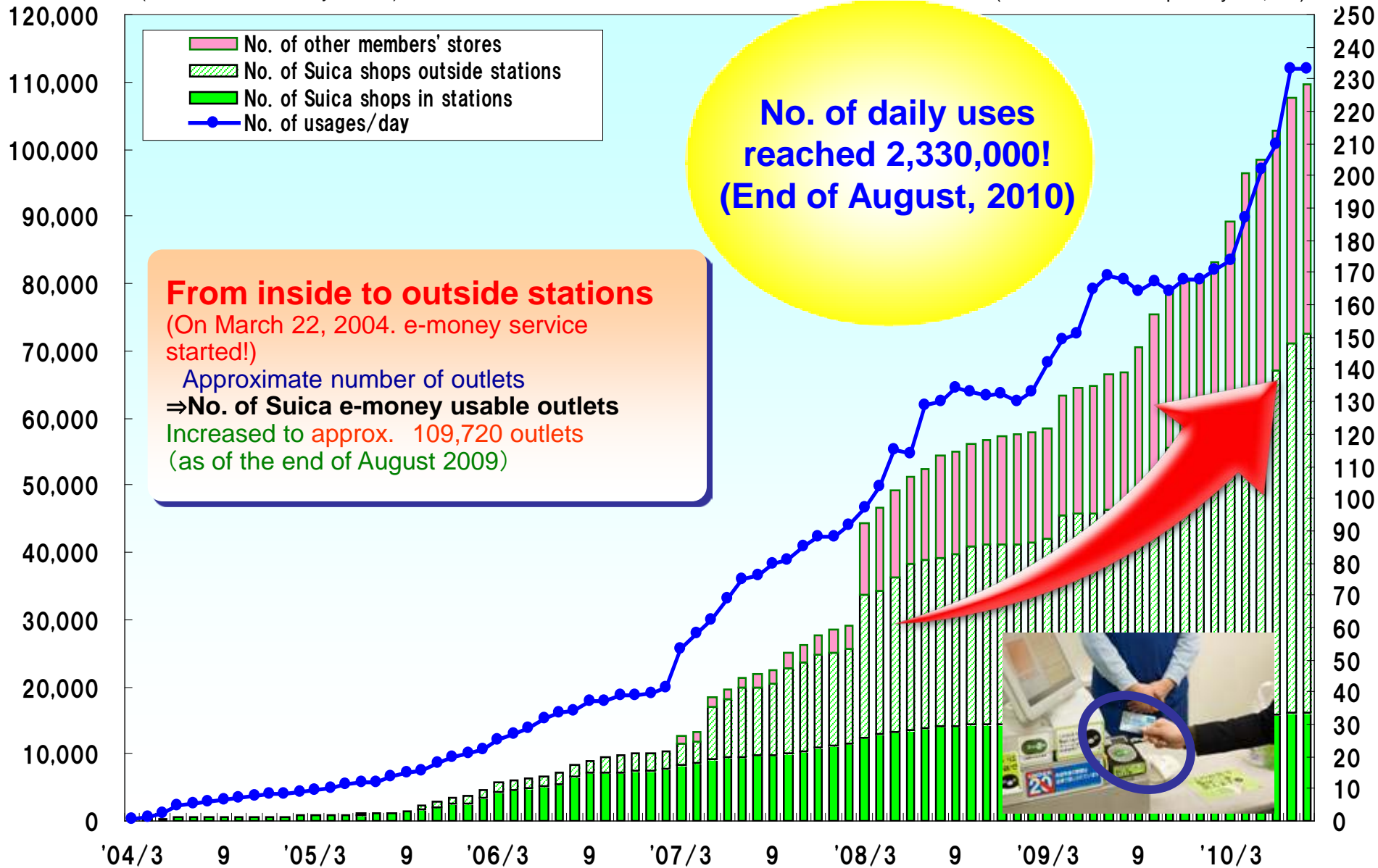


Suica can be used at stores in the station building.

# Expanding Use of Suica Money

(No. of Suica e-money outlets)

(No. of transactions per day: 10,000)

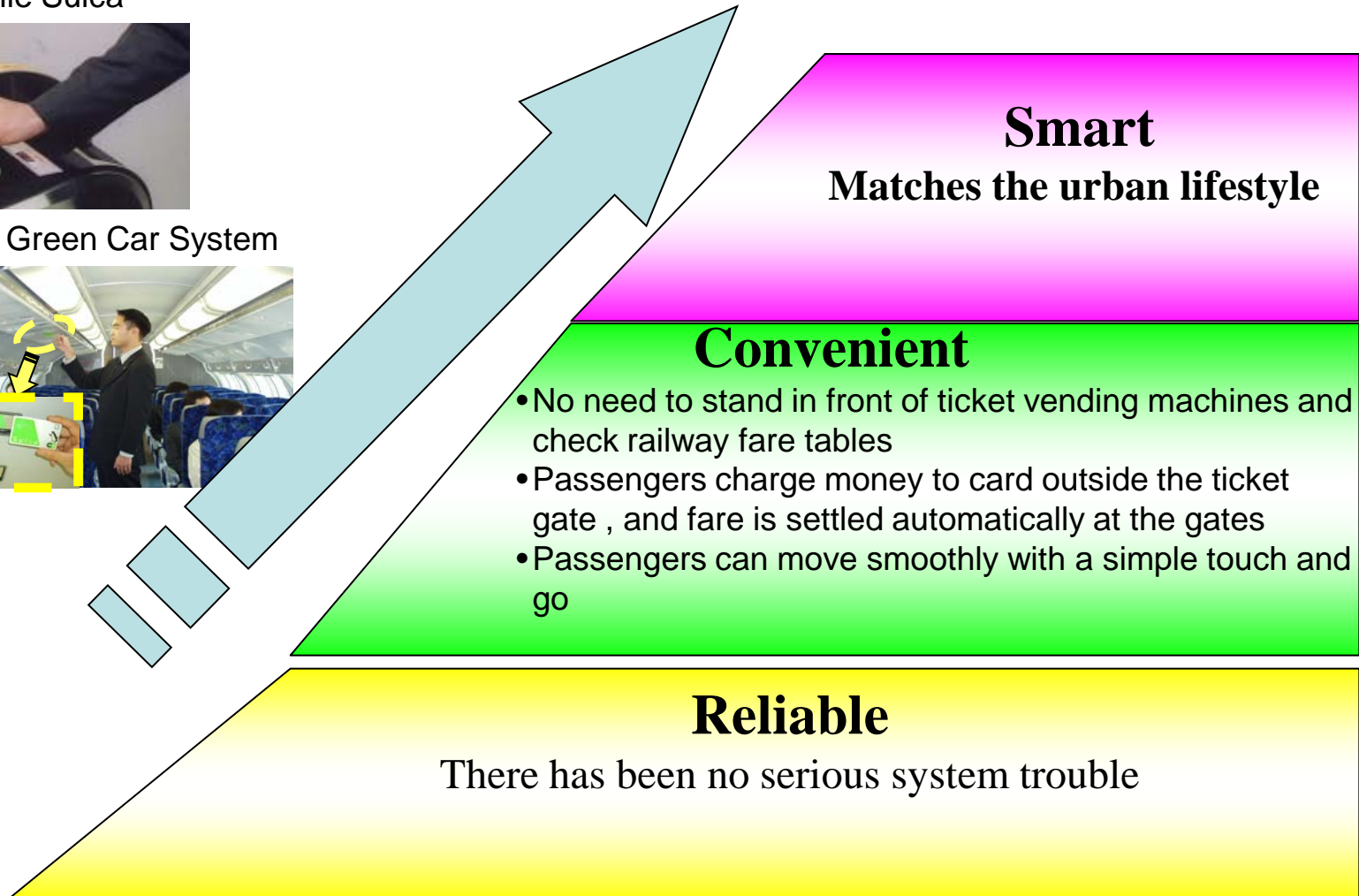


# Secret of Rapid Growth

Mobile Suica



Suica Green Car System



**Smart**  
Matches the urban lifestyle

## Convenient

- No need to stand in front of ticket vending machines and check railway fare tables
- Passengers charge money to card outside the ticket gate, and fare is settled automatically at the gates
- Passengers can move smoothly with a simple touch and go

## Reliable

There has been no serious system trouble

# Life style changed by Suica

※as of Dec 2007



**7:30**

Home security

**Suica can be used as door lock system !**



**7:35**

Ride on Bus

**Suica is available for local bus as well!**



**7:50**

Shopping at Convenience store

**The number of convenience stores that accept Suica has been increasing!**



**8:00**

Ride on Train

**Suica can be used in Tokyo Metropolitan, Sendai and Niigata area**



**8:30**

Eat in fast food restaurant in Station

**Some of food ticket vending machine is launched in many stations**



**8:45**

Ride on Subway

**Suica is also available for subway!**

# Life style changed by Suica

※as of Dec 2007



**9:00**  
Entry Office building

**Suica can be used as security system for office building as well as home security**



**11:00**  
Vending Machine accepts Suica

**There are many vending machines which can be paid by Suica**



**12:00**  
Lunch at cafeteria

**Suica can be used in many companies and universities cafeteria!**



**14:00**  
Parking Lot

**Suica can be used at many parking lot!**



**15:00**  
Coffee break

**Suica can be used at many cafés!**



**18:10**  
Coin locker for luggage storage

**Coin locker with Suica system as payment and key**



# Life style changed by Suica

※as of Dec 2007



**18:20**

Suica money can be charged by mobile phone

The Mobile Suica holder can charge anytime and anyplace through their mobile



**18:30**

Dinner at the restaurant

Many restaurants accept Suica



**20:00**

Mobile Suica with first class accommodation

The first class (Green car) Suica system



**20:30**

Sucia with One of major Shopping Center

Suica can be used at "AEON" one of the major Shopping Centers in Japan



**21:20**

Even taxi accept Suica

Suica is available for Taxi as well



**21:40**

Online shopping with Suica

Mobile suica can be used as payment for online Shopping

# Innovative Lifestyle by Suica

Changes in how we use transit



Barrier-free transit

Barrier-free living

Changes in life style

Innovations in transit and lifestyle in the Tokyo area



Suica-PASMO cards have been issued on a scale of 30 million

The Suica 'formula' is evolving into the standard for all Japan

The Suica system is part of company infrastructure

Expansion of transactions to a global scale

Through our 'lifestyle innovations' the Tokyo area has become a world-renowned 'IC Card Progressive City'

# What is Conclusion

1. With the 17 million passengers trips daily station space is the JR groups largest management resource. A variety of station facilities ,shopping centers, hotels and office space have brought about significant earning.
2. We need to convert stations from places of transit to places where people gather. To be more effectively utilize station space, development needs to be integrated with regional and community planning.
3. The most important point in station development is making the station attractive for those who use it. We need to grasp ways of consistently attracting our customers' interest.
4. Our safe and easy to use smart card Suica has demonstrate the synergy effect of commercial establishment tied in with transportation facilities in Japan.



***Thank you for your kind attention***

