



Pursue Connections with Customers

Expansion of cardholders

Amid diversifying consumer needs and consumer behavior, we are expected to understand our customers accurately and deeply and build and maintain strong relations with them. Daimaru Matsuzakaya Department Stores is working on customer loyalty strategy through customer relationship management (CRM) in an effort to continuously build relations with customers and enhance customer satisfaction as well as to increase corporate value.

The Group issues various cards including credit cards such as Daimaru Matsuzakaya Card, reward cards for cash purchases such as Daimaru Matsuzakaya Point Card, and Ufufu Girls Card and runs various membership organizations including Bridal Circle and Daimaru Matsuzakaya Tomonokai. We take initiatives to encourage sign-up for these cards and membership organizations and acquire as many new members (identifiable customers) as possible. As a result, the total number of identifiable customers of Daimaru Matsuzakaya Department Stores as of the last day of February 2015 reached 4.6 million people.

Help build relations with customers

While inviting customers to sign up for our cards and membership organizations, we analyze the purchase information of our cardholders and provide them with shopping and event information that suits their respective lifestyles to deepen relations with customers and enhance customer satisfaction.

Specifically, Daimaru Matsuzakaya Department Stores uses a customer information system “J-CIS” to scientifically support frontline sales persons who are working on “building relations with customers.” Since J-CIS is linked to MD information, we can get an early grip on the attributes of customers and changes in their purchase behavior. It also serves as an important infrastructure for sales persons to strengthen relations with customers.

“Purchase amount” can be broken down into three elements including “product unit price,” “purchase

quantity” and the “number of customers who purchased.” For example, when purchase amount decreased due to a decrease in purchase quantity, we used to approach customers who had spent a lot of money to increase purchase quantity. In some departments, however, in order to boost purchase quantity, we identify target customers to be approached from the analysis of the “frequency of purchase” and the “time of purchase” using the J-CIS system because purchase quantity is closely related to the “frequency of visiting stores.” Buoyed by these active CRM initiatives, the percentage of sales to individual cardholders to the total sales of Daimaru Matsuzakaya Department Stores in fiscal year 2014 was 70.1%, marking the fourth consecutive year of more than 70%.

Direct access to customers

In fiscal year 2008, as an effective tool to attract customers to our stores instead of newspaper advertisements and inserts, Daimaru Matsuzakaya Department Stores launched email delivery service for its cardholders named My Mail Members who registered their mobile phone email addresses. In addition, in fiscal year 2011, we launched J-CIS Mail service that brands and shops provide information on their new arrivals and events directly to the members on request.

In May 2015, former reward cards for cash purchases Daimaru D Card and Matsuzakaya M Card were integrated as Daimaru Matsuzakaya Point Card. As well as renewing the design, we changed the system to invite customers to subscribe to an email newsletter when they register online to use the card. By promoting such subscription, we can directly approach to more customers. Through the delivery of shopping and event information that suits the needs of each customer, we will further strengthen relations with customers.

Use of new communication tools

We are making an active effort to “increase customer touch points” using new communication means such as diversified digital devices, including rapidly prevailing smartphones, and social media.

In November 2013, we opened a fashion e-commerce site Click & Collect. Click & Collect is a service that allows customers to shop at their convenience and select either “home delivery” or “pickup in designated Daimaru or Matsuzakaya stores.” In October 2014, we launched a “layaway service (check of the stock at stores)” and a “backorder service (reservation of products)” on the e-commerce site to meet customer demand to “try on the products before buying them.” Now Click & Collect covers 41 brands of women’s clothing and 11 brands of men’s clothing, totaling 52 brands (as of the end of May 2015) and we will continue to increase the number of brands. With the aim of making its contents more attractive, we will deliver information through the posting of snapshots by store staff and other measures to lure customers to our stores and e-commerce site. And at the same time, we will strengthen relations with customers.

Expansion of *gaisho* customer base and development of new sales methods

In an effort to build a new department store model, the Company has striven to expand customer base and the range of products while expanding the selection of big-ticket products including watches, jewelry and luxury brands, which have been its strengths. Thanks to the expansion of value-based consumption with a focus on value for money after the Great East Japan Earthquake in March 2011 and the subsequent effect of “higher stock prices” caused by Abenomics, the Company’s sales of big-ticket items including art works, kimono, jewelry and luxury brands continue to increase year on year since May in that year.

Keeping up with these changes, the Company has promoted an initiative to “expand *gaisho* customer base” since fiscal year 2013. We set up a “team dedicated to acquiring new accounts” in the *gaisho* unit in each area and each store. We acquired 10,000 new accounts of *gaisho* customers in fiscal year 2013 and 12,000 in fiscal year 2014. In fiscal year 2015, we aim to acquire 14,000 new accounts mainly among the new rich in urban areas and we will further strengthen bonds with customers through the development of products that meet customer needs and new sales methods such as the opening of *gaisho* customer-only e-commerce site.