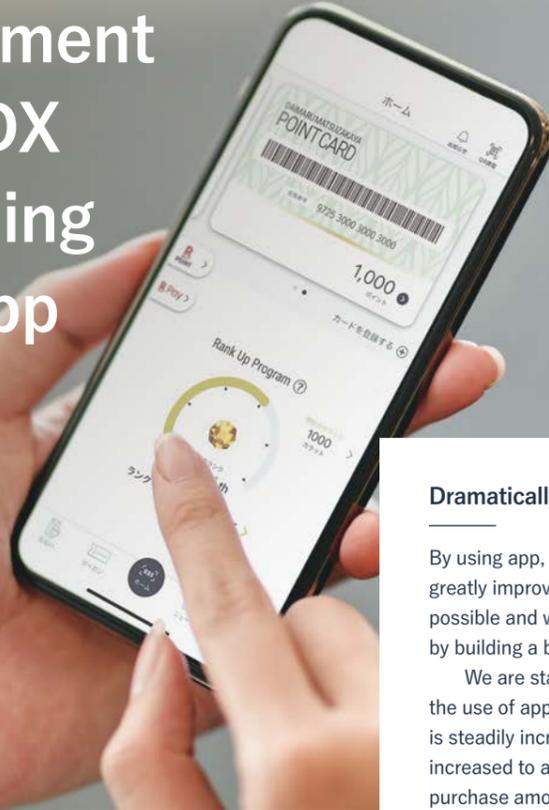


# Department Store DX Beginning with App



## Dramatically advanced CRM

By using app, the quality of digital communication will greatly improve. Personalized communication will become possible and we will be able to aim to improve lifetime value by building a better relationship than ever.

We are starting to see the new results achieved from the use of app as concrete figures. The number of app users is steadily increasing, and as of February 28, 2022, it increased to approximately 1.30 million people. The purchase amount of these users totaled ¥187.7 billion in fiscal 2021. The share of sales from app users of the total department store sales increased to 38.8%. Our analysis revealed that average spend per private label card user increased by 15.3% after becoming an app user.

The use of the purchase prediction model using app data is progressing gradually and there are many cases in which it led to the purchase of high-end watches and luxury items by potential customers in our stores across Japan. It was also equipped with single sign-on.

We will further improve the accuracy of the use of data to sophisticate CRM as well as deepening the linkage with our private label cards to strengthen and expand our customer base.

Major indicator	FY2021 results	YoY
App user sales	¥187.7 bn	+¥3.76 bn
Share of the total department store sales	38.8%	+5.8 points
Number of app users	1.30 million people	+0.44 million people
Average spend per private label card user after becoming an app user*		+15.3%

\*Extracted the card users who signed up for app in H1 FY2021 and compared their sales between before (Sep 2020 to Jan 2021) and after (Sep 2021 to Jan 2022) becoming app users

## App is the centerpiece of digital strategy

Post-digital world – The smartphone penetration in Japan has already exceeded 90% and customer touch points are increasingly shifting to digital ones. We think online and offline are no longer separate from each other and will be further merged centering on customer experience. It can be said that the use of smartphones is essential to expand customer touch points and further deepen communication.

To this end, Daimaru Matsuzakaya Department Stores issued “Daimaru Matsuzakaya app,” which is a service that responds to the ICT era, and strives to further improve customer satisfaction and sophisticate customer services using digital technologies. Its major functions include the “electronic membership card function” that allows users to earn and use points like physical cards, the “upgrading function” that provides different services according to users’ visit to stores and purchase, the “alert function” that timely provides information on good deals, and the “store information function” that allows users to check the events, topics, floor guides, etc. of their favorite stores any time.

## Two unique OMO websites were launched

In the current situation in which people are expected to keep their distance from others and their lifestyles are changing, Daimaru Matsuzakaya Department Stores strives to create new experience value by realizing OMO that centers on physical stores and merges them with digital technologies. We will overcome time and place constraints and expand “human” power, which is the strength of the Department Store, using digital technologies.

### DEPACO

#### DEPACO

In March 2022, our department store cosmetics information media DEPACO, which had already been popular, was renewed as “media commerce” that operates cosmetics information media and an online store. It was reborn as an attractive website that combines the functions of physical stores, e-commerce, and owned media. Though it is e-commerce, customers can consult and receive good service from its staff like in physical stores. It is media commerce like a physical cosmetics counter.

The editors of DEPACO and the beauty advisers of cosmetics brands deliver approximately 100 or more original articles and information on department store cosmetics every month. Its lineup ranges from popular brands in e-commerce to the brands not available in physical stores. In response to the needs to “consult across brands,” online counseling by DEPACO’s dedicated beauty advisers in the categories including skin care and makeup using the strength of the Department Store is becoming available in phases, starting with the item groups that are high in demand.

### ARToVILLA

#### ARToVILLA

The art market in Japan exceeded ¥250.0 billion and department stores are its second largest sales channel behind art dealers (approximately 20% in 2019). Particularly, the contemporary art market is expanding and contemporary art is popular among young collectors in particular. This trend is expected to continue in the future. In this situation, ARToVILLA, our first art media that communicates the appeal of art and buying art, was launched in January 2022.

ARToVILLA is a project in collaboration with people from #DOORS who opened the doors of art in their individual ways of living and are active in cultural occasions. Its concept is that people who create art and people who receive art work together to increase the perspectives of enjoying art. It provides content that lowers the hurdles to owning art online and in physical stores and delivers experience until owning art. People who “view” art are increasing but still a few people “buy (own)” art. Given this current situation, we would like to normalize buying art using unique approaches linked to daily life and make a fulfilling life with art possible for all.

## Subscription is growing

AnotherADdress, a fashion subscription business which we newly entered in March 2021, has gained popularity from more customers than expected and performs well.

It is a service to respect the intrinsic value of fashion and sustainable initiatives and aim to shift to a socially and environmentally sustainable business model based on the belief that clothes are not disposable. We would like to create fashion subscription experiences with a sophisticated brand lineup and the freedom for customers to choose what they want to wear now and build a new market which is not present in existing businesses.

Department store operators and other retailers have grown with the trends around the fashion industry such as mass production and mass consumption. However, environmental issues behind them including mass disposal have a very great impact on society and the earth. We think it is the Group’s great responsibility to face these issues seriously and change the whole business model to a more sustainable one.

Currently it handles ladies’ fashion but we would like to expand

the subscription market in the future with a view to “lateral expansion” using this business as a platform.

