

IsetanMitsukoshi Out-of-store Sales Reform

June 29, 2022

Private sales Group, Direct sales Department, Isetan Mitsukoshi Ltd.

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 - Increase in the number of platinum customers

1. Direct sales Department

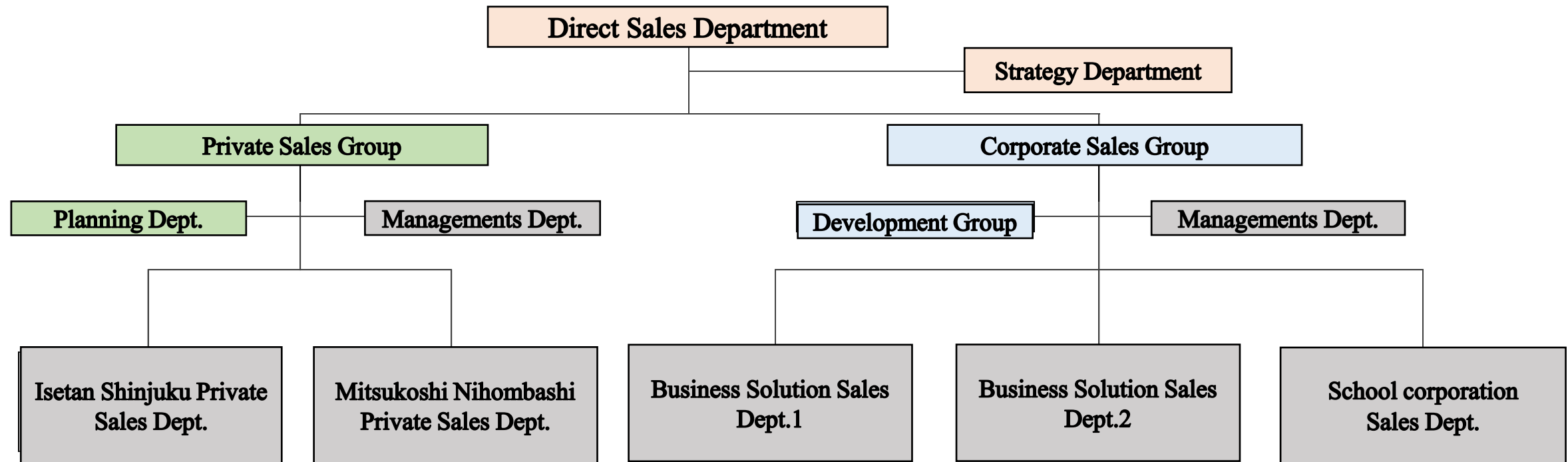
Organizational Chart of Direct sales Department

Aiming to co-create the richness of every customer throughout their lifetime, without being restricted by venues and stores
Full-scale operation of an integrated Direct Sales organization beyond goodwill began in April 2022 in order to realize Direct Sales that provides high sensitivity and quality proposals.

※Isetan Shinjuku Private Sales Dept. and Mitsukoshi Nihombashi Private Sales Dept. were integrated within Private Sales Group, and the Planning Department and Management Department were newly established.

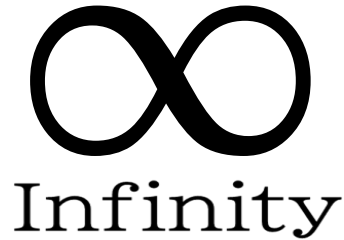
Specifically,

- Establishment of a product supply system that transcends goodwill through direct marketing and a buyer network
- Expansion of merchandising outside department stores
- Building a Product Supply System Based on Customer Needs at Regional Stores



Vision of Direct Sales Department

■ Slogan of Direct Sales Department



"Possibility is infinity "

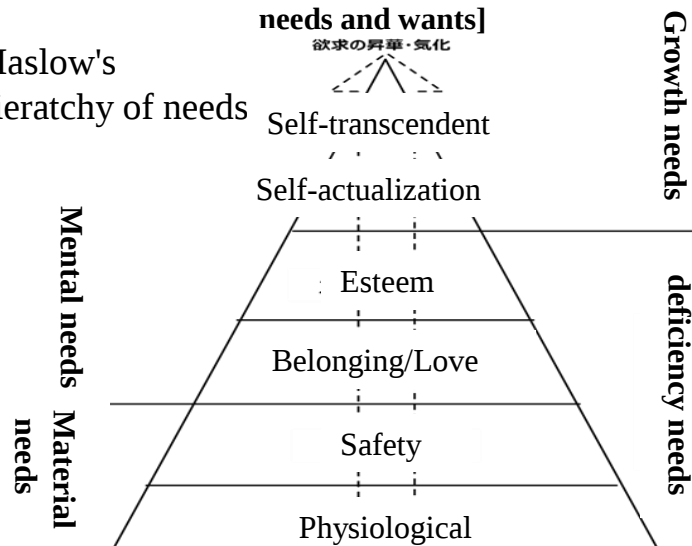
Individuals, companies, stores, and stores are linked together.

Vision: Co-creation of the prosperity of every customer over their lifetime
⇒ Direct sales: Providing high sensitivity and quality proposals that are not restricted to venues or stores and that are highly responsive

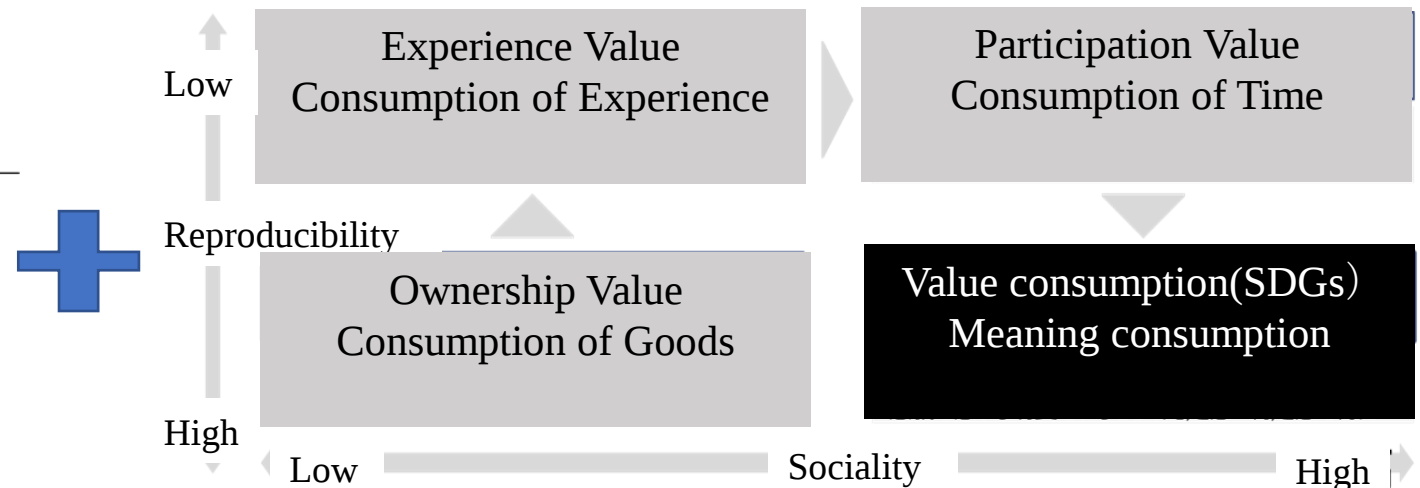
■ What is the high sensitivity and high quality offered by Direct Sales

[Stage of sublimation and gasification of individual customer needs and wants]

Maslow's hierarchy of needs



[Value provided in response to customer insight]



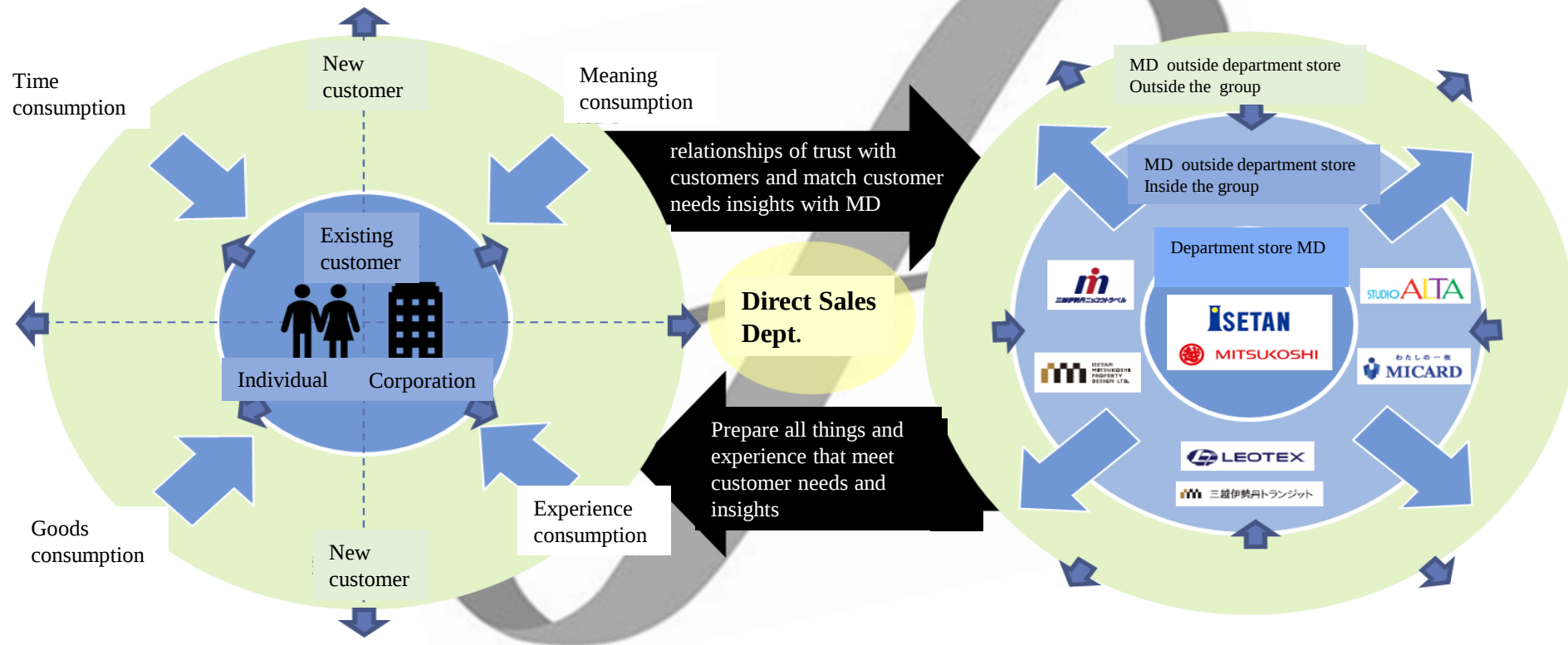
"High sensitivity and quality" aimed at by external sales means realizing proposals that "enrich the lives of individual customers (clients) from needs to insights"

Overall image of sales activities

■ High sensitivity and quality provided by Direct Sales Department

[Virtuous cycle of customer base and value provided (MD)]

- Expand customer base by expanding wallet share of existing customers and acquiring new customers
- Expanding MD within the Group and expanding alliances outside the Group to sublime content provided to customers' entire lives



“Possibility is infinity ” links an infinite number of individuals, companies, stores, and stores.

2. Overview of Private Sales Group

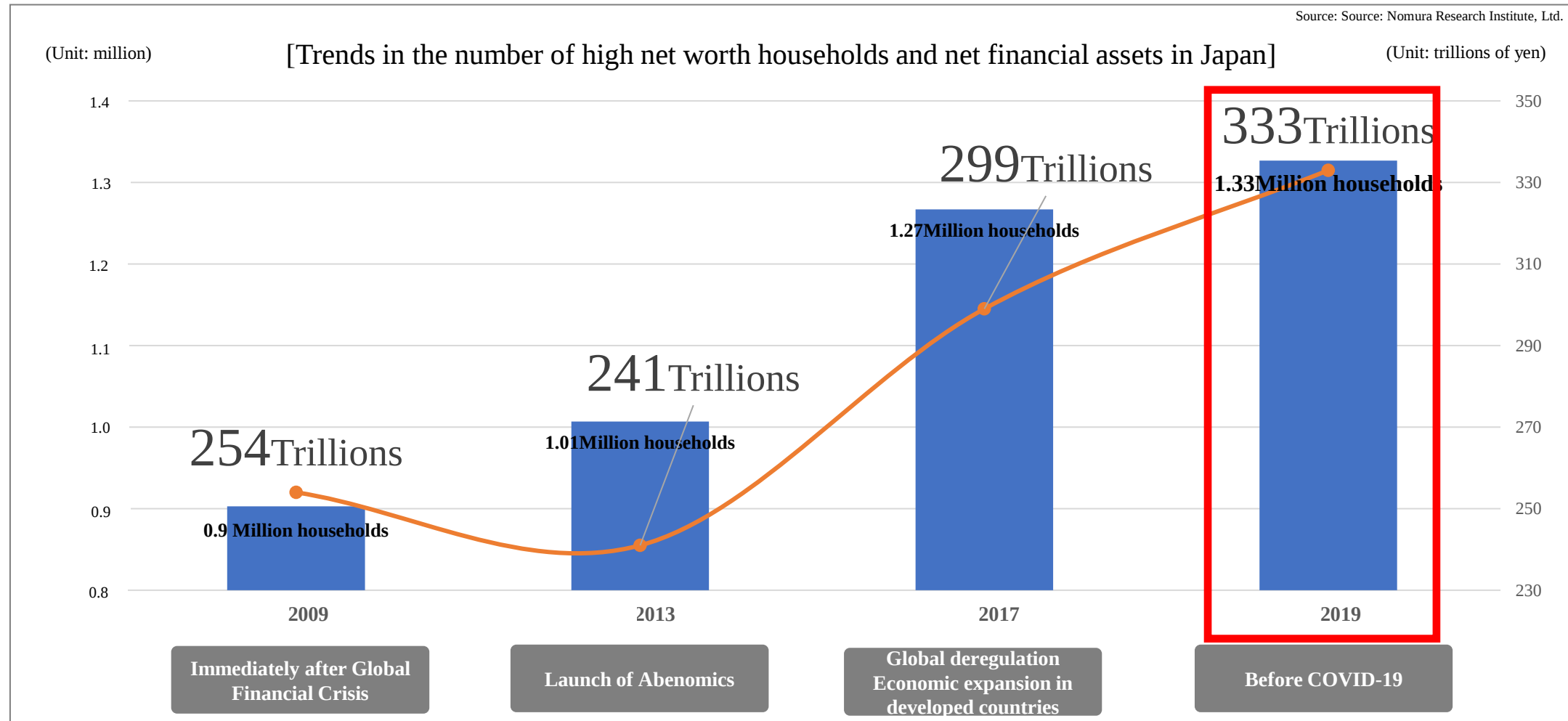
- 1) High net worth market
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2. Overview of Private Sales Group

1) High net worth market

The number of high net worth households and financial assets in Japan have continued to increase since the global financial crisis in 2008.

Households with financial assets of ¥100 million or more, 1,330,000 households, ¥333 trillion



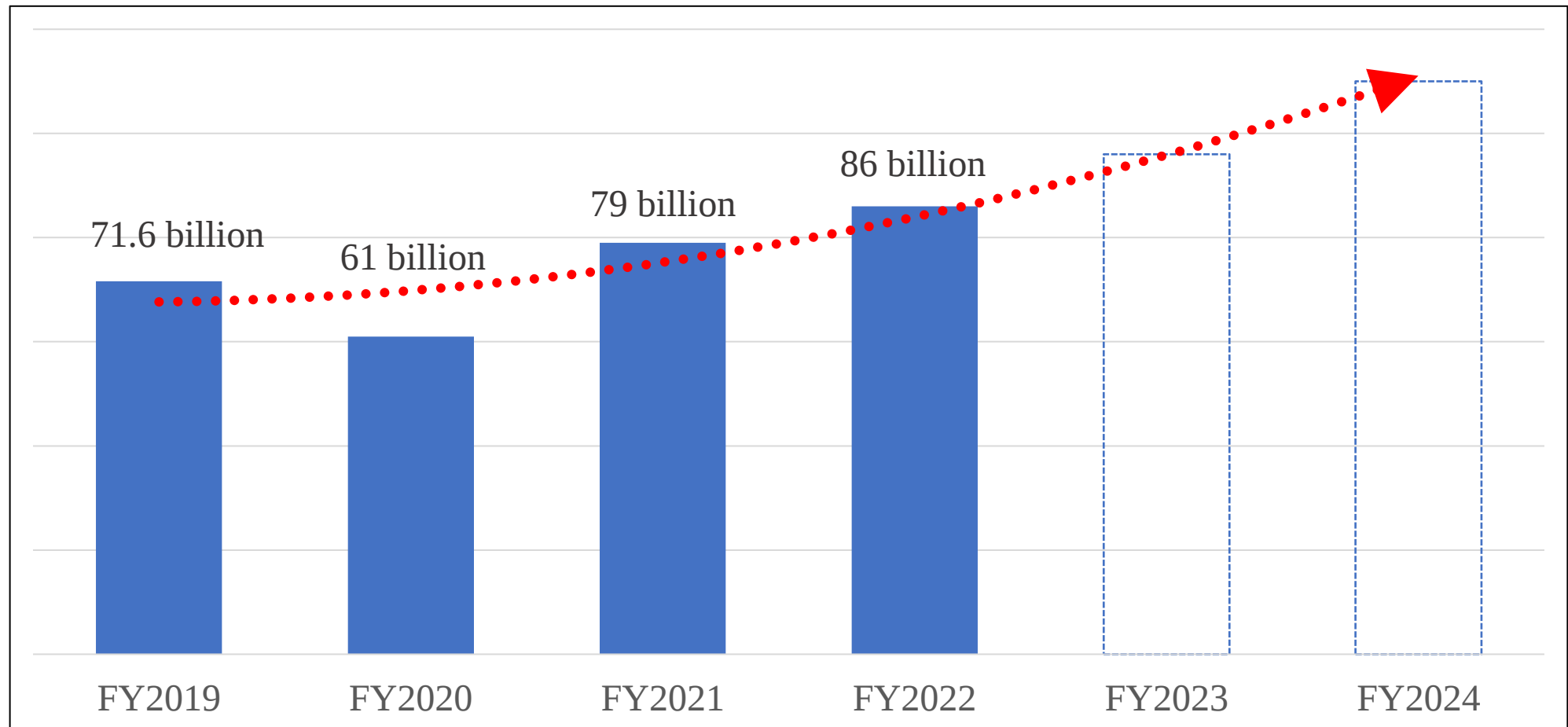
2. Overview of Private Sales Group

2) Total transition of Direct Sales Department

In FY2021, the level exceeded fiscal 2019. Aiming for further sales growth through integration effects

Shinjuku Main Store: Growth in total transaction value due to strengthened collaboration between private stylists and store attendants

Nihombashi Main Store: Total transaction value recovered due to a customer-in-type sales shift from a decline in sales due to the impact of COVID-19



2. 2. Overview of Private Sales Group

3) Trend in Out-of-store customers ①

① Increase sales share by top customers

Purchase share by top 5% of purchases: Shinjuku 50.9% (+3.2pp from FY2020) Nihombashi 48.3% (+3.0pp from FY2020)

Purchase share by top 5% of purchases customer

Isetan Shinjuku Main Store		Mitsukoshi Nihombashi Main Store	
			
FY2020	FY2021	FY2020	FY2021
47.7%	50.9%	45.3%	48.3%

+3.2pp from FY2020.

+3.0pp from FY2020.

2. 2. Overview of Private Sales Group

3) Trend in Out-of-store customers ②

② Changes in age share balance of top customers (younger)

Share of purchasing value for 49-year-olds and younger: Shinjuku 28.8% (+5.2pp from FY2020) Nihombashi 9.3% (+1.9pp from FY2020)

Purchase share by 49-year-old and younger customer

Isetan Shinjuku Main Store		Mitsukoshi Nihombashi Main Store	
			
FY2020	FY2021	FY2020	FY2021
23.6%	28.8%	7.4%	9.3%
+5.2pp from FY2020		+1.9pp from FY2020	

3. "High Sensitivity and Quality" Strategy (Individual)

Out-of-store Reform

1)Expansion of AI utilization sales

- Establishment of a sales style based on customer relationships through data marketing

2)Establishment of a product supply system

- Establishment of a product supply system through Direct Marketing × Buyer Network
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3) Establishment of a Sales Structure

- Increase in the number of platinum customers

3. "High Sensitivity and High Quality" Strategy Reform of Individual External Commerce

1) Expansion of AI-based sales: Data marketing

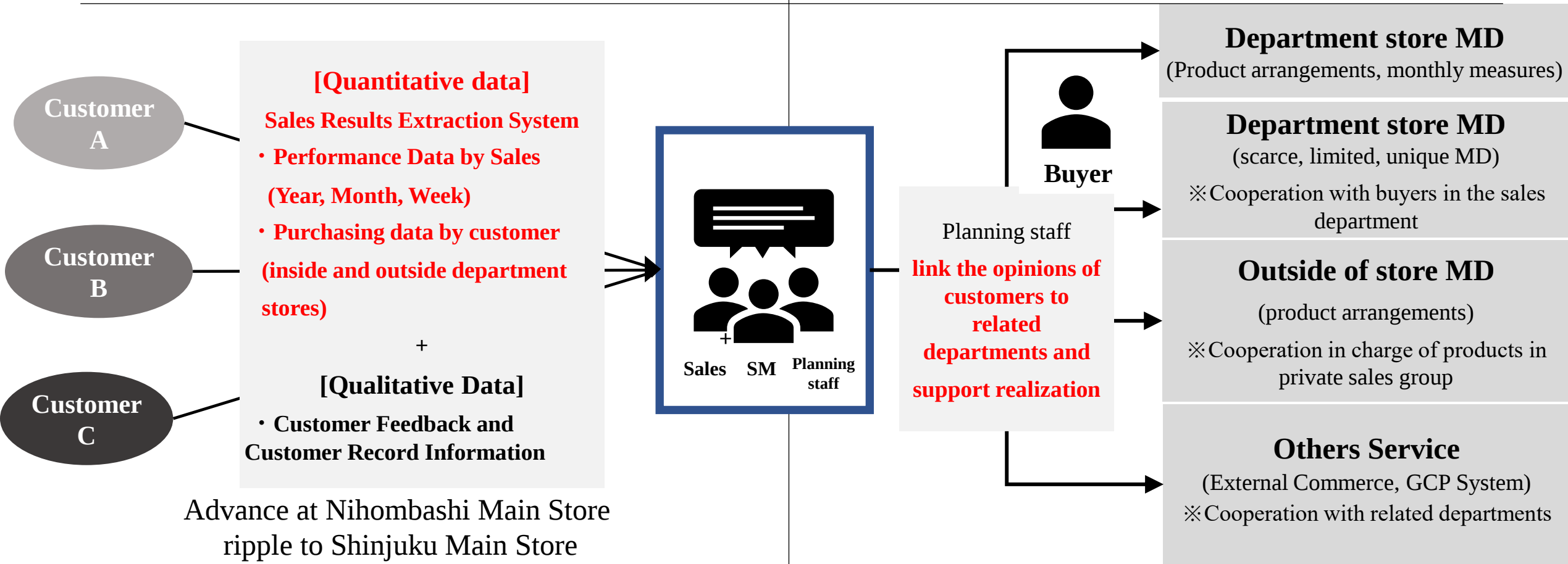
2) Establishment of a product supply system: Direct marketing × Buyer network

Data marketing

Establishing a sales style that leverages digital (quantitative data) in addition to individual knowledge and experience

Direct Marketing × Buyer Network

Establishment of a system for promptly responding to customer opinions and making proposals that exceed customer expectations



3. "High Sensitivity and High Quality" Strategy Out-of-store Sales Reform

2) Establishment of a Product Supply System: Direct Marketing × Buyer Network

Taking on the challenge of providing new customer experience value through a trial of new content measures that expanded the venue for customer service outside the store

① Hypothesis

By bringing real-life customers to our luxury brand headquarters,
Is it possible to provide deeper and new value that will lead to customer satisfaction?

i) Value Provided

[For Customers] .. We can propose "Experience" that has never done

[Customers] .. Can get MD faster than anyone else and try it

[With Business Partners] .. We can create points of contact with top customers together

ii) Scheme

Point_Link thoroughly with suppliers and sales departments



② Specific Initiatives

Conducting "showroom tours" where customers and sales visit the site on a One to One basis

Specific examples (Paris Showroom Tour)



Tour to visit the winery



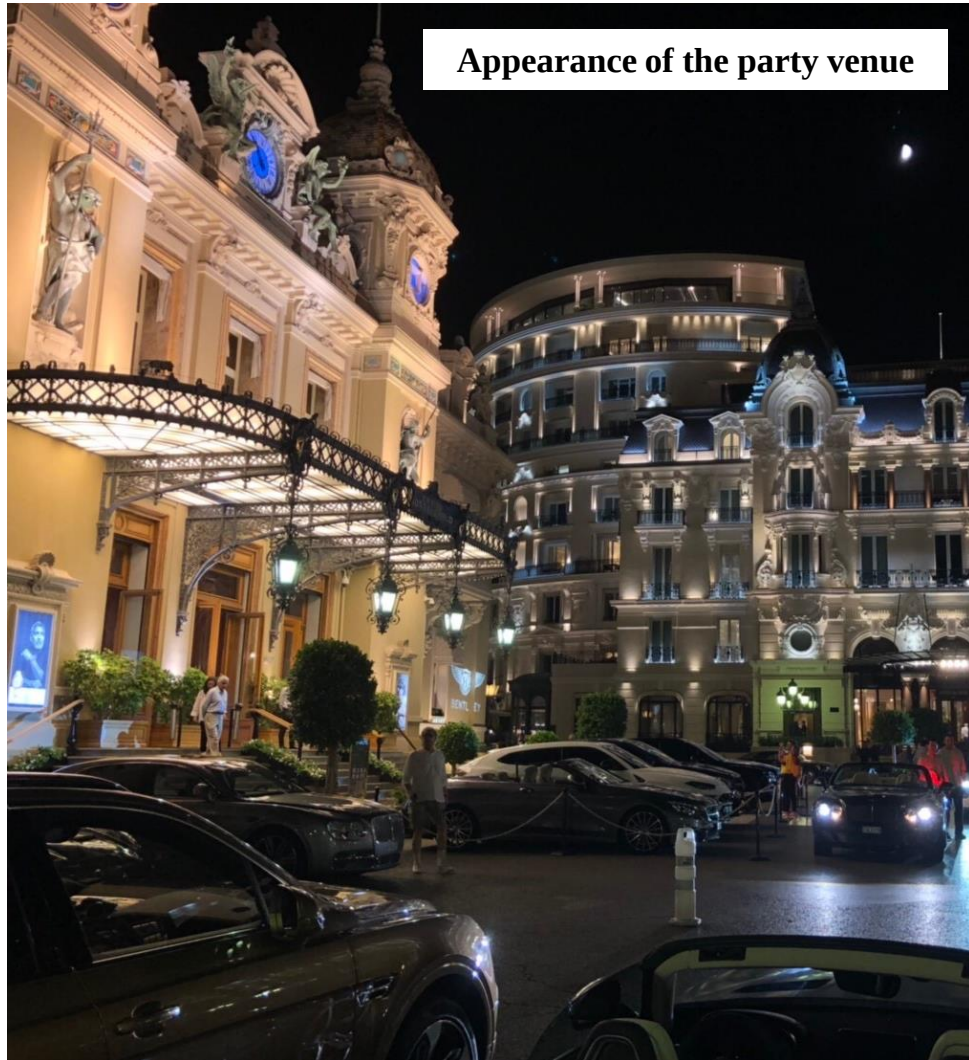
Auto-couture order



Overseas weddings

Direct experience of the most advanced art at the brand's home

→ Propose consumption in the experience and space along with the most advanced consumption of goods



Participating in Exclusive art tour in Museum and High Brand social party
→ Propose experience and space consumption that cannot be experienced in Japan

Specific Case Study (Paris Monaco)

2018 October.
Paris

■ Implementation of business trips by sales of private sales group

⇒ On-site surveys from the customer's perspective uncovered the possibility of "hospitality to customers locally."

2019 March.
Paris

■ World's first "showroom tour" inviting customers

⇒ Private sales group connected customers and business partners to realize "the provision of new customer experiences" across the ocean.

July. 2019
Paris Monaco

■ Produce "Dream" overseas travel in conjunction with single brand overseas events

⇒ Private sales group added new value to brand-based planning. Elimination of client failure by accompanying

2020 February.
Paris

■ Implemented the second round of original overseas tours. Examination of new business models

⇒ Although this was verified for the future, new efforts was temporarily stopped due to COVID-19.

2022 March.
Milan Paris

■ Attend to the Maison brand runway with resident members only

⇒ Taking on the challenge of a new scheme called "Attend by Resident Members"

May 2022, Cannes
Sicily, July 2022

In invitation to scarce events overseas, private sales group challenges new roles to connect events and brands with individual customers and achieve satisfaction at venues

3. "High Sensitivity and High Quality" Strategy Out-of-store Sales Reform

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2) Establishment of product supply system: Expansion of merchandise handling outside department stores (merchandise assortment by product managers in charge of the External Commerce Department)

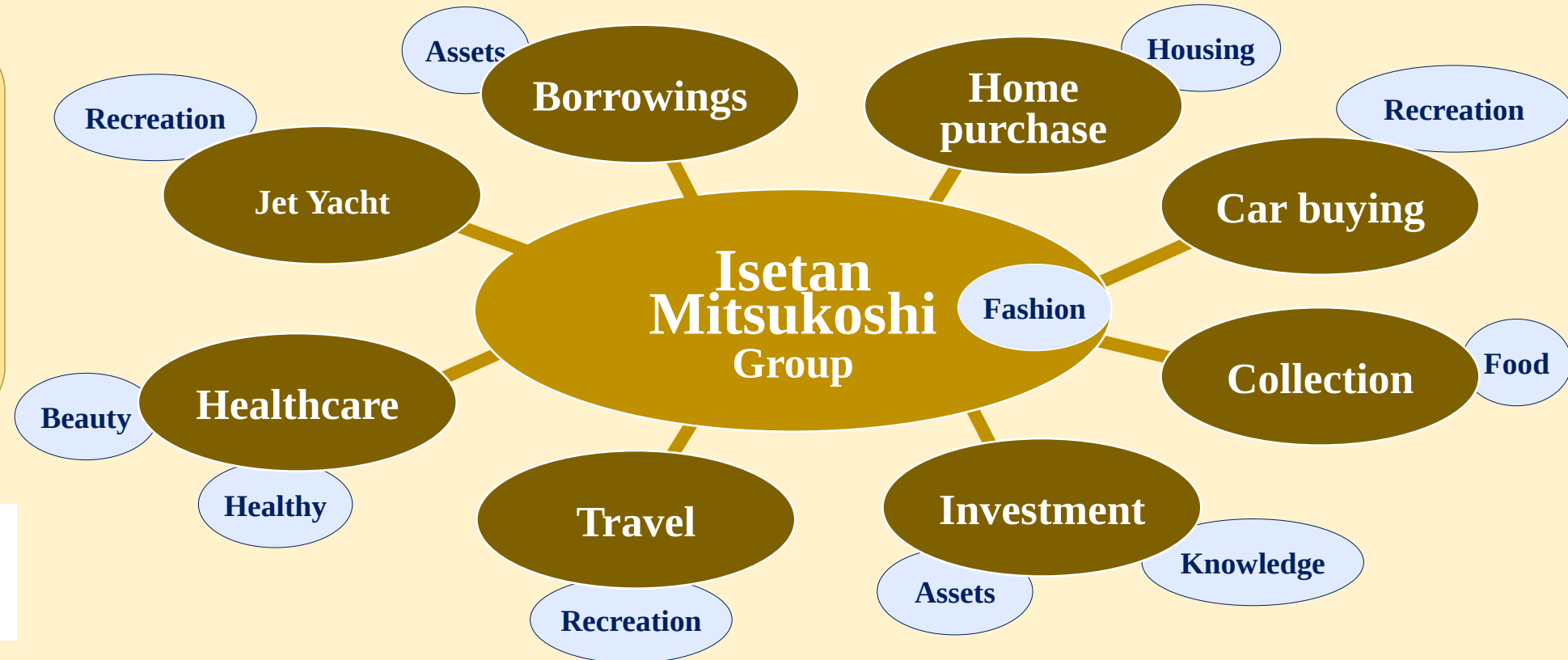
■ Establish an "Ecosystem for High-net-worth Individuals" (Ecosystem for High-wealth Businesses) centered on the Isetan Mitsukoshi Group to retain high-end customers. Isetan Mitsukoshi Group constantly intervenes in "top customers" lifestyles (clothing, food, housing, amusement, beauty, knowledge, health, assets)

Target Situation

MI Ecosystem to Engage in the Lives of High-net-worth Individuals (Daily and Lifestyle)



Advanced case in
Nihombashi
to Shinjuku



One and Only ✕ Superlative Proposal ✕ Customer In

Isetan Mitsukoshi Premium cruiser**【Overview】**

- There are only 10 seats in large buses, an overwhelming space of slack
- Bus travel that realizes the luxury of enjoying travel

【Characteristics】

- Seats are free-standing leather seats
- Seat-front monitors can view TVs and DVDs
- There is a toilet room with a large washstand.
- Drinking various beverages as desired (warm/cool)

**Celenade**

※MINT = Isetan Nikko Label, Mitsukoshi

【Overview】

- Be owned by MINT and anchored in the Netherlands
- Hotel to move
- A journey of relaxation unique to River Cruise
- A journey to experience history on the Rhine and the Danube
- Comfortable guest rooms and an extensive facility
- Enhanced optional tours at port of call

**Helicopter play****【Overview】**

- Private trip on a helicopter tour
- A journey from the sky to enjoy the four seasons of Japan

【Characteristics】

- The number of passengers is 4
- Enjoy scenery unique to the sky
- Propose hotels and meals as desired

**Private jet charter****【Overview】**

- Safe, comfortable and free travel by private jet charters

【Characteristics】

- Flight plan that meets your needs
- Can also go to remote islands without direct flights
- Continued smoothness at dedicated terminals



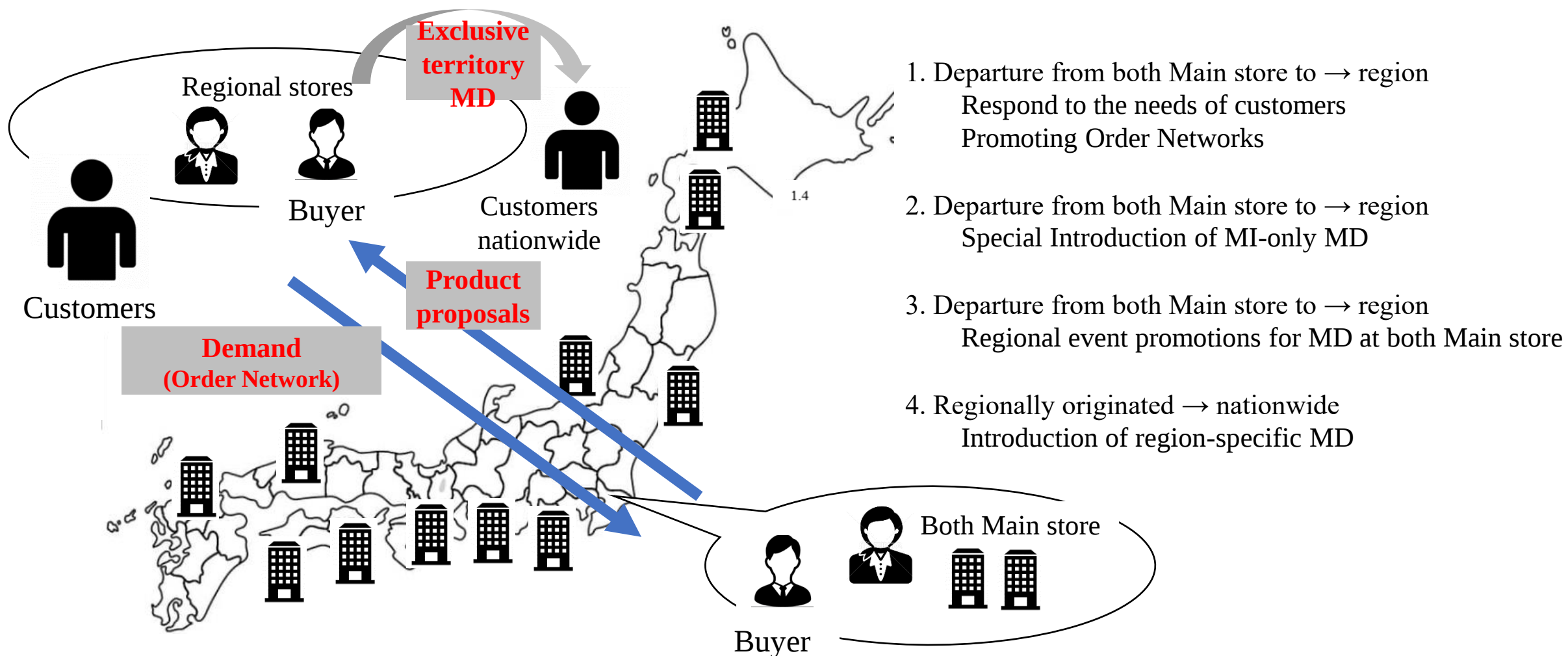
Many customers of Nihombashi Mitsukoshi private sales group use them and reflect customer opinions in MD.

3. "High Sensitivity and High Quality" Strategy Out-of-store Sales Reform

2) Establishment of a product supply system: Regional Collaboration

With a nationwide network of bases as the Group's strength

To seamlessly propose high quality and high sensitivity MDs originating from both Main store and regions



3. "High Sensitivity and High Quality" Strategy Out-of-store Sales

3) Establishment of a sales system: Expansion of the number of platinum customers

Isetan Mitsukoshi Customer Program

We will make relationships with customers more intimate and lovely. These are “Stage” up program for a more pleasant and affluent shopping experience than ever before. We will provide various services depending on the purchase price.

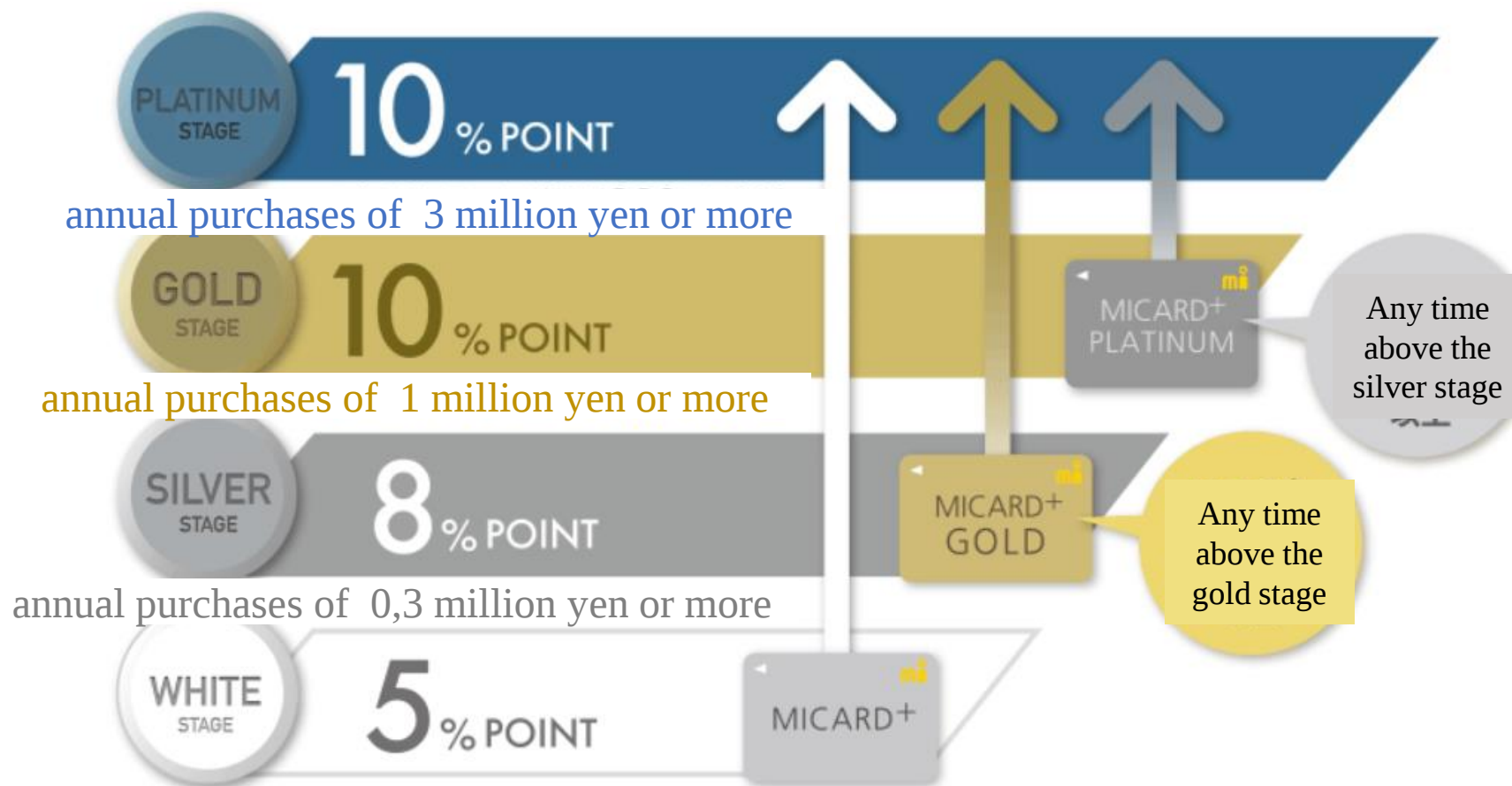
Stage	White	Silver	Gold	Platinum
Annual purchase amount	Less than ¥300,000	¥300,000 or more	¥1,000,000 or more	¥3,000,000 or more
Stage	WHITE STAGE	SILVER STAGE	GOLD STAGE	PLATINUM STAGE
Standard service				
▣ Common Coupon	○	○	○	○
▣ Stage Coupon	—	※	○	○
▣ Free Parking	—	—	※	○
▣ Store attendant Reservation	—	—	※	○
Service exclusive for MI card				
▣ Birthday coupon	○	○	○	○
▣ MI point present campaign	○	○	○	○
▣ Special sale	—	—	※	○
▣ Salons and lounges at each store	—	—	※	○
▣ The lounge	—	—	—	○
▣ Collectively deliver to home	—	—	—	※
▣ Family Ties Service	—	—	—	○
▣ Valet parking	—	—	—	※



3. "High Sensitivity and High Quality" Strategy Out-of-store Sales

3) Establishment of a sales system: Expansion of the number of platinum customers

Depending on the stage of the customer program, 5 to 10% points will be accumulated.



3. "High Sensitivity and High Quality" Strategy Out-of-store Sales

3) Establishment of a sales system: Expansion of the number of platinum customers

Store Attendants belonging to private sales group will help customers with shopping in Isetan Mitsukoshi stores beyond the floor.

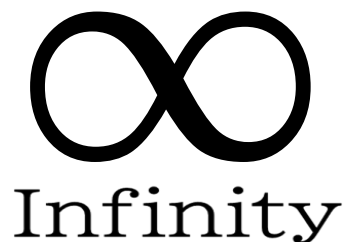
※ The service will be for customers in the Isetan Mitsukoshi Customer Program_Platinum Stage.



- We have Categories attendants on each floor of a department store that are specialists in each product. but across the entire building beyond the product category Store Attendants demonstrate power when shopping around
- Store Attendants help shopping for the entire building and all categories. They will also respond to proposals that exceed the boundaries of brands, shopping areas, attributes, etc.

Vision of Direct Sales Department

■ Slogan of Direct Sales Department

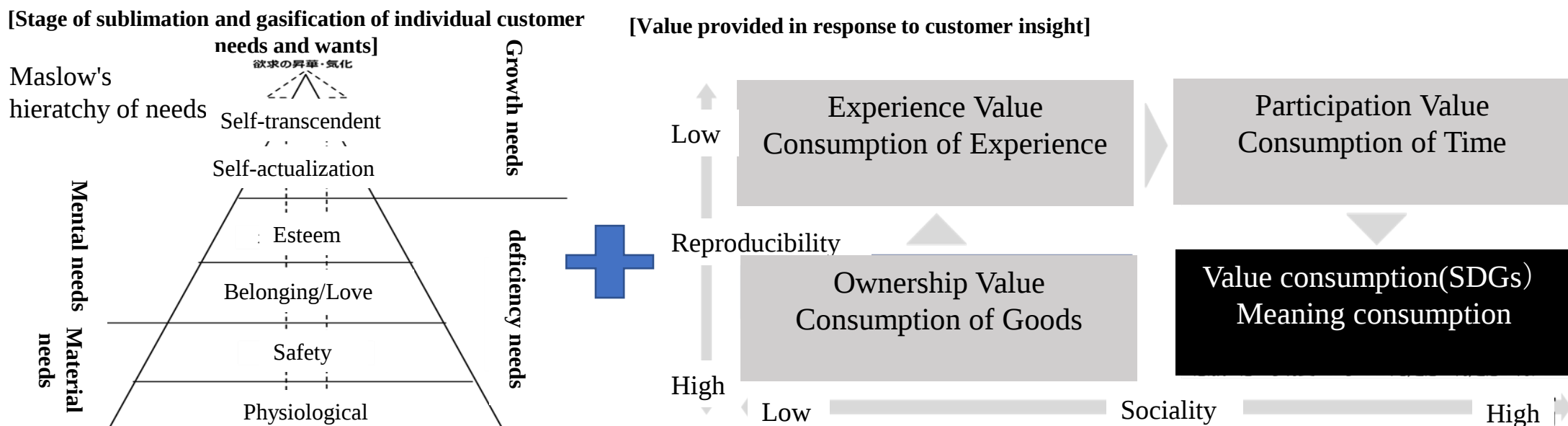


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