

# Originality

Our Own Merchandising Sections  
Original Merchandise

## Responding Quickly to Changing Customer Needs and Seeking Originality and Profitability



Season Message (4th floor, Daimaru Kobe store)

The role of independently operated sections of which sales account for 15 to 20% of total department store sales is differentiation and characterization through the quick change of product selections and displays in response to market needs changing day by day and the offering of merchandise that is not included in the assortment of shops.

The independently operated sections are operated at the department store's risk on the assumption that a department store buys all goods and is solely responsible for selling them. Since we plan and implement the whole SCM (supply chain management) process, these sections feature: ① differentiability; ② easy response to changes; ③ high margin and profitability; and ④ easy job standardization and central operation. Armed with our own merchandising and sales service prowess, we aim to create sales areas that overwhelmingly stand out from competing department stores and other channels including station buildings and shopping centers.

### Our own merchandising sections

Our own merchandising sections mainly offer item assortments including women's wear, women's accessories (hats, scarves, shoes and others) and men's accessories (shirts, ties, underwear and others). During fiscal 2010, we introduced original high tension pants (stretch pants) at a great value in non-partitioned open space offering independently selected women's wear to suit the trend toward more casual fashion and they became a hit selling 9,300 units at all Daimaru and Matsuzakaya stores in a year. As for women's accessories, we created a new market by offering a total of about 250 plans of new items (eco-friendly accessories, makeup accessories, craft accessories and others), which lead to the excitement of shopping and surprise, for a limited period of one week or two. As a result, we could acquire new customers and add to sales.

### Started "Season Message" as our own merchandising section for around 40-year-old women

We renewed the concept of "Season Message," which had offered independently selected items of women's wear in non-partitioned open space, and started newborn "Season Message" as our own merchandising section for around 40-year-old women who are the main customers of department stores in February 2011. By meeting the needs of around 40-year-old women to "be elegantly dressed in casual attire" or "enjoy styling without worrying about their body shape," we aim to create sales sections that make them feel they are "their ideal shopping places." Their item strategy is to offer pants, which are a must for casual occasions, as a core. They are priced 20 to 30% lower than general apparel brands to satisfy price-sensitive customers.

### Private brand (PB)

Among the independently operated sections, we are involved in the whole SCM process of private brands (PB) from the stage of product planning. Based on trust in department stores, we offer original products well balanced between quality and price.

After management integration, Daimaru Matsuzakaya Department Stores introduced Daimaru's PBs of men's wear "Trojan" and women's wear "Sofuol" to Matsuzakaya stores to expand the PB offering of JFR Group. We will review logistics, information systems, sales promotion, sales floor environment, sales activities and inventory control as well as product development in a comprehensive manner and accelerate our efforts to establish highly accurate supply chain.

### Collaboration

Daimaru Matsuzakaya Department Stores and World Co., Ltd., an apparel company achieving good results in SPA (specialty store retailer of private label apparel) brand strategy, established a new business model and collaborate to offer a women's wear brand "Esche." Forming a virtual joint business unit as business partners, instead of traditional supplier-buyer relationships, the two companies share information and clarify the distribution of profits to collaborate using their respective core competence, that is, Daimaru Matsuzakaya Department Stores' ability to operate stores and World's ability to develop and supply merchandise, instead of the conventional way of developing PB apparel products through OEM (original equipment manufacture). In the business process from product planning to selling out, the two companies are working together to ensure PDCA (plan-do-check-act) cycle and respond quickly and accurately to customer needs and wants.



### TROJAN

Daimaru created this brand as pioneering men's ready-made garments in Japan in 1959. It has enjoyed enormous popularity as department store's men's wear PB for more than 50 years. Trojan means a warrior of Troy. As "battle dress adapting to the times," the brand offers safe and reliable quality at prices acceptable to customers by putting wear comfort first and combining high quality materials and fine tailoring with contemporariness.

# S O F U O L

## SOFUOL

SOFUOL stands for Sophisticated Full-length Office Lady. Targeting "working women" in their 30s and above, the brand offers feminine and sophisticated styling to cater to their business, commuting and daily fashion needs.

Available at: \_\_\_\_\_

Shinsaibashi, Umeda, Tokyo, Kyoto, Kobe, Sapporo, Suma, Nagoya and Ueno stores and Hakata Daimaru, Shimonoseki Daimaru and Kochi Daimaru

