



**Please introduce Sakura Panda using your preferred social networking service!**  
 让樱花熊入驻大家的社交网站吧  
 请告诉社群网商多多关注  
 萌宠小樱的动态消息

**Take a picture together with Sakura Panda.**  
 拍摄旁边的樱花熊猫照片。  
 拍摄一旁的猫熊小樱。

**Post the picture using your preferred social networking service.**  
 将照片上传到社交网站。  
 将照片上傳至自己的社群網路。

**Show us your online post at the tax (duty) exemption counter.**  
 将已上传照片的社交网站画面出示给免税柜台工作人员。  
 將上傳的社群網路畫面出示予免稅櫃檯。

**Receive a special Sakura Panda gift item!**  
 赠送樱花熊猫主题产品!  
 贈送猫熊小樱主题产品!

# Bloom in the Inbound Tourism Market

## Duty-free sales share is surging

J. Front Retailing is making active efforts to serve recently significantly increasing foreign tourists to Japan to expand its customer base.

The number of foreign visitors to Japan exceeded 13 million in 2014 and the amount they spent was reported to reach ¥2,030.5 billion. More than 15 million foreign people are expected to visit Japan in 2015, and at last the “age of 20 million foreign tourists visiting Japan” is approaching as reality.

Only so-called general goods including clothing, bags, jewelry and consumer electronics were exempt from sales tax for foreign tourists to Japan. But from October 2014, the duty-free list was expanded to include consumable items such as cosmetics and food.

In expectation of an increase in consumption due to these changes, Daimaru Matsuzakaya Department Stores improved services and facilities to receive increasing foreign tourists to Japan by introducing a tax refund system, enlarging tax refund counters, strengthening language support through the employment of additional interpreters and offering Wi-Fi connectivity in fiscal year 2014. We took various initiatives to attract more customers including collaboration with local travel agencies and the provision of multilingual information via SNS. Some stores set up prayer rooms, which can be used regardless of religion.

Partly thanks to these efforts, duty-free sales of Daimaru Matsuzakaya Department Stores in fiscal year 2014, which provides an indication of inbound tourist spending, grew by 2.3-fold year on year to more than ¥15 billion, and their share of total sales of all stores increased to 2.3%. The share was 3.2% in the second half of the year alone, when the list of duty-free items was expanded, and it jumped to 6.0% in February alone, when the Lunar New Year is celebrated. By store, Shinsaibashi store achieved the highest duty-free sales share of 7.8%, followed by Sapporo store and Umeda store whose shares were 4.8% and 3.0%, respectively.

## Expansion of product range and touch points

In fiscal year 2015, we are taking active initiatives related to the inbound tourism market including the development of new merchandise and services.

In Shinsaibashi store whose duty-free sales share is the highest in Daimaru Matsuzakaya Department Stores, two new sales areas were introduced. On March 5, 2015, the Inbound Corner was opened on the 5th floor of the north wing, targeting foreign tourists to Japan, to offer a selection of the products they want to buy in Japan, including cosmetics, rice cookers, water bottles, ironware, daily goods and towels. It is located on the same floor as a tax refund counter to drive related sales. We collected customers’ comments and added the products that had not been offered previously, including men’s cosmetics, food and school backpacks called *randoseru*, to increase sales per customer. It is operated by Daimaru Matsuzakaya Sales Associates of the Group. We will accumulate operational know-how through this initiative and consider expanding it into other stores. On March 7, a small shop of Laox, a mass retailer handling consumer electronics, was introduced on the same floor, which helps attract more customers.

Outside Japan, Daimaru Matsuzakaya Department Stores set up a booth at Touch The Japan, a Japan culture expo that was held in Taiwan from April 17 to

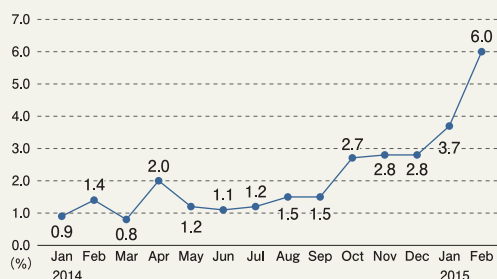
20 and attracted more than 40,000 visitors during the four-day period, to increase the awareness of Daimaru and Matsuzakaya brands. With the trend of foreign tourists to Japan recently shifting from traveling mainly in groups to traveling individually, we will add new measures to get in touch with customers in order to increase repeat customers.

At the same time, we will study and consider collaboration with accommodations and transportation in the neighborhood of our stores to actively attract customers.

## Aim to be No. 1 in serving foreign visitors to Japan

Daimaru Matsuzakaya Department Stores addresses the radical strengthening of skills to serve foreign visitors to Japan. As part of this initiative, a new check item named Welcome Ticket was added to the Smile Card, a tool already in place at all stores to motivate sales staff, to improve their sales capabilities with the additional perspective of inbound tourism. A Smile Card will be given to a sales associate who provided excellent service to foreign visitors to Japan and a sales associate who collected 15 cards or more will be given a business card with Mt. Fuji printed on it as a privilege. All stores create such new motivation to enhance the quality of customer service regardless of nationality.

**Daimaru Matsuzakaya Department Stores duty-free sales share in fiscal year 2014 (January 2014 – February 2015)**



**Daimaru Matsuzakaya Department Stores duty-free sales share by country (October 2014 – February 2015)**

