

Original Merchandise
and Services



“SOFUOL”

“SOFUOL” has marked the 10th anniversary. Targeting working women mainly in their 20s and 30s, the brand offers sophisticated styling based on four tastes including mode, natural, feminine and French trad to cater to their business, commuting and weekend fashion needs.

Seeking Originality Readily Adaptable to Changes in Customer Needs

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

Such non-partitioned open space is scalable to customer needs, and there we can change merchandise mix and sell goods across shop boundaries. Making the best use of these strong points, we will respond to changes flexibly, as well as offering unique merchandise and using our sales and service capabilities, to overwhelmingly differentiate ourselves from competing department stores.

Private brands (PB)

Concerning private brands, we are involved in the whole SCM process from the stage of product planning. Basically, clothing items are priced at 20% off the prices of national brands. Lately, however, we expand our focus to a low price range of 50% off national brand prices to satisfy customers who are becoming more price-conscious.

A representative example is a men's wear brand "Trojan," which has celebrated the 50th anniversary of its establishment. Its high quality material, excellent tailoring and refined urbane image continue to attract sensible businessmen. A contemporary line was newly added to the existing basic line to strengthen our approach to new customers. A women's wear brand "Sofuol" marking its 10th anniversary is mainly targeted at working women in their 20s and 30s and caters to their business, commuting and weekend fashion needs with sophisticated styling.

As part of the efforts to seek synergy through the management integration between Daimaru and Matsuzakaya, we introduced these two brands, which were both created by Daimaru and have enjoyed a deep-rooted popularity among customers, to Matsuzakaya Nagoya and Ueno stores in fiscal 2008 to expand the offering of the private brands of the Group. We will leverage our private brands in terms of: (1) characterization and differentiation, (2) the increase of profitability, and (3) human resources development. We will review product development, logistics, information system, sales promotion, sales floor environment, sales activities and inventory control in a

comprehensive manner and accelerate our efforts to restructure the supply chain.

Independently operated sales sections

Select shops are one of the factors constituting the originality of the store through the attractive items that buyers and sales staff select using their fashion sense. Daimaru operates "Season Message" offering women's wear and accessories to baby boomers and post baby boomers and "Meiprior" carrying trendy women's shoes and bags purchased directly from Italy, France and other European countries. Matsuzakaya's select shops include "Flair For Ef" targeting "women with a sharp eye for fashion" and "Denim Diner" with a wide selection of imported jeans popular abroad. Sales staff are working with buyers to stimulate potential needs using their information and sensibility, which can be obtained because they serve customers on the front line all the time.

One example during fiscal 2008 is the baggy pants that some sales staff of Flair For Ef jointly developed with suppliers. They were also involved in order placement and product planning. Reflecting customer needs for comfortable and figure-forgiving denim pants and adding a trendy touch, they proposed the new item.

Collaboration

Daimaru and World Co., Ltd., an apparel company achieving good results in SPA 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 the traditional supplier-buyer relationships, Daimaru and World share information and clarify the distribution of profits to collaborate using the core competence of each company, that is, Daimaru's 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. In the business process from product planning to selling out, the two companies are working together to ensure PDCA (Plan-Do-Check-Action) cycle and respond quickly and accurately to customer needs and wants. Targeting plugged-in and trend-conscious youthful baby boomers and post baby boomers, we offer good quality, elegant and reasonable "outing and work clothes" with young minds and trends.

"Trojan"

"Trojan" has celebrated the 50th anniversary. Its high quality material, excellent tailoring and refined urbane image continue to attract sensible businessmen. In 2009, a new contemporary line was added to the existing basic line to strengthen our approach to new customers.



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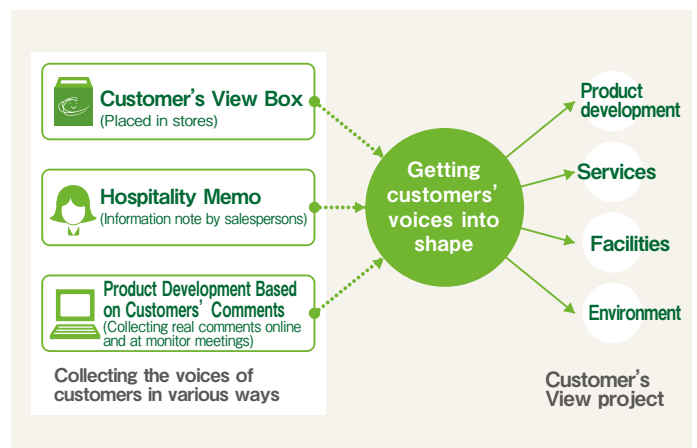
This is a total coordinate brand for youthful baby boomers and post baby boomers featuring high quality, refinement and reasonable prices. It offers simple and basic elegance-oriented street clothes following moderately trends.

Customer's View Project — Shape Born from the Voices of Customers



Semi-custom boots born from the voices of customers

As part of the efforts to implement the “customer-first principle,” J. Front Retailing carries on a company-wide “Customer’s View project” to develop merchandise and improve services and store environment by attending to the voices of customers reaching into the tens of thousands every year. We have in place the systems such as “Hospitality Memo,” “Questionnaire on Merchandise” and “Product Development Based on Customers’ Comments” to actively collect various views and needs from customers, while widely cooperating with Consumer Product End-Use Research Institute, which belongs to the Group, and material manufacturers. Many products and services have been thus developed, including “machine-washable cashmere knitwear” of which annual sales exceed ¥100 million.



Lately, from the voices of customers that it is difficult to find boots fitting well around the calves and that they want to choose the design and color they like, we developed semi-custom boots called “pattern order boots,” which are available in seven shaft circumferences, six colors for elegant type and 12 colors for jockey type, and two heel heights. A “bag-in-bag” (a drawstring bag to put in another bag) made its debut six years ago to resolve customers’ concerns that the contents show through and that the contents often drop out when they use bags without closures. It has become established as a popular item with greater variation in colors and patterns.



Bag-in-bag

An example of the improvement of store environment is a “multiple fitting room with light simulation” in the women’s wear department on the 4th floor of Daimaru Kobe store. This fitting room was born out of customers’ desires to see how they would look outdoors in the garments they try on. It simulates various lighting conditions including in a building and a park so that a customer can see how different the clothing colors look throughout the body. And it has enough space for wheelchair users and mothers with daughters.

Multiple fitting room on the 4th floor of Daimaru Kobe store



Since various lighting conditions are simulated, a customer can see how different the clothing colors look throughout the body.

Handrails and other equipments are installed.



Multipurpose restroom on the 3rd floor of Daimaru Umeda store

The multipurpose restroom on the east side of Daimaru Umeda store was born from the demands of the elderly and customers with babies for a user-friendly restroom. It secures enough space for a person using a large wheelchair and an attendant to move easily. In addition, it is equipped with ostomate-friendly functions, a flush lever in easy-to-operate size and shape, a fold-down bed and a fitting room. It is accessible to many customers including the elderly and persons with babies.

New products and services are born from the voices of customers and then they are improved and evolved. Customer’s View project developed with customers enjoys great popularity. We will continue to identify the demands and complaints of customers through daily dialogues with them, create ideas with them and develop services, store environment and merchandise to satisfy them.