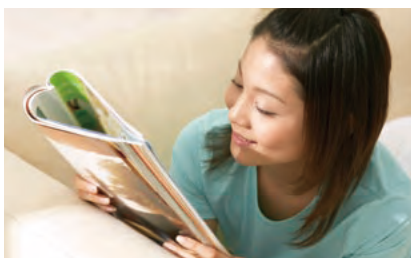


## Responding to Customer Needs with the Diversity of Channels

### Consolidating direct marketing businesses into JFR Online

With the advance of information technology and the diversification of lifestyles and shopping styles, how to deal with direct marketing business has been becoming an increasingly important management challenge. J. Front Retailing Group has operated four direct marketing businesses including the catalog business of Daimaru Home Shopping, Daimaru Matsuzakaya Department Stores' online cosmetics shopping site Marucollet business, Social Net business that combines the recycling of unnecessary items with donation, and department store internet retail business that mainly offers gift items. Expecting direct marketing business to grow further, we consolidated these businesses into Daimaru Home Shopping and the company was renamed JFR Online and made a fresh start on March 1, 2011. JFR Online will operate the direct marketing business of the Group more efficiently and concentrate management resources on growing businesses for further development and expansion.



### Changing direct marketing business model

Instead of focusing on a physical sales channel of stores including department stores and supermarkets as in the past, the company will use several sales channels and diverse approaches to expand its business. First, the company will transform its key catalog business into a business model that adapts to a market by creating sales channels accessible to the elderly who are frequent users and offering the products that meet customer needs.

With respect to the businesses using the internet, JFR Online will review customer contact points and the way of communicating with customers to increase traffic to the websites and encourage continuous buying.

The company will widely collect information to provide sales methods and channels that reflect the changes of the times and will develop its business with a view to a tie-up with other companies. In addition, the company intends to actively deal in the products unavailable at department stores if they are appropriate to customer needs.

Besides these businesses, JFR Online will positively consider entering new businesses including the commissioned operation of direct marketing business of other companies of the Group to grow as a company that supports the growth of the Group.

### Creating a synergy through standardization and commonalization

In terms of operations, JFR Online will standardize platforms including customer information, EC systems and logistics, which are infrastructures common to each direct marketing business, and mutually use the know-how and skills of each business for the operations common to direct marketing businesses in order to realize more efficient business operations.

At the same time, all direct marketing businesses will work together on improving customer service and responding to diversifying methods of communication with customers by using the latest systems to further increase productivity.

### Making internet retailing core business

Our direct marketing business has more than three million customers. At present, catalog sales account for 95% of the total sales. While maintaining such strength of catalog sales business, JFR Online will radically strengthen internet retail business in the medium- and long-term. For this purpose, internet retail business will vigorously promote the expansion of its item offering, the improvement of its mobile sites and alliances with other companies to increase the sales share of businesses other than catalog sales business to about 25% three years later in 2013 and finally to about 60%.

#### Four business fields

##### Catalog business

Its catalogs cover all categories of products including fashion items, household goods and food. About 70% of customers live in the Kansai area and it will reinforce the Chubu and Tokyo metropolitan areas. It will build the foundation of direct marketing business accessible to its main elderly customers.

##### Marucollet business

It sells online problem-solving beauty goods such as moisturizing and anti-aging care products, ranging from cosmetics including popular beauty essence on which beauty professionals give advice and beauty supplements to organic cosmetics.

##### Social Net business

This new type of business promotes eco-friendly cycle (reuse and recycle) by buying unnecessary brand products from customers and selling them, and at the same time, contributes to society by donating part of the amount sold and bought. It responds to increasing awareness of recyclable consumption and social contribution.

##### Department store internet retail business

It is commissioned to operate Daimaru Matsuzakaya Department Stores shopping sites. It adds the site's original attractive product lineup to its main gift market offering mid-year, year-end and general gift items, which is department stores' strength, to increase traffic to the sites and encourage continuous buying.



### Catalog business

<http://dmall.jp>



### MaruCollet business

<http://www.marucollet.jp>



### Department store internet retail business

<http://www.daimaru.jp>  
<http://shop.matsuzakaya.co.jp>



### Social Net business

<http://www.jfr-socialnet.com>