

Department Store Business —
Gaisho Business

Gaisho Evolves and Expands



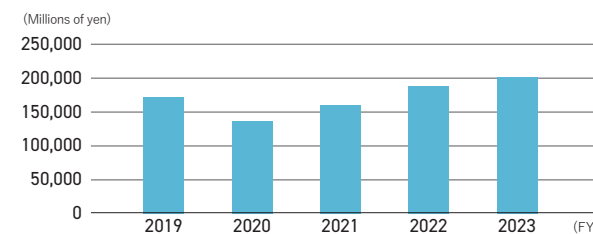
Expansion of young affluent consumers

The Department Store Business has continued to see strong consumption of high-end items since reopening following the COVID-19 pandemic. We believe that this is due not only to asset effects and polarization of consumption, but also to changes in the quality of consumption triggered by the COVID-19 pandemic. In other words, we may be seeing a growing trend toward consumer behavior that places greater emphasis on intrinsic value.

In particular, gaisho customers are active in their purchasing behavior. Gaisho sales of the Department Store Business in fiscal 2023 exceeded 200.0 billion yen, a 7.0% increase compared to the same period last year. Our strength lies in having flagship stores in each area from Sapporo to Hakata, and having a gaisho organization in each area that connects us with affluent customers. In fiscal 2023, gaisho sales accounted for about 26% of department store sales, and the growth in recent years has been particularly strong among young shoppers in their 20s to 40s. In the same year, sales by young affluent consumers accounted for about 30% of total gaisho sales. We see that the increase in household income due to the rise of power couples that stand out in downtown and other areas also has an impact. In addition to the success of expanding its lineup of luxury and art items that suit the younger people and providing lounge services, promoting online sign-up has also proven effective.

We have approximately 300,000 gaisho customers. By skillfully combining human and digital touch points to stay close to our customers, we will respond to a wide range of needs and wants, and work to further expand LTV.

Trends in gaisho sales of the Department Store Business



Deepen “semi-gaisho” customers

The number of our app users continues to increase every year, reaching 2.20 million as of the end of fiscal 2023. According to an analysis of customers using the app, we have found that there is a significant number of customers who do not have our cards but spend more than one million yen per year at our department stores, and sales from them reached approximately 36.0 billion yen in fiscal 2023.

Classifying these customers as “semi-gaisho customers,” we have decided to further promote purchasing from them. We are building our systems and operations, including a personalized approach based on data obtained from the app and collaboration with the credit card company. When we invited them to a trial event for gaisho customers in May, we received more purchases than expected.

We hope to build strong relationships by strengthening our approach to loyal customers through the digital touch point of the app.

Establish next-generation gaisho communication

Daimaru Matsuzakaya Department Stores operates gaisho’s own closed website called “connaissligne,” which introduces special merchandise unique to gaisho and provides a variety of information. In fiscal 2023, we gained over 13,000 new members, bringing the total membership to over 110,000. The members of connaissligne account for 36.8% of all gaisho customers, which means that we have digital touch points with about 40% of all gaisho customers. In the future, we plan to use the Daimaru Matsuzakaya app as a starting point to guide semi-gaisho customers to become connaissligne members, thereby creating an environment in which we can provide existing gaisho services.

In addition, in fiscal 2023, by identifying potential customers through the analysis of gaisho customer data and approaching prospective customers through data analysis, we were able to achieve sales of 2.4 billion yen. Going forward, we will further improve the accuracy of our analysis, enrich customer information, and identify latent needs using AI to provide even more detailed services than ever before.

03. Management Strategy



Strengthen collaboration between GINZA SIX and department store gaisho

Daimaru Matsuzakaya Department Stores has started a new collaboration between its gaisho and GINZA SIX in September 2023. Although we have been involved in gaisho collaboration efforts in the past, the new gaisho collaboration dramatically increases the number of tenants from which customers can receive services unique to gaisho, such as point benefits at GINZA SIX.

Daimaru Matsuzakaya Department Stores not only provides information about GINZA SIX through the closed website for its gaisho customers “connaissligne,” but also has its gaisho staff encourage gaisho customers using various tools to shop at GINZA SIX. We believe that these efforts will also contribute to increasing the presence of gaisho in the Tokyo metropolitan area.

In addition, for GINZA SIX, attracting more gaisho customers will increase sales and rental income for the entire building, and will lead to new affluent customers becoming app users. For tenants, this will also create a new point of contact with an affluent class of gaisho customers.



Approach to wealthy overseas people

Capturing global demand has become an important issue in order to compensate for the shrinking domestic demand caused by the declining population. In the FY2024-FY2026 Medium-term Business Plan, we are working to increase spending by inbound tourists and build relationships with wealthy overseas customers.

Daimaru Matsuzakaya Department Stores signed a business alliance agreement with Central Pattana Public Company Limited, a member of Central Group in Thailand, and since June 2023, has been offering a reciprocal customer transfer program for the Daimaru Shinsaibashi store and Central World, offering preferential treatment to each other’s VIP customers. In April 2024, the Daimaru Sapporo store and Central Phuket were added to the list of participating stores.

In addition, in April 2024, we entered into a comprehensive business alliance agreement with WealthPark Real Estate Technologies, Inc. (“WPRET”), a subsidiary of WealthPark Co., Ltd. This will enable us to approach WPRET’s customers, such as wealthy overseas people who own real estate in Japan, with support from the company, including language support.

We believe that a variety of approaches are necessary to attract wealthy overseas customers. We will continue to strengthen our overseas customer base, including through alliances with business partners.

