

## Management Strategy

Department Store Business\_02 Real × Digital Strategy

# The Key Is the Digitalization of Touch Points

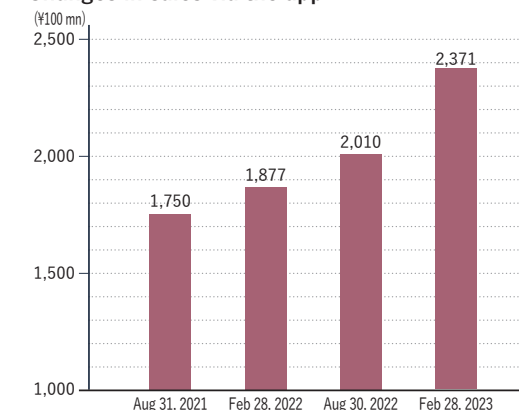
### App at the gateway to evolution

Smartphone penetration rate among mobile phone owners in Japan is already estimated to be over 96%. In the post-digital era, the digitalization of touch points with customers is further accelerating. We believe that the boundary between online and offline is becoming increasingly blurred, and that we are in the process of further evolving a customer experience that allows customers to move freely between online and offline. It can be said that smartphones as touch points are now indispensable for deeper communication with customers.

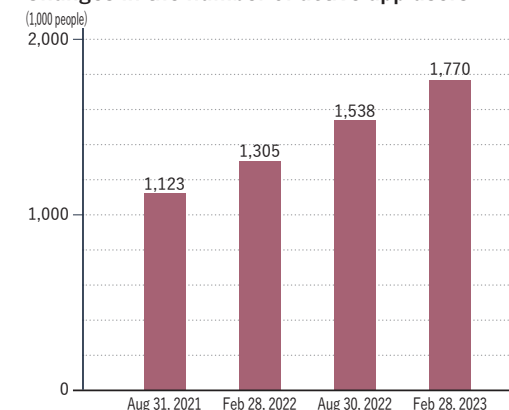
Therefore, Daimaru Matsuzakaya Department Stores has issued the Daimaru Matsuzakaya App, a service that responds to the ICT era, and is working to further improve customer satisfaction and enhance customer service using digital technology. The app has an “electronic membership card function” that allows its users to earn and use points like a physical card, an “upgrading function” that provides different services according to the user’s number of visits to the store and purchase amount, an “alert function” that provides timely information on special offers, and a “store information function” that allows its users to check events, topics, floor guides, etc. at their favorite stores anytime they want.



Changes in sales via the app



Changes in the number of active app users



### Indispensable tool for the evolution of CRM

The quality of communication has evolved dramatically through the digitalization of touch points, or the use of the app. We are now able to communicate with each of our customers in a more personalized manner and aim to increase lifetime value by building better relationships than ever before.

The results of utilizing the app are showing up in tangible numbers. In fiscal 2022, Daimaru Matsuzakaya Department Stores sales via the app totaled 237.1 billion yen (up 26.3% year on year) and the number of active app members reached 1.77 million (up 35.6% year on year). The average spend per

customer was 1.9 times higher for those who signed up for the app versus those who did not, indicating that signing up for the app contributes to the increase in the average spend per customer.

As an example of the use of data obtained from the app and others, we initiated a model for predicting purchases to be made by potential customers based on logistic regression analysis, which resulted in sales of 2.2 billion yen in categories such as luxury items, art, and watches in fiscal 2022. In the future, we intend to further enhance CRM by expanding the scope.

### More unique websites are now available

#### >>Raku-Rich

Raku-Rich, a subscription service for frozen gourmet home delivery carefully selected by food connoisseur buyers, was launched. This service allows customers to enjoy “luxury gourmet” foods of department store basement food floor quality at any time.

In recent years, when consumer lifestyles have changed significantly, the need for “food delivery” has increased because the culture of enjoying food at home has taken root. On the other hand, due to the diversification of work styles and the increase in dual-income households, time performance for household chores has come to be emphasized. In addition, the spread of COVID-19 has led to rapid growth in demand for food delivery, and it is expected to become an essential service for daily life in the future.

Based on this background, this project is a new initiative that embodies the pillars of Daimaru Matsuzakaya Department Stores in the Medium-term Business Plan: Real × Digital Strategy = “human power” to provide new experience value and overcome the constraints of time and place.

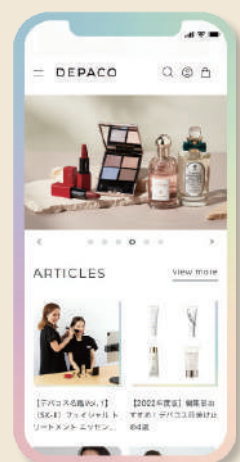


#### >> DEPACO

Department store cosmetics information media DEPACO, which has been well received so far, was renewed as “media commerce” for department store cosmetics in 2023. It has been transformed into an attractive site that combines the functions of physical stores, e-commerce, and owned media. It is a media commerce that is just like a cosmetic counter, where customers can receive a thorough consultation just like in a physical store, even online.

The editors of DEPACO and the beauty advisors of cosmetics brands send out more than 100 original articles and information on department store cosmetics every month. The lineup includes more than 140 brands, ranging from popular brands that are familiar in e-commerce to brands not available in physical stores. In addition, to meet the needs of customers who want to consult across brands, DEPACO’s dedicated cross-brand beauty advisors, who take advantage of the strengths of the Department Store, provide online services ranging from consultations on skincare, makeup, gift suggestions, and other key points to comprehensive consultations that allow customers to discuss their needs in detail.

### DEPACO



#### >> ARToVILLA

The art market in Japan exceeded 250.0 billion yen and department stores are its second largest sales channel behind art dealers (approximately 20% in 2019). Particularly, the contemporary art market is expanding and contemporary art is popular among young collectors in particular. This trend is expected to continue in the future. In this situation, ARToVILLA, our first art media that communicates the appeal of art and buying art, was launched in January 2022.

ARToVILLA is a project in collaboration with people from #DOORS who open the doors of art in their individual ways of living and are active in cultural occasions. Its concept is that people who create art and people who receive art work together to increase the perspectives of enjoying art. It provides content that lowers the hurdles to owning art online and in physical stores and delivers experience until owning art. People who “view” art are increasing but still a few people “buy (own)” art. Given this current situation, we would like to normalize buying art using unique approaches linked to daily life and make a fulfilling life with art possible for all.

