

Connecting people and bridging times

Taking environmental changes as business opportunities

Aiming for department stores in the new era that connect customers with goods and events via platforms

More than 10 years have passed since the formation of the Isetan Mitsukoshi Group and the environment surrounding us has changed significantly.

The Group formulated a three-year plan (for FY2019 to FY2021) and began to execute it in the current fiscal year for the next growth stage, in an environment of ongoing changes such as digitalization and population decline. We will continue growing as a future department store by taking the various risks surrounding us and environmental changes as opportunities and creating new businesses and value by taking advantage of IT, stores and people as our strengths.

Major changes in social trends

Major changes in social trends

1 Demographic changes

Acceleration of decline in birthrate and aging of population
Population concentration in urban areas and depopulation of rural areas
Increase of population in ASEAN countries, Africa, India, and others
Economic growth of Asia and Africa

2 Evolution of digital technologies

Environmental changes attributed to the IT revolution
Expansion of sharing economy

3 Establishment of a sustainable society

Changes in the environment surrounding the Isetan Mitsukoshi Group

4 Reduction in the absolute number of customers

Acceleration of bipolarization of consumption
Expansion of the affluent population in the world
Rise of the Millennial Generation
Increase in demand from inbound tourists
Overstore

5 Environmental changes caused by IT

Limitations of retailing based on bricks-and-mortar stores
Rise of e-commerce
Diversification of purchase and payment methods
Changes in logistics and supply chains
Shift in needs from ownership to shared use
Expansion of the second market
Diversification of customer needs (from goods to events and experience)

Strengths and business structure of the Isetan Mitsukoshi Group

Strengths of the Isetan Mitsukoshi Group



Businesses of the Isetan Mitsukoshi Group



With the 10th anniversary of business integration in 2018, which formed the Isetan Mitsukoshi Group as an opportunity, Isetan Mitsukoshi Holdings adopted connecting people and bridging times as the vision called Our Philosophy, which describes the meaning of the Group's existence and how the Company wants the Group to be. In Our Philosophy, the Company clearly set a course of action for Group companies. The Group is now advancing initiatives based on that course of action, aiming to be future department stores that make the most of IT, stores and people.

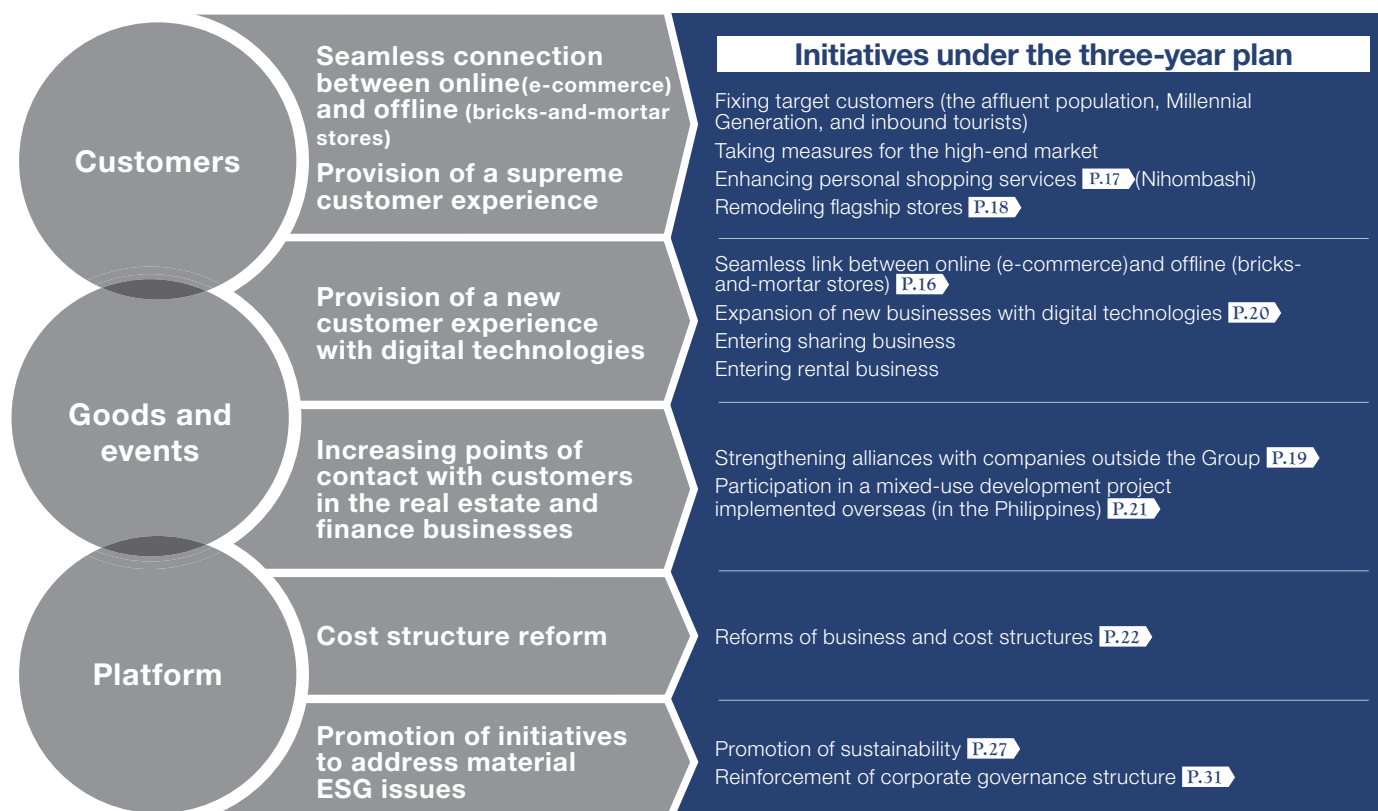
By nature, department stores have been serving customers as places for not only shopping but also enjoying dining and pastimes. However, customer needs have been changing, reflecting the changes of the times. Our latest goal is to be a new mediator, which is different from conventional department stores, once again.

With the rapid development of IT, information about goods and events all over the world has become available. As a result, customers' purchasing behaviors have changed significantly. In this environment, we will maximize our strengths by combining the strengths of the Group and its business structure by using IT and strive to develop new business strategies and infrastructure. We will thus aim to create new value as a mediator who connects customers with goods, events, and information both online and offline.

We will provide an unprecedented customer experience by transforming our businesses with a new framework centered on the new department store business (online and offline), the real estate business, and the finance business, based on our strengths including stores in Japan and overseas, real estate we own, brands, customers, and human resources. We will thereby deepen our bond with customers and the times and play a role in connecting people and bridging times.

Future direction of value creation

Department stores in the new era that make use of the power of IT, stores, and people (platform operators)



Three-Year Plan of the Isetan Mitsukoshi Group

Through FY2018, we proceeded with transformation through structural reform as a preliminary measure. From the current fiscal year, we will finally shift our focus to the full-scale transformation aimed at the next growth phase and provide our customers and other stakeholders with new value as a corporate group that connects people and bridges times. We will also work on a drastic reform of our cost structure to establish a revenue base for achieving our growth strategies.

How the Company wants the Group to be

Connecting people and bridging times

Department stores in the new era that makes use of the power of IT, stores, and people (platform operators)

- I. Providing a supreme customer experience, both online and offline
- II. Providing a new customer experience by combining the Group's strengths with digital technologies
- III. Increasing points of contact with customers in the real estate business

Cost structure reform

The Isetan Mitsukoshi Group's strengths and business structure

Overall Picture of the Strategies

Growth strategies

Structural reform

1 Business model innovation

Recognizing that we need to change our retail business model from what it is now, we aim to be a mediator who can provide a supreme customer experience anytime, anywhere. For this purpose, we will work on the innovation of our retail business model, with which we will take advantage of the strength of our offline business (stores) and connect it smoothly to our online business (e-commerce).

In addition, we have begun remodeling our flagship stores, which constitute our greatest strength, with the aim of making them even more distinctive. In the finance business, we are striving to increase the number of good customers to improve profitability.

2 New online businesses

To provide customers with a new purchase experience, we will work on the development of new businesses that use digital technologies as additions to the existing retail business.

3 Expansion of real estate business

We will strive to increase revenues by making effective use of the real estate we own in Japan and overseas.

4 Cost structure reform

We will work on a drastic cost structure reform to establish a revenue base for achieving our growth strategies. The goal of the reform is to establish a structure with SG&A expenses at 300 billion yen by FY2021.

Business Strategies



Business model innovation

Providing a Supreme Customer Experience, both Online and Offline

1 Making products offered at flagship stores purchasable anytime and anywhere (making them available online and at brick-and-mortar stores)

The Company will work on business model innovation to solve inconveniences experienced by customers, including those involving stock and range of products, and offer a supreme customer experience anytime, anywhere.

To start, the Company will build a system that enables customers to gain information and shop online by digitally registering all product information with the Isetan Shinjuku Main Store set as an offline starting point.

The Company will establish a digital studio and advance digital product registration, in addition to aligning stocks with those at business partners.

At the same time, the Company will enhance the capacity to offer online the same lineup of products as that at flagship stores to customers in areas without an Isetan Mitsukoshi store nearby.

Seamless integration of online EC services and offline brick-and-mortar store services



2 Providing a new customer experience by using digital technologies (improving the quality of customer services)

The Company aims to achieve conditions that permit it to offer seamless services for customers online by asking them to register their digital ID. The Company aims to improve the quality of customer service by storing digitized qualitative information gained through offline and online customer services, making optimum proposals suited to respective customers online and offline, and offering a new customer experience.

At brick-and-mortar stores, the Company will make sure that all employees in charge in all departments can offer optimum customer service and proposals for customers visiting them by matching abundant product information and services with demand across departments based on qualitative information accumulated over the years.

As a tool for connecting customers with stores, we will use a website for web members that can be accessed from both PC and smartphone. On this website, members can make reservations for a range of services and events, check information including their purchase history, receive information suited and recommended to respective customers, and use other functions. We are planning to expand these services one by one.

Specific example of new customer experience

an initiative taken at Mitsukoshi Nihombashi Main Store

(Strengthened response to personal demand)

We began to take the following initiative at Mitsukoshi Nihombashi Main Store, ahead of other stores, when it was reopened in October 2018 after being remodeled. The initiative is part of the measures for providing a new customer experience using digital information.

Reservation

Our web service allows customers to check services, events, stylists' profiles and their schedules in advance and make reservations at their convenience. They can also make reservations by telephone or in store.

Visit to the store

When a customer visits the store, requests from the customer are shared by store staff using digital technologies. They make preparations so that multiple staff members can serve a particular customer. We therefore provide our customers with new shopping experiences.

Customers drop in at the reception on the 1st floor, which is our base for providing hospitality. At this counter, guides are ready to serve customers at all times. The guides introduce concierges, who are on duty at all times at the personal shopping desk on each floor, according to the purpose of each customer. The concierges not only show the products offered on each floor, but also provide information beyond boundaries between categories and between brands. They provide hospitality to customers by cooperating with stylists with a high level of expertise and concierges of other floors to meet each customer's request.

System that supports our customer services

At the store, we have introduced a customer service tool for stylists, with which each member of the sales floor staff accumulates customer service information and purchase information of each customer in customer records.

Customer information is shared by the sales floor staff members using mobile devices and tablets. In this way, information that used to be managed separately, such as customer data and concierge information, is now managed in a centralized manner. This has eliminated duplication and waste and has increased the amount of time for providing higher-quality hospitality.

We will expand this tool, which we first introduced at the Mitsukoshi Nihombashi Main Store, to the other stores one by one.

*At the Isetan Mitsukoshi Group, we call our sales clerks "stylists," aiming to style customers' attractiveness, sensibility, and other elements through our customer services.

Optimal delivery of information

At stores, we also deliver information to customers based on various attributes on a trial basis. In the future, we will deliver more personalized information by analyzing customer segments in more detail. Based on customers' reaction to the delivered information and other data, we will analyze customers' interests on a real-time basis and make use of the results of the analyses in creating the next measures.



Top page of the website for web members



Reception



Personal shopping desk



Customer service provided at a personal shopping desk

Remodeling of flagship stores aimed at achieving growth strategy targets

Our greatest advantage is the fact that we own our flagship stores in the center of Tokyo, one of the world's leading metropolises. We will make strategic investments to make the flagship stores even more distinctive in our efforts to maximize our corporate value.

Remodeling of Mitsukoshi Nihombashi Main Store



We are proceeding with the remodeling of Mitsukoshi Nihombashi Main Store, aiming to convert it from a conventional department store focused on goods into a specialty store centered on customer service and hospitality, which is the greatest strength of the store.

In October 2018, the store had its grand opening after completing the first-phase remodeling. We introduced a new system for hospitality by combining our people, environment, and services with digital technologies so that customers can enjoy a special experience. On the first floor of the main building, we established a reception as the base for providing services, where around 100 guides are ready to listen to requests from customers and show them to the personal shopping desk on each floor. At the desks, around 90 concierges, each of whom is familiar with a particular category, are on duty at all times. They are ready to help customers carry out shopping in accordance with their requests, beyond boundaries between brands, categories, and floors. Further, by using digital technologies, we have reinforced

the system for information sharing by staff members, allowing them to offer the optimal hospitality to each customer.

With regard to the in-store environment, Mr. Kengo Kuma, a renowned architect, worked on the environmental design of the first floor of the main building, which is the main entrance to the store. Under the concept of glistening white forest, he created a space that makes customers feel excited.

We are aiming to complete the second-phase remodeling within FY2019. In this phase, we will expand the product lineup in the categories of watches, jewelry, art, exclusively ladies' and men's fashion and accessories, and ladies and men's fashion. We will present the new appeal of Nihombashi in the overall facility. On the second floor of Mitsukoshi Nihombashi Main Store's Main Building devoted to men's fashion, the Company opened the shoes section in June and the personal order salon in August. The Company is remodeling the Main Building step by step with plans to add new sections, including the watch gallery that opened on its sixth floor in August.

Remodeling of Isetan Shinjuku Main Store



We are remodeling Isetan Shinjuku Main Store with the aim of fulfilling its mission "Isetan gives new meaning to Fashion." At this store, we will create new value through activities including the deep pursuit of genuineness and quintessence, the expansion of the product lineup, and the suggestion of new customer experience.

As the first remodeling phase in 2018, the Company renovated the entire men's building, which had remained the same since its opening in 2003. The Company has gained public approval by reorganizing the men's building's floors for casual goods in response to changes in lifestyles and the diversification of values, expanding the lineup of customized products that satisfy individual demands and improving the communication environment, in

addition to increasing global products and services through the pursuit of cutting-edge, top-drawer global fashion.

In the second-phase remodeling, which we will work on in FY2019, we will expand the lineup of products offered in the main building, chiefly consisting of watches, jewelry, cosmetics, and luxury brands, to respond to changes in customers' lifestyles and the diversification of values. We will thus strive to make this store even more distinctive.

On the fifth floor of Isetan Shinjuku Main Store's Main Building, the Company opened the living section in April and the watch shop in June. The Company is remodeling the Main Building step by step with plans to create new sections, including jewelry and women's shoes that opened in August.

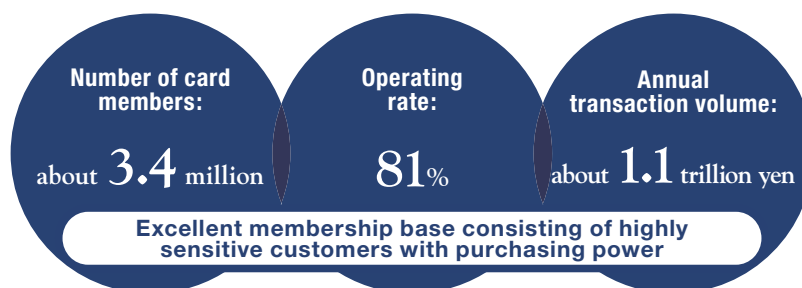
Strengthening finance business

The majority of customers use the MI Card when they shop in stores of the Isetan Mitsukoshi Group. The card has around 3.4 million members, who use department stores of the Group in Japan and who are highly sensitive and have purchasing power. The transaction volume, or spending by customers, is 1.1 trillion yen. In addition, MI Card members constitute around 16% of all households in Japan with an annual household income of 20 million yen or more*. The card utilization rate is 81%, which is among the highest in the industry.

In the finance business, we are working on the expansion of alliances with companies outside the Group, mutual customer referrals with them, and the improvement of our services by taking advantage of the excellent customer base. Specific initiatives include the issuance of co-branded credit cards and the expansion of point exchange partners of MI Points, the bonus point program of the Group. We will continue striving to further increase our earnings strength by increasing the number of new members and promoting the utilization of the card.

*Data on all households for FY2017 (Ministry of Health, Labour and Welfare)

MI Card's strengths

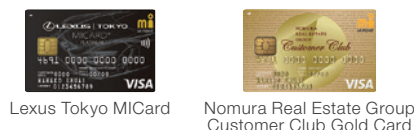


Strengthening alliances with companies outside the Group and increasing card use within the Group

Number of MI Point exchange partners:
46 companies

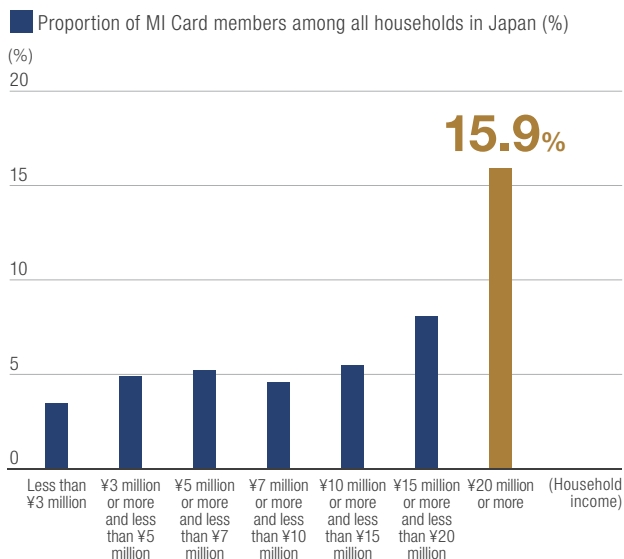


Co-branded credit card partners (outside the Isetan Mitsukoshi Group):
5 companies



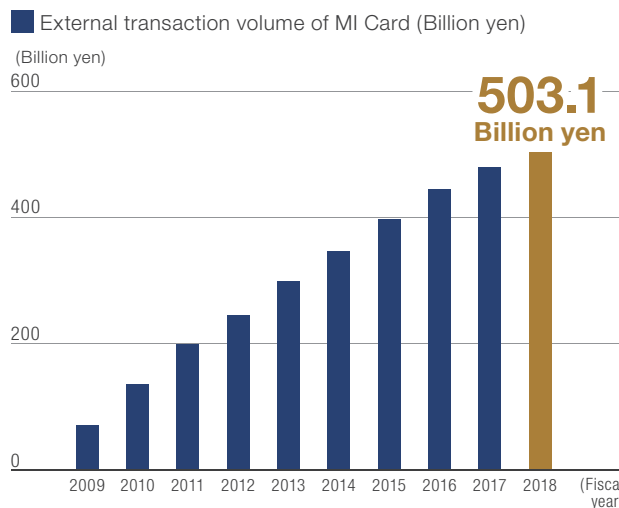
Excellent customer base

MI Card members account for a large proportion of all households with high annual income, constituting an excellent customer base.



Use of the card outside the Group

The use of the card outside the Group has been increasing steadily since the issuance of a card that is co-branded with an international brand (October 2008).



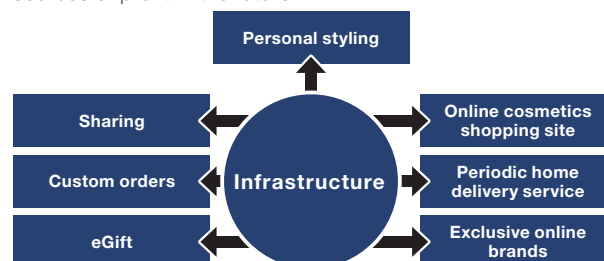


New online businesses

Providing a New Customer Experience by Combining the Group's Strengths with Digital Technologies

To provide customers with a new purchase experience, the Company is strengthening and expanding new online businesses that take advantage of our strengths by using the common infrastructure of the Group. We will offer a wider variety of products than we can provide at bricks-and-mortar stores and diversify purchase methods. We will also link online businesses to each other to expand the business scale and improve customer convenience. At present, we are planning projects on seven businesses and promoting them by utilizing the agile method. We will develop the feasible ones among

them into business models with the aim of making them sources of profit in the future.



Examples of New Customer Experience

DROBE (personal styling) Full-scale launch planned for fall 2019

Taking advantage of the expertise of Isetan Mitsukoshi's stylists, we will suggest a new shopping experience to customers who are interested in fashion but do not have time to go shopping in department stores daily and young people who have never gone shopping in a department store.

We will offer live chat counseling, through which a customer tells our specialized stylist what they want. In response, the stylist combines the customer's intention with their own sensibility, suggests distinctive styles based on the extensive range of products offered in our department stores, beyond

boundaries between brands, and sends the products to the customer's home.

This means that customers can take their time trying on products whenever they want, without coming into the store, and choose them by checking their own wardrobes.

They purchase the products they like and return the unwanted ones to us.



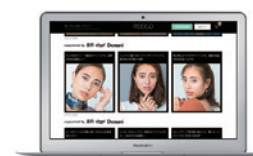
meeco (online cosmetics shopping site) Launched in spring 2019

The Company established an online cosmetics shopping site, which offers one of the widest product selections in Japan, information and content that enable customers to find products they want, and the convenience sought in e-commerce, taking advantage of the Isetan Mitsukoshi Group's information dissemination capabilities and solid product lineup.

We operate a highly convenient website that caters to the diverse needs of customers, including those who usually purchase cosmetics over the counter but are too busy to come into the store for additional purchases, those who are interested in cosmetics

products but live in areas without a department store, and those who have never purchased cosmetics at a department store.

Going forward, the Company will expand the product lineup on the website to cover not only brands sold at its department stores but also brands unavailable at stores. The Company will also improve the website in terms of information dissemination and services by upgrading the product search function.



<https://meeco.mistore.jp>

ISETAN DOOR (periodic home delivery service) Launched in June 2018

This is a new periodic home delivery service that we provide online. It is a proposal-based service for enriching customers' everyday lives, which we provide by taking advantage of Isetan's capability of making suggestions and its product lineup. We provide around 5,000 items that are carefully selected by buyers and stylists of Isetan. They range from popular sweets offered on the basement floors of department stores to everyday foods including chilled food and perishable items, foodstuffs related to special in-store projects, and items for supporting expectant mothers and women rearing children. Orders can be placed easily with a

smartphone or PC for the convenience of women who are busy with work or household work. Products are delivered at the times and dates specified by customers.

Since its launch, this service has been well received by a wide range of customers, mainly including working women in the Tokyo Metropolitan Area.



<https://isetandoor.mistore.jp>



Expansion of real estate business

Increasing Points of Contact with Customers in the Real Estate Business

The Isetan Mitsukoshi Group owns real estate properties in the premium districts of Japan.

We will proceed with the redevelopment of company-owned real estate properties (stores) in Japan in conjunction with urban redevelopment projects from a long-term perspective. At the same time, we will take measures to improve the efficiency of the portfolio of company-owned real estate, including the reorganization of the scattered head offices and the replacement of properties.

We will also strengthen the business of operating commercial facilities to expand the real estate business and apply our expertise in leasing for our existing department stores.

Redevelopment of company-owned real estate properties in Japan

In areas where urban redevelopment projects are planned, such as those around Isetan Shinjuku Main Store and Mitsukoshi Nihombashi Main Store, we will contribute to urban development by making effective use of our properties around each area in conjunction with the local redevelopment project, in addition to making each store even more distinctive. We will promote the effective utilization of company-owned properties in our efforts to increase the profit from real estate.

<Strengthening the business of operating commercial Facilities>

We will expand the business of operating commercial facilities by positioning it as the core of our real estate business. The Company will apply leasing knowhow gained through businesses launched in areas such as Yokohama and Kokubunji in the previous fiscal year to existing businesses such as department stores.

In March 2018, we opened FOOD & TIME ISETAN YOKOHAMA in Yokohama JOINUS. Here, we operate around 30 outlets including shops offering a wide variety of foods, as well as cafes and restaurants, targeting diverse working people who go by Yokohama Station and those who come to Yokohama for various purposes. In April 2018, mi:ts KOKUBUNJI, a locally-based commercial facility located in front of the north exit of Kokubunji Station, had its grand opening. At this facility, we operate around 50 outlets, including restaurants, cafes, sundry stores, and clothing stores, under the concept of "Store for our gathering" (a comfortable place for daily use that suggests lifestyles of slightly superior quality and offers places for gathering).

Promotion of overseas mixed-use development project

Overseas, we are working on a mixed-use development of dwellings for sale and commercial facilities in Manila, the Philippines, jointly with Nomura Real Estate Development Co., Ltd. and Federal Land Incorporated. It is the first joint project in the Philippines that involves a Japanese developer and a Japanese retail company. Through the development project, a commercial complex on a lower level is scheduled to be completed in 2021, followed by four condominium towers that are scheduled for completion in 2027.



FOOD & TIME ISETAN YOKOHAMA



mi:ts KOKUBUNJI



Mixed-use development project in Manila, the Philippines

Cost structure reform

Further Reform of Cost Structure

In FY2017 and FY2018, we disposed of underperforming businesses, took cost control measures, and disposed of carryover stock in an uncompromising manner.

From FY2019 to FY2021, the Company will secure funds for activities, including infrastructure development for digitization predicted to go into full swing, in addition to the large-scale remodeling of flagship stores and investments in facilities for improving their safety and security by advancing cost structure reforms. At the same time, the Company will work to achieve its operating income target.

1 Reduction of SG&A expenses

We will work on the significant reform of our cost structure with the aim of establishing a structure with SG&A expenses of 300 billion yen by FY2021.

2 Organizational improvement

We will promote cost structure reform by appointing a person in charge of earnings management and cost structure reform in each organization.

3 Replacement of real estate properties

We will improve the efficiency of the portfolio of company-owned real estate by taking measures including the reorganization of the head offices.

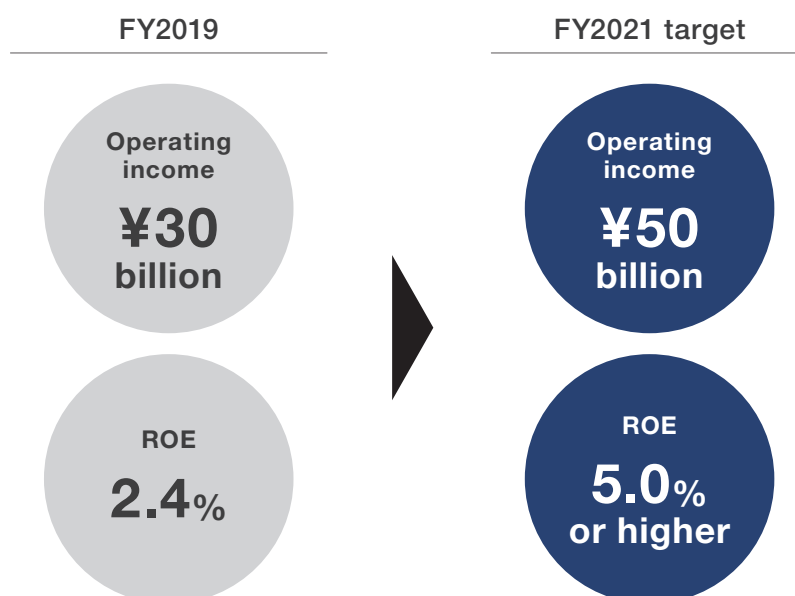
4 Redeployment of staff

We will review the work flow on the sales floors to ensure appropriate staff deployment.

KPIs

KPIs <Operating income of ¥50 billion and ROE of 5.0% or higher in FY2021 >

The Company aims to achieve operating income of 50 billion yen and ROE of 5.0% or higher in FY2021 by furthering cost structure reforms.



CMO Message

Aspiring to enhance our platform towards being a “future department store”

Isetan Mitsukoshi Holdings Ltd. Executive Vice President and Chief Merchandising Officer

Isetan Mitsukoshi Ltd. Director

Toru Takeuchi

Acting as a bridge since the launch of the department store

Acting as a bridge for customers' needs and goods from our suppliers with our platform is a mission that we have always addressed since embarking on the department store business. It is why we are here and the true joy of doing this business. Our strength lies in dealing with a wide variety of goods on this platform and proposing the best style of clothing, eating and living experiences for customers based on information gained through our stylists' close communication with customers while serving them.

However, markets change incessantly, customers' preferences vary significantly and a vast array of goods from suppliers exists. It is difficult to put all of them on the platform. Therefore, it is necessary to select items using a filter unique to Isetan Mitsukoshi.

In addition, our conventional platform consisted solely of department stores in the physical world. In the future, it will extend virtually. It will be tremendously different from the past. The conventional process flow that we have taken for granted, that is, purchasing, advertising, serving customers and sales, will also change as the virtual space grows. The changes we have undergone are merely derived from the path that we have taken. In the future, it seems that we will simultaneously be following totally different paths and we do not know how many. Our knowledge and experience will be applicable to changes in the extension of conventional operations, but they cannot be used for new paths. In this sense, newcomers and experienced

staff are on the same starting line. Everyone has a chance to show off their abilities. In the future, we need to be flexible and courageously take stepstoward the unknown.

Learning about customers and markets linked to the platform

We have a duty to provide goods and experiences from suppliers that meet customers' needs to build a structured platform. For this purpose, it is vital to fully learn about customers, to stay updated on the markets and to carefully monitor their changes. Trends are changing constantly. This year's trends differ from last year. For example, when the traditional style was at its zenith, those familiar with it were highly respected. After this style faded and when designers' and characters' brands (so-called “DC brands”) were popular, they would no longer be respected unless they changed. We must decipher the changes of customers at the center of the market and shifts in their lifestyles and, if necessary, dissect the goods and services we propose in a moment and reorganize them into new groups to construct a platform that is best suited to the new market. For instance, the sales floor for specially selected items traditionally dealt with luxury brands that consisted of clothing, shoes, bags and accessories. From all of these items, handbags alone were picked up and assorted on the first floor of Isetan Shinjuku Store. We saw that customers wanted to compare different brands and we monitored market changes, which allowed us to attain the greatest success on a new platform. Our current departments feature different groups: for example,



items for women, items for men, items for different age groups, items with different purposes such as clothing, eating and living and items for formal or casual situations. In the future, a new item group may be created for men and women to enjoy shopping together.

Working with suppliers as a bridge between goods or experiences and customers

To facilitate the operation of a platform, it is significant not only to watch the changes of customers and markets but also to build good relationships with suppliers. They are in charge of the output, or creating products and supplying them to markets. When they work hand in hand with us, aware of the overall platform, to exchange high-quality information and communication, they can create new products that are actually sought by customers and attain sales growth. That helps build a beneficial relationship for both suppliers and us. When linking suppliers with the platform, it is wrong to think that customers would like products because we like them. We must put what they actually want on the platform. In addition, we need to search for goods and services that customers will find admirable, going beyond a mere lineup. For the purpose of sharpening our eyes for beauty and discerning between good and bad, or having a discerning eye, it is significant to accumulate our experience while communicating daily with suppliers. When we observe a large quantity of things with attention to detail, we will gradually see what we could not in the past. Experience will help us gain quantitative and objective insights. We will become able to rationally explain what we

merely felt was good.

Suppose that you visited a large trade show for handbags and persistently observed tens of thousands of samples—you would discover the trends of the season and identify promising products. It is vital to develop your sense of beauty to enhance your judgment. Your sense of beauty is different from that of others, and backgrounds and rules may be involved. It is also imperative to study and listen to experts. I am convinced that the ability to tell if manufacturing is carried out with consideration for sustainability will be a significant skill in the future.

A future department store bridges e-commerce and physical commerce

In the three-year plan for FY2019 to FY2021 announced last November, we declared that we will aim to establish a “future department store,” which will bridge e-commerce and physical commerce using information technologies and the potential for stores and human strengths. In the future, we will work on creating new value that is possible only by the Isetan Mitsukoshi Group through evolving the platform, our strength. To achieve this, we are currently carrying out a digital transformation as our top priority.

The “future department store” has no boundaries between e-commerce and physical stores. Its seamlessness will increase convenience for customers. In the future, we will actively use digital technologies in addition to conventional analog approaches to observe changes in customers and markets more effectively. Unlike in the past where stylists had been searching for information, the use of digital technologies will make it easy to

collect information about goods and services around the world. Conventionally, the know-how for serving customers had been accumulated by and depended on individual stylists' experience, but if this can be stored as digital data, it can be used as a shared strength. We already commenced customer services based on digital data at Mitsukoshi Nihombashi Main Store last fall, ahead of any other store.

The digital shift will also bring about a change in the approach to presentation. Traditionally, visual presentation was intended to attract consumers and stimulate their desire to make a purchase. With this objective as a source of motivation, related personnel worked hard to accumulate a variety of knowledge and skills. The future shift to seamless commerce will require visual presentation on smartphones and computer screens. Visual presentation is very important in real stores. Similarly, it will be necessary to accumulate knowledge and techniques for producing webpages that grab online users' attention among many different pages and that stimulate their desire to purchase. At the Isetan Mitsukoshi Group, we will independently build a mechanism for it.

Basically, the same idea goes for department stores located in provincial areas. They are so small that they cannot display all the items that are dealt with at Isetan Shinjuku Store or Mitsukoshi Nihombashi Main Store. It is important to



We will train personnel more discerning to act as a bridge between and goods or services pr

compensate for this weakness using digital technologies. Serving customers at the Isetan Mitsukoshi Group's approximately 200 contact points, including 24 stores in Japan, 34 overseas, satellite shops, ISETAN MIRROR stores, and ISETAN SALONE will provide the greatest advantage.

Discerning and coordination skills to optimally act as a bridge between customers and goods or experiences

No matter how far digital technologies advance and online business grows, goods that do not sell well at real stores do not sell well online, and vice versa. Irrespective of advancements in digitalization, we should fully understand customers and merchandise and communicate with customers on different platforms, which will not change.

Of course, we will need to read market reports and study them. However, the skills of understanding the atmosphere and intuition are also key elements. The way to accumulate them is to keep watching goods and services with interest, instead of aimlessly looking at them. The longer you practice this, the better your discerning eye will become.

As the platform changes dramatically in the future, the methods of shopping and serving customers will be diversified at an unprecedented level. For example, customers may choose the goods that they want from the items we send to them, or we may communicate with customers using chatting tools. In addition to a discerning eye, coordination capacity will be required. It is the ability to make an optimal combination between customers and goods or experiences.

To gain this discerning eye and coordination capacity, it is

to be g and gain coordination skills en customers provided by suppliers.

essential to learn about a range of information right in front of you and create opportunities to broaden your perspective. For our personnel development, we are emphasizing job rotations to provide experience with different duties such as sales at actual stores, back office operations, actual store operations and online stores, instead having the same experience in the same place for years. We also organize two-year overseas training for young employees. Working overseas helps trainees to significantly change their mindsets, points of view and perception of others. It makes them very flexible and encourages them to grow. Not only the company but each employee must willfully work to grow. For instance, when you intensively study in a specific area to master something, you will learn how to grasp the way to view things and key points and will find this skill helpful also in later of your life.

Evolution of platform toward a “future department store”

In line with the diversification in terms of styles of retail businesses, the locations for consumers' shopping are spread out, such as shopping centers, outlet stores and online stores. Accordingly, consumers' motivation to shop at department stores is weakening.

We will make branding efforts to place the Isetan Mitsukoshi Group in a high position in the market. Apart from serving customers, we have many things to learn, including displays, signage and other environmental matters, merchandise and event promotion. Aiming to be a first-class business has nearly the same meaning as having a sophisticated sense of beauty.

There are many first-class stores that has interactions with customers. You can find them in Japan and also in overseas such as longstanding brands and hotel services from which you can learn a lot. I believe that our success depends on our ability to produce, at a high level, goods and experiences only available from us and opportunities to learn about those goods. We must turn our eyes to the outside of department stores to learn and practice more. It is said that the higher the class of something, the more difficult it is to standardize the process for it. Some argue that we should call customers by name, but some customers do not want that. Among the customers looking at goods on the shelf, some want to be talked to by shop assistants, while others want to browse freely. The service sought by a customer varies depending on the purpose of shopping and on the product that the customer is looking for. Gaining insight into what customers want depends heavily on personal skills, which cannot be developed without intentionally gaining experience.

In the 10-year period since the launch of the Isetan Mitsukoshi Group, circumstances in society have changed considerably and the speed of change will be higher and higher. A “future department store” will see dramatic platform development, for example, into stores, e-commerce and others according to the changes in circumstances.

Meanwhile, since our founding we have continued to act as a bridge between customers and goods or services from suppliers. This essential part of the business will remain intact. We regard this major change as a good opportunity to create a better cycle while upgrading platforms that we have built as assets.