

Development of Inclusive Stores that Offer Joy to All

With eyes to 2020, the year of the Tokyo 2020 Olympic and Paralympic Games, MARUI GROUP will promote customer diversity and inclusion and strive to ascertain the ideal form of products, services, and stores that bring joy to all customers, regardless of their age, gender, or physical characteristics, through co-creation with all stakeholders.



Customer Diversity and Inclusion

"Inclusion" is the concept of including those who have previously been excluded. MARUI GROUP seeks to achieve both sustainability and profitability through innovations to its businesses. As part of this undertaking, we seek to develop stores that offer a comfortable environment in which all customers, including senior

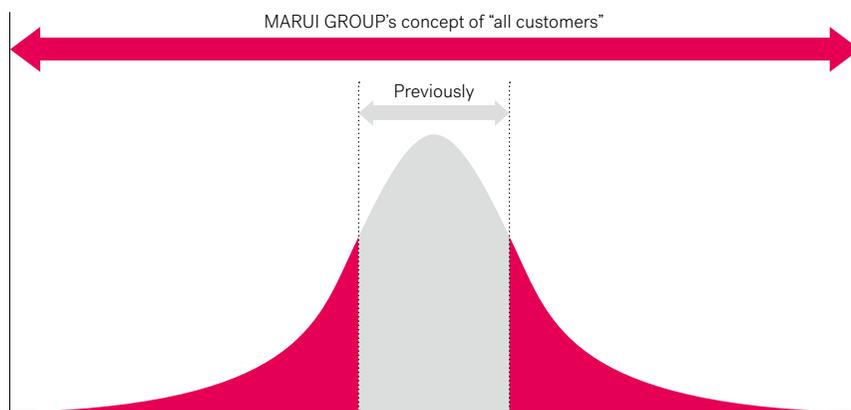
citizens, differently abled individuals, non-Japanese people, and members of the LGBT community, can enjoy shopping with peace of mind regardless of their age or gender. The development of such stores encapsulates the concept of "customer diversity and inclusion" advocated by MARUI GROUP.

Previously

- Younger generations
- Product lineups focused on apparel

Going forward

- People of all ages, genders, and physical characteristics
- Expanded lineup of food vendors, services, and experiences



Ratio of Senior Citizens

The population of senior citizens over the age of 65 in Japan is 34.8 million.

27.5%

Source: *Population Estimates*, Statistics Bureau, Ministry of Internal Affairs and Communications

Ratio of Differently Aabled Individuals

In Japan, 8.6 million people have physical or mental disabilities.

6.8%

Source: *Annual Report on Government Measures for Persons with Disabilities*, Cabinet Office, Government of Japan, 2017

Ratio of LGBT Community Members

One in 13 people in Japan is part of the LGBT community, representing a ¥5,940 billion market.

7.6%

Source: *LGBT Survey 2015*, Dentsu Diversity Lab, DENTSU INC., 2015

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Departure from Industry Conventions — Positioning of Food Vendors in Entrance Areas

The majority of department stores in Japan position cosmetics and brand-name shops in their entrance areas. Marui stores have also adopted this industry convention in the past. When developing Hakata Marui, we departed from this convention, positioning food vendors in entrance areas to develop the first inclusive, lifestyle-oriented Marui store that can be enjoyed by customers of all ages and genders. This innovation was inspired by co-creation activities with customers.



Customer Input

"It would be nice to have a store that can be visited daily."
"I want a store that is enjoyable for everyone."
"I look for a comfortable atmosphere."



MARUI GROUP's Response

Food vendors were positioned in entrance areas and the portion of floor space devoted to apparel was reduced from around 60% to roughly 30%, making for a store that is easy to visit for people of all ages and genders.

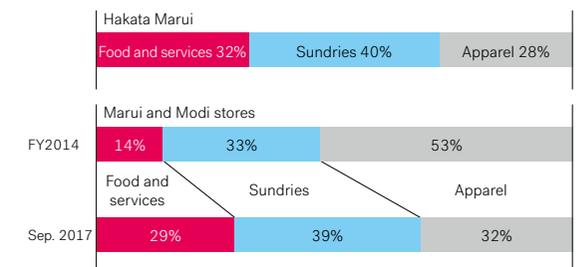
Progress Unconstrained by Past Successes — Co-Creation Store Development

Prior to the opening of Hakata Marui, we held more than 600 planning meetings at which we spoke with an aggregate total of 15,000 customers. At these meetings, input from customers indicated a desire for a store that could be visited daily, that is enjoyable for everyone, and that offers a comfortable atmosphere. Based on this input, we reduced the ratio of floor space devoted to apparel items to around 30%. This led to the creation of the first inclusive, lifestyle-oriented Marui store. As a result, the numbers of visiting customers and purchases at Hakata Marui in the fiscal year ended March 31, 2017, were 1.3 times and 1.2 times higher than at Yurakucho Marui while the number of new EPOS cards issued was 1.5 times higher. These figures surpassed prior records for newly opened Marui stores. Hakata Marui continues to be loved by various customers today.

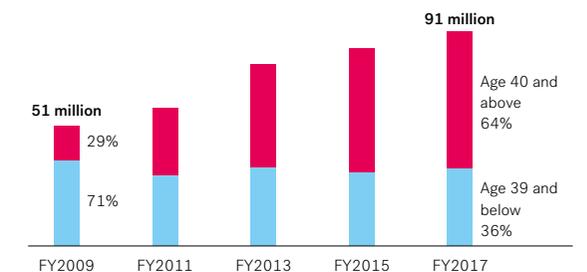
An amalgamation of MARUI GROUP's co-creation store development efforts with customers, the initiatives implemented at Hakata Marui are currently being introduced at other existing stores. These initiatives also signaled the start of the Company's co-creation activities with business

partners. Looking at a longer timeframe, we achieved a 60% increase in total purchase numbers over the past decade, with this number reaching 91 million in the fiscal year ended March 31, 2017. This increase was a result of revisions to store development approaches; product categories, increasing the portion of floor space devoted to restaurants and service providers to around 30%; hospitality; and services—revisions that transformed our stores, which were previously oriented toward younger generations, into places that are inviting to customers of all ages.

Ratios of Floor Space Devoted to Product Categories



Number of Purchases and Distribution by Age Group



Located on the first floor of Hakata Marui, Dashidokoro Hyoshiro is the first shop integrated with a dining establishment operated by Ajino Hyoshiro.



At planning meetings, we continued to discuss store development concepts, floor layouts, product lineups, and other matters with customers.

Introduction of Hakata Marui Successes at Existing Stores

Planning meetings with customers have since been conducted at five stores, enabling us to discover that demand for food vendors in entrance areas was not region-specific but was rather shared by all stores. MARUI GROUP thus undertook renovations at the five stores to position food vendors in entrance areas. As a result of these efforts, transactions and purchase numbers at these stores showed year-on-year increases of 25% and 30%, respectively, in October 2017.



Customer Input

If entrance areas contain high-ticket items, cosmetics, and accessories, only certain people will use the store and others will find it difficult to visit.



MARUI GROUP's Response

Food vendors are being positioned in entrance areas so that they can be enjoyed by all customers, making the stores more inviting to customers of all ages and genders.

Report on Planning Meeting with Customers

An important part of MARUI GROUP's co-creation store development approach is to present our ideas for store design concepts and product lineups to customers in order to solicit their opinions, discuss any necessary improvements, and revise these ideas as needed. This approach was adopted at Kitasenju Marui. In this store, we opened a food area known as Kitchen Garden 350 in the second floor entrance, adding to the existing food areas on the first floor and basement floor. This new food area features a total of 11 shops that are new to Marui stores and that primarily use vegetables and other healthy ingredients. A planning meeting was held with customers in November 2017, one month after the opening of the new food floor.



The Kitchen Garden 350 food area opened in the second floor entrance is based on the concept of "gathering and connecting." This sales area features shops that sell food items by weight as well as spaces in which customers can eat the items they purchased in the stores.



When touring Kitchen Garden 350, customers tried recommended menu items from all 11 shops and were provided with information on the ingredients used. Customers then graded the food area based on various factors and also offered opinions on what aspects they were fond of and where improvements were needed.

Planning Meeting with Customers

At Kitasenju Marui on November 4, 2017



One month has passed since Kitchen Garden 350 was opened. What are your impressions of this food area? In addition to the general theme of "gathering and connecting," this area was also based on the concept of consuming 350 grams of vegetables each day, as is recommended by the Ministry of Health, Labour and Welfare.

Sachiko Sakai Sales Representative, Kitasenju Marui



As Kitchen Garden 350 was made by converting an accessory sales floor to a food area, there is an atmosphere of elegance about this area that sparked my interest the moment I saw it. There are also a lot of rare delicacies like taco rice and California rolls. I want to have lunch with my friends here.



This area previously comprised mainly shops dealing in brand-name products for women, making it difficult to approach. Now, my eyes are drawn to what's inside the stores even as I walk past, and it feels much more inviting. I think with the sandwiches, though, it would be better to allow customers more freedom in choosing combinations.



Taking my kids to eat in one of the restaurants on the upper floors or at the basement food court and then buying macarons or bread at Kitchen Garden 350 feels very satisfying. It is like a dream. The vegetable juice is easy to drink even for those who dislike vegetables. I want to drink it with my kids.



I was struck by how easy Kitchen Garden 350 made it to get my daily vegetables. It would be nice if items were available in a wider range of prices and in smaller sizes so that they can be eaten even when time is short. Kitchen Garden 350 is a great place to have my husband wait when I go shopping or to use as a meet-up spot.



My generation uses social media a lot. All of the cute food items available just scream to have their pictures taken, and all are ripe for Instagram. If Kitchen Garden 350 was open earlier, I could get takeout before going to work and then eat it for lunch.



Actually, items such as the visually appealing sandwiches and rose-shaped gelato are new creations made by tenants exclusively for Kitasenju Marui with the aim of drawing in Instagram users. We hope you will continue to provide us with feedback that can be used to make Kitasenju Marui a store that brings even more joy to customers. Thank you for joining us today.

Message from a Tenant

Valuing Customer Input and Providing Products That Can't Be Found Anywhere Else

We opened CHEF'S PRESS, a specialty sandwich shop featuring a menu based on the concept of healthy food and drinks, in Kitasenju Marui's Kitchen Garden 350. Our relationship with MARUI GROUP goes back 16 years. The Company's commitment to developing stores together with customers is one of its most noticeable characteristics. When opening up our shop in Kitasenju Marui, we were given new tasks: developing a wider range of sizes and establishing a menu that can attract any customer. We thus took to creating items exclusively for Kitasenju Marui, including smaller items, colorful and visually pleasing sandwiches aimed at Instagram users, and fresh juices made using locally produced vegetables. The end result was a menu comprising several products that can't be found anywhere else.



Jun Tashiro

CHEF'S PRESS, Kitasenju Marui
AntenDo, Machida Marui
Antendo Co., Ltd.

Deployment of a Lineup of Sizes Matched to Customer Lifestyles

MARUI GROUP has come to be aware of how many customers have been forced to give up on having enjoyable shopping experiences due to an inability to make purchases because of a lack of the ideal product or size. Our first step to address this issue began with the expansion of the range of sizes for our private brand shoes and apparel products. Today, we are engaged in an even wider range of size-related initiatives together with tenants at our stores.



Customer Input

Even when there was a product with a design I liked, I couldn't buy it because it wasn't in my size.



MARUI GROUP's Response

The range of portions and sizes for food and apparel (clothing) and shoe products is being expanded in light of immense customer demand.

Private Brand Initiatives

Our Rakuchin Kirei series of shoes covers the foot sizes of 100% of the feet of Japanese women, with 16 sizes spanning a range from 19.5 cm to 27.0 cm.



The range of sizes of our Rakuchin Kirei series of pants was expanded to 12 sizes spanning from XXS to 7L and encompassing waist sizes from 55 cm to 88 cm.



Our VISARUNO line consists of ready-made and order-made business wear and other clothing, and our Rakuchin Keikai line of shoes comprises 16 sizes ranging from 22.5 cm to 30.0 cm.



Initiatives by Tenants

Macrobiotic Light Food Evah no Mori revised its menu to make 95% of its display lineup available in half sizes or "sample" sizes.



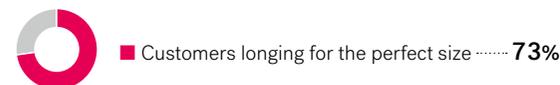
Lindt Chocolate Boutique began selling its popular Lindors in a manner that allows customers to choose from as many or as few as they want of these chocolates in each of the more than 10 flavors.



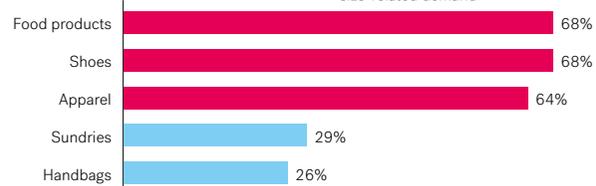
The lineups of casual and dress items at Extedlab produced by Tetehomme are now available in six sizes, from S to 4L, with emphasis placed on the wearer's silhouette.



Focus on Size Held by 73% of Customers



Product categories with significant size-related demand



Source: Survey of 3,000 people conducted by Macromill, Inc., July 2015



Message from a Tenant

Macrobiotic Light Food Evah no Mori has always offered a robust lineup of boxed meals. Hearing from MARUI GROUP that some customers couldn't find meals that matched their smaller appetites, we further expanded our lineup to include smaller sizes. These smaller meals are also more affordable, addressing customer needs and winning much praise from people of all ages. I am overjoyed that we were able to take part in co-creation.



Shoko Kobayashi

Macrobiotic Light Food Evah no Mori, Hakata Marui Evah Dining Inc.



Customer Input

Does it cause problems for the store or other customers when one brings children or strollers or is in a wheelchair?



MARUI GROUP's Response

We are developing stores that offer comfort and security in terms of both facilities and customer service.

Universal Design Facilities

Seeking to identify the sources of concern for people using wheelchairs when shopping, we invited such individuals to take part in planning meetings. In terms of actual accessibility, we have been making stores easier to navigate for customers in wheelchairs by having Mirairo Inc. examine the facilities when we develop new stores or renovate existing stores. In addition, we utilized pictograms and floor guides in which black and white images and backgrounds are inverted at Kinshicho Marui to make them easier to see for customers with weak vision or cataracts.



Improvement of Customer Service

Employees undergo Service Care-Fitter training to foster a spirit of hospitality and to learn how to accommodate various customers. This training is conducted in-house by 11 Group employees that have acquired official instructor qualifications. In addition, external lecturers are invited to implement training for the Universal Manner Placement Examination program and to perform LGBT manner training. Employees also receive training on catering to the needs of inbound travelers performed by non-Japanese lecturers.



Promotion of an LGBT-Friendly Atmosphere

MARUI GROUP seeks to provide a comfortable shopping environment for members of the LGBT community and other sexual minorities. As part of these efforts, we

participate in LGBT pride events, such as RAINBOW PRIDE and RAINBOW FESTA. This trend began with Marui and Modi stores located in Shinjuku and Shibuya and has since spread to stores in the Kansai, Hakata, and other areas nationwide. This is just one facet of our efforts to broadcast our support for and engage in co-creation with the LGBT community. As another facet, an event designed to support LGBT job seekers was held at Yurakucho Marui in collaboration with ReBit in February 2017. Taking advantage of our Order Suits and the wide range of sizes we provide, members of the Yurakucho Marui sales floor staff helped customers choose the suit that best matched who they were.



Messages from Customers

"Marui made the first high-heel shoes I was able to wear. It was a dream come true."

"The first time I opened up about my sexuality to a member of a store's sales staff was at Marui, and this individual helped me try on clothes for an hour."

"I wore my first yukata at Marui. I never thought a yukata could suit me this well."

"I didn't know that Marui was such an inviting store. I think this should be advertised more."

