



*La Vie Aisée*



*Gra-P*



*Wing*

## REFINING STRENGTHS

Wacoal enjoys a range of advantages. We have the capabilities to develop attractive meticulously designed products with high-value-added functionality. Those capabilities are underpinned by human science research, advanced production technology, management systems, and unshakable brand power in the market for women's intimate apparel accumulated over many years. Comprising many of Wacoal's mainstay business associates, Japan's retail industry has seen a seismic structural shift toward new sales channels in recent years. Some existing sales channels have gained customers at the expense of others, and a variety of other new sales channels are increasing their presence. Faced with that volatile environment, Wacoal will reinforce its corporate organization and lay the foundations for new growth by rapidly developing new points of contact with customers in response to changes in market structure and by developing and marketing products that offer complete customer satisfaction.

## Differentiating Wacoal through Unrivaled Human Science Research

Recent years have seen the diversification of consumer tastes amid growing demand for a variety of functionality. Our ability to develop appealing products based on human science research plays a major role in setting us apart from rivals. Established in 1964, Wacoal's Human Science Research Center has conducted farsighted basic research on the human body. Every year, we measure the bodies of more than 1,000 people, from children through to women in their 60s. We then reflect the data gained from a variety of measurement methods in product development that is focused on beauty, comfort, and health. Wacoal's research also concentrates on body dynamics and sensations, such as skin-contact feeling and wearing comfort. We draw on the outcomes of those endeavors to develop breakthrough, attractive products, including the CW-X series of highly functional conditioning sportswear that supports the body during sports activity and innerwear for senior customers that provides walking support. In its *Gra-P* and *La Vie Aisée* brands, Wacoal has sought to offer products that reflect the physical and emotional sensitivities of senior women by researching changes in body shape, constitution, and sensation that accompany aging. Based on development that seeks to offer each customer beauty and wearing comfort, those lineups have achieved long-term sales growth. Also, in spring 2005, we brought the high-value-added *Decollete make bra* to market, which in addition to chic design has rigorously researched functionality that enhances women's beauty. Such initiatives are carving out an ever-larger customer base for Wacoal.



*Decollete make bra and shorts*

Human Science Research Center

The fruit of our Human Science Research Center's human science expertise and exhaustive field trials, our CW-X conditioning sportswear alleviates muscle fatigue during exercise by supporting muscles and bracing joints.

The complex block contains two images. On the left, a woman in a white lab coat sits at a computer workstation in a laboratory, with a mannequin in a white suit standing in a measurement booth in the background. On the right, a pair of black and white CW-X leggings is shown vertically.

## Fortifying Domestic Wholesaling Operations in Response to Structural Changes

The most important way of raising Wacoal's corporate value is to broaden the Company's presence in Japan's intimate apparel market. Therefore, we are expanding price ranges, product types, and sales channels. Specifically, we aim to extend product pricing beyond the medium-to-high-end market. Also in an effort to broaden our target market, we will focus on products with wide appeal as well as functionality in marketing initiatives. Traditionally in the intimate apparel market, we have mainly marketed the *Wacoal* brand through department stores, general merchandising stores, and specialty stores and the *Wing* brand through general merchandising stores. In wholesaling operations centered on those sales channels, we aim to respond swiftly to changes in the structure of the market and in demand. To that end, we consolidated the *Wacoal* and *Wing* brands under a single management umbrella in April 2005. At the same time, Wacoal intends to address customer needs more fully by boldly developing new points of contact with customers outside traditional sales channels. Focusing on mainstay *Wacoal* and *Wing* brands, we will develop and redeploy brands to reflect structural shifts in sales channels and customer needs. Further, the Company is committed to enhancing efficiency by building a production platform that further standardizes product design and production engineering and by merging and integrating operational organizations.



*Kanjiru bra and pants*



*Shakitto bra and shorts*

### Outline of Organization



### Implementing Strategies by Sales Channel

The role of the *Wacoal* brand is to grow the value of the corporate brand and to generate steady earnings. Another central brand mission is to provide attractive products to our various sales channels. Department stores have faced a challenging environment in recent years. Nevertheless, in such channels we intend to grow revenues by actively pioneering points of contact with new customers through the provision of innovative types of added value. Specifically, we will introduce authentic luxury brands for high-end department stores to build brand equity. Plans also call for the realignment of existing high-profile department store brands and the launch of new brands.

At the same time, we will establish “Mature Comfort Sales Counters” in department stores, which will also incorporate business formats jointly developed with other companies. Those sales counters will bolster our ability to cater to the heavy demand for beauty counseling services. Based on that raft of measures, we hope to enhance the strategic positioning of the *Wacoal* brand and develop distinctive sales areas. Against a backdrop of declining numbers of customers at department stores, Wacoal will couple its product deployment strategies to those trends while working to reinforce customer relationship management.

The role of the *Wing* brand is to maintain a commanding position in the medium-range market centered on general merchandising stores and to generate steady earnings. Today, Japan’s sales channels are undergoing profound change. Such channels as large-scale shopping malls, outlet malls, convenience stores, and Internet sales are expected to grow. Accordingly, Wacoal plans to step up sales by actively approaching such new formats. For example, plans call for the rollout of *Wacoal Factory Store* operations in outlet malls. By offering a full lineup of brands through major outlet malls, including SPA brands, *Wacoal*, *Wing*, and *Studio Five*, we will improve profit structures. Furthermore, we are developing a new business format for shopping malls that targets married women with families. Meanwhile, in specialty stores, *Salute* is steadily establishing a position as a value-added specialty store brand. We plan to further grow that brand’s value and production volumes.



Tréfle shop in Mitsukoshi Nihonbashi (Tokyo)



Wacoal Factory Store (Makuhari, Chiba)