STRATEGY

Strategies by Business: The Wacoal Business (Domestic) A Message from the Director in Charge of Sales

Through customer-driven marketing in each region, we will achieve renewed growth and meet stakeholders' expectations.



Customer-Driven Organizational Reform

As a result of the rapid increase in the number of people voluntarily staying at home or working from home due to the COVID-19 pandemic, customers' needs, purchasing behavior, and values have diversified, and the structure of distribution has changed significantly. To adapt to these changes and achieve renewed growth based on enhanced customer experience value, Wacoal Corp. drastically revamped its organization in April 2021. We have changed from a sales system in which sales channels were managed separately to a system that gives regions control of all sales channels, including directly managed stores. (As of fiscal 2022, Hokkaido and Kyushu alone control sales systems in which all sales channels, including directly managed stores, have been merged.)

To date, Wacoal Corp. has achieved growth by pursuing brand strategies for discrete sales channels. In recent years, however, there has been a lack of coordination between sales channels, especially between brick-and-mortar stores and the WACOAL WEB STORE e-commerce sales channel, which has been growing rapidly. In addition, restructuring our organization to enable region-based marketing and increasing the percentage of directly managed stores in sales channels

became pressing tasks due to pandemic-related changes in distribution structures. Under the region-based sales system, we are removing the boundaries between sales channels to reflect the customer's point of view as we optimize product placement and conduct region-based marketing. Also, we will provide customers with the same experience value no matter where they are by further integrating online and off-line operations and utilizing customer data through the creation of digital customer records, an initiative that we have been working on for some time.

In the future, we will build a "multi-bound" system that includes e-commerce, transcends the boundaries of all sales channels and brick-and-mortar stores, and allows each customer to access and purchase all Wacoal Group brands and products in a stress-free manner, regardless of where the customer lives.

Enhancement of Customer Experience Value and **Product Value**

In realizing renewed growth under the next medium-term management plan, due to begin from April 2022, we must heighten experience value at every point of contact with customers and enhance our product lineups to meet customers' changing needs.

With respect to the off-line customer experience, we will supplement the traditional value of being able to actually see, touch, and try on products with new experiences that match changes in customer needs. For example, we will provide measurements based on the use of contactless 3D body scanners and Al-enabled customer services. Meanwhile, by using an app, customers will be able check their purchase histories, "favorited" products, and products tried on as well as receive personalized information. Plans call for completing the integration of all customer information during fiscal 2022. By eliminating boundaries between online and off-line operations, we will build fresh relationships with customers—regardless of whether they are existing or new customers.

As for products, we need to reexamine the extent to which we are providing products loved by customers and new products that meet the needs of the times, which are basic tenets of our Group Philosophy. Taking advantage of the recent reorganization has made collaborating with other divisions easier, the Sales Division will communicate intensively with the brand groups and the Marketing Management Department to actively promote new methods of offering products.

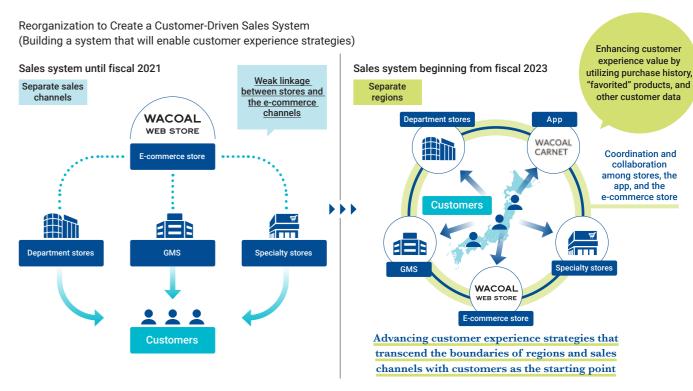
Employee Awareness Reform: The Key to Maximizing Value Provided

The achievement of business growth through the enhancement of customer experience value calls for changes not only in organizational structures but also in the mindsets of all employees, from beauty advisors through to the general managers of divisions. Unless there is a shift away from the conventional mindset of having customers purchase products

at stores to which employees belong and toward an attitude of providing products in ways that best suit customers, the new organization's effectiveness will not increase. With this in mind, since April 2021 we have been providing opportunities for online and off-line discussions and for investigative interviews with Sales Division employees. These discussions and interviews are aimed at sharing with the division employees the processes for optimizing the division.

In addition, we have renewed the personnel evaluation system, which previously only used sales at brick-and-mortar stores as a criterion. Under the new system, online store sales attributable to referrals from brick-and-mortar stores are reflected in the evaluations of beauty advisors and the brick-and-mortar stores' sales managers. By continuing to establish systems that encourage beauty advisors and sales managers to actively go beyond the boundaries between online and off-line operations, we will heighten the value of the purchasing experience for customers.

For me, the priority when conducting organizational reform is to create an organization in which Sales Division department heads take the initiative in creating a work environment where all employees can play active roles and therefore feel fulfilled by their work and come to see Wacoal Corp. as their own company. I believe that a good company is one in which employees are happy and energetic and have a real sense that their efforts are contributing to customer satisfaction and benefiting society. Moreover, I am convinced that such engagement will help maximize the value provided by Wacoal Corp. By ensuring that all employees, from department heads through to sales personnel, understand the reasons for the reorganization, consider their own roles, and take action accordingly, we will achieve renewed growth and meet stakeholders' expectations without fail.



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