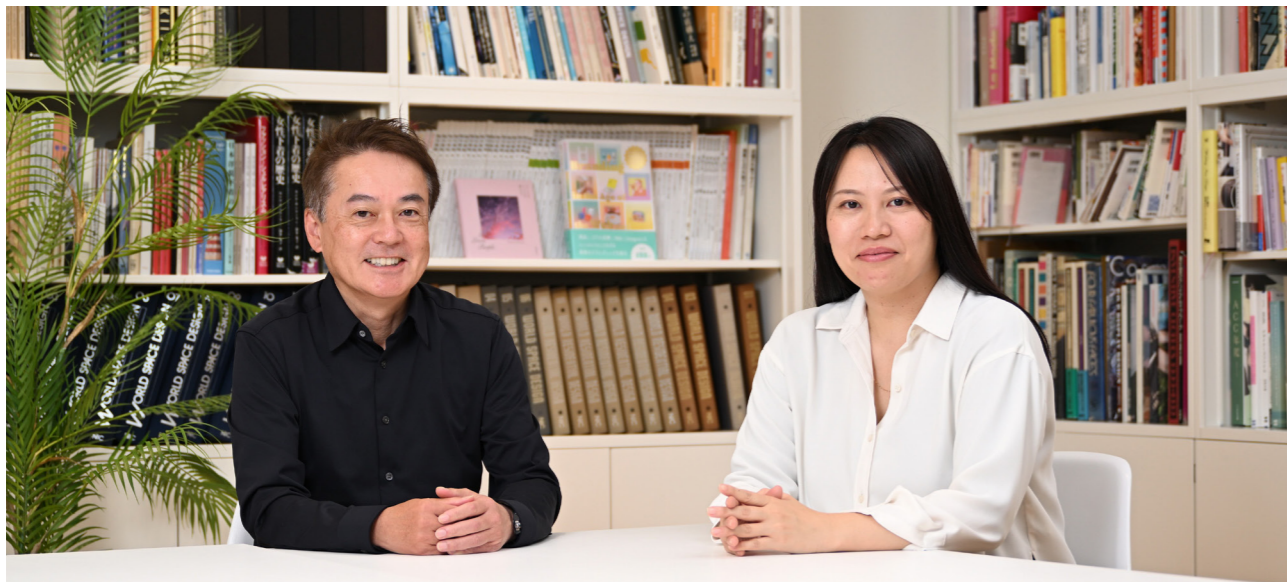


Major Items of the Revised Medium-Term Management Plan (Domestic Business) |

## Marketing Reform

# Reviewing the value provided from the customer's point of view and cultivating an attractive brand: The current place of marketing reform

In the revised medium-term management plan, the value that Wacoal will provide in the future is defined as “empowering customers to be themselves.” What are the goals of Wacoal’s marketing activities as it moves toward further reform?



**Shigekazu Sugiyama**

Marketing Advisor, Wacoal Corp.  
(Representative of SEN Marketing)

**Atsuko Shinoduka**

Corporate Officer In charge of the Group DX Marketing Strategy  
Director Corporate Officer Head of Marketing Div. of Wacoal Corp.

## What are Wacoal’s marketing challenges?

—Please tell us how you came to be appointed as a marketing advisor.

**Sugiyama:** Around the fall of 2022, I was approached by Wacoal and asked if I could help them strengthen their marketing efforts. Having had experience in marketing at a cosmetics manufacturer, I decided to take on the role of advisor in the hope that I could help Wacoal, which also targets women as its main customers, to solve its problems.

There are many companies that have marketing challenges, but I find that the challenges are not very different. The problem is basically to analyze the market, where they are going to offer their products and services, what the value of

their offerings is, and whether it matches what their customers are looking for. In many cases, these are not well connected, and I hypothesized that this might be the case for Wacoal as well.

—Was it the case?

**Sugiyama:** I had heard that Wacoal lacked a strategic approach to marketing, but I was honestly surprised to see that the company is engaged in an amazingly wide range of activities. For example, they continue to analyze customer segmentation, purchase data, and consumer surveys. I also had the impression that progress is being made in integrating

customer databases. However, I also felt that each of these surveys and analyses were independent and not well “linked” to product development and in-store sales promotion. Therefore, I first proposed ways to link and utilize the current marketing research and analysis, and then worked to visualize the current issues so that marketing investments could be made effectively.

—Ms. Shinoduka, you assumed the position of Head of the Marketing Division in April. What challenges did you see when you started?

**Shinoduka:** In the beginning, there was no common language within the company as to what “Wacoal’s marketing activities”

meant. Whether we were talking about advertising, needs analysis, or research, each department’s understanding of marketing was not consistent, so it was natural that discussions would fall apart. It is said that “the challenge is marketing,” but without a clear understanding of what the company-wide issue is, if each department works individually on its own idea of marketing, it will never lead to a real solution. Therefore, we decided that the first priority was to define marketing in our company as “all activities that create value for customers.” We believed that if the members involved could connect Wacoal’s current issues from the customer’s point of view and grasp the overall picture, we would be able to take the most appropriate steps.

## Clarifying the value provided by each brand and developing a company-wide brand strategy map

—How did you go about developing your market segments and strategy map?

**Sugiyama:** First of all, we made a list of the values that each brand offers. I had a suspicion that maybe we would list the same things under all the brands. When we discussed the two main points of “value provided (what the brand delivers to customers)” and “difference from other brands,” we found that all brands except Salute and Yue had almost the same kind of value provided. What we found most worrisome was that the value offered by Wacoal and Wing was very similar. We expected that the offering values would be similar since the brands were originally created based on a channel-specific concept, but the channel-specific concept is not in line with current consumer purchasing behavior, so it would be very inefficient if the brands’ offered values were not clearly separated.

—How was the reception of the members?

**Sugiyama:** Since each brand manager looked only at their own brand, they may not have been aware of the overlap, or if they were aware of it, they may not have seen it as a major problem. When we asked them to think about it over and over again, some of them asked why there had to be a difference in the value provided by the brands. That was the starting point.

—Once you had organized the value offered by each brand, how did you segment the market?

**Sugiyama:** In the case of innerwear, changes in body shape are a major factor in product selection, so President Kawanishi, who was then General Manager of the Marketing Division, decided to create a strategy map that identified where the market had the greatest potential for growth by segmenting products based on price range and age, and then determining which priorities to address.

Based on this strategy map, we also decided to clearly determine the areas that Wacoal will not target. Specifically, we have clarified that Wacoal’s strategy is not to target the low-priced segment, which is losing market share to other brands. In addition, we have set our priority focus segments as young people, affordable, seniors, and high premium. We are now at the stage of deciding which brands to strengthen in these priority segments.

**Shinoduka:** As for the results of the consumer survey, the first and second most influential factors in purchasing innerwear are price range and age. We believe that axing factors that can be quantified as absolute values and for which there is research evidence, rather than values and subjectivities that are perceived differently by different people, is good in terms of being able to continuously track whether the products and services we provide are truly supported by customers.

## Major Items of the Revised Medium-Term Management Plan (Domestic Business) | Marketing Reform

### Cultivating a brand where customers can feel a connection and a promise, and building a deep relationship of trust

—What are the key points of this brand strategy?

**Shinoduka:** I think the most important point of our brand strategy is to better clarify what kind of value our brand can provide. Since we have presented market segments for the first time, we tend to talk about segments such as affordable and high premium, but what is really important is the value we provide. Earlier, Mr. Sugiyama mentioned that when we articulated the value propositions of our brands, they were all the same, but this is the worst thing we could do. What will be important in the future is to clearly define the value provided by all brands, and to focus on what kind of customer experience the customers who support the brand want. I believe that the rebranding of Wacoal will be a symbol of this.

—How are you proceeding with the rebranding of Wacoal?

**Shinoduka:** We had been considering a rebrand since last year, but we were still unclear about what Wacoal was. The value provided by the Wacoal brand is often described as “cradle to cradle,” but it is not clear what exactly the brand provides from cradle to cradle. The members who are actually in charge of the brand have also been complaining that they cannot see the face of Wacoal because of the wide variety of products. I think it is difficult for customers to build a relationship with something when they don’t know what it really is. We asked Mr. Sugiyama to provide us with advice on how to build a relationship with customers over the medium to long term with regard to the value that Wacoal provides, and he was involved in the rebranding process.

**Sugiyama:** In discussing this with the members, we also talked about why branding is necessary in the first place. The

best business situation is to create a virtuous cycle in which a small investment efficiently generates profit, which is then reinvested. A brand is something that takes root among consumers, and when a brand takes root among consumers, it can efficiently continue its relationship with customers. However, a brand must have a solid value, and if the value changes from season to season, a long relationship with the customer cannot be established. What can Wacoal promise to its customers over the long term? Is there more to innerwear than just security and comfort? I tell them that we should have a thorough discussion about what value the brand can offer from such a perspective.

—And as for the customer strategy, DX is the key point, isn’t it?

**Shinoduka:** In the revised medium-term management plan, we have defined the value we will provide as “empowering each customers’ individuality” in order to evolve into a corporate entity that responds to the diversification of customer values. We will continue to provide optimal customer experiences for each of our customers, and digitalization is the key to this. Digitalization and personalization go hand in hand, and we believe that the use of digital technology will be very effective as we aim to empower each and every Wacoal customer to be themselves.

While the body shape data accumulated by Wacoal’s Human Science Research & Development Center over its 60-year history and customer data through its 3D measurement service are certainly our strengths, on the other hand, data is only valuable if it is used in some way. In this respect, I feel that we are not making full use of the feedback of our customers and of our beauty advisors who are in daily

#### Profile Atsuko Shinoduka

Joined Wacoal Corp. in 2005. After working as a sales representative for department stores, she was in charge of overseas e-commerce business support, business restructuring and M&A, as well as brand manager and MD for subsidiaries. In 2017, she was transferred to the Omni-Channel Strategy Promotion Department of the General Planning Office, and in April 2023, she was appointed Director, Corporate Officer, and Head of the Marketing Division of Wacoal Corp.



contact with the customers in our stores. If we can pick up on small feedback that might have been drowned out in the past, and if we can take advantage of the strengths of digital technology, which removes the physical and time constraints that existed until now, and capture the needs and insights that

customers want to solve, I feel that we can make more interesting and appealing proposals.

We believe that it is an important mission of Wacoal to revitalize the innerwear market itself as a more exciting one by proposing new values.

### What Wacoal needs from now on is a reform of “awareness” and “mechanisms”

—What will it take for Wacoal to return to a strong growth trajectory?

**Shinoduka:** Human resource utilization and development. For example, in the Marketing Division, we have started a cross-sectional project this fiscal year to gather chief-level members who are candidates for next-generation leaders. Mr. Sugiyama has been heavily involved in this project as well.

**Sugiyama:** Each member of the project is aware of the issues and understands the bottlenecks to solving them. However, at the beginning of the discussion, they took the stance that it was not their job to remove the bottleneck. “My duties end here. I think we can do better if the walls are removed, but it is not my role to break down the walls.” This habit of thinking is part of the culture that needs to be changed at Wacoal. So, Mr. Shinoduka and I started asking them, “Who else is going to break down these walls if you aren’t going to?” Then, gradually, people began to change their mindset.

**Shinoduka:** This change also applies to marketing strategy proposals. In the past, the Marketing Division’s role in market research and consumer surveys was to present the results of the analysis, but from this time, the role has changed to proactively proposing brand strategies based on the results of the analysis. I think we are now able to make proposals with the determination that we are the ones who decide the direction of the brand.

—An awareness that you are the ones creating the brand.

**Sugiyama:** Wacoal has all the strengths and human resources to create powerful and exciting value. I think it is important to have a sense of urgency and a “can do” attitude.

—Ms. Shinoduka, in what ways do you hope to realize Wacoal’s value creation in the future?

**Shinoduka:** In this revised medium-term business plan, we have decided to place “empowering individuality” at the core of the value we provide, and I believe this applies not only to our customers but also to our employees. If each employee can maximize his or her strengths, it will lead to good performance for the company and provide good value to our customers. I have some regrets when I think back about whether our corporate environment has been conducive to demonstrating our strengths, but I am also positive that there are many things that can be improved going forward. I believe that it is precisely because we are now facing a difficult business climate that new seeds of growth are easily born.

As Mr. Sugiyama pointed out to me, at Wacoal, we often hear talk of dropping decisions made at various meeting into the workplace. However, we are now in an era of absorbing rather than dropping in. In this era of change, just top-down is too slow. The hints for improving Wacoal are found in the field. We will establish a system to absorb voices and responses from the frontlines, and a process to promote autonomy of the frontlines, utilizing digital technology as well. I would like all of us at Wacoal to work together to create products and services that empower both our customers and ourselves by valuing the small voices that have been raised in the field but have not been heard, as well as the hidden thoughts that have not even been voiced in the first place.



#### Profile

#### Shigekazu Sugiyama

After working for Lion Corporation and Coca-Cola (Japan) Company, Limited, he joined Shiseido Company, Limited in 2009 and became President and Representative Director of Shiseido Japan Co., Ltd. in 2017. In 2020, he retired from Shiseido and established SEN Marketing. In November 2022, he became Marketing Advisor for Wacoal Corp.