

# Maruetsu

## Its Business Activities



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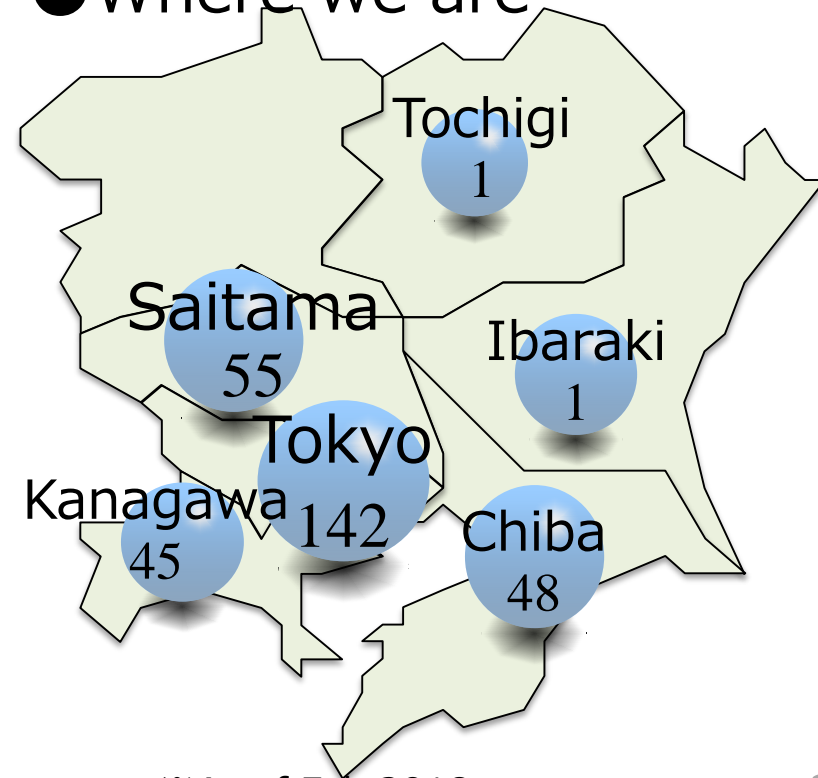
# Maruetsu Overview

- Founded: October 1945
- # employees: Full-time 4,322, PT 12,177  
Total 16,409 (73.3% PT) ※as of Feb 2018
- Operating income: ¥37.759B (group total) ※as of Feb 2018
- # stores : 292 ※as of Feb 2018 (Excludes 2 stores in China)

Banner	# stores	Characteristics
Maruetsu	216 (74% of group total)	Strong in perishables, easy to shop. Supermarket where shoppers enjoy visiting every day
Maruetsu Petit	71 (24.3% of total)	Metropolitan supermarket where convenient services are provided
LINCOS	5 (1.7% of total)	Upscale supermarket with high quality product assortment and service functions
Wuxi (China)	2	Comfortable new lifestyle "High quality supermarket"

※Uoetsu (2 locations) are counted as Maruetsu

## ● Where we are



※As of Feb 2018

- Purpose of existence

We contribute to healthy and bountiful food experiences through providing safe and delicious food products

- Business operation attitude

We will always innovate and challenge ourselves, and remain a fair and trustworthy company

- Activity model

We strive to create stores filled with laughter and energy and cherished by local customers

# Purpose of Existence

## 4 centers that support our product supply

1. Small store DC (reg & cold temp)
2. Perishable process  
(meat, seafood)
3. Produce (7 locations)
4. Bakery, deli (satellite supply)



Provide customers with  
**safe and delicious food and peace of mind**

Our store locations are fertile market soil, but we recognize the following challenges

- The metropolitan Tokyo's soaring rent (land price)  
Tokyo 23-Ward ave. land price per tsubo (3.3 sqm): ¥4.64K (= \$1,240/sqf) (**109.7%** increase from previous year) ※2017 average Source: Tochidai Data
- Soaring labor cost  
PT wages metropolitan Tokyo average: ¥1,367 (\$13) (**+ ¥190** company-wide average)
- Labor force shortage  
Utilization of high-cost temp workers

**Optimization, energy-saving, and labor-saving** are a must! **Tackling** these issues at **Maruetsu Petit** first



To increase market share in the metropolitan Tokyo area, Maruetsu Petit is a “Big-city mini supermarket” with store operations and HQ support that enable multiple store development

## ● Maruetsu Petit store size

	Store name	Size (3.3sam)
Max	Shiodome Shiosite	179.3
Min	Hamamatsu-cho 2 chome	36.4

※ Largest Maruetsu store

Floor size is 1,525.1 tsubo (42 time bigger)

## ● Maruetsu Petit store revenue

	Store name	Rev (¥million)
Max	Konan City Tower	1,136
Min	Hamamatsu-cho 2 chome	171

※ Regular Maruetsu stores'

Highest store revenue is ¥6.2B (36 time bigger)

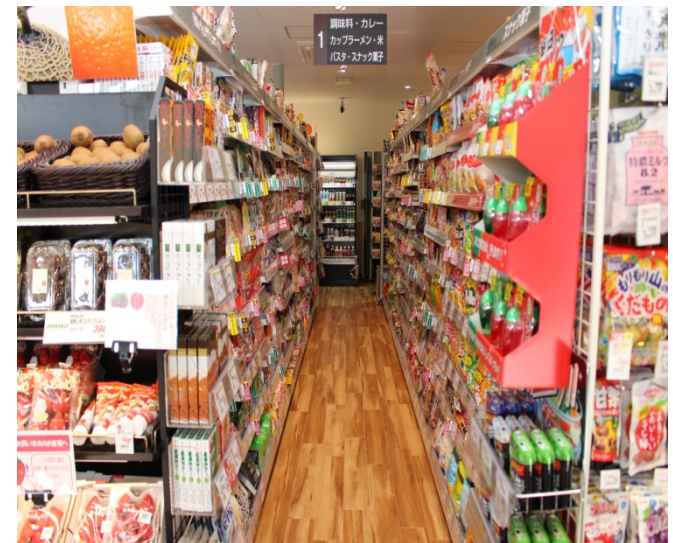
Maruetsu Petit store front



Regular Maruetsu store front



- ① Perishables sold  
⇒ **meat, produce, fish**  
focus on freshness & large assortment
- ② Processed food, GM offering  
⇒ use high gondola to achieve  
**high SKUs, high density**
- ③ Freshly made deli items  
⇒ set up **a kitchen or a simple fryer**
- ④ Avoid competing w/c-stores  
⇒ **minimal value-add service**  
at cashiers (unlike c-s)
- ⑤ Maximize of revenue per sqf  
⇒ differentiation from c-stores

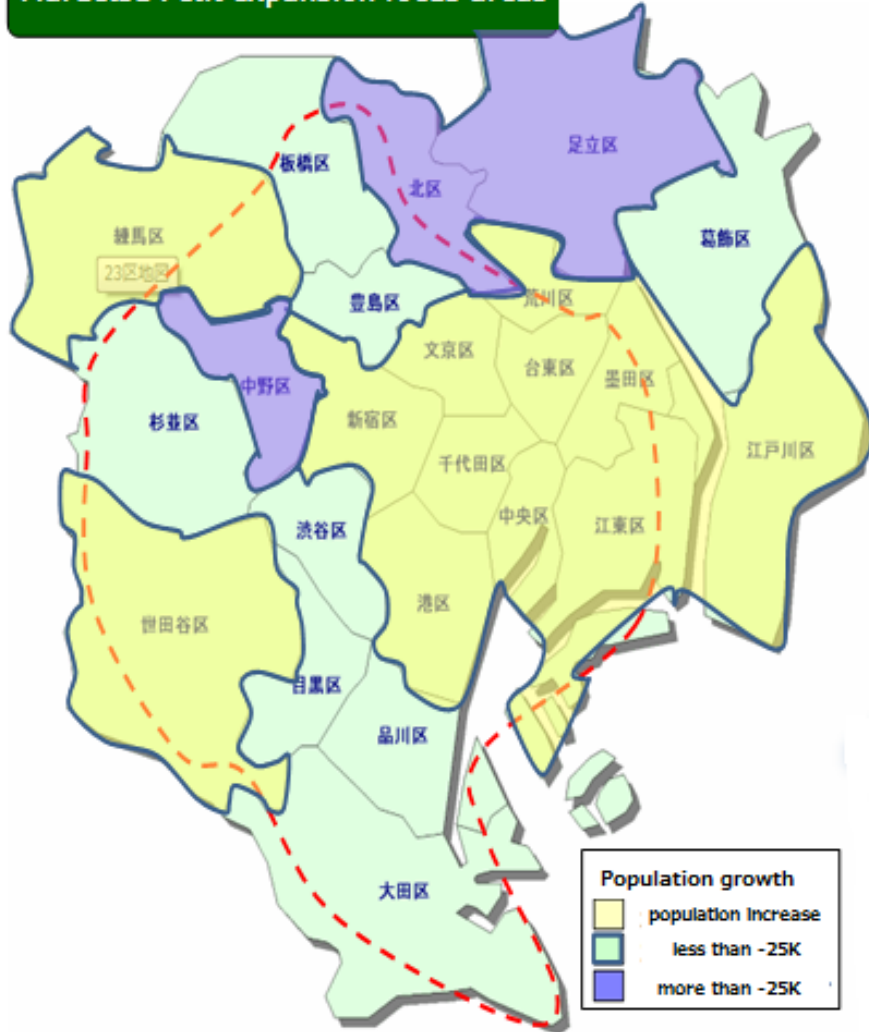


# Store Expansion Strategies (Maruetsu Petit)



- Areas where market size growth is expected

Maruetsu Petit expansion focus areas



Maruetsu Petit store expansion strategies

As of FY2018 March

※Excl. Nishi Shinjuku 4 chome

70 stores

100 stores

¥37B  
(\$350M)

¥50B  
(\$460M)

With 2020 Tokyo Olympics, further improve global-minded customer services and be ready for increasing overseas visitors with the spirit of “O Mo Te Na Shi (sense of hospitality)”



## ● Shopper data analysis with T-Data

T-card is a point-based reward card where shoppers can earn/spend points at participating outlets.

Maruetsu revenue from T-member: 80+%

Maruetsu shoppers with T-card: below 80%

(T-member store visitors are approx. 3M/mo.)

Since most shoppers are T-card holders, we are now able to analyze data from shopper demographics/lifestyle instead of POS-centric data analysis

(area · age · gender based shopper analyses and sales program development are possible)

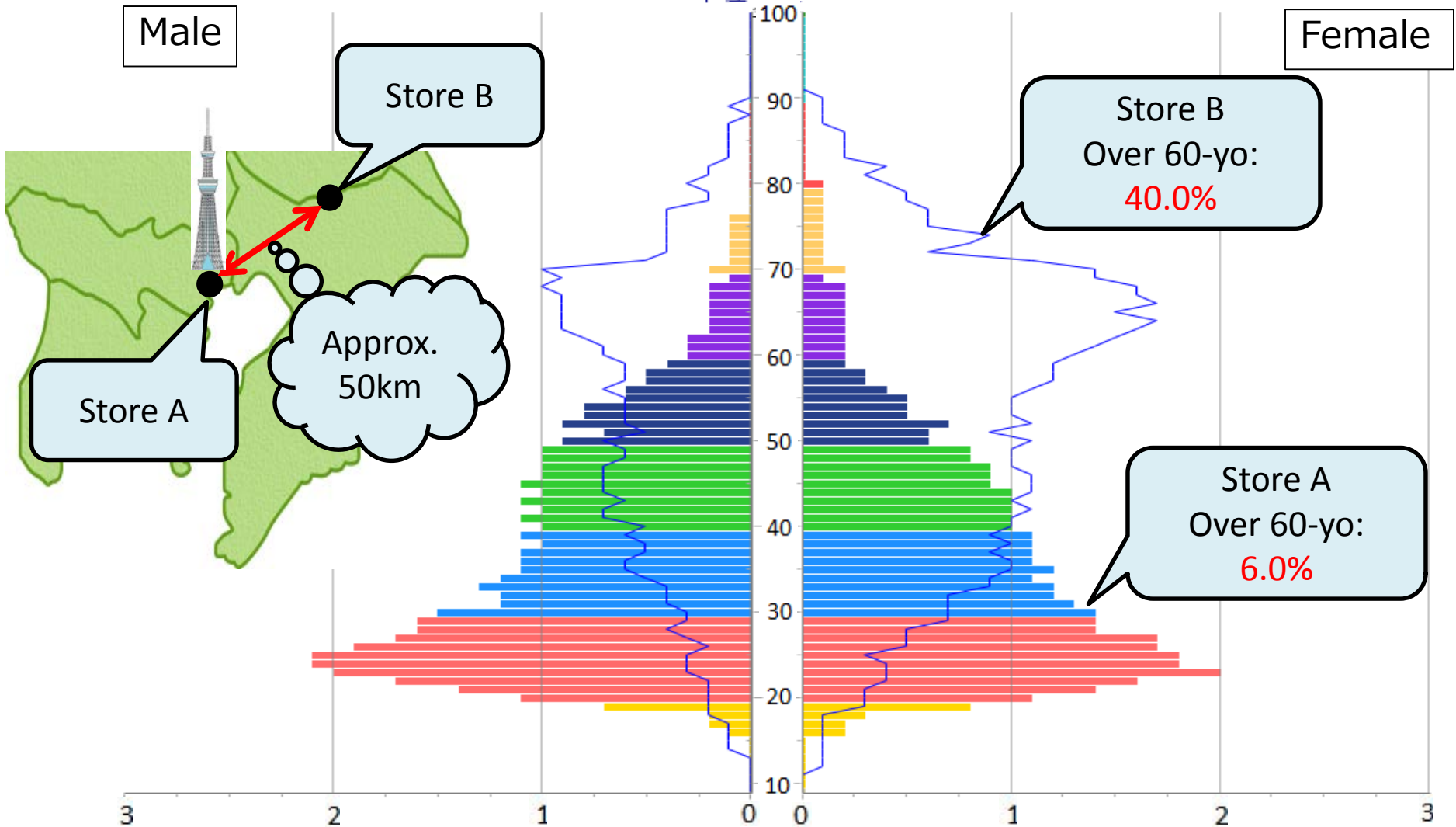


**Creating stores that are  
cherished by local customers**

# T-Data Analysis Example (histogram)

Unit: Y=age, X=%

Bar chart: Store A, Line chart: Store B



Each store shows very different shopper base, age, and gender  $\Rightarrow$  Decentralized sales programs and individual store merchandizing efforts are necessary

# Future Operational Strategies

## 1. New store expansion strategy

Focused store expansion in the fertile metropolitan Tokyo area with 2020 Tokyo Olympics in sight.



## 2. Product strategy

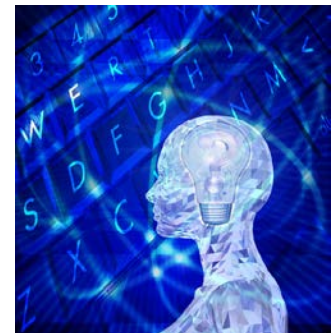
To meet competition from the likes of drugstores and E-commerce retailers, utilize the strength of a Brick-and-Mortar supermarket model

⇒ Focus on fresh and perishable deli items with emphasis on fresh



## 3. Environment change challenges

To manage soaring labor cost and other expenses, make efforts in activities that are energy-saving, labor-saving, and meet the needs of decreasing population (deli menu ordering, RPA • AI use, consolidated large room, etc.)



# THANK YOU

