

> Innovations for Achieving Our Vision for the Future

Innovation 2 Goal of Becoming a Leader in Catering to Visitors to Japan

The influx of visitors to Japan in 2020, the year of the Olympic and Paralympic Games Tokyo 2020, is anticipated to generate significant business opportunities. The needs of inbound visitors and the environment in this market are constantly changing, and responsiveness to change will be integral to expanding our share of this market. The Don Quijote Group will rise to this challenge by leveraging its store network and other infrastructure and taking advantage of strengths such as its store hours while providing services that address even the smallest changes in customer needs. We will also exploit the customer attraction methods of word of mouth and social media as we work toward our goal of becoming a leader in catering to inbound demand.

Sources of Concerns for Visitors to Japan

- Insufficient telecommunication infrastructure due to lack of public Wi-Fi hotspots
- Desire for convenience of using currency and online payment services from own country
 - Difficulty in communication with store staff due to language barriers
 - Limited options for accessible night-time entertainment due to early end times of musicals and other shows and difficulty in making reservations



Changes in Inbound Market

In October 2014, the range of products available for tax-free sales was expanded to include foods, cosmetics, and other consumables in addition to import brand-name products and other high-ticket items. After this change, there was a large shift in the purchasing habits of travelers to Japan with the focus of purchases changing from high-ticket items to consumables. This trend was also seen at Group stores. At the same time, customers have been increasingly showing preference for the consumption of experiences that provide them with an enjoyable time as opposed to the consumption of goods characterized by the purchase of massive quantities of products.



Combination of Group Strengths and Strategy Based on Customers' Perspectives

The popularity of Don Quijote Group stores among visitors to Japan can be explained by the locations of our stores, many of which are positioned in shopping districts that are also popular areas for tourists; our late-night operations; and our varied assortment of

products offered at unrivaled prices.

These inherent strengths of the Don Quijote Group are complemented by a strategy of increasing convenience from the perspective of visitors to Japan in order to further heighten the competitiveness of our stores.

Strengths of the Don Quijote Group

Accessible Store Locations

Late-Night Operations Enabling Shopping at Anytime

Varied Assortment of Products

Discount Prices That Are Truly a Bargain



Strategy Based on Customers' Perspectives

DONKI Free Wi-Fi

All of our stores are equipped with free Wi-Fi services that provide instructions in multiple languages.

Compatibility with Foreign Currencies and Online Payment Services

Almost all Don Quijote stores allow for payments to be made in seven different foreign currencies (Chinese renminbi, U.S. dollar, euro, Thai baht, South Korean won, Hong Kong dollar, and Taiwan dollar) or with China UnionPay Cards. Furthermore, stores that are popular among visitors to Japan can process payments through online payment services such as Alipay and WeChat Pay.



Multilingual Staff

Stores that frequently welcome visitors to Japan employ full-time staff that speak English, Chinese, Korean, Thai, and other languages, and all stores offer access to multilanguage interpretation services via iPads 24 hours a day.



Area Invigoration through Initiatives for Attracting Tourists Together with Communities

Compared with popular areas for visitors to Japan, such as Ginza and Shinjuku in Tokyo, it is less common for visitors to go shopping in Shibuya, despite its famous scramble crossing tourist spot. Hoping to encourage shopping in Shibuya, the Don Quijote Group is collaborating with the Shibuya community to attract greater numbers of foreign tourists.

In June 2017, we made it possible to use WeChat Pay, a payment service for Chinese tourists, at MEGA Don Quijote Shibuya Honten and other stores that are popular among visitors to Japan.

Furthermore, MEGA Don Quijote Shibuya Honten now offers confectionaries with designs based on the Hachiko dog statue—Shibuya's symbol—that are easy to eat on the move as well as souvenir items recommended by Shibuya City Tourism Association Inc.

These items have won this store additional support from customers visiting Japan while also helping to invigorate the area.

