

Shiseido to Deploy New Business Model Utilizing Internet

From April 2012, Shiseido will deploy a new business model utilizing the Internet aimed at the expansion of new demand and vitalization of its existing store network.

Background

In 1923, Shiseido established the Shiseido Chain Store System, which is said to be Japan's first voluntary chain store system, as a means of delivering safe and high quality products to more customers. This system was truly remarkable and innovative in terms of building a store network in which these stores empathized with Shiseido's corporate philosophy.

The Shiseido Chain Store System and "mass promotion" methods, which were instituted after a period of high economic growth in Japan, have greatly contributed to Shiseido's expansion of market supremacy. However, the domestic cosmetics market has been maturing in recent years, whereby the advantages of conventional marketing methods are limited due to factors such as the means of conveying information and distribution becoming more diversified as a result of the dramatic advancement of the Internet and communication devices.

At this time, Shiseido is rebuilding and creating a completely new business model that comprehensively combines services that only the Internet can provide together with the services offered through its existing store network.

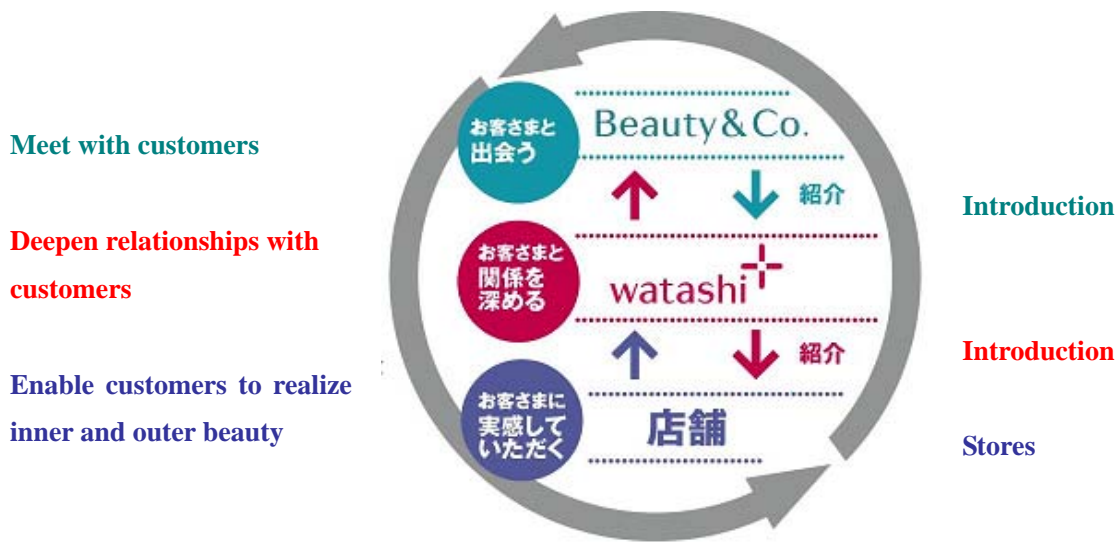
Specific Structure

This business model is structured around two websites and Shiseido's existing store network.

The "Beauty & Co." website, launched and operated in collaboration with beauty and health related companies and professionals, brings together various companies across industries. The site introduces an appealing and wide range of products and services in an effort to increase contact with customers and guide customers to respective companies' websites.

Together with responding to various beauty needs and expectations, the content of Shiseido's corporate site "watashi+" has been developed to create new demand. "watashi+" also aims to vitalize Shiseido's existing store network through a cosmetics sales store introduction service.

By also carrying out tie-up activities directed toward mutually introducing customers and realizing other benefits, as well as further enhancing the appeal of respective participating companies, this will in turn contribute both to the vitalization of the domestic cosmetics market and the Japanese market as a whole.



Overall image of new business model utilizing the Internet

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“Beauty & Co.” Website in Collaboration with Beauty and Health Related Companies and Professionals



Shiseido Co., Ltd. (Ginza, Chuo-ku, Tokyo) will launch the “Beauty & Co.” website from April 2012 in collaboration with beauty and health related companies and professionals.

As a comprehensive platform site for beauty information, “Beauty & Co.” will convey attractive and authentic value propositions that deliver results by enabling the three parties of “customers,” who wish to live a beautiful and enriched life, “companies,” who support these customers, and “professionals,” including beauty journalists and editors who disseminate technical information from an objective stance, to come together via the website as associates.

Examples of Featured Content

1. Content planning: Plans are underway for providing products, articles and other information that are only available on the “Beauty & Co.” website. Appealing content is targeted toward drawing customers to and increasing customer usage of the website by proposing new value, including offering exclusive products through collaboration with participating companies, which is possible by bringing together companies from different industries. Based on the theme of beauty and health, six categories (beauty, healthcare, medical, fashion, relaxation and intelligence) will be introduced for realizing inner and outer beauty, thereby providing multifaceted information that individual websites are unable to cover. (For a list of participating companies, refer to the pages hereafter.)
2. Mall: Product information will be provided for customers that is directed toward enticing them to go to respective companies’ sites. This virtual shopping mall not only has a search function for each product category but also a search function, in which simple expressions such as feelings (carefree and happy, etc.), scenes (office, holiday, etc.) and popular keywords (cute, relax, etc.) can be entered. Through this function, users can find unexpected and attractive products.
* Payments for goods are not processed via the “Beauty & Co.” website; therefore customers can purchase the products they find from the e-commerce sites of respective companies.
3. “Beauty point program”: This program is an original membership and point system of “Beauty & Co.” It is designed to increase the appeal of the site by allotting points to customers according to the monetary amount of products purchased from the online shopping sites of respective participant companies that can be accessed via this site. The points can be used for services that are available only via this website centered around experience-based, exclusive programs for seeking both inner and outer beauty.



Top page of Beauty & Co. website

Participating Companies

The following companies have decided to participate at this time and are listed in alphabetical order by brand name. The companies which announced their participation in December 2011 have an asterisk (*) after their names.

| Brand Logo | Description | Date of Participation |
|---|---|-----------------------|
|  | ABC Cooking Studio Co., Ltd.*: Cooking studio where you can learn and enjoy cooking, baking cakes or bread. ABC Cooking Studio is neither a high-class salon nor a strict training school. We propose a casual place where you gather with friends and have dinner just to have fun. | April 2 |
|  | ICL Inc.*: Developing the "Afternoon Tea" as a leading brand in household sundries. Its Brand marked the 30th anniversary in 2011. Has proposed a breadth of mind to find lucky break and new discoveries in daily lives, that remains unchanged. | April 2 |
| A N T E P R I M A | ANTEPRIMA JAPAN LTD.: ANTEPRIMA is a fashion brand for women who enjoy an active life. Creative director Izumi Ogino had captivated the fashion world since the brand's debut at Milano Moda Donna in 1998. ANTEPRIMA WIREBAG became an instant hit in 1998, and has been since evolved fashion icon status. A bag, dressed in new variations in hue and shape, from season to season. Lightening up the fashionable world, on the side of modern women with the duality of the go-getter and the playful. | April 2 |
|  | AYURA Laboratories Inc.*: Develops holistic brand featuring items for the "skin, body and mind" centered on cosmetics targeting working women with a primary emphasis on women in their early 30s who are living in a stressful society. Sales commenced from 1995 and are currently being developed at approximately 80 department stores in Japan and through direct orders. | April 2 |
|  A Global Education Company | Berlitz Japan, Inc.: Established in the United States in 1878, Berlitz provides language instruction, study abroad and global talent development programs through a global network spanning 500 locations in 70 countries. Berlitz's unique instruction method and professional, high quality instructors are strongly valued throughout the world. | Late April |
|  | Riding Club Crane: Established in 1971 to offer the pleasure of horse riding to as many people as possible. The company currently operates clubs at 31 locations nationwide and has become Japan's largest horse riding club. | April 2 |
|  | DESCENTE LTD.: Based on its corporate philosophy "To bring the enjoyment of sports of all," DESCENTE is deploying 16 brands in a broad range of fields, including its own company brand DESCENTE as well as Munsingwear, le coq sportif and Arena brands. | Late April |
|  | Ettusais Co., Ltd.*: Since its establishment in 1991, the company has been engaged in sales of "cute but amazing cosmetics" that you can't resist telling someone about just like the company name "et tu sais?" meaning "You know what?" in French. Currently engaged in business in five countries in Asia. | April 2 |
|  | Fukuske Corporation: Fukuske, starting from a traditional tabi shop, has maintained its leading position for 130 years since its establishment in the 15th year of the Meiji era (1882.) Through leg-wear and underwear we have provided our customers with "HAPPINESS" like our name implies. | After May |

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|  | <p>Kanematsu & Co., Ltd.: Kanematsu, which will celebrate its 65th anniversary in September 2012, is well known for its original shoes and handbag brands. The company operates 67 stores featuring Ginza Kanematsu, POOLSIDE and Masumi brands. Based on the theme “Find your best shoes for sure,” an official Internet shopping site, “SHOES CONCIERGE,” was established in 2010.</p> | <p>April 2</p> |
|  | <p>HIBIYA-KADAN FLORAL CO., LTD.: Established in 1872, the flower shop opened its first store in Hibiya Park in Tokyo and has currently expanded to 180 shops in Japan. HIBIYA-KADAN holds table flower show events frequently to promote lifestyle culture with flowers and greenery for a more beautiful and more enriched life.</p> | <p>April 2</p> |
|  | <p>Hoshino Resorts Co, Ltd.*: Hoshino Resorts Co, Ltd. has been in the resort operation business for 100 years, providing a “travel Japan” experience catering to individual preferences. Hoshino Resorts welcomes guests with true Japanese hospitality and invites you to enjoy the distinctive characteristics of many regions and locales, including breathtaking scenery and memorable cuisine.</p> | <p>April 2</p> |
|  | <p>JCB Co., Ltd.: Launched with the concept of supporting active women, JCB LINDA presents a lifestyle that makes women “beautiful” through credit card services. LINDA celebrates its 10th anniversary in May 2012.</p> | <p>After May</p> |
|  | <p>JTB Corp.*: JTB’s mission is to bring satisfying and joyful experiences to customers through the creation of opportunities providing multicultural exchange and understanding with people, nature and history in a global environment to enhance their lifestyle quality.</p> | <p>April 2</p> |
|  | <p>Kodansha Ltd.*: December 2012 will mark 103 years in the publishing business for Kodansha. The company has always tried to provide the public with works that are enjoyable and useful. Today, our basic aim remains unchanged: everything we publish should be of practical use and enrich people’s lives. Our goal is to contribute to the prosperity of society and understanding between nations. In order to provide attractive content to the maximum number of readers, we will continue to seize emerging opportunities in fields such as international publishing and e-books.</p> | <p>April 2</p> |
|  | <p>Le Creuset Japon K.K.*: Initially established in 1925 in France, the company has been engaged in the manufacturing of high quality, beautiful products centered on cast iron cookware as a kitchenware brand that enables total coordination from kitchen to table. Currently engaged in business in 60 countries worldwide.</p> | <p>After May</p> |
|  | <p>Designphil Inc.: The MIDORI brand features paper products, including letters, greetings cards, colored papers and stickers, and creative design stationery with sophisticated designs. Since its establishment in 1950, the Midori brand has been popular with many customers and has produced many hit products and long sellers.</p> | <p>April 2</p> |
|  | <p>nonpi Co., Ltd.: Based on the theme “Healthy daily eating for a healthy life,” nonpi provides products, spaces and services that always consider people’s health both in mind and body related to food. The product development and management company is engaged in catering, restaurant, cafe, deli, patisserie and character goods businesses.</p> | <p>April 2</p> |

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|  | <p>Cancemi Corporation: Cancemi Corporation is a global foods company offering premium olives and olive oil from around the world through its OLiVO brand and authentic Italian cuisine at La Cantina Cancemi.</p> | <p>April 2</p> |
|  | <p>Starts Publishing Corporation*: Established in 1983 as the Media Department of the Starts Group that is recognized as a comprehensive lifestyle company. In addition to <i>OZmagazine</i> (magazine) and <i>OZmall</i> (website) for women, the company also publishes <i>Metro min.</i> and <i>Aelde</i>, as well as books including novels for mobile phones. Also runs the mobile phone novel sites <i>Noichigo</i> and <i>Berry's Cafe</i>.</p> | <p>April 2</p> |
| <p>Panasonic Beauty</p> | <p>Panasonic Corporation*: The company has over 50 beauty care product items such as ionic hair dryers and steamers under the “Nanocare” brand in the “Panasonic Beauty” series. These products are available in about 60 countries worldwide.</p> | <p>April 2</p> |
|  | <p>RSN Japan Co. Ltd. (Riedel Japan): Riedel is an Austrian wine glass making company boasting a 250-year history. From the main viewpoint that the shape of a wine glass changes the taste of the wine, Riedel aims to make glasses that convey the passionate concepts of winemaking.</p> | <p>April 2</p> |
|  | <p>SANEI-INTERNATIONAL CO., LTD.*: Fashion company developing brands including NATURAL BEAUTY BASIC, Cath Kidston and etc. The company has been operating a directly managed e-commerce site, SELECSONIC, since 2005. The joint holding company, TSI HOLDINGS CO.,LTD, has been established with TOKYO STYLE CO., LTD. in June 2011.</p> | <p>April 2</p> |
|  | <p>Shiseido Co. Ltd.*: Originating from Japan’s first Western-style pharmacy founded in the Ginza district in Tokyo in 1872 when herbal medicine was mainstream. Entered cosmetics business since the launch of <i>Eudermine</i>, a high-grade cosmetic product, in 1897. Currently engaged in business globally in 87 countries and regions worldwide.</p> | <p>April 21</p> |
|  | <p>KINARI Inc.*: Established in 2001, the company name originates from the Japanese term <i>kinari</i> and is imbued with the concept of valuing and fully incorporating the power of nature passed down in Japan to modern lifestyles. Developing natural <i>Soka Mocka</i> cosmetics exclusively via online shopping.</p> | <p>April 2</p> |
|  | <p>The Ginza Co., Ltd.: Based on the concept of offering refined, high quality products, The Ginza engages in development and sales of original cosmetic products and acts as the exclusive agent for Serge Lutens products. The company also operates directly managed stores and an online shop.</p> | <p>April 2</p> |
| <p>THE TERRACE HOTELS</p> | <p>The Terrace Hotels Co., Ltd.: Terrace Hotels opened a hotel, The Busena Terrace, in 1997 under the concept of “Harmony with nature, return to nature.” The Okinawa-based company is proposing new resort life at four existing hotels, including The Terrace Club Wellness Resort At Busena.</p> | <p>Late April</p> |
| <p>VENDOME Aoyama</p> | <p>Vendome Yamada Corp.: Since the company’s establishment in 1973, Vendome Yamada has been managing operations throughout the planning, production and sales of various accessory brands, including “Vendome Aoyama” jewelry to cherish strong bonds with customers.</p> | <p>After May</p> |

Next-Generation Total Beauty Service “watashi+”



Shiseido Co., Ltd. will launch the “watashi+” total beauty service via the Internet from April 21, 2012 to reinforce the existing official Shiseido website (<http://www.shiseido.co.jp/>) in addition to featuring newly developed content to respond to customers’ beauty-related concerns and needs. The name of the website is imbued with Shiseido’s desire to provide “service that positively benefits customers” to suit to each and every customer’s needs in order to enrich customers’ lifestyles through cosmetics.

Examples of Featured Content

1. **Web counseling:** This service enables users to receive authentic beauty advice in the comfort of their own home. There are two separate ways to obtain online counseling, specifically “web BC counseling,” in which specially trained, full-time beauty consultants (BC) are available to respond to inquiries, and “beauty check,” whereby users can check out information by themselves. For the “web BC counseling” service, customers can choose “web beauty lessons,” in which assistance is provided via telephone conversations, web BC videos and instructional images, or a “chat format,” which offers advice through informal online chats. For the latter function, a new system has been developed that can instantly convert web BCs’ spoken words into text, thus eliminating any waiting time for customers. For the “beauty check” service, customers can select suitable skincare through a Q&A format in addition to another tool that enables users to try out makeup virtually on their screen display.
2. **Online shop:** This is an Internet shopping service for customers who do not have enough time or accessibility to stores and who prefer the ease of online shopping. This shopping service handles 2,600 Shiseido cosmetic product items except for some products. Plans also call for selling exclusive products and advance sale items.
3. **Store navigation:** The store navigation function enables customers to search for retail stores suited to their personal needs by inputting basic information such as available products sold, area/location and details regarding services. This function is geared toward stimulating customers’ intention to go to stores by letting them know about the merits and benefits of actually going to stores where they can try out products and make use of esthetic and other services.

Vitalization of Stores

Shiseido will augment retail store functions such as customer relation management (CRM) and stores' original direct mail order services as a means to enhance customer satisfaction. These reinforcement efforts are aimed at deepening loyalty between stores and regular customers together with customers that include those who first visit stores after using the store navigation function on the website.



Top page of "watashi+" website