

Providing Social Infrastructure for an Aging Society and Declining Population



Approach

Seven & i Holdings is working to enhance the convenience of shopping while leveraging the unique aspects of its business and some 18,000-store network as a form of social infrastructure to support consumers inconvenienced by shopping and to respond to changes taking place in society. These changes include Japan's decrease in population brought on by a declining birthrate and aging society, the advancement of women in society, and the declining number of retail stores, among others. We recognize that fulfilling these diverse needs of our customers is one of our most important and unwavering roles in society. We will continue to tackle these issues as one of our most importance issues.

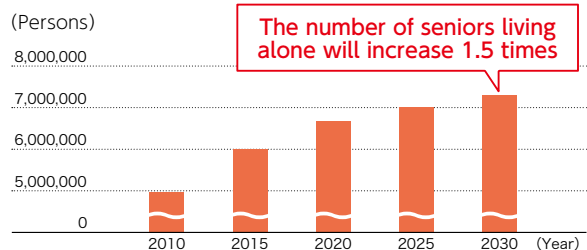
Background

Shopping and other services are becoming more inconvenient due to the hollowing out of lifestyle hubs from an aging society and declining population

Japan is witnessing an aging society and declining population. By the year 2060, the country's population will dip below 90 million and nearly 40% of its population will be seniors*. The number of seniors living alone continues to increase with each passing year, with the current number expected to rise 1.5-fold by 2030. This trend has resulted in a hollowing out of lifestyle hubs caused by a declining population, which stands as one of Japan's major social issues. Forecasts suggest that the number of seniors living alone without walkable access to a supermarket with fresh produce and meat will double by the year 2030.

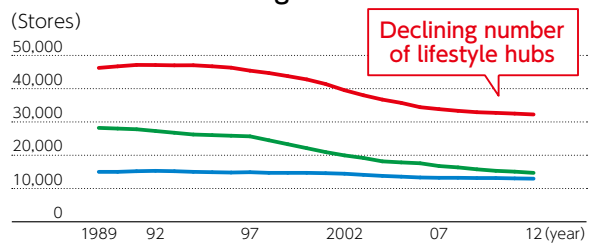
*Source: FY2013 Population Estimates, Statistics Bureau, Ministry of Internal Affairs and Communications

Number of Seniors Living Alone



Statistics from the National Institute of Population and Social Security Research

Stores/Outlets Serving as Social Infrastructure



Source: 2012 Economic Census for Business Activity, Ministry of Economy, Trade and Industry

Seven & i Holdings' Omni-Channel Strategy

The entire Seven & i Group, led by Seven & i Holdings, is focusing on Omni-Channel Retailing in which we are offering our nearly three million product lineup seamlessly through some 18,000 physical stores and online to enable consumers to shop for whatever they want anywhere and anytime.

Sales floor

By breaking down boundaries between businesses and seamlessly combining our real and virtual presence, we will ensure our products can be purchased using a method that best suits each individual customer.

Products

We will develop even more appealing and value-added products with a focus on the keywords "new," "delicious" and "superior quality," by leveraging the strengths of the Seven & i Group.

Customer service

We will further enhance customer satisfaction by refining our customer service techniques not only in our real stores, but online as well.

Seven & i Holdings' Initiatives

Shopping Support

Offer product deliveries and mobile sales for consumers inconvenienced by shopping

Reducing Housework

Develop products for consumers that feel inconvenienced by or have difficulty preparing meals

Expanding Services as a form of Social Infrastructure

Provide public services to offset the decline in service outlets

Providing Services to a Wide Range of Customers

Offer shopping support so that all customers, including seniors and people with disabilities, can shop with ease and peace of mind

Value for society

Support senior lifestyles

Provide new lifestyle hubs

Value for Seven & i Holdings

Create future customers from aging society and the hollowing out of lifestyle hubs

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Shopping Support

Online supermarkets

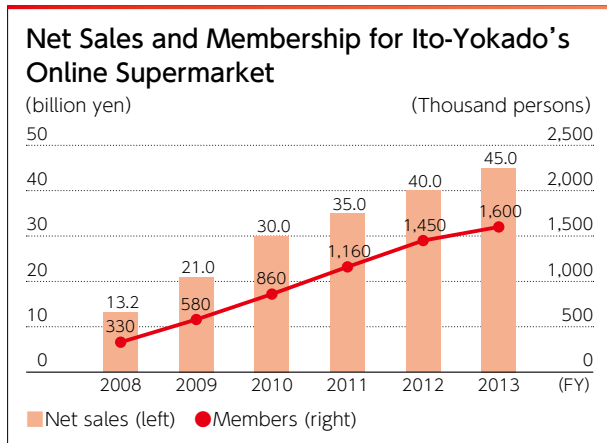
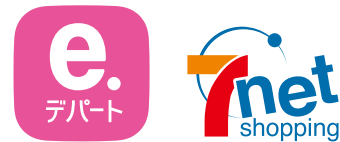
Ito-Yokado launched its online supermarket services in 2001. Using this service, consumers can order groceries on their computer or mobile phone and have their order delivered at the time of their choosing. Prices for fresh produce and other items are exactly the same as those offered in store, and orders can be received in as little as four hours. As of February 2014, online supermarket services were offered at 144 Ito-Yokado stores in 24 prefectures across Japan, and there were some 1.6 million members. Starting in November 2013, we began accepting orders for second-class OTC drugs through this service and by the end of February 2014 we had increased the number of stores carrying second-class OTC drugs to 104. Customer questions about quasi-drug products are answered in a safe, reliable and convenient manner by our in-store pharmacists and registered sales staff. Additionally, York Mart is currently examining a new online supermarket model that it hopes to launch sometime after FY 2016.

Seven-Eleven's product pick-up service

Seven & i Holdings understands that some customers may feel uneasy about receiving an online order at their home or may get home too late to have an order delivered. This is why Seven Net Shopping allows online customers to pick-up and pay for an order* at their nearest Seven-Eleven store at a time that suits their schedule.

We also plan on steadily expanding our lineup of products to meet the needs of even more customers going forward.

*Includes books, CDs, DVDs as well as certain products from the Sogo & Seibu e-department store, Akachan Honpo online store and Tower Records online, among other outlets.



Online customers can pick up an order at their nearest Seven-Eleven store whenever they want



Sales floor staff collecting fresh produce to fulfill an online order

Population

Delivering products from stores

Seven-Eleven Japan offers the Seven RakuRaku Delivery service, which provides home delivery for nearly every product sold in our stores. Orders can be placed in person or in advance by telephone. As of the end of February 2014, the service operated a fleet of some 800 ultra-small electric vehicles, which it plans on expanding to around 1,000 by 2015. Seven-Eleven Japan is also moving forward with the introduction of power assisted bicycles and as of the end of February 2014 it was already using 1,200. Plans call for this number to be increased to over 3,000 by 2015.



Power assisted bicycle and the ultra-small EV known as COMS

Sales calls to assisted living facilities

Ito-Yokado has offered the Fureai Shopping service since March 2014. This service entails sales calls on assisted living facilities to help seniors in need of care or other assistance enjoy the fun of shopping again.

During these sales calls, a mini Ito-Yokado store is set up in the cafeteria or meeting hall of the facility at the request of the operator or care staff who residents to be able to enjoy the fun of shopping again by having the chance to see products and buy the things they want. This mini Ito-Yokado store offers a selection of requested products that are the same as those offered in store, excluding fresh meat and produce, alcohol and cigarettes. In FY 2013, around 80 Ito-Yokado stores offered the Fureai Shopping service.



The Fureai Shopping service

Supporting shopping with mobile store sales

Seven-Eleven Japan launched the Seven Anshin Delivery mobile store service in Ibaraki Prefecture in May 2011. This service utilizes proprietary developed light trucks equipped with store facilities, which go to areas that are inconvenient for daily shopping and where many residents are seniors who have trouble securing means of transportation. Customers are able to purchase a range of foods and beverages, including frozen foods, using this service.

The Seven Anshin Delivery service was offered by 35 stores in 16 prefectures nationwide as of March 31, 2014. Plans call for this service to be expanded further in the future to fulfill the needs of customers.



A truck used for the Seven-Eleven mobile store service (The Seven Anshin Delivery service)

Ito-Yokado also provides the Ito-Yokado Anshin Delivery mobile store service in Nagano Prefecture, Sapporo City, Tama City, Hanamaki City and Iwaki City. This service also uses proprietary developed trucks equipped with store facilities to visit communities that do not have easy access to stores for daily shopping or that have a large population of seniors who have trouble getting to stores.



Truck used for the Ito-Yokado mobile store service (The Ito-Yokado Anshin Delivery mobile store service)

Providing Social Infrastructure for an Aging Society and Declining

Reducing Housework

Developing products and services that make meal preparation easy

Seven & i Holdings, given Japan's aging society and the advancement of women in society, is developing individual meal, small volume and simple products to respond to consumer demand for saving time and reducing the hassle of housework. For example, Seven-Eleven Japan provides the Seven-Meal home delivery service at some 13,000 of its stores. Through this service, consumers who feel inconvenienced by daily meal preparation or who want to eat a more healthy diet can have nutritiously balanced meals delivered to their home. Daily meals are prepared by registered dietitians and include more than 15 different ingredients and over 120g of vegetables. Meals are ordered by a wide range of customers, from seniors to housewives and even office workers for lunch.



The Seven-Meal delivery service in action

Seven-Eleven Japan's private brand Seven Premium is also developing products that are easy to prepare and reduce the hassle of housework to meet the needs of consumers. These products include a menu of prepared foods that are ready to eat or simply need to be heated up and also frozen foods conveniently prepared in the microwave.



Seven Premium's prepared food lineup of quick and easy foods that are ready to eat

Expanding Services as a Form of Social Infrastructure

Government services (Issuance of various certificates)

Seven-Eleven Japan is able to issue copies of residence certificates and seal registration certificates using in-store multi-functional copier machines. As of the end of February 2014 agreements for this service were in place with 81 municipalities. This service is currently being expanded, as family register certificates can now be issued for 31 municipalities and tax certificates for 30. Residents can use this service including at night and on holidays by simply holding their basic resident registration card over the copier. Personal information is protected securely by a dedicated network and advanced security system, while the copier's special printing function prevents forging and tampering. This service is also offered at Ito-Yokado's Kiba, Omori, Ario Kamiari, and Ario Washimiya stores as well as Sogo & Seibu's Seibu Ikebukuro department store.

Insurance enrollment and premium payment service

In 1990, Seven-Eleven Japan became the first in the industry to offer motorcycle insurance enrollment and insurance premium payment services as part of its commitment to eliminate uninsured accidents. Consumers can enroll in insurance 24 hours a day simply by entering the necessary personal information on the multi-functional copier machine screen in store and paying their premium at the register. Seven-Eleven Japan began offering a bicycle insurance enrollment service in 2011.



Screen shot of a Seven-Eleven multi-functional copier

Population

Providing Services to a Wide Range of Customers

Shopping support for people with disabilities

Seven & i Holdings develops its stores with universal design concept to ensure that all customers, including seniors and people with disabilities, can shop with peace of mind.

Ito-Yokado is also steadily rolling out universal design concepts for new store openings and when remodeling existing stores. These design considerations include multipurpose bathrooms and special parking spaces for wheel-chair users. Store tours are also held prior to the opening of new stores to solicit and utilize customer feedback in store designs.



Multi-purpose bathroom with voice guidance

Ito-Yokado also holds basic sign language classes for new store openings and at group training for new employees in order to enhance its customer services for customers with a hearing disability. Sogo & Seibu encourages employees to obtain Heartful Advisor* certification from the Foundation for Total Health Promotion.

*A certification program targeting customer services for seniors and people with disabilities



Sign language class

Voice guidance-operated ATM machines

Seven Bank offers voice guidance services for people with visual disabilities who cannot operate touch screens. This service enables customers to operate an ATM machine to make a deposit, withdrawal, or make a balance inquiry by following voice guidance emitted from the ATM. Customers with the cash cards of partner financial institutions* can also use this service. This voice guidance system was developed after soliciting feedback from people with visual disabilities and testing various solutions.

*Banks, credit unions, credit cooperatives, labour banks, JA banks, JF Marine banks, and securities companies that are partners with Seven Bank. This service is not offered for insurance companies or credit card companies, even if they are a partner of Seven Bank.



Offered for some 540 partner financial institutions (as of February 28, 2014)

Marketing products that support senior lifestyles

Ito-Yokado runs the Anshin Support Shop that carries a full lineup of apparel, daily essentials, and foods, including products that support the health and lifestyles of seniors and care products (107 stores as of July 31, 2014)

Some 40% of the products sold at these shops are originally designed and developed based on customer requests. Ito-Yokado also provides in-depth customer services in which its staff listens to the customer's needs and recommends the best products.