



Merchandising

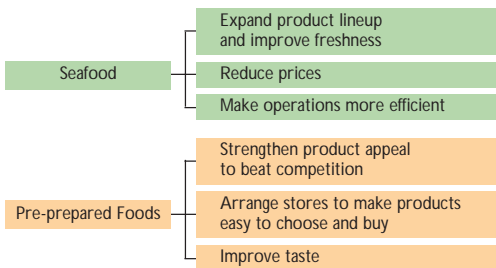
Seiyu is working to develop highly competitive private brand merchandise and further strengthen its core retail business.

Increasing the Competitiveness of Perishable Foods and Pre-prepared Foods

In order to maximize sales in the highly profitable foods division, Seiyu took over the operation of the perishable foods business from Seiyu Foods Co., Ltd. The increase in earnings resulting from the consolidation of the foods business is expected to improve price competitiveness, thus establishing Seiyu's supermarket business as the most competitive in the region.

Seiyu is also focusing on the growing market for pre-prepared foods. Efforts to promote the appeal of tasty, ready-to-eat products include the expansion of the line of side dishes produced by group company Wakana Co., Ltd., and the introduction of various specialty shops for prepared dishes.

Expanding Sales of Perishable Foods and Pre-prepared Foods



Expansion of the Private Brand Line Seiyu Fine Select

Seiyu Fine Select – a private brand line of foods and daily necessities launched in April 2000 – has strongly appealed to customers based on its quality and price, and sales have expanded briskly. The line originally consisted of 322 items, and was expanded to 517 at the end of fiscal 2000. Seiyu intends to expand the line further to 1,200 items by the end of fiscal 2002, estimating that the brand will account for 12 percent of total sales. In the future, we will work to increase the speed at which we can develop high-quality products which satisfy customers.



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SEIYU
 FINE SELECT
 Seiyu Fine Select
 A private brand line of foods and daily necessities

Launched in April 2000, the Seiyu Fine Select line originally included 267 food items such as milk, roast ham and tea, as well as 55 sundry items such as hand soap and tissues. These products have been well received by consumers for their attractive package design and low prices, which average 10-15 percent below comparable name-brand products.





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Expanding Private Brand Apparel and Daily Necessities

Seiyu is aiming to increase sales of its two key lines of private brand apparel – WEST WIN, a line of casual daily wear, and Clothing, a line of elegant casual wear – by 80 percent over the previous year, to account for 35 percent of total apparel sales. In order to do so, we are focusing on expanding the range of coordinated items and opening more specialty stores.

Seiyu will also work to strengthen DAIK shops, which sell a variety of goods catering to modern urban lifestyles, while expanding the lineup of private brands such as the environmentally friendly Kankyo Yusen line.



Clothing

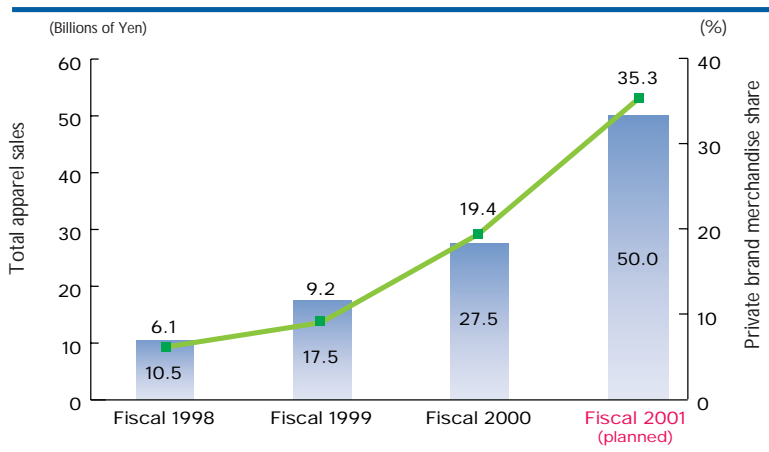
Clothing
A private brand line of apparel with casual elegance



WEST WIN
A private brand line of casual wear

Seasonal catalogs for WEST WIN sporty casual wear and Clothing elegant casual wear are distributed free in stores.

Ratio of Private Brand Merchandise to Total Apparel Sales



DAIK
Home improvement store for modern urban lifestyles