

MARUI CO., LTD.

Address: 3-8-18, Nakano, Nakano-ku, Tokyo 164, Japan Tel: 03-384-0101 Telex: 02322742 MARUI J	
ANNUAL TURNOVER (Period ending January 1988)	444 098 million yen
TOTAL NUMBER OF STORES	32
LOCATION OF STORES	Eastern Japan
AVERAGE ANNUAL SALES PER STORE	13 878 million yen
PROPORTION OF FOOD SALES	0%
TOTAL FLOOR SPACE	301 000 square metres
TOTAL NUMBER OF EMPLOYEES	8 026
YEAR ESTABLISHED	1937

Marui is the fifth largest department store in Japan and is well known for its volume sales made through its installment sales system. The number of holders of the "Red Card," Marui's credit card, increased to 9 million in 1987.

The company's profitability is exceptionally high compared to other department stores. After-tax profits on sales were 4.1 per cent for the year ending January 1988, the highest ratio among the top 10 department stores. The good business results are partly due to a policy of emphasizing a high-priced assortment of products for the younger generation.

Marui has been implementing a "scrap and build" policy, which indicates construction of new department stores, remodeling of existing ones and phasing out of poor performers. Sixteen Marui department stores recorded annual sales of ¥10 billion or more in 1988, and average annual sales per store were about ¥14 million.

In order to boost staff morale and to motivate its merchandising and sales force, the company has introduced a "junior manager" system. Persons selected as junior managers are assigned to one of 814 sales units. Junior managers are given the authority to assort products and the responsibility to control inventory and turnover.

Marui has been placing emphasis on marketing sundry items such as shoes, bags, stationery, jewelry and cosmetics, in addition to its designer and celebrity lines of clothing. This policy has resulted in the increase of cash payments by consumers.

The share of sales made through its installment system has been decreasing to 60 per cent of the company's total sales, although its installment sales are increasing. About 50 per cent of Marui's customers are below the age of 24.

For the first time Marui plans to set up a department store in Osaka around 1991.

Based on its installment plan data base, the company is reinforcing its mail-order business. Marui's response rate for direct mailings is approximately 20 per cent, which is far better than the 5 per cent goal sought by other companies in the retail industry.

Marui is eager to expand its consumer finance, travel agency and real estate services. Among them, consumer finance operations have recently grown very rapidly, becoming a key component of total operations. The company provides general-purpose loans and various specialized loans for domestic airline tickets, entertainment ticket guide services, home improvements, driver's schools, and new and used car purchases.