

Same-Store Growth Strategy

Each Growth Engine Advancing to the Next Stage: Driving strategic deepening for phenomenal same-store top line growth

Takeshi Moritani

Managing Executive Officer, Chief Marketing Officer (CMO)
Head of Marketing Strategy
President Representative Director of KaibaLab Corporation



This marks the third consecutive year that I am sharing our business strategies in the integrated report. This year, I will introduce our strategies for phenomenal same-store top line growth based on our new long-term business plan, "Double Impact 2035," as each growth engine advances to the next stage. I will focus particularly on our PB/OEM strategy and marketing strategy, presenting our future outlook.

Toward the "NEXT Revolution": Deepening our PB/OEM strategy co-created with customers!

Our private brand (PB) was rebranded in February 2021 as "a brand created together with customers = People Brand." Over the past 4 years, we have promoted unique product development based on clear concepts, creating numerous hit products. Furthermore, through strengthened media exposure via TV commercials and programs, PB product awareness has significantly improved from approximately 20% to over 70%.

While continuing our unique product development marked by the "Do (ド)" logo, we will also advance the following initiatives to further expand our PB/OEM composition ratio: (1) Driving a shopping frenzy with discount PB, and (2) Strengthening initiatives with national brand manufacturers.

1. Driving a Shopping Frenzy with Discount PB

As environmental changes transform customer behavior, customers are shifting toward greater price sensitivity and

price-focused behavior in their purchasing decisions. To respond to these environmental changes and achieve further growth, we believe it is essential to adapt to customer needs and gain "overwhelming customer preference." Therefore, we will promote product development that also focuses on "price" and deploy new PB strategies.

We will work on developing PB products with outstanding price appeal, newly adopting "EveryDay RealPrice™ (EDRP)" as our theme. While the conventional "EveryDay Low Price (EDLP)" concept aimed for relative affordability through price comparisons with competitors, "EveryDay RealPrice™ (EDRP)" aims to provide prices that customers feel are "truly valuable" based on their feedback, meaning the "Real Price." Inspired by "maji-kakaku," our majica member-exclusive initiative, we aim to offer popular products at overwhelmingly low prices. Specifically, we will select approximately 30 types of daily necessities and develop products with bold concepts that symbolize such overwhelmingly low prices.

2. Strengthening Initiatives with National Brand Manufacturers

We have continued to conduct unique product development in PB/OEM. Since FY6/25, we have engaged in the full-fledged promotion of a strategy of shifting staple products to OEM, and we will further strengthen this strategy going forward. Through supply chain reviews, including starting product development from raw materials, shifting production areas, improving logistics, and consolidating production facilities, we have made small-lot production possible. This enables us to steadily shift staple shelf products to OEM, focusing on categories where brand loyalty is low and functionality

and design are prioritized. Over the next 10 years, we will expand the categories for which we do this to approximately 10 times the current level, significantly increase our share of shop floor space, and continuously improve the PB/OEM sales composition ratio.

In terms of strengthening product development through collaboration with national brand manufacturers, we have created hit products such as "Mugen Sappari Spice by Ajipon," "Super Gorilla no Hitotsukami," and "Heroine Make Hot Eyelash Curler," and we will further expand these initiatives.

We have surpassed 2 trillion yen in net sales and have built strong, trust-based relationships with many national brand manufacturers. Going forward, we will go beyond simply "developing products that materialize customer feedback" with major manufacturers and actively engage in "developing new products and nurturing them into hit products," which is a common challenge for many manufacturers. Furthermore, through collaborative problem-solving, we aim to develop hit products and open up new markets. This will enable us to accelerate the development of "NPB" products that differentiate us from competitors by fusing "national brand power" with "our spirit of challenge."

In addition, we will further expand the initiative that we began in November 2023 to collect customer feedback through "maji-voice," a feature within the majica app, and feed it back to national brand manufacturers for use in product development, including functional improvements and adjustments.



We have positioned the establishment of product categories known as "XX? It's Donki!" as a pillar of our merchandising strategy. These are categories that epitomize the uniqueness of Donki, namely categories where we hold overwhelming market share and the products themselves motivate store visits.

By delegating authority to our many domestic employees, we have been able to generate strong product discovery capabilities and rapid deployment capabilities from the frontlines, our closest point of contact to customers, and we have created numerous "XX? It's Donki!" categories, including color contact lenses, protein, carry-on suitcases, and spirits. Going forward, we aim to further expand such categories. Currently, we have identified over 80 candidate categories for strengthening. While these are niche areas at present, they

hold potential to grow into categories that are symbolic of our company in the future.

For these promising product categories, we will gain top-of-mind awareness in customer purchasing decisions and also increase visit frequency and average transaction value for existing customers. Additionally, backed by our numerous market-leading categories and support from younger generations, we aim to build a win-win-win model for customers, manufacturers, and our company by leveraging the compatibility between our target audience and national brand manufacturers' target demographics.

By focusing on these strategies, we plan to increase PB/OEM net sales to 1.3 trillion yen, approximately 3 times FY6/25 levels, and raise the sales composition ratio to approximately 35%. PB/OEM will continue to be a driver of gross profit margin improvement and remain an important pillar supporting the creation of store visit motivation and earnings improvement. We will create the "NEXT Revolution" that delights customers to the point of driving a shopping frenzy and aim for further growth.

Marketing Strategy to Further Expand Customer Touchpoints

The PPIH Group is strengthening customer engagement through efforts centered on marketing strategy to achieve further same-store growth. We are particularly focused on the "passively averse segment," who are aware of our company but do not visit because they have "no reason to go" or "don't consider us for shopping." We estimate that this segment numbers approximately 30 million people, representing significant growth potential.

For this segment, we are expanding awareness of our broad product lineup to encourage them to consider us as an option for their regular shopping for various purposes. As part of these efforts, we are making large-scale and continuous investments in advertising with the theme "Why not just get everything at Donki?" In doing so, we aim to create store visit motivation and acquire new customers.

Furthermore, since approximately 80% of all customers are light users who visit less than once per month, we believe there is significant room to expand wallet share among existing customers. As of July 2025, majica membership surpassed 18 million, and we are promoting personalization based not only on a variety of data, including member purchase information, but also AI-powered pricing strategies.

This allows us to provide customers with new product discoveries and encounters by proposing products that they do not usually purchase, enables customer engagement that encourages more frequent store visits, and accelerates the conversion of existing customers into loyal customers.

Going forward, we will achieve sustainable same-store growth through these dual strategies: approaching the passively averse segment and deepening relationships with existing customers.