
LOTTE SHOPPING CO., LTD

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'Catching customers who cross between on and offline' Lotte Department Store, Consolidating the Omni Channel Service

- Strong tendency of 'Omni Channel shoppers' who make use of both online and offline channels when shopping. Customer convenience to be maximized through consolidation of Omni Channel service.
- New organization exclusively established last August to enhance the Omni Channel. Introduced 'Smart coupon book', 'location based information service' etc.
- Plan to adopt 'relief protection service' that alerts parents when children moves away from them through an alarm and service which shows ways to nearest exits in the case of emergency.

Lotte department store is accelerating the development of 'Omni Channel service', which means the systematic integration of various channels such as mobile, internet, offline stores and etc. Recently, the shopping pattern of customers shopping across various on and off-line channels has become the 'trend', so Lotte department store plans to maximize customer convenience by consolidating Omni Channel service.

Lotte department store is seeing 'Omni Channel Shoppers' who use offline stores such as department stores and outlet stores as well as internet or mobile shopping malls as the key customers in the future. According to a recent analysis by Lotte department store, more than half, 55%, of entire customers are Omni Channel shoppers who use offline stores such as department and outlet stores as well as online and mobile stores simultaneously.

Customers with traditional shopping patterns who only shop at offline stores were 45%. (※ Based on one month of Lotte card payment records in May 2014)

Lotte department store is putting in great effort to raise the shopping satisfaction level for Omni Channel shoppers as their bigger proportions and greater purchasing power is to be expected in near future. The TF team has been formed last August and they have planned various projects for innovative shopping environment and have been introducing full Omni Channel services during the first half of the year.

First, 'Smart coupon App' which can replace paper DM was introduced last April, so that customers can check the location and time of events and related information anytime and anywhere. Especially in the case of coupons enclosed in paper DM, it was inconvenient having to reissue them when they were lost. However, smart coupon books could be used without any concerns of losing them, so it was a great appeal to the customers. This App was downloaded more than eight hundred thousand times for four months since its launch.

'Location based information service' which gives information to customers based on their locations was introduced last April for the first time in Korea. It works by sending information on products, discount coupons and any information about events from nearby stores to smartphones when customers who have downloaded 'Lotte department store' App walks into department stores or outlet stores. It started off at the main store last April and was introduced to Lotte premium outlet in Incheon in May. This service will be implemented throughout all the branches during the second half of the year.

Lotte department store plans to introduce various services that make use of such location based data this year. 'Relief protection service' for parents, who are worried about losing their children at department or outlet stores where there are large floating population, is being planned. When children wears 'Relief necklace' provided by Lotte department store, the children's location can be tracked through the necklace and it is sent to parents'

smartphones. An alarm goes off when children and parents become more than 30 meters apart.

Other services such as guiding customers to nearest exit from the current location during the event of fire or emergency, and also shows the fastest and most convenient route to go to the wanted stores based on analysis of number of shoppers in stores will be introduced.

Other than this, ‘Smart Pick’ service which allows customers to buy products online and pick them up at offline stores will be enhanced. By allowing customers to check products before receiving them, this will raise customer credibility, and can also bring about additional purchases. Lotte department stores will create a separate ‘pick-up desk’ at the main branch during the second half of this year and plans to provide free parking and beverage service to customers who come in to pick up products bought online.

Head of marketing department, Lee, Wan Shin said “We had over 80 billion KRW worth of sales effect in inducing a total of 300 thousand customers to visit our stores during the past year, by introducing smart coupon book and location based information service” and “We will introduce more groundbreaking Omni Channel services and lead innovation in shopping environment”. (The end)

Lotte Shopping (KOSPI: 023530) is a leading global retail corporate with assets of KRW 38,973 billion and operations worldwide. Lotte Shopping operates a wide variety of businesses, ranging from department stores, hypermarkets, supermarkets, finance, consumer electronics, convenience stores and home shopping. Lotte Shopping was incorporated in Dow Jones Sustainability Index World Sector since 2009 and was named the Supersector Leader in the retail category. Information about Lotte Shopping is available at www.lotteshoppingir.com/eng/index.jsp.