



## THE MARKET

The Australian Department Store market is an ever-evolving and highly competitive industry that requires a strong product offer across a broad range of categories and the ability to adapt to the continual changing needs of the Australian customer.

Myer is a market leader in Australian retailing and is continually transforming to better serve its customers and their needs. Myer trades in a very aggressive market and is in direct competition with high-end retailers as well as discount retailers. Myer's ability to appeal to a broad market, from high-end fashion and glamour cosmetics to daily home and electrical needs, has been the driving point for Myer's success in the department store industry. Myer commits itself to making shopping easy and convenient but also a fun and exciting experience.

Myer has a larger number of stores nationally than any other department store chain in Australia, and its goal for the near future is to increase the number to 80. This would make Myer's representation in the market twice as big as its nearest competitor's.

## ACHIEVEMENTS

The development and recognition of team members has been a primary focus at Myer over the past 14 months. Creating an environment that provides team members with the opportunity to grow and developing a culture focused on rewarding performance is an important part of



Myer's strategy for growth.

The reintroduction of the Myer Graduate Program and the 25-year club were quickly implemented by the new management team.

The Myer 25-year club recognises the retailer's long serving and loyal team members who have made an invaluable contribution to Myer. In 2007, Myer welcomed 120 new members, taking the total number to 2200.

The Myer Graduate Program was officially reinstated in December 2006 with 14 Myer team members. The Graduate Program allows participants to work across four different areas of the business over a year. On completion, participants are placed in a role with Myer.

The Management Development Program is open to team members with strong leadership skills who see themselves as future Myer Customer Service and Selling Managers and eventually Operations, Merchandise or Store Managers.

Over the past few years Myer team members have been finalists in the National Retail Association's Young Retailer of the Year Awards, which recognise excellence in retailing, highlighting the focus on developing team members to achieve their potential.

Local Area Marketing has been strongly embraced by Myer stores across the country. Stores raise the Myer profile in their communities by organising their own activities while building relationships with key local suppliers and customers.

## HISTORY

With a history that spans over 100 years, Myer is a name synonymous with Australian retailing. The Myer story dates back to 1899 when Sidney Myer, a penniless Russian immigrant, opened the first Myer Drapery store in Bendigo, Victoria, with the support of his brother Elcon. Its success led to the opening of a second store in Bendigo in 1908.

In 1911 Sidney Myer bought a drapery store in Bourke Street, Melbourne. This was an era of dramatic change in retailing and the Myer store embraced this changing climate, incorporating strategies such as mass buying, aggressive selling and powerful advertising. Previously unheard of full-page advertisements of bargain sales, impressive window displays and huge crowds became commonplace at Myer.

Sidney Myer continued to purchase properties on either side of his Bourke Street establishment. By 1914 the Bourke Street building was eight stories high, becoming the largest retail outlet in the country.

Sidney now began the national expansion of the business, setting up stores first in Adelaide and then later across Australia.

In 1983 Myer acquired Grace Bros Holdings Ltd. The merging of these two retailing giants in 1989 saw the birth of Australia's biggest department store group. In 2004 the Grace Bros stores were re-branded to Myer.





In 2006, private equity firm TPG Capital, the Myer Family Company and members of the Myer Management Board acquired the Myer business, once again returning Myer to a stand-alone business.

### THE PRODUCT

Myer is Australia's largest department store with 62 stores across Australia and a commitment to expansion. Myer prides itself on delivering a full product range from luxuries to essentials through a unique blend of International, National and Private Brands.

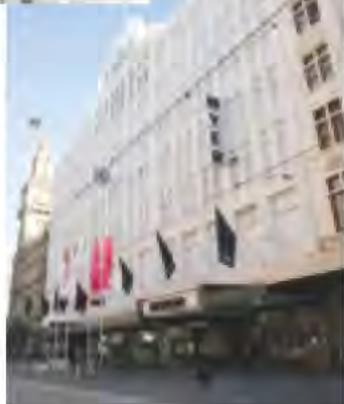
Myer is more than just Australia's number one fashion destination for Women's, Men's, Youth and Children's Apparel, Footwear and Accessories, Myer also delivers strong product ranges in Cosmetics, Homewares, Electrical, Indoor and Outdoor Furniture, Bedding and General Merchandise including Books and Stationery and of course the famous Myer Christmas shop. Virgin Movies and Music has added another dimension, providing a comprehensive range of entertainment as well as an 'on request' service for customers.

Concession brands play a significant role with Myer housing a number of Australia's favourite brands. Brands such as Cue, Review, David Lawrence, Marcs, Sportscraft, Charlie Brown and Country Road have enjoyed a great partnership with Myer for many years. Myer's continued focus on providing a highly competitive product range has also seen the introduction of several new brands such as Rodd & Gunn, Rhodes & Beckett, Nike, G-Star Denim, Laubman & Pank Optometrists and Gloria Jean's.

### RECENT DEVELOPMENTS

Myer has been under new ownership and management since July 2006. New projects are being implemented to add value and create strong growth.

Myer has sold its Melbourne properties and leased back the Bourke Street store. Redevelopment is now under way to expand and refurbish it, and to revolutionise the retail experience in Australia. An awe-inspiring, glass-domed cultural centre, which will be home to fine dining, fashion



parades and a number of other events will headline the upgrade as well as the enhancement of the heritage-listed Mural Hall. The Basement is a youth shopping concept that was launched in the Myer Melbourne Store in December 2005 as an exciting, colourful and fashion destination for Melbourne's youth. The Basement is more than just a place to shop. Bringing together a fusion of fashion with

over 120 brands including a range of Basement exclusive brands, a café, exciting events and entertainment the Basement provides a highly interactive and exciting environment. Myer has begun the roll out of the concept to other stores such as Chatswood and Warringah.

The establishment of a world class supply chain is another important aspect of the company's strategy for growth. The network will deliver merchandise to customers in a quick and cost effective manner. Four new Regional

Distribution Centres have recently opened in Victoria, New South Wales, Queensland and Western Australia. This project will deliver cost savings of around 40%.

MyMerch is a major project developed to transform Myer's technology and processes by implementing an integrated merchandising system. MyMerch was officially launched in April 2007. Myer is currently undergoing a store expansion program with the aim of increasing the current portfolio to 80 stores Australia wide.

### PROMOTION

Myer implements an integrated media strategy including television, press, radio, magazines and a range of catalogues from fashion to home. Myer has a strong focus on incorporating these advertising campaigns in-store visually, through point of sale and in-store signage, as well as through spectacular window displays. All these promotional outlets provide Myer with maximum opportunity to reach customers and keep them updated on new season trends, events and the vast number of seasonal promotions.

The "Myer is My Store" campaign is the current promotional driver. The campaign, seen across all aspects of the media, is in line with Myer's strategy of providing a range of products to suit everyone's needs. To have every customer feel that Myer is their store goes beyond an advertising proposition and is evident through the product offering,

the in-store events and the visual excitement in each store.

The signing of Australia's Miss Universe Jennifer Hawkins as 'Myer's Face of Fashion' has been the retailer's most publicised promotional activity in recent times. Jennifer Hawkins has been a beneficial addition to the Myer mix as she has created a glamorous profile for Myer. Jennifer's is a smile that most Australians love to see and her down to earth and friendly persona is truly in line with the Myer personality. The Myer-Jennifer Hawkins relationship has been massively successful for the department store and will continue on into the future.

Myer has focused on recognising and rewarding loyal customers. The Myer One loyalty program has nearly two million participants. The program provides Myer with an extensive customer database, enabling communication with targeted and direct marketing.

The recently introduced magazine Emporium, 'The Myer Magazine' showcases the wide product and service offering across fashion, beauty, home and life. The magazine is available in all Myer stores as well as being sold in over 2000 newsagents Australia wide.



### BRAND VALUES

Myer's vision is to be 'an international class retail business providing inspiration to everyone'. The vision encapsulates Myer's direction and attitude towards its customers, team members and local communities. This vision is filtered through all aspects of the business as all team members work together to deliver on this ideal.

To achieve this vision Myer strives to excite, inspire and reward customers and ensure that Myer is the primary destination for every

occasion. Myer excites customers by delivering a dynamic shopping environment; customers are inspired through the compelling brand offering and customer loyalty is always recognised and rewarded.



### THINGS YOU DIDN'T KNOW ABOUT MYER

- Myer employees over 20,000 team members nationally.
- On average 3 million Australians – 7% of the nation - walk through a Myer store every week.
- On the first day of the Myer Boxing Day Sale over 2.3 million people will walk through a Myer store.
- On the first day of the Myer Boxing Day Sale over 900,000 register transactions will be processed – that's over 1,200 transactions every minute.
- Myer Melbourne has hosted the Christmas Windows since 1956 and each year over one million people will view the Bourke Street display.