



Used vehicle purchasing and selling

Rabbit Car Network will cultivate a brand image of reliability and trust to realize sustainable growth.

Haruyoshi Kimura

Director and General Manager of Business Division, Rabbit Car Network Co., Ltd.

Profile

Haruyoshi Kimura handled sales, marketing, and the launch of new business for major enterprises the likes of Sogo Co., Ltd. (current Sogo & Seibu Co., Ltd.) and the Shiseido Company, limited. He joined the Rabbit Car Network in 2022 and was appointed Director in 2023. Haruyoshi Kimura will work to cultivate customers and develop human resources.

Fiscal review

The Used Vehicle Purchasing and Selling Segment generated ¥11,431 million in net sales from outside customers, up 10.0% year on year, and an operating profit of ¥331 million, up 154.9% year on year. This equates to a dramatic increase in both income and profit.

Rabbit Car Network was able to generate ordinary profit at every one of its chain stores for the first time in fiscal 2023. In addition, each store showed record highs in the number of appraisals, purchases and completion rates. More customers visiting our stores is one reason for this growth while a higher number of direct inquiries through our homepage and other mediums is another. The Rabbit Car Network set “Rabbit Reliability and Trust” as its brand image last January to differentiate itself from its competitors while establishing a Rabbit Code of Conduct. These guidelines aim to fundamentally reform the standard practices and common sense rooted in the industry for the purpose of cultivating completely new customer-oriented values. To make the Code of Conduct commonplace on site at every store, the Rabbit Car Network is raising employee awareness and changing the corporate culture. Consumers have less trust in the used car industry than new car dealers. The discovery of fraud at a major company purchasing and selling used vehicles has further degraded the reputation of the industry. As a result of our initiatives in this market environment, word-of-mouth and other feedback have come to praise Rabbit stores, which is driving more people to stop by and make inquiries.

The Rabbit Car Network has also shifted away from its traditional business model that did not focus much on retail sales. Every store now creates a space that continuously displays five to ten retail vehicles at the storefront. These vehicles provide a prosperous ambiance that attracts a retail consumer demographic, which is new customer base for our stores. This has both increased the number of retail vehicles

as well as cultivated demand for trade-ins. This shift toward retail seems to be another reason more customers are visiting Rabbit stores.

Consistent measures like this have enable the Rabbit Car Network to dramatically increase the number of direct appraisal requests from owners rather than the bulk competitive price appraisals done for multiple used car dealers that buy and sell vehicles. This success is in part thanks to an initiative that began last year aiming to build a brand chosen by customers rather than one chasing after customers.

Future strategies

Promoting a corporate brand around reliability and trust

I am most focused on consistently improving the reputation of our stores. To create completely new values in the industry from the consumer perspective, the Rabbit Car Network aims to solidify its present as network of stores providing the highest level of reliability and trust. Our intension is to enhance brand value with an emphasis on reliability and trust that diversifies the Rabbit Car Network from the used car industry. I know this will help sustain and improve business performance as well as foster medium- to long-term business growth.

It is also important to broaden the recognition of the Rabbit Car Network to cultivate this type of brand. We are actively promoting the brand through X, Instagram, YouTube, and other social media channels as measures to improve our presence. The Rabbit Car Network has expanded its Rabbit Car character logo to all media as well to ingrain an association between rabbits and our Rabbit Car character. At the same time, we will renovate our existing stores that are showing signs of age. These



renewals will aim to improve store recognition to attract a higher number of customers.

The Rabbit Car Network considers fiscal 2024 a major transitional period. Over the next five years, we will make active growth investments into this type of corporate branding.

We cannot expect results through an ongoing pursuit of business growth done by always visiting multiple used car dealers who buy and sell vehicles for bulk appraisals. An important condition to sustainable business growth is gaining new customer demographics different from the current customer base. To do this, the Rabbit Car Network has to solidify “Rabbit Reliability and Trust” as its brand image. We will continue to investigate and promote corporate branding measures toward growth.

Expanding chain stores and strengthen support of franchises

One measure to increase earnings is expanding the number of stores in anticipation of greater brand recognition. In April, the Rabbit Car Network opened a new chain store in Makuhari, Chiba for the first time in ten years. The addition of this store brings the total number of chain stores to 16. Going forward, the Company will open two to three chain stores each year to reach a total of 30 chain stores by fiscal 2029 while considering the location as well as access to and training of human resources. Rabbit Car Network is also expanding its franchisees from 122 to 170 stores with the

aim to reach a total of 200 stores. One reason for the decline in franchises is due to franchisees exiting the business because of the price war that makes it difficult to turn a profit to overcome this challenge, Rabbit Car Network will strengthen its business training for franchisees in an effort to ensure profitability and expand the number of franchise stores.

The Company overcame its challenges toward a digital transformation too by upgrading the appraisal system at chain stores. Franchises began introducing this system as well starting in August 2024. The system increases operational efficiency of course, and helps solidify a brand of reliability and trust by providing consistent services.

The used car industry still has a lot of room for improvement, which offers tremendous business opportunities and can foster growth by truly transforming the Company and its employees. Today, the Rabbit Car Network operates 138 chain stores and franchises. Leveraging this sense of scale, we know all of the Rabbit staff will come together in real efforts to realize this transformation, which will make Rabbit Car Network a brand chosen by customers and a company fostering significant growth.

The creation of new customer-oriented value will not only make the Company the only choice in the industry but also bring joy and happiness to customers and foster sustainable growth.

SWOT analysis

Strengths	<ul style="list-style-type: none"> ● A business model closely linked to USS auctions ● A widely recognized brand in the used car purchasing market
Weaknesses	<ul style="list-style-type: none"> ● Delays in online systems and other digital transformation efforts ● Human resource recruitment, development and retention
Opportunities	<ul style="list-style-type: none"> ● Strong demand in other countries for used vehicles made in Japan ● New ways to use preowned vehicle inventories for services generating a steady income, such as leases and subscriptions
Threats	<ul style="list-style-type: none"> ● Reduction in new car ownership as drivers shift away from ownership to car sharing, leasing and rentals. ● The result is a longer cycle for the replacement of automobiles.

TOPICS

Formulating the Rabbit Code of Conduct to raise employee awareness with the aim to lead Japan in reputation, reliability and trust

The Rabbit Car Network has set three goals. First, it will become the number one company purchasing used vehicles in reputation, reliability, and trust. Second, it will improve brand presence to help expand its store network. Third, it will have the highest customer satisfaction on the Oricon CS ranking of any used vehicle purchasing and selling business. To achieve these goals, the Company formulated the Rabbit Code of Conduct in fiscal 2023 and has striven to raise awareness about these guidelines at all of its stores. The Code of Conduct provides guidelines on basic customer services from when a customer arrives until they leave to the approach to handle appraisals, aftercare services, and any complaints. All stores post the Code of Conduct in a place that every employee can see, and managers communicate these guidelines to the staff to heighten awareness about Rabbit reliability and trust.