

# TSUNAGARIZUKURI (CREATING HUMAN CONNECTIONS)

In its *Tsunagarizukuri* (creating human connections) initiatives, Mazda is generating unique value through its connections with customers and with various other stakeholders.

## PASSION: BRAND EXPERIENCES CENTERED ON PERSONAL CONNECTIONS

People have always been a central focus of the principles exercised in Mazda's *Tsunagarizukuri* initiatives, and these principles have guided the Company as it communicates its brand value and forges connections that make customers feel bonds with and attachment to the brand.

Through *Omotenashi*, Mazda aims to help customers experience its brand value and to create inspiration and emotions centered on the joy of driving, which in turn will help form connections between people to enrich life-in-motion for those we serve.

Special Feature / TOPIC	P51	Connections Supporting Business Growth Building connections with customers and dealers in the U.S. (MNAO)
	P53	Connections Supporting Business Growth Connections Formed with Customers at Domestic Dealerships
	P55	Connections with a Wide Range of Customers Establishment of the Brand Experience Promotion Division

## FOSTERED STRENGTHS

### Psychologically Close Communication in Functions Spanning from Development to Sales

Mazda's Head Office and the frontline employees around the world who interact with customers on a daily basis engage in ongoing communication on a variety of topics until a consensus can be reached between all parties.

### Psychologically Close Communication between Customers and Dealerships

Through person-to-person communication via *Tsunagari Innovation*, Mazda is promoting psychologically close connections with customers at various touchpoints to deliver value optimized for each touchpoint.

## FUTURE INITIATIVES

### Evolution and Enhancement of Psychologically Close Communication in Functions Spanning from Development to Sales

Mazda is applying the best practices implemented in the United States to other markets to foster a culture in which all employees at its Head Office, on the front lines of sales, and in all other areas of operations act with autonomy and based on a spirit of *Omotenashi*.

### Evolution and Enhancement of Psychologically Close Communication with Wide-Ranging Customers

Mazda is seeking to foster greater empathy with regard to the Company through communication between customers and dealerships and communication directly with customers in our capacity as a manufacturer as well as communication with other manufacturers and stakeholders.

## CREATION OF CONNECTIONS WITH VARIOUS STAKEHOLDERS

### STAKEHOLDER ENGAGEMENT

Through engagement with stakeholders, who are important to the Company's sustainable development, Mazda seeks to clearly define the key responsibilities and issues for the Mazda Group as it carries out daily business activities while making efforts for improvement.

To ensure effective communication with customers and other stakeholders, Mazda has defined major stakeholder groups and determined the frequencies of providing opportunities for engagement and information disclosure for each group. The information obtained through engagement activities is reported to the relevant departments or committee meetings attended by the Company's management and used for planning and improving Mazda's daily business activities.

#### Opportunities for Dialogue and Information Disclosure

Customers	Establishment of call centers, meetings with Mazda vehicle owners, Mazda official website, social media, etc.
Shareholders and investors	General meetings of shareholders, presentations for investors, etc.
Business partners	Conferences with supplier executives, supplier meetings, etc.
Employees	Labor-Management Council, Global Employee Engagement Survey, etc.
Global society and local communities	Interaction, exchange of opinions, and cooperation with local communities; dialogue, cooperation, and support through collaboration among industry, academia, and government; etc.
Next-generation people	On-site lectures, etc.

### ENGAGEMENT WITH SHAREHOLDERS AND OTHER INVESTORS

In its pursuit of continued growth and the enhancement of corporate value over the medium to long term, Mazda engages in a variety of IR initiatives in keeping with its policy of timely and appropriate disclosure of information and constructive dialogue. In addition to general meetings of shareholders, the Company holds meetings with its shareholders and other investors, providing quarterly announcements to explain its business results and other activities. The Company is working to increase opportunities for engagement through such means as holding business briefings for securities analysts, institutional investors, and individual investors.

### INDUSTRY-ACADEMIA-GOVERNMENT COLLABORATION

Mazda engages in collaboration with government organizations, educational facilities, and research organizations that share its aspirations. Through co-creation that capitalizes on the respective strengths of these partners, the Company is accelerating its development and verification of technologies as well as its contributions to the resolution of social issues.

#### Utokyo LCA Center for Future Strategy

Mazda is a member of the Pre-emptive LCA Social Cooperation Research Department of the UTokyo LCA Center for Future Strategy (UTLCA), which was established in April 2023. The UTLCA is a team of LCA researchers from the University of Tokyo and other institutions that pools the talents of advanced science and technology researchers with members from across 10 University of Tokyo departments. The Pre-emptive LCA Social Cooperation Research Department is an organization membered by Mazda and 15 other companies with the goal of developing pre-emptive LCA methodologies that are viable for use in industry and with achieving practical implementation of these methodologies.

#### Joint Research Organization—Department of Mobility Experiences and Well-Being Research

In April 2024, Mazda established the Department of Mobility Experiences and Well-being Research as a joint research organization together with Hirosaki University. This organization is tasked with accelerating research for better understanding people by combining Hirosaki University's preventive medicine research foundation, which is built on an extensive and diverse collection of health big data, with Mazda's human-centric philosophy and technologies.

#### TOPIC—Creation of Connections with Communities

##### Mazda Town Festa 2024

Mazda Town Festa 2024 was held in June 2024 as a venue for exchanges with members of the community and as an expression of our feelings of appreciation toward the community. Carrying on the legacy of the Mazda Open Day events held from 2016 to 2019, but with a new name, this was the first such exchange event to be held in five years. Mazda sought to make this event an even more enjoyable to experience to be shared with community members. Based on the theme of unity among everyone in the community, this event featured food booths and stage performances

organized by community members with everyone united to energize the event, which saw more than 10,000 visitors over its two-day period. Many of the visitors expressed their enjoyment with comments highlighting aspects such as how impressed they were with the hospitality and passion of Mazda employees, how participation by suppliers and companies other than Mazda enhanced the event, and how enthralled their children were with the event.



SPECIAL FEATURE

TOPIC 1 — CONNECTIONS SUPPORTING BUSINESS GROWTH

BUILDING CONNECTIONS WITH CUSTOMERS AND DEALERS IN THE U.S. (MNAO\*)

NETWORK REBUILDING TO STRENGTHEN BONDS WITH DEALERS

Tim Manning, Senior Vice President, Retail Operations



Since 2016, Mazda has been promoting the sales network rebuilding and transformation of dealer facilities

as part of its operational reform initiatives under brand value management. We have been building win-win relationships with dealers by fostering trust to develop the network in which business is conducted in the right locations and at the right scale. By consistently and relentlessly implementing these initiatives, we have achieved record levels of dealer confidence that led to our current success. Although the number of stores has decreased from 635 in January 2019 to 543 in May 2024, not only the conversion to New-Generation Showrooms of existing dealers but also new investment of new entrant dealers, who have deepened their trust in the Mazda brand have increased, at a rate that surpasses our initial plan (more than 370 stores as of FY March 2024). The average throughput (sales per store) has increased from 445 units in 2016 to 625 units in 2023, and it is around

850 units in the case of New-Generation Showrooms. It resulted in higher business efficiency, and at the same time profitability has increased thanks to the introduction of CX-series SUV products including large products. In addition, as a result of our consistent efforts to date, the Most Optimistic score, (source: NADA National Automotive Dealer Association Winter 2024 survey), which measures expectations for the future of brands, has increased from 6.3 in 2019 to 8.3 in 2024, ranking third behind Lexus and Toyota.

OMOTENASHI, THE BASIS FOR BUILDING BONDS WITH DEALER PARTNERS

Sridhar Adiga, Director, Customer Experience



Omotenashi, which is also one of the Values of our corporate philosophy, is central to building

trust with our dealer partners mentioned above. We interpret *Omotenashi* as interactions which are warm and caring, empathetic, and personal, which builds a long-term relationship through providing experiences tailored to each individual to exceed expectations. However, while Japanese people

understand this uniquely Japanese culture, it was difficult to make its meaning understood in the United States. Therefore, we created an opportunity for U.S. employees to visit Japan together with some dealers to experience Japanese culture. By actually experiencing the *Omotenashi* spirit, the participants deepened their understanding of the origin of the concept and mindset. By continuing these efforts, dealers began to think about how to provide *Omotenashi* from the customer's perspective, focusing on "human" rather than just following a set process or procedure, and to take voluntary action appropriate to the situation. Little by little, they began to realize the importance of *Omotenashi* for customers. Thus, the understanding of *Omotenashi* for customers at dealerships has progressed.

For example, mutual understanding between the staff and customers has deepened by implementing a comprehensive follow-up program to address the feelings of customers who once had a negative experience at a dealership. It has contributed to an increase in the number of customers who return to the same dealership for after-sales service, such as inspections and repairs, and the retention rate at the dealership has also improved.

The results are obvious in the following figure.

- Service retention: 56% in FY March 2023, +5ppts compared to FY March 2019

As dealership employees practice *Omotenashi* toward customers, they also develop the spirit of *Omotenashi* toward their colleagues in the dealership. As they foster a sense of consideration for each other, the business performance has improved along with the workplace atmosphere and individual mindset, which differentiates Mazda from its competitors and contributes to a virtuous cycle of attracting human resources who resonate with Mazda's vision.

In the coming months, we will expand our *Omotenashi* efforts to additional customer touch points to further improve their connection to Mazda.

DIGITAL VIDEO INSPECTION SERVICE THAT DEEPENS BONDS WITH CUSTOMERS

Kara Hudson, Director, Aftersales



This initiative, introduced in 2019, is a service to deliver our spirit of *Omotenashi* to customers.

Technicians record video footage of aftersales inspection on the customers' vehicles during maintenance and parts replacement. Under this service, the video footage, which

customers do not see usually, is sent to customers via the internet. The unique aspect is that the customer and the technician can connect directly through the video. Until now, after-sales service, such as inspections and repairs, has been a process in which the staff called service advisor listens to customer's request, shares it with a technician, who then assesses the condition of the customer's vehicle and provides the most appropriate service.

If you think about the situation in this process from the customer's perspective:

- "I am worried about what kind of people will touch my car and how my car is treated."
- "The customers may see why I responded this way if they look at the actual conditions including the stains."

There are many thoughts and feelings on both sides.

With these thoughts in mind, this video inspection service uses digital technology to allow technicians to explain, through the video footage they shot, about the condition of the customer's vehicle and how it is handled and repaired. With the added visual information from the video, the customer is able to understand at a glance that the work is appropriate and what the benefits are.

Some of the customer testimonials include the following:

"The inspection video reinforced

trust and transparency."

"The video inspection, adds a nice touch."

When the video inspection has started, only about 20% of dealers had adopted it. In 2022, this has increased to about 80% of dealers. On average, more than 84% of customers who brought their cars in for service have seen the video, and many of them rated the service very highly.

In addition to customer satisfaction, technicians are now able to make proposals more confidently from the customer's standpoint than before and feel more pride in their work.

We will continue to expand our services with the spirit of *Omotenashi* through initiatives that utilize digital technology, e.g., smart payment.

In addition to the product appeal of our large products, building bonds with dealer partners and through them with customers has also contributed greatly to the record-high sales volume in the U.S.



Digital video service filming

\* Regional Headquarter: Mazda North American Operations

# OMOTENASHI



SPECIAL FEATURE

TOPIC 1 — CONNECTIONS SUPPORTING BUSINESS GROWTH

CONNECTIONS FORMED WITH CUSTOMERS AT DOMESTIC DEALERSHIPS

MESSAGE FROM EXECUTIVE OFFICER



Kazuyoshi Todou  
Executive Officer in charge of Domestic Sales

Society changes at blinding speeds, and customer values are growing increasingly more diverse. As such, everyone has a different vision for the role they want their vehicle to play in their life. This is one of the reasons why Mazda values the principle of *Omotenashi*, and aspires to provide a brand that accommodates the varied circumstances of each individual customer. This is the basis for our brand value management philosophy.

Dealerships around the world are moving ahead with efforts tailored to the circumstances in their respective markets with the aim of helping every customer have a more appealing experience with their Mazda vehicle. In the United States, our various initiatives have included reforms to the sales networks that support sales volume growth, which have led to record-breaking sales volume figures. In Japan, we are advancing reforms to the dealership systems and organizations. Moreover, we established the Brand Experience Promotion Division in November 2023. This organization is guiding joint initiatives with dealerships around the world for enabling customers to better experience the fun of car ownership. Implemented through an omni-channel approach combining digital and in-person initiatives, these initiatives are aimed at providing greater levels of inspiration and joy to customers.

The Domestic Business Division strives to increase the number of fans of Mazda's brand and dealerships through enhancement of the brand experiences offered to customers at dealerships. To this end, the division is advancing reforms to the award systems and human resource assessment systems that reflect the key performance

indicators of domestic dealerships as well as to store operation (team-based sales approach) and other systems and frameworks.

IMPROVEMENT OF APPEAL OF WORKING AT DEALERSHIPS

At the Domestic Business Division, we believe it is crucial to foster employees who are driven by a strong sense of purpose to contribute to customers' happiness and lifestyle enrichment through Mazda vehicles in order to increase the number of fans of Mazda's brand

and dealerships. As part of this endeavor, we are developing frameworks that allow the employees of both production companies and dealerships to work with autonomy.

To support these efforts, we changed the management indicators used to gauge performance at dealerships from sales volumes and profit to employee engagement, customer engagement, and business success.

We have also reformed human resource systems for sales companies to move away from emphasizing individual success to focus more on recognizing actions as a team, comprised of all members of a dealership, that place the customer first.

Career plans have also been developed to improve employee

compensation through better utilization of employee diversity and through encouragement of action propelled by all members of a team.

Furthermore, digital transformation is being promoted to improve efficiency in back-office procedures at dealerships. By having more dealership staff members act based on the customer's perspective, we are now able to provide even more detailed responses to the needs of customers who visit dealership locations.

We also encourage the dealership employees who interact with customers in their daily work to participate in the Mazda Fan Festa organized by the Brand Experience Promotion Division (P55-56) so that they can gain a better understanding of the Mazda brand. Dealership employees who have participated in these events have stated how the ability to experience the Mazda brand together with various customers has helped them feel the joy of working at an automotive dealership. In recent years, we have seen a rise in the number of dealerships participating in such events. Meanwhile, Chiba Mazda Co., Ltd., Kobe Mazda Co., Ltd., and other dealerships are planning their own fan events based on their experiences at the Mazda Fan Festa, further heightening Mazda's brand recognition.

ENHANCEMENT OF APPEAL OF MAZDA OWNERSHIP

As customer values grow more diverse, it is becoming increasingly

difficult for companies to differentiate themselves through its products alone. Given this reality, community-rooted dealerships have an important role to play in supplying our unique value and in enhancing the appeal of Mazda ownership through both digital and in-person initiatives and thus in increasing the number of fans of Mazda's brand and dealerships. One example of our digital initiatives would be Club Mazda. This service gives users online access to various applications while also regularly delivering the latest information for helping people choose the right Mazda vehicle and other content designed to make vehicle ownership even more enjoyable. Moreover, we offer special bonuses and services to Club Mazda members in order to collect customer information. This information is used to tailor communication to the interests, preferences, and needs of individual customers. For example, we may use Club Mazda to propose test drives to a customer who has exhibited a high appetite for purchasing a vehicle.

In-person initiatives include encouraging dealership staff to serve customers in accordance with Mazda's code of conduct to deliver the pinnacle of Mazda experience during the test drives that communicate our unique value *Jinba-ittai*— a sense of oneness between driver and vehicle—as well as through vehicle hand-offs and inspections.

To facilitate these efforts, Mazda undertook a full-fledged shift toward a team-based sales approach in FY March 2025. In this approach, customers will be served not by the one sales staff member to whom they have been assigned, but rather by the entire staff of the dealership. This approach is meant to help everyone at dealerships gain a better understanding of their customers.

In addition to such initiatives at dealerships, Mazda is also engaged in collaboration with partners in other industries to allow for better responses to the diversification of customer lifestyles and hobbies. For example, in 2024 the Company held its first exhibit at the TOKYO OUTDOOR SHOW, where it displayed an MX-5 (Roadster in Japan) outfitted for camping alone for outdoor enthusiasts, along with other proposals that are distinctive of Mazda and its aspiration to be a car-loving company as described in its 2030 Vision.

Mazda will continue to expand its range of such collaborative initiatives for enriching customers' car ownership experience at the Company as well as at domestic dealerships.



Camping supplies that can be loaded into a MX-5 (Roadster in Japan)

OMOTENASHI

SPECIAL FEATURE

TOPIC 2 — CONNECTIONS WITH A WIDE RANGE OF CUSTOMERS

ESTABLISHMENT OF THE BRAND EXPERIENCE PROMOTION DIVISION

BACKGROUND AND GOALS OF ESTABLISHMENT

Some may wonder what exactly the idea of brand experience entails. For Mazda, brand experience is the concept of communicating, through experiences, the image a company seeks to evoke for its brand in order to deepen an understanding of how this brand differs from those of its rivals.

In its 2030 Vision, Mazda declares its intent to “To be a car-loving company that creates moving experiences through the ‘joy of driving.’”

To this realize this vision, it is imperative for the Company to provide customers with uplifting experiences that communicate the fact that Mazda is a brand for people who enjoy cars, not only to car enthusiasts but also to a wide range of other customers. Mazda thereby aims to engage in communication from a place that is psychologically close to customers via non-dealership touch points.

The Brand Experience Promotion Division was established in November 2023 with the goal of fostering recognition among customers with regard to how Mazda is a brand for people who enjoy cars by providing uplifting experiences that give people positive experiences of the fun of driving and of car ownership.

With a team of individuals assembled from relevant internal divisions, the division goes about this through mutual utilization of the insight and assets of customers, dealerships, and associate companies to co-create customer experiences that exemplify the Mazda brand together with these partners. The division’s initiatives will begin in Japan and, after having accumulated the necessary experience and insight, then be deployed to other areas of the world. The Brand Experience Promotion Division is thereby anticipated to propel the transformation of Mazda brand experiences across the globe.

INITIATIVES AND PROGRESS

Grass-Roots Motorsports Activities and Mazda Driving Academy Events

Mazda is engaged in grass-roots motorsports activities and also arranges Mazda Driving Academy events to provide opportunities for customers to experience the joy of driving. Our involvement in grass-roots motorsports activities entails the organization of competitions using actual vehicles as well as esports events to offer opportunities to enjoy racing in both physical and digital spaces. Meanwhile, we celebrated the 10th anniversary of the launch of the Mazda Driving Academy in 2024. Mazda began organizing these events with the goal of making everyday driving easier and more enjoyable for customers. The Mazda Driving Academy will continue to be an area of focus going forward.



Event for new employees joining in 2024

DISCOVER with MAZDA

DISCOVER with MAZDA is an experience-oriented event program designed to combine driving with the hobbies and interests of customers. Through these events, Mazda endeavors to help customers make



Photograph commemorating Shigaraki ware ceramics workshop

new findings pertaining to their hobbies and interests while also encouraging various discoveries via the provision of useful driving information and experiences based on the event concept of supporting more uplifting and enjoyable lifestyles and vehicle ownership experiences. The first such event, which was held in FY March 2024, featured a Shigaraki ware ceramics workshop as well as lectures on driving postures and techniques that can reduce the burden on the driver. Participants voiced high opinions of the ceramics workshop as well as how the driving lectures made the drive home easier. The event also proved to be a valuable opportunity for Mazda’s staff as it enabled them to gain insight pertaining to customer demographics with which contact had previously been limited. For example, it was learned that, while customers do not view their cars as the main factors in their enjoyment of their hobbies, cars are still an important part of these activities. This newfound understanding contributed to a higher sense of motivation among staff members. The Company aims to cultivate DISCOVER with MAZDA into opportunities to investigate how its vehicles are contributing to more uplifting lifestyles for customers, so that its employees can go

about vehicle creation with greater confidence, as well as opportunities for providing uplifting experiences.

Going forward, the scope of DISCOVER with MAZDA events will be expanded to provide experiences in a more diverse range of genres.

Mazda Fan Festa

The Mazda Fan Festa is an event that features a wide range of opportunities for new discoveries and encounters and uplifting experiences designed to be enjoyed by customers of all ages. The Company held the Mazda Fan Festa in three locations in 2024, and the number of participants in these events totaled roughly 25,000.

Employees involved in the events have expressed opinions including the following:

“Being able to see the smiles on the faces of customers really made me feel what I am working for.”

“The event really hit home how we are supported by our customers.”

“I want to provide products and services that bring event greater joy to our customers.”

“I enjoyed being able to work in a team with members from different divisions.”

“The event gave me a greater sense of confidence in my work.”

Going forward, these connections with customers will be utilized to heighten employee desire to participate in the planning and organizing of employee-driven events. It is our

hope that dealership staff and other Mazda Group members will direct such events to share experiences with customers while exploring the spirit of *Omotenashi*.

In addition, input regarding merchandise designed based on the Mazda aesthetic will be gathered from a wide range of customers, including both drivers and non-drivers, in order to enhance lineups and otherwise evolve our offerings.

Through such initiatives, the Company aims to help a wider range of people experience the fun of car ownership to foster an increasing number of car lovers and ultimately Mazda lovers.

FUTURE OUTLOOK AND SHORT-TERM GOALS

In the future, Mazda will continue to expand the scope of brand experiences it offers to customers. These will not be limited to the aforementioned in-person events, but will also include events that merge esports and other digital experiences with in-person experiences. These experiences will be used to observe changes in customer sentiments and behavior and to track these changes in the form of data. The insight and data obtained through such events will be utilized to drive improvements in customer satisfaction and operational efficiency in dealership sales and other existing business areas.



Mazda Fan Festa event collage

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