

Otto Group – Corporate History

1949-1960 Foundation and Development Stages

In forming and developing his mail-order company, Werner Otto wrote an unparalleled chapter in German post-war history. Within ten years, a small mail-order house turned into a large-scale enterprise, employing 1,000 people and recording an annual turnover of 100 million German marks.

- 1949** **Werner Otto Forms Mail-Order Company in Hamburg**
At the age of 40, Werner Otto forms the company "Werner Otto Versandhandel" [Werner Otto Mail-Order Company] which is registered at the Hamburg State Ministry of Economy and Transport on August 17. In the beginning, Otto has three employees. The company is based in two small buildings in the Hamburg borough of Schnelsen.
- 1950** **The First Catalogue is Published**
The first catalogue is published: 300 hundred hand-bound copies with photos pasted into them. 28 pairs of shoes are featured on 14 pages. With the motto "trust for trust" Otto is the first mail-order company to introduce payment by invoice.
- 1951** **First Print Catalogue with Expanded Product Line**
The first print catalogue comprises 28 pages and offers an expanded line of products. Besides shoes, briefcases, raincoats, and trousers are offered. Otto turns over 1 million German marks with a total circulation of 1,500 catalogues.
- 1952** **Perfecting the Centralised Buying System**
The centralised buying system is perfected. Customers, who also order for neighbours, friends, and relatives are eligible for 5 percent cost reimbursement. To this day, the centralised buying system contributes substantially to the company's success.
- 1953** **Turnover of 5 Million German Marks**
In less than two years, Otto quintuples its turnover. The catalogue circulation rises to 37,000 copies.
- 1956** **Otto Now Carries Hardware**
Bicycles, porcelain, and electric appliances are included in the product range. Otto abolishes Saturday as a working day and introduces the five-day work week. The Otto Versand moves its office from Hamburg-Schnelsen to Hamburg-Hamm. Turnover rises to 52 million German marks.

- 1958** **Turnover: 100 Million German Marks**
Turning over 100 million German marks, the Otto Versand ranks among Germany's large-scale enterprises.
- 1959** **Cornerstone is Laid in Hamburg-Bramfeld**
On 13 August 1959, the cornerstone for a new company complex in Hamburg-Bramfeld is laid.
Otto now employs 1,000 people.

1960-1970 Expansion Into a Large-Scale Enterprise

In the 1960s, the Otto Versand expanded its position as a large-scale enterprise and pioneer of its industry, and the company's turnover exceeded one million German marks for the first time in 1970.

- 1960 **Move to Hamburg-Bramfeld****
The Otto Versand moves into the new company building in Hamburg-Bramfeld, where the company's principal office is still based today. Turnover rises to 150 million German marks. The number of employees rises to 2,000.
- 1962 **Central Buyer Reaches Turnover of 1 Million German Marks****
The first central buyer reaches a turnover of over one million German marks. The WAZ Group takes a 25 percent share in the Otto Versand.
- 1963 **Ordering by telephone Is Introduced****
Otto shows pioneering spirit: From now on, thanks to integrated data processing, orders can be placed via telephone at 61 10 81. General Shopping S.A. acquires 15 percent of the partner's interest shares in Otto Versand
- 1964 **KG Gesellschaft für Beteiligungen und Investierung (at a later date AURUM KG) acquires 10 percent of the shares in Otto Versand****
- 1966 **Werner Otto Hands Over the Chair to Günter Nawrath****
Under the new Chairman, Günter Nawrath, Otto defies recession. With a turnover of 582 million German marks, the company achieves an extraordinary growth of 35 percent. The first purchasing office on the Aisan continent is opened in Hong Kong.
For the first time, top models of famous fashion designers, such as Nina Ricci, Christian Dior, or Pierre Balmain are featured in the catalogue.
- 1967 **Catalogue Reaches Circulation of 1 Million Copies****
The Autumn/Winter catalogue is 748 pages strong and published with a circulation of over 1 million copies.
The Otto Versand moves its administration department and warehouse into two new buildings in Hamburg-Bramfeld.
- 1968 **First Speciality Catalogue Is Published****
In addition to the main catalogue, the first catalogue for young people is published: the Post-Shop-Magazine.
- 1969 **Hanseatic Bank Is Founded****
The Hanseatic Bank is founded, making it possible for OTTO customers to finance catalogue goods. In Hamburg, the Werner-Otto-Foundation is formed in order to help advance medical research.
- 1970 **Breakthrough: Turnover of 1 Billion****
In 1970, the Otto Versand breaks the billion barrier for the first time. Employing 4,800 regular employees, the company achieves a turnover of 1,168 billion German marks.

1970-1980 Transformation into a Group of Companies

For Otto, the 1970s signified the expansion into and the rise to a trade and services group.

- 1972 **Foundation of Hermes Delivery Service****
The Otto Versand establishes its own delivery service. By the end of the year, more than 50 percent of all parcels are delivered independently of the German Postal Service.
- 1974 **Beginning of International Expansion****
By taking a share in Heinrich Heine, Karlsruhe (at first Otto held a share of 50 percent, but the company has been fully integrated in the Group since 1981) and in 3 Suisses International, France (first 25 percent, 50 percent since 1981), the development into an international group of companies starts. Hermes now delivers 90 percent of all Otto consignments.
- 1976 **Acquisition of Majority Interest in Schwab Versand****
The Otto Versand acquires a majority interest in the Schwab Versand, Hanau. Now, Otto ranks No. 3 among mail-order companies worldwide—behind the US-American Sears Group and Quelle.
- 1978 **Turnover Rises to Over 3 Billion German Marks****
The Otto Group achieves a turnover of 3,176 billion German marks and employs 10,740 people.
- 1979 **Formation of Otto Holland****
Launching Otto Holland, Tilburg, Otto enters the Dutch market. The Otto Group takes shares in the Fegro-Großhandelsgesellschaft (GmbH & Co. KG). On 7 September, a treatment centre for cancer diseases opens at the university children's hospital in Hamburg, which has come into existence through the Werner Otto Foundation's substantial funding.
- 1980 **Hermes Delivers 100 Millionth Parcel****
During the course of eight years, the Hermes Delivery Service has delivered more than one hundred million shipments.
The Otto Group forms the Otto Reisen GmbH, which offers all tourism-related services via catalogue.

1980 - 1990 Internationalisation of the Group

Under the management of Dr. Michael Otto, the Otto Group has become the largest mail-order group in the world.

- 1981** **Dr. Michael Otto Is Appointed Chairman of the Executive Board**
Günter Nawrath, Chairman of the Executive Board, switches to the supervisory board. Dr. Michael Otto is appointed Chairman of the Otto Group's Executive Board.
- 1982** **The Otto Group Takes a Stake in "La Blanche Porte"**
Through the 3 Suisses International Group, the Otto Group takes a stake in the mail-order company La Blanche Porte.
- 1983** **Otto family buys back the 15 percent shares General Shopping S.A. acquired in 1963.**
- 1986** **Environment Protection Is Professed a Corporate Objective/ further expansion, first step into Asia**
Otto also asserts its role as an ecological pioneer in the mail-order business. Environmental protection becomes a specific corporate objective of the Otto Versand. Otto is the first German mail-order company to introduce a 48-hour express service.
The Otto Group takes shares in Alba Moda, Bad Salzuflen, forms Bon Prix, Hamburg, and Together, Great Britain, as well as Otto-Sumisho, a joint venture with Sumitomo Corporation in Japan.
Start of the campaign "Otto...find' ich gut" ["Otto...I like it."]
Dr. Michael Otto is Manager of the Year in Germany
- 1987** **Otto is number one on world ranking of mail order companies**
The Otto Group acquires the mail-order companies Witt/Weiden and Venca (today C.I.F.D.), Spain.
Between 1987 and 1994 Otto family buys back 80 percent of the 10-percent-shares of AURUMN KG.
- 1988** **Otto Takes Shares In SportScheck and ModenMüller**
Otto participates in SportScheck, Germany, and ModenMüller (today OTTO), Austria.
- 1989** **Entrance Into Italian Market**
With Euronova the Otto Group manages to enter the Italian market.

1990-2000 Globalisation and Diversification

In the first half of the 1990s, in the wake of the reunification, the western German economy boomed for a time. Otto's activities during the second half of the 1990s were characterised by doing business in the new media sector and by reaching top positions among mail-order companies through various business activities in Asia and Europe. By entering new market segments, Otto increasingly relied on far-reaching diversification strategies.

- 1990** **Special "Boom Economy" after German Reunification**
Germany's reunification leads to a free market economy in the new provinces and a rapid increase in demands. Otto introduces a 24-hour rush service. Annual turnover rises to 500 million German marks in new provinces. Otto gets active in the Cash & Carry sector by founding Fegro/Selgros, a joint venture with the REWE-Handelsgruppe [trading group].
- 1991** **"Shop Around the Clock"**
Now, customers can shop at Otto at weekends and at night. The Otto Group buys majority shares in Grattan, the fourth largest British mail-order company. VPC is founded in Portugal.
Dr. Michael Otto receives the award "Öko-Manager des Jahres 1991" [Eco Manager of the Year 1991] for his multilateral commitment to environmental protection.
- 1992** **Entrance into the Hungarian Market**
The Otto Group takes over the Hungarian mail-order company Margaréta. Hermes Delivery Service delivers its 500 millionth shipment.
- 1993** **Optimisation of Customer Service**
The 24-hour service is extended to include almost all articles.
A uniform phone number for all customer service centres is introduced.
Formation of the holding Otto Freizeit und Touristik [Otto Leisure and Tourism], which offers a full range of travel services.
Creation of the Michael Otto Foundation for Environmental Protection. The purpose of the Foundation is to protect and maintain water resources and wetland habitats.
- 1994** **Delivery on Desired Date**
The Otto Group introduces delivery on the customer's desired date. Otto is the first mail-order company to introduce its product line on an interactive CD-ROM.
- 1995** **Otto Goes Online**
The Otto Versand presents its comprehensive product line on the Internet at www.otto.de.
An after-hour service is introduced: delivery of products until 9 pm.
Taking a share in the second-largest German computer distributor, Actebis, the Otto Group strengthens its commitment to wholesaling.
- 1996** **Otto in Switzerland**
In Zurich, the Otto subsidiary Heine takes over the mail order segment of Jelmoli, which is carried on as: Jelmoli Versand.
Formation of Club Créateurs Beauté, Japan, as a joint venture among Otto Sumisho, 3 Suisses, and L'Oréal.

1997**New Media on the Advance**

The complete Otto catalogue is published on the Internet. The individual company Otto manages to increase its turnover in the fields of e-commerce, Internet, CD-ROM, and interactive videotext to 450 million German marks, approximately seven percent of the company's total turnover.

The Internet portal "Shopping 24" and Otto Büro & Technik [Otto Office & Technology], today OTTO Office, are founded.

Hermes Delivery Service delivers its one billionth parcel.

The Otto Group forms joint ventures in South Korea, Otto Doosan Mail Order Ltd, and Taiwan, Otto Chailease Mail Order Ltd.

Otto takes a share in the Baur mail-order company in Burgkunstadt.

The demand for ecologically manufactured Otto products increases. The individual company Otto reaffirms its pioneer role in environmental protection, selling ecologically optimised products and thus reaching a turnover of 320 million German marks.

1998**Number of Otto Group Employees Exceeds 50,000 For the First Time**

Otto takes a share in Crate and Barrel, Chicago, Illinois.

In Germany, the Zara Deutschland GmbH, a joint venture with the Spanish Inditex Group is founded.

1999**Otto Celebrates Its 50th Anniversary**

Through the Actebis Group, Otto acquires the Peacock AG. Otto also acquires the British mail-order company Freemans in London.

On 17 August, the Otto celebrates its 50th birthday.

Since 2000 Innovation for the future

In the new millennium Otto Group strengthens its innovation leadership. With innovative concepts, even more customer orientation and new sales channels especially in the new media sector as well as increasing globalisation and diversification the Otto Group is certain to be in an excellent position, both nationally and internationally, to successfully meet the challenges of the future.

- 2000** **Otto Group No. 2 Worldwide in B2C Segment**
 The Otto Group founds discount24, travelchannel.de, Obi@Otto and takes a share in myToys.de.
 www.otto-office.com goes online.
 Ordering by mobile phone (via WAP) is made possible for the first time.
 The Otto Group is now the world's second-largest online trader in the B2C segment, following Amazon's lead.
 In England, Parcelnet is founded. In the Czech Republic, the mail-order company Otto Zasilatelstvi S.R.O. is founded.
- 2001** **Dr. Michael Otto Manager of the Year Again**
 The joint venture Travelocity Europe is formed by the Otto Group and travelocity.com.
 The company EP Euro Post is founded by Hermes and the Royal TPG Post (Netherlands).
 A virtual fitting room is opened at www.otto.de.
 Baur takes over the Universal Versand, Austria.
 Dr. Michael Otto is named Manager of the Year a second time, after winning the title in 1986.
- 2002** **The "Otto Versand" Becomes "Otto"**
 The change of the company name from "Otto Versand" to "Otto" accounts for the company's transformation into an international trade and services group.
 When the Euro is introduced, OTTO gives a price guarantee.
- 2003** **Hermes Becomes an Increasingly Strong Competitor to the German Postal Service**
 Hermes combines all logistics services under the umbrella brand name "Hermes Logistics Group".
 All over the country, Hermes offers the first serious alternative to delivering private parcels via Germany's Postal Service.
- 2004** **OTTO expands delivery service**
 OTTO expands its desired-date delivery service by adding a one hour delivery span option.
 OTTO teams up with Israeli fashion label Castro to establish the joint venture Castro Deutschland.

- 2005** **For the first time ever, OTTO issues three instead of two main catalogues a year**
 Premiere in German mail-order industry: OTTO is the first full-line mail-order company issuing three main catalogues per year.
 Otto Group sells 75 percent of its stakes in Hanseatic Bank to Société Générale, Paris.
 OTTO enters into a strategic t-commerce partnership with Microsoft.
 A further milestone in the group's development of its e-commerce activities will be the extension of its online shop, otto.de, that celebrates in 10th anniversary: OTTO announces to create a complete one-stop-shopping-destination.
- 2006** **Otto Group continues to expand business in Russia**
 The first Lascana shops are opening in Hamburg and Baden-Baden.
 The Otto Group and the Russian PPE Group (now Direct Group) are founding a Joint Venture in Russia.
 The Otto Group is taking over the OBI shares from the Joint Venture OBI@OTTO.
 With the founding of the subsidiary Hermes Warehousing Solutions, the Otto Group completes its logistics chain for customers outside the group.
 Discount24 becomes Joint Venture with French C-Discount.
 Prof. Werner Otto and Dr. Michael Otto receive the German founder prize for their life's work.
 OTTO is honoured as the "most customer orientated home-shopping retailer 2006"
www.otto.de is voted by internet users as the "best shopping website 2006"
 Otto Sumisho celebrates its 20th birthday.
- 2007** **Dr. Michael Otto changes after 26 years in the chairmanship of the Executive Board to Chairman of the Supervisory Board**
 Launch of the three-dimensional OTTO store is a quantum leap into online shopping
 OTTO and Hagebau found the Joint Venture Baumarkt Direkt
 Heine acquires the remaining 50 per cent of the shares in Manufactum
 For strategic reasons, the Otto Group separates from the wholesale trade segment and therefore sells the IT distributor, Actebis.
 The online product range at www.otto.de now comprises 500,000 items as well as the whole online range of Libri.de
 Witt Weiden celebrates its 100th birthday.
 In October Hans-Otto Schrader becomes the new Chairman of the Executive Board.
 OTTO is honoured for the best sustainability report of the year,
www.otto.de is again voted as the "Most Popular Website" of the year.
 The Otto Group takes over all the shares in its Japanese Joint Venture Otto Sumisho Inc., which is renamed OTTO Japan Inc.
 After repurchase of the shares of co-managing partners, the Otto family again unites all shares of Otto (GmbH & Co KG) into its ownership.
- 2008** **Otto Group continues to focus on E-Commerce and continues to expand its business in this field**
 The Otto Group sells Fegro/Selgros shares to the REWE Group
 The group wins the "IT Strategy Award 2008"
 Online demand of the Otto Group exceeds the 5 billion euro mark

The Association for Consumer Research again votes www.otto.de as Germany's online shopping portal number 1
 www.otto.de again wins the Online Star for "Fashion & Lifestyle"
 The group approves extensive climate protection strategy with the aim of reducing CO₂ emissions by 50 percent by 2020
 The Otto Group founds a joint venture with Phi-T and revolutionises item-sales forecasts
 Jointly with the Direct Group the Otto Group accelerates the Russian business with the opening of its own warehouse logistics unit in Tver
 The group head office in Hamburg-Bramfeld opens multimedia based reception areas
 Crédit Mutuel joins Cofidis as a partner
 www.otto.de is "The most popular website 2008"
 Otto Group starts IPTV in Hong Kong
 The Otto Group takes a 49 percent share in the Kitaro Fashion Group

2009

Otto Group optimises its logistics warehouse network

Strategic investment in the private shopping sector: the Limango shopping community becomes part of the Otto Group
 The group decides to restructure the logistics warehouse network
 The Otto Group introduces video-supported applicant interviews
 The group head office in Hamburg-Bramfeld is host of the first "Young Leaders for Sustainability" network meeting
 Conclusion of measurement of ranges, "Size Germany": fashion customers of the Otto Group can look forward to even better fits
 Otto Group starts new online fashion store, "Yalook"