



# Introduction of Jupiter Shop Channel Co., Ltd. (JSC)

**Keiji Tanaka**  
**President & CEO**

**October 11, 2017**

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# JSC's company profile



心おどる、瞬間を。



Company name: Jupiter Shop Channel Co., Ltd.  
(Channel name: SHOP CHANNEL)

Established: November 22, 1996  
(Start of broadcast: November 1, 1996)

Shareholders: Jupiter Telecommunications Co., Ltd. 50%  
(Owned through special purpose company)  
Sumitomo Corporation 45%  
KDDI Corporation 5%

President & CEO: Keiji Tanaka

Executive Vice-President: Yutaka Harada

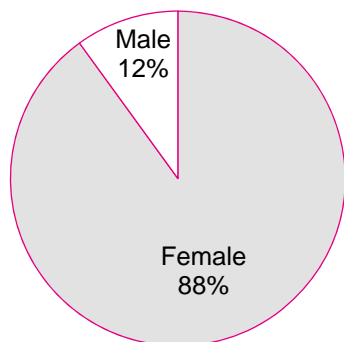
No. of employees: 959 (as of the end of March 2017)  
No. of operators: Approx. 800

# JSC's company profile

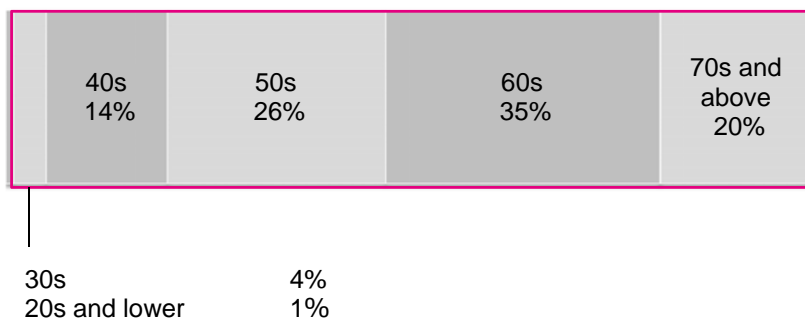


## Customers

### Gender

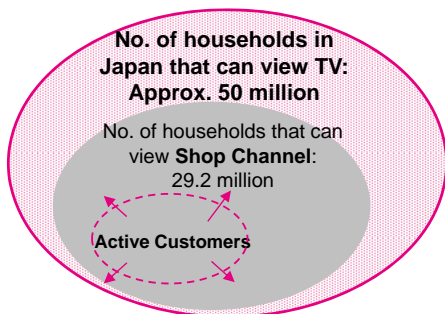


### Age group



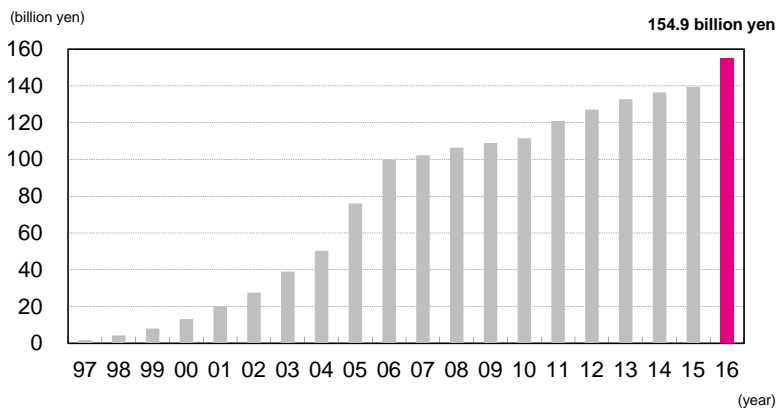
## No. of households viewing

24-hour viewing is possible at **29.2 million households** nationwide.  
(As of the end of March 2017)



## Sales

FY2016 net sales: **154.9 billion yen**  
Achieved an increase in sales for 20 consecutive periods



Note: The end of the fiscal year was December until FY2007, and changed to March since FY2008. Sales for the 15-month period from January 2008 to March 2009 are 131.7 billion yen.

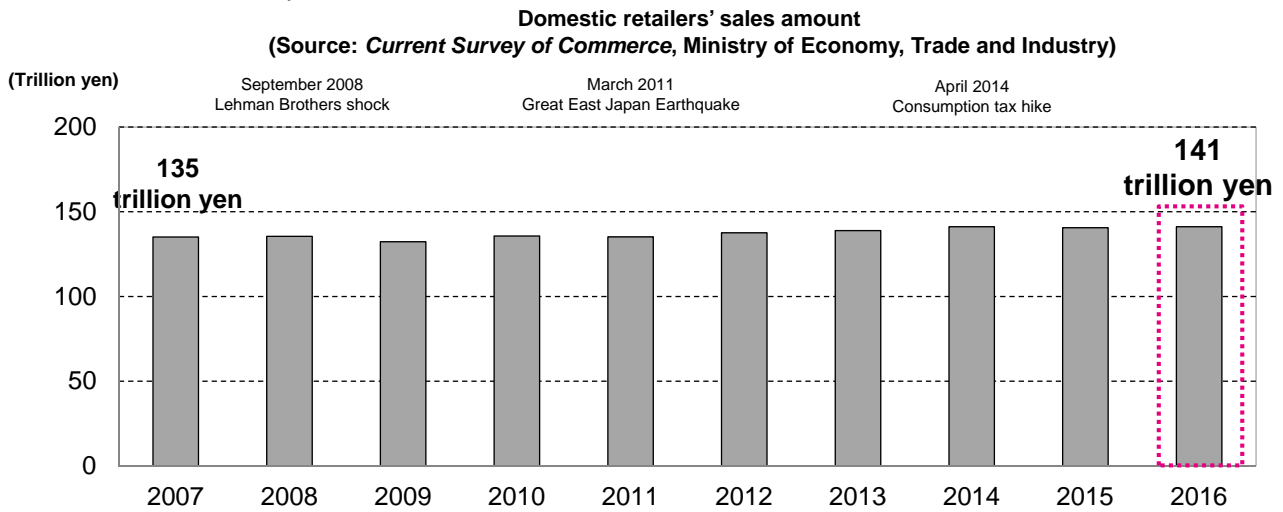
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## Environment surrounding JSC – Domestic retail market –



The domestic retail market expanded from 135 trillion yen to 141 trillion yen over the past ten years. Growth has been flat in recent years.



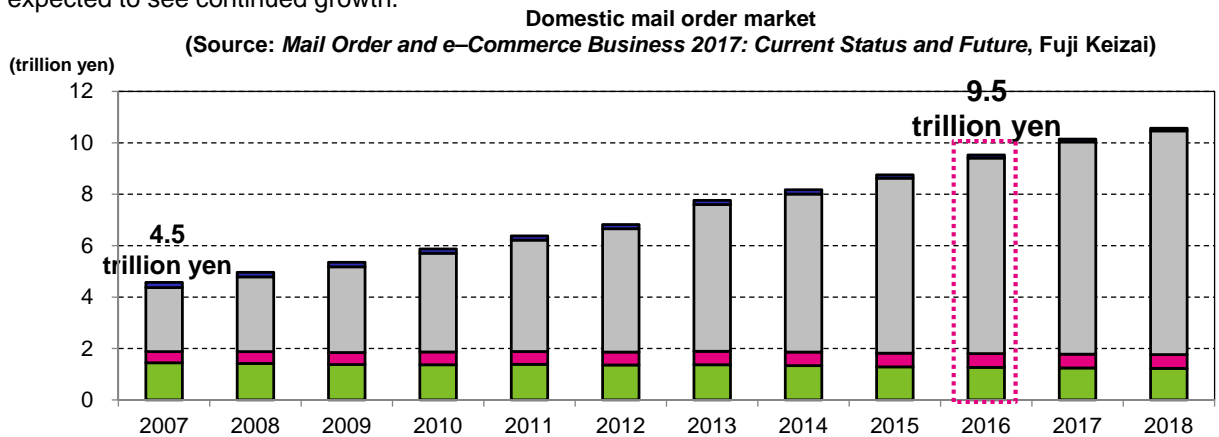
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## Environment surrounding JSC – Domestic TV shopping market –



The mail order market (sale of goods) has expanded more than two times over the past ten years, and is expected to see continued growth.



Note: Figure for 2016 is estimate; figures for 2017 and 2018 are forecasts.

■ Catalog   
 ■ TV   
 ■ EC   
 ■ Other

Avg. annual growth    – 1.5%    2.3%    13.2%

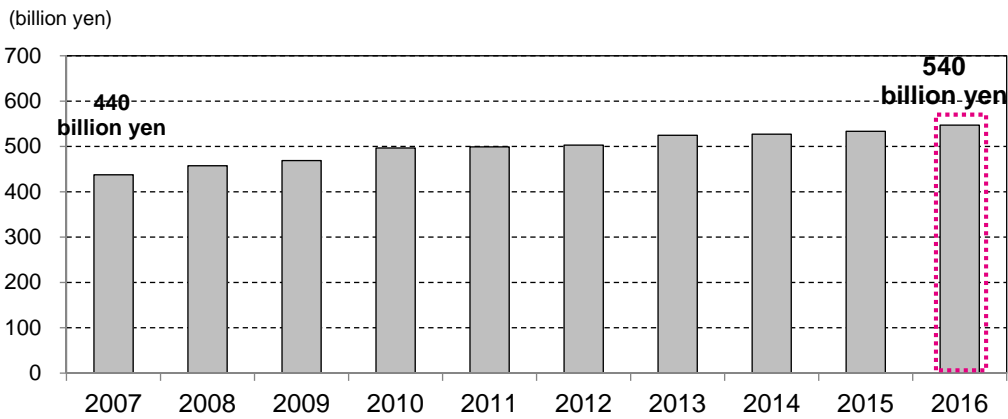
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## Environment surrounding JSC – Domestic TV shopping market –



The TV shopping market expanded from 440 billion yen to 540 billion yen over the past ten years.



Source: Fuji Keizai

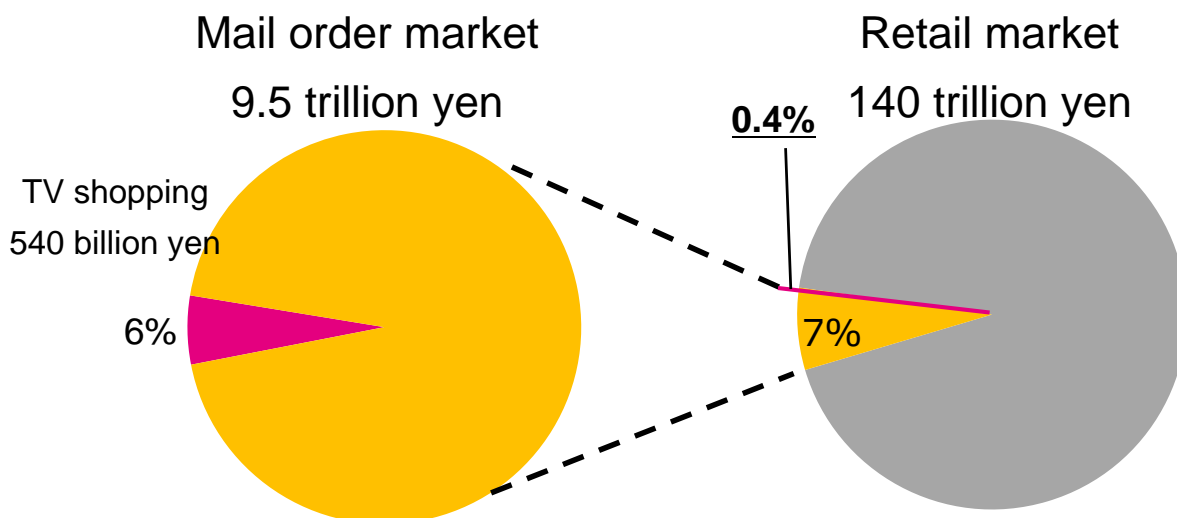
Note: 2016 figure is estimate.

Avg. annual growth: 2.3%

## Environment surrounding JSC – Market potential –



The share of the TV shopping market of the entire retail market is **0.4%**.



(Source: Mail Order and e-Commerce Business 2017: Current Status and Future, Fuji Keizai)

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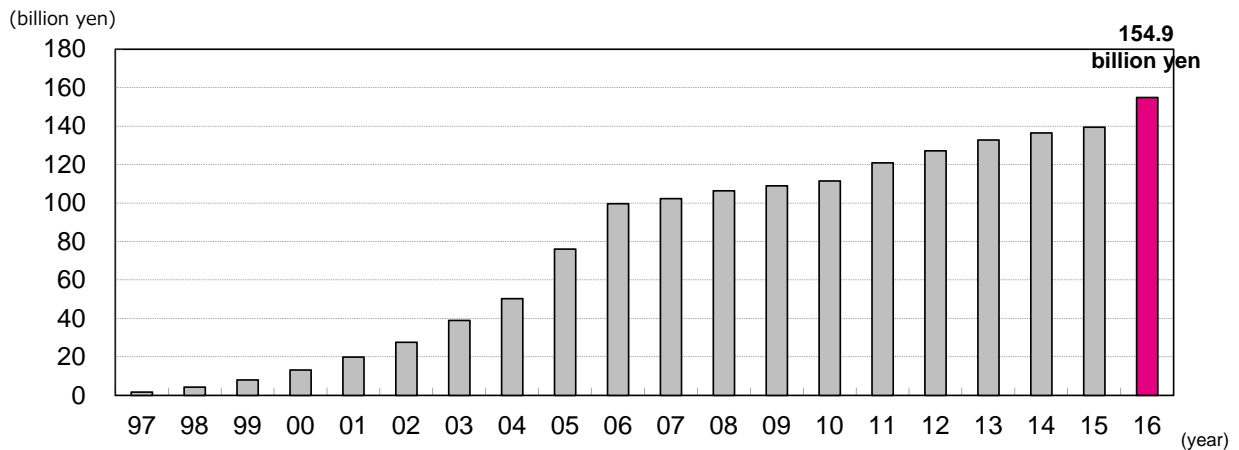
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## JSC's FY2016 business performance



FY2016 net sales: 154.9 billion yen (+11.1% year on year)

Sales increased for 20 consecutive periods.



Note: The end of the fiscal year was December until FY2007, and changed to March since FY2008. Sales for the 15-month period from January 2008 to March 2009 are 131.7 billion yen.

## JSC's FY2016 business performance



### Further strengthening of products, programs, and operation

- Broadcast 20th anniversary special program “*Yume wo Kaetara* (If we could buy our dreams)” for three consecutive months from August to October (seven times in total). Products introduced in the program were decided by employees' votes. The program introduced products that were not sold before on SHOP CHANNEL, such as luxurious real estate, trips on a private jet and on luxurious cruise ships.
- On the program *Kokoro Odoru, Dai Sogyo-sai*, broadcast on November 1, the date of the Shop Channel's start of broadcasting, sales per day hit a record high of 2.87 billion yen. This result far exceeded forecasts, due to attractive products and a thorough sales plan.
- Dyson's cordless cleaner Fluffy DC74, which was sold on December 4, achieved new record sales per day per product of 1.28 billion yen.

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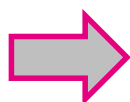
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## JSC's FY2016 business performance



### Maintained and expanded our customer base

- Programs, products and various CRM measures to encourage existing customers to continue shopping have achieved success.
- Creating new customer contact points was also successful.
  - Carried out 13 newspaper ad projects (selling on newspaper pages) over the year
  - Created four infomercials



No. of customers also saw a double-digit growth.

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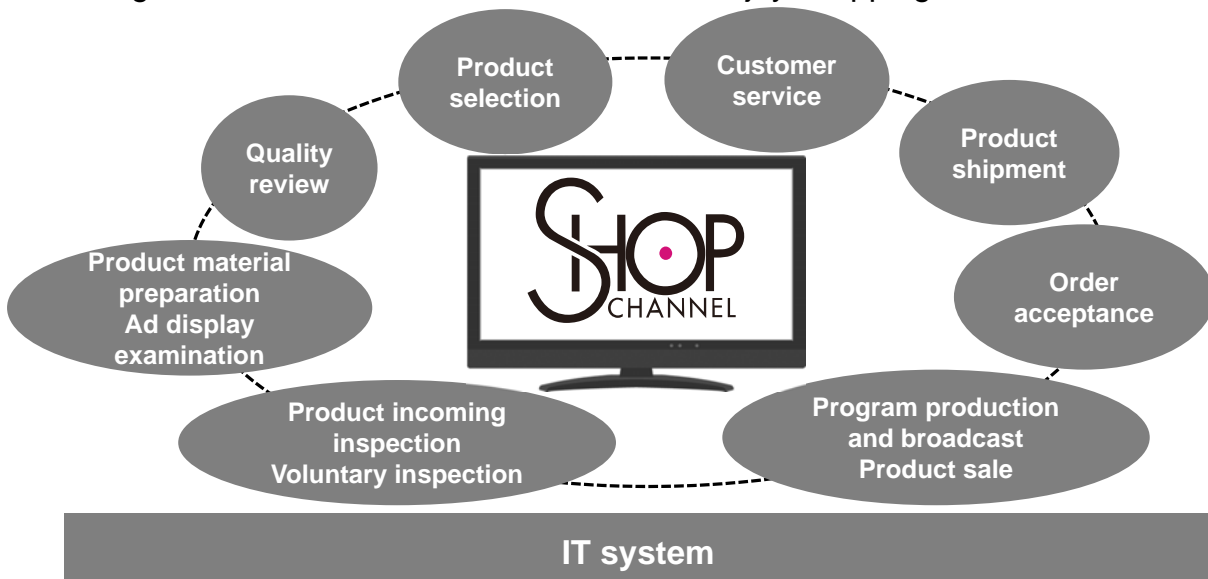
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## SHOP CHANNEL's strengths



A strong business foundation for customers to enjoy shopping





# SHOP CHANNEL's products



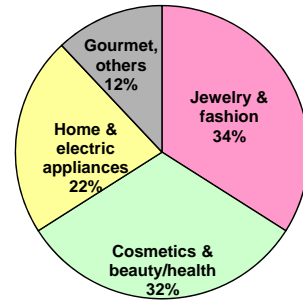
Around 500 topical items discovered from all over Japan and the world by our dedicated buyers are introduced per week.

## Products handled

- 500 items per week (around half of which are new products)
- A wide variety of products mainly in categories popular with women



## Share of sales by product category



## Product selection criteria

- Spend 30–60 minutes to carefully introduce the product  
= It is important that there is a story to each product
- Carefully selected based on seven criteria

- UNIQUE ● RARE ● EPISODE ● VALUE
- LIMITED ● REASONABLE ● NICHE

# SHOP CHANNEL's product "Nippon wo Mitsukeyo (Let's Meet Japan)"



Local specialties that fully convey the appeal of regions across Japan

A special program made in cooperation with local firms, with the support of prefectures and cities

- We solicit firms who would like to participate in the program and hold extensive meetings with them to think of ideas that would make the program enjoyable to customers.
- The program advertises local attractions by introducing not only products but also traditional arts and culture.



日本を見つけよう  
LET'S MEET JAPAN



# SHOP CHANNEL's products (synergies)



Products based on our connection with the Sumitomo Corporation Group

SC Foods Co., Ltd.

*Yukkuri Ajiwau Hatake no Gohobi*



Sumitex International Co., Ltd.

Style Ravie



Jointly developed by Kagome and JSC

Total sales exceeded 100 million yen in six months from launch.

FY2016 sales reached No.1 in the apparel category.

# Examples of collaborations between SHOP CHANNEL and overseas brand



Brand products discovered by buyers who travel around the globe

GALERIES LAFAYETTE (Paris, France)



MANGO (Barcelona, Spain)



Van Cleef & Arpels + Paris Mint (Paris, France)



NARA CAMICIE (Milan, Italy)

Only import agent: Sumisho Brand Management Corporation



FRENCH CONNECTION (London, UK)



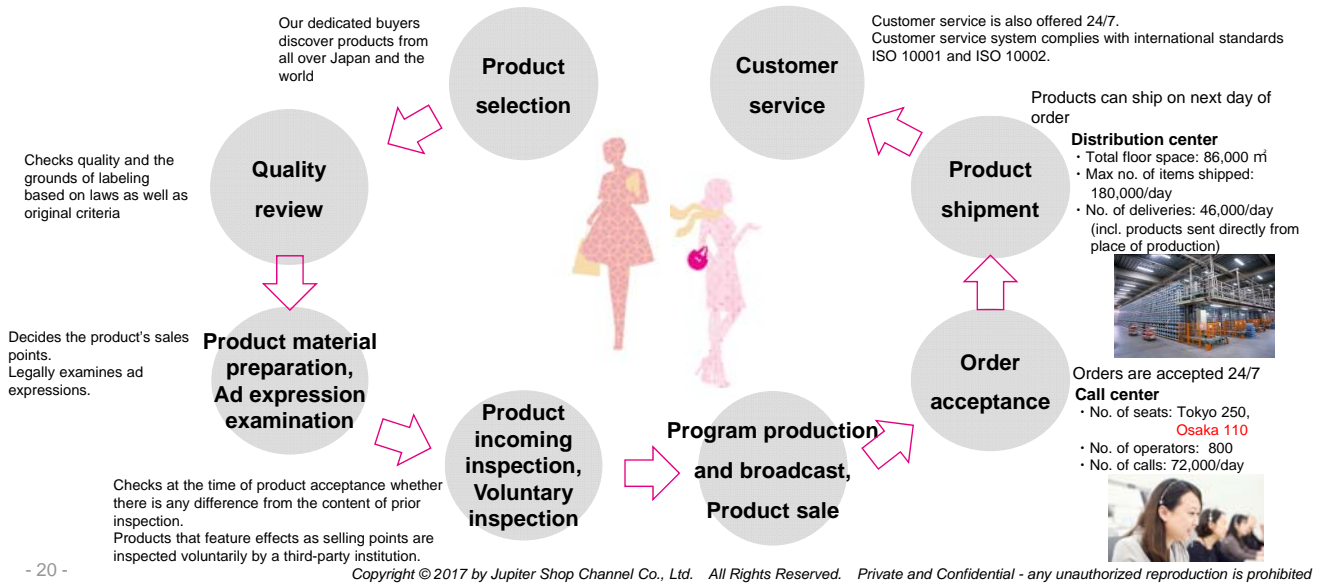
CHAN LUU (Los Angeles, USA)



# JSC's integrated operations



JSC carries out all operations, from product selection to customer service after the arrival of products.



# JSC's distribution center



Uses the logistics operations of Sumisho Global Logistics Co., Ltd.

Overview of Sumisho Global Logistics Co., Ltd.

- Established: November 1983
- Capital: 1,356 million yen
- Shareholder: Sumitomo Corporation 100%
- Businesses: Distribution center, import/export, international multimodal transportation, small-lot transportation package rental

### Hybrid operations (integration of machines and humans)

Achieved high productivity and flexible operations according to upswings in volume through integration of material handling (automatic mechanical equipment) and humans



Further improvement in efficiency and automation is being promoted to respond to issues in recent years such as labor shortage and personnel cost rises (IoT, AI, robots).



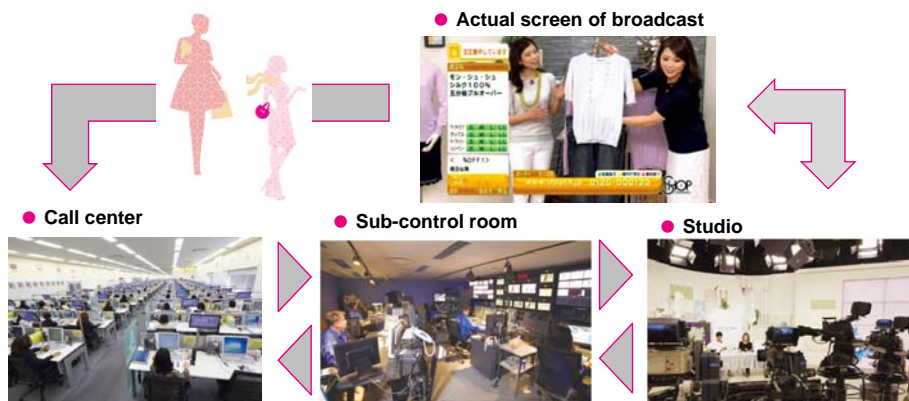
Overview of Akanehama Distribution Center for JSC  
Total floor area: Approx. 66,000 m<sup>2</sup> Personnel: 600  
No. of PCS shipped: 20 million PCS/year – maximum shipment capacity: 170,000 PCS/day

Capacity of the Akanehama Center operated by SGL is used flexibly according to "daily waves and seasonal fluctuations" that are characteristic to TV shopping. (Maximum: Approx. 125,400 m<sup>2</sup>; 1,000 personnel)

“Shopping entertainment” created by 24/7 unscripted live broadcast

Customers can empathize and feel a sense of participation because the program is a live broadcast.

- Lively exchange between the host who acts as the “cast,” and the “guest” who knows the product well
- Accurate and timely communication of real-time order status, inventory information, and congestion of telephone lines



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## Current state in FY2017 and the future



FY2017 has been positioned as a year to establish a “foothold” toward our 30th anniversary.

- Continued enhancement of SHOP CHANNEL’s strengths  
Provide customers with “moments when the heart dances with joy” through thorough enhancement of our business foundation  
 …Launch new products and brands intentionally to constantly provide customers with “new surprises and joy”
- Tireless pursuit of innovation  
Increase contact points according to customers’ lifestyles  
 …Pursue the development of new sales channels, as well as the best matching between products and the sales place

## Synergetic measures with new shareholders



### Measures with J:COM and KDDI

- SHOP CHANNEL’s ad placed in J:COM Magazine



Event information, recommended products, and coupon vouchers are printed on the back cover of J:COM Magazine

- Information sent to au smartphone users
- Introduction of au *Kantan Kessai* (easy settlement)



Newsletters are sent to au smartphone users.

Payment can be bundled with smartphone charges. Points can also be used for payments.

- Broadcasting of new channel, SHOP CHANNEL +



Broadcast started on April 1, 2017, for 3.5 million households that subscribe to J:COM for a fee

- SHOP CHANNEL button on remote controller



SHOP CHANNEL can be viewed with one push of the button

Company tag line: “Kokoro Odoru, Shunkan wo. Zutto.  
 (Moments when the heart dances with joy. forever.)”



## November anniversary



“21st ANNIVERSARY”  
 Sending our greatest gratitude  
 again this year.

**21st**  
 ANNIVERSARY

Kokoro Odoru, Dai Sogyo-sai (The anniversary festival that makes the heart dance with joy) returned, this time at double the size. This year, it's two days full of dedication and gratitude! November is the beginning of the next 10 years. Let's make it a great month!

