

Responding to increasingly sophisticated and diverse consumer needs

We will keep growing as a corporate group that accurately responds to changing consumer needs and provides products with high added value.

Key Issues

Dissemination of the internet rapidly increases e-commerce consumption and brings changes in the way of sales and retail of products. Consumers' sense of value has been diversified, and people in the millennial generation (born between 1981 and 1997) and Generation Z (born between 1998 and 2016) are said to be keen to buy products and services that contribute to solutions of environmental and social issues. The demographic structure has been changing due to declining birthrate and a growing proportion of elderly people and population is concentrated in cities, which accelerates the trend of small families and increases the number of working women. Accordingly, people spend less time on household chores and the demand for small volume packaged food is increasing.

In addition, in the matured market, people increasingly tend to seek *intangible consumption*, which pursues satisfaction in experience of purchase and use or time

consumption, rather than *tangible consumption*, that choose functions of products and services.

Opportunities and risks

The people in their 20s and 30s in the millennial generation account for about 30%, the largest percentage, of the world population. They are highly sensitive to prices and increasingly inclined to use online shopping or drugstores in which they can buy various consumable products at a time such as drugs, daily commodities, and food. Also, people in this generation tend to be interested in preservation of the environment and social issues. Therefore, it is important to develop products that meet their needs and improve value provided by the products.

Double-income households often use 24-hour operation convenience stores and characteristically buy products for families. We need to increase product lineup and enhance user-friendliness so that consumers can buy products they need and in quantities that they want within a limited time without changing their life patterns.

Responding increasingly sophisticated and diverse consumer needs

As single-person households are increasing and more women are working, user-friendliness of convenience stores is being reevaluated and we are reinforcing the measures for responding to needs for time saving and product lineup. We have improved our product lineup that responds to various scenes such as single-person meals and family meals, and everyday meals and additional dish on weekends, and that helps consumers save time for shopping and cooking.

To develop products that contribute to maintaining freshness of food and to protecting environment, we have improved container packages in cooperation with our business partners and are working on extending use-by dates. Also, as people's health consciousness is increasing, we are reinforcing our proposals of the diet that is conscious of additive-free, nutritious balance, and calories. Moreover, we are developing products that involve customers and products by using ingredients produced in local communities according to their food culture.

Value creation

The Group is making proposals of various products, including clothes, food, and housing to contribute to better living of customers in local communities. We will enhance our selling space that makes everyday living fresher, more fun, and responds to a wide range of consumer needs, and help each customer achieve his/her desired life style.

Brick-and-mortar stores have advantages, where customers can touch and feel products that they have never seen or heard before or that propose new value. We will make the most of these characteristics and strive to create stores of our group to be a place where customers encounter new products or have experience.

Key Performance



FamilyMart UNY Holdings

● Customers' opinions and inquiries

Approx. **100,000**



FamilyMart Co., Ltd.

● Sales amount of food

year-on-year approx. **120.0** % (period ending in February 2018)

Basic Approach


The Group aims to develop original products based on diverse lifestyles and sense of value, increase and improve product lineup, and meet a wide range of consumer needs.

At the time of product development, we adopt various consumer needs and develop or renew products mainly with high added value that are time-saving, convenient, and used in everyday life while differentiating from the products of other companies. Also, we work on creating products focusing on the tendency of lifestyles by generation of consumers.


At FamilyMart, products and services that meet various needs are provided, while responding to changes in consumers' lifestyles.

At UNY, product lineup is increased and store operations are improved through a synergistic effect by jointly operating stores in cooperation with Don Quijote Holdings Co., Ltd.

Product information (FamilyMart) (Japanese only)

 <http://www.family.co.jp/goods.html>

Original products (UNY) (Japanese only)

 <https://www.uny.co.jp/item>

Operational Structure

In the Group, related divisions work together and establish the system to stably provide high quality, safe, and reliable products.

In the product development, we formulate a development concept based on customers' requests and various survey results, and each division decides the details of product specification by category. Sales, Marketing, and Merchandising Divisions have a weekly regular meeting, share information on sales status and promotion, and have discussion for quality improvement.

As one of sales measures, FamilyMart carries out the sales promotion project using partnerships with producers. The company propose a new value to consumers through a project with one producer per month.

To decide a target layer and product prices, the company uses demand chain management in which demands are predicted based on POS data, which allows us to strategically use various data. Also, information is distributed, collected, and analyzed on website or using SNS to monitor inclination or trend of consumers.

On the website of Circle K and Sunkus (closed on November 30, 2018), the company received a total of 37,007 responses to reproduction requests. Through these kinds of marketing activities, *Yakitori* (Charcoal Grilled Chicken Skewers), Baked melting *kamadashi* pudding, and Crispy



Yakitori (Charcoal Grilled Chicken Skewers)

baked cheese tart were commercialized at FamilyMart, and they are still in the stores as standard products through several improvement (as of the end of November 2018).

In addition, making the most of brick-and-mortar store business, qualitative information in local communities are directly collected. Circumstances specific to each local community that we never know only with data are analyzed and used them for improvement in products and selling space.

A good deal of product development involving external specialists or students are carried out, such as health conscious box lunches, in collaboration with nutritionists, hospitals, and schools. The company improves these efforts by surveying customer satisfaction or use status of stores to enhance the image of the corporate brand.



(left) Baked melting *kamadashi* pudding
(right) Crispy baked cheese tart

Providing products with high added value

As more women work outside and double-income households are increasing, time spent on household chores is relatively reduced. FamilyMart improves products with high added value that support the lifestyle of modern busy people with little time.

Mother's Kitchen, delicatessen dishes brand of FamilyMart, which has been deployed since 2017, is gradually increasing product lineup that requires less time and labor for preparation of meals. For example, fish bones for grilled fish and boiled fish are removed in the factory, which allows consumers to eat them only by warming at home without time and effort. The product lineup also includes food ingredient series for Chinese dishes that require time for preparation and large volume delicatessen dishes.

The "evening Famima" campaign was launched to help customers buy products from evening to night after work and to try to improve recognition of products. The high in-house standards for quality control at the time of sales are set to provide safe and high quality food for delicatessen dishes of Mother's Kitchen and others. However, it is not easy to keep freshness, and thus particularly, to maintain product lineup in the stores at night was difficult. To provide customers with a plenty of product lineup during the time after work, the effort to improve the product packaging through technology innovation were implemented, thus sell-by dates and best-by dates were successfully extended. We will help customers reduce time spent on shopping and provide fun of choosing products.

Developing products and services that improve health and welfare

FamilyMart is deploying various products that support health based on the idea of ON and OFF. ON means appealing health through ON (adding) of vegetables, lactic bacteria, and dietary fiber and OFF means OFF (removing) of specific components from the health-conscious perspective without spoiling good taste of the existing products such as low-sugar or low-salt products. OFF products are particularly in high demand, and sophisticated product development to achieve good taste is required.

Ready-to-eat products using barley max and whole wheat with plenty of minerals and dietary fiber are popular with their good taste and healthiness. Barley max is now used for rice balls, sushi, and tortilla as well.

Low-salt box lunches supervised by nutritionists are sold as a product that is readily available, natural to bodies, and healthy. The grilled salmon box lunch requiring reservation was awarded the Smart Meal certificate* as the first convenience store, as a well nutritiously balanced meal containing good elements for health.

Also, delicious and low-sugar products jointly developed with RIZAP GROUP, Inc., personal training gym operator, such as salad, dessert, and cup noodles support improvement in customers' health.

*A certification system examined by the Healthy Meal and Dietary Environment consortium comprised of 10 academic societies (Japanese Society of Nutrition and Dietetics, Nutrition and Food service Management, The Japanese Society of Hypertension, Japan Diabetes Society, Japan Society for the Study of Obesity, Japanese Society of Public Health, Workshop for the Management of Health on Company and Employee, Japanese Society of Health Education and Promotion, Japanese Society of Nephrology, and Japan Atherosclerosis Society)



Box lunch supervised by nutritionists
Grilled chicken with tomato sauce (with cheese sauce)



Grilled salmon box lunch

Efforts for making products more attractive

FamilyMart sells Famima's Chinese steamed buns in "Famiyoko Chinatown" placed in the corner of Famiyoko Shopping Street just next to the cashier. In fiscal 2017, the sales increased 118% compared to the previous year through a great improvement in cooperation with IMURAYA GROUP CO., LTD., our production subcontractor. With the further improved quality in 2018, and the sales of one month after the release in August was about 150% compared to the previous same period, and the sales are increasing well.

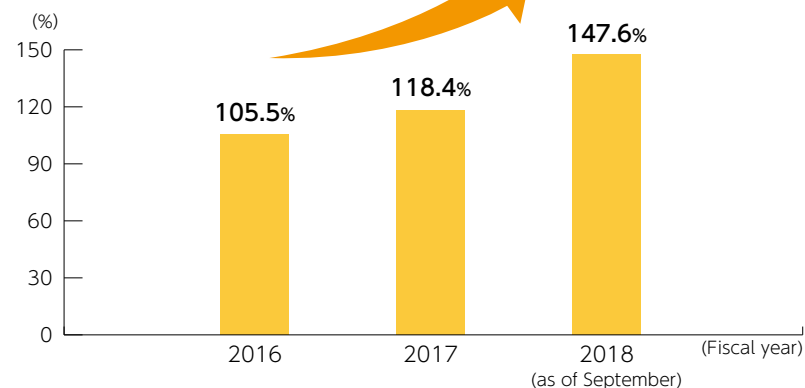
These great results are supported by direct meetings in which store staff members and Takashi Sawada, president of FamilyMart Co., Ltd., exchange opinions. The third direct meeting was held at the factory of IMURAYA GROUP CO., LTD. with the theme "To make products of FamilyMart more attractive" in August 2018. The presentation of new Chinese steamed buns was given on the day, and Mr. Sawada, six staff members of member stores in the Tokai region, and two staff members of Merchandising and Logistics and Quality Control Divisions attended the meeting and joined a factory tour.

At the meeting, a participant commented that newly released Famima premium steamed meat bun sold well with favorable opinions of customers and staff members felt good reactions at stores. There were also some comments, however, that in the stores with many overseas store staff and customers, they did not enjoy eating steamed buns because they were not allowed to eat pork in steamed buns due to religious reasons. Since the number of Muslims is currently increasing in Japan, and retailers need to respond to halal, some proposed that Chinese steamed buns with chicken, which were sold in the short-limited period be sold through a whole year. By deeply understanding the production processes in the factory, FamilyMart will pursue the good taste of special store quality and aim to improve its product appeal.

From the perspective of product lineup, some proposed that the company reinforce local products from each area such as products that can only be bought at FamilyMart in one particular prefecture. Customers in each area can enjoy their local products, and in addition, it can be expected that customers from other prefectures who want to buy local products visit those stores. Also, sales campaign such as local food fair with a variety of local products can be organized. Thus, all the participants had an animated discussion and exchange opinions.

The company will reinforce its product development to further differentiate from its competitors by creating its popular "This is Famima!" products such as FamiChiki, frappe, and grilled chicken skewers.

Chinese steamed buns daily sales amount to the previous years



At a direct meeting

>>> Provision of products with high added value

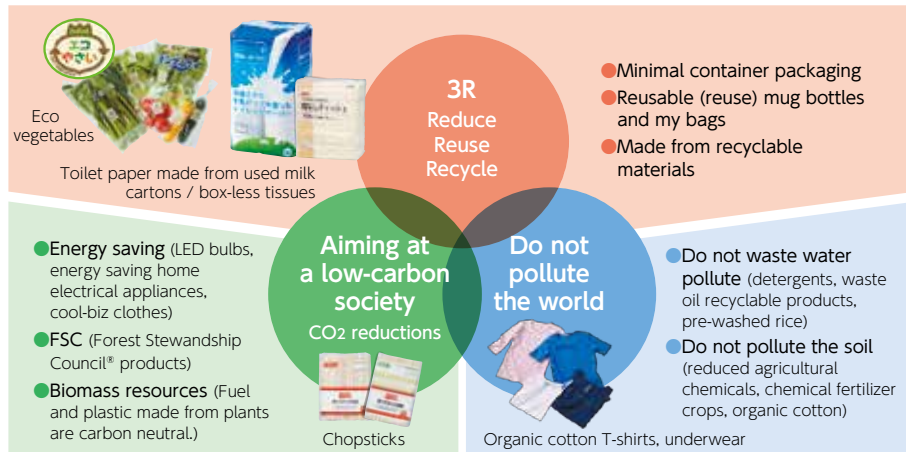
Developing environmentally friendly products

UNY develops and sells environmentally friendly private brand (PB) products ecolon to support customers' eco lifestyles. This effort has started since September 2007, aiming at lessening impacts on the environment in value chain in all stages such as raw materials, production, container packaging, sales, usage, and after use. The company currently sells about 280 kinds of products, including toilet paper made by recycling used milk cartons.

The company released the ecolon organic harvest set using compost made from food waste in September 2017. The set is comprised of culture soil, organic seeds, and organic fertilizer, and it can be easily used to grow safe and secure vegetables at home. Also, the culture soil mixed with compost made from food waste was launched in March 2018. It is mixed culture soil to grow strong plants with compost made from food waste, organic material humic fulvic acid that improves fertilizer holding property, and components that improve the soil.

To put an ecolon mark on products, the ecolon development project examines application of persons in charge of product development, and the third party review committee comprised of specialists and learned individuals makes an assessment in the final stage. They examine environmental consciousness in each product life cycle, including products functions and container packaging, the acquisition status of the third party certificate in the final manufacturing/production factories, the status of information disclosure, responsibility for the future global environment, thoughts of producers, and messages to customers about ideas and stories on environmental awareness.

Environmentally friendly PB products ecolon



*Only an example

>>> Group Companies: Efforts by Kanemi Co., Ltd.

● Delicatessen project

Kanemi Co., Ltd. have developed products that respond to the lifestyle change associated with declining birthrate and a growing proportion of elderly people and accelerating small families, increasing working women, and increasing single-person households. Kanemi Co., Ltd. makes further proposals for delicatessen dishes that support healthy life, including developing products that meet consumer needs for health, such as box lunches with rice and millet or rice balls using mochi-wheat.

UNY and Kanemi Co., Ltd. are working together on the delicatessen project, which is a joint project to activate the entire category of delicatessen aiming at meeting consumer needs and increasing customers. This project started in July 2017, and has been improving the quality of delicatessen and increasing product lineup while taking over the tastes in local communities and using local production for local consumption. The concepts are "Delicatessen that impresses customers every day," "From material to delicatessen - three important things of delicious, beautiful, and delighted," and "No.1 customers' review in the community" (customer friendly selling space, product lineup, sense of seasons, and special products). Thus, this project is trying to activate the selling space of delicatessen. The priority efforts are made with "weekend recommendation" with a theme responding to consumers' life cycle, "introducing products using steam convection oven" aiming at improving product lineup to meet diverse consumer needs, and "products contributing to increasing brand power" by periodical product development and reinforcement of sales focusing on popular delicatessen dishes.



(upper left) Cut fruits area / (lower left) Chinese food area / (right) Grilled chicken buffet