

Domino's Pizza Japan: Fortressing or Market Expansion?

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In late 2018, the chief executive officer and president of Domino's Pizza Japan Inc. was convinced that a substantial expansion in the Japanese market was needed and feasible for continued growth. His company had already grown to nearly 550 stores across Japan, which was over double the number only five years earlier. The company had numerous opportunities to grow further, including opening new markets; opening stores closer to the company's customers; and building on customer insights, new menu offerings, and a new marketing approach. In particular, the chief executive officer wondered whether priority should be given to new markets in Japan that the company had not yet entered, or if priority should be given to greater penetration in Japanese locations where it already operated. What strategy was the best option for expansion in the Japanese market?

Learning Objectives:

This case is appropriate for students in strategy, marketing, and international management courses at both the undergraduate and graduate levels. Domino's Pizza Inc. has developed various sophisticated and innovative approaches, which can be better appreciated by students in latter parts of these courses. Historically, the company had been focused on speed of delivery to the customer, which requires an even more micro approach than the traditional emphasis on the level of country to state or province to city. The company has developed a complex and integrated model for density of store locations within select cities. This approach, which is challenging to implement, can be highly difficult for competitors to replicate.

After working through the case and assignment questions, students will be able to

- illustrate the use of speed as the basis of competitive advantage;
- develop an understanding of the trade-off between geographic concentration (i.e., fortressing) and geographic diversification (i.e., frontier markets), with a focus on within-city concentration versus cross-country diversification;
- and examine sources of innovation, whether at the level of the home country, specific subsidiary, or major business unit.

DOMINO'S PIZZA JAPAN: FORTRESSING OR MARKET EXPANSION?

Paul Beamish, Colette Southam, and Alex Beamish wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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In late 2018, Josh Kilimnik, the chief executive officer (CEO) and president of Domino's Pizza Japan Inc. (DPJ), was convinced that a substantial expansion in the Japanese market was needed and feasible for the continued growth of his company. DPJ had already grown to nearly 550 stores across Japan, which was over double the number only five years earlier. There were numerous opportunities for DPJ to grow further, including opening new markets; opening stores closer to the company's customers; and building on customer insights, new menu offerings, and a new marketing approach that DPJ had honed in recent years. In particular, Kilimnik was wondering whether priority should be given to new markets in Japan that DPJ had not yet entered, or to greater penetration in Japanese locations where the company already operated. Specifically, should it expand to Hokkaido, Japan's largest prefecture? Japan was divided into 47 political subdivisions called prefectures,¹ and Hokkaido was the largest by area, and had a total population of 5.4 million. There were currently no DPJ stores in Hokkaido Prefecture. Another option was to expand more deeply into the highly competitive and crowded Japanese city of Nagoya, which had a population of 2.3 million. What strategy was DPJ's best option for expansion in the Japanese market?

FOUNDING OF DOMINO'S PIZZA INC.

In 1960, Tom Monaghan and his brother borrowed US\$900² to purchase a small pizza store in Ypsilanti, Michigan, named DomiNick's Pizza. A short time later, Monaghan bought his brother's share and officially renamed the company Domino's Pizza Inc. (Domino's). Monaghan soon opened franchises of Domino's stores and the company grew exponentially over the next few decades to 200 stores by 1978, 1,000 stores by 1983, 5,000 stores by 1989, and 16,000 stores by 2019, with over 10,000 of them located outside the United States.³

Domino's became the largest pizza company in the world and the Domino's brand became recognized worldwide across 85 international markets, with over 1 billion pizzas sold each year. Within the United States, Domino's focused primarily on the delivery and takeout segments. Internationally, however, pizza delivery was less common than in its US home base. Only three companies (Domino's, Pizza Hut, and Papa

¹ "Prefecture: Political Subdivision," *Encyclopædia Britannica*, accessed January 15, 2021, www.britannica.com/topic/prefecture.

² All currency amounts are in US\$ unless otherwise specified.

³ "History," Domino's Pizza Inc., accessed June 4, 2020, <https://biz.dominos.com/web/public/about-dominos/history>.

John's) had a significant global emphasis. Domino's overcame its direct competitors by concentrating its efforts on product quality, location, service, image, technology, convenience, and price. However, Domino's also competed against quick-service restaurants that sold foods other than pizza, and companies that delivered food and other items. Competition from these companies was less direct, but affected access to sales, employees, suitable store sites, and qualified franchisees. The company largely operated within three business segments: domestic US stores, international franchises, and supply chains.

Domestic US Stores

Most domestic stores were franchise operations. Each franchisee paid Domino's annual royalties of approximately 5 per cent of sales. Domestic stores also contributed an additional 6 per cent of sales to fund national advertising and marketing campaigns. Franchisees were granted the right to operate in a specified area for 10 years. The store's geographical location was a key element in the negotiations for a franchise licensing agreement.⁴ Franchisees would typically seek exclusive rights to sell Domino's pizza within a geographic area that was as large as possible to generate a maximum number of sales.

International Franchises

Most international Domino's stores operated under a master franchise agreement, where the master franchisee essentially controlled all franchises within its specific geographical territory, which could consist of a region, country, or several different countries. International franchisees were typically allowed contracts of 10–20 years for their franchises based on the standard US operating model, which was adapted to meet the foreign country's local eating habits and consumer preferences. The master franchisee paid Domino's an initial one-time franchise fee, an additional fee for each new store, and an annual royalty of approximately 3 per cent of sales. In five international markets, the master franchisee was a publicly traded company listed on the local stock exchange. International operations were subjected to various potential risks, including economic, social, and political issues arising in a specific country (see Exhibit 1). However, the international business unit required only a modest level of general and administrative expenses from Domino's. The company did not have actual international investments, so Domino's considered most international royalty revenues to be profit (see Exhibit 2).

Supply Chains

The largest Domino's business segment by revenue was supply chains. The company operated numerous manufacturing and food supply chain centres throughout the United States and Canada. One of these supply chain centres provided equipment and supplies to many domestic stores and international franchises. For example, the supply chain segment leased over 500 tractor trailers to Domino's stores around the country and the world.

DOMINO'S PIZZA ENTERPRISES LIMITED (DPE)

The largest Domino's international master franchisee was Australia's Domino's Pizza Enterprises Limited (DPE). With 2,500 stores in total, DPE was the largest pizza chain in Australia in terms of both number of

⁴ Paul W. Beamish, *Note on International Licensing* (London, ON: Ivey Publishing, 2017). Available from Ivey Publishing, product no. 9B17M012.

stores in its network and total sales. It was also the largest Domino's master franchisee in the world. DPE's largest shareholder was its non-executive chairman, Jack Cowin, a fast-food entrepreneur who had arrived in Australia from Canada at age 27. The general managers of the various DPE regions were usually expatriates, often Australian or Dutch. DPE held the exclusive master franchise rights for Domino's in nine countries: Australia, New Zealand, Belgium, France, the Netherlands, Germany, Luxembourg, Denmark, and Japan.⁵

DOMINO'S PIZZA JAPAN INC. (DPJ)

In 2013, DPE purchased a 75 per cent stake in DPJ, which was operating 259 stores at the time. In October 2017, DPE purchased the remaining 25 per cent of DPJ and made it a wholly owned subsidiary. The plan was to eventually grow DPJ from 259 stores to 600.

DPE was ranked 24th on the *Forbes* list of "The World's Most Innovative Growth Companies 2017."⁶ According to *Forbes*, companies were ranked by their innovation premium:

the difference between their market capitalization and the net present value of cash flows from existing businesses. . . . The difference between them is the bonus given by equity investors on the educated hunch that the company will continue to come up with profitable new growth.⁷

In early 2018, when Domino's appointed a new CEO, DPE started discussions regarding its relationship with the US parent. DPE identified three specific areas of concern. First, DPE wanted greater access to more markets. Second, it suggested that all units should share similar technology platforms. Third, DPE hoped to share procurement facilities to lower the cost of certain imports. DPE was able to achieve a considerable amount of progress in all three areas. It also made use of training and classes, including much of the US-originated training on delivering high volumes in international locations.

The Overall Japanese Market

Several important characteristics defined Japan as a unique market. In 2018, Japan's gross domestic product per capita was \$39,159.⁸ The country's population, which was shrinking at a rate of approximately 0.2 per cent per year, was over 127 million in 2018.⁹ With an ageing consumer base, the country had the world's highest proportion of people over age 65.¹⁰ The two major religions in Japan were Shintoism and Buddhism. Sumo, judo, and karate were traditional Japanese sports, although baseball was the most-watched sport in the country. Japan was the number-one fish importer in the world and nearly three-quarters of the nation was mountainous. With most Japanese living along coastlines, it was among the most densely inhabited places on earth.¹¹ Finally, Japan's significant manufacturing progress was reflected in the emphasis on Kaizen (or continuous improvement) and the Toyota Way, a widely admired set of principles established by the country's leading international automaker.¹² Japan's reliable and stable workforce would likely ensure favourable long-term returns on the company's considerable investment in training.

⁵ "Who We Are," Domino's Pizza Inc., accessed October 2, 2020, www.dominos.com.au/about-us/who-we-are.

⁶ "Most Innovative Growth Companies," *Forbes*, accessed June 4, 2020, www.forbes.com/growth-companies/list/#tab:rank.

⁷ Hal Gregersen, "How We Rank the Most Innovative Growth Companies," *Forbes*, May 17, 2017, accessed November 12, 2020, www.forbes.com/sites/halgregersen/2017/05/17/how-we-rank-the-most-innovative-growth-companies/?sh=40f255b76084.

⁸ "GDP per Capita (Current US\$)," World Bank, accessed November 12, 2020, <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD>.

⁹ "Japan Population," Worldometer, accessed November 12, 2020, www.worldometers.info/world-population/japan-population.

¹⁰ Faraz Haider, "Countries with the Largest Aging Population in the World," World Atlas, April 25, 2017, accessed November 12, 2020, www.worldatlas.com/articles/countries-with-the-largest-aging-population-in-the-world.html.

¹¹ Shigeru Tsutsumi, "Japanese Culture and Tradition," Globalization Partners International, December 11, 2017, accessed November 12, 2020, www.globalizationpartners.com/2017/12/11/japanese-culture-and-tradition.

¹² Margaret Rouse, "Toyota Way," WhatIs.com, accessed September 26, 2020, <https://whatis.techtarget.com/definition/Toyota-Way>.

The Pizza Market Segment

Traditionally, Japanese consumers were accustomed to buying takeout food in bento boxes, which contained single meals prepared either at home or by a vast number of restaurants. However, Japanese consumers were increasingly adding more pizza and other Western fast food in their diet, although at a much lower consumption rate than in the United States or Australia. For example, carrying takeout meals on Japan's transit vehicles was considered impolite because of the various smells emitted by the fast food.

Delivery of fast food was a more popular option, especially with the use of electric scooters (or e-bikes), which was efficient, given the country's high population density. Delivered pizza was a popular option for children's parties and for special occasions such as birthdays, Christmas, and New Year's. Unlike in Australia and New Zealand, pizza in Japan was seen more as a celebratory purchase, which presented various challenges, along with some opportunities, for a pizza company such as DPJ. However, the product's market positioning in Japan was negatively affected by perceived long service times, high costs, menus not designed for individual occasions, and perceived unhealthiness.¹³

Competition

DPJ's two main competitors in the Japanese market were Pizza Hut and Pizza-La. In 2018, DPJ operated nearly 550 stores, which was a considerable increase from only 180 stores in 2007. In comparison, Pizza-La operated 529 stores, and Pizza Hut operated 408 stores.¹⁴ However, DPJ had a goal to reach 1,000 stores by 2028, which was a revision from its earlier goal of 850 stores by 2025.

In comparison with the other eight countries where DPE operated, the Japan division had proportionally fewer franchises and more company stores. Its several hundred company stores were seen as the ideal operation model and business incubator for future company-owned and franchised stores.

In 2018, DPJ contributed 20 per cent of DPE's earnings before interest, taxes, depreciation, and amortization (see Exhibit 3). The company controlled 26 per cent of the pizza delivery market in Japan. However, pizza delivery was only 10 per cent of the overall fast-food delivery market in the country. That market was dominated by fast-food giants such as McDonald's Corporation, which was 12 times larger than DPJ by revenue, with only five times as many stores. In 2018, the overall fast food industry in Japan, which was considered large by most standards, recorded annual sales of ¥3 trillion¹⁵ (or \$27.2 billion).

Marketing and Product Strategies

Initially, DPJ's target consumers included children's parties and special occasions. To increase market share, the company applied what it called a "barbell strategy." Based on the shape of a barbell (i.e., high on the ends but low in the middle), this strategy focused on higher-priced, special-occasion deluxe pizzas (such as its World Ten Cheese Pizza) on one end, and lower-priced general occasion pizzas (such as half-price takeout pizza) on the other, but had less focus on mid-range products.

¹³ Domino's Pizza Enterprises Limited, *Hungry to Be Better: Domino's Pizza Japan Investor Presentation, April 5th and 8th, 2019*, accessed June 4, 2020, <https://static1.squarespace.com/static/5bd052c7c46f6d0e23b11afb/t/5ca6b19824a694953039b9b2/1554428345726/1917620.pdf>.

¹⁴ Domino's Pizza Inc., *Investor Day Presentation—October 10, 2019*, accessed November 12, 2020, <https://static1.squarespace.com/static/5bd052c7c46f6d0e23b11afb/t/5da434a5e91096688f6484ed/1571042524938/191014+-+Corrected+Domino%27s+Pizza+Investor+Presentation.pdf>; "Number of Domino's Pizza Stores in Japan from 2010 to 2019," Statista, accessed November 12, 2020, www.statista.com/statistics/277411/number-of-dominos-pizza-stores-japan.

¹⁵ ¥ = JPY = Japanese yen; ¥1 = US\$0.009 on January 15, 2018.

Japanese consumers also expected DPJ to offer North American cultural elements in its products, so the company responded by introducing the American Classic (¥799 for pickup or ¥1,800 for delivery), the New Yorker (¥2,500 for pickup or ¥3,300 for delivery), and the Superstar (¥3,800 for pickup or delivery).

DPJ also shifted its marketing focus from animation and children's characters to product descriptions and ingredients. For example, DPJ promoted its New Yorker pizza as featuring 1 kilogram of cheese. Seasonal changes in DPJ offerings were important to observe, so the company ensured that it reflected local special occasions or festivals in its products and marketing. Strong emphasis on volume sales also helped DPJ to considerably increase its takeout orders (see Exhibit 4).

Television Advertising

In the United States, Domino's was the top television advertiser in the quick-service restaurant category, ahead of McDonald's Corporation, Taco Bell, Burger King, and Subway.¹⁶ Even though 75 per cent of Domino's sales in the United States were generated by consumers using digital media, television remained the core of the US company's marketing strategy.¹⁷

In most of the nine countries in which DPE operated, one single television campaign could cover the entire market. In fact, DPE spent very little for television advertising in Denmark, France, and Germany.¹⁸ In Japan, however, reaching consumers through television advertising presented unique challenges. DPE would need to develop and distribute 47 different television campaigns to reach all specific markets in Japan's 47 prefectures. In past years, whenever DPE completed filming a television commercial in Japan, it would be presented to broadcasters by staff wearing white gloves to emphasize its exceptional importance to the Japanese market.

Consistent weekly television advertising throughout the year for a particular district could be justified only if DPJ had numerous stores in that district. Critical mass was achieved only by such a constant television presence supported by other means of advertising, which allowed the company to tell a story about the brand and connect with customers. However, the cost of year-round weekly television advertising was prohibitive for many companies. Therefore, some competitors opted for only 12–20 weeks per year of television advertising, which managed to achieve only tactical or promotional goals, but fell short of fulfilling strategic goals.

Delivery

Reaching outlying areas of the market raised a major difficulty—the high cost of delivery and marketing. DPJ had 14 stores in Japan that boasted an average delivery time of less than 10 minutes. However, for 350 corporate stores, the average delivery time was more than double, at 20–22 minutes. One additional minute in delivery could cost \$0.50 in labour charges. The company used e-bikes for 40 per cent of deliveries in Tokyo, and planned to do the same in Osaka. Customers commonly used smartphones or digital devices to order pizza delivery. Approximately 15 per cent of sales were generated through digital media, electronic direct mail, and the Domino's Japan Coupon App, the company's smart phone application that had already been downloaded 900,000 times.

¹⁶ Danni Santana, "Domino's Outspent Rival Restaurants on TV Advertising in December," Skift Table, January 15, 2019, accessed November 12, 2020, <https://table.skift.com/2019/01/15/dominos-outspent-rival-restaurants-on-tv-advertising-in-december>.

¹⁷ Charlotte Rogers, "Domino's: It's Not as Simple as 'We're Digital so Let's Spend All Our Money on Digital,'" *MarketingWeek*, July 6, 2018, accessed November 12, 2020, www.marketingweek.com/dominos-marketing-strategy.

¹⁸ Domino's Pizza Inc., op. cit.

DPE CORPORATE DEVELOPMENT

Despite the challenges of the Japanese market, DPE applied the same core strategy of product, service, image, and technology to the Japan operation as it did to its other markets, including Australia and New Zealand. Customers in all pizza markets appreciated the Domino's product taste, value, and convenience, as indicated by data collected by the company. Domino's Japan featured seven core vision drivers: (1) a high-volume mentality; (2) fostering an entrepreneurial spirit in both franchising and corporate stores; (3) Project 3TEN; (4) a three-year payback; (5) being customer champions as measured by customer count growth; (6) investing in being a good citizen; and (7) a home where the extraordinary thrive.

Fortressing

As the largest Domino's master franchisee in the world, DPE strove to grow its business by "fortressing" established markets with more stores, while attracting new customers through online restaurant aggregators. Online aggregators used a web platform to provide consumers with the convenience of ordering food from a variety of restaurants by accessing one central online portal. At its annual investor strategy update, the company's CEO, Don Meij, along with the corporate heads of the various countries, described how to fortress the business by adding more stores in existing territories to reduce delivery and customer pickup times to increase sales.¹⁹ Nick Knight, who headed the Australia division of DPE, reminded investors that each extra minute in delivery time cost the company an additional \$0.50 in labour expenses; therefore, being closer to each customer would reduce costs. DPE's fortressing strategy could incur some initial cannibalization of sales, explained Knight, but sales should recover to their original level within two years, while overall territory sales would more than double within five years.²⁰

Project 3TEN

In its continuing effort to reduce time and cost, DPE introduced a new strategy called Project 3TEN. This initiative aimed to produce a pizza for takeout within three minutes of ordering and a pizza to be delivered to the customer's door within 10 minutes. The company promoted the new strategy with a national marketing campaign that boasted and encouraged breaking records for fast delivery. The company achieved a record for the fastest pizza delivery at two minutes and 38 seconds.²¹ The campaign was promoted with the corporate slogan "Time Is the Enemy of Food."

One Digital Platform

For online ordering by customers in Japan, the company used DPE's proprietary OneDigital platform. The online system allowed DPJ to take advantage of other customer-focused initiatives developed by DPE for all nine of its markets. These new technologies included driver tracking using the Global Positioning System, a mobile application for digital product offers, predictive customer ordering, and various other technological innovations that were planned.

The head of DPE's European divisions, Andre Ten Wolde, commented on the use of online aggregators, where consumers could access many different restaurants on one website. The aggregator would receive an

²⁰ Domino's Pizza Inc., op. cit.

²¹ Domino's Pizza Enterprises Limited, op. cit.

agreed-upon percentage of the value of the order from the restaurant for the referral. Some restaurants also used this service for the delivery of food, which they found less expensive than maintaining their own delivery system. Popular examples of online restaurant aggregators that also provided delivery included DoorDash, Grubhub, and Uber Eats. Ten Wolde acknowledged that there were pros and cons to using aggregators rather than DPE's own delivery system. However, as he explained, "I like an aggregator order just as much as a Domino's client order, because I just want to sell pizzas."

DPJ RECENT ACTIVITIES

DPJ was focused on getting its pizza to the customer more quickly, which required developing a complex and integrated model. The company was also working hard to reach more customers. However, in 2018, DPJ was still not present in several of the 47 prefectures in Japan (see Exhibit 5). These regions, which were concentrated in the northeast part of the country, represented 16 million people. Hokkaido Prefecture, which was the largest by area, had a population of 5.4 million people. Its capital, Sapporo, was the fifth-most populous city in Japan (see Exhibit 6), with almost 2 million people. Kilimnik, the company's CEO, wondered whether DPJ should shift its attention to reaching customers in those areas.

Another growth option was to concentrate more efforts in the highly competitive and crowded Nagoya city market, which had a population of 2.3 million people. In 2013, DPJ had only 12 stores in Nagoya, although that number had grown to 53 stores by the end of 2018. DPJ had already taken advantage of corporate initiatives such as fortressing, Project 3TEN, and e-bike delivery. Could it continue to ignore untapped markets in Japan?

EXHIBIT 1: POTENTIAL RISKS FROM INTERNATIONAL OPERATIONS

- Recessionary or expansive trends in international markets
- Changing labour conditions and difficulties in staffing and managing foreign operations
- Increases in the taxes paid and other changes in applicable tax laws
- Tariffs and trade barriers
- Legal and regulatory changes, and burdens and costs of compliance with foreign laws
- Changes in inflation rates
- Changes in exchange rates and imposed restrictions on currency conversion or funds transfer
- Difficulty in collecting royalties and longer payment cycles
- Expropriation of private enterprises
- Anti-American sentiment directed at the US brand "Domino's"
- Political and economic instability and uncertainty around the world (e.g., Brexit)
- Various relevant external factors

Source: Domino's Pizza Inc., 2018 Annual Report, 14, accessed November 12, 2020, <https://ir.dominos.com/static-files/4daec873-268e-4456-b541-3871f28288e2>.

EXHIBIT 2: DOMINO'S PIZZA INC. FINANCIAL HIGHLIGHTS, 2016–2018

	2018	2017	2016
Net Unit Growth			
U.S. Franchise	246	200	164
U.S. Company-owned	12	16	7
International	800	829	1,110
Total	1,058	1,045	1,281
Year End Store Counts			
U.S. Franchise	5,486	5,195	4,979
U.S. Company-owned	390	392	392
International	10,038	9,269	8,440
Total	15,914	14,856	13,811
Revenues (in US\$ Millions)			
U.S. Franchise Royalties and Fees	\$391.5	\$351.4	\$312.3
U.S. Company-owned	514.8	490.8	439.0
U.S. Franchise Advertising	358.5	—	—
Supply Chain	1,943.3	1,739.0	1,544.3
International Franchise Royalties and Fees	224.7	206.7	177.0
Total	\$3,432.9	\$2,788.0	\$2,472.6
Same Store Sales Growth			
U.S.	+6.6%	+7.7%	+10.5%
International	+3.5%	+3.4%	+6.3%
Global Retail Sales (in US\$ Millions)			
U.S.	\$6,591.6	\$5,925.1	\$5,335.2
International	6,953.6	6,327.0	5,538.4
Total	\$13,545.2	\$12,252.1	\$10,873.6
Income from Operations (in US\$ Millions)	\$571.7	\$521.2	454.0
Net Income	\$362.0	\$277.9	\$214.7

Note: Global Retail Sales represented company-owned and franchised store sales; franchised store sales were reported from franchisees but were not part of Domino's Pizza Inc. revenue; international growth reflected change in local currencies.

Source: Domino's Pizza Inc., 2018 Annual Report, accessed November 12, 2020, <https://ir.dominos.com/static-files/4daec873-268e-4456-b541-3871f28288e2>.

EXHIBIT 3: DOMINO'S PIZZA ENTERPRISES LIMITED FINANCIALS FOR THE JAPAN BUSINESS, 2014–2018

Japan Network Sales (in ¥ Million)

	2018	2017	2016	2015	2014
H2	20,365	19,371	17,541	16,890	14,841
H1	21,038	20,749	20,693	16,428	9,424
Total	41,403	40,120	38,234	33,318	24,265

Japan Underlying EBITDA (in AU\$ Million)

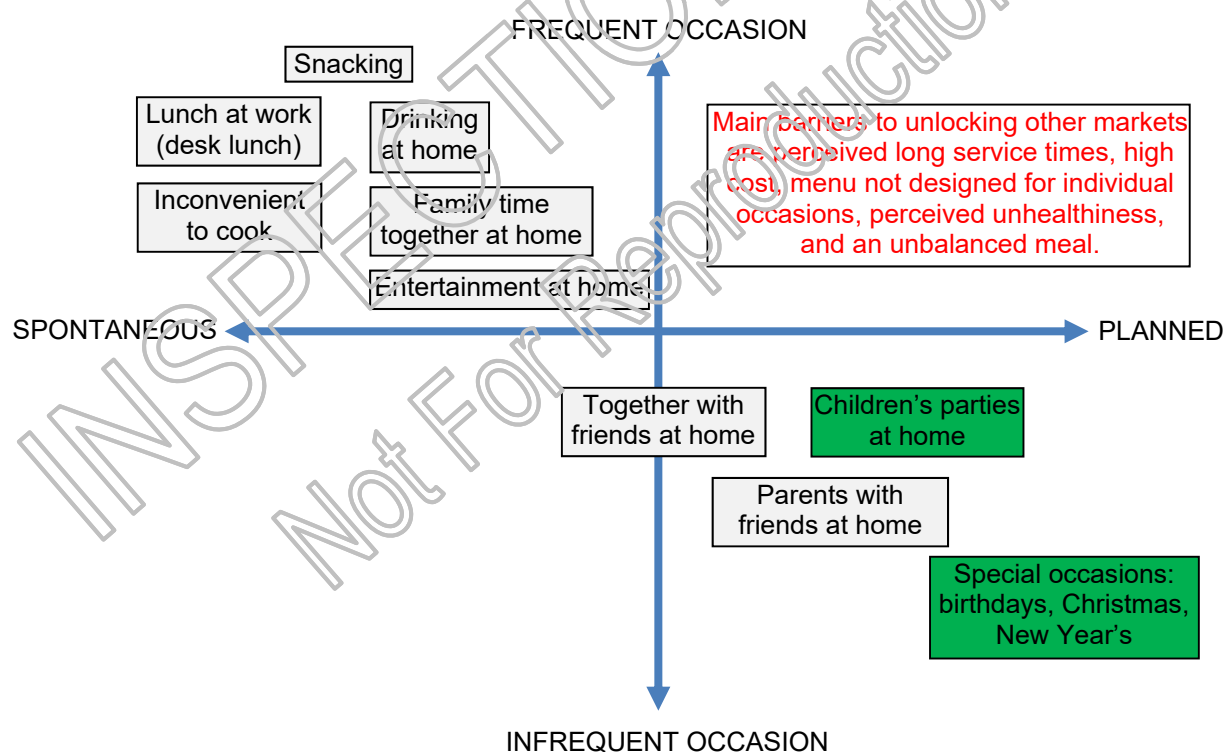
	2018	2017	2016	2015	2014
H2	27.5	24.5	20.0	20.1	16.3
H1	23.5	31.1	27.5	17.8	11.2
Total	51.1	55.6	47.5	37.9	27.4

Note: ¥ = JPY = Japanese yen; AU\$ = Australian dollar; H1 = first half of the calendar year; H2 = second half of the calendar year; EBITDA = earnings before interest, taxes, depreciation, and amortization.

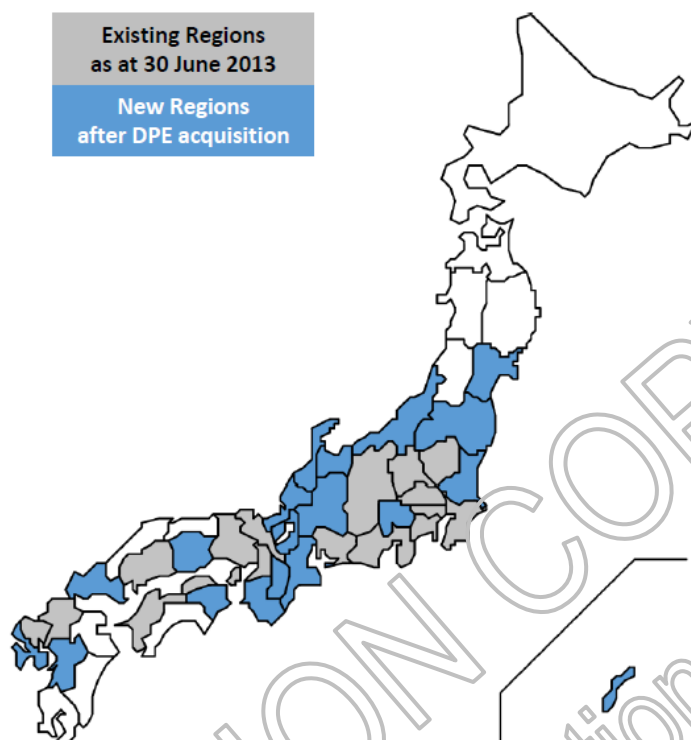
Source: Domino's Pizza Enterprises Limited, *Domino's Pizza Japan Investor Presentation (April 2019)*, 13, accessed June 4, 2020, <https://investors.dominos.com.au/presentations/2019/4/5/dominos-pizza-japan-investor-presentation>.

EXHIBIT 4: DOMINO'S PIZZA JAPAN INC. PRODUCT POSITIONING

Pizza sales account for only a small portion of the market.



Source: Adapted from Domino's Pizza Enterprises Limited, *Domino's Pizza Japan Investor Presentation (April 2019)*, 19, accessed June 4, 2020, <https://investors.dominos.com.au/presentations/2019/4/5/dominos-pizza-japan-investor-presentation>.

EXHIBIT 5: REGIONS IN JAPAN WITH DOMINO'S PIZZA JAPAN INC. STORE LOCATIONS

Note: DPE = Domino's Pizza Enterprises Limited; areas shown in white represent regions (or prefectures) that as of April 2019 had no Domino's Pizza Japan Inc. stores.

Source: Domino's Pizza Enterprises Limited, *Domino's Pizza Japan Investor Presentation (April 2019)*, 10, accessed June 4, 2020, <https://investors.dominos.com.au/presentations/2019/4/5/dominos-pizza-japan-investor-presentation>.

EXHIBIT 6: TOP 20 LARGEST PREFECTURES IN JAPAN BY POPULATION

Rank	Prefecture	Population of Prefecture	Capital City	Population of Capital City	Area Size of Prefecture (in km ²)	Population Density of Prefecture (per km ²)
1	Tokyo	13,515,271	Tokyo Metropolis	9,272,740	2,191	6,169
2	Kanagawa	9,126,214	Yokohama	3,724,844	2,416	3,777
3	Osaka	8,839,469	Osaka	2,691,185	1,905	4,640
4	Aichi	7,483,128	Nagoya	2,295,638	5,172	1,447
5	Saitama	7,266,534	Saitama	1,263,979	3,798	1,913
6	Chiba	6,222,666	Chiba	971,882	5,158	1,206
7	Hyogo	5,534,800	Kobe	1,537,272	3,401	659
8	Hokkaido	5,381,733	Sapporo	1,952,356	83,424	65
9	Fukuoka	5,101,556	Fukuoka	1,538,681	4,986	1,023
10	Shizuoka	3,700,305	Shizuoka	3,700,305	7,777	476
11	Ibaraki	2,916,976	Mito	270,783	6,097	478
12	Hiroshima	2,843,990	Hiroshima	1,194,034	8,479	335
13	Kyoto	2,610,353	Kyoto	1,475,183	4,612	566
14	Niigata	2,304,264	Niigata	810,157	12,584	183
15	Miyagi	2,333,399	Sendai	1,082,159	7,282	321
16	Nagano	2,098,804	Nagano	377,598	13,562	155
17	Gifu	2,031,903	Gifu	406,735	10,621	191
18	Gunma	1,973,115	Maebashi	336,154	6,362	310
19	Tochigi	1,974,255	Utsunomiya	518,594	6,408	308
20	Fukushima	1,914,039	Fukushima	294,247	13,784	139

Note: All population numbers based on 2015 census data; km² = square kilometres.

Source: "Japan: Prefectures and Major Cities," City Population, accessed May 20, 2020, www.citypopulation.de/Japan-Cities.html.