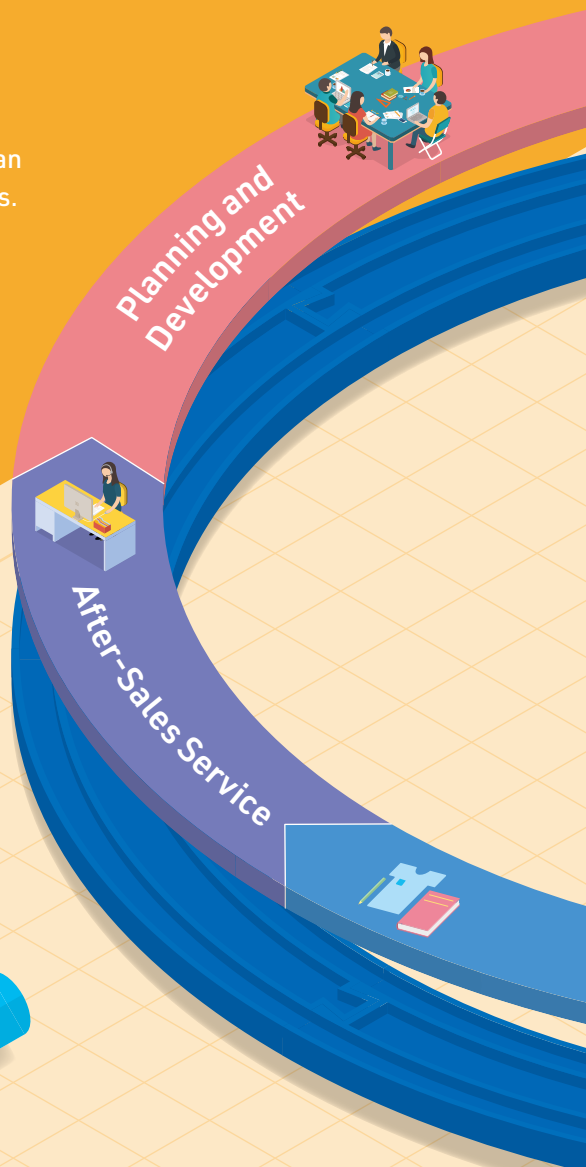


The PLARAIL Product Development Story

There are many PLARAIL products, for example, "rails," "scenery parts" such as station buildings and tunnels, "railcars" and "sets" containing all these items together in one package. There is also licensed merchandise other than toys such as apparel, everyday items and printed materials. And now, at this very moment, TOMY is developing new products. In this special feature, we introduce how TOMY engages in PLARAIL product development.





Preserving and Evolving

There are aspects of PLARAIL product development that we are preserving as well as evolving.

PLARAIL has its roots in the PLASTIC TRAIN AND RAIL SET, which first went on sale 60 years ago in 1959. The curvature* of the curved rail and the shape of the rail connector used today were decided at that time, with the size of the train based on the optimum distance between the front and rear train wheels used as the standard for running smoothly on the curved rail. We have preserved these and other aspects as the PLARAIL standard for the past 60 years. Additionally, since the introduction of motorized trains in 1961, the "three-car train powered by one battery" has become the standard.

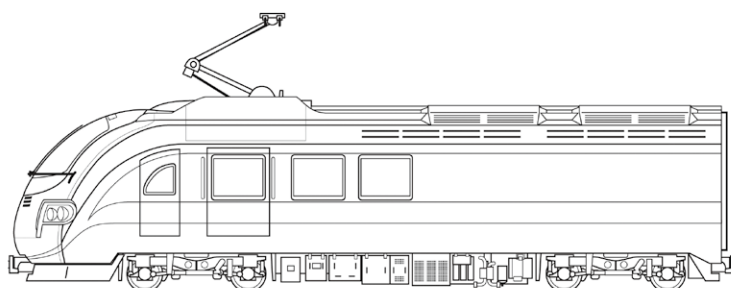
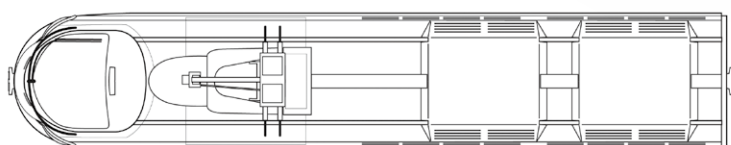
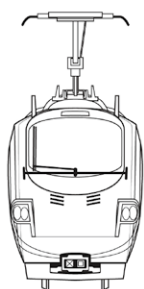
At the same time, we are also constantly evolving PLARAIL. For example, we quickly incorporate societal changes and changes in the railway transportation system into product development. We are also making continual efforts to incorporate the latest technologies into PLARAIL, as we continue to improve PLARAIL as a toy that children can enjoy playing with peace of mind.

For 60 years, we have continued to preserve and evolve PLARAIL product development, and we will continue to maintain this basic spirit of product development as we move forward.

* At that time, families spent most of their time around a *chabudai* (low, Japanese-style dining table). When connected, the eight curved rails created a full circle 47 cm in diameter, enabling tabletop play.

Making Ideas and Dreams a Reality

Planning and Development



There are many appealing aspects of PLARAIL. For example, familiar trains and popular new railcars we often see and ride in become PLARAIL railcars. When commercializing railcars that exist in the real world (actual railcars), we endeavor to ensure that the actual railcar is integrated into the PLARAIL world without any sense of incongruity. In terms of railcar size, there are strict standards for running on a layout comprising rails and scenery parts. Conforming to these has been key to the planning and development of realistic, deformable railcars. It also helps to prevent any sense of incongruity with products released in the past. For example, when reproducing the distinctive "long nose" of the Shinkansen lead car, the size of nose section is reduced just enough so that it does not hit scenery parts during operation, or alternatively, the passenger car, which determines overall length, is shortened. In this case, the length of the train nose is given priority.

Another substantially appealing aspect of PLARAIL is that it is a configurable toy*. Thus, we take great care with the rails, which are the important parts that make PLARAIL a configurable toy. It may sound overdramatic, but the rails must strictly adhere to standards related to width and curvature.

While taking care of what must be preserved, we also make ongoing improvements to rail materials and railcar connectors to make them easier to play with, we incorporate the changing times in new product planning and development by trying out new technologies and materials, and we establish new brands and content within the PLARAIL series in an attempt to proactively take on new challenges.

For example, we have incorporated new technologies that include railcars equipped with cameras that can be driven while watching the video on a smartphone, station buildings that play announcements and platform doors. A representative example of this new content is SHINKALION.

Going forward, we will take care to preserve PLARAIL core elements, while promoting the evolution of PLARAIL in line with modern needs.

* Toys that make something by combining parts of different shapes or materials. With PLARAIL, children can combine rail and scenery parts to freely create a world of their own imagining.

COLUMN

New PLARAIL Content: SHINKALION

SHINKALION is a project originally proposed by JR East Marketing & Communications, Inc., Shogakukan-Shueisha Productions Co., Ltd., and TOMY in 2015. The objective was to create a new character consisting of a "real Shinkansen that changes into a robot."

The SHINKALION product planning concept aimed to create a transformable robot that children could play with using their PLARAIL sets. Not only would the robot be changeable, but it could also actually run on the PLARAIL rails. To develop a product meeting the concept required a tremendous amount of hard work. The size of the robot vehicle was limited due to the railcar size restrictions of the rails, and the motif of the robot vehicle had to conform to those of an actual Shinkansen. However, after multiple prototypes and repeated testing, we finally succeeded in creating this product.

Since this content was created, we have promoted it through videos posted on the official SHINKALION website as well as information disseminated on the Internet, in magazines, on television and at various events. In January 2018, broadcasts of a SHINKALION television animation began. We are also accelerating developments beyond Japan into Asia.



The P001 RED FLINER, an original PLARAIL railcar



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Preserving and Evolving

Production and Manufacturing



The production department starts with technical considerations when planning a new product, confirms the 3D design data necessary for creating molds, monitors manufacturing progress from initial samples through mass production, and is also in charge of receiving product orders and ordering molds and production management.

In the manufacturing phase, there is a stricter demand for quality maintenance and improvement, cost reductions and on-time delivery—three elements also known as QCD. In particular, producing safe and reliable products is the top priority within QCD. Thus, in addition to meetings from the new product planning phase, opinions are expressed from the perspective of “producing safe products that can be used with peace of mind.”

Also, while QCD is involved in all phases, careful attention is also paid to design so that products can be easily assembled in the factory during mass production.

Furthermore, production progress is strictly managed to ensure the products are available in stores for the scheduled sales launch date.

When developing new products for PLARAIL, recommendations for the production of safe and reliable products are made from the planning phase, while designs are created on the basis of ensuring easy assembly during mass production and production progress is strictly managed to ensure on-time deliveries.

While preserving standards that must be preserved, we are taking on the challenge of acquiring new technologies and introducing new production methods to ensure there is no damage to the value of the PLARAIL brand built by our predecessors.

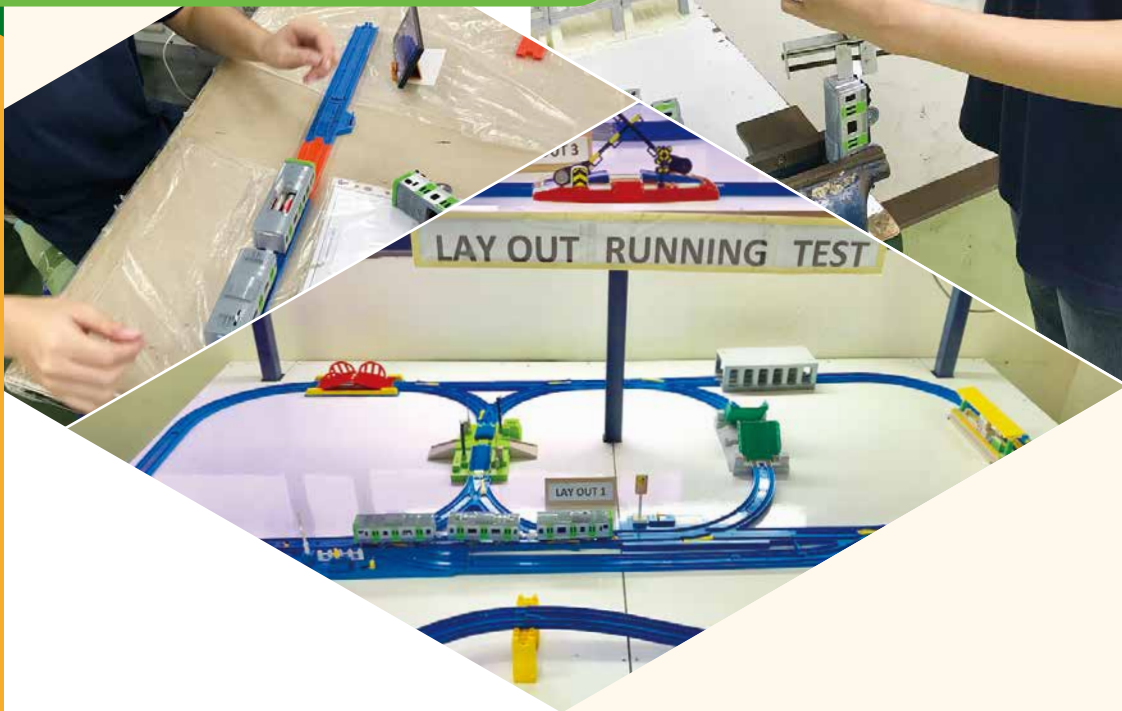
The quality control department strictly manages all processes, from the product planning phase to actual manufacturing and shipment to ensure that products satisfy the quality standards established by TOMY. Specifically, quality standards are established for each individual product in accordance with the TOMY Quality Regulations, and in addition to structural aspects, the materials themselves and the chemical substances that adhere to products during the manufacturing process are strictly controlled so that

the product meets these quality standards.

We are convinced that we will never stain the fine reputation of the PLARAIL brand, which has a 60-year history. This is because we have taken safety and peace of mind into consideration and taken on board the expertise related to quality and technology passed down to us from our predecessors, as well as an approach to safety and quality from the perspective of the user—children—from the new product planning phase.

／ Safety First ／

Quality Control





Shining on the Sales floor



For sales-related operations, three Group companies work in unison. TOMY formulates sales strategies, TOMY MARKETING conducts sales activities targeting toy wholesalers and GMS, and T-FIELDTEC Company, Ltd., provides support for retail stores.

Sales strategy planning involves formulating actual sales strategies for each product based on the product plan (product, price, sales floor display, promotion, etc.) created by the planning department. Sales activities toward distribution partners include business negotiations and wholesale products as well as proposals for actual in-store sales promotion measures.

In-store support involves a series of operations including visits to toy stores in order to create displays that attract customers to want the products they see on

the sales floor. Specifically, sales floors are customized using various sales promotion tools (displays, POP, posters, catalogues, etc.) to create and maintain optimal sales floor configurations. In addition, events are held to enhance interest in products.

PLARAIL is a long-selling toy that has been supported by three generations of customers and is sold at almost all toy dealers. The TOMY Group also operates PLARAIL SHOP specialty stores. Looking at the wider world, there are not many countries like Japan where it is possible to see a wide variety of trains up close, thus we think we can better convey the appeal of PLARAIL by selling products reflecting the distinctive aspects of each region. We are working to expand sales through new channels such as railroad events, station shops, and DIY home centers. We strive to maintain the “freshness” of our products and make them shine even brighter through steady sales support activities. We will continue to proactively conduct sales proposals and improve our services. We believe the repetition of these efforts will lead to the establishment of a long-selling brand.

Capturing Customer Hearts



Employees in charge of marketing formulate and execute marketing plans centered on promotions. These involve two major focus areas, the first of which is the formulation of a plan with numerical targets (number of units sold, sales, costs, profit, etc.) for

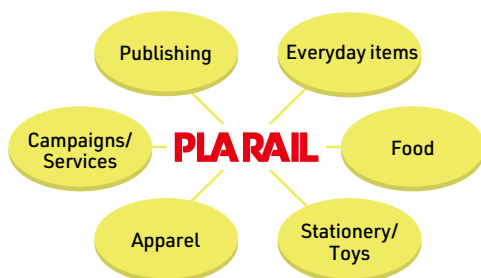
actual new product sales. The other focus is on the creation and implementation of a product promotion plan. A specific example of a product plan includes the production of advertisements including television commercials and catalogs, collaborations with other companies, sales promotion activities at stores and a variety of other campaigns.

As PLARAIL is based on actual railcars, we conduct events including tie-ups with railway companies and railway museums, as well as the PLARAIL EXPO event conducted by TOMY that enables visitor to see, touch and enjoy PLARAIL up close, among other promotions that resonate in the hearts of children, who love trains. In addition, because PLARAIL is a long-seller, awareness is high among children as well as their parents, thus we place importance on communicating the positive aspects of the brand, such as the fact that the standards for our rails and other parts are the same now as in the past and that this is still a toy providing a wide range of possibilities for play that develops sociability and imagination.



Expanding the Brand

Licensing



We have also developed a wide range of commercial licenses for PLARAIL, including apparel, everyday items, food, stationery and printed material targeting children between the ages of three and six who play with toys. PLARAIL is used for merchandise as well as in corporate advertising campaigns. The benefits of licensing PLARAIL, which is widely recognized across three generations of users, include the ability to commercialize national railway lines and the latest railcars, as well as naturally combine railcars from different companies into the same play scenario.

Going forward, TOMY will continue to promote licensing in a variety of categories while ensuring there is no damage to the brand image that has been cultivated over many years to create, nurture and expand the ranks of PLARAIL fans.



The Customer Service Department, which listens directly to the voice of the customer, is considered to be the department closest to the customer. TOMY strives to build relationships of trust with customers through caring and sincere interactions.

Customer Service Department operations begin with consultations and store introductions before purchases. In addition to selling PLARAIL, we also provide telephone and e-mail support, including consultations related to layouts, post-purchase information on use, and repair availability. We want customers to enjoy PLARAIL for a long time, thus we strive to provide store information enabling customers

to easily purchase connecting and other parts they can replace on their own. We are also improving the FAQ contents posted on our website.

We will continue to study products so that we can provide quick solutions to customer consultations and suggestions. Furthermore, actual and potential needs gleaned through valuable customer comments are provided to relevant departments as feedback, reflected in product development and marketing, and used to improve operations. We would be happy if these activities led to the creation of even just one fan of the TOMY Group.

Discovering the Next Evolution

After-Sales Service

