



SPECIAL FEATURE: GLOBAL STRATEGY FOR LCD TVS

Sharp will continue to take the lead in the global TV market with its state-of-the-art LCD TV AQUOS.

While reinforcing capacity at the Kameyama Plant to produce large-size LCD panels, Sharp has created a highly efficient global production system for LCD TVs. Elsewhere, efforts focus on aggressive advertising campaigns to enhance the AQUOS brand and drive up sales worldwide.

The eyes of the global TV market have turned to AQUOS.

Here we present some of the activities Sharp is undertaking in North America, Europe and China for AQUOS.



North America

A concerted AQUOS brand campaign timed with the opening of the Kameyama No. 2 Plant has resulted in a marked increase in brand awareness in North America. Fine-tuned marketing activities and proactive promotional efforts seek to elevate AQUOS to the leading brand in the North American market.



Bob Scaglione

Senior Vice President of Marketing,
Sharp Electronics Marketing Company of America

TV MARKET TRENDS

The demand for large-screen TVs is strong in North America. Although the large-screen market has previously focused on rear-projection and plasma TVs, advancements in LCD TV size and bolstered cost competitiveness have led to expanded share of LCD TVs. High-resolution LCD TVs in particular are gaining attention as the optimum TVs to enjoy high-definition broadcasts, which are on a rapid rise in the United States.

SHARP IN NORTH AMERICA TODAY

In October 2006, Sharp released 46-inch and 52-inch AQUOS sets into the North American market with LCD panels manufactured at the Kameyama No. 2 Plant. These models have received high acclaim on account of their breathtaking full high-definition picture quality coupled with cutting-edge design adopting a piano black finish. Meanwhile, the upshot of the largest promotional campaign in Sharp's history in North America was a dramatic increase in AQUOS presence here. The launch of the Premium Series at the start of 2007, which realizes double-speed drive with full high-definition capability and a high contrast ratio, culminated in share expansion in the North American market.

On a production front, we started a second plant in Mexico in July 2007, reinforcing the integrated production^{*1} for LCD TVs, from LCD module^{*2} to finished set.

FUTURE ACTION

North America is viewed as one of the most important regions in Sharp's quest to boost global share, and a key ingredient in this regard is strengthening brand appeal. To achieve this objective, we will bolster the product attractiveness of our AQUOS line from all angles, including picture quality, performance and design, while continuing to convey a clear brand message to consumers.

As a means to increase AQUOS brand awareness over the years, Sharp has initiated an array of activities ranging from exhibiting in display windows in major cities to sponsorship of NASCAR, the pinnacle of motor-sports in the United States. We also began supporting Major League Baseball (MLB) in 2007 to appeal to a wider customer base and to demonstrate that AQUOS is perfect for bringing the exhilaration and speed of highly popular baseball to living rooms everywhere. These and other actions will enhance the AQUOS brand in North America.

^{*1} Sharp sends LCD panels made in Japan to sites overseas (Mexico, Poland, China and Malaysia), then conducts integrated production from LCD module to finished set at each local site. This highly efficient production system enables timely product delivery worldwide and reduces logistics costs.

^{*2} LCD modules consist of LCD panels and the components to display images, such as LCD drivers and backlights.



Huge monitor advertisement for AQUOS in Times Square, New York



Racing car with the AQUOS logo, demonstrating our sponsorship of NASCAR



Advertisement with MLB as the theme



Brand logo on the screen of an MLB telecast

Europe

In Europe, economic growth continues steadily, and the market holds a great deal of promise with demand of LCD TVs expected to increase as the shift to digital broadcasting gathers pace. Sharp will promote the special features of AQUOS here—high image quality, environmental performance, design—while pursuing promotional campaigns that fit the characteristics of each country.



Reinhart Buchner

PR Manager Europe, Sharp European Headquarters, a division of Sharp Electronics (Europe) GmbH

TV MARKET TRENDS

Europe is a large market accounting for around 40% of the worldwide demand for LCD TVs. With a high number of TV brands, competition is fierce. Demand is expected to rise further in line with the proliferation of digital broadcasting in each country.

SHARP IN EUROPE TODAY

Sharp expanded its lineup of LCD TVs in fiscal 2006 once the Kameyama No. 2 Plant was up and running and it could release large-size LCD TVs to shape market trends. Sharp's AQUOS has been very well received in Europe owing to its superior features such as outstanding performance of the ASV LCD*¹. Additionally, a vigorous brand campaign has resulted in enhanced awareness of the AQUOS brand across the board.

In order to enhance production capacity, Sharp commenced operation at a plant in Poland for the manufacture of LCD modules in January 2007. This same plant began LCD TV assembly in July. We have now laid out a production system that enables the swift delivery of cost-competitive LCD TVs in Europe. In addition to buoyant demand in western European countries like the U.K. and Germany, Sharp seeks to meet new demand in eastern nations as well, including Russia and Poland.

In December 2006, Sharp's 46-inch and 52-inch AQUOS XD1E models were honored with the iF Product Design Award 2007 in Germany. This award is one of the world's leading design prizes recognizing industrial products with superior design. Design is a key factor when purchasing a TV here, and the cutting-edge style of our AQUOS LCD TVs has gained huge support from the market.

FUTURE ACTION

Sharp's objective in Europe is to secure a leadership position in the flat-panel TV market. With the spread of digital broadcasting projected to continue, we view full high-definition, double-speed drive capability, high contrast ratio and large screen to be the four keys to success in the LCD TV market. The goal is therefore to increase sales of AQUOS which incorporates these technological features as well as impressive design.

To strengthen the AQUOS brand in Europe, Sharp will execute vigorous promotional activities, making focused investment in advertising by utilizing mainstream forms of media in each region.

Sharp will also strongly promote the eco-friendly nature of AQUOS in Europe, where environmental awareness is high. The AQUOS series with its more than 30 models garnered the EU Eco-label, the leading environmental label in Europe. The award was given to Sharp because of its achievements in reducing power consumption and its recycling-oriented design. Sharp is the only manufacturer of EU Eco-label certified TVs worldwide*².

*1 High-grade LCD with the features of wide viewing angle and high contrast ratio

*2 As of November 2006



Billboard at the Stade de France multi-purpose stadium



AQUOS wall, symbol of the Sharp booth at IFA



AQUOS XD1E models were honored with the iF Product Design Award 2007



EU Eco-label

China

Demand in China for large LCD TVs is growing steadily ahead of the Beijing Olympics. Sharp aims to advance the appeal of AQUOS nationwide through sales network expansion and proactive marketing and advertising.



Tang Xiao Qun

Group Deputy General Manager,
AV & Home Appliance Group,
Sharp Electronics Sales (China) Co., Ltd.

TV MARKET TRENDS

Though CRT TVs are still mainstream in the Chinese TV market, demand for flat-panel TVs is skyrocketing in core urban areas. In accord with the full-fledged commencement of digital broadcasting and the shift to high-definition, we believe that the proliferation of LCD TVs with large screens capable of incredibly clear pictures will escalate going forward.

SHARP IN CHINA TODAY

Sharp introduced 46-inch and 52-inch AQUOS models in China in line with the commencement of operations at the Kameyama No. 2 Plant. Sales of these models are robust, especially in the higher socioeconomic group, as large-size sets in the over 40-inch class have always been popular in China.

In terms of large-size LCD TV production, LCD panels are imported from Japan and introduced into an integrated production line at the Nanjing Plant, which handles from LCD module to finished set. This enables Sharp to supply leading-edge LCD TVs in a timely fashion to the booming Chinese market. LCD panels manufactured at the Kameyama Plant are held in high esteem in China as they are in Japan.

FUTURE ACTION

The Olympic games will be hosted by China for the first time in Beijing in August 2008. The event has attracted a great deal of public attention, and this is expected to translate into rising demand for large flat-panel TVs. We are determined not to let the opportunity slip by, augmenting our range of full high-definition models, especially in the over 40-inch class, to boost sales of LCD TVs in China.

Furthermore, Sharp intends to extend its sales network in China significantly. Up until fiscal 2006, we focused solely on department stores and mass merchandisers targeting the affluent group in 17 cities mainly in coastal areas. In fiscal 2007, we will double the number of stores we supply, including those in inland cities. Sales and marketing efforts will also be amplified as we extend our sales office network.

With regard to promotional activities, Sharp will deploy TV commercials as well as advertisements outdoors and in magazines throughout China in line with an expanded sales network. These and other activities will serve to boost AQUOS presence in the market. Meanwhile, environmental pollution is being recognized as a social problem in China. Sharp has sought to demonstrate its eco-conscious status by inviting members of the Chinese media to observe the Kameyama Plant, introducing the environmental technologies employed there as well as the environmental performance of AQUOS.



Display window at Lujiazui subway station



Neon sign in Nanjing



AQUOS LED sign in Shanghai



AQUOS corner at a big electronics store