

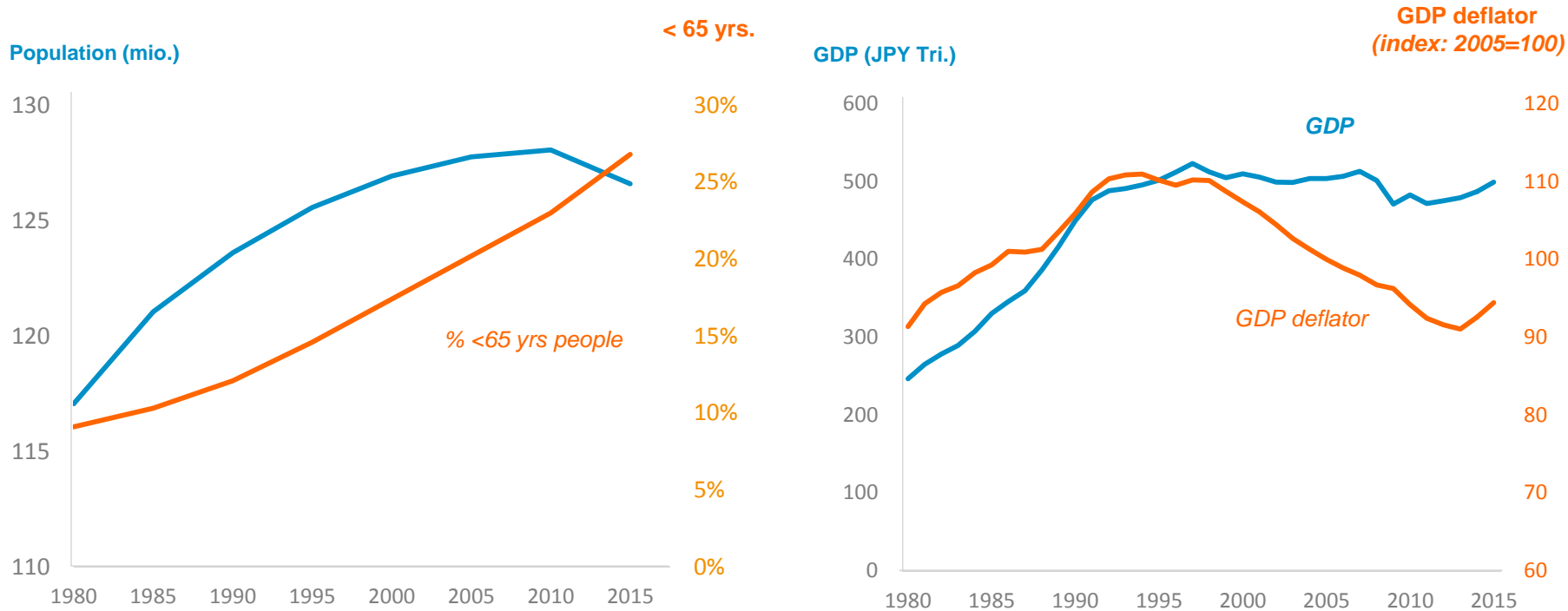


# Accelerating Growth through Innovation and Premiumization

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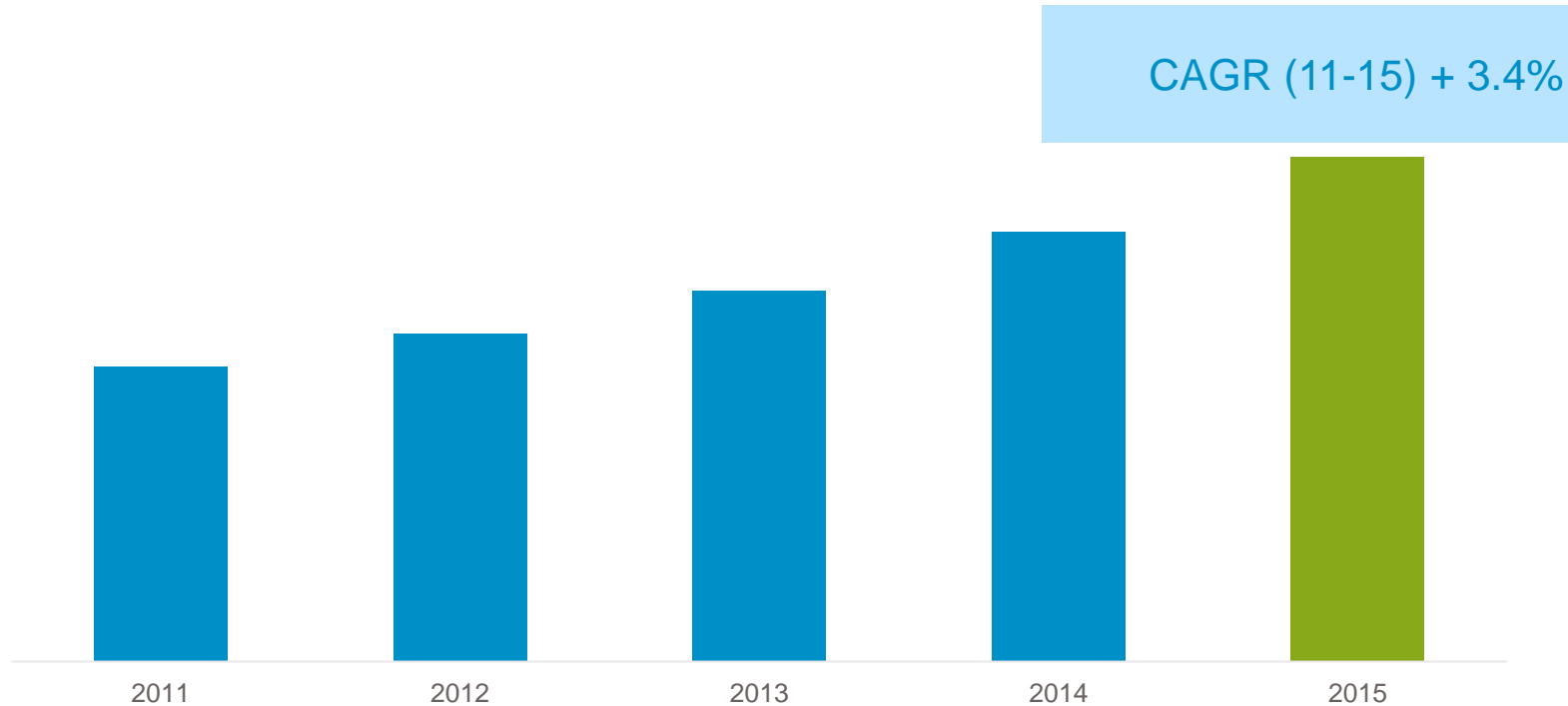
Kohzoh Takaoka  
Chief Executive Officer  
Nestlé Japan

# Nestlé Japan: *Delivering growth in aging and shrinking developed market*

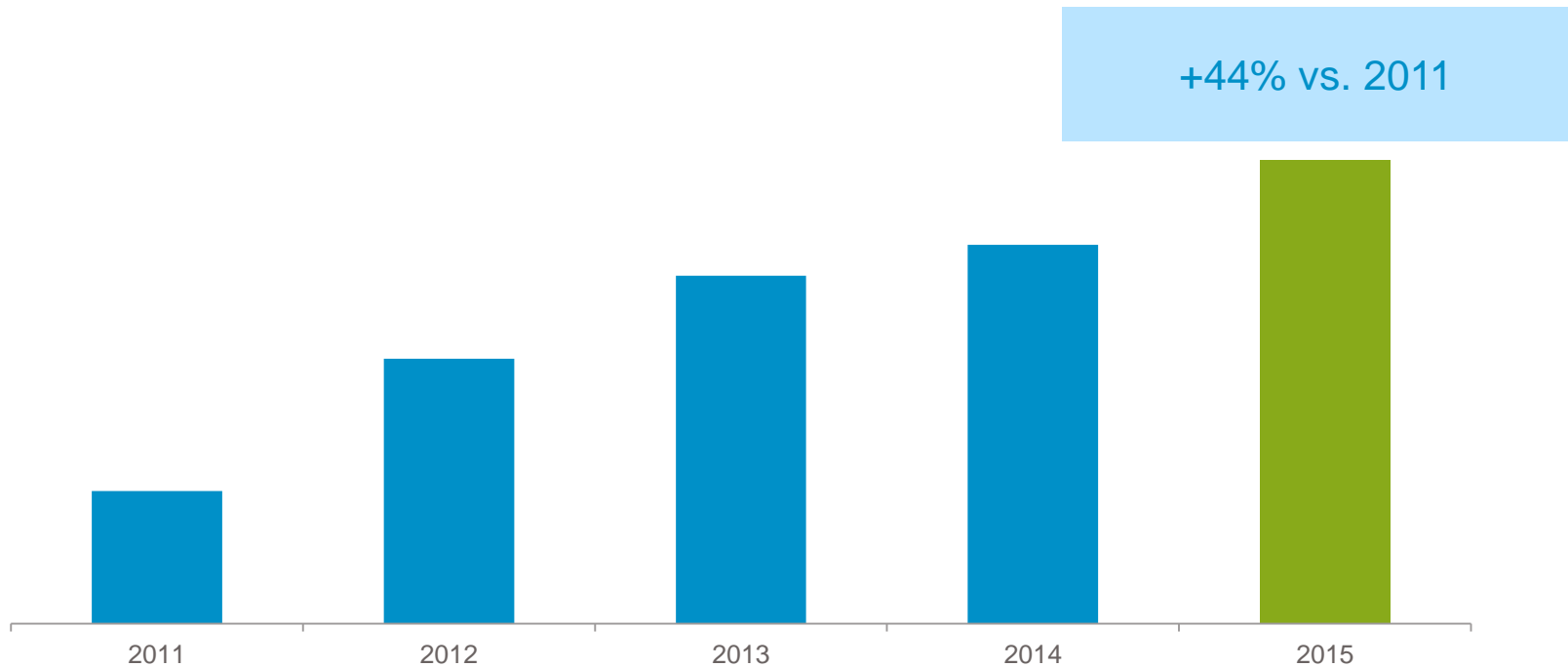


Sources: IMF, Cabinet Office

## Nestlé Japan: *Food and Beverages* delivering solid growth



## Nestlé Japan: *Strong Improvement of profitability in Food and Beverages*

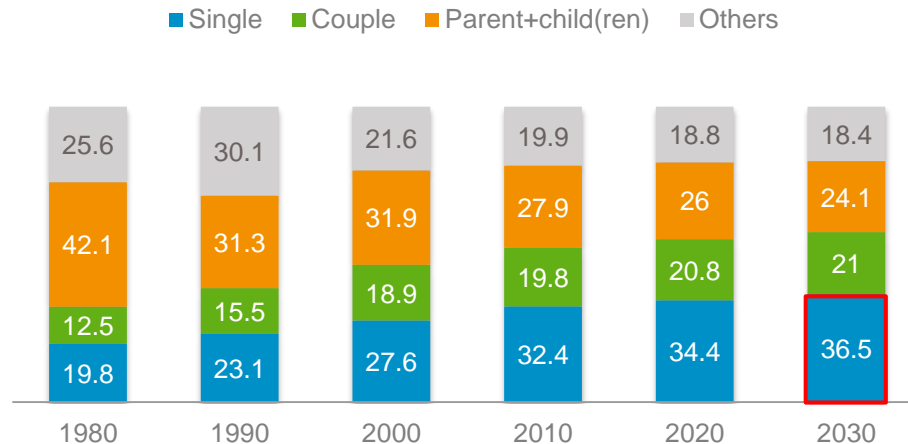


# Japan: Aging population / changing lifestyles driving shift to single households



Sources: Statistics Bureau, Ministry of Internal Affairs and Communication

Increasing single / couple households  
(% of households)



# Japan: Single households driving shift from family to individual consumption

Traditional

Family



In-home cooking

Now and Future

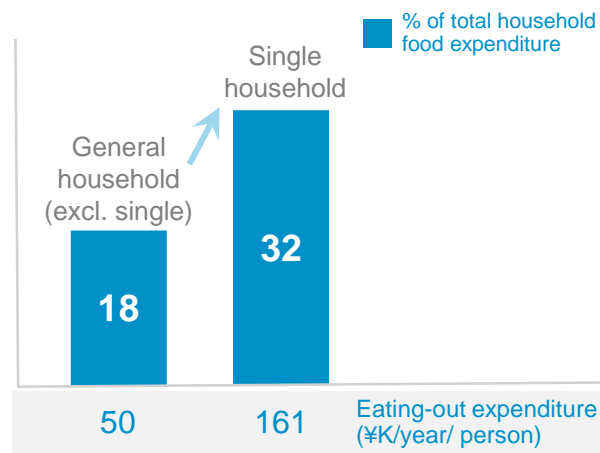
Single



Prepared

OOH

General vs. single household eating expenditure



Total household  
Source: Nikkei Business, MIC

# Nestlé Japan: *Accelerating growth in the 21<sup>st</sup> century*



# NESCAFÉ single serve systems: *Solving single household problems*



*NESCAFÉ Gold Blend Barista*



*NESCAFÉ Dolce Gusto*



# NESCAFÉ Ambassador: *Innovating how we work with consumers OOH*



To provide coffee in offices with affordable price per cup



To energize communication in many communities



To co-create new values with NESCAFÉ Ambassador

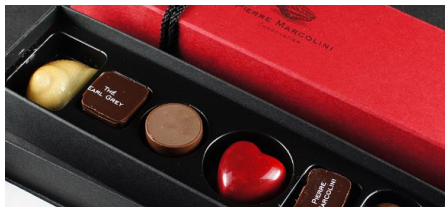


# NESCAFÉ Ambassador: *Innovating how we work with consumers OOH*



- 250'000 ambassadors
- Serving 2.5 mio people every day
- 1 billion cups served in 2015

# The New Reality in Japan: *Price polarization in the FMCG Market*



Chocolatier

VS



National Brand

# Nestlé Japan: *Accelerating growth in the 21<sup>st</sup> century*

## New Reality

Luxury chocolatier  
chocolates are  
booming

## New Customer Problem

National brands  
being commoditized  
having no  
craftsmanship

## Solution

*Kit Kat* STUDIO in  
collaboration  
with local  
chocolatier

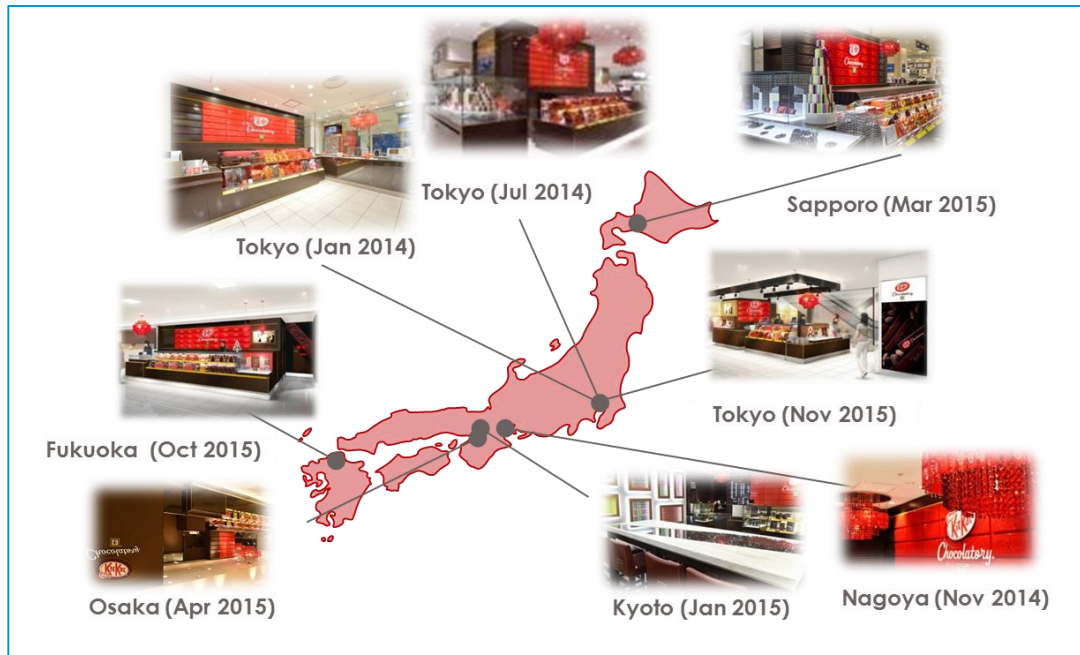
# Kit Kat Chocolatory: *Introducing craftsmanship to national brands*



x20

28,600  
JPY/kg

1,500  
JPY/kg







*Chocolatory*



# Kit Kat Chocolatory: Enhanced availability through e-Commerce

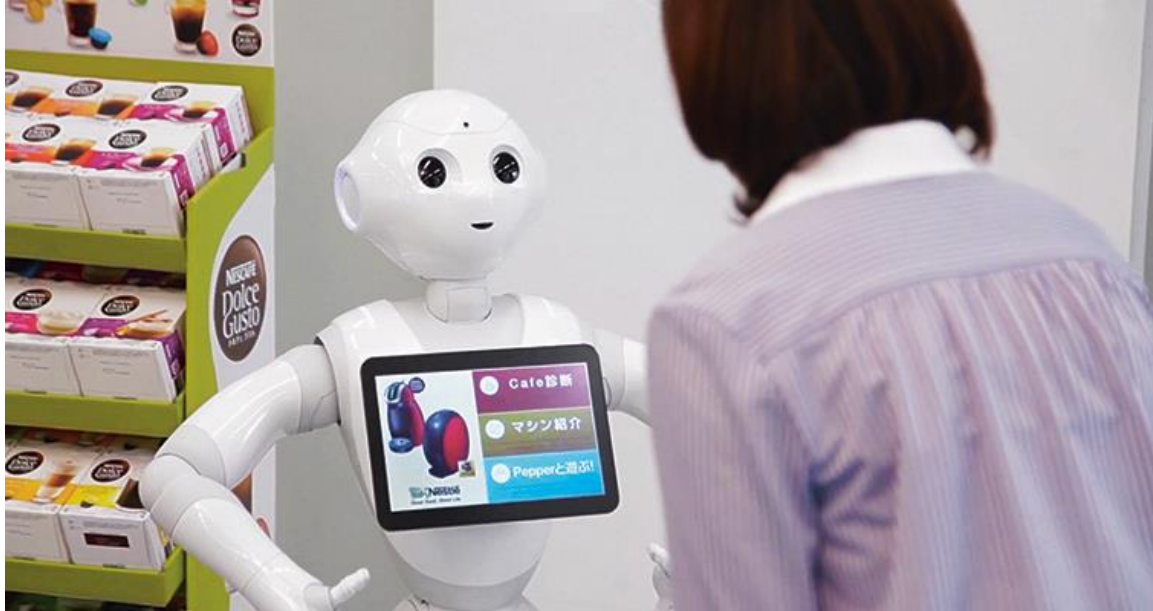


- Gift wrapping, message card
- Multiple flavour assortment gift box
- Packaging engraving service
- Laser engraved chocolate





# Innovation & Renovation offer customers new solutions



- New business model (beyond products)
- Digital

# Further Innovation & Renovation to come

*NESCAFÉ Dolce Gusto matcha Green Tea*

New System Solution by IoT

# NESCAFÉ Dolce Gusto Matcha Green Tea



“Real” Japanese product using traditional techniques available in single serve

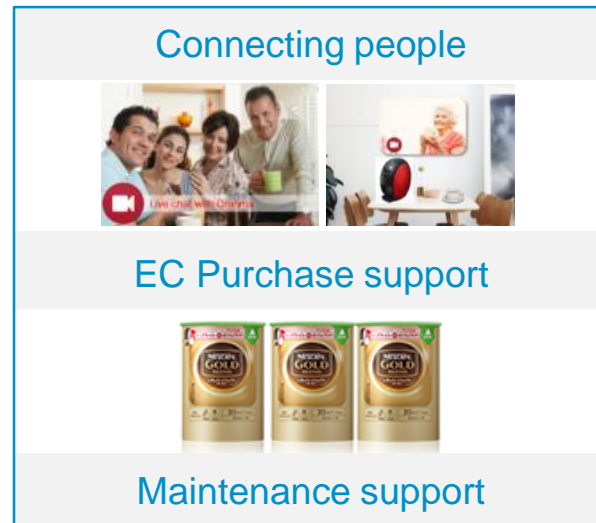
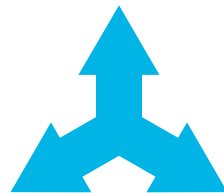
# New System Solution by IoT

IBM Watson powered

Big Data & Analytics

Artificial Intelligence

Cognitive Knowledge



Connection hub to enrich *NESCAFÉ* experience In-home and Out-of-home

# 4 Key Takeaways

1

## **NEW REALITY – CHANGE IN CONSUMERS PROBLEMS**

New reality changes the problems of our consumers and offers the possibility to develop true innovations through delivering of new solutions

2

## **INNOVATION BEYOND PRODUCTS – INTERNET & AI**

Internet and Artificial Intelligence allows us to solve our consumers new problems and delivers growth opportunity

3

## **INNOVATION BEYOND PRODUCTS – NEW BUSINESS MODEL**

*NESCAFÉ Ambassador*: Bringing good-quality coffee, in a convenient way and at affordable prices into the office environment

4

## **PREMIUMIZATION – CHOCOLATORY**

The combination of national brands and craftsmanship offers new opportunities to deliver more value to our consumers