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INTERVIEW

Nestlé is present on Japanese market for over a century

Established in 1866, Nestlé Group is a world leading food and beverage company.

Nestlé and Anglo-Swiss Condensed Milk Co. started in 1913 to sell products in Japan. Nestlé Japan Ltd. now employs a total of 2,400 people (as of 2013).

Melanie Kohli is a Swiss Executive Officer at Nestlé Japan Ltd. since 2013. She started to work at Nestlé's headquarters in Vevey in 2008. She kindly accepted to answer the questions of *JETRO Switzerland Newsletter*.

What have been the milestones in the development of Nestlé in Japan?

Nestlé has been present in Japan for over 100 years. In 1913 Nestlé opened a branch in Yokohama to sell condensed milk and other milk-based products. In 1922, the branch was moved to Kobe, where Nestlé Japan still has its head office today. Nestlé introduced Nescafé soluble coffee, and thus helped to co-create a unique coffee culture in Japan. Still today, Japan is one of the most important markets for Nescafé worldwide. The first production facilities were built in the early 1960s, to produce Nescafé soluble coffee and today Nestlé has three production facilities and employs around 2,400 people in Japan. The main brands today are Nescafé

and Kit Kat, but Nestlé is also present in Japan with beverage systems such as Nespresso, Special.T, pet food or Nestlé Health Science products for special dietary needs, especially of the elderly.

What are the advantages and challenges of the Japanese market for Nestlé?

Nestlé's strong global brands and its unmatched R&D capabilities are a strong competitive advantage for the company as a whole, including its local subsidiaries. At the same time Nestlé is a highly decentralized company. While the overall direction is defined globally, the execution of the strategy depends on the local requirements. In the end, food is local, and consumers' needs vary from country to country. The strong roots and the creative flexibility are two important advantage for us.

What are the specificities of the Japanese market? Could you please introduce some examples of Nestlé's successful products?

Kit Kat is a good example for a global brand and its local uniqueness. Not only is it available in Japan – and only Japan – in many different varieties, such



Nestlé's advertising picture
Nestlé Corporate Brochure 2013

as green tea, strawberry or wasabi. It is also very popular as a good luck token at school entry exams because the Japanese pronunciation of Kit Kat (Jap: Kitto katto) is similar to "Kitto kattoh!" or "you will surely win!" in Kyushu dialect. This year we also opened the world's first Kit Kat boutique in Tokyo, a shop-in-shop where we offer premium Kit Kat chocolate bars, and we introduced the first Kit Kat that can be baked in the oven like a cookie. These initiatives are an answer to the Japanese consumer's openness to discover the same brand in new and unexpected ways.

(Continued on page 2)

動向

SITUATION

Japan's current economic situation

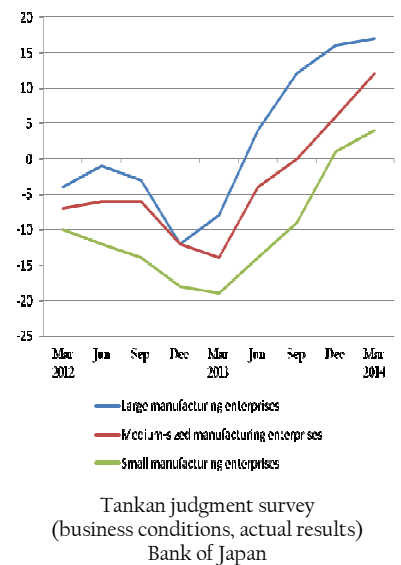
According to the May issue of the report published by the Bank of Japan (BoJ), "Japan's economy has continued to recover moderately as a trend, although the subsequent decline in demand following the front-loaded increase prior to the consumption tax hike has been observed".

Reflecting the recovery of Japan's economy, the Tankan judgment survey for large manufacturing enterprises increased from -8 in March 2013 to 17 in March 2014.

Japan's exports increased 5.1% to ¥ 6,069 billion in April over the

year. Exports were up 3.6% for Asia, 2.5% for North America and 14.4% for Western Europe. Japan logged a trade deficit of ¥ 808.9 billion, down 7.8% from the previous year.

As further mentioned by the BoJ, "excluding the direct effects of the consumption tax hike, domestic corporate goods prices are expected to remain more or less flat for the time being". The consumer price index for Japan in March 2014 was 101.0 (2010=100), up 0.3% from the previous month, and up 1.6% over the year.



Nestlé is present on Japanese market for over a century

(Continued from page 1)

会見

INTERVIEW

What is the business situation and outlook (targets) of Nestlé in Japan?

Japanese lifestyles are changing. While the population is decreasing, the number of households in Japan is increasing, because of a growing number of single-person and two-person households. With less people per household, eating habits change. For example, while a conventional coffee machine could prepare many cups at a time, machines like Nescafé Dolce Gusto or Nescafé Barista meet the needs of today's consumer, to prepare one cup at the time, anytime.

And such machines are not only used in homes. We have introduced the Nescafé Ambassador system, where we provide a free machine to cater small offices, study groups or businesses. This system is extremely popular, and



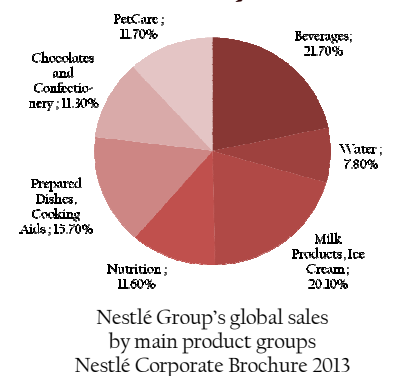
Advertising picture for Nestlé's products: Kit Kat, Crunch and Aero Nestlé Corporate Brochure 2013

we already have over 120,000 Ambassador across the country. In the context of higher social isolation, such informal cafés present important opportunities for people to connect.

What are in your views the keys for the success on the Japanese market?

Like everywhere else, it is key to understand the consumer, to adapt to change and to anticipate needs.

What is the strategy of Nestlé



for its development in Japan?

Nestlé Japan contributes to Nestlé's global long-term objective to be the world's leading nutrition, health and wellness company. Good nutrition will play an ever more important role in the health and wellness of people. At Nestlé we want to build a business capable of both delivering shareholder value and helping people to improve their nutrition, health and wellness. And in Japan this certainly includes the health of a rapidly aging population.

JETRO celebrates 150th anniversary at Geneva Book Fair

活動

ACTIVITY



Japan's Pavilion at Geneva book fair



Large audience for Japanese books



JETRO's economic seminar

JETRO Geneva celebrated the 150th anniversary at Geneva International Book and Press Fair, held this year from April 30 to May 4.

Economic seminar

JETRO organized an seminar on May 2, in collaboration with the Swiss Japanese Chamber of Commerce (SJCC).

Philippe Dallais, Ethnographic Museum of Neuchâtel, introduced the beginnings of trade between Japan and Switzerland.

Roger Mottini, editor of the book "Switzerland and Japan 1864—2014. 150 Years of Official Relations. 150th Anniversary Yearbook",

provided an overview of the main players of the history of Swiss—Japanese relations: Elie Ripon, Johann Caspar Horner, Aimé Humbert, Rodolphe Lindau, Henry Dunant (founder of the Red Cross) and Colonel Gertsch.

Georg Blind, University of Zurich, underlined that Japan-Switzerland Free Trade and Economic Partnership Agreement (JS-FTEPA) liberalized almost 70% of bilateral trade value. The total tariff saving was CHF 8.75 million for Japan in 2012.

Pierre Schaufelberger, Vice-President of Nestlé, Regional Management Zone Asia, Oceania,

Africa and Middle-East, introduced the history of Nestlé's activities in Japan (see article pages 1 and 2).

Ivan Pictet, President of the Fondation pour Genève, outlined some economic and financial figures related to Japan.

About 50 participants attended this seminar.

JETRO's booth

JETRO also held a booth at the fair. Our staff promoted industrial tourism and provided leaflets and information to visitors interested to invest in Japan.



Roger Mottini, editor of the book "Switzerland and Japan 1864—2014. 150 Years of Official Relations. 150th Anniversary Yearbook"



Pierre Schaufelberger, Vice-President, Regional Management Zone Asia, Oceania, Africa and Middle-East, Nestlé SA



Ivan Pictet, President of the Fondation pour Genève

革新

INNOVATION

Hitachi has developed “EMIEW 2” robot

The Japanese multinational engineering and electronics firm Hitachi, Ltd has created a new version of its robot named “EMIEW”. EMIEW stands for Excellent Mobility and Interactive Existence as Workmate.

EMIEW2 (see picture) is a human-shaped robot of a height of 80 cm and a weight of 14 kg. Its two wheels enable it to move at a human speed of 6 km/h. An “Active suspension” and a “Idling control technology” allows it to move over obstacles, such as threshold, mattress or electric cables.

In addition, EMIEW2 is able to discuss with a person. It is equipped with 14 microphones and a noise-cancelling technology

which eliminates the noise generated by the robot itself.

It can recognize human voices and engage conversation. It can even make jokes. When it was asked how many people work at Hitachi’s laboratory, it said: “We have two swans!”. As the person asking the robot was confused by this answer, the robot added: “You got it? I’m kidding, we have about 800 people working here”.

EMIEW2 has been “developed as part of Hitachi’s efforts to create a service robot with diverse communication functions that could safely coexist with humans while conducting necessary services”.



EMIEW2

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Agenda

日程

AGENDA

- ✓ 23rd — 24th Jun.: S-GE Impulse: Asia
Highlights on Japan on 23rd June, 8.30 am —12:30 am
Rüschlikon/Zürich
For further information, please access to SGE Website at: <http://www.s-ge.com>

JETRO is a government-related organization that works to promote mutual trade and investment between Japan and the rest of the world. Originally established in 1958 to promote Japanese exports abroad, JETRO’s core focus in the 21st century has shifted toward promoting foreign direct investment into Japan and helping small to medium size Japanese firms maximize their global export potential.

The JETRO Switzerland Newsletter can also be viewed and/or downloaded online:
<http://www.jetro.go.jp/switzerland/newsletter>

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