

Innovation Platform-based Silver Market Development in Japan

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Today's Agenda

1 Case Studies

1.1 *Case1) Yamaha* ; Instrument-Related Business for the Baby Boomer Generation

1.2 *Case2) Calpis* ; Creation of the Beverage/Food Business for the Silver Market

2 Innovation Platform and the Silver Market

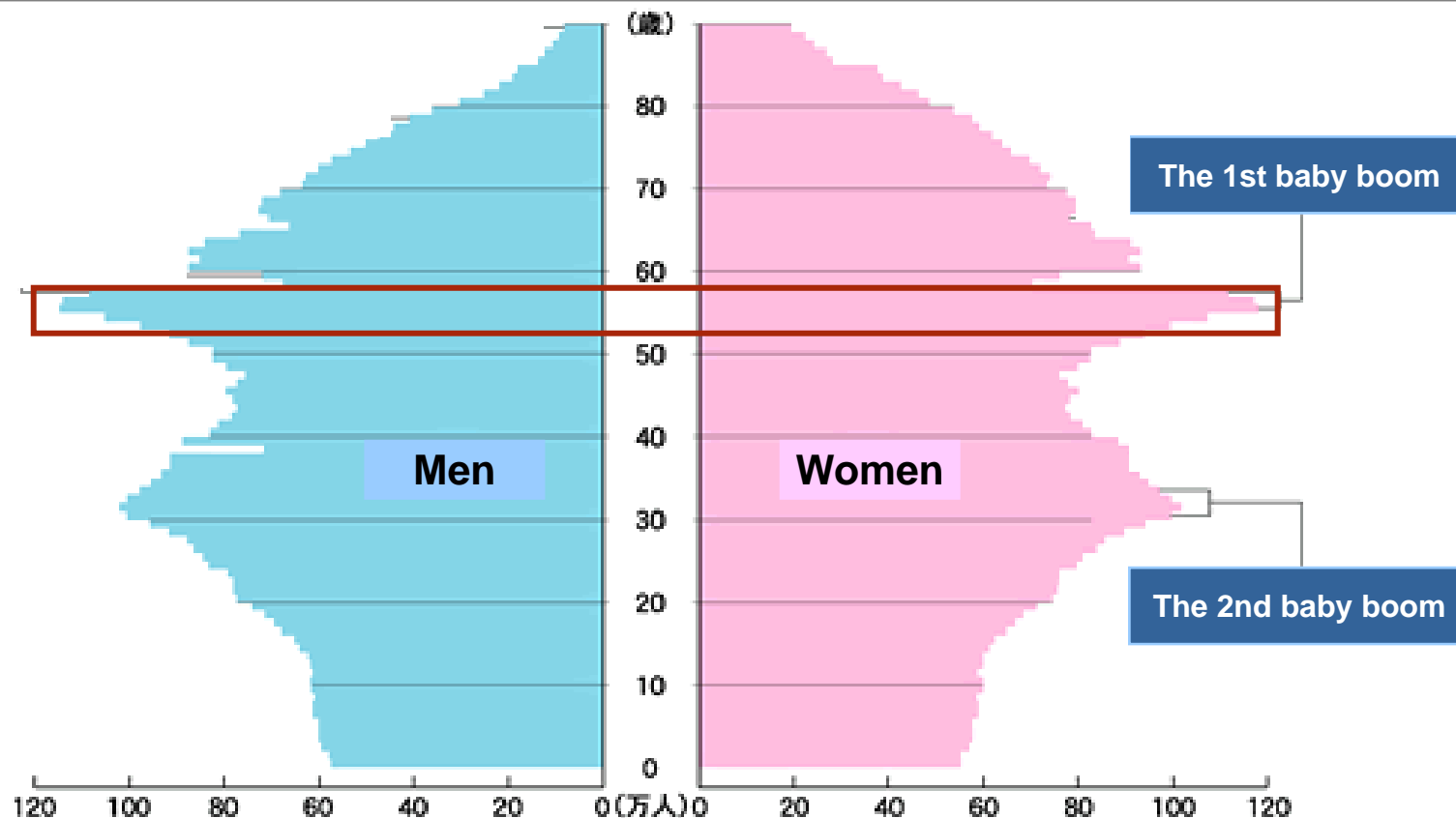
2.1 Concept of Innovation Platform

2.2 Innovation Platform of Yamaha and Calpis

Transformation of the Baby Boomer Generation

So-called “baby-boomers” are shifting to the “silver generation”, and it is expected that the retirement of a large number of “baby-boomers” will have a significant impact on corporate society.

Age pyramid of population as of Oct. 2004



※The population is omitted at the age or more of 90 because the population by age cannot be understood.

Source: Ministry of Internal Affairs and Communications

1.1 Case1) Yamaha ; Instrument-Related Business for the Baby Boomer Generation

“Music lessons for 50 year-olds or older” as a service business is earning additional revenue along with selling instruments as a manufacturer. These two business models are creating a virtuous cycle.

What is Background?

Retirement of a large number of “baby-boomers”, loved pop music when they were young

- They have a relatively large amount of money and free time, and are the “Beatles Generation”

Who is YAMAHA?

A general instrument manufacturer covering everything, managing music schools with approximately 700,000 students around the world at the same time

- Yamaha music schools started in 1954 and 5 mil. children have taken the courses in the past 50 years

Yamaha’s Competencies

- Capability to operate music classes oriented to students of different ages
- A broad ability to develop musical instruments, from grand pianos and wind instruments to digital electronic instruments

What they Achieved?

Opened a music course; “Music lessons for 50 year-olds or older”, designed for the senior who have not played any instruments and are beginners

- You can take lessons without owning an instrument, not being so intensive and inexpensive

Beginning to Create a new market for the silver generation

- 30 to 40% of the students have purchased their instruments, in particular, from the area of products where a high profit can be expected

The requirements for innovation in the silver market learned from YAMAHA

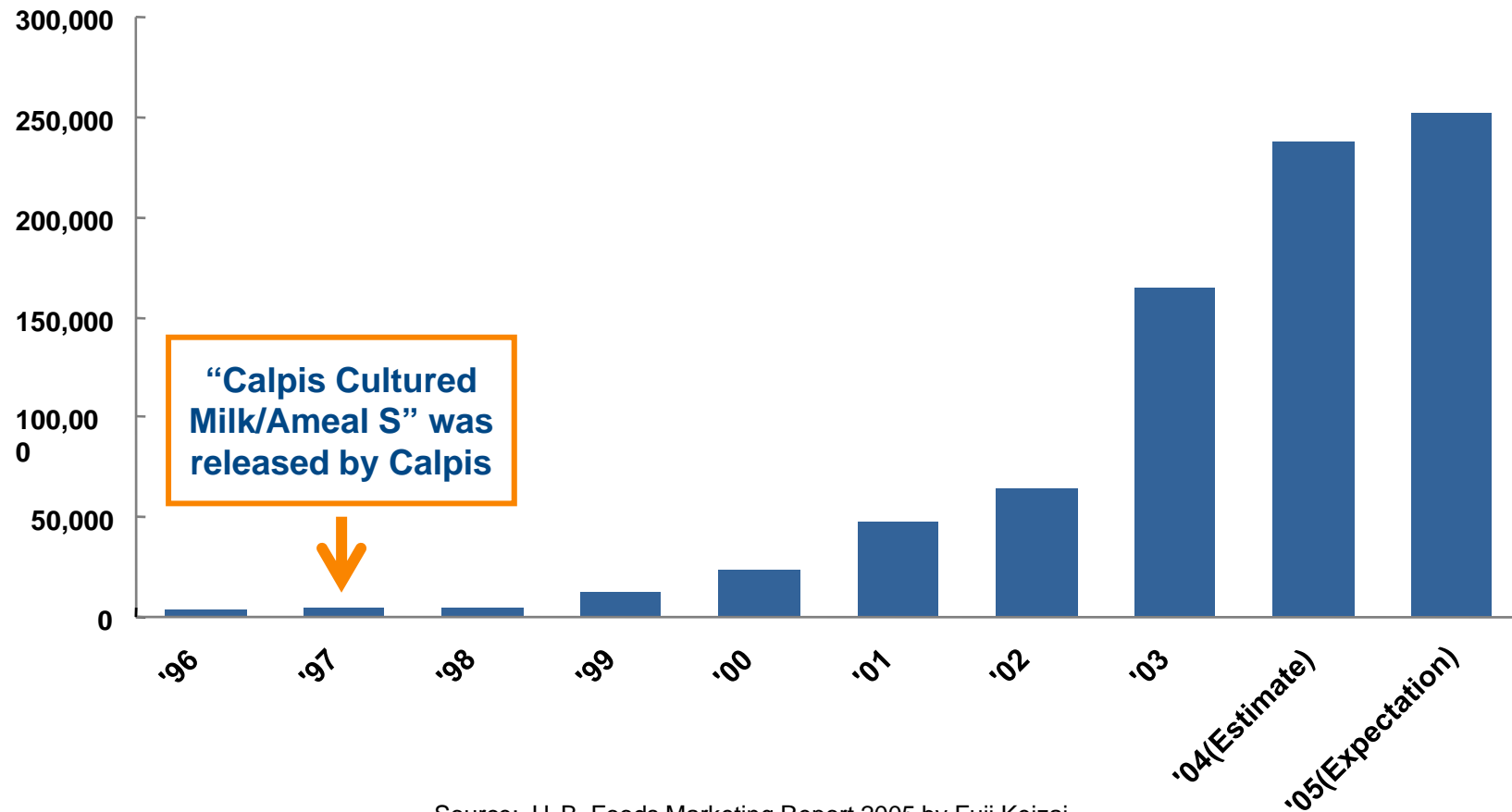
- ◆ **Consider the silver market as a “Revival market”**
- ◆ **A technological breakthrough is not necessarily needed to create innovation**
- ◆ **Comprehensively utilize the unique management resources and skills of the company**
- ◆ **Establish product/service quality and a brand that satisfies the silver generation’s “desire to have real things”**

1.2 Case2) Calpis ; Creation of the Beverage/Food Business for the Silver Market

The market for Preventing Lifestyle- Related Diseases was created by innovative products and grew drastically past several years.

Trends in the Market for Preventing Lifestyle- Related Diseases

(Million yen)



Source: H·B Foods Marketing Report 2005 by Fuji Keizai

1.2 Case2) Calpis ; Creation of the Beverage/Food Business for the Silver Market

With their corporate philosophy to serve the world with “delicious and healthy” food, Calpis has innovated a functional drink market for silver generation.

What is Background?

Growing of the consciousness of silver generation’s “Nutrition Intake”

- It’s from their “positive” desire to maintain the QOL (Quality of Life) as much as possible

Who is Calpis?

A pioneer in the current functional beverage/food boom who has been devoted to developing and supplying “delicious and healthy” products

- Started the business developing “Calpis”, a lactic acid beverage inspired by horse milk wine

Calpis’s Technology Platform

- Starting with “Calpis Cultured Milk,” development technologies in beverages/food products, as well as technologies in using fermentation and enzymes, technologies in utilizing microorganisms, and technologies in evaluating nutrition & functionality

What they Achieved?

Released the world’s first lactic acid drink suitable for people with high blood pressure, applying the effect of Lacto-Tri-Peptide (LTP)

- It received the “The Food Ingredient Research Award” which is given to an innovative technology/ concept by the Food Ingredients Europe (FIE)

Has maintained a certain level in the food-related drink market that is seeking to mitigate adult diseases

- They released a lower-calorie version of AMEAL S, and “Interbalance L-92” for various sinus conditions including hay fever, or so

The requirements for innovation in the silver market learned from CALPIS

- ◆ **Apply the technologies that were cultivated over the years to the silver market**
- ◆ **Re-appeal for a brand that the silver generation used to like (in the past)**
- ◆ **Appeal for needs specific to the growing silver generation**

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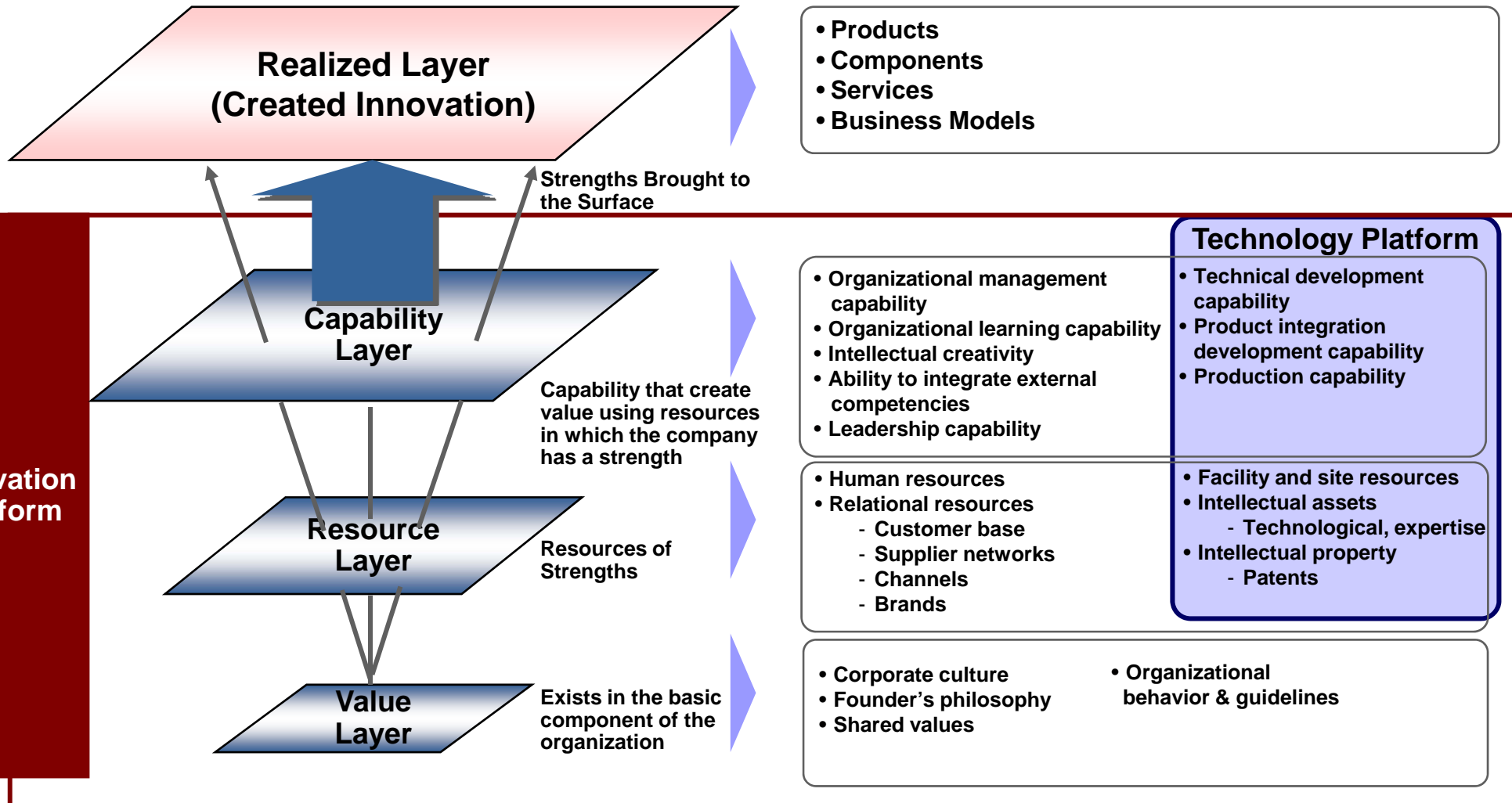
2 Innovation Platform and the Silver Market

2.1 Concept of Innovation Platform

2.2 Innovation Platform of Yamaha and Calpis

2.1 Innovation Platform and the Silver Market : Concept of Innovation Platform

We identified a new corporate management model for innovation by carefully looking into the “Origin of the Innovation”, i.e., Innovation Platform.



2.2 Innovation Platform of Yamaha and Calpis



Music schools, pianos, wind instruments, string instruments, percussion instruments, and electronic musical instruments



Ameal S, Interbalance and others

