

ASIA

SHAPING YOUR FUTURE





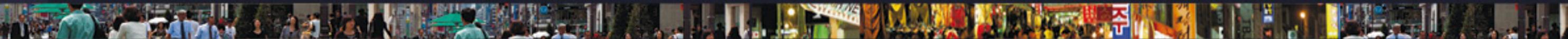
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OPENING SESSIONS

*Japan Insights
a Consistent Innovator, Rooted in Tradition*

WEDNESDAY 12 JUNE



GARETH ACKERMAN MUHTAR KENT

Welcome to The Consumer Goods Forum

Gareth Ackerman, Chairman of Pick n Pay Stores Limited and Co-Chair of The Consumer Goods Forum and Muhtar Kent, Chairman & Chief Executive Officer of The Coca-Cola Company and Co-Chair of The Consumer Goods Forum, welcomed delegates to The 57th Global Summit.

Ackerman and Kent announced the election earlier in the day of two new Co-Chairs for The Consumer Goods Forum. Paul Bulcke, CEO of Nestlé S.A Group and Dick Boer, CEO of Royal Ahold will take office at the conclusion of the Summit.

In providing a perspective on the global consumer landscape, both Ackerman and Kent emphasised the overriding importance of youth. Ackerman said that no generation in human history came remotely close to the degree of connectedness enjoyed by today's youth market. That was a dynamic relationship: a quarter of all internet searches for the top 20 consumer brands resulted in links to user-generated content.

Kent characterised this as the "Youth Generation". He added that already, a majority of the world's population was under 30 years of age. By 2020, over 1.2 billion people would be under 30 in China and India alone. This generation was moving to cities in record numbers, was born digital and had very high expectations. Moreover, young people knew that consumer goods companies had the resources, the influence and the skills to bring about positive change. Companies needed to recognise that, engage directly with customers and give them the grounds to be advocates and ambassadors for their brands.

Kent said The Consumer Goods Forum members should be taking lessons from the Summit to shape not just their own futures, but a better world for the Youth Generation. He could not think of more noble work.



Gareth Ackerman
Chairman
Pick n Pay Stores
South Africa



Muhtar Kent
Chairman & Chief Executive Officer
The Coca-Cola Company
USA



The Consumer Goods
FORUM
The Global Network Serving Shopper & Consumer Needs

The Consumer Goods
FORUM
The Global Network Serving Shopper & Consumer Needs

HER IMPERIAL HIGHNESS PRINCESS TAKAMADO

Opening Keynote Address

Her Imperial Highness Princess Takamado addressed the Summit in the opening keynote address. She said that businesses were starting to value the concept of natural capital, but nature was not for free.

The Princess drew a distinction between environmental contributions, however well intentioned, and corporate social responsibility in its fullest sense, which was about business processes as well as customers and other stakeholders. Economic, social and environmental performance were all relevant and related; businesses had to identify projects which were important to them, their products and their markets and then make substantial contributions.

Some companies had already made considerable progress. The Princess referred to one which had already set a goal of having sustainable sourcing for all of their agricultural products by 2020.

Both businesses and NGOs had to work together to set actionable goals and standards for traceability and transparency. Both needed to exhibit conscientious, strong leadership for the good of the earth and its people.

The Princess observed that sustainability was about the intelligent use of limited resources. She closed her remarks with the hope that the Summit itself would come up with a number of intelligent and creative solutions for the creation of a more sustainable society.

Her Imperial Highness
Princess Takamado
Japan





PR YOKO ISHIKURA

MOTOYA OKADA

Is Japan Changing?

Japanese Retailer Perspective

Professor Ishikura asked whether Japan's three-pronged combination of fiscal, monetary and growth strategy policies would really mark the end of two "lost decades". As she noted, the world was watching very carefully to see what lessons could be learned about emerging from a long period of low or zero growth.

Her answer was cautiously optimistic, but she drew attention to the divisions which lie within the structure of Japanese society: in addition to the generational divide of a super-ageing society, there were major gender and industrial imbalances. Japan currently ranks at 101 of 135 nations for its proportion of women in top positions; its service sector has as strikingly low productivity as its manufacturing sector's is high.

Professor Ishikura also drew attention to changes in consumption patterns: a shift to sharing over owning, a continued rise in households comprising just one or two people and a shift in customer attention from products to experiences.

Conversely, Japan had considerable hidden strengths. Its people were masters of detail, Japanese hospitality was excellent, the sophistication of Japanese customers meant homegrown innovation had to pass a very high bar and the nation could draw on superb technology, especially with regard to energy and the environment.

Motoya Okada observed that this was the third Global Summit to be held in Tokyo. Since the last, in 1985, the world had gone through drastic changes – and so had Japan. Back then, the GDP growth rate had been 6.3%, driven by baby boomer consumers; since then, deflation had set in. Grocery prices in that period in Japan had hardly changed; in the US, they had increased by 45%.

Okada explained that the Japanese retail sector was fragmented by global standards, with the top three players accounting for just 30% of the market. Stores were much smaller, partly as a consequence of legal restrictions on larger formats. Profitability suffered from low labour productivity and limited private label penetration; a typical Japanese retailer was operating with half the net margin of its US counterpart.

Within this picture there were distinct pockets of growth. Despite overall numbers falling, urban population was still climbing. The number of aged customers was increasing in absolute as well as relative terms, with seniors who were the richest in the world, and e-commerce was growing at 10% annually.

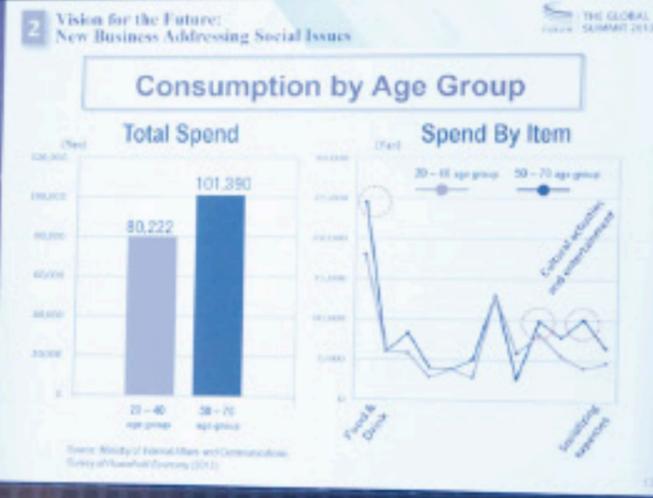
Aeon had looked to meet these opportunities by expanding their "My Basket" neighbourhood store format, experimenting with an experience-rich store for seniors and growing their online grocery business.



Professor Yoko Ishikura
Keio University Graduate School of Media Design
Japan

Motoya Okada
President & Group CEO
Aeon Co., Ltd.
Japan





MOTOKI OZAKI

Japanese Manufacturer Perspective

Motoki Ozaki argued that consumer expectations, which had originally expanded from functional to emotional benefits, were now extending to social ones.

Ozaki distinguished between active seniors, those in the third of their four life stages, and those in the latter stages of ageing. Whereas the challenges of the fourth were often connected with locomotion, the third stage was increasingly compromised by metabolic syndrome and its associated disorders.

Their work had gone beyond functional foods, beverages and food supplements to personal counselling – and to work with other businesses as well as directly for

consumers. Their QUPIO initiative, developed in partnership with Ajinomoto, was a prevention programme for use with members of health insurance societies, tailoring information to the results of individual health checkups and offering lifestyle support from a specialist. Ozaki also explained how Kao were integrating awareness of the needs of active seniors throughout their value chain. Product design increasingly took account of difficulties with finger manipulation and carrying heavy weights, while marketing communication was adjusted for those with difficulties in hearing and seeing.

These lessons might be being learned in Japan, but they would soon have relevance for the rest of Asia and the world. Japan was a benchmark for global strategies to serve active seniors.



Motoki Ozaki
Chairman of the Board
Kao Corporation
Japan



PR MUHAMMAD YUNUS

Shaping the Future with Trust

Professor Yunus described the origins of Grameen Bank, triggered by his exposure to the effects of loan sharking on residents of the village closest to the university campus upon which he had been teaching economics back in 1976.

The first microfinance initiative, Grameen Bank had grown considerably and was now lending in excess of \$1.5bn a year. Its operations had extended to the United States, where loan amounts were somewhat higher – on average \$1,500 – but default rates were almost as low as in Bangladesh.

Yunus said business was able to solve a wide range of problems. He described the foundation and growth of more than 60 companies in Bangladesh, including a series of eye hospitals specialising in performing cataract procedures for the poor and very poor. By charging \$12 to those who could afford it, they could provide the same operation for \$1 for the very poorest.

Now larger companies were working with Grameen to develop Social Business Funds for seeding and nurturing multiple new enterprises, and sometimes on a greater scale. Yunus highlighted a joint venture in Bangladesh undertaken with Danone, who had created a yogurt for malnourished children on a non-profit basis.

Pr Muhammad Yunus
Nobel Peace Laureate,
Chairman of Yunus Centre and Founder of Grameen Bank
Yunus Centre
Bangladesh





HOW TO GROW

Cracking the Code on Asian Consumers
Global Retail Success Stories
Adapting Our World to Modern Consumers

THURSDAY 13 JUNE





RYUICHI ISAKA

KISHORE BIYANI

Responding to Changing Customer's Needs

Case Study 2

Ryuichi Isaka explained how the growth of the 7-Eleven business in Japan had been based upon a resolute focus on customers, even though, as he noted, "Convenience for the customer is often inconvenient for us".

He cited the onigiri rice ball as an example of how 7-Eleven's business had mirrored changes in society. Historically made by housewives in the morning for their husbands and children to take out for lunch, they had introduced it as a new product in the 1970s. Now they sold 1.7 billion units a year.

Similarly, 7-Eleven had pioneered bill payments in store and introduced a range of banking and other services.

Nowadays, one third of utility bills in Japan were paid in convenience stores.

Isaka ascribed the success of their business in part to the franchise model they had adopted, relying on local knowledge and careful attention to detail and benefiting from central systems and scale. Thus a local franchisee could tailor their fresh food order by 11.00am for delivery that evening from production facilities owned and managed by the company. Franchisees had also enthusiastically adopted home delivery systems, a major growth area given Japan's ageing population.

Kishore Biyani said India was the most heterogeneous market in the world. It was complex, it was inspiring – and it contradicted every theory you might have. It was also an effortless integration of seemingly paradoxical ideas: he pointed out that in mythological terms, Indians were familiar with the gods of destruction and creation working in parallel.

Biyani's prescription for success in India was based upon winning hearts, getting mindshare and understanding the market. Consumption in India was critically driven by festivals; he explained how Future Group had learned to run their promotional calendar on the lunar cycle from

which these were traditionally calculated. And he noted that segmentation strategies had to be multidimensional, and reflect community identity as much as socio-economic measures.

As pioneers of modern retail in India, Future Group had needed to build its own infrastructure and train people with knowledge that couldn't be found in the marketplace. Their loyalty scheme, which rewarded customers with telephone airtime, was now subject to a major analytics investment. Their educational campuses trained 500 a month. In questions afterwards, Biyani said extraordinary growth in India was sustainable for those consumer companies who could provide products at a price that triggered massive category demand.



Ryuichi Isaka
President and Chief Operating Officer
Seven-eleven Japan Co., Ltd.
Japan



Kishore Biyani
Group CEO
Future Group
India

GEPING GUO

The Changing Face of Retail in China

Madame Guo of the CCFA said that after 20 years of rapid development, there were distinct changes in speed, format and channel in the Chinese retail market.

There had been a marked slowing in retail sales growth in China, partly because the most recent expansion had been in less well understood and smaller cities and towns where in turn there was less experienced management capacity.

In terms of format, traditional supermarkets were being steadily replaced by modern, fresh food-driven supermarkets. There was a significant pipeline of new shopping centres and department stores. In some regions, saturation would be reached in the next few years. Within these developments, though, she noted a shift in space utilisation from conventional retail stores to foodservice and leisure.

Madame Guo also emphasised the speed and scale of the online opportunity in China. With 540 million online, she said China already represented the largest population of internet users in the world, with RMB 1.2 trillion of sales (almost US\$200 billion) in 2012 and an estimated RMB 4.2 trillion bought online by 2020 (around US\$675 billion).

Chinese retailers were faced with two types of challenges at once: to change from a business logic based on scale and quantity to one of efficiency and effectiveness, while at the same time changing to multi- or omni-channel operations.



Geping Guo
Chairperson
China Chain Store &
Franchise Association
China



XIU JU LUAN

Retail Trends in China

Xiu Ju Luan described the evolution of COFCO from a small business trading in edible oils and other foodstuffs to a diversified conglomerate with a presence throughout the value chain for most of its products.

She set out the major market trends COFCO had identified from their research as ones of premiumisation, ageing, health, the effects of a fast-paced lifestyle and increasing demands for corporate social responsibility policies.

She also described the results of consumer research which indicated that the two most important food purchasing drivers were safety and health, with taste ranking third. At store level, she noted that behaviour in larger store formats was changing, with customers visiting less frequently but buying more on average each time.

In commenting on the prospects for online retail in China, Xiu Ju Luan said that the growth in food retail was set to be explosive, with forecast growth rates of 64% in the coming five years. By 2017, it was forecast it would account for 7.3% of the Chinese food market by sales. That in turn reflected a rapid increase in the internet user base, especially using mobile devices, and continued increases in online shopping frequency.



Xiu Ju Luan
Executive Director and
Managing Director
China Foods
China



JIE HONG

Insights on Chinese Consumers

Jie Hong explained how a series of overseas consumer goods players had been successful in China through joint ventures, highlighting the growth of Esprit, SAB Miller's Snow beer brands and a partnership with Kirin for manufacturing non-alcoholic beverages.

The growth of the previous years had been spectacular: disposable income per capita had increased more than 10 times in 20 years. In that time, consumer understanding and usage had been transformed. Jie Hong described how shampoo had replaced soap across China; from being a gifting item in the early 1990s, it now enjoyed 92% market penetration. On the other hand, there remained significant differences in regional development, with growth markedly slower in the largest Tier 1 cities than in Tier 2 and 3 ones.

The Chinese market and consumer behaviour were very diverse, whether looked at from a regional perspective or comparing urban with rural behaviour. That was reflected in different preferences for pack type and size, as well as price sensitivity.

Jie Hong noted that while most of the world's largest retailers were active in China, it was also true that some of the fastest growing players were local retailers. To potential market entrants, his recommendations were to be prepared for continuous investment and to accelerate localisation.



Jie Hong
Chief Executive Officer and Executive Director
China Resources Enterprise
China

TAKAHISA TAKAHARA

Normalisation in the Era of the New Normal

Takahisa Takahara said that consumer goods companies were coming to terms with the "New Normal" – a world of multiple economic centres rather than one based around the US, the playing out of a number of demographic macro-trends, technological transformation and the damage caused by the social climate and natural disasters.

Takahara explained that in turn, Unicharm was dedicated to a specific form of normalisation, which was coming to terms with a society in which ageing citizens had radically different health and personal care needs, but in which they could and should be enabled to live active lives. While much attention was paid to total life expectancy, Takahara said it was as important to minimise the gap between average and healthy life expectancies. That meant

taking specific measures to help the oldest consumers not simply lie in bed waiting to die, as well as making it easier to care for them.

Pioneering Unicharm products had included pad-type diapers, which were faster and easier to change, and incontinence underwear designed for physical therapeutic purposes, encouraging aged people to exercise and get to the bathroom by themselves. In doing so, Unicharm aimed to meet both the necessities and enable the dreams of physical activity.



Takahisa Takahara
President & CEO
Unicharm Corporation
Japan

WEILONG LI

Retail Success Through Customer Service & Retail Entertainment

Weilong Li said that his early experiences of collective life in a family of Liaoning oilfield workers had only strengthened the importance of family as the central concept in business as well as personal life: the idea of working and sharing together lay at the heart of Xinglong Happy Family.

After resigning as a schoolteacher, Weilong Li had undertaken a series of entrepreneurial ventures until 1992, Deng Xiaoping's famous speech on his journey to the south of China had triggered reform – within a year, he and former schoolmates had joined forces to establish one of the first new shopping centres in Panjin.

He described a major award-winning customer service initiative, Xinglong Happy Family's Kung Fu Master List series, in which the retailer had defined 360 areas of customer service and then encouraged, trained and celebrated mastery of each amongst their workforce. That was embodied in butchery skills – “a big show on a small stage” – where customers were more than happy to queue for service by someone with evident skill.

Weilong Li made a powerful case for the continued relevance of the physical store in the digital age: interaction and sharing experiences remained the core competence of the company. Xinglong Happy Family had learned to turn their stores into entertainment centres around major festivals, and planned to integrate technology-driven retail fully with their store network.



Weilong Li
Chairman and CEO
Liaoning Xinglong Happy Family
Commercial Group Co
China



DICK BOER

E-commerce Experiences in a Localised World; Insights from Different Operating Models

Dick Boer explained how developing a comprehensive multichannel strategy had emerged from Ahold's broader Reshaping Retail initiative. It was just the latest in a series of reinventions to follow the needs of the customer in Ahold's 125 year history.

In doing so, Ahold was facing competition not so much from other retailers as from the customer; for the mobile phone and its many apps had already set the standard that retailers would have to match. The new business models retained three core elements of the existing business: providing access to products, the “matchmaking” which personalises promotions and draws attention to the new, and the management of physical flow which makes it easy to get products.

In the first two areas, online competitors had a structural advantage. But delivery presents more of a challenge, so as incumbent food retailers Ahold had a great opportunity. They now offered a choice between going to the store, collecting at dedicated pick-up points with centralised picking or full home delivery.

Boer explained how buying bol.com had given Ahold access to digital assets and capabilities; as they were developing their online grocery offer, so they were incorporating the bol.com offer into their mainstream stores – already some 5% of products purchased from the site are picked up in Ahold's Albert Heijn stores. They were also running successful cross-promotions for products as diverse as barbecue supplies and e-readers.



Dick Boer
President & CEO
Royal Ahold
The Netherlands



TADASHI YANAI

Models for Successful International Expansion

Tadashi Yanai described Uniqlo as representing a toolbox to create style and lifestyle, and the company's mission was to help everyone in the world have access to good quality, low priced clothes to do that. He pointed out that using clothing as a class differentiator was essentially a Western phenomenon. It was easier for a Japanese company to develop a line based on equality.

Yanai described a dramatic growth journey which had included some slips, although he argued that whereas success stories were boring, you could actively learn from mistakes. He cited the example of Uniqlo's first efforts in the United States, opening three stores simultaneously in New Jersey malls with very little consequence, renting temporary premises in SoHo to clear

overstock and almost inadvertently learning there was latent demand for the brand in New York City.

Yanai explained that Uniqlo's success was integrally connected with its management philosophy, which was to use a very flat organisation structure and to require everyone to "wear the boss's hat" – to think like and act on behalf of the most senior manager in the business. In the next stage of the company's history, it would have to preserve that way of thinking while establishing a truly global headquarters.



Tadashi Yanai
Chairman, President and CEO
Fast Retailing Co., Ltd.
Japan

DR SHINSUKE MUTO

Creating Secure Community for the Elderly: A Model of Leading Ageing Society

Shinsuke Muto explained how the calamitous events of the 2011 earthquake and tsunami had helped develop thinking about the delivery of multiple services to the rapidly rising number of Japanese households comprising just one or two older people. By 2030, these would account for 70% of all Japanese households.

By visiting thousands of homes directly to assess medical and social needs, he and his team had managed to collect detailed information about the status of 10,000 households in the area. He had started a second clinic to deliver a wide of therapeutic services.

The experience had supported the idea of a cloud system of home medical support – for it was clear a full picture of needs could only be obtained by direct visiting. Equal-

ly, however, the sheer range of services required could not be funded for much longer by central government, nor provided by any single private organisation. In any case, it was important to keep families and friends connected for both better risk management and service delivery.

Dr Muto said Japan had the opportunity to create a new global industry in senior care; one which encouraged activity in seniors but also pre-empted health crises by routine monitoring. Delivery drivers could work alongside doctors in such a networked solution.



Dr Shinsuke Muto
Chairman
Leading Aging Society Forum
Japan

KJELL NORDSTRÖM

Hyperreality, Modern Consumers and the Secret of the Nordic Super Models

Kjell Nordström said that profound changes had already been brought about by globalisation and knowledge development. Even if the first force of globalisation was slowing down, it was not about to go backwards. The spread of democracy would continue. But as to this second force, he said "we ain't seen nothing yet". The effect of digitalisation in knowledge would be as dramatic as the mechanisation of agriculture a hundred years before.

The next wave of industrialisation would take place in cities – and would once again incorporate the West, for there could be no comparative cost advantage with zero labour cost. But this fundamental disruption of both

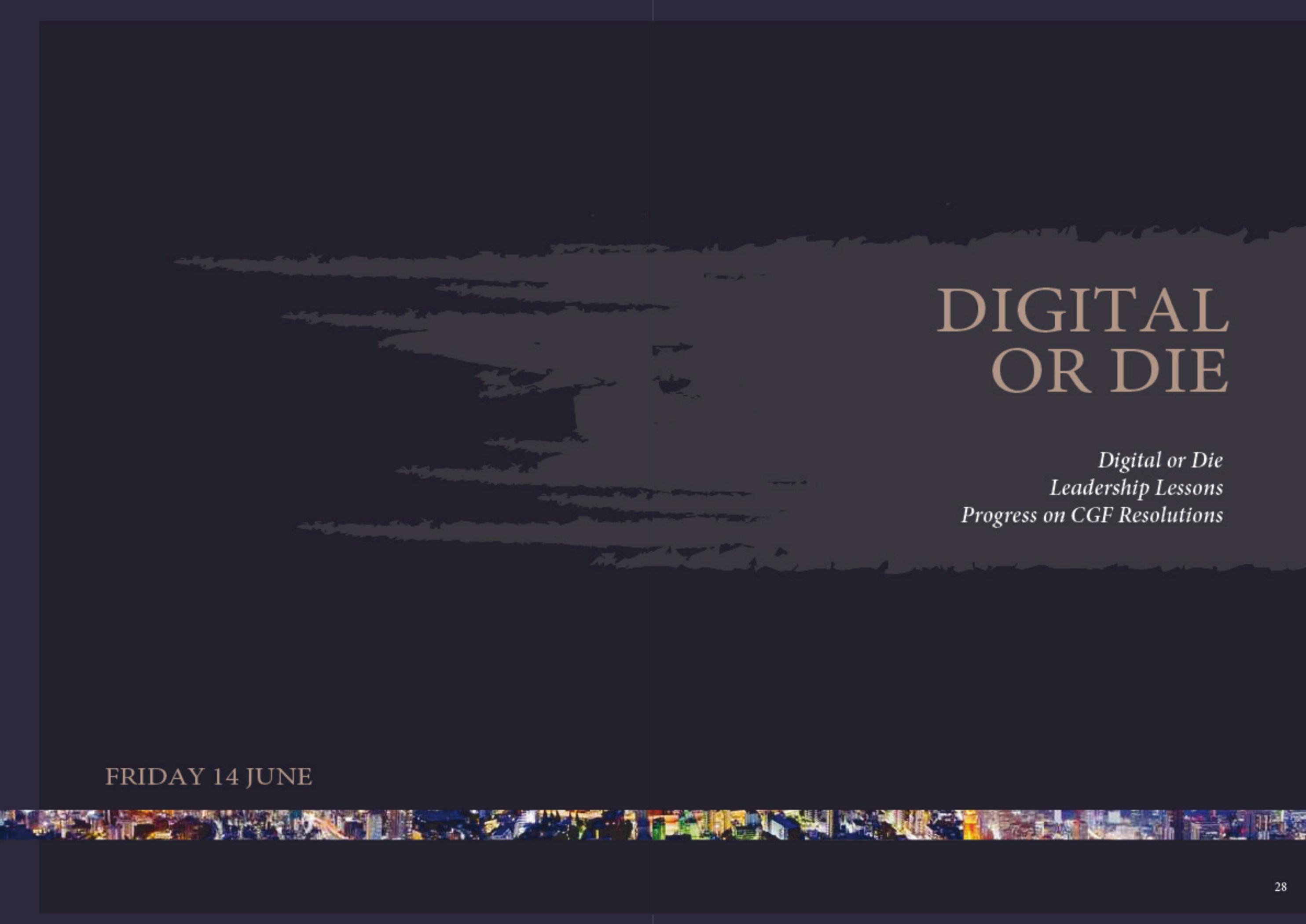
production and transaction costs would have profound effects. Collaboration would become a necessity, and fixed forecasting futile.

Nordström said a separate force, acting globally, was the rise of women in education. The trend had been noticeable first in the Nordic countries but was spreading fast. In conjunction with a tendency to greater economic disparities generally, it was hard not to conclude that we were creating a new underclass of young, stupid or undereducated men. A less appreciated consequence of this gender shift was a generalised difference between men and women with regard to risk. Lehman Sisters would have been an entirely different bank.



Dr. Kjell Nordström
Associate Professor
Sweden





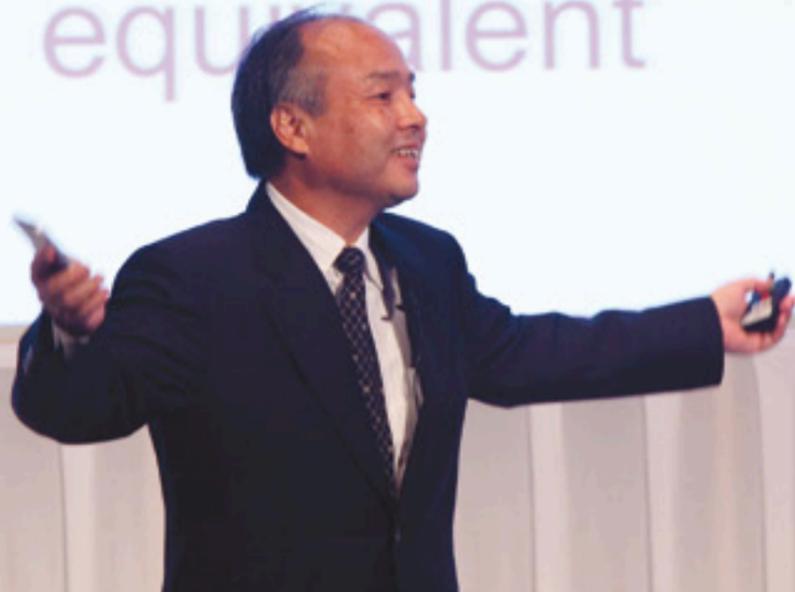
DIGITAL OR DIE

*Digital or Die
Leadership Lessons
Progress on CGF Resolutions*

FRIDAY 14 JUNE



30k yrs equivalent



MASAYOSHI SON

Digital or Die

Masayoshi Son described the moment in the 1970s where, reading Popular Science, he saw the picture of the first single chip computer and realised it would change the world. Since then, the transistor count per chip had risen consistently, and by 2018, an individual chip would contain more than the equivalent number of neuronal switches in the human brain. But Son said even the timing of that event was insignificant if you looked forward 300 years, for at that range the processing, storage and self-learning potential of the chip would realise the dreams of science fiction: a world of connection, education, telemedicine and robot companions.

In the shorter term, big data represented a goldmine. Son said SoftBank had used their own dropped call data from

750 million communication logs per month to make radical improvements in coverage and call failure rates, and now offered the most reliable network in Japan. Using their own search data from their O2O website to trigger promotional campaigns delivered to mobile handsets, SoftBank had partnered with retailers and manufacturers. 45,000 stores in Japan were linked to their coupon system.

Son said that without a greater moral purpose, there was no point to the information revolution. Its aim had to be the reduction of sadness and the increase of happiness.



Masayoshi Son
Chairman & CEO
Softbank Corp.
Japan



RYUHEI AKIYAMA

Understanding the Digital Consumer & the Trends that are Revolutionising Retail

Ryuhei Akiyama said there were three characteristics to big data: volume, variety and velocity. Businesses engaged in social listening had to cope with all three.

Akiyama distinguished between two types of interlocking marketing cycle driven by big data: that of the big cycle and the small cycle. The big cycle took big data to generate big findings and in turn, trigger big ideas. The small cycle used big data to generate small findings and then small ideas, the accumulation of which could be very powerful.

As examples, Akiyama described the big cycle of Burberry's refocusing their business as a result of understanding that affluent customers in their growth markets were generally younger, not older. They had accelerated their transition to digital platforms, changed their product design and used younger models in their marketing.

Conversely, Kraft's Oreo team, working closely with data planners, analysts and creatives, had been able to respond to the blackout in this year's Super Bowl within ten minutes, generating copy which was retweeted and liked 15,000 times.

Most dramatically, Akiyama reported how Honda's InterNavi system, using GPS data from drivers with the system, had produced vital data in the aftermath of the 2011 earthquake and tsunami. Published as open source, it enabled people to know exactly which roads were functioning and which were not.

Ryuhei Akiyama
Director & Senior Vice President
Dentsu Inc.
Japan



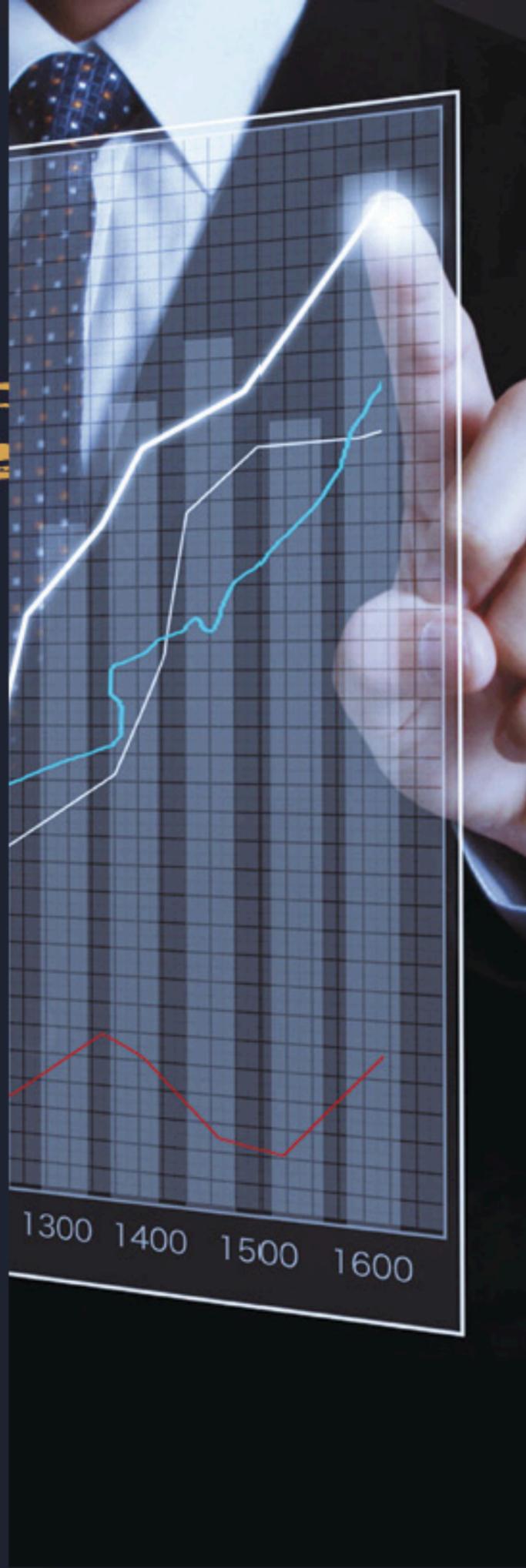
SEAN GOURLEY

Decoding Big Data - and Locating Your Next Strategic Opportunity

Sean Gourley said that Big Data offered great prospects, but could also sometimes lead to a kind of naive empiricism – that if something could be expressed numerically it was real, and that if it could not be measured, then it was not of any significance. The first wave of Big Data applications had been largely driven by an advertising model; using research to optimise execution of existing solutions.

So far, analytics struggled to solve bigger questions – not how to design the cereal box, but what kind of cereal to sell, or even whether to sell cereal at all. Data and prediction alone cannot shape or change the world. Gourley explained the concept of augmented intelligence: using the superior speed and storage capacity of computation to accelerate the process by which human beings typically acquire the deep pattern recognition of expertise.

He showed how narrative analysis – understanding how stories unfold – could be used at scale by identifying the digital signatures that accompanied text and metadata, whether in press coverage of CEOs or the subject matter of patent applications. Physics engines – software which could generate visual representations of complex data – allowed humans to apprehend vast quantities of data fast in a form they could understand – and use to gain insights and spot opportunities that went beyond optimisation.



Sean Gourley
Physicist, Political Advisor, TED
Fellow, Founder and CTO
Quid
USA



DICK BOER

MUHTAR KENT

PAUL BULCKE
by video message

DANNY WEGMAN

Health & Wellness

Dick Boer kicked-off the session with an introduction into the three CGF resolutions around access and availability of products and services that supported healthier diets and lifestyles, transparent fact-based information to help consumers make informed product choices and communication and educational programmes to help raise consumer awareness. Boer explained how being a responsible retailer was absolutely fundamental to Ahold because it was the only foundation upon which sustainable growth could be built.

Paul Bulcke addressed the Summit by video. He said non-communicable diseases now accounted for a majority of deaths worldwide and sometimes the consumer goods industry was in the dock, whether justifiably or not. Consumer goods companies had to ask how they wanted to act, and how they wanted to be seen. Bulcke pointed out that consumer goods companies could, were and had to be part of the solution.

Muhtar Kent said that the consumer goods industry was striving to solve some of the persistent issues of our time. As one of the five strategic pillars of The Consumer Goods Forum, Health & Wellness was vital to the future of The Coca-Cola Company. Kent noted, however, that The Coca-Cola Company understood it could not act alone. Success would only result from government, business and civil society working together.

Danny Wegman said that comparing state by state maps of the United States for obesity and diabetes showed there was an irrefutable correlation between the two. At Wegmans, they had decided to use an extreme focus on specific elements of health and wellness amongst their own colleagues. Wegman also referenced a recent speech by Dr Margaret Chan of the World Health Organization, and that with 10 million employees, CGF members could be a model for the world.



Dick Boer
President & CEO
Royal Ahold
The Netherlands



Paul Bulcke
Chief Executive Officer,
Nestlé S.A.
Switzerland



Muhtar Kent
Chairman &
Chief Executive Officer
The Coca-Cola Company
USA



Danny Wegman
CEO
Wegmans Food
Markets Inc.
USA



PHILIP CLARKE
'by video message'
 PAUL POLMAN
'by video message'

ALEX VON BEHR

GEORGES PLASSAT

Sustainability

Alex von Behr highlighted that The Consumer Goods Forum was sending strong, clear messages on sustainability to the industry and the world. He said that however ambitious, no individual company could have enough impact acting alone on sustainability issues.

Three years ago, The Consumer Goods Forum agreed on resolutions committing the industry to mobilise the resources required to help achieve zero net deforestation by 2020 and to start phasing out HFC refrigerants by 2015.

Speaking by video, Paul Polman, CEO of Unilever, said two major partnerships had been established to help the CGF achieve its commitment on deforestation. The Banking Environment Initiative would help direct capital towards

environmentally and socially sustainable economic development. A second partnership, the Tropical Forest Alliance 2020, had been formed between the CGF and the governments of the United States, the Netherlands, Norway and the United Kingdom. They would be meeting in Indonesia at the end of June.

Also speaking by video, Philip Clarke, Group CEO of Tesco, talked about progress on the CGF's commitment on refrigerants. He noted that when they had first made the pledge, they were not sure they had a viable solution in place. It was now clear that CO2-based systems could be used as a replacement. He reported on the third Refrigeration Summit, recently held in London, which was dedicated to the shift to natural refrigerants.



Philip Clarke
 Group CEO,
 Tesco
 United Kingdom



Paul Polman
 CEO,
 Unilever
 United Kingdom



Alex von Behr
 Chief Customer Officer,
 Unilever
 The Netherlands

Perspectives on Leadership

Georges Plassat provided his perspective on leadership in personal terms. He was frank about the contingent nature of the bond between CEOs and their colleagues – while successful leaders depended on the trust of their teams, those who were unsuccessful were rarely mourned for more than a few hours after their departure.

Plassat emphasised the importance of context. He said that there were circumstances, there were individuals and there were companies, and all three had to fit together for success. Even then, it was often the circumstances which allowed matters to turn out well. So while leadership itself was critical for adaptation to change and success, leaders themselves were relatively dispensable. Nor was there one ideal type of leader, and neither could a multinational business be run in a homogenous fashion: local knowledge was vital.

He also pointed out how hard it was for organisations to sustain their culture and focus in the long run, and how often the role of the leader was to rediscover the roots of well established companies. Having worked for three companies that had existed for over a hundred years, Plassat said those roots could go very deep, but that they tended over time to be forgotten. The impetus for growth had to be rediscovered.



Georges Plassat
 Chairman & Chief Executive Officer
 Carrefour
 France



MIKE DUKE

Leadership Lessons

Mike Duke said that the scale of population growth, increasing wealth levels and the adoption of technology in Asia were incredible. He argued there needed to be no conflict between this economic opportunity and sustainable growth, saying that in Walmart's experience, sustainability had made the business stronger.

He drew three lessons for leadership from the company's experience. The first was that business had an important role to play in facing the biggest issues facing society, and that companies should be doing more. The second was that integrity had to be hard wired into every part of organisational life – that in turn was part of having a strong civil society. And the third was that no company could do it all alone. Walmart's progress on sustainabili-

ty had been built on listening and drawing upon the expertise of NGOs and supplier partnerships.

Duke cited The Sustainability Consortium and its recent expansion into China as an example of collective effort in this regard. A partner of The Consumer Goods Forum, it brought together suppliers, governments, academics and NGOs to build the scientific basis for sustainable production and distribution techniques.



Michael Duke
President & CEO
Wal-Mart Stores
USA

URS MEIER

How Rapid Reactions Keep You Ahead of the Game

Urs Meier distributed red and yellow cards to every participant at The Global Summit and led a quickfire exercise in making instant decisions about the severity of challenges – whether the player in question each time should have been sent off, cautioned or whether no card was justified.

He explained that speed and decisiveness were vital for top class referees, who were required to make 250-300 instant calls per game. A good referee, he noted, should react faster than the crowd. And he also explained that the first rule of refereeing was only to blow the whistle for what you actually saw.

In this context, Meier's controversial decision not to allow a goal to England in the 2004 European Championships was all the more interesting, because as he said, after 27 years and nearing retirement, he had decided to rely on instinct. His decision, taken from some distance away and with his view obscured, triggered a wave of outrage in England which resulted in his being hounded by the British press and receiving 16,000 emails overnight. But TV replays revealed his instinct had been right, because the Portuguese goalkeeper had been held down by another England player.



Urs Meier
Ex World Cup & Champions League Referee
Switzerland



KLAUS DOHLE

Welcome to Paris – Introducing the Destination for The Global Summit 2014

Klaus Dohle noted that he hoped delegates enjoyed this edition of The Global Summit enough to join again in Paris in 2014. Mr Dohle then introduced a video of French leading lady Ines de le Fressange, which was commissioned by L'Oréal.

In the video, Ines de le Fressange highlighted her favourite Paris hotspots, including some lesser known delights. However, rather than reveal all of Paris' secrets, she recommended delegates come to The Global Summit of The Consumer Goods Forum in Paris in June 2014 to find out more themselves.



Klaus Dohle,
Chief Executive Officer, Dohle Handelsgruppe Holding
& Chairman of The Global Summit Committee



GARETH ACKERMAN DICK BOER MUHTAR KENT

Close of The Global Summit by the Co-Chairs

Outgoing Co-Chairs Muhtar Kent and Gareth Ackerman were welcomed to the stage to officially close The 57th Global Summit. Mr Kent began by expressing his delight at how the Tokyo event had surpassed all expectations, with a special mention saved for the record number of attending delegates. He also thanked the Japanese hosts for their great hospitality. Mr Kent concluded by thanking those who had supported him during this time as Co-Chair, before wishing the new Co-Chairs and Vice Co-Chairs the very best in their new roles.

Gareth Ackerman began by noting his surprise at the amount of work The Consumer Goods Forum was involved in, giving special thanks to Muhtar Kent and the Coca-Cola team for all their hard work and support over the years. Mr Ackerman then shared his appreciation for The Forum and for the positive impact it was having on the people of the world.

Finally, referencing the Health & Wellness videos from earlier in the day, Mr Ackerman reiterated the need for

the new Co-Chairs to help make a difference, before inviting incoming Co-Chair Dick Boer to the stage.

Dick Boer began by thanking both Muhtar Kent and Gareth Ackerman on behalf of himself and fellow Co-Chair Paul Bulcke, who was unable to attend the Tokyo event.

Mr Boer paid special note to how Muhtar Kent had overseen the organisation's positive transformation, before thanking Gareth Ackerman for his support over the last 12 months. Mr Boer also expressed his pleasure that Mr Ackerman would remain involved in the running of The Forum as Vice Co-Chair, alongside Denise Morrison of The Campbell Soup Company.

Dick Boer closed proceedings by expressing his and Paul Bulcke's desire to see The Forum continuing to move forward and develop, driving collaborative change throughout the industry to build better lives for consumers all over the world. He also noted the need for members to keep up their energy and commitment levels, as it is they who need to help implement change and to deliver value to the world.



Gareth Ackerman
Chairman
Pick n Pay Stores
South Africa



Dick Boer
President & CEO
Royal Ahold
The Netherlands



Muhtar Kent
Chairman &
Chief Executive Officer
The Coca-Cola Company
USA

Asahi Breweries & Accenture

Digitizing Your Operating Model for Global Growth

Akiyoshi Koji said Asahi's target market was food and beverage consumption from age 0 to 100, and its vision was to earn trust around the world through generating kando, a Japanese word which combines pleasure, satisfaction and excitement. Asahi's strategy was dependent upon creating additional value aligned with three Cs – the consumer, channels and competitiveness. In communicating with their customers and managing channels, Asahi were looking to use customer and own data in analytics applications, speeding up and simplifying order taking by using iPad applications in their sales force.

Fabio Vacirca said the time to start thinking about digital was now, driven by three major trends. First, one billion new consumers would emerge in the developing world; people buying CPG products for the first time. Second, there was a newly affluent middle class in emerging markets. Third,

some 15 million new retail outlets would be needed to serve that many new customers.

He also predicted a far more disintermediated world with greater fluidity. The scale of digital disintermediation implied a complete rethink of business models. It was a mistake to think of it as another technological project, or to leave it to the IT department alone.

Akiyoshi Koji
Asahi Breweries



Fabio Vacirca
Accenture



Special Sessions

Aeon & Kurt Salmon

Japan's Ageing Society and its Impact on Consumer Behaviour

David Hamaty presented the results of a research initiative undertaken by Kurt Salmon into how better to serve the 65+ segment in Japan and beyond. He noted that the data overturned any lingering belief that seniors were recluses on low fixed incomes: seniors were richer and more active consumers in a number of product categories than their peers.

Hamaty went on to suggest consumer businesses had to develop an explicit senior strategy based around product and service offering, the shopping environment and customer experience.

Jerry Black said the current Japanese retirement generation would be the wealthiest, healthiest and most active in the history of the world. For that reason, Aeon regarded this as the "Grand Generation". Some less obvious characteristics of this generation included their tendency to consolidate credit cards for simplicity, their increased propensity to work and their preference for shopping early in the day.

Key words in senior-oriented markets included "simple and easy" and "health-conscious", and Black noted that intangible things were often appreciated more than tangible ones by this segment. He also noted a wide range of senior initiatives AEON had introduced, including medical and money malls, a culture club, fitness clubs and a pet restaurant as well as slowing down escalators and training 30,000 colleagues to be able to take care of shoppers with dementia.

David Hamaty
Kurt Salmon



Jerry Black
Aeon



Ernst & Young

Profit or Lose: Balancing the Growth Profit Paradox in Asia

Christina Rogers said Emerging Asia was where it was happening. Localisation was the path forward to profitable growth in Asia, but this simple truth was complicated by increasing competition and digital change. And finally, emerging markets business could no longer be based on hope of a "hockey stick" profit function – they had to profit or lose. Ernst & Young's research showed it was increasingly tough to transition a loss-making emerging markets business into the black. But the role in companies' portfolios of these subsidiaries had changed; in the future, they had to be where profit came from, especially for companies struggling with low or no growth at home.

Xiaoping Zhang highlighted eight imperatives to address for success in emerging markets. First was empowering local leadership to be agile. The second was the willingness to disrupt traditional approaches in order to be locally relevant.

Third, companies had to be highly granular in understanding current and future profit pools, adopting city strategies and developing alternative routes to market in rural areas. Fourth, high performers were more likely to create scale by placing bets across price tiers and channels.

Fifth, a balance had to be struck between efficiency and the immediacy of consumer and customer value. Sixth, leading consumer companies avoided reinventing the wheel by clustering for synergies based on common characteristics. Seventh, companies had to flex approaches as the local market developed. Finally, companies had to create a performance culture: one which mandated disciplined execution.

Kristina Rogers
Ernst & Young



Xiaoping Zhang
Ernst & Young



BCG, PepsiCo & Rakuten

Digital Disruption of Consumer Goods and Retail in Asia

Dominic Field said it was important to start with the facts. Three things were changing about the Internet. In 2005, the Internet was one third developing world, two thirds the developed world. That had now reversed. Second, the majority of broadband access was now used with mobile devices. Third, what people were doing online was now far more data intensive than before, especially with regard to video use.

People were spending more time on social media, with a wave of developing markets going "straight to social", and a marked increase in use in Japan and China. Online retail, already big, was getting bigger, whether measured by transacted sales or ROPO: research online, purchase offline.

Richard Lee explained how PepsiCo had used digital technologies to deliver a powerful message around the Chinese New Year at a time when a high proportion of younger Chinese were beginning to question the long-standing tradition of families coming together at Chinese New Year. The Bring Happiness Home campaign saw content

views cross the one billion mark within seven weeks and campaign awareness reached 86%, highlighting how emotional stories are timeless, no matter the medium.

Kentaro Hyakuno explained that Rakuten operated the largest e-commerce site in Japan and were rapidly growing overseas. Unlike other platform retailers, Rakuten were fundamentally shop-centric, creating a global bazaar for local retailers around the world. All 40,000 merchants had access to all of Rakuten's customers; using targeted e-commerce consulting, merchant performance could be significantly increased.

Dominic Field
BCG



Richard Lee
PepsiCo



Kentaro Hyakuno
Rakuten





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THE FORUM'S STRATEGIC PILLARS

The Consumer Goods Forum has structured its services around five issues identified as central to today's industry advancement.



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The Knowledge Navigator is The Consumer Goods Forum online collaborative platform. It was established to enable our members to work together in a transparent and more efficient fashion. It is the place where we share information and insights into our activities and key industry events with the wider membership.

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