



# The World Conference on Intellectual Capital for Communities 9<sup>th</sup> Edition

Session 8 : THE NEXT GENERATION OF REPORTING

## PIGEON's Growth in China with IC -Its Achievements and Future Issues-



**Double Heart**  
Mother's Heart &  
Baby's Heart

"Our Love to Your Baby and  
People who Need Assistance."

This is our corporate philosophy.



2013 . 06 . 07 .

**Waseda Intellectual Capital Research Society**  
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# Company's Profile of PIGEON Corporation

<b>Est.</b>	<b>August 1957</b> <b>TSE 1<sup>st</sup> section (1997) JASDAQ (1988)</b>
<b>Headquarter</b>	<b>Chiyoda-ku Tokyo, Japan</b> <b>(<a href="http://english.pigeon.co.jp/index.html">http://english.pigeon.co.jp/index.html</a>)</b>
<b>Sales</b>	<b>65,075 M JP\ (FY ended 2013/1)</b>
<b>Market Cap.</b>	<b>168,896 M JP\ (As of 5/17/2013)</b>
<b>Number of Employees</b>	<b>3,304 (Including Part Time Worker)</b>
<b>Business</b>	<b>* Production and Sales of Baby and Childcare and Mother care Products</b> <b>* Child-rearing Support Service</b> <b>* Health care and Nursing care</b>
<b>Area of Business:</b>	<b>Japan, US, Singapore, China, India</b> <b>Thailand, Korea, Malaysia, Turkey</b> <b>UK, Germany</b>

# Major Products of PIGEON Corporation

**Production Policy : Safe, Reliable and High-Quality Products**



**Baby Bottles**



**Skincare Products**



**Baby Bottle Nipples**

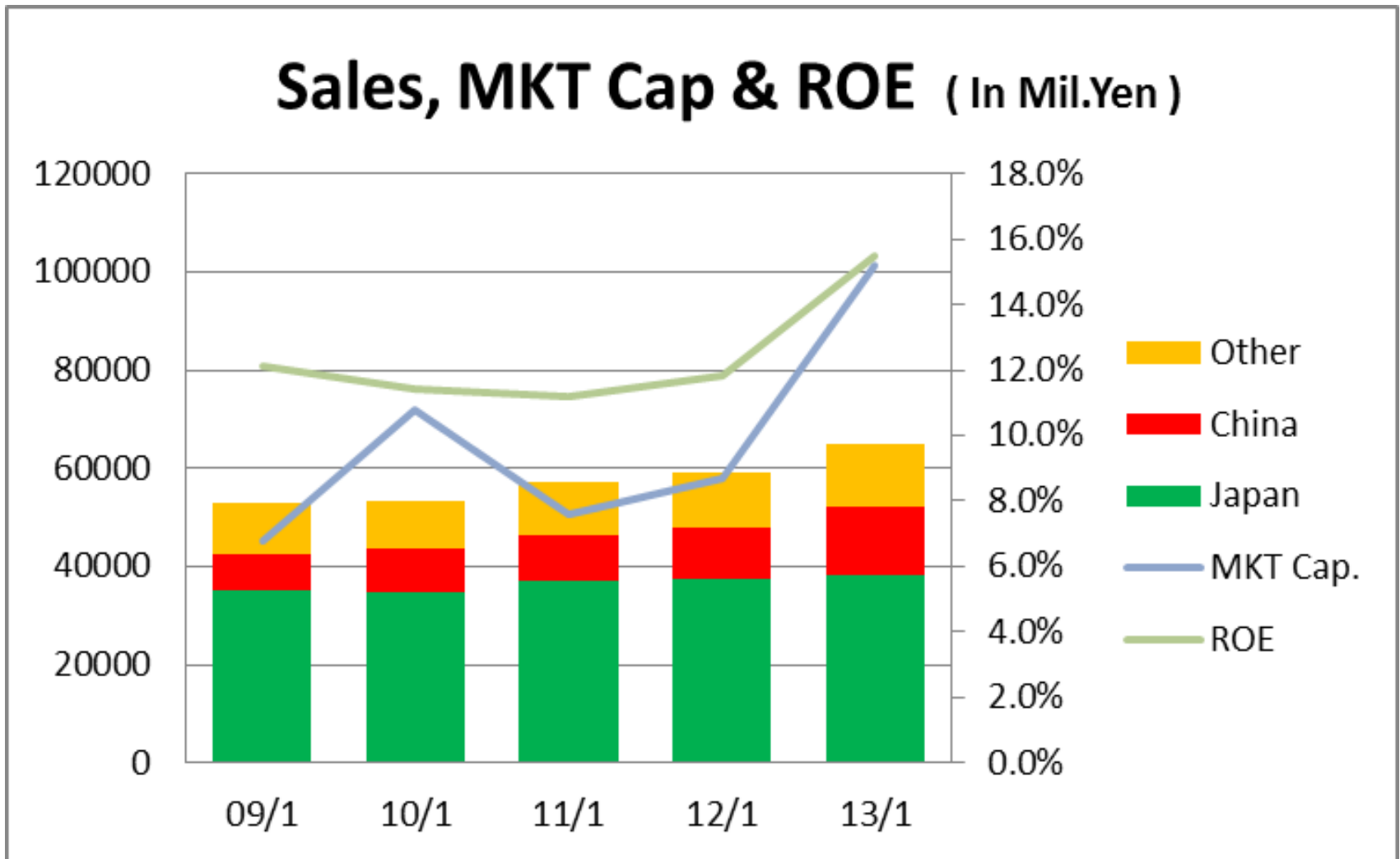
**In total, they produce  
and sell about 500 items.**

(Million Yen)

	2009/1	2010/1	2011/1	2012/1	2013/1
<b>Sales</b>	53,092	53,432	57,062	59,145	65,075
<b>Operating Profit</b>	4,269	4,604	4,546	5,042	7,086
<b>ROE</b>	12.1%	11.4%	11.2%	11.8%	15.5%
<b>Sales in China</b>	7,265	8,685	9,090	10,167	14,112
<b>Market Cap.</b>	45,923	71,875	50,667	58,128	101,172

Operating profit ratio in China is about 25%, which is much more than the level of whole company.

# Financial performance of PIGEON Group





# China Business of PIGEON Corporation

**Starting Business : 2002**

**Sales Headquarter : Shanghai**

**Factory : Shanghai &  
Chazhou**

**Sales :14,112 M JP\  
(FY ended 2013/1)**

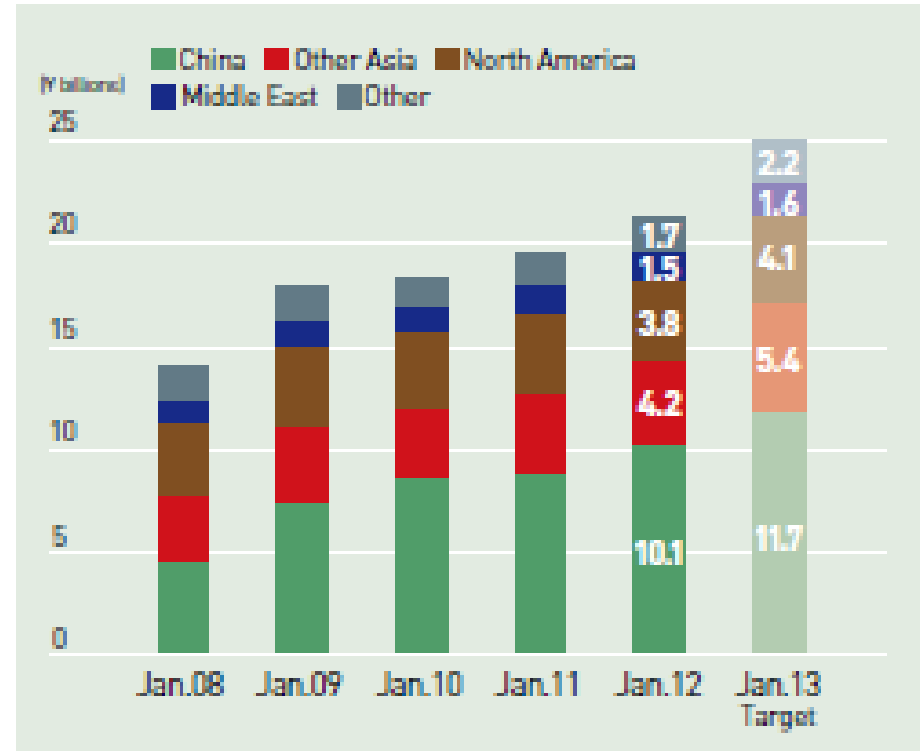
**Number of Employees: About 650**

**Business :Manufacturing of Baby and  
Childcare and Mother care  
Products**

**Major Products : Baby Bottles,  
Baby Bottle Nipples  
Skincare Products**

**Number of new babies in China:16mil.  
for one year**

**Their target customer is about 20%.**



- 1 Deep Share of Corporate Philosophy and Production policy among managers and employees.
  
- 2 Raising the Brand Value
  - \* Using the same Brand and Logo as in Japan, and setting the code for the usage to keep consistent and good image
  - \* Brand Seminar and Brand Book for employees
  - \* Supporting China Government and Maternity Hospitals to set up the childcare counseling rooms for pregnant women
  - \* Donating elementary school buildings
  
- 3 Filing and Protecting design rights and trademarks
  
- 4 Localization of the Products
  - \* At R&D Div. in China, adjusting the products, introducing new products and packages

## 5 Management Continuation

- \* CEO(Japanese) working in China for 11 years
- \* 4 executives including 3 COOs(Chinese) working for about 10 years

## 6 Training & Keeping skillful and motivated employees

- \* Giving the opportunity to learn at Business School
- \* Attractive promotion & compensation system
- \* Training in the same field to make professionals

## 7 Increase the opportunity to communicate with customers

- \* System to hear the customer's opinion
- \* Full-time inside MDs to advise childcare for customers
- \* Experience Center where customer can watch, use and purchase the products

## 8 Good and close relation with distributors and sales agencies

- \* Educating the brand and products of PIGEON to the sales persons belonging to distributors and sales agencies
- \* Exchanging the various kind of information including expense and level of inventory



## Organization Capital

Hybrid between  
Japan & China

- **Corporate Philosophy**
- **Production Policy**
- System to keep and raise the brand value
- Design right · Trademarks
- Localizing system of products.
- Communication system with Customers
- Promotion & compensation system
- Training System for professionals

## Relation Capital

Hybrid between  
Japan & China

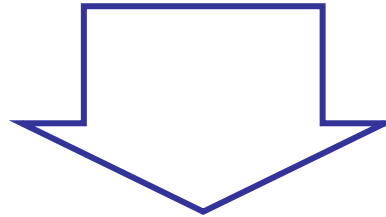
- **Brand**
- **Logo**
- Communication with customers
- Communication with distributors & sales agency in brand, products and business.

## Human Capital

Mainly made in China

- Talented and committed Managers
- Skillful, Motivated and mission oriented Employees

**PIGEON could have been fostering and using Intellectual Capital unconsciously**



## **PEGION'S Success Factors in Future**

- \* To Manage Intellectual Capital Consciously**
- \* To find and use KPI**
- \* To prepare Integrated Report including Intellectual Capital**
  - For**
    - Investors Relations**
    - Recruiting the new talented employees**
    - Increasing the number of good customers**



**Thank you**