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HAVI Global Solutions | Grow Smarter

LEARNING from Line

Today's marketers understand that digital marketing is a critical campaign tool to effectively reach audiences in developed countries. Japan holds a leadership position as a digitally connected marketplace, with brands continually testing innovative approaches to engage and monetize their connection with consumers.

PLUGGED-IN POPULATION

With Internet penetration levels of 86 percent and a mobile penetration index of 122 (indicating that people in Japan often own more than one mobile device)¹, pushing the limits of online and mobile marketing strategies can yield significant returns for brands. At a minimum, a successful digital marketing mix in Japan includes Facebook (a favorite for millennials), Twitter (a winner with teens), and other country-specific technologies, including **Line**, Japan's top mobile messaging app.

POP CULTURE PHENOMENON

Initially created for communications during the 2011 Tohoku earthquake and tsunami, the Line app reported revenue of \$656 million in 2014; has more than 560 million users worldwide, primarily in Japan, Taiwan, and Thailand; includes 27 million US subscribers, 4 million of whom are regular users; and reports 181 million users each month.²

Line Corporation benefits from multiple income streams with the Line app, generating revenue from paid games, emoticon "stickers," brand and celebrity advertising, and Line-branded merchandise. Income from Line's stickers alone—with nearly 2 billion stickers



sent among users per day—grossed nearly \$30 million in just seven months.

WINNING COLLABORATIONS

When it comes to brand building via mobile engagement, Line's formula appears to be working. The Walt Disney Company enjoyed a successful partnership with Line, providing more than 50 sticker packs that included characters from Disney, Pixar, Marvel, and Star Wars animated cartoons and films. Disney also partnered with Line to co-create an online game called **Disney Tsum Tsum** that renders Disney characters as stackable stuffed animals. The plush toys themselves were eventually featured in Line's brick and mortar



stores. First introduced in 2013, the partnership has enjoyed impressive results to date, ranking as a top-five game download worldwide and selling more than 2 million plush toys.

EXPANDING PLATFORMS

Already a pop culture phenomenon, Line's popularity is unlikely to wane soon. Capitalizing on the growing mobile music subscription business, the company recently launched its music streaming service in the world's second-biggest music market. The launch is a bold move for Line given that digital music has yet to gain traction in Japan due to rights issues.³ Available to Android and iPhone users, **Line Music** offers unlimited access to more than 1.5 million songs for a monthly fee of 1,000 yen (\$8.13) or 20 hours of access for half the price. Line Music plans to offer 5 million songs by the end of 2015 and more than 30 million in 2016. **Avex Digital**, **Sony Music Entertainment**, and Line Corporation (owned by South Korea's Nayer Corporation) all have an ownership stake in the new venture, with an investment from **Universal Music Group** currently in the works.

GLOBAL REAPPLICATION

Insights gleaned from Line's multiplatform success could have strong potential for reapplication by brands looking to gain a foothold in the Asian marketplace, as well as brands that desire new ways to digitally engage with consumers. In addition to offering fun, relevant content, brands should also consider including local market language translation and references to local culture within their platforms as a minimum cost of entry.⁴



FOOD PRODUCTION Revolution

Recent advancements in a transformative new technology known as a Microwave-Assisted Thermal Sterilization (MATS) system may help meet the growing consumer demand for high-quality, natural, and additive-free packaged food.⁵



“CLEAN” PROCESSED FOOD

The first microwave sterilization process approved by the US Food and Drug Administration, MATS could revolutionize food production, killing the microorganisms inside packages in a fraction of the time of conventional

processes and reducing nutrient damage.⁶ **915 Labs**, the exclusive licensee of MATS, believes that the combination of MATS natural food processing technology and its packaging will enable a next-generation range of additive-free, packaged, shelf-stable, and ready-to-eat foods, including military MREs (meals ready to eat).

The technology minimizes time and temperature requirements, creating healthier foods by efficiently maintaining food flavor, texture, color, and nutritional value. Packaged food is immersed in pressurized water while simultaneously being heated. MATS is appropriate for high-barrier plastic pouches, trays, and lidding, but not metal packaging. The system is currently limited to packaging with a container depth of approximately 2

inches, but the company is also working with customers that have packaging depths between 3 and 3.5 inches. MATS technology is also suitable for sterilization or pasteurization processing.

PENDING NATIONAL LAUNCH

915 Labs recently announced plans for the first full-scale MATS system at an undisclosed North American food company processing facility.⁷ This facility is described as a major US customer, with a due date of a MATS-150 system (capable of producing 150 food packages per minute) in 2017, with other system orders pending globally.



LABELING Limbo

Streamlined, efficient supply chains are an imperative part of any organization's structure, especially when pursuing global expansion. Among the latest trends in supply chain strategy, labeling—and its related challenges—has emerged as a hot topic.⁸



CHANGING LANDSCAPE

The pace of evolving regulations by industry—the **GS1** system of standards, **GHS** chemical label standards, the **Drug Supply Chain Security Act**, and **EU1169** food and beverage product labeling standards—requires organizations to stay nimble and adapt quickly to an ever-increasing set of standards. A survey of \$1billion+ companies reveals that labeling will play a central role in supply chain strategy in the near term. Among the sample:

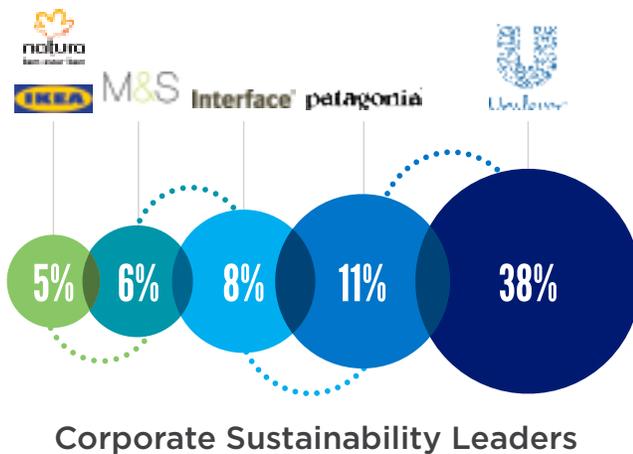
- 60 percent have standardized their labeling solutions or plan to within five years.
- 54 percent currently relabel products or materials from suppliers.
- 55 percent state that regulatory requirements significantly impact their business.
- 68 percent plan to integrate labeling solutions with enterprise applications in the next five years.⁹

ANTICOUNTERFEIT CAP

Beyond legislation, challenges to global labeling strategies also include branding consistency and counterfeiting issues. **Schreiner MediPharm**, a German-based supplier of specialty pharmaceutical labels, recently introduced its **Flexi-Cap**, intended to protect bottles from counterfeit and tampering efforts. The label/cap combination is similar to what is used on wine bottles but conforms to pharmaceutical industry requirements, making it clear if a bottle has been opened. This prevents counterfeiters from reusing medicine containers and presenting them as original, unopened products. Unlike shrink-wrap solutions, Flexi-Cap labels are created without heat, making them applicable for temperature-sensitive medicines. Labeling and branding remain unchanged, so Flexi-Cap can easily be integrated into existing production lines.¹⁰

LEADING BY Example

What does the future hold for our planet? Despite heated debates about successfully impacting climate change and sustainability at the corporate level, several organizations have been recognized for the positive results stemming from their vision and commitment to a sustainable future.



THE LEADER LIST

The recently released 2015 SustainAbility Leaders report identified 12 companies that are leading the way in sustainability initiatives.¹¹ A survey of 816 sustainability experts from 82 countries serving in corporate, governmental, NGO, institutional/academic, and consulting/media service functions helped identify the leading companies. **Unilever** was the clear leader in reputation and leadership with 38 percent consensus, a 27-point lead above any other company. **Patagonia** followed with 11 percent of votes, then **Interface** (8 percent); **Marks & Spencer** (6 percent); **Natura** and **IKEA** (both at 5 percent); **Nestlé** (4 percent); **GE**, **BASF**, **Nike**, and **Coca-Cola** (each receiving 3 percent); and **Walmart** (2 percent).

COCA-COLA'S COMMITMENTS

Coca-Cola Enterprises (CCE) committed to having 100 percent of its cardboard and corrugated packaging certified by the Forest Stewardship Council (FSC) by the end of 2015. The company states that although nearly all of its packaging is now recyclable, it is not recycled as often as it should be. To effect change, CCE partnered with **Open IDEO** to crowdsource ideas to increase at-home recycling and is also working with the recycling industry to identify opportunities within its supply chain. Specific commitments include: reducing 25 percent of materials in all packaging by 2020; using recycled aluminum, steel, and glass on an ongoing basis; ensuring that 40 percent of PET is recycled or using renewable materials by 2020; and making sure that 100 percent of its cans and bottles are recyclable.¹²



COLLABORATING for the Future

The **Plastics 2020** campaign began in 2009 to prevent the landfill of recyclable plastics, with the ultimate goal to double plastic package recycling by 2020. Its newly launched **Plastics Industry Recycling Action Plan (PIRAP)** aims to further develop end markets for recycled plastics, optimize collection rates and sorting procedures, and adopt best practice methods to recycle plastics that would otherwise end up in landfills into second-life applications.



DOUBLING DOWN

PIRAP's 2017 goal is to increase plastics recycling from 32–57 percent by UK companies covered under the Producer Responsibility Obligations Regulations policy for packaging. The legislation requires packaging producers

to be responsible for their products' environmental impact and to partially pay for the recovery and recycling of their packaging. According to the Waste and Resources Action Programme (WRAP), meeting the 2017 goal (approximately 1.1 million tons) will require almost doubling the tonnage of plastics currently being recycled.¹³

WIDESPREAD SUPPORT

Supported by WRAP, Plastics 2020 members include the British Plastics Federation (BPF) and the Brussels-based trade body Plastics Europe, along with the Packaging and Film Association (PAFA). PIRAP stakeholders also include regulators in national and local governments, the waste management industry, and plastic producers, converters, recyclers, and obligated users throughout the plastics supply chain.¹⁴ BPF's director, Philip Law, called plastics recycling a "political football," adding that he is pleased with PIRAP.¹⁵ Meanwhile, PAFA chief executive, Barry Turner, states that if 2017 targets are met, the initiative could cause the United Kingdom (currently a mid-tier performer) to become a top-performing European plastics recycling player.¹⁶

Credits

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