

Communication with Consumers

We contribute to a future full of smiles through consultation activities that provide inspiring experiences in sincere response to the opinions of consumers, “ESG-driven *Yoki-Monozukuri*” that makes use of the opinions of consumers in our products and services, and the communication of lifestyle information to help create a sustainable society.

Social issues

To create a sustainable society, we need to provide sustainable products, services, and information through corporate activities that address climate change (decarbonized society and plastic reduction), respond to changes in the hygiene environment (various infectious diseases that have become a more immediate threat), respect diversity, and reduce environmental impact, as well as to promote ethical consumption behavior among consumers.



JICA “Confronts Global Threats and Infectious Diseases”
https://www.jica.go.jp/aboutoda/find_the_link/part2/infection.html

Consumer Affairs Agency, “Understanding consumer-oriented business”
https://www.caa.go.jp/consumers/consumer_oriented_management/

Policies

We strive to provide products, services, and information that are useful to consumers based on the Kao Way’s principle, which states that everything we do starts with the consumer.

Through a variety of communication activities, we serve as a bridge between consumers and Kao products and provide them with useful everyday products and lifestyle information, thereby expanding Kao fans. We also contribute to realize a Kirei World in which all life lives in harmony by helping consumers themselves understand the importance of sustainable lifestyles and by encouraging them to adopt ethical consumption behaviors.

Strategy

Risks and opportunities

Risks

The following will occur if we cannot provide products and services or propose lifestyles desired by society that are sustainable:

- There will be a negative impact on progress toward a sustainable society.
- We will lose the trust of consumers and society and be excluded from their companies of choice.
- This will impair our brand value as well as our profitability and competitiveness in the market.

Opportunities

- Positive impact of transparent and accurate disclosure of sustainability information
- Stimulating consumers’ ethical consumption by providing products and services that have received sustainability-related certifications and evaluations
- Enhancement of corporate value by communicating our commitment to sustainability
- Increased customer satisfaction by providing opportunities to improve products and services through internal processes that communicate opinions and requests from consumers
- Engaging in sustainability awareness-raising activities to increase awareness of environmental impact reduction and promote sustainable behavior, thereby encouraging consumers to change their behavior toward ethical consumption

Strategy

For consumers, the following approaches will be promoted to change behavior toward ethical consumption, improve customer satisfaction, and enhance loyalty and brand value:

- Providing transparent and accurate product information
- Communicating published reliability information related to safety and security and making it available within Kao
- Increasing the diversity and promptness of communication
- Sustainability awareness-raising activities

For related divisions, the following approaches will be promoted to make use of the opinions of customers for “ESG-driven *Yoki-Monozukuri*”

- Providing opportunities to improve products, advertisements, etc., from the consumer’s perspective
- Globally sharing consumer consultation information and providing improvement opportunities

We will take full advantage of Kao’s knowledge and technologies to lead environmental contribution activities with consumers, local governments, retailers, and industry peers.

Social impact

- We propose the Kirei Lifestyle through our products and services, and work with consumers around the world to realize a sustainable society.

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- If we cannot make a proposal or provide such products and services, there are concerns that the transition to a sustainable society will be delayed, that the depletion of natural resources and climate change will accelerate, that there will be increased health risks due to pollution, and that the vitality of local communities will be reduced due to insufficient contribution to reducing environmental impact and to society.

Contributions to the SDGs



Business impact

- Consumers with heightened awareness of sustainability will go out of their way to choose Kao products, which is expected to lead to greater loyalty to our products, and enhance our brand value, profitability and competitiveness.
- We are expected to gain a first-mover advantage by proactively leading the industry in creating technologies and systems, and then standardizing them.

Governance

Framework


“ESG-driven *Yoki-Monozukuri*”

We register comments from consumers around the world in the Kao ECHO System and share them with

top management and the entire company so that they can be applied to ESG-driven *Yoki-Monozukuri*.

Comments from consumers received by the Kao Group not only in Japan but also outside Japan are similarly integrated into the Kao ECHO System. Venues for regularly sharing information are established (once a month) among consumer support divisions at group companies outside Japan.

Each division analyzes the results from its own perspective and utilizes them in global quality improvement activities, product development, information development, and so on.

 Information on Kao Consumer Communication Center > Mechanism to Utilize Consumer Comments in “ESG-driven *Yoki-Monozukuri*”
<https://www.kao.com/jp/support/products/consumer/>
 (Japanese only)

Product quality management

At the Quality Improvement Study Meeting (held once a month), which is hosted by each business division and brings all related divisions together, the results of analyzing consultations, responses to quality and other risks, and proposals for the improvement of products, labeling, etc., are shared.

Information provision on products, services and corporate activities

- Product Q&A
- Frequently asked questions are registered on the product Q&A website to encourage consumers to solve their own problems. The content of responses is reviewed as needed by the consumer support division in consultation with relevant divisions based on the voice of customers.

- Providing active support for the Q&A service (on Yahoo! *Chiebukuro*)

In response to concerns posted by consumers, the consumer support division posts answers as Kao Official Support as needed in cooperation with related divisions.

Education and promotion

The following training is provided to the support desk staff:

- Annual evaluation of the quality of call responses using an outside party to maintain and further improve the high level of quality
- Product information training once a month per business
- Response training as needed

In addition, as a survey on customer satisfaction with our responses, questionnaire evaluations are conducted on a daily basis for each channel.

Use of VOC for “ESG-driven *Yoki-Monozukuri*”

- Workshops are held to discuss improvements to products and marketing initiatives (as needed).
- Information exchange on Voice of Consumer (VoC) case studies is conducted with overseas companies every month.

Collaboration with stakeholders

Exchanging information with consumer affairs centers and consumer groups

We strive to maintain positive relationships with external institutions and organizations, as well as have our approach be better understood, by exchanging

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information about the Consumer Communication Center’s annual report, recent consumer trends and noteworthy consultations once a year with public bodies and consumer groups, including consumer affairs centers responsible for regional consumer administration.

Implementation of exchange activities involving consumer-oriented events

At events such as public lectures and consumer fairs, we offer to consumers a wide range of information concerning laundry, proper handwashing techniques, housecleaning, oral health care, bathing, UD and other topics. We position these events as opportunities to directly understand the various issues faced by consumers from a different avenue than the support desks and connect them to “ESG-driven *Yoki-Monozukuri*.”

Risk management


Among all risk information received from consumers, urgent and significant risk information are defined as Urgent and Significant Feedback and steps are set to respond to such information. The division that obtains the relevant information shares it immediately with the relevant divisions, and the lead division takes prompt action in accordance with the workflow.

We respond properly to compliance-related consultations by directing consumers with such consultations to the Kao Compliance Hotlines.

Personal information and trade secrets related to consultations from consumers are managed in accordance with Kao’s policies and guidelines, and manuals have been established and are in use.

P40 Our ESG Vision and Strategy > Risk management

P314 Information Security

 **Management Systems for Implementing Quality Management Activities**
<https://www.kao.com/global/en/innovation/safety-quality/safety-quality-policy/management/>

Governance structure
<https://www.kao.com/global/en/corporate/policies/corporate-governance/structure/>

Compliance Hotlines
<https://www.kao.com/global/en/corporate/policies/compliance/compliance-contact/>

Metrics and targets

Mid- to long-term targets and 2023 results

Mid- to long-term targets

- Help spread sustainable lifestyles among consumers through the provision of products and services and various communication activities.
- Create conditions that allow consumers to seek out information and advice whenever they want, using the mode of communication that suits them.

2023 results

Results of the support desks

In 2023, Kao Corporation, Nivea-Kao Co., Ltd. and Kanebo Cosmetics Inc. answered a total of around 178,000 consumer consultations in Japan received via telephone, e-mail and other means, which was a slight increase (+3% compared to 2022). The number of

consultations has stopped its downward trend after peaking in 2013 and has remained around 180,000 in the last few years. The average age of telephone callers, who account for about 80% of the consultations, is increasing, with a little less than 60% of the callers in their sixties or older, but we expect the number of callers to decrease over the long term. E-mail consultations slightly increased to 17,000 (+1% year-on-year). We identified the ages of about 70% of the users, and about 90% of them were in their fifties or younger, indicating that younger age groups are utilizing this service more compared to telephones. We switched to online chat using the LINE messaging app instead of web-based chat in October 2023 and the total number of consultations received was approximately 2,000 (+15% year-on-year). Although there is the hurdle of users being required to become friends with the official account, we expect this number to increase because users have the advantage of being able to check and reply to messages at their convenience.

Excluding Japan, globally we received approximately 24,000 consultations (+3% year-on-year). The number of consultations continued to decline among group companies in Asia, with inquiries continuing to decrease and complaints increasing from the previous year. Compared to Japan, communication with consumers is shifting from phone calls and e-mails to social media, and each company is considering how to use social media to communicate with consumers according to each region. We hold regular online meetings with each company to share information on communication issues and consultations, and to maintain opportunities for engagement with consumers.

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Provision of accurate product and reliability information

- Response to social issues and media coverage

We respond properly to consultations related to ingredients contained in products and product features including the health effects of PFAS, an organo-fluorine compound and the risk of developing cataracts due to heat stroke.

Increased diversity and promptness of communication

- Introduction of consultation using LINE and after-hours visual IVR^{*1}

We changed from manned chats on the website to providing online chat support on the LINE messaging app to prevent consultations from going unanswered due to users abandoning the line when there are too many consultations.

We use visual IVR to direct users to Q&A for self-help outside business hours.

- Setup of a write-in form with no reply required
- We set up a write-in form on the chatbot and online chat using LINE to allow users to easily post their opinions and impressions.


^{*1} Interactive Voice Response (IVR): A system that assigns each inquiry to an operator using an automated telephone system that combines pre-recorded messages with other technology or that callers can use to complete a process by solely using such a system. Visual IVR is a system that guides consumers through a visual menu on a website or app screen, directing them to FAQs or chatbots for each inquiry and encouraging self-help.

Opportunities to share consumer consultation information and improvement opportunities

- Training to experience customers' real opinions
- We provide opportunities to recognize issues through the experience of listening to the real opinions of customers.

- Activities to deliver words of gratitude from customers within the company

We provide opportunities for employees to get to know consumers by sharing information on the internal network and displaying it at each worksite.

 [Information on Kao Consumer Communication Center > Kao Consumer Communication Center Annual Activity Report](https://www.kao.com/jp/support/products/consumer/)
<https://www.kao.com/jp/support/products/consumer/>

Reviews of 2023 results

The number of consultations increased slightly as consumers became more active after COVID-19 was downgraded to category 5^{*2}. However, the average age of the people making inquiries over the phone, which accounts for about 80% of consultations, is increasing, and the number of consultations from this group is expected to decline over the long term and shift to other consultation channels.

The trend of using websites and social media to solve problems is growing, so it is important to provide information that consumers want to know in a variety of ways when they want to look it up. We will expand and provide opportunities to promote self-help through interactive communication using our product Q&A website, consultation using the LINE messaging app, and official social media accounts.

^{*2} In Japan, infectious diseases are classified into 1–5 categories, with Category 5 having the least restrictions imposed under the law and only requiring the trends of outbreaks to be investigated.