



Keio Business School

Weava Japan Inc.

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In August 2010, Motokuni Takaoka, President of Weava Japan Inc., was reviewing future growth strategy for Airweave. This is an overlay-type mattress developed by Weava Japan incorporating President Takaoka's concept of "realizing a new sleep environment with mattresses." In recent years, while high-grade bedding such as Tempur and Magniflex brands has been attracting attention, Airweave has also come to the front as it is used by Olympians and other athletes. Airweave has recently grown to become profitable.

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Motokuni Takaoka, President of Weava Japan, is the second president of Nippon Koatsu Electric Co. Ltd. (NKE), known as a time-honored manufacturer of electric power equipment delivered to power companies. During the recession in the late 1990s, he took on a plastic injection-molding machine^[1] manufacturing company managed by one of his relatives, which led him to launching Airweave.

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For President Takaoka, who had deployed business at NKE for the business-to-business (B2B) market, it was necessary to clarify how to develop growth strategy for Airweave, which had been successful to a certain extent, and to determine the conditions of success of the product in the business-to-consumer (B2C) market. This was urgently required in order to ensure further development of Airweave.

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History of Weava Japan

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The history of Weava Japan Inc., headquartered in Obu City in Aichi Prefecture, can be traced back to the Chubu Chemical Machinery Manufacturing Co. Ltd. (Chubu), founded in 1962 (Attachment 1). Chubu

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[1] Plastic injection molding is a molding process in which plastic in liquid state is poured at relatively high temperature (180–450°C). This process is similar to metallic mold casting for metals.

This case study was prepared by Takuro Yoda of the Graduate School of Business Administration, Keio University and Shohei Ohshima (MBA), based on publicly available information that was used for class discussions at the graduate school. Although the content of the study is based on published information, media coverage, analysts' reports, and so on, some of it describes circumstances surmised by the authors, and therefore may not be completely accurate. The case study is also not intended to serve as an illustration of skillful management.

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manufactured and sold plastic injection-molding machines for the B2B market. Although the company enjoyed positive earnings in response to booming demand for plastics during the high economic growth period, it fell into the red after the collapse of the bubble economy in the early 1990s, with a debt of 400 million yen as of 2000.

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In November 2004, Motokuni Takaoka, President of NKE, was requested by a relative, who was managing Chubu, to undertake management of the financially troubled manufacturer. Responding to his relative's sincere wish to save the Chubu factory, President Takaoka undertook rebuilding Chubu as a subsidiary of NKE.

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After reorganizing Chubu as a subsidiary, Takaoka took the office of representative director and president and radically converted the business of the subsidiary. He decided to withdraw from the previous main business—the manufacturing and sale of injection-molding machines—and to start the manufacturing and sale of cushioning material, for which Chubu had its own technology, and also of derivative products using the cushioning material. This cushioning material served as the ancestor of the later Airweave.

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In the beginning, President Takaoka made efforts to streamline management and tried to sell the cushioning material manufactured by Chubu to the B2B market as mattress materials and buffer materials for bedding manufacturers. However, bedding manufacturers did not employ Chubu's cushioning material as a raw material because they did not trust its performance, or they purchased Chubu's material only at a low price. As a result, the new subsidiary stayed mired in the red.

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According to Takaoka, Chubu's products were not accepted by bedding manufacturers for the following reasons. First, engineers in the bedding industry were not willing to accept the value of materials other than those manufactured by their own companies. Even if they accepted the value of outsourced materials, they were reluctant to replace materials manufactured by their own companies or purchased from their established sources. Furthermore, even if they accepted a Chubu product, they employed the product only as part of the interior structure of mattresses, not as a direct mattress material. As Chubu's marketing was based on B2B business, the company was not in a position to receive consumer feedback, which did not allow the company to promote engineering innovation. President Takaoka saw that the value of Chubu's products as a raw material would not be valued properly, and he would not be able to deploy his marketing strategy in response to customer needs, if Chubu remained a subcontractor for the bedding industry.

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In order to overcome the situation, Mr. Takaoka decided to break into the B2C business, focusing on consumer markets. When the bed-mattress market was in a slump in 2006, Chubu examined the

possibility of selling products using its cushioning material in the market for thin mattresses, called “overlay mattresses.” This market was considered to hold promise for future growth.

The Mattress Market

Mattresses can be roughly classified into bed mattresses and futon mattresses. A bed mattress is used mainly on a bed frame. A variety of bed mattresses are available to enhance comfort, which is the main function of the mattress. A futon mattress is placed on the floor, and then a futon is put on the mattress. A futon mattress is thus used as an auxiliary to a futon.

Bed mattresses are available in the form of spring mattresses, urethane foam mattresses, and palm mattresses. Spring mattresses use Bonnell coil springs, pocket coil springs, etc. made of hard steel wire. Urethane foam mattresses, using only urethane inside, are available with natural latex, synthetic latex, low-rebound urethane foam, etc. A palm mattress, employing palm nut fibers, is used on a double-deck bed or care bed.

Urethane foam mattresses are often used as futon mattresses, which are lower in price than bed mattresses and are convenient to carry around because they are often collapsible. Available are also spring mattresses for futons, which are thinner than those for beds.^[2]

Overlay Mattresses

The term overlay was initially introduced by Tempur. This word was employed probably because mattresses thinner than usual are often used as overlays on bed mattresses or futons. Thick mattresses that may be substituted for existing mattresses are expensive, so sales promotion is considered to be difficult. In contrast, sales promotion of overlay type mattresses is easier because they are lower in price and can be used on existing mattresses, which eliminates the necessity of discarding old mattresses. As the overlay mattress market is overheated under these circumstances, various products exist, represented by Tempur brands.

Products of Competing Companies

There are several products competing with Airweave. Typical of them is Tempur’s low-rebound mattress (memory foam). Motivated by Tempur’s success in the mattress business, many corporations broke into this business field.

[2] Estimated from statistics of the Ministry of Economy, Trade, and Industry, the market for futons and bed mattresses handles 7–8 million mattresses, or 60–70 billion yen per year. Supposing that a mattress serves for 10 years, about 75.6 million futons and about 7.08 million bed mattresses are in stock.

Tempur's material was developed by NASA in the 1970s for the purpose of mitigating the gravity acceleration applied to astronauts at the time of rocket launch as well as keeping astronauts' seats comfortable. In 1991, mass production of the material became possible at Tempur World Dan-Foam Factory in Denmark, leading to the deployment of various products. Tempur's products, officially approved by NASA, allow human bodies to be kept in ideal positions thanks to the material's response to temperature and gravity. Tempur's products are reported to eliminate frequently turning over as well as headache and backache that are related to forced body twisting and body pressure concentration, which conventional mattresses could often cause. In addition, Tempur's open-cell structured foams allow air to enter and leave, ensuring consistent body feeling, durable quality, and good breathability. As of 2010, all Tempur's advertisements and brochures emphasized "NASA-approved" or "developed by NASA," highlighting Tempur's unique existence.

There are opinions, however, that low-rebound mattresses represented by Tempur's products allow the sleeper's waist to sink down too much, causing back problems. Consequently, some people recommend high-rebound mattresses. Tempur's product lineup broadly covers mattresses, pillows, beds, cushions, floor cushions, slippers, and a variety of nonbedding products such as vehicle seats. Tempur offers mattresses in three series, which are the Therapeutic, Comfort, and Premium series. The company also deploys the marketing of beds as well as the marketing of mattresses in combination with beds. Tempur's product line covers more than 30 kinds of commodities in total. An ordinary mattress (thicker than 100 mm) is sold for about 70,000 yen on a dedicated website, while other mattresses are priced at 250,000 yen or lower per set, depending on double or royal size and the ratio of low-rebound urethane foam used. An overlay type mattress with a thickness of 35 mm is available at 42,000 yen or higher. Tempur's service system, including a 15-year warranty, backs up the quality of the products. The company has a membership system, offering registered members special discounts and information via email and other means. The showrooms at Ginza, Kobe, and Osaka provide various events and fairs for individual areas. Dealers are located nationwide, including such representing department stores as Mitsukoshi and Isetan as well as Tokyu Hands and other furniture shops. Thanks to its name recognition, Tempur's products, mainly pillows, are sold to hotels and Japanese inns.

Other than Tempur, such brands as Magniflex and True Sleeper are well known. Italy-based Magniflex sells its products in 46 countries around the world after having success in Germany. Magniflex features acupuncture effects and blood-flow acceleration obtained from ideal elasticity and decompression of Eliocell, its unique high-rebound foam. The products also feature resistance against becoming stuffy, have sound ecology, and have a long-term warranty of 10 to 15 years. Tsutomu Wakamatsu, former manager of the pro baseball team Yakult Swallows, and player Norichika Aoki are promoting Magniflex product development as well as sales through advertising. Magniflex stores, called Magniland, are located

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nationwide, with sales staff capable of describing products along with counseling. Magniflex offers a rich product line, covering hard mattresses for athletes, ecological materials, soft mattresses, and products for babies. Products also include pillows, beds, thin futon-type mattresses, cushions, and towels. Mattresses are sold at a lowest price of 28,000 yen per set, and a highest-class single-sized one runs 84,000 yen. A 60-mm pad type is available for 19,400 yen or higher. Dealers include nationwide chains Loft and Tokyu Hands as well as Daimaru, a department store. Products are distributed to only about 10 hotels and inns. 5

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True Sleeper is the brand name of overlay type mattresses using Ultra viscoelastic, a low-rebound shape-memory material. This product is comparable with Tempur, as the product description mentions that it has been developed taking a hint from the low-rebound material developed by NASA. The product description also contains messages from a former member of the all-Japan women's volleyball team and from a marine adventurer. The product lineup has only mattresses and pillows. The products are sold through Shop Japan, a subsidiary of Oak Lawn Marketing Inc., a corporation operating TV shopping, e-commerce, mobile shopping, etc. Oak Lawn Marketing Inc. also handles housewares for daily living, as represented by True Sleeper. True Sleeper's 50-mm-thick mattress is available at a lowest price of 22,800 yen. Although various sizes are available, the products do not cover such a broad range as Tempur and Magniflex, which offer a variety of price zones and different volumes of material content. True Sleeper's after-sale service offers one-year product guarantee and acceptance of returned goods for 60 days. 10 15 20

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In addition to the companies above, not only bedding manufacturers but also material producers have entered the bedding market, with brands named Breathair, Fusion, Airqueen, and so on (**Exhibit 1**). 25

Process of Growth: Business Launch Period

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In 2006, President Takaoka started preparing to launch the Airweave overlay mattress. The product was developed for B2C as a company's own brand, taking the concepts of "air" and "weave" into its brand name. In branding, the product was targeted at women in their 30s and 40s. 30

Features of Airweave

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Airweave,^[3] a high-rebound overlay mattress, has been developed with Weava Japan's core technology for polyethylene processing (**Exhibit 2**). The product is made up of 3D-structured microfiber resin (**Exhibit 3**). Weava Japan has technology for injection forming of the 3D-structured microfiber resin to a 1,600-mm width in a controllable thickness from 10 mm to 150 mm. This technology has made it possible to form mattresses ranging from thin mattress pads to thick bed mattresses. 35 40

[3] Airweave is a registered trademark. A trademark is a name, symbol, or other depiction identifying a product to allow users who purchase the product or service to recognize the source of the product or the service. The trademark of a product or service having quality higher than a certain level gains a certain level of credit with a proprietary nature.

With the polyethylene 3D structure, Weava Japan ensures the breathability of mattresses, which could not be offered by conventional materials. The mattress material of Weava Japan can be washed with cold water or lukewarm water. The material resists mold and bedbugs (**Exhibit 4**). Appropriate elasticity of the 3D structure diffuses the sleeper's body pressure in an ideal manner. With excellent memory, the material quickly returns to its original state in response to the sleeper's body motion, which allows the sleeper to turn over with ease, relieving his or her fatigue promptly (**Exhibit 5**). In addition, Weava Japan's mattresses don't wear out owing to company's unique technology. The company produces thin overlay-type mattresses as Airweave for consumers.

The standard Airweave, 50 mm in thickness, is covered by mesh cloth on one side and by quilt cloth on the other side for hot and cold seasons. A single-sized product is priced at 66,150 yen (tax included), in view of the price zone of competing products and positioning.

Launching of Airweave

In February 2007, President Takaoka changed the company name from Chubu Chemical Machinery Manufacturing Co. Ltd., as a manufacturer of injection-molding machines, to Weava Japan Inc., toward launching Airweave for general consumers. "Weava" was named after "Airweave" (weave + air). Before the launch in June 2007, Weava Japan created a website for direct marketing through the Internet and set up a customer center to handle orders by telephone. The company had made preparations for one full year of R&D with a large amount of money.

On the long-awaited day of its debut, Airweave was demonstrated at an exhibition of interior goods. Despite President Takaoka's expectations for successful results, advertisements and campaigns made at the exhibition did not lead to sales. Advertisements in magazines for food and lifestyle also did not show any effect (**Exhibit 6**). Mr. Takaoka worried day after day about the question of why his marketing strategy did not produce effects in spite of the large-scale arrangements he made.

Sales Channels

After launching Airweave in June 2007, Weava Japan depended on direct sales through the phone and the Internet. In September 2007, Weava Japan began dealings with Tokyu Hands. Bedding, particularly mattresses and futons, is handled mainly through door-to-door canvassing or face-to-face sales at stores, in which salespeople explain how mattresses feel good and persistently recommend buying. Weava Japan dared to start to sell such goods at Tokyu Hands as a new channel, in addition to telephone and web selling.

Although some department stores and interior goods shops began to deal with Weava Japan's products, it was not easy to secure space for goods in the bedding industry, where a lot of goods were competing. Weava Japan's sales channels are as shown in the table below.

[Table] Sales by Channels of Weava Japan Inc.

	2008	2009
Tokyu Hands	2,109	18,988
Other stores	1,189	2,064
Door-to-door canvassing	1,104	6,094
Personal agents, mail orders	186	2,729
Direct selling	11,967	22,766
OEM	39,555	68,700
Total	56,110	121,323

B2B Strategy

In April 2008, President Takaoka visited Salone Internazionale del Mobile, a world-class furniture fair held in Milan, Italy, thinking of the future of the Airweave business, which could not catch a wave. The main purpose of his visit was to see mattresses produced by the world's leading companies. Seeing well-designed products from the crowded furniture industry, he felt that amazing design alone could not promise product differentiation. Mr. Takaoka found out that the number of manufacturers of furniture materials was limited, while there were countless furniture manufacturers in the world. He recognized that Weava Japan should aim at OEM supply of materials (original equipment manufacturing, meaning build-to-order manufacturing of products or semi-products for another company using the other company's brand name), after having various manufacturers recognize the value of the Airweave materials through marketing the product for consumers. Mr. Takaoka reached the idea that Weava Japan should offer "third-generation cushioning materials" following coil springs and urethane foam.

Brand Strategy

After Mr. Tadokoro, from Clarins,^[4] joined the company in April 2008, Weava Japan changed its marketing philosophy from a mail order-oriented strategy to a synergy-oriented strategy, which combines advertising and publicity, store sales, and a mail-order system. Internal staffing was reinforced accordingly (Exhibit 7).

A brand is the imagined product value offered to consumers or received by consumers from the product. Weava Japan defines the Airweave Brand as "supreme-quality sleeping tools offering good sleep to

[4] Clarins is a cosmetics maker that provides a wide range of products from makeup to body-care cosmetics. Its counters, capable of deploying products and counseling, are in high repute among women.

customers.” Utilizing its technological development capacity, the company realized the value proposed by the brand with high-quality products, and promoted brand creation with its products employed at high-end points and by top athletes. In this manner, Weava Japan demonstrated on the market the superiority of the Airweave materials, aiming to establish higher value added to Airweave compared with other materials.

Employment of Athletes

In the initial period of developing Airweave, President Takaoka managed his business relying on advice on marketing strategy in general given by Shin’ichi Sano, Takaoka’s friend since their time at Keio University. To President Takaoka, who intended to create the brand image through advertising, Mr. Sano clearly advised: “The brand can only be created by continuously adhering to the promise to the customers.” As a method for demonstrating Airweave as “supreme-quality sleeping tools,” Mr. Takaoka wanted amateur athletes to use the goods.

Through an acquaintance, Takaoka approached the Japan Institute of Sports Science (JISS) at the beginning of 2007. On a trial basis he supplied Airweave to JISS, which serves as a hub for sports science, medicine, and information and supports top athletes to enhance Japan’s international competitive ability. At JISS, known as an Olympic-athlete training facility, many top amateur athletes participate in training camps. Airweave overlay mattresses were adopted at the JISS accommodations.

Seizing this opportunity, Weava Japan thereafter supplied Airweave to the athletes’ dormitories of the Beijing Olympics in August 2008. More than 60 members from the Japan Swimming Federation and the Japan Association of Athletic Federations (JAAF) rested on Airweave overlay mattresses brought there to provide a good sleeping environment. A lot of Airweave mattresses, which were in portable carrying cases to leave and enter the country, were seen in broadcasts with images of the athletes at airports and the dormitories. When Kosuke Kitajima returned from Beijing after winning two gold medals in the 100-meter and 200-meter breaststroke, his Airweave, in a drum-shaped carrying case, was on the top of the cart he pulled. However, Airweave did not attract particular attention as a tool that supported the great success of the teams, because President Takaoka intentionally did not disclose that mattresses had been provided to the swim and field teams before the team members came back, nobody could identify Kitajima’s carrying case as a mattress, and it was forbidden to use the fact of goods offered as advertising or for any other commercial transactions.

At that time, Weava Japan decided to expand its product lineup, taking into account the product features and possibility of increasing sales channels. The company introduced thinner and lighter Airweave LIGHT

which could be sold at a lower price and Airweave PILLOW in the same material. Sales floors at Tokyu Hands and other stores were secured to enhance the strategy for sale through outlet stores (**Exhibit 7**).

Although it was not possible to utilize the experience of the product at the Beijing Olympics for advertising or B2C sales activity, this fact served effectively to expand B2B business by proving the performance of the product.

While President Takaoka was trying to sell Airweave as a material for medical and nursing case mattresses to France Bed Co. Ltd., a major furniture manufacturer, both companies agreed in April 2008 to develop a product collaboratively. The experience in Beijing apparently helped Weava Japan enjoy a good reputation of its product performance and succeed in reaching the agreement with the furniture manufacturer. As a matter of fact, the joint development was triggered in Milan in April 2008 when President Takaoka chanced to meet President Ikeda of France Bed at Salone Internazionale del Mobile. When President Takaoka visited France Bed after returning to Japan, President Ikeda asked if a specially structured mattress material could be provided. The collaborative development triggered by the conversation between the two presidents produced the fruit of a new product after a half year development period.

The jointly developed product, the AW-90, was launched in May 2009. The AW-90 received the Nikkei Sangyo Newspaper Award that year as a groundbreaking mattress. President Takaoka recognized the importance of strategy to ensure constant OEM supply, considering that orders from France Bed for the material would be more stable than B2C businesses.

Brand Strategy for B2B and B2C

Weava Japan's strategy in this period was to use differently the names of Airweave for B2C and Airweave TECHNOLOGY for B2B. The company strived to enhance the brand value of Airweave by drawing consumers' attention to the superiority and functionality of the product. Concerning Airweave TECHNOLOGY, Weava Japan asked the reseller to allow Weava Japan's logo and brand to be visible on finished high-grade beds and care mattresses in order to enhance and expand the brand value (**Exhibit 8**). President Takaoka considered that using the two brands would produce a synergistic effect in the B2C and B2B markets. He determined to create such an association that "good sleep" suggests Airweave and Airweave suggests "good sleep."

After Mr. Akimoto, former president of Nike Japan, joined the company as an adviser, Weava Japan further promoted its brand strategy. As part of the strategy, the logo of Airweave TECHNOLOGY

was set up in November 2008, and the logo of Airweave was changed to be closer to that of Airweave TECHNOLOGY (**Exhibit 9**) at the beginning of 2009.

Airweave as a Life Infrastructure Business

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After President Takaoka founded Weava Japan and started its business, it worried him for some time that there was little similarity between the new company and NKE, the parent company manufacturing electrical equipment. The manufacturing of electrical equipment for power companies is regarded as the infrastructure business. In the infrastructure business, reliability and quality are important, and continuous R&D should not be spared. President Takaoka considered that bedding could be part of life infrastructure. He conceived that, if there was a similarity between the electrical equipment business and the Airweave mattress business, both could be defined as “infrastructure business” even though they are in different domains. As he thought consistent R&D was necessary for the “life infrastructure business,” in April 2009 Weava Japan started business-academia collaborative research with Professor Uchida at Waseda University. In this research, trial subjects’ brain waves were measured when they slept on mattresses, and Airweave and other kinds of bedding were compared in terms of soundness of sleep. The joint research unexpectedly brought good fortune to Airweave. Japan’s national team in 2010 World Cup soccer knew about the performance of Airweave from Professor Uchida’s associate. The team decided to take Airweave to South Africa for the players.

Opportunities for a Leap

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With the idea that experience in areas other than sports is necessary to create the image of Airweave as comfortable bedding, President Takaoka visited ANA, an airline. International airline flights, often utilized by business executives and celebrities, offer advertising potential with a comfortable and luxurious image. After Takaoka’s visit to ANA in June 2008, in a short period of time Weava Japan developed a thin mattress to meet ANA’s requirements. The mattress, introduced into the first class cabin of ANA international flights, is 16 mm thick, about half as thick as ordinary Airweave and slightly harder. The mattress, placed on a seat, allowed the seat to become almost completely flat when reclined (**Exhibit 10**).

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Athletes in the Vancouver Olympic Winter Games also knew about the performance of Airweave from their trainers in November 2009, and more than 70 team members, including famous figure skater Mao Asada and mogul skier Aiko Uemura, took Airweave to Vancouver.

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When the Olympic Games were held in February 2010, there was no direct demonstration that Asada

and Uemura had Airweave, and Weava Japan was not in a position to utilize the Olympic Games for advertising, as the company was not a sponsor of the Olympics. However, the media, such as newspapers and TV stations, came to report on Airweave as publicity,^[5] as the company assigned individuals in charge of public relations, and President Takaoka visited the media to publicize the company's products. As a result, Airweave gradually became recognized. In addition, Weava Japan developed and launched quality products one after another with technological development capacity enhanced.

As mentioned earlier, all of Japan's World Cup soccer team members brought Airweave to South Africa in June 2010. The mattresses were adopted to ensure the sleep environment for the team members as the bedding conditions at the site were unclear. This was also reported by the media, making Airweave increasingly recognized. Simultaneously, Weava Japan newly developed and marketed high-quality products one after another, with its enhanced capacity for technological development.

The Process of Growth: A New Stage

Airweave's growth became steadier in 2010 (Attachment 2, 3). When the product was reported by the media, the number of orders for that month was 10 times as many as the number for the same month a year earlier. NHK's morning program, in particular, was very effective, although it was only five minutes long. In contrast, some TV reports did not receive the response expected.

The Airweave business was entering a new development phase. Some dealers increasingly expressed their wish to handle Airweave as their leading product. Many direct sales customers also expressed high satisfaction and appreciation. Weava Japan was given opportunities to carry out sales to leading overseas airlines and the possibility of negotiating with major mail-order houses.

Preparation was made for sales through department stores as a new sales channel. As part of the strategy toward the upcoming Olympic Games, products were provided to sports groups to which many top athletes belong, and talks with a professional sports group were begun. These were part of President Takaoka's strategy to gain the absolute competitive advantage of his products. Concerning the production equipment, forming machines and other equipment were reinforced in preparation for further expansion of production.

As the company grew, new challenges emerged. One challenge was that when the company promoted OEM sales to bedding manufacturers, their response was not always positive, possibly because Airweave had become influential as merchandise. On the other hand, the company received several inquiries from different industries, such as for cushioning material for luxury cruiser seats and for

[5] "Publicity" as used here means transmission of information as news from the media, not as ordinary advertising for which the advertiser makes payment.

fishing pants. Although responding to these inquiries was considered desirable for the company's growth, it was unknown what the impact would be on the existing Airweave brand.

Review of the Right Direction

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Airweave has been taken up by the media as it was adopted by ANA and France Bed as well as being used by Olympic athletes.

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President Takaoka is thinking over Weava Japan's growth strategy—what growth should be designed. It would be possible to deploy such products as baby items and pet-related items for different target layers. It would be an idea to let consumers know that the product is washable and clean, to differentiate Airweave from other mattresses. It would be possible to utilize the company's capability of controlling

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the thickness, density, and hardness of mattresses to respond to consumers' individual needs or to penetrate into other industries. Furthermore, there would be possibility for developing businesses in combination with other organizations' capabilities, such as developing original products for mail-order corporations and conducting joint research with a university on scientific verification of good sleep.

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Strategies could be worked out in various ways, and numerous combinations could be worked out. It is feasible to establish Weava Japan's material as a material for next-generation mattresses?

President Takaoka feels the necessity of examining the growth strategy of Airweave.

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Attachment 1: History and Main Events of the Company

1964	Chubu Chemical Machinery Manufacturing Co. Ltd. was founded.
November 2004	Motokuni Takaoka took over company management.
February 2007	The company name was changed to Weava Japan Inc.
June	Airweave was launched.
September	Tokyu Hands began to handle Airweave.
April 2008	President Takaoka visited Milan's Salone Internazionale fair.
June	PILLOW and LIGHT were introduced.
August	Airweave was used at the Beijing Olympics.
December	Joint product development with France Bed was started.
April 2009	Business-academia joint research with Waseda University was started.
Spring	Weava Japan changed its logo.
October	ANA decided to introduce Weava Japan's product.
November	Airweave was offered to athletes in the Vancouver Olympic Games.
June 2010	Airweave was offered to the World Cup soccer team.

Attachment 2: Transition of Sales of Weava Japan

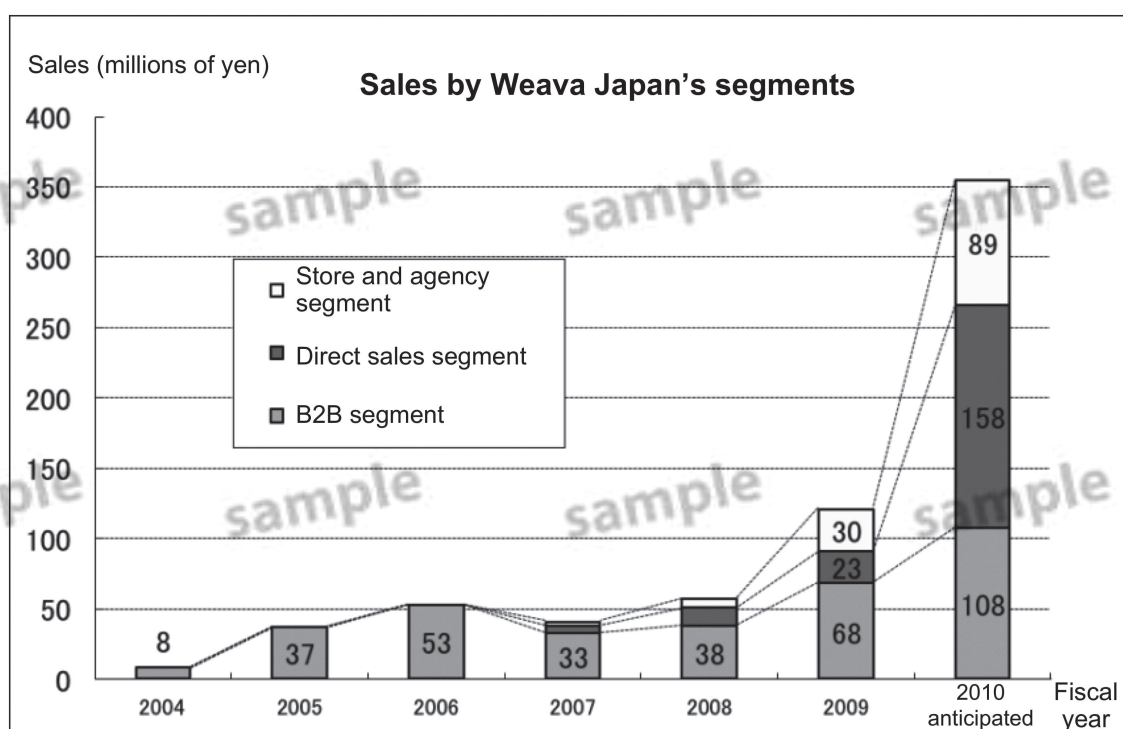


Exhibit 1: Competing Products

BREATHAIR

BREATHAIR is a brand of Toyobo Co. Ltd., a material manufacturer. A dedicated website is not provided by the company. BREATHAIR is made of a light and hard polyethylene material called “macaroni” fibers. The products, marketed mainly through Dinos online shipping, offer good sleep with a feeling of firmness but not stiffness along with durability and cleanness. The product line covers mainly futons and, in addition, pillows and specialized sheets. Products are priced at lowest 19,800 yen, depending on size. Advertising employs Shun’ichi Kawai, a onetime volleyball player.

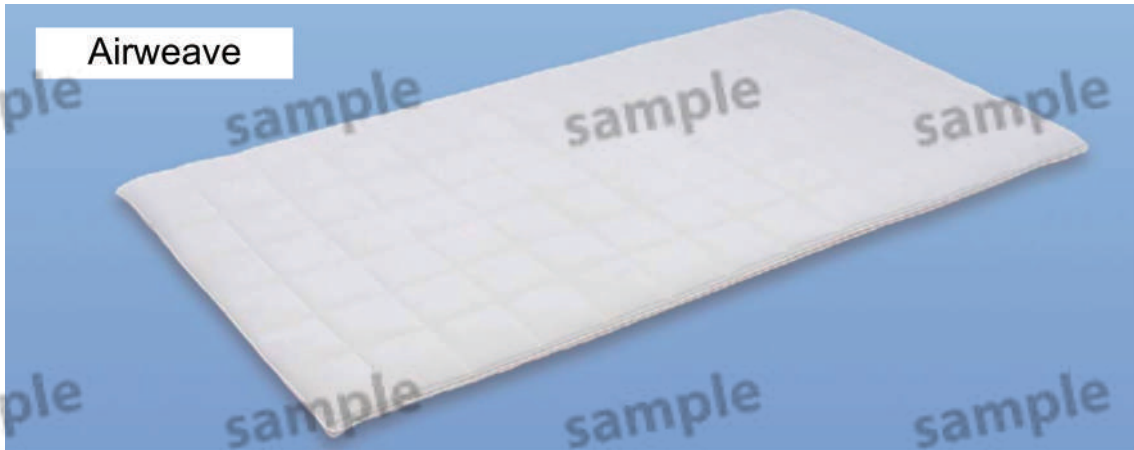
FUSION

FUSION is the generic name of materials handled by Asahi Kasei Corporation. Its bedding is given the concept: “A bed pad that is cool and warm and can be washed.” The products are sold as materials that fill needs in various industries by varying the combination of polyester and nylon, and by varying the structure of the surface, back, and sides. Products are used for various purposes: bedding, nursing care, clothing, seating, and repairs. They are provided with breathability, shape retention, and elasticity. It is another feature of FUSION that they are sold as materials mainly for B2B. As for general sales, a product of 7 mm thickness is available at 13,650 yen through a dedicated website or an Internet shopping site operated by Asahi Kasei.

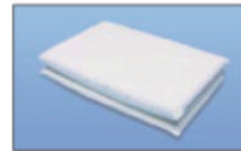
AIRQUEEN

AIRQUEEN is a brand of overlay type mattresses produced from fibers made by Teijin, a material producer. With a four-layer fiber structure in a truss structure, AIRQUEEN promises superior body pressure dispersion and breathability as well as good springing effect, durability, and washability, which makes AIRQUEEN closest to Airweave. AIRQUEEN contains 96% air, so it is light. It has no deformation after 100oC water sterilization. AIRQUEEN is sold mainly through a dedicated website, at 29,925 yen for a 30-mm-thick mattress that weighs 2.7 kg.

Exhibit 2: Airweave



The 3D (ultrafine fiber) structure offers prime-quality comfortable sleep. The reversible cover has two sides of different specs: mesh cloth on one side making hot seasons cooler and quilt cloth on the other side making cold seasons warmer.



Airweave can be folded in three.

Exhibit 3: Material Core

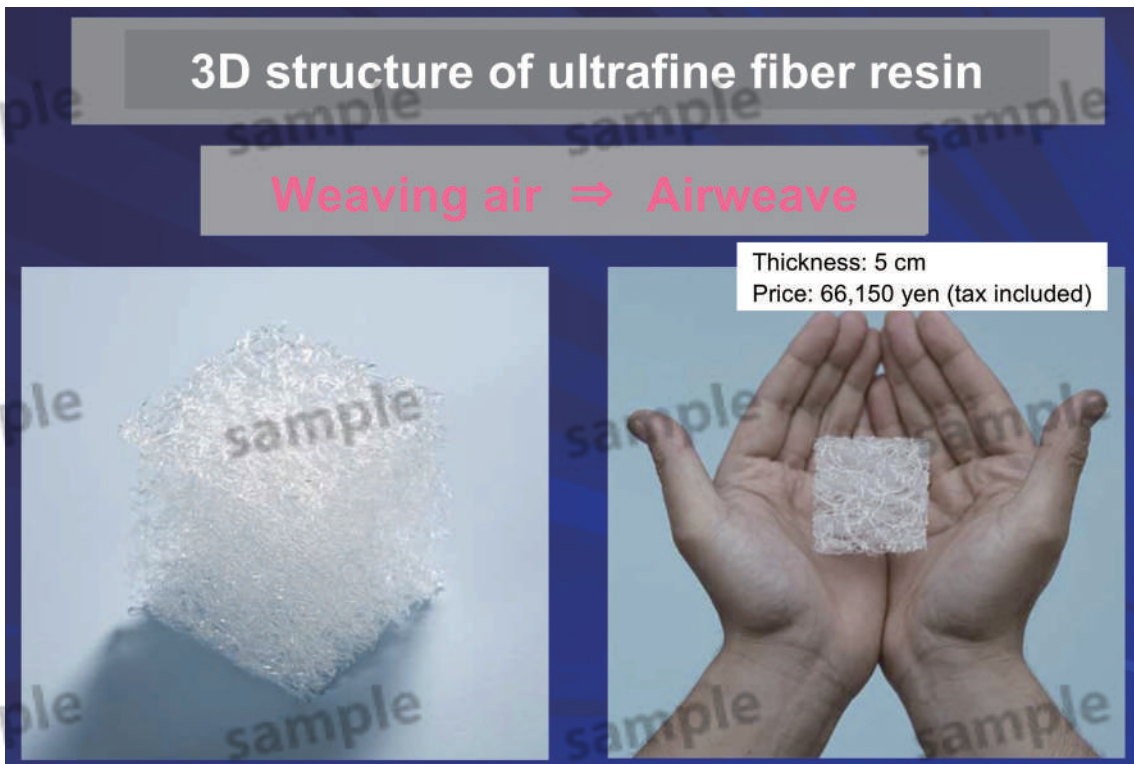
A composite image with a dark blue background. At the top, a grey box contains the text "3D structure of ultrafine fiber resin". Below it, another grey box contains the text "Weaving air ⇒ Airweave" in pink. On the left, a close-up image shows a white, porous, 3D structure of ultrafine fiber resin. On the right, a pair of hands holds a small square of the same material. A white box in the upper right corner of the right-hand image contains the text "Thickness: 5 cm" and "Price: 66,150 yen (tax included)".

Exhibit 4: Performance and Features

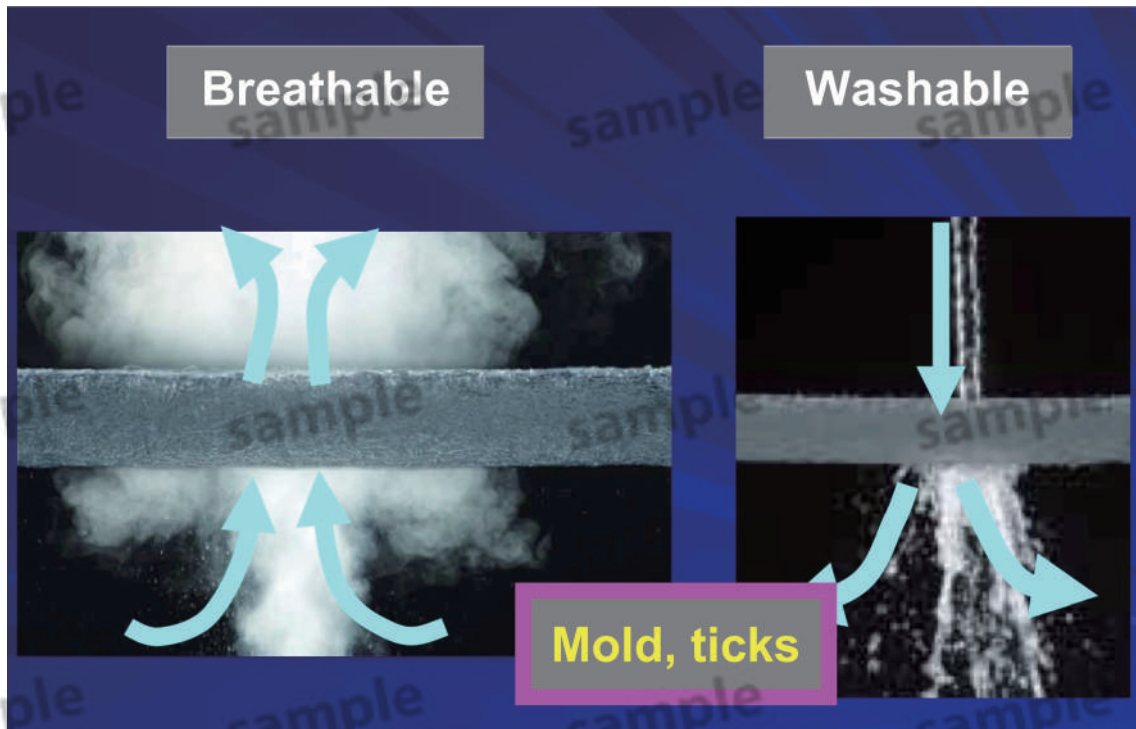


Exhibit 5: Performance and Features (2)

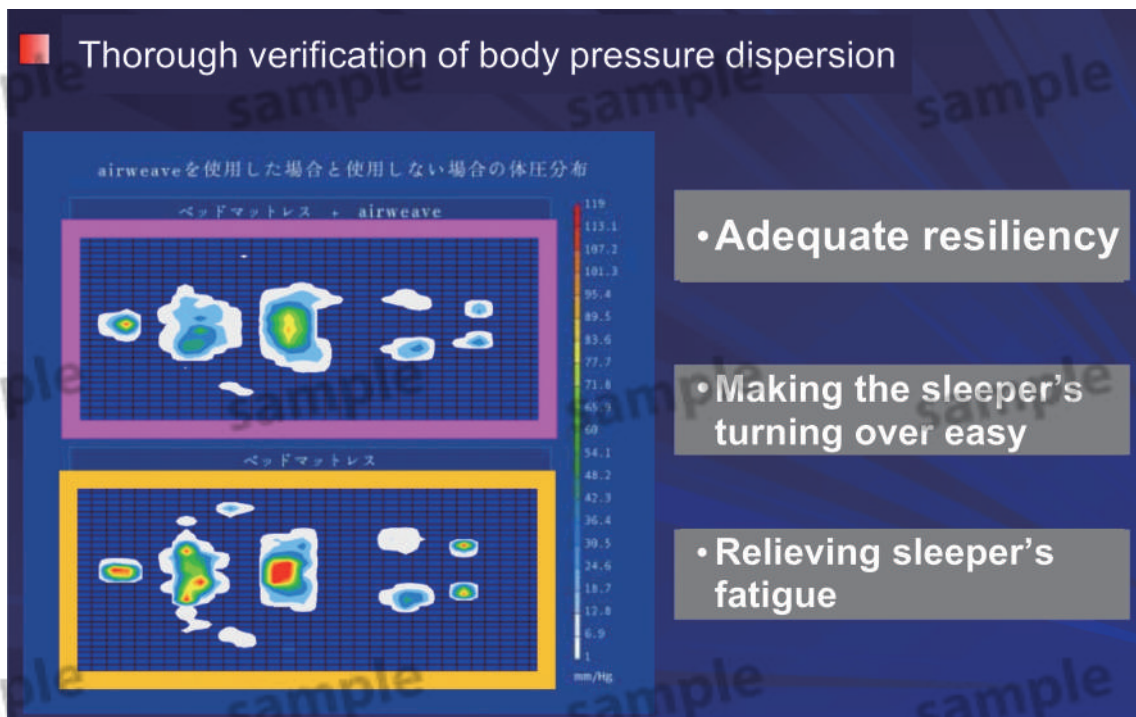


Exhibit 6: In-house Organization and Consultants

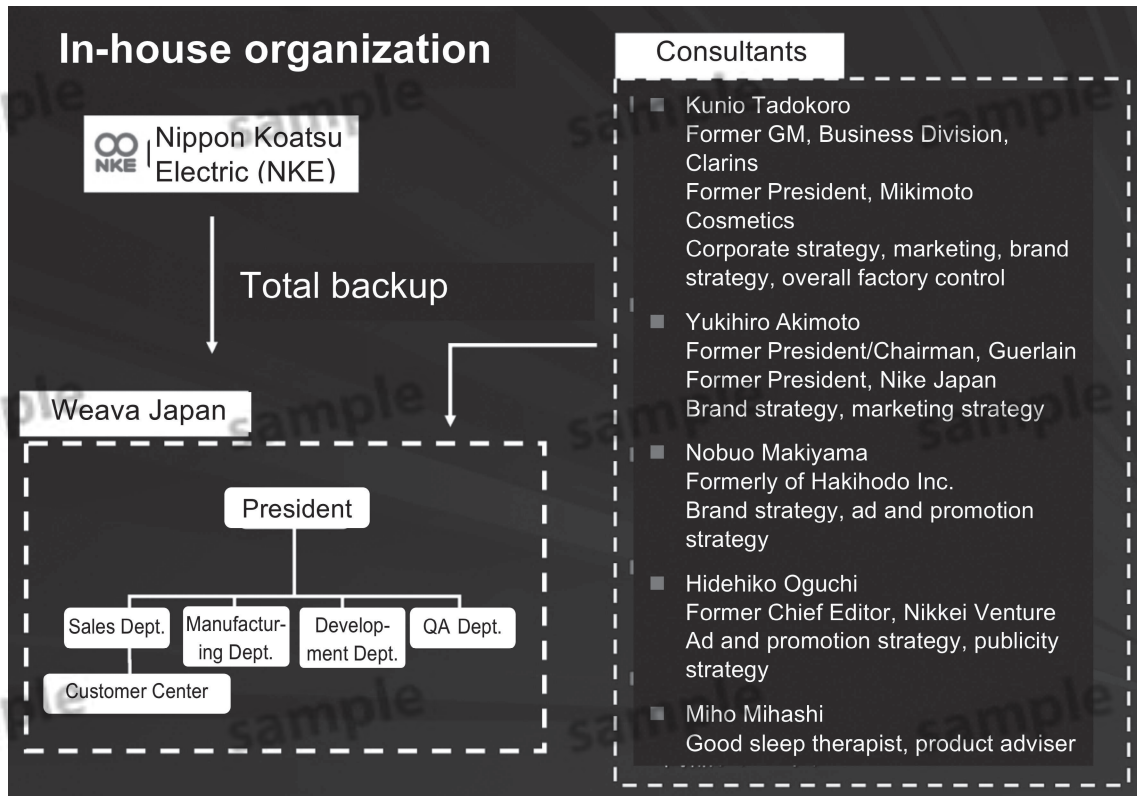


Exhibit 7: Product Lineup



Airweave Light, with Airweave's performance, offers the most comfortable sleep at an affordable price. The front side cover feels nice with good breathability, while the back side is durable and stain-resistant.



Airweave Light can be folded in three.



You can regulate the height of Airweave Pillow while verifying comfort. For regulating the height, insert or remove sheet cores inside the pillow. The structure of the Airweave Pillow can respond to the hardness of bedding and the sleeper's body type.



Height can be regulated with sheet cores.

Exhibit 8: OEM Reseller's Ad



Exhibit 9: Change of the Logo

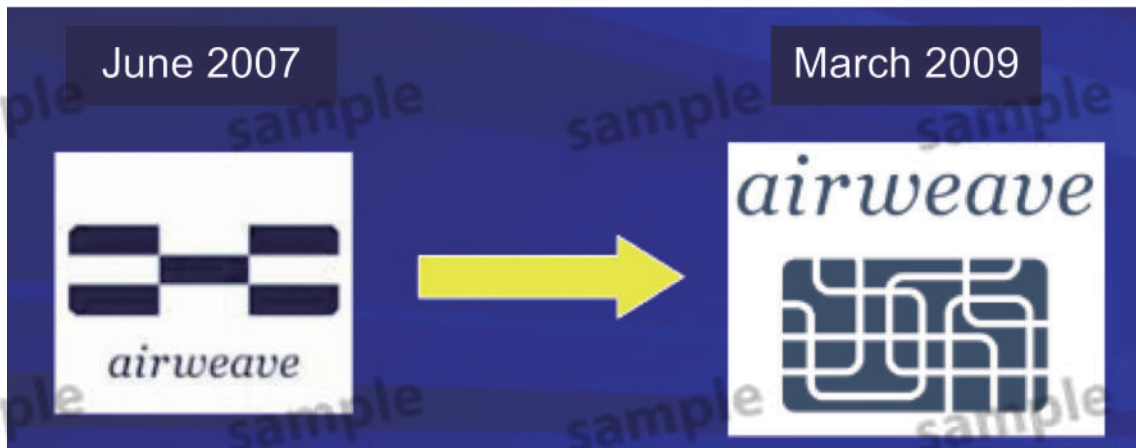


Exhibit 10: Airweave Employed by ANA



2010年4月末よりANA国際線の新しいファーストクラスで「エアウィーヴ®」が採用されます。

2009年11月10日、「ANAインターコンチネンタルホテル東京」で、「ANA新ブランド・新商品発表会」が開催されました。シートから食事までの全サービスを来年2月から一新するという大々的な発表会でした。ここで発表されたANA国際線ファーストクラスのシートは、「これまでに体験したことのない空の旅」にこだわって一新されたシートです。このシートに敷くマットレスとして選ばれたのが、空気を編んだマットレス「エアウィーヴ®」なのです。「エアウィーヴ®」の、快適な寝心地、こだわりの日本製が高く評価され、導入されることが決定いたしました。導入されるマットレスは、空の上での「快適な寝心地」を追求して開発したオリジナルマットレスです。

- *長時間のフライトでも、体に負担がかからないように、厚み・硬さにこだわりました。
- *カバーは、手触りが良く、通気性に優れた高品質カバーを使用いたしました。

2010年4月末よりヨーロッパ3路線、アメリカ5路線に順次導入が予定されています。ANAとウィーヴァージャパンが提案する「空」の上の「空気の上」で眠る「快適な寝心地」が、ついに実現いたします。



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