

What is uniquely Casio?

What kind of value has Casio created in its history?

What is Casio's mechanism for creating value?





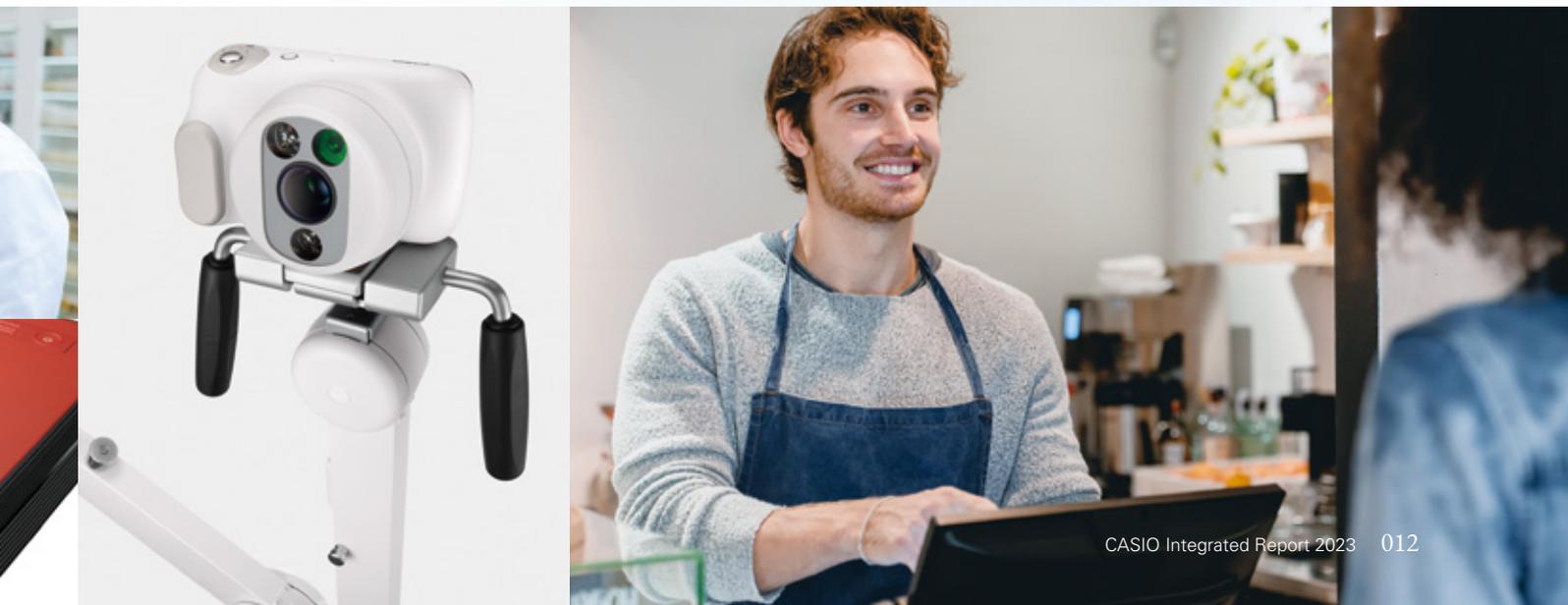
## Part 01

# Casio's Value Creation

Under our shared corporate creed of "Creativity and Contribution," we will bring new joys and excitement to people's lives and society through tangible and intangible experiences.

Since its establishment in 1957, Casio has consistently captured the latent needs of its customers, using innovation to provide society with new joys and excitement in the experience of the tangible and intangible. G-SHOCK is the best example of a brand that has created a new value source in the market and developed into a one-of-a-kind brand.

Our employees around the world will work together to leverage our capital and strengths to sustainably boost our corporate value.



## Message from the Chairman



**KASHIO Kazuhiro**

Representative Director  
and Chairman

## Rebooting What Is Uniquely Casio

With a dream in our hearts and urgency in our step,  
we will rebuild a uniquely Casio growth strategy and  
transform our corporate culture.

Amid a dramatically changing external environment and an uncertain future, now is the time that we should reboot what is uniquely Casio, with a dream in our hearts and urgency in our step. Since becoming chairman in April 2023, I have been overseeing Casio from the standpoint of management and supervision of business execution. From my perspective, what we need to do now is to transform Casio as a corporate entity toward higher capital productivity. This is, in other words, rebooting what is uniquely Casio, comprised of rebuilding a uniquely Casio growth strategy and transforming our corporate culture. By returning to Casio's roots, we will bring together our strengths and the abilities and passion of each and every employee to transform Casio into a company that continues to be essential to each and every one of our target users.

## Our understanding of Casio's current situation

In this 68th fiscal year of our business, we recognize that we have not recovered since the COVID-19 pandemic, which emerged at the end of our 64th fiscal year. While external factors such as difficulties in procuring parts, the downturn in the Chinese market, and inflation in the U.S. and European markets are major causes, there is also the unfortunate truth that this situation is caused by internal factors, including the fact that some of our business operations are not adapted to the changing times and that we have a passive and inward-looking corporate structure. Despite such headwinds, Casio possesses many strengths that allow us to achieve renewed growth. It will be thanks to maximal use of our various strengths as capital we can bring to bear that we successfully rebuild our growth strategy and transform our corporate culture.

The challenges that lie before us are in fact the same challenges that the four KASHIO brothers have been tackling since Casio's founding. We will return to Casio's roots and use the passion of each and every employee, imbued with our corporate creed and founding spirit, as the driving force for renewed growth.

## Returning to Casio's roots

Since our founding, we have been creating new products the world has never seen based on our corporate creed of "Creativity and Contribution," such as the relay-based calculator, the Casio Mini personal calculator, digital watches, the G-SHOCK, electronic musical instruments, and digital cameras. Casio has produced a number of hit products, and I would like us to look back on Casio's history to see how these products were created.

The relay-based calculator 14-A was launched in 1957, the year Casio Computer was founded. It was born out of a desire to reduce actuarial burden on office staff. The Casio Mini personal calculator was designed to make calculations easier in people's daily lives. Our electronic musical instruments were created with a desire to bring the joy of playing musical instruments to as many people as possible. Casio's history is one of creating products and pioneering new markets with the goal of aligning what we want to achieve with contributing to people's lives. Carrying out this "Creativity and Contribution" is at the heart of our uniquely Casio growth strategy.

It is also our uniquely Casio corporate culture that has allowed us to create these new markets. The four KASHIO brothers who founded Casio served as steadfast pillars in their respective areas: Tadao in management and finance, Toshio in development, Kazuo in sales, and Yukio in production. All of them joined forces (under shared ideas and for co-creation) to achieve the dream (shared desire) of wanting to be helpful to users. They then constantly conceptualized, worried, devised, and challenged themselves together. Despite repeated failures, everyone engaged in the businesses helped each other in a spirit of mutual respect and never gave up, toiling together with a powerful passion and Companywide co-creative spirit to complete their tasks. I believe that this is a uniquely Casio corporate culture.

Thanks to this uniquely Casio growth strategy and corporate culture, we have successfully created perennial fan favorite products like G-SHOCK, firmly establishing the Casio brand among people around the world.



The four KASHIO brothers, founders of Casio Computer

## Casio's strengths and potential for renewed growth

In the modern day, Casio's products boast approximately 80 million units sold every year. This means that every year 80 million new users use our products every day. Many of these are loyal Casio customers purchasing more

## Message from the Chairman



than one Casio products. Our greatest strength is our enormous Casio fan base who will keep enjoying our products, day in and day out.

Our core businesses are the Timepiece Business, EdTech Business, and Sound Business. What these businesses share, and how they are capable of building better products, are unique hardware development technologies that achieve robustness, compact design, and low power consumption, as well as unique user experience (UX) technologies that many customers praise for their intuitive, user-friendly design. Another major strength is our brand power, which is the bond that connects Casio and its customers, and mechanisms such as GAKUHAN.

### Rebuilding a uniquely Casio growth strategy

Although Casio boasts great product capabilities and a large fan base, especially in our core businesses, we have not been able to adapt to the changing times, leading to the unfortunate period of slight business stagnation we face today. This is due to the fact that the traditional product-oriented, one-time sale-based business model is no longer applicable several decades since Casio was established. Until now, Casio's growth strategy has been for its development teams to create products that sell well, and for teams in other parts of the chain to perform their respective roles efficiently. However, Casio's significance going forward will lie in linking its strengths to our dream of contributing to future society.

Looking ahead, we will implement a growth strategy that is uniquely Casio, and the rebuilding needed for this comes from the transformation of core businesses and the creation of new genres and new businesses in new domains.

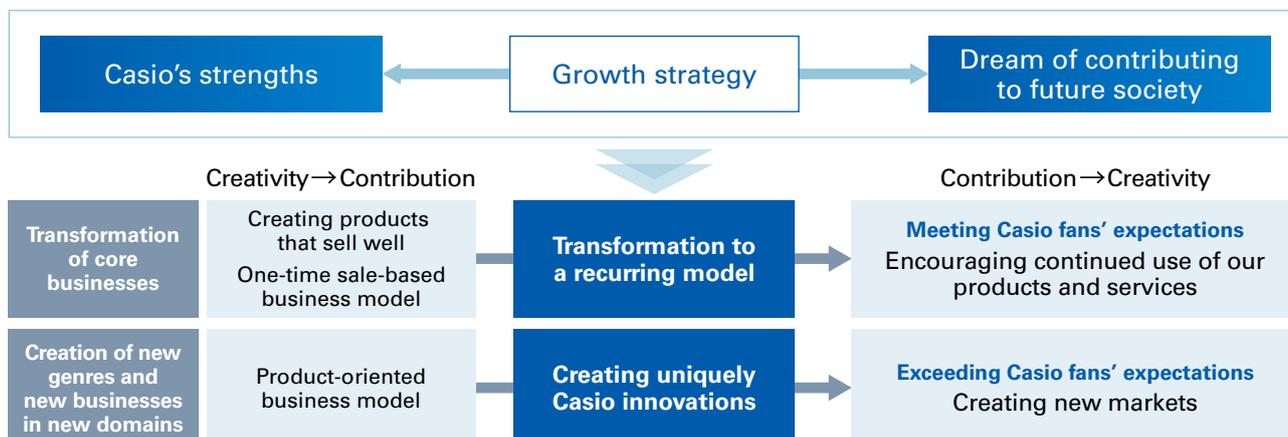
To transform our core businesses, we must achieve the following:

- Shift from creating what sells well to creating the products and services that meet Casio fans' expectations
- Transform to a recurring model that encourages continued use by Casio fans

And, to create new genres and new businesses in new domains, we must:

- Leverage our strengths to create new and uniquely Casio innovations to realize our dream of contributing to future society

### Rebuilding a uniquely Casio growth strategy



## Transforming our corporate culture

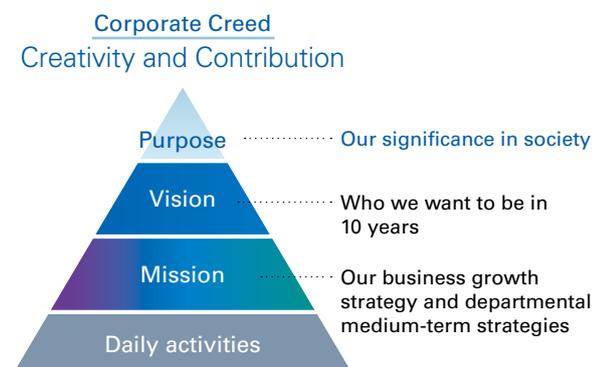
To rebuild a growth strategy that is uniquely Casio, we must restore the corporate culture that is also uniquely Casio. We are reaching limits imposed by traditional ways of working, and while we may be able to achieve efficiency by combining individually optimized parts, we will not achieve new innovation. In the spirit of "one for all, all for one," we will transform Casio's corporate culture so that everyone can continue to take on challenges together without fear of failure, with the common goal of leveraging our strengths and contributing to the lives of Casio fans.

## Restoring a corporate culture that is uniquely Casio

As I already mentioned, at the time when Casio was founded, there was a corporate culture of mutual respect, shared ideas, and co-creation, and all of its employees were infused with the Company's corporate creed and founding spirit, centering on the four KASHIO brothers.

To implement a new growth strategy, we will recreate a new corporate culture that is uniquely Casio. It is beyond doubt that we will transform our corporate culture to one in which all employees are imbued with our corporate creed and founding spirit and are able to co-create, respecting one another and continuing to take on challenges toward the common goal of contributing to society.

## Transforming into a uniquely Casio corporate culture



### A uniquely Casio corporate culture

Each and every employee will **share ideas** with a common purpose and vision, infused with their individual **passion**, working to achieve this vision with mutual respect for colleagues.  
All employees will bring together their **creativity** and continue to take on **challenges** in a spirit of **co-creation**.

## Maximizing Casio's strengths and the abilities and passion of every employee by instilling our corporate creed and founding spirit

The driving force behind rebooting what is uniquely Casio is the passion, ability to take on challenges, and creativity of every employee involved in our businesses. Each Casio employee should have a heartfelt understanding of Casio's corporate creed and founding spirit, and continue to exercise their own creativity and ability to take on challenges to achieve the series of goals that lead to fulfillment of our purpose. This is about everyone working together to co-create with mutual respect and passion.

Currently, all of Casio is engaged in activities to promote this heartfelt understanding of our corporate creed and founding spirit. To convey these properly, we must be repeatedly engaged in direct communication with employees. I visit our work sites in person to hold "Dialogue with the Chairman" sessions with employees. Through these conversations, I build resonance with our corporate creed and founding spirit, supporting our employees in their creativity and ability to take on challenges. The entire company has begun various initiatives, including the Building Next-Generation Environment Project, the Purpose Project, and CASIO ACTION 2030, to create a uniquely Casio culture that continues to take on new challenges.

## Rebooting what is uniquely Casio: Bringing joy to every Casio fan through the power of each and every employee

Currently, we have adopted matrix management (business and function axes) as a business management mechanism, effective for increasing efficiency. We are confident that by achieving a uniquely Casio corporate culture in addition to this matrix management in order to implement the new growth strategy, each and every employee will be able to help rebuild a uniquely Casio growth strategy in their own actions.

Looking ahead, we will continue to make new innovations to meet the expectations of Casio fans, thereby contributing to society. By harnessing the creativity and ability to take on challenges of all Casio employees, we will work together to create a new future.

# Our Value Creation Journey

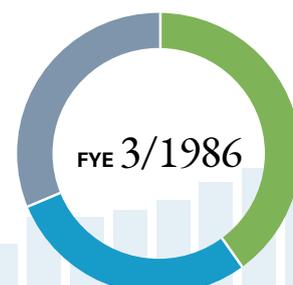
Since its establishment in 1957, Casio has passed down the development philosophy that invention is the mother of necessity. This means that rather than developing products based on user demand, we create the products that society requires. Casio continues to identify latent needs among customers and proposes new value to society while realigning its business portfolio according to the times.

## Transitions in Business Composition

■ Calculator Business



■ Calculator Business  
■ Electronic Timepiece Business  
■ Computer Business and other businesses\*1



## Transitions in Net Sales

1957

1970

1980

### Calculator Business

1957 Compact all-electric calculator "14-A"

1962 Calculator for chemistry "AL-1" (1)



1972 Personal calculator "Casio Mini" (2)



1985 Graphing scientific calculator "fx-7000G"

1983 Credit-card size calculator "SL-800" (4)



### System Equipment Business

1961 Compuwriter accounting computer/billing machine "TUC"

1976 Electronic cash register "Σ-50ER"

1985 Page printer "LCS-2400"

1984 Handheld terminal "DT-6000"

### Timepiece Business

1974 Electronic digital watch "Casiotron"

1983 Shock-resistant wristwatch "G-SHOCK" (5)



### Electronic Musical Instruments Business

1980 Electronic musical instrument "Casiotone 201" (3)



### Electronic Dictionary Business

1981 Electronic dictionary "TR-2000"

### Devices Business

### Digital Camera Business

### Mobile Phone Business

### Projector Business

Products (1) to (7) above are registered in the National Museum of Nature and Science's Essential Historical Materials for Science and Technology.

## 1950s

Casio Computer Co., Ltd. was founded in 1957 after successfully developing the world's first compact all-electric calculator. Solving the speed, noise, and operability problems of calculators of the time, it brought greater efficiency to office work. This was truly an instance of a culture being created through inventions born of necessity.

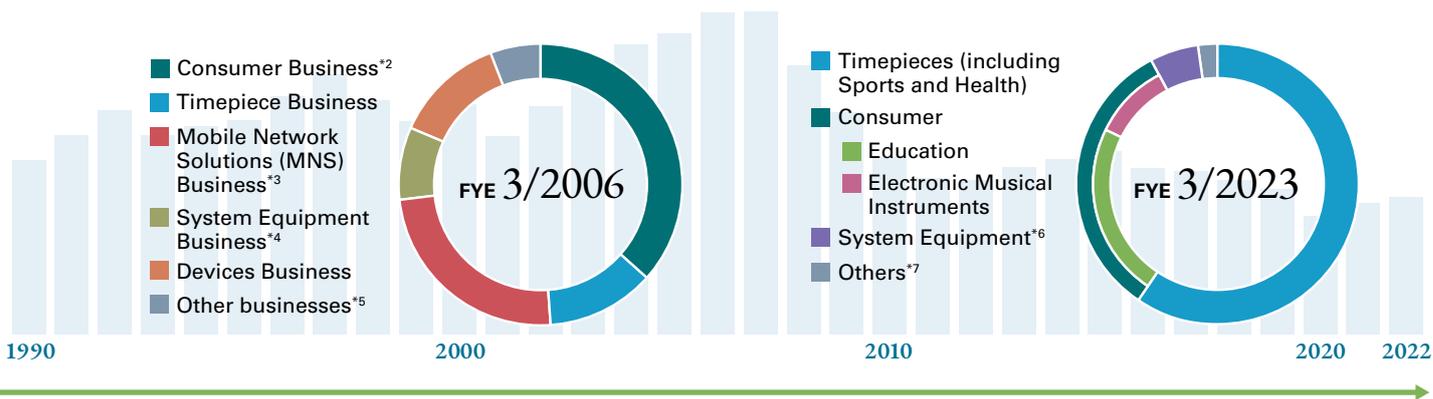
## 1970s

Using the technology and know-how cultivated in calculators, Casio introduced one developed product after another, including electronic typewriters, scientific calculators, and electronic watches. Each of these products were smaller and more personal and were equipped with functions not previously available. Casio's presence grew worldwide as the new value proposed with uses that differed from past products was recognized.

## 1980s

In 1983, Casio released G-SHOCK, which overturned conventional watch wisdom of the day. It established new value in a shock-resistant watch that could withstand unprecedented impacts and vibrations. Later, it gained support among those active in sports and as a fashion accessory among young people. To this day, the brand remains unrivaled all over the world.

- \*1 Main products: Electronic musical instruments, small LCD televisions, portable radios, and system equipment
- \*2 Main products: Calculators, label printers, electronic dictionaries, LCD televisions and other video equipment, digital cameras, and electronic musical instruments
- \*3 Main products: Mobile phones and handheld terminals
- \*4 Main products: Electronic cash registers (including point-of-sale systems), office computers, page printers, and data projectors
- \*5 Main products: Factory automation systems, molds, toys, etc.
- \*6 Main products: Handheld terminals, electronic cash registers, management support systems, data projectors, etc.
- \*7 Main products: Formed parts, molds, etc.



**1989** Office information processor "ADPS R1"

**1999** Wristwatch with GPS sensor "PRT-1GPJ" (7)



**1996** "Ex-word XD-500"

**1990** Launched outside sales of LCD panels

**1995** Digital camera with LCD monitor "QV-10" (6)



**2000** Cellular phone with water and shock resistance "C303CA"

**2003** Projector "XJ-350"

**2010** Mercury-free high-brightness projector "XJ-A145"

## 1990s

Casio benefited from the increasing support of G-SHOCK among adults and women. We also continued developing products with functions, including the world's first digital camera for consumers with an LCD monitor, an electronic dictionary with in-depth content, and a shock/water-proof mobile phone. We continued making new proposals to society and promoted diversification.

## 2000s

In the early 2000s, we introduced new products to the global market, and sales were on the rise. In the latter half of the 2000s, however, the profitability of the Mobile Phone and Devices businesses in particular deteriorated, and combined with the financial crisis of 2007–2008 caused the markets that Casio had nurtured to dampen.

## 2010s

While the Timepiece and Educational Scientific Calculator Business continued to grow steadily, we began a fundamental review of our business portfolio. We transferred and withdrew from the consumer-targeted Digital Camera Business, as well as the Devices and Mobile Phone businesses which saw a decline in profitability, shifting our policy to that of concentrating management resources in businesses that will continue creating value into the future.

# Casio's Value Creation Model

Casio is committed to consistently providing value to people's lives and society at large through products and services created in its five businesses. To achieve this, we will create, provide, and nurture new value sources by harnessing our financial and nonfinancial capital and leveraging our five strengths—marketing, product planning and development, product mass production and supply, business model creation and co-creation, and branding—with our corporate creed of “Creativity and Contribution” at the core.

## Input

### Financial and Nonfinancial Capital

#### Financial capital ▶ Details on P. 39

- **Total assets** 335.2 billion yen
- **Net assets** 221.6 billion yen
- **Equity ratio** 66.1%
- **Liquidity on hand** 130.7 billion yen

#### Human capital ▶ Details on P. 67

- **Number of consolidated employees** 9,732
- **Ratio of female employees** 22% (Casio Computer and Group companies in Japan)
- **Ratio of female managers** 6.7% (Casio Computer)

#### Manufactured capital

- **Production and supply locations** 8 companies
- **Balance of property, plant and equipment** 56,422 million yen
- **Capital investment** 4,567 million yen

#### Intellectual capital ▶ Details on P. 65

- **Number of patents** 11,629
- **Trademarks** 6,019 trademarks in effect in 192 countries and regions
- **Total technical capability to provide hardware development, embedded software development, and software services**

#### Social and relationship capital

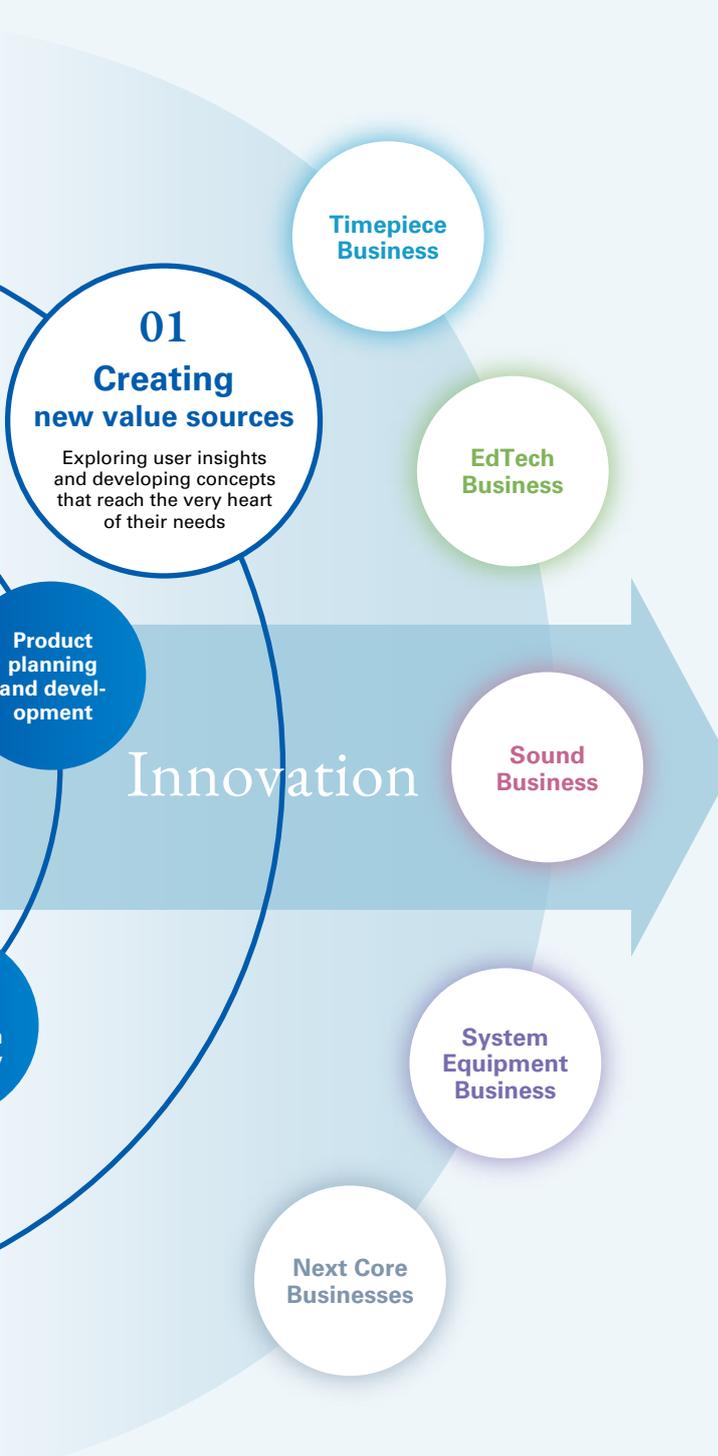
- **Interbrand Best Japan Brands 2022** 81st (494 million U.S. dollars), recognition improving
- **Annual unit sales through our global network** Approx. 80 million units
- **A vast, global supply chain network**

#### Natural capital

- **Annual energy consumption** 485,151 GJ
- **Resource inputs** 32,560 t
- **Water resource inputs** 289,000 m<sup>3</sup>



(As of March 31, 2023)



## Output

### Products and Services

#### Value on your wrist

- G-SHOCK • BABY-G
- OCEANUS • PRO TREK
- SHEEN • EDIFICE

#### Solutions for places of learning

- **Hardware**  
Scientific calculators, electronic dictionaries
- **Software**  
Learning ICT apps
- **Services and support**  
GAKUHAN

#### Sound enjoyment and sound solutions

- **Providing musical instruments**  
Electronic pianos
- **Providing music (enjoyment)**  
Music apps (music, singing, dancing)
- **Music solutions**

#### System products and solutions

- **Handheld terminals**
- **Electronic cash registers**
- **Sales management systems**
- **Human resource solutions**

#### Providing entirely new value

- **Medical**  
Medical cameras  
AI-based diagnostic imaging
- **Human resource solutions**  
Human resource management Software as a Service (SaaS)

## Outcome/Impact

A society of enrichment in people's minds, hearts, and lives

▶ See P. 43–56 for strategies by business

# Casio's Business Overview

Casio deals in timepieces, educational products, electronic musical instruments, system equipment, and other businesses around the world, and each of these products and services has its own firm distinctiveness. Each of our approximately 10,000 employees across the globe work to build Casio's strengths in its technologies and brands.

## Business Segments/Sectors

### Timepiece Business ▶ See P. 43

By providing functions and designs that suit different uses and occasions, we are opening up new possibilities for wristwatches.

Combining robust design and other functional features with a strong fashion sense, G-SHOCK has become an unparalleled world-class lifestyle brand.



Timepieces

### EdTech (Education) Business ▶ See P. 47

Among our products aimed at raising educational standards worldwide are scientific calculators that have a majority market share in 100 countries, electronic dictionaries incorporating educational methodology, and comprehensive learning platforms.



Electronic dictionaries

Calculators

### Sound (Electronic Musical Instruments) Business ▶ See P. 51

Aiming to expand the enjoyment market, which delivers personalized access to enjoying music, we provide electronic musical instruments featuring the Slim & Smart concept, proposing a new lifestyle surrounded by pleasant sounds.



Electronic musical instruments

### System Equipment Business ▶ See P. 55

We provide customers in distribution, retail, transport, logistics, and other industries with optimal solutions in both hardware and software that contribute to improvements in operational efficiency, productivity, and other areas.



Electronic cash registers

Handheld terminals

### Next Core/New Business Domains ▶ See P. 56

With the aim of creating new value for the future, we will build one-of-a-kind recurring businesses that adapt to society's needs by developing new technologies that emphasize originality and utilizing existing technologies.



Runmetrix

Run & walk platform



Medical cameras



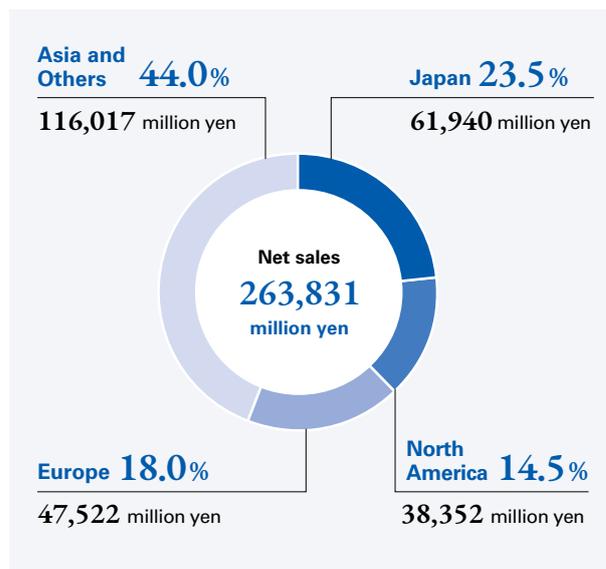
Projectors

## A global procurement, production, and sales structure

Products carrying the household Casio brand name are delivered around the world through a globally coordinated production structure and a sales network that extends to many countries. With production bases mainly in Japan, China, and Thailand, we always practice uncompromising manufacturing from the design stage to the finished product under rigorous quality control in order to provide products with longer lifetimes and greater peace of mind. Our cultivated suppliers and business partners span many different countries, forming a global supply chain network. In addition, to facilitate the smooth execution of our corporate activities, we have obtained 1,427 trademark rights in 192 countries and regions, protecting the Casio brand.

We will continue to provide a wide range of products and services that benefit people's lives and bring new value to the world, as we work to realize a global society where people can live with safety and enjoyment.

## Regional Segments



## A global Casio network

● Production ● Sales ● Head Office

Casio: A global household brand name

Trademark rights safeguard our brand in **192** countries and regions



(As of March 31, 2023)

# Financial and Nonfinancial Highlights

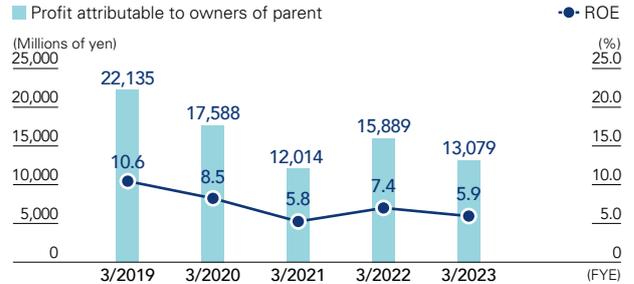
## Financial Highlights

### Net Sales/Operating Profit/Operating Margin



Note: As of FYE 3/2022, we applied the Accounting Standard for Revenue Recognition Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020). Figures for FYE 3/2022 reflect the application of the standard.

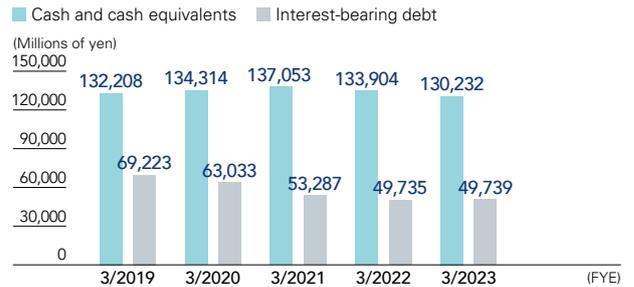
### Profit Attributable to Owners of Parent/Return on Equity (ROE)



### Basic Earnings per Share



### Cash and Cash Equivalents/Interest-Bearing Debt

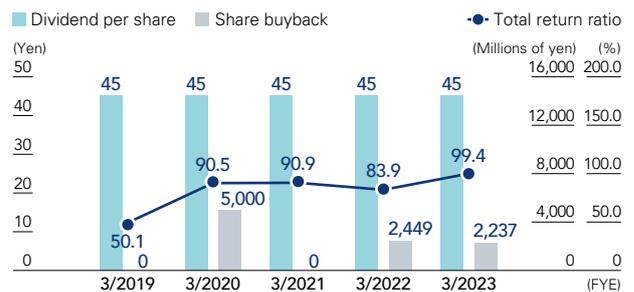


### Net Assets/Equity Ratio

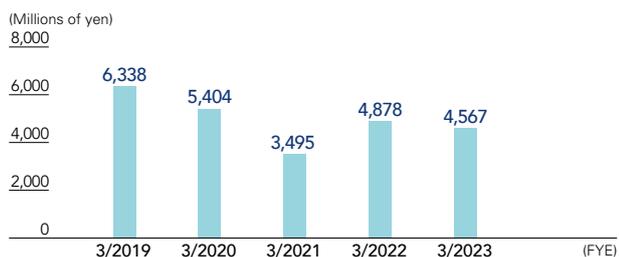


Note: As of FYE 3/2019, we applied the Partial Amendments to Accounting Standards for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018). These accounting standards have been applied retroactively for figures from FYE 3/2018.

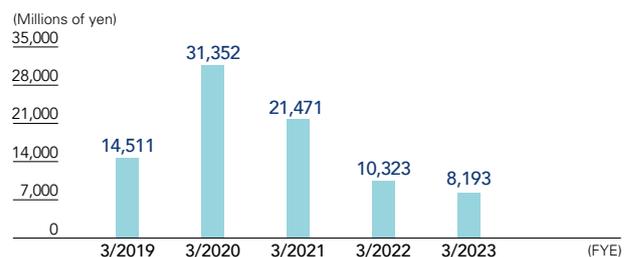
### Dividend per Share/Share Buyback/Total Return Ratio



### Capital Investment



### Free Cash Flows



## Nonfinancial Highlights

### Number of Employees/Ratio of Female Employees



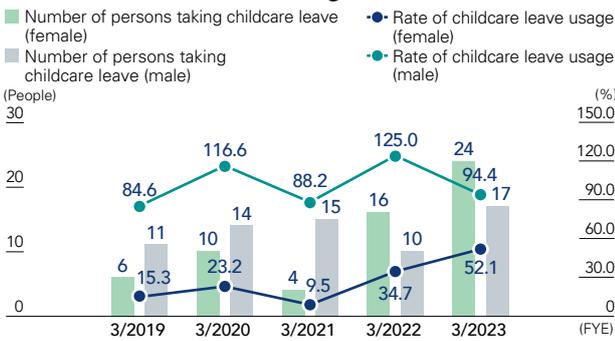
Scope: Casio Computer Co., Ltd.

### Number and Ratio of Female Managers



Scope: Casio Computer Co., Ltd.

### Number of Persons Taking Childcare Leave/Rate of Childcare Leave Usage



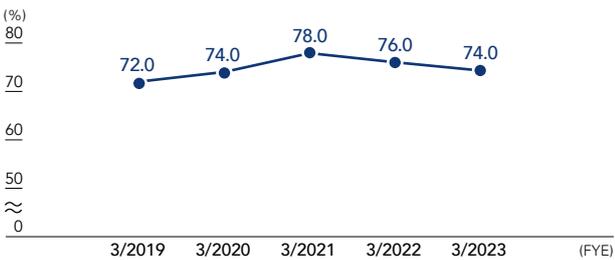
Scope: Casio Computer Co., Ltd.

### Regular Employee Gender Wage Disparity

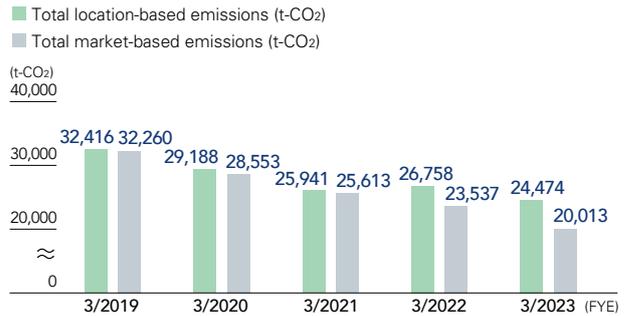


Scope: Casio Computer Co., Ltd.

### Green Star Product Sales Ratio

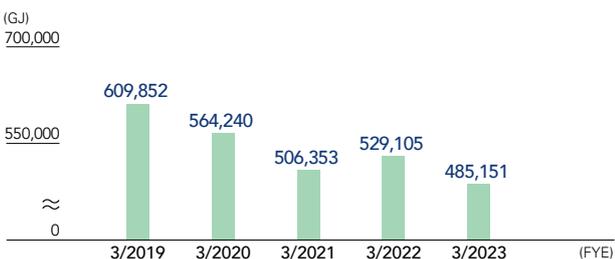


### Greenhouse Gas Emissions\*

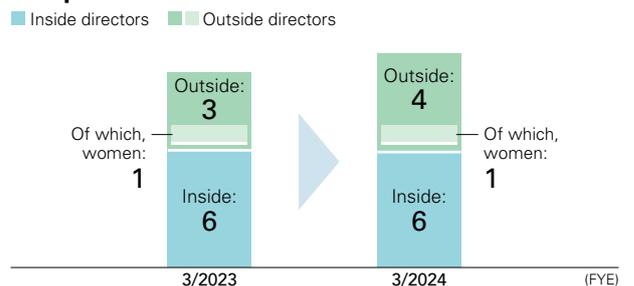


\* Greenhouse gas emissions in Scope 1 and 2

### Energy Consumption (Heat Equivalent)



### Composition of the Board of Directors



Note: All outside directors are independent outside directors.

# Q

Special Feature

## Casio's Power to Build Brands

How did G-SHOCK grow into a global brand?

This dialogue between Casio President MASUDA Yuichi, the cultivator of the G-SHOCK brand, and Executive Managing Officer ITOH Shigenori, who drove the G-SHOCK marketing strategy, highlights the unique methods that Casio used to create new sources of value in the market and develop them into unrivaled, one-of-a-kind brands.



### Profile

#### MASUDA Yuichi

Representative Director,  
President, CEO and CHRO

After joining Casio in 1978, MASUDA Yuichi worked in product planning and development, mainly in the Timepiece Business, becoming executive officer with responsibility for the business in 2006. Following a subsequent period as director, he was appointed President, CEO and CHRO in 2023.



### Profile

#### ITOH Shigenori

Executive Managing Officer  
Senior General Manager,  
Global Marketing  
Headquarters

After joining Casio in 1983, ITOH Shigenori worked in marketing for the Timepiece Business at Global Marketing Headquarters. From 2007, he served for over 10 years as CEO of Casio America, Inc. He is currently an Executive Managing Officer and Senior General Manager of the Global Marketing Headquarters.

## Part 01 Creating new value sources

### G-SHOCK—a source of value created through an approach exactly opposite to conventional wisdom. This future power brand was born of a culture that allows failure and embraces challenge.

**ITOH:** I joined the Company in 1983, which is 40 years ago now. That was the exact year of the G-SHOCK sales launch, but people's impression of Casio at the time was of a company that made calculators. I understand that the development of G-SHOCK had started two years earlier.

**MASUDA:** On the subject of the background to the emergence of G-SHOCK, Casio had actually entered the digital wristwatch market in 1974, but you are right that at the time when you joined Casio, our main business was calculators, with timepieces in second position. On the other hand, we were beginning to achieve some sales growth in the Timepiece Business by applying the strategy that had proved a success for the Calculator Business, in other words offering advanced functionality at unbeatable prices. But the weak point of this low-price strategy was that it probably caused a fairly tight profit squeeze. It was a period of repeated trial and error as we attempted to reboot the business, and G-SHOCK was one of the ideas we tried.

**ITOH:** I remember that the fashion in wristwatches at the time was for them to be as slimline and stylish as possible with a trend toward dressy designs. When Casio launched onto that market a watch with the solid and sturdy aesthetic of G-SHOCK, was that based on a conscious idea of going against the prevailing trend?

**MASUDA:** No, nothing as smart as that (*laughs*)! It started with one very gifted engineer who had the idea of making a watch that would not break if dropped.

It's as simple as that. At the time, there were already digital watches on the market whose selling point was waterproof performance, but none that were promoted for their shock resistance.

**ITOH:** Yes, I remember, in our student days wristwatches were known to break if you dropped them, so we were all careful never to let them fall.

**MASUDA:** Exactly. But it occurred to this engineer that, if the structural advantages of the digital watch could be exploited to the maximum, it might be possible to make a watch that doesn't break when dropped. In terms of fashion, I guess that's the equivalent of a pair of jeans: a kind of "trusted old buddy" that can handle some rough treatment and that you can take with you anywhere. In that sense, "tough" is probably a closer description of our idea than "unbreakable."

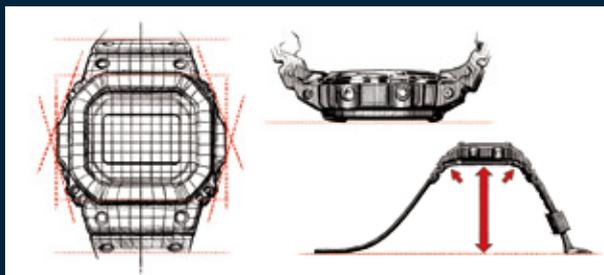
**ITOH:** I see. But when everyone in the industry was competing to make dressy watches, staking your success on a pair of jeans was going completely against the grain. Were there opposing voices in the Company?

**MASUDA:** Yes, of course. At the first planning meeting, one of the officers asked repeatedly what on earth we were thinking of, making a product like that, and the rest of the panel seemed to be taking the same line. It was at that point that former chairman KASHIO Kazuo, who was a senior executive managing officer at the time, said "If you think you can make it work, go ahead and try." If it hadn't been for that word of support, G-SHOCK would probably never have come into being.

#### Core G-SHOCK technologies that maximize toughness



The module is positioned so as to float inside a hollow case structure to buffer the transmission of external impacts.



The bezel around the watch face has a raised profile while the wristband has a rigid curve shape, which provides cover in all directions to minimize impact if the watch is dropped.

## Special Feature: Casio's Power to Build Brands

**ITOH:** I've had the same kind of experience a number of times, too. A bold decision from the top can allow a daring strategy to go immediately into execution.

**MASUDA:** Afterward, I heard on the grapevine that the chairman had found our idea interesting because it was the exact opposite of the conventional wisdom. To break the status quo, you need to try out a range of different approaches, so when you pick on a particular feature and follow it all the way through, it's natural if that sometimes leads to a challenging proposal. When you go with a challenging proposal, of course the risk of failure is also higher, but for a company and its business to evolve, I've always thought it's important to make space for that kind of failure.

**ITOH:** I agree. My approach as a manager is to value not only results but also the willingness to take on challenge. After all, since its foundation, Casio's growth has depended on embracing original ideas and bold challenges that go beyond the conventional wisdom.

**MASUDA:** That "tradition" was carried on with the launch in 1981 of PROJECT TEAM Tough, which consisted of me and two others. As the team member in charge of planning, my mission was to embody in a product the totally new concept—value source—of a durable watch that would not break even if dropped. That was a pretty tough task involving a lot of trial and error, but two years later we managed to reach the finish line with the sales launch in April 1983 of a product we called G-SHOCK.

### Part 02 Impact of the new value source

**Unbeatable shock-resistant structure with the unique feature of absolute toughness. The U.S. market was set ablaze by the new value source of practicality.**

**ITOH:** I more or less know the story from after the G-SHOCK launch in 1983 because I witnessed it as a new recruit. The concept of a watch that doesn't break if dropped must have had quite an impact on the market when it was launched.

**MASUDA:** Well, it did attract some publicity, but on the sales front it was a big disappointment. Particularly in Japan, there was almost no reaction at all at first. But one market that stood out was the U.S. market, where sales did grow.

**ITOH:** Hearing that G-SHOCK was a hit in the United States makes sense to me when I think about it now. They attach a lot of importance to practicality, and I guess G-SHOCK fit in with those priorities.

**MASUDA:** It had particular support among firefighters, police officers, military personnel, and other professionals working in a tough environment. From around 1985, I think we were selling 300,000 watches a year in North America alone. When we could see more or less where the customer base lay, we set about emphasizing the "toughness appeal" by rolling out an advertising campaign suggesting that you could use the watch as an ice-hockey puck and slam it as hard as you like and it still wouldn't break. However, G-SHOCK would have been unlikely to build the brand position it has today if we had promoted only the functional value of its toughness.



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**ITOH:** That's a good point. We managed to expand our customer base beyond just the professionals we mentioned just now to gradually gain popularity among snowboarders, skaters, surfers, and other people who engage in rough-and-tumble sports by offering them samples and product support. With the combined influence of these two trends, a mini-boom broke out in Japan after a delay of a few years.

**MASUDA:** Around 1989 to 1990, so six or seven years after the sales launch, G-SHOCK sales began to expand rapidly in the Japanese market. At first we wondered what on earth had happened. On investigating, we found out that it was a case of "reverse import," where popularity in the United States had fed back to Japan through magazines and other media.

**ITOH:** That moment may well have been a turning point. Among those young sports fans, G-SHOCK gradually acquired the status of a must-have accessory. In the course of that development, the original functional value of shock-resistance was overlaid with a new fashion-based value.

**MASUDA:** The founding value of G-SHOCK was its unbeatable shock-resistant structure and the absolute toughness supported by the feature. That offer really struck a chord with certain users, and as that fan base expanded, the product acquired an additional new value as a fashion statement. That may not have been what we originally planned, but the new value source that emerged as a result has been crucially important in G-SHOCK's history. However, at the time of the first mini-boom we had not yet managed to clearly grasp



the nature of that value source.

**ITOH:** As a young person myself, I actually felt somewhat impatient as I watched the rollout of those commercials from the sidelines. The classic advertisement was the one about hitting the watch with an ice-hockey stick. But these commercials concentrated exclusively on the outstanding functionality, with no appeal at all to fashion based on an understanding of youth culture. I felt that if it was up to me, I would want to include that kind of branding element.

## Part 03 Providing and nurturing new value sources

### A fundamental review of the marketing strategy— —design, pricing, sales channels, and product promotion— unlocked the hidden potential of G-SHOCK.

**MASUDA:** If I remember rightly, your involvement with G-SHOCK started in 1993.

**ITOH:** The first mission I was tasked with was to develop sales through youth fashion outlets, specialist watch retailers, and department stores, so I set up relationships with 700 to 800 stores mainly in the Tokyo region. After that, I was allocated to product planning, where I launched a branding campaign around the concept "G-SHOCK from the U.S.A." A promotion targeting the snowboarders and skaters who were G-SHOCK's core users in the United States was reverse-imported to Japan under the slogan

"America loves G-SHOCK" and set off a wave here. That wave spilled over into Asia and later set off a huge boom in Europe and the United States. Specifically in the United States, popularity spread to a variety of fields such as NBA players and other prominent athletes as well as artists and actors, which widened into a global trend.

**MASUDA:** I'm sure that up till then it had never been part of Casio's approach to create a brand in that sense. As we were essentially a manufacturer, we had always adopted a product-oriented approach, with high quality

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and advanced functionality assumed as part of the package. Our approach had been to outcompete rival manufacturers and achieve growth by adding strong cost performance and price competitiveness to that package. G-SHOCK certainly was a wristwatch that overturned convention, but ultimately the core product value lay in its unbeatable shock-resistant function, with almost no element of fashion. To expand on that, you could say that, because of the straightforward, rather stubborn approach that is typical of the manufacturing industry, it was seen as downright taboo to get involved in the world of fashion, where projecting a confected image is the rule. So, was there something in particular that drove your decision to try to build a brand in an environment like that?

**ITOH:** To put it bluntly, we had no other option. At the time, the Japanese wristwatch market was dominated by global brand competitors that were familiar to everyone. For people above a certain age, Casio was not even on their radar. Under such conditions, the only option left for our Timepiece Business was to go for the market of teenagers and young adults, who are "blank canvases" with values not yet molded by existing convention. Also, the strongest influences on this highly fashion-sensitive age group were music, dance, sport, and other products of American culture.

**MASUDA:** At the time, I'm sure Casio had no in-house precedent that could serve as a model for branding, so it must have been a big challenge finding your own way forward with nothing to guide you.

**ITOH:** Yes, there was no existing framework and nobody in the Company who I could ask about marketing and branding, so I had to teach myself and ended up reading dozens of specialized books. On the other hand, after 10 tough years in frontline sales at Casio, I had formed my own ideas about how to make a product sell and how to strengthen brand image. And of course I was not working alone. The Timepiece Business had been going through a difficult phase, and our only option was to stake our hopes on G-SHOCK. Once we

had determined the strategic direction, development and design departments and sales staff nationwide all joined forces and supported us in a concerted team effort to create a new culture. That made me think all over again what an amazing company Casio is.

**MASUDA:** It was the same with the development of the first-generation G-SHOCK. Once the goal is set, all the teams involved come together and give their best. That's the corporate culture of Casio. To build the G-SHOCK brand, a new strategy was developed in all areas from products to distribution and promotion. That must have called for coordination across departmental boundaries. What impressed me most at the time was the strategy for pricing and sales channels. Until then, Casio had added to its market share and achieved growth by offering products with advanced functionality at low prices. Our distribution channels were also centered on discount stores and similar outlets. But G-SHOCK opened up a sales avenue in the exact opposite direction.

**ITOH:** I believed that creating a brand required the pricing and the sales environment to be consistent with the product value, so along with improving product functionality, we worked to strengthen the statement made by the product concept and shifted to a higher price band. At the same time, we extended the sales channel to include not just home improvement stores and large consumer electronics stores but also department stores, jewelry stores, specialist watch retailers, and other categories.

**MASUDA:** In terms of design, too, you laid aside the previous unwritten rule that the color must be black and the material plastic, and developed a product range with a variety of colors and materials.

**ITOH:** Product design represents a whole other value source on top of product function, so a market-oriented approach becomes more important here. Based on research into user preferences and the latest fashion trends, we gradually expanded our lineup to include white, skeleton, metal, and other styles.

### The practical watch for professional needs that wound up acquiring fashion value



“ G-SHOCK is a wristwatch that made an unprecedented break with convention. Development and design departments and sales staff nationwide all joined forces in a concerted team effort, ready and determined to rise to the challenge of creating a new culture. ”



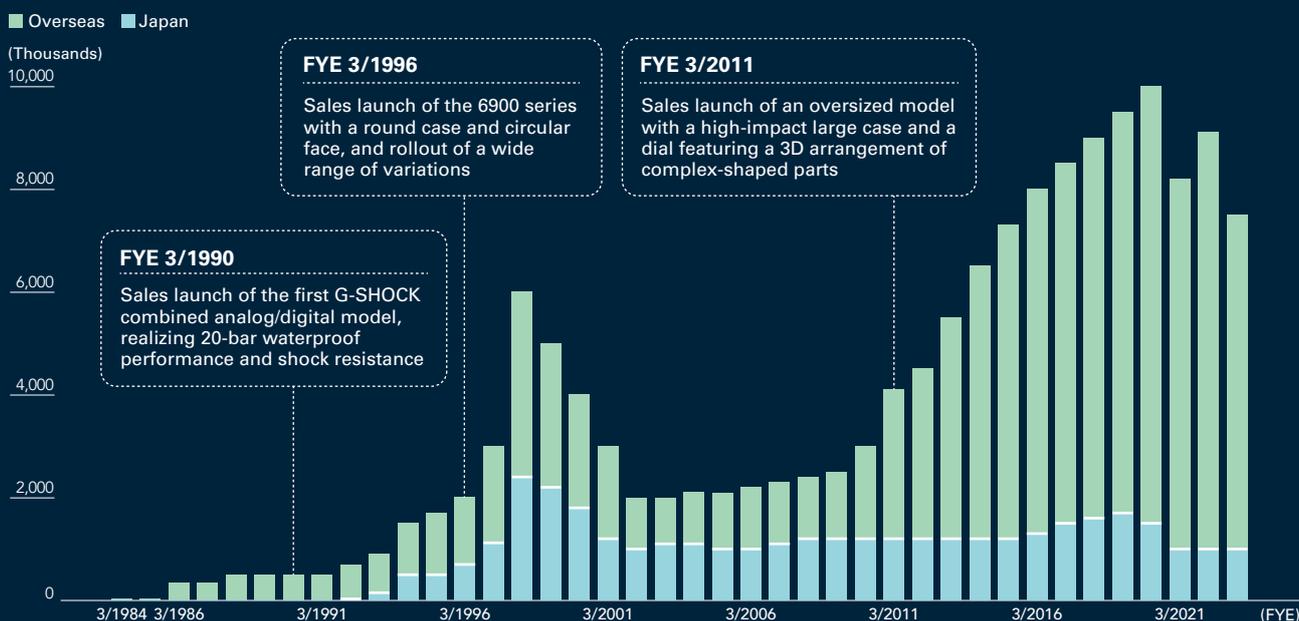
**MASUDA:** The promotional strategy was also very unusual for Casio. Instead of making your own advertisements, the main focus was on gaining publicity, for instance through media articles and television programs.

**ITOH:** My view is that an advertising campaign simply featuring celebrity appearances will not lead to the creation of a brand in the truest sense. The most effective method is for a celebrity who actually uses the product preferentially in their private life to present its attractive features in third-party media such as magazines and television programs. Of course, that requires some

arranging. So, in the promotion, we identified genuine G-SHOCK fans who were also leading personalities in their respective fields to act as ambassadors and arranged for them to present messages in various media. In that way, G-SHOCK starts to become a kind of buzzword for people with the same values. I described that with the phrase “G-SHOCK is Media.”

**MASUDA:** That branding strategy completely overturned Casio's previous conventional wisdom but was extremely effective. In 1997, the global shipment volume reached six million units. It's the story of a great turnaround.

### G-SHOCK units shipped



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### Part 04 Toward future value creation at Casio

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#### What does “building a brand” mean?

**This question gets to the heart of Casio. We want to engage with the generation that holds the key to the future and pool our resources to meet challenges.**

**ITOH:** The great wave of popularity that had swept Japan and the United States settled down around 2000. But even after that, strategies such as the “SHOCK THE WORLD” promotional event series, organized with the collaboration of artists including Kanye West and Eminem, allowed G-SHOCK to continue to consolidate its value source as a power brand resilient to changing fashion, and at the same time to attract new fan groups including among women. Currently, the global annual shipment of G-SHOCK units is around the 10 million level, well above the peak of the 1990s boom, which means that the Timepiece Business has become the strongest pillar of Casio's business.

**MASUDA:** I expect the story of our further accelerated growth from the late 2000s is familiar to some extent to our younger employees. So, now I'd like to talk about how we can use our experience from the birth and growth of G-SHOCK to support Casio going forward.

**ITOH:** I feel the same. The important thing is the future. For example, I'd like us to look again at what “building a brand” means.

**MASUDA:** Building the G-SHOCK brand had certain things in common with creating a fashion brand. However, that does not mean that we simply chased the latest trends. I believe that superior functionality and toughness as a watch remain strictly at the core of the value source. The catchphrase we launched in 2002, “Doesn't stop, doesn't break, doesn't go wrong,” expresses the essence of the product perfectly.

**ITOH:** I believe there are three key elements to building a brand. First, originality. That means not copying other people's ideas but having original features or an original philosophy that is unique to that product or brand. In the case of G-SHOCK, that feature is its unbeatable shock resistance. Second, consistency. A strong brand must maintain a clear originality over time. G-SHOCK has placed consistent and continuing emphasis on shock resistance. And third, innovation. In order for the brand to stand the test of time and remain consistently original, it is important to respond sensitively to the changing times and continue to evolve. In the case of G-SHOCK, at the same time as holding firmly to its founding value, it targeted new customer groups with bold designs and

materials. In that way, it updated its value source by always striking a new chord with users and simultaneously innovating its sales channels.

**MASUDA:** The G-SHOCK project equipped Casio with practical marketing and branding expertise and a massively successful model that it had not possessed before. We would call these our “intellectual assets.” However, I don't mean that we could build a strong brand by simply copying the method used with G-SHOCK like following a set of “how to” instructions. As I said earlier, what I want people to take away first and foremost from the history of G-SHOCK is the importance of embracing challenge. That means putting aside for a while all things like the conventional wisdom of the industry, customary in-house practice, and existing business frameworks, and going back to the drawing board to think hard about what products people really want and what products we really want to make. That's the first challenge. After that, as part of the process of taking the newly created founding value and turning it into a commercial product and a business, you face each of the various obstacles that appear in your way and work together as a team to overcome them one by one. That brings new challenges.

**ITOH:** Before G-SHOCK, I think Casio was a company taking a product-oriented approach, which is of course an important approach for a manufacturer. It means creating from scratch, which is when highly skilled engineers use creative thinking to come up with groundbreaking products. However, that doesn't necessarily result in a successful business every time. Another important factor is a market-focused approach, in other words, a focus on how to create value that will strike a chord with users. Connecting with users in that way is no easy thing. It's a bit like striking a mineral seam. You establish a theory, test it in the market, observe the reaction, and evolve your theory accordingly. You just have to keep repeating this process, little by little getting closer to the mineral seam.

**MASUDA:** To take alcohol-free beer as an example, there may well have been a hidden demand for it, but to start with there was no such market. Such hidden needs are unlikely to be identified using superficial research such as questionnaire surveys. It was only

## New brands to carry the Casio of the future



The Privia digital piano, which combines Casio's unique cutting-edge sound technology with elegant design, has won an international design prize.

by establishing a variety of theories and subjecting them to a repeated process of trial and error that the developers gradually began to connect with rich seams and could go on to develop products and markets. I think that the G-SHOCK project is a classic successful example of that approach.

**ITO:** It certainly is. By repeated trial and error from both product- and market-oriented approaches, we investigated in depth what constituted the G-SHOCK value source and cultivated that element as the brand value. I believe that the same approach would be possible for example in the Sound Business and the EdTech Business.

**MASUDA:** That's exactly right. For example, the Privia PX-S7000 electronic piano launched in 2022 is a product that broke with the conventional wisdom of the electronic piano in many aspects, such as its design to match home interior decor and its distinctive acoustic system with independent speakers. If we roll out marketing and branding centered firmly on this core value, we expect to be able to stimulate hidden needs and open up a new market sector. Likewise in the EdTech Business, our existing rollout has resulted in the CASIO brand having a high level of recognition in the education market worldwide. From that base, I think it should be quite possible to raise our brand image to the next level around the concept of "CASIO for education."

**ITO:** If I were to name one more engine of value creation, I would say "collaboration." If you trace G-SHOCK's history back to the development of both the first model that you were involved in and the branding that I took charge of from the 1990s, success would not have been achieved without the collaboration of not only the various corporate departments with the



The all-in-one learning app ClassPad.net, which brings multiple and effective functions to ICT education, has a design that reflects opinion from educational environments around the world and is adapted to the education business of each country.

specialist skills of their team members but also many others, including sales channel and media staff and product ambassadors.

**MASUDA:** For a business like Casio, I feel that the current era is one where collaboration of this kind is increasingly important. For the creation of a new value source, I would like to see employees focus on a goal a little way ahead and then work in teams to advance in small but rapid steps toward it. If that brings good results, then they can bring more people onto the team and take on a bigger challenge. I believe that putting in place an environment that supports that kind of collaboration based on diverse talents, including input from outside, is one of the most important missions of senior management.

