

sustainable japan

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E-book innovator Media Do also aids regional startups

ESG Talk

HIROKO NAKATA
CONTRIBUTING WRITER

E-book distributor Media Do Co. Ltd. not only plans to expand its business beyond the current form of e-books, but also supports entrepreneurs in regional cities to revive local economies and thereby help the country's economic growth.

"I believe companies that are profitable or listed on the stock exchange are responsible for giving back to society because their sales and profits receive benefits from society," said Media Do's founder, president and CEO, Yasushi Fujita. Such activity means not only giving back to society but also helping employees understand their company's management and culture, which in turn becomes their driving force, he said.

Based on its corporate mission of "unleashing a virtuous cycle of literary creation," Media Do focuses on the distribution of digital content to a wide range of people amid the digitization of books. In addition to its e-book distribution services, what makes the company competitive is an innovation for e-books: non-fungible tokens (NFTs) provided to those who buy traditional books or magazines in physical form. With the NFTs, readers also have access to the digital content, including music, videos or other forms of art. Last year, the company created a capital and business alliance with the Japanese book distributor Tohan Corp., launching 40 titles of books, magazines and photographic collections with digital benefits provided by NFTs.

Media Do, the No. 1 e-book wholesaler in the country, has a competitive edge because unlike in the United States, where Amazon Inc.'s Kindle digital bookstore dominates the market, a huge number of online bookstores vie with each other in Japan. In 2006, when Media Do

started its digital distributing business, there were only 20 online bookstores in the country, but the number has surged to 150. "If e-commerce companies with a digital book section are included, the total reaches around 500 firms," Fujita said. Media Do's role is to link more than 2,000 publishing companies to the digital bookstores.

As the digital content market grew, Media Do's sales increased. They have doubled to ¥100 billion (\$690 million) over the past four years. In the business year to February 2022, its sales rose 25.4% from the previous year to ¥104.7 billion, with operating profit up 5.5% at ¥2.8 billion.

With its innovations, Media Do pays back to society by cultivating new customer demand, helping to expand the digital content market and also benefiting the analog market. In the domestic market for physical books, sales peaked at ¥2.6 trillion in 1996 and then shrank to less than half of that over the next quarter of a century. Media Do developed blockchain technologies that make it possible for digital content to trade secondhand, since it has records of the content's past trades. That means secondhand trades bring royalties to authors, creators or publishers, unlike in the secondhand market for traditional paper books. The digital books or magazines with NFTs protect the copyrights by giving the specific NFT platform "FanTop" app to those who purchase them so they can have access to the digital benefits.

Media Do's business is not limited to digital distribution. The company also focuses on incubating startups in local areas.

"It is very important for future corporate leaders to not just concentrate on their business but to let people understand that their companies are facing society and contributing to it," Fujita said.

That is why Fujita, a native of Tokushima Prefecture, supports local



Media Do's founder and CEO, Yasushi Fujita (COSUPI FOR PHOTOMATE)

entrepreneurs to address issues such as the outflow of population from regional towns and cities to Tokyo and other metropolitan cities. A lack of young labor has weakened local economies in the rapidly aging country, while more than half of the startup companies in the country are launched in Tokyo.

Fujita started the Tokushima Innovation Base Association (TIB), an incubation hub to support entrepreneurship in the region, together with local media outlets and banks. TIB opened a co-working space in the city of Tokushima in 2020. For instance, TIB planned an event to help

people learn how to utilize blockchain technologies in business. On another occasion, it hosted a business-pitching event for high school students. It also invites owners of startups to lecture and holds workshop events on a regular basis so that young entrepreneurs can study how to find business seeds, how to overcome troubles they face and what is important to make their business sustainable.

"Those who have power to change society are business leaders and entrepreneurs. It is the local cities that need many entrepreneurs because they [entrepreneurs] involve people around them and

create power to revive the local economy. To do that, they [cities] need to learn business models, technologies, finance and management — business basics that have not been taught in the regions far away from big cities," Fujita said.

Fujita's strong motivation to support entrepreneurs stems from his own background. He was born in a small Tokushima village with about 1,000 residents, but he saw the place reviving after new businesses and facilities were invited there.

The TIB model has affected other local cities, prompting 18 similar startup hubs to launch in the past two years. Fujita said he expects 12 more hubs to be established in other regions by the end of 2023.

TIB's education and incubation methods come from Fujita's experience at the Entrepreneurs' Organization. Founded in the U.S. in 1987, the global entrepreneurial organization currently has more than 14,500 corporate members worldwide, including 600 members at eight Japanese branches. Only companies with sales of more than ¥100 million are entitled to join.

Fujita learned at the organization that it is important to build a network of entrepreneurs to overcome the plethora of hardships that startup businesses face. By sharing their experiences, startups find the keys to overcoming their problems as soon as possible and gain a better chance of succeeding. Fujita applied this method of supporting entrepreneurs to the TIB platform when he launched the hub.

The idea of packaging multiple factors to maximize value, which Fujita learned at the Entrepreneurs' Organization, has been applied to Media Do's new business model for digital content.

"We want to provide readers with a new way of enjoying e-books," Fujita said. The company plans to create additional value for digital benefits and make them "collectible." For example, consumers may keep their e-books on virtual book-



"We want to provide readers with a new way of enjoying e-books," Fujita said. (COSUPI)

shelves on the internet. But the books are currently arranged in two dimensions. Media Do plans to distribute e-books with specially designed covers that are different from traditional books and can be arranged three-dimensionally on online bookshelves.

In the future, Media Do plans to expand overseas. In 2021, the company acquired Massachusetts-based Firebrand Group. They provide technologies and marketing services by supporting publishing companies' management of their internal workflow and e-book distribution, with a network of more than 100 publishers in the U.S., Britain and Germany. Earlier this year, Media Do also bought out London-based Supadu Limited, a provider of web designs, e-commerce and data for hundreds of publishers, including the world's four biggest. Media Do plans to take advantage of their know-how and intellectual property. Through the two companies' global networks of publishers, it plans to export its business model developed in Japan — publications with NFTs providing access to a variety of digital content.



The ESG Talk series are interviews with business leaders who are active proponents of ESG investing and practices in Japan.



Chakaiseki Onjaku

Fishmonger, chef collaborate on kaiseki cuisine



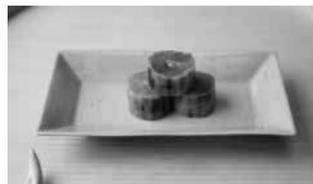
TAEKO TERAO
CONTRIBUTING WRITER

With the local food movement as popular as ever these days, forgotten regional ingredients are in the spotlight, and chefs are usually the ones responsible for pulling them onto the gastronomic stage. Sasue Maeda Fish Shop is a prime example. Located in Yaizu, Shizuoka Prefecture, the fishmonger receives orders from famous chefs throughout Japan but also supplies fish to several local chefs. Daigo Sugiyama, proprietor of Chakaiseki Onjaku, is one of them.

Sugiyama's grandfather, established a soba shop in Yaizu. Later, his father trained at Wako, a restaurant in Tokyo's Mejiro district known for incorporating the spirit and techniques of the tea ceremony into its *chakaiseki* cuisine, then went on to establish Chakaiseki Onjaku. Like his father, Sugiyama trained at Wako before returning to the family business eight years ago.

The Sugiyama family has been sourcing fish from Sasue Maeda Fish Shop for three generations. As Sugiyama began frequenting the fishmonger, he gradually came to view Maeda as his teacher of all things fish.

For ¥16,500 (\$115), guests receive a multicourse meal that respects the *chakaiseki*



Address
Chakaiseki Onjaku
6-14-12 Honmachi,
Yaizu-shi, Shizuoka
<http://www.all-yys.com/onjaku>

茶屋
温石

tradition of hospitality without clinging to its formalities. At one meal, guests can enjoy high-quality ingredients such as *aji* (horse mackerel), *sakura shrimp*, *itoyori tai* (golden threadfin bream), *katsuoobushi* (bonito shavings), *Tsuruna* (New Zealand spinach), *jindo ika* (Japanese squid) and *kinmedai* (splendid alfonso).

HEITA KAWAKATSU
GOV. OF SHIZUOKA PREFECTURE



I would like to express my heartfelt congratulations to Chakaiseki Onjaku for being selected as one of the Destination Restaurants 2022.

Shizuoka Prefecture is blessed with diverse natural features such as Japan's highest mountain, Mount Fuji, and its deepest bay, Suruga Bay, and produces abundant agricultural, forestry and fishery products. Due to their high quality, it is called the "Kingdom of Food." At Chakaiseki Onjaku, you can enjoy the rich ingredients from Suruga Bay. We hope you come visit Shizuoka Prefecture and enjoy the area's cuisine and food culture.

HIROMICHI NAKANO
MAYOR OF YAIZU



We would like to extend our heartfelt congratulations to Chakaiseki Onjaku for being selected for The Japan Times Destination Restaurants 2022.

It is also an honor for the port city of Yaizu, which has prospered as a fishery city since ancient times. At Chakaiseki Onjaku, you can enjoy not only the taste of the cuisine, but also the theatrical performance of the chef carefully preparing fresh and rich local ingredients in front of you. In addition, we hope you have a heartwarming and joyful time thanks to the attentive service of the staff.

How FPCO turned disposable trays into valuable resource

Unraveling Japanese companies

HIROKO NAKATA
CONTRIBUTING WRITER

What drove FP Corp. to establish its own recycling system for foam food trays earlier than any of its competitors was a strong sense of crisis that the waste issue could push the company out of business. As a result, the largest food tray maker in Japan started recycling, which has made its business sustainable for more than three decades.

FPCO's first turning point was in 1990, when McDonald's decided to stop using clamshell-style foam containers. The giant U.S. fast-food chain announced it would switch to paper wrappers, since the containers littering the beaches in Los Angeles and elsewhere had triggered consumer boycotts of its hamburgers. The consumer movements and pressure from environmentalists stunned Yasuhiro Komatsu, the founder of FPCO and its president at the time, who visited the United States every year to check U.S. supermarket chains and learn from them, as many Japanese retailers did at that time. "The founder had a sense of crisis after McDonald's made the decision. He announced that FPCO would start recycling its foam trays before deciding how to do it," said FPCO Chairman and Representative Director Morimasa Sato.

Komatsu's sense of crisis also stemmed from the problem of rising waste in Japan. Since postwar economic growth had led to increasing amounts of garbage that troubled policymakers in Tokyo, the founder feared that the issue would bring similar criticism

NAONORI KIMURA
INDUSTRIAL GROWTH PLATFORM INC.
(IGPI) PARTNER



Since FP Corp. started recycling food trays in 1990, it has established a firm position in the business with its recycled Eco Trays. Although recycling is a very common activity in today's business world, it was a bold step with high uncertainty at that time,

against food tray makers in Japan.

The Hiroshima-based FPCO took quick action. The founder swiftly requested six supermarket outlets in Hiroshima and



FPCO Chairman and Representative Director Morimasa Sato THE JAPAN TIMES

Osaka Prefecture to set up recycling bins where consumers could dispose of used foam trays for recycling. That decision led to an unexpected outcome. The bins not only collected trays, but those outlets attracted more consumers than other supermarket chains, Sato said. The popular system encouraged more outlets to place recycling boxes at their entrances. Two years later, FPCO developed foam trays made from collected ones, named Eco Trays. The country's recycling laws, which took effect later in the 1990s, further supported the recycling trend.

The second turning point for FPCO was when one of Japan's largest retailing chains decided to introduce the Eco Trays at all its stores. "The decision accelerated recycling movements," Sato said. The company later started recycling clear plastic packages and PET bottles as well.

The increase in the number of recycled trays and compacting the trays for easier transportation after white trays were separated from colored ones helped the recycling business to start making money. As of this March, FPCO had recycling bins at about 10,000 outlets. Still, the number of collected trays accounts for a mere 40% of its products, which Sato aims to boost in the future.

requiring partnerships with many parties such as retailers and transporters to complete the whole system. Lacking strong leadership with a vision for the future, this business activity would not have been successful.

As Sato emphasized, "workers play the leading part in the company." The company efficiently uses various human resources and aims to create additional value as a company by actively investing in a comfortable working environment. The source of FPCO's sustainable manage-

ment is to have many workers think, "It is good to work at FPCO." I expect the company to develop a new recycling society in cooperation with workers and customers without pursuing extreme growth, an approach that Sato described as "tree-ring management."

He said the recycling system is supported by four parties: supermarkets, consumers, wholesalers and FPCO itself. Supermarkets not only set up recycling bins but replace the plastic bags inside when they fill up with

disposed trays. Consumers rinse used trays and bring them to recycling boxes. Wholesalers pick up the trays when they bring new containers to supermarkets. FPCO collects the used trays from wholesalers when it provides them with new ones. "Without their efforts, FPCO couldn't have continued the recycling system," Sato said.

Another factor that makes the food tray maker sustainable is its trust in its workers. For example, FPCO has hired people with intellectual disabilities because they have a special ability to precisely sort white from colored containers. "We hire them not because we have to, but because they have a talent for the job," Sato said.

While the company's competitiveness comes from producing and transporting food trays, its corporate purpose is to establish a better environment for its workers. "I believe sustainable management is to not stop the cycle — distributing our profits, investing them to create a better environment for workers, and making their power the source of our competitiveness," he said. "I want workers to get rewarded for their efforts every year and feel they want to work here forever."



This section highlights the environment and a sustainable society. For more information please visit <https://sustainable.japantimes.com>



Destination Restaurants 2022 AUTHENTIC JAPAN SELECTION

