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Kikkoman's secret sauce: A taste for trying new things

Unraveling Japanese companies

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Long before Japanese cuisine took root, as it has now in the United States, soy sauce was a familiar item in U.S. supermarkets. That popularity was supported by Kikkoman Corp.'s long efforts, creating hundreds of recipes every year to tempt American palates.

"Still now, we are proposing at least 200 recipes every year not only for American consumers but also restaurant owners," said Osamu Mogi, director and senior executive corporate officer in charge of international operations for Kikkoman.

On Instagram and other social media, Kikkoman promotes various recipes — from a soy sauce brine for roast Thanksgiving turkey to desserts like chocolate fudge brownies with a bit of soy sauce and snacks like butter-soy sauce popcorn.

Staying responsive to market demand



Kikkoman Corp.'s director and senior executive corporate officer, Osamu Mogi
HIROMICHI MATONO

has been key for the Japanese soy sauce maker to develop its business across roughly 350 years.

Kikkoman started exporting its products to the U.S. before World War II, mainly targeting Japanese Americans and Japanese people working in the country. The company resumed exports of soy sauce to overseas markets after the war because despite the postwar domestic economic recovery, the consumption of seasonings does not necessarily rise in tandem with economic upturns.

For further business growth, Kikkoman adopted a pair of new strategies. One was to diversify its business in response to Westernized food culture. The company widened its product lineup by acquiring marketing rights in most of Asia and Oceania for the processed fruit and vegetable maker Del Monte and launching a wine business with the Manns Wines brand. The other strategy was to globalize its business. Kikkoman had confidence in the perceived quality of its products through feedback from U.S. journalists, educators and others who had come to Japan after the war.

"That was why we embarked on the U.S. market. We took the approach to get people to use soy sauce for their daily meals, as selling it only for Japanese food would not expand the market," Mogi said.

Taking this tack, the soy sauce maker opened its first overseas sales subsidiary in the U.S. in 1957. Its first overseas plant started shipments in 1973.

It began with demonstrations at supermarkets, always an effective way to increase food sales. In front of shoppers, Kikkoman representatives would grill and slice steak, dip it in soy sauce, let customers try a piece and urge them to buy the new kind of steak sauce. But getting customers to try one bottle of soy sauce was not enough, Mogi said. What was important was that they try to cook something with it for themselves, experience the



HIROMICHI MATONO

good taste, use up the whole bottle and go buy another. To assist, we developed countless recipes.

"Such an approach takes time. But once the customers understood the delicious taste, it would lead to the buying of another bottle. And the customers would very likely become our loyal users," Mogi continued. "How to link the first purchase to the second one is the most important point in Kikkoman's marketing."

Asked how the U.S. operations could endure its long profitless period until the establishment of the manufacturing plant, Mogi said one of the reasons was the venture spirit that they wanted people overseas who had not yet tasted soy sauce to give it a try. Another reason was that they were confident in their product and believed it would succeed.

Kikkoman's story begins with makers of soy sauce — or *shoyu*, a fermented sea-

soning made with soybeans, wheat, salt and water — who started production in the 1600s in the area that is now the Chiba Prefecture city of Noda. In 1917, eight soy sauce makers, including the Mogi family, joined to form Noda Shoyu Co. at a time when the modernization of Japanese industries was underway. The company later became Kikkoman, from the words "kikko," meaning turtle shells, and "man," meaning 10,000. Turtles have long been said to live for 10,000 years and are thought of as a symbol of good luck.

Mogi, the director for Kikkoman, said that already in 1925, the company was telling its workers to operate the business in the belief that society's interest is also one's own interest. Each founding family also has its own credo, such as that the goal for the company is not merely earning money but also doing something meaningful for society.

"Hundreds of years ago, they already insisted on what is required for a company in our era," Mogi said. "The reason why we continued to stay in business for such a long time is that we have this philosophy as our backbone — a philosophy of living together with the community and society." This way of thinking leads to Kikkoman's current business philosophy of becoming a company meaningful for society and our planet, he added.

Fortunately, it is getting easier to enter markets in other countries amid demographic changes and emerging new generations, Mogi said. In Europe, where Kikkoman has generated two-digit growth or more on average every year for a quarter of a century, traditional food cultures have slowly changed. For example, French people once enjoyed eating cheese with a glass of wine after dinner, but younger generations barely follow the custom anymore. Because of the changes in European societies, Kikkoman creates recipes both for each market and for Europe overall.

In the future, Kikkoman aims to fortify its ventures into new markets such as South America, India and Africa, Mogi said. He also stressed the importance of keeping up with consumer mindsets, especially at a time when new generations such as Gen Z and millennials have a more powerful presence in our society.

"They gauge companies from a perspective of whether the companies work on social issues or not. I always feel that our corporate brand could deteriorate if we do not address issues proactively," Mogi said. "In any case, we will do what impacts society, because that's investment for the future."

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Kikkoman Corp. originated from brewers of soy sauce who started business 350 years ago. Later in 1917, eight brewer families in the city of

Noda in Chiba Prefecture joined together and laid the ground for the current form of Kikkoman. What they aimed to do was to increase their value further by merging into a company that operates in harmony with society.

Before World War II, Kikkoman was already exporting soy sauce to Japanese living abroad. After the war, it decided to enter overseas markets. In the United States, the largest market, it developed recipes that made the best use of the taste of soy sauce. The key to succeeding in the market was creating a "culture" of soy sauce by doing business with local customers for a long time. It seems the U.S. operations struggled financially until the manufacturing plant was established. What encouraged it to continue the business without giving up was the leaders' belief in the product and spirit of adventure.

Kikkoman is now looking to strengthen its presence in other markets such as South America and India within the next 10 years under the vision of "bringing soy sauce to people around the world." What fuels its motivation to take on another new challenge remains a belief in the product and a spirit of adventure. Since its business deals with food, something very close to people's daily lives, it aims to respond to changes in consumer mindsets and grow sustainably as a company that solves social issues. I believe it will see another 350 years.

L'Atelier de Noto

French restaurant, producers forge Noto future



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Facing the Sea of Japan on the Noto Peninsula in northern Ishikawa Prefecture, Wajima is a city known for its lacquerware and morning market. The culture and geography are quite different from those of elegant Kanazawa, although both are in Ishikawa. Wajima is a rustic city surrounded by the sea and mountains. It is here that L'Atelier de Noto has established itself in an old house that was formerly a lacquer workshop. The harbor is only a few minutes' walk away, close enough to feel the sea breezes.

Owner Toshiya Ikehata is a French chef who sharpened his skills at well-known restaurants in Osaka and France. After returning to Japan from France, he initially planned to open a restaurant in Osaka.

"I happened to be visiting Wajima, where I grew up, and an acquaintance asked me to do some catering," he recalled. "I was cooking with the terrific local ingredients, and that's when my feelings started to change. In culinary school I was embarrassed to have come from a rural area, but during my time training in France I realized that rural areas actually have the best ingredients, and customers



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The climax of one meal was a fatty *nodoguro* (blackthroat seaperch) roasted and steamed with a sauce flavored with *ishiru*, a local fish sauce made in house from *nodoguro* and *shitake*. Without the foods of the Noto Peninsula and their producers, the cuisine of L'Atelier de Noto would not exist.

SHIGERU SAKAGUCHI
MAYOR OF WAJIMA



L'Atelier de Noto opened in 2014 as our city's first French restaurant. Since then, I have been fascinated by its variety of dishes using an abundance of ingredients blessed by the Noto Peninsula's *satoyama* and *satoumi* areas. Our city focuses on hospitality that satisfies overseas customers under the phrase "gourmet food and tableware," which combines the traditional craft of Wajima lacquerware with gourmet food made from the fresh produce of the mountains and sea. We look forward to welcoming tourists to our city following the winning of this award.

Sakaue raises consciousness along with grass-fed cattle

ESG/SDGs

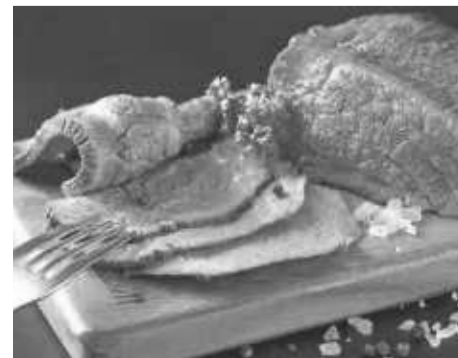
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Sakaue Co. Ltd., an agricultural corporation established in 1995 in the city of Shibushi in Kagoshima Prefecture, started raising grass-fed Japanese black cattle in 2019. This project won the Excellence Award of the Sustainable Japan Award 2022 presented by The Japan Times.

The award recognized the circular nature of the project, which involves feeding cattle grass and silage produced by its farmers, composting the manure from the livestock and then using it to grow agricultural products. It also provides an alternative to grain-fed beef, which is facing soaring prices of imported grain and problems of food shortages in some countries.

"Domestically produced grass-fed beef is not common, and consumers in Japan tend to imagine tough meat that stinks a bit when they hear 'grass-fed.' The business model of grass-feeding Japanese black cattle and selling beef was quite new," CEO Takashi Sakaue said in a recent online interview with The Japan Times. On top of that, the company did not sell its beef through the existing distribution system. "At the beginning of the COVID-19 pandemic, the prices of meat dropped. It did not make sense to sell our beef the conventional way, so we decided to sell it directly to consumers online. Due to the pandemic situation, we had time to try this option," he said.

Sakaue explained that agriculture and livestock farming differ from other industries in two basic ways. The first is that farmers deal with living things. The second



Roast beef done with satoyama beef SAKAUE CO. LTD.

is that farmers live where they work. "A clothing manufacturer does not live in a factory, but most farmers have their house right next to their farms. You can relocate factories, but you cannot move your farm elsewhere," he said, pointing out that this is why farming businesses tend to become closely connected with their communities.

"My parents engaged in agriculture, too. When they could not afford to buy farmland, someone in the community leased part of their land to them," he recalled. But the times have changed and the number of farmers is decreasing. "The issue of abandoned farmland is rising. I wanted to give back to the community in a way that solves its current problems and uses its existing resources," he said. Uncultivated land often lies between forests and villages in areas referred to as *satoyama*, which are blessed with natural resources and can be easily accessed by people. This is one of the reasons why they named the beef "satoyama beef."

Another reason is because "satoyama" is a concept unique to Japan. "There is no word in English that describes what *satoyama* is," Sakaue said. Masatoshi Nakagawa, the head of the company's sales department, nodded and said: "It is not only unique, but also attractive to foreigners because it is the kind of 'Japan' that they want to see. I used to work for a travel agency that specialized in offering tour packages to inbound tourists. Many of our customers wanted to see rural scenery, exactly the *satoyama* kind of landscape, more than tourist spots." He explained that the name "satoyama beef" may attract interest from such people.

As the times change, so do what and how to sell, and who to sell it to. Today's challenges may not be so in the future. The shortage of farmland is a problem of the past. People are looking for sustainable and healthy options rather than quantity and productivity. "The value of our company lies in our effort to provide something new to society by adopting to the changing environment and situation with common sense," Sakaue said.

There is a principle that Sakaue upholds in proving the company's value. "We need to look for an optimum solution based on our philosophy, the environment and the economy. We have our own beliefs about what we want to do, and we need to take



Sakaue Co. Ltd., CEO Takashi Sakaue SAKAUE CO. LTD.

nature and the environment into consideration, too. But we cannot motivate other people without economic viability. We should not let one of these three concepts overwhelm the other two just because we think it is right," Sakaue said, explaining that when the balance of the three concepts is optimized, a business becomes truly sustainable.

Satoyama beef is a perfect example of such a sustainable business. It is a result of the fusion of the company's will to contribute to the community, its environment containing abandoned farmland, and the marketing method of reaching out to consumers interested in natural and sustainable foodstuffs. "But the optimum balance itself keeps changing. We need to watch carefully to grasp changes and always seek an optimum balance," Sakaue said.

The company's principles permeate to each of its staff members, half of whom are in their 30s or younger. Very likely, many of the young employees wished to work for the company because of its foresight in making farming about much more than just growing food. This year, the company will collaborate with the city of Shibushi to further nurture human resources in the agricultural sector. "We aim to engage more people who empathize with our ideas to make agriculture a sustainable industry that can meet the changing needs of society," Sakaue said.

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