



慶應義塾大学ビジネス・スクール

AJINOMOTO KNORR CUP SOUP

In 1988, Ajinomoto Co., Inc. set up the Committee on Logistics of New Food (LON) Businesses, led by the director in charge of food operations, to embark on total logistics efforts. In August of the following year, President Kaoru Toba summoned the Manager of the Marketing Planning Department, Mr. Ikuo Kondo, and told him to come up with a narrowed-down product lineup and report on its likely impact. The department conducted an ABC analysis of the company's products, all 4000 or so of them, and identified 800 that were contributing little to sales (300 consumer products and 500 business products). It turned out that dropping those products would only result in a 0.4% loss in sales. It was also discovered that the impact of getting rid of another 1200 products on sales would be a mere 4% decline. Upon receiving this report, President Toba ordered a wholesale review of the company's product range and narrowing down of it. No product was sacrosanct in the review process, not even the core products, and the Knorr brand, which boasted a top market share in the processed soup market, was no exception.

Ajinomoto's Approach to Processed Soup Market

Ajinomoto Co., Inc. made a full-scale entry into the processed soup market in 1962, when it began marketing Nippon-brand consommé soup cubes and potage soup powder manufactured by Nippon Consomme Co., Ltd., after their makeover as Ajinomoto Consommé Soup and Ajinomoto Cream Potage. Those Ajinomoto-brand soup products became a smash hit, and helped propel the combined sales of the Japanese food industry from 440 million yen in 1962 to 520 million yen in 1963.

When introducing the new products, an aggressive advertising and promotional campaign was mounted, including product demonstrations at department stores. The consommé soup sold particularly well, with its production volume reaching 564 tons in 1963. However, the potage soup fell short of expectations due to its lack of versatility compared to consommé in terms of food-flavoring use and lack of variety in its product line, which tended to make consumers grow tired of it.

The original version of this case was prepared by Yutaka Kaketa (former student, graduate school of business administration, Keio university), under supervision of Mitsuo Wada (former professor, graduate school of business administration, Keio university), as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. The authors thank for the support from Ajinomoto Co. The English version was edited by Mototaka Sakashita (associate professor, graduate school of business administration, Keio University).

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