



Keio Business School

Dassai: the Globalization of Japanese Sake^[1]

Neighboring the vast Ginza shopping district, not far from Tokyo Station, is the Kyobashi area. A modern office building called Tokyo Square Garden was erected there in 2013. Near the entrance to the building, through which large numbers of business people enter and exit hurriedly, stands a store with a stylish, modern Japanese appearance. A large sign captures the attention: on it is written “Dassai.” This is Dassai Bar23, a Japanese sake bar operated by Asahi Shuzo, a sake brewery based in Yamaguchi Prefecture that is enjoying rapid growth in the Japanese sake market.

Japanese sake used to be dominated by negative associations: “it’s a sweet alcoholic drink that makes you sick,” or “it’s an alcoholic beverage drunk by boisterous middle-aged men who speak in loud voices” were some of the more typical images associated with the beverage. However, Dassai Bar23 is possessed of a starkly contrasting atmosphere. It is filled not just with male but also with many female customers, and its clientele drink their glasses of Japanese sake a sip at a time. The bar appears to be the embodiment of Asahi Shuzo’s corporate mission: “We brew sake for sipping, not sake for drinking, nor sake for selling.”

It is no mean feat to tear down and rebuild established associations. Yet, by ensuring it is not constrained by the stereotypes of the Japanese sake industry, Asahi Shuzo has succeeded in creating a new style of sake. And, far from resting on its laurels, the company is embarking on its next challenge: to create overseas markets for sake.

When products and services are rolled out overseas, consumers make certain assumptions about them according to their provenance, and this has the potential to influence purchasing behavior. This is

^[1] In writing this case study, I was fortunate enough to receive the kind assistance of Asahi Shuzo Co., Ltd.’s Kazuhiro Sakurai. I would like to note my sincere gratitude for his help.

This case study was written by Tomohiro Fujii, under the guidance of Professor Kazuhiro Asakawa of the Keio Business School’s Graduate School of Business Administration. This case study is published by the Keio Business School. For inquiries concerning the reproduction of this case study, please contact the Keio Business School (Address: 4-1-1, Hiyoshi, Kohoku-ku, Yokohama, Kanagawa, 223-8526; Tel: 045-564-2444; e-mail: case@kbs.30 keio.ac.jp); to purchase this case study, please visit the following website: <http://www.kbs.keio.ac.jp/>.

The unauthorized reproduction in part or whole of this case study, incorporation into search systems, use in spreadsheets, or transmission via any method (including but not limited to electronic, mechanical, photographic, audio or video media) is forbidden.

Copyright © Tomohiro Fujii and Kazuhiro Asakawa (1st ed., October 2018)

particularly true of luxury goods, the true value of which it can be difficult to quantify; as such, they are particularly susceptible to the influence of consumer associations. For example, consumers might think that French wine is generally of a higher quality than Japanese wine; if they are priced the same, then consumers are more likely to purchase the product with the superior image.

But what about Japanese sake? Japanese sake is a cultural product of Japanese origins, and for this reason it is easy to grasp the legitimacy of sake that has been produced in Japan. A number of breweries have attempted to sell their Japanese sake overseas; they package their products in gift boxes and affix calligraphic labels in order to emphasize their “Japaneseness.” They choose to do so because they recognize that Japanese sake is a cultural product. However, this Japaneseness from a Japanese perspective is not necessarily of fundamental value to foreigners. Other breweries have adopted a contrasting strategy of overseas expansion: they imitate wine, and attempt to sell Japanese sake as “rice wine” or “Japanese wine.” They ensure that their labels and bottles resemble those of wine and, by producing their sake using wine yeast, they achieve a form of commonality with wine. This latter approach is clearly easier than trying to communicate the values of Japanese culture, and it also makes it simpler to explain to consumers what, exactly, Japanese sake is. However, such a strategy must not be confused with attempts to promote the fundamental values of Japanese sake. It is an undeniable fact that Japanese sake developed as part of Japanese culture, and this development makes it both valuable and unique. Imitating wine undermines the sake’s uniqueness, and encourages consumers to think “in that case, I would prefer to drink wine.” Of course, merely giving sake the *appearance* of Japaneseness also denies its fundamental value as a luxury product—one way of thinking about this is to consider whether you would like to purchase wine that is contained in Eiffel Tower or Statue of Liberty-shaped bottles.

What, then, should breweries do to communicate the value of Japanese sake overseas, and to ensure sake becomes an alcoholic beverage that is as widely drunk as wine? This is a question that has occupied the thoughts daily of Kazuhiro Sakurai (hereinafter “Vice President Sakurai”), vice president of Asahi Shuzo and the person responsible for leading Dassai’s expansion overseas.

The fluctuating fortunes of Asahi Shuzo in Japan

Located in a small village in the east of Yamaguchi Prefecture, Asahi Shuzo is a brewery with a history stretching back more than 200 years. The current president, Hiroshi Sakurai (hereinafter “President Sakurai”), is the third-generation president of the company. President Sakurai inherited the business in 1984 at a time when the Japanese sake market was shrinking, as shown in Diagram 1.

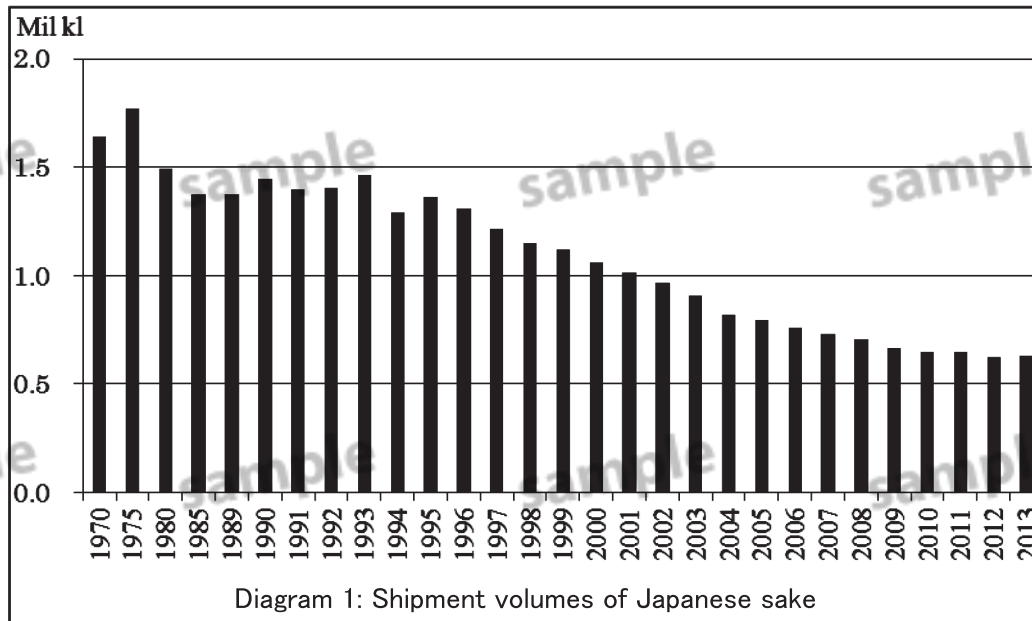


Diagram 1 shows that Asahi Shuzo’s production volumes peaked in 1973 at 360 kl per year; by 1984, production had fallen by approximately two-thirds to 120 kl per year. At that time, the Japanese sake produced by Asahi Shuzo was branded “Asahi Fuji.” It was a *honjozo* variety of Japanese sake made from semi-polished rice and containing added alcohol (see Chart 1).

Chart 1: Japanese sake varieties

Ratio of polished rice	50 % or less	60 % or less	More than 60 %
Contains no added alcohol	Junmai daiginjo	Junmai ginjo	Junmai
Contains added alcohol (Less than or equal to a certain percentage)	Daiginjo	Ginjo	Honjozo
Contains added alcohol (More than or equal to a certain percentage)			Standard

In a shrinking market, it was difficult for small-scale breweries that sold featureless, low-cost products to expect a bright future. In addition, the traditions of the Japanese sake industry dictated that breweries could sell their products only in the region in which they were located. This was a remnant of the ancient Japanese feudal society, when rice was collected as tax and sake was produced by people wealthy enough to have a surplus of rice. For this reason, owners of regional breweries were often

famous local personages. The breweries created strong bonds between these people of note and local residents, and led to the creation of small societies complete with their own politics and trade. Asahi Shuzo was no exception: it sold its products in the eastern region of Yamaguchi Prefecture.

Asahi Shuzo expands its trading area and makes changes to its sales channels

As beer, shochu, and a large number of other alcoholic beverages spread across Japan, it became clear that the feudal concept of trading areas was an anachronism. President Sakurai therefore determined to extend Asahi Shuzo's trading area outside of Yamaguchi Prefecture. Gekkeikan Sake and other major sake producers had rolled their products out nationwide through the use of networks of wholesalers, but at that time few of them were willing to trade with smaller breweries like Asahi Shuzo. For this reason, President Sakurai went in search of customers himself. Realizing he would be ignored if he simply tried to sell his wares, he decided to first improve his product and strengthen its appeal. To this end, President Sakurai embarked on a challenge to create *junmai daiginjo* ("junmai" is sake made with only rice, koji, and water; "daiginjo" is sake made with only the best part of the rice), the variety of Japanese sake with the highest added value. He also changed the name of his product from "Asahi Fuji" to increase its impact: he combined the name of the brewery's hometown, Osogoe, with a pseudonym of the famed Japanese poet, Masaoka Shiki, to form "Dassai."

In 1990, having perfected the Dassai *junmai daiginjo* through a process of trial and error, President Sakurai attempted to sell his product in Tokyo markets. At that time, high-quality Japanese sake was chiefly produced in Niigata; even in Tokyo, local Niigata sake such as Kubota and Hakkaisan were extremely popular. When he announced that his sake was made in Yamaguchi, therefore, President Sakurai was turned away by potential customers without an audience. However, as local Niigata sake grew in popularity, so the frustrations of sake dealers and taverns that were unable to procure them increased; it was these establishments that recognized President Sakurai's dedication, and gave him a foothold to sell his sake in Tokyo. At around the same time, the rise of logistics companies such as Yamato Transport facilitated direct sales. Until then, it was difficult to deliver sake to remote locations if volumes were less than around 1,500 sho bottles (1 *sho* is roughly equivalent to 1.8 liters); however, the aforementioned logistics companies enabled even single bottles to be delivered.

Catering to seasonal business variations

As sales of Dassai in Tokyo slowly started to stabilize, President Sakurai wished to create new sources of profit to strengthen the foundations of his business. Sake breweries are subject to significant seasonal fluctuations in their businesses: they are busy from winter—when sake production takes place, to spring—when the sake is delivered, but production bases are largely idle in summer. While

it was not impossible for Asahi Shuzo to produce Japanese sake year round, it was customary for breweries to utilize seasonal master brewers known as “*toji*,” who are only active in winter, to produce their sake; for this reason, it was difficult to commence year-round sake production. President Sakurai therefore considered what Asahi Shuzo could do in the summer and resolved to produce local beer, for which demand was high in the hotter months. The process of producing beer was, itself, not particularly complicated, and since local beers were enjoying a surge in popularity around that time, President Sakurai did not think it would be a difficult business. Following numerous complications, at the same time as launching Asahi Shuzo’s local beer, President Sakurai opened a company-operated restaurant at which diners could watch street performers while eating. The opening of the restaurant caused a sensation in the local media, and there were great expectations for its success; however, the company pulled out of the enterprise after only three months. Due to its flamboyant opening, the failure of the restaurant in such a short space of time was widely reported, and poor management by Asahi Shuzo was identified as one of the reasons for its downfall. As a consequence of this negative press, banks stopped providing Asahi Shuzo with financing, and the management reached an impasse. In what appeared to be the final nail in the coffin, the *toji* responsible for overseeing sake production left the company, taking other brewery workers with them. Asahi Shuzo found itself on the edge of the abyss.

Year-round sake production and junmai daiginjo

In the face of such adversity, President Sakurai made significant changes to his way of thinking. He chose not to appoint a new *toji* and, instead, oversaw sake production himself. He incorporated a variety of ideas he had for improving the quality of his sake, but which he had not been able to say in front of the *toji*: he wanted his Dassai to have the ultimate flavor-one that he himself would be satisfied with. Moreover, since no professional *toji* were employed at his brewery, he made a point of keeping careful records of the brewing process-noting down temperatures, fermentation times, and other variables-and established a *shiki jozo* (lit. “four season sake production”) system whereby sake could be produced throughout the year. When overseen by *toji*, sake production in principle takes place only once a year. In contrast, *shiki jozo* allows sake production to take place multiple times per year, resulting in an accelerated accumulation of knowledge. *Toji* produce the daiginjo variety of sake perhaps 100 times at most over the course of their lives; at Asahi Shuzo, however, *daiginjo* is now produced many more than 100 times in a single year, leading to a wealth of knowledge in how to improve sake. The quality of Dassai improved dramatically in part because detailed records of the production process were kept, and the taste of Asahi Shuzo sake came to be widely praised. Some critics noted that the absence of *toji* meant Dassai was not being produced in the traditional manner; however, President Sakurai believes that these improvement activities are in fact a traditional component of Japanese culture.

With sales of Asahi Shuzo sake growing, President Sakurai next had to decide what to do with the company's local beer business. His choice was simple: should he continue his two-pronged strategy of Japanese sake and local beer, or should he focus all his attention on Dassai? While his restaurant had been a failure, Asahi Shuzo's local beer was held in high regard. Since the company also had to repay hundreds of millions of yen of debt, President Sakurai was reluctant to give up the profits from local beer sales. Yet President Sakurai wished to revitalize the business together with the small number of young employees who had remained at Asahi Shuzo. To this end, rather than attempting to balance production of both Japanese sake and local beer, he was of the opinion that focusing on the Japanese sake business—which was the foundation on which the company was built—would increase the sense of unity at his organization. As he struggled to reach a decision, the popularity of the Dassai he had been delivering to Tokyo increased and demand began to grow significantly. Given the company's limited workforce, in order to process the increasing numbers of orders, Asahi Shuzo of necessity discontinued production of its local beer and switched its entire focus to Dassai.

15

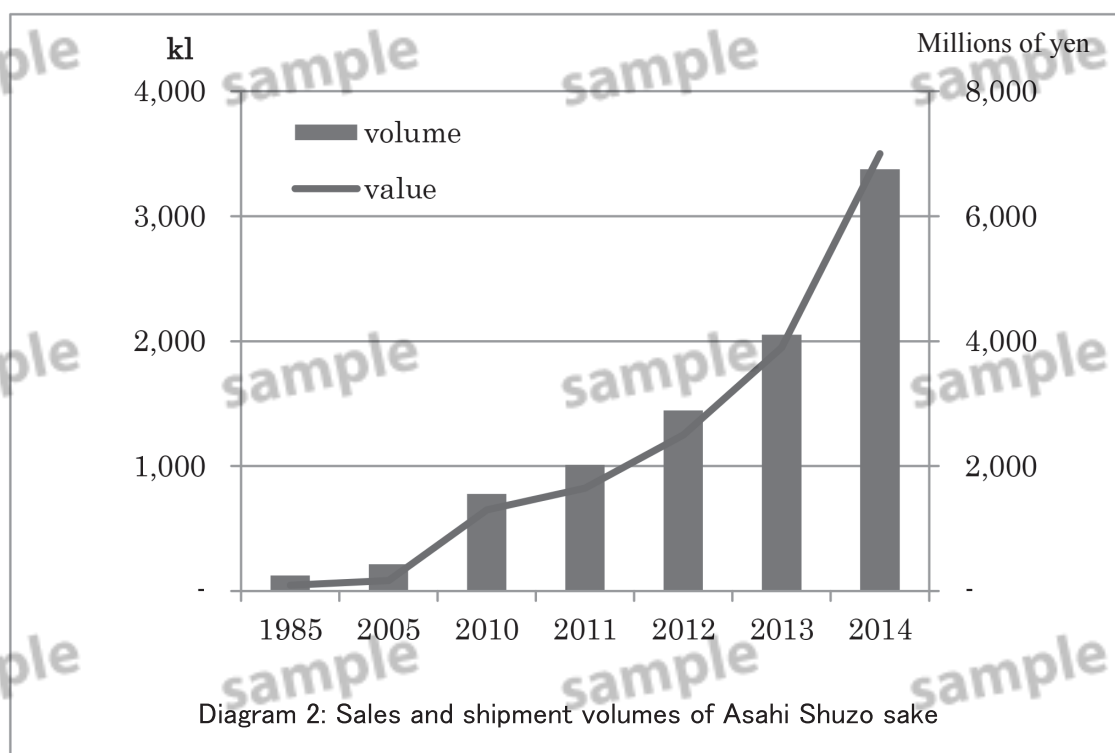
Promotional activities

Promotional activities on television, other media, and at a wide range of events further raised awareness of the splendid taste of Dassai. However, Asahi Shuzo did not actively embark on these PR activities of its own accord. As the company worked tirelessly to produce sake that would be considered tasty from a customer's perspective, large numbers of Dassai fans were born. These fans provided Asahi Shuzo with information regarding promotional opportunities of their own accord, which the company willingly accepted. Members of the Dassai fanbase would voluntarily introduce the product in various locations, while there was even one fan who adopted the alias of "self-proclaimed sales manager." For example, Asahi Shuzo became a sponsor of the Mercedes-Benz Fashion Week on the back of an introduction by one of its customers. It used to be the case that champagne was the drink of choice at fashion industry parties; however, having persisted with this beverage for many years, party organizers wanted something new to offer. A Dassai fan who was privy to this knowledge contacted Asahi Shuzo, and things developed from there. In contrast to the major producers of Japanese sake, who focused almost entirely on wholesalers, Asahi Shuzo's gaze was firmly directed at the consumers themselves. It was this approach that enabled the company to form such strong bonds with its customers, and this, in turn, led to profits.

35

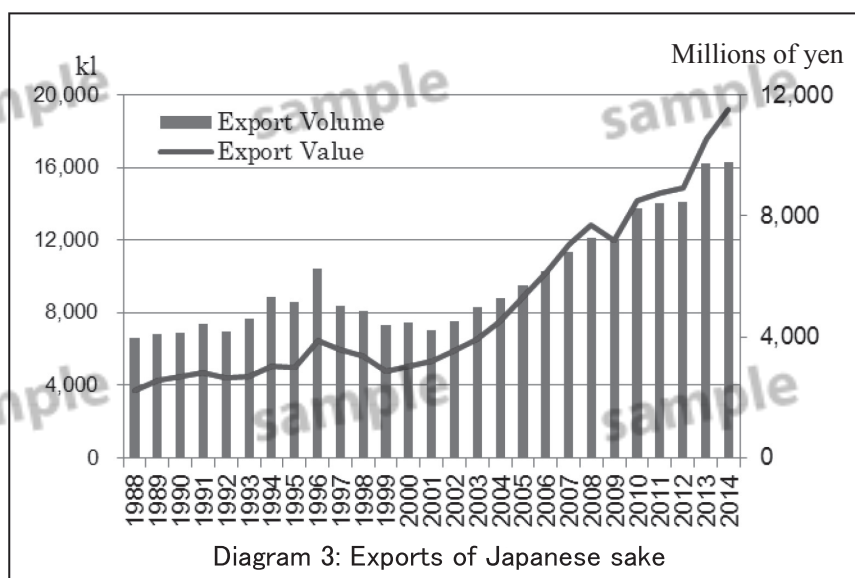
Rapid growth in Japan

Asahi Shuzo continued to produce sake that it believed would be tasty from a consumer perspective. As a result of its endeavors, sales at Asahi Shuzo grew rapidly, as shown in Diagram 2. Sales in 2005 stood at approximately 160 million yen; by the end of fiscal 2014 (the year ending June 30, 2015), sales had grown to approximately 7 billion yen. In just nine years, Asahi Shuzo had increased its sales 70-fold. In order to cater to this huge increase in demand, the company demolished its brewery, which had stood for 230 years, and completed work on a new 12-story brewery in 2015. The new facility has a production capacity of 9,000 kl per year, making it one of the most productive sake breweries in Japan. When President Sakurai inherited the business in 1983, Asahi Shuzo produced just 126 kl of sake per year; the company's growth since then has been remarkable. In order to achieve further growth, Asahi Shuzo is now focusing on expanding into largely untapped overseas markets. Whereas France exports approximately one trillion yen's worth of wine per year, exports of sake from Japan amount to just 10 billion yen. Evidently, there is great potential for expansion.



Japanese sake and overseas markets

Japanese sake was first exported overseas before the start of World War II, when it was targeted at Japanese who had emigrated abroad. Export volumes changed little in the following years; since the start of 2000, however, both the volume and value of sake exports has continued to rise. This



trend can be seen in Diagram 3. Chart 2 shows exports volumes and values by country, and the U.S. is clearly the largest market. In recent years, the Chinese market has also grown significantly.

Chart 2: volumes and values of Japanese sake exports by country (Units: kl and millions of yen)

Year	2012		2013		2014	
	Export volume	Export value	Export volume	Export value	Export volume	Export value
The U.S.	3,952	3,244	4,489	3,873	4,341	4,128
South Korea	2,904	1,204	3,502	1,382	3,221	1,314
Taiwan	1,604	513	1,747	587	1,742	638
Hong Kong	1,492	1,495	1,716	1,712	1,613	1,829
China	667	412	896	523	1,074	690
Canada	489	245	516	280	480	290
Singapore	398	374	415	383	455	512
Thailand	445	168	452	177	441	187
Australia	281	214	269	209	334	270
Germany	176	63	203	63	319	115
Combined total of top 10 nations	12,407	7,932	14,205	9,189	14,020	9,973
Combined total of nations outside the top 10	1,723	1,013	1,997	1,335	2,297	1,534
Total	14,130	8,944	16,202	10,524	16,317	11,507

Chart 3 shows that approximately half of all overseas demand for Japanese sake is supplied through the overseas production from three major sake breweries. In 2014, Asahi Shuzo's sake export volumes stood at just 164 kl, ranking the company 15th among Japanese breweries (it is important to note, however, that the data used in this chart was compiled from research company interviews; companies such as Hakkaisan that did not provide data are not included in the chart).

Chart 3: Share of overseas Japanese sake markets by brewery (compiled according to data contained in the April 2015 issue of the *Alcoholic Beverages and Foods Statistics Monthly Report*)

(Unit: kl)

	Company name (sake brand)	Total volume for overseas markets	Volume produced overseas ¹	Volume produced in Japan then exported overseas ²
1	Takara Shuzo (Shochikubai)	7,870	7,420	450
2	Gekkeikan Sake (Gekkeikan)	7,773	6,300	1,473
3	Ozeki (Ozeki)	4,639	3,430	1,209
4	Hakutsuru Sake Brewing (Hakutsuru)	2,273	-	2,273
5	Tatsumi-Honke Brewing (Hakushika)	1,211	-	1,211
6	Nakatani Brewing (Asaka)	734	706	28
7	Hokkan Sake Brewing (Hokkan)	651	-	651
8	Kiku-Masamune Sake Brewing (Kiku-Masamune)	505	-	505
9	Kizakura (Kizakura)	471	-	471
10	Konishi Brewing (Shirayuki)	429	-	429
11	Nihonsakari (Nihonsakari)	367	-	367
12	KIKUSUI SAKE (Kikusui)	261	-	261
13	Asahi-Shuzo Sake Brewing (Asahiyama)	256	-	256
14	Katoukichibee Shouten (Born)	201	-	201
15	Asahi Shuzo (Dassai)	164	-	164
16	Shirataki Sake Brewery (Jozen Mizunogotoshi)	162	-	162
17	Morita (Nenohi)	154	-	154
18	OENON Holdings	106	-	106
19	Miyasaka Brewing (Masumi)	104	-	104
20	Oomuraya (Wakatake)	103	-	103
	Combined total of top 20 companies	28,434	17,856	10,578
	Combined total of companies outside the top 20	5,738	-	5,738
	Tota	34,172	17,856	16,316

¹ Volume of sake produced at overseas plants and shipped to overseas markets

² Volume of sake produced at Japanese plants and exported overseas

There are also significant differences in the prices of the products sold overseas by major sake producers and by Asahi Shuzo. For example, one 750 ml bottle of Takara Shuzo’s Shochikubai sells at retail stores in the U.S. for 6 dollars, with Gekkeikan Sake and Ozeki pricing their wares similarly. In terms of volume sold, Dassai 50 is the best-selling Dassai product overseas; in the U.S., it sells for 35 dollars, and in France it sells for approximately 40 euros. Chart 4, below, shows the prices of Dassai products by product type and by market. Banjo Jozo’s Kuheiji, Miyasaka Brewing’s Masumi, Hakkaisan, and Kubota all sell for similar prices to Dassai.

Chart 4: Prices of Dassai products overseas

	The U.S.	France	Hong Kong
Dassai 50	35 dollars	40 euros	400 HK dollars
Dassai 23	110 dollars	150 euros	700 HK dollars
Dassai Sonosaki-e	500–600 dollars	700–800 euros	4000 HK dollars

Challenges of expanding sales of Japanese sake overseas

Negative associations

As mentioned above, low-priced products from major producers account for the majority of Japanese sake sold overseas; it follows that most foreigners’ first taste of Japanese sake is of these low-priced products, which one would be hard-pressed to describe as “tasty.” This initial experience means that few foreigners have a positive image of Japanese sake. In addition, some consumers mistake the ratio of polished rice for the alcoholic content of the beverage, and therefore believe Japanese sake to be extremely potent.

The cultural context of Japanese sake

Japanese sake is strongly associated with Japanese culture: it is poured into a special sake cup, it is sipped a little at a time, and it is usually served with certain snacks. This customary manner of drinking sake depends heavily on Japanese culinary culture. In addition, warm sake possesses a rich flavor not only because heat alters the taste of the beverage itself, but because the context—scenes of winter snow, for example, or being consumed at hot spring resorts—imparts its own intangible influence. In other words, Japanese sake has a value that cannot be understood without knowledge of Japanese culture. It would seem that, precisely because sake is a product of Japanese culture, highlighting this cultural aspect would create positive associations; however, it is vital that its negative connotations are also taken into account. Overseas expansion requires that Japanese sake appeals to people who lack the aforementioned knowledge of Japanese culture and, for this reason, it is important to carefully consider which aspects of Japanese sake ought to be promoted.

Overcoming the hurdle of wine

Just as Japanese sake has strong associations with Japanese food, similar deep-rooted associations exist between food and alcoholic beverages across the world. To take an example, the red wine Cabernet Sauvignon complements beef steak, while the white Chablis goes well with oysters. When attempting to promote Japanese sake overseas, producers first suggest consuming it with Japanese food. However, as the market expands, it will become extremely important to promote combinations of Japanese sake with foods that are not Japanese. It is the presence of wine that will likely hinder such a strategy. Japanese sake goes very well with oysters, so it can be proposed as an accompaniment to both French and Italian cuisine. However, it is no simple matter to tear down established associations between food and alcoholic beverages and propose Japanese sake as a substitute.

Backward-looking approaches

Europe has a rich culinary culture. Many wholesalers, retail stores, and restaurants maintain a negative conviction that Japanese sake will not sell. In order to overcome the competition posed by wine, and in order to ensure that Japanese sake is chosen to accompany a wide range of foods, it is necessary not only to overhaul established consumer images of Japanese sake, but also to change the way people who are involved in sake sales channels think about the product.

Asahi Shuzo's overseas expansion activities

Dassai was first shipped overseas in 2000, when it was exported to Taiwan at the request of President Lee Teng-hui, who wanted Dassai 23 for celebrations. In 2005, Asahi Shuzo established a base in New York, and Vice President Sakurai was posted there to oversee the company's overseas sales activities. The target demographic for Dassai overseas is the same as in Japan, people who wish to enjoy tasty beverages and who, in addition, have the cultural experience and financial means to do so. At present, Dassai is sold in approximately 20 countries across the world. Chart 3 shows sales of the line-up by country.

Chart 3: Sales of Dassai overseas by country

(Unit: thousands of yen)

Export destination	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
The U.S.	9,399	13,399	22,173	34,651	32,427	46,641	55,960	65,585	85,911	91,348	167,781
China	0	0	805	1,717	697	1,462	1,543	17,040	29,551	27,171	104,988
Hong Kong	4,117	5,613	9,522	15,888	22,592	31,506	40,161	58,457	67,637	68,553	101,497
Taiwan	3,260	6,332	8,509	9,724	10,487	16,363	13,543	18,226	26,731	33,004	60,186
Singapore	99	0	99	1,030	588	3,046	5,094	9,881	12,766	18,703	21,081
France	0	0	549	1,379	3,466	3,399	8,039	7,797	7,954	6,452	13,543
South Korea	0	0	0	0	1,625	2,661	2,612	2,670	7,473	7,556	12,669
The U.K.	482	97	1,054	4,237	1,801	2,974	4,334	4,287	8,457	8,719	12,408
Australia	0	0	0		1,719	2,278	2,886	4,801	4,091	5,381	12,225
Canada	201	201	0	458	621	1,796	4,083	3,672	7,580	2,354	10,078
Germany	0	0	0	0	396	600	1,810	1,450	2,329	2,930	7,631
Indonesia	0	0	0	0	0	0	0	0	2,187	2,292	5,731
Thailand	0	0	0	0	0	0	0	0	879	2,772	5,055
Other countries	0	1,375	261	200	518	1,561	3,769	2,378	5,869	8,016	17,209
Total	17,559	27,016	42,972	69,283	76,937	114,288	143,834	196,244	269,416	285,251	552,082

Basic principles of overseas expansion

Asahi Shuzo does not produce a special variety of Dassai for sales overseas. The company believes that “wherever it is drunk in the world, it is imperative that Dassai remains the same.” However, with regards to promotional activities abroad, President Sakurai has made the following observations:

“We must consider departing from the pursuit of ‘Japaneseness.’”

“What is customary in Japan is not necessarily customary overseas; what is customary in the sake industry is not necessarily customary overseas.”

These comments indicate that, before launching Dassai overseas, Asahi Shuzo sought to free itself from the constrictions of sake traditions and Japanese culture and, instead, to create a product that could be enjoyed by people worldwide. As a luxury product, the fundamental value of Japanese sake lies in whether or not it is tasty, and Asahi Shuzo is confident that the taste of its Dassai will be considered tasty in whichever country or culture it is drunk. This is not merely a corporate belief—rather, it is something that the company has experienced first-hand through the direct sales store it operates in Tokyo, and the sales activities overseen by Vice President Sakurai in New York.

Promotional activities overseas

Together with other Japanese companies who operate overseas, Asahi Shuzo sponsors events in a variety of fields. Fast Retailing, for example, which counts UNIQLO among its subsidiaries and is also headquartered in Yamaguchi Prefecture, has in recent years actively worked to expand sales of the UNIQLO brand worldwide. The company served Dassai at the ceremonial sake barrel breaking event (known in Japanese as “*kagami biraki*”) held to mark the opening of UNIQLO’s Paris store;

afterwards, similar events were held at the company’s Bangkok and New York stores. Dassai was also the official drink at the Shiseido brand launch party in Paris in 2015. The same year, Asahi Shuzo hosted its first-ever Japanese sake party in New York. As can be seen, the company is engaged in a variety of customer-focused promotional activities.

Dassai Paris

Asahi Shuzo is planning to open a company-operated bar similar to Dassai Bar23 in Paris. Initially, the company considered collaborating with Aoyagi, a Japanese restaurant in Tokushima, and planned to open a jointly run establishment in 2016. However, administrative issues with the restaurant building led to the abandonment of the project. It was at this time that a certain famous French chef communicated to Asahi Shuzo his desire to cook Japanese cuisine from a French perspective, and discussions are currently taking place regarding a potential joint enterprise. One of the reasons Asahi Shuzo wishes to operate its own bar is because it wants to provide its sake in the best possible condition. At some overseas restaurants, Dassai is not stored in an appropriate manner, or Dassai bottles are filled with different types of Japanese sake. At a company-operated establishment, Asahi Shuzo can itself oversee storage conditions, and ensure that its sake is provided to its customers in an optimal state. Moreover, making a success of Dassai Paris would enable Asahi Shuzo to demonstrate to overseas wholesalers, retailers, and restaurants that Japanese sake has strong sales possibilities. The company envisions that this would also provide a powerful impetus to the expansion of its Japanese sake abroad.

Collaborations with non-Japanese cuisine

Vice President Sakurai does not believe that Dassai should only be drunk with Japanese food. Japanese food is, at most, the first step in Asahi Shuzo’s expansion strategy. Ultimately, just as wine is served at a variety of restaurants in Japan, Asahi Shuzo’s goal is for Dassai to be served at a wide range of establishments-including those serving French and Italian cuisine—and to become an alcoholic beverage that can be freely chosen like any other. There are signs of nascent changes: indeed, Dassai can already be drunk at Michelin three-starred restaurants in France. However, it is not enough for Dassai to simply be included on restaurant drinks menus—it is meaningless unless Dassai is actually ordered. For this reason, Asahi Shuzo is currently focusing on training restaurant staff to understand the difference between Japanese sake and wine, and to identify what attributes make Japanese sake taste good; the aim is to enable these staff to recommend Japanese sake to their customers with confidence.

The future evolution of Dassai

During its efforts to expand sales of Dassai overseas, Asahi Shuzo sensed that Japanese sake was widely considered inferior to wine. It is a fact that, according to their vintage, some wines can cost millions of yen. A “Premier Cru”-class Bordeaux of even recent vintage might cost one hundred thousand yen. In comparison, Japanese sake of the junmai daiginjo variety, which is of the highest quality, is priced at just a few thousand yen. Interestingly, the majority of sake producers sell their products at roughly the same price—this reveals a peculiarly Japanese way of thinking. Due to variations in customs duties, sake prices differ from country to country. Compared to sake in Japan, it may be twice the price in the U.S., three times the price in France, and approximately four times the price in Taiwan. These are significant differences. In order to overcome consumer prejudices regarding the inferiority of sake, Asahi Shuzo made the decision to create a truly outstanding Dassai in the manner of a luxury wine. After ten years developing the product, it finally launched Dassai Migaki Sonosaki-e. A 720 ml bottle of this sake retails at 32,400 yen in Japan, between 500 and 600 dollars in the U.S., and between 700 and 800 euros in France. It is one of the most expensive varieties of Japanese sake available.

Overseas expansion and information management

Asahi Shuzo’s headquarters and brewery are located in a small, rural mountain village in Yamaguchi Prefecture. The village is set in an idyllic rural landscape, and the local elementary school has just nine students. However, a variety of overseas events are featured on the company’s website, and many people puzzle over how a company from a small mountain village in Yamaguchi Prefecture was able to establish a wide-ranging overseas network.

First of all, young Asahi Shuzo employees spend the majority of the year overseas, acting as hubs to both receive and transmit information. Since company employees themselves are responsible for this exchange, the information is more accurate than if third parties are involved. For a luxury product like Japanese sake in particular, value judgments depend in large part on personal preference; received information is full of subtle nuances which may be interpreted in different ways. As mentioned earlier, some of the people involved in the distribution of Japanese sake hold negative views of Japanese sake: namely, that wine is the dominant force in the market, and that there is no way that Japanese sake will sell. Such people no doubt have a tendency to interpret information in a negative manner. In fact, when he was posted in the U.S., Vice President Sakurai frequently questioned the information filtering through from the wholesalers. When transmitting information, moreover, there is a risk that erroneous information will be distributed, unless the people involved have a firm understanding of and belief in the product. Indeed, one of the reasons Asahi Shuzo established its Dassai France subsidiary is precisely because it wished to communicate the value of Dassai to consumers in an accurate manner,

and because it wished to receive reliable feedback. While this may appear an obvious thing to do, many Japanese corporations—not just sake producers—place far too much trust in trading companies when expanding overseas. Exploring optimal approaches based on its merchandise and business issues is typical of Asahi Shuzo, which at all times seeks to identify the essence of the situation.

It is nevertheless the case that establishing an overseas base incurs significant costs. On this point, Asahi Shuzo has made the most of a valuable external resource, its “Dassai fans.” There are now Dassai fans all over the world, and the majority of them can be bracketed under the “globe-trotter” demographic. The information they possess is fed back to Asahi Shuzo via Facebook, company-run consumer events, and other channels. Incorporating such external resources has enabled the company to expand its business overseas in an extremely cost-effective manner.

Overseas expansion and human resources management

Expanding overseas requires the appropriate human resources. For the launch of Dassai Paris, Asahi Shuzo decided to send a young, male employee from Japan to France to oversee operations. This employee had accumulated several years’ experience of producing sake at the company brewery, and was working as Dassai’s Tokyo sales representative. While he was unable to speak English or French, the employee’s constitution was such that he was rarely discouraged by anything, and he was strongly convinced of the value of Dassai; his appointment was approved unanimously at a meeting of company executives. When it comes to managing local subsidiaries is concerned, in addition to appointing employees from the parent company to supervisory roles, there is also an alternative method of employing someone locally. Nor is the employment of foreigners restricted to overseas subsidiaries; indeed, there is no fundamental reason why foreigners cannot work at Japanese production bases. In so far as Asahi Shuzo wishes to open up overseas markets for its Japanese sake, how it chooses to manage its human resources is a key point for discussion.

Going forward

Overseas sales of Dassai have grown from 17 million yen in 2004 to 550 million yen in 2014. Likewise, total export values for Japanese sake have increased from 4 billion yen in 2004 to just under 12 billion yen in 2014. Such growth has led to reports of a Japanese sake boom; however, Vice President Sakurai does not consider that Dassai—or Japanese sake as a whole—has yet achieved success overseas.

The reason is twofold. First, the total annual export value of Japanese sake from Japan barely exceeds

10 billion yen. Even accounting for sake produced overseas by the major sake producers, the overseas market for Japanese sake stands at just 15 billion or so yen per year. As mentioned previously, France exports wine to the value of 1 trillion yen per year; the total market value of Japanese sake is little more than 1 percent of this. Sales of Dassai account for just a small portion of this small market, and Vice President Sakurai does not believe this can be considered a success. Second, Vice President Sakurai recognizes that while overseas markets for Japanese sake have grown, consumer understanding of the value of Japanese sake has not progressed at the same rate. One of the leading drivers of growth in the Japanese sake market has been the booming popularity of Japanese cuisine. Indeed, the total number of Japanese restaurants overseas has grown from 24,000 stores in 2006 to 55,000 in 2013. As the number of Japanese restaurants has grown, so too consumption of Japanese sake has grown; however, it does not therefore follow that the number of consumers who understand the taste of Japanese sake has increased. Unless consumers learn to understand its taste, Japanese sake cannot establish itself overseas, and there can be little hope for sustained growth. As a result, far from relying on the rising popularity of Japanese cuisine, Asahi Shuzo intends to continue efforts aimed at increasing consumer understanding of the great taste of Dassai.

How, then, should Asahi Shuzo improve consumer understanding of the value of Dassai? The products themselves are currently identical in Japan and overseas; going forward, however, will it be necessary to develop products that have been modified to suit the preferences of overseas consumers? If Asahi Shuzo does choose to make changes to its products, what should it change? Asahi Shuzo is planning to open company-operated stores in Paris and London, but should it also open establishments in the booming Asian region? Asahi Shuzo was approached by the Cool Japan Fund but, concerned that working together with other organizations would lead to a loss of business freedom, the company declined the offer; on the other hand, in so far as it wants to expand the scale of its business in the future, perhaps collaborating with Cool Japan and other organizations is necessary?

Questions abound. Going forward, Asahi Shuzo will continue to explore a variety of possibilities, and Dassai will continue to evolve.

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

sample

Unauthorized Reproduction Prohibited.

Keio Business School
