

# A Global Flavor

**Interview with Keizo Saji, president of Suntory Ltd., by Toshio Iwasaki, editor of the Journal of Japanese Trade & Industry**

Keizo Saji is the president of Suntory, Japan's largest brewer and retailer of whiskeys and other spirits. Born in 1919, Saji went to work in 1945 for Kotobukiya, a distillery founded by his father in 1899. When he took over the presidency in 1961, succeeding his father, he changed the company's name to Suntory and embarked on an ambitious management program to make Suntory one of Japan's leading firms. While Saji is outspoken on the various economic problems that Japan faces, he is also well-known as a patron of the arts, as demonstrated by Suntory's exquisite art collection and the Suntory Hall which was opened in Tokyo's Akasaka district last year especially to host concerts, and his activities on behalf of international economic and cultural relations have won him decorations from the governments of France, West Germany, Portugal and Mexico.

Elected president of the Osaka Chamber of Commerce and Industry in December 1985, Saji is a leader of the campaign to revitalize the Kansai area.

**Question:** *Kotobukiya started out making whiskey patterned after the Scotch whiskey that has made Scotland so famous. And now Suntory whiskey is making Japan famous worldwide. Can you tell us something about your management philosophy? How did you achieve this?*

**Saji:** Looking back, my father's era was a time of opening to the West and adapting many aspects of foreign culture. He started out brewing port wine. A little different from the dry ports that were being imported, this was a sweeter port more suited to Japanese tastes. As he was selling this, he found that most of his Japanese customers were infatuated with things Occidental. So next he brought the whiskey tradition to Japan. Seen in this light, Suntory has been a global-minded company since its very inception.

While there is much talk of internationalization today, most of the internationalization has meant selling Japanese products overseas and gaining international acceptance for them. That has to change.

In Suntory's case, we are stepping up our imports of foreign goods. Even our sales emphasis is not simply on exporting from Japan but stresses going overseas and working there. In effect, we are internationalizing and globalizing the way we work and what we do in an effort to become a worldwide, world-class company.

**Q:** *Even so, it seems that Suntory's main thrust in internationalization is still the effort to take your beverages overseas and to sell them to people living in other lands.*

**A:** We ran a series of advertisements several



Keizo Saji



years ago urging people to think of Suntory not as a Japanese brand but as an international brand. Our products are not just Japanese versions of something that is made overseas. They are international products that we happen to distill in Japan. This approach—this internationalism—permeates both our corporate philosophy and our products.

But at the same time, even a product that wants to gain true acceptance as an international product has to have a place of origin. For Scotch, people can tell at a glance that it is distilled in Scotland, and they associate it with the Scottish identity. That is why Scotch is able to compete against bourbon in the United States. We would like to create the same kind of identification for our products, but the fact that they are brewed in Japan should not make them any less international products.

**Q:** *Speaking of whiskey, there have been reports that the Japanese market for whiskeys is tapering off and that Suntory may not grow as fast in the future as it has in the past.*

**A:** Actually, there is a global trend to lighter beverages. Whiskey consumption started to slip in the United States even earlier than in Japan, and this has hit the bourbon and Scotch people very hard. More recently, I have heard that wine consumption is also off. Yet I would not expect the downturn to be as pronounced in Japan because we have not reached saturation yet. Compared to other peoples, the Japanese are still rather light drinkers. This is especially true of the female market, and Japanese women do not drink nearly as much as their American counterparts do. So in that sense, there is still room for us to grow.

**Q:** *Turning away from your traditional lines, you have recently come on strong in beer. Even though you are a relative latecomer to the market, Suntory is giving the old, established brewers quite a run for their money.*

**A:** Actually, we started making beer because we saw a huge market dominated by only three companies, none of which was particularly attentive to the beer-drinker's needs. Given this more-of-the-same oligopoly, we decided there was room in the market for a company that would do something different. One innovation that we started with was our new Danish-type Suntory beer, since there were no Danish beers on the market at that time. I assure you those early years were not easy, and it was only about two decades ago—when we put the first bottled draft on the Japanese market—that we knew we were going to survive as a major beer brewer. At the time, people said that bottled draft was a contradiction in terms. But now, if you look around, you will see that all of the major brewers are bottling and canning draft beer.

**Q:** *Many people have said that your own ability to identify emerging trends and to develop new products is the key to Suntory's growth. Does this come from your father, Shinjiro Torii, or is it something that you have developed on your own?*

**A:** My father was a very distinctive individual, and very different from the kind of person I am. I remember being raked over the coals again and again for concentrating too much on the theory and not enough on the practice. Every time I came up with something, he would tell me, "If you're so smart, let's see you make it work." Even today, his words still ring in my ears, and I have adopted this as the company's motto. Rather than spending a lot of time dissecting the details and firming up the logic, I tell people to "go out and do it." It is this willingness to take a chance—this pioneering spirit—that is Suntory's heart.

**Q:** *To go back to what you said earlier about drinking habits and your effort to promote Suntory products as international beverages, do you have anything to say about Japanese drinking habits?*

**A:** I hate to be the one to say this, but I get the impression a lot of Japanese are still drinking to get drunk. In this, they are very much like the Soviets. In most other industrialized countries, people keep alcohol at arm's length and enjoy it simply as a social convention or as a means of relaxing. But not in Japan. And since Japanese drink to get drunk, their consumption is not a steady a-little-every-day pattern but goes in fits and starts. People will go for weeks without touching a drop. And then one day the tensions will get to be too much and they will go on a binge. Yet as the Japanese become more sophisticated drinkers, I would expect these peaks and troughs to even out and people to be more moderate, steadier drinkers.

**Q:** *At the same time as you are president of Suntory, you are also president of the Osaka Chamber of Commerce and Industry. Let me ask you to put on your other hat for a few minutes and tell me what the Chamber has been doing these nearly two years that you have been president and where you see it going.*

**A:** Shortly after I became Chamber president, the yen started appreciating rapidly. This has been devastating for industry. Since the Osaka area is home to a lot of small businesses producing for export and subcontractors turning out parts to be used in export products, we have done what we could to tide these people over the appreciation tsunami and to enable them to adapt to the new and harsher conditions. Specifically, the Osaka Chamber has 23 local chapters in Osaka providing consultation and advice for the small businesses in their areas. Osaka is the most active of the Chambers in Japan in this respect, and we hope our efforts can help to calm fears and enable small-business people to roll with the punch.

**Q:** *In a related vein, a lot of people have suggested that Tokyo is eclipsing the Kansai, and that Kansai is turning into just another depressed region. Would you care to comment? Why is all the power—economic, political and social—centering on Tokyo? What can Kansai do to reverse this?*

**A:** There is a global trend to seek urban pleasures and to enjoy urban living. In that sense, Tokyo is a very exciting place to be. It is an infor-

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mation hub sensitive not only to Japanese governmental and private-sector information but also to the wealth of information available overseas. Information is in the air in Tokyo, and it is not at all surprising that people should want to live and work in Tokyo.

The only way to counter this is to make Osaka an equally exciting place to live and work. Otherwise, we will not be able either to draw new immigrants or to staunch the outflow. And because we cannot simply be a pale copy of Tokyo, it will take planning and ingenuity to make Osaka an exciting city in its own right.

We are planning a whole host of very creative programs and special events for the rest of this century. In late 1983, for example, we began this with the Osaka Castle Quadricentennial. And there are a lot of exciting things being planned for the International Garden and Greenery Exposition scheduled for April–September 1990. In this same vein, the Osaka Convention Bureau was established on February 13, 1984, with the backing of the Osaka Chamber to attract more international events to Osaka.

**Q:** *Along with giving Osaka a more international flavor, the other side of this coin, of course, is to sell Kansai overseas.*

**A:** Tokyo has a comprehensiveness with all the latest in modern culture, and it has an energy that ranks it right up there with New York. This is a must. If Kansai simply insists on preserving its ancient traditions unchanged, we will end up being a museum rather than a living, dynamic region. The question is one of how to link the traditional heritage to modern industry and culture. I know this will not be easy, but it is the only way Kansai can survive and prosper.

We are hopeful that the completion of the new Kansai International Airport will mean increased international air traffic into Kansai and more people from overseas looking at what Kansai has to offer. If this results in the creation of a new information network linking Kansai directly to overseas sources and users—without going through Tokyo—there will be a new burst of vitality in Kansai. But if they just come to Kansai on their way somewhere else, all of our efforts will be for naught. We have to have something special if we want to hold their attention. There has to be a greater effort made not simply to offer good food and attractive prices but to provide all of the other things that will keep people coming back.

Kansai is especially blessed here because it has three major cities—Osaka, Kyoto and Kobe—each with a very distinctive personality. This is something that Tokyo, being monolithic, cannot offer. In large part, Kansai's character is shaped by the different characters of these three great cities. The World Fashion Fair will be held in Kansai in 1989 co-hosted by Osaka, Kyoto and Kobe. Even though each city has its own purposes, they are cooperating to sponsor this major international exhibition. If we can make a success of this, it will open up new



Suntory's factory at Yamazaki in the suburbs of Kyoto

possibilities for interurban cooperation and regional development.

**Q:** *The Japanese economy has fallen on hard times with the yen's appreciation and trade friction. What do you see as the outlook for the Japanese economy—and the world economic system?*

**A:** I have long argued that Japan should not be simply an exporting nation. There was a time when this view was not very popular, but times have changed, and there has been a considerable shift in popular attitudes. We all know that Japan is an island country without any natural mineral resources to speak of, and it is obvious that Japan has to import raw materials and export finished products if it wants to survive. But the ultimate goal of all of this is not simply to export more and build up more foreign exchange reserves but to improve the quality of Japanese life. This means we should be less concerned with expanding the trade surplus and more concerned with stimulating domestic demand. I think we need to bring a little better sense of proportion to our economic policy management.

At the same time, I would hope that Americans would get their emotions under control and the United States would get to work doing the things that it has to do. Friction is one thing rubbing another—the wrong way—and it has its causes on both sides of the Pacific. I keep hoping the United States will wake up to this, but...

Just recently, we have heard reports that the American Big-Three automakers have regained their competitiveness, and this is a very good thing. If all of American industry would work to raise productivity and improve competitiveness, it should be possible to revive and revitalize the American economy, since the United States has great potential and is still basically strong.

**Q:** *Getting back to the Kansai economy, let me give you just a few lines to plug the Kansai economy. What are its strengths? What message would you like to convey to Journal readers?*

**A:** Kansai is small business. We have an abundance of small businesses that survive and prosper because of their technical prowess. In fact, Kansai may have the highest concentration of small businesses anywhere in the world. Kansai is also a treasure-house of technological expertise, and I hope foreign readers will come and discover for themselves how they can prosper in partnership with Kansai. ●