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● Management with Passion

● I read the book “Management with Passion” (感動経営) written by Koji Karaike, JR Kyushu President. When the railway man was in charge of a food service business, he studied Keiji Inoue’s “The Job of a Store Manager” (店長の仕事), and turned around many businesses that were in the red within a few years. He also launched a new food service brand “Umayā” (うまや) and turned it into a high growth business. Subsequently, he started the “Seven Stars in Kyushu” (七つ星 in 九州) luxury train service. He wrote in his book, “Work without Passion is not Work” (感動のない仕事は仕事でない), that in Japan today, there are fewer things that move people or people are less emotionally moved by things (“今の日本は自分が感動することも人を感動させることも少なくなっている.”) Indeed, people might have become less excited or emotional as Japan becomes more developed and stable.

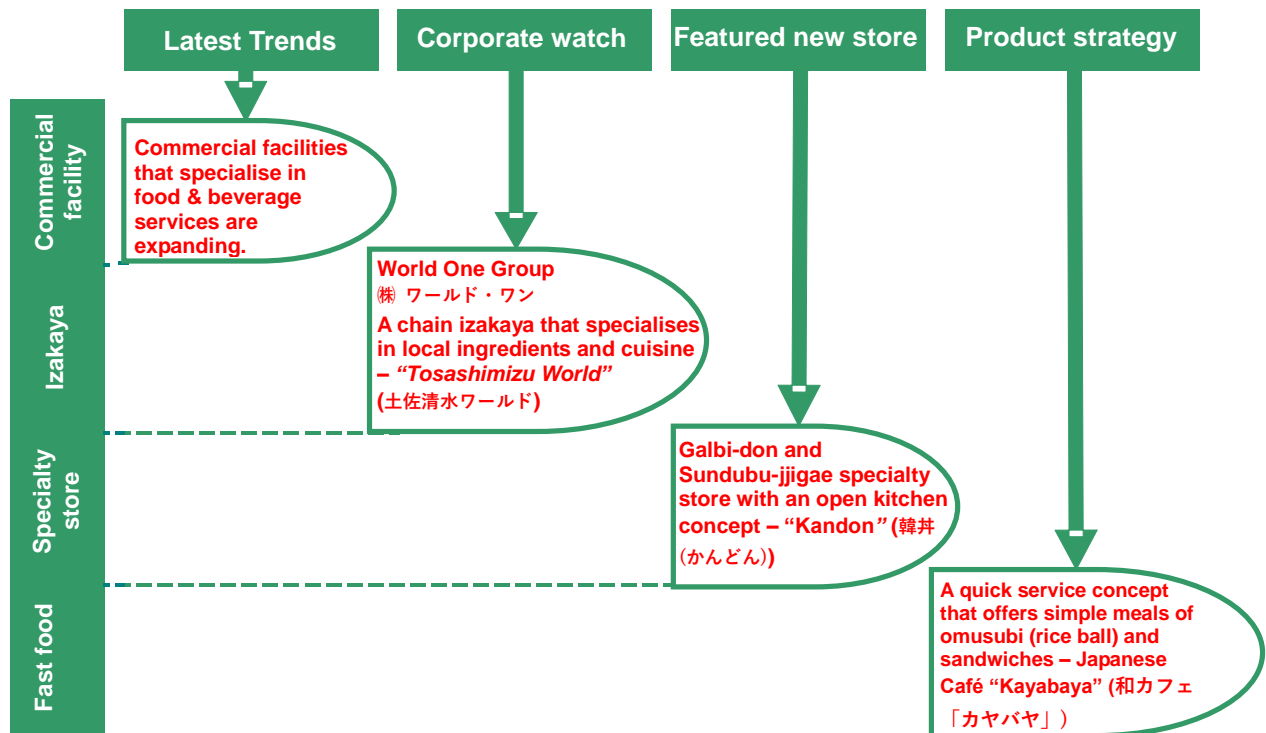


● In this era of モノ (“mono”, tangible) to コト (“koto”, intangible) consumption, the value of experience (経験価値) is important. When we look back at the past one year, did we go through any unforgettable experiences offered by the food service businesses? Consumers will still look for value-for-money products and services (mono) and experiences (koto), even with the increase in consumption tax to 10%.

- Jotaro Fujii

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1. **HOT NEWS! America: DANBO (暖暮) Ramen is attracting long queues in New York**

Danbo Ramen (暖暮ラーメン) serves Hakata Tonkotsu Ramen. It surpassed popular brands such as Ichiran (一蘭) and Ippudo (一風堂), and was voted as the No. 1 ramen. They have now 25 outlets in Japan, with one opened in Tokyo Ebisu this year. Danbo started overseas expansion early as ramen gained popularity worldwide. It has stores in Canada, Australia and Vietnam, and 8 outlets in New York. Danbo has succeeded in attracting a huge base of ramen fans by allowing customers to customize the hardness of noodles, the amount of green onions and noodles through an additional serving of ramen (替え玉, kaedama).



2. Latest Trends

Commercial facilities that specialize in food & beverage services are expanding

■ Yanagikoji Minozumi (Minami kado) 柳小路 南角 (みなみかど)

By Toshin Development Co., Ltd. 東神開発 (株)



● On 30 November 2018, the six stores opened on the first and second floors of Minozumi (Minamiji kado) [南角(みなみじかど)], a new commercial facility located on Yanagikoji (柳小路), at the back of Takashimaya Shopping Center, which is in front of the Futako-Tamagawa Station on the Tokyu Den-en-toshi line. The shopping street concept attracts customers to visit the facility often. Besides that, it offers a variety of stores such as boiled dumpling specialty store “Andagyozza” [按田(あんだ)餃子], delicatessen “Pariya”, and brewpub “Futako beer” (ふたこビール醸造所). The facility is located close to the residential area, and attracts mostly couples on weekdays and families on weekends.

■ GEMS (ジェムズ) By Nomura Real Estate Development Co. Ltd. (株) 野村不動産



● GEMS is a commercial facility that specializes in food & beverage. It has expanded from 6 to 12 buildings in downtown Tokyo this year. With a concept of “providing meals that bring happiness to the city”, GEMS selects and attracts tenants with good reputation and those that are already attracting queues at their existing stores. GEMS Sangenjaya opened in June 2018, at a good location in front of a subway station. The tenants were selected based on the demographics and dining preferences of office workers in the vicinity. They include gourmet hamburger concept “Ten Fingers Burger”, and gourmet ramen restaurant “Due Italian”, which is popular with female office workers.

Discussion : The future of “Urban Food & Beverage Buildings”

Many food and beverage establishments are found in the restaurant floors of commercial buildings and department stores that are located next to subway stations. These locations are expected to attract high customer traffic. The establishments attract customers by offering distinctive menus. Yanagikoji (柳小路) has a cluster of unique business concepts that are targeted at the local community. GEMS magnifies the publicity effect by gathering concepts that are setting up their first outlets in the area. Commercial facilities positioned as the gourmet spots of the area are expanding, attracting repeat customers and opening up their new customer base.

3. Progressive Companies

■ World One Group 株式会社 ワールド・ワン Sales in the fiscal year ended November 2017 was ¥2.1 billion (123.5% as compared to the previous year)

World One Group was established in June 1996. The company started “Okinawa cuisine Kingyo” (沖縄料理 金魚) at the Southwest exit of the Sannomiya Station on the JR Kobe Line. This was followed by “Sumishun Senichiba Karasu” (炭旬鮮市場 からす) in August 2003, “Bar Delphinus” in June 2004, and “Okinawa cuisine Kingyo hanare” (沖縄料理 金魚 hanare) in July 2005, all in Kobe city. The company continued its expansion with unique concepts such as “Kyodo Taishu Izakaya Kinpachi” (郷土大衆居酒屋 金八) in November 2009, a Wagyu beef izakaya “Aburaya Nikuhachi” (脂屋 肉八) in December 2010 and “Sannomiya Agemon Sakaba Imodanshaku” (三宮揚げもん酒場 芋男爵) in September 2011. In September 2015, the company started to increase the number of outlets under “Tosashimizu World” (土佐清水ワールド), which specialises in straw flame-grilled (藁焼き wara yaki) bonito (かつお katsuo) from Koji Prefecture. The fifth outlet and the first in the Kanto area, was opened in July 2017 near the JR Ueno Station. On 27 December 2018, the company opened the third “Aomori Nebuta World” (青森ねぶたワールド) outlet, a new concept that serves fresh fish and local dishes from Aomori Prefecture, near the Karasumori Exit of JR Shimbashi Station. There are now 24 outlets across 12 concepts under the food services company.

● “Tosashimizu World” (土佐清水ワールド)

The concept serves straw-grilled local dishes such as “Straw-flame salt-grilled bonito tataki”, amberjack (ブリ) and tuna (まぐろ) at ¥980 per serving. There are also 27 other dishes that are made of “Sodagatsuo” (宗太鯧, a type of tuna) and Okara (おから, tofu dregs). They include “Mejika Croquette” (めじかコロケ young tuna croquette) and “Manbo (sunfish) tempura” (マンボウの天ぷら), with prices ranging from ¥280 to ¥880. There is an open kitchen inside the Japanese-style store, where diners can see the straw flame grilling process whenever an order is placed. The store is patronized by mainly middle-aged and older diners in the evening. The average check size is ¥4,000 per person.



4. Featured New Store

Galbi-don and Sundubu-jjigae specialty store with an open kitchen concept

“Kandon” 韓井 (かんどん) BY Yaruki Group やる気



● On 8 December 2018, Kandon [韓井(かんどん)] opened near the North entrance of the Kameari Station on the Tokyo Metro Chiyoda line. It operates from 11:00 to 22:00, and has a seating capacity for 35. Kandon serves Korean dishes, with one serving of Galbi-don priced at ¥540. Diners can select the amount of toppings (e.g. Kimchi, soft-boiled egg) at prices from ¥680 to ¥1,080. The seasoned Galbi meat is grilled in a special oven at 300°C, followed by grilling over fire in the open kitchen to enhance the aroma. The Sundubu-jjigae with seafood, pork, and kimchi is cooked in a stone pot. Diners can select the level of spiciness and add toppings such as cheese for ¥50 to ¥120. The store also serves 9 other menu items such as “Superior Harami beef don” (上ハラミ丼) and “Special aged Galbi set meal” (熟成特選カルビ定食) at ¥680 to ¥1,390. It is common to see male diners ordering Galbi-don and female diners ordering Sundubu-jjiage during lunch time. The first outlet (FC) in the Kanto area opened in Machida-shi on 16 November 2018. There are now 20 outlets after opening 13 in this fiscal year. More stores will be opened to expand the area of business.

Evaluation

There are not still that many Yakiniku-don specialty stores. “Tokyo Chikara Meshi” (東京チカラめし) has outlets in downtown Tokyo, and “Gyu Kaku Jinanbo” (牛角 次男坊) is found in foodcourts. In addition, sundubu specialty store “Jun Tofu” (純豆腐), which features a wide variety of ingredients, is expanding in commercial facilities. Kandon [韓井(かんどん)] aims to attract new customers by adopting a specialized business format, and by setting up shop at accessible locations by the roadside and in shopping streets in front of subway stations. The tofu pot attracts female customers, while the Korean yakiniku appeals to male customers. As the food preparation operations are simple, the concept has the advantage of relying less on manual labour.

5. Product / Business Strategy

Omusubi (rice ball) and Sandwich Specialty Store

A new concept that provides quick and simple meals

Japanese Café “Kayabaya” (カヤバヤ)

BY T.U.B Associates Co., Ltd. (株) ティー・ユービー・アソシエツ

■ **Features** : The store offers seven types of omusubi such as “Grilled mackerel with spicy piri miso” (焼き鯖のピリ辛味噌和え) and “Rice mixed with beef and red pickled ginger” (牛しぐれ煮と紅生姜の混ぜごはん), with prices ranging from ¥130 to ¥200. There are 10 types of sandwich such as “Chicken wasabi-mayo sando” (チキン山葵マヨサンド), “Bonito-flavored cutlet sando” (鰹節香るカツサンド) and “Baguette Dip sando” that is eaten after dipping into a sauce. The sandwiches are priced from ¥290 to ¥590. Other items include “Gorogoro special pork soup that is full of vegetables” (ごろごろ野菜の具たくさん極み豚汁), “Soup with almost a whole onion and lots of cheese” (ほぼ丸ごと玉葱とどっさりチーズのとろ〜りスープ), and four types of rice bowls such as “Minced chicken in sweet soy sauce and mentai-mayo bowl”, priced at ¥450 to ¥680. There are counter seats on the first floor, and 17 table seats on the second floor. Besides morning and noon time, there are also mostly female customers having a combination of rice and drinks in the evening. On 10 December 2018, an outlet opened near Exit No. 7 of Kayabacho Station of the Tokyo Metro Hibiya line.



■ **Strategy** : Specialty stores such as omusubi specialty stores “Honnoriya” (ほんのり家) and “Omusubi Gonbei” (おむすび権兵衛), and sandwich specialty stores “Meruhen” (メルヘン) and “Blossom & Bouquet” (ブロッサム&ブーケ), are expanding mainly in ekinaka (shopping complexes inside train stations) and commercial facilities. T.U.B Associates, the operator of Kayabaya and Ochazuke specialty store “Komeraku” (こめらく), focuses on food concepts that use original ingredients. Even though the price range of Kayabaya is relatively high at ¥200 for an omusubi and ¥400 for a sandwich, the company plans to expand by providing hand-crafted food in business districts that require quick service.

- Latest new store

7 December “Tori-sen” (鶏千)

Located in front of Shin Koenji Station on the Tokyo Metro Marunouchi line

Tori-sen was re-branded and opened its third full service outlet to serve freshly-made oyako-don (親子丼) and big portions of kaarage (唐揚げ, fried chicken). Business development and operations are managed by Starting Over, a subsidiary of Yoshinoya Holdings (吉野家 H D).



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