

# Midorikawa Shuzo

## Innovation through Family Philosophy

Niigata Prefecture is one of the leading rice-growing regions in Japan, and is a region where sake production using local rice is thriving. It has 89 sake breweries, the most of any prefecture in Japan, and also has the highest per capita sake consumption in Japan.

Source: <https://howtoniigata.jp/spot/nihonshu/40210/>

Niigata Prefecture is made of four regions of Joetsu, Chuetsu, Kaetsu, and Sado. Among them, Chuetsu has Uonuma area, famous for its rice, and has the greatest number of sake breweries out of the four regions.

Midorikawa Shuzo (sake brewery), located on the border between the former Koide and former Urusa districts in the center of Chuetsu, was founded in 1884. The current president, Shunji Ohdaira, is the fifth generation owner, and his son, Kazuki Ohdaira, is of the sixth generation.

In the fall of 2024, as the rice harvest approached, Kazuki Ohdaira was looking at the ripe rice fields of the former Koide Aoshima area and thinking about Midorikawa Shuzo's future sales strategy.

### **Midorikawa's role in sake brewing in Niigata**

When Shosaku Ohdaira, the fourth generation of the Ohdaira family, returned to Midorikawa after the war to take over the sake brewing business, he realized that there was no interaction between sake brewing technicians in Niigata, and no forum for sharing challenges in sake brewing or discussing the future with each other.

Brewers are inherently proud and rarely interact with each other. Even among the major breweries in Nada, the famous area for sake brewing in the Kansai region, they held meetings but did not actively exchange information with each other and they did not appear close to each other. Therefore, in order to nurture young people in Niigata sake brewing and promote exchanges between sake brewing technicians, Shosaku Ohdaira founded the Niigata Prefecture Sake Research Association in 1973 and became its first chairman.

Source: “Talking about Sake” by Shima Teiji

### **The Ohdaira Family and Midorikawa Shuzo**

The Ohdaira family started Midorikawa Shuzo in 1884 in Koidejima, Koide Town by Keisaku Ohdaira, the first generation president. The origin of the Ohdaira family are said to date back to the 1600s, and they were originally from Yokawa village in Minamiuonuma. The founder's eldest son, Keisaku Ohdaira, was originally expected to take over the sake brewery, but he joined Sumitomo Bank, where he served as the London branch manager and eventually became the president. Even though this was more than 100 years ago, it was not necessarily the case that the eldest son of the Ohdaira family would take over Midorikawa Shuzo. The Ohdaira family's approach to business and successors was that if someone wanted to do something different from the family business, they would be respected. That was the nature of the family.

In the 1930s, the second-generation Tamaji Ohdaira studied at the Ministry of Finance's brewing laboratory and used what he learned to improve the quality of his sake, which led to its popularity at sake tasting events. In the 1930s, adequate manufacturing process was not yet established and lactic acid bacteria sometimes got into the process to spoil the quality of sake. Tamaji Ohdaira had a strict eye for quality and overcame this problem. After World War II, the fourth-generation Shosaku Ohdaira took over, and sake of Midorikawa was exported to the United States by Suntory, a large Japanese beverage company, and sold under the brand name SHOGUN. The fourth-generation Shosaku Ohdaira's wife's brother worked at the tax office, and Shosaku Ohdaira learned about liquor taxes from him.

In Japan, they sold sake under Midorikawa brand and overseas, they sold OEM sake through Suntory under SHOGUN brand. Sales volume was higher for OEM sake. At that time, their sake was also sold in Hokkaido. Around 1985, after the fifth-generation Shunji Ohdaira finished his training at

Suntory and returned to Midorikawa, he stopped OEM sales in the US. This caused a 60-70% drop in total sales, and Midorikawa Shuzo needed to find a new direction. At the same time, Shunji Ohdaira was forced to relocate the brewery due to land readjustment in Koide.

Sake is made primarily from water and rice, so if the location of the brewery changes and the water used there changes, it becomes difficult to produce the same flavor. Shunji Ohdaira searched for good water and found it in Aoshima, located on the left bank of the Uonuma River, between Koide and Urasa, and used it as his base to start brewing. This was also a turning point for Midorikawa's new flavor, which continues to this day.

The Ohdaira family did not have a tradition of requiring a direct male descendant to take over the business, but respected each individual's wishes. Similarly, they did not stick to the flavors that had been created up until then as Midorikawa, but always offered what the Ohdaira family considered to be the best sake at the time.

They were able to change flavors unbounded by tradition. Their attitude of respecting the values of each individual in the Ohdaira family and their willingness to take up new challenges are the core values that decide the direction of Midorikawa's sake brewing and business.

Shunji Ohdaira chose soft water with low iron content and no unpleasant aroma for the new brewery, and was able to secure an abundant supply of water from groundwater on the brewery grounds. After obtaining good water, the next step for Shunji Ohdaira was to build a brewery with thorough temperature control. After the rice harvest in autumn, the sake is made from winter to spring, and then aged at low temperatures beyond summer. This process takes time but makes the sake more mellow and reduces the deterioration of its aroma. Shunji Ohdaira wanted to achieve both aging and freshness, so he designed the storage facility and other necessary equipment to be temperature-controlled, and strict temperature control was carried out throughout the brewery. This was in the 1990s, when there had been no innovation in air conditioning equipment and temperature control throughout the brewery was a difficult task. People around him were surprised at his willingness to take on strict temperature control, but this became one of the major features of the new Midorikawa brewery facility.

The new Midorikawa brewing facilities are operated under Midorikawa's policy of working in a thoroughly clean brewery for quality control, and even now in 2024, more than 30 years later, they are still well-maintained and retain the cleanliness they had when they were first built.

In 1990, they also tried storing sake in the snow, which is abundantly available in Niigata. They brewed sake from autumn to winter, refrigerated it with snow until around July of the following year and shipped it as summer sake, which was not a method widely used by sake brewers at that time. Midsummer is not the best time to sell sake, given the traditional way of drinking sake and

consumers' image and preferences of sake, but according to Shunji Ohdaira, there were times when summer sake sold better.

Midorikawa Sake Brewery does not use the usual Yamada Nishiki or other sake rice favored by most sake brewers, but uses the Hokuriku-12 variety, aiming for a subtle flavor, a light mouthfeel, and a taste that does not become heavy even when aged. This is essential for the "easy-drinking" taste that Midorikawa Sake Brewery seeks in its sake.

Hokuriku-12 was a sake rice with a long history, but was ceased to be cultivated. Therefore, Shosaku Ohdaira, the fourth-generation owner, propagated it from seeds. Midorikawa Sake Brewery is the only brewery in Niigata that uses this sake rice, and in other prefectures, there is only one brewery to which Midorikawa provided the seeds, making it a rare sake rice.

Hokuriku-12 is a special sake rice that is difficult to manage and produces small yields, so it is all grown locally in the Uonuma region. All of the rice used, including other varieties of sake rice, is grown in Niigata Prefecture. The company has been working with contracted sake rice farmers for the past 50 years, and currently has over 20 farmers supplying it to them. The farmers who grow the rice have formed a research group called "Pride" and are working hard to improve and refine the quality of the rice.

Because Shunji Ohdaira's brewery is close to the rice fields where sake rice is grown, he can easily check on them. Together with rice experts, he visits the rice fields of more than 20 farmers before planting, before fertilizing the rice ears, and just before harvesting.

Source: <https://www.niigata-sake.or.jp/kuramoto/midorikawa/> (Edited by the author.)

### **How Midorikawa's sake is made**

At Midorikawa, they make sake that is easy to drink like water, and before you know it, you've finished drinking the whole thing. They make sake that is easy to drink, has no rough edges, and is not monotonous. They create a delicate and sophisticated taste that allows you to feel the aroma and umami (a pleasant savory taste that can be tasted in foods that contain a high level of the amino acid glutamate) softly in an easy-to-drink sake that is not overly assertive. This is what makes Midorikawa popular with fans, and this uniqueness is made possible by using high-quality rice and water, and by fermenting and aging at low temperatures.

To achieve this taste, Midorikawa has developed a method that is not commonly used at other sake breweries: aging and blending the sake that has been brewed to create the taste they are aiming for. To achieve this, the brewery needs to have a certain sense of value regarding taste, and the experience and ability of the master brewer (toji) to make it possible.

Midorikawa's sake brewing method is divided into sections, with people in charge of steaming the rice, washing the rice, and preparing the sake. Midorikawa brews about 40 tanks of sake a year, and sake brewing takes place inside the closed brewery. Since each person has a different amount of work, Kazuki Ohdaira wanted to ensure that everyone understood what they were doing and enjoyed brewing sake.

Therefore, he wanted to ensure that the work did not become too dependent on one person. Currently, there are manuals for each process, but some parts are still dependent on one person, and the key was how to standardize this and make it understandable to everyone.

However, judging the condition of the rice and setting up the work schedule still required experience and intuition, and this is something that is difficult to create a manual for without relying on human experience and intuition.

After returning to Midorikawa, Kazuki Ohdaira tried to get a glimpse into the process where the craftsmen's skills were on full display, thinking that he would be able to see the finer details that are only possible in a small brewery.

Skilled craftsmen were not going to refuse Kazuki Ohdaira's involvement in their work, but he tried to be extremely carefully in approaching them when they were deploying their five senses at maximum level. Kazuki Ohdaira approached the master brewer, assistant brewer (fuku-toji), and the people in charge of each production section with this mindset.

While the final direction and flavor are the responsibility of the management, the master brewer brings the entire brewery together to realize Midorikawa's delicate flavor. As Kazuki Ohdaira learned about sake brewing, he relied on the experience and intuition of each brewer to create Midorikawa's flavor together.

The assistant brewer, who assists the master brewer, controls each step of the sake brewing process. As with whiskey, Midorikawa's sake brewing is characterized by blending aged unprocessed sake, but what makes it unique is that it blends multiple vintages made in different years.

When comparing wine, which is made from grapes, with sake, which is made from rice, the flavor of wine is largely determined by the type, quality, and characteristics of the grapes. With sake, people are more involved in the brewing process, and this determines much of the flavor. In other words, sake makers can adjust the taste from sweet to dry, and whether or not it is sour. The taste of Midorikawa sake is mostly decided by the blending process.

In Midorikawa's sake brewing, there is a hierarchy based on the level of responsibility for the sake brewing process, and the production site is strictly managed. The master brewer manages the steps

of the brewing, but the management has higher authority than the production, so the direction of Midorikawa's sake is decided and controlled by the management.

### **Original sales method**

Midorikawa Shuzo does not have an official website or online sales, and outsource product distribution to trusted authorized dealers only. Even authorized dealers that handle Midorikawa Shuzo products mainly rely on telephone applications and face-to-face sales, methods that do not involve the Internet, and try not to introduce or advertise products online.

When Midorikawa Shuzo stopped overseas OEM sales for Suntory and their total sales volume decreased, there was a time when they tried to expand their sales channels nationwide. Because they expanded their sales channels through wholesalers, when they actually visited at liquor stores, it was clear which stores were selling and which were not. Wholesalers would ship sake to liquor stores, but there were also cases where the sake was just gathering dust at the stores.

Seeing this situation, Shunji Ohdaira decided that he wanted to deliver Midorikawa to people who understood it, and he decided to sell it only to liquor stores that understood Midorikawa as authorized dealers. This decision was made when the production site was moved, which marked a turning point for the flavor, and temperature control was introduced to maintain quality and flavor. In order to appeal to liquor stores and consumers that the flavor had been renewed and changed as Midorikawa, he decided to limit sales to authorized dealers who understood Midorikawa, without going through wholesalers. Other sake breweries have also adopted the authorized dealer model, but Midorikawa operates it more strictly. If an authorized dealer sells Midorikawa at a place that is not an official store, Midorikawa Shuzo has a system to find out where the diverted product came from, and they have a definite policy of terminating business with the authorized dealer that diverted the product.

Once a liquor store became an authorized dealer and was able to sell Midorikawa, there still was a risk that the store would try to sell Midorikawa in a bundle with other unsellable products, so Midorikawa did not allow this type of sales practice either. If Midorikawa continued to sell in this way, its sales channels would not expand fast, and the sales volume would not increase, so the challenge for Midorikawa was how to make its business profitable.

### **The 6th generation Kazuki Ohdaira**

Kazuki Ohdaira was born into the Ohdaira family as the eldest son of the 5th generation Shunji Ohdaira. The name Ohdaira is a common surname in the Midorikawa area, and five students in his elementary school class had the surname Ohdaira. From elementary school onwards, people around him had been telling him he would take over the Midorikawa family, but Kazuki Ohdaira had tried not to think much about it.

The usual career route for a sake brewery successor is to study brewing at a university, then train at someone else's brewery before returning to their own brewery. Kazuki Ohdaira's father, Shunji Ohdaira, majored in applied chemistry at university. Shunji Ohdaira, never asked Kazuki Ohdaira to take over the business or to apply to a brewing department of a university. This is likely because the Ohdaira family respected each individual's values and had a tradition to let each person do what they wanted to do.

Although Kazuki Ohdaira majored in physics at university, which he liked, he decided to return to his hometown while studying there. Later, while at university, he had the opportunity to study abroad in the UK for a year. There, he studied English and marketing. From a young age, he had tried not to think about taking over Midorikawa, but in university, he wondered what would happen to Midorikawa Shuzo if he didn't take over, and he made the decision himself. After graduating, he joined Suntory, which has ties to the Ohdaira family, and joined the whiskey marketing department, where he was in charge of Irish whiskey and Scotch whiskey. After that, he went into sales, handling beer at restaurants.

At first, he thought he would work in sales, see how alcohol is sold, and then work on brands, but ended up working in a department that was in charge of brands first, and then in sales. At Suntory, he wanted to experience the brewing process, but wasn't able to do so and returned to Midorikawa. However, there were some differences between the whiskey-making process at Suntory, a large brewery, and Midorikawa's, so it is not sure how much he learned from the experience. After returning to Midorikawa, he first went to the brewing site and experienced various tasks without being assigned to a specific position.

What Kazuki Ohdaira likes about his job at Midorikawa is when he sees a customer that is visibly moved by the company's sake, even when the customer does not know about Midorikawa. Sometimes, the facial expression of people who drink Midorikawa exceeded his expectation, and that was the moment he enjoyed the most in his job.

### **Kazuki Ohdaira's vision for Midorikawa**

Kazuki Ohdaira wanted to establish Midorikawa as the top brand that everyone wants, even if sales are low, and that is valued highly among people that know well about sake. He narrowed down the sales channels to protect Midorikawa's quality and value, but unlike his father, the fifth-generation Ohdaira Toshiharu, he wanted to release information about the company. However, rather than opening up the information to everyone, he wanted to control the route of information flow. He wanted the information to be passed through word-of-mouth to other people in their sales channels. Kazuki Ohdaira thought that the Midorikawa brand would not develop otherwise.

To communicate information about sake in the right way, he wanted to communicate not only the taste but also the atmosphere, philosophy, and state of the brewery so that consumers could learn about the overall situation of Midorikawa. However, there was a possibility that some liquor stores would cut corners and only convey the easy-to-understand parts shown in the text and photos, that is, hand consumers a pamphlet and be done with it. The challenge was how to increase the number of authorized dealers who are eager to talk about Midorikawa, not just in terms of business relationships.

For a time, the Meister system was introduced to authorized dealers, but the downside to this was that becoming a Meister became the goal, and some liquor stores began to focus only on Midorikawa's core fans. They focused on the Meister system too much and neglected other elements.

Kazuki Ohdaira explored how he could start disclosing the company's information from almost nothing, and decided to invite his high school classmate Kazuki Matsui, who had experience in e-commerce, to Midorikawa to work with him as a good strategic partner. According to the young owner of a liquor store near Midorikawa, Midorikawa was transformed into "double Kazuki," Kazuki Ohdaira and Kazuki Matsui, and he felt assured about Midorikawa's future.

Among the current authorized dealers, there were those who knew everything about Midorikawa and those who only knew 1%. There was a big difference in understanding of Midorikawa's information, and how to handle this was a challenge. Even about how information was handled, each authorized dealer reacted in different way. There was a liquor store that was furious when Midorikawa's information was published in the newspaper, and another that was furious when it was announced that the company was considering putting raw sake into whiskey barrels and letting it age. Each authorized dealer judged Midorikawa's information and direction based on their own standards and responded accordingly.

Kazuki Ohdaira wanted to further pursue a flavor that was easy to drink, smooth, and not monotonous, by blending aged raw sake, something that other breweries had not done before.

Nowadays, there are more and more brands of sake that are popular among sake connoisseurs, but some of them are popular just because of promotions based on image, and it is unclear whether consumers really like them or drink them. Some people may like a brand only because buying that brand's sake is difficult. Rather than becoming a brand based on these non-essential factors, Kazuki Ohdaira wanted to create a brand that consumers would purchase based on their affinity for the taste itself and the philosophy of the brewer.

Because Midorikawa is available in limited quantities, it has become a rare and valuable drink that is difficult to buy. However, if they aim too much for the specific flavors that connoisseurs would like, then it can prevent Midorikawa from expanding its fan base.



Kazuki Ohdaira wanted to communicate what Midorikawa aims for and what are Midorikawa's values. He wanted his customers to understand these characteristics of Midorikawa, to drink it, and to like its taste. He wanted Midorikawa name and brand to be strongly associated with its taste and philosophy of the company. He wanted to increase the number of fans who would say, "Hey, Midorikawa is a really good sake, isn't it?"

Whenever a new generation of Ohdaira family comes along, they face big challenges and might decide to take a new direction. That's why, even though the industry is often seen as traditional because of the image of sake breweries, Midorikawa have been trying new things. In recent years, they were one of the first to release products such as a lightly cloudy sake that overturns the common belief that clear sake is best. They were also one of the first to produce and sell Midori, a sake that used raw sake that had been stored in a room packed with snow.

Kazuki Ohdaira currently works under his father, Shunji Ohdaira, the fifth-generation president. However, Shunji Ohdaira rarely talks to his son about management and is just watching over the direction Kazuki is thinking about. This is also a reflection of the family tradition of each generation of the Ohdaira family doing what they want to do according to their own values.

Kazuki Ohdaira was considering if and how to communicate information about Midorikawa's new challenge and its philosophy of sake brewing. He was not going to announce them to the general public, but to people who really like Midorikawa's sake and understand how the company was brewing sake. He was exploring how to make this possible, and how to air the information.

Kazuki Ohdaira was considering to use the new information about Midorikawa to expand sales channels overseas and further solidify the brand of Midorikawa. He thought that they are not even at one-tenth of the goal of firmly establishing the brand. He was thinking about how to combine various elements such as not wanting to do the same thing as others, wanting to communicate Midorikawa's philosophy, wanting to reach to people who truly understand, and yet also wanting to establish the brand, to build the Midorikawa brand of the future.

*JICA-IUJ case material series*

Midorikawa Shuzo and rainbow



Midorikawa Shuzo in winter



Carrying steamed rice



Cauldron section



Room for koji mold



Exposing steamed rice



## *JICA-IUJ case material series*

Fermentation room



Storage tank



Rice planting



Midorikawa Shuzo in autumn



Entrance of Midorikawa Shuzo



Bottles of Midorikawa

