

## Daiohs

### Expanding office business to world-wide

### Moving forward to utmost goal “No.1 in Japan, No.1 in United States”

Daiohs has been spreading its business in Japan from Beverage Service (Office Coffee Service, Bottled Water Service), Office Cleaning Service (Entrance Mattress, Mops, etc.), to Daiohs Coverall Business (Facilities and Periodic Cleaning business). For companies abroad, Daiohs has been mainly expanding Beverage Service. These are all BtoB businesses specialized with subscription services dealing only necessary services and products.

#### ***Accumulating customers with its original method, “Listening to customer’s real needs” and “Delivering”***

Daiohs is renowned for providing Regular Coffee Beverage Service. However, this is just an only side of its business. The main leverage of business expansion was providing wide varieties of products. From office coffee as its main products, Daiohs expanded to beverage and consumables and formed its original customer attracting business models.

Ohkubo looks back to his past, “After graduating from University, I worked in Advertising Company for 4 years. Then, I fled to the United States, and worked in local company for 2 years to study the latest retail business. In years of training abroad, I worked in supermarket in California and various retail businesses in the United States. After spending years in training, I moved to the United Kingdom, Germany, and Northern Europe and worked in each retail business. I promised my parents to succeed family rice business and develop into No.1 rice company in Japan. During the years abroad, I was always thinking an idea of “how to create No.1 rice company in Japan”. After years of training, I concluded that there is a limit in rice business. By utilizing methods of Listening to customer’s real needs and Delivering, derived from rice sales business, there is a chance of becoming No.1 company in Japan.”

The first move Ohkubo took after coming back from training was starting Duskin business along with family Rice business. At that time, Rice sales was limited to local areas because of registration system. To broaden sales areas, Ohkubo joined Duskin Franchise. However, Duskin sales was limited to household services and products. To overcome, Ohkubo focused on office. It was difficult to compete with large companies; however, there were less competitors in small or medium sized companies. Entrance mattress and mop cleaning were becoming normal scene. Ohkubo thought it was a big chance.

As a result, in 1975, Ohkubo achieved No.1 Duskin franchise by hiring part-timer as sales members. Becoming No.1 franchise,

Ohkubo thought of new idea, to deliver various types of services to its intimate clients. Among various services, Ohkubo found a big potential to Office Coffee Service, which he found during years of his training in the United States.

“At that time, Japanese Tea was served when I visit companies. The only coffee served was instant coffee. I thought there was a big chance because I was certified that what was popular in United States will come to Japan, as Japan becomes wealthier than before. The age of Office Coffee will definitely arrive”. Later, he went through process of test marketing and product development to start new business. Finally, Daiohs became the first company in Japan to start Office Coffee Service. By utilizing BtoB network created during Duskin franchise business, Ohkubo worked on tightening the bond by providing coffee and adding Japanese Tea and water to its clients.



*Arranging various products for office*

## ***Dealing with Only Subscribed Products and Services***

While accumulating existing customers, Daiohs acquired Office Coffee Service in California. After its expansion in the United States, Daiohs purchased additional tens of companies in the United States. As a result, Daiohs became No.1 in the west coast and No.3 in the United States. Ohkubo insists, "Our business model is accumulating middle to long term contract to both companies in Japan and companies abroad. Daiohs provides its original services and products by continuing its periodic visit. By dealing with only periodic sales and service, not one-time only sales, we are able to consequently accumulate sales and profits. Since we only deal with necessity products in office, we do not get affected by economics or short-term trends. By specializing in BtoB, we are able to provide products efficiently. As a result, we are able to accumulate additional products and services to its sales channels of more than 200,000 existing subscribed companies. By bringing already profit proven business model in United States to Japan, the overall risks are very small. In addition, since our business is subscription model with accumulating sales, our strength is its continuous development."

To find third pillar of business following Japan and United States, Daiohs expanded to Taiwan in 1999 and Shanghai in 2004. Later, succeeded its advancement to Singapore and Malaysia. As a result, Daiohs is now expanding to 5 countries in Asia. The unique point of each region is that Daiohs USA expanded from M&A and 100% Daiohs capital. On the other hand, Daiohs Asia at its start expanded by direct start-ups. Now, at ASEAN regions, Daiohs is developing through joint ventures of companies with local BtoB knowledge and clients. "First, create local network with each region and solidify the basics. Then, sell products to the created sales channel. This is our winning pattern. In financial year March 2024, our goal is to reach group consolidated sales of 50 billion yen (around 475 million USD); however, from the pandemics of coronavirus, our goal is likely to be postponed. As an ultimate goal of our group, we would like to continue our challenges to reach sales of 50 billion yen."

The future is yet unpredictable, but there are newly popular products born from the pandemics. "Nanoseed α" (space sterilizer and deodorant) and "Silent Nano Diffuser" (compact styled space sterilizer and deodorant) are the two top newcomers. These two products started rentals from April 2020, targeting all nation-wide in



Japan. Recently, the total contracts of these products have far surpassed the predicted sales.

"The most important part is to carefully watch the sales environment. Find the future needs of clients. After I form the basics of the new business, I hand over to potential members in my company. Looking back to past, after reaching No.1 in Duskin Business, starting from Supermarket Delivery business, I handed over to other members to succeed my job. Then, I started new coffee service business, and after the business went on track, again, I handed over to another member. This was how I developed new executive members. Our next goal is to advance Daiohs USA, currently No.3 in the United States into No.1 in nation." In 50 years of business, Daiohs is currently always developing each financial year. This is the professional management Ohkubo continues. "take time, move step by step, and start steady business."



***Shinichi Ohkubo /President and CEO***

*Born in 1941 in Asakusa, Tokyo. Graduated from Chuo University, Faculty of Economics.*

*After entering advertising company, traveled to United States and Europe and studied retail business. Succeeded family rice business in 1969 and established Daiohs Corporation.*

*In 1977, established first office coffee services in Japan. In 2007, Daiohs was listed on first section of the Tokyo Stock Exchange. Specializing in office products and services, Daiohs is operating companies in Japan, United States, and Asia. Celebrated its 50th anniversary in 1950.*