

We respond to changes in the market environment with our sales capabilities cultivated through our “field-based approach”

One of our long-held traditions is its strong sales capabilities. How is the know-how that has been cultivated over many years put to use in sales? Representatives working in domestic sales, overseas sales, and fine chemical sales talk about the strategies of their respective businesses.



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Japanese Agriculture Facing a Mountain of Issues and the Mission of the Domestic Sales

●TAKAHASHI: Agricultural chemicals are indispensable to the maintenance and improvement of food production. In recent years, Japanese agriculture has faced many issues, such as frequent natural disasters, global warming, aging of farmers and a shortage of its successors, and rising prices. The MAFF has launched the Strategy for Sustainable Food Systems, MIDORI, to realize both production capacity improvements and sustainability, and in line with that strategy, we in the Domestic Sales Division must aim for stable food production and the realization of sustainable agriculture.

At the same time, expansion of existing markets is also imperative. In the paddy rice field, which is the core of our domestic business, we have an enormous strength in our possession of proprietary active ingredients. In particular, in the mainstay paddy rice field, we have achieved the top market share for four consecutive years primarily by promoting and selling our proprietary active ingredients such as the paddy rice herbicide, EFFEEDA®. We will also establish a foundation for the promotion of our proprietary active ingredient DISARTA® to increase our market share for paddy rice nursery box application products. We hope to maintain that top market share into the future. In the horticultural field, we will

concentrate on our proprietary active ingredients and aim to expand our business in this field by increasing sales of FANTASISTA®, our fungicide for horticulture, and KITAXEEV®, a herbicide for wheat crops that contains AXEEV®.

In recent times, the aging of farmers and the decline in Japan's farming population have led to calls for more efficient productivity improvements. To realize sustainable agriculture, we are endeavoring to make agricultural work more efficient and labor-saving through the application of our proprietary labor-saving MAMETSUBU® formulations for paddy rice, in combination with smart agriculture such as drones for agricultural use and radio-controlled boats, which are becoming increasingly popular. In addition, through support for the generation of carbon credits, we are working on social contributions through the reduction of greenhouse gases and contributions to stable production by developing new customers and providing technical support to growers. Our efforts to strengthen our relationships by providing added value to farmers while solving social issues are sure to lead to the strengthening of our product sales capabilities over the medium- to long-term.

Strong Network with Distributors That Is Demonstrated in the Overseas Sales

●KATO: In the Overseas Sales Division, which has a sales network spanning over 50 countries around the world, our most pressing challenge is to strengthen our sales capabilities of the field crop herbicide, AXEEV®, which is our mainstay business. Generic products of AXEEV® have started to enter the market in some countries, so we expect price competition to intensify. The proposal and execution of timely and appropriate countermeasures will require strengthening our relationships with the distributors who are our local partners. We are engaging in information and technology sharing at a deep level, and my sense is that the relationships that we have cultivated over many years are yielding results.

In addition, cooperation within the company is needed for the swift

identification and response to the needs of individual markets. The Overseas Sales Division's distinctive feature is its possession of sales, planning, development, and logistics functions within the one division. We have established a framework that enables efficient business development by integrating the development, logistics, and sales functions in response to customers' complex demands.

At the same time, to avoid excessive reliance on AXEEV®, growing the EFFEEDA® and DISARTA® businesses overseas is a key mission of the sales department. To address these various challenges, we will strive to strengthen our networks both within and outside the company, including our group affiliates.

Creating a New Fine Chemicals Business with the Power of Chemical Technologies

●AKIMOTO: The Chemical & Specialty Products Sales Division is composed of the Specialty Sales Department, which handles the agricultural chemical-related business, and the Chemical Sales Department, to which I belong.

The mission of the Chemical Sales Department is to create businesses other than agricultural chemicals. As a sales department, we have two sections. Chemical Sales Section 1 handles special ingredients that increase the functionality of polymers. Chemical Sales Section 2, where I work, starts with sales activities that are close to development, in that we go out looking for things to sell ourselves, in our aim to expand our business fields.

Currently, in the short- to medium-term, we are developing businesses with a focus on custom manufacturing for fine chemicals in the

electronics materials area. In the medium- to long-term, we are working on the applied development of organic synthesis technology, which is one of our strengths, for the development and market launch of Kumiai-original products. We are currently proceeding with joint research with other companies and universities, centered on the electronic materials area.

The development and launch of Kumiai-original products is not far away, and we are now approaching the final corner into the home stretch. On an ongoing basis, our intention is to quickly catch onto customers' needs and give shape to the kinds of materials that will be needed in the future, five to ten years from now, using our strengths in chemical technologies. I believe that it is our role in Chemical Sales Section 2, Chemical Sales Department to bring fresh winds into Kumiai.

Community-based DNA Passed on to Kumiai's Sales

●TAKAHASHI: Domestic manufacturers sell agricultural chemicals through two channels: the “ZEN-NOH-affiliated channel” of selling products to the JA Group, and the “commercial channel” of selling to wholesalers and retailers. Our sales channel is the ZEN-NOH-affiliated channel. As the domestic agricultural chemicals market is starting to mature, if we are to expand our market, we will need to market to growers, who are the final destination of both channels.

Until now, our predecessors have leaned in close to customers and built relationships with them over many years. At Kumiai, over 110 sales persons and engineers belonging to our branches are deployed across the entire country. They travel out to the field in their respective regions, where they provide support for the use of our products, verify their effectiveness, and practice proposal-based sales that address issues in the field. These kinds of community-based activities to “make agricultural products better, together” are truly the greatest strength of our domestic sales operations.

●KATO: The “field-based approach” is a strength in overseas sales as well. The overseas business is centered on BtoB business, that is, selling to distributors, but our work is not confined to conference rooms and online meetings. Our persons travel all over their assigned areas, visiting regional branches and retail stores together with our partners, participating in

explanatory forums for growers, and the like. These kinds of activities are effective not only for understanding local circumstances, but also for reinforcing our presence with growers.

This culture of a field-based approach has been passed down within the department over the years. These kinds of experiences are proving useful in proposing activities to disseminate AXEEV® to our partners. Also, sharing that know-how horizontally with other countries is leading to the expansion of our sales channels on a global scale.

●AKIMOTO: The Fine Chemicals Business is also a BtoB business. One thing that I have really sensed in sales activities to new customers is the high level of recognition of Kumiai. Our technological capabilities in organic chemistry that have been cultivated over many years are well known within the industry, and I have many opportunities to sense that I am doing business in an arena that has been built up by my seniors and predecessors in the company. Another feature of our sales representatives is that many of them have a science background, having come from research institutes. Because our sales force can capture customers' technical needs quickly and directly from their technological standpoint, they are able to respond swiftly in various business scenarios. I consider this to be one of our greatest strengths.

Creating Synergy Through Cross-departmental Collaboration

●KATO: In the AXEEV® business, we set up a cross-departmental project team in 2016, and representatives of the sales, development, procurement, and other departments have been conducting smooth exchanges of information aimed at the maximization of the business. The ability to capture market trends in a timely manner has become a powerful weapon in our responses to generic and patent-infringing products. Also, in times of rising prices, cooperation with the production department is also essential. The framework for cross-departmental collaboration may become even more crucial.

●TAKAHASHI: Without the R&D and production departments, there would be no sales department at Kumiai. We convey the customer needs and issues that we have discovered in our sales activities in the field to R&D, which leads to the development of new products. Also, amid the skyrocketing of raw materials prices of recent years, efficient and stable production requires close exchanges of information with the production department. In

particular, given the minute-by-minute changes in the market environment of late, cooperation with the various departments is immensely important.

●AKIMOTO: Agricultural chemicals and fine chemicals have different business environments, but our operations have much in common in that they both involve manufacturing and selling goods. For example, because businesses in different areas co-existed within the company, a great deal of information could be gathered concerning logistics during the COVID-19 pandemic. One mission of our custom manufacture in the Fine Chemicals Business is to achieve the cheapest production in the world of the compounds that our customers request. On the materials procurement front, we share information with the Production & Procurement Division to seek out low-cost suppliers. Furthermore, by coordinating closely with the Research & Development Division, we are constantly sharing technical information, which allows us to provide our customers with the world's least expensive manufacturing methods.

The Outlook for the Sales Department in Exploring Uncharted Territory

●TAKAHASHI: First, starting with the leading market share in the area of one-shot herbicides for paddy rice, we will maintain our top share in the paddy rice field. In addition to contributing to Japanese agriculture by strengthening our provision of high value-added products and services, we will strive to expand the business foundations of our domestic sales and further enhance corporate value.

●KATO: AXEEV® is reaching a turning point with the onset of competition from generic products. We will maintain and expand our sales capabilities by building new sales frameworks with our sales partners to respond to the changing environment. Now is our last chance to do this. As well as strategies such as price adjustments and intellectual property protection, the quality and technological capabilities that we are proud of will contribute to the

agricultural sector overseas, where climate change and other factors are becoming increasingly serious. While accurately recognizing the added value of our products, we will continue to expand into a wide range of markets.

●AKIMOTO: Looking toward the medium- to long-term, we will continue to engage in joint research with our development partners for the creation of new products and businesses. We will proceed with the development of fine chemicals so that one day, we will be able to report to this kind of discussion, “This is Kumiai's new product!” and “This is Kumiai's Fine Chemicals Business!” Specifically, we plan to focus our efforts on semiconductor related areas, where there is conspicuous growth worldwide. By entering cutting-edge fields, we hope to further elevate the brand strength of our fine chemicals and create a new era for our Fine Chemicals Business.