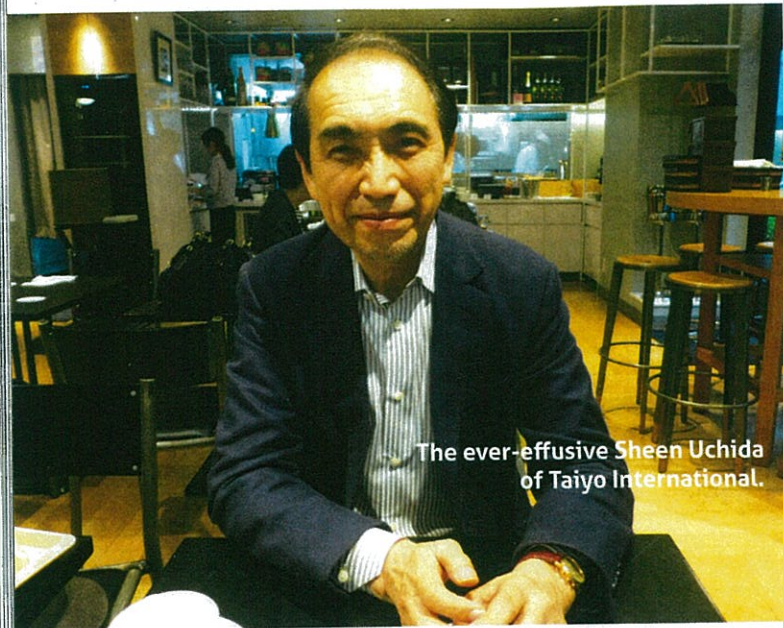
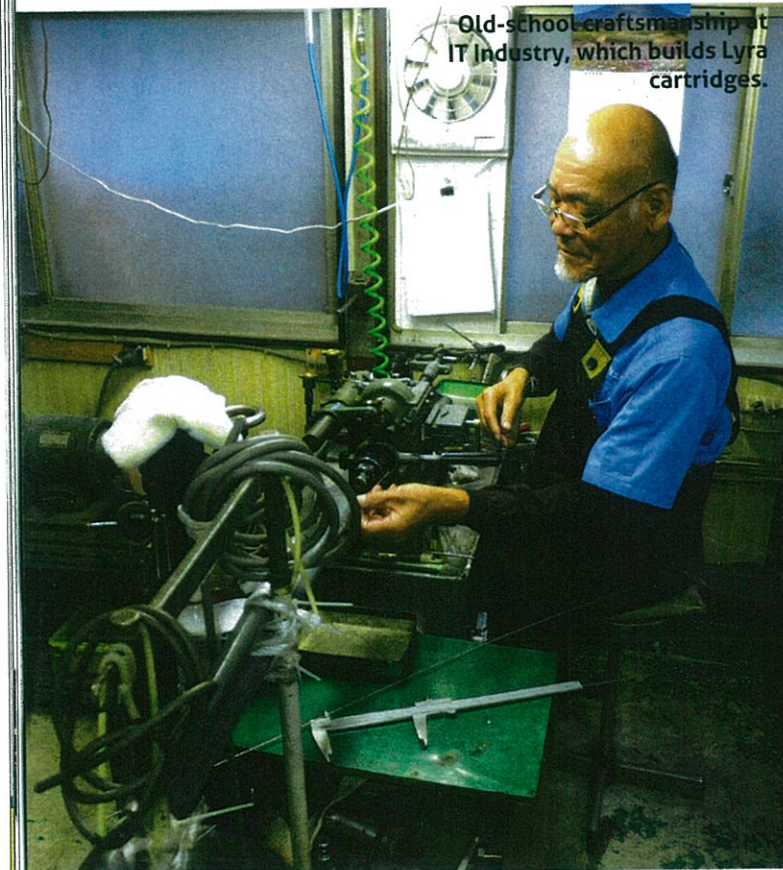


SPECIAL REPORT: The Japanese Audio Industry



The ever-effusive Sheen Uchida of Taiyo International.



Old-school craftsmanship at IT industry, which builds Lyra cartridges.

Alan Taffel

Something is definitely afoot in the Japanese audio industry. For a country whose culture encourages cautious evolution, there have been a whole lot of big changes in a short time. The first was in 2011, when Sony, that quintessential mass-market brand, released the SS-AR1 speaker. At \$27,000, this product was decidedly *not* intended for the masses. Shortly thereafter Panasonic, another company traditionally focused on the heart of consumer electronics, revived its premium Technics line, which had been dormant since 2000. Its inaugural offering was the \$53,000 R1 Reference Series, pointedly launched in the hallowed high-end halls of the Venetian during CES.

These unexpected moves represented a dramatic increase in interest and investment in the high end from two of Japan's largest corporations. In the same timeframe, additional investment was coming from outside the country. In 2013, for instance, guitar giant Gibson purchased TEAC along with its Onkyo and Esoteric subsidiaries.

PLACING SUCH A HIGH PRIORITY ON TECHNOLOGY REPRESENTS A SEISMIC SHIFT.

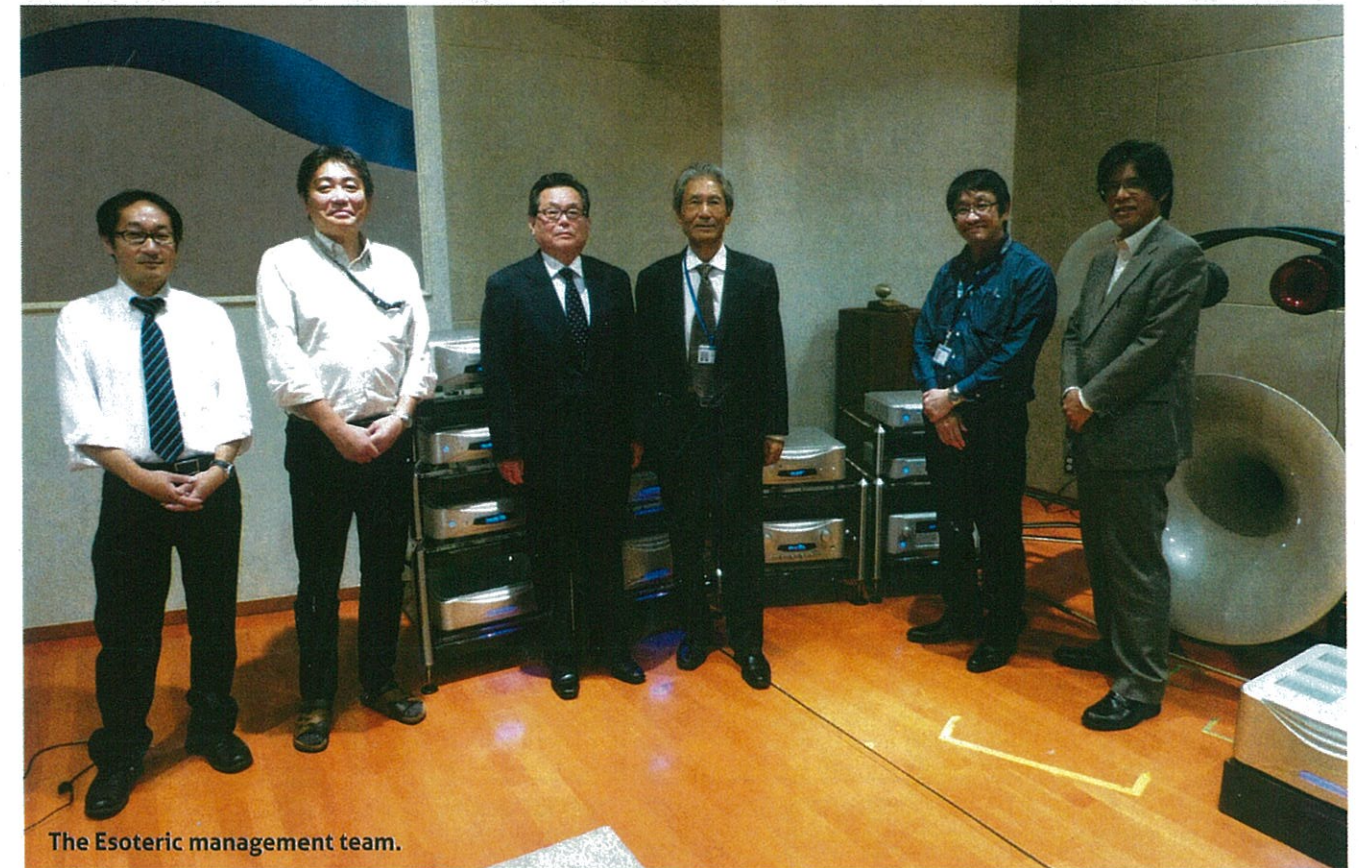
Another area where Japan's audio landscape has changed is market positioning. Recently, all three of Japan's high-end stalwarts—Esoteric, Accuphase, and Luxman—introduced lower-priced models. Esoteric simultaneously pushed further *up*market with its cost-no-object Grandioso series. In another context, these expansions would be business as usual. But when the companies involved have spent literally decades cultivating a much narrower market niche, such changes take on greater significance.

Perhaps the industry's most intriguing tack lies deep within the new components themselves: a focus on technical innovation. Consider the aforementioned Technics R1 Reference series, which deploys a bevy of technical advances to grapple with some of audio's most entrenched challenges. In an industry that built its reputation on traditional design and quality production, placing such a high priority on technology represents a seismic shift.

I've been wondering for some time what's behind these developments, and I knew that the only way to find out for



A sliver of the extensive selection at Tokyo's Dynamic Audio.



The Esoteric management team.