



# Fragrance Market in Japan

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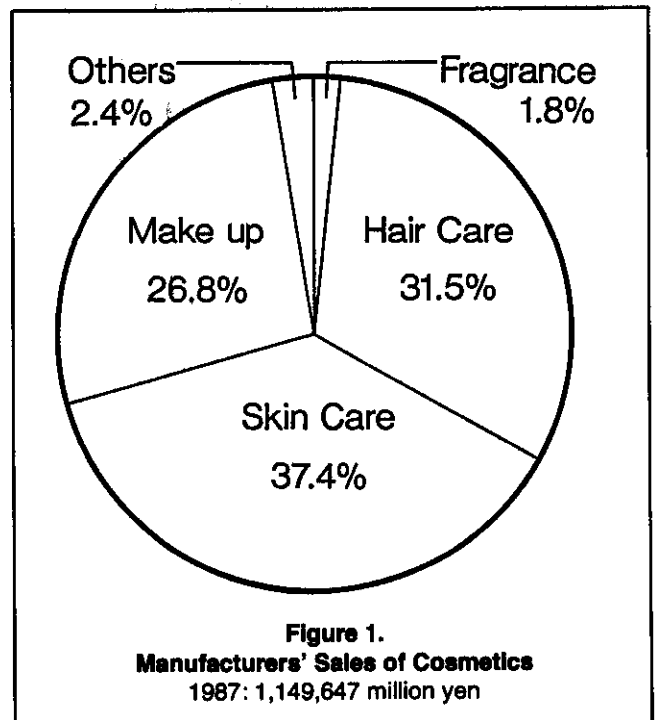
About ten years ago, the fine fragrance market in Japan seemed to have a most promising future. Although this market was very small scale compared with the development of other markets like skin care, makeup, and hair care, when considering the rapid changes in fashion or lifestyle, it really was a most promising area.

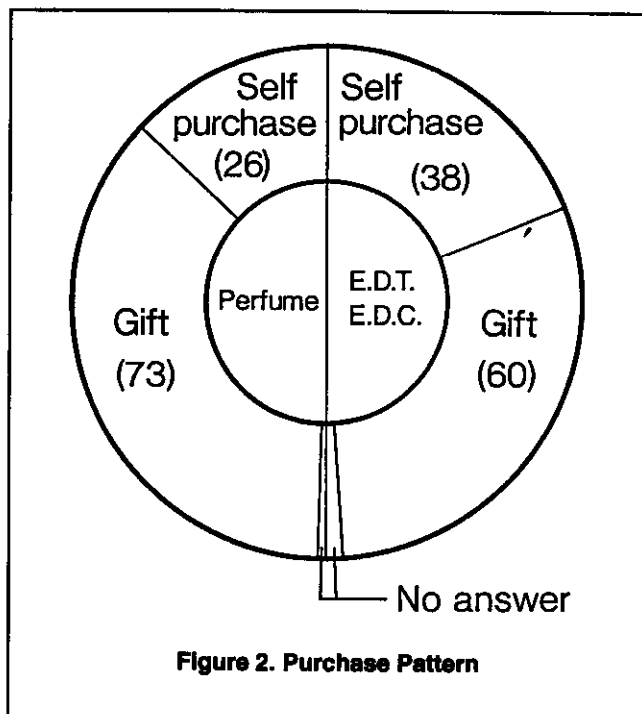
However, when market changes since then are examined, it has not developed as expected. As Figure 1 shows, dispatches of fragrances in Japan in 1987 amounted to ¥ 21,062 million, which was only 1.8 percent of the entire cosmetics market.

In this paper, I will explore the reasons that have prevented the Japanese fine fragrance market from expanding. Also, I will consider the relationship between consumer lifestyle and fragrance as well as the Japanese preference of fragrance.

## Background to Slow Development

Although "perfume material" as an international commodity knows no boundaries, "fragrance" is very much related to each country, region, culture, and customs. The reasons why the fragrance market



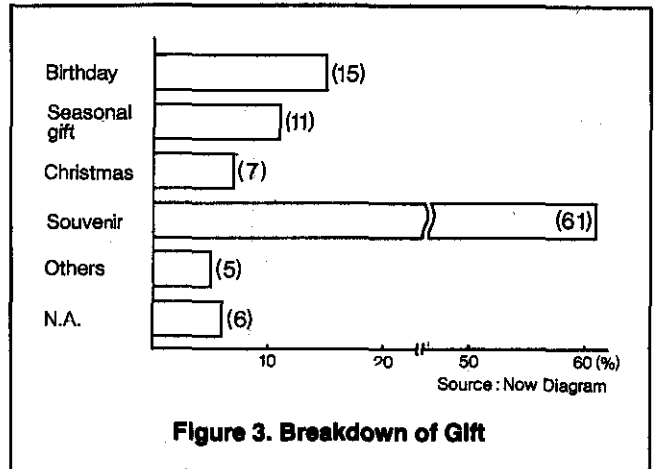


in Japan did not develop as expected really should be analyzed from various aspects. However, I will confine myself to focusing on some major points.

The first reason is the expensive price. Imported perfumes are sold at two to three times the price in their country of origin. Almost no famous brand perfume can be obtained for less than \$120 per ¼-ounce in Japan. Such high prices have prevented an increase in the everyday use of perfume.

Another result of the expensive price is the increased value of perfume as a souvenir from overseas. Today, over eight million Japanese travel overseas every year, and most of them buy perfume as a souvenir. According to a 1980 survey by the Ministry of Finance (when overseas visitors stood at 3.9 million), perfume brought back amounted to \$110 million at the exchange rate then. This is almost the same value as the Japanese domestic fragrance market itself. The Ministry of Finance has not conducted a survey since then, but when we consider the number of Japanese traveling overseas has more than doubled, the value of perfume brought back to Japan as souvenirs can be estimated at \$220 million.

Figure 2 shows the way in which perfume, eau de toilette, and eau de Cologne are obtained; 73 percent of perfumes and 60 percent of both eau de Cologne and eau de toilette are received as gifts. A breakdown of gifts (Figure 3) shows that in the majority of cases (61 percent) they were received as a souvenir from overseas trips. This also shows the high value of fragrance products as gifts.



A second reason for Japan's stall in growth of their fragrance market is that Japanese men do not voice their appreciation of the fragrance worn by women. This is not because they are indifferent to the fragrance, but because they are shy.

If Japanese men were to voice their appreciation of women's fragrance more, then the attitude of Japanese women to fragrance would change. This was shown in the results of our focus group interviews. Women whose perfume was appreciated by someone they loved, said they would like to use that fragrance for the rest of their lives. In other words, the development of the women's fragrance market depends on men.

Thirdly, traditional and old-fashioned Japanese thinking was that women should be gentle, not pushy, and not be self-assertive. Modern Japanese women have become westernized, not only superficially but also internally, and an increasing number of women are taking an active role in society. Over 50 percent of housewives have some kind of job and they also enjoy sports or activity participate in social activities in the community.

However, the traditional values I described have not totally disappeared, but still remain among the *older generation in particular*. There are some companies with conservative policies or with some traditional values whose atmosphere discourages women from wearing fragrance in the office. Some junior and senior high schools also still prohibit their students from wearing fragrance.

High school students are at an age when they are most interested in fragrance, so that prohibiting these students from using fragrance will nip the growing interest in the bud. Old values like this are one factor in preventing the expansion of the *fragrance market*.

Last, and most important is that many Japanese women do not have a clear understanding of why they use fragrance. In Japan, perfume, particularly



**Table I.**  
**Ratio of Panels on Lifestyle Factors**

	<u>Fashion-oriented</u>	<u>Self-enlightenment</u>	<u>No awareness of politics/economy</u>	<u>Conservative</u>	<u>Out-door Sport-oriented</u>
Fragrance user	63.0%	59.3	51.9	51.9	57.4
Non-user	29.6%	44.4	37.0	44.4	40.7

overseas perfume, is a luxury item, and it is almost considered on a par with jewelry. Therefore, people get satisfaction simply from possessing it rather than actually using it every day. Even an inexpensive duty-free perfume brought back from abroad as a souvenir is quite often treasured in a drawer.

When you visit a perfume counter in a Japanese department store, you often notice people looking keenly at the counters. These people are often thought to be checking the price of the perfume they received as a souvenir. Although the actual purchase price may not have been expensive, the psychological price is much higher so that people do not feel like "wasting" it.

Scent plays an important role in preserving a species in the world of animals and plants. Whether the scent of flowers or the scent of musk deer, they do not exist to please humans, but are an important means of communication for the preservation of the species. The same could be said among humans.

The aim of fragrance is not only to enjoy it oneself but also as a means of attracting the opposite sex. In this sense, fragrance is very much a functional item. This point should be emphasized when we market fragrance, and an approach that makes people expect the possibility that "something good will happen" if they wear fragrance, might be necessary.

This approach has not been done actively by the fragrance marketers because it was thought that Japanese women might not accept such a seductive or sensual approach. However, we believe the Japanese women of today, especially younger generation, are ready to accept this approach.

Those are some of the conceivable reasons or obstacles which have prevented the fine fragrance market in Japan from expanding. These are not the kind of things that can change overnight, so it is essential that we continue in our efforts.

### **Educational Activities for Fragrance**

Cosmetic companies and the Japan Flavor & Fragrance Manufacturers' Association are taking a

number of actions to educate the consumer on the use of fragrance. For instance, the Japan Flavor & Fragrance Manufacturers' Association is making efforts to inform consumers on the use, varieties, history, and pleasure of using fragrance by distributing a booklet entitled "The Fragrance Story." Seven sample fragrances are included in the booklet to allow readers to try the actual scents.

Other efforts to attract consumers to fragrance are also in progress. These include "Personality Analysis by Scent" which combines fragrance and computers, a combination of music and scents at concert halls, and active promotion of do-it-yourself type perfume classes supported by cosmetic companies and some fragrance houses.

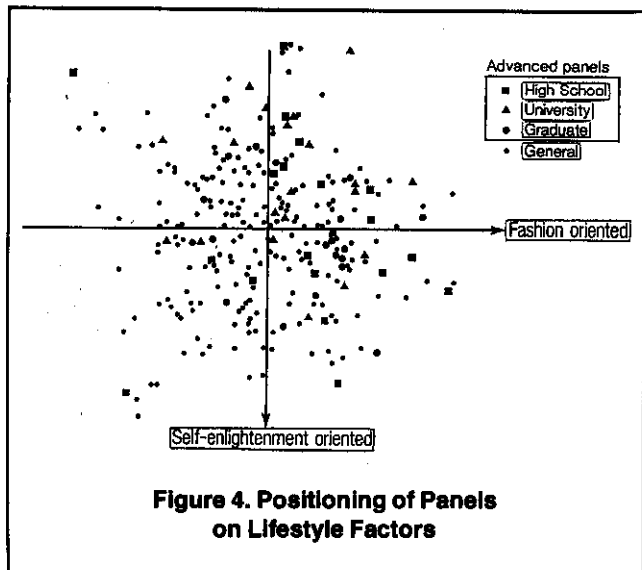
### **Fragrance and Lifestyle**

Besides trying to expand the fine fragrance market in Japan, it is necessary to study consumers and their behaviors, attributes of fragrance users and non-users, and who will be the target for leading the fragrance market.

When developing fragrance products, in most cases the target consumers in Japan are senior high school students, university students, and young working women in their twenties. Undoubtedly these groups have a strong interest in fragrance and a high disposable income.

However, consumer surveys indicate there are many young people who do not use fragrance; while on the other hand, there are people in the higher age groups who do. So, it seems that age and the use of fragrance are not necessarily related.

Bearing this in mind, we conducted a consumer survey a few years ago to see whether there are differences in daily behavior or the way of thinking, in other words, we compared the lifestyles, between those who use fragrances and those who don't. The survey included 39 items showing the pattern of behavior and way of thinking in daily life, and through factor analysis, five primary factors were obtained (Table I).



**Figure 4. Positioning of Panels on Lifestyle Factors**

As shown in Table I, many fragrance users are highly fashion oriented and non-users tend to have less interest in fashion. Although other factors do not show clear differences, we can picture fragrance users as follows: they are interested in modes and fashions and are oriented toward self-development, but are less interested in politics and economics. They also enjoy sports and talking to people. In other words, they are rather out-going and active people. These results show a close relationship between lifestyles and use or non-use of fragrance.

Also, the family environment in which a person is raised, particularly the influence of the mother, is an important factor. The mother's behavior or lifestyle is usually translated to her children. Although not statistical data, some broad trends were found through focus group interviews.

Among fragrance users, their mothers also tended to be fragrance users. They think it is natural for women to wear fragrance since their mothers put fragrance on them since they were children.

Fragrance non-users, however, think fragrance is used only by special people. Their mothers also

tended to be non-users of fragrance and they were scolded if they touched their mother's cosmetics when they were little.

Biologically speaking, this kind of tendency is known as imprinting, and presumably childhood experiences have a considerable influence on their behavior and way of thinking when they are adults. In other words, in order to encourage regular fragrance users, education from a young age may be necessary.

### Trend-Setting Groups As Fragrance Users

In Japan, there are several private schools that attract students with progressive or advanced lifestyles. A certain women's magazine aimed at young women was very successful as a trend-setting magazine by featuring fashions and lifestyles of students from these universities.

We considered there may be some difference between these young ladies and ordinary people from the standpoint of fragrance. Therefore, we conducted a survey on these students from the schools featured in the magazine, to examine their use of fragrance and their lifestyles.

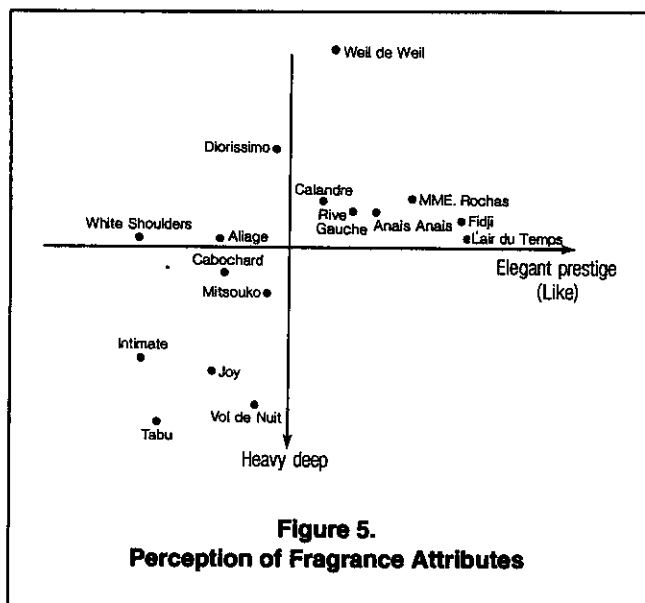
Figure 4 plots the position of lifestyle factors and personal panels. The triangle indicates the university students, the square indicates the high school students, the circle indicates graduates, and the small dots are students from other universities and working women.

As can be seen from these results, both students and graduates from these schools tend toward being fashion-oriented. Comparing this by percentage (Table II), those in the + direction concerning fashion-oriented factors were as follows: 80 percent of the senior high school students, 70 percent of the university students, and 60 percent of the graduates. On the other hand, 44.9 percent of other panels

Fashion-oriented	Advanced panel			
	Total	H. School	Univ.	Graduate
Advanced panel	71.7%	80.0	70.0	65.0
General	44.9%			

Advanced panel	H. School	Univ.	Graduate
	Perfume	75%	95%
EDC/EDT	90%	85%	95%
General panel	Age:		
	16-18	19-22	23-25
Perfume	9.0%	33.7%	59.7%
EDC/EDT	11.7%	44.4%	69.4%
Fresh Cologne	30.3%	48.5%	34.3%

Source: Takasago research



were in the + direction for fashion-oriented factors. This clearly shows that the students of these schools have developed a high fashion sense.

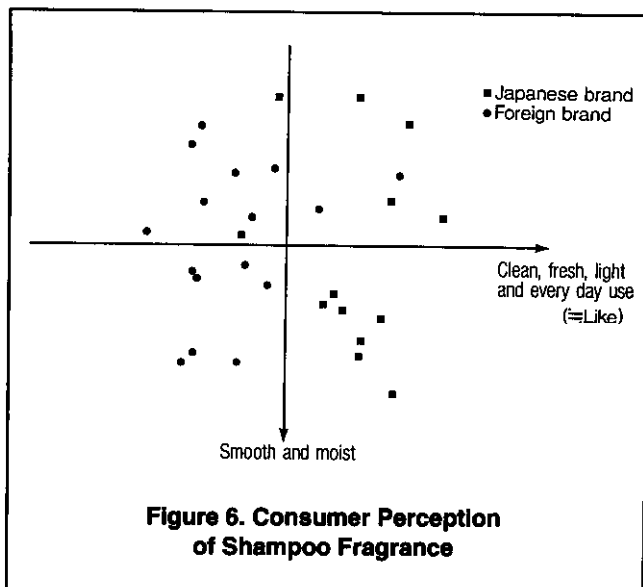
A considerably higher rate of these students possessed fragrance compared with other panels (Table III). The relationship between fragrances and lifestyles also has been shown here, and these young ladies influence fashion and behavior through their trend-setting lifestyles. Therefore, as one of the ways to expand the fine fragrance market, I believe it is necessary to develop concepts or fragrances that are aimed at trend-setting groups like these young ladies.

### Japanese Fragrance Preferences

Figure 5 shows the results of factor analysis on the image of major fine fragrances by evaluation through the Semantic Differential (SD) method. According to this, Japanese prefer light floral bouquet and floral aldehydic type fragrances in general. On the contrary, chypre or Oriental type fragrances are not well appreciated, but are evaluated as heavy and deep.

Up until over ten years ago, Japanese cosmetic and fragrance manufacturers had developed chypre and Oriental type fragrances following overseas trends, in order to widen their product lines. Unfortunately, however, they were not successful. So, the type of fragrances that are best-sellers in the west would not always be accepted in Japan.

Other data on the special preferences of Japanese is shown in Figure 6. These are the results of factor analysis of the fragrance image of shampoos by comparing those used in the west and several southeast Asian countries, and representative



shampoos in Japan. Figure 6 identifies the more preferred products as Japanese products, while most of the foreign products are positioned in the opposite direction. There are two foreign shampoos positioned in the same direction as Japanese products. These are made in the US and are already introduced in the Japanese market.

From these results, it can generally be said that Japanese have a narrower preference range than the westerners. Why is Japanese preference different? Although there is no statistical or academic data regarding this question, there are several factors which might influence this kind of special preference. They are geographical and climatic backgrounds as well as historical and dietary backgrounds.

**Geographical and Climatic Background**—Japan is located in a sub-tropical area with more rain and higher humidity than Europe or the United States. Humidity is a major fragrance carrier. The higher humidity means the amount of fragrance being carried is greater, and therefore fragrance can be sensed more strongly. As a result, strong or heavy fragrances are not as pleasant.

**Historical and Dietary Background**—Sushi and sashimi are representative Japanese cuisines. Even looking at other traditional Japanese food, tastes tend to be plain and simple, and dietary habits stress the taste and aroma of the food itself. Since both taste and smell are received by the same receptor organs in the nose, there probably is a parallel between preferences in taste and fragrance.

So generally speaking, I think we can say that Japanese people like simple, light, and refreshing fragrances such as citrus or floral type fragrances. It should be stressed however, that these two points

are simply conjecture.

So, will the preferences of Japanese people change? When we consider the changes in dietary habits, my answer is yes. McDonald's and Kentucky Fried Chicken are both firmly established in Japan, and the eating habits of children in particular have become rapidly westernized. Therefore, preferences in fragrances probably will change too. Ten years from now, chypre or Oriental type fragrances may be prevalent on the streets of Japan.

### Recent Market Trends

Until recently, fragrance product lines used to consist mainly of alcoholic products such as perfume, eau de Cologne, or eau de toilette, but today they include a very wide range of products.

The approach is to immerse consumers in scents by combining fragrance with other functional products rather than a simple approach through alcoholic fragrances. This may raise the consciousness of Japanese consumers about fragrance. This approach is an easier way to penetrate Japanese consumer lifestyles because of their historical background. Japanese have traditional customs of using aromatics such as burning incense in the house or applying the fragrance of incense to clothing or armor.

The following are some recently introduced cosmetic lines. Many of these products have a "floral scent" theme.

**Rosarium (Bara-en)**—This product, marketed by Shiseido, is the forerunner of these combination products. It claims that it does not recreate the scent of oil extract from natural roses, but the scent of roses in bloom. The product line varies widely from fine fragrances such as eau de parfum and solid perfume, to hair care and body care products, air freshener or potpourri.

**Lilias**—These products, marketed by Pola, are based on the scent of the lily. The product line includes fine fragrances such as perfume and eau de Cologne, as well as body care products and bath additives. The fragrance contains extract of lilies, and this flower is also the symbol flower of Pola.

**Saso**—These products are marketed by Shiseido. This line also has a wide product range including fine fragrances, body and hair care products, fragrant handkerchiefs, fragrant sheets, etc. "Saso" is a flower from western China. According to Chinese legend, the scent of this flower is said to have emanated from the body of Queen Hsiang, a historical queen. In order to recreate the scent of this legendary fragrance, extract of saso flower is contained.

**En Bois Herb**—This is one of the "environmental cosmetics" marketed by Kanebo. The theme is not flowers, but is based on the concept of "aromachology," which is the psychological effect of fragrance



on human emotions. The product line includes body and hair care products, bath salts, air freshener, sleeping pillows, etc. The product line consists of morning herb fragrance for a pleasant awakening in the morning, and night herb fragrance for sleeping soundly at night.

### **Aromachology**

Products based on the concept of aromachology now have been on the market for four or five years.

In Japan, the aromachology concept and scent have been applied to a wide range of products such as fragrances, skin care and hair care products, air fresheners, and bath additives, etc. However, because there was an aspect that was difficult for general consumers to understand, sales did not necessarily parallel the diversification of products.

Nevertheless, with the increase of psychosomatic illness caused by so-called techno-stress and rapid lifestyle changes, aromachology has been featured actively in the media including newspapers, television, and magazines, so that consumer interest has gradually increased recently.

Most recently, aromachology has been applied to offices and athletic clubs, and through tie-ups with construction companies, progress also has been made in the field of hardware. In offices, it is applied with the aim of removing stress, reducing error, and promoting the effectiveness of meetings. Experiments to apply it to the driver's seat in trains for safe operation also have begun.

In these ways, the application of aromachology is widening in range, as we seek new possibilities, it is an interesting area from both the marketing and academic points of view.

### **Final Remarks**

I have introduced the current situation in the Japanese fine fragrance market, but I hope you won't think I am pessimistic about its future. On the contrary, with the changes continuing in society and lifestyles, as well as the unprecedented boom in fragrances, when I observe such social phenomena as the marketing of scented ties and stockings, the response of consumers to do-it-yourself fragrances, or the increasing number of consumer inquiries on fragrances, I think Japan has now entered a real fragrance boom.

With regard to fine fragrances, I think the atmosphere is rather like a volcano about to erupt. All we have to do now is make just a small hole to release those forces. Then, they will flow out naturally. We must keep going forward to the bright future in the fragrance market.

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