

Making Money from Fragrance

By Yukiko Fukaumi

The concentration of economic clout in Tokyo has become truly awesome over the past few decades—and snowballing growth has been achieved largely by attracting the best and the brightest from all over Japan. It is not the *Edokko* (Tokyoites born and bred in Tokyo for three generations or more) but the new arrivals that have made Tokyo what it is. One authority has even gone so far as to say that only about 8% of the people in Tokyo come from *Edokko* families.

Tokyo has even outgrown its geo-administrative borders, and “the Tokyo region” is today generally taken to include adjoining Kanagawa, Saitama and Chiba prefectures. This is a massive, urban sprawl of 30 million people, fully one-fourth of the Japanese population. While a similar urbanization is taking place throughout Japan, Tokyo is the prime example and pacesetter.

Tokyo is far and away Japan's leading city—home not only to the national government bureaucracy but also to well over half of the largest corporations and about 60% of the foreign-affiliated companies in Japan. Concentration has become more intense as people strive to avail themselves of urban amenities and the convenience of proximity. Yet this has also exacted a fearful price. The demand for office space, for example, has skyrocketed in the last few years, pushing real estate prices out of sight. Succumbing to the pressure to sell, land-owning downtown residents took the price-push with them by paying record prices for suburban sites. As a result, areas within relatively convenient commuting distance of central Tokyo—which means anything less than an hour and a half—now feature new high-rise condominiums built for families that have given up on the Japanese dream of owning a house of their own.

These condominiums are much different from the traditional wooden architecture so well-suited to Japan's hot and humid climate and instead feature rein-

forced concrete and close-fit aluminum-sash window frames. Rather than being built with ample ventilation to take advantage of each passing breeze, this is an airtight, pry-proof construction designed to maintain some degree of privacy in close-quarter urban living.

In Japan's humid climate, the poorly ventilated, closed-in areas typical of this new architecture make a fertile breeding ground for mold, mildew and other organisms that cause bad odors. For space reasons, most of these apartments have adjoining living rooms and kitchens, which means their inhabitants also have to worry about garbage odors permeating the living area. Anyone who wants to keep anything bigger than a goldfish—assuming this is allowed under the building regulations—has to make sure the neighbors are not going to object because of the possible smell.

Where there is a market, there is a marketer, and it should come as no surprise that a plethora of odor and scent-related products—deodorizers, air fresheners, kitchen odor killers, dehumidifying agents, and so on—has appeared on Tokyo supermarket shelves for people obliged to live in such increasingly odor-prone homes.

Freshen and prevent

S.T. Chemical Co. has been one of the prime beneficiaries as a manufacturer of room fragrance materials, insecticides, dehumidifying agents and a host of like products, and has experienced tremendous growth in the last decade. According to its public relations department, the key concepts in all of S.T. Chemical's new product development have been “eliminate, remove, freshen and prevent.” The eliminate and remove, of course, refer to the odors generated in badly ventilated apartment buildings, the freshen to the air there, and the prevent to mildew and other odor sources. Pumping a steady stream of new products into the market,

S.T. Chemical has basked in the aroma of success.

Nor is S.T. Chemical alone. As it has become clear that this market is not limited to the home but also includes offices, factories, hospitals, sewage treatment and waste disposal facilities, and anywhere else that smells are a problem, the lucrative market size has prompted dramatic advances in odor-related technologies and new materials in the last few years.

Even the Ministry of International Trade and Industry has gotten into the act. In 1983, joint research by MITI's National Chemical Laboratory for Industry and Minato Co., a major industrial waste disposal company, led to the development of a new deodorizing material called “Anico” which makes use of the deodorizing capabilities of a ferrous ion.

Around the same time, Shiraimatsu Shinyaku, a medical supplies manufacturer and retailer, succeeded in extracting a natural odor-killing material from flavonoid of green tea and using it to develop a new deodorizing base called “Fresh Shiraimatsu.” More recently, the Japan Atomic Energy Research Institute and Ebara Corporation developed a new deodorant fiber based on the synthetic fiber olefin. And there are a number of other deodorant bases being commercially applied already.

Anico, Fresh Shiraimatsu and the rest have been broadly applied in a variety of products such as anti-odor filters, odor-suppressing paper, deodorant fabrics, odor-removing film and antibad-breath foods. While some products such as the activated charcoal used in refrigerator deodorizers have stagnated, the introduction of all of these new products has generally served to create new markets and to breathe new life into the industry as a whole.

With the development of advanced odor-removing filters immune to temperature and moisture changes, it is now possible to buy air cleaners and air conditioners with built-in deodorizing func-

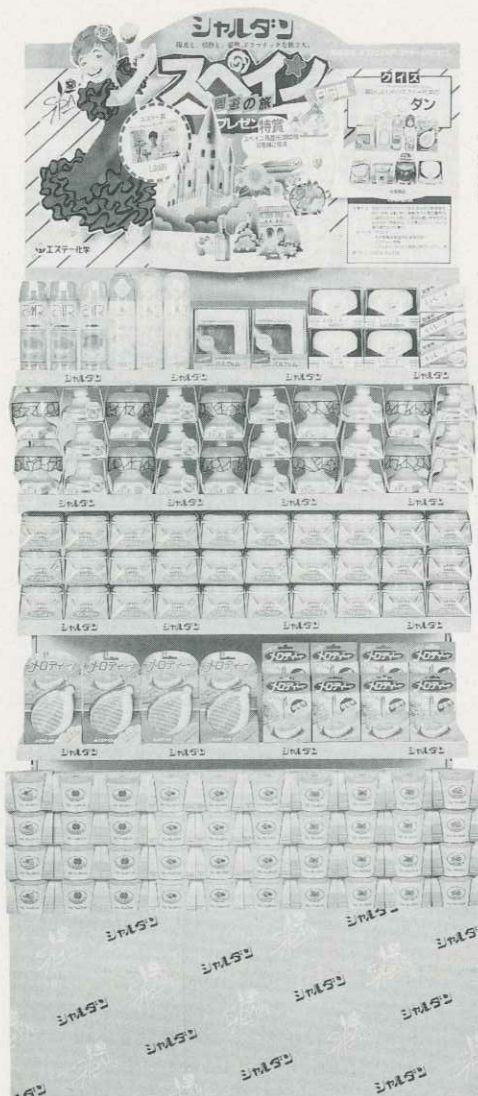


Photo: S.T. Chemical



Products that eliminate offensive odors are big business in Japan.

tions. Consumers can expect to see pet potties, disposable diapers for senior citizens and other sanitary products featuring deodorizing treatment.

If getting rid of odors is called odor-removal, then preventing the odor from ever occurring in the first place could well be termed odor-prevention. Toyobo, Kuraray and other textile companies have recently developed antibacterial materials that kill odor-causing germs and bacteria and have commercialized them in, for example, bedding products. Renown even came out with a new odor-absorbing sock recently and very successfully targeted commuters by giving it the catchy name *tsukin kaisoku*—the Japanese term for commuter express trains but with the

last word changed to a coined homonym meaning comfortable feet to indicate that the product promises what might be called "comfeetable commuting."

Another way to seemingly get rid of unpleasant odors is to mask them with more acceptable fragrances. Toilet fragrances have an especially long history, and over 80% of all households in Japan are thought to use such products. With advances in the development of synthetic scents, it has now become possible to produce superior fragrances at a lower price. As a result, their use has extended to other rooms in the house and even to the family car. The market for air fresheners has expanded dramatically.

Room fresheners have enjoyed particu-

larly good growth in the last few years. With the plethora of deodorizing and odor-preventing products now on the market, more and more consumers are buying room fresheners not to remove odors but merely for the olfactory pleasure they provide. According to S.T. Chemical, this market is also moving upscale. Whereas most of these products used to be priced around ¥500, items in the ¥1,000 range are now increasingly popular.

New technology extending the life of scents by incorporating them into paper or fabric has given birth to all sorts of new ideas for products, such as the perfumed stocking introduced by Kanebo. Scents encased in microcapsules are embedded

in the fabric and the scent is released when the capsule breaks due to heat or friction. Because one pair of sheer stockings contains over 200 million scent capsules, these stockings will hold their fragrances for about five washings—and in most cases the stocking gives out before the perfume does. There are also scented neckties, handkerchiefs, business cards, calendars and other products, all of them selling much better than anyone had expected.

Not everything is coming up roses, however. Despite the intense interest in new deodorants and fragrance-related products, the demand for the more traditional products such as perfumes and perfumery for cosmetics is leveling off. One reason for this slow growth is that the yen's appreciation has made it possible to buy imported well-known brands of perfume comparatively inexpensively. The number of Japanese traveling overseas has soared in the last few years, and airport duty-free shops have been doing brisk business in the prestigious perfumes that appeal to Japanese consumers. On the whole, Japanese use perfumes much more sparingly than Americans or Europeans do, and when they do use them, the Japanese want to use the very best—which still means foreign perfumes to many people. At the same time, the naturalist boom has meant that many people prefer odor-free cosmetics.

Ultimate perfume

More recently, a number of shops have sprouted up that offer individualized scents tailor-made to specification. Ipsa, a Shiseido subsidiary, offers to blend seven basic fragrances and five accent fragrances, fine-tuning the ratios and quantities to make the distinctive scent the customer wants. There is a fragrance boutique in Tokyo's fashionable Jiyugaoka district that sells the leading perfumes in sample-size vials. Because a customer can buy 5 milliliters of any perfume she chooses for only ¥1,200 (about \$9), she can experiment with various scents until she finds the one that is just right for her. There is a constant stream of young ladies in their late teens and early 20s in

and out of the shop looking for the ultimate fragrance.

Part of the dress code at many high schools includes a ban on perfume or cologne for girls. Realizing this, a few years ago Shiseido developed a line of "Hair Cologne" shampoos and rinses with strongly residual scents. These Hair Cologne products were an instant hit with the scent-conscious high school crowd, who saw them as a way to get around the ban on perfume. Today, young girls all over Japan are in the habit of washing their hair every morning and going to school shower-fresh, even if it means skipping breakfast.

At the same time, there has been an increase in the number of products that advertise the tranquilizing or stimulating effects of fragrances. Typical are bath additives that claim to have a restful effect, and there are room fresheners that claim to produce the same effect as a relaxing stroll in the woods.

Japan's largest perfume maker, Takasago Perfumery, has recently started aromacology and aromatherapy research on the psychological and physiological effects of fragrances. Scientists are now at work developing fragrances to boost efficiency, improve the memory and calm the nerves. Given the number of factories, offices, schools, hospitals and other potential customers, the market could be enormous if the effectiveness of these scents could be substantiated.

In addition to these perfumes, cosmetics and deodorants, there is another whole class of scents: fragrances added to food products. In volume terms, food-additive fragrances are by far the biggest industry. The 6,500 tons of general fragrances produced in 1987 is dwarfed by that year's approximately 24,000 tons of food fragrances. Even in monetary terms, food fragrance sales were twice the sales of general fragrances, and food fragrances have shown especially strong growth in the last few years in the processed foods industry and the restaurant industry.

The number of double-income households is on the rise in Japan, and this has resulted in increased sales of prepared and partially prepared foods, as well as more eating out. Most restaurant chains

now partially process menu items in a central kitchen for distribution to their outlets. While this processing most often includes heat treatment to prolong shelf life, the processing often kills not only microorganisms but also the original smell of the food—and food that has lost its smell has usually lost its flavor as well. Hence the use of food fragrances.

There are even products that can provide the illusion of taste just from the fragrance, such as crab *surimi* and mushroom soup. The *surimi*, in particular, has proven very popular in foreign markets, and the thing that has made the difference for this product is that it actually smells like real crab.

Improving attraction

Adding fragrances to purely functional nutrients can also make them more attractive for people who are on controlled-diet regimes. Another interesting use for food fragrances is the addition of appetite-whetting scents to livestock feeds in the hope the animals will eat more and grow bigger faster. And adding fragrance to pet foods can make them more attractive to housewives by masking that pet-food smell.

It is not just in the last few years that Japanese have become sensitive to smells. In the all-wooden houses of yesteryear, different natural scents from the trees and flowers would waft in with the changing seasons. For many people, the delicate fragrance of *matsutake* mushrooms in the kitchen symbolizes the best of Japanese cooking. The *kodo* tradition has elevated incense sniffing into an art, and tea ceremony practitioners customarily burn incense for the participants' enjoyment.

Each scent triggers distinct associations. Indeed, the renewed interest in *kodo*, *sado*, and other traditional arts could well represent the wave of the future as people turn up their noses at the way modern urban life has tried to shut out the natural profusion of scents. ■

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