

# Aderans: Ahead in Toupees

By Kazuo Sato

Identify an area of business with great potential that has been neglected by others and make a determined bid to grab that market. A company that successfully applies this formula not only has greater growth potential than others but is bound to be profitable. And one company that fits this description to the letter is Aderans Co., Ltd. Aderans saw before anyone else the huge market potential for men's wigs and lost no time in establishing an efficient manufacturing and marketing system for this product. It achieved a resounding success. Aderans transformed the belief commonly held by Japanese men up to the first half of the 1970s that wigs were fashion products for women only, and in so doing, the company captured a big market and made enormous profits.

Aderans was established in 1968. The company posted sales of nearly ¥25.6 billion (about \$170 million at the rate of ¥150/\$) in its 1986 business term. Its recurring profit in the same business year was ¥5.7 billion. It is one of the very few manufacturing companies that are recording a recurring profit ratio of more than 20% at a time when domestic business has cooled down.

## Spotting the market

Aderans was founded by three men—Nobuo Nemoto and Kunihiko Hirakawa, who are both executive advisers and directors of the company, and Haruo Okita, the president. Twenty years ago, they were colleagues working as managers of the branch stores of a women's wig maker. While these three men were engaged in selling women's wigs, they noticed that men were also interested in wigs, although they kept their interest hidden. Now and then, men would slip furtively into their shops and ask for a toupee as if

they were committing a sin. Their attitude was understandable because Japanese men have been traditionally prejudiced against wigs. The unimaginably deep-rooted masculine attitude was: "Wigs for men? Unthinkable!" Behind this attitude was the philosophy that it is unmanly to care about outward appearance, that what counts in a man is substance. Men who wore hairpieces were oddities, objects of contempt.

The three founders of Aderans instinctively realized that the furtive visits of a handful of men to their shops pointed to a potentially huge market for men's wigs. They reasoned as follows. In the case of women wig users, very few purchase a second and third wig. However, men suffering from premature baldness will inevitably become habitual toupee users. Because premature baldness progresses, it is necessary to purchase a new toupee every so often to hide the receding hairline and the fact that one is using a toupee. Eventually, a second and third toupee is needed, with each one being slightly larger than the last. Balding men are sure to become permanent customers. They resigned from the women's wig maker and established Aderans, an exclusive maker of men's wigs.

Nemoto was in charge of publicity and advertising; Hirakawa, sales and Okita, finance and accounting. Aderans first put advertisements in newspapers and magazines saying "your secret will be strictly kept." Response to the advertisements was greater than expected. The telephones rang constantly and orders streamed in. Aderans interviewed the customers, examined the condition of premature baldness or hair loss, prepared specifications and placed orders with a maker. Toupees were not cheap, but they were a godsend to men who were suffering from premature baldness or thinning hair. Sales soared.

## Effective marketing strategies

But there was one problem. The toupee-wearer's natural hair keeps growing, and no matter how precisely toupees are made, their hair does not grow. Soon the natural hair and the toupee hair do not match, and people are able to detect the toupee. The solution is very simple: Get the natural hair trimmed. But toupee users were reluctant to visit the barber because of the embarrassment of having the barber know about their hairpiece.

The way Aderans solved this problem is one of the major factors that contributed to the continuing growth of the men's wig business and thus to the company's prosperity. Having become aware of the barber-shyness of its toupee-using customers, Aderans decided to provide them with thorough after-sales care by opening a barbershop in each of its sales offices. Licensed barbers were hired to trim the hair of toupee users in the sales office. This system eliminated the customer's uneasiness about getting a haircut. Then, hair technicians were assigned to each sales office to examine the condition of premature baldness or hair loss in new customers. This made it possible for the company to manufacture more precisely designed toupees to fit users' exact needs.

Because wigs are made to order, Aderans did not have to keep a stock. Each additional order meant more profit. Everything was smooth sailing, and between 1977 and 1982, Aderans established branches and sales offices in many parts of Japan in quick succession.

In those years, when the company was opening one new branch after another, it adopted the strategy of making full use of the advertising power of TV and newspapers. Each time a new branch office was opened, Aderans took out massive news-



paper advertisements and targeted TV commercials on the area where the branch was located. People who hesitantly visited a newly opened branch office after seeing TV commercials were given sympathetic counseling, and this succeeded in producing orders. As a result, almost all branches and sales offices performed excellently, despite the great speed at which the company's network of branches and sales offices was expanded.

Soon Aderans began broadcasting commercials over the nationwide TV network. The feature common to all its TV commercials in those days was that they were extremely lively and cheerful. They featured such scenes as a jolly young man wearing an Aderans toupee walking on a sunny suburban street with his lovely daughters and his pretty wife, or a middle-aged businessman wearing an Aderans toupee beaming with confidence as he becomes the focus of admiration of the young girls in his office. The cheerful characters in these commercials were impersonated by popular actors and prominent men in other cultural fields who actually wore Aderans wigs for the commercials. The commercials were broadcast to home television audiences over and over again. They appealed in a simple and candid way to bald men all over Japan.

During its growth period, Aderans spent as much as ¥2.5 billion to ¥3 billion annually on TV commercials. Aderans's aim was to break down the resistance of Japanese men to wearing toupees. The massive TV blitz gradually began to produce the desired effect. Little by little, the old prejudice against wigs for men melted away.

In 1981, Aderans completed a mammoth wig-manufacturing plant, Aderans Kogei Co., Ltd., in Nakajo, Niigata Prefecture. It is a high-tech plant standing on a 1.32 million-square-meter site, boasting

the best in wig manufacturing technology. It is no exaggeration to say that it is the world's biggest wig production base, complete with the most advanced production equipment and facilities. On visiting the plant, one is impressed by its cleanliness and the functional, efficient layout. It is equipped with tenacity measuring instruments, elasticity measuring instruments, heat-treatment apparatus and so forth.

Inside the plant, white uniformed researchers are seated before precision measuring instruments checking data. The scene gives the visitor the illusion that he has strayed into a university laboratory. The process of planting hair on the wig base, undertaken in a separate room, is almost awe-inspiring. In this huge room, about 400 women are seated in rows, silently planting strands of human hair one by one onto the wig bases. A partial wig needs 30,000 to 50,000 strands of human hair, while a whole wig needs 100,000 strands. They have to be planted individually by hand. Because Aderans wigs are made to the personal measurements of each client, who expects the highest quality, the company has rejected the alternative of automating its wig-making process and sticks to manual production. The output of this plant is 2,000 wigs a month. Aderans's total monthly output is 8,000 pieces. The remaining 6,000 pieces are manufactured in its affiliated plants in South Korea and Taiwan.

## Plans for expansion

Now that Aderans has firmly established itself as the top producer of men's wigs in Japan through the establishment of its production system and development of sales activities, the company is enthusiastic about advancing into overseas markets and the women's wig market. Its American subsidiary, Aderans Corpora-

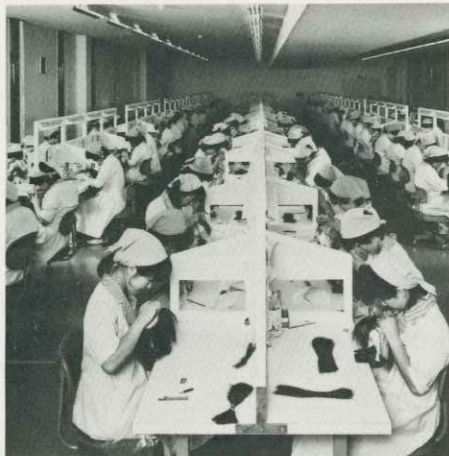
tion of America (ACA), was established in 1979. Under the supervision of this company, Aderans & Alfieri Inc. and Jacques Darcel International Corp. (JDI) are engaged in marketing Aderans wigs in the United States. Aderans purchased the JDI trade mark and is marketing women's wigs under the Darcel brand. ACA has two stores in New York, one in Boston and another in Beverly Hills. It is planning to increase the number of its stores in New York to four or five shortly. The company's strategy is to popularize the Aderans brand image extensively in New York in the initial stages of penetrating the whole American market.

As for production, Aderans Thai Ltd. built a plant in May this year in the Nava Nakorn industrial complex in Thailand to become Aderans's third overseas production base. In choosing this location, Aderans took into account the dexterity of Thai women workers. The company hopes to develop the Aderans Thai plant into the supply base for wigs for the U.S. market. The output target of the plant is 2,000 pieces a month, the same as that of Aderans Kogei. It is scheduled to hire 300 workers by the end of this year.

On July 10, 1987, Aderans announced that it had bought out International Hairgoods, Inc. (IHI) of Minnesota, the biggest wig maker in the United States. The buy-out price is said to be \$9.3 million. Aderans hopes to organize IHI's 3,000 outlets in the United States into a network of franchise stores. With this purchase of IHI, Aderans intends to vigorously develop the American wig market, believed to be worth ¥200 billion a year.

As for its plan to enter the women's wig market in Japan, Aderans has bought out the women's wig maker Fontaine Co., Ltd., and opened the Valan store, which specializes in fashion wigs for women. In close succession, Aderans held a coaching class for hairdressers called the Hair Make-up Academy. Aderans, in fact, is becoming a major threat to women's wig makers in Japan.

Aderans this year carried out a sweeping organizational change. Nemoto, who had been president since the company's establishment, became an executive adviser and director, while Okita, who had been vice president, became president. This executive reshuffle is said to have resulted from a decision reached by the three founders to have Nemoto devote himself entirely to the development of the American market. American wig makers, the majority of which are small firms, will be closely watching future moves by Aderans. ●



High quality, custom-made hair pieces and after-sales barber services are key salespoints.