

Elaborate Management of a Traditional Incense Company “YAMADA-MATSU”

by

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Abstract: This study aims to analyze the relationship between the managerial characteristics considered as Technology Management and the Customer Experience of a long-standing company. Based on the case of YAMADA-MATSU, this study conducts various analyses from the perspective of building Customer Experience, and also examines managerial characteristics as Technology Management in order to build Customer Experience. From the results of analyses using Strategic Experiential Modules, the strategic implementation of such Customer Experience and five customer experience management frameworks, Yamada-Matsu forms and maintains its Customer Experience created by Technology Management, which results in providing extraordinary products based on Kyoto culture, such as the incense ceremony.

1. Introduction: Why is a traditional company necessary now ?

We clearly remember the fact that a significant number of companies have disappeared from the world only a few years after their establishment due to misconduct or unprofitable operations even though such so-called venture companies, which are said to be the key to the economic recovery of Japan, have become listed to a spectacular extent since 2000. In addition, while boasting of a certain length of history and a certain

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scale in terms of the size of the company, major social problems have often arisen in such cases, as these companies have lost their reputation and have been sternly criticized by the world because they have problems with their corporate conduct due to the dishonorable behavior of the management.

For this reason, the sustainability of a company and establishment of a “going-concern” in terms of the rules of financial statements have become keywords, and measures to improve auditing methods to check the management of companies, methods of disclosing information, methods of reviewing examinations in the securities exchange, etc., are being studied and implemented.

On the other hand, however, there are long-standing traditional companies with a history of more than 100 years. It is true that the word “traditional” used to describe a company gives an outdated image of traditional products and a long history, but a traditional company has attractions that make us consider that we would like to do business with it for generations. For this reason, such companies have gained the support of new domestic and overseas customers and have thus established a position as the leaders of Japanese culture, which we can be proud of around the world.

A study on a traditional company that has outlived the average general company, which is said to have a life span of 30 years, is considered to have very significant implications for companies that will play a major role in the next generation.

This study, in particular, takes up the case of Yamada-Matsu Co., Ltd. (Kyoto), a traditional incense company located in Kyoto. As Figure 1 shows, the company registered a 8.4% growth rate in its sales amount for the last five years. This rate is remarkable when it is considered that for this industry as a whole the records show a growth rate of -0.6%, almost a flat rate of growth. The amount of sales of the company in 2007 rose to 810 million yen (with a market share of 2.5%) from 570 million yen (with a market share of 1.7%) in 2002. The company has been increasing its sales steadily every year and its performance is outstanding when the industry itself has been shrinking with almost all other companies in the same industry experiencing a decline in sales during the same period. In addition, it is noticeable that Kito-Tenkundo (Kamakura) registered a 10.0% increase in the growth rate of its sales amount. This company, however, is a small company with a history of only 23 years since its establishment and a sales amount of 150 million yen. In this respect, Yamada-Matsu has received more attention.

Growth rate of sales

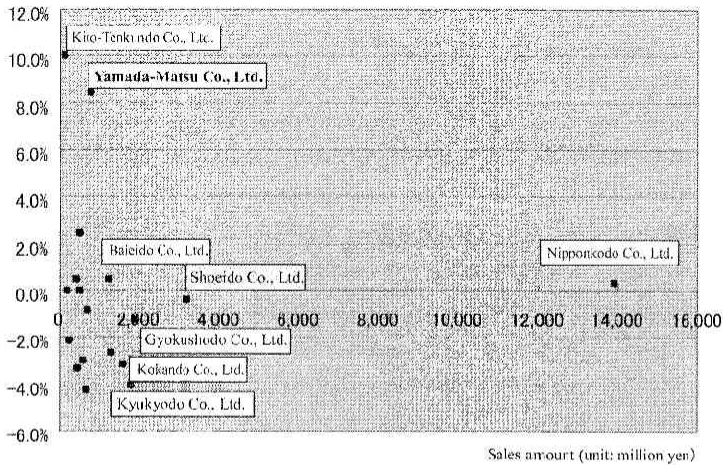


Figure 1 Growth rate of the sales of incense companies (last five years)

Figure 1 Growth rate of the sales of incense companies (last five years)
Source: The authors compiled this on the basis of data from the Teikoku Databank.

It is considered that the fact that such a traditional company as Yamada-Matsu with a history of over 200 years has grown steadily, even in a severe management environment, has implications for many companies.

2. Position of Earlier Studies and This Study

Due to changes in the economic environment and the times, traditional companies themselves and the behavior of such companies have always gained attention and many studies on them have been conducted. Earlier representative studies on traditional companies are described below.

2.1. A study on traditional companies by Yokozawa et al.

Yokozawa (2000) conducted factor analyses of traditional companies in his book “Studies on traditional companies: Tradition and innovation that we learn from century-old companies.”

He states in this book that “Tradition is a succession of innovations” and points out that the key to the longevity of a company depends on continued efforts to innovate. In

other words, traditional companies have an inherited concept of values as a tradition so that they place the emphasis on their own business and product quality, meeting the needs of the customers as times change and attaching importance to their employees. On the other hand, they have flexibility in that they have accumulated and compiled information and have developed technologies, innovated products and services and selling channels, and changed family precepts to corporate precepts, and thus as management concepts.

In addition, there is a customer-first principle on the basis of tradition and innovation as well as adaptation to the times, through which they have accurately assessed the needs of the customers and met them, thus providing true value. At the same time, the study suggests that traditional companies need to continuously exert efforts to heighten the satisfaction of the stakeholders such as in a public body, similar to being represented by the principle of “All three parties are happy.”

2.2 Other studies on traditional companies

“Lessons of traditional companies” by Kanda et al.(1996), “Management of traditional companies” by Adachi et al.(1993), “Learn lessons from this traditional company: How to educate employees for a century-old company” by Hiramatsu (2004) and “Lessons from traditional companies: Human resources development” by Sameshima (2004) discuss the secrets of traditional companies with a management philosophy, management strategy and a theory on human resources development as the core and all of them point out that tradition and innovation are the key aspects of a traditional company.

2.3 Summary

As described above, earlier studies state that the essential factors for the continuation of traditional companies are the aspects of tradition and innovation and that the scope of these extends from the management philosophy and products and services themselves to how to handle human resources as management sources and how to relate to the society. In addition, in order for traditional companies to provide customers with products that the customers need, the customers have been enabled to participate in product development, or the customers themselves have added new value in the process of consuming the products.

In addition, these studies state that traditional companies have been conducting customer value management to realize a customer-oriented philosophy and have been

providing customers with the products and services that accord with their cultural values and style of life through “collaboration” with the customers. This collaboration involves two types of cases: (i) cases in which the customers participate in the process of producing the goods and (ii) cases where the customers add new value through the process of consuming the products after buying the products.

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Thus, through the management method by which traditional companies have continued to adapt, there is a considerable possibility that they were already carrying out “building customer experience” and “technology management,” which are gaining attention these days, although earlier studies did not discuss these aspects. Therefore, this study examines the importance of “building customer experience” and “technology management” as factors in the success of traditional companies that earlier studies did not take up.

2.4 Purpose of this study and the study method

This study aims at the analysis and application of the management methods of traditional companies and will be conducted using the following method.

- (1) This study examines the management factors of traditional companies based primarily on case studies. This examination is based on interviews, visits to shops and incense warehouses, and experience of the incense ceremony (Tanko Mook 2006).
- (2) In connection with the traditional company that this case takes up, this study analyzes the factors that have enabled the company to stabilize management over a long period from the viewpoints of customer experience building and technology management.
- (3) This study suggests that the conclusions introduced through the analyses of customer experience building and technology management will form the success factors of a traditional company.

3. Subject and Assumptions of This Study

3.1 Subject

“Customer experience” does not mean experience and actual events that occurred to an individual in the past, but means experience that appeals to the feelings and senses of a customer while the customer feels something or is moved by something at the point of contact with a company and its brands. It aims to have the meaning of consumption by considering consumption as a context for the life style of the customer and by appealing to the senses and feelings of the customer during the process instead of considering the selling of products or services as mere transactions of goods (Nagasawa 2005; 2007; 2008a; 2008b, 2008c; 2009a; 2009b).

In addition, “technology management” means management of technology from various perspectives instead of developing and choosing technology only from the viewpoint of the technology itself, and it judges the technology by considering fields other than technology, including investment efficiency, environmental problems and marketing (Nagasawa 2004).

As stated before, earlier studies analyzed the management of traditional companies by considering many factors, assessed these as being the core of tradition and innovation, and pointed out that it is important to enhance customer satisfaction, including product development of the customer participation type and consumption behavior by the Marker-In.

From this viewpoint, it may be assumed that the management of an individualistic and attractive traditional company is in reality the implementation of customer experience building. Earlier studies, however, did not analyze its constituent elements. They enabled us to sense the possibility of customer experience building, but did not examine it. In addition, these studies placed emphasis on the relationship with the stakeholders and the development of products through tradition and innovation, and so it is possible to see some aspects of technology management in them, but they did not examine fully the factors that enabled the company to succeed in creating attractive and individualistic products and services and to produce them afresh.

3.2 Presentation of assumptions

As mentioned above, from the viewpoints of “customer experience building” and “technology management,” earlier studies did not discuss how traditional companies have developed and provided products and services, and why the products and services that traditional companies deal in have given value to people and have continued to be

popular for a long time (Nagasawa and Someya 2007, Nagasawa and Ishikawa 2010).

It is presumed that the reason why people continue to consume the products and services of traditional companies is because such people obtain a favorable response from the tradition of these old companies, the products and services have many attractions that cannot be imitated by the products and service of other companies and they have something that other companies cannot easily imitate. In other words, based on the assumption that traditional companies have provided traditional products and services and, at the same time, have innovated and even added value that has been provided to meet the changes of the times, this study analyzes a traditional company from the viewpoint of customer experience building. In addition, based on the assumption that a traditional company has know-how and core technology that other companies cannot imitate backed up by tradition that supports the attraction that it has for its customers and yet is still developing new technology to create products, this study analyzes a traditional company from the viewpoint of technology management.

That is to say, this study presents the assumption that the following two points should be added to the factors for the stable growth of a traditional company.

Assumption (i): A traditional company places the emphasis on tradition and, at the same time, has been providing added value called customer experience through innovation that meets the needs of the times.

Assumption (ii): A traditional company places its know-how and core technology backed up by tradition at the core of management and conducts technology management that challenges innovation.

We consider that these are the answers to the question: For the future of Japanese companies, how is it possible to create products and services and to sell them instead of only making products and services. In addition, this study on a traditional company may suggest the direction for companies and the society in future, judging from the background of the times in which people are eager to build a sustainable society due to their enhanced concern about environmental problems.

4. Traditional Incense Company: Yamada-Matsu Co., Ltd.

Yamada-Matsu Co., Ltd., which has a shop near the Kyoto Imperial Palace in Kamigyo-ku, Kyoto, as shown in Figure 2, has run a drug store for generations, but began to handle mainly aromatic herbal medicines from the Edo-Kansei period (1800). The

medicinal materials were materials from the Chinese herbal pharmacopoeia. Among these, the aromatic herbal medicines included fragrant wood that was used as the material from which incense is made and the business line of the company at that time was the selection and processing of fragrant wood and incense materials. Then the company began to produce incense itself using the materials for incense and has been in this same business line since then. Figure 3 shows “Rikkoku Rekkou,” a representative product of the company.

As an incense maker, the company employs a very elaborate process involving the incense materials, based on natural materials. For example, the president himself dared to visit Vietnam during the Vietnam War to look for incense wood by employing some soldiers who were heedless of the danger. In addition, the company attaches importance

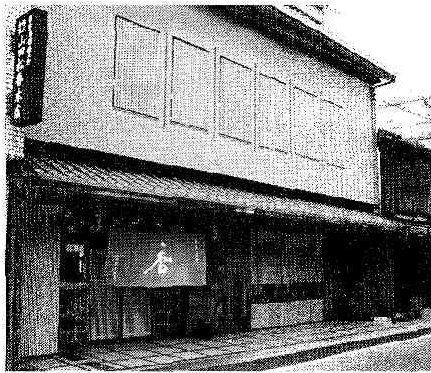


Figure 2 Shop of Yamada-Matsu (Kyoto Head Office)

Source: Yamada-Matsu Co., Ltd.



Figure 3 “Rikkoku Rekkou,” a product of Yamada-Matsu

Source: Yamada-Matsu Co., Ltd.

to tradition, including handcraft work by the workers and a connection with the incense ceremony. In addition, the company is playing an important role in the provision and diffusion of Japan's incense culture such as by holding incense ceremony classes, incense wood appreciation classes, the development of new products and on-line sales through the Internet.

Thus, it is considered that the company is creating new added value while it not only acts as a producer and seller of incense, but is also creating customer experience through the provision of an incense culture that is deeply connected to the incense ceremony and cultural history, and is implementing technology management by adhering to the use of traditional materials and production methods for making incense.

5. Customer Experience Building by Yamada-Matsu

5.1 Analysis of traditional marketing (4P)

The marketing characteristics of Yamada-Matsu can be summarized as shown in the Table 1 by organizing them by using a 4P analysis, a traditional marketing framework.

Table 1 4P of Yamada-Matsu

4P	Incense, incense wood of Yamada-Matsu
Products	<ul style="list-style-type: none"> • Traditional incense, innovative incense • Incense sticks, incense wood, incense burning, scent bag • Elaboration on natural incense
Prices	<ul style="list-style-type: none"> • From low to high prices • Several hundred yen - several tens of thousands of yen
Places (distribution channels)	<ul style="list-style-type: none"> • Company shops (head office, branch offices) • Internet (mail-order)
Promotion	<ul style="list-style-type: none"> • Does not conduct mass promotion

(1) Products

The products are the only ones that provide scent with incense as the core element. (They provide partially incense ceremony-related products, including an incense burner, but they are considered to be incense-related in the widest sense of the meaning.) The products include a lineup of more than 1,000 items from traditional incense to modern incense and scent bags.

(2) Prices

The prices vary from several hundred yen for the cheapest product to several tens of

thousands of yen for the highest class incense wood.

(3) Places (distribution channels)

The sales channels are the shops of the company and through the Internet. These include the head office and branch offices, and a mail order service through their website.

(4) Promotion

The company does not conduct any particular sales campaigns or advertising.

(5) Summary

When the marketing mix of Yamada-Matsu is summarized using the 4P analysis, traditional marketing methods cannot explain how “they sell a lot of good quality products at reasonable prices through broad distribution channels, and through campaigns and advertisements.”

In other words, they have a wide variety of products, from traditional ones to innovative ones, and each product needs to have high quality and reproducibility that do not betray customer expectations regarding the scent. For this reason, the company does not seek efficiency and homogeneity by adopting automation of the process of making the products, but continues to make products according to a delicate sense through the traditional handcraft skills of the workers. Mr. Yamada, President, says that the key to success is “to leave anything before the Industrial Revolution unconditionally as it was.” For example, it is possible for the company to meet a request “to revive the same scent as the noble family of the time that was enjoyed according to the recipes of the Heian Period (794-1192).” Thus, in the case of a high class product using very rare incense wood, the product needs to achieve the same scent as that of the Heian Period at a high level. In other words, “the company sells an excellent product at a high price without any major promotions or advertising.” This is contrary to the concept of traditional marketing methods and it cannot be explained at all by traditional marketing theory.

5.2. Analysis of the experiential framework (SEM)

Yamada-Matsu can now be analyzed using Strategic Experiential Modules, a conceptual framework for experiential marketing created by Schmitt, as shown in Table 2, and it is possible to discuss customer experience that the incense of Yamada-Matsu creates according to this classification. In addition, Nagasawa (2005), identify four conditions for the proper implementation of experiential strategies. The case of Yamada-Matsu is checked against these four conditions and Table 3 shows the results. It can be seen that they correspond closely.

Table 2 Customer experience of Yamada-Matsu using the Strategic Experiential Modules by Schmitt

Module	The customer experience that the incense of Yamada-Matsu provides
SENSE (experiential sense)	<ul style="list-style-type: none"> • Incense building appealing to the five senses • Mass traditional product • Classical and modern-looking packaging
FEEL (experiential feeling)	<ul style="list-style-type: none"> • Feeling the seasons of incense • Nature and scenes in the memory are revived by the incense stemming from an original experience
THINK (experiential thinking)	<ul style="list-style-type: none"> • Inherited technology of the workers • Origin and history of incense
ACT (experiential act)	<ul style="list-style-type: none"> • Imported into the life of Japanese culture • Restoration of senses other than the visual sense
RELATE (experiential relation)	<ul style="list-style-type: none"> • Experience of the incense ceremony, plantations of agarwood

Table 3 Conditions for carrying out strategic experience correctly

Conditions	Situation of Yamada-Matsu
Mass customization	Lineup of both traditional and innovative incense for the customers
Insight into the sense of value and life styles of the customers	While providing mainly high-end incense wood to be used for the incense ceremony, etc., they also provide incense products that customers can take in as part of their life.
Competence of the feeling of an organization that can share something with the customers	While stressing traditional products, the company develops innovative products and takes the impact on new customers into consideration.
Building of an environment where the feeling of the customers and the brand meet	A shop itself is a place where people can buy incense, smell the fragrance of the incense and experience incense-related events. The shop maintains points of contact with the customers at various events.

5.3. Aspects of customer experience building

Customer experience building was advocated as the next step that should be taken in commoditized production. It is noteworthy here that the traditional company which this case describes has in the end been providing such a customer experience.

(1) Customer experience through tradition: relationship with the incense ceremony

Yamada-Matsu has been deeply connected with the incense ceremony, which makes us feel a sense of tradition. At the incense ceremony room of the head office of the company, a female teacher of the Shino School of the incense ceremony gives lessons to her students. In addition, the company has a class on the “appreciation of incense wood and experience of the incense ceremony” and is eager to increase the number of people who are interested in the incense ceremony.

In addition, in order to convey to people who visit the shop the etiquette of appreciation of the fragrance of incense, the history and culture of incense, including the raw wood and incense production methods, the company is strengthening its training so that all the company employees may share their knowledge and skills. The company seems to be exerting efforts to diffuse the incense ceremony because they “want to inherit a classical culture cultivated in Kyoto and to propose a life style that matches that of people today.”

The authors of this paper experienced the incense ceremony (Genjikou) at the head office of the company, and felt a peculiar sense of tension and the elegant world of the Tale of Genji, which is celebrating its millennium next year, at home and had a strong impression of the connection of Yamada-Matsu with the incense ceremony and Genjikou.

In the case of this company as a producer of incense, a sense of security regarding the provision of products stemming from the high quality of the raw wood kept in stock for a long time and the experience of the incense ceremony, which makes us feel a sense of history, also results in making it possible to adopt the marketing method of customer experience building and this is just because the company is a traditional one.

While the Genjikou experience can be enjoyed at the Yamada-Matsu shop, there is a limit to the number of visitors and places, and so the impact of this is limited as a method of promotion. In addition, Mr. Yamada, the President, does not conduct any campaign at all because he believes that the relationship with the incense ceremony should “not be too pushy, but be discreet.”

There is a similar traditional incense company to Yamada-Matsu called Shoiedo Co., Ltd. (Kyoto). Shoiedo does not conduct any campaign for its incense ceremony, either, though they also provide the incense ceremony experience. Both companies have certain things in common as traditional incense companies. President Hata of Shoiedo, however, presents his views on the incense ceremony and management concepts widely through books and magazine interviews (Hata 2001;2004; 2005). For example, you can buy books edited by him, such as “Kousenzai,” throughout the country. In addition, through

their antenna shop located in Aoyama, Tokyo, they offer a new life style and provide their products, and it is also possible to buy books written by President Hata there (Nagasawa 2006).

In contrast, the strategy of Yamada-Matsu is that the customer experience is a more interactive type and so those who have once had this experience have a very strong impression, but this impression is only limited to “those who have had the experience” and the dilemma is that it does not extend to other people.

The sales of the company mostly depend on high class and expensive products instead of so-called commoditized products, which account for a small proportion of the total sales. For this reason, it is considered that steady activities that are not so conspicuous generate an even greater sense of assurance and result in gaining a higher reputation from the customers in the end. As a matter of fact, the company has continued to increase its sales for the past five years and the average annual growth rate of sales during this period was 7.6%. As stated above, this is an outstanding rate of growth while the growth in the sales of other companies in the same industry is almost flat.

(2) Customer experience through tradition: elaborate approach to products

The number of the products of the company exceeds 1,000 items. The traditional classification includes incense wood, products related to the appreciation of incense fragrance, kneaded incense and dry kneaded incense, scent bags, incense sticks, incense burners and stands, incense wood sticks, medicinal incense materials and incense burning.

Incense wood is a natural material and includes sandalwood and agarwood. The highest class of agarwood incense has five sizes and three grades in terms of quality, and the price ranges from ¥5,000 to ¥15,000/gram. In addition, there are carved ornaments made from the raw wood and other craft products, including fans and incense burners.

The kneaded incense and dry kneaded incense have names such as “plum blossom” and “fallen leaves,” which suggest that they may be used in the tea ceremony.

The scent bags of the company are popular due to their classical design. There are various scent bags, depending on the purpose of the bag, such as a bag of the product for a princess wearing a layered kimono of Nishijin-brocade, a traditional textile industry in Kyoto, a product using high class golden cloth with a genuine silk cord, incense bags for suitcases, closets, car interiors, handbags, and men’s pockets.

In addition, the incense sticks are mainly high class incense sticks using a lot of incense wood. The highest grade of articles using agarwood is packed in wooden paulownia boxes and are priced at over ¥30,000. The incense sticks of the company are

thus quite different from commoditized products.

(3) Customer experience through innovation: the development of new products

While the company handles high class products by adhering to the use of natural materials, as mentioned above, it also deals in many innovative products.

For example, a product called “Blue Planet” is a set consisting of four types of incense. These four types are called “Mirage” (fresh incense created based on an original melody that adds a modern attraction to oriental harmony), “Comet” (the world of elegant perfume that adds a contemporary attraction to floral and woody perfumes), “Rainbow” (a clear and blue wind that adds a fresh green note to floral perfumes) and “Aurora” (fills the room discreetly with a sweet scent anticipating the suspension of romance). The company has introduced a catch phrase; “Incense in four attractive colors assures you of creating gorgeous day time and home parties.”

In addition, the products include incense cones and sticks made with ylang-ylang, which is a well-known fragrance in aromatherapy, as well as lavender and jasmine, which are packed with Japanese-style taste.

The company also produces a set of potpourri with animation as the motif through a tie-up with Disney, as well as sets of incense.

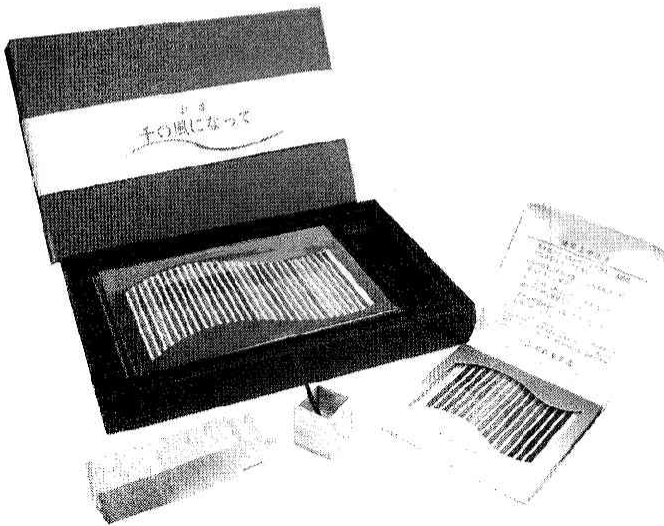


Figure 4 “A thousand winds,” a product of Yamada-Matsu

Source: Yamada-Matsu Co., Ltd.

Recently, the company has commercialized an incense product as shown in Figure 4, called "A thousand winds." This item was planned by Man Arai, an Akutagawa Prize winning writer who also translated and composed the poem "A thousand winds," which was read at the funeral ceremony for the victims of the 11 September terrorist attack in New York. This poem and a song from it was sold in Japan and gained considerable attention.

Thus, the company has created new products, new uses and new materials and has developed incense with synthetic perfumes in addition to traditional natural materials. They produce quite different items from the items that are normally composed of traditional incense wood for incense smelling.

(4) Customer experience through innovation: the development of new sales channels

In order to cope with changes in distribution, the company is trying to increase sales through direct sales at an antenna shop and by sales through the Internet. The company has shops within department stores in Tokyo and Kyoto in addition to the Kyoto Head Office. In this respect, President Yamada states that "we will cope with various distribution channels from all directions according to the changes of the times. If we delay in taking action and cannot catch up with our competitors, there is no way to succeed." (Morning edition of the Kyoto Shimbun of October 19, 2003) However, they cannot convey the experience of incense that they stress to customers by selling through the Internet and so the President adds, "It is important to convey an atmosphere through words and images. We have improved our website so that our customers are able to buy our products easily by reducing any awkward procedures and attach importance to gaining new customers by sending samples to them." The company expects a synergistic effect from the expansion of sales through the Internet and by having more customers visit their shops.

(5) Summary

The results of analyzing the incense products of Yamada-Matsu from the viewpoint of a classification of the customer experience from the five aspects (SENSE, FEEL, THINK, ACT, RELATE), as developed by Schmitt, indicate that the company has employed all of them at a high level and that the company is a collective entity of customer experience. In addition, when comparing the actual position of the company with respect to the four conditions for carrying out Strategic Experiential Modules correctly, they fully correspond to each other. It is therefore considered that these modules are very helpful in discussing the management of a traditional company.

6. Technology Management (MOT) of Yamada-Matsu

(1) Concept for the technology

The production system of the company is based on the handcraft skills of its own workers. The company does not seek efficiency through automation in order to maintain quality.

(2) Consistent policy on materials

Yamada-Matsu closely adheres to a policy of using natural incense as the material for its incense products. The company produces some items using synthetic perfumes, but the main products use natural incense as the materials. As mentioned above, President Yamada went to Vietnam at the risk of his life in order to obtain raw agarwood, the highest class material among the agalloch woods. These constant efforts ensure supplies of high quality raw wood for the company and contribute to a sense of assurance for provision of the product.

(3) Consistent policy on research

Due to recent destructive logging and environmental degradation stemming from global warming, raw wood of the agalloch group is very rare and, as a result, there is a decline in the quantity collected and deterioration in the quality may continue for a long time. In order to restore these natural resources, the company plants young agarwood trees in Vietnam and Indonesia and at the same time conducts research on the early maturing of the trees using biotechnology.

(4) Consistent policy on innovation

As one of its innovative products, the company has developed “Blue Planet” as already described, products using such new materials as ylang-ylang, lavender and jasmine, character goods, and so on. In addition, they try to commercialize related topics in order to gain social attention.

Thus, the manner in which they tackle the work of developing new products, their uses and the materials has led to the production of incense using synthetic perfumes in addition to traditional natural materials. As a result, they produce quite different products from those for incense smelling, which use mainly traditional incense wood.

7. Customer Experience and Technology Management in Yamada-Matsu

As previously mentioned, Yamada-Matsu, the traditional incense company that is taken up in this study, has managed its technology for a long time and has provided its customers with a particular customer experience during the long history of the company. In this sense, it is considered that this study provides a model for the survival of Japanese

companies.

In other words, it is considered necessary to add the following to the factors for the steady growth of traditional companies indicated previously: while attaching importance to points of contact with the customers, whether a company not only sells products, but also provides customers with added value called customer experience with its products as the core, and whether the company conducts technology management that places the emphasis on technology, materials and R&D as supporting factors.

This technology-oriented traditional company, on the other hand, illustrates a case where, in connection with “tradition and innovation,” which are the characteristics of a traditional company, a company performs the innovative portion of its work, such as the introduction of new core technologies and the development of know-how based on customer experience supported by tradition, from the viewpoint of technology management.

As seen above, however, in the case of Yamada-Matsu, the situation can be understood as one where “tradition and innovation” are deeply interrelated with customer experience and technology management. Figure 5 illustrates this situation.

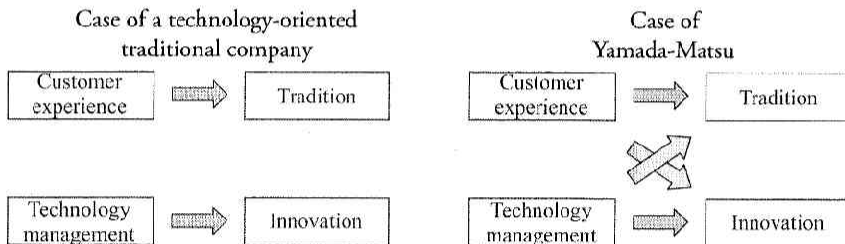


Figure 5 Relationship between customer experience and technology management

As a result, it is possible to conclude that this paper has verified the two assumptions mentioned at the beginning: that (i) “A traditional company places the emphasis on tradition and, at the same time, has been providing added value called customer experience by pursuing innovation to meet the needs of the times” and (ii) “A traditional company establishes its know-how and technology backed up by tradition at the core of its management and implements technology management that challenges innovation.”

8 Conclusion

As mentioned above, one of the factors in the steady growth of a traditional company is that the company has been providing traditional products and services and, at the same time, has been implementing customer experience building to innovate through added value provided according to the needs of the times. Another factor is that the company has been conducting technology management in order to provide such attractive products that the customers share in the feelings about it being a traditional company, which cannot be replaced by the products and services of other companies. In other words, essentially it can be said that the management method that a traditional company continues to adopt is to carry out “customer experience building” and “technology management.”

Judging from the above, it is suggested that even a young company can enjoy steady growth if it takes these factors into consideration.

In other words, as this study proposes as an original construct, it is considered that if a company has a traditional management concept, such as the existence of a definite management policy and a long-term perspective, and focuses its attention on customer experience building and technology management, then the company can grow steadily (Nagasawa and Ishikawa 2009).

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