III.6 Kao: Localizing R&D Resources*

1 Customer Commitment

Kao’s corporate mission is to contribute to the wholehearted satisfaction and the enrichment of the lives of customers and employees throughout the world. We will accomplish this by drawing on our creative and innovative strengths to develop products of excellent value and outstanding performance. Fully committed to this mission, all members of Kao companies are working together as a single corporate force to win the loyalty and trust of their customers. Based on our corporate mission, Kao’s activities are as follows:

1. Ensure customers’ wholehearted satisfaction worldwide;
2. Create innovative products based on original ideas and technologies;
3. Sustain profitable growth and respond to the trust of stakeholders;
4. Leverage the abilities of individuals into a powerful corporate force;
5. Encourage close harmony with the environment and the community.

Kao now offers worldwide a wide range of products: Approximately 570 branded package-product items from the consumer product divisions, a wide range of chemicals from the chemical divisions for industrial and institutional uses, and high technology information storage products from the Kao Infosystems group. Kao specializes in consumer products, and chemicals and infosystems products.

Consumers Products

Household products are fabric softener, starch, dish washing and kitchen detergents, bleach, laundry detergents in liquid and powder forms, and a wide range of household cleaners for windows, floors, gas range, toilet room bathtubs, etc. Kao’s personal care product lineups include toilet soap, hair shampoo and conditioners, body and facial cleansers, skin care products and hair care items such as hair colors, treatment agents, hair styling agents and spray. Additionally, Kao offers bath additives, sanitary products, cosmetics, food and cooking oils.

* This case study was authored by Dr. Kenji Hara, Director of Research and Development Division, Kao Corp.
Major innovative break-throughs at Kao (last five years):

1. Biodegradable ester amide hydrochloride (fabric softener);
2. Quickle Wiper (household cleaning tool);
3. Biore Pore Pack (pore dirt removal);
4. Healthy Econa cooking oil (excessive body fat prevention).

Chemicals and Infosystems Products
Kao offers a wide range of fine chemicals for various industries, including surfactants, polymers, and fat and oil-based chemicals, fragrance, flavors and edible oils. Kao entered the information technology product industry with floppy disk production. Kao has recently diversified into the duplication business to produce formatted diskettes for end-users. Kao is also offering data storage products in other categories such as DAT (Digital Audio Tapes). In 1994, Kao entered the field of optical information media. Other information-related products are toner binders, ink ribbons and thermal paper for office reproduction machines. These are further examples of Kao’s state-of-the-art technical applications.

2 Plants and Laboratories in Japan

Tokyo Plant and Research Facilities
The Tokyo plant, the eldest of Kao’s plants, commenced operations in 1923 after the successful expansion of the market for the ‘KAO SOAP’ product throughout Japan. Within this plant site there are varied research sections. Research is divided into three principal areas:

1. Personal care and cosmetic products;
2. Perfumery and fragrances; and
3. Packaging technology.

Wakayama Plant and Research Facilities
The Wakayama plant started in 1942 and is now the largest of Kao’s nine plants. At the Wakayama laboratories, extensive research is conducted in the fields of material science and chemistry for product development, and in technologies for the production process and environmental concerns. Three research programs in material sciences related to oil and fats, polymers and other organic chemicals provide a strong base for Kao’s final consumer products, developing new key substances with revolutionary performance in applications. Research at the Wakayama plant also includes practical studies on laundry and dish washing detergents, household cleaning products, starch and fabric softeners.