

HAKUHODO Information Note

Hakuhodo Baby & Family Business Project

Survey of Children's "Pockets*" According to Their Mothers

Each child has an average of **7** pockets, not **6** as assumed.

Average total annual pocket spending per child is ¥430,000 and pocket gift giving occasions 120 times per year.

Grandparents are "indulgent pockets;" parents "tight pockets"

Tokyo – August 3, 2006 – The Hakuhodo Baby & Family Business (BaBU) Project is an in-house survey and research project focusing on families from pregnancy until the child is age 9. Begun in 1996 around a group of marketing staff, the Project constantly monitors the lifestyle values, consumer behavior, information contact and other lifestyle perceptions of families with children.

To confirm our hypothesis that given the declining birthrate, the money spent on each child might be on the rise, we conducted a survey on children's "pockets" (the number of people who spend money on children). Key findings of this study are presented below.

Our survey showed that as the birthrate drops, the number of "pockets" each child has is not the six previously thought, i.e. parents, paternal and maternal grandparents, but more. In fact, the average is seven pockets. This portends the arrival of a new style of consumption in the children's market.

The BaBU Project recognizes the pregnancy-birth-childrearing phase of a woman's life as having a massive impact on her lifestyle and shopping behavior. Given the business opportunities this presents, the BaBU Project will continue to study highly relevant topics, and assist in the development of products, services and brands, thereby helping support the creation of structures in which all of society can work to make the childrearing environment a better one.

* In this report, "pocket" refers both to a person who spends money on non-essential items for children, and to the occasions and reasons for spending this money.

Key findings

- ♦ **Children have an average of seven pockets.**
- ♦ **Tallied up, the pockets represent spending of around ¥430,000 per year.**
- ♦ **Pockets are activated an average of 10.1 times per month, or around once every three days, translating to 120 presents per year.**
- ♦ **Of all the pockets, mothers are most satisfied with the maternal grandmother pocket.**
- ♦ **Grandparents are “indulgent pockets” and parents “tight pockets.”**
- ♦ **The biggest event spending (“celebration pocket”) belongs to grandmothers. Mothers have far and away the biggest pockets for rewards when children do well (the “reward pocket”) and for things that will contribute to the child’s health or development (the “growing up healthy and wise pocket”).**
- ♦ **Some pockets exist for adult convenience, such as when the adult wants to play with the child (the “play-with-me pocket”) and when the adult, rather than the child wants the gift given (the “self-serving pocket”).**

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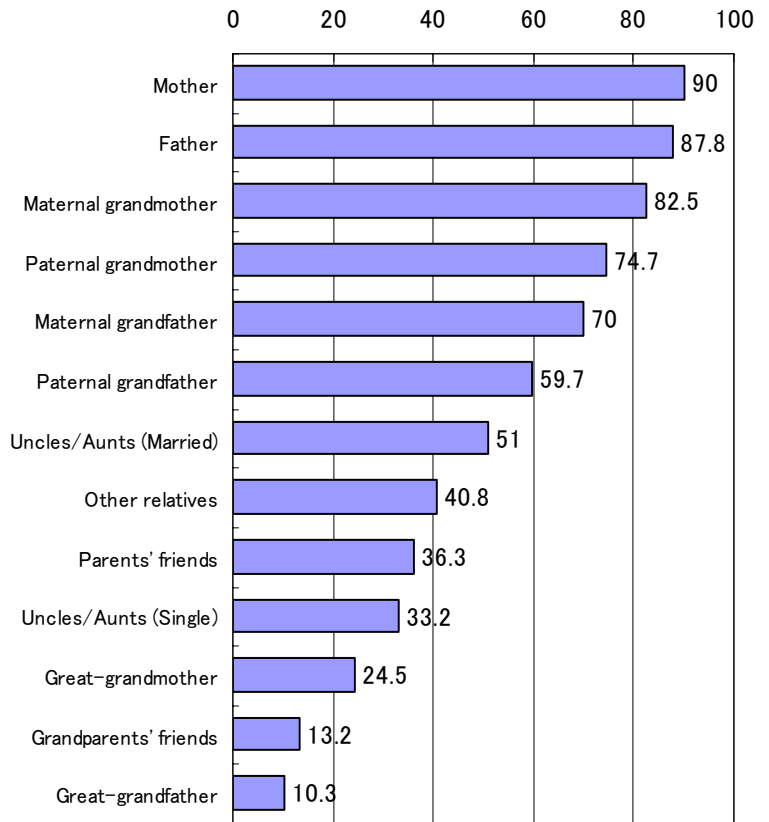
Research findings

Note: This survey counts spending on non-essential food and sundries (including snacks and toys given as rewards, special meals outside the home, etc.) and on celebrations and other events as “pockets”.

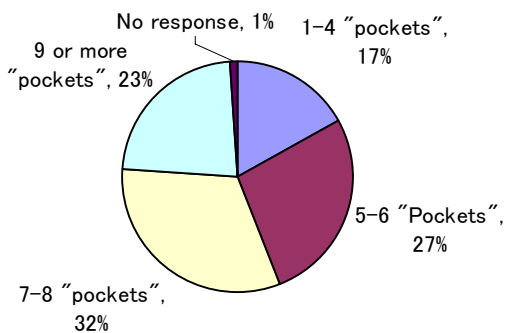
♦ **Children have an average of seven pockets**

Our survey shows that in addition to the six known pockets that give children non-essential items—i.e. parents and paternal and maternal grandparents—there are other pockets such as other relatives and parents’ friends, giving the average child close to 7 pockets (6.83 pockets). Among grandparents, the maternal grandmothers and grandfathers give at a higher rate than their paternal counterparts. Additionally, we discovered that in close to one in four families (23%), children have 9 or more pockets.

People Who Have in the Last Year Bought Non-Essential Products or Services for Your Child or Given them as Gifts %



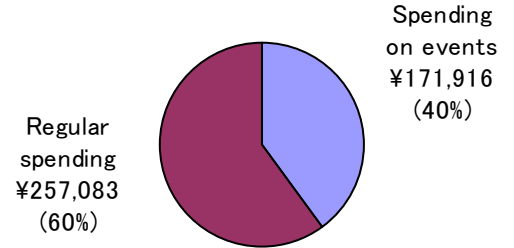
Number of “Pockets” per Child



- ♦ **Tallied up, the pockets represent spending of around ¥430,000 per year**

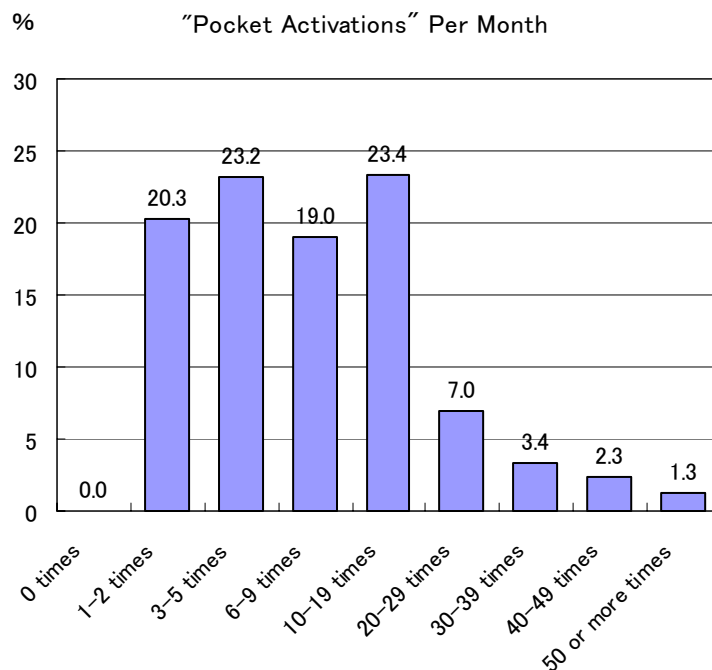
Added up, total pocket spending was on average ¥428,999. Broken down, spending on events was ¥171,916, while regular spending accounted for ¥257,083. Event spending refers to New Year’s monetary gifts, birthdays, Christmas, seasonal festivals, and other celebrations. Regular spending includes meals, sundries and other non-essential products other than the above, e.g. snacks and toys bought as rewards and meals paid for by grandparents.

Spending Breakdown



- ♦ **Pockets are activated an average of 10.1 times per month, or around once every three days, translating to 120 gifts per year**

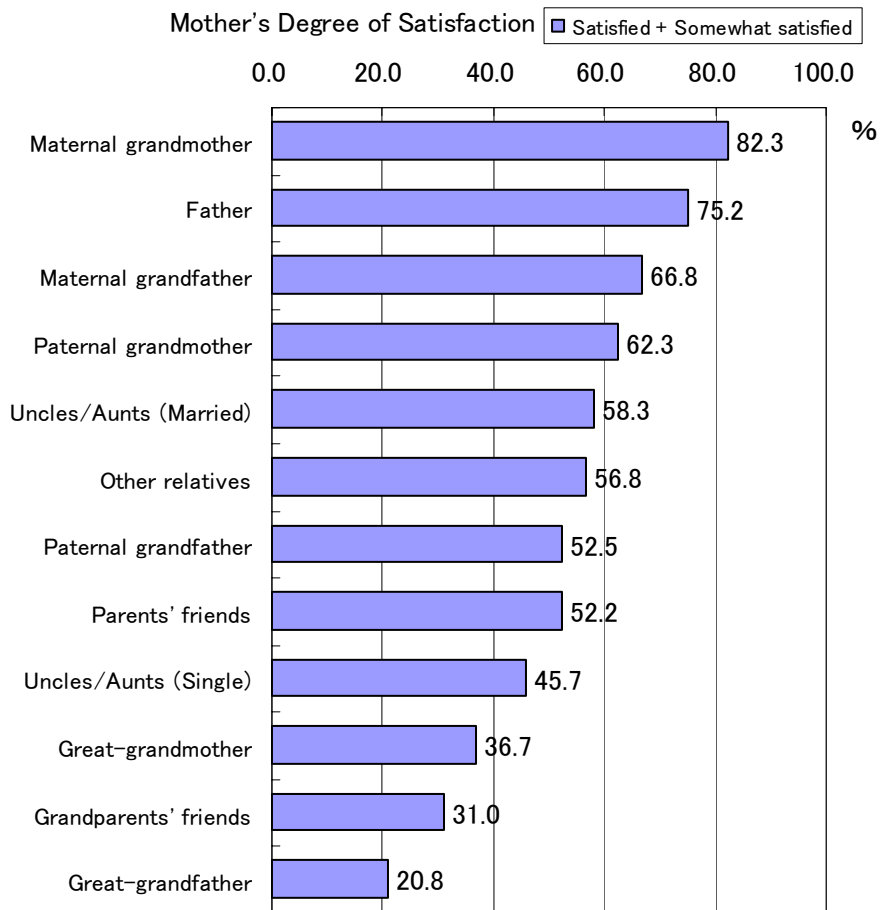
Our survey results show that children receive a gift once every three days, or around 120 times per year. Moreover, some 7.2% of children, or one in fourteen receives at least 31 presents per month, i.e. every single day.



- ♦ **Of all the pockets, mothers are most satisfied with presents given by their own mothers**

When we asked whose gifts they were most satisfied with, mothers' top choice, above even those given by the child's father, was the maternal grandmother's.

It is currently said that three generations on the mother's side participate in childrearing, and it certainly appears that mother and maternal grandmother form a unit to care for the children in many families. Most likely mothers were especially satisfied with the gifts given by maternal grandmothers as these two are in close communication with the child's mother, and have similar ideas when it comes to choosing gifts.

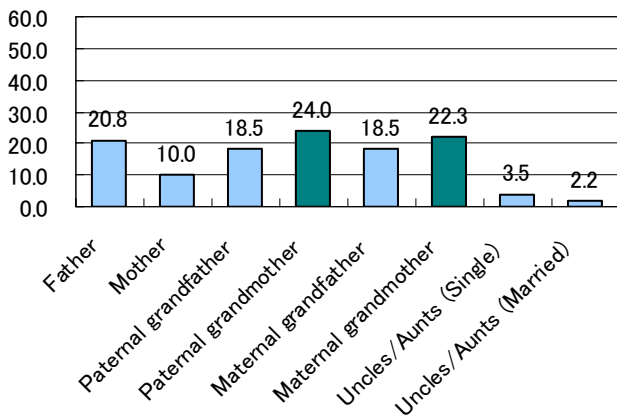


Note: We asked mothers to name the people they think often buy presents for children for certain specified reasons. The results are as appear below. (Multiple response; %)

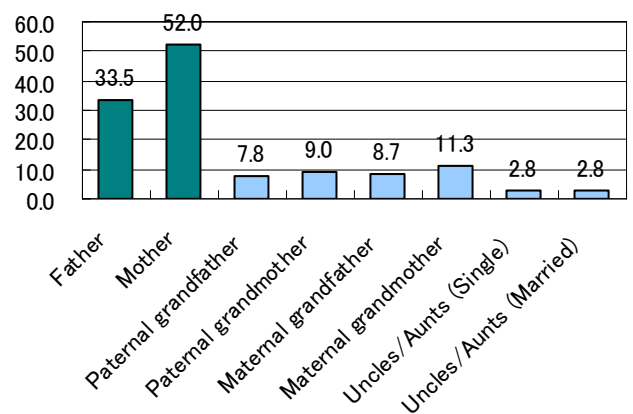
♦ **Grandparents are “indulgent pockets” and parents “tight pockets”**

We observed a difference in perceptions of grandparents, who buy anything children want (the “indulgent pockets”) and parents, who do not tend to respond to wheedling from children (the “tight pockets”). Incidentally, paternal grandmothers are the most indulgent pockets.

Buys Anything My Child Wants



Does Not Really Respond to or Buy What My Child Wants

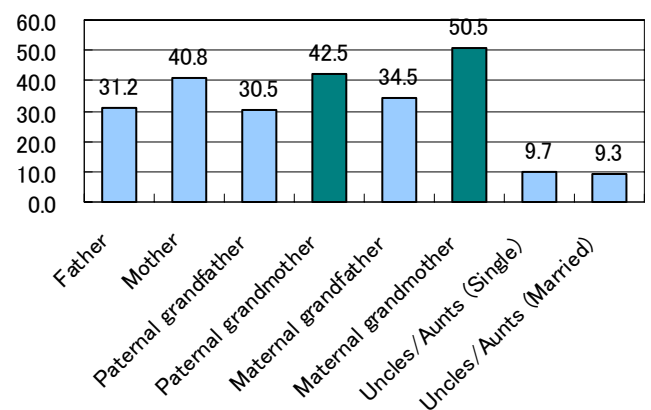


♦ **The biggest event spending (“celebration pocket”) belongs to grandmothers.**

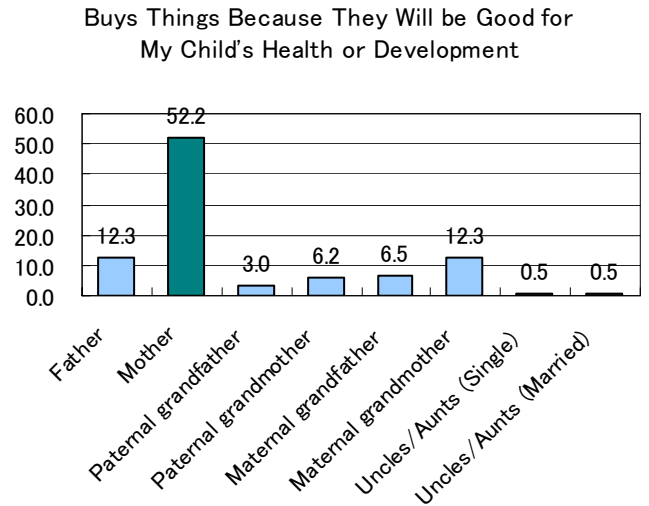
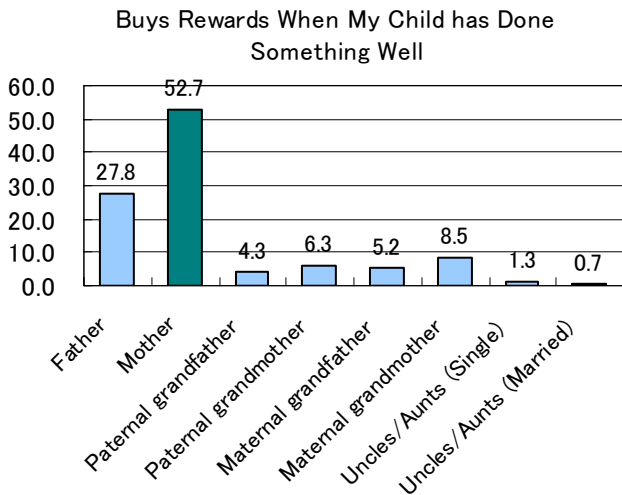
Mothers have far and away the biggest pockets for rewards when children do well (the “reward pocket”) and for things that will contribute to the child’s health or development (the “growing up healthy and wise pocket”)

As a reason for spending, birthdays, seasonal festivals and other celebrations (the “celebration pocket”) came out tops overall. This trend was particularly noticeable

Buys Presents Because it is a Birthday or Other Celebration

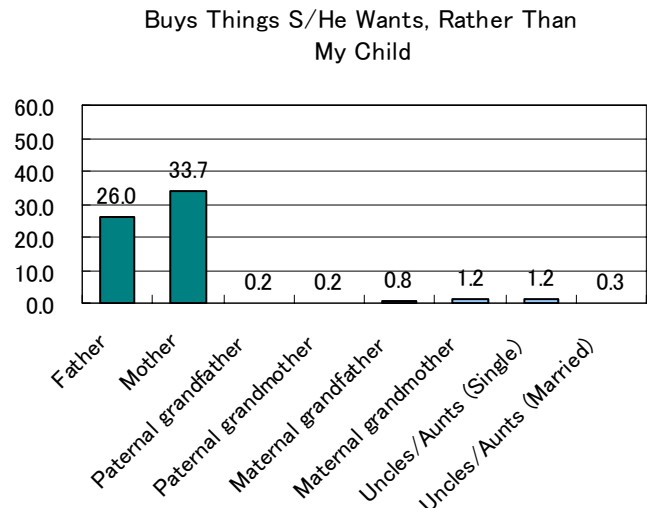
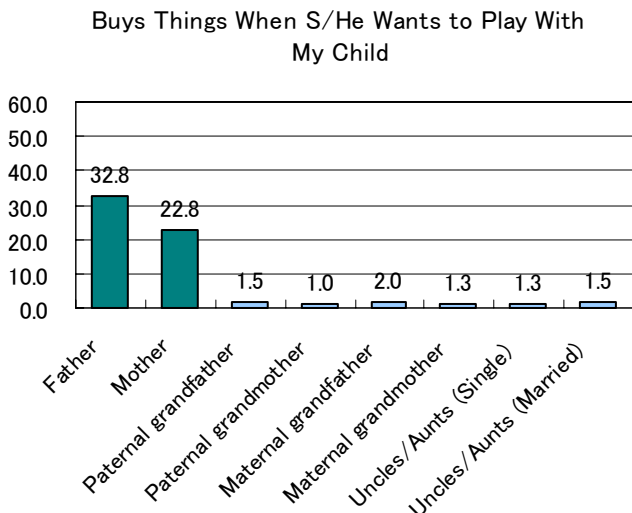


amongst both sets of grandparents. Mothers, themselves, seem to be big purchasers of rewards (the “rewards pocket”) and items good for their children’s health or development (the “growing up healthy and wise pocket”).



- ♦ **Some “pockets” exist for adult convenience, such as when the adult wants to play with the child (the “play-with-me pocket”) and when the adult, rather than the child, wants the gift given (the “self-serving pocket”)**

Mothers also saw parents as buying presents for reasons such as wanting to play with the child (the “play-with-me pocket”) and to buy things they, rather than the child, want (the “self-serving pocket”). Many parents are apparently shifting away from “selfless childrearing” and its focus on the child’s interests, to more “self-interested enjoyment childrearing” by conveying their own interests to their offspring in an endeavor to enjoy their time with them together more.



Survey outline

Period:	February–April 2006
Territory:	Japan-wide
Respondents:	Married women in their 20s to 40s whose eldest child is aged 9 or younger n = 600
Survey method:	Internet survey (in cooperation with Macromill, Inc.)

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About Hakuhold Inc.

Founded in 1895, Hakuhold Inc. (www.hakuhold.jp) is the second largest advertising company in Japan, and the tenth largest core agency in the world according to *Advertising Age's* agency report 2006. Today, innovation and creativity are still at the heart of its operations. Hakuhold shares with its clients an unmatched depth of knowledge about the relationship between people and brands – knowledge that has grown from the concept of *sei-katsu-sha* (“consumers with a heartbeat”) which Hakuhold pioneered in advertising. Through its global network, Hakuhold provides comprehensive marketing and communications services and solutions for some of the best-known brands in the world. Hakuhold has 64 offices in 16 countries/regions, and approximately 5,000 employees.

Sei-katsu-sha insight is the foundation for Hakuhold's thinking, planning, and brand building. It reminds us that consumers are more than shoppers performing an economic function. They have heartbeats. They are individuals with distinct lifestyles. Hakuhold introduced this term in the 1980s to emphasize our commitment to a comprehensive, 360-degree perspective on consumers' lives.

Hakuhold is one of three advertising agencies under the umbrella of Hakuhold DY Holdings Inc. (TSE: 2433) (<http://www.hakuholdody-holdings.co.jp/english/index.html>) a holding company which was established in 2003 through the management integration of Hakuhold Inc., Daiko Advertising Inc. and Yomiko Advertising Inc. Hakuhold DY Holdings Inc. was listed on the first section of Tokyo Stock Exchange in 2005.