

August 10, 2006

Preliminary Findings from *Seikatsu Teiten* 2006

## ***Sei-katsu-sha* 2.0**

### **People Laying the Groundwork for the Future**

The Hakuhodo Institute of Life and Living (HILL) has been carrying out its benchmark *Seikatsu Teiten* survey biannually since 1986. Each survey asks the same questions under the same conditions to enable HILL to read changes and make predictions concerning the values and behavior of *sei-katsu-sha*\* over time. The study provides a wealth of valuable chronologically comparable data. A detailed analysis and a CD-ROM containing *Seikatsu Teiten* data from the past 10 years are to be released this November. Ahead of this, we present here some preliminary findings from the latest survey, *Seikatsu Teiten* 2006, conducted in May this year.

The results of this survey show that while Japanese *sei-katsu-sha* are more up-beat on account of the up-turn in the economy, they continue to be uneasy and yearn for greater stability in the face of ongoing change in the country. Our analysis shows that to cope with continuous waves of transition and societal change, Japanese are preparing for the future by **consolidating three areas: (1) Rediscovering Japan, (2) Men and women struggling together, and (3) Working steadily**, and **rebuilding three areas: (1) Enhancing “information lives,” (2) Cultivating consumer judgment, and (3) Preemptively investing in the future.**

At HILL, in these preparations we see **people laying the groundwork for the future**, and have defined those *sei-katsu-sha* who are actively and of their own volition working toward this using their own strengths as ***Sei-katsu-sha* 2.0**.

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\**Sei-katsu-sha* are more than simply consumers just as people's lives and lifestyles include more than just shopping. Hakuhodo introduced this term in the 1980s, to emphasize our commitment to a comprehensive, 360-degree perspective on consumer's lives.

## Preliminary Findings

- ♦ **Continuing unease and desire for stability**

As Japan's economy recovers, feelings of wellbeing, such as having a lot to be happy about and having a lot of fun, are also on the up-turn. However, *sei-katsu-sha* still have some doubts about the future, believing, for instance, that financial comfort and security will become more difficult to acquire in the future. This is likely the result of the feeling that continuous waves of transition and societal change are bringing too much change, and a desire to be ready for what lies ahead. This is why the desire for a stable life continues to rise. To secure a stable life and respond to the onslaught of change in Japan, people have started to consolidate three areas and rebuild three areas to prepare for their future.

- ♦ **Consolidating 3 areas**

Japanese *sei-katsu-sha* are solidifying three footholds for the age and for the future.

- (1) **Rediscovering Japan**

After making it through the Lost Decade when they were lashed by waves of restructuring, Japanese people have renewed interest in following customs and traditions and preserving the seniority system and other things good about Japan. They have also grown interested in local issues. It appears that they have rediscovered Japan and the knowledge and systems they have had from the start, and selected them for their future lives.

- (2) **Men and women struggling together**

More *sei-katsu-sha* report that equality between the sexes is progressing in education, the law and other systems, as well as in society in general. As a result, respect, which had tended towards mothers, is now more balanced toward both parents, and the number of people who think that men should take paternity leave is on the rise. A picture of men and women working together to prepare for and take on the challenges of the future emerges.

- (3) **Working steadily**

It's true. Japanese people like to work. A trend toward working away diligently toward their dreams, and goals can be seen. There is value in being a steady worker. The rediscovery and reevaluation of Japan and repartitioning of lives is apparent here, too.

- ♦ **Rebuilding 3 areas**

With their sights firmly on the present and the future, *sei-katsu-sha* redesigned three platforms of their lives.

- (1) **Enhancing "information lives"**

The information-based society is evolving right before our eyes. The information resources *sei-katsu-sha* have armed themselves with are correspondingly diverse: from IT gadgets to the use of information services. Decking themselves out with information has increased the ability of *sei-katsu-sha* to process information, conveying a feeling of enrichment.

## (2) **Cultivating consumer judgment**

*Sei-katsu-sha* are becoming discerning shoppers. With their information resources and increased processing ability, *sei-katsu-sha* are selecting and purchasing products from a diverse variety of routes of their own choosing. At the same time, they are cutting back their travel and gift-giving spending, and are instead helping to jack up “smart shopping” spending on things like content, environmentally friendly purchases and other things meaningful to the shopper or society. Consumer literacy, a mainstay of lifestyle restructuring, has risen.

## (3) **Preemptively investing in the future**

Lifestyles are changing as people prepare for an uncertain future. Investing in children and financial products are two trends. Today’s kids need to live in the tough world of tomorrow. To help them build the reserves of knowledge they will need to win in that age, parents have started actively investing in their education. They are able to do so precisely because they are having fewer children.

There are also signs that *sei-katsu-sha* are preparing to invest in financial products. At a time when only performance is rewarded, taxes are set to rise and no one knows what their pension might look like, *sei-katsu-sha* appear to be ready to take matters into their own hands and make direct investments themselves. This preemptive investing in the future has likely begun as *sei-katsu-sha* strive for stability, both for their children’s future, and for their own pension and retirement concerns.

- ♦ Continuing unease and desire for stability
- ♦ Consolidating 3 areas:  
(1) Rediscovering Japan, (2) Men and women struggling together, (3) Working steadily
- ♦ Rebuilding 3 areas:  
(1) Enhancing “information lives,” (2) Cultivating consumer judgment, (3) Preemptively investing in the future



## *Sei-katsu-sha 2.0*

People Laying the Groundwork for the Future

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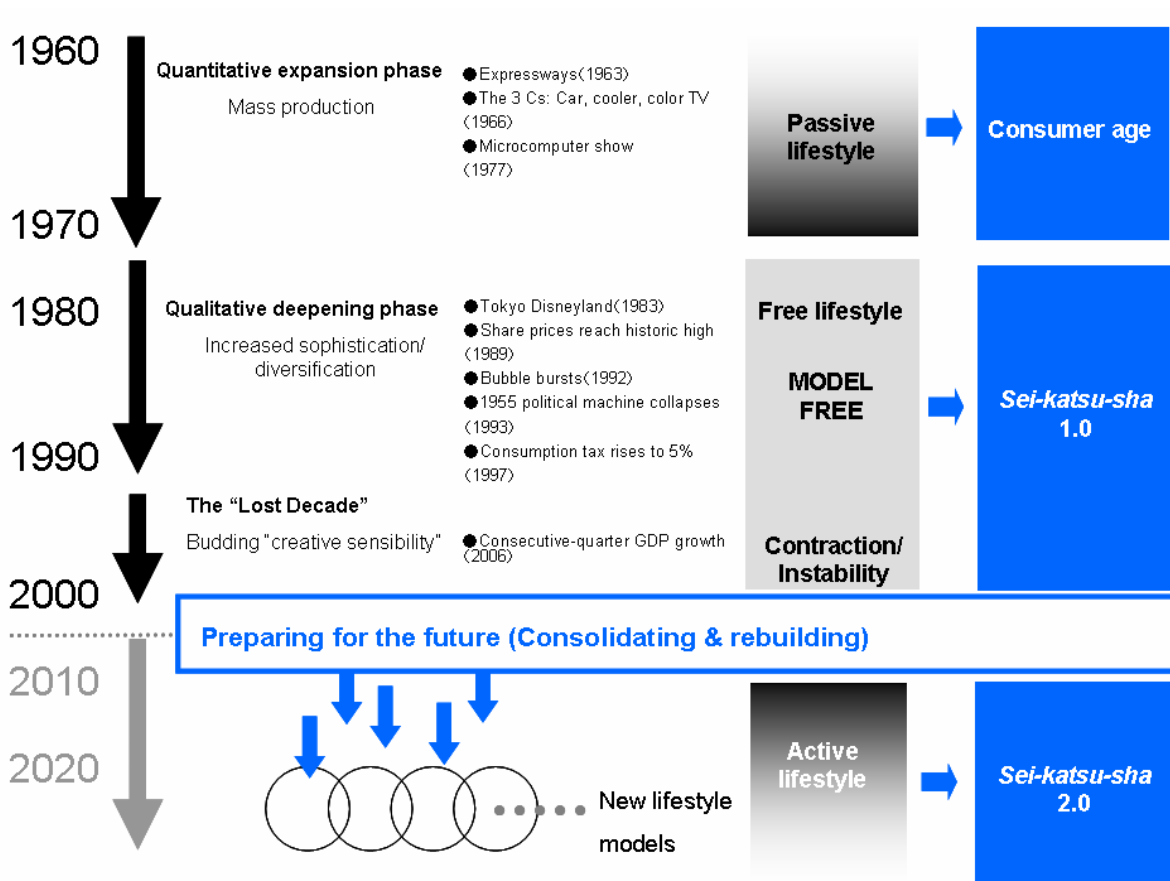
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〈Survey data〉

### People laying the groundwork for the future: *Sei-katsu-sha* 2.0

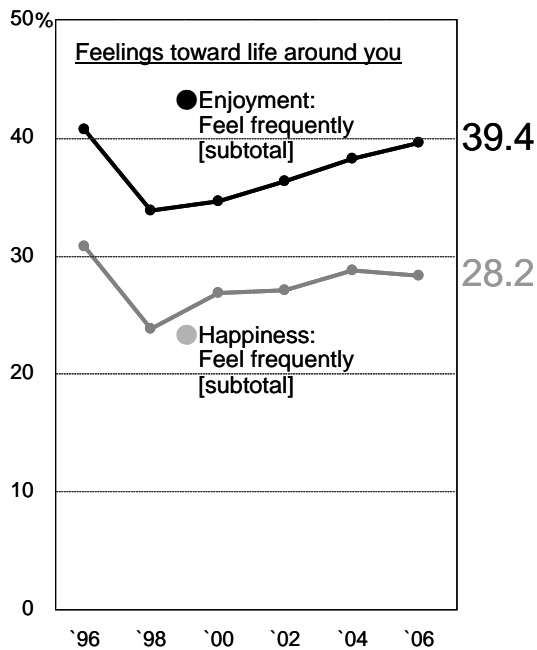
In Hakuodo Institute of Life and Living's analysis of our previous *Seikatsu Teiten* survey, we reported that *sei-katsu-sha* had developed a new "creative sensibility" during the years of the Lost Decade. Results of *Seikatsu Teiten* 2006 indicate that *sei-katsu-sha* who acquired this adaptive skill are now undertaking preparations to become *Sei-katsu-sha* 2.0 by consolidating and rebuilding their lives.



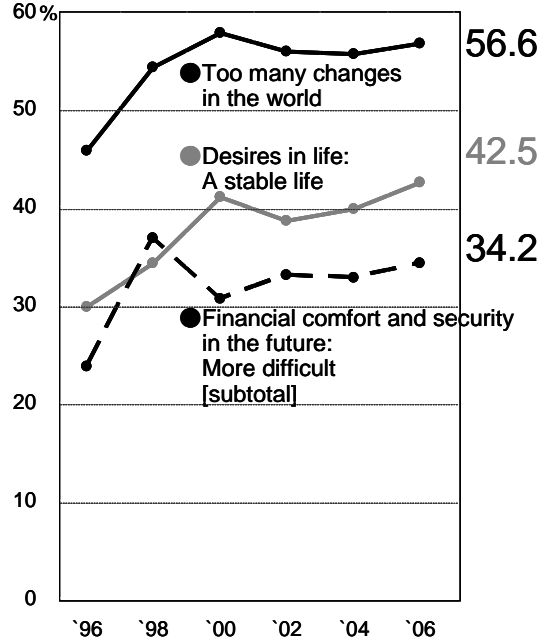
**Data**

**Continuing unease and desire for stability**

■ **Feelings of wellbeing on the rise**

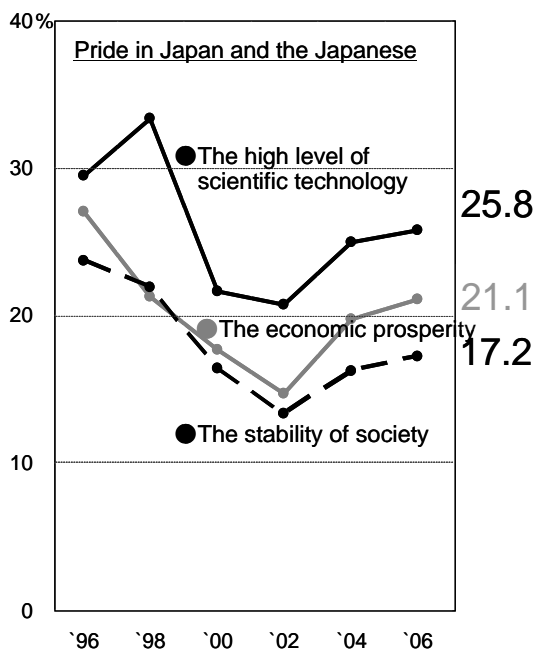


■ **Difficult times ahead / Desire for stability continues to rise**

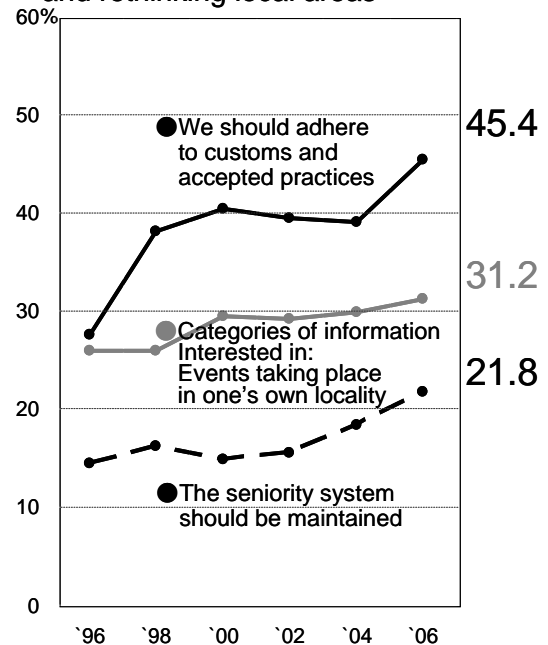


**Consolidating 3 areas: (1) Rediscovering Japan**

■ **Recovering self-respect**



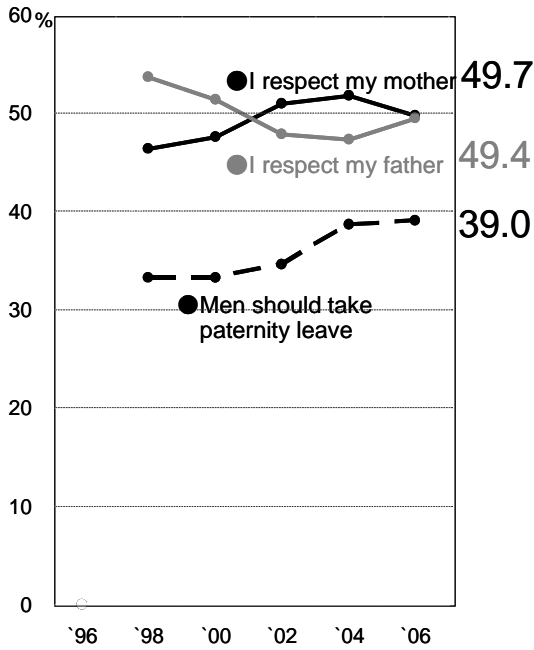
■ **Learning from history and rethinking local areas**



**Consolidating 3 areas:**

**(2) Men and women struggling together**

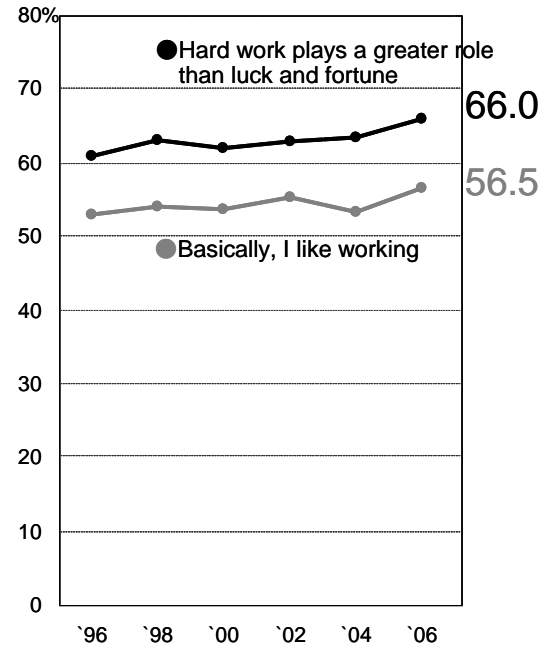
■ Equal rights for fathers and mothers / Raising children together



**Consolidating 3 areas:**

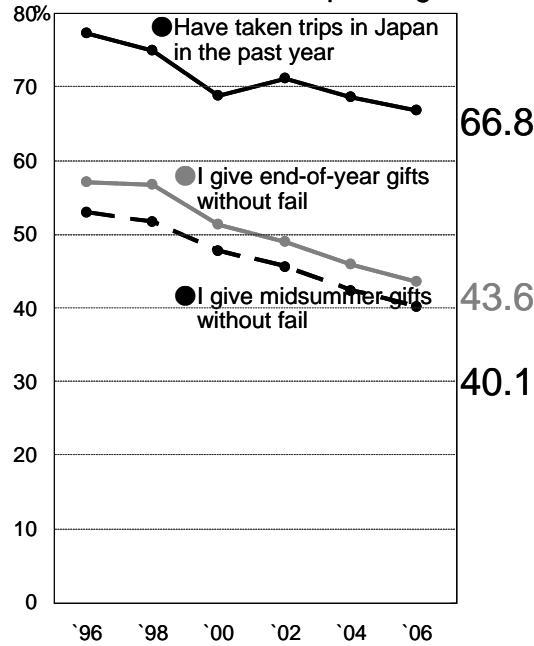
**(3) Working steadily**

■ Steady-workers

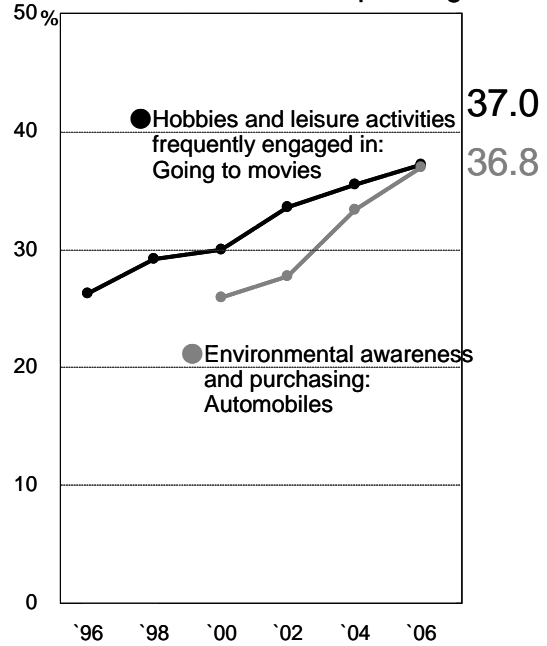


**Rebuilding 3 areas: (2) Cultivating consumption judge**

■ Following out of travel & socialization spending

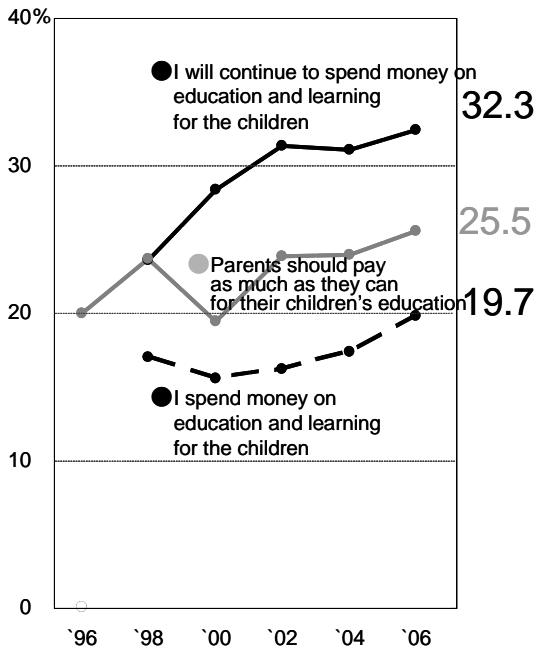


■ Ballooning of movie & entertainment spending

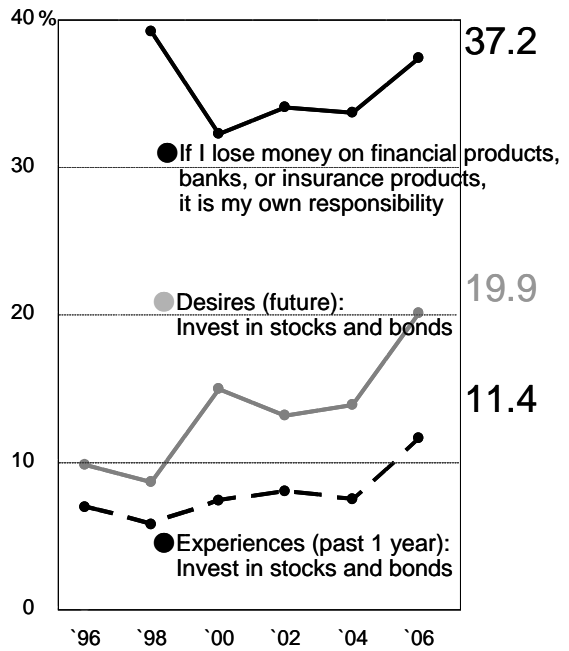


### Rebuilding 3 areas: (3) Investing in the future

#### Proactively investing in children



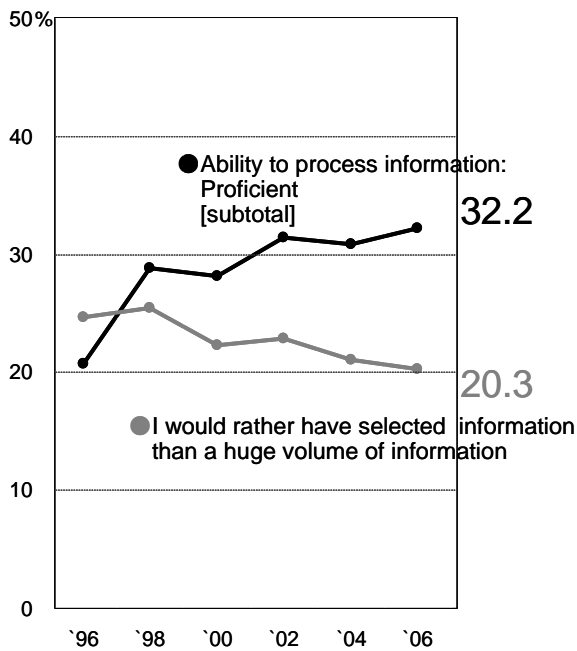
#### Investing in financial products



### Rebuilding 3 areas:

#### (1) Enhancing "Information lives"

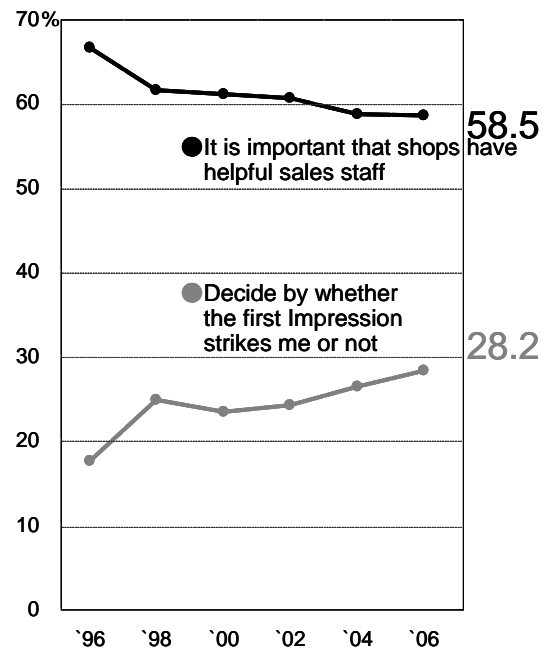
##### Improving literacy



### Rebuilding 3 areas:

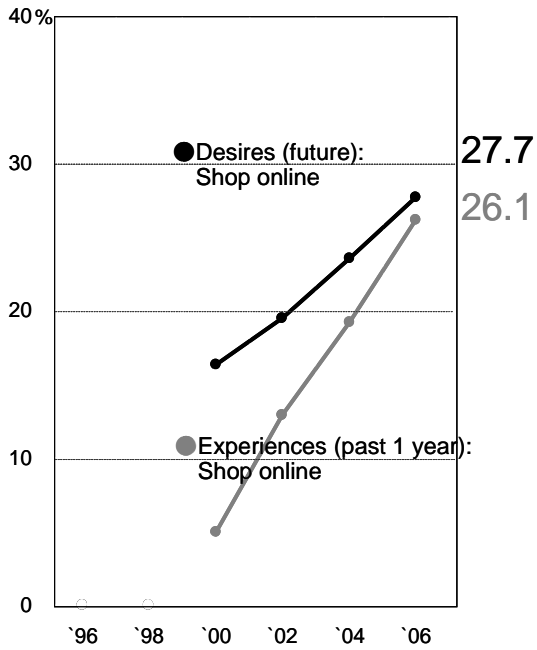
#### (2) Cultivating consumption judge

##### Becoming a discerning customer

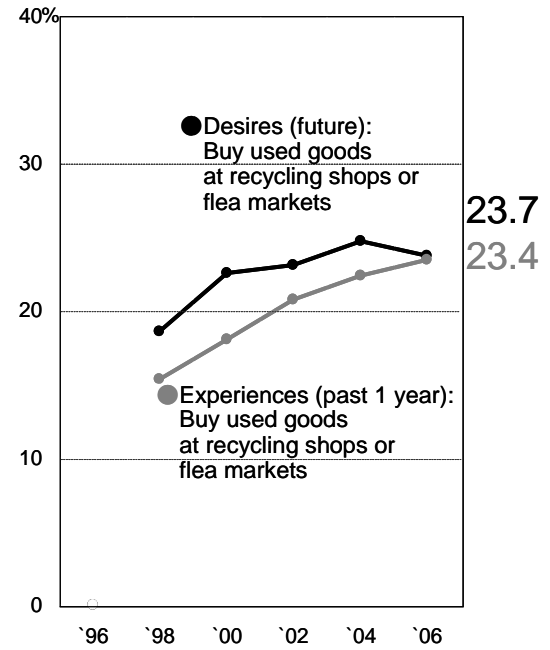


Rebuilding 3 areas: (2) Cultivating consumption judge

■ Developing new purchasing routes



■ Developing new purchasing routes



## About Hakuodo Institute of Life and Living

The Hakuodo Institute of Life and Living (HILL) is a think-tank established by Hakuodo Inc. in 1981. HILL conducts research primarily on the emerging social trends and the lifestyles of people today. It is the only institute of its kind that conducts research into the experiences of the people beyond their consumption behavior and social orientations. HILL stands for the idea of *sei-katsu-sha* which means people who live their own life and it encompasses not only the economic aspect as consumers but also socio-psychological and political aspects of an individual.

## About Hakuodo Inc.

Founded in 1895, Hakuodo Inc. ([www.hakuodo.jp](http://www.hakuodo.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. Hakuodo 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 Hakuodo pioneered in advertising. Through its global network, Hakuodo provides comprehensive marketing and communications services and solutions for some of the best-known brands in the world. Hakuodo has 64 offices in 16 countries/regions, and approximately 5,000 employees.

*Sei-katsu-sha* insight is the foundation for Hakuodo'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. Hakuodo introduced this term in the 1980s to emphasize our commitment to a comprehensive, 360-degree perspective on consumers' lives.

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