

Hakuhodo Information Note

August 17, 2006

Survey of Use of Online Membership Services

76% of Net Users are Online Service Members

- Banks have the highest online member registration rates
- The most popular perk is the ability to purchase at a discount

Hakuhodo's Research & Development Division continually surveys and researches *sei-katsu-sha**. Our recent survey of use of online membership services was conducted to learn how *sei-katsu-sha* use corporate and other online membership services. Below we introduce some key findings of this study.

Online services have spread rapidly alongside the popularization of the Internet. In particular, the take-up rate of online memberships that offer a variety of privileges in return for a simple registration has been rising year by year. For companies, individualized marketing to build up loyal customers among buyers they can not always see easily with traditional mass marketing is becoming a key marketing strategy. While convenience is higher than ever, *sei-katsu-sha* are increasingly unwilling to give out their personal information. Our study set out to discover the online membership services *sei-katsu-sha* actually subscribe to and their expectations of the companies and services, with the aim of helping build better relations between companies and their customers.

Hakuhodo's R&D Division will continue to study the future possibilities of customer relationship marketing (CRM) and other pertinent issues, and use our findings in the solutions we propose to our clients.

* *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.

Key findings

- Overall, 75.8% of respondents have memberships with at least one company in the 20 industry categories surveyed.
- At 79.5%, men's online membership take-up rate is higher than women's (72.2%).
- Money-saving offers (the ability to purchase at a discount) are an essential membership inducement.
- The most provided membership perks are early access to information, e-mail notices, simplified ordering and the right to purchase at a discount.
- Perks that increase purchase intention include the ability to purchase exclusive members-only merchandise, the ability to track one's purchase history and the availability of products for preferential purchase.
- Brand images that rise with membership registration include familiarity, favorability and confidence.

Survey outline

Date:	October 28–31, 2005
Territory:	Greater Tokyo (Metropolitan Tokyo and Kanagawa, Chiba and Saitama Prefectures)
Respondents:	M/Fs aged 20–59 n = 4,864 (valid responses)
Method:	Internet survey of pre-interviewed panel of respondents (Hi-panel) * This study looks at 20 industry categories

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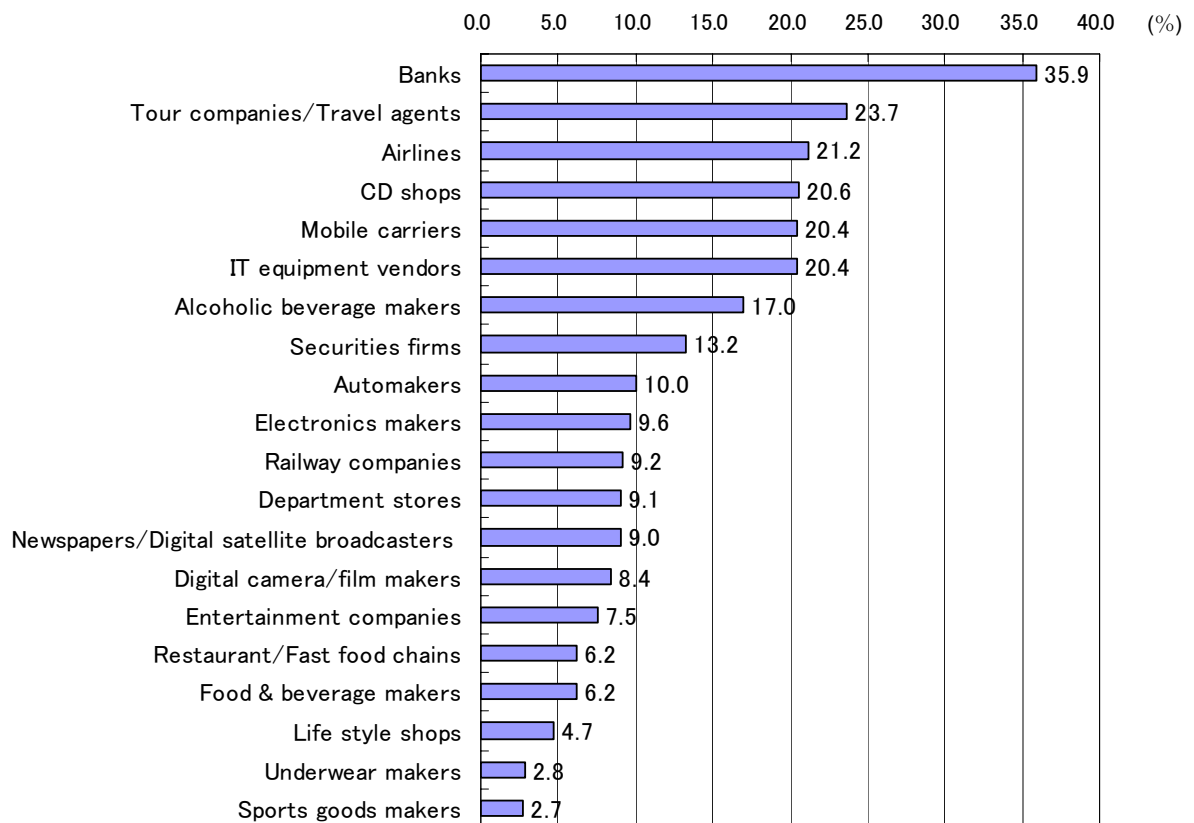
〈Appendix: Survey data〉

- **Overall, 75.8% of respondents have memberships with at least one company, with banking the industry with the most members**

Over 3 in 4 (75.8%) respondents are online members of at least one company or service.

By industry, banking has the most members (35.9%), followed by tour companies/travel agencies (23.7%) and airlines (21.2%). Aside from service industries like financial institutions, travel, CD shops and mobile phone carriers, between 10–20% of respondents have memberships with companies from manufacturing industries including alcoholic beverage makers and carmakers.

- **Online Membership Take-Up Rate (Percentage of respondents with online memberships with at least one company in the given category)**



- **At 79.5%, men’s online membership take-up rate is higher than women’s (72.2%). By sex and age group (20s–50s), both men and women in their 30s have the highest take-up rates. The majority of men in their 30s (50.4%) are online members of a bank**

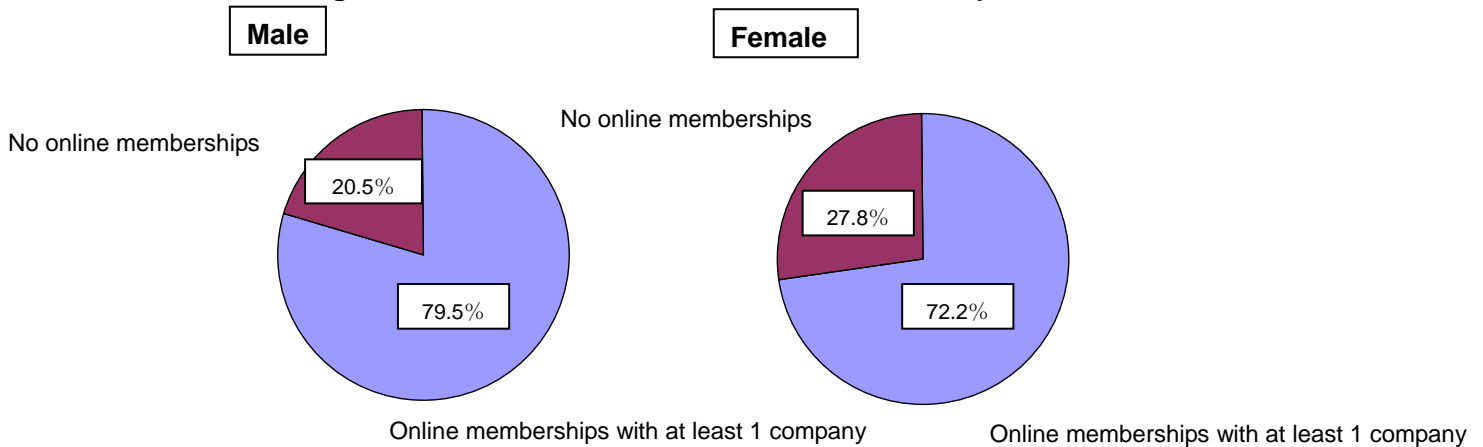
Looking at the data by sex and age group, we find that at 79.5%, men’s online membership take-up is higher than women’s, at 72.2%. An extremely high 84.5% of men in their 30s have some kind of online membership. In both men and women, the take-up rates of those in their 30s are high, indicating that people in this age group are the main users of online memberships.

By sex and age group, banks are the online membership most used by men of all age groups. Amongst men in their 30s, a majority (50.7%) are users of an online banking membership.

Among women, the top categories vary by age group: CD shops for those in their 20s, banks for those in their 30s and 40s, and tour companies/travel agents for those in their 50s. Another difference is that alcoholic beverage makers, CD shops, department stores and other retailers came out strongly with women.

The take-up of memberships with securities companies was 13.2% overall, but with around a quarter of men in their 50s (24.5%) having memberships, and some 21.3% of all those in their 50s having them, the rate of use is high amongst the 50+ elder generation.

- **Percentage of Males and Females with Online Memberships**



- **Top Memberships Among Women Aged in Their 20s to 50s**

	Males 20s	%	Males 30s	%	Males 40s	%	Males 50s	%
No. 1	Banks	30.2	Banks	50.7	Banks	46.9	Banks	37.2
No. 2	CD shops	25.9	IT equipment vendors	30.1	Airlines	34.0	IT equipment vendors	34.4
No. 3	Mobile carriers	21.5	Mobile carriers	29.9	IT equipment vendors	33.9	Tour companies/ Travel agents	28.8
No. 4	Tour companies/ Travel agents	15.0	Airlines	26.8	Tour companies/ Travel agents	26.6	Airlines	27.8
No. 5	Airlines	12.2	Tour companies/ Travel agents	26.2	Mobile carriers	25.9	Securities companies	24.5

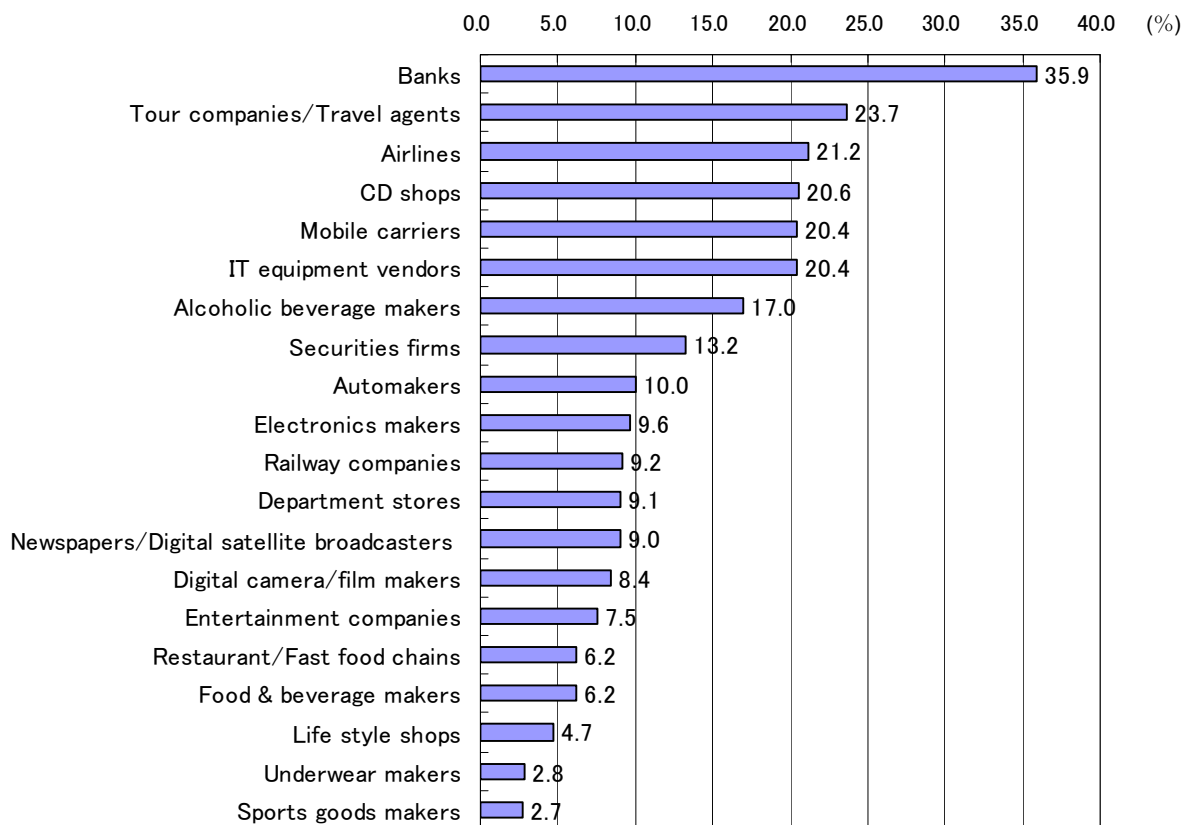
• **Top Memberships Among Women Aged in Their 20s to 50s**

	Females 20s	%	Females 30s	%	Females 40s	%	Females 50s	%
No. 1	CD shops	28.2	Banks	35.8	Banks	28.6	Tour companies/ Travel agents	26.3
No. 2	Banks	27.3	Tour companies/ Travel agents	25.9	Alcoholic beverage makers	21.3	Banks	23.6
No. 3	Tour companies/ Travel agents	23.4	Alcoholic beverage makers	21.9	Tour companies/ Travel agents	17.7	Airlines	22.8
No. 4	Mobile carriers	17.1	Mobile carriers	19.3	CD shops	17.5	Securities companies	16.8
No. 5	Airlines	15.0	CD shops	18.5	Airlines	16.9	Department stores	15.2

• **Money-saving offers (the ability to purchase at a discount) are an essential membership inducement**

When we asked what special online member offers would induce respondents to give over personal information, the overwhelming response was the right to purchase products at a discount (75.3%), followed by the availability of products for preferential purchase (44.5%) and collecting points (44.1%). Gratifying customers' desire for discounts and exclusivity seems to lower the barriers to signing up for a membership.

• **What Special Offers Would Induce You to Provide Your Personal Information**

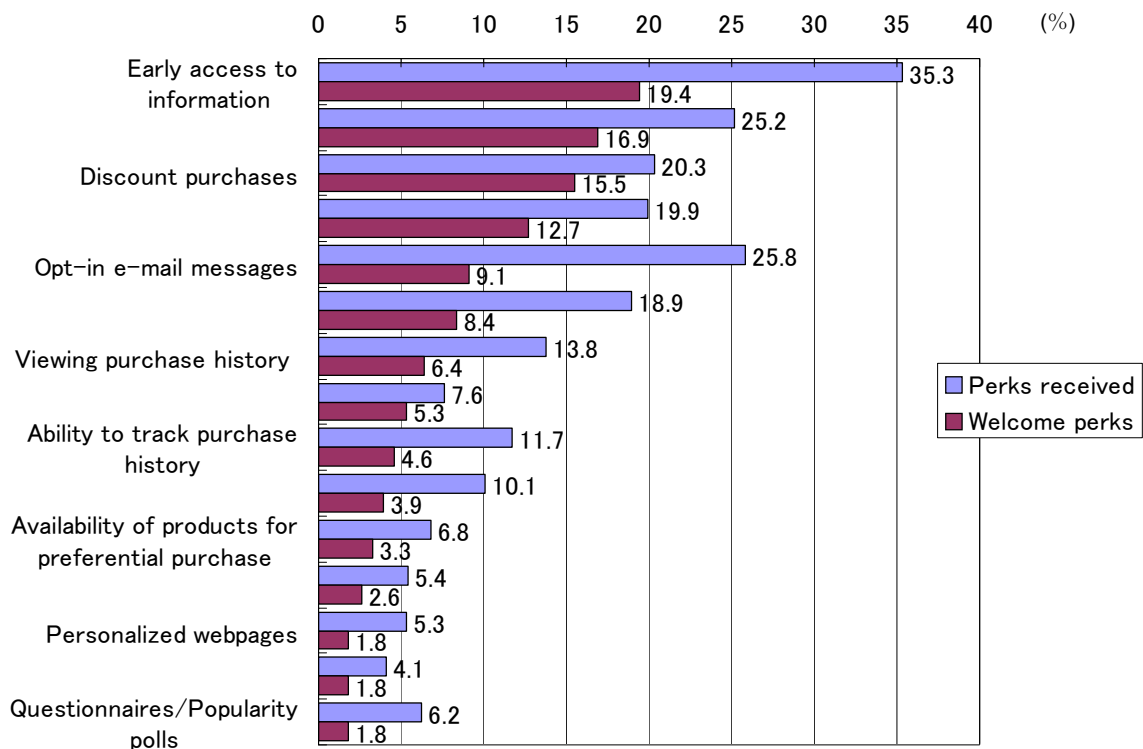


- **The most provided membership perks are early access to information, e-mail notices, simplified ordering and the right to purchase at a discount. The most welcome perks, early access to information, simplified ordering and discount purchases**

We asked respondents who had online memberships what offers they receive. Using a population parameter of all online memberships examined in this survey, the most commonly provided perks are early access to information (35.3%), opt-in mail messages (25.8%) and streamlined ordering (25.2%).

The most welcome membership perks are early access to information (19.4%), streamlined ordering (16.9%) and discount purchases (15.5%). From this it appears that financial incentives are especially welcome. One way or another, gratifying members' desire for exclusivity with preferential treatment like early notices, cheaper prices and easier ordering to distinguish them from ordinary customers is important.

• **What Special Offers Would You Welcome as an Online Member?**

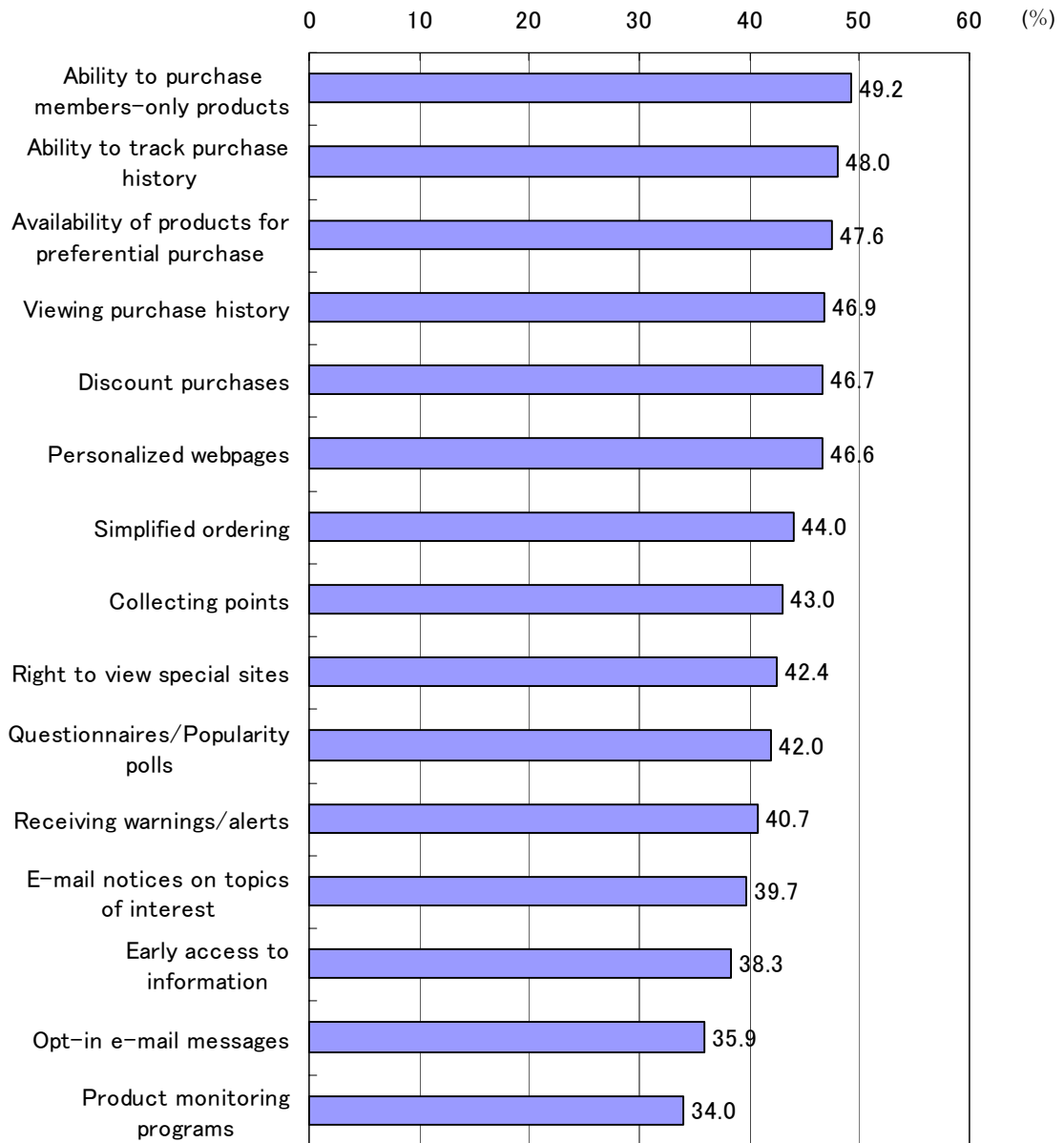


- **Perks that increase purchase intention include the ability to purchase exclusive members-only merchandise, the ability to track one's purchase history and the availability of products for preferential purchase**

When we asked respondents which membership perks they receive affect their purchase intentions, the top 3 were the ability to buy exclusive members-only merchandise (49.2%), tracking purchase history (48.0%) and the availability of products for preferential purchase

(47.6%). When we compare welcome membership perks with those that actually raise purchase intention, we find the order is completely different. The perks that make people happy and those that make them want to buy things are not the same.

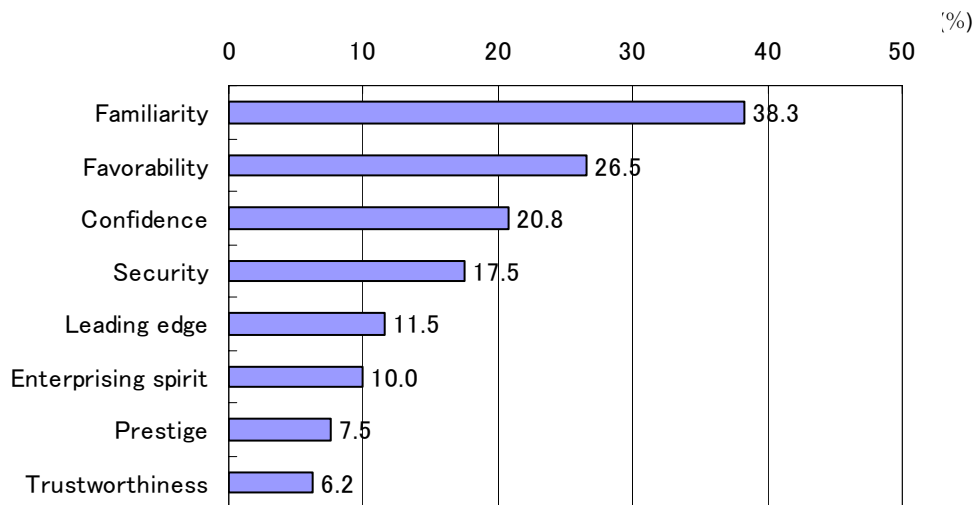
• **Perks that I Receive that Increased My Intention to Purchase**



- **Brand images that rise with membership registration include familiarity, favorability and confidence**

When we asked how members' images of a brand improved when they signed up for a membership, the top three improvements were in familiarity (38.3%), favorability (26.5%) and confidence (20.8%). Registering for memberships narrows the distance between brands and *sei-katsu-sha*.

- **Brand Images that Rose When I Registered My Membership**



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About Hakuholdo Inc.

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

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

Hakuholdo is one of three advertising agencies under the umbrella of Hakuholdo 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 Hakuholdo Inc., Daiko Advertising Inc. and Yomiko Advertising Inc. Hakuholdo DY Holdings Inc. was listed on the first section of Tokyo Stock Exchange in 2005.