

## Changing Households Changing Japan

### The Age of Household Diversity

Starting from this year, the Hakuhodo Institute of Life & Living (HILL) will publish an additional major report The Dynamics of Japanese *Sei-katsu-sha*, describing how and why Japanese society and the Japanese way of life are changing. At HILL, we try to explain the dynamic processes that Japanese *sei-katsu-sha* go through and discover new “driving forces” that give rise to new values and lifestyle preferences. The Dynamics of Japanese *Sei-katsu-sha* reports on how Japanese individuals and communities are changing, and how such changes might impact Japanese society and markets.

The subject of this year’s publication is the diversification of Japanese households and the impact on Japanese society. The total number of households, household size and household type and distribution are changing very significantly. According to census statistics, one-person households will outnumber all other households in 2007. The number of couple-only households also continues to rise. As a result of this downsizing and diversification of households, the total number of households in Japan is set to rise above 50 million for the first time in the country’s history.

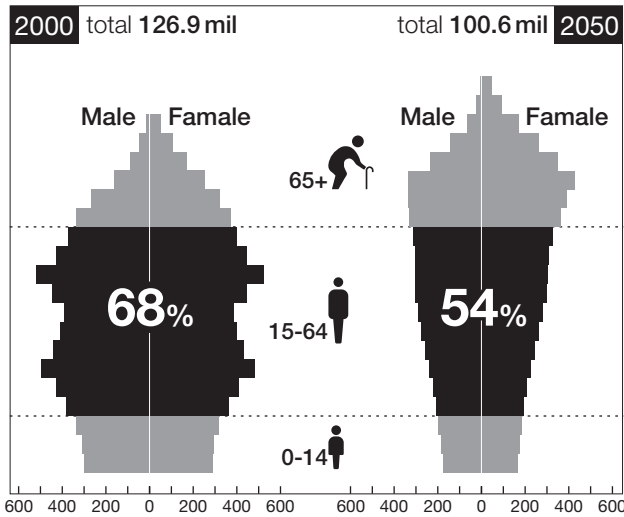
Household change will have a major impact on people’s aspirations and lifestyles. This will in turn bring new issues to the fore, which may bring about the need for new products and services. In The Dynamics of Japanese *Sei-katsu-sha* 2007, we consider emerging changes in *sei-katsu-sha* resulting from this structural change in Japanese society and the implications for Japan’s consumer market.

# The changing face of Japan

Japan faces six major demographic changes:

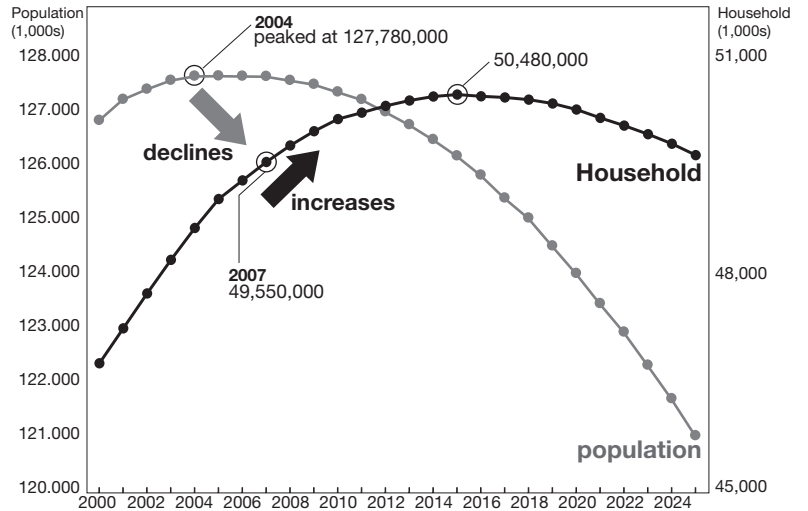
- Rapidly aging population
- Increasing number of households
- Fast declining birth rate
- Decreasing size of households
- Decreasing total population
- Rapidly increasing one-person households

## Population of Japan in 2000 and 2050



National Institute of Population and Social Security Research

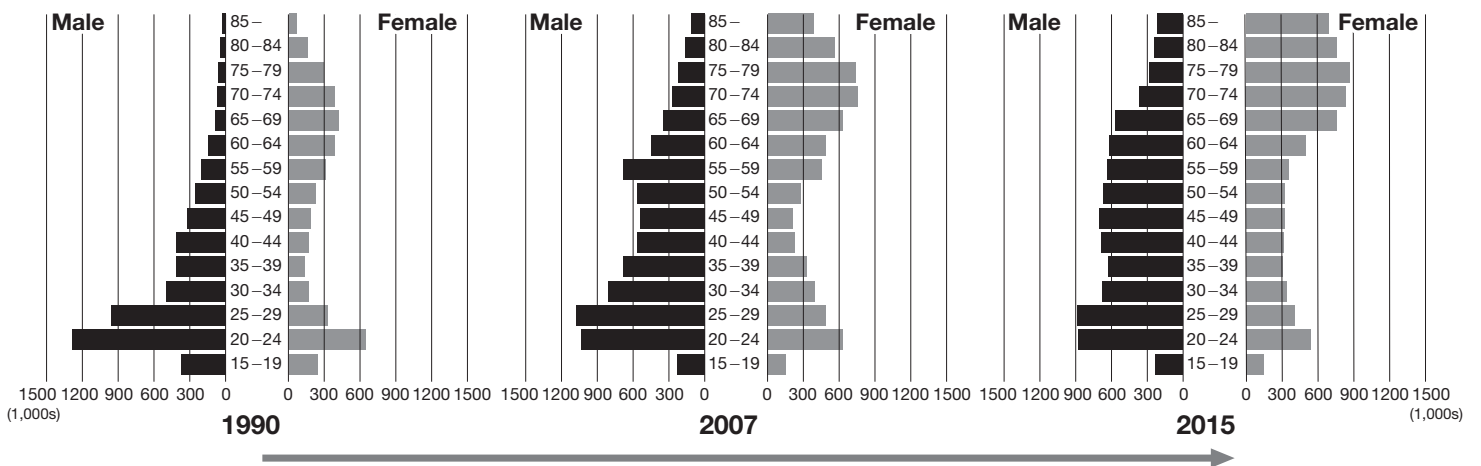
## Household numbers rise even as population falls



## One-person household on the rise

A young female or male before marriage may live next door to an elderly widow or widower. They all add up to the rapid increase in the number of one-person households.

### One-person households



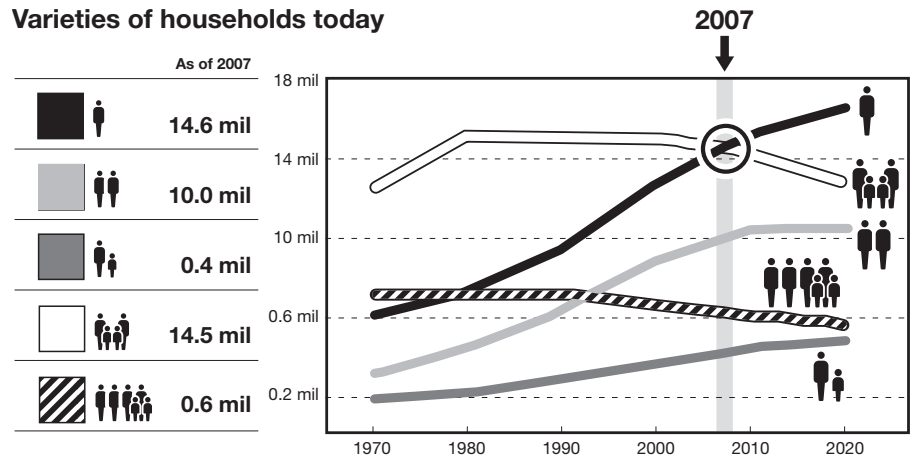
## The Diversification of households

HILL has focused on one very important demographic change: the diversification of types of households in Japan that has occurred over the last two decades. One-person households outnumber all other types of household.

# How are these changes reshaping Japanese society and what are the impacts on the Japanese consumer market?

Japanese *sei-katsu-sha* are responding to this new demographic reality with new attitudes and behavior. Through analysis of survey data and observations, HILL has discovered emerging trends at three different levels —individual, interpersonal relationships and community—that are likely to trigger a paradigm shift in society and impact the consumer market.

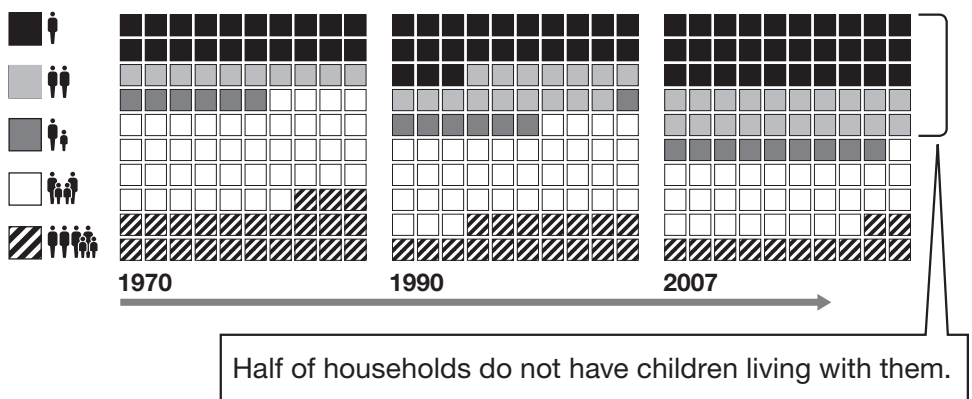
In Japan today there is no “standard” household. Different types of households co-exist in the community. One-person households outnumber all other types of household.



In half of all households, there are no children (of any age). Couples before starting a family and empty-nesters coexist side by side. Both are couple-only households.

The speed at which the face of Japanese households has changed is phenomenal. If we try to depict Japan as a village with only 100 households, this is how it would have looked in 1970 and 1990, and how it looks now.

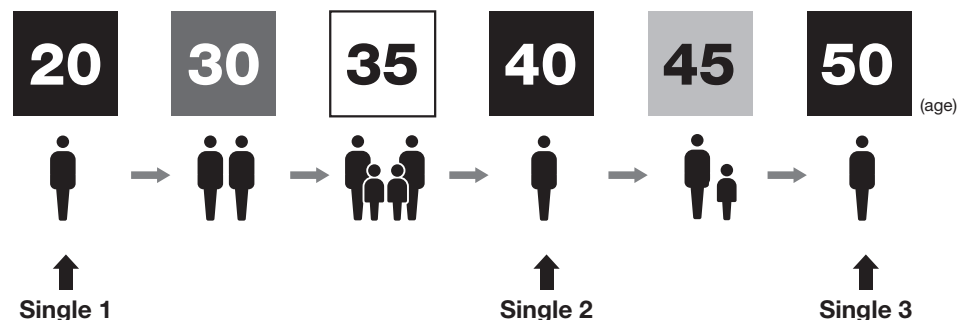
**If Japan was a village with 100 households...**



Individuals live in households that expand and shrink several times during their lives. Today, each individual is more likely to spend part of their life as the head of a household. The Japanese population, which enjoys one of the world’s longest life expectancies, has entered an era in which individuals on average spend more time living alone.

The stability of Japanese society rests on its ability to successfully integrate individuals who live in increasingly smaller household units. Well-established life-stage theories, however, fall short of providing a useful framework for describing the dynamism we are currently observing.

**Japanese now live more of their lives alone.**



## Emerging trends

Japanese *sei-katsu-sha* feel they are caught in a dilemma. They are more committed to improving their lives by themselves, but they have less human resources at hand with which to do so. To cope, they are ringing the changes.

### At the individual level

**Becoming more self-reliant**

**Assuming greater responsibilities**

**Seeking practical solutions**

**Becoming more accountable and sometimes taking risks**

**Becoming more able to make well-informed decisions**

**Increasing ICT literacy**

In an effort to become more self-reliant, *sei-katsu-sha* are trying to establish a safe and secure base. For instance, interest in burglar alarms, fire alarms and other security systems increased from 33.1% in 1998 to 50.3% in 2006\*.

*Sei-katsu-sha* commitment to taking more control of their lives goes beyond learning to become physically more self-sufficient or self-reliant. They actively search for ways to maintain their standard of living, improve their quality of life, and make more decisions by themselves. They are more willing to take upon themselves the responsibility for improving their financial circumstances. They are interested in exploiting investment opportunities even if it means taking greater risks. For example, the number of people agreeing with the statement “I have no one else to blame for losses from investments in financial products from banks, insurance companies, etc.” increased from 32.1% in 2000 to 37.2% in 2006\*.

In smaller households, each family member needs to be able to perform more roles. They seek to take advantage of practical solutions.

Using fast-evolving information and communication technology (ICT), they are trying to become more self-reliant by making better use of information. They are becoming more confident in their ability to take advantage of information networks and the information they gain through them. As a result, the proportion of people who rate their ability to process information as proficient increased from 20.7% in 1996 to 32.2% in 2006\*.

### At the interpersonal level

**Securing successful alliances**

**Building relationships for mutual cooperation**

**Becoming more able to collaborate with more people**

**Developing relationships to share resources**

**Buying solutions based on “sharing”**

With fewer or no helping hands at home, *sei-katsu-sha* often find themselves in situations where they cannot possibly do everything they wish. They must, from time to time, rely upon other individuals in the family. More families recognize the need for increased cooperation among members. For example, the number of people who think husbands also should give priority to housework and to child rearing rose from 20.2% in 1996 to 29.9% in 2006\*, telling us that an increasing number of *sei-katsu-sha* know they must rely on their spouses for help at home.

Students who also have full-time jobs and housewives who earn income running affiliate businesses on the web are increasingly common among the younger generation. In the case of a homemaker running a side business, though, however successful she might be in earning an additional income, she is not spared all the household chores, cooking, child-rearing and PTA and other school activity-related duties at her children's schools.

One strategy is to try to become more organized and take advantage of the commercially available services.

Another tactic is to strengthen alliances with family members who live in other households.

Yet another strategy is to solicit help from outside the family on the basis of reciprocity, or helping each other out. *Sei-katsu-sha* increasingly seek practical solutions based on complementarities of functions, benefits and capabilities from people in similar situations to their own. To secure cooperation and collaboration, they try to manage relationships based on pragmatism. But in building such alliances they show ample discretion. In maintaining mutually beneficial networks outside the family that they may need to exploit from time to time for mutual cooperation, they know they should avoid transactions in the style of straight “give and take” arrangements. However, they also think they should avoid becoming too deeply involved in the lives of others. The balance between the two is very important and carefully maintained.

To economize, they buy into a variety of “sharing” deals. Recently they have responded very favorably to “one-bill-for-the-entire-family” promotions. One mobile phone carrier’s “Family Plan” that bills multiple members of the family who may not currently live together in one monthly bill is very popular. The public broadcaster is running similar deals, which offer a single discounted monthly fee to a family whose members live in different areas of Japan. Car-share, vacation-home-share, SOHO-share and other time-share schemes are being offered in increasing numbers in the market to meet the needs of those who want to find “solutions at a discount” by sharing costs.

Some *sei-katsu-sha* use package deals for holidays, organizing friends and neighbors to take advantage of discount vacation plans such as renting a small detached house at a hot spring for 10 people as a holiday package for three families.

## **Life in the community**

### **Working toward “civil society”**

#### **Taking an active role in serving the community**

Japanese *sei-katsu-sha* are willing to work toward a more “civil” society by taking more initiative and greater responsibility for the community they live in. For example, interest in events taking place in one’s own locality increased from 26.0% in 1996 to 31.2% in 2006\*.

Their awareness in environmental issues reflects their concern over the physical and social well-being of their local community. Environmental considerations as a factor when purchasing home appliances grew from 28.5% in 2000 to 45.3% in 2006\*.

The number of community service NPOs and community-based programs has also grown to at least 10,000 nationwide. Through participation in these, *sei-katsu-sha* try to tailor their physical, social and information environments to serve their needs better.

The activities they engage in include physical engagements such as fixing local roads by themselves and further separating garbage to increase recycling ratios and reduce energy costs (of local incineration plants). They participate in cleaning up and beautifying parks and other open areas. In some suburban communities they organize local residents to teach in local primary and secondary schools on weekends. Some have even started a community broadcasting program. Working parallel to the currently available commercial stations, they determine the scope of coverage and transmit information they have gathered themselves. Some try to build information databases or offer information archives that are more relevant to the local population.

We have also witnessed numerous cases of residents recreating dormant local festivals as well as starting new festivals in an effort to re-vitalize their communities.

# Emerging Consumer Market

As the population starts to contract, the “typical” Japanese family is disappearing.

The assumption that the majority of the population belongs to a “standard” household or married-couple-with-children unit, and the belief that marketers can successfully reach *sei-katsu-sha* by learning how people in standard households live or aspire to live, no longer holds true. Companies, too, must reorganize their resources to rebuild their businesses so that they can serve the changing needs of the market.

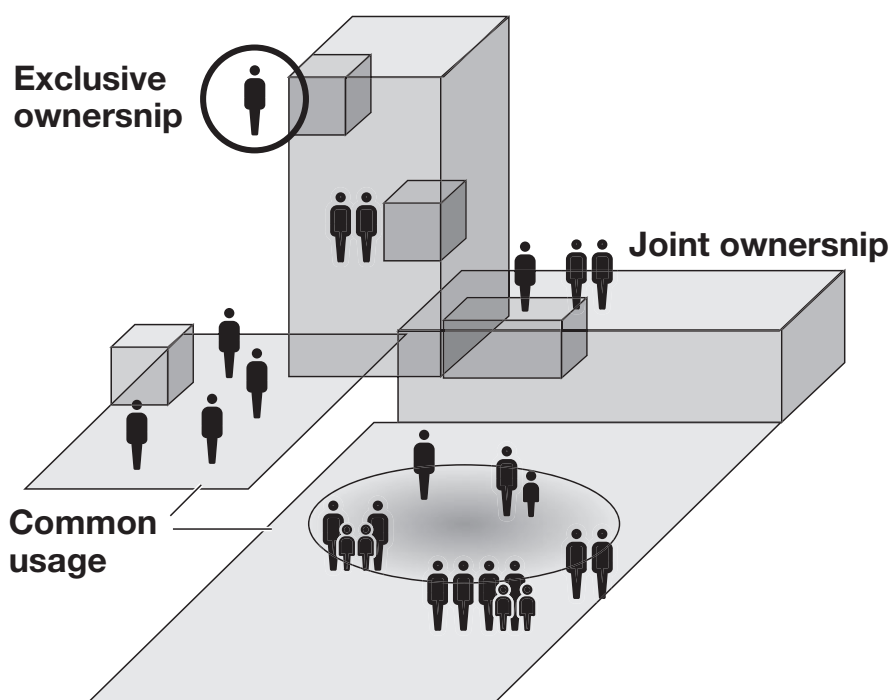
Markets are made up of individuals who today live in increasingly smaller household units. There is no longer a “standard” Japanese household, and more people live by themselves. Knowing that they have to manage increasingly by themselves, they are trying to find ways to become more self-sufficient. The resources with which they try to establish greater independence may vary: some by making more of the goods and services they can purchase from commercial markets, others by exploiting social networks and soliciting the support of friends.

Their quality of life will differ significantly depending upon the variety and quality of resources they manage to gather around them. Living standards will vary according to the ways by which each individual accesses these resources. The traditional concept of “ownership of resources” is gradually shifting to one of “access to various resources.”

The variety of services that agents offer to carry out on behalf of a person who cannot personally do so is growing. For those who cannot find the agents they want, new “scouting” services that enhance an individual’s ability to search for, identify, evaluate, and access resources have a promising future.

For those who want to capitalize on human networking, “intermediating” services that help to build alliances or exchange resources will be in increased demand.

New products and services must also accommodate the changing concepts of ownership and utility; the shift from exclusive ownership by an individual to joint ownership and eventually toward common usage.



Long marketed in the West, a number of “time-share” schemes by which a number of people use the same facility on a regular basis, have recently also gained popularity in Japan. Trends toward sharing of resources, be they physical goods or services, look set to continue. The new concept of ownership introduced through such commercial schemes has ignited a gradual shift from exclusive ownership by an individual to joint ownership and eventually common usage without anyone exerting exclusive proprietary rights. The concept of “common usage”, which was once a very familiar concept in all Japanese agrarian communities, is being revisited and reinvented in some regions already.

The shift from possession-based relationships to utility-based relationships requires careful management. Anyone who can offer management-of-relationship services can carve out an expanding new market.

Manufacturers of consumer goods must also adapt to changing realities. They might develop new products which can be owned or used by a group of individuals who traditionally did not share resources on a daily basis. Automobiles that are used by a group of individuals on a regular basis may require functions unique to such usage. Such a service is already operating in some newly developed apartment complexes. Likewise, home appliances that are to be used by residents of the same apartment building on a daily basis might require designs that are different from the existing specifications.

---

### \* Survey outline

The Annual Data Book on the Japanese People

Survey territory: Within 40 km of Metro Tokyo and within 30 km of the Hanshin area

Respondents: Males/Females aged 20–69

Sample size: 1996–2002: 2,000 people; 2004: 3,105 people; 2006: 3,293 people

In accordance with National Census age distribution

Sampling method: Area sampling

Survey method: Home-visit and self-administered survey

Survey Period: Every second May

### Contact :

Hakuhodo Institute of Life and Living :

Mariko Fujiwara: [MARIKO.Z.FUJIWARA@hakuhodo.co.jp](mailto:MARIKO.Z.FUJIWARA@hakuhodo.co.jp)

Tel : +81-(0)3-3233-6450

Fax : +81-(0)3-3233-5453

### For PR Inquiries

Hakuhodo Inc.

Ushio Hirasawa: [USHIO.HIRASAWA@hakuhodo.co.jp](mailto:USHIO.HIRASAWA@hakuhodo.co.jp)

Corporate Public Relations Division:

Mariko Fujimoto: [MARIKO.FUJIMOTO@hakuhodo.co.jp](mailto:MARIKO.FUJIMOTO@hakuhodo.co.jp)

Tel : +81-(0)3-5446-6161

Fax : +81-(0)3-5446-6166