

Hakuhodo Consumer Trend Report 2007-08

Reading the year's consumer tastes in the hit products of 2007

The 4 Drivers of Consumer Desire: Nostalgia, Novelty, the Self and Immediacy

In 2007, people looked back to relive past experiences through
nostalgic consumption

The thirst for depth and for cherrypicking look set to grow in 2008

Tokyo—December 25, 2007—Each year, Hakuhodo's R&D Division examines consumer phenomena in search of hidden clues to underlying trends. This year, our *Consumer Trend Report* is subtitled **The Four Drivers of Consumer Desire: Nostalgia, Novelty, the Self and Immediacy**. We also present here findings from our simultaneous survey of *sei-katsu-sha** on the **lifestyle desires affecting consumption** in 2007-08.

Buoyant economic conditions in Japan in 2006 continued into 2007. The expansion of the Japanese economy, in the first half of the year in particular, brought feelings of emotional and financial leeway and release from the pressures of time. However, a series of causes for concern in the second half, including the national pension debacle, soaring fuel prices, use-by date food scandals and the US subprime mortgage crisis, led consumers to cast a slightly more critical eye on how they spent their money. One key finding of our research was that 76.5% of respondents feel the volume of information they have to deal with is growing, while a majority believes that the fast speed at which they have to handle information is burdensome.

Given this situation, in order to uncover consumer tastes among increasingly diversified *sei-katsu-sha*, Hakuhodo looked not just at mega-hit products, but also “long tail” purchases with the hope of pinpointing even the smallest of consumer tastes. The picture that emerged

* *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 its commitment to a comprehensive, 360-degree perspective on consumers' lives.

from analysis of the research was one of *sei-katsu-sha* subjectively sifting through a constantly growing barrage of information, plucking out only that which is personally relevant, and using this to create their own life scenes. We have named the trend of the year “The 4 Drivers of Consumer Desire: Nostalgia, Novelty, the Self and Immediacy.” From these 4 drivers, we identified 11 lifestyle desires affecting consumption, which we questioned *sei-katsu-sha* about to gauge their perceptions.

From this, we discovered that **nostalgia consumption (spending on returning to one’s roots)** was particularly marked in 2007. Advances in digital technology and increasingly diverse product and service selections have offered up many opportunities to revisit old passions and things that we let pass us by the first time. 2007 was a year in which *sei-katsu-sha* subjectively chose things that helped them look backward in the hope of finding their internalized nirvanas. Among the lifestyle desires affecting consumption that we identified, **re-experiencing simplicity** gained the most endorsement (68.1%). **Re-buying memories** and **re-examining good deeds** also ranked highly. Thus, the trend of the year can be characterized as a desire to take stock of remembrances and wisdom from the pre-information age—such as simplicity, memories and morals—that may have been pushed to the side, and experience them again in practice.

When we asked what lifestyle desires would grow in importance in 2008, the **search for depth** (53.3%) and **gender and age flexibility** (50.5%) made strong showings, based on a platform of interest in returning to one’s roots. Given leverage by an evolving information environment and increasingly diversified product and service offerings, the desire to set up “hurdles” to further propel oneself along the road to intellectual or physical advancement will likely have a significant impact on consumption in the year to come. At the same time, awareness of cherry-picking of interests and pleasures regardless of traditional gender and age demarcation lines is high. This suggests that interest in flexible products that, say, were originally for adults but redeveloped for kids, or that initially targeted women but have been retooled for men, could well grow.

The 4 Drivers of Consumer Desire and the 11 Lifestyle Desires Affecting Consumption in 2007

Nostalgia

The desire to revisit the memories and wisdom of one's societal and personal roots to bring passions and morals from those days to fruition.

(1) *Re-buying memories*: *Reaching out again for goods and experiences that once rocked your world*

E.g. high performance Japanese sports cars, hi-fi audio equipment, Railway Museum, etc.

(2) *Re-examining good deeds*: *Living old-time good works and morals in everyday life*

E.g. the book *Josei no Hinkaku* (Female Dignity), digital piggy banks, eco shopping bags, etc.

(3) *Re-experiencing simplicity*: *Becoming interested in the naivety and simplicity of the pre-information age*

E.g. kitchen gardening, cloth sandals, hand-made products, etc.

Novelty

The desire for fresh stimulation from new worlds and new "tensions."

(4) *The search for depth*: *Seeking stimulation in deeper understanding and higher level challenges*

E.g. the boom in qualification exams, tours of rarely-visited spots, social studies excursions for grown ups, Indian calculation method, etc.

(5) *The search for luxury*: *Feelings of interest and satisfaction in higher grade, more luxurious products and services*

E.g. premium shampoos, first class accommodation plans, etc.

(6) *The search for ease*: *Seeking out comfort in the ordinary and familiar in the midst of a speeded up age*

E.g. the *Oshirikajiri-mushi* ("bottom-biting bug") character, *yuru yuru* (loose-fitting) fashions, Mugen Puchi-Puchi Tsubushi (bubble-wrap popping toy), etc.

The Self

The desire to cherry-pick the best of yesterday and today, East and West and incorporate it

into personal standards for living.

(7) Gender and age flexibility: *Cherry-picking interests and preferences without regard to age and gender barriers*

E.g. the boom in male beauty products/services, fast-food for grown ups, KidZania (an “edutainment” facility where kids can experience different jobs), etc.

(8) Time flexibility: *Increasing life satisfaction by filling in spare blocks of time or shifting active hours to the start or end of the day*

E.g. one-coin fitness, lunchtime mini-lessons, focus on the morning hours, etc.

(9) “Big moment” flexibility: *Greater focus on the self and arranging and presenting oneself to others*

E.g. fancy sandals, blogs and self-publishing, avatars in virtual space, etc.

Immediacy

The desire to immediately respond to and have fun with intuitive goods and experiences that need no explanations.

(10) Experiential immediacy: *Instinctive enjoyment of intuitive products and services that need no preamble*

E.g. super-sized burgers, *Billy’s Boot Camp*, video games offering physical experiences, etc.

(11) Seal of approval immediacy: *Interest in things sanctioned by someone; their sure-fire reputation and the reasons behind it*

E.g. redeveloped business facilities in Roppongi, Ginza and Yurakucho, the boom in 1980s music, etc.

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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 ninth largest core agency in the world according to *Advertising Age's* agency report 2007. 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 67 offices in 18 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.hakuhold-dy-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.