

**Hakuhodo Institute of Life & Living**  
**The Dynamics of Japanese *Sei-katsu-sha*: 2008**

## Tangible Aspirations Move Markets

<b>Roots—</b>	<b>“I want to become grounded.”</b>	<b>84.0%</b>
<b>Senses—</b>	<b>“I want to get back in touch.”</b>	<b>57.1%</b>
<b>Rewards—</b>	<b>“I want to feel challenged.”</b>	<b>88.2%</b>

*Consumers likely to influence market changes guided by the desire for authentic experience in their lives, specifically the desire to become grounded, get back in touch and feel challenged.*

At the start of every year, the Hakuhodo Institute of Life & Living (HILL) reveals in its publication *Dynamics of Japanese Sei-katsu-sha* early signs of changes in people's values and emerging lifestyle trends. In creating *Dynamics of Japanese Sei-katsu-sha: 2008, Finding Happiness in a New Era and Demand in the New Consumer Market*, HILL found that the values of *Sei-katsu-sha* are undergoing significant change.

### Summary of Survey Results:

#### 1. An Era of Loss—Japan's Core Competencies at Risk

Unnoticed during the period of economic recovery since the bursting of the economic bubble, Japan has seen a continual slipping away of certain traditional core competencies. Specifically, we have been able to identify the following five areas of loss: an impaired relationship with Mother Nature, a malnourished approach to the temple of the body, a paralyzed sense of ethics, a lack of solidarity and comradeship, and a shared sense of loss of economic well-being. What's more, within an environment plagued by increasing rationalization, streamlining and money politics, *sei-katsu-sha* have begun to express anxiousness and doubt over not being able to find their purpose in life or even an overall sense of what life itself constitutes.

#### 2. Budding New Desires—Ensuring Tangibility by Cultivating Roots, Senses and Rewards (Analysis of the Survey)

##### ① **Roots: The desire to prove one's own existence, cultivate individual strengths and deepen personal relationships**

*Sei-katsu-sha* responses indicated greater desire to settle down and establish deep roots and less desire to connect with an increasingly IT-based, globalized society. Responses that exemplified these wishes included: "I want to build closer friendships"—74.7% and "I want to work for the same company for as long as possible"—85.9%.

##### ② **Senses: The desire to be physically involved, enjoy "putting more of oneself into one's work" and fully engage all of one's senses**

*Sei-katsu-sha* responses reflect negative reactions to an increasingly automated world; instead, they are expressing a vital need to utilize their hands and bodies—to experience life with their senses. "I want to use technology less for understanding Japanese characters (*kanji*) and improve my own recognition and writing"—75.1%—demonstrates this common need.

##### ③ **Rewards: The desire for creativity, connections and challenge**

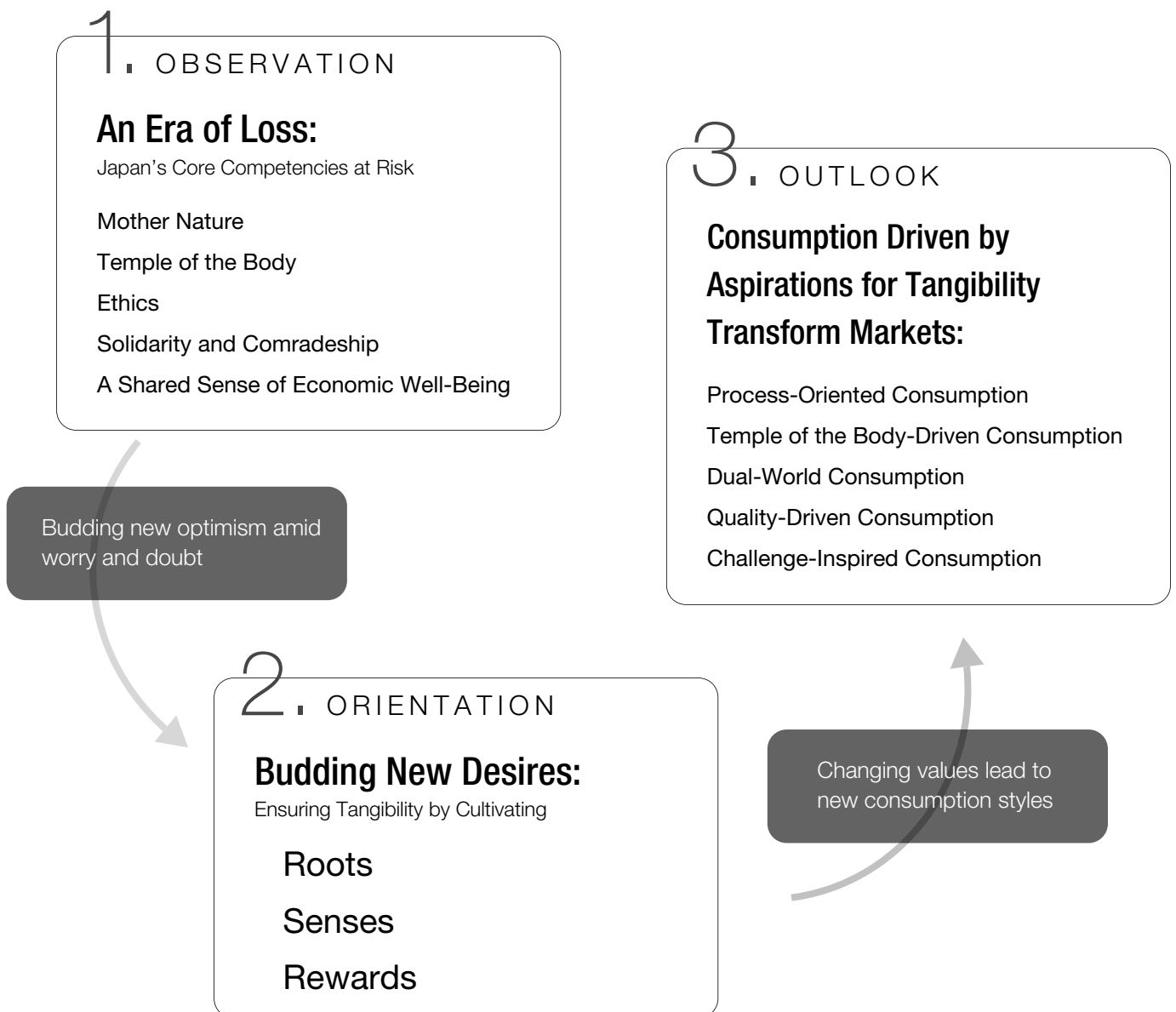
*Sei-katsu-sha* aspirations toward creativity as well as to directly address issues and take on challenges demonstrate a growing desire for proactive lifestyles. "I want to challenge myself physically through sports or intense physical training"—55.6% and "I want to take up a creative activity"—77.5%—signify such desires.

Roots, senses and rewards are thus a means to an end for *sei-katu-sha*—specifically, people want to feel alive and aspire to take hold of life directly. Accordingly, the lifestyle priorities of more and more people are shifting toward this kind of tangibility. Looking at survey responses, 59.5% of *sei-katsu-sha* reported feeling that their current lifestyle offered sufficiently tangible rewards, but 94.5% reported wanting to see more tangible rewards; a new undercurrent indicating a change toward a quest for authentic life experiences.

### 3. Consumption Driven by Aspirations for Tangibility Transforms Markets

The current market will increasingly be defined by whether or not available services and products contribute to this sought-after tangible life experience. In essence, *sei-katsu-sha* are increasing the tangible rewards afforded by their daily lives through their product and service choices. Furthermore, there is demand for a paradigm shift away from a trade-based economy that values rationalization and efficiency and toward a personal growth-based economy that values direct involvement, learning from experience and knowledge.

## TANGIBLE ASPIRATIONS MOVE MARKETS



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# 1 An Era of Loss: Japan's Core Competencies at Risk

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Despite optimism spurred by steady recovery, feelings of apprehension are prevalent in Japan. It appears that while economic strength was improving, other vital competencies were slipping away.

## ① Mother Nature

Japan's relationship with Mother Nature has been impaired; food self-sufficiency has decreased and global warming is having an impact. A range of environmental hazards are posing increasingly serious threats.

- Living conditions are worsening. In 2005, 39,200 complaints were filed due to noise, vibration, air and other types of pollution.

\*Source: Environmental Management Bureau, Ministry of the Environment

- Japan's food self-sufficiency ratio continues to fall, dipping below 40% in 2006.

\*Source: Food and Agriculture Organization "Food Balance Sheets," Ministry of Agriculture, Forestry and Fisheries

## ② Temple of the Body

Technology has made today's lifestyles more convenient and we tend to use our hands, bodies and minds less for daily life tasks. Japanese thus feel that their intellectual, physical and technical strengths are declining.

- Japan's international academic standing fell from 1<sup>st</sup> to 10<sup>th</sup> in mathematics and from 8<sup>th</sup> to 15<sup>th</sup> in literacy between 2000 and 2006.

\*Source: OECD Programme for International Student Assessment (PISA) Summary, Ministry of Education, Culture, Sports, Science and Technology

- The average standing long-jump distance of 9 year-old boys in 2006 was 146.6 cm, down 9 cm in 20 years.

\*Source: Physical Fitness and Athletic Ability Survey conducted by the Ministry of Education, Culture, Sports, Science and Technology

- Specialized skills are being lost as the baby boomer generation retires—54% of Japanese companies are worried.

\*Source: A survey on the research activities of private businesses (fiscal 2005) conducted by the Ministry of Education, Culture, Sports, Science and Technology

## ③ Ethics

National pride is being eroded by declining public safety and educational quality, public and private sector misconduct, disintegrating morals and manners and a failing work ethic.

- At 2,270,000 in 2005, reported crimes rate are up 40% from 1985. The 2005 solution rate was 29%.

\*Source: Police White Paper, National Police Agency

- At 37,300 in 2006, reported child abuse cases grew 14 times, from 2,700 in 1995.

\*Source: Number of abused children who were reported to child guidance centers and others by law (Social Welfare Administration Report), Ministry of Health, Labour and Welfare

## ④ Solidarity and Comradeship

Japan's long-cherished strengths of family solidarity and teamwork have begun to dwindle along with the rise of nuclear families and single-person households and the breakdown of the lifetime employment system.

- In 2007, single-person households outnumbered nuclear families, becoming the largest type of family unit in Japan.

\*Source: Population projections database of the National Institute of Population and Social Security Research

- 33% of the work force was non-regular employees in 2006, doubling in 20 years.

\*Source: Labour force survey conducted by the Ministry of Internal Affairs and Communications.

- Since 1995, one-third of college graduates leaves their initial employer within three years.

\*Source: White papers on labor economics in Japan prepared by the Ministry of Health, Labour and Welfare.

## ⑤ A Shared Sense of Economic Well-Being

Gone are the beliefs that all Japanese are middle class and that hard work is rewarded, destroyed by a skewed economic structure characterized by growing income and information access disparities.

- Income disparity—highest at 410,000 yen/mo (Tokyo) versus 240,000 yen/mo (Okinawa)—is growing (2006 figures).

\*Source: Basic survey on wage structure conducted by the Ministry of Health, Labour and Welfare.

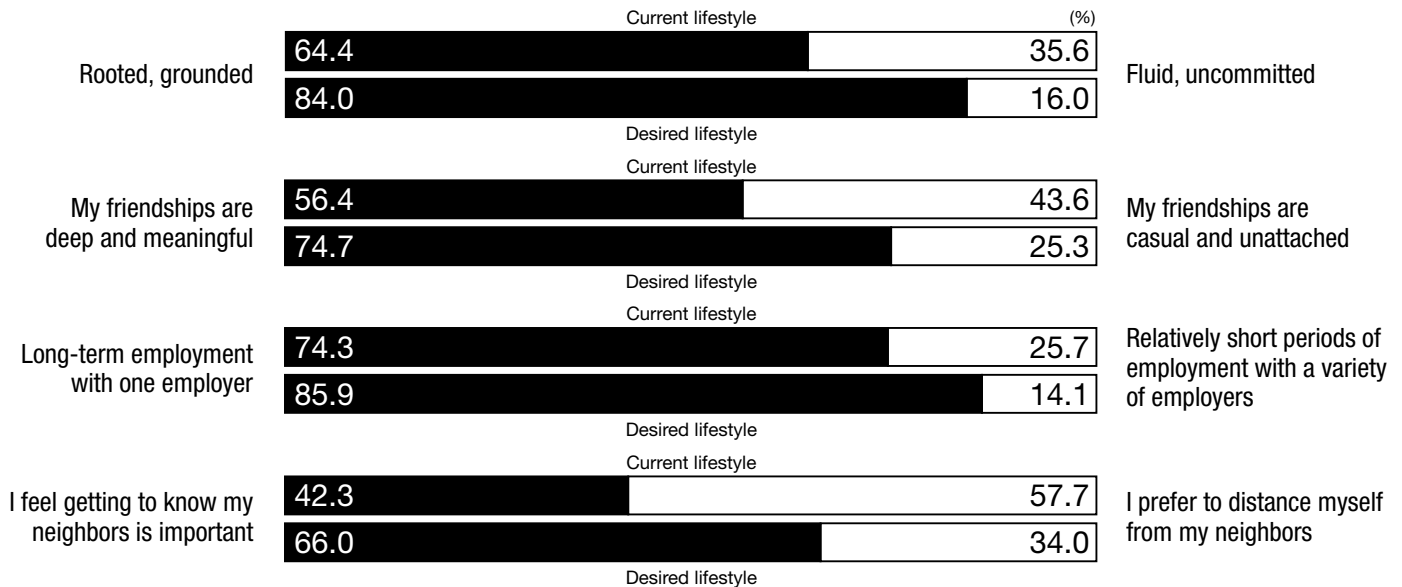
- At 1,076,000 in 2006, there were 1.8 times more welfare recipients than in 1995.

\*Source: Social Welfare Administration Report, Ministry of Health, Labour and Welfare

## 2 Budding New Desires: Ensuring Tangibility by Cultivating Roots, Senses and Rewards (Analysis of the Survey)

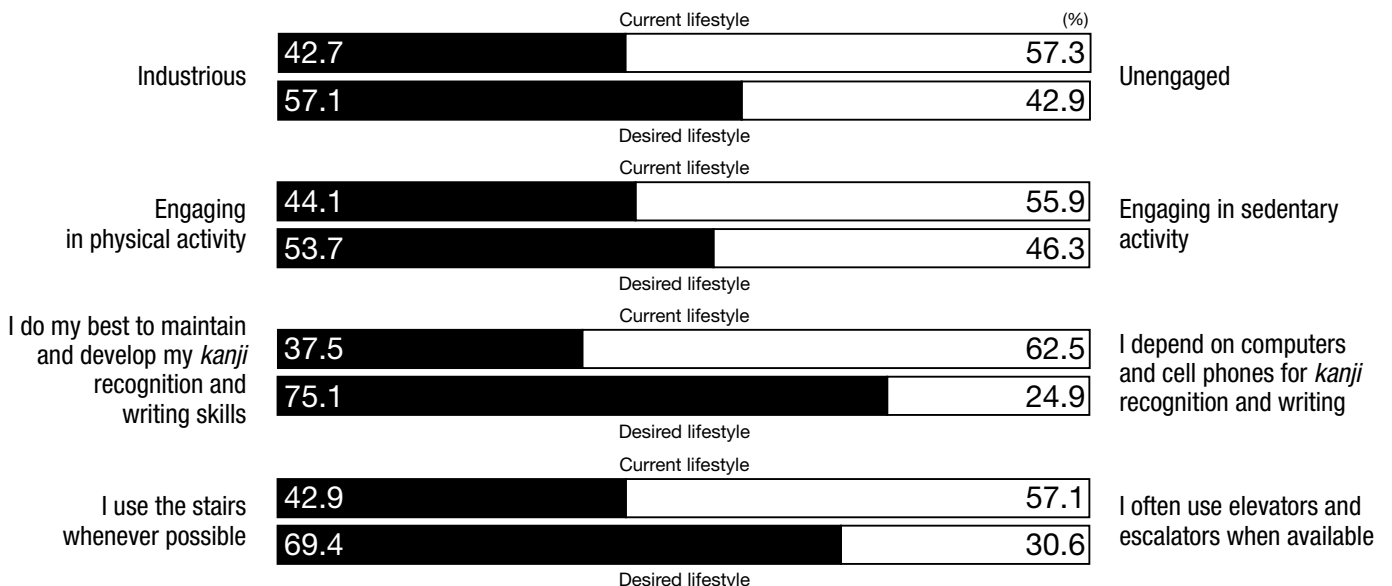
### Orientation 1 Roots: The desire to prove one's own existence, cultivate individual strengths and deepen personal relationships

Society is reacting to the loss of community and feeling of disconnection. 74.7 % are saying, "I want to build closer friendships," 85.9%, "I want to work for the same company for as long as possible" and 66.0%, "I want to get to know my neighbors better." *Sei-katsu-sha* are showing a desire to put down roots in their communities, deepen personal relationships, cultivate strengths, prove their relevance and distance themselves from IT-based space.



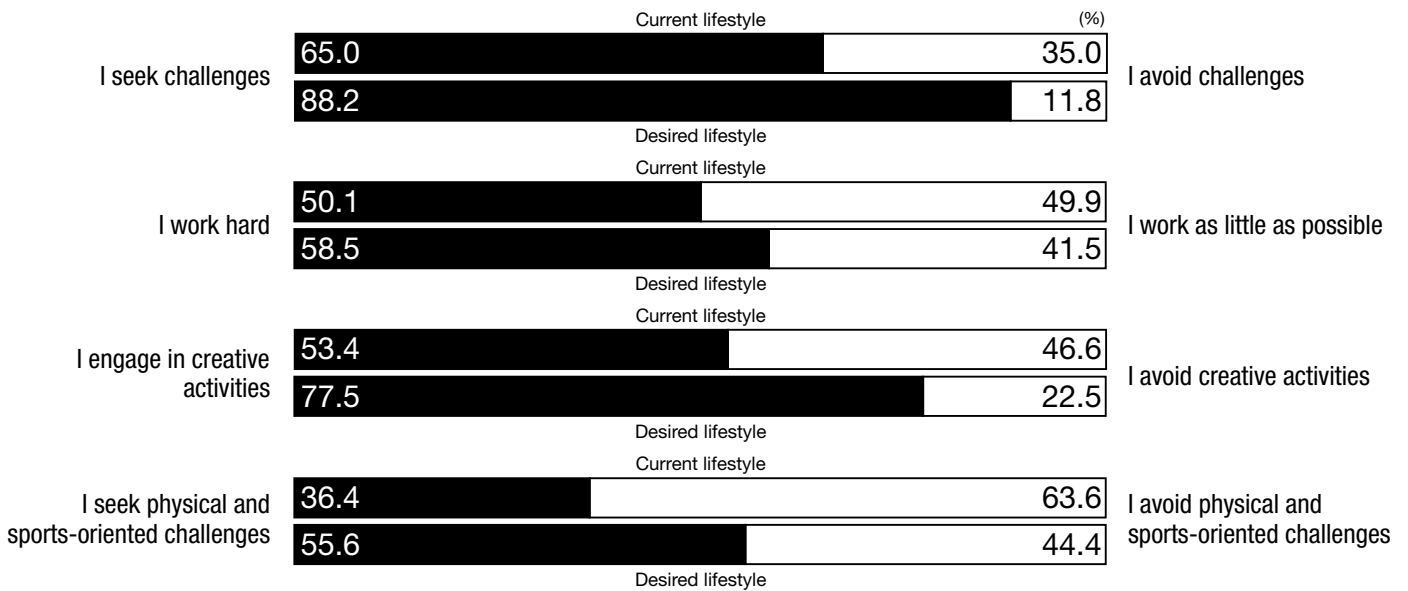
### Orientation 2 Senses: The desire to be physically involved, enjoy "putting more of oneself into one's work" and fully engage all of one's senses

57.1% of *sei-katsu-sha* choose an "industrious" lifestyle over one that is "unengaged," and 53.7% prefer "physical activity" over "sedentary activity." *Sei-katsu-sha* are aware of the decrease in things requiring human effort or skill thanks to technology. 75.1% say "I want to use technology less for understanding Japanese characters (*kanji*) and improve my own recognition and writing" while 69.4% claim "Whenever possible, I take the stairs, not an elevator or escalator." These negative reactions to an increasingly automated world demonstrate *sei-katsu-sha* desires to utilize their hands and bodies and engage their senses.



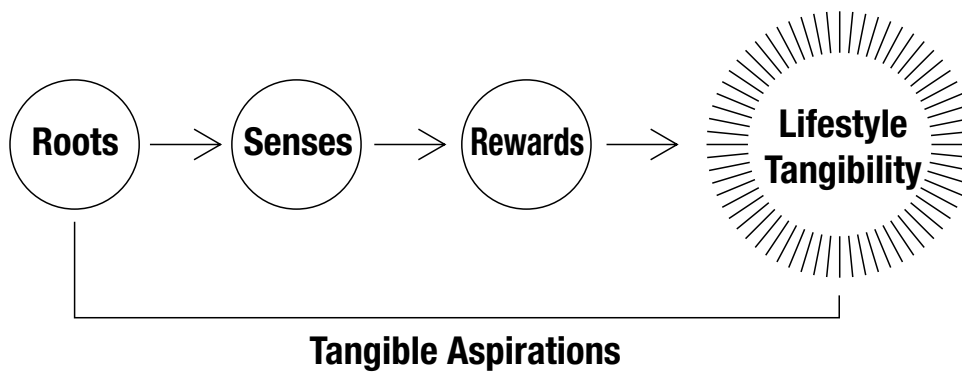
## Rewards: The desire for creativity, connections and challenge

88.2% of *sei-katsu-sha* “Seek challenges” rather than “Avoid challenges,” while 58.5% choose “I work hard” over “I work as little as possible.” Moreover, 77.5% “Want to pursue creative activities” and 55.6% reported “Want to engage in challenging sports or intense physical training.” These desires for challenge and creativity through daily life activities, including raising plants or animals or getting involved in children’s education, demonstrate a need for nurturing experiences and a feeling of accomplishment.



### Sei-katsu-sha Take on Tangibility

*Sei-katsu-sha* are increasingly searching out the tangibility that they crave. 59.5% of *sei-katsu-sha* reported feeling that their current lifestyle offered sufficiently tangible rewards, while an overwhelming 94.5% reported wanting to see more tangible rewards in their lives. These responses show that while living with worry and apprehension, *sei-katsu-sha* are reexamining their lifestyle habits and taking a more proactive stance toward discovering the true meaning of life, a major shift in lifestyle preferences.



How tangible are the rewards provided you by your life as it is now? Do you aspire to realize a more tangibly rewarding lifestyle in the future?



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### 3 Consumption Driven by Aspirations for Tangibility Transforms Markets

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The following consumption models represent our expectations of future trends. These projections show a demand-driven paradigm shift away from a trade-based economy that values rationalization and efficiency and toward a personal growth-based economy that values getting directly involved, learning from experience and gaining knowledge.

#### Proposed Consumption Models for Achieving Lifestyle Tangibility

##### ■ Process-Oriented Consumption

The most life-affirming activity is nurturing living beings, especially children but also animals and plants or even oneself. A key feature of nurturing oneself may well be the use of digital media to enhance skills, performance and IT literacy.” At the same time, the concept “practice makes perfect” applies to products, which should be designed to increase in consumers’ valuation with use. We expect the market for such products, which address people’s feeling of unease with technology, to grow.

##### ■ Temple of the Body-Driven Consumption

This is perhaps the best model of how the desire for tangible experience can drive urban design and development to meet needs by incorporating ways to engage the senses and physically connect with the world. In this age of electronic communication, people need even more to interact and communicate on a physical level, such as by touching or through body language.

##### ■ Dual-World Consumption

Novels written and published using cell phones provide a sense of immediacy and realism for readers and, through real-time discussions, readers can interact, effectively creating real-life communities. Blogs, on the other hand, showcase one person’s perspectives and have the potential to influence others in a different way. The combination and synchronization of online and offline world experience is becoming a significant form of lifestyle tangibility and building personal confidence.

##### ■ Quality-Driven Consumption

*Sei-katsu-sha* are seeking lifestyle fulfillment by looking beyond traditional primary needs—food, clothing and shelter—to products and services that are “authentic,” in other words, the cumulative result of a legacy of knowledge and skill.

##### ■ Challenge-Inspired Consumption

A growing number of people are actively pursuing betterment of their communities by promoting civil enterprise and experimenting with new lifestyles. Businesses that cultivate social entrepreneurship along with services that support networks for new lifestyle movements are likely to develop their own markets.

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#### Outline of the “Transitioning Needs Survey”

- Survey time period: November 2007
- Sample population: Nationwide sample of men and women between the ages of 15 and 69
- Survey method: Internet
- Sample size: 3,428

Age	Men	Women
15 – 19	157	157
20 – 29	311	311
30 – 39	311	311
40 – 49	312	312
50 – 59	312	312
60 – 69	311	311
Total	1,714	1,714