

Japan's Changing Consumer in the Age of Reiwa and COVID-19

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1. Japan Consumer Sentiment Survey
 2. Disrupting Reiwa
 3. Direct Corona Crisis Impacts and Medium-Term Outlook
 4. Brand USA
 5. Big Picture Opportunities for US Businesses

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In 2017, we started
polling Japanese
every year in Spring

Carter Group – Japan Consumer Sentiment Study

Timing



March 2020 (13th-18th)

April 2019

April 2018

March 2017

Method



Web,
self-completion
N=1,000

Area



Japan nationwide
Population representative
by region

Age



15-69

Population
representative

Gender



Males and females
Population
representative



The dawn of Reiwa in 2019 held the promise of demographically driven social change and **renewal** in society

Dealing with a society with dramatically less people of working age

The four macro trends shaping modern Japan



Changing world of work

Japan is facing a major labor shortage, with no clear solution – robots, increased female workforce and “imported” labor are all being engaged



Women power

A record number of working age women now hold jobs in Japan, yet traditional work structures – such as the two-track work system – and attitudes are creating resistance



Generational dynamics

Japan is the most aged country in the world. An unprecedented problem, with no firm roadmap.

Generations may or may not have common interests

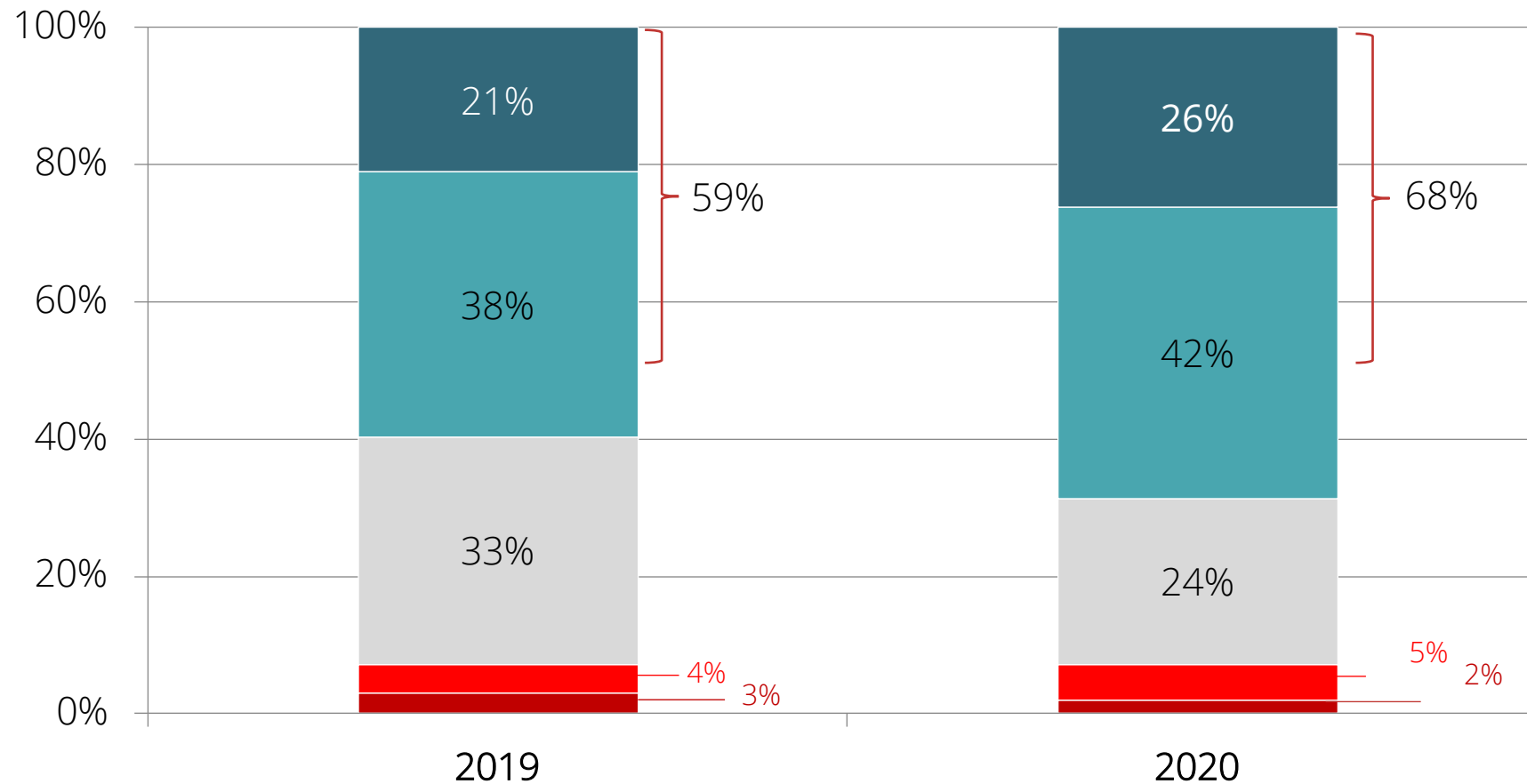


Internationalization

The country is already experiencing a record tourism boom, even before hosting both the Rugby World Cup 2019 and The 2020 Olympic Games

Japan's working habits: total year on year

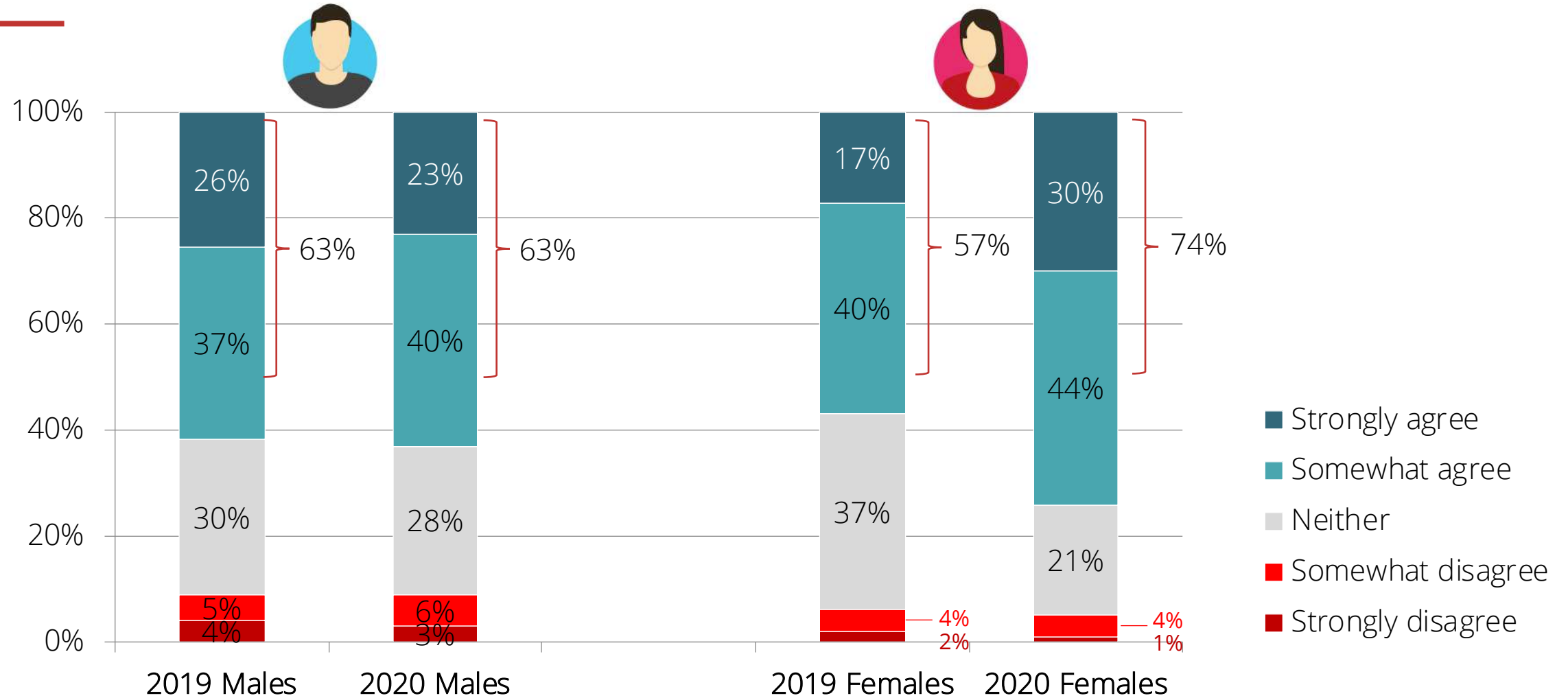
Japanese increasingly feel that change around work must take place



- Strongly agree
- Somewhat agree
- Neither
- Somewhat disagree
- Strongly disagree

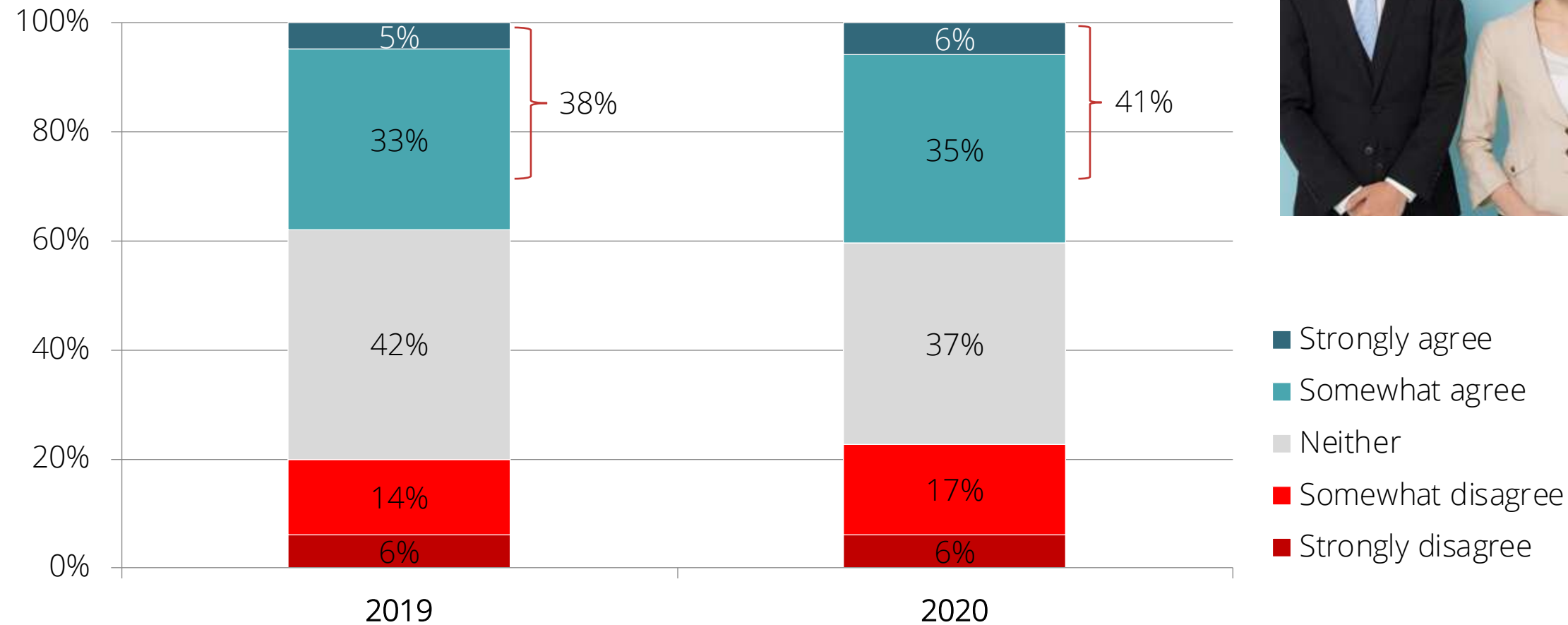
Japan's working habits: by gender year on year

Females drive the attitude that change around work must take place



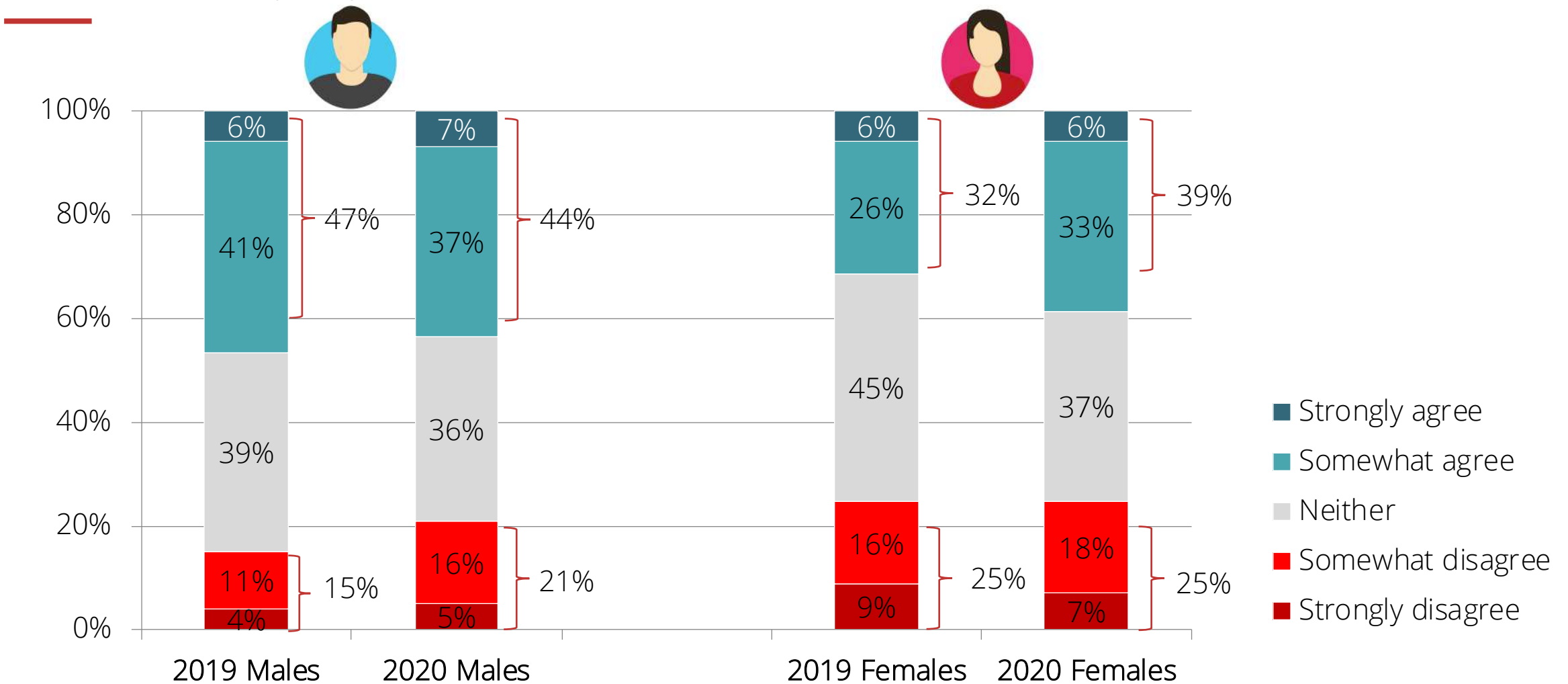
Sentiment on women's progress in society: total year on year

Women's progress in society is **slowly** gaining ground

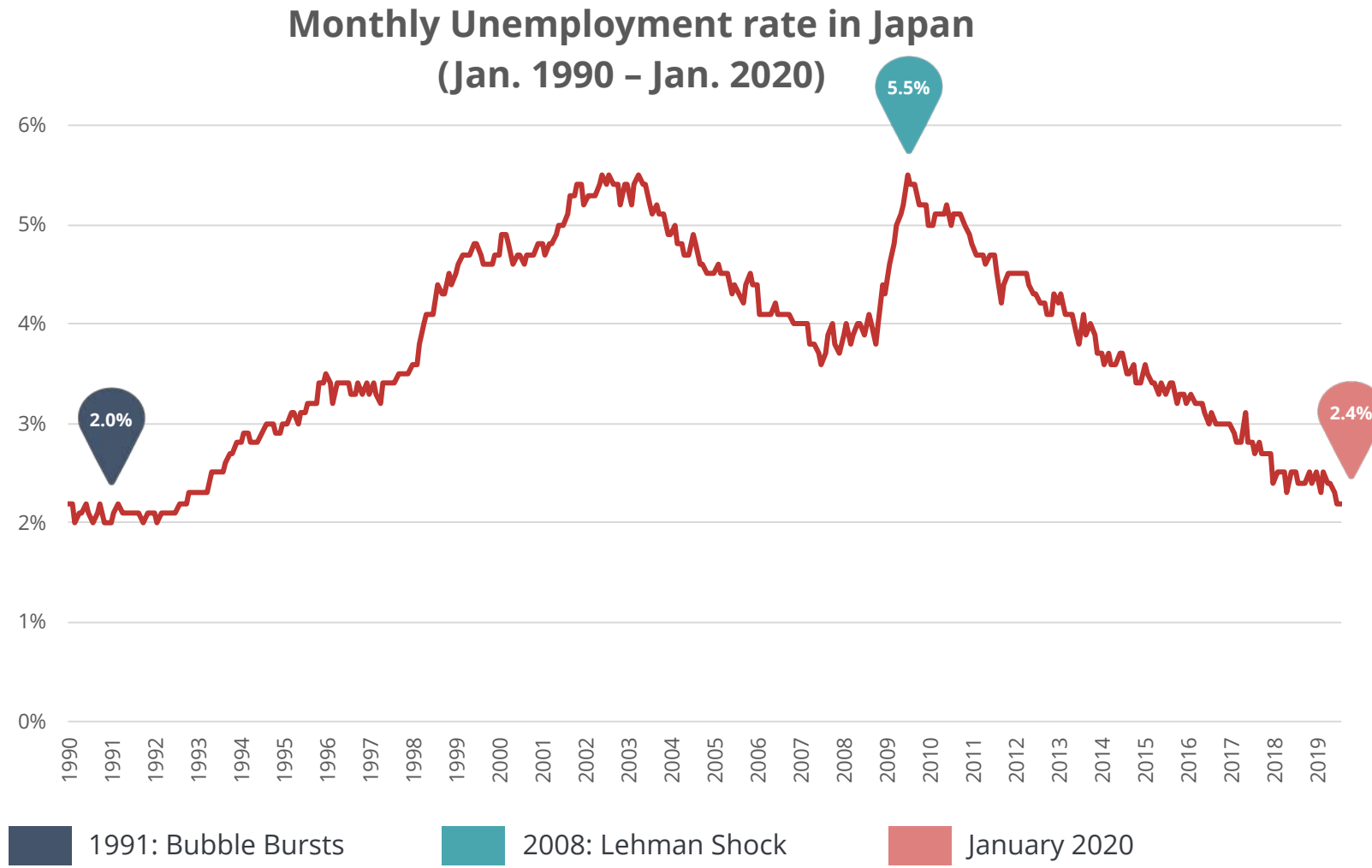


Sentiment on women's progress in society: by gender year on year

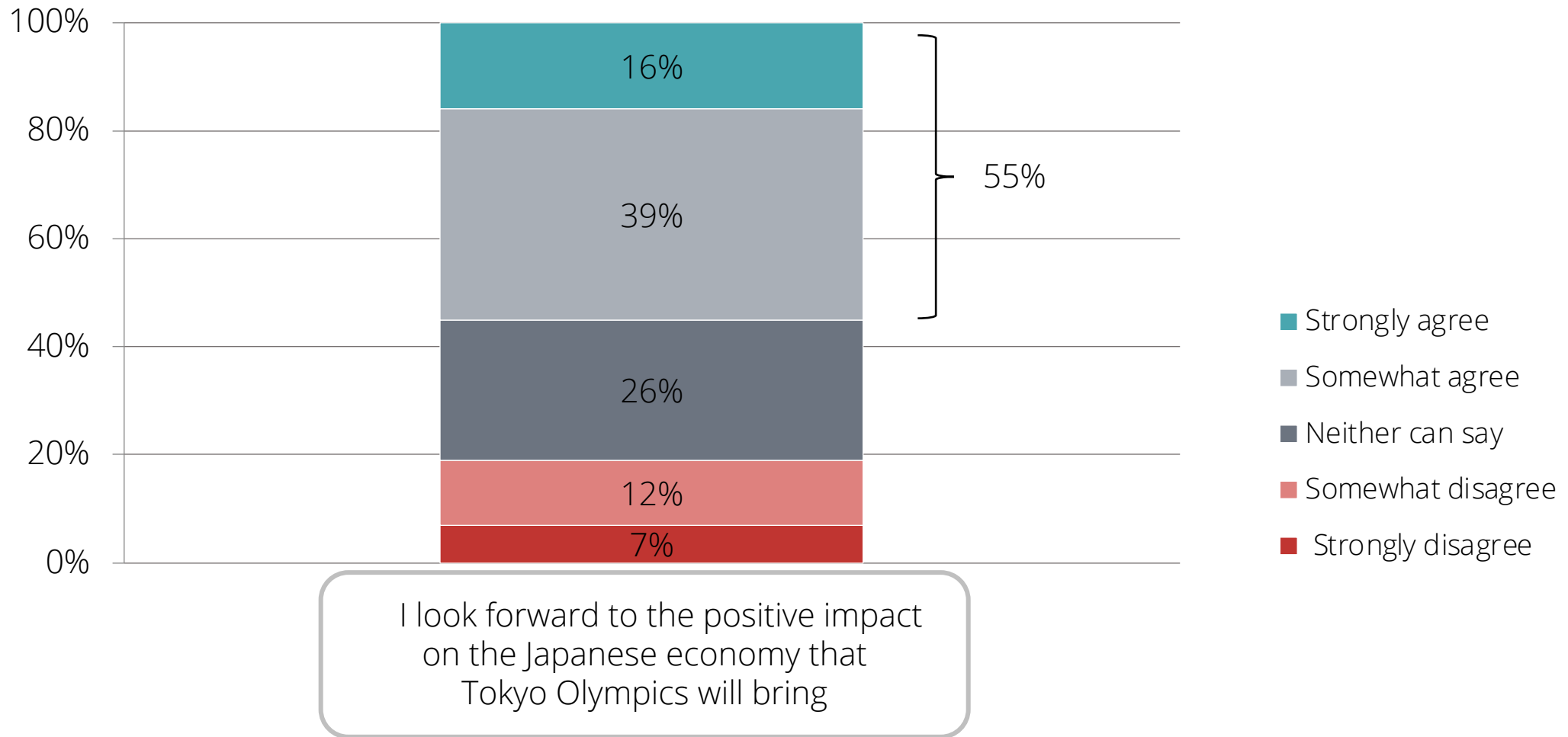
The gap is closing but men are more likely than women to feel that progress is being made towards equality



The Japanese economy has been very strong in recent years



There has been a strong degree of optimism around on Tokyo Olympics 2020

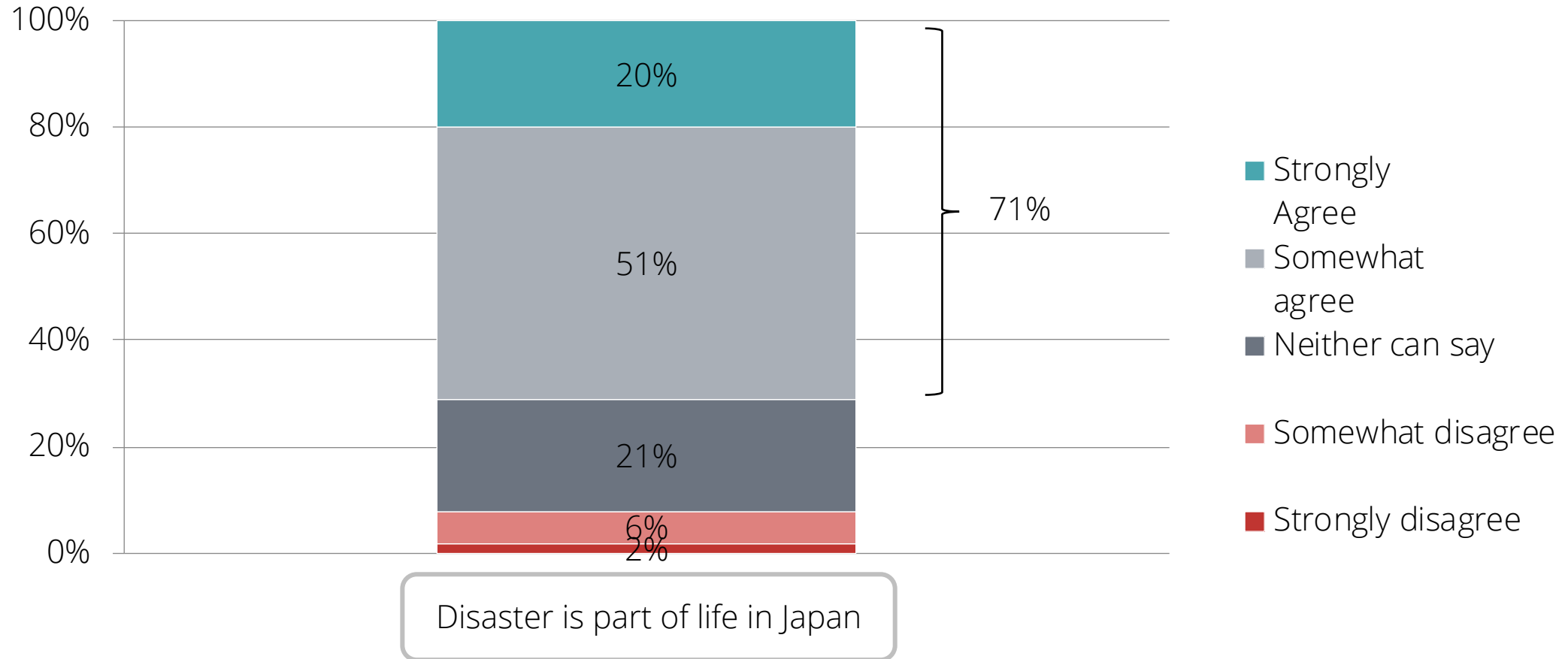




But in Japan disaster
always seems like it's
around the corner.
In fact, disasters are
part of life...

Disasters are part of the landscape in Japanese life

Preparedness prevails in Japanese sentiment



Carter Japanese Sentiment Survey March 2020 – "Q53. Please read each of the statements below and tell us to what degree you agree/ disagree."

Base: Nationwide, all respondents (males/ females 16-69) n=1,000



What's unique about this crisis seems to be the level of **personal responsibility** and individual decision people need to take to navigate through it

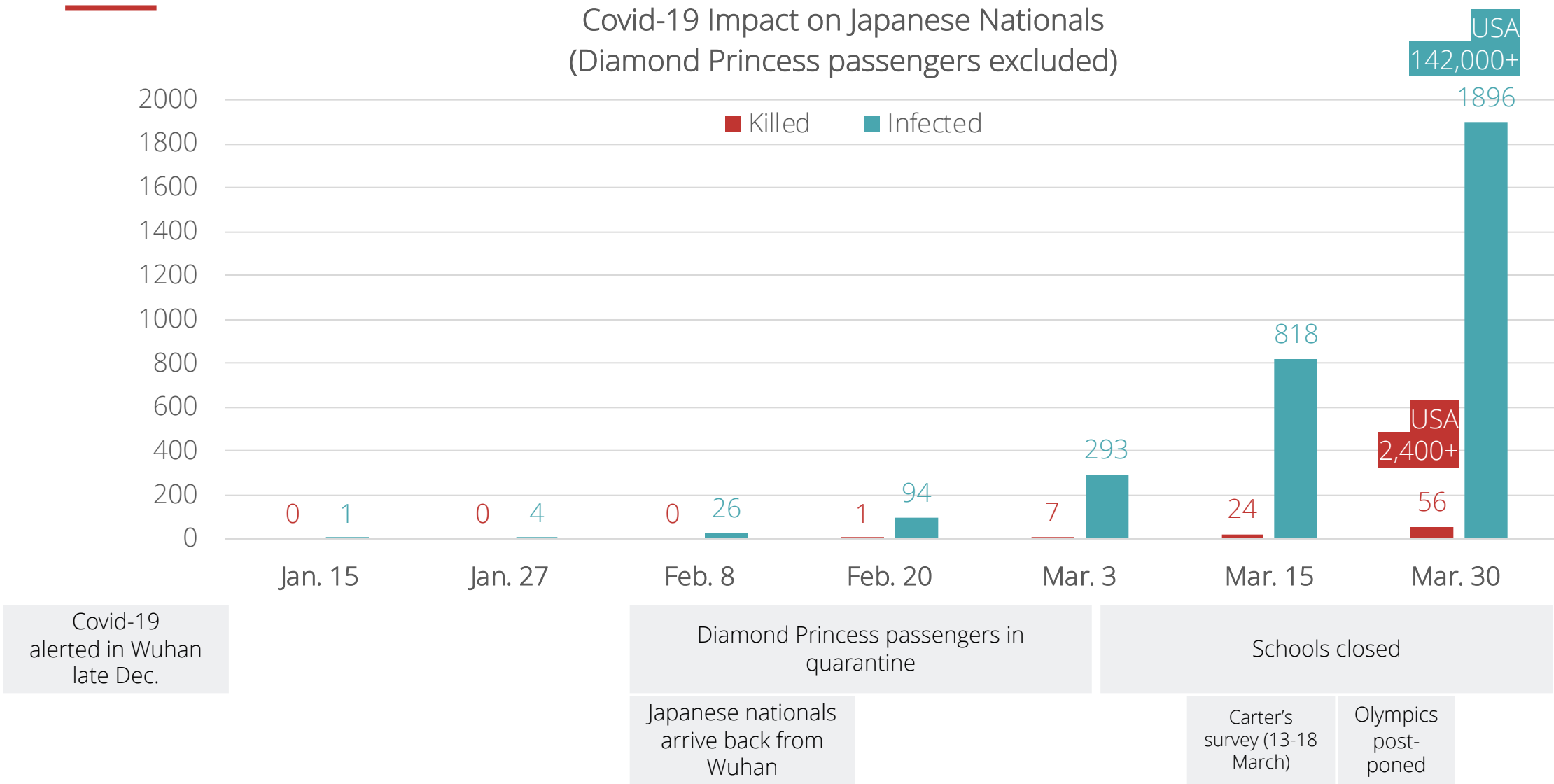
Consumption of products and experience has already become much more **conscious**

We are likely to see a **re-ordering** of needs in many consumer categories as we move out of the crisis

COVID-19 Snapshot of Direct Impacts



Covid-19 timeline for Japan



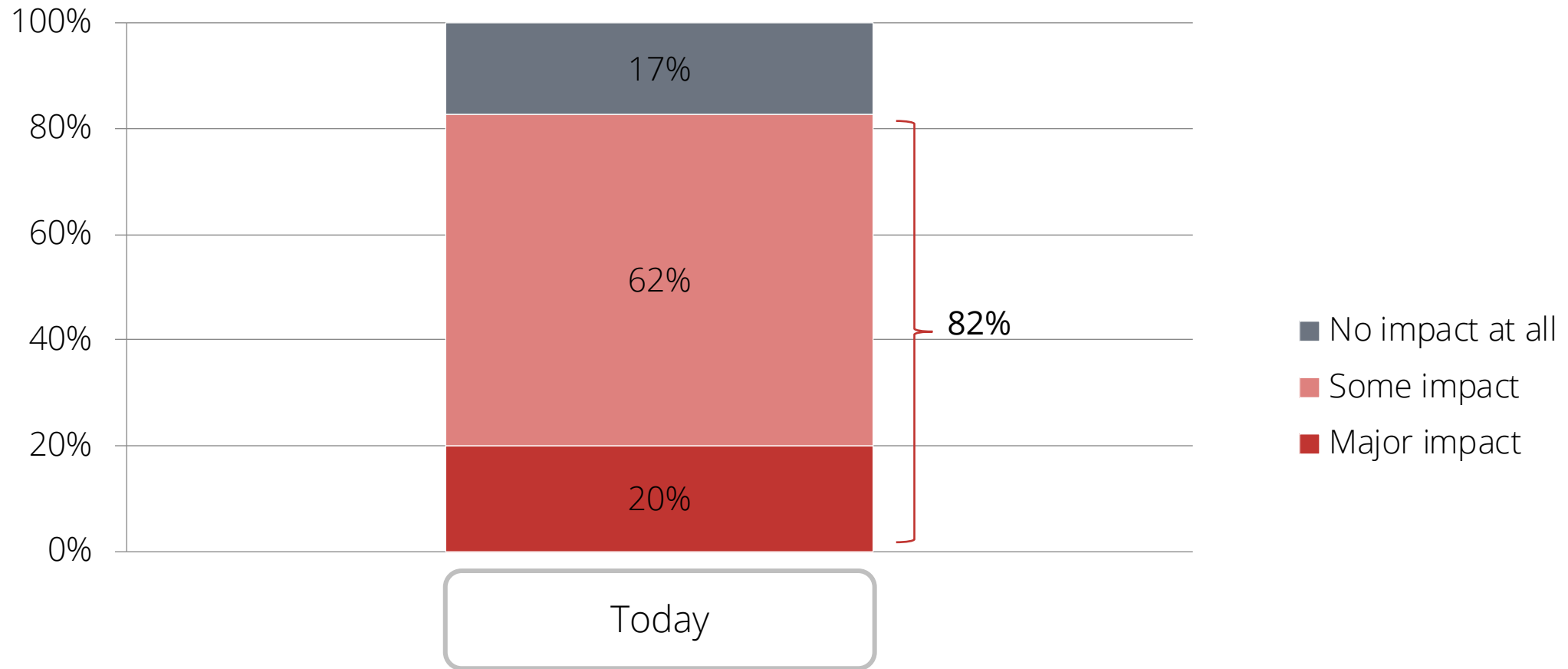
Concern over selected elements

Grave concern centers around the economy – more so than for personal wellbeing



Assessment of the impact on their *personal life today*

At least some impact is seen by 4 in 5 people





When uncertainty strikes, Japanese can turn their spending off like a tap

Impact on *personal* spending in the next 1-6 months: net gain/ loss analysis

Non-essentials are hit hard in the very short term, but will see some recovery over time

DINING OUT



Net LOSS in:
1-2 months
3-6 months

-41
-29

GROUP ACTIVITIES



-40
-28

THEME PARKS



-38
-32

MUSIC CONCERTS/
ENTERTAINMENT SHOWS



-35
-25

CINEMA



-27
-28

FASHION GOODS



-17
-13

TAXI RIDES



-17
-16

JEWELRY



-11
-10

HOUSEHOLD APPLIANCES/
ELECTRONIC DEVICES



-4
-4

RELAXATION PRODUCTS &
SERVICES



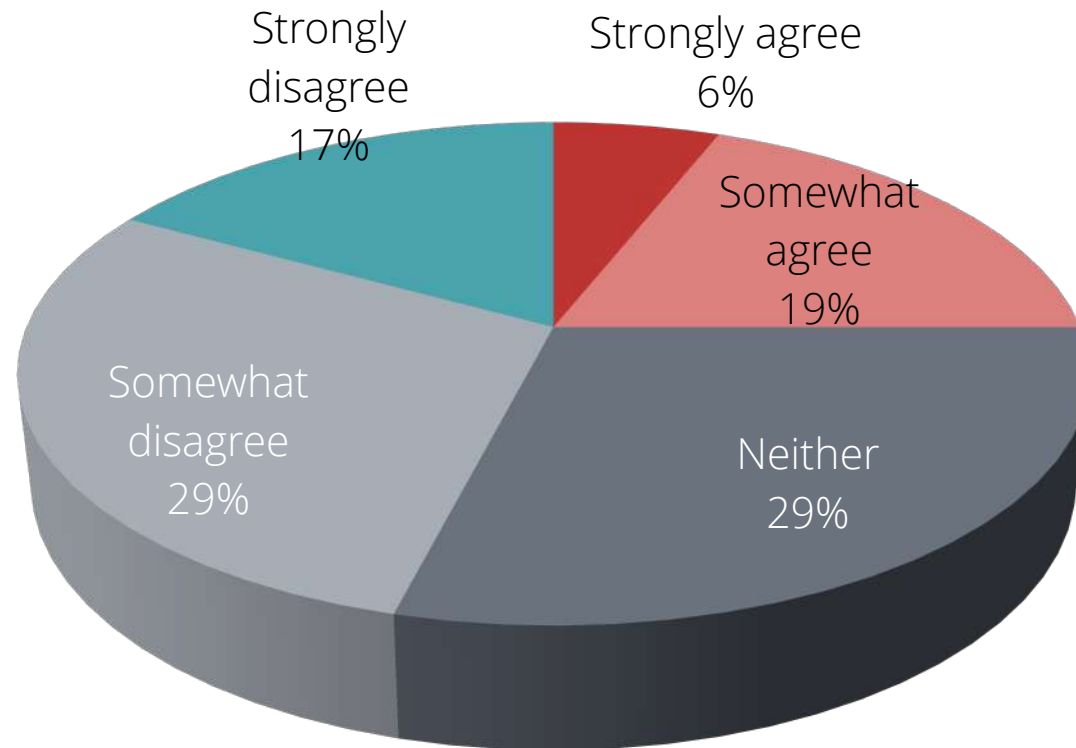
-3
-6

Agreement to the way the Government gives confidence to people

Disapprovers outnumber approvers in terms of the daily-life confidence the Japanese Government gives to people

Statement shown:

The Government is giving you enough confidence to maintain your normal lifestyle and spending habits in most areas



Carter Japanese Sentiment Survey March 2020 – “Q52. In terms of the way the Japanese Government is addressing the Coronavirus situation now, assume that you have heard such an opinion as below. To what extent do you agree/ disagree to this?”

Base: Nationwide, all respondents (males/ females 16-69) n=1,000

Impact on *personal* spending in the next 1-6 months: net gain/ loss analysis

Certain categories stand to gain throughout the crisis

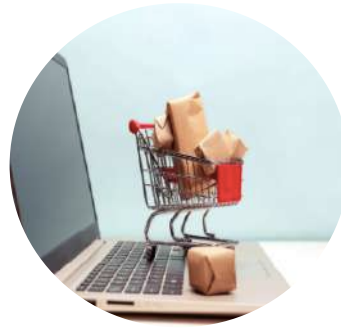
FACE MASKS



Net GAIN in:
1-2 months
3-6 months

+27
+17

ONLINE SHOPPING



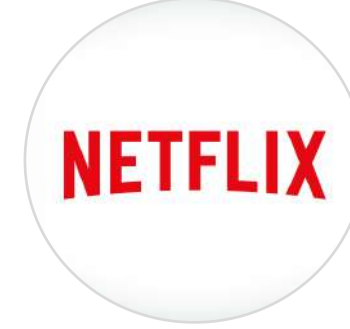
+23
+16

HOME DELIVERY SERVICES



+11
+4

STREAMING SERVICE
(MUSIC/ MOVIE)



+10
+4

STREAMING SERVICE
(EDUCATIONAL)



+7
+1

E-BOOK



+6
+1

VIDEO GAMES



+6
+2

SUPPLEMENTS



+2
-1

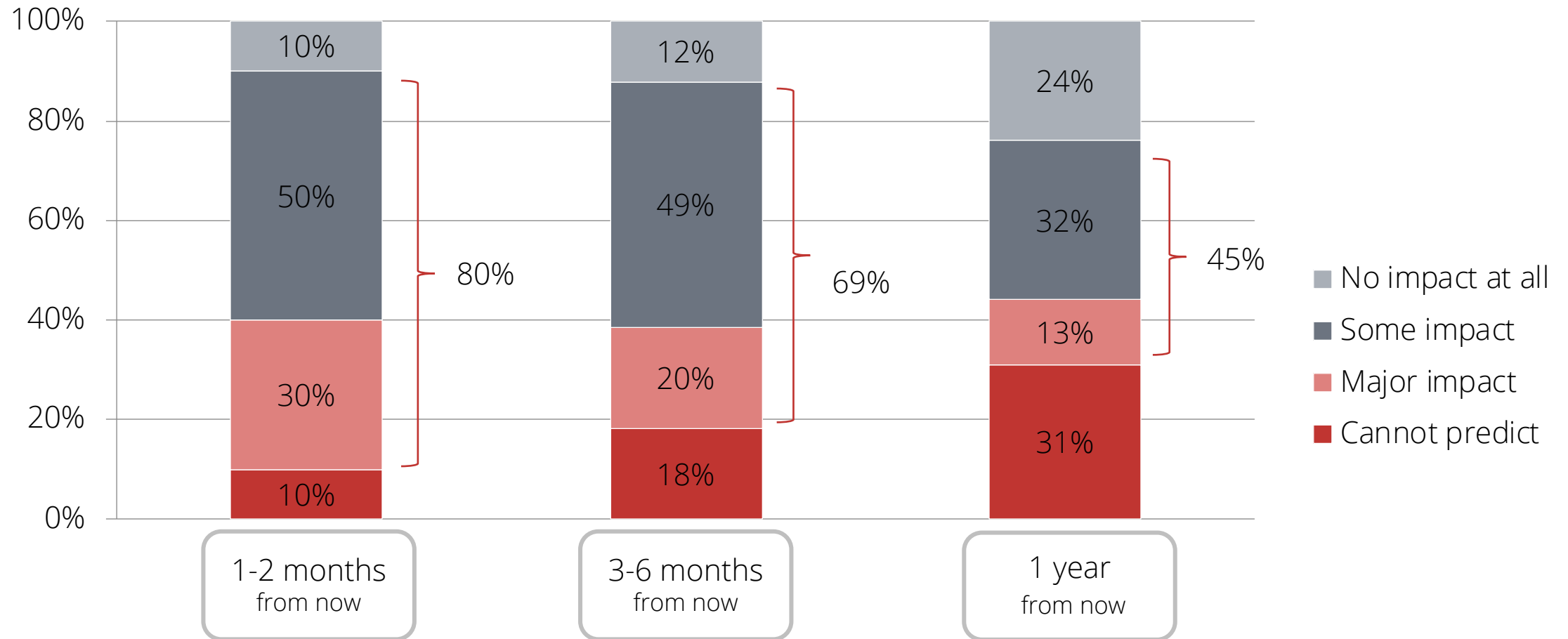
SKINCARE



0
-3

Prospect of the impact on their *personal* life *in the future*

Perceptions of certain impact are mostly being replaced with uncertainty as people look into the future

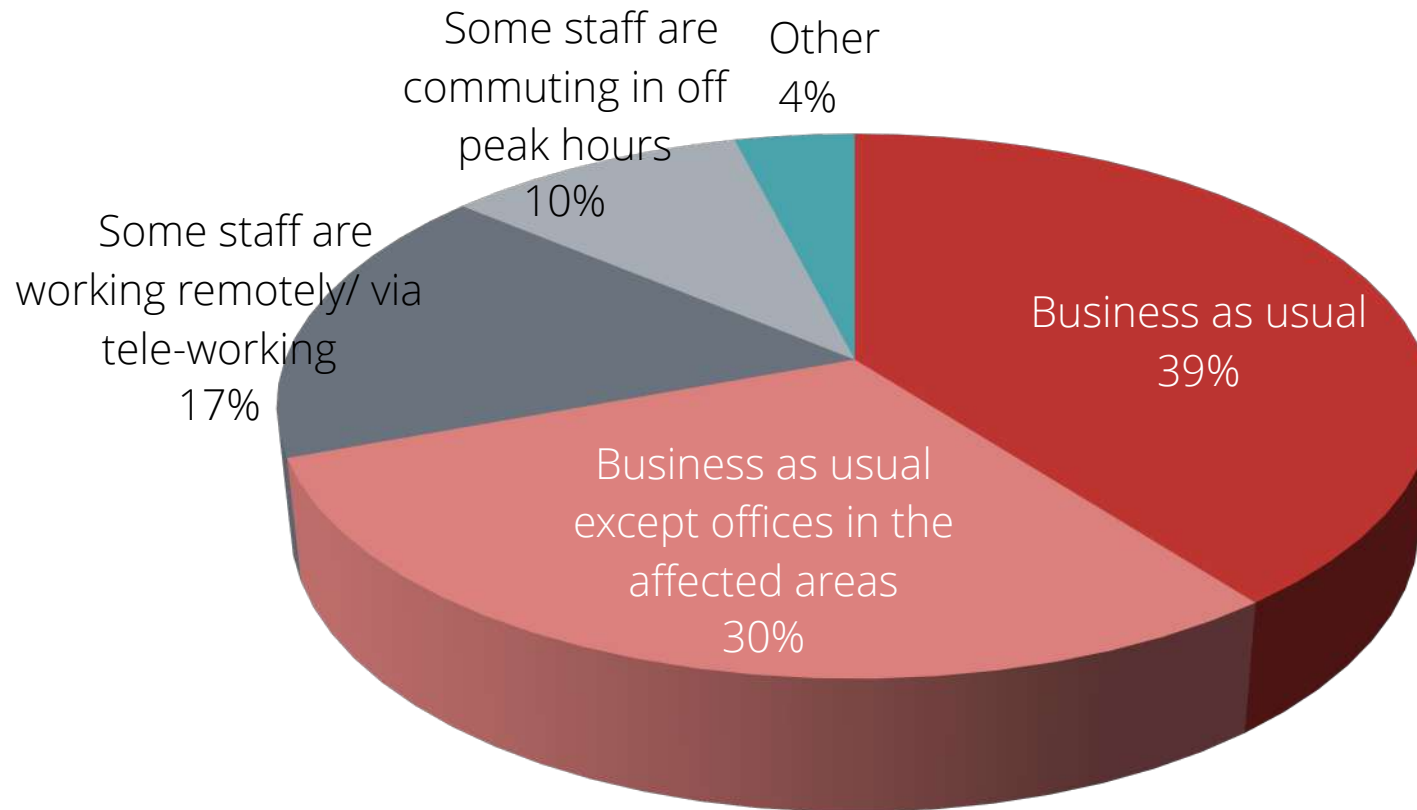


Carter Japanese Sentiment Survey March 2020 – “Q50. How would you assess the impact the Coronavirus situation could have on your personal life, for each of the following future periods?”

Base: Nationwide, all respondents (males/ females 16-69) n=1,000

Description of their working environment

In mid-March, nearly 70% of full-time workers largely see their working environment 'as usual'



Carter Japanese Sentiment Survey March 2020 – “Q54. Considering the current situation with Coronavirus, which alternative would best describe the current situation in your working environment?”

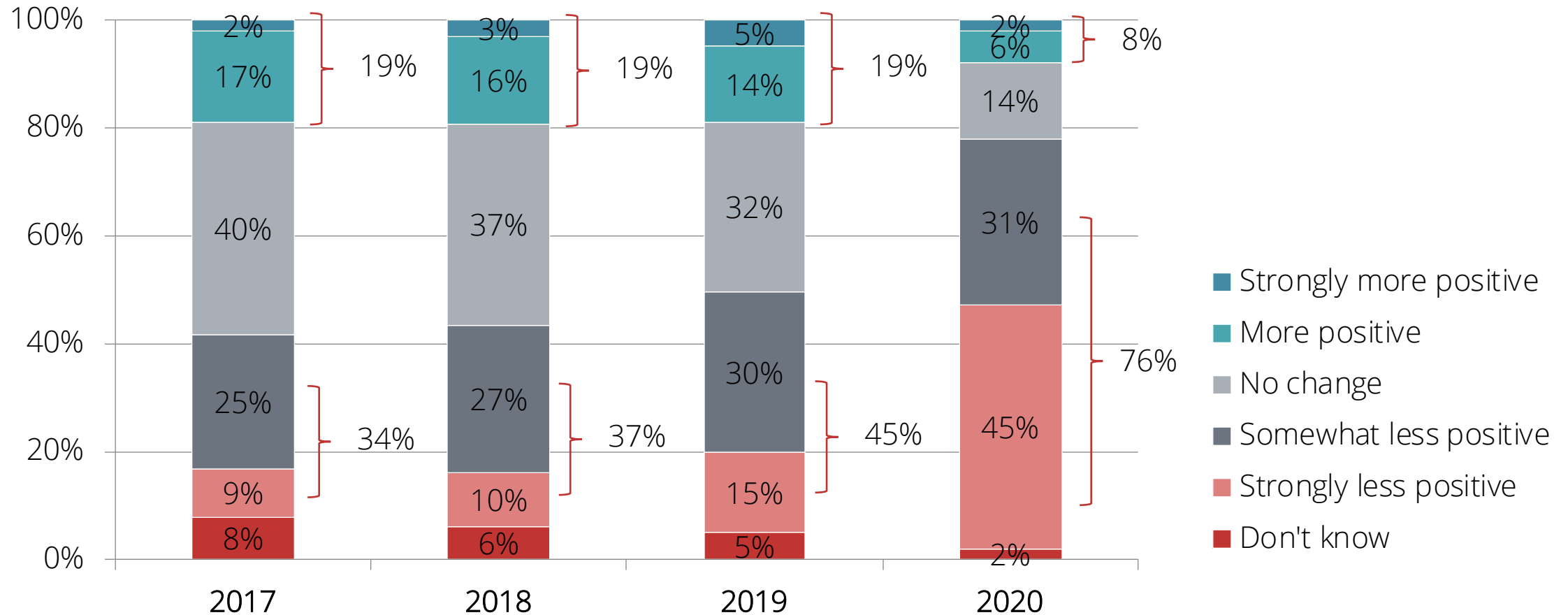
Base: Base: full-time employed respondents (males/ females 16-69) n=475



How is consumer confidence tracking now vs previous years?

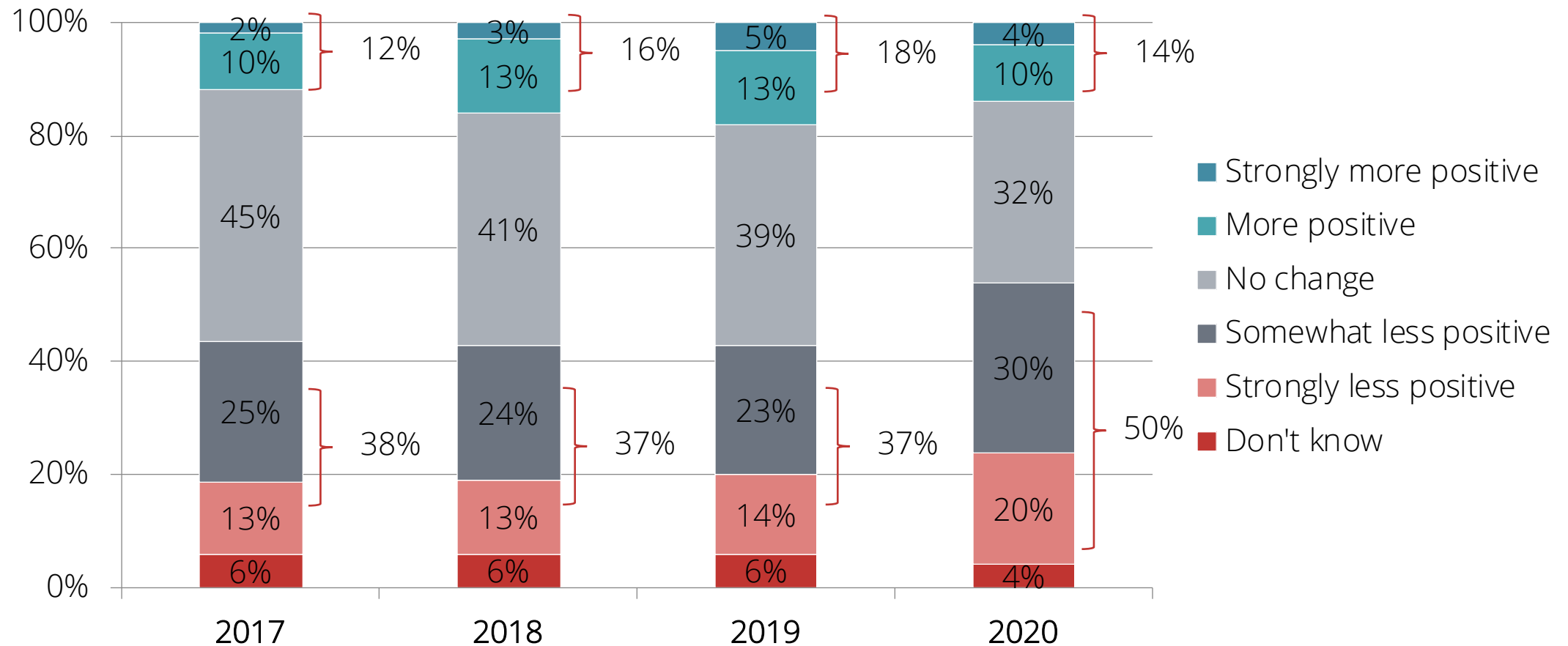
Overall economic sentiment

Pessimism was slowly creeping up year on year but the crisis in March 2020 has seen a negative step-change



Personal consumer sentiment

The slightly more positive trend that personal financial prospects followed have receded, as uncertainty prevails

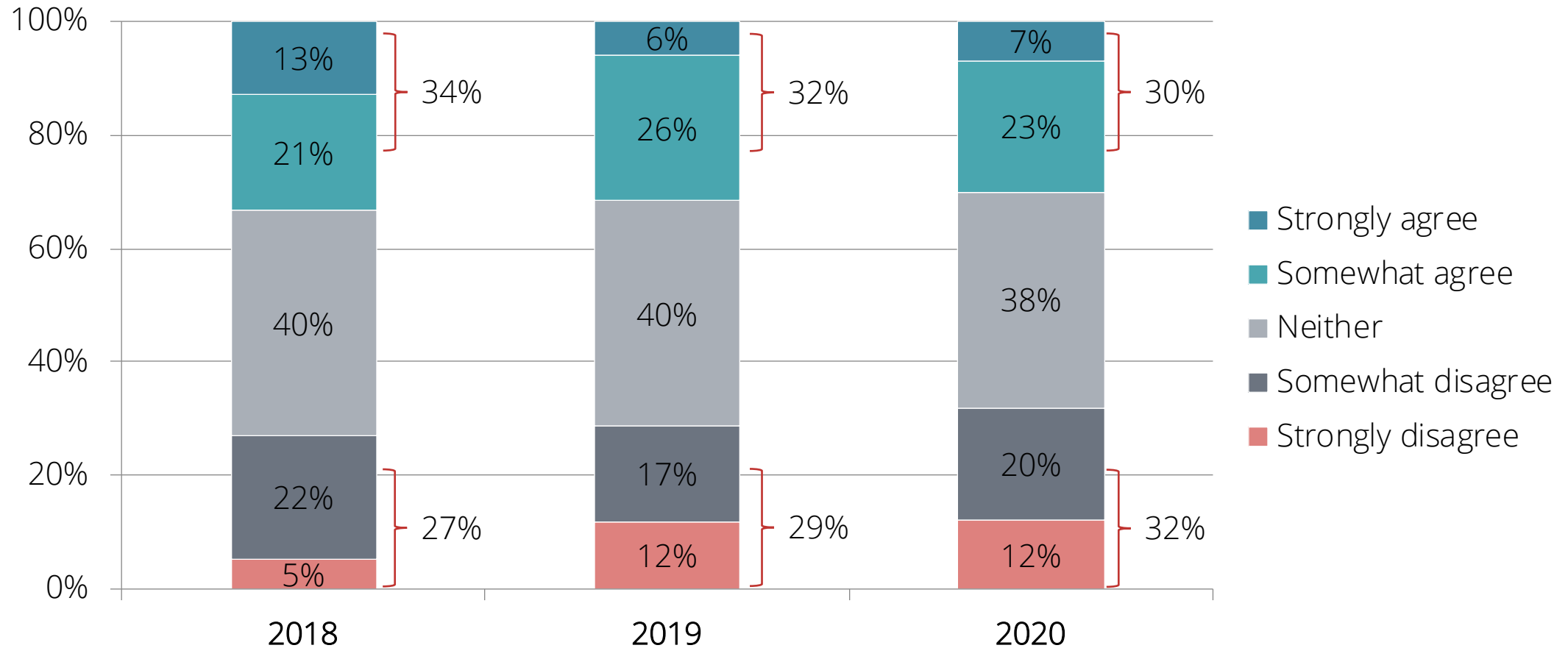


Carter Japanese Sentiment Survey March 2020 – “Q1.2 Please indicate how you currently feel about your personal financial prospects regarding the wider economy and your place in it”

Base: Nationwide, all respondents (males/ females 16-69) n=1,000

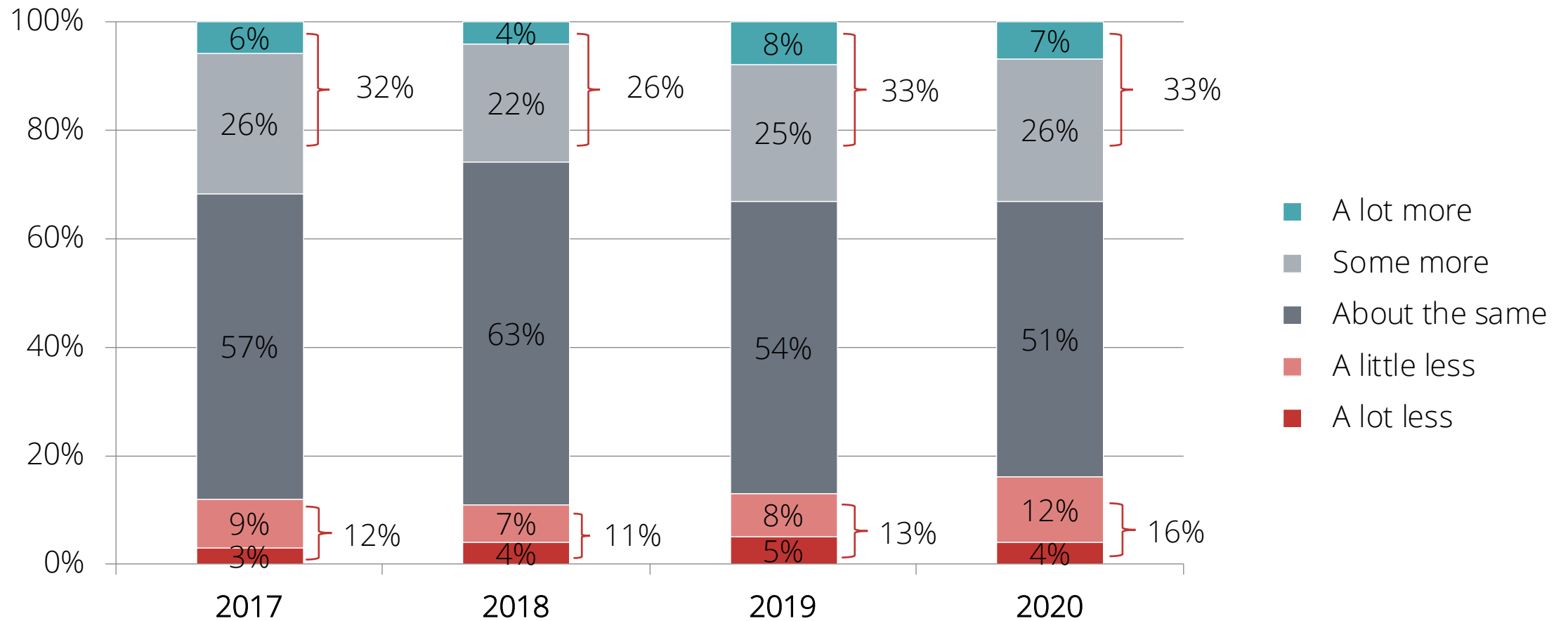
Confidence about their future condition in life

Personal confidence in their future life is being eroded but, on the whole, looking quite resilient



Projected spending: one year from now

Pattern is remarkably consistent year on year

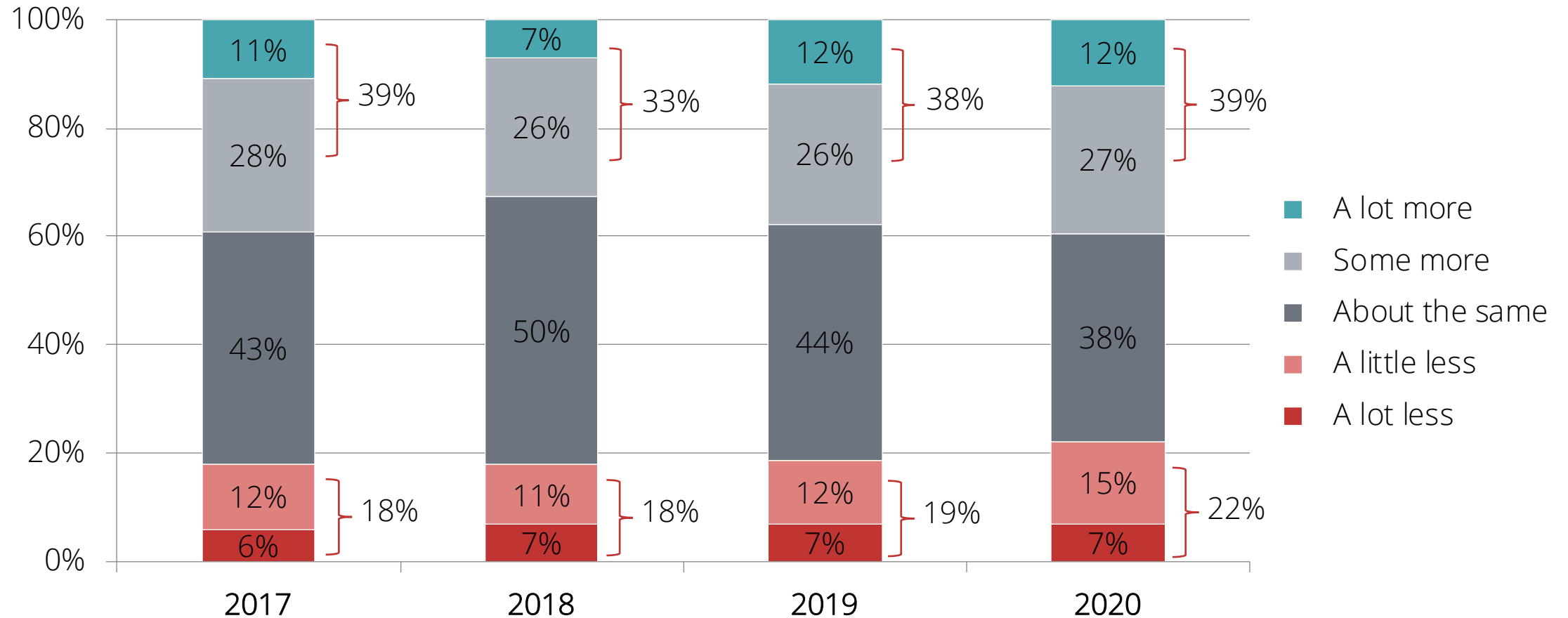


Carter Japanese Sentiment Survey March 2020 – “Q13.1 Thinking about your own needs and that of your family, those expenditures you will need to make out of necessity, those costs that are imposed on you, as well as those expenditures you would like to make for your own happiness and fulfillment, do you see yourself and your household spending more or less in - one year”

Base: Nationwide, all respondents (males/ females 16-69) n=1,000

Projected spending: two to five years from now

Optimism persists as Japan looks further into the future



Carter Japanese Sentiment Survey March 2020 – “Q13.2 Thinking about your own needs and that of your family, those expenditures you will need to make out of necessity, those costs that are imposed on you, as well as those expenditures you would like to make for your own happiness and fulfillment, do you see yourself and your household spending more or less in – Within the next 2-5 years”

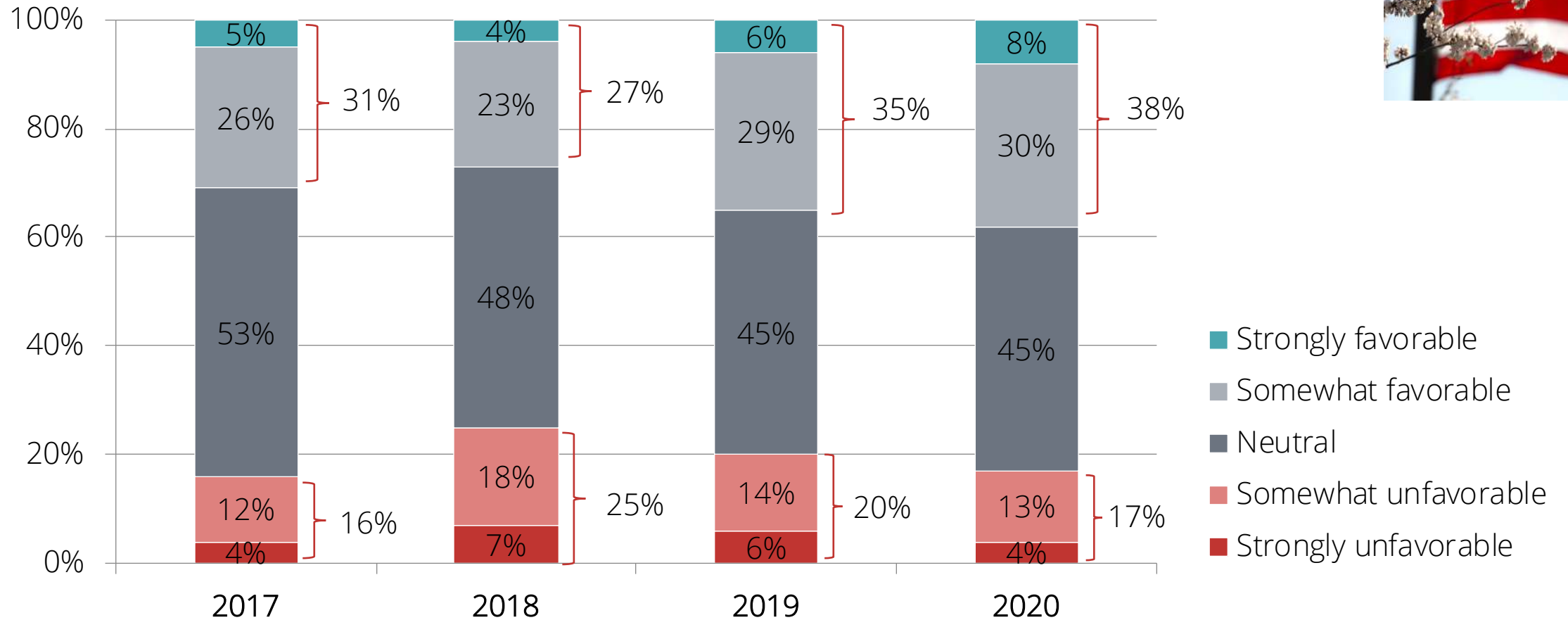
Base: Nationwide, all respondents (males/ females 16-69) n=1,000



How is the US perceived through the crisis?

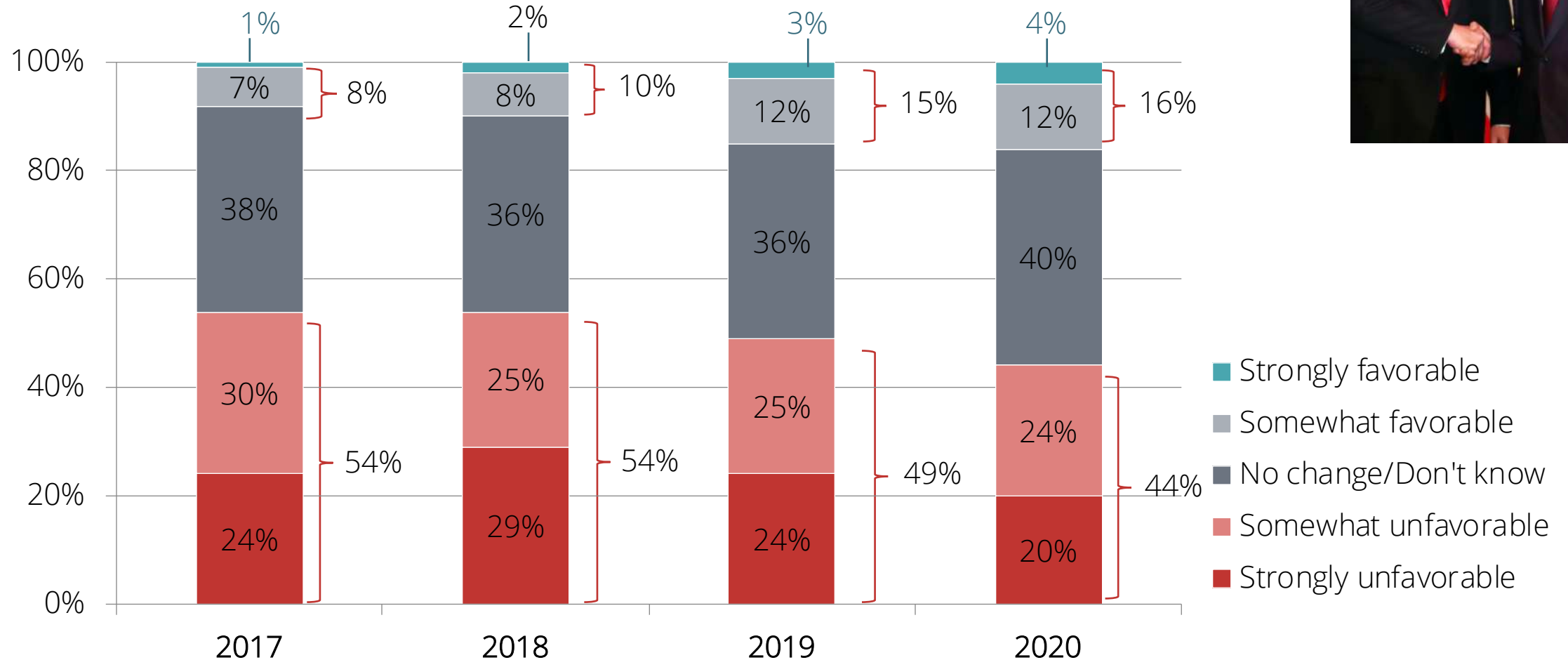
Current opinion of the US

Sentiment about America improves incrementally year on year



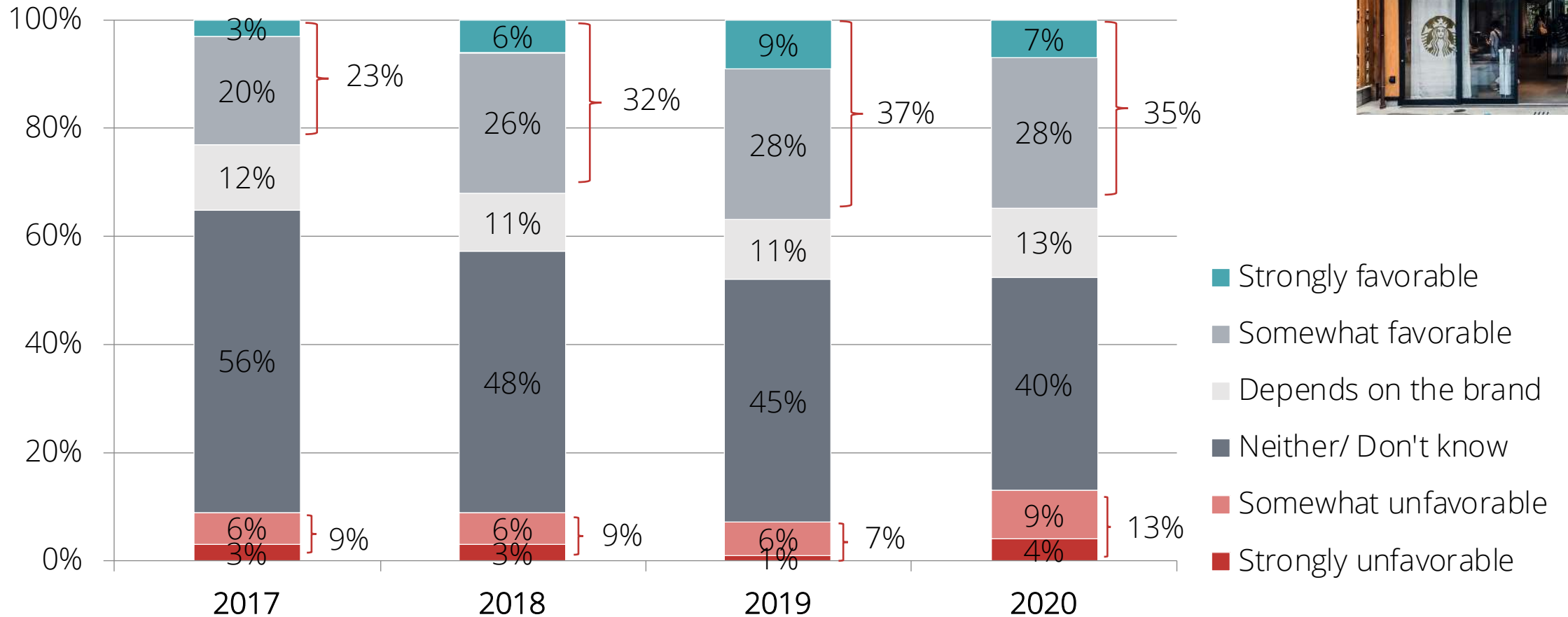
President Trump: Not Japan's favorite American

A generally negative opinion of Trump has been improving



Consumer perceptions of US brands

Opinions towards US brands have turned slightly less favorable over a year ago



Carter Japanese Sentiment Survey March 2020 – “Q7. Please indicate how favorable your opinion is of US brands and their associated goods, products and services. You may also indicate that you don't know or don't have an opinion”

Base: Nationwide, all respondents (males/ females 16-69) n=1,000

Digital companies dominate among Japan's favorite US brands

Popular American brands in Japan – Top 10 (Carter Survey, April 2018)

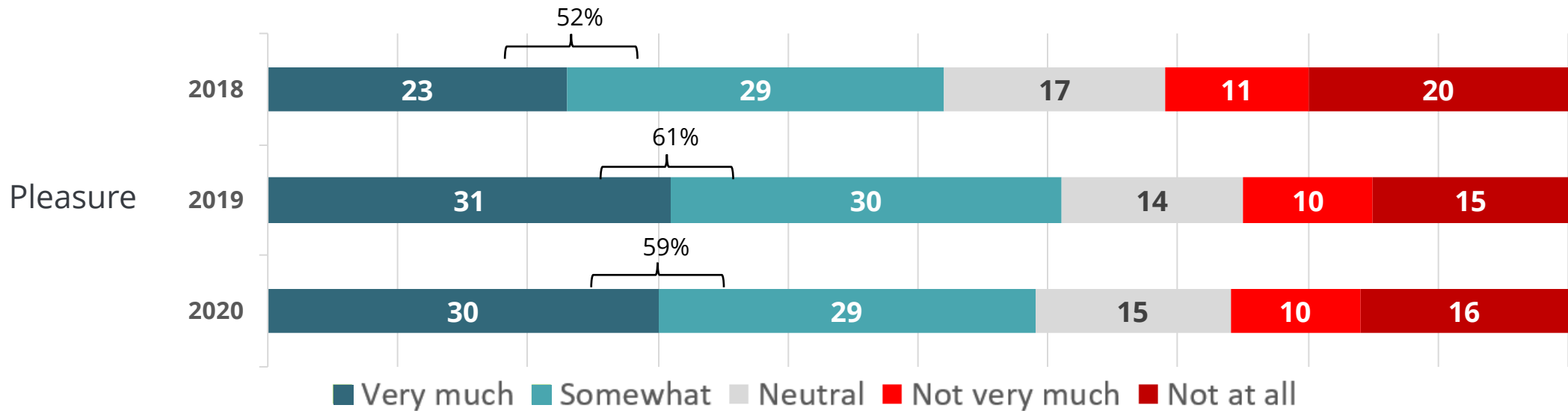


% respondents who mentioned the brand | Base: Japan | April 2018

Visiting the US for pleasure

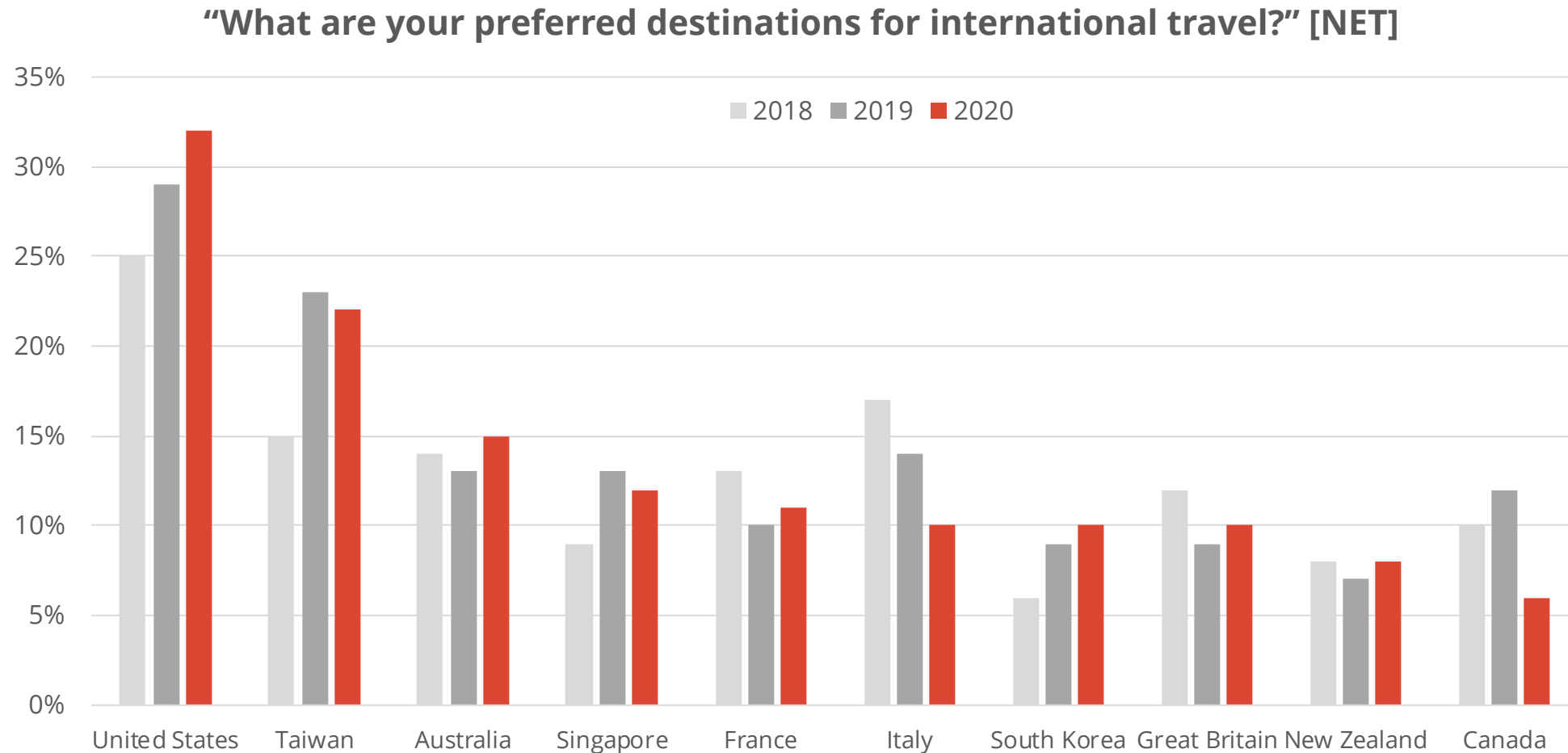
The desire to travel to the US has held up well

“To what extent would you like to travel to the US?”



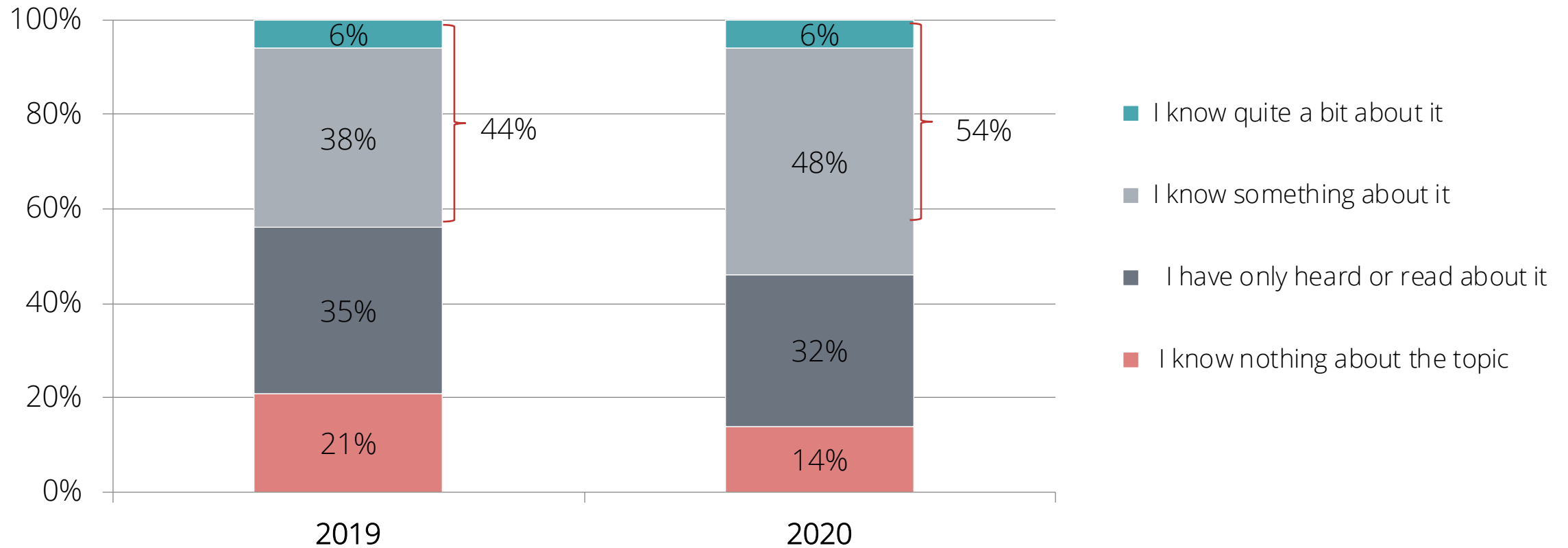
The most popular destinations of 2020

The US is one of few Western countries *gaining* popularity as a destination

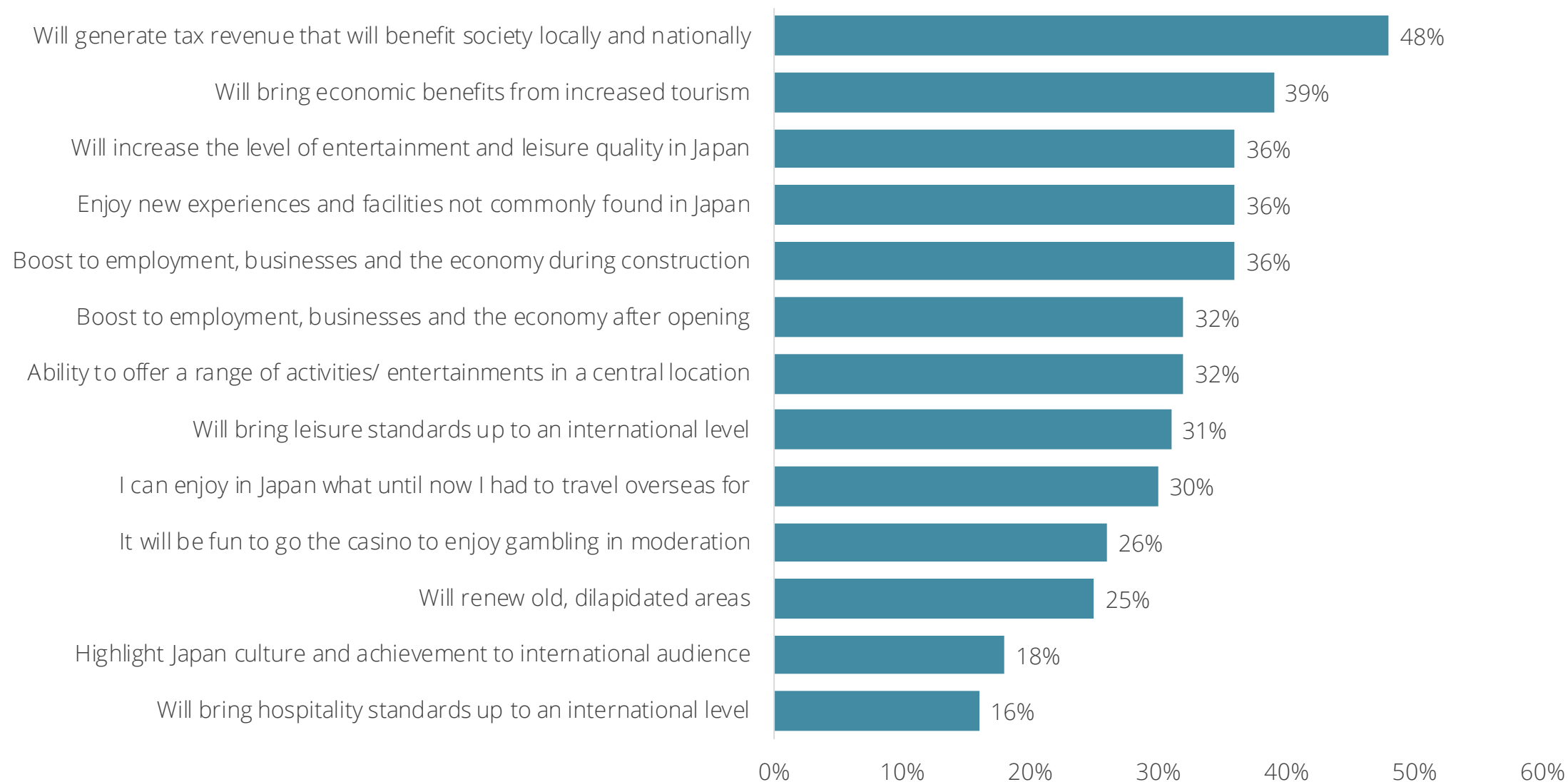


Familiarity with Integrated Resorts

General familiarity with IR has increased over a year ago, as a result of exposure to all the mass media coverage, including on-going discussions in the National Diet, activities and events

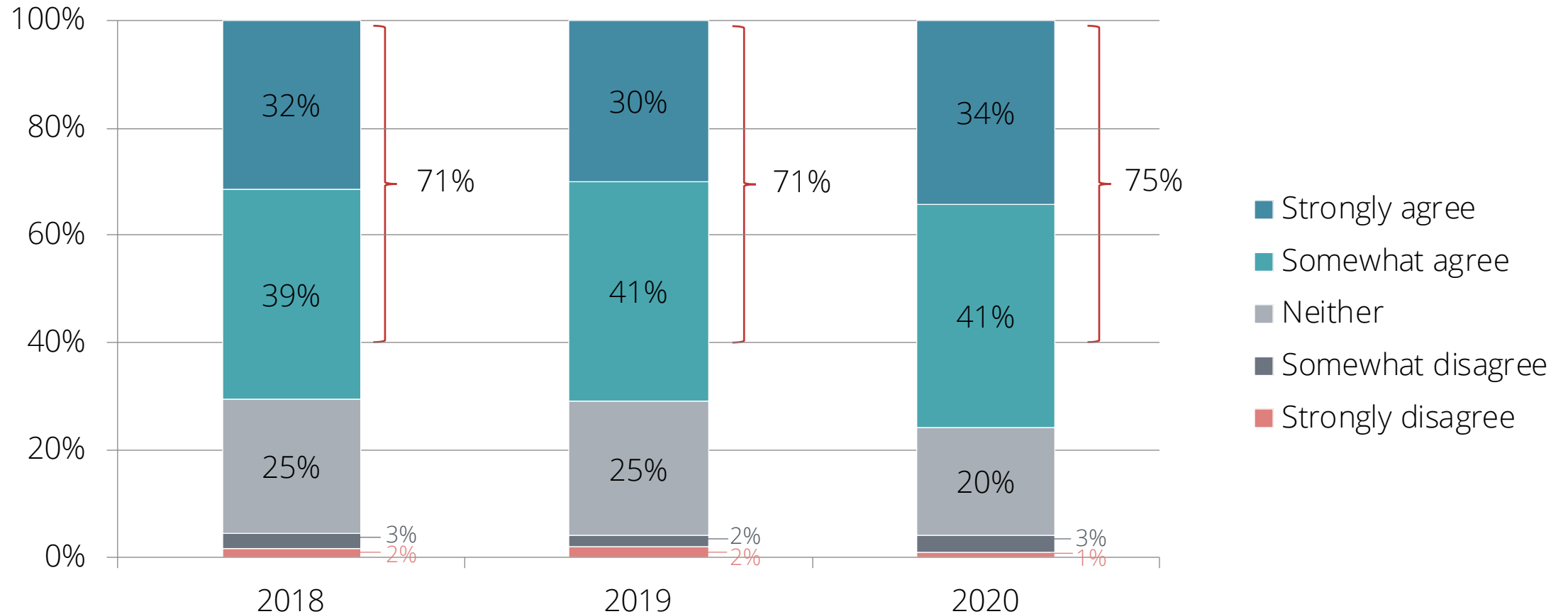


Economic considerations are foremost among supporters. Expect this to become more relevant



Transparency in society

Transparency in society (the Government and businesses included) is consistently in strong demand

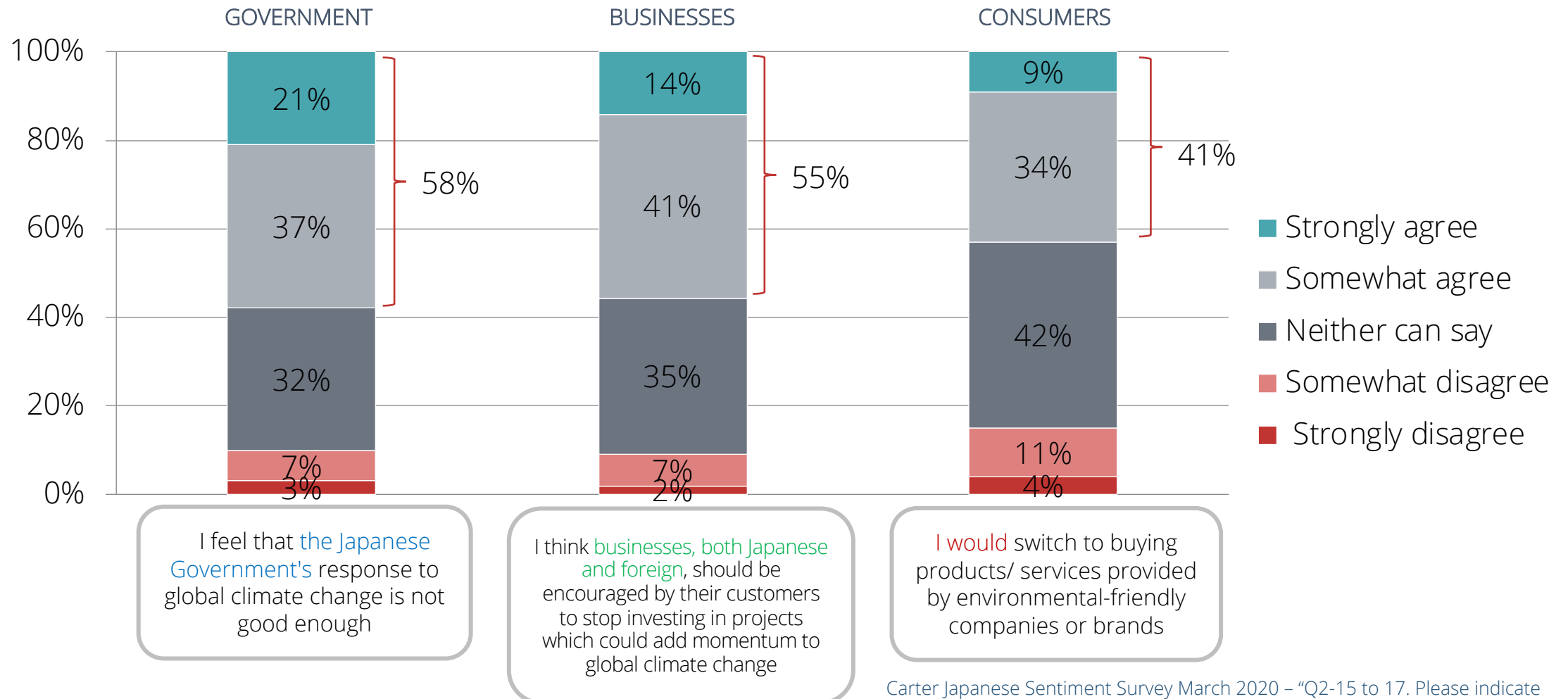


Carter Japanese Sentiment Survey March 2020 – “Q2.4 We need more transparency in our society, including government and business”

Base: Nationwide, all respondents (males/ females 16-69) n=1,000

Focal points of action on climate change solutions

People are starting to focus more on climate change as an issue requiring action. Nobody 'owns' the agenda on climate change yet...





Japanese know that there are serious issues with energy security and environmental impacts.
Pressure is building for action

Nevertheless they still favor practical approaches that **balance** economic well being and the environment

Reasonable solutions, guided by the 'wise' men in charge of the government and business are likely to receive co-operation



Big picture opportunities for US business in the Age of Reiwa

Four Key Areas Where Japan's Megatrends Synergistically Manifest



CONVENIENCE
/ LIFESTYLE



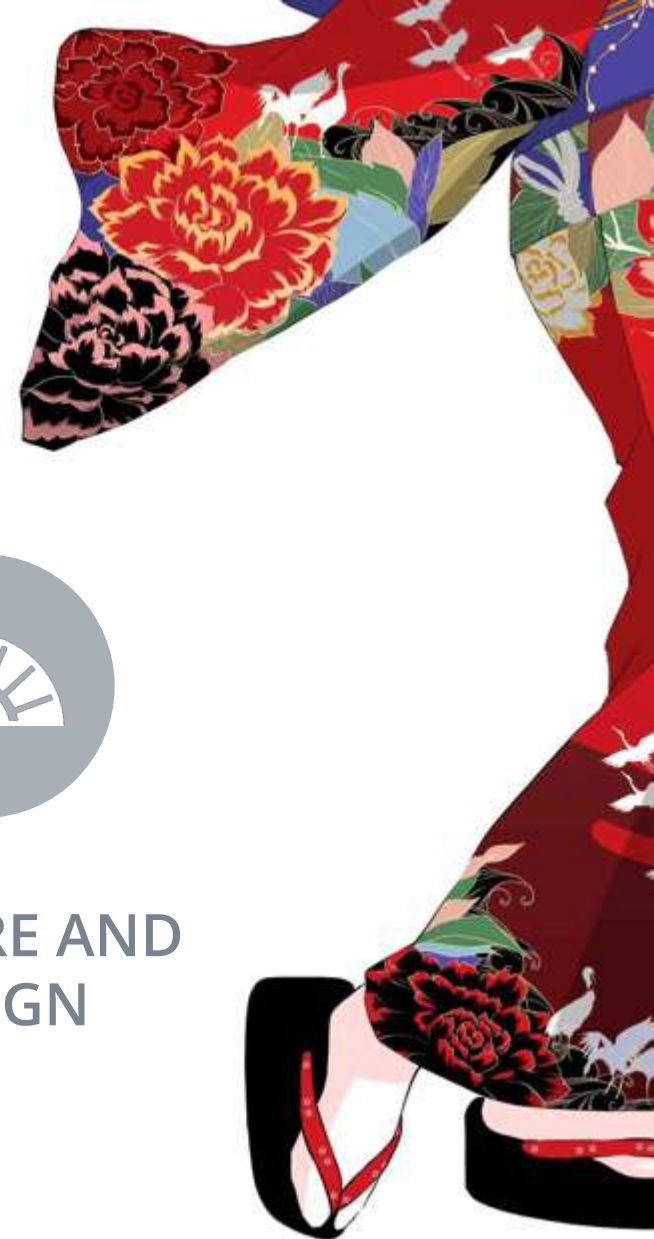
EXPERIENCE



WELLNESS



CULTURE AND
DESIGN



CONVENIENCE TURNS INTO LIFESTYLE ENABLEMENT



Convenience is something that has often been designed around the needs of the salaryman

Now it is growing in its scope to facilitate enhanced roles for women in their work and career

- building services around them
- telework creates flexibility

Seniors want bothersome chores taken away from them as they pursue a more meaningful life

EXPERIENCE



Shopping is so much more than buying goods.
The crisis reinforces that this can be largely done
online nowadays

What to do with all the extra time that saves?

Retail concepts that incorporate the opportunity
to spend time in an enjoyable (and safe!) way are
growing – increasing engagement with brands as
well the value of goods sold

And the needs for experience go well beyond
retail into leisure and entertainment

WELLNESS



In the short term, expect massive focus on health as a direct result of the Covid-19 crisis

Wellness is a nascent trend in Japan prompted by concerns that arise from a faster paced and sometimes more disconnected life

Japan's health-obsessed seniors also provide a long term boost

CULTURE AND DESIGN



In today's jaded world, Culture and Design intersect to establish interest and status and create content for brands that will truly connect

Outdated assumptions about what is going to connect to 'typical' Japanese are being thrown out the window

Socio-demographic change means opportunities for US business

Especially where US businesses represent best practice...



THE FOUR MACRO TRENDS



The World of Work

- Recruitment tech
- Shared workspaces
- Telework
- Management consulting



Women Power

- Premium categories
- Food
- Lifestyle enablement
- Experiential
- Management/HR consulting (diversity)



Internationalization

- Tourism: inbound and outbound
- English training
- Financial sector



Generational Dynamics

- Premium foods
- Enhanced life 'support' services
- Ageing tech

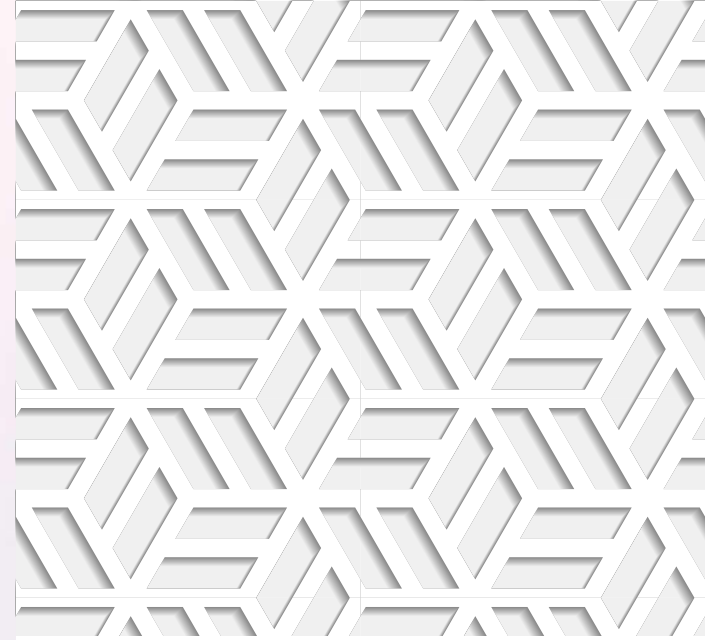
In Summary

- Short term, consumer confidence is taking a big hit
 - Digital entertainment is a winner
- Medium to long term the outlook is cautious but not overly pessimistic
- It pays therefore to pay attention to the Reiwa era's long term trends
- Transparency and genuine engagement will be a must to maintain trust, moving forward
- US businesses that solve problems will do especially well





Thank you for your time.
We are happy to chat
further with you.



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A Snapshot of the Carter Group

Japan expertise, Creative Thinking, Safe Hands



Full-service consumer
insights-driven
marketing consultancy

Multicultural team of
analysts and marketing
consultants

Long established
independent agency in
Japan (since 1989)

Offices in **Tokyo, Osaka
& Singapore** - core team
of 60 & field force of 80

Experience **covers**
Japan & APAC markets

Offering a unique balance
of **thinking & creativity**

How We Can Help

ACTIVATION

Fuel the Future
workshops

Active & passive
tracking

Quantitative

MEASUREMENT

 **cartergroup**
Thinking & Creativity

Market mapping &
trend watching

Experiential &
ethnographic
research

Qualitative

EXPLORATION

