

Lifestyle and the Consumer Society

By Kimindo Kusaka



In April 1986, a report was submitted to then-Prime Minister Yasuhiro Nakasone on how Japan could best go about rectifying the distortions and righting the imbalances that had developed in the world economy as a consequence of the rapid snowballing of Japan's current account surplus resulting from its export-driven economic success. This was the well-known Maekawa Report, put together by a committee chaired by the former president of the Bank of Japan, Haruo Maekawa.

For the medium-term outlook, the report recommended that Japan restruc-



than the citizens of other industrialized countries. However, can it really be the case that improving these three areas will raise the standard of living? It might remove the barriers to enhanced living standards, but the real question is one of the quality of life—which means that the answer hinges on what the Japanese do once these barriers are removed.

The Maekawa Report advocates raising living standards, but its recommendations would merely set the stage for this, and it does not really go into how to enhance the quality of life of the Japanese. The image persists overseas that the Japanese live in substandard housing, pay exorbitant prices, and slavishly work long hours. While there is still some truth in this, changes have already begun to appear.

It comes as no surprise that most Japanese homes have flush toilets, but it is surprising to learn that 11.5% of all Japanese flush toilets are now equipped with an automatic hot-water cleansing and hot-air drying system that precludes the need for toilet paper. Not only that, but the toilet seat is equipped with a heating element so that you do not need to tremble at the thought of a cold seat even in the dead of winter. The manufacturers of these modern bathroom accoutrements are so sure of their quality control that they are confident there will be no product liability suits. The units retail for approximately \$1,000.

ture from an export-led economy to one led by domestic demand. The economic indicators for the middle of 1988 all seem to suggest that economic restructuring is being implemented the way the Maekawa Report suggested.

Although this article is not about the Maekawa Report, the report holds the key to its main theme, and one constantly returns to it in tracing the changing face of Japanese consumption patterns.

In saying that Japan must have economic restructuring as its goal, the report stressed, "The process of achieving this goal should also entail efforts to enhance the quality of the nation's living standard."

What can be done to raise the Japanese standard of living? The basic thinking underlying the Maekawa Report can be summed up in the following three simple admonitions: (1) increase living space, (2) shorten working hours, and (3) lower prices. The Japanese endure more cramped living quarters, work longer hours, and pay higher consumer prices

The Japanese pattern has historically been for consumer durables such as washing machines, television sets (first black-and-white and then color), refrigerators and other home electrical appliances to start off slowly at first and then, once the diffusion rate passes 7%, to take off and top 50% very quickly. I think it is safe to say that this new toilet device will have a diffusion rate of more than 50% within a few years as well.

Aid for handicapped

Although this product was originally invented for the handicapped, the market-oriented companies that produced it realized that the average family would probably welcome a sanitary alternative to toilet paper. The fact that the typical Japanese family does not mind spending \$1,000 for such a luxury product, combined with the effective quality control and high-tech sensors and regulators that have made consumers take product quality for granted, have ensured that this marketing strategy was a success. The flush toilet, which had hardly changed since it was invented in England in the 18th century, has finally benefited from the technological revolution. This product is also significant in that it was designed purely for the domestic market and was not intended for export.

Another example of consumer trends in Japan, and one of the most popular new products of 1987, is the automatic



The typical Japanese kitchen today has a variety of electrical appliances, from a toaster oven to the ever-popular rice cooker and the increasingly familiar microwave oven.

home bread maker. The point that is stressed in advertisements for this product is being able to eat bread at home within seconds of having baked it. Even though this home-baked bread is more expensive than store-bought bread when the cost of the ingredients and the price of the bread maker itself is considered, Japanese consumers were obviously attracted by the flavor and aroma of fresh bread, as well as the simple pleasure of baking their own bread at home, and the product has already sold more than a million units. The present diffusion rate is only 5%, and it is too early to tell yet whether this will become a "must" for the Japanese home or not, but it is indicative of the Japanese appetite for better living and the way they will welcome a product that offers pleasure and satisfaction, even if a bit high-priced.

There are many other such hit products, and there will be more in the future. While none of these products may mark a great technological breakthrough in itself, they all have some new attraction or give the customer some satisfaction that has been missing so far. Other products have been acclaimed for meeting some utilitarian need, but the trend now is to go beyond the bare necessities and to create lifestyle-enhancing products.

Meaning of space

There is, if you will, a "lifestyle industry" beginning to develop in Japan. Of course, these new products have not all been developed with just the Japanese market in mind, but it is the changing consumer tastes of the Japanese domestic market that provide the incentive to develop these new products, which have provided the main drive for the growth of domestic demand as the Japanese economy has shifted from an export-led economy to one led by domestic demand.

These same trends are also evident in housing. It is often said that the Japanese live in "rabbit hutches." This basically boils down to a question of how many square feet of living space a family has. I have no quarrel with the Maekawa Report's contention that more spacious living quarters are one prerequisite for an



The living room in a typical modern apartment

enhanced standard of living, but the real problem is how comfortably a person lives in the space that he has available. Just because a person has a big home does not necessarily mean that he is satisfied with his lifestyle.

For example, there are probably a lot of people who, given the choice between a small apartment near the center of Tokyo and a much larger house farther out of the city, would choose the urban apartment—even if the move did not mean longer hours commuting to work. For these people, the convenience of Tokyo and all the attractions of living in a big city more than compensate for a lack of living space. Yet this has been ignored by the yardsticks traditionally used to measure the quality of housing—even though it may be the yardstick of the future.

Of course, it is not only Japanese who are attracted to the new and seek non-material satisfaction in their lives. It was, after all, America that inspired this Japanese dream with its colorful "American way of life"—a way of life made possible by a plethora of products made in the U.S. and popularized in Japan by glamorous Hollywood films—and even now America continues to pursue luxury in a variety of guises unseen and unimagined in Japan.

There seem to be two empirical laws governing free trade between countries. The first law is that there must be a basic equivalence between the two countries for free trade to function properly. If their circumstances are too different, then the

weaker country will invariably come out the worse under a free trade system. And the second law is that free trade between two countries of similar standing will produce a gradual convergence and make them even more similar.

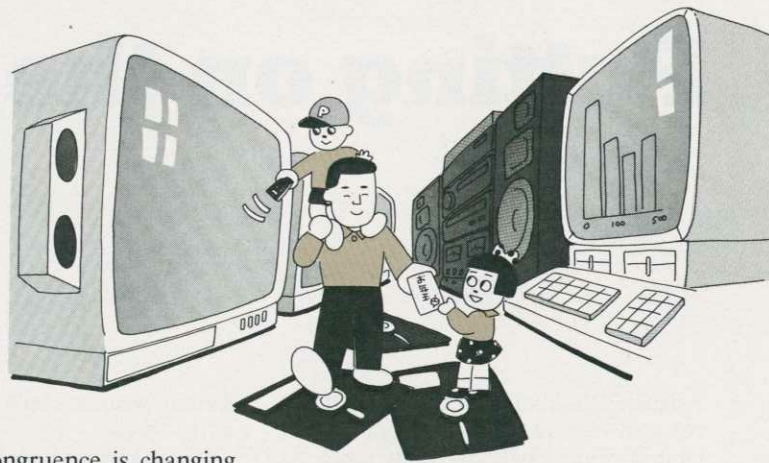
The second rule seems to be particularly applicable to Japan-U.S. trade. Taking the new toilet device, for example, if this product provides an enhanced level of cleanliness and customer satisfaction, American manufacturers will naturally want to consider making the product themselves. When that happens, the problem will be whether or not their quality control is good enough to ensure such consistently high quality that there is no danger of a customer's being injured. If American manufacturers can solve this problem, then their quality control technology will be on a par with Japan's and the two countries will be even more similar than they are today.

The same is true with the bread maker, which requires a steady and consistent supply of electric power. Japan almost never has unexpected power outages or voltage fluctuations. The big Japanese power companies provide a very high-quality product, even if it is about twice as much per kilowatt as in the U.S. This is another factor facilitating the diffusion of electrical appliances such as the bread maker in the Japanese market. By contrast, America has a profusion of electrical power companies, some of them providing inferior service. If the U.S.

could solve this problem and ensure a stable supply of electric power nationwide, then the two countries would also be similar in this respect. And so long as it has the stimulus provided by free trade, there is no reason to doubt that the U.S. will overcome these problems and that conditions will become more and more similar in both countries.

In fact, this phenomenon of free-trade-inspired convergence is already evident between Japan and the United States. There is, for example, the Japanese tendency to follow America's lead in working shorter hours and taking longer vacations. At the same time America seems to be learning the habit of working harder.

For another example, the Japanese are beginning to be a little more moderate in their savings habits and a little more willing to spend their money on the better things in life—this at the same time that there are signs of an upturn in America's rock-bottom savings rate and hopes that this turnaround will have a beneficial impact on the budget and trade deficits. Microeconomically, Japanese are starting to want larger automobiles and Americans are starting to welcome the *futon* as a more efficient use of their living space.



This general congruence is changing both American and Japanese lifestyles. For the Japanese, it means an improved standard of living with new consumption patterns and the popularization of a wide range of new products. But I doubt if this convergence can spread across the complete spectrum. There are still too many cultural differences between Japan and the United States, and these differences cannot be bridged overnight.

Let me give one example. Japanese electronics manufacturers recently unveiled new 32-inch television sets meant for export to the U.S. However, the giant television sets have been finding their main market here in Japan—largely because of the popularity of video games with Japanese young people. Children who liked to play video games on their old television sets found that they loved them even more on these giant screens. The bigger screen made the game that much more fun and gave them the opportunity to show off by inviting their friends over to play a game on the giant screen. And then these children badgered their parents into buying the expensive sets for their own homes.

Here is where culture enters into the picture. If this were America, you would probably not see parents shelling out this kind of money spoiling their children. American parents are much better than their Japanese counterparts at disciplining their children and teaching them to be independent. Not only are Japanese parents a soft touch for their children, this is reinforced by the custom of *otoshidama*—a New Year's custom whereby parents and relatives give children considerable sums of money to spend as they wish over the holidays.

Most people deplore the way Japanese parents spoil their children, but I would argue that it is precisely because parents are so soft on their children—precisely because there are customs such as *otoshidama*—that the pace of technological revolution is so fast in Japan. Japanese children, unknowingly honing their computer skills on these lavish video games, are becoming part of the electronic future even faster than their American counterparts are. I am curious to see if, despite the cultural differences, big-screen television will be as successful in the American market as it has been in Japan.

Although some of the above examples may seem frivolous, there are very real changes under way in Japanese lifestyles and Japanese consumption patterns. Recognizing these changes will help discern the shape of the future.

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Photo: Kyodo News Service



Big-city attractions: Mick Jagger at a recent concert in Tokyo, and heavyweight boxer Mike Tyson beating Tony Tubbs at the Japanese capital's Tokyo Dome to retain his world championship.