

Japan's Consumer Revolution

By Masanobu Nakazawa

Since the beginning of the 1980s, Tokyo has leaped into prominence as one of the world's fashion centers, on a par with Paris, Milan and New York. This phenomenon was directly triggered by the fresh and exciting styles created by young Japanese designers active overseas. But it also came against the backdrop of a change in Japanese thinking about fashion: With the maturation of Japanese society, consumers are asserting a fashion consciousness of their own that is unique from that in Europe and the United States.

The trend is not confined to apparel alone. It spreads to every aspect of daily life, from diet to housing, from cars and electrical appliances to the service industry. A quiet "consumer revolution" is in full swing, with consumers constantly in pursuit of originality in their lives.

The "cheap but inferior" image of Japanese goods is now history. Japanese products today enjoy a firm reputation for being more energy-efficient and durable for the price. But are they now to become even more competitive through refined and diverse designs? What is the "consumer revolution" sweeping Japan all about, and where will it go from here? A look at some of the key industries involved may help us answer these questions.

Apparel sales in a slump

According to a survey on consumption of clothing released late last year by the Textile Industry Rationalization Agency, an affiliate organization of the Ministry of International Trade and Industry (MITI), 1983 sales of clothing, including underwear, socks, stockings, scarves and neckties, dropped back to 1981 levels in value, working out at ¥7,100 billion (about \$28.4 billion), down 5.8% from the previous year.

The first oil crisis of 1973 cost almost all Japanese industries sharp losses in real



Japanese youth in a Tokyo street. No longer satisfied with uniform attire, they choose apparel to fit their perceived life-style.

profits. The only exceptions were the ten top firms in the apparel industry, which continued to post double-digit growth in sales and profit as they cashed in on consumption by the women of the so-called "baby-boom" generation.

But in the late 1970s, these companies' performance began to level off as the women reached marrying age, and began giving birth to and raising children. Once dubbed the champion of growth industries, the clothing trade found itself in a struggle to survive.

This was not a phenomenon peculiar to apparel. It reflected an overall decline in personal consumption. A household survey by the Management and Coordination Agency's Statistics Bureau shows that average annual growth in the real disposable income of a worker's family, an important yardstick of personal consumption, plunged to 0.9% following the oil crisis from the pre-crisis level of 5.8%. The average annual increase in real personal expenditure also slid to 1.1% from 4.9%.

Apparel makers used to rake in tens of billions of yen by creating their own

women's fashions, often succeeding with just a single brand. But this sales strategy was rejected by consumers after the oil crisis. They became far more sophisticated and discerning in their choice of fashions. No longer satisfied with uniform dress, they began to search out apparel that fitted in with their own lifestyles. The conventional approach of most apparel makers to producing and selling their goods was no longer in tune with the market.

According to Shunichi Takami, Development Office marketing director for major women's wear maker Suzuya, manufacturers moved fast to tailor their goods to the ever more diverse tastes of consumers. Up until 1974, says Suzuya, women's fashions were marketed in nine categories based on age and fashion sense. But in 1974 makers began using 15 categories, leaping to 60 by 1981.

Another problem affecting the apparel industry is a growing sense among consumers that prices are too high. This is because apparel makers increased prices as they pleased while they were riding the crest of booming demand at a time when

other industries were going all out to streamline operations rather than mark up prices. The price index of clothing in Japan in 1983, as surveyed by the Textile Industry Rationalization Agency, stood at 230 (taking 1972 as 100), far higher than the 160 in the United States.

This is not necessarily true of all clothing, but only of the stereotyped products of major makers. Some high-grade goods are still selling well despite comparatively high prices.

The apparel industry is widely regarded as being very adept at producing fashionable and varied goods in response to consumer needs. With even this adaptable business suffering to no small degree from consumer resistance, it is no surprise that many other industries are being battered by a more severe consumer revolt.

In fact, the trend among consumers to seek out goods fine-tuned to their own preferences is gaining momentum throughout Japanese society. And the more directly industries are linked with consumers, the more nervous they are about this trend.

The birth of the "new collar"

A recent market survey, "The Life-style and Fashion of Men of Today," in many ways encapsulates the consumer revolution. Conducted by Mitsubishi Rayon Co. and two other firms in the Mitsubishi group in the summer of 1983, the study covered 1,891 males who bought clothes at 21 department stores and men's wear shops in the Tokyo metropolitan area.

The retailers were shocked by what the survey, designed to pinpoint men's purchasing behavior, found—the requirements of the men's wear market are scarcely met by the goods on the market. Even before conducting the survey, Mitsubishi Rayon had thought that men's wear had greater market potential than women's clothing, which was already selling well and had been adequately classified. But the survey results showed that male fashion sense, especially of men from their teens to their thirties, was more refined and diversified than it had dreamed.

In Japan, men's fashion magazines have sprung up by the score since around 1976, and sales have been strong. But while this obviously presaged a change in men's fashion, the survey outcome was stunning to eyes used to the sight of salaried male office workers clad in plain, drab suits in Tokyo and other big cities.

The survey group uncovered the presence of an entirely new class of shopper that is positive about and sensitive to fashion. The group called this class the

"new collar." This new category, which cannot be classified as conventional white collar or blue collar workers, encompasses such specialists as computer software engineers and self-employed professionals. They range over various age groups, but most are in their thirties. Particularly in Tokyo, the new collar class accounts for 29.4% of all workers, outnumbering both white and blue collar employees.

This new class is characterized by a strong assertion of their own life-style. Says Naohisa Wada, deputy chief of Mitsubishi Rayon's Textiles Marketing Division and leader of the survey team: "They are very keen on how to make themselves look nice and smart." Not satisfied with conventional makers' brands, many new-collar consumers said they preferred designer-brand goods sold directly by Japanese designers.

Designer brands are popular

Marui, a major credit chain store in Shibuya, Tokyo, has increased its sales by switching almost completely to designer brands since the fall of 1982. The men's wear department, occupying the entire sixth floor of Marui's Shibuya store, is partitioned with color boards and plastic panels, and is full of such brands as Paccino, Bigi, Domon and Kansai that showcase the designers' personalities.

A distinguishing feature of designer brands is that, unlike major makers' products, they are classified into many categories according to the ages, professions, hobbies and human relationships of the customers. "More than 70% of our customers specify the brands they like to buy," says Mikio Ohira of Marui's men's wear department. When choosing the brands suited to their life-style, they rely for information on friends and fashion magazines.

Designer brands are expensive since they draw on the individuality of the designer. For instance, men's trousers typically weigh in at ¥20,000 to ¥40,000 (\$80 to \$160) and ladies' sweaters at ¥30,000 to ¥40,000 (\$120 to \$160), double the prices of major makers' products. Buying a jacket, socks, necktie and underwear by the same designer can cost ¥140,000 to ¥150,000 (\$560 to \$600). Nonetheless, these brands are so popular they are even bought by high school students who save their money from part-time work for fashion purchases.

Japanese designer clothes are popular not only in Japan, but also overseas. In October 1984, the *Far Eastern Economic Review* reported that monochromatic baggy trousers of Japanese design are selling in top-flight European and U.S.

department stores for 2.5 times as much as in Japan.

New eating patterns

The desire to pursue an individual life-style has had just as profound an effect on eating habits. American-style family restaurants, which expanded rapidly in Japan in the late 1970s, have begun to lose their popularity among consumers because of their uniformity. But at the same time, casual restaurants with a unique character and French restaurants with a strong luxury image are catching on like wildfire.

Fashionable cafes are fast replacing snack bars and coffee shops, while old-style public bars are making a comeback in a mode better attuned to young people's tastes.

In October 1983, for example, three restaurants belonging to leading restaurant chains opened in rapid succession on the corner of a highway in suburban Tokyo. Although designed independently, all three coincidentally had white exteriors reminiscent of houses in the pioneer days of California. Nicknamed "American Village," this corner became the talk of the town.

One of the three restaurants is Preston Wood, run by Morinaga Candy Store. The interior is laid out in bright colors, with decorations skillfully presented to please young customers. Tables and sofas are placed inside the front entrance for visitors to wait when the restaurant is full. Young men and women in their twenties frequent Preston Wood, chatting and dining to the constant clamor of rock music. It is an atmosphere that older people and family parties might even find unpleasant.

Each customer pays an average of ¥1,200 (\$4.8), or slightly more than the ¥1,000 at more conventional family restaurants. In exchange, there are special attractions, including live concerts and disc jockeys, every other Friday night. The close match between these customer services and the new life-style of young Japanese has made the restaurant a roaring success.

More notable still in the pursuit of fashion is the Key West Club, a mammoth cafe-bar which opened Tokyo's trendy Harajuku district in April 1983. Run by an apparel maker as part of its diversification policy, this bar is famous for a unique interior unlike any at conventional bars and restaurants. Boasting a high ceiling and wide open spaces, the interior is painted white throughout. Poles stand close together on the floor like the pillars of the Pantheon, and an airship model dangles from the ceiling. At night, special lighting equipment instantly turns the bar blue or red. A mini FM station in one

corner provides disc jockey services on request.

Meanwhile, French restaurants are beginning to mushroom. Their following has now spread to girls in their twenties who are attracted by the fancy atmosphere. French restaurants used to be unfamiliar to most Japanese, who thought the prices would be too high and that they would have to observe strict table manners. But that's no longer true. Young women are brave enough to defy old etiquette, and prices have been cut to lure a new generation of customers.

The Bistro d'Arbre in Minami-Aoyama in Tokyo is one such establishment. Located on the first floor of a back-street building, it has only some 80 square meters of floorspace. With no room to store cooking ingredients, the owner once stacked his vegetables on a table in front of the restaurant. Unexpectedly, this casual scene proved a hit with young customers. General manager Sukenori Otake says that 70% of guests are neighborhood office ladies who seldom order full course meals. Instead, they come in small groups of friends and order several different dishes a la carte to share as they would at a Chinese restaurant.

Japanese pubs are also back in vogue among young people on the strength of their low prices and traditional folk art atmosphere. Usually, customers spend about ¥1,800 (\$7) per head for both food and drinks.

Such public bars have spread at a spectacular rate during the past one to two years. There are even signs of excessive competition as department stores, supermarkets, confectionery companies and consumer finance firms jump on the bandwagon.

Shochu, a traditional Japanese distilled liquor, owes much of its steep sales increase in recent years to the growth of such pubs. *Shochu*, made from rice, potatoes or barley, used to be a sideline for most brewers, because of its blue-collar image. Now it's an entirely different drink, popular among young people because it can serve as a base for whatever mixed drinks they like to prepare with soda or fruit juices.

With whisky and beer sales in relative decline, Suntory and other major Japanese whisky producers are now out to develop more palatable products and containers of more fashionable design. They are also pressuring the government to raise the currently favorable tax rate on *shochu*.

Age of self-realization

In the field of durable consumer goods, sales of stereos, which have been falling the world over, are now beginning to turn upward again. The reason is obvious: the



Fashionable products sell well, apparently reflecting the "age of self-realization."

development of compact disc and video disc players and colorful "fashion stereos" for young women. Stereo sales in 1984 grew by 20.3% over 1983.

Even more significantly, consumers are beginning to use stereos in a variety of ways, combining them with videotape recorders, personal computers or television sets. A stereo is no longer just a gadget for listening to music. Says Teruo Hayashi, chief of the Audio Video Planning Section at major electrical appliance maker Toshiba Corp.: "More and more young people, mainly in their twenties, are trying to produce worlds of their own by making their living space as fashionable as possible." Fashionable lighting equipment, telephones, clocks and furniture are also selling well.

On the other hand, some products have been favorably received for their function attributes. For example, light vans, previously used for cargo transport, have won a new following as leisure cars. And sub-compacts are making a comeback as run-arounds for women.

The versatile head-phone stereo, first marketed by Sony in 1979, quickly swept world markets because it could be used any way an individual liked. In the restaurant business, fast food shops like hamburger stands and take-home lunch shops have proliferated since around 1975. They are all dedicated to offering practical appeal, in striking contrast to the trend toward fashion-mindedness.

According to a survey conducted by leading advertising agency Dentsu in 1982, this shift toward practicality developed congruently with the fad for things fashionable. They are, so to speak, two sides of the same coin.

Nonetheless, the pursuit of individual life-styles has in no way led to any basic change in the Japanese way of life, such as a shift from the traditional consensus community to an individualistic society like those in Europe and America. Observes Morinaga's Sawada: "One of the characteristics of the young people who come to Preston Wood is that, though they want to stand out, they feel lonely and don't want to be isolated from the others."

Public opinion polls show that this age group, generally considered the most sensitive to new things, responds more conservatively to the values of Japanese society and the family, than do people in their thirties and forties.

What, then, really is this trend among Japanese consumers? Mitsunori Iwase, editor of *Brutus*, a popular men's fashion magazine, defines it as "a spiritual desire to realize themselves, not by seeking things they do not have, but by choosing the things that suit them best from among what is available." In this context, he says, it is wrong to regard this phenomenon as a rejection of material goods or a weakening of the will to buy.

Fashion, adds Suzuya's Takami, is no longer the monopoly of clothes; anything that excites consumers can now be made into a fashionable commodity.

The future of the "consumer revolution" in Japan is still far from clear. Just as uncertain are the kinds of goods it will create. Perhaps, the consumers themselves are still unable to draw a detailed image in their minds of what they want. It is for this reason that all makers have their eyes glued on today's consumer trends.