

18 Consumers

Household Budget

Average monthly household expenditure in Japan peaked in 1993 at ¥335,246, up 29.2% from ¥259,521 a decade earlier in 1983. Since then it has declined almost constantly. In 2005 the figure was ¥300,903, down 1.1% from 2004, mainly because people spent less on education. Compared with 1995, declines in spending were striking in such fields as clothing (33.6%) and education (18.8%), while increased spending was observed in transportation and communications (17.5%), medical care (32.5%), and other areas.

Japan's Engel's coefficient, the proportion of food spending in overall expenditure, was 22.9% in 2005, a decrease of 9.1 percentage points from 1975.

Composition of Household Expenditure

	1985	1990	1995	2000	2004	2005
Food	73,735	78,956	77,886	73,844	70,116	68,910
Housing, utilities	30,410	31,961	41,276	42,264	40,464	40,932
Transportation, communications	24,754	29,469	32,966	36,208	39,272	38,738
Entertainment	24,191	30,122	31,550	32,126	31,262	31,028
Education	10,853	14,471	15,381	13,860	13,581	12,495
Clothing	19,606	22,967	20,229	16,188	13,572	13,440
Medical care	6,931	8,866	9,845	11,323	12,215	13,044
Furniture, appliances	11,665	12,396	12,529	11,018	9,961	10,010
Others	70,970	81,966	87,400	80,302	73,760	72,308
Total	273,114	311,174	329,062	317,133	304,203	300,903

Source: Ministry of Internal Affairs and Communications.

Note: Figures are the yearly average of monthly disbursements per household.

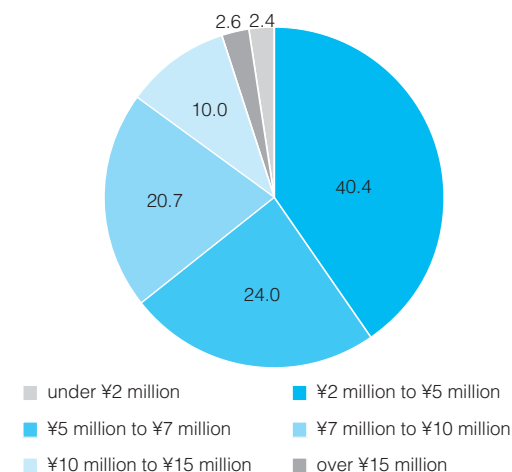
Monthly Average Household Income and Expenditure in Japan (Workers' Households)

	1985	1990	1995	2000	2003	2004	2005
Income	444,846	521,757	570,817	560,954	524,542	530,028	522,629
Expenditure	289,489	331,595	349,663	340,977	325,823	330,836	328,649

Source: Ministry of Internal Affairs and Communications.

Distribution of Annual Income Groups, 2005 (All Households)

(%)



Source: Ministry of Internal Affairs and Communications.

Savings and Assets

The Japanese household savings rate, which was once among the highest in the developed economies, has declined sharply for the last decade. According to the Cabinet Office's statistics, the household savings rate plunged from 7.6% in fiscal 2000 to 2.7% in fiscal 2004.

An opinion survey conducted by the Bank of Japan in 2005 shows that 23.8% of households had no savings, the highest since the survey started in 1963. Of the households whose savings decreased from the previous year, 51.3% answered that they had used their savings to cover their regular income decline.

The average amount of financial assets per household in 2005 was ¥10.9 million.

Composition of Japan's Household Financial Assets

	2003		2004		2005 ^a	
	(¥ billion)	(%)	(¥ billion)	(%)	(¥ billion)	(%)
Total financial assets	1,408,515	100.0	1,433,870	100.0	1,508,676	100.0
Currency and deposits	788,403	56.0	787,781	54.9	783,149	51.9
Securities other than shares	68,023	4.8	74,905	5.2	92,982	6.2
Shares and other equities	102,907	7.3	118,625	8.3	171,359	11.4
Insurance and pension reserves	377,847	26.8	380,739	26.6	390,532	25.9
Others	71,335	5.1	71,819	5.0	70,654	4.7

Source: Bank of Japan, *Shikin junkan tokei* (Flow of Funds Accounts).

Note: Figures are as of the end of December.

a. Provisional figures.

Ownership of Consumer Durables

(% of households)

	Color TV	Digital camera	DVD player /recorder	Video camera	Car	Air conditioner	Dryer	Personal computer
1970	26.3	n/a	n/a	n/a	22.1	5.9	n/a	n/a
1980	98.2	n/a	n/a	8.6	57.2	39.2	n/a	n/a
1990	99.4	n/a	n/a	15.6	77.3	63.7	14.9	10.6
1995	98.9	n/a	n/a	31.3	80.0	77.2	19.4	15.6
2000	99.0	n/a	n/a	37.9	83.6	86.2	21.7	38.6
2002	99.3	22.7	19.3	37.2	84.4	87.2	22.8	57.2
2003	99.4	32.0	25.3	39.1	86.4	88.8	22.7	63.3
2004	99.0	51.8	35.4	42.0	86.0	87.1	22.4	65.7
2005	99.3	46.2	49.0	39.6	81.6	87.0	25.9	64.6

Source: Cabinet Office, *Shohi doko chosa* (Consumer Confidence Survey), 2005.

Eating, Drinking, and Smoking Habits

The Japanese dine out more frequently than they used to. The average share of monthly food expenditures spent on eating out rose to 20.1% in 2004. The main factors behind this are the improvements in the standard of living and increasing leisure time, as well as the growing number of working women and people living alone. According to a survey by the Food-Service Industry and Research Center, the total sales of the industry peaked in 1997 at ¥29.1 trillion, 2.9 times the ¥10.1 trillion recorded in 1976. Since then, however, the figure has been on a downward trend, dropping to ¥24.5 trillion in 2004.

Green tea still accounts for most of the tea consumed in Japan. The average household consumption of green tea was 1.1 kg in 2004, while that of black tea (including oolong tea) was 0.27 kg. A growing number of Japanese appear to be developing a taste for coffee. Per capita consumption of coffee (excluding coffee beverages) in 2004 was 2.0 kg, a rise of 15.4% from 2000.

More and more Japanese appear to be limiting their consumption of alcohol for health reasons. Per capita alcohol consumption, which has remained almost at the same level since 1980, amounted to 6.5 liters (pure alcohol equivalent) in 2002, compared with 7.4 liters in Italy and 10.3 liters in France.

As in many other developed countries, the number of smokers in Japan has been declining. According to Japan Tobacco Inc. (JT), the estimated number of smokers in 2005 was 30.20 million (22.81 million men and 7.39 million women), a decrease of 120,000 from the previous year. The total sales volume of cigarettes in fiscal 2004 was 150.5 billion, of which 40.6 billion, or 27.0%, were imported cigarettes.

Annual Alcohol Consumption

(1,000 kl)

	1995	1998	1999	2000	2001	2002
Beer	6,744	5,857	5,508	5,185	4,622	4,135
<i>Happoshu</i> low-malt beer	n/a	926	1,278	1,574	2,157	2,475
Sake	1,262	1,052	1,030	977	933	889
<i>Shochu</i> ^a	648	689	721	734	792	833
Liqueurs	222	262	344	381	447	542
Wine	144	298	278	266	253	259
Whiskey and brandy	191	166	157	145	135	122

Source: National Tax Agency, *Sake no shiori* (Handbook of Alcoholic Beverages), 2004.
a. Japanese distilled liquor.

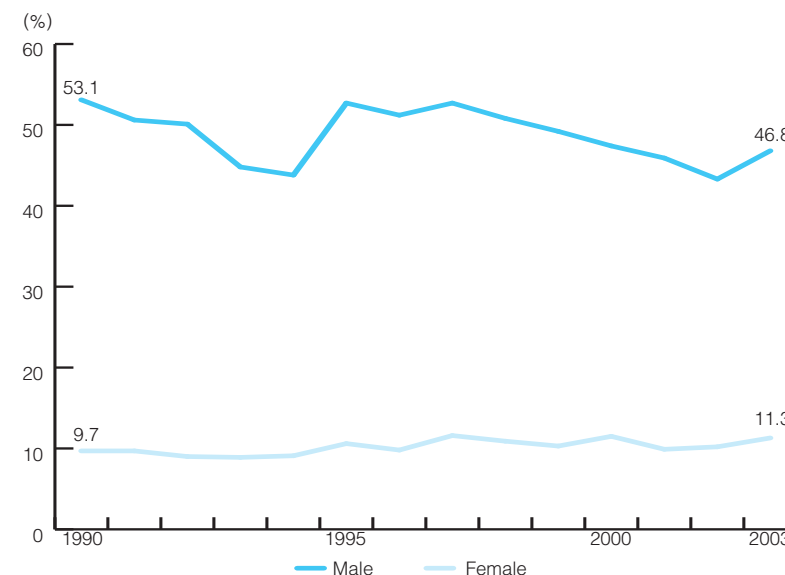
Alcohol Imports

(1,000 kl)

	1991	1995	1999	2000	2001	2002
Wine	56.8	82.9	158.3	165.6	158.4	164.9
<i>Shochu</i>	n/a	43.2	51.4	60.4	70.9	79.7
<i>Happoshu</i> low-malt beer	n/a	21.5	41.5	53.2	43.3	45.2
Beer	101.4	213.3	40.6	26.9	30.1	28.4
Whiskey and brandy	61.3	47.2	32.7	31.2	27.7	27.7

Source: National Tax Agency, *Sake no shiori* (Handbook of Alcoholic Beverages), 2004.

Smokers in the General Population



Source: Ministry of Health, Labor and Welfare.