

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 2006 the figure was ¥295,332, down 1.9% from 2005, mainly because people spent less on clothing, food, and transportation and communications. Compared with 1995, declines in spending were striking in such fields as clothing (down 36.4%) and education (down 17.4%), while increased spending was observed in transportation and communications (up 14.5%), medical care (up 30.7%), and other areas.

Japan's Engel's coefficient, the proportion of food spending in overall expenditure, was 23.1% in 2006, a decrease of 8.9 percentage points from 1975.

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

(¥)

	1985	1990	1995	2000	2004	2005	2006
Income	444,846	521,757	570,817	560,954	530,028	522,629	525,254
Expenditure	289,489	331,595	349,663	340,977	330,836	328,649	320,026

Source: Ministry of Internal Affairs and Communications, *Kakei chosa* (Family Income and Expenditure Survey), 2006.

Composition of Household Expenditure

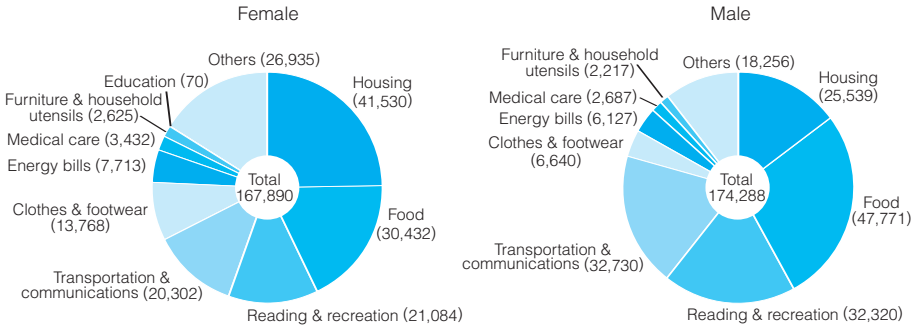
(¥)

	1985	1990	1995	2000	2005	2006
Food	73,735	78,956	77,886	73,844	68,910	68,178
Housing, utilities	30,410	31,961	41,276	42,264	40,932	40,633
Transportation, communications	24,754	29,469	32,966	36,208	38,738	37,740
Entertainment	24,191	30,122	31,550	32,126	31,028	30,239
Education	10,853	14,471	15,381	13,860	12,495	12,703
Clothing	19,606	22,967	20,229	16,188	13,440	12,863
Medical care	6,931	8,866	9,845	11,323	13,044	12,871
Furniture, appliances	11,665	12,396	12,529	11,018	10,010	9,745
Others	70,970	81,966	87,400	80,302	72,308	70,362
Total	273,114	311,174	329,062	317,133	300,903	295,332

Source: Ministry of Internal Affairs and Communications, *Kakei chosa* (Family Income and Expenditure Survey), 2006.

Note: Figures are the yearly average of monthly disbursements per household. Excluding agricultural, forestry, and fishery households.

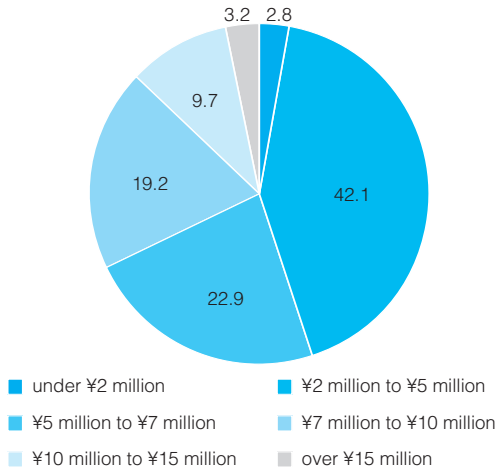
Average of Monthly Disbursements, 2006 (Single-Person Household) (¥)



Source: Ministry of Internal Affairs and Communications, *Kakei chosa* (Family Income and Expenditure Survey), 2006.

Note: Figures are for under 34 years old. Education for males was ¥0.

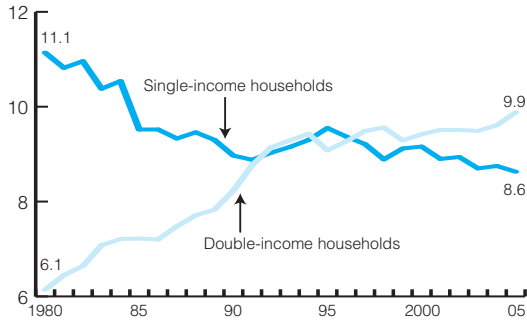
Distribution of Annual Income Groups, 2006 (All Households) (%)



Source: Ministry of Internal Affairs and Communications, *Kakei chosa* (Family Income and Expenditure Survey), 2006.

Trends in Double-Income Households

(million households)



Source: Cabinet Office, *Danjo kyodo sankaku hakusho* (White Paper on Gender Equality).

Note: "Single-income households" are households consisting of working husbands in industries other than agriculture and forestry with wives who are not in the labor force or employed. "Double-income households" are households in which husbands and wives are both employed in industries other than agriculture and forestry.

Savings and Assets

The Japanese household savings rate, which was once among the highest in the developed economies, has declined sharply over the last decade. According to the Cabinet Office's statistics, the household savings rate in fiscal 2005 was down 0.3 percentage points to 3.1%, marking a decrease for eight consecutive years.

An opinion survey conducted by the Bank of Japan in 2006 shows that 22.9% of households had no savings. This was down 0.9 percentage points from the previous year, when the figure marked the highest record since the survey started in 1963. Of the households whose savings decreased from the previous year, 52.8% answered that they had used their savings to cover their regular income decline.

The average amount of financial assets per household in 2006 was ¥10.7 million.

Composition of Japan's Household Financial Assets

	2004		2005		2006 ^a	
	(¥ billion)	(%)	(¥ billion)	(%)	(¥ billion)	(%)
Total financial assets	1,428,397	100.0	1,525,657	100.0	1,540,848	100.0
Currency and deposits	787,592	55.1	782,833	51.3	778,618	50.5
Securities other than shares	72,408	5.1	91,749	6.0	108,665	7.1
Shares and other equities	115,711	8.1	191,144	12.5	183,382	11.9
Insurance and pension reserves	380,738	26.7	388,356	25.5	399,341	25.9
Others	71,948	5.0	71,575	4.7	70,842	4.6

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

Note: Figures are as of the end of December.

a. Provisional figures.

Household Savings Rates by Country

(%)

	1990	1995	2000	2005	2007
France	9.3	12.7	11.4	11.6	11.7
Germany	13.9	11.0	9.2	10.7	10.2
Japan	13.9	11.9	8.3	2.4	2.4
Korea (ROK)	22.5	17.5	10.7	4.3	4.2
UK ^a	8.0	10.0	5.0	5.0	5.9
USA	7.0	4.6	2.3	-0.4	0.5

Source: OECD, *Economic Outlook No. 79*.

a. Gross savings.

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
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
2006	99.4	53.7	61.1	40.2	83.9	88.2	27.3	68.3

Source: Cabinet Office, *Shohi doko chosa* (Consumer Confidence Survey), 2006.

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 20.3% in 2005 from 16.9% in 1990. 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 ¥24.3 trillion in 2005. Instead of dining out, the use of prepared meals has been constantly rising. In 2005, the sales of prepared meals, or *nakashoku*, reached ¥6.1 trillion, up 41.9% from 1997.

Green tea still accounts for most of the tea consumed in Japan. The average household consumption of green tea was 1.1 kg in 2005, while that of black tea (including oolong tea) was 0.26 kg. A growing number of Japanese appear to be developing a taste for coffee. Per capita consumption of coffee (excluding coffee beverages) in 2005 was 2.0 kg, a rise of 18.1% from 2000.

Per capita alcohol consumption, which has remained at almost the same level

since 1980, amounted to 6.5 liters (pure alcohol equivalent) in 2003, compared with 6.9 liters in Italy and 9.3 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 2006 was 27.33 million (20.66 million men and 6.67 million women), a decrease of 287,000 from the previous year. The total sales volume of cigarettes in fiscal 2005 was 285.2 billion, of which 95.7 billion, or 33.6%, were imported cigarettes.

Annual Alcohol Consumption

(1,000 kl)

	1995	2000	2001	2002	2003	2004
Beer	6,744	5,185	4,622	4,132	3,783	3,617
<i>Happoshu</i> low-malt beer	n/a	1,574	2,157	2,465	2,403	2,213
<i>Shochu</i> ^a	648	734	792	832	921	983
Sake	1,262	977	933	888	826	746
Liqueurs	222	381	447	542	580	692
Wine	144	266	253	259	237	226
Whiskey and brandy	191	145	135	122	112	100

Source: National Tax Agency, *Sake no shiori* (Handbook of Alcoholic Beverages), 2006.

a. Japanese distilled liquor.

Alcohol Imports

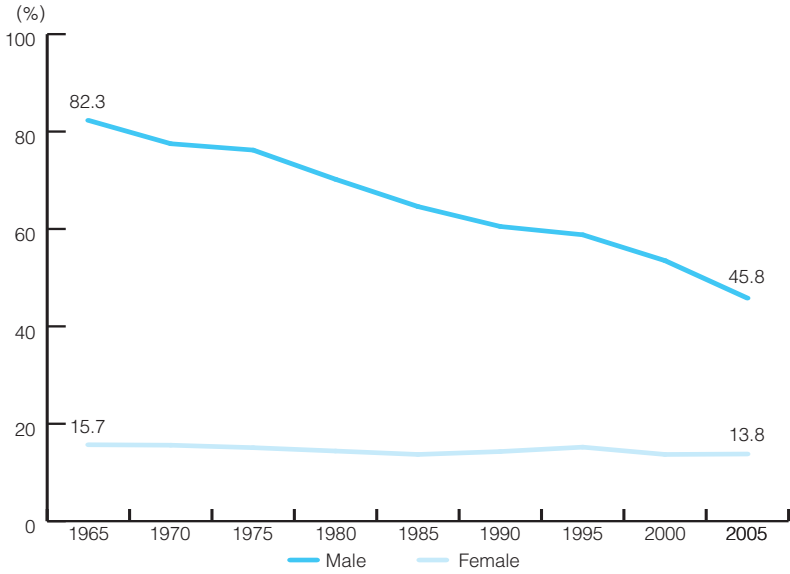
(1,000 kl)

	1991	1995	1999	2000	2003	2004
Wine	56.8	82.9	158.3	165.6	159.0	160.5
<i>Shochu</i> ^a	n/a	43.2	51.4	60.4	82.3	89.4
<i>Happoshu</i> low-malt beer	n/a	21.5	41.5	53.2	38.4	29.3
Beer	101.4	213.3	40.6	26.9	26.1	27.3
Whiskey and brandy	61.3	47.2	32.7	31.2	23.2	20.0

Source: National Tax Agency, *Sake no shiori* (Handbook of Alcoholic Beverages), 2006.

a. Japanese distilled liquor.

Smokers in the General Population



Source: Japan Health Promotion & Fitness Foundation.