

Global HABIT 2005: Values & Consumption of *Sei-katsu-sha* in the Talked About
Chinese, Indian and Russian Markets

Chinese trust in-store over Internet-sourced information.

Mumbai *sei-katsu-sha** seek wealth and stability.

Japanese products easily have the highest quality image with

Muscovites.

Tokyo – March 30, 2006 – HakuHodo has conducted its Global HABIT survey of *sei-katsu-sha** annually since 2000 to support marketing and communication strategy building for the global market. The survey polls some 25,000 people in 32 key cities across Asia, Europe and the US. In the BRICs markets, which have been drawing the attention of global marketers recently, the survey has covered two cities in India since 2001, an expanded total of eight cities in China since 2003, and from this year, one in Russia.

The results of the 2005 survey, which focused on 24 cities, are now available. Here we present some key findings concerning *sei-katsu-sha* mainly in China, India and Russia, along with time series comparisons with findings from previous surveys.

Key findings

1. Comparison of values, lifestyles and consumer perceptions

- **There is strong desire for stability and material wealth in Mumbai and Tokyo, but little interest in these in Moscow.**
- **In Guangzhou, Shanghai and Beijing, people trust information sourced from stores over that obtained from the Internet.**
- **Interest in new products is high in Mumbai, falling in Chinese cities and ultra low in Tokyo.**
- **Ownership of mobile phones is still just below 40% in Mumbai, whereas in the Chinese and Russian cities it is in the 80-90+% range.**
- **The importance of word-of-mouth is on the rise just about everywhere.**

**Sei-katsu-sha* are more than simply consumers, people whose lives and lifestyles include more than shopping. HakuHodo introduced this term in 1980s, to emphasize our commitment to a comprehensive, 360-degree perspective on consumer's lives.

2. Comparison of images of products made in different countries

- **Around the world, and particularly in Moscow, Japanese products have an image of being high quality and having an established reputation.**
- **Korean products get high praise in the Chinese cities for being smart/fashionable and having a pioneering/innovative image, whereas Japanese products are in top in Moscow.**
- **Japanese products are seen as being expensive, but good valued for money. In Guangzhou, Shanghai and Beijing, people have pride in the value for money of local (Chinese) products.**

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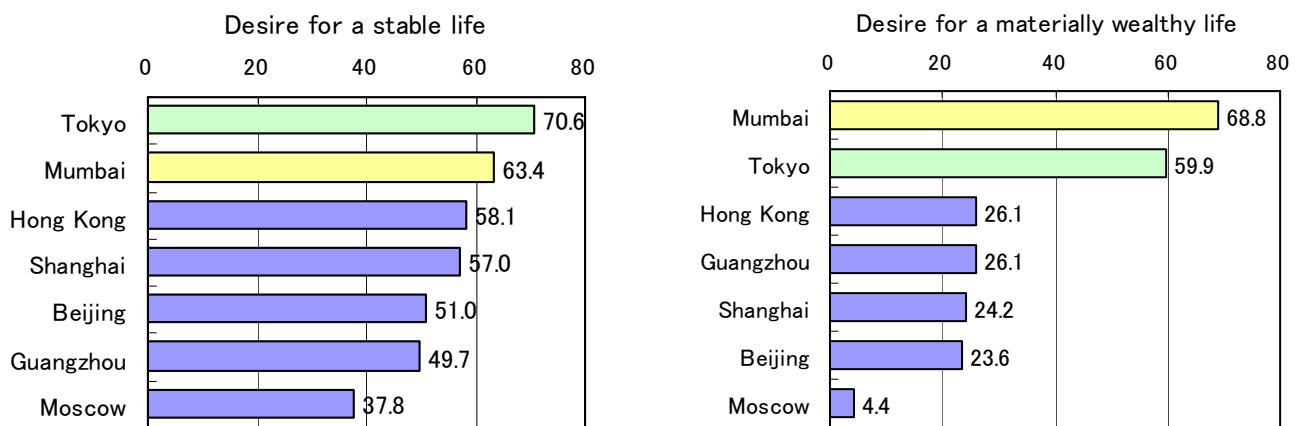
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Key findings

1. Comparison of values, lifestyles and consumer perceptions

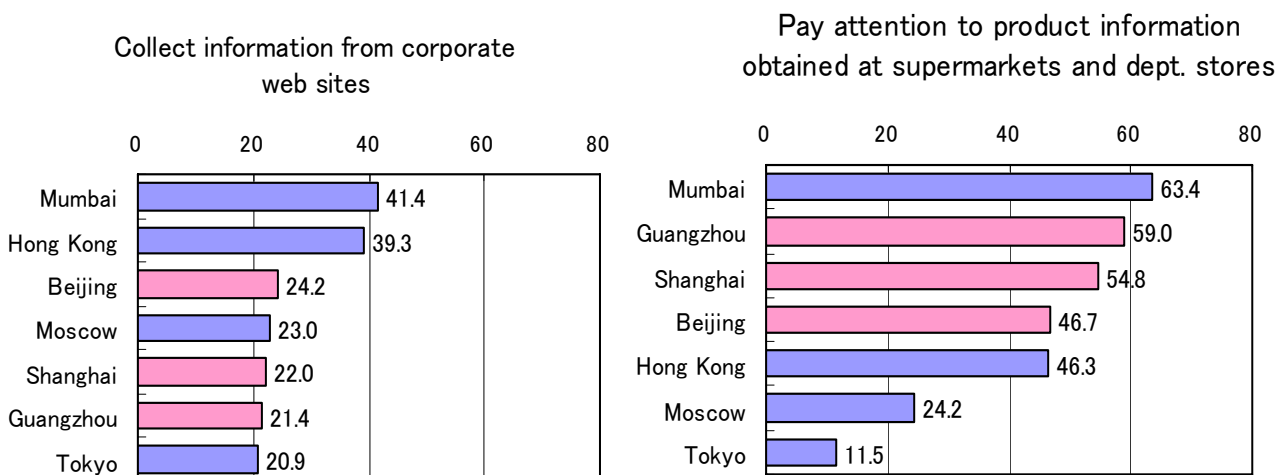
- **There is strong desire for stability and material wealth in Mumbai and Tokyo, but little interest in these in Moscow**

Although people in Mumbai and Tokyo seek both stability and material wealth, there is little interest in material wealth in Guangzhou, Shanghai and Beijing, and in Moscow, there appears to be almost no interest in material wealth at all.



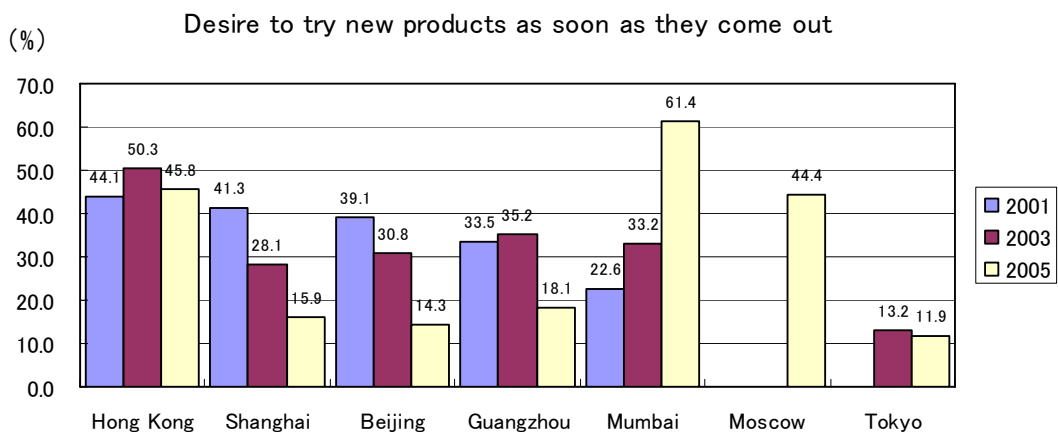
- **In Guangzhou, Shanghai and Beijing, people trust information sourced from stores over that obtained from the Internet**

People in Guangzhou, Shanghai and Beijing place more stock in information they obtain from stores than that they gather on the Internet. This likely stems from the fact that the Internet is restricted in China, whereas companies actively market their products in stores. Conversely, residents of Tokyo are more skeptical of both of these as data sources than people in other cities.



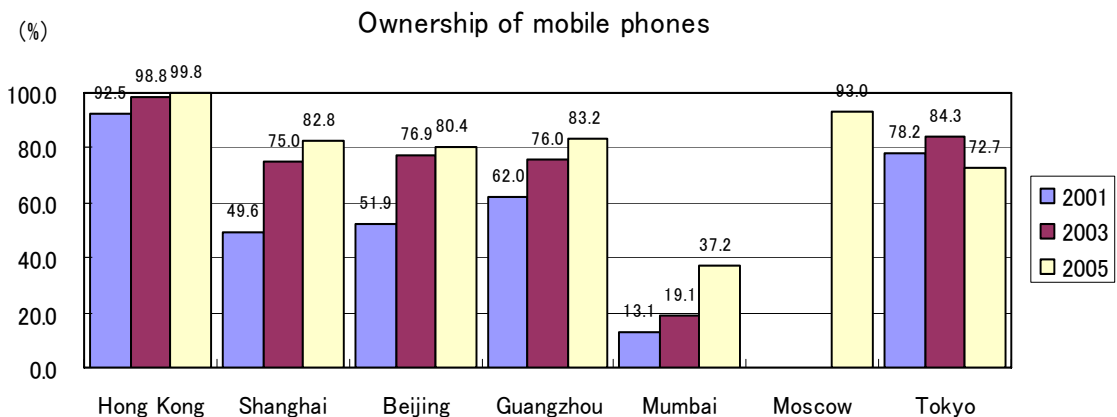
- **Interest in new products is high in Mumbai, falling in Chinese cities and ultra low in Tokyo**

Comparing results from 2001, 2003, and 2005, the desire to try out new products as soon as they come out has shot up to over 60% in Mumbai, a growing market. In contrast, this desire, which was in the 30–40% range in the three Chinese cities in 2001, has dropped to well below 20% in this short time. This growing disinterest in new products perhaps indicates that the market starting to reach maturity. Tokyo, at just over 10%, showed particularly low interest in new products.



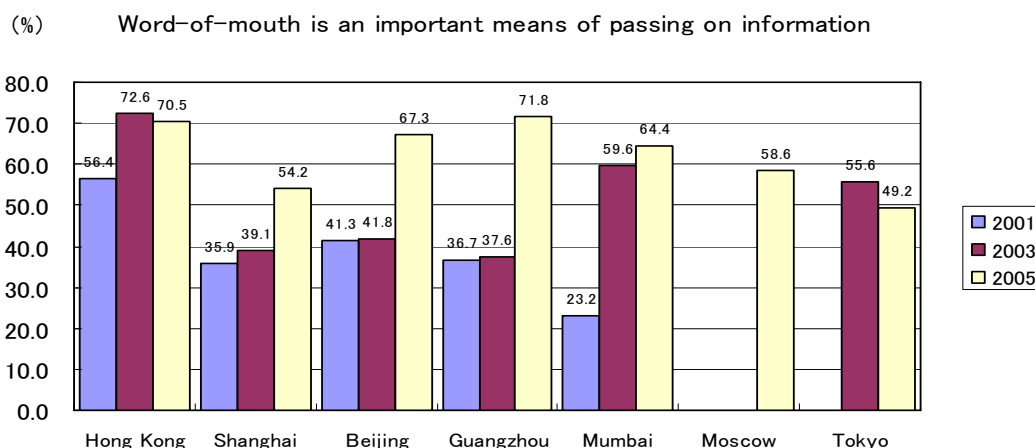
- **Ownership of mobile phones is still below 40% in Mumbai, whereas in the Chinese and Russian cities it is in the 80-90+% range**

Ownership of mobile phones is rising each year in the three Chinese cities, topping more than 80% in 2005. In places like Hong Kong and Moscow, ownership is over 90%, showing that mobile phones are now necessities for people in many cities. In Mumbai, however, while numbers are increasing, at a little over 35%, owners are still in the minority.



- **The importance of word-of-mouth is on the rise just about everywhere**

Word-of-mouth, which has been drawing attention recently as a marketing tool, is also increasingly seen as an important means of passing on information by ordinary people in nearly every city surveyed. The world over, the Internet and mobile phones have been spreading, expanding the place of sending and receiving information on a personal level, and heightening the importance of word-of-mouth for many.



Comparison of images of products made in different countries

How people view the image of products made in each country is something that has repercussions for the corporate image of companies from those countries as well. In comparing responses between the cities, we see that while Japanese products continue to lead worldwide in terms of quality and having an established reputation, in the three Chinese cities Korean products are seen as the most fashionable and pioneering, and in terms of value-for-money, local (Chinese) products are rated higher than those made in Japan.

- **Around the world, and particularly in Moscow and Hong Kong, Japanese products have an image of being high quality and having an established reputation**

	Excellent quality/ features					Established reputation				
	Japanese products	Korean products	Chinese products	US products	European products	Japanese products	Korean products	Chinese products	US products	European products
Beijing	62.4	23.8	30.5	27.0	32.7	40.8	19.6	21.2	28.8	27.9
Shanghai	51.9	23.5	18.5	41.0	40.5	30.6	20.0	18.2	37.3	32.9
Guangzhou	52.5	27.0	33.4	39.4	39.2	35.7	26.1	26.3	34.6	33.4
Hong Kong	77.5	31.5	9.8	59.6	65.9	76.9	34.3	9.5	59.5	68.8
Mumbai	41.6	25.0	23.2	26.2	29.2	19.2	15.2	15.6	19.0	15.2
Moscow	80.6	19.8	4.6	25.0	52.2	66.2	21.6	7.4	35.0	53.6

Shading [] indicates highest score in the category

- **Korean products get high praise in the Chinese cities for being smart/fashionable and having a pioneering/innovative image, whereas Japanese products are in top in Moscow**

	Smart/ fashionable image					Pioneering/ innovative image				
	Japanese products	Korean products	Chinese products	US products	European products	Japanese products	Korean products	Chinese products	US products	European products
Beijing	22.0	39.7	11.3	32.8	26.2	19.7	31.4	30.4	27.2	26.4
Shanghai	32.6	36.7	15.9	27.9	28.4	32.2	30.3	29.3	24.7	24.3
Guangzhou	32.8	35.5	17.8	35.4	37.8	24.7	32.8	30.0	27.9	24.6
Hong Kong	77.3	56.5	5.9	23.0	37.6	54.8	57.6	35.8	30.5	29.8
Mumbai	17.4	15.0	13.4	22.0	16.4	21.0	15.6	17.0	22.0	17.6
Moscow	51.0	24.8	9.4	34.6	45.8	36.0	20.2	11.0	12.0	15.0

- **Japanese products are seen as being expensive, but good valued for money. In Guangzhou, Shanghai and Beijing, people have pride in the value for money of local (Chinese) products**

	Expensive					Value for money				
	Japanese products	Korean products	Chinese products	US products	European products	Japanese products	Korean products	Chinese products	US products	European products
Beijing	37.2	21.0	6.0	46.8	37.7	18.8	17.1	61.7	9.8	10.0
Shanghai	21.8	13.9	4.3	48.9	43.4	16.1	23.6	55.0	8.6	8.1
Guangzhou	44.9	27.4	10.0	48.3	47.1	6.4	20.4	44.4	8.7	7.7
Hong Kong	54.4	6.5	1.0	53.0	69.3	38.0	37.6	26.8	21.8	22.9
Mumbai	28.0	15.0	12.6	33.4	18.2	30.6	17.8	17.8	22.4	20.8
Moscow	44.0	4.4	0.2	38.8	41.2	39.4	35.4	14.6	15.2	30.0

Outline of Global HABIT 2005

Cities: China (Shanghai/ Beijing/ Guangzhou/ Dalian/ Shenyang/ Wuhan/ Chengdu/ Fuzhou), Hong Kong, Taiwan (Taipei), Thailand (Bangkok), Korea (Seoul), Singapore, Malaysia (Kuala Lumpur), Philippines (Metro Manila), Indonesia (Jakarta), Vietnam (Ho Chi Minh City), India (Delhi, Mumbai), France (Paris), Germany (Frankfurt), Russia (Moscow), Japan (Tokyo, Osaka).

*Surveys prior to 2004 included USA (New York, Los Angeles, Chicago), UK (London), Germany (Berlin), Italy (Milan), Australia (Sydney).

Respondents: 500-800 males/females aged 15–54 in each city. In Japan, the total sample size for Tokyo and Osaka was 5,000. Total n= 21,534. Respondents in non-Japanese cities were screened for household income and those with mid-high incomes selected. In China, the minimum monthly income was 1,500 RMB; in Hong Kong, 13,000 HKD; in India, 7,000 INR; in Russia, 20,000 RUB).

In addition to the above, additional samples were taken from 1,221 “Chinese power *sei-katsu-sha*” (males and females aged 25–44 with monthly household incomes of at least 6,000 RMB) in Shanghai, Beijing, and Guangzhou. From 2005, respondents in four of the Chinese cities (Shanghai, Beijing, Guangzhou, Chengdu) were also polled on more than 100 lifestyle issues (including fashion, food, housing, social life, work, life) for the China Teiten Survey.

Method: Visit interviews (Asia (excl. Japan & Hong Kong), Europe); individual interviews at central location (Hong Kong), mailed questionnaire and visit interviews (Japan).

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About Hakuhold Inc.

Founded in 1895, Hakuhold Inc. (www.hakuhold.jp) is the second largest advertising company in Japan, and the ninth largest core agency in the world according to *Advertising Age's* agency report 2005. Today, innovation and creativity are still at the heart of its operations. Hakuhold shares with its clients an unmatched depth of knowledge about the relationship between people and brands – knowledge that has grown from the concept of *sei-katsu-sha* (“consumers with a heartbeat”) which Hakuhold pioneered in advertising. Through its global network, Hakuhold provides comprehensive marketing and communications services and solutions for some of the best-known brands in the world. Hakuhold has 67 offices in 16 countries/regions, and approximately 5,000 employees.

Sei-katsu-sha insight is the foundation for Hakuhold's thinking, planning, and brand building. It reminds us that consumers are more than shoppers performing an economic function. They have heartbeats. They are individuals with distinct lifestyles. Hakuhold introduced this term in the 1980s to emphasize our commitment to a comprehensive, 360-degree perspective on consumers' lives.

Hakuhold is one of three advertising agencies under the umbrella of Hakuhold DY Holdings Inc. (TSE: 2433) (<http://www.hakuholddy-holdings.co.jp/english/index.html>) a holding company which was established in 2003 through the management integration of Hakuhold Inc., Daiko Advertising Inc. and Yomiko Advertising Inc. Hakuhold DY Holdings Inc. was listed on the first section of Tokyo Stock Exchange in 2005.