

Hakuhodo Global HABIT 2007: Survey of Consumer Perceptions in 32 Major Cities around
the WorldA bright outlook seen by those in India and Chinese-speaking
Asia

Communications charges near the top of list of current big spends.

Asian *sei-katsu-sha* set to save more in the future.

High interest in environmental issues in Japan.

To support marketing communication in the global market place, Hakuhodo has conducted its Global HABIT survey of *sei-katsu-sha*¹ each year since 2000. The survey territory has grown to include some 23,000 respondents in 32 major centers in Asia, Europe, the US and Oceania.

From our 2007 study, we learned that many in cities in India and elsewhere are quite upbeat about the future. Below we present findings from focused analysis of 9 of the surveyed cities (Hong Kong, Taipei, Seoul, Bangkok, Mumbai, Shanghai, Moscow, Frankfurt and Tokyo), highlighting the spending patterns, perceptions concerning the environment and communications of the upbeat, forward-looking residents of these cities.

Key findings

1. Upbeat outlook

- More than 80% of respondents in go-go Mumbai, and more than 60% of respondents in Hong Kong, Taipei and Shanghai think that their personal economic situation will improve in the future. Meanwhile, more than 50% of respondents in Tokyo and Seoul say that not much will change; a sign, perhaps, of some resignation about the future.

2. Spending patterns

- In all cities except Mumbai, communications charges (mobile phone, Internet, etc.) ranks within the top 5 items that respondents feel they currently spend money on. In Seoul, in particular, communications charges beat off routine meals and everyday clothing as the top spend.
- Saving ranks in the top 5 areas that respondents hope to spend money on in the future in all Asian cities studied.

¹ *Sei-katsu-sha* are more than simply consumers, just as people's lives and lifestyles include more than just shopping. Hakuhodo introduced this term in the 1980s to emphasize its commitment to a comprehensive, 360-degree perspective on consumer's lives.

3. Perceptions of the environment
 - Tokyo has the highest proportion of respondents who believe that environmental issues will become more important around them.
4. Communications environment
 - More than 40% of respondents in nearly all cities surveyed believe that word of mouth is an important means of communication. The scores for Taipei and Hong Kong were particularly high, at over 70%. Ownership of mobile phones and computers, essential tools for word of mouth information communication, is at least 85% in Hong Kong, Taipei, Seoul and Tokyo, with Shanghai, Moscow and Frankfurt not far behind.
5. Country image
 - Japanese products boast an image of high quality in all cities surveyed worldwide, particularly Taipei, Hong Kong and Moscow. Meanwhile, Japanese products and Korean products are neck and neck in terms of having a growing image.

Media contacts:

Corporate Public Relations Division

Chie Nishio: CHIE.NISHIO@hakuholdo.co.jp

Yukiko Ono: YUKIKO.OONO@hakuholdo.co.jp

Tel: +81-(0)3-5446-6161 Fax: +81-(0)3-5446-6166

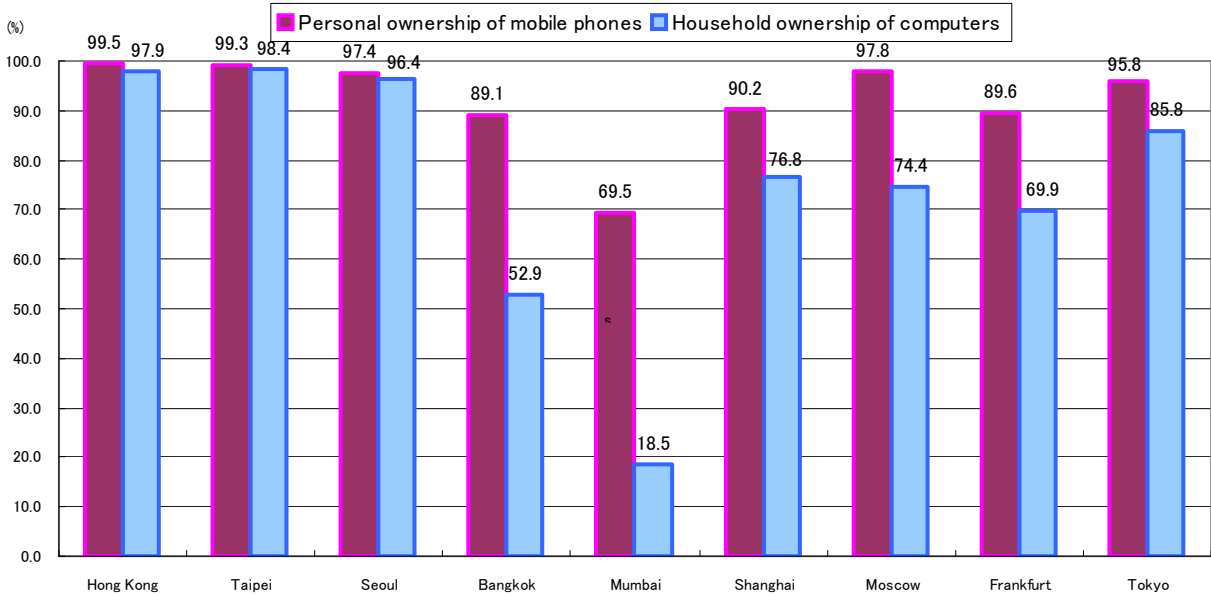
Analysis results

1. Upbeat outlook

- **More than 80% of respondents in go-go Mumbai, and more than 60% of respondents in Hong Kong, Taipei and Shanghai think that their personal economic situation will improve in the future. Meanwhile, more than 50% of respondents in Tokyo and Seoul say not much will change.**

When we asked respondents how they saw their financial futures, majorities in key cities in the high growth “BRICs” centers of Brazil, Russia, India and China that we surveyed saw rosy financial futures (Mumbai: 83.6%; Shanghai: 61.4%; Moscow: 52.2%). This was roughly in proportion to the economic growth being experienced in these countries. However, unlike their counterparts in Mumbai and Shanghai, in excess of 10% of Muscovites thought their economic situations would worsen or were not sure.

Moreover, in Seoul and Tokyo, more than half of respondents thought that not much would change, and in Tokyo, upwards of 20% said they thought things would worsen, indicating a sense of helplessness about the future.



2. Spending patterns

- In all cities except Mumbai, communications charges (mobile phone, Internet, etc.) ranks in the top 5 items that respondents think they currently spend money on. In Seoul, in particular, communications charges beat off everyday meals and everyday clothing as the top spend.

In a new question from this survey, we asked respondents what they currently spend money on, and what they plan to spend money on in the future. We found that aside from clothing and food, which ranked highly overall, communications charges (mobile phone, Internet, etc.) also made the top 5 in all cities except Mumbai, indicating that communications charges eat up a fairly large chunk of overall spending. This trend was particularly noticeable in Seoul, where communications charges held off everyday meals and everyday clothing to take the No. 1 spot in current and future spends. With some of the best IT infrastructure in Asia, *sei-katsu-sha* in Seoul have a diverse and high quality range of services at their fingertips, and think nothing of loosening the purse strings to enjoy them.

Currently Spend Big On

	Hong Kong	Taipei	Seoul	Bangkok	Mumbai	Shanghai	Moscow	Frankfurt	Tokyo
1	Routine meals	Routine meals	Communications	Routine meals	Savings	Routine meals	Routine meals	Routine meals	Dining out
2	Everyday clothing	Dining out	Routine meals	Savings	Routine meals	Communications	Everyday clothing	Everyday clothing	Routine meals
3	Dining out	Everyday clothing	Dining out	Communications	Clothes for going out	Everyday clothing	Communications	Communications	Hobbies & interests
4	Communications	Communications	Clothes for going out	Everyday clothing	Home electronics	Savings	Beauty (hairdressing, esthetique, etc.)	Personal gifts	Children's cultivation/studies
5	Savings	Leisure (Excl. travel)	Socializing (Incl. food/drink)	Clothes for going out	Everyday clothing	Dining out	Personal gifts	Leisure (Excl. travel)	Communications

Note 1: *Communications* refers to charges for mobile phones, Internet, etc.

Note 2: Tokyo data from 2006 survey

Saving ranks in the top 5 items that respondents hope to spend money on in the future in all Asian cities studied.

In items that respondents intend to spend money on in the future, saving ranked in the top 5 of all Asian cities surveyed, and was No. 1 in both Mumbai and Tokyo. It is clear that Asian *sei-katsu-sha* are keen to top up their nest eggs.

Meanwhile, in Moscow and Frankfurt, saving did not appear in either the current or future top 5, indicating a clear division between *sei-katsu-sha* in these cities and those in Asia.

Note: Data for Tokyo from the Hakuodo Institute of Life and Living's *Seikatsu Teiten 2006* (2006 Data Book on the Japanese People) survey.

Intend to/will Continue to Spend Big on in the Future

	Hong Kong	Taipei	Seoul	Bangkok	Mumbai	Shanghai	Moscow	Frankfurt	Tokyo
1	Routine meals	Routine meals	Communications	Routine meals	Savings	Routine meals	Routine meals	Routine meals	Savings
2	Everyday clothing	Dining out	Dining out	Savings	Children's cultivation/studies	Communications	Everyday clothing	Everyday clothing	Travel
3	Savings	Travel	Routine meals	Communications	Home electronics	Everyday clothing	Travel	Communications	Hobbies & interests
4	Communications	Everyday clothing	Clothes for going out	Everyday clothing	Routine meals	Savings	Beauty (hairdressing, esthetique, etc.)	Dining out	Children's cultivation/studies
5	Travel	Savings	Savings	Travel	Everyday clothing	Dining out	Communications	Car	Leisure (Excl. travel)

Note 1: *Communications* refers to charges for mobile phones, Internet, etc.

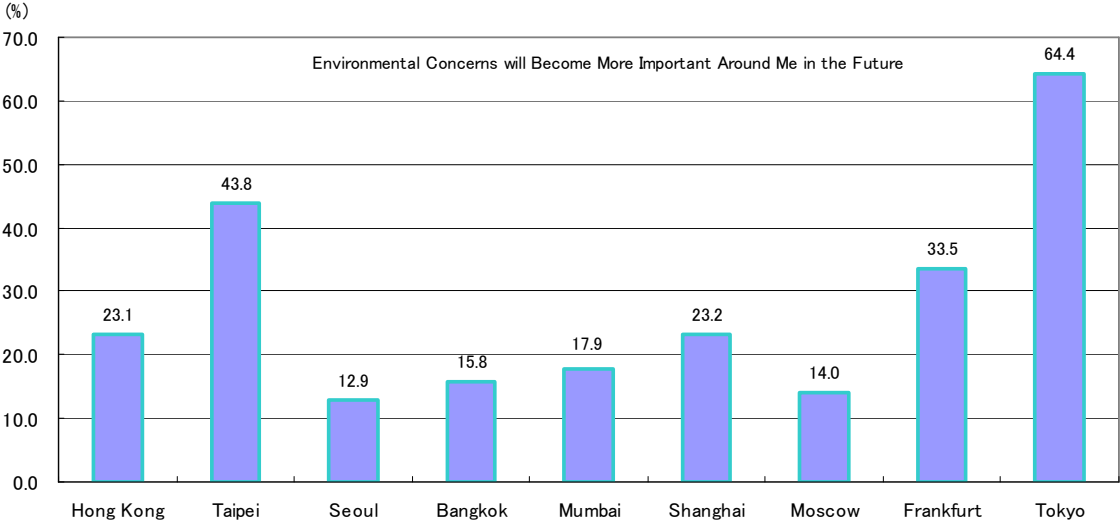
Note 2: Tokyo data from 2006 survey

3. Perceptions of the environment

Tokyo has the highest proportion of respondents who believe that environmental issues will become more important around them.

As environmental issues become a matter of global concern, the environment is seen as being of growing importance to *sei-katsu-sha* in Tokyo, where a multitude of environmental campaigns are underway in the lead-up to the G8 Hokkaido Toyako Summit.

Meanwhile, in the key BRICs cities of Mumbai and Moscow, which are experiencing continued rapid growth, less than 20% of respondents think that environmental issues will become more important around them, while in Shanghai, the score is just over 20%. It seems that concern about environmental concerns is yet to manifest itself among *sei-katsu-sha* in many key world centers.

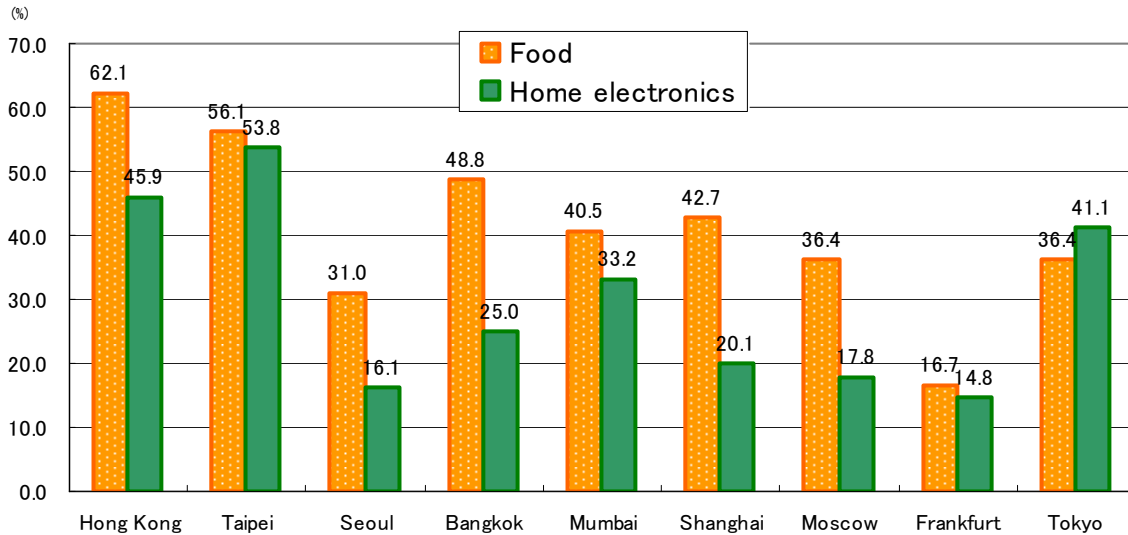


The higher the awareness of environmental issues, the more environmental considerations affect the purchase of home electronics.

When we asked whether awareness of environmental issues (waste disposal, pollution, energy-efficiency, recycling, etc.) had changed key considerations affecting purchase decisions, we discovered that the proportion of respondents who agreed that that their emphasis had changed due to increased awareness of environmental issues was the same for both food and home electronics purchases in Taipei, Frankfurt and Tokyo, all cities where environmental issues were a growing concern for at least 30% of respondents (see graph above). It seems that in these cities, people consider the environment not just when buying such intimate items as the food they put in their bodies, but also when buying durable goods like home electronics.

However, in cities where awareness of environmental issues is still not high, the degree to which the environmental factors affect purchase decisions is much higher for food, a life essential, than for home electronics.

Emphasis of Purchase Decisions has Changed Due to Increased Awareness of Environmental Issues

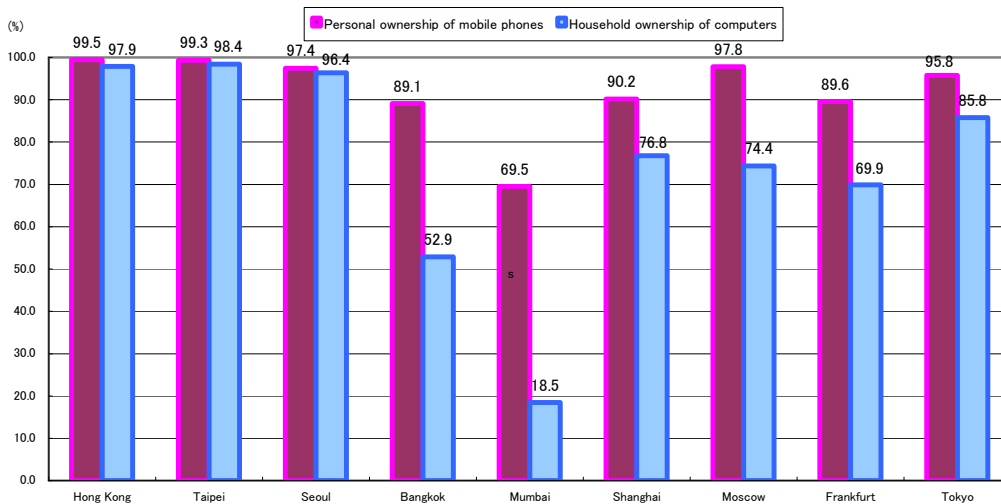
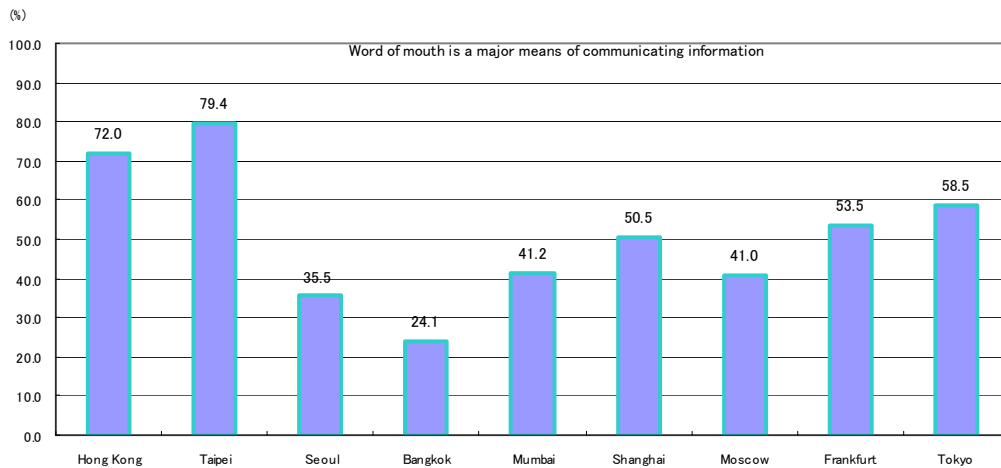


4. Communications environment

- **More than 40% of respondents in nearly all cities surveyed believe that word of mouth is an important means of communication. The scores for Taipei and Hong Kong were particularly high, at over 70%. Ownership of mobile phones and computers, essential tools for word of mouth communication, is at least 85% in Hong Kong, Taipei, Seoul and Tokyo, with Shanghai, Moscow and Frankfurt not far behind.**

Personal ownership of mobile phones, in particular, is high, with rates of over 90% in most cities, and around 70% in Mumbai, the city with the lowest ownership amongst the cities surveyed. In household computer ownership, where available infrastructure plays a much bigger role, the rates varied from city to city. However, household ownership of computers was at least 70% in all cities except Mumbai and Bangkok.

The high rates of mobile phone and computer ownership have likely led to the appearance of communications charges in the top 5 items respondents currently spend money on in virtually all cities surveyed.



5. Country image

Japanese products boast an image of high quality in all cities surveyed worldwide, particularly Taipei, Hong Kong and Moscow. Meanwhile, Japanese products and Korean products are neck and neck in terms of having a growing image. Korean products are seen as on the rise in Hong Kong, Mumbai and Moscow.

When we tested responses in each city surveyed to products made in various countries, we found that in terms of having a quality image, Japanese products came out tops, gaining highest scores in all cities except Frankfurt. More than 80% of respondents in Taipei and Hong Kong and more than 70% of those in Moscow saw Japanese products as being high quality.

Have Excellent Quality/Features

	Hong Kong	Taipei	Seoul	Bangkok	Mumbai	Shanghai	Moscow	Frankfurt
1	Japanese products (86.4%)	Japanese products (94.3%)	Japanese products (29.6%)	Japanese products (54.3%)	Japanese products (32.1%)	Japanese products (49.6%)	Japanese products (70.4%)	European products (64.2%)
2	European products (74.1%)	European products (78.3%)	Korean products (28.9%)	American products (45.8%)	Korean products (14.0%)	American products (39.2%)	European products (42.6%)	Japanese products (38.6%)
3	American products (60.5%)	American products (61.0%)	American products (19.3%)	European products (34.4%)	European products (13.7%)	Chinese products (33.6%)	American products (24.8%)	American products (24.2%)
4	Korean products (38.0%)	Korean products (28.3%)	European products (11.8%)	Korean products (20.3%)	Chinese products (13.0%)	European products (26.9%)	Korean products (15.4%)	Chinese products (9.4%)
5	Chinese products (6.0%)	Chinese products (2.1%)	Chinese products (2.5%)	Chinese products (11.6%)	American products (12.2%)	Korean products (16.0%)	Chinese products (1.0%)	Korean products (7.9%)

On the other hand, in terms of having a growing image, Japanese products were top in Taipei, Bangkok and Frankfurt, but Korean products were top in Hong Kong, Mumbai and Moscow. We also discovered that locally-manufactured products are seen as being on the up and up in Seoul and Shanghai.

Have a Growing Image

	Hong Kong	Taipei	Seoul	Bangkok	Mumbai	Shanghai	Moscow	Frankfurt
1	Korean products (70.3%)	Japanese products (62.3%)	Korean products (27.4%)	Japanese products (34.0%)	Korean products (20.2%)	Chinese products (36.5%)	Korean products (29.6%)	Japanese products (28.5%)
2	Chinese products (50.6%)	Korean products (56.6%)	American products (22.1%)	Korean products (27.4%)	Chinese products (14.1%)	Korean products (33.9%)	Chinese products (28.6%)	European products (25.2%)
3	Japanese products (48.5%)	European products (49.8%)	European products (21.5%)	American products (24.1%)	Japanese products (11.4%)	American products (32.5%)	European products (16.8%)	Chinese products (20.5%)
4	European products (41.8%)	American products (41.6%)	Japanese products (19.1%)	European products (23.5%)	American products (11.1%)	European products (32.0%)	American products (14.4%)	American products (16.9%)
5	American products (32.8%)	Chinese products (16.0%)	Chinese products (8.0%)	Chinese products (19.8%)	European products (9.6%)	Japanese products (28.4%)	Japanese products (14.2%)	Korean products (13.2%)

Hakuhodo Global HABIT 2007 Survey Outline

• Survey frame

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

* Surveys prior to 2006 include London (UK); Milan (Italy); Los Angeles, Chicago (USA); Berlin (Germany), Madrid (Spain); Sydney (Australia)

Population: Outside Japan: 500–800 males/females aged 15–54 per city; Japan: a total 5,000 males/females aged 15–54 in Tokyo and Osaka.

* Samples from Shanghai, Beijing and Guangzhou include an additional 1,213 Chinese Power *Sei-katsu-sha* (defined as males/females aged 25–44 with monthly household incomes of at least 6,000 RMB)

* Samples from Delhi and Mumbai include an additional 1,028 Indian Power *Sei-katsu-sha* (defined as males/females aged 25–54 with monthly incomes of at least 20,000 INR)

All respondents were screened for household income to include those in the mid–upper income bracket (the top 50–85% of the city's population).

Survey method: In-home interviews (Asia, except Hong Kong, Taipei; Europe, except Paris), personal interviews at a central location (Hong Kong, Taipei), self-administered questionnaires (Paris), in-home interviews/postal surveys (Japan)

• Main survey items (some only in Asian or Chinese cities)

Demographics/Lifestyle

Demographics, lifestyle, country image, media/information contact, shopping, interests, sports, durable consumer goods ownership, category perceptions, touchpoints, travel, housing

Product/Service usage

Insurance, credit cards, airlines, fast food, passenger cars, motorcycles, AV equipment, home appliances, mobile phones, computers/printers, mobile phones, cameras/digital cameras, copiers, wristwatches, game consoles, non-alcoholic beverages, foodstuffs (instant foods, snack foods), alcoholic beverages (beer, etc.), cigarettes, toiletries, cosmetics, personal care products, batteries, tires

■ 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 2007. 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 18 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 and integrated media company Hakuhold DY Media Partners under the umbrella of Hakuhold DY Holdings Inc. (TSE: 2433) (<http://www.hakuholdody-holdings.co.jp/english/index.html>). Hakuhold DY Holdings Inc., a holding company which was established in 2003 through the management integration of Hakuhold Inc., Daiko Advertising Inc. and Yomiko Advertising Inc., was listed on the first section of Tokyo Stock Exchange in 2005.