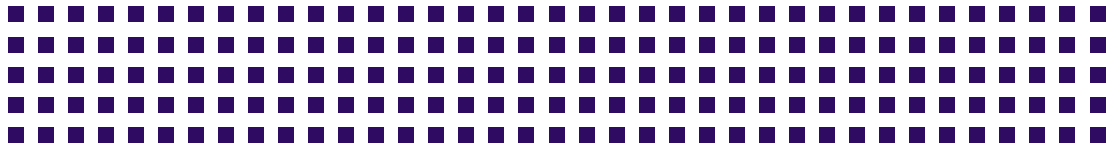


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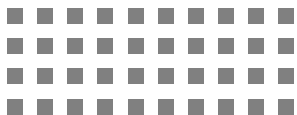


2002

Hit Products  
in Japan

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## Consumerism Off the Balance Sheet

~ Premonitions of a Lifestyle Change ~

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In 2002, Japan's prolonged recession combined with deflationary pressures cast a long shadow over the consumer psyche, and consumers as a whole increasingly felt they were confined in a "no-way-out" situation, as if the "deflation of the consumer heart" had been firmly set in place. And as consumers' preferences and tastes continue to diversify, hit products of explosive scale, that is, the product capable of attracting consumers of all ages, male or female, and of motivating them to be the first to buy the product, are less likely to emerge.

Yet despite these circumstances, the hit products of 2002 allowed people to consume and still feel good about it.

In 2002, products that allowed people to enjoy modest deviation from the repetition of daily routines went on to become major hit products by capturing the mind and soul of consumers.

### Consumerism Off the Balance Sheet

"Consumerism off the balance sheet" is defined as consumption with no impact on the "regular household purse," which is used for the consumption of daily necessities (i.e., the balance sheet for family finances). It means that people became interested in buying products that were not really essential to day-to-day living but were high on satisfying their desire to consume, signaling a departure from the pursuit of better things in the fundamental consumption cycle for daily necessities in the areas of food, clothing and shelter. For such purchases, consumers were willing to tap their meager savings or the purse set aside for a would-be special occasion.

And such consumption had the effect of transforming their daily lives slowly but surely.

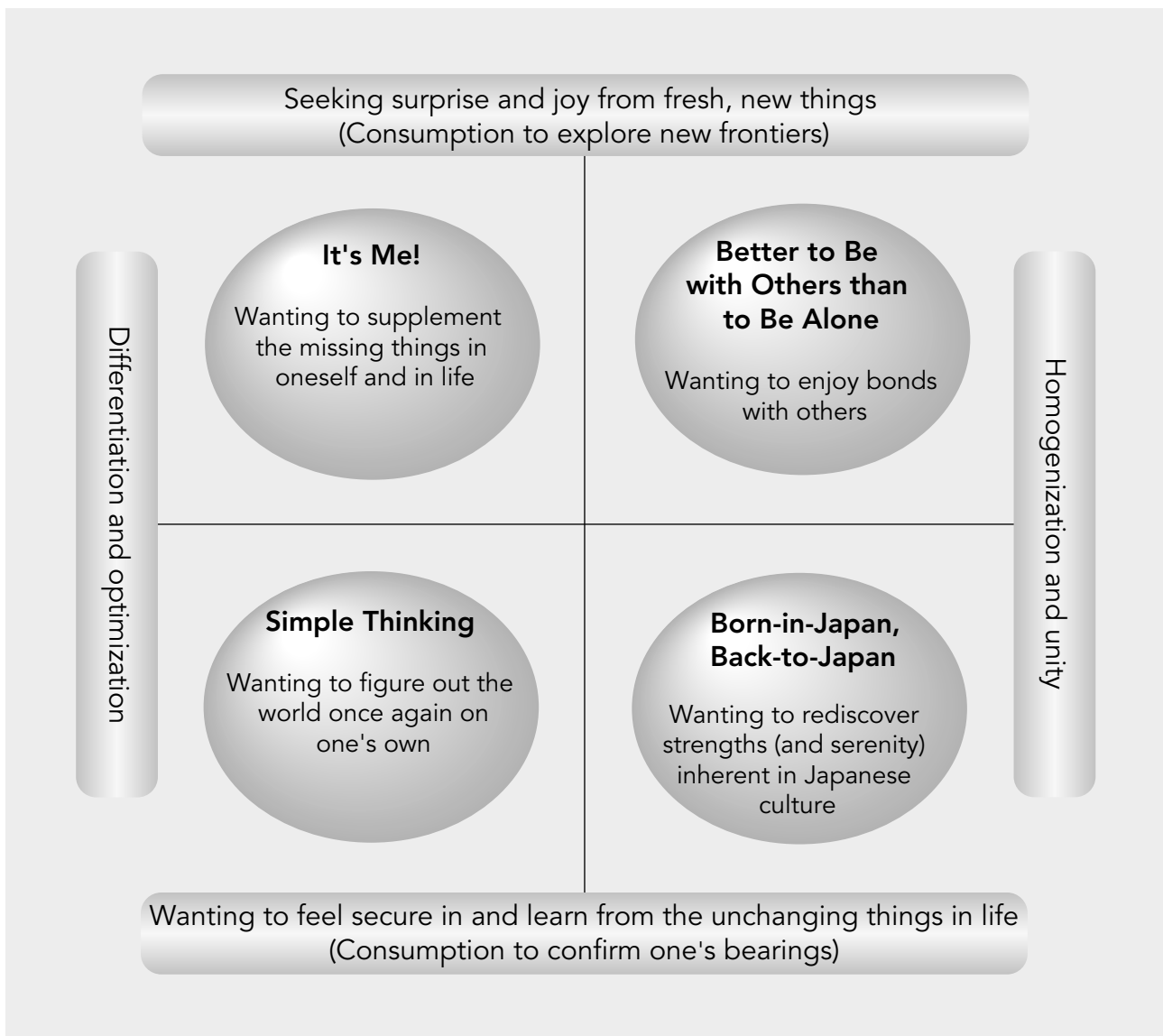
The following showcases some examples of this type of consumption behavior and possible changes that ensue:

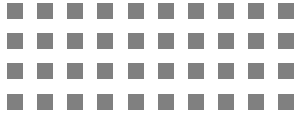
- The purchase of a large-screen, thin TV has the potential effect of changing the furniture layout in the living room, which will prompt family members to behave and interact in ways different from before, and eventually will have a far-reaching effect on people's lifestyle.
- The purchase of a designer home appliance turned the kitchen into a favorite place to linger around, leading to the mastery of a wider array of culinary delights.
- A massage chair helps the owners switch themselves between "business" and "private" modes in their daily lives and promises more relaxing time at home.
- The decision to use a semi-custom-made pillow based on the idea that sleeping is a vital part of life, has unearthed the desire to change the design of the bedroom.

Consumers' desire to "bring modest change to the repetition of everyday life by tapping the funds earmarked for would-be special occasions" was detected in the hit products of 2002.

## The Four Consumption Spheres of "Consumerism Off the Balance Sheet"

The consumer mindset that underscores attempts to deviate from the ordinary can be classified into the following four consumption spheres.





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## **It's Me!**

**— The Desire to Fill the Void in Me or in Daily Life —**

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While consumers are generally inclined to buy things that others are likely to buy, in 2002 they also tried to be more honest about their inner feelings and desires. A growing array of new products and services were introduced, aimed at filling the individual void and quenching that unique personal thirst.

### **Lifting the Ban on Self-Assertion**

This Is the Path I Want to Take

#### **Small Stylish Cars**

Small cars with exceptionally appealing designs were in vogue. Also smaller vehicles featuring rounder designs and luxurious interiors set themselves apart from conventional small cars. The success of their appeal was due to the desire of people in their 20s and 30s to own a unique motor vehicle.

#### **Big Scooters**

The year saw brisk sales of scooters 250 cc and larger — especially the type with a single comfortable footrest platform. Men over 40, in particular, were won over by their intelligent design and easy ride, as well as the big selection of handlebars and lights. Sales growth was driven by the guys who liked to fancy themselves owners of big bikes.

#### **Designer Home Appliances**

Novel home appliances attracted more people in 2002. Home appliance makers and interior manufacturers introduced a series of products emphasizing creative shapes and designs, successfully capturing the attention of consumers. Imported home appliances featuring bold designs and use of color also pleased consumers who wanted to fill their homes only with the things they truly liked and thought home appliances were no exception.

#### **Diversification of "Personal" Appliances**

A wider array of personal appliances was available than ever before, and they all enjoyed increasing popularity. These included small-sized washers for doing tiny loads of laundry just for oneself, electrically heated tables big enough for just one person, mini-fridges to be placed on a desk, and small-sized liquid crystal display (LCD) TVs. The range of products that came in personal size continued to expand. Consumers were attracted to the idea of owning personal appliances small enough to use themselves, anytime they liked.

- Cooperative Housing** A trend was seen for cooperative housing built by a co-op formed among would-be condominium residents. Under these arrangements, a cooperative is established, which then buys land and designs the building on behalf of prospective purchasers. Declining land prices combined with the changing perceptions of consumers, who increasingly viewed condominiums as permanent residences, gave rise to a new demand for individually designed floor plans. Cooperative housing enabled owners to design their own living space according to the needs of their lifestyles. Another attraction was the price tag, which was generally at least 10% lower than similar condominiums in the same neighborhood.
- TV Shopping Channels** TV shopping channels hit it big in 2002, appealing to consumers who wanted to watch product demonstrations on TV again and again, checking every detail. They showcased a series of unique products, including steam cleaners and aroma pots for tea leaves, which went on to become hits. Combined sales of the 26 companies engaged in TV shopping increased 13.4% year on year to ¥132 billion in fiscal 2001. Sales are expected to be up another 10.1% by the end of the current fiscal year.
- Internet Auctions** Internet auctions have grown into a gigantic market in the three years since the first one opened in 1999, and they continued to draw more participants in 2002. The competitive thrill of joining an auction, the good prices, and the opportunity to find rare products all combined to outweigh the risks of dealing with invisible strangers in a virtual world, luring an increasing number of people to bid and barter online.
- Hote-ichi (Shops on the First Floor of Hotels)** A growing number of first-class hotels began to spiff up their take-out delis. Because most delis were located on the first floor of hotels, the name *hote-ichi* ("hotel one") stuck. The trend to frequent *hote-ichi* delis was strengthened by their selections, which were a bit different and gave the impression of being a notch above the deli items in the *depa-chika* (basements of department stores). Convenience for take-out also contributed to their popularity.

**A Cappella/  
Voice Percussion**

Originally conceived as a TV program showcasing the *a cappella* skills of amateur groups, the TV show *Hamonep* captured the hearts of the young generation, for whom the ability to make music without the use of musical instruments was "cool." CDs featuring live performances of amateur *a cappella* groups appearing in nationwide championships plus those by *a cappella* singers discovered by the TV show sold 1.1 million copies.

**Indies CDs**

Sales of independent-label CDs created and marketed by small-scale firms were strong. For instance, a CD album by the rock band, Mongol 800, sold two million discs in 10 months. There were other best-sellers among the indies, including one band that ranked third on the Oricon chart in the first week of its CD release.

**Textured Pantyhose**

Pantyhose with special patterns or textures woven into the usual nylon were trendy among women. Pantyhose with heart and flower motifs, or with diamond or other geometric patterns, served as accessories to accentuate and complement particular looks and fashions. These convenient pantyhose helped consumers to switch moods easily, and the desire to do so was the reason behind their popularity.

**Massage Chairs**

Sales of mechanical massage chairs for home use were strong during the year. Compared to conventional models, the newer chairs were painstakingly designed to better reproduce the movements of human hands. These developmental efforts by manufacturers paid off in the 2002 boom. Many models boasted not only premium functionality, but also attractive looks, and the price tags were more reasonable than before. Massage chairs also spurred interest in the younger generation, which saw them as products for "healing."

## **Back-scratching Made Easy**

Technologies and Ideas to Meet Every Minor Need

### **Concierge Services**

Concierge services in department stores and other locations appeared in increasing numbers, catering to every need of customers who were hungry for a bit of advice. Some department stores appointed concierges to accompany shoppers, assisting them with their purchases, or to dispense objective advice on various brands of cosmetics. In a similar trend, sales personnel with professional vocational certifications, including certified shoe fitters and certified sommeliers, took on a higher profile.

### **LCD TVs**

Flat TVs utilizing LCD displays made the dream of hanging a TV on the wall a reality. Compared to other flat, wide-screen TVs, they were lighter in weight and consumed less electricity. Falling prices also worked on the wallets of consumers, as LCD TVs rode the wave of demand fueled by the 2002 FIFA World Cup™ tournament.

### **Plasma TVs**

Demand for flat TVs using plasma display panel (PDP) technology, which was originally designed for outdoor advertising panels, was on the rise during the year. People wanted to watch the Salt Lake City Winter Olympics and the 2002 FIFA World Cup™ on the big screen, and this boosted the fortunes of PDP TVs. Compared to cathode ray tube (CRT)-based TVs, PDP technology enables better scalability of screen size while requiring less depth, making PDP a contender to define the next-generation television standard. PDP TV shipments in the first nine months of 2002 increased 390% year on year to 111,000 units.

### **Slim Digital Cameras**

Ultra-slim digital cameras less than two centimeters thick made their debut in 2002. Boasting a thin construction impossible with conventional film cameras, their stylish looks and compact portability generated sales. Their claims to fame were their amazing size, no bigger than a credit card, and their distinctive, eye-catching designs.

**Home Appliances with Negative Ion Generator**

The popularity of home appliances with a built-in negative ion generator soared. Air purifiers based on plasma ion cluster technology and blow dryers that put out negative ions sold very well. The success of these products even prompted manufacturers to come up with electric fans and vacuum cleaners that emitted negative ions.

**PCs with Built-in TV Tuner**

PCs with a built-in TV tuner hit the big time, serving the dual purposes of TV set and home computer. Some models could handle high-quality digital broadcasting, while others could record TV programs on hard disk. Consumer segments that wanted to make the most of the latest digital technology to enjoy data and information were particularly receptive to these PCs.

**Hybrid Recorders**

A growing number of hybrid recorders integrating hard disk (HDD) and DVD were released, to the hearty applause of consumers. These models allowed users to record the TV program of their choice on HDD, edit the program, and then burn it to a DVD to create their own media production. The level of functionality offered by these hybrid recorders surpassed all conventional recording devices, and this was the secret of their success.

**Space-saving Toilets**

A number of manufacturers were rewarded by strong sales when they introduced tankless, space-saving toilets. The tankless, all-in-one structure featured warm water wash, and the downsized toilet created a new feeling of spaciousness in the powder room. The new, "designer-appliance" looks of these toilets also contributed to their celebrity.

**Digital Broadcasting**

Expectations for digital broadcasting became higher with the full-fledged launch of a 110-degree digital broadcasting service with interactive features. Unlike conventional time-bound broadcasting services, new digital broadcasting services offered interactive communication, with content stored on a high-capacity hard disk. According to Japan Broadcasting Corporation (NHK), viewers of digitally broadcast programs rose sharply due to the FIFA World Cup™, with the number of subscribers amounting to about 3.22 million households by the end of September.

**IC Cards**

Applications for non-contact integrated circuit (IC) cards diversified in 2002. These cards became almost ubiquitous as users enjoyed making various payments or completing authentication procedures all with a single card. Applications were mostly for public transportation systems, such as pre-paid cards for fare settlements, or for e-money transactions. Applications are expected to grow in number and diversity to include those for retail store purchase incentive programs or for recording and management of customer information.

**IP Phone**

The usage of Internet Protocol (IP) phone services offering discount rate structures rose sharply among stationary phone users. Most IP phone services based on Internet technology offered users a single rate for calls anywhere in Japan, making phone calls cheaper than ever before.

**Low-priced Electric  
Toothbrush**

With the growing concern over periodontal care among consumers came the release of inexpensive electric toothbrushes. Priced at less than one-tenth the cost of a high-end electric toothbrush, toothbrushes for less than ¥1,000 appealed to a wider range of consumers with their unique designs and colors, expanding the user base. The market for electric toothbrushes entered an expansionary phase in 2001, and the introduction of these new models further fueled this growth.

**Hand-made Goods**

A growing number of people began to make things on their own — to satisfy their individual tastes or just for fun. For instance, hand-made soap became a new fad, primarily among housewives with a preference for safe products. More and more people made beaded accessories, fringe belts and other paraphernalia, and some even ventured into sewing their own wedding gowns. Folks were hooked on "hand-made" because making something by hand brought a simple joy to daily life. Starter kits that made doing it yourself even easier also attracted consumers in increasing numbers.

**Semi-custom-made  
Pillows**

Semi-custom-made pillows were assembled with the components optimized to each individual after his or her measurements were carefully taken. The purchaser could choose the preferred height, firmness and materials from a vast selection, guaranteeing the creation of the perfect pillow for that individual. Semi-custom-made pillows were more expensive than regular ones, but their popularity soared as they appealed to consumers in search of a more comfortable sleep.

**New Concept  
Insecticides**

A spray-type insecticide called *Goki-Pao*, a cockroach killer using instant disposal foam, became a huge success. Designed to smother roaches in a suffocating foam, *Goki-Pao* immediately won 15% of the cockroach pesticide market when it hit the shelves in March. Sales grew further, and market share exceeded the 20% mark in May. Housewives who detested even the sight of cockroaches flocked to the stores to buy it, because it ensured foolproof roach killing and carefree disposal with the nasty sight of dead roaches hidden by the foam.

**Rebirth of Energy Conservation**

Transformations Made Easy

**"Petit" Cosmetic  
Surgery**

"Petit" cosmetic surgery such as facelifts and nose jobs needing no scalpel was in the spotlight in 2002. Procedures included the injection of hyaluronic acid to the bridge or other parts of the nose and laser surgery to eliminate wrinkles. People liked these minor procedures because they could experience a transformation without the trials of serious surgery. The effects of these procedures fade with the passage of time, and this also gave consumers a feeling of security. This "petit" cosmetic surgery captured the hearts of women with the desire to change into somebody new using carefree means.

**Low-insulin Diet**

The low-insulin diet, which, unlike ordinary weight-reduction programs focused on the amount of insulin secretion, created a great deal of fanfare. According to the program, people could even stuff themselves to their hearts' content with meat or other foods, as long as the foods they ate had a low "GI" value (i.e., caused little increase in blood sugar level). About 30 book titles on this subject appeared, registering combined sales of 4.35 million copies.

**Slimming Up**

Aroma diet weight reduction products that promised weight loss using nothing more than a scent sold well. Examples included cosmetics containing scents known for their weight reduction effects: the idea was that fat would burn more quickly as one smelled the aroma. Another product that became immensely successful was wearable gear that enabled users to train their abdomen muscles even while asleep. The product, originally introduced on TV shopping channels, instantly caught the consumer eye, and many manufacturers followed suit with imitation products.

**Cream-of-the-Crop  
Yogurt**

A variety of yogurt products were trendy, ranging from elite yogurts claiming probiotic effects to a hand-made yogurt commonly known as "Caspian Yogurt." The culture used in Caspian Yogurt was supposedly brought to Japan 16 years ago from a village noted for longevity on the Caspian coast, and then passed down from person to person. Caspian Yogurt became a major fad, eventually even grabbing media attention.

**Quit-smoking Aids**

Nicorette, a quit-smoking aid marketed jointly by Pharmacia of the United States and Takeda Chemical Industries since September 2001, enjoyed brisk sales. This chewing-gum aid with nicotine content was the first over-the-counter, stop-smoking drug to hit the Japanese market. Sales gradually grew to reach ¥9 billion (based on retail price) by the end of July, making it an exceptional hit on the pharmaceutical roster.

**Luxury Brand Fashion**

Luxury brands continued to win consumers. At the world-class retail outlet of a French designer brand, about 1,500 customers lined up waiting for the doors to open on its first days of business, just to buy limited-edition goods. This suggests the unfaltering popularity of designer brands. A growing number of overseas brands have plans to open flagship stores in Japan starting in 2003, a sign that they still see Japan as a market where interest in designer brands has shown no decline.

**High-end Cosmetics**

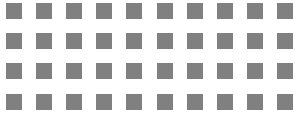
Both domestic and foreign cosmetics manufacturers reported brisk sales of their high-end lines of cosmetics. Among the items in vogue were a new spray-on foundation as well as an expensive anti-wrinkle, anti-sag, complexion cream that ran in the tens of thousands of yen. Their popularity proved the persistent interest of female consumers in such products, and revealed their willingness to pay a high price to avoid devoting extra time and effort to skin care.

**Foods for Health  
Maintenance**

Grocery items with ingredients designed for the palates of the health-conscious grew in number and popularity. The wider array of foods promoting health included an oil for lowering cholesterol, and a low-calorie, health-oriented mayonnaise, to name just a couple. Though a bit pricey, their ready availability at stores won consumers over, resulting in very healthy sales.

**Beverages for Health  
Maintenance**

New drinks that claimed to offer health benefits arrived on the market one after another. These included products approved by the Ministry of Health, Labour, and Welfare for a specific health use, such as a tea designed to reduce blood sugar and drinks with amino acids for athletes. Appealing strongly to consumers, eager to swallow the promise of an easy way to better health, these drinks went on to become major hit products.



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## Better to Be with Others than to Be Alone

— The Desire to Reaffirm Bonds with Others —

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New products and commercial spaces offered to consumers stimulated their native desire to get in touch with others, and this helped create new kinds of connections to suit the nature of the times.

### I'm Not ALONE!

The Joy of Sharing Excitement with Others

#### Japan Blue

The 2002 FIFA World Cup™ matches held in June generated a broad assortment of related hit products. Spectators donning replicas of the Japan team uniforms filled the stadiums, making the stands a sheet of solid blue. Over 600,000 of the replica uniforms were sold. A commemorative version of canned sparkling liquor was shipped to stores in support of the Japanese team, selling 1.8 million cases. Sales of official FIFA-approved goods — a total of about 7,000 different items — reached ¥80 billion.

#### Pan Pacific Swimming Championships

About 200 swimmers from all over the Pan Pacific area came to Yokohama in August to participate in the Pan Pacific Swimming Championships. Athletes from 24 countries and regions such as the United States, Canada and Australia, including Ian Thorpe, winner of six titles at the 2001 Ninth FINA World Swimming Championships Fukuoka, were there to compete. Japan won a total of 14 medals in the course of the six-day event, including a gold medal by Kosuke Kitajima, topping the nine medals it took in the previous championships.

#### New Year's Concert 2002, conducted by Seiji Ozawa

Released in January, a compact disc (CD) recording of the Vienna Philharmonic Orchestra's New Year Concert, conducted by Seiji Ozawa, made the hit charts — a rare accomplishment for a classical music title. A total of 1.2 million discs were shipped globally in the first month of the release, including 330,000 copies to the Japanese market. The CD became the first classical title ever to reach the Oricon Top-10, eventually moving all the way up to second place.

## Family Renewal

New Types of Family Ties

### **Mini Vans (Customized Vehicles)**

Sales of mini vans were on the rise in 2002. Especially popular were customized vehicles with aerodynamic parts and other special features. Ease of exterior customization and spacious interiors packed with all sorts of user-friendly features met the needs of individual drivers. This made it easy to enjoy drives with family and friends, which was the real desire behind the popularity of these vehicles. In the area of customized cars, sales of some models surged 400% to 500%.

### **Videophones**

An increasing number of Internet providers offered customers access to personal computer (PC) TV phones. Enabled by continuous broadband connections, the service cost only ¥300 to ¥500 per month. TV phones permitted family members and friends living apart to chat real-time, virtually face-to-face.

### **Inexpensive Sparkling Liquors and Chuhai (Shochu Mixed with Soda)**

Breweries released a number of low-priced sparkling liquors and *chuhai* drinks, which met with increasing popularity. Traditionally priced at ¥150, these beverages saw a succession of price cuts, and the most popular line of sparkling liquors is now concentrated in the ¥130 to ¥140 price range. Rich variety and affordability have driven up home consumption, making sparkling liquors and *chuhai* the *de facto* standard for drinking at home.

### **Apparel Brands for Teenagers**

The market targeting girls in their early teens, who were dubbed the "bubble juniors," was alive and well. A number of apparel makers introduced brands geared for this market segment. In department stores, the range of products designed to appeal to elementary and junior high school girls expanded. More and more mother-daughter pairs were seen together in stores, helping each other pick out clothes.

**Shared Heroes**

Heroes of yesteryear such as *Gundam* and *Kamen (Masked) Rider* regained their fame, this time with both parents and children. Fathers in their 20s and 30s enjoyed the *Gundam* fad with their children. Meanwhile, *Kamen Rider* — who was always played by a handsome actor — attracted the interest of young mothers. Moms watched the *Kamen Rider* show on TV with their kids and eventually got hooked themselves. Some even became avid groupies.

**The Game of Go**

The popularity of the game of go surged among elementary school students as they got hooked on a *manga* series featuring a boy protagonist whose dream was to become a professional go player. The world of traditional culture, seen as something fresh, attracted kids *en masse*. Schools did a brisk business offering instruction in the game for beginners hoping to turn pro someday. Intensive go camps designed for kids and their parents were offered across the nation, drawing many families together.

**Tennis**

A *manga* in a boys' magazine with a storyline related to tennis was made into an animated TV show, triggering a tennis craze among elementary and junior high school kids. Sales of tennis rackets for kids soared, as did enrollment of children in tennis schools. Some adults, influenced by their children, also began taking tennis lessons — making it a family affair.

**365/24/7 Smooth Connection to the Rest of the World**

Desire to Be Linked to Someone at All Times

**Mobile Videophones**

Following the introduction of mobile phones with a built-in digital camera, mobile phones capable of sending emails with moving images hit the market one after another. These included mobile phones that could send five seconds of video and voice messages, as well as third-generation mobile phones with faster data transmission and more memory capacity. Though a bit pricey, some of these models, benefiting from the success of mobile phones with a built-in camera, attracted a steady flow of customers, gaining acceptance as the standard next-generation communications device.

**Mobile Phones with High-Quality Digital Cameras**

High-end versions of the extremely popular mobile phones with a built-in camera, typically offering enhanced photo quality, hit the market. Some could reproduce high-resolution, 300,000-pixel still images, while others came with image retouch and processing capabilities. Still others could display 3D images without the use of special glasses. The new features of these high-end models appealed to users who wanted to send and receive better-quality images.

**Broadband ADSL (Online Games, Home Servers, Wireless LANs)**

The number of asymmetric digital subscriber line (ADSL) subscribers exceeded four million by the end of September 2002. Cutthroat price competition among providers began in the fall of 2001 with the introduction of ADSL services in the ¥2,000 range. ADSL broadband connections surged in popularity, witnessing a six-fold increase in the number of subscribers in just one year. Accompanying this was a range of new products and services that made the most of broadband, including online game services that enabled users to play with others from the comfort of home using a PC or TV game console, servers installed at home, and wireless local area network (LAN)-related merchandise.

**Flea Markets**

Flea markets, where one can share interests and discuss tastes with total strangers, became increasingly popular. Flea markets for a particular group, such as readers of a fashion magazine targeting an audience around 20 years of age, were extremely popular, as they functioned as venues to connect sellers with buyers. Some of these grew in size to become the largest flea markets in Japan.

**Bowlingual**

Bowlingual, a device capable of translating dogs' bowwows into human language, has been extremely popular ever since its release by a toy manufacturer. The gadget piqued the curiosity of pet lovers fascinated with pet "language" and appealed to people who wanted to know if they really understood what their pets were trying to say. Despite the fairly high price of ¥14,800, the gadget sold like hotcakes. Because the initial shipment of 30,000 units sold out immediately, the manufacturer decided to increase production by year-end from the originally planned 90,000 units to 150,000. The device was selected by *Time* magazine of the United States as one of the top inventions of the year.

**Condominiums Close to Work** Reflecting the trend of revival in central urban neighborhoods, new condominiums went up in the heart of big cities, offering an easy commute to work. The boom started with a high-rise condominium called Tokyo Twin Parks in the Shiodome area, which sold out completely on the very first day, despite expensive prices. Condos like these were popular among those who wanted to stay connected to family and friends, while also enjoying the constant hustle and bustle of the big city.

### "Tasty" Venues for Social Interaction

Chitchat as the Main Entrée

**Caretta Shiodome** Located at the "Shiodome SIO-SITE" near Shimbashi Station, Caretta Shiodome opened its doors on December 1, 2002. True to its main theme, "A Leisurely Life," the complex offered dining, fashion, entertainment, art and other cultural pursuits. With Dentsu Shiki Theater *Umi* and Advertising Museum Tokyo under its roof, Caretta Shiodome was well on its way to fame as a lively, new cultural venue.

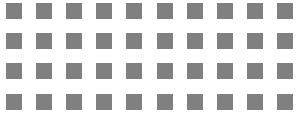
**Gourmet Theme Parks** A number of new gourmet theme parks opened their doors in 2002 in an attempt to imitate the success of the Yokohama Curry Museum and other new parks from 2001. In Tokyo's Ikebukuro district, for example, Ikebukuro Gyoza Stadium was created, a "park" where gyoza (Chinese dumplings) from famous gyoza shops across the nation could all be savored in one location. The key to the popularity of food theme parks was the fun of being able to sample different high-quality dishes and restaurants in a single sitting.

**Restaurants with  
Private Dining Rooms**

In 2002, a growing number of restaurants offered private dining rooms, where a group could enjoy dining in the comfort of a private setting — without either disturbing or being disturbed by others. Some featured elaborate internal design elements, such as the use of "indoor streams." These private dining rooms hit it big because they enabled diners to enjoy meals with close friends in a partitioned space of comfort and serenity.

**Marunouchi Building**

On September 6, the new Marunouchi Building, reborn as a commercial building offering office space and 140 retail and dining outlets, opened its doors to the public. More than 147,000 visitors came to view the building on the first day alone. A restaurant offering pricey *prix-fixe* lunches starting from ¥5,000 was booked solid a month in advance. The new building satisfied the palates of businesspersons and tourists, who all seemed to enjoy the venue.



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## Simple Thinking

— The Desire to Figure Out the World Once Again on One's Own —

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Reacting against the stress of a modern society with its bewildering range of information and conflicting values, people longed for a simpler world. The desire to reinterpret complex realities on their own was revealed in their consumption behavior.

**E = mc<sup>2</sup>\***

Truth Found in Simplicity

***If the World Were a Village of 100 People***

A picture book called *If the World Were a Village of 100 People* became a bestseller, selling over 600,000 copies after it was first published in December 2001. By presenting the realities of today's world — such as the gap between rich and poor — in the context of a small village, the book made them easier to understand. Interestingly, the story had its origins in a chain letter circulated in English on the Internet that was later passed on in other languages, catching on quickly in the wake of the terrorist attacks on the United States.

***Pikmin's Ai no Uta (Song of Love)***

The song created for a TV commercial for "Pikmin," a Nintendo game for home use, was a big hit. Its plaintive chorus lyrics, which roughly translated mean, "Day after day, they carry stuff, fight each other, and multiply, and are eaten in the end," triggered sympathies in young women and middle-aged men, which prompted the producer to make the song available in CD format. The CD sold 700,000 discs in a single month after its release on December 6, 2001.

***Arashi no Yoru ni (On a Stormy Night)***

The *Arashi no Yoru ni (On a Stormy Night)* series of picture books, published by Kodansha, continued to sell well in 2002. Since the release of the first book in 1994, five more titles have been added, reaching total sales of about 500,000 copies as of June 2002. The story begins with an encounter between a wolf named Gabu, who likes to eat sheep, and a sheep named Mei, and evolves with their growing friendship. Though very simple, the story had enough depth to fascinate adult readers.

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\***E = mc<sup>2</sup>**: E = mc<sup>2</sup> is a mass-energy equation Einstein derived from the special theory of relativity. Einstein quite successfully elucidated this universal law of physics in an extremely simple format.

## **Epoche\***

Putting Realities in Temporary "Parentheses"

### **Picture Books of Ruins**

Interest in contemporary ruins quietly increased among the younger generation. A pictorial book, which triggered the current interest, showcased a variety of abandoned structures, ranging from mines and ships to school buildings, selling 24,000 copies. Guidebooks, DVDs and websites devoted to ruins were introduced as well.

### **Remote Islands**

Domestic travel experienced a resurgence in the wake of the terrorist attacks on the United States, and the appeal of remote islands rose in particular. Amami Oshima, Yakushima, and Hachijojima, all of which still retain the untouched beauty of nature, were among the most-frequented tourist destinations. These were dreamy places for people who wanted to cut themselves off from the fatigue of everyday life and take the plunge into rustic simplicity.

### **Growing Old Well**

*Ikikata Jozu (Good at Living)*, written by Dr. Shigeaki Hinohara, President and Honorary Director of St. Luke's International Hospital, was a national bestseller, selling over 1.2 million copies. Written in a gentle and caring tone of voice, the book addresses a wide range of topics including health, longevity, the meaning of life for people aged 50 and above, medical care and death. Of course, it attracted lots of attention from seniors. Another book, *Oitekoso Jinsei (Life Is All about Aging)*, written by Shintaro Ishihara, the mayor of Tokyo, sold over 500,000 copies.

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\***Epoche:** *Epoche* is an act of suspending all judgment, which should be devoid of presuppositions, by focusing purely on phenomena. It is the fundamental method behind the philosophy of phenomenology established by the thinker Edmund Husserl (1859–1938).

***Umibe no Kafka***  
***(Kafka on the Shore)***

*Umibe no Kafka*, a novel by Haruki Murakami, became a bestseller. The book was Murakami's attempt to take another look at the meaning of life. Its story revolves around a 15 year-old boy who receives gloomy prophecies and the people whose fates are mysteriously intertwined with his. Prior to publication, the publisher set up a website dedicated to the book, which successfully raised the level of interest. After its release in September, the book, which comes in two separate volumes, sold a total of 580,000 copies.

**Legal Consultation**  
**Shows on TV**

TV programs in which an incident from ordinary everyday life that could have legal ramifications was presented and then "re-interpreted" from the legal viewpoint enjoyed a surge of viewership. Typically, such programs began with an explanation of the events that led to a dispute, often recounted using actors in a tongue-in-cheek drama. Next came a panel of TV personalities stating their opinions on the dispute, and finally the attorneys, who provided their legal interpretations. One highlight of the programs was the conflict of opinion among the attorneys. Books summarizing the episodes presented on TV appeared in print one after another.

**Mental Healthcare**  
**Provided for Employees**

In response to the increasing number of employees experiencing mental stress, corporations began to give more attention to the mental health of their employees. Seminars on mental health and diagnostic services to facilitate progress toward a "healthy mind" were made available, as companies tried to provide stronger support for the stressed-out mind and soul.

## **Innocent World**

Regaining Innocence

### **Harry Potter**

Movies and merchandise relating to the Harry Potter series of novels were big in 2002. The movie *Harry Potter and the Sorcerer's Stone*, which premiered in December 2001, went on to become a major hit, with box-office receipts exceeding ¥20.2 billion. The first printing of the fourth book in the series to be translated, *Harry Potter and the Goblet of Fire*, published in October 2002, set a record at 2.3 million copies. A number of booksellers across the nation decided to open early on the day of the book's release, a great rarity in this trade, prompting Harry Potter fans to line up in front of the stores.

### **Star Wars**

*Star Wars Episode II: Attack of the Clones* premiered in July and was a major box-office hit, ranking No. 1 for seven consecutive weeks after its release. As of September, the movie had drawn an audience of 6.11 million people and grossed ¥8.5 billion.

### **Tokyo DisneySea**

The total number of visitors to Tokyo DisneySea, which opened its doors in September 2001, hit 10 million on July 7, 2002. It took only 307 days after the theme park opened on September 4, 2001 to reach the 10 million mark. This was one month faster than the record set by Universal Studios Japan in Osaka, which also reached the 10 million mark in 2002, in March. In fact, it set a new world record for theme parks anywhere. Meanwhile, visitors to Tokyo Disney Land and Tokyo DisneySea combined exceeded 300 million in November.

### **Dress-up Dolls**

Dress-up dolls generated another craze among women in their 20s and 30s. This time, the dresses they chose for their dolls were not the luxury wear fit for a princess, but rather, the current "in" styles that they themselves would wear. A new attempt was made by one manufacturer to produce a real dress that was the exact replica of a dress for dolls. It was so successful that the full-size dresses for women sold out immediately.

**"Gacha-gacha" Toys  
in a Capsule**

Insert coin and twist the handle — toys in a capsule from old-fashioned dispensers witnessed a revival amid feelings of nostalgia. A museum boasting about 500 dispensers was created in 2002, following growth in the market for toys in a capsule of 7.7% year on year to ¥21 billion in 2001.

**Real Cars Revive  
Boyhood Dreams**

Automobiles that appealed to the boy in every adult male were successful during the year. Takara produced an electric car modeled after a "mini-car" toy, while commemorative models of the legendary sports cars of the past were also released, drawing considerable attention from men in their 30s and 40s, who were inclined to pursue the things that reminded them of boyhood memories.

***Okina Furudokei, My  
Grandfather's Clock*  
Song**

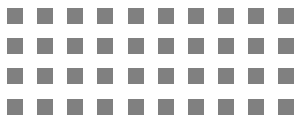
A children's song sung by Ken Hirai, *Okina Furudokei, My Grandfather's Clock*, was all the rage, with sales of over 600,000 discs. Thorough publicity work helped, including TV footage showing Hirai's visit to the birthplace of the lyricist and a special section featuring the song in a catalogue produced by a web-based mail-order firm. The day the tune hit the market on August 28, it ranked No. 1 on the Oricon chart, and stayed there for four consecutive weeks.

**LEGO**

LEGO blocks, a toy from Denmark, spawned a secondary merchandise market in 2002. Items for everyday use — such as personal organizers and lunch boxes — appeared in stores sporting the LEGO logo, or with designs and colors that replicated the look of LEGO blocks. These attracted attention from men in their 20s and 30s, who enjoyed the nostalgia, as well as from high school girls, who loved the cute designs.

**Tama-chan**

Tama-chan is a bearded seal that appeared out of the blue this summer in the urban stretches of Tokyo's Tama River, becoming the talk of the entire nation. People were fascinated by the uncommon sight of a seal in the inner-city river and Tama-chan's round, adorable features. He attracted a huge crowd of admirers to the riverbanks every day.



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## Born-in-Japan, Back-to-Japan

— The Desire to Rediscover Strengths and Serenity Inherent in Japanese Culture —

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The last unexplored frontier along the path of the Japanese who lost a clear sense of direction turned out to be something strangely familiar, as they discovered themselves right back where they started from. This was Japanese culture itself, which older generations viewed with nostalgia and younger generations perceived as something fresh and new. Though individual impressions varied by generation, consumers as a whole were impacted by the unchanging power of Japanese culture, which has transcended the ages, and by the element of serenity hidden within it.

### Japan, the Beautiful, and Myself

Power and Beauty That Survived for Centuries

#### Japanese Language Boom

Books with titles referring to the "Japanese language" were in during 2002, as were public recitations. A book titled *Koe ni Dashite Yomitai Nihongo* (*Japanese Language You Want to Read Out Loud*) recorded sales of 1.27 million copies. Parallel to this trend were poetry readings affectionately termed, "poetry boxing," where contestants recited their own poetry in competition with others. The battle of poetry became so popular that poetry boxing for the general public is now being held in 25 prefectures across the nation.

#### Brush Calligraphy

In reaction to the proliferation of computers and word processors, a special feeling for the beauty of brush calligraphy has developed. Even though user-friendly PC applications that produce beautiful calligraphy fonts for point-of-purchase (POP) displays, posters and restaurant menus were widely available, the demand for traditional calligraphy done by the human hand of the artisan remained very strong.

#### *Jidaigeki* (Plays and Manga, etc., Set in Feudal Times)

*Manga* featuring Japanese historical figure Musashi Miyamoto as the protagonist and a satellite-TV channel dedicated to dramas set in feudal times (*jidaigeki*) revived interest in the olden days. CD compilations of theme songs from popular TV *jidaigeki* dramas hit the market in rapid-fire succession, and a magazine dedicated to the interests of *jidaigeki* fans came into circulation. *Jidaigeki*, which depict Japan's native historical landscape, struck a chord with the middle-aged and older generations while simultaneously coming across as new and fresh to the young, who enjoyed them just as much.

**Chitose Hajime**

*Wadatsumi no Ki (Tree of the Sea-Goddess)* sung by Chitose Hajime, an Amami Oshima born singer, became a major hit. Her singing is based on the traditional Amami folk song style, which evokes feelings of sorrow and nostalgia in listeners. The tune was on the Oricon charts for many weeks, gradually moving up to capture the No. 1 spot.

**Innocence under a Sky Aglow with the Setting Sun**

The Power of Single-mindedness Present in the Showa Era

**Theme Parks Depicting Life in the Late 1950s and Early 1960s**

Several facilities and products replicating the good old days of the late 1950s and early 1960s were created to let people relive the high-energy times of the golden age of economic growth. Taking the form of a shopping mall or a food-based theme park depicting the atmosphere of the little neighborhoods and communities typical of the period, such venues attracted a good turnout by helping visitors to immerse themselves in the nostalgia of the Showa Era. Older folks renewed their interest in things of old, while younger visitors enjoyed the experience for its novelty.

**Time-Slip Glico**

"Time-Slip Glico: 20th Century Nostalgia" is a small package of sweets that comes with a free toy inside. The product, marketed by Ezaki Glico specifically for adults, became immensely popular in 2002. The give-away toys, items that typically stirred up a sense of nostalgia in adults, included *Tetsujin 28-Go* figures (known as "Gigantor" or "Iron-Man 28" in English), toy black-and-white TV sets, or things that pulled women's heartstrings like treadle sewing machines. This pull from the past was the clear reason behind the product's enormous success. The sweets appear sure to hit the ¥5 billion sales mark in 2002, in an industry where products with annual sales of ¥2 billion are considered extremely successful.

**Cheap, Traditional Sweets**

Accompanying the popularity of theme parks that evoked a wistful nostalgia, cheap, traditional sweets that used to be the staple afternoon snack for kids in the Showa Era were also in the spotlight. A museum that displayed cheap sweets alongside a collection of toys from the Showa Era was established, and frozen foods that revived the flavors of these sweets were in vogue.

**Renovation and Reutilization of Japanese-style Private Houses**

The year saw increased construction driven by renovations of wooden frame houses or recycling of individual wooden posts used in such houses, which ranged in age from several decades to several centuries old. People were attracted by the openness of old-fashioned private dwellings and their harmony with nature. A "banking system" was set up to allow potential sellers and buyers of wooden frame houses from a different era to meet with each other, and an increasing number of nonprofit organizations (NPOs) dedicated to the preservation of legacy wooden houses and architectural techniques appeared.

**Retro Models of Home Appliances from Yesteryear**

Stores selling lifestyle paraphernalia and furniture, and even some furniture makers, began to introduce furniture and interior elements made in the fashions of the 1950s and 1960s. Desks and TVs with distinctive retro styles drew the attention of young people in particular. The nostalgic interior feel, categorized as mid-century style, looks fresh to the eye of the young generation. The mid-century style boom first emerged a year or two ago, with replicated versions of old chairs, and has since spread far and wide to the general population.

**Reprinting of Manga Magazines of the Past**

Resurrected versions of *manga* magazines popular in the late 1960s to early 1970s were seen everywhere during the year. Leading this trend was a growing number of ¥300 magazines replicating great *manga* titles of the past, which enjoyed brisk sales primarily at convenience stores. These magazines were especially well received by readers who had read the same *manga* series the first time around and were looking to enjoy their old favorites one more time.

**Revival of *Amairo no Kami no Otome* (A Maiden with Flaxen Hair)**

A popular tune by the Village Singers of the 1960s, *Amairo no Kami no Otome*, was reissued in a remake by Hitomi Shimatani. The success of this recording, which sold over 350,000 copies after its May release, prompted many others to follow suit by releasing covers of popular tunes from the Showa Era. The popularity of these remakes was attributable to the 1960s era of classic pop songs with timeless appeal for all.

**Revived Popularity of  
*Shinju Fujin* (Madame  
Pearl)**

A Japanese daytime-TV drama entitled *Shinju Fujin*, based on the serial novel by Kan Kikuchi that was published in a newspaper in the Taisho Era, became enormously popular. The theme of the drama, the ultimate virtue of chastity — a topic quite remote from present-day reality — appeared extremely fresh to viewers and moved their hearts. *Shinju Fujin* became the first-ever daytime drama to have its final episode broadcast in prime time, where it earned an audience rating of 15.5%.

**Hometown Favorites**

Affable Japanese Food

***Onigiri* (Rice Balls)**

Easy-to-eat and healthy, Japan's famous fast food, *onigiri*, gained popularity. In addition to conventional *onigiri* variations with pickled plums and salmon, *onigiri* came in an increasing variety, including one kind with avocado inside. Also trendy were cafés that served *onigiri*, as well as upscale *onigiri* featuring expensive ingredients like *matsutake* mushrooms, which sold like hotcakes at convenience stores.

***Sanuki Udon* Noodles**

*Sanuki udon* noodle shops began to mushroom, particularly in the metropolitan areas. The chain shops of *Sanuki udon* establishments from Kagawa, the original home of the prized noodles, did a brisk daily business. *Sanuki udon* delivery services offered by mail-order firms also attracted a considerable amount of attention. The *Sanuki udon* craze was a response to the noodles' distinct chewiness, health appeal, and reasonable price.

**Tea**

Japanese teas, which require no sugar, remained popular. Production of green tea beverages in the can or polyethylene terephthalate (PET) bottle was 14 times higher than a decade ago. Cafés specializing in Japanese teas and vendors selling Japanese teas by weight were also on the rise. In addition, a new professional certification for "Japanese tea instructors" was announced.

**Specially Arranged Tofu in Different Variations** Products that helped people prepare dishes using tofu appeared on the market in great numbers. These included seasoning mixes that transformed tofu into meat-less hamburger patties for the health-conscious, and tofu sandwiches. Various sweets such as tofu pudding and tofu soft ice cream also hit the spot for consumers. A special pot designed to let people make their own tofu also sold well.

**Sweet Sake** A sweeter variety of Japanese sake came into fashion in 2002. Instead of the dry, light-bodied type, which was the favorite during the period of the "bubble economy," a sweeter, more full-bodied type regained popularity. A new type of sake, which sparkles like champagne, was also introduced, capturing the attention of women in particular. Reflecting the unwaning popularity of this clear Japanese liquor, an increasing number of wine-and-dine establishments offered a more complete selection of sake, while a number of magazines ran articles that ranked sake by the brand.

**Traditional Shochu (Clear Distilled Liquor)** *Shochu*, conventionally viewed as "sake for commoners," has become an "in" drink among young men and women. This second resurgence of *shochu* has had a strong impact on shipments of *shochu* from Kyushu, for instance, which have broken records four years in a row. Some supermarkets set up booths promoting traditional *shochu*, while one bar offered over 100 *shochu*-based cocktails.

**Gourmet Salts with Special Distinctions** Table salts with diverse flavors and geographic origins within Japan were big in 2002. Some department stores set up sections dedicated to gourmet salts, whose typical selections might include a sun-dried salt and a salt fired in a flat pot, to mention just a few. A Korean barbecue restaurant, for instance, began to offer a selection of salts for diners to try with their food, while a *tempura* restaurant let diners enjoy *tempura* with salts instead of sauces. Some consumers kept a variety at home, using different salts for different occasions.

**Eateries Specializing in  
Ochazuke (Bowls of  
Tea-over-Rice with  
Toppings)**

Eateries specialized in *ochazuke*, which can rightfully be claimed as Japan's original fast food, popped up left and right. Prepared with a wide array of toppings over a carefully selected brand of rice served in a superb broth, *ochazuke* was well received by businesspeople. People loved it for its variety and ingredients, and because it beat hamburgers and other fast foods in terms of health.

**Upscale Wine-and-Dine  
Hangouts with a  
Japanese Flavor**

An upscale version of the Japanese-style inexpensive wine-and-dine hangout appeared in great numbers. The new breed of places set themselves apart from conventional wine-and-dine establishments by offering private dining spaces and superior services, and unique foods including innovative "Japanesque" cuisine. These eateries were very successful because they were positioned to satisfy the needs of consumers who wanted the harmony and calm of Japanese food served in an upscale setting.

## Consumer Trend Forecast for 2003 Based on This Year's Hit Products

As "consumerism off the balance sheet" grows, it will exert an even greater influence on the regular household budget. While only a prelude to forthcoming change was sensed in 2002, changes will almost certainly take place and affect everyday living in 2003. There will be three specific underlying currents in the change, as described below.

1. **Visual communication (i.e., design) will assume greater importance.** This year saw the popularity of designer home appliances, small stylish cars and other products with outward appearances embedded with strong messages, which were successfully marketed to consumers in their 20s and 30s. This trend is expected to continue and expand in 2003, with attempts to appeal to wider generations of consumers.
2. As was revealed in the popularity of everything Japanese, **a stronger emphasis will be placed increasingly on things that do not lose their strength easily**, rather than on things that look new and novel at first glance but lose their sparkle in no time. Reexamination of the past and of traditions will give rise to a rediscovery of the superior content of the past, which will be remade or undergo other processes, ultimately leading to a better sharing of values that transcend generations.
3. **More depth will be added to communication.** As was demonstrated by the popularity of next-generation mobile phones and the FIFA World Cup™, a search for new communications tools that help add depth to the bonds with others and the popularity of spaces where values are shared are expected to continue. The intuitively human desire to be in touch with others produces, on an ongoing basis, new dimensions of fun to the accompaniment of creativity of various orientations, as long as new means and methods are presented. With the development of digital communications tools and creation of new commercial spaces where people can come and mingle together, the quality of communications will be enhanced further.

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