

NEWS RELEASE

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The Key Phrase for 2002 Was “Consumerism Off the Balance Sheet—Premonitions of a Lifestyle Change”

—Dentsu Announces 2002 Hit Products in Japan —

Dentsu Inc. (President: Tateo Mataka; Head Office: Tokyo; Capital: ¥58,967.1 million) announced today the publication of its *2002 Hit Products in Japan* (see note at the end of this release). The report, produced as part of a series that has been chronicling hit products since 1985, examines and generalizes major trends that represented the “consumer mind-set” in 2002. Attempts were also made to study and reveal new trends in hot-sellers from an original point of view.

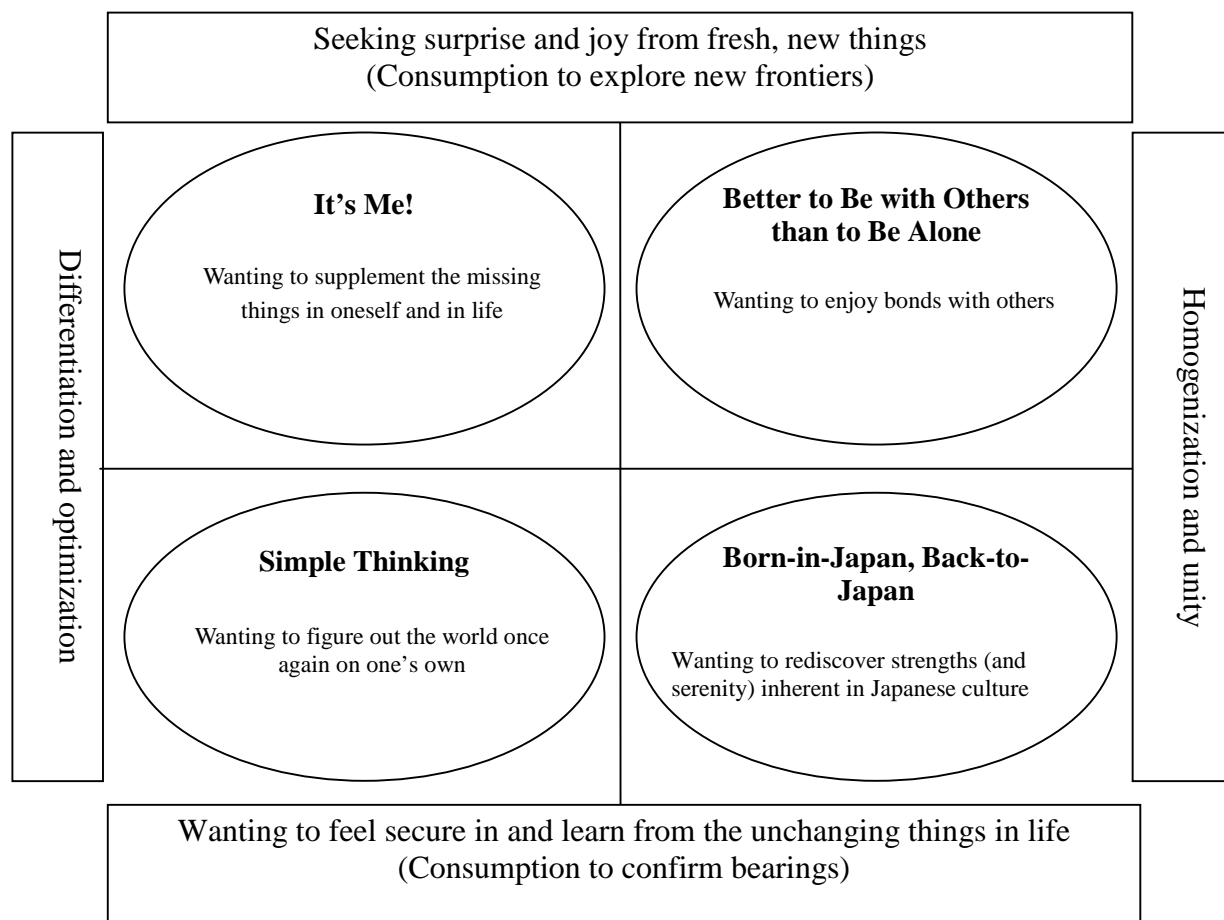
According to the report, this year’s hit products can be summarized by the key phrase of “Consumerism Off the Balance Sheet—Premonitions of a Lifestyle Change.” During the year, Japan’s prolonged recession combined with deflationary pressures cast a long shadow over the consumer psyche, and consumers 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. Yet despite these circumstances, the hit products of 2002 allowed people to consume and still feel good about it.

“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). Though austerity may have been in order for the consumption of daily necessities in the areas of food, clothing and shelter, life centered solely on restrained purchasing and on savings set aside for no purposes would be devoid of any joy. Thus, a fund not earmarked for any specific purpose but reserved for would-be special purchases was tapped to satisfy the desire to consume goods outside of the basic budget, and this type of consumption behavior was triggered by a mechanism totally different from the one for the consumption of basic necessities. The very source of the funds that supported such purchases was “off-balance-sheet funds,” which were put aside from the “regular purse for basic necessities.” Consumers turned to these funds the instant they saw something they definitely wanted. And the availability of such funds fueled the purchases of hit products. In other words, consumers’ desire to bring modest change to the

repetition of everyday life through the utilization of off-balance-sheet funds was detected in the hit products of 2002. Such consumption has the potential to exert an influence on the regular household budget, which should have been under tight control, and to bring change in daily living.

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.



1. It's Me!—The Desire to Fill the Void in Me or in Daily Life

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.

Examples: Small stylish cars/ Concierge services/ “Petit” cosmetic surgery, etc.

2. Better to Be with Others than to Be Alone—The Desire to Reaffirm Bonds with Others

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.

Examples: Japan Blue (FIFA World Cup™ and related merchandise/ Mini vans/ Mobile videophones/ Caretta Shiodome/ Marunouchi Building, etc.

3. Simple Thinking—The Desire to Figure Out the World Once Again on One's Own

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.

Examples: *If the World Were a Village of 100 People*/ Picture books of ruins/ *Harry Potter*, etc.

4. Born-in-Japan, Back-to-Japan—The Desire to Rediscover Strengths and Serenity Inherent in Japanese Culture

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.

Examples: Japanese language boom/ Theme parks depicting the life in the late 1950s and early 1960s/ *Onigiri* (rice balls), etc.

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.

Note: The English edition of *2002 Hit Products in Japan* is currently being edited. The report will be available on Dentsu's Web site from January.

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