

Global Gateway Report

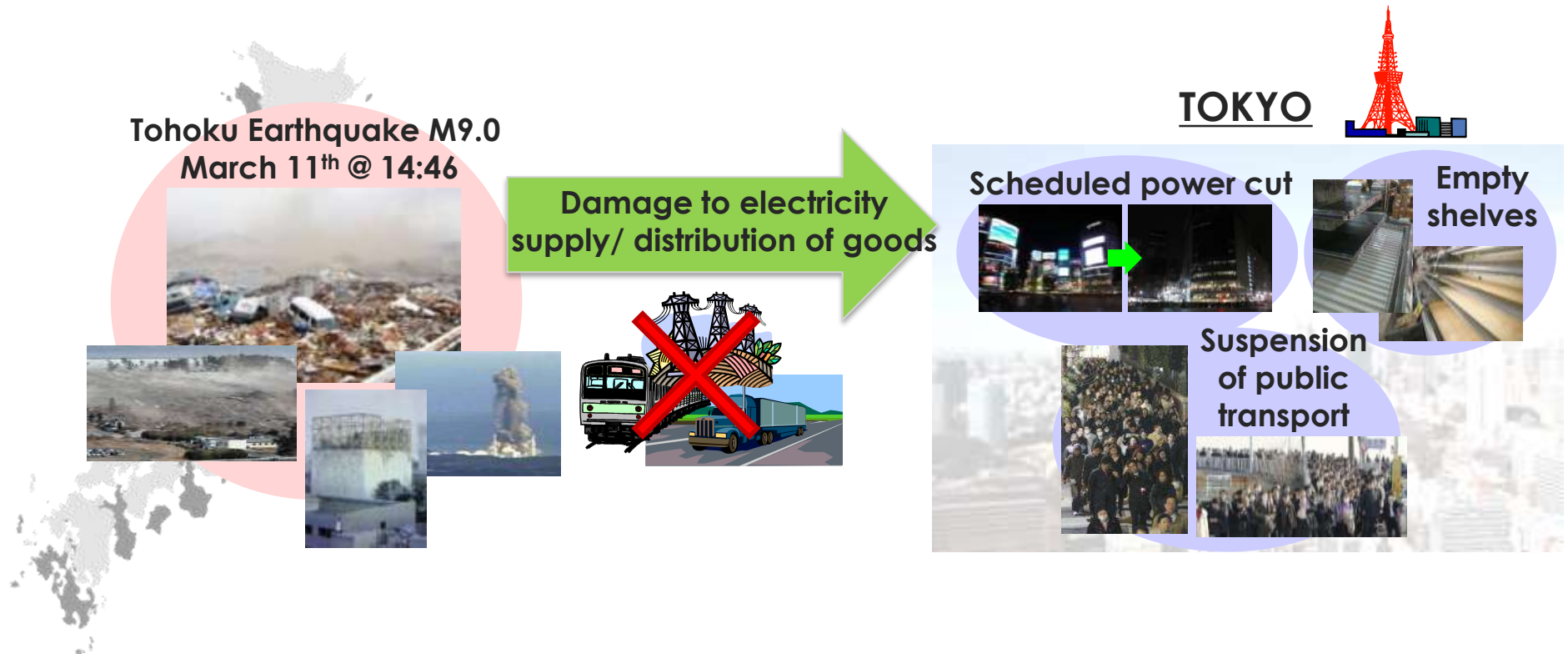
Impact of the Tohoku Earthquake on Japanese Consumers

April 28th, 2011

BACKGROUND & OBJECTIVES

Background

Due to the earthquake on March 11th 2011 and its aftermath, public transport in Tokyo was suspended and people fled on the street trying to return to their own homes. The accident at the Fukushima nuclear plants triggered scheduled power cut and disruption on distribution routes leading to out-stock of daily groceries in Tokyo area. This whole experience impacted daily lives of Japanese consumers not only physically but also emotionally.

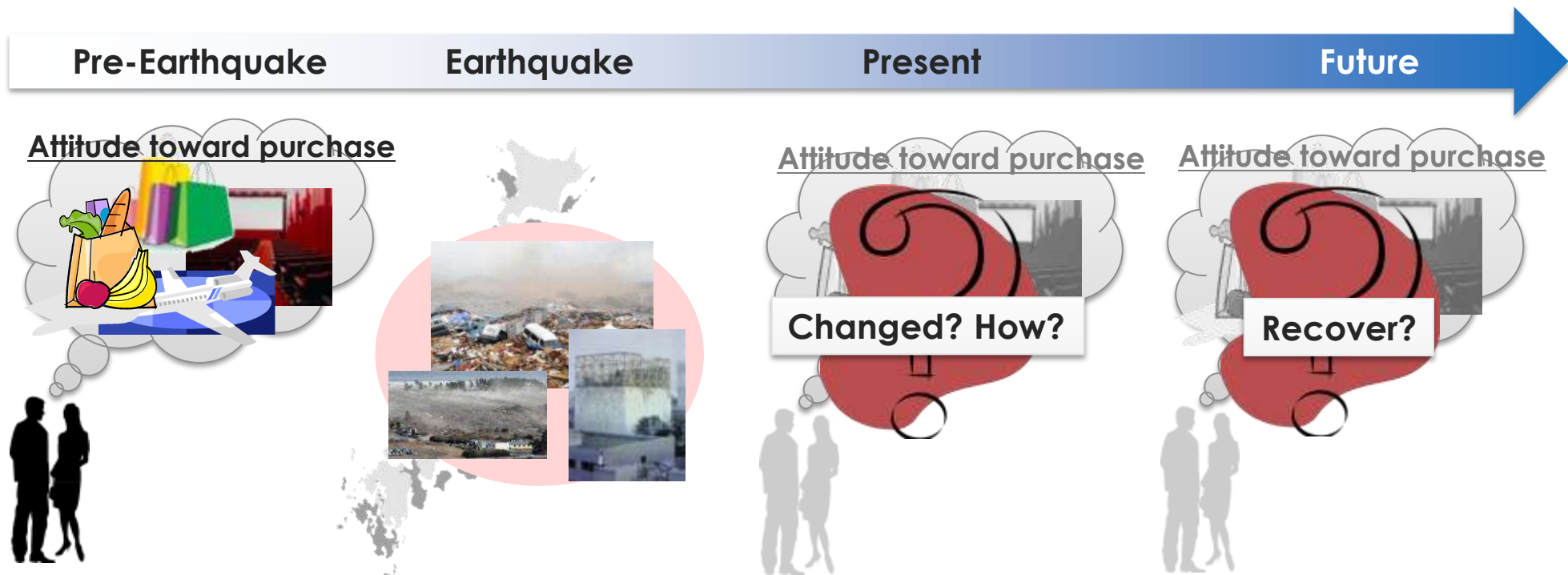


Objectives

Under the above mentioned circumstance, Global Gateway Inc. and Aoki Concept Designing Co., Ltd. jointly conducted a study to understand how the event impacted mind of Japanese consumers and also to explore how it will recover going forward.

The detailed objectives are to understand:

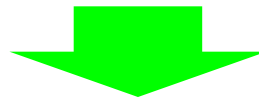
- ✓ Has Japanese consumers' attitude toward purchasing changed after the earthquake?
- ✓ If so, how has it changed?
- ✓ How will the attitude recover?



- Methodology: Online Survey
- Area: Nationwide
- Respondents: Males and Females aged 20 or above
- Sample size: 1,000s
- Timing: April 8th (Fri) - 14th (Thu), 2011
- Data was weighted based on the demography of age/ gender as below

Unweighted

	20's	30's	40's	50's	60's+
Male	67	107	141	127	91
Female	91	170	132	59	15



Weighted

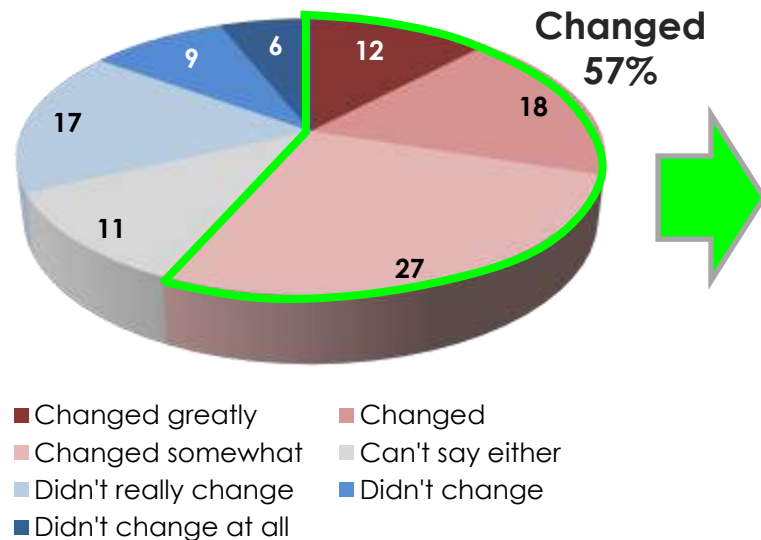
	20's	30's	40's	50's	60's+
Male	84	98	83	99	128
Female	81	97	83	101	145

FINDINGS

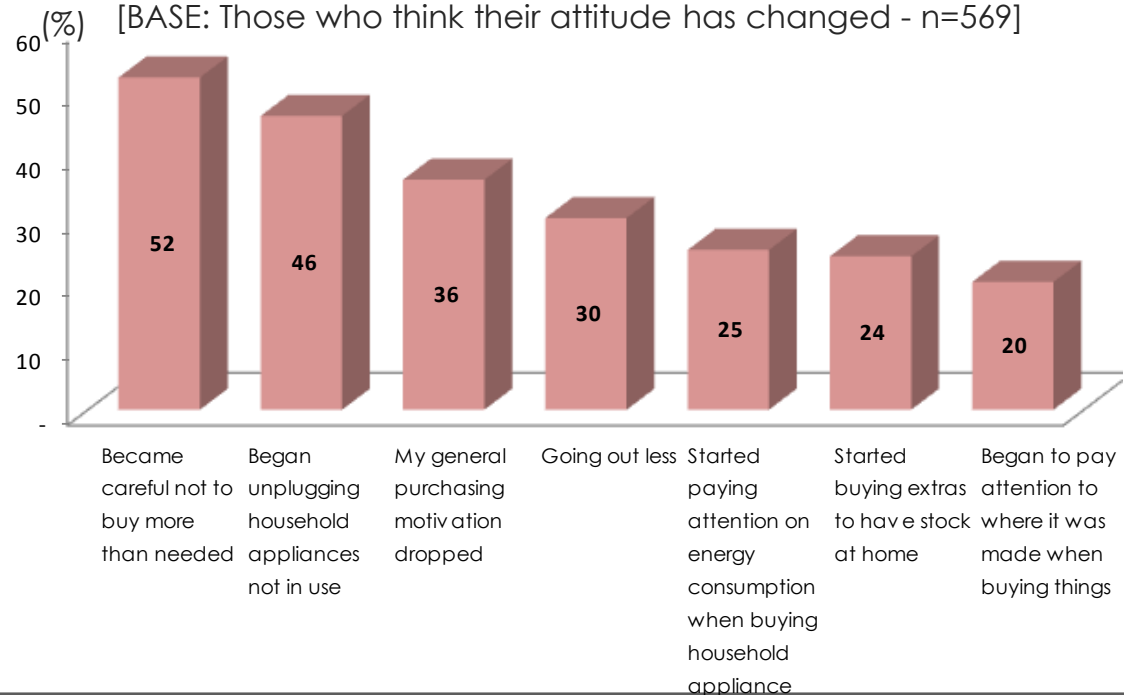
It is more of “Voluntary self-restrains” rather than mere decline in purchasing

- Approx. a half of Japanese consumers feel their overall attitude toward purchasing has changed after the earthquake (57%).
- Of those, approx. a half “Became careful not to buy more than needed”, and “Began unplugging household appliances not in use”, indicating their attitudes of voluntary self-restrains toward purchasing.
- On the other hand, 36% of those who perceive their attitude has changed, which is approx. 20% of total, claim that their purchasing motivation itself has dropped.

Q1. Do you think your “overall attitude toward purchasing” has changed after the earthquake?
[BASE: ALL]

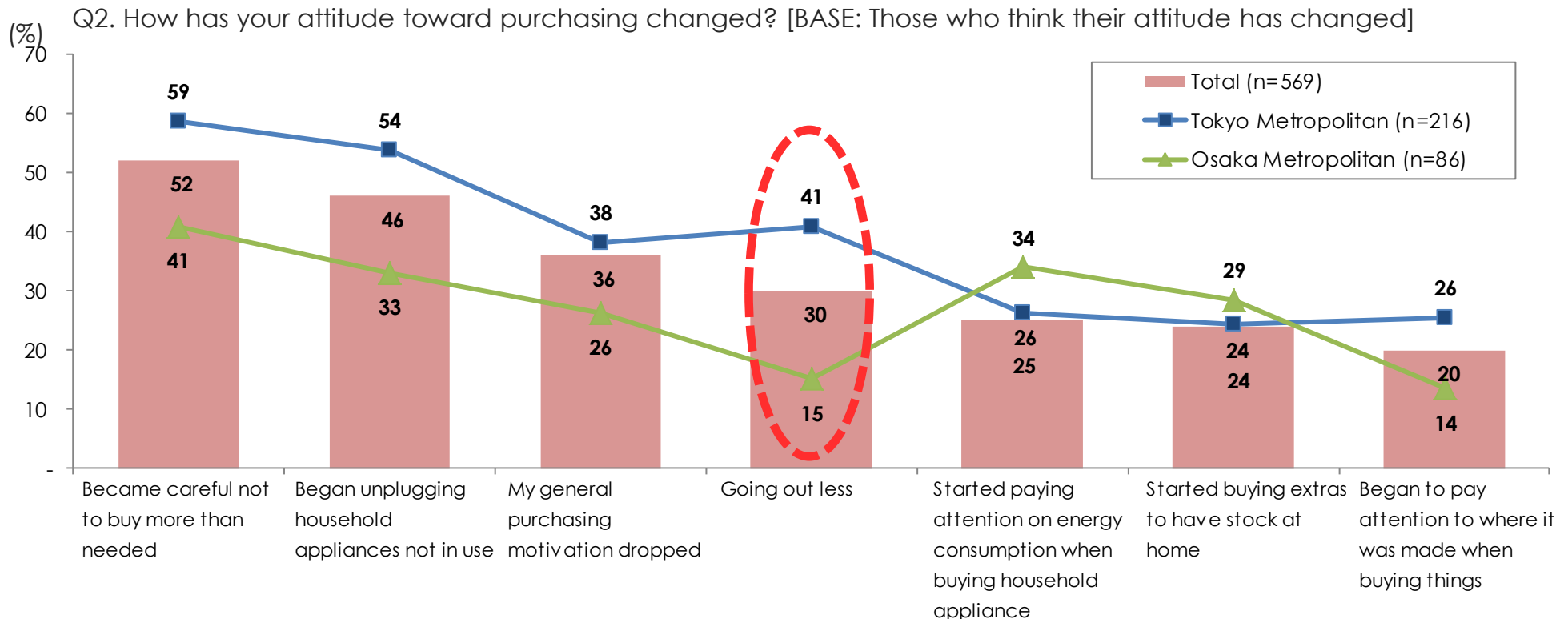


Q2. How has your attitude toward purchasing changed?
[BASE: Those who think their attitude has changed - n=569]



Difference in consumers' attitude: East vs. West

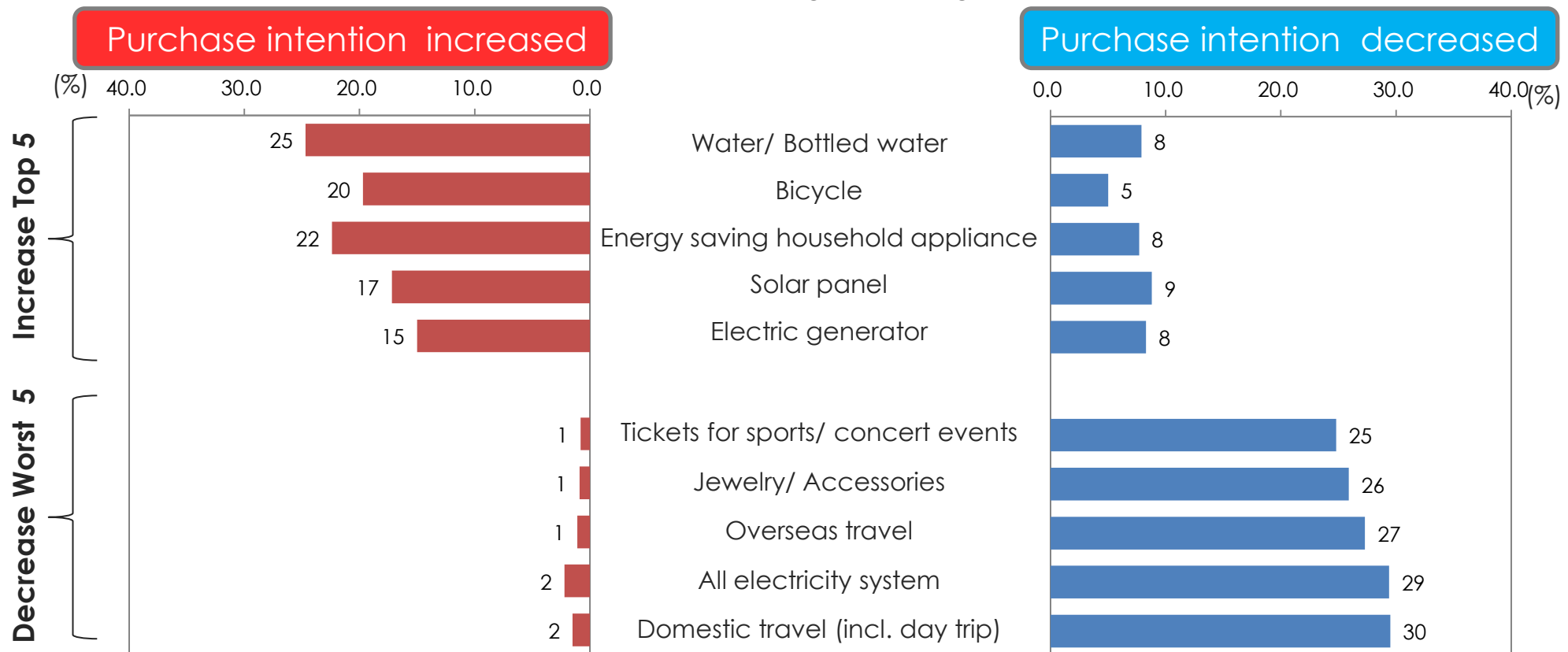
- The voluntary restrains can be seen both in the Tokyo metropolitan and the Osaka metropolitan. However, the impact appears to be larger among the consumers in the Osaka metropolitan area compared to the Tokyo metropolitan, where experienced larger physical impacts of the earthquake.
- The behavior which attracted the biggest difference between the region is “Going out”. While over 40% of the consumers in Tokyo claim that they hold back going out, only 15% claim they are going out less in Osaka metropolitan.



Entertainment is the main “victims” of the voluntary self-restraints

- While purchase intention of essentials and goods related to reducing use of the conventional energy shows increases, purchase intention of entertainment related items appears to have dropped.
- This trend of the changes in purchase intention of consumers also show the self-restraints trend - entertainment being the first ones to face the restraints.

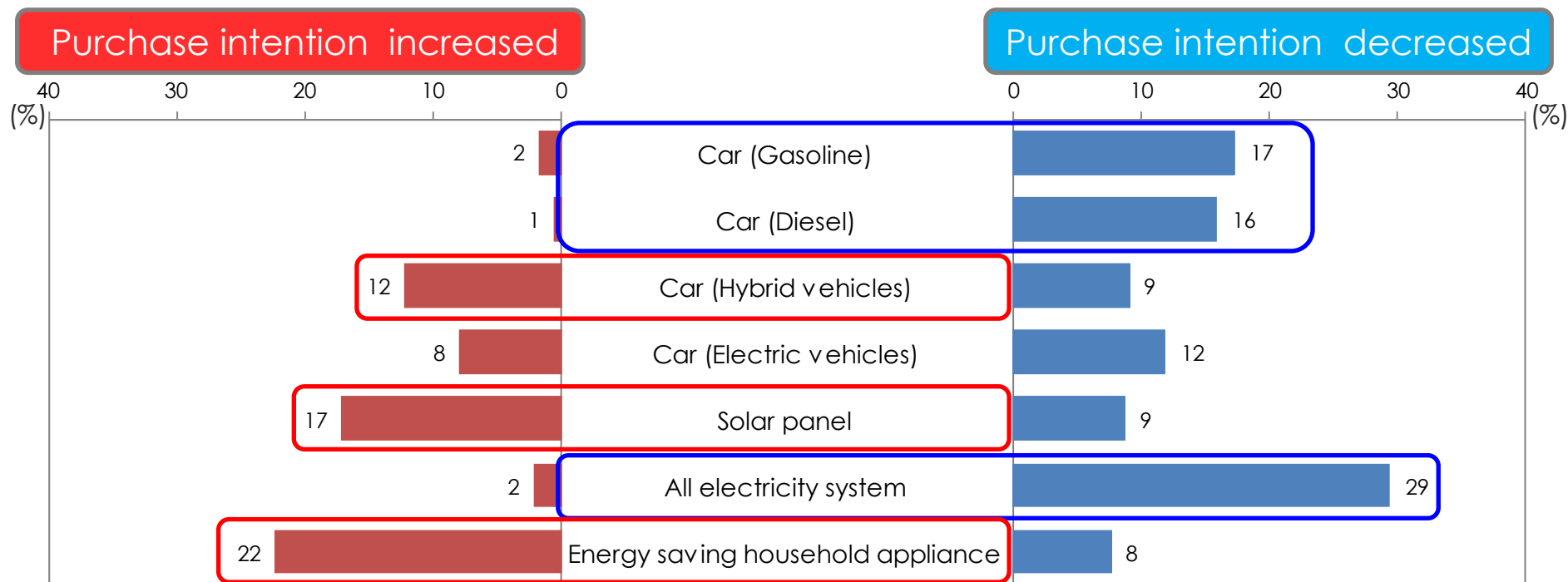
Q4. Has your purchase intention to each of the following item changed? [BASE: ALL]



Impact on consumers' attitude: From Single-source to Multi-source

- “All electricity system” and “Energy saving household appliance” are 2 of the major “eco” products before the event in Japan. However, while “Energy saving household appliance” attracted a great increase in purchase intention after the event, “All electricity system” saw a large drop in purchase intention.
- As can be seen from the change in attitude toward “All electricity system”, consumers' preference appear to have shifted from single energy sourced products to multiple energy sourced or alternative energy sourced products.

Q4. Has your purchase intention to each of the following item changed? [BASE: ALL]

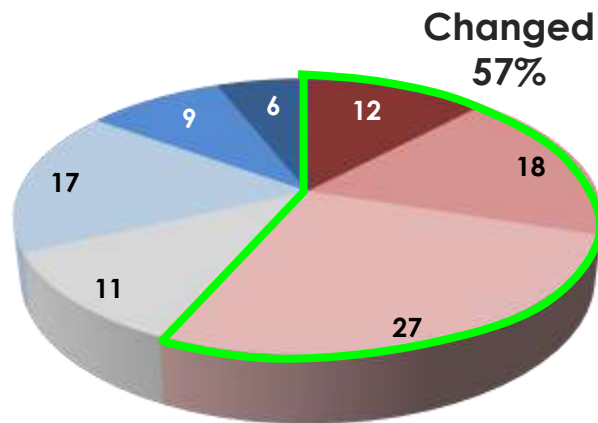


The purchasing mind will be on a recovering trend in the next 6 months

- Of those who feel their attitude toward purchasing has changed, 82% consider their changed attitude would be on a recovering trend to varying degree.
- Also, 44% consider that their purchase behavior "Will recover" in the next 6 months. This indicates consumers' purchasing behavior will certainly be on a recovering trend in the near future.

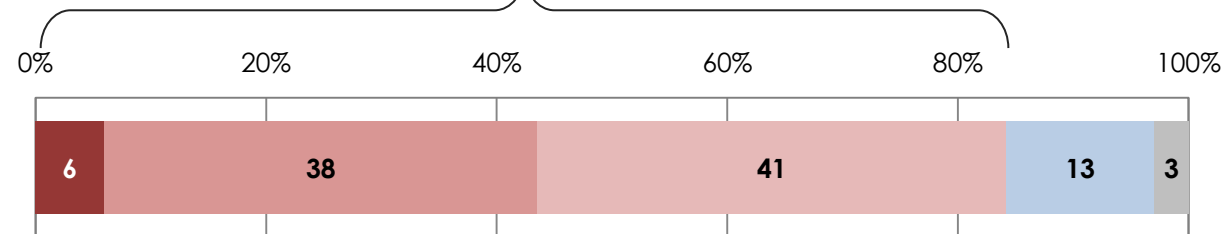
Q1. Do you think your "overall attitude toward purchasing" has changed after the earthquake?
[BASE: ALL]

Q13. In the next 6 months, how do you think your attitude toward purchasing will change compared to pre-event days?
[BASE: Those who think their attitude has changed - n=569]



- Changed greatly
- Changed
- Changed somewhat
- Can't say either
- Didn't really change
- Didn't change
- Didn't change at all

82% = Will be recovering

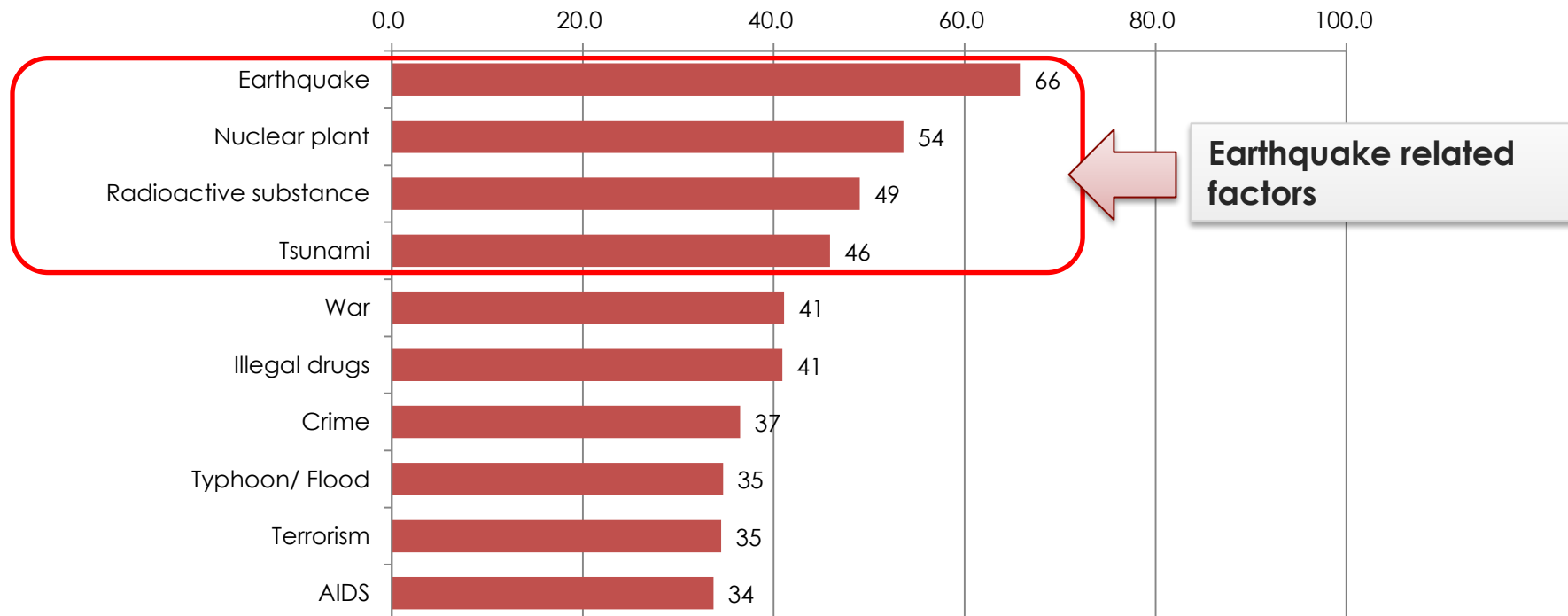


- Will recover shortly
- Will recover gradually
- Will not recover completely, but recover somewhat
- Will not recover (remain as it is now after the event)
- Don't know

The perceived risk of earthquake related factors higher than war and terrorism

- The following table summarizes top 10 items which Japanese consumers perceive as having risks. It is well possible to understand the figures as the result of the first-hand experiences and the knowledge accumulated through the various recent media coverage, but Japanese consumers tend to perceive the earthquake related factors are of risk factors more than war or terrorisms.

Q9. How much risk do you think each of the following has? - Top 1 figure [BASE: ALL]



One month from the event has passed ... in Tokyo

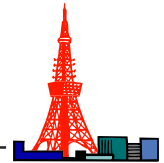
- It has been one month after the event and the city of Tokyo is mostly back to how it was before - trains mostly in full operation, shelves filled with goods, and scheduled power cut is now suspended.

Earthquake on March, 11th



1 month later ...

TOKYO April, 2011



Power cut suspended



Goods back in shelves



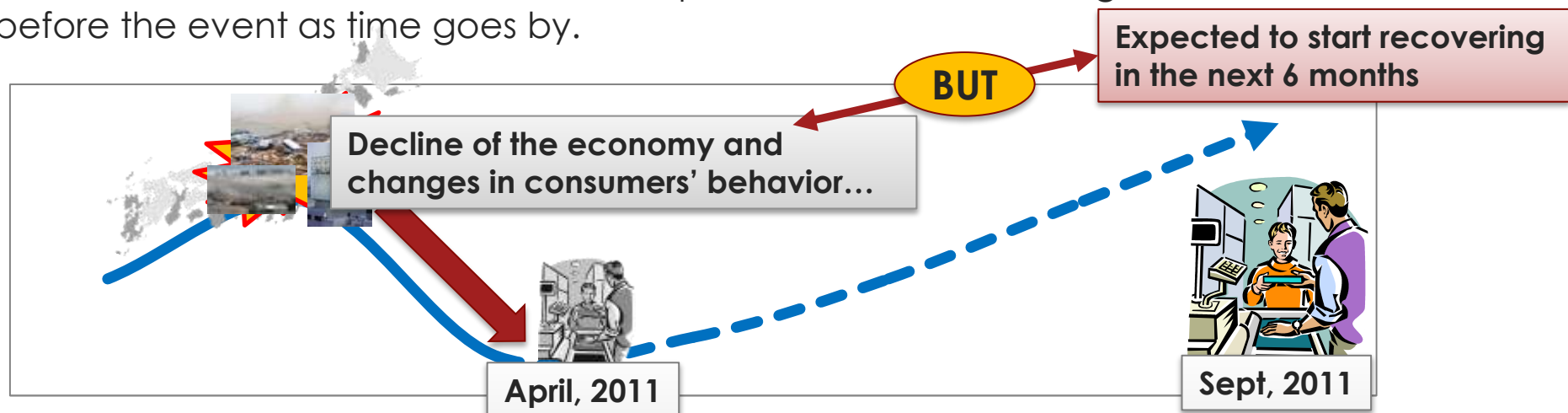
Public transport back in operation



Fully ready to resume economic activity in Tokyo!

Expected future of Japanese consumers

- The earthquake and its aftermath had certainly impacted on purchasing behavior of Japanese consumers. As publicly available data also shows, Japanese economy as a whole is experiencing a overall decline.
- This particular survey revealed it is not only external physical factors which caused this decline of the economy, but also the changes of the Japanese consumers' purchasing behavior - "voluntary self-restrains" - appears to be playing a role.
- However, even among those who feel their purchasing behavior has changed, a fair proportion consider their purchasing behavior will be on a recovering trend in the next 6 months or so. This indicates consumers' purchase behaviors will go back to how it was before the event as time goes by.



Global Gateway will support your market research needs in this recovering Japanese market!



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