

## Consumption trend change reflected in “Nationwide Department Store Sales”

The Japan Department Stores Association (JDSA) provides the “Nationwide department store sales” on around the day of 20th every month. The data include the sales by products and by regions in both 10 large cities and the other regions, which can be used to analyze the consumption trend. In addition to finding out consumer orientation from sales trend of merchandizes, we can find out consumption trend of foreign tourists who are increasing these days.

### Point 1

#### Annual sales for 2016 fell short of JPY 6 trillion for the first time in 36 years

**In December 2016, number of foreign tourists visiting stores increased, while sales to local customers decreased**

- “Nationwide department store sales” in December 2016 fell by - 1.7% YoY (the sales are outlet number adjusted, applying hereafter) which was a 10 consecutive months fall. In December, sales to foreign tourists rose by + 8.3% YoY for the first time in 9 months. Meanwhile, sales to local customers (almost 97% of total sales) declined by - 2.0% YoY. General merchandises increased from the previous year for the first time in 5 months as Cosmetics continued to show strong sales and sales of Work of art/ Jewelry/ Precious metals recovered due to sign of positive effect of high stock prices. However, total sales have decreased due to (i) still weak sales of Clothing (approximately 26% of total sales) fell by - 3.3% YoY and (ii) more than half of stores saw decline in customer numbers.
- Annual sales of year 2016 was JPY 5,978 billion fell by - 2.9% YoY for consecutive 2 years and fell short of JPY 6 trillion for the first time in 36 years since 1980. While sales to foreign tourists fell by - 5.3% YoY, number of purchasers has increased by + 18.5% YoY supported by increase in Visitor Arrivals.

### Point 2

#### Sales of Clothing, a main sales item, slumped

**Foreign visitors are shifting from “Explosive shopping” to consumption of daily necessities**

- Sales of Clothing, a main sales item of department stores, slumped due to (i) unstable weather in 2016, (ii) expansion of sell over the internet and (iii) increase in purchase at outlet stores.
- Although number of purchasers of foreign tourists is increasing, average customer spend is decreasing due to shift from “Explosive shopping”, especially of big-ticket items in the past, to consumption of daily necessities as (i) JPY appreciated towards the middle of year 2016 and (ii) increase in regular visitors to Japan.

“Nationwide Department Store Sales”  
(January 2016 – December 2016)

	Sales Value (JPY billion)	Distribution (%)	YoY Change (%)
<b>Nationwide</b>	<b>5,978</b>	<b>100.0</b>	<b>▲ 2.9</b>
Clothing	1,893	31.7	▲ 5.8
Accessories	780	13.0	▲ 3.6
General merchandizes	1,006	16.8	0.9
Foodstuff	1,679	28.1	▲ 1.0
<b>10 Major Cities</b>	<b>4,061</b>	<b>67.9</b>	<b>▲ 2.5</b>
<b>Other than 10 Major Cities</b>	<b>1,917</b>	<b>32.1</b>	<b>▲ 3.7</b>

(Note) Preliminary figures.

(Source) SMAM, based on Japan Department Stores Association data.

## “Self-rewarding consumption” and “Intangible things consumption” are gaining popularity despite budget-minded

- We have seen change of consumption attitude in the course of the “Nationwide department store sales” trending down. For example, “Self-rewarding consumption” at different events are increasing despite increase of budget-minded customers, as we could see (i) customers buying gifts for their personal use during the year-end shopping season and (ii) women customers buying expensive chocolates for their own consumption at special floor prepared for Valentine event. “Intangible things consumption” has gotten popular as experience-based Lucky bags offering trial lessen etc. were sold well at every department stores whose New Year sales of Lucky bags were robust this year. Shift of consumption trend from “Tangible things” to “Intangible things” is likely to continue going forward.

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