



Japan: Opportunities in Consumer Goods

Japan's Gift Market

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Japan: Opportunities in Consumer Goods- Japan's Gift Market

The Japanese consumer is a demanding one. Un-paralleled attention is given to quality, packaging, customer service, and design. The Japanese are also sensitive to seasonal changes, and American fast food chains such as McDonalds and Dominos adapt their menus several times a year to incorporate new ingredients. One should not be surprised to see corn and mochi on a Domino's pizza or a cherry blossomed flavored milk shake at McDonalds. One should also expect to see individually wrapped cookies, ornate gift boxes, and products unknown to the rest of the world.

Japan was the country that changed the bathroom experience through swinging washlet toilets, and continues to make quality consumer goods. When having a hot dog, one can use one packet that squirts both ketchup and mustard in a perfect line through a specially designed package, and one can steam vegetables, pasta, and rice in minutes with specially made Tupperware while also carrying a water bottle in a small bag that prevents condensation from ruining surrounding items.

The Japanese expect consumer products to be tailored to Japanese needs, and what has been popular overseas will not automatically be accepted as is in Japan. In such a heavily saturated and competitive market, only truly unique products have a chance. That being said, the Japanese love American products. The Baby Boomer generation loves Elvis and Levis Jeans, and Japanese youth flock to Kitson and Forever 21. There has been a recent surge of popularity in quality American stationary products, and many States choose to have a presence at the Tokyo International Gift Show.

Introduction to Gift Giving in Japan

Gift giving in Japan is an integral part of building personal and corporate relationships, extending beyond holidays and special occasions. According to the Yano Research Institute, the size of the 2013 Japanese gift giving market was approximately 17.5 trillion yen (\$142 billion), with the 2014 market expected to surpass those figures by around 100 billion yen (\$813 million).

Monetary gifts are often given to acknowledge various life events, such as coming-of-age ceremonies, school entrances/graduations, births, weddings and funerals. It is customary for recipients to offer a gift in return. Although the value of the "return" gift is usually less than the original gift, some people give "return" gifts of up to equivalent value.

The wrapping and appearance of gifts is of great importance. Many gifts are sold in pre-packaged sets online or at department stores. Gift givers also take into consideration whether the gift recipient must carry the gift (after attending a wedding reception, for example), thus purposely choosing light, small, non-perishable gifts. Gift givers may also choose to have gifts

delivered or give out certificates that can be exchanged for items or services at a later date. Catalog gifts, available on many websites, cater to gift givers' fears that their gift will be an unwanted "burden" on recipients.

Gift Giving During Life Events

Japanese have various age-related rites of passage, each accompanied with gifts and "return" gifts. For children, there is Shichi-go-san to celebrate three and five-year old boys and three and seven-year old girls. Children dress up in traditional Japanese clothing, take commemorative photos and visit shrines. Japanese officially enter adulthood at twenty years old, an occasion marked with a national holiday and a ceremony at local/prefectural offices.

Gifts/return gifts are also given to celebrate births, school entrances, graduations and the purchase of a new home. Two of the most important gift giving occasions are weddings and funerals. Friends, family members, business acquaintances and others offer monetary gifts of hundreds or thousands of dollars. Each monetary gift must be acknowledged with a "return" gift.

In the case of weddings, couples may choose to give different sets of gifts to guests who attend the wedding and those who send a monetary gift but cannot attend the ceremony. Some gift examples from a popular wedding website, Zexy, include glasses engraved with a personalized message for 2000 yen (\$16), engraved photo frames for 5400 yen (\$44), personalized wine bottles for 5400 yen (\$44) and a gift card allowing the recipient to order a personalized clock online for 6588 yen (\$54). Another option is to send wedding guests a catalog of items from which to choose an item of their liking. The catalogs on Zexy vary in price range from 3500 yen-10,500 yen (\$28-\$85) but other websites offer catalogs with items in the 50,000 yen range (\$407). Many couples also choose to give sweets. Zexy offers pastries and candies ranging from 1080-3240 yen (\$9-\$26).

Gift giving etiquette for funerals is quite strict, with many guidelines dictating the timing and wrapping of both gifts and return gifts. Different regions of Japan may have varying guidelines, but standards for appropriate gifts are similar. In general, return gifts should be things that can be consumed so that the unhappiness and misfortune associated with death does not linger. Items to be avoided include foods associated with celebrations and anything in brightly colored packaging. As a result of strong Buddhist traditions associated with funerals, people also tend to avoid giving alcoholic beverages, fish and meat. Common return gifts include tea, seaweed sheets (nori), towels, soap and candies. Some online stores offer catalogs for funeral return items. Stores sell these items at various price ranges. One online retailer, Sokuyou.com, offers products ranging from 378 yen towels (\$3) to catalogs of 50,000 yen items (\$407). Guidelines on the amount of funeral return gifts differ with some saying around 3000 yen (\$24), and others saying a third or half of the original monetary gift's value.

Japan Specific Holidays

Japanese companies and individuals traditionally purchase gifts mid-year (Ochugen) and at year-end (Oseibo) to show appreciation and build stronger relationships for the future. People may send gifts to relatives, friends, neighbors, teachers, doctors, customers and bosses. In recent years, Ochugen and Oseibo have become more casual events, with the gift market shifting to "limited time seasonal items" purchased for friends or oneself. This has become especially popular among younger generations, contributing to overall gift giving market growth. In 2013, Ochugen and

Oseibo-related sales figures reached just under 6 trillion yen (\$49 billion). Popular items include beer, coffee, noodles, meat/fish, fruit juices, seaweed, candies/pastries, detergent, cooking oil and gift cards. The amount spent differs depending on the relationship between the gift giver and the recipient, but a 2007 survey by Ajinomoto found that people typically spend between 2500-5000 yen per gift (\$20-\$41).

Mother's Day / Father's Day

Japanese celebrate Mother's Day and Father's Day on the same days as the US. Although flowers, especially carnations, are popular gifts for Mother's Day, around 47 percent of respondents to a 2014 Ecnomikata survey said they give non-floral gifts. Some popular gifts include candies/pastries, bags and other fashion accessories, gift cards, beauty products, electronics, clothes and alcoholic beverages. According to a survey by online retailer Kakaku.com, people vary greatly in the amount they spend on their mothers, with relatively equal amounts of people spending 1000-6999 yen (\$8-\$57). For mothers-in-law, however, almost half of respondents planned to spend between 2000-3999 yen (\$16-\$33). For Father's Day, popular gifts include food items, alcoholic beverages, candies/pastries, clothes, neckties, wallets, cufflinks, coffee and bags. Most respondents to Kakaku.com's survey planned to spend between 2000-5000 yen (\$16-\$41) on their fathers and fathers-in-law, with the budget for fathers-in-law being slightly higher on average.

Valentine's Day / White Day

On Valentine's Day in Japan, women give chocolates to their significant others. In addition, women purchase "obligation chocolates" for male bosses, coworkers, friends and family. Another recent trend is buying chocolates and gifts for oneself. One month later, on March 14, men must return the favor through "White Day" gifts. White Day gifts range from candies and chocolates to bags or accessories.

In 2013, the Japan Anniversary Association estimated Valentine's Day-related sales of 131 billion yen (\$1.1 billion). This year, Valentine's Day fell on a Saturday, and sales took a hit. According to the organization Knowledge on Sales Promotion Service Provider (KSP-SP), chocolate sales during the week leading up to Valentine's Day 2015 totaled a little below 250 million yen (\$2 million). White Day gift sales are estimated to equal or even surpass Valentine's Day totals. According to KSP-SP, the average price of chocolates purchased in 2015 was between 500-800 yen (\$4-\$7). In general, men are expected to spend more on White Day gifts than women spend on Valentine's Day chocolates. The website Career Park recommends that office workers spend around 700-800 yen (\$6-\$7) in return for 500 yen (\$4) obligation chocolates. People tend to spend more on Valentine's Day and White Day gifts for significant others.

Christmas

Christmas in Japan tends to be less family-centric and more focused on romantic relationships. Some Japanese Christmas customs include purchasing Christmas cakes and eating KFC chicken. Christmas cakes typically cost 2000-5000 yen (\$16-\$41). Families with younger children may receive "gifts from Santa." Couples will often go out to dinner and exchange gifts as well. Sales of toys and video games (including consoles and software) also increase during the Christmas period.

In 2013, Printemps Ginza, a department store in a ritzy area of Tokyo, asked women what Christmas presents they would like to receive from their significant other. The top three answers were, in order of popularity, “a meal,” “necklace” and “rings or other accessories.” The average expected cost of the gifts was 36,401 yen (\$296). The average amount that women expected to spend on their significant others was 22,902 yen (\$186), and the average they expected to spend on a gift for themselves was 44,292 yen (\$360).

Halloween

Halloween has seen particularly rapid growth. In 2013, Halloween sales were estimated at around 100.5 billion yen (\$817 million). During the 2014 season, the Japanese Anniversary Association estimated total Halloween-related sales at 110 billion yen (\$894 million), a 9 percent increase. This growth took place despite an jump in the consumption tax from 5 percent to 8 percent in April 2014.

Amazon’s Japan site features a Halloween section, including children’s and adult’s costumes, Halloween candies and Halloween-themed decorations. The number of Halloween-themed costume events has also risen. Universal Studios Japan in Osaka holds its yearly “Universal Surprise Halloween,” with family-friendly parades during the day and horror shows at night. Meanwhile in the Tokyo area, Kawasaki Halloween features costume events and a parade which drew 110,000 spectators last year. There is also growing interest in Halloween-themed dating events (Halloween-Kon).

Recommendations for entering the Japanese Market

While the Japanese market is extremely competitive, there is opportunity for products that emphasize quality and have a unique edge. Products that can cater to Japan specific life events and holidays would be welcomed.

As a first step, an educational visit to Japan is a must. Planning such a trip around major trade shows is strongly recommended.

The Tokyo International Gift Show is the best opportunity for firms interested in entering Japan’s gift market. Over 200,000 attendees flock to the annual Spring and Fall Tokyo Gift Shows that featuring over 4000 booths and 2150 companies. Buyers, Importers, and Foreign Exhibitors alike congregate over a three day period in which many business transactions are made. Commercial Service Japan recommends that firms considering attending even without exhibiting in order to better understand the market and competitive forces.

Tokyo International Gift Show Fall/Spring

<http://www.giftshow.co.jp/english/80tigs/index.htm>

How the Commercial Service can help

The Commercial Service Japan can assist U.S. firms interested in the Japanese market by providing market strategy counseling, and initial product feedback. Commercial Service Japan can also assist through fee based services to find an appropriate local partner/agent, conduct customized market research, send an Embassy to an offsite event promoting a U.S. company or product, or even host such an event at the Embassy.

For additional information, please contact Consumer Goods Specialist Yoshiko Okamoto at Yoshiko.Okamoto@trade.gov.

Reference Links

Weddings:

http://zexy.net/mar/manual/gift_kiso/chapter1.html

Funerals:

<http://www.sokuyou.com/>

<http://www.ringbell.co.jp/kouden/content04.html>

<http://www.takashimaya.co.jp/shopping/gift/okoudengaeshi/>

Ochugen/Oseibo:

<http://www.takashimaya.co.jp/shopping/gift/summergift/>

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Valentine's/White Day:

<http://abcnews.go.com/blogs/headlines/2013/02/japans-sweet-valentines-day-twist/>

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<http://event.rakuten.co.jp/halloween/>