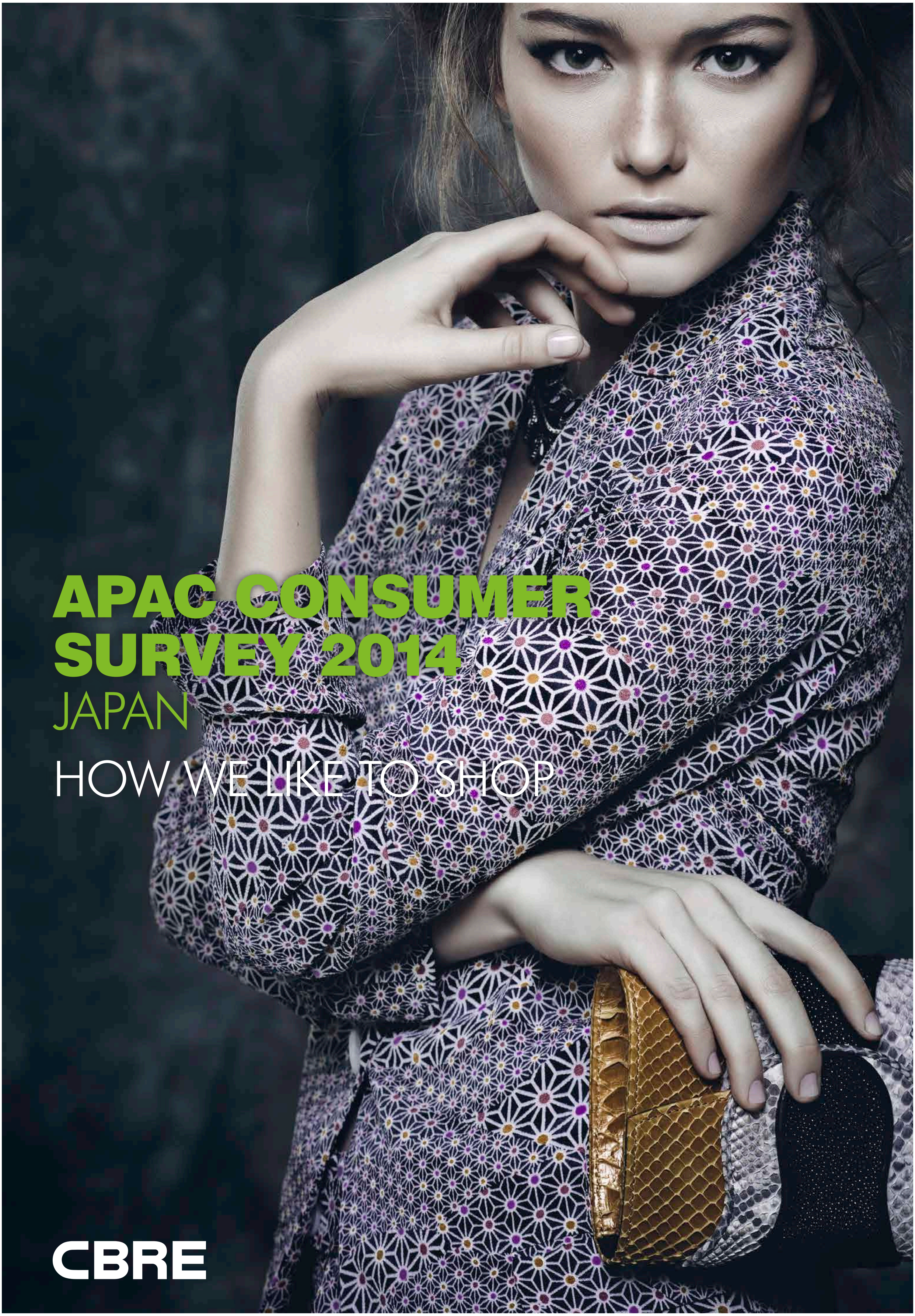


APAC CONSUMER SURVEY 2014

JAPAN

HOW WE LIKE TO SHOP

CBRE

LOCATION

Australia
China
Hong Kong
India
Japan
Malaysia
New Zealand
Singapore
South Korea
Taiwan
Vietnam

CONTENTS

HOW CONSUMERS SHOP

"PRESENT AND FUTURE"

PRESENT

83% visit physical shops

89% shop online

61% shop online at least once a month

When deciding where to shop, most consumers choose somewhere affordable, convenient and clean

FUTURE

81% expect to visit physical shops as often as they do now

7% expect to visit physical shops more often than now

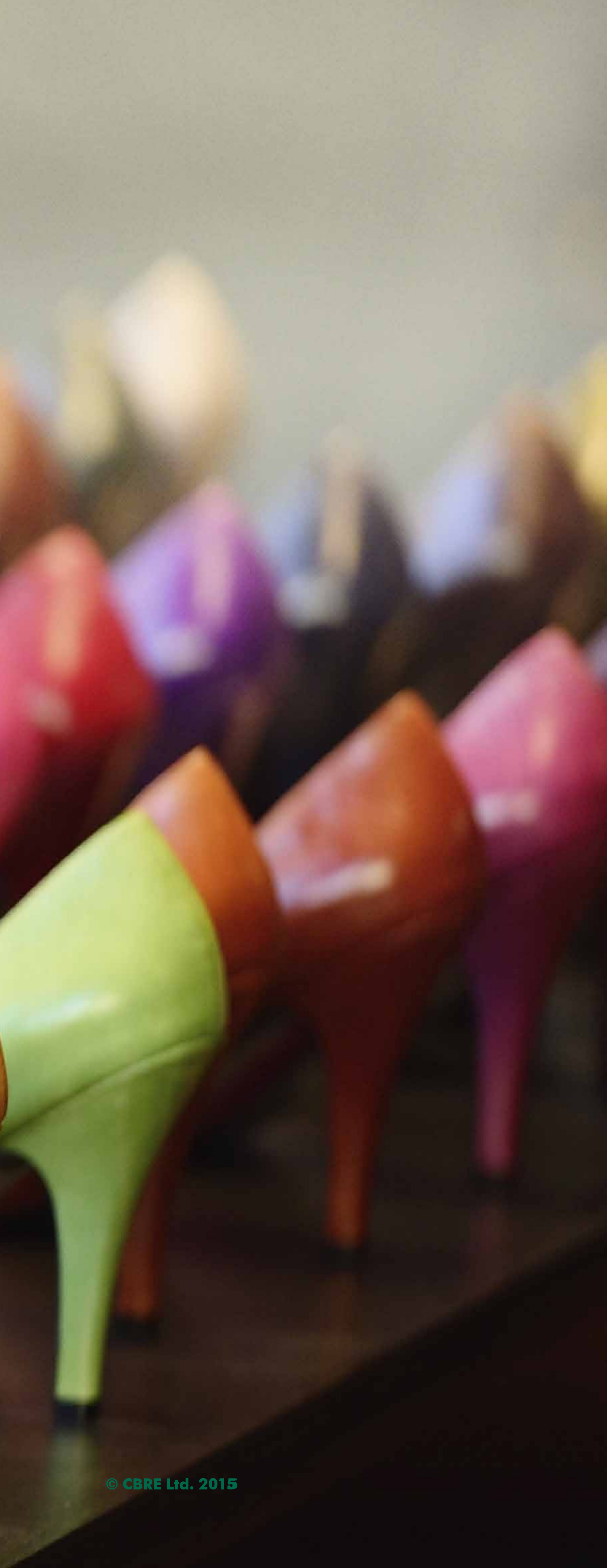
1/3 expect to shop online more often than now

1/3 expect to spend more online than now

Note: Devices used to access the internet here refer to desktop or laptop computers.
Note: In this report, "physical shop" refers to department stores, shopping centres and high street shops.

Source: CBRE Asia Pacific consumer survey 2014

INTRODUCTION



In August 2014 CBRE Research Asia Pacific conducted its first ever Asia Pacific Consumer Survey. We interviewed ordinary consumers living in the Asia Pacific region, asking them how and where they shop*, which shops they visit often, and how they see the future of shopping. The findings from this survey were published in a report in November 2014. The survey was conducted using an online questionnaire, which obtained valid responses from 11,000 consumers in 11 major countries across the region.
(* For non-food items such as clothes, shoes, accessories, skin care products, electronic goods etc.)

Japan was one of the major countries surveyed. Valid responses were obtained from 1,000 consumers of both sexes living in the Greater Tokyo Area, aged between 18 and 64, across a variety of household sizes and household incomes. This report presents the findings from the survey.

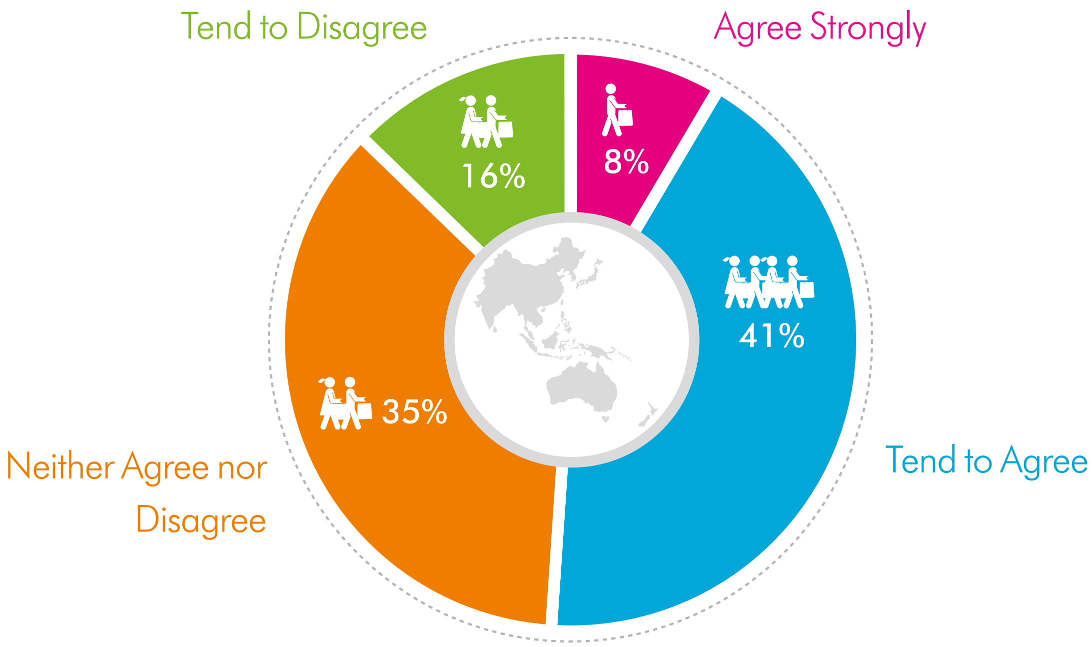
WHAT DO CONSUMERS LOOK FOR IN A PHYSICAL SHOP?

In the survey, around 80% of respondents replied that they shop* (*For non-food items such as clothes, shoes, accessories, skin care products, electronic goods etc.) in physical stores. One of the reasons for this is that over half of consumers polled value the overall experience of going shopping (Figure 1). In other words, consumers visit shops that offer a satisfying shopping experience.

Respondents were asked which factors, from a list of 25, they considered important as a measure of satisfaction (Figure 2). The results showed that they consider price, convenient travelling and cleanliness to be the three most important. Few respondents consider the hosting of events or the availability of free WiFi to be important.

When choosing where to go shopping, I think about the overall experience of visiting the destination, not just about the choice of shops.

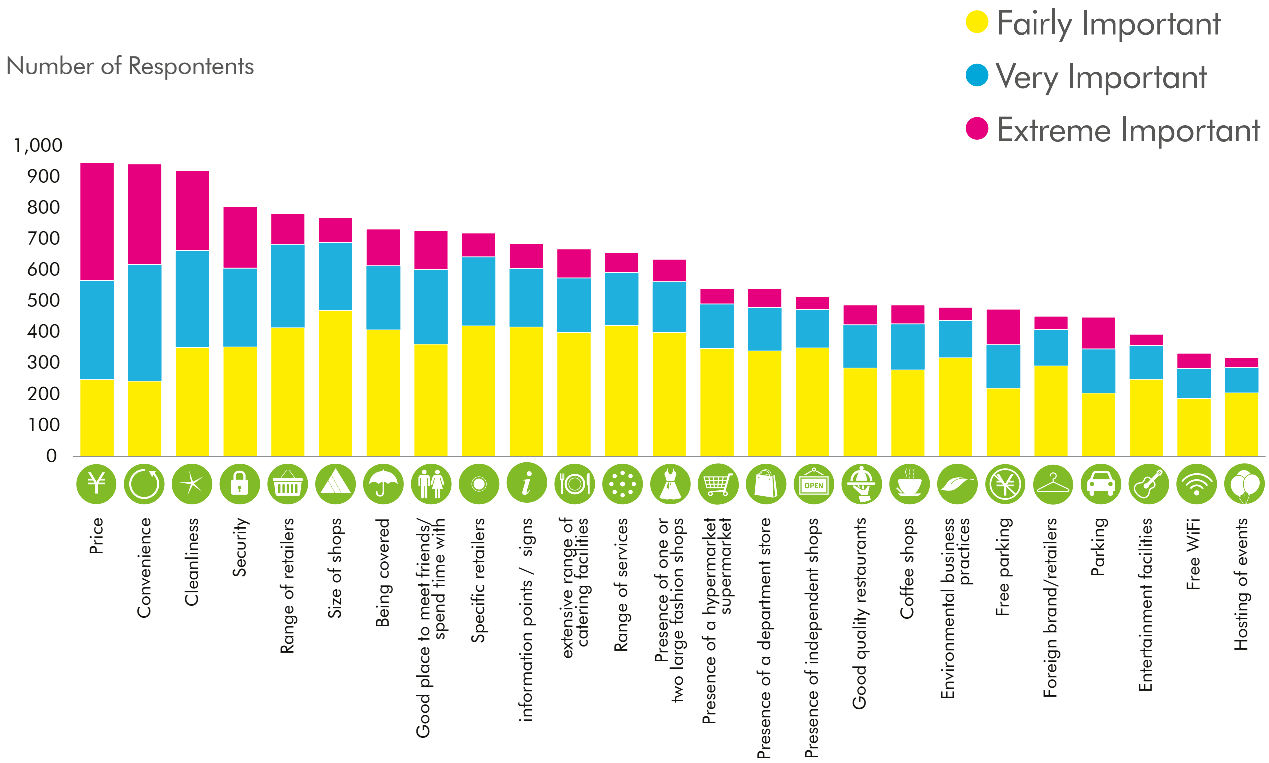
(Figure 1)



Source: CBRE Asia Pacific Consumer Survey, 2014. Note: Excludes 'don't know' results

What are the key factors when choosing where to go shopping?

(Figure 2)



Source: CBRE Asia Pacific Consumer Survey, 2014. Note: Excludes 'not very important' and 'not important at all' results

What do consumers look for in a physical shop?

Figure 3 compares the findings from Japan with the average for Asia Pacific. The importance of all factors was found to be lower in Japan than in the region as a whole. The importance of price and convenience was around the same as in the rest of the region, but there was a particularly large disparity for the availability of parking and free parking.

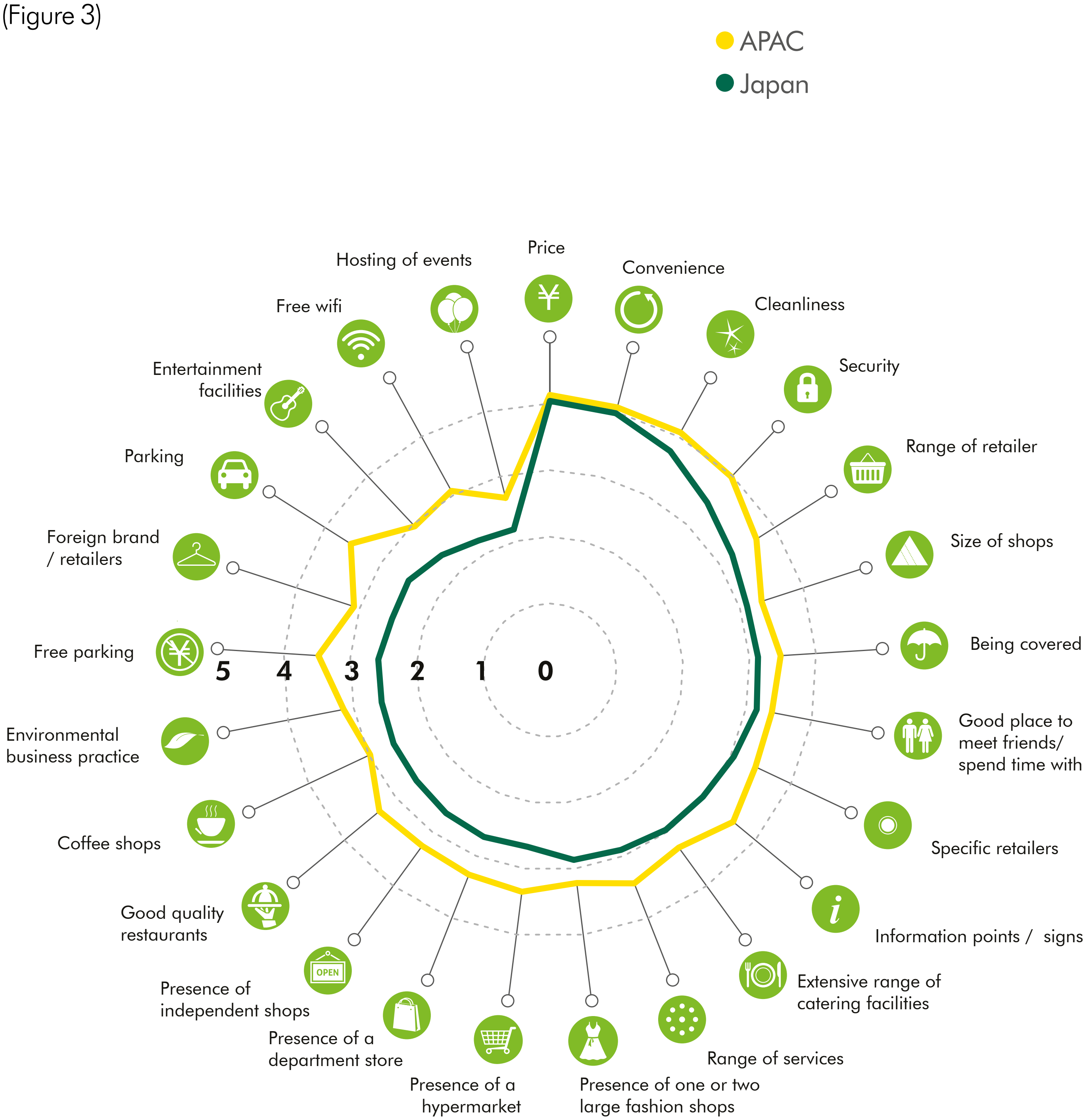
The findings for Japan were then analyzed by age group (Figure 4). There are no major discrepancies between age groups in the factors they consider important. However, more consumers in the 18-34 age group placed importance on it being a good place to meet friends or spend time, and on the presence of large fashion shops and entertainment facilities. The older generation (45-64) tends to value the availability of parking (free or otherwise).

The findings for Japan were also analyzed by income group (Figure 5). There are no major discrepancies between income groups, but the high-income group was more likely than other consumers to emphasize the presence of department stores, good quality restaurants, free parking, foreign brands and the availability of parking.

One additional consideration is that the availability of free WiFi, which ranked low in all categories of respondent, is undoubtedly useful in making stores more convenient for foreign tourists, whose numbers have been increasing in recent years. An increasing number of stores are installing free WiFi to attract foreign visitors coming to Japan for shopping.

What makes a physical shop attractive?

(Figure 3)

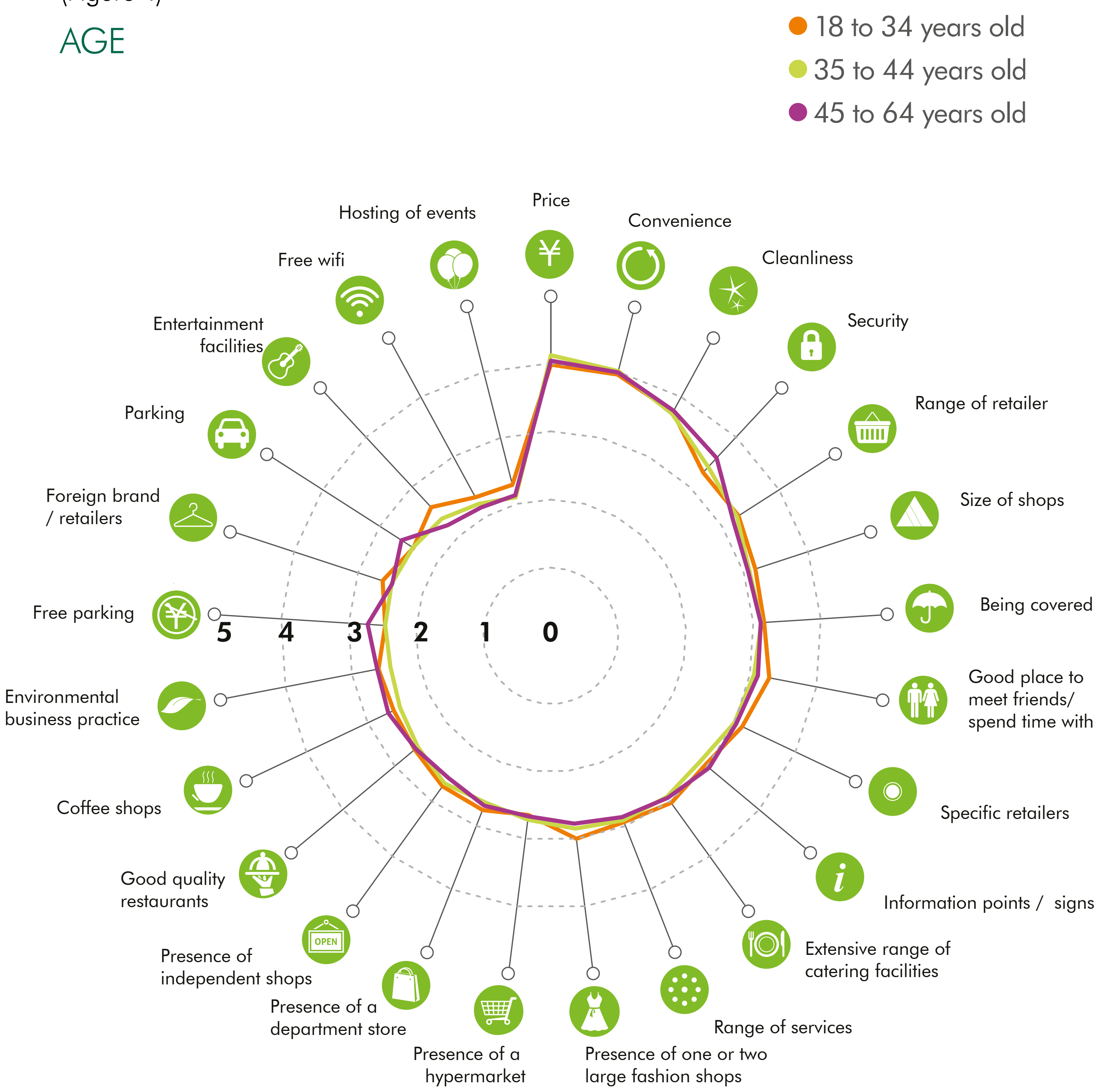


Source: CBRE Asia Pacific Consumer Survey, 2014. Note: The importance of each factor is ranked from 0 to 5. The closer a factor is to 5, the higher its importance.

What makes a physical shop attractive?

(Figure 4)

AGE

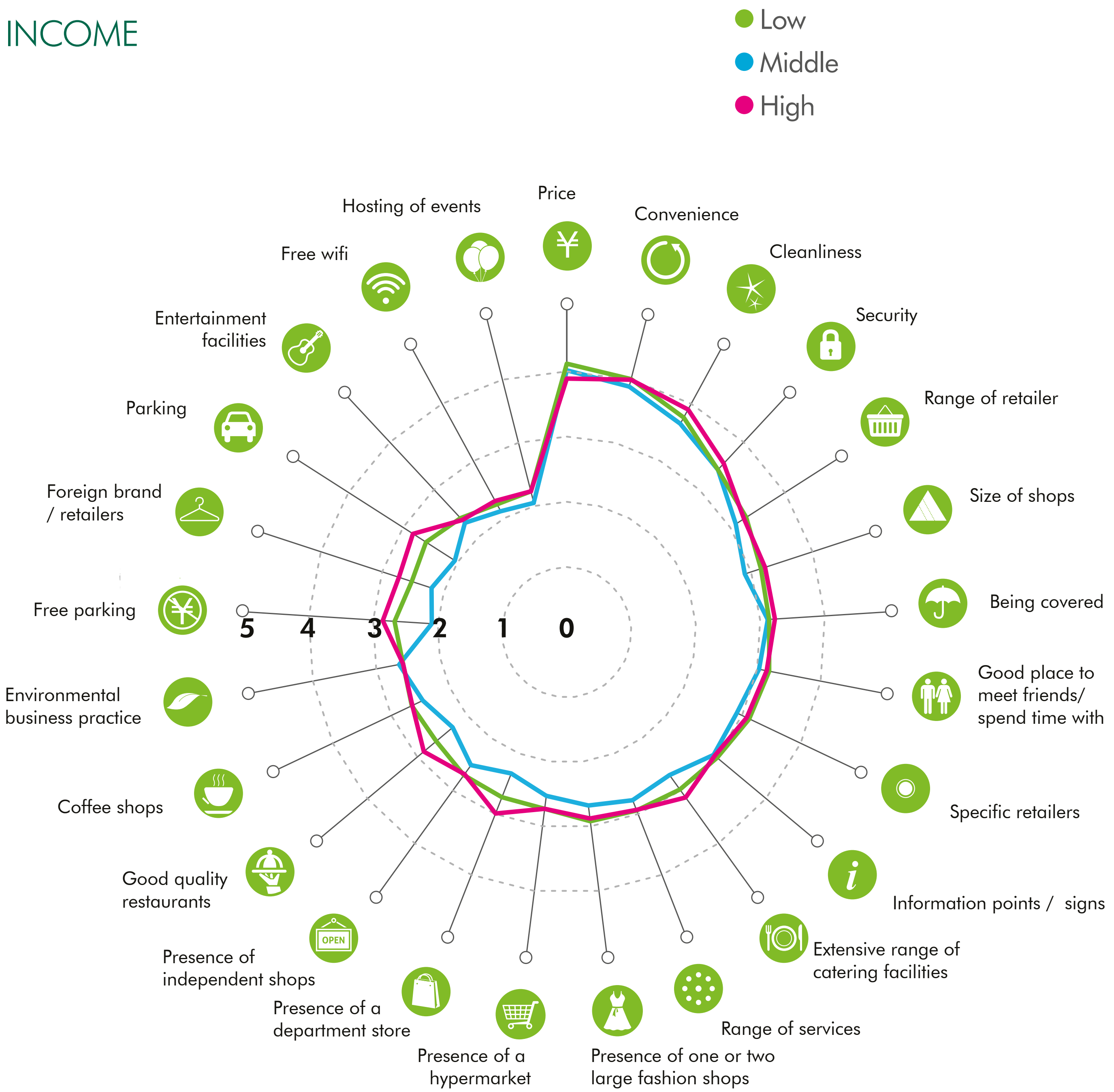


Source: CBRE Asia Pacific Consumer Survey, 2014. Note: The importance of each factor is ranked from 0 to 5. The closer a factor is to 5, the higher its importance.

What makes a physical shop attractive?

(Figure 5)

INCOME



Source: CBRE Asia Pacific Consumer Survey, 2014. Note: The importance of each factor is ranked from 0 to 5. The closer a factor is to 5, the higher its importance.

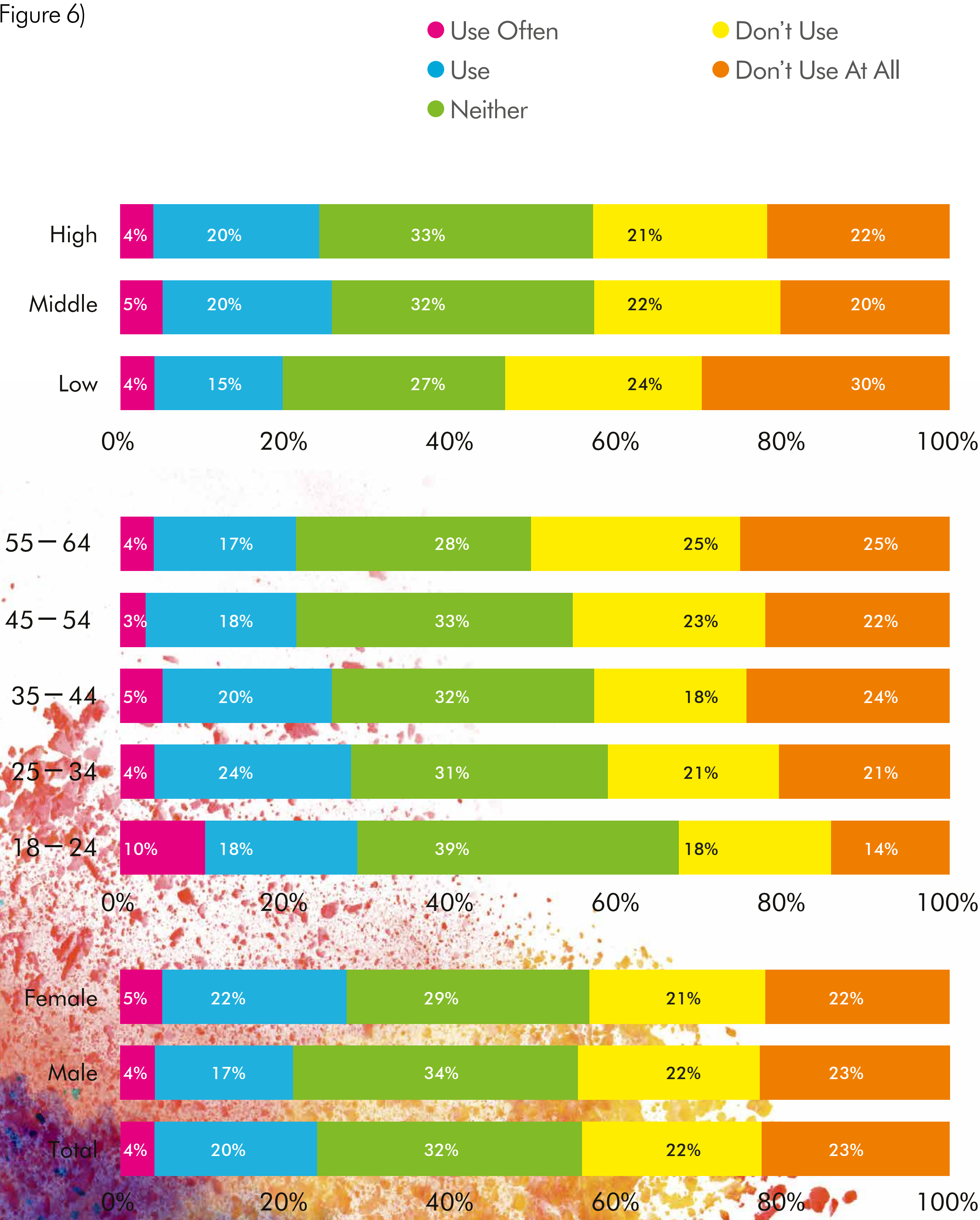
What do consumers look for in a physical shop?

Finally, the proportion of consumers using social media to keep up to date on special offers, events and new store openings was compared across age, sex and income groups (Figure 6). The number replying that they use social media a lot was highest in the 18-24 age group, at 10%, but only 3-5% in other age groups. The proportion of 18-24 year-olds using social media (replying either that they use it or that they use it a lot) was 28%, which was the joint highest figure along with the 25-34 age group. The overall average was 24%, and the lowest was 19% in the low income group.

Overall, consumers are not very aware of physical shops using social media to promote themselves, with almost half saying that they don't use it or don't use it all.

I use social media to keep up to date on physical shops' special offers, events and new shops

(Figure 6)



Source: CBRE Asia Pacific Consumer Survey, 2014

Note: Excludes 'don't know' results.

HOW DO CONSUMERS REACH THEIR DESTINATIONS AND HOW LONG DO THEY TRAVEL ON AVERAGE?

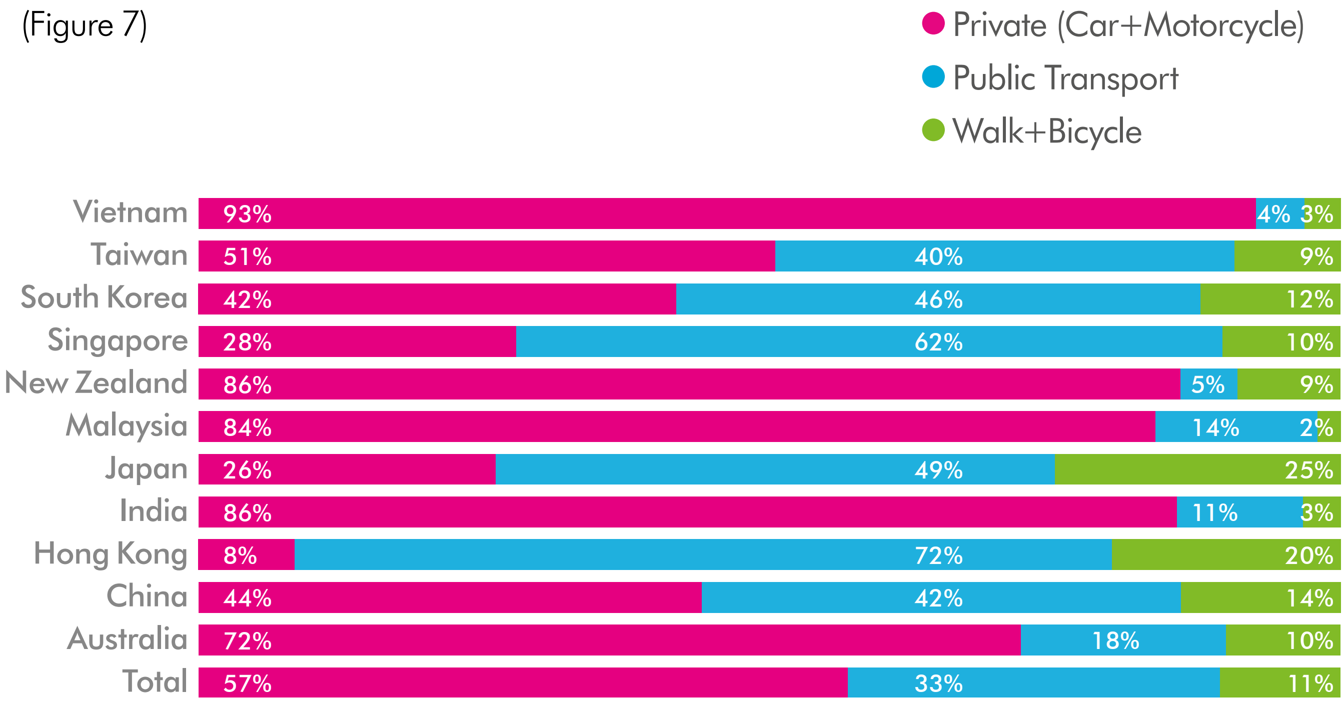
The survey asked consumers how they get to physical shops (Figure 7). In Japan, the most frequent answer was public transport, accounting for around half of respondents, and around 1/4 each using their own car/ motorcycle or walking and cycling. In Asia Pacific, on average, the most frequent answer was own car/ motorcycle, at around 60%.

The results by country show there are differences which are apparently due to the local geography, transport infrastructure and various aspects of lifestyle in each country. In Vietnam, more than 90% of respondents said they get to physical shops by own car/motorcycle, and more than 80% travel by the same means in New Zealand, India and Malaysia. However, the figure in Hong Kong is just 8%. The proportion saying public transport was highest in Hong Kong (72%) followed by Singapore (62%)

The findings for Japan were analyzed by age group, income group and gender (Figure 8). The younger the age group, the higher the proportion using public transport, and the older the age group, the higher the proportion using their own car or motorcycle. In the high income group, a high proportion use their own car or motorcycle, and in the low income group a large proportion use public transport or walk and cycle.

“How do you travel to your preferred shopping destination?”

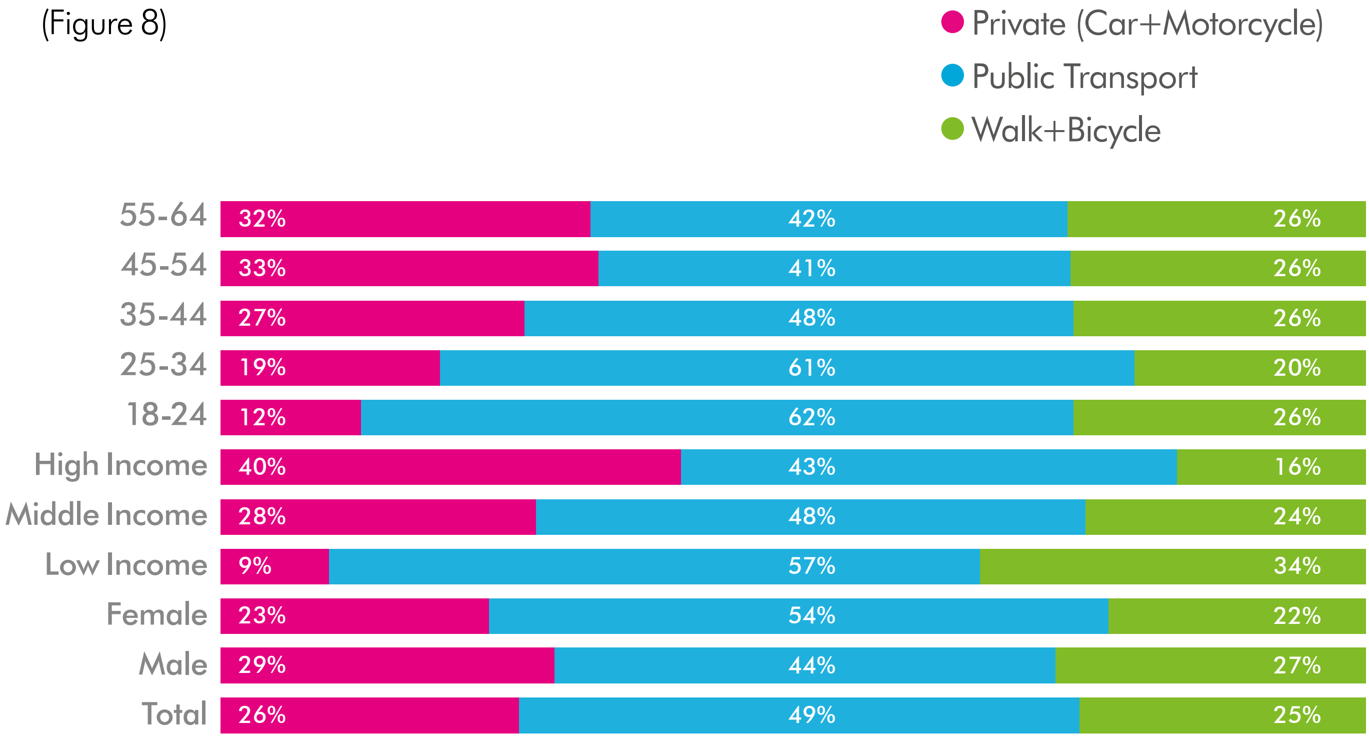
(Figure 7)



Source: CBRE Asia Pacific Consumer Survey, 2014.

“How do you travel to your preferred shopping destination?”

(Figure 8)



Source: CBRE Asia Pacific Consumer Survey, 2014.

How do consumers reach their destinations and how long do they travel on average?

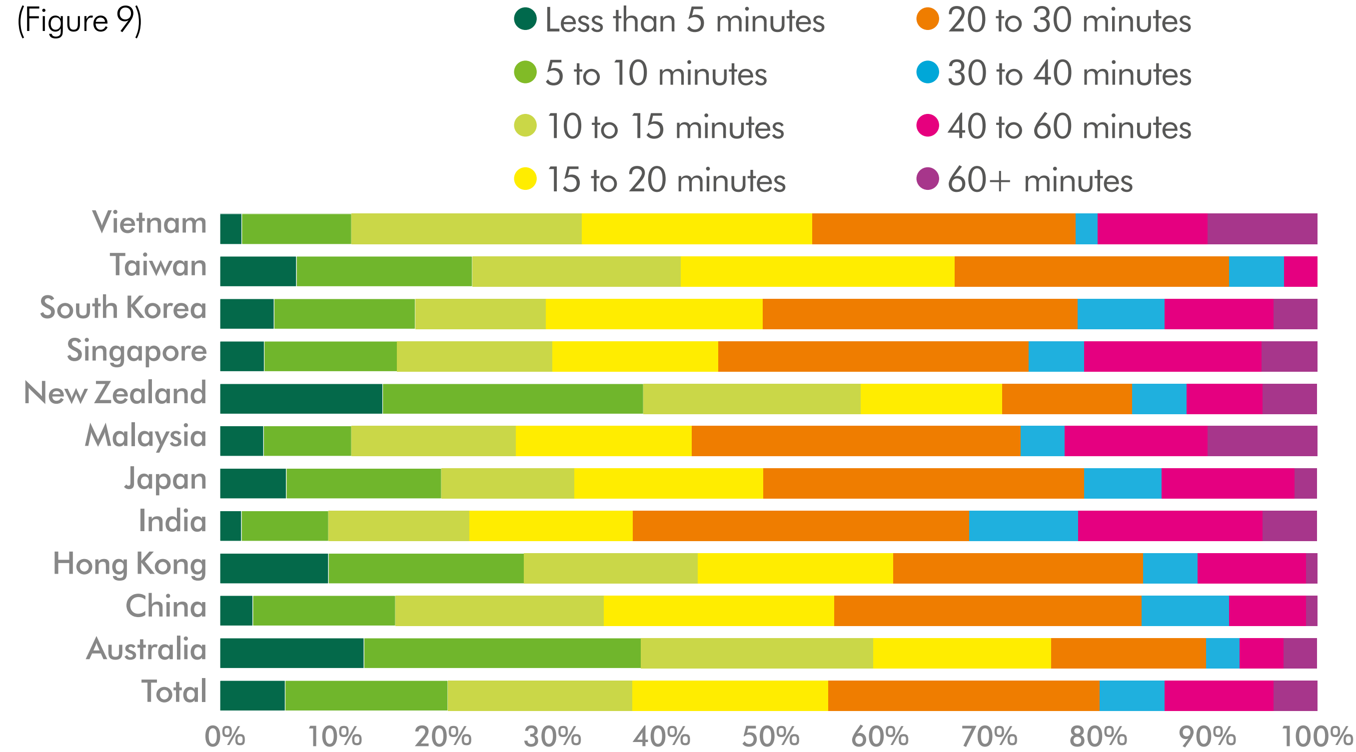
Responses were also collected on the time it takes consumers to reach shops (Figure 9). On average across Japan and Asia Pacific, around 80% of consumers take no more than 30 minutes, and in every country more than half of consumers reach physical shops within 30 minutes. The largest proportion saying ‘within 30 minutes’ was in Taiwan (92%), followed by Australia (89%). The lowest proportion saying ‘within 30 minutes’ was in India (69%)

The findings for Japan were analyzed by age group, income group and gender (Figure 10). The largest proportion saying ‘within 30 minutes’ was 83% in the 45-54 age group, followed by 82% in the high income group, and 81% among the low income group and women.

This is a concrete example of the convenience of travel emphasized by many respondents in section 2 above, “What do consumers look for in a physical shop?” One standard for consumers to consider a shop convenience could be that they must be able to reach it within 30 minutes by public transport.

How long does it take to reach your preferred shopping destination?

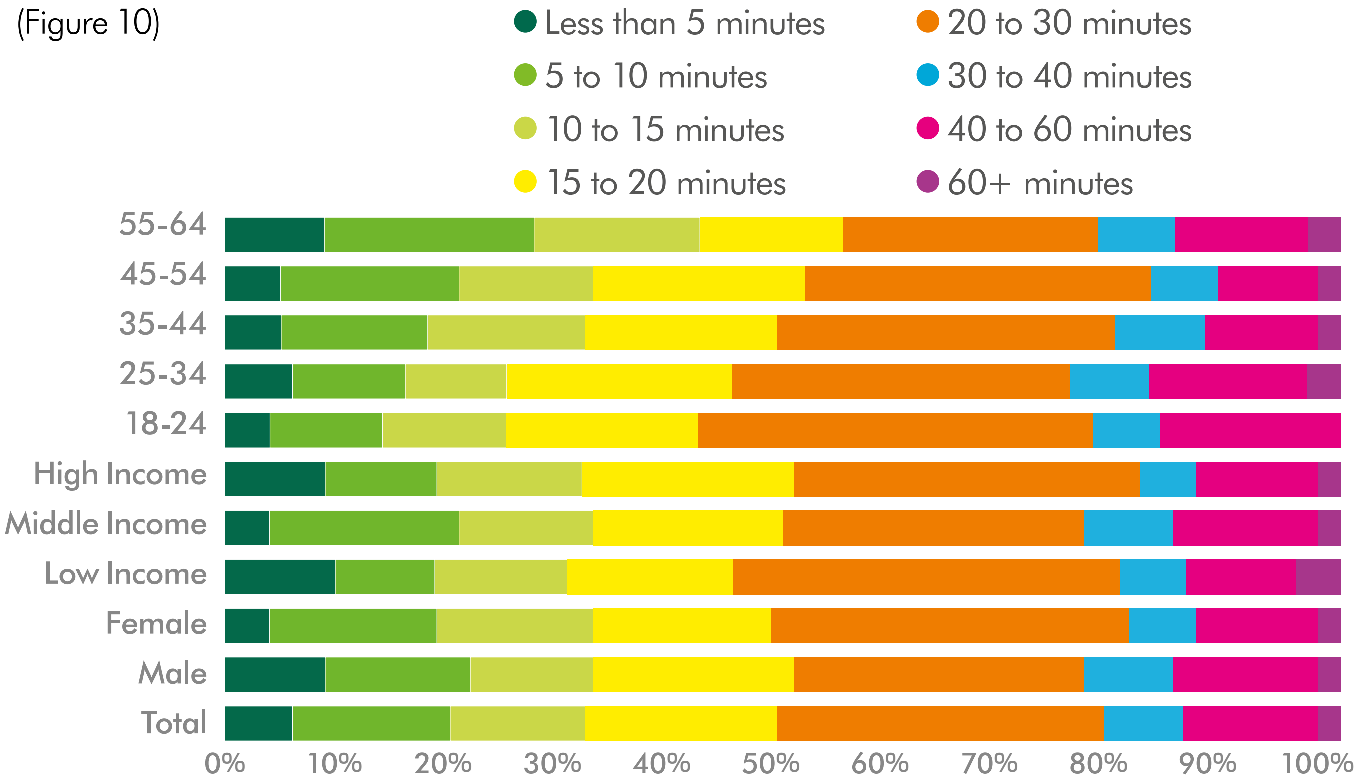
(Figure 9)



Source: CBRE Asia Pacific Consumer Survey, 2014.

How long does it take to reach your preferred shopping destination?

(Figure 10)



Source: CBRE Asia Pacific Consumer Survey, 2014.

WHICH DO CONSUMERS PREFER: HIGH STREET SHOPS OR DEPARTMENT STORES/ SHOPPING CENTRES?

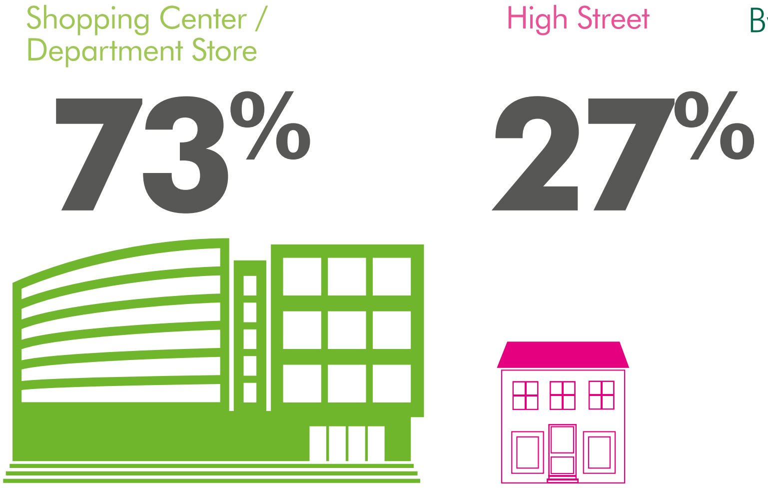
The survey asked about the physical shops consumers visit for shopping: do they most often go to high street shops, or department stores and shopping centres? (Figure 11). Over 70% of respondents preferred department stores and shopping centres.

Comparing the results by sex, age and income group (Figures 12-14), the proportion preferring department stores and shopping centres was over 75% in the 18-24 and 55-64 age groups, the high income group, and among women. One might conclude that the high income group and the 55-64 age group mostly use department stores, which sell expensive items and are popular with the elderly, while the 18-24 age group mostly goes to shopping centres, which contain a lot of large fashion retailers and shops offering low prices.

Note: In some countries in the Asia Pacific region, the definition of a department store is the same as that of a shopping centre. It is therefore not possible to distinguish between the two in these findings.

High Street vs Shopping Center / Department Store

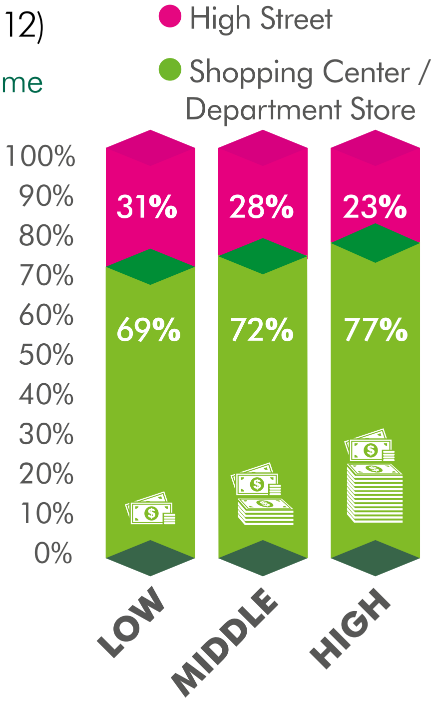
(Figure 11)



Source: CBRE Asia Pacific Consumer Survey, 2014.

(Figure 12)

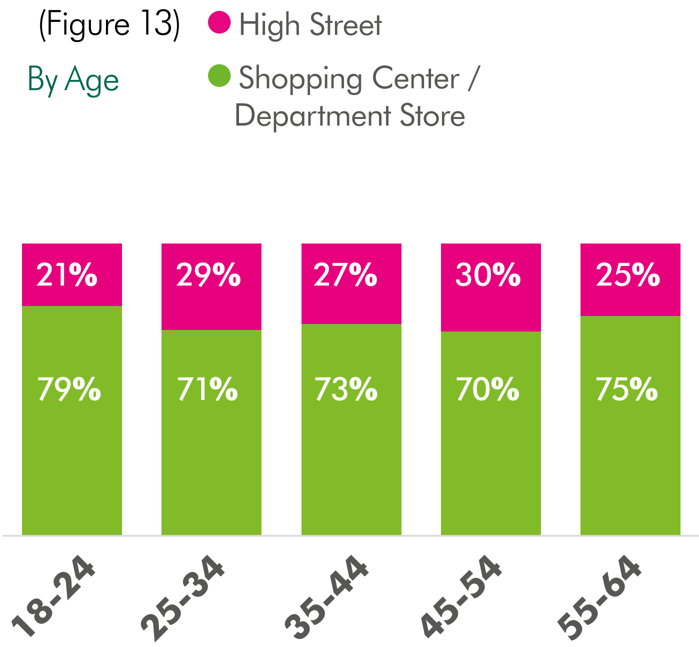
By Income



Source: CBRE Asia Pacific Consumer Survey, 2014.

(Figure 13)

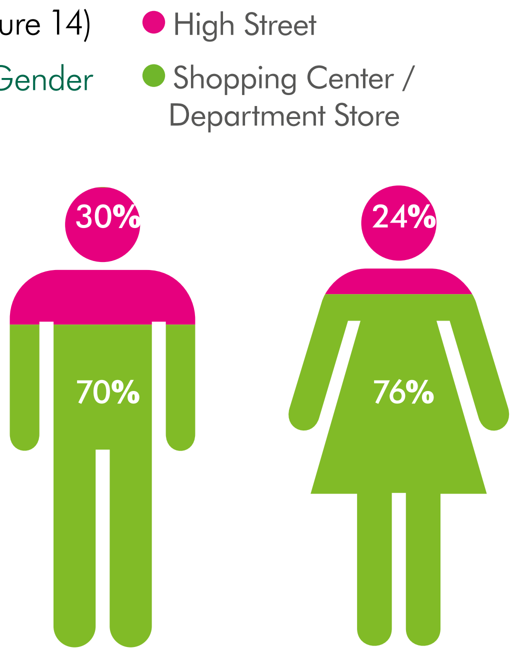
By Age



Source: CBRE Asia Pacific Consumer Survey, 2014.

(Figure 14)

By Gender



Source: CBRE Asia Pacific Consumer Survey, 2014.

DOES ONLINE SHOPPING POSE A THREAT TO PHYSICAL SHOPS?

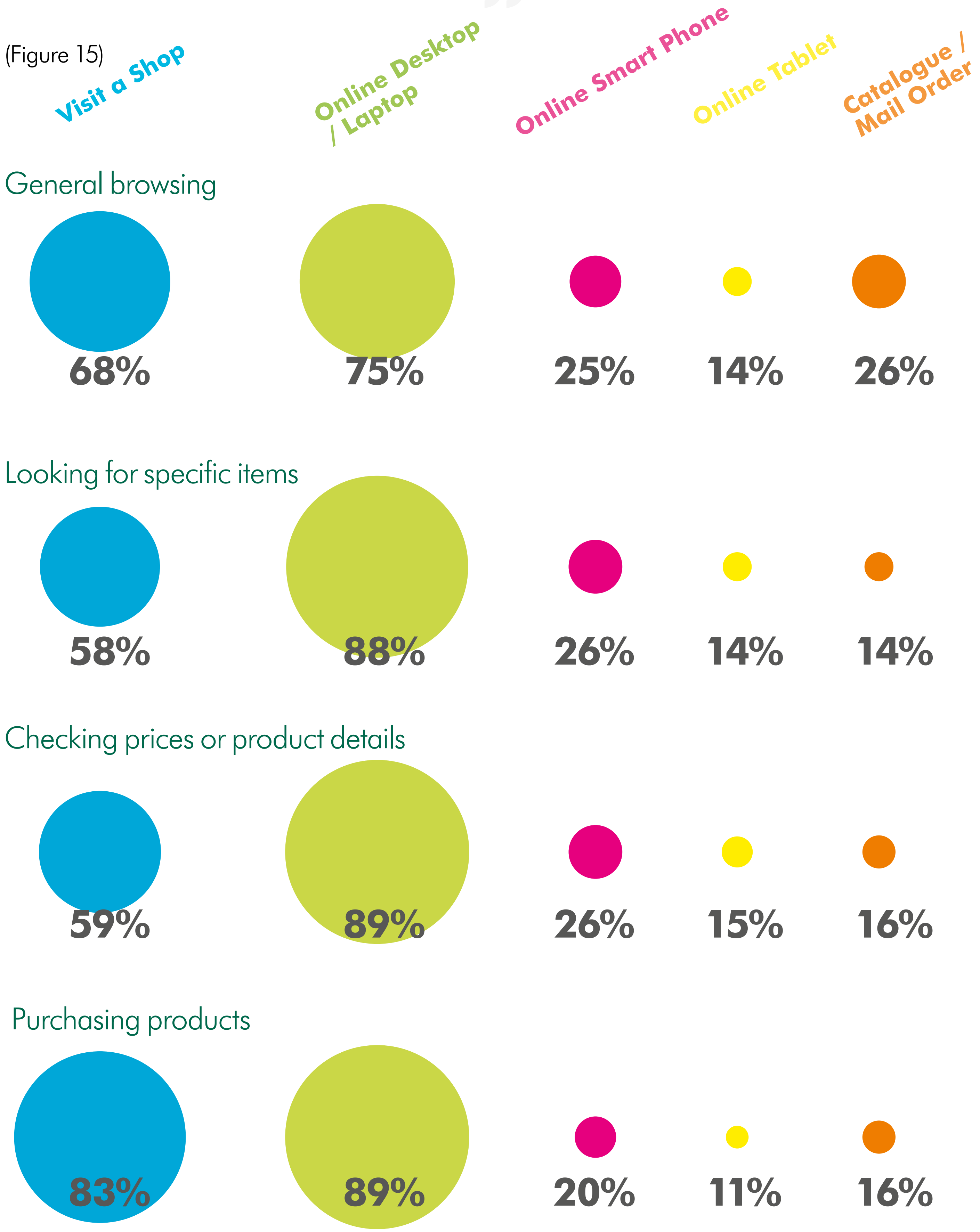
Allowing consumers to easily choose from a wide range of products whenever and wherever they want, online shopping is becoming an indispensable part of everyday life. At the same time, physical shops are launching new services to boost sales, such as allowing customers to order items not in stock from their warehouse for delivery to the customer's home.

To understand how consumers use online shopping and physical stores, and how they differentiate between them, the survey distinguished between general browsing, looking for specific items, checking prices or product details, and purchasing products.

For general browsing (Figure 15), the most common method was online on a desktop/laptop, used by 75%, seven points higher than visiting a shop, at 68%. The gap was wider for looking for specific items, which 88% of respondents did online, and only 58% by visiting a shop. There was a similar gap in checking prices or product details, which 89% of respondents did online, and 59% by visiting a shop. The difference was 30 points in both cases. For purchasing products, the highest figure was 89% for online on a desktop/laptop, but a high proportion of respondents, 83%, also said they visit a shop. Online on a smart phone and catalogue/mail order scored less than 30% for all questions.

Online Shopping vs Physical Shop

(Figure 15)



Source:CBRE Asia Pacific Consumer Survey, 2014

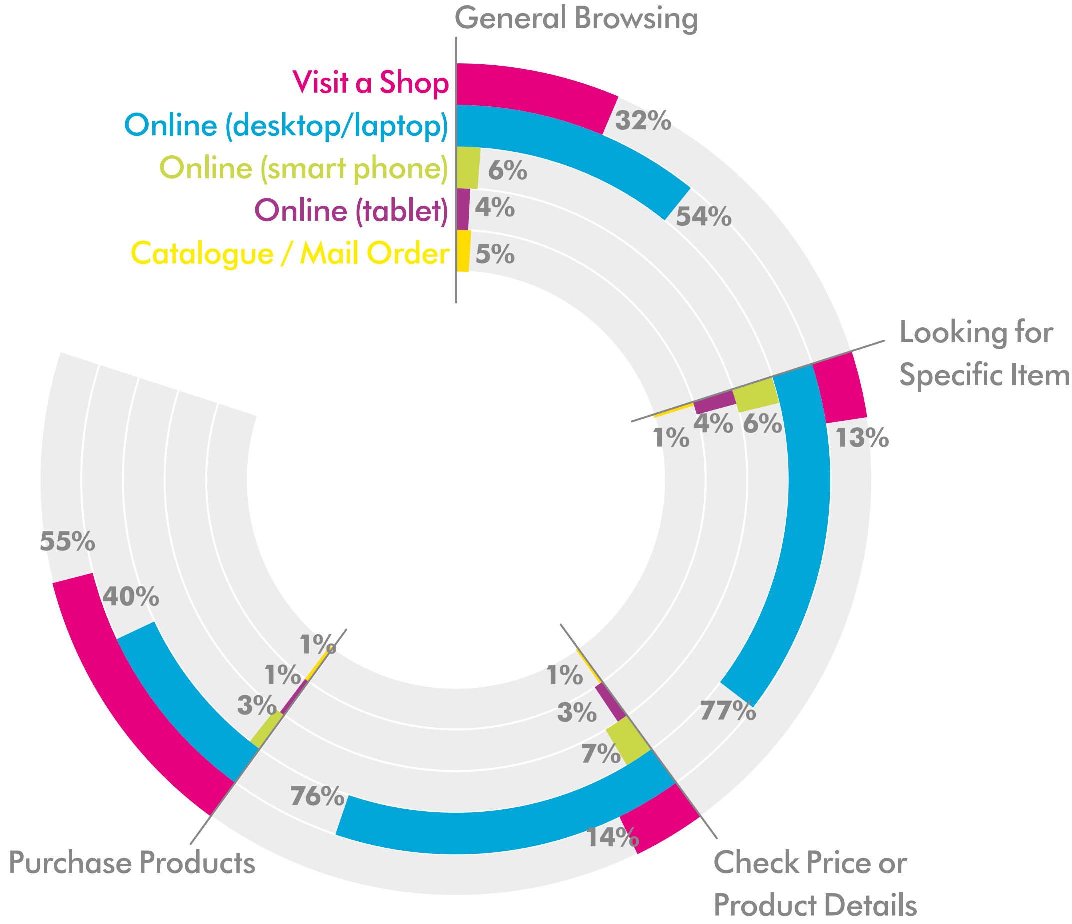
Does online shopping pose a threat to physical shops?

Respondents were then asked which method they used most often for each of the same four activities (Figure 16). For general browsing, more than half replied that the method they used most often was online on a desktop or laptop. For looking for specific items and checking prices or product details, the results were very similar, with nearly 80% saying they most often did this online on a desktop or laptop. However, for purchasing products, the majority of respondents chose visiting a shop as their most frequent method. This shows that many consumers enjoy the experience of shopping and decide what to buy after actually picking it up.

Finally, the survey asked consumers whether in the near future (in the next two years) they would use each method more or less often (Figure 17). 81% replied that there would be no change in how often they visit a shop, but only 7% said they would do it more often. The methods which had the highest proportion saying they would use them more often were online on a desktop/laptop, online on a smartphone and online on a tablet, with 31%, 23% and 19% of respondents respectively. For using a catalogue/mail order, 70% said there would be no change, but 24% said they would do it less often, which was the highest figure. The results of the survey show that online shoping will not necessarily pose a threat to physical shops, but that consumers are very likely to differentiate the ways in which they use each method.

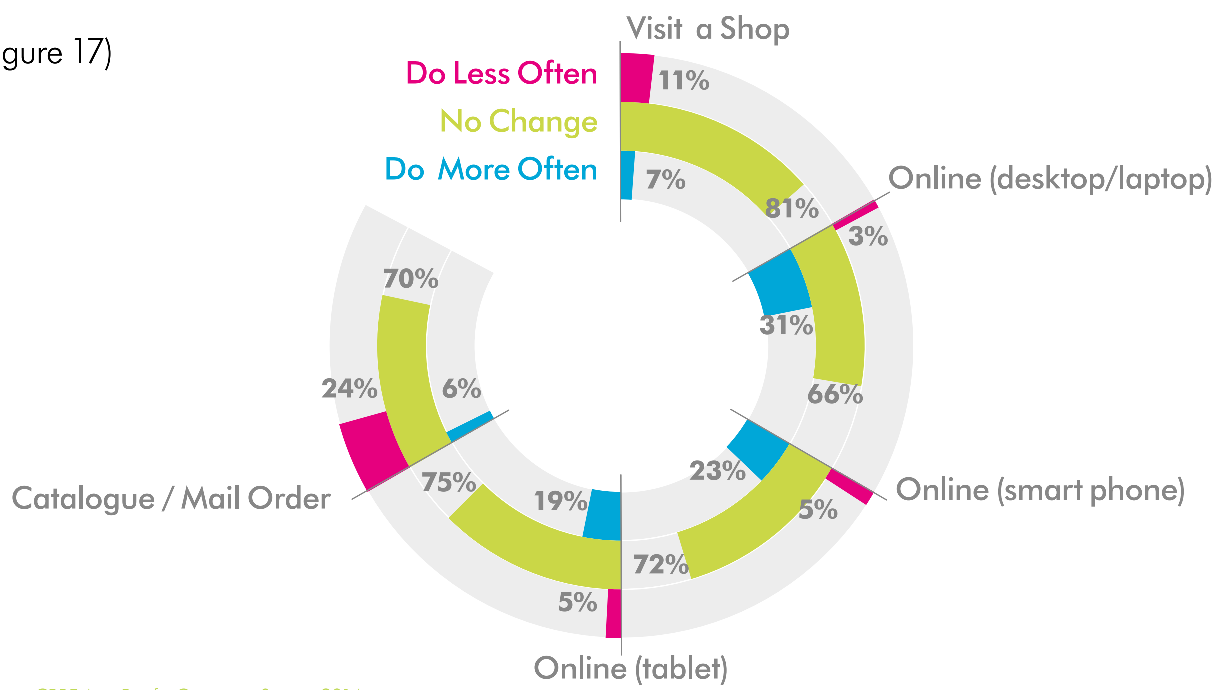
Which method do you use most often?

(Figure 16)



Over the next two years, do you expect to use each of these methods more often, less often, or will there be no change?

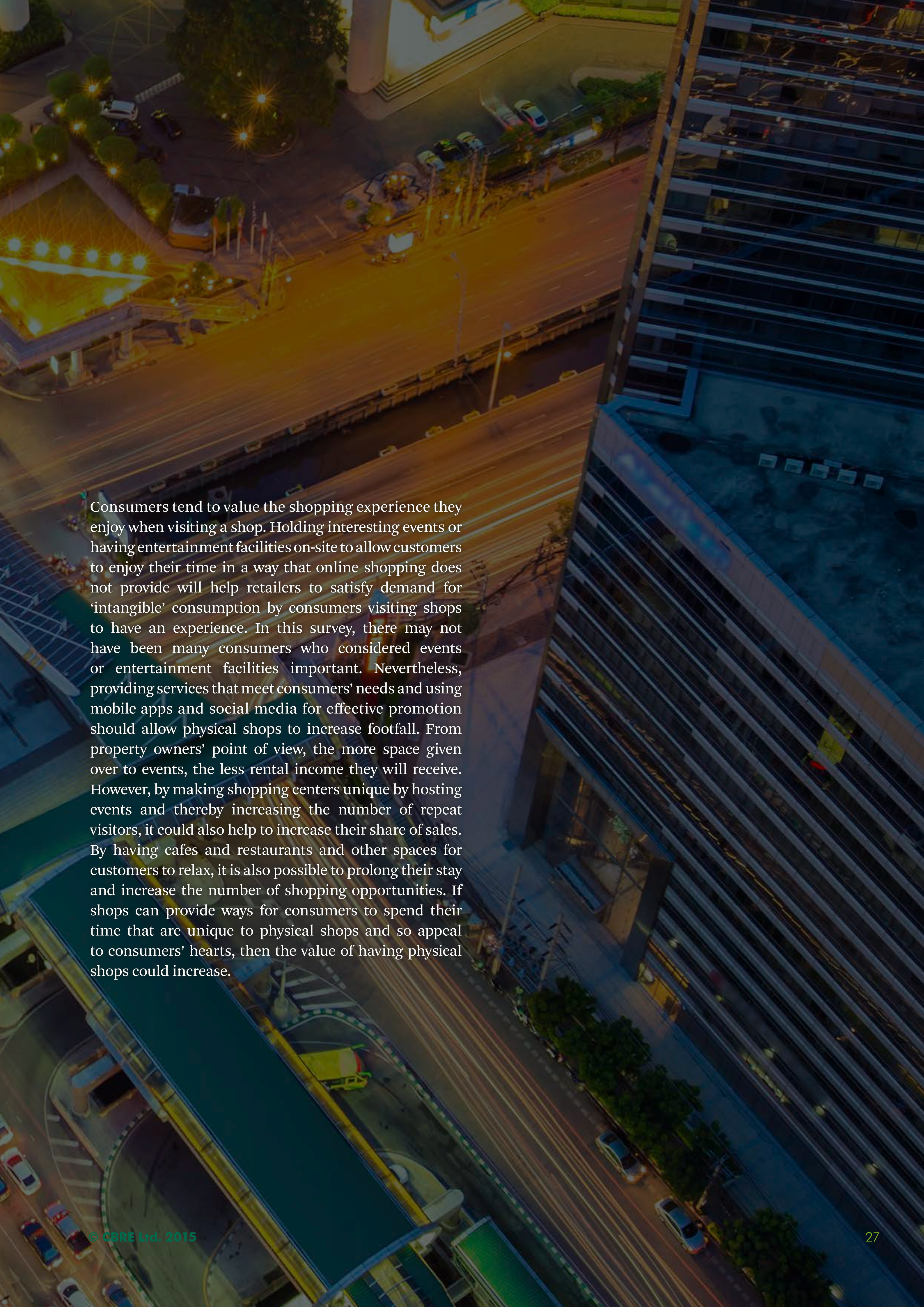
(Figure 17)



Source: CBRE Asia Pacific Consumer Survey, 2014.

SUMMARY

The results of the survey published in this report show that, when deciding on a purchase, many consumers are using the internet to look for specific items and check prices or product details. When actually buying items, almost 90% of consumers use the internet, but at the same time more than 80% of consumers make purchases at physical shops. In terms of how often they do each, the majority of consumers said that they most often visit a shop to purchase products, more than the proportion saying online shopping. This pattern was clearest among women and the younger generation in their teens to early twenties. However, it is also clear that a certain number of consumers expect to use the internet more often in two years' time. Physical shops will be in even greater need of ways to make themselves attractive to customers.



Consumers tend to value the shopping experience they enjoy when visiting a shop. Holding interesting events or having entertainment facilities on-site to allow customers to enjoy their time in a way that online shopping does not provide will help retailers to satisfy demand for 'intangible' consumption by consumers visiting shops to have an experience. In this survey, there may not have been many consumers who considered events or entertainment facilities important. Nevertheless, providing services that meet consumers' needs and using mobile apps and social media for effective promotion should allow physical shops to increase footfall. From property owners' point of view, the more space given over to events, the less rental income they will receive. However, by making shopping centers unique by hosting events and thereby increasing the number of repeat visitors, it could also help to increase their share of sales. By having cafes and restaurants and other spaces for customers to relax, it is also possible to prolong their stay and increase the number of shopping opportunities. If shops can provide ways for consumers to spend their time that are unique to physical shops and so appeal to consumers' hearts, then the value of having physical shops could increase.

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This report was prepared by CBRE Japan Research Team, which forms part of CBRE Global Research —a network of preeminent researchers and consultants who collaborate to provide real estate market research, econometric forecasting and consulting solutions to real estate investors and occupiers around the globe.

This survey was conducted using online consumer panels*. The findings therefore represent the emerging behaviour of this important and fast-growing segment of all markets, but may not fully represent consumer behaviour in markets with low online penetration.
* Consumer panels: A method of conducting surveys that puts panels together to reflect the characteristics of a population and uses survey sheets in an identical format.