

November 29, 2012

Hakuhodo Institute of Life and Living: *Dynamics of Japanese Sei-katsu-sha* 2013

Theme for 2013:

Extended Offspringhood

- **Growing numbers of middle-aged and older offspring:** Adult children with living parents account for half of the total Japanese population
- **The average age of offspring tops 30:** The average age of all child and adult offspring is now 32.8
- **Parent-offspring relationships now last 60 years:** The life span of the parent-offspring relationship is now around 60 years, with people living 2/3 of their lives as offspring

At the end of each year, Hakuhodo Institute of Life and Living (HILL) publishes *Dynamics of Japanese Sei-katsu-sha*, a future outlook on the following year's *sei-katsu-sha* trends. Our keyword for 2013 is: Extended Offspringhood. Japan's simultaneous declining birthrate, aging population and shrinking overall population have not been experienced by any other country at any time in history, putting Japan in unknown demographic territory. HILL looked at this trend from a fresh perspective, that of individuals as offspring. Japan, today, is set to experience an age of extended offspringhood, where the time between an individual's birth and the death of both of his or her parents is some six decades. In Japan, both the slice of the population pie made up of offspring, as well as the portion of a person's lifetime spent as an offspring have grown. Below is our outlook on the future of *sei-katsu-sha* and society in the midst of this great wave of change.

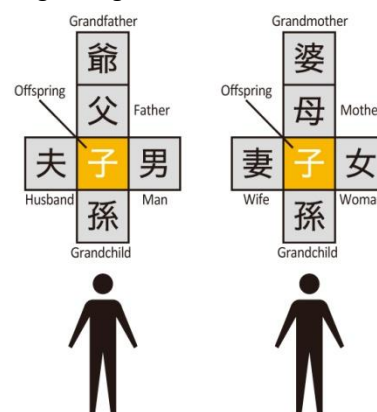
● Realities of Extended Offspringhood: From time series macro data

- **Growing numbers of middle-aged and older offspring**
The number of "children" is growing. Adult offspring with at least one living parent now account for approx. 50% of Japan's total population. The total number of offspring, both child and adult, now tops 87 million.
- **The average age of offspring tops 30**
Offsprings are getting older. The aging of the population and decline in birthrate are together pushing up the average age of offspring in Japan. In 2010, the average age was 32.8.
- **The parent-offspring relationship now lasts 60 years**
In addition to the increasing age of offspring and rising average life expectancy, the number of years spent as an offspring, i.e. the time span of the parent-offspring relationship, is also growing.

● Three changes being wrought by extended offspringhood

Extended offspringhood will alter the family, the parent-offspring relationship and the way we live.

- (1) Change to the family: From the nuclear family to **clanning**
- (2) Change to the parent-offspring relationship: From inter-generational conflict to **inter-generational cooperation**
- (3) Change to the way we live: From rushing to assume adult responsibilities to **enjoying the freedom of offspringhood**



● Marketing opportunities in the age of extended offspringhood

- (1) New targets and new kinds of purchasing behavior based on insight into the positive aspects of prolonged offspringhood: Bi-generational learning, carefree 40s, women with home businesses, retiree-retiree startups, offspring retirees
- (2) New lifestyles and lifestyle infrastructure that support familial relationships: Expanded family living, nomadic childrearing, multi-generational content, bi-generational travel, special occasion concierge services

**Sei-katsu-sha* are more than simply consumers, just as people's lives and lifestyles include more than just shopping. Hakuhodo introduced this term in the 1980s to emphasize its commitment to a comprehensive, 360-degree perspective on consumers' lives.

●Realities of extended offspringhood

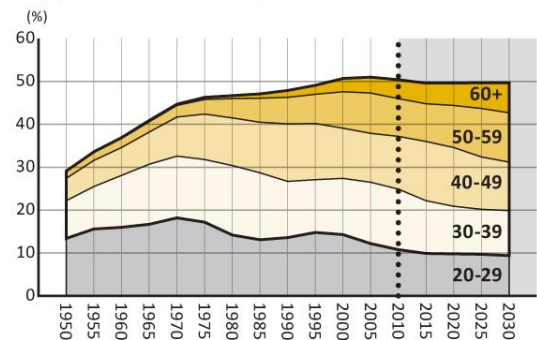
Growing numbers of middle-aged and older offspring

Adult offspring with a living parent now account for approx. 50% of the total population

The number of “children” is growing in Japan. But these are not juveniles. They are adult offspring, or adults with a parent still living. In 1950, adult offspring accounted for just 29.0% of Japan’s total population. By 1965, the percentage of adult offspring overtook that of child offspring, and by 2000, adult offspring accounted for 50% of the total population. In 2010, the total number of child and adult offspring reached 87 million. Particularly notable is the increase in the number of middle-aged and older offspring aged 30 and over. By 2030, this group will account for around 40% of Japan’s population. Conversely, the percentage of the population aged 0–19 will continue to decline. This major trend will continue on into the future.

Adult offspring as a proportion of total population

(Figures for 2015 on are estimates)



Source: National Institute of Population and Social Security Research (Estimated Jan. 2012)

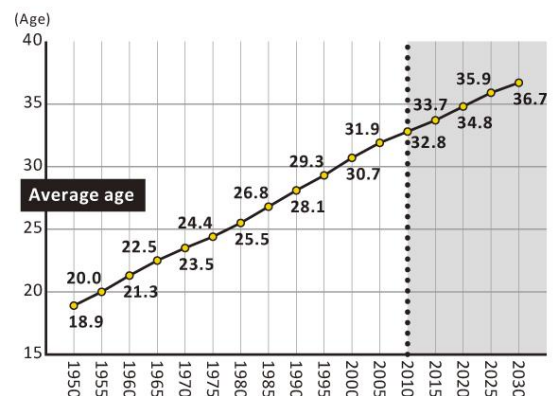
The average age of offspring tops 30

In 2010, the average age of offspring was 32.8. By 2030, it will be 36.7

Offspring are getting older. Along with the continuing aging of population and declining birthrate, the average age of Japan’s offspring is rising at a rate of approximately one year every five years. The average age of offspring, in the 20s in the 1990s, topped 30 in 2000, and reached 32.8 in 2010. By 2030, it is expected to reach 36.7. At age 36.7 one should be adult both physically and emotionally. Today, Japan is entering an age where the majority of adults have one or both parents still alive.

Average age of offspring

(Figures for 2015 on are estimates)



Source: National Institute of Population and Social Security Research (Estimated Jan. 2012)

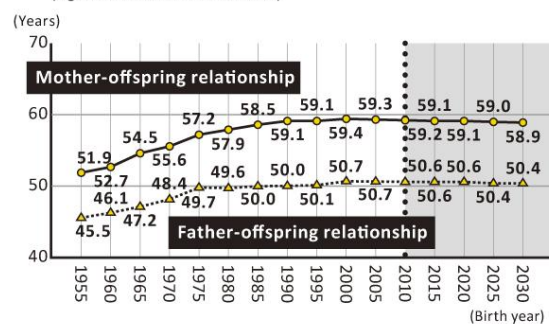
The parent-offspring relationship now lasts 60 years

The time span of the parent-offspring relationship is around 60 years. People will spend more than 2/3 of their lives as offspring

The time span of the parent-offspring relationship has grown. For those born in 1955, the parent-offspring relationship time span was 45.5 years for fathers and 51.9 years for mothers. For those born in 2000, the time span will reach almost 60 years, with time spans of 50.7 years for fathers and 59.4 years for mothers. These figures will remain constant until 2030. We live in an age where people spend around 60 years, or more than 2/3 of their lifetimes, as offspring. Reaching the milestone retirement age of 60 while still an offspring and being congratulated by one’s parents, or even reaching the highest echelons of a company while still an offspring, may no longer be so unusual.

Time span of the parent-offspring relationship

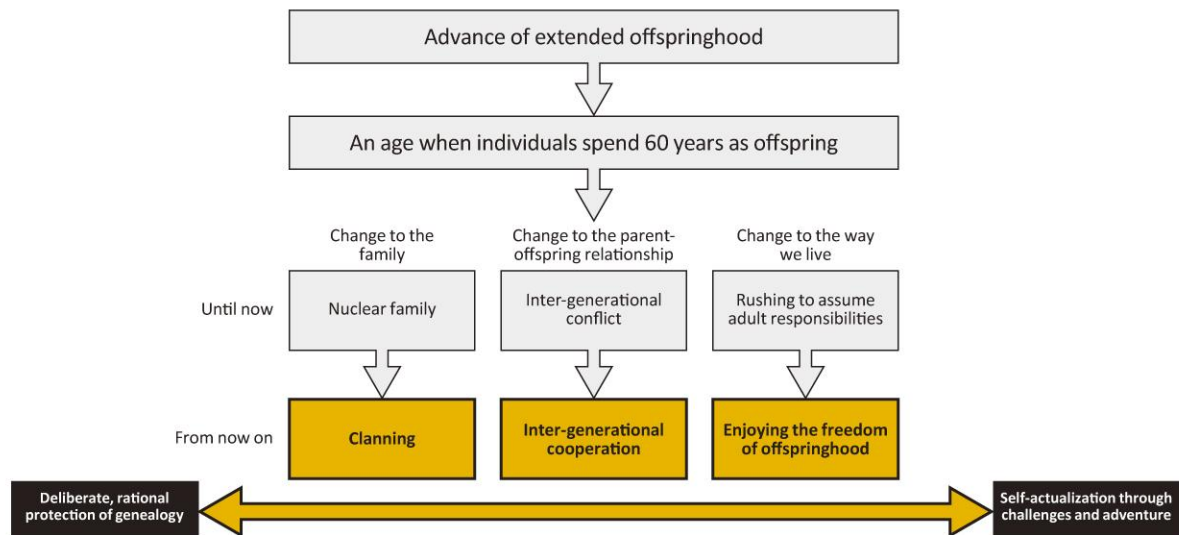
(Figures for 2015 on are estimates)



Source: National Institute of Population and Social Security Research (Estimated Jan. 2012)

● **Three changes being wrought by extended offspringhood**

The age of extended offspringhood will see adult offspring accounting for the lion's share of the adult population, and individuals spending the greater part of their lives as offspring. We envisage three changes to the way we live: **change to the family, change to the parent-offspring relationship and change to the way we live.**



(1) Change to the family: From the nuclear family to **clanning**

In the age of extended offspringhood, “clanning,” or the pooling in the clan of strengths of individual family members—which were disparate in the nuclear family—in the hope of overcoming difficulties and uncertain times, has become more common.

Integration of nuclear families through resource pooling

The concept of “gross family product” will spread. Extended family members may live together, neighboring each other or near to each other, dividing work, housekeeping, childrearing, care for aging relatives, and community functions among them, contributing to the production of value. Families that broke into nuclear units are beginning to come back together with a view to managing daily living better and spreading risk.

Balance sheet-style management of total family assets

While the finances of nuclear families tend to be managed in the manner of a profit and loss sheet, clanning will see family assets managed balance sheet-style, with long-term management of the collective wealth of the entire family.

Businesses that survive three generations will continue to thrive

A family business often thrives or dies depending on the third generation. In the age of extended offspringhood, a business’ founders may still be alive when the third generation takes charge. Knowledge and support received from the first and second generations may help ensure the success of the business beyond the third generation.

(2) Change to the parent-offspring relationship: From inter-generational conflict to inter-generational cooperation

The extended time span of the parent-offspring relationship will release parents and children from hierarchical relationships based on age, transforming sometimes conflicting relationships into relationships where adults cooperate with one another, having grown older together. Not only will this stimulate joint parent-offspring consumption, it may also lead to new departures such as parents and offspring relocating overseas or starting new businesses together.

Extended parent-offspring relationships will bring more social stability

The time that parents and children spend together over many years will deepen inter-generational understanding and enable the passing down of values across a lifetime. As parents and offspring forge more equal relationships as adults, shifts in social values will become more gradual. Parent-offspring consumption will shift from offspring-centered spending to spending by two adults, each of whom has a discerning eye.

Middle-aged and older offspring will tap into parental wealth

Parents and offspring starting businesses and studying overseas together. Older parents and offspring “rebooting” their lives at anytime on the foundation of their shared good health and resources. Offspring may also rely on their parents for longer, borrowing from them to move house, start a business, study abroad, build a new house or pay for their children’s education.

Parents will still be around when their offspring are ready to be good to them

We have, perhaps, been too eager to leave the parental nest quickly. In an era when the parent-offspring relationship lasts 60 years, parents and offspring can pick and choose when and how they spend their time together. From now on, the new independence for an offspring may be returning to the nest, after leaving it once, to take care of aging parents.

(3) Change to the way we live: From rushing to assume adult responsibilities to enjoying the freedom of offspringhood

In previous times, we honored our parents by becoming independent quickly, but today, our parents remain active and in good health and retain their own resources for much longer. Some offspring, who will naturally grow to gain a sense of freedom from their offspringhood, may take on bold new challenges or adventures with awareness of themselves as adults. More and more, individuals will take a bird’s eye view of their lives, particularly in terms of the ways they learn and work.

Strategies for milestones

In previous years, most people reached significant life events such as getting one’s first job, getting married at around the same time and in the similar manner. These milestones served as guideposts for life planning. Today, we can decide for ourselves when and what milestone will mark the time when we become adults.

Rebooting at anytime

Children are footloose and fancy free. The peace of mind that comes from knowing that one’s parents remain healthy confers freedom to take on new challenges. In the age of extended offspringhood, being a retiree and having the gumption to reboot your life at any time will not necessarily be a contradiction of terms.

The idealism of youth resides in adult offspring

Having living parents is reassuring to offspring, even if only unconsciously. There are challenges that offspring can undertake that those without parents cannot. Financially and emotionally, the presence of parents over a long period of time enables offspring to retain the idealism and social consciousness of the young, and to act on these, changing society for the better.

● **Marketing opportunities in the age of extended offspringhood**

There are two key approaches to marketing in the age of extended offspringhood. One is to create new targets and new kinds of purchasing behavior based on insight into the positive aspects of offspringhood. The other is to support the creation of new lifestyles and lifestyle infrastructure that support familial relationships. Within each individual offspring *sei-katsu-sha* are both conservative forces that lead him to want to protect his family, and revolutionary forces that push him to tackle challenges and seek adventure to develop himself. We believe that the coexistence of both of these forces will color the age of extended offspringhood.

(1) New targets and new kinds of purchasing behavior based on insight into the positive aspects of offspringhood:

Bi-generational learning

The idea that children study and their parents support them is changing. Parents are also offspring, and want to take on new challenges themselves. Bi-generational learning, where parents and offspring embark on classes together, is emerging. Such learning need not just be studying with one's own children; studying together with one's elderly parents may also increase.

Carefree 40s

Life calculations change when one remains an offspring for an extended period. The late-40s are a period of freedom when people are not tied up either by child-rearing or caring for their parents. Like the carefree unmarried, a new segment, the carefree 40s, is emerging. Suggesting to enrich this period will introduce them to new areas of consumption.

Women with home businesses

Among a generation that has enjoyed taking lessons since childhood, there are many with interests that they can teach to others. Holding classes in their own homes will enable women to combine business with child-rearing and parental care. If the classes prove popular, there may be TV appearances and requests to present courses. And they may even get their book on bookshop shelves.

Retiree-retiree startups

When a son retires and receives his retirement benefit, his parents may very well still be healthy and have their own means. We see increasing numbers of older parents and offspring pooling their resources to start businesses together. Their ideas will help solve many challenges faced by older urban *sei-katsu-sha*.

Offspring retirees

Former engineers setting up design workshops and former food industry workers setting up community kitchens to teach young and old about nutrition. Such communities of retirees are popping up one after another. Government policies for retired offspring will also be enhanced, offering access to recreational and sports facilities, and discounts on health checks and nursing care.

(2) Realization of new lifestyles and lifestyle infrastructure that support familial relationships:

Expanded family living

Shared living, including 2.5-household families (nuclear family, unmarried siblings and grand/parents), 3-household families (nuclear family and both sets of grand/parents) and other non-linear multi-generational living arrangements are becoming increasingly common. This offers opportunities for developing kitchens, bathroom vanity units, refrigerators, vacuum cleaners, furniture, computers, cars and such products with new functions for shared living.

Nomadic childrearing

Childrearing will become nomadic. Childrearing will take place not only in one's own home, but in the homes of both sets of grandparents. The need for childrearing classes to bridge the gap between the philosophies of multiple generations will increase, as will the need for services that let various care-givers keep track of a child.

Multi-generational content

Development of content that will serve as a lingua franca between older parents and offspring will flourish. Yesterday's anime heroes will be brought back to life for a new generation. Weekly comic books can become long sellers if they become lubricants for communication between parents and offspring—as long as they take aging grand-parental eyes into consideration.

Bi-generational travel

Travel will be leisurely stays in a single place, for retiree offspring will have plenty of time. Demand for luxury cruises for parents and offspring in their 60s and 40s, and long stays in luxury hot spring resorts for parents and offspring in their 70s and 50s is increasing.

Special occasion concierge services

Concierges to consult about birthdays, anniversaries and other occasions when offspring express their love to their parents will be welcome. They could suggest gifts to give each year, send e-mail reminders as a special day approaches and automatically send the selected gift to a saved address.