The Relevance of Shudan Ishiki: The Unpopularization of Japanese Luxury Consumption

Introduction

The Japanese market is dubbed as the only luxury mass market in the world, in which consumption of luxury goods is greater than any other luxury market. This practice is highly associated with the middle-class, whose consumption behavior equates to the assertion of newly-found wealth especially during the ‘bubble economy’. The Japanese concept of shudan ishiki or group consciousness has been looked as one of the driving forces to the popularization of luxury goods. However, since the sluggish Japanese economy at the end of the ‘bubbly life’, questions arise whether the same group consciousness was the one pushing for the further decline of luxury consumption or is it the newly-found individualism of the Japanese luxury consumers that will instigate this trend.

This study will look into the relationship among luxury consumption, through an analysis of historical information, coupled with relevant statistical data in order to analyze the Japanese luxury consumers and the tradition of shudan ishiki in the context of popular culture in the Japanese society.

Research Objective

The research seeks to develop an understanding of the Japanese society in terms of luxury consumption. It also seeks to look into concept of shudan ishiki and its implications for the popularization and gradual decline of luxury goods in Japan. It also aims to analyze relevant statistical information on how consumer behavior towards these goods is affected. And lastly, the research seeks to better understand whether this supposed shift of behavior from conformity to individualism is deterioration or manifestation of traditional Japanese behavior.

Statement of the Problem

Various related literature talks of the Japanese luxury market and their manner of consumption as a form of popular culture, resulting to being called as “the only luxury mass market” in the world. However, there are also studies implying the possible decline of demand in luxury goods in Japan due to changing consumer behavior, particularly the shift from group consciousness to individualism. Given this scenario, what are the implications of the decline in the luxury consumption (as a popular culture) for the traditional notion of shudan ishiki or group consciousness in the Japanese society?

Scope and Delimitation

This paper is not a discussion of an all-encompassing Japanese culture encompassing all the Japanese, but rather limits the study in the discussion of a Japanese culture in terms of consumption of luxury goods.
Analytical Framework

Popular culture is not only described as the mass culture, but also as culture consumed in various ways by different people. But in the years after the bubble economy, there was a steady decline in the proliferation of luxury in the Japanese market, thus a decline of popular culture might be evident. According to the mass society theory, prosperity and bureaucracy have weakened traditional social ties binding the society. The phenomenon known as ‘atomization’ or individualization resulted from industrialization and urbanization; in which people lack any meaningful or coherent relationships with each other due to the absence of those traditional ties. Thus, they are susceptible to the manipulation and exploitation of media and popular culture.

In this context, atomization does not seem to readily integrate with the Japanese notion of making a mass society. Japan has been popularly characterized as a homogenous society characterized by the tradition of group consciousness, in which a sweeping middle class dominates the society and dictate what should be consumed and what should be labeled as popular. According to John Clammer, popular culture mirrors perceptions of identity in a complex manner but the link with class stratification always exist. The existence of this middle-class is important to the development of a new culture. They are the ‘new cultural intermediaries’ providing symbolic goods and services, imposing a powerful role in the generation of representations, images and stereotypes and lastly, structuring of subjectivities and identities. This perception answers one of the three themes raised by Burke and Williams: what or who determines popular culture – does it emerge from the people themselves (bottom-up) or imposed from those in position of power (top-down)? Given these various factors, the study seeks to analyze the relationship between these seemingly contradicting perceptions of popular culture and their relevance to the luxury mass market in Japan.


3 Ibid., 5-6.


5 Ibid., 19-20.

6 Burke (1978) and Williams (1976) in John Clammer, 2.
**Methodology**

The study incorporates historical presentation and analysis from secondary sources and relevant studies done in the subject of luxury consumption in Japan. After this, it presents statistical information and figures from the producers of these luxury goods. Information is obtained from annual reports and consolidated financial statements containing sales and profit from luxury conglomerates such as Louis Vuitton Moët Henessy and from the Gucci Group of PPR, from the period of 1998 until 2010. The reports are in PDF formats obtained from their websites or web articles indicative of the sales figure; some of them are written in English while others are in French. Having a working knowledge of French, I have translated all relevant information obtained from the French documents to English. The study also incorporates statistical data from sales report outside the luxury market such as low-cost ‘fast fashion’ brand H&M in order to compare and contrast their revenues with luxury products.

**Discussion**

*Japanese luxury consumption*

The word luxury came from the Latin word ‘luxus’ and can be described as ‘superfluous abundance’. It is essentially the consumption of wealth for pleasure beyond the basic human needs and claimed to fuel the sensations that contribute to the holistic appreciation of ourselves, although there’s no basic need for them in survival. Because of this, the luxury fashion industry became a global multi-million dollar sector, pushing the social boundaries of who can consume products usually attributed to the elite.

Ronald Jean Degen described the advent of luxury consumption in Japan to have coincided with Japanese economic bubble of the 1970s. With its economy half the size of France and Great Britain after the world war, Japanese tourist shoppers became a common phenomenon in European luxury stores extending up to the 1980s and 1990s. The presence of the Japanese shoppers was so remarkable that the growth of luxury fashion in Asia was attributed to them. He furthermore described that this peculiar manner of spending on expensive clothing and accessories fits to the Japanese sensibilities because unlike their Western counterparts, showing off of real estate properties was impossible in the

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9 Ibid., 3.

10 Degen., 19.

11 Ibid.
densely-populated urban communities like Tokyo. For instance, in a study done by Seeking Alpha, they found out that 94 per cent of Tokyo women in their 20s own a Louis Vuitton product; 92 per cent a Gucci product; 58 per cent a Prada product; 52 per cent a Chanel product; and 44 per cent a Dior product. Most of these consumers are noted to be aged 50 or above, in control of their wealth or the ‘parasite singles’ of about 5 million young, single working women living a rent-free life with their parents and have greater discretionary income.

There is a popular western notion that Japan is a homogenous society where hierarchy and formality continue to be observed. The egalitarian Japanese society implicitly imposes people to conform to the norms as standing out in the crowd is discouraged. This sense of Japanese group consciousness or *shudan ishiki* is considered to be an important virtue. It is described as the loyalty to one's group as group members create their own social codes of behavior and became the foundation of Japanese society; the harmony of the group is important and people think and behave as a group. In this sense, it is viewed as a *nakama* (group) society or an *ie* (familial) society, where social ties such as kinship to a group is given importance.

Yatsuke Murakami explained that this blurring of class boundaries happened in the postwar period when living standards increased and a huge intermediate group of people with homogenous lifestyles emerged. Factors such as increased urbanization, accessibility of the educational system, shrinking rural population and expansion of urban industrial sector contributed to the emergence of a ruling middle-class, in which membership became a component of a Japanese social identity.

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12 Ibid., 20.
13 Okonkwo, 73.
14 Ibid.
15 Martinez, 2.
16 Degen, 21.
20 Kosaku., 5.
However, the question of whether the tradition of group consciousness can continue to influence the propagation of luxury consumption as popular culture may work in different ways.

*Shudan Ishiki: existing or non-existing*

After the bursting of the economic bubble, Degen noted that there was already a decline in the luxury market and they can be attributed to four factors: 1) the financial crisis of 2007-8; 2) the bursting of the luxury bubble of the early 2000s; 3) the rapid aging of the Japanese population; and 4) the long-term shift in consumer attitudes and behavior toward luxury brands by the Japanese.\(^{21}\) Much of his study has been devoted in explaining the decline of the luxury market in terms of the rapid population aging and other economic factors. In effect, it is in the fourth one discussed in the paper that is needed to view at *shudan ishiki* factor.

First, the notion of a mass society being formed by rapid urbanization and industrialization resulted to the atomization or individualization of the people. This weakening of ties resulted to the people being easily influenced by media and eventually forming a popular culture. For instance, Japan may seemingly fit this scenario due to the rapid shift to urbanization, or if we consider the weakening of traditional ties such as group consciousness. Alongside the economic growth and industrialization rose the luxury consumer market in Japan. Western concepts of luxury delegated to luxury goods quickly spread, as a widely held belief in the 1970s that European made products were of higher quality than local products.\(^{22}\) On the other hand, as previously mentioned, Japan did not readily fit into this image because it was the exact existence of a strong notion of group consciousness that helped catapult the consumption of luxury goods in urbanized areas. As Degen mentioned, consumption of luxury goods was seen as an affirmation of the newly-found status of the middle-class but the unspoken *shudan ishiki* prohibited consumers from standing out.\(^{23}\) Owning European-made products makes them part of this group consciousness and be socially accepted in the middle-class culture because unlike the West, owning them does not make them belong to the upper class.\(^{24}\)

On the other hand, this egalitarian nature emphasizing group consciousness of Japanese society contributed to the decline of luxury consumption but in the manner that it encouraged opposition of the trend. Consumers got weary of the imposed behavior upon them: there was a shift to individuality, abandoning group conformity and they abandon luxury spending in luxury stores but look for other ways

\(^{21}\) Degen, 7.


\(^{23}\) Degen, 21.

\(^{24}\) Atsmon, et. al., 11.
to incorporate a luxury experience without breaking the bank.\textsuperscript{25} This implies that there’s a reduction of spending in luxury goods because the consumers no longer want to conform to other people and individually express themselves through mixing both luxury good and ‘fast fashion’ products. In a separate study conducted by McKinsey, they echo the same sentiment in which the decline of conformity and the rise of individuality contributed to this slump.\textsuperscript{26} Consumers originally follow the images fed upon them in fashion magazines but eventually adhere to self-expression and experimentation.\textsuperscript{27} In effect, the consumers are contradicting the ‘top-down’ progression of popular culture from the people in power who originally imposed what popular culture is.

\textit{Luxury conglomerates and the alternative}

In order to give a better picture of the Japanese luxury market and its supposed decline, I have researched for statistical information based on annual reports, consolidated sales reports and online articles (all of which are found in either English or French) describing the sales activities of two of the biggest luxury groups with strong foothold in the Japanese luxury market: Louis Vuitton Moët Hennessy (LVMH) and Gucci Group. It is important to discuss the two as these two own (or are shareholders of) most of the luxury brands in the world today. Information obtained was from year 1998 to 2010, due to restriction of the availability of detailed reports earlier than this period. It is interesting to note that in the reports found, there’s a separate category for Japan in showing the breakdown of profit obtained for each fiscal year. Also, we may take notice of the statistics in Japanese sales on early 2000 as it was the period when the last of the decade-long bursting of economic bubble happened.

LVMH was a result of the merger between Moët Hennessy (a champagne and spirits company) and Louis Vuitton (a luxury fashion and leather goods company) and currently a parent company of around 60 prominent brands.\textsuperscript{28} It is the parent firm of fashion houses such as Louis Vuitton, Marc Jacobs, Givenchy, Fendi and Céline. On the other hand, the Gucci Group is a subsidiary of the French conglomerate PPR (originally Pinault-Printemps-Redoute after a rebranding in May 18 2005). It is the parent firm for brands such as Gucci, Bottega Veneta, Yves Saint Laurent, Balenciaga, Alexander McQueen and Sergio Rossi.\textsuperscript{29} PPR, unlike LVMH, is not wholly devoted to the luxury market; thus the

\textsuperscript{25} Degen., 31.

\textsuperscript{26} Atsmon, et. al., 15.


\textsuperscript{28} LVMH, \url{http://www.lvmh.com/fonctionalite/pg_faq_histo.asp} (accessed 7 April 2011).

Gucci Group represents PPR’s foothold into the luxury market. The two are competing for the luxury market alongside another luxury conglomerate Richemont, which also owns an array of luxury fashion brands.

Figure 1 shows the sales of LVMH from 1998 to 2010.

As we can see, there’s a continuous growth of sales in the world’s luxury market in the thirteen-year period (represented by dark gray). Sales in the Japanese luxury market (represented by light gray) similarly achieved a continuous growth from 1998 to 2005 or an increase of €1.019 billion, or more than double in a seven-year period. Overall, LVMH’s sales in the global luxury market jumped from €6.936 billion to €20.320 billion or an increase of €13,384 billion from 1998 to 2005.

See Figures and Tables (Sources) for the complete list of documents used for the data shown in Figure 1 (English and French, translated to English).
On the other hand, Figure 3 shows the sales of the Gucci Group during the same period as LVMH, in which we can also see a steady increase in the sales of luxury goods, albeit slumps in intermediate years.\textsuperscript{31} The Japanese luxury market also had a steady increase in market shares, until reaching an all-time high of €0.556 in 2004 – €0.337 billion increase within a six-year period. Gucci Group’s Japanese sales only saw a single decline in 1999, compared to LVMH which saw decline in sales in 2000, 2002 and 2003. Gucci Group achieved an overall €2.957 billion profit from 1998 to 2010. However, we must notice that LVMH’s profit is almost seven times bigger than Gucci Group for the thirteen-year period as they offer a wider range of luxury goods.

\textsuperscript{31} See Figures and Tables Sources for the complete list of documents used for the data shown in Figure 3 (English and French, translated to English).
In Figure 2, we can see that there was a steep climb in Japanese sales from 1999 to 2000 and a relative increase in sales until 2002.\textsuperscript{32} This increase in sales until 2000 was described by LVMH as a slight improvement because the preceding years saw higher profits, but they equally recognize the importance having firmly established their business in this market.\textsuperscript{33} There was a sharp decline in sales in 2003, as this was the year described as the last of the bursting of the bubble economy when stock prices reached an all-time low.\textsuperscript{34}

\textsuperscript{32} See Figures and Tables (Sources) for the complete list of documents used for the data shown in Figure 2 (English and French, translated to English).

\textsuperscript{33} LVMH, “LVMH 2009 Financial Information”, 8. 

\textsuperscript{34} Daniel Citrin and Alexander Wolfson, “Japan's Back!” in International Monetary Fund’s website, 
However, Gucci Group saw a slight increase in sales in 2003 contrary to LVMH, and even a steeper climb in 2004 as seen in Figure 4.\textsuperscript{35} Again contrary to LVMH, there was a deep dive in sales in 2005 for Gucci Group but LVMH had an increase in sales in the same year. Except in 1999, Gucci Group experienced a continuous increase in sales, with two sharp climbs in 2000 and 2004. But from then on, both groups were experiencing a gradual decrease in sales in the Japanese market even if their global sales continue to improve.

\textsuperscript{35} See Figures and Tables (Sources) for the complete list of documents used for the data shown in Figure 4 (English and French, translated to English).
In 2005, the Japanese economy was pronounced to be having a recovery, surpassing the growth rate of the European Union and the United states, and the Yen exchange rates improving contrary to the US Dollar (US$ 1 = JY 109.69). However, this does not mean more spending in the luxury sector. Both LVMH and Gucci Group saw a steady decline in their sales from 2006 onwards (as seen in Table 1), and 2005 onwards (Table 2) respectively. Given this scenario, the Japanese consumers seem to be not confident in spending their money in luxury goods, affecting the luxury market tremendously due to decreased sales. According to LVMH, there was an overall decrease in the relative contribution of Japan in sales, dropping from 13% to 11% in 2007. They equally recognize that the eventual weakening of the yen had a significant impact in the purchasing power of Japanese tourists, for the most part of 2007.

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37 See Figures and Tables (Sources) for the complete list of documents used for the data shown in Table 1 (English and French, translated to English).

38 See Figures and Tables (Sources) for the complete list of documents used for the data shown in Table 2 (English and French, translated to English).


40 Ibid., 73.
Interestingly, we can see in Table 1 and 2 that both LVMH and PPR saw a noticeable increase in shares of the sales in 2010, € 126 million and € 59 million respectively. In McKinsey's study done in 2009 (Atsmon et.al.), it explained the rising popularity of low-cost 'fast fashion' brands. In a same nature of study conducted a year later in 2010, conversely, it showed a decrease in popularity of low-cost 'fast fashion' brands from 21% to 12%. But looking at the trend in both tables, these increases do not speak much because they both are both depicted to have declining sales from 2009 to 2010.

As a matter of fact, let's take the case of one low-cost 'fast-fashion' brand: H&M. H & M Hennes & Mauritz AB, or simply H&M, is a Swedish retail-clothing company offering products for women, men, teenagers and children. As early as 2006, the company already had plans of reaching the Japanese market and open a store in the Autumn of 2008, to be located in one of Tokyo's prime shopping districts, Harajuku. In 2008 when the store opened, Rolf Eriksen, CEO of H&M, mentioned “For many years we have had a vision of opening stores in Japan. There is a great interest in fashion in Japan and I, personally, have always found the Japanese style exciting. It turned out to be our greatest launch success ever with sales that exceeded our high expectations.” The opening of the stores in the shopping and entertainment district of Shibuya (alongside traditional luxury brands) was considered to be the most successful in the whole history of the company.

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Since the two stores were opened in 2008, H&M has seen continued increase in revenue with more than eleven times its initial sales in Japan for just two years. Also, the number of stores increased five times from 2008 to 2010; from the initial 2 stores to 10 stores in 2010, adding four stores each year. If we compare it to the revenue generated by Gucci Group for the year 2010, it is almost half of what they have profited and we must also take note that H&M is selling off their products at significantly lower price points compared to Gucci Group brands. This speaks much about the increased number of consumers of low-cost ‘fast-fashion’ products. Interestingly, in year 2008 when retailing giant H&M entered the Japanese market, it was also the same year when Japan’s labor force was rapidly shrinking – consisting of 66 million workers, of which 40% are women. As previously mentioned, the majority of the luxury goods consumers in Japan are women, and this decline of labor force affects the number of people with discretionary income to buy luxury goods.

_Is individuality the new popular culture?_

As the previous section suggested, the steady decline of the luxury brands in Japan is evident due to decreased revenues by luxury groups (LVMH and PPR) and increased sales and popularity of low-cost ‘fast-fashion’ brands (H&M). The figures also seem to support that the increase in individuality by mixing luxury products and ‘fast-fashion’ brands in order to veer away from the traditional standards set by popular media such as women’s magazines. In line with this scenario, is individuality replacing the luxury mass culture as the new popular culture?

The 2009 McKinsey&Company survey posited that the mentality of luxury brand shopping as a badge of economic success in Japan is disappearing. They are now equating this shift from conformity

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47 Atsmon, 15.
to individuality as a sign of confidence among these women in creating their own style.\textsuperscript{48} For the most part, these women still form a bulk of the middle class. Even if magazines touting luxury products are no longer followed as if they were law, but a large part of these women try to individualize, the group consciousness is still in operation. If donning luxury products from head to toe is no longer the badge of economic success, at the same time, we can say that it is neither a sign of being part of middle-class living. If, for instance, the consumption of low-cost ‘fast fashion’ products became a new norm for these middle-class consumers, they may be thinking that they are individualizing but in reality, they are already forming a new set of behavior, or pop culture. Individualism in this case is merely a pretext of forming a new culture among the middle-class. This coding of difference, according to John Clammer, may or may not coordinate with the insignia of class, and the commercialism of pop culture is no different from everyday behavior.\textsuperscript{49} In effect, the rising popularity of individualism through mixing luxury goods and ‘fast fashion’ products is the work of the middle-class, being the ‘new cultural intermediaries’ influencing the generation of representation, images and identities.\textsuperscript{50} The Japanese luxury consumers trying to individualize are in effect instituting a new norm replacing the obsession with head-to-toe conspicuous consumption of luxury goods. The fact they still incorporate luxury goods in their wardrobe and daily lives, while mixing with ‘affordable’ products signify the existing preoccupation of luxury as badges, but in a discreet manner to incorporate themselves among other consumers. To all intents and purposes, I do not entirely agree that the shift from conformity to individuality is an integral factor in the decrease of the luxury market in Japan. The shift in conformity to individuality exhibited by the Japanese luxury consumers is just a guise – a mechanism to ‘unpopularize’ the ‘traditional’ consumption of luxury goods in order to better accommodate their fascination towards luxury goods according to their economic condition by assimilating low-cost ‘fast-fashion’ products. It is a new form of suppressed conspicuous consumption in order not to disrupt the spirit of shudan ishiki in the community.

\textsuperscript{48} Ibid.

\textsuperscript{49} Clammer, 19.

\textsuperscript{50} Ibid., 20.
Conclusion

Japanese consumers are important in the growth of the global luxury market. Understanding what makes the Japanese case remarkable is important not only in the business side of these entrepreneurs, but also to people who seek to comprehend the strong foothold of traditional Japanese values, such as shudan ishiki. The same concept of shudan ishiki drove the luxury market into the middle-class living as a badge of economic success, albeit blatant conspicuous consumption is highly discouraged. Relevant studies conducted stress the influence by this Japanese group consciousness relative to individualism in instigating the decline of the luxury consumption in Japan. But as I see it, this should not entirely be the case. Surely, the Japanese luxury market is continuously declining. Statistical information from both luxury groups LVMH and PPR show that this trend will continue, and an increase in the presence of more affordable alternatives can worsen these groups’ problems. Again, this individualism goes against the tendency of the middle-class to ‘imitate’ one another and effectively creating a new norm or popular culture. Individualism, in this case, is just a pretext for the middle-class luxury consumers to carry on with the aspirations and meanings attached to these luxury goods. Also, the March 2011 earthquake poses another threat in luxury goods sales.\(^5\) In July 2010, China finally overcame Japan in becoming the second largest economy after the United States. China has been also experiencing increase sales in the consumption of luxury goods. It is interesting to see whether Japan will no longer exist as the world’s “only luxury mass market” in the advent of Chinese women’s reminiscent obsession with luxury goods, or would we have two “luxury mass markets”. China has been known as the biggest producer of fake luxury goods; but genuine luxury became bigger as their middle-class women also began queuing up in opening sales of luxury stores just like what Japanese women ‘used’ to do.\(^5\)


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Table 3:


