

“Nationwide Department Store Sales” have hit the bottom since tax hike

The Japan Department Stores Association (JDSA) releases the “Nationwide department store sales” on or around the day of 20th every month. The data includes the sales by products and by regions in both 10 large cities and the other regions, which can be used to analyse the inbound consumption in the duty-free sales to foreign visitors as well as the consumption expenditures in each region. The latest sales data as of February 2015 was surveyed based on the sales in 240 outlets of 83 key department store companies.

Point 1

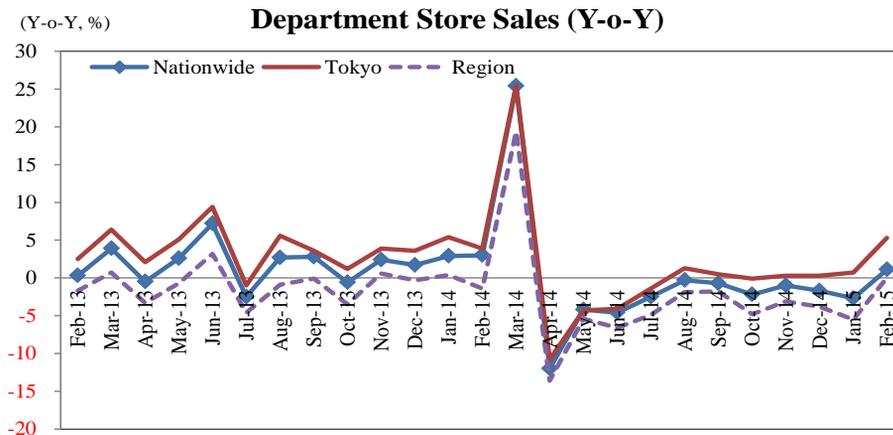
First time y-o-y growth since consumption tax hike Sales of spring wears and cosmetics were positive

- February “Nationwide department store sales” released on March 19, increased by 1.1% y-o-y (the sales are outlet number adjusted, applying hereafter) for the first time y-o-y gain since consumption tax hike in last April. This was due to upbeat consumer sentiment buoyed by wealth effect such as higher stock prices and favorable duty-free sales to foreign visitors during Lunar New Year holidays.
- The sale of spring wears such as a topcoat rose favorably amid nice weather and not-too-low temperature in the mid and late February. The sale of cosmetics that were popular among foreign visitors continued growing for eight straight months.

Point 2

Growing inbound consumption raised the sales Flashing a recovery sign in a few regions

- The sale of general consumer goods (excluding newly listed duty-free items such as the consumables in last October) to foreign visitors grew by JPY8.6 billion to JPY13.2 billion in February. The rapid growth in inbound tourism consumption greatly contributed to pick up the overall department store sales.
- The increase in “Nationwide department store sales” shows apparent consumption recovery in metropolitan areas such as Tokyo and Osaka but slower recovery in the local areas. However, the local department store sales are likely to bottom out as the sales in Tohoku, Kanto and Kyushu regions turned to y-o-y increase for the first time in eleven months.



(Note) Y-o-Y %, Outlet number adjusted

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

Due to upbeat inbound tourism consumption and real wages gain, the solid y-o-y sales are likely after this April

■ Duty-free shops to be reinforced

Retailers such as electronics retail chains and department stores are strengthening duty-free business aiming for growing the business opportunity of inbound consumption. Some of the retailers are opening more new outlets and others are expanding floor space for home appliances for overseas usage, luxury brand goods and cosmetics. It would be a key growth strategy for retailers to profit from the consumption by the inbound visitors from overseas.

■ Solid sales growth is expected after this April

Real wages are highly likely to rise this year as higher nominal wages gain than the previous year is expected and the effect on the inflation rate of the consumption tax hike disappears from this April. Thus, due to the recovery in consumer sentiment and the increase in inbound consumption, the “Nationwide department store sales” are expected to grow at a steady pace after April.

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