

“Nationwide Department Store Sales” accelerate

The Japan Department Stores Association (JDSA) provides the “Nationwide department store sales” on 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 and product. The latest sales data as of April 2015 was surveyed based on the sale in 239 outlets of 82 department store companies.

Point 1

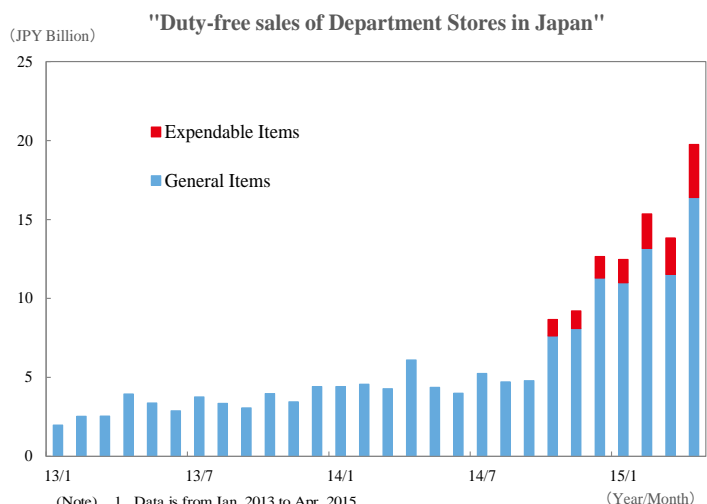
April sales saw a sharp rise from restrained buying last year Recovery is continuing in May

- April “Nationwide department store sales” soared +13.7% y-o-y (the sales are outlet number adjusted, applying hereafter) on the gradual recovery in consumption led by wages increase. Additionally, the rebound from the restrained buying after the consumption tax hike last April and robust sales growth to foreign visitors raised the department sales.
- Paintings and jewelry, and cosmetics which were the most negatively affected items by the last year tax hike jumped +77.3% y-o-y and +48.6% y-o-y respectively. Even in relatively less impacted items, foods and clothing also gained +2.9% and +9.9%.
- May Department store sales in Tokyo region kept growing more than +10% y-o-y as of May 14 due to favourable weather, showing a steady consumption recovery.

Point 2

Inbound tourism consumption helped the sales growth High-end brand goods see significant sales increase

- April Duty-free goods sales (excluding newly-listed expendable items as duty-free goods since last October) expanded 2.7 times y-o-y to reach JPY16.4 billion. Such sales to foreign visitors pushed up the growth of the total nationwide department store sales (change in outlet number is not adjusted) by +2.5% to +13.2%.
- The top three items for foreign visitors in well-selling order are, high-end brand goods, women’s clothing and cosmetics. The number of applicants for tax refund by country ranks China, Taiwan, Hong Kong and Thailand.



Growth in wages and inbound tourism consumption will work as a tailwind to boost the private consumption

■ The number of duty-free shops is increasing

Retailers such as electronics retail chains and department stores are putting more priority than before on duty-free business aiming for more business opportunity of inbound tourism consumption. Some of the retailers open new outlets and others expand store space for more expensive home appliances, luxury brand goods and cosmetics. Lately, many of retailers are trying to increase profits from the consumption by visitors from overseas.

■ Domestic consumer sentiment is also improving

The private consumption expenditures recovery seems to be gradually accelerating after a slow recovery since the consumption tax hike last April. Consumer sentiment is recovering on expectations for higher wages gain than that of the previous year and the increase in bonus. Hence, the aggregate consumption is likely to expand further as inbound tourism consumption will boost the private consumption expenditures.

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