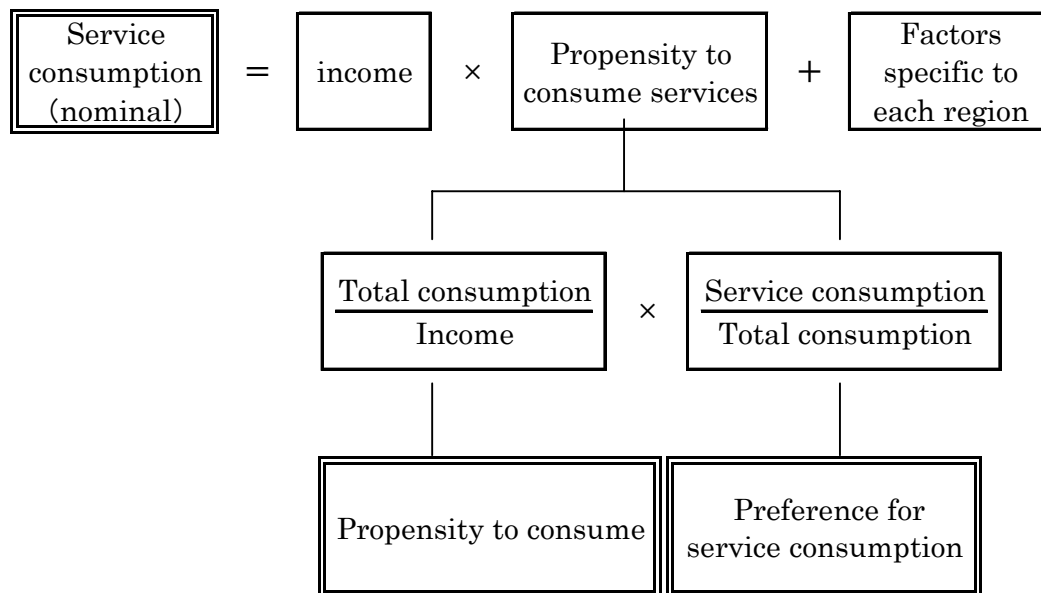


Regional Factors Weigh Heavily: An Analysis of Service Consumption¹ By City²

In general, service consumption depends on income. But income does not necessarily explain the differences in service consumption in the various prefectures' capital cities. For example, the average disposable income and service consumption per month are 475,000 yen and 149,000 yen, respectively, in Saitama, while the average consumer in Fukui, who earns 478,000 yen in disposable income, almost comparable with Saitama, spends only 97,000 yen on services.

Service consumption is affected by income, the propensity to consume services, defined as the ratio of service consumption to income, and factors specific to each region. The propensity to consume services is explained by the propensity to consume, the ratio of total consumption expenditure to income, and the preference for service consumption, the ratio of service consumption to total consumption.

Factors explaining the difference in service consumption by region



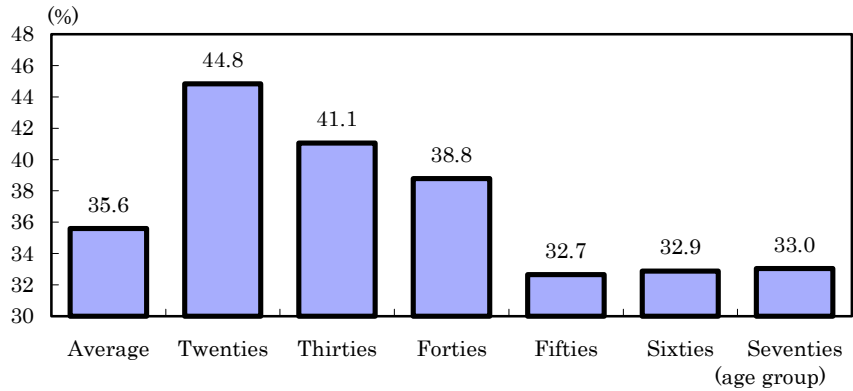
The element of age group is one factor, which explains the difference in service consumption: as younger people prefer to consume services, compared with older ones,

¹ In this report, consumers' expenditures are divided into two categories: expenditures on goods and services, and expenditures on services, such as dining, medical care, and domestic helps, is named service consumption.

² This is an English summary of a report originally published on October 3, 2003. The full report is available only in Japanese, but the author will answer questions regarding the topic by e-mail.

the level of service consumption is higher in cities, where the percentage of a younger population is large.

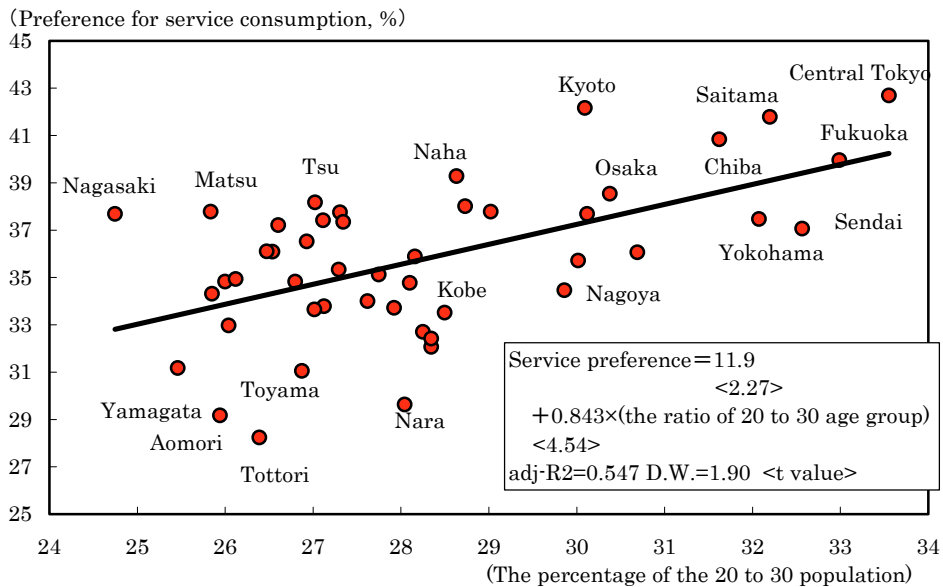
Preference for service consumption by age group



Note: Preferences for service consumption
= service consumption / total consumption

Source: Ministry of Public Management, Home Affairs, Posts and Telecommunications (MPHPT)

The preference for service consumption and the percentage of the 20 to 30 population



Note: The percentage of 20 to 30 year-old people
=(sum of population in 20s and 30s)÷ total population; as of 2002.

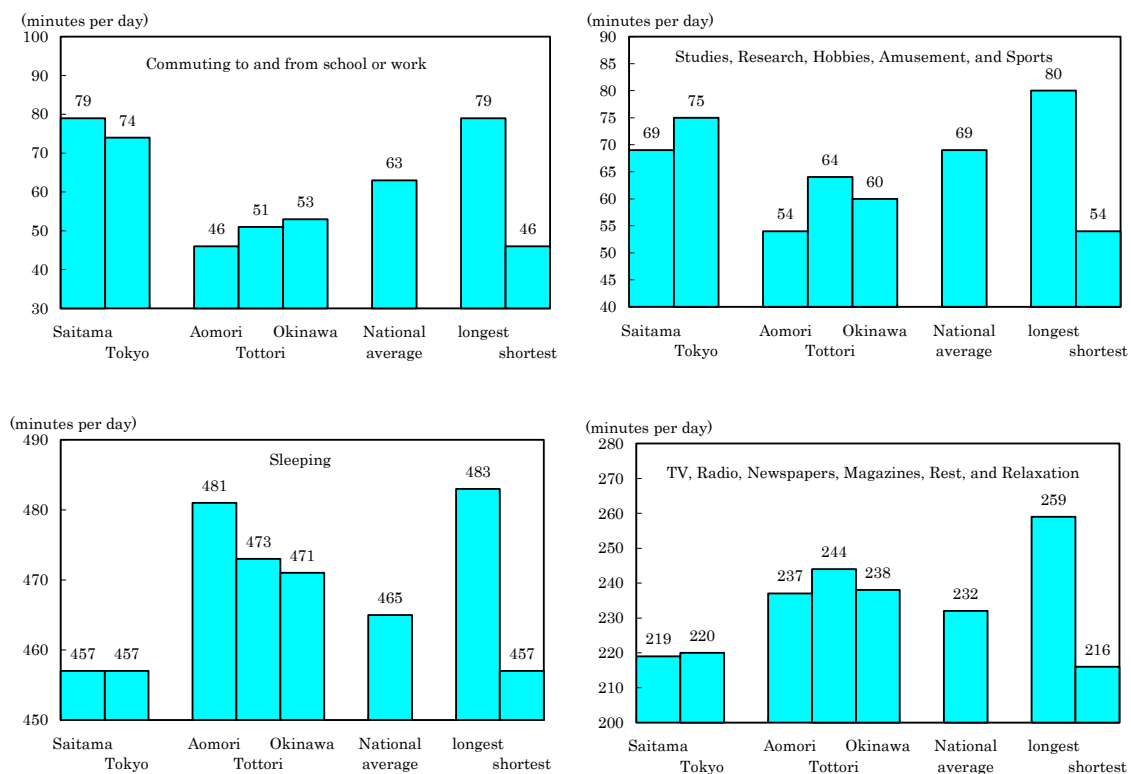
Source: MPHPT, The Basic Resident Registers

Differences in life style are also an important factor in the gaps in service consumption by region. When comparing Saitama, central Tokyo (the 23 wards),

Aomori, Tottori, and Naha (Okinawa)³, expenditures on dining out, transportation, recreation, and domestic services are the greatest in Saitama and Tokyo, and they are quite small in the other cities. But there is no significant difference in expenditures on medical care and communications in these five cities.

People in Saitama and Tokyo spend more time commuting to and from school or work, as well as pursuing studies and research, hobbies, amusements or sports, but they devote less time to sleep, TV, radio, newspapers, and magazines, and rest and relaxation. Since they spend more time commuting, their expenditures on transportation are high; since they prefer to spend more time on amusements, their expenditures on recreation are growing. As a result, they spend less time sleeping and watching TV. Saving time is a priority: they spend more on dining out and domestic services compared with people elsewhere. These expenses may be viewed as household level outsourcing.

Time use by prefecture



Source: MPHPT, The Survey on Time Use and Leisure Activities

The prices of services are highest in Saitama and Tokyo and lowest in Aomori, Tottori, and Naha. The gap in expenditures on services is partly a result of a difference

³ In the comparison by city, these cities were selected because both income and the propensity to consume services are minimal element in their service consumption, indicating that factors specific to each region have a significant influence.

in price levels, reflecting higher land and labor costs in Saitama and Tokyo.


Meanwhile, it is possible that an insufficient supply of services may restrict service consumption, as services cannot be stored, and they require consumers to come into contact with suppliers. A low preference for service consumption may result in less service employment, but it is possible that there is potential demand for services in areas where an insufficient supply influences low service consumption.

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Appendix: Data for each city

	Service consumption (0000 yen)	Disposable income (0000 yen)	Propensity to consume	Preference to service consumption
1 Saitama	14.9	47.5	68.7	45.6
2 Central Tokyo	14.1	49.4	59.3	48.0
3 Kanazawa	13.0	52.4	56.7	43.6
4 Hiroshima	12.9	47.7	63.5	42.7
5 Chiba	12.8	47.2	62.8	43.2
6 Fukuoka	12.5	43.0	77.4	37.6
7 Kyoto	12.3	50.4	63.8	38.1
8 Yokohama	12.2	45.8	73.9	36.1
9 Okayama	11.9	45.4	67.9	38.7
10 Sapporo	11.8	43.7	68.0	39.5
11 Nagano	11.8	47.8	74.4	33.1
12 Toyama	11.7	61.6	50.8	37.5
13 Osaka	11.6	41.6	79.4	35.2
14 Kagoshima	11.5	45.3	71.9	35.2
15 Gifu	11.4	44.3	71.4	35.9
16 Mito	11.3	46.6	81.2	30.0
17 Saga	11.3	45.7	75.0	33.0
18 Shizuoka	11.3	47.4	61.8	38.6
19 Tsu	11.3	45.7	71.4	34.5
20 Sendai	11.2	39.8	80.9	34.9
21 Matsue	11.2	49.3	61.0	37.3
22 Fukushima	11.2	55.7	57.3	35.1
23 Kochi	11.2	49.4	61.4	36.9
24 Tokushima	11.2	50.6	58.3	37.9
25 Yamaguchi	11.1	47.5	72.8	32.2
26 Otsu	11.1	41.0	70.9	38.1
27 Kofu	11.0	47.3	63.6	36.5
28 Kobe	10.9	36.0	87.5	34.8
29 Oita	10.9	46.1	75.0	31.4
30 Nagoya	10.8	45.7	58.5	40.6
31 Takamatsu	10.7	49.1	57.4	38.2
32 Niigata	10.7	49.9	59.5	35.8
33 Utsunomiya	10.6	46.5	67.4	33.8
34 Kumamoto	10.5	40.0	85.7	30.6
35 Yamagata	10.4	46.7	65.9	33.7
36 Nara	10.2	45.5	68.0	33.1
37 Akita	10.2	51.8	61.0	32.2
38 Miyazaki	10.1	45.6	63.9	34.5
39 Maebashi	10.1	36.4	82.1	33.6
40 Nagasaki	9.7	39.9	78.5	31.1
41 Morioka	9.7	43.2	70.4	32.0
42 Fukui	9.6	47.8	54.1	37.3
43 Matsuyama	9.4	41.7	70.2	32.3
44 Wakayama	9.3	43.6	71.0	30.1
45 Naha	8.9	34.0	85.0	30.7
46 Aomori	8.6	44.8	68.5	27.9
47 Tottori	8.0	36.2	62.3	35.2

 The highest ten cities

 The lowest ten cities

Source: MPHPT, The family income and expenditure survey

*The information and the views contained herein are subject to change without notice.

Translation and editing: Mariko Noda. Translation assistant: Chisa Hiro.