

2012

Advertising  
Expenditures  
in Japan

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### **About Dentsu's Advertising Expenditures in Japan**

Dentsu's annual report on advertising expenditures in Japan is an estimate of advertising spending in Japan during the calendar year (January to December), representing the advertising media fees and production costs for the traditional media (newspapers, magazines, radio and television), along with those for the satellite media-related, Internet, and promotional media categories. It is prepared in cooperation with media companies and production companies. Advertising expenditures in the traditional media are also broken down into estimates for 21 industry categories.

Dentsu had used the same methods and category scope in its estimate of expenditures from 1947 through 1986, but in 1987 the scope of the report was expanded beyond the four traditional media, and figures were revised retroactively to 1985. The scope of estimates was revised again in the 2007 report, with figures revised retroactively to 2005.

# I. Overview of Advertising Expenditures in Japan for 2012

## Total advertising expenditures rose 3.2%, to ¥5,891.3 billion

Advertising expenditures in calendar year 2012 totaled ¥5,891.3 billion, an increase of 3.2% compared with the previous year. Spending on advertising began to fall in 2008 (down 4.7%) as a result of the simultaneous global recession precipitated by the financial crisis in the United States. Yearly spending continued to decline in 2009 (down 11.5%), 2010 (down 1.3%), and 2011 (down 2.3%), but bounced back in 2012 (up 3.2%), benefiting from a resumption in spending that had been delayed or postponed after the Great East Japan Earthquake and Tsunami. Japan's advertising expenditures increased in 2012 for the first time in five years.

### General Characteristics of Advertising Expenditures during 2012

1. Ad placements recovered strongly during the second half of 2011 on reconstruction-related demand after the Great East Japan Earthquake and Tsunami, and this trend carried over through the first half of 2012. After the London 2012 Olympic Games, however, a slowdown in the overall economy depressed advertising expenditures. This was caused by a number of factors, including a fall in consumer spending after the discontinuance of the tax reduction and subsidy program for eco-car purchases, the high value of the yen, economic stagnation in Europe, and a decline in exports. Nevertheless, for the year as a whole, advertising expenditures totaled ¥5,891.3 billion, a gain of 3.2% from the previous year; this was the first annual increase in five years. A strong recovery in ad placements pushed spending in the traditional media to ¥2,779.6 billion, exceeding the level achieved in 2010 before the Great East Japan Earthquake and Tsunami.
2. Broken down by medium, expenditures were higher in Television (up 3.0%), Newspapers (up 4.2%), and Magazines (up 0.4%), and held steady in Radio (down 0.1%). Overall spending in the traditional media was up 2.9%. Advertising in Promotional Media also grew (up 1.4%). Satellite Media-Related spending posted double-digit growth (up 13.7%) for a third straight year, boosted by placements related to the London 2012 Olympic Games. Internet advertising again posted solid gains (up 7.7%).
3. By industry category (for the traditional media), expenditures grew in 16 of the 21 industry categories, including Automobiles/Related Products (up 26.9% on increased placements for K-cars [engine displacement up to 660 cc] and 2-box vehicles), Information/Communications (up 10.5% on expenditures related to smartphone services, satellite broadcasting, and web content advertising), and Beverages/Cigarettes (up 7.0% on expenditures related to beauty and energy drinks, lactic acid drinks, and carbonated beverages). By contrast, expenditures fell in 5 of the 21 industry categories, including Government/Organizations, where spending fell dramatically (down 69.4%) compared with 2011, which had seen a massive increase in public service placements by advertising organizations after the Great East Japan Earthquake and Tsunami; and Classified Ads/Others (down 19.8% on declines in placements by corporate groups as well as the movie and theater industry).

Japan's nominal gross domestic product (GDP) grew 1.1% in 2012, rebounding from its decline in 2011. Total advertising expenditure as a percentage of GDP was 1.24%, up from 1.21% the previous year.

### Background to 2012 Advertising Expenditures

1. The Japanese economy began to expand during the second half of 2011, driven by reconstruction demand related to the Great East Japan Earthquake and Tsunami, and continued to grow steadily through the spring of 2012. In the summer, however, growth stalled due to a fall in consumer spending and a decline in exports. Although growth remained flat during the last six months of the year, for the calendar year as a whole real GDP rose 1.9%, thanks to the robust growth recorded during the first half of 2012.

Consumer spending was strong during the January through June period, boosted by the eco-car subsidy program, but began to slow during the summer months. The eco-car subsidy

program ended in September, and consumer spending remained depressed for the remainder of the year. Exports were hurt not only by the high yen and ongoing economic stagnation in Europe, but also by weaker demand from emerging economies. Moreover, exports to China also fell sharply beginning in the fall of 2012. Capital investment fell, impacted by the weakness in consumer spending and exports, and by the end of the year it was clear that Japan's economy had entered a recession.

The unprecedented rise in the Japanese yen during 2011 finally peaked at the end of 2012. In November the Japanese currency fell to the ¥80 per U.S. dollar level as the result of a new round of monetary easing initiated by the Bank of Japan, and increases in Japan's trade deficit. This was followed by the Lower House election in December, won by the Liberal Democratic Party, which had campaigned for a far more aggressive policy of monetary easing. After the formation of a new Cabinet by Prime Minister Abe on December 26, the fall in the yen accelerated, closing as low as ¥86 per U.S. dollar on December 28.

Japan's stock prices, which had been depressed due to the strong yen and overall weakness of global stock prices, shot up rapidly toward the end of the year as markets reacted positively to the prospects of a weaker yen. Stock prices ended 2012 at ¥10,395, the highest level of the year, boosted by the weakening of the yen and by signs of a recovery in the U.S. economy.

With regard to corporate earnings in fiscal 2012 (year ending March 31, 2013), revenues are forecast to rise 3.1% year on year for all industries as a whole, and ordinary profits are expected to increase 5.3% compared with 2011. The corporate earnings environment in Japan has improved significantly.

2. In the area of consumer product trends, department store sales showed year-on-year growth in March and April, rebounding from the sharp fall in same-period spending after the Great East Japan Earthquake and Tsunami the previous year. However, sales during the rest of the year fell below 2011 levels. Annual sales in supermarkets continued their slide. Spending on food products, which had soared after the earthquake and tsunami, slipped below previous-year levels during the spring and remained flat for the rest of the year. Demand for casual "cool biz" summer clothing also fell. Convenience store sales of tobacco products fell back from their previous year's high, and overall sales from June onward dropped below 2011 levels. In the home electric appliances sector, sales of large-sized refrigerators and combination washer-dryer machines were brisk, and demand for energy saving "green" electric fans carried over from the year before, reinforced by rising consumer awareness of the need to conserve energy. Cleaning robots also became quite popular. AV equipment sales have fallen steadily since the shift to digital terrestrial broadcasting was completed. The value of total shipments of AV equipment was down by as much as 57.0% compared with 2011. In digital cameras, sales of mirrorless interchangeable-lens cameras rebounded strongly after being hurt by product shortages following the East Japan earthquake in 2011, but leveled off from July onward. Among mobile phones, the popularity of smartphones increased even further, accounting for 69% of total mobile phone unit sales for the year. Personal computer sales for business use expanded rapidly, but unit sales grew only 3.0% due to weaker demand from individual consumers. The total value of computer shipments fell 14% compared with the previous year and the unit price continued to plunge. By contrast, the market for tablet computers was very active, recording unit sales of 1.93 million between April and September, an increase of 82% compared with the same period in 2011. Domestic new car sales were helped by the reintroduction of the eco-car subsidy program at the end of 2011, but fell back after the program ended in September and remained below previous-year levels for the rest of the year. However, overall unit sales of new cars were up 27.5%, thanks to strong growth in sales through the end of August. The recovery in the housing industry held firm. Housing starts were generally higher, benefiting from the housing eco-point program, and from reconstruction demand related to the Great East Japan Earthquake and Tsunami. New housing starts rose 5.8% in 2012. Condominium sales also trended upward, particularly in the Kinki region. In food services, total

restaurant sales, which suffered sharp declines after the East Japan earthquake, began to recover in March and April, and had returned to previous-year levels by May. Sales at family-style restaurants also showed improvement, thanks in part to the influence of popular television shows. Fast-food sales also registered year-on-year growth. The travel industry rebounded from the effects of the Great East Japan Earthquake in March 2011, recording an increase in sales for both domestic and international travel. Among airlines, three new low cost carriers (LCC) entered the market and have performed well. In the leisure sector, a record 1.325 million visitors came to Tokyo Disney Resort from April through September, an increase of 23% over the same period in 2011. Universal Studios Japan also received 4.9 million visitors for the year, a year-on-year gain of around 20%.

A number of new trends and hit products attracted the attention of consumers in 2012. In the Foodstuffs category, bag-type instant noodles with a texture almost like fresh noodles were a huge hit, reinvigorating the instant noodle market, which had been flat in recent years. In seasonings, there was a boom in sales of "*shiohouji*" (salted rice malt), which led to the development of a number of popular new products and recipe books. Convenience store confections and so-called B-class (cheap but tasty) gourmet foods remained popular. Among beverages, a new "health food cola" hit the market and this unexpected combination became a surprise hit. A carbonated citrus beverage became popular by emphasizing its French origins. Mate tea, non-alcoholic beer, and dark beer also did very well. In the pharmaceuticals sector, non-drowsy nasal allergy tablets and eyeglasses for computer work became big hits and boosted overall sales. In the Cosmetics/Toiletries category, multi-functional "all in one" lotions were wildly popular, and scented fabric softeners attracted much interest. Among fashion products, popular items were plain skin-color stockings and patterned stockings. Office supplies saw an explosion in sales of a new, sharper type of household scissors. In the Automobiles/Related Products category, low-priced compact hybrid cars were a big hit. New model K-cars (engine displacement up to 660 cc) from various manufacturers also helped drive the market. Among portable game consoles, the "Wii U" went on sale in December and attracted a great deal of fanfare. In the Information/Communications category, the popularity of smartphones continued unabated from the previous year with the introduction of the iPhone 5 in September and several new Android devices. Particularly noteworthy was LINE, an application allowing users to make free VoIP calls on their smartphones or PCs. In personal computers, the introduction of the new Windows 8 operating system in late October was a major event. The market for tablet computers gained further momentum, powered by the introduction of the iPad mini in November, and by the appearance of new 7-inch tablet PCs. The market for e-book readers was reinvigorated by the appearance of several new low-cost models.

Among publications, best sellers in 2012 included *Kiku Chikara (The Power of Listening)*, and *Bloom Where God Has Planted You*. The top three films of the year were *Brave Hearts Umizaru*, *Bayside Shakedown 4: The Final*, and *Thermae Romae*. In commercial facilities, Tokyo Sky Tree opened to the public on May 22 and immediately became hugely popular. Several other new tourist spots in Tokyo attracted a great deal of attention, including Shibuya Hikarie, and the new Tokyo Marunouchi Station Building, which began full operations in October.

3. The advertising climate during 2012 was characterized by two extremes. Through the summer Japan's economy was in recovery mode, driven by reconstruction demand carried over from 2011, and by the London 2012 Olympic Games. By contrast, during the second half of the year the economy slowed significantly. A number of major events during 2012 are worthy of mention. **May** saw the opening of Tokyo Sky Tree. In **July**, Japanese athletes captured a record number of medals at the London 2012 Olympic Games. The eco-car subsidy program ended in **September**. A new generation of tablet computers and e-book readers went on sale in **November**. In **December** the Liberal Democratic Party won the Lower House election and the Abe government took office, which led to a sharp drop in the value of the yen and a rapid rise in stock prices.

## II. 2012 Advertising Expenditures Classified by Medium

### Satellite Media-Related advertising up sharply; Internet remained strong

Broken down by medium, advertising spending in Television, which accounts for a large proportion of spending, rose (up 3.0%), as did spending in Newspapers (up 4.2%). Spending in Magazines edged higher (up 0.4%), and in Radio fell slightly (down 0.1%). As a result, for the first time in eight years total year-on-year advertising expenditures for the traditional media increased (¥2,779.6 billion, up 2.9%), due in part to the rebound effect from the March 2011 earthquake.

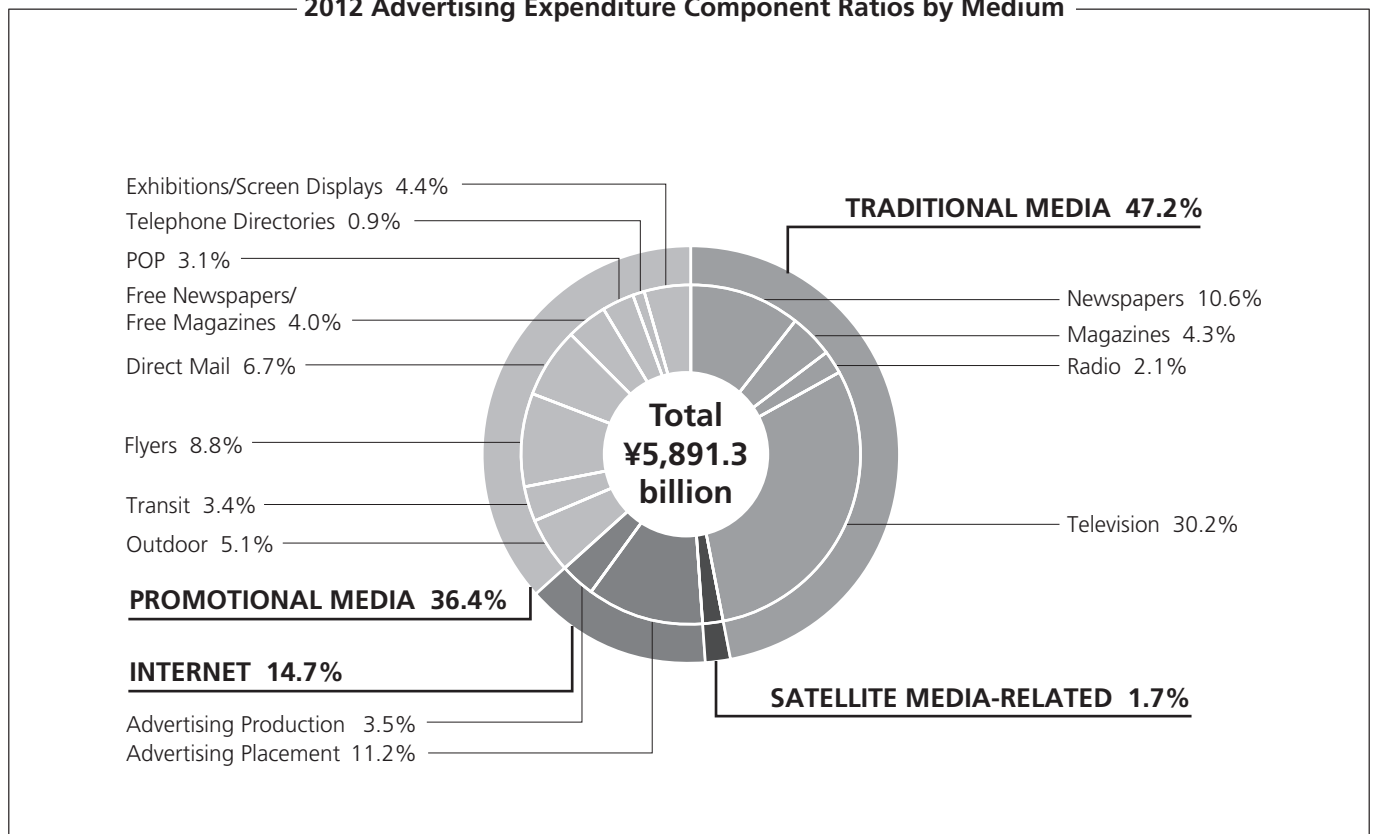
Satellite Media-Related advertising expenditures rose sharply (¥101.3 billion, up 13.7%), with another year of double-digit gains on positive results from the London 2012 Olympic Games and other programming.

Internet advertising expenditures continued their steady rise (¥868.0 billion, up 7.7%), and now account for 14.7% of spending in all media.

Promotional Media expenditures increased for the first time in five years (¥2,142.4 billion, up 1.4%). Spending was up year on year in Outdoor, Transit, Flyers, Direct Mail, POP, and Exhibitions/Screen Displays. Spending in Free Newspapers/Free Magazines fell for the fifth consecutive year, while spending in Telephone Directories was down for the 14th successive year.

Key trends for each medium are summarized below.

2012 Advertising Expenditure Component Ratios by Medium



## Newspaper Advertising

Newspaper advertising spending in 2012 is estimated at ¥624.2 billion, an increase of 4.2% from the previous year.

Spending in newspaper advertising rose sharply in the first half of 2012, up nearly 10% from the same period of the previous year, as a result of disaster recovery-related demand and a revival of consumer sentiment, along with the rebound effect from the earthquake disaster. During the second half, however, spending was weighted down by such factors as the strong yen and European debt crisis, and the post-disaster rebound gradually waned. As a result, despite supportive factors such as the London 2012 Olympic Games and the Lower House election, second-half spending was on a par with the previous year. For the full year, spending increased 4.2% year on year.

By industry category, 15 of the 21 industry categories posted gains, while double-digit increases were notched up in Energy/Materials/Machinery (16.2%), Beverages/Cigarettes (16.1%), Cosmetics/Toiletries (14.8%), and Government/Organizations (14.6%). Growth drivers included the Beverages/Cigarettes and Cosmetics/Toiletries categories, along with direct marketing goods. Gains were also made in categories that account for a large proportion of spending, including Transportation/Leisure, Distribution/Retailing, Cosmetics/Toiletries, Foodstuffs, and Beverages/Cigarettes.

Under these conditions, newspaper companies took unprecedented steps, including developing broadsheets and media content for specific target audiences, designing pages incorporating digital content, and trying out new creative approaches. Progress in digital formats was also notable, with all the major papers now offering electronic versions, including formats increasingly adapted for tablet computers and smartphones. Ad production also included such unique initiatives as tie-ups with movies, comics, or women's fashion magazines, and large-space placements. These efforts attracted much attention, and were reported on by other media outlets.

## Magazine Advertising

Magazine advertising spending in 2012 is estimated at ¥255.1 billion, an increase of 0.4% from the previous year. The first half of the year was positive, particularly the April–June quarter, but second-half performance was down from the same period of the previous year.

By industry category, spending rose in 11 of the 21 industry categories, of which the Pharmaceuticals/Medical Supplies, Beverages/Cigarettes, and Precision Instruments/Office Supplies categories showed growth greater than 10%. Categories that account for a large proportion of magazine advertising spending also held steady, including Apparel/Fashion, Accessories/Personal Items (up 4.6%), and Cosmetics/Toiletries (up 0.1%). The Foodstuffs category (up 9.3%), which had declined sharply in the previous year owing to the earthquake disaster, rebounded on the back of gains from health and beauty-related foods.

By genre, nine components recorded increases in spending from the previous year, including men's magazines, women's magazines, and magazines targeting married women. Gains were particularly strong for women's magazines, and adult-oriented men's magazines.

The number of new magazine launches or revivals was 98, a relatively low rate. Major new titles included the women's magazines *and GIRL* (M-ON! Entertainment), and *Richesse* (Hearst Fujingaho). While there were few large-scale launches, certain publications made a strong showing, with ad placements rising more than 30% year on year for *BAILA* (Shueisha), targeting women around 30, and for *VERY* (Kobunsha), a magazine for women in their 30s focusing on a woman's three roles as woman, mother and wife.

A total of 152 magazines ceased publication, roughly on a par with the previous year. Notable titles included the direct marketing magazine *Look's* (Stylife), and the men's cooking magazine *Danshi Shokudo* (KK Bestsellers). One notable trend is that publishers are increasingly scaling back the number of regularly published magazines, and focusing more on magazines without a set publication schedule, which carry less of a launch risk. First issues and extra issues rose to 4,832 for irregular publications (up 1.5%), and 9,087 for magazine books (up 3.8%).

## Radio Advertising

Radio advertising spending in 2012 is estimated at ¥124.6 billion, a decrease of 0.1% from the previous year.

By industry category, spending rose in 12 of the 21 industry categories. The Precision Instruments/Office Supplies category (up 48.6%) and two other categories recorded double-digit growth, while the Automobiles/Related Products category (up 9.7%) also rose sharply. The boost from the London 2012 Olympic Games resulted in year-on-year increases for the Foodstuffs and the Food Services/Other Services categories. By contrast, one notable trend was the decrease in placements in the Beverages/Cigarettes category, which accounts for a comparatively large proportion of radio advertising spending, mainly for alcoholic beverages, which are particularly susceptible to market conditions. Spending in the Government/Organizations category, despite the large volume of placements for the Lower House election, was down year on year due to the large volume of placements by advertising organizations in the previous year.

The IP simulcast radio service provider radiko Co., Ltd. continued to implement a series of proactive initiatives, including increasing awareness through various tie-up campaigns, and promoting more active listening through such efforts as building a program scheduling system. Radiko also launched a nationwide streaming service for Radio Nikkei 1 and Radio Nikkei 2, and added Nankai Broadcasting and Ryukyu Broadcasting.

Advertising revenues at community FM stations rose slightly from the previous year. By area, spending was down in Kanto, Tokai, and Hokuriku, but rose in other regions, with spending in Tohoku in particular rising sharply. Although certain stations are suffering from a decline in the number of advertisers and reduced budgets, there are many stations reporting increases in spending as a result of efforts related to acquiring business from local governments, community events, support for disaster recovery, and improving the media mix.

## Television Advertising

Television advertising spending in 2012 is estimated at ¥1,775.7 billion, an increase of 3.0% from the previous year. This was the first rise in two years. Program sponsorships reached ¥719.5 billion (up 3.1%), and spot advertising totaled ¥1,056.2 billion (up 3.0%).

Spot advertising spending increased for the third consecutive year, exceeding the total for 2008 (¥1,043.6 billion) when the financial crisis was triggered by the collapse of the major U.S. securities firm Lehman Brothers Holdings Inc. For the January–March quarter, spending in the Foodstuffs and Cosmetics/Toiletries categories remained positive, with a recovery trend on the rebound from the effects of the earthquake disaster and Thailand flooding in the previous year. Along with proactive placements in the Finance/Insurance and other categories, overall spending for the period rose 4.1% from the same period of the previous year. For the April–June quarter, spending jumped 19.0% on the rebound from the sharp downturn in the previous year due to the earthquake disaster, along with large-scale placements in the Automobiles/Related Products category related to the eco-car subsidy program. For the July–September quarter, however, year-on-year spending declined 3.6% as a result of deterioration from August onward in the performance outlook due to slumping overseas economies, and a slowdown in consumption. The sense of economic slowing continued during the October–December quarter, with year-on-year spending falling 5.2% on sharp declines in such categories as Beverages/Cigarettes, Cosmetics/Toiletries, and Information/Communications.

Program sponsorship spending rose for the first time in six years, since 2006. For the January–March quarter, spending rose 6.3% from a year earlier as advertisers spent their fiscal year budgets on regular and sports programming. For the April–June quarter, spending was up 4.2% on the positive effects from disaster recovery. Spending during the July–September quarter rose 4.2% on the boost from the London 2012 Olympic Games, and remained strong through the summer. This momentum waned from October, however, and spending in the October–December quarter fell 1.9% from the same period of the previous year.



### Quarterly Breakdown of Growth in Advertising Expenditures in the Traditional Media in 2012

By industry category, spending rose in 16 of the 21 industry categories. Five categories recorded double-digit growth, including Automobiles/Related Products (up 33.5%) and Information/Communications (up 15.2%). Gains were also seen in categories that account for a large proportion of spending, including Foodstuffs (up 6.5%) and Cosmetics/Toiletries (up 3.5%).

A quarterly breakdown of advertising expenditures for the traditional media in the 2012 calendar year shows that spending rose steadily during the first half of the year, but fell below previous-year levels during the last six months as the overall economy weakened.

	(Year on year, %)						
	2012 (Full Year)	Jan.– Jun.	Jul.– Dec.	Jan.– Mar.	Apr.– Jun.	Jul.– Sep.	Oct.– Dec.
Advertising Expenditures in the Traditional Media	102.9	107.8	98.3	105.2	110.6	98.8	97.8

### Advertising Production Costs for the Traditional Media

Advertising production costs for the traditional media in 2012 are estimated at ¥291.1 billion, an increase of 4.0% from the previous year. Of this total, production of television commercials accounted for ¥199.0 billion, up 5.1% year on year. (Advertising expenditures by medium include relevant advertising production costs.)

Spending on ad production was strong in the first half of the year on placements for mobile communications services and tax breaks for environmentally friendly vehicles, continuing through the London 2012 Olympic Games. Afterward, however, the falloff in exports led to deteriorating market conditions in such categories as Home Electric Appliances/AV Equipment and Automobiles/Related Products, with an attendant decline in advertising production costs. Spending was down sharply from that anticipated at the start of the year, resulting in slow growth that fell short of initial forecasts.

### Satellite Media-Related Advertising

Spending on Satellite Media-Related advertising in 2012 is estimated at ¥101.3 billion, an increase of 13.7% from the previous year. Spending exceeded the ¥100 billion mark in this 12th year since the start of BS digital broadcasting.

BS digital broadcasting grew 22.0% compared with the previous year. Since the transition to full digital broadcasting in 2011, and the live broadcasts from the London 2012 Olympic Games, watching BS digital broadcasts has become common among middle-aged and older viewers. Programs aimed at the M2 and F2 demographics (men and women 35–49 years old) that differ from digital terrestrial broadcasts have become well established, including live broadcasts of Yomiuri Giants and other professional baseball games, as well as travel programs, historical dramas, and South Korean television dramas. As a result, there were increases from 2011 in new ad placements and in ad value from large-scale advertisers (high-priced consumer goods, durable goods and services) targeting this demographic. Direct marketing ads also remained popular, pushing up revenues for all broadcasters.

CS broadcasting grew 2.0% from the previous year. In terms of targeted advertising strategies by pay channel providers, collaboration and event strategies implemented with magazines, local broadcasters and other media outlets were positive during the first half of the year, but there was little significant growth during the second half as advertisers curbed expenditures, and shifted their focus to BS digital broadcasting with the opening of the London 2012 Olympic Games. Among advertisers, placements by direct marketing companies (especially for health food product promotions) remained consistent, but the response rate diverged by product, and growth was somewhat sluggish. There was an overall increase in placements from general advertisers with products aimed at wealthy consumers, a different demographic to those who view digital terrestrial television channels.

CATV advertising rose 0.7% year on year. Community channel advertising sales by CATV providers, prompted by the switchover to digital terrestrial broadcasting, have been promoted by the Japan Cable and Telecommunications Association (JCTA). Although the degree varied by operator, CATV providers implemented proactive marketing efforts aimed at such advertisers as local retailers other than

## Internet Advertising

direct marketers, automotive dealers, and pachinko parlors; they continue to work to expand revenues and services by operating multiple standard-definition channels. However, the market remains polarized as those companies with successful expansion strategies were mainly Multiple System Operators (MSOs) and others in principal areas, while local areas failed to show significant growth.

Internet advertising spending in 2012 is estimated at ¥868.0 billion, an increase of 7.7% from the previous year.

### Change in the classification of Internet advertising placement expenditures

As a result of device diversification with the widespread use of smartphones and tablet computers, and changes in the industry makeup stemming from advancements in advertising-related technologies, the previous classification of Internet advertising into mobile advertising and search engine advertising<sup>1</sup> is no longer entirely applicable to the current state of the industry. Consequently, we have established the new classification of “performance-based advertising” (or “platform-managed advertising”) that encompasses new methods of ad delivery, including search engine advertising. Further, because of the rapid diversification in devices, we will no longer utilize device-based classifications in future announcements.

Performance-based advertising utilizes platforms that employ ad technologies processing vast amounts of data to provide automatic or instantaneous optimization of advertising. Representative examples are the recently developed ad exchange<sup>2</sup> SSPs<sup>3</sup> and DSPs<sup>4</sup>. It also includes certain ad networks<sup>5</sup>. Performance-based advertising does not include ad space sales, tie-up ads, or affiliate advertising.

#### Notes

1. The “search engine advertising” classification presented through 2011 included types of performance-based advertising that under a strict definition would not be classified as search engine advertising.
2. An ad exchange is a service that allows purchasing of ad inventory from numerous ad networks and media through a bidding system.
3. Supply Side Platform (SSP): In Internet advertising, a system to help maximize ad efficiency from the standpoint of the media company.
4. Demand Side Platform (DSP): In Internet advertising, a system to help maximize ad efficiency from the standpoint of the advertiser.
5. Ad networks are structures to aggregate numerous different Internet advertising media (web sites) and deliver ads to networks.

Internet advertising placements amounted to ¥662.9 billion, an increase of 7.1% from the previous year.

Looking at the overall market for Internet advertising placements, growth in the previous year was blunted by the effects of the earthquake disaster and other factors, and so the year-on-year growth rate in 2012 appears particularly strong. Growth was also driven by such events as the London 2012 Olympic Games and the Lower House election, which furthered the use of Internet advertising. Broken down by market, performance-based advertising showed strong growth, while conventional ad space sales, despite continued strong performance centered on mainstay industry categories such as Information/Communications, showed a tendency for growth to gradually flatten out. One of the factors behind this is the shrinking of the feature phone advertising market in recent years. At the same time, ad space sales evolved in various ways, and were utilized not only in the typical platform of portal sites, but also in video and other rich media ads, as well as social media. The use of Internet advertising has become widely established in such industry categories as Foodstuffs and Beverages/Cigarettes, as the market has become more active.

The performance-based advertising portion of Internet advertising placement increased 18.9% from the previous year to ¥339.1 billion. Search engine advertising, included in performance-based advertising, continued to expand on a significant boost from the widespread use of smartphones. Other aspects of performance-based advertising also continued to grow strongly, as the market focused on highly effective targeting methods such as RTB (real-time bidding), which has arisen with rapid advancements in technology. Use of performance-based advertising as a means of branding is gradually

## Advertising Production Costs for Internet Advertising

spreading among advertisers in many industry categories, centered on such areas as finance and e-commerce.

Advertising production costs for Internet advertising totaled ¥205.1 billion, up 9.5% year on year. The rate of growth slowed slightly, from 12.2% in the previous year. The effects on the market from the earthquake disaster diminished considerably, but there were other negative factors including a drop in production unit costs, and a falloff in the number of production projects for feature phone sites. At the same time, the number of projects for application software development and specialty sites increased with the widespread use of smartphones, and the diversification in devices such as tablet computers. Use of social networking services (SNSs) has also increased with the widespread adoption of smartphones, and there was a sharp rise in SNS-related production projects such as Facebook pages.

By industry category, spending was up in such areas as information, communications, real estate, housing facilities, finance, insurance, and amusement.

Spending on Internet ad production is expected to continue to rise. Use of websites for advertising campaigns is expanding, and growth is being driven by production of dedicated website videos, and the smartphone application software development noted previously.

Another trend that has continued and grown from the previous year is instances of both general and direct marketing advertisers entering the e-commerce market. The number of general advertisers in this market is expected to increase in a broad range of industries, centered on foods, beauty products, fashion, and apparel.

## Promotional Media Advertising

Spending on Promotional Media advertising in 2012 totaled ¥2,142.4 billion, an increase of 1.4% from the previous year. Expenditures rose for the first time in five years, due in part to the rebound from the self-restraint on advertising in the previous year following the earthquake disaster. Spending was up in almost every category, including Outdoor, Transit, Flyers, Direct Mail, and Exhibitions/Screen Displays.

The ad placement cancellations and self-restraint of the previous year in the wake of the earthquake disaster were absent during 2012, and spending gradually began to recover on expectations for an economic boost from the London 2012 Olympic Games. However, the slowdown in the domestic economy accelerated from the summer mainly as a result of a decline in consumer spending and sluggish exports. Despite the Lower House election, the recovery failed to gain steam as a result of the lack of any major events to rival the previous year's Tokyo Motor Show.

Advertisers were looking for even greater cost effectiveness in their promotional media, and the trend for ads linked to digital devices was notable. The market has gradually reached the stage where print media and web media coexist and are used for different purposes.

**Outdoor advertising expenditures** grew 3.8% year on year, to ¥299.5 billion. Unit production costs in billboards fell sharply compared with previous years, but financial institution mergers and logo changes on the part of mobile service carriers generated large-scale billboard replacement demand, boosting spending for the year.

In neon signs, ongoing power shortages and growing concerns about energy conservation have caused many advertisers to shift to LED lighting. Most spending in neon consisted of renovations or repairs to existing signs, with advertisers moving almost exclusively to LED lighting for new placements. The market showed virtually no interest in new installations of neon-based media during 2012.

In roadside boards, perennial demand from beverage and international automobile manufacturers remained firm, but 2012 also saw large-scale placements by tablet computer makers, who contracted for long-term placements in seven major urban markets. The year 2012 also saw the birth of a very vigorous digital billboard market, driven primarily by demand from beverage companies and international automobile manufacturers. Spending on so-called "network boards" in shopping and entertainment districts was also relatively strong, dominated by music, entertainment, and beverage companies.

Expenditures in large-screen advertising exceeded previous-year levels, but still fell below the mark recorded in 2010, before the earthquake disaster. Monthly spending, which had fluctuated widely in 2011, was relatively stable throughout 2012. The number of simultaneous large-scale nationwide campaigns was down, but strong growth in the total number of placements pushed expenditures slightly above previous-year levels. Placements by domestic advertisers, who exercised self-restraint after the earthquake disaster, are gradually returning to pre-disaster levels. Placements by relatively new advertisers (particularly foreign companies that entered the market in 2011) remained firm in 2012.

In the area of sports stadium billboards, most of the media are contracted on an annual basis. Since many advertisers place ads over the long term, there tend to be few new placements, but also few cancellations. In baseball stadiums, demand remained relatively firm for game-by-game sponsorships, and for spot advertising during special events such as the All Star Game in July, and the Climax Series and Japan Series in the fall.

Banner advertising continued to struggle as spending on large-scale placements dried up during 2012. The number of empty banner installations increased, and the unit price fell. Shopping and entertainment districts saw new banner placements by music and entertainment companies, but overall spending still fell slightly below the previous year's level.

With regard to commercial facility media, large-scale media events taking up the entire Roppongi Hills area, and other large-scale events using Tokyo Midtown's Grass Square area, increased in 2012. The market for mallscape advertising (consisting of multiple independent internally illuminated advertising panels set up at general merchandise store facilities) was very active compared with the previous year, driven by demand from beverage companies, automobile manufacturers, and the entertainment industry.

**Transit advertising expenditures** rose 3.9%, to ¥197.5 billion. Spending in Transit advertising, which had fallen every year since the collapse of Lehman Brothers Holdings, Inc. in 2008, increased in 2012 for the first time in five years, helped by spending carried over from 2011 after the earthquake disaster.

By region, major events affecting Transit advertising in the Tokyo area included the completion in April of Shibuya Hikarie, a large-scale commercial complex located near the east entrance to Shibuya Station; the opening in May of Tokyo Sky Tree, a broadcasting tower and tourist attraction; and the first placements in October of new digital signage media in the north and south domes of the newly restored Tokyo Marunouchi Station. In Hokkaido, JR Tower Sapporo Pillar Vision, the nation's largest digital signage installation, was completed in Sapporo Station's underground mall area in July. In the Kansai area, renovation of the Hankyu Umeda Main Store was completed in November, and new digital signage media began operation at Hankyu Umeda Station, which is directly linked to the department store.

By industry category, placements were up in such areas as beverages, foodstuffs, schools and correspondence education, automobiles, and publications. By contrast, spending was down for home electric appliances and AV equipment, energy, transit and transportation, broadcasting, and direct marketing.

In train signage, demand from beverage companies was concentrated in the first half of the year, following the usual pattern. Temporary job placement agencies and correspondence schools also resumed regular placements, but spending slowed during the second half of the year. The strong yen caused nearly all home electric appliances and AV equipment manufacturers to cut back on placements. Demand for digital signage media remained robust and is growing year by year. Long-term placements of aisle hanging posters did relatively well. Station signage fell sharply in 2011 due to energy conservation requirements in the wake of the eastern Japan earthquake, but new construction of station digital signage both in the Tokyo area and in regional districts helped drive overall spending up beyond the previous year's mark.

In bus advertising, sales of bus-wrap advertisements increased in regional markets but fell back in the Tokyo area. Overall expenditures fell below the 2011 level.

Airport advertising spending grew during 2012 as a result of the introduction of digital signage media. There was little change in the business environment for electric signboard placements; spending in this media held steady at the current level.

Taxi advertising spending was basically unchanged from the previous year.

**Flyer advertising expenditures** rose 2.1% year on year, to ¥516.5 billion. Spending was depressed in 2011 after the earthquake disaster, but regained momentum thanks to deferred spending from the previous year along with reconstruction-related demand. Expenditures in the first half of the year exceeded same-period results throughout the nation, especially in eastern Japan. Spending in March jumped dramatically, more than making up for softer nationwide demand from July onward. Looking at overall trends, placements by industries that traditionally account for a high percentage of spending in Flyers, such as retail companies and more particularly supermarkets and automobile dealers, showed signs of recovery, but their total spending for the year remained slightly below the pre-disaster level in 2010.

By region, placement volumes expanded in areas hard hit by the March 2011 earthquake and tsunami, including Tohoku, north Kanto, and metropolitan Tokyo (especially Chiba). Of these, the Tohoku region showed the most dramatic improvement, up 20% over the previous year. Within Tohoku, Miyagi Prefecture saw growth of 30% on placements by companies involved in Distribution/Retailing, Food Services/Other Services, and Real Estate/Housing Facilities. By contrast, placements by pachinko halls, which account for a high component ratio in Flyers, remained depressed in many regional markets, particularly in Hokkaido, the Nagoya region, and Kyushu, and this limited overall growth in this category.

Advertising expenditures varied significantly by industry in 2012, continuing the trend from the previous year. The Tohoku region saw spending increase across nearly all industries. Other regions experienced strong year-on-year growth in advertising by automobile dealers (up 20%), small-scale supermarkets (the mainstay of Distribution/Retailing), and industries targeting the middle-aged and elderly, such as medical and nursing services as well as home meal delivery services. Placements by recruitment agencies recovered in 2011 and went on to record even stronger growth in 2012. Spending trended upward in the area of preparatory and tutoring schools. Categories experiencing a decline in ad expenditures in 2012 included several major components of spending such as large-scale supermarkets and volume retailers of consumer electronics, which reduced the size of their flyers, and pachinko halls and aesthetic salons, which reduced the number of placements. Spending on ads for direct marketing products (cosmetics and health foods) had been a bright spot in 2011, but fell slightly in 2012. The Real Estate/Housing Facilities category has traditionally been the main component of spending in Flyers, but placements are declining year by year due to a shift to digital and other types of media.

**DM advertising expenditures** rose 1.3% year on year to ¥396.0 billion. Many advertisers voluntarily refrained from sending out mailings following the earthquake disaster in 2011, but spending recovered during 2012. Competition remains fierce within the industry, and DM companies are being forced to find new ways to create added value to avoid falling into a price war. For one thing, advertisers have started to take a new look at the value of paper media in terms of its characteristics of storability and visibility. There is increasing demand for communication modalities to better meet consumer needs, particularly among industries that depend on direct marketing. Instead of depending entirely on web-based communication, more and more of these companies are beginning to use paper catalogs in combination with conventional online communications. Various other new methods of communication are being developed and tested that take advantage of the fact that consumers like to be able to leaf through paper pages, and enjoy being able to compare products at a glance, with the result that an increasing number of companies are using a mix of media to meet their corporate communication needs.

Going forward, we expect to see advertising companies work to develop more effective and precisely targeted direct communications by analyzing regional data to gain a better understanding of

local characteristics. We are also likely to see more firms attempt to increase the precision and accuracy of their communications through the use of customer databases owned by private companies.

In the area of social media, we forecast that new methods will be created to link social media and direct advertising. One example could be directly targeting influential key persons in hopes that they might disseminate relevant information through their circle of contacts and followers.

**Free Newspaper/Free Magazine advertising expenditures** fell 7.2% year on year to ¥236.7 billion. Spending in Free Newspapers totaled ¥79.1 billion, down 6.2%. By industry category, spending was up in Real Estate/Housing Facilities, Food Services/Other Services (beauty salons), and Classified Ads/Others (temporary help-wanted ads), but tended to be lower in Distribution/Retailing, Automobiles/Related Products, and Food Services/Other Services (gourmet items and restaurants).

Spending in Free Magazines totaled ¥157.6 billion, down 7.7%. Expenditures in Free Magazines are falling because of an ongoing shift from print to web-based content, and a concomitant increase in the number of magazines that suspend or cease publication each year. This trend toward elimination of weaker publications continued unabated in 2012. Media that rely heavily on direct response advertisers are under strong pressure to improve their cost-effectiveness, and this has caused a sharp drop in unit prices.

**POP advertising expenditures** were up 0.5% year on year, reaching a total of ¥184.2 billion. Spending during the previous year had been adversely impacted by the eastern Japan earthquake and by the strong yen, but the market as a whole appeared to bottom out in 2012, and there were signs that advertisers were beginning to increase their POP placements. However, spending on conventional in-store promotional tools (print media and POP variety) for large-scale ad campaigns was lackluster due to cutbacks in advertising budgets.

By industry, last-minute spending before the conclusion of the home electric appliance and housing eco-point program pushed up demand for POP media for in-store promotions, particularly in high volume home electronics and camera retailers. The Home Electric Appliances/AV Equipment category saw increased spending in POP ads for televisions and digital equipment, and new product launches boosted placements for smartphones and tablet computers. Sales promotions aimed at the retail industry boosted POP expenditures in foods, beverages, alcoholic drinks, cosmetics and pharmaceuticals.

Major channels for POP advertising were high-volume retailers of consumer electronics, general merchandise stores, food supermarkets, drugstore chains, and convenience stores. An important trend within these major POP channels has been a shift away from promotional activities by manufacturers, in favor of methods aimed at distributors and in-store purchasing operations. Tailored support that takes account of the specific nature of the area or customer demographic based on purchasing data, and the use of on-demand promotional materials (such as flyers and POP ads) to achieve a better match between promotional activities and sales and earnings, have helped establish the effectiveness of POP advertising. There has also been a trend toward value-added digital POP signage, designed to attract customers to a specific store or product and to encourage the making of a final purchase, used strategically in combination with other communication methods such as traditional media and Internet ads.

**Telephone Directory advertising expenditures** declined 11.8% year on year, to ¥51.4 billion. Spending has fallen for 14 years in a row, since 1999.

**Exhibition/Screen Display advertising expenditures** were up 8.3% year on year, to ¥260.6 billion. Business conditions for the exhibition and screen display industries remained severe during 2012, as advertisers cut budgets for a second straight year. However, strong demand from private events and seminars, and deferred spending from the previous year (delayed due to the eastern Japan earthquake) helped push expenditures above 2011 levels.

Exhibitions such as CEATEC JAPAN 2012 and Eco-Products 2012 saw a rise in the number of booths and in the number of visitors, but exhibition budgets continued to decline. Exhibitors demanded better cost-effectiveness in planning and design, and price competition fueled by improvements in procurement capacity left expenditures flat. Promotional spending in export-dependent industry categories, such as Home Electric Appliances/AV Equipment and Automobiles/Related Products, failed to record year-on-year growth due to the strong yen, deflation, and weak external demand. Public sector spending remained stagnant, stifled by budget cuts, cost-benefit reviews, and restraint in the area of public works.

There was no change in the severity of conditions affecting Screen Display advertising. Placements by central and local government agencies continued to fall in 2012. Along with screen display budgets, in many cases video production spending also faced downward pressure. An increased emphasis on quality is causing competition to intensify even further. In the face of declining placements, companies are being challenged to find ways of increasing efficiency in order to maintain profitability. The gap between winners and losers among companies in the screen display industry is expected to widen further in the face of these harsh business conditions.

Spending in cinema advertising increased around 10% in 2012 compared with the previous year. Notable events during the first half of the year included the record-breaking popularity of the film *Thermae Romae* in April, which led to a flurry of corporate promotional tie-ups, including a number of placements by companies generally not seen in this market. There was also strong demand from licensees and companies with promotional tie-ups to the *Pocket Monsters* film franchise. In addition to cinema-related ads, product sample giveaways by theater staff became a very popular and notable trend. In the family segment, promotions targeting small children were also noteworthy, especially those centered on the *Pocket Monsters* films. The second half of the year was also very active, thanks to the popularity of animated films such as *Evangelion 3.0* and *One Piece Film: Z*. Among foreign films, *The Intouchables* and *Les Misérables* were among the biggest hits in years, but their popularity does not seem to have translated into an increase in placements. Guaranteed Admission Package-type cinema advertising was introduced to help create new demand, and is gradually gaining recognition in the market.

### III. 2012 Advertising Expenditures Classified by Industry (Traditional Media Only)

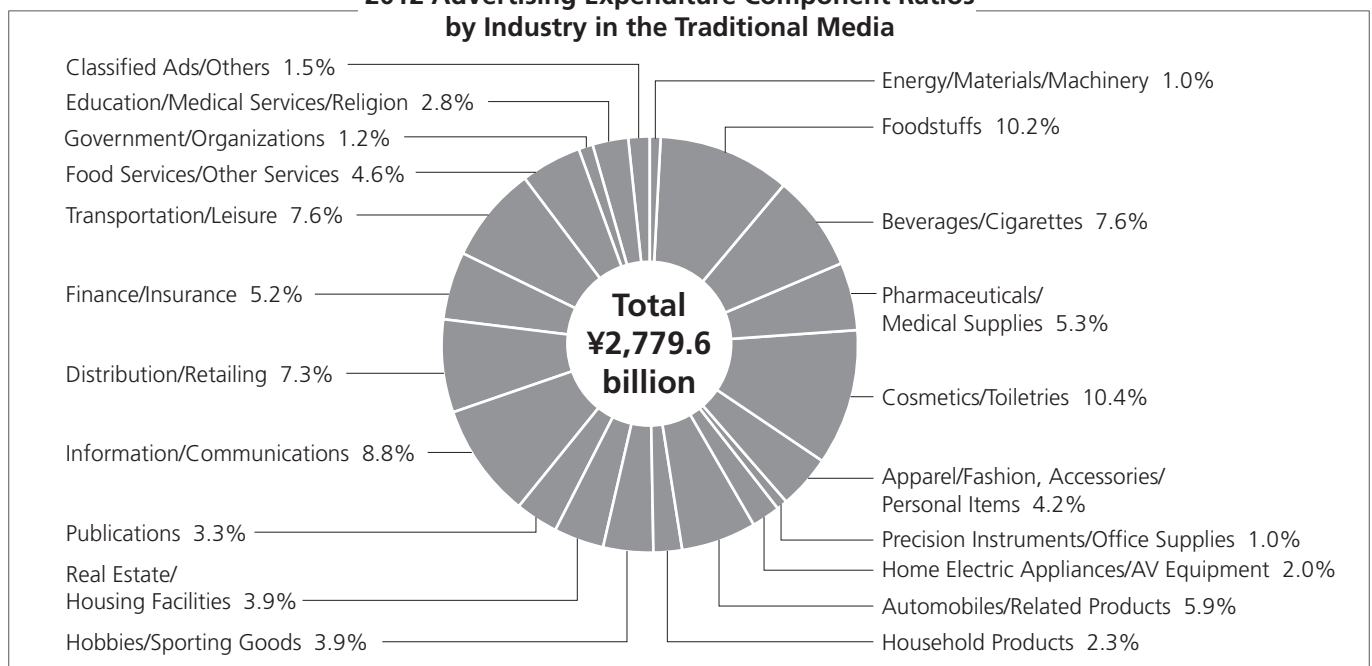
#### Spending rose in 16 industry categories, including Automobiles/Related Products, Information/Communications, Foodstuffs, Distribution/Retailing and Transportation/Leisure

Advertising expenditures in traditional media increased in 16 of the 21 industry categories surveyed during 2012, and declined in 5 categories. In the previous year, spending increased in 5 categories, and declined in 16.

Two industry categories posted double-digit gains: Automobiles/Related Products (up 26.9%) on increased placements for K-cars and 2-box vehicles; and Information/Communications (up 10.5%) on expenditures related to smartphone services, satellite broadcasting, and web content advertising. Expenditures also rose in Precision Instruments/Office Supplies (up 9.7%), aided by growth in placements for digital SLR cameras and wristwatches; Distribution/Retailing (up 8.6%), which saw stronger demand for general merchandise store and direct marketing advertising; Transportation/Leisure (up 8.2%) on a recovery in outlays by travel agencies, hotels and inns; Apparel/Fashion, Accessories/Personal Items (up 7.6%), due to increased spending on ads for women’s clothing and shoes; Beverages/Cigarettes (up 7.0%) on expenditures related to beauty and energy drinks, lactic acid drinks, and carbonated beverages; Foodstuffs (up 6.4%), led by health foods and beauty-related food products; Food Services/Other Services (up 4.4%), which saw increased placements for ladies’ wigs and aesthetic salons; Real Estate/Housing Facilities (up 4.1%) on an upsurge in demand for household fixtures and condominium advertising; Cosmetics/Toiletries (up 4.0%), boosted by growth in ads for skin toners and emulsions; Pharmaceuticals/Medical Supplies (up 3.4%), helped by a rise in corporate advertising by pharmaceutical companies, and in placements related to eyeglasses; Education/Medical Services/Religion (up 3.2%), which recorded increased spending on ads for English conversation and language schools, preparatory and tutoring schools, and correspondence education; Publications (up 3.0%) on higher placements for hardcover books, corporate advertising by publishers, and ads for hobby-related magazines; Finance/Insurance (up 2.7%) on the strength of corporate advertising by insurance companies, and ads for credit card loans; and Household Products (up 1.2%), led by placements for furniture and kitchen accessories.

Advertising expenditures fell in five industry categories, most notably in Government/Organizations (down 69.4%), which saw a massive increase in public service ad placements by advertising organizations in 2011 after the Great East Japan Earthquake and Tsunami but a significant drop in spending in 2012; Classified Ads/Others (down 19.8%) on declines in placements by corporate groups as well as the movie and theater industry; Energy/Materials/Machinery (down 3.7%) on cutbacks by electric power and gas companies; Hobbies/Sporting Goods (down 1.9%), hurt by weakness in the areas of video software, pachinko machines and “pachi-slo” slot machines, and game software; and Home Electric Appliances/AV Equipment (down 0.7%), which saw a fall in demand for placements related to LCD televisions and Blu-ray disc recorders.

**2012 Advertising Expenditure Component Ratios  
by Industry in the Traditional Media**





## A Breakdown of Advertising Expenditures by Industry

### 1. Energy/Materials/Machinery: Down 3.7%, with a 1.0% component ratio.

Expenditures declined for the second consecutive year. Spending on materials and industrial machinery was positive, but energy-related placements from electric power companies fell sharply, and previously strong spending by gas companies slowed. By medium, expenditures were down sharply in Television, which accounts for a significant portion of this category.

### 2. Foodstuffs: Up 6.4%, with a 10.2% component ratio.

Expenditures rose for the first time in four years. Spending was up sharply for such items as health foods, beauty-related food products, and stock sauces (such as ready-made sauces for hotpots). Placements also increased for frozen foods, instant noodles, other foods (dried persimmons and rice cakes), dairy products such as ice cream and cheese, confectioneries such as chocolate, candies and caramels, as well as for ham, pasta sauces, and breads. By contrast, placements were down for comparatively heavily weighted items such as curries, rice snacks (rice cracker snacks and rice crackers) and chewing gum, with spending also falling for ready-made seasonings, barbecue sauces, and seasonings such as soy-citrus "ponzu" sauce. By medium, expenditures in the mainstay Television were strong for such products as candies and caramels, contributing to the increase in the industry category overall.

### 3. Beverages/Cigarettes: Up 7.0%, with a 7.6% component ratio.

Expenditures rose for the first time in eight years. Among non-alcoholic drinks, placements were positive for major products such as energy and beauty drinks (kale juice) and carbonated beverages (non-alcoholic beer and cocktails), with further gains for such products as lactic acid drinks, Japanese green tea, and sports drinks. By contrast, placements were down for canned coffee, with spending also sluggish for oolong teas and cocoa. Among alcoholic beverages, placements declined for no-malt "third category" beer, *happo-shu* (low-malt beer), and *shochu* (a distilled liquor), while spending for whiskey, which had been strong during the height of the highball boom, also declined. By contrast, once-sluggish spending for Japanese *sake* and domestic beer was brisk. By medium, expenditures were up sharply year on year in Television on strong spending for carbonated beverages, as well as in Newspapers and Magazines on brisk placements for energy and beauty drinks. Radio was the only medium to post a decline, on the sluggishness of placements for energy and beauty drinks.

### 4. Pharmaceuticals/Medical Supplies: Up 3.4%, with a 5.3% component ratio.

Expenditures rose for the first time in four years. Spending increased in such heavily weighted areas as corporate advertising, eyeglasses, remedies for athlete's foot, medicines for intestinal disorders, medicines for dermatological conditions and scratches, laxatives, medicines for women's health, mouthwashes and sore throat remedies. By contrast, placements were down sharply for muscle pain remedies and plasters, with further declines in other medical supplies (such as facial masks and medical supporters), health supplements (such as health drinks and general health supplements), and digestive aids. By medium, expenditures were strong in Magazines, and rose year on year in the mainstays Television and Radio.

### 5. Cosmetics/Toiletries: Up 4.0%, with a 10.4% component ratio.

Expenditures rose, reversing the decline in the previous year. Spending was up in many categories, including skin care products, make-up preparations, dentifrices, detergents, and personal care products. By contrast, placements were down for hair care and cosmetic lines, men's cosmetics, and other cosmetics (sundry products that are not readily classifiable). Among cosmetics, spending was up sharply for skin toners, emulsions, lotions and hair color treatments, with further gains in shampoos/conditioners, foundations, and body care cosmetics. By contrast, placements were down sharply for the mainstay women's cosmetic lines, with further losses in such products as hair-coloring agents, hair treatments, moisturizers, facial cleansers, and cosmetic oils. In oral hygiene products, placements were up overall,

particularly for such products as dentifrices and electric toothbrushes. In toiletries, spending was down for soaps and facial cleansing foams. In detergents, expenditures were positive for such products as fabric softeners and dishwashing detergents. In personal care products, placements were positive overall for such products as feminine hygiene items, panty liners, and adult diapers. By medium, expenditures were down year on year in Radio, but up in all other media.

**6. Apparel/Fashion, Accessories/Personal Items:** Up 7.6%, with a 4.2% component ratio.

Expenditures rose for the third consecutive year on positive results for such products as women's clothing. In fashion, placements rose sharply for mainstay items such as women's clothing, and were also up for casual wear, men's clothing, and foundation garments. By contrast, spending declined for sweaters and coats. In accessories, placements were down sharply for mainstay items such as handbags, with further year-on-year declines in jewelry products and accessories. By medium, expenditures rose considerably in Television, and were also steady in Magazines, which accounts for a large portion of this category.

**7. Precision Instruments/Office Supplies:** Up 9.7%, with a 1.0% component ratio.

Expenditures rose for the first time in five years. Placements were up significantly for mainstay items such as wristwatches, and were also positive for digital single-lens reflex cameras. By contrast, spending was down sharply for compact digital cameras, telescopes and microscopes (magnifying loupes). By medium, expenditures were up considerably year on year in all media, particularly Newspapers and Magazines.

**8. Home Electric Appliances/AV Equipment:** Down 0.7%, with a 2.0% component ratio.

Expenditures declined for the second consecutive year, though the amount of decrease was small. The drop in AV equipment placements was particularly marked. In home electric appliances, spending rose for electric vacuum cleaners, as well as for electric kitchen appliances (coffee makers), air purifiers, other household appliances (such as high-pressure washers), batteries and Ene-Farm fuel cells. By contrast, placements were down for such products as LED light bulbs, electric shavers and beauty products, and electric washing machines. In AV equipment, placements were down sharply for mainstay LCD televisions, with additional decreases in Blu-ray disc recorders/players and corporate advertising. By medium, expenditures were solid in the mainstay Television, but were down year on year in other media as a result of the falloff in placements for LCD televisions.

**9. Automobiles/Related Products:** Up 26.9%, with a 5.9% component ratio.

Expenditures rose for the first time in eight years, the increase being the greatest among the 21 industry categories. Spending increased for domestic passenger cars, with a particularly large gain for K-cars (engine displacement up to 660 cc). In domestic passenger cars, placements were up overall, including for 2-box vehicles, SUVs, sedans, wagons, minivans and mono-box vehicles. In imported passenger cars, spending increased for 2-box imports, minivans and mono-box imports. Spending also rose for tires and other automotive products (tires and rims), and for corporate advertising. By medium, expenditures rose sharply in Television, which accounts for a major portion of this category, with additional gains in other media.

**10. Household Products:** Up 1.2%, with a 2.3% component ratio.

Expenditures rose, reversing the decrease in the previous year. Spending was up sharply in such areas as beds, kitchen accessories, and corporate advertising (furniture makers), as well as futons and bedding. By contrast, placements declined in deodorizers, electric mosquito repellents, gas cooking stoves, and plastic wrap and aluminum foil, as well as containers and tableware. By medium, expenditures rose steadily in Newspapers and Radio, but were sluggish in the mainstay Television.

**11. Hobbies/Sporting Goods:** Down 1.9%, with a 3.9% component ratio.

Expenditures declined for the fourth consecutive year. In hobbies, spending was up for mainstay products such as audio software, but placements were down sharply for video software, pachinko machines and "pachi-slo" slot machines, game software, and hand-held game consoles. In sporting goods, spending was strong for golf clubs and golf-related goods, but placements fell for running and jogging items, as well as outdoor goods. By medium, expenditures were down year on year in Television, which accounts for much of the spending in this category, on the sharp decline in placements for such products as video software and game software.

**12. Real Estate/Housing Facilities:** Up 4.1%, with a 3.9% component ratio.

Expenditures rose for the second consecutive year, with the rate of increase expanding. In real estate, placements were up sharply in certain areas such as condominiums and home renovation. By contrast, spending was down in such areas as other land and property services (weekly apartments and rental housing), and in vacation homes and lots. In housing facilities, placements increased for such products as modular bathroom units, home security systems, storage sheds and carports, and building materials. By contrast, spending was down in window sashes, toilets, unit kitchens, and energy-efficient water heating systems. By medium, expenditures were up year on year in Television on an increase in placements for residential housing, as well as in Newspapers and Radio on a particularly marked gain in corporate advertising.

**13. Publications:** Up 3.0%, with a 3.3% component ratio.

Expenditures rose for the first time in eight years. Spending increased steadily for both magazines and books. In magazines, placements were positive for hobby-related magazines, general weekly magazines, and women's weekly magazines. By contrast, spending was down for job-placement magazines, and children's weekly magazines. In books, placements were up sharply for hardcover books, with steady gains in paperback books and other books such as picture books and photo books. By contrast, spending declined for educational software, language learning publications, almanacs and dictionaries, new titles, and encyclopedias. By medium, expenditures were on a par with the previous year in Newspapers, which accounts for a significant portion of this category, and increased considerably in Television.

**14. Information/Communications:** Up 10.5%, with an 8.8% component ratio.

Expenditures rose for the third consecutive year, with the rate of increase expanding. Mobile phone-related placements (mobile phone services, smartphones and other mobile phones) were up significantly, with broad-based gains in such areas as satellite broadcasting, web content, notebook computers, and PHS mobile services. By contrast, spending declined in mobile device content, mobile devices, desktop computers, and corporate advertising. By medium, expenditures rose considerably in the mainstay Television on gains for mobile phones, mobile phone services, and corporate advertising, making a significant contribution to growth for this industry category overall.

**15. Distribution/Retailing:** Up 8.6%, with a 7.3% component ratio.

Expenditures rose for the second consecutive year, with the rate of increase expanding. Spending was strong in the heavily weighted direct marketing segment, with further gains in such areas as general merchandise stores, commercial districts and shopping malls, and specialty volume retailers (such as men's clothing stores). By contrast, placements were down year on year for convenience stores and department stores, though the amount of decline was small. By medium, expenditures rose in Newspapers and Radio on the significant gain in direct marketing, while spending in Television also increased year on year on a sharp rise from general merchandise stores and specialty volume retailers.

**16. Finance/Insurance:** Up 2.7%, with a 5.2% component ratio.

Expenditures rose, reversing the decrease in the previous year. Spending was up year on year for consumer finance and credit cards. For banks, placements increased in such areas as credit card loans and corporate advertising. By contrast, spending declined for fixed-term deposit accounts, housing loans, and general savings accounts. For securities companies, placements were up for general securities, REITs and government bonds, but fell sharply for corporate advertising and investment trusts. In the heavily weighted insurance area, spending rose markedly for corporate advertising, but fell sharply in such areas as direct-marketed car insurance, and direct-marketed medical insurance. Placements for consumer finance increased, reversing its downward trend. In other areas of finance, placements were up in such areas as commodity trading. By medium, expenditures increased year on year in the mainstay Television on gains in insurance company corporate advertising, consumer finance, and credit cards.

**17. Transportation/Leisure:** Up 8.2%, with a 7.6% component ratio.

Expenditures rose for the first time in five years. Spending increased in all sectors, including transportation, travel/accommodation, and leisure facilities, with the margin of increase for travel/accommodation particularly large. Placements were strong overall in travel/accommodation, with an especially strong gain for tours. In transportation, spending was steady by the JR (Japan Railway) Group, private railway companies and overseas airlines, but growth from domestic airlines was slow. In the leisure sector, spending rose for theme parks, with additional gains in events and seminars, concerts, musicals, and movies. By contrast, placements declined for pachinko halls and publicly managed racing. By medium, spending rose considerably year on year in Television on sharp gains in movies and theme parks, and in Newspapers on increases for travel agencies, and events and seminars.

**18. Food Services/Other Services:** Up 4.4%, with a 4.6% component ratio.

Expenditures rose, reversing the decline in the previous year. Spending increased steadily in the heavily weighted other services (such as legal services and consulting) sector, with further gains in ladies' wigs, aesthetic salons, and temporary job placement agencies. By contrast, placements for corporate advertising were down sharply from the previous year, with further declines in food services (such as fast food), which accounts for a large portion of this category, as well as door-to-door delivery and moving services, rental services, and wedding halls. By medium, expenditures in Television and Radio were up year on year on gains in the other services sector.

**19. Government/Organizations:** Down 69.4%, with a 1.2% component ratio.

Expenditures fell sharply following the huge gains in the previous year. The decline was the largest among the 21 industry categories. Despite placements relating to the Lower House election, spending fell on the rebound decline from the large volume of placements by advertising organizations in the previous year. By medium, expenditures were up considerably in Newspapers on major placements by political parties and organizations, but Television fell sharply from the sudden falloff in placements by advertising organizations.

**20. Education/Medical Services/Religion:** Up 3.2%, with a 2.8% component ratio.

Expenditures rose for the first time in eight years. Spending increased for foreign language schools, and was steady for preparatory and tutoring schools, correspondence education, schools, nursing homes, and religious organizations. By contrast, placements declined for vocational schools and other educational institutions, as well as for hospitals and medical services. By medium, expenditures rose year on year in Television on gains from foreign language schools, and in Newspapers on increases in schools.

**21. Classified Ads/Others:** Down 19.8%, with a 1.5% component ratio.

Expenditures declined for the fifth consecutive year, with the rate of decrease expanding. Spending in the heavily weighted sector of classified ads (newspaper ads) remained sluggish, with a sharp year-on-year decline in corporate group advertising. By contrast, placements rose for temporary help-wanted ads, and multiple-advertiser, small-space ads. By medium, expenditures were down in Television and Radio on the decline in corporate group advertising, with the heavily weighted Newspapers also declining on the sluggishness in classified ads.

## Advertising Expenditures and Japan's GDP (1985–2012)

Year		Advertising Expenditures (A)		Gross Domestic Product (B)		A / B (%)
		Advertising Expenditures (¥ billion)	Compared to Previous Year (%)	GDP (¥ billion)	Compared to Previous Year (%)	
1985		3,504.9	—	325,401.9	107.4	1.08
1986		3,647.8	104.1	340,559.5	104.7	1.07
1987		3,944.8	108.1	354,170.2	104.0	1.11
1988		4,417.5	112.0	380,742.9	107.5	1.16
1989		5,071.5	114.8	410,122.2	107.7	1.24
1990		5,564.8	109.7	442,781.0	108.0	1.26
1991		5,726.1	102.9	469,421.8	106.0	1.22
1992		5,461.1	95.4	480,782.8	102.4	1.14
1993		5,127.3	93.9	483,711.8	100.6	1.06
1994		5,168.2	100.8	495,743.4	101.0	1.04
1995		5,426.3	105.0	501,706.9	101.2	1.08
1996		5,771.5	106.4	511,934.8	102.0	1.13
1997		5,996.1	103.9	523,198.3	102.2	1.15
1998		5,771.1	96.2	512,438.6	97.9	1.13
1999		5,699.6	98.8	504,903.2	98.5	1.13
2000		6,110.2	107.2	509,860.0	101.0	1.20
2001		6,058.0	99.1	505,543.2	99.2	1.20
2002		5,703.2	94.1	499,147.0	98.7	1.14
2003		5,684.1	99.7	498,854.8	99.9	1.14
2004		5,857.1	103.0	503,725.3	101.0	1.16
2005	Before revision	5,962.5	101.8	503,903.0	100.0	1.18
2006	Before revision	5,995.4	100.6	506,687.0	100.6	1.18
2005	After revision	6,823.5	102.9	503,903.0	100.0	1.35
2006	After revision	6,939.9	101.7	506,687.0	100.6	1.37
2007		7,019.1	101.1	512,975.2	101.2	1.37
2008		6,692.6	95.3	501,209.3	97.7	1.34
2009		5,922.2	88.5	471,138.7	94.0	1.26
2010		5,842.7	98.7	482,384.4	102.4	1.21
2011		5,709.6	97.7	470,623.2	97.6	1.21
<b>2012</b>		<b>5,891.3</b>	<b>103.2</b>	<b>475,729.0</b>	<b>101.1</b>	<b>1.24</b>

- Notes:** 1. The method for estimating "Advertising Expenditures in Japan" was modified in 2007, retroactive to 2005.  
2. Please see page 26 for details regarding the above revision.  
3. The above figures for GDP are those released in the Cabinet Office's "Annual Report on National Accounts" and "GDP Estimates."  
4. All the above figures are for the calendar year.

## Advertising Expenditures by Medium (2010–2012)

Media	Advertising Expenditures (¥ billion)			Comparison Ratio (%)		Component Ratio (%)		
	2010	2011	2012	2011	2012	2010	2011	2012
<b>Traditional Media</b>								
Newspapers	639.6	599.0	<b>624.2</b>	93.7	<b>104.2</b>	11.0	10.5	<b>10.6</b>
Magazines	273.3	254.2	<b>255.1</b>	93.0	<b>100.4</b>	4.7	4.4	<b>4.3</b>
Radio	129.9	124.7	<b>124.6</b>	96.0	<b>99.9</b>	2.2	2.2	<b>2.1</b>
Television	1,732.1	1,723.7	<b>1,775.7</b>	99.5	<b>103.0</b>	29.6	30.2	<b>30.2</b>
Subtotal	2,774.9	2,701.6	<b>2,779.6</b>	97.4	<b>102.9</b>	47.5	47.3	<b>47.2</b>
<b>Satellite Media-Related</b>	78.4	89.1	<b>101.3</b>	113.6	<b>113.7</b>	1.3	1.6	<b>1.7</b>
<b>Internet</b>								
(Advertising placement)	607.7	618.9	<b>662.9</b>	101.8	<b>107.1</b>	10.4	10.8	<b>11.2</b>
(Advertising production)	167.0	187.3	<b>205.1</b>	112.2	<b>109.5</b>	2.9	3.3	<b>3.5</b>
Subtotal	774.7	806.2	<b>868.0</b>	104.1	<b>107.7</b>	13.3	14.1	<b>14.7</b>
<b>Promotional Media</b>								
Outdoor	309.5	288.5	<b>299.5</b>	93.2	<b>103.8</b>	5.3	5.1	<b>5.1</b>
Transit	192.2	190.0	<b>197.5</b>	98.9	<b>103.9</b>	3.3	3.3	<b>3.4</b>
Flyers	527.9	506.1	<b>516.5</b>	95.9	<b>102.1</b>	9.0	8.9	<b>8.8</b>
Direct Mail	407.5	391.0	<b>396.0</b>	96.0	<b>101.3</b>	7.0	6.8	<b>6.7</b>
Free Newspapers / Free Magazines	264.0	255.0	<b>236.7</b>	96.6	<b>92.8</b>	4.5	4.5	<b>4.0</b>
POP	184.0	183.2	<b>184.2</b>	99.6	<b>100.5</b>	3.2	3.2	<b>3.1</b>
Telephone Directories	66.2	58.3	<b>51.4</b>	88.1	<b>88.2</b>	1.1	1.0	<b>0.9</b>
Exhibitions / Screen Displays	263.4	240.6	<b>260.6</b>	91.3	<b>108.3</b>	4.5	4.2	<b>4.4</b>
Subtotal	2,214.7	2,112.7	<b>2,142.4</b>	95.4	<b>101.4</b>	37.9	37.0	<b>36.4</b>
<b>Total</b>	5,842.7	5,709.6	<b>5,891.3</b>	97.7	<b>103.2</b>	100.0	100.0	<b>100.0</b>

**Advertising Expenditures by Industry (2010–2012)**

Industry	Advertising Expenditures (¥10 million)			Comparison Ratio (%)		Component Ratio (%)		
	2010	2011	<b>2012</b>	2011	<b>2012</b>	2010	2011	<b>2012</b>
Energy / Materials / Machinery	3,429	2,724	<b>2,624</b>	79.4	<b>96.3</b>	1.2	1.0	<b>1.0</b>
Foodstuffs	28,804	26,619	<b>28,329</b>	92.4	<b>106.4</b>	10.4	9.9	<b>10.2</b>
Beverages / Cigarettes	21,786	19,621	<b>20,987</b>	90.1	<b>107.0</b>	7.9	7.3	<b>7.6</b>
Pharmaceuticals / Medical Supplies	14,597	14,354	<b>14,847</b>	98.3	<b>103.4</b>	5.3	5.3	<b>5.3</b>
Cosmetics / Toiletries	28,792	27,687	<b>28,783</b>	96.2	<b>104.0</b>	10.4	10.2	<b>10.4</b>
Apparel / Fashion, Accessories / Personal Items	10,129	10,818	<b>11,645</b>	106.8	<b>107.6</b>	3.7	4.0	<b>4.2</b>
Precision Instruments / Office Supplies	2,942	2,630	<b>2,886</b>	89.4	<b>109.7</b>	1.1	1.0	<b>1.0</b>
Home Electric Appliances / AV Equipment	7,337	5,449	<b>5,412</b>	74.3	<b>99.3</b>	2.6	2.0	<b>2.0</b>
Automobiles / Related Products	13,163	12,981	<b>16,473</b>	98.6	<b>126.9</b>	4.7	4.8	<b>5.9</b>
Household Products	6,506	6,421	<b>6,496</b>	98.7	<b>101.2</b>	2.3	2.4	<b>2.3</b>
Hobbies / Sporting Goods	12,314	11,061	<b>10,853</b>	89.8	<b>98.1</b>	4.4	4.1	<b>3.9</b>
Real Estate / Housing Facilities	10,294	10,445	<b>10,869</b>	101.5	<b>104.1</b>	3.7	3.9	<b>3.9</b>
Publications	9,267	8,949	<b>9,216</b>	96.6	<b>103.0</b>	3.3	3.3	<b>3.3</b>
Information / Communications	22,091	22,200	<b>24,525</b>	100.5	<b>110.5</b>	8.0	8.2	<b>8.8</b>
Distribution / Retailing	18,226	18,694	<b>20,297</b>	102.6	<b>108.6</b>	6.6	6.9	<b>7.3</b>
Finance / Insurance	15,383	14,121	<b>14,499</b>	91.8	<b>102.7</b>	5.5	5.2	<b>5.2</b>
Transportation / Leisure	21,118	19,527	<b>21,123</b>	92.5	<b>108.2</b>	7.6	7.2	<b>7.6</b>
Food Services / Other Services	13,867	12,356	<b>12,896</b>	89.1	<b>104.4</b>	5.0	4.6	<b>4.6</b>
Government / Organizations	4,082	10,873	<b>3,327</b>	266.4	<b>30.6</b>	1.5	4.0	<b>1.2</b>
Education / Medical Services / Religion	8,177	7,579	<b>7,823</b>	92.7	<b>103.2</b>	2.9	2.8	<b>2.8</b>
Classified Ads / Others	5,186	5,051	<b>4,050</b>	97.4	<b>80.2</b>	1.9	1.9	<b>1.5</b>
<b>Total</b>	277,490	270,160	<b>277,960</b>	97.4	<b>102.9</b>	100.0	100.0	<b>100.0</b>



## Advertising Expenditures by Industry in the Traditional Media (2011–2012)

(Unit: ¥10 million)

Media Industry	Newspapers			Magazines			Radio			Television			Total		
	2011	2012	Comparison Ratio (%)	2011	2012	Comparison Ratio (%)	2011	2012	Comparison Ratio (%)	2011	2012	Comparison Ratio (%)	2011	2012	Comparison Ratio (%)
Energy / Materials / Machinery	551	<b>640</b>	<b>116.2</b>	166	<b>126</b>	<b>75.9</b>	241	<b>283</b>	<b>117.4</b>	1,766	<b>1,575</b>	<b>89.2</b>	2,724	<b>2,624</b>	<b>96.3</b>
Foodstuffs	5,222	<b>5,561</b>	<b>106.5</b>	1,421	<b>1,553</b>	<b>109.3</b>	1,154	<b>1,163</b>	<b>100.8</b>	18,822	<b>20,052</b>	<b>106.5</b>	26,619	<b>28,329</b>	<b>106.4</b>
Beverages / Cigarettes	2,019	<b>2,344</b>	<b>116.1</b>	1,212	<b>1,386</b>	<b>114.4</b>	577	<b>532</b>	<b>92.2</b>	15,813	<b>16,725</b>	<b>105.8</b>	19,621	<b>20,987</b>	<b>107.0</b>
Pharmaceuticals / Medical Supplies	1,762	<b>1,700</b>	<b>96.5</b>	708	<b>836</b>	<b>118.1</b>	993	<b>1,039</b>	<b>104.6</b>	10,891	<b>11,272</b>	<b>103.5</b>	14,354	<b>14,847</b>	<b>103.4</b>
Cosmetics / Toiletries	2,726	<b>3,130</b>	<b>114.8</b>	3,350	<b>3,353</b>	<b>100.1</b>	467	<b>411</b>	<b>88.0</b>	21,144	<b>21,889</b>	<b>103.5</b>	27,687	<b>28,783</b>	<b>104.0</b>
Apparel / Fashion, Accessories / Personal Items	1,641	<b>1,675</b>	<b>102.1</b>	6,200	<b>6,483</b>	<b>104.6</b>	68	<b>66</b>	<b>97.1</b>	2,909	<b>3,421</b>	<b>117.6</b>	10,818	<b>11,645</b>	<b>107.6</b>
Precision Instruments / Office Supplies	479	<b>530</b>	<b>110.6</b>	828	<b>914</b>	<b>110.4</b>	35	<b>52</b>	<b>148.6</b>	1,288	<b>1,390</b>	<b>107.9</b>	2,630	<b>2,886</b>	<b>109.7</b>
Home Electric Appliances / AV Equipment	747	<b>687</b>	<b>92.0</b>	758	<b>646</b>	<b>85.2</b>	176	<b>163</b>	<b>92.6</b>	3,768	<b>3,916</b>	<b>103.9</b>	5,449	<b>5,412</b>	<b>99.3</b>
Automobiles / Related Products	1,403	<b>1,444</b>	<b>102.9</b>	831	<b>866</b>	<b>104.2</b>	777	<b>852</b>	<b>109.7</b>	9,970	<b>13,311</b>	<b>133.5</b>	12,981	<b>16,473</b>	<b>126.9</b>
Household Products	1,017	<b>1,149</b>	<b>113.0</b>	467	<b>471</b>	<b>100.9</b>	174	<b>183</b>	<b>105.2</b>	4,763	<b>4,693</b>	<b>98.5</b>	6,421	<b>6,496</b>	<b>101.2</b>
Hobbies / Sporting Goods	1,295	<b>1,279</b>	<b>98.8</b>	1,455	<b>1,486</b>	<b>102.1</b>	306	<b>314</b>	<b>102.6</b>	8,005	<b>7,774</b>	<b>97.1</b>	11,061	<b>10,853</b>	<b>98.1</b>
Real Estate / Housing Facilities	2,853	<b>2,917</b>	<b>102.2</b>	826	<b>749</b>	<b>90.7</b>	446	<b>502</b>	<b>112.6</b>	6,320	<b>6,701</b>	<b>106.0</b>	10,445	<b>10,869</b>	<b>104.1</b>
Publications	5,696	<b>5,702</b>	<b>100.1</b>	306	<b>297</b>	<b>97.1</b>	670	<b>606</b>	<b>90.4</b>	2,277	<b>2,611</b>	<b>114.7</b>	8,949	<b>9,216</b>	<b>103.0</b>
Information / Communications	3,831	<b>3,903</b>	<b>101.9</b>	1,584	<b>1,346</b>	<b>85.0</b>	782	<b>847</b>	<b>108.3</b>	16,003	<b>18,429</b>	<b>115.2</b>	22,200	<b>24,525</b>	<b>110.5</b>
Distribution / Retailing	6,943	<b>7,563</b>	<b>108.9</b>	1,044	<b>996</b>	<b>95.4</b>	816	<b>876</b>	<b>107.4</b>	9,891	<b>10,862</b>	<b>109.8</b>	18,694	<b>20,297</b>	<b>108.6</b>
Finance / Insurance	2,310	<b>2,105</b>	<b>91.1</b>	754	<b>600</b>	<b>79.6</b>	946	<b>937</b>	<b>99.0</b>	10,111	<b>10,857</b>	<b>107.4</b>	14,121	<b>14,499</b>	<b>102.7</b>
Transportation / Leisure	9,678	<b>10,219</b>	<b>105.6</b>	1,524	<b>1,491</b>	<b>97.8</b>	953	<b>1,023</b>	<b>107.3</b>	7,372	<b>8,390</b>	<b>113.8</b>	19,527	<b>21,123</b>	<b>108.2</b>
Food Services / Other Services	1,988	<b>1,942</b>	<b>97.7</b>	679	<b>625</b>	<b>92.0</b>	1,178	<b>1,261</b>	<b>107.0</b>	8,511	<b>9,068</b>	<b>106.5</b>	12,356	<b>12,896</b>	<b>104.4</b>
Government / Organizations	1,265	<b>1,450</b>	<b>114.6</b>	209	<b>212</b>	<b>101.4</b>	1,204	<b>882</b>	<b>73.3</b>	8,195	<b>783</b>	<b>9.6</b>	10,873	<b>3,327</b>	<b>30.6</b>
Education / Medical Services / Religion	2,785	<b>2,891</b>	<b>103.8</b>	1,048	<b>1,022</b>	<b>97.5</b>	479	<b>445</b>	<b>92.9</b>	3,267	<b>3,465</b>	<b>106.1</b>	7,579	<b>7,823</b>	<b>103.2</b>
Classified Ads / Others	3,689	<b>3,589</b>	<b>97.3</b>	50	<b>52</b>	<b>104.0</b>	28	<b>23</b>	<b>82.1</b>	1,284	<b>386</b>	<b>30.1</b>	5,051	<b>4,050</b>	<b>80.2</b>
<b>Total</b>	59,900	<b>62,420</b>	<b>104.2</b>	25,420	<b>25,510</b>	<b>100.4</b>	12,470	<b>12,460</b>	<b>99.9</b>	172,370	<b>177,570</b>	<b>103.0</b>	270,160	<b>277,960</b>	<b>102.9</b>

**Component Ratio of Media Expenditures by Industry and Industry Expenditures by Medium for 2012**

(Unit: %)

Industry	Media Expenditures by Industry					Industry Expenditures by Medium				
	Newspapers	Magazines	Radio	Television	Total	Newspapers	Magazines	Radio	Television	Total
Energy / Materials / Machinery	1.0	0.5	2.3	0.9	<b>1.0</b>	24.4	4.8	10.8	60.0	<b>100.0</b>
Foodstuffs	8.9	6.1	9.3	11.3	<b>10.2</b>	19.6	5.5	4.1	70.8	<b>100.0</b>
Beverages / Cigarettes	3.8	5.4	4.3	9.4	<b>7.6</b>	11.2	6.6	2.5	79.7	<b>100.0</b>
Pharmaceuticals / Medical Supplies	2.7	3.3	8.4	6.4	<b>5.3</b>	11.5	5.6	7.0	75.9	<b>100.0</b>
Cosmetics / Toiletries	5.0	13.1	3.3	12.3	<b>10.4</b>	10.9	11.7	1.4	76.0	<b>100.0</b>
Apparel / Fashion, Accessories / Personal Items	2.7	25.4	0.5	1.9	<b>4.2</b>	14.4	55.7	0.5	29.4	<b>100.0</b>
Precision Instruments / Office Supplies	0.9	3.6	0.4	0.8	<b>1.0</b>	18.4	31.7	1.8	48.1	<b>100.0</b>
Home Electric Appliances / AV Equipment	1.1	2.5	1.3	2.2	<b>2.0</b>	12.7	11.9	3.0	72.4	<b>100.0</b>
Automobiles / Related Products	2.3	3.4	6.8	7.5	<b>5.9</b>	8.8	5.2	5.2	80.8	<b>100.0</b>
Household Products	1.8	1.9	1.5	2.6	<b>2.3</b>	17.7	7.3	2.8	72.2	<b>100.0</b>
Hobbies / Sporting Goods	2.0	5.8	2.5	4.4	<b>3.9</b>	11.8	13.7	2.9	71.6	<b>100.0</b>
Real Estate / Housing Facilities	4.7	2.9	4.0	3.8	<b>3.9</b>	26.8	6.9	4.6	61.7	<b>100.0</b>
Publications	9.1	1.2	4.9	1.5	<b>3.3</b>	61.9	3.2	6.6	28.3	<b>100.0</b>
Information / Communications	6.3	5.3	6.8	10.4	<b>8.8</b>	15.9	5.5	3.5	75.1	<b>100.0</b>
Distribution / Retailing	12.1	3.9	7.0	6.1	<b>7.3</b>	37.3	4.9	4.3	53.5	<b>100.0</b>
Finance / Insurance	3.4	2.4	7.5	6.1	<b>5.2</b>	14.5	4.1	6.5	74.9	<b>100.0</b>
Transportation / Leisure	16.4	5.8	8.2	4.7	<b>7.6</b>	48.4	7.1	4.8	39.7	<b>100.0</b>
Food Services / Other Services	3.1	2.5	10.1	5.1	<b>4.6</b>	15.1	4.8	9.8	70.3	<b>100.0</b>
Government / Organizations	2.3	0.8	7.1	0.4	<b>1.2</b>	43.6	6.4	26.5	23.5	<b>100.0</b>
Education / Medical Services / Religion	4.6	4.0	3.6	2.0	<b>2.8</b>	36.9	13.1	5.7	44.3	<b>100.0</b>
Classified Ads / Others	5.8	0.2	0.2	0.2	<b>1.5</b>	88.6	1.3	0.6	9.5	<b>100.0</b>
<b>Total</b>	100.0	100.0	100.0	100.0	<b>100.0</b>	22.4	9.2	4.5	63.9	<b>100.0</b>

**Eleven-Year Trends in Advertising Expenditures by Industry (2002–2012)**

(Unit: ¥10 million)

Industry	Before Revision			Revised		2007	2008	2009	2010	2011	2012
	2002	2003	2004	2005	2006						
Energy / Materials / Machinery	4,332	4,610	4,726	5,012	5,621	6,409	4,874	3,272	3,429	2,724	<b>2,624</b>
Foodstuffs	33,430	31,872	30,177	30,237	29,893	29,933	30,145	28,850	28,804	26,619	<b>28,329</b>
Beverages / Cigarettes	27,770	26,562	28,769	28,224	27,651	26,374	24,685	22,701	21,786	19,621	<b>20,987</b>
Pharmaceuticals / Medical Supplies	19,111	18,128	17,692	18,451	17,791	18,288	18,367	16,333	14,597	14,354	<b>14,847</b>
Cosmetics / Toiletries	34,700	35,755	37,913	32,601	31,932	31,145	29,380	27,591	28,792	27,687	<b>28,783</b>
Apparel / Fashion, Accessories / Personal Items	9,330	9,601	9,655	11,074	12,320	12,787	11,582	9,312	10,129	10,818	<b>11,645</b>
Precision Instruments / Office Supplies	4,043	4,740	4,746	4,085	4,236	4,465	4,080	3,073	2,942	2,630	<b>2,886</b>
Home Electric Appliances / AV Equipment	7,396	7,591	8,245	9,076	9,192	8,503	8,188	7,056	7,337	5,449	<b>5,412</b>
Automobiles / Related Products	25,600	24,887	25,490	24,822	23,503	21,691	19,228	13,456	13,163	12,981	<b>16,473</b>
Household Products	7,044	6,307	6,697	6,761	6,257	6,384	6,105	5,899	6,506	6,421	<b>6,496</b>
Hobbies / Sporting Goods	15,701	15,071	14,230	16,274	16,523	15,695	16,925	14,200	12,314	11,061	<b>10,853</b>
Real Estate / Housing Facilities	14,705	14,823	15,596	16,605	16,680	17,304	14,753	11,268	10,294	10,445	<b>10,869</b>
Publications	15,628	15,087	15,135	14,824	14,313	13,712	11,414	9,451	9,267	8,949	<b>9,216</b>
Information / Communications	23,743	27,466	26,646	26,774	26,853	26,675	24,145	20,338	22,091	22,200	<b>24,525</b>
Distribution / Retailing	25,741	24,738	25,489	25,393	23,486	22,348	21,064	19,139	18,226	18,694	<b>20,297</b>
Finance / Insurance	25,443	25,573	29,120	32,728	30,478	24,620	21,296	15,144	15,383	14,121	<b>14,499</b>
Transportation / Leisure	27,564	26,847	28,457	28,818	28,804	28,976	26,944	23,352	21,118	19,527	<b>21,123</b>
Food Services / Other Services	12,249	12,213	12,409	14,738	14,847	15,188	14,425	13,487	13,867	12,356	<b>12,896</b>
Government / Organizations	4,920	5,233	4,681	5,239	4,367	5,413	4,558	4,766	4,082	10,873	<b>3,327</b>
Education / Medical Services / Religion	11,962	12,775	13,090	13,673	12,880	11,926	10,016	8,546	8,177	7,579	<b>7,823</b>
Classified Ads / Others	9,048	8,341	8,637	8,671	9,053	9,154	7,776	5,586	5,186	5,051	<b>4,050</b>
<b>Total</b>	<b>359,460</b>	<b>358,220</b>	<b>367,600</b>	<b>374,080</b>	<b>366,680</b>	<b>356,990</b>	<b>329,950</b>	<b>282,820</b>	<b>277,490</b>	<b>270,160</b>	<b>277,960</b>

**Note:** The method for estimating "Advertising Expenditures in Japan" was modified in 2007, and the data for 2005 and 2006 have been retroactively revised.

## Sources of Media Expenditures

**Traditional Media:** Advertising expenditures spent in the traditional media of newspapers, magazines, radio and television.

**Newspapers:** Advertising rates of national daily and trade newspapers, and advertising production costs.

**Magazines:** Advertising rates of national monthly, weekly and specialized magazines, and advertising production costs.

**Radio:** Time rates and production costs of private broadcasting stations nationwide and commercial production costs (but not including event-related costs).

**Television:** Time rates and production costs of private broadcasting stations nationwide and commercial production costs (but not including event-related costs).

**Satellite Media-Related:** Advertising expenditures for satellite broadcasts, CATV and teletext (placement and production costs).

**Internet:** Placement and production costs for Internet site and mobile in-app advertising (includes production costs for banner ads as well as website set-up costs related to products, services and ad campaigns).

**Promotional Media:** Advertising expenditures for sales promotion-related media.

**Outdoor:** Production and placement costs for billboards, neon signs, outdoor video screens, poster boards, etc.

**Transit:** Placement costs for transit advertisements.

**Flyers:** Insertion costs for flyers in newspapers nationwide.

**Direct Mail:** Postage and private delivery costs spent on direct mail.

**Free Newspapers/Free Magazines:** Advertising costs in free newspapers and magazines.

**POP:** Production costs for point-of-purchase (POP) displays.

**Telephone Directories:** Placement costs for advertisements in telephone directories.

**Exhibitions/Screen Displays:** Production costs for exhibitions, expositions and PR centers; production and screening costs for promotional films and videos, etc.

The method for estimating "Advertising Expenditures in Japan" was modified in 2007, and the data for 2005 and 2006 have been retroactively revised.

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### Contents of the revision:

- (1) The range of "Magazines" included in the traditional media was expanded to include a wider variety of specialty magazines, local magazines, etc.
  - (2) "Internet" advertising expenditures include estimated production costs.
  - (3) The "Sales Promotion" medium was renamed "Promotional Media," and the breakdown within it was revised.
  - (4) "Outdoor" was revised to include outdoor video screens and poster boards along with billboards and neon signs.
  - (5) "Transit" was revised to include airports and taxis along with trains and buses.
  - (6) In "Flyers," the nationwide insertion costs for flyers were revised.
  - (7) In addition to postal fees, "Direct Mail" was revised to include delivery fees charged by private delivery companies.
  - (8) Estimated advertising expenditures for "Free Newspapers/Free Magazines" are included in the figures.
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## Breakdown of Industry Categories

**Energy/Materials/Machinery:** Electricity, gas, petroleum products, paper, steel, chemical materials, agricultural machinery, construction and civil engineering machinery, machine tools, store equipment, etc.

**Foodstuffs:** Dairy products, meat products, seasonings, bread, confectioneries, health foods and beauty-related food products, processed foods, etc.

**Beverages/Cigarettes:** Alcoholic beverages, non-alcoholic beverages, tobacco products, etc.

**Pharmaceuticals/Medical Supplies:** Medicines, medical supplies, health drinks, eyeglasses, etc.

**Cosmetics/Toiletries:** Skin and hair products, makeup and other cosmetics, shampoos and conditioners, razors and razor blades, electric toothbrushes, dentifrices, soap, detergents, feminine hygiene products, disposable diapers, etc.

**Apparel/Fashion, Accessories/Personal Items:** Clothing, fabrics, home-use textile products, shoes, handbags, umbrellas, jewelry and accessories, etc.

**Precision Instruments/Office Supplies:** Timepieces, cameras, digital cameras and other optical equipment, copiers, office supplies, stationery, etc.

**Home Electric Appliances/AV Equipment:** Electric cooking appliances and household appliances, home air-conditioning equipment, audio-visual equipment (including digital video cameras), lighting fixtures, hairdressing and beauty equipment, etc.

**Automobiles/Related Products:** Automobiles, motorcycles, motor scooters, bicycles, motorboats, tires, car navigation systems, etc.

**Household Products:** Petroleum/gas-related equipment, bedding, interior decoration products, furniture, memorial goods, kitchen accessories, insecticides, mothballs and other insect repellents, air fresheners, deodorizers, etc.

**Hobbies/Sporting Goods:** Hobby products, game machines and software, audio-visual software, gardening supplies, pet foods, pachinko machines and "pachi-slo" slot machines, sporting goods, etc.

**Real Estate/Housing Facilities:** Land, housing and other buildings, materials used in building, household fixtures such as toilets, bathtubs, bathroom sink units and kitchen units, solar power generation systems and hot water systems.

**Publications:** Newspapers, magazines, books, language study materials, other publications.

**Information/Communications:** Computers, computer-related products, computer software, mobile phones, tablet computers, telephone services, communications facilities and services, Internet, web content, mobile device content, broadcasting, etc.

**Distribution/Retailing:** Department stores, supermarkets, convenience stores, direct marketing businesses, high-volume retailers, shopping centers, other retailers, etc.

**Finance/Insurance:** Banks, securities firms, insurance firms, consumer finance and credit card companies, electronic money, lotteries, Internet banking, etc.

**Transportation/Leisure:** Transportation facilities and services, travel and hotels, sports and leisure facilities, publicly managed racing, movies, concerts and various events, etc.

**Food Services/Other Services:** Restaurants, door-to-door delivery and moving services, beauty salons, rental businesses, temporary job placement agencies, wedding planning, security services, legal services, wigs and hairpieces, etc.

**Government/Organizations:** Government offices, local autonomous bodies, political parties, foreign government offices, advertising organizations, various other organizations, etc. (Organizations operating within a single industry are classified under that industry.)

**Education/Medical Services/Religion:** Schools, preparatory and tutoring schools, vocational schools, correspondence education, medical-service organizations, medical and nursing services, nursing homes, religion, etc.

**Classified Ads/Others:** Classified ads (newspaper and magazine), ad-hoc ads, personal notices, multi-advertiser messages, corporate group advertising, etc.



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