

2013

Advertising
Expenditures
in Japan

Contents

I. Overview of Advertising Expenditures in Japan for 2013	1
II. 2013 Advertising Expenditures Classified by Medium	5
III. 2013 Advertising Expenditures Classified by Industry (Traditional Media Only)	12

Appendices

APPENDIX 1	Advertising Expenditures and Japan's GDP (1985–2013)	17
APPENDIX 2	Advertising Expenditures by Medium (2011–2013)	18
APPENDIX 3	Advertising Expenditures by Industry (2011–2013)	19
APPENDIX 4	Advertising Expenditures by Industry in the Traditional Media (2012–2013)	20
APPENDIX 5	Component Ratio of Media Expenditures by Industry and Industry Expenditures by Medium for 2013	21
APPENDIX 6	Eleven-Year Trends in Advertising Expenditures by Industry (2003–2013)	22
APPENDIX 7	Sources of Media Expenditures	23
APPENDIX 8	Breakdown of Industry Categories	24

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 2013

Total advertising expenditures rose 1.4%, to ¥5,976.2 billion

Japan's advertising expenditures in 2013 totaled ¥5,976.2 billion, an increase of 1.4% over the previous year. Spending on advertising posted year-on-year gains for a second straight year thanks to the sustained economic recovery brought about by Prime Minister Shinzo Abe's Abenomics policies and a late surge in demand ahead of the consumption tax rate increase scheduled to take effect in April 2014.

General Characteristics of Advertising Expenditures during 2013

1. Advertising expenditures held firm in 2013 as a result of the sustained economic recovery achieved by Abenomics, and a strong surge in demand during the second half of the year which was related to the scheduled increase in the consumption tax rate. The first half of 2013 saw higher sales of expensive goods, reflecting an improvement in Japan's economy, but this recovery was not strong enough to boost overall spending on advertising. Expenditures for the year totaled ¥5,976.2 billion, a gain of 1.4% over the previous year, and spending was up for the second year in a row.
2. Broken down by medium, expenditures were modestly higher in Television (up 0.9%), down slightly in Newspapers (down 1.2%) and Magazines (down 2.0%), and steady in Radio (down 0.2%). As a result, overall spending in the traditional media rose 0.1%. Advertising in Promotional Media grew the same amount (up 0.1%), exceeding previous-year levels for a second straight year. Satellite Media-Related spending has taken firm root, and spending in this component remained quite strong (up 9.6%), along with Internet advertising (up 8.1%), which saw robust growth in demand for performance-based advertising.
3. By industry category (for the traditional media), expenditures were higher in 8 of the 21 industry categories, including Finance/Insurance (up 15.6%, due to strong growth in advertising for direct-marketed insurance products and the Nippon Individual Savings Account (NISA) program); Food Services/Other Services (up 10.3%, helped by growth in placements for legal services); Real Estate/Housing Facilities (up 5.8% on placements for residential housing); Household Products (up 5.5%, boosted by increased spending on ads for beds); and Education/Medical Services/Religion (up 3.1% on ads for preparatory and tutoring schools, as well as hospitals and medical services).

By contrast, expenditures fell in 13 of the 21 industry categories, including Hobbies/Sporting Goods (down 5.8%, hurt by a fall in placements for audio software, dolls and toys); Government/Organizations (down 5.4% on lower demand from political parties and political organizations); Energy/Materials/Machinery (down 5.1% on cutbacks by electric power and gas companies); and Distribution/Retailing (down 5.0% on reductions in spending by large, high volume retail stores).

Japan's nominal gross domestic product (GDP) grew at an annualized rate of 1.0% in 2013. Total advertising expenditure as a percentage of GDP was 1.25%, up from 1.24% the previous year.

1. Japan's economy continued to recover steadily in 2013, under the influence of Abenomics, which was designed to help Japan escape from its long-term deflation and economic stagnation. The Bank of Japan's decision to promote "bold monetary easing in terms of quantity and quality" brought about a downward correction in the value of the yen, which boosted the profitability of export-related businesses and drove up prices in the stock market. This increase in asset values helped improve consumer sentiment and led to a recovery in consumer spending and in the housing market. Real GDP achieved a high rate of growth during the first two quarters of 2013 (up 1.2% in January–March, and 1.0% in April–June), and continued to expand during the second half of the year (up 0.3% in both the July–September and October–December periods). As a result, real GDP rose 1.6%, and nominal GDP grew 1.0% during the 2013 calendar year.

With regard to corporate earnings, revenues rose 10.7% during the first half of fiscal 2013 compared with the same period in the previous year (April through September) across all industries (excluding the financial sector), and ordinary profits increased 42.4% year on year. The depreciation of the yen led to a major improvement in business performance compared with 2012. Growth in corporate earnings was driven by a late surge in demand during the second half of the year ahead of the scheduled increase in the consumption tax rate and by a further decline in the value of the yen driven by the United States' decision to curtail monetary easing.

In currency markets, there was a clear shift toward a weaker yen during 2013. After starting the year at around ¥89 to the dollar (January average), the currency progressively weakened and eventually closed the year at just above ¥105 to the dollar, its lowest level in five years.

Japanese stock prices rose sharply as markets reacted positively to the downward correction in the value of the yen. The Nikkei average began the year at 10,750 in January, leveled off during the summer, and then began rising again in the fall, eventually closing the year at 16,291, the highest it had been in six years.

2. In the area of consumer spending, department store sales generally trended higher, as the economic recovery boosted demand for luxury goods. Annual sales in supermarkets were relatively strong from June onward, and posted year-on-year gains for four months in a row from August through November. Convenience store sales were lower again in 2013 on poor sales of non-food items, including cigarettes. In the home electric appliances sector, the extremely hot summer boosted sales of air conditioners. Sales of refrigerators remained brisk, following the trend set during the previous year, and demand was also strong for electric vacuum cleaners, ventilating fans and air purifiers. AV equipment sales fell, as domestic shipments of flat-screen televisions decreased year on year. Demand for Blu-ray Disc recorders/players was also weak. Digital cameras saw year-on-year growth in domestic shipments of mirrorless interchangeable-lens cameras, but sales of integral lens cameras fell. Smartphone sales totaled 12.16 million units in the April–September period, for a year-on-year drop of 15%. Personal computers enjoyed strong demand from corporate users, but total shipments from April through September fell 8% compared with the same period in the previous year. By contrast, sales of tablet devices during the April–September period rose sharply to 3.42 million units, a jump of 77% year on year. The domestic new-car market saw an expansion in the sales of K-cars (engine displacement up to 660 cc) for a second straight year (up 0.1%). Housing starts rose for 15 months in a row, through November 2013. Cumulative housing starts from January through November were up 10% over the same

period in 2012. Condominium sales also trended upward, especially in Tokyo and surrounding prefectures. The housing market overall was very brisk, helped by the recovering economy as well as demand ahead of the scheduled increase in the consumption tax rate. In food services, sales were higher in family-style restaurants and dinner restaurants, but fell at fast-food restaurants and pubs. The travel industry saw an increase in sales for domestic travel, but the number of tourists traveling abroad declined as the weaker yen pushed up the cost of overseas travel. By contrast, for the first time ever the number of overseas visitors to Japan topped the 10 million mark. In the leisure sector, sales at Tokyo Disney Resort, which celebrated its 30th anniversary in 2013, posted a second straight year of growth. Universal Studios Japan also performed well.

Looking at hit products in 2013, premium-quality private-brand bread recorded strong sales among foods and beverages. In seasonings, single-serving flavoring cubes for Japanese stew (*nabe*) were also very popular. Vegetable chips sold very well among health-conscious consumers in the middle-aged to older demographic. B-class (cheap but tasty) gourmet foods remained popular. Authentic, freshly brewed convenience-store coffee at ¥100 per cup was another big hit, and designated health food-type canned coffees also attracted significant attention. Demand for energy drinks expanded as major beverage manufacturers entered the market. Hot carbonated beverages attracted interest for their novelty and also enjoyed strong sales. Among alcoholic drinks, big sellers were high-priced premium beers and so-called "third category" beers made from barley or malt. In pharmaceuticals, highly effective non-drowsy allergy medications that made the switch from prescription-only to over-the-counter sales performed very well. In the Cosmetics/Toiletries category, hair color chalk became a hot trend among younger women, demand was very strong for new foundation products designed to simplify the process of make-up removal, and nail decals were very popular. Concentrated liquid laundry detergents that allowed clothing to be washed in only five minutes were also a big item. Among fashion products and accessories, five-toe socks and stockings enjoyed strong sales. Functional innerwear, which combined odor suppression with superior drying ability for men, and heat dissipation functions for women, was a big hit. Crocheted four-leaf clover bracelets from a luxury Italian knit brand became popular. In precision instruments, the economic recovery boosted sales of high-end wristwatches. The big winners in home electric appliances were non-oil electric deep fryers, along with specialized futon cleaners and electronic eye massage devices. In AV equipment, Bluetooth wireless speakers that can play music from smartphones and tablets were a hit among younger consumers. High-fidelity stereo headphones capable of near-perfect audio reproduction were popular with audiophiles. Also attracting attention were 4K Ultra HD televisions, which boast a resolution four times that of full-HD televisions. The domestic new car segment saw firm demand for hybrid and K-cars. In game software, *Puzzle & Dragons*, a game application designed for smartphones, was a big hit. The arcade collectible card game for young girls *Data Carddass Aikatsu* was hugely popular. In the Information/Communications category, the iPhone 5 became a hot item after its introduction by three of the largest mobile carriers in the country. Among tablet devices, smaller models with a screen size of around seven inches were in high demand. The popularity of the LINE social networking service (SNS) continued unabated. It now has more than 300 million registered users worldwide.

Among publications, the best seller list in 2013 was dominated by *Colorless Tsukuru Tazaki and His Years of Pilgrimage*, *The Man Called Pirate*, *47 Tips to Prevent Being Killed by Your Doctor*, *The Power of Listening: 35 Hints to Get People to Talk About Themselves*, and

The Lost Generation Strikes Back, which was the basis for the popular television drama *Hanzawa Naoki*. The biggest hit among comic magazines was *Shingeki no Kyojin (Attack on Titan)*. Among popular films *The Wind Rises* grossed ¥12 billion. *Monsters University* and *ONE PIECE FILM Z* also did very well. In commercial facilities, Tokyo Skytree remained a popular destination, as was Tokyo's newly renovated Kabukiza Theatre. Popular Osaka spots in 2013 included Grand Front Osaka and Japan's tallest skyscraper Abeno Harukas. In travel and leisure, the number of people who climbed Mt. Fuji soared after it was named a World Heritage site. The Ise Jingu Shrine saw large numbers of visitors, the Izumo Taisha Shrine underwent a Grand Restoration (*Daisengu*), an event which takes place every 60 years, and the Ise Jingu Shrine celebrated *Shikinensengu*, an event which takes place every 20 years to mark the construction of a new shrine and the transfer of the sacred object of worship to the new sanctuary. JR Kyushu's "Seven Stars in Kyushu" luxury train also was a great success.

3. The major influence on the advertising climate in 2013 was the economic recovery brought about by Abenomics, which lowered the value of the yen, boosted stock prices, and succeeded in opening up new prospects for the Japanese economy. Other factors that helped boost personal consumption were the government's decision to raise the consumption tax rate, and Tokyo's successful bid to host the 2020 Summer Olympic Games.

II. 2013 Advertising Expenditures Classified by Medium

Spending was positive for television spot, outdoor, transit, POP and exhibition advertising

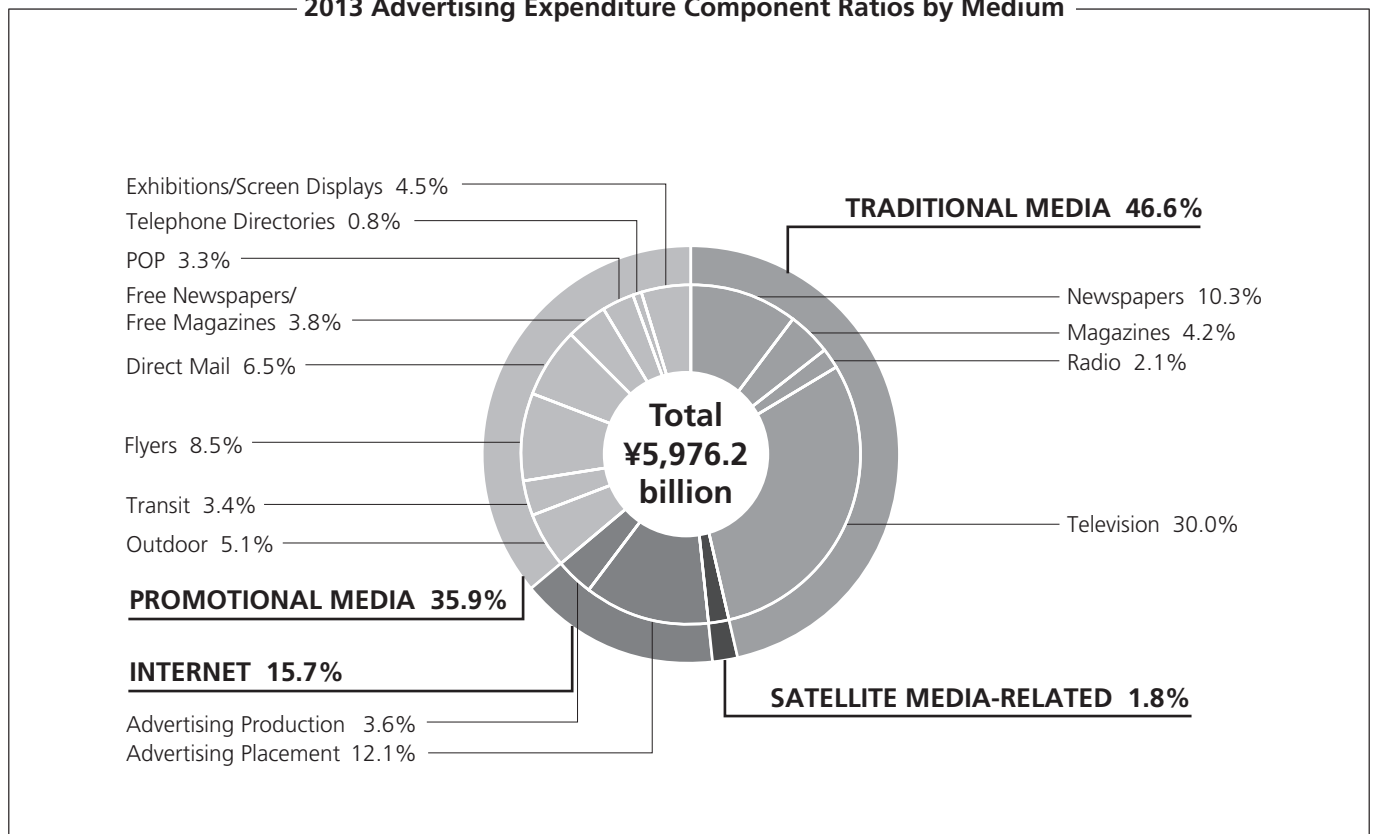
Broken down by medium, advertising spending in Television—which accounts for a large proportion of total expenditure—rose overall (up 0.9%). This included a decline in program sponsorship (down 0.7%) offset by an increase in spot advertising (up 2.0%). Spending declined in Newspapers (down 1.2%), Magazines (down 2.0%) and Radio (down 0.2%). Overall, spending in the traditional media rose slightly, up 0.1% year on year, to ¥2,782.5 billion.

Satellite Media-Related advertising expenditures continued to rise (¥111.0 billion, up 9.6%) with greater consumer awareness of the medium. Advertising aimed at middle-aged and older viewers, as well as affluent consumers, is growing.

Internet advertising expenditures rose steadily (¥938.1 billion, up 8.1%), and now account for 15.7% of spending in all media.

Promotional Media expenditures rose for the second consecutive year (¥2,144.6 billion, up 0.1%). Spending was particularly strong year on year in Outdoor, Transit, point of purchase (POP) and Exhibitions/Screen Displays advertising.

2013 Advertising Expenditure Component Ratios by Medium



Newspaper Advertising

- Newspaper advertising spending fell 1.2% year on year, to ¥617.0 billion.
- Spending remained below the previous year's level from January through May, but recovered in June and continued to rise. The extent of decline in the first half of the year precluded a gain for the full year.
- Reflecting the economic recovery, placements were up sharply in export-related industries such as Automobiles/Related Products. Placements also rose strongly in Finance/Insurance, driven by increases for the Nippon Individual Savings Account (NISA) program and direct-marketed insurance products. In an effort to capture a late surge in demand ahead of the consumption tax rate increase scheduled to take effect in April 2014, placements also increased in Precision Instruments/Office Supplies for high-priced items, such as wristwatches. Similar to 2012, spending was also strong in the Cosmetics/Toiletries category, with many placements for directly marketed products.
- Newspaper companies continued to expand the number of registered users of electronic editions, and several local newspapers launched electronic editions. In the traditional print medium, there was a rise in high-impact advertising methods, such as large ads running across four pages, wrap-around newspaper ads, and special-edition advertising sections. Newspaper publishers are experimenting with new initiatives based on a variety of ideas.

Magazine Advertising

- Magazine advertising spending fell 2.0% year on year, to ¥249.9 billion.
- There were moves toward electronic editions, and major new publications aimed at women in their 40s were launched. At the same time several magazines ceased publication, leading to a year-on-year decline overall.
- Spending in the Apparel/Fashion, Accessories/Personal Items category, which accounts for a large proportion of magazine advertising, remained solid, rising 1.3% from the previous year. Spending was also up year on year in the Real Estate/Housing Facilities, Finance/Insurance and Transportation/Leisure categories.
- Riding the wave of economic recovery, advertising spending in business magazines increased year on year.
- There were 86 magazine launches, the majority of which were aimed at readers over 30.

Radio Advertising

- Radio advertising spending fell 0.2% year on year, to ¥124.3 billion.
- Spending in Tokyo and surrounding prefectures was flat year on year, but showed signs of recovery in other regions.
- Reflecting efforts to capture a late surge in demand ahead of the scheduled increase in the consumption tax rate, placements were particularly strong in Real Estate/Housing Facilities (up 16.9%), Automobiles/Related Products (up 9.5%), and Food Services/Other Services (up 5.9%).
- Advertisers reconsidered the value of radio as a medium particularly compatible with automobiles, with an upturn in program sponsorship and nationwide commercials.
- Ratings recovered for programs aimed at listeners in their 40s and 50s—considered the core listener group—while ratings for programs aimed at listeners in their teens and 20s remained flat throughout the year.
- The network for the IP simulcast radio service provider radiko Co., Ltd. expanded to 69 stations in 37 prefectures. The number of app downloads and unique users continued to increase.

Television Advertising

- Television advertising spending rose 0.9% year on year, to ¥1,791.3 billion.
- Spending rose for the second consecutive year.
- Program sponsorship (down 0.7%) was boosted by such large-scale sporting events as the 2013 World Baseball Classic (in March), the 2013 FINA World Aquatics Championships (in July), and the 2013 IAAF World Championships in Athletics (in August), but did not reach the amount spent on events held in the previous year such as the final qualifying round for the London 2012 Olympic Games volleyball tournament and UEFA Euro 2012.
- Spot advertising (up 2.0%) saw slight growth in the first half of 2013, compared with the strong level of activity seen in the corresponding period of 2012 (including a rebound following the contraction caused by the Great East Japan Earthquake in March 2011, and large-scale placements related to the government's eco-car subsidy program). During the second half, placements increased, driven by factors such as the improvement in corporate earnings and recovery in consumer spending.
- By industry category, spot advertising increased in Information/Communications (up 3.0%, mainly on smartphones and online games), Finance/Insurance (up 27.6%, mainly on direct-marketed insurance products, lotteries and the NISA program), Beverages/Cigarettes (up 5.3%, mainly on beer) and Real Estate/Housing Facilities (up 14.6%, mainly on real estate brokerages).

Quarterly Breakdown of Growth in Advertising Expenditures in the Traditional Media in 2013

A quarterly breakdown of advertising expenditures for the traditional media in the 2013 calendar year shows that spending trended lower during the first six months, but recovered during the second half of the year.

	(Year on year, %)						
	2013 (Full Year)	Jan.– Jun.	Jul.– Dec.	Jan.– Mar.	Apr.– Jun.	Jul.– Sep.	Oct.– Dec.
Advertising Expenditures in the Traditional Media	100.1	98.8	101.4	98.5	99.2	101.9	100.9

Advertising Production Costs for the Traditional Media

- Advertising production costs for the traditional media rose 6.2% year on year, to ¥309.1 billion.
- Spending on TV commercial production increased 7.9%, to ¥214.7 billion.
- Ad placement demand exceeded that of the previous year, which had been driven by earthquake recovery-related demand. There was an additional boost from the weakened yen and higher stock prices. Spending was also bolstered by big-ticket purchases ahead of the scheduled increase in the consumption tax rate.
- By industry category, spending was positive in Automobiles/Related Products, Real Estate/Housing Facilities and Finance/Insurance.

Note: Advertising expenditures by medium include relevant advertising production costs.

Satellite Media-Related Advertising

- Satellite Media-Related advertising spending rose 9.6% year on year, to ¥111.0 billion.
- Spending in BS digital broadcasting continued to increase, rising 13.8% to ¥74.0 billion.
- Spending in CS broadcasting exceeded ¥20 billion for the first time, rising 3.3% to ¥20.28 billion.
- Spending in cable TV (CATV) rose 0.5%, to ¥16.75 billion.
- Direct marketing was positive for BS, CS and CATV.
- Consumer awareness of satellite media is steadily growing.
- Viewing of BS digital broadcasting has become routine, especially among middle-aged and older viewers. The viewing frequency of CS and CATV is also increasing, mainly among affluent consumers.

Internet Advertising

- Internet advertising spending (medium costs and ad production costs) rose 8.1% year on year, to ¥938.1 billion.
- Internet advertising medium costs rose 8.7% year on year, to ¥720.3 billion.
- In the market overall, the growth rate for Internet advertising medium costs in 2013 exceeded the previous year's level, driven by diversification and advances in devices, as well as the economic recovery. By market segment, conventional ad-space sales were flat, with a high rate of growth in the new field of performance-based advertising.*
- In sales of ad space, placements were steady across a broad range of industry categories, centered on Information/Communications, Automobiles/Related Products, Foodstuffs and Beverages/Cigarettes. The variety of advertising methods was also notable, with mainstream portal site ads joined by rich-media advertising incorporating video and other content, along with the use of social media, sites tailored to smartphones, and apps. With the diversification of devices, advertisers have begun making efforts to realize "device-neutral" management of ad campaigns that provide for device crossover.
- Performance-based advertising spending rose 21.6% year on year, to ¥412.2 billion. The market for search engine advertising, which accounts for the majority of performance-based advertising, continues to expand, driven by the proliferation of smartphones and tablets. There has been a particularly sharp rise in the use of demand-side platforms (DSPs, which maximize advertising efficiency from the advertiser's perspective) through real-time bidding (RTB), a new advertising method with highly effective targeting. Performance-based advertising incorporating video has also grown quickly. By industry category, along with Finance/Insurance and other industries that primarily utilize e-commerce, use of performance-based advertising for branding has spread in such categories as Automobiles/Related Products, Foodstuffs and Beverages/Cigarettes.

* Performance-based advertising utilizes platforms that employ ad technologies processing vast amounts of data to provide automatic or instantaneous optimization of advertising. Major types include the recently developed ad-exchange DSPs and supply-side platforms (SSPs). Performance-based advertising does not include ad space sales, tie-up ads, or affiliate advertising.

Advertising Production Costs for Internet Advertising

- Advertising production costs for Internet advertising rose 6.2% year on year, to ¥217.8 billion.
- Spending rose as a result of device diversification and greater use of social networking services (SNSs), though the rate of growth continued to slow.
- The number of ad production projects increased in line with the expansion of advertising promotions. However, the number of large projects, and cost per project, continue to decline. In addition, with the increase in performance-based advertising, there is a greater emphasis on overall cost performance, from the creation of banners to lure visitors to sites and landing pages, through operation.
- Spending in Real Estate/Housing Facilities continued to rise, with growth during 2013 in Finance/Insurance, Cosmetics/Toiletries, Apparel/Fashion, Accessories/Personal Items, Pharmaceuticals/Medical Supplies and Education/Medical Services/Religion. Spending was particularly notable in industries sensitive to the economy, and those that conduct direct marketing.
- Spending was up sharply for corporate sites, e-commerce sites, and membership sites aimed at better customer relationship management (CRM). These sites are considered as owned media, and include everything from planning to system/program development, design and content creation, operation and maintenance, and assessment of effectiveness.

Promotional Media Advertising

- Promotional Media advertising spending rose 0.1% year on year, to ¥2,144.6 billion.
- Spending increased for the second consecutive year.
- Factors contributing to the overall rise included motor shows and other exhibitions, various media and events in commercial facilities, digital signage for transit advertising, and increased use of POP advertising.
- Categories with year-on-year declines included Flyers, as paper sizes shrank in response to higher prices for printing and paper; Direct Mail, as competition increased with the expanding market for unaddressed mail delivery; and Free Newspapers/Free Magazines and Telephone Directories, with the shift to Internet advertising. These declines hindered the growth rate of advertising spending for promotional media overall.
- The role of each medium is becoming clearer, with media being combined or competing as necessary to generate optimal performance.

Outdoor advertising expenditures rose 2.5%, to ¥307.1 billion.

- Spending increased on renewal demand for large billboards to promote finance-related visual and corporate identity.
- Digital billboards reached the second year of full-fledged use, with further expansion in available media. Previously, this signage had been dominated by the Beverages/Cigarettes and Automobiles/Related Products (mainly imports) categories, but placements were also notable from other categories such as Distribution/Retailing.
- Large-screen displays expanded in the Beverages/Cigarettes category, in response to the extremely hot weather in July and August, the trend continuing through September.
- In sports stadium billboards, spot advertising during games and matches was positive.
- Commercial facility media were brisk for such facilities as Tokyo Skytree Town, and Grand Front Osaka.

Transit advertising expenditures rose 1.5%, to ¥200.4 billion.

- Spending increased for the first time in four years, exceeding ¥200.0 billion.
- Growth categories included Beverages/Cigarettes; Food Services/Other Services (mainly beauty salons); Education/Medical Services/Religion (mainly language schools); and Pharmaceuticals/Medical Supplies.
- The digital signage market grew as new facilities were added and existing ones expanded. The utilization rate of in-car digital signage in trains was particularly high, while the performance of in-car stickers was positive.
- Bus shelter advertising increased in certain regional areas such as Fukuoka, Osaka, Nagoya and Hiroshima, with new facilities set up in popular locations.

Flyer advertising expenditures fell 1.2%, to ¥510.3 billion.

- Placements were flat on a volume basis during 2013. However, the incipient recovery faltered and spending was down slightly, reflecting a shift to smaller paper sizes in response to rising costs for printing and paper.
- During the first half of the year, spending declined marginally except in the Tohoku region, but recovered starting in July, and peaked in August. However, spending slowed again in September, with placements close to the previous year's level.
- Spending in the Tohoku region rose year on year for the second consecutive year. A gradual recovery trend was particularly notable in Miyagi Prefecture in the Distribution/Retailing and Real Estate/Housing Facilities categories. At the same time, expenditures were down slightly in

Tokyo and surrounding prefectures, which account for a large proportion of spending.

- By industry category, spending increased in Automobiles/Related Products (automobile dealers); Distribution/Retailing (small-scale supermarkets); Education/Medical Services/Religion (medical and nursing services targeting the middle-aged and elderly, as well as preparatory and tutoring schools); Foodstuffs (health foods), a category that often utilizes television commercials; and Classified Ads/Others (recruitment agencies), which has seen steady growth in recent years. Categories showing declines include Transportation/Leisure (pachinko halls), which accounts for a large volume of flyer advertising, and Food Services/Other Services (beauty salons). In the Real Estate/Housing Facilities category, which similarly accounts for a large volume of placements, companies stepped up sales activities to capture the surge in demand ahead of the scheduled increase in the consumption tax rate, but the volume of flyer advertising placements was down, reflecting the shift to digital media.

DM advertising expenditures fell 1.7%, to ¥389.3 billion.

- Spending declined in 2013, after gains in the previous year. This was due to a shift in the focus of advertising budgets, from traditional catalogs to the Internet and bricks-and-mortar stores, as well as to more intense competition within the industry. Competition was particularly fierce among industries that depend on catalogs and direct marketing. However, the market for unaddressed mail deliveries (direct marketing based on area databases) is expanding, and DM is gaining attention as a form of advertising that will help close the gap in new customer acquisitions that cannot be addressed by other media.
- By industry category, spending was positive in Finance/Insurance, to capture demand from individual investors for the NISA program; in Real Estate/Housing Facilities, to capture a late surge in demand ahead of the scheduled increase in the consumption tax rate; and in Information/Communications, with the widespread use of smartphones. Placements for Automobiles/Related Products were steady, and spending was relatively positive in response to DM demand from automobile dealers and other areas.
- There is growing recognition of the effectiveness of DM as the “medium that does the closing” within the overall communication design, serving as the final push to encourage consumers to buy. There is also a notable trend toward the list-based business approach, with companies utilizing the tens of millions of entries in their extensive customer lists to enhance the effectiveness and efficiency of DM. The market for DM to individuals is expected to expand further with the diversification of printing technologies, particularly on-demand printing.

Free Newspapers/Free Magazines advertising expenditures fell 3.3%, to ¥228.9 billion.

- Spending in Free Newspapers declined 5.7%, to ¥74.6 billion.
- Postings for job information increased with the economic recovery. Spending for housing and real estate increased to capture a late surge in demand ahead of the scheduled increase in the consumption tax rate. By contrast, expenditures were down in such segments as gourmet items and restaurants, and shopping. It can be thought that advertising spending has shifted to the Internet.
- Emphasis was on cost-effectiveness, a trend which continued from 2012.
- Spending in Free Magazines declined 2.1%, to ¥154.3 billion.
- The issuance of employment magazines and other publications was brisk, but spending is declining overall, as the number of theme-specific free magazines decreased.
- The state of the economy had little impact during the first half of the year but, as it recovered in the second half, so did spending.

- The number of community-oriented free magazines is likely to increase. However, the role previously played by coupons is moving to smartphones. New publications, thus, are unlikely to supplement spending on free magazine advertising in urban areas, placing expenditures on a downward trend overall.
- By industry category, there was a notable increase in advertising expenditures in the Finance/Insurance category.

POP advertising expenditures rose 6.0%, to ¥195.3 billion.

- Point-of-purchase (POP) advertising spending increased at stores anticipating an upturn in consumer spending, continuing the trend from 2012.
- By industry category, the rise in spending was driven by Automobiles/Related Products; Information/Communications, which was revitalized by campaigns for discounts on service charges or to switch mobile carriers; as well as Foodstuffs and Beverages/Cigarettes, which saw an increase in the number of consumer-oriented campaigns.
- Advertising methods combining the Internet and in-store promotions became more diverse. The Internet was increasingly used to attract consumers to bricks-and-mortar stores, where POP advertising was used to provide the final product information required for them to make a purchase.

Telephone Directory advertising expenditures fell 11.9%, to ¥45.3 billion.

Exhibition/Screen Display advertising expenditures rose 2.8%, to ¥268.0 billion.

- The increase in spending was driven by large-scale events such as the Eco-Products and CEATEC JAPAN exhibitions, and the Tokyo Motor Show.
- The number of exhibitions and events in Tokyo, Osaka and Nagoya increased as the economy began to recover and corporate earnings improved. There was also an increase in disaster recovery-related events in the Tohoku region.
- Movie advertising expenditures were on a par with the previous year. Placements were notable in Automobiles/Related Products and Information/Communications.

Reference

Estimated value of the commercial printing market: ¥1,970.0 billion (down 3.3% year on year), of which posters, leaflets and pamphlets accounted for ¥1,225.0 billion (down 6.5%).

III. 2013 Advertising Expenditures Classified by Industry (Traditional Media Only)

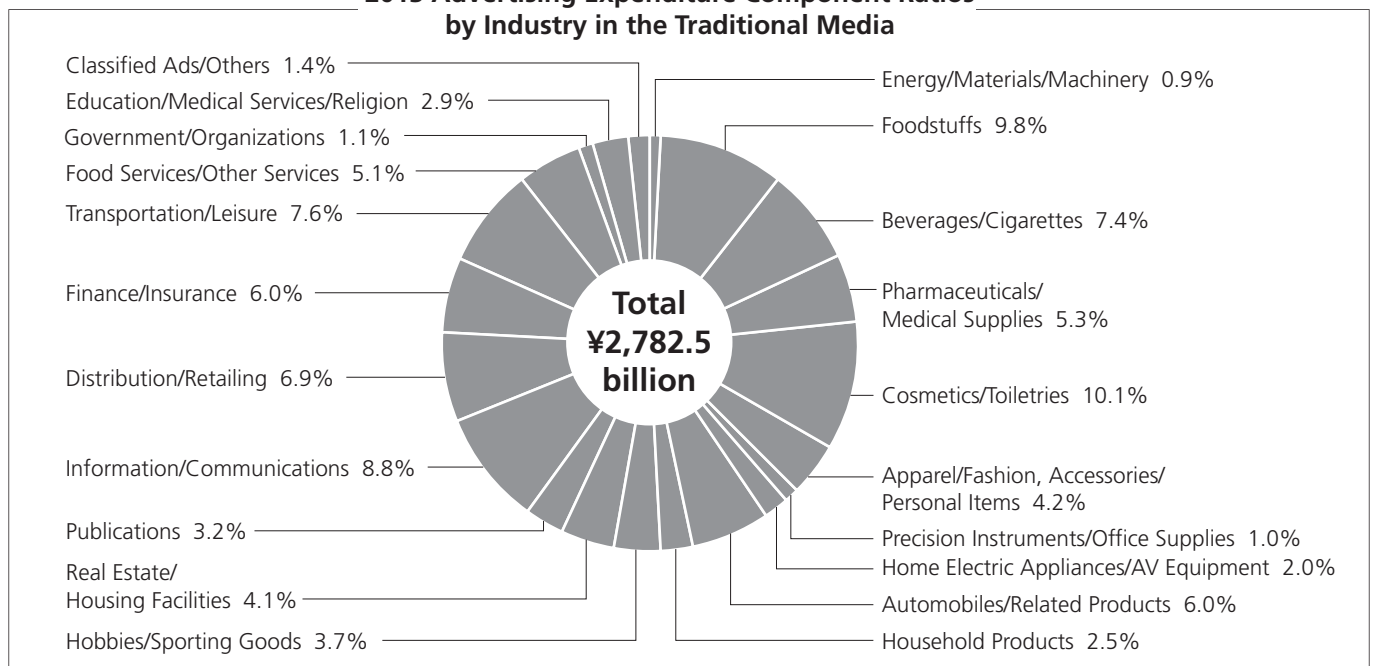
Spending increased in eight industry categories, including Finance/Insurance, Food Services/Other Services, Real Estate/Housing Facilities and Household Products

Advertising expenditures in the traditional media increased in 8 of the 21 industry categories surveyed during 2013, and declined in 13 categories. In the previous year, spending increased in 16 categories, and declined in 5 categories.

The eight industry categories with expenditure increases were: Finance/Insurance (up 15.6% on direct-marketed insurance products and the NISA program); Food Services/Other Services (up 10.3% on legal services and ladies' wigs); Real Estate/Housing Facilities (up 5.8% on residential housing and house exhibition sites); Household Products (up 5.5% on beds and deodorizers); Education/Medical Services/Religion (up 3.1% on ads for preparatory and tutoring schools, hospitals and medical services, and language schools); Home Electric Appliances/AV Equipment (up 2.2% on coffee makers and home air conditioners); Automobiles/Related Products (up 1.4% on K-cars, sedans and SUVs); and Apparel/Fashion, Accessories/Personal Items (up 0.7% on men's and women's clothing).

The thirteen industry categories with expenditure declines were: Hobbies/Sporting Goods (down 5.8% on audio software, dolls and toys); Government/Organizations (down 5.4% on political parties and political organizations); Energy/Materials/Machinery (down 5.1% on electric power and gas companies); Distribution/Retailing (down 5.0% on high-volume retail stores); Foodstuffs (down 4.0% on health foods, candies and caramels); Cosmetics/Toiletries (down 2.8% on skin toners and hair-coloring agents); Publications (down 2.5% on hobby-related magazines and hardcover books); Classified Ads/Others (down 2.2% on classified ads); Precision Instruments/Office Supplies (down 1.8% on a sharp decline in digital cameras); Beverages/Cigarettes (down 1.4% on lactic acid drinks and non-alcoholic carbonated beverages); Information/Communications (down 0.8% on mobile device content and notebook computers); Transportation/Leisure (down 0.7% on travel-related spending and movies); and Pharmaceuticals/Medical Supplies (down 0.7% on health drinks, remedies for muscular pain and plasters).

**2013 Advertising Expenditure Component Ratios
by Industry in the Traditional Media**



Breakdown of Advertising Expenditures by Industry

- 1. Energy/Materials/Machinery:** Down 5.1%, with a 0.9% component ratio.
 - Third consecutive year of decline.
 - Spending positive for industrial machinery.
 - Sharp decline in placements by electric power and gas companies.
 - By medium, sharp decline in television placements.
- 2. Foodstuffs:** Down 4.0%, with a 9.8% component ratio.
 - Decline following increase in 2012.
 - Spending positive for dairy products and instant noodles.
 - Sharp decline in the previously robust health foods segment.
 - By medium, sharp decline in radio and magazine placements.
- 3. Beverages/Cigarettes:** Down 1.4%, with a 7.4% component ratio.
 - Decline following increase in 2012.
 - Sharp increase in the previously sluggish coffee segment.
 - Spending positive for whiskey.
 - Sharp decline in the previously robust lactic acid drinks and non-alcoholic carbonated beverages segments.
 - By medium, sharp decline in newspaper placements.
- 4. Pharmaceuticals/Medical Supplies:** Down 0.7%, with a 5.3% component ratio.
 - Decline following increase in 2012.
 - Spending increase in general health supplements, but decrease in health drinks.
 - Continued increase in placements for medical supplies such as contact lenses and eyeglasses.
 - Spending remained slow for digestive aids.
 - By medium, sharp decline in magazine placements.
- 5. Cosmetics/Toiletries:** Down 2.8%, with a 10.1% component ratio.
 - Decline following increase in 2012.
 - Increase in placements for hair care products, such as hair growth products and hair-coloring agents.
 - Increase in placement for bath products, such as body shampoos and bath agents.
 - Continued decrease in spending for women's cosmetic product lines.
 - By medium, decline in television and magazine placements.
- 6. Apparel/Fashion, Accessories/Personal Items:** Up 0.7%, with a 4.2% component ratio.
 - Fourth consecutive year of increase.
 - Fashion-related spending remained positive.
 - Decline in placements for jewelry products and accessories, continuing the trend from 2012.
 - By medium, increase in magazine and television placements.
- 7. Precision Instruments/Office Supplies:** Down 1.8%, with a 1.0% component ratio.
 - Decline following increase in 2012.
 - Continued increase in placements for wristwatches.
 - Increase in placements for datebooks.
 - Decline in spending for digital cameras.
 - By medium, sharp decline in television placements.

8. Home Electric Appliances/AV Equipment: Up 2.2%, with a 2.0% component ratio.

- First increase in seven years, since 2006.
- Sharp increase in placements for coffee makers.
- Increase in placements by home air conditioning manufacturers.
- Increase in placements for 4K televisions.
- Sharp decline in placements for LED light bulbs.
- By medium, sharp increase in television placements.

9. Automobiles/Related Products: Up 1.4%, with a 6.0% component ratio.

- Second consecutive year of increase.
- Another sharp increase in placements for K-cars, sedans and SUVs.
- Strong increase in spending for automotive products such as tires and car waxes.
- Sharp decline in placements for domestic passenger cars, such as 2-box vehicles and wagons.
- By medium, sharp increase in newspaper placements.

10. Household Products: Up 5.5%, with a 2.5% component ratio.

- Second consecutive year of increase.
- Sharp increase in placements for beds.
- Continued increase in placements for interior decoration items such as interior adornments and carpets.
- Decline in placements for general household goods.
- By medium, sharp increase in television placements.

11. Hobbies/Sporting Goods: Down 5.8%, with a 3.7% component ratio.

- Fifth consecutive year of decline.
- Spending positive for game software.
- Sharp decline in placements for audio and video software.
- Increase in spending for pachinko machines and “pachi-slo” slot machines.
- By medium, decline in placements in all media, particularly television.

12. Real Estate/Housing Facilities: Up 5.8%, with a 4.1% component ratio.

- Third consecutive year of increase.
- Sharp increase in placements for corporate advertising, such as by housing companies.
- Sharp increase in placements for window sashes.
- Sharp decline in placements for solar power-generation systems.
- By medium, sharp increase in television and radio placements.

13. Publications: Down 2.5%, with a 3.2% component ratio.

- Decline following increase in 2012.
- Sharp increase in placements for English-language learning materials and textbooks.
- Spending positive for general newspapers.
- Sharp decline in placements for hobby-related magazines.
- By medium, sharp decline in television placements.

14. Information/Communications: Down 0.8%, with an 8.8% component ratio.

- Decline following increase in 2012.
- Positive placements for computer software.

- Spending positive for web content.
- Sharp decline in placements for mobile device content.
- By medium, sharp decline in newspaper and magazine placements.

15. Distribution/Retailing: Down 5.0%, with a 6.9% component ratio.

- Decline following increase in 2012.
- Spending positive for convenience stores.
- Upturn in previously sluggish department stores.
- Sharp decline in placements for direct marketing companies.
- By medium, sharp decline in television placements.

16. Finance/Insurance: Up 15.6%, with a 6.0 % component ratio.

- Second consecutive year of increase.
- Positive spending in the category overall.
- Sharp increase in placements for direct-marketed automobile, cancer and medical insurance.
- Sharp increase in placements for the new NISA program.
- Slight decline in overall spending by securities companies.
- By medium, sharp increase in television and newspaper placements.

17. Transportation/Leisure: Down 0.7%, with a 7.6% component ratio.

- Decline following increase in 2012.
- Increase in placements for events and concerts.
- Spending positive for theme parks.
- Decline in travel and hotel-related spending.
- By medium, decline in newspaper placements.

18. Food Services/Other Services: Up 10.3%, with a 5.1% component ratio.

- Second consecutive year of increase.
- Positive spending in the category overall.
- Sharp increase in placements for law firms and home meal delivery services.
- Spending positive for rental services.
- Spending remained sluggish for door-to-door delivery and moving services.
- By medium, sharp increase in television and newspaper placements.

19. Government/Organizations: Down 5.4%, with a 1.1% component ratio.

- Second consecutive year of decline.
- Sharp increase in placements by organizations such as the Japan Agricultural Cooperative.
- Sharp decline in placements by central government agencies, political parties and political organizations.
- By medium, sharp decline in newspaper placements.

20. Education/Medical Services/Religion: Up 3.1%, with a 2.9% component ratio.

- Second consecutive year of increase.
- Sharp increase in placements for preparatory and tutoring schools.
- Increase in placements for hospitals and medical services such as cosmetic surgery.
- By medium, sharp increase in television placements.

21. Classified Ads/Others: Down 2.2%, with a 1.4% component ratio.

- Sixth consecutive year of decline.
- Sharp decline in placements for classified ads other than help-wanted ads in newspapers.
- By medium, decline in newspaper placements.

Advertising Expenditures and Japan's GDP (1985–2013)

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		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		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	471,310.8	97.7	1.21
2012		5,891.3	103.2	473,777.1	100.5	1.24
2013		5,976.2	101.4	478,447.7	101.0	1.25

- Notes:** 1. The method for estimating "Advertising Expenditures in Japan" was modified in 2007, retroactive to 2005.
2. Please see page 23 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 (2011–2013)

Media	Advertising Expenditures (¥ billion)			Comparison Ratio (%)		Component Ratio (%)		
	2011	2012	2013	2012	2013	2011	2012	2013
Traditional Media								
Newspapers	599.0	624.2	617.0	104.2	98.8	10.5	10.6	10.3
Magazines	254.2	255.1	249.9	100.4	98.0	4.4	4.3	4.2
Radio	124.7	124.6	124.3	99.9	99.8	2.2	2.1	2.1
Television	1,723.7	1,775.7	1,791.3	103.0	100.9	30.2	30.2	30.0
Subtotal	2,701.6	2,779.6	2,782.5	102.9	100.1	47.3	47.2	46.6
Satellite Media-Related	89.1	101.3	111.0	113.7	109.6	1.6	1.7	1.8
Internet								
(Advertising placement)	618.9	662.9	720.3	107.1	108.7	10.8	11.2	12.1
(Advertising production)	187.3	205.1	217.8	109.5	106.2	3.3	3.5	3.6
Subtotal	806.2	868.0	938.1	107.7	108.1	14.1	14.7	15.7
Promotional Media								
Outdoor	288.5	299.5	307.1	103.8	102.5	5.1	5.1	5.1
Transit	190.0	197.5	200.4	103.9	101.5	3.3	3.4	3.4
Flyers	506.1	516.5	510.3	102.1	98.8	8.9	8.8	8.5
Direct Mail	391.0	396.0	389.3	101.3	98.3	6.8	6.7	6.5
Free Newspapers / Free Magazines	255.0	236.7	228.9	92.8	96.7	4.5	4.0	3.8
POP	183.2	184.2	195.3	100.5	106.0	3.2	3.1	3.3
Telephone Directories	58.3	51.4	45.3	88.2	88.1	1.0	0.9	0.8
Exhibitions / Screen Displays	240.6	260.6	268.0	108.3	102.8	4.2	4.4	4.5
Subtotal	2,112.7	2,142.4	2,144.6	101.4	100.1	37.0	36.4	35.9
Total	5,709.6	5,891.3	5,976.2	103.2	101.4	100.0	100.0	100.0

Advertising Expenditures by Industry (2011–2013)

Industry	Advertising Expenditures (¥10 million)			Comparison Ratio (%)		Component Ratio (%)		
	2011	2012	2013	2012	2013	2011	2012	2013
Energy / Materials / Machinery	2,724	2,624	2,490	96.3	94.9	1.0	1.0	0.9
Foodstuffs	26,619	28,329	27,209	106.4	96.0	9.9	10.2	9.8
Beverages / Cigarettes	19,621	20,987	20,688	107.0	98.6	7.3	7.6	7.4
Pharmaceuticals / Medical Supplies	14,354	14,847	14,745	103.4	99.3	5.3	5.3	5.3
Cosmetics / Toiletries	27,687	28,783	27,985	104.0	97.2	10.2	10.4	10.1
Apparel / Fashion, Accessories / Personal Items	10,818	11,645	11,732	107.6	100.7	4.0	4.2	4.2
Precision Instruments / Office Supplies	2,630	2,886	2,834	109.7	98.2	1.0	1.0	1.0
Home Electric Appliances / AV Equipment	5,449	5,412	5,533	99.3	102.2	2.0	2.0	2.0
Automobiles / Related Products	12,981	16,473	16,710	126.9	101.4	4.8	5.9	6.0
Household Products	6,421	6,496	6,856	101.2	105.5	2.4	2.3	2.5
Hobbies / Sporting Goods	11,061	10,853	10,227	98.1	94.2	4.1	3.9	3.7
Real Estate / Housing Facilities	10,445	10,869	11,503	104.1	105.8	3.9	3.9	4.1
Publications	8,949	9,216	8,988	103.0	97.5	3.3	3.3	3.2
Information / Communications	22,200	24,525	24,332	110.5	99.2	8.2	8.8	8.8
Distribution / Retailing	18,694	20,297	19,273	108.6	95.0	6.9	7.3	6.9
Finance / Insurance	14,121	14,499	16,762	102.7	115.6	5.2	5.2	6.0
Transportation / Leisure	19,527	21,123	20,976	108.2	99.3	7.2	7.6	7.6
Food Services / Other Services	12,356	12,896	14,229	104.4	110.3	4.6	4.6	5.1
Government / Organizations	10,873	3,327	3,149	30.6	94.6	4.0	1.2	1.1
Education / Medical Services / Religion	7,579	7,823	8,069	103.2	103.1	2.8	2.8	2.9
Classified Ads / Others	5,051	4,050	3,960	80.2	97.8	1.9	1.5	1.4
Total	270,160	277,960	278,250	102.9	100.1	100.0	100.0	100.0

APPENDIX 4 Traditional Media Only

Advertising Expenditures by Industry in the Traditional Media (2012–2013)

(Unit: ¥10 million)

Media Industry	Newspapers			Magazines			Radio			Television			Total		
	2012	2013	Comparison Ratio (%)	2012	2013	Comparison Ratio (%)	2012	2013	Comparison Ratio (%)	2012	2013	Comparison Ratio (%)	2012	2013	Comparison Ratio (%)
Energy / Materials / Machinery	640	628	98.1	126	126	100.0	283	274	96.8	1,575	1,462	92.8	2,624	2,490	94.9
Foodstuffs	5,561	5,528	99.4	1,553	1,410	90.8	1,163	999	85.9	20,052	19,272	96.1	28,329	27,209	96.0
Beverages / Cigarettes	2,344	2,099	89.5	1,386	1,380	99.6	532	514	96.6	16,725	16,695	99.8	20,987	20,688	98.6
Pharmaceuticals / Medical Supplies	1,700	1,694	99.6	836	743	88.9	1,039	1,078	103.8	11,272	11,230	99.6	14,847	14,745	99.3
Cosmetics / Toiletries	3,130	3,450	110.2	3,353	3,071	91.6	411	452	110.0	21,889	21,012	96.0	28,783	27,985	97.2
Apparel / Fashion, Accessories / Personal Items	1,675	1,627	97.1	6,483	6,568	101.3	66	65	98.5	3,421	3,472	101.5	11,645	11,732	100.7
Precision Instruments / Office Supplies	530	600	113.2	914	915	100.1	52	55	105.8	1,390	1,264	90.9	2,886	2,834	98.2
Home Electric Appliances / AV Equipment	687	608	88.5	646	685	106.0	163	152	93.3	3,916	4,088	104.4	5,412	5,533	102.2
Automobiles / Related Products	1,444	1,662	115.1	866	849	98.0	852	933	109.5	13,311	13,266	99.7	16,473	16,710	101.4
Household Products	1,149	1,163	101.2	471	555	117.8	183	202	110.4	4,693	4,936	105.2	6,496	6,856	105.5
Hobbies / Sporting Goods	1,279	1,174	91.8	1,486	1,420	95.6	314	274	87.3	7,774	7,359	94.7	10,853	10,227	94.2
Real Estate / Housing Facilities	2,917	2,846	97.6	749	802	107.1	502	587	116.9	6,701	7,268	108.5	10,869	11,503	105.8
Publications	5,702	5,647	99.0	297	300	101.0	606	664	109.6	2,611	2,377	91.0	9,216	8,988	97.5
Information / Communications	3,903	3,570	91.5	1,346	1,096	81.4	847	725	85.6	18,429	18,941	102.8	24,525	24,332	99.2
Distribution / Retailing	7,563	7,439	98.4	996	946	95.0	876	877	100.1	10,862	10,011	92.2	20,297	19,273	95.0
Finance / Insurance	2,105	2,304	109.5	600	630	105.0	937	934	99.7	10,857	12,894	118.8	14,499	16,762	115.6
Transportation / Leisure	10,219	9,991	97.8	1,491	1,647	110.5	1,023	980	95.8	8,390	8,358	99.6	21,123	20,976	99.3
Food Services / Other Services	1,942	2,125	109.4	625	599	95.8	1,261	1,335	105.9	9,068	10,170	112.2	12,896	14,229	110.3
Government / Organizations	1,450	1,327	91.5	212	229	108.0	882	849	96.3	783	744	95.0	3,327	3,149	94.6
Education / Medical Services / Religion	2,891	2,820	97.5	1,022	965	94.4	445	439	98.7	3,465	3,845	111.0	7,823	8,069	103.1
Classified Ads / Others	3,589	3,398	94.7	52	54	103.8	23	42	182.6	386	466	120.7	4,050	3,960	97.8
Total	62,420	61,700	98.8	25,510	24,990	98.0	12,460	12,430	99.8	177,570	179,130	100.9	277,960	278,250	100.1

Component Ratio of Media Expenditures by Industry and Industry Expenditures by Medium for 2013

(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	2.2	0.8	0.9	25.2	5.1	11.0	58.7	100.0
Foodstuffs	9.0	5.6	8.0	10.8	9.8	20.3	5.2	3.7	70.8	100.0
Beverages / Cigarettes	3.4	5.5	4.1	9.3	7.4	10.1	6.7	2.5	80.7	100.0
Pharmaceuticals / Medical Supplies	2.7	3.0	8.7	6.3	5.3	11.5	5.0	7.3	76.2	100.0
Cosmetics / Toiletries	5.6	12.3	3.6	11.7	10.1	12.3	11.0	1.6	75.1	100.0
Apparel / Fashion, Accessories / Personal Items	2.6	26.3	0.5	1.9	4.2	13.9	56.0	0.5	29.6	100.0
Precision Instruments / Office Supplies	1.0	3.7	0.5	0.7	1.0	21.2	32.3	1.9	44.6	100.0
Home Electric Appliances / AV Equipment	1.0	2.7	1.2	2.3	2.0	11.0	12.4	2.7	73.9	100.0
Automobiles / Related Products	2.7	3.4	7.5	7.4	6.0	9.9	5.1	5.6	79.4	100.0
Household Products	1.9	2.2	1.6	2.7	2.5	17.0	8.1	2.9	72.0	100.0
Hobbies / Sporting Goods	1.9	5.7	2.2	4.1	3.7	11.5	13.9	2.7	71.9	100.0
Real Estate / Housing Facilities	4.6	3.2	4.7	4.1	4.1	24.7	7.0	5.1	63.2	100.0
Publications	9.2	1.2	5.4	1.3	3.2	62.8	3.3	7.4	26.5	100.0
Information / Communications	5.8	4.4	5.8	10.6	8.8	14.7	4.5	3.0	77.8	100.0
Distribution / Retailing	12.1	3.8	7.1	5.6	6.9	38.6	4.9	4.6	51.9	100.0
Finance / Insurance	3.7	2.5	7.5	7.2	6.0	13.7	3.8	5.6	76.9	100.0
Transportation / Leisure	16.2	6.6	7.9	4.7	7.6	47.6	7.9	4.7	39.8	100.0
Food Services / Other Services	3.4	2.4	10.8	5.7	5.1	14.9	4.2	9.4	71.5	100.0
Government / Organizations	2.1	0.9	6.8	0.4	1.1	42.1	7.3	27.0	23.6	100.0
Education / Medical Services / Religion	4.6	3.9	3.5	2.1	2.9	34.9	12.0	5.4	47.7	100.0
Classified Ads / Others	5.5	0.2	0.4	0.3	1.4	85.8	1.4	1.0	11.8	100.0
Total	100.0	100.0	100.0	100.0	100.0	22.2	9.0	4.4	64.4	100.0

Eleven-Year Trends in Advertising Expenditures by Industry (2003–2013)

(Unit: ¥10 million)

Industry	Before Revision		Revised		2007	2008	2009	2010	2011	2012	2013
	2003	2004	2005	2006							
Energy / Materials / Machinery	4,610	4,726	5,012	5,621	6,409	4,874	3,272	3,429	2,724	2,624	2,490
Foodstuffs	31,872	30,177	30,237	29,893	29,933	30,145	28,850	28,804	26,619	28,329	27,209
Beverages / Cigarettes	26,562	28,769	28,224	27,651	26,374	24,685	22,701	21,786	19,621	20,987	20,688
Pharmaceuticals / Medical Supplies	18,128	17,692	18,451	17,791	18,288	18,367	16,333	14,597	14,354	14,847	14,745
Cosmetics / Toiletries	35,755	37,913	32,601	31,932	31,145	29,380	27,591	28,792	27,687	28,783	27,985
Apparel / Fashion, Accessories / Personal Items	9,601	9,655	11,074	12,320	12,787	11,582	9,312	10,129	10,818	11,645	11,732
Precision Instruments / Office Supplies	4,740	4,746	4,085	4,236	4,465	4,080	3,073	2,942	2,630	2,886	2,834
Home Electric Appliances / AV Equipment	7,591	8,245	9,076	9,192	8,503	8,188	7,056	7,337	5,449	5,412	5,533
Automobiles / Related Products	24,887	25,490	24,822	23,503	21,691	19,228	13,456	13,163	12,981	16,473	16,710
Household Products	6,307	6,697	6,761	6,257	6,384	6,105	5,899	6,506	6,421	6,496	6,856
Hobbies / Sporting Goods	15,071	14,230	16,274	16,523	15,695	16,925	14,200	12,314	11,061	10,853	10,227
Real Estate / Housing Facilities	14,823	15,596	16,605	16,680	17,304	14,753	11,268	10,294	10,445	10,869	11,503
Publications	15,087	15,135	14,824	14,313	13,712	11,414	9,451	9,267	8,949	9,216	8,988
Information / Communications	27,466	26,646	26,774	26,853	26,675	24,145	20,338	22,091	22,200	24,525	24,332
Distribution / Retailing	24,738	25,489	25,393	23,486	22,348	21,064	19,139	18,226	18,694	20,297	19,273
Finance / Insurance	25,573	29,120	32,728	30,478	24,620	21,296	15,144	15,383	14,121	14,499	16,762
Transportation / Leisure	26,847	28,457	28,818	28,804	28,976	26,944	23,352	21,118	19,527	21,123	20,976
Food Services / Other Services	12,213	12,409	14,738	14,847	15,188	14,425	13,487	13,867	12,356	12,896	14,229
Government / Organizations	5,233	4,681	5,239	4,367	5,413	4,558	4,766	4,082	10,873	3,327	3,149
Education / Medical Services / Religion	12,775	13,090	13,673	12,880	11,926	10,016	8,546	8,177	7,579	7,823	8,069
Classified Ads / Others	8,341	8,637	8,671	9,053	9,154	7,776	5,586	5,186	5,051	4,050	3,960
Total	358,220	367,600	374,080	366,680	356,990	329,950	282,820	277,490	270,160	277,960	278,250

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 (includes mobile advertising) and production costs (includes production costs for banner ads as well as website set-up costs related to products, services and ad campaigns) for Internet sites.

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.

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.
-

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.

Published by: DENTSU INC.

1-8-1, Higashi-shimbashi, Minato-ku, Tokyo 105-7001, Japan

Tel (81-3) 6216-8042 Fax (81-3) 6217-5516

<http://www.dentsu.com>

©2014 Dentsu Inc. All rights reserved.

dentsu