Information Media Trends in Japan

2019

Information Media White Paper

MEDIA INNOVATION LAB

Print
Broadcasting
Telecommunications
Films and Videos
Pop Culture
Games
Online Services
Advertising

Preface

This book summarizes a carefully selected set of basic data to give readers an overview of the information media environment in Japan.

Like the year preceding it, 2018 was a year teeming with news and media-related events. The June earthquake in northern Osaka struck directly beneath a metropolitan area. July brought torrential rain in Western Japan, while typhoon Jebi and an earthquake with epicenter in Hokkaido's Iburi region hit in September, making it a year with a string of natural disasters for the Japanese archipelago. Notably, the eastern Iburi (Hokkaido) earthquake spurred a power outage across Hokkaido. This created an unprecedented situation in which television became unavailable in the afflicted region. Consequently, renewed focus was directed toward the importance of disaster reporting, which is an essential role of media stations.

In early fall, the government ramped up pressure for lower prices in mobile carrier subscription plans, amplifying calls for addressing the complexity of plans and the long waits at mobile carrier shops. Ahead of Rakuten's entry into the mobile carrier business, the government has asked for the complete separation of data plan and device charges, meaning additional momentum is needed for spreading low-cost SIMs. Each MNO (mobile network operator) company mounted responses, including announcing separate-charge plans marketed to families.

In May 2019, the Diet approved a bill to revise the Broadcast Law and allow NHK to start simultaneous online streaming of its terrestrial broadcast content. The bill included details on future collaboration with commercial broadcasting, ways of ensuring transparency with regard to the costs of this collaboration, and measures for implementing stronger overall governance at NHK. A particularly salient issue is consistency with the television broadcast reception fee scheme. The system as it exists today assumes users own a television set; however, cracks in the system are being exposed by a string of cases dealing with reception fees levied for mobile devices and car navigation systems capable of television reception.

As younger users continue moving away from television sets as their main electronic device, there is the possibility that simultaneous online streaming will allow the television viewing environment to expand in ways that leverage a variety of transmission routes and devices. The ideal solution would be for all broadcast stations to add internet broadcasts to the terrestrial broadcast content offered in each region. This could be provided as a simple and easily understood feature (an all-in-one app) that NHK and commercial broadcasters agree to offer as a service including simultaneous online streaming and weekly "catch-up" programming.

One could argue that being able to deliver to users high-quality programming, via the internet, that meets broadcasting standards is an issue of the highest priority for the broadcasting industry.

We hope that this book can assist its readers in research activity and business development. It contains data derived from various sources, such as white papers, reports, almanacs, and research surveys from both government and the private sector. We wish to once again express our gratitude for everyone that allowed us to use their data.

Ritsuya Oku
Chief Executive Director
Dentsu Media Innovation Lab (June, 2019)

Table of Contents

Research Report: Information Media Trends in Japan
Published 2019. First edition

Editor	**Media Innovation Lab, Dentsu Inc.** 1-8-1 Higashi-shimbashi, Minato-ku, Tokyo 105-7001, Japan http://www.dentsu.com/ +813-6216-8093（phone） +813-6217-5663（fax） infomedia@dentsu.co.jp
Editing cooperation	**Media Development Research Institute, Inc.**
DTP	**CADEC**
Publishing office	**DIAMOND, INC.** 6-12-17 Jingumae, Shibuya-ku, Tokyo 150-8409, Japan http://www.diamond.co.jp/ +813-5778-7235（Editorial Department）

ISBN000-0-000-00000-0

Overview of Japan's Media Industries

Modern media in Japan has its roots in the 17th century's appearance of *kawaraban* handbills, the prototype for subsequent newspapers. These woodblock-printed single sheets delivered news such as natural disasters, social events, "love suicides," and other items of topical interests.

The popularity of *kawaraban* was supported by a growing public literacy rate. Crucial to this development was the rise of Edo Period private educational institutions, called *terakoya* (temple schools), where children of commoners learned reading and writing. The emergence of *booklending* shops (*kashihonya*) also played a key role in stimulating children's interest in reading.

Around the same time, publishers such as Juzaburo Tsutaya (1750-1797) succeeded in the publishing business of woodblock prints (*ukiyo-e*), mainly for the merchant class. In addition, new genres such as *sharebon* (humorous stories set in the red-light district), *yomihon* (novels, often with an historical slant), and *kibyo-shi* (satirical picture books for adults) targeted at a wider public. The rise of these publications spurred general interest in culture.

Whereas early newspapers in Western Europe were mainly directed at an upper-class readership, Japanese print media have served the common people since the very earliest days of the *kawaraban* and *ukiyo-e*.

Japan's information media market began to assume its modern form with the advance of print media in the late 19th century. The subsequent rise of broadcasting, and then the Internet, have broadened and extended the market tremendously.

As in other countries, Japan's traditional media industries have been struggling to cope with the game-changing impact of the Internet expansion. The media in Japan also has to face the unprecedented challenges caused by drastic changes in society, such as a rapidly aging society and population decline.

Print

Newspapers

Newspapers are the nation's most significant print medium. Specialty and general newspapers both have a large presence, with many specialty papers covering specific areas such as sports, finance, and individual industries. General newspapers vary in geographical scope: national papers serve the entire country, while larger regional papers cover areas typically consisting of several prefectures. Smaller regional papers and community papers are also available.

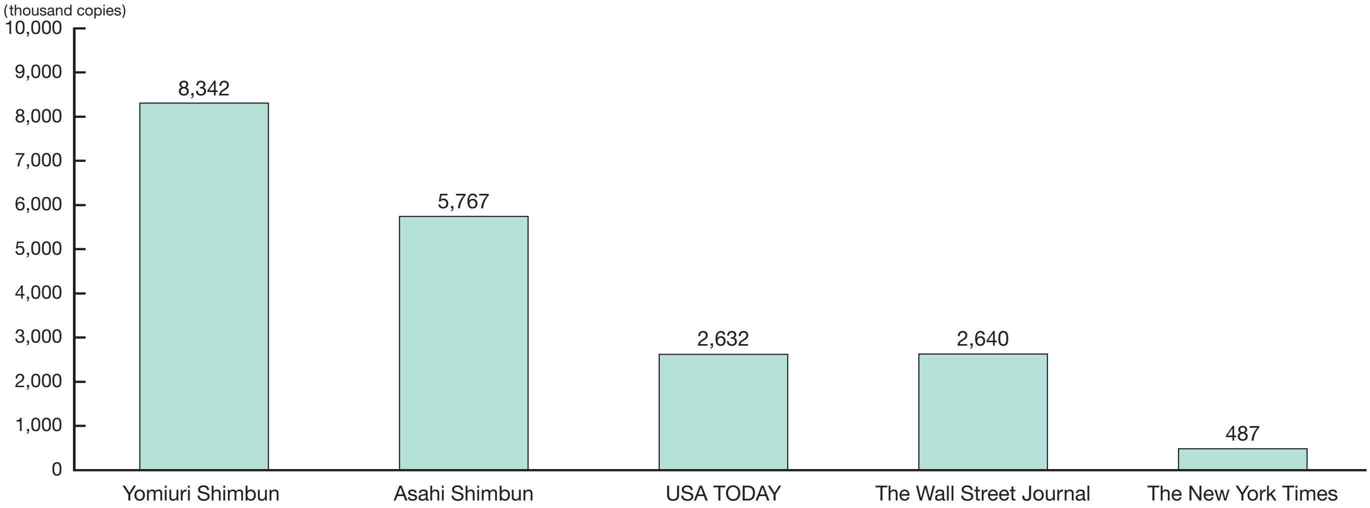
In recent years, numerous major newspapers in the United States and the United Kingdom have been sold to new owners or merged into larger media conglomerates. While the Japanese newspaper market is also downtrending, most regional papers are still operated by their original owners with circulation share of over 50% of households. This vast readership largely owes to sophisticated home delivery systems, and business models that rely more on circulation revenue than on advertising revenue.

Still, Japanese newspaper revenues have been falling for the past several years. Most of this drop can be attributed to a decline in advertising revenue. Circulation revenues are also decreasing, although not as fast.

The Yomiuri Shimbun, the largest national newspaper, has the highest circulation in the world, at

Overview of Japan's Media Industries

■ **Average Daily Weekday Circulation of Major Newspapers in Japan and United States**



Yomiuri Shimbun & Asahi Shimbun: Average weekday print circulation of morning editions for six months ending in December 2018 according to "Newspaper Publisher Report" by Japan Audit Bureau of Circulations.

USA TODAY: Total daily average print, digital replica, digital non-replica and affiliated publications according to the Alliance for Audited Media's September 2018 Ouarterly Publisher's Statement, cited from GANNETT CO., Inc. Form 10-K 2018.

The Wall Street Journal: Average Global Issue Sales (which includes subscriptions and non-subscription categories) based on internal data for the period from April 2, 2018 to July 1, 2018 with independent assurance provided by Pricewaterhouse Coopers LLP UK. cited from NEWS CORPORATION. Form 10-K 2018.

The New York Times: Average print circulation (which includes paid and qualified circulation of the newspaper in print) for weekdays (Monday to Friday) for the fiscal year ended December 30, 2018 according to data collected by the Alliance for Audited Media, cited from THE NEW YORK TIMES COMPANY. Form 10-K 2018.

8.34 million copies a day. The Asahi Shimbun, in second place, has a circulation of 5.77 million. These papers continue to hold their own by virtue of their large circulations; particularly significant given that most of their revenues come from sales of papers, as opposed to sales of ad space.

It is also worth noting that newspaper companies do not list their shares on financial exchanges, allowing them to run their businesses without external interference. Their independence is further supported by a law enacted in 1951 (Act No.212) that specifically limits the transfers of shares in stock companies whose business purpose is publication of daily newspapers.

Newspapers have been an integral part of Japanese culture for a long time, with dedicated readerships maintained through home delivery systems. The rapid rise of the Internet, however, is bringing structural changes to the industry; and newspaper companies in Japan, as elsewhere in the world, face a challenging future. One way they are responding is through management changes; streamlining their staffing, outsourcing their printing, and eliminating evening editions. They are also beginning to promote their own digital editions. The Nikkei and the Asahi Shimbun were the first to introduce paywalls for digital newspaper editions, with Mainichi Shimbun and some regional papers later joining the movement. In 2015 the Nikkei acquired the Financial Times from Pearson and its pay subscribers of digital editions reached 650,000 by the end of 2018.

Books and Magazines

Book and magazine publishers are also facing challenges from the growing use of the Internet and digital content. Both the book and magazine markets have been shrinking. By 2017, collectively they had shrunk to about half that of the peak year, 1996.

At the end of FY 2017, the number of publishing companies in Japan stood at 3,382 of which 2,595 were based in Tokyo. Many of these are small and specialized publishing houses.

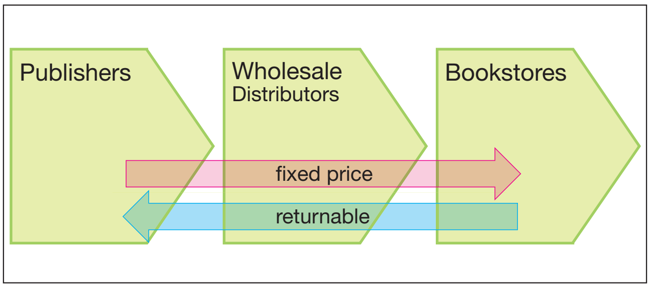
A characteristic of Japan's publishing industry is

Overview of Japan’s Media Industries

its reliance on wholesale book distributers. Bookstores and convenience stores across the country typically work with one of the two major wholesalers, Nippon Shuppan Hanbai, Inc. or Tohan Corporation, to maintain their inventory adjustments. Under the Japanese system, retailers maintain fixed prices (they do not discount books) and have the right to return unsold books.

With the spread of smartphones and tablets, publishing companies are now also gearing up for digital publishing.

Resale Price Maintenance System and Consignment Sales System



Broadcasting

Terrestrial broadcasting in Japan began in 1925, when the Tokyo Broadcasting Station (a forerunner of today’s NHK) started radio broadcasts. In February 1953, NHK, a public broadcaster known in English as the Japan Broadcasting Corporation, started operating as a noncommercial broadcaster-initiated television broadcasting in Japan. Commercial stations then started operations in August of that year.

As post-war economic growth continued, TV soon replaced radio as the public’s favorite source of broadcast entertainment. Today, virtually all households have one or more TVs, and TV broadcasting is extremely important as a vehicle for advertisement, as a source for breaking news, and as a means to access major sports and national events.

Today, TV broadcasting is provided by NHK, a public broadcaster with nationwide coverage, and by 127 commercial broadcasters with regional scope. NHK is funded by receiving fees (collected from the every household and business with TV receiving equipment), whereas commercial stations are funded mainly by advertising.

Japan has five nationwide commercial broadcast

TV Broadcasting Networks in Japan (as of 2019)

Status	Commercial Broadcasters					Public Broadcaster
News networks:	JNN	NNN	FNN	ANN	TXN	NHK
Key stations located in Tokyo:	TBS	NTV	CX	EX	TX	
Sub-key stations in Osaka:	MBS	YTV	KTV	ABC	TVO	
Sub-key stations in Nagoya:	CBC	CTV	THK	NBN	TVA	
Total number of news network affiliated stations:	28 companies	28 companies	28 companies	24 companies	6 companies	

Overview of Japan's Media Industries

networks, each centered around a key Tokyo-based station. Most commercial broadcasters operate as network affiliates, and broadcast programs produced by these key stations and subkey stations. These key stations are therefore highly influential, and reap the highest revenues in the industry.

In Japan, there is no strict ban on the crossownership of newspapers and broadcast stations. Four of five key stations are affiliated with four major newspapers.

NHK and five major commercial networks deliver their programs on terrestrial and satellite broadcasting. Household penetration of paid multichannel platforms is just around 20%, meaning they are not as popular as those in other countries like the United States.

Although television remains a dominant force in the media market, it has been losing ground to the Internet in recent years. Viewers are increasingly watching videos online, and broadcasters are under growing pressure to utilize the Internet as part of their business strategy.

It is widely believed that the rise of the Internet is engendering significant changes in lifestyles and viewing habits. Television stations are responding with efforts to promote their programs on the Internet and through social media, as they look for ways to both maintain traditional viewership and leverage new opportunities. In 2015, just after the full launch of Netflix and Amazon Prime Video in the Japanese market, five major Tokyo-based TV networks jointly started an ad-supported and free streaming video service, named TVer. TVer provides about 200 programs weekly and each episode is made available for approximately a week. TVer app downloads had exceeded fifteen million as of October 2018. Meanwhile, NHK plans to begin simultaneous online broadcasts of its programming after the Diet passed a revision to the Broadcast Law, which previously limited NHK's ability to simultaneously stream programs online. NHK also started providing regular service of 4K/8K Super Hi-Vision Satellite Broadcasting on December 1st, 2018.

Telecommunications

Virtually all Japanese households are equipped with fixed lines, which have long been dominant for both phones and data transmission. Today, however, fixed-line usage is trending downward as mobile phones and wireless broadband proliferate.

In FY 2011, for the first time, mobile communications revenues accounted for over half of all telecoms revenues, far exceeding the revenues from fixed-line services. Also in the same year, revenues from data transmission surpassed those from voice telephony.

Japan's cutting-edge technologies are driving up revenues from data transmission, and demand is surging. MIC's (Ministry of Internal Affairs and Communications) efforts to promote FTTH, which started in the early 2000s, have brought the current subscription count to 31 million as of the end of 2018. 4G mobile phone and Broadband Wireless Access (BWA) subscriptions reached 131.4 million and 63.5 million, respectively. Nationwide, Japan's fixed broadband subscriptions totaled 39.7 million, which includes FTTH, DSL, CATV Internet service, and Fixed Wireless Access (FWA) subscriptions. (Source: MIC.)

Although overall momentum has shifted from fixed to mobile, the telecom market has reached maturity, and overall revenues are declining. The telecom industry is dominated by three players: NTT (Nippon Telegraph and Telephone), KDDI, and SoftBank. The three are fiercely competing with respect to both infrastructure and services. And E-commerce giant Rakuten will launch cellular services in 2019, becoming the fourth mobile network operator in Japan. In 2014, many com-

Overview of Japan’s Media Industries

panies from different industries, such as Aeon, a retail giant, started to enter the Mobile Virtual Network Operator (MVNO) business and expanded the budget smartphone market. The penetration of smartphones is well past that of conventional phones.

Films and Videos

Feature Films

The country’s four major film companies, Shochiku, Toho, Toei, and Kadokawa, pursue a multi-business strategy: they not only produce films, but also distribute them and operate multiplex theaters. Multiplex theater franchises have reached into rural areas, while smaller theaters are closing. In recent years theatergoers are also responding favorably to the showing of ODS (“other digital stuff”): typically sporting events, musical performances, *kabuki*, *rakugo*, and so forth. “4D” (3D film with physical effects including rain, wind, strobe lights, and vibration) theaters in cinema-complexes are also getting popular.

Videograms

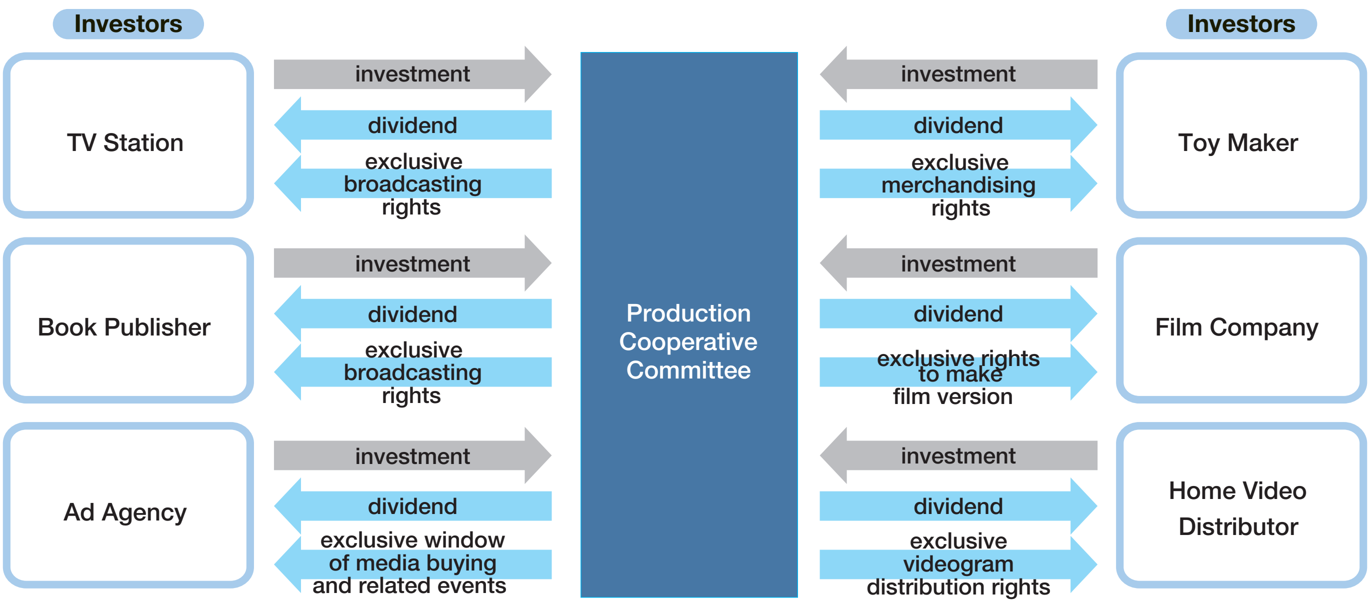
DVDs are still the most popular form of home video entertainment. However, both sell-through and rental revenues have been falling in recent years. With more people watching videos online, the rental business is facing a severe challenge.

Manga and Animation

Manga and animation have a significant cultural presence in Japan. Media-mix is the key strategy of maximizing the influence of manga and animation content. Many different forms of content such as TV programs, films, books, videograms, toys, and theater plays are produced based on popular manga and animation works. Nowadays live entertainment and events related to animation such as “2.5 dimensional”* musicals, voice actor concerts, animation song concerts, and original key drawing exhibitions are becoming quite popular. “Comic Market” is one of the biggest events among manga and animation fans. It is held twice a year, attracting a total of more than 1 million fans and cosplayers.

Companies from various industries such as publishing firms, TV broadcasters, film companies, advertising agencies, toy makers, and game companies take part to form a “production cooperative committee” to produce an animation in order

■ Example of an Animation Production Cooperative Committee Scheme



Overview of Japan's Media Industries

to pursue media-mix strategies and merchandising opportunities. In Japan, animation programs are frequently aired on late-night terrestrial TV, because TV is positioned as an effective promotion tool to sell DVD and Blu-ray discs later.

Recently Netflix unveiled plans to deliver Japanese animations worldwide as part of a global strategy to enrich its content.

＊ Real actors sing and act as characters from "two-dimensional" manga or animation.

Games

Console Games

Nintendo and Sony, the two major global providers of game consoles, have been struggling to introduce new consoles to the market over the past few years. The yearly trends of the video game market are greatly affected by the successful launch of new consoles and game software to be played on these consoles. However, the time and budget required to develop game consoles and software are getting longer and more costly, making the market environment more severe than ever.

Arcade, Online, and Mobile Games

The number of arcade game centers has decreased by half from ten years ago and fallen to its lowest level ever. On the other hand, the smartphone app game market is rapidly growing.

Advertising

Japan's advertising expenditures for 2018 totaled 6.53 trillion yen, an increase of 2.2% compared with the previous year's figure. The gradual expansion of Japan's economy in calendar 2018 saw overall spending on advertising post year-on-year gains for a seventh consecutive year.

The Internet advertising market (1.76 trillion yen) recorded double-digit growth (16.5%), and was the main driver boosting overall advertising expenditures. However, TV retains a large share of expenditures (29.3%).

Japan is the third largest advertising market in the world. Advertising expenditures are now in an era of slow growth correlating with the low-growth of GDP, although they have recovered from the slump after the Great East Japan Earthquake in 2011.

Advertising agencies in Japan can often have competing accounts because traditionally client conflict has not been regarded as controversial. Major agencies like Dentsu extend their activities beyond brand advertising, to produce entertainment content such as animations and films, acquire the broadcasting rights of popular sporting events, and act as the marketing partner for the Olympic Games.

Overview of Japan's Media Industries

Japan's Information Media Industries at a Crossroads

Japan is following the global trend: entering an era where single devices are used to consume content from multiple media. Telecom networks are crucial to this new scenario. We have already reached the point where individuals can utilize any of numerous devices available for seamless access to a wide variety of information and services, from virtually anywhere at any time.

Traditional information media industries developed around multiple platforms, each with its own monopolized transmission and distribution channels. This multi-platform model does not suit the emerging networked society, where electronic transfers no longer rely on specific channels and devices. This suggests that the industry as a whole has reached a turning point.

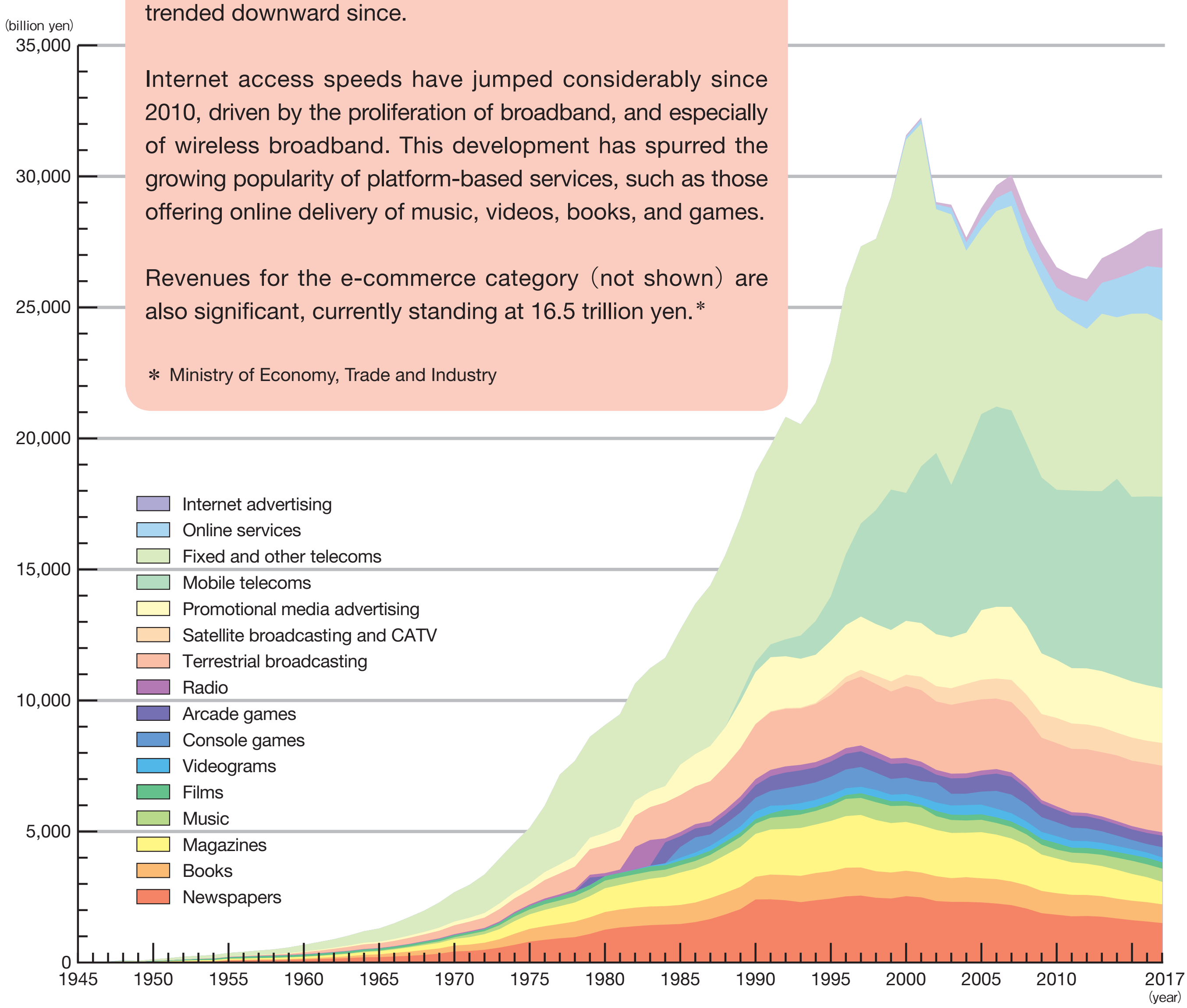
Growth of Japan's Information Media Industries (1945–2017)

The graph indicates year-on-year trends in market sizes of all sectors. Total market size peaked in the early 2000s, and has trended downward since.

Internet access speeds have jumped considerably since 2010, driven by the proliferation of broadband, and especially of wireless broadband. This development has spurred the growing popularity of platform-based services, such as those offering online delivery of music, videos, books, and games.

Revenues for the e-commerce category (not shown) are also significant, currently standing at 16.5 trillion yen.*

* Ministry of Economy, Trade and Industry



Overview of Japan's Media Industries

Information Media Business Sectors (1975–2015)

Sector	Items	1975	1995	Growth Rate (%)*1	2015	Growth Rate (%)*2
National Statistics	Population	111 million	125 million	112.6	128 million	102.4
	Households	33 million	44 million	133.3	56 million	127.3
	GDP	148 trillion yen	513 trillion yen	346.6	531 trillion yen	103.5
	US Dollar-Yen Exchange Rate	308	94	—	120	—
Video	Television Broadcasting	617 billion yen	2,660 billion yen	431.1	3,522 billion yen	132.4
	Videograms	—	260 billion yen	—	218 billion yen	83.8
	Animation	—	161 billion yen	—	252 billion yen	156.5
	Console Games	—	693 billion yen	—	348 billion yen	50.2
Text	Newspapers	885 billion yen	2,426 billion yen	274.1	1,791 billion yen	73.8
	Books and Magazines	977 billion yen	2,590 billion yen	265.1	1,522 billion yen	58.8
Audio	Radio	74 billion yen	255 billion yen	344.6	127 billion yen	49.8
	Records	185 billion yen	574 billion yen	310.3	183 billion yen	31.9
Online	Music Distribution	—	—	—	100 billion yen	—
	Video Distribution	—	—	—	141 billion yen	—
	Digital Publishing	—	—	—	183 billion yen	—
	Mobile Contents	—	—	—	156 billion yen	—
	Online Games	—	—	—	106 billion yen	—
Telecoms	Fixed and Other Telecoms	2,118 billion yen	8,956 billion yen	422.9	6,987 billion yen	78.0
	Mobile Telecoms	—	1,692 billion yen	—	7,047 billion yen	416.5
Box-office related	Feature Films	131 billion yen	158 billion yen	120.6	217 billion yen	137.3
	Arcade Games	—	578 billion yen	—	405 billion yen	70.1
	Karaoke	—	1,164 billion yen	—	617 billion yen	53.0
	Live Entertainment	—	—	—	512 billion yen	—
Advertising	Newspaper Advertising	409 billion yen	1,166 billion yen	285.1	568 billion yen	48.7
	Magazine Advertising	67 billion yen	374 billion yen	558.2	244 billion yen	65.2
	Television Advertising	421 billion yen	1,755 billion yen	416.9	1,932 billion yen	110.1
	Radio Advertising	60 billion yen	208 billion yen	346.7	125 billion yen	60.1
	Internet Advertising	—	2 billion yen*3	—	1,159 billion yen	57,950.0

*1 Growth rate since 1975
*2 Growth rate since 1995
*3 The figure for Internet Advertising is from 1996.
Note: Red = Figures higher than GDP growth rate of the respective year (compared to 20 years ago).

The Japanese media industry has shown some hesitance in moving into Internet activities. Today, however, it is recognized that Internet engagement is becoming essential to continued business viability. In time, the industry will transition to a strategy of continuously developing and offering new services to meet emerging demands. It is expected that the industry will eventually generate new businesses through the development and deployment of new technologies both at home and abroad.

Information Media Trends in Japan

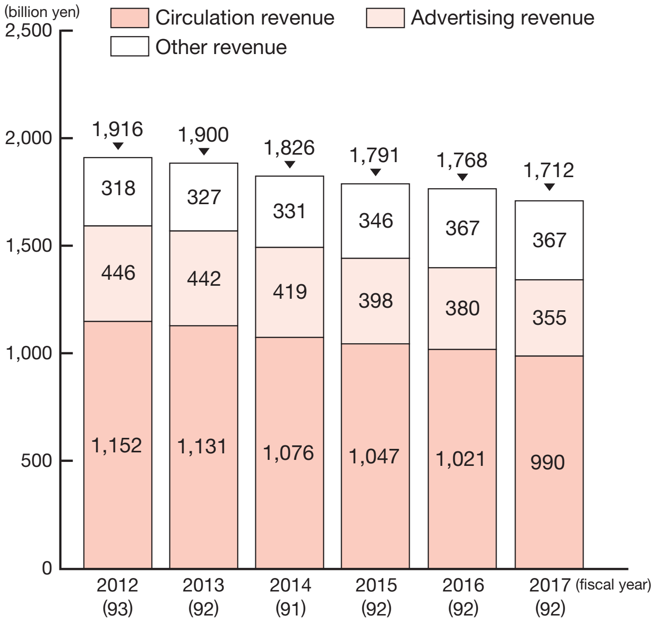
Sector-Specific Statistics and Trends

Newspapers

Home Delivery Networks Support Huge Circulation Numbers

- 95% of newspaper copies are directly delivered to subscribers via home delivery networks of newspaper distributors.
- Aside from the five national newspapers, regional newspapers are published in each prefecture.
- Circulation revenue accounts for approximately 60% of newspaper revenue. Advertising revenue has been dropping in recent years.
- News Curation Services such as Yahoo! News, LINE NEWS, SmartNews, and NewsPicks, are growing.

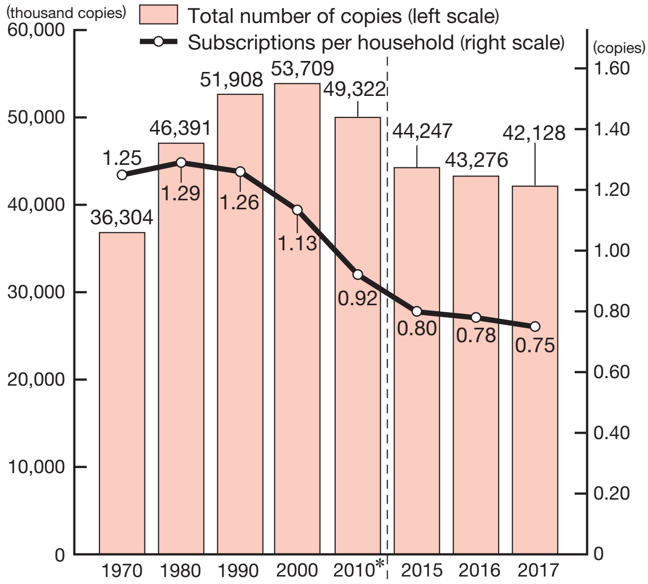
Newspaper Revenues



Note: Figures in parentheses indicate the number of companies counted.

Source: *Nihon Shinbun Kyokai* (NSK)
(The Japanese Newspaper Publishers & Editors Association)

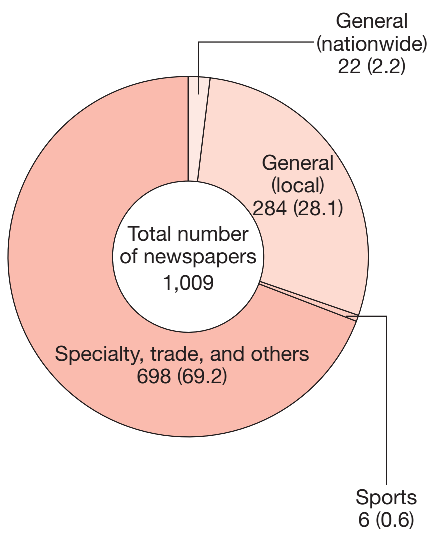
Newspaper Circulation Volume



* Every 10 years for figures prior to 2010
Note 1: Set of morning and evening papers counted as one copy.
Note 2: Annual survey conducted in October each year.

Source: *Nihon Shinbun Kyokai* (NSK)
(The Japanese Newspaper Publishers & Editors Association)

Number of Newspapers by Type (2016)



Note 1: Numbers in parentheses indicate composition ratios : %
Note 2: The numbers of newspapers are estimated based on a sample survey, rounded down.

Source: Ministry of Economy, Trade, and Industry

Revenue of National Newspapers

(billion yen)

Company (Fiscal Year End)	2013	2014	2015	2016	2017	2018
Asahi Shimbun (March)	314	313	288	274	262	255
Mainichi Shimbun *1 (March)	238	233	224	219	209	201
Yomiuri Shimbun *2 (March)	429	417	398	384	383	365
Nikkei (December)	169	170	180	188	187	–
Sankei Shimbun (March)	83	82	79	77	75	73

*1 Consolidated results of 39 group companies
*2 Consolidated results of 6 group companies
Note 1: Unless otherwise noted, all financial data are on a non-consolidated basis.
Note 2: The figures are rounded down to the nearest billion yen.

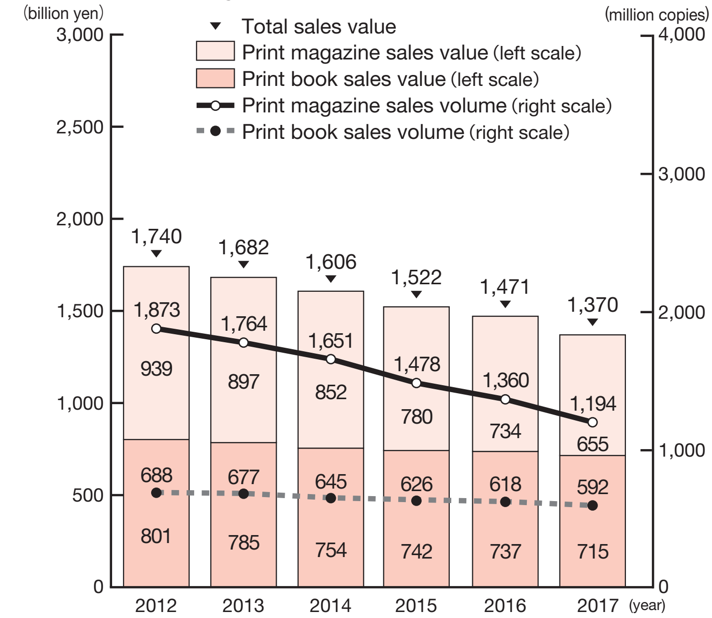
Source: The Bunka News and each company's IR data

Books and Magazines

The Digital Publishing Market is on a Growth Path

- The markets for both books and magazines are on the decline. By 2017, collectively they had shrunk to about half that of the peak year, 1996.
- Manga account for approximately 20% of total print book and magazine sales.
- Events and influencer businesses organized by magazines are becoming a new major revenue source for publishers.

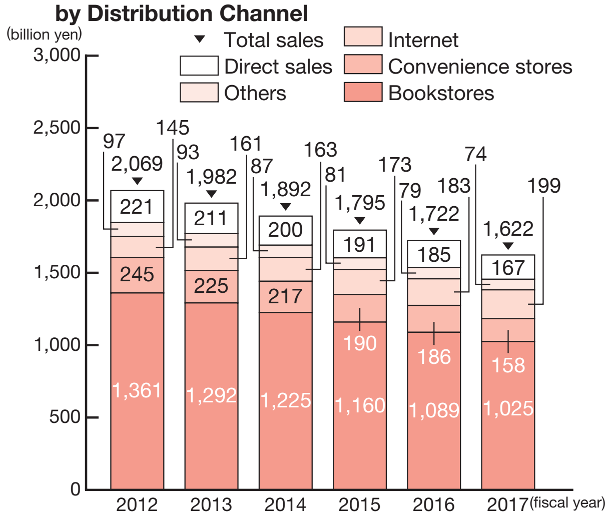
Sales Value and Volume of the Publishing Market (print books and magazines)



Total number of copies sold	2,561	2,441	2,295	2,104	1,978	1,786	(million copies)

Source: The All Japan Magazine and Book Publisher's and Editor's Association and the Research Institute for Publications

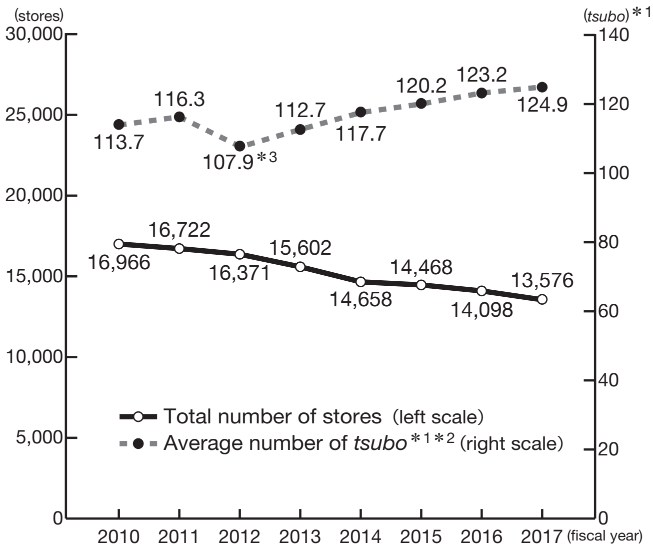
Value of Publishing Sales (print books, magazines, etc.), by Distribution Channel



Note: Bookstores: Sales value through brick and mortar stores selling published materials. Convenience stores: Sales value through convenience stores.
Internet: Sales value of printed materials through online bookstores, not including digital materials such as e-books and e-magazines, nor academic journals.
Others: Sales value through National Federation of University Co-operative Associations, bookstalls at railway stations, supermarkets, or drugstores, and secondary wholesalers.
Direct sales: Sales value of publishing firms directly selling to retail stores or readers without using wholesale distributors. Readers include schools, research facilities, and educational institutions as well as individuals.

Source: *Nippon Shuppan Hanbai* Inc.

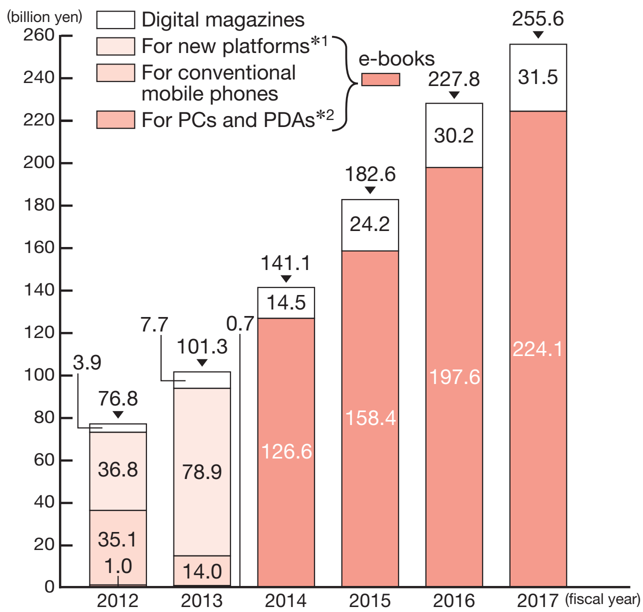
Number of Bookstores



*1 "Tsubo" is a unit of area in the Japanese system of weights and measures.
1 *tsubo* = 3.31 m^2
*2 Some stores include sales floor area for items other than books, magazines, and comics.
*3 The reason that the average number of *tsubo* decreased in fiscal year 2012 was that approximately 1,400 small stores with a size of 1 to 49 tsubo that were undetermined until fiscal year 2011 were included in fiscal year 2012.

Source: Japan Publishing Organization for Information Infrastructure Development

Digital Publishing Market



*1 For smartphones, tablets, and dedicated e-book readers. E-books supporting multiple devices including PCs fall into this category.
*2 For PCs and PDAs only. E-books supporting multiple devices are not included.
Note: User expenditure in Japan

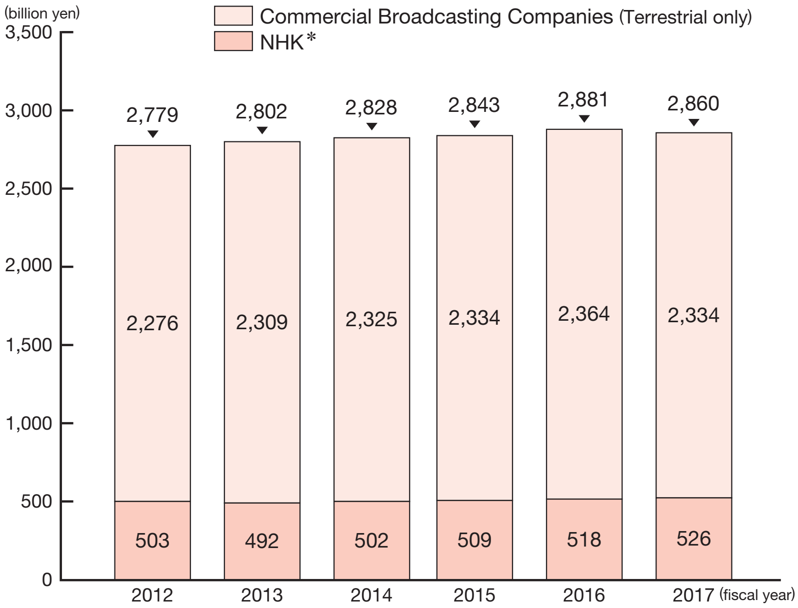
Source: Impress Corporation

Public Broadcasting and Free-to-air Broadcasting (Terrestrial)

The Market is Centered on NHK and the Five Key Commercial Broadcasters

- Broadcasts from public broadcaster NHK (the Japan Broadcasting Corporation) and from commercial free-to-air broadcasters supported by advertising can be directly received by each household via terrestrial broadcasts.
- TV receiving fees account for more than 95% of the income of NHK. The Broadcast Act of Japan requires that anyone with a device capable of receiving TV enter into a contract with NHK and pay receiving fees.
- There are 127 commercial terrestrial broadcasting companies in Japan. Most of them are affiliated with the five key broadcasters based in Tokyo.

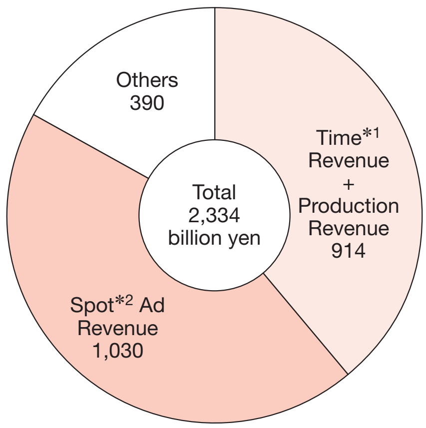
Revenue of NHK and Terrestrial Commercial Broadcasters



* The figures are the whole of NHK's revenues minus the satellite broadcasting revenues.
Note: Total revenue for commercial broadcasters include radio broadcast revenue, television broadcast revenue, and other business revenue.

Source: The Japan Commercial Broadcasters Association and NHK

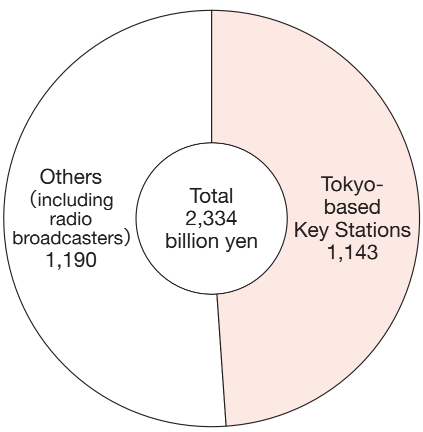
Total Revenue of Terrestrial Commercial Broadcasting Companies by Type (Fiscal Year 2017)



*1 "Time" refers to program sponsorship advertising.
*2 "Spot" refers to spot commercials placed mostly between programs.
Note 1: Total revenue of radio and television.
Note 2: Multimedia broadcasting is not included.

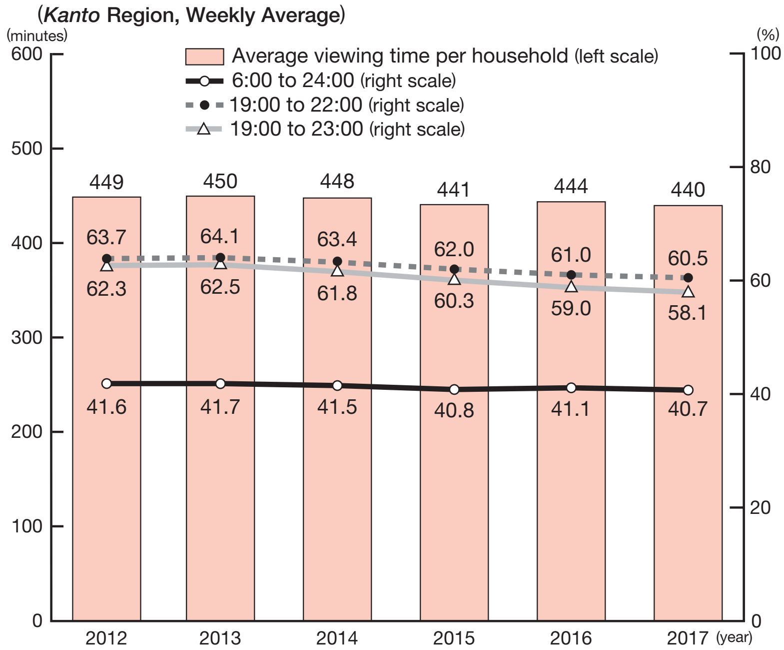
Source: The Japan Commercial Broadcasters Association

Total Revenue of Terrestrial Commercial Broadcasting Companies by Regions (Fiscal Year 2017)



Source: Ministry of Internal Affairs and Communications

Average Television Viewing Time per Household and Households Using Television, by Time of Day (*Kanto* Region, Weekly Average)



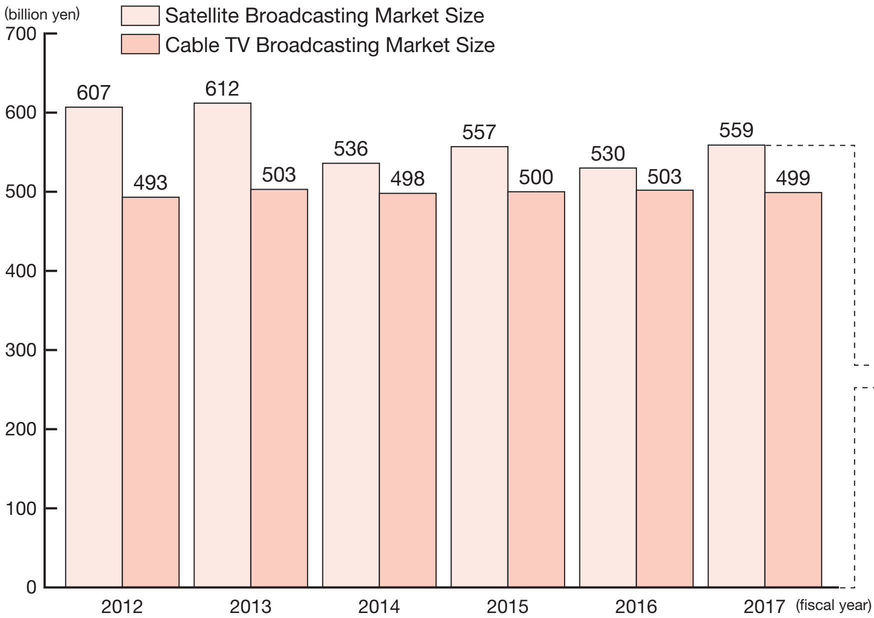
Source: Video Research Ltd.

Multi-Channel Platforms (Satellite, CATV, and IPTV)

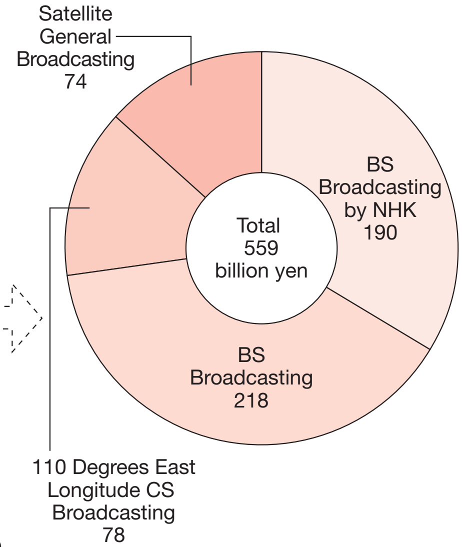
Multi-Channel Service Subscriptions Total 11.8 Million

- A satellite platform carries channels from NHK (receiving fees required) and from the affiliate stations of the five key commercial networks (free-to-view). Paid broadcast services are also available via satellite.
- A paid subscription to Sky Perfect JSAT, a satellite-based programming operator, or cable TV is required to view channels from a variety of genres.
- The estimated multi-channel service penetration rate for households remains in the 20%-plus range.

■ Total Revenue of Satellite Broadcasting and Cable TV Broadcasting



Revenue of Satellite Broadcasting by Type (Fiscal Year 2017)



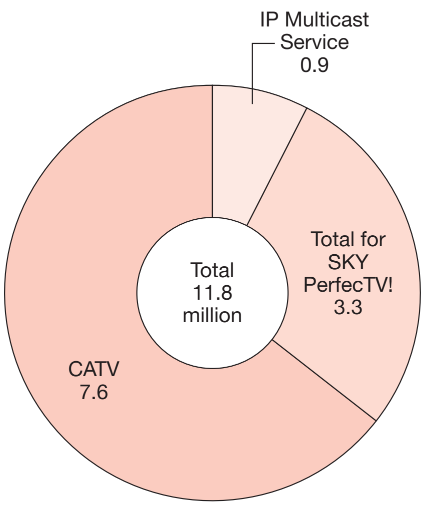
Note: Satellite broadcasting market size shows revenues from satellite broadcasting business by channel operators.
Cable TV broadcasting market size shows revenues from broadcasters whose main business is offering cable TV services including running community channels.

Source: NHK and Ministry of Internal Affairs and Communications

Note: Total revenue of satellite broadcast business for each operator.

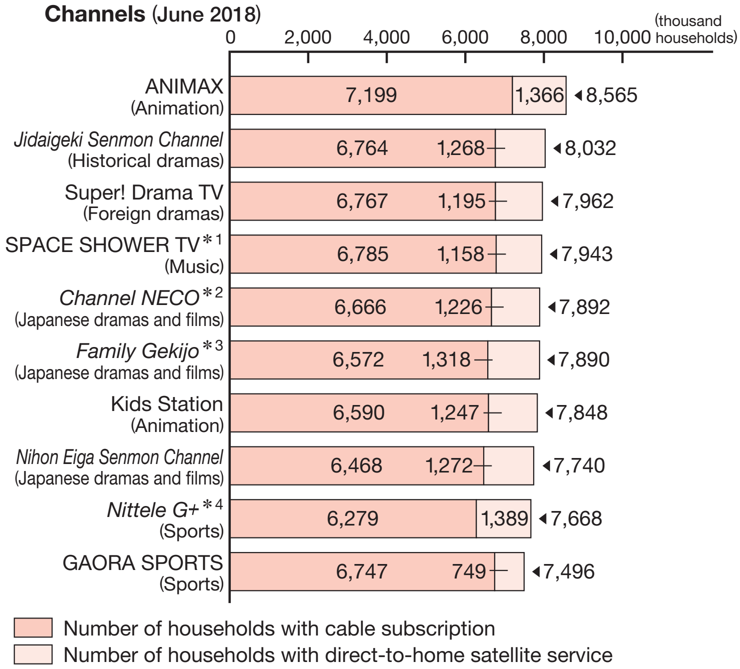
Source: NHK and Ministry of Internal Affairs and Communications

■ Subscriptions for Paid Multi-Channel Services (March 2018)



Source: *Hoso Journal-sha,* SKY Perfect JSAT and Ministry of Internal Affairs and Communications

■ Number of Households Subscribed to Major Specialized Channels (June 2018)



*1 Calculated on December 31, 2017 *2 Calculated on November 30, 2017
*3 Calculated on July 31, 2018 *4 Calculated on May 31, 2018

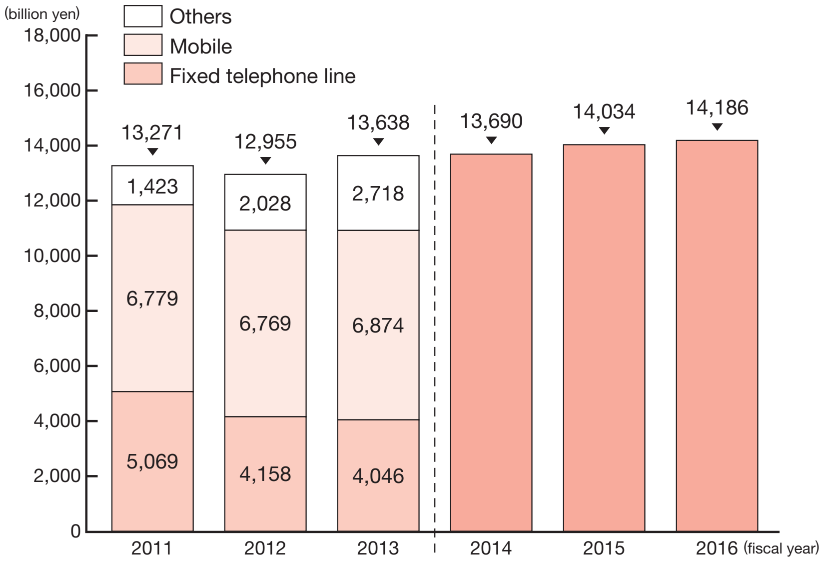
Source: Satemaga BI Inc.

Telecom Carriers and Internet

There is Intense Competition Among the Three Major Carriers

- The three major telecom operators in Japan are NTT (formerly state-owned, then privatized in 1985), KDDI, and SoftBank.
- More than 80% of the population has access to the Internet.
- Broadband Wireless Access (BWA) subscriptions continue a sharp upward trend.

Total Revenue of Telecommunication Business



Note1: Fixed telephone line: Fixed-line voice transmission (domestic), fixed-line voice transmission (international), and fixed-line data transmission.
Mobile: Mobile or Personal Handyphone System voice transmission, and Mobile or Personal Handyphone System data transmission.
Others: Wireless call, dedicated lines, telegram, Internet data centers, other forms of communications, and unspecified.
Note2: The estimation method was modified in 2014, precluding any direct comparison to figures prior to 2013.

Source: Ministry of Internal Affairs and Communications and Ministry of Economy, Trade and Industry

Revenue of Three Major Telecom Carriers' Sales

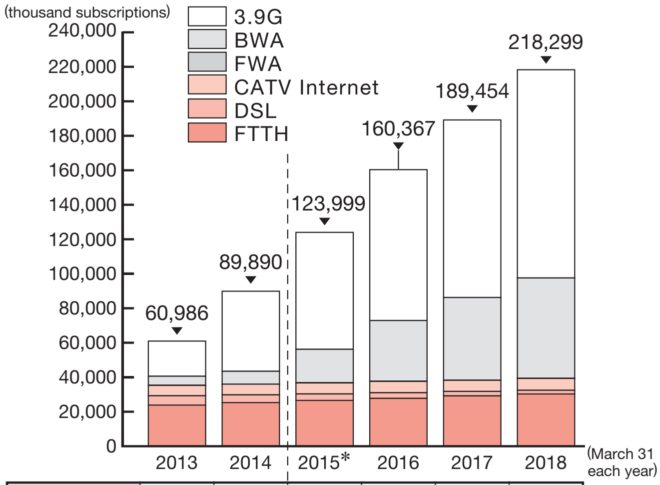
(billion yen)

Company (Fiscal Year End)	2016	2017	2018
NTT (March)	11,540	11,391	11,799
KDDI (au) (March)	4,466	4,748	5,041
SoftBank (March)	8,881	8,901	9,158

IFRS-based financial statements.
Note 1: Consolidated basis.
Note 2: Each company's sales figures include sales from all businesses other than communications businesses.
Note 3: The figures are rounded down to the nearest billion yen.

Source: Each company's IR data

Broadband Subscriptions

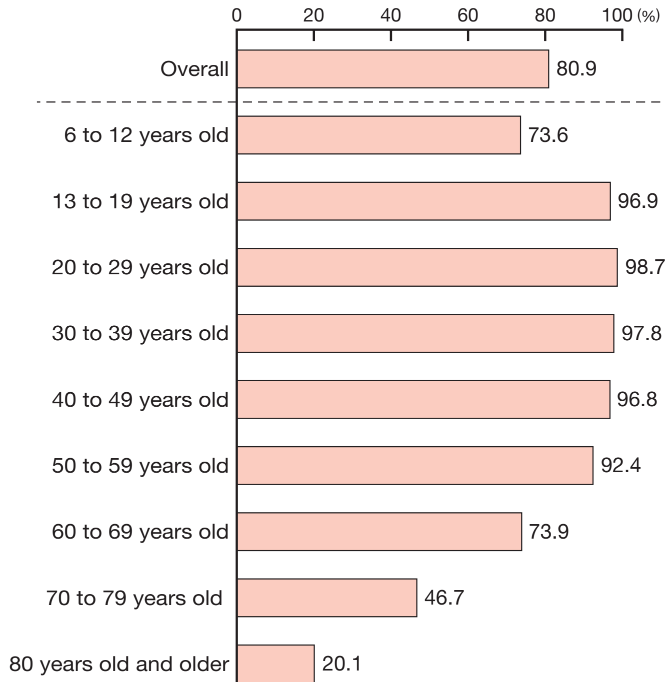


	2013	2014	2015*	2016	2017	2018
FTTH	23,854	25,313	26,563	27,817	29,253	30,303
DSL	5,425	4,470	3,753	3,203	2,512	2,146
CATV Internet	6,012	6,225	6,430	6,732	6,852	6,892
FWA	9	8	7	6	6	5
BWA	5,313	7,461	19,466	35,137	47,888	58,226
3.9G	20,373	46,413	67,781	87,472	102,942	120,727

* The subscription data was modified in March 31, 2018, retroactive to March 31, 2015.

Source: Ministry of Internal Affairs and Communications

Internet Usage Rate by Age and Gender (2017)



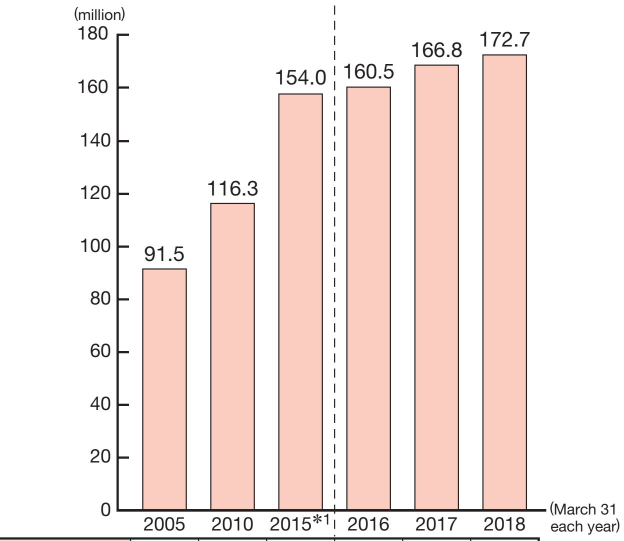
Source: Ministry of Internal Affairs and Communications

Mobile Communications

The Rapid Spread of Smartphones Has Had a Major Impact

- Smartphones account for more than 85% of total shipment volume of mobile phones. The share of iPhones is quite high in Japan compared to other countries.
- Many companies from different industries have become Mobile Virtual Network Operators (MVNO), and the number of MVNO subscribers has grown rapidly.
- E-commerce giant Rakuten launches cellular services in 2019, becoming the fourth mobile network operator in Japan.

■ Mobile Phone and PHS Subscriptions

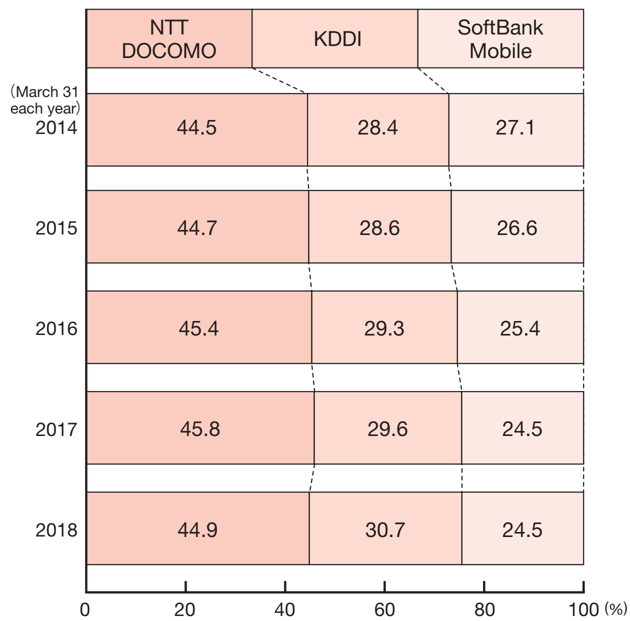


	2005	2010	2015*1	2016	2017	2018
Mobile phones	87.0	112.2	148.8	156.5	163.4	170.1
3.9G (LTE)	—	—	67.8	87.5	103.0	120.7
PHS*2	4.5	4.1	5.2	4.0	3.4	2.6

*1 Every five years for 2015 and earlier　*2 PHS: Personal Handy-phone System

Source: Ministry of Internal Affairs and Communications

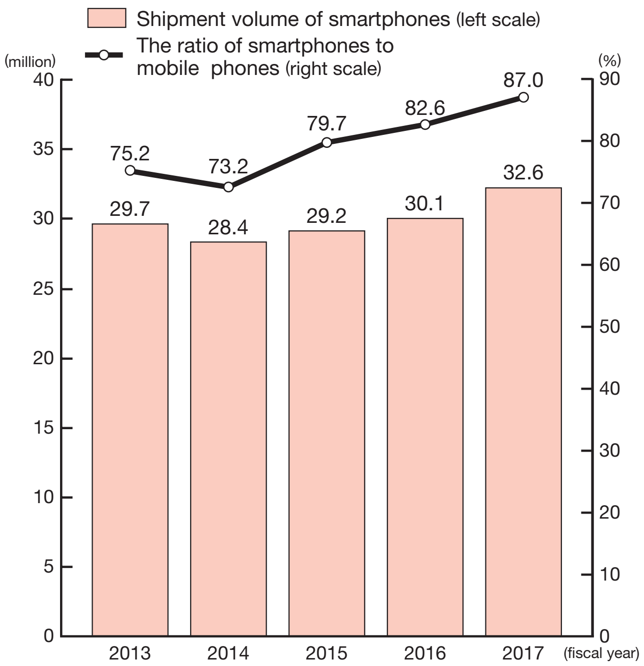
■ Composition Ratio of Mobile Phone Subscriptions by Carrier



Note: Including MVNOs

Source: Ministry of Internal Affairs and Communications

■ Smartphone Shipments in Japan



Source: MM Research Institute

■ Usage Rates of Internet Devices (2017)

(%)

	Home computer	Conventional mobile phone	Smart-phone	Tablet device	Home video game console, Internet capable
6 to 12 years old	27.4	6.4	32.4	32.8	30.9
13 to 19 years old	51.5	5.6	75.2	24.2	22.3
20 to 29 years old	68.8	5.1	90.0	21.5	16.0
30 to 39 years old	67.1	6.4	88.8	29.9	14.2
40 to 49 years old	69.1	10.2	82.9	28.0	8.1
50 to 59 years old	65.5	13.3	68.5	24.4	2.8
60 to 69 years old	47.4	15.2	39.4	15.0	0.8

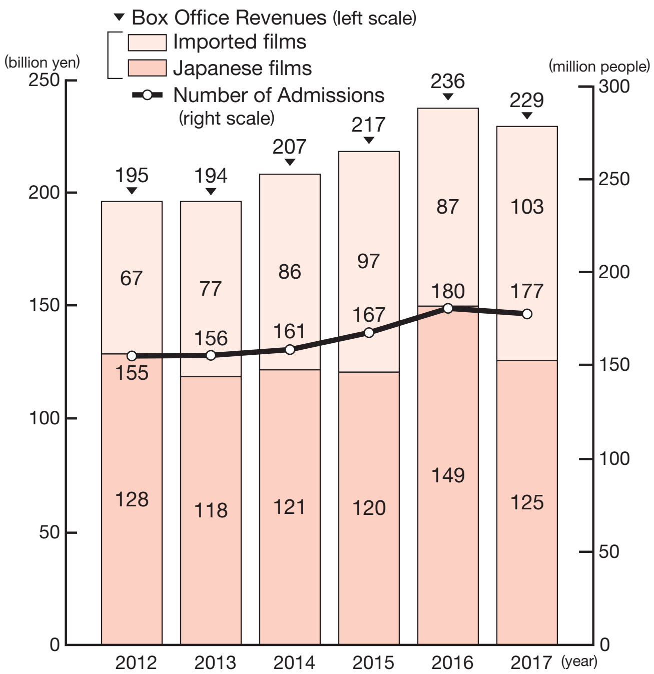
Source: Ministry of Internal Affairs and Communications

Feature Films

Box Office Revenue Stayed over 200 Billion Yen

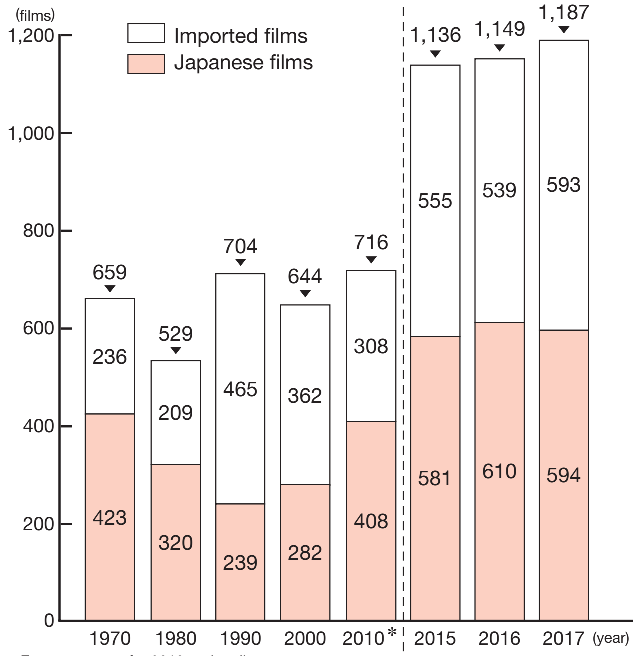
- The number of screens is growing due to the increasing number of cinema complexes with multiple screens. On the other hand, the closure of small-scale independent cinema theaters continues.
- 4DX/MX4D film theaters have seen rapid expansion, suggesting that people are fond of not only watching but also “experiencing” films.
- In 2018 *One Cut of the Dead,* a low-budget indie film was very successful due to word-of-mouth advertising via social media.

■ Total Box Office and Admissions



Source: Motion Picture Producers Association of Japan, Inc.

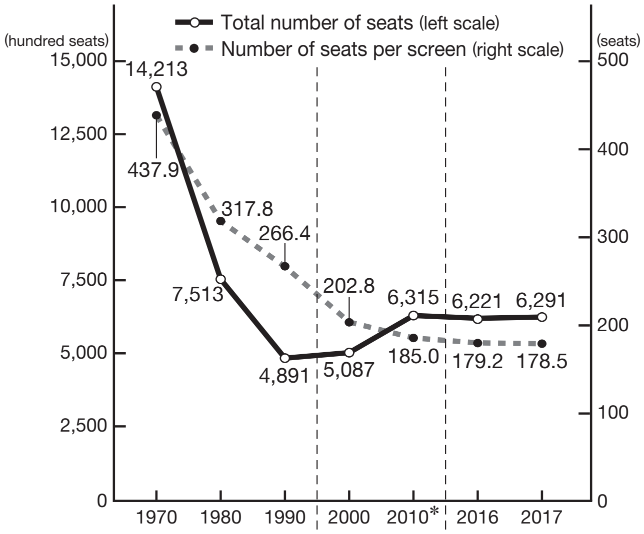
■ Number of Films Released



* Every ten years for 2010 and earlier

Source: Motion Picture Producers Association of Japan, Inc.

■ Number of Cinema Screens and Seats (end of year)



	1970	1980	1990	2000	2010*	2016	2017
Number of screens	3,246	2,364	1,836	2,508	3,414	3,472	3,525

* Every 10 years for 2010 and earlier
Note 1: Drive-in theaters are not included in number of screens.
Note 2: Calculation method differs for the period of 1970 to 1990.
Note 3: Annual survey conducted in September of each year.

Source: *Jiji Eiga Tsushinsha* and *Kinema Junpo*

■ Top Box Office Films

Year of Release	Title	Box Office Revenue (billion yen)	Japanese/ imported	Distributor *1
2001	Spirited Away	30.80	Japanese	Toho
2014	Frozen	25.50	Imported	WDS
2016	Your Name.	25.03	Japanese	Toho
2001	Harry Potter and the Philosopher's Stone	20.30	Imported	WB
2004	Howl's Moving Castle	19.60	Japanese	Toho
2003	Bayside Shakedown 2	17.35	Japanese	Toho
2002	Harry Potter and the Chamber of Secrets	17.30	Imported	WB
2009	Avatar	15.60	Imported	FOX
1997	Titanic	16.00 *2 (26.2)	Imported	FOX
1997	Princess Mononoke	11.30 *2 (19.3)	Japanese	Toho

*1 Distributor abbreviations are as follows: WB: Warner Bros. Pictures FOX: 20th Century Fox WDS: Walt Disney Studios
*2 Distribution revenue. Numbers in parentheses are based on box office figures released by Toho.
Note: Major films from 1980

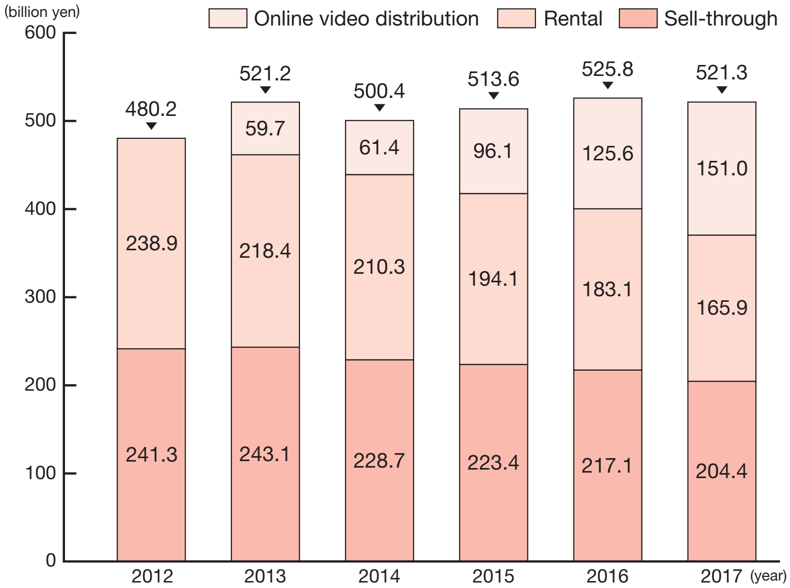
Source: Motion Picture Producers Association of Japan. Inc

Videograms

Online Video Distribution Exceeded 150 Billion Yen

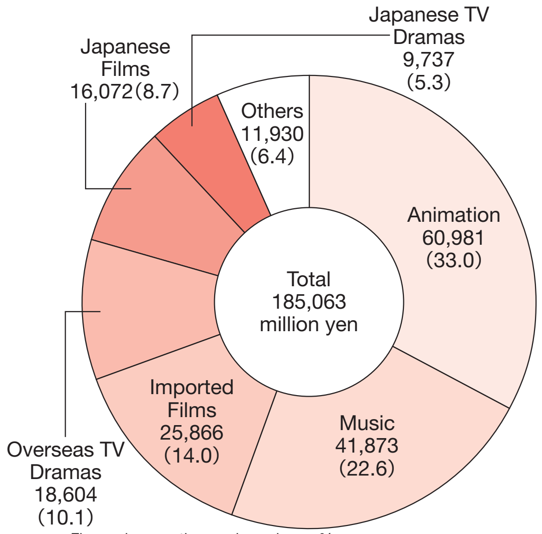
- The sales of online paid video services are growing rapidly, while the downtrend for both sell-through and rental markets continues.
- Music and animation are the top two genres of DVDs shipped.
- Even in Japan, more and more original programs are produced by online services such as Netflix, Amazon Prime, and Hulu, and some of them are broadcast on regular television.

Consumer Spending on Videograms



Source: Japan Video Software Association

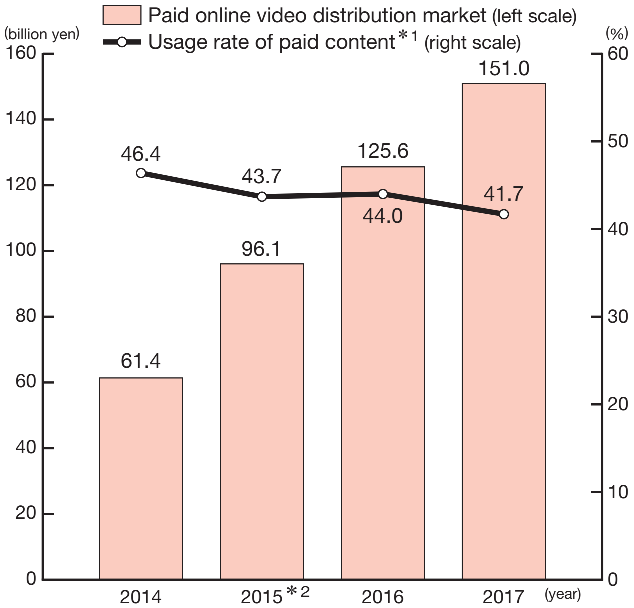
Shipment Value of Videograms by Category (2017) (Sell-through + Rental)



Figures in parentheses show share : %

Source: Japan Video Software Association

Usage rate of paid content and paid online video distribution market



*1 "Users of paid content" includes users who have purchased and/or rented at least one piece of video content in the form of physical media or paid for an online video streaming service within the span of a year.

*2 From 2015, the paid online video streaming market included all-you-can-watch VOD (video on-demand) services that grant unlimited free views to CATV and pay television (eg. WOWOW and Sky PerfecTV!) subscribers, all-you-can-watch VOD services that are pay ancillary services attached to portal sites, and all-you-can-watch VOD services that are offered to paying subscribers of another service as an accompanying service.

Source: Japan Video Software Association and the Digital Entertainment Group Japan

Top Sales of Videograms (2017)

Type	Rank	Title (Distributor)	Estimated number of discs sold
DVD	1	ARASHI LIVE TOUR 2016-2017 Are You Happy? (J Storm)	374,525
	2	Your Name. DVD Standard Edition (Toho)	331,422
	3	Clip! Smap! Complete Singles (Victor Entertainment)	269,522
	4	Hey! Say! JUMP LIVE TOUR 2016 DEAR. (J Storm)	206,561
	5	CONCERT TOUR 2016 I SCREAM (avex trak)	177,893

Type	Rank	Title (Distributor)	Estimated number of discs sold
Blu-ray	1	ARASHI LIVE TOUR 2016-2017 Are You Happy? (J Storm)	379,189
	2	Your Name. Blu-ray Standard Edition (Toho)	274,420
	3	Clip! Smap! Complete Singles (Victor Entertainment)	229,458
	4	Beauty and the Beast MovieNEX (Walt Disney Japan)	223,302
	5	Moana MovieNEX (Walt Disney Japan)	202,491

Note 1: Survey period: December 26, 2016 to December 18, 2017

Note 2: The estimated numbers of DVDs and Blu-ray discs sold in the Japanese market were calculated from the sales performance of retail stores and at event venues, with 20,352 stores taking part in the survey. Those stores include CD retailers, combined shops handling rental DVDs, books, etc., electronics retail stores, convenience stores, genre specialist stores, and online stores.

Source: Oricon Research "Oricon Entertainment Market Report 2017"

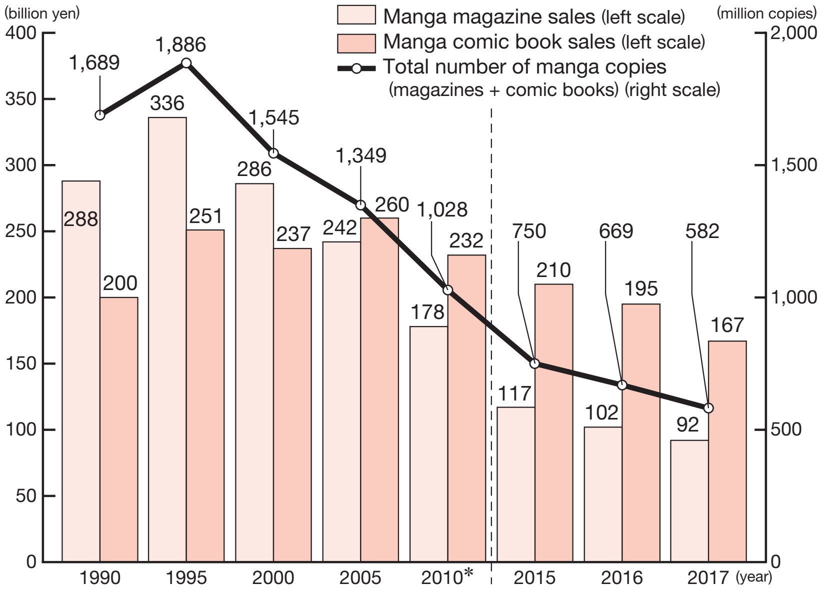
5 Pop Culture

Manga

Many Hit Manga are Adapted into Animation or Live Action Films

- Typically a manga work is published in comic book format, subsequent to its serialization in a manga magazine.
- The print manga markets are in a downtrend. The sales of digital manga however, failed to offset the decrease in 2017.
- Print manga magazine copies continue to decrease, suggesting that publishers are focusing on apps for manga. Subscription services, such as LINEmanga, are increasing in popularity.

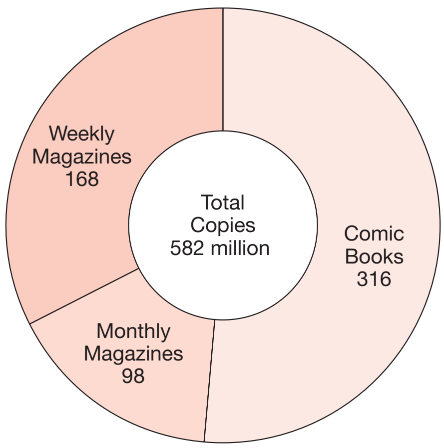
■ Sales of Print Manga Magazines and Comic Books



* Every five years for 2010 and earlier

Source: The All Japan Magazine and Book Publisher's and Editor's Association and the Research Institute for Publications

■ Sales Volume of Manga by Type (2017)



Source: The All Japan Magazine and Book Publisher's and Editor's Association and the Research Institute for Publications

Pop Culture

■ Sales of Manga Magazines by Title (October 2016 to September 2017)

Genre		Magazine Name (Publisher)	(copies)
For children	Boys	Weekly *Shonen* Jump (Shueisha)	1,903,542
		Weekly *Shonen* Magazine (Kodansha)	941,673
		Monthly CoroCoro Comic (Shogakukan)	786,667
		Monthly *Shonen* Magazine (Kodansha)	433,552
		Weekly *Shonen* Sunday (Shogakukan)	317,458
	Girls	*Ciao* (Shogakukan)	451,667
		Ribon (Shueisha)	172,917
		Bessatsu Margaret (Shueisha)	167,083
		Hana to Yume (Hakusensha)	124,679
For adults	Men	Weekly Young Jump (Shueisha)	536,979
		Big Comic Original (Shogakukan)	500,000
		Young Magazine (Kodansha)	394,829
		Big Comic (Shogakukan)	294,750
		Morning (Kodansha)	209,800
	Women	BE・LOVE (Kodansha)	92,872
		Petit Comic (Shogakukan)	81,917

Source: Japan Magazine Publishers Association (JMPA)

■ Top Sales of Comic Books (2017)

Genre	Title (No. of Volumes), Author (Publisher, Magazine)	Number Published* (thousand copies)	Film Adaptation
For boys	ONE PIECE (87), Eiichiro Oda (Shueisha, Weekly *Shonen* Jump)	3,600	Animated
	Attack on Titan (22), Hajime Isayama (Kodansha, *Bessatsu Shonen* Magazine)	1,980	Animated Live-action
	HUNTER×HUNTER (34), Yoshihiro Togashi (Shueisha, Weekly *Shonen* Jump)	1,510	Animated
	Silver Spoon (14), Hiromu Arakawa (Shougakukan, Weekly *Shonen* Sunday)	857	Animated Live-action
For girls	*Kimi ni Todoke* (29), Karuho Shina (Shueisha, *Bessatsu* Margret)	480	Animated Live-action
	Cardcaptor Sakura: Clear Card (2), CLAMP (Kodansha, *Nakayoshi*)	430	Animated
For youths	Tokyo Ghoul: Re (13), Sui Ishida (Shueisha, Weekly Young Jump)	820	Animated Live-action
	Kingdom (48), Yasuhisa Hara (Shueisha, Weekly Young Jump)	760	Animated
	One-Punch Man (15), ONE, Yusuke Murata (Shueisha, *Tonari-no* Young Jump)	720	Animated
For women	*Chihayafuru* (34), Yuki Suetsugu (Kodansha, BE・LOVE)	350	Animated Live-action
	Tokyo *Tarareba* Girls (7), Akiko Higashimura (Kodansha, Kiss)	300	Live-action

* Total number published in 2017.
Note: Manga adapted to animated and/or live action films as of December 2017.

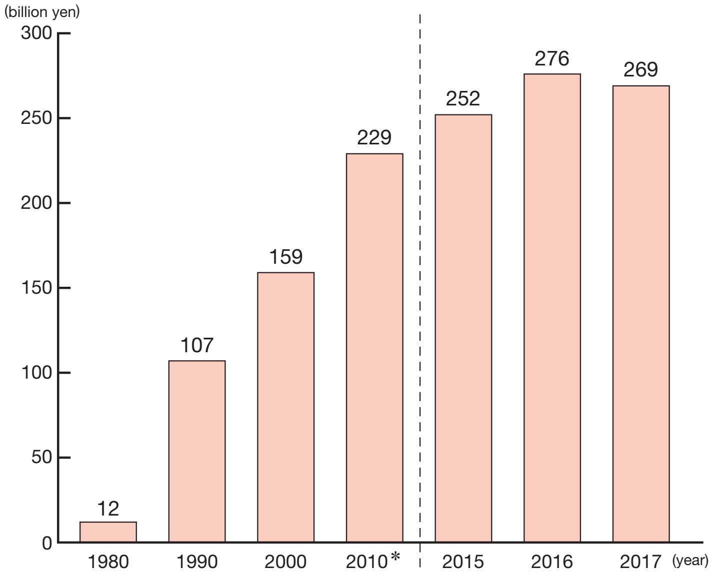
Source: The All Japan Magazine and Book Publisher's and Editor's Association and the Research Institute for Publications

Animation

User Consumption of Animation in Japan Exceeds 250 Billion Yen

- Animated programs are frequently shown on late night terrestrial TV.
- "VTubers," the abbreviation of Virtual YouTubers, are people who use motion capture to make animations and put them on YouTube, are getting popular in Japan. Studios related to Vtubers are being established one after another.
- The online distribution services market reached 81.5 billion yen (up 11.5%) in 2017.

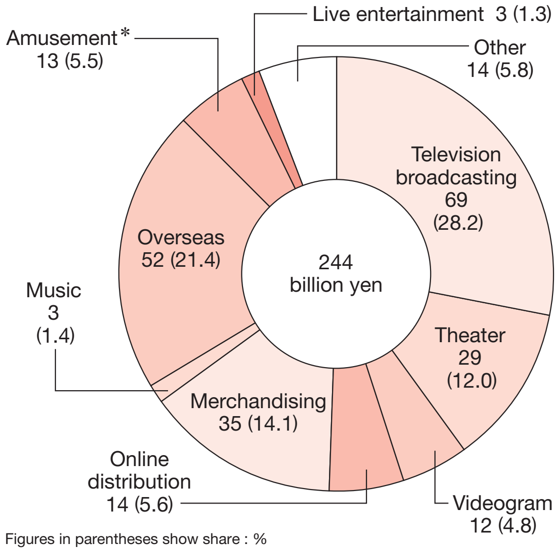
Consumer Spending on Animation
(For Feature Film/Television/Videogram/Online Distribution)



* Every ten years for 2010 and earlier.

Source: Media Development Research Institute Inc.

Revenue of Animation Production Companies by Type (2017)



Figures in parentheses show share : %

* Amusement means revenues from producing visuals for pachinko and slot machine parlors and revenue shares.

Source: The Association of Japanese Animations

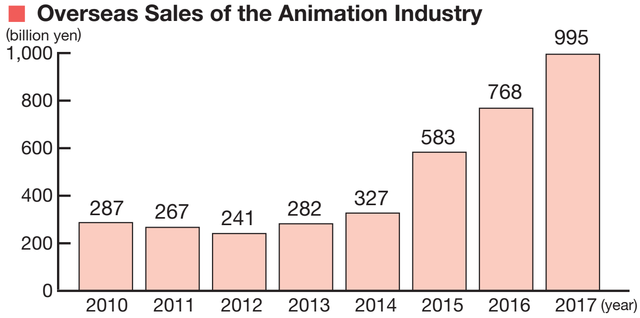
Top Box Office Animation Films

Year of Release	Title	Box Office Revenue (billion yen)	Japanese/ Imported	Distributor
2001	Spirited Away	30.80	Japanese	Toho
2014	Frozen	25.50	Imported	WDS*
2016	Your Name.	25.03	Japanese	Toho
2004	Howl's Moving Castle	19.60	Japanese	Toho
1997	Princess Mononoke	19.30	Japanese	Toho
2008	Ponyo	15.50	Japanese	Toho
2013	The Wind Rises	12.02	Japanese	Toho
2003	Finding Nemo	11.00	Imported	Buena Vista
2010	Toy Story 3	10.80	Imported	WDS*
2002	Monsters, Inc.	9.37	Imported	Buena Vista

* Walt Disney Studios

Source: Motion Picture Producers Association of Japan, Inc.

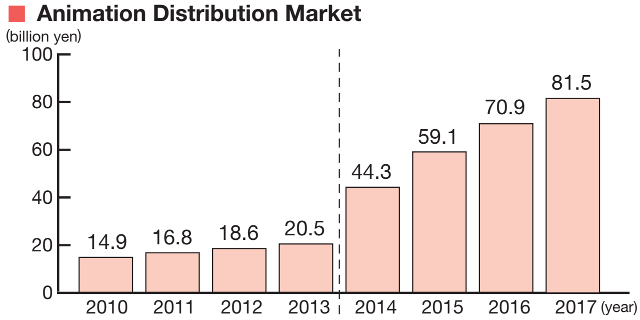
Overseas Sales of the Animation Industry



Note: Estimated user expenditures based on overseas business of member companies of the Association of Japanese Animations.

Source: The Association of Japanese Animations

Animation Distribution Market



*1 The total of users' expenditures on animation streaming services

*2 The method for estimating the streaming market was modified in 2015, retroactive to 2014.

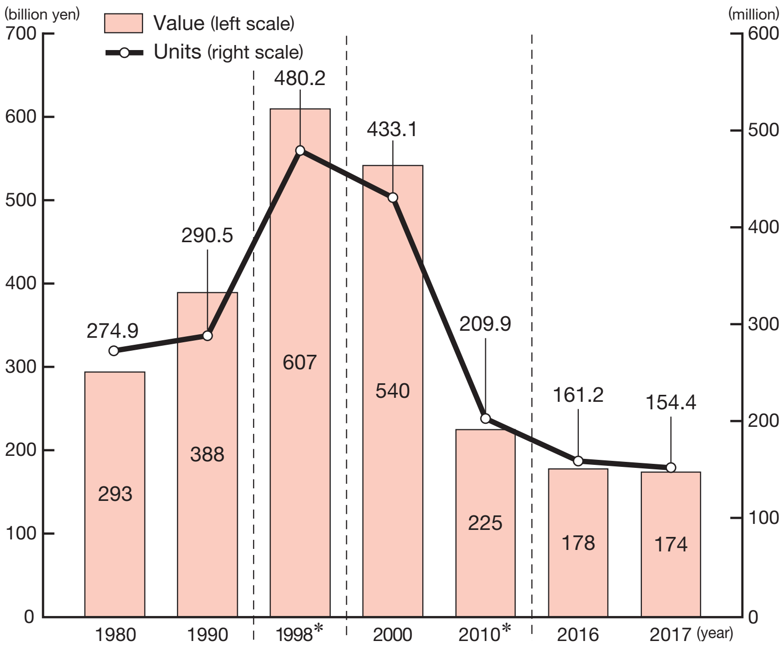
Source: Media Development Research Institute, Inc.

Music

CDs Still Have a Majority Share of Music Market in Japan

- In Japan, CDs (physical audio records) still account for a large sales share. Music streaming services have about 20% market share.
- Tickets to attend idol events are often included in CD packages to stimulate vigorous sales.
- The concert market has grown steadily in recent years. But due to a number of large concert venues being under renovation, there was a shortage of venues, which has had a negative impact on the live market.

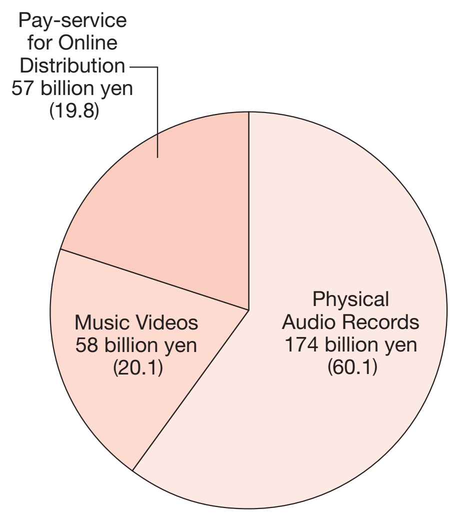
■ Production Data of Audio Records



* Every ten years for 2010 and earlier, with the exception of 1998, which was the year with the highest sales
Note: Total of analog discs, CDs, cassette tapes, etc. Music videos excluded

Source: The Recording Industry Association of Japan

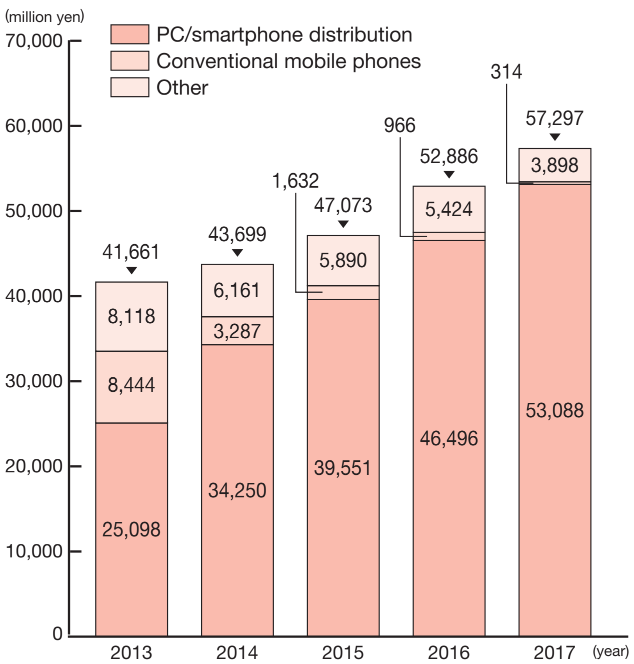
■ Music Sales by Type (2017)



Figures in parentheses show share: %

Source: The Recording Industry Association of Japan

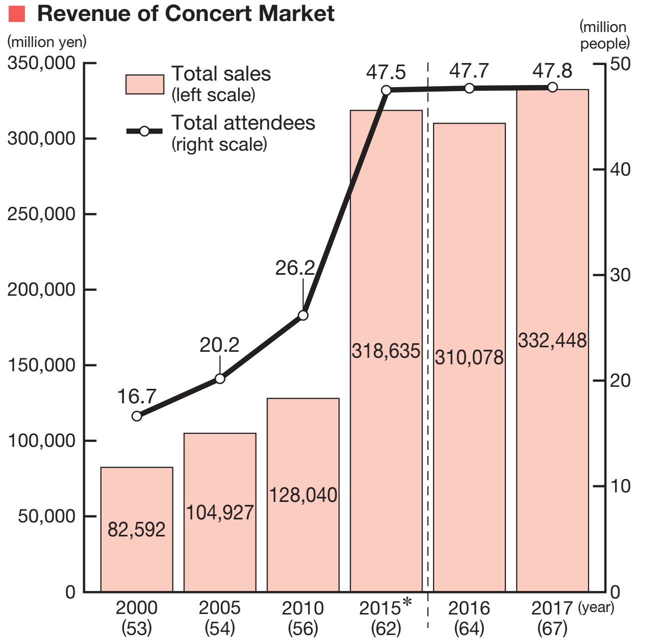
■ Revenue from Online Music Distribution, by Type



Note: Total revenue of member companies of the Recording Industry Association of Japan

Source: The Recording Industry Association of Japan

■ Revenue of Concert Market



The survey is carried out annually by the All Japan Concert & Live Entertainment Promoters Conference to its member companies. Numbers of the companies surveyed are in parentheses.
* Every five years for 2015 and earlier
Note: Market size represented by ticket revenue

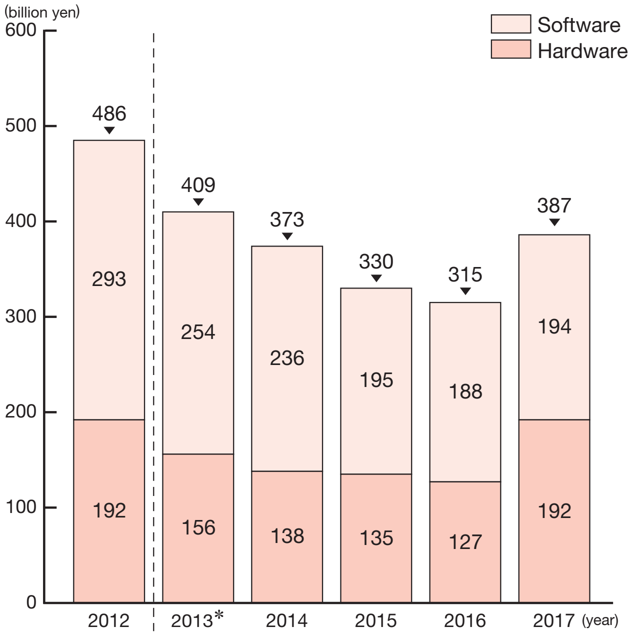
Source: All Japan Concert & Live Entertainment Promoters Conference

Console Games

The Rapid Growth in Mobile games is Causing a Stir in the Industry

- The console game market had been declining for years, but recovered in 2017 for the first time in 10 years due to the big hit of the Nintendo Switch.
- Presumably, the rapid growth in mobile game apps boosted by the spread of smartphones has caused the console game market to shrink.
- Sony launched PlayStation VR in 2016 and Nintendo introduced Nintendo Switch in 2017.

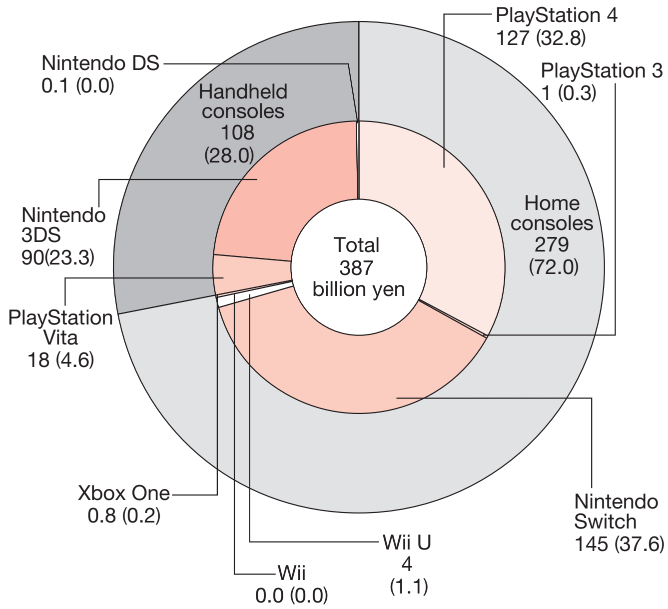
Console Video Game Sales in Japan



* The estimation method was modified in 2013.

Source: Computer Entertainment Supplier's Association

Sales Value of Video Game, by Console (2017)



Figures in parentheses show share : %

Source: Computer Entertainment Supplier's Association

Revenue of Major Video Game Companies

(Hardware Makers) (billion yen)

Company (Fiscal Year End)	2016	2017	2018
Sony (March)*1	1,551	1,649	1,943
Nintendo (March)	504	489	1,055
Non-consolidated	379	363	978

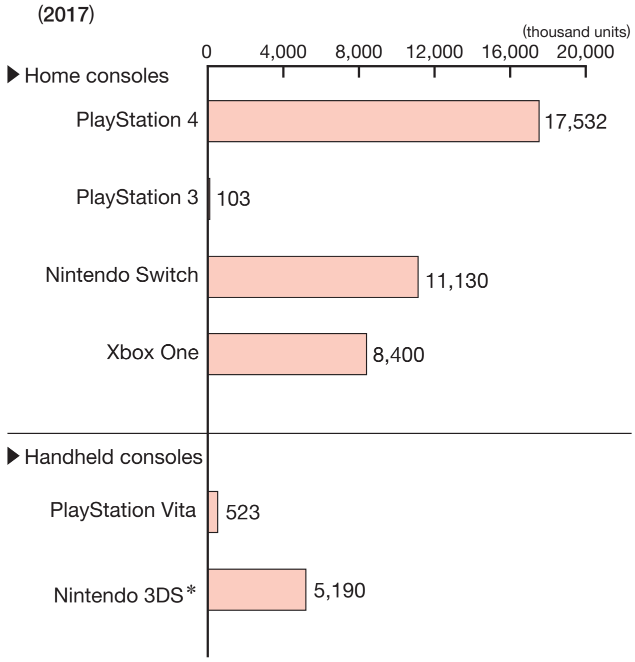
(Software Makers)

Company (Fiscal Year End)	2016	2017	2018
Bandai Namco Holdings (March)	575	620	678
Network Entertainment Business	320	380	405
Konami (March)	249	229	239
Digital Entertainment Business	115	105	120
Square Enix Holdings (March)	214	256	250
Digital Entertainment Business	158	199	191
Capcom (March)	77	87	94
SEGA Games (March)*2	68	76	68

*1 Sales of Game & Network Service segment (excluding revenues derived from business with affiliated companies)
*2 Non-consolidated results
Note 1: Unless otherwise noted, all financial data are on a consolidated basis.
Note 2: The figures are rounded down to the nearest billion yen.

Source: Each company's IR data and other various research data

Number of Video Games Shipped Overseas, by Console (2017)



* Figures for the Nintendo 3DS include the Nintendo 3DS LL, New Nintendo 3DS, New Nintendo 3DSLL, and Nintendo 2DS.

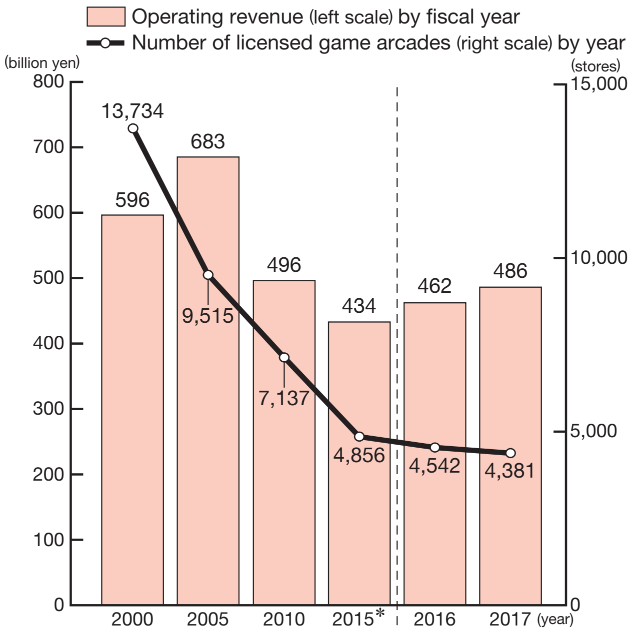
Source: Computer Entertainment Supplier's Association

Arcade, Online, and Mobile Games

Mobile Game Market Exceeds 1,300 Billion Yen

- Although the market for online games using PCs has peaked, the market for smartphone games is experiencing significant growth.
- The smartphone game market has been rapidly increasing since 2011, and exceeded 1,300 billion yen in 2017.
- Mobile app games that use an item-selling based payment model are quite popular.
- Three Japanese eSports organizations have joined forces to establish a cohesive unit known as Japan eSports Union, or JESU.

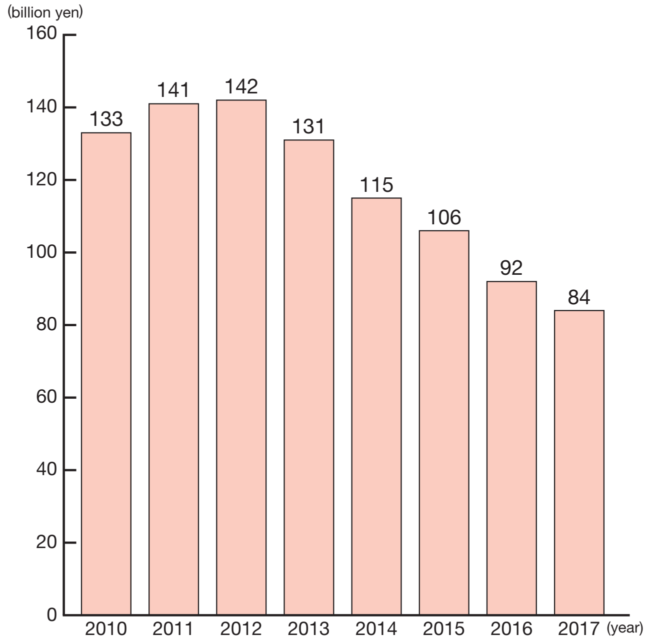
■ Arcade Game Market



* Every five years for 2015 and earlier

Source: Japan Amusement Machine and Marketing Association Inc. and National Police Agency

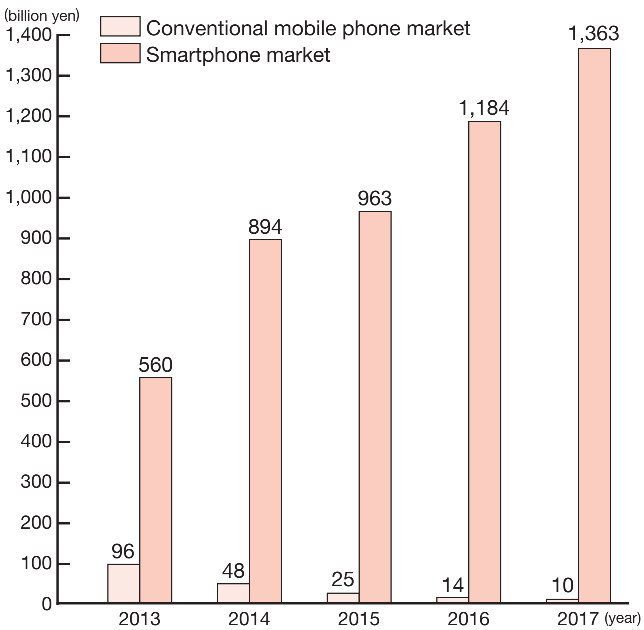
■ Revenue of Online Game Market



Note: Total of packaged sales for PCs and home consoles and revenues of game services

Source: Japan Online Game Association

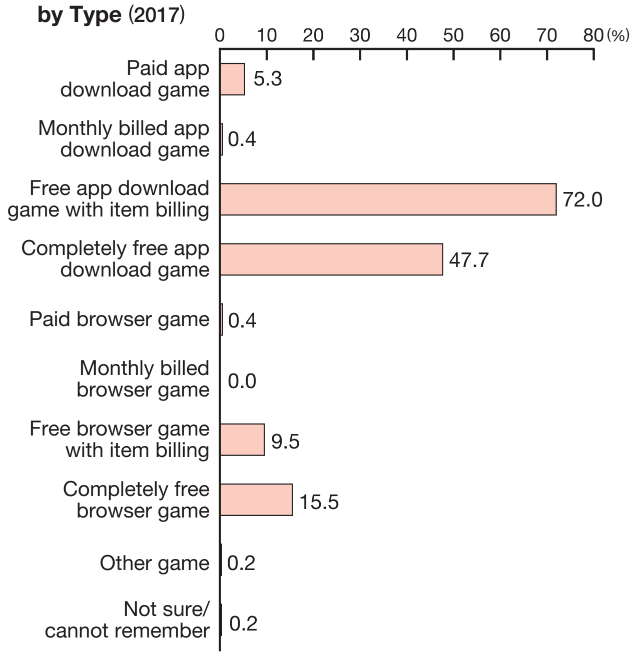
■ Consumer Spending on Mobile Game and Social Game Market



Note: User expenditures

Source: Ministry of Internal Affairs and Communications

■ Gaming Experience on Smartphones and Tablets by Type (2017)



Note: Response by regular players of smartphone and tablet games

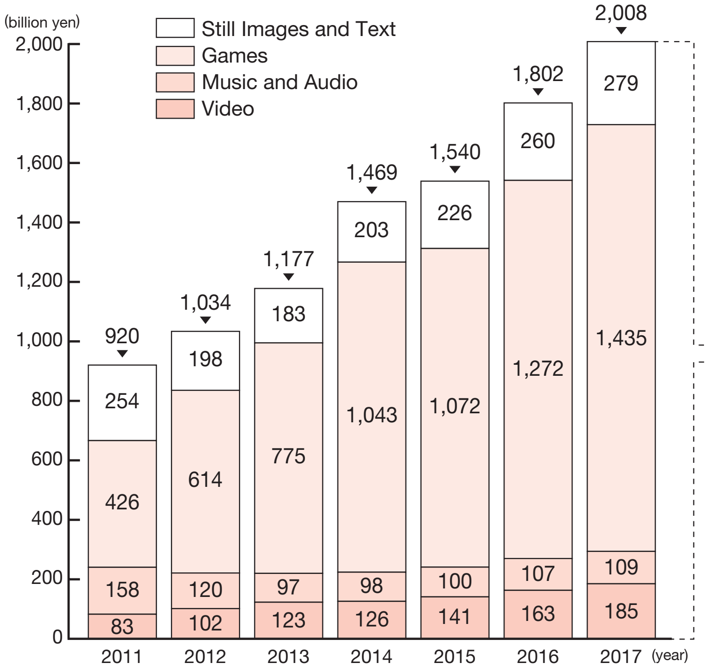
Source: Computer Entertainment Supplier's Association

Online Distribution and Websites

Online Digital Content Market Exceeds 2,000 Billion Yen

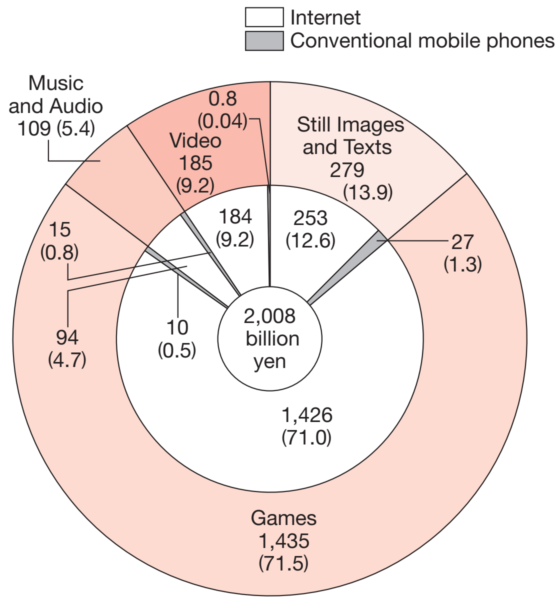
- Music downloads and online video delivery markets start to grow with the market entry of Netflix, Amazon Prime, Apple Music, Google Play Music, Spotify and others that provide subscription-based services.
- Since the early stage of the Internet, Yahoo! JAPAN has been one of the dominant websites in terms of access numbers in Japan. In recent years, mobile app usage has seen rapid growth.
- In Japan, the monthly active users of Instagram exceeded those of Facebook in 2018.

Consumer Spending on Online Distribution



Source: Digital Content Association of Japan

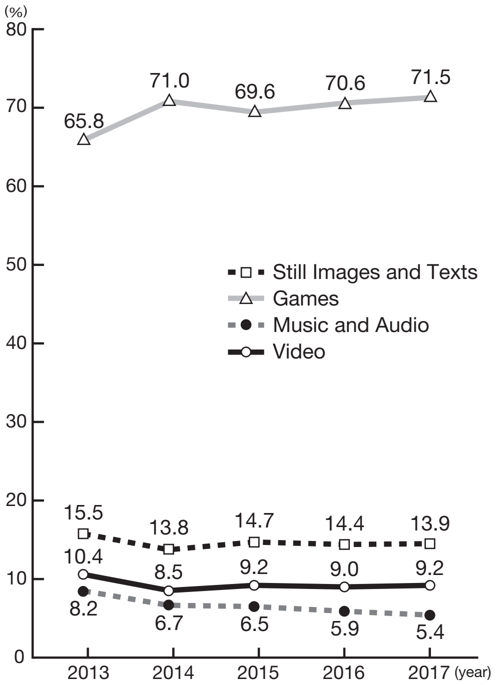
Online Distribution by Device (2017)



Figures in parentheses indicate market share : %

Source: Digital Content Association of Japan

Sales Composition Ratio of Digital Content by Type



Source: Digital Content Association of Japan

Top Ten Accessed Websites by Domain (Fiscal Year 2017)

Rank	Domain Name	Site Name	Estimated Number of Unique Visitors (Million People)	Access (Reach) (%)	Average Number of Access (Frequency)	Estimated Number of Viewed Pages (Million Pages)	Average Viewed Pages (Pages)	Average Visit Time (Hours, Minutes, Seconds)
1	yahoo.co.jp	Yahoo! JAPAN	42.7	84.1	148.5	68,751	1,608.8	20:05:21
2	google.co.jp	Google	31.0	61.1	68.5	11,103	357.6	3:41:36
3	youtube.com	YouTube	28.8	56.9	48.7	5,019	173.8	14:53:14
4	rakuten.co.jp	Rakuten	26.7	52.6	48.0	11,764	440.3	4:52:22
5	amazon.co.jp	Amazon	26.2	51.5	31.8	5,203	198.8	3:05:17
6	google.com	Google	25.8	50.8	22.7	1,836	71.2	1:43:10
7	msn.com	MSN Japan	24.4	48.0	50.5	4,070	167.0	3:19:43
8	bing.com	Bing	23.9	47.1	21.4	1,951	81.6	0:44:22
9	fc2.com	FC2	21.2	41.7	34.3	3,789	178.7	3:01:14
10	microsoft.com	Microsoft	21.2	41.7	4.6	217	10.3	0:13:59

Note: For the period from April 2017 to March 2018

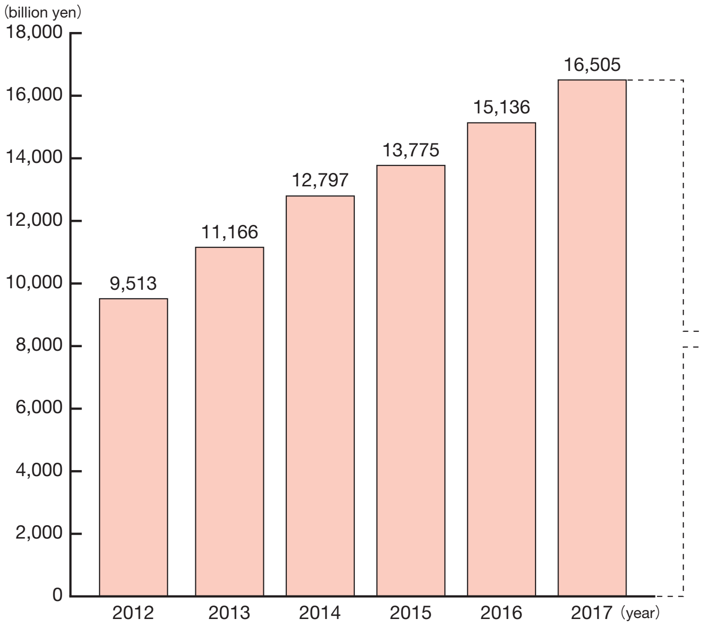
Source: Video Research Interactive Inc.

E-Commerce and Electronic Money

The Online Shopping Market is Steadily Expanding

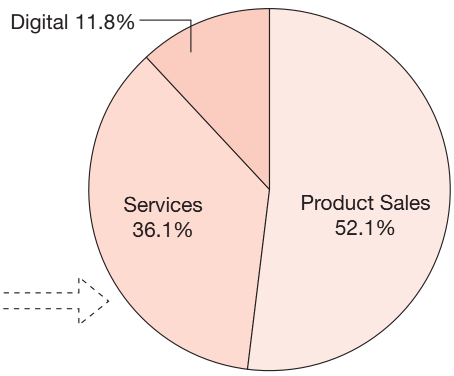
- Amazon and Rakuten lead the online shopping market, and Mercari, a mobile flea market app, became popular mainly among young people.
- New forms of electronic money based on FeliCa, a Japanese Near Field Communication (NFC) technology, is widely used for public transportation and small non-cash payments.
- Mobile payment apps like LINE Pay, Apple Pay, and PayPay are getting popular.

■ Consumer Spending on B to C (Business to Consumer) E-Commerce



Source: Ministry of Economy, Trade and Industry

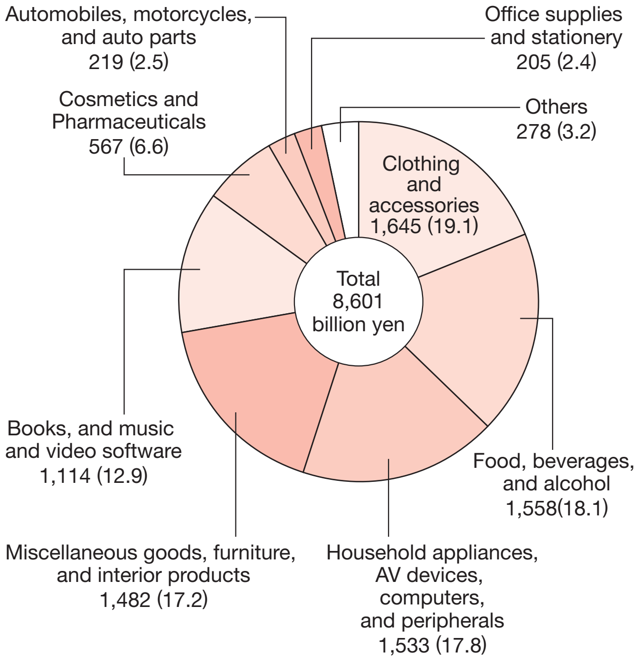
B to C (Business to Consumer) E-Commerce by Business Type (2017)



Note: Business type details are as follows.
Product Sales: Food, beverages, alcohol, household appliances, AV devices, computers and peripherals (not including online games), books (not including digital publishing), music and video software, cosmetics, pharmaceuticals, miscellaneous goods, furniture, interior products, automobiles, motorcycles, auto parts, office supplies, stationery, and others
Services: Travel, eating & drinking, tickets, finance and other services (healthcare, insurance, beauty & barbers, accommodation, education, and others)
Digital: Digital publishing (electronic books and digital magazines), paid music streaming, paid video streaming, online games, and others

Source: Ministry of Economy, Trade and Industry

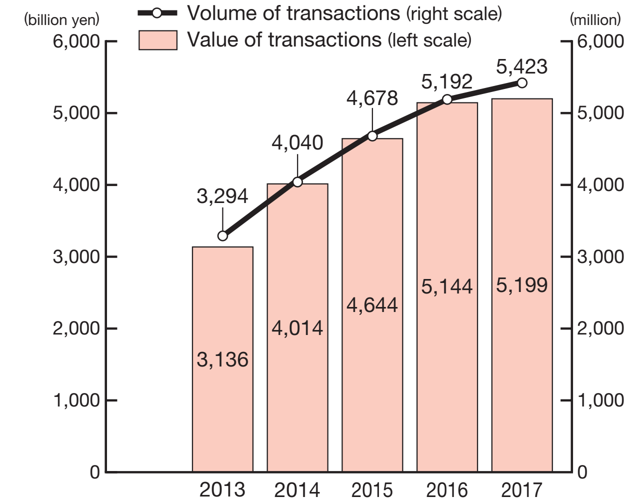
■ B to C (Business to Consumer) E-Commerce (Product Sales) by Business Type (2017)



Figures in parentheses indicate market share: %

Source: Ministry of Economy, Trade and Industry

■ Electronic Money Data



	2013	2014	2015	2016	2017	
Number issued	221.8	255.3	294.5	328.6	358.3	(million cards)
for mobile phones	24.9	27.2	28.9	30.9	33.3	(million phones)
Value per transaction	952	994	933	991	959	(yen)

Note : Eight cards of three different types were surveyed; vendor specific (Rakuten Edy), public transport (ICOCA, Kitaca, PASMO, SUGOCA, Suica), and retail (nanaco, WAON). Public transport electronic money does not include amounts used for boarding and buying tickets.

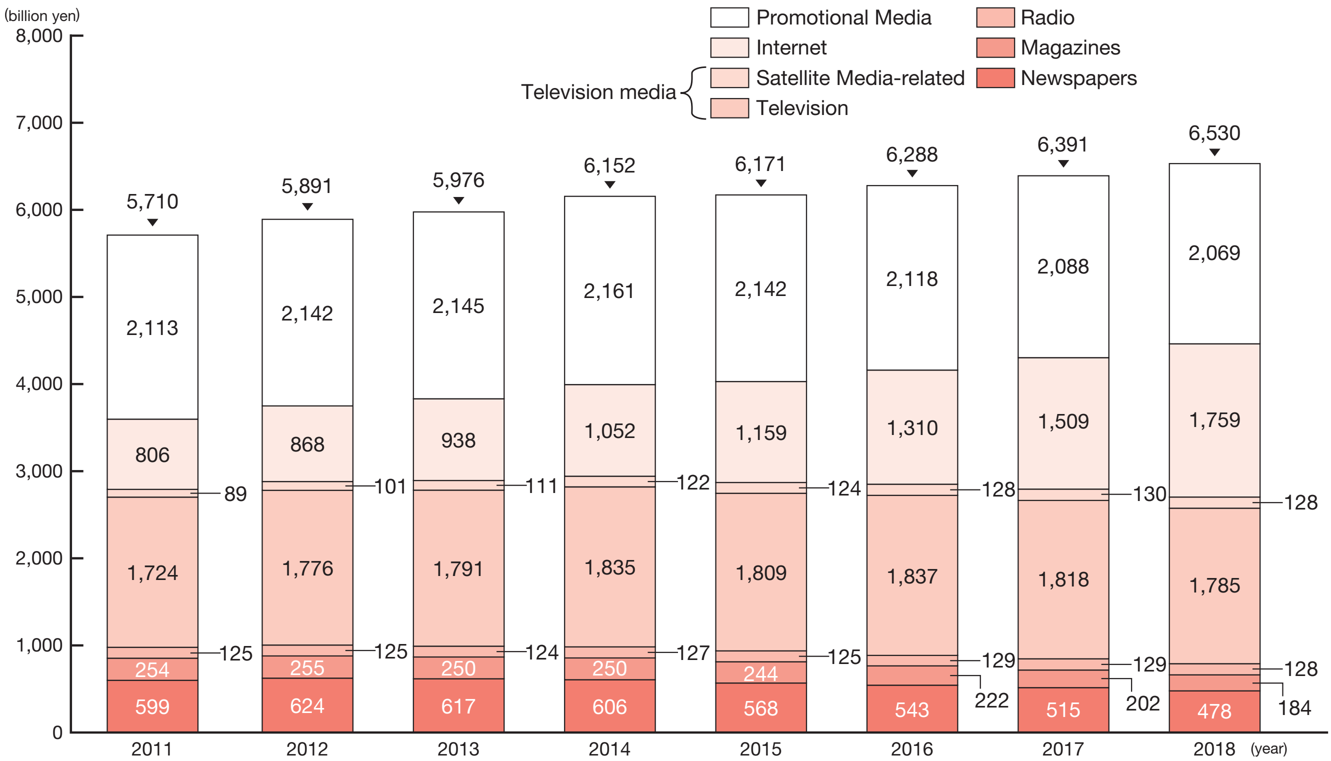
Source: Bank of Japan

Advertising Expenditures

Advertising Expenditures rose 2.2%, to 6.57 Trillion Yen in 2018

- The Internet advertising market (1.76 trillion yen) recorded double-digit growth of 16.5%, and was the main driver boosting overall advertising expenditures.
- For traditional media, year-on-year spending rose in 5 of the 21 industry categories.
- The top 10 advertising agencies account for almost half of total revenue of all advertising agencies.

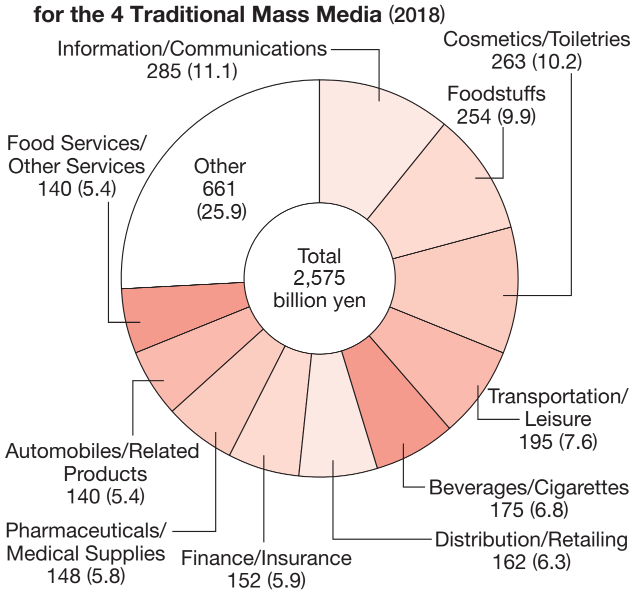
Advertising Expenditures



Note: Estimated figures for terrestrial television and satellite media have been combined as "television media" from 2014.

Source: Dentsu Inc.

Advertising Expenditures by Business Types for the 4 Traditional Mass Media (2018)



Figures in parentheses show share : %

Note: The four traditional media: Newspapers, Magazines, Radio, and Television, excluding Satellite Media-related.

Source: Dentsu Inc.

Revenue of Major Advertising Agencies

(billion yen)

Company (Fiscal Year-end)	2016	2017	2018
Dentsu (December)	1,600	1,561	1,539
Hakuhodo (March)	686	700	730
Asatsu-DK (December)	314	312	–
Daiko (March)	119	124	129
JR East Japan Planning (March)	109	113	115

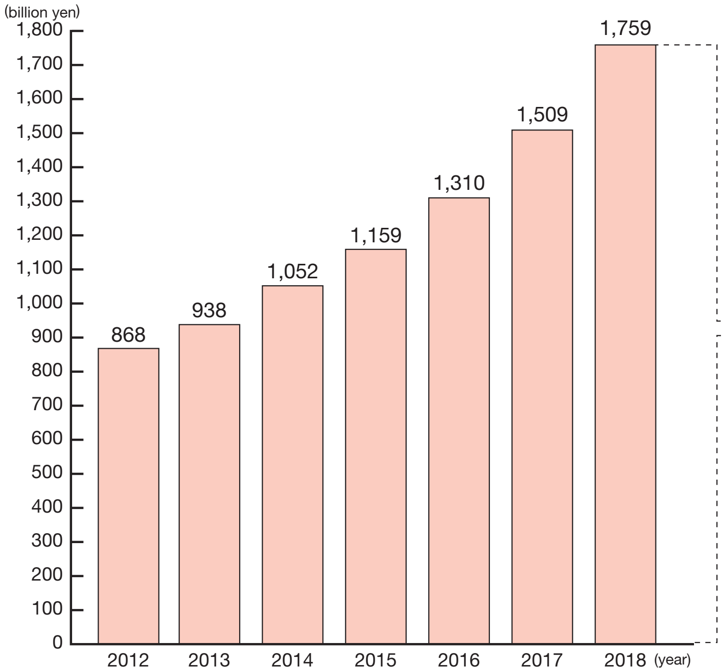
Source: Each company's IR data and other various data

Internet Advertising

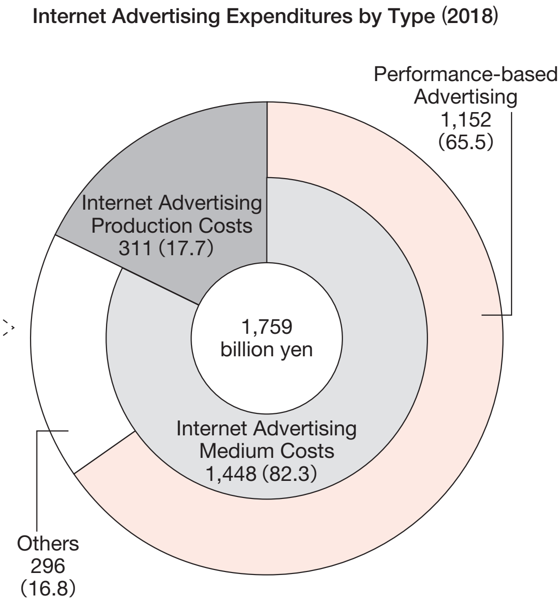
Internet Advertising Spending Rose 16.5% to 1.76 Trillion Yen

- 79.5% of overall spending on Internet media was on performance-based advertising.
- Spending on video advertising amounted to 202.7 billion yen and accounted for 14.0% of overall Internet media.
- Expenditures in digital advertising carried by traditional media companies grew at a rapid pace, reaching 58.2 billion yen.
- Mobile advertising spending exceeded 1 trillion yen.

Internet Advertising Expenditures



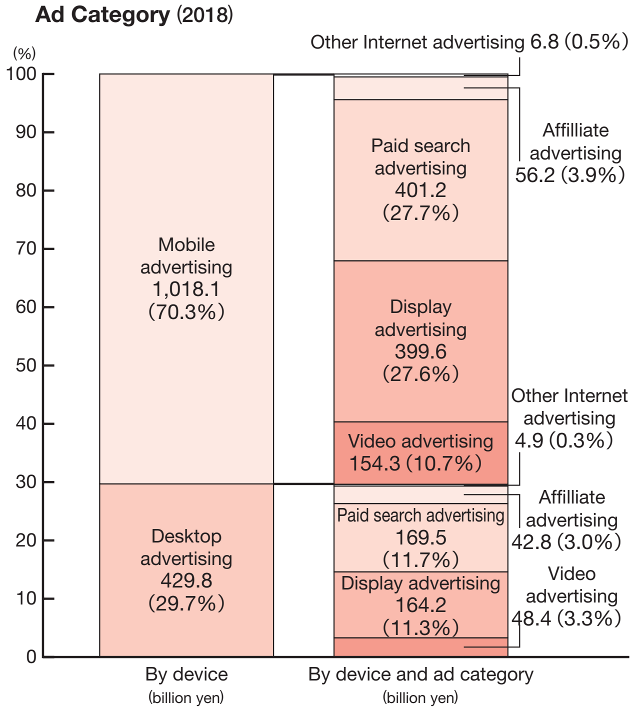
Source: Dentsu Inc.



Figures in parentheses show share: %

Source: Dentsu Inc.

Internet Advertising Media Expenditures by Device and Ad Category (2018)



Source: D2C Inc., Cyber Communications Inc. and Dentsu Inc.

Revenue of Major Internet Advertising Agencies

(million yen)

Company (Fiscal Year-end)	2016	2017	2018
Adways (March)	39,613	42,329	41,501
CyberAgent (September)	310,665	371,362	419,512
Cyber Communications* (December)	97,661	108,250	–
D.A. Consortium (March)*	88,326	105,947	131,349
Irep (September)	75,900	43,943	59,042
Opt (December)	69,815	82,602	87,216
Septeni (September)*	69,856	66,615	66,783

* Non-Consolidated
Note 1: Consolidated basis
Note 2: The figures are rounded down to the nearest million yen.

Source: Each company's IR data and other various data

Appendix

Macro Statistics

	Data		Year	Source/Remarks
	Figures	Share		
Area of the Whole Country	377,973.89km^2		2017	Ministry of Land, Infrastructure, Transport and Tourism
Administrative Boundary				
Number of Prefectures Number of Cities Number of Towns and Villages	47 791 933		2018	Japan Geographic Data Center
Population/Households				
Total Population	127,707,259		2018	Japan Geographic Data Center
Men Women	62,298,889 65,408,370	48.8% 51.2%		
Youth Population Productive Population Aged Population	15,950,238 77,963,206 34,793,745	12.5% 60.3% 27.2%		
Number of Households	58,007,536		2018	Japan Geographic Data Center
Family Households Nuclear Households Husbands and Wives Only Parents and Children Single Parent and Children Couples with Their Parents Couples, Children, and Couples' Parents Other Types of Families One-person Households Households Including Non-relatives	34,314,998 29,754,438 10,718,259 14,288,203 4,747,976 866,414 1,924,011 1,770,135 18,417,922 463,639	64.3% 55.8% 20.1% 26.8% 8.9% 1.6% 3.6% 3.3% 34.5% 0.9%	2015	Ministry of Internal Affairs and Communications
Average Number of Persons per Household	2.20		2018	Japan Geographic Data Center
National Economic Accounting				
Gross Domestic Product (GDP) Private Final Consumption Expenditure* Final Consumption Expenditure of Household* Domestic Final Consumption Expenditure of Household* National Earnings National Disposable Income	538,446 billion yen 299,859 billion yen 291,942 billion yen 293,298 billion yen 555,659 billion yen 431,555 billion yen		2016	Cabinet Office, Government of Japan *Nominal Figures
Domestic Production by Industry*	534,292 billion yen			
Primary Industry Secondary Manufacturing Pulp and Paper Precision Instrument Printing Tertiary Industry Telecommunication Business	6,194 billion yen 143,353 billion yen 2,189 billion yen 3,881 billion yen 2,288 billion yen 384,745 billion yen 12,312 billion yen			
Labor				
Labor Force Population	67,200 thousand		2017	Ministry of Internal Affairs and Communications Note: Estimated Figures
Employed Persons	65,300 thousand	97.2%		
Self-employed Family Worker Employee Primary Industry Secondary Manufacturing Tertiary Industry	5,280 thousand 1,510 thousand 58,190 thousand 2,210 thousand 15,530 thousand 46,490 thousand	7.9% 2.2% 86.6% 3.3% 23.1% 69.2%		
Totally-unemployed Persons	1,900 thousand	2.8%		

A Research for Information and Media Society 2019

Information Media Trends in Japan 2019 was compiled from *A Research for Information and Media Society 2019* (in Japanese), which was published by the Dentsu Media Innovation Lab on February 20, 2019.

Ever since its very first release in 1993, *A Research for Information and Media Society,* which offers a wide range of data sets and in-depth commentaries for key industries, has served as a very good reference book for all those interested in grasping the landscapes of information and media industries in Japan. Published every year, the latest 2019 edition marks the 26th publication.

The 276-page latest edition contains 600+ charts and graphs. The Japanese information media industries are classified into 13 categories for thorough analysis and commentary. Given the nature of the book as a reference book, the editorial priority is placed on securing the continuity of data, thus main statistical data sets are presented in chronological order. Significant data are highlighted and visualized in the form of an industry structure diagram in the top two summary pages of each chapter. The summary pages are intended to assist the reader to find the data sets needed from the wide variety and number of data in the book.

Key findings from exclusive studies conducted by the Dentsu Media Innovation Lab are referred in the feature articles. Four carefully selected hot industry topics from 2018–2019, such as the Sharing economy are also presented with in-depth commentaries in the beginning of the book.

Main content

Feature: The history of information media in the thirty years of the "Heisei" era

1. **Changes in media exposure and vision for an "affluent media society"**
2. **A chronological table of thirty years of media history**
3. **Changes in information media reflected from 7 points of view**

Feature 2: New topics of the information media industry

Part 1: Trends in the information media industry

Newspapers / Books and Magazines / Music / Films and Videos / Animation / Games / Radio and Television / Satellite and Cable TV / Telecommunications / Content and Services / Advertising / Mail Order and E-Commerce / Event

Contact information

Price: ￥18,280 (including tax)
Orders can be placed through the official Dentsu website.
http://www.dentsu.co.jp/knowledge/publish/concerned_media/infomedia2019.html

Contact details for inquiries:
Fumio Yuzawa, Akira Amano
Media Innovation Lab
Dentsu Inc.
E-Mail: infomedia@dentsu.co.jp