

2011

Advertising
Expenditures
in Japan

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About Dentsu's Advertising Expenditures in Japan

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

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

I. Overview of Advertising Expenditures in Japan for 2011

Total advertising expenditures fell 2.3%, to ¥5,709.6 billion

Advertising expenditures in calendar year 2011 totaled ¥5,709.6 billion, a decrease of 2.3% compared with the previous year. Spending fell for the fourth straight year. Looking back, Japanese advertising expenditures rebounded in 2004 due to a recovery in the Japanese economy, the proliferation of home electric appliances, and the spread of the Internet. Spending continued to grow in 2005 (up 2.9%), 2006 (up 1.7%) and 2007 (up 1.1%), but in 2008 expenditures fell 4.7% as a result of the financial crisis in the United States and subsequent global recession. Annual spending shrank further in 2009 (down 11.5%), 2010 (down 1.3%), and posted a slight loss again in 2011, largely due to the impact of the Great East Japan Earthquake and Tsunami.

General Characteristics of Advertising Expenditures during 2011

1. In 2011 the Japanese economy was battered by a number of factors that adversely affected advertising spending, including the March 11 Great East Japan Earthquake and Tsunami, the financial crisis in Europe, a sharp rise in the value of the yen, and major flooding in Thailand, which disrupted production and logistics systems in the manufacturing sector. In particular, after the earthquake and tsunami many companies cut back on their advertising activities out of respect for the victims of the disaster. As a result, overall advertising expenditures totaled ¥5,709.6 billion, a decline of 2.3% from the previous year. However, placements recovered strongly during the second half of 2011, and spending in the traditional media during the October–December quarter was even higher than during the same period in 2010, which also recorded robust growth.
2. Broken down by medium, expenditures were lower in Television (down 0.5%), Newspapers (down 6.3%), Magazines (down 7.0%) and Radio (down 4.0%). Overall spending in the traditional media declined 2.6%.
In other media, advertising in Promotional Media also fell (down 4.6%). Satellite Media-Related spending posted double-digit growth (up 13.6%) as the switch to digital terrestrial broadcasting boosted demand for television sets equipped with 3-band tuners. Internet advertising continued to grow (up 4.1%), due in part to the development of new advertising modalities targeting social media.
3. By industry category (for the traditional media), expenditures grew in 5 of the 21 industry categories, including Apparel/Fashion, Accessories/Personal Items, where placements were higher for women's clothing and handbags; Distribution/Retailing, as a result of a rise in spending by direct marketing companies and convenience stores; Information/Communications, on growth in smartphones and related services, as well as web content advertising; and Government/Organizations, due to an increase in ad placements by Advertising Council Japan. By contrast, expenditures fell in 16 of the 21 industry categories, including Beverages/Cigarettes, where spending for domestic beer and *shochu* (a distilled liquor) declined; and Home Electric Appliances/AV Equipment, which saw weaker demand for LCD and plasma televisions.

Japan's nominal gross domestic product (GDP) fell 2.8% in 2011, dropping for the first time since 2009. Total advertising expenditure as a percentage of GDP was 1.22%, up from 1.21% in 2010.

Background to 2011 Advertising Expenditures

1. The Japanese economy began to expand in April 2009, and this growth continued through the first two months of 2011, but the Great East Japan Earthquake and Tsunami that struck northeastern Japan in March was a severe blow to the economy. In the fall of 2011, concerns about the economy were increased by a number of factors, such as the slowdown in the global economy caused by the European debt crisis, a rise in the value of the yen, which hurt exports, flooding in Thailand, and weaker personal consumption. Real GDP fell after the East Japan disaster, and although it recovered

during the July–September quarter, it declined again from October through December, and ended up recording a loss of 0.9% for the 2011 calendar year.

Capital investment remained flat, but public spending was robust as the result of the passage of two separate supplementary budgets aimed at promoting the recovery of the areas damaged by the earthquake and tsunami. With regard to corporate earnings, total revenues for all industries are expected to rise 1.6% in fiscal 2011 (year ending March 31, 2012), while ordinary income is expected to fall 9.0%. These results are due in part to sluggishness in the manufacturing sector and voluntary restraints on personal consumption after the East Japan disaster. Employment conditions improved somewhat, as the overall unemployment rate fell 0.5 percentage points to 4.5% (Note: Figures from March through August do not include those for Iwate, Miyagi and Fukushima, the three prefectures hardest hit by the earthquake and tsunami).

There was an unprecedented rise in the value of the yen during 2011, against a background of increasing uncertainty in financial markets caused by factors such as the European debt crisis, brought on by the troubles in Greece, and the downgrading of the United States' sovereign credit rating. The average exchange rate for the year was ¥79.70 to the U.S. dollar, falling below the ¥80 per U.S. dollar level for the first time ever, and the strength of the yen extended to the euro as well. Stock prices in Japan remained stagnant as the economic slowdown in the United States and Europe kept global stock prices low. Stock prices started out in January 2011 at the ¥10,400 level, but plummeted in March after the earthquake disaster. This trend was intensified by the downgrading of U.S. debt in August, and they ended the year at ¥8,455, the lowest level recorded since the end of the bubble economy.

2. Consumer product trends were strongly influenced by the Great East Japan Earthquake and Tsunami that struck the country in March. Sales of safety and disaster-related products as well as power- and energy-saving devices grew sharply. Department store sales showed some improvement at the end of the year on demand related to reconstruction efforts in the Tohoku region, but results for the year fell 2.0% compared with 2010. Supermarkets recorded strong demand for casual "cool biz" summer clothing, designed to reduce energy consumption by allowing offices to turn up the thermostat during the summer months, and other power-saving products, but overall sales for the year were down 0.8%, marking the fifteenth straight year of decline. Convenience stores generally performed well, as sales of foods, beverages and daily goods soared after the March earthquake. In the home electric appliances sector, power shortages related to the March disaster focused increased attention on LED light bulbs, energy-saving "green" electric fans with advanced functions, and storage batteries for household use. Home bakery systems that make bread using rice remained popular. Sales of radios climbed as consumers sought to improve their disaster preparedness. Among AV equipment, sales of flat-panel televisions were strong through July, on last-minute shopping related to the shift to digital terrestrial broadcasting, but demand fell sharply in August and thereafter. Market conditions for televisions continued to deteriorate, driving prices down to the extent that some manufacturers were forced to leave the market or reduce output. In the precision instruments sector, digital camera sales were hurt by parts shortages after the East Japan earthquake, and by self-imposed restraints as consumers refrained from purchasing consumer goods after the disaster, but demand for small mirrorless single-lens reflex cameras remained firm, continuing the trend from the previous year. Among mobile phones, smartphones increased in popularity, with domestic shipments exceeding ten million units in 2011. Smartphones accounted for 36.5% of total mobile and PHS phone sales for the year. Personal computer sales to individuals were strong, and although unit sales were down 3.0%, the overall number of units shipped was second only to that of 2010. Price competition, however, was severe, and the total value of computer shipments fell 14% compared with the previous year. New car sales were hurt by the discontinuance of the eco-car subsidy program, and by manufacturing delays caused by parts shortages related to the earthquake and to the flooding in Thailand. Overall unit sales of registered regular cars and K-cars (engine displacement under 660 cc)

fell a sharp 15.1%. By contrast, demand for hybrid vehicles remained firm, and sales of electric vehicles were also strong. A new generation of gasoline-powered vehicles with a fuel efficiency matching that of hybrid cars is gaining in popularity, and it has created a whole new market segment known as "Type 3 eco-cars." In food services, total restaurant sales were down as a result of the destruction of many restaurant facilities in the East Japan earthquake, and by voluntary restraint on the part of consumers, who refrained from eating out as a show of sympathy for the disaster victims. Similar self-restraint also affected the travel industry, both domestic and international, after the disaster, but sales recovered in August and exceeded previous-year levels for the remainder of the year. In the leisure sector, Tokyo Disneyland was forced to close temporarily and revenues fell in the immediate aftermath of the March earthquake. However, the second half of the year saw an upsurge in visitors, and overall profits reached record levels. In the Foodstuffs category, a type of coating mix that enables one to prepare "deep fried" style foods in the microwave without needing to fry them in hot oil first, and other similar easy-to-prepare microwaveable products were in high demand. Edible condiments such as chunky chili oil remained popular, boosted by sales of a new jellied soy-citrus "ponzu" sauce. Retort pouch foods for consumption at room temperature attracted much attention after the earthquake and tsunami as a new kind of non-perishable foodstuff. Among beverages, the reintroduction of hit products from the past created much excitement. Sales of non-alcoholic drinks continued to expand, and in addition to non-alcoholic beer-like drinks, alcohol-free cocktails found an eager market among young women. With regard to alcoholic beverages, there was a boom in sales of Korean "makkori" (rice wine). In the pharmaceuticals sector, a well-known analgesic and fever reducing medication previously available only by prescription became a hit after being reclassified as a Category 1 over-the-counter drug. In the Cosmetics/Toiletries category, lipsticks combining both color and a glossy moisturizer became quite popular, along with skin care facial cleansers. Toilet cleaners that could be sprayed onto toilet paper were also a hit product. Among fashion products, sales of summer "super cool biz" clothing were very strong. Demand for sneakers boomed after the March earthquake disaster forced many commuters to walk at least part of the way home from work or school. Toning shoes designed to help the wearer lose weight were also popular. The East Japan earthquake stimulated awareness of the need for emergency transport in the event of a natural disaster, and this boosted sales of electric power-assisted bicycles. Among household products, demand rose for emergency use portable gas stoves, and for the gas cartridges that power them. For heating, sales of kerosene stoves and other types of heaters that required minimal electricity expanded significantly. The portable game console market was more active in 2011 than it had been in several years, with the introduction of the Nintendo 3DS in February, and the PlayStation Vita in December. In the Information/Communications category, smartphones remained extremely popular, particularly the iPhone 4S that was introduced in October. Demand was also strong for Android devices. The market for tablet computers received another boost from the introduction of the iPad 2 in April. Facebook and Twitter garnered special attention after the March earthquake as emergency communication tools. The number of people using social networking services (SNSs) grew sharply, and the social gaming market is expanding rapidly. Among publications, million sellers included the mystery novel *The Mystery Will Be Solved After Dinner* (Shogakukan), the recipe book *Tanita's Body Fat Plan Cafeteria: Meals to Fill You Up in 500 Calories* (Daiwa Shobo), and *Fix Up Your Heart* (Gentosha), by Makoto Hasebe, a member of the Japan national football team. Among movies, films from popular series played well, including *Harry Potter and the Deathly Hallows Part 1* and *Part 2*, and *Pirates of the Caribbean: On Stranger Tides*. Among Japanese movies, Studio Ghibli's *From Up on Poppy Hill* was a big hit.

3. Of the major events impacting advertising during 2011, the Great East Japan Earthquake and Tsunami was by far the most prominent. After the disasters, many television stations were forced to replace their regular advertising with public service ads by Advertising Council Japan. Companies

began to gradually reinstate their advertising programs toward the end of March, and demand had recovered to normal levels by the Golden Week period in May.

Other important events included: **March**—Debut of the *Hayabusa* high-speed Shinkansen service linking Tokyo and northeastern Japan, completion of the Kyushu Shinkansen rail system, implementation of planned power outages by the Tokyo Electric Power Company, and discontinuation of the eco-point system for home electric appliances; **April**—Reopening of the panda exhibit at Tokyo's Ueno Zoo; **June**—The Ogasawara Islands were declared a World Natural Heritage site and Hiraizumi in Iwate Prefecture was recognized as a World Heritage cultural site; **July**—Shift to digital terrestrial broadcasting (except in Iwate, Miyagi and Fukushima prefectures), a government order restricting electricity usage in the region served by the Tokyo Electric Power Company, and victory of the Japan women's national football team "Nadeshiko Japan" in the FIFA Women's World Cup Germany 2011™ competition; **October**—Twelve new channels were added to the BS digital broadcasting system; **November**—Passage of a third supplementary budget of over ¥12 trillion; and **December**—The 42nd annual Tokyo Motor Show was held at Tokyo's Big Sight International Exhibition Center.

Also worthy of mention was the major flooding in Thailand, which began in July and continued for several months. Damage was reported at 460 Japanese-owned companies. The impact was especially severe for Japanese automakers, followed by IT firms, particularly those involved in the manufacture of personal computers.

II. 2011 Advertising Expenditures Classified by Medium

Television down slightly; Internet up; Satellite Media-Related advertising grew sharply

Broken down by medium, advertising spending in Television, which accounts for the largest proportion of advertising expenditures, fell slightly (down 0.5%). Spending was also lower in Newspapers (down 6.3%), Magazines (down 7.0%) and Radio (down 4.0%). As a result, total advertising expenditures for the traditional media decreased for the seventh consecutive year (¥2,701.6 billion, down 2.6%).

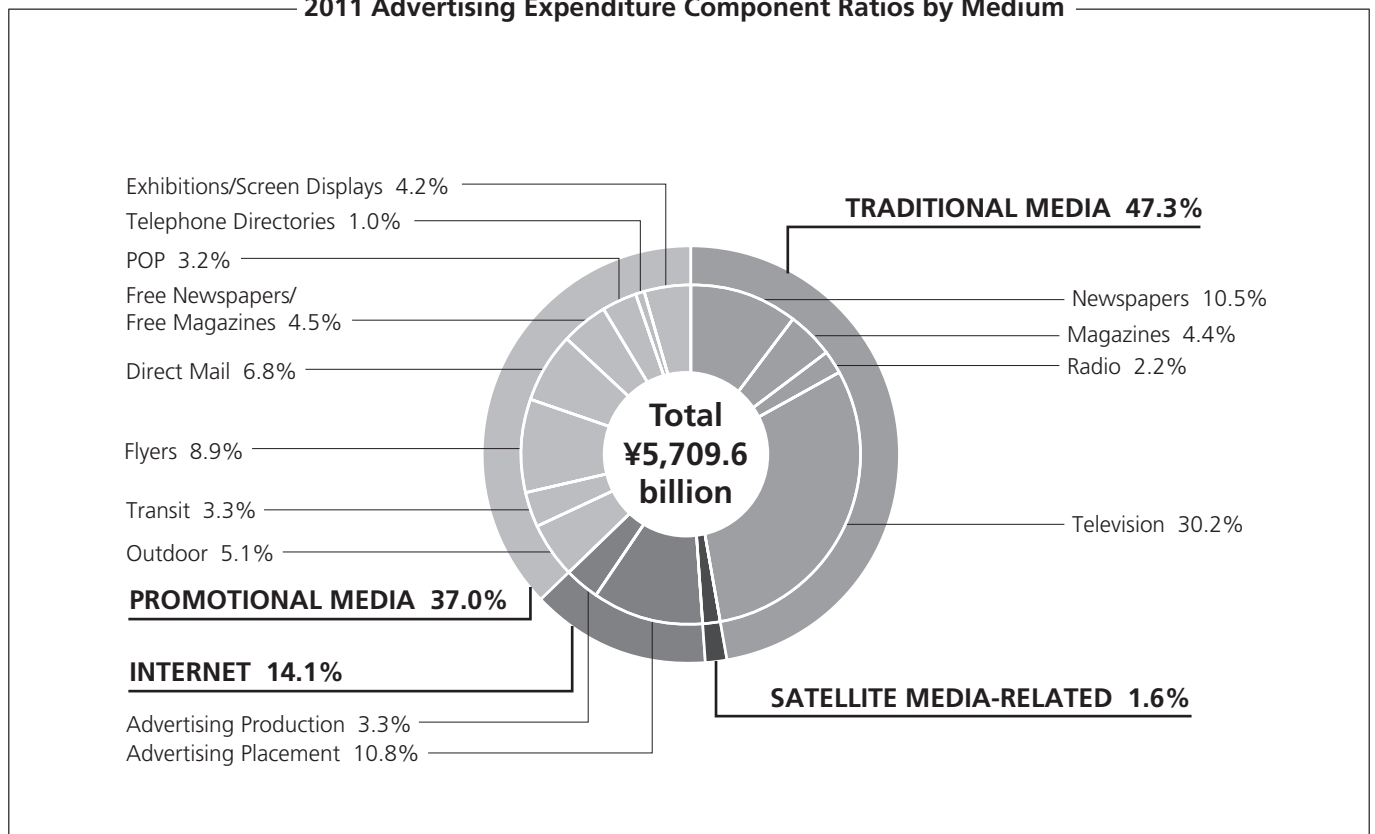
Satellite Media-Related advertising expenditures were up sharply, posting a double-digit gain (¥89.1 billion, up 13.6%), as the switch to digital terrestrial broadcasting boosted demand for television sets equipped with 3-band tuners.

Internet advertising expenditures continued their steady rise (¥806.2 billion, up 4.1%), and now account for 14.1% of spending in all media.

Promotional Media expenditures declined for a fourth straight year (¥2,112.7 billion, down 4.6%). Spending fell in all promotional media, slipping for the fourth year in a row in Outdoor, Transit, DM, Free Newspapers/Free Magazines and Exhibitions/Screen Displays. Flyers fell for the fifth consecutive year, and spending in Telephone Directories has now fallen for 13 successive years. POP advertising, which had registered a modest gain in 2010, was also lower.

Key trends for each medium are summarized below.

2011 Advertising Expenditure Component Ratios by Medium



Newspaper Advertising

Spending in Newspapers fell 6.3%, to ¥599.0 billion.

After the Great East Japan Earthquake and Tsunami in March, newspaper companies were temporarily forced to cut back on advertising space in order to provide coverage of the disaster. Local newspapers in those prefectures directly affected by the earthquake struggled to procure necessary supplies and to restore or repair damaged equipment. Advertisers, for their part, voluntarily cut back on ad placements after the disaster as a sign of respect for the victims. Moreover, in many cases manufacturing supply chains were severed by the earthquake, forcing the cancellation or postponement of advertising and event schedules. In the period following the disaster newspapers were helped by sympathy ad placements, and by the implementation of disaster reconstruction assistance programs, but these failed to make up for the loss of ordinary ad placements and the cancellation of scheduled events. Self-restraint, particularly on the part of corporate advertising, began to ease toward the middle of April, but delays related to shortages of goods continued through July. Placements by automobile manufacturers and beverage producers were especially slow to recover. Some of the themes that helped promote spending on newspaper advertising in 2011 were energy conservation, the exploits of the Japan women's national football team "Nadeshiko Japan," the IAAF World Championships in Athletics, and the completion of the shift to digital terrestrial broadcasting. Newspaper companies tried to leverage these themes, and although their efforts contributed to a partial recovery in newspaper advertising after the East Japan earthquake, they were unable to completely overcome its negative impact. In the end, spending for the year as a whole fell 6.3% compared with 2010.

By industry category, losers outnumbered winners as spending fell in 15 of the 21 industry categories surveyed. Lower spending in several major categories such as Transportation/Leisure, and Publications accounted for much of the overall decline. Meanwhile, spending rose in other major components of newspaper advertising, such as Distribution/Retailing, Foodstuffs and Information/Communications. Spending by direct marketing companies contributed to the gains in the Distribution/Retailing category.

Under these conditions, newspaper companies reinforced their ongoing efforts to rationalize their business operations. Notable among these efforts were the creation of mutual alliances to allow the sharing of content, outsourcing of printing, and sharing of distribution channels. A number of newspapers also terminated their evening editions. At the same time, newspaper companies strove hard to secure new revenues through business expansion and diversification. Examples that deserve mention include the creation of newspapers for children, and the expansion of pages aimed at children, in response to the government's introduction of new teaching guidelines in April 2011; electronic newspaper services targeting smartphones and tablet computers; and the development of software applications designed to take advantage of newspaper assets.

Magazine Advertising

Spending in Magazines fell 7.0%, to ¥254.2 billion.

By industry category, spending rose in 6 of the 21 industry categories, while the rate of decline in 5 categories was less than 10% relative to previous-year levels. Particularly important was the strength of the Apparel/Fashion, Accessories/Personal Items category (up 0.3%), which accounts for the largest proportion of magazine advertising.

By genre, the only component to record an increase in spending was magazines for men. However, the declines in most other genres were less than 10%, with the exception of childcare magazines, TV/local information magazines, sports magazines and personal computer magazines.

Major new titles included monthly comic magazines such as *HERO'S* (published by HERO'S and distributed by Shogakukan Creative) and *Saikyo Jump* (Shueisha); the women's magazine *Lips* (MAGAZINE HOUSE); entertainment/information magazine *Ure Pia* (PIA); and *Danshi Shokudo* (KK Bestsellers), a cooking magazine for men. The two comic magazines *HERO'S* and *Saikyo Jump* were both big hits, with first-issue runs of over 300,000 copies. There were virtually no major new women's magazines, which tend to be popular among advertisers, but under these circumstances ad placements grew in current titles that were able to increase their circulation, such as *steady*. (Takarajimasha) and *BAILA* (Shueisha).

Fewer titles ceased publication in 2011 than in 2010, but among these were such well-known magazines as *Pia* (PIA), *Super Jump* (Shueisha), and *PS* (Shogakukan). The young women's fashion magazine *PopSister* (Kadokawa Haruki Corporation) was discontinued after less than a year and a half, a clear indication that conditions in the magazine component remain quite severe.

A total of 119 new titles appeared in 2011, 9 more than in the previous year, and discontinued titles numbered 158, which was 58 fewer than in 2010.

Radio Advertising

Spending in Radio totaled ¥124.7 billion, a year-on-year decrease of 4.0%.

The business environment for radio broadcasters remained severe during 2011, in large part due to the East Japan earthquake, which depressed consumer sentiment and led to considerable self-restraint in consumer spending.

By industry category, advertising demand remained firm in the areas of Cosmetics/Toiletries and Home Electric Appliances/AV Equipment, but successive reductions in placements by energy-related companies resulted in an overall loss for the year. The March earthquake led to increased spending by government agencies, which carried out ad campaigns to reduce electric power consumption, and by finance and insurance companies, which placed ads directed at the residents of the affected areas. Also notable was a sharp rise in advertising by mobile phone and communications firms, and by Advertising Council Japan, which provided a steady stream of public service advertisements to replace those that were cancelled as a result of the disaster.

The IP simulcast radio service provider radiko Co., Ltd. played a significant role after the earthquake in support of various disaster relief projects. The radiko.jp application made it possible for radio stations in affected areas of Fukushima, Iwate, Ibaraki and Sendai to reach their listeners via personal computer, iPhone and other smartphone devices. Those with Android-based mobile phones were able to download content for later listening. Moreover, radiko Co., Ltd. added a banner ad to its own site enabling visitors to access the Prime Minister's Cabinet Office home page, and contributed greatly to the dissemination of information about current conditions in the disaster-hit areas, as well as to efforts to promote disaster relief and assistance for the victims. The broadcast area covered by this company expanded steadily, having reached Hiroshima on July 20, and Shizuoka, Nagano, Ishikawa and Kagoshima on October 30. As a result, as of the end of 2011, radiko's Internet radio broadcasts covered 48 of the 100 radio stations in the country, in a total of 10 different regions.

Advertising revenues at community FM stations (253 stations in total) held steady at previous-year levels, despite strained circumstances in many communities. Revenues fell during the first half of the year as the March earthquake caused the cancellation of many ad placements and the cancellation or reduction in scale of many planned events. However, spending recovered in the second half of the year thanks to placements related to the relief and recovery efforts. By area, growth was relatively strong in the Kanto region, but regional differences were not significant. By station, although a reduction in the number of sponsors and budget cuts caused many stations to cut back on operations, some stations were able to expand by attracting new sponsors, particularly in the IT industry, and by establishing cooperative relationships with other media and creating tie-ups with local events.

Television Advertising

Spending in Television was estimated at ¥1,723.7 billion, a decrease of 0.5% compared with the previous year. Program sponsorships reached ¥697.9 billion (down 2.1%), and spot advertising totaled ¥1,025.8 billion (up 0.7%).

Spot advertising remained strong in January and February, continuing the trend established in 2010. But after the March earthquake, consumer sentiment became severely depressed, and demand for television advertising fell dramatically, a situation that continued through May. Placements gradually began to recover starting around June, driven by demand from industry categories that were able to rebound relatively quickly from the disaster, including Distribution/Retailing and Cosmetics/Toiletries. During the second half of the year placements by the Automobiles/Related Products category, which had been affected by production stoppages, also began to recover. In November, damage from major

Quarterly Breakdown of Growth in Advertising Expenditures in the Traditional Media in 2011

flooding in Thailand caused a reduction in spending by firms in the Precision Instruments/Office Supplies category, but this shortfall was covered by demand from other industry categories, and as a result overall demand remained strong.

Program sponsorships were not seriously affected by the East Japan earthquake because sponsorships and programming schedules for the April programming season had largely been decided before the disaster struck. Year-on-year spending grew in the July–September quarter for the first time in 12 quarters, dating back to 2008. The early recovery in spot advertising also helped boost ad sales during the fall programming season, which started in October. The shift from sponsorships to spot advertising, which had led to a temporary decline in revenues, appears to have slowed.

There was strong demand again in 2011 from smartphone companies and SNSs, and placements by beverage companies also increased significantly. As a result, the decline in unit prices for commercials seems to have hit bottom. The discontinuation of analog broadcasting does not appear to have had a major impact on television program ratings.

A quarterly breakdown of advertising expenditures for the traditional media in the 2011 calendar year shows that spending recovered steadily in the second half of the year, and was higher in the October–December quarter than during the same period in 2010.

	2011 (Full Year)	Jan.– Jun.	Jul.– Dec.	Jan.– Mar.	Apr.– Jun.	Jul.– Sep.	Oct.– Dec.
Advertising Expenditures in the Traditional Media	97.4	94.9	99.8	98.0	91.7	99.3	100.2

Advertising Production Costs for the Traditional Media

Advertising production costs for the traditional media fell 0.9%, to ¥280.0 billion. Of this amount, production of television commercials accounted for ¥189.4 billion, up 1.3% year on year. (Advertising expenditures by medium include relevant advertising production costs.)

The year started out strong with ad campaigns associated with the eco-car tax reduction system, but the economy deteriorated after the East Japan earthquake in March, followed by the financial crisis in Europe, and a rapid appreciation of the yen. This caused many ad campaigns to be cancelled or reduced in scale, and conditions for advertising production became quite severe.

There were some signs of a recovery as a result of spending on ad campaigns for smartphones and the development of new video game content, but this demand was not strong enough to buoy up the segment as a whole. The switch to digital terrestrial broadcasting in July had been expected to boost spending, but in the end the effect was not enough to overcome the loss of business associated with the March earthquake, and total advertising production costs in 2011 fell below the previous year's level.

Satellite Media-Related Advertising

Spending on Satellite Media-Related advertising rose 13.6% year on year, to ¥89.1 billion.

BS digital broadcasting grew 24.2% compared with the previous year. Contributing to this growth was an increase in the number of households able to receive satellite broadcasts, as the switch to digital terrestrial broadcasting in July led to an upsurge in purchases of flat-panel television sets equipped with 3-band tuners. Other factors were expanded coverage of professional baseball games featuring the Yomiuri Giants and other popular teams; and a revised program lineup featuring travel programs, historical dramas, and South Korean television dramas designed to have greater appeal to the M2 and F2 demographics (men and women 35–49 years old), which had been less well served by conventional ground-based television broadcasting. As a result, BS television ratings continued to rise, even after July, and helped to attract new placements and higher spending from major advertisers for high-end consumer goods, durable goods and services targeting these demographics. Demand for direct marketing company advertising also remained firm, to the extent that unit costs for BS advertising increased compared with 2010.

Advertising in CS broadcasting rose 2.2%. Spending had been boosted in 2010 by the 2010 FIFA World Cup South Africa™ tournament, and this trend carried over into 2011 as CS broadcasting took advantage of its pay channel status to promote “targeted advertising strategies” in collaboration with magazines, local broadcasters and others. However, BS digital broadcasting was the center of attention in 2011, and the growth of CS broadcasting was slowed by the loss of some advertisers to BS channels. Among advertisers, placements by direct marketing companies (especially for health food product promotions) remained consistent, but clear differences in response effects are emerging, depending on the type of product, so overall growth potential appears limited. Placements for services aimed at wealthy consumers continued to expand, but further efforts will need to be made to convince advertisers of the value of continuous placements.

CATV advertising fell 0.2% year on year. Marketing campaigns by CATV providers ahead of the switchover to digital terrestrial broadcasting services were either very successful or quite ineffective in 2011. Revenues were boosted as a result of mergers among Multiple System Operators (MSOs), marketing programs centered on community channels ahead of the switchover to digital services, and simultaneous broadcasts of standard-definition channels. However, placements by regional local advertisers were sluggish, and the polarization between winners and losers among areas is becoming clearer. This trend was also reflected in regional differences in placements by direct marketing companies. CATV advertising saw flat growth in 2011 as a result of the East Japan earthquake, and the effects of the channel reshuffle associated with the changeover to fully digital television broadcasting.

As of 2011, teletext broadcasting services were no longer being offered.

Among satellite-related media, generally speaking, the only component hurt by the East Japan disaster was CATV, while none of the other satellite media were adversely affected.

Internet Advertising

Spending on Internet advertising rose 4.1% year on year, to ¥806.2 billion.

Internet advertising placements grew 1.8%, to ¥618.9 billion (of which mobile advertising accounted for ¥116.8 billion and PC-based Internet search engine advertising ¥219.4 billion). Growth in Internet advertising placements was strong in 2010, and demand remained firm at the start of 2011, but a portion of the market weakened significantly after the March earthquake. In the mobile advertising market, placements for smartphones expanded, but those for feature phones (mobile phones other than smartphones) fell. As a result, growth in the overall size of the market was modest compared with the previous year.

Web advertising (PC-based Internet) increased 3.0% from a year earlier, to ¥502.1 billion (including search engine advertising). During the first part of the year the market continued to expand as it had in 2010, but after the East Japan earthquake many advertisers, especially in the automobile and home electric appliance industries, cancelled or delayed ad campaigns, and this had a particularly adverse impact on display ads. The flooding in Thailand was also a negative factor toward the end of the year. However, the market as a whole staged a slow but steady recovery, and spending by major industry categories in such areas as information and communications, finance and others eventually pushed the market back into a growth mode. In terms of methodologies, in addition to the increased use of portal sites, rich media content, social media, behavioral targeting advertising and affiliate advertising, new approaches such as the use of ad exchanges have begun attracting increased attention. The steady evolution and diversification of new advertising technologies such as these is supporting the ongoing expansion of the market as a whole. Within web advertising (PC-based Internet), spending on search engine advertising was affected only slightly by the March earthquake, and while growth rates were modest, demand from finance and e-commerce companies remained fundamentally sound, and total spending rose 7.8% year on year to ¥219.4 billion.

Mobile advertising (mobile-based Internet advertising) fell 2.7% from the previous year, to ¥116.8 billion (including mobile search engine advertising). This market had expanded steadily through 2010, but it experienced a modest contraction in 2011. Factors behind this result were the March disaster, and the fact that growth in smartphone advertising was offset by cutbacks in spending on feature phone

Advertising Production Costs for Internet Advertising

ads. At present some of the media costs for smartphone ads include software application development and other costs, so it is not accurate to say that spending on feature phone ads is being shifted directly to smartphone ads. Expenditures on smartphone advertising have grown rapidly due to factors such as the sharp rise in the number of smartphone users, and the large amount of attention that this technology is receiving. Spending in 2011 totaled ¥33.7 billion (including ¥20.8 billion for mobile-based Internet search engine advertising). If the market infrastructure for smartphone advertising continues to develop and improve, the potential for further expansion of the market is strong. Spending on mobile-based Internet search engine advertising using both feature phones and smartphones totaled ¥46.3 billion, up 62.5% from the previous year.

Advertising production costs for Internet advertising totaled ¥187.3 billion, up 12.2% year on year. Corporate campaigns and promotions linked to Internet advertising (both PC and mobile) are growing steadily. Corporate advertisers are increasing their Internet advertising budgets, but at the same time the range of production work is expanding and becoming more compartmentalized. The total number of jobs of various scales, both large and small, is increasing, and this is having the effect of driving down unit costs.

The upturn in spending on Internet advertising production that began in 2010 extended through the first part of 2011, but the East Japan earthquake in March depressed spending significantly. Many companies reduced their digital communications, especially in March, and further during the April–July period, cancelling or delaying ad campaigns, and cutting back on the scale of their advertising programs, which had a negative impact on Internet advertising production expenditures. The slowdown was especially notable among companies in the manufacturing sector, such as automobile manufacturers, as well as companies in the food products industry. However, as the economy recovered from its shock, digital communications recovered their vitality. Advertising demand on the part of the food processing industry began to pick up in the summer, but demand from automobile and some other manufacturers remained sluggish for the rest of the year.

By midsummer, most companies were carrying out ad campaigns and promotional activities at levels exceeding those of the same period in 2010, with the exception of firms directly affected by the East Japan disaster. However, the flooding that struck Thailand in July also had a major impact on the Japanese economy, as supplies of parts and products from Thailand were disrupted. As a result of this flooding, some manufacturers, particularly automobile manufacturers, were forced to cancel, delay, or cut back on previously planned ad campaigns and promotions.

Looking at the year as a whole, the number of campaigns for mobile carriers, foodstuffs and beverages continued to expand. The East Japan earthquake, along with measures implemented to reduce electric power consumption after the disaster, prompted a large increase in campaigns and content production related to eco-friendly products and energy conservation.

Rapid growth in the number of smartphones and tablet computers led to a sharp rise in the production of smartphone-based websites and software applications. Moreover, promotional activities involving Twitter, Facebook and other SNSs were more vigorous and far larger in scale than in the previous year. As a result of this diversification of digital communications, a number of projects during 2011 also involved system development costs, and this was another trend that helped boost advertising production expenditures for the year.

Promotional Media Advertising

Spending on Promotional Media advertising declined 4.6% year on year, to ¥2,112.7 billion. Expenditures in this segment fell for the fourth year in a row. Spending in Outdoor, Transit, Direct Mail, Free Newspapers/Free Magazines and Exhibitions/Screen Displays fell for a fourth straight year. Flyers declined for the fifth consecutive year, and Telephone Directories were down for the 13th year in a row. Spending on POP advertising, the only component to post a year-on-year gain in 2010, was also lower, and as a result expenditures fell in every component of Promotional Media advertising.

Hopes were high at the beginning of the year that Japan's economy would emerge from its doldrums and enter a recovery phase, however modest. At that time the outlook for the global economy

was also favorable. In the second half of the year it appeared for a time that the economy was back on a recovery track, but then on top of the cancellations of placements after the Great East Japan Earthquake and Tsunami, and the self-restraint exercised by advertisers in the ensuing period, the Greek debt problem emerged, which led to the European financial crisis. Under these circumstances advertisers cut back their advertising budgets, and government agencies were forced to revise their spending plans, creating very severe market conditions.

Advertisers were looking for even greater cost effectiveness in their promotional media ads. The general trend toward digitalization of promotional media accelerated, and this was accompanied by a notable increase in Internet-linked promotions.

Outdoor advertising expenditures fell 6.8% year on year, to ¥288.5 billion. Power outages and shortages caused by the East Japan earthquake made it necessary to turn off many billboard lights, and during the first half of the year advertisers cut back their advertising activities, delayed new placements, or switched to non-illuminated billboards. These factors had a severe impact on production costs.

In neon signs, power shortages caused by the East Japan disaster made it necessary to cut power to many neon-based media. This led to the cancellation or delay of new placement and renovation plans, and had a serious effect on production costs. However, there was a notable increase in the use of LED lighting as a means of reducing electric power consumption.

In roadside boards, perennial demand from beverage and international automobile manufacturers remained strong, but 2011 also saw a significant increase in large-scale placements by smartphone companies. Automobile ads were dominated by foreign automobile companies, but there were also signs of a modest recovery in placements for domestic automobiles as well. Spending on so-called "network boards" in shopping and entertainment districts was driven by music, entertainment and beverage companies. Demand for the media itself was relatively firm, but many placements tend to be made on a last-minute basis. Taken together, these factors helped roadside boards to post a slight gain compared with the previous year.

Banner advertising began to recover in the second half of the year, and overall spending for the year remained strong. Demand in urban areas was dominated by ads for apparel, music and entertainment. There was a noticeable trend toward the use of banners for short-term campaigns and for announcements related to the entertainment industry.

Large-screen advertising was hit hard by the East Japan earthquake, as domestic advertisers exercised self-restraint in new placements, and power shortages forced cutbacks in large-screen operations. As a result, conditions during the first half of the year were extremely severe, and overall spending fell 20% compared with 2010. However, demand from international companies began to recover in April, and during the last half of the year, from September onward, there was a strong rebound due to the release of pent-up demand from the first part of the year. Spending on game software, apparel, music and movie advertising recovered strongly. Some large-screen facilities in prime locations in downtown Tokyo saw sales increase nearly six-fold compared with the previous year. The year 2011 also saw an unusually large increase in the number of new advertisers using large-screen advertising for the first time. The East Japan earthquake made this a very difficult year for this component, but the disaster also underscored the usefulness of this medium not only for advertising, but also as a valuable means of spreading information in case of emergency. In fact, an increasing number of display screen owners are cooperating with local governments to develop manuals for the use of their large screens during such emergencies.

In the area of sports stadium billboard advertisements, most of these media are contracted on an annual basis, so although there were few new placements, the March earthquake and tsunami did not result in the loss of many advertisers, and results for the year were relatively unchanged from 2010. Spending on baseball stadiums was quite firm. Demand was particularly strong for game-by-game sponsorships, and for spot advertising for the All Star Game in July, and the Climax Series and Japan Series in the fall.

With regard to commercial facility media, placements at existing facilities expanded, but no major new outdoor or indoor media were installed in the large-scale commercial facilities that opened in the vicinity of Yurakucho Station in the fall of 2011. As was the case in the previous year, commercial facility media continued to spread throughout the country, as media placements grew not only at national chains, but also at local and regional shopping malls. Also, digital signage is having an impact in the distribution industry, and some media installed in chain stores are now starting to attract placements. In central Tokyo, sponsorships of Christmas-related events by large-scale commercial facilities remained relatively firm.

Transit advertising expenditures declined 1.1% year on year, to ¥190.0 billion. Spending on transit advertising rose in January and February following the positive trend from the second half of 2010, but dropped off sharply in March, April and May due to a string of cancellations in the wake of the East Japan earthquake. Spending rose during the June–September period as a result of large-scale campaigns launched in June centering on beverages. From October through the end of the year, however, placements declined as a result of a decrease from the previous year in advertising by industries offering products to which the eco-point system applied, along with the lack of any new large transportation facilities similar to the Haneda Airport International Terminal that opened in October 2010, and other factors such as the strong yen and natural disasters overseas.

By region, the main events affecting Transit advertising included the completion of the Kyushu Shinkansen railway from Kagoshima to Hakata (in Fukuoka) on March 12, 2011, providing a direct Shinkansen service between Kagoshima-Chuo Station and Shin-Osaka Station. The new Hakata Station terminal building (JR Hakata City) was opened on March 3 in conjunction with the commencement of services on the Kyushu Shinkansen. The new Osaka landmark, Osaka Station City, which includes Osaka Station, a hotel, two department stores and a cinema complex, opened for business on May 4.

By industry category, placements were up in such areas as automobiles, cosmetics and toiletries, office supplies and housing facilities. By contrast, spending was down for energy, precision devices (cameras and watches), beverages and cigarettes, as well as information and communications.

Train signage sales were positive, but station signage was down due to heightened awareness of energy conservation in the wake of the East Japan earthquake. Sales were relatively strong for long-term placements, such as the aisle hanging posters sold on weekly contracts, along with posters in spaces above windows, and stickers.

Bus advertising spending was flat due to the difficulty in developing new ad spaces. Spending was hampered by a decline in placements by existing advertisers, and slow growth in exterior and bus-wrap advertisements.

In airport advertising, placements by new advertisers were slow as a result of the earthquake, although the amount of digital signage available continued to increase.

Taxi advertising spending was basically flat overall, despite efforts by certain taxi companies to increase in-car pamphlets and signage.

Flyer advertising expenditures were down 4.1% year on year, to ¥506.1 billion. Spending had been on a recovery track year on year in January and February before the Great East Japan Earthquake and Tsunami, but fell sharply in March and April as a result of the disasters. Nonetheless, in certain regions and industry categories, placements matched or in some cases greatly exceeded the figures for the previous year. Industry categories varied widely in terms of year-on-year gains and declines, and there was variability by region in terms of placement volumes due to the earthquake.

Placement volumes dropped sharply nationwide in the wake of the East Japan earthquake, but the gap began to narrow from June, centered on the Tokyo metropolitan area, and the Chubu, Kansai and Kyushu regions. Placements by supermarkets, department stores and other retail companies began to recover in the fall of 2011, reversing a long-running decline, and year-on-year gains were posted in some months. In the Chubu, Kansai and Kyushu regions, which were least affected by the March

earthquake, overall spending was up year on year in certain areas, marking a recovery from the continual declines in previous years. Certain companies in the direct marketing industry revised their flyer distribution plans to send different versions to the Chubu and Kansai regions in consideration of the impact from the March earthquake.

One of the reasons for the disparity by region was the decrease in placements by pachinko halls in response to tighter restrictions on advertising implemented beginning in August. Placements by pachinko halls account for an average of around 10% of all flyer advertising nationwide, but regions where this proportion is higher suffered particularly. In the Chubu, Hokkaido, Kansai and Tokyo metropolitan regions, there were many areas that incurred a decline of 10% to 20% in placements from this industry component.

Continuing the trend from 2010, there were variations in spending by industry type. Categories with strong growth of around 5% to 10% included home meal delivery services targeting middle-aged and elderly people, preparatory and tutoring schools, and even recruitment agencies, from which placements had been declining since 2007. In the retail industry, which accounts for a significant proportion of flyer placements, although there was some variation, spending was strong among home centers and discount stores, due in part to rising awareness of disaster preparedness following the earthquake. In other areas, placements for direct marketing products (such as health foods) continued to be strong. In the real estate industry, the decrease in spending in the Tokyo metropolitan area, and the Chugoku and Kyushu regions, leveled off and began to recover, but declines in other areas continued, resulting in an overall regional disparity for the industry.

DM advertising expenditures declined 4.0% year on year to ¥391.0 billion. Many advertisers voluntarily refrained from sending out mailings following the Great East Japan Earthquake, and growth in 2011 failed to meet initial expectations. An additional factor limiting the overall volume was that many companies in the industry also began to refuse to handle items that could be classified as correspondence—restricted under the Postal Act—as part of an emphasis on compliance. Companies also continued to shift from envelopes to postcards amid rising consumer awareness of conservation, while both communications and credit card companies made moves to shift from sending out printed statements and invoices to web-based statements. Prices for private courier services also continued to fall, resulting in an overall decline in direct marketing advertisements.

At the same time, the amount of direct communication has been gradually rising. Direct marketing companies handling health products and travel-related services are using the medium for the distribution of pamphlets and catalogs, targeting the seniors market. There is also strong demand from membership-based informational magazines that companies use to enhance their relationships with customers, and advertisers are gradually recognizing the effectiveness of ongoing, direct communication with customers. The importance of direct communication is likely to increase.

Free Newspaper/Free Magazine advertising expenditures fell 3.4% year on year to ¥255.0 billion. Despite the impact from the Great East Japan Earthquake and Tsunami, spending gradually recovered during the second half of the year, and the year-on-year rate of decline in 2011 narrowed from 8.4% in 2010. By industry category, spending was up in such areas as housing and real estate, foodstuffs, pharmaceuticals and cosmetics, and job information. Placements were down in such categories as gourmet items and restaurants, travel and hotels, as well as shopping.

Free newspapers and magazines are closely connected with consumer purchases, and in many cases the content is moving from printed to web content, of which there were several successful examples. The trend continues toward suspension and cessation of publications, or reduced circulation, due to competition with other media and a drop in placements by advertisers. However, certain publishers have also posted strong growth as a result of the medium's close ties to the community, loyal readership, and a broader range of advertisers. There were also cases of successful initiatives that included coordination with web-based media and event planning.

POP advertising expenditures were down 0.4% to ¥183.2 billion. A majority of advertisers canceled or postponed their promotional campaigns following the East Japan earthquake as a result of the impact on the manufacturing and retail industries due to the confused social situation and the sharp economic slowdown, as well as reduced consumer consciousness such as a reluctance to buy in an effort to conserve energy. Normally, since the role of POP advertising is to encourage consumers to make a purchase at the point of sale, the decline in in-store promotions would be expected to have a considerable impact on POP ad spending. However, as advertisers scaled back their promotional expenditures and revised their ad programs under these circumstances, they looked to POP advertising as an effective and appropriate medium with an emphasis on cost-benefit performance. The POP medium was also utilized not only for its conventional purpose, as a way for the advertiser to communicate directly with the consumer, but also as a means of enhancing profitability at individual retail outlets.

The effectiveness of POP advertising has become an established part of recent promotional activities at general merchandise stores (GMSs), volume retailers of consumer electronics, drug stores and other large-scale retailers, including enhanced trade promotions for retailers on the part of manufacturers, tailored support that takes account of the specific nature of the area or customer demographic based on purchasing data, and promotional methods that are reasonable and proportional to sales and earnings, tied to operations and utilizing on-demand promotional materials (such as flyers and POP ads). There has also been a trend toward POP ads emphasizing effectiveness in establishing a customer base, used strategically in combination with other communication methods such as traditional media, Internet and mobile ads to lure customers toward the contact point of the store or to a specific product, and to provide information to encourage the making of a final purchase.

Telephone Directory advertising expenditures declined 11.9% year on year, to ¥58.3 billion. Spending has dropped for 13 straight years, dating back to 1999. While the rate of decline narrowed from the previous year amid the prolonged economic downturn, conditions remain strained.

Advertising on online directory services, provided to meet the needs of advertisers and users, increased from the previous year.

Exhibition/Screen Display advertising expenditures fell 8.7% year on year, to ¥240.6 billion. Business conditions for the exhibition and screen display industries remained harsh during 2011, as advertisers canceled exhibitions and cut budgets following the East Japan earthquake, while companies canceled or postponed private events. In addition to the decline in the number and scale of exhibitions and events, falling prices and more intense price competition had a considerable impact on performance.

Expenditures on exhibitions and screen displays fell sharply in mainstay industry categories, such as automobiles and home electric appliances, as a result of the completion of the first round of such economic stimulus measures as tax breaks and subsidies for eco-friendly cars, as well as the eco-point system for electric appliances and home furnishings. Spending was also down due to the substantial damage to export-oriented firms from the strong yen and flooding in Thailand. In the mobile phone industry, increased demand for SNSs and the transition to smartphones sparked intense sales competition among advertisers, but this did not extend to a rise in spending for the exhibition-related industry. Difficult conditions for exhibition and screen advertising also continued in the government and public sector, as trends from the previous year persisted during 2011, including budget reductions resulting from the government's budget screening process, a decline in the number of public facility construction projects, and reevaluated profitability. In the second half of the year the Tokyo Motor Show, held for the first time at the Tokyo Big Sight exhibition center, would normally have helped to spur a recovery for the exhibition and screen display industry, but restricted budgets on the part of participants and falling prices made business conditions difficult.

In Screen Displays, there were no developments to stimulate extraordinary demand, and spending continued to decline from the previous year. Disparity between companies in the screen display

industry widened as increasingly fierce competition prompted companies to cooperate in a bid to maintain profitability and secure earnings.

Movie box-office revenue in 2011 declined approximately 18% from the previous year. Cinema attendance was also down 17%. While the March earthquake had an impact, a major factor was the lack of any notable hit titles. Amid these circumstances, movie advertising spending is estimated to have declined around 15%. A string of cancellations during the spring in the wake of the earthquake had a significant impact on placements during the summer vacation, the period of peak demand. While the number of placements dropped sharply, the decline in spending per production was also notable. Movie advertising is positioned as a promotional medium close to retail spaces, and this decline reflected both the voluntary restraint on advertising following the East Japan earthquake, as well as companies saving on promotional expenses at a time when their supply chains were not fully operational. The expected increase in 3D cinema ads was also limited to a handful of companies. Conditions gradually improved from the summer, with a steady increase in inquiries centered on national advertisers in the information and automobile sectors. There were also many companies making placements for the first time, including international information companies, pachinko halls, and companies in the restaurant and health food industries.

III. 2011 Advertising Expenditures Classified by Industry (Traditional Media Only)

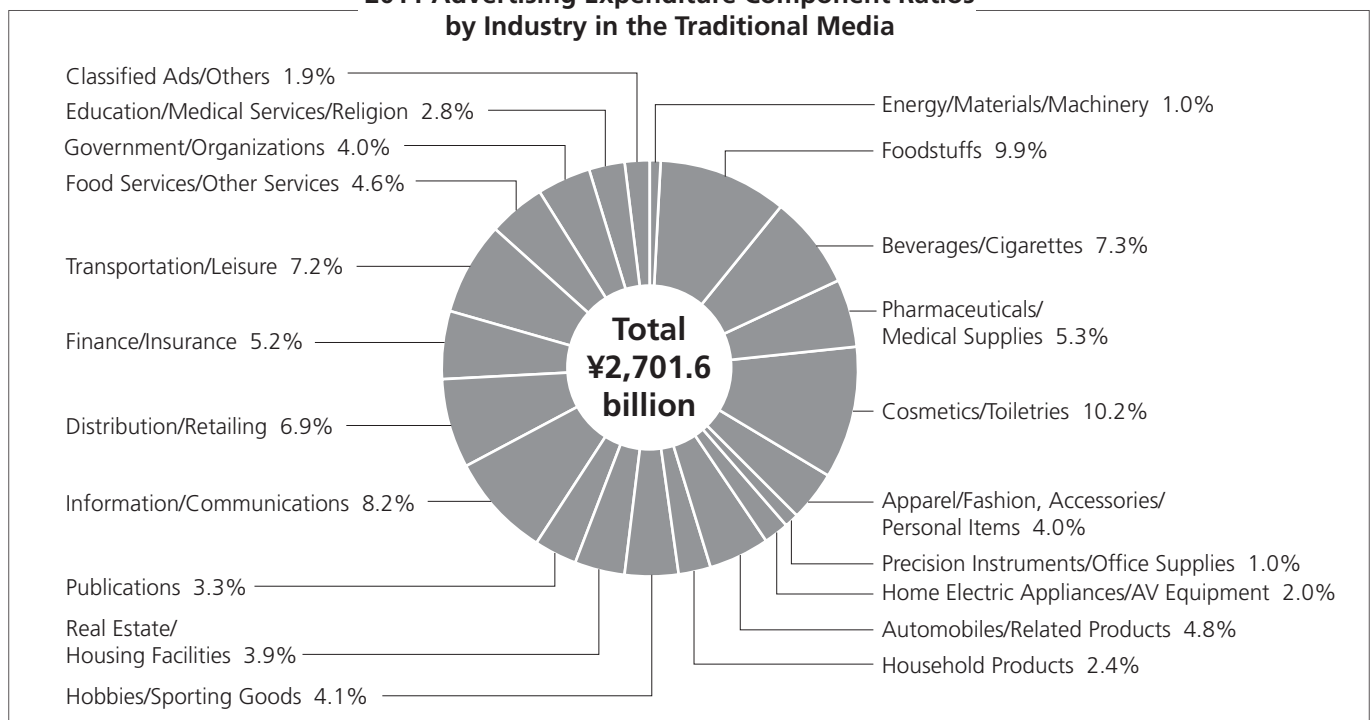
Spending rose in 5 industry categories, including Apparel/Fashion, Accessories/Personal Items, Distribution/Retailing and Government/Organizations, and declined in 16 categories

Advertising expenditures increased in 5 of the 21 industry categories surveyed during 2011, and declined in 16 categories. By comparison, in 2010 annual spending increased in 8 categories and decreased in 13 categories.

The industry categories posting gains were Apparel/Fashion, Accessories/Personal Items (up 6.8%), on increased placements for women's clothing and handbags; Distribution/Retailing (up 2.6%), due to stronger demand for direct marketing and convenience store advertising; Real Estate/Housing Facilities (up 1.5%), as a result of an increase in corporate advertising by housing manufacturers, and placements related to solar power systems; Information/Communications (up 0.5%), thanks to growth in smartphones and related services, as well as web content advertising; and Government/Organizations (up 166.4%), as a result of an increase in ad placements by Advertising Council Japan.

Meanwhile, 5 industry categories posted double-digit declines. These were Home Electric Appliances/AV Equipment (down 25.7%), on reduced placements for LCD televisions, plasma televisions and batteries; Energy/Materials/Machinery (down 20.6%), due to a sharp decline in advertising by electric power companies; Food Services/Other Services (down 10.9%), which was hurt by cuts in spending on ads for ladies' wigs and ads for legal services; Precision Instruments/Office Supplies (down 10.6%), as the result of a drop in digital camera advertising; and Hobbies/Sporting Goods (down 10.2%), where demand was weak for pachinko machines and "pachi-slo" slot machines, as well as for audio software ads. Advertising expenditures were also lower in Beverages/Cigarettes (down 9.9%), due to reduced spending on domestic beer, *happo-shu* (low-malt beer), no-malt "third category" beer and *shochu*; Finance/Insurance (down 8.2%), which was impacted by cutbacks in advertising for direct-marketed medical insurance, corporate advertising by insurance companies and ads for investment funds; Foodstuffs (down 7.6%), where fewer ads were placed for instant noodles, *tsukudani* (food boiled down in sweetened soy sauce to preserve it) and beauty-related food products; Transportation/Leisure (down 7.5%), as overall travel-related advertising was depressed, especially on the part of hotels and travel agencies; Education/Medical Services/Religion (down 7.3%), which saw reductions in advertising for schools and correspondence education; Cosmetics/Toiletries (down 3.8%), where spending fell on cosmetics series for women, facial cleansers and hairdressing products; Pharmaceuticals/Medical Supplies (down 1.7%), on lower demand for medicines for intestinal disorders, mouthwashes and sore throat remedies; and Automobiles/Related Products (down 1.4%), due to reduced placements for sedans, mono-box minivans and sports coupes.

**2011 Advertising Expenditure Component Ratios
by Industry in the Traditional Media**



A Breakdown of Advertising Expenditures by Industry

1. Energy/Materials/Machinery: Down 20.6%, with a 1.0% component ratio.

Expenditures declined, reversing the increase in the previous year. Spending on materials and industrial machinery remained sluggish. In energy-related industries, placements by gas companies rose steadily, though placements by electric power companies fell sharply. Ad spending for gasoline was slow. By medium, expenditures were down in all media due to the drop in the mainstay area of electric power.

2. Foodstuffs: Down 7.6%, with a 9.9% component ratio.

Expenditures declined for the third consecutive year. Spending was down for relatively heavily weighted items such as instant noodles, *tsukudani* (food boiled down in sweetened soy sauce to preserve it), beauty-related food products, snack foods, retort pouch foods and pasta, as well as for seasonings such as soy sauce, barbecue sauces and salad dressings. At the same time, placements rose sharply in such categories as health foods, curries and other foods. Spending was also up for corporate advertisements, chewing gum and candies such as caramels, as well as soy-citrus "*ponzu*" sauce and ready-made seasonings. By medium, expenditures in Television fell sharply, with spending in Newspapers up on increases in the health foods area.

3. Beverages/Cigarettes: Down 9.9%, with a 7.3% component ratio.

Expenditures declined for the seventh consecutive year. Spending on alcoholic beverages dropped sharply. Among non-alcoholic drinks, placements were down for lactic acid drinks, instant coffee and canned black tea. Among alcoholic beverages, placements were down sharply for no-malt "third category" beer, *happo-shu* (low-malt beer), domestic beer and *shochu* (a distilled liquor). By contrast, spending was brisk for carbonated beverages (such as non-alcoholic beer), and also rose for such products as health teas, mineral water and Japanese green tea. Spending rose steadily for whiskey on the continued popularity of highballs, as well as for wine. By medium, expenditures declined in all media, with a particularly marked year-on-year drop in Newspapers on the sluggishness in such products as Japanese *sake*, *shochu*, coffee and beer.

4. Pharmaceuticals/Medical Supplies: Down 1.7%, with a 5.3% component ratio.

Expenditures declined for the third straight year. Spending was down in such areas as medicines for intestinal disorders, corporate advertising, mouthwashes and sore throat remedies, as well as eyeglasses. By contrast, placements rose for other medical supplies (such as compression wraps and supports, as well as facial masks), products such as pain relievers and fever reducers, health supplements (such as general health supplements and health drinks), and remedies for muscular pain and plasters. By medium, expenditures rose year on year in Magazines, and remained on a par with the previous year in the mainstay Television medium, limiting the extent of the decrease in the industry category overall.

5. Cosmetics/Toiletries: Down 3.8%, with a 10.2% component ratio.

Expenditures declined, reversing the increase in the previous year. Spending was down for such products as cosmetic lines and personal care products. In cosmetics, placements fell sharply in the mainstay area of women's cosmetic lines, and were also down for facial cleansers, hairdressing products and hair-coloring agents. By contrast, spending rose sharply for general cosmetics (such as trial kits), hair growth products, and shampoos/conditioners, and was also up for emulsions, foundations, sunscreens and moisturizers. In oral hygiene products, placements were up overall, particularly for such products as dentifrices and electric toothbrushes. In toiletries, spending was up for facial cleansing foams, but down for soaps, body shampoos and bath agents. In detergents, expenditures were positive for such products as toilet cleaners, fabric softeners and laundry detergents. In personal care products, placements were down for such products as disposable diapers and feminine hygiene items. By medium, expenditures were up in Radio, but down in all other media.

6. Apparel/Fashion, Accessories/Personal Items: Up 6.8%, with a 4.0% component ratio.

Expenditures continued to rise from the previous year on positive results for women's clothing and handbags. In fashion, placements rose sharply for mainstay items such as women's clothing, and were also up for coats and undergarments. Spending was down for such products as jeans, and traditional Japanese clothing and accessories. In accessories, placements were up for handbags and sunglasses, while mainstay items such as jewelry products and accessories were on a par with the previous year. By medium, expenditures rose steadily in Magazines, which accounts for a major portion of this category, and were up sharply in Newspapers and Television.

7. Precision Instruments/Office Supplies: Down 10.6%, with a 1.0% component ratio.

Expenditures declined for the fourth consecutive year. Spending fell sharply for compact digital cameras and digital single-lens reflex cameras. By contrast, placements were up considerably for wristwatches, and also rose for such products as telescopes, microscopes and magnifying loupes. By medium, expenditures were up year on year in Newspapers and Magazines, but fell sharply in the mainstay Television.

8. Home Electric Appliances/AV Equipment: Down 25.7%, with a 2.0% component ratio.

Expenditures declined, reversing the increase in the previous year. The drop in AV equipment placements was particularly marked. In home electric appliances, spending rose for electric vacuum cleaners, as well as for electric oil heaters, steam microwave ovens and LED light bulbs. By contrast, placements were down for such products as batteries, air conditioners and air purifiers. In AV equipment, placements were down sharply for mainstay LCD televisions, with additional decreases for such products as plasma televisions, video movies, digital audio players and corporate advertising. By medium, expenditures were down year on year in all media, with particularly steep declines in placements for LCD televisions and other products in the mainstay Television.

9. Automobiles/Related Products: Down 1.4%, with a 4.8% component ratio.

Expenditures declined for the seventh consecutive year, though the rate of decline slowed as placements increased in the second half of the year. In domestic passenger cars, spending rose for 2-box vehicles and wagons, but fell sharply for sedans, mono-box minivans and sports coupes. Placements for imported passenger cars increased, and for K-cars (engine displacement under 660 cc) were on a par with the previous year. Spending rose for automotive products (tires and rims), and for corporate advertising. By medium, expenditures in Television rose from the previous year, but were down in other media.

10. Household Products: Down 1.3%, with a 2.4% component ratio.

Expenditures declined slightly, reversing the increase in the previous year. Spending rose sharply in such areas as deodorizers, corporate advertising (furniture makers), pots and kettles, beds and insect repellents. By contrast, placements declined for such products as electric mosquito repellents, tissue paper, futons and bedding, water purifiers and household scales. By medium, expenditures were up year on year in Newspapers, Magazines and Radio, but down slightly in the mainstay Television.

11. Hobbies/Sporting Goods: Down 10.2%, with a 4.1% component ratio.

Expenditures declined for the third consecutive year. In hobbies, spending was up for some products such as hand-held game consoles, but fell sharply for mainstay products such as audio and game software, pachinko machines and "pachi-slo" slot machines. Placements were also down for such products as game systems, as well as pianos and music keyboards. In sporting goods, spending remained firm for ski and snowboard equipment, and items for running and jogging, but fell sharply for golf balls. By medium, expenditures were down sharply in Television—the dominant medium in this category—for such products as pachinko machines and "pachi-slo" slot machines, as well as audio and game software, resulting in a decline for the industry category overall.

12. Real Estate/Housing Facilities: Up 1.5%, with a 3.9% component ratio.

Expenditures rose for the first time in four years. In real estate, spending was up in certain areas such as condominiums and assisted-care apartments, but declined in many other areas such as residential housing, ready-built prefab houses, and other land and property services (lease properties). In housing facilities, placements increased for such products as solar power generation systems, unit kitchens, window sashes, glass and tiles. Corporate advertising by housing manufacturers and residential leasing companies was also up sharply. By medium, expenditures rose in Television on an increase in corporate ad placements, and there was a particularly marked rise year on year in Magazines on placements for assisted-care apartments.

13. Publications: Down 3.4%, with a 3.3% component ratio.

Expenditures declined for the seventh consecutive year. Placements were down for both magazines and books. In magazines, spending rose steadily for student and children's magazines and for housing-related magazines, but was down sharply in hobby-related magazines, women's and home magazines, and general and entertainment magazines. In books, placements were positive in such areas as other publications (educational software, language learning) and new publications, but declined for new publication guides, which account for a significant portion of this category. By medium, expenditures in Television, Radio and Magazines were up year on year, but declined in Newspapers—which accounts for a large portion of spending—leading to an overall decline from the previous year.

14. Information/Communications: Up 0.5%, with an 8.2% component ratio.

Expenditures continued to rise from the previous year, though the increase was slight. Placements were up considerably for mobile devices (smartphones and tablet computers), with additional increases in such areas as mobile communication services, web content, PHS mobile services, desktop computers and corporate advertising. By contrast, spending declined in such areas as mobile device content, printers and notebook computers. By medium, expenditures were up significantly in Television, which accounts for a significant portion of this category, for such areas as mobile devices, mobile communication services and corporate advertising.

15. Distribution/Retailing: Up 2.6%, with a 6.9% component ratio.

Expenditures rose for the first time in seven years. Spending was positive for direct marketing—which accounts for a large portion of this category—and also was up in such areas as convenience stores, general merchandise stores (GMSs) and volume retailers (home centers and volume retailers of consumer electronics). By contrast, placements were sluggish for supermarkets (small and mid-sized stores) and specialty volume retailers (such as men's clothing stores). By medium, expenditures were up significantly in Newspapers for direct marketing, and rose sharply year on year in Television for convenience stores and volume retailers.

16. Finance/Insurance: Down 8.2%, with a 5.2% component ratio.

Expenditures declined, reversing the increase in the previous year. Spending rose year on year for insurance and credit cards, but fell in such areas as banks, securities companies and consumer finance. In the banking sector, placements rose in such areas as corporate advertising and housing loans, but declined for credit card loans and fixed-term deposits. In the securities sector, spending was up for corporate bonds, but declined for investment trusts. In the insurance sector—the main contributor to this category—spending rose for direct-marketed car insurance, general insurance products and life insurance, but was down for direct-marketed medical insurance. In the consumer finance sector, spending continued its downward trend. In other areas of finance, placements were up in such areas as foreign exchange trading and commodity trading. By medium, expenditures in Radio increased year on year for insurance and credit cards, but declined in Newspapers, as well as in Magazines and Television.

17. Transportation/Leisure: Down 7.5%, with a 7.2% component ratio.

Expenditures declined for the fourth consecutive year. Spending was down in the transportation, travel and leisure facilities sectors, with the falloff in travel particularly sharp. In travel, spending was sluggish overall, with an especially steep decline in placements for tours. In transportation, spending by the JR (Japan Railway) Group increased, but declined for airlines and private railway companies. In the leisure-related sector, spending rose for theme parks, pachinko halls and movies, but fell for publicly managed racing, seminars and concerts. By medium, spending was down year on year in all media.

18. Food Services/Other Services: Down 10.9%, with a 4.6% component ratio.

Expenditures declined, reversing the increase in the previous year with a particularly large rate of decrease. Spending was down sharply for other services (legal services and consulting) following an increase in the previous year, and declined in many other service-sector areas as well, including ladies' wigs, corporate advertising, door-to-door delivery and moving services, rental services, wedding-related services and security services. By contrast, placements rose steadily in the food services sector (particularly fast food), which accounts for a large portion of this category, as well as for aesthetic salons. By medium, expenditures in Radio were up year on year for food services and aesthetic salons.

19. Government/Organizations: Up 166.4%, with a 4.0% component ratio.

Expenditures by advertising organizations increased on placements by Advertising Council Japan following the Great East Japan Earthquake and Tsunami. Spending by local governments also rose. By contrast, spending by political parties and political organizations fell sharply following the spike in placements in the previous fiscal year for the Upper House election, and also declined for other organizations (such as Japan's agricultural cooperatives). Spending on public relations by central government offices was also down slightly. By medium, expenditures were up considerably year on year in Radio and Television on the increase by advertising organizations.

20. Education/Medical Services/Religion: Down 7.3%, with a 2.8% component ratio.

Expenditures declined for the seventh consecutive year. Spending was down in such areas as vocational schools and other educational institutions, correspondence education, schools and religious organizations. By contrast, placements rose for hospitals/nursing services, as well as for preparatory and tutoring schools, and foreign language schools. By medium, expenditures rose sharply in Radio on particularly large gains in placements for vocational schools and other educational institutions, though a steep fall in spending in Newspapers by education-related institutions hampered growth for the industry category as a whole.

21. Classified Ads/Others: Down 2.6%, with a 1.9% component ratio.

Expenditures declined for the fourth consecutive year. Spending remained sluggish for classified ads, the sector which accounts for a major portion of this category, with a particularly sharp decline year on year for multiple-advertiser small-space ads. Placements were also up for corporate group advertising and temporary help-wanted ads. By medium, expenditures in Television and Radio rose on placements for corporate group advertising, but were down sharply in Newspapers, which accounts for much of the spending in this category, on the falloff in classified ads.

Advertising Expenditures and Japan's GDP (1985–2011)

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	481,773.3	102.3	1.21
2011		5,709.6	97.7	468,073.8	97.2	1.22

- Notes:** 1. The method for estimating "Advertising Expenditures in Japan" was modified in 2007, retroactive to 2005.
2. Please see page 27 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. GDP figures are based on data revised in December 2011 (retroactively to 1994). The figures for 1993 and earlier, and the figure for year-on-year growth for 1994, are prior to the revision.
5. All the above figures are for the calendar year.

Advertising Expenditures by Medium (2009–2011)

Media	Advertising Expenditures (¥ billion)			Comparison Ratio (%)		Component Ratio (%)		
	2009	2010	2011	2010	2011	2009	2010	2011
Traditional Media								
Newspapers	673.9	639.6	599.0	94.9	93.7	11.4	11.0	10.5
Magazines	303.4	273.3	254.2	90.1	93.0	5.1	4.7	4.4
Radio	137.0	129.9	124.7	94.8	96.0	2.3	2.2	2.2
Television	1,713.9	1,732.1	1,723.7	101.1	99.5	29.0	29.6	30.2
Subtotal	2,828.2	2,774.9	2,701.6	98.1	97.4	47.8	47.5	47.3
Satellite Media-Related	70.9	78.4	89.1	110.6	113.6	1.2	1.3	1.6
Internet								
(Advertising placement)	544.8	607.7	618.9	111.5	101.8	9.2	10.4	10.8
(Advertising production)	162.1	167.0	187.3	103.0	112.2	2.7	2.9	3.3
Subtotal	706.9	774.7	806.2	109.6	104.1	11.9	13.3	14.1
Promotional Media								
Outdoor	321.8	309.5	288.5	96.2	93.2	5.4	5.3	5.1
Transit	204.5	192.2	190.0	94.0	98.9	3.4	3.3	3.3
Flyers	544.4	527.9	506.1	97.0	95.9	9.2	9.0	8.9
Direct Mail	419.8	407.5	391.0	97.1	96.0	7.1	7.0	6.8
Free Newspapers / Free Magazines	288.1	264.0	255.0	91.6	96.6	4.9	4.5	4.5
POP	183.7	184.0	183.2	100.2	99.6	3.1	3.2	3.2
Telephone Directories	76.4	66.2	58.3	86.6	88.1	1.3	1.1	1.0
Exhibitions / Screen Displays	277.5	263.4	240.6	94.9	91.3	4.7	4.5	4.2
Subtotal	2,316.2	2,214.7	2,112.7	95.6	95.4	39.1	37.9	37.0
Total	5,922.2	5,842.7	5,709.6	98.7	97.7	100.0	100.0	100.0

Advertising Expenditures by Industry (2009–2011)

Industry	Advertising Expenditures (¥10 million)			Comparison Ratio (%)		Component Ratio (%)		
	2009	2010	2011	2010	2011	2009	2010	2011
Energy / Materials / Machinery	3,272	3,429	2,724	104.8	79.4	1.2	1.2	1.0
Foodstuffs	28,850	28,804	26,619	99.8	92.4	10.2	10.4	9.9
Beverages / Cigarettes	22,701	21,786	19,621	96.0	90.1	8.0	7.9	7.3
Pharmaceuticals / Medical Supplies	16,333	14,597	14,354	89.4	98.3	5.8	5.3	5.3
Cosmetics / Toiletries	27,591	28,792	27,687	104.4	96.2	9.7	10.4	10.2
Apparel / Fashion, Accessories / Personal Items	9,312	10,129	10,818	108.8	106.8	3.3	3.7	4.0
Precision Instruments / Office Supplies	3,073	2,942	2,630	95.7	89.4	1.1	1.1	1.0
Home Electric Appliances / AV Equipment	7,056	7,337	5,449	104.0	74.3	2.5	2.6	2.0
Automobiles / Related Products	13,456	13,163	12,981	97.8	98.6	4.8	4.7	4.8
Household Products	5,899	6,506	6,421	110.3	98.7	2.1	2.3	2.4
Hobbies / Sporting Goods	14,200	12,314	11,061	86.7	89.8	5.0	4.4	4.1
Real Estate / Housing Facilities	11,268	10,294	10,445	91.4	101.5	4.0	3.7	3.9
Publications	9,451	9,267	8,949	98.1	96.6	3.3	3.3	3.3
Information / Communications	20,338	22,091	22,200	108.6	100.5	7.2	8.0	8.2
Distribution / Retailing	19,139	18,226	18,694	95.2	102.6	6.8	6.6	6.9
Finance / Insurance	15,144	15,383	14,121	101.6	91.8	5.3	5.5	5.2
Transportation / Leisure	23,352	21,118	19,527	90.4	92.5	8.2	7.6	7.2
Food Services / Other Services	13,487	13,867	12,356	102.8	89.1	4.8	5.0	4.6
Government / Organizations	4,766	4,082	10,873	85.6	266.4	1.7	1.5	4.0
Education / Medical Services / Religion	8,546	8,177	7,579	95.7	92.7	3.0	2.9	2.8
Classified Ads / Others	5,586	5,186	5,051	92.8	97.4	2.0	1.9	1.9
Total	282,820	277,490	270,160	98.1	97.4	100.0	100.0	100.0

Advertising Expenditures by Industry in the Traditional Media (2010–2011)

(Unit: ¥10 million)

Media Industry	Newspapers			Magazines			Radio			Television			Total		
	2010	2011	Comparison Ratio (%)	2010	2011	Comparison Ratio (%)	2010	2011	Comparison Ratio (%)	2010	2011	Comparison Ratio (%)	2010	2011	Comparison Ratio (%)
Energy / Materials / Machinery	631	551	87.3	225	166	73.8	372	241	64.8	2,201	1,766	80.2	3,429	2,724	79.4
Foodstuffs	5,145	5,222	101.5	1,477	1,421	96.2	1,152	1,154	100.2	21,030	18,822	89.5	28,804	26,619	92.4
Beverages / Cigarettes	2,396	2,019	84.3	1,401	1,212	86.5	679	577	85.0	17,310	15,813	91.4	21,786	19,621	90.1
Pharmaceuticals / Medical Supplies	1,829	1,762	96.3	703	708	100.7	1,090	993	91.1	10,975	10,891	99.2	14,597	14,354	98.3
Cosmetics / Toiletries	3,017	2,726	90.4	3,806	3,350	88.0	458	467	102.0	21,511	21,144	98.3	28,792	27,687	96.2
Apparel / Fashion, Accessories / Personal Items	1,440	1,641	114.0	6,184	6,200	100.3	73	68	93.2	2,432	2,909	119.6	10,129	10,818	106.8
Precision Instruments / Office Supplies	457	479	104.8	777	828	106.6	46	35	76.1	1,662	1,288	77.5	2,942	2,630	89.4
Home Electric Appliances / AV Equipment	827	747	90.3	871	758	87.0	177	176	99.4	5,462	3,768	69.0	7,337	5,449	74.3
Automobiles / Related Products	1,547	1,403	90.7	971	831	85.6	890	777	87.3	9,755	9,970	102.2	13,163	12,981	98.6
Household Products	986	1,017	103.1	444	467	105.2	166	174	104.8	4,910	4,763	97.0	6,506	6,421	98.7
Hobbies / Sporting Goods	1,458	1,295	88.8	1,675	1,455	86.9	350	306	87.4	8,831	8,005	90.6	12,314	11,061	89.8
Real Estate / Housing Facilities	2,982	2,853	95.7	819	826	100.9	477	446	93.5	6,016	6,320	105.1	10,294	10,445	101.5
Publications	6,123	5,696	93.0	302	306	101.3	629	670	106.5	2,213	2,277	102.9	9,267	8,949	96.6
Information / Communications	3,825	3,831	100.2	1,625	1,584	97.5	790	782	99.0	15,851	16,003	101.0	22,091	22,200	100.5
Distribution / Retailing	6,760	6,943	102.7	1,212	1,044	86.1	889	816	91.8	9,365	9,891	105.6	18,226	18,694	102.6
Finance / Insurance	2,808	2,310	82.3	825	754	91.4	944	946	100.2	10,806	10,111	93.6	15,383	14,121	91.8
Transportation / Leisure	10,553	9,678	91.7	1,760	1,524	86.6	1,137	953	83.8	7,668	7,372	96.1	21,118	19,527	92.5
Food Services / Other Services	2,330	1,988	85.3	814	679	83.4	1,131	1,178	104.2	9,592	8,511	88.7	13,867	12,356	89.1
Government / Organizations	1,579	1,265	80.1	234	209	89.3	1,046	1,204	115.1	1,223	8,195	670.1	4,082	10,873	266.4
Education / Medical Services / Religion	3,141	2,785	88.7	1,151	1,048	91.1	469	479	102.1	3,416	3,267	95.6	8,177	7,579	92.7
Classified Ads / Others	4,126	3,689	89.4	54	50	92.6	25	28	112.0	981	1,284	130.9	5,186	5,051	97.4
Total	63,960	59,900	93.7	27,330	25,420	93.0	12,990	12,470	96.0	173,210	172,370	99.5	277,490	270,160	97.4

Component Ratio of Media Expenditures by Industry and Industry Expenditures by Medium for 2011

(Unit: %)

Industry	Media Expenditures by Industry					Industry Expenditures by Medium				
	Newspapers	Magazines	Radio	Television	Total	Newspapers	Magazines	Radio	Television	Total
Energy / Materials / Machinery	0.9	0.6	1.9	1.0	1.0	20.2	6.1	8.9	64.8	100.0
Foodstuffs	8.7	5.6	9.3	10.9	9.9	19.6	5.4	4.3	70.7	100.0
Beverages / Cigarettes	3.4	4.8	4.6	9.2	7.3	10.3	6.2	2.9	80.6	100.0
Pharmaceuticals / Medical Supplies	2.9	2.8	8.0	6.3	5.3	12.3	4.9	6.9	75.9	100.0
Cosmetics / Toiletries	4.6	13.2	3.7	12.3	10.2	9.8	12.1	1.7	76.4	100.0
Apparel / Fashion, Accessories / Personal Items	2.7	24.4	0.5	1.7	4.0	15.2	57.3	0.6	26.9	100.0
Precision Instruments / Office Supplies	0.8	3.3	0.3	0.7	1.0	18.2	31.5	1.3	49.0	100.0
Home Electric Appliances / AV Equipment	1.2	3.0	1.4	2.2	2.0	13.7	13.9	3.2	69.2	100.0
Automobiles / Related Products	2.3	3.3	6.2	5.8	4.8	10.8	6.4	6.0	76.8	100.0
Household Products	1.7	1.8	1.4	2.8	2.4	15.8	7.3	2.7	74.2	100.0
Hobbies / Sporting Goods	2.2	5.7	2.5	4.6	4.1	11.7	13.1	2.8	72.4	100.0
Real Estate / Housing Facilities	4.8	3.2	3.6	3.7	3.9	27.3	7.9	4.3	60.5	100.0
Publications	9.5	1.2	5.4	1.3	3.3	63.7	3.4	7.5	25.4	100.0
Information / Communications	6.4	6.2	6.3	9.3	8.2	17.3	7.1	3.5	72.1	100.0
Distribution / Retailing	11.6	4.1	6.5	5.7	6.9	37.1	5.6	4.4	52.9	100.0
Finance / Insurance	3.9	3.0	7.6	5.9	5.2	16.4	5.3	6.7	71.6	100.0
Transportation / Leisure	16.2	6.0	7.6	4.3	7.2	49.6	7.8	4.9	37.7	100.0
Food Services / Other Services	3.3	2.7	9.5	4.9	4.6	16.1	5.5	9.5	68.9	100.0
Government / Organizations	2.1	0.8	9.7	4.8	4.0	11.6	1.9	11.1	75.4	100.0
Education / Medical Services / Religion	4.6	4.1	3.8	1.9	2.8	36.8	13.8	6.3	43.1	100.0
Classified Ads / Others	6.2	0.2	0.2	0.7	1.9	73.0	1.0	0.6	25.4	100.0
Total	100.0	100.0	100.0	100.0	100.0	22.2	9.4	4.6	63.8	100.0

Eleven-Year Trends in Advertising Expenditures by Industry (2001–2011)

(Unit: ¥10 million)

Industry	Before Revision				Revised						
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Energy / Materials / Machinery	5,160	4,332	4,610	4,726	5,012	5,621	6,409	4,874	3,272	3,429	2,724
Foodstuffs	36,311	33,430	31,872	30,177	30,237	29,893	29,933	30,145	28,850	28,804	26,619
Beverages / Cigarettes	32,228	27,770	26,562	28,769	28,224	27,651	26,374	24,685	22,701	21,786	19,621
Pharmaceuticals / Medical Supplies	20,691	19,111	18,128	17,692	18,451	17,791	18,288	18,367	16,333	14,597	14,354
Cosmetics / Toiletries	34,284	34,700	35,755	37,913	32,601	31,932	31,145	29,380	27,591	28,792	27,687
Apparel / Fashion, Accessories / Personal Items	9,719	9,330	9,601	9,655	11,074	12,320	12,787	11,582	9,312	10,129	10,818
Precision Instruments / Office Supplies	3,883	4,043	4,740	4,746	4,085	4,236	4,465	4,080	3,073	2,942	2,630
Home Electric Appliances / AV Equipment	8,201	7,396	7,591	8,245	9,076	9,192	8,503	8,188	7,056	7,337	5,449
Automobiles / Related Products	26,921	25,600	24,887	25,490	24,822	23,503	21,691	19,228	13,456	13,163	12,981
Household Products	7,404	7,044	6,307	6,697	6,761	6,257	6,384	6,105	5,899	6,506	6,421
Hobbies / Sporting Goods	15,730	15,701	15,071	14,230	16,274	16,523	15,695	16,925	14,200	12,314	11,061
Real Estate / Housing Facilities	16,127	14,705	14,823	15,596	16,605	16,680	17,304	14,753	11,268	10,294	10,445
Publications	17,221	15,628	15,087	15,135	14,824	14,313	13,712	11,414	9,451	9,267	8,949
Information / Communications	29,369	23,743	27,466	26,646	26,774	26,853	26,675	24,145	20,338	22,091	22,200
Distribution / Retailing	27,373	25,741	24,738	25,489	25,393	23,486	22,348	21,064	19,139	18,226	18,694
Finance / Insurance	27,518	25,443	25,573	29,120	32,728	30,478	24,620	21,296	15,144	15,383	14,121
Transportation / Leisure	28,750	27,564	26,847	28,457	28,818	28,804	28,976	26,944	23,352	21,118	19,527
Food Services / Other Services	13,093	12,249	12,213	12,409	14,738	14,847	15,188	14,425	13,487	13,867	12,356
Government / Organizations	6,055	4,920	5,233	4,681	5,239	4,367	5,413	4,558	4,766	4,082	10,873
Education / Medical Services / Religion	12,258	11,962	12,775	13,090	13,673	12,880	11,926	10,016	8,546	8,177	7,579
Classified Ads / Others	10,564	9,048	8,341	8,637	8,671	9,053	9,154	7,776	5,586	5,186	5,051
Total	388,860	359,460	358,220	367,600	374,080	366,680	356,990	329,950	282,820	277,490	270,160

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 costs for advertising on Internet sites (including mobile advertising), and advertising production costs (production costs for banner ads as well as website set-up costs related to new product services and campaigns).

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

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

Transit: Placement costs for transit advertisements.

Flyers: Insertion costs for flyers in newspapers nationwide.

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

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

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

Telephone Directories: Placement costs for advertisements in telephone directories.

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

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

Contents of the revision:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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