

2015

Advertising
Expenditures
in Japan

Contents

I. Overview of Advertising Expenditures in Japan for 2015	1
II. 2015 Advertising Expenditures Classified by Medium	5
III. 2015 Advertising Expenditures Classified by Industry (Traditional Media Only, Excluding Satellite Media-Related Spending)	13

Appendices

APPENDIX 1	Advertising Expenditures and Japan's GDP (1989–2015)	18
APPENDIX 2	Advertising Expenditures by Medium (1989–2015)	19
APPENDIX 3	Breakdown of Advertising Expenditures for Internet-Related Spending (1997–2015)	21
APPENDIX 4	Advertising Expenditures by Industry (2013–2015)	23
APPENDIX 5	Advertising Expenditures by Industry in the Traditional Media (2014–2015)	24
APPENDIX 6	Component Ratio of Media Expenditures by Industry and Industry Expenditures by Medium for 2015	25
APPENDIX 7	Eleven-Year Trends in Advertising Expenditures by Industry (2005–2015)	26
APPENDIX 8	Sources of Media Expenditures	27
APPENDIX 9	Breakdown of Industry Categories	28

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 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. After Japan switched from analog to terrestrial digital broadcasting in 2011, televisions capable of receiving both terrestrial and satellite broadcasts became the norm. Therefore, starting in 2014, advertising expenditures in Television were redefined to include expenditures in both Terrestrial Television and Satellite Media-Related advertising.

I. Overview of Advertising Expenditures in Japan for 2015

Total advertising expenditures rose 0.3%, to ¥6,171.0 billion

Japan's advertising expenditures for calendar 2015 totaled ¥6,171.0 billion, an increase of 0.3% compared with the previous year's figure. Despite Japan's economic growth having ground to a halt in calendar 2015, overall spending on advertising posted year-on-year gains for a fourth consecutive year.

General Characteristics of Advertising Expenditures during 2015

1. Advertising expenditures in 2015 had been expected to see positive effects resulting from such factors as the holding of Expo Milan 2015, substantial performance improvement by Japan's corporate sector and growth in household incomes. However, expectations were dampened by a fallback in demand following purchases made in the run-up to the increase in Japan's consumption tax rate in April 2014 and such quadrennial events as the Sochi 2014 Olympic Games and the 2014 FIFA World Cup Brazil™; slowing economic growth in some areas of the global economy; and stagnant personal spending in Japan's domestic economy. Together, these factors led to advertising expenditure growth of 0.3% for the full calendar year.
2. Broken down by medium, advertising expenditures fell in Newspapers (down 6.2%), Magazines (down 2.3%), Radio (down 1.4%) and Television (down 1.2%, including both Terrestrial Television and Satellite Media-Related spending). As a result, overall spending in the traditional media posted a decline of 2.4%. In the Internet advertising market (up 10.2%), ads directed at smartphones, as well as video ads and ads using new advertising technologies, continued to expand, making the Internet medium the key driver for advertising expenditures overall. Although spending on Promotional Media decreased (down 0.9%), growth was recorded for Outdoor, Point-of-Purchase (POP) and Exhibitions/Screen Displays.
3. By industry category (for the traditional media, but excluding Satellite Media-Related spending), year-on-year spending rose in 6 of the 21 industry categories.

Major categories posting gains included Precision Instruments/Office Supplies (up 9.7% on increased placements for wristwatches and fountain pens); Information/Communications (up 5.1% on growth in advertising for online games and online stores); Energy/Materials/Machinery (up 4.1% on campaigns for gas companies and electric power companies); Foodstuffs (up 2.7% on increased placements for direct-marketed dietary supplements, health foods, as well as candies and caramels; and Transportation/Leisure (up 2.2% on increased advertising for membership sports clubs, events and seminars, as well as theme parks).

Major categories posting declines included Hobbies/Sporting Goods (down 15.5% on decreased advertising for audio recordings and toys related to popular character franchises); Automobiles/Related Products (down 11.0% on weaker advertising for K-cars (engine displacement up to 660 cc), sedans and station wagons/hatchbacks); Beverages/Cigarettes (down 8.2% on lower placements for canned coffee and beer-like alcoholic beverages); Home Electric Appliances/AV Equipment (down 8.1% on a decline in placements for coffee makers, air purifiers and LCD televisions); Household Products (down 7.3% on decreased placements for specialized mattresses, furniture, as well as functional frying pans and pots; and Real Estate/Housing Facilities (down 5.0% on reduced placements of general housing and rental housing ads).

In calendar 2015, Japan's nominal Gross Domestic Product (GDP) grew 2.5%. Advertising expenditure for the year declined to 1.24% of nominal GDP, compared with 1.26% in 2014.

1. Japanese Economy

Despite expectations of a recovery in real GDP growth in calendar 2015, following the lack of growth seen in 2014, the pace of growth was slow. Although the economy expanded 1.1% (4.4% on an annualized basis) during the January–March quarter, it then shrank 0.1% (annualized 0.5%) in the April–June quarter. While growth turned positive again in the July–September quarter, it was meager at 0.3% (annualized 1.0%). Consumer spending growth was lacking, depressed by sluggish real income growth and unseasonal weather patterns. Furthermore, exports were weak, due to the slowdown in emerging economies—including China. Capital investment also lacked vitality, owing to a number of factors including drawn-out inventory adjustments. Although the pace of growth was conspicuously modest during the July–September quarter, many private-sector research institutions had forecast a continuation of positive growth in the October–December quarter, expecting it to be driven by such up-beat factors as robust corporate earnings, favorable employment conditions, and expectations of a recovery in exports centered on the United States. Nevertheless, consumer spending and capital investment growth remained lackluster, leading to the dominant view that overall, fiscal 2015 would see only a gradual rate of recovery. Nominal GDP grew 2.5% in calendar 2015 compared with the previous year, while real GDP recorded 0.4% growth for the year as a whole (according to preliminary GDP quarterly data released on February 15, 2016).

Robust Corporate Earnings

The revenues of listed companies grew 3.9% across all industries (excluding the financial sector) during the first half of fiscal 2015 (April through September), and consolidated ordinary profits increased at the strong pace of 11.1% compared with the corresponding period of the previous year. This marked the fourth consecutive year of ordinary-profit growth. Although the October–December quarter turned negative, for all of fiscal 2015 (ending March 2016), corporate revenues across all industries are expected to rise 2.2%. Meanwhile, consolidated ordinary profits are forecast to increase 6.9% over the previous fiscal year. Hence, ordinary profits are expected to set new historic highs for fiscal 2015.

Employment Conditions Still Improving

Employment conditions continued to improve, as economic recovery became more marked. The unemployment rate of 3.6% recorded in January 2015 had improved to around 3.3% in April, while in October it declined to 3.1%, a level not seen for 20 years and three months—since July 1995. Despite a rise to 3.3% in November, on the whole, the employment situation was favorable for the calendar year. The effective opening-to-application ratio also continued to improve—from 1.14 in January to 1.25 in November.

Yen Depreciation, Rising Stock Prices, Falling Crude Oil Prices

In foreign exchange markets, the yen continued to depreciate. The yen closed the year at ¥120.41 to the dollar (December 30, 2015). The Nikkei Japanese stock average moved above the 20,000 level once during the year and, although there was some impact from deceleration of the Chinese economy, the average ended the year at 19,033, up 9.0% compared with the end of 2014. The United States Federal Reserve Board announced on December 16 that it would raise interest rates, the first such increase in nine-and-a-half years. As had been the case in 2014, crude oil prices saw steep declines from the fall to the end of 2015. Driven by lower crude oil prices, the nationwide average retail price of regular gasoline

in Japan fell to ¥123.5 per liter as of December 24, 2015. This was down ¥25.6 per liter from the ¥149.1 per liter recorded on December 22, 2014.

2. Domestic Consumer Spending Buoyed by Robust In-bound Tourist Market

Looking at domestic consumption trends, there were significant year-on-year decreases in sales at supermarkets, convenience stores and, particularly, department stores during March 2015, reflecting a fallback from the high levels recorded immediately prior to the increase in the consumption tax rate in April 2014. However, a recovery trend became apparent beginning in April. Although until then the value of domestic shipments of household electrical white goods had been below the level of the corresponding first four months in 2014, recovery on a monthly basis was seen starting in May and leading to seven consecutive months of year-on-year increase through November 2015. By contrast, domestic shipments of audio-visual equipment failed to recover. Sales of new automobiles also continued to record lower figures compared with those of the previous year. New passenger car registrations during calendar 2015 declined 4.2% year on year, while unit sales of K-cars (engine displacement up to 660 cc) were down 16.6% year on year in April, as a result of the increased K-car tax introduced in April 2015. The total decline across both categories was 9.3%. Total mobile phone shipments in fiscal 2015 (ending March 2016) are projected to fall 3.6% year on year, to 36.50 million units. Of these, smartphones are expected to account for 27.60 million units, up 0.4% year on year, while shipments of feature phones are forecast to decline 14.4% year on year to 8.90 million units. Shipments of personal computers during the first half of fiscal 2015 decreased significantly compared with the corresponding period of fiscal 2014, down 29.5% to 4.79 million units. Shipments in April–September 2014 had been boosted by purchases to replace PCs running the Windows XP operating system, support for which has been discontinued. Even after the release of Windows 10 in July 2015, however, signs of a recovery failed to materialize, and total domestic PC shipments for fiscal 2015 (ending March 2016) are expected to be 9.84 million units, marking the first time since fiscal 1998 that shipments have fallen below the 10 million-unit mark. Domestic shipments of tablet devices in the April–September 2015 period were up 8.0% over the same period in the previous fiscal year, at 4.46 million units. For the full fiscal year to March 2016, shipments are expected to reach 9.80 million units, for a year-on-year increase of 5.5%. Sales were particularly driven by large-screen devices—defined as tablets with 12-inch or larger displays. By contrast, domestic shipments of digital cameras in the January–October period saw a 17.3% year-on-year decline for integral lens cameras, while shipments of interchangeable lens cameras decreased 9.8% on the year. Overall digital camera shipments declined 15.0% compared with the corresponding period of the previous year, thus continuing the lackluster performance seen in 2014. Housing starts maintained the general increase that had commenced in the spring, reflecting an easing in the fallback from the surge in demand prior to the consumption tax rate increase. For the January–November 2015 period, cumulative housing starts increased 5.0% year on year. However, in Tokyo and surrounding prefectures, condominium unit sales were forecast to decline 8.3% for the full calendar year, while in the Kansai region, they were forecast to decline 1.1% year on year. Although domestic travel was robust, driven by such factors as the opening of the Hokuriku Shinkansen line in March 2015, overseas travel demand was weak owing to the depreciation of the yen, which increased the cost of overseas trips. Meanwhile, the number of in-bound visitors to Japan surged ahead. In calendar 2015, the total number of visitors reached 19.73 million, a 47.1% increase over the 2014 figure. Hence, the in-bound tourism market saw robust growth, with spending in Japan

by overseas visitors up 71% year on year to ¥3,477.1 billion, setting a new record. In food services, family-style restaurants, dinner restaurants and cafés recorded strong performances over the whole calendar year. Fast-food restaurants—which had been weak—saw early signs of a recovery in the second half of the year. In recent years, Halloween-themed festivities have become increasingly popular, with the 2015 trend even more pronounced than that of previous years. The size of the market for costume and cosplay-related products reached ¥122.0 billion, up over 10% year on year. This market now has attained a scale similar to that of Valentine's Day.

3. Hit Products and Categories Attracting Significant Attention

- Salty bread
- Functional yogurt
- Carbonated beverages targeting adult consumers and flavored natural mineral water
- Craft beer, and new ways to drink Bourbon whiskey
- Red lipstick
- Gaucho pants
- Compact digital cameras with super-telephoto photography functions
- Mechanical pencils with non-breakable lead
- The world's lightest paper-bag-type vacuum cleaner
- The world's first ultra-compact washing machine (handheld size)
- Premium-quality toasters
- Lightweight sports cars
- Functional frying pans and pots
- Book authored by a comedian who won the Akutagawa literary prize
- Humanoid robots that can recognize emotions
- Fixed-price subscription streaming services for music and video
- Hokuriku Shinkansen line
- Low-cost carrier (LCC) airline passenger terminals
- "Star Wars Episode 7: The Force Awakens" and "Yo-kai Watch The Movie 2"
- FIFA Women's World Cup Canada 2015: "Nadeshiko" Japan makes runner-up
- 2015 Rugby World Cup: Japan national team wins match against South Africa, one of the favorites, in the preliminary round

II. 2015 Advertising Expenditures Classified by Medium

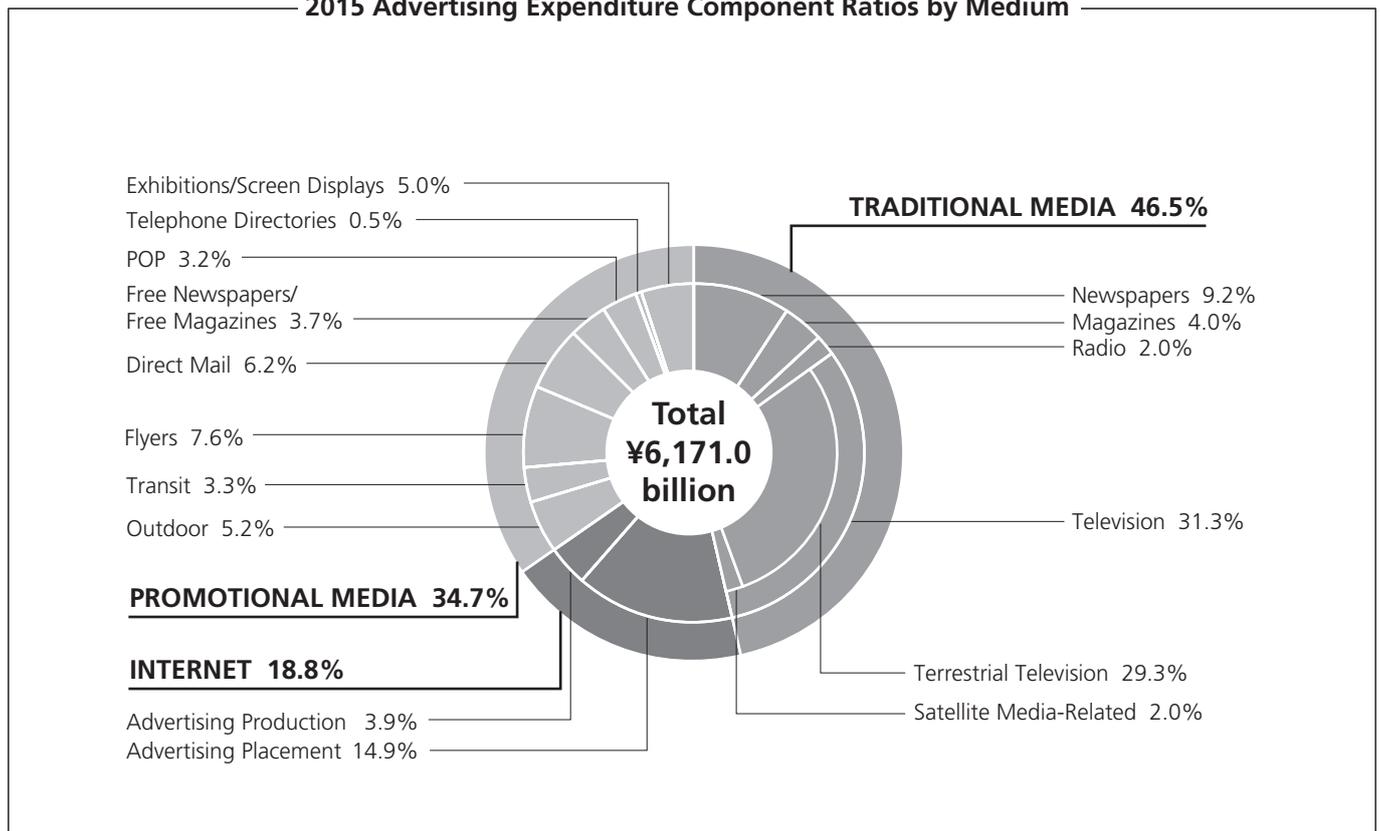
Internet boosts overall expenditures

Broken down by medium, in calendar 2015 Internet advertising expenditures (¥1,159.4 billion, up 10.2%) recorded double-digit growth, and were the main driver boosting overall advertising expenditures. This reflected such factors as growth in the smartphone market, video advertising and the widespread adoption of ad delivery systems utilizing new technologies. Internet advertising expenditures accounted for 18.8% of spending in all media, a rise of 1.7 percentage points compared with 2014.

Advertising expenditures for Traditional Media (including Satellite Media-Related spending) declined 2.4% year on year, to ¥2,869.9 billion, marking the first decrease in four years. Even compared with 2012 (¥2,880.9 billion), when growth turned positive, Traditional Media spending was down 0.4% in 2015. However, Traditional Media accounted for 46.5% of overall advertising expenditures in Japan. Satellite Media-Related spending put in a robust performance, increasing 1.5%, to ¥123.5 billion.

Promotional Media expenditures decreased slightly year on year (¥2,141.7 billion, down 0.9%), despite positive growth in such categories as Outdoor, POP and Exhibitions/Screen Displays.

2015 Advertising Expenditure Component Ratios by Medium



Newspaper Advertising

- Newspaper advertising spending fell 6.2% year on year, to ¥567.9 billion.
- Throughout the year, spending was lower compared with the corresponding period of the previous year. Newspaper advertising expenditures are on a long-term declining trend.
- Affecting the performance of newspaper advertising were a decrease in the number of newspaper subscribers and a year-on-year fallback in spending, which reflected such factors in the previous year as the surge in demand ahead of the increase in the consumption tax rate and the House of Representatives elections.
- Although Foodstuffs and Finance/Insurance achieved placement increases, Home Electric Appliances/AV Equipment, Energy/Materials/Machinery, Beverages/Cigarettes and Automobiles/Related Products recorded large decreases. Such product categories as health foods and dietary supplements continued to perform strongly.
- The Chubu region saw a smaller decrease in placements compared with other regions, reflecting such positive factors as the start of Hokuriku Shinkansen operations and announcement of the decision to hold the G7 Japan 2016 Ise-Shima Summit in Mie Prefecture.

Magazine Advertising

- Magazine advertising spending fell 2.3% year on year, to ¥244.3 billion.
- The rate of decrease in estimated magazine retail sales by value (8.4%; source: January 2016 issue of the publishing-related monthly magazine *Shuppan Geppo*) was the largest on record, reinforcing the view that the magazine industry continues to face a harsh operating environment. However, in electronic magazine publishing, fixed-rate subscriptions to services offering unrestricted access grew significantly.
- By genre, titles targeting married women, young adult males and adult males in general performed robustly. Youth-targeted magazines struggled.
- By industry category, placements for Precision Instruments/Office Supplies were brisk, with those for premium-brand mechanical wristwatches growing in particular. Placements for Apparel/Fashion, Accessories/Personal Items and Cosmetics/Toiletries—major categories of magazine advertising—declined, dragging down performance of the magazine medium as a whole.
- A campaign called “NEXT MAGAZINE” was run several times during the year, through which consumers could access electronic magazines free of charge for a limited period. This campaign created opportunities for consumers to come into contact with magazine content.

Radio Advertising

- Radio advertising spending fell 1.4% year on year, to ¥125.4 billion.
- Performance in the January–March quarter exceeded the level of expenditures during the same quarter of 2014, which benefited from extra demand leading up to the increase in the consumption tax rate. However, from April onward momentum stalled, leading to a decline for the year as a whole.
- The Kansai, Chubu and Fukuoka regions exceeded their previous year’s performance, but other regions followed the pattern set by Tokyo and surrounding prefectures, coming in lower compared with 2014.
- By industry category, Food Services/Other Services, Automobiles/Related Products and Pharmaceuticals/Medical Supplies—which account for a large proportion of radio advertising expenditures—continued to perform well following on from 2014. However, Information/Communications recorded a year-on-year decline.
- The monthly number of unique users for the radiko.jp online radio service remained at a robust level. The radiko premium fee-based service for unrestricted, region-free listening also achieved solid growth in its subscriber base. These services are expected to continue gaining new listeners.

Television Advertising (Terrestrial Television and Satellite Media-Related spending)

- A new service called “Wide FM” was launched, which enables listeners to receive the broadcasts of AM-band radio stations through FM-band frequencies. Preparations progressed for the i-dio multimedia broadcasting service, which is expected to open up a range of new opportunities.

- Television advertising spending fell 1.2% year on year, to ¥1,932.3 billion.

Terrestrial Television spending fell 1.4%, to ¥1,808.8 billion.

- January through October saw a relatively weak climate for television advertising expenditures. This reflected such factors as the fallback following heightened demand prior to the consumption tax rate increase, a pullback compared with the previous year when there were several major sporting events, and uncertainty in the economic outlook, which caused many advertisers to hold off on ad placements.
- Program sponsorship expenditures (down 1.6%) benefited from the holding of several major sporting events, including the FINA World Swimming Championships in July/August, the IAAF World Athletics Championships in August, the FIVB Volleyball World Cup 2015 in August/September, the World Baseball Softball Confederation Premier 12 championship in November and the 2015 FIFA Club World Cup in December. However, there was also fallback from events in the previous year, including the extra demand in the run-up to the increase in the consumption tax rate, the Sochi 2014 Olympic Games and the 2014 FIFA World Cup Brazil™. Overall, these factors resulted in a decline compared with the previous year. Among the eight main regions, Osaka, Nagoya and Hiroshima logged increases compared with 2014.
- Spot advertising (down 1.3%) recorded year-on-year decreases from the first to third quarters (January–September), but in the fourth quarter (October–December) a recovery gained momentum from November, bringing the quarter into year-on-year growth. Among the 32 regions, Hokkaido, Kumamoto and Okinawa achieved modest increases, while other regions recorded declines compared with the previous year.
- By industry category, Foodstuffs, Information/Communications, Transportation/Leisure and Food Services/Other Services achieved increases, while Hobbies/Sporting Goods, Automobiles/Related Products, Beverages/Cigarettes and Home Electric Appliances/AV Equipment were among those categories to record a decrease.

Satellite Media-Related spending rose 1.5% year on year, to ¥123.5 billion.

- Overall, advertising expenditures remained robust throughout the year.
- In BS digital broadcasting, in addition to the traditional mail-order services, there were increases in expenditures by national sponsors in such categories as health foods and basic skin care products and by sponsors promoting B2B products and services, as well as an increase in placements for game apps. However, beverages and automobiles recorded decreases. In CS broadcasting and Cable TV (CATV), placements for health foods declined.
- To date, the BS digital broadcasting market had grown based on placements of large-lot spot, single-sponsor-per-program and specific sponsor ads, but diversification of program schedules in 2015 saw expanded sports, music, movie and information programs, which led to growth driven by an increase in placements by a wide variety of clients.

Advertising Production Costs for the Traditional Media

(Excluding Satellite Media-Related spending)

Note: Production costs are included in the advertising expenditures in newspapers, magazines, radio and terrestrial television.

Quarterly Breakdown of 2015 Advertising Expenditure Growth in the Traditional Media

- Advertising production costs for the traditional media fell 1.7% year on year, to ¥306.8 billion.
- Production costs for terrestrial TV commercials amounted to ¥214.5 billion (down 1.2%).
- Although the second half of the year entered a recovery phase, on a full-year basis production costs declined.
- By industry category, Precision Instruments/Office Supplies put in a robust performance, while the second half of the year saw a favorable performance by Information/Communications. By contrast, Real Estate/Housing Facilities recorded a decrease.

A quarterly breakdown of advertising expenditures in the traditional media (including Satellite Media-Related spending) shows that all four quarters recorded a decline, albeit the rate of contraction was smaller starting in July.

Advertising Expenditures in the Traditional Media (including Satellite Media-Related spending)	(Year on year, %)						
	2014 (Full Year)	H1 Jan.–Jun.	H2 Jul.–Dec.	Q1 Jan.–Mar.	Q2 Apr.–Jun.	Q3 Jul.–Sep.	Q4 Oct.–Dec.
	101.6	102.3	100.8	104.0	100.6	100.6	101.1
	2015 (Full Year)	H1 Jan.–Jun.	H2 Jul.–Dec.	Q1 Jan.–Mar.	Q2 Apr.–Jun.	Q3 Jul.–Sep.	Q4 Oct.–Dec.
	97.6	96.7	98.6	96.4	97.0	98.7	98.6

Internet Advertising

- Internet advertising spending (medium costs and ad production costs) rose 10.2%, to ¥1,159.4 billion.

Internet Advertising Medium Costs rose 11.5%, to ¥919.4 billion.

- Expenditures for performance-based advertising* amounted to ¥622.6 billion (up 21.9%).
- The amount spent on Internet advertising media continued to grow at a high rate, following on from the previous year. In addition to ongoing expansion of the smartphone ad market and rapid growth in the video ad market, another factor driving market growth was the spread of programmatic advertising transactions, which make possible automated (algorithmic) media buying based on audience data. Looking at a breakdown of the market, there was a continued shift from ad-space sales toward performance-based advertising. Consequently, although ad-space sales were down slightly compared with the previous year, performance-based advertising grew steadily. Affiliate advertising was also sound.

- **Ad-space sales** were lower compared with the previous year, reflecting a further shift toward performance-based advertising, particularly for ads on lower-level pages of portal sites (i.e., second-level and lower pages excluding the top page), a portion of ads on top pages and on social media sites. However, sustained growth was seen in communication app media, curated media and specialist-field media. Broken down by device, ads on smartphones increased steadily. The video ad market grew rapidly, driven by the move toward cross-device compatibility for video content and the introduction of a diverse choice of video ad formats.

- **Performance-based advertising** achieved substantial growth in search engine advertising (listing ads) in the mobile sphere, but in the PC sphere growth slowed. Performance-based display ads grew steadily, particularly those utilizing demand-side platforms (DSPs, which maximize advertising efficiency from the advertiser's perspective) and other platforms. On social media and video portal media, growth was driven by an expansion in performance-based video ads. Looking at the breakdown by device, search engine advertising, display ads and video ads all grew significantly on smartphones.

Promotional Media Advertising

* Performance-based advertising refers to advertising methods that utilize platforms to process vast amounts of data for the automatic or instantaneous optimization of advertising. Typical examples include search engine advertising and certain ad networks, as well as the recently developed DSPs, ad exchanges and supply-side platforms. Performance-based advertising does not include ad-space sales, tie-up ads or affiliate advertising.

- As a new market trend, the use of private marketplaces (PMPs) began to expand. Rather than the traditional open-auction system (automated ad transaction markets that allow buyers and sellers unrestricted participation) used for performance-based advertising, PMPs allow participation of a limited number of buyers and sellers in automated ad transactions. New ad-delivery models continued to emerge, including those that employ targeting based on such data as user-location information, area information and activity-log data.

Note: Although such trends as programmatic advertising and PMPs attracted much attention, in Japan and internationally the definitions used for such models are still somewhat fluid in the advertising industry.

Internet Advertising Production Costs rose 5.5%, to ¥240.0 billion.

- Although the average cost of ad production continued to fall, the number of ads produced rose.
- There were production increases for such formats as mobile apps, web videos and pages linked to social media.

- Promotional Media advertising expenditures fell 0.9% year on year, to ¥2,141.7 billion.
- There was a clear division of roles between online and offline promotions, and during the year the trend toward this role division further advanced based on a plan-do-check-act cycle. One area of particular interest was the growth of Exhibitions/Screen Displays, suggesting more consumers are looking for real-world experiences. Sampling and pop-up stores, which are not yet included within the estimates of *Advertising Expenditures in Japan*, and other offline promotions once again attracted attention.

Outdoor advertising expenditures rose 0.5%, to ¥318.8 billion.

- Billboards rose slightly, driven by such factors as demand related to reconstruction in the Tohoku region, and placements targeting the increase in foreign tourists in the Hokkaido, Kyushu and Kansai regions.
- Although spending declined for neon signs as it mainly focused on refurbishments and repairs, there was also a notable trend toward utilizing the unique type of light provided by neon. Spending on LED signs continued to grow significantly.
- Poster boards increased slightly, supported by a stable base of industry categories and the addition of placements for smartphone apps.
- Spending on large-screen displays was robust thanks to increased placements by government agencies and more new placements by clients in the finance and information/communication sectors. There was also notable development in placements targeting overseas tourists.
- Sports stadium billboards fell slightly due to a decline in new placements.
- Banner advertising followed a similar trend to that of poster boards, recording a modest increase.
- Commercial facility media saw placements for a variety of events throughout the year in addition to the traditional winter attraction of Christmas illuminations.

Transit advertising expenditures fell 0.5%, to ¥204.4 billion.

- Railway station and in-car digital signage grew steadily. In particular, placements increased driven by new installations in the Kansai and Chubu regions. By contrast, spending on in-car media (aisle-hanging posters and those above windows or beside doors) continued to decline. Airport placements grew, driven by placements at airports where the number of foreign tourists increased.
- By industry category, Beverages/Cigarettes and Finance/Insurance were robust. Information/Communications continued the growth trend of the previous year, particularly driven by placements for social networking sites and smartphone game apps.

Flyer advertising expenditures fell 4.7%, to ¥468.7 billion.

- Spending on flyer advertising fell as newspaper circulation declined and the number and paper format size of flyers decreased.
- Over the year as a whole, there was a lack of opportunities for large placement increases, and there was also impact from a demand fallback after the previous year's rise in demand prior to the consumption tax rate increase. Such factors led to a continuing decline.
- There was growth in placements by retailers that cater to everyday shopping needs, such as supermarkets, drug stores and discount merchandise stores. In job recruitment placements, which had seen growth through the previous year, although some regions performed well, on a nationwide basis there was a slight decline. In the real estate category, placements for both condominiums and new houses fell significantly. There were also decreases for amusement facilities, health foods and cosmetics.
- Placements declined in all regions apart from Hokkaido, where they were steady compared with 2014.

Direct Mail advertising expenditures fell 2.4%, to ¥382.9 billion.

- There was noticeable use of direct mail by companies that have developed aggressive web marketing strategies.
- There were also cases in which companies that had traditionally used direct mail as a central part of their marketing strategies, but had made a full switch to web-based marketing, returned to the use of paper-based direct mail. Such decisions reflect a reassessment of the effectiveness of direct mail, and specifically the return on investment that printed materials can generate. There is a trend toward clear delineation between consumer segments that can be reached and converted using web-based media and those that cannot.
- The market for unaddressed mail deliveries continued to grow. As one method of area-based marketing, unaddressed mail deliveries achieved greater recognition and saw rising needs.
- By industry category, there was an increase in cases of direct mail used in the e-commerce sphere, while increases in direct mail placements were seen in Information/Communications, Finance/Insurance and Distribution/Retailing.

Free Newspaper/Free Magazine advertising expenditures fell 0.6%, to ¥230.3 billion.

- Distribution via permanently installed stands was on a decline. Publications using route-based distribution and those focusing on specific geographic areas grew steadily. In regional markets, there is a solid demand base that includes needs related to confirming the safety of individuals during emergencies. There was an increase in activity related to peripheral business fields, such as the web, events and culture schools.

Free Newspaper advertising expenditures fell 3.2%, to ¥73.0 billion.

- In the Shin'etsu/Hokuriku region, where the Hokuriku Shinkansen line commenced operations, price competition eased and unit prices rose, leading to a solid performance.
- By industry category, job recruitment information, cuisine and restaurants, foodstuffs, pharmaceuticals and cosmetics recorded increases. However, beauty- and shopping-related placements saw a declining trend.
- The theme of regional revitalization is attracting much attention in Japan. Against this backdrop, there was a noticeable trend toward the use of free papers as one method of area-based marketing.

Free Magazine advertising expenditures rose 0.7%, to ¥157.3 billion.

- Placement trends were similar to those seen in free papers.
- Free magazines aimed at very specific reader segments performed well. Targets included parents of kindergarten students, and high-income segments. Free multilingual magazines that target the inbound tourist market began to appear.
- By industry category, placements for travel, hotels and automobiles in particular saw increases.
- There was also a trend toward the publication of printed free magazines by companies that previously had published exclusively on the web.

POP advertising expenditures rose 0.3%, to ¥197.0 billion.

- There was an increase in point-of-purchase (POP) advertising requiring comparatively high production costs, which drove an overall increase compared with the previous year. Examples included new types of digital signage and displays that have built-in monitors. As purchasing behavior increasingly takes place on an omni-channel basis, the importance of bricks-and-mortar stores is increasing, and retail space design during major shopping seasons is seeing a revitalization. However, one prominent negative factor is the ongoing shift from printed materials to web-based information.
- Even in consumer electronics and appliance stores, which overall have tended to see a reduction in POP advertising, there was aggressive use of POP materials in headphone retail displays and sections selling white goods. There is a trend toward the increased use of POP advertising when a new category of products appears on the market. Monitor display POP advertising increased at drug stores and home centers, and for the distribution sector as a whole, spending was on a par with 2014 or down slightly.
- By industry category, daily household and personal items and automobile-related categories were strong. However, household appliances saw a decline as commodification increased.
- As POP advertising evolves, the market is seeing a polarization between POP displays with substantial budgets and those with very limited budgets.

Telephone Directory advertising expenditures fell 19.9%, to ¥33.4 billion.

- Advertising expenditure declined as some telephone directories were not issued due to changes in the publication cycle. However, there was an improvement in new types of telephone directories compared with the previous year. For example, there were cover design renewals, the addition of a calendar for annual events, and delivery of some directories to all homes and offices.
- Telephone directories are being used as one method of area-based marketing, and along with the evolution of web strategies, the combined power of printed and online directories is rising.

Exhibition/Screen Display advertising expenditures rose 7.7%, to ¥306.2 billion.

- Spending rose significantly, driven by private corporate events, events targeting the fan bases of specific smartphone games, and large-scale exhibitions held in the second half of the year. The overall harsh climate for Exhibition/Screen Display advertising is gradually improving.
- Owing to the impact of the 2020 Tokyo Olympic and Paralympic Games, overall there has tended to be a strong concentration of exhibitions held in the Tokyo area. However, events are gradually increasing in the Kansai and Hokuriku regions. There are expectations that such expansion will spread to other regions in the near future.
- By industry category, household electronics and appliances, automobiles and games recorded increases. Spending by governmental agencies was flat.
- Cinema advertising expenditures rose, driven by popular movie franchises. Also there were new placements by SNS game providers and government agencies.

Reference

The estimated size of the commercial printing market in 2015 was ¥2,050.0 billion (up 1.0% year on year), of which posters, leaflets and pamphlets accounted for ¥1,268.0 billion (up 1.0%).

- Although digital media have advanced very rapidly, 2015 was a year in which there was increasing recognition that print media are still important for their potential to reach a wide audience. From now on, there is likely to be evolution in hybrid communication methods combining the web with printed media. For Japan to deal with deflation and its aging population, the public and private sectors are likely to be unified in promoting the use of printed materials, thus acting as a stimulus to the commercial printing market.

III. 2015 Advertising Expenditures Classified by Industry (Traditional Media Only, Excluding Satellite Media-Related Spending)

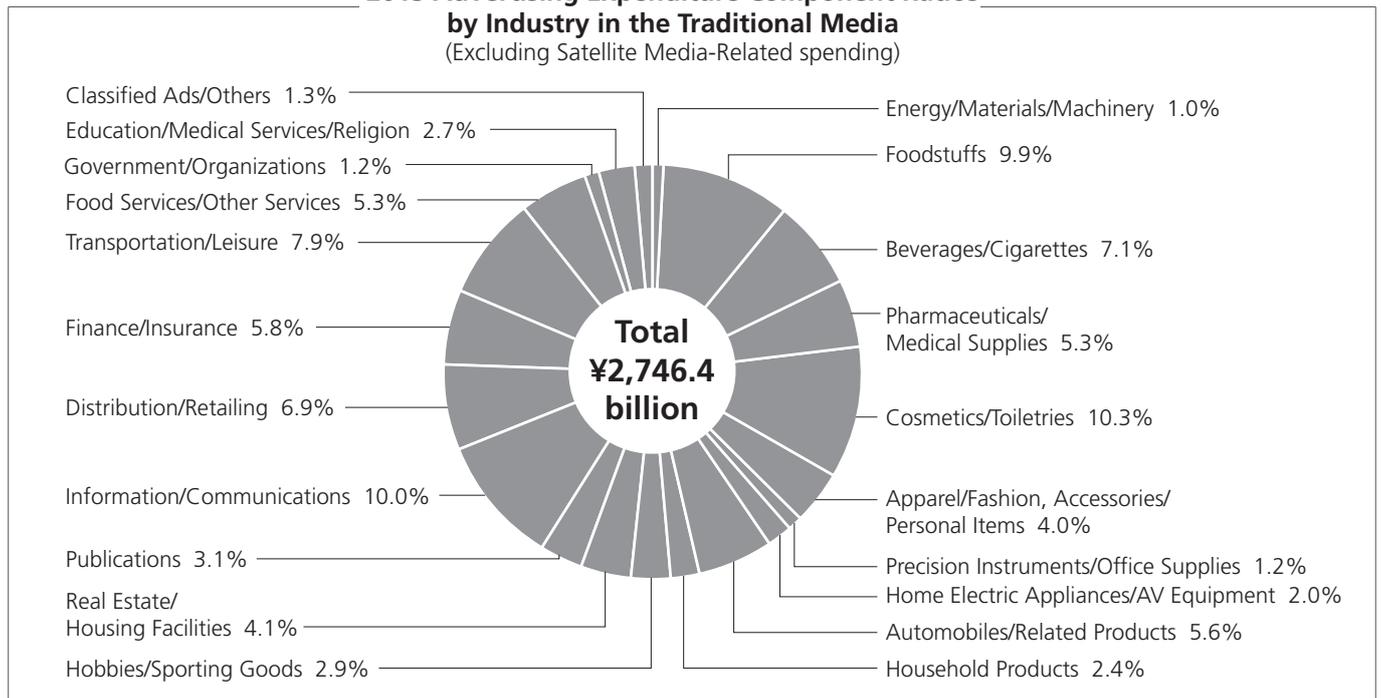
Spending increased in six industry categories—Precision Instruments/Office Supplies, Information/Communications, Energy/Materials/Machinery, Foodstuffs, Transportation/Leisure and Food Services/Other Services

Advertising expenditures increased in 6 of the 21 industry categories surveyed during 2015, and declined in 15 categories. (The 2014 survey shows that expenditures were higher in 14 of the 21 industry categories, but lower in 7 categories.)

Categories posting gains were Precision Instruments/Office Supplies (up 9.7%) on increased placements for wristwatches and fountain pens; Information/Communications (up 5.1%), driven by ad placements for online games and online stores; Energy/Materials/Machinery (up 4.1%) on stronger demand for campaigns by gas companies and electric power companies; Foodstuffs (up 2.7%) on increased placements for direct-marketed dietary supplements and health foods; Transportation/Leisure (up 2.2%) on increased advertising for membership sports clubs and theme parks; and Food Services/Other Services (up 0.9%) on higher spending by restaurants, as well as door-to-door delivery and moving services.

Expenditures declined in the following 15 industry categories: Hobbies/Sporting Goods (down 15.5%) on decreased advertising for audio recordings and toys related to popular character franchises; Automobiles/Related Products (down 11.0%) on weaker advertising for K-cars (engine displacement up to 660 cc), sedans and station wagons/hatchbacks; Beverages/Cigarettes (down 8.2%) on lower placements for canned coffee and beer-like alcoholic beverages; Home Electric Appliances/AV Equipment (down 8.1%) due to decreases in ads for coffee makers, air purifiers and LCD televisions; Household Products (down 7.3%) on decreased placements for specialized mattresses, furniture and functional frying pans and pots; Real Estate/Housing Facilities (down 5.0%) on reduced placements of general housing and rental housing ads; Education/Medical Services/Religion (down 4.9%) on fewer placements for schools, as well as vocational and other educational institutions; Cosmetics/Toiletries (down 3.8%) on reduced ads for direct-marketed cosmetic lines for women, as well as for shampoos and conditioners; Publications (down 3.2%) on fewer placements related to language-study materials, and general weekly magazines; Classified Ads/Others (down 3.0%) on decreased demand for temporary recruitment ads; Finance/Insurance (down 2.8%) on lower placements related to direct-marketed health insurance products, the Nippon Individual Savings Account (NISA) program and inheritance-related products, as well as credit cards; Apparel/Fashion, Accessories/Personal Items (down 2.8%) on reduced placements for jewelry and accessories, women's clothing and functional innerwear; Government/Organizations (down 2.5%) on a decrease in ad placements by political parties and organizations; Pharmaceuticals/Medical Supplies (down 2.3%) on reduced advertising for intestinal medicines, supporters and contact lenses; and Distribution/Retailing (down 2.0%) on decreased placements relating to direct marketing businesses.

**2015 Advertising Expenditure Component Ratios
by Industry in the Traditional Media**
(Excluding Satellite Media-Related spending)



Breakdown of Advertising Expenditures by Industry

- 1. Energy/Materials/Machinery:** Up 4.1%, with a 1.0% component ratio.
 - Second consecutive year of increase.
 - Strong spending by gas and electricity companies.
 - Substantial decline in placements by petroleum companies and spending for industrial equipment.
 - By medium, terrestrial television placements rose sharply.
- 2. Foodstuffs:** Up 2.7%, with a 9.9% component ratio.
 - First increase in three years.
 - Placements robust for health foods, candies and caramels, as well as snack foods.
 - Placements up sharply for direct-marketed dietary supplements and beauty-related food products.
 - Decrease in placements for chewing gum, barbecue sauces and seasoning sauces.
 - By medium, rise in terrestrial television and newspaper placements.
- 3. Beverages/Cigarettes:** Down 8.2%, with a 7.1% component ratio.
 - Decrease following rise in 2014.
 - Continued sharp decline in placements for canned coffee.
 - Placements fell significantly for other fermented liquor (beer-like alcoholic beverages) and *shochu* (a distilled liquor).
 - Placements robust for instant coffee, green tea, fruit juice and other non-alcoholic beverages.
 - Placements up sharply for direct-marketed energy and beauty drinks, and beer-like non-alcoholic beverages.
 - By medium, considerable fall in terrestrial television and newspaper placements.
- 4. Pharmaceuticals/Medical Supplies:** Down 2.3%, with a 5.3% component ratio.
 - Decrease following rise in 2014.
 - Sharp fall in placements for intestinal medicines and medical supplies.
 - Placements remained weak for eyeglasses and contact lenses.
 - Continued robust placements for over-the-counter medicines.
 - By medium, fall in terrestrial television placements.
- 5. Cosmetics/Toiletries:** Down 3.8%, with a 10.3% component ratio.
 - Decrease following rise in 2014.
 - Sharp decline in placements for direct-marketed women's cosmetic products, shampoos and conditioners.
 - Fall in placements for makeup foundation and toothpaste.
 - Placements rose for women's cosmetic products, hair growth products, hair coloring agents and dishwashing detergents.
 - Placements declined in all media, particularly terrestrial television.
- 6. Apparel/Fashion, Accessories/Personal Items:** Down 2.8%, with a 4.0% component ratio.
 - Second consecutive year of decrease.
 - Fall in placements for fashion-related products such as women's clothing and functional innerwear.
 - Sharp drop in placements for jewelry products and accessories.
 - Placements rose for casual wear and jeans.
 - By medium, sharp decline in newspaper and terrestrial television placements.

7. Precision Instruments/Office Supplies: Up 9.7%, with a 1.2% component ratio.

- Huge increase for the second consecutive year.
- Continued robust placements for wristwatches.
- Placements increased for fountain pens and instant cameras.
- Placements fell for digital cameras.
- By medium, sharp rise in terrestrial television and magazine placements.

8. Home Electric Appliances/AV Equipment: Down 8.1%, with a 2.0% component ratio.

- First decrease in three years.
- Sharp fall in placements for coffee makers and air purifiers.
- Decline in placements for LCD televisions (4K televisions).
- Increase in placements for electric pots and hot plates.
- By medium, sharp fall in terrestrial television placements.

9. Automobiles/Related Products: Down 11.0%, with a 5.6% component ratio.

- Decline after three consecutive years of increase.
- Large fall in placements for K-cars (engine displacement up to 660 cc) for second year running.
- Decline in placements for sedans and station wagons/hatchbacks.
- Decline in previously robust tire placements.
- Rise in placements for SUVs and domestic-brand commercial vehicles.
- By medium, sharp fall in terrestrial television and newspaper placements.

10. Household Products: Down 7.3%, with a 2.4% component ratio.

- Decline after three consecutive years of increase.
- Sharp drop in previously robust placements for furniture and specialized mattresses.
- Fall in placements for functional frying pans and pots, as well as home-use scales and measures.
- Decline in spending for insecticides and deodorizing agents.
- Rise in placements for water purifiers and air fresheners.
- Decline in placements in all media, particularly terrestrial television.

11. Hobbies/Sporting Goods: Down 15.5%, with a 2.9% component ratio.

- Seventh consecutive year of decline, since 2009.
- Sharp decline in placements for audio recordings, dolls and toys (toys related to popular character franchises) and video recordings.
- Overall weakness in placements for golfing goods, sportswear and other sporting goods.
- Robust placements for pet-related products (dog food, cat food and veterinary pharmaceuticals).
- By medium, sharp decline in terrestrial television placements.

12. Real Estate/Housing Facilities: Down 5.0%, with a 4.1% component ratio.

- Decline in placements after four consecutive years of increase.
- Sharp decline in placements for general housing and apartment construction.
- Sharp fall in placements for housing-related equipment and facilities, including solar power generation systems, kitchen units and modular bathroom units.
- Placements robust for toilets and real estate brokerages.
- By medium, decline in terrestrial television and newspaper placements.

13. Publications: Down 3.2%, with a 3.1% component ratio.

- Third consecutive year of decline.
- Second consecutive year of decline in placements for other publications, such as English-language learning materials and textbooks.
- Sharp decline in placements for general weekly magazines, as well as general and entertainment magazines.
- Spending robust for hobby magazines.
- By medium, decline in newspaper and terrestrial television placements.

14. Information/Communications: Up 5.1%, with a 10.0% component ratio.

- Increased for the second consecutive year.
- Placements robust for online games and online stores.
- Increased placements for mobile phones (smartphones).
- Performance strong for satellite broadcasting.
- Decline in placements for mobile communication services.
- By medium, sharp rise in terrestrial television placements.

15. Distribution/Retailing: Down 2.0%, with a 6.9% component ratio.

- Decrease following rise in 2014.
- Sharp decline in direct marketing businesses, which had been robust in 2014.
- Continued sharp decline in placements by department stores and general merchandise stores (GMSs).
- Decline in spending by large-scale retailers
- By medium, sharp decline in newspaper placements.

16. Finance/Insurance: Down 2.8%, with a 5.8% component ratio.

- Decreased for the second consecutive year.
- Sharp decline in insurance-related placements.
- Sharp drop in placements for direct-marketed automobile, life and health insurance.
- Placements fell for life insurance and credit cards.
- Sharp fall in placements for other financial services such as the Nippon Individual Savings Account (NISA) program.
- Placements robust for direct-marketed cancer insurance and non-life insurance.
- By medium, sharp fall in terrestrial television placements.

17. Transportation/Leisure: Up 2.2%, with a 7.9% component ratio.

- Increased for the second consecutive year.
- Sharp rise in placements for membership sports clubs, events and seminars.
- Placements robust for theme parks.
- Sharp increase in travel-related placements by Japan Rail companies and overseas airlines.
- Decrease in placements by travel agents and for concerts.
- By medium, placements robust in terrestrial television.

18. Food Services/Other Services: Up 0.9%, with a 5.3% component ratio.

- Fourth consecutive year of increase.
- Sharp rise in placements for restaurants, and door-to-door delivery and moving services.
- Placements robust for wedding halls, aesthetic salons and law firms.

- Sharp fall in placements for rental services.
- By medium, placements robust in terrestrial television and radio.

19. Government/Organizations: Down 2.5%, with a 1.2% component ratio.

- Decrease following rise in 2014.
- Sharp drop in placements for political parties and organizations, reflecting a fallback following the strong placements accompanying the 2014 elections.
- Increase in placements by other organizations and advertising organizations.
- By medium, sharp fall in newspaper placements.

20. Education/Medical Services/Religion: Down 4.9%, with a 2.7% component ratio.

- Second consecutive year of decline.
- Sharp decline in placements for schools, vocational and other educational institutions, as well as correspondence education.
- Increase in placements for senior citizens' facilities and nursing homes.
- By medium, decline in newspaper placements.

21. Classified Ads/Others: Down 3.0%, with a 1.3% component ratio.

- Eighth consecutive year of decline, since 2008.
- Sluggishness in the category overall.
- Sharp decline in placements of help-wanted and classified (other than help-wanted) ads in newspapers.
- By medium, continued decline in newspaper placements.

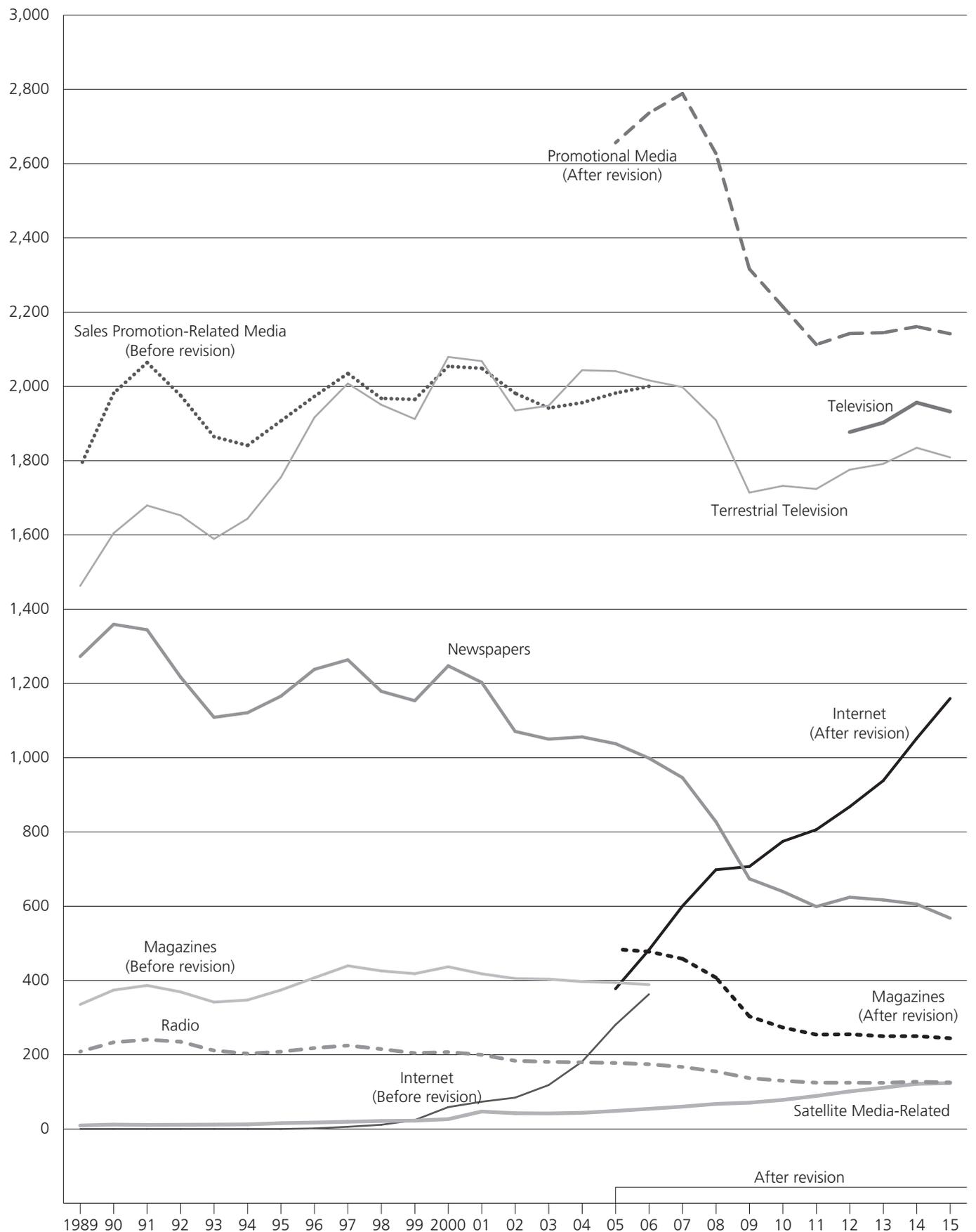
Advertising Expenditures and Japan's GDP (1989–2015)

Year		Advertising Expenditures (A)		Gross Domestic Product (B)		A / B (%)
		Advertising Expenditures (¥ billion)	Compared to Previous Year (%)	GDP (¥ billion)	Compared to Previous Year (%)	
1989		5,071.5	114.8	410,122.2	107.7	1.24
1990		5,564.8	109.7	442,781.0	108.0	1.26
1991		5,726.1	102.9	469,421.8	106.0	1.22
1992		5,461.1	95.4	480,782.8	102.4	1.14
1993		5,127.3	93.9	483,711.8	100.6	1.06
1994		5,168.2	100.8	495,743.4	101.0	1.04
1995		5,426.3	105.0	501,706.9	101.2	1.08
1996		5,771.5	106.4	511,934.8	102.0	1.13
1997		5,996.1	103.9	523,198.3	102.2	1.15
1998		5,771.1	96.2	512,438.6	97.9	1.13
1999		5,699.6	98.8	504,903.2	98.5	1.13
2000		6,110.2	107.2	509,860.0	101.0	1.20
2001		6,058.0	99.1	505,543.2	99.2	1.20
2002		5,703.2	94.1	499,147.0	98.7	1.14
2003		5,684.1	99.7	498,854.8	99.9	1.14
2004		5,857.1	103.0	503,725.3	101.0	1.16
2005	Before revision	5,962.5	101.8	503,903.0	100.0	1.18
2006	Before revision	5,995.4	100.6	506,687.0	100.6	1.18
2005	After revision	6,823.5	102.9	503,903.0	100.0	1.35
2006	After revision	6,939.9	101.7	506,687.0	100.6	1.37
2007		7,019.1	101.1	512,975.2	101.2	1.37
2008		6,692.6	95.3	501,209.3	97.7	1.34
2009		5,922.2	88.5	471,138.7	94.0	1.26
2010		5,842.7	98.7	482,676.9	102.4	1.21
2011		5,709.6	97.7	471,578.7	97.7	1.21
2012		5,891.3	103.2	475,331.7	100.8	1.24
2013		5,976.2	101.4	479,083.7	100.8	1.25
2014		6,152.2	102.9	486,938.8	101.6	1.26
2015		6,171.0	100.3	498,896.5	102.5	1.24

- 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 taken from the Cabinet Office's "Annual Report on National Accounts" and "Quarterly Estimates of GDP."
4. All the above figures are for the calendar year.

Advertising Expenditures by Medium (1989–2015)

(¥ billion)

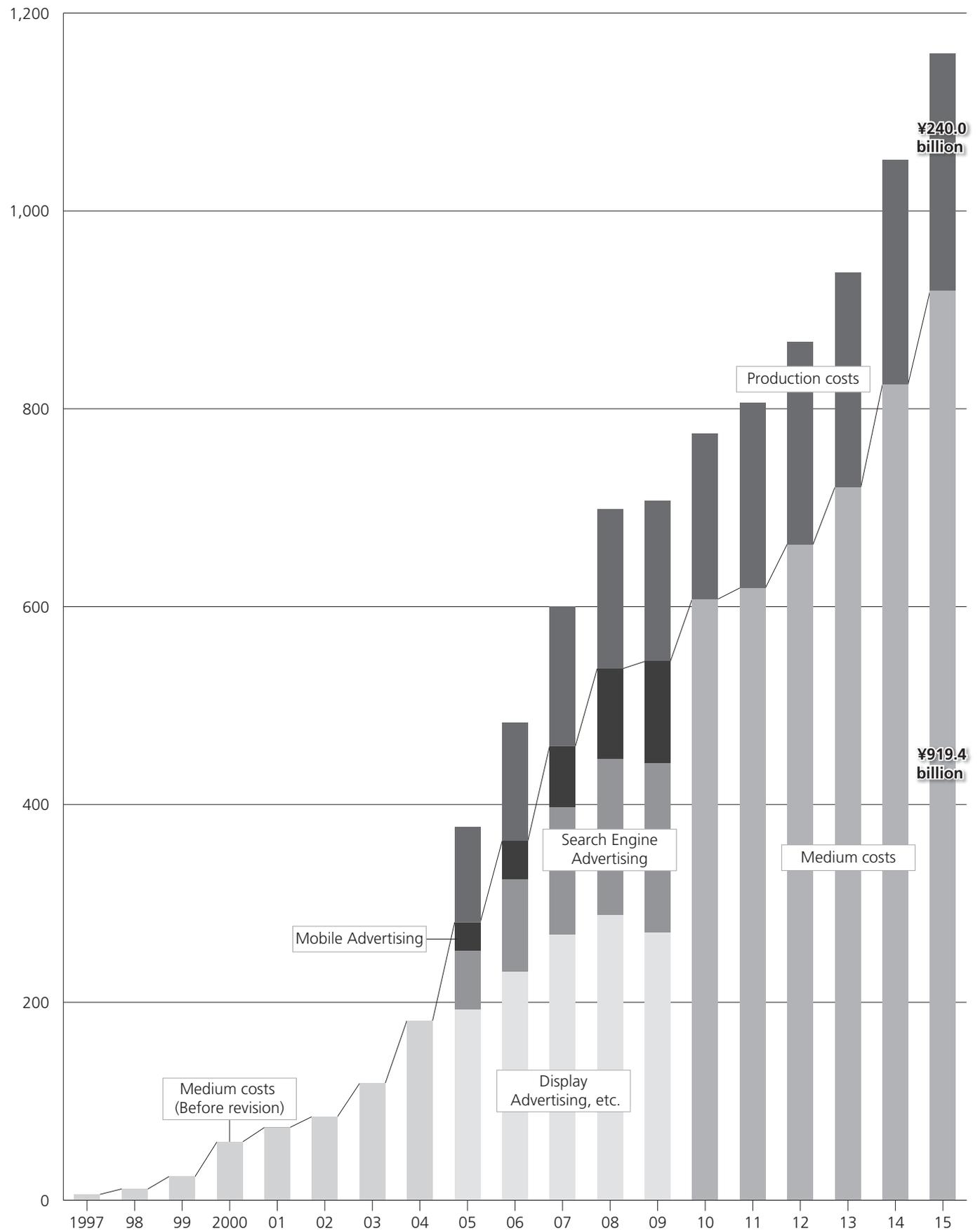


Media	Newspapers		Magazines		Radio		Television						Internet		Sales Promotion-Related Media / Promotional Media		
	Year	¥ billion	Comparison Ratio (%)	¥ billion	Comparison Ratio (%)	¥ billion	Comparison Ratio (%)	¥ billion	Comparison Ratio (%)	¥ billion	Comparison Ratio (%)	¥ billion	Comparison Ratio (%)	¥ billion	Comparison Ratio (%)	¥ billion	Comparison Ratio (%)
1989		1,272.5	112.9	335.4	113.2	208.4	110.9	-	-	1,462.7	111.1	9.5	121.8	-	-	1,783.0	120.2
1990		1,359.2	106.8	374.1	111.5	233.5	112.0	-	-	1,604.6	109.7	11.9	125.3	-	-	1,981.5	111.1
1991		1,344.5	98.9	386.6	103.3	240.6	103.0	-	-	1,679.3	104.7	10.9	91.6	-	-	2,064.2	104.2
1992		1,217.2	90.5	369.2	95.5	235.0	97.7	-	-	1,652.6	98.4	11.4	104.6	-	-	1,975.7	95.7
1993		1,108.7	91.1	341.7	92.6	211.3	89.9	-	-	1,589.1	96.2	11.9	104.4	-	-	1,864.6	94.4
1994		1,121.1	101.1	347.3	101.6	202.9	96.0	-	-	1,643.5	103.4	12.5	105.0	-	-	1,840.9	98.7
1995		1,165.7	104.0	374.3	107.8	208.2	102.6	-	-	1,755.3	106.8	15.8	126.4	-	-	1,907.0	103.6
1996		1,237.9	106.2	407.3	108.8	218.1	104.8	-	-	1,916.2	109.2	17.4	110.1	1.6	-	1,973.0	103.5
1997		1,263.6	102.1	439.5	107.9	224.7	103.0	-	-	2,007.9	104.8	19.6	112.6	6.0	375.0	2,034.8	103.1
1998		1,178.7	93.3	425.8	96.9	215.3	95.8	-	-	1,950.5	97.1	21.6	110.2	11.4	190.0	1,967.8	96.7
1999		1,153.5	97.9	418.3	98.2	204.3	94.9	-	-	1,912.1	98.0	22.5	104.2	24.1	211.4	1,964.8	99.8
2000		1,247.4	108.1	436.9	104.4	207.1	101.4	-	-	2,079.3	108.7	26.6	118.2	59.0	244.8	2,053.9	104.5
2001		1,202.7	96.4	418.0	95.7	199.8	96.5	-	-	2,068.1	99.5	47.1	177.1	73.5	124.6	2,048.8	99.8
2002		1,070.7	89.0	405.1	96.9	183.7	91.9	-	-	1,935.1	93.6	42.5	90.2	84.5	115.0	1,981.6	96.7
2003		1,050.0	98.1	403.5	99.6	180.7	98.4	-	-	1,948.0	100.7	41.9	98.6	118.3	140.0	1,941.7	98.0
2004		1,055.9	100.6	397.0	98.4	179.5	99.3	-	-	2,043.6	104.9	43.6	104.1	181.4	153.3	1,956.1	100.7
2005	Before revision	1,037.7	98.3	394.5	99.4	177.8	99.1	-	-	2,041.1	99.9	48.7	111.7	280.8	154.8	1,981.9	101.3
2006		998.6	96.2	388.7	98.5	174.4	98.1	-	-	2,016.1	98.8	54.4	111.7	363.0	129.3	2,000.2	100.9
2005	After revision	1,037.7	98.3	484.2	99.3	177.8	99.1	-	-	2,041.1	99.9	48.7	111.7	377.7	148.0	2,656.3	103.6
2006		998.6	96.2	477.7	98.7	174.4	98.1	-	-	2,016.1	98.8	54.4	111.7	482.6	127.8	2,736.1	103.0
2007		946.2	94.8	458.5	96.0	167.1	95.8	-	-	1,998.1	99.1	60.3	110.8	600.3	124.4	2,788.6	101.9
2008		827.6	87.5	407.8	88.9	154.9	92.7	-	-	1,909.2	95.6	67.6	112.1	698.3	116.3	2,627.2	94.2
2009		673.9	81.4	303.4	74.4	137.0	88.4	-	-	1,713.9	89.8	70.9	104.9	706.9	101.2	2,316.2	88.2
2010		639.6	94.9	273.3	90.1	129.9	94.8	-	-	1,732.1	101.1	78.4	110.6	774.7	109.6	2,214.7	95.6
2011		599.0	93.7	254.2	93.0	124.7	96.0	-	-	1,723.7	99.5	89.1	113.6	806.2	104.1	2,112.7	95.4
2012		624.2	104.2	255.1	100.4	124.6	99.9	1,877.0	-	1,775.7	103.0	101.3	113.7	868.0	107.7	2,142.4	101.4
2013		617.0	98.8	249.9	98.0	124.3	99.8	1,902.3	101.3	1,791.3	100.9	111.0	109.6	938.1	108.1	2,144.6	100.1
2014		605.7	98.2	250.0	100.0	127.2	102.3	1,956.4	102.8	1,834.7	102.4	121.7	109.6	1,051.9	112.1	2,161.0	100.8
2015		567.9	93.8	244.3	97.7	125.4	98.6	1,932.3	98.8	1,808.8	98.6	123.5	101.5	1,159.4	110.2	2,141.7	99.1

Notes: 1. The method for estimating "Advertising Expenditures in Japan" was modified in 2007, retroactive to 2005.
2. Advertising expenditures in Television were redefined in 2014, retroactive to 2012, to include expenditures in both Terrestrial Television and Satellite Media-Related advertising.

Breakdown of Advertising Expenditures for Internet-Related Spending (1997–2015)

(¥ billion)



Year	Internet Advertising Expenditures		Internet Advertising Medium Costs										Internet Advertising Production Costs		
			Categories used from 2005 to 2011								New Category from 2012				
			Display Advertising, etc.		Search Engine Advertising		Mobile Advertising		Performance-Based Advertising's Share of Total						
			¥ billion	Comparison Ratio (%)	¥ billion	Comparison Ratio (%)	¥ billion	Comparison Ratio (%)	¥ billion	Comparison Ratio (%)	¥ billion	Comparison Ratio (%)			¥ billion
1997			6.0	375.0											
1998			11.4	190.0											
1999			24.1	211.4											
2000			59.0	244.8											
2001			73.5	124.6											
2002			84.5	115.0											
2003			118.3	140.0											
2004	Before revision		181.4	153.3											
2005	After revision	377.7	148.0	280.8	154.8	193.0	–	59.0	–	28.8	–	–	–	96.9	–
2006		482.6	127.8	363.0	129.3	231.0	119.7	93.0	157.6	39.0	135.4	–	–	119.6	123.4
2007		600.3	124.4	459.1	126.5	268.8	116.4	128.2	137.8	62.1	159.2	–	–	141.2	118.1
2008		698.3	116.3	537.3	117.0	288.5	107.3	157.5	122.9	91.3	147.0	–	–	161.0	114.0
2009		706.9	101.2	544.8	101.4	270.7	93.8	171.0	108.6	103.1	112.9	–	–	162.1	100.7
2010		774.7	109.6	607.7	111.5	284.1	105.0	203.5	119.0	120.1	116.5	246.0	–	167.0	103.0
2011		806.2	104.1	618.9	101.8	282.7	99.5	219.4	107.8	116.8	97.3	285.3	116.0	187.3	112.2
2012		868.0	107.7	662.9	107.1	–	–	–	–	–	–	339.1	118.9	205.1	109.5
2013		938.1	108.1	720.3	108.7	–	–	–	–	–	–	412.2	121.6	217.8	106.2
2014		1,051.9	112.1	824.5	114.5	–	–	–	–	–	–	510.6	123.9	227.4	104.4
2015		1,159.4	110.2	919.4	111.5	–	–	–	–	–	–	622.6	121.9	240.0	105.5

- Notes:** 1. The method for estimating "Advertising Expenditures in Japan" was modified in 2007 to include production costs, and the data through 2005 has been retroactively revised.
2. The method of breaking down Internet advertising medium costs was modified in 2012, and data through 2010 has been estimated retroactively.

Performance-based advertising refers to advertising methods that utilize platforms to process vast amounts of data for the automatic or instantaneous optimization of advertising. Typical examples include search engine advertising and certain ad networks, as well as the recently developed DSPs, ad exchanges, and SSPs. Performance-based advertising does not include such methods as ad space sales, tie-up ads, or affiliate advertising.

1. Data through 2011 for search engine advertising includes some performance-based advertising that, strictly speaking, does not fall within the scope of search engine advertising.
2. Online ad networks refer to arrangements under which multiple web sites that want to host advertisements are aggregated together to create a network for ad distribution.
3. DSP stands for Demand Side Platform. Demand Side Platforms are systems that help advertisers optimize the effectiveness of their online advertising.
4. Ad exchanges are services that facilitate the sale of online media advertising inventory with prices set through bidding from multiple ad networks.
5. SSP stands for Supply Side Platform. Supply Side Platforms are systems that help media companies to optimize the effectiveness of their online advertising.

APPENDIX 4 Traditional Media Only (Excluding Satellite Media-Related spending)

Advertising Expenditures by Industry (2013–2015)

Industry	Advertising Expenditures (¥10 million)			Comparison Ratio (%)		Component Ratio (%)		
	2013	2014	2015	2014	2015	2013	2014	2015
Energy / Materials / Machinery	2,490	2,560	2,664	102.8	104.1	0.9	0.9	1.0
Foodstuffs	27,209	26,350	27,069	96.8	102.7	9.8	9.4	9.9
Beverages / Cigarettes	20,688	21,096	19,373	102.0	91.8	7.4	7.5	7.1
Pharmaceuticals / Medical Supplies	14,745	14,992	14,647	101.7	97.7	5.3	5.3	5.3
Cosmetics / Toiletries	27,985	29,551	28,426	105.6	96.2	10.1	10.5	10.3
Apparel / Fashion, Accessories / Personal Items	11,732	11,382	11,067	97.0	97.2	4.2	4.0	4.0
Precision Instruments / Office Supplies	2,834	3,050	3,347	107.6	109.7	1.0	1.1	1.2
Home Electric Appliances / AV Equipment	5,533	5,926	5,444	107.1	91.9	2.0	2.1	2.0
Automobiles / Related Products	16,710	17,277	15,380	103.4	89.0	6.0	6.1	5.6
Household Products	6,856	7,242	6,714	105.6	92.7	2.5	2.6	2.4
Hobbies / Sporting Goods	10,227	9,414	7,951	92.1	84.5	3.7	3.3	2.9
Real Estate / Housing Facilities	11,503	11,804	11,209	102.6	95.0	4.1	4.2	4.1
Publications	8,988	8,769	8,486	97.6	96.8	3.2	3.1	3.1
Information / Communications	24,332	26,091	27,433	107.2	105.1	8.8	9.3	10.0
Distribution / Retailing	19,273	19,374	18,984	100.5	98.0	6.9	6.9	6.9
Finance / Insurance	16,762	16,437	15,973	98.1	97.2	6.0	5.8	5.8
Transportation / Leisure	20,976	21,172	21,635	100.9	102.2	7.6	7.5	7.9
Food Services / Other Services	14,229	14,504	14,638	101.9	100.9	5.1	5.2	5.3
Government / Organizations	3,149	3,380	3,296	107.3	97.5	1.1	1.2	1.2
Education / Medical Services / Religion	8,069	7,717	7,342	95.6	95.1	2.9	2.7	2.7
Classified Ads / Others	3,960	3,672	3,562	92.7	97.0	1.4	1.3	1.3
Total	278,250	281,760	274,640	101.3	97.5	100.0	100.0	100.0

APPENDIX 5 Traditional Media Only (Excluding Satellite Media-Related spending)

Advertising Expenditures by Industry in the Traditional Media (2014–2015)

(Unit: ¥10 million)

Media Industry	Newspapers			Magazines			Radio			Terrestrial Television			Total		
	2014	2015	Comparison Ratio (%)	2014	2015	Comparison Ratio (%)	2014	2015	Comparison Ratio (%)	2014	2015	Comparison Ratio (%)	2014	2015	Comparison Ratio (%)
Energy / Materials / Machinery	701	565	80.6	148	127	85.8	265	257	97.0	1,446	1,715	118.6	2,560	2,664	104.1
Foodstuffs	5,865	6,307	107.5	1,354	1,334	98.5	1,008	944	93.7	18,123	18,484	102.0	26,350	27,069	102.7
Beverages / Cigarettes	2,167	1,864	86.0	1,321	1,259	95.3	565	585	103.5	17,043	15,665	91.9	21,096	19,373	91.8
Pharmaceuticals / Medical Supplies	1,816	1,745	96.1	769	663	86.2	1,011	1,024	101.3	11,396	11,215	98.4	14,992	14,647	97.7
Cosmetics / Toiletries	3,405	2,981	87.5	3,077	3,025	98.3	418	377	90.2	22,651	22,043	97.3	29,551	28,426	96.2
Apparel / Fashion, Accessories / Personal Items	1,379	1,254	90.9	6,602	6,517	98.7	75	86	114.7	3,326	3,210	96.5	11,382	11,067	97.2
Precision Instruments / Office Supplies	718	644	89.7	999	1,096	109.7	65	66	101.5	1,268	1,541	121.5	3,050	3,347	109.7
Home Electric Appliances / AV Equipment	568	452	79.6	662	636	96.1	148	130	87.8	4,548	4,226	92.9	5,926	5,444	91.9
Automobiles / Related Products	1,552	1,345	86.7	916	872	95.2	1,050	1,072	102.1	13,759	12,091	87.9	17,277	15,380	89.0
Household Products	1,225	1,083	88.4	537	535	99.6	218	210	96.3	5,262	4,886	92.9	7,242	6,714	92.7
Hobbies / Sporting Goods	1,080	937	86.8	1,377	1,338	97.2	241	226	93.8	6,716	5,450	81.1	9,414	7,951	84.5
Real Estate / Housing Facilities	2,803	2,590	92.4	760	744	97.9	661	622	94.1	7,580	7,253	95.7	11,804	11,209	95.0
Publications	5,469	5,202	95.1	255	255	100.0	660	721	109.2	2,385	2,308	96.8	8,769	8,486	96.8
Information / Communications	3,415	3,382	99.0	1,054	970	92.0	758	641	84.6	20,864	22,440	107.6	26,091	27,433	105.1
Distribution / Retailing	7,392	6,738	91.2	1,027	1,004	97.8	777	830	106.8	10,178	10,412	102.3	19,374	18,984	98.0
Finance / Insurance	2,121	2,150	101.4	584	573	98.1	898	870	96.9	12,834	12,380	96.5	16,437	15,973	97.2
Transportation / Leisure	9,733	9,122	93.7	1,785	1,870	104.8	973	955	98.2	8,681	9,688	111.6	21,172	21,635	102.2
Food Services / Other Services	2,081	1,984	95.3	538	542	100.7	1,675	1,707	101.9	10,210	10,405	101.9	14,504	14,638	100.9
Government / Organizations	1,385	1,278	92.3	292	260	89.0	822	766	93.2	881	992	112.6	3,380	3,296	97.5
Education / Medical Services / Religion	2,527	2,273	89.9	885	764	86.3	400	426	106.5	3,905	3,879	99.3	7,717	7,342	95.1
Classified Ads / Others	3,168	2,894	91.4	58	46	79.3	32	25	78.1	414	597	144.2	3,672	3,562	97.0
Total	60,570	56,790	93.8	25,000	24,430	97.7	12,720	12,540	98.6	183,470	180,880	98.6	281,760	274,640	97.5

Component Ratio of Media Expenditures by Industry and Industry Expenditures by Medium for 2015

(Unit: %)

Industry	Media Expenditures by Industry					Industry Expenditures by Medium				
	Newspapers	Magazines	Radio	Terrestrial Television	Total	Newspapers	Magazines	Radio	Terrestrial Television	Total
Energy / Materials / Machinery	1.0	0.5	2.1	0.9	1.0	21.2	4.8	9.6	64.4	100.0
Foodstuffs	11.1	5.5	7.5	10.2	9.9	23.3	4.9	3.5	68.3	100.0
Beverages / Cigarettes	3.3	5.1	4.7	8.7	7.1	9.6	6.5	3.0	80.9	100.0
Pharmaceuticals / Medical Supplies	3.1	2.7	8.2	6.2	5.3	11.9	4.5	7.0	76.6	100.0
Cosmetics / Toiletries	5.2	12.4	3.0	12.2	10.3	10.5	10.6	1.3	77.6	100.0
Apparel / Fashion, Accessories / Personal Items	2.2	26.7	0.7	1.8	4.0	11.3	58.9	0.8	29.0	100.0
Precision Instruments / Office Supplies	1.1	4.5	0.5	0.9	1.2	19.2	32.8	2.0	46.0	100.0
Home Electric Appliances / AV Equipment	0.8	2.6	1.0	2.3	2.0	8.3	11.7	2.4	77.6	100.0
Automobiles / Related Products	2.4	3.6	8.5	6.7	5.6	8.7	5.7	7.0	78.6	100.0
Household Products	1.9	2.2	1.7	2.7	2.4	16.1	8.0	3.1	72.8	100.0
Hobbies / Sporting Goods	1.6	5.5	1.8	3.0	2.9	11.8	16.8	2.8	68.6	100.0
Real Estate / Housing Facilities	4.6	3.0	5.0	4.0	4.1	23.1	6.6	5.6	64.7	100.0
Publications	9.2	1.0	5.8	1.3	3.1	61.3	3.0	8.5	27.2	100.0
Information / Communications	5.9	4.0	5.1	12.4	10.0	12.3	3.5	2.4	81.8	100.0
Distribution / Retailing	11.9	4.1	6.6	5.8	6.9	35.5	5.3	4.4	54.8	100.0
Finance / Insurance	3.8	2.3	6.9	6.8	5.8	13.5	3.6	5.4	77.5	100.0
Transportation / Leisure	16.1	7.7	7.6	5.4	7.9	42.2	8.6	4.4	44.8	100.0
Food Services / Other Services	3.5	2.2	13.6	5.8	5.3	13.5	3.7	11.7	71.1	100.0
Government / Organizations	2.2	1.1	6.1	0.5	1.2	38.8	7.9	23.2	30.1	100.0
Education / Medical Services / Religion	4.0	3.1	3.4	2.1	2.7	31.0	10.4	5.8	52.8	100.0
Classified Ads / Others	5.1	0.2	0.2	0.3	1.3	81.2	1.3	0.7	16.8	100.0
Total	100.0	100.0	100.0	100.0	100.0	20.7	8.9	4.6	65.8	100.0

Eleven-Year Trends in Advertising Expenditures by Industry (2005–2015)

(Unit: ¥10 million)

Industry	Revised		2007	2008	2009	2010	2011	2012	2013	2014	2015
	2005	2006									
Energy / Materials / Machinery	5,012	5,621	6,409	4,874	3,272	3,429	2,724	2,624	2,490	2,560	2,664
Foodstuffs	30,237	29,893	29,933	30,145	28,850	28,804	26,619	28,329	27,209	26,350	27,069
Beverages / Cigarettes	28,224	27,651	26,374	24,685	22,701	21,786	19,621	20,987	20,688	21,096	19,373
Pharmaceuticals / Medical Supplies	18,451	17,791	18,288	18,367	16,333	14,597	14,354	14,847	14,745	14,992	14,647
Cosmetics / Toiletries	32,601	31,932	31,145	29,380	27,591	28,792	27,687	28,783	27,985	29,551	28,426
Apparel / Fashion, Accessories / Personal Items	11,074	12,320	12,787	11,582	9,312	10,129	10,818	11,645	11,732	11,382	11,067
Precision Instruments / Office Supplies	4,085	4,236	4,465	4,080	3,073	2,942	2,630	2,886	2,834	3,050	3,347
Home Electric Appliances / AV Equipment	9,076	9,192	8,503	8,188	7,056	7,337	5,449	5,412	5,533	5,926	5,444
Automobiles / Related Products	24,822	23,503	21,691	19,228	13,456	13,163	12,981	16,473	16,710	17,277	15,380
Household Products	6,761	6,257	6,384	6,105	5,899	6,506	6,421	6,496	6,856	7,242	6,714
Hobbies / Sporting Goods	16,274	16,523	15,695	16,925	14,200	12,314	11,061	10,853	10,227	9,414	7,951
Real Estate / Housing Facilities	16,605	16,680	17,304	14,753	11,268	10,294	10,445	10,869	11,503	11,804	11,209
Publications	14,824	14,313	13,712	11,414	9,451	9,267	8,949	9,216	8,988	8,769	8,486
Information / Communications	26,774	26,853	26,675	24,145	20,338	22,091	22,200	24,525	24,332	26,091	27,433
Distribution / Retailing	25,393	23,486	22,348	21,064	19,139	18,226	18,694	20,297	19,273	19,374	18,984
Finance / Insurance	32,728	30,478	24,620	21,296	15,144	15,383	14,121	14,499	16,762	16,437	15,973
Transportation / Leisure	28,818	28,804	28,976	26,944	23,352	21,118	19,527	21,123	20,976	21,172	21,635
Food Services / Other Services	14,738	14,847	15,188	14,425	13,487	13,867	12,356	12,896	14,229	14,504	14,638
Government / Organizations	5,239	4,367	5,413	4,558	4,766	4,082	10,873	3,327	3,149	3,380	3,296
Education / Medical Services / Religion	13,673	12,880	11,926	10,016	8,546	8,177	7,579	7,823	8,069	7,717	7,342
Classified Ads / Others	8,671	9,053	9,154	7,776	5,586	5,186	5,051	4,050	3,960	3,672	3,562
Total	374,080	366,680	356,990	329,950	282,820	277,490	270,160	277,960	278,250	281,760	274,640

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	
Terrestrial Television	Time rates and production costs of private terrestrial broadcasting stations nationwide and commercial production costs (but not including event-related costs).
Satellite Media-Related	Advertising expenditures for satellite broadcasts, CATV and teletext (placement and production costs).
Internet	Placement (includes mobile advertising) and production costs (includes production costs for banner ads as well as website set-up costs related to products, services and ad campaigns) for Internet sites.
Promotional Media	Advertising expenditures for sales promotion-related media.
Outdoor	Production and placement costs for billboards, neon signs, outdoor video screens, 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.

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

Contents of the revision:

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

Breakdown of Industry Categories

Energy / Materials / Machinery	Electricity, gas, petroleum products, paper, steel, chemical materials, agricultural machinery, construction and civil engineering machinery, machine tools, store equipment, etc.
Foodstuffs	Dairy products, meat products, seasonings, bread, confectioneries, health foods and beauty-related food products, dietary supplements, 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, 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, online stores, online games, broadcasting, etc.
Distribution / Retailing	Department stores, supermarkets, convenience stores, direct marketing businesses, high-volume retailers, shopping centers, other retailers, etc.
Finance / Insurance	Banks, securities firms, insurance firms, consumer finance and credit card companies, electronic money, lotteries, Internet banking, etc.
Transportation / Leisure	Transportation facilities and services, travel and hotels, sports and leisure facilities, publicly managed racing, movies, concerts and various events, etc.
Food Services / Other Services	Restaurants, door-to-door delivery and moving services, beauty salons, rental businesses, temporary job placement agencies, wedding planning, security services, legal services, wigs and hairpieces, etc.
Government / Organizations	Government offices, local autonomous bodies, political parties, foreign government offices, advertising organizations, various other organizations, etc. (Organizations operating within a single industry are classified under that industry.)
Education / Medical Services / Religion	Schools, preparatory and tutoring schools, vocational schools, correspondence education, medical-service organizations, medical and nursing services, nursing homes, religion, etc.
Classified Ads / Others	Classified ads (newspaper and magazine), ad-hoc ads, personal notices, multi-advertiser messages, corporate group advertising, etc.

Published by: DENTSU INC.

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

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

<http://www.dentsu.com>

©2016 Dentsu Inc. All rights reserved.

dentsu