

2018

Advertising
Expenditures
in Japan

Contents

I. Overview of Advertising Expenditures in Japan for 2018	1
II. 2018 Advertising Expenditures Classified by Medium	6
III. 2018 Advertising Expenditures Classified by Industry (Traditional Media Only, Excluding Satellite Media-Related Spending)	19

Appendices

APPENDIX 1	Advertising Expenditures and Japan's GDP (1992–2018)	25
APPENDIX 2	Advertising Expenditures by Medium (1992–2018)	26
APPENDIX 3	Breakdown of Advertising Expenditures for Internet-Related Spending (2000–2018)	28
APPENDIX 4	Advertising Expenditures by Industry (2016–2018)	30
APPENDIX 5	Advertising Expenditures by Industry in the Traditional Media (2017–2018)	31
APPENDIX 6	Component Ratio of Media Expenditures by Industry and Industry Expenditures by Medium for 2018	32
APPENDIX 7	Eleven-Year Trends in Advertising Expenditures by Industry (2008–2018)	33
APPENDIX 8	Sources of Media Expenditures	34
APPENDIX 9	Breakdown of Industry Categories	36

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. The estimates for digital advertising carried by traditional media companies are included in the report for the first time in 2018, and the provisional estimates for 2017 are not disclosed.

I. Overview of Advertising Expenditures in Japan for 2018

Total advertising expenditures rose 2.2%, to ¥6,530.0 billion

Japan's advertising expenditures for calendar 2018 totaled ¥6,530.0 billion, an increase of 2.2% compared with the previous year's figure. Overall advertising expenditure increased for a seventh consecutive year, as the nation experienced what is being hailed as Japan's longest period of continuous economic growth in the post-war era.

General Characteristics of Advertising Expenditures during Calendar 2018

1. Sustained, gradual expansion in the Japanese economy underpinned the full-year growth rate of 2.2% for overall advertising expenditures in 2018. Although the Japanese economy faced many challenges, such as uncertainty in the outlook for the global economy, frequent natural disasters, as well as weakness in personal consumption and income sentiment, economic growth was buttressed by such factors as robustness in corporate earnings and the employment environment. Furthermore, the continued favorable performance by Internet advertising drove overall advertising expenditure growth. The market as a whole may be characterized as being in the midst of a structural transformation.

The year saw further advances in the area of integrated solutions, which utilize a mixture of Internet and traditional media to address challenges that cannot be solved by Internet-based advertising alone. Efforts to further bolster the strengths of each medium by leveraging data and technology became more conspicuous.

2. Broken down by medium, advertising expenditures fell in Newspapers (down 7.1%), Magazines (down 9.0%), Radio (down 0.9%), and Television (down 1.8%; including both Terrestrial Television and Satellite Media-Related spending). As a result, overall spending in the traditional media posted a decline of 3.3%. Internet advertising expenditures (up 16.5%) achieved robust growth centering on performance-based advertising. An additional key factor was an increase in digital advertising carried by traditional media companies* (estimates for this category are included in the report for the first time in 2018, and the provisional estimates for 2017 are not disclosed). Consequently, Internet advertising was the major driver contributing to growth of the advertising market as a whole. In Promotional Media (down 0.9%), Transit, POP, and Exhibitions/Screen Displays recorded growth compared with the previous year.

* Digital advertising carried by traditional media companies refers to advertising on Internet media properties operated by companies in the four major traditional media. Specifically, it refers to advertising expenditures on Newspapers Digital, Magazines Digital, Radio Digital, and Television Media Digital. These digital advertising expenditures are not included in estimates given for the traditional media. Television Media Digital includes a further sub-category of "Television media-related video advertising," which refers to advertising expenditures on video streaming-type media, including catch-up TV services.

Advertising Expenditures by Medium for 2018

Media	Advertising Expenditures (¥ billion)	YoY Comparison Ratio (%)	Component Ratio (%)
Traditional Media			
Newspapers	478.4	92.9	7.3
Magazines	184.1	91.0	2.8
Radio	127.8	99.1	2.0
Television	1,912.3	98.2	29.3
Terrestrial Television	1,784.8	98.2	27.3
Satellite Media-related	127.5	98.1	2.0
Subtotal	2,702.6	96.7	41.4
Internet			
Digital advertising carried by traditional media companies	58.2	–	0.9
Newspapers Digital	13.2	–	0.2
Magazines Digital	33.7	–	0.5
Radio Digital	0.8	–	0.0
Television Media Digital	10.5	–	0.2
Television media-related video advertising	10.1	–	0.2
Subtotal	1,758.9	116.5	26.9
Promotional Media			
Outdoor	319.9	99.7	4.9
Transit	202.5	101.1	3.1
Flyers	391.1	93.8	6.0
Direct Mail	367.8	99.4	5.6
Free Newspapers / Free Magazines	202.1	94.6	3.1
POP	200.0	101.3	3.1
Telephone Directories	26.6	90.5	0.4
Exhibitions / Screen Displays	358.5	105.8	5.5
Subtotal	2,068.5	99.1	31.7
Total	6,530.0	102.2	100.0

3. By industry category (for the traditional media, but excluding Satellite Media-Related spending), year-on-year spending rose in 5 of the 21 industry categories.

Major categories posting gains included Precision Instruments/Office Supplies (up 23.2% on increased placements for magnifying spectacles); and Food Services/Other Services (up 4.0% on increased advertising for restaurants and temporary job placement agencies).

Major categories posting declines included Publications (down 12.8% on decreased placements related to publication releases, and women's and home magazines).

In calendar 2018, Japan's nominal gross domestic product (GDP) grew 0.6%. Advertising expenditure for the year amounted to 1.19% of nominal GDP, an increase of 0.02 percentage points compared with 2017.

Background to 2018 Advertising Expenditures

1. Japanese Economy Maintains Modest Growth, Despite Slowdown Concerns

In calendar 2018, despite increasing concerns that a slowdown was imminent, the Japanese economy continued to grow at a modest rate. The economy contracted 0.2% (0.9% on an annualized basis) in the January–March quarter, expanded 0.6% (2.2% annualized) in the April–June quarter, contracted 0.7% (2.6% annualized) in the July–September quarter, and expanded 0.3% (1.4% annualized) in the October–December quarter. A significant factor

affecting economic output during 2018 was the frequent occurrence of natural disasters. These included heavy snowfalls in February, torrential rain in western Japan in July, Typhoon Jebi in September, and the Hokkaido Eastern Iburi Earthquake also in September. In addition, an economic slowdown in China triggered by United States–China trade friction was among other factors contributing to volatility in the GDP growth rate. Despite concerns that the economy was decelerating, GDP growth remained in positive territory for the year as a whole. The contraction recorded in the July–September quarter was a temporary fall in output owing to the impact of natural disasters, but by the October–December quarter these effects were beginning to recede. The government’s first supplementary budget—formulated in order to support post-disaster reconstruction—led to an increase in public expenditure, and both personal consumption and investment in plant and equipment recovered thanks to the resulting rebound. Consequently, centering on domestic demand, the Japanese economy maintained growth, though at a modest rate.

As a result, during calendar 2018 real GDP grew at an annual rate of 0.7% and nominal GDP increased 0.6%, recording the seventh consecutive year of positive growth (according to preliminary GDP quarterly data released on February 14, 2019).

Corporate Earnings Trend Indicated Rising Sales but Declining Profits

For Japan’s fiscal 2018 (April 2018–March 2019), the revenues of listed companies are forecast to rise 5.1% across all industries. Ordinary profits are forecast to be up 2.0%, although net profits are expected to decrease 1.4% compared with the previous fiscal year. Hence, a decline in net profits is forecast for the first time in three fiscal years.

Employment Conditions Improved Further

Employment conditions experienced a further improvement. The annual average unemployment rate for calendar 2018 was 2.4%, a decrease of 0.4 percentage points compared with the rate for the previous year. Furthermore, in December, 1.59 million people were registered as being unemployed—150,000 fewer than in December 2017—marking the 103rd consecutive month of decrease. Meanwhile, the average effective opening-to-application ratio for 2018 was 1.61, a 0.11 point increase compared with the previous year, marking the ninth successive year of improvement. This is the highest level recorded for the ratio in the 45 years since it stood at 1.76 in 1973. (A ratio in excess of 1.00 means there are more job openings than job seekers.)

Yen Exhibits Weak Underlying Tone, Stock Prices Retreat, Crude Oil Prices on Declining Trend

In foreign exchange markets, the yen exhibited a weak underlying tone. However, in December, owing to emerging concerns that the United States’ economy was heading toward a slowdown, the yen trended slightly higher. On December 28, the final day of trading for 2018, the exchange rate closed at ¥110.39/\$1.00, an appreciation of approximately ¥2 compared with the closing rate in 2017.

On October 2, Japan’s Nikkei Stock Average reached 24,270, its highest level since the bursting of Japan’s asset bubble in the early 1990s. However, the impact of such factors as problems in the US–China economic relationship led to a retreat in stock prices, with the Nikkei Stock Average closing trading for the year on December 28 at 20,014.77, a decrease of 2,750, or approximately 12%, compared with the previous year’s closing mark of 22,764.94. This was the first time since 2011 that the market closing price for the year has been lower than that of the previous year.

The price of crude oil was on a rising trend until around October, underpinned by such factors as coordinated production cutbacks by major oil-producing countries, and the United States' decision to re-impose economic sanctions on Iran. However, driven by the United States' move to grant Japan and several other countries temporary exemption from the embargo on the importation of Iranian crude oil, in November crude oil prices took a downward turn. Domestic prices in Japan for petroleum products followed this trend. Although the Japan-wide average retail price of regular gasoline rose to over ¥160 per liter in late October, subsequently the average price declined. In the latter half of December, the retail price was hovering around ¥147 per liter.

2. Domestic Consumption: Shipments of White Goods and Drive Recorders Strong; In-bound Visitor Arrivals Top 30 Million

Although department stores benefited from robust consumption by in-bound visitors, the impact of natural disasters resulted in a sales decline of 0.8% compared with the previous year—the first fall in two years. Sales at supermarkets decreased 0.2%, extending the downward run to three consecutive years. Meanwhile, sales at convenience stores recorded an increase of 0.6%, marking the first rise in two years.

The value of domestic shipments of white goods (household electric appliances) was robust, posting an increase of 4.1% compared with the previous year. Driven by a record-breaking summer heatwave, shipments of air conditioners were particularly strong, rising 9.4%. Shipments of washing machines rose 6.1%, while shipments of refrigerators also surpassed the previous year's level. The value of domestic shipments of audio-visual equipment (consumer electronics equipment) increased 1.1%, for the first rise in two years.

Domestic sales of new automobiles increased 0.7% for the year, to 5.27 million vehicles, posting their second consecutive year of increase. In automobile-related products, demand for drive recorders surged, reflecting the impact of accidents reported in 2017 involving tailgating. Unit shipments of drive recorders in the January–September period more than doubled compared with the previous year.

Annual mobile phone unit shipments decreased 6.3% compared with the previous year. Smartphone shipments totaled 31.16 million units, a 2.6% decrease compared with 2017. Shipments of personal computers during the April–September period totaled 5.24 million units, up 6.4% year on year, marking the third consecutive year of increase. Shipments to corporate customers were robust. Annual domestic shipments of tablet devices totaled 8.14 million units, down 5.7% compared with the previous calendar year's figure, marking the first drop in two years. The annual value of domestic digital camera shipments was weak, recording a 13.9% overall decrease compared with the previous year. However, within the interchangeable lens camera sub-category, high-end mirrorless interchangeable lens cameras with full-size image sensors gained in popularity.

Housing starts decreased 2.3% year on year, marking the second consecutive year of decline. This reflected the impact of a decline in housing starts for rental units. The number of condominium units put on the market nationwide increased 3.7%, recording growth for the second year running.

In the travel market (including day trips), although domestic travel was sluggish due to a succession of natural disasters, international travel was robust. Annual international departures by Japanese people rose 6.0%, to 18.95 million, the highest number ever recorded. Although the number of foreign inbound visitors to Japan was lower during September compared with the corresponding month of the previous year—reflecting the

impact of typhoons and the major earthquake in Hokkaido—for the year as a whole, in-bound visitor arrivals maintained their growth trend. During 2018, in-bound arrivals increased 8.7% compared with the previous year, to 31.19 million people, topping 30 million for the first time.

The food services market was robust. Annual sales grew 2.3% on an all-stores basis. In particular, the fast food and dinner restaurant categories performed strongly. Family restaurants and cafés also put in solid performances. Pub-restaurants and Japanese-style pubs (*izakaya*), which had been sluggish in recent years, saw indications of a recovery trend.

3. Events and Hit Products Attracting Significant Attention

In 2018, several major international sporting events captured considerable attention. These included the XXIII Olympic Winter Games (PyeongChang 2018), the PyeongChang 2018 Paralympic Winter Games, and the 2018 FIFA World Cup Russia™. Products and services celebrating the Heisei period also gained significant popularity. (The Heisei period denotes the reign of Emperor Akihito, beginning on January 8, 1989, and set to end on April 30, 2019, when the emperor plans to abdicate in favor of his son, Crown Prince Naruhito.) One of the defining artists of the Heisei era is pop diva Namie Amuro. In 2018, she retired from the music industry, releasing her final album, embarking on a final concert tour, and releasing a DVD/Blu-Ray to commemorate these events. All of these ventures were highly successful, and Amuro's career farewell sparked a major boom in her popularity. Other notable hit products during 2018 included aibo, a robotic pet dog launched by Sony—the first product released in the aibo series in 12 years; "U.S.A."—a cover single by pop group Da Pump of a 1990s Eurobeat track; and Suzuki Jimny—a four-wheel-drive mini SUV that was given its first full model change in 20 years.

There was an array of new products and services that accentuated novelty and a new era. For example, sales of AI speakers grew. Also attracting considerable attention for their novelty were TikTok, a video sharing app that lets users create and post 15-second clips of themselves lip-syncing to their favorite tunes; Virtual YouTubers, which are YouTubers who are represented by digital avatars generated by computer graphics; and the world's first digital art museum, teamLab Borderless. Smartphone-based payment services and electronic sports (esports) also gained greater market penetration. A Japanese low-budget, independently produced zombie comedy movie called *One Cut of the Dead* became a spontaneous hit, taking in ¥3.1 billion at the box office, despite its modest production budget of just ¥3 million. In the area of food products, canned mackerel sales boomed, driven by increasing health-consciousness and consumer sentiment.

II. 2018 Advertising Expenditures Classified by Medium

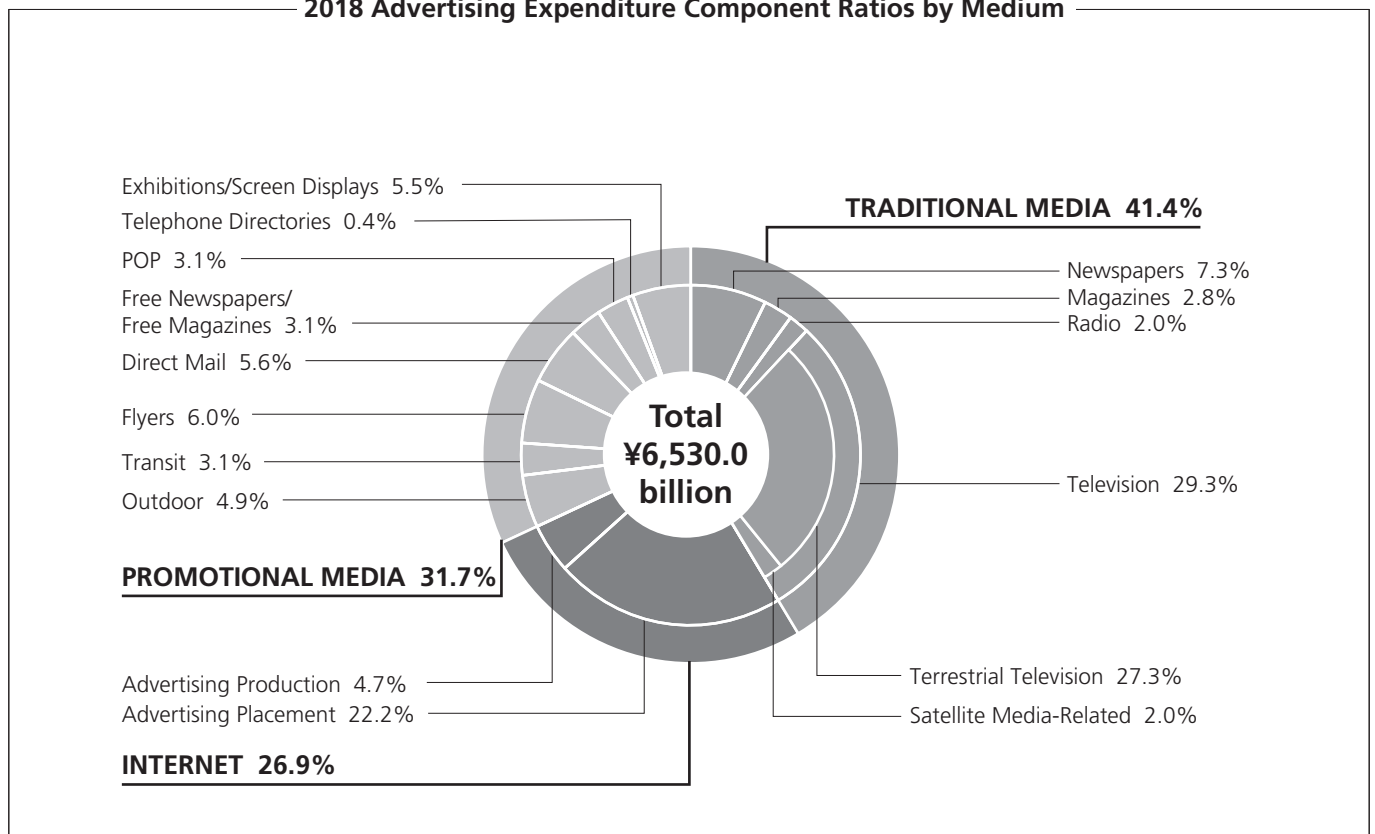
Internet Advertising Expenditures Post Double-Digit Growth for Fifth Year Running, Driving Overall Advertising Market Expansion

Broken down by medium, in calendar 2018 Internet advertising expenditures increased 16.5%, to ¥1,758.9 billion, marking the fifth consecutive year of double-digit growth. Continuing the trend from 2017, growth further accelerated for performance-based advertising and video advertisements, the latter of which saw increased use on social media platforms. Internet advertising expenditures accounted for 26.9% of spending in all media, a rise of 3.3 percentage points compared with 2017. Digital advertising carried by traditional media companies, which is estimated for the first time in 2018, amounted to ¥58.2 billion. Internet advertising medium expenditures increased ¥227.4 billion, or 18.6%, compared with the previous year, to ¥1,448.0 billion.

Advertising expenditures for Traditional Media (including Satellite Media-Related spending) declined 3.3% year on year, to ¥2,702.6 billion, recording the fourth consecutive year of decrease.

Promotional Media expenditures decreased 0.9% year on year, to ¥2,068.5 billion, falling for the fourth year running. Within Promotional Media, the Exhibitions/Screen Displays category achieved growth for a seventh consecutive year.

2018 Advertising Expenditure Component Ratios by Medium



Newspaper Advertising

- Newspaper advertising spending declined 7.1% year on year, to ¥478.4 billion.
- Newspaper advertising expenditures continued the declining trend seen in the previous year. This was partially a reflection of decreases in both newspaper print-run circulation and the number of pages published.
- Broken down by quarter, in the January–March quarter there were ad placements accompanying the holding of the XXIII Olympic Winter Games (PyeongChang 2018). Then, in both the April–June and July–September quarters, there were ad placements to express sympathy and support for communities affected by natural disasters, and ad placements accompanying the holding of the 2018 FIFA World Cup Russia™. However, the overall long-term declining trend for newspaper advertising expenditures continued. In the October–December quarter, although there were placements for apology ads and ad placements at the year end reflecting favorable corporate performance, the year-on-year declining trend persisted.
- Some local newspapers saw Newspaper Digital advertising expenditures overtake conventional newspaper print ad spending.
- By industry category, Pharmaceuticals/Medical Supplies performed well, increasing 1.8% year on year, driven by placements for direct-marketed pharmaceuticals targeted at older demographic segments. Although Hobbies/Sporting Goods as a whole saw a decrease, placements for coins, piano purchases, and cat food increased. Government/Organizations declined 16.2% compared with the previous year, reflecting a retreat from the high level of placements received in 2017 relating to the House of Representatives election.
- There was an ongoing shift of ad spending toward digital media as the drift continued away from newspaper readership—particularly among younger demographic segments. Meanwhile, newspaper publishers invested significant resources in the development of diverse Web content, and undertook efforts to establish new points of contact with young consumers.
- There was a vigorous level of activity focusing on such areas as strategies to effectively leverage the wide range of functions and assets held by newspapers—while not limiting the scope to newspapers as a print medium—as well as regional revitalization-related initiatives.

Magazine Advertising

- Magazine advertising spending fell 9.0% year on year, to ¥184.1 billion.
- The estimated value of retail sales of printed publications decreased 5.7%, marking the fourteenth consecutive year of decline. Meanwhile, the electronic publications market expanded 11.9%, continuing the double-digit pace of growth seen in the previous year. The combined print and electronic publications market recorded an overall decline of 3.2% (source: January 2019 issue of the publishing-related monthly magazine, *Shuppan Geppo*).
- Owing to the factors outlined above, along with a gradual decline in print-run circulation, throughout the year magazine advertising expenditures fell below the previous year's level, leading to a continuation of harsh market conditions for magazine advertising. However, magazine publishers' earnings structures are in the midst of a transformation, driven by a range of factors. These include the growth of publishing companies' digital media properties (high-quality content, growth of media reach, etc.); the shift of ad spending toward digital (campaigns to promote sharing on social media platforms, use of video promotions produced by publishing companies, etc.); and the development of large-scale businesses as holders of diverse content (events that utilize comics and other types of content). Underpinned by this transformation, publishers are expected to achieve growth in new business domains.
- All magazine genres recorded year-on-year falls in advertising expenditures.
- By industry category, although ad placements increased for certain industries, including Energy/

Materials/Machinery and Household Products, ad spending by Apparel/Fashion, Accessories/Personal Items (which accounts for the largest portion of magazine advertising expenditures) decreased owing to such factors as the continued shift toward digital advertising. While Cosmetics/Toiletries, which accounts for the second-largest share of magazine advertising, declined as a whole, placements in beauty magazines were on a rising trend.

- Suspension of publication of magazine titles with long histories continued unabated, owing to such factors as diversification in the channels through which consumers access information and integration into digital media properties. Meanwhile, the digitization of published content further accelerated as existing print media strengthened digital offerings and publishers launched original digital media offerings.

Radio Advertising

- Radio advertising spending declined 0.9% year on year, to ¥127.8 billion.
- Radio advertising expenditures decreased for the first time in three years.
- One of the factors driving this fall was the 2.9% drop in placements by Food Services/Other Services—which accounts for the largest share of the radio advertising market—continuing the decline seen in the previous year.
- By industry category, ad placements increased for 13 industries. Distribution/Retailing recorded an increase of 14.9%, driven by growth in direct marketing placements, while Precision Instruments/Office Supplies (up 20.3%) and Automobiles/Related Products (up 4.0%) also increased. Meanwhile, eight industries recorded lower radio advertising expenditures compared with the previous year.
- By region, Hokkaido, Chubu and Chugoku/Shikoku recorded advertising revenues at a level similar to that of the previous year.
- The radiko.jp online radio service achieved strong growth in monthly unique users and the number of premium subscribers. Full-scale audio ad sales for radiko.jp were launched in the second half of 2018.
- Continuing from the previous year, community broadcasting in regions nationwide saw solid ad revenues, and helped to bolster radio advertising revenues as a whole.

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

- Television advertising spending fell 1.8% year on year, to ¥1,912.3 billion.

Terrestrial Television spending decreased 1.8%, to ¥1,784.8 billion.

- In terrestrial television, there were expectations that modest economic expansion—specifically the trends toward improved corporate earnings and recovery in personal consumption—would have a flow-on effect for advertising revenues. However, the hoped-for invigoration of ad placements failed to materialize, and expenditures over the full year ended lower compared with those of 2017.
- Program sponsorship revenues rose 1.2%, reflecting contributions from sports programs covering such major events as the XXIII Olympic Winter Games (PyeongChang 2018), the 2018 FIFA World Cup Russia™, and the 18th Asian Games (Jakarta–Palembang 2018). Among Japan’s eight main regions, year-on-year spending increases were seen in six: Tokyo, Osaka, Nagoya (up two years running), Hokkaido, Shizuoka, and Hiroshima.
- Spot advertising expenditures declined 3.7%. Although some industries saw increased spending, there was a fall in ad placements, probably owing to disruptions in nationwide distribution channels caused by natural disasters (torrential rain, heatwaves, typhoons, etc.). The effects of Internet advertising expenditures were also observed in some markets. Consequently, over the year as a whole, expenditures were sluggish and a decline was

recorded for the second consecutive year. Among the 32 regions, 31 recorded a decrease compared with the previous year. Okinawa was the only exception to this trend.

- Industry categories recording an increase included Precision Instruments/Office Supplies (on increased placements for magnifying glass spectacles), Food Services/Other Services (on increased advertising for temporary job placement agencies), Education/Medical Services/Religion, and Finance/Insurance. By contrast, there was a decline in Foodstuffs, Cosmetics/Toiletries, and Beverages/Cigarettes, which each account for a major share of television advertising expenditures.

Satellite Media-Related spending fell 1.9% year on year, to ¥127.5 billion.

- The breakdown of advertising expenditures was: BS digital broadcasting ¥92.29 billion (down 0.3%), CS broadcasting ¥18.70 billion (down 6.9%), and Cable TV ¥16.48 billion (down 5.3%). Hence, Satellite Media-Related expenditures went into decline after having maintained growth until 2017.
- In particular, the decrease in direct marketing advertising on CS broadcasting pay TV channels was conspicuous. The drop was probably a reflection of companies having reviewed expenditure volumes in light of declining response rates, and advances in the shift to digital media.

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.

- Advertising production costs for the traditional media fell 2.8% year on year, to ¥289.7 billion.
- Production costs for terrestrial TV commercials amounted to ¥213.8 billion (down 1.6%). Although production costs for program sponsorship commercials increased slightly, this was insufficient to make up for the drop in production costs on spot commercials.
- By industry category, Precision Instruments/Office Supplies and Pharmaceuticals/Medical Supplies were among the categories posting strong performances. Those recording a decrease included Foodstuffs (on lower commercial production costs for frozen foods and meat products) and Home Electric Appliances/AV Equipment (on lower commercial production costs for 4K TVs and lighting equipment, which had accounted for a high proportion of this category in the previous year).

Quarterly Breakdown of 2018 Advertising Expenditure Growth in the Traditional Media

Looking at a quarterly breakdown of advertising expenditures in the traditional media (including Satellite Media-Related spending), all four quarters recorded lower expenditure compared with the corresponding period of the previous year. This means there have been 11 consecutive quarters of year-on-year decline since the April–June quarter in 2016.

(Year on year, %)

	2017 (Full Year)	H1 Jan.–Jun.	H2 Jul.–Dec.	Q1 Jan.–Mar.	Q2 Apr.–Jun.	Q3 Jul.–Sep.	Q4 Oct.–Dec.
Advertising Expenditures in the Traditional Media (including Satellite Media-Related spending)	97.7	97.6	97.8	98.2	96.9	96.5	99.1
	2018 (Full Year)	H1 Jan.–Jun.	H2 Jul.–Dec.	Q1 Jan.–Mar.	Q2 Apr.–Jun.	Q3 Jul.–Sep.	Q4 Oct.–Dec.
	96.7	96.6	96.9	96.1	97.0	97.8	96.1

Internet Advertising

- Internet advertising spending (medium expenditures and ad production costs) rose 16.5%, to ¥1,758.9 billion.

Internet Advertising Medium Expenditures rose 18.6%, to ¥1,448.0 billion.

- In Internet advertising, expenditures for performance-based advertising¹ amounted to ¥1,151.8 billion (up 22.5%), which accounted for 17.6% of total advertising expenditures

across all media. Centered on large-scale ad platforms, the performance-based advertising growth rate was extremely high. Media companies that operate in-house ad platforms also worked to strengthen their performance-based ad functions while simultaneously moving to increase resources allocated to ad sales. A range of content media promoted the utilization of performance-based ad platforms as their revenue base.

- In 2018, two clearly contrasting trends became evident among media companies. One group chose the path of developing and expanding their in-house ad platforms, while another group chose to utilize third-party platforms as their advertising mainstay. Furthermore, media user interfaces (UI)² became increasingly sophisticated, including through the development of video ad display formats.
- In addition to increased interest in client brand safety,³ the importance of finely managing performance-based advertisements also came under the spotlight. Moreover, there is a trend to reassess the value of reserved advertising. And, beginning to receive greater attention across the industry is the need for a high level of compliance awareness, as well as the problem of how to combat ad fraud.⁴
- Major platform operators continue to expand their business portfolios into a myriad of areas beyond the advertising sphere, including AI speakers, the payment market, and autonomous cars.
- Although not included in the scope of this report, the e-commerce media sector of the advertising market grew rapidly during 2018, and this trend is likely to attract considerable attention in the future.

Expenditures in digital advertising carried by traditional media companies (part of Internet advertising media expenditures) amounted to ¥58.2 billion.

- Expenditures in digital advertising carried by traditional media companies grew at a rapid pace, reaching ¥58.2 billion in 2018 (which is estimated to represent double-digit growth compared with the previous year). This growth was confirmed in all areas apart from performance-based advertising.

- Newspaper Digital: ¥13.2 billion

At all major companies, sales of performance-based advertising increased, and the year saw measures implemented to meet ad verification⁵ needs as well as increased efforts to ensure brand safety. Companies in the vertical media (specialist publications) sphere saw page views increase, leading to acceleration in media growth. With regard to the outlook for 2019, strengthening on the technical side is advancing, including in such areas as header bidding⁶ and ad fraud countermeasures. The trend to adopt measures to prevent damage to brand image is becoming stronger, leading to a growing need for newspaper digital. By industry category, luxury-related ad placements for Apparel/Fashion, Accessories/Personal Items and other categories remained robust. In contrast, Finance/Insurance and Automobiles/Related Products saw declines.

- Magazine Digital: ¥33.7 billion

Accompanying the expansion of publishing companies' digital businesses, clients are recognizing the value of published content based on such parameters as ad verification and brand lift,⁷ and many media properties recorded growth in excess of 100% compared with the previous year. There was a succession of launches of original digital media that are not based on print publications, with both unique user numbers and advertisements performing strongly. At major publishers, the shift to digital media advanced significantly, as digital ad sales now account for 40%–50% of total advertising revenues.

- Radio Digital: ¥0.8 billion

In fall 2018, radiko.jp launched full-scale audio ad sales for radio stations in the Tokyo and Osaka regions. As a result, the number of participating companies has increased, and sales are growing steadily. The audio ad market is rapidly expanding. Radio digital metrics are estimated to have increased compared with the previous year, and this appears to have been driven by solid growth in the volume of radio stations' original Internet content.

- Television Media Digital: ¥10.5 billion

Television media-related video advertising, in particular, has exhibited rapid growth since 2015, having reached ¥10.1 billion in 2018. TVer and other providers are expected to develop this market further, based on the strength of their content. TVer is the official portal site of the major commercial terrestrial broadcasters providing catch-up TV streaming services.

Notes:

1. Ad-space sales, tie-up ads, and affiliate ads are not included in performance-based advertising.
2. UI: Image, video, and text information displayed when using a site or app, and functions—such as buttons—used to navigate a site or operate an app. From the perspective of users, the UI greatly impacts site and app usability.
3. Brand safety: Safety for the advertiser's brand through quality assurance of media in which ads are run. (Source: JIAA http://www.jiaa.org/topics/brand_safety_statement.html.; Japanese only.)
4. Ad fraud: This refers to situations in which advertisers are fraudulently billed for ads that have not been viewed by actual users, but are nonetheless measured as ad impressions or other performance metrics for ads carried by a media site.
5. Ad verification: A method for managing the risk of harm to advertising value. It also refers to systems for implementing risk mitigation.
6. Header bidding is a type of performance-based ad delivery in which publishers simultaneously offer inventory to multiple ad exchanges before making calls to their ad servers.
7. Brand lift: An effectiveness indicator for corporate, product, and service brands to measure the lift in such parameters as brand recognition, favorability, and purchase intention.

Internet Advertising Production Costs rose 7.7%, to ¥310.9 billion.

- Internet advertising production costs were solid throughout 2018.
- Driven by the advance of companies' digital transformation, the interconnectedness of marketing activities and digital production became even stronger. The trend is expected to accelerate further as Japan prepares to host the 2020 Tokyo Olympic and Paralympic Games.
- Areas of production that appear to be growing at a particularly brisk pace include content marketing (advertorials, etc.), sites that facilitate communication with users (member sites, etc.), Web video (for posting on video sharing sites and the client's own site, etc.), and programs designed to create linkage with social media. Production relating to mobile sites is also generally growing.
- The trend to see the client's own Web sites as essential elements of marketing activities is becoming increasingly conspicuous. Driving this awareness is the view that in-house Web sites offer a high degree of brand safety, bearing in mind recent cases of brand damage stemming from lack of control over the media in which a brand appears. From the perspective of information quality and reliability, production of a client's own sites and other owned media is receiving renewed attention.
- In the digital production sphere, effectiveness from a marketing perspective is being increasingly demanded as a core requirement. This includes such disciplines as communication design and effectiveness visualization, combined with other strategies.
- A medium- to long-term issue that is being discussed is the labor shortage on the production

Promotional Media Advertising

frontline, and the need to reduce employee working hours as part of a reform of working styles.

- Promotional Media advertising expenditures fell 0.9% year on year, to ¥2,068.5 billion.

Outdoor advertising expenditures declined 0.3%, to ¥319.9 billion.

- Similar to transit media, the major observable trend is away from analog signs and a shift to the use of digital signage.
- Neon signs: Although this medium is shrinking, it still maintains a certain level of demand.
- LED signs: Existing signs are being converted to LED. Continuing from the previous year, both media expenditures and production costs increased.
- Long-term signs: There was a decrease in contract renewals by existing clients. Yet production costs remained steady, as signs damaged by typhoons were repaired and clients ordered design changes.
- Short-term signs: Expenditures fell slightly.
- Short-term network signs: Expenditures fell slightly.
- Large-screen displays: In the Shibuya area of Tokyo, advertising expenditures increased, underpinned by increased orders from IT platform operators, IT service app companies, game app publishers, and international high fashion brands. However, orders were sluggish in areas apart from Shibuya, meaning overall expenditure remained at a similar level to the previous year.
- Sports stadium signs: Accompanying a rise in the number of spectators attending professional baseball games, media expenditures increased slightly.
- Commercial facility media: Accompanying an increase in the number of commercial facilities in Tokyo, overall expenditures were robust, including in such areas as event promotion campaigns.

Outdoor Advertising Media Definitions

New name	Previous name	Definition
Neon signs	Neon signs	Advertisements are displayed long-term and are produced using neon. Signs are installed on the roofs of buildings, which are owned by the media company or a third party.
LED signs	LED signs	Advertisements are displayed long-term and include digital signage produced using LED. Signs are installed in such locations as roofs of buildings or inside facilities, which are owned by the media company or a third party.
Long-term signs	Billboards	Advertisements are displayed long-term and are produced using materials other than neon or LED. Signs are installed on walls or roofs of buildings, etc., which are owned by the media company or a third party. This includes store signs and side signboards.
Short-term signs	Banner advertising	Single advertisements are displayed short-term (approximately one month), and are produced using materials other than neon. Signs are installed on the walls or roofs of buildings, etc., which are owned by a third party. This includes LED and other digital signage.
Short-term network signs	Poster boards	Multiple, networked advertisements are displayed short-term (approximately one month), and are produced using materials other than neon. Signs are installed on walls or roofs of buildings, etc., which are owned by a third party. This includes LED and other digital signage.

Transit advertising expenditures rose 1.1% year on year, to ¥202.5 billion.

- In transit advertising overall, railways saw a fall in printed media (in-car aisle-hanging posters, ads placed above car windows and beside car doors, and station posters), while this decline continued to be balanced out by increased activity for in-car and railway station digital signage. In the Tokyo region, sales for in-car digital signage in particular were brisk. At airports, driven by an increase in inbound tourists, advertising demand grew. Although there were difficulties in certain media, sales rose as the overall utilization rate increased.
- The Kansai and Chubu regions exhibited trends similar to those of Tokyo. There was no change in the pattern of digital signage activity making up for declining sales in printed media. Moreover, there was relatively little variation in performance among the regions.
- By industry, following on from 2017, placements by the publishing industry remained sluggish, and beverages/liquor placements also declined. In contrast, in addition to growth in placements for aesthetic salons and personnel recruitment, there was an increase in placements by foreign-based companies for a wide range of products and services.
- Nationwide, there was a steady stream of new digital signage installations in railway stations and train cars. Accompanying the introduction of new-model train cars with digital signage installed, ad space on digital signage placed above car windows began to be sold as an official media category. There was progress in the rollout of signage that utilizes dynamic digital out-of-home* (OOH), as well as in the combined sale of ad space on in-car and station digital signage.
- Utilization rates for bus shelter signage increased, as installations progressed in favored locations of certain regions (Fukuoka, Nagoya, Tokyo, etc.).
- Taxi advertising media is on a rising trend, buoyed by an increase in tourist numbers.

* Dynamic digital OOH refers to an ad-creative delivery method that enables the display of the optimal ad for a particular moment, place, and person through the use of dynamic, instantaneous linkage with a range of external data, such as weather, temperature, time of day, and location.

Flyer advertising expenditures fell 6.2%, to ¥391.1 billion.

- The number of flyers delivered nationwide is declining, owing to such factors as a fall in the ratio of households that have print newspaper subscriptions, decreased newspaper print-run circulation, and the trend toward digital advertising (according to nationwide flyer advertising placement data, in 2018 the average number of flyers delivered per household decreased 4.3% compared with the previous year). Compared with 2017 (down 6.1%), although the rate of decline in the volume of ads placed seems to have leveled off, owing to the use of smaller flyers, flyer advertising expenditures in 2018 fell 6.2% compared with the previous year.
- Similar to 2017, ad placements peaked in March, and the lowest level of placements was recorded in August. Owing to the impact of torrential rain in western Japan in July, a severe typhoon in the Kinki region in September, and the Hokkaido Eastern Iburi Earthquake in the same month, the nationwide average volume of flyer ad placements for those two months fell approximately 6% compared with the corresponding months of the previous year. Results for the July–September quarter were particularly severe.
- By region, the regions most affected by natural disasters—Chugoku, Kinki, and Hokkaido—saw particularly pronounced declines compared with the previous year. No region was able to achieve year-on-year growth, with decreases continuing in all areas.
- By industry, the top five client categories for flyer advertising were: (1) small supermarkets; (2) preparatory and tutoring schools; (3) pachinko halls; (4) large electrical appliance retailers;

and (5) drug stores. The performance of the top five categories was similar to that of the previous year. Small supermarkets bucked the overall declining trend by recording a 3.0% increase on an ad-placement volume basis. In contrast, preparatory and tutoring schools, and pachinko halls both recorded lower ad placements for the second year running. Large electrical appliance retailers and cosmetics-related ad placements saw higher ad placement volumes for the second consecutive year. Cosmetics in particular performed strongly, and while the volume is still relatively small, the category saw double-digit growth.

- Accompanying a decline in recent years in the number of households that have print newspaper subscriptions, the ad reach for flyers delivered with newspapers is decreasing. Against this backdrop, an increasing number of areas have seen the launch of posting services. These involve the delivery to home mailboxes of advertising pamphlets and flyers, which complement the ad reach of flyers for households that are not newspaper print subscribers. To increase ad reach, there has been a noticeable increase in clients that use flyers in combination with posting services.
- In addition to conventional flyers (delivered with newspapers), advertisers are utilizing posting services and free paper flyers, while online/offline integration is advancing through such location-based services as geofencing advertising,* which uses location information.

* Geofencing advertising refers to the ads or coupons for nearby stores that appear on the app or Web browser screen of a mobile device when an individual is in a particular location—such as a railway station, airport, or shopping center.

Direct Mail advertising expenditures fell 0.6%, to ¥367.8 billion.

- If the direct mail production-related market (which is not included in the figures published in this report) is added to Direct Mail advertising expenditures, it is estimated that the combined total would be approximately ¥489.2 billion. If data marketing costs were also added, the large size of the direct mail market would become apparent.
- There were a conspicuous number of cases in which advertisers were unable to reach some customers in their target audience using Internet advertising alone, and hence sought to reach those customers using printed direct mail. In the direct marketing-related field in particular, advertisers targeted customers who had placed items in their online store shopping basket but had not completed the purchase. Such customers were sent timely direct mail, through programs that combined print and Web elements, to prompt them to conclude their purchase.
- While utilizing customer data securely, clients used direct mail that was in many cases notable for its high level of creativity and innovative ideas. Automated production of direct mail increasingly is being used as a method of marketing automation.
- Extremely high-functionality direct mail methods are becoming realistic options for advertisers. Service options include advances in the production of personalized catalogs—underpinned by data-oriented, variable, high-speed printing technology.
- The market for unaddressed mail deliveries continues to expand (the year-on-year growth rate is estimated to be double-digit). Activity was particularly brisk for this genre in the Chubu region. As a medium that is able to distribute material to all households in a given area, it is attracting considerable attention as one field within the posting market. Continuing on from the previous year, there was growing recognition of the importance of unaddressed mail deliveries as a medium for notifications and announcements about programs with a high degree of public value, such as those relating to elections or disaster preparedness.

There are also cases of direct mail-related companies participating in programs to protect the safety of local communities. Hence, direct mail is also generating interest from a social contribution perspective.

Additional Information

Direct mail advertising production-related market (2018 estimate): ¥121.4 billion

Direct mail, which is underpinned by advances in digital printing equipment, now makes it possible for messages targeting individual consumers to be optimally customized. These advances have led to the prevalence of highly effective rich content, as a result of which ad production expenditures are expected to increase. Consequently, Dentsu's 2018 research included an estimate of direct-mail-related advertising production expenditures.

Free Newspaper/Free Magazine advertising expenditures fell 5.4%, to ¥202.1 billion.

- Overall, advertising expenditures showed a declining trend. In particular, the number of regular ad placements decreased. Similar to other print media, a digital shift and increased return on investment are essential.
- Meanwhile, free newspaper/free magazine-based promotional activities increased. These included such elements as events and sampling, which offer reliable measures of advertising effectiveness, such as sales and store visitor numbers. In addition, one-off advertisements increased accompanying campaigns focusing on specific communities or limited areas and campaigns with tightly defined target audiences (deep, well-defined segmentation). This growth helped to make up for the overall drop in advertising expenditures.
- There were increases in ad placements in March and December accompanying the end of advertisers' fiscal year. This was particularly pronounced for such industries as real estate and education service providers.
- There was a drop in regular placements by national clients. In contrast, real estate and education-related placements increased. There was also an increase in one-off campaigns for such categories as cosmetics, shampoo, beverages, foodstuffs, automobiles, and communications.
- There was growth in combined sales of free newspaper/free magazine ad space and flyer placements. Many large placements in free newspapers/free magazines were part of composite campaigns involving event promotion. Mixed media plans comprising two print media performed strongly. For example, such campaigns often included ads in free newspapers/free magazines with advertising in publications owned by conventional magazine publishers. The unique characteristics of each medium complemented each other and such campaigns were well received. Conventional magazines offer a high level of creativity, while free newspapers/free magazines boast extensive audience reach.
- Digital advertising media associated with free newspapers/free magazines continued the robust performance seen in recent years. This included tie-up advertising, ad network revenues, and email campaigns. Furthermore, "influencer strategies" originating in media companies also grew.
- There are a large number of titles aimed at a particular demographic segment as well as titles that possess significant local media strength. By greatly leveraging audience reach, mixed-media campaigns that include other off-line media are making substantial progress.

POP advertising expenditures rose 1.3%, to ¥200.0 billion.

- Expenditures on point-of-purchase (POP) advertising at large supermarkets, department stores and home improvement stores have continued to decline since 2017. However, thanks

to robust performances at supermarkets, large electrical appliance retailers, drug stores, and other retail categories that use a large volume of POP advertising, overall POP advertising expenditures increased. In particular, at large electrical appliance retailers, a substantial portion of retail space received makeovers driven by demand for replacement purchases of domestic electrical appliances, and this led to strong sales of POP advertising. As digital POP advertising utilizing retailers' own technology and content becomes more prevalent, the role of POP materials provided by manufacturers is changing.

- POP advertising designed to meet the needs of inbound tourists has only spread as far as the major regional cities. However, the retail sector in the Kyushu region is performing strongly, and this trend is gradually moving eastward.
- By industry category, in Pharmaceuticals/Medical Supplies, although drug stores performed well, this retail category does not traditionally use a large amount of POP advertising, hence advertising revenues were largely unchanged compared with the previous year. In Cosmetics/Toiletries, demand from inbound tourists continued, leading to a robust performance at drug stores, an expansion of dedicated retail space, and a rising trend in POP advertising revenues. In particular, apart from standard display fixtures, robust demand for floor fixtures, end-of-aisle displays,* and other retail-space design materials stood out. In Foodstuffs (confectionery, etc.), strong demand from supermarkets along with campaign-related expenditures resulted in comparatively robust performance. In contrast, Beverages (alcohol)/Cigarettes recorded a decline owing to the impact of a weak performance by beer products. However, thanks to the resources expended on creating retail displays for new products, overall expenditures were at a similar level to the previous year. In Apparel/Fashion, Accessories/Personal Items, POP advertising expenditures saw a declining trend. This reflected such factors as weak demand from department stores and large supermarkets, unseasonable weather, and a shift to e-commerce. In Precision Instruments/Office Supplies (stationery), Publications (books), and Hobbies/Sporting Goods (toys), there were popular trends, while advances by stationery retail space were noteworthy. In particular, writing implement display fixtures featured various gimmicks and innovative display designs. Home Electric Appliances/AV Equipment performed strongly, driven by replacement purchasing demand for white goods (household electric appliances). Retail spaces for smart speakers and earphones continued to perform well. In Automobiles/Related Products, Finance/Insurance, and Information/Communications, there were no major events or campaigns, resulting in similar expenditures to the previous year. In Distribution/Retailing, 2018 was a year in which original technology and content were introduced, and significant efforts were invested in the development of owned media (development of POP materials within own stores).
- Continuing on from the previous year, polarization of POP advertising production costs advanced (high-value appeals versus consistently low budget).

* Since displays at the end of aisles and facing the main store aisle are highly visible to store visitors, based on their lines of movement through the store, end-of-aisle displays can generate higher sales than those in other locations.

Telephone Directory advertising expenditures fell 9.5%, to ¥26.6 billion.

- Directories came packaged with a supplementary volume that contained such information as a local-area map of evacuation assembly points and disaster-prevention guidelines. The establishment of a system for delivering directories to all households and businesses was completed. Consequently, telephone directories became the only advertising medium with a platform able to deliver to every household and business in all areas nationwide.

- The disaster-prevention supplementary volumes were produced through close cooperation with local government agencies. In order that residents and employees are always prepared for an emergency, the supplementary volumes contain such useful information as a map of evacuation assembly points, the location of public telephones, and disaster-prevention information provided by local governments. The size of these volumes has also been designed to enhance ease of storage.
- Furthermore, directory publications have undergone a paradigm shift, transforming them from a simple telephone directory into a “local area and lifestyle information medium.” By designing covers that express the unique characteristics of each local area and including special feature articles, efforts are being focused on raising the advertising value of directories.
- Utilizing the directories’ delivery platform, the publisher also offers advertisers a service whereby catalogs, flyers, and coupons may be packaged together with directories and delivered to every household. This service has generated inquiries not only from private-sector clients, but also from local government agencies, boosting the service’s ad revenues. The publisher plans to expand this product—which leverages a range of strengths—to help curb declining revenue.

Exhibitions/Screen Displays advertising expenditures rose 5.8%, to ¥358.5 billion.

- Market conditions were robust, driven by such factors as an increase in visitor arrivals and redevelopment accompanying preparations for the 2020 Tokyo Olympic and Paralympic Games. In particular, a group of urban renewal projects was underway in the Tokyo National Strategic Special Zone, and the holding of various events that utilized digital technology was brisk. The events included such genres as art and esports. The Special Zone-related urban renewal includes a plethora of projects that are restricted to certain geographic areas and specific spheres. At present, 33 urban renewal projects are in progress. Based on bold measures introduced in the National Strategic Special Zones, the projects benefit from the relaxation of regulations and procedures, and are subject to favorable tax treatment. The market for events that are not included in the advertising expenditure estimates produced for this report is also growing. The events include such genres as music, theatrical plays, musicals, and *kabuki*.
- Although few events were large enough to involve advertising, in various regions art events were organized that utilized digital technology. Redevelopment projects were carried out in central Tokyo and Nagoya, and a significant number of commercial facilities were opened. In Sapporo, Sendai, Fukuoka, and other major regional cities, there was a large number of redevelopment projects—particularly in the vicinity of main JR railway stations. The growth trend for such projects continued, centering on private-sector design proposals.
- In the Tokyo area, new spaces were born that create value through experiences and interaction between people and things. The spaces include Tokyo Midtown Hibiya, Shibuya Stream (developed on land formerly occupied by Tokyu Corporation’s Tokyu Toyoko railway line), and the Nihombashi Takashimaya Shopping Center. In Nagoya, too, there was a flurry of new openings. These include the Kinshachi Yokocho restaurant and shopping facility adjacent to Nagoya Castle, the rebuilding of the Misonoza theater building, a new aquarium and hotel within the Legoland Japan Resort, and the Flight of Dreams aviation attraction and commercial complex adjoining Chubu Centrair International Airport. To coincide with the 150th anniversary of the Meiji Restoration (which marked the start of Japan’s modern era in 1868), in Kyoto, Yamaguchi, Kochi, Saga, Kagoshima and other areas in western Japan, a

diverse array of projects were organized, including tourism-oriented programs and related commemorative events. In the exhibition sphere, 2018 saw the holding of the Yamaguchi Yume Hana Expo. Over a period of 52 days, the expo proved a success by attracting a total of over 1.36 million visitors. It included not only exhibits for viewing, but also many experiential interactive programs.

- Demand increased across a range of sectors. Related activities included the refurbishment and setting up of new commercial complexes; development of airport and railway station facilities; building of luxury hotels for the tourism and leisure industry; building of new, and refurbishment of existing, theme parks; as well as the setting up of international brand specialty stores, and communication service-related stores. The esports market, which saw brisk activity, is forecast to expand. It is expected that new sports-related businesses will be created that utilize digital communication.
- As the core advertising medium migrates to the smartphone, there is an increase in promotions linked to digital advertising. Pop-up stores—which have a clearly defined target market and typically use social media for promotion—attracted a great deal of attention. The type of program that clients increasingly demand is one that provides social media users with fresh topics, which are then shared among a large number of consumers. The interest of consumers who see these topics is aroused, stimulating the intention to purchase.
- In 2018, cinemas drew 169.21 million visitors, and box office sales totaled ¥222.5 billion. Both of these figures were approximately 3% lower compared with the previous year, but were still the third-highest annual box office results recorded in Japan. However, in 2018 there were no hit movies that generated the level of pre-opening buzz of a Star Wars movie or other major-franchise title. Several films became major hits despite having little advance billing, including *Bohemian Rhapsody* and *One Cut of the Dead*. It is difficult to generate cinema advertising sales from these kinds of movies and, as a result, cinema advertising revenues declined compared with the previous year. Regional and industry trends were largely similar to the previous year, with a high level of placements by government agencies and high-end brands.

Additional Information

Event-related advertising market (2018 estimate): ¥314.8 billion

In recent years, as demand for events has expanded, a strong need has emerged for an estimate of the size of this advertising market. Since the Exhibition/Screen Displays sub-category of Promotional Media includes non-event-related advertising expenditures, this sub-category cannot be used to assess the size of the event-related advertising market. Consequently, as part of its 2018 research, Dentsu produced an estimate for event-related advertising production expenditures.

Additional Information

Other notable advertising-related markets

Commercial printing market: ¥2 trillion (down 1.2% year on year)

Within this market, posters, flyers, and pamphlets continued to decline, generating revenues totaling ¥1,238.0 billion (down 1.2%),

Posting market (2018 estimate): ¥112.9 billion

Through its 2018 research, Dentsu estimated the size of the posting market for delivery of advertising pamphlets and flyers to home mailboxes. The market is expanding, driven by growing demand for such services as local-area marketing and all-household pamphlet deliveries. Utilization of posting services for delivery of pamphlets to all households and all demographic segments in a specific geographic area was robust. This included pamphlets distributed by government agencies. Job recruitment advertisements targeting a specific area also increased. Collaboration and coordination with other media, such as flyers and free newspapers/free magazines, expanded.

III. 2018 Advertising Expenditures Classified by Industry (Traditional Media Only, Excluding Satellite Media-Related Spending)

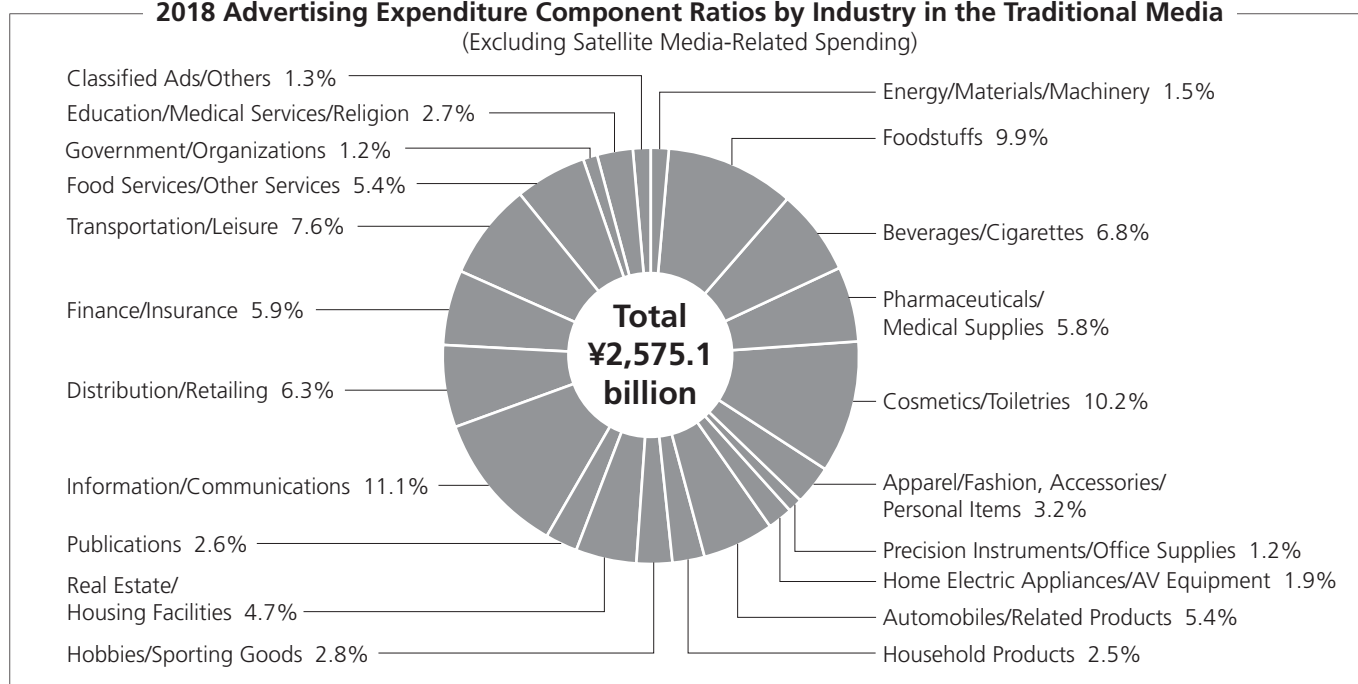
Spending increased in five industry categories—Precision Instruments/Office Supplies, Food Services/Other Services, Education/Medical Services/Religion, Finance/Insurance and Pharmaceuticals/Medical Supplies

Advertising expenditures increased in 5 of the 21 industry categories surveyed during 2018, and declined in 16 categories. (The 2017 survey shows that expenditures were higher in 6 of the 21 industry categories, but lower in 15 categories.)

Expenditures increased in the following five categories: Precision Instruments/Office Supplies (up 23.2%) on increased placements for magnifying glass spectacles; Food Services/Other Services (up 4.0%) on increased advertising for restaurants, temporary job placement agencies; Education/Medical Services/Religion (up 1.6%) on increased placements for medical-service organizations, and schools; Finance/Insurance (up 1.0%) on higher placements for direct-marketed insurance products (cancer and medical insurance); and Pharmaceuticals/Medical Supplies (up 0.6%) on a substantial increase in advertising for over-the-counter medicines and health drinks, and an increase in placements for supporters and masks.

Expenditures declined in the following 16 industry categories: Publications (down 12.8%) on a large fall in placements related to publication releases, women's and home magazines, and other publications (English-language teaching materials, and textbooks), and fewer advertisements for specialist hobby magazines; Home Electric Appliances/AV Equipment (down 9.6%) on a substantial drop in advertising for 4K televisions, and a decline in placements for hair styling and beauty appliances, and refrigerators; Apparel/Fashion, Accessories/Personal Items (down 8.8%) on decreased advertising for women's clothing, and handbags; Foodstuffs (down 8.3%) on decreased placements for direct-marketed dietary supplements, snack foods, and chocolate; Hobbies/Sporting Goods (down 6.6%) on fewer placements for game software, pet-related products (cat food), and fitness goods; Real Estate/Housing Facilities (down 6.6%) on decreased placements for corporate branding advertisements, and general housing; Beverages/Cigarettes (down 5.6%) on fewer placements for domestic beers, canned coffee, and mineral water; Automobiles/Related Products (down 4.5%) on a substantial decrease in advertising for station wagons/hatchbacks and K-cars (engine displacement up to 660 cc), and fewer placements for sedans, and imported station wagons; Cosmetics/Toiletries (down 3.7%) on a substantial drop in placements for direct-marketed cosmetic lines for women, and reduced ads for hair coloring products, and adult disposable diapers; Energy/Materials/Machinery (down 3.5%) on a large drop in campaigns related to gas market liberalization; Transportation/Leisure (down 3.2%) on decreased advertising for travel agencies, Japan Railways Group companies, and movies; Household Products (down 2.5%) on fewer placements for corporate branding advertisements, and furniture; Government/Organizations (down 1.7%) on fewer placements for political parties and organizations, and government and public agencies; Classified Ads/Others (down 1.6%) on decreased demand for classified ads (newspapers); Information/Communications (down 1.4%) on a substantial decrease in placements for mobile communications services, and online games, and fewer placements for satellite broadcasting services; and Distribution/Retailing (down 1.2%) on decreased placements for specialist large-volume retailers, general merchandise stores, and department stores.

2018 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:** down 3.5%, with a 1.5% component ratio.

 - Decrease after four consecutive years of increase.
 - Substantial decrease in campaigns related to gas market liberalization.
 - Increase in placements for gasoline and industrial equipment.
 - By medium, decrease in terrestrial television placements.
- 2. Foodstuffs:** Down 8.3%, with a 9.9% component ratio.

 - Second consecutive year of decrease.
 - Substantial decrease in placements for direct-marketed dietary supplements.
 - Decrease in placements for snack foods, chocolate, and frozen foods.
 - Increase in placements for health foods, instant miso soup and instant clear soup.
 - By medium, decline in newspapers and terrestrial television placements.
- 3. Beverages/Cigarettes:** down 5.6%, with a 6.8% component ratio.

 - After the previous year's increase, the trend reversed.
 - Decrease in placements for Japanese beers, *happo-shu*, sake, and *shochu* (a distilled liquor).
 - Fall in placements for canned coffee and mineral water.
 - Significant increase in placements for other fermented liquor (beer-like alcoholic beverages).
 - Robust placements for direct-marketed diet and nutritional drinks.
 - By medium, fall in terrestrial television placements.

- 4. Pharmaceuticals/Medical Supplies:** Up 0.6%, with a 5.8% component ratio.
- First increase in two years.
 - Placements increased substantially for over-the-counter medicines and health drinks (medicines, quasi-medicines).
 - Continued strong placements for supporters, masks, dermatological preparations, and vulnerary ointments.
 - Corporate branding advertisements decreased significantly.
 - By medium, increase in newspapers and terrestrial television placements.
- 5. Cosmetics/Toiletries:** Down 3.7%, with a 10.2% component ratio.
- Second consecutive year of decrease.
 - Substantial drop in placements for direct-marketed cosmetic lines for women.
 - Decline in placements for hair coloring products and adult disposable diapers.
 - Decrease in placements for skin toners and skin lotions.
 - Increase in placements for toothpaste and direct-marketed all-in-one cosmetics for women.
 - By medium, fall in newspapers and terrestrial television placements.
- 6. Apparel/Fashion, Accessories/Personal Items:** Down 8.8 %, with a 3.2% component ratio.
- Fifth consecutive year of decrease.
 - Substantial drop in placements for women's clothing and handbags.
 - Fewer placements for jewelry and accessories.
 - Increase in placements for functional innerwear and coats.
 - By medium, decrease in terrestrial television placements.
- 7. Precision Instruments/Office Supplies:** Up 23.2%, with a 1.2% component ratio.
- First increase in three years.
 - Large increase in placements for magnifying glass spectacles.
 - Increase in placements for digital cameras.
 - Fall in placements for wristwatches.
 - By medium, significant increase in terrestrial television placements.
- 8. Home Electric Appliances/AV Equipment:** Down 9.6%, with a 1.9% component ratio.
- Second consecutive year of decrease.
 - Large drop in placements for 4K televisions.
 - Decline in placements for hair styling and beauty appliances, and refrigerators.
 - Placements for audio equipment performed strongly.
 - By medium, decline in all media placements, particularly terrestrial television.
- 9. Automobiles/Related Products:** down 4.5%, with a 5.4% component ratio.
- After the previous year's increase, the trend reversed.
 - Placements substantially down for wagons/hatchbacks and K-cars (engine displacement up to 660 cc).
 - Fall in placements for sedans and imported station wagons.
 - Placements for SUVs continued to rise substantially.
 - By medium, decrease in terrestrial television placements.

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

- After the previous year's increase, the trend reversed.
- Placements for corporate branding advertisements and furniture decreased.
- Decrease in placements for water filters, moth-proofing agents, and insecticides.
- Increase in placements for e-cigarette devices, and deodorizers.
- By medium, decrease in terrestrial television placements.

11. Hobbies/Sporting Goods: Down 6.6%, with a 2.8% component ratio.

- Second consecutive year of decrease.
- Large decrease in placements for game software.
- Decrease in placements for pet-related products (cat food, dog food).
- Placements for fitness goods also fell.
- Increase in placements for dolls and toys (popular character toys).
- By medium, fall in terrestrial television placements.

12. Real Estate/Housing Facilities: Down 6.6%, with a 4.7% component ratio.

- Decrease after two consecutive years of increase.
- Placements for corporate branding advertisements decreased.
- Placements for general housing, ready-built housing, and rental housing decreased.
- In housing-related equipment, placements for home security equipment and other building materials declined.
- Increase in placements for housing renovation and kitchen units.
- By medium, decrease in newspaper and terrestrial television placements.

13. Publications: Down 12.8%, with a 2.6% component ratio.

- Sixth consecutive year of decrease.
- Large decrease in placements for publication releases.
- Significant decline in placements for women's magazines and home magazines, as well as other publications (English-language learning materials and textbooks, etc.).
- Placements for specialist hobby magazines continued to fall.
- Placements for paperbacks remained robust.
- By medium, decline in all media placements, particularly terrestrial television.

14. Information/Communications: Down 1.4%, with an 11.1% component ratio.

- Decrease after four consecutive years of increase.
- Significant fall in placements for mobile communication services and online games.
- Decrease in placements for satellite broadcasting services.
- Placements robust for web content and mobile phones/smartphones.
- By medium, fall in newspaper and terrestrial television placements.

15. Distribution/Retailing: Down 1.2%, with a 6.3% component ratio.

- Fourth consecutive year of decrease.
- Substantial fall in placements for specialist large-volume retailers and general merchandise stores.
- Decrease in placements for department stores.
- Increase in placements for mail order services and department store mail order services.
- By medium, decrease in newspaper and terrestrial television placements.

16. Finance/Insurance: Up 1.0%, with a 5.9% component ratio.

- First increase in five years.
- Large increase in placements for direct-marketed cancer insurance products.
- Increase in placements for direct-marketed insurance products (medical insurance, auto insurance, nonlife insurance).
- Substantial decrease in placements for credit cards and cash advances.
- By medium, increase in terrestrial television placements.

17. Transportation/Leisure: Down 3.2%, with a 7.6% component ratio.

- Third consecutive year of decrease.
- Fall in placements for travel agencies and companies in the Japan Railways Group.
- Decrease in placements for movies, leisure facilities and theme parks.
- Increased placements for domestic airlines and concerts.
- Robust placements for publicly managed racing facilities.
- By medium, decline in newspaper, magazine, and terrestrial television placements.

18. Food Services/Other Services: Up 4.0%, with a 5.4% component ratio.

- First increase in three years.
- Increase in placements for restaurants.
- Placements for aesthetic salons and temporary job placement agencies continued to rise.
- Placements for women's wigs, and door-to-door delivery and moving services continued to fall.
- By medium, increase in terrestrial television placements.

19. Government/Organizations: Down 1.7%, with a 1.2% component ratio.

- Second consecutive year of decrease.
- Decline in placements for political parties and political organizations, and Japanese government and public agencies.
- Increase in placements for advertising industry organizations and various other organizations.
- By medium, significant decrease in newspaper placements.

20. Education/Medical Services/Religion: Up 1.6%, with a 2.7% component ratio.

- First increase in five years.
- Large increase in placements for hospitals and medical services.
- Increase in placements for schools, and English conversation and language schools.
- Placements for correspondence education programs continued to fall.
- By medium, increase in terrestrial television placements.

21. Classified Ads/Others: Down 1.6%, with a 1.3% component ratio.

- Eleventh consecutive year of decrease.
- Weakness in the category overall.
- Large decrease in placements for classified ads (including help-wanted ads).
- By medium, continued decline in newspaper placements.

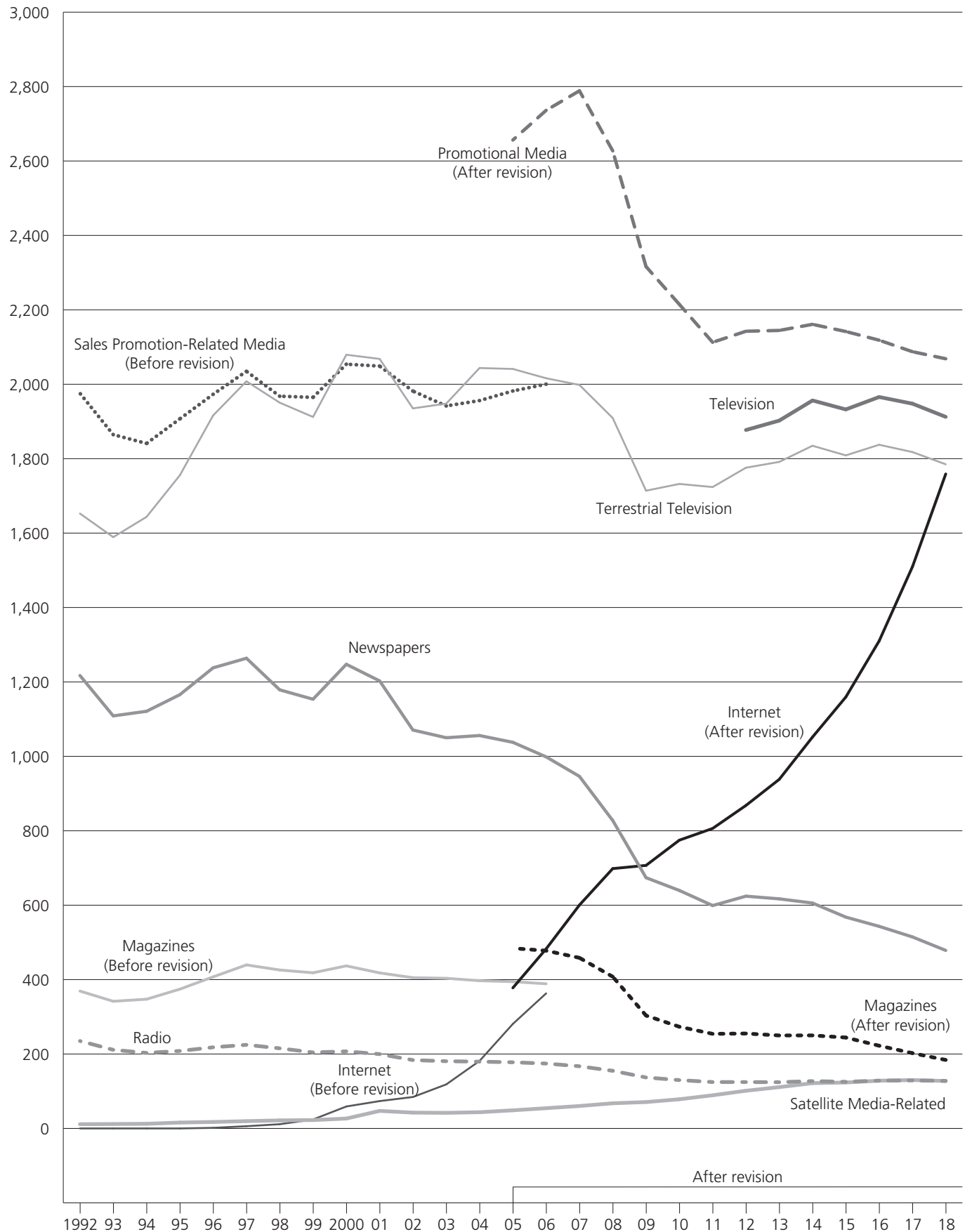
Advertising Expenditures and Japan's GDP (1992–2018)

Year		Advertising Expenditures (A)		Gross Domestic Product (B)		A / B (%)
		Advertising Expenditures (¥ billion)	Compared to Previous Year (%)	GDP (¥ billion)	Compared to Previous Year (%)	
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	512,541.7	102.2	1.06
1996		5,771.5	106.4	525,806.9	102.6	1.10
1997		5,996.1	103.9	534,142.5	101.6	1.12
1998		5,771.1	96.2	527,876.9	98.8	1.09
1999		5,699.6	98.8	519,651.8	98.4	1.10
2000		6,110.2	107.2	526,706.0	101.4	1.16
2001		6,058.0	99.1	523,005.0	99.3	1.16
2002		5,703.2	94.1	515,986.2	98.7	1.11
2003		5,684.1	99.7	515,400.7	99.9	1.10
2004		5,857.1	103.0	520,965.4	101.1	1.12
2005	Before revision	5,962.5	101.8	524,132.8	100.6	1.14
2006		5,995.4	100.6	526,879.7	100.5	1.14
2005	After revision	6,823.5	102.9	524,132.8	100.6	1.30
2006		6,939.9	101.7	526,879.7	100.5	1.32
2007		7,019.1	101.1	531,688.2	100.9	1.32
2008		6,692.6	95.3	520,715.7	97.9	1.29
2009		5,922.2	88.5	489,501.0	94.0	1.21
2010		5,842.7	98.7	500,353.9	102.2	1.17
2011		5,709.6	97.7	491,408.5	98.2	1.16
2012		5,891.3	103.2	494,957.2	100.7	1.19
2013		5,976.2	101.4	503,175.6	101.7	1.19
2014		6,152.2	102.9	513,876.0	102.1	1.20
2015		6,171.0	100.3	531,319.8	103.4	1.16
2016		6,288.0	101.9	535,986.4	100.9	1.17
2017		6,390.7	101.6	545,121.9	101.7	1.17
2018		6,530.0	102.2	548,496.1	100.6	1.19

- Notes:** 1. The method for estimating "Advertising Expenditures in Japan" was modified in 2007, retroactive to 2005.
2. Please see page 35 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." The figures for 1995 onward use revised figures calculated using 2011 as the base year.
4. All the above figures are for the calendar year.

Advertising Expenditures by Medium (1992–2018)

(¥ billion)



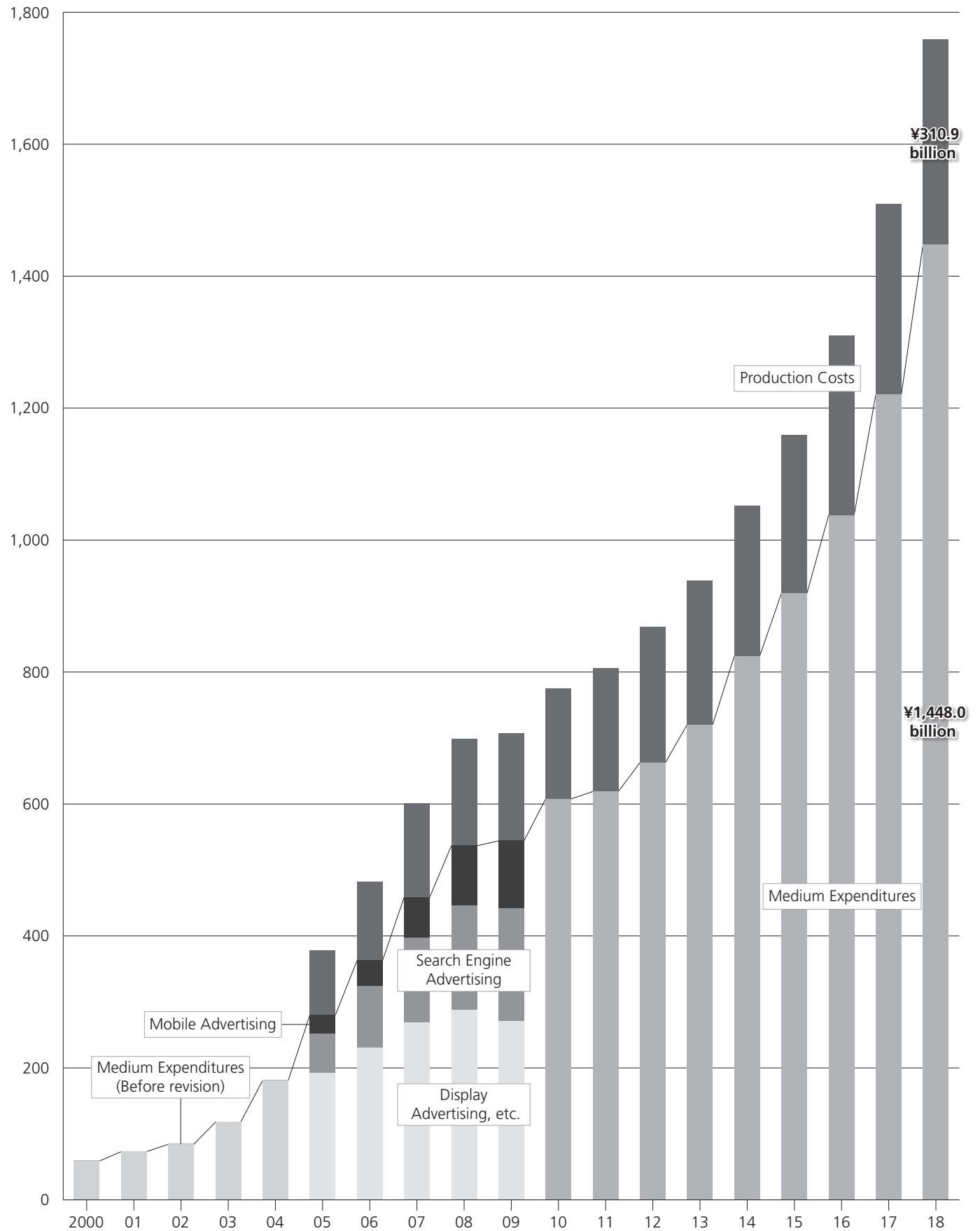
Media	Newspapers		Magazines		Radio		Television						Internet		Sales Promotion-Related Media / Promotional Media		
	Year	¥ billion	Comparison Ratio (%)	¥ billion	Comparison Ratio (%)	¥ billion	Comparison Ratio (%)	¥ billion	Comparison Ratio (%)	¥ billion	Comparison Ratio (%)	¥ billion	Comparison Ratio (%)	¥ billion	Comparison Ratio (%)	¥ billion	Comparison Ratio (%)
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
2016		543.1	95.6	222.3	91.0	128.5	102.5	1,965.7	101.7	1,837.4	101.6	128.3	103.9	1,310.0	113.0	2,118.4	98.9
2017		514.7	94.8	202.3	91.0	129.0	100.4	1,947.8	99.1	1,817.8	98.9	130.0	101.3	1,509.4	115.2	2,087.5	98.5
2018		478.4	92.9	184.1	91.0	127.8	99.1	1,912.3	98.2	1784.8	98.2	127.5	98.1	1,758.9	116.5	2,068.5	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 (2000–2018)

(¥ billion)



Year	Internet Advertising Expenditures		Internet Advertising Medium Expenditures										Internet Advertising Production Costs		
			Categories used from 2005 to 2011								New Category from 2012				
			Display Advertising, etc.		Search Engine Advertising ^(a)		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
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
2016		1,310.0	113.0	1,037.8	112.9	–	–	–	–	–	–	738.3	118.6	272.2	113.4
2017		1,509.4	115.2	1,220.6	117.6	–	–	–	–	–	–	940.0	127.3	288.8	106.1
2018		1,758.9	116.5	1,448.0	118.6	–	–	–	–	–	–	1,151.8	122.5	310.9	107.7

- Notes:** 1. The method for estimating “Advertising Expenditures in Japan” was modified in 2007 to include production costs, and the data retroactive to 2005 has been revised.
2. The method of breaking down Internet advertising medium expenditures was modified in 2012, and data from 2010 has been estimated retroactively.
3. From 2018, this report includes estimates for Internet advertising medium expenditures for digital space offered by traditional media companies.

* 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 online ad networks,^(b) as well as the recently developed DSPs,^(c) ad exchanges,^(d) and SSPs.^(e) Performance-based advertising does not include such methods as ad space sales, tie-up ads, or affiliate advertising.

- (a) 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.
- (b) 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.
- (c) Demand Side Platforms (DSPs) are systems that help advertisers optimize the effectiveness of their online advertising.
- (d) Ad exchanges are services that facilitate the sale of online media advertising inventory with prices set through bidding from multiple ad networks.
- (e) Supply Side Platforms (SSPs) 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 (2016–2018)

Industry	Advertising Expenditures (¥10 million)			Comparison Ratio (%)		Component Ratio (%)		
	2016	2017	2018	2017	2018	2016	2017	2018
Energy / Materials / Machinery	3,755	4,054	3,911	108.0	96.5	1.4	1.5	1.5
Foodstuffs	28,012	27,744	25,449	99.0	91.7	10.2	10.4	9.9
Beverages / Cigarettes	18,354	18,497	17,453	100.8	94.4	6.7	6.9	6.8
Pharmaceuticals / Medical Supplies	15,265	14,738	14,832	96.5	100.6	5.6	5.5	5.8
Cosmetics / Toiletries	28,845	27,291	26,279	94.6	96.3	10.6	10.2	10.2
Apparel / Fashion, Accessories / Personal Items	9,961	9,163	8,354	92.0	91.2	3.6	3.4	3.2
Precision Instruments / Office Supplies	2,884	2,561	3,154	88.8	123.2	1.0	1.0	1.2
Home Electric Appliances / AV Equipment	5,970	5,288	4,782	88.6	90.4	2.2	2.0	1.9
Automobiles / Related Products	14,459	14,683	14,025	101.5	95.5	5.3	5.5	5.4
Household Products	6,456	6,560	6,399	101.6	97.5	2.4	2.5	2.5
Hobbies / Sporting Goods	7,966	7,875	7,352	98.9	93.4	2.9	3.0	2.8
Real Estate / Housing Facilities	11,964	13,032	12,171	108.9	93.4	4.4	4.9	4.7
Publications	8,080	7,798	6,803	96.5	87.2	3.0	2.9	2.6
Information / Communications	28,401	28,891	28,491	101.7	98.6	10.4	10.9	11.1
Distribution / Retailing	18,121	16,361	16,157	90.3	98.8	6.6	6.1	6.3
Finance / Insurance	15,759	15,050	15,207	95.5	101.0	5.8	5.6	5.9
Transportation / Leisure	20,784	20,116	19,469	96.8	96.8	7.6	7.6	7.6
Food Services / Other Services	14,395	13,482	14,023	93.7	104.0	5.3	5.1	5.4
Government / Organizations	3,326	3,057	3,006	91.9	98.3	1.2	1.2	1.2
Education / Medical Services / Religion	6,941	6,822	6,928	98.3	101.6	2.5	2.6	2.7
Classified Ads / Others	3,432	3,317	3,265	96.6	98.4	1.3	1.2	1.3
Total	273,130	266,380	257,510	97.5	96.7	100.0	100.0	100.0

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

Advertising Expenditures by Industry in the Traditional Media (2017–2018)

(Unit: ¥10 million)

Media Industry	Newspapers			Magazines			Radio			Terrestrial Television			Total		
	2017	2018	Comparison Ratio (%)	2017	2018	Comparison Ratio (%)	2017	2018	Comparison Ratio (%)	2017	2018	Comparison Ratio (%)	2017	2018	Comparison Ratio (%)
Energy / Materials / Machinery	567	514	90.7	107	120	112.1	298	284	95.3	3,082	2,993	97.1	4,054	3,911	96.5
Foodstuffs	5,987	5,313	88.7	1,164	1,037	89.1	1,109	1,200	108.2	19,484	17,899	91.9	27,744	25,449	91.7
Beverages / Cigarettes	1,769	1,788	101.1	933	641	68.7	632	651	103.0	15,163	14,373	94.8	18,497	17,453	94.4
Pharmaceuticals / Medical Supplies	1,698	1,729	101.8	474	435	91.8	1,021	997	97.6	11,545	11,671	101.1	14,738	14,832	100.6
Cosmetics / Toiletries	2,942	2,653	90.2	2,652	2,507	94.5	340	323	95.0	21,357	20,796	97.4	27,291	26,279	96.3
Apparel / Fashion, Accessories / Personal Items	1,157	1,030	89.0	5,056	4,542	89.8	55	55	100.0	2,895	2,727	94.2	9,163	8,354	91.2
Precision Instruments / Office Supplies	427	383	89.7	887	845	95.3	74	89	120.3	1,173	1,837	156.6	2,561	3,154	123.2
Home Electric Appliances / AV Equipment	288	229	79.5	570	461	80.9	132	112	84.8	4,298	3,980	92.6	5,288	4,782	90.4
Automobiles / Related Products	937	792	84.5	674	579	85.9	1,137	1,182	104.0	11,935	11,472	96.1	14,683	14,025	95.5
Household Products	938	851	90.7	448	487	108.7	213	213	100.0	4,961	4,848	97.7	6,560	6,399	97.5
Hobbies / Sporting Goods	845	829	98.1	1,174	1,049	89.4	258	273	105.8	5,598	5,201	92.9	7,875	7,352	93.4
Real Estate / Housing Facilities	2,429	2,155	88.7	712	648	91.0	661	692	104.7	9,230	8,676	94.0	13,032	12,171	93.4
Publications	4,724	4,348	92.0	196	160	81.6	879	556	63.3	1,999	1,739	87.0	7,798	6,803	87.2
Information / Communications	2,815	2,613	92.8	741	703	94.9	924	921	99.7	24,411	24,254	99.4	28,891	28,491	98.6
Distribution / Retailing	6,668	6,557	98.3	872	823	94.4	739	849	114.9	8,082	7,928	98.1	16,361	16,157	98.8
Finance / Insurance	1,714	1,632	95.2	391	385	98.5	713	659	92.4	12,232	12,531	102.4	15,050	15,207	101.0
Transportation / Leisure	8,115	7,634	94.1	1,716	1,610	93.8	922	957	103.8	9,363	9,268	99.0	20,116	19,469	96.8
Food Services / Other Services	1,697	1,516	89.3	463	419	90.5	1,704	1,654	97.1	9,618	10,434	108.5	13,482	14,023	104.0
Government / Organizations	1,314	1,101	83.8	305	272	89.2	650	658	101.2	788	975	123.7	3,057	3,006	98.3
Education / Medical Services / Religion	1,997	1,908	95.5	641	618	96.4	411	412	100.2	3,773	3,990	105.8	6,822	6,928	101.6
Classified Ads / Others	2,442	2,265	92.8	54	69	127.8	28	43	153.6	793	888	112.0	3,317	3,265	98.4
Total	51,470	47,840	92.9	20,230	18,410	91.0	12,900	12,780	99.1	181,780	178,480	98.2	266,380	257,510	96.7

Component Ratio of Media Expenditures by Industry and Industry Expenditures by Medium for 2018

(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	1.1	0.6	2.2	1.7	1.5	13.1	3.1	7.3	76.5	100.0
Foodstuffs	11.1	5.6	9.4	10.0	9.9	20.9	4.1	4.7	70.3	100.0
Beverages / Cigarettes	3.7	3.5	5.1	8.1	6.8	10.2	3.7	3.7	82.4	100.0
Pharmaceuticals / Medical Supplies	3.6	2.4	7.8	6.5	5.8	11.7	2.9	6.7	78.7	100.0
Cosmetics / Toiletries	5.5	13.6	2.5	11.7	10.2	10.1	9.6	1.2	79.1	100.0
Apparel / Fashion, Accessories / Personal Items	2.2	24.7	0.4	1.5	3.2	12.3	54.4	0.7	32.6	100.0
Precision Instruments / Office Supplies	0.8	4.6	0.7	1.0	1.2	12.1	26.8	2.8	58.3	100.0
Home Electric Appliances / AV Equipment	0.5	2.5	0.9	2.2	1.9	4.8	9.6	2.4	83.2	100.0
Automobiles / Related Products	1.6	3.1	9.3	6.4	5.4	5.7	4.1	8.4	81.8	100.0
Household Products	1.8	2.6	1.7	2.7	2.5	13.3	7.6	3.3	75.8	100.0
Hobbies / Sporting Goods	1.7	5.7	2.1	2.9	2.8	11.3	14.3	3.7	70.7	100.0
Real Estate / Housing Facilities	4.5	3.5	5.4	4.9	4.7	17.7	5.3	5.7	71.3	100.0
Publications	9.1	0.9	4.4	1.0	2.6	63.9	2.3	8.2	25.6	100.0
Information / Communications	5.5	3.8	7.2	13.6	11.1	9.2	2.5	3.2	85.1	100.0
Distribution / Retailing	13.7	4.5	6.6	4.4	6.3	40.6	5.1	5.2	49.1	100.0
Finance / Insurance	3.4	2.1	5.2	7.0	5.9	10.7	2.5	4.4	82.4	100.0
Transportation / Leisure	16.0	8.7	7.5	5.2	7.6	39.2	8.3	4.9	47.6	100.0
Food Services / Other Services	3.2	2.3	12.9	5.9	5.4	10.8	3.0	11.8	74.4	100.0
Government / Organizations	2.3	1.5	5.2	0.6	1.2	36.6	9.1	21.9	32.4	100.0
Education / Medical Services / Religion	4.0	3.4	3.2	2.2	2.7	27.5	8.9	6.0	57.6	100.0
Classified Ads / Others	4.7	0.4	0.3	0.5	1.3	69.4	2.1	1.3	27.2	100.0
Total	100.0	100.0	100.0	100.0	100.0	18.6	7.1	5.0	69.3	100.0

Eleven-Year Trends in Advertising Expenditures by Industry (2008–2018)

(Unit: ¥10 million)

Industry	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Energy / Materials / Machinery	4,874	3,272	3,429	2,724	2,624	2,490	2,560	2,664	3,755	4,054	3,911
Foodstuffs	30,145	28,850	28,804	26,619	28,329	27,209	26,350	27,069	28,012	27,744	25,449
Beverages / Cigarettes	24,685	22,701	21,786	19,621	20,987	20,688	21,096	19,373	18,354	18,497	17,453
Pharmaceuticals / Medical Supplies	18,367	16,333	14,597	14,354	14,847	14,745	14,992	14,647	15,265	14,738	14,832
Cosmetics / Toiletries	29,380	27,591	28,792	27,687	28,783	27,985	29,551	28,426	28,845	27,291	26,279
Apparel / Fashion, Accessories / Personal Items	11,582	9,312	10,129	10,818	11,645	11,732	11,382	11,067	9,961	9,163	8,354
Precision Instruments / Office Supplies	4,080	3,073	2,942	2,630	2,886	2,834	3,050	3,347	2,884	2,561	3,154
Home Electric Appliances / AV Equipment	8,188	7,056	7,337	5,449	5,412	5,533	5,926	5,444	5,970	5,288	4,782
Automobiles / Related Products	19,228	13,456	13,163	12,981	16,473	16,710	17,277	15,380	14,459	14,683	14,025
Household Products	6,105	5,899	6,506	6,421	6,496	6,856	7,242	6,714	6,456	6,560	6,399
Hobbies / Sporting Goods	16,925	14,200	12,314	11,061	10,853	10,227	9,414	7,951	7,966	7,875	7,352
Real Estate / Housing Facilities	14,753	11,268	10,294	10,445	10,869	11,503	11,804	11,209	11,964	13,032	12,171
Publications	11,414	9,451	9,267	8,949	9,216	8,988	8,769	8,486	8,080	7,798	6,803
Information / Communications	24,145	20,338	22,091	22,200	24,525	24,332	26,091	27,433	28,401	28,891	28,491
Distribution / Retailing	21,064	19,139	18,226	18,694	20,297	19,273	19,374	18,984	18,121	16,361	16,157
Finance / Insurance	21,296	15,144	15,383	14,121	14,499	16,762	16,437	15,973	15,759	15,050	15,207
Transportation / Leisure	26,944	23,352	21,118	19,527	21,123	20,976	21,172	21,635	20,784	20,116	19,469
Food Services / Other Services	14,425	13,487	13,867	12,356	12,896	14,229	14,504	14,638	14,395	13,482	14,023
Government / Organizations	4,558	4,766	4,082	10,873	3,327	3,149	3,380	3,296	3,326	3,057	3,006
Education / Medical Services / Religion	10,016	8,546	8,177	7,579	7,823	8,069	7,717	7,342	6,941	6,822	6,928
Classified Ads / Others	7,776	5,586	5,186	5,051	4,050	3,960	3,672	3,562	3,432	3,317	3,265
Total	329,950	282,820	277,490	270,160	277,960	278,250	281,760	274,640	273,130	266,380	257,510

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.
Digital advertising carried by traditional media companies	Total of newspapers digital, magazine digital, radio digital, and television digital ads.
Newspapers Digital	Internet advertising expenditures for digital ad space offered by newspaper companies. Not included in newspaper advertising expenditures.
Magazine Digital	Internet advertising expenditures for digital ad space offered by magazine companies. Not included in magazine advertising expenditures.
Radio Digital	Internet advertising expenditures for digital ad space offered by radio media companies. Not included in radio advertising expenditures.
Television Media Digital	Internet advertising expenditures for digital ad space offered by television media companies (including satellite media-related expenditures). Not included in television media advertising expenditures.
Television media-related video advertising	Internet advertising expenditures for video streaming-type media, including catch-up TV services.
Promotional Media	Advertising expenditures for sales promotion-related media.
Outdoor	Production and placement costs for long-term signs, neon signs, LED signs, short-term network signs, short-term signs, etc.
Transit	Placement costs for transit advertisements.
Flyers	Insertion costs for flyers in newspapers nationwide.
Direct Mail	Postage and private delivery costs for 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>

©2019 Dentsu Inc. All rights reserved.

dentsu