

2019

Advertising
Expenditures
in Japan

Contents

I. Overview of Advertising Expenditures in Japan for 2019	1	
II. 2019 Advertising Expenditures Classified by Medium	6	
III. 2019 Advertising Expenditures Classified by Industry (Traditional Media Only, Excluding Satellite Media-Related Spending)	19	
Appendices		
APPENDIX 1	Advertising Expenditures and Japan's GDP (1993–2019)	25
APPENDIX 2	Advertising Expenditures by Medium (1993–2019)	26
APPENDIX 3	Breakdown of Advertising Expenditures for Internet-Related Spending (2001–2019)	28
APPENDIX 4	Advertising Expenditures by Industry (2017–2019)	30
APPENDIX 5	Advertising Expenditures by Industry in the Traditional Media (2018–2019)	31
APPENDIX 6	Component Ratio of Media Expenditures by Industry and Industry Expenditures by Medium for 2019	32
APPENDIX 7	Eleven-Year Trends in Advertising Expenditures by Industry (2009–2019)	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, production companies, advertising agencies, and various other organizations. 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 were included in the report for the first time in 2018, and the provisional estimates for 2017 are not disclosed. The estimates for advertising expenditures for Merchandise-related EC Platforms and Events within Advertising Expenditures in Japan are included in the report for the first time in 2019.

I. Overview of Advertising Expenditures in Japan for 2019

Total advertising expenditures amounted to ¥6,938.1 billion

Japan's advertising expenditures for calendar 2019 totaled ¥6,938.1 billion. This total included the addition of growing advertising expenditures for such areas as Merchandise-related EC Platforms and Events. Under the estimation method used for calendar 2018, advertising expenditures would have totaled ¥6,651.4 billion, an increase of 1.9%. Overall advertising expenditure increased for an eighth consecutive year. Internet advertising expenditures achieved double-digit growth for the sixth consecutive year, exceeding Television advertising expenditures and surpassing ¥2,000 billion for the first time.

- Newly added category: Advertising expenditures for Merchandise-related EC Platforms within Advertising Expenditures in Japan amounted to ¥106.4 billion.¹
- Revised category: Events/Exhibitions/Screen Displays, to which estimates for Events within Advertising Expenditures in Japan were added, amounted to ¥567.7 billion.²

General Characteristics of Advertising Expenditures during Calendar 2019

1. Total advertising expenditures for the full 2019 calendar year amounted to ¥6,938.1 billion. The Japanese economy faced strong headwinds, including from such factors as an uncertain outlook for the global economy, the impact of several natural disasters, a decline in personal consumption owing to changes in consumption tax rates, and weak consumption in the inbound visitor sector. Despite these conditions, continued growth in the Internet advertising field and Events advertising expenditures drove advertising expenditure growth overall.
2. Internet advertising expenditures surpassed ¥2,000 billion for the first time, and in doing so exceeded Television advertising expenditures. The digital transformation continued to advance, and further evolution occurred in the area of integrated solutions encompassing digital and traditional media. These advances represented turning points for the Japanese advertising industry.
3. The new media category of Merchandise-related EC Platforms within Advertising Expenditures in Japan was added to estimates. The previous Exhibitions/Screen Displays category was revised by adding estimates for Events within Advertising Expenditures in Japan, with the newly revised category being named Events/Exhibitions/Screen Displays. Overall advertising expenditure grew for the eighth consecutive year.

Notes: 1. Advertising expenditures for Merchandise-related EC Platforms within Advertising Expenditures in Japan only include advertisers with stores and advertising transactions carried out by those advertisers for products on merchandise-related EC platforms such as household appliances, miscellaneous goods, books, clothing, and office supplies. Those expenditures do not comprise the overall Internet advertising expenditures in the EC platforms category. On July 29, 2019, three Dentsu Group companies—D2C Inc., Cyber Communications Inc. (CCI) and Dentsu Inc.—announced that they had jointly produced estimates for “Advertising Expenditures on Merchandising-E-commerce Platforms.” However, based on research for 2019 Advertising Expenditures in Japan, the portion overlapping with existing estimates included within Advertising Expenditures in Japan was excluded, and the category was redefined and newly added to estimates.

2018: ¥82.2 billion (estimate for reference purposes; not included within 2018 Advertising Expenditures in Japan)
2019: ¥106.4 billion (for reference purposes, up 29.4% compared with the previous year)

Reference: Joint press release by D2C Inc., Cyber Communications Inc. (CCI) and Dentsu Inc., July 29, 2019;
2018 results: ¥112.3 billion (up 20.6% compared with 2017); 2019 forecast: ¥144.1 billion (forecast increase of 28.3%)

2. Events/Exhibitions/Screen Displays indicate the total production costs for various events handled by the advertising industry, including promotional campaigns, exhibitions, expositions and PR venues, production and screening costs for cinema advertising and promotional videos. Advertising expenditures (¥180.3 billion in 2019, not disclosed for 2018 since no estimate was made) for Events within Advertising Expenditures in Japan are defined as follows: Production costs for sales promotions, pop-up stores, sports events, PR events, and other events excluding displays, PR venues, and promotional video production in event areas handled by the advertising industry.

Advertising Expenditures by Medium for 2019

Media	Advertising Expenditures (¥ billion)	YoY Comparison Ratio (%)	Component Ratio (%)
Traditional Media			
Newspapers	454.7	95.0	6.6
Magazines	167.5	91.0	2.4
Radio	126.0	98.6	1.8
Television	1,861.2	97.3	26.8
Terrestrial Television	1,734.5	97.2	25.0
Satellite Media-Related	126.7	99.4	1.8
Subtotal	2,609.4	96.6	37.6
Internet			
Digital advertising carried by traditional media companies ¹	71.5	122.9	1.0
Newspapers Digital	14.6	110.6	0.2
Magazines Digital	40.5	120.2	0.6
Radio Digital	1.0	125.0	0.0
Television Media Digital	15.4	146.7	0.2
Television media-related video advertising	15.0	148.5	0.2
Merchandise-related EC Platforms within Advertising Expenditures in Japan ²	106.4	–	1.5
Subtotal	2,104.8	119.7	30.3
Promotional Media			
Outdoor	321.9	100.6	4.6
Transit	206.2	101.8	3.0
Flyers	355.9	91.0	5.1
Direct Mail	364.2	99.0	5.3
Free Newspapers / Telephone Directories	211.0	92.3	3.1
POP	197.0	98.5	2.8
Events ³ / Exhibitions / Screen Displays	567.7	158.4	8.2
Subtotal	2,223.9	107.5	32.1
Total⁴	6,938.1	106.2	100.0

- Notes:** 1. Digital advertising carried by traditional media companies has been estimated since 2018.
2. Advertising expenditures for Merchandise-related EC Platforms within Advertising Expenditures in Japan started to be estimated in 2019.
3. In 2019, Events within Advertising Expenditures in Japan were estimated to be 180.3 billion yen.
4. Total advertising expenditure figures include these additional estimate areas. If estimated using the same method as in the previous year, the year-on-year comparison ratio is 101.9%.

Background to 2019 Advertising Expenditures

1. Japanese Economy Stands Firm

In calendar 2019, despite increasing signs of a slowdown centering on weakness in the manufacturing sector—which was affected by trade friction between the United States and China—growth in the Japanese economy was underpinned by sound domestic demand. As measured by real GDP, the economy expanded 0.6% (2.6% on an annualized basis) in the January–March quarter, expanded 0.5% (1.9% annualized) in the April–June quarter, expanded 0.1% (0.5% annualized) in the July–September quarter, and contracted 1.6% (-6.3% annualized) in the October–December quarter. Economic growth was supported by firm personal consumption, an increase in housing investment, and brisk investment in plant and equipment, as well as expansion in government expenditure and public investment. Although economic growth remained in positive territory through September centering on domestic demand, in the October–December quarter demand slumped in the aftermath of the surge in

demand seen during the lead-up to the increase in the consumption tax rate on October 1. This was despite measures implemented by the government to cushion the impact of the consumption tax rate increase (from 8% to 10%), such as the introduction of a differential consumption tax rate on food purchases not consumed on the premises, and a rebate program for cashless payments.

As a result, during calendar 2019 real GDP grew at an annual rate of 0.7% and nominal GDP increased 1.3%, recording the eighth consecutive year of positive growth (according to preliminary GDP quarterly data released on February 17, 2020).

Corporate Earnings Forecasts Indicate Declines in Sales and Profits

For Japan's fiscal 2019 (April 2019–March 2020), the revenues of listed companies are forecast to decline 0.1% across all industries. Ordinary profits are forecast to be down 8.2%, and net profits are expected to decrease 10.7% compared with the previous fiscal year. Hence, net profits are forecast to decline for the second consecutive fiscal year.

Favorable Employment Conditions

Continuing on from 2018, employment conditions remained favorable. The monthly annual average unemployment rate in calendar 2019 (seasonally adjusted) hovered around 2.4% during the first half of the year. In the second half of the year, the rate recorded in December was even lower, at 2.2%. The monthly average effective opening-to-application ratio for December was 1.57, thereby maintaining a high level.

Annual Average Shows Yen on a Depreciating Trend; Stock and Crude Oil Prices Rise at Year-end

In foreign exchange markets, although the yen appreciated during the summer, on an annual basis the yen showed a depreciating trend. On December 30, the final day of trading for 2019, the exchange rate closed at ¥109.14/\$1.00, an appreciation of approximately ¥1 compared with the closing rate in 2018.

Although stock prices were on a declining trend until the summer, the stock market subsequently staged a recovery as its trajectory was closely linked to trends in the yen exchange rate. The Nikkei Stock Average closed trading for the year on December 30 at 23,656.62, marking the highest level at market close for the year since the end of 1990, when it had finished at 23,848.

The price of crude oil exhibited repeated cycles of fluctuation throughout the year. In December, major oil-producing countries agreed to a new regime of coordinated production cuts, prompting crude oil prices to once again track higher. Although the Japan-wide average retail price of regular gasoline saw periods of decline during the year, from early December the price turned upward, and in mid-to-late December the average price hovered at around ¥148 per liter.

2. Domestic Consumption: Cashless Payments, Rebates, and an Invigorated Movie Market

Department stores recorded a sales decline of 1.4% compared with the previous year, for the second consecutive year of decrease. Factors contributing to this decline included unseasonable weather, natural disasters, and a fallback in sales following the surge in demand ahead of the increase in the consumption tax rate on October 1. Sales at supermarkets decreased 1.8%, extending the downward run to four consecutive years. Meanwhile, sales at convenience stores recorded an increase of 0.4%, marking the second consecutive year of

increase. Factors contributing to this rise included growth in sales of delicatessen products, and the government's rebate program for cashless payments following the change in the consumption tax rate.

The value of domestic shipments of white goods (household electric appliances) increased 2.7% compared with the previous year, marking the fourth consecutive year of increase and recording the highest value since 1997. Shipments of washing machines were robust, rising 10.1%, while shipments of air conditioners were up 2.6%, and shipments of refrigerators were also brisk, increasing 3.3%. The value of domestic shipments of audio-visual equipment (consumer electronics equipment) increased 0.1%, as shipments of 4K televisions steadily rose.

Domestic sales of new automobiles decreased 1.5% for the year, to 5.19 million vehicles, posting their first decrease in three years. In automobile-related products, annual domestic unit shipments of drive recorders increased 35.1% compared with the previous year, continuing the strong level of demand seen in 2018.

Mobile phone unit shipments for fiscal 2019 (April 2019–March 2020) were estimated to have fallen 9.9% compared with the previous fiscal year, to 31.15 million units. Smartphone shipments were estimated to have totaled 27.60 million units, a 9.9% decrease compared with fiscal 2018. Shipments of personal computers were estimated to have totaled 15.10 million units for fiscal 2019, up 27.6% compared with the previous fiscal year. Particularly contributing to this rise was robust demand among corporate customers, which was buoyed by replacement demand accompanying the end of support for Windows 7. Domestic shipments of tablet devices were estimated to have totaled 7.70 million units during fiscal 2019, down 2.4% compared with the previous fiscal year. Annual domestic unit shipments of digital cameras (total of fixed-lens and interchangeable-lens cameras) remained weak during calendar 2019, falling 18.6% compared with the previous year.

Housing starts decreased 4.0% year on year, marking the third consecutive year of decline. This reflected the impact of a large decline in housing starts for rental units. The number of condominium units put on the market fell 15.9% in the greater Tokyo urban area, and declined 13.9% in the Kinki urban area.

In financial services, the number of users of cashless payment services increased steeply, centering on services offered through smartphone apps. The rise in user numbers was bolstered by the introduction of the government rebate program accompanying the change in consumption tax rates in October.

In the travel market, the number of Japanese people making trips domestically and internationally increased sharply, underpinned by such factors as 10 consecutive holidays during "Golden Week" (the holiday period in Japan from late April to early May) 2019. The longer-than-usual Golden Week accompanied the accession to the throne of the new emperor. Annual international departures by Japanese people rose 5.9%, to 20.08 million, the highest number ever recorded and the first time this figure has surpassed 20 million. The number of foreign inbound visitors to Japan during calendar 2019 increased 2.2% compared with the previous year, to 31.88 million people. This increase was achieved despite a large decrease in the number of visitor arrivals from South Korea, owing to a deterioration in relations between Japan and South Korea. The inbound visitor market recorded its highest ever level for the seventh consecutive year, as measured by both visitor arrival numbers and the total value of consumption by inbound visitors.

The movie market saw a brisk level of activity. There was a continuous stream of hit titles throughout the year, which contributed to a 17.4% increase in annual box office

revenues, to ¥261.2 billion. This is the highest level recorded since the current method of calculating total box office revenues was adopted in 2000.

In the food services market, annual sales grew 1.9% compared with the previous year on an all-stores basis, marking the fifth consecutive year of increase. This increase was achieved despite the impact of such factors as unseasonable weather and the increase in consumption tax rate in October. In particular, there were strong performances by Western-style fast food restaurants, cafés, dinner restaurants, and family restaurants.

3. Events and Hit Products Attracting Significant Attention

In 2019, the Heisei period came to a close and the new Reiwa period began (period names coincide with the reign of an emperor). At the 2019 Rugby World Cup, which was held in Japan between September 20 and November 2, the Japanese team reached the quarterfinals for the first time. The team's strong performance created great excitement throughout the country, and led to an economic boost driven by consumer spending. Continuing on from 2018, tapioca drinks expanded their presence, in terms of both the number of stores offering the products and the range of products available. The popularity of tapioca drinks exceeded the level seen in the previous year. Stores specializing in low-priced, high-performance casual workwear attracted significant attention. Coinciding with the arrival of Japan's new period name, cashless payment gained significant momentum. The number of users of cashless payment services increased steeply, centering on services offered through smartphone apps—bolstered by the government's introduction of a rebate program accompanying the change in consumption tax rates in October. Promotional campaigns run by a stream of new market entrants saw competition heat up and triggered rapid market growth.

In the entertainment field, the announcement of a planned hiatus by a major pop idol group led to strong concert tour and album sales prior to the group's break. Box office revenues in Japan reached record levels, helping to reinvigorate the movie industry. Subscription-based Internet streaming services also performed strongly, with total subscriber numbers recording growth. Other noteworthy popular products during the year included confectionery marketed by convenience store chains, drinks combining *shochu* (a distilled liquor) and fruits, black tea beverages sold in PET bottles, laundry detergent that removes soil marks without the need for scrubbing, portable miniature electric fans, and fully wireless earphones. The greater Tokyo area saw the opening of new theme parks and large-scale commercial facilities.

II. 2019 Advertising Expenditures Classified by Medium

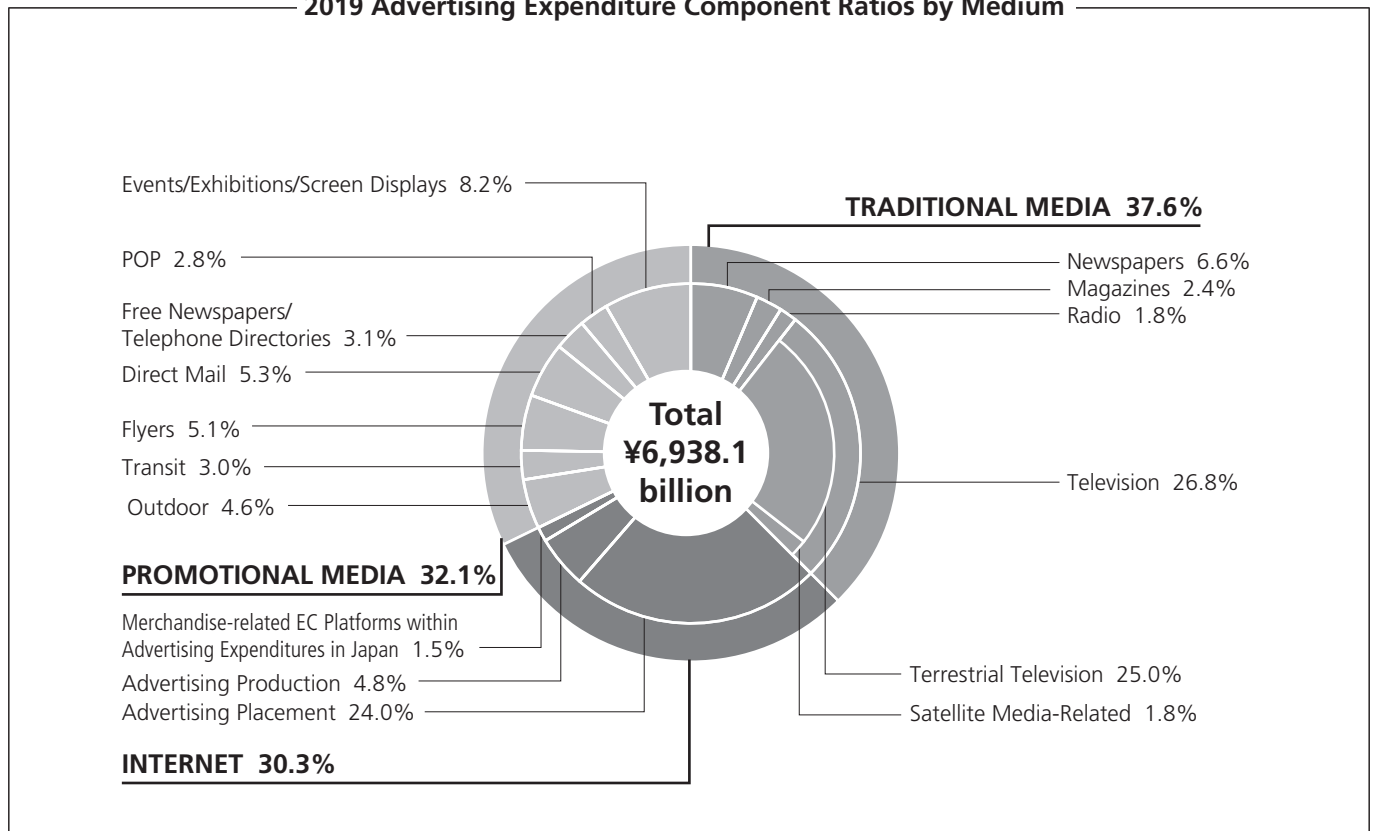
Internet Advertising Expenditures Post Double-Digit Growth for Sixth Year Running, Driving Overall Advertising Market Expansion

Broken down by medium, in calendar 2019 Internet advertising expenditures increased to ¥2,104.8 billion, marking the sixth consecutive year of increase, and surpassing ¥2,000 billion for the first time. Continuing the trend from 2018, growth was particularly driven by performance-based advertising, centering on social media platforms. For this report, estimates were added for Merchandise-related EC Platforms within Advertising Expenditures in Japan. Internet advertising expenditures accounted for 30.3% of spending in all media. (Based on the estimation method used in the previous year, which excludes the newly added category of Merchandise-related EC Platforms within Advertising Expenditures in Japan, Internet advertising expenditures increased 13.6% compared with 2018, to ¥1,998.4 billion.) Digital advertising carried by traditional media companies, increased 22.9% compared with the previous year, to ¥71.5 billion. Internet advertising medium expenditures increased ¥215.0 billion, or 14.8%, compared with the previous year, to ¥1,663.0 billion.

Promotional Media expenditures amounted to ¥2,223.9 billion. For this report, Events within Advertising Expenditures in Japan were newly defined and added to estimates for Promotional Media expenditures. Within Promotional Media, the Outdoor, Transit, and Events/Exhibitions/Screen Displays (revised category) categories achieved growth.

Advertising expenditures for Traditional Media (including Satellite Media-Related spending) declined 3.4% year on year, to ¥2,609.4 billion, recording the fifth consecutive year of decrease.

2019 Advertising Expenditure Component Ratios by Medium



Newspaper Advertising

- Newspaper advertising spending declined 5.0% year on year, to ¥454.7 billion.
- Although numerous topics in 2019 were expected to stimulate increases in newspaper advertising placements (for example: the beginning of the new Reiwa era in Japan denoting the reign of the new emperor; topics related to changes in the consumption tax rate; and global sports events), which contributed to a strong performance by newspaper advertising in some quarters during the year, over 2019 as a whole, the long-term declining trend continued.
- Government/Organizations increased, driven by such factors as the House of Councilors election, and placements relating to the change in consumption tax rate (the Reduced Tax Rate System for Consumption Tax, surge in demand ahead of the change in tax rate, promotion of the move toward a cashless economy, subsidy for cash register renewal costs, etc.).
- Cities that hosted matches during the 2019 Rugby World Cup saw an increase in ad placements, while extra ad placements were seen at the time of the tournament's quarter-finals.
- In other industry categories, Hobbies/Sporting Goods and Pharmaceuticals/Medical Supplies saw a large number of placements for direct-marketed products targeted at older demographic segments. In contrast, Beverages/Cigarettes and Apparel/Fashion, Accessories/Personal Items saw a continuation of the declining trend seen in the previous year.
- New advertising strategies seen in 2019 included campaigns that combined newspaper ads with other media, and planned publication of extra editions. Initiatives were also carried out that promoted campaigns involving coordination among multiple newspaper publishers in the planning of page space.
- Increased placements are anticipated in such areas as special features related to the execution of event projects and the full-scale rollout of 5G mobile services. In addition, nationwide placements are expected in relation to such programs as the Japanese government's cashless rebate program, and the My Number point program, according to which e-money can be stored on the identification cards and used for shopping.

Magazine Advertising

- Magazine advertising spending fell 9.0% year on year, to ¥167.5 billion.
- The estimated value of retail sales of printed publications decreased 4.3%, marking the fifteenth consecutive year of decline. Within that, books declined 3.8%, while magazines decreased 4.9%. Meanwhile, the electronic publications market expanded 23.9%, driven particularly by strongly performing comic magazines and continuing the robust growth seen in the previous year. The combined print and electronic publications market recorded an overall increase of 0.2%, marking the first year-on-year growth since the commencement of electronic publications statistics gathering (source: January 2020 issue of the publishing-related monthly magazine, *Shuppan Geppo*).
- Harsh conditions continued for magazine advertising expenditures, as spending declined throughout the year. This was attributable to such factors as the shift to digital media and promotions occurring across advertising budgets, and the gradual decline in magazine print-run circulation. Meanwhile, new business domains are expected to generate growth in the future. This is being driven by: (1) expanded earnings in digital businesses underpinned by sustained digital media growth (high-quality content, growth in media reach, etc.), the launch of digital native media, and diversification of advertising methods (campaigns to promote sharing on social media platforms, use of video promotions produced by publishing companies, etc.); and (2) changes in profit structures underpinned by business development undertaken by diverse content holders (event and product development utilizing comics and other types of content, subscription businesses utilizing legacy content, etc.). Magazine digital advertising expenditures included within Internet advertising expenditures are on an increasing trend.

Radio Advertising

- All magazine genres recorded year-on-year falls in advertising expenditures.
- By industry category, although ad placements increased year on year for Government/Organizations, ad spending by Apparel/Fashion, Accessories/Personal Items (which accounts for the largest portion of magazine advertising expenditures) and Cosmetics/Toiletries (which accounts for the second-largest share of magazine advertising) continued the decline seen in the previous year.
- Radio advertising spending declined 1.4% year on year, to ¥126.0 billion.
- Although the declining trend from the previous year continued, ad placements that were combined with digital media as well as radiko audio ad* placements (estimated as part of radio digital advertising included within Internet advertising expenditures) gained momentum.
- Sports-related placements increased, reflecting sports demand accompanying the 2020 Tokyo Olympic and Paralympic Games. Furthermore, driven by measures to encourage the migration of older demographic segments to smartphones, there was an increase in ad placements related to smartphones by the communications industry. Placements by nonlife insurance companies declined, reflecting the large number of placements seen in the previous year expressing sympathy for regions that were affected by natural disasters. In the beverages industry, a shift in ad advertising budgets was seen toward digital media and PR-related spending.
- In market segmentation used for radiko audio ads, lifestyle-based segmentation was added, which supplemented core segmentation based on gender and age.
- In the future, VR365 will be introduced for the Kanto region. This system will make radio program audience ratings available on the day after program broadcast, thereby overcoming the problem of a lack of timely audience rating data.

* Radiko audio ads: unlike terrestrial radio, which uses program-based segmentation of target audiences, the radiko audio ad model makes possible segmentation based on radiko listener attributes, such as age group and gender. Hence, segmentation is not dependent on radio programs.

Television Advertising

(Terrestrial Television and Satellite Media-Related spending)

- Television advertising spending fell 2.7% year on year, to ¥1,861.2 billion.

Terrestrial Television spending decreased 2.8%, to ¥1,734.5 billion.

- In terrestrial television, over the year as a whole advertising revenues fell below the level recorded in the previous year, as a range of factors made it difficult to conduct vigorous advertising programs. Such factors included natural disasters and unseasonable weather patterns, including a long rainy season, a cooler-than-average summer, numerous typhoons, and the economic impact of United States–China trade friction.
- Program sponsorship revenues were largely unchanged compared with the previous year. Despite a fall-back in revenues reflecting the absence of major events seen in the previous year, such as the XXIII Olympic Winter Games (PyeongChang 2018) and the 2018 FIFA World Cup Russia™, revenues were lifted by a range of sports programs, including the 2019 World Aquatics Championships in Gwangju, South Korea; the 2019 Rugby World Cup in Japan; the IAAF World Athletics Championships in Doha, Qatar; the 2019 WBSC Premier 12 international baseball championships; and the 2019 World Judo Championships in Tokyo, Japan. These events generated significant audience interest, and the strong performance of Japanese teams and athletes, as well as advances in live broadcast technology, served to heighten client needs. There was an increase in advertising creative tailored to specific programs, and rather than only focusing on audience exposure, many campaigns strove to

enhance target audience loyalty. Among Japan's eight main regions, year-on-year spending increases were seen in three: Osaka, Nagoya (up three years running), and Shizuoka (up two years running).

- Spot advertising expenditures declined for the third consecutive year. Despite a large volume of placements by the government's Small and Medium Enterprise Agency, and a strong performance by placement-related cashless services in the run-up to the October 1 change in consumption tax rate, the performance of spot advertising overall was weak, reflecting the impact of such factors as adverse weather patterns (long rainy season, cooler-than-average summer, and natural disasters), a decrease in client placements owing to the change in consumption tax rate, and United States–China trade friction. All 32 regions recorded a decrease compared with the previous year.
- Industry categories recording an increase included Government/Organizations (on increased advertising by political parties and organizations), and Finance/Insurance (on increased placements for cashless services and nonlife insurance). By contrast, declines were seen in Information/Communications (fewer placements by mobile communications carriers and app vendors), and Cosmetics/Toiletries.
- NHK (Japan's public broadcaster) launched NHK Plus as its official Internet simulcast service. Catch-up TV services previously launched by commercial broadcasters are steadily increasing user numbers. Hence, much attention is being focused on the level of regular viewing that can be established by TV viewing apps. Although there is not expected to be a large fall-off in advertising placements in relation to highly trusted broadcast content, while taking into account user needs and viewing styles, clients are likely to conduct assessments of the balance between terrestrial television ad placements and streaming service ad placements.

Satellite Media-Related spending fell 0.6% year on year, to ¥126.7 billion.

- BS digital broadcasting (eight fee-to-air commercial channels) achieved an increase in advertising expenditures compared with the previous year. CS broadcasting and Cable TV recorded year-on-year falls in advertising expenditures.
- CS broadcasting and Cable TV saw a continuation of harsh conditions with regard to direct marketing-related advertising.
- Although there were some station closures at the end of March 2020, the uptake of 4K broadcasting is expected to increase momentum.
- The introduction of new audience rating data from April 2020 for BS Digital broadcasting has been decided, and this will bring it into line with the panel data provided for terrestrial television.

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 2.6% year on year, to ¥282.2 billion.
- Production costs for terrestrial TV commercials amounted to ¥209.9 billion (down 1.8%). In the January–June period, a decline had been expected owing to the absence of the major events held in 2018 (XXIII Olympic Winter Games, PyeongChang 2018 and the 2018 FIFA World Cup Russia™, etc.). However, in the July–December period, despite the presence of factors expected to stimulate advertising production expenditures, such as the 2019 Rugby World Cup, advertising related to the change in consumption tax rate, and the holding of the Tokyo Motor Show, an increase in expenditures did not materialize.
- By industry category, Government/Organizations was the top category, driven by such factors as the nationwide local elections held in the spring, the G20 Summit held in Osaka in June, and the change in consumption tax rate in October. Other categories to record an increase

Quarterly Breakdown of 2019 Advertising Expenditure Growth in the Traditional Media

compared with the previous year included Energy/Materials/Machinery, Foodstuffs, and Automobiles/Related Products. In contrast, those recording a decrease included Precision Instruments/Office Supplies, Apparel/Fashion, Accessories/Personal Items, Cosmetics/Toiletries, and Real Estate/Housing Facilities.

Looking at the quarterly breakdowns 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 12 consecutive quarters of year-on-year decline since the April–June quarter in 2016.

(Year on year, %)

	2018 (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)	96.7	96.6	96.9	96.1	97.0	97.8	96.1
	2019 (Full Year)	H1 Jan.–Jun.	H2 Jul.–Dec.	Q1 Jan.–Mar.	Q2 Apr.–Jun.	Q3 Jul.–Sep.	Q4 Oct.–Dec.
	96.6	98.1	95.0	98.6	97.6	97.0	93.1

Internet Advertising

- Internet advertising spending rose 19.7%, to ¥2,104.8 billion.
- This is the combined total of Internet advertising medium expenditures (including digital advertising carried by traditional media companies), Internet advertising production costs, and the newly added estimates for Merchandise-related EC Platforms within Advertising Expenditures in Japan.
- Based on the estimation method used for the previous year, which does not include advertising expenditures on Merchandise-related EC Platforms, expenditures increased 13.6%, to ¥1,998.4 billion.

Internet Advertising Medium Expenditures rose 14.8%, to ¥1,663.0 billion.

- In Internet advertising, expenditures for performance-based advertising¹ amounted to ¥1,326.7 billion (up 15.2%), which accounted for 19.1% of total advertising expenditures across all media. Continuing on from the previous year, centered on large-scale ad platforms the growth rate for performance-based advertising was high. Outside of the large-scale platforms, media companies that operate specialized in-house ad platforms (news curation media, etc.) also worked to strengthen their performance-based ad functions, similar to the previous year. Such independent platforms also strengthened collaboration with large-scale platforms. The environment for performance-based advertising is becoming increasingly important for specialized platform operators. Furthermore, with regard to advertising methods other than performance-based advertising, a regular level of growth was becoming discernible. In the future, stable growth is expected to continue in the Internet advertising media market.

Expenditures in digital advertising carried by traditional media companies (part of Internet advertising media expenditures) increased 22.9% compared with the previous year, to ¥71.5 billion.

- Expenditures in digital advertising carried by traditional media companies continued to exhibit double-digit growth. In particular, magazine digital and television media-related video advertising recorded robust growth.

- Newspaper Digital: ¥14.6 billion (up 10.6%)
Underpinned by the reliability of content, established through newspaper operations, following on from the previous year, clients conscious of brand safety² considerations exhibited strong demand, which drove expenditures higher. A number of new initiatives were also seen, including content distribution in collaboration with social media platform operators, and the development of new businesses in partnership with advertising platform operators. The transformation of digital businesses operated by newspaper publishers continued to advance, including through the expansion of subscription models for newspaper content, and reinforced strategies to increase the number of registered users (paying members and free members).
- Magazine Digital: ¥40.5 billion (up 20.2%)
Accompanying the expansion of business in the digital sphere, digital advertising sales grew 20%. In particular, based on high-quality content, tie-up advertising and video ads grew significantly. Publishers are also aggressively pursuing new businesses based on digital media (cultivation of social media and influencers, establishment of content studios, collaboration with start-up companies, etc.). Within an environment where much attention is being focused on the safety of Internet advertising, in the future publishers are expected to develop new business models and expand earnings by utilizing such assets as high-quality content and loyal readership.
- Radio Digital: ¥1.0 billion (up 25.0%)
Accompanying the digital shift occurring in the advertising industry, radio has been a leader among the traditional media in transitioning to a digital model. Within this process, placements of radiko audio ads (segment targeting based on listener attributes, such as age group and gender, rather than on program audience profile-based segmentation) are on a growth trend. Growth is expected to be sustained, as advertising becomes more integrated. Specifically, this involves the use of various types of data, including location data, and such initiatives as combining digital radio content with content from terrestrial radio, and campaign planning in collaboration with social media platforms. Through social media strategies, and by combining radiko audio ads with terrestrial radio, further growth is anticipated. Time-free advertising (ads within on-demand content) was also launched for radiko audio ads.
- Television Media Digital: ¥15.4 billion (up 46.7%)
Television media-related video advertising, having reached ¥10.0 billion in 2018, grew to ¥15.0 billion in 2019 (up 48.5%), thus maintaining its vigorous rate of growth. Further growth is anticipated based on the strength of content derived from terrestrial television. Specifically, this includes such services as TVer—the official portal site of the major commercial terrestrial broadcasters providing catch-up TV streaming services. TVer is used through an app for television receivers (the app draws content through an Internet connection to the television screen). Owing to this, the delivery of live sports and highlight packages is gradually increasing.

Internet Advertising Production Costs rose 7.9%, to ¥335.4 billion.

- From the perspective of preventing ad fraud³ and protecting personal information, there is a trend among companies to use advertising based on owned media (in-house operated sites). Hence, utilization of social media in combination with owned media increased.
- There was an increase in campaigns that take advantage of the specific characteristics of each large-scale advertising platform. (This included the secondary use of ad content initially

produced for other media, such as television commercials.)

- The number of advertisements produced was on an increasing trend. However, the balance between production quality, efficiency, and appropriate budgets is expected to become a key factor affecting future growth.
- There was an increase in related processes, including overall communication design, ROI visualization, and PDCA processes.

Notes: 1. Ad-space sales, tie-up ads, and affiliate ads are not included in performance-based advertising.

2. 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.)

3. Ad fraud: This refers to situations in which advertisers are fraudulently billed for ads that have not been viewed by users, but are nonetheless measured as ad impressions or other performance metrics for ads carried by a media site.

Advertising Expenditures for Merchandise-related EC Platforms within Advertising Expenditures in Japan (newly established category) amounted to ¥106.4 billion.

- From 2019, Advertising expenditures for Merchandise-related EC Platforms within Advertising Expenditures in Japan, which is undergoing rapid market growth, has been added to estimates for Internet Advertising Expenditures. According to estimates for 2019, the market reached ¥106.4 billion, and results of the survey indicate that this market has the potential to become a key driver of short- to medium-term growth for Internet advertising expenditures.
- Advertising expenditures for Merchandise-related EC Platforms within Advertising Expenditures in Japan only include advertisers with stores and advertising transactions carried out by those advertisers for products on merchandise-related EC platforms such as household appliances, miscellaneous goods, books, clothing, and office supplies. Those expenditures do not comprise the overall Internet advertising expenditures in the EC platforms category. On July 29, 2019, three Dentsu Group companies—D2C Inc., Cyber Communications Inc. (CCI), and Dentsu Inc.—announced that they had jointly produced estimates for "Advertising Expenditures on Merchandising-E-commerce Platforms." However, based on research for 2019 Advertising Expenditures in Japan, the portion overlapping with existing estimates included within Advertising Expenditures in Japan was excluded, and the category was redefined and newly added to estimates.

2018: ¥82.2 billion (estimate for reference purposes; not included within 2018 Advertising Expenditures in Japan)

2019: ¥106.4 billion (for reference purposes, up 29.4% compared with the previous year)

Reference: Joint press release by D2C Inc., Cyber Communications Inc. (CCI) and Dentsu Inc., July 29, 2019; 2018 results: ¥112.3 billion (up 20.6% compared with 2017); 2019 forecast: ¥144.1 billion (forecast increase of 28.3%).

Promotional Media Advertising

- Promotional Media advertising expenditures rose 7.5% year on year, to ¥2,223.9 billion.

Outdoor advertising expenditures increased 0.6%, to ¥321.9 billion.

- Overall, there is an observable trend away from analog signs and a shift toward the use of digital and large-screen displays.
- Neon signs: Both media expenditures and production costs decreased substantially.
- LED signs: The trend of converting existing signs to LED continued. Following on from the previous year, both media expenditures and production costs increased.

- Long-term signs: Expenditures remained steady from the previous year. The trend was to maintain the current status.
- Short-term signs: Newly installed short-term signs appeared in Tokyo's Aoyama/Harajuku area. In the Shibuya area of Tokyo, where there is a concentration of short-term signs, considerable interest was shown by foreign companies. The trend was toward increasing expenditures.
- Short-term network signs: Expenditures were on par with the previous year. The trend of maintaining the status quo continued.
- Large-screen displays: There was a trend toward increasing expenditures, as several new large-screen installations commenced operation in the Shibuya area of Tokyo.
- Sports stadium signs: Although the number of spectators attending professional baseball games rose to 26.5 million (up 4%), there was a lack of advertising space available for sale at sports stadiums, meaning there was little change in the status quo.
- Commercial facility media: Accompanying an increase in the number of commercial facilities centering on Tokyo and its environs, overall expenditures grew steadily, including in such genres as event promotion campaigns.

Outdoor Advertising Media Definitions

Name	Definition
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	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	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	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	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 1.8% year on year, to ¥206.2 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, advertising expenditures 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. The Chubu region saw expenditures fall below the level of the previous year, reflecting the inability of digital signage growth to fully make up for the decline in printed media.

- By industry, following on from 2018, beverages/liquor placements decreased. In contrast, placements rose for aesthetic salons and personnel recruitment services, and there was an increase in placements by foreign-based companies for a wide range of products and services.
- Nationwide, there was a continuation of new digital signage installations in railway stations and train cars. Osaka saw new installations of large-scale station signage, leading to robust performance. The rollout of signage that utilizes dynamic digital out-of-home* (OOH), and the combination of digital signage in train cars and railway stations, continued to evolve, following the trend set in the previous year.
- Taxis: The revitalized taxi screen displays market saw further new market entries in 2019, and substantial growth in expenditures. In terms of geographic penetration, uptake was notable not only in Tokyo's 23 central wards, but also in other major urban areas, and began to be seen in some regional cities. Although many of the clients making placements are in the B2B sphere, the number of placements by B2C clients began to increase. This category shows ample potential.

* 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 9.0%, to ¥355.9 billion.

- The number of flyers delivered nationwide declined, owing to such factors as a fall in the ratio of households that have print newspaper subscriptions, decreased newspaper print-run circulation (according to information published by the Japan Newspaper Publishers & Editors Association, in calendar 2019 print-run circulation decreased 5.2% compared with the previous year), the overhaul of sales promotion methods, the trend toward digital advertising, and the impact of the change in the consumption tax rate. According to nationwide flyer advertising placement data, in 2019 the average number of flyers delivered per household decreased 3.4% compared with the previous year. Although the rate of decline in the volume of ads placed seems to have leveled off compared with 2018 (down 4.1%), owing to such factors as an increase in the price of printing paper, the use of smaller flyers, lower frequency of placements, and the impact of a shift toward digital media, flyer advertising expenditures in 2019 fell 9.0% compared with the previous year.
- Only August saw a year-on-year increase in placements, all other months recording declines. October in particular recorded a sharp drop of 10.1%, reflecting the impact of natural disasters, including Typhoon Hagibis, and the change in the consumption tax rate implemented on October 1.
- By region, Chubu recorded the largest number of placements, followed by Hokkaido and Tokai/Koshin'etsu. This trend was similar to that of the previous year.
- By industry, the top five client categories for flyer advertising were: (1) small supermarkets; (2) large electrical appliance retailers; (3) preparatory and tutoring schools; (4) pachinko halls; and (5) large supermarkets. Large electrical appliance retailers advanced to second from fourth place, recorded in the previous year. Last year's fifth-placed category, drug stores, dropped out of the top five, and was replaced by large supermarkets, which re-entered the top five for the first time in three years. Second-placed large electrical appliance retailers, in addition to placements for their core product category of electrical appliances, saw steep increases in placements for such categories as home renovation services and daily household necessities. Similar to the previous year, such client categories as department stores, men's

specialist clothing stores, automobile dealerships and real estate-related businesses failed to achieve growth in placements, and these categories remained on a declining trend.

- Digital advertising platform operators also began full-scale market entry into business areas related to flyer advertising. For example, fall 2019 saw the launch of digital flyers. Online/offline integration advanced further through such location-based services as geofencing advertising* (location data-linked advertising). In addition, delivery methods are becoming more diversified and sophisticated. (This report does not include estimates for digital flyer advertising. It is likely that a portion of such advertising is included within Internet advertising expenditures.)

* 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 1.0%, to ¥364.2 billion.

- If the direct mail production-related market, which is not included within the figures published in this report (for reference, estimated market value: ¥120.2 billion, down 1.0 % compared with the previous year), were added to Direct Mail advertising expenditures, it is estimated that the combined total would be approximately ¥484.4 billion. Direct mail, which sends timely marketing messages to customers targeted with pinpoint precision, continues to evolve.
- Continuing on from the previous year, there was growth in methods—such as printed direct mail—used to reach target customers that cannot be reached using Internet advertising. Integrated online/offline campaigns achieved a remarkable level of growth. Thus, in addition to the expansion of e-commerce (EC) sites, such campaigns were able to drive customer conversions, such as purchasing actions, by sending well-timed, printed direct mail to appropriate customers.
- Methods for distributing product samples that utilize direct mail have seen an increase in activity. These product-sample distribution techniques apply highly advanced, safe data to the targeting of customers that already exhibit reasonably strong potential, and users of other brands. Since, in some cases, the inclusion of a free promotional sample makes the direct mail a different size and weight to a standard printed mailing, demand for delivery of direct mail of this type also increased.
- Following on from the previous year, there was growth in the market for unaddressed mail deliveries. In particular, this was a method used by the retail sector when opening a new store. In the direct marketing industry, unaddressed mail deliveries were often used on a trial basis as an alternative to Internet advertising. Cases were starting to be seen in which one of the client objectives was to measure ROI by using different media depending on the local area's particular attributes. This market is seeing an advance in online/offline integration in response to client needs. For this reason, it is attracting attention for cross-industry collaboration, open innovation, and as a medium that is able to fulfill the twin objectives of gaining potential customers and raising brand awareness.

Free Newspapers/Telephone Directories advertising expenditures fell 7.7%, to ¥211.0 billion.

- The name of the Free Newspapers/Free Magazines category was changed in 2019. Accompanying the change in publication frequency of telephone directories, it became difficult to carry out advertising expenditure estimates using the previous method. For this reason, estimates for telephone directory advertising expenditures have been combined with

free newspapers and free magazines beginning in 2019.

- Driven by the shift toward digital media, the declining trend for placements continued. Meanwhile, free newspaper publishers aggressively moved to develop digital media businesses. Based on this trend, campaigns are beginning to be executed that leverage the respective characteristics of printed and digital media, and utilize methods to verify the effectiveness of each medium. Furthermore, free newspaper advertising is being utilized in combination with sales promotion events, and there was a continuation of efforts to leverage printed media's strength of being shared widely, and firmly establish the brand value held by free newspapers in their distribution areas.
- The rate of decline is starting to slow. This reflected the reinforcement of content, such as locally based media, and both national and local sponsors are starting to return to free newspaper advertising.
- There was an advance in strategies to move beyond the conventional boundaries of the medium. This was seen through such initiatives as provision of content to digital platforms, and digital partnerships with official channels. In addition, there was an increase in collaboration with other media, such as newspapers and magazines (particularly in the area of video-related content).
- It is anticipated that there will be a continuation of linkage with promotions (product sample distribution, events, tie-ups with retailers, etc.).

POP advertising expenditures fell 1.5%, to ¥197.0 billion.

- There was an increase in new types of stores that emphasize retail technology. A trend to seek new value from stores was seen in which there is a focus on customer experience as well as labor-saving and energy-saving initiatives. Many of the latest digital tools made appearances as part of in-store merchandising.
- Companies deployed ambitious experimental stores centering on pop-up lots within the online/offline integrated environment. This included stores specializing in showrooming (the practice of examining merchandise in a traditional brick-and-mortar retail store, and then buying it online at a lower price). Since production centering on customer experience in these kinds of stores is being carried out by retailers focused on the space they are providing, the role of POP advertising produced by manufacturers is beginning to change.
- POP advertising production companies demonstrated AI-based robots and next-generation signage as examples of the latest solutions. It may be observed that the industry as a whole is moving to embrace retail technology.
- The year saw an increase in "experiential POP advertising," which enables customers to get a feel for a product's characteristics and functions and test the product themselves.
- It appears that there was an acceleration in the reduction of budgets and lot downsizing. Many large-scale stores moved away from an approach involving the installation of a large volume of POP advertising. Instead, they focused on ROI by deploying much of their POP advertising budgets at flagship stores, while only deploying a minimal level of POP advertising at other stores.

Events/Exhibitions/Screen Displays advertising expenditures amounted to ¥567.7 billion.

- In 2019, newly added estimates for Events within Advertising Expenditures in Japan amounted to ¥180.3 billion. Excluding estimates for Events within Advertising Expenditures in Japan, based on the same estimation method used in the previous year, Exhibitions/Screen Displays amounted to ¥387.4 billion (up 8.1%).

- Nationwide, events were held and displays were updated to celebrate the start of the new Reiwa era, which coincides with the new emperor's reign. At the G20 Summit held in Osaka, presentations focusing on Japan were made to the gathered world leaders. The Pope visited Japan, and many large-scale events were held in areas he visited. Reflecting the large number of state events, the market expanded.
- Sports events also saw a brisk level of activity. Japan's hosting of the 2019 Rugby World Cup stimulated an increase in the number of rugby fans, and this led to an increase in related events, even after the conclusion of the tournament. Hence, in 2019 Japan kicked off what is being billed as the country's "golden sports years" as various events were held to foster a celebratory atmosphere. The series of major sports events is going to be capped off by the hosting of the 2021 World Masters Games.
- The Tokyo Motor Show 2019 was held from October 24 to November 4. Accompanying an expansion and remodeling project for the venue, Tokyo Big Sight, this was the first occasion on which the show was held across an expanded area at multiple venues. A range of mobility options were available to traverse the exhibition area. It was an event that symbolized the ongoing transformation of the automotive industry, particularly through the attention being focused on CASE (Connected, Autonomous, Shared, Electric) intuitive mobility. There were also various side events (including eMotorsports, drone races) and collaborations (KidZania).
- Redevelopment projects are being advanced in many areas in the run-up to the 2020 Tokyo Olympic and Paralympic Games. They include what is being called a once-in-a-century redevelopment of the Shibuya district in Tokyo. In the Tokyo region and other major urban areas, a number of new commercial complexes opened as part of urban development projects and railway station building renewals. Furthermore, there was a brisk level of activity in service-related facilities. These included corporate showrooms, museums, art galleries and other cultural facilities, the production of theme park environments, and hotel refurbishments. Increases in expenditures were centered on such markets as commercial complexes, cultural facilities, and service-related facilities.
- In the area of video, the diversification of entertainment advanced, driven by IT innovation, and there was an increase in the number of experiential attractions that utilize virtual reality (VR) technology. Driven by the widespread adoption of smartphones, there was an increase in promotions that leverage video content. In contrast, there was a declining trend for promotional video production used in stand-alone displays.
- The event market not included within advertising expenditures, including music, theater, musicals and *kabuki*, continued to expand following on from the previous year.
- At cinemas, box office sales for 2019 were the highest ever recorded for Japan's movie industry. The number of cinema visitors was also the highest for any year since the current method of collecting data was adopted in 2000. In cinema advertising, centering on popular movies from overseas, there was an increase in advertising revenues from clients in the video content distribution industry, which had a strong fit with the movie titles being shown, as well as from entertainment- and game-related clients.

Additional Information

Other notable advertising-related markets

Commercial printing market: ¥1,990 billion (down 0.5% year on year)

Within this market, posters, flyers, and pamphlets continued to decline, generating revenues totaling ¥1,230.0 billion (down 0.6%)

Posting market: ¥120.7 billion (up 6.9% year on year)

Continuing on from the previous year, there was an increase in demand for all-household pamphlet deliveries. Awareness of the importance of this market rose, and expectations for the market also increased. With regard to a range of issues that the industry must address, including the recruitment of delivery staff and measures to deal with weather conditions, the industry is working to find solutions through intra-industry cooperation and collaboration with other media.

III. 2019 Advertising Expenditures Classified by Industry (Traditional Media Only, Excluding Satellite Media-Related Spending)

Spending increased in three industry categories—Government/Organizations, Energy/ Materials/Machinery, and Foodstuffs

Advertising expenditures increased in 3 of the 21 industry categories surveyed during 2019, and declined in 18 categories. (The 2018 survey shows that expenditures were higher in 5 of the 21 industry categories, but lower in 16 categories.)

Expenditures increased in the following three categories: Government/Organizations (up 29.9%) on a substantial jump in placements by miscellaneous other organizations and government offices, and an increase in advertising by political parties and organizations; Energy/Materials/Machinery (up 8.1%) on increased placements for gasoline and electric power companies; and Foodstuffs (up 0.2%) on increased placements for direct-marketed dietary supplements, corporate branding advertisements, vinegar, and candy/caramels.

Expenditures declined in the following 18 industry categories: Precision Instruments/Office Supplies (down 14.7%) on a large fall in placements for magnifying glass spectacles, and a decrease in advertising for digital cameras and wristwatches; Apparel/Fashion, Accessories/Personal Items (down 9.8%) on a large decline in placements for women's clothing, general fashion and accessories advertisements; Classified Ads/Others (down 9.6%) on a decrease in classified ad placements (newspaper classified ads); Hobbies/Sporting Goods (down 9.1%) on fewer placements for dolls and toys (popular character toys) and audio recordings; Cosmetics/Toiletries (down 8.6%) on a decrease in placements for hair growth agents, laundry detergent, dentifrice, and shampoos and conditioners; Real Estate/Housing Facilities (down 7.0%) on a substantial drop in placements for general housing, and fewer placements for rental housing and condominiums; Information/Communications (down 6.8%) on a substantial decrease in placements for online games, and a decline in placements for mobile communications services, and mobile phones/smartphones; Education/Medical Services/Religion (down 6.2%) on decreased placements for schools, and English conversation and language schools; Home Electric Appliances/AV Equipment (down 5.9%) on decreased placements for corporate branding advertisements, audio equipment, and electric rice cookers; Publications (down 4.1%) on a large fall in placements related to publication releases, and a decrease in placements for general magazines and entertainment magazines, paperbacks, and general newspapers; Beverages/Cigarettes (down 3.9%) on a large decrease in placements for direct-marketed diet and nutritional drinks, and fewer placements for carbonated beverages, corporate branding advertisements, and canned coffee; Household Products (down 3.8%) on a decrease in general household product advertising, and fewer placements for insecticides, and moth-proofing agents; Pharmaceuticals/Medical Supplies (down 2.8%) on a decrease in corporate branding advertisements, and fewer placements for analgesics and antipyretics, eye drops/eyewash, and laxatives; Food Services/Other Services (down 1.5%) on decreased placements for male hair pieces and female wigs; Transportation/Leisure (down 1.3%) on a large fall in placements for movies, and decreased advertising for leisure facilities and theme parks; Distribution/Retailing (down 1.2%) on decreased placements for convenience stores, department stores, department store mail order shopping, and shopping malls; Finance/Insurance (down 0.8%) on a substantial decrease in placements for direct-marketed insurance products (life insurance and medical insurance), and fewer placements for direct-marketed auto insurance; and Automobiles/Related Products (down 0.8%) on a substantial decrease in advertising for station wagons/hatchbacks, and fewer placements for domestic-brand commercial vehicles.

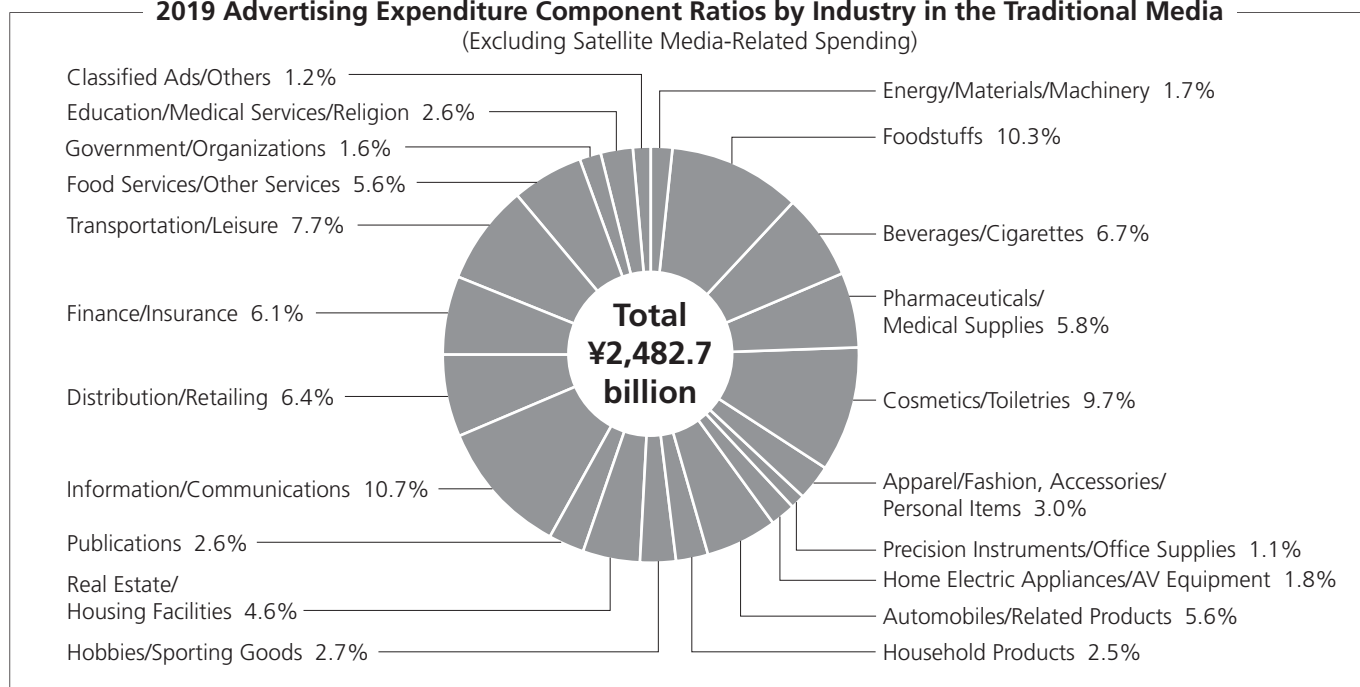
Industry Categories Recording Significant Increase or Decrease in 2019
(Traditional media only, excluding satellite media-related spending)

(%)

Industry Categories That Recorded Increased Spending				Industry Categories That Recorded Decreased Spending			
	YoY Change	Share of Total Spending	Share of Total Increase Amount		YoY Change	Share of Total Spending	Share of Total Decrease Amount
Foodstuffs	100.2	10.3	75.8	Information/Communications	93.2	10.7	12.4
Energy/Materials/Machinery	108.1	1.7	12.6	Cosmetics/Toiletries	91.4	9.7	11.2
Government/Organizations	129.9	1.6	11.6	Transportation/Leisure	98.7	7.7	9.0
				Beverages/Cigarettes	96.1	6.7	7.8
				Distribution/Retailing	98.8	6.4	7.4

Note: Share of total increase (decrease) amount indicates contribution to the total increase (decrease) amount. Although the table usually includes the top five industry categories as ranked by the percentage year-on-year change for both increase and decrease in spending, in 2019 only three industry categories recorded year-on-year increases.

2019 Advertising Expenditure Component Ratios by Industry in the Traditional Media
(Excluding Satellite Media-Related Spending)



Breakdown of Advertising Expenditures by Industry

- 1. Energy/Materials/Machinery:** Up 8.1%, with a 1.7 % component ratio.
 - First increase in two years.
 - Increase in placements for gasoline and electric power companies.
 - Placements for corporate branding advertisements and industrial equipment decreased.
 - By medium, increase in terrestrial television placements.

- 2. Foodstuffs:** Up 0.2%, with a 10.3 % component ratio.
 - First increase in three years.
 - Direct-marketed dietary supplements, which had been in a slump, saw an increase in placements.
 - Increase in placements for corporate branding advertisements, vinegar, and candy/caramels.
 - Decrease in placements for yogurt and chocolate.
 - By medium, increase in terrestrial television placements.

- 3. Beverages/Cigarettes:** Down 3.9%, with a 6.7 % component ratio.
 - Second consecutive year of decrease.
 - Direct-marketed diet and nutritional drinks, which had been robust, recorded a substantial decrease in placements.
 - Decrease in placements for carbonated beverages, corporate branding advertisements, and canned coffee.
 - Fewer placements for *shochu* (a distilled liquor), sake, and domestic beer brands.
 - Similar to the previous year, robust placements for other fermented liquor (beer-like alcoholic beverages).
 - By medium, decrease in terrestrial television and all other traditional media.

- 4. Pharmaceuticals/Medical Supplies:** Down 2.8%, with a 5.8 % component ratio.
 - After recording the first increase in two years in the previous year, the trend reversed.
 - Placements for corporate branding advertisements continued the decline seen in the previous year.
 - Decrease in placements for analgesics and antipyretics, eye drops/eyewash, and laxatives.
 - Decrease in placements for spectacles, reversing the trend seen in the previous year.
 - Continuing the trend from the previous year, increase in placements for supporters and masks.
 - By medium, decrease in terrestrial television placements.

- 5. Cosmetics/Toiletries:** Down 8.6%, with a 9.7 % component ratio.
 - Three consecutive years of decrease.
 - Decrease in placements for hair growth agents and laundry detergents.
 - Fewer placements for dentifrice, body shampoos, and bath additives.
 - Decline in placements for shampoos, conditioners, and moisture creams.
 - Increase in placements for skin toners and direct-marketed cosmetic lines for women.
 - By medium, decrease in newspapers and terrestrial television.

- 6. Apparel/Fashion, Accessories/Personal Items:** Down 9.8%, with a 3.0 % component ratio.
- Sixth consecutive year of decrease.
 - Substantial decrease in placements for women's clothing and general fashion advertisements.
 - Decrease in placements for jewelry, accessories, and men's clothing.
 - Similar to the previous year, robust placements for functional innerwear and kimonos/ kimono accessories.
 - By medium, decrease in newspapers and terrestrial television.
- 7. Precision Instruments/Office Supplies:** Down 14.7%, with a 1.1 % component ratio.
- After the previous year's increase, the trend reversed.
 - Large decrease in placements for magnifying glass spectacles, which had been robust in the previous year.
 - Decrease in placements for digital cameras.
 - Following the trend seen in the previous year, decrease in placements for wristwatches.
 - By medium, large decrease in terrestrial television.
- 8. Home Electric Appliances/AV Equipment:** Down 5.9%, with a 1.8% component ratio.
- Third consecutive year of decrease.
 - Decrease in placements for corporate branding advertisements and audio equipment.
 - Fewer placements for electric rice cookers and vacuum cleaners.
 - Increase in placements for other audio/video equipment, and air conditioners.
 - By medium, decrease in terrestrial television and all other traditional media.
- 9. Automobiles/Related Products:** Down 0.8%, with a 5.6 % component ratio.
- Second consecutive year of decrease.
 - Continuing from the previous year, placements substantially down for wagons/hatchbacks.
 - Decrease in placements for domestic brand commercial vehicles and tires.
 - Increase in placements for corporate branding advertisements.
 - By medium, newspapers, magazines, and radio decreased.
- 10. Household Products:** Down 3.8%, with a 2.5 % component ratio.
- Second consecutive year of decrease.
 - Decrease in placements for general household product advertisements.
 - Following the trend from the previous year, decrease in placements for insecticides and moth-proofing agents.
 - Increase in placements for general household goods, such as pots and pans, kettles, containers, and tableware.
 - By medium, decrease in terrestrial television and all other traditional media.
- 11. Hobbies/Sporting Goods:** Down 9.1%, with a 2.7 % component ratio.
- Third consecutive year of decrease.
 - Decrease in placements for dolls and toys (popular character toys).
 - Fewer placements for audio recordings and cat food.
 - Increase in placements for fitness goods and game software.
 - By medium, decrease in terrestrial television.

12. Real Estate/Housing Facilities: Down 7.0%, with a 4.6% component ratio.

- Second consecutive year of decrease.
- Substantial decrease in placements for general housing.
- Decrease in placements for rental housing and condominiums.
- Within housing equipment-related advertising, decrease in placements for kitchen units and lavatory equipment.
- Increase in placements for corporate branding advertisements and for condominiums that provide care services for seniors.
- By medium, decrease in terrestrial television and all other traditional media.

13. Publications: Down 4.1%, with a 2.6% component ratio.

- Seventh consecutive year of decrease.
- Continuing on from the previous year, large decrease in placements for publication releases.
- Decrease in placements for general magazines and entertainment magazines, paperbacks, and general newspapers.
- Increase in placements for specialist hobby magazines, which had been in a slump.
- By medium, decrease in terrestrial television and all other traditional media.

14. Information/Communications: Down 6.8%, with a 10.7% component ratio.

- Second consecutive year of decline.
- Substantial decrease in placements for online games.
- Fall in placements for mobile communications services and mobile phones/smartphones.
- Continuing the trend seen in the previous year, robust placements for web content and online stores.
- By medium, decrease in newspapers and terrestrial television.

15. Distribution/Retailing: Down 1.2%, with a 6.4% component ratio.

- Fifth consecutive year of decrease.
- Decrease in placements for convenience stores.
- Fewer placements for department stores, department store mail order shopping, shopping streets, and shopping malls.
- Continued robust placements for trading company corporate branding advertisements, and mail-order services.
- By medium, newspapers, magazines, and radio decreased.

16. Finance/Insurance: Down 0.8%, with a 6.1% component ratio.

- After recording the first increase in five years in the previous year, the trend reversed.
- Substantial decrease in placements for direct-marketed insurance products (life insurance and medical insurance).
- Decrease in placements for securities company corporate branding advertisements and direct-marketed auto insurance.
- Large increase in placements for e-money services and credit cards.
- By medium, decrease in newspapers, magazines, and radio.

17. Transportation/Leisure: Down 1.3%, with a 7.7% component ratio.

- Fourth consecutive year of decrease.
- Substantial decrease in placements for movies.
- Similar to the trend seen in the previous year, decrease in placements for leisure facilities and theme parks.
- Fewer placements for travel services (Japanese and foreign airlines).
- Continuing robust placements for publicly managed racing facilities.
- By medium, decrease in newspapers and terrestrial television.

18. Food Services/Other Services: Down 1.5%, with a 5.6% component ratio.

- After recording the first increase in three years in the previous year, the trend reversed.
- Following the trend seen in the previous year, decrease in placements for male hair pieces and female wigs.
- Decrease in placements for restaurants, reversing the trend seen in the previous year.
- Increase in placements for other services, door-to-door delivery services, moving services, and law firms.
- By medium, decrease in newspapers and terrestrial television.

19. Government/Organizations: Up 29.9%, with a 1.6% component ratio.

- The first increase in three years.
- Substantial increase in placements for various organizations and government offices.
- Increase in placements for political parties and political organizations, and advertising industry organizations.
- By medium, increase in terrestrial television and all other traditional media.

20. Education/Medical Services/Religion: Down 6.2%, with a 2.6% component ratio.

- After recording the first increase in five years in the previous year, the trend reversed.
- Decrease in placements for schools, and English conversation and language schools.
- Decrease in placements for preparatory and tutoring schools, vocational schools, and various other types of schools.
- Increase in placements for religious organizations and correspondence education programs.
- By medium, decrease in terrestrial television and all other traditional media.

21. Classified Ads/Others: Down 9.6%, with a 1.2% component ratio.

- Twelfth consecutive year of decrease.
- Weakness in the category overall.
- Large decrease in placements for classified ads (help-wanted ads and other classified ads).
- By medium, decrease in newspapers.

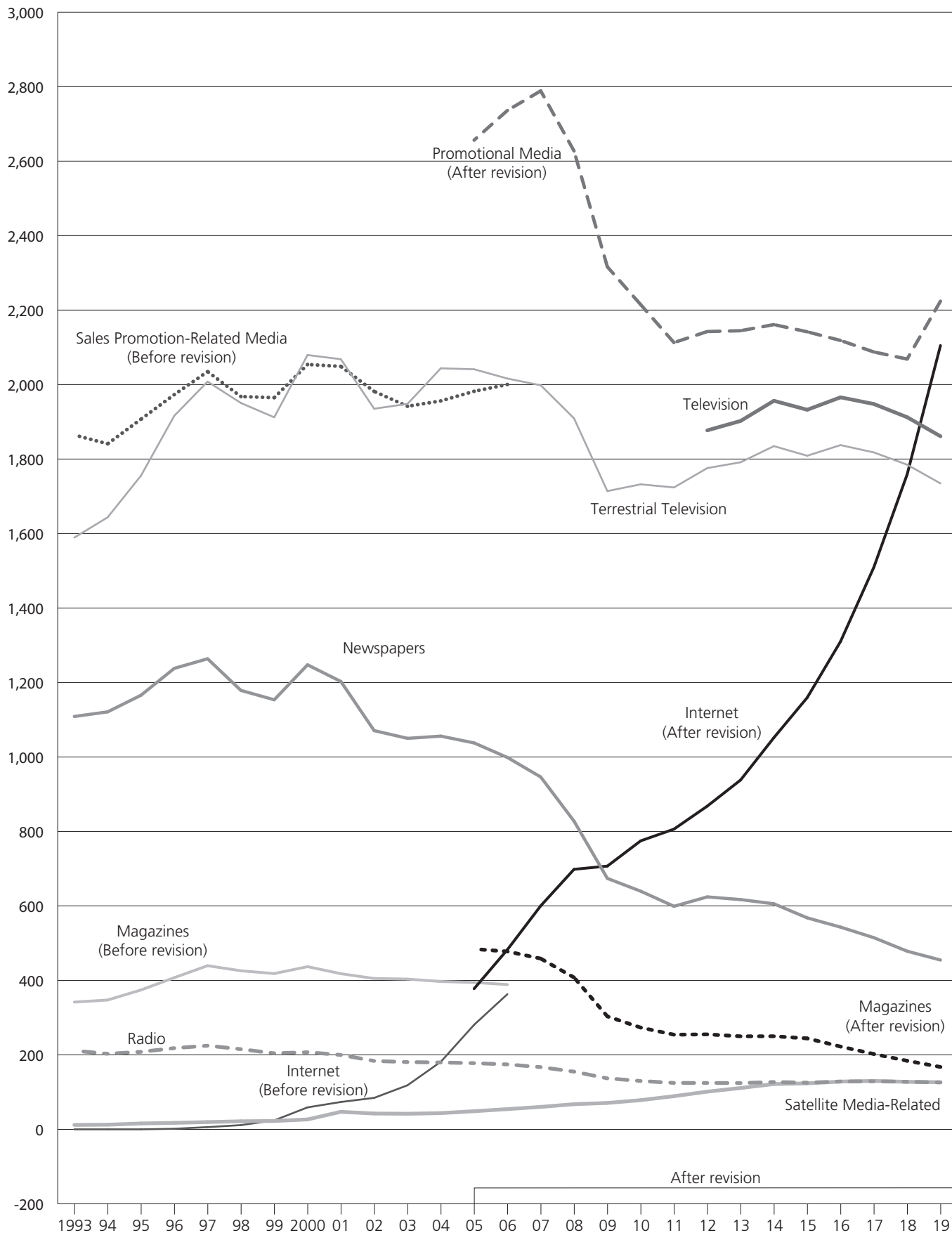
Advertising Expenditures and Japan's GDP (1993–2019)

Year		Advertising Expenditures (A)		Gross Domestic Product (B)		A / B (%)
		Advertising Expenditures (¥ billion)	Compared to Previous Year (%)	GDP (¥ billion)	Compared to Previous Year (%)	
1993		5,127.3	93.9	483,711.8	100.6	1.06
1994		5,168.2	100.8	495,743.4	102.5	1.04
1995		5,426.3	105.0	512,541.7	103.4	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	Before revision	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	After revision	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	535,537.2	100.8	1.17
2017		6,390.7	101.6	545,897.4	101.9	1.17
2018		6,530.0	102.2	547,125.5	100.2	1.19
2019		6,938.1	106.2	554,462.9	101.3	1.25

- 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 (1993–2019)

(¥ billion)

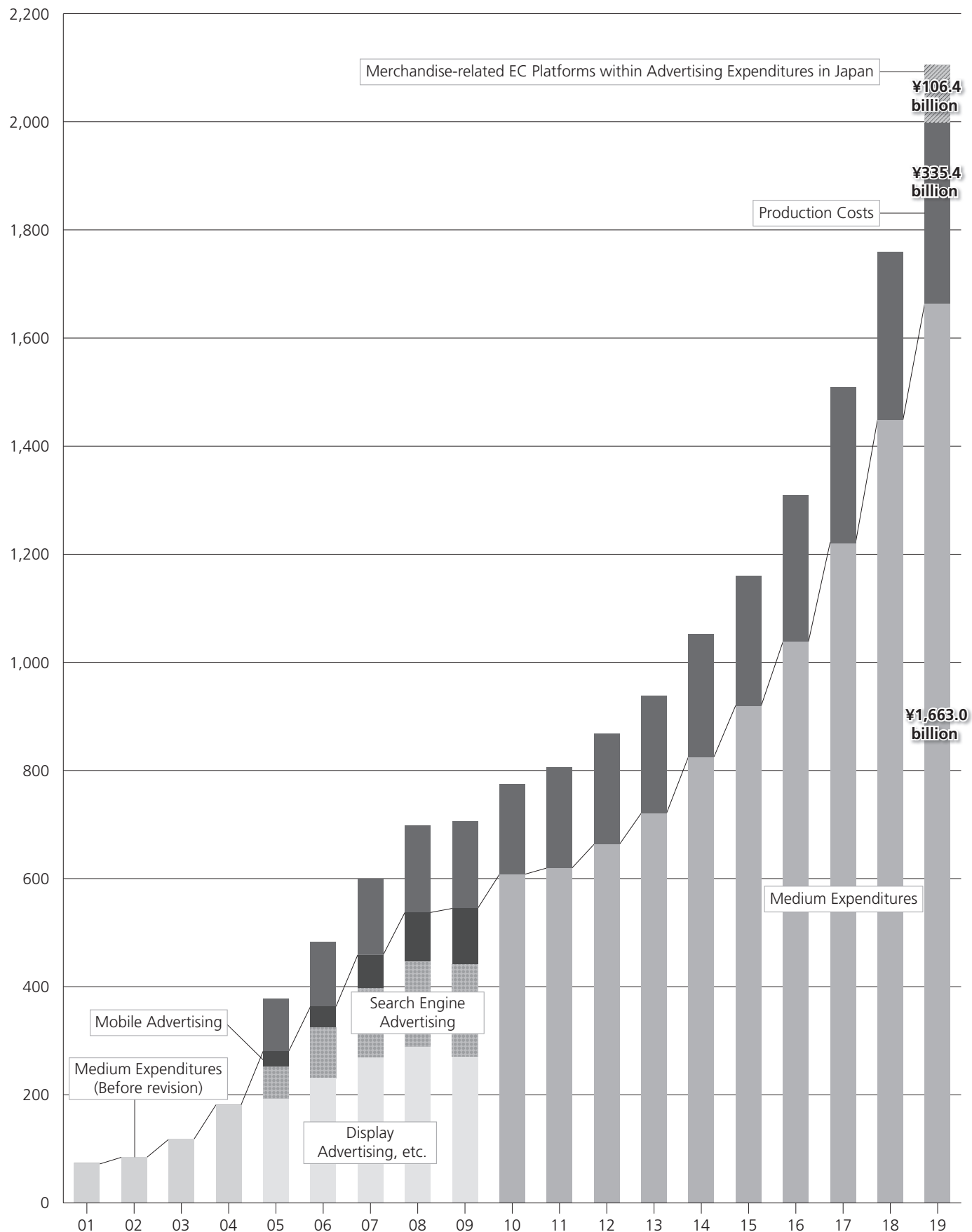


Media	Newspapers		Magazines		Radio		Television						Internet		Sales Promotion-Related Media /Promotional Media		
	Year	¥ billion	Comparison Ratio (%)	¥ billion	Comparison Ratio (%)	¥ billion	Comparison Ratio (%)	¥ billion	Comparison Ratio (%)	¥ billion	Comparison Ratio (%)	¥ billion	Comparison Ratio (%)	¥ billion	Comparison Ratio (%)	¥ billion	Comparison Ratio (%)
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	1,784.8	98.2	127.5	98.1	1,758.9	116.5	2,068.5	99.1
2019		454.7	95.0	167.5	91.0	126.0	98.6	1,861.2	97.3	1,734.5	97.2	126.7	99.4	2,104.8	119.7	2,223.9	107.5

- 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.
3. From 2018, digital advertising carried by traditional media companies has been added to estimates for Internet Advertising Expenditures. From 2019, advertising expenditures for Merchandise-related EC Platforms within Advertising Expenditures in Japan have been added to estimates for Internet Advertising Expenditures.
4. From 2019, Events advertising expenditures have been added to estimates for Promotional Media advertising expenditures.

Breakdown of Advertising Expenditures for Internet-Related Spending (2001–2019)

(¥ billion)



Year	Internet Advertising Expenditures		Internet Advertising Medium Expenditures										Internet Advertising Production Costs		New Category from 2019			
			Categories used from 2005 to 2011								New Category from 2012				Merchandise-related EC Platforms within Advertising Expenditures in Japan			
			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	Comparison Ratio (%)	¥ billion	Comparison Ratio (%)
2001			73.5	124.6														
2002			84.5	115.0														
2003	Before revision		118.3	140.0														
2004			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	-	-	
2019		2,104.8	119.7	1,663.0	114.8	-	-	-	-	-	-	1,326.7	115.2	335.4	107.9	106.4	-	-

Notes: 1. The method for estimating "Advertising Expenditures in Japan" was modified in 2007 to include production costs, and the data through 2005 has been retroactively revised.

2. The method of breaking down Internet advertising medium expenditures was modified in 2012, and data through 2010 has been estimated retroactively.

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

1. Data through 2011 for search engine advertising includes some performance-based advertising that, strictly speaking, does not fall within the scope of search engine advertising.
 2. Online ad networks refer to arrangements under which multiple web sites that want to host advertisements are aggregated together to create a network for ad distribution.
 3. Demand Side Platforms (DSPs) are systems that help advertisers optimize the effectiveness of their online advertising.
 4. Ad exchanges are services that facilitate the sale of online media advertising inventory with prices set through bidding from multiple ad networks.
 5. Supply Side Platforms (SSPs) are systems that help media companies to optimize the effectiveness of their online advertising.
3. From 2018, digital advertising carried by traditional media companies has been added to estimates for Internet Advertising Expenditures.
 4. From 2019, advertising expenditures for Merchandise-related EC Platforms within Advertising Expenditures in Japan have been added to estimates for Internet Advertising Expenditures.

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

Advertising Expenditures by Industry (2017–2019)

Industry	Advertising Expenditures (¥10 million)			Comparison Ratio (%)		Component Ratio (%)		
	2017	2018	2019	2018	2019	2017	2018	2019
Energy / Materials / Machinery	4,054	3,911	4,228	96.5	108.1	1.5	1.5	1.7
Foodstuffs	27,744	25,449	25,505	91.7	100.2	10.4	9.9	10.3
Beverages / Cigarettes	18,497	17,453	16,771	94.4	96.1	6.9	6.8	6.7
Pharmaceuticals / Medical Supplies	14,738	14,832	14,411	100.6	97.2	5.5	5.8	5.8
Cosmetics / Toiletries	27,291	26,279	24,029	96.3	91.4	10.2	10.2	9.7
Apparel / Fashion, Accessories / Personal Items	9,163	8,354	7,536	91.2	90.2	3.4	3.2	3.0
Precision Instruments / Office Supplies	2,561	3,154	2,691	123.2	85.3	1.0	1.2	1.1
Home Electric Appliances / AV Equipment	5,288	4,782	4,500	90.4	94.1	2.0	1.9	1.8
Automobiles / Related Products	14,683	14,025	13,918	95.5	99.2	5.5	5.4	5.6
Household Products	6,560	6,399	6,158	97.5	96.2	2.5	2.5	2.5
Hobbies / Sporting Goods	7,875	7,352	6,680	93.4	90.9	3.0	2.8	2.7
Real Estate / Housing Facilities	13,032	12,171	11,316	93.4	93.0	4.9	4.7	4.6
Publications	7,798	6,803	6,526	87.2	95.9	2.9	2.6	2.6
Information / Communications	28,891	28,491	26,563	98.6	93.2	10.9	11.1	10.7
Distribution / Retailing	16,361	16,157	15,969	98.8	98.8	6.1	6.3	6.4
Finance / Insurance	15,050	15,207	15,083	101.0	99.2	5.6	5.9	6.1
Transportation / Leisure	20,116	19,469	19,214	96.8	98.7	7.6	7.6	7.7
Food Services / Other Services	13,482	14,023	13,816	104.0	98.5	5.1	5.4	5.6
Government / Organizations	3,057	3,006	3,905	98.3	129.9	1.2	1.2	1.6
Education / Medical Services / Religion	6,822	6,928	6,501	101.6	93.8	2.6	2.7	2.6
Classified Ads / Others	3,317	3,265	2,950	98.4	90.4	1.2	1.3	1.2
Total	266,380	257,510	248,270	96.7	96.4	100.0	100.0	100.0

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

Advertising Expenditures by Industry in the Traditional Media (2018–2019)

(Unit: ¥10 million)

Media Industry	Newspapers			Magazines			Radio			Terrestrial Television			Total		
	2018	2019	Comparison Ratio (%)	2018	2019	Comparison Ratio (%)	2018	2019	Comparison Ratio (%)	2018	2019	Comparison Ratio (%)	2018	2019	Comparison Ratio (%)
Energy / Materials / Machinery	514	481	93.6	120	117	97.5	284	261	91.9	2,993	3,369	112.6	3,911	4,228	108.1
Foodstuffs	5,313	5,312	100.0	1,037	970	93.5	1,200	1,220	101.7	17,899	18,003	100.6	25,449	25,505	100.2
Beverages / Cigarettes	1,788	1,385	77.5	641	617	96.3	651	447	68.7	14,373	14,322	99.6	17,453	16,771	96.1
Pharmaceuticals / Medical Supplies	1,729	1,787	103.4	435	363	83.4	997	992	99.5	11,671	11,269	96.6	14,832	14,411	97.2
Cosmetics / Toiletries	2,653	2,235	84.2	2,507	2,238	89.3	323	338	104.6	20,796	19,218	92.4	26,279	24,029	91.4
Apparel / Fashion, Accessories / Personal Items	1,030	724	70.3	4,542	4,063	89.5	55	57	103.6	2,727	2,692	98.7	8,354	7,536	90.2
Precision Instruments / Office Supplies	383	348	90.9	845	811	96.0	89	69	77.5	1,837	1,463	79.6	3,154	2,691	85.3
Home Electric Appliances / AV Equipment	229	192	83.8	461	391	84.8	112	79	70.5	3,980	3,838	96.4	4,782	4,500	94.1
Automobiles / Related Products	792	753	95.1	579	518	89.5	1,182	1,100	93.1	11,472	11,547	100.7	14,025	13,918	99.2
Household Products	851	816	95.9	487	465	95.5	213	201	94.4	4,848	4,676	96.5	6,399	6,158	96.2
Hobbies / Sporting Goods	829	856	103.3	1,049	956	91.1	273	252	92.3	5,201	4,616	88.8	7,352	6,680	90.9
Real Estate / Housing Facilities	2,155	2,006	93.1	648	604	93.2	692	638	92.2	8,676	8,068	93.0	12,171	11,316	93.0
Publications	4,348	4,154	95.5	160	139	86.9	556	540	97.1	1,739	1,693	97.4	6,803	6,526	95.9
Information / Communications	2,613	2,509	96.0	703	655	93.2	921	1,020	110.7	24,254	22,379	92.3	28,491	26,563	93.2
Distribution / Retailing	6,557	6,297	96.0	823	740	89.9	849	721	84.9	7,928	8,211	103.6	16,157	15,969	98.8
Finance / Insurance	1,632	1,413	86.6	385	371	96.4	659	639	97.0	12,531	12,660	101.0	15,207	15,083	99.2
Transportation / Leisure	7,634	7,588	99.4	1,610	1,402	87.1	957	1,106	115.6	9,268	9,118	98.4	19,469	19,214	98.7
Food Services / Other Services	1,516	1,463	96.5	419	392	93.6	1,654	1,699	102.7	10,434	10,262	98.4	14,023	13,816	98.5
Government / Organizations	1,101	1,310	119.0	272	280	102.9	658	740	112.5	975	1,575	161.5	3,006	3,905	129.9
Education / Medical Services / Religion	1,908	1,734	90.9	618	601	97.2	412	406	98.5	3,990	3,760	94.2	6,928	6,501	93.8
Classified Ads / Others	2,265	2,107	93.0	69	57	82.6	43	75	174.4	888	711	80.1	3,265	2,950	90.4
Total	47,840	45,470	95.0	18,410	16,750	91.0	12,780	12,600	98.6	178,480	173,450	97.2	257,510	248,270	96.4

Component Ratio of Media Expenditures by Industry and Industry Expenditures by Medium for 2019

(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	0.7	2.1	1.9	1.7	11.4	2.7	6.2	79.7	100.0
Foodstuffs	11.7	5.8	9.7	10.4	10.3	20.8	3.8	4.8	70.6	100.0
Beverages / Cigarettes	3.0	3.7	3.5	8.3	6.7	8.2	3.7	2.7	85.4	100.0
Pharmaceuticals / Medical Supplies	3.9	2.2	7.9	6.5	5.8	12.4	2.5	6.9	78.2	100.0
Cosmetics / Toiletries	4.9	13.4	2.7	11.1	9.7	9.3	9.3	1.4	80.0	100.0
Apparel / Fashion, Accessories / Personal Items	1.6	24.3	0.4	1.5	3.0	9.6	53.9	0.8	35.7	100.0
Precision Instruments / Office Supplies	0.8	4.8	0.5	0.8	1.1	12.9	30.1	2.6	54.4	100.0
Home Electric Appliances / AV Equipment	0.4	2.3	0.6	2.2	1.8	4.3	8.7	1.7	85.3	100.0
Automobiles / Related Products	1.7	3.1	8.7	6.7	5.6	5.4	3.7	7.9	83.0	100.0
Household Products	1.8	2.8	1.6	2.7	2.5	13.2	7.6	3.3	75.9	100.0
Hobbies / Sporting Goods	1.9	5.7	2.0	2.7	2.7	12.8	14.3	3.8	69.1	100.0
Real Estate / Housing Facilities	4.4	3.6	5.1	4.6	4.6	17.7	5.3	5.7	71.3	100.0
Publications	9.1	0.8	4.3	1.0	2.6	63.7	2.1	8.3	25.9	100.0
Information / Communications	5.5	3.9	8.1	12.9	10.7	9.4	2.5	3.8	84.3	100.0
Distribution / Retailing	13.9	4.4	5.7	4.7	6.4	39.4	4.7	4.5	51.4	100.0
Finance / Insurance	3.1	2.2	5.1	7.3	6.1	9.4	2.5	4.2	83.9	100.0
Transportation / Leisure	16.7	8.4	8.8	5.3	7.7	39.5	7.3	5.8	47.4	100.0
Food Services / Other Services	3.2	2.3	13.5	5.9	5.6	10.6	2.8	12.3	74.3	100.0
Government / Organizations	2.9	1.7	5.9	0.9	1.6	33.5	7.2	19.0	40.3	100.0
Education / Medical Services / Religion	3.8	3.6	3.2	2.2	2.6	26.7	9.2	6.3	57.8	100.0
Classified Ads / Others	4.6	0.3	0.6	0.4	1.2	71.4	1.9	2.6	24.1	100.0
Total	100.0	100.0	100.0	100.0	100.0	18.3	6.7	5.1	69.9	100.0

Eleven-Year Trends in Advertising Expenditures by Industry (2009–2019)

(Unit: ¥10 million)

Industry	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Energy / Materials / Machinery	3,272	3,429	2,724	2,624	2,490	2,560	2,664	3,755	4,054	3,911	4,228
Foodstuffs	28,850	28,804	26,619	28,329	27,209	26,350	27,069	28,012	27,744	25,449	25,505
Beverages / Cigarettes	22,701	21,786	19,621	20,987	20,688	21,096	19,373	18,354	18,497	17,453	16,771
Pharmaceuticals / Medical Supplies	16,333	14,597	14,354	14,847	14,745	14,992	14,647	15,265	14,738	14,832	14,411
Cosmetics / Toiletries	27,591	28,792	27,687	28,783	27,985	29,551	28,426	28,845	27,291	26,279	24,029
Apparel / Fashion, Accessories / Personal Items	9,312	10,129	10,818	11,645	11,732	11,382	11,067	9,961	9,163	8,354	7,536
Precision Instruments / Office Supplies	3,073	2,942	2,630	2,886	2,834	3,050	3,347	2,884	2,561	3,154	2,691
Home Electric Appliances / AV Equipment	7,056	7,337	5,449	5,412	5,533	5,926	5,444	5,970	5,288	4,782	4,500
Automobiles / Related Products	13,456	13,163	12,981	16,473	16,710	17,277	15,380	14,459	14,683	14,025	13,918
Household Products	5,899	6,506	6,421	6,496	6,856	7,242	6,714	6,456	6,560	6,399	6,158
Hobbies / Sporting Goods	14,200	12,314	11,061	10,853	10,227	9,414	7,951	7,966	7,875	7,352	6,680
Real Estate / Housing Facilities	11,268	10,294	10,445	10,869	11,503	11,804	11,209	11,964	13,032	12,171	11,316
Publications	9,451	9,267	8,949	9,216	8,988	8,769	8,486	8,080	7,798	6,803	6,526
Information / Communications	20,338	22,091	22,200	24,525	24,332	26,091	27,433	28,401	28,891	28,491	26,563
Distribution / Retailing	19,139	18,226	18,694	20,297	19,273	19,374	18,984	18,121	16,361	16,157	15,969
Finance / Insurance	15,144	15,383	14,121	14,499	16,762	16,437	15,973	15,759	15,050	15,207	15,083
Transportation / Leisure	23,352	21,118	19,527	21,123	20,976	21,172	21,635	20,784	20,116	19,469	19,214
Food Services / Other Services	13,487	13,867	12,356	12,896	14,229	14,504	14,638	14,395	13,482	14,023	13,816
Government / Organizations	4,766	4,082	10,873	3,327	3,149	3,380	3,296	3,326	3,057	3,006	3,905
Education / Medical Services / Religion	8,546	8,177	7,579	7,823	8,069	7,717	7,342	6,941	6,822	6,928	6,501
Classified Ads / Others	5,586	5,186	5,051	4,050	3,960	3,672	3,562	3,432	3,317	3,265	2,950
Total	282,820	277,490	270,160	277,960	278,250	281,760	274,640	273,130	266,380	257,510	248,270

Sources of Media Expenditures

Traditional Media	Advertising spending 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	Ad placement costs (media costs) on Internet sites and apps (including Merchandise-related EC Platforms) and related production costs (banner ads, video ads, advertorial on social media platforms, etc., as well as production costs for owned media related to promotion, such as that relating to products, services, and campaigns).
Digital advertising carried by traditional media companies	Total of newspapers digital, magazine digital, radio digital, and television digital ads.
Newspaper 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 and simulcast services.
Merchandise-related EC Platforms within Advertising Expenditures in Japan	Internet advertising expenditures for advertisers with stores and advertising transactions carried out by those advertisers for products on merchandise-related EC platforms. These expenditures do not comprise the overall Internet advertising expenditures in the EC platforms category.
Promotional Media	Advertising expenditures for sales promotion-related media.
Outdoor	Production and placement costs for short- and long-term billboards, neon signs, LED signs, outdoor video screens, etc.
Transit	Placement costs for transit advertisements in trains, buses, taxis, airports, and other public transportation.
Flyers	Insertion costs for flyers in newspapers nationwide.
Direct Mail	Postage and private delivery costs for direct mail.
Free Newspapers / Telephone Directories	Advertising costs in free newspapers, magazines, and telephone directories.
POP	Production costs for point-of-purchase (POP) displays.
Events / Exhibitions / Screen Displays	Production costs for sales promotion, pop-up stores, sports events, PR events, exhibitions, expositions, and PR venues; production and screening costs for cinema advertising and promotional videos, etc.

Notes: 1. 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.
2. From 2018, digital advertising carried by traditional media companies has been added to estimates for Internet Advertising Expenditures.
 3. From 2019, advertising expenditures for Merchandise-related EC Platforms within Advertising Expenditures in Japan have been added to estimates for Internet Advertising Expenditures, and Events advertising expenditures have been added to estimates for Exhibitions/Screen Displays. From 2019, the "Free Newspapers/Free Magazines" category has been merged with the "Telephone Directories" category, with the combined category now called "Free Newspapers/Telephone Directories."

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

<https://www.dentsu.com>

©2020 Dentsu Inc. All rights reserved.

dentsu