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**Advertising Expenditures in Japan  
Totalled 5,709.6 Billion Yen in 2011,  
Down 2.3% from 2010**

*—Television Down Slightly; Internet Up; Satellite Media-Related Advertising Grew Sharply—*

Dentsu Inc. (Tokyo: 4324; ISIN: JP3551520004; President & CEO: Tadashi Ishii; Head Office: Tokyo; Capital: 58,967.1 million yen) released today its annual report of advertising expenditures in Japan for the 2011 calendar year, including an estimated breakdown by medium and industry.

According to this report, the nation's advertising expenditures in 2011 totaled 5,709.6 billion yen, a decrease of 2.3% compared with the previous year. Japanese advertising expenditures rebounded in 2004 after a three-year decline, due to a recovery in the Japanese economy and the rapid proliferation of digital home electric appliances. Spending continued to grow in 2005 (up 2.9%), 2006 (up 1.7%) and 2007 (up 1.1%), but fell by 4.7% in 2008 as a result of the financial crisis in the United States and ensuing simultaneous global recession. Annual spending shrank further in 2009 (down 11.5%) and 2010 (down 1.3%), and dropped slightly again in 2011, largely due to the impact of the Great East Japan Earthquake and Tsunami.

**Overview of Advertising Expenditures during 2011**

1. In 2011 the Japanese economy was battered by a number of factors that adversely affected advertising spending, including the March 11 Great East Japan Earthquake and Tsunami, the financial crisis in Europe, a sharp rise in the value of the yen, and major flooding in Thailand, which disrupted production and logistics systems in the manufacturing sector. In particular, after the earthquake and tsunami many companies cut back on their advertising activities out of respect for the victims of the disaster. As a result, overall advertising expenditures totaled 5,709.6 billion yen, a decline of 2.3% from the previous year. However, placements recovered strongly during the second half of 2011,

and spending in the traditional media during the October–December quarter was even higher than during the same period in 2010, which also recorded robust growth.

2. Broken down by medium, expenditures were lower in Television (down 0.5%), Newspapers (down 6.3%), Magazines (down 7.0%) and Radio (down 4.0%). Overall spending in the traditional media declined by 2.6%.

In other media, advertising in Promotional Media also fell (down 4.6%). Satellite Media-Related spending posted double-digit growth (up 13.6%) as the switch to digital terrestrial broadcasting boosted demand for television sets equipped with 3-band tuners. Internet advertising continued to grow (up 4.1%), due in part to the development of new advertising modalities targeting social media.

3. By industry category (for the traditional media), expenditures grew in 5 of the 21 industry categories, including Apparel/Fashion, Accessories/Personal Items, where placements were higher for women’s clothing and handbags; Distribution/Retailing, as a result of a rise in spending by direct marketing companies and convenience stores; Information/Communications, on growth in smartphones and related services, and web content advertising; and Government/Organizations, due to an increase in ad placements by Advertising Council Japan. In contrast, expenditures fell in 16 of the 21 industry categories, including Beverages/Cigarettes, where spending for domestic beer and *shochu* (a distilled liquor) declined; and Home Electric Appliances/AV Equipment, which saw weaker demand for LCD and plasma televisions.

#### ● Outline of Advertising Expenditures by Medium

Advertising expenditures in the traditional media declined 2.6% compared with 2010. Spending held relatively steady in Television (down 0.5%), but continued to fall in Newspapers, Magazines and Radio. Among other media, Promotional Media advertising was also down 4.6%. Satellite Media-Related advertising expenditures grew 13.6% as the switch to digital terrestrial broadcasting boosted demand for television sets equipped with 3-band tuners. Internet advertising was up 4.1%.

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

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

(Year-on-year, %)

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

### • Outline of Advertising Expenditures by Industry (21 Categories, Traditional Media Only)

Advertising expenditures increased in 5 of the 21 industry categories surveyed during 2011, but declined in 16 categories.

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

On the other hand, five industry categories posted double-digit declines. These were Home Electric Appliances/AV Equipment (down 25.7%), on reduced placements for LCD televisions, plasma televisions and batteries; Energy/Materials/Machinery (down 20.6%), due to a sharp decline in advertising by electric power companies; Food Services/Other Services (down 10.9%), which was hurt by cuts in spending on ads for ladies' wigs and ads for legal services; Precision Instruments/Office Supplies (down 10.6%), as the result of a drop in digital camera advertising; and Hobbies/Sporting Goods (down 10.2%), where demand was weak for pachinko machines and "pachi-slo" slot machines, and for audio software ads. Advertising expenditures were also lower in Beverages/Cigarettes (down 9.9%), due to reduced spending on domestic beer, *happo-shu* (low-malt beer), no-malt "third category" beer and *shochu*; Finance/Insurance (down 8.2%), which was impacted by cutbacks in advertising for direct-marketed medical insurance, corporate advertising by insurance companies and ads for investment funds; Foodstuffs (down 7.6%), where fewer ads were placed for instant

noodles, *tsukudani* (food boiled down in sweetened soy sauce to preserve it) and beauty-related food products; Transportation/Leisure (down 7.5%), as overall travel-related advertising was depressed, especially on the part of hotels and travel agencies; Education/Medical Services/Religion (down 7.3%), which saw reductions in advertising for schools and correspondence education; Cosmetics/Toiletries (down 3.8%), where spending fell on cosmetics series for women, facial cleansers and hairdressing products; Pharmaceuticals/Medical Supplies (down 1.7%), on lower demand for medicines for intestinal disorders, mouthwashes and sore throat remedies; and Automobiles/Related Products (down 1.4%), due to reduced placements for sedans, mono-box minivans and sports coupes.

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The full text of *2011 Advertising Expenditures in Japan* is currently being compiled and will be available on Dentsu's website at the end of March 2012. For reference, please refer to the tables on the following pages.

**TABLE 1**  
**Japan's GDP and Advertising Expenditures (2007–2011)**

Year	Gross Domestic Product (B)		Advertising Expenditures (A)		A / B (%)
	GDP (¥ billion)	Compared to Previous Year (%)	Advertising Expenditures (¥ billion)	Compared to Previous Year (%)	
2007	512,975.2	101.2	7,019.1	101.1	1.37
2008	501,209.3	97.7	6,692.6	95.3	1.34
2009	471,138.7	94.0	5,922.2	88.5	1.26
2010	481,773.3	102.3	5,842.7	98.7	1.21
<b>2011</b>	<b>468,073.8</b>	<b>97.2</b>	<b>5,709.6</b>	<b>97.7</b>	<b>1.22</b>

**Notes:**

- The above figures for GDP are those released in the Cabinet Office's 'Annual Report on National Accounts' and 'GDP Estimates'.
- GDP figures are based on data revised in December 2011 (retroactively to 1994).
- All the above figures are for the calendar year.

**TABLE 2**  
**Advertising Expenditures by Medium (2009–2011)**

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

**TABLE 3**  
**Advertising Expenditures by Industry in the Traditional Media**  
**(2010–2011)**

(Unit: ¥10 million)

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

TABLE 4

## Sources of Media Expenditures

**Traditional Media:** Advertising expenditures spent in the traditional media of newspapers, magazines, radio and television.

**Newspapers:** Advertising rates of national daily and trade newspapers, and advertising production costs.

**Magazines:** Advertising rates of national monthly, weekly and specialized magazines, and advertising production costs.

**Radio:** Time rates and production costs of private broadcasting stations nationwide and commercial production costs (but not including event-related costs).

**Television:** Time rates and production costs of private broadcasting stations nationwide and commercial production costs (but not including event-related costs).

**Satellite Media-Related:** Advertising expenditures for satellite broadcasts, CATV and teletext (placement and production costs).

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

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

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

**Transit:** Placement costs for transit advertisements.

**Flyers:** Insertion costs for flyers in newspapers nationwide.

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

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

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

**Telephone Directories:** Placement costs for advertisements in telephone directories.

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

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