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**Advertising Expenditures in Japan
Totalled 5,976.2 Billion Yen in 2013,
Up 1.4% from 2012**

*—Expenditures Back on Growth Track, Rising for a Second Straight Year on Strong Demand for
Television Spot, Outdoor, Transit and POP Advertising—*

Dentsu Inc. (Tokyo: 4324; ISIN: JP3551520004; President & CEO: Tadashi Ishii; Head Office: Tokyo; Capital: 74,609.81 million yen) released today its annual report of advertising expenditures in Japan for the 2013 calendar year, including an estimated breakdown by medium and industry.

According to this report, Japan's advertising expenditures in 2013 totaled 5,976.2 billion yen, an increase of 1.4% over the previous year. Overall spending on advertising posted year-on-year gains for a second straight year thanks to the sustained economic recovery brought about by "Abenomics," and a late surge in demand ahead of the consumption tax increase scheduled to take effect in April 2014.

Overview of Advertising Expenditures during 2013

1. Advertising expenditures held firm in 2013 as a result of the sustained economic recovery achieved by "Abenomics," and a strong surge in demand during the second half of the year which was related to the consumption tax increase scheduled to take effect in April 2014. The first half of 2013 saw higher sales of expensive goods, reflecting an improvement in Japan's economy, but this recovery was not strong enough to boost overall spending on advertising. Expenditures for the year totaled 5,976.2 billion yen, a gain of 1.4% over the previous year, and spending was up for the second year in a row.
2. Broken down by medium, expenditures were modestly higher in Television (up 0.9%), fell slightly in Newspapers (down 1.2%) and Magazines (down 2.0%), and held steady in Radio (down 0.2%). As a result, overall spending in the traditional media rose 0.1%. Advertising in Promotional Media grew by the same amount (up 0.1%), exceeding previous-year levels for a second straight year. Satellite Media-Related spending has taken firm root, and spending in this component remained quite strong (up 9.6%), along with

Internet advertising (up 8.1%), which saw robust growth in demand for performance-based advertising.

3. By industry category (for the traditional media), expenditures were higher in 8 of the 21 industry categories, including Finance/Insurance (up 15.6% due to strong growth in advertising for direct-marketed insurance products and the Nippon Individual Savings Account (NISA) program); Food Services/Other Services (up 10.3%, helped by growth in placements for legal services); Real Estate/Housing Facilities (up 5.8% on placements for residential housing); Household Products (up 5.5%, boosted by increased spending on ads for beds); and Education/Medical Services/Religion (up 3.1% on ads for preparatory and tutoring schools, hospitals and medical services).

By contrast, expenditures fell in 13 of the 21 industry categories, including Hobbies/Sporting Goods (down 5.8%, hurt by a fall in placements for audio software, dolls and toys); Government/Organizations (down 5.4% on lower demand from political parties and political organizations); Energy/Materials/Machinery (down 5.1% on cutbacks by electric power and gas companies); and Distribution/Retailing (down 5.0% on reductions in spending by large, high volume retail stores).

• Outline of Advertising Expenditures by Medium

Advertising expenditures in the traditional media totaled 2,782.5 billion yen, up 0.1% compared with the previous year. Spending in Television posted a modest gain (up 0.9%). Promotional Media advertising was also up 0.1%. Spending remained strong in both Satellite Media-Related (up 9.6%), and Internet advertising (up 8.1% year on year).

• Quarterly Breakdown of Growth in Advertising Expenditures in the Traditional Media in 2013

A quarterly breakdown of advertising expenditures for the traditional media in the 2013 calendar year showed that spending trended lower during the first six months, but recovered during the second half of the year.

	(Year-on-year, %)						
	2013 (Full Year)	Jan.– Jun.	Jul.– Dec.	Jan.– Mar.	Apr.– Jun.	Jul.– Sep.	Oct.– Dec.
Advertising Expenditures in the Traditional Media	100.1	98.8	101.4	98.5	99.2	101.9	100.9

- **Outline of Advertising Expenditures by Industry (21 Categories, Traditional Media Only)**

Advertising expenditures increased in 8 of the 21 industry categories surveyed during 2013, and declined in 13 categories.

Two industry categories posted double-digit gains: Finance/Insurance (up 15.6%) on expenditures related to direct-marketed insurance products and the Nippon Individual Savings Account (NISA) program, and Food Services/Other Services (up 10.3%), which saw firm growth in placements for legal services as well as for ladies' wigs. Expenditures also rose for Real Estate/Housing Facilities (up 5.8%) due to strong demand related to residential housing and house exhibition sites; Household Products (up 5.5%) on increased placements for beds and deodorizers; Education/Medical Services/Religion (up 3.1%) on spending on ads for preparatory and tutoring schools, hospitals and medical services, and language schools; and Automobiles/Related Products (up 1.4%) on increased placements for K-cars (engine displacement up to 660 cc), sedans and SUVs.

By contrast, expenditures fell in 13 of the 21 industry categories, including Hobbies/Sporting Goods (down 5.8%), hurt by cutbacks in advertising for audio software, dolls and toys; Government/Organizations (down 5.4%) as a result of reduced spending by political parties and political organizations; Energy/Materials/Machinery (down 5.1%) on fewer placements by electric power and gas companies; Distribution/Retailing (down 5.0%) on lower demand from large-scale general merchandise stores; and Foodstuffs (down 4.0%), where expenditures fell in the areas of health foods and beauty-related food products.

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Contact: Shusaku Kannan
Senior Manager
Corporate Communications Division
Telephone: (813) 6216-8042
E-mail: s.kannan@dentsu.co.jp

The full text of *2013 Advertising Expenditures in Japan* is currently being compiled and will be available on Dentsu's website at the end of March 2014. For reference, please refer to the tables on the following pages.

TABLE 1

Japan's GDP and Advertising Expenditures (2009–2013)

Year	Gross Domestic Product (B)		Advertising Expenditures (A)		A / B (%)
	GDP (¥ billion)	Compared to Previous Year (%)	Advertising Expenditures (¥ billion)	Compared to Previous Year (%)	
2009	471,138.7	94.0	5,922.2	88.5	1.26
2010	482,384.4	102.4	5,842.7	98.7	1.21
2011	471,310.8	97.7	5,709.6	97.7	1.21
2012	473,777.1	100.5	5,891.3	103.2	1.24
2013	478,447.7	101.0	5,976.2	101.4	1.25

Notes:

- The above figures for GDP are those released in the Cabinet Office's 'Annual Report on National Accounts' and 'GDP Estimates'.
- All the above figures are for the calendar year.

TABLE 2

Advertising Expenditures by Medium (2011–2013)

Media	Advertising Expenditures (¥ billion)			YoY Comparison Ratio (%)		Component Ratio (%)		
	2011	2012	2013	2012	2013	2011	2012	2013
Traditional Media								
Newspapers	599.0	624.2	617.0	104.2	98.8	10.5	10.6	10.3
Magazines	254.2	255.1	249.9	100.4	98.0	4.4	4.3	4.2
Radio	124.7	124.6	124.3	99.9	99.8	2.2	2.1	2.1
Television	1,723.7	1,775.7	1,791.3	103.0	100.9	30.2	30.2	30.0
Subtotal	2,701.6	2,779.6	2,782.5	102.9	100.1	47.3	47.2	46.6
Satellite Media-Related	89.1	101.3	111.0	113.7	109.6	1.6	1.7	1.8
Internet								
(Advertising placement)	618.9	662.9	720.3	107.1	108.7	10.8	11.2	12.1
(Advertising production)	187.3	205.1	217.8	109.5	106.2	3.3	3.5	3.6
Subtotal	806.2	868.0	938.1	107.7	108.1	14.1	14.7	15.7
Promotional Media								
Outdoor	288.5	299.5	307.1	103.8	102.5	5.1	5.1	5.1
Transit	190.0	197.5	200.4	103.9	101.5	3.3	3.4	3.4
Flyers	506.1	516.5	510.3	102.1	98.8	8.9	8.8	8.5
Direct Mail	391.0	396.0	389.3	101.3	98.3	6.8	6.7	6.5
Free Newspapers / Free Magazines	255.0	236.7	228.9	92.8	96.7	4.5	4.0	3.8
POP	183.2	184.2	195.3	100.5	106.0	3.2	3.1	3.3
Telephone Directories Exhibitions / Screen Displays	58.3	51.4	45.3	88.2	88.1	1.0	0.9	0.8
Subtotal	2,112.7	2,142.4	2,144.6	101.4	100.1	37.0	36.4	35.9
Total	5,709.6	5,891.3	5,976.2	103.2	101.4	100.0	100.0	100.0

TABLE 3
Advertising Expenditures by Industry in the Traditional Media
(2012–2013)

(Unit: ¥10 million)

Media	Newspapers			Magazines			Radio			Television			Total		
	Industry	2012	2013	Comparison Ratio (%)	2012	2013	Comparison Ratio (%)	2012	2013	Comparison Ratio (%)	2012	2013	Comparison Ratio (%)	2012	2013
Energy / Materials / Machinery	640	628	98.1	126	126	100.0	283	274	96.8	1,575	1,462	92.8	2,624	2,490	94.9
Foodstuffs	5,561	5,528	99.4	1,553	1,410	90.8	1,163	999	85.9	20,052	19,272	96.1	28,329	27,209	96.0
Beverages / Cigarettes	2,344	2,099	89.5	1,386	1,380	99.6	532	514	96.6	16,725	16,695	99.8	20,987	20,688	98.6
Pharmaceuticals / Medical Supplies	1,700	1,694	99.6	836	743	88.9	1,039	1,078	103.8	11,272	11,230	99.6	14,847	14,745	99.3
Cosmetics / Toiletries	3,130	3,450	110.2	3,353	3,071	91.6	411	452	110.0	21,889	21,012	96.0	28,783	27,985	97.2
Apparel / Fashion, Accessories / Personal Items	1,675	1,627	97.1	6,483	6,568	101.3	66	65	98.5	3,421	3,472	101.5	11,645	11,732	100.7
Precision Instruments / Office Supplies	530	600	113.2	914	915	100.1	52	55	105.8	1,390	1,264	90.9	2,886	2,834	98.2
Home Electric Appliances / AV Equipment	687	608	88.5	646	685	106.0	163	152	93.3	3,916	4,088	104.4	5,412	5,533	102.2
Automobiles / Related Products	1,444	1,662	115.1	866	849	98.0	852	933	109.5	13,311	13,266	99.7	16,473	16,710	101.4
Household Products	1,149	1,163	101.2	471	555	117.8	183	202	110.4	4,693	4,936	105.2	6,496	6,856	105.5
Hobbies / Sporting Goods	1,279	1,174	91.8	1,486	1,420	95.6	314	274	87.3	7,774	7,359	94.7	10,853	10,227	94.2
Real Estate / Housing Facilities	2,917	2,846	97.6	749	802	107.1	502	587	116.9	6,701	7,268	108.5	10,869	11,503	105.8
Publications	5,702	5,647	99.0	297	300	101.0	606	664	109.6	2,611	2,377	91.0	9,216	8,988	97.5
Information / Communications	3,903	3,570	91.5	1,346	1,096	81.4	847	725	85.6	18,429	18,941	102.8	24,525	24,332	99.2
Distribution / Retailing	7,563	7,439	98.4	996	946	95.0	876	877	100.1	10,862	10,011	92.2	20,297	19,273	95.0
Finance / Insurance	2,105	2,304	109.5	600	630	105.0	937	934	99.7	10,857	12,894	118.8	14,499	16,762	115.6
Transportation / Leisure	10,219	9,991	97.8	1,491	1,647	110.5	1,023	980	95.8	8,390	8,358	99.6	21,123	20,976	99.3
Food Services / Other Services	1,942	2,125	109.4	625	599	95.8	1,261	1,335	105.9	9,068	10,170	112.2	12,896	14,229	110.3
Government / Organizations	1,450	1,327	91.5	212	229	108.0	882	849	96.3	783	744	95.0	3,327	3,149	94.6
Education / Medical Services / Religion	2,891	2,820	97.5	1,022	965	94.4	445	439	98.7	3,465	3,845	111.0	7,823	8,069	103.1
Classified Ads / Others	3,589	3,398	94.7	52	54	103.8	23	42	182.6	386	466	120.7	4,050	3,960	97.8
Total	62,420	61,700	98.8	25,510	24,990	98.0	12,460	12,430	99.8	177,570	179,130	100.9	277,960	278,250	100.1

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 (includes mobile advertising) and production costs (includes production costs for banner ads as well as website set-up costs related to products, services and ad campaigns) for Internet sites.

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

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

Transit: Placement costs for transit advertisements.

Flyers: Insertion costs for flyers in newspapers nationwide.

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

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

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

Telephone Directories: Placement costs for advertisements in telephone directories.

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

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