

FOR IMMEDIATE RELEASE

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## **Advertising Expenditures in Japan Totalled 6,171.0 Billion Yen in 2015, Up 0.3% Compared with 2014**

*—Total Expenditures Posted Year-on-Year Growth for the Fourth Consecutive Year;  
Double-Digit Expansion in Internet Advertising Became the Main Growth Driver—*

Dentsu Inc. (Tokyo: 4324; ISIN: JP3551520004; President & CEO: Tadashi Ishii; Head Office: Tokyo; Capital: 74,609.81 million yen) today released its calendar year 2015 annual report on advertising expenditures in Japan, including an estimated breakdown by medium and industry.

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

### **Overview of Advertising Expenditures during 2015**

1. Advertising expenditures in 2015 had been expected to see positive effects resulting from such factors as the holding of Expo Milan 2015, substantial performance improvement by Japan's corporate sector and growth in household incomes. However, expectations were dampened by a fallback in demand following purchases made in the run-up to the increase in Japan's consumption tax rate in April 2014, such quadrennial events as the Sochi 2014 Olympic Games and the 2014 FIFA World Cup Brazil™, slowing economic growth in some areas of the global economy, and stagnant personal spending in Japan's domestic economy. Together, these factors led to advertising expenditure growth of 0.3% for the full calendar year.
2. Broken down by medium, advertising expenditures fell in Newspapers (down 6.2%), Magazines (down 2.3%), Radio (down 1.4%), and Television (down 1.2%; including both

Terrestrial Television and Satellite Media-Related spending). As a result, overall spending in the traditional media posted a decline of 2.4%. In the Internet advertising market (up 10.2%), ads directed at smartphones, as well as video ads and ads using new advertising technologies, continued to expand, making the Internet medium the key driver for advertising expenditures overall. Although spending on Promotional Media decreased (down 0.9%), growth was recorded for Outdoor, Point-of-Purchase (POP) and Exhibitions/Screen Displays.

3. By industry category (for the traditional media, but excluding Satellite Media-Related spending), year-on-year spending rose in 6 of the 21 industry categories.

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

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

#### ● Outline of Advertising Expenditures by Medium

Advertising expenditures in the traditional media (including Satellite Media-Related spending) during the 2015 calendar year totaled 2,869.9 billion yen, down 2.4% compared with the previous year. Spending in Television (including both Terrestrial Television and Satellite Media-Related advertising) declined 1.2%.

Spending on Internet advertising reached 1,159.4 billion yen (up 10.2%), maintaining a robust double-digit growth rate. Promotional Media recorded a 0.9% spending decrease compared with the previous year's amount, to 2,141.7 billion yen.

- **Quarterly Breakdown of Growth in Advertising Expenditures in the Traditional Media in 2015**

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

(Year-on-year, %)

Advertising Expenditures in the Traditional Media (including Satellite Media-Related Spending)	2014 (Full Year)	Jan.– Jun.	Jul.– Dec.	Jan.– Mar.	Apr.– Jun.	Jul.– Sep.	Oct.– Dec.
		101.6	102.3	100.8	104.0	100.6	100.6
2015 (Full Year)		Jan.– Jun.	Jul.– Dec.	Jan.– Mar.	Apr.– Jun.	Jul.– Sep.	Oct.– Dec.
	97.6	96.7	98.6	96.4	97.0	98.7	98.6

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

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

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

Expenditures declined in the following 15 industry categories: Hobbies/Sporting Goods (down 15.5%) on decreased advertising for audio recordings and toys related to popular character franchises; Automobiles/Related Products (down 11.0%) on weaker advertising for K-cars (engine displacement up to 660 cc), sedans and station wagons/hatchbacks; Beverages/Cigarettes (down 8.2%) on lower placements for canned coffee and beer-like alcoholic beverages; Home Electric Appliances/AV Equipment (down 8.1%) due to decreases

in ads for coffee makers, air purifiers and LCD televisions; Household Products (down 7.3%) on decreased placements for specialized mattresses, furniture and functional frying pans and pots; Real Estate/Housing Facilities (down 5.0%) on reduced placements of general housing and rental housing ads; Education/Medical Services/Religion (down 4.9%) on fewer placements for schools, as well as vocational and other educational institutions; Cosmetics/Toiletries (down 3.8%) on reduced ads for direct-marketed cosmetic lines for women, as well as for shampoos and conditioners; Publications (down 3.2%) on fewer placements related to language-study materials, and general weekly magazines; Classified Ads/Others (down 3.0%) on decreased demand for temporary recruitment ads; Finance/Insurance (down 2.8%) on lower placements related to direct-marketed health insurance products, NISA and inheritance-related products, as well as credit cards; Apparel/Fashion, Accessories/Personal Items (down 2.8%) on reduced placements for jewelry and accessories, women's clothing and functional innerwear; Government/Organizations (down 2.5%) on a decrease in ad placements by political parties and organizations; Pharmaceuticals/Medical Supplies (down 2.3%) on reduced advertising for intestinal medicines, supporters and contact lenses; and Distribution/Retailing (down 2.0%) on decreased placements relating to direct marketing businesses.

### **About the Dentsu Group**

Dentsu is the world's largest advertising agency brand. Led by Dentsu Inc. (Tokyo: 4324; ISIN: JP3551520004), a company with a history of 114 years of innovation, the Dentsu Group provides a comprehensive range of client-centric brand, integrated communications, media and digital services through its nine global network brands—Carat, Dentsu, Dentsu media, iProspect, Isobar, mcgarrybowen, MKTG, Posterscope and Vizeum—as well as through its specialist/multi-market brands including Amnet, Amplifi, Data2Decisions, Mitchell (PR) and 360i.

The Dentsu Group has a strong presence in over 140 countries across five continents, and employs more than 47,000 dedicated professionals. Dentsu Aegis Network Ltd., its global business headquarters in London, oversees Dentsu's agency operations outside of Japan. The Group is also active in the production and marketing of sports and entertainment content on a global scale.

[www.dentsu.com](http://www.dentsu.com)

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The full text of *2015 Advertising Expenditures in Japan* is currently being compiled and will be available on Dentsu's website at the end of April 2016. For reference, please refer to the tables on the following pages.

TABLE 1

**Japan's GDP and Advertising Expenditures (2011–2015)**

Year	Gross Domestic Product (B)		Advertising Expenditures (A)		A / B (%)
	GDP (¥ billion)	Compared to Previous Year (%)	Advertising Expenditures (¥ billion)	Compared to Previous Year (%)	
2011	471,578.7	97.7	5,709.6	97.7	1.21
2012	475,331.7	100.8	5,891.3	103.2	1.24
2013	479,083.7	100.8	5,976.2	101.4	1.25
2014	486,938.8	101.6	6,152.2	102.9	1.26
<b>2015</b>	<b>498,896.5</b>	<b>102.5</b>	<b>6,171.0</b>	<b>100.3</b>	<b>1.24</b>

**Notes:**

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

TABLE 2

**Advertising Expenditures by Medium (2013–2015)**

Media	Advertising Expenditures (¥ billion)			YoY Comparison Ratio (%)		Component Ratio (%)		
	2013	2014	2015	2014	2015	2013	2014	2015
<b>Traditional Media</b>								
Newspapers	617.0	605.7	<b>567.9</b>	98.2	<b>93.8</b>	10.3	9.8	<b>9.2</b>
Magazines	249.9	250.0	<b>244.3</b>	100.0	<b>97.7</b>	4.2	4.1	<b>4.0</b>
Radio	124.3	127.2	<b>125.4</b>	102.3	<b>98.6</b>	2.1	2.1	<b>2.0</b>
Television	1,902.3	1,956.4	<b>1,932.3</b>	102.8	<b>98.8</b>	31.8	31.8	<b>31.3</b>
(Terrestrial Television)	1,791.3	1,834.7	<b>1,808.8</b>	102.4	<b>98.6</b>	30.0	29.8	<b>29.3</b>
(Satellite Media-Related)	111.0	121.7	<b>123.5</b>	109.6	<b>101.5</b>	1.8	2.0	<b>2.0</b>
Subtotal	2,893.5	2,939.3	<b>2,869.9</b>	101.6	<b>97.6</b>	48.4	47.8	<b>46.5</b>
<b>Internet</b>								
(Advertising placement)	720.3	824.5	<b>919.4</b>	114.5	<b>111.5</b>	12.1	13.4	<b>14.9</b>
(Advertising production)	217.8	227.4	<b>240.0</b>	104.4	<b>105.5</b>	3.6	3.7	<b>3.9</b>
Subtotal	938.1	1,051.9	<b>1,159.4</b>	112.1	<b>110.2</b>	15.7	17.1	<b>18.8</b>
<b>Promotional Media</b>								
Outdoor	307.1	317.1	<b>318.8</b>	103.3	<b>100.5</b>	5.1	5.1	<b>5.2</b>
Transit	200.4	205.4	<b>204.4</b>	102.5	<b>99.5</b>	3.4	3.3	<b>3.3</b>
Flyers	510.3	492.0	<b>468.7</b>	96.4	<b>95.3</b>	8.5	8.0	<b>7.6</b>
Direct Mail	389.3	392.3	<b>382.9</b>	100.8	<b>97.6</b>	6.5	6.4	<b>6.2</b>
Free Newspapers / Free Magazines	228.9	231.6	<b>230.3</b>	101.2	<b>99.4</b>	3.8	3.8	<b>3.7</b>
POP	195.3	196.5	<b>197.0</b>	100.6	<b>100.3</b>	3.3	3.2	<b>3.2</b>
Telephone Directories Exhibitions / Screen Displays	45.3	41.7	<b>33.4</b>	92.1	<b>80.1</b>	0.8	0.7	<b>0.5</b>
Subtotal	2,144.6	2,161.0	<b>2,141.7</b>	100.8	<b>99.1</b>	35.9	35.1	<b>34.7</b>
<b>Total</b>	<b>5,976.2</b>	<b>6,152.2</b>	<b>6,171.0</b>	<b>102.9</b>	<b>100.3</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**Note:**

- Advertising expenditures in Television were redefined in 2014, retroactive to 2012, to include spending on both Terrestrial Television and Satellite Media-Related advertising.

**TABLE 3**  
**Advertising Expenditures by Industry in the Traditional Media**  
**(2014–2015)**

(Unit: ¥10 million)

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

TABLE 4

**Sources of Media Expenditures**

<b>Traditional Media</b>	Advertising spending in the traditional media: newspapers, magazines, radio, and television.
<b>Newspapers</b>	Advertising rates of national daily and trade newspapers, and advertising production costs.
<b>Magazines</b>	Advertising rates of national monthly, weekly, and specialized magazines, and advertising production costs.
<b>Radio</b>	Time rates and production costs of private broadcasting stations nationwide and commercial production costs (but not including event-related costs).
<b>Television</b>	
<b>Terrestrial Television</b>	Time rates and production costs of private terrestrial broadcasting stations nationwide and commercial production costs (but not including event-related costs).
<b>Satellite Media-Related</b>	Advertising expenditures for satellite broadcasts, CATV, and teletext (placement and production costs).
<b>Internet</b>	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.
<b>Promotional Media</b>	Advertising expenditures for sales promotion-related media.
<b>Outdoor</b>	Production and placement costs for billboards, neon signs, outdoor video screens, etc.
<b>Transit</b>	Placement costs for transit advertisements.
<b>Flyers</b>	Insertion costs for flyers in newspapers nationwide.
<b>Direct Mail</b>	Postage and private delivery costs spent on direct mail.
<b>Free Newspapers / Free Magazines</b>	Advertising costs in free newspapers and magazines.
<b>POP</b>	Production costs for point-of-purchase (POP) displays.
<b>Telephone Directories</b>	Placement costs for advertisements in telephone directories.
<b>Exhibitions / Screen Displays</b>	Production costs for exhibitions, expositions, and PR centers; production and screening costs for promotional films and videos, etc.