

FOR IMMEDIATE RELEASE

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## 2020 Advertising Expenditures in Japan

*—In 2020, Advertising Expenditures in Japan Amounted to 6,159.4 Billion Yen (Down 11.2% Year on Year), Reflecting the Impact of the Global COVID-19 Pandemic; This Marked the First Market Contraction in Nine Years, Since the Great East Japan Earthquake in 2011, and a Margin of Decrease Second Only to That Following the Global Financial Crisis in 2009; Expenditures on Internet Advertising Continued to Grow, Driven by Japanese Society’s Accelerating Digital Transformation—*

Dentsu Inc. (Headquarters: Minato-ku, Tokyo; President & CEO: Hiroshi Igarashi) today released its calendar year 2020 annual report on advertising expenditures in Japan, including an estimated breakdown by medium and industry.

In 2020, Japan’s advertising expenditures substantially decreased, particularly for the April–June quarter. This reflected the impact of the global COVID-19 pandemic, which saw the postponement or cancellation of a wide range of events, advertising campaigns, and sales promotion campaigns. Signs of a gradual recovery appeared starting in July. In the October–December quarter, expenditures were recovering to a level on a par with the corresponding quarter of 2019. However, on a full-year basis advertising expenditures totaled 6,159.4 billion yen, an 11.2% decrease compared with the previous year. This marked the first annual decline in total advertising expenditures in nine years, the previous occasion having been in the aftermath of the Great East Japan Earthquake and Tsunami of 2011. The margin of decrease is second only to that recorded in 2009 (down 11.5%) following the global financial crisis.

### Overview of Japanese Advertising Expenditures during 2020

◆ In 2020 overall advertising expenditures amounted to 6,159.4 billion yen (down 11.2%). Starting in March, owing to the impact of the COVID-19 pandemic, the movement of people was restricted both in Japan and overseas. Following the declaration of a state of emergency in Japan in April, the Japanese economy experienced a significant slowdown. Consumption generated by the inbound visitor market—a key driver in recent years—came

to a virtual standstill. People were urged to stay at home, which had a major negative impact on many sectors. Food services, transportation and leisure in particular were severely affected. The advertising industry was also buffeted by the after-effects of these conditions. As the central government and local governments moved to implement economic policies to deal with the pandemic, and measures were put in place to control the spread of COVID-19, signs of gradual recovery began to appear starting in July. In the October–December quarter, expenditures were returning to levels on a par with the corresponding quarter of 2019. However, over the year as a whole, advertising expenditures were significantly lower compared with the previous year.

- ◆ For the first time in nine years—since the aftermath of the 2011 Great East Japan Earthquake and Tsunami—annual advertising expenditures shrank. It was also the first year a double-digit rate of contraction was recorded since the recession in 2009, triggered by the global financial crisis. The rate of decline was the second highest of any year since Dentsu began compiling estimates in 1947.
- ◆ As large numbers of people refrained from going out or traveling, there was a surge in demand related to staying at home, and the digital transformation (DX) of social life greatly accelerated. This was particularly evident in such fields as delivery services, online shopping, online conferencing, online events and seminars, remote working, and cashless payment services. Driven by this trend, Internet advertising expenditures took the lead in staging a recovery, and achieved growth on a full-year basis. Expenditures on digital advertising carried by traditional media companies maintained the double-digit growth seen in the previous year. For advertising and sales promotion campaigns originating in digital media, 2020 was a year of further evolution and growth. In contrast, promotional media spending was substantially lower owing to the impact of the COVID-19 pandemic, which led to the postponement or cancellation of a broad range of events, exhibitions, and conventional advertising and sales promotion campaigns. This included the postponement of the 2020 Tokyo Olympic and Paralympic Games. In traditional media, which run advertising campaigns concomitant with events, advertising expenditure declined significantly.

## Overview of Advertising Expenditures by Medium

Broken down by medium, Advertising Expenditures in Japan are classified into three broad areas: (1) traditional media advertising expenditures; (2) Internet advertising expenditures; and (3) promotional media advertising expenditures. In 2020, accompanying the postponement or cancellation of events and sales promotion campaigns, there were large decreases in traditional media and promotional media advertising expenditures. Consequently, total advertising expenditures declined.

- (1) Traditional media advertising expenditures amounted to 2,253.6 billion yen (down 13.6%)

Traditional media expenditures recorded their sixth consecutive year of decline. Newspaper, magazine, radio and television advertising expenditures all shrank compared with the previous year.

- (2) Internet advertising expenditures amounted to 2,229.0 billion yen (up 5.9%)

Internet advertising expenditures have consistently grown every year since Dentsu began compiling estimates of this medium in 1996. In 2020, the scale of the Internet advertising market exceeded 2.2 trillion yen—a level commensurate with the overall size of the traditional media market.

Although Internet advertising expenditures felt the impact of the COVID-19 pandemic in the April–June quarter, over the year as a whole e-commerce (including live-streaming e-commerce) was robust. Expenditures on digital advertising carried by traditional media companies amounted to 80.3 billion yen (up 12.3%), while advertising expenditures for Merchandise-related EC Platforms within Advertising Expenditures in Japan\* amounted to 132.1 billion yen (up 24.2%). The double-digit growth rates of these categories further drove growth in Internet advertising as a whole.

\* 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.

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The full text of *2020 Advertising Expenditures in Japan* is currently being compiled and will be available on Dentsu's website at the end of April 2021. For reference, please refer to the tables on the following pages.

### Advertising Expenditures by Medium (2018–2020)

Media	Advertising Expenditures (¥ billion)			YoY Comparison Ratio (%)		Component Ratio (%)		
	2018	2019	2020	2019	2020	2018	2019	2020
<b>Traditional Media</b>								
Newspaper	478.4	454.7	<b>368.8</b>	95.0	<b>81.1</b>	7.3	6.6	<b>6.0</b>
Magazines	184.1	167.5	<b>122.3</b>	91.0	<b>73.0</b>	2.8	2.4	<b>2.0</b>
Radio	127.8	126.0	<b>106.6</b>	98.6	<b>84.6</b>	2.0	1.8	<b>1.7</b>
Television	1,912.3	1,861.2	<b>1,655.9</b>	97.3	<b>89.0</b>	29.3	26.8	<b>26.9</b>
Terrestrial Television	1,784.8	1,734.5	<b>1,538.6</b>	97.2	<b>88.7</b>	27.3	25.0	<b>25.0</b>
Satellite Media-related	127.5	126.7	<b>117.3</b>	99.4	<b>92.6</b>	2.0	1.8	<b>1.9</b>
Subtotal	2,702.6	2,609.4	<b>2,253.6</b>	96.6	<b>86.4</b>	41.4	37.6	<b>36.6</b>
<b>Internet</b>								
Digital advertising carried by traditional media companies <sup>1</sup>	58.2	71.5	<b>80.3</b>	122.9	<b>112.3</b>	0.9	1.0	<b>1.3</b>
Newspapers Digital	13.2	14.6	<b>17.3</b>	110.6	<b>118.5</b>	0.2	0.2	<b>0.3</b>
Magazines Digital	33.7	40.5	<b>44.6</b>	120.2	<b>110.1</b>	0.5	0.6	<b>0.7</b>
Radio Digital	0.8	1.0	<b>1.1</b>	125.0	<b>110.0</b>	0.0	0.0	<b>0.0</b>
Television Media Digital	10.5	15.4	<b>17.3</b>	146.7	<b>112.3</b>	0.2	0.2	<b>0.3</b>
Television media-related video advertising	10.1	15.0	<b>17.0</b>	148.5	<b>113.3</b>	0.2	0.2	<b>0.3</b>
Merchandise-related EC Platforms within Advertising Expenditures in Japan <sup>2</sup>		106.4	<b>132.1</b>		<b>124.2</b>		1.5	<b>2.1</b>
Subtotal	1,758.9	2,104.8	<b>2,229.0</b>	119.7	<b>105.9</b>	26.9	30.3	<b>36.2</b>
<b>Promotional Media</b>								
Outdoor	319.9	321.9	<b>271.5</b>	100.6	<b>84.3</b>	4.9	4.6	<b>4.4</b>
Transit	202.5	206.2	<b>156.8</b>	101.8	<b>76.0</b>	3.1	3.0	<b>2.6</b>
Flyers	391.1	355.9	<b>252.5</b>	91.0	<b>70.9</b>	6.0	5.1	<b>4.1</b>
Direct Mail	367.8	364.2	<b>329.0</b>	99.0	<b>90.3</b>	5.6	5.3	<b>5.3</b>
Free Newspapers/ Telephone Directories <sup>3</sup>	228.7	211.0	<b>153.9</b>	92.3	<b>72.9</b>	3.5	3.1	<b>2.5</b>
POP	200.0	197.0	<b>165.8</b>	98.5	<b>84.2</b>	3.1	2.8	<b>2.7</b>
Events <sup>4</sup> /Exhibitions/ Screen Displays	358.5	567.7	<b>347.3</b>	158.4	<b>61.2</b>	5.5	8.2	<b>5.6</b>
Subtotal	2,068.5	2,223.9	<b>1,676.8</b>	107.5	<b>75.4</b>	31.7	32.1	<b>27.2</b>
<b>Total</b>	<b>6,530.0</b>	<b>6,938.1</b>	<b>6,159.4</b>	<b>106.2</b>	<b>88.8</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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. The Free Newspapers/Free Magazines category has been merged with the Telephone Directories category, with the combined category now called Free Newspapers/Telephone Directories.

4. In 2019, the Events field was added to estimates for Exhibitions/Screen Displays.

TABLE 1

Japan's GDP and Advertising Expenditures<sup>1</sup> (2016–2020)

Year	Gross Domestic Product <sup>2</sup> (B)		Advertising Expenditures (A)		A / B (%)
	GDP (¥ billion)	Compared with Previous Year (%)	Advertising Expenditures (¥ billion)	Compared with Previous Year (%)	
2016	544,364.6	101.2	6,288.0	101.9	1.16
2017	553,073.0	101.6	6,390.7	101.6	1.16
2018	556,189.6	100.6	6,530.0	102.2	1.17
2019	561,266.9	100.9	6,938.1	106.2	1.24
<b>2020</b>	<b>539,313.5</b>	<b>96.1</b>	<b>6,159.4</b>	<b>88.8</b>	<b>1.14</b>

Notes:

1. All figures are for calendar years.

2. The GDP figures are taken from the Cabinet Office's "Annual Report on National Accounts" and "Quarterly Estimates of GDP."

TABLE 2

## Advertising Expenditures by Industry in Traditional Media (2019–2020)

(Unit: ¥10 million)

Industry	Media			Newspapers			Magazines			Radio			Terrestrial Television			Total		
	2019	2020	Comparison Ratio (%)	2019	2020	Comparison Ratio (%)	2019	2020	Comparison Ratio (%)	2019	2020	Comparison Ratio (%)	2019	2020	Comparison Ratio (%)	2019	2020	Comparison Ratio (%)
Energy / Materials / Machinery	481	<b>441</b>	<b>91.7</b>	117	<b>91</b>	<b>77.8</b>	261	<b>249</b>	<b>95.4</b>	3,369	<b>2,858</b>	<b>84.8</b>	4,228	<b>3,639</b>	<b>86.1</b>			
Foodstuffs	5,312	<b>4,546</b>	<b>85.6</b>	970	<b>831</b>	<b>85.7</b>	1,220	<b>1,093</b>	<b>89.6</b>	18,003	<b>15,936</b>	<b>88.5</b>	25,505	<b>22,406</b>	<b>87.8</b>			
Beverages / Cigarettes	1,385	<b>1,158</b>	<b>83.6</b>	617	<b>485</b>	<b>78.6</b>	447	<b>349</b>	<b>78.1</b>	14,322	<b>13,743</b>	<b>96.0</b>	16,771	<b>15,735</b>	<b>93.8</b>			
Pharmaceuticals / Medical Supplies	1,787	<b>1,647</b>	<b>92.2</b>	363	<b>281</b>	<b>77.4</b>	992	<b>760</b>	<b>76.6</b>	11,269	<b>10,902</b>	<b>96.7</b>	14,411	<b>13,590</b>	<b>94.3</b>			
Cosmetics / Toiletries	2,235	<b>1,977</b>	<b>88.5</b>	2,238	<b>1,647</b>	<b>73.6</b>	338	<b>340</b>	<b>100.6</b>	19,218	<b>17,420</b>	<b>90.6</b>	24,029	<b>21,384</b>	<b>89.0</b>			
Apparel / Fashion, Accessories / Personal Items	724	<b>668</b>	<b>92.3</b>	4,063	<b>2,796</b>	<b>68.8</b>	57	<b>36</b>	<b>63.2</b>	2,692	<b>1,857</b>	<b>69.0</b>	7,536	<b>5,357</b>	<b>71.1</b>			
Precision Instruments / Office Supplies	348	<b>234</b>	<b>67.2</b>	811	<b>530</b>	<b>65.4</b>	69	<b>64</b>	<b>92.8</b>	1,463	<b>588</b>	<b>40.2</b>	2,691	<b>1,416</b>	<b>52.6</b>			
Home Electric Appliances / AV Equipment	192	<b>168</b>	<b>87.5</b>	391	<b>403</b>	<b>103.1</b>	79	<b>88</b>	<b>111.4</b>	3,838	<b>3,237</b>	<b>84.3</b>	4,500	<b>3,896</b>	<b>86.6</b>			
Automobiles / Related Products	753	<b>522</b>	<b>69.3</b>	518	<b>410</b>	<b>79.2</b>	1,100	<b>835</b>	<b>75.9</b>	11,547	<b>9,158</b>	<b>79.3</b>	13,918	<b>10,925</b>	<b>78.5</b>			
Household Products	816	<b>770</b>	<b>94.4</b>	465	<b>376</b>	<b>80.9</b>	201	<b>173</b>	<b>86.1</b>	4,676	<b>4,712</b>	<b>100.8</b>	6,158	<b>6,031</b>	<b>97.9</b>			
Hobbies / Sporting Goods	856	<b>725</b>	<b>84.7</b>	956	<b>676</b>	<b>70.7</b>	252	<b>236</b>	<b>93.7</b>	4,616	<b>4,313</b>	<b>93.4</b>	6,680	<b>5,950</b>	<b>89.1</b>			
Real Estate / Housing Facilities	2,006	<b>1,635</b>	<b>81.5</b>	604	<b>443</b>	<b>73.3</b>	638	<b>540</b>	<b>84.6</b>	8,068	<b>7,223</b>	<b>89.5</b>	11,316	<b>9,841</b>	<b>87.0</b>			
Publications	4,154	<b>3,891</b>	<b>93.7</b>	139	<b>118</b>	<b>84.9</b>	540	<b>311</b>	<b>57.6</b>	1,693	<b>1,412</b>	<b>83.4</b>	6,526	<b>5,732</b>	<b>87.8</b>			
Information / Communications	2,509	<b>2,706</b>	<b>107.9</b>	655	<b>550</b>	<b>84.0</b>	1,020	<b>1,042</b>	<b>102.2</b>	22,379	<b>20,936</b>	<b>93.6</b>	26,563	<b>25,234</b>	<b>95.0</b>			
Distribution / Retailing	6,297	<b>5,488</b>	<b>87.2</b>	740	<b>510</b>	<b>68.9</b>	721	<b>521</b>	<b>72.3</b>	8,211	<b>7,781</b>	<b>94.8</b>	15,969	<b>14,300</b>	<b>89.5</b>			
Finance / Insurance	1,413	<b>1,147</b>	<b>81.2</b>	371	<b>295</b>	<b>79.5</b>	639	<b>642</b>	<b>100.5</b>	12,660	<b>10,970</b>	<b>86.7</b>	15,083	<b>13,054</b>	<b>86.5</b>			
Transportation / Leisure	7,588	<b>3,878</b>	<b>51.1</b>	1,402	<b>810</b>	<b>57.8</b>	1,106	<b>792</b>	<b>71.6</b>	9,118	<b>5,163</b>	<b>56.6</b>	19,214	<b>10,643</b>	<b>55.4</b>			
Food Services / Other Services	1,463	<b>1,322</b>	<b>90.4</b>	392	<b>275</b>	<b>70.2</b>	1,699	<b>1,442</b>	<b>84.9</b>	10,262	<b>9,321</b>	<b>90.8</b>	13,816	<b>12,360</b>	<b>89.5</b>			
Government / Organizations	1,310	<b>1,094</b>	<b>83.5</b>	280	<b>204</b>	<b>72.9</b>	740	<b>728</b>	<b>98.4</b>	1,575	<b>2,144</b>	<b>136.1</b>	3,905	<b>4,170</b>	<b>106.8</b>			
Education / Medical Services / Religion	1,734	<b>1,336</b>	<b>77.0</b>	601	<b>453</b>	<b>75.4</b>	406	<b>352</b>	<b>86.7</b>	3,760	<b>3,259</b>	<b>86.7</b>	6,501	<b>5,400</b>	<b>83.1</b>			
Classified Ads / Others	2,107	<b>1,527</b>	<b>72.5</b>	57	<b>46</b>	<b>80.7</b>	75	<b>67</b>	<b>89.3</b>	711	<b>927</b>	<b>130.4</b>	2,950	<b>2,567</b>	<b>87.0</b>			
<b>Total</b>	<b>45,470</b>	<b>36,880</b>	<b>81.1</b>	<b>16,750</b>	<b>12,230</b>	<b>73.0</b>	<b>12,600</b>	<b>10,660</b>	<b>84.6</b>	<b>173,450</b>	<b>153,860</b>	<b>88.7</b>	<b>248,270</b>	<b>213,630</b>	<b>86.0</b>			

TABLE 3

## Sources of Media Expenditures

<b>Traditional Media</b>	Advertising spending in the traditional media of 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>	Ad placement costs (media costs) on Internet sites and apps (including Merchandise-related EC Platforms) and related production costs (banner ads, video ads, advertorials on social media platforms, etc.).
<b>Digital advertising carried by traditional media companies</b>	Total of newspapers digital, magazine digital, radio digital, and television digital ads.
<b>Newspapers Digital</b>	Internet advertising expenditures for digital ad space offered by newspaper companies. (Not included in newspaper advertising expenditures.)
<b>Magazine Digital</b>	Internet advertising expenditures for digital ad space offered by magazine companies. (Not included in magazine advertising expenditures.)
<b>Radio Digital</b>	Internet advertising expenditures for digital ad space offered by radio media companies. (Not included in radio advertising expenditures.)
<b>Television Media Digital</b>	Internet advertising expenditures for digital ad space offered by television media companies (including satellite media-related expenditures). (Not included in television media advertising expenditures.)
<b>Television media-related video advertising</b>	Internet advertising expenditures for video streaming-type media, including catch-up TV services and simulcast services.
<b>Merchandise-related EC Platforms within Advertising Expenditures in Japan</b>	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.
<b>Promotional Media</b>	Advertising expenditures for sales promotion-related media.
<b>Outdoor</b>	Production and placement costs for short- and long-term billboards, neon signs, LED signs, outdoor video screens, etc.
<b>Transit</b>	Placement costs for transit advertisements in trains, buses, taxis, airports, and other public transportation.
<b>Flyers</b>	Insertion costs for flyers in newspapers nationwide.
<b>Direct Mail</b>	Postage and private delivery costs for direct mail.
<b>Free Newspapers / Telephone Directories</b>	Advertising costs in free newspapers, magazines, and telephone directories.
<b>POP</b>	Production costs for point-of-purchase displays.
<b>Events/Exhibitions / Screen Displays</b>	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.