

2010

Advertising
Expenditures
in Japan

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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 satellite media-related, Internet and promotional media categories. It is prepared in cooperation with media companies and production companies. 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.

I. Overview of Advertising Expenditures in Japan for 2010

1. Total Advertising Expenditures

Spending fell 1.3%, down for the third year in a row

1. Total advertising expenditures in calendar year 2010 came to ¥5,842.7 billion, a decrease of 1.3% compared with the previous year.
2. Positive factors for advertising spending in 2010 were a slowly improving economy and higher corporate earnings, major international events including the Vancouver 2010 Winter Olympic Games, the 2010 FIFA World Cup South Africa™ tournament, and Expo 2010 Shanghai China, as well as economic stimulus measures such as subsidies for eco-friendly cars and the eco-point system. Nevertheless, advertising demand failed to recover fully, and total spending fell below previous-year levels.

2. Advertising Expenditures Classified by Medium

Traditional media down 1.9%, Satellite Media-Related advertising up 10.6%, Internet up 9.6%

1. Newspaper Advertising Expenditures (down 5.1%): Newspaper advertising fell again in 2010, but the rate of decline slowed. Demand was weaker compared with the previous year, when spending had been boosted by placements related to the Lower House election and economic stimulus measures such as tax breaks for eco-friendly cars. Year-on-year spending was up in Cosmetics/Toiletries and Apparel/Fashion, Accessories/Personal Items, but was sharply lower in Precision Instruments/Office Supplies, Automobiles/Related Products, Transportation/Leisure and Government/Organizations.
2. Magazine Advertising Expenditures (down 9.9%): Spending was down in Cosmetics/Toiletries, Hobbies/Sporting Goods and many other industry categories, but rose in Apparel/Fashion, Accessories/Personal Items, Household Products and Real Estate/Housing Facilities. By genre, year-on-year spending rose in comic magazines for men, magazines for young adult men and childcare magazines.
3. Radio Advertising Expenditures (down 5.2%): Spending rose year on year in a few categories such as Home Electric Appliances/AV Equipment and Food Services/Other Services, but dropped sharply in such major categories as Automobiles/Related Products and Transportation/Leisure.
4. Television Advertising Expenditures (up 1.1%): Spending posted a double-digit decline in 2009 as a result of the Lehman Brothers Holdings Inc. collapse, but in 2010 spot advertising gradually started to pick up. Against a background of brisk demand for spot advertising, regular program sponsorship advertising also began to improve, as a growing number of advertisers began seeking regular access to prime-time programming slots. As a result, overall spending in the October–December quarter managed to recover to previous-year levels. Spending was higher in 13 industry categories, including Information/Communications and Cosmetics/Toiletries.
5. Satellite Media-Related Advertising Expenditures (up 10.6%): BS digital broadcasting was boosted by factors such as an increase in the number of households able to receive satellite broadcasts due to strong sales of digital televisions, the addition of baseball night games featuring the Yomiuri Giants and other popular teams, and a revised program lineup designed to have greater appeal to the M2 and F2 demographics (men and women 35–49 years old), which are less well served by conventional ground-based television broadcasting. These steps boosted viewership, and not only attracted new placements by major advertisers (high-end consumer goods, durable goods and services), but also pushed up unit revenues. Demand for direct marketing company advertising remained firm, while CS broadcasting and CATV also posted gains.
6. Internet Advertising Expenditures (up 9.6%): Spending slowed temporarily in 2009 due to the global recession, but recovered strongly in 2010. Placement costs grew 11.5% compared with the previous year. In terms of general trends, mobile advertising grew more rapidly than web advertising (PC-based Internet), and search engine advertising expanded faster than banners and other types of display advertising.

Advertising production costs were up 3.0% due to an increase in the number of ad campaigns by mobile phone carriers and automobile companies as well as ecology and CSR-related projects, but growth was tempered by falling unit costs.

7. Promotional Media Advertising Expenditures (down 4.4%): Expenditures fell for a third straight year, but the rate of decline narrowed considerably compared with 2009 (down 11.8%). Spending on point-of-purchase (POP) advertising rose, but fell in Outdoor, Transit, Direct Mail, Free Newspapers/Free Magazines and Exhibitions/Screen Displays for a third straight year.

3. Advertising Expenditures Classified by Industry in the Traditional Media

Spending up in eight of 21 industry categories, including Information/Communications, Apparel/Fashion, Accessories/Personal Items, Cosmetics/Toiletries and Household Products

1. Advertising expenditures increased in eight of the 21 industry categories surveyed during 2010 (compared with only one category in 2009) .
2. The eight industry categories posting gains included Household Products (up 10.3%), due to increased placements for furniture, deodorizers and other items; Apparel/Fashion, Accessories/Personal Items (up 8.8%), boosted by growth in the areas of women's clothing, jeans and men's clothing; Information/Communications (up 8.6%), on an upsurge in website-related advertising; Energy/Materials/Machinery (up 4.8%), on increased spending by gas and electric power companies; Cosmetics/Toiletries (up 4.4%), which saw higher spending on hair care products and cosmetics; and Home Electric Appliances/AV Equipment (up 4.0%), on growth in ads for televisions and Blu-ray Disc recorders.
3. Spending fell in 13 industry categories, including three categories that posted double-digit declines (compared with 14 double-digit declines in 2009). These were Government/Organizations (down 14.4%), where previous-year spending had been boosted by the Lower House election; Hobbies/Sporting Goods (down 13.3%), on weaker demand for game software, pachinko machines and "pachislo" slot machines; and Pharmaceuticals/Medical Supplies (down 10.6%), on cutbacks in ads for cold remedies and digestive aids.

II. Advertising Expenditures in Japan for 2010

Advertising Expenditures in Japan Totaled ¥5,842.7 Billion in 2010, Down 1.3% over 2009

Total advertising expenditures in calendar year 2010 came to ¥5,842.7 billion, a decrease of 1.3% compared with the previous year. Spending fell for the third year in a row.

Looking back, total advertising expenditures turned upward in 2004 due to a recovery in the Japanese economy and the proliferation of digital home electric appliances and broadband Internet services. Spending continued to grow in 2005 (up 2.9%), 2006 (up 1.7%) and 2007 (up 1.1%), but fell 4.7% in 2008 as a result of the financial crisis in the United States and subsequent global recession. Spending shrank further in 2009 (down 11.5%), and again in 2010 (down 1.3%).

General Characteristics of Advertising Activities in 2010

1. Total advertising expenditures in 2010 were boosted by a number of positive factors, such as a gradually recovering economy and improved corporate earnings, major international events including the Vancouver 2010 Winter Olympic Games, the 2010 FIFA World Cup South Africa™ tournament, and Expo 2010 Shanghai China, as well as economic stimulus measures such as subsidies for eco-friendly cars and the eco-point system. As a result, overall advertising expenditures held steady at ¥5,842.7 billion, a decline of only 1.3% compared with 2009. On the positive side, spending on Television advertising grew during the second half of the year, and the rate of decline in overall spending narrowed sharply compared with the previous year (down 11.5%), indicating that the downturn in advertising spending is bottoming out.
2. Broken down by medium, expenditures in Television rose (up 1.1%), but fell in Newspapers (down 5.1%), Magazines (down 9.9%) and Radio (down 5.2%). Year-on-year spending in the traditional media declined for a sixth consecutive year (down 1.9%). In other media, Promotional Media dropped for the third year in a row (down 4.4%). Satellite Media-Related advertising posted double-digit growth (up 10.6%) on the strength of BS digital broadcasting. Internet advertising also rose sharply (up 9.6%), due to an increase in marketing campaigns incorporating Internet advertising.
3. By industry category (for traditional media), expenditures grew in eight of the 21 industry categories, including Information/Communications, due to rapid growth in website-related advertising; Apparel/Fashion, Accessories/Personal Items, on increased placements for women's clothing, jeans and men's clothing; and Cosmetics/Toiletries, as a result of higher spending on hair care and cosmetics advertising. In contrast, spending fell in 13 of the 21 industry categories, including Government/Organizations, where previous-year spending had been boosted by the Lower House election; and Hobbies/Sporting Goods, on cutbacks in advertising for game software and other items.

Japan's nominal gross domestic product (GDP) grew 1.8% in 2010, posting an increase for the first time in three years. Total advertising expenditure as a percentage of GDP was 1.22%, down from 1.26% in 2009.

Background to 2010 Advertising Expenditures

1. The Japanese economy continued to expand throughout 2010. GDP was up sharply in the January–March quarter, and remained in positive territory for the rest of the year, although growth slowed in the October–December quarter. Real GDP increased 3.9% in 2010, up for the first time in three years. After adjusting for the effects of deflation, nominal GDP grew 1.8%.

A closer look at the composition of GDP showed a recovery in exports, particularly to China and other emerging economies, as well as an increase in capital investment. Consumer spending was boosted by the effects of subsidies for eco-friendly cars, the eco-point system for home electric appliances, and other economic stimulus measures, as well as by a sharp increase in demand for various products due to the extremely hot summer weather. Exports began to slow in the fall quarter, however, due to a rapid strengthening of the yen, and personal consumption also weakened due to factors such as the ending of the eco-friendly car subsidy program in September, the end of the

summer heat wave, a sharp rise in the cost of cigarettes, and a 50% reduction in eco-point subsidies in December.

In the area of consumer spending, department store sales fell 3.1% year on year due to slack demand for high-priced items and clothing. Supermarket sales were also lower (down 2.6%). Department store and supermarket sales have now fallen for 14 years in a row. Convenience store sales held steady near the previous year's level (down 0.8%), boosted by an unusual surge in spending on cigarettes prior to the increase in the tobacco tax, and strong demand for private brand (PB) goods. In the home electric appliances category, sales of products eligible for eco-point subsidies, such as air conditioners, refrigerators and widescreen flat-panel TVs equipped to receive terrestrial digital broadcasts, were brisk, especially prior to December when eco-point subsidies were cut in half. Air conditioner sales were boosted sharply by the combination of eco-point subsidies and record-breaking summer temperatures, and demand for refrigerators, particularly large-capacity models, was also robust. Sales of widescreen flat-panel TVs shot up 84.9%, partly in anticipation of the impending changeover from analog to terrestrial digital broadcasting. Demand for electric washing machines, vacuum cleaners and Blu-ray Disc recorders was also strong. Among digital cameras, sales of single-lens reflex cameras recovered after having fallen in 2009.

Mobile phone sales shot up due to the explosive popularity of smartphones. The number of units sold more than doubled in the six months from April to September as people rushed to replace their old models. Personal computer sales rose on increased demand from both individual and corporate customers, with sales marking a new all-time high of 15.27 million units, up 17.0% over the previous year. Total shipment values also grew 17.0%, the first increase in 10 years, as the trend toward declining unit prices finally appears to have bottomed out.

In the domestic passenger car market, total unit sales of registered regular cars and K-cars (engine displacement under 660 cc) rose 7.5%, their first gain in six years. Sales of hybrid cars and compact cars with superior fuel efficiency were boosted by government subsidies and special tax breaks for eco-friendly cars. However, sales plummeted after the eco-car subsidy program ended in September.

New housing starts, which had been falling steadily, finally bounced back in June, and ended up recording a gain of 3.1% compared with the previous year. Residential condominium sales were also up in the Tokyo area for the first time in six years.

The world economy in 2010 showed signs of recovery from the global recession that followed the collapse of Lehman Brothers. The United States economy gained momentum, and real GDP posted year-on-year growth of 2.9%. The recovery was even faster in emerging nations, including China, whose economy expanded a further 10.2% in 2010.

Corporate earnings improved, as cost-cutting measures combined with an expansion of exports to developing countries boosted ordinary income to levels attained before the collapse of Lehman Brothers. Total revenues were also higher.

The employment situation remained severe. The unemployment rate for 2010 was 5.1%, the same level as in 2009. The ratio of jobs to applicants continued to show improvement, but remained low with only 0.52 jobs offered per applicant.

With regard to the exchange rate, the value of the yen began to appreciate sharply in July, reaching ¥81 to the U.S. dollar in October. Stock prices reached the ¥11,100 level in April on expectations of continued economic growth, but quickly ran out of steam and dropped back below ¥10,000 in June. The rapid increase in the value of the yen that began in the summer dampened the outlook for the economy, and caused stock prices to fall to the ¥9,000–9,500 range. By November, however, they had recovered to the ¥10,000 level.

2. A wide variety of hit products brought excitement to the market in 2010. The food category saw a boom in chunky chili oil products. Interest skyrocketed after extensive coverage by the mass media, and demand became so great that stores had trouble keeping enough products in stock. Convenience stores introduced a series of high-quality sponge cake rolls that became very popular, and the hot summer weather boosted sales of ice cream and frozen confections. In the beverages category, non-alcoholic beer-like drinks became a big hit, and whiskey sales were boosted by the popularity of highballs. Among pharmaceutical products, the rise in the price of cigarettes in October fueled demand for smoking cessation medications and nicotine patches, to such an extent that supplies became limited. In the cosmetics/toiletries category, the appearance of facial skin-care product brands selling for ¥1,000 or less attracted a lot of attention, and the popularity of concentrated liquid laundry detergent that requires only one rinse cycle carried over from the previous year. Among fashion products, the “fast fashion” boom remained as strong as ever. In precision instruments, compact mirrorless single-lens reflex digital cameras became a big hit. Exciting new products in the office equipment category were erasable ballpoint pens and staple-free staplers. Among home electric appliances, in addition to the three products eligible for eco-point subsidies (widescreen flat-panel TVs, air conditioners and refrigerators), low-cost LED light bulbs and portable electric toothbrushes were very popular. In addition, the number of advance orders for a new home bakery system designed to make bread from rice flour was so great that introduction of the product had to be delayed. In the automobile sector, demand for highly fuel-efficient vehicles was boosted by eco-car subsidies and tax breaks. Sales of hybrid vehicles were strong, and the market introduction of electric vehicles was a major story. Among household products, a new type of cooking pack that makes it possible to cook fish in a microwave oven became a big hit, and a number of new scented insect repellent products for clothing proved to be very popular. In the information and communications category, smartphones captured the public’s imagination. The iPhone 4 became a hot item after its introduction in June, and in the fall the market was boosted further by the introduction of a number of new smartphone models using Google’s Android operating system. Tablet computers attracted a lot of attention in 2010 with the appearance of the iPad in May, followed by a number of new tablets from different manufacturers. Among publications, popular best sellers included *What if the Female Manager of a High-School Baseball Team Read Drucker’s “Management,”* Akira Ikegami’s *Tsutaeru Chikara* (The Power to Communicate) and *Major World Problems Everyone Should Know About*. In the leisure sector, 3D movies such as “Avatar,” “Alice in Wonderland” and “Toy Story 3” made a big splash. Among new commercial facilities, Tokyo Sky Tree (currently under construction) became a new Tokyo landmark. In food services, intense competition forced family-style restaurants, *gyudon* (beef bowl) shops and pub chains to slash prices even further, and overall sales revenues have been rising since July as a result of aggressive promotion of low-priced meals. The travel industry saw a firm recovery in both overseas and domestic travel, which had been depressed in 2009 by the H1N1 flu pandemic. In the theme park sector, the Tokyo Disney Resort remained a very popular destination.
3. Major events impacting advertising during 2010 included: **January**—Japan Airlines Corporation filed for protection under the bankruptcy law; **February**—Vancouver 2010 Winter Olympic Games; **March**—Launch of the online version of the *Nihon Keizai Shimbun*; **May**—Introduction of the iPad in Japan; Expo 2010 Shanghai China; **June**—2010 FIFA World Cup South Africa™ tournament; **July**—Yahoo Japan Corporation formed a search engine alliance with Google Inc.; Upper House election held; **August**—Record-breaking heat wave throughout Japan; yen rose to the ¥84 to the U.S. dollar level; **September**—Eco-car subsidy program ended; Japan–China relations worsened after a Chinese fishing boat and a Japan Coast Guard patrol boat collided; **October**—Cigarette prices rose sharply; and **December**—Eco-point subsidies for eligible home electric appliances were cut in half.

III. 2010 Advertising Expenditures Classified by Medium

Television Rises for the First Time in Six Years; Satellite Media and Internet Post Large Increases

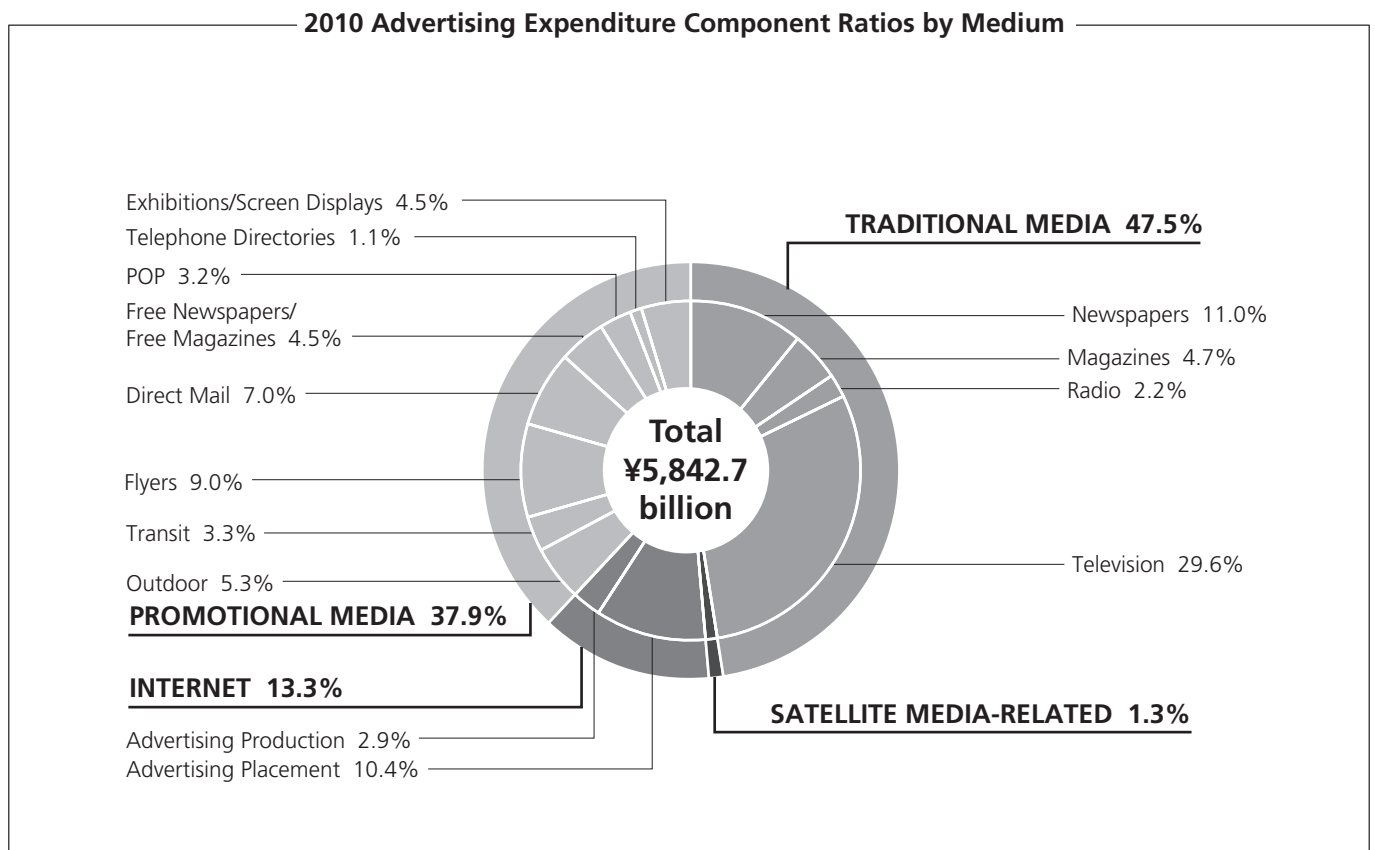
Broken down by medium, advertising spending in Television, which accounts for the highest percentage of advertising expenditures, rose for the first time in six years (up 1.1%). However, there were declines in Newspapers (down 5.1%), Magazines (down 9.9%) and Radio (down 5.2%). As a result, total advertising expenditures for the traditional media decreased for the sixth consecutive year (¥2,774.9 billion, down 1.9%).

Satellite Media-Related advertising expenditures rose considerably (¥78.4 billion, up 10.6%), boosted by strong sales of digital televisions.

Internet advertising expenditures increased significantly (¥774.7 billion, up 9.6%), with its component ratio among all media rising to 13.3%.

Promotional Media expenditures declined for a third straight year (¥2,214.7 billion, down 4.4%). Spending on POP advertising increased, but decreased for the third consecutive year in Outdoor, Transit, DM, Free Newspapers/Free Magazines and Exhibitions/Screen Displays. Flyers fell for the fourth consecutive year, and spending in Telephone Directories has now fallen for 12 successive years.

Key trends for each medium are summarized below.



Newspaper Advertising

Spending on Newspapers fell 5.1%, to ¥639.6 billion.

Several major international events were held during 2010, including the Vancouver 2010 Winter Olympic Games, the 2010 FIFA World Cup South Africa™ tournament and Expo 2010 Shanghai China, while in Japan events such as the Upper House election, along with APEC Japan 2010 and the Tenth Conference of Parties to the Convention on Biological Diversity (COP 10), provided a boost to placements of corporate advertisements. However, Newspaper advertising gradually declined due to such factors as the falloff in placements following the previous year's Lower House election, and advertising related to tax breaks for eco-friendly cars and other economic stimulus measures.

By industry category, year-on-year increases in spending were led by Foodstuffs, Cosmetics/Toiletries and Beverages/Cigarettes, while categories such as Transportation/Leisure, Classified Ads/Others and Government/Organizations posted declines.

The falloff in advertising revenues has had a considerable impact on newspaper companies, which responded with such moves as operational mergers, suspension of business operations, and termination of evening editions. Amid these business conditions, there were notable efforts by newspaper companies to reduce costs through such measures as mutual alliances for printing, distributing and editing, and sharing infrastructure with other industries, as well as business diversification to expand earnings.

Magazine Advertising

Spending on Magazines fell 9.9%, to ¥273.3 billion.

By industry category, four of the 21 industry categories recorded year-on-year increases, while five had declines of less than 10 percent. The Apparel/Fashion, Accessories/Personal Items category, which accounts for the largest proportion of magazine advertising, boosted spending in the medium with 3.1% growth from a year earlier.

By genre, spending rose in comic magazines for men, magazines for young adult men and childcare magazines. Other genres posted declines of less than 10 percent, with the exception of personal computer magazines and TV/local information magazines. Looking at magazines overall, robust advertising was notable in magazines that come with free gifts, such as those from Takarajimasha. The publication *Sweet* (Takarajimasha) provided a particular boost to women's magazines. The number of magazines that come with free gifts increased slightly from the previous year. This trend is expected to continue for some time.

Attention was also focused on the female readers of *Mart* (Kobunsha), with many advertisements and promotions featuring the magazine's readers themselves.

Major new titles included *GLOW* and *Linier* (Takarajimasha) for women in their 40s, *PopSister* (Kadokawa Haruki Corporation) and *EDGE STYLE* (Futabasha) for trendy young women, the children's magazine *GAKUMANplus* (Shogakukan), and the hobby magazine *Randonnée* (Ei Publishing). *GLOW* and *Linier* were particularly popular, each with large first-issue runs of more than 300,000 copies.

New fashion magazines for beginners, though published irregularly, were popular for advertising. These include *SPUR pink* (Shueisha), *VOGUE girl* (Condé Nast Publications Japan), and the bimonthly *ELLE girl* (Hachette Fujingaho).

The discontinuation of old and well-established magazines continued during 2010. Major discontinued titles included *Harper's BAZAAR Japan Edition* (HB Japan), *Kagaku* (Science) and *Gakushu* (Study) (Gakken).

A total of 110 new or revived titles appeared in 2010, down 25 from a year earlier and marking the lowest annual figure for the past 40 years. Discontinued titles numbered 216, which was 27 more than in 2009.

Radio Advertising

Spending on Radio totaled ¥129.9 billion, a year-on-year decrease of 5.2%.

Revenues for radio broadcasters were sluggish overall, and all broadcasters struggled during the first half of 2010. In the Kanto region, which accounts for nearly half of the total radio

advertising market, revenues were down overall, which had a severe impact on the industry as a whole.

By industry category, ad placements were down for Precision Instruments/Office Supplies and for Transportation/Leisure. Meanwhile, spending was up for Cosmetics/Toiletries, Home Electric Appliances/AV Equipment and Food Services/Other Services. The Upper House election held during the summer also led to bulk placements from political parties and other organizations. An increase in ads from law firms was also noteworthy, although such ads have yet to reach a large enough number to have a major impact.

Another notable development during 2010 was the establishment on December 1 of radiko Co., Ltd. The company provides a service that allows people to use ordinary computers as radio receivers, which is expected to draw new listeners and has led to the development of new promotions such as those combining radio and the Internet. Internet-related ad placements are also expected.

Community FM stations (243 stations in total) maintained ad revenue on a par with the previous year, despite strained circumstances in many communities. With sponsors scaling back support, and spot advertising revenue declining, non-broadcast revenue was boosted by events and multimedia-related programs.

Television Advertising

Spending on Television totaled ¥1,732.1 billion, an increase of 1.1% compared with the previous year. Program sponsorships were ¥713.2 billion (down 6.1%), and spot advertising was ¥1,018.9 billion (up 6.8%).

Television advertising overall fell more than 10 percent in 2009 in the wake of the financial crisis following the collapse of Lehman Brothers, but in 2010 spot advertising slowly began to regain strength. Growth was driven by the Information/Communications category, where placements by Internet-related companies were notable, and the Automobiles/Related Products category, which was boosted by government subsidies for eco-friendly cars. Spending during the July–September quarter was up sharply from the same period of 2009, and even exceeded that of 2008.

Program sponsorships recovered gradually, with an increasing number of sponsors leaning toward more flexible spending of advertising budgets. Spending rebounded from the new program lineup that started in April, narrowing the overall decline. Major one-off events like the 2010 FIFA World Cup South Africa™ tournament also provided a boost. Prospects for a full-scale recovery were seen in the new October programming schedule, with the upturn in spot advertising, and an increase in the number of sponsors looking to secure more stable, premium slots. Spending for the October–December quarter recovered to a level on a par with the same period in the previous year. The decline in the unit price for commercials, which had been a cause for concern, showed signs of stabilizing.

By industry category, the significant increase from Information/Communications was particularly notable, while conventional categories such as Cosmetics/Toiletries remained positive. In the Automobiles/Related Products category, although spot advertising rose significantly, program sponsorships declined, giving a glimpse of the impact resulting from the government's economic stimulus measures.

Quarterly Breakdown of Growth in Advertising Expenditures in the Traditional Media in 2010

A quarterly breakdown of advertising expenditures for the traditional media shows a gradually stronger recovery trend from the second half of the year, with growth rates becoming positive in the October–December quarter.

| | (Year on year, %) | | | | | | |
|---|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2010 (Full Year) | Jan.– Jun. | Jul.– Dec. | Jan.– Mar. | Apr.– Jun. | Jul.– Sep. | Oct.– Dec. |
| Advertising Expenditures in the Traditional Media | 98.1 | 96.6 | 99.7 | 94.4 | 98.8 | 98.9 | 100.4 |

Advertising Production Costs for the Traditional Media

Advertising production costs for the traditional media rose 1.1% year on year, to ¥282.5 billion. Of this amount, production of television commercials accounted for ¥187.0 billion, up 4.6% year on year. (Advertising expenditures by medium include relevant advertising production costs.)

Satellite Media-Related Advertising

By medium, large-scale sporting events such as the Vancouver 2010 Winter Olympic Games and the 2010 FIFA World Cup South Africa™ tournament helped drive a recovery in TV commercial production, which rose year on year for the full year. This was one of the main factors behind the increase in advertising production costs for the traditional media. Spending for Radio and Newspapers was also healthy. Magazine ad production recovered from a temporary slump, but in line with the drop in magazine ad expenditures did not reach the level of the previous year.

By industry category, spending was positive in industries that account for a large proportion of the total, including Beverages/Cigarettes, Home Electric Appliances/AV Equipment, Finance/Insurance and Food Services/Other Services. Meanwhile, growth was sluggish in such industry categories as Foodstuffs, Hobbies/Sporting Goods and Transportation/Leisure.

Spending on Satellite Media-Related advertising rose 10.6% year on year, to ¥78.4 billion.

BS digital broadcasting grew 10.6% compared with the previous year. This was attributable to an increase in the number of households able to receive satellite broadcasts due to strong sales of digital televisions; the addition of baseball night games featuring the Yomiuri Giants and other popular teams; and a revised program lineup designed to have greater appeal to the M2 and F2 demographics (men and women 35–49 years old), which are less well served by conventional ground-based television broadcasting. These factors served to attract new placements and higher spending from major advertisers for high-end consumer goods, durable goods and services targeting these viewers. Demand for direct marketing company advertising remained firm.

CS broadcasting rose 8.6% compared with the previous year. Spending reversed from the year-on-year decline in 2009 as a result of the mild recovery trend in the economy, raised awareness of pay-TV services following the widespread adoption of TVs with CS, BS and terrestrial tuners, greater value placed on pay-TV subscribers by advertisers, and the boost from the 2010 FIFA World Cup South Africa™ tournament. Spending by direct marketing companies (especially for health food product promotions) continues to rise consistently, and there is a trend toward an increase in placements for services aimed at wealthy consumers.

CATV advertising was up 13.2% year on year. CATV providers have largely suspended their aggressive marketing campaigns ahead of the switchover to terrestrial digital broadcasting services. However, revenues are increasing as a result of the benefits from mergers among Multiple System Operators (MSOs), marketing programs centered on community channels ahead of the switchover to digital services, and simultaneous broadcasts of standard-definition channels. Placements by regional local advertisers were essentially at a standstill, and there were clear disparities among areas, including placements by direct marketing companies.

Teletext broadcasting fell 60.0% from a year earlier. There were very few new inquiries in this area because services are shifting to data broadcasts in tandem with the steady growth of digital devices.

Internet Advertising

Spending on Internet advertising rose 9.6% year on year, to ¥774.7 billion.

Internet advertising placements grew 11.5%, to ¥607.7 billion (of which mobile advertising accounted for ¥120.1 billion and PC-based Internet search engine advertising ¥203.5 billion). Growth slowed in 2009 in response to the global economic downturn, but recovered in 2010, and the market as a whole steadily expanded. The same general trends held true, with mobile advertising growing at a faster pace than web advertising (PC-based Internet), and search engine advertising outperforming banners and other types of display advertising.

Web advertising (PC-based Internet) increased 10.4% overall from a year earlier, to ¥487.6 billion (including search engine advertising), due mainly to a rebound in spending by major advertisers, such as the human resources, real estate and financial industries, from which placements were sluggish in 2009. Appreciation for and expectations of Internet advertising are rising further among advertisers. The value placed on Internet portal sites that allow for a broad reach remains strong, while newer advertising methods have been established as common practice, such as rich media advertising to provide

Advertising Production Costs for Internet Advertising

expressive content, and linking ads to traditional media. At the same time, advertising techniques are diversifying, as seen by the continued growth of behavioral targeting advertising and affiliate advertising. There was greater public interest during 2010 in social media such as social networking services (SNS), "Miniblog" and video sharing sites, and these have gained greater visibility as advertising media. Among web advertising (PC-based Internet), spending on search engine advertising continued to grow, rising 19.0% year on year to ¥203.5 billion. The market has continued to expand on steady growth from such areas as the finance, real estate, travel and distribution industries, with increased placements at the end of the year reflecting the development of a new service: group coupon purchasing sites.

Mobile advertising (mobile-based Internet advertising) increased 16.5% from the previous year, to ¥120.1 billion (including mobile search engine advertising), due mainly to advertisements placed by major content providers, and the rapid growth of advertisers on SNS sites. The widespread adoption of smartphones in 2010 led to the rise of new advertising methods for the medium, and this is expected to grow considerably going forward. Mobile search engine advertising rose 27.2% from a year earlier to ¥28.5 billion, with the market continuing to grow as mobile searches become more common.

Advertising production costs for Internet advertising totaled ¥167.0 billion, up 3.0% year on year. Production costs for Internet advertising during 2009 had been sluggish, up just 0.7% year on year, as a result of the financial crisis after the collapse of Lehman Brothers and other aspects of the economic slowdown, but during 2010 the economic recovery helped drive an upturn in spending on Internet advertising production.

Corporate campaigns and promotions linked to Internet advertising (both PC and mobile) have continued to increase. Companies have increased their Internet advertising budgets, while at the same time production work has become more compartmentalized, and unit costs are falling.

Campaigns for mobile carriers, foodstuffs and beverages continued to increase. Eco-friendly campaigns and content production centered on the automobile and home electric appliance industries increased in response to government initiatives such as the eco-car tax reduction system and the eco-point system, while in other industries there was a growing tendency among companies to produce content that promotes their environmental, CSR and other corporate activities, and bolsters their corporate brand. Spending by such industries as real estate and finance, which had declined in 2009, appears to have leveled off, and is showing signs of recovery in certain areas. Companies are also paying more attention to social network services such as Twitter and Facebook, as well as smartphone applications, and an increasing number of companies are making active use of these media.

Promotional Media Advertising

Spending on Promotional Media advertising declined 4.4% year on year, to ¥2,214.7 billion. This was the third consecutive year of decline. Spending fell for a third straight year in Outdoor, Transit, Direct Mail, Free Newspapers/Free Magazines and Exhibitions/Screen Displays. Flyers declined for a fourth straight year, and Telephone Directories for the 12th year in a row. Total spending on Promotional Media experienced a double-digit drop in 2009 as advertisers scaled back advertising budgets. In 2010, however, spending on POP advertising rose slightly year on year, while the decline slowed for other components. The slide in Direct Mail and Flyers was particularly small. The tendency among advertisers to cut advertising budgets has eased with recovery in the Japanese economy in general and corporate earnings in particular. At the same time, however, advertisers continue to seek greater cost effectiveness in promotional media, while promotions become smaller and run for a shorter time. As a general trend, the ongoing digitalization of society has led to a notable increase in Internet-linked promotions.

Outdoor advertising expenditures fell 3.8% year on year, to ¥309.5 billion. The downward trend in billboard advertising eased as a result of proactive placements by certain advertisers. Unit production costs fell further as competition became more intense.

In neon signs, the shift away from neon on the part of national advertisers seems to have eased slightly from the previous year. However, conditions remain tight, even in cases where advertisers continue to use neon, due to spending cutbacks and other factors.

In roadside boards, placements for specific beverages and automobiles (particularly foreign automobiles) accounted for more than half of all ads, continuing the trend from 2009. Spending on so-called "network boards" in shopping and entertainment districts came primarily from ads placed by music, entertainment and beverage companies. Demand for the media itself was relatively firm, and prices rose slightly as a result of the large number of last-minute placements.

Banner advertising, as in 2009, continued to be centered on ads for apparel, music and entertainment in urban areas. There was a noticeable trend toward using banners for high-impact effect, including back-to-back contracts for certain short-term boards and simultaneous placements on multiple boards.

In large-screen advertising, the industry trend was a decline in the proportion of ads for music, mobile phones and pachinko, with an increase for beverages, foodstuffs, television programs and publications. Notable developments included an increase in the number of clients, mainly in the movie business, using live broadcasts or nationwide buyouts for publicity, as well as station-related placements during the 2010 FIFA World Cup South Africa™ tournament. Major placements continued to be focused on the Tokyo metropolitan area, resulting in harsher conditions for local media. There was also a trend toward placements using digital signage on commuter railways.

In the area of sports stadium billboard advertisements, 2010 saw both a marked increase and decrease in advertisers, depending on the stadium. Ad spending declined overall, as unit prices fell while orders rose, and only a few new advertisers were acquired. As a result of advertising cutbacks in the slow economy and an inability to shift to other industries, there was a string of cancellations even at baseball stadiums that had been fully booked in past years, and although new sponsors were acquired during the second half of the year, revenues fell sharply overall. Advertising at ballparks that are home to Pacific League teams was comparatively strong, centered on sponsors affiliated with local educational facilities. At all stadiums there was a particular focus on the placement of spot ads for the All Star Game in July, the Climax Series in October, and the Japan Series in November, due mainly to promotional activities by lower-ranked teams and support from traditional media.

Commercial facility media showed little growth, primarily because very few new large-scale facilities were opened in urban markets. Media placements at shopping malls located mainly in suburban areas continued the growth trend of the previous year, with ads at both national chains and locally based facilities.

Transit advertising expenditures were down 6.0% year on year, to ¥192.2 billion. For advertising in trains, spending continued to decline as a result of the cutback in advertising budgets by publishing houses. Placements for above-the-window poster space rose during April and May, with ads from beverage producers, but there was a decline in large-scale ad campaigns. Regarding advertising in train stations, placements of posters decreased as part of the overall advertising decline. One bright spot was in digital signage. Eleven railway companies in the Kanto region participated in a trial program to jointly distribute original content to major stations in the Tokyo metropolitan area regardless of the operating company, culminating in the launch of ad sales. Digital signage is emerging as an important medium in the advertising sales of railway companies.

By region, events affecting Transit advertising included the opening in July of a new Skyliner train service between Nippori Station and Narita Airport Terminal 2 by Keisei Electric Railway Co., Ltd., and the opening in October of the new Haneda Airport International Terminal. East Japan Railway Company (JR East) increased the number of J-AD Vision screens at Shinagawa Station, Odakyu Electric Railway Co., Ltd. installed digital pillars in Shinjuku Station and Keisei Electric Railway Co., Ltd. installed information screens in its Keisei Skyliner trains. Keikyu Corporation, following the extension of its line to the Haneda Airport International Terminal, installed new signage at the terminal station.

By industry category, the hot summer led to increases in ad placements for beverages and cigarettes, with increases also recorded for housing facilities and products, energy, cosmetics, toiletries, real estate and construction. On the other hand, advertising in the home electric appliances and AV equipment category declined despite expectations of a boost from the eco-point system and switchover to terrestrial digital broadcasting. Declines were recorded for such categories as automobiles, related products, leisure, sports, medical, foodstuffs, information and communications.

Spending on bus advertising continued to fall, though the rate of decline slowed. Advertisers scaled back spending, and ad placements continued to become smaller and run for shorter periods of time. In regional areas, there was new or increased demand for bus wrap advertisements in certain areas, but in the large urban markets where this practice originated, enthusiasm for such ads seems to have run its course and spending declined.

In airport advertising, ad display contracts continued to be canceled at many airports. There was a decline in long-term ad contracts and illuminated ads, while the number of low-cost placements increased. New advertising at Haneda Airport, however, did provide a bit of a boost.

In taxi advertising, placements continued to become smaller and run for shorter periods. Conditions were tight in regional areas, but overall spending remained on a par with the previous year.

Flyer advertising expenditures were down 3.0% year on year, to ¥527.9 billion. Spending in 2009 declined more than 10% year on year, but in 2010 seems to have leveled off in terms of both region and time period, as placements by advertisers show signs of recovery. Not all industries are recovering, however, with areas such as real estate and human resources continuing to lag.

Same-period placements continued to decline during the January–March quarter, but from April rose year on year in certain months as the recovery gained strength.

By region, spending exceeded that of the previous year in Hokkaido and the Kinki region. Placements were firm in most other regions as well, but in the Tokyo metropolitan area, spending in Chiba and Saitama prefectures continued to decline at a rate of around 10% year on year, centered mainly on real estate, pachinko halls and retail.

By industry category, variation was seen in the degree of recovery. Spending on automobiles rose approximately 10% from a year earlier with tax breaks for eco-friendly cars, but a similar eco-point system provided little boost for home electric appliances, and spending failed to reach previous-year levels.

Categories on a recovery track from the previous year are those that experienced a boost from such positive factors as the government child allowance and the stronger yen, including preparatory and tutoring schools, travel, the general direct marketing industry, pharmaceuticals and cosmetics, as well as department stores in some areas. Certain categories such as automobiles and aesthetic salons recovered from 20% year-on-year declines in 2009 to year-on-year increases. The real estate and help-wanted advertising categories, which had experienced their largest declines to date a year earlier, continued their downward trend.

However, one new trend in flyer placements during 2010 was an increase in the number of advertisers making placements that linked their flyers with TV spots, such as new product announcements and direct marketing by manufacturers aimed at attracting retail customers. The use of flyer advertising in this way is expected to continue.

DM advertising expenditures were down 2.9% year on year, to ¥407.5 billion. Mailings to existing preferred customers and seniors were brisk, but declined slightly overall as advertisers shifted to using the Internet and more targeted mailings in response to growing environmental awareness among consumers. The tendency among DM users to seek lower prices remains strong, leading to a slight increase in low-cost Yu-Mail (Japan Post) deliveries and use of private couriers, while envelope mailings dropped sharply. Since the enactment of the Personal Information Protection Law, which imposes limits on the use of lists for mass mailings, there has been a growing shift toward smaller-scale, more targeted approaches.

By industry category, spending by direct marketing companies increased, but declined for communications, real estate and retail. During 2010, DM was utilized to enhance awareness of government subsidies for eco-friendly cars, the eco-point system for home electric appliances and housing, as well as the transition to terrestrial digital broadcasting, but this was insufficient to provide an overall increase. Blanket general delivery to all addresses in a specific area was utilized by volume retailers of consumer electronics during campaigns for products to which the eco-point system applied, but there was no significant increase in this type of DM.

DM as a whole is experiencing a shift from envelopes to postcards, and from envelopes and postcards to parcel post services. There is also a growing trend to combine print and e-mail in DM campaigns, and some advertisers are beginning to shift away from print media altogether in favor of the Internet, particularly for DM targeting younger people, and for communications with customers by credit card and telecom companies.

Free Newspaper/Free Magazine advertising expenditures declined 8.4% year on year to ¥264.0 billion, a smaller rate of decline than the 18.7% recorded in 2009.

By industry category, spending was strong for foodstuffs, pharmaceuticals, cosmetics, beauty items, gourmet foods and restaurants, but fell rather sharply for real estate and housing, shopping, fashion and accessories. Free newspapers and magazines are closely associated with the kinds of purchases made by ordinary consumers, but continuing the trend from 2009 there was a marked decrease in issues, with many publications suspending or ceasing publication, or reducing the number of issues published. Many publishers commented that even though the rate of decline is slowing, conditions remain tight and little optimism is warranted. In response to issues such as the increasingly fierce price competition, and calls from advertisers for multifaceted proposals that do not rely exclusively on print media, as well as a demand for greater cost-effectiveness, publishers expressed a determination to reduce costs and offer advertising plans that combine a wide range of tools, including the Internet. In an increasing number of cases publishers are moving from print to online content, and several successful examples have emerged.

POP advertising expenditures were up 0.2% year on year to ¥184.0 billion, roughly on a par with the previous year. A feeling of sluggishness continued to hamper the market during 2010, and with consumers not in a buying mood, advertisers in all industry categories were forced to reconsider the cost effectiveness and appropriateness of their advertising and promotional campaigns. As POP advertising is a medium to encourage consumers to make a final decision to purchase in stores, it is utilized not only for its conventional purpose as a way for the producer to communicate directly with the consumer, but also increasingly needs to function and be effective as a means of enhancing profitability at retail outlets.

This has led to calls for POP advertising to be more effective, and it has become an established part of enhanced trade promotions by manufacturers for large general merchandise stores (GMSs), volume retailers of consumer electronics, drug stores and other large-scale retailers. The support provided for retailers, such as small and mid-sized supermarket chains, takes into consideration the unique characteristics of a region and the customer demographic, and matches promotional methods to sales and earnings through combined use with on-demand promotional materials (flyers, POP ads, etc.) tied to operations.

Many advertising campaigns were implemented during 2010, including efforts to boost consumption through eco-point strategies for automobiles, home electric appliances and housing, campaigns to draw in customers from companies sponsoring major events such as the 2010 FIFA World Cup South Africa™ tournament and Expo 2010 Shanghai China, and special promotions for retailers. There were many integrated campaigns that, while tying in with traditional media, the Internet and mobile media, made active use of POP ads, displays and other materials in stores to encourage a final decision to purchase. This was one of the main drivers of spending on POP advertising. There were also notable moves toward consumer-oriented “no-frills” POP ads for the sole purpose of motivating people

to purchase, as well as ads that emphasize the viewpoint that consumers make a purchase based on the effectiveness of a product, rather than its features.

Telephone Directory advertising expenditures declined 13.4% year on year, to ¥66.2 billion. Spending has dropped for 12 straight years, dating back to 1999. While the rate of decline improved 1.1 percentage points amid the prolonged economic downturn, conditions remain strained.

Directory services have been expanded online to meet the needs of advertisers and users, recording a 5.0% year-on-year increase.

Exhibition/Screen Display advertising expenditures fell 5.1% year on year, to ¥263.4 billion. Prospects for recovery in the economy finally emerged in the second half of 2010, but conditions for the exhibition and screen display industries remained as harsh as during the first half, with major advertisers cutting budgets, and the public sector reevaluating its budget priorities.

In Exhibitions, although several major events were held in Japan during the year, including the Commemorative Events of the 1300th Anniversary of Nara Heijo-kyo Capital, the Tenth Conference of Parties to the Convention on Biological Diversity (COP 10) in October, and APEC Japan 2010 in November, the impact these events had on the exhibition and screen display industries overall was not particularly large. In mainstay industries such as the automotive and home electric appliance sectors, revenues rose on the back of economic stimulus measures such as tax breaks and subsidies for eco-friendly cars, and the eco-point system for home electric appliances. The mobile phone industry was also positive as a result of the record increase in sales of smartphones. Advertising gradually picked up in line with these gains, but for companies specializing in exhibition construction and screen systems, conditions remained tight as advertisers reduced budgets and scaled back the size of events, with revenues either declining or remaining on a par with the previous year. There was also little from the public sector in terms of measures to provide an economic boost to the industry, as budgets for events and construction projects were reduced, and the slump continued from the previous year, with a decline in the number of public facility construction projects, shorter delivery times and diminished profitability.

In Screen Displays, there was little in terms of special procurements during 2010, and screen display (video) and hardware-related companies continued to face revenue declines throughout the year. The falloff in value of orders was particularly marked, and with competition within the industry fierce, companies found it necessary to cooperate in order to maintain profitability and secure earnings. The widening gap between companies in this area has become noteworthy.

Promotional films benefited from record box-office revenues as a result of hit 3D movies, with national advertisers in such sectors as automobiles, foodstuffs, beverages and home electric appliances placing ads in 3D cinemas. There was a sense that sales were recovering from the sharp decline in 2009, but revenues were still short of the level attained a few years earlier, with annual regular placements down, and spot advertising slots only filling up at certain theaters showing topical films during busy periods.

By industry category, placements for foodstuffs showed signs of recovery. As in 2009, there were a considerable number of placements for DVDs, game software and other products that are enjoyed at home. By area, spending seemed skewed in favor of major urban areas.

IV. 2010 Advertising Expenditures Classified by Industry (Traditional Media Only)

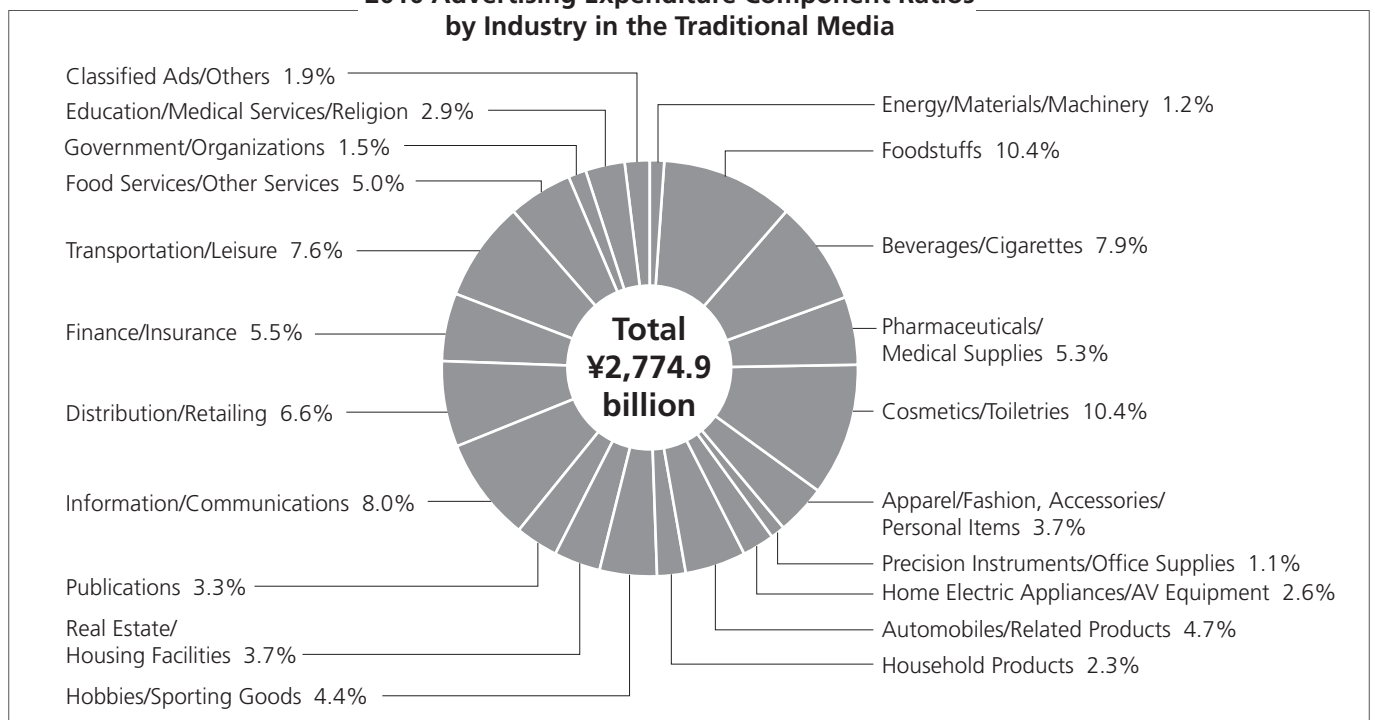
Spending rose in eight industry categories, including Information/Communications, Apparel/Fashion, Accessories/Personal Items, Cosmetics/Toiletries and Household Products

Advertising expenditures increased in eight of the 21 industry categories surveyed during 2010, but declined in 13 categories. By comparison, in 2009 annual spending decreased in 20 of the 21 categories and increased in only one category.

The eight industry categories posting gains were Household Products (up 10.3%), due to increased placements for furniture, deodorizers and other items; Apparel/Fashion, Accessories/Personal Items (up 8.8%), boosted by growth in the areas of women's clothing, jeans and men's clothing; Information/Communications (up 8.6%), on an upsurge in website-related advertising; Energy/Materials/Machinery (up 4.8%), on increased spending by gas and electric power companies; Cosmetics/Toiletries (up 4.4%), which saw higher spending on hair care products and cosmetics; Home Electric Appliances/AV Equipment (up 4.0%), on growth in ads for televisions and Blu-ray Disc recorders; Food Services/Other Services (up 2.8%), on stronger demand from the restaurant industry and law firms; and Finance/Insurance (up 1.6%), due to growth in placements by consumer finance, securities and insurance companies.

Meanwhile, three industry categories posted double-digit declines (compared with 14 double-digit declines in 2009). These were Government/Organizations (down 14.4%), where previous-year spending had been boosted by the Lower House election; Hobbies/Sporting Goods (down 13.3%), on weaker demand for game software, pachinko machines and "pachi-slo" slot machines; and Pharmaceuticals/Medical Supplies (down 10.6%), on cutbacks in ads for cold remedies and digestive aids. Other categories where spending fell were Transportation/Leisure (down 9.6%), due to reduced placements by airlines, leisure facilities and entertainment industries; Real Estate/Housing Facilities (down 8.6%), on declines in corporate advertising by condominium and construction companies; Classified Ads/Others (down 7.2%), on declines in temporary help-wanted and classified ads; Distribution/Retailing (down 4.8%), on lower placements by department stores, convenience stores and direct marketing companies; Education/Medical Services/Religion (down 4.3%), which saw reductions in educational and religious advertising; Precision Instruments/Office Supplies (down 4.3%), due to cutbacks in ads for office equipment and other items; Beverages/Cigarettes (down 4.0%), due to a fall in spending on Japanese green tea, Japanese sake and shochu (a distilled liquor), and mineral water ads; Automobiles/Related Products (down 2.2%), on fewer placements for domestic passenger cars and used cars; Publications (down 1.9%), as a result of lower spending on newspaper and book ads; and Foodstuffs (down 0.2%), where fewer ads were placed for meat products and retort pouch foods.

**2010 Advertising Expenditure Component Ratios
by Industry in the Traditional Media**



A Breakdown of Advertising Expenditures by Industry

1. Energy/Materials/Machinery: Up 4.8%, with a 1.2% component ratio.

Advertising expenditures in this category rose for the first time in three years. Spending for materials and industrial machinery remained sluggish, but rose in the energy-related industries, with a considerable jump in placements from electric power and gas companies. Corporate advertisements from industrial machinery companies increased, while ad placements for gasoline continued to decline. By medium, spending was up year on year in Television on gains from ads for electric power companies and corporate advertisements.

2. Foodstuffs: Down 0.2%, with a 10.4% component ratio.

Spending declined for the second consecutive year, although the rate of decline was small. Ad placements were up sharply for such products as health foods, barbecue sauces and *tsukudani* (food boiled down in sweetened soy sauce to preserve it), with an increase in placements for many other products including soy sauce, yoghurt, frozen foods and rice snacks. In contrast, spending was down for foods that account for a major portion of this category (such as rice cakes, tempura coatings and fried chicken coatings), as well as for stock sauces, retort pouch foods, curries and soups. Meat products such as sausages and ham also declined. By medium, strong spending on health foods in Newspapers narrowed the overall decline for the industry category.

3. Beverages/Cigarettes: Down 4.0%, with a 7.9% component ratio.

Expenditures declined for the sixth consecutive year. Among non-alcoholic drinks, ad placements were strong for mainstay products such as beauty and energy drinks (such as kale juice) and canned coffee, with spending also up for lactic acid drinks, canned black tea and carbonated beverages (such as non-alcoholic beer). In contrast, spending was down for Japanese green tea and mineral water. Among alcoholic beverages, spending was down for such products as *happo-shu* (low-malt beer), pre-mixed cocktails, Japanese *sake* and *shochu* (a distilled liquor). However, ad placements for whiskey rose sharply on the popularity of highballs, while those for no-malt "third category" beer also increased. By medium, placements in Newspapers were up year on year for such products as beauty and energy drinks, health teas and no-malt "third category" beer. However, in Television, which accounts for a major portion of this category, spending was sluggish overall for alcoholic beverages such as *happo-shu* and Japanese *sake*, limiting growth for the industry category as a whole.

4. Pharmaceuticals/Medical Supplies: Down 10.6%, with a 5.3% component ratio.

Expenditures declined for the second straight year. Spending rose for such products as health drinks, laxatives, eyeglasses, contact lenses and denture products (adhesives and cleaners). In contrast, there were sharp declines for such mainstay products as general health supplements, cold remedies, digestive aids, remedies for muscular pain and plasters, as well as for corporate advertising. By medium, spending was down in all media, but the decline in the mainstay Television was particularly acute.

5. Cosmetics/Toiletries: Up 4.4%, with a 10.4% component ratio.

Ad spending rose for the first time in six years. Placements were up in many product categories, including hair care products, facial skin-care products, cosmetics, dentifrices, soap and bath products, detergents and personal care products. In contrast, spending was down for men's cosmetics and for corporate advertising. In cosmetics, spending was up sharply for emulsions, hair-coloring agents and hair growth products, with steady placements for such products as mascara, shampoos/conditioners, hair treatments and moisturizers. In contrast, spending declined for such products as facial cleansers, men's fragrances, cosmetic oils and makeup removers. In oral hygiene products, placements were up overall for such products as dentifrices and electric toothbrushes. In toiletries, spending was up for soaps and bath agents, but down for body shampoos. In detergents, placements were solid for such products as dishwashing detergents, fabric softeners and laundry detergents. In personal care products, placements increased for feminine hygiene items and disposable diapers for babies. By medium, spending was up for

Newspapers, Television and Radio. Magazine spending was down year on year, but the rate of decline was small.

6. Apparel/Fashion, Accessories/Personal Items: Up 8.8%, with a 3.7% component ratio.

Advertising expenditures increased for the first time in three years on brisk placements for such items as women's clothing and handbags. In fashion, spending was up on ads for mainstay items such as women's clothing, men's clothing and jeans, but fell sharply for casual wear and undergarments. In accessories, placements were up for handbags and casual shoes, while mainstay jewelry products and accessories were on a par with the previous year. By medium, placements were up significantly in Newspapers and Television, with spending also rising in Magazines, which accounts for a major portion of this category.

7. Precision Instruments/Office Supplies: Down 4.3%, with a 1.1% component ratio.

Spending in this category declined for the third consecutive year. Ad placements were up considerably for compact digital cameras, with wristwatches also strong. In contrast, corporate advertising declined sharply, with decreases in such products as digital single-lens reflex cameras, fountain pens, seals and rubber stamps. By medium, spending was strong in Television, but declined sharply in Newspapers.

8. Home Electric Appliances/AV Equipment: Up 4.0%, with a 2.6% component ratio.

Advertising expenditures rose for the first time in four years, with positive performance for the category overall. In home electric appliances, ad placements were up sharply for LED light bulbs, with additional increases in electric kitchen appliances (home bakeries, coffee makers), air purifiers, hairdressing and beauty equipment, vacuum cleaners, electric shavers and hot water pots. Placements were down for batteries, refrigerators and humidifiers. In AV equipment, advertising spending was up for mainstay LCD televisions, with additional increases for other audio-visual equipment (digital photo frames, 3D devices), Blu-ray Disc recorders and players, and plasma televisions. In contrast, spending was down sharply for digital audio players and video movies, as well as for corporate advertising. By medium, year-on-year spending was up in all media, with particularly noteworthy gains in Newspapers for electric kitchen appliances and LCD televisions.

9. Automobiles/Related Products: Down 2.2%, with a 4.7% component ratio.

Expenditures fell for the sixth consecutive year, though the rate of decline slowed. In domestic passenger cars, spending was strong for certain models such as 2-box vehicles, but down overall for sedans, sports coupes and wagons. Spending was up for K-cars (engine displacement under 660 cc) and imported passenger cars. Placements for electric-assisted bicycles were up sharply, with considerable gains in tires, scooters ("family bikes"), car navigation systems and corporate advertising. By medium, Television held steady, but all other media declined.

10. Household Products: Up 10.3%, with a 2.3% component ratio.

Spending in this category rebounded sharply from two consecutive years of decline. Placements rose considerably for corporate advertising (furniture makers), and for such products as deodorizers, tissue paper, futons and bedding, household scales, household wipes and kitchen ranges. In contrast, spending was down for water purifiers, memorial goods (Buddhist altars), kerosene and gas heaters. By medium, spending was up sharply in Newspapers and Television, with Magazines also rising from a year earlier.

11. Hobbies/Sporting Goods: Down 13.3%, with a 4.4% component ratio.

Spending declined for the second consecutive year. In hobbies, spending was up for certain items such as dolls and toys, but declined sharply for such mainstay products as audio and game software, pachinko machines and "pachi-slo" slot machines. Placements were also down for video software and hand-held game consoles. In sporting goods, spending remained firm for golf clubs, and items for running and jogging, but sportswear fell considerably. By medium, spending fell sharply in Television—the dominant

medium in this category—for such products as pachinko machines and “pachi-slo” slot machines, game software and audio software, resulting in a decline for the industry category overall.

12. Real Estate/Housing Facilities: Down 8.6%, with a 3.7% component ratio.

Advertising expenditures declined for the third consecutive year, although the rate of decline slowed. In real estate, spending was up in certain areas such as residential housing, cemetery burial plots and assisted-care condominiums, but declined in many other areas such as condominiums, housing lots, vacation homes and lots, and ready-built prefab houses. In housing facilities, placements increased for many products, including window sashes, central power elements, other materials (insulation, exterior wall coatings), other household fixtures (shutters, gates, building tools) and unit kitchens. In contrast, spending was down for corporate advertising by companies specializing in residential construction or renovation, construction companies and residential leasing companies. By medium, spending was up year on year for Magazines on an increase in placements for sashes and residential housing, but declined in other media.

13. Publications: Down 1.9%, with a 3.3% component ratio.

Expenditures declined for the sixth consecutive year. Spending rose for magazines, but declined for newspapers and books. In magazines, placements were up for hobby-related magazines, women’s and home magazines, and weekly magazines, but declined for general and entertainment magazines, business and economic journals, and student and children’s magazines. In books, spending was up for hardcover books and other publications (educational software, language learning), but declined for new publications and new publication guides. By medium, spending was up in Television and Radio, but declined sharply in Newspapers, which accounts for much of the spending in this category.

14. Information/Communications: Up 8.6%, with an 8.0% component ratio.

Advertising expenditures increased for the first time in four years. Placements for mobile device content were up sharply, with additional gains for web content, tablet computers (iPad), multifunction fax machines and copiers, computer software and corporate advertising. In contrast, spending declined for personal computers, mobile communication services, mobile phones and commercial broadcasters. By medium, spending was up sharply in the mainstay Television, on gains for mobile device content, web content and corporate advertising.

15. Distribution/Retailing: Down 4.8%, with a 6.6% component ratio.

Spending fell for the sixth consecutive year. Placements were up among general merchandise stores (GMSs), volume retailers and specialty volume retailers, but declined sharply among the continually struggling department stores, as well as direct marketing companies, shopping arcades, shopping malls and convenience stores. By medium, spending in Magazines and Radio was on a par with the previous year, but was down in other media, including Newspapers, on the decline from department stores, and Television with the struggling direct marketing business.

16. Finance/Insurance: Up 1.6%, with a 5.5% component ratio.

Expenditures increased for the first time in five years, with year-on-year gains in loans, securities and insurance. In the banking sector, ad spending was up sharply for credit card loans, but declined for fixed-term deposits and general savings accounts. In the securities sector, placements were up for corporate bonds and investment trusts. In the insurance sector—the main contributor to this category—spending rose overall, with particularly noteworthy gains in direct-marketed medical insurance, cancer insurance and car insurance. In the consumer finance sector, spending continued its downward trend. Placements for credit cards also declined considerably. In other areas of finance, spending was up sharply for foreign exchange trading and lotteries. By medium, spending in Television rose year on year on an increase in placements from consumer finance and insurance companies.

17. Transportation/Leisure: Down 9.6%, with a 7.6% component ratio.

Spending declined for the third consecutive year, with decreases in the transportation, travel and leisure facilities sectors. In the travel sector, ad placements for tours were sluggish. In transportation, spending by international airline companies increased, but declined for domestic railway companies and airlines. In the leisure-related sector, spending rose for pachinko halls, publicly managed racing, events and seminars, but declined in many other areas including movies, concerts, musicals, leisure facilities and sports competitions. By medium, spending was down in all media.

18. Food Services/Other Services: Up 2.8%, with a 5.0% component ratio.

Expenditures increased for the first time in three years. Spending rose steadily in the food services sector (fast food and other restaurants), with additional increases in other services (legal services and consulting), men's hairpieces, door-to-door delivery and moving services, memorial services, barber shops and beauty salons, and hot spring baths. In contrast, spending declined in the mainstays such as wedding-related services and wedding halls, as well as ladies' wigs and aesthetic salons. By medium, spending rose year on year in Television and Radio on increases from the restaurant industry and other services.

19. Government/Organizations: Down 14.4%, with a 1.5% component ratio.

Spending declined sharply from the increase of the previous year. Expenditures plummeted, following the spike in placements by political parties for the previous year's Lower House election. Spending also declined among local governments, central government offices and foreign government offices. By medium, spending in Radio rose year on year on an increase in placements by political parties for the Upper House election, and by local government bodies. Other media declined on a fall in placements by political parties and local governments.

20. Education/Medical Services/Religion: Down 4.3%, with a 2.9% component ratio.

Advertising expenditures fell for the sixth consecutive year, though the rate of decline slowed. Spending rose for preparatory and tutoring schools, and held steady for vocational schools and other educational institutions, hospitals/nursing services and nursing homes. In contrast, placements declined in such areas as schools, correspondence education and foreign language schools. By medium, spending rose sharply in Television on gains in placements for vocational schools and other educational institutions, and for preparatory and tutoring schools. Spending in Newspapers was down as education-related institutions struggled overall, hampering growth for the industry category as a whole.

21. Classified Ads/Others: Down 7.2%, with a 1.9% component ratio.

Advertising expenditures declined for the third consecutive year, although the rate of decline slowed. Spending fell for classified ads, which accounts for a major portion of this category, with further declines year on year in such areas as temporary help-wanted ads. In contrast, spending rose for multiple-advertiser small-space ads and corporate group advertising. By medium, spending in Television rose on placements for corporate groups, but was down sharply in Newspapers, which accounts for much of the spending in this category.

Japan's GDP and Advertising Expenditures (1985–2010)

| | Year | Gross Domestic Product (B) | | Advertising Expenditures (A) | | A / B (%) |
|-----------------|-------------|----------------------------|-------------------------------|--------------------------------------|-------------------------------|-------------|
| | | GDP (¥ billion) | Compared to Previous Year (%) | Advertising Expenditures (¥ billion) | Compared to Previous Year (%) | |
| Before revision | 1985 | 325,401.9 | 107.4 | 3,504.9 | – | 1.08 |
| | 1986 | 340,559.5 | 104.7 | 3,647.8 | 104.1 | 1.07 |
| | 1987 | 354,170.2 | 104.0 | 3,944.8 | 108.1 | 1.11 |
| | 1988 | 380,742.9 | 107.5 | 4,417.5 | 112.0 | 1.16 |
| | 1989 | 410,122.2 | 107.7 | 5,071.5 | 114.8 | 1.24 |
| | 1990 | 442,781.0 | 108.0 | 5,564.8 | 109.7 | 1.26 |
| | 1991 | 469,421.8 | 106.0 | 5,726.1 | 102.9 | 1.22 |
| | 1992 | 480,782.8 | 102.4 | 5,461.1 | 95.4 | 1.14 |
| | 1993 | 483,711.8 | 100.6 | 5,127.3 | 93.9 | 1.06 |
| | 1994 | 488,450.3 | 101.0 | 5,168.2 | 100.8 | 1.06 |
| | 1995 | 495,165.5 | 101.4 | 5,426.3 | 105.0 | 1.10 |
| | 1996 | 505,011.8 | 102.0 | 5,771.5 | 106.4 | 1.14 |
| | 1997 | 515,644.1 | 102.1 | 5,996.1 | 103.9 | 1.16 |
| | 1998 | 504,905.4 | 97.9 | 5,771.1 | 96.2 | 1.14 |
| | 1999 | 497,628.6 | 98.6 | 5,699.6 | 98.8 | 1.15 |
| | 2000 | 502,989.9 | 101.1 | 6,110.2 | 107.2 | 1.21 |
| | 2001 | 497,719.7 | 99.0 | 6,058.0 | 99.1 | 1.22 |
| | 2002 | 491,312.2 | 98.7 | 5,703.2 | 94.1 | 1.16 |
| | 2003 | 490,294.0 | 99.8 | 5,684.1 | 99.7 | 1.16 |
| | 2004 | 498,328.4 | 101.6 | 5,857.1 | 103.0 | 1.18 |
| 2005 | 501,734.4 | 100.7 | 5,962.5 | 101.8 | 1.19 | |
| 2006 | 507,364.8 | 101.1 | 5,995.4 | 100.6 | 1.18 | |
| Revised | 2005 | 501,734.4 | 100.7 | 6,823.5 | 102.9 | 1.36 |
| | 2006 | 507,364.8 | 101.1 | 6,939.9 | 101.7 | 1.37 |
| | 2007 | 515,520.4 | 101.6 | 7,019.1 | 101.1 | 1.36 |
| | 2008 | 504,377.6 | 97.8 | 6,692.6 | 95.3 | 1.33 |
| | 2009 | 470,936.7 | 93.4 | 5,922.2 | 88.5 | 1.26 |
| | 2010 | 479,223.1 | 101.8 | 5,842.7 | 98.7 | 1.22 |

- Notes:** 1. The above figures for GDP are those released in the Cabinet Office's 'Annual Report on National Accounts' and 'GDP Estimates'.
2. All the above figures are for the calendar year.
3. The method for estimating 'Advertising Expenditures in Japan' was modified in 2007, and data from 2005 onward have been retroactively revised.
4. Please see page 26 for details regarding the above revision.

Advertising Expenditures by Medium (2008–2010)

| Media | Advertising Expenditures (¥ billion) | | | Comparison Ratio (%) | | Component Ratio (%) | | |
|-------------------------------------|---|----------------|----------------|-------------------------|--------------|------------------------|--------------|--------------|
| | 2008 | 2009 | 2010 | 2009 | 2010 | 2008 | 2009 | 2010 |
| Traditional Media | | | | | | | | |
| Newspapers | 827.6 | 673.9 | 639.6 | 81.4 | 94.9 | 12.4 | 11.4 | 11.0 |
| Magazines | 407.8 | 303.4 | 273.3 | 74.4 | 90.1 | 6.1 | 5.1 | 4.7 |
| Radio | 154.9 | 137.0 | 129.9 | 88.4 | 94.8 | 2.3 | 2.3 | 2.2 |
| Television | 1,909.2 | 1,713.9 | 1,732.1 | 89.8 | 101.1 | 28.5 | 29.0 | 29.6 |
| Subtotal | 3,299.5 | 2,828.2 | 2,774.9 | 85.7 | 98.1 | 49.3 | 47.8 | 47.5 |
| Satellite Media-Related | 67.6 | 70.9 | 78.4 | 104.9 | 110.6 | 1.0 | 1.2 | 1.3 |
| Internet | | | | | | | | |
| (Advertising placement) | 537.3 | 544.8 | 607.7 | 101.4 | 111.5 | 8.0 | 9.2 | 10.4 |
| (Advertising production) | 161.0 | 162.1 | 167.0 | 100.7 | 103.0 | 2.4 | 2.7 | 2.9 |
| Subtotal | 698.3 | 706.9 | 774.7 | 101.2 | 109.6 | 10.4 | 11.9 | 13.3 |
| Promotional Media | | | | | | | | |
| Outdoor | 370.9 | 321.8 | 309.5 | 86.8 | 96.2 | 5.6 | 5.4 | 5.3 |
| Transit | 249.5 | 204.5 | 192.2 | 82.0 | 94.0 | 3.7 | 3.4 | 3.3 |
| Flyers | 615.6 | 544.4 | 527.9 | 88.4 | 97.0 | 9.2 | 9.2 | 9.0 |
| Direct Mail | 442.7 | 419.8 | 407.5 | 94.8 | 97.1 | 6.6 | 7.1 | 7.0 |
| Free Newspapers / Free Magazines | 354.5 | 288.1 | 264.0 | 81.3 | 91.6 | 5.3 | 4.9 | 4.5 |
| POP | 185.2 | 183.7 | 184.0 | 99.2 | 100.2 | 2.8 | 3.1 | 3.2 |
| Telephone Directories | 89.2 | 76.4 | 66.2 | 85.7 | 86.6 | 1.3 | 1.3 | 1.1 |
| Exhibitions / Screen Displays | 319.6 | 277.5 | 263.4 | 86.8 | 94.9 | 4.8 | 4.7 | 4.5 |
| Subtotal | 2,627.2 | 2,316.2 | 2,214.7 | 88.2 | 95.6 | 39.3 | 39.1 | 37.9 |
| Total | 6,692.6 | 5,922.2 | 5,842.7 | 88.5 | 98.7 | 100.0 | 100.0 | 100.0 |

Advertising Expenditures by Industry (2008–2010)

| Industry | Advertising Expenditures (¥10 million) | | | Comparison Ratio (%) | | Component Ratio (%) | | |
|--|---|---------|----------------|-------------------------|--------------|------------------------|-------|--------------|
| | 2008 | 2009 | 2010 | 2009 | 2010 | 2008 | 2009 | 2010 |
| Energy / Materials / Machinery | 4,874 | 3,272 | 3,429 | 67.1 | 104.8 | 1.5 | 1.2 | 1.2 |
| Foodstuffs | 30,145 | 28,850 | 28,804 | 95.7 | 99.8 | 9.1 | 10.2 | 10.4 |
| Beverages / Cigarettes | 24,685 | 22,701 | 21,786 | 92.0 | 96.0 | 7.5 | 8.0 | 7.9 |
| Pharmaceuticals / Medical Supplies | 18,367 | 16,333 | 14,597 | 88.9 | 89.4 | 5.6 | 5.8 | 5.3 |
| Cosmetics / Toiletries | 29,380 | 27,591 | 28,792 | 93.9 | 104.4 | 8.9 | 9.7 | 10.4 |
| Apparel / Fashion, Accessories / Personal Items | 11,582 | 9,312 | 10,129 | 80.4 | 108.8 | 3.5 | 3.3 | 3.7 |
| Precision Instruments / Office Supplies | 4,080 | 3,073 | 2,942 | 75.3 | 95.7 | 1.2 | 1.1 | 1.1 |
| Home Electric Appliances / AV Equipment | 8,188 | 7,056 | 7,337 | 86.2 | 104.0 | 2.5 | 2.5 | 2.6 |
| Automobiles / Related Products | 19,228 | 13,456 | 13,163 | 70.0 | 97.8 | 5.8 | 4.8 | 4.7 |
| Household Products | 6,105 | 5,899 | 6,506 | 96.6 | 110.3 | 1.8 | 2.1 | 2.3 |
| Hobbies / Sporting Goods | 16,925 | 14,200 | 12,314 | 83.9 | 86.7 | 5.1 | 5.0 | 4.4 |
| Real Estate / Housing Facilities | 14,753 | 11,268 | 10,294 | 76.4 | 91.4 | 4.5 | 4.0 | 3.7 |
| Publications | 11,414 | 9,451 | 9,267 | 82.8 | 98.1 | 3.5 | 3.3 | 3.3 |
| Information / Communications | 24,145 | 20,338 | 22,091 | 84.2 | 108.6 | 7.3 | 7.2 | 8.0 |
| Distribution / Retailing | 21,064 | 19,139 | 18,226 | 90.9 | 95.2 | 6.4 | 6.8 | 6.6 |
| Finance / Insurance | 21,296 | 15,144 | 15,383 | 71.1 | 101.6 | 6.4 | 5.3 | 5.5 |
| Transportation / Leisure | 26,944 | 23,352 | 21,118 | 86.7 | 90.4 | 8.2 | 8.2 | 7.6 |
| Food Services / Other Services | 14,425 | 13,487 | 13,867 | 93.5 | 102.8 | 4.4 | 4.8 | 5.0 |
| Government / Organizations | 4,558 | 4,766 | 4,082 | 104.6 | 85.6 | 1.4 | 1.7 | 1.5 |
| Education / Medical Services / Religion | 10,016 | 8,546 | 8,177 | 85.3 | 95.7 | 3.0 | 3.0 | 2.9 |
| Classified Ads / Others | 7,776 | 5,586 | 5,186 | 71.8 | 92.8 | 2.4 | 2.0 | 1.9 |
| Total | 329,950 | 282,820 | 277,490 | 85.7 | 98.1 | 100.0 | 100.0 | 100.0 |

Advertising Expenditures by Industry in the Traditional Media (2009–2010)

(Unit: ¥10 million)

| Media Industry | Newspapers | | | Magazines | | | Radio | | | Television | | | Total | | |
|---|------------|---------------|----------------------|-----------|---------------|----------------------|--------|---------------|----------------------|------------|----------------|----------------------|---------|----------------|----------------------|
| | 2009 | 2010 | Comparison Ratio (%) | 2009 | 2010 | Comparison Ratio (%) | 2009 | 2010 | Comparison Ratio (%) | 2009 | 2010 | Comparison Ratio (%) | 2009 | 2010 | Comparison Ratio (%) |
| Energy / Materials / Machinery | 632 | 631 | 99.8 | 267 | 225 | 84.3 | 435 | 372 | 85.5 | 1,938 | 2,201 | 113.6 | 3,272 | 3,429 | 104.8 |
| Foodstuffs | 4,867 | 5,145 | 105.7 | 1,653 | 1,477 | 89.4 | 1,177 | 1,152 | 97.9 | 21,153 | 21,030 | 99.4 | 28,850 | 28,804 | 99.8 |
| Beverages / Cigarettes | 2,206 | 2,396 | 108.6 | 1,548 | 1,401 | 90.5 | 716 | 679 | 94.8 | 18,231 | 17,310 | 94.9 | 22,701 | 21,786 | 96.0 |
| Pharmaceuticals / Medical Supplies | 1,982 | 1,829 | 92.3 | 841 | 703 | 83.6 | 1,100 | 1,090 | 99.1 | 12,410 | 10,975 | 88.4 | 16,333 | 14,597 | 89.4 |
| Cosmetics / Toiletries | 2,751 | 3,017 | 109.7 | 4,220 | 3,806 | 90.2 | 437 | 458 | 104.8 | 20,183 | 21,511 | 106.6 | 27,591 | 28,792 | 104.4 |
| Apparel / Fashion, Accessories / Personal Items | 1,185 | 1,440 | 121.5 | 5,999 | 6,184 | 103.1 | 72 | 73 | 101.4 | 2,056 | 2,432 | 118.3 | 9,312 | 10,129 | 108.8 |
| Precision Instruments / Office Supplies | 521 | 457 | 87.7 | 824 | 777 | 94.3 | 81 | 46 | 56.8 | 1,647 | 1,662 | 100.9 | 3,073 | 2,942 | 95.7 |
| Home Electric Appliances / AV Equipment | 775 | 827 | 106.7 | 871 | 871 | 100.0 | 148 | 177 | 119.6 | 5,262 | 5,462 | 103.8 | 7,056 | 7,337 | 104.0 |
| Automobiles / Related Products | 1,784 | 1,547 | 86.7 | 1,366 | 971 | 71.1 | 1,038 | 890 | 85.7 | 9,268 | 9,755 | 105.3 | 13,456 | 13,163 | 97.8 |
| Household Products | 864 | 986 | 114.1 | 443 | 444 | 100.2 | 180 | 166 | 92.2 | 4,412 | 4,910 | 111.3 | 5,899 | 6,506 | 110.3 |
| Hobbies / Sporting Goods | 1,520 | 1,458 | 95.9 | 2,208 | 1,675 | 75.9 | 452 | 350 | 77.4 | 10,020 | 8,831 | 88.1 | 14,200 | 12,314 | 86.7 |
| Real Estate / Housing Facilities | 3,210 | 2,982 | 92.9 | 813 | 819 | 100.7 | 597 | 477 | 79.9 | 6,648 | 6,016 | 90.5 | 11,268 | 10,294 | 91.4 |
| Publications | 6,611 | 6,123 | 92.6 | 360 | 302 | 83.9 | 598 | 629 | 105.2 | 1,882 | 2,213 | 117.6 | 9,451 | 9,267 | 98.1 |
| Information / Communications | 4,023 | 3,825 | 95.1 | 1,904 | 1,625 | 85.3 | 837 | 790 | 94.4 | 13,574 | 15,851 | 116.8 | 20,338 | 22,091 | 108.6 |
| Distribution / Retailing | 7,284 | 6,760 | 92.8 | 1,301 | 1,212 | 93.2 | 903 | 889 | 98.4 | 9,651 | 9,365 | 97.0 | 19,139 | 18,226 | 95.2 |
| Finance / Insurance | 2,889 | 2,808 | 97.2 | 956 | 825 | 86.3 | 1,037 | 944 | 91.0 | 10,262 | 10,806 | 105.3 | 15,144 | 15,383 | 101.6 |
| Transportation / Leisure | 11,840 | 10,553 | 89.1 | 1,943 | 1,760 | 90.6 | 1,361 | 1,137 | 83.5 | 8,208 | 7,668 | 93.4 | 23,352 | 21,118 | 90.4 |
| Food Services / Other Services | 2,373 | 2,330 | 98.2 | 981 | 814 | 83.0 | 964 | 1,131 | 117.3 | 9,169 | 9,592 | 104.6 | 13,487 | 13,867 | 102.8 |
| Government / Organizations | 1,975 | 1,579 | 79.9 | 346 | 234 | 67.6 | 1,017 | 1,046 | 102.9 | 1,428 | 1,223 | 85.6 | 4,766 | 4,082 | 85.6 |
| Education / Medical Services / Religion | 3,498 | 3,141 | 89.8 | 1,430 | 1,151 | 80.5 | 497 | 469 | 94.4 | 3,121 | 3,416 | 109.5 | 8,546 | 8,177 | 95.7 |
| Classified Ads / Others | 4,600 | 4,126 | 89.7 | 66 | 54 | 81.8 | 53 | 25 | 47.2 | 867 | 981 | 113.1 | 5,586 | 5,186 | 92.8 |
| Total | 67,390 | 63,960 | 94.9 | 30,340 | 27,330 | 90.1 | 13,700 | 12,990 | 94.8 | 171,390 | 173,210 | 101.1 | 282,820 | 277,490 | 98.1 |

Component Ratio of Media Expenditures by Industry and Industry Expenditures by Medium for 2010

(Unit: %)

| Industry | Media Expenditures by Industry | | | | | Industry Expenditures by Medium | | | | |
|---|--------------------------------|-----------|-------|------------|--------------|---------------------------------|-----------|-------|------------|--------------|
| | Newspapers | Magazines | Radio | Television | Total | Newspapers | Magazines | Radio | Television | Total |
| Energy / Materials / Machinery | 1.0 | 0.8 | 2.9 | 1.3 | 1.2 | 18.4 | 6.6 | 10.8 | 64.2 | 100.0 |
| Foodstuffs | 8.0 | 5.4 | 8.9 | 12.1 | 10.4 | 17.9 | 5.1 | 4.0 | 73.0 | 100.0 |
| Beverages / Cigarettes | 3.7 | 5.1 | 5.2 | 10.0 | 7.9 | 11.0 | 6.4 | 3.1 | 79.5 | 100.0 |
| Pharmaceuticals / Medical Supplies | 2.9 | 2.6 | 8.4 | 6.3 | 5.3 | 12.5 | 4.8 | 7.5 | 75.2 | 100.0 |
| Cosmetics / Toiletries | 4.7 | 13.9 | 3.5 | 12.4 | 10.4 | 10.5 | 13.2 | 1.6 | 74.7 | 100.0 |
| Apparel / Fashion, Accessories / Personal Items | 2.3 | 22.6 | 0.6 | 1.4 | 3.7 | 14.2 | 61.1 | 0.7 | 24.0 | 100.0 |
| Precision Instruments / Office Supplies | 0.7 | 2.9 | 0.4 | 1.0 | 1.1 | 15.5 | 26.4 | 1.6 | 56.5 | 100.0 |
| Home Electric Appliances / AV Equipment | 1.3 | 3.2 | 1.4 | 3.2 | 2.6 | 11.3 | 11.9 | 2.4 | 74.4 | 100.0 |
| Automobiles / Related Products | 2.4 | 3.6 | 6.8 | 5.6 | 4.7 | 11.7 | 7.4 | 6.8 | 74.1 | 100.0 |
| Household Products | 1.5 | 1.6 | 1.3 | 2.8 | 2.3 | 15.2 | 6.8 | 2.5 | 75.5 | 100.0 |
| Hobbies / Sporting Goods | 2.3 | 6.1 | 2.7 | 5.1 | 4.4 | 11.8 | 13.6 | 2.9 | 71.7 | 100.0 |
| Real Estate / Housing Facilities | 4.7 | 3.0 | 3.7 | 3.5 | 3.7 | 29.0 | 8.0 | 4.6 | 58.4 | 100.0 |
| Publications | 9.6 | 1.1 | 4.8 | 1.3 | 3.3 | 66.1 | 3.2 | 6.8 | 23.9 | 100.0 |
| Information / Communications | 6.0 | 6.0 | 6.1 | 9.2 | 8.0 | 17.3 | 7.4 | 3.6 | 71.7 | 100.0 |
| Distribution / Retailing | 10.6 | 4.4 | 6.8 | 5.4 | 6.6 | 37.1 | 6.6 | 4.9 | 51.4 | 100.0 |
| Finance / Insurance | 4.4 | 3.0 | 7.3 | 6.2 | 5.5 | 18.3 | 5.4 | 6.1 | 70.2 | 100.0 |
| Transportation / Leisure | 16.5 | 6.4 | 8.7 | 4.4 | 7.6 | 50.0 | 8.3 | 5.4 | 36.3 | 100.0 |
| Food Services / Other Services | 3.6 | 3.0 | 8.7 | 5.5 | 5.0 | 16.8 | 5.9 | 8.1 | 69.2 | 100.0 |
| Government / Organizations | 2.5 | 0.9 | 8.0 | 0.7 | 1.5 | 38.7 | 5.7 | 25.6 | 30.0 | 100.0 |
| Education / Medical Services / Religion | 4.9 | 4.2 | 3.6 | 2.0 | 2.9 | 38.4 | 14.1 | 5.7 | 41.8 | 100.0 |
| Classified Ads / Others | 6.4 | 0.2 | 0.2 | 0.6 | 1.9 | 79.6 | 1.0 | 0.5 | 18.9 | 100.0 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 23.1 | 9.8 | 4.7 | 62.4 | 100.0 |

Eleven-Year Trends in Advertising Expenditures by Industry (2000–2010)

(Unit: ¥10 million)

| Industry | Before Revision | | | | | Revised | | | | | |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Energy / Materials / Machinery | 4,830 | 5,160 | 4,332 | 4,610 | 4,726 | 5,012 | 5,621 | 6,409 | 4,874 | 3,272 | 3,429 |
| Foodstuffs | 36,221 | 36,311 | 33,430 | 31,872 | 30,177 | 30,237 | 29,893 | 29,933 | 30,145 | 28,850 | 28,804 |
| Beverages / Cigarettes | 32,629 | 32,228 | 27,770 | 26,562 | 28,769 | 28,224 | 27,651 | 26,374 | 24,685 | 22,701 | 21,786 |
| Pharmaceuticals / Medical Supplies | 20,092 | 20,691 | 19,111 | 18,128 | 17,692 | 18,451 | 17,791 | 18,288 | 18,367 | 16,333 | 14,597 |
| Cosmetics / Toiletries | 37,413 | 34,284 | 34,700 | 35,755 | 37,913 | 32,601 | 31,932 | 31,145 | 29,380 | 27,591 | 28,792 |
| Apparel / Fashion, Accessories / Personal Items | 10,091 | 9,719 | 9,330 | 9,601 | 9,655 | 11,074 | 12,320 | 12,787 | 11,582 | 9,312 | 10,129 |
| Precision Instruments / Office Supplies | 4,123 | 3,883 | 4,043 | 4,740 | 4,746 | 4,085 | 4,236 | 4,465 | 4,080 | 3,073 | 2,942 |
| Home Electric Appliances / AV Equipment | 8,832 | 8,201 | 7,396 | 7,591 | 8,245 | 9,076 | 9,192 | 8,503 | 8,188 | 7,056 | 7,337 |
| Automobiles / Related Products | 25,250 | 26,921 | 25,600 | 24,887 | 25,490 | 24,822 | 23,503 | 21,691 | 19,228 | 13,456 | 13,163 |
| Household Products | 8,245 | 7,404 | 7,044 | 6,307 | 6,697 | 6,761 | 6,257 | 6,384 | 6,105 | 5,899 | 6,506 |
| Hobbies / Sporting Goods | 15,767 | 15,730 | 15,701 | 15,071 | 14,230 | 16,274 | 16,523 | 15,695 | 16,925 | 14,200 | 12,314 |
| Real Estate / Housing Facilities | 16,003 | 16,127 | 14,705 | 14,823 | 15,596 | 16,605 | 16,680 | 17,304 | 14,753 | 11,268 | 10,294 |
| Publications | 17,907 | 17,221 | 15,628 | 15,087 | 15,135 | 14,824 | 14,313 | 13,712 | 11,414 | 9,451 | 9,267 |
| Information / Communications | 33,127 | 29,369 | 23,743 | 27,466 | 26,646 | 26,774 | 26,853 | 26,675 | 24,145 | 20,338 | 22,091 |
| Distribution / Retailing | 27,260 | 27,373 | 25,741 | 24,738 | 25,489 | 25,393 | 23,486 | 22,348 | 21,064 | 19,139 | 18,226 |
| Finance / Insurance | 26,621 | 27,518 | 25,443 | 25,573 | 29,120 | 32,728 | 30,478 | 24,620 | 21,296 | 15,144 | 15,383 |
| Transportation / Leisure | 28,613 | 28,750 | 27,564 | 26,847 | 28,457 | 28,818 | 28,804 | 28,976 | 26,944 | 23,352 | 21,118 |
| Food Services / Other Services | 13,794 | 13,093 | 12,249 | 12,213 | 12,409 | 14,738 | 14,847 | 15,188 | 14,425 | 13,487 | 13,867 |
| Government / Organizations | 5,786 | 6,055 | 4,920 | 5,233 | 4,681 | 5,239 | 4,367 | 5,413 | 4,558 | 4,766 | 4,082 |
| Education / Medical Services / Religion | 13,426 | 12,258 | 11,962 | 12,775 | 13,090 | 13,673 | 12,880 | 11,926 | 10,016 | 8,546 | 8,177 |
| Classified Ads / Others | 11,040 | 10,564 | 9,048 | 8,341 | 8,637 | 8,671 | 9,053 | 9,154 | 7,776 | 5,586 | 5,186 |
| Total | 397,070 | 388,860 | 359,460 | 358,220 | 367,600 | 374,080 | 366,680 | 356,990 | 329,950 | 282,820 | 277,490 |

Note: The method for estimating 'Advertising Expenditures in Japan' was modified in 2007, and data from 2005 onward have been retroactively revised.

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 products, services and campaigns).

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

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

The method for estimating 'Advertising Expenditures in Japan' was modified in 2007, and data from 2005 onward 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.
-

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, processed foods, etc.

Beverages/Cigarettes: Alcoholic beverages, non-alcoholic beverages, tobacco products, etc.

Pharmaceuticals/Medical Supplies: Medicines, medical supplies, eyeglasses, etc.

Cosmetics/Toiletries: Skin and hair products, makeup and other cosmetics, 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, film and other optical equipment and supplies, copiers, 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, etc.

Automobiles/Related Products: Automobiles, motorcycles, motor scooters, bicycles, motorboats, tires, car audio systems, car navigation systems, etc.

Household Products: Petroleum/gas-related equipment, bedding, interior decoration products, furniture, 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 products, pachinko machines and "pachi-slo" slot machines, sporting goods, etc.

Real Estate/Housing Facilities: Land, housing and other, materials used in building, household fixtures such as toilets, bathtubs, bathroom sink units and kitchen units.

Publications: Newspapers, magazines, books, other publications.

Information/Communications: Computers, computer-related products, computer software, mobile phones, telephone services, communications facilities and services, Internet, 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, etc.

Transportation/Leisure: Transportation facilities and services, travel agents, hotels, sports and leisure facilities, 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 companies, security services, etc.

Government/Organizations: Government offices, local autonomous bodies, political parties, foreign government offices, 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-related organizations, etc.

Classified Ads/Others: Classified ads (newspaper and magazine), ad-hoc ads, personal notices, multi-advertiser messages, corporate group advertising, etc.

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