1999

ADVERTISING EXPENDITURES IN JAPAN

DENTSU INC.

CONTENTS

1. Gross Advertising Expenditures

A drop of 1.2% sees advertising expenditures decline for the second consecutive year

1. Gross advertising expenditures for calendar 1999 amounted to ¥5,699.6 billion, down 1.2% from the previous year.
2. In the first half of the year, expenditures failed to keep pace with those recorded in the corresponding period of 1998, particularly since the previous year's figure had been boosted by major events such as the Winter Olympic Games in Nagano. However, the rate of shrinkage gradually decreased, with the second half of the year topping the equivalent 1998 figure.
3. All of the four major media suffered declines.
4. While Finance / Insurance, Information / Communications and Pharmaceuticals / Medical Supplies and others were among those industry categories to show growth, Automobiles / Related Products, Beverages / Cigarettes and Real Estate / Housing Facilities were among the many categories to see a decline.

2. Advertising Expenditures Classified by Medium

Most media suffered falls for the second year running

1. Newspaper Advertising Expenditures (down 2.1% from the previous year): Lacking the big events that pushed up expenditures in 1998, the first half of the year posted a decline; however, a recovery trend became apparent in the second half. Finance / Insurance, Information / Communications and others recorded increases, while Automobiles / Related Products saw a large fall.
2. Magazine Advertising Expenditures (down 1.8%): Three of the medium's largest advertiser categories — Apparel / Fashion Accessories / Personal Items, Cosmetics / Toiletries and Automobiles / Related Products — all experienced declines. Magazine circulation in general was sluggish, with women's magazines in particular turning in a weak performance.
3. Radio Advertising Expenditures (down 5.1%): Automobiles / Related Products and Beverages / Cigarettes — two of Radio's mainstay categories — posted consecutive decreases. FM stations fell into negative territory during the latter half of the year.
4. Television Advertising Expenditures (down 2.0%): The early part of the year failed to match the pace of 1998, which had been helped by the Nagano Winter Olympics. April onward saw solid performances from Information / Communications, Finance / Insurance and Pharmaceuticals / Medical Supplies, but the year ended with expenditures overall shrinking for the second year running, as major advertisers put a squeeze on budgets.

5. Sales Promotion (SP) Advertising Expenditures (down 0.2%): The trend was somewhat positive during the second half of the year. Direct Mail (DM) and Flyers increased.
6. New Media Advertising Expenditures (up 4.2%): Growth failed to reach double figures for the first time in five years. Teletext suffered a decrease, while growth in Communications Satellite (CS)-related business slowed.
7. Internet Advertising Expenditures (up 111.4%): More than doubled from the previous year’s total.

3. Advertising Expenditures Classified by Industry

A majority of categories posted consecutive decreases

1. Fifteen of the 21 industry categories saw expenditures fall, with four categories dropping by 10% or more.
2. Industries that recorded large rates of decrease were Precision Instruments / Office Supplies (down 17.7% from the previous year), Automobiles / Related Products (down 14.2%), Real Estate / Housing Facilities (down 5.9%) and Home Electric Appliances / AV Equipment (down 5.3%). Automobiles / Related Products posted the largest decrease in yen amount of the 21 categories.
3. Advertising expenditures increased in six categories, including Finance / Insurance (up 9.4%) and Information / Communications (up 8.8%).

GROSS ADVERTISING EXPENDITURES FOR 1999 WERE ¥5,699.6 BILLION, DOWN 1.2% FROM THE PREVIOUS YEAR

Gross advertising expenditures in Japan totaled ¥5,699.6 billion during calendar 1999, decreasing 1.2% from the previous year. Influenced by Japan's economic climate, a significant decrease in expenditures was seen in the first half of the year; however, this was turned around in the second half, which achieved an increase over the previous year's figure.

Gross advertising expenditures in Japan had, since 1994, followed a path of recovery over a broad range of industries, reflecting an overall rebound of the Japanese economy. The brisk level of advertising activity was led by sectors such as automobiles, information and communications, with gross expenditures in 1997 reaching an all-time high. In 1998, however, gross expenditures declined for the first time in five years, and this was followed by another drop in 1999.

General Characteristics of 1999 Advertising Activities

1. A broad spectrum of companies continued to hold a tight rein over advertising expenditures. The January–March quarter, which was boosted in 1998 by the Nagano Winter Olympic Games, saw a large decline. The two quarters from April to September were also unable to muster growth over corresponding periods in 1998, which had been helped by factors such as the Liquor Tax Law revision, the Soccer World Cup and the Upper House elections. However, the October–December quarter did manage to record growth over the same period in 1998, as a number of positive factors contributed to an increase in expenditures. These included the deepening of the overall recovery of the Japanese economy, strong activity within the information and telecommunications sector, the financial "Big Bang," the easing of certain selling restrictions in the pharmaceuticals market, qualifying rounds for the 2000 Sydney Olympic Games, millennium celebrations and the Y2K computer problem.
2. A review of advertising expenditures classified by medium indicates that, for the second year running, all the four major media registered decreases, with Television and Newspapers falling 2.0% and 2.1% respectively. Among other media categories, the Flyer and DM categories moved into growth, while many other media, such as Transit and Outdoor, experienced declines. New Media advertising expenditures continued their ascent, buoyed by the proliferation of CATV and satellite broadcasting. Internet-related advertising expenditures more than doubled the previous year's figure.
3. A breakdown by industry reveals that while six of the 21 industry classifications recorded increases, led by brisk advertising activity in Finance / Insurance (up 9.4% for its sixth consecutive year of growth) and Information / Communications (up 8.8% for its sixth consecutive year of growth), significant declines continued to be a feature in a number of key categories such as Automobiles / Related Products, Beverages / Cigarettes, Transportation / Leisure and Real Estate / Housing Facilities.

Background to 1999 Advertising Expenditures

1. The Japanese economy in 1999 finally began to emerge from its long recession, as signs of recovery became evident. Real GDP growth for calendar 1999 was 0.6% (provisional estimate), moving the country back into positive territory after the –2.5% recorded in 1998. As the uncertainty surrounding the financial system gradually began to recede, certain areas of private consumption returned to a more solid footing. This, along with special tax breaks relating to housing loans which greatly boosted investment in housing, acted to underpin the overall level of economic activity. Positive effects from the government's comprehensive economic package, announced in October 1998, began to show up in 1999. Corporate earnings started to move back into the black, as business confidence moved out of an extended trough. However, accompanying the flurry of corporate restructuring activities, employment and household income conditions became significantly tighter, meaning a continuation of the weakness seen in consumer spending. This was evident in measures such as automobile sales, as well as department store and supermarket turnover, which remained sluggish.
2. The advertising environment in 1999 faced a difficult task in the January–March quarter, in trying to keep pace with the level of expenditures seen in the same quarter of 1998. Expenditures had been greatly buoyed by activities relating to the Winter Olympic Games in Nagano. From April onward also, the lack of several one-time factors present in the previous year, namely the Liquor Tax Law revision, the FIFA World Cup France '98 and the Upper House elections, meant an uphill struggle to match the previous year's figures. However, the improvements in the Japanese economy in 1999, along with a number of other developments, had a positive impact on advertising expenditures. These included robust expansion in the information and communications market, brisk activity on the stock exchanges, the easing of sales restrictions for certain categories of pharmaceuticals, special tax breaks relating to housing loans, qualifying rounds for the 2000 Sydney Olympic Games, the biennial staging of the Tokyo Motor Show, millennium celebrations and the Y2K computer problem.
3. New products and topical products or services that had a strong impact on advertising activity included beer-like beverages (*happoshu*), low-priced canned liquor mixes (*chuhai*), energy drinks sold at convenience stores, hair growth promoters, new types of cellular phone services, low-priced personal computers, compact cars and stock trading via the Internet.

Advertising Expenditures and Japan's GDP

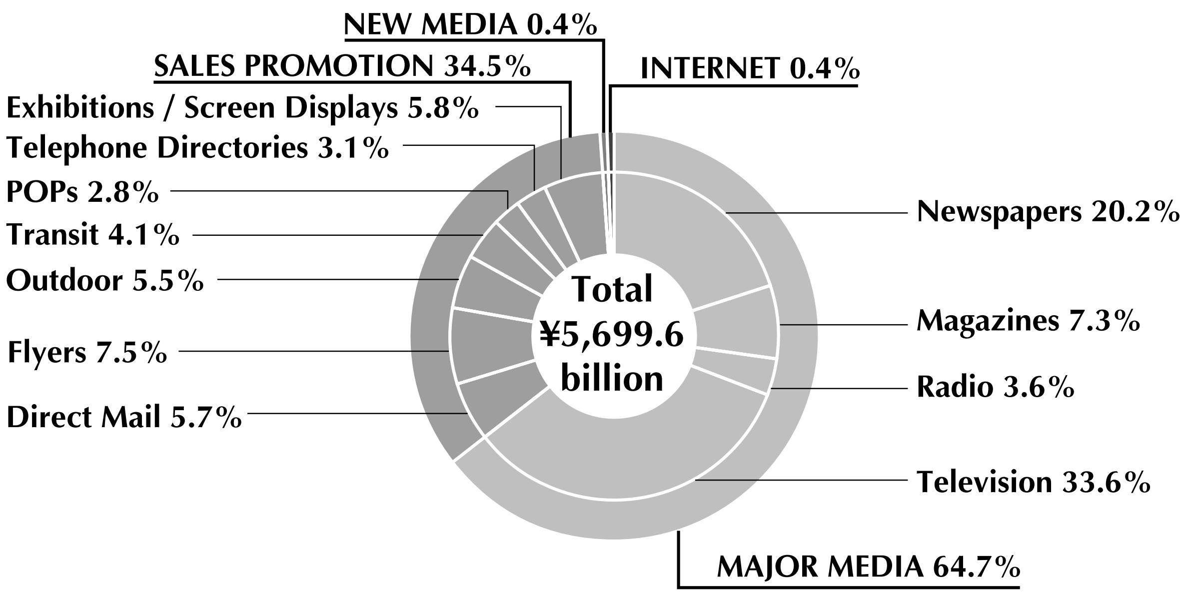
The 1.2% shrinkage recorded by gross advertising expenditures for 1999 was greater than the nominal economic growth rate (nominal GDP is forecast to have contracted by 0.3%). Thus, in 1999 gross advertising expenditures as a proportion of GDP declined for the second year in a row, to 1.15%, from the 1.16% recorded for 1998. (The highest ratio achieved by gross advertising expenditures to GDP since 1985 was the 1.29% posted for 1990.)

DECREASES CONTINUED ACROSS MOST MEDIA

A review of advertising expenditures in 1999 reveals that the rate of decline for Radio exceeded that for the previous year, but the rate of contraction slowed for Newspapers, Magazines and Television. Thus, while advertising expenditures in the four major media (¥3,688.2 billion, down 2.2%) declined in 1999 for the second year running, the rate of decrease was smaller than that seen in 1998.

In the SP category (¥1,964.8 billion, down 0.2%), most segments suffered falls, with the two exceptions being Flyers and DM, which registered growth. The New Media category (¥22.5 billion, up 4.2%) saw growth slip into single figures for the first time in five years, as teletext recorded a decrease and growth slowed in CS-related business. Internet-related advertising expenditures (¥24.1 billion, up 111.4%) more than doubled the previous year's figure.

1999 Advertising Expenditure Component Ratios by Medium



Newspaper Advertising

Newspaper advertising expenditures are estimated to total ¥1,153.5 billion, down 2.1% from the previous year.

The recessionary climate dragged on for longer than expected, and although a return to growth was not achieved for the year as a whole, an upward pattern, albeit modest, did emerge over the course of the year. This may be attributed to Japan's economy gradually moving into a recovery phase, as efforts by firms to rationalize their operations and government policies promoting stabilization of the financial system reached their first important milestones, and stock market prices also began an upward swing. However, in the previous year events such as the Upper House elections, the Liquor Tax Law revision, the Nagano Winter Olympics and the FIFA World Cup France '98 had spurred advertising sales, resulting in a considerable contraction in expenditures during the first half of 1999. Thus, over the full year newspaper advertising expenditures decreased for the second year in a row.

The breakdown of advertising expenditures by industry shows strong activity was recorded in Information / Communications, where market competition became even more fierce, and Finance / Insurance, which is in the midst of major developments connected to the financial "Big Bang," as well as Foodstuffs, Apparel / Fashion Accessories / Personal Items and Food Services / Other Services. In contrast, reflecting the overall weakness in personal consumption, industries that account for high component ratios such as Transportation / Leisure, Publications, Distribution / Retailing, Classified Ads / Others, Automobiles / Related Products and Real Estate / Housing Facilities all suffered declines from the previous year's levels. In terms of advertisement format, color ads, full-page ads and double-page spreads all increased over the year as a whole.

Magazine Advertising

Magazine advertising expenditures are estimated to total ¥418.3 billion, down 1.8% from the previous year, and the second consecutive year of decline.

Broken down by industry category, some categories with the largest expenditure weightings, including Apparel / Fashion Accessories / Personal Items, Cosmetics / Toiletries and Automobiles / Related Products, experienced decreases, but this was balanced to some extent by strong performances for Information / Communications, Distribution / Retailing and Finance / Insurance, which posted higher figures than the previous year. Magazine circulation was also sluggish, as the medium was unable to break the continuing downward spiral of increased returns and fewer copies ordered by retailers.

An analysis by magazine genre reveals the increasing difficulty in using conventional segmentation parameters as a basis for decision-making; however, apart from TV program guides / area-information magazines, business and financial titles and young women's titles, which topped last year's expenditures, most other categories were generally weak. Pronounced falls were seen in teenage girls' titles, automobile magazines and men's comics. In terms of circulation, comic titles suffered from the high pass-along rate evident for "book-type" comic publications, which also fed into the emergence of a popular new breed of secondhand bookstores. This phenomenon has severely undermined the profitability of a number of publishing houses.

Significant new titles launched during the year included *BRIO* (Kobunsha), *KANSAI Isshukan* (Kodansha), *Chiba Walker* (Kadokawa Shoten), *VOGUE NIPPON* (Nikkei Conde Nast), *Nikkei Ecology* (Nikkei BP) and *Hyper Korokoro* (Shogakukan). In 1999, a total of 172 new titles were launched (three more than the previous year), and 143 titles were withdrawn (four fewer than the previous year).

Radio Advertising

Radio advertising expenditures are estimated to total ¥204.3 billion, down 5.1% from the previous year.

Despite the signs of economic recovery becoming evident in 1999, advertising expenditures in this medium failed to reach the previous year’s level for the second year running. Factors contributing to the adverse conditions included the poor performances for the second year in a row by two of the medium’s most important advertiser groups, Automobiles / Related Products (down 14.3%) and Beverages / Cigarettes (down 7.9%), which had a serious impact on expenditures. Added to this, industries that recorded good results in other media, such as Pharmaceuticals / Medical Supplies and Household Products, turned in a lackluster year for Radio.

The lack of major events that were a feature of 1998, such as the Nagano Winter Olympics, the Soccer World Cup and the Upper House elections, also had a significant effect on expenditures. Despite this, Foodstuffs registered only a 0.6% fall, while Hobbies / Sporting Goods posted a 1.6% gain on the previous year, indicating that some industries were moving into recovery mode.

In the latter half of the year, rain clouds could be seen on the horizon for sales at FM stations, sending both AM and FM stations into negative territory. By the end of December, the number of community radio stations had risen to 125, an increase of 10 over the previous year. Advertising expenditures at these stations rose more than 10%.

Television Advertising

Television advertising expenditures are estimated to total ¥1,912.1 billion, down 2.0% from the previous year.

The Television market in 1999 continued to exhibit the severely trying conditions that prevailed during the previous year, as corporate profits were further squeezed, and major advertisers scaled back their advertising budgets. The situation was also a symptom of the uncertainty gripping the labor market and the deterioration seen in household incomes, which contributed to prolonged weakness in consumer spending. For program sponsorship advertising, the weakness of one-time program specials as well as sagging advertising rates meant networks’ incomes became somewhat unsteady. Meanwhile, for spot ad placements, the large decrease in orders from the automobile-related sector, together with advertising budget cuts by major advertisers whose operating results were suffering, led to an unavoidably lackluster performance.

In terms of intra-year trends, expenditures in the early part of the year faced the unenviable task of trying to match the previous year's performance, which had been buoyed greatly by the Nagano Winter Olympic Games. From April onward, however, solidly performing industries including Information / Communications centering on the mobile communications market, Finance / Insurance and Pharmaceuticals / Medical Supplies — both in the midst of deregulation and industry regrouping — helped to cancel out the impact of voluntary restrictions on tobacco advertising. Thus, while some parts of the Television market seemed to have bottomed out, certain crucial industry categories were still in the doldrums. At the same time, factors such as the continued tight rein on spending imposed by many advertisers and the absence of major events saw the climate remain dull, as the market as a whole failed to achieve expansion.

Advertising Production Costs of the Four Major Media

Advertising production costs of the four major media are estimated to total ¥321.2 billion, down 1.1% from the previous year. The normally strong sectors relating to automobiles, home electrical appliances and foodstuffs proved disappointing in the end. Despite the staging of the biennial Tokyo Motor Show, the weathervane automobile category still remained flat. In contrast, the beer and soft drink categories, which benefited from good weather, and cellular phones, now such an indispensable part of young people's lifestyle, experienced remarkable growth. However, even this was unable to cause a turnaround in expenditures as a whole.

Worthy of special mention were personal computers, which rode the Internet boom, and women's apparel, which branched out of print media into the television arena to establish an impressive result. Apart from these, foreign-affiliated insurance companies and financial services firms entered the fray with ads that challenged the existing hierarchy, as they took advantage of the newly deregulated environment. Real estate, condominium and residential land sales campaigns were also prominent.

However, feeling the impact of corporate restructuring and mergers, personal consumption continued to favor low-cost and local purchasing patterns. Within such an environment, remarkably good performances were achieved by sectors such as travel, video games, convenience stores and pharmaceuticals. The growth in TV spot ads for these categories during the latter half of the year meant that television commercial production activity made a substantial leap, even though average outlays were relatively low. TV commercial production expenditures were estimated at ¥184.0 billion, down 0.4% from the previous year.

Sales Promotion Advertising

SP advertising expenditures are estimated to total ¥1,964.8 billion, down 0.2% from the previous year.

The second half of the year saw expenditure trends turn somewhat positive, but continuing the pattern set in 1998, the sluggish economy meant SP as a whole remained more or less flat.

Analyzed by industry category, campaign activities became brisk in the information and communications field led by the mobile communications market, and in the beverages field spurred by intensifying competition in the beer market. The Pharmaceuticals / Medical Supplies category, undergoing deregulation, also experienced growth in SP activities, while a variety of communications tools were employed in the financial services market as firms prepared for a major industry regrouping. The staging of the Tokyo Motor Show was another positive factor affecting SP. On the other hand, automobiles, energy and precision instruments all suffered substantial decreases.

Within SP, DM and Flyers moved into positive territory by posting 3–4% growth. However, Outdoor, Transit, POPs and Exhibitions / Screen Displays, despite showing signs of improvement, were unable to move past the previous year’s marks.

DM advertising expenditures for the year are estimated at ¥324.2 billion, up 2.8%. While 1998 saw DM slip into negative territory, 1999 turned this around to a respectable 2.8% growth. This can be attributed to the actual number of items mailed moving from a minus to a plus situation. In particular, the substantial increase in the number of items mailed in November — the biggest month of the year for DM campaigns — greatly contributed to overall growth. Broken down by type, despite the conspicuous shift from letters to the lower-cost postcards that occurred in 1998, this trend was no longer apparent in 1999. Looking at DM activity on a regional basis, the Tokyo region — which accounts for a large proportion of total mailings — saw a slight decline in mailings for the second consecutive year, but Kinki and Tokai managed to post solid growth for the second year running.

Flyer advertising expenditures for the year are estimated at ¥424.1 billion, up 3.9%. The previous year registered a slight drop, but 1999 turned this around to post growth over the country as a whole. This trend was supported in particular by a new record for flyers delivered in the Tokyo regional market, while the Kansai region was also buoyed by a healthy rate of growth during the latter half of the year. Within the retail sector, the main driver of flyer advertising, sagging personal consumption levels saw department stores and discount stores turn in flat performances. In contrast, home electrical appliances, cellular phones and personal computers, along with health care-related direct marketing products such as cosmetics and health foods, helped push up total flyer numbers, and were the main source of strong growth for the flyer category overall. Service industries including travel, food service and aesthetic salons also grew. Taking advantage of the demand surge accompanying housing loan tax breaks, condominium-related flyers increased, but real estate as a whole was flat. Automobile-related flyer advertising, however, suffered a large decline. While the rate of decline for job vacancy ads slowed in the latter half of the year, the overall result for the year was a decrease.

Outdoor advertising expenditures for the year are estimated at ¥314.8 billion, down 1.5%. Continuing from the previous year, the impact of Japan's sluggish economy saw this category remain in the doldrums. In particular, new demand for large-scale billboards shrank, meaning much of the expenditure available came from repairs and design change-related work. In the major urban centers and at popular locations, there were some advertiser changes, but very little vacant space showed up. New sites declined, and the trend to lower rentals and profits per sign was unabated.

Within such an operating environment, a drastic fall in expenditures was averted by factors such as the demand for sign changes due to corporate mergers, and work generated by changing signs at the nationwide branch networks of major financial sector and automobile companies. It is thought likely that such a scenario will be repeated again in 2000, but a glimmer of hope is evident in the general economic recovery, which may push the media back onto a positive path. Another source of encouragement is the anticipated move by foreign-affiliated companies into outdoor advertising.

Transit advertising expenditures for the year are estimated at ¥232.0 billion, down 4.8%. The slump in demand has persisted since the latter half of 1997, and although a marginal upward trend was detected from November 1999, the overall result was a decline from the previous year. Selection criteria based on region and media type became more severe, with the decline being most pronounced in the western Kansai region. Large-scale SP campaigns remained depressed, with station posters and posters hung in train carriages both struggling. Posters hung in trains were particularly hard hit, unable to stem the slide caused by weak demand from their main advertiser group, the publishing industry. Advertising signs in stations and above-widow ad placements on trains were also depressed.

POP advertising expenditures for the year are estimated at ¥161.0 billion, down 2.1%. Over the past few years, the POP market has shown a declining trend. Accompanying changes in the point-of-purchase environment, manufacturers have moved to reduce their POP display budgets. As this trend has progressed, POPs aimed at securing retail shelf or floor space, and small POP signs that highlight some particular product feature, have become quite common. On an industry basis, information and telecommunications, AV equipment, and Pharmaceuticals / Medical Supplies — which has seen a series of deregulatory measures implemented — turned in strong performances, but other sectors declined as low unit costs and small lot sizes become more prevalent.

Telephone Directory advertising expenditures for the year are estimated at ¥177.7 billion, down 4.0%. The number of advertisers, as well as advertising revenues, fell short of the previous year's figure, sending the medium into its harshest period yet. These conditions, though differing to some extent among the regions, are nevertheless a trend present throughout the country. Since this medium attracts few "image-oriented" advertisements, the "need satisfaction" nature of the ads has meant telephone directories have maintained a relatively solid performance until now. However, the impact of the prolonged economic slump has seen the mainstay advertiser group, small and medium-sized businesses, struggle to maintain profitability, which has in turn begun to directly affect advertising sales.

Exhibitions/Screen Display advertising expenditures for the year are estimated at ¥331.0 billion, down 0.1%. In the exhibitions sub-category, during 1999 factors such as the staging of the Tokyo Motor Show, the opening of several large multipurpose facilities in the Tokyo region, and a number of automobile manufacturers developing their own exhibition centers and new-style showrooms created a positive mood. Despite this, the market as a whole remained flat. In the screen displays sub-category, exhibition-type content production work was available, but production expenditures continued to slide, meaning even the modest performance posted in the previous year was unable to be matched.

New Media Advertising

New Media advertising expenditures are estimated at ¥22.5 billion, up 4.2% from the previous year. Until now the New Media category has been able to maintain double-digit growth figures, but in 1999 it slipped below even the 5% growth threshold.

The main factors contributing to the slowdown in growth were: (1) teletext services were generally depressed, and during the year two teletext providers, Access Four and Tokyo DataVision, halted advertising sales activities; and (2) in the CS television market, where a proliferation of channels via the two major platforms has driven robust growth each year, 1999 saw a slight cooling-off for new channel launches, and a consequent slowdown in growth.

In the CATV market, growth stayed at a level similar to the previous year, estimated at around 7%.

Internet-Related Advertising

Internet-related advertising expenditures are estimated at ¥24.1 billion, up 111.4% from the previous year. Expenditures more than doubled the previous year’s level (¥11.4 billion).

The explosive growth was fueled by rapidly increasing demand for ad placements on major Internet sites, as well as an increase in the number of advertisers choosing to exploit the Internet as an advertising medium.

Internet-related advertising expenditures for 2000 are forecast to reach ¥36.9 billion.

FINANCE/INSURANCE AND INFORMATION/COMMUNICATIONS WERE AMONG THE SIX CATEGORIES THAT POSTED INCREASES

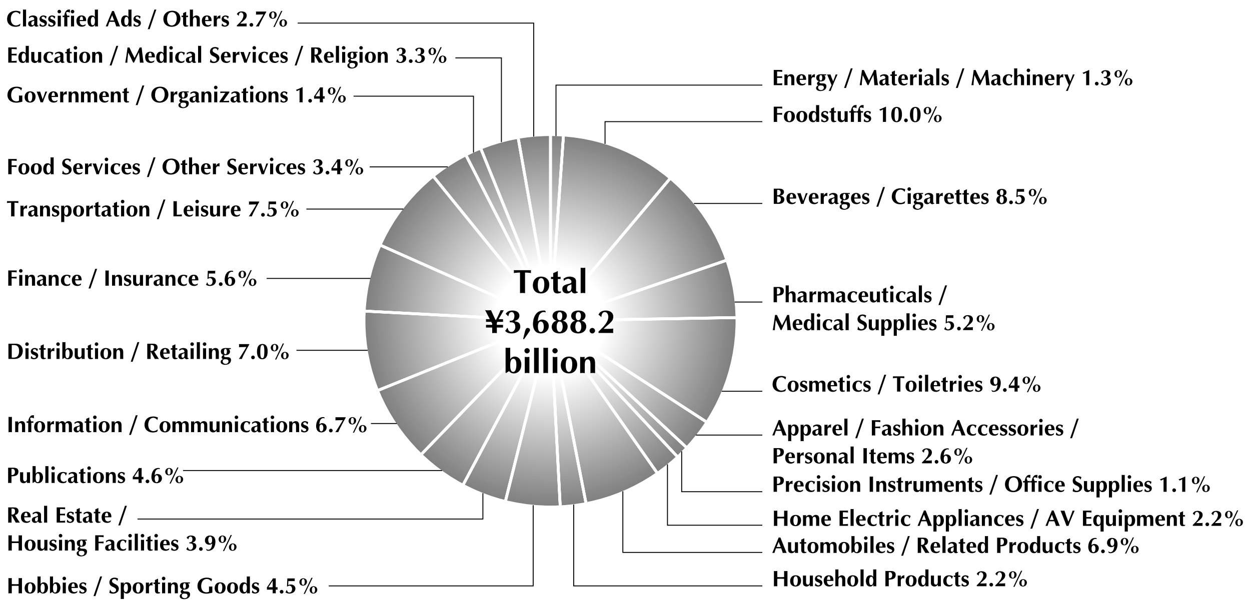
An analysis of advertising expenditures in 1999 by industry category (for the four major media only) reveals that six of the 21 industries recorded gains over the previous year (in 1998, five posted gains). Many of the 15 categories registering declines for 1999 had high component ratios, meaning the slippage in yen terms was also substantial.

In terms of the industries that enjoyed growth in advertising expenditures, Finance/ Insurance (up 9.4% from the previous year, with insurance, securities and credit cards growing substantially), following on from 1998, once again turned in the strongest performance, measured in both percentage growth and yen amount growth. Information/ Communications (up 8.8%, as personal computers and cellular phones continued their robust performance) and Pharmaceuticals/Medical Supplies (up 0.4%, boosted by the lifting of a ban on sales of energy drinks at convenience stores, as well as campaigns for prescription drugs) were two other categories to see heightened competition as a result of deregulation. Apart from these, Household Products (up 3.9%, with increases in advertising for child car seats and household deodorizers), Food Services/Other Services (up 1.0%, with increases from parcel delivery services, moving services and aesthetic salons) and Educational/Medical Services/Religion (up 1.7%, with increases in vocational schools and correspondence schools) also surpassed their previous year's mark.

Among those industries to suffer a fall, Automobiles/Related Products (down 14.2%; despite brisk advertising activity relating to the October 1998 revision of minicar standards, there was a dramatic decline in advertising for major brands of domestically produced passenger cars and imported cars, meaning that the yen amount of decline was greatest among the 21 industries) and Real Estate/Housing Facilities (down 5.9%; although condominiums were brisk with the help of the housing loan tax breaks, there was a decrease overall) recorded consecutive drops. Meanwhile, Beverages/Cigarettes (down 5.1%) and Foodstuffs (down 1.3%) both slipped into negative territory. Classified Ads/Others (down 4.0%) and Cosmetics/Toiletries (down 0.1%) both experienced large falls during the first half of the year, but recovered to post increases during the latter half.

1999 Advertising Expenditures Classified by Industry (Four Major Media)

1999 Advertising Expenditure Component Ratios by Industry in the Four Major Media



A Breakdown of Advertising Expenditures by Industry

1. **Energy / Materials / Machinery:** Down 10.6%, with a 1.3% component ratio. Within a generally weak operating environment, large corporate mergers sent gasoline advertising into a significant growth. Electricity was down, while gas, paper, steel and nonferrous metals, and industrial machinery were all down significantly.

2. **Foodstuffs:** Down 1.3%, with a 10.0% component ratio. Health and beauty-related foods (nutritional supplements) were again strong, with seasonings (meal seasonings, dressings, sauces, barbecue sauces, casserole sauces), meat products (sausage) and dairy products (coffee creamers, cheese, ice cream) all registering increases. Soups, stews, instant *miso* soup, *natto* (fermented soybeans), fish and seaweed accompaniments for rice, sprinkled rice flavorings, and flavorings for *ochazuke* (rice with tea) exhibited solid growth. In contrast, confectionery (snack foods and Japanese sweets were down significantly) and vacuum-packed foods were weaker.

3. **Beverages / Cigarettes:** Down 5.1%, with an 8.5% component ratio.
Although non-alcoholic beverages were up, alcoholic beverages were down after a flurry of advertising activity during the previous year. In the non-alcoholic beverages sub-category, coffee (canned coffee campaigns were brisk), Japanese teas, juices, lactic acid-based drinks, beauty and health drinks, etc., achieved growth. For alcoholic beverages, cocktails (canned *chuhai*, etc.) maintained their strong showing, while most other products were down. Whiskey was off substantially, partly due to the high demand for advertising during the previous year that took advantage of the Liquor Tax Law revision. Beer — one of the category's key products — was boosted by *happoshu* beer-like malt beverages, but still failed to reach the previous year's mark overall. Sake and wine both lost ground, while cigarettes, having voluntarily exited the television medium, were unable to hold their ground even in newspapers.

4. **Pharmaceuticals / Medical Supplies:** Up 0.4%, with a 5.2% component ratio.
Exploiting the lifting of retail sales restrictions on energy drinks in late March, the leading sub-category of prescription drugs saw vigorous activity. Cold remedies and medical supplies (contact lenses, denture-related products) also showed growth. Gastrointestinal medicines were down though, along with eye drops, muscle pain relievers and poultices.

5. **Cosmetics / Toiletries:** Down 0.1%, with a 9.4% component ratio.
This category continued to lose ground during the initial half of the year, but swung around to growth for the latter half. For cosmetics, hair growth promoters, hair colorings, etc., were solid, while skin toners and lipsticks also achieved big gains. Hair shampoos and conditioners, and foundations, some of the category's mainstays, retreated. For toiletries, dentifrice, soap (cosmetic soaps, body soap, foam face-wash), detergent (particularly household detergents) and disposable baby diapers were all strong.

6. **Apparel / Fashion Accessories / Personal Items:** Down 3.8%, with a 2.6% component ratio.
Casual wear performed well, but mainlines such as women's and men's clothing continued to be sluggish. Handbags, men's and women's shoes, etc., showed solid growth. Jewelry and accessories were marginally ahead.

7. **Precision Instruments / Office Supplies:** Down 17.7%, with a 1.1% component ratio. Cameras and stationery (water-based markers, etc.) showed a positive trend, although watches fell short of the previous year. Digital cameras, disposable cameras and office supplies were all down significantly.

8. **Home Electric Appliances / AV Equipment:** Down 5.3%, with a 2.2% component ratio.
   Household appliances such as refrigerators, washing machines, etc., showed solid growth, and air conditioners also substantially improved. AV equipment, however, was generally weak, with televisions, video cameras and audio equipment recording large falls.

9. **Automobiles / Related Products:** Down 14.2%, with a 6.9% component ratio.
   New car advertising was brisk accompanying the revision of standards for minicars in October 1998; however, passenger cars, the product leader of this category, dropped for both domestic and imported brands. Most related products also fell, with the key product of tires losing a substantial amount of ground.

10. **Household Products:** Up 3.9%, with a 2.2% component ratio.
    Baby products (child car seats, etc.), bereavement goods (incense, headstones, etc.), polythene wrap, kitchen paper and deodorizers were all strong. In contrast, insecticides, a major advertiser, experienced a large slump, while mothballs and furniture were rather soft.

11. **Hobbies / Sporting Goods:** Down 1.8%, with a 4.5% component ratio.
    Video game software titles, along with audio and video recordings, remained robust, while pet food and golf equipment were solid. On the opposite side of the ledger, dolls, toys, ski and snow boarding equipment suffered large reductions.

12. **Real Estate / Housing Facilities:** Down 5.9%, with a 3.9% component ratio.
    Riding the positive effects of special housing loan tax breaks, prefabricated housing and condominiums recorded vigorous advertising demand, but corporate ads continued to decline. Housing materials saw sashes, toilets, etc., perform well, but overall results were lackluster.

13. **Publications:** Down 2.3%, with a 4.6% component ratio.
    General weeklies and hardcover books both performed strongly, while housing magazines, student's and children's magazines and hobby titles also registered significant growth. Large advertisers such as general and leisure magazines, women's and home magazines took large falls.

14. **Information / Communications:** Up 8.8%, with a 6.7% component ratio. Computer-related advertising maintained robust performance with strong demand from personal computers, Internet service providers (ISPs) and other Internet-related advertisers. Domestic telephone services, international telephone services and cellular phone service providers all recorded strong growth on the back of expanded services. In particular, Internet providers moved aggressively into the major media. Fax machines and copiers grew, and satellite broadcasting was solid.

15. **Distribution / Retailing:** Down 1.4%, with a 7.0% component ratio. Mail-order services continued to improve. Shopping malls and specialized discount retailers (pharmacies, home electronics) were also strong. In contrast, department stores and supermarkets remained weak, while convenience stores lost ground.

16. **Finance / Insurance:** Up 9.4%, with a 5.6% component ratio. Securities, insurance and credit cards all made big gains. In particular, the rising stock market and liberalization of brokerage fees saw vigorous advertising activity by securities firms. For insurance, both life and non-life were robust. Consumer credit continued to grow, while lottery advertising also jumped. Banks, which rose in 1998, fell back slightly.

17. **Transportation / Leisure:** Down 3.6%, with a 7.5% component ratio. Transportation (railways, domestic and international airlines) were lower overall, but leisure-related areas were comparatively solid. Travel agents, cinemas, performing and visual arts and cultural facilities continued to grow.

18. **Food Services / Other Services:** Up 1.0%, with a 3.4% component ratio. Aesthetic salons turned in strong growth, while restaurants, parcel delivery services, moving services, wedding facilities and marriage introduction agencies were all strong.

19. **Government / Organizations:** Down 10.9%, with a 1.4% component ratio. Central government offices performed well due to an increase in government-related PR activities (economic policy initiatives, Y2K preparations, etc.). Municipal and regional authorities were on a downward trend, which was particularly felt in the print media. Political parties and organizations declined greatly, mainly from the impact of the Upper House elections held during the previous year. On the other hand, PR activities by various organizations were vigorous (for example, the “Let’s Energize Japan” campaign, the National Pension, energy savings, etc.).

20. **Education / Medical Services / Religion:** Up 1.7%, with a 3.3% component ratio. In the education field, schools were down significantly, while the highly weighted sub-categories of correspondence schools and vocational schools increased. Apart from these, tutoring and preparatory schools, hospitals and medical services were also strong.

21. **Classified Ads / Others:** Down 4.0%, with a 2.7% component ratio. The depressed employment market meant job vacancy ads were again weak, causing classified ads to contract on a full-year basis. However, the latter half of the year saw the drop in job vacancy ads begin to gradually slow. Other classified ads (real estate, performances, etc.) were solid.

• Outlook for 2000 Advertising Expenditures (Four Major Media)

During the 2000 calendar year, advertising expenditures for Japan's four major media (Newspapers, Magazines, Radio and Television) are forecast to increase 3.0% from the previous year. Reflecting positive developments in the operating environment, including the Japanese economy's continued recovery path, as well as improved corporate performance, advertising expenditures are poised to achieve their first calendar year increase in three years.

Along with the continuing financial "Big Bang" (including reorganization within the financial sector, increased entry of foreign financial institutions and adoption of a new pension system) and expansion of the information and telecommunications market (including diffusion of cellular phones and the spread of the Internet), the year 2000 will witness a number of important events and other milestones. These include the staging of the Sydney Olympic Games, the Kyushu-Okinawa G-8 Summit conferences, the Lower House elections, the start of the Long-Term Care Insurance Plan, the commencement of digital satellite broadcasts and millennium celebrations. It is hoped such events will have a positive impact on advertising expenditures over a wide range of industries.

Total for the Four Major Media

	1999 (results)	**2000 (forecast)**
Advertising expenditures (¥ billion)	3,688.2	**3,798.6**
Comparison with previous year (%)	–2.2	**+3.0**

Quarterly Growth for the Four Major Media in 1999

Looking at growth during each quarter of the 1999 calendar year (provisional), the January–March quarter showed a larger fall of –7.0%, while the rate of contraction slowed in the following two quarters. In the October–December quarter, demand for advertising in many industries was brisk, resulting in growth of 2.0%.

Quarterly and Half-Yearly Growth for the Four Major Media in 1999

(% change from previous year)

Jan.–Mar.	Apr.–June	July–Sep.	Oct.–Dec.	Jan.–June	July–Dec.	Total
–7.0	–2.2	–1.5	2.0	–4.6	0.3	–2.2

< APPENDIX 1 >

Japan's GDP and Advertising Expenditures (1975 – 1999)

	Year	Nominal Gross Domestic Product (B)			Real GDP Growth Rate (%)	Advertising Expenditures (A)			A/B (%)
		GDP (¥ billion)	Compared to Previous Year (%)	Index (1985 = 100)		Advertising Expenditures (¥ billion)	Compared to Previous Year (%)	Index (1985 = 100)	
(I)	1975	148,327.1	110.5		3.1	1,237.5	105.8		0.83
	1976	166,573.3	112.3		4.0	1,456.8	117.7		0.87
	1977	185,622.0	111.4		4.4	1,642.7	112.8		0.88
	1978	204,404.1	110.1		5.3	1,845.7	112.4		0.90
	1979	221,546.6	108.4		5.5	2,113.3	114.5		0.95
	1980	240,175.9	108.4		2.8	2,278.3	107.8		0.95
	1981	257,962.9	107.4		3.2	2,465.7	108.2		0.96
	1982	270,600.7	104.9		3.1	2,627.2	106.5		0.97
	1983	281,767.1	104.1		2.3	2,782.0	105.9		0.99
	1984	300,543.0	106.7		3.9	2,915.5	104.8		0.97
	1985	320,418.7	106.6		4.4	2,982.9	102.3		0.93
	1986	335,457.2	104.7		2.9	3,051.5	102.3		0.91
(II)	1985	320,418.7	106.6	100	4.4	3,504.9	—	100	1.09
	1986	335,457.2	104.7	105	2.9	3,647.8	104.1	104	1.09
	1987	349,759.6	104.3	109	4.2	3,944.8	108.1	113	1.13
	1988	373,973.2	106.9	117	6.2	4,417.5	112.0	126	1.18
	1989	399,998.3	107.0	125	4.8	5,071.5	114.8	145	1.27
	1990	430,039.8	107.5	134	5.1	5,564.8	109.7	159	1.29
	1991	458,299.1	106.6	143	3.8	5,726.1	102.9	163	1.25
	1992	471,020.7	102.8	147	1.0	5,461.1	95.4	156	1.16
	1993	475,381.1	100.9	148	0.3	5,127.3	93.9	146	1.08
	1994	479,260.1	100.8	150	0.6	5,168.2	100.8	147	1.08
	1995	483,220.2	100.8	151	1.5	5,426.3	105.0	155	1.12
	1996	500,309.6	103.5	156	5.1	5,771.5	106.4	165	1.15
	1997	509,645.3	101.9	159	1.6	5,996.1	103.9	171	1.18
	1998	498,499.3	97.8	156	–2.5	5,771.1	96.2	165	1.16
	1999	**496,911.9**	**99.7**	**155**	**0.6**	**5,699.6**	**98.8**	**163**	**1.15**

Notes
- The above figures for GDP are those released in the Economic Planning Agency's 'Annual Report on National Accounts'. The GDP figures for 1999 are based on the Japan Center for Economic Research's 'Quarterly Forecast of Japanese Economy'.
- All the above figures are for the calendar year.
- The estimation method for 'Advertising Expenditures in Japan' was retroactively revised in 1987 for all years, beginning with 1985.

< APPENDIX 2 >

Advertising Expenditures by Medium (1997 – 1999)

Media	Advertising Expenditures (¥ billion)			Comparison Ratio (%)		Component Ratio (%)		
	1997	1998	**1999**	1998	**1999**	1997	1998	**1999**
Major Media								
Newspapers	1,263.6	1,178.7	**1,153.5**	93.3	**97.9**	21.1	20.4	**20.2**
Magazines	439.5	425.8	**418.3**	96.9	**98.2**	7.3	7.4	**7.3**
Radio	224.7	215.3	**204.3**	95.8	**94.9**	3.7	3.7	**3.6**
Television	2,007.9	1,950.5	**1,912.1**	97.1	**98.0**	33.5	33.8	**33.6**
Subtotal	3,935.7	3,770.3	**3,688.2**	95.8	**97.8**	65.6	65.3	**64.7**
Sales Promotion								
Direct Mail	316.5	315.5	**324.2**	99.7	**102.8**	5.3	5.5	**5.7**
Flyers	417.4	408.2	**424.1**	97.8	**103.9**	7.0	7.1	**7.5**
Outdoor	332.2	319.6	**314.8**	96.2	**98.5**	5.5	5.5	**5.5**
Transit	249.0	243.8	**232.0**	97.9	**95.2**	4.2	4.2	**4.1**
POPs	168.9	164.4	**161.0**	97.3	**97.9**	2.8	2.9	**2.8**
Telephone Directories	183.0	185.1	**177.7**	101.1	**96.0**	3.1	3.2	**3.1**
Exhibitions/ Screen Displays	367.8	331.2	**331.0**	90.0	**99.9**	6.1	5.7	**5.8**
Subtotal	2,034.8	1,967.8	**1,964.8**	96.7	**99.8**	34.0	34.1	**34.5**
New Media	19.6	21.6	**22.5**	110.2	**104.2**	0.3	0.4	**0.4**
Internet	6.0	11.4	**24.1**	190.0	**211.4**	0.1	0.2	**0.4**
Total	5,996.1	5,771.1	**5,699.6**	96.2	**98.8**	100.0	100.0	**100.0**

< APPENDIX 3 >

Advertising Expenditures by Industry (1997 – 1999)

Industry	Advertising Expenditures (¥10 million)			Comparison Ratio (%)		Component Ratio (%)		
	1997	1998	**1999**	1998	**1999**	1997	1998	**1999**
Energy / Materials / Machinery	5,222	5,149	**4,604**	98.6	**89.4**	1.3	1.4	**1.3**
Foodstuffs	36,792	37,444	**36,969**	101.8	**98.7**	9.3	9.9	**10.0**
Beverages / Cigarettes	32,099	33,088	**31,415**	103.1	**94.9**	8.1	8.8	**8.5**
Pharmaceuticals / Medical Supplies	20,497	19,229	**19,297**	93.8	**100.4**	5.2	5.1	**5.2**
Cosmetics / Toiletries	36,724	34,688	**34,648**	94.5	**99.9**	9.3	9.2	**9.4**
Apparel / Fashion Accessories / Personal Items	11,329	9,910	**9,537**	87.5	**96.2**	2.9	2.6	**2.6**
Precision Instruments / Office Supplies	5,611	5,065	**4,168**	90.3	**82.3**	1.4	1.3	**1.1**
Home Electric Appliances / AV Equipment	9,814	8,586	**8,129**	87.5	**94.7**	2.5	2.3	**2.2**
Automobiles / Related Products	32,515	29,591	**25,375**	91.0	**85.8**	8.3	7.9	**6.9**
Household Products	8,573	7,787	**8,090**	90.8	**103.9**	2.2	2.1	**2.2**
Hobbies / Sporting Goods	16,952	16,852	**16,553**	99.4	**98.2**	4.3	4.5	**4.5**
Real Estate / Housing Facilities	18,902	15,414	**14,506**	81.5	**94.1**	4.8	4.1	**3.9**
Publications	18,909	17,139	**16,751**	90.6	**97.7**	4.8	4.6	**4.6**
Information / Communications	22,404	22,782	**24,794**	101.7	**108.8**	5.7	6.0	**6.7**
Distribution / Retailing	26,686	26,325	**25,958**	98.6	**98.6**	6.8	7.0	**7.0**
Finance / Insurance	17,557	18,987	**20,764**	108.1	**109.4**	4.5	5.0	**5.6**
Transportation / Leisure	28,991	28,811	**27,783**	99.4	**96.4**	7.4	7.6	**7.5**
Food Services / Other Services	13,621	12,504	**12,626**	91.8	**101.0**	3.5	3.3	**3.4**
Government / Organizations	5,545	5,644	**5,026**	101.8	**89.1**	1.4	1.5	**1.4**
Education / Medical Services / Religion	12,367	11,835	**12,039**	95.7	**101.7**	3.1	3.1	**3.3**
Classified Ads / Others	12,460	10,200	**9,788**	81.9	**96.0**	3.2	2.7	**2.7**
Total	393,570	377,030	**368,820**	95.8	**97.8**	100.0	100.0	**100.0**

Note See APPENDIX 8 for breakdown of industry categories.

< APPENDIX 4 >

Eleven-Year Trends in Advertising Expenditures by Industrial Category (1989 – 1999)

(Unit: ¥10 million)

Industry	Advertising Expenditures										
	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	**1999**
Energy / Materials / Machinery	6,605	7,566	7,845	7,491	6,365	5,975	5,330	5,117	5,222	5,149	**4,604**
Foodstuffs	30,215	31,198	34,421	36,923	35,479	34,493	35,242	35,084	36,792	37,444	**36,969**
Beverages / Cigarettes	27,366	27,721	28,006	27,411	27,251	27,914	29,161	31,485	32,099	33,088	**31,415**
Pharmaceuticals / Medical Supplies	15,512	16,125	17,355	17,261	16,140	16,069	17,632	18,804	20,497	19,229	**19,297**
Cosmetics / Toiletries	24,785	26,430	29,334	31,315	30,134	31,273	32,867	35,295	36,724	34,688	**34,648**
Apparel / Fashion Accessories / Personal Items	8,959	9,635	10,014	9,701	8,799	8,997	9,474	10,479	11,329	9,910	**9,537**
Precision Instruments / Office Supplies	4,912	5,576	5,486	4,657	4,093	4,107	4,290	5,236	5,611	5,065	**4,168**
Home Electric Appliances / AV Equipment	12,976	14,047	13,336	10,892	9,237	8,926	9,178	9,614	9,814	8,586	**8,129**
Automobiles / Related Products	19,894	22,832	23,047	20,470	19,139	20,504	25,287	28,984	32,515	29,591	**25,375**
Household Products	8,581	8,181	8,518	8,528	8,544	8,030	7,661	8,019	8,573	7,787	**8,090**
Hobbies / Sporting Goods	8,776	10,598	10,858	10,893	12,218	13,922	14,367	15,963	16,952	16,852	**16,553**
Real Estate / Housing Facilities	20,832	24,899	23,013	18,276	16,210	16,364	17,710	18,959	18,902	15,414	**14,506**
Publications	17,408	18,580	19,193	17,341	15,759	16,178	17,487	18,632	18,909	17,139	**16,751**
Information / Communications	11,321	13,910	13,740	12,186	11,345	12,841	15,401	19,724	22,404	22,782	**24,794**
Distribution / Retailing	25,734	27,157	28,151	27,448	25,826	26,187	26,319	27,106	26,686	26,325	**25,958**
Finance / Insurance	17,241	18,251	17,457	15,470	13,345	13,800	14,868	16,911	17,557	18,987	**20,764**
Transportation / Leisure	26,328	30,138	30,975	29,901	27,889	28,294	27,795	30,041	28,991	28,811	**27,783**
Food Services / Other Services	10,028	11,233	11,516	11,521	9,988	10,371	10,966	12,691	13,621	12,504	**12,626**
Government / Organizations	3,503	3,447	3,678	3,922	4,149	4,170	5,230	5,444	5,545	5,644	**5,026**
Education / Medical Services / Religion	9,253	10,162	10,921	11,111	11,320	11,749	12,226	11,998	12,367	11,835	**12,039**
Classified Ads / Others	17,671	19,454	18,236	14,682	11,850	11,316	11,859	12,364	12,460	10,200	**9,788**
Total	327,900	357,140	365,100	347,400	325,080	331,480	350,350	377,950	393,570	377,030	**368,820**

< APPENDIX 5 >

Advertising Expenditures by Industry in the Four Major Media (1998 – 1999)

(Unit: ¥10 million)

Media / Industry	Newspapers			Magazines			Radio			Television			**Total**		
	1998	**1999**	Comparison Ratio (%)	1998	**1999**	Comparison Ratio (%)	1998	**1999**	Comparison Ratio (%)	1998	**1999**	Comparison Ratio (%)	1998	**1999**	Comparison Ratio (%)
Energy / Materials / Machinery	1,297	**1,102**	**85.0**	335	**369**	**110.1**	683	**675**	**98.8**	2,834	**2,458**	**86.7**	5,149	**4,604**	**89.4**
Foodstuffs	2,889	**3,185**	**110.2**	2,566	**2,519**	**98.2**	1,999	**1,988**	**99.4**	29,990	**29,277**	**97.6**	37,444	**36,969**	**98.7**
Beverages / Cigarettes	4,739	**4,423**	**93.3**	3,149	**3,107**	**98.7**	1,700	**1,565**	**92.1**	23,500	**22,320**	**95.0**	33,088	**31,415**	**94.9**
Pharmaceuticals / Medical Supplies	3,130	**3,198**	**102.2**	1,207	**1,216**	**100.7**	965	**876**	**90.8**	13,927	**14,007**	**100.6**	19,229	**19,297**	**100.4**
Cosmetics / Toiletries	2,130	**2,228**	**104.6**	6,427	**6,323**	**98.4**	427	**409**	**95.8**	25,704	**25,688**	**99.9**	34,688	**34,648**	**99.9**
Apparel / Fashion Accessories / Personal Items	1,304	**1,436**	**110.1**	5,426	**5,255**	**96.8**	222	**221**	**99.5**	2,958	**2,625**	**88.7**	9,910	**9,537**	**96.2**
Precision Instruments / Office Supplies	1,240	**1,091**	**88.0**	1,554	**1,267**	**81.5**	140	**138**	**98.6**	2,131	**1,672**	**78.5**	5,065	**4,168**	**82.3**
Home Electric Appliances / AV Equipment	1,454	**1,438**	**98.9**	1,128	**955**	**84.7**	390	**342**	**87.7**	5,614	**5,394**	**96.1**	8,586	**8,129**	**94.7**
Automobiles / Related Products	9,836	**8,300**	**84.4**	2,972	**2,797**	**94.1**	2,544	**2,180**	**85.7**	14,239	**12,098**	**85.0**	29,591	**25,375**	**85.8**
Household Products	1,524	**1,595**	**104.7**	582	**628**	**107.9**	412	**342**	**83.0**	5,269	**5,525**	**104.9**	7,787	**8,090**	**103.9**
Hobbies / Sporting Goods	2,705	**2,714**	**100.3**	2,142	**2,157**	**100.7**	1,258	**1,278**	**101.6**	10,747	**10,404**	**96.8**	16,852	**16,553**	**98.2**
Real Estate / Housing Facilities	8,636	**8,160**	**94.5**	590	**531**	**90.0**	810	**748**	**92.3**	5,378	**5,067**	**94.2**	15,414	**14,506**	**94.1**
Publications	12,246	**11,961**	**97.7**	1,291	**1,266**	**98.1**	1,168	**1,091**	**93.4**	2,434	**2,433**	**100.0**	17,139	**16,751**	**97.7**
Information / Communications	7,215	**7,692**	**106.6**	2,929	**3,053**	**104.2**	1,154	**1,216**	**105.4**	11,484	**12,833**	**111.7**	22,782	**24,794**	**108.8**
Distribution / Retailing	10,035	**9,771**	**97.4**	2,065	**2,190**	**106.1**	1,537	**1,577**	**102.6**	12,688	**12,420**	**97.9**	26,325	**25,958**	**98.6**
Finance / Insurance	9,244	**9,482**	**102.6**	1,850	**1,915**	**103.5**	1,415	**1,421**	**100.4**	6,478	**7,946**	**122.7**	18,987	**20,764**	**109.4**
Transportation / Leisure	16,303	**15,797**	**96.9**	2,183	**2,165**	**99.2**	2,242	**2,077**	**92.6**	8,083	**7,744**	**95.8**	28,811	**27,783**	**96.4**
Food Services / Other Services	2,834	**3,095**	**109.2**	1,782	**1,829**	**102.6**	1,136	**1,099**	**96.7**	6,752	**6,603**	**97.8**	12,504	**12,626**	**101.0**
Government / Organizations	2,806	**2,489**	**88.7**	317	**339**	**106.9**	859	**747**	**87.0**	1,662	**1,451**	**87.3**	5,644	**5,026**	**89.1**
Education / Medical Services / Religion	6,518	**6,823**	**104.7**	1,927	**1,806**	**93.7**	445	**421**	**94.6**	2,945	**2,989**	**101.5**	11,835	**12,039**	**101.7**
Classified Ads / Others	9,785	**9,370**	**95.8**	158	**143**	**90.5**	24	**19**	**79.2**	233	**256**	**109.9**	10,200	**9,788**	**96.0**
Total	117,870	**115,350**	**97.9**	42,580	**41,830**	**98.2**	21,530	**20,430**	**94.9**	195,050	**191,210**	**98.0**	377,030	**368,820**	**97.8**

< APPENDIX 6 >

Component Ratio of Media Expenditures by Industry and Industry Expenditures by Medium for 1999

(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	0.9	3.3	1.3	**1.3**	23.9	8.0	14.7	53.4	**100.0**
Foodstuffs	2.8	6.0	9.7	15.3	**10.0**	8.6	6.8	5.4	79.2	**100.0**
Beverages / Cigarettes	3.8	7.4	7.7	11.7	**8.5**	14.1	9.9	5.0	71.0	**100.0**
Pharmaceuticals / Medical Supplies	2.8	2.9	4.3	7.3	**5.2**	16.6	6.3	4.5	72.6	**100.0**
Cosmetics / Toiletries	1.9	15.1	2.0	13.4	**9.4**	6.4	18.3	1.2	74.1	**100.0**
Apparel / Fashion Accessories / Personal Items	1.2	12.6	1.1	1.4	**2.6**	15.1	55.1	2.3	27.5	**100.0**
Precision Instruments / Office Supplies	0.9	3.0	0.7	0.9	**1.1**	26.2	30.4	3.3	40.1	**100.0**
Home Electric Appliances / AV Equipment	1.2	2.3	1.7	2.8	**2.2**	17.7	11.7	4.2	66.4	**100.0**
Automobiles / Related Products	7.2	6.7	10.7	6.3	**6.9**	32.7	11.0	8.6	47.7	**100.0**
Household Products	1.4	1.5	1.7	2.9	**2.2**	19.7	7.8	4.2	68.3	**100.0**
Hobbies / Sporting Goods	2.3	5.2	6.2	5.4	**4.5**	16.4	13.0	7.7	62.9	**100.0**
Real Estate / Housing Facilities	7.1	1.3	3.7	2.6	**3.9**	56.2	3.7	5.2	34.9	**100.0**
Publications	10.4	3.0	5.3	1.3	**4.6**	71.4	7.6	6.5	14.5	**100.0**
Information / Communications	6.7	7.3	5.9	6.7	**6.7**	31.0	12.3	4.9	51.8	**100.0**
Distribution / Retailing	8.5	5.2	7.7	6.5	**7.0**	37.6	8.4	6.1	47.9	**100.0**
Finance / Insurance	8.2	4.6	6.9	4.2	**5.6**	45.7	9.2	6.8	38.3	**100.0**
Transportation / Leisure	13.7	5.2	10.2	4.0	**7.5**	56.8	7.8	7.5	27.9	**100.0**
Food Services / Other Services	2.7	4.4	5.4	3.5	**3.4**	24.5	14.5	8.7	52.3	**100.0**
Government / Organizations	2.2	0.8	3.6	0.8	**1.4**	49.5	6.7	14.9	28.9	**100.0**
Education / Medical Services / Religion	5.9	4.3	2.1	1.6	**3.3**	56.7	15.0	3.5	24.8	**100.0**
Classified Ads / Others	8.1	0.3	0.1	0.1	**2.7**	95.7	1.5	0.2	2.6	**100.0**
Total	100.0	100.0	100.0	100.0	**100.0**	31.3	11.3	5.5	51.9	**100.0**

< APPENDIX 7 >

Breakdown of Media Expenditures

Major Media: Advertising expenditures spent in the four major 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 nation-wide 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.

Sales Promotion: Advertising expenditures for sales promotion-related media.

Direct Mail: Postage spent on direct mail.

Flyers: Insertion costs for flyers in newspapers nationwide.

Outdoor: Production costs for billboards, neon signs, etc.

Transit: Placement costs for transit advertisements.

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

Telephone Directories: Placement costs for advertisements in telephone directories.

Exhibitions / Screen Displays: Production costs for corporate-sponsored exhibitions and production, and running costs for promotional films, videos, etc.

New Media: Time rates and production costs for new media (CATV, satellite broadcasts and teletext).

Internet-Related Advertising: Placement and production costs for advertising on Internet sites. (Estimates began in 1996.)

< APPENDIX 8 >

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 and confectioneries, processed foods, etc.

Beverages / Cigarettes: Alcoholic beverages, nonalcoholic beverages, tobacco products, etc.

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

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

Home Electric Appliances / AV Equipment: Electric cooking appliances and household appliances, home air-conditioning equipment, audio-visual equipment, lighting fixtures, etc.

Automobiles / Related Products: Automobiles, motorcycles, bicycles, motorboats, tires, car air conditioners, car stereos, car navigation systems, etc.

Household Products: Petroleum / gas-related equipment, bedding, interior decoration products, furniture, household machinery, household sundry goods, chemicals for home use, insecticides and mothballs, etc.

Hobbies / Sporting Goods: Hobby products, audio-visual software, pet products, 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, facsimiles, copiers, telephones, communications facilities and services, broadcasting, etc.

Distribution / Retailing: Department stores, supermarkets, convenience stores, mail-order businesses, high-volume and other retailers, shopping malls, etc.

Finance / Insurance: Banks, securities firms, insurance firms, consumer finance and credit card companies, etc.

Transportation / Leisure: Transportation facilities and services, travel agents, hotels, sports and leisure facilities, movies and box-office events, etc.

Food Services / Other Services: Restaurants, door-to-door delivery and moving services, beauty salons, rental businesses, other various services.

Government / Organizations: Government offices, local autonomous bodies, political organizations, 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, nursing services, religion, etc.

Classified Ads / Others: Classified ads (newspaper and magazine), personal notices, joint advertising messages, corporate group advertising, etc.

[M E M O]

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