

DENTSU Inc.

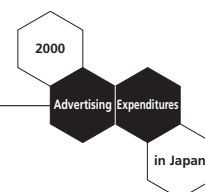
2000

Advertising

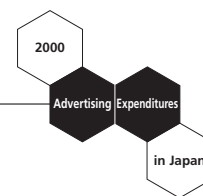
Expenditures

in JAPAN

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## 1. Gross Advertising Expenditures

### Up 7.2%, for the first increase in three years

1. Gross advertising expenditures for calendar 2000 amounted to ¥6,110.2 billion, up 7.2% from the previous year.
2. Conditions were favorable throughout the year with the first increase in three years.
3. All four of the major media posted an increase and, among them, TV and newspapers demonstrated especially vigorous activity.
4. There was an increase in a total of 17 industry categories, including Information/Communications, Finance/Insurance and Real Estate/Housing Facilities, while Hobbies/Sporting Goods, Foodstuffs and other categories declined.

## 2. Advertising Expenditures Classified by Medium

### Most media moved upward

1. Newspaper Advertising Expenditures (up 8.1% from the previous year): This medium showed strength throughout the year with a sizable increase in Finance/Insurance and Information/Communications. An upswing in corporate advertising was spurred by industry restructuring.
2. Magazine Advertising Expenditures (up 4.4%): A double-digit hike was realized in the key advertising categories of Cosmetics/Toiletries, Information/Communications and Finance/Insurance; there was a drop, however, in Foodstuffs, Beverages/Cigarettes and Automobiles/Related Products. Women's magazines and business and money magazines were among the movers, while general weeklies and other magazines showed weakness.
3. Radio Advertising Expenditures (up 1.4%): There was a broad increase in the category Information/Communications, while the key advertising category of Automobiles/Related Products indicated a persistent decline. FM stations showed positive results.
4. Television Advertising Expenditures (up 8.7%): TV had a good, strong year. The Sydney Olympics and the Lower House election campaign proved to be sources of positive growth. Information/Communications and Finance/Insurance moved up briskly and spot ads were also robust.
5. Sales Promotion (SP) Expenditures (up 4.5%): This medium indicated an increase for the first time in three years, reflecting a tendency toward improvement in the business climate. Flyers and Direct Mail (DM) continued their steady growth.
6. Satellite Media-Related Advertising Expenditures (up 18.2%): This medium showed energetic growth, supported by the launch of BS digital broadcasting and the steady increase in programming on CS specialty channels and CATV.
7. Internet Advertising Expenditures (up 144.8%): This category witnessed a tremendous surge, to a level 2.4 times that of the previous year.

## 3. Advertising Expenditures Classified by Industry

### Improvement seen in most categories

1. There was an increase in 17 of 21 industry categories, with six jumping by 10% or more.
2. Industry categories with large increases include Information/Communications (up 33.6% over the previous year), Finance/Insurance (up 28.2%), Real Estate/Housing Facilities (up 10.3%) and Food Services/Other Services (up 9.3%). The increase in Information/Communications, the most prominent of all 21 categories, accounted for some 30% of the total of all categories combined.
3. Meanwhile, four categories, including Foodstuffs (down 2.0%) and Automobiles/Related Products (down 0.5%), dropped below their previous level.

## II. Advertising Expenditures in Japan for 2000

### GROSS ADVERTISING EXPENDITURES FOR 2000 WERE ¥6,110.2 BILLION, UP 7.2% FROM THE PREVIOUS YEAR

Gross advertising expenditures in Japan totaled ¥6,110.2 billion during calendar 2000, increasing 7.2% from the previous year, recording the first increase in three years and the highest ever, and reflecting an undertone of recovery in the Japanese economy.

Gross advertising expenditures demonstrated steady recovery beginning in 1994 with dynamic activity over a broad range of industry categories, especially automobiles and information/communications; however, a cooling trend in the economy brought an abiding two-year drop in 1998–99. The size of the decline gradually narrowed in 1999, and activity during the October–December term outperformed the previous year. In 2000, growth in advertising was brisk throughout the year.

#### General Characteristics of 2000 Advertising Activities

1. The boost in advertising expenditures in 2000, the first since 1997, was due to a number of favorable factors. Economic recovery, on the strength of increased equipment investment in the information technology (IT) industries, provided a broadly favorable impetus. Improved business results also led many firms to increase their advertising budgets to stimulate demand and improve their brand images. Industry reorganization and intensified competition in the information/communications and financial industries spurred companies to all-out advertising efforts. The Sydney Olympics and the Lower House election campaign also contributed to the advertising upturn, as did the start of the Long-Term Care Insurance Plan and the introduction of BS digital broadcasting.
2. Broken down by medium, spending in the four mass media as a whole turned upward after two years of decline. Brisk activity in the spot market pushed Television advertising expenditures overall to 8.7% above the 1999 level. Likewise, strong growth in Newspaper advertising raised spending there to 8.1% over the previous year. Elsewhere, within SP, Flyers and DM spending continued steady growth, while Transit and POPs posted increases. Growth in these areas as well as in Exhibitions/Screen Displays helped push SP expenditures upward for the first time in three years. The advent of BS digital broadcasting contributed to strong growth in Satellite Media-Related advertising, where the 2000 total was a solid 18.2% greater than the previous year. Spending on Internet advertising continued to surge. The 2000 total was ¥59.0 billion, a whopping 144.8% increase over 1999.
3. By major industry, spending by the Information/Communications category on personal computer, telephone and Internet advertising was particularly brisk, raising spending for the category to 33.6% above the year before. In Finance/Insurance, stocks, insurance and household finance advertising was notably strong. The category overall recorded significant growth in spending, with the 2000 total marking a 28.2% increase over a year earlier. These two categories alone contributed 50% of the growth in advertising expenditures in the four major media. Following them in significance was growth in Cosmetics/Toiletries and Real Estate/Housing Facilities. On the other hand, expenditures in Foodstuffs and Automobiles/Related Products and elsewhere continued their decline.

## Background to 2000 Advertising Expenditures

1. The undertone of recovery in the economy of Japan continued, though moderately, in 2000. Real GDP growth for calendar 2000 was 2.2% (provisional estimate), a continuation and improvement of the 0.8% recorded the year before. Individual consumption was lackluster in light of the tough income and employment environment, a widespread sentiment of anxiety and other factors; however, corporate capital investment, centered on IT-related investment, was strong, giving support to the recovery in the economic climate. In addition to the IT effect, exports and restructuring also contributed, helping realize a rapid improvement in corporate profits. The effects of low interest rates and special tax breaks relating to housing loans continued and residential housing sales remained sound. In the area of consumer consumption, department store and supermarket sales were stagnant as before, though sales of home electric appliances and automobiles finally began to show signs of recovery. PCs and portable telephones continued to perform strongly. In the area of service industry consumption, overseas travel turned toward improvement. The drop in prices and the low-price orientation overall became even more pronounced.

2. In the advertising environment in 2000, besides the commencement of the Long-Term Care Insurance Plan in April, the Lower House election campaign in June, the Sydney Olympics in September and the launch of BS digital broadcasting in December, domestic PC shipments outpaced television sets while portable telephones gained wide popularity (they are now in the hands of one of every two citizens). Internet use surged and the IT revolution continued to forge ahead. In addition, the financial Big Bang promoted the restructuring of the bank, securities and insurance industries and stimulated competition in new products and services, which led to robust advertising activities.

3. A number of new and attention-getting products and services having a strong link to advertising can be cited, such as tea-based beverages, beer-like beverages (*happoshu*), low-priced canned liquor mixes (*chuhai*), low-priced casual wear, DVD-mounted game machines, Internet connection services for portable telephones and Internet-based securities brokerage services.

## Advertising Expenditures and Japan's GDP

The 7.2% increase in overall advertising expenditures in 2000 exceeds the nominal economic growth rate (nominal GDP is forecast to have increased by 0.4%), and total advertising expenditures rose to a level of 1.19% of GDP for the first time in three years (the rate was 1.26% in 1990, the highest since 1985, and 1.11% in 1999).

### III. 2000 Advertising Expenditures Classified by Medium

#### Most Media See the First Increase in Three Years

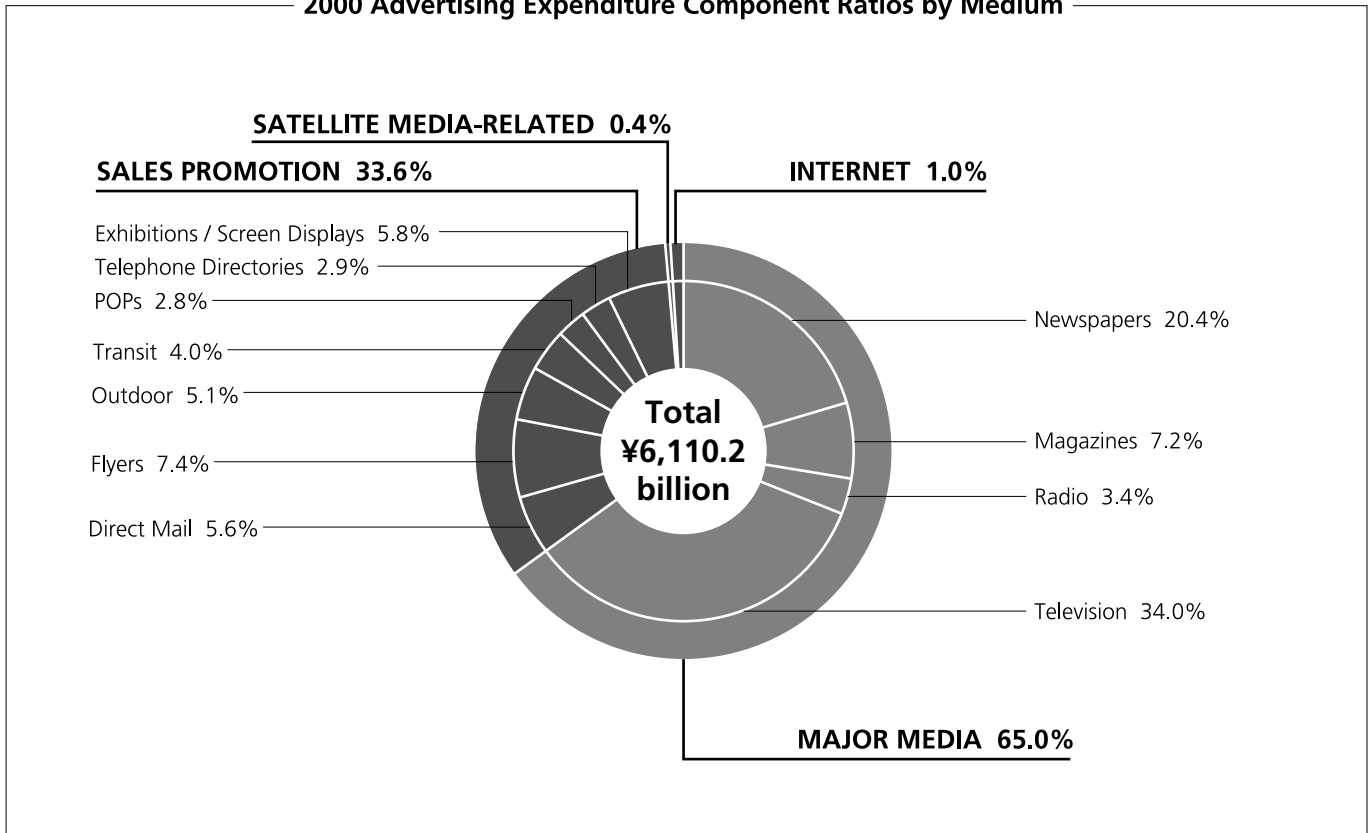
In the area of advertising expenditures in 2000 by media, Television (up 8.7%), Newspapers (up 8.1%), Magazines and Radio all recorded substantial gains, and overall advertising expenditures for the four major media outperformed the previous year for the first time in three years (¥3,970.7 billion, up 7.7% from a year earlier).

SP expenditures (¥2,053.9 billion; up 4.5% against the previous year) witnessed increases in most of its expenditure categories. In particular, Flyers and DM continued to climb.

Satellite Media-Related advertising expenditures attained double-digit growth for the first time in two years, led by steady expansion in CATV and CS broadcasting and the launch of BS digital broadcasting (¥26.6 billion, up 18.2%).

Meanwhile, Internet advertising expenditures more than doubled from the previous year (¥59.0 billion, up 144.8%).

2000 Advertising Expenditure Component Ratios by Medium



## Newspaper Advertising

Newspaper advertising expenditures are estimated to total ¥1,247.4 billion, an increase of 8.1% over the previous year.

Overall, 2000 was an extremely robust year due to the move toward recovery in the Japanese economy. There was a dynamic turnabout in advertising sales from the first half of the year, which continued in the latter half, resulting in a sharp upturn in growth throughout the year.

In particular, Finance/Insurance and Information/Communications, in which the restructuring of industry and differentiation of products have been developing, posted a prominent increase and became a driving force for Newspaper advertising. In addition, growth occurred in the Foodstuffs and Beverages/Cigarettes categories, which experienced an intensification of competition in low-malt beer substitute *happoshu* beverages and the successive emergence of a range of new products, as well as a rapid recovery in classified ads. In addition, Distribution/Retailing and Publications, which have a large share in Newspaper advertising, became an important factor in the steady recovery of Newspaper advertising, as their decline came to a halt and signs of recovery appeared. On the other hand, the Automobiles/Related Products category, after peaking four to five years ago, remained stagnant. Owing to this contrast of good results and a slump in different categories, large changes have been taking place in the composition of categories comprising Newspaper advertising.

In addition, among attention-getting topics, the Lower House election campaign in June, the Sydney Olympics in September, the launch of BS digital broadcasting in December and other events — as well as numerous announcements brought about by a variety of unfortunate events during the summer and corporate advertising sales, etc., as a result of corporate reorganization including that of KDDI (October) — became important factors behind the rapid recovery of Newspaper advertising expenditures.

## Magazine Advertising

Magazine advertising expenditures are estimated to total ¥436.9 billion, an increase of 4.4% over the previous year and the first positive growth in three years.

In a comparison by industry category, Cosmetics/Toiletries, Information/Communications and Finance/Insurance forged ahead with double-digit growth while, in contrast, Foodstuffs, Beverages/Cigarettes and Automobiles/Related Products dropped below the level of the previous year.

In addition, by magazine genre, women's, young women's, young men's and business and money magazines were among those that surpassed the previous year's performance, while lifestyle information magazines, general weeklies and men's comics dwindled, dropping below the level of the previous year.

Meanwhile, magazine sales themselves remained sluggish, showing negative growth, down 2.8%, for the third year in a row.

Significant new titles launched during the year included *ZAI* (Diamond), *TITLE* (Bungei Shunju), *SABRA* and *M-Telepal* (Shogakukan), *MUTTS* (Magazine House), *Kobe Walker* and *Hokkaido Walker* (Kadokawa Shoten), *Shukan Ultra One* (Takarajimasha), *ENGINE* (Shinchosha), *S-Cawaii!* (Shufunotomo) and *Harvard Business Review* (Diamond). There were a total of 209 new magazine (periodical) issues, excluding "mooks" (37 more than the previous year), plus 135 that suspended publication (eight fewer than the previous year).

## Radio Advertising

Radio advertising expenditures are estimated to total ¥207.1 billion, up 1.4% from the previous year.

Expenditures exceeded the level of the previous year for the first time in three years. As with other media, the active placement of advertising by companies in the Information/Communications category, exemplified by the "IT revolution" and "My Line," corporate image campaigns through mergers and the formation of groups, campaigns by financial enterprises as the result of deregulation, the start of the Long-Term Care Insurance Plan in April, the Lower House election campaign in June and the Sydney Olympics in September can all be seen as contributing factors.

By industry category, Automobiles/Related Products, a key category for radio advertising expenditures, as well as Beverages/Cigarettes and others again dropped below the level of the previous year. These are being replaced by Information/Communications and Finance/Insurance as the mainstay of radio advertising expenditures. Brisk advertising activity is expected in the category of Information/Communications, in particular, in step with upcoming technological innovation.

By broadcasting format, while FM radio surpassed the level of the previous year, the situation remains difficult for AM band and shortwave radio. Community broadcasting continues to expand with 137 stations as of the end of December, an increase of 12, together with double-digit growth in advertising expenditures.

## Television Advertising

Television advertising expenditures are estimated to total ¥2,079.3 billion, an increase of 8.7% against the previous year.

There was considerable expansion in these expenditures compared to the previous year. As the factors involved, corporations gained sufficient leeway to permit greater expenditures for advertising prompted by the dwindling movement toward budget cutting, the rationalization of expenses and improvements in performance, in spite of the persistent stagnation in general consumption, together with an increase in new advertising sources such as IT-related areas.

The year overall was robust, beginning with a strong start due to relief from reaction to the Nagano Olympics and favorable conditions continuing since the autumn of 1999 as well as the Lower House election campaign, the Sydney Olympics, the launch of BS digital broadcasting and other sources of positive growth that began in April.

By industry category, there was significant growth in Information/Communications and Finance/Insurance (consumer credit, and securities and insurance companies), with market development primarily in spot ads.

## Advertising Production Costs of the Four Major Media

Advertising production costs of the four major media are estimated to total ¥354.2 billion, up 10.3% compared to the previous year.

There was strong recovery in advertising production costs that greatly exceeded initial expectations. A year-long transition was characterized by relatively low growth in the January–March and October–December terms, but picked up strength during the middle of the year, in the April–June and July–September terms.

By industry category, Information/Communications, Finance/Insurance, Distribution/Retailing and Foodstuffs were all marked by good performance, and Pharmaceuticals/Medical Supplies also demonstrated a certain degree of firmness. Beverages/Cigarettes, Cosmetics/Toiletries and

## Sales Promotion

Transportation/Leisure were all either level with or lower than the previous year. The field of Information/Communications indicated conspicuous growth due to intensified competition in portable telephones and the placement of advertising by new Internet-related companies. In addition, favorable performance in the field of Finance/Insurance was supported, for example, by advertising to improve name recognition of new companies as a result of large-scale mergers as well as new financial business using the Internet.

By medium, the growth in newspaper advertising was the most outstanding. The expansion of radio advertising was also noteworthy while, in contrast, magazines showed lackluster growth. A number of reasons can be given as major factors behind the expansion in newspapers, such as the many full-page and color advertisements as well as advertisements offering detailed information in text form in both the Information/Communications and the Finance/Insurance categories. TV commercial production costs were ¥201.3 billion, up 9.4% compared to the previous year.

SP expenditures are estimated to total ¥2,053.9 billion, an increase of 4.5% against the previous year.

Prompted by such factors as the anticipation of economic recovery since the beginning of the year, each sector, with the exception of Outdoor and Telephone Directory advertising, demonstrated growth in the range of 5–7%. Flyers and DM, in particular, continued their vigorous showing for the second year in a row.

In the background is dynamic expansion in the IT-related fields of information and communications, BS and other digital-related fields and the financial field (banks and securities companies). Together with these, expansion was also evident in the pharmaceutical, cosmetic, automobile and other industry categories. Another notable development, the rush to construct large-scale cinema complexes, can be seen as a contributing factor.

**DM advertising expenditures** for the year are estimated at ¥345.5 billion, up 6.6%.

This 6.6% boost in 2000 surpassed the 2.8% increase of the previous year by a considerable margin. This was due primarily to an expansion of 2.0% in ordinary mail and the 7.7% increase in mass mailings of DM articles (with envelope mail up 3.2% and postcards up 16.0%). The aim of the large increase in postcard DM appears to be the realization of a reduction in mailing costs. Although the expansion was generally seen nationwide including in Tokyo — which is known particularly for its large volume of DM — the growth rate was higher on average in the Kanto and Kinki areas. Mail volume by month also indicates that many months exceeded the level of the same month the year before, with some of them realizing double-digit growth. Expansion during the year was especially pronounced in communications, insurance, credit and mail-order sales.

**Flyer advertising expenditures** for the year are estimated at ¥454.6 billion, up 7.2%. Favorable growth was achieved both during the first half and the latter half of the year, and performance in 2000 exceeded that of the previous year in all industry categories. In retail sales, which account for about 40% of flyer advertising overall, mail-order advertising lost considerable ground while pharmaceuticals and cosmetics made solid gains. In service industries, beauty treatment clinics and the restaurant industry demonstrated growth. Many of the flyers for restaurants featured coupons.

The growth of discount stores was also notable. Although flyers are fewer in number, there was growth for those of the insurance industry while, in contrast, flyers for real estate, which tend to be large in number, remained level.

**Outdoor advertising expenditures** for the year are estimated at ¥311.0 billion, down 1.2%. Prompted by the effects of the downturn in the business climate over the past few years, the outdoor advertising market has continued to decline. The top electrical manufacturers have brought down advertising billboards in large quantities, adding an additional blow to the recession. Although there has been work related to corporate name changes due to bank mergers and integration, this has not been sufficient to activate a rebound overall. The production of new advertising billboards remains inactive. In addition, construction is suffering from cost-cutting, resulting in an increase in unprofitable construction projects.

**Transit advertising expenditures** for the year are estimated at ¥245.0 billion, up 5.6%. Transit advertising began to pick up during the latter half of 1999 and continued strong throughout 2000, outperforming the previous year for the first time in three years. By medium, the primary medium of posters hung in train carriages and posters above train windows was marginally higher, while the increase in station posters was especially conspicuous, contributing greatly to the general upswing. Nevertheless, the environment for station billboards remained as tough as ever, dropping below the level of the previous year. As a new advertising medium, municipal and other bus lines have begun bus wrapping, which has attracted considerable attention. In addition, 2000 saw many factors that stimulated position growth in advertising including the Sydney Olympics, the launch of BS digital broadcasting at the end of the year, the opening of the entire length of the Oedo Subway Line and the new millennium. By industry category, advertising increased in the information/communications and finance/insurance areas, and fashion, distribution and other advertising placed by foreign companies active in the Japanese market also saw a gradual move upward. By region, growth in the Tokyo metropolitan area was highest.

**POP advertising expenditures** for the year are estimated at ¥169.5 billion, up 5.3%. The market environment surrounding POP advertising has been going through rapid change over the past few years. In spite of many negative factors such as the expansion of e-commerce and other Internet business, the persistent reduction in the number of retail shops and POP production in smaller lots, POP advertising expenditures for the year surpassed those of the previous year. There was an overall increase in expenditures due to large-scale sales campaigns by companies in various industries, including IT-related industries in information/communications — which showed prominent growth — as well as foodstuffs, beverages and automobiles and the use of POP advertising as campaign tools as a result.

**Telephone Directory advertising expenditures** for the year are estimated at ¥174.8 billion, down 1.6%. The decline in advertisers resulting from poor business performance by small and medium-sized companies — which account for the majority of advertisers — and industry reorganization, as well as the trend toward a drop in the placement of advertising, continues

unabated. Though signs of recovery are evident to a degree in metropolitan areas, especially Tokyo and Osaka, declines below the previous year continue as a nationwide trend.

**Exhibitions/Screen Display advertising expenditures** for the year are estimated at ¥353.5 billion, up 6.8%. Though encouraging signs of brightness appeared during the first half of 2000 due to the feeling that the recession had finally hit bottom, the latter half seemed somewhat darker. In the exhibition sector, there was an increase in activity in information and communications stimulated by the advance of IT and related technology. In Screen Displays, there was an increase in digital image production. In theater advertising, there was significant expansion in the number of screens, supported by the rush to establish cinema complexes, and broad growth was also seen in information/communications, centered on portable telephone and Internet providers, automobiles/related products using techniques that involve product exhibits — especially cinema complexes — and hobbies/sporting goods centered on computer game software.

However, the industry faced continued difficulty in securing a profit from the increase in sales. In addition, the winners and the losers are gradually becoming more clearly defined as competition in the industry flares.

#### Satellite Media-Related Advertising

Satellite Media-Related advertising expenditures are estimated to total ¥26.6 billion, an increase of 18.2%.

Since advertising expenditures for BS digital broadcasting, which was launched in December 2000, are a new addition, this segment developed at a double-digit rate.

Although advertising for the leading established suppliers in CS broadcasting was relatively inactive, an increase was seen in that for suppliers of specialty channels (securities, financial, music and other fields), which resulted in a growth rate of 15.5%.

Meanwhile, CATV performed much the same as in the previous year (up 6.4%).

Teletext broadcasting struggled with a large loss, down 23.4% compared to the previous year, due to the impact made by the termination of advertising activities of two companies, Access Four and Tokyo Datavision, in 1999, as the decline continued from the previous year.

#### Internet Advertising

Internet advertising expenditures are estimated at ¥59.0 billion, up 144.8% from the previous year. Expenditures more than doubled from the previous year's level (¥24.1 billion).

Along with the rapid dissemination of personal computers and the steady growth in Internet users, a surge in Internet advertising expenditures was recorded.

The expansion in advertising by the leading sites (media) was especially great, and there was an increasingly strong tendency toward concentration among the top leaders in the industry. As before, advertisers were centered in the information/communications and finance/insurance categories; however, other industry categories also showed a steady increase.

The advertising format is also gradually diversifying away from a dependence on banner advertising to mail margin-embedded ads, text ads and others.

Mobile advertising services have just begun, and are still small in scale.

Internet advertising expenditures are expected to develop to a level of some ¥97.8 billion by 2001 and, in spite of a slump in vigor, there is considerable room for expansion and the outlook is for continued steady growth.

## IV. 2000 Advertising Expenditures Classified by Industry (Four Major Media)

### SIX CATEGORIES, INCLUDING INFORMATION/COMMUNICATIONS AND FINANCE/INSURANCE, POST DOUBLE-DIGIT INCREASES

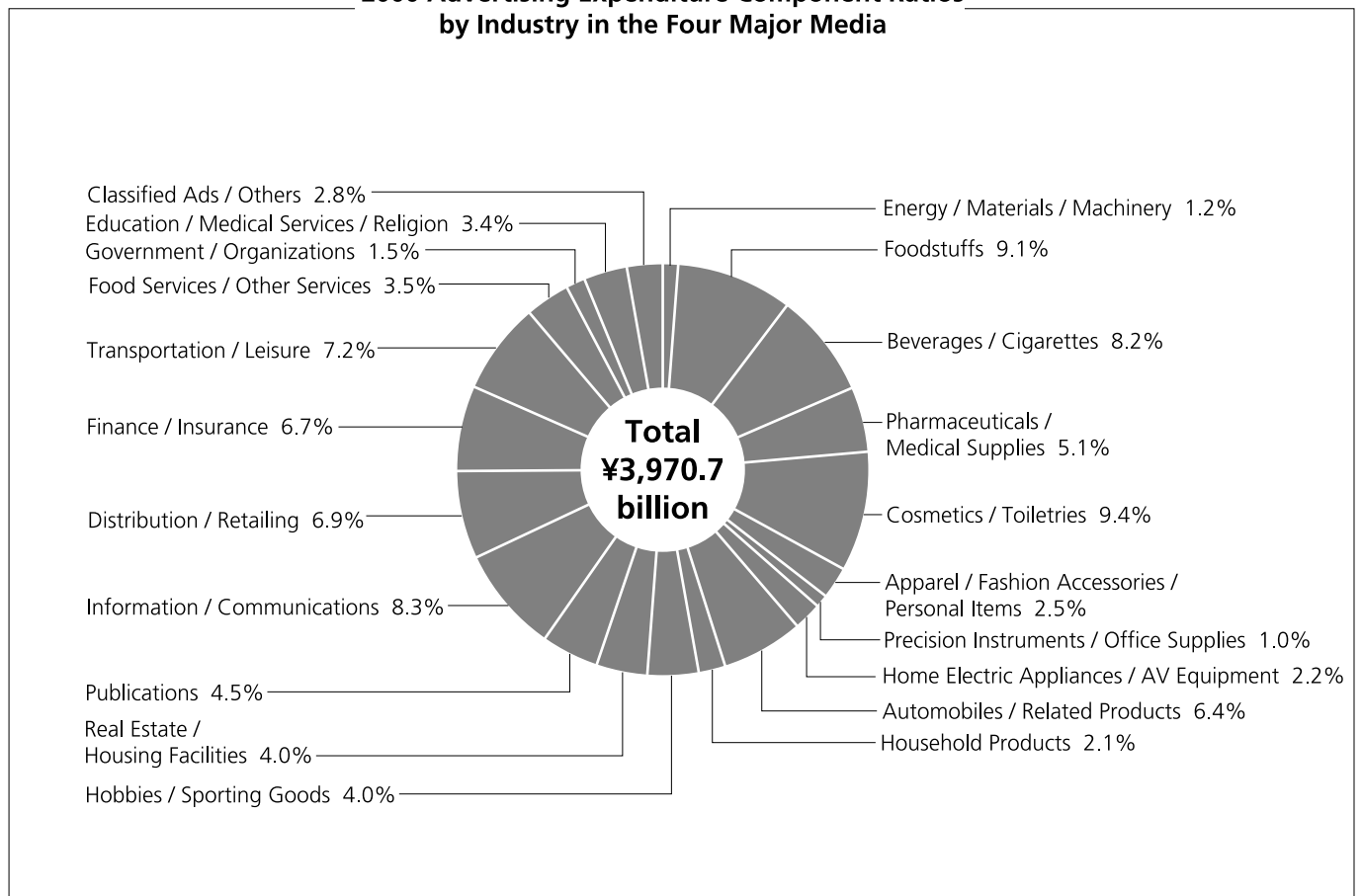
An analysis of advertising expenditures in the year 2000 by industry category (for the four major media only) reveals that 17 out of 21 categories posted gains over the previous year (in 1999, six posted gains), with six industries recording double-digit increases.

In terms of the industries that enjoyed growth in advertising expenditures, Information/Communications (up 33.6% from the previous year, as personal computers, cellular phones and others continued their robust performance, and Internet advertising saw brisk activity) and Finance/Insurance (up 28.2%, with securities, insurance, and consumer credit increasing substantially) continued to increase at high rates from the previous year, as well as Government/Organizations (up 15.1%, supported by the Lower House election campaign, public service announcements and PR activities by various organizations), Classified Ads/Others (up 12.8%, with an increase in employment advertising), Education/Medical Services/Religion (up 11.5%, with the launch of long-term care service advertising), Real Estate/Housing Facilities (up 10.3%, with increased advertising by housing companies), Food Services/Other Services (up 9.3%, with growth in advertising for restaurants, aesthetic salons, temporary employment agents and security services) and others.

Among those industries that recorded decreases were Hobbies/Sporting Goods (down 4.7%, with a drop in audio and video recordings and video game software titles), Foodstuffs (down 2.0%, despite brisk advertising activities for some products), and Automobile/Related Products (down 0.5%, the third consecutive year of decrease, although the rate of decline lessened). Advertising for recreational vehicles, imported passenger cars and minicars fell.

In the year 2000, approximately 50% of the increase in advertising expenditures in the four major media was attributed to the categories of Information/Communications and Finance/Insurance.

**2000 Advertising Expenditure Component Ratios  
by Industry in the Four Major Media**



## A Breakdown of Advertising Expenditures by Industry

- 1. Energy/Materials/Machinery:** Up 4.9% from the previous year, with a 1.2% component ratio. A low level of activity in industrial machinery and materials resulted in the lowest-ever industry component ratio of 1.2%. Meanwhile, a large increase in advertising expenditures in electricity, motor oil, construction and construction machinery was recorded.
- 2. Foodstuffs:** Down 2.0%, with a 9.1% component ratio. Although advertising expenditures decreased in media other than newspapers, this is the largest industry in terms of advertising on television. Health-related foods performed strongly in newspapers. And although such products as ice cream, sherbets, yogurts, breads, chocolates, *tsuyu* (soy sauce-based flavored sauce), vinegar, *natto* (fermented soybeans), *tsukudani* (fish and seaweed accompaniments for rice) and health-related foods were brisk, products with a high component ratio such as instant noodles, barbecue sauces, curry, mixed seasonings, vacuum-packed foods and frozen foods did not exceed the previous year, thus preventing overall growth.
- 3. Beverages/Cigarettes:** Up 3.9%, with an 8.2% component ratio. Vigorous advertising activities due to the introduction of new products boosted Japanese tea drinks. Brisk activity was also apparent in isotonic drinks, carbonated drinks and juices. For alcoholic beverages, beer and low-malt beer showed strong growth. Conversely, canned coffee, instant coffee, canned tea, mineral water, lactic acid-based drinks, whisky, wine and cocktails (*canned chuha*) did not exceed the levels of the previous year.
- 4. Pharmaceuticals/Medical Supplies:** Up 4.1%, with a 5.1% component ratio. Painkillers/antidotes, creams/sprays for rashes/scratches and spectacles were active, and energy drinks and health drinks — the major advertising products — maintained the results of the previous year with active advertising development. Corporate ads (advertising for new drugs under investigation) in newspapers increased. Meanwhile, advertising for stomach medicines, backrubs, compresses, eyedrops and false teeth-related products did not match the results of the previous year.
- 5. Cosmetics/Toiletries:** Up 8.0%, with a 9.4% component ratio. This category recorded brisk activity, and achieved the top component ratio in the industry, surpassing Foodstuffs. In cosmetics, shampoos and conditioners, hairdressing, hair-growth promoter, lipsticks, creams and others performed well. In toiletries, foam face-wash, body soap, washing detergent, dishwashing detergent and disposable baby diapers achieved gains. Foundation, toothpaste, toothbrushes, and cosmetic soaps retreated.
- 6. Apparel/Fashion Accessories/Personal Items:** Up 5.8%, with a 2.5% component ratio. Casual wear increased considerably with active campaigns, and men's and women's clothing — the major products in this category — shifted steadily as well. While bags, jewelry and accessories showed solid growth, men's and women's shoes decreased.

**7. Precision Instruments/Office Supplies:** Down 1.1%, with a 1.0% component ratio.

Digital cameras and disposable cameras showed a positive trend, while major products such as watches and cameras fell sharply. Advertising in newspapers increased for office equipment.

**8. Home Electric Appliances/AV Equipment:** Up 8.6%, with a 2.2% component ratio.

AV equipment-related products were solid, although home electric appliances were somewhat weak. For home electric appliances, while electric rice cookers, vacuum cleaners, fluorescent tubes and electric massagers for household use performed well, refrigerators and washing machines were down significantly. For AV equipment, in addition to large increases in audio, DVD players and LCD TVs, VCRs were strong. However, wide-screen televisions and video cameras fell below the level of the previous year. Corporate ads largely increased. Above all, the decrease in advertising for AV equipment contrasted with the increase in corporate ads.

**9. Automobiles/Related Products:** Down 0.5%, with a 6.4% component ratio.

This segment continued to see a decrease in advertising spending in radio and magazines. Domestic brand passenger cars and commercial vehicles increased, but recreational vehicles — a significant component of this category — imported passenger cars and minicars fell. In related products, tires shifted steadily, whereas car navigation decreased. Corporate ads related to corporate restructuring and environmental issues rose.

**10. Household Products:** Up 1.9%, with a 2.1% component ratio.

A large drop in newspaper advertising was observed. Only television exceeded the level of the previous year. Although this category was weak overall, kerosene and gas heaters, kitchen paper, insecticides and deodorizers were strong. Gas stoves and hot plates, furniture, home decor, polyethylene wrap and aluminum foil dropped.

**11. Hobbies/Sporting Goods:** Down 4.7%, with a 4.0% component ratio.

Advertising in this category grew in newspapers, but fell significantly in television, which has a high component ratio among the media. Golf equipment, dolls/toys, publications in magnetic media and video software shifted briskly, while major products such as audio recordings and video game software titles fell significantly. While the component ratio remained low, DVD software increased remarkably.

**12. Real Estate/Housing Facilities:** Up 10.3%, with a 4.0% component ratio.

A double-digit increase was recorded for television. Advertising by housing companies remained active. Condominiums, renovation and rental housing were steady. For housing facilities, such products as heaters, central heating and cooling equipment and bath units were robust, while many products including toilets and sashes performed poorly.

**13. Publications:** Up 6.9%, with a 4.5% component ratio.

While television advertising still has a small component ratio, this area has undergone substantial growth due to an increase in magazine ads on TV. Although major magazines such as general weekly

magazines, women's and home magazines fell slightly, job placement magazines, computer-related magazines, housing magazines and hobby titles (car magazines) increased significantly. Advertising expenditures in general newspapers and books increased as well.

**14. Information/Communications:** Up 33.6%, with an 8.3% component ratio.

The component ratio of this category jumped to third from seventh the previous year. Large increases in all four major media were recorded, and the rates of increase for radio and television were particularly significant. Computer-related products performed well. Internet advertising largely increased. Personal computers and printers were strong as well. Domestic telephone services expanded advertising expenditures due to competition to reduce prices. Corporate ads rose significantly due to corporate restructuring and the increase of foreign companies.

**15. Distribution/Retailing:** Up 5.0%, with a 6.9% component ratio.

While mail-order services — a significant segment in this category — showed a slight increase, supermarkets, drugstores and volume-sales shops of home electric appliances advanced steadily with the vigorous development of advertising. For television, mail-order services recorded a low level of increase, but department stores, supermarkets and volume-sales shops rose. For newspapers, conversely, an increase in mail-order services compensated for a drop in department stores.

**16. Finance/Insurance:** Up 28.2%, with a 6.7% component ratio.

This category increased significantly in three major media, excluding radio. For television, a substantial 40% increase was recorded. An overall increase in banks, securities firms, insurance and consumer credit was observed; most significantly, securities firms grew rapidly. For securities firms, investment trusts and corporate bonds increased significantly, while corporate ads doubled due to corporate restructuring, the increase of foreign-based companies, and Internet stock trading. In insurance, life insurance decreased somewhat, while advertising for automobile insurance saw active development. In addition to a rise in advertising activities by existing consumer credit companies, new companies began to advertise, resulting in a large increase. Advertising of credit cards also expanded.

**17. Transportation/Leisure:** Up 3.0%, with a 7.2% component ratio.

Japan Railway companies, airline companies and leisure facilities dropped, while travel agencies (package tours) largely increased. Sporting events, cinemas and other leisure facilities (pachinko parlors and game arcades), lectures and seminars were solid. An increase was recorded in newspapers, in which this category has a high component ratio.

**18. Food Services/Other Services:** Up 9.3%, with a 3.5% component ratio.

Television advertising increased significantly for restaurants. Barbershops, beauty parlors, public baths and aesthetic salons were all strong. Temporary employment agents and security services increased significantly, although they are low in the component ratio.

**19. Government/Organizations:** Up 15.1%, with a 1.5% component ratio.

Government-related PR activities by the Office of the Prime Minister and others continued to grow. Political parties vigorously engaged in advertising activities in connection with the Lower House election campaign.

**20. Education/Medical Services/Religion:** Up 11.5%, with a 3.4% component ratio.

English conversation schools, language schools, professional schools and vocational schools increased, while schools, preparatory schools, cram schools and correspondence schools either remained the same as the previous year or decreased. In response to the introduction of the Long-Term Care Insurance Plan, advertising for medical services and elderly care services increased significantly. Growth in TV advertising was also large.

**21. Classified Ads/Others:** Up 12.8%, with a 2.8% component ratio.

This category consists mainly of classified ads and temporary-based ads in newspapers. Temporary employment largely increased, together with steady increases in other temporary-based ads and other ads. However, job vacancy ads continued to slow. A high rate of increase in television was supported by an increase in advertising by corporate groups.

**Outlook for 2001  
Advertising Expenditures  
(Four Major Media)**

Advertising expenditures in the four major media in calendar 2001 are forecast to grow 4.3% compared to 2000. Continued improvement in Japan's economy, increased business profits, industry reorganizations and other favorable factors in the economic environment are projected to produce a second straight year of spending growth.

Developments in particular industries can also be expected to spur advertising spending. Continued growth of the information/communications market, with the spread of cellular phones, the rapid expansion of the Internet and intensified competition among companies, should bring increased emphasis on advertising. The introduction of new financial products and services and the ongoing shakeup in the financial industry in the wake of the Big Bang's relaxation of financial regulations will also have a stimulative effect. Other positive factors are the inauguration of the new century in 2001, scheduled Upper House elections and the full-scale introduction of BS digital broadcasting. Increases in advertising spending will be somewhat modest, but these and other factors in various industries are projected to intensify advertising activity in the year ahead.

	2000 (results)	2001 (forecast)
Advertising expenditures (¥ billion)	3,970.7	<b>4,139.5</b>
Comparison with previous year (%)	+7.7	<b>+4.3</b>

**(Reference) Quarterly  
Growth for the Four Major  
Media in 2000**

Looking at growth during each quarter of the 2000 calendar year (provisional), the January–March quarter showed a large increase of 6.7%, and continued to shift steadily thereafter.

**Quarterly and Half-Yearly Growth for the Four Major Media in 2000**

(% change from previous year)

	Jan.– Mar.	April– June	July– Sept.	Oct.– Dec.	Jan.– June	July– Dec.	Total
Advertising Expenditures for the Four Major Media	+6.7	+8.2	+9.5	+6.4	+7.5	+7.8	+7.7

## &lt;APPENDIX 1&gt;

**Japan's GDP and Advertising Expenditures (1985–2000)**

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)	
1985	325,791.9	106.9	100	4.4	3,504.9	—	100	1.08
1986	340,948.3	104.7	105	3.0	3,647.8	104.1	104	1.07
1987	355,837.0	104.4	109	4.5	3,944.8	108.1	113	1.11
1988	381,579.0	107.2	117	6.5	4,417.5	112.0	126	1.16
1989	409,602.1	107.3	126	5.3	5,071.5	114.8	145	1.24
1990	441,915.2	107.9	136	5.3	5,564.8	109.7	159	1.26
1991	469,229.8	106.2	144	3.1	5,726.1	102.9	163	1.22
1992	481,581.5	102.6	148	0.9	5,461.1	95.4	156	1.13
1993	486,519.1	101.0	149	0.4	5,127.3	93.9	146	1.05
1994	491,835.2	101.1	151	1.0	5,168.2	100.8	147	1.05
1995	497,739.4	101.2	153	1.6	5,426.3	105.0	155	1.09
1996	510,802.4	102.6	157	3.5	5,771.5	106.4	165	1.13
1997	521,861.5	102.2	160	1.8	5,996.1	103.9	171	1.15
1998	515,834.8	98.8	158	-1.1	5,771.1	96.2	165	1.12
1999	512,530.1	99.4	157	0.8	5,699.6	98.8	163	1.11
<b>2000</b>	<b>514,832.1</b>	<b>100.4</b>	<b>158</b>	<b>2.2</b>	<b>6,110.2</b>	<b>107.2</b>	<b>174</b>	<b>1.19</b>

**Notes** • The above figures for GDP are those released in the Economic Planning Agency's 'Annual Report on National Accounts' and Cabinet Office 'GDP Estimates', (1985–1999). The GDP figures for 2000 are based on the Japan Center for Economic Research's 'Quarterly Forecast of Japanese Economy' (December, 2000).

- 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.

## &lt;APPENDIX 2&gt;

**Advertising Expenditures by Medium (1998–2000)**

Media	Advertising Expenditures (¥ billion)			Comparison Ratio (%)		Component Ratio (%)		
	1998	1999	2000	1999	2000	1998	1999	2000
<b>Major Media</b>								
Newspapers	1,178.7	1,153.5	<b>1,247.4</b>	97.9	<b>108.1</b>	20.4	20.2	<b>20.4</b>
Magazines	425.8	418.3	<b>436.9</b>	98.2	<b>104.4</b>	7.4	7.3	<b>7.2</b>
Radio	215.3	204.3	<b>207.1</b>	94.9	<b>101.4</b>	3.7	3.6	<b>3.4</b>
Television	1,950.5	1,912.1	<b>2,079.3</b>	98.0	<b>108.7</b>	33.8	33.6	<b>34.0</b>
Subtotal	3,770.3	3,688.2	<b>3,970.7</b>	97.8	<b>107.7</b>	65.3	64.7	<b>65.0</b>
<b>Sales Promotion</b>								
Direct Mail	315.5	324.2	<b>345.5</b>	102.8	<b>106.6</b>	5.5	5.7	<b>5.6</b>
Flyers	408.2	424.1	<b>454.6</b>	103.9	<b>107.2</b>	7.1	7.5	<b>7.4</b>
Outdoor	319.6	314.8	<b>311.0</b>	98.5	<b>98.8</b>	5.5	5.5	<b>5.1</b>
Transit	243.8	232.0	<b>245.0</b>	95.2	<b>105.6</b>	4.2	4.1	<b>4.0</b>
POPs	164.4	161.0	<b>169.5</b>	97.9	<b>105.3</b>	2.9	2.8	<b>2.8</b>
Telephone Directories	185.1	177.7	<b>174.8</b>	96.0	<b>98.4</b>	3.2	3.1	<b>2.9</b>
Exhibitions/Screen Displays	331.2	331.0	<b>353.5</b>	99.9	<b>106.8</b>	5.7	5.8	<b>5.8</b>
Subtotal	1,967.8	1,964.8	<b>2,053.9</b>	99.8	<b>104.5</b>	34.1	34.5	<b>33.6</b>
<b>Satellite Media-Related</b>	21.6	22.5	<b>26.6</b>	104.2	<b>118.2</b>	0.4	0.4	<b>0.4</b>
<b>Internet</b>	11.4	24.1	<b>59.0</b>	211.4	<b>244.8</b>	0.2	0.4	<b>1.0</b>
<b>Total</b>	5,771.1	5,699.6	<b>6,110.2</b>	98.8	<b>107.2</b>	100.0	100.0	<b>100.0</b>

**Note** See APPENDIX 7 for breakdown of media expenditures.

<APPENDIX 3> Major Media Only

**Advertising Expenditures by Industry (1998–2000)**

Industry	Advertising Expenditures (¥10 million)			Comparison Ratio (%)		Component Ratio (%)		
	1998	1999	2000	1999	2000	1998	1999	2000
Energy / Materials / Machinery	5,149	4,604	<b>4,830</b>	89.4	<b>104.9</b>	1.4	1.3	<b>1.2</b>
Foodstuffs	37,444	36,969	<b>36,221</b>	98.7	<b>98.0</b>	9.9	10.0	<b>9.1</b>
Beverages / Cigarettes	33,088	31,415	<b>32,629</b>	94.9	<b>103.9</b>	8.8	8.5	<b>8.2</b>
Pharmaceuticals / Medical Supplies	19,229	19,297	<b>20,092</b>	100.4	<b>104.1</b>	5.1	5.2	<b>5.1</b>
Cosmetics / Toiletries	34,688	34,648	<b>37,413</b>	99.9	<b>108.0</b>	9.2	9.4	<b>9.4</b>
Apparel / Fashion Accessories / Personal Items	9,910	9,537	<b>10,091</b>	96.2	<b>105.8</b>	2.6	2.6	<b>2.5</b>
Precision Instruments / Office Supplies	5,065	4,168	<b>4,123</b>	82.3	<b>98.9</b>	1.3	1.1	<b>1.0</b>
Home Electric Appliances / AV Equipment	8,586	8,129	<b>8,832</b>	94.7	<b>108.6</b>	2.3	2.2	<b>2.2</b>
Automobiles / Related Products	29,591	25,375	<b>25,250</b>	85.8	<b>99.5</b>	7.9	6.9	<b>6.4</b>
Household Products	7,787	8,090	<b>8,245</b>	103.9	<b>101.9</b>	2.1	2.2	<b>2.1</b>
Hobbies / Sporting Goods	16,852	16,553	<b>15,767</b>	98.2	<b>95.3</b>	4.5	4.5	<b>4.0</b>
Real Estate / Housing Facilities	15,414	14,506	<b>16,003</b>	94.1	<b>110.3</b>	4.1	3.9	<b>4.0</b>
Publications	17,139	16,751	<b>17,907</b>	97.7	<b>106.9</b>	4.6	4.6	<b>4.5</b>
Information / Communications	22,782	24,794	<b>33,127</b>	108.8	<b>133.6</b>	6.0	6.7	<b>8.3</b>
Distribution / Retailing	26,325	25,958	<b>27,260</b>	98.6	<b>105.0</b>	7.0	7.0	<b>6.9</b>
Finance / Insurance	18,987	20,764	<b>26,621</b>	109.4	<b>128.2</b>	5.0	5.6	<b>6.7</b>
Transportation / Leisure	28,811	27,783	<b>28,613</b>	96.4	<b>103.0</b>	7.6	7.5	<b>7.2</b>
Food Services / Other Services	12,504	12,626	<b>13,794</b>	101.0	<b>109.3</b>	3.3	3.4	<b>3.5</b>
Government / Organizations	5,644	5,026	<b>5,786</b>	89.1	<b>115.1</b>	1.5	1.4	<b>1.5</b>
Education / Medical Services / Religion	11,835	12,039	<b>13,426</b>	101.7	<b>111.5</b>	3.1	3.3	<b>3.4</b>
Classified Ads / Others	10,200	9,788	<b>11,040</b>	96.0	<b>112.8</b>	2.7	2.7	<b>2.8</b>
<b>Total</b>	377,030	368,820	<b>397,070</b>	97.8	<b>107.7</b>	100.0	100.0	<b>100.0</b>

**Note** See APPENDIX 8 for breakdown of industry categories.

## &lt;APPENDIX 4&gt; Major Media Only

**Advertising Expenditures by Industry in the Four Major Media (1999–2000)**

(Unit: ¥10 million)

Media	Newspapers			Magazines			Radio			Television			Total		
	Industry	1999	2000	Comparison Ratio (%)	1999	2000	Comparison Ratio (%)	1999	2000	Comparison Ratio (%)	1999	2000	Comparison Ratio (%)	1999	2000
Energy / Materials / Machinery		1,102	<b>1,196</b>	<b>108.5</b>	369	<b>311</b>	<b>84.3</b>	675	<b>658</b>	<b>97.5</b>	2,458	<b>2,665</b>	<b>108.4</b>	4,604	<b>4,830</b>
Foodstuffs	3,185	<b>3,646</b>	<b>114.5</b>	2,519	<b>2,340</b>	<b>92.9</b>	1,988	<b>1,955</b>	<b>98.3</b>	29,277	<b>28,280</b>	<b>96.6</b>	36,969	<b>36,221</b>	<b>98.0</b>
Beverages / Cigarettes	4,423	<b>4,724</b>	<b>106.8</b>	3,107	<b>2,944</b>	<b>94.8</b>	1,565	<b>1,537</b>	<b>98.2</b>	22,320	<b>23,424</b>	<b>104.9</b>	31,415	<b>32,629</b>	<b>103.9</b>
Pharmaceuticals / Medical Supplies	3,198	<b>3,278</b>	<b>102.5</b>	1,216	<b>1,244</b>	<b>102.3</b>	876	<b>895</b>	<b>102.2</b>	14,007	<b>14,675</b>	<b>104.8</b>	19,297	<b>20,092</b>	<b>104.1</b>
Cosmetics / Toiletries	2,228	<b>2,288</b>	<b>102.7</b>	6,323	<b>7,071</b>	<b>111.8</b>	409	<b>470</b>	<b>114.9</b>	25,688	<b>27,584</b>	<b>107.4</b>	34,648	<b>37,413</b>	<b>108.0</b>
Apparel / Fashion Accessories / Personal Items	1,436	<b>1,542</b>	<b>107.4</b>	5,255	<b>5,590</b>	<b>106.4</b>	221	<b>159</b>	<b>71.9</b>	2,625	<b>2,800</b>	<b>106.7</b>	9,537	<b>10,091</b>	<b>105.8</b>
Precision Instruments / Office Supplies	1,091	<b>1,178</b>	<b>108.0</b>	1,267	<b>1,264</b>	<b>99.8</b>	138	<b>129</b>	<b>93.5</b>	1,672	<b>1,552</b>	<b>92.8</b>	4,168	<b>4,123</b>	<b>98.9</b>
Home Electric Appliances / AV Equipment	1,438	<b>1,334</b>	<b>92.8</b>	955	<b>1,106</b>	<b>115.8</b>	342	<b>366</b>	<b>107.0</b>	5,394	<b>6,026</b>	<b>111.7</b>	8,129	<b>8,832</b>	<b>108.6</b>
Automobiles / Related Products	8,300	<b>8,372</b>	<b>100.9</b>	2,797	<b>2,742</b>	<b>98.0</b>	2,180	<b>1,858</b>	<b>85.2</b>	12,098	<b>12,278</b>	<b>101.5</b>	25,375	<b>25,250</b>	<b>99.5</b>
Household Products	1,595	<b>1,360</b>	<b>85.3</b>	628	<b>621</b>	<b>98.9</b>	342	<b>304</b>	<b>88.9</b>	5,525	<b>5,960</b>	<b>107.9</b>	8,090	<b>8,245</b>	<b>101.9</b>
Hobbies / Sporting Goods	2,714	<b>2,990</b>	<b>110.2</b>	2,157	<b>2,122</b>	<b>98.4</b>	1,278	<b>1,138</b>	<b>89.0</b>	10,404	<b>9,517</b>	<b>91.5</b>	16,553	<b>15,767</b>	<b>95.3</b>
Real Estate / Housing Facilities	8,160	<b>8,665</b>	<b>106.2</b>	531	<b>566</b>	<b>106.6</b>	748	<b>931</b>	<b>124.5</b>	5,067	<b>5,841</b>	<b>115.3</b>	14,506	<b>16,003</b>	<b>110.3</b>
Publications	11,961	<b>12,531</b>	<b>104.8</b>	1,266	<b>1,264</b>	<b>99.8</b>	1,091	<b>1,081</b>	<b>99.1</b>	2,433	<b>3,031</b>	<b>124.6</b>	16,751	<b>17,907</b>	<b>106.9</b>
Information / Communications	7,692	<b>9,348</b>	<b>121.5</b>	3,053	<b>3,730</b>	<b>122.2</b>	1,216	<b>1,901</b>	<b>156.3</b>	12,833	<b>18,148</b>	<b>141.4</b>	24,794	<b>33,127</b>	<b>133.6</b>
Distribution / Retailing	9,771	<b>10,147</b>	<b>103.8</b>	2,190	<b>2,167</b>	<b>98.9</b>	1,577	<b>1,598</b>	<b>101.3</b>	12,420	<b>13,348</b>	<b>107.5</b>	25,958	<b>27,260</b>	<b>105.0</b>
Finance / Insurance	9,482	<b>11,816</b>	<b>124.6</b>	1,915	<b>2,195</b>	<b>114.6</b>	1,421	<b>1,414</b>	<b>99.5</b>	7,946	<b>11,196</b>	<b>140.9</b>	20,764	<b>26,621</b>	<b>128.2</b>
Transportation / Leisure	15,797	<b>16,727</b>	<b>105.9</b>	2,165	<b>2,186</b>	<b>101.0</b>	2,077	<b>1,928</b>	<b>92.8</b>	7,744	<b>7,772</b>	<b>100.4</b>	27,783	<b>28,613</b>	<b>103.0</b>
Food Services / Other Services	3,095	<b>3,201</b>	<b>103.4</b>	1,829	<b>1,915</b>	<b>104.7</b>	1,099	<b>1,086</b>	<b>98.8</b>	6,603	<b>7,592</b>	<b>115.0</b>	12,626	<b>13,794</b>	<b>109.3</b>
Government / Organizations	2,489	<b>2,834</b>	<b>113.9</b>	339	<b>394</b>	<b>116.2</b>	747	<b>769</b>	<b>102.9</b>	1,451	<b>1,789</b>	<b>123.3</b>	5,026	<b>5,786</b>	<b>115.1</b>
Education / Medical Services / Religion	6,823	<b>7,085</b>	<b>103.8</b>	1,806	<b>1,755</b>	<b>97.2</b>	421	<b>516</b>	<b>122.6</b>	2,989	<b>4,070</b>	<b>136.2</b>	12,039	<b>13,426</b>	<b>111.5</b>
Classified Ads / Others	9,370	<b>10,478</b>	<b>111.8</b>	143	<b>163</b>	<b>114.0</b>	19	<b>17</b>	<b>89.5</b>	256	<b>382</b>	<b>149.2</b>	9,788	<b>11,040</b>	<b>112.8</b>
<b>Total</b>	115,350	<b>124,740</b>	<b>108.1</b>	41,830	<b>43,690</b>	<b>104.4</b>	20,430	<b>20,710</b>	<b>101.4</b>	191,210	<b>207,930</b>	<b>108.7</b>	368,820	<b>397,070</b>	<b>107.7</b>

## &lt;APPENDIX 5&gt; Major Media Only

**Component Ratio of Media Expenditures by Industry and Industry Expenditures by Medium for 2000**

(Unit: ¥10 million)

Industry	Media Expenditures by Industry					Industry Expenditures by Medium				
	Newspapers	Magazines	Radio	Television	Total	Newspapers	Magazines	Radio	Television	Total
Energy / Materials / Machinery	1.0	0.7	3.2	1.3	<b>1.2</b>	24.8	6.4	13.6	55.2	<b>100.0</b>
Foodstuffs	2.9	5.4	9.4	13.6	<b>9.1</b>	10.1	6.4	5.4	78.1	<b>100.0</b>
Beverages / Cigarettes	3.8	6.7	7.4	11.3	<b>8.2</b>	14.5	9.0	4.7	71.8	<b>100.0</b>
Pharmaceuticals / Medical Supplies	2.6	2.8	4.3	7.1	<b>5.1</b>	16.3	6.2	4.5	73.0	<b>100.0</b>
Cosmetics / Toiletries	1.8	16.2	2.3	13.3	<b>9.4</b>	6.1	18.9	1.3	73.7	<b>100.0</b>
Apparel / Fashion Accessories / Personal Items	1.2	12.8	0.8	1.3	<b>2.5</b>	15.3	55.4	1.6	27.7	<b>100.0</b>
Precision Instruments / Office Supplies	0.9	2.9	0.6	0.7	<b>1.0</b>	28.6	30.7	3.1	37.6	<b>100.0</b>
Home Electric Appliances / AV Equipment	1.1	2.5	1.8	2.9	<b>2.2</b>	15.1	12.5	4.2	68.2	<b>100.0</b>
Automobiles / Related Products	6.7	6.3	9.0	5.9	<b>6.4</b>	33.1	10.9	7.4	48.6	<b>100.0</b>
Household Products	1.1	1.4	1.5	2.9	<b>2.1</b>	16.5	7.5	3.7	72.3	<b>100.0</b>
Hobbies / Sporting Goods	2.4	4.9	5.5	4.6	<b>4.0</b>	19.0	13.4	7.2	60.4	<b>100.0</b>
Real Estate / Housing Facilities	7.0	1.3	4.5	2.8	<b>4.0</b>	54.2	3.5	5.8	36.5	<b>100.0</b>
Publications	10.0	2.9	5.2	1.5	<b>4.5</b>	70.0	7.1	6.0	16.9	<b>100.0</b>
Information / Communications	7.5	8.5	9.2	8.7	<b>8.3</b>	28.2	11.3	5.7	54.8	<b>100.0</b>
Distribution / Retailing	8.1	5.0	7.7	6.4	<b>6.9</b>	37.2	7.9	5.9	49.0	<b>100.0</b>
Finance / Insurance	9.5	5.0	6.8	5.4	<b>6.7</b>	44.4	8.2	5.3	42.1	<b>100.0</b>
Transportation / Leisure	13.4	5.0	9.3	3.7	<b>7.2</b>	58.5	7.6	6.7	27.2	<b>100.0</b>
Food Services / Other Services	2.6	4.4	5.2	3.6	<b>3.5</b>	23.2	13.9	7.9	55.0	<b>100.0</b>
Government / Organizations	2.3	0.9	3.7	0.9	<b>1.5</b>	49.0	6.8	13.3	30.9	<b>100.0</b>
Education / Medical Services / Religion	5.7	4.0	2.5	1.9	<b>3.4</b>	52.8	13.1	3.8	30.3	<b>100.0</b>
Classified Ads / Others	8.4	0.4	0.1	0.2	<b>2.8</b>	94.9	1.5	0.1	3.5	<b>100.0</b>
<b>Total</b>	100.0	100.0	100.0	100.0	<b>100.0</b>	31.4	11.0	5.2	52.4	<b>100.0</b>

## &lt;APPENDIX 6&gt; Major Media Only

**Eleven-Year Trends in Advertising Expenditures by Industrial Category (1990–2000)**

(Unit: ¥10 million)

Industry	Advertising Expenditures										
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Energy / Materials / Machinery	7,566	7,845	7,491	6,365	5,975	5,330	5,117	5,222	5,149	4,604	<b>4,830</b>
Foodstuffs	31,198	34,421	36,923	35,479	34,493	35,242	35,084	36,792	37,444	36,969	<b>36,221</b>
Beverages / Cigarettes	27,721	28,006	27,411	27,251	27,914	29,161	31,485	32,099	33,088	31,415	<b>32,629</b>
Pharmaceuticals / Medical Supplies	16,125	17,355	17,261	16,140	16,069	17,632	18,804	20,497	19,229	19,297	<b>20,092</b>
Cosmetics / Toiletries	26,430	29,334	31,315	30,134	31,273	32,867	35,295	36,724	34,688	34,648	<b>37,413</b>
Apparel / Fashion Accessories / Personal Items	9,635	10,014	9,701	8,799	8,997	9,474	10,479	11,329	9,910	9,537	<b>10,091</b>
Precision Instruments / Office Supplies	5,576	5,486	4,657	4,093	4,107	4,290	5,236	5,611	5,065	4,168	<b>4,123</b>
Home Electric Appliances / AV Equipment	14,047	13,336	10,892	9,237	8,926	9,178	9,614	9,814	8,586	8,129	<b>8,832</b>
Automobiles / Related Products	22,832	23,047	20,470	19,139	20,504	25,287	28,984	32,515	29,591	25,375	<b>25,250</b>
Household Products	8,181	8,518	8,528	8,544	8,030	7,661	8,019	8,573	7,787	8,090	<b>8,245</b>
Hobbies / Sporting Goods	10,598	10,858	10,893	12,218	13,922	14,367	15,963	16,952	16,852	16,553	<b>15,767</b>
Real Estate / Housing Facilities	24,899	23,013	18,276	16,210	16,364	17,710	18,959	18,902	15,414	14,506	<b>16,003</b>
Publications	18,580	19,193	17,341	15,759	16,178	17,487	18,632	18,909	17,139	16,751	<b>17,907</b>
Information / Communications	13,910	13,740	12,186	11,345	12,841	15,401	19,724	22,404	22,782	24,794	<b>33,127</b>
Distribution / Retailing	27,157	28,151	27,448	25,826	26,187	26,319	27,106	26,686	26,325	25,958	<b>27,260</b>
Finance / Insurance	18,251	17,457	15,470	13,345	13,800	14,868	16,911	17,557	18,987	20,764	<b>26,621</b>
Transportation / Leisure	30,138	30,975	29,901	27,889	28,294	27,795	30,041	28,991	28,811	27,783	<b>28,613</b>
Food Services / Other Services	11,233	11,516	11,521	9,988	10,371	10,966	12,691	13,621	12,504	12,626	<b>13,794</b>
Government / Organizations	3,447	3,678	3,922	4,149	4,170	5,230	5,444	5,545	5,644	5,026	<b>5,786</b>
Education / Medical Services / Religion	10,162	10,921	11,111	11,320	11,749	12,226	11,998	12,367	11,835	12,039	<b>13,426</b>
Classified Ads / Others	19,454	18,236	14,682	11,850	11,316	11,859	12,364	12,460	10,200	9,788	<b>11,040</b>
<b>Total</b>	<b>357,140</b>	<b>365,100</b>	<b>347,400</b>	<b>325,080</b>	<b>331,480</b>	<b>350,350</b>	<b>377,950</b>	<b>393,570</b>	<b>377,030</b>	<b>368,820</b>	<b>397,070</b>

## <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 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.

**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.

**Satellite Media-Related:** Advertising expenditures for satellite broadcasts, CATV and teletext (placement and production costs). ('New Media' has been changed to 'Satellite Media-Related'.)

**Internet:** 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.



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Tel: (81-3) 5551-5599 Fax: (81-3) 5551-2013

<http://www.dentsu.com>

