

FOR IMMEDIATE RELEASE

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2023 Advertising Expenditures in Japan

—Advertising expenditures in Japan grew 3.0% year on year to a record high of 7,316.7 billion yen; Internet advertising expenditures increased 7.8% year on year to 3,333.0 billion yen, driving the growth in the advertising market as a whole; Events/Exhibitions/Screen Displays in the Promotional Media advertising expenditures category jumped 28.7% year on year, largely due to the end of COVID-19 restrictions—

Dentsu Inc. (President & CEO: Takeshi Sano; Head Office: Tokyo) announced today the completion of its calendar year 2023 annual report on advertising expenditures in Japan, which includes a breakdown of estimated expenditures by advertising medium and industry. The main findings of the report are as follows.

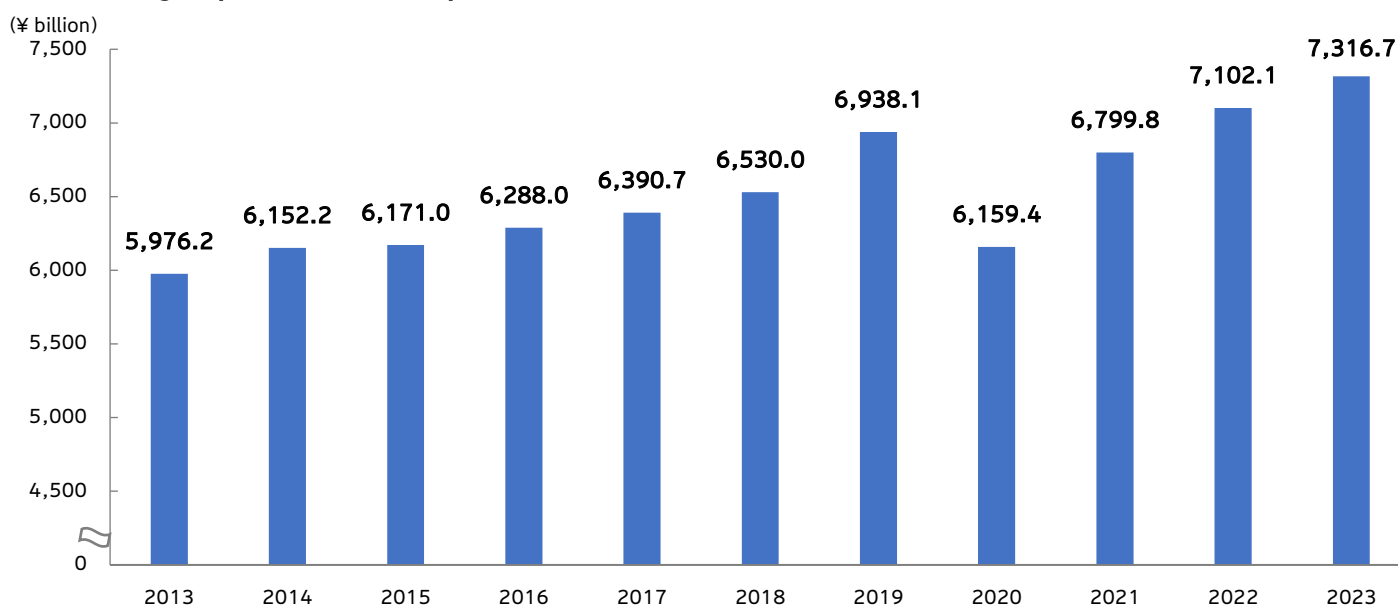
Overview of Japanese Advertising Expenditures throughout 2023

- ◆ Throughout 2023, advertising expenditures grew 3.0% year on year to 7,316.7 billion yen, topping the previous year's record to become the biggest amount recorded since these expenditures were first estimated in 1947. Advertising expenditures rebounded in the first half of the year, reflecting an increase in onsite events following the government's downgrading of COVID-19 to the same status as seasonal influenza, and an upturn in domestic and international travel and tourism. In the second half of the year, social and economic activities picked up despite the impact of a heat wave lasting from the summer through autumn, as well as conflict in the Middle East, driving up demand mainly for advertising related to transportation/leisure; food services/other services; and beverages/cigarettes. As a whole, the growth of Japan's advertising market was spurred by Internet advertising expenditures, which have continued to rise amid the ongoing digital transformation of Japanese society, and Promotional Media advertising expenditures, particularly the category of Events/Exhibitions/Screen Displays, for which expenditures rose as the movement of people increased.
- ◆ Internet advertising expenditures reached a record high 3,333.0 billion yen, surpassing the previous year's total by 241.8 billion yen, a 7.8% increase. Rising demand for video ads resulting from the widespread use of connected TVs* along with the expansion of the digital promotions market contributed to this growth.

* Televisions that can connect to the Internet

- ◆ Under Promotional Media advertising expenditures, the category of Events/Exhibitions/Screen Displays jumped 28.7% year on year to 384.5 billion yen. Contributing to this increase were the resumption and expansion of events that had been cancelled or scaled down during the COVID-19 pandemic and a recovery in inbound tourism, which resulted in more advertising campaigns for special events at entertainment facilities such as multipurpose commercial complexes, theme parks, and corporate PR facilities.

Advertising Expenditures in Japan



Note: The categories of “Events” and “Merchandise-related EC Platforms” within Advertising Expenditures in Japan were added in 2019. Results up to 2018 have not been adjusted to reflect this change.

Overview of Advertising Expenditures by Medium

In Dentsu Inc.’s annual reports on advertising expenditures in Japan, expenditures are classified into three broad areas of advertising media: (1) Traditional Media advertising expenditures (comprising advertising expenditures and their respective production costs for the categories of Newspapers, Magazines, Radio, and Television); (2) Internet advertising expenditures (comprising the categories of Internet Media costs, Merchandise-related EC Platforms within Advertising Expenditures in Japan, and Internet advertising production costs); and (3) Promotional Media advertising expenditures (comprising advertising expenditures for the categories of Outdoor, Transit, Flyers, Direct Mail, Free Newspapers, POP, and Events/Exhibitions/Screen Displays).

(1) Traditional Media advertising expenditures amounted to 2,316.1 billion yen (down 3.4%)

Despite increases in the categories of Magazine and Radio advertising expenditures, total Traditional Media advertising expenditures decreased compared with the previous year as a result of declines in Newspaper and Television advertising expenditures.

(2) Internet advertising expenditures amounted to 3,333.0 billion yen (up 7.8%)

Reflecting progress in the digital transformation of Japanese society, Internet advertising expenditures posted solid growth and accounted for 45.5% of total advertising expenditures. Of the amount of Internet advertising expenditures, Internet Media costs came to 2,687.0 billion yen, up 8.3% year on year. Television media-related video advertising expenditures continued to grow from the previous year amid the widespread use of connected TVs, rising 26.6% to 44.3 billion yen. Advertising expenditures for Merchandise-related EC Platforms within Advertising Expenditures in Japan* also continued to grow from the previous year on the back of household demand, increasing 10.1% to 210.1 billion yen. Internet advertising production costs increased 3.7% to 435.9 billion yen, rising from the previous year mainly due to the expanding video advertising market.

* Advertising expenditures for Merchandise-related EC Platforms within Advertising Expenditures in Japan are limited to expenditures for advertising on e-commerce platforms that sell such merchandise as household appliances, miscellaneous goods, books, clothing, and office supplies, incurred by operators of stores that use these platforms to sell goods. Accordingly, these expenditures do not cover the total amount of internet advertising expenditures for advertising products sold through e-commerce as a whole.

(3) Promotional Media advertising expenditures amounted to 1,667.6 billion yen (up 3.4%)

The amount for Events/Exhibitions/Screen Displays rose substantially as all kinds of events resumed and were expanded following the government's downgrading of COVID-19 to the same status as seasonal influenza, and more advertising campaigns were implemented for special events at multipurpose commercial complexes, theme parks, and other facilities. Also contributing to the higher Promotional Media advertising expenditures were growth in the categories of Transit and Outdoor advertising, which reflected an increase in large-scale and impact campaigns.

TABLE 1
Advertising Expenditures by Medium (2021-2023)

Media	Advertising Expenditures (¥ billion)			YoY Comparison Ratio (%)		Component Ratio (%)		
	2021	2022	2023	2022	2023	2021	2022	2023
Traditional Media								
Newspapers	381.5	369.7	351.2	96.9	95.0	5.6	5.2	4.8
Magazines	122.4	114.0	116.3	93.1	102.0	1.8	1.6	1.6
Radio	110.6	112.9	113.9	102.1	100.9	1.6	1.6	1.6
Television	1,839.3	1,801.9	1,734.7	98.0	96.3	27.1	25.4	23.7
Terrestrial Television	1,718.4	1,676.8	1,609.5	97.6	96.0	25.3	23.6	22.0
Satellite Media-related	120.9	125.1	125.2	103.5	100.1	1.8	1.8	1.7
Subtotal	2,453.8	2,398.5	2,316.1	97.7	96.6	36.1	33.8	31.7
Internet								
Media costs	2,157.1	2,480.1	2,687.0	115.0	108.3	31.7	34.9	36.7
Digital advertising carried by traditional media companies	106.1	121.1	129.4	114.1	106.9	1.6	1.7	1.8
Newspapers Digital	21.3	22.1	20.8	103.8	94.1	0.3	0.3	0.3
Magazines Digital	58.0	61.0	61.1	105.2	100.2	0.9	0.9	0.9
Radio Digital	1.4	2.2	2.8	157.1	127.3	0.0	0.0	0.0
Television Media Digital	25.4	35.8	44.7	140.9	124.9	0.4	0.5	0.6
Television media-related video advertising	24.9	35.0	44.3	140.6	126.6	0.4	0.5	0.6
Merchandise-related EC Platforms within Advertising Expenditures in Japan	163.1	190.8	210.1	117.0	110.1	2.4	2.7	2.9
Production Costs	385.0	420.3	435.9	109.2	103.7	5.7	5.9	5.9
Subtotal	2,705.2	3,091.2	3,333.0	114.3	107.8	39.8	43.5	45.5
Promotional Media								
Outdoor	274.0	282.4	286.5	103.1	101.5	4.0	4.0	3.9
Transit	134.6	136.0	147.3	101.0	108.3	2.0	1.9	2.0
Flyers	263.1	265.2	257.6	100.8	97.1	3.9	3.7	3.5
Direct Mail	344.6	338.1	310.3	98.1	91.8	5.1	4.8	4.2
Free Newspapers	144.2	140.5	135.3	97.4	96.3	2.1	2.0	1.9
POP	157.3	151.4	146.1	96.2	96.5	2.3	2.1	2.0
Events / Exhibitions / Screen Displays	323.0	298.8	384.5	92.5	128.7	4.7	4.2	5.3
Subtotal	1,640.8	1,612.4	1,667.6	98.3	103.4	24.1	22.7	22.8
Total	6,799.8	7,102.1	7,316.7	104.4	103.0	100.0	100.0	100.0

TABLE 2
Sources of Media Expenditures

Traditional Media	Advertising spending in the traditional media of newspapers, magazines, radio, and television.
Newspapers	Advertising rates of national daily and trade newspapers, and advertising production costs.
Magazines	Advertising rates of national monthly, weekly, and specialized magazines, and advertising production costs.
Radio	Time rates and production costs of private broadcasting stations nationwide, and commercial production costs (but not including event-related costs).
Television	
Terrestrial Television	Time rates and production costs of private terrestrial broadcasting stations nationwide, and commercial production costs (but not including event-related costs).
Satellite Media-related	Advertising expenditures for satellite broadcasts, CATV, and teletext (placement and production costs).
Internet	Total of ad placement costs (media costs) of Internet sites, Merchandise-related EC Platforms, and Internet-related production costs.
Media costs	Ad placement costs (media costs) of Internet sites and apps (including Merchandise-related EC Platforms).
Digital advertising carried by traditional media companies	Total of Newspapers Digital, Magazine Digital, Radio Digital, and Television Digital ads.
Newspapers Digital	Internet advertising expenditures for digital ad space offered by newspaper companies. (Not included in newspaper advertising expenditures.)
Magazines Digital	Internet advertising expenditures for digital ad space offered by magazine companies. (Not included in magazine advertising expenditures.)
Radio Digital	Internet advertising expenditures for digital ad space offered by radio media companies. (Not included in radio advertising expenditures.)
Television Media Digital	Internet advertising expenditures for digital ad space offered by television media companies (including satellite media-related expenditures). (Not included in television media advertising expenditures.)
Television Media-related Video Advertising	Internet advertising expenditures for video streaming-type media, including catch-up TV services and simulcast services.
Merchandise-related EC Platforms within Advertising Expenditures in Japan	Internet advertising expenditures for advertisers with stores and advertising transactions carried out by those advertisers for products on Merchandise-related EC Platforms. These expenditures do not comprise the overall Internet advertising expenditures in the EC platforms category.
Production costs	Production costs of advertising on Internet sites and apps (including Merchandise-related EC Platforms) and related production costs (banner ads, video ads, advertorials on social media platforms, etc.).
Promotional Media	Advertising expenditures for sales promotion-related media.
Outdoor	Production and placement costs for short- and long-term billboards, neon signs, LED signs, outdoor video screens, etc.
Transit	Placement costs for airports, as well as for transit advertisements in trains, buses, taxis, and other public transportation.
Flyers	Insertion costs for flyers in newspapers nationwide.
Direct Mail	Postage and private delivery costs for direct mail.
Free Newspapers	Advertising costs in free newspapers, magazines, and telephone directories.
POP	Production costs for point-of-purchase displays.
Events / Exhibitions / Screen Displays	Production costs for sales promotion, pop-up stores, sports events, PR events, exhibitions, expositions, and PR venues; production and screening costs for cinema advertising and promotional videos, etc.

TABLE 3
Advertising Expenditures and Japan's Nominal GDP (2003-2023)

Calendar Year		Advertising Expenditures (A)		Nominal Gross Domestic Product (B)		A / B (%)
		Advertising Expenditures (¥ billion)	Compared with Previous Year (%)	GDP (¥ billion)	Compared with Previous Year (%)	
2003		5,684.1	99.7	523,968.6	99.9	1.08
2004		5,857.1	103.0	529,400.9	101.0	1.11
2005	Before revision	5,962.5	101.8	532,515.6	100.6	1.12
2006		5,995.4	100.6	535,170.2	100.5	1.12
2005	After revision	6,823.5	102.9	532,515.6	100.6	1.28
2006		6,939.9	101.7	535,170.2	100.5	1.30
2007		7,019.1	101.1	539,281.7	100.8	1.30
2008		6,692.6	95.3	527,823.8	97.9	1.27
2009		5,922.2	88.5	494,938.4	93.8	1.20
2010		5,842.7	98.7	505,530.6	102.1	1.16
2011		5,709.6	97.7	497,448.9	98.4	1.15
2012		5,891.3	103.2	500,474.7	100.6	1.18
2013		5,976.2	101.4	508,700.6	101.6	1.17
2014		6,152.2	102.9	518,811.0	102.0	1.19
2015		6,171.0	100.3	538,032.3	103.7	1.15
2016		6,288.0	101.9	544,364.6	101.2	1.16
2017		6,390.7	101.6	553,073.0	101.6	1.16
2018		6,530.0	102.2	556,630.1	100.6	1.17
2019		6,938.1	106.2	557,910.8	100.2	1.24
2020		6,159.4	88.8	539,808.2	96.8	1.14
2021		6,799.8	110.4	552,571.4	102.4	1.23
2022		7,102.1	104.4	559,710.1	101.3	1.27
2023		7,316.7	103.0	591,482.0	105.7	1.24

Notes:

1. The GDP figures are taken from the Cabinet Office's "Annual Report on National Accounts" and "Quarterly Estimates of GDP."
2. The method for estimating advertising expenditures in Japan was modified in 2007, and the data for 2005 and 2006 have been retroactively revised.
3. Since 2018, digital advertising carried by traditional media companies has been added to estimates for Internet Advertising Expenditures.
4. Since 2019, advertising expenditures for Merchandise-related EC Platforms within Advertising Expenditures in Japan have been added to estimates for Internet Advertising Expenditures, and Events advertising expenditures have been added to estimates for Exhibitions/Screen Displays.

TABLE 4
Advertising Expenditures by Industry in Traditional Media for 2023
(Traditional Media Only, Excluding Satellite Media-related Spending)

(Unit: ¥10 million)

Industry	Newspapers			Magazines			Radio			Terrestrial Television			Total		
	Advertising Expenditures	Component Ratio (%)	Comparison Ratio (%)	Advertising Expenditures	Component Ratio (%)	Comparison Ratio (%)	Advertising Expenditures	Component Ratio (%)	Comparison Ratio (%)	Advertising Expenditures	Component Ratio (%)	Comparison Ratio (%)	Advertising Expenditures	Component Ratio (%)	Comparison Ratio (%)
Energy / Materials / Machinery	398	1.1	103.4	102	0.9	109.7	215	1.9	88.1	2,715	1.7	98.0	3,430	1.6	98.2
Foodstuffs	4,059	11.6	90.6	748	6.4	100.8	843	7.4	87.8	15,399	9.6	100.1	21,049	9.6	97.6
Beverages / Cigarettes	962	2.7	89.2	409	3.5	98.6	495	4.3	109.0	16,618	10.3	105.0	18,484	8.4	104.0
Pharmaceuticals / Medical Supplies	1,847	5.3	112.6	233	2.0	99.6	794	7.0	107.4	10,386	6.4	101.1	13,260	6.1	102.9
Cosmetics / Toiletries	2,082	5.9	103.5	1,222	10.5	96.7	478	4.2	90.5	14,506	9.0	90.0	18,288	8.3	91.8
Apparel / Fashion, Accessories / Personal Items	681	1.9	87.2	2,583	22.2	107.3	67	0.6	136.7	1,797	1.1	81.7	5,128	2.3	94.3
Precision Instruments / Office Supplies	260	0.8	98.1	629	5.4	112.5	34	0.3	85.0	612	0.4	91.6	1,535	0.7	100.2
Home Electric Appliances / AV Equipment	111	0.3	75.0	466	4.0	95.5	85	0.7	106.3	3,054	1.9	86.8	3,716	1.7	87.7
Automobiles / Related Products	323	0.9	85.0	323	2.8	91.0	746	6.5	93.5	6,537	4.1	88.1	7,929	3.6	88.5
Household Products	568	1.6	94.0	290	2.5	75.5	227	2.0	111.8	4,682	2.9	101.2	5,767	2.6	99.2
Hobbies / Sporting Goods	469	1.3	69.5	622	5.3	92.6	238	2.1	108.2	4,996	3.1	100.7	6,325	2.9	96.9
Real Estate / Housing Facilities	1,452	4.1	90.7	398	3.4	104.2	649	5.7	108.0	8,623	5.4	97.7	11,122	5.1	97.5
Publications	3,694	10.5	94.5	120	1.0	115.4	282	2.5	114.2	1,486	0.9	80.1	5,582	2.5	91.3
Information / Communications	2,132	6.1	89.1	600	5.2	95.1	994	8.7	87.2	20,639	12.8	80.8	24,365	11.1	82.0
Distribution / Retailing	5,001	14.3	88.9	477	4.1	100.4	666	5.9	109.7	8,645	5.4	102.3	14,789	6.8	97.6
Finance / Insurance	1,006	2.9	83.7	299	2.6	98.4	610	5.4	101.7	13,090	8.1	97.3	15,005	6.9	96.5
Transportation / Leisure	5,266	15.0	114.9	1,077	9.3	120.6	855	7.5	105.7	7,665	4.8	119.0	14,863	6.8	116.8
Food Services / Other Services	1,230	3.5	97.4	342	2.9	113.2	1,993	17.5	110.7	12,732	7.9	104.0	16,297	7.4	104.4
Government / Organizations	1,024	2.9	82.4	243	2.1	116.8	658	5.8	103.3	1,524	0.9	75.1	3,449	1.6	83.8
Education / Medical Services / Religion	1,204	3.4	94.1	379	3.3	87.5	356	3.1	100.3	3,512	2.2	99.4	5,451	2.5	97.4
Classified Ads / Others	1,351	3.9	94.9	68	0.6	123.6	105	0.9	58.7	1,732	1.1	111.3	3,256	1.5	101.3
Total	35,120	100.0	95.0	11,630	100.0	102.0	11,390	100.0	100.9	160,950	100.0	96.0	219,090	100.0	96.4

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