

New Age of Tell and Sell

Advertising

The growth rate of advertising expenditures in Japan declined steadily from the early 1980s onwards. But the trend was finally reversed in the second half of 1986 amid growing signs of expansion in domestic demand and a business recovery. The services industry, buoyed by the economy's growing service orientation, is now the locomotive for expanded advertising. Total advertising expenditures in 1987 should grow much faster than the 2.3% set in 1986, reflecting higher advertising demand in such domestic demand-related industries as housing, construction materials and foods and beverages. Steady growth is expected to continue in 1988.

Reflecting trends toward more individualistic and diversified consumption, Japan's industrial structure is switching to the small-lot manufacture of greater varieties of products and a greater emphasis on services and information.

Enterprises are vigorously diversifying into fields unconnected with their main lines of business. This environment has required advertising to broaden beyond the communication of general information through conventional mass media to encompass the transmission of selective information through a range of new media. This has generated a need for finely segmented new advertising forms, from event planning to sales promotion. It is in-



Scene at Tokyu Cable Vision Co., one of the new media companies, which began multichannel CATV services in 1987.

creasingly important for advertising to respond promptly and precisely to the needs of a new age resulting from changes in the social structure.

Broadcasting

In the broadcasting industry, recent structural developments include the spread of new media and an increase in the number of broadcasting stations. In the new media field, Japan Broadcasting Corp. (NHK), Japan's public broadcasting service, launched 24-hour broadcasting in July 1987 using a broadcasting satellite for direct transmission to the home, while Tokyu Cable Vision Co. started multichannel CATV services. Concerning the increase in the number of broadcasting stations, it is noteworthy that the large number of applicants for the Tokyo region's second commercial

FM station succeeded in coming together to establish a single new company. The firm has obtained a provisional license, and is preparing to enter service in 1988.

In broadcasting advertising, spot television commercials increased steadily from the summer of 1986 into 1987. FM radio stations, too, enjoyed good income from spot commercials, while spots on medium- and short-wave stations showed signs of recovery. In 1988, these trends should continue as the advertising environment in the broadcasting industry remains similar to that in 1987.

Publishing

The publishing industry, the future of which has seemed threatened due to declining magazine sales, at last regained some of its luster at the start of 1987.

The sluggishness of photo weeklies continues to cost the magazine sector its past vigor. However, thanks to a string of best-selling literary works, sales volume has increased smoothly in book divisions. The slide in average book prices has also been halted, leading to an appreciable increase in the value of book sales.

Equally encouraging is news that the ratio of returns of unsold publications sent back to the publisher is falling conspicuously in the case of books. The return ratio in 1986 was a high 38%. In the first half of 1987 it fell to about 35% as crisis-conscious publishers and distributors worked to curb print runs.

If the present concentration on good book projects can be maintained, the publishing industry can expect continued good business in 1988.

(Joji Takegami, economist)

Advertising Expenditures and Circulations

