

# INDUSTRIAL Mixed Tidings

## Media SURVEY

### Broadcasting

The earnings of Japanese broadcasters have been leveling off since 1980, due primarily to the slowdown in the national economy. This basic trend continued in 1986.

In recent years, the question of how to cope with the increasing numbers of new commercial broadcasting stations and the emergence of new media has become a serious concern for broadcasting management. In line with its policy to increase regional broadcasting stations, the Ministry of Posts and Telecommunications in 1986 licensed the establishment of a third station in each of seven prefectures including Aomori, a fourth in Kagoshima Prefecture and a fifth in Hokkaido.

At the same time, there was also fresh activity in new media. Teletext broadcasting, inaugurated by the semi-governmental NHK (Japan Broadcasting Corporation) and some commercial broadcasters at the end of 1985, gathered steam. NHK started nationwide teletext service, while commercial networks launched it in Tokyo, Nagoya and Osaka, by the end of 1986. With a satellite imported from the U.S. soon to be launched, various TV stations have started preparations for multichannel CATV services. A company to distribute pay CATV programs was established in 1986 in a tie-up with foreign capital.

Reflecting the severe macroeconomic environment, conventional broadcasting business will be slack in 1987. But new media businesses will develop steadily. Full-scale CATV business oriented toward multichannel CATV can be ex-

pected to finally start in Japan at the initiative of a new company affiliated with major private railway companies.

### Publishing

For the past several years, the publishing industry has been marked by sluggish book sales and a booming magazine market. Since the start of 1986, however, although the total number of new titles remained low, the book market has achieved firm if still low growth in sales by raising the price of new titles. The continuing popularity of paperback books has propped up the market.

Magazines, however, have at last begun to slow down. In 1985, the number of newly inaugurated magazines and revivals reached an all-time high of 245. This, together with the rapid expansion of sales outlets in convenience stores, made the market boom. But in 1986, it appears to have hit a ceiling. The number of magazines either temporarily suspended or permanently shut down in 1986 has been about the same as in the preceding year, but the number of new contenders and revivals has fallen off. And the growth rate for monthly magazine sales, both in volume and value, was much lower than in the year before.

The growth in total sales of books and magazines therefore slowed in 1986 as compared with the year before, a drastic turnaround from 1985. The book and magazine businesses appear to have entered a period of adjustment.

In 1987, it is expected that recent trends toward shorter life cycles for publications and the absence of strong market leaders will continue. It is projected



The emergence of new media like multichannel CATV services is changing broadcasting management.

Location: Japan Cable Television (JCTV)

that neither book nor magazine sales will gain ground in 1987.

The high return rate for books, now running at about 40%, has become a serious problem for book publishers. In order to reduce the number of returned books, distributors began restricting shipments in the second half of 1986 with an eye toward holding down mounting distribution costs. There are signs that the return rate for books will come down in the future.

### Advertising

Recently, the growth of total advertising expenditure in Japan has been slower than the growth of GNP. In 1986 it is estimated to be 2-3%, and is projected to be almost the same this year as a result of the discouraging 1987 economic forecast. Behind the sluggish growth in advertising expenditures is advertisers' awareness that conventional advertisements alone cannot produce satisfactory results in a market marked by individualized and diverse consumption.

The year 1986 has seen a flattening of ad earnings in the conventional mass media, and a trend toward greater segmentation in the forms of advertisement, with increasing importance placed on events and sales promotion. Moreover, as a result of intensified competition, there has been a conspicuous trend toward the polarization of big advertising agencies capable of providing comprehensive services and smaller advertising companies specializing in specific fields.

These tendencies are expected to become even more pronounced in 1987. In addition, there will be brisk innovation in advertising techniques consonant with the various new media that are outstanding when it comes to offering selective information to consumers. Moreover, in parallel with the progress in Japan's internationalization, there will be further growth in advertising to help Japanese companies advance overseas and foreign firms enter the Japanese market. The advertising business will be extending operations into the global market.

(Hideo Ishii, senior economist)

### Book and Magazine Sales and Advertising Expenditures

