



Comparative study on the impact of control measures on the television advertising markets.

REPORT : JAPAN

INTRODUCTION

This report is aimed at comparing the legal data on the one hand and the economic data on the other hand related to the television advertising market in order to assess the impact of the applicable regulation on the sector's economy.

We have followed the regulatory structure of the Directive in order to:

1. remind the applicable rules in Japan and compare them with the regulatory standards foreseen by the Directive
2. confront those rules with the economic data issued from CARAT's reports (cf « *Quantitative impact of the regulation on TV advertising markets in EU Member States, EEA countries, the new Member States and a number of third countries* »)
3. draw a first list of conclusions on the impact of regulation on the television advertising market or raise some questions for future analysis.

The present study is based on 2003 data, as a reference year, compared with 2002.

As mentioned in the call for tender documentation (ref. 2003/S 107 - 095378 DG EAC 44/03) and Carat's proposal, the selection of countries covered by the study has been based on local specificities, in order to guarantee that the studied landscapes are representative.

The notion "Applicant countries" includes Czech Republic, Hungary, Poland, Romania and Turkey, since during the reference year of the study (2003) the first three countries, which are now Member States, were still candidate members. The reader should also take into account that the notion "European Union Countries" concerns data and analysis for 10 Member States, on the condition the necessary basic information is available.

In the report figures referring to "average data" were calculated taking into account the weight of every country (population) and the TV viewing time of their population (Weighted average). For the calculation of the "average duration of the interruptions" (tables 4,5,7), the channels without advertising have been excluded (e.g.: UK, Sweden and Germany during prime time). These countries have been taken into consideration in the "average number of interruptions per hour" in tables 7A and 7B (all channels).

When data are not available, the following symbol "-" is indicated. When data are available but results are zero, the following symbol "0" is indicated.

There are no standard figures available on the number of interruptions by type of programme, except in *Canada, Japan, USA, Poland and Belgium* where a specific analyse has been conducted (see Tab 6, 8 and 9 in the concerned report of these 5 countries).

In this *Japanese* report and despite all our efforts, the following data are unavailable:

- audience figures and measurements of other channels than those with a national coverage
- Proportion of advertising investment by type of programmes

The reader should bear in mind that certain economic patterns of the national markets are not always the direct, or indirect, consequence of the regulation. Other parameters have an influence on the economic situation of the studied media, in particular the overall volume of advertising investments.

The methodological explanatory note provides for useful indications to fully understand the way audience and advertising investments have been measured.

GENERAL INFORMATION

1- The audiovisual landscape

Definitions

Audience rating

The « Rating » (%) is the portion of the audience which defines the average percentage of persons (adults universe) watching television during a defined period of time.

Prime time

Day part showing the highest individuals/households interest for TV watching ; this concept does not have a standard definition across the Member States, prime time slots are specific for each country and usually correspond to the end of the working hours till the end of the “social” evening.

Adult population

The adult definition is not a stable standard and may vary from one country to another. Usually the definition of “adult” corresponds to mature teenagers and older population. Often the legal definition of a “child” or “minor” does not correspond to the definitions in use in the advertising market.

Adult population universe

Number of individuals corresponding to the definition of “adult population” in a given country.

Audience Rating, day parts and target definitions (period 2003)

Average Prime vs. All Day (index): ratio obtained by the division of the “average rating – all day” by the “average rating - prime time”. Gives an indication of how more important is the audience during prime time compared with the rest of the day.

Average Prime part : proportion of the Prime time versus All Day, in terms of audience (expressed by the “rating” factor). This proportion is weighted by the prime time duration.

TAB 1	JAPAN	European Union Countries (10)	Applicant countries (5)	Countries Outside European Union (3)	All Countries Observed (18)
Adult population definition	20+	13/16+	15/18+	18/20+	13/20+
Adult population universe	84.801.171	277.802.353	96.837.599	320.470.074	695.110.026
Average Rating - All Day*	20,0%	14,0%	16,7%	23,4%	18,7%
Average Rating - Prime Time*	41,0%	37,4%	39,8%	40,6%	39,2%
Prime Time slots definitions	19:00-23:00	18:55-23:00	18:30-23:00	19:00-23:00	19:00-23:00
Average Prime vs All Day (index)*	205	270	238	177	222
Average Prime part*	34%	34%	38%	26%	31%

* Weighted averages (cf. introduction)

Source : Carat

Comments : The average rating is fairly above the indices of the EU countries. The success of television in Japan is evident and linked to the wide variety of channels, including mature and successful pay TV. In this sense, Japan is comparable to the USA. The liberalisation of TV has made both markets mature earlier than the television markets in the EU region.

2- Socio economic data (2003)

TAB 2	JAPAN	European Union Countries (10)	Applicant countries (5)	Countries Outside European Union (3)	All Countries Observed (18)
Total Adv. Investments All Media (000 €)	42.573.909	106.902.530	14.958.765	153.876.973	275.738.268
Total TV Invest. (000 €)	14.590.520	37.370.852	10.518.887	88.420.354	136.310.092
Part of TV Invest.*	34,3%	35,0%	70,3%	57,5%	49,4%
Share of Top 5 channels on. Total TV Invest.*	56,8%	84,4%	82,5%	31,6%	50,0%
Average Top 5 Channels Audience Share*	77,5%	60,5%	72,1%	50,8%	57,7%
Adults population universes	84.801.171	277.802.353	96.837.599	320.470.074	695.110.026
GDP (mo €)	3.800.189	8.668.867	601.106	14.296.881	23.566.853
Average Total Adv. Invest. All Media / GDP*	1,12%	1,23%	2,49%	1,08%	1,17%
Average Total TV Adv. Invest. / GDP*	0,38%	0,43%	1,75%	0,62%	0,58%
Average Adv. Invest. / inhab. (€ per year)	502,0	384,8	154,5	480,2	396,7
Average TV Adv. Invest. / inhab.* (€ per year)	172,1	134,5	108,6	275,9	196,1

*Weighted averages (cf. introduction)
source : Carat (Eurostat and local private sources)

Comments: the proportion of advertising investments in television advertising demonstrate in Japan, as in the other examined third countries (Canada, US), the presence of competition strategies on a macro economic level for which marketing tools, such as mass media, are important (172 euro per year and per inhabitant is invested in tv advertising). Nevertheless, the share of invested budgets in relative figures remains below the European average.

The apparently high advertising pressure observed in Japan must be partly due to the strong economic indicators and the high available marketing budgets of marketers and advertisers. But this is also certainly the result of (1) the success of television amongst Japanese households and individuals, and (2) the liberal regulation in relation to television advertising volume and practices.

3- Types of broadcast and Audience Shares

Audience Shares

Share (%) of each channel of total TV audience.

Channels

All channels which data are available.

TAB 3A

Adults

JAPAN	Name	Status	2003
<i>Average Rating Audience % TOTAL TV (1)</i>			20,0
			<i>of which :</i>
Channels with national coverage	FUJI TV(CX)	Commercial channel free to air	18,0
	NHK	Pay TV (no advertising)	17,0
	NHK BS 1	Pay TV (no advertising)	-
	NHK BS 2	Pay TV (no advertising)	-
	NHK Educational	Pay TV (no advertising)	2,0
	NTV	Commercial channel free to air	21,0
	TBS	Commercial channel free to air	16,0
	TV ASAHI (EX or ANB)	Commercial channel free to air	15,0
	TV TOKYO (TX)	Commercial channel free to air	7,5
Local channels	BBC - Kansai (Osaka)	Commercial channel free to air	-
	CTC - Kanto (Tokyo)	Commercial channel free to air	-
	GBS - Chukyo (Nagoya)	Commercial channel free to air	-
	GTV - Kanto (Tokyo)	Commercial channel free to air	-
	KBS - Kansai (Osaka)	Commercial channel free to air	-
	MTV - Kansai (Osaka)	Commercial channel free to air	-
	MX - Kanto (Tokyo)	Commercial channel free to air	-
	SUN - Kansai (Osaka)	Commercial channel free to air	-
	TTV - Kanto (Tokyo)	Commercial channel free to air	-
	TVK - Kanto (Tokyo)	Commercial channel free to air	-
	TVN - Kansai (Osaka)	Commercial channel free to air	-
	TVS - Kanto (Tokyo)	Commercial channel free to air	-
	WTV - Kansai (Osaka)	Commercial channel free to air	-
Non domestic Channels	-		-

(1) Definitions : Please, refer to Tab. 1 of this report
Highlighted channels are covered in the economic report.

TAB 3B

Adults

JAPAN	Name	Status	2003
Average Rating Audience % TOTAL TV (1)			20,0
			of which :
International Channels	BBC WORLD	Pay TV (including adv breaks)	-
	CNN JAPAN	Pay TV (including adv breaks)	-
	DISCOVERY	Pay TV (including adv breaks)	-
	HISTORY	Pay TV (including adv breaks)	-
	MTV JAPAN	Pay TV (including adv breaks)	-
	NIKKEI CNBC (NBC)	Pay TV (including adv breaks)	-
	TNT / CARTOON (Cartoon Network)	Pay TV (including adv breaks)	-
	TRAVEL	Pay TV (including adv breaks)	-
Other channels	BS ASAHI	Pay TV (including adv breaks)	-
	BS FUDJI	Pay TV (including adv breaks)	-
	BS HI VISION	Pay TV (no advertising)	-
	BS JAPAN	Pay TV (including adv breaks)	-
	BS NIPPON	Pay TV (including adv breaks)	-
	BS-I	Pay TV (including adv breaks)	-
	SKY PERFECT	Pay TV (including adv breaks)	-
	WOWOW	Pay TV (no advertising)	-
	Others	-	3,5
Total			100,0

(2) Definitions : Please, refer to Tab. 1 of this report
 Highlighted channels are covered in the economic report.

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<p style="text-align: center;"><u>COMPARISON BETWEEN THE LEGAL AND THE ECONOMIC DATA</u></p>

I. ADVERTISING IDENTIFICATION
(Article 10 Directive)

1. Separation of advertising from the programmes by optical and/or acoustic means
(Art.10.1 of the Directive)

Article 51-2 of the Japanese Broadcast Law provides that if a private broadcaster broadcasts a paid advertisement, such broadcaster must take measures to enable the audience to clearly identify the advertisement.

Furthermore, the Broadcasting Standards (guidelines for broadcasters with a self regulatory character) provide that advertising can be inserted in a news program but should be presented in ways clearly distinguishable from the program itself.

Images and footages, opening music, chimes and other sound effects that may be confused with that of news programs should be avoided. In addition, the tone of the words used in commercials shall not be similar to news programs as may cause confusion. Care and discretion shall be exercised, particularly with respect to the commercials broadcast before, after and during journalistic programs including but not limited to news and other similar programs.

Impact on commercial practices

- The majority of advertising and teleshopping spots are included in traditional breaks. The average duration of a break is 105 seconds which very short compared to the average European practice and closer to the USA (main national networks) where the average duration of a block is 141 seconds.
- During prime time the duration of the breaks is longer but still short (125 sec) when compared to practices in European countries.
- It has to be taken into account that the average duration of spots is also very short: 18 seconds (70,5% of spots has a duration of 10-19 seconds).
- Split screen techniques are not used in Japan.

Average duration of advertising interruptions
(seconds - all day)

TAB 4A	Austria	Belgium N/S	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries*
Break durations (#sec) - Total	246	129	165	199	-	188	185	136	143	236	185
Break durations (#sec) of Public Channels	173	90	140	126	-	157	221	129	0	0	140
Break durations (#sec) of Private Channels	257	146	202	201	-	197	180	147	143	236	195
Break durations (#sec) of Pay TV (including advertising)	-	83	107	-	-	-	-	101	-	-	-

* weighted average (cf. introduction)

Note that Telepromotions are excluded of these figures and have an average duration of 88 seconds in Italy.

TAB 4B	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*
Break durations (#sec) - Total	132	167	120	83	315	-	105	141	185
Break durations (#sec) of Public Channels	72	105	100	71	143	-	-	-	140
Break durations (#sec) of Private Channels	150	238	128	85	338	-	105	141	195
Break durations (#sec) of Pay TV (including advertising)	-	153	51	-	-	-	-	-	-

* weighted average (cf. introduction)

Note that Telepromotions are excluded of these figures and have an average duration of 88 seconds in Italy.

2. Isolated advertising and teleshopping spots (Article 10.2 of the Directive)

There is no specific regulation on isolated spots, which are permitted in Japan without limitation.

Impact on commercial practices

In Japan isolated spots are offered and used as a separate advertising format by broadcasters. Isolated spots are measured as advertising spots for audience and investment. It seems from the table below that short interruptions under 60 seconds containing 1 or few spots are rather exceptional (2%).

**Proportion of advertising interruptions under
60 seconds (all day)**

TAB 5A	Austria	Belgium N/S	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries*
Total	-	27,4%	9,5%	13,5%	-	5,0%	7,5%	33,5%	20,6%	4,0%	12,8%
Public Channels	-	42,1%	9,7%	0,3%	-	7,0%	0,03%	29,6%	0,0%	0,0%	10,3%
Private Channels	-	20,9%	6,4%	13,9%	-	4,5%	8,7%	41,7%	20,6%	4,0%	13,3%
Pay TV (including advertising)	-	42,9%	25,3%	-	-	-	-	2,2%	-	-	-

* weighted average (cf. introduction)

Note that Telepromotions are excluded of these figures (Italy : 3% in public channels and 9% in privates channels).

TAB 5B	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*
Total	25,2%	19,2%	23,1%	47,4%	12,9%	-	2,0%	12,0%	12,8%
Public Channels	49,9%	22,4%	24,4%	56,2%	27,0%	-	-	-	10,3%
Private Channels	17,6%	7,3%	21,6%	46,0%	11,0%	-	2,0%	12,0%	13,3%
Pay TV (including advertising)	-	28,6%	59,8%	-	-	-	-	-	-

* weighted average (cf. introduction)

Note that Telepromotions are excluded of these figures (Italy : 3% in public channels and 9% in privates channels).

3. Subliminal advertising (Art. 10.3 Directive)

The Broadcasting Standards prohibit the use of “subliminal techniques” in broadcasting in general

4. Surreptitious advertising (Art.10.4 Directive)

There is no specific regulation regarding surreptitious advertising or product placement in Japan.

Impact on commercial practices

Product placement is used in Japan by some sponsors. There is no information available on the importance of this technique in terms of volume and investment.

Virtual advertising is not used at present.

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II. INSERTION PRINCIPLES **(Art. 11 of the Directive)**

Preliminary remarks

Figures in relation to the volume of advertising attributed to a type of programme (Film, Documentary, Series & Soaps, etc ...) include advertising inserted IN and BEFORE this type of programme. The term "insertion" is in conformity with article 11 of the Directive;

1. Insertion of advertising and teleshopping spots between and during the programmes **(Art. 11. Directive)**

There are no specific legal restrictions in relation to the insertion between programmes or in programmes.

Impact on commercial practices

The number of breaks per hour is high in Japan. The average number of blocks by hour is 5,3 during the day and 6,4 during prime time. This is clearly above the European average (more than double) but very close to the US practice.

The majority of breaks are inside programmes (77,7%) and the average duration between each break is around 10 minutes.

It has to be taken into account that the duration of the breaks is however below the European average. Breaks are more frequent but have a shorter duration and are clearly predominantly placed inside the programmes. This practice is comparable to the practice in the US where there are also no specific restrictions in relation to the insertion of advertising between and inside programmes.

Proportion of interruptions
DURING the programmes/BETWEEN the programmes

TAB 6

COUNTRIES	DURING	BETWEEN
Belgium North	54,4%	45,6%
Belgium South	28,1%	71,9%
Poland	31%*	69,0%
Canada Eng	83,5%	16,5%
Canada Fr	91,5%	8,5%
Japan	77,7%	22,3%
USA	81,0%	19,0%

Observations : Only available for these 5 countries.

* Television programmes in Poland have also other types of interruptions. These figures concern only advertising interruptions

Average number of interruptions per hour during and between the programmes

The following average number of blocks per hour is calculated taking into account to the real number of hours broadcast, excepted during Prime Time. (Theoretical - Please, refer to Chapter II of the economical report of the concerned country).

Please, note that the data of table 7 and table 18 are calculated on a different panel of channels. For the net proportion of the advertising broadcast volume, please refer to table 18A.

<u>TAB 7A - All Channels</u>	Austria	Belgium N/S	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries*
Duration of the interruptions All Day (#sec)	246	129	165	199	-	188	185	136	143	236	185
Number of interruptions per hour All Day	1,0	1,4	1,5	1,8	-	1,8	1,6	3,4	1,8	1,8	1,9
Duration of the interruptions Prime Time** (#sec)	-	183	174	212	-	205	225	132	163	261	198
Number of interruptions per hour Prime Time **	-	1,9	2,4	1,4	-	2,1	2,2	3,1	3,1	1,5	2,1

* weighted average (cf. introduction)

** Theoretical dayparts

<u>TAB 7B - All Channels</u>	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*
Duration of the interruptions All Day (#sec)	132	167	120	83	315	-	105	141	185
Number of interruptions per hour All Day	1,0	1,3	1,8	1,9	1,0	-	5,3	5,5	1,9
Duration of the interruptions Prime Time** (#sec)	162	174	129	98	378	-	125	147	198
Number of interruptions per hour Prime Time **	1,9	1,5	2,4	3,0	1,2	-	6,4	5	2,1

* weighted average (cf. introduction)

** Theoretical dayparts

TAB 7C - Public channels	Austria	Belgium N/S	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries*
Duration of the interruptions All Day (#sec)	173	90	140	126	-	157	221	129	0	0	140
Number of interruptions per hour All Day	0,5	1,1	1,3	0,3	-	0,9	1,2	3,7	0	0	1,1
Duration of the interruptions Prime Time** (#sec)	-	133	157	0	-	168	278	127	0	0	159
Number of interruptions per hour Prime Time **	-	1,3	2,2	0	-	1,7	1,3	2,7	0	0	2,0

* weighted average (cf. introduction)

** Theoretical dayparts

TAB 7D - Public channels	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*
Duration of the interruptions All Day (#sec)	72	105	100	71	143	-	-	-	140
Number of interruptions per hour All Day	0,4	1,0	1,8	1,9	0,6	-	-	-	1,1
Duration of the interruptions Prime Time** (#sec)	93	101	132	91	193	-	-	-	159
Number of interruptions per hour Prime Time **	1,9	1,2	2,5	2,8	0,9	-	-	-	2,0

* weighted average (cf. introduction)

** Theoretical dayparts

TAB 7E - Private Channels	Austria	Belgium N/S	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries*
Duration of the interruptions All Day (#sec)	257	146	202	201	-	197	180	147	143	236	195
Number of interruptions per hour All Day	1,2	2,0	1,7	2,0	-	2,4	1,7	4,2	2,4	1,9	2,2
Duration of the interruptions Prime Time** (#sec)	-	207	207	212	-	224	218	145	163	261	210
Number of interruptions per hour Prime Time **	-	2,5	3,3	1,6	-	2,5	2,4	4,0	3,9	1,5	2,5

* weighted average (cf. introduction)

** Theoretical dayparts

TAB 7F - Private Channels	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*
Duration of the interruptions All Day (#sec)	150	238	128	85	338	-	105	141	195
Number of interruptions per hour All Day	1,6	1,8	2,0	1,8	1,1	-	5,3	5,5	2,2
Duration of the interruptions Prime Time** (#sec)	215	293	132	99	406	-	125	147	210
Number of interruptions per hour Prime Time **	1,9	1,7	2,6	3,0	1,3	-	6,4	4,7	2,5

* weighted average (cf. introduction)

** Theoretical dayparts

*Average duration between two interruptions (minutes)***TAB 8**

Belgium N/S	Poland	Canada Eng	Canada FR	Japan	USA
25'	28'	9'47"	12'5"	10'9"	10'

Observations : Only available for these 5 countries.

*Duration between interruptions during an audiovisual work (minutes)***TAB 9**

Belgium North	Belgium South	Poland	Canada Eng	Canada FR	Japan	USA
39'	57'	30'	15'	13'	15'	15'

Observations : Only available for these 5 countries.

Proportion of broadcasting volume and advertising investment by type of programmes

Children's programmes - All Day 2003

TAB 10A	Austria	Belgium N/S	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	10,3%	6,0%	9,3%	4,9%	-	6,8%	14,6%	-	3,0%	7,7%	7,5%
Part in the global advertising investment	-	2,0%	-	-	-	3,3%	3,8%	-	-	8,8%	-

TAB 10B	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	2,1%	9,0%	15,5%	7,0%	5,1%	-	3,2%	7,8%	7,5%
Part in the global advertising investment	0,1%	-	2,3%	0,7%	2,0%	-	-	2,7%	-

Documentary - All Day 2003

TAB 11A	Austria	Belgium N/S	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	0,6%	3,3%	11,6%	11,6%	-	4,6%	2,6%	-	12,8%	15,9%	9,8%
Part in the global advertising investment	-	0,6%	-	-	-	2,9%	1,6%	-	-	18,1%	-

TAB 11B	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	4,9%	1,4%	10,0%	8,7%	3,1%	-	3,6%	3,6%	9,8%
Part in the global advertising investment	0,9%	-	3,1%	1,4%	2,3%	-	-	4,4%	-

Entertainment and Music - All Day 2003

TAB 12A	Austria	Belgium N/S	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	5,5%	11,1%	15,1%	10,8%	-	13,2%	22,5%	-	32,2%	7,5%	12,5%
Part in the global advertising investment	-	14,7%	-	-	-	33,7%	30,3%	-	-	8,5%	-

TAB 12B	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	16,4%	13,3%	12,0%	32,0%	15,0%	-	20,6%	16,9%	12,5%
Part in the global advertising investment	21,8%	-	18,7%	26,9%	16,3%	-	-	18,7%	-

Film, TV Films and Mini Series - All Day 2003

TAB 13A	Austria	Belgium N/S	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	22,2%	17,7%	10,2%	11,9%	-	16,1%	4,3%	-	8,3%	13,0%	12,9%
Part in the global advertising investment	-	28,2%	-	-	-	17,4%	10,6%	-	-	14,9%	-

TAB 13B	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	18,8%	17,9%	17,9%	7,1%	14,0%	-	2,8%	3,7%	12,9%
Part in the global advertising investment	30,7%	-	20,8%	23,3%	14,1%	-	-	3,8%	-

Information (News, Flash and Info Magazines) - All Day 2003

TAB 14A	Austria	Belgium N/S	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	2,6%	12,4%	11,3%	6,8%	-	23,1%	9,4%	-	1,9%	13,4%	12,8%
Part in the global advertising investment	-	11,7%	-	-	-	18,3%	8,7%	-	-	15,2%	-

TAB 14B	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	10,7%	7,6%	5,9%	8,2%	22,3%	-	10,6%	14,4%	12,8%
Part in the global advertising investment	6,1%	-	24,7%	17,7%	13,1%	-	-	8,0%	-

Political, Religious, Philosophical, Unions programmes - All Day 2003

TAB 15A	Austria	Belgium N/S	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	2,0%	1,4%	0,8%	0,5%	-	2,4%	3,2%	-	0,0%	0,0%	1,1%
Part in the global advertising investment	-	0,1%	-	-	-	0,6%	0,7%	-	-	0,1%	-

TAB 15B	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	0,3%	4,7%	2,3%	0,3%	3,6%	-	0,4%	0,0%	1,1%
Part in the global advertising investment	0,0%	-	0,9%	0,1%	2,2%	-	-	0,0%	-

Series and Soap - All Day 2003

TAB 16A	Austria	Belgium N/S	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	9,8%	18,7%	11,6%	11,5%	-	14,1%	8,0%	-	13,9%	5,1%	11,3%
Part in the global advertising investment	-	16,1%	-	-	-	15,4%	22,5%	-	-	5,8%	-

TAB 16B	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	20,6%	5,2%	13,5%	11,8%	11,6%	-	9,4%	22,4%	11,3%
Part in the global advertising investment	26,0%	-	25,9%	15,4%	23,9%	-	-	37,5%	-

Sports - All Day 2003

TAB 17A	Austria	Belgium N/S	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	1,9%	5,1%	3,1%	8,6%	-	3,5%	2,7%	-	8,4%	7,5%	5,6%
Part in the global advertising investment	-	2,3%	-	-	-	5,9%	7,1%	-	-	8,6%	-

TAB 17B	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	4,7%	11,3%	7,9%	3,3%	1,6%	-	5,9%	9,4%	5,6%
Part in the global advertising investment	5,7%	-	2,1%	3,9%	3,3%	-	-	22,5%	-

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III. QUANTITATIVE RESTRICTIONS (Art. 18 of the Directive)

1. Quantitative restrictions on advertising and teleshopping spots

The Broadcasting Standards provide that the total volume of commercials per week shall be 18% or less of the total broadcast hours of such week.

A broadcaster appears to have discretion in characterizing a teleshopping spot as a “program” rather than an “advertisement”, which means that the transmission time devoted to such spot would fall outside the quantitative restriction on advertising.

The Broadcasting Standards provide that during prime time (defined to mean any consecutive three hours and thirty minutes period (between 6:00 p.m. and 11:00 p.m. determined by a broadcaster), the transmission time devoted to advertising shall not exceed the following standards:

<u>Program within</u>	<u>Advertising Time</u>
5 minutes	1 minute
10 minutes	2 minutes
20 minutes	2.5 minutes
30 minutes	3 minutes
40 minutes	4 minutes
50 minutes	5 minutes
60 minutes	6 minutes

However, the transmission time devoted to advertising inserted in sports programs and special event programs broadcasted during prime time shall be determined by each individual broadcaster in its discretion.

Impact on commercial practices

During “all day” Japanese channels broadcast around 7 minutes of advertising per hour (including direct response tv spots). The examined channels show variations between 6,8 minutes and 7,5 minutes. In Prime time this increases up to around 11,5 minutes per hour, which increase is mostly due to the presence of an important share of advertising spots linked with sponsoring.

In a day there is an average of 12% advertising (examined channels show variations between 11,3 and 12,5%).

Such volume of advertising remains below the European legal maximum quota whereas the applicable restrictions in relation to volume in Japan, which allow for a maximum of 18% advertising on a weekly basis and impose certain maxima concerning advertising inserted in programmes (in relation to the length of a programme) are in general less restrictive than the Directive.

It has to be mentioned also that the volume of sponsoring is quite important on Japanese channels: around 3 minutes per hour during “All Day” and around 5,4 minutes per hour in Prime time.

Total advertising proportion in the total broadcast time is 11,7% which is above the European average but still remains under the advertising volume on US channels. Such is probably due to the presence of self regulatory limitations applied by the Japanese broadcasters.

**Advertising time, Sponsoring time and Self-Promotion time proportions
vs Total broadcasting time**

TAB18A	Austria	Belgium N/S	France	Germany (2)	Ireland	Italy	Netherlands	Spain (1)	Sweden	United Kingdom	European Union Countries*(2)
Total Advertising time (out of sponsoring and self-promotion)	7,2%	4,5%	6,6%	6,2%	11,5%	9,2%	8,6%	6,8%	9,4%	12,3%	8,0%
Total Sponsoring time	-	0,2%	0,6%	2,1%	-	0,8%	-	0,4%	1,1%	-	1,1%
Self- promotion time	0,1%	3,1%	2,9%	0,1%	-	0,1%	3,5%	-	0,8%	0,0%	1,0%

(1) In some countries, total sponsoring proportion is estimated and could contain house style's logos of advertising breaks.

(2) Germany : the percentage of sponsoring includes infomercials, humanitarian and public interest campaigns (broadcast free of charge or against important discount).

30% of the sponsoring time is equal to the standard definition of the sponsoring (billboards); therefore the estimate of the net volume of sponsorship in Germany would generate an EU average of 0,6%

* weighted average (cf. introduction)

TAB18B	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*(2)
Total Advertising time (out of sponsoring and self-promotion)	3,6%	6,1%	6,0%	4,3%	6,3%	-	11,7%	17,4%	8,0%
Total Sponsoring time	0,2%	-	0,1%	0,4%	0,2%	-	5,0%	3,4%	1,1%
Self- promotion time	0,1%	9,2%	5,8%	5,0%	5,0%	-	0,0%	3,4%	1,0%

2. Quantitative restrictions on teleshopping programmes

There are no restrictions applicable in Japan.

Impact on commercial practices:

From the economic report it appears that teleshopping (spots and ad formats excluded) represents 1,6% in the total programme mix. Such is below the European average and therefore it seems that teleshopping programmes are not a popular format in Japan.

Proportion of teleshopping programmes vs Total broadcasting

TAB 19 A	Austria	Belgium N/S	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries*
% in total broadcasting time	3,9%	5,0%	1,1%	3,5%	-	0,8%	11,6%	1,3%	0,0%	0,0%	1,9%

* weighted average (cf. introduction)

TAB 19 B	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*
% in total broadcasting time	6,2%	3,3%	2,2%	1,1%	1,3%	-	1,6%	0,6%	1,9%

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IV. SPONSORSHIP (Art. 17 of the Directive)

The Broadcast Law prohibits a private broadcaster from entering into contractual arrangements pursuant to which a single sponsor supplies exclusively all the programs. The purpose of this prohibition is presumably to maintain editorial independence of the broadcaster.

The Broadcasting Standards prohibit exclusive advertising arrangements in violation of antitrust laws.

There is no provision regarding sponsor identification in the Broadcast Law or the Broadcasting Standards

The Broadcasting Standards give the broadcaster discretion as to where to insert in a program the sponsor message.

There is no provision regarding programmes excluded from sponsoring in the Broadcast Law or the Broadcasting Standards.

There is no provision regarding product placement in the Broadcast Law or the Broadcasting Standards. [The technique of “product placement” is used by some sponsors, but currently is not subject to any specific regulations. The only existing restriction is in the Broadcasting Standards, which provide that prizes should be reasonable in light of current social conditions, and should not arouse speculation.](#)

Impact on commercial practices

Sponsoring “billboard” / short spots, breakbumpers, sponsored self promotion spots), bartering, infomercials, scoreboards and chronowatches are not existing in Japan. In Japan sponsoring spots exist and are sold on the basis of a 6 month’s contract linked to a programme. Only twice a year there is an opportunity to buy major TV programmes.

The sponsor is mentioned during the programme and there is a sponsor announcement at the end of the programme.

Japanese channels broadcast around 3 minutes per hour of sponsoring during “All day” (variations between 2,8 and 3,2 minutes for the measured channels) and around 5,4 minutes in prime time (variations between 4,7 and 5,8 minutes for the measured channels), which is high compared to European channels.

Sponsorship represents 5% of total broadcasting time and 29,9% of total advertising and sponsoring broadcasting time which is also far above the European average.

It seems however that where the importance in volume is high, in terms of revenues sponsoring is less important (see tab 21a and 21b below).

**Proportion of sponsorship broadcasting time and
Part of investment relating to sponsorship
vs Total advertising and Sponsoring**

TAB 20	Austria	Belgium N/S	France	Germany (1)	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries* (1)
% of sponsorship broadcasting time	-	3,6%	8,7%	25,2%	-	8,3%	-	3,8%	10,4%	-	12,6%
% of sponsorship investment vs Total	-	6,9%	12,2%	6,9%	-	11,7%	-	5,3%	-	-	9,0%

(1) Germany : in this percentage are also included inomercials and humanitarian and public interest campaigns broadcast free of charge or against important discount.

30% of the sponsoring time is equal to the standard definition of the sponsoring (billboards); therefore the estimate of the net volume of sponsorship in Germany would generate an EU average of 7,3%

* weighted average (cf. introduction)

TAB 21	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*(1)
% of sponsorship broadcasting time	5,2%	-	1,4%	9,2%	3,0%	-	29,9%	16,0%	12,6%
% of sponsorship investment vs Total	1,9%	-	3,6%	3,8%	1,4%	-	7,6%	17,3%	9,0%

* weighted average (cf. introduction)

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V. NEW ADVERTISING TECHNIQUES

New advertising techniques such as split screen techniques, interactive advertising or virtual advertising are not subject to specific regulation.

Impact on commercial practices

From the economic report it appears that new advertising techniques such as split screen advertising or virtual advertising are not used or not offered as specific advertising formats in Japan.

TAB 22A	Austria	Belgium N/S	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	UK
Used or not	Y	N	N	Y	N	N	Y	Y	Y	Y
Measured	N	-	-	Y	-	-	N	*	N	N

** Measured as Advertising Spots*

TAB 22B	Czech Rep.	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA
Used or not	Y	Y	N	N	Y	Y	N	N
Measured	*	N	-	-	Y	N	-	-

** Measured as Advertising Spots*

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**VI. GENERAL PRINCIPLES ON ADVERTISING AND
TELESHOPPING CONTENT**
(Article 12 of the Directive)

The rules of article 12 Directive are not included in Japanese law.

There is only a legal provision in relation to advertising by politicians.

The Broadcasting Standards (self-regulation) include a set of detailed rules in relation to the content of advertising. In general the standards prohibit misleading advertising and encourage responsible advertising. Special attention is paid to certain specific types of advertising (see below).

Impact on commercial practices

It can be presumed that self-regulation has a positive economic impact and encourages consumer confidence in advertising.

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VII. SPECIFIC PRODUCTS AND TARGETS
(Articles 13, 14, 15 and 16 of the Directive)

There is no legal ban on tobacco tv advertising in Japan. The Broadcasting Standards provides that smoking or drinking by minors should not be shown in a favorable light. This restriction is general and not specifically directed towards advertising.

In Japan medicines can be advertised on television, even medicines available on prescription only. The Broadcasting Standards contain specific rules in relation to advertising for medicines which aim to avoid misleading claims and to encourage responsible consumption.

Concerning alcohol there are no legal rules but the Broadcasting Standards provide that drinking by minors cannot be shown in a favorable way. The self-regulating association of alcohol manufacturers has published internal rules to regulate the advertising activities of member companies, e.g., advertising of alcohol products must state clearly that minors are not permitted to drink, and advertising of alcohol products cannot be shown in programs targeted to minors.

In relation to minors, the Japanese Broadcast Law provides that if a broadcaster broadcasts educational programs intended for schools, such programs must not include advertisements deemed to be obstructive to education or hinder learning.

The law also provides that advertising may not overly stimulate children's desire to obtain the advertised product.

The Broadcasting Standards include rules in relation to some other specific categories, such as food, health food, cosmetic products, private detectives and contraceptives.

Impact on commercial practices :

In terms of broadcast advertising minutes , amongst the measured categories, the important category is "food", followed by "Products dedicated to children" and "Non prescription medical products" (see tab 13, p39-47).

In terms of gross advertising spendings the important categories are the same.

Whereas there are no specific legal restrictions in relation to advertising for products dedicated to children or in relation to tv advertising for medicines, there are detailed guidelines on the content of this type of advertising. Such does not seem to have an impact on the volume of advertising for these categories of products.

It has to be reminded that the figures in the economic report do not include some important advertisers, such as telecom, cars and financial services.

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VIII. GENERAL OBSERVATIONS

In Japan TV advertising represents 34,3% of the total gross media investments which indicates that television is an attractive medium for advertisers in Japan but there is important competition of other media.

The TV market in Japan is not dominated by demand but by supply. Due to legal restrictions in relation to maximum volume, the demand is higher than the available offer. On the other hand, TV stations are not very active in developing new formats in order to avoid these to be unsold which would cause loss of revenue. The tv advertising formats are not really different from advertising spots and sponsoring messages known on the European market, though those are marketed in a different way. Sponsoring spots are sold only twice a year on the basis of 6 months contract. Advertising spots are also sold in packages which contain a mixture of spots between and in programmes for certain time zones.

In Japan digital television is developing and already reaches a part of the population (13% of households in 2004).

TAB 24A	Austria	Belgium MS	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries
Total Media Investments (000 €)	2.160.947	2.137.479	15.900.000	17.157.223	537.000	25.600.000	4.044.066	12.079.033	1.611.087	11.986.590	106.902.530
Total TV Invest. (000 €)	463.085	945.281	6.070.563	7.443.792	207.716	9.140.000	2.066.192	6.773.889	382.283	5.237.400	37.370.852
Average part of TV Invest.*	21,4%	44,2%	38,2%	43,4%	38,7%	35,7%	51,1%	56,1%	23,7%	43,7%	35,0%
Average part of Top 5 TV vs Total TV Invest.*	85,8%	94,7% N 32,7% S	91,9%	78,8%	98,9%	74,4%	70,1%	82,6%	100,0%	81,3%	84,4%
Average Top 5 Audience Share*	62,4%	65,6% N 43,4% S	85,3%	40,2%	56,7%	79,4%	52,1%	79,5%	46,4%	35,2%	60,5%
Adults population universes	6.505.800	8.256.000	45.660.000	63.036.553	3.010.000	49.540.000	13.308.000	34.588.000	7.235.000	46.663.000	277.802.353
GDP (mo €)	226.142	267.480	1.557.245	2.128.200	134.786	1.300.926	454.276	743.046	267.297	1.589.468	8.668.867
Average Total Media Invest. / GDP*	0,96%	0,80%	1,02%	0,81%	0,40%	1,97%	0,89%	1,63%	0,60%	0,75%	1,23%
Average Total TV Invest. / GDP*	0,20%	0,35%	0,39%	0,35%	0,15%	0,70%	0,45%	0,91%	0,14%	0,33%	0,43%
Average Adv. Invest. / inhab.	332,2	258,9	348,2	272,2	178,4	516,8	303,9	349,2	222,7	256,9	384,8
Average TV Adv. Invest. / inhab.* (€ per year)	71,2	114,5	133,0	118,1	69,0	184,5	155,3	195,8	52,8	114,7	134,5

TAB 24B	Czech Republic	Hungary	Poland	Romania	Turkey	Canada EF	Japan	USA	Applicant countries	Countries Outside EU	All Countries Observed
Total Media Investments (000 €)	1.056.282	1.460.785	2.416.794	1.358.000	8.666.904	4.273.026	42.573.909	107.030.038	14.958.765	153.876.973	275.738.268
Total TV Invest. (000 €)	508.937	956.867	1.437.035	1.143.817	6.472.230	1.783.930	14.590.520	72.045.904	10.518.887	88.420.354	136.310.092
Average part of TV Invest.*	48,2%	65,5%	59,5%	84,2%	74,7%	41,7%	34,3%	67,3%	70,3%	57,5%	49,4%
Average part of Top 5 TV vs Total TV Invest.*	99,8%	100,0%	94,6%	92,8%	73,9%	79,0%	56,8%	25,3%	82,5%	31,6%	50,0%
Average Top 5 Audience Share*	93,6%	80,5%	79,5%	69,7%	59,2%	40,8% English	77,5%	41,4%	72,1%	50,8%	57,7%
Adults population universes	8.453.632	7.799.734	30.514.000	16.222.000	33.848.233	24.268.903	84.801.171	211.400.000	96.837.599	320.470.074	695.110.026
GDP (mo €)	80.097	73.213	185.176	50.352	212.268	768.969	3.800.189	9.727.723	601.106	14.296.881	23.566.853
Average Total Media Invest. / GDP*	1,32%	2,00%	1,31%	2,70%	4,08%	0,56%	1,12%	1,10%	2,49%	1,08%	1,17%
Average Total TV Invest. / GDP*	0,64%	1,31%	0,78%	2,27%	3,05%	0,23%	0,38%	0,74%	1,75%	0,62%	0,58%
Average Adv. Invest. / inhab.	125,0	187,3	79,2	83,7	256,1	176,1	502,0	506,3	154,5	480,2	396,7
Average TV Adv. Invest. / inhab.* (€ per year)	60,2	122,7	47,1	70,5	191,2	73,5	172,1	340,8	108,6	275,9	196,1

* weighted average (cf. introduction)

Brussels, June 2005.