Section 3 Trends in the broadcasting and content field

1. Broadcasting

(1) Size of the broadcasting market

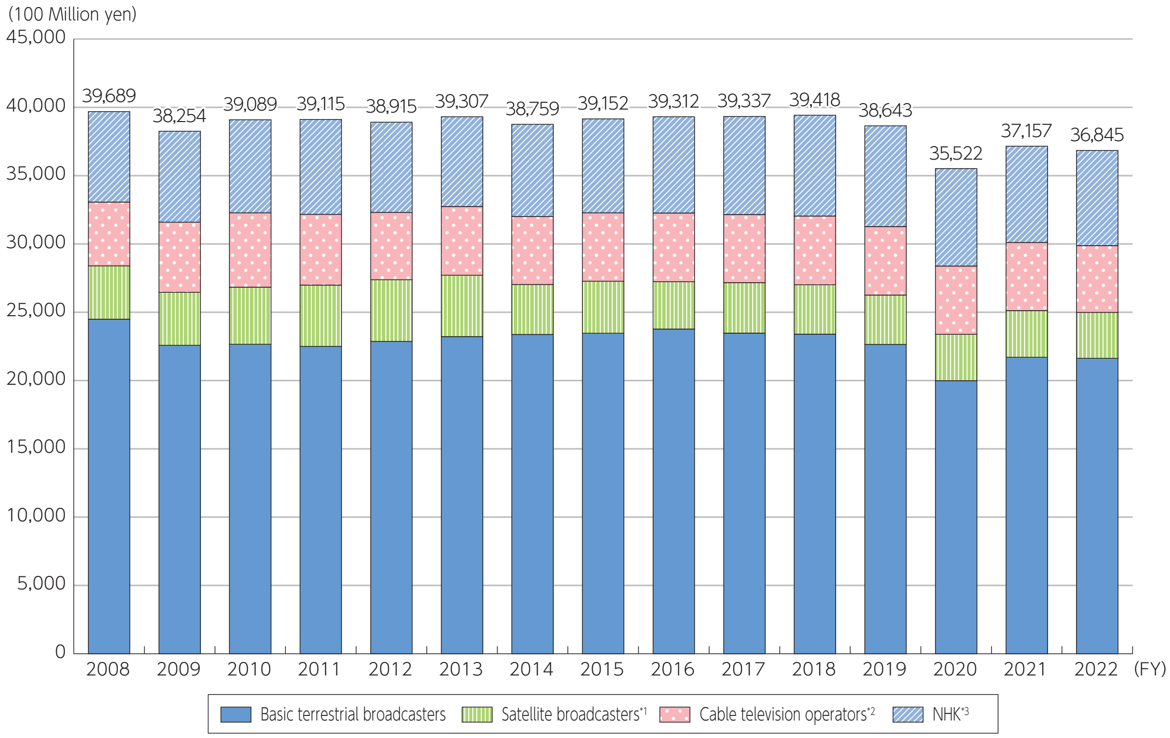
A Revenue of broadcasters

In Japan, broadcasting is conducted under a dual system consisting of NHK, which is funded by receiving fees, and private broadcasters, which are funded by advertising revenue or subscription fees for paid broadcasting. Additionally, the Open University of Japan Foundation broadcasts for educational purposes.

The total revenue of all broadcaster, including both broadcasting and non-broadcasting income, decreased from the FY2021, amounting to 3.6845 trillion yen in FY2022, a 0.8% decrease from the previous fiscal year.

Breaking it down, the total revenue of private basic terrestrial broadcasters was 2.1623 trillion yen (a 0.4% decrease from the previous fiscal year), the total revenue of private satellite broadcasters was 337 billion yen (a 1.4% decrease from the previous fiscal year), the total revenue of cable television operators was 488 billion yen (a 2.2% decrease from the previous fiscal year), and NHK's operating revenue was 697.2 billion yen (a 1.1% decrease from the previous fiscal year) **(Figure 2-1-3-1)**.

Figure 2-1-3-1 Changes in the size of the broadcasting industry market (total sales) and market breakdown



*1 Caluculated based on operating revenues reated to the satellite broadcasting business.

*2 Up to FY2010, cable TV operators were commercial corporations that conducted independent broadcasting using facilities approved under the former Cable Television Broadcasting Act (including facilities registered under the former Broadcasting Act for Use of Telecommunications Services that uses a broadcasting system equivalent to the facilities), and from FY2011, cable television operatoes are registered general broadcasters (limited to commercial corporations) that conduct independent broadcasting using cable telecommunications equipment (with both excluding operatoes using the IP multicast method).

*3 NHK's value is ordinary business income.

*4 Community broadcasters who are also engaged in cable television are excluded.

(Source) Prepared based on MIC "Income and Expenditures of Private Broadcasters" and NHK "Financial Statements" for each FY

Additionally, the advertising expenses for private basic terrestrial broadcasters in 2023 amounted to 1.7234 trillion yen, with 1.6095 trillion yen related to television broadcasting and 113.9 billion yen related to radio broadcasting[1].

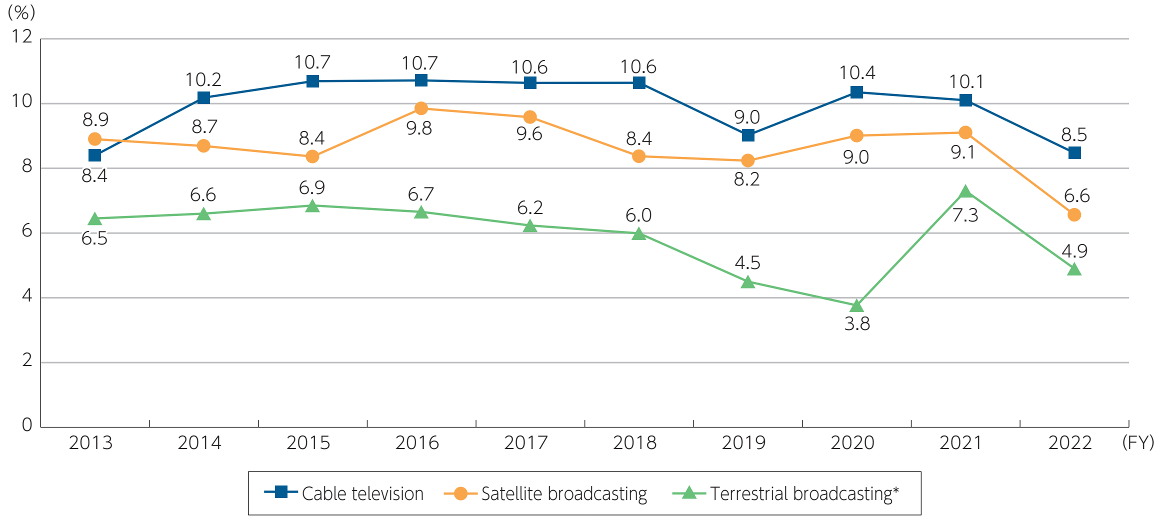
Figure (related data) Changes in advertising expenditures of private basic terrestrial broadcasters
Source: Prepared based on Dentsu "Advertising Costs in Japan"
URL: https://www.soumu.go.jp/johotsusintokei/whitepaper/ja/r06/html/datashu.html#f00178
(Data collection)

[1] Regarding the entire advertising market, refer to "2 Advertising" in this Section 2.

B Financial status of private broadcasters

Private basic terrestrial broadcasters (with an operating profit margin of 4.9% in FY2022), private satellite broadcasters (6.6% in the same period), and cable television operators (8.5% in the same period) all continued to secure profits in FY2022, following FY2021 **(Figure 2-1-3-2)**.

Figure 2-1-3-2 Changes in operating profit on sales of private broadcasters



* Basic terrestrial broadcasting excluding community broadcasting

(Source) Prepared based on MIC "Income and Expenditures of Private Broadcasters" for each FY etc.

(2) Number of operators

As of the end of FY2023, the breakdown of the number of private broadcasters is as follows: 537 companies for private basic terrestrial broadcasters (including 342 companies conducting community broadcasting) and 41 private satellite broadcasters **(Figure 2-1-3-3)**.

Figure 2-1-3-3 Changes in the number of private broadcasters

End of FY			2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Terrestrial	Television broadcasting (single operation)	VHF	16	93	93	94	94	98	94	94	95	95	95	96	96	96
		UHF	77													
	Radio broadcasting (single operation)	Medium-wave (AM) broadcasting	13	13	13	14	14	14	14	14	15	15	15	16	16	16
		Ultrashort wave (FM) broadcasting	298	307	319	332	338	350	356	369	377	384	384	388	390	393
		Community broadcasting of the above	246	255	268	281	287	299	304	317	325	332	334	338	339	342
		Short wave	1	1	1	1	1	1	1	1	1	1	1	1	1	1
	Television/radio broadcasting (combined operation)		34	34	34	33	33	33	33	33	32	32	32	31	31	31
	Text broadcasting (single operation)		1	1	0	0	0	0	0	0	0	0	0	0	0	0
	Multimedia broadcasting				1	1	1	4	4	4	6	6	2	2	0	0
	Subtotal		440	449	461	475	481	500	502	515	526	533	529	534	534	537
Satellite	Basic satellite broadcasting	BS broadcasting	20	20	20	20	20	20	19	19	22	22	20	22	21	21
		110 degrees east longitude CS broadcasting	13	13	22	23	23	23	23	20	20	20	20	20	20	20
	General satellite broadcasting		91	82	65	45	7	5	4	4	4	4	4	4	4	3
	Subtotal		113	108	92	72	46	44	41	39	41	41	39	42	42	41
Cable television	General cable broadcasting pertaining to registration (limited to operatoes of independent broadcasting)	Broadcasting using former authorized facilities (limited to operators of independent broadcasting)	502	556	545	539	520	510	508	504	492	471	464	464	456	–
		Broadcasting using former cable services under the former Act Concerning Broadcast on Telecommunications Services	26													
		IP multicast broadcasting of the above	5	5	4	3	3	3	5	5	5	5	5	4	3	–
	Subtotal		528	556	545	539	520	510	508	504	492	471	464	464	456	–

*1 The number of television broadcasters (single operation) at the end of FY2015 includes five operators conducting basic terrestrial broadcasting for mobile reception (one of them combined basic terrestrial broadcasting)
*2 Regarding satellite broadcasters, BS broadcasting and 110 degrees east longitude CS broadcasting are counted as basic satellite broadcasting, while other satellite broadcasting is counted as general satellite broadcasting based on the Broadcast Act amended and enforced in June 2011.
*3 Because some of the satellite broadcasters combine more than two of "BS broadcasting, "110 degrees east longitude CS broadcasters" and "general satellite broadcasting," sum of the values of the columns does not agree with the value of subtotal. Only operating broadcasters are included in FY2011 and after.
*4 Regarding cable television operators, up to FY2010, former approved facilities operators under the former Cable Television Broadcast Act and registered operators under the former Act Concerning Broadcast on Telecommunications Services were included, and from FY2011, registered general broadcasters conducting independent broadcasting using cable telecommunication facilities under the Broadcast Act are included (regarding IP multicast broadcasting, up to FY2010, it is included in former broadcasting using cable services, and from FY2011 it is included in registered general broadcasters conducting independent broadcasting using cable telecommunications facilities).

(Source) Prepared based on MIC "Current State of Cable Television"[2] (only the values for cable TV operators)

(3) Status of the provision of broadcasting service

A Terrestrial television broadcasting

As of the end of FY2023, there are 127 companies nationwide (including 31 companies with dual operations) conducting terrestrial private television broadcasting.

Figure (related data) Number of available private television broadcasting channels (as of end of FY2023)
URL: https://www.soumu.go.jp/johotsusintokei/whitepaper/ja/r06/html/datashu.html#f00181
(Data collection)

B Terrestrial radio broadcasting

For AM broadcasting, 47 private basic terrestrial broadcasters (as of the end of FY2023) are conducting broadcasts.

For FM broadcasting, 393 private basic terrestrial broadcasters (as of the end of FY2023) are conducting broadcasts. Among these, there are 342 community broadcasters, which generally target specific areas within a single municipality.

For shortwave broadcasting, one private basic terrestrial broadcasting (as of the end of FY2023) is conducting broadcasts.

[2] https://www.soumu.go.jp/main_content/000504511.pdf

C Multimedia broadcasting

As of the end of FY2023, there are no operators conducting V-Low multimedia broadcasting, which utilizes the frequency band of 99MHz-108MHz made available by the digitalization of terrestrial television broadcasting.

D Satellite broadcasting

(A) Basic satellite broadcasting

For BS broadcasting, NHK, the Open University of Japan, and private broadcasters (21 companies as of the end of FY2023) are conducting broadcasts using artificial satellites operated by Broadcasting Satellite System Corporation, with 9 of these companies conducting 4K/8K satellite broadcasting. Additionally, for CS broadcasting at 110 degrees east longitude, private broadcasters (20 companies as of the end of FY2023) are conducting broadcasts using satellites operated by SKY Perfect JSAT Corporation.

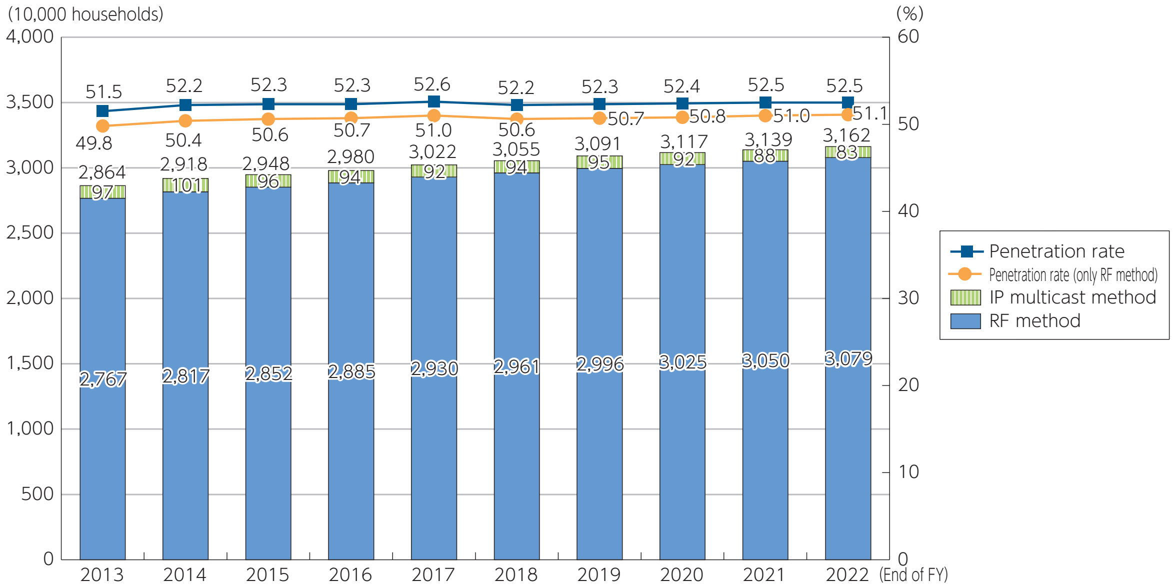
(B) General satellite broadcasting

For general satellite broadcasting, private broadcasters (3 companies as of the end of FY2023) are conducting broadcasts using satellites operated by SKY Perfect JSAT Corporation.

E Cable television

As of the end of FY2022, there were 456 cable television operators. Cable television provides multi-channel broadcasting, including retransmission of terrestrial and satellite broadcasting as well as independent broadcasting channels. The number of households receiving services through wired telecommunications facilities (with 501 or more terminals) for conducting independent broadcasting, the household penetration rate, is approximately 31.62 million households, with a household penetration rate of approximately 52.5% **(Figure 2-1-3-4)**.

Figure 2-1-3-4 Changes in the number of subscribed households and penetration rate for receiving services from cable telecommunications equipment that provide independent broadcasting as per their registration



*1 The penetration rate is calculated from the number of households in the Basic Resident Register.

*2 "The number of subscribed households" means the total number households (including the number of households with radio interference) connected to the cable telecommunications equipment as per their registration.

(Source) Prepared based on MIC "Current State of Cable Television"[3]

(4) Status of NHK

A Domestic broadcasting by NHK

As of the end of FY2023, NHK's domestic broadcasting channels include 2 terrestrial television channels, 3 radio channels, and 4 satellite television channels.

Figure (related data) Domestic broadcasting of NHK (the end of FY2023)
URL: https://www.soumu.go.jp/johotsusintokei/whitepaper/ja/r06/html/datashu.html#f00184
(Data collection)

[3] https://www.soumu.go.jp/main_content/000504511.pdf

B International television and radio broadcasting by NHK

NHK's international television and radio broadcasts are aimed at Japanese expatriates and foreigners, covering almost the entire world.

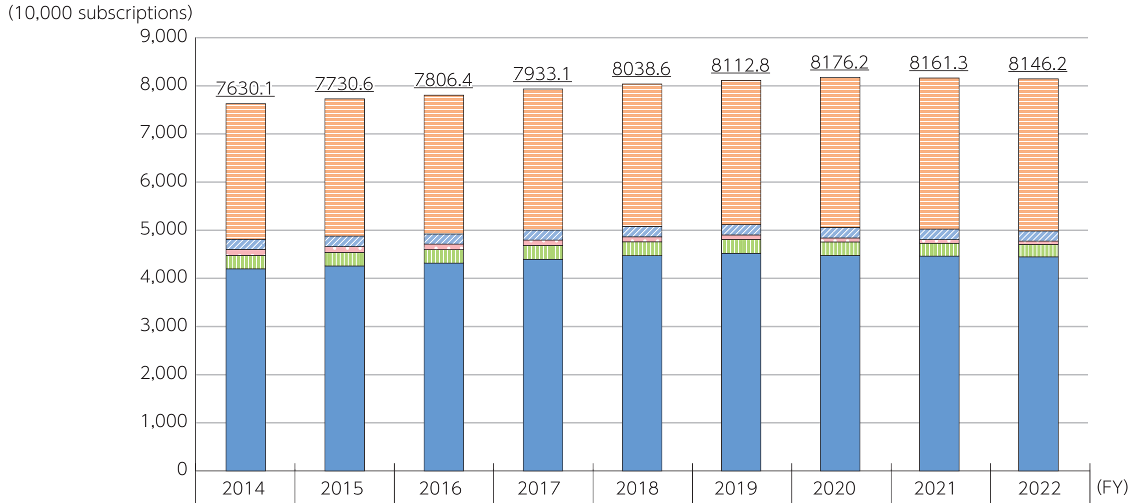
Figure (related data) Status of television and radio international broadcasting of NHK
URL: https://www.soumu.go.jp/johotsusintokei/whitepaper/ja/r06/html/datashu.html#f00185
(Data collection)

(5) Utilization of broadcasting services

A Number of subscribers

In FY2022, the number of subscribers to broadcasting services increased for cable television, while it decreased for other broadcasting services **(Figure 2-1-3-5)**.

Figure 2-1-3-5 The number of subscribers to broadcasting services



	2014	2015	2016	2017	2018	2019	2020	2021	2022
Cable television	2,817.0	2,852.0	2,885.0	2,930.3	2,960.7	2,995.9	3,117.1	3,138.5	3,161.7
110 degrees east longitude CS	212.0	219.5	209.3	208.4	213.7	215.8	218.3	217.1	210.8
124/128 degrees east longitude CS	125.4	120.3	114.4	109.4	102.7	93.1	84.4	76.6	70.0
WOWOW	275.6	280.5	282.3	287.6	290.1	285.5	279.1	268.0	256.0
NHK	4,200.1	4,258.3	4,315.4	4,397.4	4,471.4	4,522.5	4,477.3	4,461.1	4,447.7
Satellite contract, etc	1,911.3	1,993.3	2,066.7	2,147.6	2,221.5	2,289.1	2,274.2	2,271.5	2,268.0

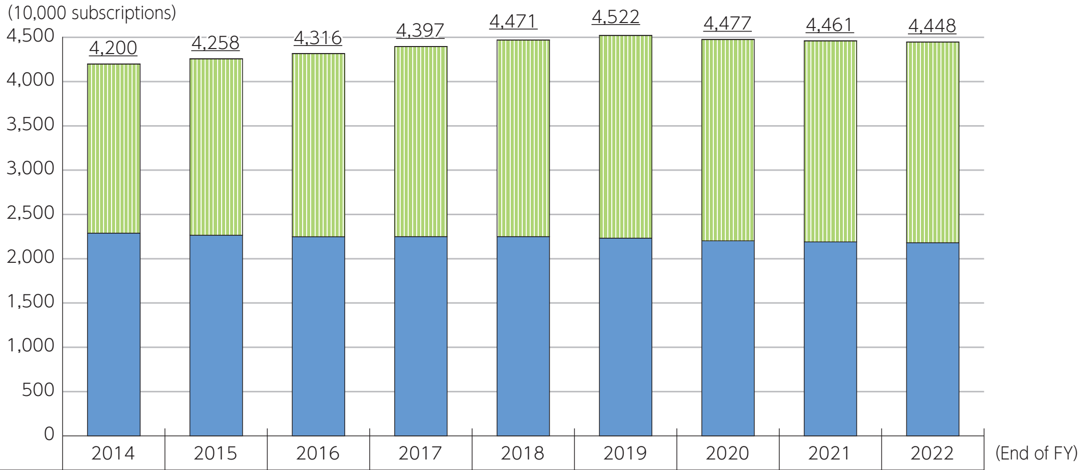
*1 The number of subscribers to terrestrial broadcasting (NHK) is the number of NHK subscriptions of all subscription types.
*2 The number of subscribers to satellite contracts, etc. is the number of NHK satellite contracts and special contracts.
*3 The number of WOWOW subscribers is the number of WOWOW subscriptions.
*4 The number of subscribers of 124/128 degrees east longitude CS is the number of Sky Perfect! premium service subscriptions.
*5 The number of subscribers of 110 degrees east longitude CS is the number of Sky Perfect! subscriptions.
*6 The number of households subscribed to cable television is the number of households subscribed to cable telecommunications equipment that carry out independent broadcasting as per their registration.

(Source) Prepared based on material from the Japan Electronics and Information Technology Industries Association, Japan Cable Laboratories, and NHK, and the MIC "Current State of Satellite Broadcasting" and "Current State of Cable Television"

B The number of NHK receiving contracts

As of FY2022, the number of NHK receiving contracts was approximately 44.48 million. Of these, terrestrial contracts (including standard and color contracts) accounted for about 21.8 million, satellite contracts for about 22.66 million, and special contracts for about 20,000 **(Figure 2-1-3-6)**.

Figure 2-1-3-6 Change in the number of subscribers of NHK



	2014	2015	2016	2017	2018	2019	2020	2021	2022
Special contract	1	1	1	1	1	1	1	1	2
Satellite contract	1,910	1,992	2,066	2,146	2,220	2,288	2,273	2,270	2,266
Terrestrial contract	2,289	2,265	2,249	2,250	2,250	2,233	2,203	2,190	2,180
Total	4,200	4,258	4,316	4,397	4,471	4,522	4,477	4,461	4,448

(Source) Prepared based on NHK's materials.

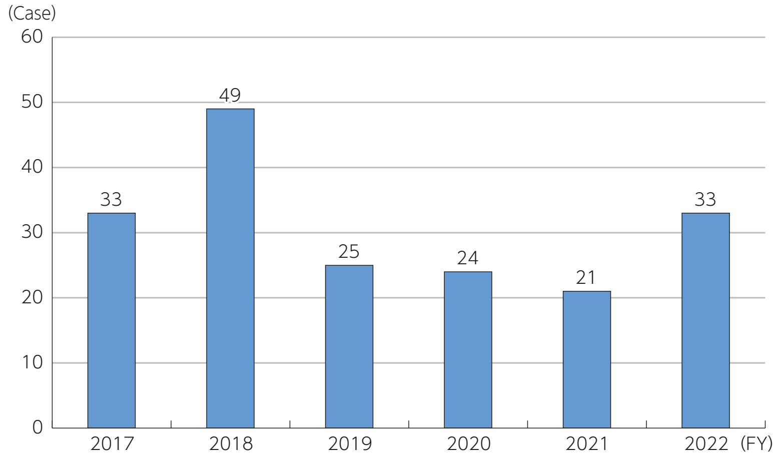
(6) Ensuring the safety and reliability of broadcasting equipment

Broadcasting serves as an extremely important public utility, providing essential information for daily life and critical information such as disaster alerts instantaneously and widely. Therefore, the broadcasting equipment that supports this service must meet high standards of safety and reliability.

In FY2022, there were 356 incidents of broadcasting interruptions, of which 33 were classified as major incidents[4], accounting for approximately 9% of the total **(Figure 2-1-3-7)**. In response, measures to prevent recurrence of such incidents are being rigorously implemented by each broadcaster, and efforts to share incident cases within the industry are being promoted to prevent similar incidents.

The number of broadcasting interruption incidents for terrestrial and satellite broadcasting was 258, the lowest since the start of data collection in FY2011. However, the number of incidents for general cable broadcasting increased compared to FY2021, with the number of major incidents being the third highest in the past five years. The most common cause of broadcasting interruptions was equipment failure, followed by natural disasters **(Figure 2-1-3-8)**.

Figure 2-1-3-7 Changes in the number of serious accidents

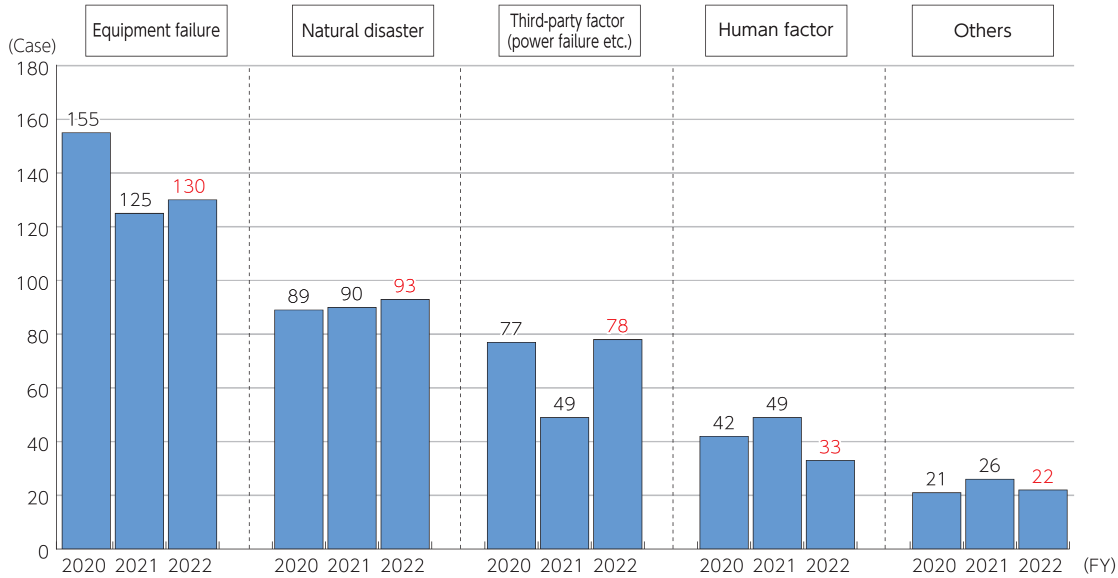


(Source) Prepared based on MIC "State of the Occurrence of Broadcasting Suspension Accidents" (FY2022)[5]

[4] Accidents falling under Articles 113, 122 or 137 of the Broadcast Act: "If the suspension of broadcasting caused by the equipment for basic broadcasting or other major accident stipulated in the Ministerial Ordinance of the Ministry of Internal Affairs and Communications occurs, the approved basic broadcaster must report such matter as well as the reason or cause without delay to the Minister for Internal Affairs and Communications."

[5] https://www.soumu.go.jp/menu_seisaku/ictseisaku/housou_suishin/hoso_teishijiko.html

Figure 2-1-3-8 Changes in the number of broadcasting suspension accidents by cause



(Source) Prepared based on MIC "State of the Occurrence of Broadcasting Suspension Accidents" (FY2022)[6]

2. Content market

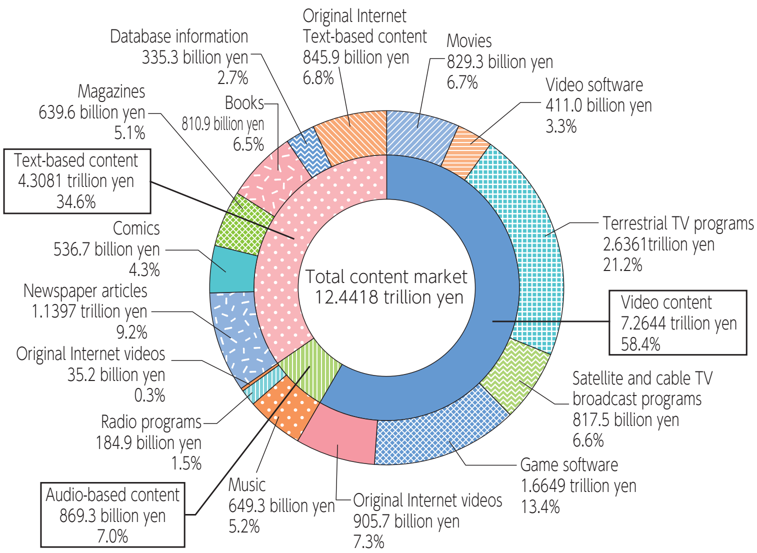
(1) Size of Japan's content market

A Market overview

The size of Japan's content market in 2022 was 12.4418 trillion yen. In terms of market composition by type of content, video-based content accounted for nearly 60% of the total. Text-based content made up about 35%, and audio-based content accounted for approximately 7%[7] **(Figure 2-1-3-9)**.

The size of the content market saw a significant increase in 2021 but experienced a slight decrease in 2022. By type of content, text-based and audio-based content showed an increasing trend **(Figure 2-1-3-10)**.

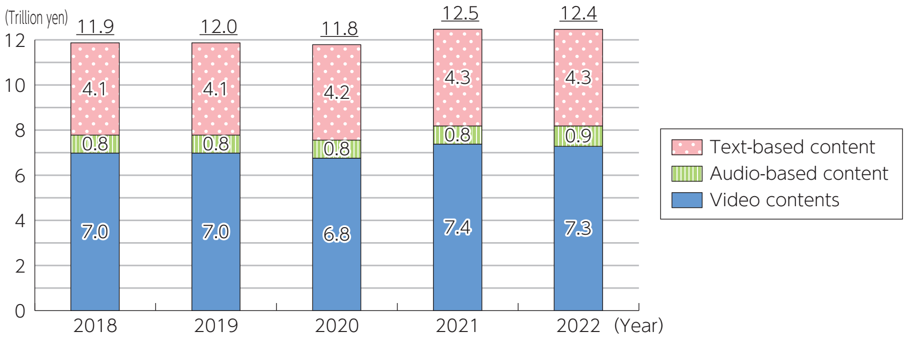
Figure 2-1-3-9 Breakdown of the Japanese content market (2022)



(Source) MIC Institute for Information and Communications Policy "Survey on Media/Software Production and Distribution"

[6] https://www.soumu.go.jp/menu_seisaku/ictseisaku/housou_suishin/hoso_teishijiko.html
[7] Rather than aggregation by media, market size was calculated and analyzed after aggregation according to distribution stage such as primary distribution and multi-use with a focus on the original nature of the content.

Figure 2-1-3-10 Changes in size of the Japanese content market (by content type)



(Source) MIC Institute for Information and Communications Policy "Survey on Media/Software Production and Disribution"

B Status of multi-use

The size of the primary distribution market in 2022 was 9.3887 trillion yen, accounting for about 75% of the total market. The breakdown of the primary distribution market is as follows: video-based content at 5.5033 trillion yen, text-based content at 3.1694 trillion yen, and audio-based content at 716 billion yen.

On the other hand, the size of the multi-use market was 3.0531 trillion yen, showing an increase from the previous year. The breakdown is as follows: video-based content at 1.7612 trillion yen, text-based content at 1.1387 trillion yen, and audio-based content at 153.3 billion yen.

Figure (related data) Breakdown of primary distribution market (2022)
Source: MIC Institute for Information and Communications Policy "Survey on Media/Software Production and Distribution"
URL: https://www.soumu.go.jp/johotsusintokei/whitepaper/ja/r06/html/datashu.html#f00192
(Data collection)

Figure (related data) Breakdown of multi-use market (2022)
Source: MIC Institute for Information and Communications Policy "Survey on Media/Software Production and Distribution"
URL: https://www.soumu.go.jp/johotsusintokei/whitepaper/ja/r06/html/datashu.html#f00193
(Data collection)

C Communication-based content market

Within the content market, the size of the communication-based content market, which includes content delivered via the internet to PCs and mobile phones, was 5.7199 trillion yen. In terms of market composition by type of content, video-based content accounted for 58%, text-based content for 33.1%, and audio-based content for 8.9%.

The size of the communication-based content market has been on an increasing trend in recent years. By type of content, video-based content has been increasing due to the growth of movies and internet originals, while text-based content has also been increasing due to the growth of books, comics, and internet originals, contributing to the expansion of the communication-based content market.

Figure (related data) Breakdown of the communication content market (2022)
Source: MIC Institute for Information and Communications Policy "Survey on Media/Software Production and Distribution"
URL: https://www.soumu.go.jp/johotsusintokei/whitepaper/ja/r06/html/datashu.html#f00194
(Data collection)

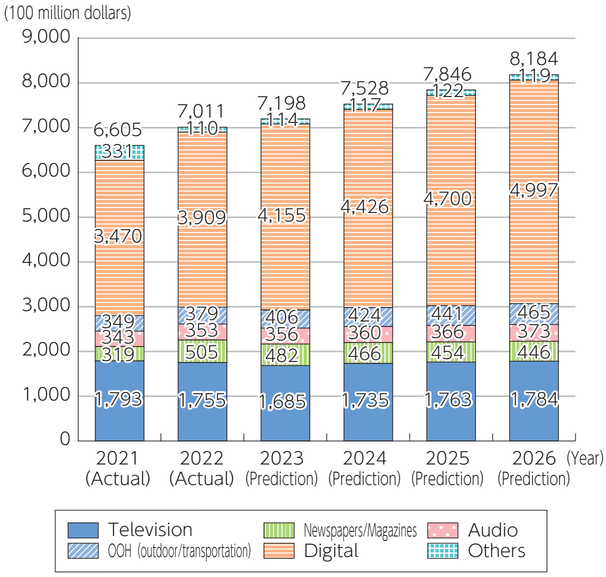
Figure (related data) Changes in the size of the telecommunications content market (by content type)
Source: MIC Institute for Information and Communications Policy "Survey on Media/Software Production and Distribution"
URL: https://www.soumu.go.jp/johotsusintokei/whitepaper/ja/r06/html/datashu.html#f00195
(Data collection)

(2) Advertising

Looking at the global advertising market, digital advertising is expected to reach 415.5 billion dollars in 2023 (a 6.3% increase from the previous year), expanding its share to 57.7% of total advertising expenditure **(Figure 2-1-3-11)**. Japan's digital advertising market continues to grow. In 2023, internet advertising reached

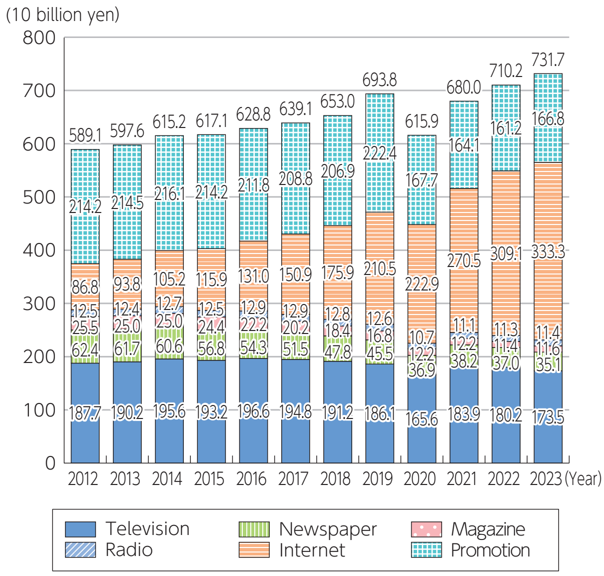
3.333 trillion yen, while advertising in the four mass media[8] continued to decline to 2.3161 trillion yen. Since 2021, when internet advertising expenditure first surpassed that of the four mass media, the gap has been widening **(Figure 2-1-3-12)**.

Figure 2-1-3-11 Changes and forecast in global advertising expenditures by media type



(Source) Prepared based on Dentsu Group "Global AdvertisementSpend Growth Rate Forecast (2023-2026)"[9]

Figure 2-1-3-12 Changes in advertising expenditure by media in Japan[10]



(Source) Prepared based on Dentsu "Advertising expenditure in Japan (each year)"[11]

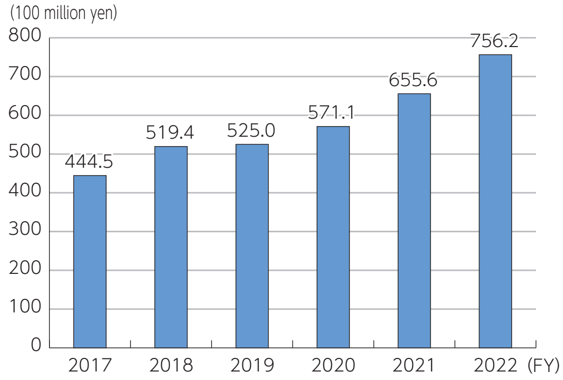
Figure (related data) Changes in global total advertising expenditure
Source: Dentsu Group "Global Advertisement Spend Growth Rate Forecast (2023-2026)"
URL: https://www.soumu.go.jp/johotsusintokei/whitepaper/ja/r06/html/datashu.html#f00198
(Data collection)

[8] Television media, newspapers, magazines and radio.
[9] https://www.group.dentsu.com/jp/news/release/001091.html * Figures for the Russian market are excluded.
[10] Since 2019, advertisements on EC platforms for selling goods and the event field are included in the advertisement expenditure in Japan to estimate the advertisement market. Data for 2018 and before is not retroactively adjusted.
[11] https://www.dentsu.co.jp/knowledge/ad_cost/index.html

(3) Trends in overseas exports of Japan's broadcast content

The export value of broadcast content from Japan continued to increase in FY 2022, reaching 75.62 billion yen **(Figure 2-1-3-13)**. Amid the growth of video distribution services, the proportion of internet distribution rights has increased, while the rights for program broadcasting and video production have decreased.

Figure 2-1-3-13 Changes in the value of broadcasting content exports from Japan



*1 Value of broadcasting content exports: Total sales to overseas of program broadcasting rights, Internet distribution rights, video/DVD rights, program format remake rights, and merchandising rights, etc.

*2 Calculated based on questionnaire responses submitted by NHK, key private broadcasting stations, semi-key private broadcasting stations, local stations, satellite broadcasters, CATV operatoes, and production companies, etc.

(Source) Prepared based on MIC "Analysis of the Current Status of Overseas Expansion of Broadcasting Content"

Figure (related data) Changes in the value of Japan's broadcasting content exports by rights
Source: Prepared based on the MIC "Analysis of the Current Status of Overseas Expansion of Broadcasting Content"
URL: https://www.soumu.go.jp/johotsusintokei/whitepaper/ja/r06/html/datashu.html#f00200
(Data collection)

Figure (related data) Changes in the value of Japan's broadcasting content exports by entities
Source: Prepared based on the MIC "Analysis of the Current Status of Overseas Expansion of Broadcasting Content"
URL: https://www.soumu.go.jp/johotsusintokei/whitepaper/ja/r06/html/datashu.html#f00201
(Data collection)