



CHAPTER

26 Media Ownership and Concentration in Japan

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Abstract

This chapter is about media ownership and concentration in Japan. After an overview of the Japanese media industry, the chapter focuses on print media (newspapers, book publishing, magazine publishing), audiovisual media (radio, broadcast television, multichannel TV platforms, video channels, film), telecommunications media (wireline and wireless telecom), and Internet media (Internet Service Providers, search engines, online news market). Media concentration and ownership in Japan has not changed drastically for many years. The major five broadcasting firms, some of whom also own major newspapers, dominate mass media, broadcasting licenses and spectrum allocation. The main content firms are the public NHK, Fujisankei, Asahi Shimbun, NTV, TBS, Yomiuri Shimbun, Toho, Mainichi Shimbun, and Nikkei. Dentsu, the main advertising agency, functions as an informal coordinator. Japan tends to prefer evolution to revolution, making the incremental approach preferable, even in telecom and Internet services. Here, the dominant firm is NTT—part owned by the government—as well as KDDI and a disruptive newcomer, Softbank. Other tech-media firms are Rakuten and Sony.

Keywords: Japanese media market, IT services, print media, mergers, telecommunications, Internet, NTT, KDDI, Softbank, NHK, Fujisankei, Asahi Shimbun, NTV, TBS, Yomiuri Shimbun, Toho, Sony Japanese media market, IT services, print media, mergers, telecommunications, Internet, NTT, KDDI, Softbank, NHK, Fujisankei, Asahi Shimbun, NTV, TBS, Yomiuri Shimbun, Toho, Sony

Subject: Economic Sociology, Social Research and Statistics

Introduction

The Internet has revolutionized the ways in which Japanese audiences consume traditional media sources, such as print, radio, and television. Although it is true that new media heavily rely on traditional media as sourcing for its products, new media growth is compelling firms to reinvent their business models as established revenue sources decline and concentrations change in the market's individual sectors. Historically, media concentration in Japan has changed only gradually, due to traditional business practices and consistent regulatory policies. However, since the 1980s, there have been substantial changes in the makeup of the telecommunications sector.

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Print media

Newspapers

Japan's four main national daily newspapers are the *Asahi Shimbun*, *Mainichi Shimbun*, *Yomiuri Shimbun*, and *Nikkei Shimbun*. There are also several regional papers, such as the Tokyo-based *Sankei Shimbun*, the Nagoya-based *Chunichi Shimbun*, the Hokkaido-based *Hokkaido Shimbun*, and the Fukuoka-based *Nishi-Nippon Shimbun*, as well as a number of local dailies.

The national newspapers' circulation accounts for about one-half of the dailies' print circulation in Japan. No new papers have entered the newspaper industry in over a half-century, and the industry's circulation rates have stabilized since 1984. There has been only a small measurable increase in the Herfindahl–Hirschman Index (HHI), which was observed during the 1990s, most likely because the financial newspaper, *Nikkei Shimbun*, expanded its market share during the rapid expansion of the “bubble economy” in the late 1980s and early 1990s.

One particular feature of Japan's national newspapers is that they are the major stockholders among television broadcasters; though only in the case of Fuji Media Holdings may broadcasters exercise the right to subsidize newspapers to reduce their operating losses (Table 26.1).

Table 26-1. Daily Newspapers (Market Shares by Circulation)

	1984	1988	1992	1996	2000	2004	2008	2012
Yomirui Shimbun	18.4	18.9	19.6	19.6	19.6	19.6	19.5	19.7
Asahi Shimbun	15.7	15.7	16.6	16.2	15.9	16.1	15.6	15.5
Maimichi Shimbun	8.9	8.2	8.1	7.7	7.7	7.7	7.5	6.6
Nihon Keizai Shimbun	4.3	5.0	5.9	5.7	5.4	5.9	5.9	6.7
Sankei Shimbun	4.1	4.0	3.9	3.8	3.8	4.1	4.3	3.1
Chunichi Shimbun	6.1	5.9	6.2	6.3	6.9	6.8	5.3	6.0
Hokkaido Shimbun			2.3	2.3	2.4	2.4	2.3	
Nishi-nippon Shimbun			1.6	1.6	1.6	1.6	1.7	
Tokyo Shimbun			1.5	1.4	1.3	1.2	1.1	
Shizouka Shimbun			1.4	1.4	1.4	1.4	1.4	
Chugoka Shimbun			1.4	1.4	1.4	1.4	1.4	
Kobe Shimbun			1.0	1.0	1.1	1.1	1.1	
Kyoto Shimbun			1.0	1.0	1.0	1.0	1.0	
Kahoku Shimbun			0.9	1.0	1.0	1.0	1.0	
Niigata Nippo			0.9	0.9	1.0	1.0	1.0	
Others	42.5	42.3	28.0	28.8	28.8	27.8	29.9	42.4
Circulation (1,000)	47,515	50,598	49,948	51,571	51,890	51,408	51,491	
Total Revenue (100 mil yen) ¹						16,641	17,435	19,154
Total Revenue (mil US\$)						15,403	16,893	23,077
C4	49.1	48.7	50.5	49.8	50.1	50.2	49.2	48.5
HHI	752	761	829	814	805	818	770	762
N (>1%)			13	14	15	15	15	15
Noam Index			230	218	208	211	199	197

Source: Nihon Shinmun Kyokai, Nihon ABC Kyokai 2012 updates provided by editors, data from Mintel Group report.

- 1 This revenue figure is an estimate based on data collected in this study: it is based on average per capita revenues reported for several other countries in this study with similar per capita income.

Japan has the highest per capita circulation rate for newspapers in the industrialized world. However, Japanese newspapers now face a formidable challenge from the Internet, because younger readers prefer online editions to the paper ones. At the same time, older readers are cancelling their subscriptions in order to conserve their pension money. Circulation and advertising revenue are in decline. In spite of the papers' unprofitability, Japanese ownership rules shield newspaper companies from shareholder pressure.

Book Publishing

There are four major publishing houses in Japan: Kodansha, Shogakkan, Shueisha, and Kadokawa Holdings. Since these publishers, except for Kadokawa, are not publicly listed on the Japanese stock exchange and have diversified holdings in other media sectors like film, it is difficult to estimate their sales revenue for print products in addition to revenues earned from reselling copyrights (Table 26.2).¹

Table 26-2. Book and Magazine Publishing (Market Shares by Revenue), 1996–2008

	1996	2000	2004	2008
1–5	23.3	23.3	22.3	20.9
6–50	28.3	30.9	29.6	29.2
51–100	12.0	9.9	11.3	12.5
101–200	10.5	10.9	11.6	12.2
201–500	13.1	12.7	13.2	13.2
501–2,000	12.8	11.6	11.5	11.6
2,001–	0.0	0.8	0.6	0.4
Total Revenue (100 mil yen)	34,669	33,452	29,149	24,626
Total Revenue (mil US\$)	31,892	31,043	26,980	23,860
C5	23.3	23.3	22.3	20.9
HHI	131	134	123	112
N (>1%)	5	5	5	5
Noam Index	59	60	55	50

Source: Nippon Shuppan Hanbai.

There are over 4,260 publishing entities in Japan. Superficially, the market structure is very competitive. Though the HHI has been stable since 1996, the distribution of books and magazines is much more concentrated. Two distributors, Tohan Corporation and Nippon Shuppan Hanbai, Inc., account for 70% of the total volume. Revenue from book and magazine sales has been declining in recent years due to a shift in consumer preference for audiovisual media.

Books and magazines are sold on commission in Japan, so bookstores can return unsold books to the publisher. Prices for Japanese books, magazines, and newspapers—in addition to CDs and records—are set using resale price maintenance (RPM) that is exempted by the Antimonopoly Act (anti-trust law). The pretext is to maintain a high content quality, but in practice it prevents price competition among retailers. However, emerging online bookstores such as [Amazon.com](https://www.amazon.com), used booksellers such as Book-Off, and the growing popularity of e-books are forcing Japanese publishers to reevaluate their business models.

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Audiovisual media

Radio

p. 804 All of Japan's 47 prefectures have their own radio stations, except for major cities such as Tokyo, Osaka, Nagoya, Sapporo, and Fukuoka. In Tokyo there are three commercial radio stations: Nippon Cultural Broadcasting, Nippon Broadcasting System, and TBS Radio and Tokyo Radio Communications. The market share of the Tokyo-based radio stations has been expanding because local radio stations are losing audience share.

There has been a sharp decline in radio advertising revenues, from 152 billion yen in 1984 to 116 billion yen in 2006, which translated into a 25% revenue loss in a 20 year-period, largely due to the proliferation of Internet radio stations (Table 26.3).

Table 26-3. Radio Group (Market Shares, by Revenue)

	1984	1988	1992	1996	2000	2004	2008	2012
TBS Radio & Communications (TBS R&C)	9.8	8.2	7.4	6.1	6.0	7.0	6.9	7.5
Nippon Cultural Broadcasting (NCB)	9.0	9.0	7.6	6.8	4.3	4.8	4.7	4.3
Nippon Broadcasting System (NBS)	14.5	14.2	14.9	14.3	14.5	12.9	11.5	10.7
Mainichi Broadcasting System (MBS)	3.9	3.8	3.7	3.6	3.9	2.5	2.3	3.3
Tokai Radio Broadcasting	4.0	4.0	4.2	4.3	2.0	1.9	1.8	1.9
Tokyo FM Broadcasting (FM)	7.1	8.7	7.1	9.2	11.9	12.1	7.7	8.1
FM 802	0.0	1.2	3.0	2.2	2.0	2.8	3.2	1.9
Others	51.7	50.9	52.1	53.5	55.4	56.0	61.9	62.6
Total Revenue (100 mil yen)	1,772	2,299	2,774	2,812	2,630	2,262	1,953	1,475
Total Revenue (mil US\$)	746	1,793	2,190	2,587	2,441	2,094	1,892	1,777
C4	40.4	40.1	47.0	36.4	36.7	36.8	30.8	31.0
HHI	543	520	474	451	468	438	318	273
N (>1%)	22	23	23	21	18	16	20	20
Noam Index	116	108	99	98	110	109	71	61

Source: NAB Japan Research Institute 2012 updates provided by editors, based on data from Mintel.

Most of the Japanese AM radio stations, especially in local areas, have strong financial relationships with television broadcasters. Nippon Broadcasting System (NBS), for example, was once the parent company of Fuji TV, but was bought out by Fuji TV in 2005. There are two main AM Radio networks: JRN (Japan Radio Network), centering around two Tokyo-based key stations, Nippon Radio Station and Bunka Radio Station, as well as NRN (National Radio Network), which is organized by a Tokyo-based key station, TBS Radio Station. Some local AM stations belong to both networks.

In contrast with AM Radio, the market size of FM Radio has been increasing steadily in recent years, tripling in size between 1984 and 2006. Since the Ministry of Internal Affairs and Communications (MIC) allows multiple FM Radio stations to broadcast from individual cities, there have been many new market entries, particularly from community radio stations. Every prefecture of Japan has at least one FM station, matching the existing 47 AM stations.

Concentration is also decreasing in the FM sector: FM Tokyo, the leading FM station in the country, now holds no more than 30% of the market share, while new FM stations in Tokyo and Osaka have increased their market shares at its expense. Nevertheless, when the “bubble economy” burst in 2001, FM advertising revenues began declining.

Broadcast Television

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Since 1953, television broadcasting in Japan has adhered to a dual structure, made up of one nationwide public broadcaster, Nippon Hoso Kyokai (NHK), and multiple commercial broadcasters, which are supported mainly by their advertising revenues. When the television broadcasting network began in Japan in the 1950s, the government planned for a wide distribution of broadcasting stations throughout Japan in order to advance localism, and set a target for making either three or four channels available in every prefecture. At the same time, the Ministry of Post and Telecommunications (now MIC) allowed stations to form affiliations so they could broadcast programs nationwide (Table 26.4).

Table 26-4. TV Broadcasting (Market Shares by Revenue)

	1984	1988	1992	1996	2000	2004	2008	2012
Nippon Television Network (NTV)	18.5	18.7	17.9	19.5	20.5	19.2	18.4	19.1
Tokyo Broadcasting System Television (TBS)	19.4	19.6	17.5	17.4	16.8	17.0	17.6	15.9
Fuji Television	19.1	21.4	21.9	21.2	21.3	22.1	21.5	17.1
TV Asahi Corporation	14.1	14.3	14.2	14.9	14.8	14.9	15.5	18.8
TV Tokyo Corporation	3.0	3.7	4.4	4.6	4.8	5.0	5.3	7.0
Japan Broadcasting Corporation (NHK) (public)	22.9	19.5	21.2	19.3	19.0	19.2	19.1	16.1
Others	2.6	2.6	2.6	2.7	2.5	2.3	2.5	6.0
Total Revenue (100 mil yen)	14,695	18,317	23,363	26,703	28,912	29,288	27,640	
Total Revenue (mil US\$)	6,187	14,287	18,445	24,564	26,830	27,109	26,780	
C4	80.0	79.2	78.5	77.5	77.6	77.6	76.6	71.1
HHI	1,827	1,797	1,784	1,761	1,766	1,770	1,749	1,572
N (>1%)	6	6	6	6	6	6	6	6
Noam Index	746	734	728	719	721	723	714	642

Source: NAB Japan Research Institute, NHK, 2012 updates provided by editors. Source: <<http://www.Stat.go.jp>>.

Five Tokyo-based commercial broadcasters carry most of the country's television programming (over 70% of the market share). The public broadcaster, NHK maintains a market share of approximately 20%. There were 25 new entries to the market in the 1990s, but these are still minor players compared to the six stations named in Table 26.4 (above).

One of the major reasons these five commercial broadcasters dominate the market is that these broadcasters, often referred to as "the key stations", are capable of producing programs and set up common broadcast networks with affiliated local broadcasters. Such a "program network" or "news network" reduce stations' operating costs. NNN is organized by NTV with 30 local stations, JNN by TBS with 28 local stations, FNN by Fuji TV with 28 local stations, ANN by TV Asahi Corporation with 26 local stations, and TXN by TV Tokyo, the smallest of five key stations, with 6 local stations as of 2013.

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Commercial broadcasters are prohibited from owning another broadcaster in the same region. In addition, cross-ownership of three different media sources is usually prohibited unless it can be demonstrated that a monopoly will not result. Despite anti-trust regulations, there are in fact strong financial relationships among the five Tokyo-based key stations and the main newspapers through cross-shareholdings: Asahi Shimbun, the second-highest circulation newspaper, holds 24.7% of TV Asahi; Nikkei Shimbun, the fourth-highest circulation newspaper, owns 33.3% of TV Tokyo; Yomiuri Shimbun, the highest-circulation newspaper, owns 15.2% of Nippon TV; and Fuji TV owns 39.9% of *Sankei Shimbun*, the fifth-highest circulation newspaper. Although shareholding of a television broadcaster by a newspaper company is limited to one-third of the broadcaster's total shares, both institutions are strongly linked to each other because they share executives at the corporate level and journalists at the operational level.

The most important revision of the 1950 Broadcast Law made in 2008 was to allow the formation of “broadcasting holding companies.” Fuji TV, TBS, and TV Tokyo changed over to a holding company system in order to facilitate the rescue of local TV stations that had been suffering from the heavy financial burden of switching over to digital terrestrial television (DTT). The MIC plans on revising the law because its provisions have been weakened due to the advent of the Internet.

Multichannel TV Platforms

In Japan, communication satellites were not originally meant to broadcast television signals, so “broadcast” and “communications” satellite systems, or BS and CS, were legally separate transmission platforms up until 2009, when Japanese regulatory law caught up with the reality that there is no meaningful technological difference between BS and CS anymore. However, since the legal distinction was maintained well past its utility as a technical marker, the entities that fell under BS and CS have evolved differently from one another.

Those that have historically been described as broadcast satellite systems formed an oligopoly in which a handful of broadcasters dominate, and this oligopoly still dominates the satellite television market: the public broadcaster NHK, five commercial channels owned by the five main commercial terrestrial broadcasters, and pay television channels such as WOWOW and Star Channel, which specialize in cinema. If viewers pay their subscription fees to NHK terrestrial broadcasting services, they can enjoy NHK satellite programming by paying an additional charge. All the programs offered by the five commercial broadcasters, in contrast, are free. Since new entries into the market are regulated by the MIC, the HHI has been stable for more than a decade, hovering around 4,000. The growth of satellite TV can be attributed to three main factors. First, the demand for flat-panel TVs equipped with satellite receivers has grown sharply, due to DTT conversion, and this is helped along by government subsidies. Second, there has been an increase in advertising revenues because of the rising popularity of new types of programs, such as travel shows targeting an elderly audience. Third, TV shopping channels have led to an increase in revenue for the networks.

In the past, communications satellites (CS) were used exclusively for non-broadcast transmissions, but the legal changes meant that new entities began forming in the 1990s that used the former CS-only platforms. One was SkyPerfecTV! founded in 1998 after the merging of PerfecTV! with JSkyB, a former subsidiary of Rupert Murdoch’s News Corp. The other significant new entry was the US satellite TV provider DirecTV, which began offering services in 1997. After battling with SkyPerfecTV! for two years, DirecTV withdrew from the Japanese market in 2000, and its subscribers were transferred to SkyPerfecTV!. SkyPerfecTV! offered more than 300 channels to 3.7 million subscribers as of 2011 (Table 26.5).

Table 26-5. Multichannel Video Platforms: Cable MSOs, DBS, IPTV (Market Shares by Subscribers)

	1992	1996	2000	2004	2008
Tokyo Cable Network (TCN)	4.9	1.6	0.7		
SkyPerfectTV!		55.5	44.3	39.0	43.6
SkyPort	4.5	21.6			
Jupiter Telecom (J:COM)		2.4	10.9	18.1	22.1
Titus Communications			1.8		
Sapporo Cable TV	2.8				
Cable West				2.6	
Mediatti Broadband Communications					1.9
JCN				3.5	5.4
Bay Communications					1.4
Information Network	3.8	1.8			
Reinan Cable Network	3.5				
Kintetsu Cable Network	2.8				
iTSCOM (Tokyu Cable Television)	2.4	2.6		1.3	1.4
K-CAT					1.3
TEPCO Cable TV		1.7			1.0
Osaka Central Cable Network				0.9	
Fukuoka Cable Network				1.0	
STARCAT Cable				0.8	
Lakecity Cable Vision	2.2				
Obihiro Cable TV	2.2				
Chubu Cable Network				0.8	
Himawari Network		1.7	0.8		
Nagoya Cable Network		1.6	0.7		
Hanshin City Cable					0.8
ZTV					1.0
Others	70.9	9.5	37.6	32.1	20.9
Total Revenue (100 mil yen)	530	1,481	3,624	5,879	7,561
Total Revenue (mil US\$)	418	1,362	3,385	5,442	7,326
Subscribers (1,000)	425	1,552.1	5,010	8,380	10,408
C4	16.7	82.1	58.3	63.2	73.0
HHI	171	220	2,032	1,876	1,773
N (>1%)	33	25	5	6	8
Noam Index	30	44	909	766	627

Source: Monthly Broadcasting Journal (Gekkan Hoso Journal), Japan Satellite Broadcasting Association.

Video Channels

Cable television (CATV) in Japan began when local broadcasters started enhancing terrestrial television broadcasting for communal reception facilities, such as apartment buildings and hotels, and for remote, rural areas. When satellite TV started broadcasting in 1989, CATV providers began to retransmit their programming and expanded over time. Since then, regulations on foreign capital investment (1993), mergers and acquisitions (1994), and market entry (2002) have been gradually relaxed to allow the market to grow. Japanese CATV, like the counterparts in other countries, provides triple-play services—for example, high-speed Internet access, television, and telephone subscriptions.

p. 807 There were also around 11 million subscribers for both multichannel TV services through CATV and satellite broadcasters in Japan as of 2010, constituting about 20% of total households. However, neither multichannel nor cable programming have yet proven more popular than DTT. So although over 40 million households are able to access cable programming, so far only around 7.3 million have subscribed. Multiple system operators (MSOs) were

p. 808 formed for the first time in 1995, and the HHI of CATV has been increasing ever since then due to mergers and acquisitions by MSOs, up from 99 in 1996 to 1,288 in 2008. The largest MSO in Japan is J:COM, which merged with Titus Communications (2000), then with Cable West (2008), and most recently with Mediatti Communications (2009). Its market share has increased sharply, to 37.5% of total CATV revenues, as a result.

While CATV providers maintain a “local” monopoly status in each area, they face challenges from various competitors. Free video-sharing sites such as YouTube, Nikonikodouga (a largest Japanese video-sharing site), and Facebook undercut their dominance. Telecom providers such as NTT and KDDI also now offer similar Internet Protocol television (IPTV) multichannel packages (Tables 26.6, 26.7, and 26.8).

Table 26-6. Cable and DBS TV Programming Channels (Market Shares by Revenue)

	1992	1996	2000	2004	2008
NHK-BS (public)	56.9	57.6	60.2	60.3	57.7
WOWOW	43.1	42.4	34.1	30.8	27.2
BS Nippon Corporation			1.0	1.2	2.6
BS-TBS			1.3	2.4	3.5
Fuji Satellite Broadcasting (BS-FUJI)			1.1	1.6	2.5
Asahi Satellite Broadcasting (BS Asahi)			1.1	1.7	3.1
BS Japan Corporation			1.2	2.1	2.4
Nippon BS Broadcasting Corporation (BS11 Digital)					1.0
Total Revenue (100 mil yen)	802	1,390	1,787	2,031	2,311
Total Revenue (mil US\$)	633	1,279	1,658	1,880	2,239
C4	100.0	100.0	100.0	96.9	91.6
HHI	5,094	5,114	4,797	4,596	4,112
N (>1%)	2	2	7	7	8
Noam Index	3,602	3,616	1,813	1,737	1,454

Source: NAB Japan Research Institute, Radio & Television Yearbook (NHK Nenkan).

Table 26-7. Cable and DBS TV Programming Channels (Market Shares by Subscribers)

	1992	1996	2000	2004	2008
SkyPerfectTV!	0.0	72.0	100.0	100.0	100.0
SkyPort	100.0	28.0	0.0	0.0	0.0
Total Revenue (100 mil yen)	-	71	1,161	2,346	2,894
Total Revenue (mil US\$)	-	65	1,078	2,172	2,804
Subscribers (1,000)	19	328	2,220	3,149	2,737
C4	100.0	100.0	100.0	100.0	100.0
HHI	10,000	5,964	10,000	10,000	10,000
N (>1%)	1	2	1	1	1
Noam Index	19	328	2,220	3,310	3,567

Source: Japan Satellite Broadcasting Association.

Table 26-8. Cable and DBS TV Programming Channels (Market Shares by Subscribers)

	1992	1996	2000	2004	2008	2012
Jupiter Telecom (J:COM)		2.8	19.6	29.6	34.1	39.0
Titus Communications		0.0	3.3			
Sapporo Cable TV	3.0	1.4				
Cable West				4.3		
Mediatti Broadband Communications						2.9
JCN			2.0	5.8	8.8	11.0
iTSCOM (Tokyu Cable Television)	5.3	3.2	2.4	2.1	2.2	
Bay Communications				2.2	2.2	
K-CAT					2.0	
Bic TOKAI				1.0	1.4	
Information Network	4.1	2.2	1.2	0.5	0.4	
Reinan Cable Network	3.7	1.6	0.8	0.4	0.3	
Himawari Network	0.8	2.0	1.4	1.0	0.9	
Catch Network		1.4	1.2	1.0	0.9	
Hanshin City Cable			1.8	1.2		
Others	83.9	89.8	70.3	55.0	46.4	
Total Revenue (100 mil yen)	530	1,410	2,463	3,533	4,667	5,512
Total Revenue (mil US\$)	418	1,297	2,287	3,270	4,522	6,640
C4	16.1	10.2	27.1	41.9	48.0	56
HHI	167	99	448	1,066	1,288	1,642
N (>1%)	33	23	15	14	12	12
Noam Index	29	21	116	285	372	474

Source: Monthly Broadcasting Journal (Gekkan Hoso).

p. 809 **Film**

Japan's film industry enjoyed its golden age in the 1950s, but the number of Japanese theatergoers declined sharply by the 1990s, to one tenth of the market size due to the emergence of TV and home video. However, there has been an increase in the number of theatergoers in the 2000s, mainly due to the emergence of multiplexes and the popular revival of Japanese films.

There are three major components of the film industry: production, distribution, and exhibition. The three major players in the Japanese film market—Toho, Toei, and Shochiku—dominate not only the production aspects, but also in distribution and exhibition. These three studios accounted for 82.8% of total film industry revenue (including exhibition) in 2009. They have been reducing their own production companies and investing in independent film producers through consortiums.

Japanese filmmakers used a “block booking” system, which limits distribution flexibility by fixing the schedule of running films about a year ahead, but they voluntarily abandoned this system in 2000. For foreign movies, Toho and Shochiku control most distribution and exhibition in Japan, although some US studios and distributors have high market shares in Japan. Generally speaking, the ratio of foreign movies to

Japanese movies in the Japanese market has been 50–50, but this has been increasing in favor of the Japanese studios in recent years (Table 26.9).

Table 26-9. Film Production/Distribution (Market Shares by Box Office %)

	1992	1996	2000	2004	2008
Shochiku	11.3	7.6	4.1	9.7	8.2
Toho	20.6	16.9	11.5	25.7	37.9
Toei	10.6	7.5	4.6	4.5	6.1
Toho-Towa	5.2	3.3	3.9	0.9	7.2
Nippon Herald	9.6	7.8	4.5	3.6	
Herald Ace	0.7				
Ace Pictures		0.5			
ASMIK-ACE				0.4	3.1
Shochiku Fuji	1.3	4.3			
Gaga Humax	0.4	5.9	8.7	5.0	
Gaga Communications					4.0
ASCII Pictures	1.1				
Kadokawa Pictures					2.0
United International Pictures (UIP) Japan	9.0	18.4	13.5	5.7	
Paramount Pictures Japan					4.2
Warner Entertainment Japan	12.0	6.1	6.3	16.1	8.4
Buena Vista International (Japan)		6.8	12.7	9.9	
Walt Disney Studio Japan					5.6
Sony Pictures International (Japan)	8.4	4.0	10.1	6.9	3.5
Twentieth Century Fox Film (Japan)	5.6	3.7	7.4	4.1	4.0
Others	4.2	7.2	12.7	7.5	5.8
Total Revenue (100 mil yen) ¹	624	633	855	1,055	974
Total Revenue (mil US\$)	493	582	793	977	944
C4	54.5	50.7	47.8	61.4	61.8
HHI	1,113	997	821	1,389	1,771
N (>1%)	12	12	11	10	12
Noam Index	321	282	248	439	511

Source: Film Industry Yearbook (Eiga Nenkan).

- 1 After 2000, the Motion Picture Producers Association (MPAA) began releasing the numbers for total box office revenues, instead of just the distribution revenue, which is estimated to be about half that of the box office revenue. The figures for 2000, 2004 and 2008 are half of the totals released by the MPAA.

Music

p. 811 Japan has the second-largest music market in the world after the United States. However, the Japanese music industry, as elsewhere, faces significant challenges due to new digital methods of distribution that have adversely affected CD ↵

p. 812 ↵ sales while Internet-based music download services have expanded in recent years. Although the primary sources of revenue are derived from the sale of CDs and copyright royalties, paid music downloads' revenue share has also grown, accounting for 12% of the total revenue in 2008.

There are three main music distributors in Japan: Sony, Universal, and Avex. EMI, once the fourth ranked, was acquired by Universal. BMG was sold to Sony by Bertelsmann in 2008 and as a result, Sony's market share increased to more than 30%. Market share is highly volatile, with a distributor's fortunes depending on which label produces the most hit songs or albums in a fiscal year.

As noted above, the music distribution system has changed rapidly from direct CD sales to Internet-based music download services. One of the unique features in the Japanese music market that has been observed over the past several years is the expansion of mobile content, such as ringtones and playback ringtones downloaded for mobile phones, particularly for "J-pop" properties, a genre unique to Japan that dominates the domestic music scene (Table 26.10).

Table 26-10. Music Distributors (Market Shares by Revenue)

	1996	2000 ¹	2004	2008
Columbia Music Entertainment			4.4	2.7
Nippon Columbia	5.4	4.2		
Victor Entertainment	11.6	19.4	6.8	5.9
King Records (Japan)	4.2	2.9	3.6	4.5
Teichiku	1.8	1.4		
Universal Music (Japan) ²			8.9	9.8
PolyGram	11.4			
EMI Music Japan ³	11.4	11.8	8.5	4.9
Nippon Crown	8.5	1.5	1.2	0.8
Tokuma Japan Communications	1.9	1.3	0.7	1.3
Sony Music Entertainment (Japan)	13.9	16.5	26.0	31.1
Pony Canyon	8.1	9.8	10.9	10.2
Warner Music Japan	4.3	6.8	2.9	3.1
Bandai Music Entertainment	1.0			
VAP	4.3	4.1	7.2	5.6
BMG Japan ⁴	4.9			
BMG Funhouse		3.0	3.5	
Pioneer LDC ⁵	4.0	3.6		
Geneon Entertainment			5.3	
Bing				2.0
J DISK	3.3	3.8		
J DISK Bing			1.1	
Avex		9.8	7.6	
Avex Marketing				16.7
Total Revenue (100 mil yen)	7,402	6,418	5,954	5,372
Total Revenue (mil US\$)	6,809	5,956	5,511	5,205
C4	48.3	57.5	54.3	67.8
HHI	868	1,110	1,189	1,581
N (>1%)	16	15	15	13
Noam Index	217	287	307	438

Source: Record Tokushin Shuppansha Y.K.

- 1 After 2000, the Motion Picture Producers Association (MPAA) began releasing the numbers for total box office revenues, instead of just the distribution revenue, which is estimated to be about half that of the box office revenue. The figures for 2000, 2004, and 2008 are half of the totals released by the MPAA.
- 2 France's Vivendi Universal Entertainment Company acquired Universal Music in 2004. Though it retains the Universal name, it is no longer affiliated with Universal Pictures (US).
- 3 Formerly Toshiba EMI: Toshiba sold its stake to EMI Group in 2007. EMI Group's music assets, including EMI Music Japan, became part of Universal Music Group in 2012.

- 4 BMG Japan was reorganized into Sony Music Japan in 2009 after its purchase from Bertelsmann AG of Germany.
- 5 Pioneer LDC became Geneon Entertainment in 2003; in 2009, Geneon became part of Universal Pictures Japan and is now known as Geneon Universal Entertainment.

Due to new digital distribution technologies and the advent of digital recording technologies, independent record labels have gradually gained market shares and are able to use the Internet more effectively for marketing purposes. As a result, musicians or singers have acquired greater negotiating powers over traditional record labels. Coupled with the burgeoning popularity of smart-phones, these factors might alter the market structure of the Japanese music industry in the near future.

Audiovisual media

Radio

p. 804 All of Japan's 47 prefectures have their own radio stations, except for major cities such as Tokyo, Osaka, Nagoya, Sapporo, and Fukuoka. In Tokyo there are three commercial radio stations: Nippon Cultural Broadcasting, Nippon Broadcasting System, and TBS Radio and Tokyo Radio ↳ Communications. The market share of the Tokyo-based radio stations has been expanding because local radio stations are losing audience share.

There has been a sharp decline in radio advertising revenues, from 152 billion yen in 1984 to 116 billion yen in 2006, which translated into a 25% revenue loss in a 20 year-period, largely due to the proliferation of Internet radio stations (Table 26.3).

Table 26-3. Radio Group (Market Shares, by Revenue)

	1984	1988	1992	1996	2000	2004	2008	2012
TBS Radio & Communications (TBS R&C)	9.8	8.2	7.4	6.1	6.0	7.0	6.9	7.5
Nippon Cultural Broadcasting (NCB)	9.0	9.0	7.6	6.8	4.3	4.8	4.7	4.3
Nippon Broadcasting System (NBS)	14.5	14.2	14.9	14.3	14.5	12.9	11.5	10.7
Mainichi Broadcasting System (MBS)	3.9	3.8	3.7	3.6	3.9	2.5	2.3	3.3
Tokai Radio Broadcasting	4.0	4.0	4.2	4.3	2.0	1.9	1.8	1.9
Tokyo FM Broadcasting (FM)	7.1	8.7	7.1	9.2	11.9	12.1	7.7	8.1
FM 802	0.0	1.2	3.0	2.2	2.0	2.8	3.2	1.9
Others	51.7	50.9	52.1	53.5	55.4	56.0	61.9	62.6
Total Revenue (100 mil yen)	1,772	2,299	2,774	2,812	2,630	2,262	1,953	1,475
Total Revenue (mil US\$)	746	1,793	2,190	2,587	2,441	2,094	1,892	1,777
C4	40.4	40.1	47.0	36.4	36.7	36.8	30.8	31.0
HHI	543	520	474	451	468	438	318	273
N (>1%)	22	23	23	21	18	16	20	20
Noam Index	116	108	99	98	110	109	71	61

Source: NAB Japan Research Institute 2012 updates provided by editors, based on data from Mintel.

Most of the Japanese AM radio stations, especially in local areas, have strong financial relationships with television broadcasters. Nippon Broadcasting System (NBS), for example, was once the parent company of Fuji TV, but was bought out by Fuji TV in 2005. There are two main AM Radio networks: JRN (Japan Radio Network), centering around two Tokyo-based key stations, Nippon Radio Station and Bunka Radio Station,

as well as NRN (National Radio Network), which is organized by a Tokyo-based key station, TBS Radio Station. Some local AM stations belong to both networks.

In contrast with AM Radio, the market size of FM Radio has been increasing steadily in recent years, tripling in size between 1984 and 2006. Since the Ministry of Internal Affairs and Communications (MIC) allows multiple FM Radio stations to broadcast from individual cities, there have been many new market entries, particularly from community radio stations. Every prefecture of Japan has at least one FM station, matching the existing 47 AM stations.

Concentration is also decreasing in the FM sector: FM Tokyo, the leading FM station in the country, now holds no more than 30% of the market share, while new FM stations in Tokyo and Osaka have increased their market shares at its expense. Nevertheless, when the “bubble economy” burst in 2001, FM advertising revenues began declining.

Broadcast Television

p. 805 Since 1953, television broadcasting in Japan has adhered to a dual structure, made up of one nationwide public broadcaster, Nippon Hoso Kyokai (NHK), and multiple commercial broadcasters, which are supported mainly by their advertising revenues. When the television broadcasting network began in Japan in the 1950s, the government planned for a wide distribution of 4 broadcasting stations throughout Japan in order to advance localism, and set a target for making either three or four channels available in every prefecture. At the same time, the Ministry of Post and Telecommunications (now MIC) allowed stations to form affiliations so they could broadcast programs nationwide (Table 26.4).

Table 26-4. TV Broadcasting (Market Shares by Revenue)

	1984	1988	1992	1996	2000	2004	2008	2012
Nippon Television Network (NTV)	18.5	18.7	17.9	19.5	20.5	19.2	18.4	19.1
Tokyo Broadcasting System Television (TBS)	19.4	19.6	17.5	17.4	16.8	17.0	17.6	15.9
Fuji Television	19.1	21.4	21.9	21.2	21.3	22.1	21.5	17.1
TV Asahi Corporation	14.1	14.3	14.2	14.9	14.8	14.9	15.5	18.8
TV Tokyo Corporation	3.0	3.7	4.4	4.6	4.8	5.0	5.3	7.0
Japan Broadcasting Corporation (NHK) (public)	22.9	19.5	21.2	19.3	19.0	19.2	19.1	16.1
Others	2.6	2.6	2.6	2.7	2.5	2.3	2.5	6.0
Total Revenue (100 mil yen)	14,695	18,317	23,363	26,703	28,912	29,288	27,640	
Total Revenue (mil US\$)	6,187	14,287	18,445	24,564	26,830	27,109	26,780	
C4	80.0	79.2	78.5	77.5	77.6	77.6	76.6	71.1
HHI	1,827	1,797	1,784	1,761	1,766	1,770	1,749	1,572
N (>1%)	6	6	6	6	6	6	6	6
Noam Index	746	734	728	719	721	723	714	642

Source: NAB Japan Research Institute, NHK, 2012 updates provided by editors. Source: <<http://www.Stat.go.jp>>.

Five Tokyo-based commercial broadcasters carry most of the country’s television programming (over 70% of the market share). The public broadcaster, NHK maintains a market share of approximately 20%. There were 25 new entries to the market in the 1990s, but these are still minor players compared to the six stations named in Table 26.4 (above).

One of the major reasons these five commercial broadcasters dominate the market is that these broadcasters, often referred to as “the key stations”, are capable of producing programs and set up common broadcast networks with affiliated local broadcasters. Such a “program network” or “news network” reduce

stations' operating costs. NNN is organized by NTV with 30 local stations, JNN by TBS with 28 local stations, FNN by Fuji TV with 28 local stations, ANN by TV Asahi Corporation with 26 local stations, and TXN by TV Tokyo, the smallest of five key stations, with 6 local stations as of 2013.

Commercial broadcasters are prohibited from owning another broadcaster in the same region. In addition, cross-ownership of three different media sources is usually prohibited unless it can be demonstrated that a monopoly will not result. Despite anti-trust regulations, there are in fact strong financial relationships among the five Tokyo-based key stations and the main newspapers through cross-shareholdings: Asahi Shimbun, the second-highest circulation newspaper, holds 24.7% of TV Asahi; Nikkei Shimbun, the fourth-highest circulation newspaper, owns 33.3% of TV Tokyo; Yomiuri Shimbun, the highest-circulation newspaper, owns 15.2% of Nippon TV; and Fuji TV owns 39.9% of *Sankei Shimbun*, the fifth-highest circulation newspaper. Although shareholding of a television broadcaster by a newspaper company is limited to one-third of the broadcaster's total shares, both institutions are strongly linked to each other because they share executives at the corporate level and journalists at the operational level.

The most important revision of the 1950 Broadcast Law made in 2008 was to allow the formation of "broadcasting holding companies." Fuji TV, TBS, and TV Tokyo changed over to a holding company system in order to facilitate the rescue of local TV stations that had been suffering from the heavy financial burden of switching over to digital terrestrial television (DTT). The MIC plans on revising the law because its provisions have been weakened due to the advent of the Internet.

Multichannel TV Platforms

In Japan, communication satellites were not originally meant to broadcast television signals, so "broadcast" and "communications" satellite systems, or BS and CS, were legally separate transmission platforms up until 2009, when Japanese regulatory law caught up with the reality that there is no meaningful technological difference between BS and CS anymore. However, since the legal distinction was maintained well past its utility as a technical marker, the entities that fell under BS and CS have evolved differently from one another.

Those that have historically been described as broadcast satellite systems formed an oligopoly in which a handful of broadcasters dominate, and this oligopoly still dominates the satellite television market: the public broadcaster NHK, five commercial channels owned by the five main commercial terrestrial broadcasters, and pay television channels such as WOWOW and Star Channel, which specialize in cinema. If viewers pay their subscription fees to NHK terrestrial broadcasting services, they can enjoy NHK satellite programming by paying an additional charge. All the programs offered by the five commercial broadcasters, in contrast, are free. Since new entries into the market are regulated by the MIC, the HHI has been stable for more than a decade, hovering around 4,000. The growth of satellite TV can be attributed to three main factors. First, the demand for flat-panel TVs equipped with satellite receivers has grown sharply, due to DTT conversion, and this is helped along by government subsidies. Second, there has been an increase in advertising revenues because of the rising popularity of new types of programs, such as travel shows targeting an elderly audience. Third, TV shopping channels have led to an increase in revenue for the networks.

In the past, communications satellites (CS) were used exclusively for non-broadcast transmissions, but the legal changes meant that new entities began forming in the 1990s that used the former CS-only platforms. One was SkyPerfecTV! founded in 1998 after the merging of PerfecTV! with JSkyB, a former subsidiary of Rupert Murdoch's News Corp. The other significant new entry was the US satellite TV provider DirecTV, which began offering services in 1997. After battling with SkyPerfecTV! for two years, DirecTV withdrew from the Japanese market in 2000, and its subscribers were transferred to SkyPerfecTV!. SkyPerfecTV! offered more than 300 channels to 3.7 million subscribers as of 2011 (Table 26.5).

Table 26-5. Multichannel Video Platforms: Cable MSOs, DBS, IPTV (Market Shares by Subscribers)

	1992	1996	2000	2004	2008
Tokyo Cable Network (TCN)	4.9	1.6	0.7		
SkyPerfectTV!		55.5	44.3	39.0	43.6
SkyPort	4.5	21.6			
Jupiter Telecom (J:COM)		2.4	10.9	18.1	22.1
Titus Communications			1.8		
Sapporo Cable TV	2.8				
Cable West				2.6	
Mediatti Broadband Communications					1.9
JCN				3.5	5.4
Bay Communications					1.4
Information Network	3.8	1.8			
Reinan Cable Network	3.5				
Kintetsu Cable Network	2.8				
iTSCOM (Tokyu Cable Television)	2.4	2.6		1.3	1.4
K-CAT					1.3
TEPCO Cable TV		1.7			1.0
Osaka Central Cable Network				0.9	
Fukuoka Cable Network				1.0	
STARCAT Cable				0.8	
Lakecity Cable Vision	2.2				
Obihiro Cable TV	2.2				
Chubu Cable Network				0.8	
Himawari Network		1.7	0.8		
Nagoya Cable Network		1.6	0.7		
Hanshin City Cable					0.8
ZTV					1.0
Others	70.9	9.5	37.6	32.1	20.9
Total Revenue (100 mil yen)	530	1,481	3,624	5,879	7,561
Total Revenue (mil US\$)	418	1,362	3,385	5,442	7,326
Subscribers (1,000)	425	1,552.1	5,010	8,380	10,408
C4	16.7	82.1	58.3	63.2	73.0
HHI	171	220	2,032	1,876	1,773
N (>1%)	33	25	5	6	8
Noam Index	30	44	909	766	627

Source: Monthly Broadcasting Journal (Gekkan Hoso Journal), Japan Satellite Broadcasting Association.

Video Channels

Cable television (CATV) in Japan began when local broadcasters started enhancing terrestrial television broadcasting for communal reception facilities, such as apartment buildings and hotels, and for remote, rural areas. When satellite TV started broadcasting in 1989, CATV providers began to retransmit their programming and expanded over time. Since then, regulations on foreign capital investment (1993), mergers and acquisitions (1994), and market entry (2002) have been gradually relaxed to allow the market to grow. Japanese CATV, like the counterparts in other countries, provides triple-play services—for example, high-speed Internet access, television, and telephone subscriptions.

p. 807 There were also around 11 million subscribers for both multichannel TV services through CATV and satellite broadcasters in Japan as of 2010, constituting about 20% of total households. However, neither multichannel nor cable programming have yet proven more popular than DTT. So although over 40 million households are able to access cable programming, so far only around 7.3 million have subscribed. Multiple system operators (MSOs) were

p. 808 formed for the first time in 1995, and the HHI of CATV has been increasing ever since then due to mergers and acquisitions by MSOs, up from 99 in 1996 to 1,288 in 2008. The largest MSO in Japan is J:COM, which merged with Titus Communications (2000), then with Cable West (2008), and most recently with Mediatti Communications (2009). Its market share has increased sharply, to 37.5% of total CATV revenues, as a result.

While CATV providers maintain a “local” monopoly status in each area, they face challenges from various competitors. Free video-sharing sites such as YouTube, Nikonikodouga (a largest Japanese video-sharing site), and Facebook undercut their dominance. Telecom providers such as NTT and KDDI also now offer similar Internet Protocol television (IPTV) multichannel packages (Tables 26.6, 26.7, and 26.8).

Table 26-6. Cable and DBS TV Programming Channels (Market Shares by Revenue)

	1992	1996	2000	2004	2008
NHK-BS (public)	56.9	57.6	60.2	60.3	57.7
WOWOW	43.1	42.4	34.1	30.8	27.2
BS Nippon Corporation			1.0	1.2	2.6
BS-TBS			1.3	2.4	3.5
Fuji Satellite Broadcasting (BS-FUJI)			1.1	1.6	2.5
Asahi Satellite Broadcasting (BS Asahi)			1.1	1.7	3.1
BS Japan Corporation			1.2	2.1	2.4
Nippon BS Broadcasting Corporation (BS11 Digital)					1.0
Total Revenue (100 mil yen)	802	1,390	1,787	2,031	2,311
Total Revenue (mil US\$)	633	1,279	1,658	1,880	2,239
C4	100.0	100.0	100.0	96.9	91.6
HHI	5,094	5,114	4,797	4,596	4,112
N (>1%)	2	2	7	7	8
Noam Index	3,602	3,616	1,813	1,737	1,454

Source: NAB Japan Research Institute, Radio & Television Yearbook (NHK Nenkan).

Table 26-7. Cable and DBS TV Programming Channels (Market Shares by Subscribers)

	1992	1996	2000	2004	2008
SkyPerfectTV!	0.0	72.0	100.0	100.0	100.0
SkyPort	100.0	28.0	0.0	0.0	0.0
Total Revenue (100 mil yen)	-	71	1,161	2,346	2,894
Total Revenue (mil US\$)	-	65	1,078	2,172	2,804
Subscribers (1,000)	19	328	2,220	3,149	2,737
C4	100.0	100.0	100.0	100.0	100.0
HHI	10,000	5,964	10,000	10,000	10,000
N (>1%)	1	2	1	1	1
Noam Index	19	328	2,220	3,310	3,567

Source: Japan Satellite Broadcasting Association.

Table 26-8. Cable and DBS TV Programming Channels (Market Shares by Subscribers)

	1992	1996	2000	2004	2008	2012
Jupiter Telecom (J:COM)		2.8	19.6	29.6	34.1	39.0
Titus Communications		0.0	3.3			
Sapporo Cable TV	3.0	1.4				
Cable West				4.3		
Mediatti Broadband Communications						2.9
JCN			2.0	5.8	8.8	11.0
iTSCOM (Tokyu Cable Television)	5.3	3.2	2.4	2.1	2.2	
Bay Communications				2.2	2.2	
K-CAT					2.0	
Bic TOKAI				1.0	1.4	
Information Network	4.1	2.2	1.2	0.5	0.4	
Reinan Cable Network	3.7	1.6	0.8	0.4	0.3	
Himawari Network	0.8	2.0	1.4	1.0	0.9	
Catch Network		1.4	1.2	1.0	0.9	
Hanshin City Cable			1.8	1.2		
Others	83.9	89.8	70.3	55.0	46.4	
Total Revenue (100 mil yen)	530	1,410	2,463	3,533	4,667	5,512
Total Revenue (mil US\$)	418	1,297	2,287	3,270	4,522	6,640
C4	16.1	10.2	27.1	41.9	48.0	56
HHI	167	99	448	1,066	1,288	1,642
N (>1%)	33	23	15	14	12	12
Noam Index	29	21	116	285	372	474

Source: Monthly Broadcasting Journal (Gekkan Hoso).

p. 809 **Film**

Japan's film industry enjoyed its golden age in the 1950s, but the number of Japanese theatergoers declined sharply by the 1990s, to one tenth of the market size due to the emergence of TV and home video. However, there has been an increase in the number of theatergoers in the 2000s, mainly due to the emergence of multiplexes and the popular revival of Japanese films.

There are three major components of the film industry: production, distribution, and exhibition. The three major players in the Japanese film market—Toho, Toei, and Shochiku—dominate not only the production aspects, but also in distribution and exhibition. These three studios accounted for 82.8% of total film industry revenue (including exhibition) in 2009. They have been reducing their own production companies and investing in independent film producers through consortiums.

Japanese filmmakers used a “block booking” system, which limits distribution flexibility by fixing the schedule of running films about a year ahead, but they voluntarily abandoned this system in 2000. For foreign movies, Toho and Shochiku control most distribution and exhibition in Japan, although some US studios and distributors have high market shares in Japan. Generally speaking, the ratio of foreign movies to

Japanese movies in the Japanese market has been 50–50, but this has been increasing in favor of the Japanese studios in recent years (Table 26.9).

Table 26-9. Film Production/Distribution (Market Shares by Box Office %)

	1992	1996	2000	2004	2008
Shochiku	11.3	7.6	4.1	9.7	8.2
Toho	20.6	16.9	11.5	25.7	37.9
Toei	10.6	7.5	4.6	4.5	6.1
Toho-Towa	5.2	3.3	3.9	0.9	7.2
Nippon Herald	9.6	7.8	4.5	3.6	
Herald Ace	0.7				
Ace Pictures		0.5			
ASMIK-ACE				0.4	3.1
Shochiku Fuji	1.3	4.3			
Gaga Humax	0.4	5.9	8.7	5.0	
Gaga Communications					4.0
ASCII Pictures	1.1				
Kadokawa Pictures					2.0
United International Pictures (UIP) Japan	9.0	18.4	13.5	5.7	
Paramount Pictures Japan					4.2
Warner Entertainment Japan	12.0	6.1	6.3	16.1	8.4
Buena Vista International (Japan)		6.8	12.7	9.9	
Walt Disney Studio Japan					5.6
Sony Pictures International (Japan)	8.4	4.0	10.1	6.9	3.5
Twentieth Century Fox Film (Japan)	5.6	3.7	7.4	4.1	4.0
Others	4.2	7.2	12.7	7.5	5.8
Total Revenue (100 mil yen) ¹	624	633	855	1,055	974
Total Revenue (mil US\$)	493	582	793	977	944
C4	54.5	50.7	47.8	61.4	61.8
HHI	1,113	997	821	1,389	1,771
N (>1%)	12	12	11	10	12
Noam Index	321	282	248	439	511

Source: Film Industry Yearbook (Eiga Nenkan).

- 1 After 2000, the Motion Picture Producers Association (MPAA) began releasing the numbers for total box office revenues, instead of just the distribution revenue, which is estimated to be about half that of the box office revenue. The figures for 2000, 2004 and 2008 are half of the totals released by the MPAA.

Music

p. 811 Japan has the second-largest music market in the world after the United States. However, the Japanese music industry, as elsewhere, faces significant challenges due to new digital methods of distribution that have adversely affected CD ↵

p. 812 ↵ sales while Internet-based music download services have expanded in recent years. Although the primary sources of revenue are derived from the sale of CDs and copyright royalties, paid music downloads' revenue share has also grown, accounting for 12% of the total revenue in 2008.

There are three main music distributors in Japan: Sony, Universal, and Avex. EMI, once the fourth ranked, was acquired by Universal. BMG was sold to Sony by Bertelsmann in 2008 and as a result, Sony's market share increased to more than 30%. Market share is highly volatile, with a distributor's fortunes depending on which label produces the most hit songs or albums in a fiscal year.

As noted above, the music distribution system has changed rapidly from direct CD sales to Internet-based music download services. One of the unique features in the Japanese music market that has been observed over the past several years is the expansion of mobile content, such as ringtones and playback ringtones downloaded for mobile phones, particularly for "J-pop" properties, a genre unique to Japan that dominates the domestic music scene (Table 26.10).

Table 26-10. Music Distributors (Market Shares by Revenue)

	1996	2000 ¹	2004	2008
Columbia Music Entertainment			4.4	2.7
Nippon Columbia	5.4	4.2		
Victor Entertainment	11.6	19.4	6.8	5.9
King Records (Japan)	4.2	2.9	3.6	4.5
Teichiku	1.8	1.4		
Universal Music (Japan) ²			8.9	9.8
PolyGram	11.4			
EMI Music Japan ³	11.4	11.8	8.5	4.9
Nippon Crown	8.5	1.5	1.2	0.8
Tokuma Japan Communications	1.9	1.3	0.7	1.3
Sony Music Entertainment (Japan)	13.9	16.5	26.0	31.1
Pony Canyon	8.1	9.8	10.9	10.2
Warner Music Japan	4.3	6.8	2.9	3.1
Bandai Music Entertainment	1.0			
VAP	4.3	4.1	7.2	5.6
BMG Japan ⁴	4.9			
BMG Funhouse		3.0	3.5	
Pioneer LDC ⁵	4.0	3.6		
Geneon Entertainment			5.3	
Bing				2.0
J DISK	3.3	3.8		
J DISK Bing			1.1	
Avex		9.8	7.6	
Avex Marketing				16.7
Total Revenue (100 mil yen)	7,402	6,418	5,954	5,372
Total Revenue (mil US\$)	6,809	5,956	5,511	5,205
C4	48.3	57.5	54.3	67.8
HHI	868	1,110	1,189	1,581
N (>1%)	16	15	15	13
Noam Index	217	287	307	438

Source: Record Tokushin Shuppansha Y.K.

- 1 After 2000, the Motion Picture Producers Association (MPAA) began releasing the numbers for total box office revenues, instead of just the distribution revenue, which is estimated to be about half that of the box office revenue. The figures for 2000, 2004, and 2008 are half of the totals released by the MPAA.
- 2 France's Vivendi Universal Entertainment Company acquired Universal Music in 2004. Though it retains the Universal name, it is no longer affiliated with Universal Pictures (US).
- 3 Formerly Toshiba EMI: Toshiba sold its stake to EMI Group in 2007. EMI Group's music assets, including EMI Music Japan, became part of Universal Music Group in 2012.

- 4 BMG Japan was reorganized into Sony Music Japan in 2009 after its purchase from Bertelsmann AG of Germany.
- 5 Pioneer LDC became Geneon Entertainment in 2003; in 2009, Geneon became part of Universal Pictures Japan and is now known as Geneon Universal Entertainment.

Due to new digital distribution technologies and the advent of digital recording technologies, independent record labels have gradually gained market shares and are able to use the Internet more effectively for marketing purposes. As a result, musicians or singers have acquired greater negotiating powers over traditional record labels. Coupled with the burgeoning popularity of smart-phones, these factors might alter the market structure of the Japanese music industry in the near future.

Telecommunications media

Wireline Telecom

The public corporation Nippon Telegraph and Telephone (NTT) was privatized in 1985—though the Government of Japan still holds a controlling stake in it—and in 1999 it became a holding company. The NTT Group comprises two regional companies, NTT EAST and NTT WEST; a wireless company, NTT DOCOMO; a data processing and system integration company, NTT DATA; and a company specializing in inter-prefecture and international telecom, NTT Communications. There are several other smaller subsidiaries as well. NTT monopolized the telephone market for over 30 years prior to its privatization, so NTT EAST and NTT WEST still dominate the national wireline telecom market, and they accounted for 78% of the total market shares in 2008. In spite of NTT's dominance, though, the HHI for wireline telecom has begun declining, from 9,546 in 2004 to a still very high 7,749 in 2008, due to new market entries. And on the technological end, part of this decline can be attributed to the decreasing popularity of landline telephones. NTT EAST and WEST have lost subscribers since 2005, when the wireline subscription decline became apparent, with subscriptions falling from 58 million in 2004 to 35 million in 2010. Internet Protocol (IP) phone services have been increasing significantly, but are offered by Internet-service providers (ISP) other than NTT (Table 26.11).

Table 26-11. Wireline Telecom (Market Shares by Revenue)

	1984 (public)	1988	1992	1996	2001	2004	2008	2012
Nippon Telegraph and Telephone (NTT)	95.6	92.8	87.8	82.1	84.3	85.3	72.7	72.3
KDDI					8.9	9.3	10.7	9.9
KDD	4.4	4.6	3.7	3.6				
DDI		0.7	3.6	5.6				
Teleway Japan		0.2	0.6	1.2				
SoftBank Telecom						4.1	10.3	6.2
Japan Telecom		0.6	3.2	4.5	5.6			
K-Opticom							0.9	2.2
Others			0.1	3.0	1.2	1.2	6.3	11.6
Total Revenue (100 mil yen) ¹						49,371	46,579	64,560
Total Revenue (mil US\$)						45,698	45,130	7,778
C4	100.0	98.9	100.0	95.8	98.8	98.7	94.6	90.6
HHI	9,154	8,634	7,748	6,806	7,217	7,379	5,507	5,369
N (>1%)	2	2	4	5	3	3	3	4
Noam Index	6,473	6,105	3,874	3,043	4,167	4,260	3,179	2,685

Source: MIC 2012 updates provided by editor, data from Technology, Communications and Media: Japan Country Briefing *Euromonitor* December 20, 2013.

- 1 This revenue figure is an estimate based on data collected in this study: it is based on average per capita revenues reported for several other countries in this study with similar per capita income.

KDD was the international carrier before the liberalization in 1985. Subsequently, DDI, IDO, Japan Telecom, TTNet, and others entered the market.

NTT has been keen on deploying NGN (Next Generation Networks) to the existing fiber-optic access service area and constructing IP network infrastructure in order to give NTT a competitive lead. How to set up policies that would promote a level playing field and provide a balance between infrastructure competition and service competition has been a subject of lively debate.

Wireless Telecom

Wireless telecom in Japan is highly competitive. NTT DOCOMO, as a major subsidiary company of the former monopolist, NTT, has been losing market shares since 1992 due to stiff competition from new entries. au—KDDI and SoftBank are NTT DOCOMO's main competitors.

There used to be more firms in the sector, such as the IDO, Cellar, and TuKa Groups, Digital Phone, and J-PHONE, which operated during the 1990s and into the early 2000s. But these companies were consolidated in a series of mergers: au—KDDI was formed in 2000 by the merging of DDI Corp., KDD Corp., and IDO Corp., and later it incorporated both Cellar and TuKa Group into its operations.

SoftBank's acquisitions were as follows: J-PHONE was formed in 1999 from Digital Phone, which was founded in 1991 as the mobile phone division of Japan Telecom. British Vodafone increased its share in Japan Telecom, but after 2003, Vodafone decided to pull out from the Japanese market entirely and sold its interests in Vodafone Japan to SoftBank, which created SoftBank Mobile Corp. in 2006 and now holds J-PHONE's former assets as well. SoftBank's success in expanding its market shares stems largely from its contract with Apple to release the iPhone in Japan in 2008 (Table 26.12).

Table 26-12. Wireless Telecomm (Market Shares by Revenue)

	1984	1988	1992	1996	2000	2004	2008	2012
Cellular								
NTT (DOCOMO)	100.0	100.0	61.4	48.4	51.6	53.2	49.7	45.8
KDDI ¹ —au						19.5	28.3	27.4
IDO Group				38.6	11.1	6.9		
Cellar Group				24.8	11.0			
TuKa Group					6.1	4.2		
SoftBank Mobile								26.8
Digital Phone								
Group ²				15.8				
J-Phone Group ³					14.4			
Vodafone ⁴						17.2	17.3	
E-Mobile							0.4	
PHS ⁵								
DDI Pocket					5.8	3.3		
NTT DOCOMO (NTT Personal)					2.5	1.8		
Astel					1.7	0.7		
Willcom ⁶							4.3	
Total Revenue (100 mil yen) ⁷						53,487	66,361	63,228
Total Revenue (mil US\$)						49,508	64,297	76,178
Subscribers (mil)	0.3	0.15	1.38	10.20	56.85	87.06	107.34	134.3
C4	100.0	100.0	100.0	100.0	100.0	100.0	99.6	100.0
HHI	10,000	10,000	4,515	3,325	3,509	3,865	3,591	3,567
N (>1%)	1	1	2	4	8	6	4	4
Noam Index	10,000	10,000	3,193	1,663	1,241	1,578	1,796	1,784

Source: Telecommunications Carriers Association (TCA), MIC. 2012 data provided by editors, data from MIC and Mintel.

- 1 IDO, Cellar, and TuKa Group all ceased operating as distinct entities within au by 2008.
- 2 SoftBank Mobile's brand name up to 1994.
- 3 SoftBank Mobile's brand name from 2003 to 2006.
- 4 SoftBank Mobile's brand name from 2003 to 2006; SoftBank Mobile was adopted in 2006.
- 5 "Personal Handy-phone System," which was created in Japan as an alternative to 2G.
- 6 Willcom is a wholly owned subsidiary of SoftBank.
- 7 This revenue figure is an estimate based on data collected in this study: it is based on average per capita revenues reported for several other countries in this study with similar per capita income.

In 2008, SoftBank Mobile started to sell Apple's iPhone, which became a smash hit, opening the smart-phone market in Japan. The number of SoftBank Mobile subscribers has been increasing ever since. In order to better compete, KDDI's au started to offer new services in partnership with Skype in 2010. Though three companies compete fiercely, NTT DOCOMO continues to hold onto around half of the total market shares.

p. 814 The government has introduced various pro-competition policies to enhance competition in the mobile phone market, which is arguably the world's most technologically advanced. For example, the MIC introduced mobile number portability (MNP) among carriers in 2006. However, this did not have as much impact on market shares as the MIC had hoped. The MIC also required network operators to unlock the subscriber identity module (SIM) cards that are expected to expand options for customers in selecting their carrier. In consequence, NTT DOCOMO began to offer SIM-free handsets in 2011.

Internet Service Providers (ISP)

Approximately 30 million people use broadband services in Japan, and 49.5% of total subscribers have a fiber optic service line at home. Internet phone and television services are available over these fiber optic lines as well.

p. 815 The so-called Big Five ISPs are Yahoo! Japan, Biglobe, OCN, Nifty, and So-net. These companies have different backgrounds. SoftBank owns Yahoo! Japan. The other telecom-owned ISP is the Open Computer Network (OCN), which is the largest nationwide ISP, with over seven million subscribers and is owned by NTT Communications Co., a part of the NTT Group. The three other major ISPs are owned by major hardware manufactures: Biglobe is a subsidiary of NEC, Nifty is a subsidiary of Fujitsu, and So-net is a subsidiary of Sony.² There are thousands of small- and medium-sized ISPs as well.

Since there are no consistent data available, the estimates of HHI only suggest that the concentration has been decreasing in recent years (Table 26.13).

Table 26-13. Internet Service Providers (Market Shares by Revenue)

	1996	2000	2004	2008	2012
Nifty (Fujitsa)	33.7			-	-
Infoweb ¹	3.7	16.8	14.1		
NEC (BIGLOBE)	33.0	13.2	11.2	7.8	8.4
KDDI (au one net)		6.6	7.6	7.7	11.3
Softbank (Yahoo! BB)			12.8	15.9	13.4
Japan Telecom ²		5.5			
NTT		8.2	12.0	28.8	33.1
Asahi Net/People	10.2				
MSN Japan	3.6				
Others	16.4	49.7	42.3	39.8	33.8
Total Revenue (100 mil yen) ³			15,431	20,118	19,273
Total Revenue (mil US\$)			14,283	19,492	23,220
C4	80.5	44.8	50.1	52.7	66.2
HHI	2,351	598	690	1,202	1,473
N (>1%)	5	5	5	4	4
Noam Index	1,051	267	309	601	737

Source: Nikkei Business Daily (Nikkei Sangyo Shimbun). 2012 data added by editors, calculated from company annual reports.

1 Infoweb was purchased from Fujitsu Limited in 1999. @nifty left the ISP market in 2006.

2 SoftBank purchased Japan Telecom in 2006.

3 This revenue figure is an estimate based on data collected in this study: it is based on average per capita revenues reported for several other countries in this study with similar per capita income.

Search Engines

Japan's search engine market is duopolistic: Yahoo! and Google dominate. In contrast to the United States, where Yahoo! has lost market share to Google, Yahoo! sites in Japan have surged above 50% of the market share in 2009, whereas Google's share has slipped. Yahoo! Japan's major shareholders are SoftBank and Yahoo! Inc. In 2010, Yahoo! Japan also became a partner of Taobao Marketplace, a subsidiary of China's largest e-commerce company, the Alibaba Group.

In 2010, however, Yahoo! Japan decided to adopt Google's search engine and advertising platform technology in place of Microsoft's Bing. Moreover, in 2011, the popular online mall Rakuten also switched its portal site search engine to Google. Both companies seemed to reach these decisions in order to concentrate their human resources on applications. These shifts may affect the market structure of online businesses.

p. 816 Bing, a Microsoft-owned portal site of Microsoft and goo, which is a product of NTT Communications Co.'s NTT Resonant, are also major players in the Japanese search engine market.

There are several Japanese portal sites competing in this sector as well: Rakuten is one of Japan's leading e-commerce companies, with over 50 million registered users. It covers many services, from e-commerce to travel services (Table 26.14).

Table 26-14. Internet Search Engines (Market Shares by Search Volume)

	2008	2009	2012
Yahoo! Japan	49.8	51.3	55.1
Google Japan	39.9	38.2	34.9
Rakuten	1.8	2.3	2.1
Microsoft Japan (Bing, MSN etc.)	1.9	1.7	1.0
NTT (public) (goo etc.)	1.5	1.5	1.3
Amazon Japan	1.3	1.0	
Excite Japan	0.9	0.8	
NEC (BIGLOBE)	0.6	0.6	1.2
Mixi Inc.	0.3	0.3	
Nifty Corporation (@nifty)	0.2	0.3	
Others	1.8	1.9	4.4
Search Queries (mil/month)	6,291	6,792	
Total Revenue (100 mil yen) ¹	4,127	1,803	
Total Revenue (mil US\$)	3,999	1,929	4,176
C4	93.4	93.5	93.4
HHI	4,084	4,108	4,262
N (>1%)	6	6	6
Noam Index	1,667	1,677	1,740

Source: comScore. 2012 updates by editors from <<http://www.slideshare.net/infocubic/english-presentaion2013ny>>. Revenues estimated.

1 This revenue figure is an estimate based on data collected in this study: it is based on average per capita revenues reported for several other countries in this study with similar per capita income.

Online News

Yahoo! News is the frontrunner in Japanese online news markets, and is owned by SoftBank. Online sites like Yahoo! News have become one of the primary news sources for Japanese audiences. Since more advertising expenditures go to online outlets rather than to newspapers, this shift may prove to be a fatal blow to newspaper companies (Table 26.15).

Table 26-15. Online News Media (Market Shares by Monthly Unique Visitors), 2010

	Domain	Page Views (mil/month)	Market Share
Yahoo! News	(headlines.yahoo.co.jp , news.yahoo.co.jp)	12,759,641	42.7
Yomiuri Online	(yomiuri.co.jp)	1,265,398	4.2
BIGLOBE News	(news.biglobe.ne.jp)	1,204,092	4.0
MSN Sankei News	(sankei.jp.msn.com)	1,124,069	3.8
Fuji TV	(fujitv.co.jp)	1,072,909	3.6
NHK (public)	(nhk.or.jp)	939,778	3.1
Yahoo! Sports	(sports.yahoo.co.jp)	920,926	3.1
asahi.com	(asahi.com)	806,319	2.7
Infoseek News	(news.infoseek.co.jp)	789,972	2.6
AFP BB News	(afpbb.com)	764,674	2.6
Total Revenue (100 mil yen) ¹	1,689		
Total Revenue (mil US\$)	877		
C4	54.7		
HHI	1,965		
N (>1%)	23		
Noam Index	410		

Source: Video Research Interactive.

- 1 This revenue figure is an estimate based on data collected in this study: it is based on average per capita revenues reported for several other countries in this study with similar per capita income.

Wireline Telecom

The public corporation Nippon Telegraph and Telephone (NTT) was privatized in 1985—though the Government of Japan still holds a controlling stake in it—and in 1999 it became a holding company. The NTT Group comprises two regional companies, NTT EAST and NTT WEST; a wireless company, NTT DOCOMO; a data processing and system integration company, NTT DATA; and a company specializing in inter-prefecture and international telecom, NTT Communications. There are several other smaller subsidiaries as well. NTT monopolized the telephone market for over 30 years prior to its privatization, so NTT EAST and NTT WEST still dominate the national wireline telecom market, and they accounted for 78% of the total market shares in 2008. In spite of NTT's dominance, though, the HHI for wireline telecom has begun declining, from 9,546 in 2004 to a still very high 7,749 in 2008, due to new market entries. And on the technological end, part of this decline can be attributed to the decreasing popularity of landline telephones. NTT EAST and WEST have lost subscribers since 2005, when the wireline subscription decline became apparent, with subscriptions falling from 58 million in 2004 to 35 million in 2010. Internet Protocol (IP) phone services have been increasing significantly, but are offered by Internet-service providers (ISP) other than NTT (Table 26.11).

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KDDI					8.9	9.3	10.7	9.9
KDD	4.4	4.6	3.7	3.6				
DDI		0.7	3.6	5.6				
Teleway Japan		0.2	0.6	1.2				
SoftBank Telecom						4.1	10.3	6.2
Japan Telecom		0.6	3.2	4.5	5.6			
K-Opticom							0.9	2.2
Others			0.1	3.0	1.2	1.2	6.3	11.6
Total Revenue (100 mil yen) ¹						49,371	46,579	64,560
Total Revenue (mil US\$)						45,698	45,130	7,778
C4	100.0	98.9	100.0	95.8	98.8	98.7	94.6	90.6
HHI	9,154	8,634	7,748	6,806	7,217	7,379	5,507	5,369
N (>1%)	2	2	4	5	3	3	3	4
Noam Index	6,473	6,105	3,874	3,043	4,167	4,260	3,179	2,685

Source: MIC 2012 updates provided by editor, data from Technology, Communications and Media: Japan Country Briefing *Euromonitor* December 20, 2013.

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Table 26-12. Wireless Telecomm (Market Shares by Revenue)

	1984	1988	1992	1996	2000	2004	2008	2012
Cellular								
NTT (DOCOMO)	100.0	100.0	61.4	48.4	51.6	53.2	49.7	45.8
KDDI ¹ —au						19.5	28.3	27.4
IDO Group				38.6	11.1	6.9		
Cellar Group				24.8	11.0			
TuKa Group					6.1	4.2		
SoftBank Mobile								26.8
Digital Phone								
Group ²				15.8				
J-Phone Group ³					14.4			
Vodafone ⁴						17.2	17.3	
E-Mobile							0.4	
PHS ⁵								
DDI Pocket					5.8	3.3		
NTT DOCOMO (NTT Personal)					2.5	1.8		
Astel					1.7	0.7		
Willcom ⁶							4.3	
Total Revenue (100 mil yen) ⁷						53,487	66,361	63,228
Total Revenue (mil US\$)						49,508	64,297	76,178
Subscribers (mil)	0.3	0.15	1.38	10.20	56.85	87.06	107.34	134.3
C4	100.0	100.0	100.0	100.0	100.0	100.0	99.6	100.0
HHI	10,000	10,000	4,515	3,325	3,509	3,865	3,591	3,567
N (>1%)	1	1	2	4	8	6	4	4
Noam Index	10,000	10,000	3,193	1,663	1,241	1,578	1,796	1,784

Source: Telecommunications Carriers Association (TCA), MIC. 2012 data provided by editors, data from MIC and Mintel.

- 1 IDO, Cellar, and TuKa Group all ceased operating as distinct entities within au by 2008.
- 2 SoftBank Mobile's brand name up to 1994.
- 3 SoftBank Mobile's brand name from 2003 to 2006.
- 4 SoftBank Mobile's brand name from 2003 to 2006; SoftBank Mobile was adopted in 2006.
- 5 "Personal Handy-phone System," which was created in Japan as an alternative to 2G.
- 6 Willcom is a wholly owned subsidiary of SoftBank.
- 7 This revenue figure is an estimate based on data collected in this study: it is based on average per capita revenues reported for several other countries in this study with similar per capita income.

In 2008, SoftBank Mobile started to sell Apple's iPhone, which became a smash hit, opening the smart-phone market in Japan. The number of SoftBank Mobile subscribers has been increasing ever since. In order to better compete, KDDI's au started to offer new services in partnership with Skype in 2010. Though three companies compete fiercely, NTT DOCOMO continues to hold onto around half of the total market shares.

p. 814 The government has introduced various pro-competition policies to enhance competition in the mobile phone market, which is arguably the world's most technologically advanced. For example, the MIC introduced mobile number portability (MNP) among carriers in 2006. However, this did not have as much impact on market shares as the MIC had hoped. The MIC also required network operators to unlock the subscriber identity module (SIM) cards that are expected to expand options for customers in selecting their carrier. In consequence, NTT DOCOMO began to offer SIM-free handsets in 2011.

Internet Service Providers (ISP)

Approximately 30 million people use broadband services in Japan, and 49.5% of total subscribers have a fiber optic service line at home. Internet phone and television services are available over these fiber optic lines as well.

p. 815 The so-called Big Five ISPs are Yahoo! Japan, Biglobe, OCN, Nifty, and So-net. These companies have different backgrounds. SoftBank owns Yahoo! Japan. The other telecom-owned ISP is the Open Computer Network (OCN), which is the largest nationwide ISP, with over seven million subscribers and is owned by NTT Communications Co., a part of the NTT Group. The three other major ISPs are owned by major hardware manufactures: Biglobe is a subsidiary of NEC, Nifty is a subsidiary of Fujitsu, and So-net is a subsidiary of Sony.² There are thousands of small- and medium-sized ISPs as well.

Since there are no consistent data available, the estimates of HHI only suggest that the concentration has been decreasing in recent years (Table 26.13).

Table 26-13. Internet Service Providers (Market Shares by Revenue)

	1996	2000	2004	2008	2012
Nifty (Fujitsa)	33.7			-	-
Infoweb ¹	3.7	16.8	14.1		
NEC (BIGLOBE)	33.0	13.2	11.2	7.8	8.4
KDDI (au one net)		6.6	7.6	7.7	11.3
Softbank (Yahoo! BB)			12.8	15.9	13.4
Japan Telecom ²		5.5			
NTT		8.2	12.0	28.8	33.1
Asahi Net/People	10.2				
MSN Japan	3.6				
Others	16.4	49.7	42.3	39.8	33.8
Total Revenue (100 mil yen) ³			15,431	20,118	19,273
Total Revenue (mil US\$)			14,283	19,492	23,220
C4	80.5	44.8	50.1	52.7	66.2
HHI	2,351	598	690	1,202	1,473
N (>1%)	5	5	5	4	4
Noam Index	1,051	267	309	601	737

Source: Nikkei Business Daily (Nikkei Sangyo Shimbun). 2012 data added by editors, calculated from company annual reports.

1 Infoweb was purchased from Fujitsu Limited in 1999. @nifty left the ISP market in 2006.

2 SoftBank purchased Japan Telecom in 2006.

3 This revenue figure is an estimate based on data collected in this study; it is based on average per capita revenues reported for several other countries in this study with similar per capita income.

Search Engines

Japan's search engine market is duopolistic: Yahoo! and Google dominate. In contrast to the United States, where Yahoo! has lost market share to Google, Yahoo! sites in Japan have surged above 50% of the market share in 2009, whereas Google's share has slipped. Yahoo! Japan's major shareholders are SoftBank and Yahoo! Inc. In 2010, Yahoo! Japan also became a partner of Taobao Marketplace, a subsidiary of China's largest e-commerce company, the Alibaba Group.

In 2010, however, Yahoo! Japan decided to adopt Google's search engine and advertising platform technology in place of Microsoft's Bing. Moreover, in 2011, the popular online mall Rakuten also switched its portal site search engine to Google. Both companies seemed to reach these decisions in order to concentrate their human resources on applications. These shifts may affect the market structure of online businesses.

p. 816 Bing, a Microsoft-owned portal site of Microsoft and goo, which is a product of NTT Communications Co.'s NTT Resonant, are also major players in the Japanese search engine market.

There are several Japanese portal sites competing in this sector as well: Rakuten is one of Japan's leading e-commerce companies, with over 50 million registered users. It covers many services, from e-commerce to travel services (Table 26.14).

Table 26-14. Internet Search Engines (Market Shares by Search Volume)

	2008	2009	2012
Yahoo! Japan	49.8	51.3	55.1
Google Japan	39.9	38.2	34.9
Rakuten	1.8	2.3	2.1
Microsoft Japan (Bing, MSN etc.)	1.9	1.7	1.0
NTT (public) (goo etc.)	1.5	1.5	1.3
Amazon Japan	1.3	1.0	
Excite Japan	0.9	0.8	
NEC (BIGLOBE)	0.6	0.6	1.2
Mixi Inc.	0.3	0.3	
Nifty Corporation (@nifty)	0.2	0.3	
Others	1.8	1.9	4.4
Search Queries (mil/month)	6,291	6,792	
Total Revenue (100 mil yen) ¹	4,127	1,803	
Total Revenue (mil US\$)	3,999	1,929	4,176
C4	93.4	93.5	93.4
HHI	4,084	4,108	4,262
N (>1%)	6	6	6
Noam Index	1,667	1,677	1,740

Source: comScore. 2012 updates by editors from <<http://www.slideshare.net/infocubic/english-presentaion2013ny>>. Revenues estimated.

1 This revenue figure is an estimate based on data collected in this study: it is based on average per capita revenues reported for several other countries in this study with similar per capita income.

Online News

Yahoo! News is the frontrunner in Japanese online news markets, and is owned by SoftBank. Online sites like Yahoo! News have become one of the primary news sources for Japanese audiences. Since more advertising expenditures go to online outlets rather than to newspapers, this shift may prove to be a fatal blow to newspaper companies (Table 26.15).

Table 26-15. Online News Media (Market Shares by Monthly Unique Visitors), 2010

	Domain	Page Views (mil/month)	Market Share
Yahoo! News	(headlines.yahoo.co.jp , news.yahoo.co.jp)	12,759,641	42.7
Yomiuri Online	(yomiuri.co.jp)	1,265,398	4.2
BIGLOBE News	(news.biglobe.ne.jp)	1,204,092	4.0
MSN Sankei News	(sankei.jp.msn.com)	1,124,069	3.8
Fuji TV	(fujitv.co.jp)	1,072,909	3.6
NHK (public)	(nhk.or.jp)	939,778	3.1
Yahoo! Sports	(sports.yahoo.co.jp)	920,926	3.1
asahi.com	(asahi.com)	806,319	2.7
Infoseek News	(news.infoseek.co.jp)	789,972	2.6
AFP BB News	(afpbb.com)	764,674	2.6
Total Revenue (100 mil yen) ¹	1,689		
Total Revenue (mil US\$)	877		
C4	54.7		
HHI	1,965		
N (>1%)	23		
Noam Index	410		

Source: Video Research Interactive.

- 1 This revenue figure is an estimate based on data collected in this study: it is based on average per capita revenues reported for several other countries in this study with similar per capita income.

Conclusion

The pace of change in Japanese media concentration has been more gradual when compared with that of the United States. Media concentration and ownership in Japan have not changed drastically in years for several reasons. First, the Japanese government has kept a friendly relationship with the media, which created vested interests in terms of allocation of privileges, such as broadcasting licenses and spectrum allocation. Second, Japan tends to prefer evolution to revolution, making the incremental approach preferable, even in IT services. Third, Japanese media companies, particularly traditional media such as newspapers and broadcasting, have avoided making IPOs: although some broadcasters have been listed on the stock exchange in recent years, private family ownership or cross-ownership is much more common in Japan. Fourth, Japanese media, as well as Japanese industry as a whole, exhibit little in the way of drive for mergers or acquisitions in order to expand into new business arenas.

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However, the technological environment surrounding Japanese media has changed rapidly due to the growth of the Internet. It is now quite easy for media consumers to access online services. These innovations have impacted how traditional media sources do business, leading to a sharp reduction in advertising revenue. As a result, traditional media are now being forced to enter nontraditional markets.

ISPs, search engines, video-sharing sites, and social media forums are creating new ways for people to communicate, congregate, and share information. Media innovation forces changes in communication policies, which alternatively promote the development of new software and hardware in communications technology. Japan's geography also gives rise to new demands of online services: on March 11, 2011, a devastating earthquake struck Japan, triggering a massive tsunami and a nuclear crisis as well. This unprecedented disaster made the Japanese realize how important it is to have access to reliable media sources in emergencies. In this case, social media platforms like Twitter provided a platform for airing urgent pleas for help and for passing on information on the location of emergency shelters and open gas stations.

p. 818 When we discuss media concentration issues, the interactive relationships between media and society should not be ignored. Japan faces many social and economic challenges from a rapidly aging population and a sharp decline in the birth rate, which are changing consumer demographics. The graying of Japan's population particularly disfavors traditional media sources like print newspapers, while the low birth rate does not bode well for Internet-oriented companies who rely on digital natives to purchase more of their products. There is a great need to bridge the divide between digital natives and digital immigrants. The existence of this digital divide widens the gap of opportunities for consumers' access to communications technologies and information relevant to a wide variety of socioeconomic activities.

We should also keep in mind that the assessment of the HHI is only the first step in achieving a balanced view of media diversity and pluralism. Regarding the use of the HHI as a measurement of media concentration, we should consider determining the relevant media markets to analyze. Since media companies are attempting to expand into new venues like smart-phones and broadband access, the market boundaries among traditional media fields have been blurred. It is also important that not only the supply-side economics for media be considered, but the demand-side as well. A media concentration index should account for the power of influence by the media in terms of the number of people reached compared to the amount of time and money needed to acquire the information that the consumer receives.

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Japan—Data Summaries

MOST SECTORS WITHIN JAPAN'S national media industries are the second-largest in the world by revenue, after the United States. But advertising revenues have declined for traditional media groups (Table 26.16). Overall concentration is declining due to the entry of several new multimedia producers, with the national power index declining from 3,585 in 2004 to 3,274 after 2008.

Table 26-16. National Media Industries Concentration in Japan

	2004/5		2011 or Most Recent		% Change Annual Average	
	Company Power Index in Country	Company Share of the Overall National Media Market (%)	Company Power Index in Country	Company Share of the Overall National Media Market (%)	Company Power Index in Country	Company Share of the Overall National Media Market (%)
NTT (33.7% public)	2,730.1	38.0	2,223.0	38.0	-2.6	-0.07
KDDI	136.0	8.6	290.0	13.0	16.0	0.6
Sky Perfect JSAT	145.6	3.2	152.0	3.1	0.6	-0.01
SoftBank (Japan Telecom)	111.0	7.5	276.0	12.4	21.3	0.7
NHK (public)	77.3	3.7	44.0	2.4	-6.15	-0.19
Fujisankei	79.7	4.0	35.0	2.3	-8.01	-0.24
Asahi Shimbun	57.6	3.8	59.4	3.4	0.43	-0.05
NTV	57.5	3.0	41.4	2.1	-3.99	-0.12
J:COM	15.8	9.0	21.6	1	5.22	0.015
Tokyo Broadcasting System	45.7	2.8	29.2	2	-5.1	-0.1
Yomiuri Shimbun	34.1	1.7	34.1	1.6	-1.3	-0.02
Google (US)	36.6	0.92	21.6	0.62	-5.9	-0.04
Toho	7.4	0.3	11.0	0.3	6.9	0.000
Yahoo (US)	8.4	0.5	7.3	0.4	-2.0	-0.01
Mainichi Shimbun	5.3	0.7	3.6	0.5	-4.7	-0.02
WOWOW	5.1	0.3	3.2	0.2	-5.3	-0.01
Nihon Keizai Shimbun	7.0	1.3	9.2	1.3	4.4	0.004
Chunichi Shimbun	4.1	0.6	2.9	0.45	-4.3	-0.02
Rakuten	0.0	0.0	0.1	0.04	N/A	0.005
Sony	0.5	0.07	0.1	0.03	-11.8	-0.007
Media Concentration Index			2004/5	2011 or Most Recent	% Change Annual Average	
Total Revenue: Nat'l Media Industry (mil US\$)			173,874	235,803	5.01%	
Total Voices (n)			64	72	1.8	
Net Voices (n)			45	53	2.5	
Public Ownership (%)			16.7	15.2	-0.2	
Foreign Ownership (%)			2.5	1.8	-0.1	

C4 Average—Weighted	84.2	84.4	0.02
HHI Average—Weighted	3,758	3,328	-1.6
C1 Average—Weighted	48	46	0
Noam Index Average—Weighted	713	635	-1.58
Pooled Overall Sector C4	58.7	66.8	1.15
Pooled Overall Sector HHI	1,700	1,818	1.0
Pooled Overall Sector Noam Index	92	73	-3
Market Share of Top Ten Companies: Nat'l Media Industry (%) (Pooled C10)	77.0	80.4	0.5
National Power Index	3,585	3,274	-1.24

Japan has the twelfth-highest percentage of public ownership of media internationally among 30 countries. This is due to the public telecom provider NTT (which is 33.7% state-owned) and to the NHK television network. NHK's share ownership in TV broadcasting and video channels has remained steady at 16.1% and 25.6%, respectively.

The largest content media companies by market shares are the Asahi Shimbun group (11.1%), NHK (9.0%), and Fujisankei (8.6%). After those are NTV (8.0%), the Tokyo Broadcasting System (7.0%), SkyPerfectTV! (6.9%), and the Yomiuri Shimbun (6.0%).

Overall, concentration is lower in content than in platforms. The Japanese broadcaster Fujisankei (NBS) holds substantial but not overwhelming market shares in TV broadcasting, video channels, daily newspapers, radio, and online news. Similarly, the Asahi Shimbun group maintains intermediate market shares in multichannel, video channels, daily newspapers, and online news. Although most companies exhibit a high level of cross ownership, SkyPerfectTV!, Toho, and J:COM maintain strong ownership in only one industry; SkyPerfectTV! owns 55.6% of video channels, and Toho controls approximately 37.9% of the film market. J:COM and SkyPerfectTV! have market shares of 22.1% and 43.6% in multichannel platforms, respectively. Because of the size of the larger ↵

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multimedia groups like Yomirui Shimbun and Fujisankei, though, even in content their market shares are relatively low (Table 26.17) despite higher power indices.

Table 26-17. Top Content Media Companies in Japan

	2004/5		2011 or Most Recent		% Change Annual Average	
	Company Power Index in Country	Company Share of the National Content Media Market (%)	Company Power Index in Country	Company Share of the National Content Media Market (%)	Company Power Index in Country	Company Share of the National Content Media Market (%)
Sky Perfect JSAT	285.5	5.8	354.2	6.9	3.4	0.15
NHK (public)	228.6	11.0	162.4	9.0	-4.1	-3
Fujisankei	236.0	11.8	129.3	8.6	-6.5	-0.5
Asahi Shimbun	170.5	11.2	219.2	12.6	4.1	0.2
NTV	170.0	9.0	153.0	8.01	-1.43	-0.12
Tokyo Broadcasting System	135.1	8.2	108.0	7.0	-3.0	-0.16
Yomiuri Shimbun	101.0	5.3	114.7	6.0	1.9	0.11
Google (US)	108.3	2.7	79.6	2.3	-3.8	-0.06
J:COM	15.4	0.85	26.3	1.2	10.1	0.05
Toho	22.0	0.85	40.6	1.07	12.1	0.03
Yahoo (US)	8.0	0.5	27.2	1.6	59.7	0.3
Mainichi Shimbun	15.8	2.02	13.1	1.9	-2.4	-0.02
WOWOW	15.2	1.07	11.9	0.9	-3.1	-0.01
Nihon Keizai Shimbun	20.7	1.5	33.8	1.5	9.0	-0.01
Chunichi Shimbun	12.1	1.8	10.6	1.3	-1.8	-0.06
Rakuten	0.0	0.0	0.3	0.13	N/A	0.02
Softbank (Japan Telecom)	8.4	1.6	28.3	1.6	59.7	0.01
Sony	1.6	0.2	0.3	0.1	-11.2	-0.02
Media Concentration Index						
	2004/5	2011 or Most Recent	% Change Annual Average			
Public Ownership (%)	11.0	9.0	-0.3			
Foreign Ownership (%)	6.9	5.8	-0.2			
C4 Average—Weighted	69.9	66.3	-0.5			
HHI Average—Weighted	1,781	1,725	-0.5			
C1 Average—Weighted	25.5	24.8	0.0			
National Power Index	1,619	1,531	-0.8			

NTT has the largest company power index in the overall national media industries and as a platform company (Table 26.18), but it is losing market share as a result of a decline in demand for wireline services and competition in the wireless and ISP markets from fully commercial operators like SoftBank and KDDI. NTT's share of the platform market declined from 58.2% in 2004 to 52.2% in 2012 (Table 26.18).

Table 26-18. Top Platform Media Companies in Japan

	2004/5		2011 or Most Recent		% Change Annual Average	
	Company Power Index in Country	Company Share of the National Platform Media Market (%)	Company Power Index in Country	Company Share of the National Platform Media Market (%)	Company Power Index in Country	Company Share of the National Platform Media Market (%)
NTT (33.7% public)	4,124	58.2	3,049	52.2	-3.7	-0.9
KDDI	205.1	13.0	398.0	17.7	13.4	0.67
Softbank (Japan Telecom)	148.0	9.0	180.0	11.3	5.5	0.6
JSAT (SkyPerfecTV!)	74.2	2.0	77.1	1.8	0.5	-0.02
J:COM	16.0	1.0	20.0	1.0	3.4	0.002

Media Concentration Index	2004/5	2011 or Most Recent	% Change Annual Average
Public Ownership (%)	19.6%	17.6%	-0.3%
Foreign Ownership (%)	0.5%	0.4%	-0.02%
C4 Average—Weighted	91.6	91.1	-0.07
HHI Average—Weighted	4,768	3,924	-2.5
C1 Average—Weighted	60.2	54.0	-1.0
National Power Index	4,589	3,922	-2.1

Japan—Data Summaries

MOST SECTORS WITHIN JAPAN'S national media industries are the second-largest in the world by revenue, after the United States. But advertising revenues have declined for traditional media groups (Table 26.16). Overall concentration is declining due to the entry of several new multimedia producers, with the national power index declining from 3,585 in 2004 to 3,274 after 2008.

Table 26-16. National Media Industries Concentration in Japan

	2004/5		2011 or Most Recent		% Change Annual Average	
	Company Power Index in Country	Company Share of the Overall National Media Market (%)	Company Power Index in Country	Company Share of the Overall National Media Market (%)	Company Power Index in Country	Company Share of the Overall National Media Market (%)
NTT (33.7% public)	2,730.1	38.0	2,223.0	38.0	-2.6	-0.07
KDDI	136.0	8.6	290.0	13.0	16.0	0.6
Sky Perfect JSAT	145.6	3.2	152.0	3.1	0.6	-0.01
SoftBank (Japan Telecom)	111.0	7.5	276.0	12.4	21.3	0.7
NHK (public)	77.3	3.7	44.0	2.4	-6.15	-0.19
Fujisankei	79.7	4.0	35.0	2.3	-8.01	-0.24
Asahi Shimbun	57.6	3.8	59.4	3.4	0.43	-0.05
NTV	57.5	3.0	41.4	2.1	-3.99	-0.12
J:COM	15.8	9.0	21.6	1	5.22	0.015
Tokyo Broadcasting System	45.7	2.8	29.2	2	-5.1	-0.1
Yomiuri Shimbun	34.1	1.7	34.1	1.6	-1.3	-0.02
Google (US)	36.6	0.92	21.6	0.62	-5.9	-0.04
Toho	7.4	0.3	11.0	0.3	6.9	0.000
Yahoo (US)	8.4	0.5	7.3	0.4	-2.0	-0.01
Mainichi Shimbun	5.3	0.7	3.6	0.5	-4.7	-0.02
WOWOW	5.1	0.3	3.2	0.2	-5.3	-0.01
Nihon Keizai Shimbun	7.0	1.3	9.2	1.3	4.4	0.004
Chunichi Shimbun	4.1	0.6	2.9	0.45	-4.3	-0.02
Rakuten	0.0	0.0	0.1	0.04	N/A	0.005
Sony	0.5	0.07	0.1	0.03	-11.8	-0.007
Media Concentration Index			2004/5	2011 or Most Recent	% Change Annual Average	
Total Revenue: Nat'l Media Industry (mil US\$)			173,874	235,803	5.01%	
Total Voices (n)			64	72	1.8	
Net Voices (n)			45	53	2.5	
Public Ownership (%)			16.7	15.2	-0.2	
Foreign Ownership (%)			2.5	1.8	-0.1	

C4 Average—Weighted	84.2	84.4	0.02
HHI Average—Weighted	3,758	3,328	-1.6
C1 Average—Weighted	48	46	0
Noam Index Average—Weighted	713	635	-1.58
Pooled Overall Sector C4	58.7	66.8	1.15
Pooled Overall Sector HHI	1,700	1,818	1.0
Pooled Overall Sector Noam Index	92	73	-3
Market Share of Top Ten Companies: Nat'l Media Industry (%) (Pooled C10)	77.0	80.4	0.5
National Power Index	3,585	3,274	-1.24

Japan has the twelfth-highest percentage of public ownership of media internationally among 30 countries. This is due to the public telecom provider NTT (which is 33.7% state-owned) and to the NHK television network. NHK's share ownership in TV broadcasting and video channels has remained steady at 16.1% and 25.6%, respectively.

The largest content media companies by market shares are the Asahi Shimbun group (11.1%), NHK (9.0%), and Fujisankei (8.6%). After those are NTV (8.0%), the Tokyo Broadcasting System (7.0%), SkyPerfectTV! (6.9%), and the Yomiuri Shimbun (6.0%).

Overall, concentration is lower in content than in platforms. The Japanese broadcaster Fujisankei (NBS) holds substantial but not overwhelming market shares in TV broadcasting, video channels, daily newspapers, radio, and online news. Similarly, the Asahi Shimbun group maintains intermediate market shares in multichannel, video channels, daily newspapers, and online news. Although most companies exhibit a high level of cross ownership, SkyPerfectTV!, Toho, and J:COM maintain strong ownership in only one industry; SkyPerfectTV! owns 55.6% of video channels, and Toho controls approximately 37.9% of the film market. J:COM and SkyPerfectTV! have market shares of 22.1% and 43.6% in multichannel platforms, respectively. Because of the size of the larger ↵

p. 822 ↵

p. 823 ↵

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multimedia groups like Yomirui Shimbun and Fujisankei, though, even in content their market shares are relatively low (Table 26.17) despite higher power indices.

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Notes

1. Since it is impossible to precisely calculate the HHI in this sector, we estimated it. First, we divided the total revenue of the industry by five to determine the average revenue of each publishing house. The average revenue was then divided by the total sales registered by the five main publishing houses to arrive at an average market share estimate for the top five companies. We calculated that 4.2% was the market share for the top five publishers. We applied the same method to estimate the market share for the publishing houses ranked from 6 to 50 on the national scale.
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2. The data from 1996 to 2004 include all services. The data in 2008 include broadband services such as FTTH, digital subscriber lines (xDSL), CATV, and fixed wireless access (FWA), but exclude dial-up and Integrated Services Digital Network (ISDN) services.
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