



2023 Advertising Expenditures in Japan:

Detailed Analysis of Expenditures on Internet Advertising Media

—Detailed analysis of spending in 2023 and the forecast for 2024, jointly carried out by CCI, Dentsu, Dentsu Digital, and Septeni—

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CARTA COMMUNICATIONS Inc. (CCI), Dentsu Inc. (Dentsu), Dentsu Digital Inc. (Dentsu Digital), and SEPTENI CO.,LTD. (Septeni), have released a survey titled “2023 Advertising Expenditures in Japan: Detailed Analysis of Expenditures on Internet Advertising Media.”

The survey analyzes the results of “2023 Advertising Expenditures in Japan,” published by Dentsu on February 27, 2024, and further breaks down data on internet advertising media spending. The analysis presents data based on variables such as ad category and transaction method. It also includes forecasts for 2024.

In 2023, advertising expenditures in Japan totaled 7,316.7 billion yen (up 3.0% year on year). Breaking the record set just the previous year, advertising expenditures reached the highest level since estimates began in 1947.

Internet advertising expenditures (estimates began in 1996) grew steadily amid the ongoing digitization of society, increasing by 241.8 billion yen to reach a record-high 3,333.0 billion yen (up 7.8% year on year), accounting for 45.5% of total advertising expenditures in Japan. Furthermore, excluding internet advertising production costs and advertising expenditures for Merchandise-related EC Platforms, internet advertising media expenditures amounted to 2,687.0 billion yen (up 8.3% year on year) due to growth in video advertising and digital sales promotions.

Following are the key points of the survey, “2023 Advertising Expenditures in Japan: Detailed Analysis of Expenditures on Internet Advertising Media.”



1. Paid search advertising amounted to 1,072.9 billion yen, exceeding 1,000 billion yen for the first time since estimates began.

By ad category, paid search advertising rose 9.9% year on year to 1,072.9 billion yen, exceeding 1,000 billion yen for the first time since estimates began. Paid search advertising accounted for 39.9% of internet advertising media expenditures.

2. Performance-based advertising reached 2,349.0 billion yen, accounting for nearly 90% of internet advertising media expenditures.

Looking at internet advertising media expenditures by transaction method, performance-based advertising rose 10.9% year on year to 2,349.0 billion yen, accounting for 87.4% of internet advertising media expenditures. Reserved advertising was essentially flat year on year (2022: 264.7 billion yen; 2023: 264.8 billion yen), and affiliate advertising declined 24.2% year on year.

3. Video advertisements amounted to 686.0 billion yen.

Video advertisements grew 15.9% year on year to 686.0 billion yen, the highest growth rate among all ad categories. Instream advertising amounted to 383.7 billion yen, while outstream advertising totaled 302.2 billion yen. In 2024, video advertisements are forecast to maintain double-digit growth of 12.2% year on year, reaching 769.7 billion yen.

4. In 2024, internet advertising media expenditures are forecast to reach 2,912.4 billion yen.

Internet advertising media expenditures are expected to maintain steady growth in 2024, increasing 8.4% year on year to 2,912.4 billion yen.

Expenditures on Internet Advertising Media: Breakdown by Advertising Category

—Paid search advertising amounted to 1,072.9 billion yen, exceeding 1,000 billion yen for the first time since estimates began.—

In 2023, internet advertising media expenditures in Japan increased 8.3% year on year to 2,687.0 billion yen (according to “2023 Advertising Expenditures in Japan,” published by Dentsu). By ad type, paid search advertising exceeded 1,000 billion yen for the first time since estimates began, increasing 9.9% year on year to 1,072.9 billion yen, accounting for 39.9% of total internet advertising media expenditures. Display advertising grew 4.5% year on year to 770.1 billion yen (28.7% of the total), and video advertising rose 15.9% year on year to 686.0

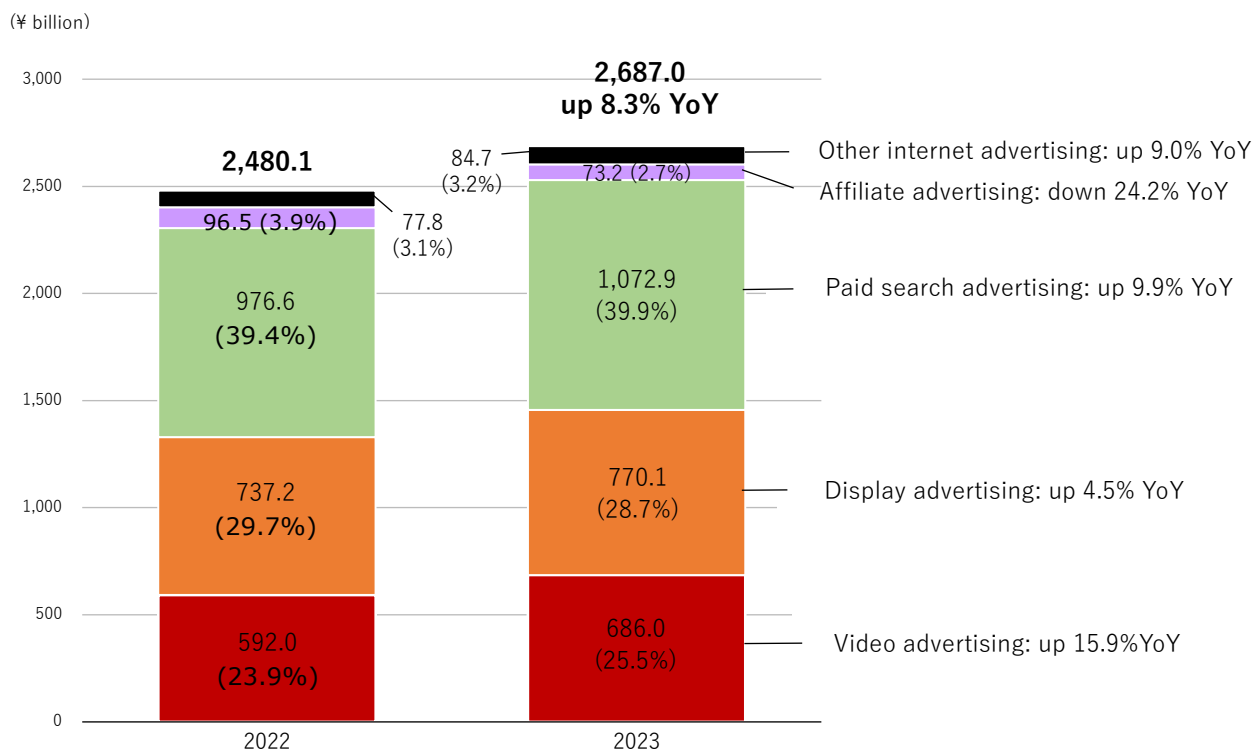


billion yen (25.5% of the total). (Graph 1)

Definitions of advertising categories

- Affiliate advertising** Advertisements whereby if a user views an internet advertisement and then performs a predetermined action, some remuneration is given to the media or user.
- Paid search advertising** Advertisements displayed on a search results page based on their relevance to search keywords used in a search site.
- Display advertising** Advertisements in such formats as images and text, which are displayed in the advertising space of a site or app.
- Video advertising** Advertisements in video file format (video images/audio).
- Other internet advertising** Advertisements in formats other than those mentioned above. For example, email advertising, audio advertising, and tie-up advertising.

Graph 1. Expenditures on Internet Advertising Media: Breakdown by Advertising Category



Note: Figures in parentheses are the percentages of overall internet advertising media expenditures.



Expenditures on Internet Advertising Media: Breakdown by Transaction Method

—Performance-based advertising reached 2,349.0 billion yen, accounting for nearly 90% of internet advertising media expenditures.—

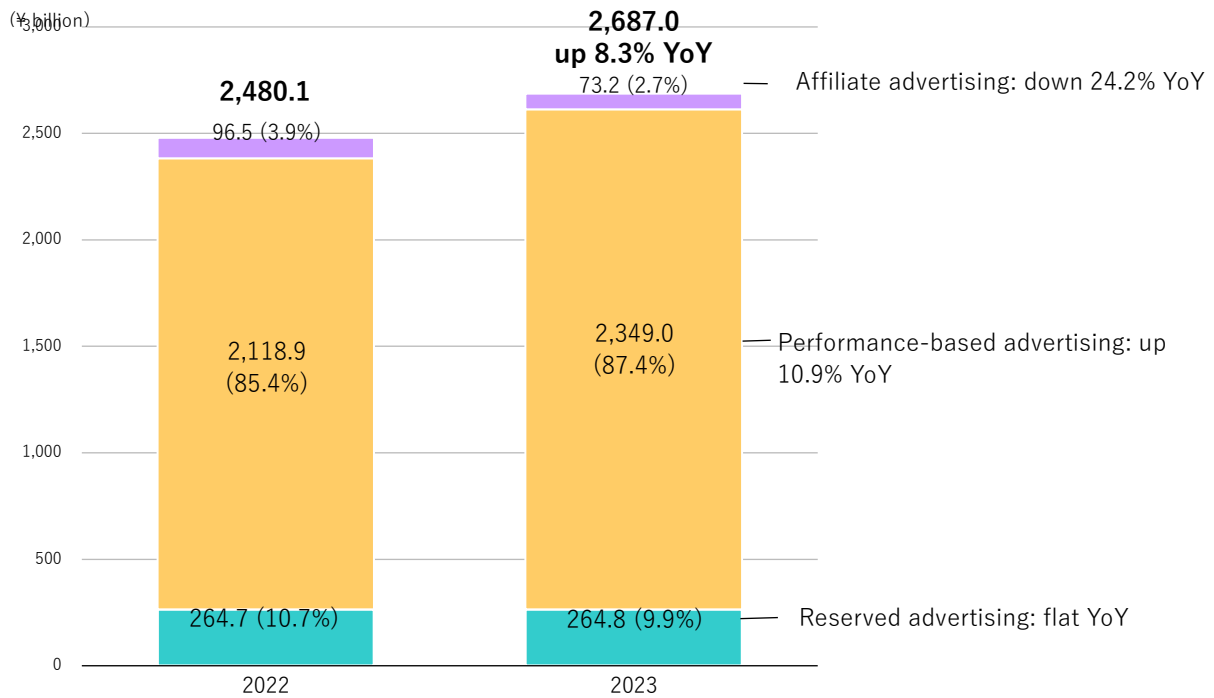
Looking at internet advertising media expenditures by transaction method, performance-based advertising rose 10.9% year on year to 2,349.0 billion yen, accounting for 87.4% of internet advertising media expenditures. Reserved advertising was essentially flat year on year (2022: 264.7 billion yen; 2023: 264.8 billion yen), and affiliate advertising declined 24.2% year on year. (Graph 2)

Definitions of transaction methods

| | |
|--------------------------------------|---|
| Affiliate advertising | Advertisements whereby if a user views an internet advertisement and then performs a predetermined action, the media or user is paid some remuneration. |
| Performance-based advertising | Paid search advertising and advertising that is transacted via an auction system through digital platforms or ad networks. |
| Reserved advertising | Conventional and tie-up advertising that is sold via advertising agencies or media representatives, or sold directly to the advertiser, and advertising that is transacted through a digital platform or ad network using a non-auction method (fixed price). |



Graph 2. Expenditures on Internet Advertising Media by Transaction Method



Note: Figures in parentheses are the percentages of overall internet advertising media expenditures.

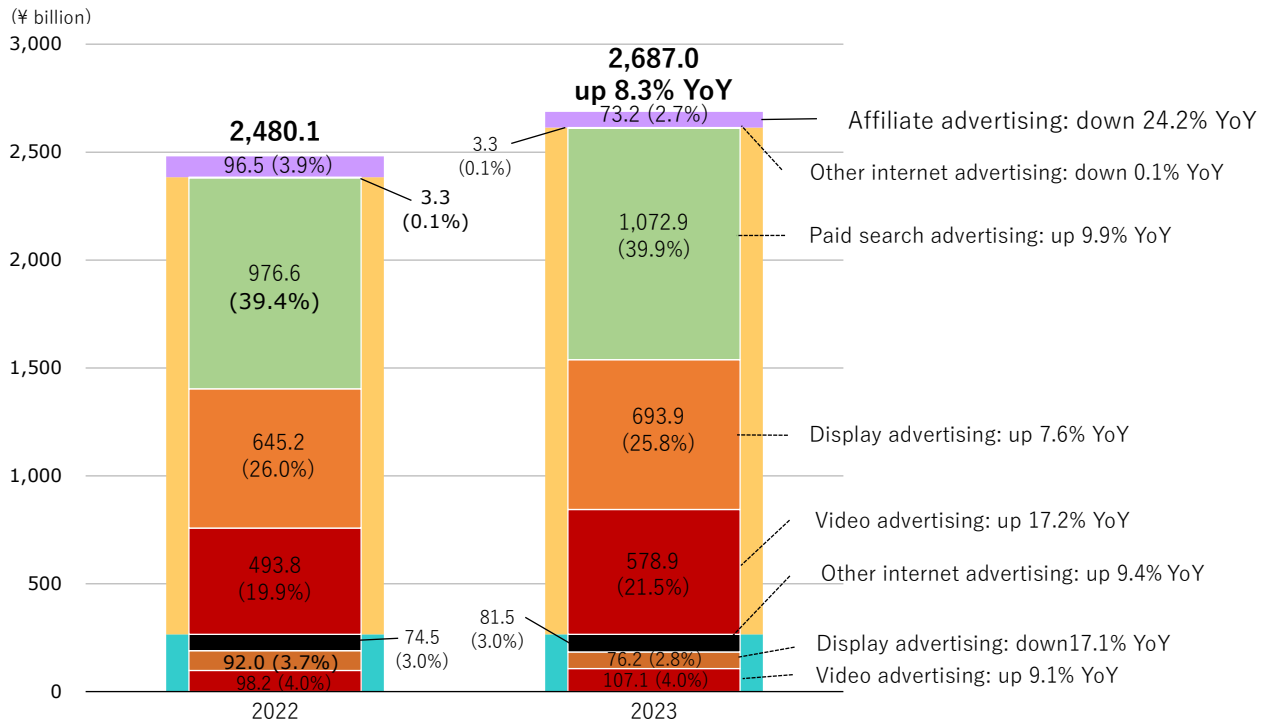
Expenditures on Internet Advertising Media: Transaction Method and Advertising Category Cross Tabulation

—Within video advertisements, performance-based advertising rose 17.2% year and year, and reserved advertising 9.1% year on year.—

Cross-tabulating transaction method against advertising category, performance-based paid search advertising accounted for 39.9%, the highest among internet advertising media, followed by performance-based display advertising, accounting for 25.8%, and performance-based video advertising, for 21.5%. In video advertisements, performance-based advertising rose 17.2% year on year, and reserved advertising 9.1% year on year. (Graph 3)



Graph 3. Expenditures on Internet Advertising Media: Transaction Method and Advertising Category Cross Tabulation



Note: Figures in parentheses are the percentages of overall internet advertising media expenditures.

Video Advertising Market

—This market grew 15.9% year on year to 686.0 billion yen, the highest growth rate among all ad categories.—

Within video advertising expenditures, instream advertising inserted in video content totaled 383.7 billion yen (55.9%), while outstream advertising displayed in online advertising spaces and article content reached 302.2 billion yen (44.1%). (Chart 1)

Further, in terms of transaction method, performance-based advertising accounted for 84.4% of the total. (Chart 2)

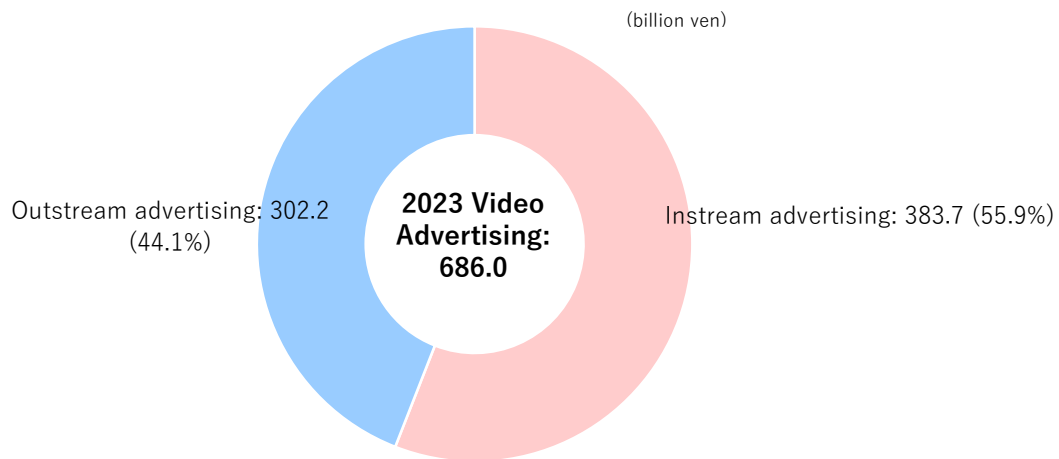


Definitions of video advertisement types

Instream advertising Advertisements in video file format that play before, during, and after video content.

Outstream advertising Display and other advertisements in video file format displayed external to video content. This includes infeed advertisements in video file format displayed in online advertising spaces and article content.

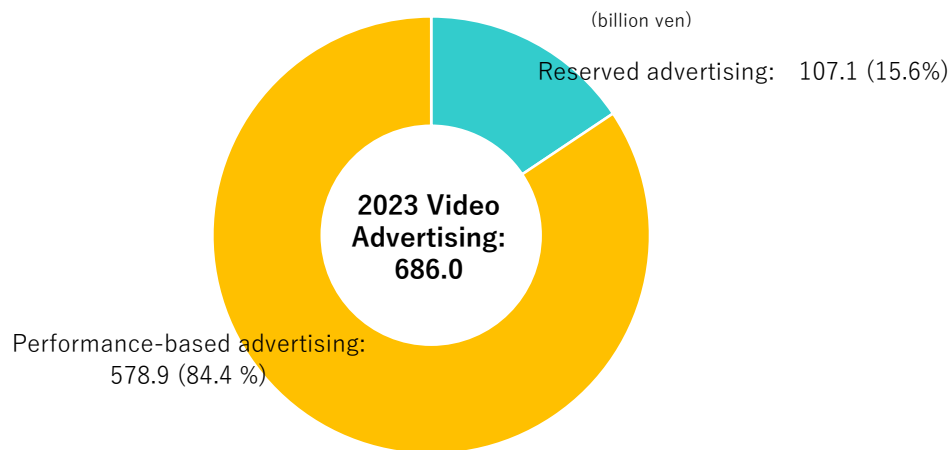
Chart 1. Video Advertising Expenditures: Breakdown by Advertising Category



Note: Figures in parentheses are the percentages of overall video advertising expenditures.



Chart 2. Video Advertising Expenditures: Breakdown by Transaction Method



Note: Figures in parentheses are the percentages of overall video advertising expenditures.

Social Advertising Market

—Social advertising grew 13.3% year on year to 973.5 billion yen.—

Social advertising in social media services grew 13.3% year on year to 973.5 billion yen, accounting for 36.2% of overall internet advertising media expenditures, 1.5% more than in 2022. (Graph 4)

By social media category, SNS amounted to 407.0 billion yen (41.8%) and video sharing to 337.2 billion yen (34.6%), totaling 76.4% of social advertising expenditures. (Chart 3)

Definitions of social advertising

Advertising placed on social media* services.

* Media (platforms) providing services enabling users to share and exchange information posted by users as content.

(Source: *Internet Advertising, Basic Glossary 2023 Edition*, Japan Interactive Advertising Association.)

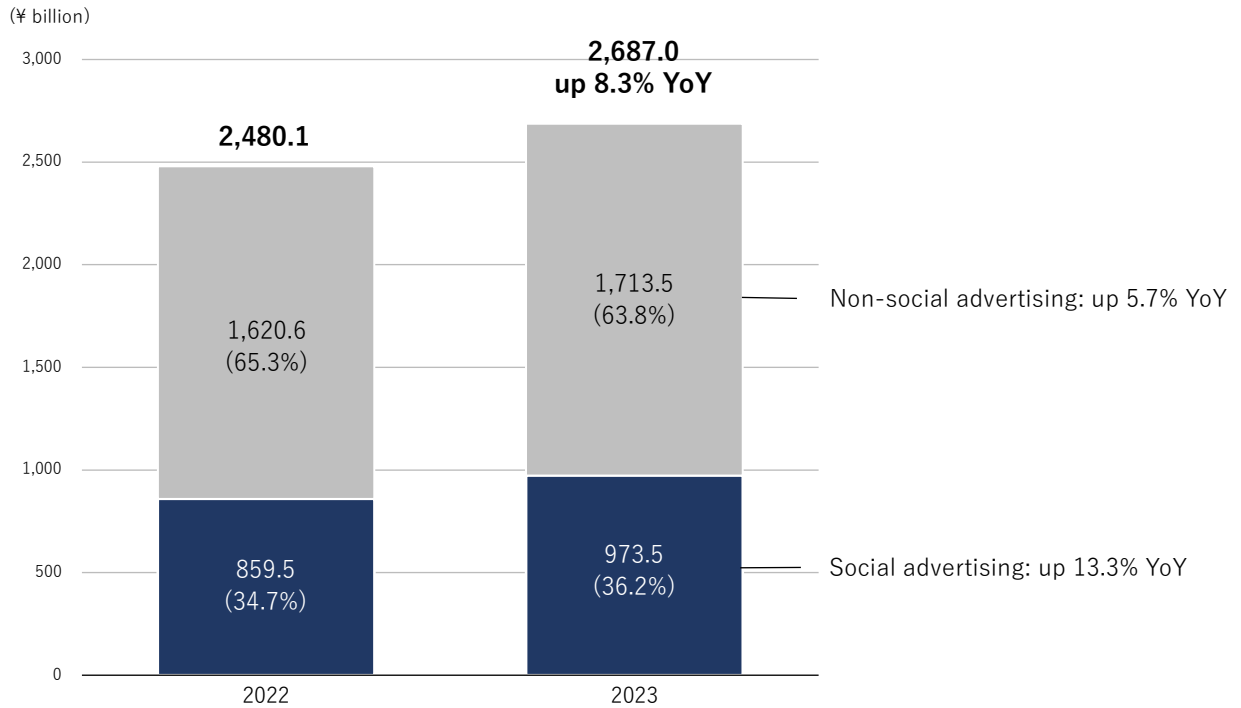
Examples of social media: SNS, blog services, mini (micro) blogs, video sharing websites, social bookmarks, electronic bulletin board services.

Definitions of social classification

The SNS category includes SNS platforms (excluding the video sharing category). The video sharing category includes video sharing websites with user-submitted content. The others category includes blogs, electronic bulletin boards, and other websites.

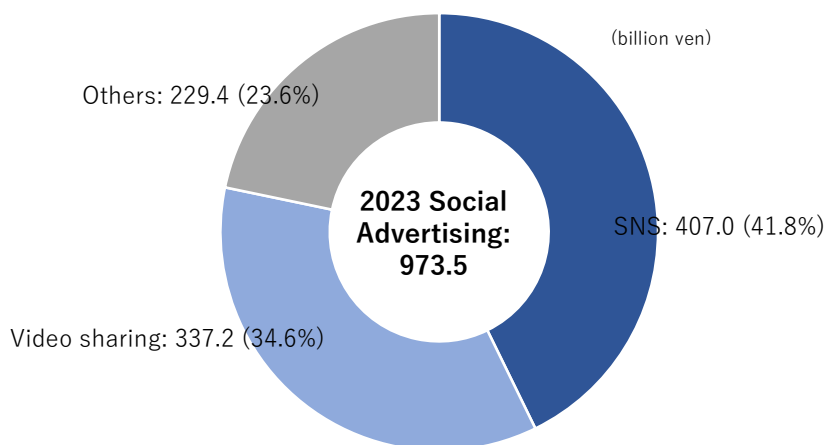


Graph 4. Social Advertising Expenditures



Note: Figures in parentheses are the percentages of overall internet advertising media expenditures.

Chart 3. Social Advertising Expenditures by Ad Category



Note: Figures in parentheses are the percentages of overall social advertising expenditures.

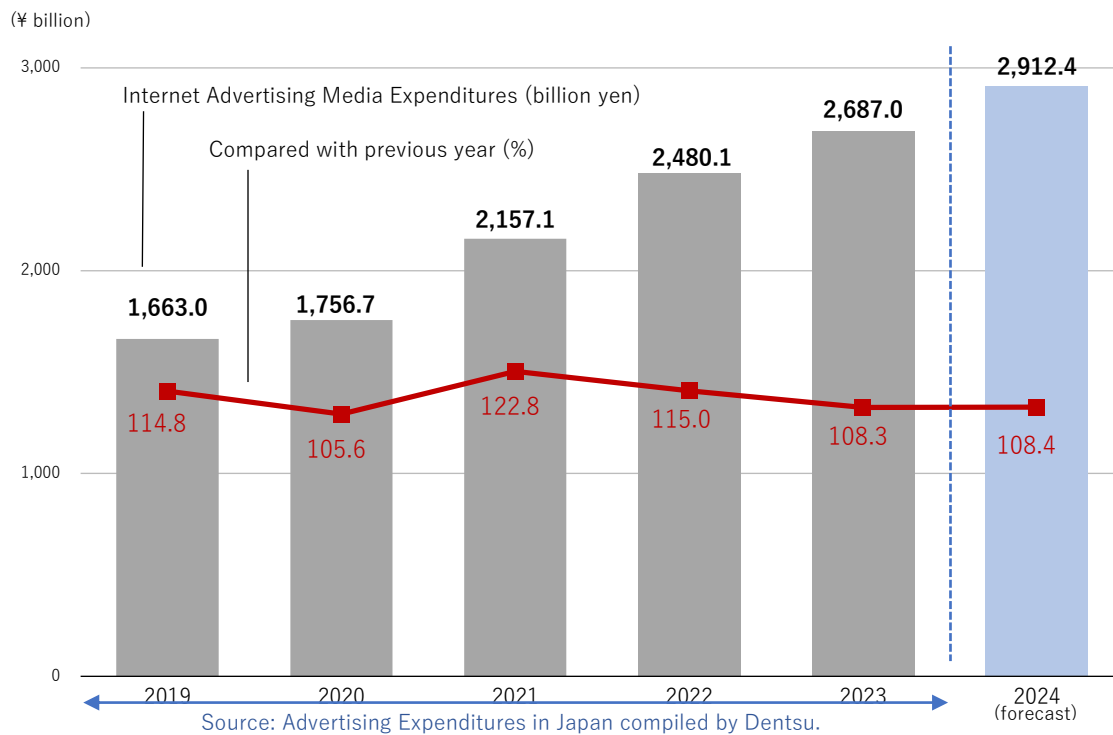


Total Internet Advertising Media Expenditures (Forecast)

—In 2024, total internet advertising media expenditures in Japan are forecast to increase 8.4% year on year to 2,912.4 billion yen.—

Internet advertising media expenditures are expected to maintain steady growth in 2024, increasing 8.4% year on year to 2,912.4 billion yen. (Graph 5)

Graph 5. Total Internet Advertising Media Expenditures (Forecast)



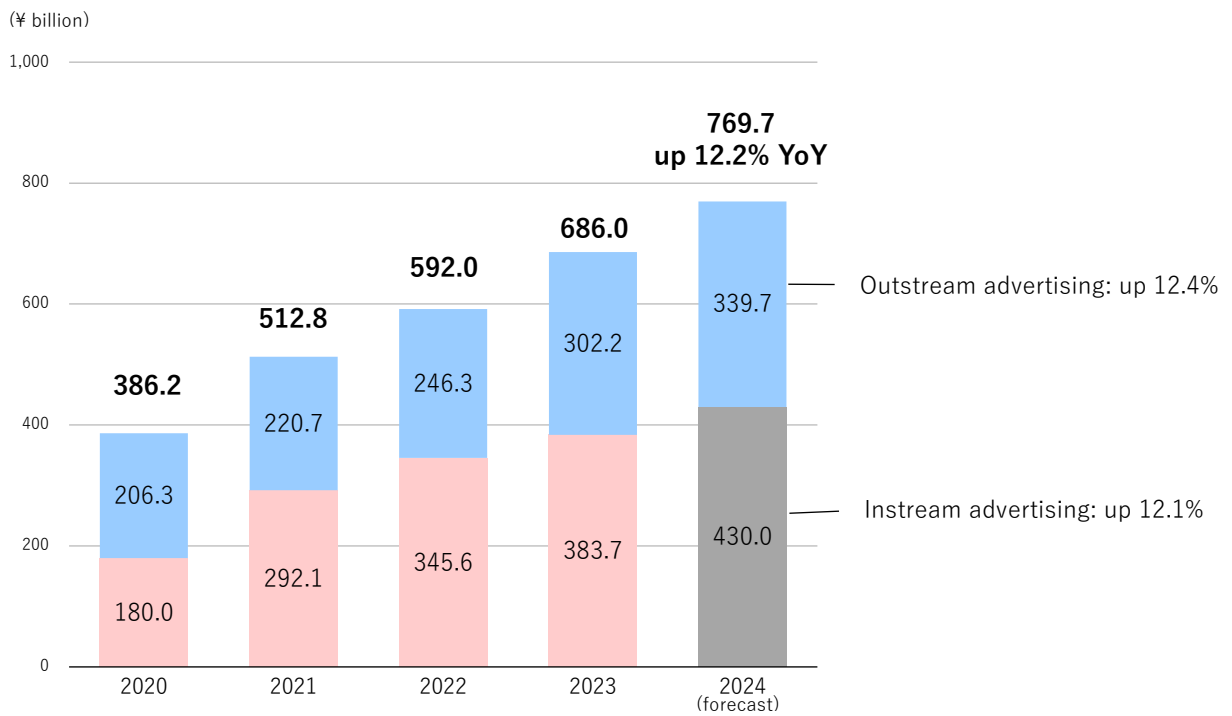


Video Advertising Market (Forecast)

—Video advertisements in 2024 are forecast to grow 12.2% year on year to 769.7 billion yen.—

In 2024, video advertisements are forecast to maintain double-digit growth of 12.2% year on year to reach 769.7 billion yen. Outstream and instream advertisements are expected to grow at about the same rate. (Graph 6)

Graph 6. Video Advertising Market (Forecast)





Survey Overview

| | |
|-----------------------------|---|
| Survey organizations | CARTA COMMUNICATIONS Inc., Dentsu Inc., Dentsu Digital Inc., SEPTENI CO.,LTD. |
| Survey period | December 2023–February 2024 |
| Survey methodology | Carried out estimates based on the following research <ol style="list-style-type: none">1. Research based on questionnaire surveys covering internet advertising media companies, etc. (web research) The research was conducted by explaining to respondents that the survey would be asking about “2023 Advertising Expenditures in Japan” internet media expenditures.2. Same as above, but with additional interview research3. Various types of data collection and analysis |

Note: The figures shown in graphs contained in this release are rounded to the nearest unit. Consequently, some totals differ from the sum of the components shown.

Company profile

CARTA COMMUNICATIONS Inc. (<https://www.cci.co.jp/en/>)

- Location: Toranomon Hills Station Tower 36F, 2-6-1, Toranomon, Minato-ku, Tokyo, 105-5536, Japan
- Representative: Taku Meguro, Representative Director, President
- Business outline:
CCI is engaged in comprehensive digital marketing business development. In addition to the sale of advertising space, CCI works with media companies and platformers to develop products, solutions, and services provided to client companies.

Dentsu Inc. (<https://www.dentsu.co.jp/en/>)

- Location: 1-8-1, Higashi-shimbashi, Minato-ku, Tokyo 105-7001, Japan
- Representative: Takeshi Sano, Representative Director, President and CEO
- Business outline:
In addition to providing various solutions for overall client marketing, Dentsu promotes the development of efficient advertising in response to changes in the digital age; designs optimal customer experiences; innovates marketing infrastructure; and transforms client business. We also integrate diverse



capabilities that have evolved beyond the marketing domain to provide integrated solutions, which contribute to the sustainable growth of clients and society.

Dentsu Digital Inc. (<https://www.dentsudigital.co.jp/en/>)

- Location: 1-8-1 Higashi-shinbashi, Minato-Ku, Tokyo, 105-7077, Japan
- Representative: Koh Takimoto, Representative Director, President and CEO
- Business outline:

Dentsu Digital is one of the largest integrated digital firms in Japan. We are committed to realizing the full potential of new solutions that can emerge from the joining of creativity and technology that are closer to people's hearts and minds. We offer services such as: data-driven "marketing strategy formulation and execution", "DX consulting" to support business innovation, "IT platform design and construction" to help shape the company's digital foundation, and "communication development" that can integrate AI and other cutting-edge technologies for state-of-the-art results.

SEPTENI CO.,LTD. (<https://www.septeni.co.jp/en/>)

- Location: Sumitomo Shinjuku Grand Tower 28F, 8-17-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo 160-6128
- Representative: Yusuke Shimizu, Representative Director, President
- Business outline:
Septeni provides comprehensive support for corporate digital transformation, mainly through digital advertising, and provides solutions utilizing data and AI.

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Contact: PR Office, CARTA COMMUNICATIONS Inc.

Inquiry form is available at <https://www.cci.co.jp/en/contact/>