

FOR IMMEDIATE RELEASE

March 9, 2022

## 2021 Advertising Expenditures in Japan: Detailed Analysis of Expenditures on Internet Advertising Media

*—Detailed analysis of spending on Internet advertising media jointly carried out by Dentsu, CCI, D2C, and Dentsu Digital—*

Dentsu Inc. (Dentsu), CARTA COMMUNICATIONS Inc. (CCI), D2C Inc. (D2C), and Dentsu Digital Inc. (Dentsu Digital) have released a survey titled “2021 Advertising Expenditures in Japan: Detailed Analysis of Expenditures on Internet Advertising Media.” The survey analyzes the results of “2021 Advertising Expenditures in Japan,” published by Dentsu on February 24, 2022, and further breaks down data on Internet advertising media spending. The analysis presents data based on such variables as ad category and transaction method. It also includes forecasts for 2022.

In 2021, advertising expenditures in Japan totaled 6,799.8 billion yen (up 10.4% year on year), as the impact of COVID-19, which had continued since 2020, eased in the second half of the year and the advertising market underwent a significant overall recovery. Internet advertising expenditures, in particular, maintained their high rate of growth, reaching 2,705.2 billion yen (up 21.4% year on year). For the first time, Internet advertising expenditures exceeded Traditional Media expenditures, which amounted to 2,453.8 billion yen. Furthermore, excluding Internet advertising production costs and advertising expenditures for Merchandise-related EC Platforms, Internet advertising media expenditures amounted to 2,157.1 billion yen (up 22.8% year on year) due to developments in video advertising and social advertising that boosted growth.

Key points of the “2021 Advertising Expenditures in Japan: Detailed Analysis of Expenditures on Internet Advertising Media” follow.

- 1. Video advertisements amounted to 512.8 billion yen, exceeding 500 billion yen for the first time.**  
Video advertisements amounted to 512.8 billion yen, up 32.8% year on year, accounting for 23.8% of total Internet advertising media expenditures. Video advertisements break down to 57.0% for instream advertising and 43.0% for outstream advertising. In 2022, video advertising is forecast to grow 20.5% year on year to 617.8 billion yen.
- 2. Social advertising amounted to 764.0 billion yen, or one-third of overall expenditures on Internet advertising media.**

Social advertising placed on social media, video-sharing, and other platforms grew 34.3% year on year, amounting to 764.0 billion yen and accounting for 35.4% of overall expenditures on Internet advertising media.

**3. Performance-based advertising amounted to 1,838.2 billion yen, maintaining a high growth rate of 26.3%. Reserved advertising also grew.**

Performance-based advertising, which is the main transaction method, grew 26.3% year on year to 85.2% of total Internet advertising media expenditures. Reserved advertising grew 11.1%, while affiliate advertising declined 4.6% from the previous year.

**4. In 2022, Internet advertising media expenditures overall are forecast to grow 15.0%, to 2,481.1 billion yen.**

In 2022, Internet advertising media expenditures overall are forecast to continue growing 15.0% to 2,481.1 billion yen.

**Expenditures on Internet Advertising Media: Breakdown by Advertising Category**

—Video advertisements amounted to 512.8 billion yen, up 32.8% year on year, exceeding 500 billion yen for the first time.—

In 2021, Internet advertising media expenditures in Japan amounted to 2,157.1 billion yen (according to “2021 Advertising Expenditures in Japan,” published by Dentsu). Of the total, the two largest ad categories were paid search advertising (37.0%) and display advertising (31.8%), giving the two categories a combined share of approximately 70%. Video advertisements amounted to 512.8 billion yen, up 32.8% year on year, exceeding 500 billion yen for the first time. Furthermore, the definition of tie-up advertising, which until 2020 had been categorized under display advertising, was changed in 2021 and is now included under other Internet advertising. In 2021, tie-up advertising is estimated at approximately 30.0–35.0 billion yen. (Graph 1)

Definitions of advertising categories

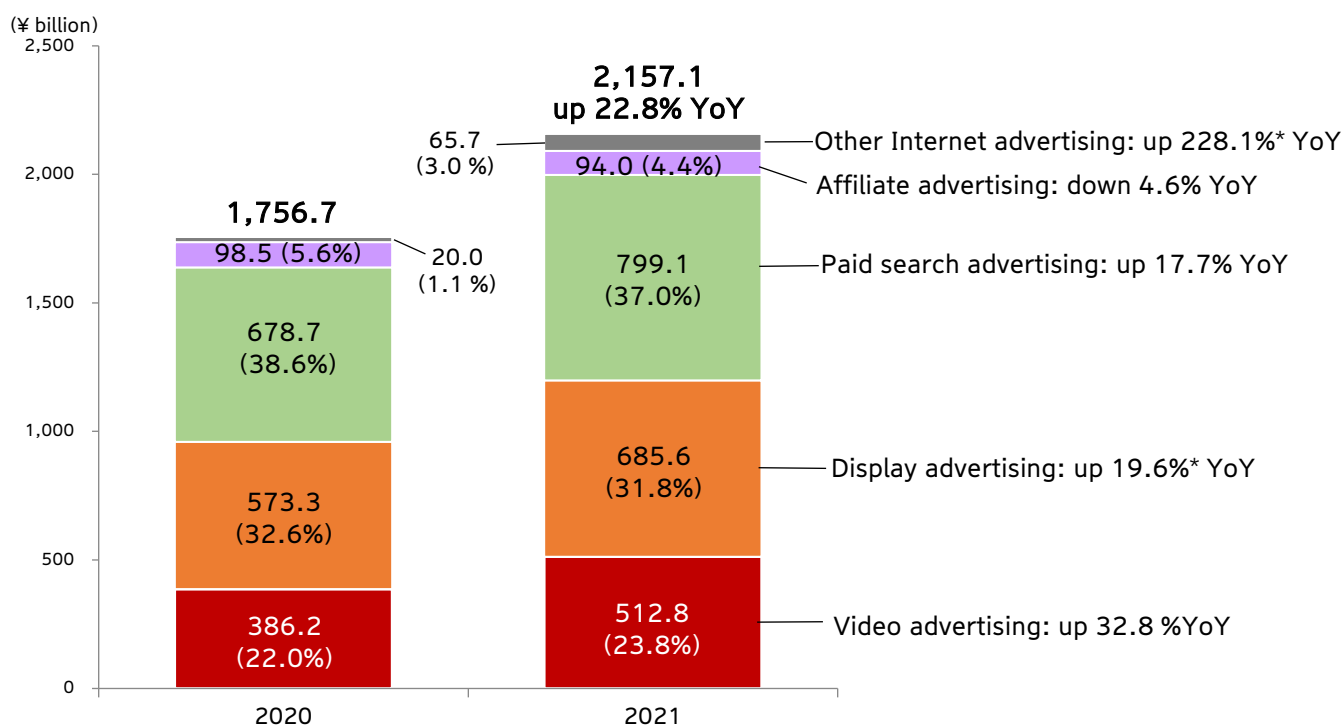
<b>Affiliate advertising</b>	Advertisements whereby if a user views an Internet advertisement and then performs a predetermined action, some remuneration is given to the media or user.
<b>Paid search advertising</b>	Advertisements displayed on a search results page based on their relevance to search keywords used in a search site.
<b>Display advertising<sup>1</sup></b>	Advertisements in such formats as images and text, which are displayed in the advertising space of a site or app.
<b>Video advertising</b>	Advertisements in video file format (video images/audio).
<b>Other Internet advertising<sup>1</sup></b>	Advertisements in formats other than those mentioned above. For example, email advertising, audio advertising and tie-up advertising. <sup>2</sup>

Notes:

1. Tie-up advertising, which up to 2020 was included in display advertising, was recategorized in 2021 and is now included under other Internet advertising.
2. Tie-up advertising is ad content produced and edited in an article format by media companies.

Source: *Internet Advertising, Basic Glossary 2021 Edition*, Japan Interactive Advertising Association

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



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

\* Tie-up advertising, included in display advertisements until 2020, is included in other Internet advertising in 2021. As the components of both types of advertising changed, the figures cannot be compared. Year-on-year changes are given only for reference purposes.

### **Expenditures on Internet Advertising Media: Breakdown by Transaction Method**

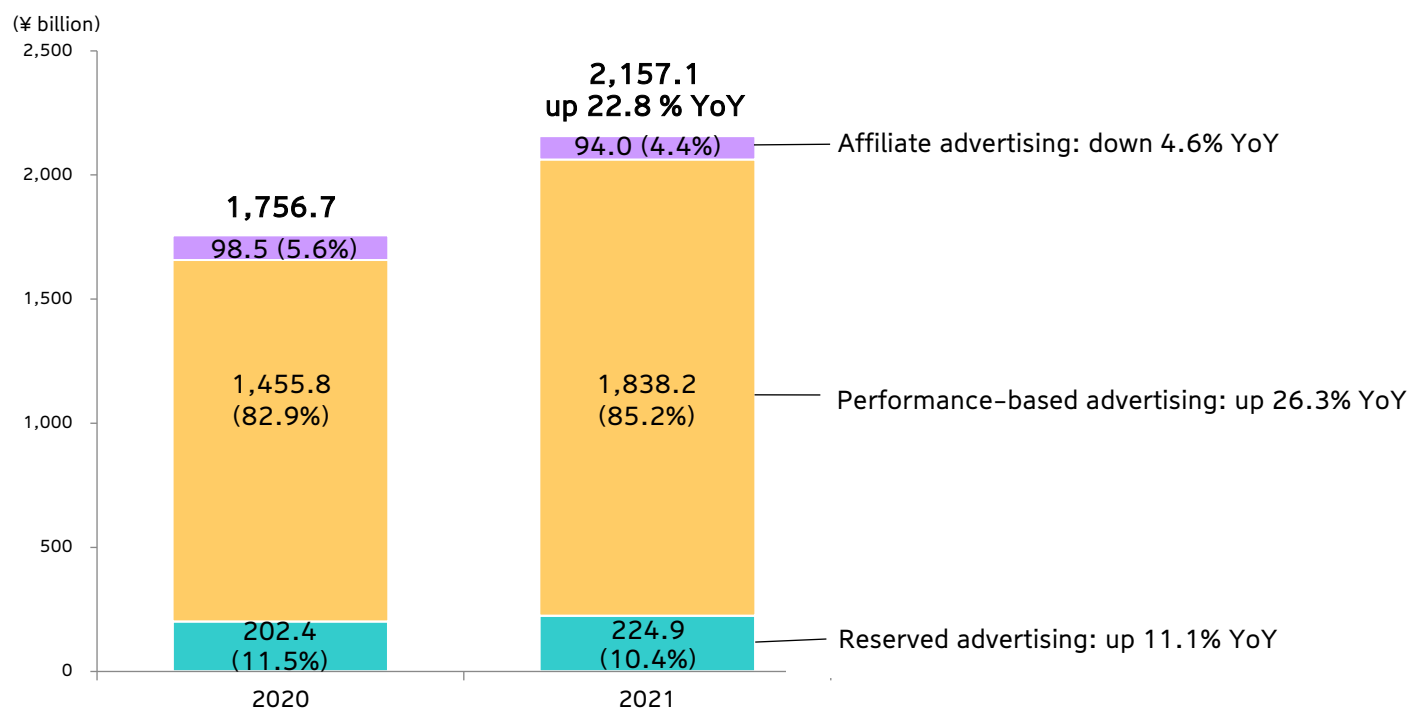
—Substantial growth in performance-based advertising (up 26.3%), as well as 11.1% growth in reserved advertising.—

Analyzed by transaction method used for Internet advertising media expenditures, performance-based advertising—the principal transaction method—grew 26.3% year on year, amounting to 1,838.2 billion yen and accounting for 85.2% of overall expenditures on Internet advertising media. Although reserved advertising grew 11.1%, performance-based advertising continued to expand, causing the composition ratio to shrink to 10.4%. Affiliate advertising continued to decline, dropping 4.6% year on year. (Graph 2)

#### **Definitions of transaction methods**

<b>Affiliate advertising</b>	Advertisements whereby if a user views an Internet advertisement and then performs a predetermined action, the media or user is paid some remuneration.
<b>Performance-based advertising</b>	Paid search advertising and advertising that is transacted via an auction system through digital platforms or ad networks.
<b>Reserved advertising</b>	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**



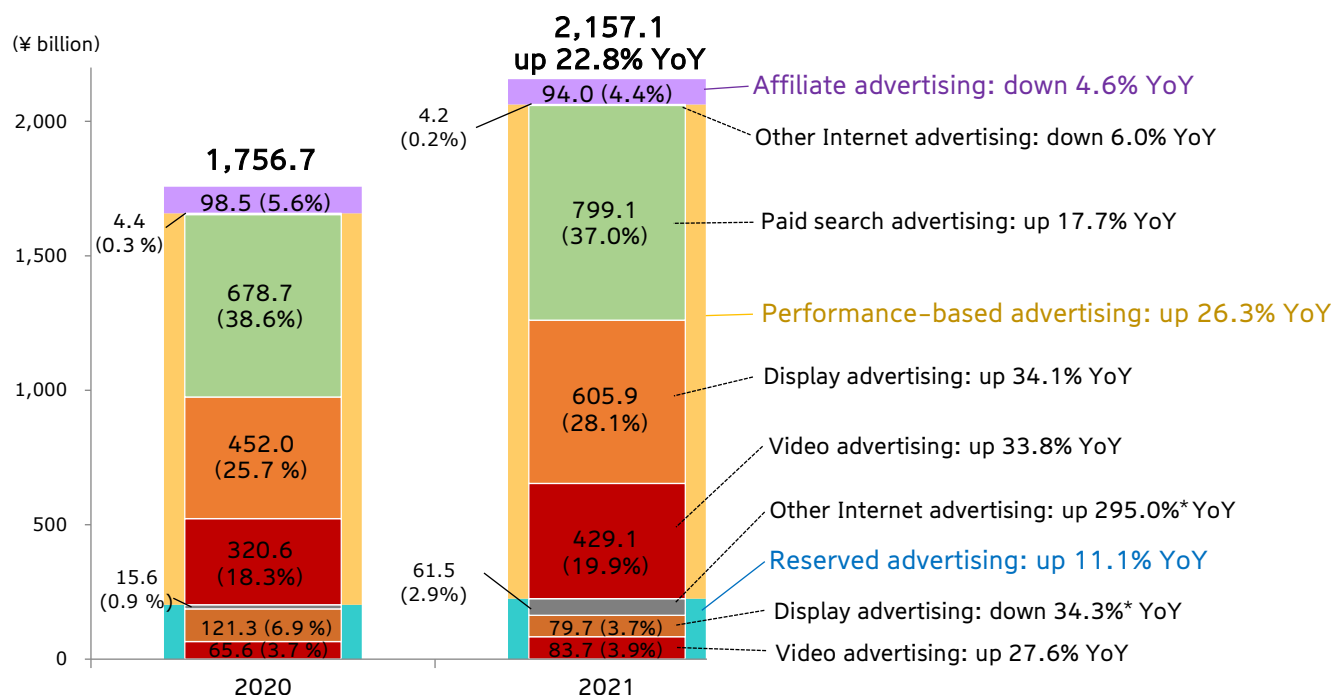
Note: Figures in parentheses are the percentages of overall Internet advertising media expenditures.

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

—Both performance-based video advertising and performance-based display advertising increased significantly by more than 30% year on year.—

Cross-tabulating transaction method against advertising category, performance-based paid search advertising accounted for 37.0%, making it the largest sub-category, followed by performance-based display advertising, which accounted for 28.1%. Performance-based video advertising grew substantially, up 33.8% year on year, accounting for 19.9% of overall Internet advertising media expenditures. Performance-based display advertising also increased significantly, up 34.1% 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.

\* Tie-up advertising, included in display advertisements until 2020, is included in other Internet advertising in 2021. As the components of both types of advertising changed, the figures cannot be compared. Year-on-year changes are given only for reference purposes.

## Video Advertising Market

—Video advertisements exceeded 500 billion yen for the first time in 2021.—

Within video advertisement expenditures amounting to 512.8 billion yen, instream advertising inserted in video content amounted to 292.1 billion yen (57.0%) and outstream advertising displayed in online advertising spaces and article content amounted to 220.7 billion yen (43.0%). (Graph 4)

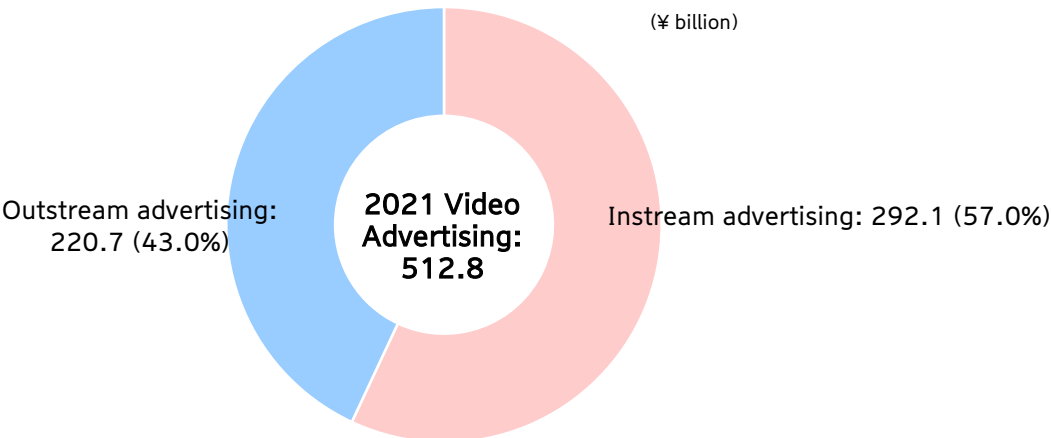
In addition, in terms of transaction methods, performance-based advertising amounted to 83.7% of the total. (Graph 5)

Definitions of video advertisement types

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

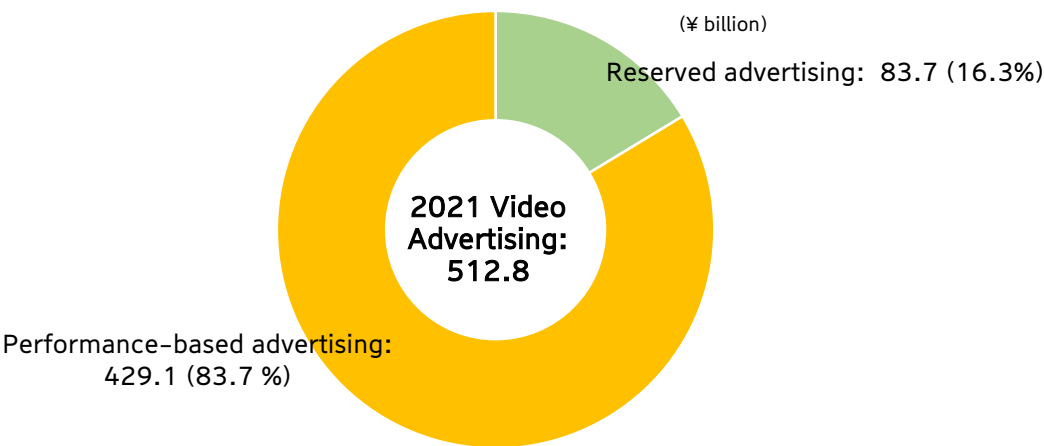
**Outstream advertising** Display and other advertisements in video file format displayed external to video content. This includes infeed advertisements in video file format displayed in online advertising spaces and article content.

**Graph 4. Video Advertising Expenditures: Breakdown by Advertising Category**



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

**Graph 5. Video Advertising Expenditures: Breakdown by Transaction Method**



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

**Social Advertising Market**

—Social advertising expenditures grew substantially (up 34.3%), with significant expansion in video sharing.—

Social advertising placed on social media services grew at a strong rate of 34.3% year on year, amounting to 764.0 billion yen and accounting for 35.4% of overall Internet advertising media expenditures. (Graph 6)

Furthermore, when social media are placed in “SNS,” “video sharing,” and “others” categories, the SNS category has the largest scale at 316.8 billion yen. The video sharing category also grew substantially. (Graph 7)

#### Definition 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 2021 Edition*, Japan Interactive Advertising Association)

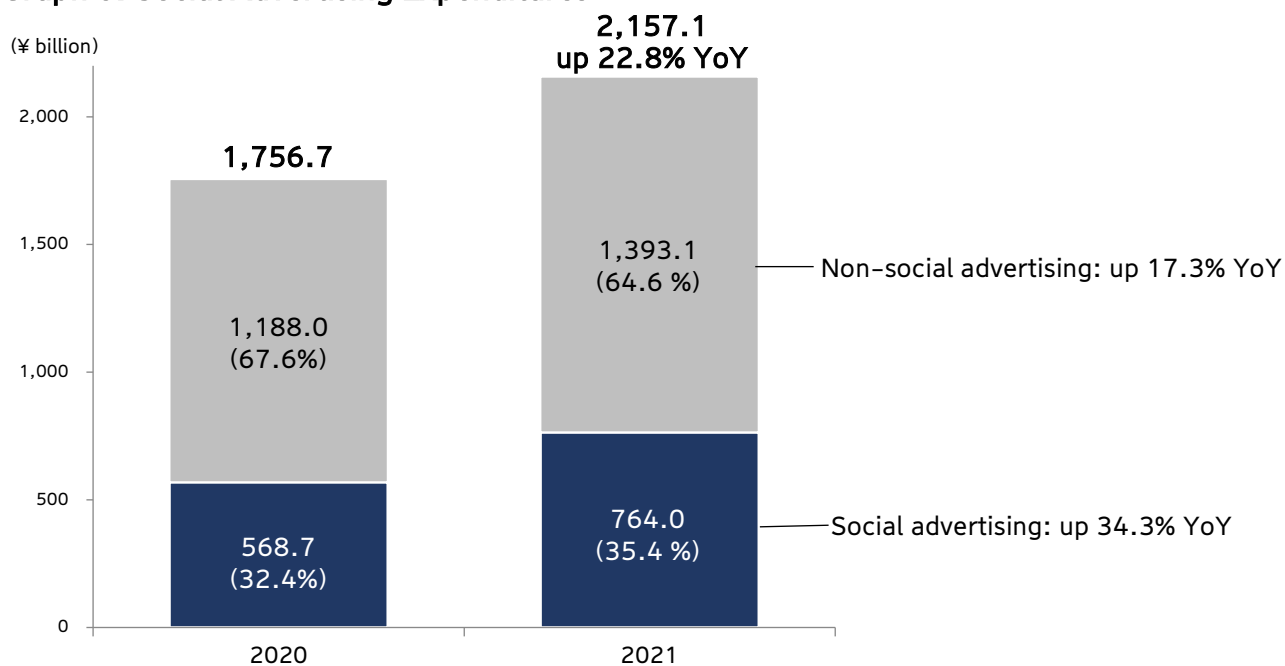
#### Social Advertising

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

#### Definition of social classification

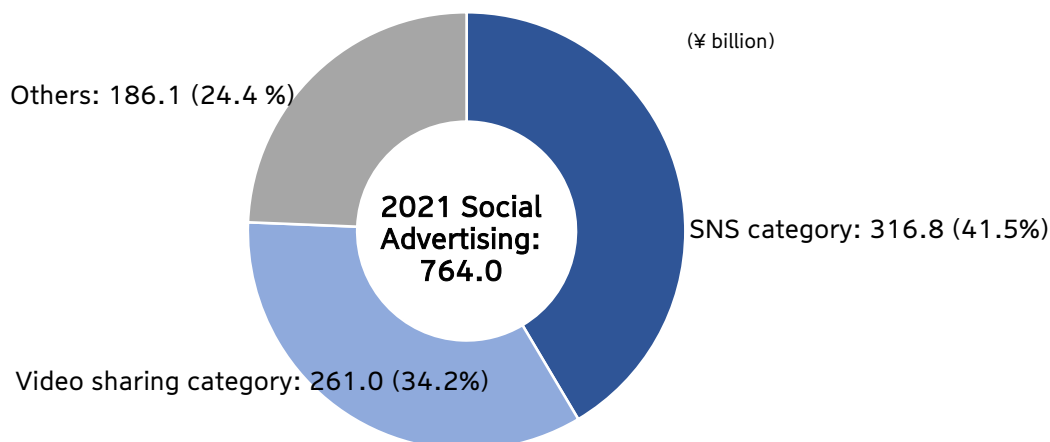
The SNS category includes SNS platforms (excluding video sharing category). The video sharing category includes video sharing websites with user-submitted content. The others category includes blogs, electronic bulletin boards, and other websites.

**Graph 6. Social Advertising Expenditures**



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

**Graph 7. Social Advertising Expenditures by Ad Category**



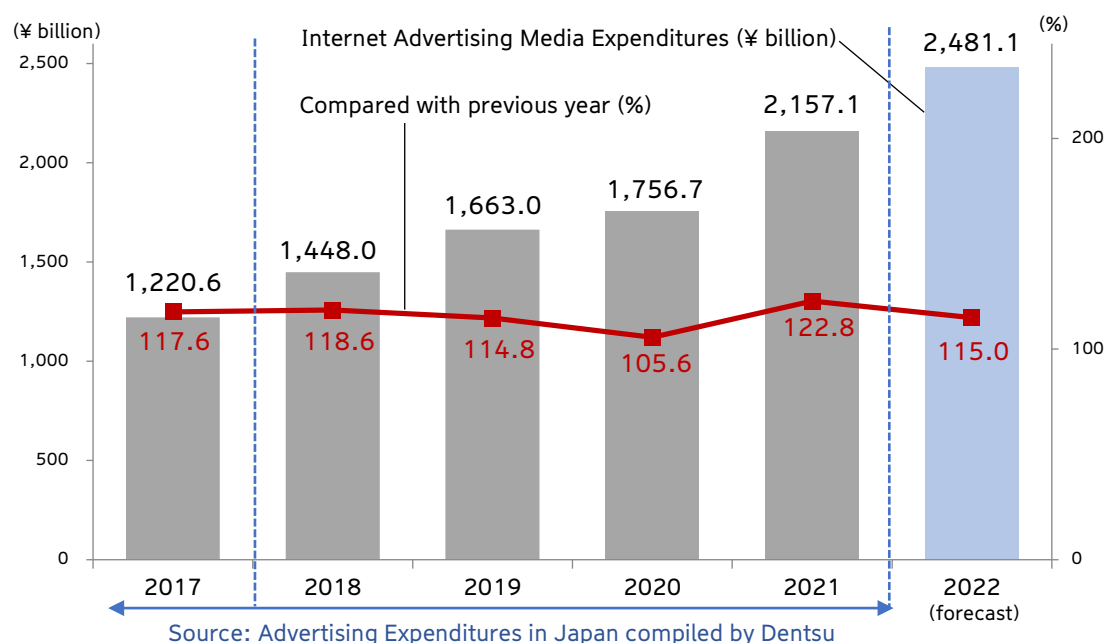
Note: Figures in parentheses are the percentages of overall social advertising expenditures.

## Total Internet Advertising Media Expenditures (Forecast)

—In 2022, total Internet advertising media expenditures in Japan are forecast to increase 15.0% compared with 2021, to 2,481.1 billion yen.—

Internet advertising media expenditure growth is expected to continue in 2022, expanding 15.0% compared with 2021 to reach 2,481.1 billion yen. (Graph 8)

**Graph 8. Total Internet Advertising Media Expenditures (Forecast)**



Note: In 2018, the survey of Internet advertising expenditures newly included estimates for expenditures for digital advertising carried by traditional media companies.

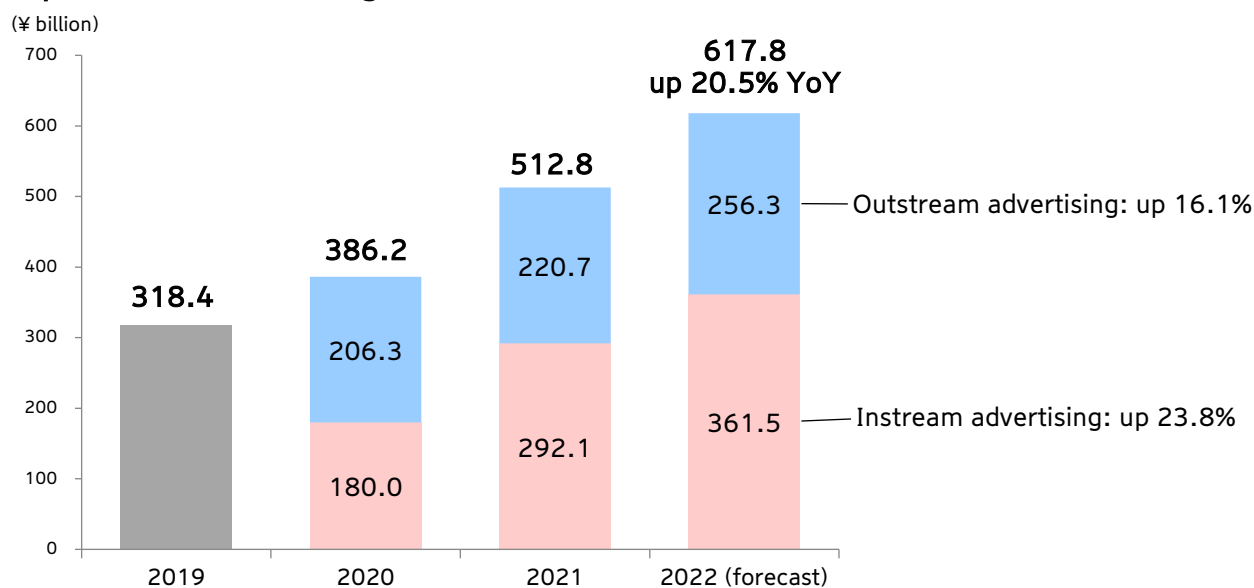
## Video Advertising Market (Forecast)

—Video advertisements in 2022 are forecast to grow to 617.8 billion yen.—

Video advertisements continue to maintain a high rate of growth, and are expected to reach 617.8 billion yen (up 20.5% year on year). (Graph 9)



## Graph 9. Video Advertising Market (Forecast)



## Research Overview

**Research organizations** Dentsu Inc., CARTA COMMUNICATIONS Inc., D2C Inc., Dentsu Digital Inc.

**Research period** December 2021–February 2022

Carried out estimates based on the following research

1. Research based on questionnaire surveys covering Internet advertising media companies, etc. (web research)

**Research methodology** The research was conducted by explaining to respondents that the survey would be asking about “2021 Advertising Expenditures in Japan” Internet media expenditures

2. Same as above, but with additional interview research

3. 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.

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