

FOR IMMEDIATE RELEASE

July 29, 2019

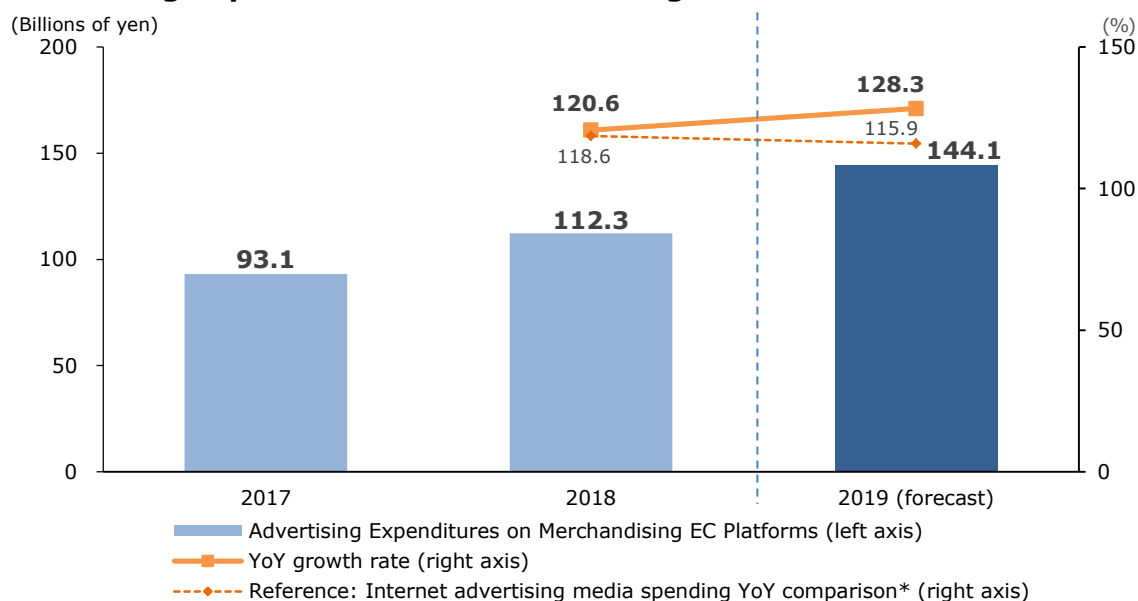
Japan's First-Ever Estimates of Advertising Expenditures on Merchandising E-Commerce Platforms

- **2018 Results: 112.3 billion yen (up 20.6% YoY)**
- **2019 Forecasts: 144.1 billion yen, a high growth rate of 28.3% YoY**

Three Dentsu Group companies, D2C Inc., Cyber Communications Inc. (CCI) and Dentsu Inc. have jointly carried out the estimation of "Advertising Expenditures on Merchandising E-Commerce Platforms"¹ for the first time in Japan as part of their efforts to understand the related market of "Advertising Expenditures in Japan."

These estimates resulted in confirming aggressive advertising development mainly among major E-commerce (EC) platform companies, with advertising expenditures on merchandising EC platforms amounting to 112.3 billion yen in 2018 (up 20.6% YoY) and growth to 144.1 billion yen (up 28.3% YoY) expected in 2019. Growth in 2018 exceeded the Internet advertising media spending (1,448.0 billion yen) growth rate (up 18.6% YoY) and in 2019, is forecast to significantly exceed the Internet advertising media spending (1,678.1 billion yen) growth rate (up 15.9% YoY).

Advertising Expenditures on Merchandising EC Platforms



* 2018 figures are from Dentsu's "2018 Advertising Expenditures in Japan." 2019 forecasts are from D2C/CCI/Dentsu's "2018 Advertising Expenditures in Japan: Detailed Analysis of Expenditures on Internet Advertising Media."

According to the survey² conducted by the Ministry of Economy, Trade and Industry, the domestic B to C-EC market amounted to 18.0 trillion yen (up 9.0% YoY), of which the merchandising sector accounted for approximately 9.3 trillion yen (up 8.1% YoY), the service sector accounted for approximately 6.6 trillion yen (up 11.6%) and the digital sector accounted for approximately 2.0 trillion yen (up 4.6%).

This survey specializes in EC platforms of the merchandising sector, which were the largest in terms of scale within the B to C-EC market, and estimates the annual amount of advertising transactions placed on those platforms. The rationale for this specialization is based on our determination that advertising placement on EC platforms is growing rapidly in the merchandising sector, thus it is easier to estimate more accurately than service-related sectors that cover a wide range of areas.

In terms of deriving our proprietary estimates, EC platform companies, as well as publishers, distributors and other companies that were previously not included in advertising market estimates, participated in surveys and additional hearings conducted by the three Dentsu Group companies.

Notes: 1. These estimates target advertising expenditures on merchandising EC platforms including household appliances, miscellaneous goods, books, clothing and office supplies. Advertising expenditures on EC platforms including travel services, financial services, ticket sales, food and beverage services, beauty and barber services, online gaming, digital publishing, and paid video and music services are not included in these estimates.

2. Source: *FY2018 Survey of Infrastructure Development Status for Data-driven Society in Japan (E-Commerce Market Survey)*; Ministry of Economy, Trade and Industry (published May 16, 2019). EC stands for electronic commerce.

Survey Overview

Survey organizers: D2C Inc., Cyber Communications Inc. (CCI) and Dentsu Inc.

Survey conducted by: Video Research Ltd.

Survey period: June 2019

Survey targets and methodology: Estimates were derived on the basis of the following research.

- 1) Mail-in questionnaire survey targeting companies consisting mainly of EC platform companies as related research of "Advertising Expenditures in Japan."
- 2) Additional hearings conducted at target companies.
- 3) Analysis and estimates including a variety of data held by the Dentsu Group.

Note: The three Dentsu Group companies conducted this survey to understand the rapid growth in advertising expenditures on EC platforms as one component of the advertising-related market. Some portion of this survey estimates are included in the "Internet advertising expenditure" results published in "2018 Advertising Expenditures in Japan" announced by Dentsu in February 2019 (details are not disclosed).

#####

Contact: Shusaku Kannan
Executive Communications Director
Corporate Communications Division
Telephone: +81 (3) 6216-8042
E-mail: s.kannan@dentsu.co.jp