PubMatic

2019 MOBILE IN-APP ADVERTISING SURVEY JAPAN

2019 MOBILE IN-APP ADVERTISING SURVEY JAPAN

Methodology

Respondent base: 100 media buyers (brand advertisers and advertising agencies*—including trading desks) who purchase in-app advertisements in Japan**
Study period: September - October 2019
Study owner: PubMatic Japan
Research partner: Digital InFact

*Advertising agency respondents were asked to limit responses to one key client.
**Programmatic in-app ads were defined as those purchased via DSPs, these do not include ads purchased via ad networks or social media apps.

MOBILE IN-APP AS A SHARE OF DIGITAL ADVERTISING SPENDING

In-app spending accounts for 28% of overall digital ad budgets in Japan. However, agencies allocate more spend to in-app than brand advertisers; the in-app share for agencies is 35%, and 20% for brand advertisers.

28%

20%

35%

Total Media Buyers

Brand Advertisers

Agencies
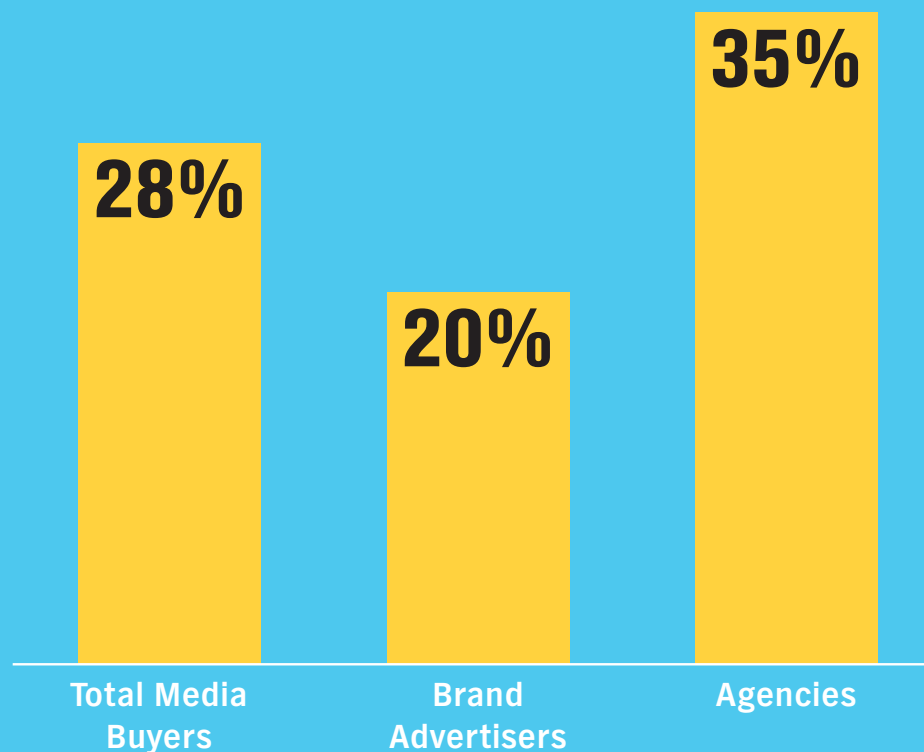
Source: Mobile In-App Advertising Survey (Japan), October 2019
"Do you know how much budget were allocated to in-app advertising in the 2019 digital advertising budget?"

MOBILE IN-APP ADVERTISING OBJECTIVES

Brand advertisers primarily use in-app advertising for "branding" purposes (46%), whereas the top objective for agencies is to facilitate "app installation" (56%).

Brand Advertisers
- 26%
- 18%
- 44%
- 46%

Agencies*
- 56%
- 30%
- 46%
- 28%

- ■ Encourage app installation
- ■ Promote other than apps
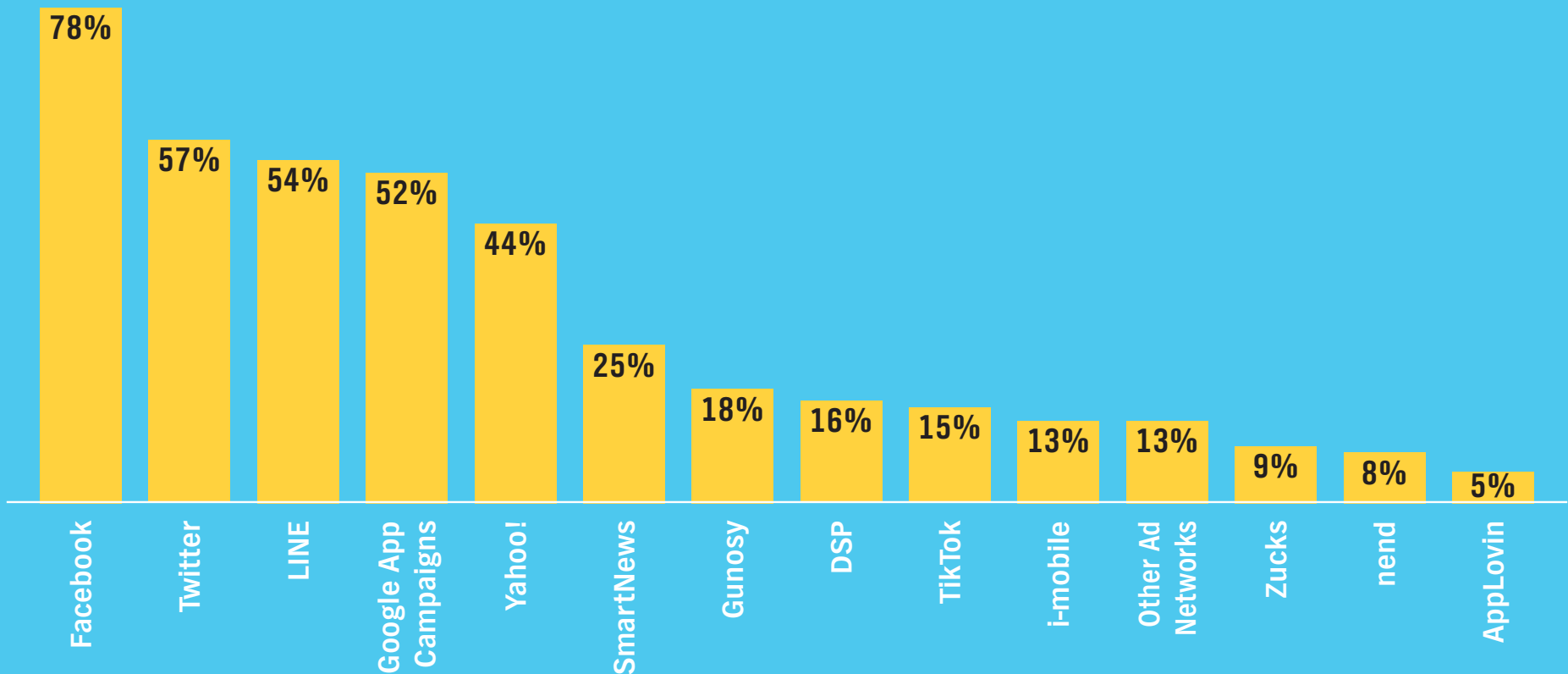- ■ Encourage app retention
- ■ Branding
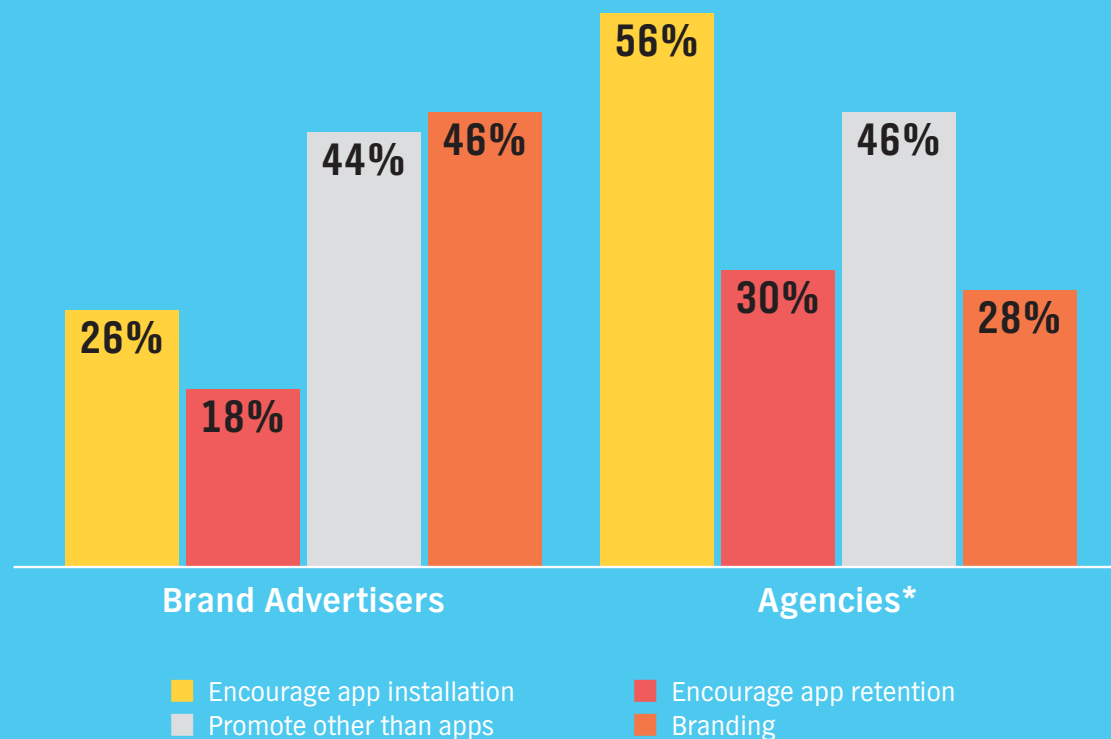
Source: Mobile In-App Advertising Survey (Japan), October 2019
"What is your primary purpose for in-app advertising?*"
*Advertising agency respondents were asked to limit responses to one key client.

MOBILE IN-APP ADVERTISING BUYS BY PLATFORM

While 50% of media buyers say that they buy in-app ads on Facebook, Twitter, LINE and Google, only 16% use a DSP to buy in-app ads programmatically.*

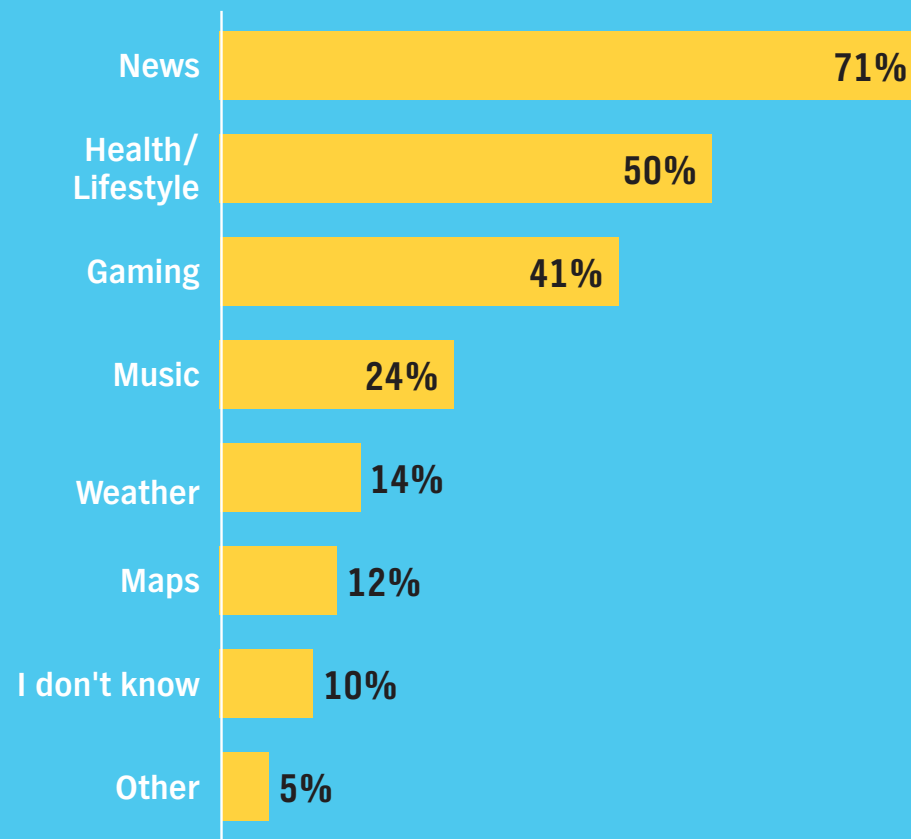| Platform	Percentage
Facebook	78%
Twitter	57%
LINE	54%
Google App Campaigns	52%
Yahoo!	44%
SmartNews	25%
Gunosy	18%
DSP	16%
TikTok	15%
i-mobile	13%
Other Ad Networks	13%
Zucks	9%
nend	8%
AppLovin	5%

Source: Mobile In-App Advertising Survey (Japan), October 2019
"Please tell us how you buy in-apps ads. (Please select all that apply)"
*Programmatic in-app ads were defined as those purchased via DSPs, these do not include ads purchased via ad networks or social media apps.

MOBILE IN-APP ADVERTISING BUYS BY INDUSTRY VERTICAL

The most popular in-app ad verticals are News (71%), Health/Lifestyle (50%) and Gaming (41%).

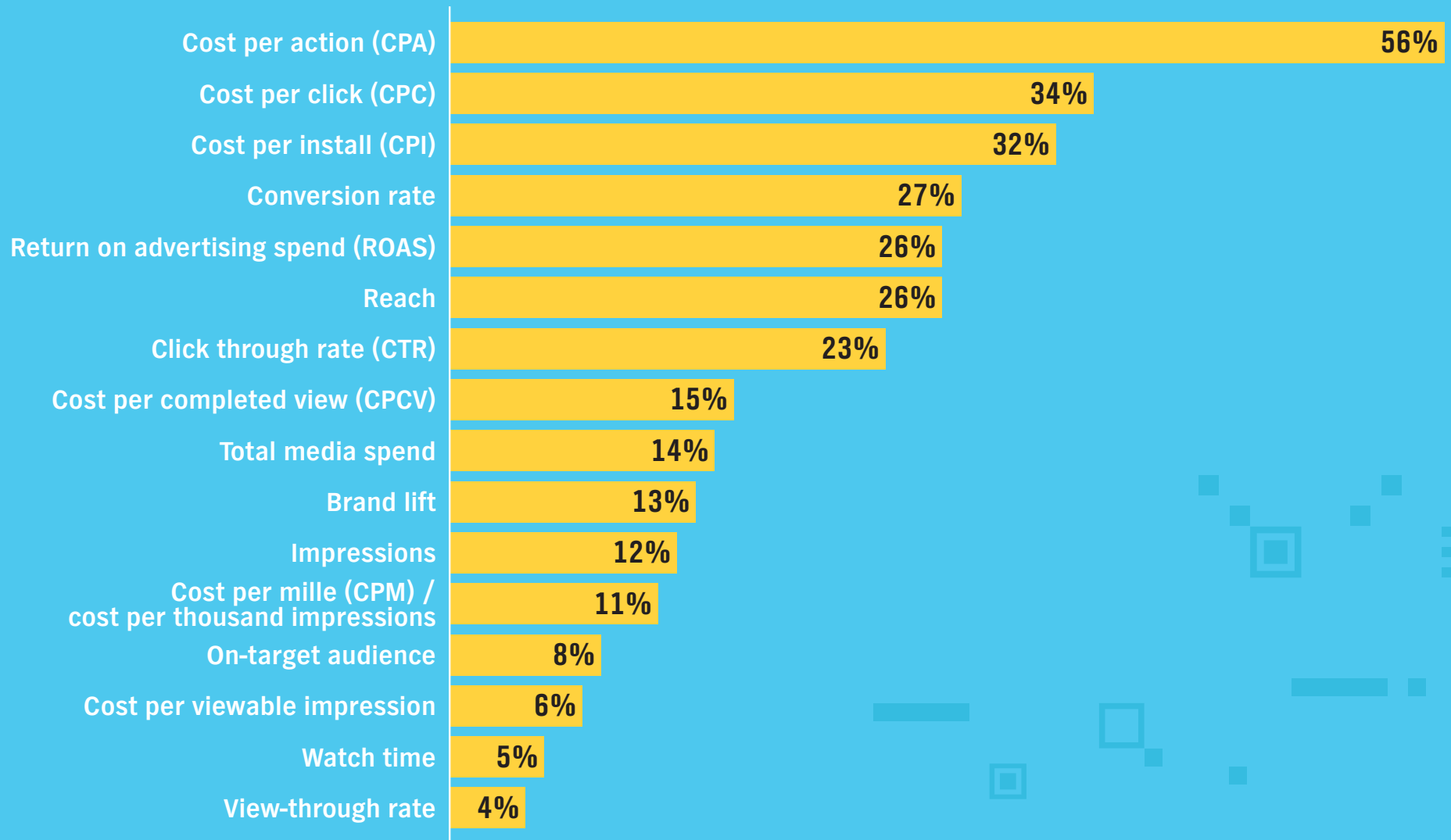| Vertical	Percentage
News	71%
Health/Lifestyle	50%
Gaming	41%
Music	24%
Weather	14%
Maps	12%
I don't know	10%
Other	5%

Source: Mobile In-App Advertising Survey (Japan), October 2019
"Excluding walled gardens (Google, Yahoo!, Facebook, Twitter, LINE, TikTok), please tell us where you have purchased ads. (Please select all that apply)"
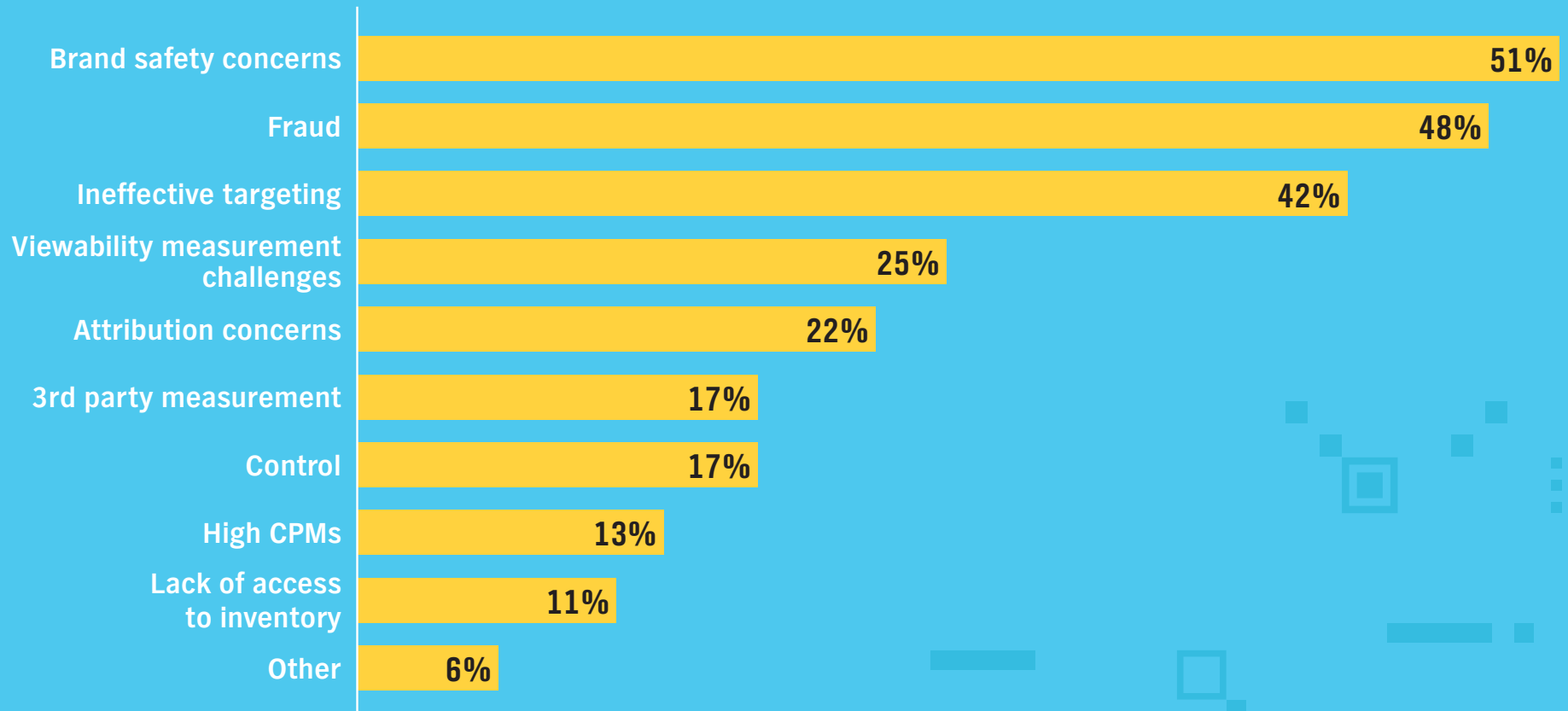
TOP MOBILE IN-APP KPI'S

Media buyers tend to focus on cost performance metrics for in-app campaigns—with CPA (56%), CPC (34%) and CPI (32%) being the most popular.

KPI	Percentage
Cost per action (CPA)	56%
Cost per click (CPC)	34%
Cost per install (CPI)	32%
Conversion rate	27%
Return on advertising spend (ROAS)	26%
Reach	26%
Click through rate (CTR)	23%
Cost per completed view (CPCV)	15%
Total media spend	14%
Brand lift	13%
Impressions	12%
Cost per mille (CPM) / cost per thousand impressions	11%
On-target audience	8%
Cost per viewable impression	6%
Watch time	5%
View-through rate	4%

Source: Mobile In-App Advertising Survey (Japan), October 2019
"What are the key performance indicators (KPI) for your in-app ad campaigns? (Please select all that apply)"

PROGRAMMATIC IN-APP ADVERTISING CONCERNS

Concerns over inventory quality are the key factor in preventing media buyers buying in-app ads programmatically, with 51% citing brand safety and 48% citing ad fraud concerns.

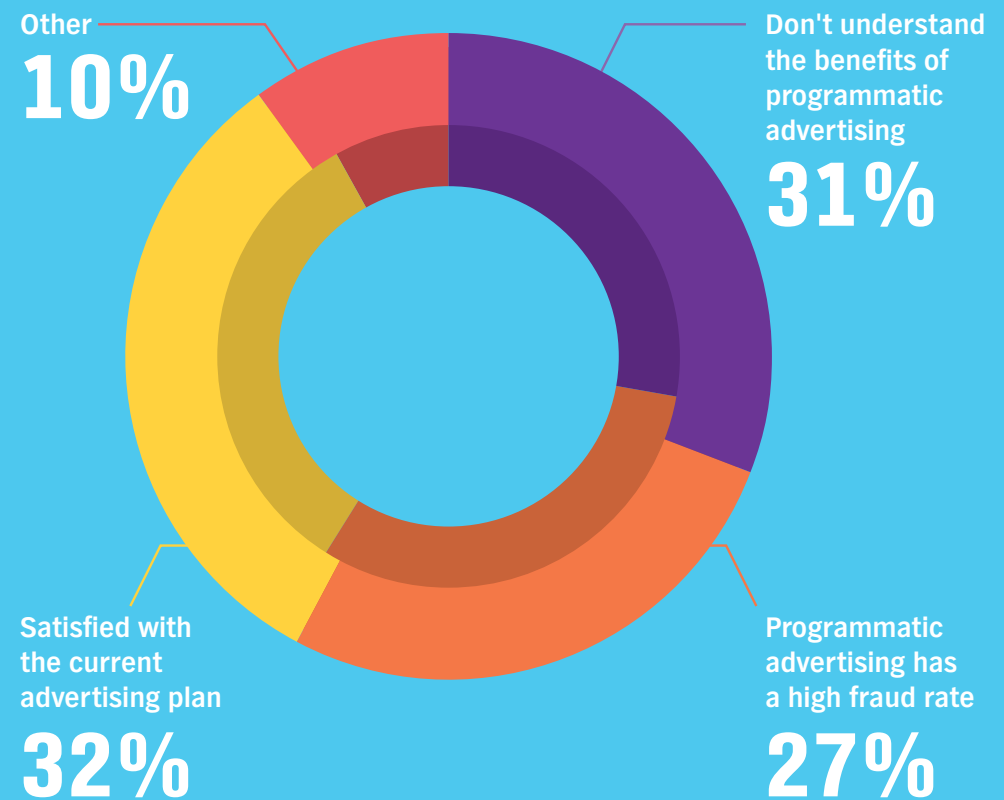| Concern	Percentage
Brand safety concerns	51%
Fraud	48%
Ineffective targeting	42%
Viewability measurement challenges	25%
Attribution concerns	22%
3rd party measurement	17%
Control	17%
High CPMs	13%
Lack of access to inventory	11%
Other	6%

Source: Mobile In-App Advertising Survey (Japan), October 2019
"What issues would prevent you from buying in-app inventory programmatically? (Please select all that apply)"

REASONS FOR NOT PURCHASING IN-APP ADVERTISING PROGRAMMATICALLY

The study revealed the need for continued education around the benefits of programmatic buying in Japan. When asked why they do not buy in-app ads programmatically, 31% of media buyers stated that they do not understand the benefits of programmatic advertising.

Other
10%

Don't understand the benefits of programmatic advertising
31%

Programmatic advertising has a high fraud rate
27%

Satisfied with the current advertising plan
32%

Source: Mobile In-App Advertising Survey (Japan), October 2019
"If you did not buy programmatic in-app ads through a DSP, please select a reason why not."

SUMMARY

This study highlights the tremendous potential of in-app advertising in Japan. Since mobile in-app accounts for a significant share of digital ad budgets today, it will continue to drive programmatic media buying growth in Japan. In-app advertising provides a platform for direct response as well as branding objectives, providing buyers with a flexible channel to meet their campaign needs.

However, concerns around inventory quality illuminates the need for initiatives like app-ads.txt and Open Measurement SDK. The app-ads.txt standard provides inventory transparency, while the Open Measurement SDK allows 3rd party measurement and viewability in-app.

As mobile ad budgets continue to migrate from web to app, and in-app is increasingly used by advertisers for branding, it is critical the industry comes together to establish a secure programmatic ecosystem, that is trusted by buyers and sellers alike.

PubMatic is committed to creating a transparent programmatic supply chain. As such the company enforces app-ads.txt compliance with all supply partners on its platform. As part of its continued drive to educate the market about the benefits of programmatic advertising, PubMatic will be rolling out training for both buyers and publishers in Japan, to help drive penetration of programmatic in-app advertising in Japan.

NOTES

About PubMatic

PubMatic is a digital advertising technology company for premium content creators. The PubMatic platform empowers independent app developers and publishers to control and maximize their digital advertising businesses. PubMatic's publisher-centric approach enables advertisers to maximize ROI by reaching and engaging their target audiences in brand-safe, premium environments across ad formats anddevices. Since 2006, PubMatic has created an efficient, global infrastructure and remains at the forefront of programmatic innovation. Headquartered in Redwood City, California, PubMatic operates 13 offices and six data centers worldwide.

PubMatic is a registered trademark of PubMatic, Inc. Other trademarks are the property of their respective owners.

CONTACT

SUSAN WU
Director, Marketing Research
susan.wu@pubmatic.com

PubMatic