

# Media & Sports Company

**February 13<sup>th</sup>, 2020**

**Makoto Arima**

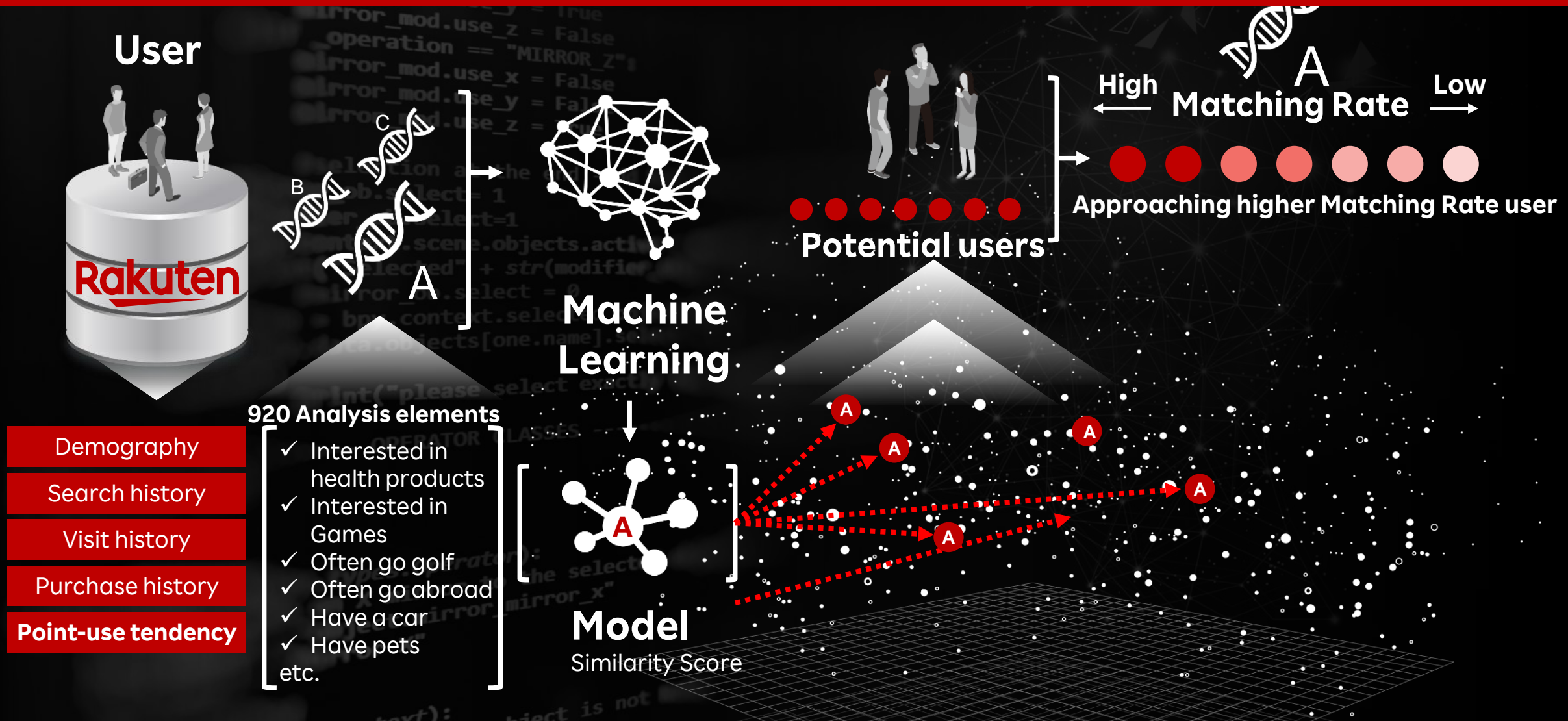
CRO Group Executive Vice President, Rakuten, Inc.

President of Media & Sports Company



# AI Agent “Rakuten AIris”

Analyzing 920 elements of 100m+ Rakuten members and planning a marketing



# Agenda

- **Japan Ad Business**

- To Challenge 200B Target Trend (YoY=32.8%)
- Cookie Prevention Issue  
(=Rakuten Opportunity)

# Japan Ad Business 2019 Overview

## Ad Revenue\*

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FY2018

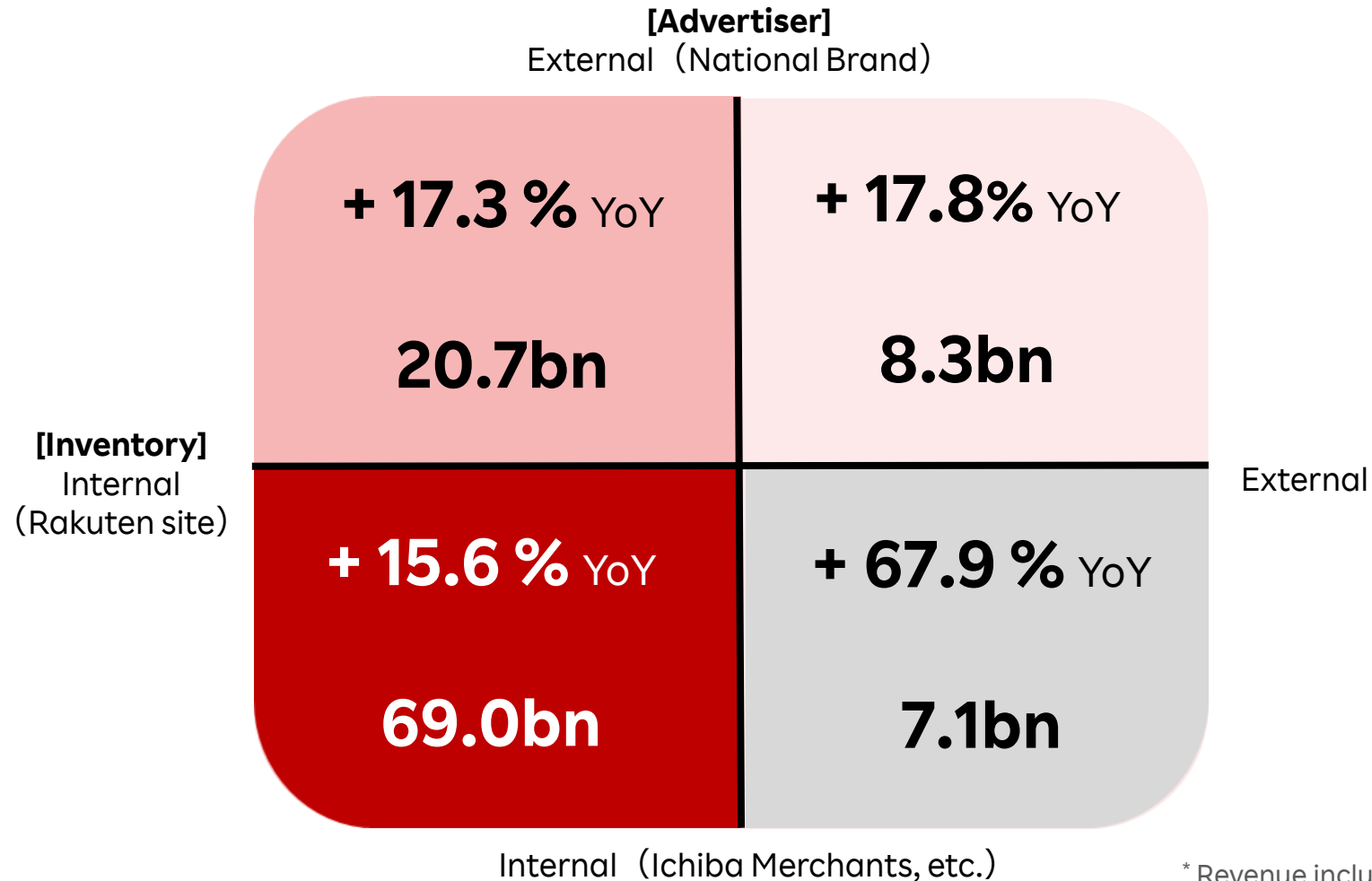
**JPY 96.3bn**  
(YoY+14.2%)

FY2019

**JPY 112.3bn**  
(YoY+16.7%)

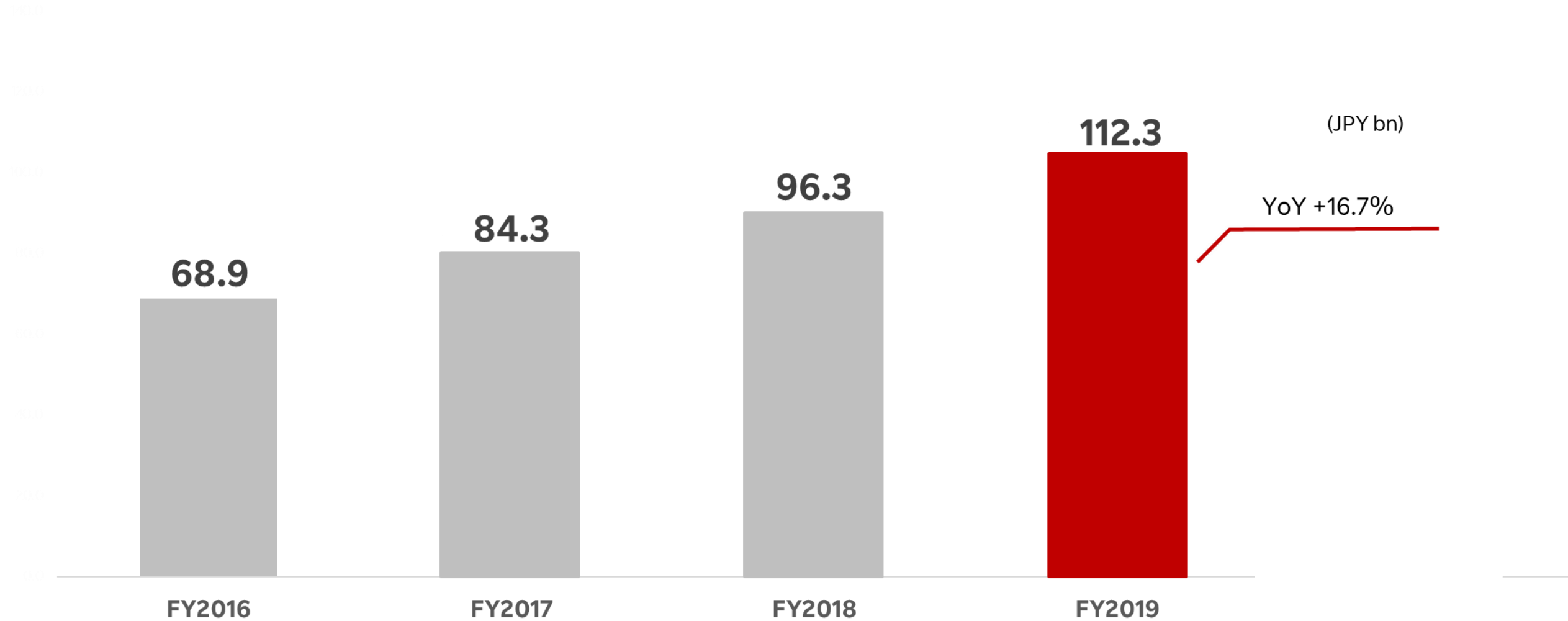
# Japan Ad Business 2019 Overview

## Growth Analysis (FY2019 ACT)



\* Revenue includes internal transactions

# Progress of Rakuten Ad Business

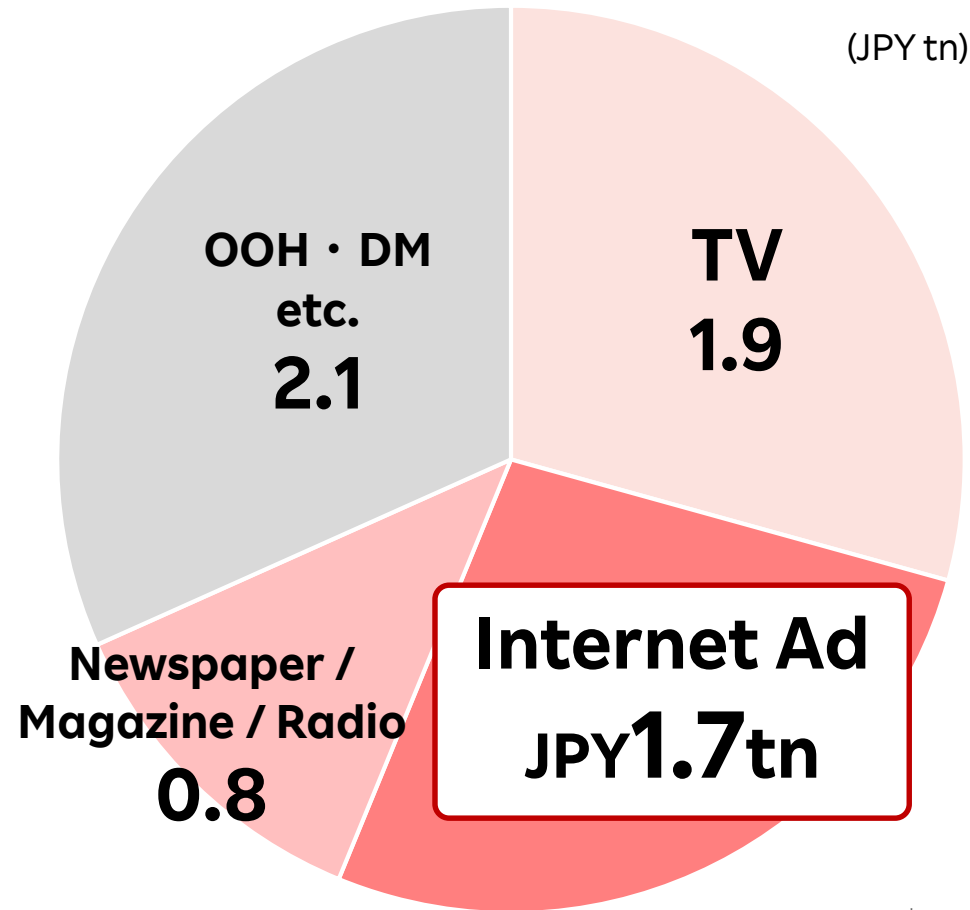


\* Revenue includes internal transactions

# Japan Internet Ad Market Overview

## 2018 Japan Ad Market

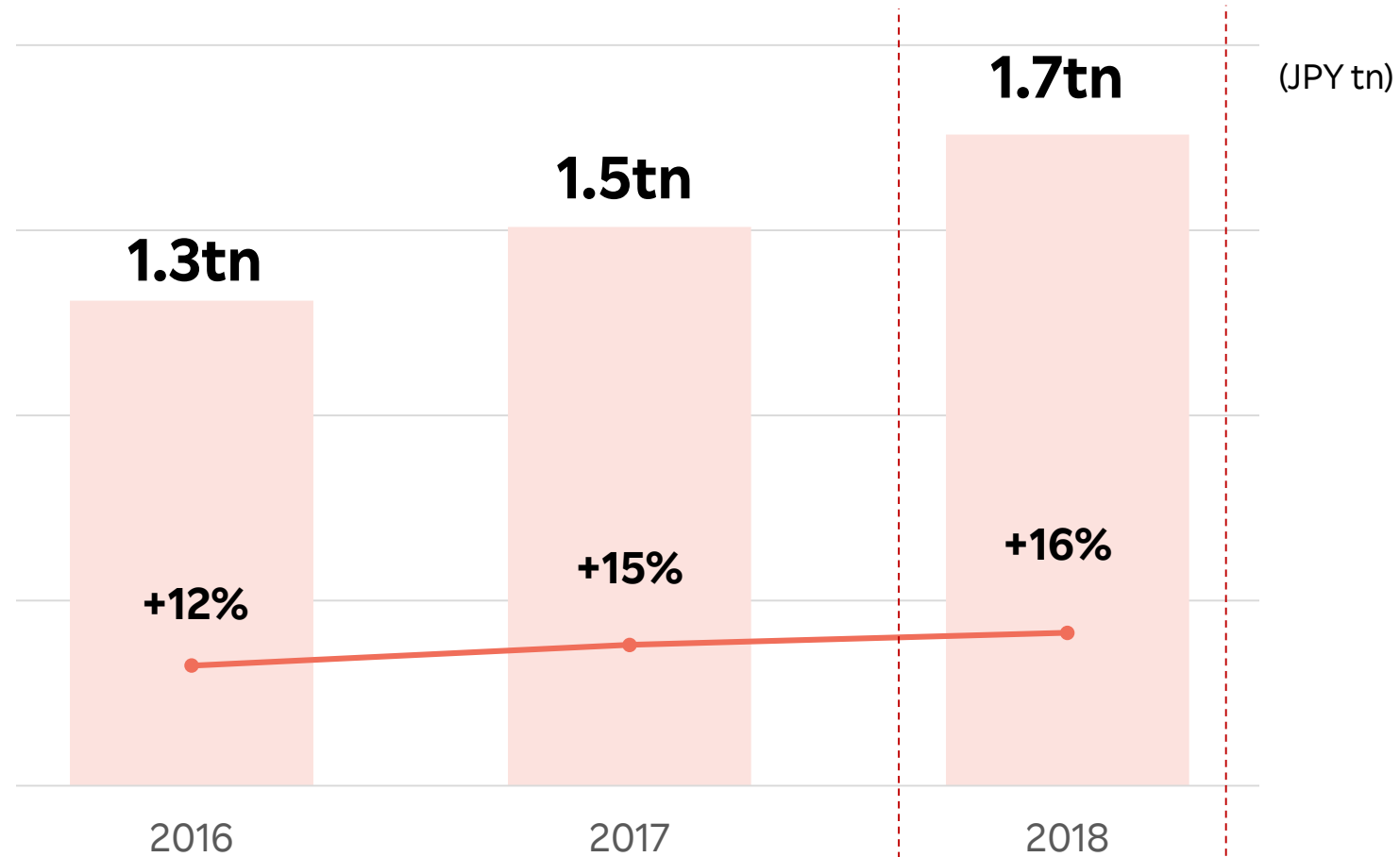
**JPY6.5tn**



\* Source: Dentsu Inc. Japan Ad report 2016-2018

# Japan Internet Ad Market Overview

## The Internet Ad Market



\* Source: Dentsu Inc. Japan Ad report 2016-2018



# “EC platform Ad Market” officially on popular stats



## NEWS RELEASE

DENTSU INC.  
1-8-1, Higashi-shimbashi, Minato-ku,  
Tokyo 105-7001, Japan  
<http://www.dentsu.com>

FOR IMMEDIATE RELEASE  
July 29, 2019

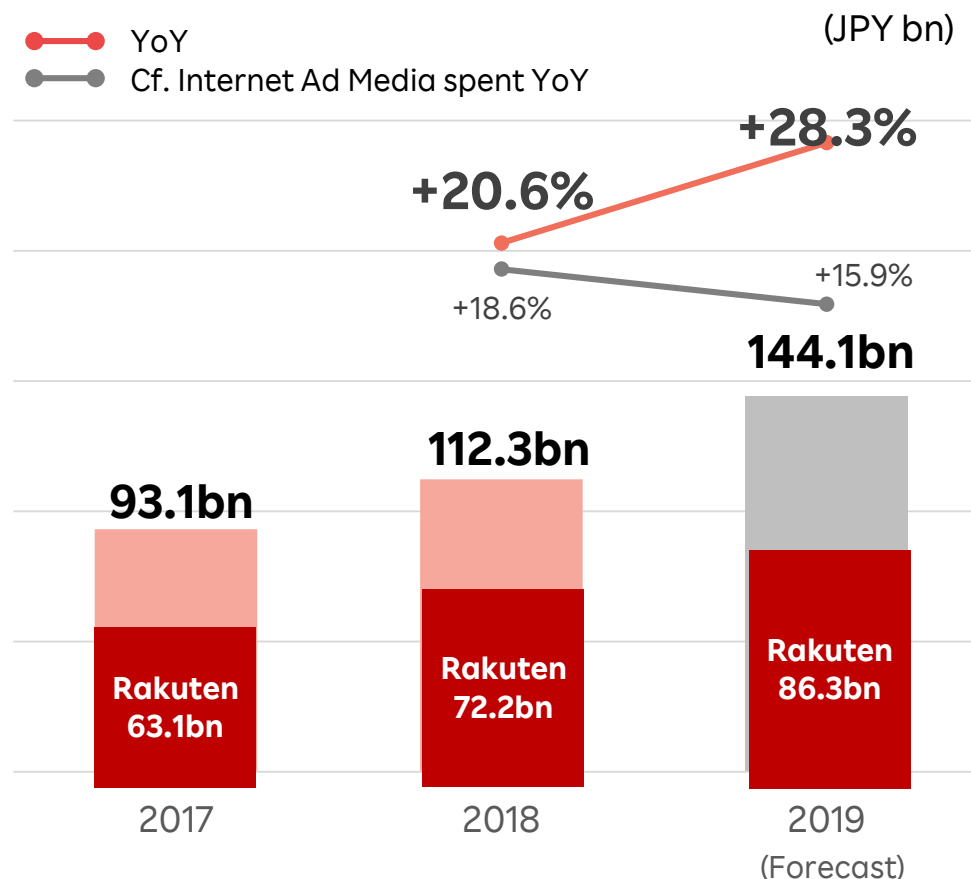
**Japan's First-Ever Estimates of Advertising Expenditures on Merchandising E-Commerce Platforms**

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

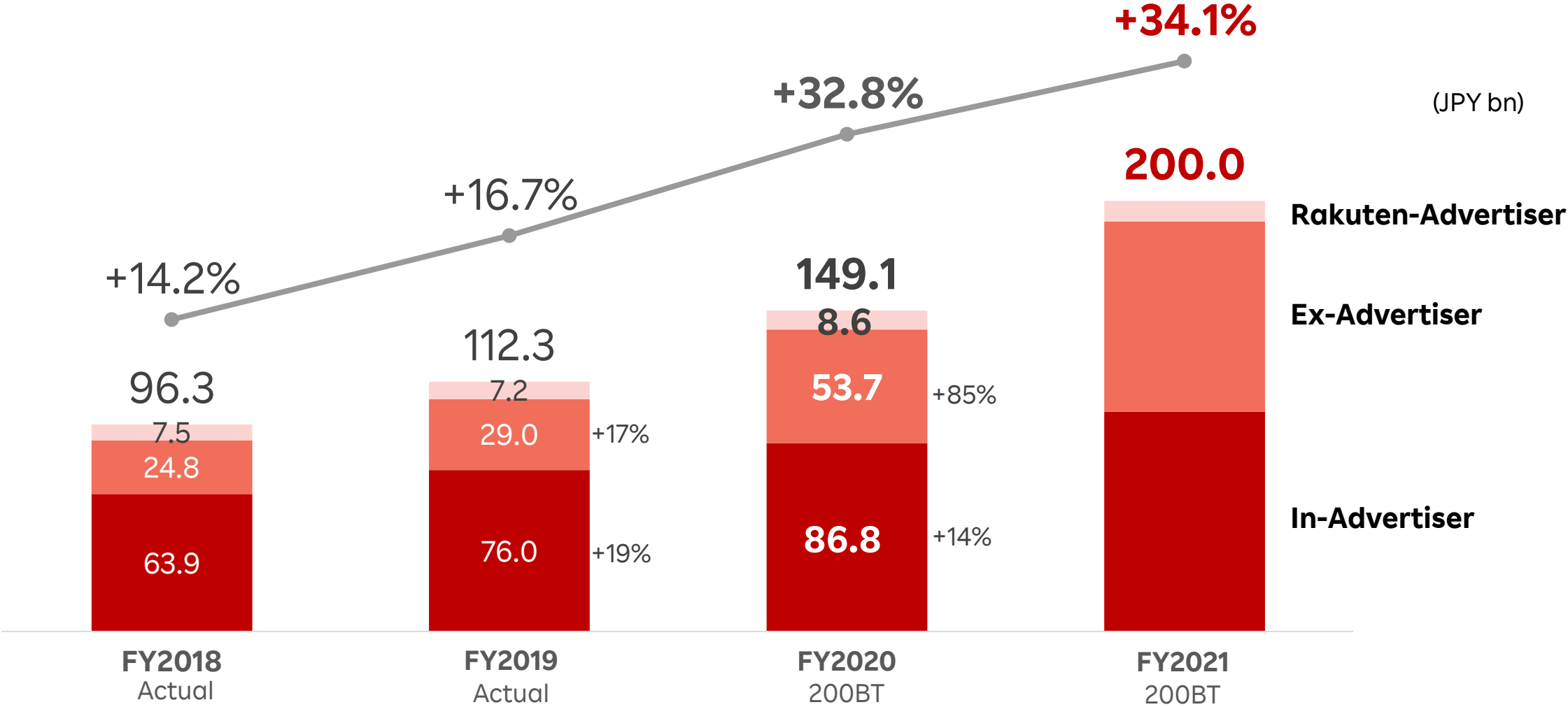
Three Dentsu Group companies, D2C Inc., Cyber Communications Inc. (CCI) and Dentsu Inc. have jointly carried out the estimation of “Advertising Expenditures on Merchandising E-Commerce Platforms”<sup>1</sup> for the first time in Japan as part of their efforts to understand the related market of “Advertising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

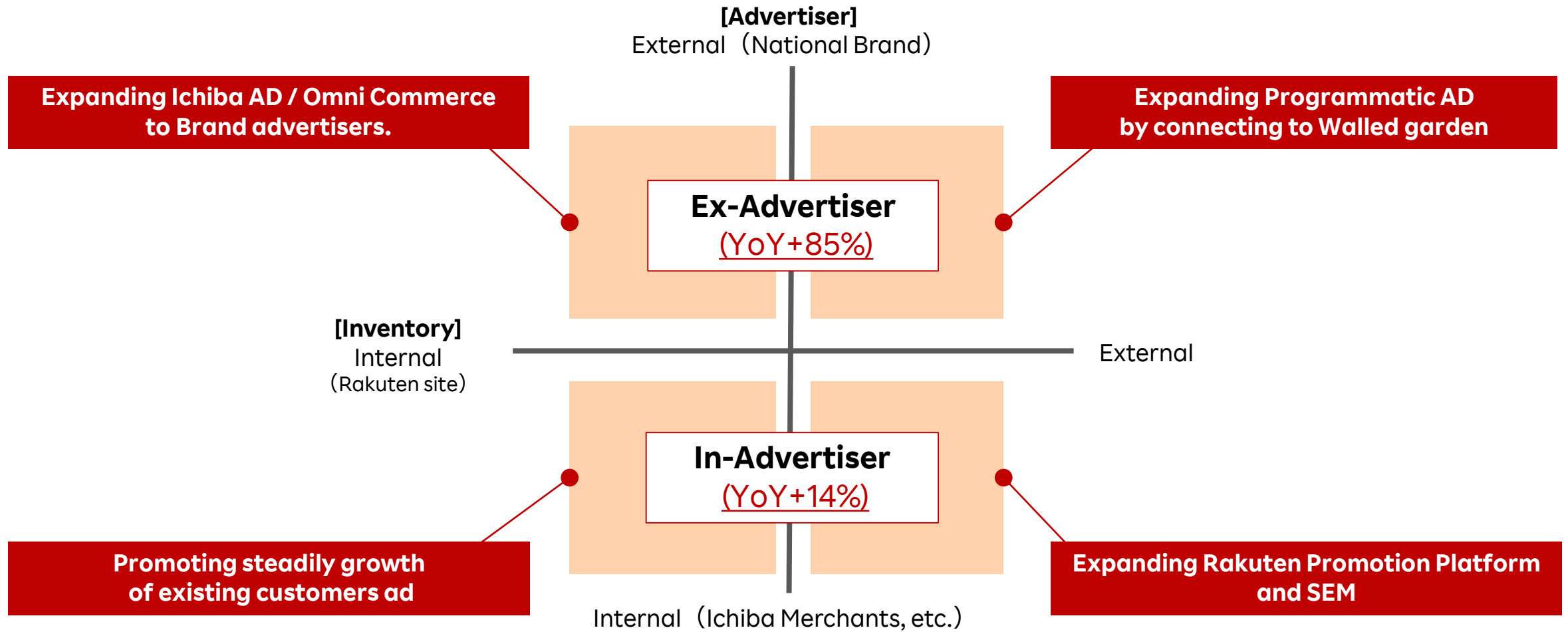
## The EC platform Ad Market



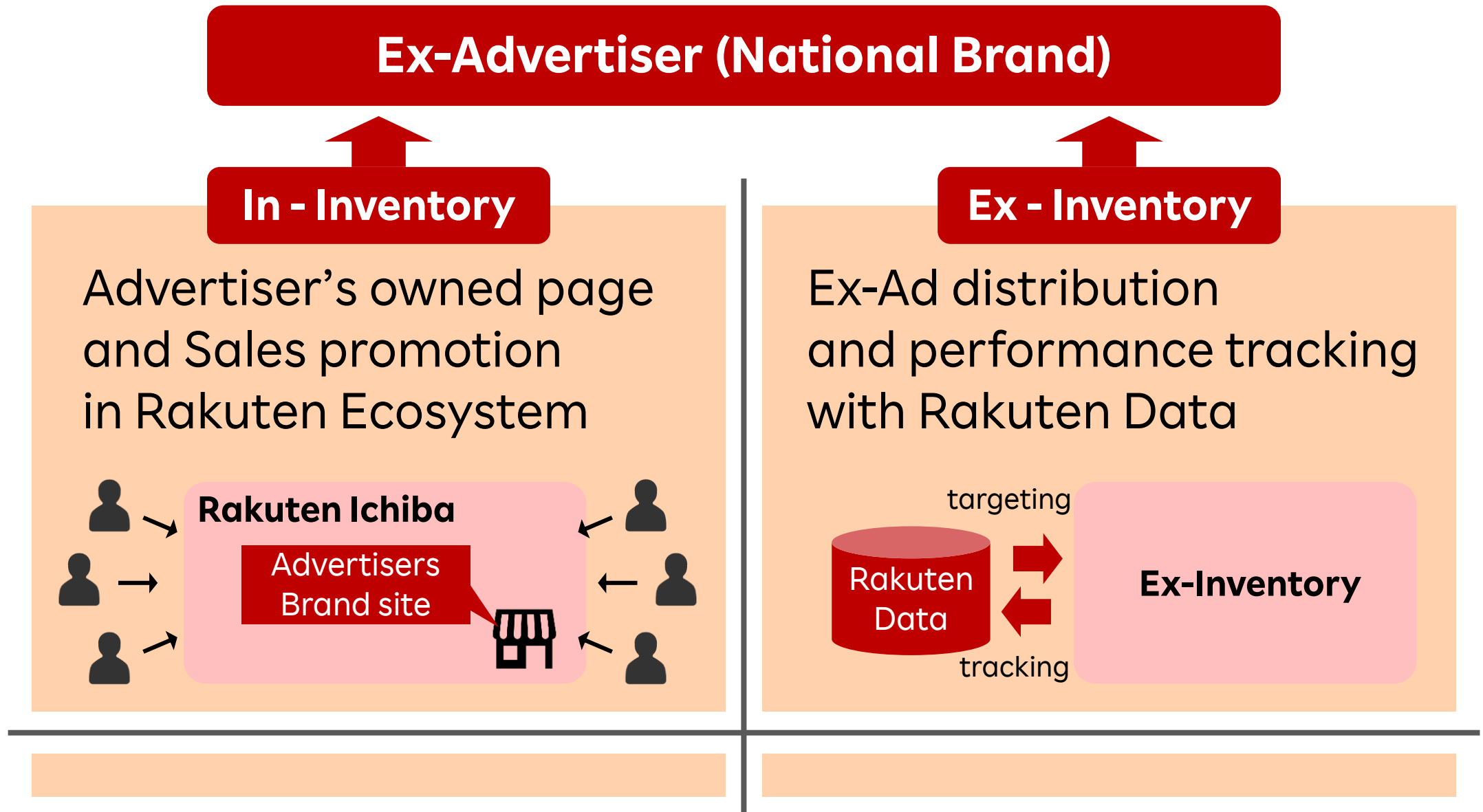
# Road to 200B JPY target



# Growth Strategy 2020



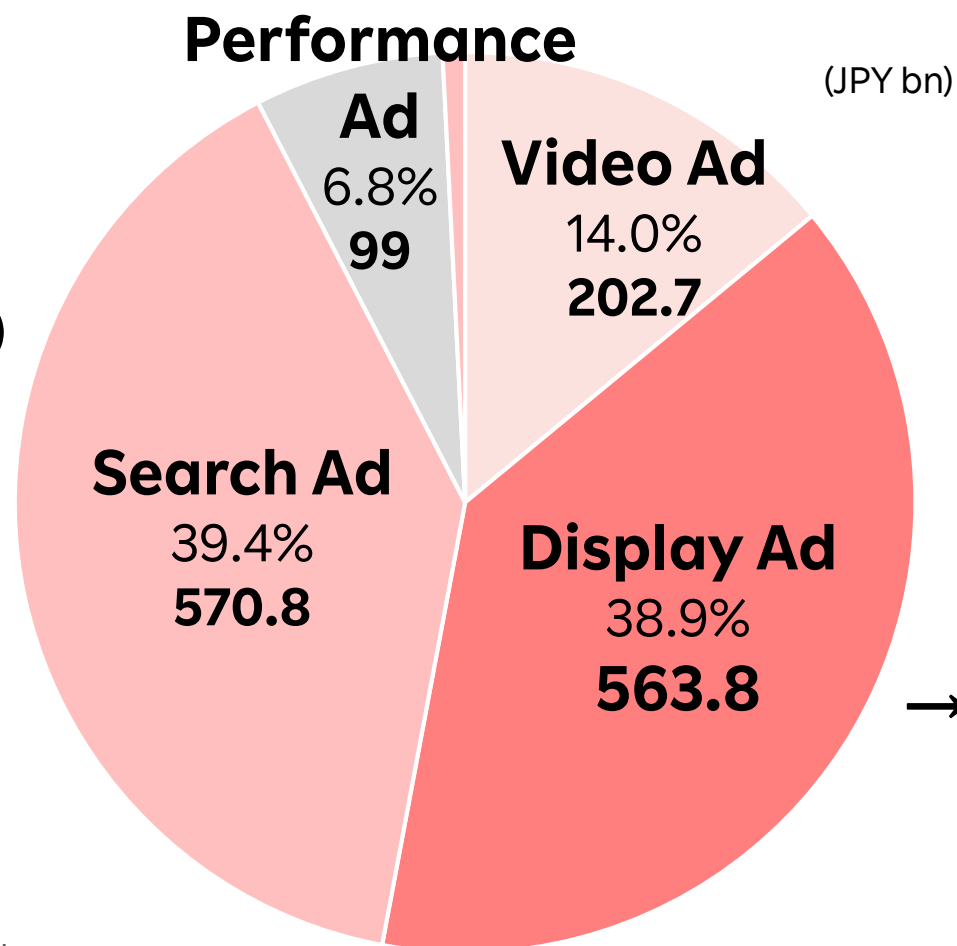
# Strategy for Ex-Advertiser



# Impact of the 3<sup>rd</sup> party Cookie restriction

## 2018 Internet Ad Media Market

**JPY1.4tn**  
/ 1.7tn  
(2018 Internet Ad Market)



→ Possible negative impact  
of JPY 600bn,  
mainly in display ads

# Impact of the 3<sup>rd</sup> party Cookie restriction

August 27, 2019 Google

Top 500 global publishers:

52% ↓

## Effect of disabling third-party cookies on publisher revenue

Published August 27, 2019

Authors:

Deepak Ravichandran, Principal Engineer, Google Display Ads

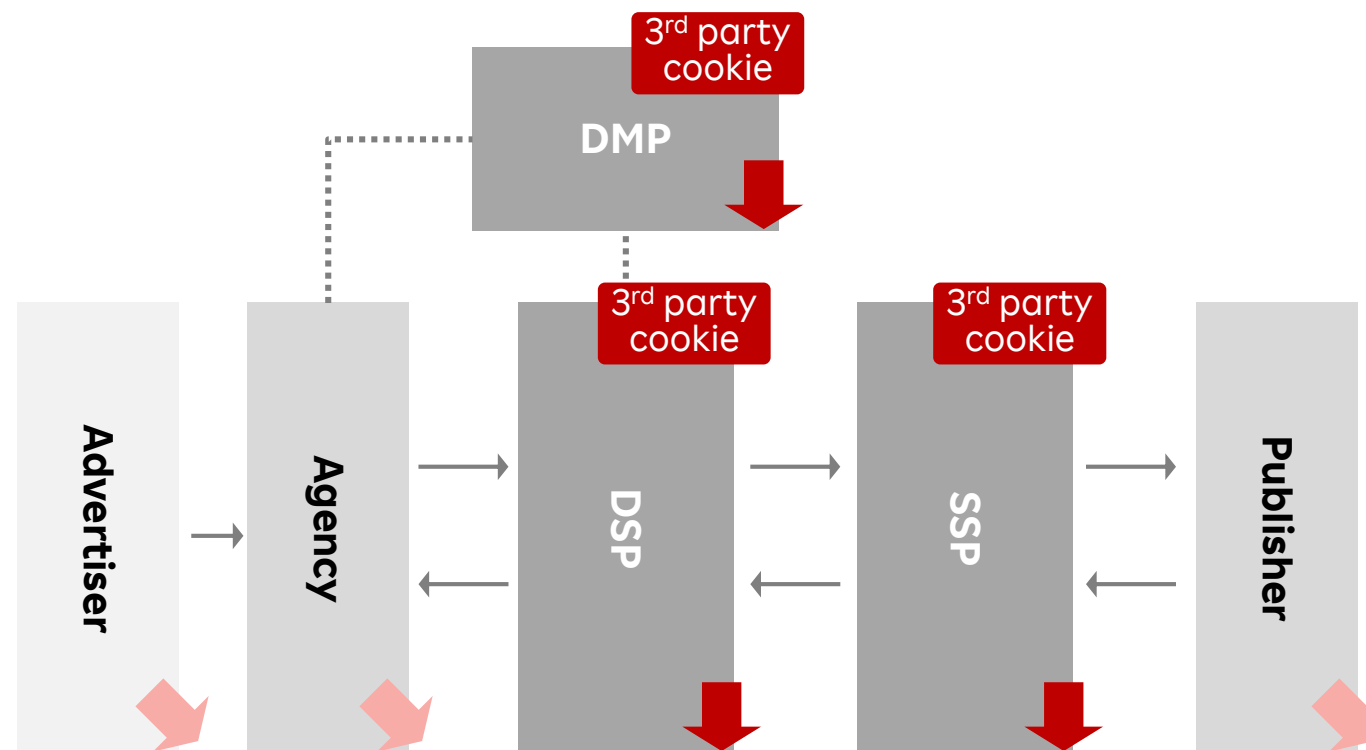
Nitish Korula, Senior Staff Research Scientist, Google Ad Manager

### Goal

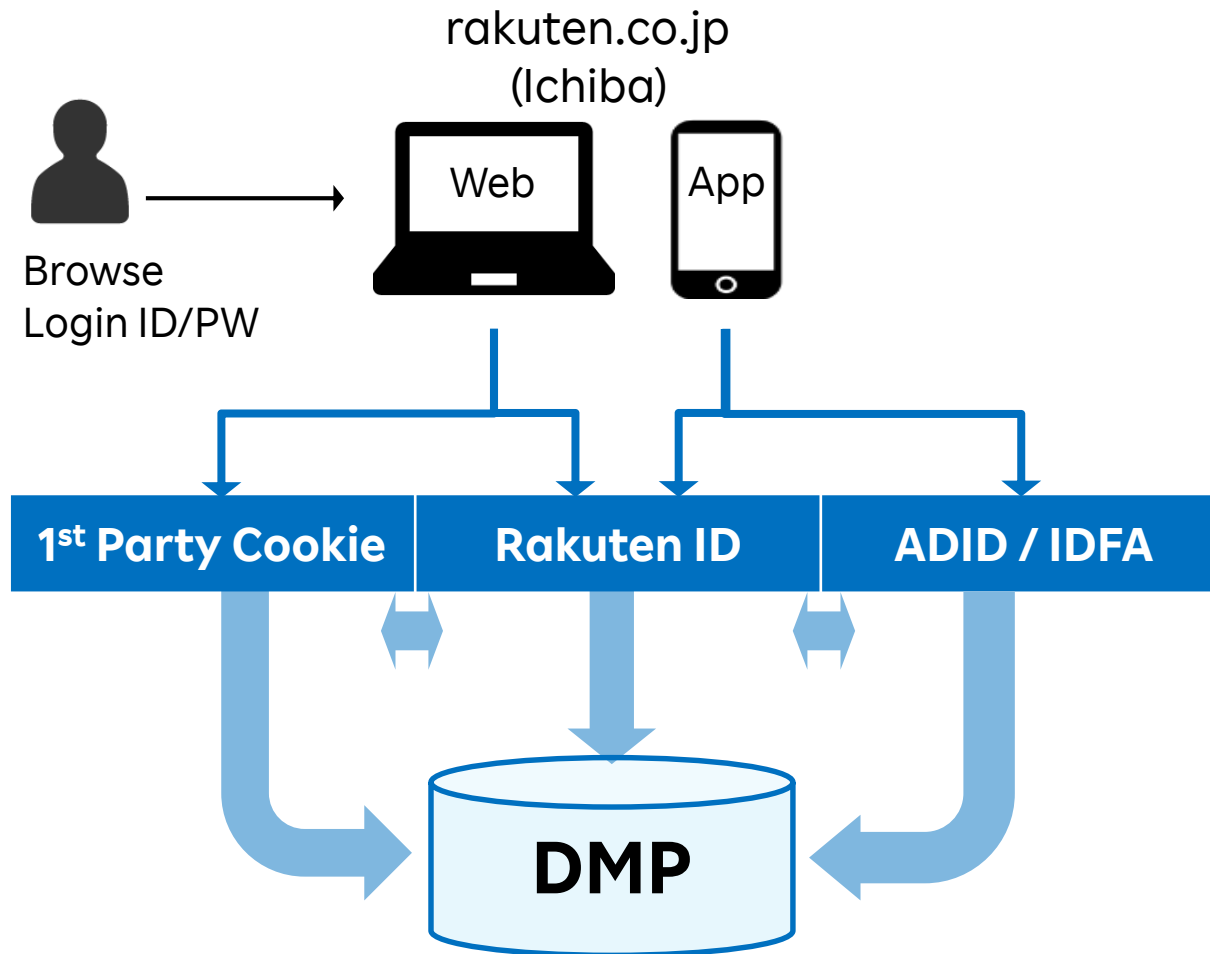
To empirically quantify the effect that disabling access to third-party cookies would have on the programmatic ad revenue of web publishers.

### Executive Summary

We ran a randomized controlled experiment on publishers who use the programmatic arm of [Google Ad Manager](#)'s serving system, in which a Google service places ads on non-Google sites across the web. We disabled access to cookies for a small fraction of randomly selected users (the treatment group). We observed that for the top 500 global publishers, average revenue in the treatment group decreased by 52%, with a median per-publisher decline of 64%.



# Advantage of Rakuten; Huge ID and Inventory



## ID based

Building an ID based DMP,  
not depends on 3<sup>rd</sup> party cookie

## In-Inventory

Huge internal inventory,  
not depends on 3<sup>rd</sup> party cookie

## Ex-Inventory

Potential ex-inventory on apps  
with connecting ADID

# Preparing for “ID based Digital Marketing Age”

→ Rakuten has possibility  
to influence max. 600bn market

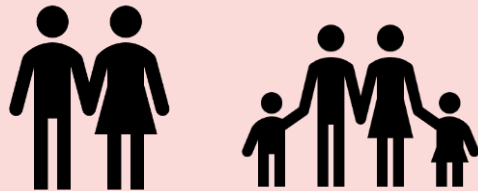


# Higher quality ID with Purchase data

**Rakuten IDs 100M+**

**High Quality ID**

**Accurate Demographic  
Membership Attributes**



**Purchase Data**

**On-line and Off-line  
Purchasing Data /  
Geo Data**



**Rakuten**

The Rakuten logo is centered on a solid red background. It consists of the word "Rakuten" in a white, bold, sans-serif typeface. A white, horizontal, slightly upward-curving brushstroke underline is positioned beneath the letters "aku", starting from the bottom of the 'a' and ending under the 'u'.