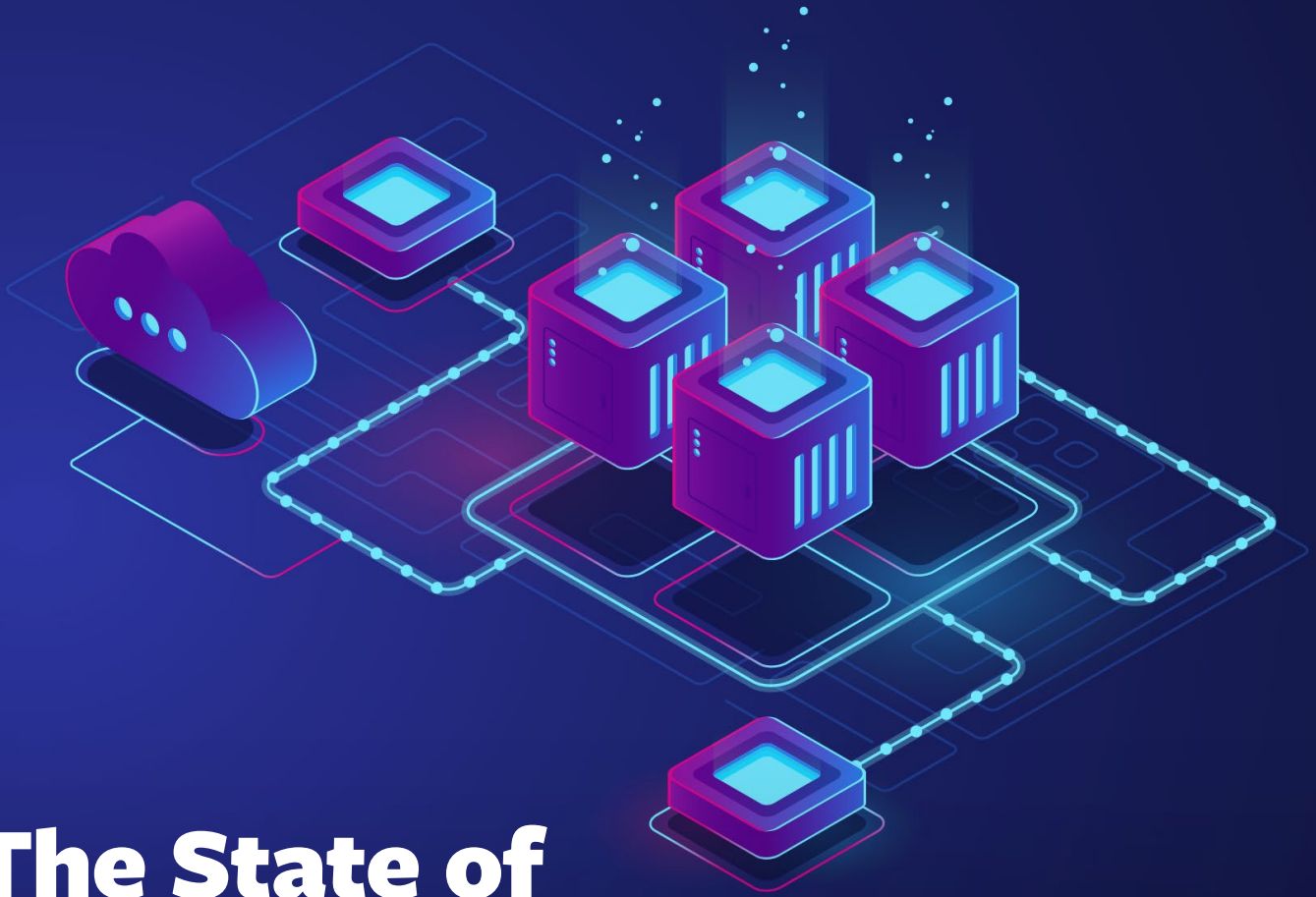




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The State of Programmatic in JAPAC 2022

Mat Broughton

Senior Editor, ExchangeWire

In association with

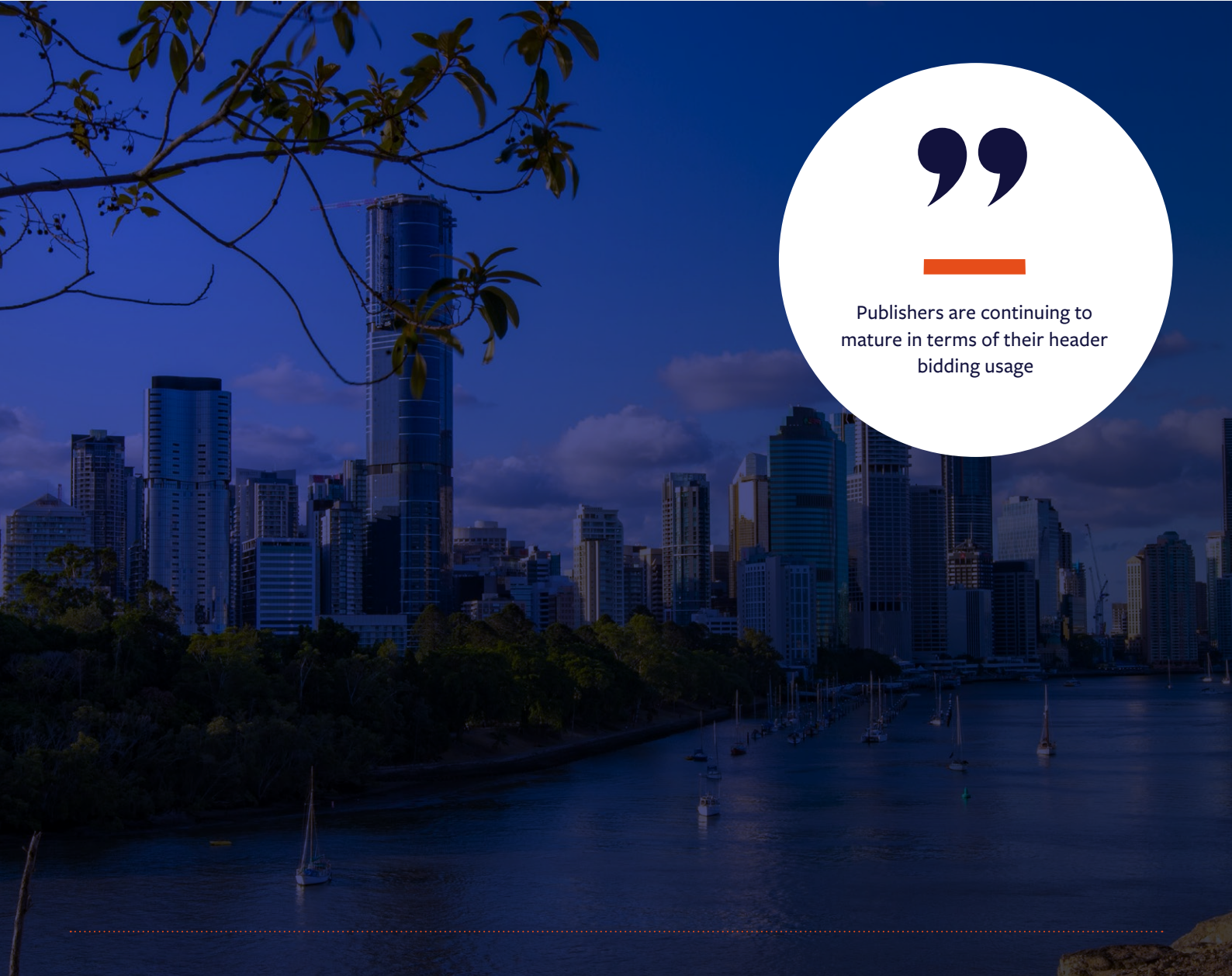


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Executive summary

Though coronavirus restrictions have broadly eased globally, the programmatic advertising industry remains under stress. Market uncertainty due to sharply increasing energy prices, in part driven by the effect of carbon emissions upon the climate, is currently coupled with the rollout of “Do Not Track” and deprecation of IDFA within the Apple ecosystem, while similar plans to nix the third-party cookie and Android Advertiser ID (AAID) across the Google ecosystem continue to fuel concern.

This research report, produced in association with OpenX, was created to provide an updated snapshot of the programmatic industry within the Japan and Asia-Pacific (JAPAC) industry and how its constituent participants are reacting to these challenges, building upon previous research undertaken in 2020 and 2021. The region continues to prove an ideal testbed for how these factors are impacting the digital advertising industry, with its multivariate range of markets in terms of scale, digital adoption, and economic maturation.

Combining original quantitative research with insight from leading JAPAC-based media and advertising professionals, alongside trends from the previous two years encompassing findings from both before and during the coronavirus pandemic, the following trends are examined:

- The growth of programmatic revenues and investment in JAPAC;
- Market reaction and solutions to the deprecation of third-party identifiers;
- Attitudes to direct approaches from DSPs versus intermediaries;
- The evolution of header bidding usage;
- and the status of fraud and supply chain optimisation initiatives.



The outlook for the JAPAC programmatic industry remains positive leading into 2023

As detailed below, despite continued global headwinds, investment and optimism in programmatic advertising across the JAPAC region continues to rise, with buyer confidence surging as they nurture the growth of their first-party data assets, following the rapid drive towards digital transformation observed last year throughout Covid. Technology partners continue to fulfill a critical role, with operators across all sides of the programmatic supply chain being turned to for support in helping to sustain this growth in the post-cookie era.

However, this positivity is tempered by continued hesitation about the activation of data across the open web, remaining concerns regarding identifier deprecation, and the collapse in support for open source solutions in specific markets. All of which mandates further examination on a cross-industry basis.

This collaboration will be key to unlocking opportunities in programmatic advertising across the diverse range of markets within the JAPAC region, and for developing new solutions to address both immediate challenges and endemic issues, such as the reduction of carbon emissions generated by online advertising. It is therefore heartening to see this collaboration supported in both the empirical findings and interviews with thought leaders within this study. With this receptiveness to cooperation, and continuing maturation in digital capabilities, the outlook for the JAPAC programmatic industry remains positive leading into 2023 and beyond.

Key findings

85%

of surveyed participants within the JAPAC region have access to first-party data

- I. Programmatic investment and revenue is continuing to surge across the JAPAC region, with 70% of respondents reporting that their programmatic spend or revenue has increased compared to the previous 12 months.
- II. There has been a sharp reduction in the proportion of the JAPAC market using prebid solutions for header bidding. This reduction has been seen most prominently in India, with no respondents reporting the use of prebid in header bidding compared to 50% of publishers in the market using it in 2021.
- III. The overriding majority of market participants in JAPAC are receptive to the idea of working directly with demand-side platforms, without an intermediary or exchange. While this desire is near-equally strong across the buy- and sell-sides, agencies are significantly more hesitant than brands.
- IV. Buyers are now funneling a higher proportion of their media spend through programmatic than publishers are generating revenues via programmatic, marking a reversal from last year.
- V. Publishers are continuing to mature in terms of their header bidding usage, with an increase in the proportion of respondents using up to nine partners, and a corresponding decrease in firms using ten or more partners.
- VI. Encouragingly, there has been a rise in the proportion of brands and agencies within the JAPAC region which have access to first-party data, climbing by 5% to 85% of surveyed participants. However, the proportion of those who feel they do not believe there are appropriate solutions for using it on the open web has remained steady at 28%, defying predictions that this would decrease as deadlines around identifier deprecation approached.

319

Total respondents

Market:

- **Australia:** 17%
- **Indonesia:** 29%
- **India:** 16%
- **Japan:** 38%

Role:

- **Agency:** 21%
- **Brand (Marketer):** 66%
- **Publisher:** 13%

Section 1:

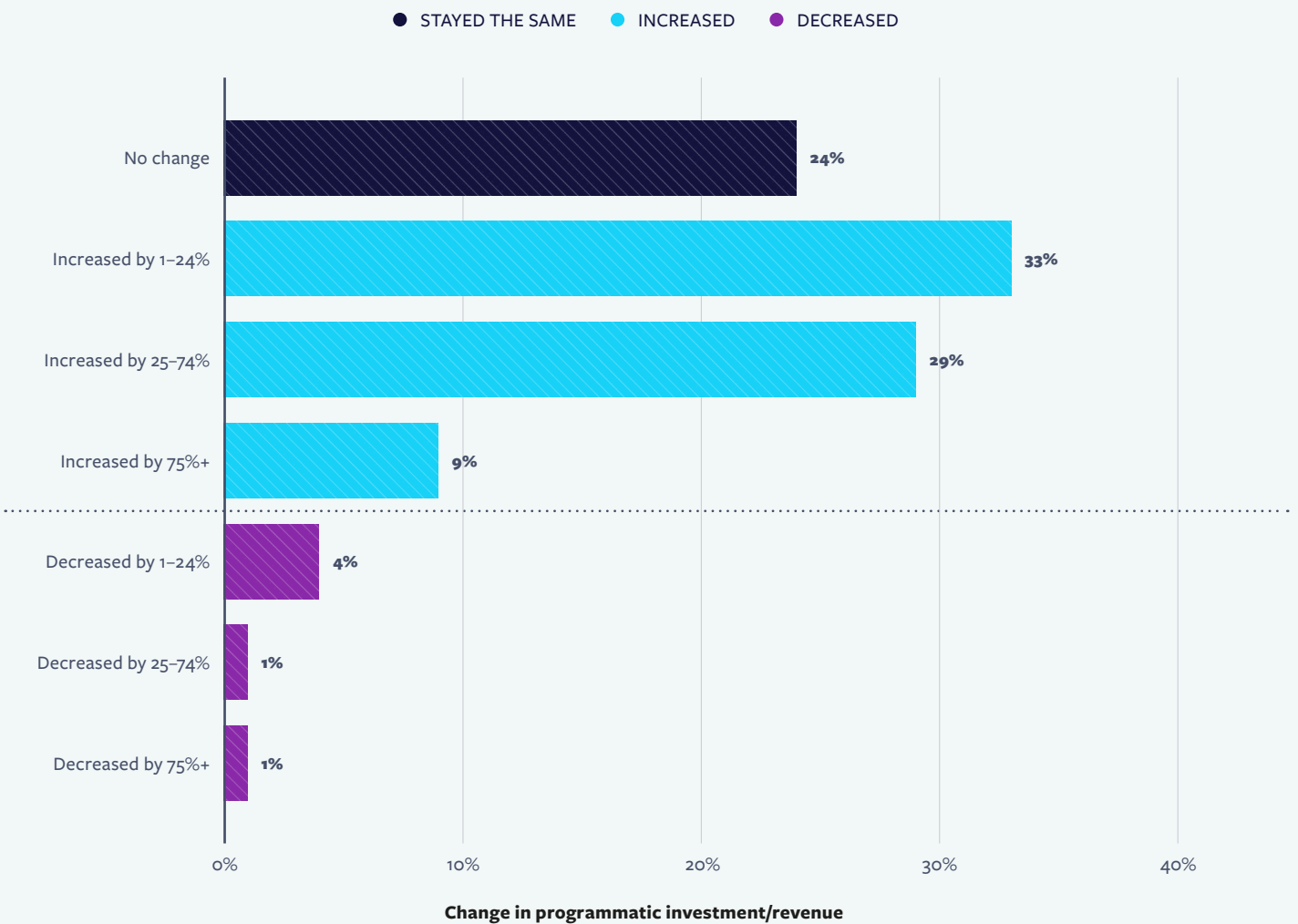
Growth in Programmatic

Change in programmatic investment and revenue

Programmatic investment and revenue is continuing to increase across the JAPAC region, with 70% of respondents reporting that their programmatic spend or revenue has increased compared to the previous 12 months. The pace at which programmatic investment and revenue is rising is also increasing, with 38% of respondents bolstering their revenue/spend by more than a quarter over the past year, compared to 30% in 2021.

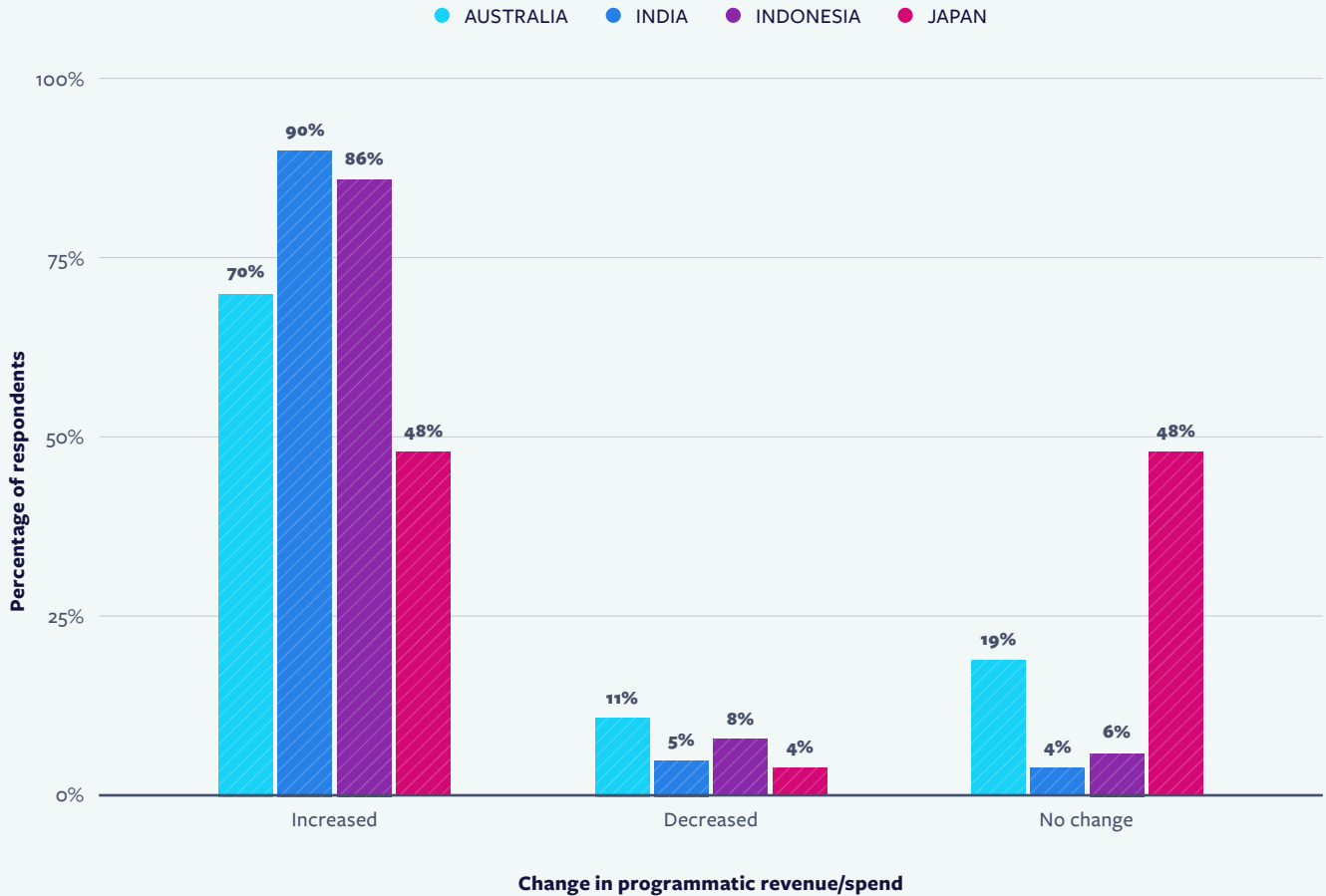
Moreover, only 6% of respondents are reporting that their programmatic investment or revenue has decreased over the past year, marking a smaller proportion of respondents than observed in 2021 (10%) and 2020 (9%).

Figure 1: Change in programmatic investment/revenue in JAPAC — 2022



India is once again the most active surveyed nation in terms of increasing programmatic spend and revenue, with 90% of respondents reporting an increase, and only 4% suggesting a decrease. Growth across Japan is significantly slower, with 48% reporting an increase and an identical proportion indicating no change in programmatic spend and revenue.

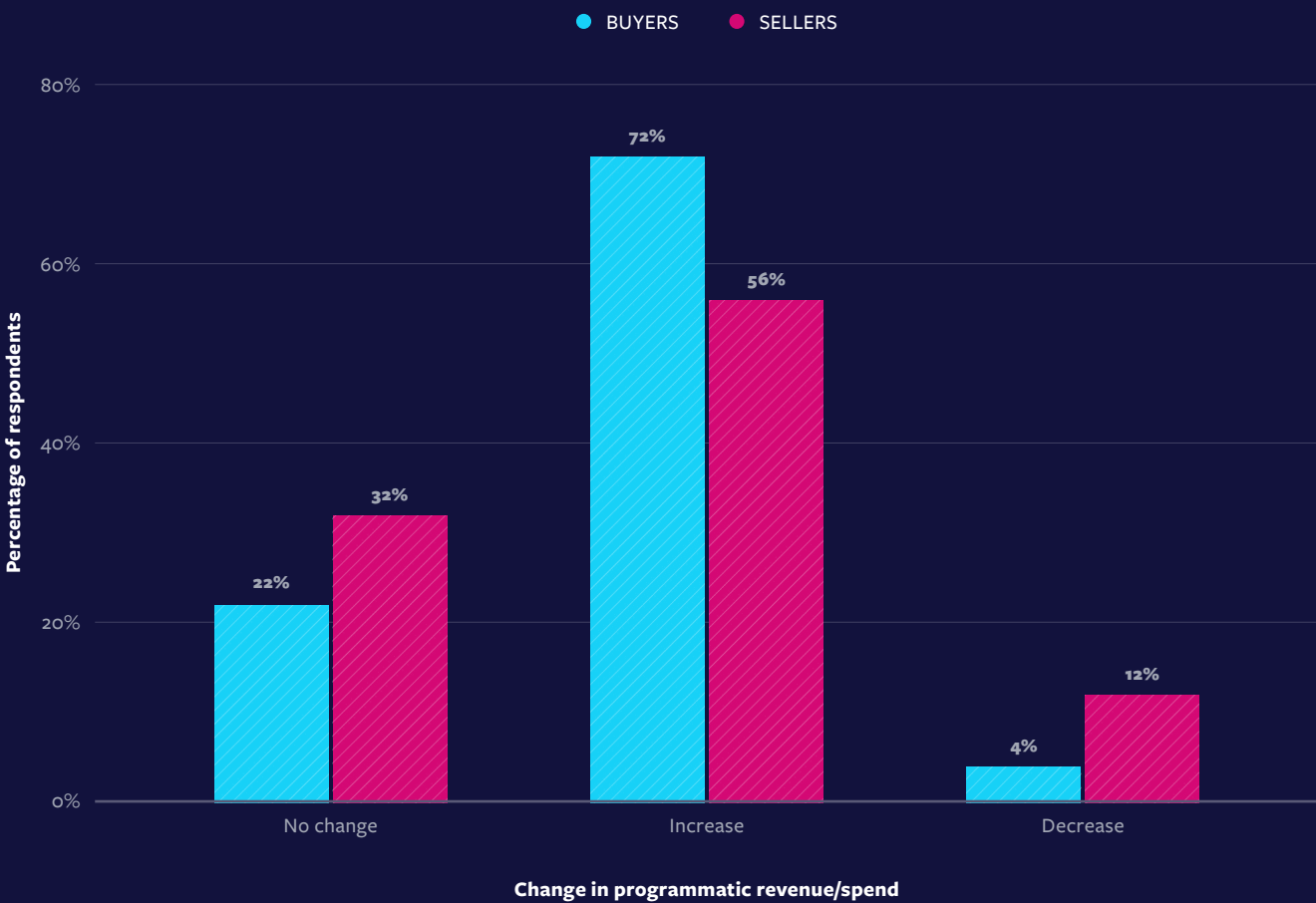
Figure 2: Change in programmatic revenue/spend in JAPAC — 2022



”
India is once again the most active surveyed nation in terms of increasing programmatic spend and revenue

Buyers are investing more heavily in programmatic than publishers are seeing revenue gains via the medium, with 72% of buyers reporting an increase in programmatic spend compared to 56% of publishers reporting an increase in programmatic revenue. Agencies are particularly bullish on programmatic, with 12% reporting that they had boosted their programmatic spend by over 75%, while only 2% reported any increase in programmatic spend.

Figure 3: Change in programmatic spend/revenue — JAPAC (buy vs sell-side)



72%

of buyers report an increase in programmatic spend compared to 56% of publishers reporting an increase in programmatic revenue

75%

12% of agencies reported they had boosted their programmatic spend by over 75%

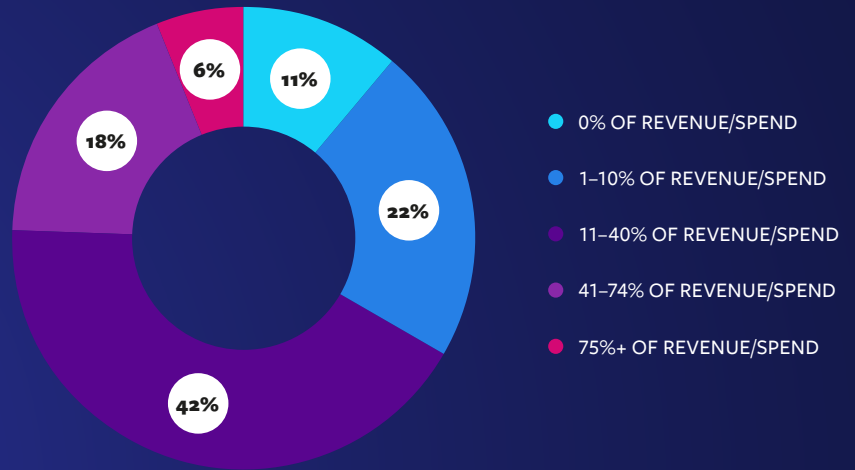
Proportion of inventory traded programmatically

25% of the JAPAC market is generating over 40% of its revenue via programmatic, or directing over 40% of its media spend via programmatic, representing a minor increase from 2021 (24%) and 2020 (18%).

In a reversal of last year’s results, buyers are now funneling a higher proportion of their media spend through programmatic than publishers are generating revenues via programmatic, with 25% of buyers directing more than 40% of their media spend through programmatic compared with 24% of publishers generating more than 40% of their revenue through programmatic (compared with 21% versus 34% in 2021).

More specifically on the buy side, agencies are investing more heavily in programmatic than brands, with 30% of agencies directing more than 40% of their media spend through programmatic compared to 23% of brands, again marking a reversal from last year.

Figure 4: Percentage of inventory bought/sold programmatically in JAPAC — 2022

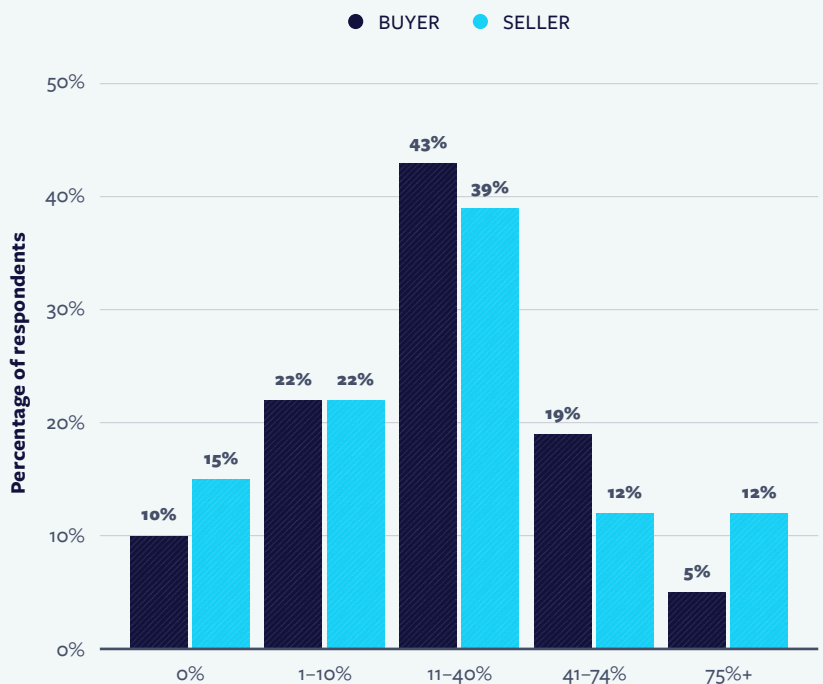


Pressures on publisher resources and the expense of establishing programmatic infrastructure was identified by Nikhilender as potential explanatory factors for this shift. She writes, “The pandemic has seen digital transformation accelerate at an unprecedented pace. With the shifts and changes being implemented we observe the focus on data driven marketing and performance. This spiked demand for programmatic inventory.”

“However, tech set-up costs for mid-size and smaller publishers, especially in SEA, may be the reason why many publishers are still slow in pivoting to programmatic. This is making an abundance of low-cost supply being made available without the use of programmatic. Publishers need to be educated so that they can maximise revenue through embracing programmatic technology.”

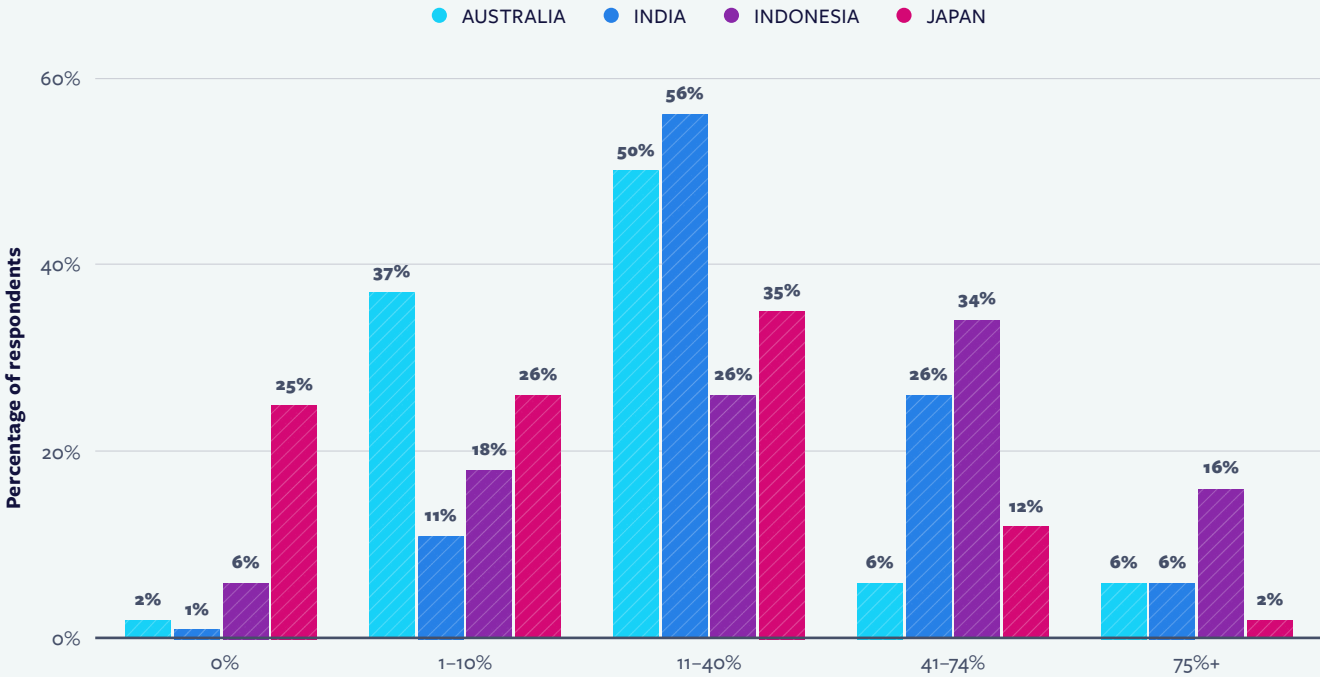
There has also been a notable increase in the proportion of publishers which have abandoned programmatic over the past three years, up to 15%, versus 9% in 2021 and 0% in 2020.

Figure 5: Percentage of inventory bought/sold programmatically — JAPAC 2022 (buy-side vs. sell-side)



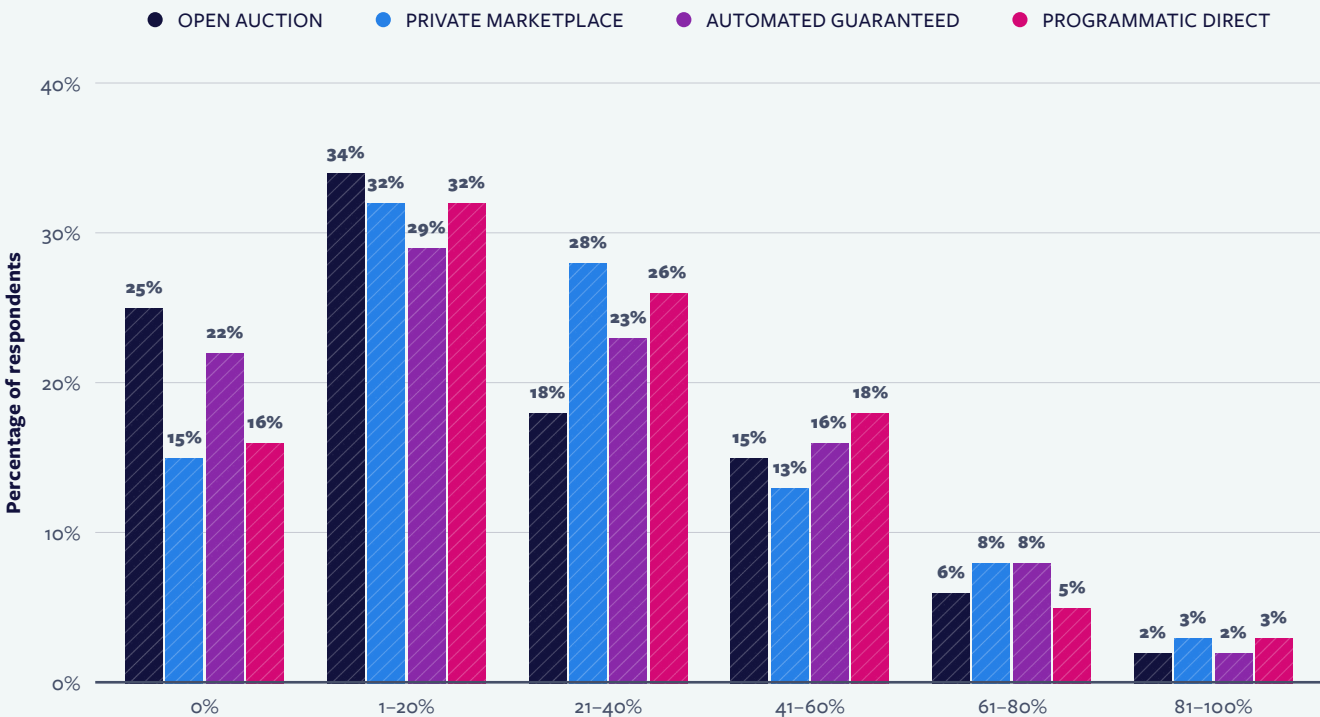
Similarly to last year, a significant proportion (25%) of the Japanese market is eschewing programmatic entirely, however this proportion is less than that observed in 2021 (33%). Meanwhile, Indonesia has replaced India as the surveyed JAPAC market most heavily invested in programmatic, with 50% of the respondents investing heavily in the medium, up from 28% in 2021 and 27% in 2020.

Figure 6: Proportion of inventory bought/sold via programmatic in JAPAC — 2022 (by market)



METHODS USED FOR PROGRAMMATIC TRADING

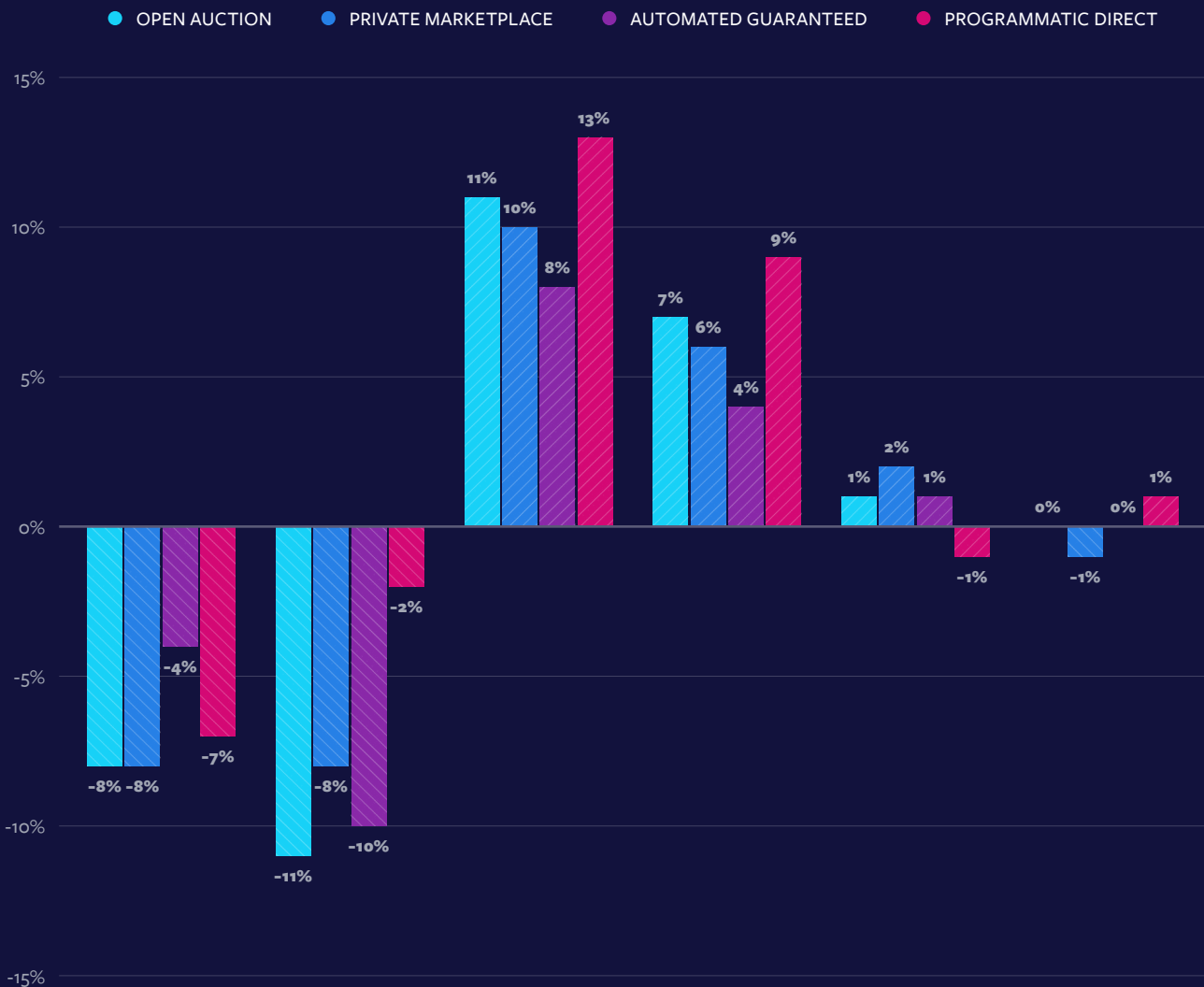
Figure 7: Methods used for programmatic trading in JAPAC — 2022



Results for methods used for programmatic trading in JAPAC indicate that the market is approaching greater maturity, with companies consolidating towards one or two preferred methods according to their specific needs, while maintaining an openness to experimentation and new approaches.

Firstly, compared to last year, there has been a marked shift away from using all surveyed methods for just 1–20% of total programmatic inventory and corresponding increases in using these methods across 21%–60% of inventory. Secondly, all surveyed methods have seen an increase of usage to a varying extent, with fewer respondents using each method for none of their inventory across the board. This marks a reversal of the trend observed in 2020–2021, whereby each method was abandoned by more of the market or used for just minor portions (<20%) of total programmatic inventory.

Figure 8: Change in methods used for programmatic trading — 2022 vs. 2021



OPEN AUCTION

Programmatic trading on the open auction is more commonly avoided in Japan, with 43% avoiding it altogether and only 1% of respondents using it for over 60% of their traded inventory. This contrasts directly with India, where only 4% are not exploring open auction trading.

	● Australia	● India	● Indonesia	● Japan
0%	28%	4%	20%	43%
1-20%	37%	36%	30%	34%
21-40%	11%	27%	20%	12%
41-60%	13%	22%	14%	10%
61-80%	9%	6%	14%	0%
81-100%	2%	4%	2%	1%

PRIVATE MARKETPLACE

Private marketplace trading is more heavily favoured in Australia, with 17% of respondents here trading at least 60% of their programmatic inventory in these environments, contrasting with 5% of respondents in Japan.

	● Australia	● India	● Indonesia	● Japan
0%	9%	2%	8%	31%
1-20%	37%	21%	44%	33%
21-40%	26%	47%	18%	18%
41-60%	11%	14%	18%	12%
61-80%	11%	13%	10%	2%
81-100%	6%	3%	2%	3%

AUTOMATED GUARANTEED

Compared to other markets within the JAPAC region, automated guaranteed programmatic trading is more heavily favoured within Indonesia, with 22% of respondents trading at least 60% of their inventory via this method, compared to just 8% of respondents in Australia and 3% in Japan.

	● Australia	● India	● Indonesia	● Japan
0%	22%	6%	10%	39%
1-20%	28%	26%	39%	29%
21-40%	26%	30%	18%	19%
41-60%	17%	26%	10%	11%
61-80%	6%	11%	18%	2%
81-100%	2%	2%	4%	1%

PROGRAMMATIC DIRECT

Similarly to the results for automated guaranteed, programmatic direct trading is more heavily favoured in Indonesia, by an even greater margin. A total of 20% of respondents here are using programmatic direct trading for more than 60% of their inventory, in comparison to the 8% observed in India and the 4% of respondents in Australia and Japan.

Direct approaches from DSPs

The overriding majority of market participants in JAPAC are receptive to the idea of working directly with demand-side platforms, without an intermediary or exchange. Tellingly, this desire is near-equally strong across the buy- and sell-sides, with 66% of publishers open to working in this manner, with 22% having already done so, while 65% of buyers are actively considering working with partners that offer direct publisher connections.

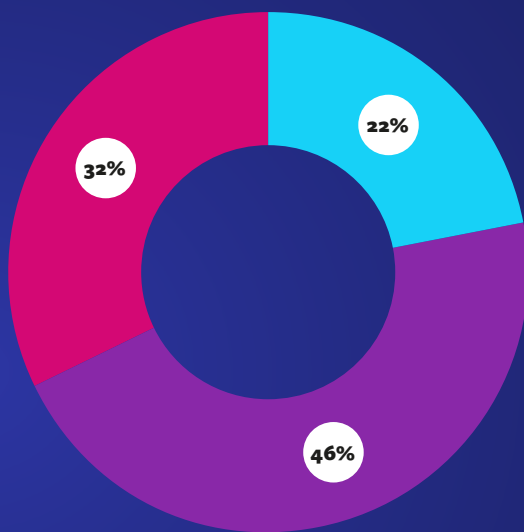
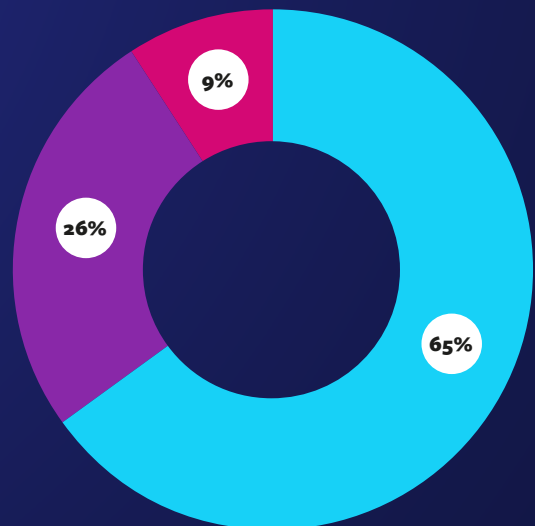


Figure 9: Publisher attitudes to direct DSP approaches (without use of intermediary or exchange) — JAPAC 2022

- ALREADY WORKED THIS WAY
- OPEN TO IT
- PREFER TO WORK THROUGH INTERMEDIARY

Figure 10: Buyer attitudes to working with DSPs offering direct publisher connection — JAPAC 2022

- ACTIVELY CONSIDERING IT
- NOT A CONSIDERATION AT PRESENT
- WILL NOT CONSIDER IT

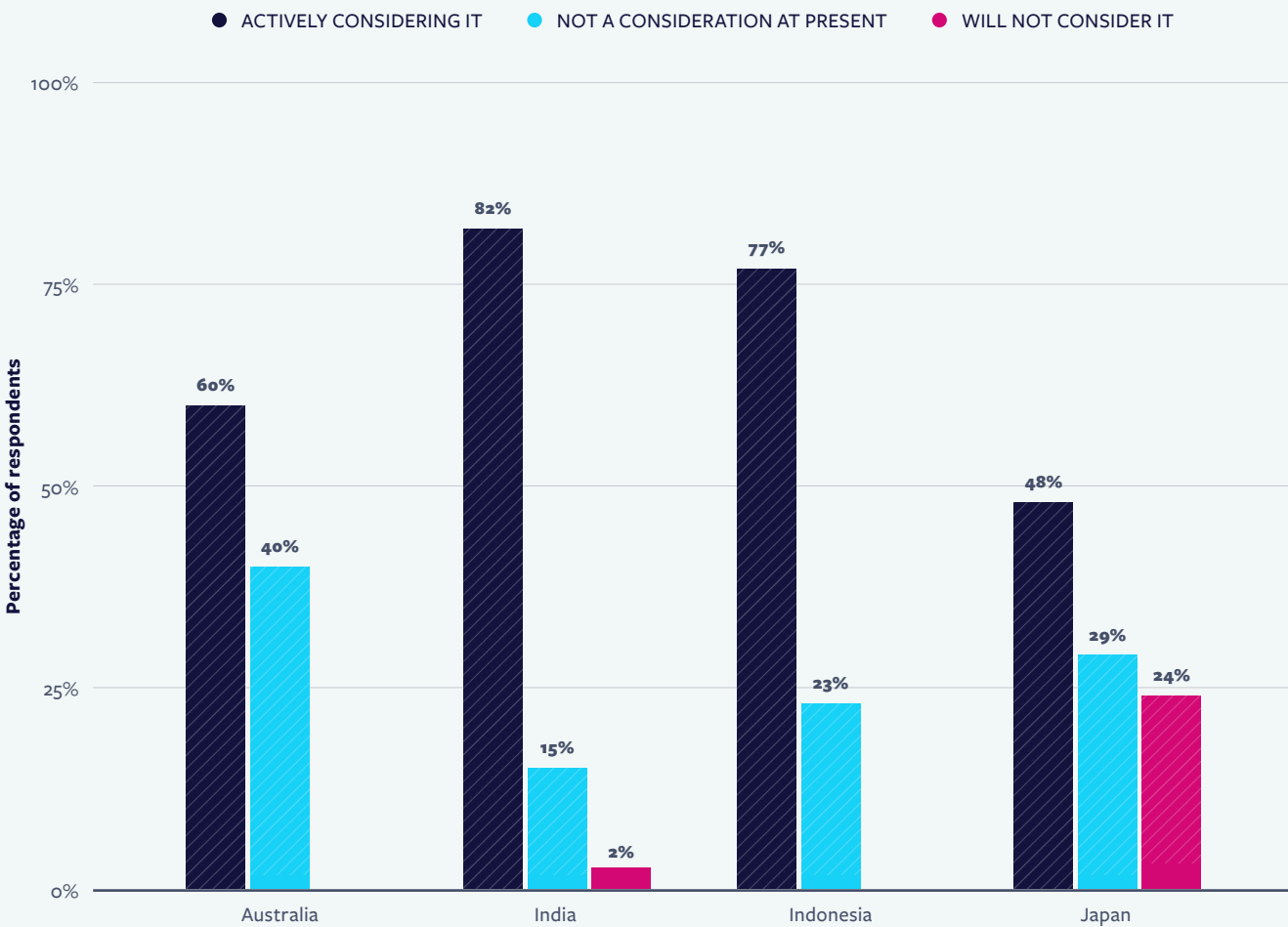


However, while only 9% of buyers overall are strongly against working in this manner, 32% of publishers noted that they prefer to work with intermediaries rather than on a direct-basis. This is predominantly driven by the Indonesian and Japanese markets, where 45% and 40% of sellers respectively stated that they would prefer to work with an exchange or other intermediary partner. John Harvey Faurholt, director, advertising and retail media partnerships — JAPAC, China, Microsoft Advertising, explains a more nuanced approach, where deeper connections with technology providers from both sides of the supply chain are sought, “For Microsoft Advertising, we’re focused on building a stronger connection with DSP’s, more so than a shift away from our SSP/ad exchange partnerships. Historically, working exclusively with an SSP or ad exchange enabled us as a publisher to connect with a broad set of DSP’s (and subsequent demand), but this created a blind-spot in how our properties were being viewed and activated downstream.

“Forming strong partnerships with DSP’s has provided us more visibility into their relationship with agencies, while strengthening both of our abilities to capture more share from the walled-gardens. Ultimately, we want to provide ease-of-access for buyers across our diverse range of properties, but in order to accomplish this we need to understand the end-to-end workflow across all of our technology partners.”

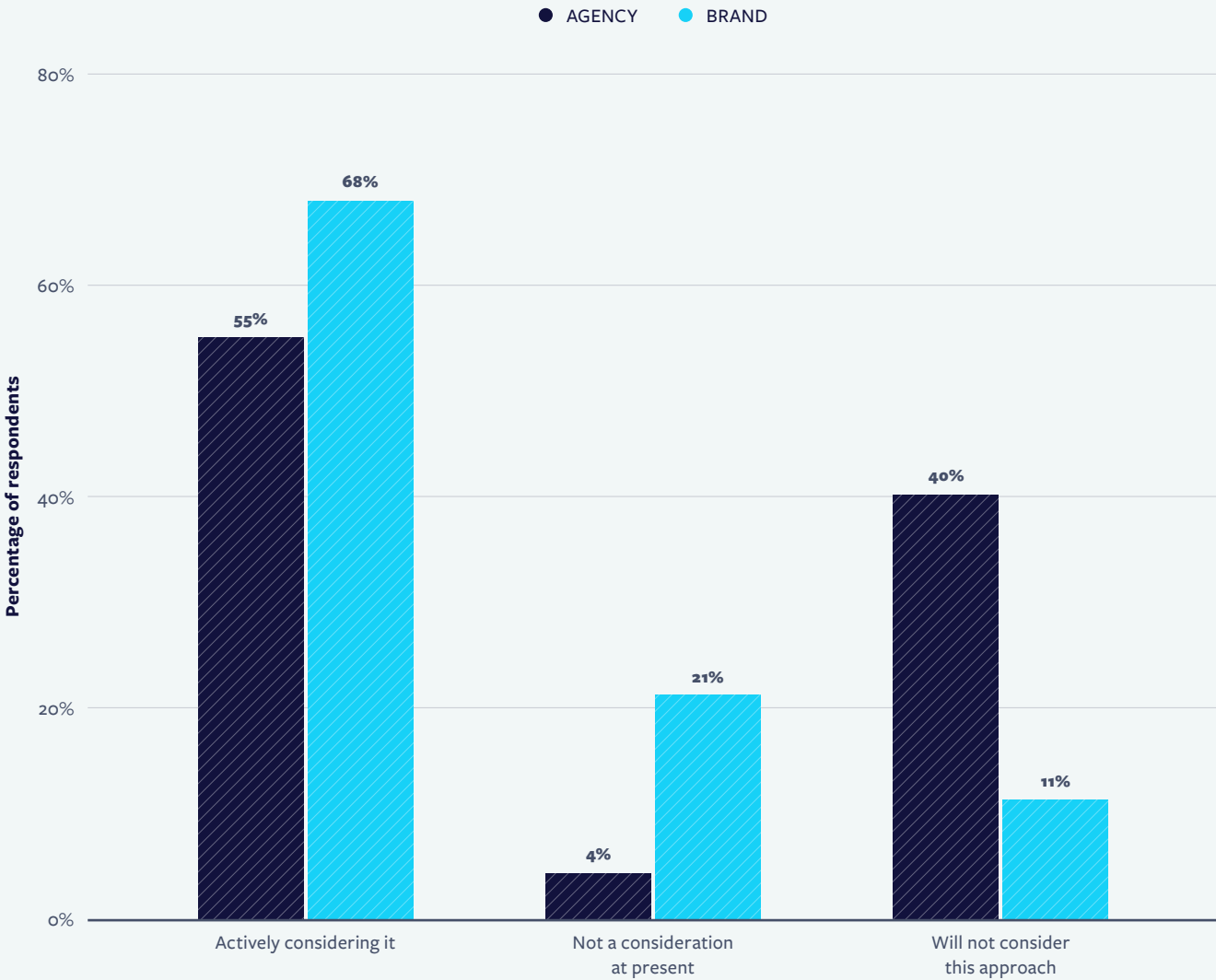
However, among buyers, Indonesia joins India as the most bullish markets towards working with DSPs that connect directly to publishers, with 77% and 82% of respondents respectively actively considering this approach. While Australia has a lower proportion of agencies and brands exploring direct trading with publishers via DSPs (60%), no respondent has firmly ruled out working in this manner, whereas 24% of respondents within Japan have categorically stated that they will not consider working with DSPs that offer a direct connection to publishers.

Figure 11: Buyer attitudes to working with DSPs offering direct publisher connection — 2022 (by market)



Among buyers, the desire to work directly with DSPs without an intermediary or exchange partner is most strongly held by brands, with 68% actively considering this and only 11% ruling it out entirely. However, agencies are much more reticent towards managing their clients’ programmatic budgets in this manner, with 40% stating that they will not take this approach. On the bull case for agencies working with DSPs directly, Nikhilender writes, “In the pursuit of simplifying the supply chain, getting access to brand safe and quality inventory it is inevitable for agencies to skip the intermediaries and exchanges, and seek direct supply sources. The emphasis on performance and value demands reduction in layers of tech and intermediary related cost implications.”

Figure 12: Buyer attitudes to working with DSPs offering direct publisher connection — 2022 (by company type)



With the relationship between both sides of the supply chain set to evolve following identifier deprecation and the development of direct solutions, Nikhilender details the role of agencies and the wider buy side in helping to maximise the value exchange, writing, “As the advertisers will soon have diminished access to third-party audience data due to tightening regulations, the third-party cookie deprecation and privacy, they will begin making direct connections with suppliers — i.e. publishers, retailers and others. The value exchange will need to become much more symbiotic in nature. The agencies and brands need a healthy sell-side with robust audiences, data, and insights. Buyers must ensure publishers can succeed. As both sides work together collaboratively and transparently, revenue uplift should be a common goal for all in the ecosystem, to win. We need to work together for a new value equation between both sides.



Section 2: Header bidding

Header bidding

Publishers are continuing to mature in terms of their header bidding usage, with an increase in the proportion of respondents using up to 9 partners, and a corresponding decrease in firms using 10 or more partners. While there has also been an increase in the proportion of respondents not using header bidding, up to 15% from the 12% reported in 2021, this once again entirely comprises publishers within the Japanese market, with all other markets reporting at least one header bidding partner.



India is once again the most active surveyed nation in terms of increasing programmatic spend and revenue

On the continued decline in publishers using header bidding in Japan, Faurholt writes, “JAPAC is a mobile-and-video-heavy region, so it’s not surprising header bidding adoption remains stagnant as it’s an integration-type that historically has favoured desktop and mobile web.

Additionally, the demand footprint of many participating demand sources can vary greatly market-to-market, so investing in header bidding in a market like Japan for instance, where open exchange spend is almost non-existent, may not make sense. In JAPAC, our strategy at Microsoft is to leverage header bidding across our offerings in order to cast a wide net across the demand landscape, but augment this solution by developing market-specific strategies and exploring more direct paths to demand.”

This continued maturation of publishers in terms of their usage of header bidding partners may be in part due to an evolution in how the auction technique is used in monetisation strategies. Faurholt comments, “Header bidding used to be viewed as a more holistic monetisation strategy, whereas now it’s just one step in a multi-faceted approach. It’s a great way for us to improve the monetisation of our inventory across the open exchange, but requires augmentation through additional methods such as PMP’s, Programmatic Guaranteed, and even direct-sold inventory in order to achieve the quality and scale we desire.

9

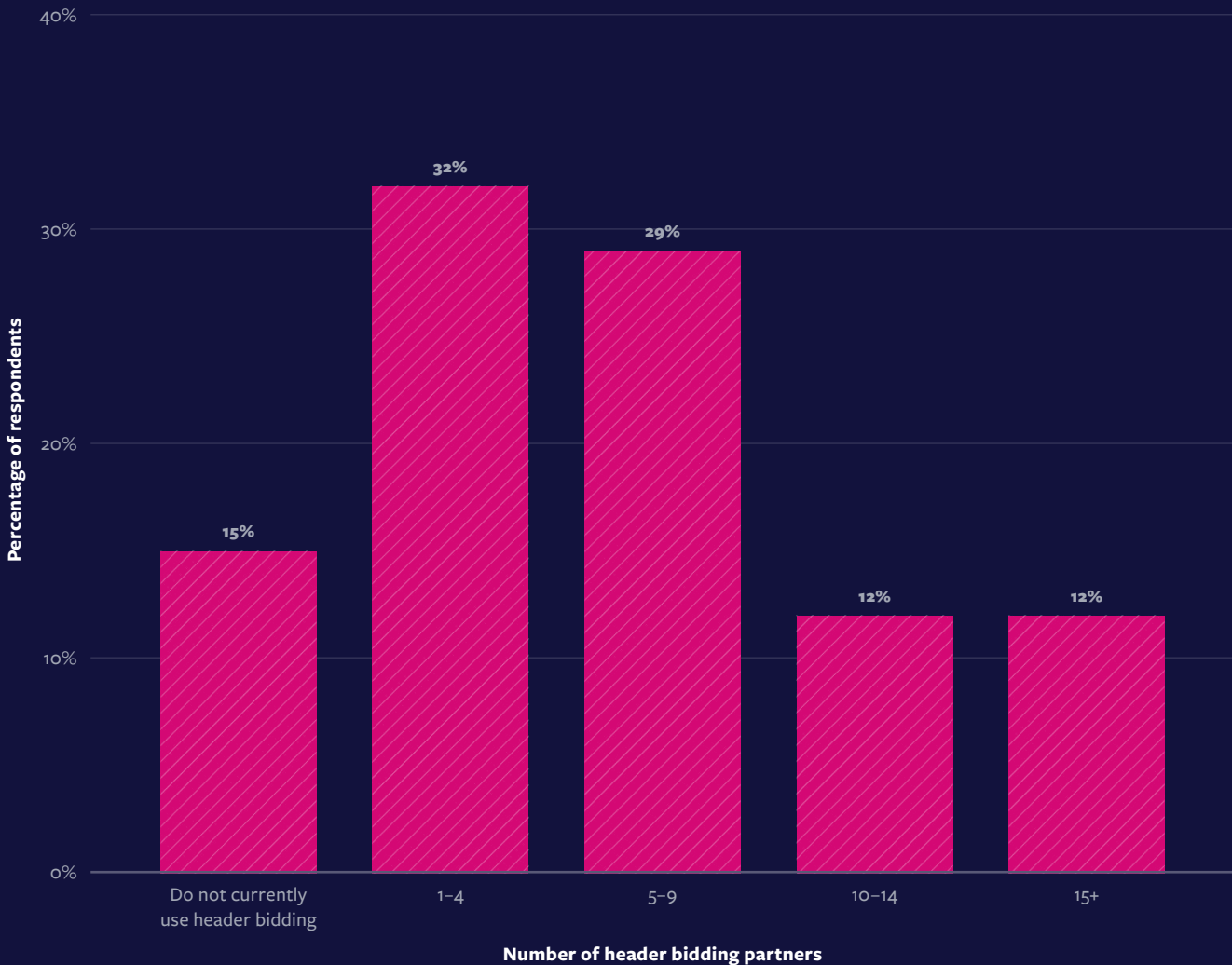
Publishers are continuing to mature in terms of their header bidding usage, with an increase in the proportion of respondents using up to 9 partners

15%

the proportion of respondents not using header bidding

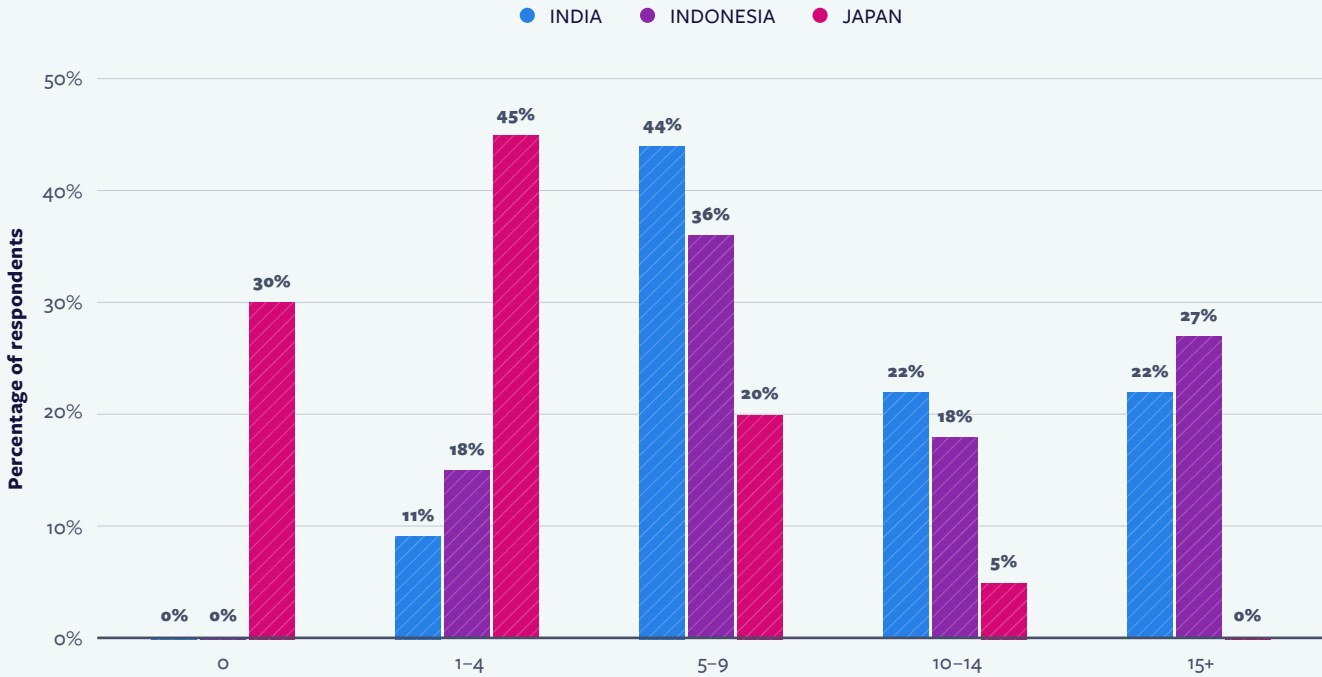
“This is particularly important in a region like JAPAC, where many buyers are spending more through premium programmatic channels. Combine this with SPO, and it’s even more important as a Publisher to not only have a sophisticated header bidding setup, but complementary efforts surrounding this. I would argue that, as a publisher, partnering with nine or 10 SSP’s/ad exchanges via header bidding is still too many. Not only will you see duplicative demand, but it’s one of the practices at the heart of inefficiencies and waste in the industry.”

Figure 13: Number of header bidding partners — JAPAC 2022



This maturation is particularly evident in the Indonesian market, with 27% of respondents using 15 or more header bidding partners, marking a dramatic reduction from the 67% reported in 2021, and only 45% of respondents using ten or more partners, compared with 100% last year.

Figure 14: Number of header bidding partners — JAPAC 2022 (by market)



There has been a sharp reduction in the proportion of the JAPAC market using prebid solutions for header bidding, down to 12% compared to 33% a year ago and 23% in 2020. While this is apparent across Indonesia (down to 27% from 33% in 2021) and Japan (down to 5% from 17% in 2021), this reduction has been seen most prominently in India, with no respondents reporting the use of prebid in header bidding compared to 50% of the market using it in 2021.

The scale of the collapse in support for prebid solutions in the Indian market is likely to be as a result of a multitude of factors. Anushrav Gulati, head of indirect revenue, Times Internet, outlines some of these potential reasons, “As per Indian Publishers (or their tech teams), Prebid comes with following drawbacks:


“Prebid adds to page load times by impacting core Web Vitals. In turn, a poor score in Web Vitals subsequently impacts/organic search traffic.”

“The logistics of billing and invoicing for prebid solutions are far more complicated when compared to Google’s Open Bidding.”


“Direct campaign deliveries are impacted as most of the solutions impact the Google Publisher Tag (GPT) and display calls.”

In recent years, the market effect of Google’s dominance across the programmatic advertising and search markets has been called into question by multiple regulatory bodies globally, with a number of active investigations taking place at the time of writing. One such lawsuit, [filed by US Attorney General AG Paxton](#), details a wide array of actions allegedly undertaken by Google to undermine header bidding, including self-preferencing of inventory and denigrating traffic to publishers using header bidding. While this survey affirms the overall health of header bidding in terms of overall usage, the effective elimination of the open source unified auction solution in an entire market, as a result (whether directly or indirectly) of knock-on effects from Google-owned solutions or protocols, is a matter of severe concern for the regional and global health of programmatic.


However, it is unlikely that the precipitous fall from 50% usage in India in 2021 to 0% in 2022 is wholly as a result of the actions of an individual company. Further factors include ease of trialing alternatives and management of publisher resources, as explained by Gulati.



“Most of the bidders, until the last four-five months, were also buying via Open Bidding and Open Auction. Hence, there has been scope to triage one stack for another.”



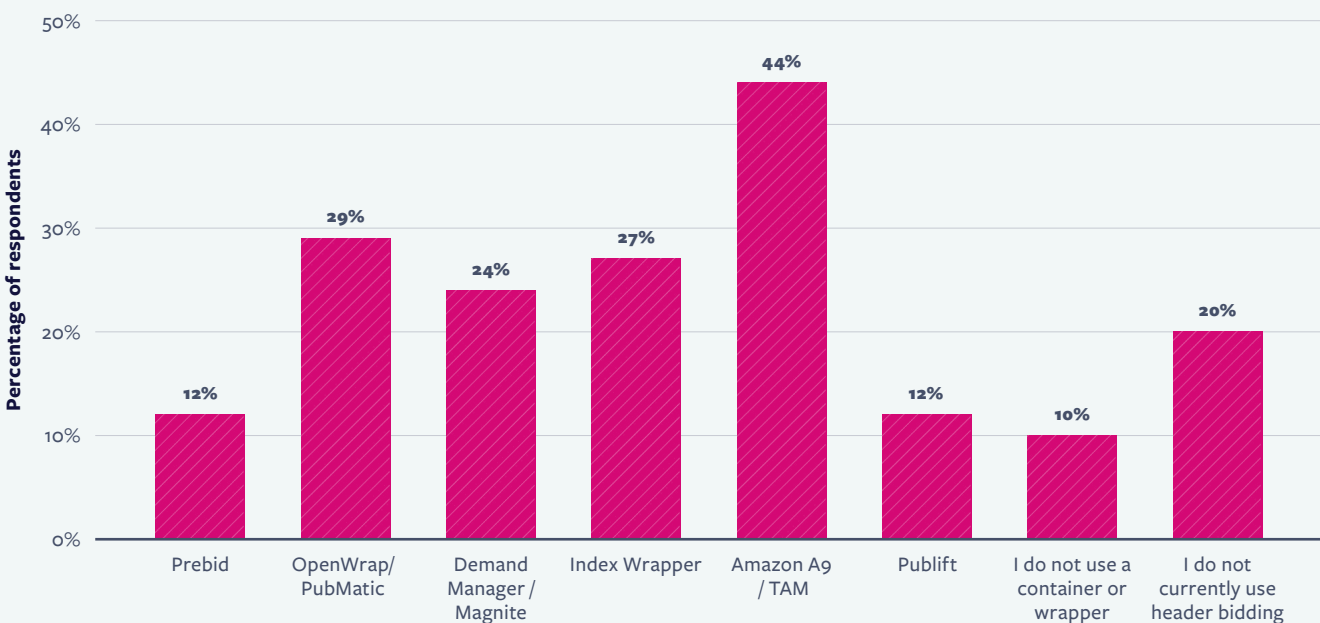
“Lack of feet on the ground to interface with publisher stakeholders like SEO, tech , yield teams creates information parity and influences decision.”



“It is possible to run an efficient prebid stack. However, this generally requires expensive code refactoring.”

Lending the agency perspective, Deepika Nikhilender, supports this thesis regarding publisher resource management, “Prebid is an open-source solution for header bidding and tends to be resource intensive to operate and maintain, primarily in the engineering area. There is a need for users to add optional modules on top of the foundational code of prebid, which requires further effort. Most publisher’s expertise is in content production and optimising this content, so investing in specialist skillsets and resources to frequently manage the prebid updates can be challenging. So, when posed with a choice, most publishers may pick managed prebid solutions. In the case of some large third-party managed solutions which have the resources, you may see they are able to provide the services of heavy lifting on the technical efforts required for the publishers and reduce their load.”

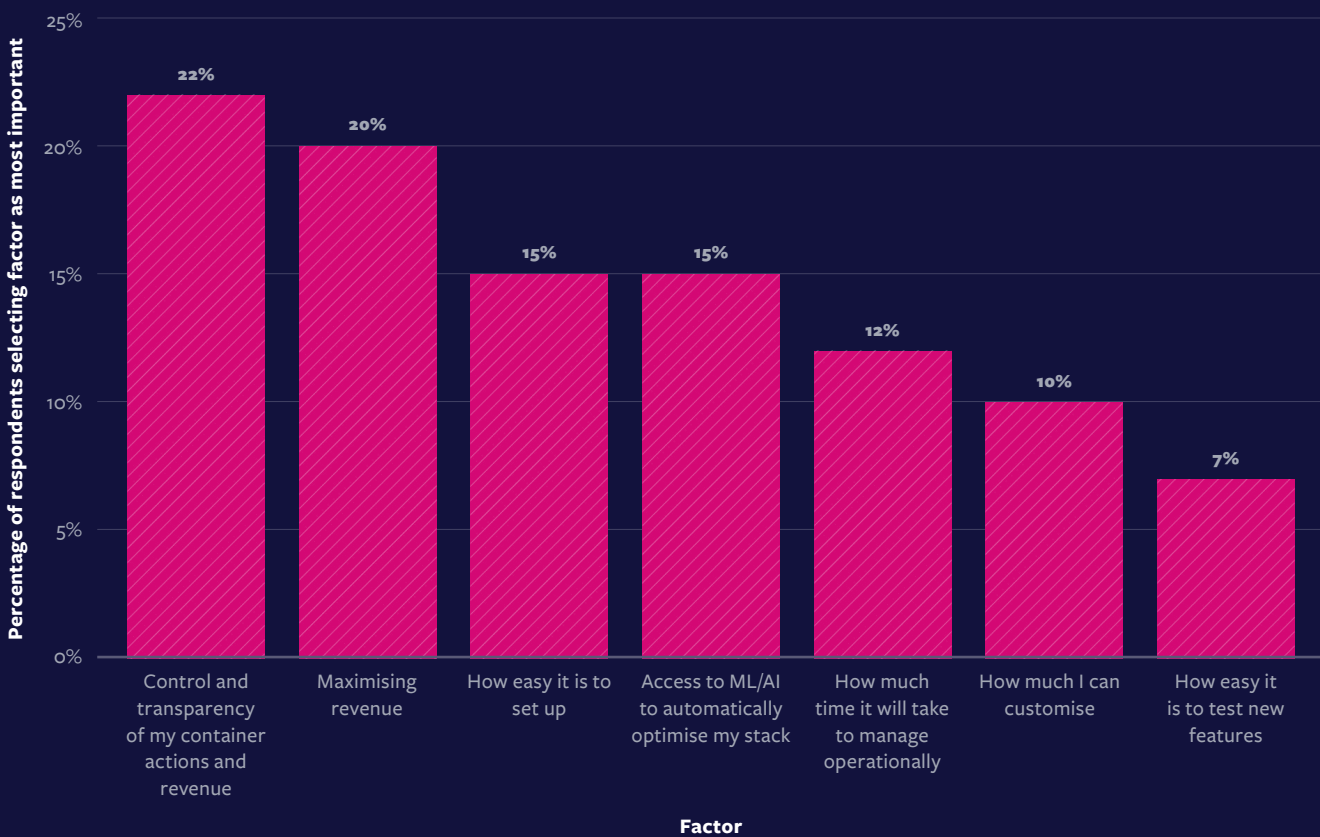
Figure 15: Use of header bidding partners — JAPAC 2022



The importance of factors when selecting a header bidder wrapper/container solution has also changed significantly since last year.

In 2021, maximising revenue was the most important factor underpinning header bidder wrapper/container selection by a significant margin, with 52% of respondents selecting it as their most important factor, followed by ease of setup (28%), ease of testing, and level of customisation (both 24%). Whereas this year, the spread between importance of factors was much lower, with control and transparency deemed the most important factor by 22% of respondents, followed by maximising revenue (20%), ease of setup, and access to machine learning (ML) and artificial intelligence (AI) optimisation (both 15%).

Figure 16: Most important factor for header bidder wrapper/container selection — JAPAC 2022



The importance of these factors varied according to specific surveyed markets. Access to ML/AI optimisation was strongly favoured by respondents in India, having been selected by 44% of respondents as the most important factor. Writing on why ML/AI has gained such importance in the Indian market, Gulati comments, “Various efforts so far have not generated substantial gains in revenue for publishers, or ROI for advertisers, whereas costs of content creation and sustaining traffic have been going up. Publisher focus is therefore moving towards getting better rates in the open market for their inventory. Fill rates are a concern but getting better CPMs are now important as well. To that end, the Indian market thinks deep diving into data holds the key and hence affinity for AI/ML tools, also to better deal with DSP algos in terms of pricing.”

Meanwhile, maximising revenue continues to be the most important factor in the Indonesian market, having been selected by 27% of respondents, while control and transparency was deemed most important by Japanese respondents, having been selected as the most-driving factor by 30% of those surveyed.

Section 3:

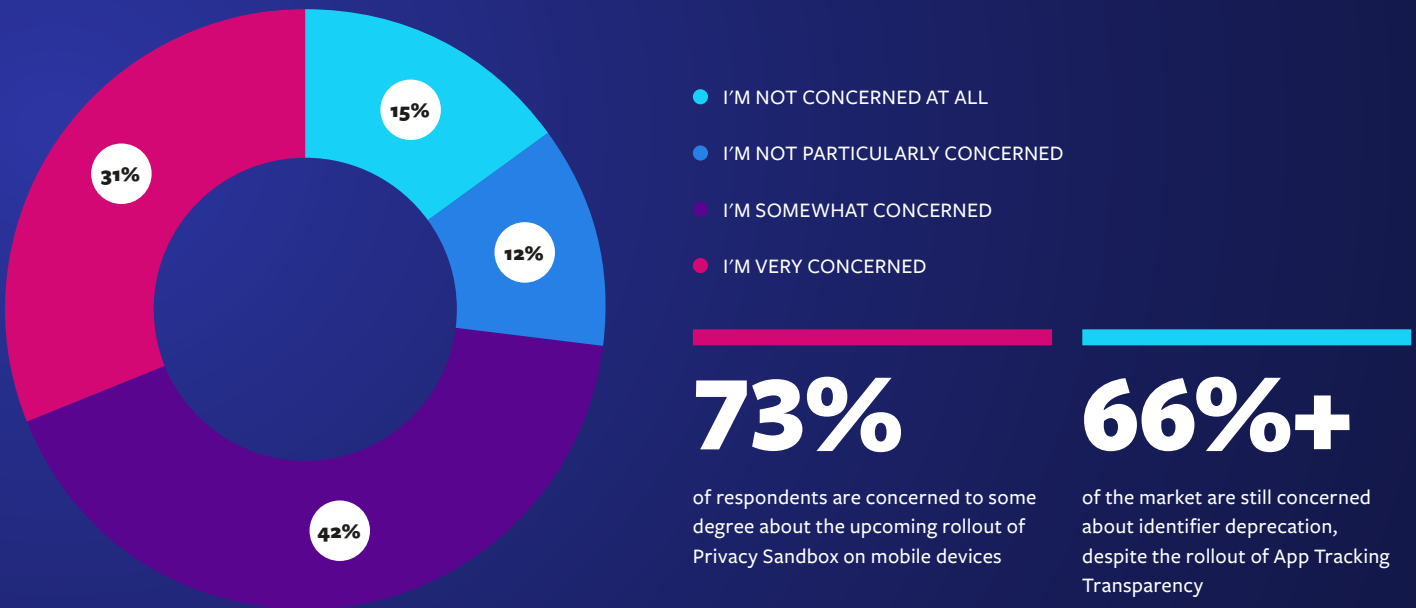
Identity & Trust

Concerns over identifier deprecation

Concerns regarding identifier deprecation, namely that of IDFA and the third-party cookie, along with the expected phasing out of the Android Ad ID following the upcoming rollout of Privacy Sandbox on mobile devices, are climbing in the JAPAC region. A total of 73% of respondents are concerned to some degree about this, up from 67% in 2021, with 31% highly concerned (up from 29% last year).

While there has been a 5% increase in the percentage of respondents that are not concerned at all about these changes, the revelation that over two thirds of the market are still concerned about identifier deprecation, despite the rollout of App Tracking Transparency in April 2021 being more of a known quantity more than 12 months later, suggests more still needs to be done to reassure market participants in JAPAC over the upcoming changes in the identity landscape.

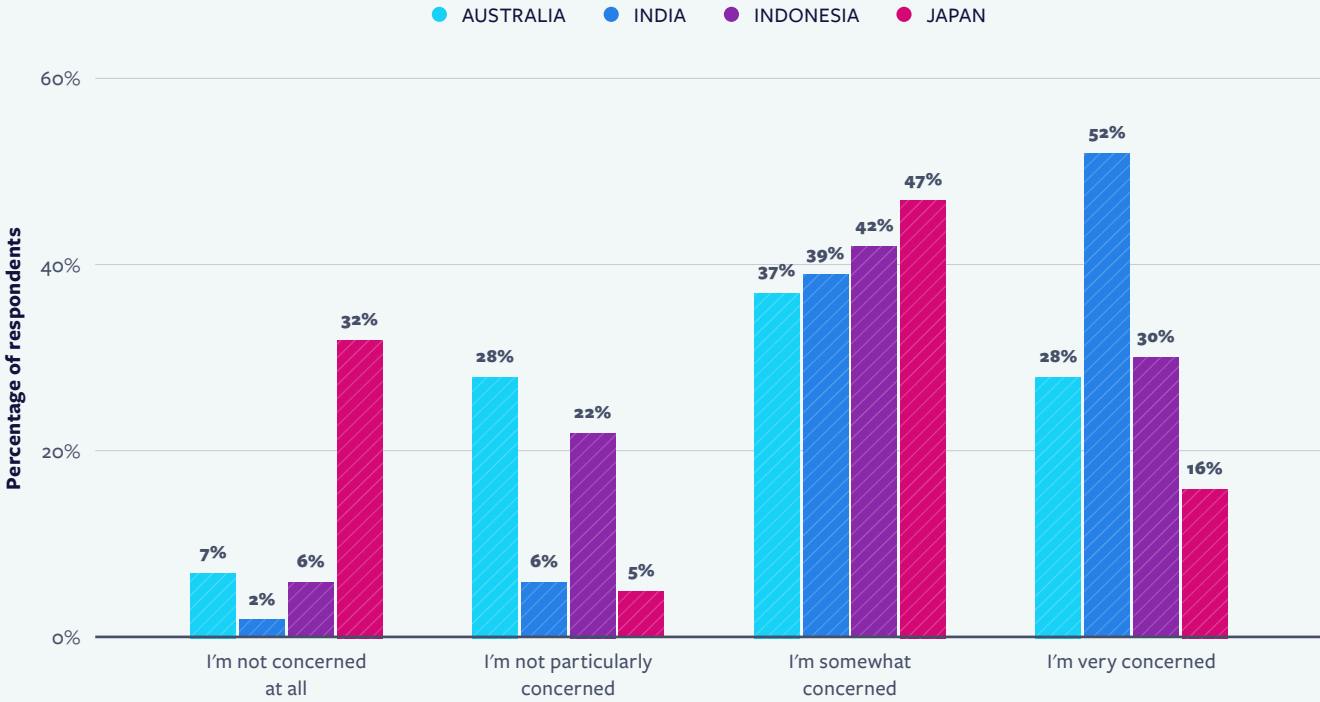
Figure 17: Concerns over identifier deprecation in JAPAC — 2022



As a market, India remains the most concerned regarding the effects of identifier deprecation, with 91% either very or somewhat concerned, representing an increase of 5% from last year. Continued education around methods to mitigate the potential deleterious impacts of identifier deprecation, and a shift in focus towards operations, have been cited as ways to mitigate this high level of concern across the Indian market. Gulati writes, “Most large- and medium-sized publishers have taken measures to build first-party data or deploy ID solutions to keep the pipes open. However, except for a limited set of publishers, not everyone knows how to best utilise the data lake in a privacy-safe way. A more operations-driven and educational approach would therefore help.”

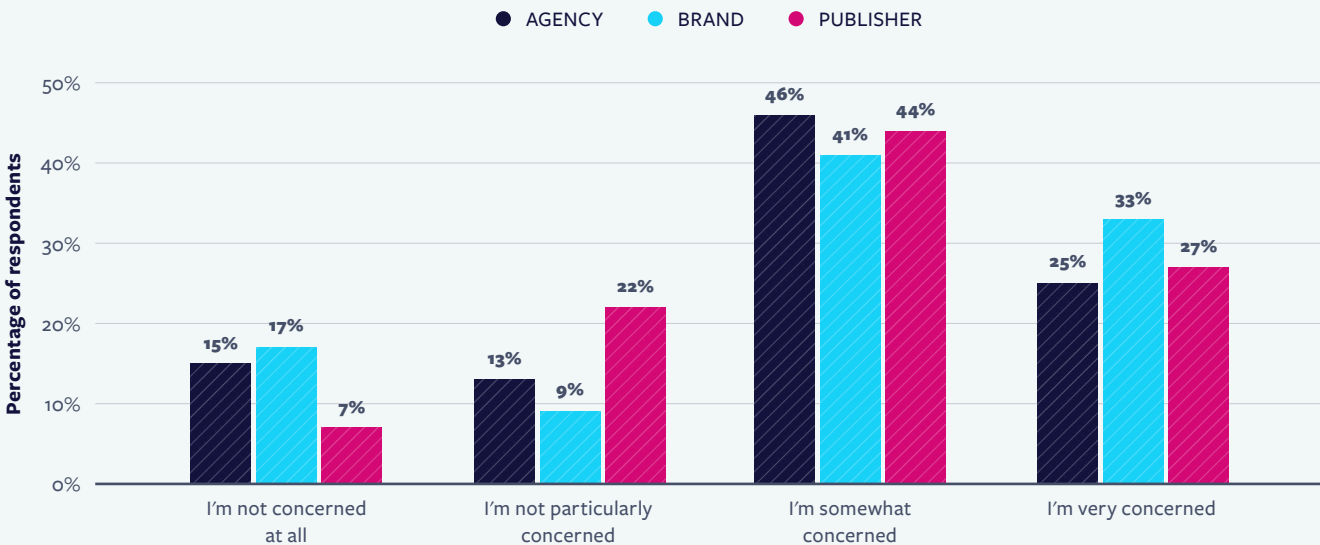
As with 2021, Japan has the highest proportion of respondents that are not concerned at all about IDFA, cookie deprecation, et al. (32%, up 7% from last year). However, so too is the percentage of concerned respondents increasing, having climbed to 63% from 49% in 2021. Concerns regarding identifier deprecation in Australia and Indonesia are remarkably similar to those recorded last year, again suggesting more needs to be done to alleviate worries regarding upcoming changes on Google-owned display and mobile platforms.

Figure 18: Concerns over identifier deprecation — 2022 (by market)



Reassuringly, there has been an approximately 10% decrease in the percentage of publishers who are very concerned about the effects of identifier deprecation, falling to 27%. This indicates that they are gaining confidence regarding the post-cookie era, given their typically greater first-party and contextual data assets.

Figure 19: Concerns over identifier deprecation — 2022 (by company type)

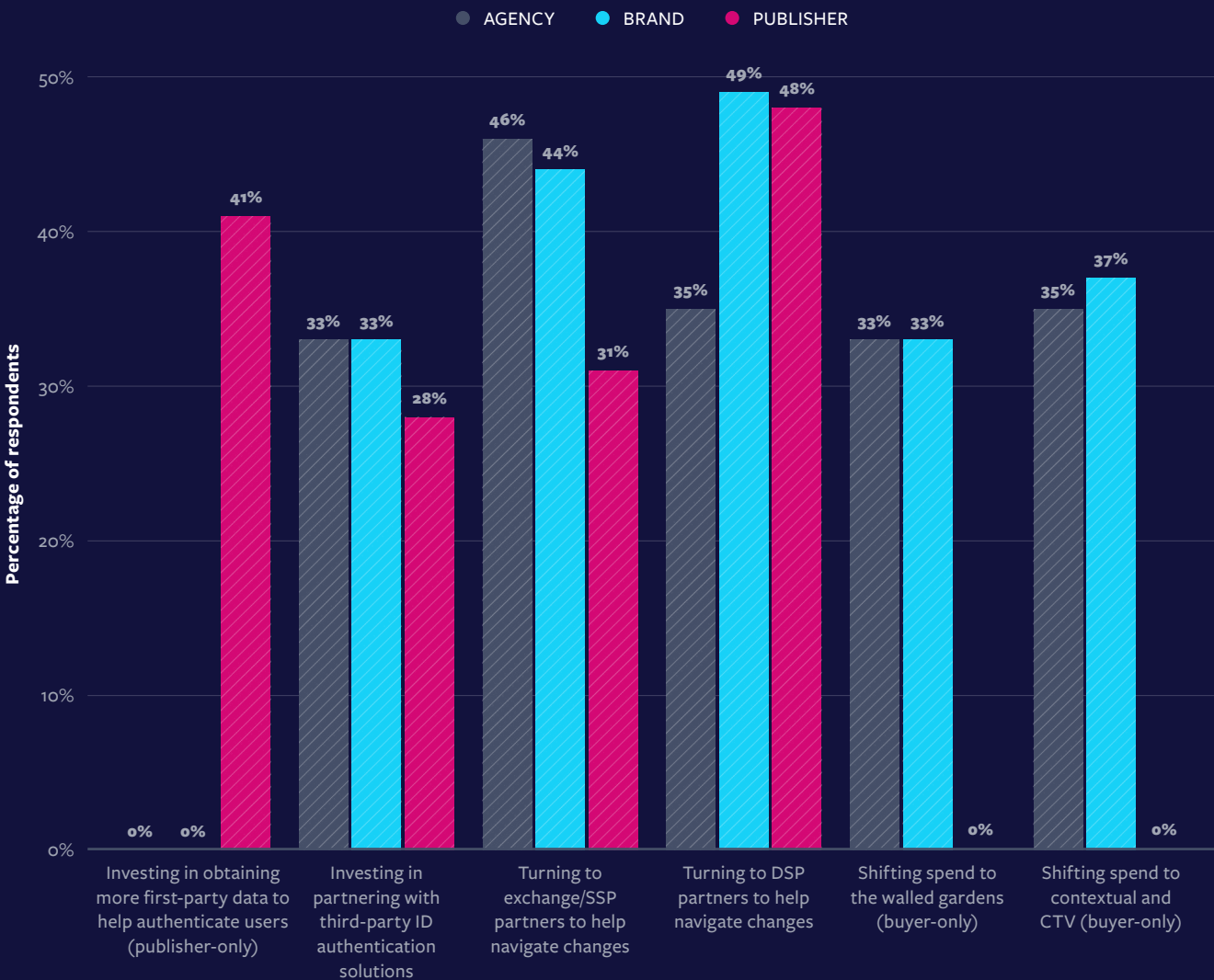


Compared to last year, all six surveyed solutions have seen an increase in the proportion of respondents exploring them, indicating that the JAPAC market is actively pursuing solutions to identifier deprecation, rather than adopting a passive “wait and see” approach.

The ongoing global narrative of a convergence between buy- and sell-side advertising technology is supported here, with support from DSP partners cited as the most commonly explored solution for mitigating identifier deprecation for both brands (49%, up 23% from 2021) and publishers (48%, up 31% from 2021, representing the most significant difference between solutions explored between 2021 and 2022).

Buyers are now more interested in investing in third-party ID authentication solutions, with 40% pursuing this (up 25% from 2021), however this growth has not been mirrored across the sell-side, with a small contraction (-1%) to 28% of publishers exploring these solutions.

Figure 20: Solutions explored to mitigate effects of identifier deprecation — JAPAC 2022 (by company type)

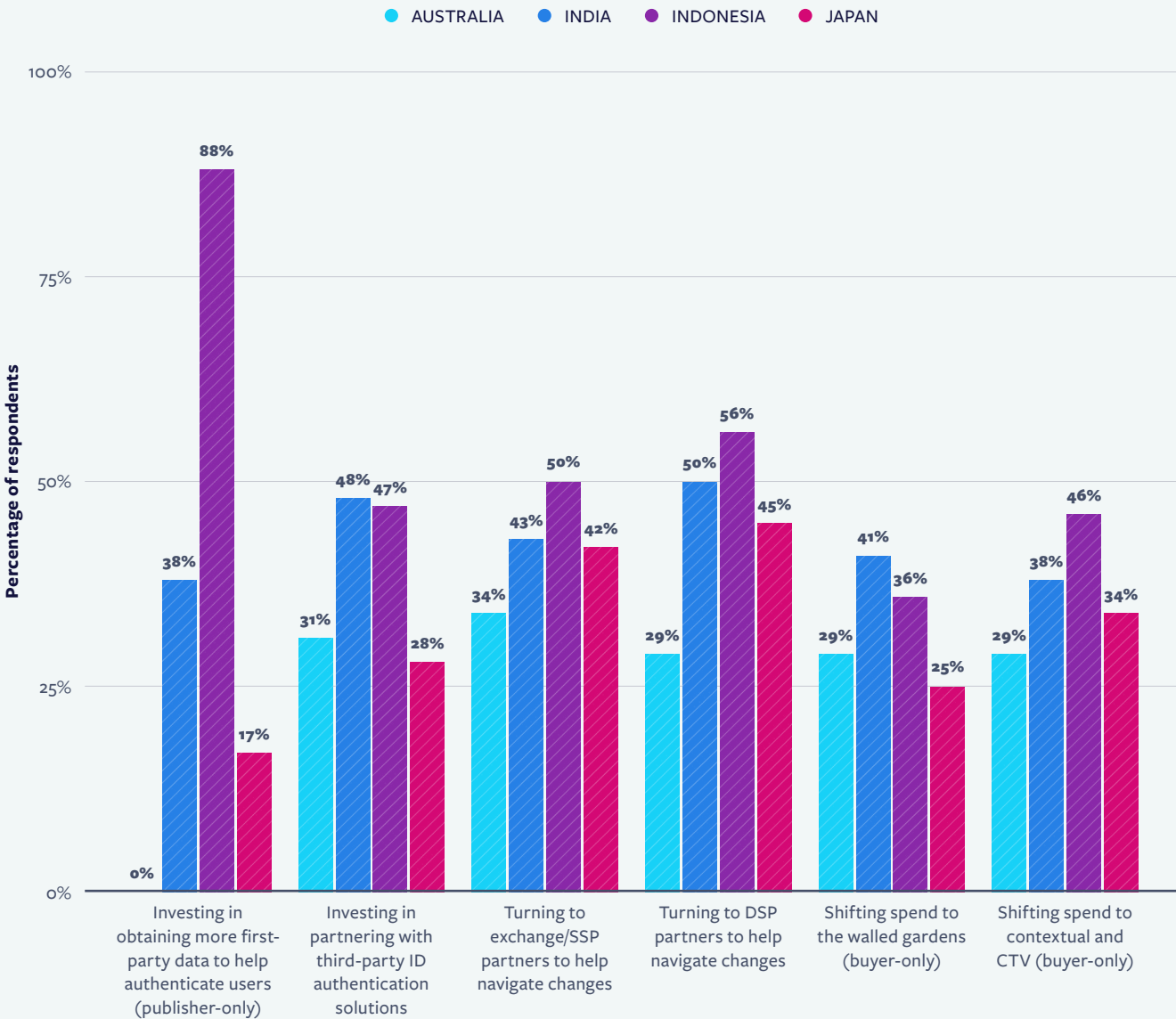


88%

of publishers in Indonesia are heavily targeting obtaining more first-party data assets

Preferred solutions for mitigating identifier deprecations vary strongly across the surveyed JAPAC markets. In Indonesia, publishers are heavily targeting obtaining more first-party data assets, with 88% of surveyed publishers investing more here, compared to just 17% of respondents in Japan. In the other markets, a range of third-party solutions are more heavily favoured. In India, DSP partners (50%) and third-party ID solutions (48%) take precedence, while in Japan a cross-supply chain approach is preferred, with DSP partners (45%) and exchange/SSP partners (42%) the preferred options here. Australia is the most balanced surveyed market in terms of solutions being explored to mitigate identifier deprecation, with only a 5% spread across all surveyed options (excluding first-party data use, which is excluded due to low sample size), though there is a slight preference for sell-side solutions here, with exchange/SSP partners the most heavily-favoured option (34%).

Figure 21: Solutions explored to mitigate effects of identifier deprecation — JAPAC 2022 (by market)



First-party data

Encouragingly, there has been a rise in the proportion of brands and agencies within the JAPAC region which have access to first-party data, climbing by 5% to 85% of surveyed participants. However, the proportion of those who feel they do not believe there are appropriate solutions for using it on the open web has remained steady at 28%, defying predictions that this would decrease as deadlines around identifier deprecation approached.

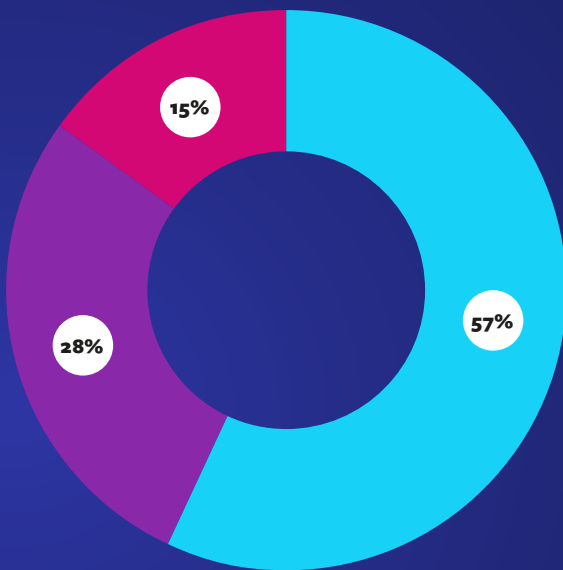


Figure 22: Access to first-party data — JAPAC 2022

- HAVE ACCESS TO FIRST-PARTY DATA, AND CONFIDENT ACTIVATING THIS DATA ON THE OPEN WEB
- HAVE ACCESS TO FIRST-PARTY DATA, BUT DO NOT BELIEVE THERE ARE APPROPRIATE SOLUTIONS FOR OPEN WEB CAMPAIGNS
- DOES NOT HAVE ACCESS TO FIRST-PARTY DATA

85%

proportion of brands and agencies within the JAPAC region which have access to first-party data

Commenting on the continued increase in the proportion of buyers with access to first-party data, Nikhilender writes, “There is undoubtedly a heightened awareness and action around preparedness for technology and people resources to collect first-party data. The potential benefits of first-party data are clear and attractive, especially with the deprecation of cookies looming. However, extracting optimal value from it and using it to activate is still a long way from its potential. Privacy laws and data regulations are possibly daunting to marketers who are applying caution and governance in their use of first-party data. Sharing first-party data must be done in a responsible manner and moving outside of the walled gardens puts a lot of importance on the choice of process and technology. Solutions in Asia Pacific are few and far between. Not only is there a need for technology partners in areas such as CDP management, data onboarding, anonymising, transfer, etc., it also needs specialist talent and skills.”

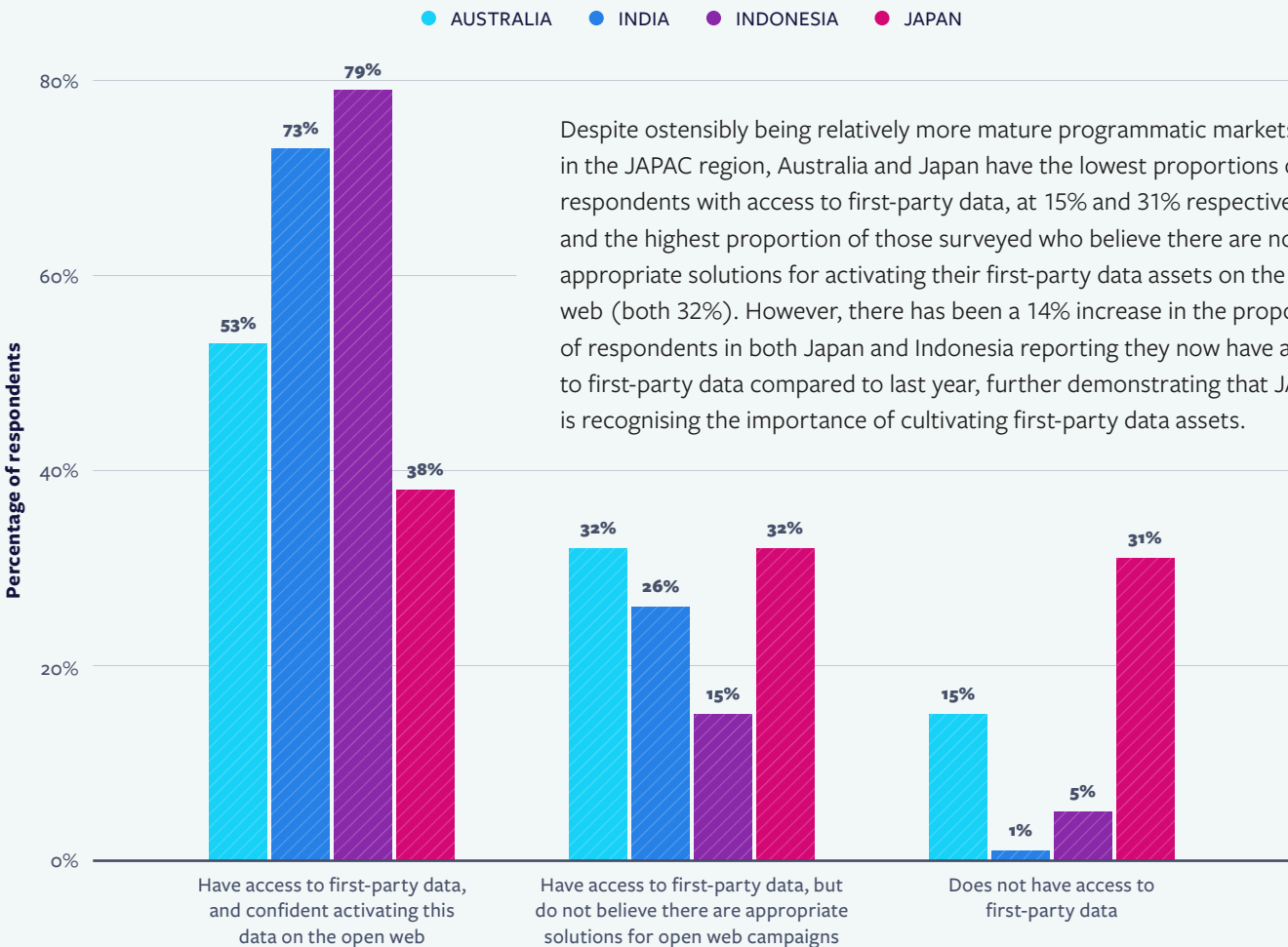
-9%

reduction in the proportion of agencies across JAPAC which do not have access to first-party data

While there has been an encouraging 9% reduction in the proportion of agencies across JAPAC which do not have access to first-party data, there has been a similar increase in the percentage of agency respondents which do not believe there are appropriate solutions for activating this data on the open-web. The recognition of the importance of first-party data is now clearly recognised across the supply chain in JAPAC, however more needs to be done to ensure that participants can activate this data effectively on the open web.

Support from publisher partners is likely to prove critical here, as outlined by Fairholt, “Our focus has been to educate and build awareness around our capabilities and evangelise across our agency and brand partners, while in parallel working to understand their primary concerns or blockers for shifting investment. So while general access of first-party data has improved across the region, we still need to deliver a solution that can provide enough scale to warrant deeper investment from agency and brand partners. This starts with expanding our supply, enabling an ease-of-use and access, and more effective bundling with our broader offerings and solutions. First-party data buys are just one piece of an overall media plan, so illustrating the full picture for our buy-side partners and collaborating through this transition, will ensure broader adoption and success.”

Figure 23: Access to first-party data — JAPAC 2022 (by market)

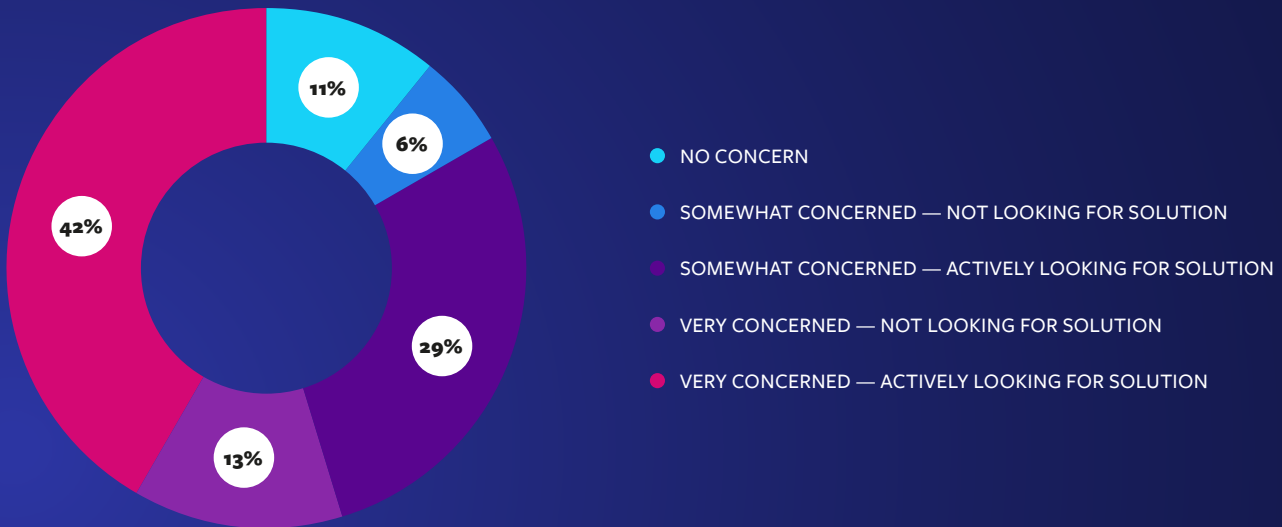


Despite ostensibly being relatively more mature programmatic markets in the JAPAC region, Australia and Japan have the lowest proportions of respondents with access to first-party data, at 15% and 31% respectively, and the highest proportion of those surveyed who believe there are not appropriate solutions for activating their first-party data assets on the open web (both 32%). However, there has been a 14% increase in the proportion of respondents in both Japan and Indonesia reporting they now have access to first-party data compared to last year, further demonstrating that JAPAC is recognising the importance of cultivating first-party data assets.

Concern over fraud and quality-related issues

Concerns regarding fraud and quality-related issues within the digital advertising industry in JAPAC remain high, with 89% of respondents concerned to some degree (up 1% from 2021) and 55% very concerned about these issues (down 1% from 2021).

Figure 24: Concerns over fraud and quality-related issues — JAPAC 2022



89%

of respondents concerned to some degree

55%

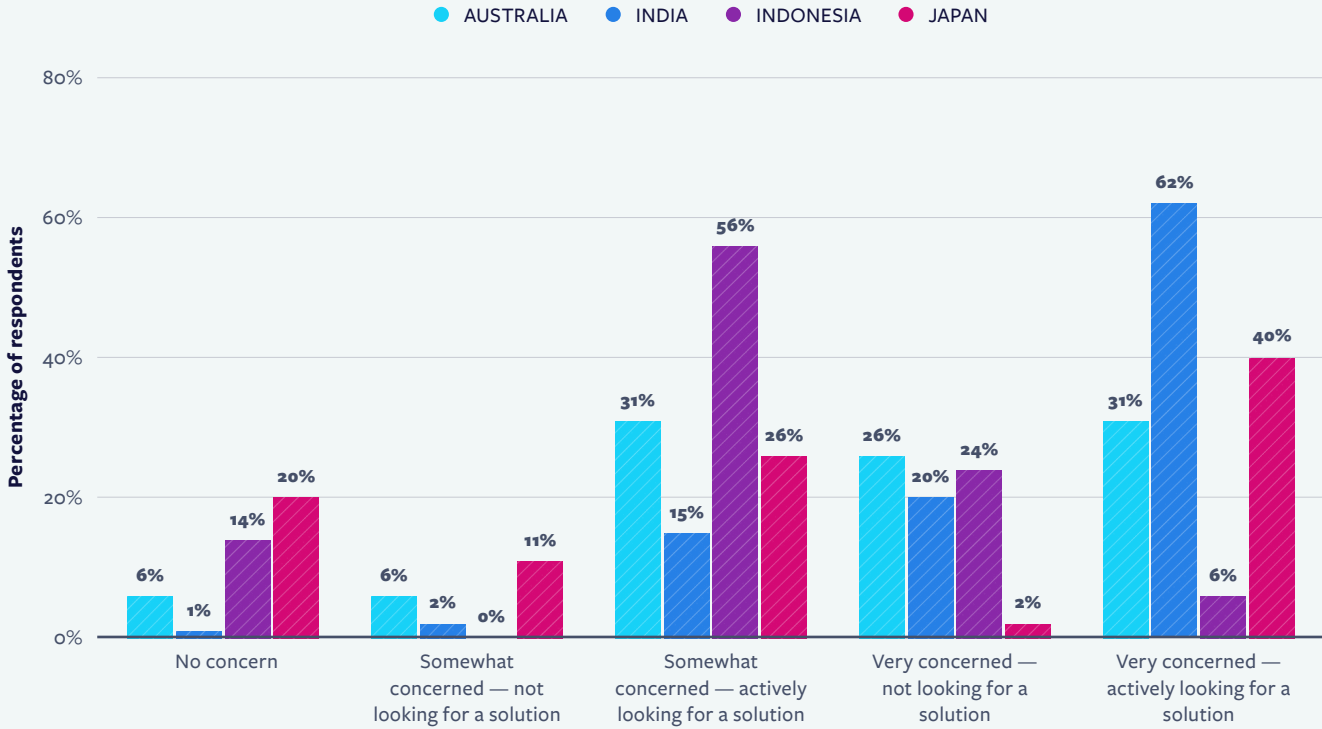
of respondents very concerned

”

Concerns regarding fraud and quality-related issues within the digital advertising industry in JAPAC remain high

Concern over fraud remains strongest within the Indian market, with 82% of respondents being highly concerned about this issue. Meanwhile, concerns regarding fraud and quality-related issues are increasing in Japan, with 42% of respondents very concerned about these issues, up from 32% last year, while 20% of market participants here are not concerned with fraud, down from 30% in 2021.

Figure 25: Concerns over fraud and quality-related issues — 2022 (by market)



82%

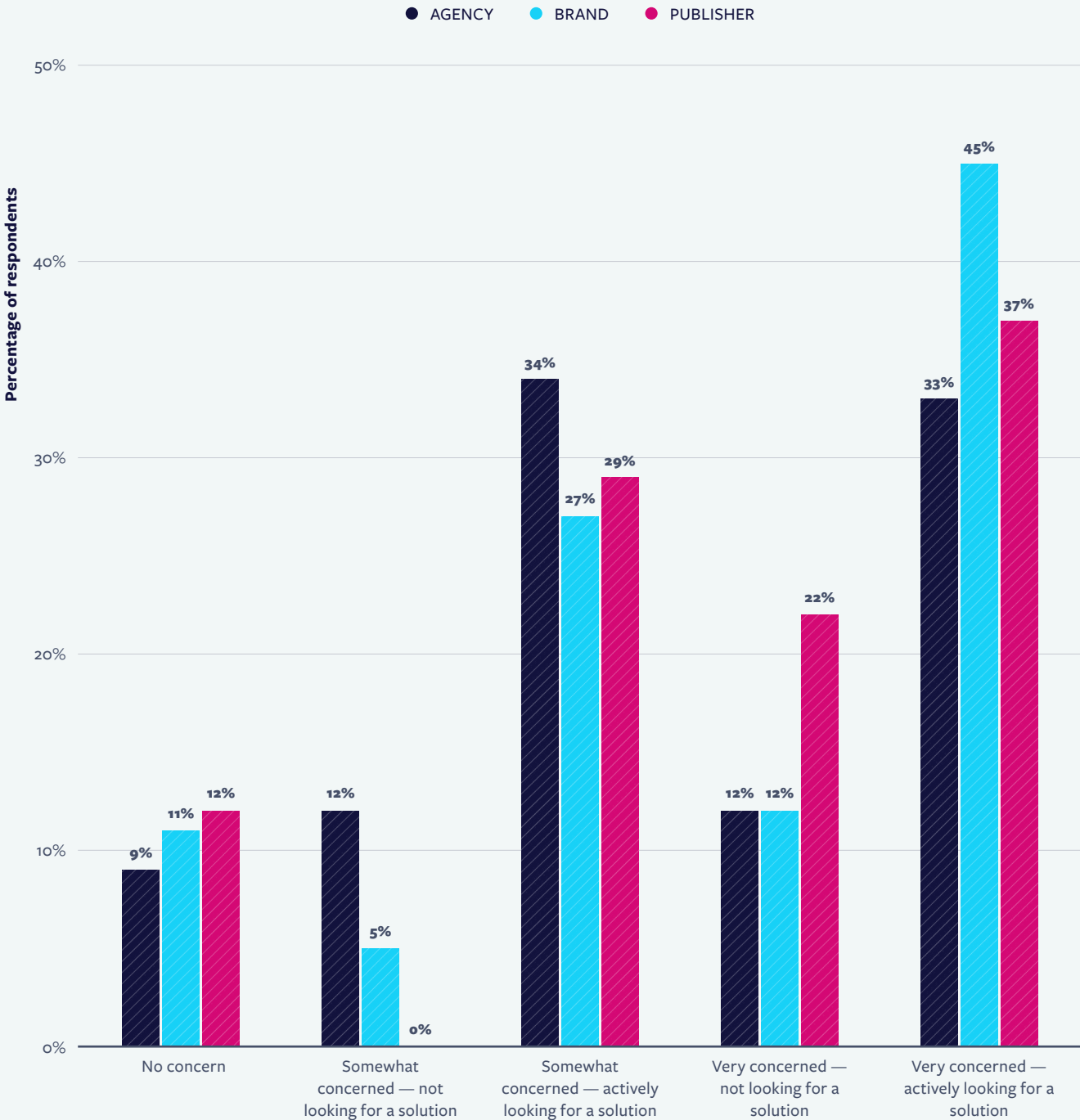
of respondents highly concerned about fraud



Concern over fraud remains strongest within the Indian market

Among publishers, there has been an increase in the proportion of respondents who are very concerned about fraud but are not actively looking for a solution, up to 22% from 9% a year ago, corresponding with a decline in the proportion of those that are highly concerned about fraud and are actively seeking a solution (37% from 52%). This trend is concerning as it indicates that, while still recognising the risk of fraud and quality issues on their revenue, publishers have lost faith with the available solutions on the market.

Figure 26: Concerns over fraud and quality-related issues — 2022 (by company type)



SPO review status

Similarly to last year, the vast majority (80%) of the JAPAC market has either undertaken a supply path optimisation (SPO) review over the past 18 months, or is planning on doing so within the next year.

Figure 27: SPO review status — JAPAC 2022

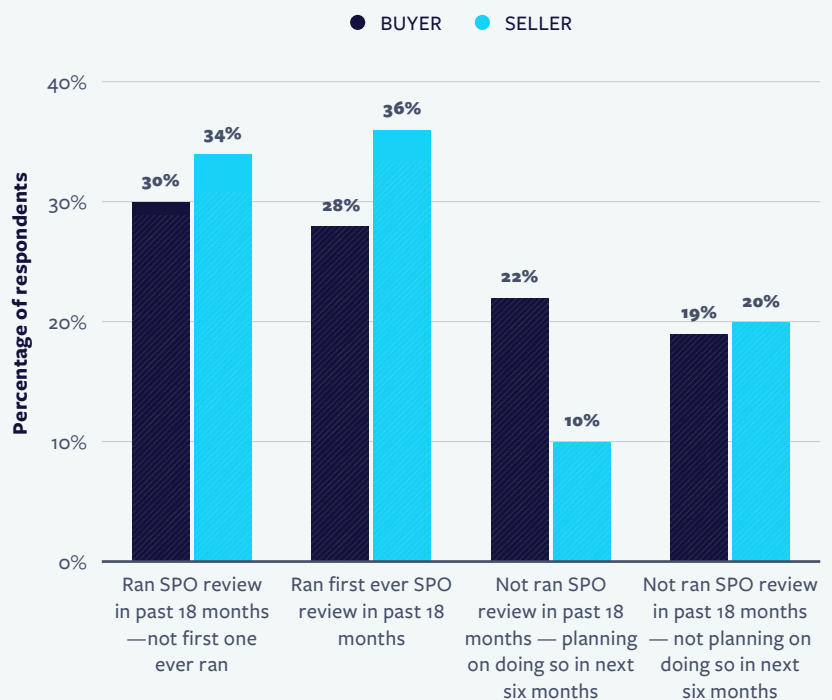


Notably, there has been a clear increase in the proportion of agencies which have run their first ever SPO review, up to 28% from 19% in 2021, alongside a minor decrease in the proportion of agencies which have not run an SPO in the previous 18 months and are not planning on doing so prior to the end of the year, down 5% to 19%. Given the relative hesitancy among agencies to embrace working with DSPs offering direct publisher connections, it is encouraging that more agencies are reviewing their supply chains to ensure maximum value for their brand and publisher partners.

+9%

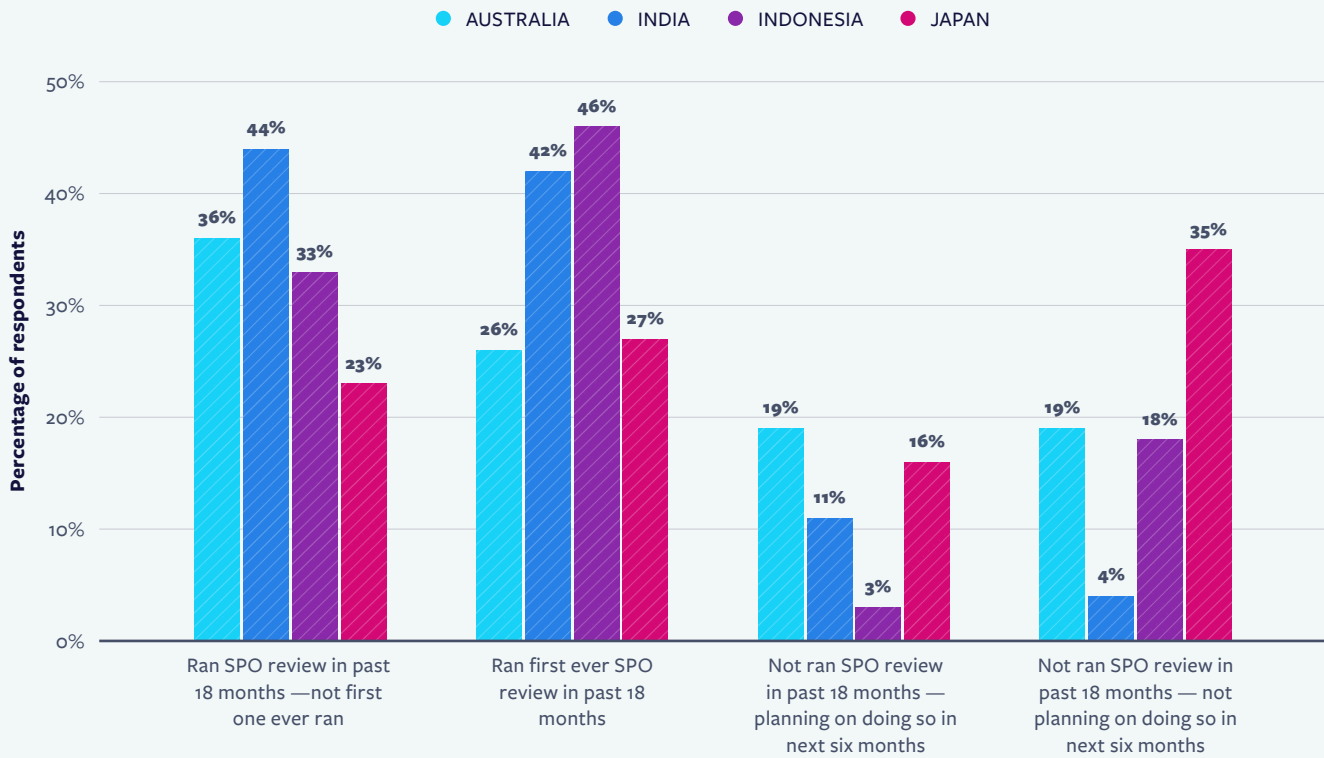
increase in the proportion of agencies which have run their first ever SPO review compared with 2021

Figure 28: SPO status — JAPAC 2022 (by company type)



Market-specific SPO trends identified last year continue to hold true. Firstly, respondents in India are again the most active in terms of undertaking a review of their supply chains, with 86% having done so in the last 18 months and only 4% having not completed a review nor planning one. This is perhaps unsurprising given that concerns around fraud in the market continue to be rife (see *concerns over fraud and quality related issues*). Moreover, respondents in Japan continue to be less open to running SPO reviews, with 35% having not run one in the previous 18 months nor planning on doing so within the next six. However, there has been a marked increase in Japan-based firms running an SPO review in the last 18 months compared to the equivalent point in 2021, climbing from 34% to 50%.

Figure 29: SPO review status — JAPAC 2022 (by market)



Respondents in Japan continue to be less open to running SPO reviews

35%

having not run one in the previous 18 months nor planning on doing so within the next six

Environmental sustainability in advertising

Finally, this year’s analysis of the JAPAC programmatic industry comes amid a heightened cross-industry drive to both measure and reduce carbon emissions. The complexity of the advertising chain, and the continued migration towards digital, has forced the carbon emissions of the industry upwards, to the extent that the average online advertising campaign emits 5.4 tonnes of carbon dioxide according to research by Good-Loop.



Our approach will be guided by clearly defined principles, starting with taking responsibility for our impact

Faurholt comments, “It’s fantastic that the industry is striving toward improving environmental sustainability and reducing our carbon footprint, however it’s critical we implement meaningful impact through direct action vs. simply ‘X-path optimisation’. Building a principled approach will ensure that the root causes are addressed vs. symptomatic ones. For example, business travel is a major contributor to Scope3 emissions which is why Microsoft is investing in buying recycled fuel.

“Our approach will be guided by clearly defined principles, starting with taking responsibility for our impact, being transparent with our progress, investing in new carbon-reducing technologies, and using our voice on carbon-related public policy issues. Investing in a third party company to help measure and identify your company’s impact can be a great start, but could hinder progress toward longer-term benefits without a more holistic investment and strategy.”

Acknowledgements

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- **Anushrav Gulati**, head of indirect revenue, Times Internet
- **John Harvey Faurholt**, director, advertising and retail media partnerships — JAPAC, China, Microsoft Advertising
- **Deepika Nikhilender**, senior vice president, Asia Pacific, Xaxis

SAMPLE & METHODOLOGY

The original quantitative research outlined in this report is derived from a survey of 207 media professionals working within a brand, agency, or publisher, within the Japan and Asia-Pacific (JAPAC) region. The surveyed countries were Australia, India, Indonesia, and Japan. Data was collected from 9th April to 21st April.

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