

Affiliate Service Industry: Key Research Findings 2009

- The affiliate service industry continues expanding in the economic recession. -

➔ Research Outline

Yano Research Institute has conducted a study on the affiliate service industry as described below.

1. Research period: May to August 2009
2. Research targets: Affiliate service providers and related enterprises (18 firms in total)
3. Research methodologies:
Face-to-face interviews with relevant personnel, supplemented by interviews via telephone and e-mail, and literature researches.

<What is affiliate service industry?>

The affiliate service means a system or program for posting an advertisement banner/link on the web site of affiliate partners, and to pay commission to the affiliate partner if an intended business effect is achieved through the link. There are three types, an agency type for ASP (affiliate service provider) to provide a program and mediate between advertisers and affiliate partners, shopping mall type for a virtual shopping mall operating enterprise to offer an affiliate program, and independent type for a product or service provider to operate an affiliate program as the advertiser. Reviewed in this research is the pay-on-success type advertisement, generally referred to as an affiliate advertisement.

➔ Key Findings

- ◆ **The total affiliate service market has grown to 81.31 billion yen in fiscal 2008 (increased by 20.2% compared to the previous year)**

The affiliate service market size in fiscal 2008 (April 2008 to March 2009) was 81.31 billion yen, comprised of 52.15 billion yen (increased by 17.3% compared to the previous year) for PC access, and 29.16 billion yen (increased by 25.7% respectively) for mobile phone access. The increase of new advertisers who place greater importance on the cost-effectiveness is contributing to expanding the market.

- ◆ **A trend to value consulting for improving the affiliate program quality**

As increasing number of advertisers value the cost-effectiveness, affiliate service providers (ASP) are focusing on consulting with their affiliate partners and achieving appropriate matching between the type of product/service being offered and the web sites for posting the banner.

- ◆ **The total affiliate service market will exceed 100 billion yen in fiscal 2010 and expand to 123.5 billion yen in fiscal 2012**

Although the growth will slowdown, the total affiliate service market is expected to grow to 94.9 billion yen (increase by 16.7% compared to the preceding year) in fiscal 2009 (April 2009 to March 2010), and to 123.5 billion yen in fiscal 2012.

➔ Report format:

Published report: "Affiliate Service Industry 2009-2010"

Issued in: August 2009

Language: Japanese

Format: 368 pages in A4 format

Price: 150,000 yen (7,500 yen of consumption tax shall be charged for the sales in Japan.)

Contacts: Public Relations

Yano Research Institute Ltd. (URL: <http://www.yanoresearch.com>)

Phone: +81-3-5371-6912

E-mail: press@yano.co.jp

➤ Research Summary

1. Market overview

The total affiliate service market size in fiscal 2008 has reached to 83.13 billion yen (increased by 20.2% compared to the previous year). This rapid growth has been supported by the increase of new advertisers focusing on the cost-effectiveness, increase in the budget and number of affiliate programs of the existing advertisers, while the number of affiliate partners has been increasing in view of supporting their daily lives, or stating a side business.

In EC (Electronic Commerce) industry, the influence of the word-of-mouth communications carried out in the blogs and product review sites has been increasingly recognized, and increasing number of advertisers (including major advertisers) have started participating in affiliate programs in expectation of such influences, contributing to the growth of the market.

In the affiliate services for mobile phone access, as well, the market growth has been driven by the factors, such as the use of affiliate service by large-scale SNS (Social Networking Service), and the increase of mobile internet usage in time and frequency.

2. Noteworthy trends

With increasing consciousness of the advertisers on cost-effectiveness, the improvement of affiliate service quality (effectiveness) is being desired. In order to cope with these situation, ASP (affiliate service provider) and related enterprises (affiliate agents note:1, one-tag affiliate solution providers note:2, etc.) are working on 1) consulting for improving the cost-effectiveness, 2) achieving appropriate matching between the contents of advertisement and the contents of web site for posting the banner, 3) ranking of the high-effective affiliate partner web sites, and so forth. These activities for improving affiliate service quality (effectiveness) are leading to the increase of new advertisers as well as the existing advertisers placing higher priority on the affiliate programs.

3. Future perspectives

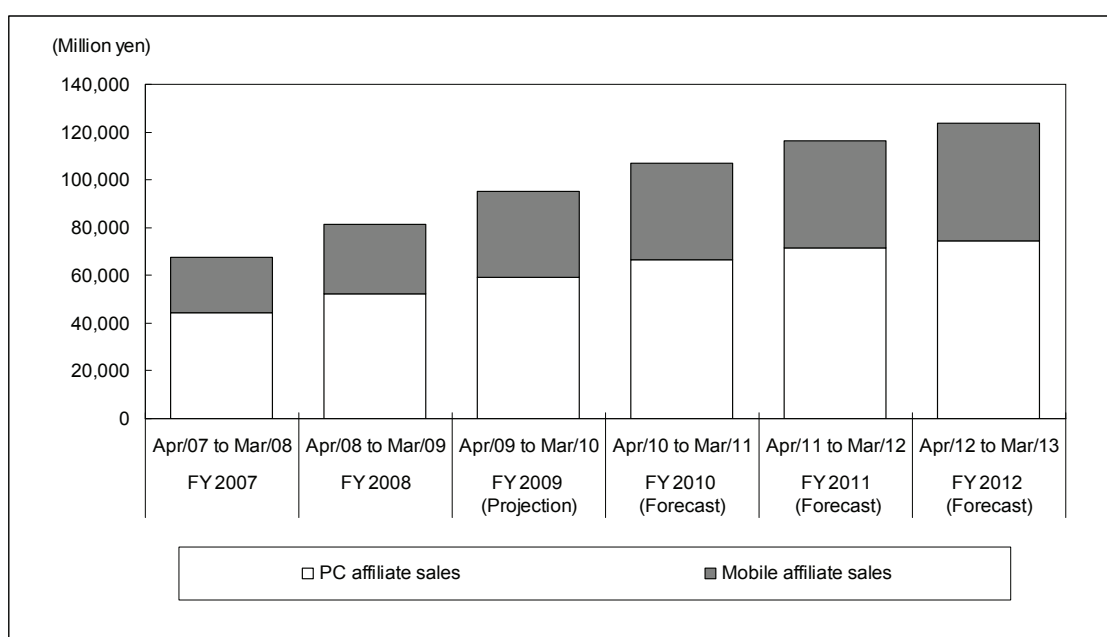
The total affiliate service market is expected to exceed 100 billion yen in fiscal 2010, and expand to 123.5 billion yen in fiscal 2012. As the increasing interest of cost-effectiveness will continue among the advertisers, it is expected that the number of advertisers and their budget for affiliate programs will continue to increase. In addition, number of major advertisers participating in the affiliate programs will continue to increase as well as the number of affiliate partners as it becomes easier to enroll in an affiliate program and to obtain the commission. The growth of EC (electronic commerce) will be another factor to enhance the expansion of the affiliate service market.

However, there are negative issues in the affiliate service industry as well, such as illegal winning of commission by spoofing, and shortage of mobile web sites for affiliate advertisement. The industry as a whole, it is required to eliminate the injustice, while the increase of mobile web sites suitable for advertisement is required in the mobile affiliate industry for the further market growth.

Note 1: Advertisement agency dedicated for affiliate programs

Note 2: Providers of solutions which permit to manage multiple ASP (affiliate service provider) on one platform

Fig. 1: Affiliate Service Market Size Transition



Estimated by Yano Research Institute

(Unit: Million yen)

	FY 2007	FY 2008	FY 2009 (Projection)	FY 2010 (Forecast)	FY 2011 (Forecast)	FY 2012 (Forecast)
	Apr/07 to Mar/08	Apr/08 to Mar/09	Apr/09 to Mar/10	Apr/10 to Mar/11	Apr/11 to Mar/12	Apr/12 to Mar/13
PC affiliate sales	44,470	52,150	59,000	66,390	71,310	74,540
Mobile affiliate sales	23,190	29,160	35,910	40,700	45,210	49,010
Total sales	67,660	81,310	94,910	107,090	116,520	123,550

Estimated by Yano Research Institute

Note 2: PC and mobile affiliate sales include the sales of agency (ASP) type, shopping mall type and independent type affiliate services.

Note 3: The sales of agency (ASP) type are consisting of advertising fees (commission), handling charges and other expenses (incl. initial fees, monthly fees, optional fees, etc.).

Note 4: Sales of shopping mall type (virtual shopping mall with affiliate program) are estimated by the total of advertising fees (commission) and handling charges.

Note 5: In case of independent type, the sales are estimated by the total of only the advertising fees.

Note 6: (Projection) indicate projected value, and (Forecast) indicates forecasted value.