



Digital Advertising Activities in Japan's Services Producer Price Index

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Abstract:

The "free" digital services have been increasing reflecting recent digitalization and technological progress in the service industry. However, since the "free" digital services charge fees only on businesses, not on consumers, price trends of these services can be observed only in the Services Producer Price Index (SPPI), not in the Consumer Price Index (CPI). Keeping this point in mind, the Bank of Japan has incorporated new "free" digital services into its SPPI at the time of rebasing to the base year 2015. Specifically, the Bank has started collecting the prices of a larger variety of web portals as, for instance, listing and selling fees. In addition, the Bank has incorporated new types of transactions of internet advertising based on dynamic pricing, such as programmatic advertising and affiliate advertising, brought about by the recent advancement of advertising distribution technologies. Looking at the new price indices in the SPPI, both of web portals and internet advertising generally have been on an upward trend. The results imply that the price of these digital services has risen at least in business-to-business transactions as opposed to the conventional view that prices tend to decrease under digitalization.

Keywords:

Web portals; Internet advertising; Digitalization; Services producer price index

References:

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