

Transparency Report on Advertising Service Quality

FY2023H1

LY Corporation

2023/12

LINEヤフー

About this report



LY Corporation is implementing **initiatives to improve the quality of advertising.**

The "Transparency Report on Advertising Service Quality" summarizes our practices that improve the quality of advertising services. We continue shedding light on our practices and **providing assurances to our users.**

We have been disclosing efforts of Yahoo! JAPAN Ads, but with the corporate merger in October 2023, we plan to introduce efforts of LINE Ads in our next report and after.

This report for the first half of FY2023 includes some LINE Ads initiatives.

Table of Contents

- Yahoo! JAPAN Ads ad review ----- P.4
 - Ad account review ----- P.7
 - Ad creative review ----- P.14
 - Other quality improvement initiatives ----- P.21

- Ad placements and ad traffic review ----- P.23
 - Ad placement review [brand safety] ----- P.25
 - Ad traffic review [Ad fraud]----- P.28
 - Other initiatives ----- P.32

- LINE Ads review and business merger initiatives ----- P.34

1. Yahoo! JAPAN Ads

Ad account and ad creative review

Yahoo! JAPAN Ads review

To prevent posting inappropriate ads, Yahoo! JAPAN Ads runs a review process for each "ad account," as well as for each "ad creative."

These reviews are based on the "**Account Review Guidelines**"^{*1} and "**Advertisement Editorial Guidelines**"^{*2}, which restrict the delivery of ads that violate the law, such as false and hyped ads or fraudulent ads, as well as those that may cause discomfort or anxiety to users.

In addition, these standards are constantly being revised to reflect changes in laws and social conditions.



*1 Account Review Guidelines

https://s.yimg.jp/images/listing/pdfs/en_accountreviewguidelines.pdf

https://ads-help.yahoo-net.jp/s/guideline-account?language=en_US

Video in Japanese: <https://www.lycbiz.com/jp/column/yahoo-ads/policy/accountreview/>

*2 Advertisement Editorial Guidelines

https://s.yimg.jp/images/listing/pdfs/Advertisement_Editorial_Guidelines.pdf

https://ads-help.yahoo-net.jp/s/guideline-editorial?language=en_US

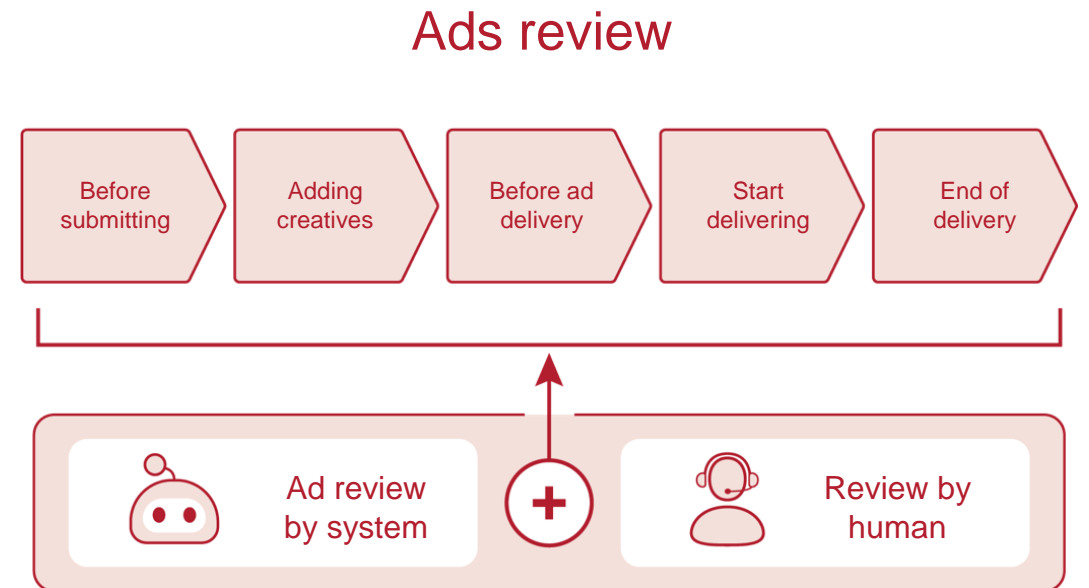
Yahoo! JAPAN Ads review

Ad review runs **24 hours a day, 365 days a year** by "**systems**" using machine learning **and by "human eyes."** The review by system uses a very complex and extensive system to ensure an appropriate review for each ad category.

To satisfy the needs of both advertisers and users, we also place importance on reviewing ads from a human perspective, and our staff members, who are trained and understand the guidelines, use actual devices. Unlike the machine-driven judgments, we always review ads from the user's point of view as well.

By combining "system" and "human eye" review, we aim to quickly deliver useful ads that match the user's intentions.

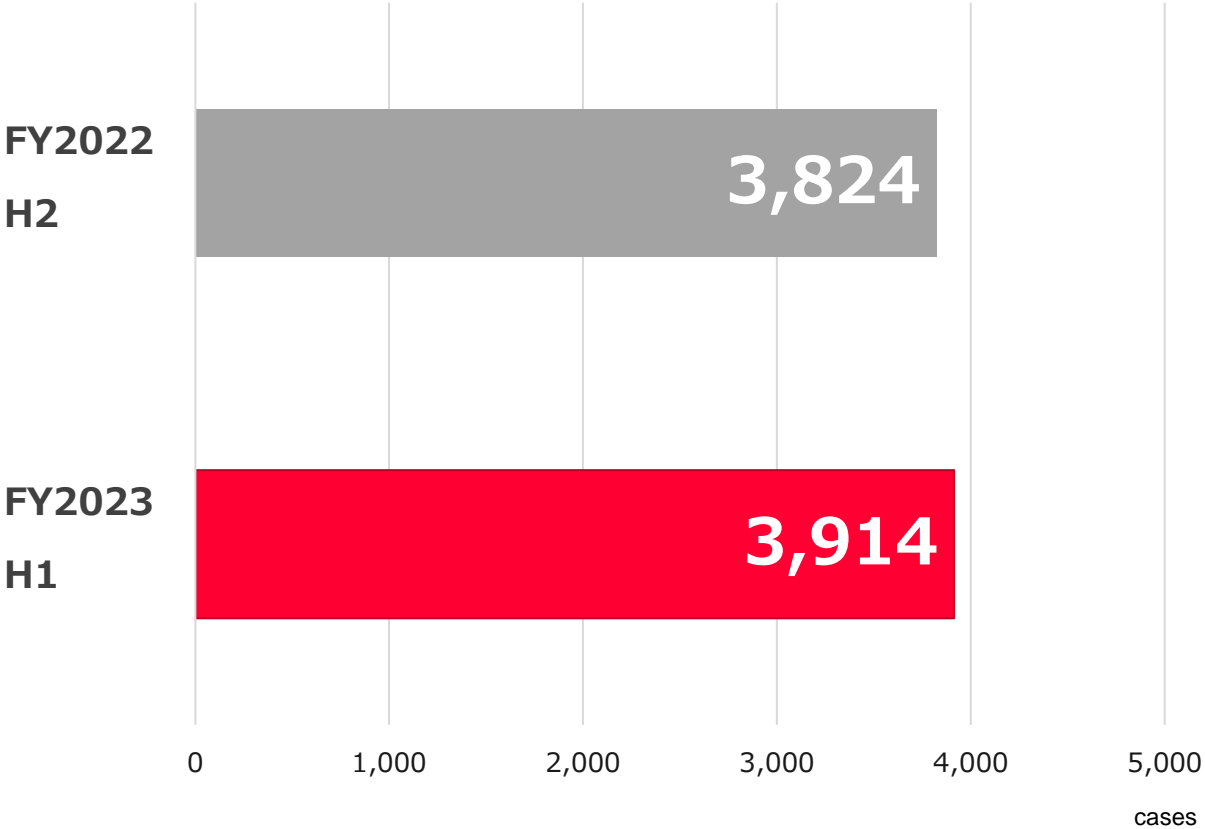
In addition, we actively incorporate user feedback to improve ad quality by patrolling and reflecting it to our system.



Yahoo! JAPAN Ads Ad account review

Results of ad account review

Not approved



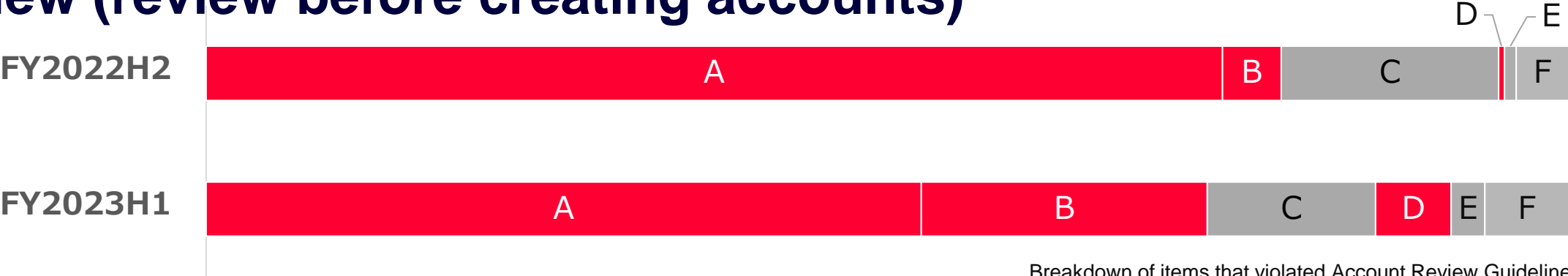
* Total number of not approved that violated account Account Review Guidelines

In the first half of FY2023, 3,914 accounts* were not approved (accounts were rejected or suspended due to violations of Account Review Guidelines).

This is a slight increase compared to the second half of FY2022.

Accounts are reviewed not only when a new account is created, but also at all times after the account is created, 24 hours a day, all year, by our review staff and system.

Breakdown of reasons for not approved based on account review (review before creating accounts)



Breakdown of items that violated Account Review Guidelines

- A. Unable to display in a normal environment
- B. Accounts that use improper advertising expressions or methods
- C. Those with a record of severe violations in advertising expression
- D. Sexual goods and services
- E. Registration preferences
- F Other

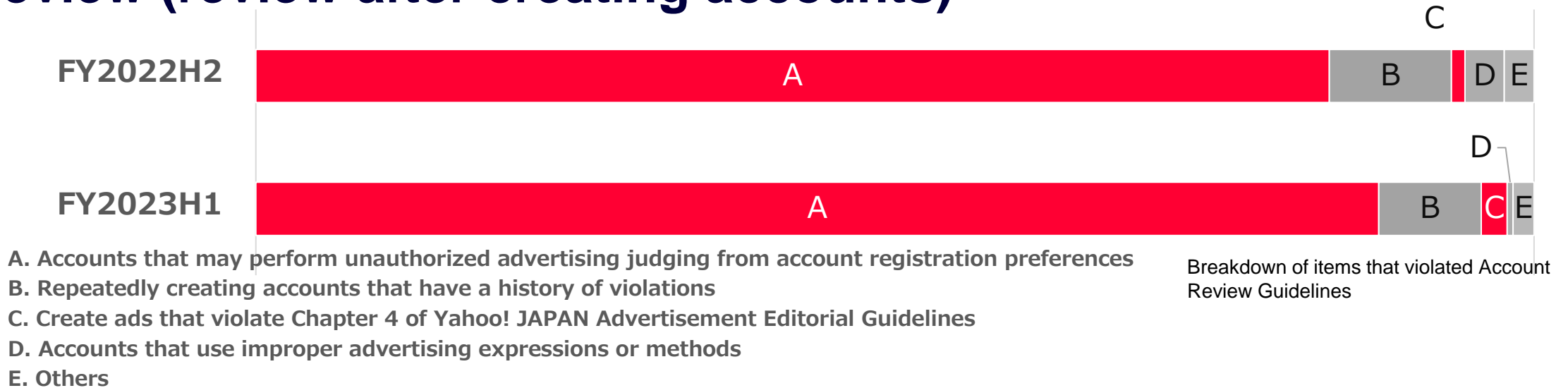
During the review at the time of opening in the first half of FY2023, the number of not approved under the criteria of "Unable to display in a normal environment," such as error messages that appear when a site does not exist, decreased significantly. *

On the other hand, not approved under the criteria of "Accounts that use improper advertising expressions or methods" increased. In particular, there is a growing trend toward sites that may deceive users by posting content that is not true, which is also known as a dark pattern. (Refer to page 11)

Not approved under the "Sexual products/services" criteria also increased. Disapproval for e-books and dating sites were notable.

*Checklist for what cannot be displayed in a normal environment (available in Japanese): <https://www.lycbiz.com/jp/column/yahoo-ads/policy/accountreview/>

Breakdown of reasons for not approved based on account review (review after creating accounts)



In the review after creating account in the first half of FY2023, the number of not approved under the criteria of "Accounts that may perform unauthorized advertising judging from account registration preferences" continued to increase from the previous period. In light of recent user problems associated with requests for road service, this trend is due to the addition of road service to the identification check for certain advertisers that have advertised for the Rescue Service for Living* starting June 30, 2023. This increase in the number of reasons for non-approval also affected the overall increase in the number of not approved for account reviews.

Not approved under the criteria of "Create ads that violate Chapter 4 of Yahoo! JAPAN Advertisement Editorial Guidelines" also increased. This was due to an increase of accounts that were found to be in violation of the Specified Commercial Transactions Law and other laws and regulations following the announcement of administrative penalties and were therefore not approved.

*About the review and prevention of problems for the living rescue services (available in Japanese) : <https://www.lycbiz.com/jp/news/yahoo-ads/20230630/>

Improper advertising expressions and methods



As one of the fraudulent advertising expressions and methods, a technique called "dark pattern" (web design with a path that induces consumers to make unfavorable judgments and decisions without realizing it) has recently become a problem, and the Consumer Affairs Agency as issued a warning about it.*

We also review sites that may mislead users by posting information that is not true, and we consider them to be fraudulent ads. These methods may also violate the Law Against Unjustifiable Premiums and Misleading Representations and the Act on Specified Commercial Transactions.

*Reference: Consumer Affairs Agency ICPEN Fraud Prevention Month (2023) (available in Japanese)
https://www.caa.go.jp/policies/policy/consumer_research/international_affairs/icpen_2023/

Improper advertising expressions and methods Case 1

The same campaign continues after the stated time even though it is indicated as a limited time campaign. This is false and hyped ads.

■ Site example

初回限定価格キャンペーンは
30分で終了

↓

初回限定
90% OFF! \こんなお得なチャンスは今だけ!/
1,980円(税込)

※残り在庫数: 3つ

お試しいたい方はお急ぎください!

The next day...



Wasn't it a limited offer?
I bought it in a hurry but they are still on sale!!



Improper advertising expressions and methods Case 2

The data is used to make it appear as if a large number of users have purchased the product, despite the fact that there is no record of purchases. This is false and hyped ads.

■ Site example

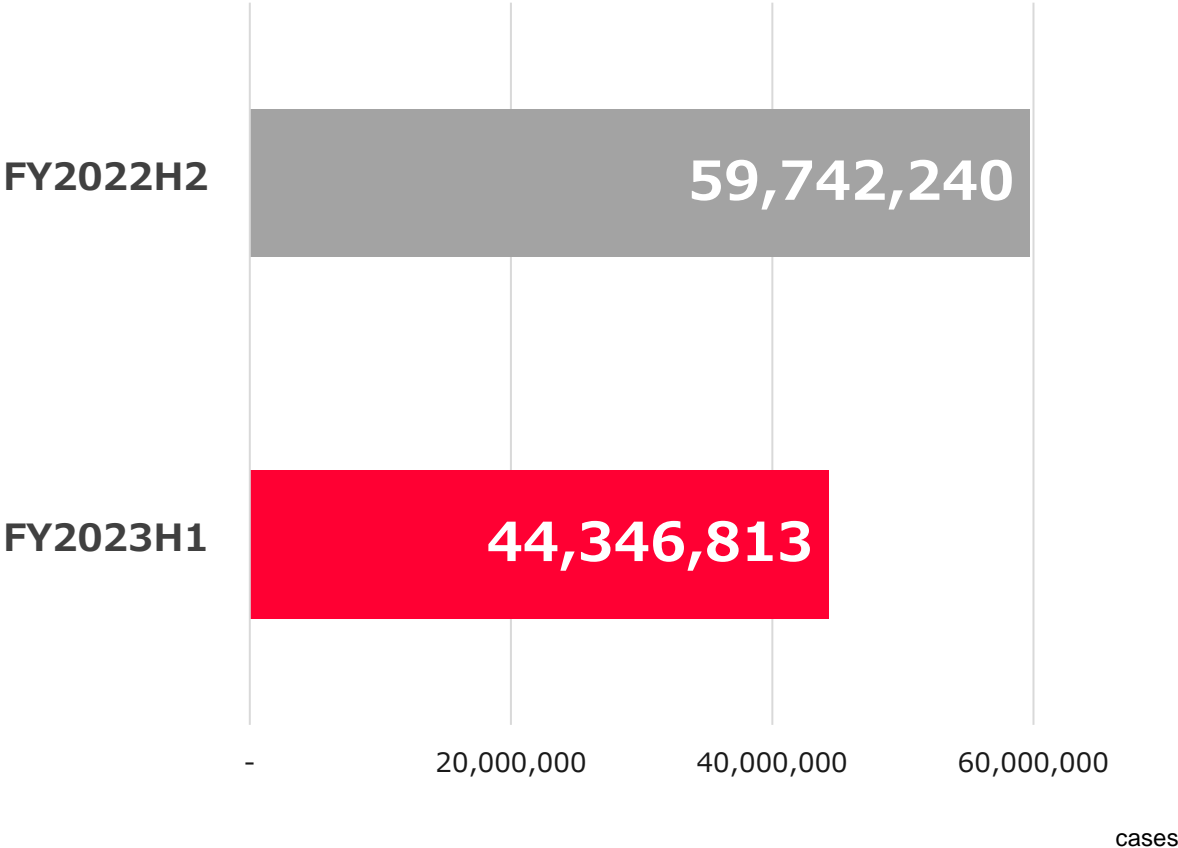
\ 多くのお客様にご購入いただいています /

2020/5/1	15:41:18	東京都のお客様からご注文をいただきました！
2020/5/1	15:43:19	北海道のお客様からご注文をいただきました！
2020/5/1	15:44:16	福岡県のお客様からご注文をいただきました！
2020/5/1	15:44:09	大阪府のお客様からご注文をいただきました！
2020/5/1	15:46:04	石川県のお客様からご注文をいただきました！
2020/5/1	15:46:00	宮城県のお客様からご注文をいただきました！

Yahoo! JAPAN Ads Ad creative review

Ad creative review results

Not approved

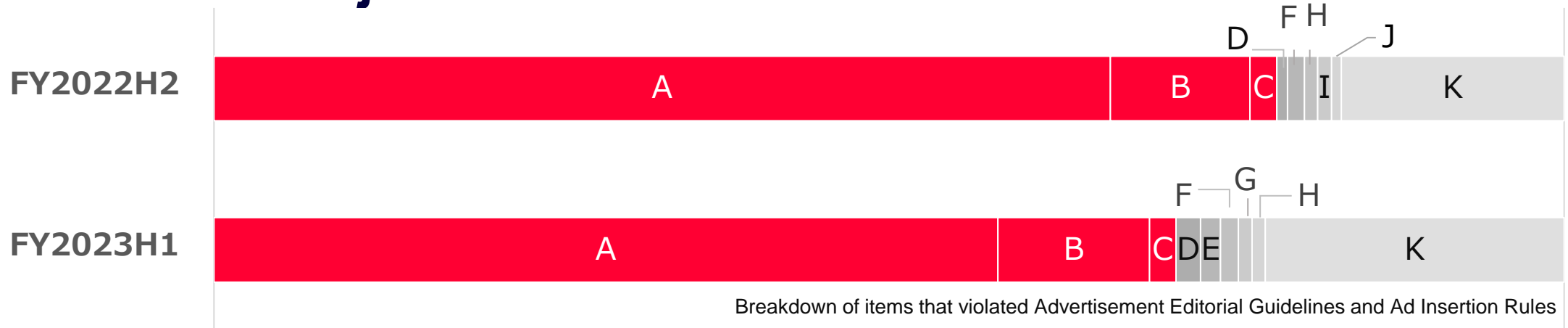


In the first half of FY2023, we rejected approximately **44 million** ad creatives* on Yahoo! JAPAN Ads.

The significant decrease in the number of not approved compared to the second half of FY2022 is mainly due to a decrease in the number of ads submitted for Dynamic Ads for Display that were not approved based on the "Representations that suggest superlative or number one" listing criteria. (Details on page 16.)

*Total number of not approved ad titles, descriptions, images, linked sites, and keywords that violate the Advertisement Editorial Guidelines, Ad Insertion Rules, and Ad Sales Rules.

Breakdown of reject reasons of ad creative review



- A. Representations that suggest superlative or number one
- C. Expressions that may cause uncomfortable feelings for users
- E. Clear indication of advertisers
- G. Relevancy of advertisements
- I. Usefulness of advertisements
- K. Others

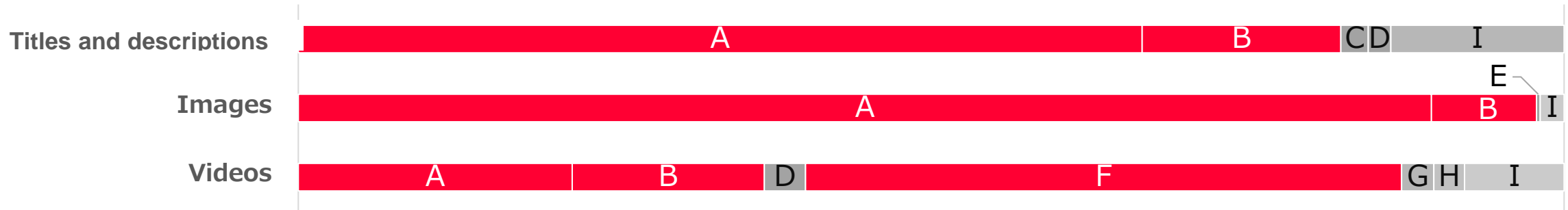
- B. Medical cosmetics (quasi-drug), cosmetics
- D. Prohibition of advertisements that are against users' intention
- F. Cigarettes and electronic cigarettes
- H. Medical institutions
- J. Food, health food

In the first half of FY2023, the number of not approved under the "**representations that suggest superlative or number one**" criteria decreased. One factor was a decrease in the number of not approved ads for certain ad types (Dynamic Ads for Display).

Not approved also decreased slightly in the "**medical cosmetics (quasi-drug), cosmetics**" listing criteria. Not approved of medicated cosmetics decreased due to a decrease in the number of ads added from certain advertisers who had been adding non-approved ads.

There was also a decrease in disapproval under the "**expressions that may cause uncomfortable feelings for users**" criteria, but there was no change in the trend of reject reason, with sexually explicit expressions being the most prominent.

Breakdown of reject reasons of ad creative review by creatives



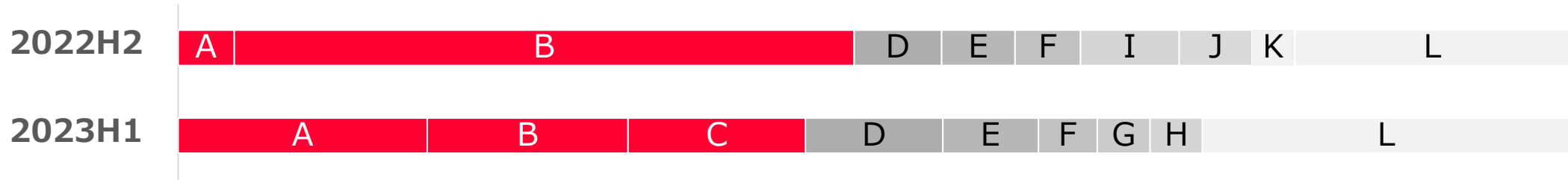
- A. Representations that suggest superlative or number one
- B. Medical cosmetics (quasi-drug), cosmetics
- C. Clear indication of advertisers
- D. Expressions that can increase a user's susceptibility to targeted advertising
- E. Advertisements that we consider inappropriate
- F. Expressions that may cause uncomfortable feelings for users
- G. Cigarettes and electronic cigarettes
- H. Expressions which may give a false impression
- I. Others

Breakdown of items that violated Advertisement Editorial Guidelines and Ad Insertion Rules

In the first half of FY2023, a majority of ad titles, descriptions, and images were rejected under “**representations that suggest superlative or number one.**” The specific reasons for not approved were that there was no reason stated for representations that suggest superlative.

Videos not approved under the criteria of "**expressions that may cause uncomfortable feelings for users,**" such as explicit expressions toward complex parts of the human body was evident. In the “**medical cosmetics (quasi-drug), cosmetics**” category, there were many expressions guaranteeing safety and efficacy through "experience of use."

Breakdown of reject reasons of ad creative review (Display Ads ※¹)



Breakdown of items that violated Advertisement Editorial Guidelines and Ad Insertion Rules

- A. Prohibition of advertisements that are against users' intention
- B. Medical cosmetics (quasi-drug), cosmetics
- C. Expressions that can increase a user's susceptibility to targeted advertising
- D. Food, health food
- E. Beauty salons, Esthetic salons
- F. Prohibition of misrepresentation
- G. Pharmaceuticals/medicated cosmetics and medical devices
- H. Cigarettes and electronic cigarettes
- I. Clear indication of advertisers
- J. Expressions that may cause uncomfortable feelings for users
- K. Political parties
- L. Others

Display Ads **in the first half of FY2023** had a significant decrease in not approved under the criteria for **"medical cosmetics (quasi-drug), cosmetics."** On the other hand, not approved under the **"prohibition of advertisements that are against users' intention"** criteria increased. One factor was an increase in the number of ads for **"unable to display in a normal environment,"** such as those that cannot be displayed other than during the campaign period.

In addition, the number of not approved under the **"expressions that can increase a user's susceptibility to targeted advertising"** criteria increased. Because users may recognize as targeted and may cause discomfort to the user, wordings such as "For you who are xx years old" or "For those who are concerned about xxx (complex)" is not allowed. ^{*2}

^{*1} Dynamic Ads for Display are excluded from this count because they tend to be not approved for the lack of evidence of Superlative expression due to the ad type's specification that it is generated automatically.

What is Dynamic Ads for Display: https://ads-help.yahoo-net.jp/s/article/H000044698?language=en_US

^{*2} Expressions that can increase a user's susceptibility to targeted advertising: https://ads-help.yahoo-net.jp/s/article/H000044812?language=en_US

Breakdown of reject reasons of ad creative review (Search Ads※)



- A. Medical cosmetics (quasi-drug), cosmetics
- B. Expressions that may cause uncomfortable feelings for users
- C. Health Appliances (Health Products)
- D. Beauty salons, Esthetic salons
- E. Food, nutrition, supplement
- F. Medical institutions
- G. Cigarettes and electronic cigarettes
- H. Prohibition of advertisements that are against users' intentio
- I. Weapons, including firearms, ammunition, swords and other cutting tools
- J. Clear indication of advertisers
- K. Others

Breakdown of items that violated Advertisement Editorial Guidelines and Ad Insertion Rules

In the first half of FY2023, Search Ads not approved increased for "medicated cosmetics (quasi-drugs) and cosmetics" criteria and were most frequent. Not approved under the "Health Appliances (Health Products)" criteria also increased.

On the other hand, the number of not approved under the criteria of "expressions that may cause discomfort for users" decreased, but the trend of reasons for disapproval remained unchanged. Not approved of sexually explicit material, especially in e-books, were most noticeable.

Not approved under the 'food and health food' criteria also decreased, but there was an increasing trend in the number of non-approved functional food products.

* Dynamic Ads for Search are excluded because they are ads automatically generated.
 Benefits of Dynamic Ads for Search and how it works: https://ads-help.yahoo-net.jp/s/article/H000044549?language=en_US

Reject reasons and creatives

Prohibition of advertisements that are against users' intention

Food, beverages, and luxury goods

Cosmetics/toiletries/commodities

Fashion/accessories

Expressions that can increase a user's susceptibility to targeted advertising

Cosmetics/toiletries/commodities

Food, beverages, and luxury goods

Hobby/leisure goods

Expressions which may give a false impression

Entertainment

In the criteria "**prohibition of advertisements that are against users' intention**," which not approved sites that cannot be displayed under normal circumstances, and in the criteria for "**expressions that can increase a user's susceptibility to targeted advertising**" which disapproves expressions such as "To you who are concerned about XX (complex)," disapproval was noticeable in the "food,beverages,and luxury goods" and "cosmetics, toiletries, and commodities" categories of commercial products

The majority of not approved of the criteria "**expressions that may cause discomfort for users**" was for "entertainment", such as sexually explicit materials in e-books.

Other Yahoo! JAPAN Ads quality improvement initiatives

Ad quality improvement initiatives

Example of a topic displayed on the settings screen



On July 26, 2023, as part of our enhanced commitment to user privacy and to improve convenience, we released the **Ad Personalize Center**, which allows individual users to check and manage their delivery settings for the ads they view and the extent to which their data is used. *

With this release, users signed in with a Yahoo! JAPAN ID can use this feature to do two main things, “set ad display settings” and “manage privacy.”

We will continue to add features good for both advertisers and users.

* The user customizes ad delivery | What is the Ad Personalization Center?(available in Japanese) <https://www.lycbiz.com/jp/column/displayads-auc/guideline/2023072630429200/>

* Ad personalize center (available in Japanese) : <https://ad-personalize-center.yahoo.co.jp/>

2. Yahoo! JAPAN Ads

Ad place review and traffic review

Yahoo! JAPAN Ads Ad place review and traffic review

Ads are delivered not only to Yahoo! JAPAN sites and apps, but also to a variety of sites and apps of our partners.

To properly connect internet users and advertisers and to ensure that Yahoo! JAPAN Ads is safe, we review and patrol the ad places by both human eyes and system, 24-hours every day.

There are two initiatives regarding ad places: one is to detect and eliminate the "**ad fraud**" of access and click on ads by bots to deceive advertising money. The other is "**brand safety**," which prevents ad delivery on illegal sites and other inappropriate content.

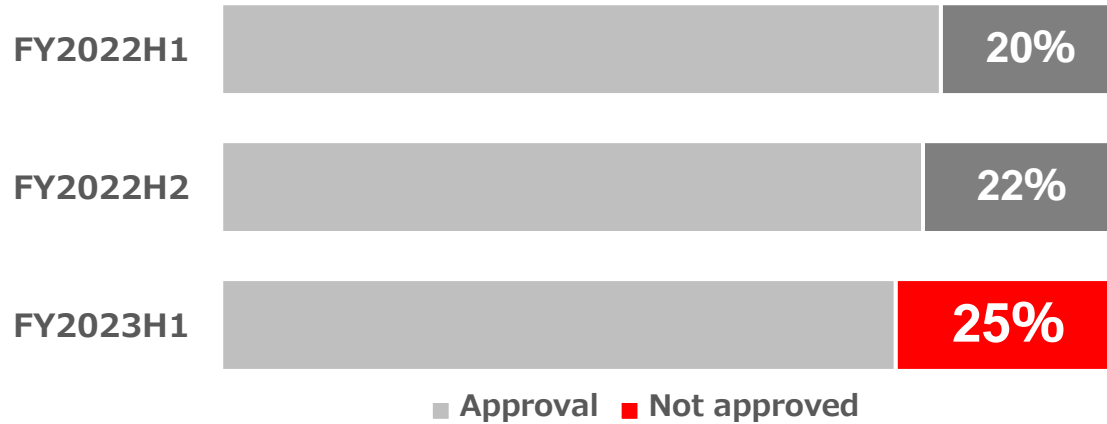
In both cases, we take measures through the review in advance of sites and apps where the ads are delivered and continuous patrols after the start of ad delivery.

Yahoo! JAPAN Ads Ad place review [Brand safety]

Yahoo! JAPAN Ads Display Ads

Brand safety: Results of pre-review of ad placements

Results of pre-review of ad placements



Review unit: Site domain
Counts are duplicated for the same site with different application routes.

Breakdown of reasons of pre-review not approved
FY2023H1



- A. Point sites
- B. Unclear indication of a person or business
- C. Unclear indication of publishers
- D. Other
- E. Sexual goods and services
- F. Infringe on copyrights, trademarks and other intellectual property rights
- G. Websites that have inappropriate posts, etc.

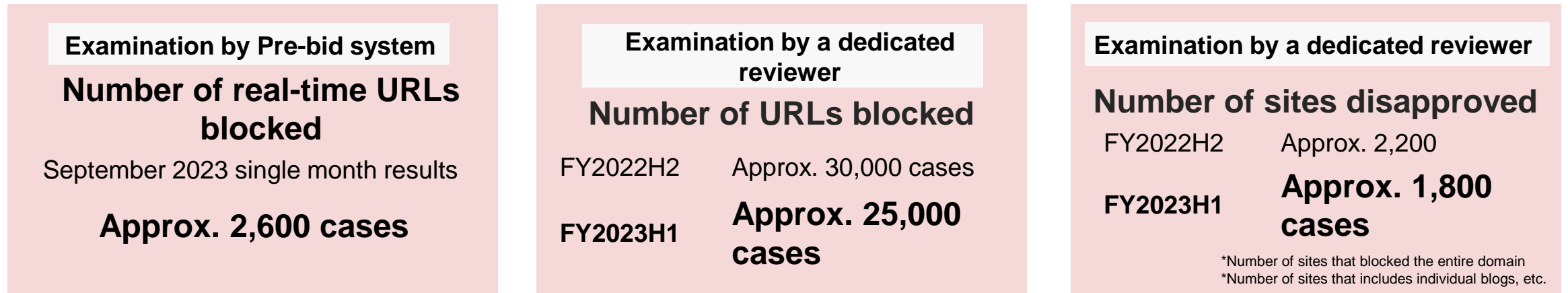
The percentage of not approved of pre-review of ad placements was **approximately 25%**. For reject reasons, the number of not approved sites by "**point sites**" and "**unclear indication of a person or business**" is on the rise. In the first half of FY2023, enhancements of ad placements on the app was made for the Yahoo! JAPAN Ads ad delivery network. This resulted to counts of many privately operated point sites and other placements that do not meet our quality standards and eventually being counted as not approved.

The plan to strengthen collaboration on the app placement is to continue beyond the second half of 2023.

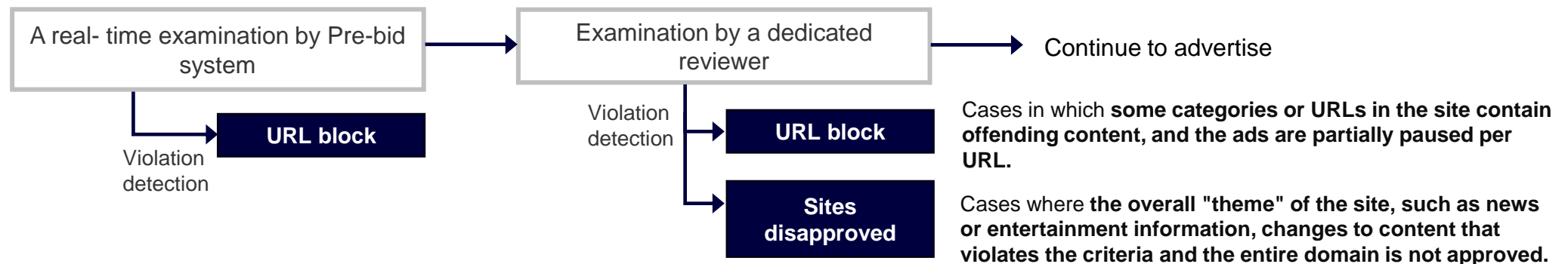
Yahoo! JAPAN Ads Display Ads

Brand safety: Results of patrolling the ad places

The number of violations detected by patrols after ads were placed and the ad delivery were paused by dedicated reviewers **decreased by approximately 20% compared to the second half of FY2022**, both in terms of "UR blocking" and "site paused" where the entire domains are paused.



[Steps of ad placement patrols]



Yahoo! JAPAN Ads Traffic review [Ad fraud prevention]

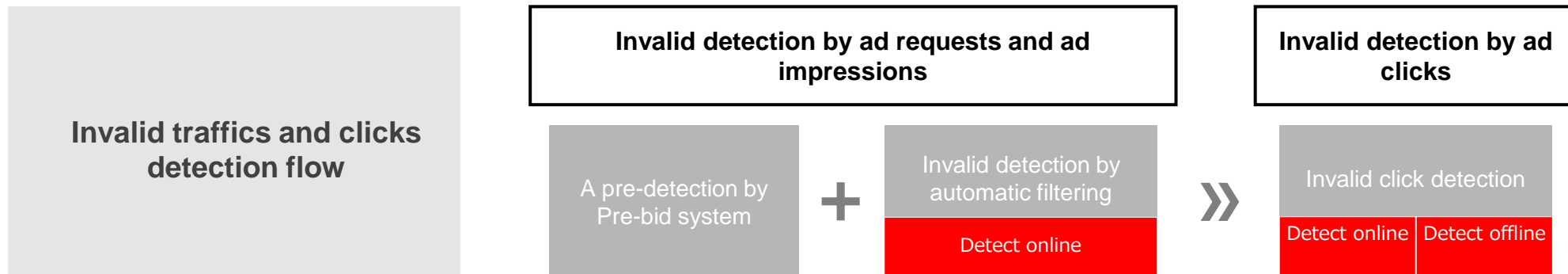
Yahoo! JAPAN Ads Display Ads

Ad fraud prevention

Yahoo! JAPAN Ads implements quality control of ad traffic by monitoring the entire ad delivery network 24 hours a day.

This quality control **eliminates invalid traffic (ad requests and ad impressions) and invalid clicks.**

Some of the invalid traffic is unintended but some includes "**ad fraud**," such as invalid impression and clicks by bots that deceive advertising cost.

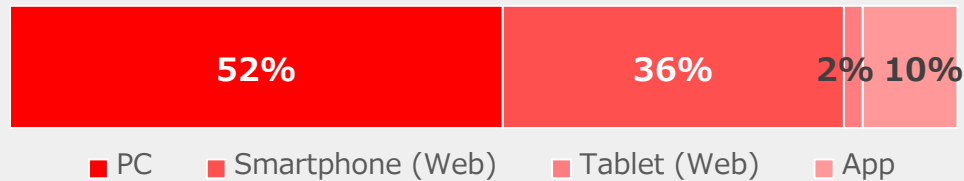


Yahoo! JAPAN Ads Display Ads Invalid traffic detection results

Invalid detection by ad requests*¹ and ad impressions

In Display Ads, **1.4%** of all examined ad requests were invalid based on detection by the pre-bid method *² and automatic filtering.

FY2023H1 Percentage of detection by device



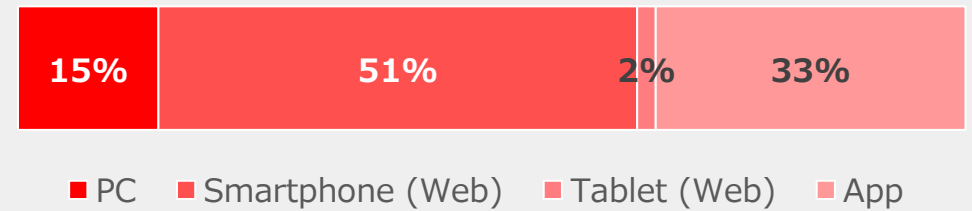
*1: An ad request is a "request to display an ad" that occurs before the ad is displayed on the ad place and becomes visible.

*2: The Pre-bid method is an anti-fraud method that determines invalid traffic at the timing of an ad request and hides the ad if it is invalid.

Invalid detection by ad clicks

Overall, there were **8.8%** invalid clicks for Display Ad clicks.

FY2023H1 Percentage of detection by device



Invalid clicks detected in advance in the first half of FY2023 amounted to **approximately 7.3 billion JPY** in terms of advertising expenditures.

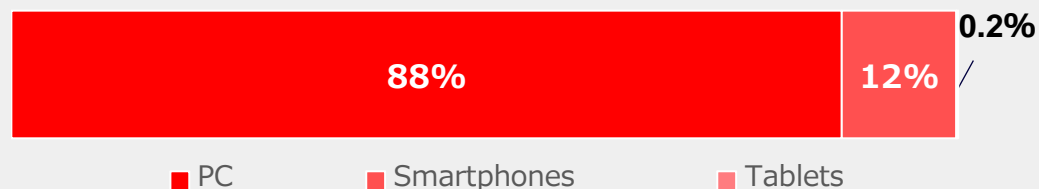
This amount is processed as non-billing so that it doesn't become a cost to the advertiser.

Yahoo! JAPAN Ads Search Ads Invalid traffic detection results

Invalid detection by ad requests*1 and ad impressions

There was **2.7%** of all invalid traffic detected at the time of the ad request for Search Ads and when the ad was subsequently displayed.

FY2023H1 Percentage of detection by device

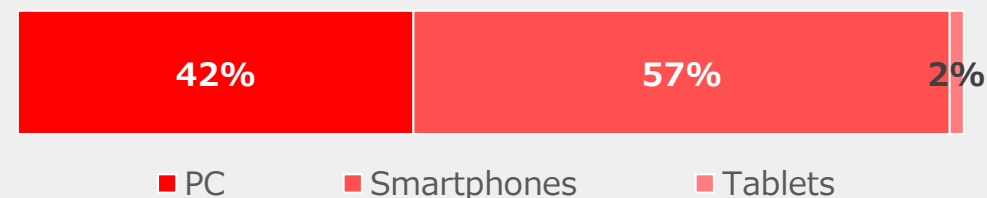


*1: An ad request is a "request to display an ad" that occurs before the ad is displayed on the ad place and becomes visible.

Invalid detection by ad clicks

There were **4.0%** of invalid clicks as a percentage of total ad clicks for Search Ads.

FY2023H1 Percentage of detection by device



Invalid clicks detected in advance in the first half of FY2023 amounted to **approximately 6.7 billion JPY** in terms of advertising expenditures.

This amount is processed as non-billing so that it doesn't become a cost to the advertiser.

Yahoo! JAPAN Ads Ad place review and traffic review
Other initiatives

Yahoo! JAPAN Ads Ad place review and traffic review

Other initiatives

In addition to the Transparency Report, LY Corporation actively shares information on our efforts to improve the quality of Yahoo! JAPAN Ads for advertisers, advertising companies, and ad partners.

Learn more on ad fraud and brand safety in the following websites.

Ad fraud (available in Japanese)

<https://www.lycbiz.com/jp/strength/yahoo/quality/diamond/adfraud/>

Brand safety (available in Japanese)

<https://www.lycbiz.com/jp/strength/yahoo/quality/diamond/brandsafety/>

Articles published in 2023H1 (available in Japanese)

We want to advertise in a secure placement! What kind of ad placements do advertisers want? (August 8,2023)

<https://www.lycbiz.com/jp/column/yahoo-ads/guideline/2023080830429710/>

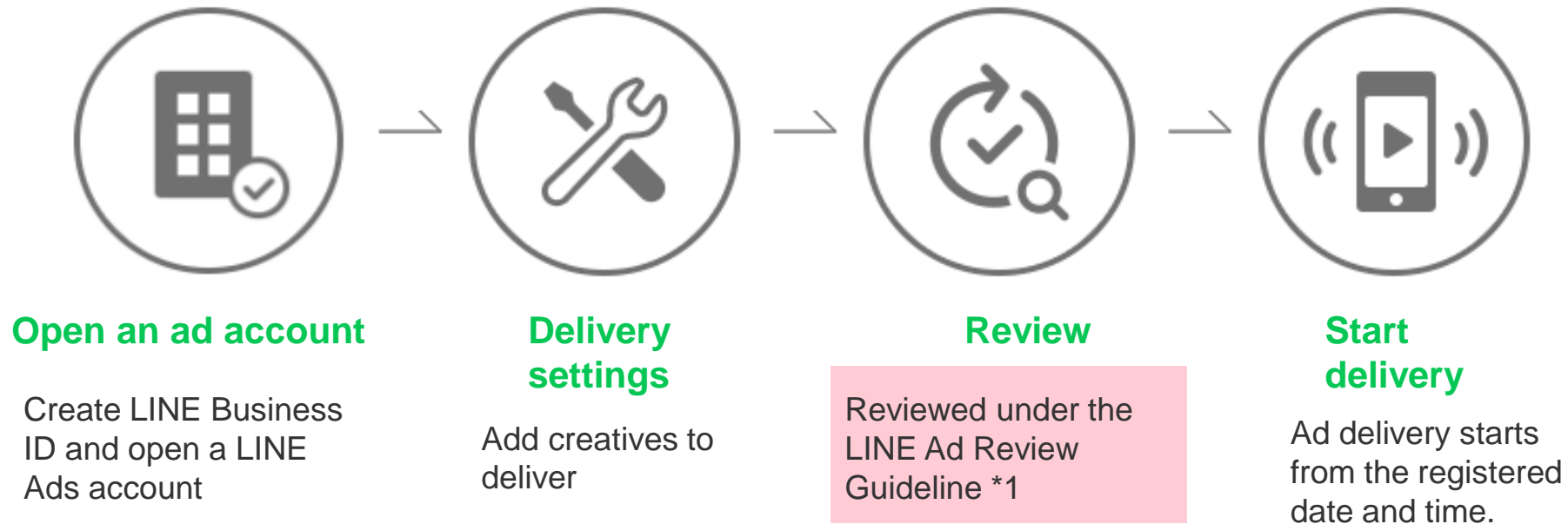


3.LINE Ads review and business merger initiatives

LINE Ads service policy and ad review

LINE Ads is a platform for delivering advertisements to users of all ages, from children to adults. For this reason, the company places great importance on the following points concerning the ads delivered through our service (including ads delivery to the ad placements of third parties we affiliate with): "what the viewer (users) of the information think," "whether we offer the information required by users in an appropriate form," "whether users feel uncomfortable," and "whether all users can use the service safely and securely."

When placing ads, these perspectives are reviewed based on the guidelines in the following flow chart.



*1 LINE Ad Review Guideline (available in Japanese): <https://www.lycbiz.com/jp/service/line-ads/guideline/>

LINE Ads review types and review schedule

Ad account review

When creating an "ad account," an account to manage the ad delivery, the entered information is reviewed under the LINE Ads Review Guidelines*1. We will check if you meet the set conditions, and whether you are not in an industry or service that is not allowed to use the service.

Start of review

The review will start by meeting the followings.

- Already created an ad account
- Already registered a credit card in the billing information associated with the ad account

What is reviewed

- Billing Information
- Advertiser Information
- Product Information
- Basic Information

*1 LINE Ad Review Guideline (available in Japanese): <https://www.lycbiz.com/jp/service/line-ads/guideline/>

LINE Ads review types and review schedule

Ad review

Based on the LINE Ad Review Guidelines*1, we will review the products you will promote, as well as the creative, landing pages, and apps to which the ads will lead. The title and description of the ad are also subject to ad review. These standards are constantly being revised to reflect changes in laws and social conditions.

Start of review

The review will start by meeting the followings.

- Ad accounts are approved
- Campaigns, ad groups, and ads already saved

What is reviewed

- Image/ Video/ Carousel/ Animation
- Title
- Description
- Action
- Landing page *for webs
- Destination URL (optional) *for webs
- App *for apps
- Destination *for apps

We will continue to monitor after the review is completed

*1 LINE Ad Review Guideline (available in Japanese): <https://www.lycbiz.com/jp/service/line-ads/guideline/>

LINE Ads ad quality improvement initiatives

Strengthen the structure



Ad review system released on January 30, 2023 With this release, we have strengthened our system review and 24/7 monitoring.

In October of the same year 2023, we updated the system to check various data on ads in real time to control problematic ads quickly, even when the ad have already started its ad delivery.

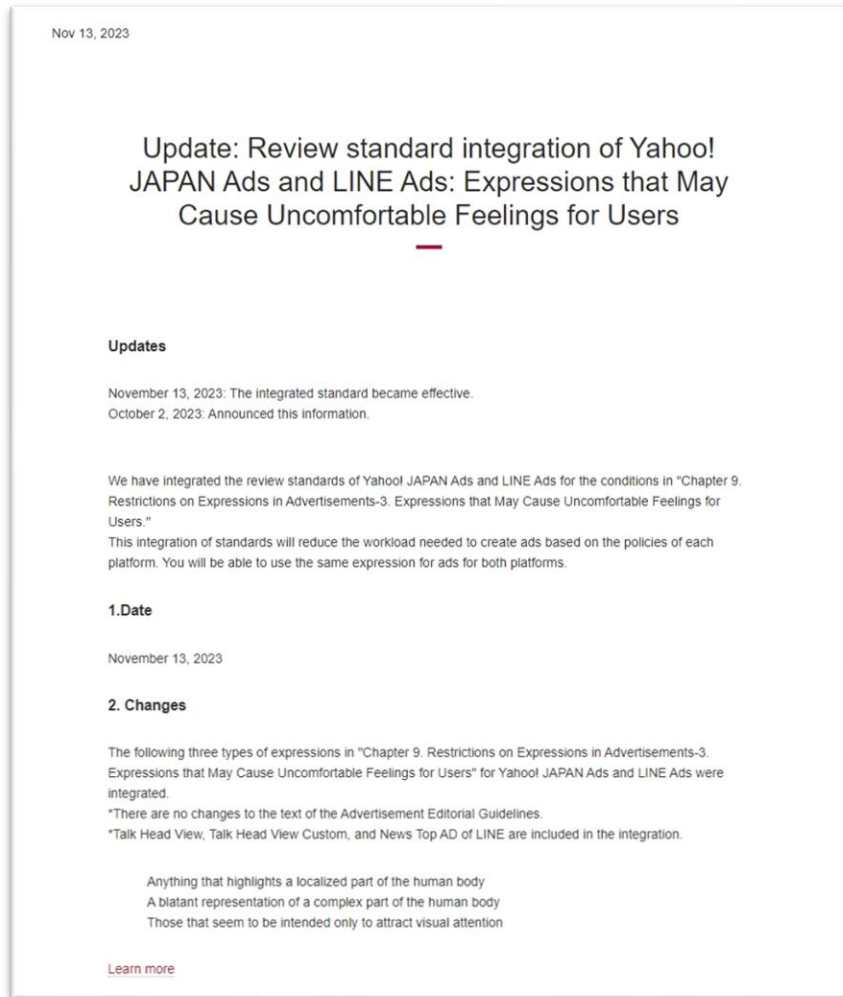
Detection by system



We are working to offer safe and secure services to our users while sequentially updating our systems and strengthening our structure.

LINE Ads Update Information | Speedy review of ads and expansion of the types of businesses that can deliver ads make it even easier to use.(available in Japanese)
[https://www.lycbiz.com/jp/column/line-ads/service-information/update_202301/?service\[%E2%80%A6\]ategory=technique_service-information_guideline_policy&page=1](https://www.lycbiz.com/jp/column/line-ads/service-information/update_202301/?service[%E2%80%A6]ategory=technique_service-information_guideline_policy&page=1)

Efforts to merge Ad Review Guidelines for LINE Ads and Yahoo! JAPAN Ads



Following the merger of LINE Corporation and Yahoo Japan Corporation*¹ on October 1, 2023, the new company has begun studying the integration of the Advertisement Editorial Guidelines (Review Guidelines) for LINE Ads and Yahoo! JAPAN Ads.

As a first initiative, on November 13, 2023, the criteria for "expressions that may cause discomfort for users" was integrated.*²

We will continue to strive to maintain and improve the quality of our services by gradually integrating the review criteria for ads as LY Corporation.

*1 Inauguration of "LY Corporation"(available in Japanese): <https://www.lycorp.co.jp/ja/news/release/000846/>

*2 Yahoo! JAPAN Ads information: Review standard integration of Yahoo! JAPAN Ads and LINE Ads: Expressions that May Cause Uncomfortable Feelings for Users
<https://global-marketing.yahoo.co.jp/information/202311131300.html>

You can refer LINE Ads notifications on the notifications page of the LINE Ad Manager.

LY Corporation