

Online Shopping Market in Japan: Unique Shopping Mall or Global Interface

Online Shopping Market in Japan, if you have never visited Japan, will picture you a lot of common stereotypes. For instance, you might think Japanese really eat sushi every day, I still get this question often. Or that you can still find Ninjas everywhere in Japan, I wish I could meet them). As a native Japanese living in Europe, I keep correcting such typical impressions of Japan. But, I have to admit that some Japanese habits are quite unique.

This “uniqueness” seems to apply to the online shopping industry as well. Japanese online players sometimes struggle to explain to the public why online channels are better than 24h-open convenient stores. Which you can find almost anywhere in Japan. Let’s check together with the peculiarities of e-commerce in Japan.

Japan ranks 4th globally for e-commerce sales volume

First of all, let’s take a look at the global position of the Japanese online market. The data below helps to understand the actual e-commerce sales volume by country. China is growing as a giant sales power, followed by USA, UK, Japan and Germany.

Retail Ecommerce Sales Worldwide, by Country, 2014-2019

billions

	2014	2015	2016	2017	2018	2019
China*	\$472.91	\$672.01	\$911.25	\$1,208.31	\$1,568.39	\$1,973.04
US**	\$298.26	\$340.61	\$384.89	\$431.84	\$481.94	\$534.95
UK***	\$86.81	\$99.39	\$110.32	\$121.36	\$132.28	\$143.19
Japan	\$78.55	\$89.55	\$100.30	\$111.33	\$122.46	\$134.10
Germany	\$55.21	\$61.84	\$68.95	\$76.47	\$82.58	\$87.54
France	\$38.34	\$42.60	\$46.10	\$49.68	\$53.23	\$56.69
South Korea	\$35.01	\$38.86	\$42.75	\$46.59	\$50.55	\$54.14
Canada	\$22.98	\$26.83	\$30.82	\$35.08	\$39.80	\$44.98
Brazil	\$16.87	\$19.49	\$22.12	\$24.66	\$27.13	\$29.65
Australia	\$17.40	\$19.02	\$20.66	\$22.31	\$23.94	\$25.61
Russia	\$15.37	\$18.86	\$22.51	\$26.42	\$30.39	\$34.86
Spain	\$13.95	\$15.89	\$17.93	\$19.96	\$21.73	\$23.33
India	\$6.10	\$14.00	\$24.61	\$39.45	\$55.26	\$68.47
Italy	\$11.27	\$13.41	\$14.74	\$15.98	\$17.15	\$18.24
Norway	\$8.52	\$9.61	\$10.58	\$11.54	\$12.44	\$13.27
Netherlands	\$8.08	\$9.41	\$10.33	\$11.22	\$12.13	\$13.04
Sweden	\$8.25	\$9.39	\$10.36	\$11.38	\$12.32	\$13.23
Denmark	\$7.82	\$8.48	\$9.15	\$9.83	\$10.46	\$11.03
Finland	\$6.45	\$6.86	\$7.24	\$7.56	\$7.84	\$8.09
Mexico	\$4.38	\$5.70	\$7.24	\$9.04	\$11.03	\$13.27
Argentina	\$3.55	\$4.96	\$6.85	\$8.84	\$10.60	\$12.38
Indonesia	\$1.94	\$3.22	\$5.29	\$8.21	\$10.92	\$13.16

Note: includes products or services ordered using the internet via any device, regardless of the method of payment or fulfillment; excludes travel and event tickets; *excludes Hong Kong; **forecast from Aug 2015; ***forecast from Sep 2015
Source: eMarketer, Dec 2015

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Table 1: Retail ecommerce sales and forecast (eMarketer 2015)

If we look at the “EC ratio” e-commerce sales percentage of total retail sales. You will be surprised to find that Japan’s ratio is not very high. Table 2 shows that Japan was ranked 10th worldwide. Later statistics, overall e-commerce sales ratio including both retail and B2B, show an even lower rate. 4.75% in 2015 (Ministry of Economy, Trade, and Industry in Japan, June 2016). These results show that online shopping is not yet the first choice in the Japanese market.

Retail Ecommerce Sales as a Percent of Total Retail Sales in Select Countries, 2014-2019

	2014	2015	2016	2017	2018	2019
China*	12.4%	15.9%	19.6%	23.8%	28.6%	33.6%
UK**	13.0%	14.5%	15.7%	17.0%	18.1%	19.3%
Denmark	10.6%	11.3%	11.9%	12.5%	13.0%	13.4%
South Korea	10.3%	11.2%	12.1%	13.0%	13.9%	14.7%
Finland	10.0%	10.6%	11.1%	11.4%	11.7%	11.9%
Norway	9.1%	10.0%	10.8%	11.4%	11.9%	12.3%
Germany	6.5%	7.2%	8.0%	8.8%	9.4%	9.9%
US***	6.4%	7.1%	7.8%	8.4%	9.1%	9.8%
Sweden	6.4%	7.1%	7.6%	8.1%	8.5%	8.9%
Japan	5.9%	6.7%	7.5%	8.2%	9.0%	9.7%
Australia	5.6%	5.9%	6.3%	6.6%	6.9%	7.2%
Canada	5.0%	5.7%	6.4%	7.2%	8.0%	8.8%
France	5.1%	5.6%	6.0%	6.5%	6.9%	7.3%
Spain	4.3%	5.0%	5.6%	6.2%	6.7%	7.2%
Netherlands	4.2%	4.8%	5.2%	5.6%	6.0%	6.3%
Brazil	2.6%	3.1%	3.6%	4.0%	4.3%	4.6%
Italy	2.3%	2.8%	3.2%	3.4%	3.7%	3.9%
Russia	2.2%	2.6%	3.0%	3.4%	3.7%	4.0%
Argentina	1.6%	1.9%	2.3%	2.7%	2.9%	3.2%
India	0.8%	1.7%	2.6%	3.6%	4.4%	4.8%
Indonesia	0.8%	1.4%	2.2%	3.1%	3.9%	4.4%
Mexico	1.2%	1.4%	1.7%	2.0%	2.3%	2.6%

Note: includes products or services ordered using the internet via any device, regardless of the method of payment or fulfillment; excludes travel and event tickets; *excludes Hong Kong; **forecast from Sep 2015; ***forecast from Aug 2015
Source: eMarketer, Dec 2015

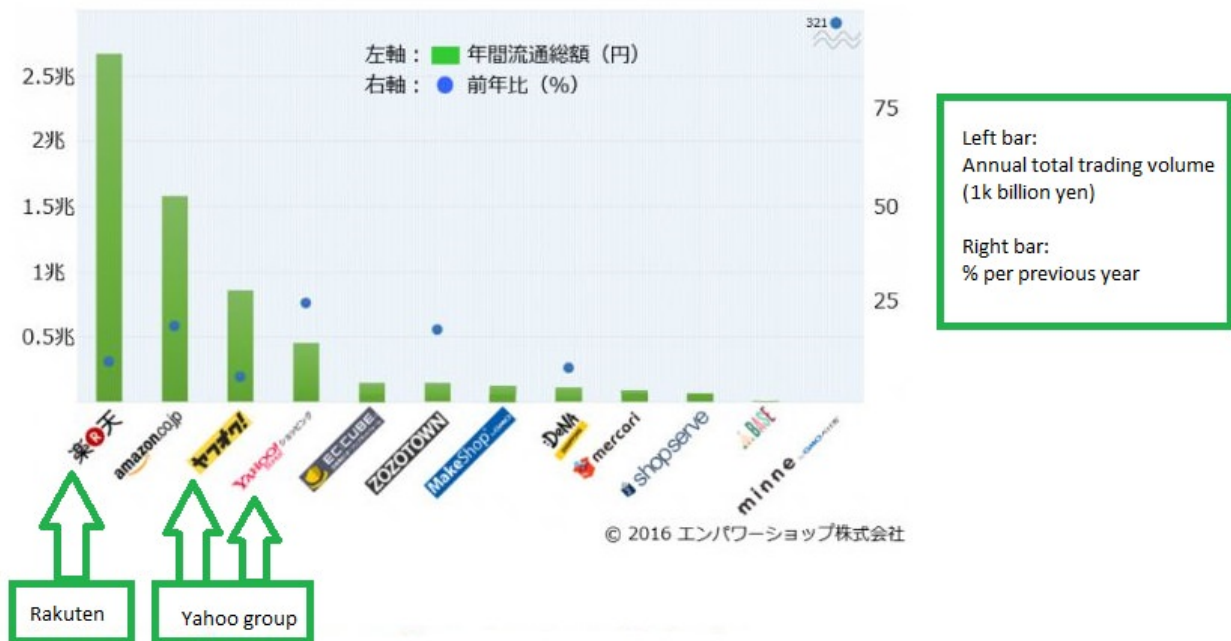
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Table 2: Percentage of retail e-commerce sales and forecast (eMarketer 2015)

Online shopping mall very popular in Japan

One of the unique characteristics in Japan is that the online shopping mall, a marketplace for online shops and consumers (B2C market), is very popular. The graph below describes the total trading volume per online shopping mall including ASP cart platforms. The total trading volume by top 3 players (Rakuten, Amazon Japan and Yahoo Group) is more than 5,600 billion yen – which is approximately 56 billion USD or 62 billion Euro (as of 1st October 2016), and represents nearly two thirds of the total e-commerce sales in Japan.



Graph 1: Online trading volume in Japan in 2015 (Empower Shop Inc., 2016)

The largest online shopping mall in Japan is Rakuten. The total trading amount in 2015 for Rakuten (including Rakuten Travel – popular platform for hotel booking and plane tickets in Japan) is [2,682 billion yen](#) (26 billion USD or 29 billion Euro). It looks like a big amount. However, you should consider that this amount doesn't represent the sales volume by Rakuten itself, as "trading amount" is the total sales amount by all the shops on the shopping platform.

As of 1st October 2016, Rakuten includes 42,748 shops and 227 million products are offered. This means an average sales volume per shop of around 0.06 billion yen (0.60 million USD or 0.67 million Euro) per year, and each shop has around 5,300 products on average. This figure describes one of Rakuten's characteristics well. Each shop on Rakuten focuses on a few product categories only. For example, the largest shop included in Rakuten in 2015 was [SALONIA](#), which only sells organic beauty-hair products.

Rakuten recommends that each shop is unique, to differentiate itself from competition, and supports only the minimum common

format for product information. You can still search and compare the product you want to find as below, but you have to visit each shop for product details. And unfortunately for non-Japanese consumers, Rakuten Japan only has a Japanese interface.

商品比較				
商品名	① 3.5リットルマイナスイオンハイパードライヤー TD420 毎日使うから丈夫なマイナスイオンドライヤー 【送料別】	② 送料無料で使える！送料無料で使える！ 1600Wの強力なマイナスイオンドライヤー 【送料別】	③ 1.8リットルマイナスイオンハイパードライヤー 1600Wの強力なマイナスイオンドライヤー 【送料別】	④ 1.8リットルマイナスイオンハイパードライヤー 1600Wの強力なマイナスイオンドライヤー 【送料別】
写真				
価格	3000円(税込, 送料別)	2311円(税込, 送料別)	4900円(税込, 送料別)	2900円(税込, 送料別)
商品説明	※北海道、沖縄県、離島へのお届けの場合は送料 無料ではありません。送料無料の条件は必ず ご確認ください。送料別の商品は送料1300 円が別途かかります。マイナスイオンドライヤー 【送料別】	●1600Wの強力なマイナスイオンドライヤー。●外付け マイナスイオン発生器で、マイナスイオンの水分を蒸らさず り、モイスターセーブ。	VS(ボールドアスーン)の最新のシリコンタイプ ハイパードライヤー。●最新のシリコンファンで従 来からの騒音を低減。●最新 TURBOSETXの風量切替。●独立した温風/ 冷風の切替スイッチ。●最新	HAJIEに業界トップクラスの静音タイプ登場【特 選】マイナスイオンが効く髪に優しく、オーティ クルも同様。業界トップクラス。50dBの超静音。 50dB一歩かき事務所のクリアー(屋外例、始動時) ・低騒音音。
ショップ名	ビューティエッセンス	イーネットの楽天市場店	家電・理科館の楽天市場店	家電・理科館の楽天市場店
送料・ 支払い方法	送料・支払い方法	送料・支払い方法	送料・支払い方法	送料・支払い方法
配達情報	0~2営業日程度入庫に稼働します。	1~3日以内に発送予定	1~2営業日で発送(欠品時・休業日を除く)	1~2営業日で発送(欠品時・休業日を除く)
在庫・移動	-	←←	←←	←←
	削除	削除	削除	削除

Rakuten's homepage

Amazon, the most successful online shop in Japan

Feeling a bit lost in finding where to shop online in Japan? No worries, Amazon Japan is here. As in other countries, Amazon Japan includes its own online shop as well as a marketplace. When you take a look at Amazon's own retail shop sales, you can see how big it is in Japan compared to other online shops. Table 3 below has been just published in the newspaper "Tsu-han Shinbun" (30th September 2016) and indicates the online sales volume per shop in 2015.

Total sales volume (on PC + on mobile) ネット販売実施企業上位30位のネット販売売上高

単位: 百万円, 増減率: 占増率: %, 前: 前年同月比

順位	社名	前 期 実 績				今 期 見 込 み		決算月	主要商材
		PC+携帯 売上高	増減率	携帯売上高	増減率	全通販売 売上高の占 有率	PC+携帯 売上高		
1	アマゾンジャパン	999,900	20.4	※ 400,000	—	100	—	12	総合
2	ヨドバシカメラ	99,200	25.0	—	—	100	110,000	3	家電
3	千趣会	77,479	▲ 6.8	38,177	9.2	78	—	12	総合
4	ディノス・セシール	受 59,718	4.6	—	—	53	—	3	総合
5	上新電機	※ 55,000	—	—	—	100	—	3	家電
6	スタートトゥデイ	54,422	22.1	※ 37,116	54.3	100	69,000	3	衣料品
7	ニッセン	51,682	▲ 16.2	—	—	61	—	3	総合
8	デル	※ 48,000	—	—	—	100	—	1	PC
9	イトーヨーカ堂	46,890	10.3	—	—	100	—	2	食品
10	キタムラ	41,900	▲ 2.6	—	—	100	—	3	カメラ関連商品

Unit for sales volume: million yen

Table 3: Online sales volume per shop in 2015 in Japan (Tsuhan Shinbun 2016)

On top of the list is Amazon Japan (own shop sales only) with total sales of around 1,000 billion yen (10 million USD or 11 million Euro), which is more than 10 times the amount of the 2nd player, Yodobashi Camera. Yodobashi Camera is also a giant among electronic shops in Japan, similar to Media Markt in Europe. So, you can imagine how high Amazon Japan reaches.

One of the benefits for non-Japanese users is that Amazon Japan is using the same interface as other Amazons over the world, and it is available not only in Japanese but also in English and Chinese. Currently, Amazon Japan is dealing with more than [200 million products in total](#), which is almost the same as counted on Rakuten.

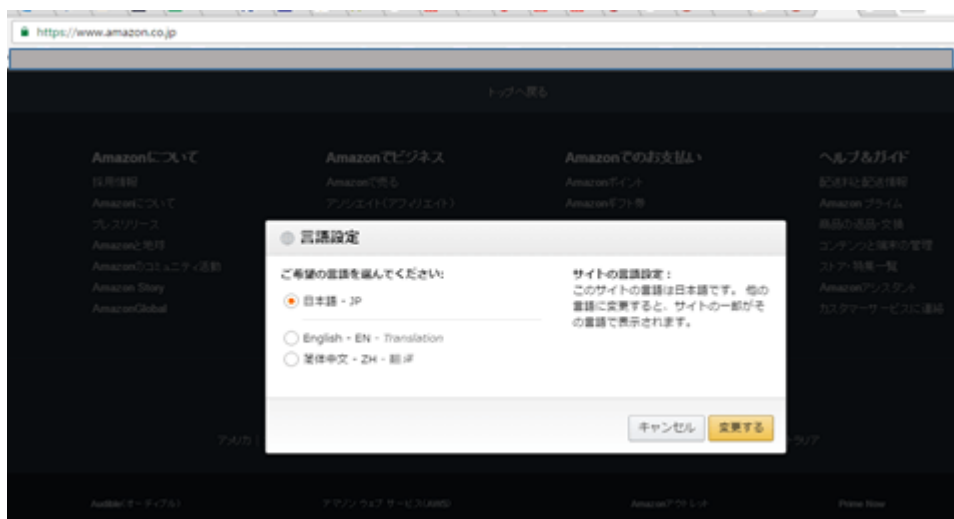


Image 2: Amazon Japan's homepage

Rakuten or Amazon Japan: which one do you prefer?

We just looked at the two major online shopping platforms in Japan, Rakuten, and Amazon. Figures clearly show that both platforms are well frequented by consumers in Japan, but they are very different concepts.

It can be said that the concept of Rakuten mall represents the uniqueness of Japan. If you would like to enjoy a real feeling of shopping in Japan, Rakuten shopping mall would be the right place for you, as you can shop around a range of unique specialty stores to find the product you like. It requires knowledge of the Japanese language and trends, but that is also good, since it allows you to completely experience our culture.

On the other hand, Amazon Japan is like an American hotel chain such as Hilton or Intercontinental. It will not surprise you, but you will feel comfortable and sure of what you have to do. There is no challenge, you will be able to find quickly exactly what you want, without wasting much time. It may be too simple to experience the culture, but it is a great advantage for busy online shoppers.

So how about you? Which platform would you try? At least, in my opinion, it is good to have two choices to recommend to people outside Japan, one very unique Japanese platform or a simple global and useful platform. However, I wonder if the situation would change in case Rakuten starts supporting a kind of international interface with multi-languages.