

Japan E-Commerce Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Japan E-commerce market is expected to register a CAGR of 14.3% during the period 2022-2027. The E-commerce market in Japan is primarily driven by high internet penetration, secured by the Hi-tech network infrastructure. Besides, fast deliveries, and an extensive range of product choices in one place, is another reason for the growth of the e-commerce market in Japan.

Key Highlights

The E-commerce market in Japan is going through significant transformational change as the Japanese are shifting from traditional brick-and-mortar stores to online businesses. E-commerce companies in the region are benefiting from high urban density, technically savvy customers, and a developed economy and further attracting the E-commerce market in the region.

Along with this, the distribution channel in-country is highly developed and connected, and the small size of the country makes shipping and delivery more convenient at a faster speed, which is also boosting the E-commerce market in Japan.

Digital advertising in the region is further driving the E-commerce market in the country. Search and display ads are mainly used by brands and advertising agencies primarily with product feeds and shopping ads usually used by major E-commerce companies such as Rakuten, Yahoo! Auction Shopping, and Amazon Japan.

Furthermore, social commerce is on the rise and is further propelling the growth of the e-commerce market in the region.

E-commerce companies use sponsored content, working with influencers and celebrities, and ads on social media to promote products and services in Japan. While Japan has global social media platforms such as Twitter and Facebook, its popularly used social media network is Line, an app similar to WhatsApp with multiple features.

However, specific laws and regulations pertaining to E-commerce can limit the growth of the E-commerce market in the region. For instance, the Act on Improvement of Transparency and Fairness in Trading on Specified Digital Platforms will require e-Commerce platforms to submit an annual report to METI on their business practices. METI will subsequently solicit comments from merchants, conduct reviews, and publish the results. U.S. firms Amazon and Apple and Japanese firms Rakuten and

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Yahoo-Japan are among those affected by this law.

During the COVID-19 outbreak, although Japan hasn't seen strict lockdowns compared to Europe or North America, the multiple states of emergency and the promotion of staying at home have had people adopting online shopping at an unprecedented rate. As a result, more people switched to digital platforms, media, and apps, ordering food delivery and everyday items online.

Japan E-commerce Market Trends

Rising Adoption of Card Payments and M-commerce to Boost the E-commerce Market

When it comes to online shopping, Japanese shoppers prefer card payment mainly through credit cards because of the ease of convenience various E-commerce platforms provide on card payments, such as easy checkout solutions, discounts, gift vouchers, and additional rewards and benefits. Visa, Mastercard, and JCB are the most widely used and accepted cards in online shopping in Japan. These type of easy-to-go payment solutions is further expected to boost the E-commerce Market.

Furthermore, many E-commerce companies further provide the option for saving the card feature, which is time-saving for further online transactions in the future. However, digital payment solutions are rising at a faster rate in the region, with many E-commerce market Players launching wallets such as Rakuten Pay. Still, card payment will remain the preferred option for E-commerce in the coming years.

Moreover, with high mobile and internet penetration, Mobile commerce is rising rapidly in the region. As reported by International Telecommunication Union, there were 152.03 mobile subscriptions registered for every 100 people in 2020 in Japan. This has led to the rise of M-commerce in the region and further drives the E-commerce market.

The trend of M-commerce has increased in the region over the past few years due to the various benefits associated with M-commerce. With sustained growth in mobile transactions in Japan and in-app purchases provided by most E-commerce companies such as Amazon Japan and Yahoo! Japan, and Rakuten, M-commerce is further expected to grow over the forecast period.

Consumer Electronics Segment Hold the Largest Share

The consumer electronics product segment holds the largest share in the E-commerce market in Japan owing to the enhanced digital landscape in Japan, ease of convenience offered through online sales in terms of review and return policies, technology-savvy consumers, and the increasing focus of E-commerce companies on establishing and expanding their digital services.

The data reported by the Ministry of Economy, Trade, and Industry (METI) and the Japan Electronics and Information Technology Industries Association (JEITA), the total production value of the electronics industry in Japan reached close to JPY 11 trillion in 2021. The value was JPY 10.53 trillion in the year 2019. The industry encompasses consumer electronic equipment, industrial electronic equipment, as well as electronic components and devices.

Japan's twice-yearly bonus culture for salaried people boosts E-commerce sales. The summer bonus, in particular, is associated with an uplift in luxury goods, travel, and consumer electronic purchases. Moreover, the major players in the region, which hold a significant amount of share, offer various discounts and offers on the purchase of consumer electronics during these sales. As reported by the Ministry of Economy, Trade, and Industry (METI), E-commerce sales are high for domestic electrical appliances, AV equipment, and peripherals and PCs because, with domestic electrical appliances, AV equipment, and peripherals and PCs, the product specifications are clear, and it is easy to understand the details and features of the products by researching (searching on the internet for) them in advance. In this regard, they are highly compatible with E-commerce. The aforementioned factors are further expected to drive the E-commerce market over the forecast period.

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Japan E-commerce Market Competitor Analysis

The Japan E-commerce market appears to be moderately consolidated as few players currently dominate the E-commerce market. Major players in the Japan E-commerce market are adopting strategies like acquisitions and partnerships to expand their reach in the region. Some of the major players in the E-commerce market are Rakuten Group, Inc., Amazon.com, Inc., DMM.com, Yahoo! Japan Corporation, and Mercari, Inc.

April 2022 - Japanese apparel brand Uniqlo announced to launch of a new feature for its E-commerce site that will award customers with a donation by the brand, made on their behalf, to an organization. The Buy with Purpose feature, which will be present on the retailer's app and online website, will be available for sustainably made styles, such as Uniqlo's BlueCycle Jeans.

April 2022- Westlake Akishima, a leading supplier of specialty stabilizers for the PVC industry based in Tokyo, introduced a new E-commerce platform to provide its customers with a secure and convenient online buying experience. The platform, built by the technology provider Agilis Chemicals, offers a complete set of sales and marketing functions to support fast and easy product search, order placement, and quick reordering.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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