# Japan Telecom Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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**Report description:**

The Japanese telecom market is expected to grow at a CAGR above 3.5% during the forecast period. Japan has a highly developed infrastructure that allows its people to be constantly connected. Along with having a high internet penetration rate, Japan has a sizable mobile internet user base, which reflects the rising popularity of smartphones. Though the smartphone adoption rate is strong, more individuals are anticipated to utilize smartphones in the years to come.

Key Highlights
In Japan, the Telecommunications Business Law was changed in October 2019 to encourage competition in the mobile sector and safeguard users. Since then, there have been conversations about reducing mobile phone fees to lessen the load on users. The Ministry of Internal Affairs and Communications unveiled an action plan to lower mobile phone costs by creating a fair and competitive mobile market. By March 2021, all MNO companies introduced new, less-priced brands and pricing schemes, some of which included 20 GB of data.
It might take a decade for 6G telecommunications to reach its full potential, but Japan is already establishing its own domestic network and technology foundation. The Japanese government plans to invest billions of dollars in promoting the development of ultra-high-speed communication. Japanese equipment manufacturers NEC and Fujitsu, as well as Finnish equipment manufacturer Nokia, announced plans to conduct experimental trials of new mobile communications technologies for the targeted commercial launch of 6G services by 2030.
Though system and protocol evolution continued due to the Internet, the development of mobile networks was constrained by closed cultures and proprietary technologies for a very long time. Mobile networks must be able to offer modification and dynamic set up on the spot to be essential infrastructure for many different sectors. By integrating RESTful (Representational State Transfer) application programming interfaces (APIs), SoftBank tailors and modifies its network to meet the needs of consumers and offer more convenient services.

The COVID-19 outbreak significantly impacted the Japanese economy. The adoption of digital technology was essential for the nation to become more resilient during and after the pandemic. Technology applications can help businesses and their employees manage the financial effects of COVID-19 by assisting them in contacting clients and conducting business digitally, restarting business operations, and implementing technologies that reduce logistical bottlenecks. A sizable 69% of Japan's digital opportunity, valued at JPY 46.8 trillion (USD 434 billion), was thought to be sourced from technology that assists companies and employees in managing the effects of the pandemic on the economy.

## Japan Telecom Market Trends

### 5G Rollouts

According to a GSMA report, Japan allows operators to mount 5G base stations atop traffic signals, accelerating 5G deployments nationwide. 21 higher-capacity use cases can flourish when tiny cells are put into place, and network density is raised. The connection penetration in Japan is expected to rise from 153% in 2021 to 154% in 2022. The projected increase in smartphone adoption rate is from 71% in 2021 to 81% in 2025. Subscriber penetration in Japan is also expected to rise from 87% in 2021 to 88% in 2025.

Given the price reductions and the availability of the iPhone 12 and 13 in stores, the prospects for 5G adoption in the nation seem more promising. Recently, the Japanese government granted the 5G spectrum to the country's top three mobile providers, NTT Docomo, KDDI au, Softbank, and a recent entrant, Rakuten Mobile. Over the following years, these four Japanese carriers are anticipated to invest more than USD 14 billion in capital projects, including base stations, servers, and fiber optics. According to Fitch Research, by 2026, 5G will overtake 4G as the primary cellular technology in Japan, and by 2029 there will be around 45 million 4G subscribers and more than 151 million 5G subscribers.

According to the local press, Japanese carrier, NTT Docomo, plans to quicken the speed of its 5G rollout nationwide while competitors do the same. The same article claims that NTT Docomo plans to provide coverage to 90% of the Japanese population, up from its earlier target of 80%, by March 2024. In September 2022 NTT Docomo claimed to have the world's first commercial 5G Standalone (SA) network that enables smartphones to simultaneously use mid-band (sub-6 GHz) and mmWave frequencies, known as 5G NR Dual Connectivity. The announcement was made with wireless technology company Qualcomm, which was keen to showcase that smartphones powered by its Snapdragon 8 Gen 1 platform can exploit the full speed of the new network. Japanese customers have access to a wide range of mmWave devices, including high-end smartphones from Samsung, Sony, Sharp, Fujitsu, and Google, and significant carrier momentum for the technology. Other OEMs, including those from lower tiers, are expected to introduce mmWave smartphones in Japan in the coming months.

In May 2022, SoftBank Corp. declared beginning the statewide deployment of MEC servers in Japan and launching a 5G MEC (Multi-access Edge Computing) site in the Kanto area. Using 5G SA (5G Stand Alone) commercial services, SoftBank 5G MEC offers low-latency, high-quality (low-jitter), and highly secure service experience. By encouraging the digital transformation (DX) of various businesses and achieving Digital Twin*2, SoftBank is expected to address societal concerns and advance the industry as a digital platform provider in the Beyond 5G future.

### Digital Transformation Initiatives

Digital transformation is one of the trends that the COVID-19 crisis has most visibly hastened (DX). This abrupt change can improve business and organization operations and have a wide range of positive effects on people's lives. In metropolitan regions throughout the world, 76% of people had internet access in 2020, compared to 39% in rural areas, according to research by the International Telecommunication Union (ITU). With the lofty objective of creating a "New Form of Capitalism" that would be both

people- and sustainability-focused, Japan has positioned DX as a key component of its initiatives for a virtuous cycle of growth and distribution.
Private businesses in rural locations may find it difficult to reach profitability quickly, but collaboration with regional authorities and ministries may be able to make novel ideas workable. Additionally, digitalization is nothing new in Japan, not even in rural regions. Since its inception in 2016, the Ministry of Internal Affairs and Communication's Local IoT Acceleration Laboratories project has recognized labs in 105 areas around Japan, awarded the finest new IoT solutions and enterprises, and sent mentors to help regional projects and ventures flourish and take off.
Large Japanese firms host Open Innovation conferences and business competitions to foster innovation by employing other organizations' technology, concepts, assets, and resources. Open innovation is still not as prevalent in Japan as it is in other countries, but it is becoming more common among major Japanese corporations, and it is growing. Over the past several years, numerous open innovation initiatives and business competitions have been held in various sectors. For example, NTTData Open Innovation for the telecom sector.
Ina City introduced a "Mutual Support Shopping Service" in August 2020, which is Japan's first drone-delivered shopping service for residents who pay a monthly subscription fee. The service is delivered via cable TV and was developed in collaboration with the telecom company KDDI Corp. Customers can use the TV remote control to place orders and pay their cable bill. As a result of the city providing cable TV to households due to poor signal reception for standard television broadcasts due to the area's mountainous terrain, cable TV has almost 100% penetration.
Private businesses in rural locations may find it difficult to reach profitability quickly, but collaboration with regional authorities and ministries may make novel ideas workable. Additionally, digitalization is nothing new in Japan, not even in rural areas. As per the Ministry of Economy, Trade, and Industry (METI) report, since its inception in 2016, the Ministry of Internal Affairs and Communication's Local IoT Acceleration Laboratories project has recognized labs in 105 regions around Japan, awarded the finest new IoT solutions and enterprises, and sent mentors to help regional projects and ventures flourish and take off.

Japan Telecom Market Competitor Analysis

The Japanese telecom market is highly fragmented in nature. Some major players in the market include Nippon Telegraph and Telephone Corporation, KDDI Corporation., SoftBank Group Corp., Rakuten Mobile, Inc, and Internet Initiative Japan, Inc. The market also hosts other Internet service providers (ISPs), MVNOs, and fixed-line service providers. Some Japanese telecommunication companies are very competitive internationally and hold strong ground in the global telecom space.

In January 2022, on its Smart Data Platform, NTT Communications Corporation (NTT Com) announced the immediate launch of "SDPF Edge," an edge-computing solution with integrated operations (SDPF). With the help of the new SDPF Edge service, which primarily serves the manufacturing sector, companies may process massive volumes of production data to maintain quality control and make choices more quickly and inexpensively.
In February 2022, KDDI, along with Samsung and Fujitsu, announced the world's first 5G Standalone Open RAN site, powered by a virtualized Radio Access Network (vRAN), will go online in Kawasaki, Kanagawa. With Open RAN and vRAN, this happened to be the first commercial deployment of 5G SA.

Additional Benefits:

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

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