

Introduction to Amazon Store

Chapter 5

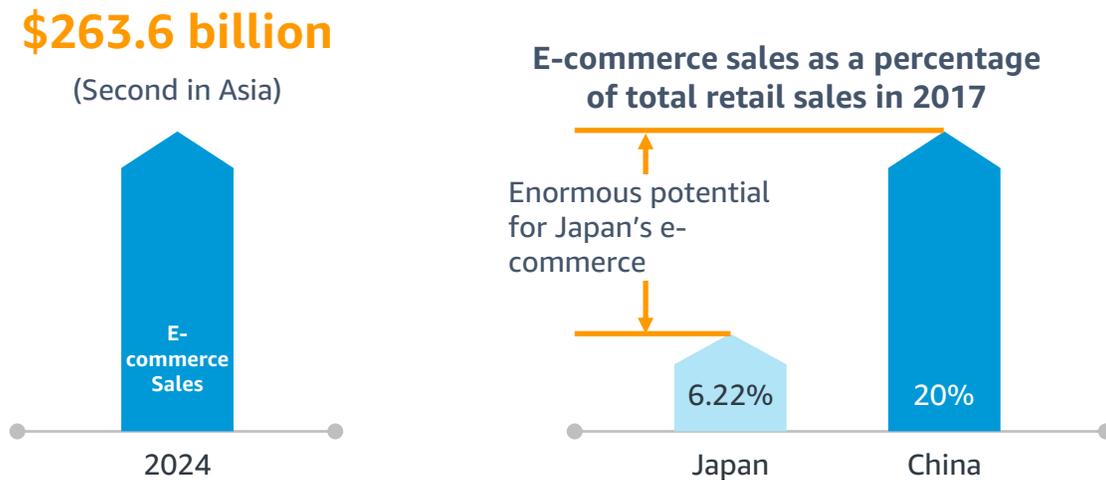
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5.1 Retail economy and e-commerce development in Japan

Retail economy and e-commerce development in Japan

As the world's third largest economic body, Japan is the second largest e-commerce market in Asia after China. Japan has a massive volume of e-commerce businesses, and they are still growing. In 2020, the scale of Japanese e-commerce reached USD 197.1 billion, with a compound annual growth rate of 7.5%. In 2024, Japan's online retail sales will reach nearly USD 263.6 billion.

E-commerce sales in Japan made up 6.22% of total retail sales in 2017. In contrast, China's e-commerce sales made up 20% of the total, 18% in Korea, close to 16% in the UK, and about 12% in the U.S.² Thus, compared to these countries, there is still considerable room for growth for the Japanese e-commerce industry.



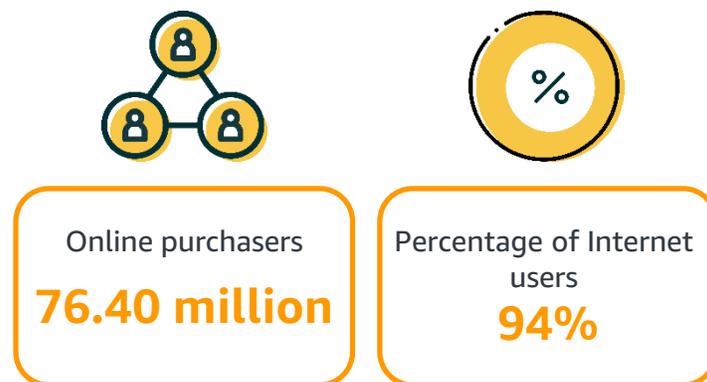
Sources (Foreign language only)

1. E-commerce Analysis, GlobalDaTa

2. The Ministry of Economy, Trade and Industry (METI), E-commerce Import and Export Market Survey

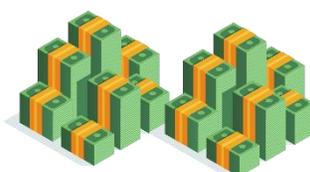
Japan has all the characteristics of a mature e-commerce economy: high Internet and broadband coverage, and high per capita online expenditure.

Japan has a population of 127 million. As much as 94% of its population uses the Internet. In 2017 there were 76.40 million online shoppers, constituting 60.1% of Japan's total population¹.



The per capita online expenditure by Japanese consumers is \$1,164 annually, higher than \$1,156 in the U.S. This is expected to grow by a compound rate of 12.7%, reaching \$2,000 annually by 2020².

Strong per capita online spending by Japanese



Japanese per capita online spending
\$1,164

Sources (Foreign language only)

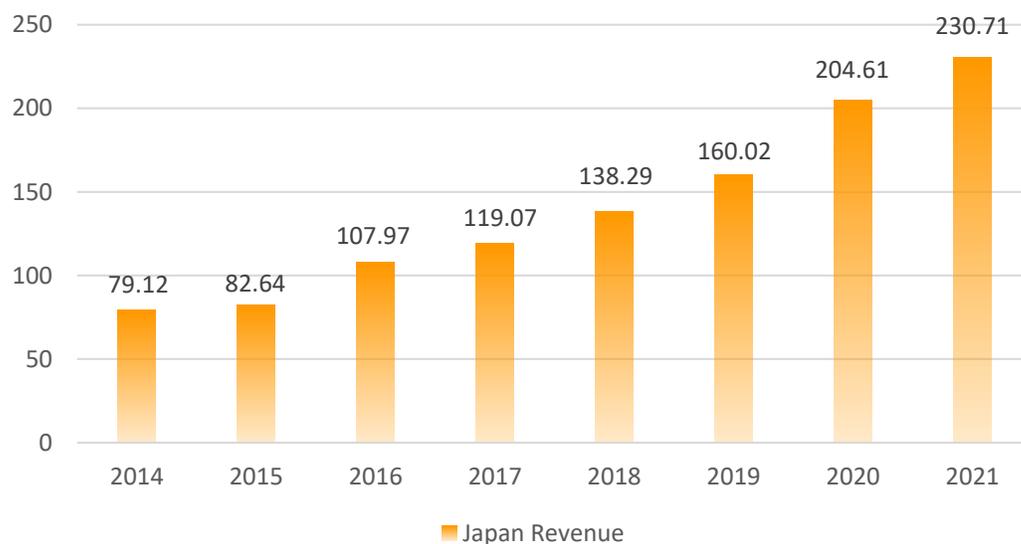
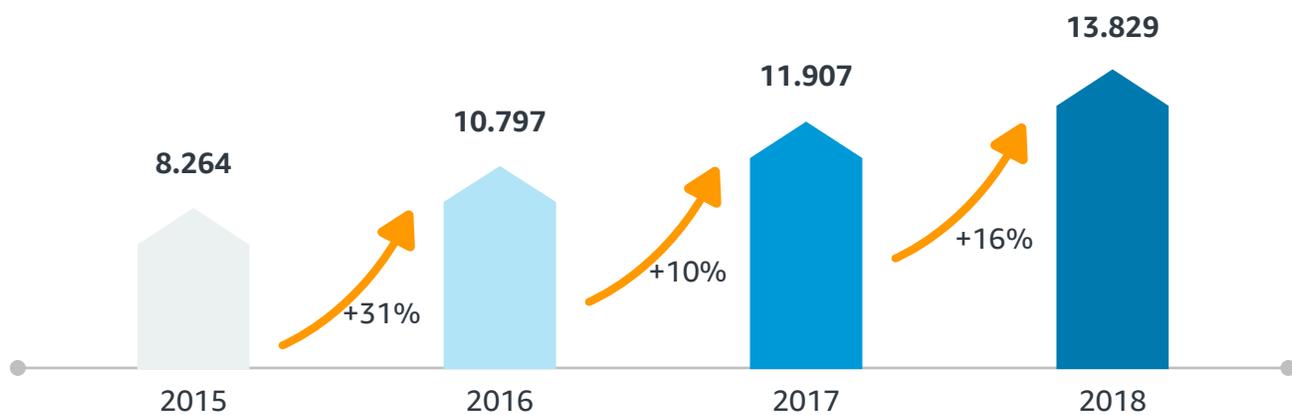
1/2. http://www.chachaba.com/news/html/peixun/mba/20180604_389964.html?timer=tc
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<https://services.amazon.co.jp/services/sell-on-amazon/marketing.html>

5.2 Development of Amazon in Japan

Amazon in Japan

Amazon achieved steady growth in Japan between 2013 and 2021. At present, Amazon ranks first in Japan's e-commerce industry ¹, far ahead of other e-commerce websites.

Rapid growth of sales on Amazon Japan Store (unit: \$ billion)



1. [Source: Amazon's financial reports for 2019 and 2021](#)

Amazon enjoys a very high reputation among Japanese consumers.

Surveys from Nikkei BP Consulting show that Japanese value brands based on brand convenience, excellence and innovation. Amazon was ranked number one by consumers as the "Most Valuable Brand" among Consumer Goods B2C brands." This is the second time in three years in which Amazon was awarded the honor¹.

The "2018 Member's Day" conducted by the Amazon Japan Store in 2018 set a record for new Prime members for Amazon. Both exemplified Amazon's brand value and attraction for new Prime members.



Amazon ranked first for brand value

Ranking		Enterprise	Overall Score	
2019	2018		2019	2018
1	3	Amazon Japan	94.4	83.5
2	11	YouTube	91.8	78.6
3	7	NISSIN	86.3	80.2
4	17	MUJI	85.3	75.0
5	1	Google	83.7	89.4

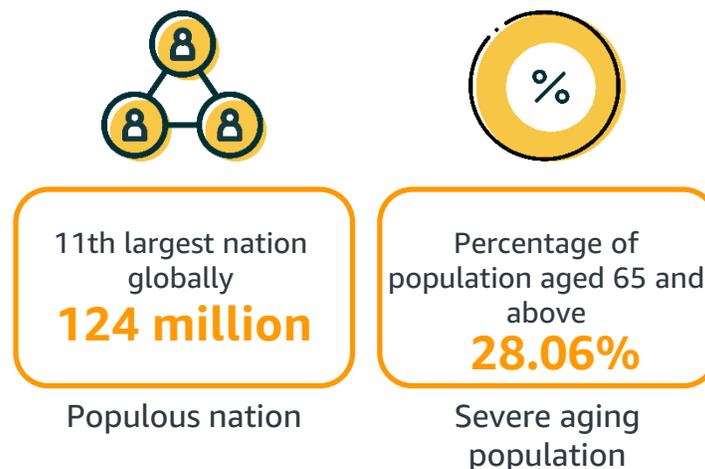
Sources (Foreign language only)

1. <https://consult.nikkeibp.co.jp/branding/brand-japan/>

5.3 Japanese Consumers

Japanese Consumers

Japan has a population of 124 million (as of January 2019), making it the world's 11th largest nation. Japan's population density is extremely high, which is 7.5 times higher than the world average. The Japanese population is also aging on, with 28.06% of Japan's population aged 65 or older¹.



Some of the characteristics of the Japanese society significantly influence its consumption habits. For example,

- Japanese enterprises typically pay **employee bonus biannually**. The time after bonus payment is often the peak season for consumption.
- The months of **March and April are the peak period for moving homes**. This is because home-rental in Japan is typically for a 2-year period, so the Japanese move after their contract is up. University freshmen and new employees will also look for new homes around this time. Moving will increase demand for storage supplies and cleaning items.
- Japan has its own peak season, e.g. **summer tour season in July and August each year**. The weather during this time is usually balmy. This is also the time when Japanese pay homage to their ancestors. As such many Japanese will opt to travel during this time, thereby spurring demand for summer and outdoor items. In addition, as it also coincides with typhoon season, the Japanese tend to stock up on disaster-relief items.



Spring home-moving season
(March-April)



Summer tour season (July-August)
Obon Festival (July-August)
Homage to ancestor + travel
(generally 7 consecutive days of holiday)

Sources (Foreign language only)

1. Ministry of Internal Affairs, Sina.com.cn

Japanese e-commerce users have strong purchasing power, and they favor product quality and value-for-money items. They have high rate of repeat-purchase but rarely leave comments. They typically prefer to make online purchase after office hours. There is a high proportion of middle-to-old aged online shoppers, not surprisingly given Japan's aging population, and they tend to rely on the Japanese language.

Japanese consumers have their own consumption habit for different product categories.



Consumer electronics

Preference for simple design
Japanese instruction manual needed



Kitchen and small household appliances

Compact and simple



Home furnishing items and daily necessities

Like environmentally-friendly but convenient products
Emphasis on storage and practicality



Apparel

Wear clothes according to the occasion
Relatively simple style with rich variety of accessories



Sports items

Sales are higher during the summer season



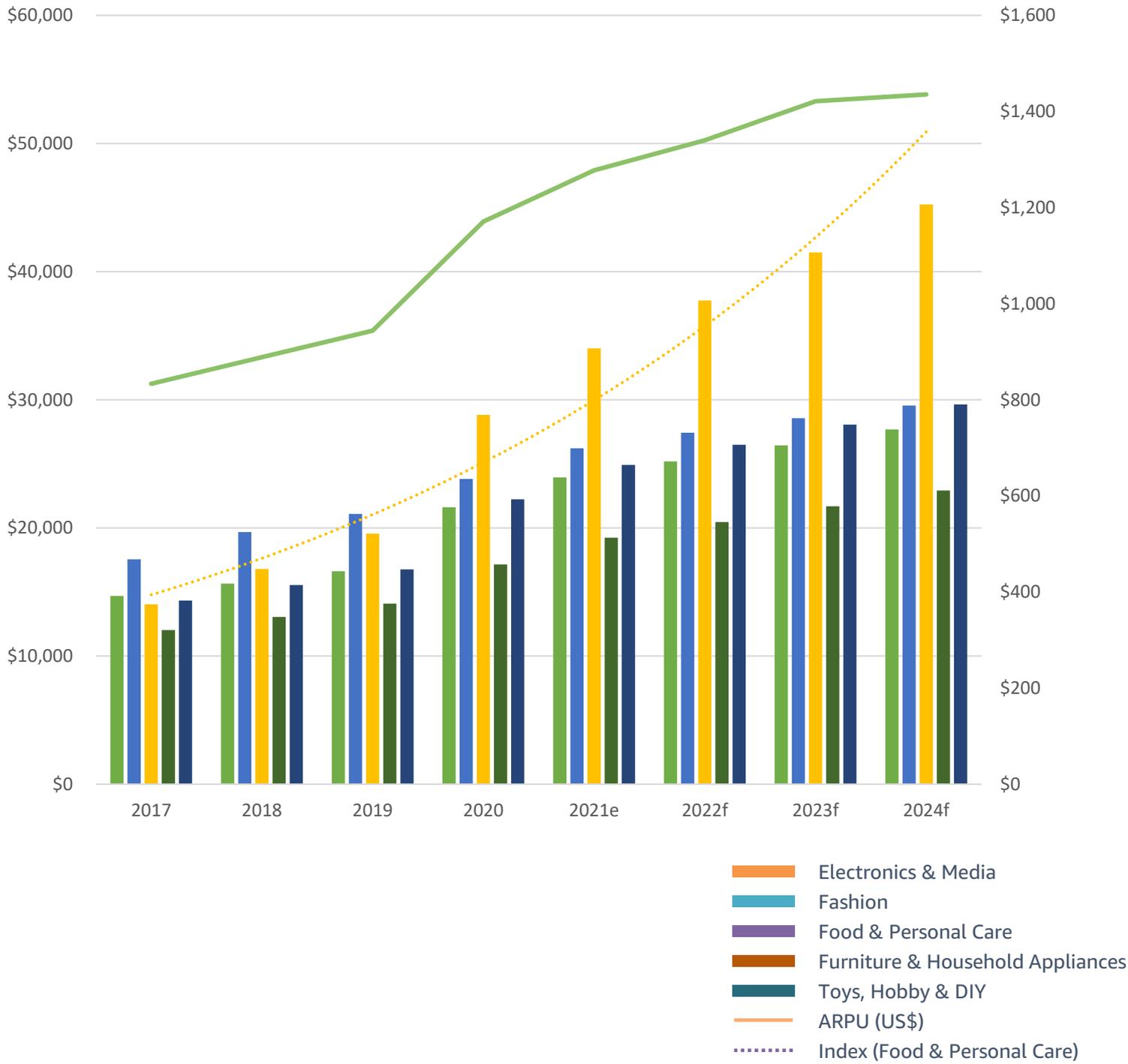
Food & beverage

Relatively simple in taste
Heavy attention on crockery and containers

Here are some examples:

- 1. Consumer electronics:** For items like power chargers, data cables and keyboards, Japanese consumers are more inclined towards simple design in black or white colors. Furthermore such items should be accompanied with Japanese instructions. This will reduce return rates as well as pressure on customer service.
- 2. Kitchen and small household appliances:** Compared to residences in say, the US, the requirement for space utilization in Japan is higher. Therefore compact items with simple design are more popular.
- 3. Home furnishing items and daily necessities:** Colors like black, white, gray, khaki and beige are more popular among Japanese consumers. The Japanese live a fast paced life. As such products which help save consumers' time while also being environmentally-friendly possess great potential. Japan has low per capita living space, and many tend to live alone. Therefore they pay a lot of attention to storage, and prefer household items that are practical, convenient, environmentally-friendly, have high-efficiency, easy-to-store while also enhancing their personal well-being.
- 4. Apparels:** They typically prefer single-color apparels with simple designs. They spend a lot of time picking accessories that highlights their individuality. The Japanese people wear their clothes according to the occasion; different styles of clothing, shoes and bags are for different occasions, so there is a high demand for clothing. Japanese consumers are also more thorough and prudent. The return rate for fashion product is vastly lower than the rest of the world. Clearly-defined climate also facilitates advance purchases.
- 5. Sports items:** Sales volume of sports goods in Japan fluctuates according to season, peaking during summer.
- 6. Food & beverage:** The Japanese also prefer takeaways ("uber eats") and they are fastidious about food containers and crockery.

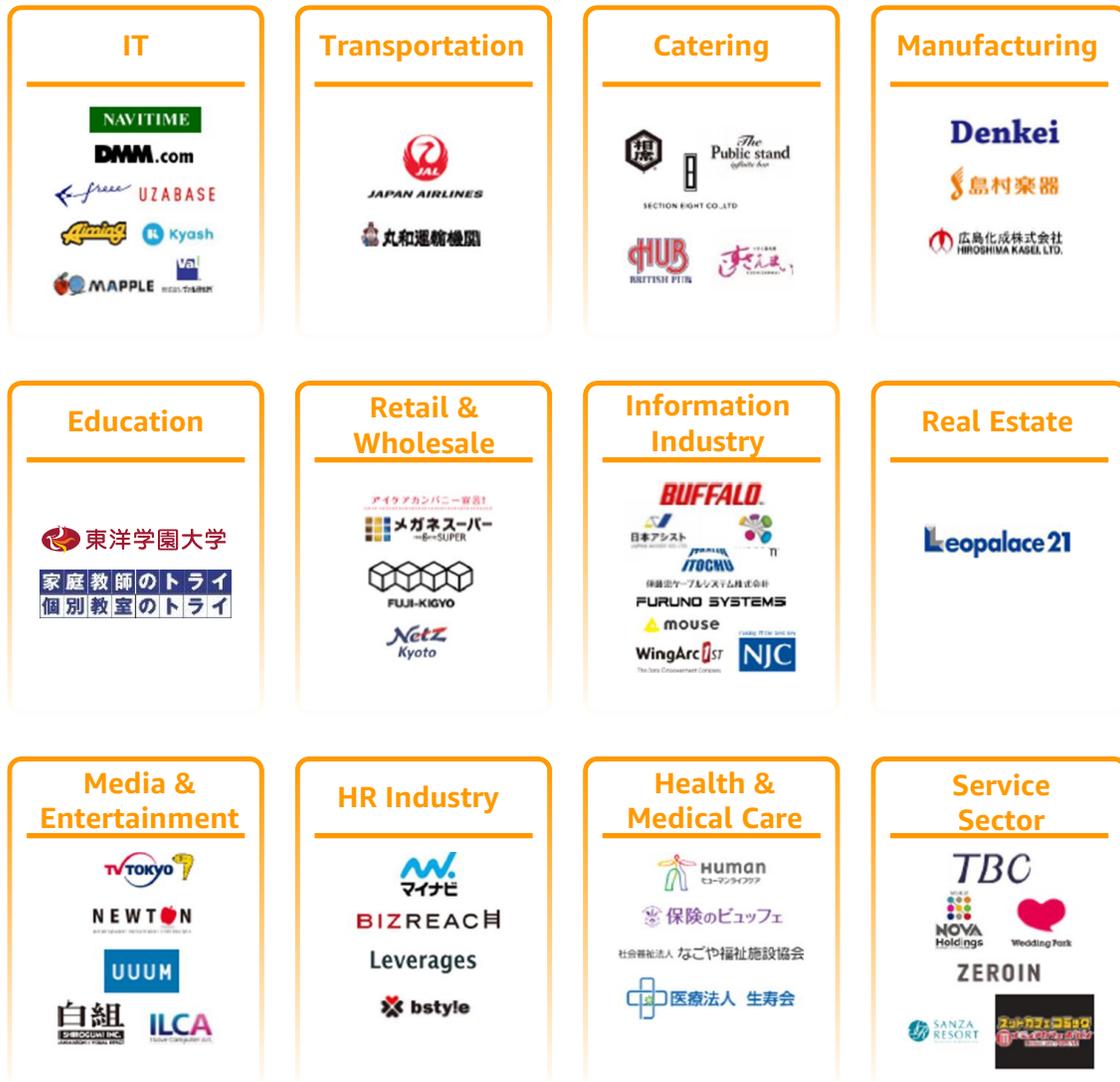
5.4 Sales Rank by Category and Market Forecast of Amazon Japan ¹



1. statista

5.5 Many Japanese benchmarking companies have purchased goods via Amazon Business

Many benchmarking enterprises from such sectors such as IT, transportation, media, catering, manufacturing, education, and retail have become customers of Amazon Business.¹ The Japan Store enables enterprises to attract Japanese consumers and seek cooperation with a great many of Japanese corporate buyers.



1. Amazon Business Blog

5.6 Product Policy of Amazon Japan

Amazon Japan's Product Policies

Restricted products: [Click here](#)

Classification, products and publication restrictions: [Click here](#)



Summary on Japan

1. Highly-developed e-commerce industry which is still growing rapidly
2. Many e-commerce shoppers, aging society means there are more middle-to-old aged shoppers

5.7 Japan Store's New Seller Incentives

5.7.1 Launch of new seller incentives in 2022

Starting from March 1, 2022, Amazon Japan offers a time-limited package of incentives for new sellers. The package includes 4 major unprecedented incentives: sales bonus, reduction/exemption of fulfillment fee, reduced commission rates, and subsidies, to help you reduce costs and achieve success on the Japanese market!

List of incentives for new sellers

1st incentive Sales bonus	2nd incentive Reduced commission rates	3rd incentive Reduction/exempti on of fulfillment fee	4th incentive Subsidies
<ul style="list-style-type: none"> A 5 percent bonus or up to \$50,000 bonus for eligible branded sales in the first year New Amazon FBA sellers may be eligible for a 5 percent bonus for eligible sales. 	<ul style="list-style-type: none"> The standard sales commission rate for some product categories is reduced to 5%; The promotional rate for multiple categories becomes a standard rate. 	<ul style="list-style-type: none"> The fulfillment fee is reduced by as much as 63 JPY per unit. Eligible products are exempt from Amazon FBA storage fee, inventory removal fee, and return processing fee. 	<ul style="list-style-type: none"> A discount of up to USD 750 on Amazon fees

* These incentives apply to Professional Sellers who launch their first ASIN after January 1, 2022.

* The terms and conditions of various incentives can be accessed via the QR code/link at the bottom right.

Advantages of the Japan Store

- **Large market:** Japan is the world's third largest and Asia's largest e-commerce market.
- **More flexibility:** Only 10 days are required to complete first route China-Japan transportation + FBA last mile delivery.
- **More Promotions:** 20+ Japan-exclusive promotions throughout the year allow you to start business quickly.

Favorable market policies in Japan

On 1 January 2022, the Regional Comprehensive Economic Partnership (RCEP) agreement officially came into force. A better intra-regional trade environment will bring more development space and opportunities for sellers. As RCEP member countries, China and Japan will further open their markets to each other, and enterprises will benefit from Japan's tariff reduction and bilateral trade facilitation.

5.7.2 Summary of the Japan Store's incentives for new sellers

Product selection guide

- Recommended product selection for Japan
- Customized tools for product category selection

Advertising support

- Customized ads

Listing service

- Free Chinese/English > Japanese translation
- Page optimization
- 1-to-1 page services

Brand building support

- Flagship stores, brand ads, Project Zero, Transparency Program, VINE, and ABA

Subsidies for FBA fulfillment fees

- The fulfillment fee for an ASIN is reduced by as much as 63 JPY per unit.
- An inbound discount of USD 100; USD 200 credit toward sponsored products ads

Various activities throughout the year

- Up to 10 monthly promotions throughout the year

5 big activity resources Official Japanese customer service

- Free trial in the first 90 days (self-delivery by sellers)

Special incentives for fashion and consumer goods

- Commission discounts, exclusive monthly promotions, and fashion week promotions

March 1st updates: reduction of sales commission rates!

The sales commission rate for some categories is reduced to 5%

No return processing fee for clothing and footwear

Helping sellers all the way from launch to operations

5.7.3 New Seller Incentives

Based on past data analysis, Amazon offers New Seller Incentives and a series of official operation suggestions (including brand registration, joining FBA, product promotion, and use of Amazon coupons) for new sellers at the initial stage, to help sellers reduce risks and costs in these operations and achieve rapid sales growth.

The New Seller Incentives were officially launched in the **Japan Store** on March 1st, 2022.

New sellers who meet the following two conditions will **automatically join** the New Seller Incentives program:

- **Professional Sellers:** sellers must be registered as professional sellers.
- **Start of sales in 2022:** sellers must launch their first ASIN on or after January 1, 2022.

5.7.4 What benefits will a seller get from the New Seller Incentives?

Sales bonus Up to \$50,000



New Seller Incentives are available! The bonus for eligible branded sales will be paid monthly **by deduction from the following month's sales commission**. The deduction amount **will not expire!**

We offer a bonus of 5% or up to \$50,000 for eligible branded sales in the first year. Not only that, sellers can enjoy a 5% sales rebate by joining the FBA New Product Warehousing Promotion Program.*

The platform provides startup guidance for new sellers



What aspects should I prioritize in the initial stages of the business? What actions can help me start my business quickly and efficiently?

The New Seller Incentives contains a combination of data analysis and the experience of successful sellers to help you reduce risks and costs so that you can start your business more easily.

Automatic enrollment No manual operation required



No complicated procedures! As long as new sellers release their first ASIN **on or after January 1, 2022** they will be automatically enrolled into the New Seller Incentives program. **No manual registration is required**. The new sellers will be eligible for the incentives once they complete all the required tasks within 12 months.

* For branded sales of new sellers, the 5% bonus in the New Seller Incentives will take effect first. After enjoying the 5% bonus, the sellers can further enjoy a 5% sales rebate by joining the FBA New Product Warehousing Promotion Program: we will provide a monthly rebate of 5% on sales of eligible new-to-FBA parent ASINs for brand owners who complete Brand Registry. For more information, please visit the [FBA New Product Warehousing Promotion Program](#) page.