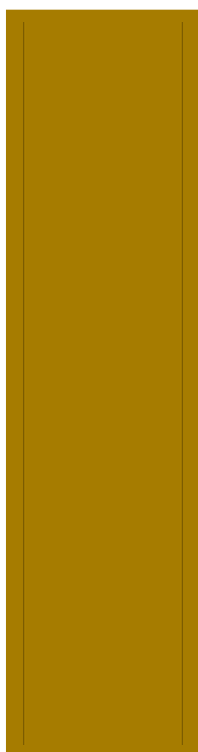


# The Japanese E-Commerce Market

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U.S. Embassy, Tokyo

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# 1. Introduction

The aim of this report is to support U.S. companies interested in the Japanese e-commerce market to better understand the market dynamics and potentially incorporate e-commerce into their own market development plans in Japan. Meros Consulting conducted the research for this report between May and August 2024 using both desktop resources on the market and regulations, as well as interviews with importers, distributors, and industry players in Japan's e-commerce market. E-commerce is a growing and competitive channel that requires a deep understanding of both e-commerce platforms, logistics, and consumer behavior, as well as the changing rules and regulations regarding the sector.

For more comprehensive information on import regulations and processes for exporting specific food products to Japan, please refer to [FAS's import regulations and export guides for Japan](#), which provide information on 24 different food product types.

## Disclaimer

This report was created for general information purposes only. While every effort has been taken to ensure accurate information at the time of publication, we encourage U.S. exporters to work closely with their importers as they develop their export plan and e-commerce strategy for Japan.

Professional advice should be sought for any specific matters of concern, and all information contained in this report should be re-confirmed with importers and competent authorities.

For further questions about e-commerce regulations, please contact FAS/Japan at [AgTokyo@fas.usda.gov](mailto:AgTokyo@fas.usda.gov)

## Exchange rate

USD 1 = JPY 139.56 (Mitsubishi UFJ, yearly-average TTB for 2023)

## 2. General Background

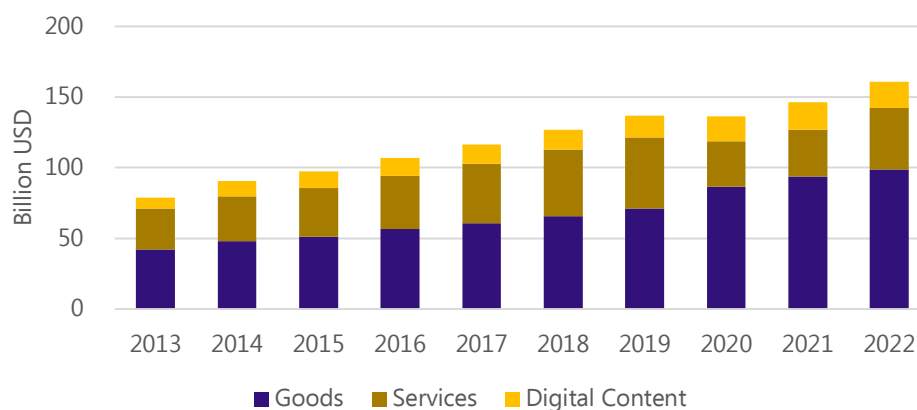
### 2.1. Current Trends in E-Commerce

#### 2.1.1. B2C E-Commerce Market

Japan's e-commerce market is growing steadily, making it an important channel for U.S. food manufacturers' and exporters' sales strategies in Japan. According to the Japanese Ministry of Economy, Trade and Industry (METI), the domestic B2C e-commerce market, which includes goods, online services, and digital content, reached JPY 22.7 trillion (USD 160.7 billion) in 2022, up 9.9% year on year.

The COVID-19 pandemic in 2020 and 2021 further boosted e-commerce for goods as consumers increasingly shopped online. Sales of digital content, such as e-books, music, and online games, have been rising steadily. The online services sector, including travel and restaurant bookings, suffered from pandemic-related restrictions in 2020 and 2021, but showed a recovery trend in 2022.

**Figure 1. Japan's B2C E-Commerce Market Size and Growth Trends**



Source: Ministry of Economy, Trade and Industry

Food, beverage, and alcohol is the largest segment in the e-commerce goods market, and showed extremely strong growth between 2021 and 2022. The total e-commerce sales in this segment reached USD 4.16 billion in 2022, up 9.15% from the previous year. Other categories that hold the largest shares of the e-commerce market for goods are household appliances, audiovisual, and computers; clothing and accessories; and housewares, furniture and interior design.

Still, in food, beverage, and alcohol, e-commerce sales account for only 4.2% of the segment's total market, leaving plenty of room for growth. This rate is significantly lower than other segments such as household appliances, audiovisual, and computers at 42.0%, and books, movies, and music at 52.2%.

**Table 1. Japan's B2C E-Commerce Market Size for Goods in 2022**

	Market size (USD billion)	EC as % of total category market	2021–2022 growth
<b>Food, beverage, and alcohol</b>	19.4	4.2	9.2%
<b>Household appliances, audiovisual, and computers</b>	18.0	42.0	3.8%
<b>Clothing and accessories</b>	18.0	21.6	5.0%
<b>Housewares, furniture, and interior design</b>	16.6	29.6	3.5%
<b>Books, movies, and music</b>	12.9	52.2	4.0%
<b>Cosmetics and pharmaceuticals</b>	6.5	8.2	7.5%
<b>Cars, tires, and car parts</b>	2.2	4.0	5.6%
<b>Other</b>	5.2	1.9	5.2%

Source: Ministry of Economy, Trade and Industry

### 2.1.2. B2B E-Commerce Market

The B2B e-commerce market is also an expanding market. According to METI, the B2B e-commerce market was estimated at JPY 420 trillion (USD 2.97 trillion) in 2022, up 12.8% from 2021.<sup>1</sup> E-commerce now accounts for 37.5% of the total B2B market.

While the B2C market value primarily includes one-time sales from a business to an end user, the B2B market includes products sold from primary manufacturers to secondary and tertiary manufacturers and further down the distribution chain. This is important to note if trying to compare the B2C and B2B market sizes. For B2B market value, each sale along the chain is included in the market size, resulting in a market value nearly 20 times larger than the B2C market. About one-third of the B2B market is wholesale goods; the rest includes online B2B online transactions and purchases in areas such as telecommunications, transportation, energy, finance, and manufacturing.

A high percentage of domestically produced food products are initially traded through e-commerce transactions, even if the final consumer purchase may be at a traditional retail outlet. The value of goods manufactured by domestic food manufacturing companies and then traded through e-commerce in 2022 was USD 209 billion, up 3.5% from the previous year.

### 2.1.3. Major E-Commerce Players

Japan's e-commerce landscape is dominated by the big three marketplaces which together account for 58% of the total JPY 22.7 trillion (USD 160.7 billion) e-commerce market: Amazon, Rakuten Ichiba, and Yahoo! Shopping. Marketplaces are defined as platforms where any supplier is able to open a store and display products. This contrasts with e-commerce sites controlled by a specific retailer or e-commerce brand that will be discussed in later sections of this report. Food and beverage products are one of the key categories of products traded in the main Japanese marketplaces.

<sup>1</sup> METI's estimate for B2B market size covers the categories of "Construction and Real Estate," "Manufacturing (including Food Manufacturing)," "Information and Communication," "Transportation," "Wholesale Trade," "Retail Trade," "Financial Services," "Advertising and Renting," "Travel/Hotel and Food Services" and "Entertainment." The market size is estimated based on the total sales via e-commerce for companies in the target industries.

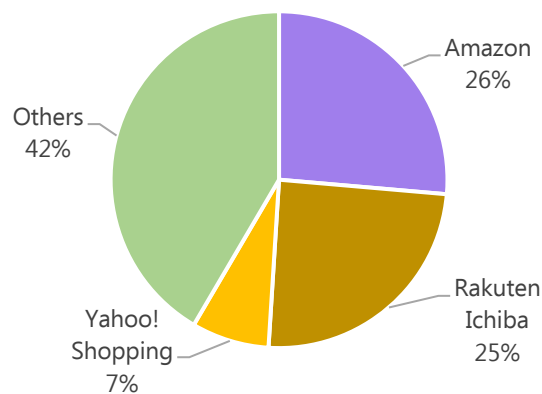
Amazon is the largest platform in Japan in terms of sales. Sales value was estimated at about JPY 6.0 trillion (USD 42.4 billion) in 2022, including direct sales by Amazon, commission income from third-party merchant sales, and sales by the merchants.

Rakuten Ichiba is the second-largest platform. Sales value was about JPY 5.6 trillion (USD 39.6 billion) in 2022. This sales value includes sales from Rakuten Ichiba as well as other services by Rakuten Group such as Rakuten Travel and Rakuten Books.

Yahoo! Shopping is the third-largest platform. Sales value was approximately JPY 1.7 trillion (USD 12 billion) in 2022. This sales value includes sales from Yahoo! Shopping as well as sales from other e-commerce services in the LY Corporation group such as LINE gift and ZOZOTOWN.

In addition to these top three marketplaces, there are countless other e-commerce sites and online shopping and delivery services, representing 42% of the total e-commerce market.

**Figure 2. Shares of the Major Marketplaces within the Japanese E-Commerce Market, 2022**



Sources: Amazon, Rakuten Group, LY Corporation, Nihon Net Keizai Shinbun, Ministry of Economy, Trade and Industry

## 2.2. Trends and Opportunities for Food and Beverage Products in E-Commerce

### 2.2.1. Major Sales Channels for Food and Beverage Products in E-Commerce

Marketplaces such as Amazon, Rakuten Ichiba, and Yahoo! Shopping play a central role in food and beverage e-commerce. Additionally, other online sites run by co-ops, direct e-commerce sales by food manufacturers, and online supermarkets also play an important role.

According to the research company Yano Keizai,<sup>2</sup> the total size of the e-commerce food market in Japan was estimated to be JPY 4.6 trillion (USD 32.3 billion) in 2022. Marketplaces accounted for 42.4% of e-commerce food sales, followed by co-ops (34.1%), direct e-commerce sales by food manufacturers (15.7%), online supermarkets (5.4%), and mail order sites for natural foods (2.4%). Marketplaces and online supermarkets have been the two segments that have grown from the previous year.

<sup>2</sup> Yano Keizai, "Press Release: Food E-Commerce Market Study Conducted (2024)," March 11, 2024, [https://www.yano.co.jp/press-release/show/press\\_id/3486](https://www.yano.co.jp/press-release/show/press_id/3486) (accessed: June 11, 2024).

### Food and Beverage Products in Major Marketplaces

The three major marketplaces, Amazon, Rakuten, and Yahoo! Shopping, host a large number of stores selling food and beverage items, including imported products. These include imported food specialty stores such as Kitchen Garden which have a larger presence in the marketplace than brick-and-mortar stores. In addition, these three major marketplaces have developed services focused specifically on online sales of food and beverage products, either as their own service or in partnership with supermarkets.

For example, Amazon Japan launched Amazon Fresh for its Prime members in 2017, although the service is limited to a large area of Tokyo and some wards of neighboring prefectures of Kanagawa, Chiba, and Saitama. Amazon also has online supermarkets together with partner supermarkets Life, Valor, Seijo Ishii, and ARCS, each with different regional and consumer focuses. Consumers can go to the Amazon platform to access these different online supermarkets. In addition, LY Corporation, which operates Yahoo! Shopping, launched Yahoo! Mart together with its other group companies in 2022 to provide a fast delivery service for groceries and daily necessities, mainly in Tokyo.

On the other hand, Rakuten Group's services on Rakuten Ichiba range from online supermarkets to online product "fairs" featuring domestic and imported food products. Rakuten Group started a partnership with Seiyu, one of the largest supermarket chains in Japan, to launch the Rakuten-Seiyu online supermarket in 2018.<sup>3</sup> Later in 2022, the company launched a new service called Rakuten National Supermarket within Rakuten Ichiba, where it partners with supermarkets nationwide to offer online grocery stores.

In addition, the Rakuten Group has been providing a platform called "Machi-Raku" in Rakuten Ichiba since 2008, which aims to promote different Japanese prefectures by selling local specialties, including food and beverage products. The "Machi-Raku" platform now sells various food and beverage products, mostly local specialties, from all 47 prefectures in Japan. Limited-time online product exhibitions are also held to promote products from specific prefectures.

As a global version of "Machi-Raku," Rakuten Group also offers a platform to conduct country-specific fairs under its Global Fair service, where food and beverage items from different countries are promoted. Countries and areas that have been featured in a Rakuten Global Fair include Canada, Europe, New Zealand, South Australia, and Thailand.

**Table 2. Food and Beverage Sales Channels in Major Marketplaces**

Marketplace	Channels/services for food and beverage sales
Amazon	<ul style="list-style-type: none"> <li>• Amazon direct sales</li> <li>• Merchant sales by third-party sellers</li> <li>• Amazon Fresh</li> <li>• Amazon online supermarkets (Life, Valor, Seijo Ishii, ARCS)</li> </ul>
Rakuten Ichiba	<ul style="list-style-type: none"> <li>• Merchant sales by third-party sellers</li> <li>• Rakuten-Seiyu online supermarket</li> <li>• Rakuten National Supermarket</li> <li>• "Machi-Raku" (for domestic local specialties)</li> <li>• Global Fair (for imported specialties)</li> </ul>
Yahoo! Shopping	<ul style="list-style-type: none"> <li>• Merchant sales by third-party sellers</li> <li>• Yahoo! Mart (a fast delivery service for groceries and daily necessities)</li> </ul>

Source: Meros Consulting

<sup>3</sup> The Rakuten-Seiyu online supermarket became a wholly-owned subsidiary of Rakuten in 2023.



### Co-ops and Online Supermarkets

In addition to marketplaces, another important e-commerce channel for food and beverage products are co-ops. According to the Japanese Consumers' Co-operative Union, there are approximately 560 regional co-operatives in Japan. Regional co-ops offer delivery services for groceries and daily necessities, which can be ordered online. Similar grocery delivery services are also offered by private companies, with Oisix by Oisix ra Daichi Inc. being the largest. Oisix is best known for its "Kit Oisix" meal kits, but also offers a range of groceries for home delivery.

Online supermarkets have been relatively slow to expand their share in the online sales of food and beverage products. The additional costs for picking and delivery have made it challenging to make online supermarkets into a profitable business. Still, it is a growing sector as major supermarkets have been putting considerable effort into developing online sales channels, including partnerships with the major three marketplaces as mentioned earlier. The main players in the online supermarket segments include AEON, Ito Yokado (Seven & i Group), Seiyu (with Rakuten), Amazon Fresh, and Life.

Imported foods are not a specialty of co-op grocery delivery services or online supermarkets, but various imported products are often included in the product offerings. The most common imported products in online supermarkets tend to be the categories of imported products that are already selling in the physical stores. Imported U.S. products include meat, some seafood, fresh produce such as citrus fruits, as well as some known U.S. imported brands.

### E-Commerce Sites of Wholesalers and Retailers Strong in Imported Foods

When it comes to imported products, in addition to the above-mentioned marketplaces and various online grocery delivery services, there are several specialized e-commerce sites dedicated to or strongly focused on imported food products. These sites are often run by importers/distributors or retailers and target both end-consumers (B2C) and businesses (B2B). Some have brick-and-mortar stores in addition to their online stores. The best examples include Costco, Kaldi Coffee Farm, and Kitchen Garden.

Although not as visible as these retailers, which also cater to general consumers, there are a number of wholesalers/distributors that distribute imported products primarily to businesses such as restaurants and bakeries. These companies also tend to have online websites where business owners can order various ingredients online. Since restaurants and bars tend to operate outside of normal business hours, online ordering has become an increasingly convenient option as these businesses can order at any time, 24 hours a day.

### 2.2.2. Well-Positioned Imported Food and Beverage Products in E-Commerce

Due to the variety of online channels in Japan selling to different markets, it is difficult to track which imported food products or categories are selling best. In general, however, consumers tend to buy products they are familiar with when making online food and beverage purchases, and are drawn to familiar brands or specialty products associated with certain regions or countries. This is especially true for higher-end products. It takes courage to buy expensive products online if you have never tried them before. The vast number of products sold through e-commerce also makes it difficult for consumers to make purchasing decisions if they are unfamiliar with the products.

The major marketplaces publish various rankings that can provide some indication of what imported products are well-positioned in e-commerce. For example, Yahoo! Shopping offers rankings of various sales categories. The ranking categories available for imported foods are beer, herbal tea, snacks (potato chips, popcorn, etc.), bread, instant noodles, chocolate and chocolate snacks, honey,

and candy. This is an indication that these eight categories of imported food and beverage products are well represented in the Yahoo! shopping marketplace.

Rakuten Ichiba, on the other hand, publishes rankings that include both domestic and imported products in major product categories such as cheese and dairy products as well as confectionery and snacks. It is thus possible to identify some imported products that are in the top rankings for these different categories (see Table 3 below).

For example, in the cheese and dairy category, Parmigiano-Reggiano from Italy, grass-fed butter from New Zealand, red cheddar from the United States, and other distinctive cheeses and dairy products representative of each country rank highly. In the confectionery and snacks rankings, a variety of nuts and dried fruit products made with U.S. ingredients were very well represented. Similarly, in the confectionery ingredients category, cocoa powder from the Netherlands, almond powder from the United States, and dry yeast from France are top sellers, while in the bread, jam, and cereal category, Manuka honey from New Zealand, croissants and other breads from France, and organic oatmeal from the United States are top sellers. Some of these products are intended for general consumers, while others, such as cheese, are sold in 1 kg units, suggesting that they are also intended for commercial customers.

**Table 3. Examples of Imported Food and Beverage Products Ranked in the Top 80 on Rakuten Ichiba, June 2024**

<b>Cheese and dairy products</b>	<b>Confectionary and snacks</b>	<b>Beer and western alcoholic beverages</b>
<ul style="list-style-type: none"> <li>• Shredded cheese (Netherlands, Denmark, Germany, etc. )</li> <li>• Parmesan powder (Italy)</li> <li>• Parmigiano-Reggiano (Italy)</li> <li>• Grass-fed butter (New Zealand)</li> <li>• Butter coffee (New Zealand)</li> <li>• Parmesan powder by Craft (U.S.)</li> <li>• Red cheddar block (U.S.)</li> <li>• Gouda block (Netherlands)</li> <li>• Frozen Mozzarella (Italy)</li> <li>• Brie (France)</li> </ul>	<ul style="list-style-type: none"> <li>• Mixed nuts (U.S.)</li> <li>• Almonds (U.S.)</li> <li>• Mixed nuts with dried fruits (U.S.)</li> </ul>	<ul style="list-style-type: none"> <li>• Brut (France)</li> <li>• Wine (various countries)</li> <li>• Whiskey (UK)</li> </ul>
	<b>Confectionary and baking ingredients</b>	
	<ul style="list-style-type: none"> <li>• Cocoa powder (Netherlands)</li> <li>• Almond flour (U.S.)</li> <li>• Dry yeast (France)</li> </ul>	
<b>Bread, jam, cereals</b>	<b>Seafood and processed seafood</b>	<b>Meat and processed meat</b>
<ul style="list-style-type: none"> <li>• Manuka honey (New Zealand)</li> <li>• Assorted frozen bread (France)</li> <li>• Organic oatmeal (U.S.)</li> </ul>	<ul style="list-style-type: none"> <li>• Boned mackerel (Norway, UK)</li> <li>• Trout salmon roe (U.S.)</li> <li>• Snow crab (Russia, U.S.)</li> <li>• Dried Atka mackerel (U.S., Russia)</li> <li>• Smoked salmon (Norway)</li> <li>• Assorted pickled fish (various)</li> </ul>	<ul style="list-style-type: none"> <li>• Ox tongue (U.S., Canada, Australia, New Zealand, etc.)</li> <li>• Roast beef (Canada)</li> <li>• Beef filet steak (Australia, New Zealand)</li> <li>• Sirloin steak (Canada)</li> </ul>

Sources: Meros Consulting based on the daily ranking search on Rakuten Ichiba (as of June 10–11, 2024)

The following table shows selected categories Rakuten Ichiba's weekly ranking for a week in July 2024 where U.S. products are particularly strong. The table shows the top 10 U.S. products in these categories.

**Table 4. Top 10 U.S. Food and Beverage Products in Selected Categories on Rakuten Ichiba's Weekly Ranking, July 2024****Sweets and confectionery**

<b>U.S. Rank</b>	<b>Item/product type</b>	<b>Package size (g)</b>	<b>Price per package (USD)</b>	<b>Unit price (USD/kg)</b>
1	Mixed nuts (walnuts, almonds, cashews)	850	9.3	10.9
2	Almonds	1,000	10.7	10.7
3	Mixed nuts (walnuts, almonds, cashews, macadamia)	850	10.0	11.8
4	Mixed nuts (walnuts, almonds, pecan, macadamia, pistachios)	320	9.9	30.9
5	Mixed nuts (walnuts, almonds, cashews,)	850	9.4	11.1
6	Mixed nuts (walnuts, almonds, cashews, dried fruit [cranberry and apple, raisins, or bananas])	700	21.5	30.7
7	Almonds and small fish	320	16.6	51.7
8	Mixed nuts (walnuts, almonds, sultana raisins, cashews)	700	18.1	25.9
9	Almonds	1,000	10.7	10.7
10	Mixed nuts (walnuts, almonds, cashews)	800	9.9	12.4

**Food**

<b>U.S. Rank</b>	<b>Item/product type</b>	<b>Package volume (g)</b>	<b>Price per package (USD)</b>	<b>Unit price (USD/kg)</b>
1	Gluten-free pasta*	80 g x 8 bundles	32.5	50.8
2	Flaked salmon	150	8.6	57.3
3	Baking soda	1,000	8.6	8.6
4	Gluten-free soumen noodle*	80 g x 8 bundles	18.4	28.8
5	Thick-sliced beef tongue	1,000	47.9	47.9
6	Assorted meats (6 kinds)	600	35.7	59.5
7	American cherries	1,000	31.4	31.4
8	Gluten-free bread*	53g x 3	28.2	177.3
9	Red snow crab	2,000	120.4	60.2
10	Red snow crab	700	42.8	61.1

\*Japanese brand made with ingredients from the United States.

**Beer & wine**

<b>U.S. Rank</b>	<b>Item/product type</b>	<b>Package volume (ml)</b>	<b>Price per package (USD)</b>	<b>Unit price (USD/L)</b>
1	Wine (Six Eight Nine)	750	18.5	24.7
2	Wine (Bread & Butter)	750	21.1	28.1
3	Wine (Six Eight Nine)	750	19.7	26.3
4	Wine (Big Smooth)	750	14.2	18.9
5	Wine (Opus One)	750	451.4	601.9
6	Wine (10 bottles)	750 ml x 10 bottles	43.4	5.8
7	Wine (Y by yoshiki)	750	42.6	56.7
8	Wine (Franzia)	3000 ml x 8 boxes	103.9	4.3
9	Napa Highlands	750	34.3	45.7
10	Pinot Noir (8 bottles and 8 kinds)	750 ml x 8 bottles	77.4	12.9

*Water & soft drinks*

<i>U.S. Rank</i>	<i>Item/product type</i>	<i>Package volume (ml)</i>	<i>Price per package (USD)</i>	<i>Unit price (USD/L)</i>
1	Apple cider vinegar (2 bottles)	946 ml x 2 bottles	27.0	14.3
2	Apple cider vinegar (1 bottle)	946	14.8	15.6
3	Apple cider vinegar (4 bottles)	946 ml x 4 bottles	46.5	12.3
4	Coffee (6 bags)	198 g x 6 bags	54.9	46.21 USD/kg
5	Water (96 bottles)	500 ml x 96 bottles	10.0	0.2
6	Apple cider vinegar (1 bottle)	437	11.4	26.1
7	Coffee (6 bags)	198 g x 6 bags	55.7	46.9
8	Coffee (drip bag) (10 bags)	10 bags	9.9	138 USD/bag
9	Water (12 bottles)	1500 ml x 12 bottles	24.2	1.3
10	Rooibos tea (50 bags)	50 bags	6.4	18 USD/bag

Sources: Meros Consulting based on the weekly ranking search on Rakuten Ichiba (in July 2024)

### 3. Major E-Commerce Players

#### 3.1. Major Marketplaces/Platforms

The three major marketplaces (Amazon, Rakuten Ichiba, and Yahoo! Shopping) dominate the e-commerce market. Their market share and large customer base makes them attractive entry points for establishing an e-commerce presence in the Japanese food and beverage market. However, each marketplace has benefits and challenges which need to be carefully considered before planning the next steps in an e-commerce market development plan.

The primary feature of a marketplace is that any seller can register and sell products, following the marketplace's rules and conditions. While Amazon, Rakuten, and Yahoo! are all considered marketplaces, they have slightly different structures. The main distinction is that Amazon is "product-based," meaning it is a platform where sellers list individual products. In contrast, Rakuten and Yahoo! are "store-based," where sellers establish stores to sell one or more products.

For imported food and beverage products entering the Japan e-commerce market, Amazon and Rakuten tend to be the top choices. Foreign sellers are often already familiar with Amazon, as it is a global platform with a similar interface around the world. It is relatively quick to set up an Amazon account, and the Japan-based site even allows sellers to set up and manage their accounts in English.

Rakuten, on the other hand, is Japan's largest homegrown e-commerce marketplace. Rakuten's store template allows sellers some design flexibility compared to Amazon, which helps them tell their brand story, add images, and stand out from other sellers. However, the digital platform for managing the shops is only available in Japanese.

For both Amazon and Rakuten, it is crucial to have Japanese-speaking partners support the design of the pages, as page content and customer service for both marketplaces must be provided in Japanese.

Yahoo! Shopping is usually a lower priority as a food and beverage entry point because it has a smaller customer base with a higher share of male customers, who are not the core target for most imported food products. Other reasons that make Yahoo! a lower priority include the need for a registered office in Japan and no English support. Nevertheless, some sellers do open stores for their imported food products on Yahoo!, usually after establishing a presence on the other marketplaces.

**Figure 3. Product-Based Marketplaces and Store-Based Marketplaces**



Source: Meros Consulting

### 3.1.1. Rakuten Ichiba

#### Japan's E-Commerce Giant Strong in Food and Beverage Products

Rakuten Ichiba is Japan's own e-commerce giant, offering a “store-based” marketplace. Consumers visit the site as if they were in a shopping mall, going to different stores and comparing products. The marketplace is generally considered a good place to sell food and beverage items because of its “store-based” setup, where sellers can develop detailed and sophisticated store and product pages to explain the brands or stories behind the products. The fact that the marketplace is particularly popular among women in their 30s to 60s, a key customer demographic for many food items, also makes Rakuten a good option for companies targeting this demographic.

Top sellers in the food and beverage categories on Rakuten Ichiba include various imported specialty products. Rakuten also offers a sales option to develop country-specific “fairs” under its Global Fair service. This makes Rakuten appealing for products that can be sold under a country-specific umbrella, a promotion offering not found on other marketplaces. On the other hand, the sheer number of stores and products on Rakuten makes it difficult for a particular product to stand out, and keyword searches can produce a dizzying number of options.

Like all marketplaces, driving customers to a product and remaining high in the keyword search rankings requires in-marketplace advertising and promotion to targeted potential customers through Rakuten's member network. Rakuten's marketing and promotion options are vast and require discussion with Rakuten representatives to choose the most appropriate options for a product, depending on a seller's goals and budget.

In addition to the Rakuten e-commerce platform, the Rakuten Group offers a variety of other services such as credit cards, mobile phone services, and travel reservations, all of which require customers to sign up as Rakuten members. This provides Rakuten with a huge database of potential customers, and extensive data on the purchasing patterns and behavior of these members. Rakuten can then target potential customers of a food product in their marketplace with direct advertising, themed email magazines, and other marketing tools. Users of each Rakuten service earn Rakuten Points that can be used across all Rakuten services; many Japanese customers choose Rakuten Ichiba because they can earn and use Rakuten Points.

#### Using Rakuten for Cross-Border E-Commerce

Rakuten Ichiba has a cross-border e-commerce program which allows U.S. companies that do not have branches or distributors in Japan to sign a contract with service partners approved by Rakuten Ichiba to open a store. This option is only available to companies in seven countries, including the United States and Canada. If a U.S. seller does not have a local Japanese branch or distributor/agent based in Japan, Rakuten will need to physically visit the U.S. seller's office and facilities. Arranging this visit can take considerable time.

Foreign sellers are assigned an English-speaking Rakuten advisor for free to support the initial contract and screening process, account set-up, and support after shop opening. However, Rakuten Merchant Server (RMS), which is the tool sellers use to create and manage their shop and product pages, is only provided in Japanese. Sellers will be responsible for managing all store operations in Japanese including store set-up, customer support, page maintenance, order and return management, and marketing campaigns. As such, foreign companies most often hire an agent who will develop

their shop and handle Rakuten operations in Japan, or work with distributors who have existing Rakuten stores.

Foreign sellers can choose from two main shop plans: Standard Shop Plan or Mega Shop Plan. The Mega Shop Plan allows sellers to list an unlimited number of items, while the Standard Shop Plan has an initial listing capacity of 20,000 items. The contract is for one year and the basic fee structure for both plans comprises a one-time registration fee, monthly fixed fee, and total commission of 8–10% of the monthly sales. It costs a minimum of JPY 660,000 (USD 4,730) to open and maintain a store for one year with the Standard Shop Plan. After the first year, a minimum of JPY 600,000 (USD 4,300) per year is required to maintain the store. In addition to these fixed costs, sellers will need marketing and promotional plans to drive customers to their Rakuten site and ensure that they remain high in the search rankings. These advertising costs can vary greatly depending on which plan is used and for how long. Additional costs include brand building activities outside Rakuten and fees for hiring an agent, if needed.

Rakuten Ichiba offers a logistics service called Rakuten Super Logistics (RSL). If foreign sellers use RSL, they must send their products to Japan through their own importer or use Rakuten's importing service to deliver and store their products in Rakuten's warehouse in Japan. Rakuten will pack and deliver the products to customers when an order is placed.

### Advantages and Challenges


Apart from its large user base, the key advantage of Rakuten Ichiba is the relative flexibility of the store and product page design, which allows sellers to create detailed and sophisticated pages, similar to a brand webpage. This is especially true compared to Amazon. Product page design on Rakuten Ichiba allows numerous photos and detailed product descriptions, which makes it easier to illustrate the story and features of the products — particularly important for selling food and beverage items. However, templates do have some limitations on the number of characters and photos, making it more constricted than designing a brand website or one's own e-commerce site.

While Rakuten has sales representatives in the United States and provides various support services in English, new sellers may still feel that the store registration process is complicated and time-consuming. The effort needed to design dedicated store and product pages, as well as the costs associated with setting up and operating a Japanese-language online store, often make Rakuten hard to consider without an agent, distribution partner, or office in Japan. Customer service and relationship management also require communication in Japanese. Therefore, in practice, running a successful Rakuten store requires a native Japanese speaker on the ground in Japan who has a deep knowledge of the e-commerce market and Rakuten's algorithm, and can stay up to date on new features or changes in the services.

Therefore, Rakuten shop operation is often best supported by local agents and distributors who are familiar with the site. This is likely to be a more realistic option for medium-sized brands, rather than small brands, that already have some experience with brand building and new market entry, and can commit to the timeframe and marketing budget that is needed to build customer awareness of a new product in e-commerce.



## Rakuten Ichiba in a Snapshot

	<p><b>Basic information</b></p> <p><b>Company:</b> Rakuten Group</p> <p><b>Total domestic Group sales:</b> JPY 6 trillion (USD 43.1 billion) in 2023<sup>4</sup></p> <p><b>Registered users:</b> 100 million+<sup>5</sup></p> <p><b>Number of shops:</b> 57,000</p> <p><b>Key demographic:</b> Women (particularly over 30)</p> <p><b>Strong categories:</b> Fashion, food, health food, cosmetics and beauty</p>
<p><b>Features</b></p> <ul style="list-style-type: none"> <li>• Store-based platform.</li> <li>• Flexible templates to design store pages and product pages with images and text.</li> <li>• Rakuten Merchant Server (RMS) portal, which enables sellers to create and manage their shop and product pages. It is only offered in Japanese.</li> <li>• Wide range of advertising and promotion tools within the Rakuten universe of companies to precisely target consumers.</li> <li>• Rakuten Points, earned by using other Rakuten services, can be used on Rakuten Ichiba.</li> </ul>	<p><b>Seller requirements</b></p> <ul style="list-style-type: none"> <li>• It is possible to sell products on Rakuten Ichiba without having a business entity in Japan.</li> <li>• However, sellers are responsible for managing all store operations in Japanese. For this reason, foreign sellers often work with a local agent who operates the shop on their behalf.</li> </ul>
<p><b>Logistics services</b></p> <ul style="list-style-type: none"> <li>• Offers Rakuten Super Logistics (RSL), a service which handles distribution on the seller's behalf. Sellers must arrange for their products to be stored in Rakuten's warehouse and RSL will do the rest. RSL does not include customer service.</li> <li>• Sellers are not required to use RSL and can also use their own fulfillment systems.</li> </ul>	<p><b>Getting started</b></p> <ul style="list-style-type: none"> <li>• A seller who wants to set up an account on Rakuten Ichiba must first create a seller account <a href="#">here</a>. A list of necessary documents can be found <a href="#">here</a>.</li> <li>• If you do not have a local Japanese office or an agent, Rakuten will need to visit your overseas office before approving an account.</li> <li>• After approval, the seller can access the Rakuten Merchant Server (RMS) to design the shop and product pages.</li> <li>• A Rakuten consultant/advisor proficient in English will be assigned to assist the set-up process.</li> </ul>

<sup>4</sup> Rakuten Group sales includes other businesses besides Rakuten Ichiba, including Rakuten Travel and other services. Press release, [https://corp.rakuten.co.jp/news/press/2024/0214\\_07.html](https://corp.rakuten.co.jp/news/press/2024/0214_07.html).

<sup>5</sup> Rakuten website, <https://corp.rakuten.co.jp/careers/services/>.



### 3.1.2. Amazon Japan

#### Familiar and Relatively Easy-to-Approach Option

Amazon is a familiar marketplace for most U.S. companies and is often one of the first options that is considered for entering the Japanese e-commerce market. Amazon has made it easier for international merchants to list products. Amazon is a “product-based” platform, and sellers create a page for each product rather than a storefront. Product pages are easy to create using Amazon’s simple template. This allows for quick setup. The fixed fees are lower than Rakuten Ichiba.

While a variety of food and beverage items are sold on Amazon including refrigerated and frozen products, the marketplace is known more as a place to purchase boxes of beverages or larger bulk packages of food and less as a place to purchase imported specialties or gift foods, although these products are available. According to Amazon rankings,<sup>6</sup> examples of top-selling items in the Food, Beverage & Alcoholic Beverage category include bottled water, tea, and energy drinks sold in boxes of 24 bottles as well as food items such as ready-to-heat packaged rice and pasta sold in multi-packs. Amazon is the preferred platform for younger men in Japan, particularly those aged 18–35. As such, it is a particularly important platform for food and beverage products targeting this demographic.

Whether Amazon is right for a particular food brand will depend on the product and target audience, but e-commerce support providers or agents in Japan often recommend that foreign sellers start with Amazon because of the ease of set-up, especially if the seller already has an Amazon account elsewhere in the world.

#### Using Amazon for Cross-Border E-Commerce

Foreign companies can sell products on Amazon without having a business entity in Japan. Unlike Rakuten Ichiba, a seller can set up and manage an account in English through Seller Central, a portal for managing the account, adding product information, making inventory updates, and managing payments. No fee is required to set up an account. A variety of information to navigate Amazon business for sellers is available in English. However, support from native Japanese speakers familiar with the market is essential to write product descriptions in Japanese with the appropriate keywords and localized consumer appeal, as well as to handle customer complaints and negative reviews in Japanese.

A seller can choose between Amazon’s two plans with different fee structures: the individual plan and the professional plan. The individual plan costs JPY 100 (USD 0.72) per unit sold, and the professional plan costs JPY 4,900 (USD 35) per month, regardless of the number of units sold. Similar to Rakuten Ichiba, sellers need to budget for promotion and advertising within Amazon to bring products to the top of the search rankings and drive consumers to the product. In addition, there are sales commission fees which vary by product category.

Sellers need to be aware that food and beverage items are a category with some specific policies and restriction. For certain food and beverage products, brands and categories, the seller needs to obtain approval from Amazon before listing the product.<sup>7</sup> This also applies to alcoholic beverages. Additional information on Amazon’s policies for selling food and beverage products can be found [here](#).

<sup>6</sup> Based on the Amazon ranking over several days in July 2024.

<sup>7</sup> <https://sell.amazon.co.jp/grow/category/grocery>

Amazon offers the logistics service Fulfillment by Amazon (FBA), which provides distribution and customer service for sellers. This service is also available to foreign companies without a business entity in Japan, although it is necessary to appoint an Attorney for Customs Procedures (ACP) or an Importer of Record (IOR) in Japan to get products into Japan and moved to the Amazon warehouses. Customers using FBA are eligible for Amazon's "Prime" program. Designated "Prime" products are prioritized in the ranking algorithm and are also guaranteed free and fast delivery. Unlike Rakuten's logistics service (RMS), Amazon handles fulfillment complaints on behalf of sellers, which may be helpful for foreign sellers who do not yet have representatives in Japan to handle complaints.


Amazon also offers their Multi-Channel Fulfillment (MCF) service that will fulfill orders made on other platforms such as Rakuten or Yahoo!.

### **Advantages and Challenges**

As mentioned above, the relative ease of getting started is Amazon's greatest strength for foreign sellers. Seller Central, which enables account management in English, and the FBA service, which includes customer support for dealing with fulfillment complaints, also set Amazon apart from other marketplaces.

However, because Amazon is a "product-based" platform, competition is ultimately on price, and sellers must remain very price competitive. The design options for product pages are also limited. The simple Amazon product page template does not give sellers much chance to provide brand or product stories, or examples of product usage. For this reason, sellers often supplement Amazon listings with stores on other e-commerce sites or their own brand website, as well as other brand awareness raising activities.

## Amazon in a Snapshot

	<p><b>Basic information</b></p> <p><b>Company:</b> Amazon Japan G.K.</p> <p><b>Sales:</b> JPY 6.0–7.0 trillion (USD 43–49 billion), 2023<sup>8</sup></p> <p><b>Active users:</b> 47 million (number of visitors in Dec 2021)<sup>9</sup></p> <p><b>Key demographic:</b> Younger men (18–35 years old)<sup>10</sup></p> <p><b>Strong categories:</b> Computer and smartphone peripherals, books, daily necessities (e.g., toilet paper, detergent)</p>
<p><b>Features</b></p> <ul style="list-style-type: none"> <li>Product-centered platform.</li> <li>Simple template for product pages.</li> <li>Registration of an account, management of products, and inquiries to Amazon can all be done in English through Seller Central.</li> <li>The seller can choose between two plans, the individual plan and the professional plan, which have different fee structures. For more details on the fees, check <a href="#">here</a>.</li> </ul>	<p><b>Seller requirements</b></p> <ul style="list-style-type: none"> <li>It is possible to sell products on Amazon without having a business entity in Japan. However, to use FBA, you must appoint an Attorney for Customs Procedures (ACP) or an Importer of Record (IOR) in Japan. For more details, see <a href="#">here</a>.</li> <li>In order to list new food and beverage products, the seller needs to use the professional plan and meet Amazon food and beverage requirements.</li> <li>Support from native Japanese speakers is essential. Sellers need to write localized product descriptions in Japanese and respond to customer complaints and negative reviews in Japanese.</li> </ul>
<p><b>Logistics</b></p> <ul style="list-style-type: none"> <li>Offers Fulfillment by Amazon (FBA), which handles all the packing, shipping and subsequent customer service.</li> <li>Customers using FBA are eligible for Amazon’s “Prime” program.</li> <li>Amazon’s Multi-Channel Fulfillment (MCF) service fulfills orders from other platforms such as Rakuten Ichiba.</li> <li>Click <a href="#">here</a> for more details on FBA, and <a href="#">here</a> for more details on MCF.</li> </ul>	<p><b>Getting started</b></p> <ul style="list-style-type: none"> <li>A seller who wants to get started on Amazon can create a seller account <a href="#">here</a>.</li> <li>Once the account is approved, the seller will have access to Seller Central, where they can add product information, update inventory, manage payments, etc.</li> <li>For products that are already listed on Amazon by other sellers, the new seller needs to check for the product code such as JAN (Japan Article Number) and to list the product. Images must be unique for each product page, so if there are other sellers selling the same product, all existing product images need to be checked to ensure there are no duplicates.</li> </ul>

<sup>8</sup> An estimate based on 2023 sales. This value includes direct sales by Amazon, commission income from third-party merchant sales, and sales by the merchants.

<sup>9</sup> “Nielsen Announces Usage of Online Mall Services Based on Monthly Total Report of Digital Content Viewership,” Nielsen news release, February 25, 2022 ([https://www.netratings.co.jp/news\\_release/2022/02/Newsrelease20220225.html](https://www.netratings.co.jp/news_release/2022/02/Newsrelease20220225.html)).

<sup>10</sup> Ibid.

### 3.1.3. Yahoo! Shopping

#### A Top Three Marketplace, but with Less Focus on Food and Beverage Products

Yahoo! Shopping is the third-largest platform in Japan in terms of sales. Yahoo Japan Corporation, the original operator of the marketplace, was merged with LINE Corporation, Japan's largest social media platform, and became LY Corporation in 2023.

Yahoo! Shopping is another “store-based” marketplace, and sellers have relative freedom to design their storefronts. One feature of Yahoo! Shopping is that sellers can place external links on store and product pages, directing consumers to their brand websites and social media accounts, which is not allowed on Rakuten and Amazon.

There is a wide range of food and beverage items on the marketplace. According to Yahoo! Shopping's annual food and beverage category rankings, the top-selling items include cartons of beverages such as water and soft drinks, bags of mixed nuts, frozen seafood, and cartons of frozen ready-to-eat retort packaged meals. Similar to Amazon, Yahoo! Shopping's main user base is men in their 30s to 50s.

#### Cross-Border E-Commerce is Not Possible with Yahoo!

Only companies with a registered office in Japan may open a store on Yahoo! Shopping. To sell on Yahoo! Shopping, sellers outside of Japan must either establish a local office or work with a representative agent or distributor in Japan. All information about Yahoo! Shopping, including the registration process, is in Japanese and the marketplace does not offer support in English. Therefore, it is essential to have Japanese speaking person who can support both account registration and store operations.


Unlike Rakuten, there is no fee to open and maintain a store. Sellers only pay a commission to Yahoo! Shopping! when their products are sold.

Yahoo! Shopping has partnered with domestic shipper Yamato Transport to provide logistics services. Sellers can store their products in Yamato's warehouse, and Yamato packages and delivers products to consumers when orders are placed. As with Rakuten, this service does not include customer support services such as responding to complaints, nor does it handle returns.

#### Advantages and Challenges

The relatively low cost of opening and maintaining a store on Yahoo! Shopping may make it an attractive option for sellers who have a representative in Japan. It is often considered as an inexpensive add-on once a seller has established Amazon or Rakuten Ichiba shops and if the product has potential to appeal to the Yahoo! demographic.

## Yahoo! Shopping in a Snapshot

	<b>Basic information</b> <b>Company:</b> LY Corporation <b>Sales:</b> JPY 1.67 trillion (USD 12 billion), 2023 <b>Active users:</b> 23 million (number of visitors in Dec 2021) <sup>11</sup> <b>Key demographic:</b> Men in their 30s to 50s <b>Strong categories:</b> Daily necessities (e.g., contact lenses), supplements, electronics
<b>Features</b> <ul style="list-style-type: none"> <li>• Store-based platform.</li> <li>• No fixed fee to open and operate a store (only commission fee).</li> <li>• All information about Yahoo! Shopping is in Japanese and no English support is provided.</li> <li>• </li> </ul>	<b>Seller requirements</b> <ul style="list-style-type: none"> <li>• Must have a registered office in Japan to open an account.</li> </ul>
<b>Logistics</b> <ul style="list-style-type: none"> <li>• Partners with Yamato Transportation.</li> <li>• Sellers store products in Yamato's warehouse, which then packages and delivers them to consumers upon order.</li> </ul>	<b>Getting started</b> <ul style="list-style-type: none"> <li>• Copies of company representative's government-issued ID (e.g., a driver's license) and corporate registration are required to open a site.</li> <li>• Account application is <a href="#">here</a> (in Japanese). The screening process takes about 2 to 10 days after submitting the documents.</li> <li>• Once an account is registered, the Store Creator Pro tools can be used for designing the shop's page and registering products.</li> </ul>

## 3.2. Other Marketplaces and E-Commerce Sites

### 3.2.1. Marketplaces Outside the Big Three

Besides Rakuten Ichiba, Amazon, and Yahoo! Shopping, there are several smaller or specialized marketplaces such as au PAY Market and Giftmall. au PAY market (formerly au Wowma!) is an emerging marketplace run by one of Japan's largest telecommunication companies, KDDI. Giftmall is a marketplace specialized in gifts, and it handles a variety of gourmet specialties. Both sites are considered to be fairly domestically oriented in terms of both products and sellers.

#### au PAY Market

au PAY Market is a relatively new marketplace that was launched in 2017 as au Wowma! and became the current au PAY in 2020. It is operated by telecom giant KDDI and au Commerce & Life, Inc. Its main user base is au (KDDI) mobile phone users, although it has expanded its users to include non-au mobile phone users through partnerships especially with the Lawson convenience store chain. Although it is still much smaller than the top three marketplaces in terms of the number of users and sales, it is a growing marketplace that is sometimes considered the fourth-largest in Japan.

<sup>11</sup> "Nielsen Announces Usage of Online Mall Services Based on Monthly Total Report of Digital Content Viewership," Nielsen news release, February 25, 2022 ([https://www.netratings.co.jp/news\\_release/2022/02/Newsrelease20220225.html](https://www.netratings.co.jp/news_release/2022/02/Newsrelease20220225.html)).

Like Rakuten Ichiba and Yahoo! Shopping, au PAY Market is “store-based.” Food and beverage products are one of the main categories of products sold on the marketplace. Mixed nuts and various varieties of rice were among the top-ranking items for 2023 in the food and beverage category. While domestic brands are relatively strong, some foreign brands can be found in certain product categories, such as cheese and dairy products as well as jams and honey products.

The main users of the au PAY market are consumers in their 30s and 40s, and the vast majority of users use smartphones to make their purchase.

As with Yahoo! Shopping, only companies with a registered office in Japan can have a store on au PAY Market. All information about au PAY Market is in Japanese. Companies outside of Japan must either establish a local office or find a distributor in Japan.

### Giftmall

Giftmall, launched in 2014, is the largest online marketplace specialized in gifts. There are more than 3,500 stores on Giftmall selling products suitable to give as gifts, including gourmet delicacies. The majority of users are in their 30s, and the ratio of female to male users is approximately 60/40. Giftmall is the most popular site for online gift shopping and has grown over the years as more and more consumers buy gifts online.

Giftmall is also a “store-based” marketplace. Sellers who wish to display their products can apply to open a store, and if approved, can open a store in about one month. There are no initial or fixed costs, but there is a sales commission. In exceptional cases, for products with a very high sales potential, Giftmall will purchase and sell the products on its own.

Food and beverage products are one of the key categories of gifts sold on Giftmall, with various sub-categories including “Gourmet Specialties,” “Alcoholic Beverages,” and “Exquisite Sweets.” While foreign brands are relatively limited, there are some shops that specialize in imported products or use imported products in gift sets, like selected whiskeys or beers.

Companies from outside Japan cannot open a store directly and must go through a distributor or representative office in Japan. Sellers cannot fulfill orders directly from the United States to Giftmall customers and must maintain inventory in Japan.

### 3.2.2. Other E-Commerce Sites

Besides the marketplaces, there are many other e-commerce sites in Japan selling food and beverage products. Some of these have brick-and-mortar retail shops as well.

However, unlike a marketplace, these sites do not freely allow sellers to register and sell their products. Each of these online retailers will have its own criteria for what products it will carry and will require an application or negotiation process for acceptance. In almost all cases, communication with these retailers must be in Japanese. Therefore, foreign brands usually need their local Japanese office, agent, or importer/distributor to handle the process.

### E-Commerce Sites by Retailers and Grocery Delivery Service Providers

The top two e-commerce sites in Japan in terms of overall sales and which also have a relatively large food and beverage presence are **Yodobashi** and **Bic Camera**. While home appliances are their traditional focus, these sites, especially Yodobashi, carry a wide variety of food and beverage

products including chilled and frozen products. Various imported food and beverage products can also be found, listed by the names of the manufacturer or importer. They also have a wide range of alcoholic beverages in their product portfolio.

**Oisix** is the largest e-commerce site dedicated almost exclusively to food products. The site is run by Japan's largest meal kit subscription service company and sells both meal kits and premium food products. While the items sold on Oisix are primarily domestically sourced, the company handles some imported products. It has featured imported foods in the past, including specialties from different countries such as Italian cheese and ham as well as U.S. potato chips.

Other major food and beverage-related e-commerce retailers by sales volume include **AEON**, a leading supermarket, and **Kakuyasu**, a large liquor retailer. Other major supermarket chains have also developed online channels, including Ito Yokado (Seven & i Group), Seiyu (with Rakuten), and Life.

In many cases, new sellers find it easier to be accepted onto retailers' online supermarkets than the physical stores, as the online stores are always looking for new and diverse products. Retailers also sometimes use their online channel instead of physical stores to introduce new products to the market to test price points and consumer interest. If products sell well online, it is then easier to discuss accessing these retailers' physical stores.

In any case, foreign sellers must conduct rigorous negotiations and provide assurances of supply stability and quality to make their way to one of these major online supermarkets.

### E-Commerce Sites of Retailers Specialized in Imported Foods

Major retailers that are dedicated to or strongly focused on imported food products also have online shops, in addition to their physical stores. The best examples include **Costco**, **Kaldi Coffee Farm**, and **Kitchen Garden**.

**Costco** opened its first physical store in Fukuoka, Japan in 1999 and has grown to 33 stores nationwide. In 2020, Costco Japan opened an online store where members can purchase Costco products online. In addition, there is a growing number of "resellers" who resell Costco products, as well as major marketplaces where third-party sellers sell Costco products. Costco has also gained recognition among Japanese consumers as a destination (both physical and online) to purchase imported food products and goods not normally available in general supermarkets.

**Kaldi Coffee Farm (Kaldi)** is a retailer specializing in imported foods. It began as a coffee wholesaler in 1977 and has since grown into a large network of stores across Japan selling coffee and selected imported foods and wines. In addition to its 499 brick-and-mortar stores nationwide, the company launched an online store in 2020, allowing it to reach more consumers.

Another example of a retailer specializing in imported food and beverage products is Hori Corporation's **Kitchen Garden**. The company opened its retail store in central Tokyo in 1989, specializing in imported food products. While it only has one physical store, Kitchen Garden has a large online store on Rakuten Ichiba. The company also launched a website in 2022 called "The Eating Style," which provides information on the food cultures and histories of different countries, food trends, and various other food-related topics. In the past, the company has partnered with embassies and food export associations to highlight the products of specific countries, such as imports from the Netherlands.



Other retailers with e-commerce sites and a wide range of imported foods in their product portfolio include **Seijo Ishii** and **Meijiya**, which sell more premium products, and **Gyomu Super**, which sells lower priced options.

### Other

A fast-growing e-commerce site, especially for health foods and supplements, is **iHerb**, one of the world's largest online retailers based in California. To be listed on iHerb, companies must register as suppliers, and iHerb selects the products to be sold on its sites. As such, it is similar to any physical retailer that selects its products based on its own criteria. Products are shipped directly to Japanese consumers from the company's distribution centers, primarily its regional distribution center in South Korea. Foreign health food and nutritional supplement companies looking to build awareness of their products in the Japanese market may find this a useful option, as they can communicate directly with iHerb without going through a Japanese agent or importer/distributor.



## 4. Weighing Your Options

### 4.1. Main Patterns for Accessing E-Commerce

While there are many e-commerce marketplaces and sites for imported food and beverages, sellers typically follow several main patterns for entering the Japanese e-commerce market.

Every good e-commerce strategy starts and ends with the same elements. It starts with due diligence and basic market research to understand the new product's competitive position, and grows through patience and long-term commitment to the market. Building a new business in Japan takes time – often longer than sellers have found in other markets. Success in the Japanese e-commerce market requires building awareness of your products among consumers, driving traffic to your site, and developing trusting relationships with partners who can help grow the online business.

Finding the right partners may take many discussions and visits to Japan to find the right fit. Alternatively, discussions may make clear that it is not currently the right timing for a seller to try to enter the Japan market.

The main options for accessing e-commerce (which are not necessarily mutually exclusive) include:

- Selling directly on the main **marketplaces** with the support of e-commerce marketing and operations partners
- Working with **distributors** to access e-commerce channels
- Building the brand's **own e-commerce site**

#### 4.1.1. Jumping into the Marketplaces

Sellers who want to dive right into the e-commerce marketplaces often turn to **e-commerce support companies** that offer services ranging from regulatory compliance support and acting as an Importer of Record, to setting up marketplace shops and fulfillment services, supporting marketing activities, and acting as the business' representative and day-to-day operator in Japan.

These agents may be able to work with distributors or other sales support the seller identifies in Japan, or directly help a seller access other e-commerce retail sites.

Marketplaces work well for:

- Sellers who can assure fast delivery times
- Sellers whose expected sales can justify the cost of fulfillment services to take care of shipping, packing, and returns
- Sellers who want the advertising power and services of the main marketplaces
- Sellers whose prices will be competitive on marketplaces
- Sellers who need a “proof of concept” and evidence of demand in order to approach other distribution or retail partners

Choosing the best e-commerce options will depend on the seller. However, if the seller already has an Amazon account elsewhere, a common recommendation is to start with Amazon, while planning entry onto other sites. Most food sellers ultimately want to be on Rakuten due to its large user base of women (the core of the imported food consumers) and the option to design extensive product pages to help tell the brand story.

#### **4.1.2. Working with a Distributor**

Distributors will allow access to a wider range of both physical and digital channels.

E-commerce distributors tend to place new products on their own marketplace shops or on their own e-commerce sites. They often have an existing e-commerce strategy for new products and there may not be much room for the seller's input. However, they may offer wider sales support, including customer service.

Finding a distributor can be a long process. Patterns that are most common are conventional approaches that take time and patience:

- Attend key Japanese expos and trade shows for your product category, like FoodEx and FABEX and category specific shows. Also attend overseas expos regularly attended by Japanese distributors, such as ProWine for wine and spirits or the Global Seafood Expo for seafood.
- Join U.S. embassy missions to Japan that introduce participants to the market and potential partners.
- Contact a variety of e-commerce support agents to discuss whether they would be a good fit and what timelines and budgets are realistic.

For all these discussions, it is the responsibility of U.S. sellers to come into the discussion armed with basic market research on the competitive situation and pricing for their product in Japan. It is not the potential business partner's role to do basic due diligence, and being unprepared will not help the process.

#### **4.1.3. When to Make a Brand's Own E-Commerce Website**

Unless a brand already has wide consumer awareness in Japan, such as a product that is already well-known in other global markets or has a strong following among Japanese tourists to a specific U.S. region, setting up a brand's own e-commerce site is unlikely to be the first step. This is due to the difficulty of driving consumers to an unknown brand without the advertising power of the main e-commerce marketplaces.

Instead, relatively early in their e-commerce journey, brands tend to opt to make a brand website to tell their story and direct consumers to outside sales channels. Once a brand is more established in Japan, they may choose to have their own e-commerce site and fulfillment models, rather than solely use marketplaces or distributors sites.

#### 4.1.4. Aiming for Omnichannel Marketing

The increasingly common strategy for new sellers into Japan is to aim for omnichannel marketing. This is the concept of offering sales over a variety of channels, including marketplaces, brand e-commerce sites, and physical retail, as well as sales through social media channels, such as Instagram or Line. This strategy relies on online and offline marketing activities to drive consumers to various sales channels.

Good omnichannel marketing requires understanding the purchasing preferences of different consumer segments and making sure they can easily purchase products, no matter how they prefer to purchase – online, offline, or in-app purchasing.

Because new sellers tend to aim for both online and physical retail channels, e-commerce is increasingly used by new sellers to establish a sales record, test pricing strategy, and collect positive reviews as a way to ultimately approach traditional retailers. E-commerce experience thus serves as proof of sales potential.

E-commerce is not likely to be a brand's only channel, but it might be their first.

Many sellers treat their initial e-commerce launches as a risk mitigation strategy while they are starting their marketing activities and connecting with more potential distributors and channels. They may not be making profits yet at this stage, but they are recouping at least some of the costs of the initial investments into localized Japanese marketing materials and shipments of initial inventory into Japan.

#### 4.1.5. Setting Your Budget Expectations

In addition to the fixed costs of operating a marketplace shop, all new sellers will need to be prepared for the marketing, advertising, and human resources needed to operate the shop. All Japan's marketplaces are pay-to-play models. Without in-marketplace advertising, new products will be left undiscovered on the vast sites and low in the search rankings. While the budgets will certainly vary depending on the product and the sales expectations, industry experts provide some rules of thumb:

- Expect to spend 1/3 of the retail price on advertising and marketing
- Expect to spend a minimum of USD 1,500 a month per marketplace on advertising for a new product

These budgets may include both in-marketplace advertising and external activities and promotion. To hire an agent to act as the local operating partner for e-commerce sales and marketing in Japan, expect to budget in the range of USD 60,000 for the first year, similar to the salary of a mid-level sales representative.

#### 4.1.6. Mastering the Algorithm

All e-commerce platform sales are driven by users' keyword searches, and new or unfamiliar products are unlikely to be used keywords by shoppers, nor appear high in the algorithm search ranking. If a product does not show up on the first page of options for a keyword search, it is not likely to make many sales. Therefore, the challenge for the seller is to get on the first page of the search rankings by focusing on search engine optimization (SEO) of the product page text, constantly

improving the key metrics for marketplace rankings, and paying for promotion services offered by the marketplace.

Each marketplace's algorithm has its own characteristics. For example, Amazon's algorithm for ranking products weighs factors such as previous sales volume, sales growth, positive customer reviews, and Prime membership. Rakuten has included "number of clicks" on a product listing as one factor for raising a ranking. A keyword search on Rakuten may result in many products appearing in the search results, and the best thumbnail photos are likely to yield a higher click-through rate.

Marketplaces provide sellers with monthly data analytics reports including information on key metrics, such as how your product ranks in searches against other similar products. It is important to analyze these reports, identify poor metrics, and work to improve them. Some of the variables that can affect the search rankings on Japan's main marketplaces include:

- **Number of units sold:** Number of sales made and number of people who saw your product and bought it (conversion rate)
- **Sales growth:** Speed of growth improves the ranking
- **Fulfillment system:** Platforms prioritize sellers using their fulfillment systems. Using Fulfillment by Amazon (FBA) gives sellers the "Amazon Prime" logo and boosts the ranking. For Yahoo, this is the "Blue Ribbon Delivery" rating.
- **Shipping fulfillment rate:** How often orders are fulfilled within the expected timeframe. This is especially important for businesses that do their own order fulfillment.
- **Brand registry:** Identifies brand owners to help protect their intellectual property. Brand registry products are likely to have a higher ranking.
- **Price:** Being price-competitive within the product category
- **Review and customer ratings:** Positive reviews and customer ratings improve the ranking, while negative reviews hurt the ranking.

The features that are most heavily weighted in search rankings can change and are not necessarily transparent. It takes effort to master the algorithm and stay at the top of keyword searches. This is another reason new sellers need to be working with partners in Japan who are deeply familiar with the marketplaces the sellers choose.

#### 4.1.7. B2B E-Commerce

As mentioned in the background section, a large volume of B2B sales are done online, mostly through distributors' own e-commerce sites. The main marketplaces like Amazon and Rakuten have not established themselves as B2B channels. There are B2B-focused sites for some industries, such as M Mart which specializes in seafood and offers food products for food service.

For smaller and specialty products, such as craft beer or condiments and sauces, one B2B pattern involves first building recognition of the brand and its products among a core segment of food service buyers. The seller and its Japanese sales representative then build a Japanese B2B e-commerce site using an existing e-commerce shop building tool like Shopify, and allow food service buyers to register and then purchase the products directly in their required volumes. This enables the seller to have direct communication with food service clients.

The branded B2B site is part of a larger sales strategy with outreach and brand awareness and promotion activities targeting food service, chefs, bartenders, food manufacturers, or other relevant B2B buyers.

#### **4.1.8. The Importance of Good Customer Service**

Japanese consumers have high expectations for customer service. This includes not only fast and reliable delivery times, but also clean and neat packaging and quick responses to inquiries. New sellers must have plans in place to ensure high-quality service and respond to any consumer dissatisfaction promptly. As the number of non-Japanese sellers has increased in Japanese e-commerce in recent years, so has the number of communication and service issues. As a result, some Japanese users are cautious about buying products from foreign sellers on Amazon.

A poor first impression is unlikely to attract repeat customers.

## 5. Regulatory and Tariff Issues

### 5.1. Cross-Border E-Commerce

Whether U.S. suppliers are exporting food and beverage products to Japan for e-commerce or traditional retail sales, the same import regulations and tariffs apply.

However, if an e-commerce site uses a cross-border, direct-to-consumer (D2C) model for customer order fulfillment, there are some differences in the application of regulations and tariffs.

These two main patterns for fulfilling orders of food and beverage products on e-commerce are:

**Commercial export/import:** In this pattern, a supplier will formally export products to Japan and store these products in a warehouse. The warehouse may be owned or rented by the importer, sales agent, or local Japan office of a supplier, or it may be the warehouse managed by one of the major e-commerce platforms. Customer orders are shipped from these warehouses. The majority of e-commerce follows this model.

**Cross-border e-commerce:** This pattern is often called cross-border e-commerce from the supplier's side, or "personal imports" when seen from the Japan import side. In this D2C fulfillment model, products are ordered online by a customer in Japan and the products are shipped directly to the customer from overseas, usually using a courier service like FedEx or DHL. In this case, the buyer is legally considered to be the importer and the goods are considered to be for personal use rather than commercial sale, hence the term "personal imports."

Typical food and beverage products that have been observed in Japan to have a D2C model from the United States include coffee, tea, packaged goods like popular breakfast cereals or confectionaries unavailable in Japanese retail, as well as premium or limited-edition products like craft spirits. The shipping costs and shipping time will be significant, so this option tends to be most common for products that are lightweight, not urgent, and unique enough that they are not easily substitutable with products already available in Japan.

There is no specific, legal definition of personal imports, and Japan Customs has the discretion to judge whether a shipment falls under personal imports based on factors such as the import volume and frequency of shipments to a particular buyer. Generally, if the import volume is more than 10 kg, it can be considered a commercial import. However, even if a shipment is less than 10kg, Customs may determine a shipment is a commercial import if shipments to a buyer are considered to be too frequent.

#### 5.1.1. Developments in Japanese Policy Towards Personal Imports

The volume of personal imports has been increasing in Japan for a number of reasons. Overall, e-commerce is growing, and both Rakuten and Amazon have allowed cross-border fulfillment for products sold from stores on their Japanese platform. In recent years, D2C models like drop-shipping, where customers place orders with an online seller who then instructs the manufacturer,

often in China, to directly ship the product to the buyer in Japan, have proliferated in e-commerce, particularly in apparel and consumer goods.

However, as the number of personal imports has increased, government concerns have increased about safety issues within many product categories, as well as the tax compliance of online stores on Japanese e-commerce platforms with a cross-border fulfillment model, especially in terms of Japanese consumption tax (JCT). This prompted planning by relevant Japanese authorities to tighten the regulations on products coming into Japan through personal imports.

This planning was accelerated due to a 2024 food safety incident involving a red yeast rice (*benikoji*) supplement from Kobayashi Pharmaceutical, a Japanese health supplement producer, which resulted in the death of an undetermined number of consumers and many hospitalizations. The incident sparked immediate increased scrutiny of production, import, and sales of health supplements, and is expected to be a catalyst for greater regulation of both domestic and imported supplements and health food products.

Two of the initial categories to be addressed were toys and lithium ion batteries, both of which have received attention for safety issues. In these cases, products will be required to have an importer in Japan to take legal liability. Products must be formally imported into Japan, and personal imports will no longer be allowed. For the food and beverage sector, the first area that is likely to see changes is supplements. Currently, Japan does not have a specific definition of supplements. Instead, products are either regulated as a food or a quasi-drug, depending on composition. However, industry experts expect that supplements will be explicitly defined and placed under a regulatory agency.

Other food and beverage categories are also expected to be addressed in turn. But because of the complexity of food regulations, as well as the implications for food security and obligations under trade agreements, it is expected that e-commerce regulation for food and beverage will be one of the later categories to be addressed to ensure that regulatory changes do not result in bottlenecks in any essential food product categories. The timeline is difficult to predict, but many industry experts are working under the assumption that most personal imports will be eliminated by 2028.

For this reason, it is not recommended that a D2C fulfillment model be considered as the foundation of e-commerce strategy in Japan. Instead, cross-border D2C fulfillment may be an option in the short-term as an in-country fulfillment system is developed. U.S. e-commerce suppliers will need to be ready to adapt as the laws continue to change.

## 5.2. Importing for E-Commerce

The majority of food and beverage products sold through e-commerce are imported into Japan and stored in a warehouse before being sent to the buyer. The process for importing food and beverage products will vary somewhat by product and product category. This will require discussion between the U.S. supplier and the importer to ensure all required documentation is supplied.

Importers must notify the Japanese government before each shipment arrives and submit a dossier of required documents, including the manufacturing process flow, the ingredients by share, a copy of the product label, any required lab testing, and other documents depending on the product category. The first time a product is imported, the approval process can take one to two months and may



include additional documentation requests. Further shipments of the same product by the same importer will generally take far less time to be approved.

In addition, after being approved for import, products will need a customs clearance representative to shuttle products through customs. In practice, products can regularly be held up at Customs, often for reasons that are not quickly apparent, and despite having been imported successfully in the past. This is particularly frustrating for food products with an expiration date. Having a reliable partner on the Japan side to communicate and negotiate with Japan Customs and other relevant Japanese agencies is essential for addressing any customs issues.

While international shippers like FedEx or DHL will handle customs clearance for sellers using cross-border fulfillment, these shipping companies are not equipped to negotiate with Customs to clarify issues with specific shipments, and problematic items will be returned (or destroyed) if Customs finds them in violation of any regulation.

The Agricultural Trade Office (ATO) of the U.S. Embassy in Japan and Meros Consulting have created 24 detailed product-specific [Export Guides](#) that outline the import requirements and documents for each product in a variety of categories. It is highly recommended that suppliers become familiar with the requirements of the import process and communicate closely with the importer and the ATO if there are any concerns.

Products that are shipped to Japan as personal imports do not need to go through the notification process. However, they do need to list the HS Code on their packaging materials in order for the product to pass through Japan Customs and clear any tariff payment requirements. Any products or ingredients that are [banned from import to Japan](#) are also illegal for sales through cross-border fulfillment.

### 5.2.1. Food Safety Compliance Issues

The Food Sanitation Act is the most critical law controlling food and beverage imports and sales in Japan, and applies to all food and beverage products regardless of category.

The Act sets rules regarding food sanitation issues such as food additives, agrochemical residues, contamination of harmful substances, manufacturing processes, and packaging and labeling. Food and beverage products that do not meet these requirements cannot be imported into Japan.

One of the most common reasons for U.S. processed foods being found to be ineligible for import is the inclusion of unapproved additives or additives that exceed allowable standards. Food additive rules in the United States and Japan are not necessarily the same and must be checked carefully. Cases have been reported of products aimed at Japanese e-commerce sales that have needed to reformulate their recipes to conform to Japanese regulations on food additives.

Japan has a positive list system for food additives, which means a food additive is not permitted unless the Ministry of Health, Labour and Welfare (MHLW) has explicitly approved it. Food additives include vitamins, minerals, amino acids, flavors, colors, and post-harvest agrochemicals. For some food additives, MHLW defines allowable standards, including accepted usages, target food products, and tolerance levels. The lists of these additives can be found [here](#). The list is updated regularly.



Importers will confirm the legal compliance of a new product to be imported through prior consultation with the relevant quarantine station of Japan Customs, so U.S. suppliers should be prepared to provide documentation of all ingredients and additives used.

### 5.2.2. Food Labeling Requirements

Japan's Food Labeling Act also regulates food and beverage product labeling. Under this act, the following information must be included in the label for processed food:

- Name of the product
- Ingredients, other than additives, in descending order of weight
- Food additives in descending order of weight and on a separate line from other ingredients
- Net weight in metric units only
- Shelf life (best-before date or use-by date)
- Storage instructions
- Country of origin of the finished product

In addition, food labels usually include:

- Importer information (name and address)
- Allergen information
- Nutritional content
- Recycling symbol

Product labels can be placed or printed on products in the United States or attached in Japan before commercial distribution.

For food products, only alcoholic beverage product labels are subject to inspection at customs clearance. However, all labels are subject to ongoing in-market monitoring inspections by prefectural Health Centers. If a Health Center finds that your product label is incorrect, a product recall may be ordered.

U.S. exporters should be aware of Japanese business practices regarding shelf life, especially the benchmark "One-Third Rule." This rule refers to the business practice in which importers or distributors must deliver products to retailers with at least two-thirds of the best-before period still valid. For example, if the product has 90 days from the manufacturing date to the best-before date, then the product must be delivered to the retailers within 30 days. In the case of e-commerce, each e-commerce platform has its own rules about shelf life. Therefore, U.S. exporters should confirm this point during their export planning stage.

### 5.2.3. Labeling Claims

Product descriptions cannot be misleading, false, or exaggerated. For example, health supplements cannot claim to be "the best" for a health issue or claim that the effects are "wonderful." Other terms, such as "natural," may not be permitted in some cases.

Some food products, such as dairy products, have additional labeling requirements based on industry standards. For dairy ingredients, follow MHLW's Ministerial Ordinance on Ingredient Specifications for Milk and Dairy Products.

<https://www.mhlw.go.jp/english/topics/foodsafety/dl/t-1.pdf>

For more information, see the MHLW's labeling guidelines for health claims:

<https://www.mhlw.go.jp/english/topics/foodsafety/fhc/index.html>

For further support related to food labeling, the Food Labeling Division, Consumer Affairs Agency has a consultation service, although it is available in Japanese only:

[https://www.caa.go.jp/policies/policy/food\\_labeling/information/contact/](https://www.caa.go.jp/policies/policy/food_labeling/information/contact/)

USDA also creates an annual report with an overview and update of Japan's food and agricultural import regulations and standards. The latest USDA report, which includes updated details about Japanese food label regulations, can be found [here](#).

#### 5.2.4. Food and Beverage Categories of Note

Products in the following four food and beverage categories may need additional planning before export to Japan. Consultation with relevant authorities will be especially important before shipping to Japan.

**Table 5. Food and Beverage Categories of Note**

Products	Import regulations
<b>Health supplements, health food products</b>	Supplements can be tricky as they may be categorized as “food” or “pharmaceutical” depending on the ingredients, form, and labeling. If classified as a food, commercial imports are subject to food import regulations and personal importing is allowed within the food limit volumes. If the supplement is classified as a pharmaceutical, then the product must meet the regulations outlined under the Pharmaceuticals and Medical Devices Act, and the commercial import process is more complex than for a product categorized as a food. The correct category and allowable volumes can be determined through consultation with the Ministry of Health, Labour and Welfare (MHLW) and Japan Customs.
<b>Vegetables, fruits, seeds, grains, beans, tea, coffee beans (green), herbs, spices, etc.</b>	Plants are subject to phytosanitary quarantine inspection, whether for commercial sale or personal use. However, they may be exempt from inspection if they are highly processed. Certain fresh fruits and vegetables are currently prohibited or have special requirements to import.
<b>Meat and meat products, dairy products, etc.</b>	Meat and dairy products must have a sanitary certificate and are subject to sanitary quarantine inspection, whether for commercial sale or personal use. Certain meats and products containing those meats are currently prohibited or have special requirements for import.

**Alcohol products**

Commercial alcohol importers must have an alcohol importation license. Liquor tax will be applied to imports and the Japanese label will be inspected at Customs. Alcohols that include plants such as herbs and botanicals may fall under the regulations of the Pharmaceuticals and Medical Devices Act, especially if the herbs are not common in Japan.

## 5.3. Tariffs

### 5.3.1. Customs Value

The customs value is the taxable value on which a tariff rate applies. Commercial imports with a customs value of JPY 10,000 or less are exempt from tariffs. If the customs value is between JPY 10,001 to 200,000, simplified tax rates apply; these rates can be found [here](#).

Depending on the purpose of the import, the method of calculating the customs method changes, as shown in the table below.

**Table 6. Calculating Customs Value for Commercial Imports and Personal Imports**

Import type	Calculation method of customs value
<b>Commercial imports</b>	Price of goods + Insurance fee + Freight fee (CIF price)
<b>Personal imports</b>	60% of price of goods

Below is an example of how customs value for commercial imports compares to personal imports, when insurance and freight costs are the same.

**Table 7. Sample Comparison of Customs Values of Commercial Imports and Personal Imports**

**Sample import conditions**

- Price of goods: JPY 10,000
- Insurance fee: JPY 1,000
- Freight fee: JPY 1,000

**Customs value for commercial import:**

JPY 10,000 (price of goods) + JPY 1,000 (insurance fee) + JPY 1,000 (freight fee)  
= JPY 12,000 (customs value)

**Customs value for personal import:**

JPY 10,000 (price of goods) × 60% = JPY 6,000 (customs value)

### 5.3.2. Tariffs

Under the U.S.-Japan Trade Agreement (USJTA), enacted on January 1, 2020, nearly 90% of U.S. food and beverage products receive preferential tariff rates when imported into Japan. The remaining 10% receive the WTO rates. The most recent preferential tariff rates and WTO rates can be found [here](#).

Tariff codes should be checked carefully before exporting because the Japanese classification can sometimes be different from the U.S. classification. Tariff codes (HS codes) must be listed on any products shipped to Japan, whether they will be commercial imports or personal imports.

In Japan, there is an advanced ruling system in which importers can inquire about the tariff classification and tariff rate before importation and receive an official response from Customs. This system allows importers to calculate costs accurately and facilitates export planning. The details of this system can be found [here](#) in English.

To receive preferential tariff rates under the USJTA, importers must prove the origin of the products. Japan Customs publishes a [guide](#) to obtaining preferential treatment. Japan Customs also offers an advance ruling on origin, with more details available [here](#).

**Table 8. Applicable Tariff Rate by Price of Goods (Commercial and Personal Imports)**

Price of goods (commercial imports)	Price of goods (personal imports)	Tariff/duty rate
JPY 10,000 or less (CIF price)	JPY 16,666 or less	No tariff
JPY 10,001 to 200,000 (CIF price)	JPY 16,667 to 333,333	Simplified tariff rates
More than JPY 200,000 (CIF price)	JPY 333,334 or more	Preferential tariff or WTO rates depending on the product category

As we can see in the table above, small shipment values can be exempt from tariffs. This is important for e-commerce sellers who plan to fulfill orders directly to customers as personal imports. If the price of goods shipped as a personal import is above JPY 16,666, the buyer in Japan can be liable for the tariff payment and consumption tax. After the goods arrive with the purchaser, the international courier will bill the purchaser for the tariff and consumption tax.

Not all Japanese consumers are used to purchasing imports directly from overseas, and sometimes will not realize that they may have to pay a tariff and consumption tax. Therefore, any U.S. sellers who plan to fulfill e-commerce orders in a D2C model must make it clear on their online site that orders shipped to Japan over JPY 16,666 may be liable for duty and consumption tax.

Some sellers will not ship orders that exceed this value.

### 5.3.3. Consumption Tax

In addition, consumption tax is imposed in general on all goods imported into Japan. The standard consumption tax rate is 10%, with a lower rate of 8% for food and beverage.

For personal imports with a customs value of JPY 10,000 or less, there is no consumption tax levied. The amount of consumption tax payable on imported goods is calculated on the basis of the customs value of the goods plus customs duty payable. Depending on the product, other excise taxes may be applied.

For further information about tariff rates and duty rates, see the USDA [Export Guides](#) and the Japan Customs [website](#).

## 6. Fulfillment and Logistics Planning

While weighing the various options for e-commerce sales, understanding the pros and cons of fulfillment and logistics options is important for market development planning.

The price of shipping and other in-country fulfillment logistics is included into the final retail price, so knowing these costs is essential for price-setting. There is no single logistics and fulfillment model that will work for all products and brands. The fulfillment strategy is likely to change over time as the business grows.

While some new sellers choose to fulfill cross-border, or with one of the marketplace fulfillment services, while they get a sense of the market and verify their pricing strategy, the ultimate goal of most U.S. suppliers is to move towards maintaining inventory in Japan at a warehouse arranged by a distributor, agent, or the U.S. supplier's own Japan office. This allows the seller full control of inventory and the customer fulfillment experience.

### 6.1. Pros and Cons of Major Fulfillment Options

The main models for fulfillment are:

- Direct cross-border fulfillment
- E-commerce marketplace fulfillment services
- Distributor's logistics (owned or rented warehouse, owned or hired logistics)

Many companies and their Japanese partners end up using a combination of these models.

Below are some of the characteristics and pros and cons of these methods.

#### 6.1.1. Cross-Border Fulfillment

In the cross-border fulfillment model, the Japanese buyer is considered to be the importer, purchasing goods for personal use. The benefit of this model is that the seller does not need to maintain inventory in warehouses in Japan. However, the downside is long shipping times and the difficulty for Japanese buyers to return damaged goods. Japanese consumers expect fast shipping and returns at the expense of the shipper. Sellers must make clear on the e-commerce site that the products are being sent from overseas, and that buyers will need to wait longer than they may be used to.

Cross-border works best as a temporary model fulfillment while brand awareness raising activities are starting and a scalable fulfillment system is designed. This model is best for sellers with small or light products with long expiration dates. Food products like tea, coffee, and health foods have been seen to use this model. Shipping costs tend to be economically unfeasible for heavy items, including beverages and other liquids, and it is generally unrealistic to ship frozen or fresh foods direct to consumers overseas.

### 6.1.2. E-Commerce Marketplace Fulfillment Services

The major marketplaces all offer various fulfillment services, such as Amazon's Fulfillment by Amazon (FBA) and Multi-Channel Fulfillment (MCF), Rakuten's Rakuten Super Logistics (RSL), and the partnership between Yahoo! and Yamato. Amazon's services are the most comprehensive, as they offer both customer service support options as well as fulfillment of orders from other marketplaces, including Rakuten or Yahoo!, through MCF.

The advantage of these services is that sellers merely need to get products to the marketplace's warehouse, and the marketplace logistics services will do the rest. However, the services can be costly for sellers who do not expect to sell sufficient volume to cover the service fees. In addition, sellers may eventually want more control over the customer experience and more service or cost flexibility.

Nevertheless, it is not uncommon for distributors to use a marketplace fulfillment service as one part of their e-commerce fulfillment strategy.

Note that U.S. sellers will still need an Importer of Record to import the products, clear customs, and move goods to a warehouse.

### 6.1.3. Distributors' Own Logistics Systems

Distributors will have their own logistics system using owned or third-party warehouses and contracted shipping and delivery services. These logistics services can be used to deliver goods from a seller's warehouse to the marketplace's warehouses, or to help fulfill customer orders. Working with a distributor's existing logistics services or working with them to develop services for a new U.S. product will likely be more cost-effective long-term than marketplace services, especially once sales begin to scale.

Many distributors have their own e-commerce sites, and are often also familiar with selling on the main marketplaces and other e-commerce sites.

Even if a new U.S. seller starts initially with a marketplace fulfillment service, the most common goal is to ultimately identify a distributor or agent who will be able to customize fulfillment services for a U.S. company's specific product and needs and also help get the products onto non-marketplace e-commerce sites as well as into other channels, such as physical retail channels.

The third-party warehouse and logistics services tend to not be available in English, so coordination will require the help of a local business partner.

### 6.1.4. Combining and Customizing Fulfillment Services

It is not uncommon for foreign sellers and their Japanese partners to end up using more than one of these models. For example, a distributor may send a certain volume of product to a marketplace warehouse to be used for fulfillment of orders placed through just that marketplace. At the same time, the distributor will handle logistics and delivery of sales made via their own e-commerce website through other contracted shipping services. In another case, a local agent may recommend keeping inventory in Japan in a contracted warehouse for their top product and fulfill orders for other

new or less popular products through direct cross-border fulfillment until the new products reach a certain level of sales.

Japanese importers and distributors often work with one of the three main domestic delivery services: Yamato Transport (also known as “Kuroneko”/Black Cat) is the leader in delivery volume, followed by Sagawa and Japan Post, Japan’s national postal service.

Many distributors and sellers based in Japan will contract with one company to handle their domestic fulfillment. Package pick-ups and labels can be arranged online, and services include pick up at the seller’s office or warehouse. Domestic delivery is usually very fast (one to two days), due to both the efficiency of the services and the density of the Japanese urban population. Customers can easily arrange for redelivery to their house through phone or website.

Yamato and Sagawa, as well as some of the main online marketplaces’ fulfillment services, have partnerships with convenience store chains, with options for sending or receiving packages at convenience store outlets. Japan Post is also a fast and reliable service. The best shipping partner will depend on price and the range of services required, including the size of packages to be shipped, the delivery time needed, and whether international shipping returns out of Japan will be needed.

## 6.2. Handling Returns

By law, the returns policy must be listed on the e-commerce site, with a return address for products. If using one of the marketplace fulfillment services, including Amazon’s FBA or Rakuten’s RSL, returns will be handled as part of the service agreement. In this case, products will be returned to the marketplace warehouse and the cost will be charged to the seller.

If a seller is working with a distributor, the returns are often handled case by case, after direct email communication with the customer. In the case of food, the buyer is often encouraged to keep or dispose of a product if it is damaged or was mistakenly shipped, and a replacement is sent.

In other cases, the distributor or buyer arranges a return pick-up by their contracted domestic shipper. For sellers planning to do cross-border fulfillment, returns are more difficult and must be arranged with an international shipper, such as FedEx, DHL, or the international services of domestic shippers such as Yamato or Sagawa. Japanese buyers will be more familiar with the services and systems of the three main Japanese shippers than with FedEx or DHL.



## 7. Marketing and Growing a Brand

There is nothing more critical to success in e-commerce than marketing and growing brand awareness. Putting a product on an e-commerce marketplace will result in sales only if consumers are driven to the site and persuaded to purchase.

Therefore, the core of an effective marketing strategy for an e-commerce business is a deep understanding of the Japanese market for your product, consumers, and competitors. Based on this understanding, marketing activities can be designed to drive traffic to your e-commerce sites. For most products, marketing activities are a combination of online and offline activities. Initial marketing planning activities are often in motion before the first shipments even reach Japan.

### 7.1. Approaches for Marketing and Brand Growth

Growing a viable business in Japan takes patience and long-term commitment to build trust and awareness in the market. While sellers and their Japanese partners will usually be able to verify within a year whether the price point is appropriate and consumer demand exists, sellers should be willing to commit to several years to grow the demand and develop a returning consumer base.

#### 7.1.1. Understanding the Basics of the Market

Effective U.S. sellers do basic market research before attending any expos or business meetings in Japan. Basic online market research on the e-commerce sector can be done from the United States using online translation tools. Key questions to investigate include:

- What other products in my category are being sold, and from what countries of origin?
- What e-commerce sites are they found on (marketplaces, retailer sites, brand's own sites, etc.)?
- Who are the main sellers and brands?
- What are the prices? Are they different from my expected price?
- What are the shipping fees, fulfillment methods, and delivery timeframes offered by others?
- What product characteristics are competitors emphasizing on their product pages? How would I differentiate my product?

With this basic information, U.S. sellers will be better able to discuss market development potential with importers, distributors, or marketing partners.

#### 7.1.2. Marketing Partners

Effective marketing will likely require the help of Japanese marketing professionals, whether for translation and content creation, web and shop design, or promotion activity planning. In some cases, a product's importer/distributor will have these services available or directly add the new product to their own online marketplace shops and own e-commerce site. Agent and representation companies also often offer content and marketing support services internally or help arrange third party content and marketing support. Alternatively, some U.S. companies engage marketing partners who specialize in branding, social media content, or events and promotion to handle campaigns or brand

website design. As product sales in Japan grow, additional local marketing support and expertise is likely to be added.

### **Telling a Unique Story is Critical**

Storytelling is essential for educating consumers about a new brand and building a loyal customer base. Food and beverage categories can be crowded and competitive, and consumers will not necessarily use keywords in online searches that will easily bring them to new U.S. products online.

A unique story showcasing the history, people, or place behind the product will help differentiate a U.S. product in a crowded market. This story must be in Japanese, with images and messages that resonate with the target consumer. Localized content is essential, and the story must be clear and consistent across all channels a brand uses, both online and offline. It cannot be assumed that images or recipes that appeal to U.S. audiences will also appeal to Japanese audiences, so it will be important to work with partners who are deeply familiar with Japanese consumer markets.

Effective messaging in Japan includes messages on food safety, manufacturer reliability, unique heritage, personal stories of people behind the product, as well as healthy lifestyle trends. However, getting the right message will require insights from local partners or marketing service providers.

### **Identifying the Appropriate Search Words for Your Content**

E-commerce is driven by keyword searches and algorithms. High search rankings are necessary to get products shown to online buyers, and these rankings depend on using the right keywords for your content. New sellers and their partners will discover the best keywords at first through some trial and error. Once a marketplace shop is established, it takes a constant eye on site analytics to identify what keywords are bringing people to the site and which of these people end up purchasing. These keywords must be then incorporated into the brand's e-commerce site content.

### **Building a Brand Site**

Many new sellers start with a product page on a marketplace, but most sellers will eventually find it useful to create a Japanese language brand website (not an e-commerce site). As most brands aim ultimately for an omnichannel sales strategy, with consumers able to purchase the product across a variety of digital and physical sales channels, the brand website serves as a central hub for storytelling, for directing B2C customers to online and offline sales points, and fielding B2B inquiries.

For additional information on marketing U.S. brands in Japan with local partners, please contact the ATO in Tokyo.

### **7.1.3. Online and Offline Advertising and Promotion**

There is no one-size-fits-all strategy for building a brand in Japan. However, for online sales success, the key goal is driving customers to a product on an e-commerce site, converting their visits to sales, and then encouraging reengagement and repeat sales. Raising consumer awareness and driving them to online sites is usually done with a combination of online and offline promotion.

As mentioned in the previous section on e-commerce platforms, much of the online advertising for products on one of the main marketplaces will be done with in-marketplace promotion and advertising services, complemented often with other options such as paid search advertising on Google or other sites.

Activities for consumer marketing of food and beverage products include pop-up shops and restaurant promotions, collaboration with complementary products such as a sauce promoted together with a meat product, working with social media influencers such as celebrities or prominent social media accounts in the target category, and encouraging user-generated content (UGC) across the Japanese social media platforms a brand chooses to use. UGC can include encouraging online product reviews and social media hashtags, incentives to consumers who post on their own social media about a product, or holding social media photo competitions.







#### **7.1.4. Use of Social Media**

It is very likely that social media will be integrated into any brand building strategy in Japan and will be one driver of customers to a product's online sales points. A general sense of the top social media platforms will be useful when discussing with local marketing partners. Many of Japan's top social media platforms will be familiar to American suppliers, with the possible exception of Line, Japan's most popular social media app, which focuses on text messaging and video chat and allows users to connect with friends and businesses. In-app purchases of products are increasing, especially on Instagram where consumers can click-to-buy directly in the social media platform, rather than being taken to an external e-commerce site.

Successful social media strategies require localized, native Japanese content that is customized to the target audience. This will require local partners who are familiar with both effective use of each app and how to appeal to the target audience.

For food and beverage companies in Japan, YouTube, Instagram, and increasingly TikTok tend to be the most common social media for consumer brand building. They are particularly important for showing products and brand stories visually. All offer various tools and paid services for targeting specific audiences with advertising or promoted content.

**Table 9. Monthly Active Users and User Bases of Japan's Top Social Media Platforms**

	97,000,000	Line	Broad usage across all age groups
	71,200,000	YouTube	Broad usage across age ranges, 40% over 45
	66,500,000	X	Large share of users in their 20s; average age is 37
	66,000,000	Instagram	Majority teens and 20s; women are over half of users
	27,000,000	TikTok	Majority teens and 20s
	26,000,000	Facebook	Mainly users over 30 for business use

Source: Cominco.jp, as of September 2024

However, the social media platforms a new supplier uses, and the amount of effort expended on social media, may depend very much on the product and target audience. In some cases, organically trying to build a social media following is not the first step recommended because building such a following can take years of consistent quality content. Posts on a social media account with few followers will not be very effective.

Instead, newcomers may choose to work with existing Japanese social media influencers or build their own following on key social media platforms through tie-ups with other businesses, paid promotion of certain social media posts, and incentives for following the brand account, such as a free sample or discount coupon at an event or pop-up shop for those who show they are following the brand account.

Influencer activities that have been seen with food and beverage products include working with influencers to use or introduce products on their channels, and inviting influencers to the United States to document a harvest, production process, and local ways of consuming or cooking with products.

## 8. E-Commerce Readiness: A Checklist

Commitment and persistence are vital for successfully conducting business in Japan, no matter what channels and consumers are targeted. E-commerce is no exception. Long-term, sustainable growth requires strong Japanese partnerships and continuous monitoring of the market.

However, creating successful relationships often takes planning and multiple visits to Japan, as well as patience as you and your Japanese partners work out import regulations, logistics, and marketing details. While some Japanese distributors and e-commerce retailers are comfortable in English, in general you must be prepared for limited English. You must also be prepared to localize all e-commerce content into Japanese to fit the product's target consumers.

Below is a basic checklist of points to consider as U.S. companies focus their efforts and make necessary decisions as they prepare to explore the Japanese e-commerce market.

### 1. Preparing for Japanese e-commerce:

Assess your experience and motivations. This will help you better determine what Japan market information is most important.

- ☐ Have you ever been to Japan? What makes you curious about Japan?
- ☐ Are you ready to commit significant time to researching and visiting the market?
- ☐ Are you prepared to be patient and build a business over time?
- ☐ Have you ever exported before or done overseas business collaborations?
- ☐ Have you ever used e-commerce channels in any markets? What did you learn?

### 2. Conducting basic market research:

Any potential seller to Japan needs to actively conduct market research on their product category and its competitors.

- ☐ Who are the main players in your product category?
- ☐ What e-commerce marketplaces and sites can they be found on?
  - What products and brands compete with your product in Japan?
  - At what prices?
  - What information, stories, and types of images do they use?
  - How would you differentiate yourself from these competitors?
  - Based on existing products in the Japan market and their target consumer demographic, what target consumers or users do you think may fit your product?

### 3. Considering your e-commerce expectations:

- ☐ What is your expectation in terms of sales volumes, time commitment, and marketing budget?
- ☐ Assess what resources you already have in terms of existing distribution partners, agents, or contacts in the Japan market. What resources do you still need to find?
- ☐ Are there people on your team who are familiar with Japanese e-commerce and can keep on top of the changing marketplace algorithms?
- ☐ Are you prepared to visit the Japan market, participate in relevant trade shows and industry events, and get continuous feedback on your products?
- ☐ Have you researched the different platforms that might be a fit for your product, the fulfillment options, as well as the regulatory and tax implications?
- ☐ If you are thinking of initially trying a D2C model, what would the final retail price need to be, including courier shipping, tax, and marketing costs? Is that a competitive price?

- ☐ Have you considered how you will handle customer inquiries and complaints, product returns, and negative reviews on e-commerce sites, all of which require Japanese language ability?
- ☐ Finding good partners at this stage is essential. Are you prepared to meet as many people as you can and ask questions?

#### **4. Preparing for regulatory compliance to import a food or beverage product into Japan:**

Most e-commerce sellers eventually want inventory warehoused in-country in Japan. There will be a variety of information and documentation needed for a food product to be imported into Japan. Here are some of the steps you'll need to be prepared for:

- ☐ Determine the product category of your product (packaged food, supplement, dairy product, etc.) and what import regulations it must be in compliance with based on its ingredients, including additives, chemicals, or animal product ingredients.
- ☐ Prepare an ingredient list and manufacturing process flowchart.
- ☐ Know the tariff classification and any customs duty for your product.
- ☐ Determine what labeling rules you must comply with.
- ☐ Make sure your importer has all the documents they request.
- ☐ Be prepared for intensive and patient communication with your Japanese partners, especially in terms of preparing for export and coordinating logistics. Building respectful and trusting relationships with partners at this stage is essential for success in the Japan market.

#### **5. Developing your longer-term marketing plan: It is often said that getting into the Japan market once is possible but staying in the market is the bigger challenge.**

- ☐ How will you and your partners raise awareness of your product?
- ☐ How will you communicate with customers and encourage repeat customers?
- ☐ Create a clear and compelling story and test it out with Japanese contacts. What is your brand story and how are you unique?
- ☐ Become familiar with Japanese social media and digital marketing trends, a key for B2C.
- ☐ If you will sell B2B, who is your target customer and how can you raise awareness of your products among this target? What additional distribution and sales support may be needed?

#### **6. Expecting some cultural differences in business situations in Japan. Here are several common points of etiquette to keep in mind:**

- ☐ Business card culture is strong in Japan and an essential part of a proper self-introduction. Meet Japanese counterparts with your business cards ready. Offer and receive with two hands and treat the cards respectfully, placing them in a card holder – not your back pocket!
- ☐ Personal trust and relationship building are essential. Expect to visit Japan regularly to create personal relationships.
- ☐ Conflict or direct rejection is socially avoided. Instead of saying no or rejecting an offer, say that you will think about it. Allow your Japanese counterpart to save face.
- ☐ Japanese companies tend to be slow in decision-making. Company hierarchy requires several layers of agreement, and this can take time. Additional questions and clarification may be requested. Patience is mandatory.
- ☐ English comprehension levels can be lower than expected. Japanese counterparts may feel more comfortable with written English. Prepare materials that are simple, visual, and use numbers and data.
- ☐ Serious Japanese importers will often want to visit your facilities. Be sure you are inviting senior decision-makers from your potential Japanese partner who can convince colleagues of the safety, quality, and uniqueness of your product.