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### E-Commerce for Foods in Japan

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**Report Highlights:**

Japan's retail market is undergoing a significant change as consumers of all generations increasingly embrace the Internet and mobile technologies. In recent years, the retail industry has seen a series of launches of e-commerce services offered by both traditional and entrepreneurial companies. As a result, online sales, while still relatively small, are now growing at double digit rates, dwarfing the growth of overall retail market. E-Commerce has both advantages and disadvantages. While it can increase the exposure of your product, e-commerce is a much more crowded shopping space. Almost all e-commerce sites procure from local importers. Therefore, to enter the e-commerce market, imported products generally must be represented by an importer first. Once that chain is established, there are many avenues that U.S. exporters can take to enter the on-line market. This report, covering Japan's online retail market extensively, will examine how the country's e-commerce players are responding to the emerging opportunities and its implications for U.S. companies.

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### Chapter I: Overview

#### A. History

Japan's e-commerce market began to expand in the late 1990's, when Japan's internet businesses started to blossom. One of the first online shopping malls, Rakuten Ichiba, was created in 1997 by Rakuten Inc., an e-commerce and Internet service company. The move was followed by Yahoo Japan Co. in 1999, which also launched an online mall Yahoo! Shopping. ES books, the origin of Seven Net Shopping run by Seven & i (which owns Seven-Eleven convenience stores) also goes back to the same year. A year later Amazon debuted in Japan with an online bookstore. These moves prompted scores of new e-commerce launches from both entrepreneurs and traditional retailers in the following years.

The market has since grown rapidly at double-digit rates, initially led by sales of books and CDs/DVDs, and soon by a variety of items including electronics and home appliances. As the market picked up pace, it was Rakuten and Yahoo which provided a crucial e-commerce platform and paved the way for tens of thousands of small and medium-sized merchants to enter into e-commerce. Amazon, meanwhile, continued its expansion in Japan, first offering just books while also developing its marketplace for third party vendors.

Initially, many Japan's brick-and-mortar companies were slow to respond to the rise of e-commerce. Rather they tended to focus on physical expansion. That has begun to change lately as they see a continued robust growth of e-commerce led by tech-savvy e-retailers on the back of their own sector's steady decline in sales. Today, large-scale retailers such as Ito Yokado (Seven & i) and AEON are reinforcing its digital strategy in an effort to create the synergy between physical stores and online commerce.

Similarly, scores of Japanese grocers are also getting on board. Today, most major supermarkets are in the market, competing not just over prices but customer service. As they continue to expand their reach, online grocery services have become available in most parts of Japan, including rural areas. For their part, the country's biggest department stores, whose popularity has long depended on their hospitality, are also strengthening e-commerce with a focus on gift items including gourmet

foods.

The growth in e-commerce comes as Japan's retail industry as a whole is facing stagnant sales. While launching the service is a costly venture, the current competitive picture is forcing the traditional retailers to make a tough choice of keeping up with their competitors.

It now appears that Japan's e-commerce market is entering a new phase, where e-commerce is becoming part of the essential shopping experience. At the same time, the line between physical stores and online stores are becoming increasingly blurred. Up to now, Rakuten and Amazon have largely dominated the e-commerce market. The third biggest player Yahoo has announced its "e-commerce revolution", bringing in tens of thousands of new businesses online, while the top two retail giants intensify their omni-channel approach. Combined with the emerging mobile commerce and social media, Japan's retail scenes are becoming more diverse and changing at an accelerating pace today.

## B. Market Growth and Current Size\*

Japan's E-commerce has grown rapidly over the past decade. According to Japan's Ministry of Economy, Trade and Industry (METI), business-to-consumer E-Commerce sales rose at double digit rates from a mere 3.5 trillion yen in 2005 to 9.5 trillion yen in 2012.(Table 1)\*\* The same study shows the majority (56.4%) of Internet users in Japan or 44.6% of the total population have shopped online.

While e-commerce in Japan is expanding in almost all segments, it is particularly robust in the apparel and accessory sector (21.5%) and the food and beverage sector (13.7%). Even so, the majority of the sales are still non-foods.

E-commerce sales as the percentage of total sales rose to 3.1% in 2012, up 0.3% from the previous year. Notably, the rapid rise is seen even while Japan's total retail market including supermarkets has steadily been shrinking over the years.\*\*\* The value of total e-commerce today surpassed that of department stores (6.2 trillion in 2011) and reaching close to that of the thriving convenience stores (8.7 trillion in 2011) as of 2011. (Table 2)

In the face of a potential threat, the majority of brick-and-mortar retailers today are reportedly offering e-commerce services in some fashion. (According to a survey taken by Nikkei in June 2013, 52.7% of retailers said they sell products both online and offline.)

- Due to the large variations of exchange rate fluctuations in the past few years the value data is reported in Japanese Yen throughout this report.

\*\*There are other estimates on the size of the e-commerce market in Japan.

According to IT Navigator (2014) published by Nomura Research Institute (NRI), a leading private think tank, BtoC EC market has grown to 11.5 trillion yen, up 12.6% in 2013. NRI predicts Japan's e-commerce market to continue to grow at over 10% in the next five years to reach 20.8 trillion yen by 2018. (See Table 6)

\*\*\* In 2011, Japan's retail market was at 134 trillion yen, down 2.0% from a decade ago. (METI Commerce Census 2011)

Table 1: B to C E-Commerce Market and E-Commerce Ratio in Japan

	(Billion Yen)				
BtoC E-Commerce Market	2008	2009	2010	2011	2012
E-Commerce (Retail+Service)	3,867	4,375	5,253	5,892	6,641
(Growth)		31.4%	20.1%	12.2%	12.7%
Total E-Commerce (Retail, Service, ICT and others)	6,089	6,696	7,788	8,459	9,513
(Growth)		10.0%	16.3%	8.6%	12.5%
E-Commerce Ratio	1.8%	2.1%	2.5%	2.8%	3.1%

(Source: Ministry of Economy, Trade and Industry (METI), Annual Research on E-Commerce, 2011-2013)

Table 2: Size of Japanese Retail Market by Category

	(Trillion Yen)			
	2001	2011	2012	
Department Stores	8.6	6.2	N.A.	
General Merchandise Stores (GMS) /Supermarkets (SM)	15.9	12.7	N.A.	
Convenient Stores	6.7	8.7	N.A.	
Drug Stores	2.7	5.6	N.A.	
EC/Retail +Service	N.A.	5.9	6.6	
EC/Total inclu. IT industry	N.A.	8.5	9.5	
Total	136.8	134.0	N.A.	

(Source: METI, Commerce Statistics (2012))

Table 3: Japan's Major E-commerce Sites

E-Commerce Sites	Sales (Million yen)	Growth (%)	Notes
Amazon (Japan)	740,000* (\$7.64 billion)	Nearly 20%**	Amazon's financial results, *12/2013, Yen-based estimates by Nikkei (2/1/2014), **Yen-based growth (*on the dollar based, -2.1%)
Rakuten	514,600***	23.0%	4 <sup>th</sup> Quarter 2013, compared with 4Q2012 (***The value of total transactions

			including Rakuten Ichiba, kenko.com and other Rakuten-owned sites)
Yahoo! Shopping	86,600 (*****200,100)	3.4% (9.8%)	4Q2013, compared with 4Q2012 (*****The value of transactions on Yahoo! Auction)
Seven Net Shopping	N.A.	N.A.	Seven & i is reportedly aiming for 1 trillion yen in overall group e-commerce sales in the coming years.

(Source: Corporate data)

### C. Drivers of Growth

One key factor boosting the growth in e-commerce is competitive prices of products as well as the convenience offered by e-retailers. In addition, the following factors are considered to be behind the rapid rise in e-commerce in Japan including:

- Demographics
- Broadband Penetration
- Mobile Commerce
- Low-cost Delivery
- Loyalty Points

#### Demographics

Demographics as well as changing consumer behaviors are supportive of online shopping, especially when it comes to grocery shopping. The number of working women as well as the aging population is on the rise, and the trend is set to continue. Both groups tend to embrace the convenience of shopping online. In addition, a series of recent surveys show seniors are among the most active in buying foods online for various reasons. For instance, many buy rice on-line as 5 and 10 kg bags are heavy to carry. (See also C. "Online Shopper Profile")

#### Broadband Penetration

Japan's household broadband penetration including the mobile access, considered most suitable for online shopping, continues to rise. The penetration ratio of all age groups under 50 has topped 90%. And the rest (over 50 years old) is catching up. Notably, the percentage of Internet users over the age of 50 has risen considerably over the last four years. Among others nearly half of those in their 70s are online in 2012, up 27.7% from 2008.

As a result, the percentage of internet users in Japan has reached 85.9% of the total households or 79.5% the total population\*. The usage is higher in urban prefectures

with 12 prefectures scoring above the average. (The usage is by far the highest in Tokyo and Kanagawa, which includes Yokohama.)

\*Ministry of Internal Affairs and Telecommunications (2013)

### The Rise of Mobile-Commerce

The growing use of smartphones, whose household penetration grew 20.2 points to 49.5% over the past year, is adding to the rapid pace of growth in e-commerce. (The same study shows the household penetration of the tablet grew from 8.5% to 15.3% in 2012.) And in recent years online shopping via mobile devices (smartphones and tablets) have expanded at a much faster rate than via PC. According to Nomura Research Institute, online shopping by mobile device grew 23.5% to 2.1 trillion yen whereas online shopping via PC grew at 12.6% in 2012, following the growth of 12.7%. (Table 4)

Leading e-commerce providers are responding to the shift swiftly and helping support the growth of mobile commerce. Rakuten Ichiba and Yahoo! Shopping, for example, are offering their vendors apps that allow them to create a mobile site at sign up.

The impact of the rise of mobile commerce is even beginning to show in the form of the decline in access via PC to popular e-commerce sites for the first time. While their online sales are surging, both Amazon and Rakuten saw their access from PC's fall by as much as 7-8%. (Table 5) In return, Rakuten, for example, has seen the total value of transactions via mobile device surge 52.2% in the fourth quarter of 2013 over the same period of the previous year.

To be sure, some consumers say the display of smartphones is too small shop online. And right now, the ratio of mobile shoppers is especially high among younger generations (those in their teens and 20s), which is in line with the much higher smartphone ownership ratio. Even so, mobile traffic data at some of the most popular e-commerce sites show many Japanese prefer the convenience of shopping anytime, anywhere, including the time in the train.

With e-commerce operators adopting mobile platforms without delay, a growing use of mobile device is expected to further drive the nation's e-commerce market in the coming years.

\* Ministry of Internal Affairs and Telecom (2013)

Table 4: E-Commerce Market Size by Device  
(Trillion yen)

B to C	2010	2011	2012

via PC	6.3	7.1	8.0
via mobile device	1.4	1.7	2.1
Total	7.7	8.8	10.2

(Source: Nomura Research Institute)

Table 5: Growth in Access to Biggest E-Commerce Sites via PC 2012-2013

Website	Average Monthly Visitors	Growth over the previous year
Amazon Japan	23,424,000	-7%
Rakuten Ichiba	22,351,100	-8%
Yahoo Shopping	15,829,000	-12%

(Source: Nielsen Net View The number of Average Monthly Visitors 2013)

### Low-Cost Delivery

Japan's low-cost delivery service is also fueling the growth. E-commerce companies typically offer free shipping service on purchases over a certain threshold, which varies depending on the product. For grocery, it is typically around \$30-50 per purchase. Given the accessible threshold, online shoppers tend to add a few items to enjoy free-shipping.

The nationwide extensive network of low-cost delivery services offered by a couple of leading delivery service companies is also supporting the rapid growth by providing an essential infrastructure for e-commerce operators to expand without additional burden. Their service, which typically ship packages anywhere in Japan (except Okinawa) in Japan within a day at controlled temperature (chilled, frozen), has been instrumental especially in boosting e-commerce in fresh and frozen foods. And even with that extra service, it costs just at 650 to 1500 yen for a package of various sizes to be delivered across Japan and generally within a day. Because of that, e-commerce is said to be easier in Japan than in the U.S. for online merchants of chilled and frozen products.

With more e-commerce providers on the market, the intensifying competition is making the cost of delivery even cheaper, the time it takes for delivery shorter. Amazon's decision in 2010 to start offering free shipping on purchases from their inventory regardless of the size of order is only adding to the pressure to its peers while further stimulating the market.

As a result, there has been a rush of openings of fulfillment centers and warehouses across Japan by Japan's biggest e-commerce operators to catch up with Amazon, which already operates several of them. As a result, the delivery speed among the country's largest operators is expected to get even shorter in the coming months, making e-commerce relatively even more convenient.

Additionally, flexible payment options available to online shoppers are making it easy for those who are hesitant to use credit cards online to still shop online. E-commerce operators offer options such as cash on delivery, bank transfer, and



payment at (any) convenience stores. Meanwhile, Seven & i is mobilizing its 16,000-strong convenience stores, 7-Eleven, spread across Japan as a collect point for its e-commerce transactions conducted by its subsidiaries. (Convenience store pickup is possible for all purchased items except food and cosmetics.)

### Loyalty Point Program\*

One of the key considerations (or the key to going for online shopping), surveys show, is price. In the same vein, the loyalty point program, an e-money program offered by traditional retail chains in Japan including AEON (WAON points) and Seven & i (nanaco), has proven effective as an incentive to shop at their stores. A 2012 government survey shows nearly half of those surveyed cited such loyalty point programs as a reason to shop online. The loyalty point program has been widely used in physical stores, and now that is spreading to the virtual stores.

As they try to win over customers from their physical stores, online retailers often offer extra “points” during their promotions and consumers seem to be responding. Amazon Japan, meanwhile, is offering discounts of as much as 10% for certain items purchased regularly to foster loyalty.

\*Under a typical program, shoppers earn one point (or more) for every yen they spend. They can later spend “points” as cash in a manner similar to the mileage program. The system widely used to cultivate loyal customers at brick and mortar stores has been transported to online shops.

### Loyalty Point Program (Examples)

Rekuten	Rakuten Point
Yahoo! Shopping	T-Point
Seven Net Shopping/(Ito-Yokado) Net Super	nanaco point
AEON Shop/AEON Super	WAON point

### Prospect for Further Growth

E-commerce in Japan is projected to grow further. According to IT Navigator 2014\*, e-commerce market is projected to nearly double what it is today to 20.8 trillion yen in 2018. Several factors listed below as well as the current low e-commerce ratio (compared with the U.S.) are combined to attribute to such growth.

--The number of online stores including those on online malls continue to grow, a sign that the market has still not matured. Since Yahoo! Shopping announced last October that it would offer its marketplace for free, 90,000 merchants have signed

up in just a couple of months. Previously Yahoo! had just 20,000 merchants.

--The intense competition has resulted in enhanced services such as low-cost and same-day delivery service, which traditional retailers are finding it increasingly hard to match in kind.

--Mobile commerce, a driver for growth, is still under development.

--Seniors are active online shoppers, and their number continues to expand.

--Social media, an increasingly influential source of information for shoppers, is expected to develop further and continue to play a key role in e-commerce.

Table 6: E-Commerce Forecast

(Trillion Yen)

B to C	2012	2013	2014	2015	2016	2017	2018
B to C E-commerce	10.2	11.5	12.9	14.5	16.4	18.5	20.8

(\*Source IT Navigator 2014 Published by Nomura Research Institute 2013)

## Chapter II. FOOD IN E-COMMERCE

### A. Food Market Overview

Online food sales at food retailers rose 13.7% to 605 billion yen in 2012(\*), marking the category one of the fastest growing one among other segments. (Table 7) The growth follows a 22.0% rise in the previous year. Even so, online sales of food as a percentage of total retail sales still accounts for less than one percent. At less than one percent (0.96%), food in e-commerce is one of the lowest among all categories. The e-commerce ratio of general merchandise stores was, for example, 5.05% in 2012.

Table 7: Food in E-Commerce by Food Retailers

(Billion Yen)

Year	2007	2008	2009	2010	2011	2012
*Food EC	251	293	377	436	532	605
Growth (%)	N.A.	16.7	28.7	15.6	22.0	13.7
EC ratio (Food)	0.42	0.48	0.62	0.71	0.85	0.96

(Source: METI Annual Research on E-Commerce (2013) )

\*The above estimates correspond to foods sold at food retailers only, and does not include foods sold at general merchandise stores. The figures do not cover entire online foods sales.

### B. Major Food E-Retailers

Online shops for food and beverage are divided largely into the following types. 1) general merchandise stores or online malls (Some are run by brick and mortar retailers, some are by e-retailers and still others are run by mail-order companies.), 2) online grocers (called “net super” in Japan), and 3) category-specialized stores (Some are run by brick and mortar retailers and some are managed by e-retailers.)

Among general merchandize stores and online malls, *Rakuten Ichiba* by Rakuten, the marketplace for tens of thousands of food merchants, appears to command the biggest market share in food in e-commerce. Rakuten’s market share (the sum of the sales achieved by food vendors on Rakuten) is as much as 49.2% in 2012, according to the company. (Amazon and Yahoo do not provide the breakdown of their total sales.) And it is fairly common for a retailer (including high-end specialty stores) or a food maker to have an online shop on these marketplaces on top of having one on its own.

Table 8 lists websites known as Japan’s biggest e-retailers that sell food and beverage. Among online grocers, Ito-Yokado’s net super appears to be the biggest, followed by Oisix, an entrepreneurial online grocery focused on organic and reduced pesticide products. No one food retailer dominates the e-commerce market now. Instead, numerous retailers of varying sizes are vying for customers.

Table 8: Sales of Foods and Beverage on Major E-Commerce Sites  
(Million Yen)

<b>E-commerce Site</b>	<b>Sales</b>	<b>Growth</b>	<b>Notes</b>
Rakuten Ichiba	N.A.		*Food and Beverage accounts for 49.2% of its total sales. (Source: Rakuten)
Amazon	N.A.		
Yahoo! Shopping	N.A.		
(Ito Yokado) Net Super	40,000	14.3	(2/2013)
SEIYU.com	N.A.		Since its renewal in 2013, the sales of Seiyu's net super has risen 50%.
AEON Net Super	N.A.		
Oisix	14,575	15.6	(3/2013)

(Source: Corporate Data)

### C. Online Shopper Profile

With the market evolving so rapidly, spurred by the rise of mobile commerce, it is difficult to accurately grasp the latest picture of online food shoppers. However, recent surveys taken by a multiple organizations point to similar trends including:

--A majority of shoppers are online. The percentage of people who have ever bought food, beverage and alcohol online grew nearly 5 percent to 45.6% from 2010 to 2012\*. That ratio is second only to that of those who have ever bought printed books and magazines online (50.4%) and nearly equal to those who have bought apparel and accessories (46.3%). (Table 9) More recent surveys, conducted online on a smaller scale, show similar patterns and the ratios of online grocery shoppers are even higher, thus suggesting a continued growth. (\*\*Note)

--Boosting the growth are not just working women, but also women over the age 50 including seniors. And males over the age 60 are not far behind their female peers as the data below show (Table 9). Remarkably, the government’s 2013 study\* as well as Nikkei’s more recent study shows that the older, the higher the percentage of those who have ever bought food online. According to 2013 Nikkei “Net Life” survey of more than 10,000 internet users, the percentage of seniors who said they have ever bought food online is 53%, higher than any other age groups. (Younger generations are more likely to buy apparel and accessories.) And the same trend is seen among smartphone users as well. According to a recent survey of senior smartphone users, nearly 80% of those surveyed said they have ever bought food online.\*\*\*

Additionally, these results seem to reflect not only “active” seniors who enjoy shopping online as well as offline, but also those who are not so active physically. Some seniors reportedly use “net super” as find it difficult to go grocery shopping while taking care of their aging family members.

Given the low e-commerce ratio (Table 1), however, Japanese online food shoppers do not appear to be using e-commerce so frequently. (Only sketchy data are available as to the frequency of online shopping.)

\* Ministry of Economy, Trade and Industry, Annual Research on E-Commerce (2013)

\*\*A survey of 2203 people conducted by JMM in July 2013 and reported by Nikkei MJ in January shows the percentage of consumers who said who have used online grocer or “Net Super” grew 4% to 12%.

\*\*\*<http://www.docomo-com.com/news/2013/09/2013092602/>  
(A survey of 470 smartphone users conducted by NTT Docomo in summer 2013. Food scored highest among other categories.)

Table 9: Shopping Experience

(The percentage of people who say they have ever shopped online)

Items	2010 (%)	2011 (%)	2012 (%)
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Books (Print)	52.1	49.6	50.4
Apparel, Accessories	44.1	43.3	46.3
Food, Beverage, Alcohol	40.9	38.3	45.5
Music (CDs, DVDs)	31.3	26.1	29.9
PC, Communication Equipment, Peripheral Device	28.0	25.5	28.8

(Source: METI Annual Research on E-Commerce (2013))

#### D. Popular Items

##### The Heavy and The Bulky

Not surprisingly, heavy and bulky items have always been among the top sellers in e-commerce in Japan. On Amazon, for example, bottled water and green tea of various brands, bags of rice from different regions, boxes of coffee, cans of baby milk powder occupy the list of most popular products. Similarly, on Rakuten Ichiba, nearly one third of the 30 most popular items sold on its marketplace during in 2013 (The Annual Ranking of 30 Most Popular Foods) are bags of rice from different regions of the country. The typical size is a 10kg-bag or two 5kg-bags. Large boxes of breakfast cereals and nuts in 1kg bags are also popular among American foods.

“Sanchi Chokuso (produce)” or high-quality fresh produce delivered directly from producers

E-commerce is not just for heavy and bulky items. It has served as a convenient and increasingly crucial outlet for merchants of high-quality fresh produce across Japan, who hope to promote their products directly to consumers in addition to selling to local produce markets. Customers, in turn, embrace shopping directly from merchants, be it from Hokkaido or Kyushu, knowing fully what they are and from whom they are buying and perusing pages of photos and product descriptions. (E-commerce operators such as Rakuten provide a convenient PC and mobile platforms to those merchants who sign up.) One of the major Sanchi Chokuso items is bags of rice from across Japan. Independent-minded rice farmers as well as their distributors are trying to make the best of e-commerce by giving as much information about their otherwise identically-looking rice. Sanchi Chokuso has become an essential component for major e-commerce sites such as Seven Net Shopping and AEON Net Shop as well as those of department stores.

Popular produce items include fresh seafood, especially crabs. (One of Rakuten’s most popular food items for the 2013 were a 1-2 kg-bags of local crabs.) The virtual space also allows merchants to provide plenty of product information, including those relatively unknown items. As a result, some farmers who offer organic or low-pesticide produce along with explanatory accounts are doing well even though their products are more expensive than others. (See also “Oisix” below.)

Niche Products and One-Of-The-Kind Gourmet Foods (“Otoriyose” purchase on order)

E-commerce is also providing opportunities for those niche products traditional stores don't stock due to their limited demand and/or very limited life. Niche or “One-Of-The-Kind” Foods, i.e. a variety of gourmet and artisan foods and desserts, produced by mostly small businesses across Japan are benefitting from the expansion of e-commerce. (There is even an online marketplace called Otoriyose Net, dedicated to premium rare products supplied from across Japan.) Similar to Sanchi Chokoso, large-scale online stores and online malls almost always carry dozens or even hundreds of *Otoriyose* products.

#### E. Online Grocers (“Net Super”)

Online grocers have shown a remarkable growth over the past few years as consumers discover the merits of using their service. According to Yano Research Institute, the online grocery market grew to top 94 billion yen in 2012\*. The market is expected to grow at a rapid pace with the service becoming available to a wider population month by month.

\*<http://www.yano.co.jp/press/pdf/1129.pdf>

The history of online grocers goes back more than a decade ago. Japan's first online grocery, Seiyu Inc's “Net Super”, was launched in 2000. Ito Yokado's net super soon followed suit. And yet it was not until late 2000s, when a series of major retailers launched similar services.

In recent years the online grocery market, which was growing steadily, has gained new traction, especially since the 2011 Tohoku Earthquake that hit northern Japan. (Due to the disruption of supply and the rising fear of drinking the tap water at the time, a severe shortage of daily staples hit Eastern Japan. In search of bottled water and bags of rice among others, consumers--many of whom for the first time--turned to shopping online, and came to embrace e-commerce.)

Today, most of the country's major supermarkets operate their own versions of online groceries and are making new investments to expand. The biggest--and considered the most successful-- online grocer is (Ito-Yokado) Net Super, whose sales grew 14.3% to 40 billion in 2012. These “Net Supers” are currently expanding their areas operation beyond urban areas. By now almost all prefectures are covered by online grocers including rural ones.

Net supers are gaining popularity due largely to the convenience and the price, which are comparable to those at their physical stores. In addition, there are always “special discounts” of the day or the week offered as an incentive to shop online on the retailer's home page. Some promotions such as AEON's weekly promotion

called “Tuesday Special” are conducted at their online and physical stores simultaneously.

Furthermore, the ability for shoppers to be able to choose what time of the day for the grocery to be delivered, coupled with free shipping for the purchase over \$20-\$50 are helping to attract new customers. If not reaching that threshold, shoppers can get their small purchase delivered for just \$3. As the competition intensifies, overall delivery costs are coming down, making the virtual shopping look increasingly more appealing. (New entrants tend to offer highly competitive services to attract customers.)

On online stores, the heavy and bulky tend to be the most popular items. With more customers routinely going online, however, what’s selling increasingly mirrors what’s selling at their physical stores, i.e. ingredients for the dinner and breakfast such as bean sprouts and fish.

While fresh produce is often said to be the last category to be sold online, that is not really the case in Japan. One reason seems to lie largely in the way these supermarkets operate. Unlike Amazon Fresh in the U.S., most online grocers in Japan are run on an individual outlet basis. That means customers shop at their virtual version of their nearest outlet. (Each outlet has its own website.) The familiarity with the store and the trust in people who work there has lowered the physiological barrier, if any, to buy perishables online. (And if they don’t like what they have bought, they can always go to the physical store to complain/return instead of trying to reach remotely located call centers.)

The flip side of the “neighborhood” online grocer, however, is what you can buy is inevitably limited to the inventory of that particular outlet under the same chain store. That means, for example, if California-grown rice sold under AEON’s private brand is available at its 40 relatively large outlets across Japan, only those who have access to these 40 outlets are able to buy that American rice online. Additionally, to maintain efficiency, online supermarkets in general carry far smaller number of items than their physical counterparts, though the inventory is expanding.

The prospect for further growth has spawned a series of new entrants from retailers other than traditional supermarkets. One of the latest net super is Rakuten Mart, a virtual supermarket launched by Rakuten in 2012. To differentiate itself from its peers, Rakuten Mart is cutting prices and the cost of delivery while offering a unique selection of gourmet foods. Another recent entrant is “Smart Kitchen,” a joint venture between Yahoo and Lawson, the country’s second biggest convenience store chain. The new online grocer delivers ingredients for easy-to-cook dinner with instructions on a regular basis across Japan.

#### D. Popular Food Sites

The following is the profile of popular websites that sell food and beverage divided by similar characteristics.

- Online Players (Rakuten, Amazon, Yahoo, Foreign Buyers' Club)
- Web Portals run by GMS (Seven Net Shopping, AEON)
- Online Grocers (Traditional supermarkets, web-only grocers)
- Category-Special Stores

## 1. Rakuten Ichiba



<http://www.rakuten.co.jp/>

[http://www.rakuten.co.jp/category/food/?l-id=top\\_normal\\_gmenu\\_d15](http://www.rakuten.co.jp/category/food/?l-id=top_normal_gmenu_d15) (foods)

[http://www.rakuten.co.jp/category/sweets/?l-id=top\\_normal\\_gmenu\\_d16](http://www.rakuten.co.jp/category/sweets/?l-id=top_normal_gmenu_d16) (sweets)

[http://search.rakuten.co.jp/search/mall/-/100246/?l-id=gt\\_fod\\_1\\_xsdef](http://search.rakuten.co.jp/search/mall/-/100246/?l-id=gt_fod_1_xsdef) (fruits)

Rakuten Ichiba is one of Japan's biggest online mall for merchants of every kind including food and beverage. Founded in 1997 by an entrepreneur to help support the country's SMEs, many of which were not familiar with e-commerce, Rakuten Ichiba has since grown rapidly in terms of the number of merchants it hosts, per store sales and registered users.

Since its launch, Rakuten Ichiba has grown rapidly from a host of only 13 stores at the outset to nearly 42,000 stores in 2013. The total value of transactions on Rakuten's e-commerce in Japan rose 23.0% to 514.6 billion yen\* for the fourth quarter of 2013 compared with the same quarter the previous year. Per store sales also grew nearly 20% in the last quarter of 2013 compared to the same quarter of the previous year. Among its numerous products offered on Rakuten Ichiba, food and beverage is one of the biggest categories, which accounts for 49.2% of Japan's online food market as of 2012, according to the company.

Rakuten, whose website header says "Shopping is Entertainment", runs on a business model different from Amazon Japan. The company hosts merchants and earns fees, leaving them to promote their products as they like using Rakuten's platform. Consequently, each store uses many pages to communicate with their customers.



Products are delivered directly from these merchants. Several factors are said to have contributed to its success. One is the counseling and optional classes on web-marketing and photography Rakuten provides to prospective vendors to help them increase their sales. Second is the online mall's periodic large-scale promotions offering as much as 50% discounts. In addition, it has regularly conducted numerous "fairs" or Bussanten featuring specific regions in Japan or themes such as BBQ and year-end gifts. The strategy has helped it successfully recruit new subscribers, which in 2013 topped 87.4 million. Furthermore, its versatile royalty point program, where shoppers earn one point for every yen they spend, has also served as a powerful incentive to shop on Rakuten. (Consumers earn and spend Rakuten points at not just on Rakuten Ichiba but also at numerous places affiliated with Rakuten Inc.)

As for fresh produce, thousands of producers and vendors of vegetables, fruit, fish and meat open shops on Rakuten. Seasonal U.S.-grown fresh agricultural products from a variety of premium citrus to American cherries often packaged as a gift are always available. There are also numerous rice vendors on the site, including some wholesalers who sell large bags of California-grown rice.

Rakuten's online mall accounts for 28.8% of the total retail e-commerce in Japan, followed by Amazon (12.4%), and Yahoo! Shopping (6.2%) respectively as of 2012, according to Rakuten.

\* The value includes not just transactions on Rakuten Ichiba but other sites.

## 2. Amazon



<http://www.amazon.jp>

Amazon, which debuted in Japan in 2000, has grown to become one of Japan's biggest retailers, and by far the country's biggest e-retailer company by sales. (Rakuten's corporate sales largely come from fees it earns from the marketplace, and thus, are not as large as Amazon's.) The company's overall sales in Japan grew to 740,000 million yen\* in 2013 led by clothing and home/household, following a similar growth the previous year. Just as in the U.S., the company is expanding its so-called "marketplace" for the third-party retailers in addition to its proprietary online market. Accordingly, between the sales from the marketplace and that of its own, Amazon's total value of online transactions is often estimated to be close to that of Rakuten's.

One of its key attractions is free-shipping service Amazon started to offer in 2010 regardless of the size of an order in a direct challenge to its rivals. Amazon's extensive product selection (50 million items), their competitive prices, periodical promotions, combined with its ability to deliver them for free and do so often within 24 hours has earned it loyal customers in Japan.

\*Estimates by Nikkei. In dollar terms, \$7.64 billion (Source: Amazon's financial results)

### Food on Amazon

Since its launch in 2000, Amazon (Japan) has steadily expanded the product category to include food and beverage starting in 2008. Today, its food market, with hundreds of thousands of items from not just Japan but from all over the world, is thriving. Numerous well-known branded foods as well as niche products sold are available, including over 7,000 products from the U.S. Some of them are sold directly by Amazon and some are sold by their distributors or specialty stores on their own.

While Amazon notes that it does not have any plans to start an online grocery service, literally tens of thousands of (mostly gourmet) fresh produce, seafood and meats are already available on its marketplace and shipped directly from merchants. And in a sign to strengthen its food offering, Amazon has recently launched a series of proprietary grocery products including Kagome brand "Premium Red" tomato juice and varieties of rice available only on [amazon.co.jp](http://amazon.co.jp).

Notably, scores of high-end specialty food retailers which carry numerous imported foods are also on Amazon, including Meidi-ya, Seijo Ishii, Takashimaya and Kaldi. Between its own inventory and those of third parties, Amazon's offerings of imported foods are unparalleled. And fresh produce vendors on Amazon are selling not just local fruits but also imported fruits such as Florida grapefruits and U.S.-grown frozen strawberries.

As for grocery and gourmet foods, scores of U.S. brands ranging from chocolates, coffee to seasoning are offered and easily searchable. Consumers interested in American foods can search for them by clicking such tags as "America" for a whole selection of U.S. foods or "Breakfast & Cereal", "Import Beers", "Grains" (for a variety of grains for baking) or "Souvenir".

### 3. Yahoo! Shopping



<http://shopping.yahoo.co.jp/>

Yahoo! Shopping launched by Yahoo Japan in 1999 is one of the biggest online malls in Japan. Just like Rakuten, Yahoo runs the marketplace for over 20,000 vendors of all categories including food and beverage. Yahoo! Shopping is generally seen as the third biggest e-commerce operator after Rakuten and Amazon.

In October 2013, Yahoo chose a new business model in a move to give boost to its marketplace, which was not growing as fast as the two powerhouses. Specifically, the company announced that it would eliminate various fees that mall operators routinely charge vendors and instead seek ad revenues while attracting vendors. In response, over 90,000 merchants across Japan including those who already operate on Rakuten Ichiba signed up. Among those prospective vendors are small-scale local farmers and food processors supported by municipal governments, which are trying to promote regional specialties to people across Japan. Accordingly, a whole variety of new entrants are set to launch e-commerce on Yahoo! Shopping in the coming months. Yahoo, in turn, is heavily promoting its latest move in recent months while calling it “e-commerce revolution”.

#### 4. Seven Net Shopping & (Ito Yokado) Net Super



<http://www.7netshopping.jp/all/>

<http://www.7netshopping.jp/food> (foods)

<http://www.7netshopping.jp/food/dessertorder/> (dessers Otoriyose)

Seven Net Shopping is the e-commerce portal run by Seven Net Shopping Co., a

subsidiary of Japan's biggest retailer Seven & i. Its origin dates back to 1999, when it was launched as an online bookstore called esBooks, a joint venture with other companies including Yahoo! Japan.

Seven & i, which owns Ito-Yokado, 7-Eleven convenience stores, department store chains (including Barney's), a toy store chain, etc., has been seen as the front runner in e-commerce among traditional retailers. Seven & i has lately been stepping up its effort to strengthen its e-commerce. While pursuing an "Omni-Channel" approach and aiming to create maximum synergies among its extensive retail operations, the company has recently renewed its portal by consolidating their websites run by its subsidiaries into one portal. It also plans to spend as much as 100 billion yen over the next few years to strengthen its e-commerce operation. And to enhance its delivery service, it opened an EC-dedicated distribution center in Saitama last summer. Seven & i's 16,000-plus 7-Eleven convenience store outlets spread across Japan have been utilized as pickup points for almost all purchased items except food and cosmetics.

Seven Net Shopping is a marketplace for wide-ranging products Seven & i's subsidiaries offer including food and beverage. Among other products available on Seven Net Shopping are numerous Otoriyose, one-of-the kind specialty foods and gourmet foods (suitable as a gift, priced \$30-\$100) produced across Japan. They include boxes of premium fresh fruits, seafood and meat products as well as hundreds of artisan items and confectionaries from across the country and abroad. While these products are partially available in physical stores owned by Seven & i, a far wider selection is available on the website. A typical example is rice, which comes in 150 different varieties from various regions in Japan. The company intends to further expand its web-only offering. Among the website's popular items is an extensive selection of "Seven Premium" private brand products.



(A Seven Net Shopping site that offers over 150 varieties of rice items.)

Seven Net Shopping serves as a gateway to its online grocer (Ito-Yokado) Net Super. The biggest and profitable online grocer run by individual Ito Yokado supermarket stores. The number of outlets that provide e-commerce has grown to 141 stores or nearly 80% of its existing stores, covering 24 prefectures as of June 2013.

Over the past year, Seven & i has shaken the retail industry with a series of

acquisitions with an aim to strengthen its omni-channel approach. In November alone, the retailer acquired a majority stake in the country's biggest catalog and online retailer Nissen Holdings Co. Ltd. with 30 million users and Barney's. Seven & i is reportedly aiming to grow its entire e-commerce value to 1 trillion yen in the coming years.

#### 5. AEON (Net) Shop & AEON Net Super

<http://www.aeonshop.com/> (AEON Net Shop)



<https://www.aeonshop.com/> (AEON Net Shop, foods)

<https://www.aeonnetshop.com/shop/default.aspx> (AEON Net Super)

AEON Shop and AEON Super are two of the marketplaces that sell food and beverage run by AEON Retail.

AEON Shop is an online general merchandise store that offers nearly everything from food and clothing to home appliances. As for food, AEON Shop deals mainly with gourmet foods/gifts and one-of-the-kind specialty foods selected from around the country as well as non-perishable groceries. Currently, what are sold on the site are those already available at AEON's physical stores. As it tries to expand its merchandise, strengthen its selection and differentiate itself from others, however, AEON Shop may start to carry web-only items in the future, the company says. It is conceivable, for example, that AEON Shop may start to carry such items online that prove popular during AEON's promotions at their physical stores but are taken off shelves afterwards, the company says.

AEON Net Super, on the other hand, is an online grocer that sells food and beverage including fresh produce. Net Super is run on an individual outlet basis and the service is available today in all but a few prefectures including rural areas across Japan. The coverage is the most extensive among other online grocers in Japan.

In recent years, AEON has been stepping up its e-commerce as it seeks to create synergy with its sales and traffic at its 1000-plus physical stores. In line with its "Digital Shift" policy, AEON recently created the portal AEON SQUARE by consolidating its e-commerce sites run by its subsidiaries that sell food and beverage, wine, apparel, sports gear, etc. Consumers can access AEON Shop and AEON Super

from the portal as well.

## 6. SEIYU.com



<http://www.the-seiyu.com/>

SEIYU's "Net Super" launched in 2000 is the country's first online grocery. (Seiyu was acquired by Wal-Mart Stores, Inc. in 2008.) Just as in its physical stores, "Every Day Low Prices" are available on SEIYU.com. SEIYU's low prices and its extensive offering have been its competitive edge. Since its renewal in summer 2013, (renamed to "SEIYU.com") the site has expanded its offering beyond grocery items. (It now offers "American Corner" which sells outdoor leisure equipment and household items.) The website also carries a feature "A Taste of Britain" featuring scotch whiskies among other items.

By joining hands with DeNA, a leading mobile services company focused on online games, SEIYU is strengthening its mobile commerce interface. As a result, its membership has grown to 600,000 with sales up 50%. Its online grocery service is available in 17 prefectures.

## 7. Oisix



<https://www.oisix.com/>

Oisix is one of the country's first online grocers focused on organic and low-pesticide produce. Since its foundation in 2000, the entrepreneurial company has gained a reputation as an online grocer selling safe and fresh locally-grown fruits and vegetables sourced directly from contract farmers. (Produce is harvested only after an order is placed by a customer.) Its main target is females with children who are willing to pay for the quality and the assurance of safety. The company has steadily grown despite premium prices by effectively communicating to them the value of the products they sell.

The company's sales doubled over the past three years to 14.6 billion in FY2012, and up 15.6% from the previous year. It has become the country's biggest online produce delivery company\*. The 2011 earthquake and nuclear disaster also boosted its membership.

While almost all premium produce Oisix offers is sourced from contract farmers in Japan, there are some exceptions. U.S.-grown high-quality agricultural products, for example, are available. Oisix's online platform seems to be a perfect fit for some of the unique American products (with a story to tell and great photos of produce and their farms and production facilities to show). For example, Alaska Seafood Marketing Institute in Japan conducted a successful promotion of Alaskan snow crab and other fresh products during the year-end holiday season in 2012-13. As in the case with all the other products on the website, the Marketing Institute provided "stories" behind the products in several page-long accounts accompanied by huge appealing photos. Similarly, fresh Rainer cherries imported from a farmer in Washington State were on sale during the season. In order to appeal to potential buyers, their web pages provided a message from the farmer, who explained how much care he took to grow and pack his cherries, as well as "the systems approach" under which the fruits were treated. California-grown "very sweet" Melo Gold (with reduced pesticide in accordance with Oisix's standards) was also offered directly by farmers was also available on Oisix in January.

\*Some Oisix products are available at some retailers.

## 8. The Meat Guy (run by TMG International)



<http://www.themeatguy.jp/app/en/>

“The Meat Guy” is a popular online store focused on meat and meat products, mostly from overseas including the U.S. The store, launched by a Nebraska-native about a decade ago, is known for its wide varieties of products that are not easily available at local retailers, ranging from big chunks of steaks, pork ribs, turkey, house-made meat products to exotic meat such as kangaroo. Rather than competing on prices, the online shop has focused on “unique products used for special occasions” such as camping, BBQ with friends and birthday parties. The store also sells items related to those occasions including frozen foods, desserts and craft beers. The Meat Guy makes the best of the virtual space, countless close-up photos of his products accompanied by his accounting of how good and unique they are, i.e. “stories”. The biggest sellers include large blocks of steaks, bacons and sausages produced by The Meat Guy. Despite the size of the products, most of his customers are individuals rather than businesses. Japanese consumers like big steaks, the company says.

While running an online shop on its own, the company has stores on Amazon, Rakuten Ichiba, Yahoo! Shopping and DeNA’s Bidders. The website has often been ranked among top online meat sellers. The Meat Guy’s sales via mobile device, which also feature product images and their stories, is growing fast in recent months despite the smaller displays.

#### 9. The Foreign Buyers’ Club, “Food and Fun from Home”



<https://www.fbcusa.com/>

Founded in Kobe by an American in 1988 (initially as a mail order company) to “serve the local foreign community who missed things from home”, the Foreign Buyers Club is one of the country’s oldest online international grocery stores. The online retailer offers “Food and Fun”, i.e. a variety of foods, seasonal goods, personal care as well as educational materials. The website also sells numerous products sourced from Costco. Popular food items include breakfast cereals, baking mixes, chocolates, diet foods, organic foods, functional foods and holiday-related items such as turkey, stuffing, and seasonal snacks. Periodically, the FBC conducts a variety of seasonal promotions (Christmas, Valentine’s Day, Halloween, etc.) . By designing the website suitable for the occasion and featuring items on sale in a festive mood, the company has expanded sales successfully over the years.



## 10. Kenko.com



<http://en.kenko.com/>

Founded in 1994, the company has been the country's pioneer in selling drugs online including supplements. Today, Kenko.com is the country's biggest e-drugstore with sales of 17.9 billion yen, which also sells supplements, functional and healthy foods including imported items. Kenko.com, which is also the name of the company, is not an importer but sources supplies from local distributors. In 2012, it was acquired by Rakuten and became a subsidiary.

Among the best-selling food items from America are whole grain pancake mix, pasta sauce and Hawaiian products. Organic fruit juice, prune juice and cranberry juice are also popular, being ranked high in the ranking of soft drinks.

### III. How to Enter the Market

#### A. Market Opportunities and Challenges for U.S. Suppliers

As described in detail in the previous chapters, e-commerce represents a significant new opportunity for U.S. suppliers by offering technically an unlimited shelf space. While most online stores run by traditional retailers today sell those products they already carry in their physical stores, some are trying to expand their web-only offerings. Seven Net Shopping, for example, says it is aiming to expand their web-only items including Otoriyose gourmet and artisan foods on order from around Japan.

E-commerce also provides an opportunity for U.S. suppliers as it helps them reach customers, who would otherwise be unreachable, i.e. via physical stores. Through an effective online campaigns and word of mouth, U.S. suppliers could multiply that reach.

Indeed, some cooperators are already using e-commerce to their advantage. Recent promotions launched by the California Walnuts Commission, for instance, shed light on the potential of e-commerce. In 2013, the Commission conducted a series of month-long online promotions of bagged walnuts used for home-baking. One of the

promotional campaigns held in cooperation with a specialty retailer popular among baking fans resulted in as much as a 20% increase in the sales volume compared with the same month the previous year. Similar online promotions conducted on different partners were also successful. By accurately understanding consumer trends and behaviors and crafting promotional programs based on them, the Commission effectively tapped into a potential demand and achieved intended results.

By nature, e-commerce provides a much longer contact time than the aisles at a grocery store do. This can be beneficial for those U.S. suppliers who try to promote products and brands not so well-known in Japan, especially if they have a “story” to tell. E-commerce experts say what makes online shoppers click is not just the relative convenience of buying something heavy or cheap online, but it is also a story behind a product each merchant can tell on web pages with close-up images. “A product with a story has a much better chance of success” than a product without it, says Jason P. Morgan, who runs the successful online shop “The Meat Guy”. Americans may seek efficiency while shopping online, he says, but Japanese consumers like to know “stories” behind products, including the history and about people who make them. Remarkably, Japanese online shoppers continue to embrace such details even when using mobile device.

Details are crucial --that means some products relatively unknown in Japan such as Melo Gold and Olo Blanco can fare well at times. During the first week of January, a 15kg box of California-grown Melo Gold (5,250 yen) offered by a Kyoto-based fruit shop was ranked among the top 20 most popular fruits on Rakuten. Key to success seems to be scores of huge vivid images of Melo Gold accompanied by vendors’ detailed personal accounts of exactly what it is, how tasty it is, and why it is good for you nutritionally.

The challenge for U.S. suppliers is that their products face a large number of competitors not just from Japan but also other countries. Be it dry fruits, organic foods, baby foods or whatever, the online marketplace can be far more competitive than physical markets. At a local store, a Japanese shopper may find only U.S.-grown fresh and processed blueberries, which are generally prevalent. Online stores, on the other hand, may carry an endless selection of different packages of blueberries from different countries with different features e.g. organic or non-organic. The challenge then for U.S. suppliers is to figure out how to get a “click” among myriad of products on the top page, where similar products are on display. The reality is however good a “story” and photos one may have, such details will only appear after the first click. Vendors and suppliers need to keep raising awareness to stay on on-line shoppers’ radar, says a veteran e-commerce operator. And that’s a difficult thing to do, she says.

As in the U.S., Japanese consumers are becoming increasingly social online. And social media has become a crucial tool for e-commerce operators, especially in terms of generating the word of mouth and thus increasing awareness. According to a 2013 government survey\*, nearly 39.1% of Japanese consumers count on online review sites or online word of mouth for information when shopping online. The ratio was

much higher than search engine results (32.6%) and product suppliers' websites (32.2%) The same survey showed Americans rely on product suppliers' websites more (41.7%) than review sites (38.1%), though both are similarly high.

Additionally, it may not be just photos but also the package design itself i.e. how good they look, that is crucial in e-commerce. Even character "fonts" used on the package can be a factor whether consumers click on it or not, not to mention the color scheme, the e-commerce operator says. Last but not the least, a competitive pressure for constantly updating the website is an added challenge, e-commerce operators say. A distributor of U.S. fruits confesses to a difficulty of keep updating the information needed to gain a click when the products he offers are more of the same.

\* Ministry of Economy, Trade and Industry, Annual Survey on E-Commerce (2013)

## B. How to Enter the Market

Most of the major e-retailers in Japan are not importers by themselves. Rather, they generally source their merchandise from local distributors and importers. U.S. suppliers who are not yet present in Japan therefore need to first find an importer to expand in the country's e-commerce market. To find an importer, their products need to meet all the import requirements just as they do with traditional retailers. Following is a summary of how leading e-commerce operators source their products along with their contacts.

### A. Amazon

For their products to be considered for stocking by Amazon, Japanese importers/distributors are asked to contact its purchasing section and provide the details of their products.

<http://www.amazon.co.jp/gp/feature.html?ie=UTF8&docId=3077085856jp-business-proposal@amazon.co.jp>

Or alternatively, "Sell in Japan"

<http://services.amazon.co.jp/contactus/contact-us-eng.html>

### B. Seven Net Shopping by Seven Net Shopping Co., a subsidiary of Seven & i Holdings

<http://www.7netshopping.jp/food/>

Seven Net Shopping, which is a marketplace for Seven & i's various retailing subsidiaries, has its own merchandizing section, independent of its physical store

counterparts. As such, the company is expanding its offering including food. Seven Net's merchandizers are not importers and do not buy directly from U.S. suppliers or their importers. Instead, they source their products from its existing suppliers/distributors.

For those interested in providing product information to Seven Net shopping: Please send the material by mail to:

Seven Net Shopping Co.,Ltd  
Daihatsu Kojimachi Bdg.  
5-4, Kojimachi, Chiyoda-ku, Tokyo 102-0083  
Attn: Merchandizers

C. AEON Shop run by AEON Retail, a subsidiary of AEON Co.  
At present, AEON's e-commerce sites only sell products available at its physical outlets. AEON Retail's merchandising section covers both physical stores and e-commerce. While it sources some products directly from foreign suppliers, the company generally does so through their existing distributors. As of this writing, U.S. suppliers who are interested in selling their products on AEON Net Shop are asked to contact its main office (as below) just as in other cases.

[http://www.aeon.info/contact/#about\\_internet](http://www.aeon.info/contact/#about_internet)

D. The Meat Guy (run by TMG International)

The company sources most products from local distributors, except some beef (from the owner's ranch in the U.S.) and turkey, which it imports directly. It does consider importing new items if it finds them unique enough and fits into the range of its product line including meat, processed meat, cheese, and frozen food.

CONTACT: [info@themeatguy.jp](mailto:info@themeatguy.jp)

E. The Foreign Buyers' Club

The company is not a food importer and does not directly buy from U.S. suppliers. Instead, they generally source their merchandise from local trading companies, who introduce a wide variety of food products from not just the U.S. but other countries.

To contact regarding the retailer's merchandizing: <http://www.fbcusa.com/contact-us>

#### IV: POST CONTACT AND FURTHER INFORMATION

For Japan's overall retail market summary and recent trends, please refer to:  
[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods\\_Tokyo%](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods_Tokyo%)

If you have any questions or comments regarding this report or need assistance with exporting to Japan, please contact the U.S. Agricultural Trade Offices in Tokyo or Osaka at the following addresses:

Tokyo (U.S. Agricultural Trade Office)  
U.S. Embassy, Tokyo 1-10-5 Akasaka, Minato-ku Tokyo 107-8420  
Tel: 81-3-3224-5115 Fax: 81-3-3582-6429  
E-mail: [atotokyo@fas.usda.gov](mailto:atotokyo@fas.usda.gov)

Osaka (U.S. Agricultural Trade Office)  
U.S. Consulate General, Osaka-Kobe 2-11-5, Nishi-tenma, Kita-ku, Osaka 530-8543  
Tel: 81-6-6315-5904 Fax: 81-6-6315-5906  
E-mail: [atoosaka@fas.usda.gov](mailto:atoosaka@fas.usda.gov)

**APPENDIX: The Development of E-Commerce:**

<b>Year</b>	<b>Event</b>
1997	Rakuten launched <i>Rakuten Ichiba</i> .
1999	Yahoo Japan launched its ecommerce service Yahoo! Shopping.
2000	Seiyu launched its online grocer Seiyu Net Super. (Seiyu renewed the site to be called Seiyu.com in 2013.)
2000	Amazon launched its service in Japan.
2001	Ito Yokado launched its Net Super.
2008	Amazon Japan started selling food and beverage.
2008	AEON launched its Net Super.
2009	Summit (Store) launched its Net Super.
2009	Seven & i launched "Seven Net Shopping".
2010	Amazon started free shipping service.*
2012.7	Rakuten launched Rakuten Mart, a web-only grocer.
2012.8	AEON launched AEON SQUARE, consolidating their subsidiaries' websites.
2013.1	Yahoo Japan and a convenience store chain Lawson launched "Smart Kitchen" online grocery.

\*with some exceptions

