



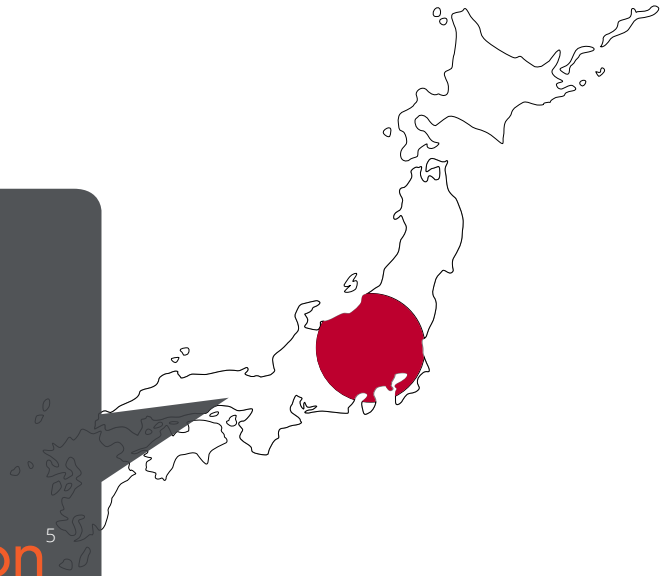
# JAPAN



**Global**e  
Smart Cross-Border™

Country Report  
2020

Population (2020) : **127M**<sup>1</sup>  
Currency: Japanese Yen (JPY)  
GDP per capita (2019): **\$40,850**<sup>2</sup>  
Language: Japanese  
Internet users (2019): **117.9M**<sup>3</sup>  
Online shoppers (2020): **88.4M**<sup>4</sup>  
B2C ecommerce market size (2018): **\$122 Billion**<sup>5</sup>



As a world leader in technology innovation and development, Japan has one of the most powerful economies in the world. It also has one of the most digitally connected populations, with 91% of Japanese people reporting that they use the internet daily<sup>6</sup>. Japan has the second largest ecommerce market in the Asia Pacific region, and is the fourth largest ecommerce market in the world, behind China, the US and the UK<sup>7</sup>. Japan is known for its brand-loyal consumers<sup>8</sup> and is also the world's second largest market for luxury goods<sup>9</sup>.

The Japanese cross-border ecommerce market is expected to reach 315.4 billion yen in 2022<sup>10</sup> (almost USD 3 billion), a growth of 23% since 2017, with China and the USA as the two leading markets for cross-border purchases among Japanese online shoppers.

However, despite its highly developed local ecommerce market, among the countries in Asia-Pacific, the Japanese are the least likely to make purchases on foreign sites and have one of the lowest cross-border buyer penetration rates in the world. According to research conducted by PayPal and Ipsos in 2018, only 5% of online shoppers from Japan shop online from cross-border websites<sup>11</sup>.

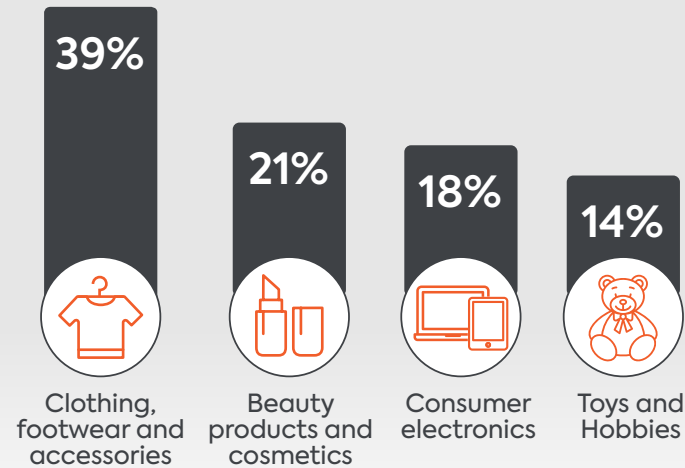
The considerable market potential, coupled with its large population (Japan is the world's tenth largest country by population, with 127.3 million people<sup>12</sup>) make Japan a very desirable market for global online retailers.

## How Japanese online shoppers buy cross-border

Japan is a largely untapped cross-border market, with most online shoppers still choosing to buy from domestic webstores and marketplaces. In general, Japanese shoppers prefer to buy from local websites as they feel more familiar and there is a general suspicion of foreign websites. According to research by Mastercard, 31% of Japanese shoppers are concerned about language barriers when purchasing from a cross-border website and 20% are afraid of hidden charges<sup>13</sup>. In order to attract Japanese shoppers, cross-border merchants need to understand the market and local shopping preferences.

### Popular cross-border purchases

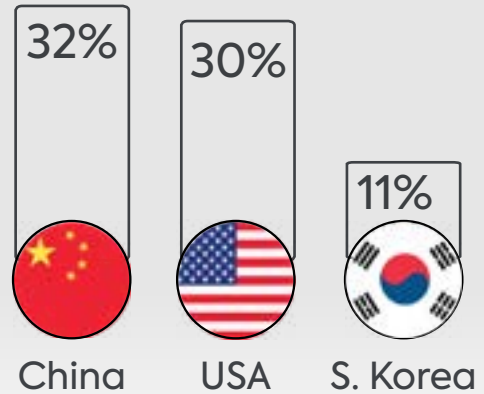
Fashion and cosmetics are the most popular categories of cross-border purchases driven by Japanese consumers' appreciation for foreign brands.



Source: eMarketer, 2017

### Where do Japanese cross-border shoppers buy from?

China, the US and South Korea are the leading markets for cross-border purchases.



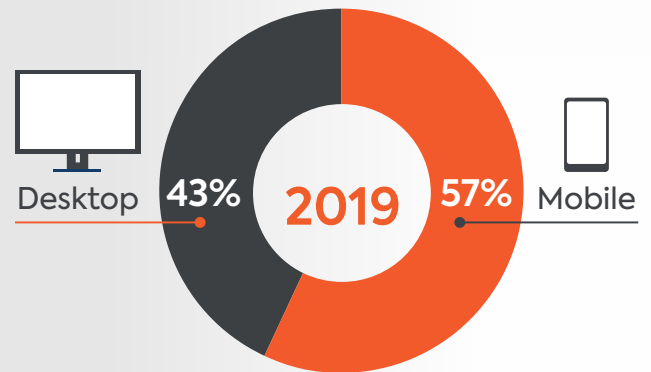
Source: IPC, 2019

### Preferred device for cross-border online shopping

In Japan, purchasing via mobile is common and more popular than purchasing via desktop for cross-border online shopping.

2019 saw a 16% increase in mobile purchasing since 2018, when 57% of cross-border purchases were made on mobile, compared to 49% the year before.

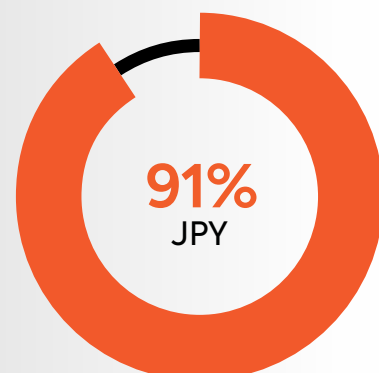
Source: Global-e, 2020



### Currency

Most Japanese shoppers prefer to browse and buy in their local currency, Japanese yen (JPY). According to Global-e's data, 91% prefer to buy in JPY when offered.

Source: Global-e, 2020



## Language

Japanese is spoken by 99% of the population of Japan<sup>14</sup>. According to the EF English Proficiency Index, Japan has a “low proficiency” of English, ranking number 53 out of 100 countries.

With language cited as one of the main barriers to purchasing cross-border, offering a welcome message in Japanese reassuring shoppers that you ship to their country and enabling Japanese shoppers to check out in their local language help to significantly increase conversion rates. Global-e’s stats show that 20% of cross-border online shoppers in Japan will choose to switch to Japanese at checkout when available.

Source: Global-e, 2020

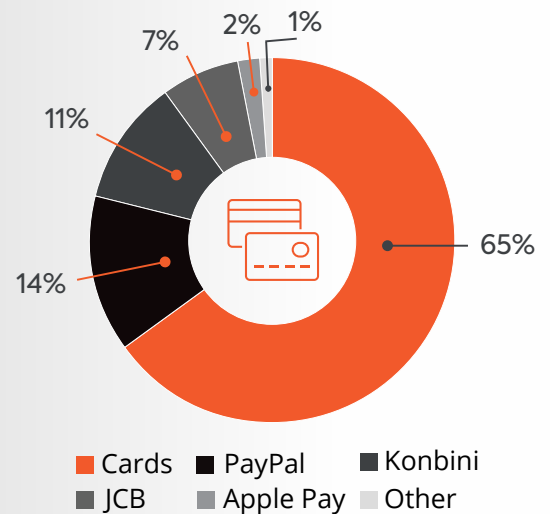


## Payment Methods

Bank cards (which include both credit cards and debit cards) are the top online payment method in Japan for cross-border online purchases.

JCB is a Japanese payment brand which mainly uses credit cards. Konbini allows customers to pay for online purchases with cash in 24/7 convenience stores, and is particularly popular with teenagers without bank accounts or access to credit.

Source: J.P. Morgan, 2019; Global-e, 2020



## Taxes and Duties

Most goods and services in Japan are subject to a 10% consumption tax. The local threshold for cross-border purchases is 10,000 JPY (approx. US\$92). Above this threshold, shoppers will be charged duties and the consumption tax.

Due to the threshold imposed for imported goods, many cross-border online shoppers will be liable to pay taxes and duties on their orders.

Global-e’s statistics show that when given the option, **80%** of Japanese shoppers will opt to prepay taxes at checkout for a guaranteed landed cost.

Source: Global-e, 2020



## Delivery

Japanese customers expect short delivery times for their orders, therefore, online retailers shipping from abroad need to set clear expectations regarding how long shipping will take.

Shipping speed and price are key components of shopper satisfaction; therefore, merchants should offer at least one attractively-priced tracked shipping option to meet cross-border shoppers' desire for fast, trustworthy and secure delivery. According to Global-e data, 60% of cross-border shoppers in Japan choose express delivery when offered more than one shipping method, opting to pay extra to receive their order faster.



Among shoppers that were offered more than one shipping option

Source: Global-e, 2020

## Major Local Shopping Holidays

Most of the major shopping holidays celebrated in Japan are unique to this market. Running promotions ahead of these holidays will help to increase sales.

**March: White Day** - Celebrated exactly one month after Valentine's Day, this is a major gift-giving holiday in Japan for men giving gifts to women. The traditional gift is chocolate, but White Day gifts may also include luxury items such as jewellery, perfume or handbags.

**April - May: Golden Week** - This week of national holidays includes Constitution Memorial Day, Greener Day and Children's Day and is one of the most lucrative periods of the year, especially for luxury brands.

**June - July:** Online spending is higher during the summer months when Japanese companies give out bonuses, which are widely spent on luxury goods, leisure and travel.

**November - December: Black Friday and Cyber Monday** - While relatively new to the local scene, Black Friday sales have increased in the last few years with promotions running on the country's popular marketplace websites.

## Summary

Japan boasts one of the largest ecommerce markets worldwide, however, its cross-border ecommerce penetration is comparatively low. This provides, therefore, a great opportunity for cross-border online retailers.

In order to increase conversion rates from cross-border websites, merchants need to provide online shoppers from Japan with a seamless, localised shopping experience, tailored according to their shopping behaviours and preferences. This includes offering the option to browse and buy in JPY, offering a choice of fast shipping and delivery methods at attractive rates including express delivery and providing an easy and transparent returns process.

Providing shoppers with a localised welcome message in their own language, informing them that you ship to their country as well as other key messages, will reassure Japanese shoppers that they can confidently and securely purchase from a foreign website. Offering Japanese shoppers the option to check out in their local language will also greatly increase checkout conversion rates, as many Japanese shoppers are concerned about language difficulties when shopping on foreign sites.

Another concern for online shoppers are hidden fees. Merchants should address this by providing a local tax and duties calculation with an option to prepay all duties and taxes at checkout for a guaranteed landed cost, preventing any unpleasant surprises upon delivery.

By providing Japanese online shoppers with a seamless online shopping experience, you will gain their trust and increase your sales in this market.

## About Global-e

Global-e (Nasdaq: GLBE) is the world's leading platform to enable and accelerate global, direct-to-consumer cross-border ecommerce growth. The chosen partner of hundreds of retailers and brands across the United States, Europe and Asia, Global-e makes selling internationally as simple as selling domestically. Our end-to-end ecommerce solutions combine best-in-class localisation capabilities, big-data best-practice business intelligence models, streamlined international logistics and vast cross-border experience, enabling online retailers to offer customers in over 200 destinations worldwide a seamless localised shopping experience. This includes local messaging per market, local pricing supported in 100+ currencies, 150+ local and alternative payment method, local tax and duty calculation with prepayment options for a guaranteed landed cost, multiple shipping options at attractive rates and easy returns. For more information, please visit our website: [www.global-e.com](http://www.global-e.com)

To discover more about increasing your online sales for the Japanese market, please contact us at [info@global-e.com](mailto:info@global-e.com)

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