



**UDENRIGSMINISTERIET**  
*The Trade Council*

# digital sales

Market Entry to JAPAN via DIGITAL

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# Why sell in Japan?

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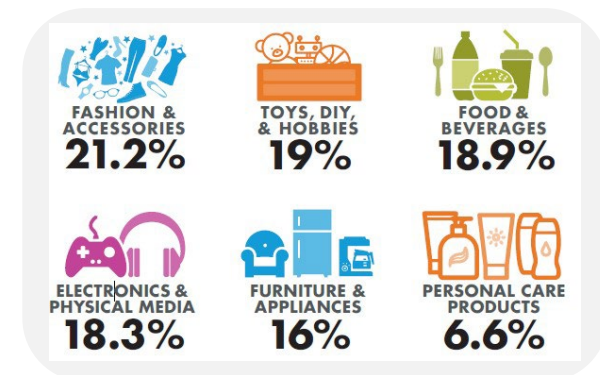


- E-commerce and access to large online marketplaces have allowed any companies to start trading overseas with lower costs than ever before.
- Many companies who did not have the resources to foreign markets now have access with local customers around the world.
- It is often believed Japan is a hard market to penetrate because of the differences in language, culture and business practice.
- There are multiple ways to help overcome any of those barriers.
- Japan is another powerful market with a wealthy population of 127M, that should not be overlooked.

# Japan Market OVERVIEW – B2C/ B2B2C



- Japan is the world's third largest economy and e-commerce market.
- In 2020, the total market value was \$120 billion with 22% Y/Y growth \* excluding service.
- Mobile commerce ratio: 50%+.
- Three EC platforms dominate the online retail market, holding over 45% of the market share.
  - Rakuten, amazon, yahoo.
- Top 100 online retailers also enjoy > \$100M annual sales w/their unique customer base.
- Top Selling items Online:



# Japan Market OVERVIEW – B2B/ B2G

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## B2B

- Total B2B digital sales hit \$2.9 trillion in 2020.
- 33.5% of business transaction went through digital. However, it is mainly through EDI (digital interface), not by online commerce.
- Several B2B online marketplaces have just emerged and are expected to grow faster.
- Digitization of SMB have been driven by the ministry of economics and industry but still in progress.

## B2G

- There is no unified digital procurement platform for local governments
- Digitization of all governmental process is underway, driven by newly established digital agency.

# Potential entry barriers in Japan

## Energy

## Food & agro

## health

## design

- High customer expectations of quality standards in products and services
  - Sufficient logistic capability is needed for fast and flexible delivery
  - Full localization in Japanese is required - machine translation must be avoided.
  - Best in class Customer Support is a key to success in Japan
  - Customers expect detailed information including brand story and product specifications
- Generally, awareness of Danish brands and products are low in Japan - some levels of marketing activities may be necessary

- A lot of regulations/relevant laws in environment, construction, sea, power, etc.
- Need to be a member of consortium for participating in projects for bidding

- Food regulations to comply with.
- Limitations of food delivery (Perishable food, Frozen Food)
- Fierce competition in the market
- High level of consumer interest in food safety

- Restriction of online sales for prescription drugs
- Limitation of online medical care by law.
- The numbers of B2B marketplaces for medical equipments are still small

- Limited opportunities for customers to see real products before ordering online. Many want to do so, especially in Interior/Furniture.
- High delivery costs may be a burden for large size merchandises such as furniture.
- Our current distribution partners are relatively small and have limited access to large EC channels

# digital sales OPPORTUNITIES in JAPAN

	ENERGY	TECH	HEALTH	FOOD & AGRI	DESIGN
B2C/ B2B2C			<ul style="list-style-type: none"> <li>• OTC drags</li> <li>• Medical Supplies</li> <li>• Cosmetics</li> <li>• Supplements, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Tea</li> <li>• Confectionaries</li> <li>• Chees</li> <li>• Alcohol/ Beer</li> <li>• Juice</li> <li>• Canned Food</li> <li>• Processed Food</li> <li>• (Frozen Food)</li> <li>• Serials</li> <li>• Oil, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Furniture</li> <li>• Interior goods</li> <li>• Stationaries</li> <li>• Audio</li> <li>• Apparel</li> <li>• Shoes</li> <li>• Camp goods</li> <li>• Sports goods</li> <li>• Home appliances</li> <li>• Office supplies, etc.</li> </ul>
B2B	<p>Sales negotiation mainly via offline channels</p>		<p>Large gift markets with \$93 billion USD for seasonal and cultural events such as Christmas, Valentine's Day, Halloween, Wedding, New life, etc.</p>		
			<p>Partner with major EC channels that have an affinity for customer attributes and take advantage of their marketing, sales power and logistical capabilities.</p>		
B2G					

# Contacts

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Dinna Aamand Hansen has a Master degree from Copenhagen Business school and rejoined the Danish Ministry of Foreign Affairs (MFA) May 2021 after working 3+ years in Arla foods. Previously she was posted to Tanzania and held different positions in the MFA. Before this she worked in Capital Markets.