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JANUARY RETAIL SNAPSHOT

Company	YonY (%) Total	LforL
ABC Mart (prev. mth)	9.8	10.3
Adastria HD	14.2	14.7
Aeon Retail (prev mth)	2.9	0.3
Askul	-2.5	-
Cawachi Yakuhin	-1.2	-1.3
Chiyoda	3.9	6.7
Daimaru-Matsuzakaya	11.7	-
Genky	12.2	9.7
Hankyu-Hanshin	16.2	-
Isetan-Mitsukoshi	12.6	-
Komeri	-5.0	-5.8
Kusuri no Aoki	16.6	11.0
Matsuya	22.3	-
Muji (Japan)	0.1	-7.3
Nishimatsuya Chain	9.1	5.6
Nitori	12.7	10.0
Right On	-6.0	-2.4
Shimamura	1.7	1.9
Sogo Seibu	0.2	-
Takashimaya	8.8	-
Tsuruha HD	2.8	0.1
Uniqlo	2.3	0.4
United Arrows	3.9	3.1
Workman	4.5	0.9

Goldwin: sustainable records

Goldwin has had a remarkable run of record sales and profits, a beneficiary of the continuing growth in the outdoor market as well as its own retail strategy. Although much of its success has come from The North Face, Goldwin is determined to become a more diversified – and global – sports business. It presents a case study of how outdoor and sportswear is developing in Japan.

Goldwin, the outdoor sports business, is poised for significant growth in the coming years, with plans to double the number of directly managed stores. CEO Takao Watanabe has outlined an ambitious growth strategy that focuses on expanding the company's brands beyond the The North Face, such as Goldwin and Neutralworks, and venturing into new business areas, including the development of large-scale park complexes, the first of which is set to be completed in 2026.

Record sales and profits

Goldwin's financial performance remains strong. Net income for 1H2023 reached a record high of ¥7.2 billion, up 25.3%, on sales up 12.8% to ¥51 billion. This follows record sales of ¥115 billion in the year to March 2023, up 17.1%, exceeding ¥100 billion for the first time. The North Face remains the key brand, accounting for 45% of sales last year, having doubled over the past decade.

By category, lifestyle sports, which includes The North Face, remains the biggest category for Goldwin at ¥66.8 billion last year, up 18%, driven by women's and children's merchandise, but the much smaller fashion category (¥8.9 billion) had the highest growth, up 23.6%. Performance sports rose 14.2% to ¥39.2 billion.

As a result, operating profit increased 32.7% to ¥21.9 billion, and operating margins reached an impressive 19% (triple that achieved in FY2016), although this was partly aided by the very high gross profit margins of 73% at its South Korean subsidiary.

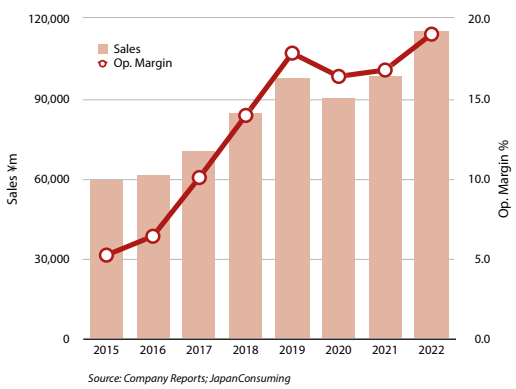
While the main driver of Goldwin's recent success has been the surge in demand for outdoor and sports apparel, largely fuelled by the post-pandemic resurgence in outdoor leisure activities, both in Japan and in export markets like Korea, the rapid return of inbound tourists has also helped. In 1H2023, at its 158 directly managed stores, 20% of sales came from overseas visitors.

There are some notes of caution in these record numbers. As Descente's bubble-like performance in Korea showed, dependence on this bounty would be hazardous longer-term, but Goldwin seems aware of the issue and is diversifying its overseas investment (see below).

Goldwin is also highly dependent on the fatter margins achieved from winter sales – last year, its 1H2022 (i.e. Spring/Summer) margins were 11.6% but 2H2022 margins were 22%. However, last S/S, Goldwin increased prices by around 5-10% on a third of seasonal items with no negative impact on sales, helping operating margins rise 0.3 points on the year.

Goldwin recently adjusted its medium-term plan ending 2026 to account for the higher than expected performance in the past few years. Revised sales are now expected to be ¥149 billion (initial target ¥125 billion) and operating profit ¥26.8 billion (¥21 billion). Sales for this year ending March are expected to rise 6.9%, with operating profit up 3.2%.

Goldwin: scaling new margin heights



Source: Company Reports; JapanConsuming

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ABOUT JAPANCONSUMING

JapanConsuming is for companies and investors with an interest in Japanese consumer and retail markets. It is for those operating in Japan, those planning to, and anyone that wants to know about the second largest consumer market in the world. JapanConsuming covers most consumer sectors, retail trends, product development, consumer buying trends, company financials and has a special focus on the activities of non-Japanese companies in Japan. It aims to deliver relevant, concise, and usable information. We genuinely welcome feedback, comments and views.

Subscriptions	Sally Bedown
	SALES@JAPANCONSUMING.COM
	FAX: +813-4496-6421
Administration	Yukiko Ikeda
	SALES@JAPANCONSUMING.COM
Research	David Reed
	Yuko Suzuki
	Masao Watanabe
Production	Maki Endo
	Eiko Stephens
Editors	Michael Causton
	Roy Larke
	EDITOR@JAPANCONSUMING.COM
Publisher	Michael Causton
	MICHAEL@JAPANCONSUMING.COM

WWW.JAPANCONSUMING.COM

Adapting and thriving

Japan's service sector gets a bad press for being unproductive and overly protected from international competition. Nowadays, many retail and consumer brands face competition from foreign market entrants but, for a long time, still had much of the market to themselves. Even listed firms had relatively passive shareholders and so faced little pressure to deliver the kind of returns that would be expected in some markets.

The old ties to maintain the status quo for mutual benefit are breaking down. At a macro level, it is not competition per se that is pushing companies to improve but the fact that a contracting population means fewer opportunities to grow. Consumer-facing businesses can no longer afford to grow marginally simply by standing still and need to actively take share away from others. This demands investment, pushing firms to generate better returns and retain earnings to invest in growth, just at a time when digital technologies offer a generational chance to dramatically streamline operations. At the same time, investors are increasingly activist, lured in part by these piles of cash, but also by the opportunity created by the breakdown of those old mutual agreements and practices that had encouraged conservatism.

That Aeon might now be able to double its stake in Tsuruha is the result of some of these pressures playing out, but so is the fact that Japan's biggest retailer will cut its delivery mileage by 10% in response to regulations, truck driver shortages due to a contracting population, demand and new forms of collaboration.

Many other businesses this month are reporting record sales and/or profits through a) acquisition of more market share by investing in omnichannel, brand marketing and staff training (and better working conditions), b) streamlining through digitisation of supply chains through to logistics and, c) diversification, whether it is drugstores taking share from supermarkets, department stores becoming major franchisees, or breweries making AI-designed sugary alcohol.

E-commerce is central to much of this as our focus this month demonstrates, helping facilitate diversification as much as digitisation. That online shopping is set to become the largest channel in 2025-26 isn't surprising, but what may be, is that 51 of the top 100 e-commerce players are retailers that already garner just under 30% of sales from online.

Tokyo, February 2024

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Can Goldwin grow its own brand?

The dependence on The North Face remains the biggest potential weakness. So while Goldwin continues to expand The North Face, both in Japan and South Korea, it has high hopes for its eponymous brand. In FY2024, the company plans to double the number of directly managed stores for Goldwin, encouraged by the sharp growth in sales to tourists – 60% of Goldwin brand sales in Japan were to inbound tourists last year.

The sports firm already has six Goldwin stores overseas in cities like Beijing, Munich and San Francisco but just three in Japan. A significant bottleneck to overseas expansion has been lack of experience in operating retail abroad, but Goldwin has been hiring experienced staff, as well as putting out feelers to local firms to provide retail operational support.

Goldwin is also optimistic about its Neutralworks brand, designed for the athleisure market. Last year, it opened a joint store combining Neutralworks with The North Face in Kichijoji, but will now expand single brand stores in both malls and stand alone.

There are also high expectations for a new project, Goldwin 0, which was launched last Autumn at Rakuten Fashion Week. Goldwin 0 is pitched as a sustainable brand based on use of Shima Seiki's whole garment knitting machines and Spiber's protein fabrics. The London design studio, OK-RM, has been hired to participate in creative direction.

All these initiatives look promising but there is concern that building them will take time and, should The North Face's popularity wane, Goldwin may not be ready to offset the loss.

Sustainable manufacturing

On the other hand, the patient focus on product development is yielding dividends through collaborations, particularly with Spiber on curation of high quality and environmentally sustainable materials. One example is Brewed Protein fibres, which are finally being integrated into products for the Goldwin 0 brand after a decade in development – Goldwin aims to use artificial protein materials in 10% of new products by 2030.

To promote its development of new fabrics, Goldwin opened a popup store last month in Marunouchi featuring all items made with new materials.

Another blind spot for a while was e-commerce – this looked to be because the highly successful retail team was worried about cannibalisation – but Goldwin is now improving its omnichannel strategy, forcing cooperation between e-commerce and retail teams. Like many other apparel firms, Goldwin uses Staff Start to drive online marketing by shop staff and now staff at almost all 158 of its own stores post on social media. As a result, staff posts now account for 50% of e-commerce sales. Goldwin has also found that social media posts from its shop staff from within national parks like Hakuba and Shiretoko are popular because of the perceived outdoors experience of the employees (pictures of encounters with bears only add to the authenticity).

More services

Like Snow Peak, Goldwin is moving into outdoor services and parks too. It will open a huge outdoor park in Nanto, Toyama in 2026 (close to the Shirakawa-go World Heritage Site) called Play Earth Park Naturing Forest. The park will cost between ¥5-10 billion to develop and cater to camping and outdoor newbies, providing a safe, contained space within which to develop experience in camping and other outdoor pursuits. As well as direct revenues from the park, Goldwin will sell merchandise and the services will bolster Goldwin's outdoor branding. The company also has a collaboration with Hokkaido University to explore new tourism opportunities on the northern island.

The Play Earth brand is also being expanded at retail, with the first Play Earth Kids store opened in late 2022 in Ebisu. At the end of January, a Play Earth store was also opened within the updated Meiji Park near NHK in Shibuya (a PFI project led by Tokyo Tatemono and Mitsui). As well as its four main brands, the 120 sqm store rents picnic and camping gear for those spending time in the park.

A diverse future

Going forward, the key sources of growth will be:

- Organic expansion of existing brands ▶

SNOW PEAK OPENS FIRST DIRECTLY MANAGED CAMPGROUND IN KANTO

Snow Peak will open Snow Peak Kanuma Camp Field & Spa in Kanuma, Tochigi in April. This will be the first directly managed campground in the Kanto region for the company. Kanuma, where the Oashi River flows, is a popular area for outdoor enthusiasts thanks to activities such as fishing and canyoning, and its location just 100km from Tokyo. The campground will have a total of 91 lots, including some camping bungalows designed by Kengo Kuma. For people without their own camping equipment, Snow Peak will offer a selection of its own products for rent.

The site will include a hot spring and sauna as well as a Snow Peak store and restaurant. This will be Snow Peak's second hot spring facility after the campsite at the Niigata headquarters, which opened two years ago.

AEON SEEKS TO DOUBLE SHAREHOLDING IN TSURUHA

Aeon has confirmed it is in exclusive talks with Oasis Management to acquire the shares the activist fund holds in Tsuruha Holdings. Oasis has just under 13% of Tsuruha stock, similar to Aeon's stake of 13.6%. If Aeon is successful, the stake would be enough to make Tsuruha an equity affiliate. While this would not be full control, it would mean Aeon would own the biggest drugstore chain, Welcia, and have significant sway over the second biggest retailer, with combined sales of around ¥2 trillion or some 20% of the drugstore market. With food an ever increasing ratio of drugstore sales, Aeon's reach and depth of supply chains would give it significant leadership in the development of hybrid drugstore-supermarkets and hybrid drugstore-conbinis. However, until now, Tsuruha has resisted relinquishing its independence and recently announced it is in talks with private equity firms about going private. Either option would result in the founding family having to give up some autonomy as they only own around 9% of the business.

EBAY JAPAN LAUNCHES FMCG MALL TARGETING WOMEN

Ebay Japan, which operates the online fashion mall Qoo10, launched a new mall selling FMCG and daily use items last month. Called Qmart, the mall is a subsection of Qoo10, making it easy for Qoo10 members to add daily use items to their shopping. Since 80% of the Qoo10's registered members are women, and about 70% are in their teens to 30s, Qmart offers an opportunity for food and other FMCG brands to target this particular demographic. Qmart sells everything from drinks through food to detergent, including items in bulk lots, with over 10,000 SKUs currently and plans to expand to around 100,000 SKUs by the end of this year. Shipping is free above a threshold of ¥3,980. The mall will be a significant competitor to Askul's Lohaco as well as the big three malls, Aeon and other supermarkets, but given the Qoo10 demographic will likely remain focused on women in their 30s and below for now. Ebay ▶

hopes the service will encourage brands to offer free samples of new product launches via the site when they order fashion and other items.

GINZA RENTS EXPECTED TO CONTINUE RISING IN 2024

Ginza "high street" retail rents are expected to continue to rise over the next two years, according to CBRE's recently published Real Estate Outlook 2024. The report predicts that Ginza high street rents as of the end of 2025 will be ¥269,500 per tsubo, an increase of 3.4% compared to CY3Q2023. CBRE noted that properties in prime locations, especially those sought after by luxury brands, are becoming harder to find. Against this backdrop of tightening supply, Ginza high street rents rose 7.9% year-on-year in FY3Q2023, exceeding the level just before Covid. Rents in the best locations are now around ¥400,000 per tsubo. Rents peaked in 2Q2016 and began to fall as spending by foreign visitors declined due to the strong Yen and changes in Chinese law on bulk buying and imports, and then bottomed out in 3Q2017. They began to rise after this but then fell by 6.4% in 3Q2021 due to Covid, before bottoming out again in 3Q2021, but remained flat until 3Q2022 when demand rose and supply tightened.

MATSUYA ACQUIRES LUXURY ONLINE MALL, MILLEPORTE

Last month, Matsuya agreed the acquisition of luxury e-commerce business, Milleporte. Milleporte is a luxury online store, selling a mix of well-known and up-and-coming brands across multiple categories including fashion, art, beauty, lifestyle and gourmet. Milleporte was launched in 2020 by B4F, the operator of Brands for Friends, the flash sale site, with backing from Goldman Sachs and Itochu Shoji. More than 4.3 million people are reported to have registered as members. While Matsuya has seen a sharp rebound in sales at its main Ginza store, it has been looking at ways to develop an omnichannel business for some time, and the acquisition of Milleporte will accelerate this strategy significantly, not least in bringing in much needed experience in e-com-

through OMO in Japan

- Overseas investment in its own brands: Goldwin, Goldwin 0 and Neutralworks
- Creation of new in-house brands
- Signing of more brands from overseas.
- Increasing investment in post-purchase experiences and venues.

Headwinds include continued relentless competition at home, not only from major brands but also businesses with large portfolios of brands and access to much higher levels of capital. Itochu Shoji is one, but also overseas firms like Amer Sports, backed by Anta and about to complete an IPO. Given all the competition, room for The North Face to expand much further could be limited and, as mentioned above, Goldwin's own brands may take time to scale to take up any slack – although here the good news is that, unlike The North Face, its own brands have as much potential outside Japan and South Korea as within.

The camping and outdoor pursuits boom is also subject to the flux of all such social trends in Japan but, at least for now, the enthusiasm for the outdoors looks set to continue and, compared to markets like the US and Europe, the percentage of the population pursuing outdoor activities remains low. The demand for sports fashions also seems set to stay; according to research firm Ken Research Analysis, the global athleisure market is expected to grow to $450 billion in 2028, 1.6 times the 2022 level.

Overall, Goldwin's growth and expansion strategies, coupled with its dedication to sustainability and innovation, position it as a key player in the outdoor sports industry and an exemplar of the remarkable buoyancy of the outdoor market. JC

Kintetsu expands franchise model

Kintetsu has been expanding the number of direct franchises in its stores for the past five years. Now, with plans to open as many as 100 franchises both in its own properties and in third-party locations, including new franchises from overseas, the department store hopes for nearly 40% of sales from this source by 2026.

Kintetsu Department Store continues to expand directly managed in-store franchises. The decision to franchise popular brands, particularly those that help generate footfall to and around Kintetsu's larger stores, has proven a major success, and it is surprising that the model isn't being copied elsewhere to exploit the well-located properties owned by many of its peers. By February 2026, Kintetsu expects sales from franchises to exceed ¥40 billion, equivalent to 37% of turnover and three times the volume in February 2023.

As of January, Kintetsu operated 14 properties all around eastern Kansai, including nine department stores and five shopping buildings. Primarily in the former, Kintetsu today hosts 60 franchise stores and aims to expand to more than 100 by 2026. In future, as the firm's expertise as a franchisee grows, it is also considering opening stores outside its own properties, becoming a regional franchise operator for interested brands.

In addition to Hands, Familymart, Seijo Ishii, Own Days, Tutuanna and Tully's Coffee among other brands, Kintetsu reports particularly strong sales from its franchise of Shinno Seikatsu (also known as Maji Treats), the Taiwanese brand which it runs exclusively in Japan – Kintetsu already has more Maji Treats stores in its buildings than the brand does in its home market. Recent new franchises include restaurant chain Tokyo Mercato and Cainz's Style Factory.

For some properties, Kintetsu is planning to convert large proportions of store space to franchises. Lower floors will feature multiple, high margin franchises, while the upper floors will be converted to what it calls a 'town centre', encouraging community events and offering space for rental offices and government services.

With successful department stores splitting into shopping buildings in the regions and luxury emporiums in urban areas, Kintetsu hopes its franchise model will provide greater differentiation. It will look to bring in more exclusive brands, including new brands from overseas similar to Maji Treats, and to create its own brands that could develop into franchises of their own.

In addition to more franchises, Kintetsu is copying supermarket operations with its new strawberry farms. For the first time this year, the company's directly-run farms will supply around 25 tons of fresh strawberries, branded 'Harukas Smile'. It expects to generate high margins from direct production and is now planning to expand into melons and grapes.

Kintetsu also has high hopes for improved sales to tourists in 2024. The company warns that the main beneficiaries are likely to be luxury brands and any strengthening of the Yen could see demand decline. This point of view is perhaps a little pessimistic, at least for 2024, as Asian tourists in particular look to visit Japan in what is still a post-Covid/cheap Yen travel boom. JC

Mercari card ups user numbers

Mercard, the credit card launched by Mercari in late 2022, is a big success, helping the digital flea market provider grow its user base. The rate of growth in online flea markets has slowed, however, and Mercari will introduce a new gig-work service this Spring to further differentiate its business from the likes of Rakuma and Yahoo Flea Market.

Mercari's new credit card, appropriately called Mercard, is helping grow use of the online flea market app. After sign-up, card holders use the platform 10-60% more than non-holders, for both purchases and for listing products for sale. The card makes it easier for members to redeem loyalty points, also helping sales.

Mercari began offering Mercard to all Mercari users in December 2022, gaining 2 million subscribers by November last year, doubling from 1 million in June. This is probably a large proportion of all newly issued credit cards in 2023. In the year to March 2023, just under 6 million new credit cards were issued, so an increase of 2 million by just one company is a significant figure.

The popularity of the Mercari app continues to grow, both to save money and to offload unwanted stuff at home, and Mercard encourages further use through the loyalty scheme. Purchases made through the card currently earn 4% in points. Sellers can also use their own earnings to pay off their credit card, making the card doubly convenient.

Mercari directly attributes an increase in average revenue per user (ARPU) and GTVs to the success of the card. In 1Q2024 July to September, GTVs grew 12% to ¥246 billion from monthly average user numbers of 23 million, an increase of 4% from 2023. Mercari's sales in Japan grew 10% to ¥25.2 billion, with adjusted operating profit up 12% to ¥10.1 billion.

The number of transactions for Mercard holders doubled compared to non-card holders in the toys and hobbies category alone, with the number of listings also increasing 1.9 times. Mercari says this particular category is already a collectors market. There is no specific data available, but Mercari suggests it owns a massive chunk of all toy and hobby sales in Japan already, with resale vitally important.

Despite clear success with Mercard, growth rates for online flea markets slowed after the pandemic and competition is fierce from the likes of Yahoo Flea Market/Yahoo Auction and Rakuma. Mercari is hoping to see at least 50 million monthly users at some point, but despite the potential in the market, it will take some time to achieve.

As a result, the company will diversify in 2024 with the launch of Hello Mercari, a new staffing platform aimed at gig and part-time workers – adding the commodities of time and skills to its existing curation of products and finance. The new service will be available to all 14 million users of Mercari's existing app who have confirmed their identity, beginning this Spring with those living in Tokyo. Users will need to register their skills and their available hours, and companies can then hire staff with no commitment. More importantly, users will also be able to receive payment directly into their Mercari accounts and, via Mercard, they'll be able to use these funds for daily expenses through the same ecosystem. JC

Pal Group: another record as founder retires

Pal Group's founder retired last month after 50 years at the helm during which he took the fashion to variety store business from ¥10 billion in 2001 to a forecast ¥184 billion this year.

Pal Group founder and chairman Hidetaka Inoue retired last month, replaced by vice president Isamu Matsuo. Inoue, who is 88, has run the company for more than half a century, beginning under the name Scotch Clothes, and leaves at a time of record sales at the fashion to variety store business. His son, Ryuta Inoue will continue in the business but will not be representative director.

Today, the 3Coins variety chain is the company's biggest business. 3Coins' success has helped the stock price jump three-fold in the last 18 months – although this was partly driven by share buybacks. The variety fixed priced chain has grown consistently in the last decade, up from ¥8.8 billion in 2010 to ¥48.9 billion last year, and from 66 stores to around 270 today – 50 new stores last year alone. Sales surged over the last two years, doubling from ¥25 billion in FY2020 and, as a result, variety goods now account for 35.8% of sales.

merce operations and customers.

INBOUND TOURISTS UP 8.2% ON 2019 IN DECEMBER

Inbound tourist numbers rose to 2.73 million in December, 8.2% above the same month in 2019 and a record for the month in any year. Records were also achieved for some nationalities, including Hong Kong, Singapore, Indonesian and Australian tourists. South Korean tourist numbers rose 215% to 782,700 while Taiwanese rose 14.7%. Mainland Chinese tourist numbers were still 56% below 2019 levels. Overall in 2023, arrivals were 21.4% below 2019 but since October have exceeded that year each month.

MITSUBISHI CONFIRMS SHIBUYA REDEVELOPMENT

Last month, Mitsubishi Estate confirmed plans for the redevelopment of land at Shibuya station. Called Dogenzaka 2-chome Minami District Type 1 Urban Redevelopment Project, the site will be rebuilt as a mixed-use facility of offices, retail, and hotels directly connected to the Keio Inokashira Line entrance. As well as the buildings, Mitsubishi will install more plazas and pedestrian areas to improve access. Completion is scheduled for February 2027. The main building will have 30 floors and a plaza, and a green space will be created at the centre to connect to Mark City, with a hotel at the top, including a rooftop pool, restaurant and bar.

NARITA TO INCREASE CAPACITY BY 66%

Narita Airport Authority (NAA) has begun preparatory work on a third runway and an extension to its existing Runway B. This will boost the airport's landing capacity from 300,000 to 500,000 by 2029 and will mean a massive boost to the the facility, including retail sales for what is already the country's leading mall. The work has been planned since the early 1990s, and after thousands of meetings with less than enthusiastic local residents, finally broke ground in December as demand for travel to Japan increases and there is no longer room to further expand at Haneda. The total cost will be

around ¥500 billion. At the same time, NAA needs to upgrade internal facilities and software and, vitally, find additional staff. This is proving a challenge and is not helped by the airport's remote location away from Tokyo. It now employs around 36,000 staff, but has found it hard to replace staff let go during Covid, and thinks it will need up to 70,000 staff once expansion is complete. As a result, NAA plans to lobby the government to introduce further labour saving measures and automation, notably adopting autonomous vehicles and unmanned stores. It is also looking to open a 24-hour daycare facility for staff.

AEON ENDS TIES TO TAKAQ

Last month, Aeon announced that it will dissolve its business and capital alliance with retailer, TakaQ. As of January, Aeon held 33.09% of TakaQ stock while TakaQ had 0.02% of Aeon stock. Aeon first invested in TakaQ in 1992 but the menswear retailer's sales peaked in FY2007 at ¥23.9 billion and have fallen sharply in recent years to just ¥12 billion. Since the end of FY2021, TakaQ has effectively been bankrupt and is now backed by the Regional Economic Revitalisation Support Organisation. Back in 1992, diversifying and adding to its specialty retail interests was a key part of Aeon's strategy but, in the past five years, the conglomerate has rationalised many of these subsidiaries and affiliates, as part of a wider move to greatly improve its focus and returns. The net result is a much smaller group of specialty retail interests, which include G-Foot, the footwear retailer, and Cox, an apparel retailer. Although Aeon will no longer have a stake in TakaQ, it will continue to support TakaQ stores in its shopping malls, including any proposals for new stores.

NAGOYA GETS NEW 93-STORE LANDMARK

A major new landmark will open in April this year in Sakae, Nagoya. Called Chunichi Building, the 33-story development has been built by Takenaka Komuten and will house 93 stores alongside offices, a hotel, restaurants, cafes, medical

For Pal as a whole, growth has been consistent despite the ups and downs in the fashion sector. Sales have risen from ¥10 billion when Pal first listed on the JASDAQ in 2001, to a projected ¥184.2 billion this year ending February 2024, up from ¥164.4 billion last year.

As well as 3Coins, Pal currently has over 50 brands under management, including Ciao Panic, Lasit, Chico, Castane, Mystic, Gallarda Galante, Discourt, and Colony 2139. Pal uses a business model similar to the music industry, offsetting declining brands with new ones to maintain growth and creating small teams of young staff to manage each brand. Thanks to the young target, e-commerce has expanded rapidly, accounting for about 40% of sales, around double the average in the industry.

Since 2021, Pal has instigated a number of reforms to grow market share and improve efficiency. One way to do this has been to increase store sizes across both fashion brands and variety stores. Another has been to introduce a 4-week merchandising system in its fashion chains, creating 12 seasons in the year to reduce delivery times, increase pull marketing, reduce excess inventory and thus improve sell through and gross margins.

Pal has also streamlined working practices to reduce overtime and headcount through digitisation of store operations such as stock take, as well as progress omnichannel integration. Pal's app has exceeded 9 million downloads and Staff Start is used to support social media marketing by shop staff, while more than 250 Instagram Live events are held each year.

As reported before, there remains considerable momentum in discounted lifestyle and variety stores like 3Coins, which alone should provide further upside for the business. With fashion consumption also now improving in some segments, Pal is likely to continue to outperform its peers. JC

Itochu plans faster pace of investment in fashion

Itochu may prefer to avoid the spotlight but it is one of the largest players in fashion distribution through a multitude of subsidiaries and affiliates. Having just posted record net profits, the trading firm's fashion arm is aiming to maintain this level and then raise it substantially in the long-term by adding more brands, expanding categories like footwear, sports and cosmetics, and increasing direct investment in stores and e-commerce.

Itochu Shoji's Textile Company, which manages most of the trading company's fashion brands, will speed up investment in order to produce higher returns. The company is aiming to sustain recently improved net profits at around ¥30 billion but, longer term, aims to hit as much as ¥50 billion. Consolidated net income for this year is forecast at ¥33 billion but, in 1H2023 it was just ¥11.5 billion and needs to increase significantly in the second half.

To maintain profit levels longer-term, Itochu will increase investment in new brands, expand brands currently under management, as well as put more pressure on affiliates to improve growth rates. As well as clothing, Itochu Textile is also increasing its involvement in accessories as well as sports, footwear and cosmetics.

In sports, the company has slightly increased its stake in Descente to 43.8% (although stated that it has no intention of making Descente a subsidiary). It will also help fund Descente's direct retail investments, while continuing to work with Anta in China on the brand's development there. In shoes, Itochu will add to the current core brands of Converse, Fila and the recently acquired Reebok, which is partnered with Locondo. Sales of Fila are expected to increase by 10% in Japan this year, and sales of shoes are expected to increase by 20%.

New signings in fashion and cosmetics

In the mid-to-high-end fashion category, Itochu has recently acquired the rights to Emilio Pucci for its Coronet subsidiary, and the Italian bag brand, Gherardini, as well as the master license rights for Patrick Cox.

Gherardini was previously distributed by Misaki Shoji but Itochu recently acquired the exclusive sales rights to the brand for Japan, the US and Europe. In Japan, it has contracted Kuipo to take over daily distribution, and for Europe and America, Itochu has teamed up with Italy's Pelleteria Fiorentina Montecristo. Itochu is targeting retail sales of ¥10 billion in five years. Kuipo itself is expanding distribution of its own brand, Genten, as well as continuing to sign more foreign brands – last year, Kuipo signed French bag brand, RSVP, and also has licenses for Anna Sui, Daks and Lanvin en Blue – the latter is also controlled by Itochu Shoji.

In clothing, Itochu has signed new deals to strengthen sales and branding of the US brand Outdoor Products, for which it has a master license for the Japanese, Korean and other Asian markets. It recently reached agreement with Baycrews to license the brand for clothing as well as store management. Itochu had previously used affiliate Jeansmate to operate the brand but, due to the decline in the latter's business under Rizap, has switched partner. Itochu is also providing financial support to the Korean sub-licensee of Outdoor Products, Wonderplace, by underwriting a recent issuance of convertible bonds. Itochu is targeting retail sales of ¥50 billion a year for Outdoor Products across Asia in the medium term.

In cosmetics, late last year, Itochu signed exclusive import and sales rights for Mude, the Korean makeup brand created by popular Korean influencer Raemi. Itochu has assigned Tokyodo as distributor who will begin full-scale rollout this Spring, focused on sales to variety stores and drugstores. Tokyodo aims for sales of ¥500 million in three years.

The agreement with Mude is part of a wider move into the cosmetics market, which Itochu hopes will complement its strong share in the fashion market. It launched Cath Kidston cosmetics in 2019, and then signed two other Korean cosmetics brands, Jungsaemmoool and Tonymoly in the last year alone. In April 2020, Itochu also invested in the cosmetics e-commerce platform Noin. JC

Less beer and sake, more highballs

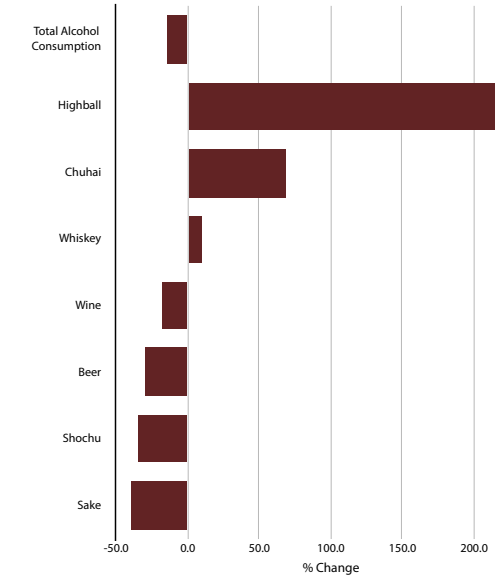
Japanese beer has long been famous for quality and quantity and today its top brands are major exports. At home, however, the pandemic worsened a long-term decline in beer consumption (as well as wine and sake) as younger consumers switch to stronger drinks. Unit sales have shrunk but consumption of alcohol per unit has soared.

Over the past decade, the market for home alcohol consumption has shifted significantly. The overall unit volume of purchases has fallen 14% since 2014, but sales of mixed drinks such has highballs have surged by 214%. Today, rather than beer, chuhai is the drink of choice for younger consumers, providing a wide variety of lighter flavours and a higher ratio of alcohol for the price. Chuhai sales are up 69% in the past 10 years while other mixers, like whiskey, are up 11%. Sales of beer and sake are down 30% and 40% respectively according to one study.

The shift is partly due to greater health awareness, but also changes to the way people socialise – changes which have become even more pronounced since the pandemic. Drinking after work still happens, but it is now far less common and, again, younger people are less inclined to bow to their boss's need for company, preferring to return home or meet up with friends. More drinking is happening at home too, with people even socialising via social media and gaming – and drinking at the same time.

Across all ages, when people do drink, they are looking for the most cost effective ways to imbibe, with stronger chuhai containing an alcohol by volume ratio (ABV) of 9% particularly popular. Sales of these stronger drinks are up 398% since 2014 even among people aged 60 or above.

Sales of alcohol % change, 2014-2023



Source: Intage; JapanConsuming

Tax changes encourage the switch

These social trends are being reinforced by three tax revisions being implemented between 2020 to 2026. The latest, last October, increased taxes on No. 3 beer (beer with ABV under 10%), and immediately hit demand given consumers' current price concerns. As tax on canned chuhai remained unchanged, even more people switched.

As a result, the big beverage companies are considering new strategies to overcome waning demand in their traditional product lines and, to add more dynamism.

Kirin is looking to expand its healthfoods and supplement business this year. Although known mostly as a beer manu- ▶

▶ facilities and a conference hall. The aim is to inject new vibrancy into the Sakae area, and draw traffic back from the Nagoya station district. The shopping mall will aim to differentiate from the competition through more lifestyle tenants in gourmet food, outdoor activities, lifestyle/fashion, bookstores and cafes. Highlights will include TWG Tea from Singapore, Hoka, Molton Brown and Atelier Nikitiki.

WEDDINGS WITH PETS

With marriage rates declining, and a reported 40% of men under 30 never having dated, people's romantic attentions are increasingly split. So, with non-human relationships becoming ever more important, the Evergreen Pet & Cafe Restaurant in Ebisu is promoting weddings with pets – not marriage with a pet (at least not yet) but a ceremony offering couples the chance to enjoy nuptials with emotional support from a furry friend. A 30-seat wedding, including ceremony, food and specially prepared pet meals, costs ¥980,000. Attendees' pets are also welcome at the ceremony.

72% OF FIRMS IN TOKYO HAVE NO SUCCESSION PLAN

According to Tokyo Shoko Research (TSR), in 2023 72% of companies in Tokyo alone had no successor to take over their businesses when they retire. This is a 0.63 point increase on 2022. While the figure reflects a long-term trend of small businesses in an ageing society, TSR says the situation in Tokyo is partly explained by the larger number of start-ups – 40% of respondents said they weren't even thinking about succession for now. The survey looked at 36,630 companies in Tokyo, with more than 60% without successors in 10 different categories. The figure was 64% for manufacturing firms, 68% for wholesalers and 77% for service companies. Of those that did have a successor, 47% expected their own sons or daughters to take over.

YAOKO TO ACQUIRE SENDO

Yaoko is to expand its stake in Sendo, a 26-store supermarket chain based in Ichihara, Chiba, making it a subsidiary by raising its ▶

share to more than 66% of available shares. Yaoko first invested in the company in 2021 and currently owns just over 43%. Sendo's turnover was around ¥47 billion in 2022 and it employs 347 permanent staff and a further 2,500 part-time staff.

TABIO TRIALS UNMANNED STORE SYSTEM

Tabio, the hosiery specialty retailer, is testing a new AI-based unmanned store and payment system. Called TTG Sense Shelf, the system is being tested in a mock-up store in Shinagawa in collaboration with JR East. Sense Shelf has been designed for daily use items but which are not designed for sale in vending machines, such as cosmetics, apparel and confectionery. JR East plans to develop the service to allow for the operation of mini unmanned stores in dead spaces in stations and airports where larger, manned stores are unviable.

SHOPPING MALLS UP 4.6%

Shopping mall sales rose 4.6% on a like-for-like basis in December according to the Japan Council of Shopping Centres. Anchor tenants rose 2.2% and other tenants by 5.3%. This was a much lower increase than in recent months and was caused by weak winter clothing sales during the mild winter weather. Sales in central locations were much higher, at 6.8%.

CHATERAISE AIMS FOR 2,000 STORES

Chateraise, the dessert and cake retailer, is celebrating its 70th anniversary this year – while its 90-year old founder and chairman also considers succession. The chain currently has around 1,000 locations at home and overseas, but is targeting 850 stores in Japan alone by March 2024, with its sights on more than 2,000 by 2030. Originating in Kofu, Yamanashi Prefecture, Okinawa is today the only prefecture still not to host a Chateraise, but the company will rectify that gap this year. It has also been working on reducing costs, notably in logistics, to make up for large increases in raw material prices for eggs and dairy. At the same time, Chateraise aims

facturer, Kirin has been selling probiotic products for 20 years, with around 60 different lines featuring gut immunity-boosting bugs as a product feature. In 2023, it acquired Australian health food manufacturer Blackmore's for approximately ¥170 billion. This year Kirin hopes to bring Blackmore's back to profit, and plans to expand sales of the supplements brand in Japan, targeting ¥200 billion by 2027.

Kirin's new health business has seen costs increase by ¥40 billion, but the firm says it has managed to cut a further ¥70 billion in costs across the group through increased efficiency, and has boosted profits through higher prices.

Drinks with artificial intelligence

Kirin is also using generative AI to develop new flavours of canned chuhai. Kirin is an established master in developing short run, seasonal product lines, and it is now using proprietary AI, called Freeze, to come up with both the flavour and the branding for a particular occasion. For example, it recently launched a chuhai for summer featuring citrus flavours. Each product is designed based on a database of taste preferences, differentiated by age group. In the past, generating this data took dozens of hours of interviews, but the same datasets can now be quickly and efficiently integrated with production data using AI to come up with new lines.

Rivals, Sapporo and Suntory, are also using AI. Sapporo has its own product development AI called N-Wing, which can match available inventories of ingredients to schedule production processes at its factories, while also matching this data with market demand and seasonal factors just as Kirin does. N-Wing manages around 1,200 ingredient formulations across 170 different products, and can build new products that can be ready for market within two months, about half the time of previously human-planned products. Its Otoko Ume Sour Salty chuhai line went on sale in July 2023 after being developed through this process and saw sales 30% higher than budget by December.

Asahi, in contrast, is pouring investment into export sales of its Super Dry beer brand, targeting 10% sales increases each year and aiming to be one of the top five brands in the world. At home, however, it is its Peroni brand of non-alcoholic beer that is seeing increasing popularity.

Hiring experienced workers

The big beverage companies are well aware that the beer market is unlikely to recover to previous peaks anytime soon. All of the big four are emphasising other options and using lifestyle marketing rather than the ubiquitous quality and taste promotions from the past. Kirin, for example, is planning a big push during the Paris Olympics, attempting again to boost its health credentials by tying its drinks to sports.

Kirin is also investing in staff training, particularly in e-commerce, digital marketing and data analysis. This means attracting more experienced staff for the first time and in 2023, 40% of new hires were people recruited from other companies rather than straight out of university. This figure is expected to exceed 50% in the near future. All four big drinks firms are expected to offer wage increases more than double inflation this year. JC

Sweet Honeys: a profit machine

Low cost apparel retailers have enjoyed a significant uptick in the past few years as consumers look to polarise their spending further between cheaper basics and luxury treats. But the real change is in its improving profitability. Can it last?

Low-cost apparel retailers have been enjoying a revival during and since Covid, as consumers sought to stock up on comfy clothes for the home in lockdown and, more recently, something for evenings out and the return to the office. Honeys is one such beneficiary, enjoying a return to popularity, just after it had serendipitously streamlined its supply chains, resulting in a remarkable run of profits.

Since 2018, operating profit has risen by a CAGR of 14.1% – only falling in FY2019 during Covid. As a result, operating profit has more than tripled from ¥2.3 billion in the year to May 2017 to ¥7.6 billion, an operating margin of 14%, the second highest among clothing retailers after Workman – which is a franchise operation and therefore a very different model. Even Fast Retailing, a consistent profit machine, is a decimal point less at 13.9%, although Uniqlo alone has an operating margin of around 14.5%.

Sales growth has been more muted and only returned to 2017 levels last year (¥54.8 billion), although growth last year was 15.1%, the highest rate since Honeys' peak years in the mid-2000s and its disastrous attempt to conquer the Chinese market.

Can Honeys' good fortune sustain further growth?

Honeys' capacity to maintain high operating margins looks solid following years of hard work

and investment in its own production base in Myanmar. Ever since it lost some momentum in the late 2000s due to a shift in fashion trends and high costs, Honeys has looked to find the lowest possible sourcing costs while developing a quicker response to market and fashion trends.

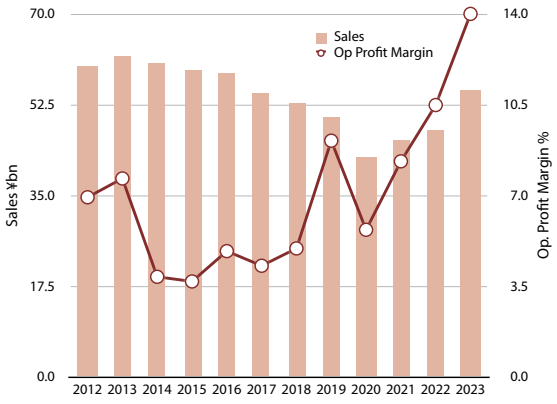
Despite significant upheaval in Myanmar – which has meant many competitors suffering delays of months – by having its own facilities, Honeys has maintained production rates and now achieves a low cost of goods of under 40%. This has resulted in a high gross profit margin of 60.9%, helped also by timely product launches, reduction in lost sales opportunities, better sell-through and expansion of e-commerce. 72.8% of total production is in Myanmar and Bangladesh, and most of the rest is in Vietnam and Cambodia. Less than 10% of product is made in China and that percentage has been falling each year.

Although costs are rising due to the low Yen and inflation, Honeys is optimistic that, by controlling product planning and using its own production plants and other cheap sources, it can keep the cost of goods down. So far, this has helped limit retail price increases to around 10%.

Another factor behind Honeys high profit rates is its target market. Unlike apparel stores aimed at younger customers in urban centres, Honeys sells to women in their 40s and 50s living in the suburbs. This means less seasonally sensitive merchandise, reducing the need for discounting and so bolstering gross profit margins; when an SKU doesn't sell one season, Honeys stores it away and then sells it again at the same regular price the following season – something that would be impossible to do with young urban fashion consumers.

As well as a low cost of goods, central overhead is kept to a minimum. The Fukushima-based firm has a modest office in Tokyo and a small team of planners and operations staff, and relatively low store costs. This is despite the low level of e-commerce sales, which accounted for just 10% of sales last year.

Honeys' soaring margins



Source: Company Reports; JapanConsuming

Honeys has just over 870 stores, almost all of which are in suburban shopping malls or corners within GMS stores like Aeon, so stores are small. Sales for each store (excluding e-commerce sales) are quite low, at approximately ¥60 million. As a result, SG&A expense ratios are somewhat high, but if Honeys can expand e-commerce even to 20%, SG&A expenses will fall dramatically. Combined with the low cost of goods (which will fall if the Yen appreciates), this should deliver even further gains in operating margins.

Expanding e-commerce through staff promotions

And this begs the question: can a business like Honeys, which targets middle-aged women out shopping for daily items, shift to a coherent omnichannel model? Honeys thinks it can, aiming to hit ¥8 billion in e-commerce sales through May 2025, and one way it is doing this is converting its sales staff into influencers.

Honeys currently sells three brands, Cinema Club, Colza and Glacier as well as online-exclusives such as sweaters, through its online store (honeys-onlineshop.com). It plans to expand exclusive ranges to include jackets and skirts. Like other clothing retailers, Honeys is using Staff Start to allow shop staff to promote merchandise through social media by suggesting styles and wearing the products. Online customers are encouraged to use BOPIS (Buy Online Pick Up in Store) since shipping is free to stores at a certain threshold.

Honeys has followed the model of Baycrews, Uniqlo, Shimamura and Adastria in trying to drive traffic to its own online store to capture the retail margin and better control marketing, customer interaction and data. This has meant slower growth but its own online store now accounts for 60% of e-commerce turnover.

Although the BOPIS service means more customers return product after trying on in store, like other low cost apparel retailers such as Workman and Shimamura, Honeys finds that customers also buy more items when picking up items ordered online. So far, these marketing measures are working; while overall sales for 1H2023 rose 14% to ¥26 billion, e-commerce sales rose 28%.

In the medium-term plan for the three years ending May 2025, Honeys targets sales of ¥55 billion, of which e-commerce will account for 15% but, already Honeys is forecasting higher sales for this year alone, at ¥57 billion, with much of the growth online, suggesting e-commerce share might be even higher than expected by 2025 – delivering those higher margins. JC

to offer higher pay than competitors, increasing base pay for permanent staff in its home prefecture of Yamanashi by ¥10,000 in both 2022 and 2023. It has raised prices, however, up to 20% on some lines, and this has inevitably hit sales. The company is currently recruiting new franchisees, suggesting daily sales averaging ¥700,000, more than a Seven Eleven but usually in a much larger store. 70% of sales are for home consumption, with 30% for gifts, but Chateraise plans to reverse this ratio as the population declines and will look to build a denser network in Tokyo and other major cities. Asia will remain its secondary key target, with Indonesia currently its strongest growing overseas market. Chateraise claims its overseas franchises break even within 12 months.

TENNOJI MIO STRENGTHENS FASHION PROFILE

Tennoji Mio, the station mall operated by JR West, will install 50 new tenants this Spring, with a strong focus on fashion. Highlights will include Dr. Marten and Freak's Store among 13 new fashion tenants as well as cosmetics brand, Etvos and K'Festa, the Korean character store.

UNBRANDED ELECTRONICS NOW PREFERRED

While branding is still important for gadgets and premium products, mass market electronics are increasingly unbranded, appearing without a logo, and in more muted accessible colours. An unbranded product in neutral colours often blends better with other interior elements in a home, particular as most Japanese living spaces are now open plan. Iris Ohyama, for example, has released air purifiers, fan heaters and even calculators with no logo or just a small, inconspicuous logo on the back, all with strong sales. Sharp has done the same for hair dryers and air purifiers, while Hitachi has removed its logo from stick vacuum cleaners in response to customer feedback. Three Up, an electronics newcomer that launched in 2007, has always eschewed logos in favour of a cleaner design. These changes are supported by market research data. The Consumer Affairs

Agency found that 22% of people chose appliances based on design, 55% on quality and performance, and 32% on cost-effectiveness, but only 6% bought based on brand, a reversal of the situation pre-2000. For consumers aged 15-19, 35% wanted good design first and foremost, although those in their 50s are more likely to choose based on brand. According to Panasonic, a company that made its fortune from brand awareness, this trend is part of a growing interest in home comfort.

UNITED ARROWS UNVEILS NEW BRAND FOR MILLENNIALS

United Arrows has a new brand called Attisession aimed at Millennials and Generation Z. The director of the brand is Nanaka Yotsuya, a 25-year-old former salesperson. The first collection is small, at just 20 SKUs with prices around the same as Beauty & Youth: tops ranging from ¥7,000 to ¥18,000, bottoms from ¥13,000 to ¥24,000, and outerwear from ¥25,000 to ¥70,000. The brand will be sold online and in some Beauty & Youth stores from April and, if all goes well, stores of its own in the future.

STRASBURGO SIGNS ITALIAN BRAND SANTONI

Strasburgo, a subsidiary of World, has acquired the exclusive import and sales rights for Italian footwear brand, Santoni, but only for men's shoes. In addition to taking over the operations of 12 existing concessions this Spring, Santoni will also be sold at Strasburgo stores. Wholesale sales will begin in the Autumn. Santoni was founded in 1975 and has average prices of around ¥150,000 to ¥220,000. Santoni was originally distributed by Regal via Itochu Shoji from 2016 to last year.

GINZA SIX REFRESH WITH 16 NEW TENANTS

Ginza Six will unveil 16 new tenants this Spring as it gears up for what is expected to be a bumper summer season of inbound consumption. New fashion tenants will include Acne Studios (sic), an updated MM6 Maison Margiela, And Wander, the outdoor brand, Evisu, and a relo-

More department store closures as sales recover

More department stores continue to close. While there has been a big improvement in trading, sales for the sector overall remain below pre-Covid levels and performance is sharply divided between stores in the centres of major cities and the rest.

Almost a rebound

Department stores had a strong recovery in CY2023. Sales rose 9.2% on a like-for-like basis (8.8% overall) according to the Japan Department Store Association (JDSA), to ¥5.42 trillion but this was still below the ¥5.75 trillion achieved in CY2019. Stores in the top 10 cities rose 11.8% but elsewhere rose only 1.7%. The highest results were in Osaka (17.4%), Fukuoka (16.5%) and Kyoto (15.3%) – Tokyo stores rose 10.8%.

In the regions, while Hokkaido stores rose 48.1% on a same-store basis, overall sales fell 74.6% due to closures, while Tohoku stores fell 4% like-for-like. Other regions rose but the highest increase was 3.6% by stores in Shikoku.

All the main categories performed well led by fashion accessories up 17%, followed by accessories (cosmetics, jewellery etc), up 11.4%, clothing (10.1%), food (3%) and interiors (2.3%).

Sector revival looks set to continue this year as well but performance will remain lopsided and, towards the end of the year, domestic demand for luxury may begin to dim if stock markets fall and international travel picks up further. Either way, more regional stores are closing, holding back overall sector value.

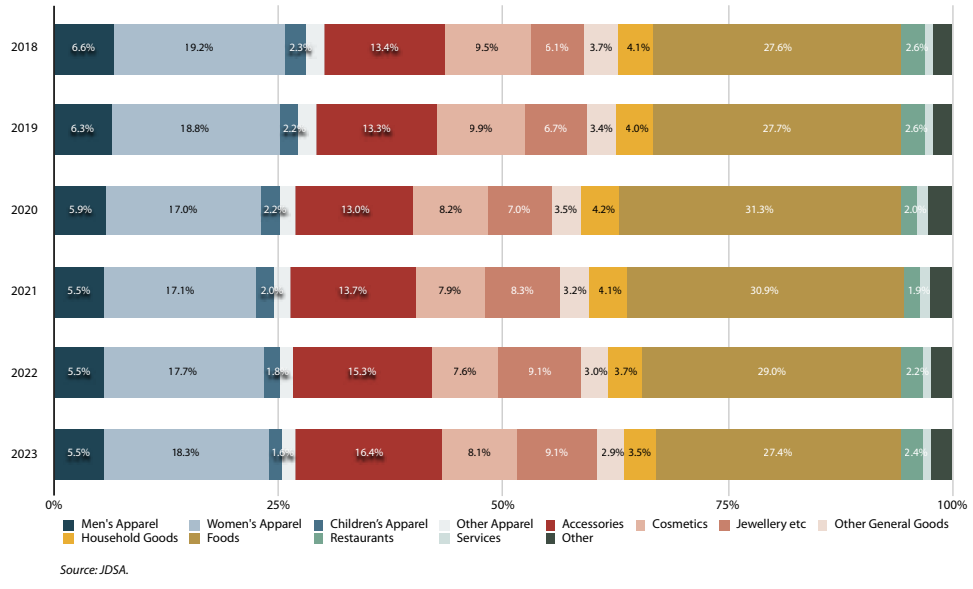
More closures

Ichibata Department Store in Matsue, Shimane Prefecture, closed its doors last month after 65 years of operation. Sales peaked at ¥10.8 billion in 2002 before falling to just ¥4.3 billion last year. With the closure, Shimane Prefecture joined Yamagata, Tokushima and Yamanashi to become the fourth prefecture without a department store, with Gifu soon to join the list (see below). The future of the site has not been decided but the store's land and building are owned by parent company Ichibata Electric Railway, which is working with a local government worried about the impact on the local economy.

According to Teikoku Databank, 104 suppliers will be directly hit by the closure, of which 52 are local companies accounting for sales around ¥1.4 billion. Many of these relied on the store for most of their sales and the 33 food companies in the list may be hit particularly hard. Larger companies, such as Nakamura Tea, which has been going since 1884, is selling into department stores elsewhere in the country with help from local government, which is subsidising booths at food fairs in Tokyo and Kansai.

Meitetsu's Ichinomiya Store also closed at the end of January. The Aichi store suffered from competition from malls and online and, given the cost of refurbishing the aging store, Meitetsu Railway decided to close the 17,500 sqm store. Aichi has seen numerous department stores close in the last 20 years and from this month, the only department stores operating in the pre-

Department Store Sales by Category, 2018-2023



Source: JDSA.

fecture will be within Nagoya itself. Meitetsu will renovate the eight floor building as a mixed-use station building and reopen in 2025.

In July, Takashimaya will close its Gifu store. The store opened in 1977 but sales peaked in 1992 at around ¥25 billion before falling to ¥13.1 billion last year. It was spun off into a separate subsidiary in 2004 to reduce costs but following an update and improved sales in 2006, losses continued, including an ¥855 million impairment loss last year. Although Takashimaya has stripped SG&A expenses as much as possible, the cost of maintaining the old building and staff overhead in an area with a falling population and economic uncertainty led to the decision to close the store.

Frothy & Fickle: What's next?

While much has been made of the revival in sales in the department sector, there is also considerable debate about what will happen next. Some are concerned that the current wave of spending by wealthy Japanese and inbound tourists is a bubble that will not last and so are preparing for a tougher future. As reported in JC2311, Takashimaya is investing in clothing, private label and mall annexes in a bid to boost spending across more income segments longer term. J Front continues to progress along similar lines with more emphasis on a mix of high end department stores and more popular shopping buildings, while Kintetsu has gone a different route by turning to franchising (see Page 4).

Although stock markets remain frothy, sentiment can be fickle and there are concerns about long-term spending by Gaisho (VIP) customers. Competition for Gaisho spend is intense and getting much more so as the big name department stores invest in ever-increasing levels of service, particularly digital communications. This also means they can reach across a wider catchment, including the regions, which will concentrate Gaisho market share in the hands of a smaller number of top stores in major cities.

Inbound spending is at a high, partly because of the rebound in visitor numbers but also because of the historically weak Yen. As seen before, any recovery in the level of the Yen will have a fast and negative impact on spending on luxury goods. For now, however, with more Chinese visiting Japan again to add to record numbers of other nationalities, and no end of the weak Yen in sight, support for luxury sales at department stores is set to stay. JC

RECORD HIGHS AGAIN FOR JR NAGOYA TAKASHIMAYA AND ISETAN SHINJUKU

JR Nagoya Takashimaya's CY2023 sales increased by 14% to ¥189.1 billion, a new record and ¥23.2 billion higher than the previous high of 2022. This was despite 16% lower footfall than in 2019. Sales of luxury brands, watches, jewellery, and other high-priced items were the main driver. Sales have risen from ¥60 billion in 2000 when the store was opened, although sales today include Takashimaya Gate Tower Mall, Takashimaya Watch Maison and Takashimaya Food Maison Okazaki in Aeon Mall Okazaki.

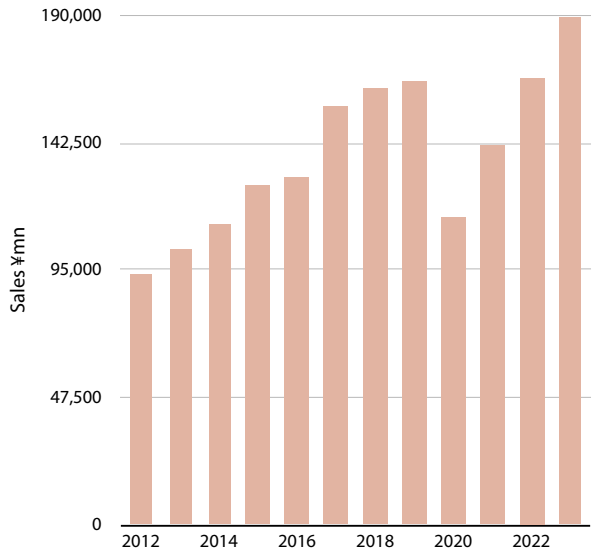
The strong performance in recent years is due first to expansion of both luxury and more mass market brands, and secondly to the success of popular events. Taking full advantage of its location, which is directly connected to Nagoya Station, the store attracts people from a wide area in the three Tokai prefectures of Aichi, Gifu, and Mie.

An example of the store's successful events is its Armour du Chocolat Valentine campaign – JR Takashimaya had the highest Valentine's sales of any department store last year at around ¥3.4 billion. This year, Takashimaya plans to make the entire store feel like a chocolate theme park, and 30 famous chefs from Japan and abroad will be on site. An average spend of ¥7,000 per customer is expected.

Although sales include the mall annex, JR Nagoya Takashimaya is likely to overtake Seibu Ikebukuro as the third largest department store in Japan this year.

The two leaders, Isetan Shinjuku and Hankyu Umeda, are also breaking records; Isetan Shinjuku is expected to post record sales of ¥372.7 billion this financial year, up 13.8% and Hankyu Umeda ¥294 billion, up 12.6%.

JR Takashimaya 2012-2023



Source: Company Reports; JapanConsuming.

cated and expanded Adidas Originals. Italian porcelain brand, Ginori 1735, will open in the basement.

HIROTAKA OPENS 9TH STORE

Japanese jeweller Hirotaka Inoue opened a new store in Azabudai Hills called Maison Hirotaka, an exclusive boutique showcasing the brand's first high-end jewellery collection. Launched in 2010 in New York, Hirotaka has now expanded to nine Japanese stores, following recent openings in Osaka and Kyoto.

MORE PEOPLE LOOKING TO CHANGE JOBS

A recent report from Recruit notes that on average, between July and September 2023, 10 million workers were looking to change jobs each month, the highest figure for a decade. Recruit notes rising dissatisfaction among permanent staff mostly due to wages (in the face of rising prices) and a strong desire to work from home – despite attempts by academics and some senior business leaders to claim Japanese workers dislike remote working, multiple surveys and reports prove otherwise. In addition, dissatisfaction is growing quickest among middle-aged workers. According to a separate Somucho survey, 18.7% of all people looking to change jobs were 55 or older, an increase of 2.9 points on 2013. The government sees this as a positive sign as it wants more older people in work to help with the labour shortage. Recruit also keeps track of part-time wages, which currently average around ¥1,100 an hour in major cities. It noted a rise in searches for higher wages last year, with people looking for jobs paying ¥1,500-2,000 an hour, while searches for full-time wages were highest for ¥400,000 a month. Recruit also found a strong trend of people looking to switch industries, particularly people looking to leave retail and sales positions for more highly paid work.

HERMES OKAYAMA TO CLOSE

Hermes will close its store in Takashimaya Okayama at the end of February. The store has operated in the city since 1991 and expanded in 2008. Press reports say that the

closure was decided 'after discussions with Takashimaya'. It follows the shuttering of the Hermes store in Sogo Hiroshima last year and means there are no longer any Hermes outlets across the Chugoku and Shikoku regions. Hermes has 27 stores in Japan (not including airport duty-free) and although disappointing for Okayama customers, the move reflects a declining need for luxury brands to maintain stores in the regions due to e-commerce and the mobility of wealthier consumers. Hermes will open a new store in Tokyo this year.

COACHTOPIA BAG BRAND TO GET 10 STORES BY SPRING

Tapestry Japan, which operates the Coach brand in Japan alongside Kate Spade, plans to expand stores for its new, sustainable brand, Coachtopia, which launched here in October and already has six stores. It will add four more this Spring. With 60% of customers under 35, Coachtopia appeals to Generation Z through strong sustainable credentials. It offers bags and clothes made from recycled materials such as leather scraps and recycled resin from factories, and includes a 100% recycled nylon bag called Loop, which accounts for around half of bag sales. Tapestry is also considering opening in third-party online malls. Combined sales of Coach and Kate Spade were up a reported 12% in 2023, thanks to both improved footfall and higher unit prices.

PAYPAY POCKET MONEY

PayPay attempted to encourage people to give traditional New Year gift packets (o-toshi dama) through its payment app. People who gifted ¥500 or more using the app's promotional remittance screen were entered into a lottery to win ¥10,000 in points. According to PayPay itself, the app has 61 million users (although growth seems to have slowed recently) and already accounts for 30% of person-to-person remittances in Japan, although cash reportedly accounts for 60%, so there is still plenty of room to grow. Japanese gift around ¥500 billion at New Year, mostly as gifts to children. Sceptics have suggested that gifting money through an app is

►

More retail media for brands

The growth in retail media (brand advertising delivered in stores based on detailed customer data) continues to be one of the big trends in 2024. Most large retailers are keen to add this new revenue stream – and lots of brands want to advertise with them – but many retailers still need help from experts in advertising and data analysis to make it work.

Many retailers are looking at ways to generate revenues from retail media to exploit high footfall in their stores. However, while most own detailed purchase data and customer behaviour data from loyalty schemes and apps, not many have knowhow in data analysis, advertising planning and creative development. As a result, the market for intermediary retail media services is growing fast led by the big advertising agencies. In turn, the agencies need to get in on the trend to survive in their role as middlemen.

Hakuhodo gets its first big retail media client

Hakuhodo, for example, has agreed to establish pHmedia with Pan Pacific International's (PPI) Don Quijote chain. The new joint venture will offer in-store advertising and marketing at Donki's 700 stores, both at home and overseas, combining purchasing data from the chain's Majica loyalty and payment app with in-store behavioural data collection. Majica already has around 13 million users in Japan.

pHmedia will then sell advertising options to brands, leveraging Hakuhodo's experience in advertising creative development and distribution, while Donki will provide the distribution mechanism through its app and stores.

Hakuhodo says this type of integrated retail media product will offer far higher ROI than traditional promotional models and allow brands to easily verify how effective their spending actually is – all true, and all issues that threaten Hakuhodo's work in traditional ad channels.

Hakuhodo is Japan's second largest full-service advertising company and announced it was moving into retail media support services last year. It has no direct access to customer purchase data and will always need to operate as an intermediary, but retailers like Don Quijote equally have less experience in the creative aspects of advertising. An intermediary can also help smooth communications with brands.

The move is a major win for Hakuhodo. The advertising industry is clearly rattled by Seven Eleven, Trial, Aeon, Mitsubishi Shokuhin and others who are gearing up to sell advertising directly to brands, cutting out the agency middlemen. The ability to create highly targeted ads based on past customer behaviour is also something Hakuhodo and its peers can only do if retailers are willing to hand over their highly valuable customer databases.

Tokyu Store gets Glory to help expand its database

While Hakuhodo fights to keep its role as a marketing intermediary, more retailers are setting up to sell their own space to brands, but are still looking for help in areas such as data analysis.

Tokyu Store, one of the top supermarket chains in southern Tokyo, is working with Glory as it attempts to jump on the retail media bandwagon. Glory provides various digital services, including helping Aeon with its app development and providing the cash-handling technology used in some of Familymart's unmanned stores.

For Tokyu Store, Glory will provide data collection and analysis to help the retailer come up with effective in-store advertising. It will analyse store visitor numbers by age, gender and so on, and develop models of behaviour that can lead to targeted ads. The first stores to enter the trial will be Tokyu Store's flagship in Nakameguro and its Chuorinkan Store in Yamato, Kanagawa.

Glory will combine in-store behaviour and personal attribute data with purchase data, while storing data in anonymised form to protect individuals' privacy. Behaviour will be tracked by pinging customers' phones from in-store beacons. This data will be stored for analysis in its BUYZO Media data management platform. In addition to ad creation, the data analysis will be used to come up with solutions to crowding at cash registers, with data collected from AI cameras is then used to predict when tills are about to get busy.

Rakuten works with SME supermarket to develop retail media service

Other major retail players are also getting in on the act. In October last year, Rakuten ran a marketing initiative with Takara MC, a midsized supermarket chain in Shizuoka that operates 50 stores, with average daily footfall of 2,500-3,000 customers per store. The experiment used ads on digital screens and AI-backed cameras to track and then analyse age, gender, in-store movement and the number of seconds each in-store ad was viewed. The results will, the two partners hope, allow for improved advertising ROI and better in-store ad placement.

Cameras were mounted on each advertising display in a store in Shizuoka and all data ►

converted to text-only to maintain customer privacy. The displays mostly showed 15-second video ads for Christmas-related products, similar to what a customer may have seen on TV. These were backed up by QR-code promotions throughout the store, including customer surveys which rewarded respondents with Rakuten loyalty points.

Rakuten says that its initial analysis revealed the different shopping routes chosen by different age groups moving around the store, the efficiency of some shelf displays, and that the digital ads were more commonly viewed by men rather than women (as the latter were the ones doing most of the actual shopping).

Rakuten hopes to monetise its new system by selling the technology to other SME supermarkets. Like Hakuhodo, it also plans to act as an advertising agency, helping supermarkets sell advertising to brands. JC

Aeon: logistics issues drive efficiency

Restrictions on driver overtime are forcing logistics rationalisation across supply chains. Aeon is one of the few retailers that runs its own logistics platforms but, even so, changes to logistics practices will feed through to how stores are merchandised and could result in competitive pressure on smaller chains.

In the face of the upcoming driver shortage, Aeon will use a new AI system to help reduce the total transportation distance travelled by its trucks by 10% through 2024. The looming issues with new regulations on driver overtime won't be as concerning to Aeon as many because it is has invested in centralised logistics – since the early 2000s. Today, manufacturers and wholesalers are required to consolidate stock at Aeon's own logistics platforms, with final delivery to stores shipped from these same platforms. It still sees 1.5 million trucks a year leave its depots, distributing to 3,300 supermarkets and travelling a total of 280 million kilometres per year.

Dispatching will now be optimised through AI, expanding on an experiment run in Kyushu that cut delivery distances by 10% – a huge amount given this represents 28 million kilometres at company level. Fixed delivery times in the morning and afternoon will be scrapped, and instead trucks will be loaded between 6am and 1pm and then sent out sequentially. Trucks will also be dispatched closer to 100% full, compared to 50-80% in the past when some products were delivered on demand rather than in advance of sale. Aeon is also looking at joint delivery, as with its tie-up with Trial in Kyushu (see JC2401), and the use of rail and sea freight for longer distances.

Aeon predicts that these changes in the logistics part of the channel will have a significant impact on store operations. While convenience stores represent the pinnacle of just-in-time product supply at retail, supermarkets and other FMCG retailing have also long worked with a daily demand model, with season, weather and individual events and promotions dictating what the store has available on any particular day. Although this is great for the customer, it means significant inefficiency in the supply chain.

The new rules will force retailers to massively rationalise their delivery processes which, in turn, could quickly lead to less variety available in stores and changes to the way many retailers run promotions, even reducing the frequency of supermarket price promotions. But it could also deliver a boost to margins.

In addition, and as now insisted on by some suppliers, to get trucks back on the road as quickly as possible, drivers will no longer help with peripheral tasks such as unloading and shelf-filling. This traditional practice helped reduce costs for many retailers, while also giving suppliers at least a veneer of control over products and even pricing in stores, so it has endured for decades. In Aeon's case, scrapping this will reduce drivers' off-road work time by 10%.

For smaller chains, these changes could have significant impact. Not only will stores need to stock their own shelves, but they will also need to do all their own merchandising – paradoxically, this isn't a skill all retailers have. The extra time and cost could add to price pressure, and the less frequent deliveries could change merchandise variety and availability. Chains that get it wrong could suddenly find themselves less popular in what is already becoming an even more a competitive supermarket sector as successful chains move beyond their regional power bases.

So while the focus of the so-called 2024 logistics problem has been mainly on driver overtime, changes to retail supply chains will likely have a more far-reaching impact. In many cases, we are likely to see less variety of merchandise in many stores, and customers will be expected to check out themselves with less help from staff. There may also need to be fewer promotions, making competition difficult for the many chains that rely on flyers, and allowing larger, more sophisticated operators to gain further advantage over their smaller rivals. JC

'boring' compared to giving cash. In December, PayPay increased the limit for offline payments (when the user has no network connection) from ¥10,000 to ¥250,000 to further encourage use.

VR OPTIONS AT IKEA

IKEA Japan has introduced new VR booths at its inner city stores in Tokyo. The Harajuku and Shibuya stores now offer Interior Style Lab, a 9 sqm box in which customers can see room sets as projections on the walls, including coordinating furniture and interior decorations. By specifying their age, gender, home layout and size, hobbies and so on, the system provides profiled suggestions from 20 room sets. The Interior Style Lab in Tokyo also features designs from IKEA's team in France. Customers can scan the QR code on the images to order products on display.

HOKKAIDO MILK GOES PREMIUM IN OKINAWA

One of the consequences of rising road freight costs is a narrowing difference in prices compared to air freight. Secoma, operator of Seicomart convenience stores in Hokkaido, has launched a partnership with ANA to sell Hokkaido milk and other dairy produce in Okinawa – literally the other end of the country. If all goes well, the retailer and the airline will also look at export sales of dairy and other Hokkaido produce to other countries. ANA provides empty cargo space on off peak flights and, by the end of January, the target is to ship around 1,000 units of milk and yogurt products to Okinawa twice a week. Milk prices average about ¥288 a litre in Naha, the highest in the country, and the shipping cost from Hokkaido means Secoma's milk sells at a premium of ¥398 a bottle. Nevertheless, the chance to buy fresh Hokkaido milk means demand still outpaces supply. Secoma is also sourcing product from Shikoku using the same method, air freighting fresh iyokan (similar to mandarin oranges) to Hokkaido for sale in its stores, while returning melons and corn grown on its own farms back to Ehime for sale in partner supermarkets there.

E-commerce review: omnichannel consolidation

E-commerce growth slowed marginally as the sector consolidated post-Covid but remained higher than any other channel in 2022. By 2025-26, it will be the largest retail channel, overtaking convenience stores – although the reality is that Japan's continuing support for its retail store structure means that omnichannel will be the model adopted by most. As a result, the majority of transactions will be researched, initiated, and fulfilled through a combination of online and physical stores.

E-COMMERCE SUMMARY

- E-commerce (EC) continued to grow faster than any other consumer distribution channel in 2022, and it remains on track to become the largest single channel by 2025-26.
- Total EC sales by 2027 will be in the region of ¥33.26 trillion, ¥20 trillion of which will come from merchandise sales, accounting for just under 25% of all retail sales.
- In 2022, around 65% of all working households and just over 53% of all households regularly purchased online, up from less than 40% in 2018. The 3-year CAGR for fashion items was 48.2%, and more than 32% for both food and electronics.
- Online spending per household on food increased to ¥5,543 a month in 2023. Fashion was second highest, rising to ¥3,000 a month January to November.
- METI's survey found that the consumer EC market grew 9.8% to ¥22.74 trillion in 2022, of which ¥13.99 trillion was merchandise sales, up a slower 5.3% as people returned to shops.
- Larger firms are outperforming the sector; in FY2022, the leading 100 online retailers in our ranking captured one third of total EC sales and grew by 12.1%, 2.3 points more than METI's sector estimate.
- Shopping remains the single most common leisure activity and, through omnichannel, EC is being employed to enhance, rather than replace, the experience. If omnichannel sales were analysed, figures for EC-related retailing would be at least triple what they are today.
- 51 of the top online sellers also operated physical stores as a core of their business and on average these retailers generated 29.4% of their total turnover online, an increase of 2.4 points over 2021.

By Category

- Food had the highest growth of any category between 2019-2022, with a CAGR of 14.7%.
- But food still has the lowest online penetration at just 4.2%, although up by 1.3 points since 2019.
- By 2027, we expect online food to achieve sales of around ¥4.4 trillion, which will still mean a penetration rate of only around 6.5% – but omnichannel will be much higher.
- Consumer electronics (CE) was the second largest online category with sales of ¥2.6 trillion, an increase of 3.8% on the year, with online penetration reaching 42%.
- Fashion (including apparel, footwear and accessories) was the third largest category with sales of ¥2.5 trillion, up 5% on the year, and representing 21.6% of the corporate fashion market.
- By 2027, we expect online fashion to reach ¥4.1 trillion, with a penetration rate of around 36.7%.
- The household & interiors category saw sales of ¥2.4 trillion, up 3.5% and represented around 29.6% of the total retail market.
- Online sales of cosmetics and health products remained a low ¥919 billion, although growth was second highest after food, up 7.5%, with penetration at just 7.5%, but we could see an increase to ¥1.5 trillion by 2027, with penetration at 12.7%.

Online Malls

- Amazon Japan, Rakuten and Yahoo! Shopping together had combined GTVs exceeding ¥15.9 trillion, which represents more than 70% of all EC sales in Japan, although the figure has gradually declined from more than 75% in 2018.
- Amazon Japan remains the largest EC mall, with estimated GTVs of ¥6.8 trillion in 2022, not far off of Aeon's total revenues and already ahead of domestic revenues at Seven & I, making it the second largest retailer in the country on this measure. Amazon's GTVs alone accounted for 29.9% of all EC sales in Japan.
- Rakuten was second in GTVs, and continues to grow strongly, up 13.7% to ¥5.6 trillion in 2022 (although this number includes financial services and travel bookings) and last month, Rakuten's CEO Mikitani said that 2023 GTVs hit ¥6 trillion.
- Yahoo Shopping has seen its share decline in the past year due to missteps in marketing incentives and a greater focus on advertising rather than growing e-commerce.

THE BIG CHANNEL

Ignoring the higher recovery rate for department stores, e-commerce (EC) continued to grow faster than any other consumer distribution channel in 2022 and it remains on track to become the largest single channel by 2025.

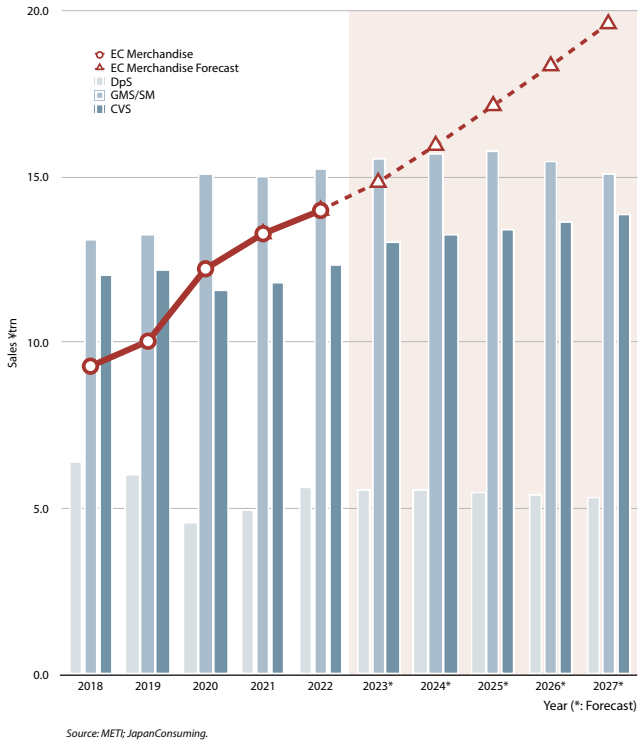
JC's forecasts, based on CAGR for the past three years and an amalgam of economic and industry trends as currently known, predict that total EC sales by 2027 will be in the region of ¥33.26 trillion, with close to ¥20 trillion of this figure coming from merchandise sales (see Chart 1). This will represent just under 25% of all retail sales. Similarly, a recent analysis from Mizuho Bank is even more optimistic, suggesting that EC could account for 29% of retail sales by 2030.

Companies across supply and delivery chains continue to invest in the infrastructure to reach this target, even though keeping up with demand remains a constant challenge. This year, new restrictions on truck driver overtime will impact all forms of EC delivery in the short term, but firms are working feverishly to maintain forward momentum and a more efficient delivery system is emerging. This will create an efficient logistics foundation for even stronger EC growth over the next five years.

THE E-COMMERCE CHANNEL IN JAPAN IN 2022

METI's annual survey of digital commerce found that the consumer EC market grew 9.8% to ¥22.74 trillion in 2022. Within this figure, ¥13.99 trillion was merchandise sales, up a slower 5.3% due to saturated demand after consumers bought so much during 2020 and 2021, and because more people returned to shopping in stores. ▶

Chart 1: E-Commerce vs other channels, 2015-2025



Source: METI; JapanConsuming.

This result demonstrates that shopping in physical stores remains as popular as ever in Japan, not surprising given the variety of stores and ease of access for anyone living in and around major cities – which is almost everyone. Shopping remains the single most common leisure activity and EC is being employed to enhance, rather than replace, the experience.

As a consequence, omnichannel models continue to develop in Japan, integrating both online and offline shopping, often using some of the most sophisticated marketing models seen anywhere, and the most successful retailers now provide multiple digital and physical touchpoints throughout the shopping journey.

JC expects the lower EC growth in 2022 to be temporary – not that it was particularly low even then. Only department store sales grew quicker, up 14.2% due to the post-Covid rebound, but this will now gradually stabilise. GMS and supermarket chains continue to grow at 1-2% a year, in line with the number of new stores being opened, and convenience stores recovered with 4.6% growth, also lower than EC, and will continue to grow around 2% a year from 2025 onwards.

EC, on the other hand, should grow 6-8% a year for the rest of the decade. This means that the EC channel will become the largest retail channel by 2025-26 and, by 2030, EC could well be more than a third larger than any other channel and even larger when omnichannel is included. A significant proportion of sales in all physical retail channels will be generated by, or fulfilled through, EC. Already, various estimates suggest that, if omnichannel sales were analysed, figures for EC-related retailing would be at least triple METI's official figures.

Initiatives such as Seven Eleven's 7Now programme, which allows customers to order from local Seven Eleven stores for immediate delivery to their current location, count towards the sales of each franchise store, even though the ordering and payment process is online. Marui, ABC Mart and Onward are just three companies that routinely deliver online orders to stores so the customer can try them on before buying, and others, such as Workman and Shimamura and multiple supermarkets, are encouraging BOPIS (buy online, pickup in store). Meanwhile, quick commerce, whereby customers order online for fulfilment by third-party delivery companies from local physical stores or local dark store warehouses, is also expanding fast through Uber Eats, OniGo and a host of other services.

None of these initiatives are unique to Japan, but the store infrastructure, dense urban markets, excellent transport links, and customer support for shopping in stores, all contribute to further promote omnichannel over simple EC where customers order online for delivery to home. As a result, in Japan the line that separates online and offline sales will become increasingly blurred.

HOUSEHOLD SPENDING ONLINE

The level of growth is confirmed through separate monthly surveys that assess how much families spend online (see Chart 2).

- In 2022, around 65% of all working households and just over 53% of all households regularly purchased online, up from less than 40% in 2018.
- The CAGR for household online spending surged once Covid appeared, increasing 11.8% between 2019 and 2022.
- Among the various categories, the 3-year CAGR for digital products, including downloads, was 19.1%, but for fashion items it was 48.2%, and more than 32% for both food and electronics.
- Across all households the average monthly spend online in 2022 was ¥18,211, but for working households this rose to ¥25,193.
- In the 11 months to November 2023, the average was ¥27,323 for working households, although when excluding households not shopping online, this figure rose to ¥42,133. As with other channels, December is the main sales month for EC, so these averages will be higher for 2023 overall.

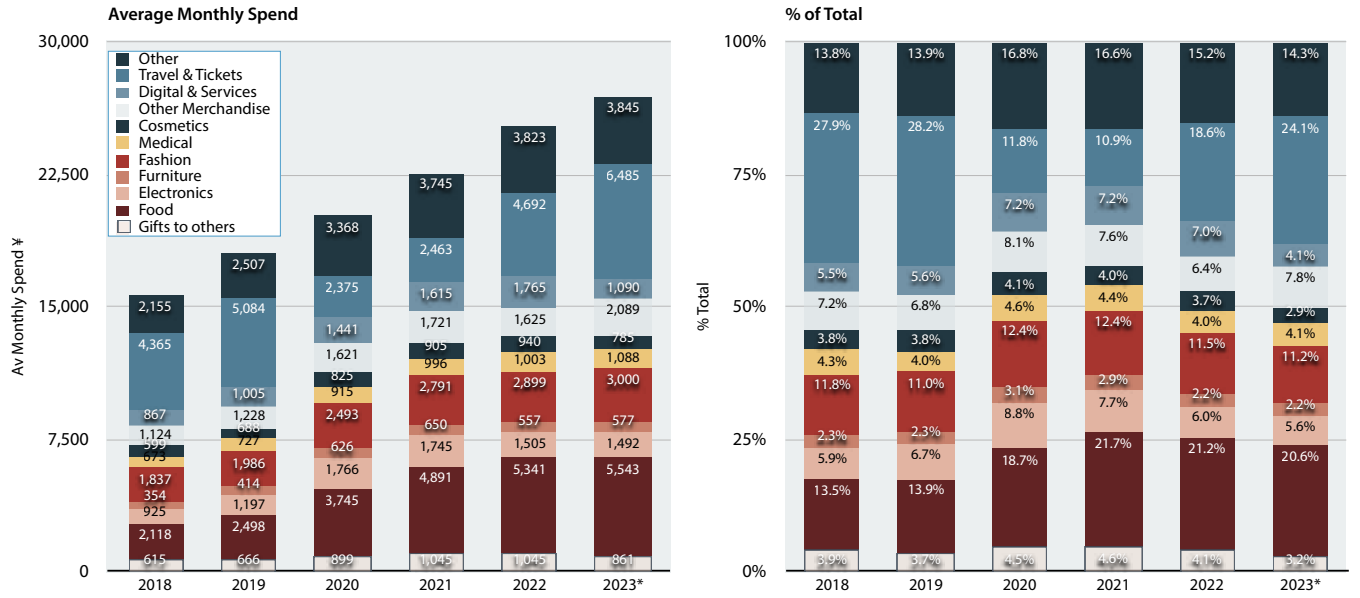
Although many households either began to shop online or ramped up their spending in 2020, strong growth has continued ever since. People stopped buying travel services and products in 2020 with only a small recovery in 2021, but the average working household spent ¥6,485 a month on travel from January to November 2023, a 30% increase compared to 2019, confirming that online bookings have rebounded well.

The food category was the largest beneficiary in terms of online spending. In 2019, the average working household spent just ¥2,498 a month on food online, or around 14% of total spend, compared to 30% of online spend relating to travel services. Food grew to 19% of the total in 2020 and 21% in 2021 and 2022, making it the largest single online spending category. This fell back to 20.6% in the first eleven months of 2023, behind the 24% of spending on travel.

Overall, online spending on food increased to ¥5,543 a month in 2023 to November. Fashion was second highest, rising to ¥3,000 a month. All other categories also continued to grow with the exception of spending on electronics, which fell 0.8% compared to 2022.

Clearly, more and more households are shopping online, with food, fashion, travel, electronics and digital products and services showing the fastest growth overall. For the first nine months of 2023, online spending continued to grow strongly and ▶

Chart 2: E-commerce monthly spending and ratio by category, 2018-2023 (Working Households 2+ people)



will undoubtedly receive another significant boost with end of year spending.

SELLING PRODUCTS ONLINE

These trends are generally mirrored in METI's own figures (see Chart 3). The key categories are as follows:

Food

- In 2022, food remained the single largest category among merchandise purchases, exceeding ¥2.75 trillion, up 9.2%, the highest growth of any category 2019-2022, a CAGR of 14.7%.
- At the same time, food still has the lowest online penetration as a percentage of the total market at just 4.2%. Despite this low figure, penetration increased 0.4 points in 2022 alone and by 1.3 points since 2019.
- By 2027, we expect online food to achieve sales of around ¥4.4 trillion, which will still mean a penetration rate of only around 6.5% but omnichannel share will be much higher.

The increase in online spending on food will be one of the main drivers in the expansion of EC overall. There are several important reasons for this:

- Food shopping habits are changing rapidly in the face of changes in Japanese society and commerce. Households are shopping less frequently for unprocessed foods (this despite a significant upturn in raw food shopping during the height of the pandemic) and processed and fast foods continue to grow share of the total market.
- The growing demand for fast foods, processed foods, ready meals and meal kits creates an upward spiral for online ordering, supported by the growth of immediate delivery through q-commerce.
- There has also been a sudden and impressive surge in both supply and sales of frozen foods, including some innovative new freezing and thawing technologies that can deliver even sashimi (raw fish) in frozen form. Frozen food has a longer shelf life and, given correct temperature control in supply chains, is easier to handle and deliver than raw, perishable items. Consumers have woken up to the same benefits and have begun buying frozen foods at an unprecedented level – as well as freezers to stock them.
- There are few food retailers in the country that have not begun to make headway in online sales, with some of the larger players now promoting the online channel as a significant part of their business. Few are profitable yet, but most now see online shopping as inevitable. The majority are offering in-store picking systems ('netsuper' in Japanese), and most continue to struggle with delivery timing and cost, but BOPIS, pickup lockers and various order consolidation initiatives, are already being trialled with some success.

In addition, online food platforms appear to be growing rapidly with plenty of room for more.

- Amazon Japan, Rakuten, Oisix Ra Daichi and Aeon are today the key players. Amazon and Rakuten both provide online backend and distribution support to third-party food sellers and competition for new tenants is likely to become fierce.
- Oisix Ra Daichi remains the single largest, pure play food retailer in Japan, focusing primarily on meal kits and high quality fresh produce sold through a subscription model.
- Aeon just recently launched Green Beans, its own implementation of online supermarket technology provided by Ocado in the UK.

As such, we expect both supply of, and demand for, online food sales to continue to grow strongly.

Consumer Electronics

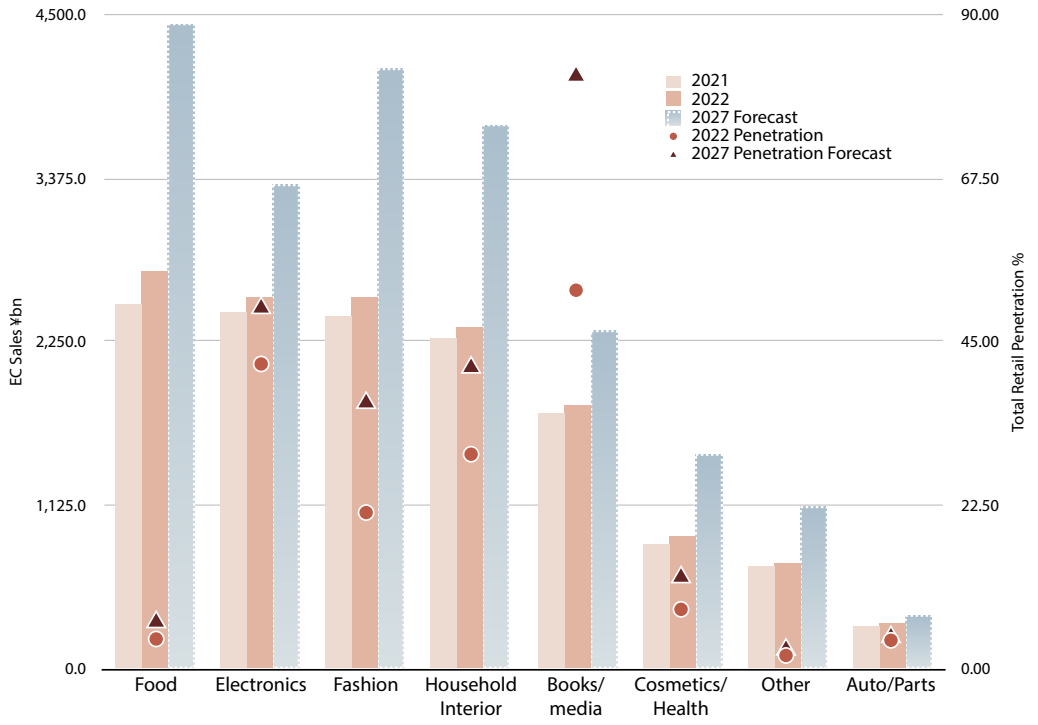
With only seven major specialty CE retailers remaining, and online platforms like Amazon and specialty CE vendors like Stream and X-Price also growing well, electronics was the second largest online category in 2022 with sales of ¥2.6 trillion, an increase of 3.8% on the year.

- CE was the largest online category until 2020, before demand for food during the pandemic drove sales of food higher.
- While online food sales penetration is low, CE is high, reaching 42% in 2022. The expansion into the online channel by the few remaining high street sellers was a long time coming but most of the big players are converts, mean- ▶

ing that penetration increased 3.9 points last year alone.

- Although the overall market for CE is unlikely to grow, we expect sales to shift from stores to online, including rapid growth in omnichannel. By 2027, this will push CE penetration to as much as 50% with forecast sales of ¥3.4 trillion, but with total demand for electronics shrinking, it is likely to fall behind food and fashion to become the third largest category.

Chart 3: E-commerce penetration of retail, 2021-2022, 2027 estimate



Source: JapanConsuming (based on METI data)

Fashion

Fashion (including apparel, footwear and accessories), was the third largest category in 2022 with sales of ¥2.5 trillion, up 5% on the year.

- Demand for clothing cooled significantly during and after Covid but from 2023 sales have picked up, although people also returned to stores.
- Despite these headwinds to EC sales, the 5% growth rate for 2022 remains an encouraging result, as the third fastest growing category.
- Online sales accounted for 21.6% of the corporate fashion market, increasing just 0.4 points in 2022 but still 12.5 points higher than in 2015.

We expect online fashion to continue to grow, although omnichannel will be of even greater importance than most other categories. By 2027, we expect online fashion to reach ¥4.1 trillion, with a penetration rate of around 36.7% – higher if omnichannel variations are included. As in food, much of the growth of online fashion retailing will represent incremental expansion.

Household & Interior

Household and interior goods is a wide-ranging category of non-food, non-electronics household items ranging from cleaning items through to interior decoration and furnishings. Key players include major malls like Amazon, Rakuten, Yahoo! Shopping and a host of more specialty smaller retailers, as well as home centre chains, furniture chains and so on.

- In 2022, the household & interiors category saw sales of ¥2.4 trillion, up 3.5% and, although a little more difficult to calculate due to the variety of sub-categories, represented around 29.6% of the total market.
- With both Nitori and IKEA selling furniture online, and Amazon, Lohaco and others providing pure play options to buy bulky household items online, rather than having to carry them home from a store, growth will continue here as in other categories. By 2027, we expect sales to reach around ¥3.7 trillion, remaining on a par with electronics, and with penetration rising to around 41.5% of all sales.
- Like consumer electronics, online sales growth for home & interior items will largely represent a shift from offline sales rather than any market expansion overall.

Cosmetics, Health and 'Other' Categories

The majority of cosmetics products are still sold in stores due to the predominance of consultation sales and self-sampling. According to METI's figures, online sales of cosmetics and health products remained a low ¥919 billion in 2022, although growth was second highest after food, up 7.5%. Even so, METI put the penetration for this sector at 7.5% and some expanded options, such as online sales of cosmetics by the leading department stores, could see an increase to ¥1.5 trillion by 2027 with penetration at 12.7%.

SERVICES AND DIGITAL PRODUCTS

Chart 4 provides a summary of trends in online sales of services and digital products. Other than online gaming, which saw extraordinary popularity during Covid, there was strong growth in multiple sub-categories, notably in travel and ticket sales as people got out and about.

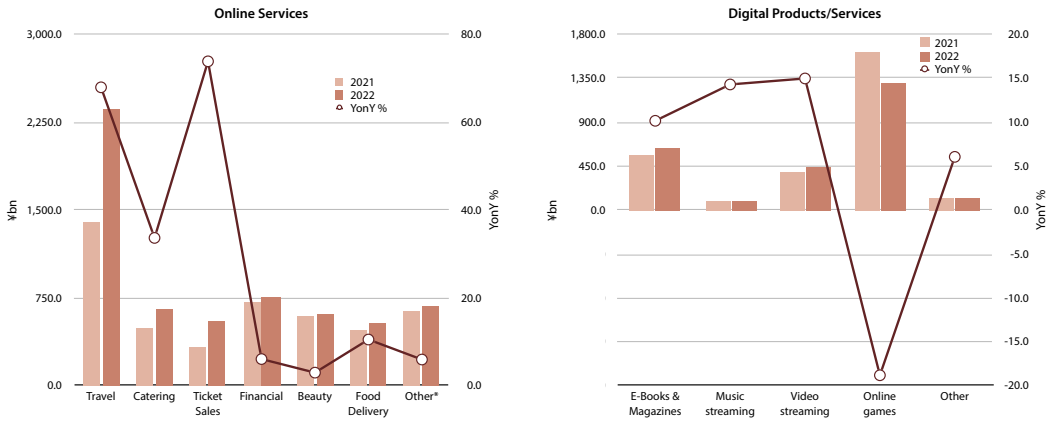
E-COMMERCE TOP 100 RANKING

EC remains the most difficult sector to analyse due to a relative dearth of public data, with companies as large as Aeon often shy to reveal precise numbers and many smaller, private companies also growing strongly but unwilling or unable to provide detailed figures. JC's ranking synthesises company reports with multiple sources to provide a consistent annual snapshot.

Chart 5 provides a summary of this ranking by category, although here too the relatively broad scope and flexibility of categories sold by individual vendors means that change is frequent and rapid.

- In FY2022, the leading 100 online retailers achieved total sales of ¥7.64 trillion ▶

Chart 4: Online Services, FY2022 vc 2021



Note: Other: medical, insurance, home services, education etc.); Source: METI; JapanConsuming.

Source: METI; JapanConsuming.

or just over one third of total EC sales in Japan (excluding consolidated sales for Fast Retailing and Seven & I), growing 12.1% on the year and 2.3 points more than METI's sector estimate.

- 51 of the top online sellers also operated physical stores as a core of their business and on average these retailers generated 29.4% of their total turnover online, an increase of 2.4 points over 2021.
- The largest single category was mixed merchandise, which accounted for more than half the total when including Amazon Japan, and, even without Amazon, still made up 28.8% of sales for the top 100 from 17 companies. These vary from Askul and Rakuten (using Rakuten's 2022 figure for direct sales), Aeon and Lohaco, down to Ryohin Keikaku, and Komeri which are a tenth the size of the largest players. This category includes major catalogue companies such as Belluna and TV shopping companies such as QVC, so the proportion of sales from EC is high given their interests in other channels.
- Fashion vendors were the most numerous, with 25 in the ranking. They accounted for sales of ¥993 billion, around 40% of all online fashion sales. Pure play (online only) fashion vendors were also the most common with 18 of the 25 firms only selling online.
- 15 electronics retailers in the ranking generated ¥972 billion online. For physical retailers such as Yamada and Bic, only an average of 18.5% of sales were generated online, a relatively small number for such a large, specialty category. This average proportion of online sales increased by three points as the big chains made headway in e-commerce after years of half-hearted attempts, but it remains relatively low, with the channel split between mixed merchandise sites, specialty pure play sites, and then sites run by the largest roadside chains.
- The next largest category, cosmetics and health foods, was a quarter the size of the big three, with 11 vendors selling ¥266 billion, up 9.6%.
- There were only five food vendors in the ranking, with combined sales of ¥229 billion. This figure was down 0.7% due to Seven Meal dropping out of the ranking as Seven & I adjusted its reporting.

All but one of the top 100 vendors sold through their own sites although most brands were also sold on at least one of the big malls, with representation across Rakuten, Amazon and Yahoo very evenly split.

EC TOP 100 RANKING

Chart 6 provides the full ranking of Japan's top 100 e-commerce retailers for FY2022. Some of the highlights are as follows.

Amazon Japan

Amazon's success in Japan is unprecedented, both as an EC platform and as an overseas retailer. It remained by far the largest online vendor in Japan in FY2022 with sales of ¥3.2 trillion. (FY2023 figures are due as we go to press.) Its figures, taken from US financial reports based on average exchange rates, included not only merchandise sales but also subscription fees for Amazon Prime, merchant fees and other services, but exclude GTVs (see below).

Amazon had another excellent year in 2022, with sales increasing by more than 26%. It remains the most popular of all the big online malls and is seeing a growing number of domestic brands and retailers open on its site, including some that have avoided the site in favour of domestic competitors until now.

Despite this position, Japan is only the US giant's 4th largest market globally, behind the USA, Germany and even the UK. This relates partly to lower penetration of pure play EC in Japan compared to these other markets, but even more to the very high levels of competition in Japan compared to other markets, particularly from Rakuten, LY Corp, and many smaller malls. ▶

Chart 5: Summary by Category of Top 100 E-commerce firms, FY2022

	Notes	Vendors No.	Pure Play	Sales ¥m	YonY %	Online % Average [3]	Total Sales %	Own	Rakuten	Yahoo	Amazon	Other
Amazon Japan		1	1	3,209,700	26.5		42.0	1			1	
Mixed Merchandise	[1]	17	7	1,269,042	1.6	31.8	16.6	17	7	7	7	8
Fashion		25	18	993,071	10.9	34.4	13.0	25	4	1	8	18
Electronics		15	9	972,465	2.6	18.5	12.7	15	10	11	8	9
Cosmetics		11	3	266,391	9.6	17.7	3.5	11	6	5	7	6
Food		5	3	229,387	-0.7	11.5	3.0	5	1	1	1	3
Computers		6	1	210,893	10.2		2.8	5	4	2	3	2
Furniture		4	1	147,501	13.9	11.1	1.9	4	3	3	2	2
Secondhand		3	0	92,612	20.1	6.0	1.2	3	3	3	2	1
Entertainment		4	3	80,818	0.7	14.3	1.1	4	2	2	2	3
Sports		4	3	74,124	6.2	19.6	1.0	4	2	2	2	1
Other	[2]	3	0	62,540	9.4	75.1	0.8	3	2	2	1	1
Automobile		2	0	32,153	20.6		0.4	2	2	2	2	1
Tota/Averages		**100**	**49**	**7,640,697**	**12.1**	**29.4**	**100.0**	**99**	**46**	**41**	**46**	**55**
EC Total				**22,745,00**			**33.6**					

merchandise across multiple categories; HW: DIY, hardware; OT: Other; PC: Computers & computer equipment; SP: Sports & equipment. **Notes:** [1] Mixed/General merchandise vendors except Amazon; [2] Other category includes anime & idol merchandise, musical instrument sales, bicycle sales; [3] Average online sales for companies with physical stores only. Source: Company reports & websites; Tsushin Shinbun; Net Hanbai; JapanConsuming.

While Amazon releases no data at all at a more granular level, it is reasonably safe to assume that its sales in certain categories, notably books and other media, electronics and fashion are all significant – with each likely at a level that would easily rank within the top 50 retailers overall. It is also growing its share in food and household FMCG, both through its own Amazon Prime Now and Amazon Pantry initiatives, but also through its netsuper that includes Seijo Ishii, Life, Valor and Arcs as partners. The last three of these chains rank 2nd, 3rd and 4th among supermarkets nationwide and each dominates a distinct geographical area in Japan, meaning that Amazon can now deliver FMCG almost everywhere except Kyushu and Shikoku, and within a two-hour window.

While Rakuten would like to argue that it is keeping pace with Amazon (see below), the US company remains a long way ahead. It already has 25, large-scale fulfilment centres across the country (compared to Rakuten's six, with none further north than Chiba), and planned to have 50 'Delivery Stations' by the end of 2023. Delivery Stations are small-scale, localised centres designed to provide rapid delivery of fast turnover items. Most work with its netsuper and other Amazon Prime supplier partners.

Equally, while Rakuten has tried to square its eco-system circle with a costly expansion into mobile phones, Amazon's streaming and other subscription services, backed by Amazon Web Services (AWS), are both lower cost and have fewer competitors to worry about.

Some local brands still view Amazon as the 'black ship', an overseas invader, but this view is certainly not shared by consumers nor many merchants, and unless there is some significant and unexpected change, Amazon will continue to lead EC in Japan for the foreseeable future.

TOP DOMESTIC EC VENDORS

While Amazon is the exception due to its size, in FY2022, another 99 companies also each generated online sales of ¥14.3 billion or more. This included nine firms that sold more than ¥100 billion online, with multiple parts of both Fast Retailing and Seven & I each combining for online turnover of ¥160 billion and ¥110 billion respectively.

- Askul, which combines both BtoB and BtoC sales, remained number two in the ranking with ¥380 billion in 2022. Owned by LY Corporation (formerly Z Holdings), Askul is in the process of integrating its primarily wholesale Askul site with the consumer-focused Lohaco site. Both brands now appear on Yahoo! Shopping, LY's main site, with the only difference being that Askul specialises in bulk sales.
- Yodobashi Camera was again the largest online seller among physical retailers with sales of ¥209 billion. It was one of the few to see sales contract in 2022, down 1.8%, due to extraordinarily high sales from its core electronics lines in the previous two years – Bic Camera, Japanet Takata, and Joshin Denki were other electronics vendors that also saw sales decline online. Yodobashi is at the beginning of a medium term plan designed to take on Amazon directly. It already sells a vast array of products, including many non-electronics lines, and is currently building a network of distribution centres to offer rapid delivery across major urban markets.
- Yamada Holdings, owners of Yamada Denki, as well as Bic Camera, both electronics chains, ranked 6th and 7th with sales of ¥150 billion and ¥143 billion respectively. Yamada grew by 4.4% in 2022. It has built its online business reluctantly but will accelerate online sales now that it has closed on 10% of turnover.
- Uniqlo's domestic online sales were ¥130 billion, the bulk of Fast Retailing's EC sales, while sister company GU added the remaining ¥30 billion, growing the quicker of the two. Like some other fashion chains, Uniqlo is promoting an omnichannel model, allowing customers to choose where they access and purchase product. The ongoing process of closing smaller stores in favour of larger ones is part of the same strategy, allowing both BOPIS and fulfilment from stores. For the greater Kanto market, Uniqlo's Araki DC can now have orders ready for shipping within 15 minutes of purchase.
- Oisix Ra Daichi saw sales increase 1.5% in 2022, slower than during the pandemic, finishing at ¥115 billion. It is unchallenged as the largest pure play food vendor and continues to grow in popularity. 2021-22 saw some teething troubles with a major new DC, but these have now been overcome and the company has the capacity to double its current size, with plans for a second DC over the next few years. It is also actively working on various food initiatives, including recycling and waste and upcycling offcuts. Subscription membership increased 16% in FY2022, exceeding 400,000 for the first time with 33,000 new members in the final quarter alone.

ONLINE MALLS

Finally, we look at gross transaction values (GTVs) in Japan's top online malls. These include a variety of sales models such as pure malls like Rakuten and Yahoo! Shopping, auction and CtoC sites like Rakuma and Mercari, and store and shopping cart platforms like BASE, with Amazon offering a combination of online mall and shopping platform.

The market is overwhelmingly dominated by the big three, Amazon Japan, Rakuten and Yahoo! Shopping, which together had combined GTVs exceeding ¥15.9 trillion or more than 80% of all sales across all malls in the ranking. This also represents more than 70% of all EC sales in Japan, although the figure has gradually declined from more than 75% in 2018 due to increasing numbers of brands selling directly on their own sites, and the growing number of smaller and more specialised platforms that are attracting smaller brands.

Having discussed Amazon Japan's role above, we look at the other major malls:

Rakuten

Rakuten continued to grow strongly, up 13.7% to ¥5.6 trillion in 2022 to December and last month, Rakuten's CEO Mikitani said that 2023 GTVs hit ¥6 trillion, but growth rates are close to half Amazon's. Rakuten has various techniques to suggest its own GTVs are actually higher than Amazon and both companies include a range of services on top of merchandise sales. Rakuten's domestic GTVs include sales on its Ichiba mall, books, golf, fashion, beauty, Rakuten24 (direct sales), autos, Rakuma, rebates, its netsuper platform, cross-border trading, and travel businesses. As of December 2022, Rakuten Ichiba hosted 57,000 merchants. It is targeting ¥10 trillion in domestic GTVs by 2030.

In 2022, Rakuten claimed 39 million active monthly users in Japan, an increase of 11%. It also runs the most popular loyalty points programme, issuing 620 billion points in 2022 and only 2% of these points expire without being used within its ecosystem. Using this data, Rakuten estimates its so-called Ecosystem Membership Value at ¥8.3 trillion.

And it is this ecosystem that Rakuten sees as the key to its future. The ecosystem ▶

Chart 6a: Top 100 E-commerce vendors by Sales, FY2022

		Notes	Main Category	Sales ¥m	YonY %	% Total Sales	Main Channels [H]	[R]	[Y]	[A]	[O]	Main EC URL
1	Amazon Japan	1	GM	3,209,700	26.5		★			★		https://www.amazon.co.jp
2	Askul	2	GM	380,000	1.2	95.0	★		★			https://www.askul.co.jp
3	Rakuten	3 †	GM	220,000			★					https://www.rakuten.co.jp
4	Yodobashi Camera	*	CE	209,948	-1.8	27.9	★					https://www.yodobashi.com
5	Zozo	4	AP	183,423	10.4		★				★	https://zozo.jp/shop
	Fast Retailing	a, 5 *	HD	160,900		5.8	★					Various
6	Yamada HD	† *	CE	150,500	4.4	9.4	★	★	★		★	https://www.yamada-denkiweb.com
7	Bic Camera	6 *	CE	143,400	-8.3	18.1	★	★	★	★	★	https://www.biccamera.com
8	Uniqlo	*	AP	130,900	3.1	16.2	★					https://www.uniqlo.com
9	Oisix Ra Daichi	*	FD	115,178	1.5		★			★	★	https://www.oisix.com
	Seven & I HD	a, 7 *	HD	110,850		1.0	★					Various
10	Nitori	8 *	FN	91,100	28.3	11.1	★	★	★	★	★	https://nitori-net.jp
11	Japanet Takata	†	CE	84,600	-1.1	34.0	★		★			https://www.japanet.co.jp/shopping
12	Joshin Denki	*	CE	75,552	-0.4	18.5	★	★	★	★	★	https://joshinweb.jp/top.html
13	Aeon	9 † *	GM	75,000		0.9	★					Various
14	Sony Marketing	*	CE	72,000			★					https://www.sony.jp
15	Kaunet		GM	66,000			★					https://www.kaunet.com
16	Adastria	10 *	AP	62,625	8.9	25.8	★				★	https://www.dot-st.com
17	Dell	†	PC	60,000			★	★				https://www.dell.com/ja-jp
18	Baycrews	10 *	AP	56,000		45.1	★				★	https://baycrews.jp
19	XPrice	11	CE	55,640			★	★	★	★	★	https://www.premoa.co.jp
20	Mouse Computer	*	PC	53,443			★	★		★		https://www.mouse-jp.co.jp
21	QVC Japan	†	GM	53,000		41.4	★					https://qvc.jp
22	Jupiter Shop Channel	†	GM	51,300	-1.2	33.0	★					https://www.shopch.jp
23	Iris Ohyama	†	GM	50,000	?	63.3	★	★	★	★	★	https://www.irisplaza.co.jp
24	Kao		CS	50,000		3.6	★					https://www.kao-kirei.com & others
25	World	12 *	AP	46,267	30.1	26.3	★			★	★	https://store.world.co.jp
	Lohaco		GM	63,252			★		★			https://lohaco.yahoo.co.jp
27	Onward HD	10 *	AP	44,798	9.5	32.0	★				★	https://crosset.onward.co.jp
28	Belluna	*	GM	44,679	-7.3	31.2	★	★		★	★	https://belluna.jp
29	Senshukai	† *	GM	44,222	-16.6	75.1	★	★	★	★	★	https://www.bellemaison.jp
30	Dinos Corp	13	GM	43,514	-0.6	78.0	★	★	★	★	★	https://www.dinos-cecile.co.jp
31	Pal Group	10 *	AP	42,316	28.7	25.7	★				★	https://www.palcloset.jp
32	Isetan-Mitsukoshi HD	*	GM	40,000	7.5	8.2	★				★	https://www.mistore.jp
33	Ito-Yokado	*	FD	38,832	-8.1	5.3	★					https://www.iy-net.jp
34	TSI HD	10 *	AP	38,843	8.2	30.7	★				★	https://mix.tokyo
35	Mash HD	14 †	AP	36,500		35.7	★				★	https://usagi-online.com
36	Nojima	15 † *	CE	36,030		19.3	★		★			https://online.nojima.co.jp
37	Kitamura	16 † *	CE	36,000		33.7	★	★	★	★	★	https://www.kitamura.jp
38	All About Life Marketing	17	GM	35,736	20.5		★				★	https://www.lifemarketing.co.jp
39	Oh Ami		SH	35,000	38.0		★	★	★	★	★	https://www.amiami.jp
40	Suntory Wellness		FD	35,000	5.0		★					https://www.suntory-kenko.com
41	Syuppin		SH	34,964	11.5		★	★	★			https://www.syuppin.co.jp
42	Magaseek	18	AP	33,000			★					https://www.magaseek.com
43	Takashimaya	*	GM	31,860	-1.2	7.2	★	★		★	★	https://www.takashimaya.co.jp/shopping
44	United Arrows	10 *	AP	30,358	2.0	23.3	★			★	★	https://store.united-arrows.co.jp
45	DHC	† *	CS	30,013	-4.0	33.2	★	★	★	★		https://www.dhc.co.jp
46	GU	† *	AP	30,000	10.0	12.2	★					https://www.gu-japan.com
47	Ryohin Keikaku	† *	GM	30,000		6.0	★	★		★		https://www.muji.com/jp/ja/store
48	Nissen		AP	29,000		72.0	★	★	★	★	★	https://www.nissen.co.jp
49	Stream		PC	28,950	0.3			★	★	★	★	https://www.ec-current.com
50	Third Wave	†	PC	28,500			★					https://www.dospara.co.jp
51	Orbis	19	CS	26,891		16.2	★			★	★	https://www.orbis.co.jp
52	Shiseido	20 † *	CS	26,800	8.0		★				★	https://www.shiseido.co.jp/sw/onlineshop
53	ABC Mart	21 † *	AP	25,341	13.4	8.7	★	★			★	https://www.abc-mart.net/shop
54	A Too		OT	25,000	15.0	75.1	★	★	★	★		https://www.suruga-ya.jp

Chart 6b: Top 100 E-commerce vendors by Sales, FY2022

		Notes		Main Category	Sales ¥m	YonY %	% Total Sales	Main Channels [H]	[R]	[Y]	[A]	[O]	Main EC URL
55	Fancl		*	CS	25,000			★	★	★	★	★	https://www.fancl.co.jp
56	Tansu no Gen			FN	24,390	7.4		★	★	★			https://www.tansu-gen.jp/
57	Premier Anti-Aging	22		CS	24,150	8.4		★					https://www.p-antiaging.co.jp
58	Edion		*	CE	23,750	-5.0	3.3	★	★	★	★		https://www.edion.com
59	Urban Research	†	*	AP	23,500		45.1	★	★		★	★	https://www.urban-research.jp
60	Alpen		*	SP	23,260		9.5	★					https://store.alpen-group.jp
61	Seven Netshopping		*	EN	23,018	-8.8		★				★	https://7net.omni7.jp/top
62	Felissimo	†		AP	22,962		71.4	★			★	★	https://www.felissimo.co.jp
63	MTG	24		CS	22,846	16.3		★	★	★	★	★	https://www.mtgec.jp/shop/default.aspx
64	Geo HD			SH	22,648	10.8	6.0	★	★	★	★		https://geo-online.co.jp
65	Beams	†	*	AP	22,000		26.5	★			★	★	https://www.beams.co.jp
66	Lawson Entertainment	†	*	EN	21,400	1.0		★	★	★	★	★	https://l-tike.com/ + Others
67	Soundhouse			OT	21,000	1.0		★					https://www.soundhouse.co.jp
68	Marui		*	AP	20,565	10.7	13.6	★	★		★	★	https://voi.0101.co.jp/voi/
69	Komeri		*	GM	20,479	11.9	5.4	★		★			https://www.komeri.com
70	Kakuyasu Group		*	FD	20,377	-1.2	17.7	★	★	★		★	https://www.kakuyasu.co.jp/
71	Anker Japan	†		CE	20,000			★	★	★	★	★	https://www.ankerjapan.com/
72	Epson Direct	†		PC	20,000	20.0		★					https://shop.epson.jp
73	Oak Lawn Marketing	†		GM	20,000			★	★	★	★	★	https://www.oaklawn.co.jp
74	Seven Meal Service			FD	20,000			★				★	https://7-11net.omni7.jp
75	Tsutaya	25	†	*	EN	20,000		14.3	★				★	https://shop.tsutaya.co.jp
76	Unitcom	†		PC	20,000			★	★	★	★	★	https://www.pc-koubou.jp
77	Wacoal		*	AP	19,200	7.0	78.7	★			★	★	https://store.wacoal.jp/
78	Golf Digest Online	26		SP	18,744	4.4		★	★	★	★		https://www.golfdigest.co.jp
79	D-Rise			CE	17,875	2.4		★	★	★	★	★	https://www.d-rise.jp
80	Himaraya	†	*	SP	17,820	8.0	29.6	★	★	★	★	★	https://www.himaraya.co.jp/login
81	Autoway			AU	17,694	17.3		★	★	★	★	★	https://www.autoway.jp
82	Daytona International	†	*	AP	17,400		50.3	★				★	https://www.freaksstore.com
83	Jun	†	*	AP	17,000	3.0	34.8	★				★	https://www.junonline.jp
84	Vega Corp			FN	16,973	0.8		★	★	★	★	★	https://www.low-ya.com
85	K's HD	†	*	CE	16,800	5.0	2.3	★	★			★	https://www.ksdenki.com/shop/default.aspx
86	River Crane			OT	16,540	12.2		★	★	★		★	https://www.rivercrane.com
87	Tora no Ana	†		EN	16,400	10.0		★	★	★	★		https://www.toranoana.jp
88	Zozoused			AP	16,046	19.3		★					https://zozo.jp/zozoused
89	The Proactiv Company	†		CS	16,000			★	★	★	★		https://proactiv.co.jp
90	La Belle Vie	†		AP	15,737	-2.2		★					https://www.labellevie-shop.com
91	Elecom			CE	15,681	9.8		★	★	★	★		https://shop.elecom.co.jp
92	Life One			FN	15,038	19.0		★					https://www.seikatsu-do.com
93	Pure Create	†		CS	15,000			★				★	https://www.osharecafe.jp & others
94	Dr C Labo	27	†	CS	15,000			★	★	★	★	★	https://www.ci-labo.com
95	Goldwin		*	AP	14,790	13.0	12.9	★			★		https://www.goldwin.co.jp/ap/s/s
96	Vitabrid Japan	28		CS	14,691	19.2		★	★		★		https://vitabrid.co.jp
97	Beauty Garage	†		CE	14,689	20.5		★				★	https://www.beautygarage.jp
98	Mark Styler	†	*	AP	14,500		46.0	★					https://runway-webstore.com
99	Fuji Corp			AU	14,459	23.8		★	★	★	★		https://fujicorporation.com
100	Xebio	†	*	SP	14,300		6.0	★					https://www.supersports.com/ja-jp/xebio
	Total for top 100				**7,640,697**	**12.1**	**29.4**						

Main Channels/Malls: [H] Own website; [R] Rakuten; [Y] Yahoo! Shopping; [A] Amazon; [O] Other.

Categories: AP: Apparel, Fashion, Footwear & Accessories; AU: Automotive; CE: Consumer electronics including PCs; CS: Cosmetics health & beauty, haircare, medicines, health foods; EN: Entertainment, Books & Media; FD: Food; FN: Interior & Furniture; GM: General merchandise across multiple categories; HW: DIY, hardware; OT: Other; PC: Computers & computer equipment; SP: Sports & equipment

General Notes: a: omitted from total to avoid double counting; *: operates physical stores; †: JC estimate based on tradepress and interviews. % Total Sales: Blank indicates 100% EC where data available. [1] Amazon figures include media and digital services; [2] Askul figures include both B2B and B2C EC sales; [3] Rakuten direct retail sales only; [4] Zozo figure for merchandise sales only, total GTVs for year were ¥544.3 billion; [5] Fast Retailing EC sales for Uniqlo and GU only; [6] Bic Camera sales includes Kojima, Sofmap and other sites; [7] Seven & I EC sales for Ito-Yokado, Seven Netshopping, Seven Meal Service and Nissen; [8] Nitori figures calculated over 13 months due to accounting change; [9] Aeon sales JC assumption (see text); [10] Figures include direct and mall sales; [11] DCM figures include DCM and X-Price sales, X-Price acquired in early 2022. Accounting changes for X-Price; [12] World figures include all sites across World Group; [13] Dinos EC sales share adjusted for direct sales only; [14] Mash figures include sales for Usagi Online; [15] Nojima includes sales from Cecile subsidiary; [16] Kitamura sales include direct and store pickup sales; [17] All About Marketing sales include Sample Life and dShopping sales; [18] Magaseek figure is GTVs; [19] Orbis figures include both B2C and B2B EC sales; [20] Shiseido sales for domestic market only; [21] ABC Mart sales include direct and store pickup sales; [22] Premier Anti Aging figures include sales through TV shopping and magazines; [23] As One figures include direct and mall sales; [24] MTG figures include all direct marketing channels; [25] Tsutaya Online Shop now run by MPD (changed from CCC); [26] Golf Digest figures for domestic sales of equipment; [27] Dr C Labo now run by JNTL Consumer Health (part of Johnson & Johnson). EC sales for Dr C Labo only; [28] Vitabrid Japan figures include cosmetics sales through DirectTech. Source: Company reports & websites; Tsushin Shinbun; Net Hanbai; JapanConsuming.

already includes retail, finance, mobile networks and loyalty points, aiming to ensnare customers into a self-fulfilling network of related services that discourage migration or cross-use with competitors – basically the same model favoured by Apple and Microsoft. In 2022, 75.8% of its customers used two or more Rakuten services on average across the year.

On the marketing side, Rakuten continues to build share in major categories. In fashion, for example, Rakuten Fashion and other fashion, accessory and sports sales on Ichiba achieved record GTVs of ¥1.1 trillion in the year from July 2022 to June 2023, up 9%.

Although it is emulating Amazon in merchandise fulfilment and trying to bind together an encompassing ecosystem similar to the one built by LY, Rakuten's future success will rely heavily on its marketing, pulling customers into its system and keeping them there.

LY Corporation: Yahoo! Shopping

LY Corp, renamed yet again after the merger of Yahoo and LINE, like Rakuten includes a range of different businesses in its figures. Official reports put total e-commerce GTVs, including some ad revenues, at ¥4.1 trillion for FY2022. Of this, around ¥3 trillion was domestic merchandise GTVs generated by Yahoo! Shopping, Lohaco, Askul, Zozo, Charm and LINE Shopping, as well as reuse sites like Yahoo! Auction and Zozoused. The merger means that annual comparisons are difficult, but LY itself suggests overall GTVs were up 7.4%, while Yahoo! Shopping alone, which accounted for an estimated ¥1.7 trillion, was down 0.2%.

As previously reported, LY also confirmed a further 8% fall in 1Q2023, partly due to some ineffective promotions and consumers' concern with changes to loyalty points schemes. Overall, e-commerce GTVs (including services) decreased by 0.7% to ¥982.5 billion for the quarter. The result of this ongoing decline is a shift in strategy to further consolidate cross-use between services and focus on advertising. Following the merger, LY combined the overlapping membership databases of 95 million LINE members with 55 million Yahoo members, offering access to LYP Premium membership points.

Yahoo! Shopping's popularity has long suffered due to merchant inconsistency in terms of quality and reliability but LY says work to improve merchant fulfilment is paying off, with 47.9% of vendors on the site earning the 'excellent delivery' badge.

One of the bright spots in LY's business is Zozo, the online fashion mall, which saw GTVs up 7% to ¥544 billion in 2022 from 11 million users. Growth continued in 1Q2023, increasing 3.1% year-on-year with unit prices rising on the core Zozotown site to push up GTVs by 7.2% for the quarter. Zozo is now targeting GTVs of ¥800 billion and 15 million users.

Other leading online malls

- au PAY Market (formerly au Wowma) is jointly operated by au Commerce & Life and KDDI. It is estimated by EccLab and others to have grown around 13% in 2022. au PAY Market has a relatively older clientele, matching its mobile subscriber base, with most users aged 30-50, and it also relies heavily on loyalty point tie-ups and promotional campaigns from third-parties, notably Lawson's Ponta programme.
- Qoo10 had estimated GTVs of ¥230.5 billion in 2022, up 15%. Originally from Singapore, the mall was acquired and brought into Japan by eBay. It has a strong fashion and cosmetics profile, particularly among women aged under 30. Despite problems at Ebay in the US, Qoo10 recently expanded into FMCG (see Page 3).

NO SIGN OF SLOWING

E-commerce remains on track to be the largest single retail channel by 2025, overtaking convenience stores. Critics of the low penetration of online sales in Japan are missing the wider picture, not only because of the high growth rates compared to other channels, but also because EC is an omnichannel model in Japan as online and offline are already integrated.

Over the next five years, while categories such as consumer electronics, interiors and, of course, media, will all be largely sold online at the expense of roadside retailers, growth in EC in fashion, cosmetics and, especially food, will supplement existing store networks, leading to overall absolute growth. Online sales penetration for food remains low, but growth rates are high, and it is more a question of infrastructure limitations rather than a reluctance of consumers to use online sources.

Japan being Japan, delivery systems are excellent but growth is so high that couriers have struggled to cope with demand. With some bureaucrats even suggesting that new regulations would create a massive driver shortage, with up to 30% of deliveries becoming unviable, these worries are leading to concerted efforts to improve logistics efficiency, as well as campaigns for slower deliveries and more rapid expansion of easier delivery options, such as parcel boxes in homes and lockers at convenience stores. In the short term, the regulation change will cause both vendors and consumers a few headaches, but the change is spurring rapid innovation that will lead to gains later on, particularly in food and fashion.

As a result, EC remains the fastest growing retail channel by far and as new technologies, better delivery logistics, and ever greater cultural interest in shopping online continue to develop, growth will remain strong for the rest of the decade at least. JC

Chart 7: Leading Online Malls, FY2022

Platform	GTVs ¥bn	YonY %	% EC Total
Amazon Japan [*]	6,793.7	24.5	29.9
Rakuten [*]	5,630.1	10.0	24.8
Rakuten [1]	5,441.8	12.3	23.9
Rakuma	188.3	4.0	0.8
LY Corp [*]	4,114.3	7.4	18.1
Yahoo! Shopping [2]	1,694.6	-0.2	7.5
Yahoo Auction	979.4	6.8	4.3
Zozo	544.3	7.0	2.4
Lohaco[3]	63.3	-10.4	0.3
ecbeing	991.2	41.3	4.4
Mercari	932.5	9.4	4.1
au PAY Market	311.5	13.0	1.4
MakeShop	305.5	11.1	1.3
Qoo10	230.5	15.0	1.0
ColorMe	217.4	5.0	1.0
Futureshop	190.5	4.3	0.8
BASE	118.6	4.4	0.5
ShopServe	101.1		0.4
STORES	96.0		0.4
RPST [*]	94.5	5.0	0.4
Ochanoko	51.6	7.1	0.2
Commerble EC PaaS	46.9	25.1	0.2
Magaseek [*]	33.0	3.1	0.1
Creema	16.5	5.2	0.1
Minne	15.1	-0.5	0.1
Locondo	21.2	3.2	0.1
Mall Total	**19,479.0**	**11.8**	**85.6**
EC Total & Share	**22,745.2**	**9.9**	**100.0**

Note: [*] Estimates; [1] Rakuten includes, Rakuten Travel, Rakuten Books etc.; [2] LY Corp includes Yahoo! Shopping, Yahoo! Auction, Yahoo! Flea Market and Zozo, as well as ad revenues and others; [3] Retail sales not GTVs; Source: Company Reports; Tradepress; ECC Lab; JapanConsuming.

Spending on fashion rises

Incomes fell again in November and consumer expenditure also fell, but this was in part because of the lower price of utilities. Spending on some categorise rose significantly, led by clothing & footwear, which rose more than 20%, and home & interiors. Food consumption also rose but this was mostly due to price increases.

Sales at JDSA department stores rose 5.4% in December for the 22nd straight month and 3.2% above the same month in 2019, while total floor space fell 3.3% as more stores closed. Footfall increased by 4.6%. Sales to locals only rose 1.2%, with much of the growth coming from tourists. By region, stores in nine of the top 10 major cities exceeded the previous year's results, with an average of a 7.4% increase. Tokyo stores rose 6.2%. Sales in the regions were down 0.5%.

Cosmetics, which sold well to both locals and tourists, rose 17.0% due in part to Christmas demand while outerwear sales were weak due to the warm weather. Food sales were also slower due to the impact of soaring prices, but gift demand for confectionery was strong.

Tourist sales rose 122.6% as footfall rose 125%, while per customer sales fell 1.5%.

METI AND DISTRIBUTION TRADE FIGURES

		Department Stores				Chain Stores				Convenience Stores				Wholesale Sales		Retail Sales		Price Indices	
		Store Nos	Sales ¥bn	YonY %	LfL %	Store Nos	Sales ¥bn	YonY %	LfL %	Store Nos	Sales ¥bn	YonY %	LfL† %	Sales ¥bn	YonY %	Sales ¥bn	YonY %	Whs 2020 =100	Rtl 2020 =100
2015	Total	246	6,825.7	0.0	0.5	4,818	13,222.9	-1.1	0.3	54,505	10,993.8	5.5	1.4	319,476	-2.5	140,666	-0.4	99.7	98.2
2016	Total	239	6,597.6	0.1	-3.6	4,841	13,000.2	0.5	1.1	55,636	11,445.6	4.1	0.5	302,405	-5.3	139,877	-0.6	96.2	98.1
2017	Total	232	6,553.2	-0.7	0.6	4,901	13,049.4	0.4	-0.2	56,374	11,745.1	2.6	-0.3	313,438	3.6	142,515	1.9	98.4	98.6
2018	Total	225	6,442.5	-1.7	-0.3	4,997	13,157.6	0.8	-0.6	56,574	11,869.8	2.0	0.6	326,587	4.2	144,966	1.7	101.0	99.5
2019	Total	213	6,292.1	-2.3	-1.3	5,037	13,098.3	-0.5	-1.4	56,502	12,184.1	1.6	0.5	314,929	-3.6	145,047	0.1	101.2	100.0
2020	Total	201	4,693.4	-25.4	-24.3	5,806	14,810.1	3.4	1.9	56,542	11,599.6	-4.8	-4.5	356,658	-12.2	146,457	-3.2	100.0	100.0
2021	Total	196	4,903.0	4.5	6.0	5,849	15,004.3	1.3	-1.2	56,352	11,759.1	1.4	0.4	401,448	7.7	150,462	1.9	104.6	99.8
2022	Nov	192	517.7	4.1	4.3	5,901	1,241.3	2.6	1.6	56,231	1,032.4	7.9	7.4	37,118	4.4	13,123	2.5	119.1	103.9
2022	Dec	192	677.6	3.7	4.0	5,907	1,549.0	4.2	3.5	56,232	1,101.4	3.9	3.8	39,673	3.6	15,191	3.8	119.9	104.1
2022	Total	192	5,507.0	12.3	12.8	5,907	15,153.6	1.0	0.1	56,232	12,199.6	3.8	3.3	430,579	7.3	154,401	2.6	114.7	102.3
2023	Jan	192	476.4	14.4	14.8	5,911	1,291.6	2.5	1.6	56,212	992.4	4.1	3.6	32,444	1.2	12,851	5.0	119.9	104.7
2023	Feb	190	417.7	18.8	20.3	5,920	1,164.4	1.1	-0.0	56,261	926.5	6.2	5.7	33,913	2.4	12,364	7.3	119.5	104.0
2023	Mar	190	511.7	8.6	9.9	5,921	1,255.3	1.7	0.7	56,149	1,056.2	6.0	5.8	39,955	0.8	14,521	6.9	119.6	104.4
2023	Apr	190	449.8	7.6	8.9	5,930	1,259.8	4.4	3.4	56,150	1,039.5	5.3	4.9	35,179	-0.7	13,210	5.1	120.1	105.1
2023	May	190	452.8	5.3	6.6	5,933	1,290.8	3.2	2.3	56,148	1,063.3	5.5	5.3	33,215	1.1	13,116	5.8	119.3	105.1
2023	Jun	190	484.0	5.7	7.1	5,936	1,262.1	3.8	2.9	56,118	1,050.6	3.6	3.2	35,742	-1.9	13,191	5.6	119.2	105.2
2023	Jul	190	522.4	7.6	8.8	5,942	1,351.7	5.2	4.3	56,142	1,140.3	5.2	5.1	35,613	-0.7	13,942	7.0	119.5	105.7
2023	Aug	189	428.9	10.9	12.1	5,944	1,356.8	5.1	4.2	56,168	1,139.1	6.3	6.1	34,706	0.0	13,394	7.0	119.8	105.9
2023	Sep	189	456.0	8.1	9.4	5,943	1,252.5	3.7	2.8	56,156	1,061.7	4.3	3.5	37,093	-0.6	13,418	6.2	119.6	106.2
2023	Oct	189	498.2	5.3	5.3	5,952	1,303.7	3.5	2.8	56,171	1,081.5	2.2	2.1	36,599	0.6	13,638	4.1	119.3	107.1
2023	Nov	189	550.6	6.4	7.5	5,953	1,285.7	3.6	2.9	56,140	1,033.4	0.1	-0.1	36,856	-0.7	13,836	5.4	119.6	106.9
2023	Dec	189	707.5	4.4	5.8	5,962	1,577.1	1.8	1.1	56,112	1,051.6	4.2	4.2	39,591	-0.2	15,515	2.1	119.9	106.8
2023	Total	189	5,956.0	8.2	9.3	5,962	15,651.5	3.3	2.4	56,112	12,636.0	4.3	4.1	430,909	0.1	162,996	5.6	119.6	105.6

Notes: LfL: Like for Like Sales YonY % Change; JC is reporting METI's official figures. METI revised its calculation methods in 2013 and 2020, and Year-on-Year changes are adjusted to match changes in Economic Census. Wholesale prices set to 2020 = 100. Retail Prices (CPI) adjusted July 2021 so that 2020 = 100. *: Latest figures are estimates; †: After July 2015, like for like sales from industry associations. Source: METI; BOJ; JDSA; JCSA; JFCA; JapanConsuming.

DEPARTMENT STORE SALES BY REGION

	Sales ¥m	LfL YonY %	Ratio %	Dec/ Nov %
By Major Metropolitan Areas				
Sapporo	19,022	10.8	2.9	43.1
Sendai	9,060	2.4	1.4	39.3
Tokyo	187,765	6.2	29.0	23.6
Yokohama	38,967	1.3	6.0	27.1
Nagoya	45,468	9.1	7.0	35.7
Kyoto	29,205	8.7	4.5	27.1
Osaka	107,314	11.4	16.6	30.9
Kobe	17,986	6.8	2.8	51.3
Hiroshima	10,287	-8.3	1.6	33.1
Fukuoka	28,348	12.7	4.4	34.5
Total	**493,424**	**7.4**	**76.3**	**29.3**
By Region				
Tohoku	5,477	-7.9	0.8	21.1
Kanto	67,860	-0.7	10.5	25.5
Chubu	11,983	2.1	1.9	37.0
Kinki	22,816	0.2	3.5	33.2
Chugoku	11,759	-1.1	1.8	21.6
Shikoku	7,949	1.7	1.2	33.6
Kyushu	25,253	-0.7	3.9	22.0
Total	**153,097**	**-0.5**	**23.7**	**26.7**
National Total	**646,521**	**5.4**	**100.0**	**28.7**

DPS/GMS CHAIN SALES BY CATEGORY

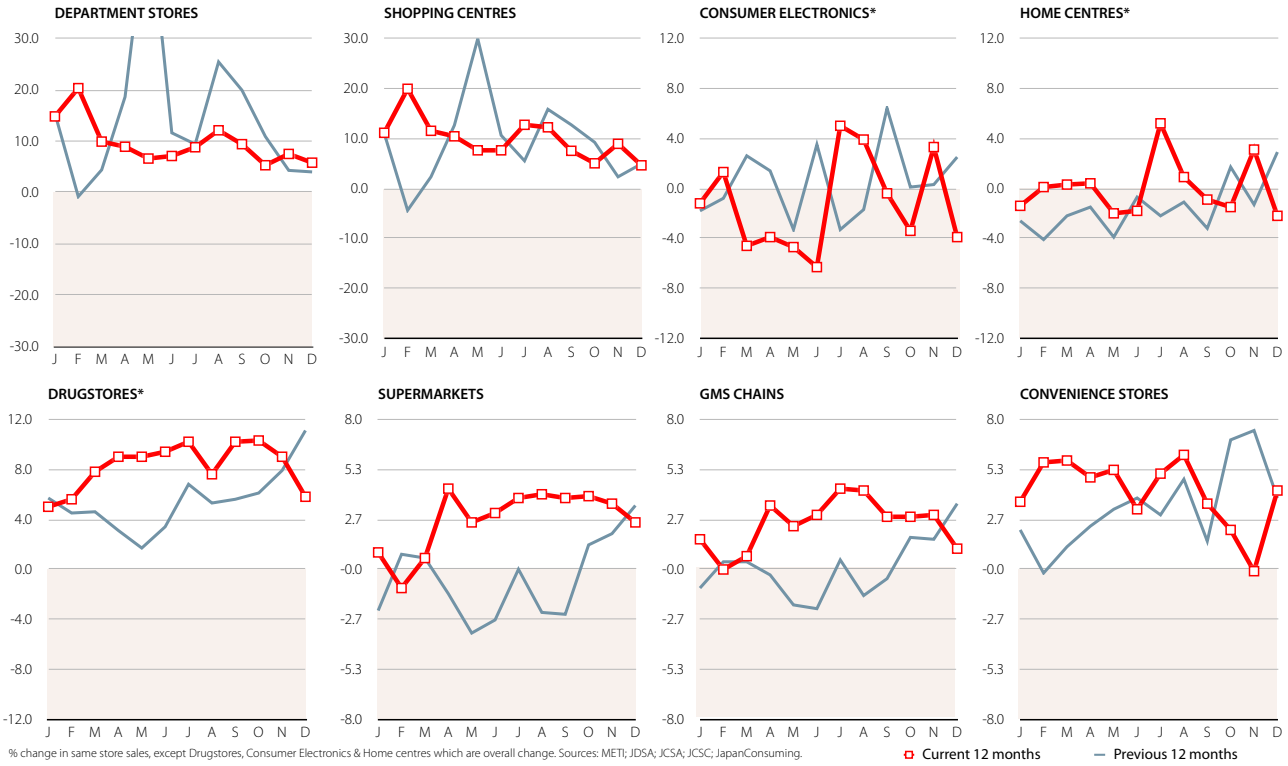
	Sales ¥m	LfL YonY %	Ratio %	Dec/ Nov %
Department Store Sales by Category				
Men's Apparel	33,750	-0.3	5.2	14.7
Women's Apparel	107,431	11.4	16.6	15.2
Children's Apparel	8,139	3.6	1.3	26.6
Other Apparel	7,640	-7.9	1.2	0.9
Accessories	102,637	13.9	15.9	30.8
Cosmetics	49,982	17.0	7.7	26.1
Jewellery etc	52,895	6.9	8.2	19.7
Other General Goods	16,962	-1.9	2.6	20.1
Household Goods	19,967	0.1	3.1	14.4
Foods	216,623	-0.7	33.5	50.2
Restaurants	12,247	8.8	1.9	16.6
Services	4,177	-13.4	0.6	2.7
Other	14,070	8.3	2.2	8.4
Total	**646,521**	**5.4**	**100.0**	**28.7**
Chain Store Sales by Category				
Foods	939,462	2.4	69.1	21.1
Men's Apparel	12,676	-10.2	0.9	3.9
Women's Apparel	16,231	-5.1	1.2	-1.0
Other Apparel	46,646	-9.9	3.4	35.5
Household Goods	117,197	2.8	8.6	18.4
Medicines & Cosmetics	33,678	2.2	2.5	21.4
Furniture & Interior	79,492	14.7	5.8	20.4
Electrical Goods	5,378	-33.6	0.4	32.0
Other Household	32,974	-15.7	2.4	18.3
Services	3,061	-9.6	0.2	19.4
Other	72,086	-1.0	5.3	15.1
Total	**1,358,880**	**1.1**	**100.0**	**20.4**

Note: YonY figures are for same store sales only for both Department Stores and Chain Stores. * METI stopped publishing figures for Hokkaido in Feb 2023 to avoid disclosing sales of individual stores. Source: JDSA, JCSA, JapanConsuming.

LEADING CITY SHOPPING CENTRES

Dec (YonY%)	Total	Goods	Apparel	Dining
Hokkaido				
Sapporo Stellar Place	4.6	4.5	1.4	8.9
Sapporo Parco	27.2	-	-	-
Kanto to Nagoya				
Lumine Shinjuku	6.3	6.1	4.1	8.5
Lumine Est	5.4	4.9	2.2	10.0
Shinjuku MyLord	-4.3	-0.6	-10.8	-7.6
Lumine Ikebukuro	5.5	4.3	-1.6	13.7
Shibuya 109	13.9	-	-	-
Atre Ebisu	5.2	3.6	0.5	12.4
Tamagawa Takashimaya SC	4.2	-	2.7	-
Futako Tamagawa Rise SC	3.4	2.7	0.5	6.0
Tama Plaza Terrace	0.3	0.5	-5.0	8.4
Lumine Omiya	4.8	3.8	-1.2	13.4
Lumine Yokohama	2.9	2.6	-1.7	6.4
Atre Kawasaki	0.0	-1.8	-10.0	16.8
Joinus	4.5	3.7	1.1	8.4
Uny Mall, Nagoya	20.5	23.3	-19.6	7.1
Osaka to Kyushu				
Hankyu Sanbanchi	1.0	4.6	4.1	7.6
HEP Five	12.6	10.0	8.6	40.4
Lucua Osaka	13.3	13.8	10.1	10.7
Grandfront Osaka	14.5	15.4	14.3	11.4
Keihan Mall	2.7	-1.0	-7.2	14.1
Nanba City	11.7	10.9	3.3	20.9
Tennoji Mio	10.9	8.4	3.9	20.9
Solaria Plaza	10.0	8.0	2.1	21.3
Amu Plaza Hakata	11.6	10.4	5.6	17.5

Source: Co. Reports; JCSC; Senken; JapanConsuming.



% change in same store sales, except Drugstores, Consumer Electronics & Home centres which are overall change. Sources: METI; JDSA; JCSA; JCSC; JapanConsuming.

CONSUMER INCOME & EXPENDITURE: WORKING HOUSEHOLDS, TWO OR MORE PEOPLE

Average Per Year	Income	Total Expenditure	Consumption Expenditure	Food	Housing	Utilities	Furniture & household	Clothing & footwear	Medical care	Transport & communication	Education	Culture & recreation	Other expenditure	Non-consumption expenditure	Disposable income	Net increase deposits & insurance
2019	586,149	433,357	323,853	77,431	19,292	21,838	12,080	12,936	12,662	54,943	18,892	31,948	62,195	109,504	476,645	150,723
2020	609,535	416,707	305,811	79,496	18,794	21,696	13,364	10,655	13,068	49,469	16,548	26,824	55,868	110,896	498,639	178,194
2021	605,316	422,103	309,469	78,576	19,848	21,448	12,720	10,463	13,130	49,679	19,197	27,452	57,124	112,634	492,682	171,071
2022	617,737	437,368	320,627	80,502	20,115	24,421	13,000	11,294	13,708	50,688	18,127	29,737	59,037	116,740	500,914	172,027
Actual Figures per Month																
2022. 11	502,259	402,410	308,122	79,345	19,870	22,390	12,338	11,676	14,311	49,343	11,839	30,283	56,726	94,288	407,971	95,947
2022. 12	1,150,808	552,778	353,794	95,309	17,612	25,466	16,758	14,446	15,450	48,823	17,717	33,987	68,226	198,985	951,823	572,700
2023. 01	495,706	421,913	331,130	81,256	19,410	33,701	12,235	12,040	12,874	54,529	12,422	31,983	60,662	90,782	404,924	67,776
2023. 02	557,655	393,498	298,749	77,077	16,824	34,937	10,194	8,774	12,490	49,614	14,561	27,323	46,955	93,749	463,906	161,501
2023. 03	498,581	431,413	340,016	82,966	18,194	32,030	14,163	14,030	14,330	56,332	17,844	33,693	56,435	91,396	407,185	85,282
2023. 04	553,975	435,917	334,229	81,935	17,522	26,264	11,979	11,946	13,242	52,513	29,283	31,815	57,730	101,688	452,288	120,558
2023. 05	469,992	436,295	311,830	84,983	19,378	22,780	13,864	11,587	12,175	43,165	19,134	30,854	53,910	124,465	345,527	43,095
2023. 06	898,984	471,839	298,405	80,273	22,305	19,367	11,834	10,446	13,729	50,059	11,263	28,707	50,422	173,434	725,550	401,098
2023. 07	637,866	431,090	306,293	88,069	17,118	17,696	15,004	12,015	13,189	49,106	11,880	29,879	54,337	124,797	513,069	205,779
2023. 08	544,043	406,276	311,510	87,423	18,119	18,199	12,714	8,013	13,006	51,181	11,308	34,869	56,678	94,765	449,278	137,456
2023. 09	487,499	400,473	311,728	83,618	16,655	18,283	11,532	7,373	13,458	57,747	20,690	27,274	55,098	88,745	398,754	93,490
2023. 10	559,898	427,044	330,590	85,791	25,068	18,962	11,996	12,128	15,215	52,552	25,131	31,230	52,516	96,453	463,445	133,623
2023. 11	494,181	392,200	301,718	83,587	18,033	19,247	13,705	14,678	13,683	45,693	10,804	30,472	51,817	90,482	403,699	90,026

Source: Somucho; JapanConsuming

ONLINE SPEND PER TWO OR MORE PERSON WORKING HOUSEHOLD

	2023 Feb	YonY %	Mar	YonY %	Apr	YonY %	May	YonY %	Jun	YonY %	Jul	YonY %	Aug	YonY %	Sep	YonY %	Oct	YonY %	Nov	YonY %
Average Spend/All Household	24,864	18.1	27,498	12.1	26,610	11.3	26,757	7.4	26,774	8.9	29,926	12.5	28,922	13.9	27,126	11.4	27,016	11.0	30,207	9.4
Gifts to others	559	-9.3	739	-18.4	764	-12.4	949	-0.6	1,111	-7.8	1,418	6.0	1,009	9.1	571	-16.3	497	-18.8	1,100	-13.5
Household Use Total	24,305	18.9	26,759	13.3	25,847	12.2	25,807	7.7	25,663	9.8	28,508	12.8	27,913	14.1	26,555	12.2	26,519	11.8	29,107	10.5
Food	5,143	1.7	5,147	-2.5	5,227	6.5	5,379	2.1	5,289	6.9	5,500	5.0	5,744	10.1	6,070	15.6	5,940	21.2	6,046	7.7
Electronics	1,517	12.2	1,920	8.4	1,353	-18.8	1,191	-12.0	1,247	-12.8	1,609	1.8	1,234	5.0	1,385	13.0	1,563	20.3	1,878	19.4
Furniture	653	37.5	702	2.6	530	5.2	480	-17.1	597	17.1	545	4.0	425	0.0	557	2.4	629	41.3	701	15.9
Fashion	2,527	5.6	3,072	6.9	3,039	7.2	3,001	9.7	2,968	4.7	3,048	10.4	2,463	5.0	2,703	5.3	3,254	5.2	3,805	11.6
Medical	982	3.5	1,060	4.2	971	6.2	1,047	3.8	1,100	9.5	1,172	18.3	1,165	15.6	1,211	20.0	1,113	13.5	1,173	11.6
Cosmetics	975	5.9	1,060	11.7	967	12.8	930	1.8	1,023	13.3	987	4.0	904	-0.1	1,038	11.3	1,021	11.8	1,198	17.0
Automobile related	475	-14.7	727	-12.3	672	3.7	481	-28.6	490	-2.2	642	6.5	496	-5.9	538	-2.5	644	40.6	842	34.5
Physical Books	478	4.4	506	0.8	536	3.3	486	5.4	428	-6.3	474	7.2	483	9.5	527	10.7	493	8.6	515	6.6
Software: Music, Games, etc	484	0.0	486	-9.5	528	-0.8	514	1.6	507	-0.4	495	-9.5	436	-16.2	442	-24.7	447	-10.6	573	-3.2
Digital Contents	612	9.7	604	7.3	617	6.0	574	-7.1	544	-4.2	551	-5.5	601	4.0	601	1.0	633	15.7	622	13.7
Insurance	1,257	-0.1	1,283	13.8	1,420	11.3	1,400	1.1	1,226	18.2	1,253	3.2	1,240	4.6	1,180	2.9	1,091	-3.5	1,364	15.4
Travel	4,491	147.4	5,021	84.7	4,978	51.3	5,394	42.9	5,187	37.3	6,799	46.3	7,700	47.5	5,056	34.1	4,671	13.6	4,675	8.8
Tickets	1,105	76.2	1,269	37.2	1,178	13.6	1,343	17.6	1,327	6.5	1,448	25.4	1,520	28.2	1,245	4.2	1,237	-3.3	1,248	13.6
Other	3,606	1.9	3,901	1.6	3,830	10.4	3,587	1.2	3,729	2.2	3,983	-1.3	3,502	-6.3	4,002	4.8	3,782	4.7	4,467	5.5
Average per Spending Household*	**39,501**	**17.7**	**42,770**	**11.6**	**40,923**	**9.3**	**41,546**	**6.8**	**41,055**	**7.2**	**45,507**	**9.6**	**44,711**	**13.2**	**41,692**	**8.8**	**41,125**	**6.3**	**45,307**	**6.5**
% Housholds Shopping Online	**62.9**		**64.3**		**65.0**		**64.4**		**65.2**		**65.8**		**64.7**		**65.1**		**65.7**		**66.7**	

**: Average for households who shop online. Source: Government data; JapanConsuming.*

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