



**btrax** White Papers

2008

Japan

Web Trends

## Summary

Although Japan has lost altitude as an economic powerhouse since the 1990's, it still ranks as the world's second largest economy after the United States. Japan is the number one consumer of brand names goods (40%+ of total), which is highly disproportionate to its population. The country is also the fourth largest exporter, sixth largest importer and a world leader in technology and machinery.

Those factors combined mean what Japanese users do or don't do online has a real impact on markets around the globe. This is especially clear in the mobile device department - the Japanese have a thriving keitai (multifunction smart phone) culture with the same number of users accessing the net through their keitai as desktop computers. This statistic makes the Japanese market fundamentally different from other markets.

A report by the Japanese government's Ministry of Internal Affairs and Communications found Japanese consumers check four retailers on average each time they research a product online. This is reflected in Internet advertising, which grew 24% in 2007. The innovative Quick Response (QR) barcodes for communicating product or service information via mobile devices has quickly become ubiquitous among successful Japanese businesses.

Social media is still evolving in Japan, but in ways that do not reflect the opinion transaction and viral growth patterns seen in English-speaking countries. The engagement level, however, is the highest in the world as indicated by Japan's 1.35 billion blog entries, which make it the world's number one blogging nation.

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## Statistics

Population	<u>127.7 million (2008)</u>
Urban Population	<u>84.4 million (2005)</u>
	<u>85.4 million (2010)</u>
Native Japanese Living in North America	<u>396,000</u>
Japanese-Americans	<u>1.2 million (2000)</u>
Japanese Speakers (primary/native speakers)	<u>128 million</u>
Japanese Speakers (secondary/non-native speakers)	<u>2 million</u>
Japanese Speakers in U.S.	<u>804,000</u>
Number of Internet Users	<u>87.5 million (2007) 68% pop.</u> <u>95.4 million (2011) 75% pop.</u>
Internet User Growth	<u>99.7% (2000-2008)</u>
Home Internet Connections	<u>47.7 million (2007)</u>
Mobile Phone Subscribers	<u>152 million (2007)</u>
Number of 3G Users	<u>45.9 million (2006)</u>
Users Accessing Internet with Mobile Devices	<u>53.1 million (2007)</u>
Number of Domains	<u>147.7 million (2008)</u>
Number of Blogs	<u>244,000 (2008)</u>

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## JAPAN: The Mobile Device Dragon

### Top 10 Highest Traffic Sites (2007)

- 1) Yahoo Japan
- 2) Google Japan
- 3) Microsoft Network (MSN)
- 4) Rakuten
- 5) NTT Group
- 6) FC2
- 7) Nifty
- 8) Livedoor
- 9) Wikipedia Japan
- 10) GMO Internet Group

### Top 3 Search Engines (2007)

- 1) Yahoo Japan
- 2) Google Japan
- 3) Windows Live Search (Microsoft)

Gross Domestic Product (GDP)	<u>\$4.886 trillion (2007)</u>
Total Ad Spending	<u>\$59.6 billion (2007)</u>
Online Ad Spending	<u>\$3.2 billion (2006)</u>
	<u>\$6.7 billion (2010)</u>
Mobile Ad Spending	<u>\$964 million (2008)</u>
	<u>\$2.7 billion (2011)</u>
Income Per Capita	<u>\$34,180 (2007)</u>
Disposable Income Per Capita	<u>\$21,576 (2006)</u>
Growth in Disposable Income	<u>3.9% (2001-2006)</u>
Average Annual Amount Spent Online Per User	<u>\$428 (2006)</u>
	<u>\$730 (2010)</u>
Retail E-commerce	<u>\$36 billion (2006)</u>
	<u>\$58.3 billion (2010)</u>

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## Summary



A long-standing pioneer in mobile technology, the Asian region has matured into a dominant force in the growing online economy. This voracious rise has been fueled by the dropping cost of web access and extensive new infrastructure investments. An increased focus on web strategies by Asian businesses has also sparked a wave of native startups capable of taking on and beating giants such as Google.

China, Japan and Korea have all experienced rapid increases in broadband connectivity and the number of Internet users. Key trend indicators only point upwards as Asia's Internet penetration rates still average only 15% compared to 30% in the rest of the world. These three countries also collectively represent the largest mobile phone subscriber base in the world, mirroring their break-neck growth in desktop-based Internet usage.



Economists have highlighted that more people online does not automatically translate to Asian users following the online habits of their Western counterparts. As businesses' reliance on online revenue climbs, user experience, localization and cross-cultural branding become increasingly critical for growth and success.

Engaging non-English speaking audiences not only reaches target country audiences, but also taps the large pools of immigrants and expatriates abroad. The business opportunities stemming from that are most apparent in the United

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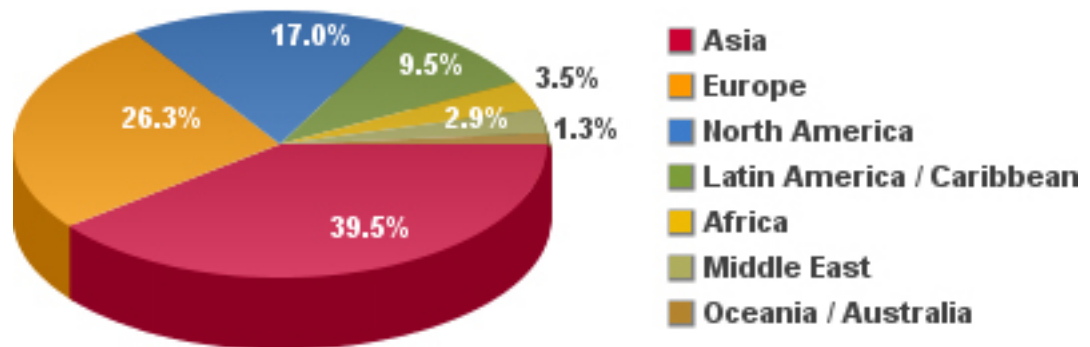
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## ASIA OVERVIEW

States. According to the most recent census, Asian-Americans have a lower median age and higher median income compared against the total U.S. population.

Asia has a healthy online business environment that still has underdeveloped niche audience markets. Grabbing even small slices of this massive pie translates into lucrative sources for both traffic and revenue. Japan is the biggest market in the region with annual online sales averaging \$38.4 billion, making it more than 1/3 the size of the US market. Second is South Korea with sales of \$6.3 billion, followed by China and Taiwan tied for third, each with about \$1.1 billion.

### World Internet Users by World Regions



Source: Internet World Stats - [www.internetworldstats.com/stats.htm](http://www.internetworldstats.com/stats.htm)  
1,463,632,361 Internet users for June 30, 2008  
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## ASIA OVERVIEW

### Statistics

Estimated Population	<u>3.8 billion (2008)</u>
Number of Internet Users	<u>529.7 million (2008)</u>
Internet Penetration	<u>15.3% (2008)</u>
Broadband Internet Connections	<u>105.8 million (2007)</u>

#### Top Countries by Internet Users

<i>Country</i>	<i>Number of Users</i>	<i>% Growth (2000-2008)</i>
<b>1) China</b>	<b>253 million</b>	<b>1,024.4%</b>
2) USA	220.1 million	130.9%
<b>3) Japan</b>	<b>94 million</b>	<b>99.7%</b>
4) India	60 million	1,100%
5) Germany	52.5 million	118.9%
6) Brazil	50 million	900%
7) UK	41.8 million	171.5%
8) France	36.2 million	325.3%
<b>9) South Korea</b>	<b>34.8 million</b>	<b>82.9%</b>
10) Italy	34.7 million	162.9%

#### Number of Broadband Subscribers (2007)

<i>Country</i>	<i>Broadband Subscribers</i>	<i>% of Country's Internet Users</i>
1) United States	66,213,257	21.9 %
<b>2) China</b>	<b>48,500,000</b>	<b>3.7 %</b>
<b>3) Japan</b>	<b>27,152,349</b>	<b>21.1 %</b>
4) Germany	17,472,000	21.2 %
<b>5) South Korea</b>	<b>14,042,728</b>	<b>27.4 %</b>

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## ASIA OVERVIEW

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### Number of Domains (2008)

1) 1,428,582,349	United States
2) 238,248,010	United Kingdom
<b>3) 157,202,978</b>	<b>China</b>
<b>4) 147,679,910</b>	<b>Japan</b>
5) 103,896,733	Germany
6) 80,689,620	France
7) 73,727,193	Canada
<b>8) 64,361,101</b>	<b>South Korea</b>
9) 40,817,650	Netherlands
10) 39,699,241	Italy

### Top 10 Internet Languages

- 1) English
- 2) Chinese**
- 3) Spanish
- 4) Japanese**
- 5) French
- 6) German
- 7) Arabic
- 8) Portuguese
- 9) Korean**
- 10) Italian

### Countries by Percentage of Users Shopping Online

- 1) South Korea (99%)**
- 2) UK (97%)
- 3) Germany (97%)
- 4) Japan (97%)**
- 5) US (94%)

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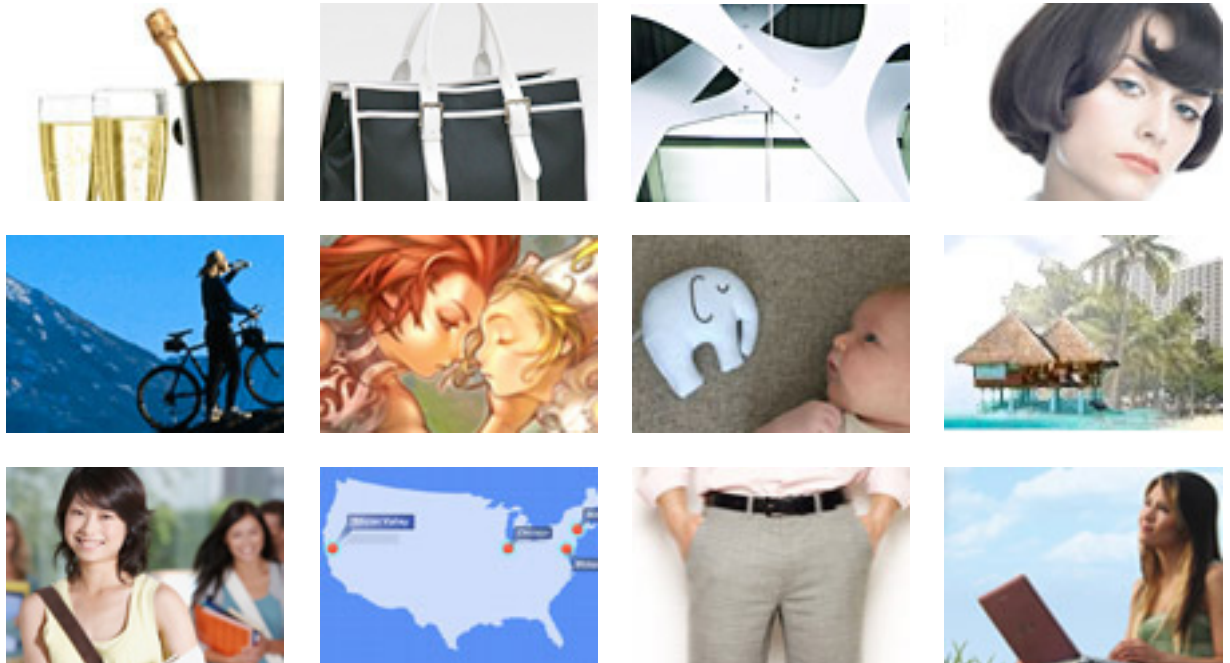
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### About Us

btrax is a global web strategy and creative agency based in San Francisco. Our team members have backgrounds working for Google, Sony Entertainment, Fujitsu, Oracle, MIT and the United Nations. All of btrax's staff are bi-lingual or tri-lingual to ensure culturally relevant and practical business advice. Our native Japanese, Chinese and Korean professionals can provide comprehensive Asian consultation.

### Recent Projects



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