How to Sell on Rakuten Ichiba in Japan

Reid Wegner
Merchant Development Manager, Overseas Sales Strategy
HOW TO ASK QUESTIONS

1. Select questions function
2. Type your question here
3. Press ‘Send’
HOW TO ASK QUESTIONS:

1. Select questions function
2. Type your question here
3. Press ‘Send’
How to Sell on Rakuten Ichiba in Japan

Reid Wegner

Merchant Development Manager, Overseas Sales Strategy
Agenda

• Review Rakuten Cross-Border program for Australian e-commerce retailers
• Rakuten Ichiba Merchant Account options and costs
• Getting Started
REVIEW OF CROSS BORDER PROGRAM
“Personal Import” Makes it Easy to Sell in Japan

Customer is responsible for import process

- Business registration in Japan not required
- Product registration in Japan not required
- Customer imports product as if purchasing from overseas website

Fully-landed cost paid by customer

- Customer in Japan pays for duties and taxes
- Shipping cost depends on seller’s carrier options
- DDP options available from major carriers

Merchandise valued below ¥16,666 is exempt from duties and taxes.
Rakuten’s Cross Border Program Simplifies EC in Japan

1. Customers shop on the Rakuten marketplace in Japan
2. Rakuten orders go to merchant in Australia
3. Australian merchant ships merchandise to customer in Japan
Service Partners Ease Local eCommerce Ops in Japan

Merchant

Service Partners

Rakuten

Product Feed → Store Design
Marketing → Promotion
Order Management → Order
Customer Service → Support
Logistics → Traffic

SHOP

Shipping
Establish Your Brand in Japan with a Custom Store Design

Levi’s (US)
http://www.rakuten.co.jp/levisstore

Otterbox (US)
http://www.rakuten.co.jp/otterbox

Bullshirt (UK)
http://www.rakuten.co.jp/bullshirt
Localized Content Targets Japanese Customers

- "Clean" design
- Simple photos
- Basic product info
- 2 screens long
Japanese Shoppers like Rich Content

- “Busy” design
- 35 photos
- Detailed product info (design schematics, instructions for use, cleaning instructions)
- 11 screens long
Rakuten E-Commerce Consultant Leads You to Success

How can I increase my average order value?

How can I increase repeat customers?

How can attract new customers?

Sales Target:
$100,000/month

$50,000/month

$10,000/month

Let’s look at your site analytics!

Try nurturing customers using R-Mail!

Try a limited-time offer!
## Collaborative Management Between Merchant, ECC, Service Partner

<table>
<thead>
<tr>
<th>#</th>
<th>Category</th>
<th>Task Description</th>
<th>Merchant</th>
<th>ECC</th>
<th>Partner</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Storefront</td>
<td>Item select</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>2</td>
<td>Storefront</td>
<td>Item feed</td>
<td>○</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Storefront</td>
<td>Translation</td>
<td></td>
<td>○</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Storefront</td>
<td>Page creating</td>
<td></td>
<td></td>
<td>○</td>
</tr>
<tr>
<td>5</td>
<td>Storefront</td>
<td>UI/UX improvement</td>
<td></td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>6</td>
<td>Marketing</td>
<td>Marketing proposal</td>
<td></td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>7</td>
<td>Marketing</td>
<td>KPI sharing</td>
<td></td>
<td></td>
<td>○</td>
</tr>
<tr>
<td>8</td>
<td>Marketing</td>
<td>Discount</td>
<td>○</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Finance</td>
<td>Bill/invoice</td>
<td></td>
<td>○</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Finance</td>
<td>Payment</td>
<td>○</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Contract</td>
<td>Contract renewal</td>
<td></td>
<td></td>
<td>○</td>
</tr>
<tr>
<td>12</td>
<td>Order management</td>
<td>Send order info</td>
<td></td>
<td>○</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Order management</td>
<td>Shipping</td>
<td></td>
<td></td>
<td>○</td>
</tr>
<tr>
<td>14</td>
<td>Order management</td>
<td>Customer followup</td>
<td></td>
<td></td>
<td>○</td>
</tr>
<tr>
<td>15</td>
<td>CS</td>
<td>Return</td>
<td>○</td>
<td></td>
<td>○</td>
</tr>
<tr>
<td>16</td>
<td>CS</td>
<td>Customer support</td>
<td>○</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
ACCOUNT OPTIONS AND COSTS
Four Shop Plans for Different Stores Sizes

- Select Shop Plan based on catalog size, commission rate, and contract period
- One-time non-recurring account setup
- System fee ranges between 8% – 12.5% of sales, varies by plan and volume
# Payments Managed through Marketplace

## Credit Card Payment Service

*Transfer flow of sales via credit card payment*

*Closing date: twice a month (15th and last day of the month)*

<table>
<thead>
<tr>
<th>Credit Card Payment Service Fees</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Charge Rate</td>
<td>2.65~3.6% (depend on credit card*)</td>
</tr>
<tr>
<td>Data Processing Fee</td>
<td>15 JPY/order</td>
</tr>
<tr>
<td>Cancel Processing Fee</td>
<td>5 JPY/transaction</td>
</tr>
<tr>
<td>Monthly Fee</td>
<td>3,000 JPY</td>
</tr>
</tbody>
</table>

### *Credit Card Charge Rate*

<table>
<thead>
<tr>
<th>Credit Card Type</th>
<th>Charge Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rakuten Card</td>
<td>2.65%</td>
</tr>
<tr>
<td>Non-Rakuten Card (VISA, Mastercard, JCB, Amex, etc.)</td>
<td>3.60%</td>
</tr>
</tbody>
</table>

---
Affiliate Program Expands Sales Reach

Rakuten Super Affiliate

When there are sales through links (partners), you will pay an incentive fee to the partner, according to the defined affiliate rate. Rakuten will charge the total amount of Incentive Fees to partners, and pay them on your behalf. In addition, we will charge you the Rakuten Super Affiliate System Commission based on the total amount of incentive fees to be paid to the partners.

1. Incentive Fee to Partner = Total Sales through Rakuten Affiliate \times \text{Affiliate Rate} (1.0\% \text{ Base Rate})
2. Rakuten Super Affiliate System Commission = Incentive Fee to Partner \times \text{Commission}

<table>
<thead>
<tr>
<th>Total Sales through Affiliate</th>
<th>Commission</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥300,000</td>
<td>30%</td>
</tr>
<tr>
<td>¥300,001 ~ ¥1,000,000</td>
<td>25%</td>
</tr>
<tr>
<td>¥1,000,001 ~ ¥5,000,000</td>
<td>23%</td>
</tr>
<tr>
<td>¥5,000,001 ~ ¥10,000,000</td>
<td>20%</td>
</tr>
<tr>
<td>¥10,000,001 ~</td>
<td>15%</td>
</tr>
</tbody>
</table>

*(e.g.) When Total Sales through Affiliate is ¥400,000 and Affiliate Rate is 1.0%*

1. Incentive Fee to Partner = ¥400,000 (sales via affiliate) \times 1.0\% (Affiliate Rate) = ¥4,000
2. Super Affiliate System Commission = ¥4,000 (Incentive Fee to Partner) \times 30\% (Commission) = ¥1,200

Total: (1) ¥4,000 + (2) ¥1,200 = ¥5,200
(1.3% of sales via affiliate)
Rakuten Super Points

Point reward system for Rakuten Super Points:
Granted Points = Total Sales by Rakuten Members x Points Reward Rate (1.0% Base Rate)

The services in which this fee applies are regular product sales (including mobile) and auction purchased by Rakuten members.
Rakuten will refund the amount of points Rakuten members used to purchase products.

Commission for Improved Security and Convenience of Transactions through the Mall

In accordance to system development to allow users to use Rakuten Ichiba with enhanced security, safety, and user-friendliness, as well as for the creation and operation of call centers for users and the improvement of user protection, the following fee structure will be applied.

Monthly Sales -------------------------------------------- 0.1%
Cost per click based promotion
Will be displayed on top 3 products on search result page
1 click costs 50 or above

Period-based promotion
Fees vary by segment, exposure periods, banner size, etc.
Over thousands of different types

# of subscribers: ~100,000 to 5 million
Different segment / volume
### Rakuten Costs

<table>
<thead>
<tr>
<th>Service</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account Activation</td>
<td>¥50,000</td>
</tr>
<tr>
<td>Monthly Account Fee</td>
<td>¥19,800 – ¥100,000</td>
</tr>
<tr>
<td>Sales Commission</td>
<td>8% – 12.5%</td>
</tr>
<tr>
<td>Marketing Costs</td>
<td>Optional</td>
</tr>
</tbody>
</table>

### Service Partner Costs

<table>
<thead>
<tr>
<th>Service</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Startup Costs (store design, translation, product pages)</td>
<td>¥0 – ¥1,600,000</td>
</tr>
<tr>
<td>Monthly Management Fees</td>
<td>¥0 – ¥450,000</td>
</tr>
<tr>
<td>Sales Commission</td>
<td>3% – 15%</td>
</tr>
<tr>
<td>Marketing Operations</td>
<td>Optional</td>
</tr>
</tbody>
</table>
Payment Flow

**Initial Payment**
The initial payment is due upon account setup.

- Rakuten Registration Fee (JPY 60,000)
- Rakuten Account Fees (Per account plan, 6 months)

**Service Partner Commission**
Service Partner will deduct commissions from monthly sales amount before transferring to merchants.

Example:

JPY 100,000,000 (Monthly sales) - JPY 3,000,000 (3% commission) = JPY 97,000,000 (3% commission)
Payment Flow

**Initial Payment**
The initial payment is due 20 days after the account start date.

Example:

- May 1st: Account Start Date
- Invoice Issued: May 31st
- Payment Due Date: May 20th

**System Commission Fee, Super Points Fee, and Affiliate Fee Payment**
The payment will be due 3 months after the sales month.

Example:

- May 1st: Sales Month (May)
- Sales Closed: May 31st
- Sales Cancellation Period: June 30th
- Invoice Issued: July 31st
- Payment Due Date: August 31st
Payment Flow

Payment Transfer for Credit Card

Billing cycle ends twice a month: on the 10\textsuperscript{th} and on the 25\textsuperscript{th} of the month. Sales amount will be paid to the merchant’s bank account 1 month after each billing cycle end date.

Example:

<table>
<thead>
<tr>
<th>May 26\textsuperscript{th}</th>
<th>June 10\textsuperscript{th}/11\textsuperscript{th}</th>
<th>June 25\textsuperscript{th}</th>
<th>July 10\textsuperscript{th}</th>
<th>July 25\textsuperscript{th}</th>
</tr>
</thead>
</table>

Payment Transfer for Rakuten Super Points

Billing cycle ends once a month. Sales amount will be paid to the merchant’s bank account 2 months later, on the 2\textsuperscript{nd} Friday of the pay month.

Example:

<table>
<thead>
<tr>
<th>May 1\textsuperscript{st}</th>
<th>May 31\textsuperscript{st}</th>
<th>June 31\textsuperscript{st}</th>
<th>2\textsuperscript{nd} Friday of July</th>
<th>2\textsuperscript{nd} Friday of August</th>
</tr>
</thead>
</table>
GETTING STARTED
Getting Started Selling on Rakuten in Japan!

- Understand the market and demand for your products
- Get to know the competition
- Determine your business objectives and positioning in Japan
- Find a Service Partner to help you
- Estimate total costs of operations
- Enable e-commerce operations (including shipping)
What are your Business Goals in Japan?

• What products are you selling?
• What is the demand for your products in Japan?
• Who are your local competitors?
• Who are you international competitors?
• What’s your strategy for selling in Japan?
• What is your sales target in Japan?
• When do you want to start selling in Japan?
Rakuten Sales Consultant Advises Your Business

- Business requirements
- Strategic objectives
- Branding

- Japan market entry knowledge
- Merchandising guidance
- Product and category positioning
- Competitive landscape
- Demand estimation
Find a Rakuten Service Partner in Japan

Which Service Partner is Right for Your Business?

- Brand manufacturer or multi-brand retailer?
- New brand or known brand?
- Content-dependent or brand-dependent?
- Size of catalog?
- Type of products?
- Marketing requirements?
- Inventory regularity?

Official Rakuten Service Partners

Service Partners are third-party companies who work with Rakuten to support your e-commerce operations in Japan.

Service Partner pricing above is estimated based on average required services. To receive a custom quote from each of our Service Partners, please complete this quick 10-question business profile:

https://www.surveymonkey.com/r/DDPHX26
We provide 4 types of shop plans. Please choose one depending on the number of products and cost.

<table>
<thead>
<tr>
<th>Shop Plan</th>
<th>Monthly Fee</th>
<th>Contract Period</th>
<th>Listing Capacity</th>
<th>System Commission (for purchase made via PC)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Standard Plan</strong></td>
<td>50,000 JPY</td>
<td>1 Year</td>
<td>20,000 items</td>
<td>2.0 ~ 4.0%</td>
</tr>
<tr>
<td><strong>Beginner’s Plan</strong></td>
<td>19,500 JPY</td>
<td>1 Year</td>
<td>5,000 items</td>
<td>3.5 ~ 6.5%</td>
</tr>
<tr>
<td><strong>Light Plan</strong></td>
<td>39,800 JPY</td>
<td>3 Months</td>
<td>5,000 items</td>
<td>3.5 ~ 5.0%</td>
</tr>
<tr>
<td><strong>Mega Shop Plan</strong></td>
<td>100,000 JPY</td>
<td>1 Year</td>
<td>Unlimited</td>
<td>2.0 ~ 4.0%</td>
</tr>
</tbody>
</table>

※ 1 JPY = 0.013 AUD
5-6 weeks: Online Application to Shop-Open

1. **Account Screening**
   - Service partner applies via online
   - Screening process begins
   - About 2 weeks

2. **Account Open**
   - Can start store creation
   - Contract start day
   - Card payment installation (takes about 3-4 weeks)
   - About 3-4 weeks

3. **Open Screening**
   - Final check to make sure items can be purchased
   - About 2-3 business days

4. **Shop Open!**
   - Items appear on search results
   - About 5-6 weeks

---

**Flowchart Details**

- **Store Creation Card Payment Installation**
- **Pass Screening**
- **Open Screening**
  - Items appear on search results
  - Final check to make sure items can be purchased
- **Account Open**
  - Can start store creation
  - Contract start day
  - Card payment installation (takes about 3-4 weeks)
  - Account Open! (About 3-4 weeks)
- **Shop Open!**
  - Items appear on search results
  - Final check to make sure items can be purchased
  - Shop Open! (About 5-6 weeks)
Rakuten Empowers Australian Merchants to Sell in Japan!

✓ More customers. Japan’s largest e-commerce channel
✓ Your brand. Fully customized store design
✓ Your success. Account consultants and partner services

Let’s talk!

Reid Wegner
Merchant Development Manager
reid.wegner@rakuten.com
How to ask Questions

1. Select questions function

2. Type your question here

3. Press ‘Send’
HOW TO ASK QUESTIONS:

1. Select questions function
2. Type your question here
3. Press ‘Send’
Thanks for attending the Austrade eCommerce in Japan follow-up webinar with Rakuten.

Questions....