

# **Japanese Online Auction And Payment Market**

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# Yahoo Japan corporate summary

- Founded: April 1996
- Shareholders: 41.89% SOFTBANK CORP.; 33.44% Yahoo! Inc.
- # of employees: 1,755
- FY2004 financial results : Sales 117,779 mil. Yen; operating income 60,187 mil. Yen; operating margin 51%
- Market Capitalization: 3.3 trillion yen (\$31.4 billion)

Q4 2004 Sales	(in mil. yen)	in \$ mil.	QOQ
Listing	\9,718	\$93	29.8%
<b>Auctions</b>	<b>\7,656</b>	<b>\$73</b>	<b>2.3%</b>
Yahoo! BB	\4,536	\$43	5.6%
Shopping	\3,568	\$34	30.6%
Media	\3,406	\$32	11.4%
Business Solutions	\1,110	\$11	113.2%
Corporate Common Business	\5,844	\$56	8.4%
<b>Total</b>	<b>\35,841</b>	<b>\$341</b>	<b>15.7%</b>

Auctions Div. FY2004	(in mil. Yen)	in \$ mil.	Share	QOQ	YOY
<b>Net Sales</b>	<b>¥27,336</b>	<b>\$260</b>	<b>100%</b>	<b>2.3%</b>	<b>31.1%</b>
Advertising	¥1,159	\$11	4%	29.8%	80.7%
Business Service	¥3,088	\$29	11%	6.8%	82.3%
Personal Service	¥23,085	\$220	84%	0.5%	24.0%
<b>Operating Income</b>	<b>¥17,790</b>	<b>\$169</b>	<b>65%</b>	<b>-1.2%</b>	<b>17.4%</b>

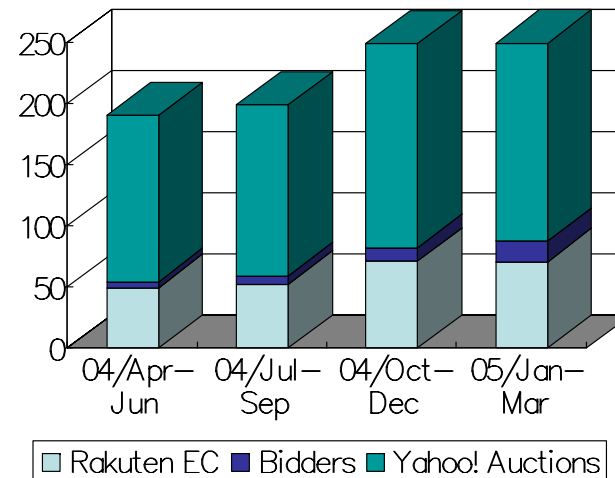




# e-Commerce and Auctions in Japan

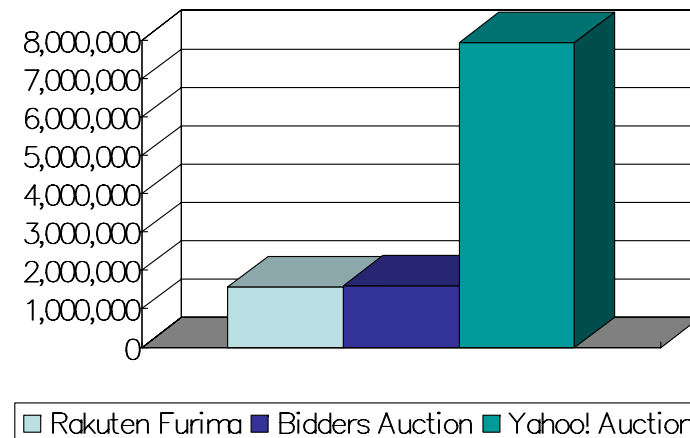
- **E-Commerce Market**

- Major players
  - Rakuten, Yahoo! JAPAN, Bidders, Amazon, Kakaku.com



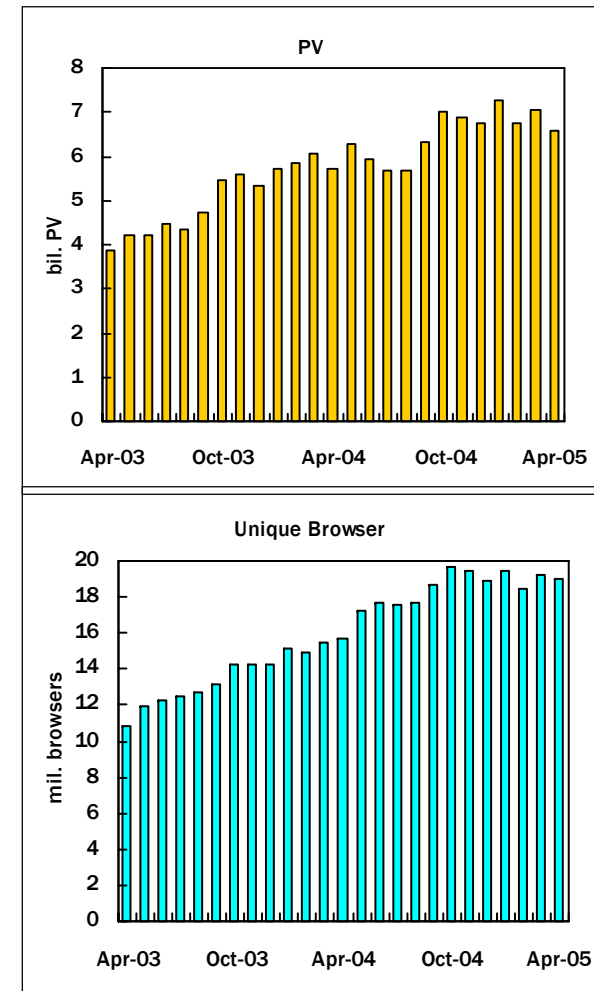
- **Auctions Market**

- Major players
  - Yahoo! Auctions
  - Bidders Auctions
  - Rakuten Furima
- Total of close to 10 million people use online auctions



# Yahoo! Auctions

- System originally based on US Yahoo!
- Figures
  - # of listing: 7.67 million
  - Avg. closing rate: 38%
  - Avg. closed price: 5700 yen (\$54)
  - GMV: 610 billion yen (\$5.8 billion)
  - 3,556 auction stores
- Major product categories: Autos, Fashion, Electronics, Computers
- Auction-related services:
  - Kantan Kessai (Easy Payment): online credit card and bank payment service
  - Yahoo! Delivery: online shipping request service
- Customers highly depend on user rating and expect quick response to email
- Major CtoC payment method is through bank wire transfer
  - Payment by stamps used for low-price items
- Major delivery methods are using postal mail and express delivery service





# Action items

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- **Frauds / illegal items**
  - Current countermeasures
    - User certification by postal mail
    - Patrolling
    - Disclosing fraudulent bank accounts
    - Compensation to fraud victims
  - Develop fraud detection scheme
- **Mobile auctions**
  - To reach to mobile-only users
- **Ease of use and safety**
  - Easy payment by promoting Kantan Kessai (Easy Payment) and to-be-established Yahoo! Bank
  - Easy and safe delivery
  - Emphasis on auction stores