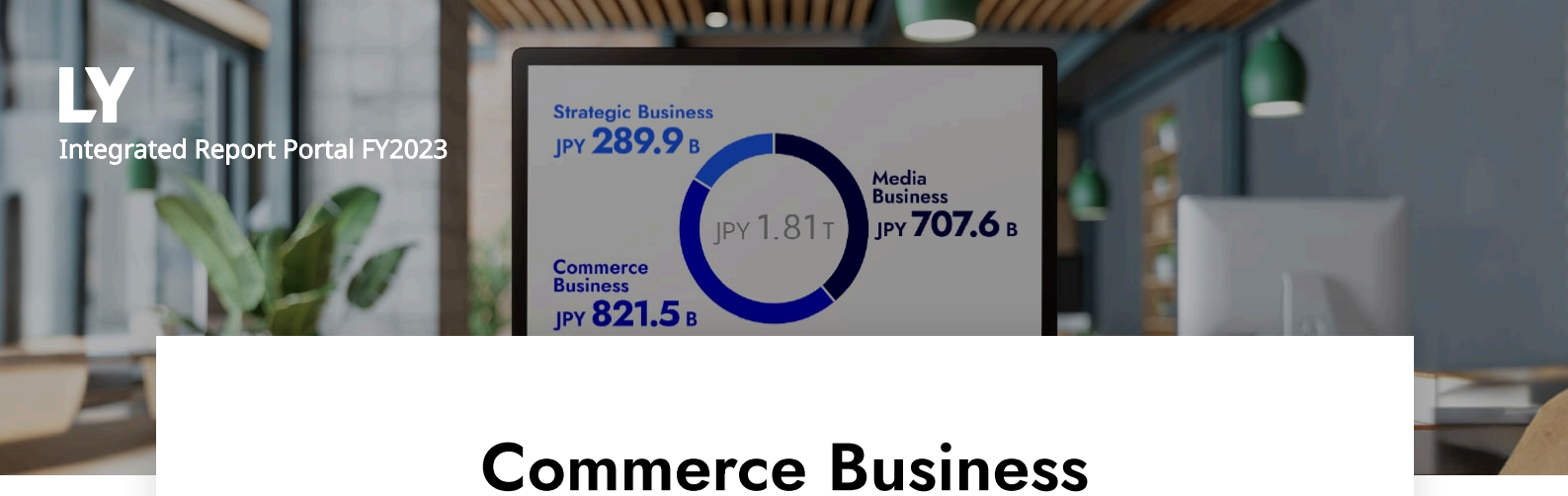


Commerce Business

Last updated: 12/24/2024

Utilizing our Group assets, we aim to balance growth with profitability through the enlargement of our Group ecosystem and cost optimization.

YAHOO! JAPAN ショッピング (Japanese only)

ZOZOTOWN (Japanese only)

LOHACO (Japanese only)

LINEブランドカタログ (Japanese only)

LINE GIFT (Japanese only)

YAHOO! JAPAN オークション (Japanese only)

YAHOO! JAPAN フリマ (Japanese only)

ASKUL (Japanese only)

一休.com (Japanese only)

YAHOO! JAPAN トラベル (Japanese only)

E-commerce transaction value

JPY **4.19** T

(FY2023)

Number of products in Yahoo! JAPAN Shopping

Over **400** mil

(As of March 31, 2024)

Number of items constantly listed in Yahoo! JAPAN Auction

88.78 mil

(As of December 2023)

Our View of the Business Environment

According to a survey conducted by the Japanese Ministry of Economy, Trade and Industry, out of the Japanese business-to-consumer e-commerce (B2C EC), the market size of the merchandising sector expanded by 4.83% year on year to JPY14.6760 trillion in 2023, while the EC ratio was up 0.25 percentage points compared to the previous year to 9.38%*.
Following the trend from last year, the market continued to expand steadily, even though the stay-at-home demand eased as consumers returned to physical stores. Meanwhile, the role of physical stores in retail is evolving, and efforts to integrate e-commerce with brick-and-mortar stores are advancing. The trend of leveraging the unique characteristics of physical stores to enhance their synergy with e-commerce and improve customer experience is expected to accelerate.

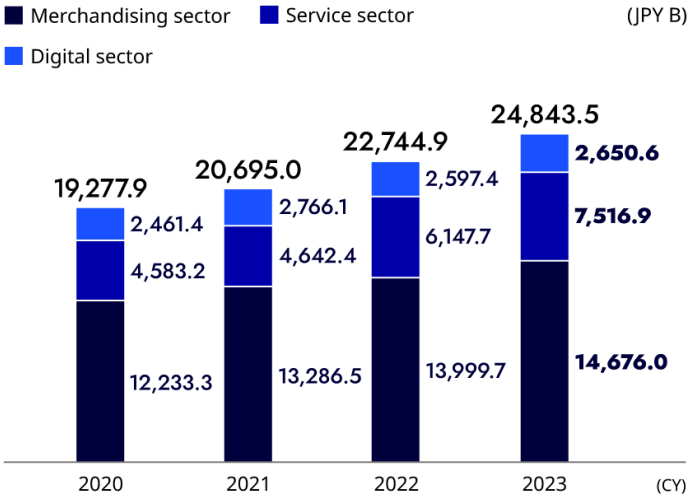
On the other hand, the scale of the B2C EC market in the service sector largely increased to JPY7.5169 trillion (up 22.27% year on year),* finally exceeding the pre-COVID level. This growth was fueled by further increase in consumer demand for outdoor activities, with travel services, dining services, and ticket sales all continuing to show strong growth following last year's trend.

The market size of consumer-to-consumer e-commerce (C2C EC), including internet auctions and flea market apps, is estimated to be JPY2.4817 trillion (an increase of 5.0% year on year).* The population of reuse service users is anticipated to grow further, driven by factors such as higher cost of living, greater environmental consciousness leading to the revaluation of reused items, diminished reluctance to purchase reused goods among younger generations, and an increase in purchasing behavior that considers resale value.

With the full-scale arrival of the post-COVID era and evolving consumer behavior, the use of e-commerce in Japan continues to increase, suggesting a steady growth in the Japanese e-commerce market.

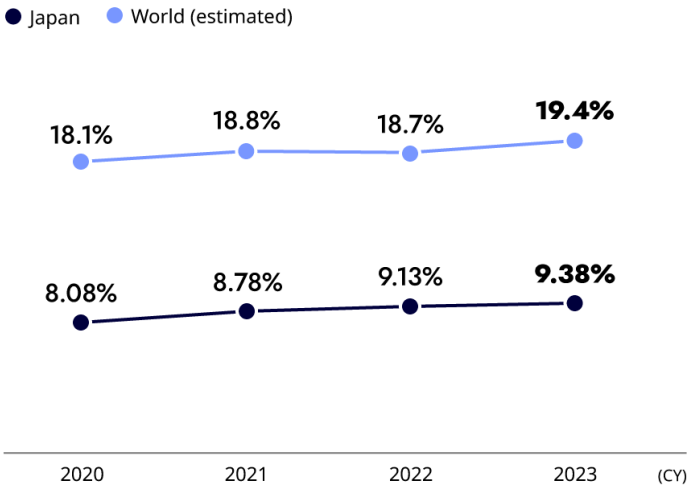
* Ministry of Economy, Trade and Industry, FY2023 E-Commerce Market Survey

Scale of the Domestic B2C EC Market



Source: Ministry of Economy, Trade and Industry, FY2023 E-Commerce Market Survey

E-Commerce Ratio of the B2C EC Market



Source: Ministry of Economy, Trade and Industry, FY2023 E-Commerce Market Survey

Competitive Edge

We offer a variety of commerce experiences to a wide range of users, leveraging our diverse business portfolio.

*1 Number of monthly active users (Japan) of LINE app as of March 31, 2024.

*2 Calculated by the Company based on "Nielsen NetView/Mobile NetView Custom Data Feed." Monthly average from January 2022 to December 2022. Figure for smartphone access to Yahoo! JAPAN (brand level, includes use of app). Rounded to two significant digits.

*3 Number of PayPay registered users as of March 2024.

*4 LINE Brand Catalog is a shopping website that rewards users with points for purchases made through the listed shops.

Balancing Growth and Profitability

In the Commerce Business, we will strive to expand the e-commerce transaction value using Group assets, and will continue to aim to secure a sustainable growth through cost optimization and concentration of management resources on highly profitable services.

1. Reinvigorating the Commerce Business Using Group Assets

The LY Corporation Group will aim for a sustainable growth by connecting the three action points: LINE, Yahoo! JAPAN, and PayPay, whose user bases are among the largest in Japan, to promote the cross-use of Group services and to expand the Group ecosystem.

● Promoting cross-use by LYP Premium members

We will maximize the user base of the Group utilizing the Group-wide paid membership program which provides a combination of benefits from Group services. The number of members of LYP Premium, a program launched in November 2023, amounted to 24.44 million as of March 31, 2024. Benefits available on LINE services were added to the existing benefits on Yahoo! JAPAN services, enhancing the convenience and value in using the services of LY Corporation. As a result, more than half of the new LYP Premium members who joined the program in between December 2023 and March 2024 came via LINE.

Strengthening the acquisition of LYP Premium member also contributes to the increased use of Yahoo! JAPAN Shopping. The transaction value of Yahoo! JAPAN Shopping in FY2023 Q4 recorded a YoY growth of over double digits despite the ongoing optimization of sales promotional costs—a testament to the outcome of cross-use.

We will continue to increase the users of the commerce services and enhance user retention by strengthening the loyalty program leveraging Group synergies and reviewing the benefits.

● LINE revamp

From FY2024 onwards, we will gradually revamp the LINE app and introduce various touchpoints within the app that connect to services offered by LY Corporation, such as commerce and local services. This initiative aims to promote cross-usage of services. In e-commerce, we will newly add a shopping tab in the LINE app to provide shopping experiences starting from LINE. This represents a unique e-commerce platform offering

a new purchasing experience within the LINE app, which is typically used for communication with friends. Through this measure, we aim to enhance our Group's overall e-commerce transaction volume.

2. Optimization of Promotion Strategies

In the Commerce Business, we revised the promotion strategy from the second half of FY2022 to optimize sales promotional costs, resulting in an improvement in profitability. We will continue to aim for a sustainable growth by balancing growth with profitability. Especially in Yahoo! JAPAN Shopping, instead of large-scale sales promotion campaigns, we will aim to retain users by implementing promotional measures that encourage more everyday use, and will also aim to expand our user base efficiently by promoting cross-use between Group services. In addition, we will aim to improve the profitability of the Commerce Business as a whole by redistributing our streamlined management resources to more profitable services.

Results of FY2023 and Priority Initiatives in FY2024

Results of FY2023

Revenue	Adjusted EBITDA	Adjusted EBITDA (Margin)
JPY 821.5 B	JPY 143.2 B	17.4 %

Revenue of the Commerce Business of the consolidated FY2023 increased by 3.6% over the previous year's result to JPY821.5 billion, constituting 45.3% of total revenue. This was due to the revenue increases in the ASKUL Group and ZOZO Group, and growth of the services e-commerce business. Adjusted EBITDA increased 25.0% year on year, to 143.2 billion yen as a result of the abovementioned revenue growth and cost optimization.

Despite the impact of cost optimization and other factors, e-commerce transaction value[*1] amounted to JPY4,195.4 billion, increasing 2.0% year on year.
Out of the e-commerce transaction value, domestic merchandise transaction value amounted to JPY3,038.0 billion, increasing 1.7% year on year.

Shopping Business

Out of the domestic merchandise transaction value, shopping business transaction value amounted to JPY1,665.8 billion, a year on year decrease of 1.7%, impacted mainly by optimization of sales promotional costs. However, the shopping business transaction value is on a recovery trend after the launch of LYP Premium membership program in November 2023. This is because in addition to fundamental product improvements, cross-use of services has increased after the launch of the program. More than 40% of new LYP Premium members[*2] use Yahoo! JAPAN Shopping.

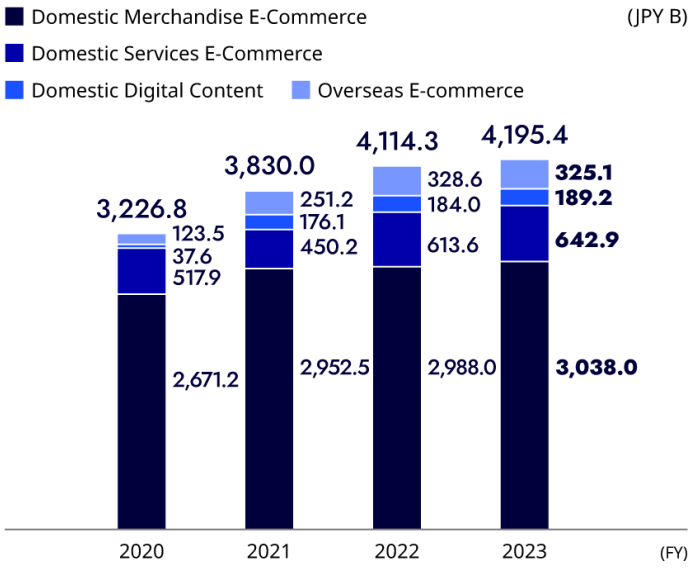
Reuse Business

In the domestic merchandise transaction value, the transaction value of reuse business expanded as a result of the increased use of Yahoo! JAPAN Flea Market. The transaction value exceeded the JPY1 trillion threshold for the first time, amounting to JPY1.0011 trillion (YoY +1.5%). Visitors and successful bidders were on a decreasing trend in Yahoo! JAPAN Auction after the downgrade of COVID-19 to Category 5 (equivalent to seasonal flu) in Japan. However, revenue from Yahoo! JAPAN Flea Market recorded a historic high. This was a result of measures such as waiving the fee for listings of JPY5,000 and under, effective sales promotional measures, and product improvements.
Furthermore, we renamed YAHUOKU! and PayPay Flea Market in November 2023, so that both services will be integrated under the Yahoo! JAPAN brand. The services have been redesigned so that they will be more accessible. We are also fortifying collaborations between the two services under the integrated Yahoo! JAPAN brand.

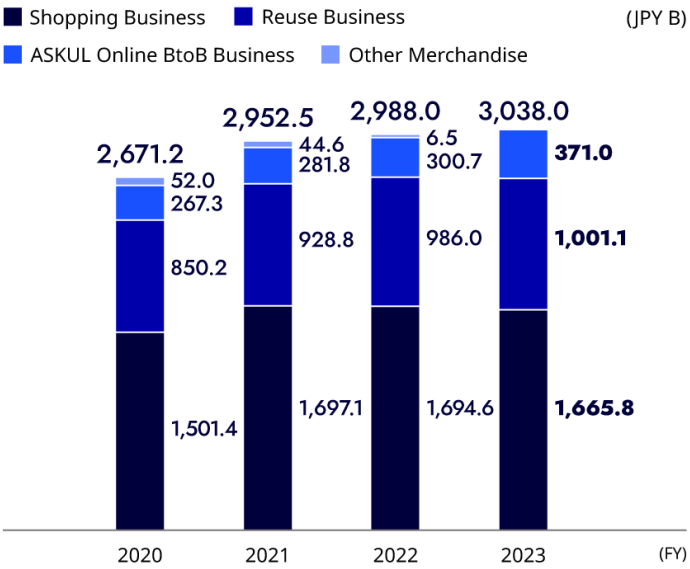
Services E-Commerce Business

The transaction value of services e-commerce business which handles travel and dining reservations, such as Ikyu Corporation, increased to JPY642.9 billion (YoY +4.8%). This was a result of the effects of promotional measures as well as the increase in travel demand throughout the year due to the easing of restrictions related to COVID-19, despite the absence of the nationwide travel support which was offered in the year before.

E-Commerce Transaction Value*1



Domestic Merchandise Transaction Value



*1 E-commerce transaction value is the total of transaction values of domestic merchandise e-commerce, domestic services e-commerce, overseas e-commerce, and domestic transaction value included in "Other" of Media Business (e.g., paid digital content).

*2 Calculated based on the usage performance of Yahoo! JAPAN Shopping in March 2024 by users who newly became LYP Premium members between November 29, 2023 to March 31, 2024.

→ P/L Trend

Priority Initiatives in FY2024

In FY2024, we will further implement measures to promote cross-use of services by utilizing our Group's assets. We anticipate a mid-single digit revenue growth compared to the previous fiscal year, driven by the growth in the transaction value of Yahoo! JAPAN Shopping and growths in subsidiaries such as ASKUL Corporation ("ASKUL") and ZOZO, Inc. ("ZOZO"). We will continue to invest in sales promotional costs with ROI in mind, and we expect adjusted EBITDA to amount to JPY147.0 billion.

In addition to the promotion of cross-use by LYP Premium members, we will newly add a shopping tab to the LINE app. By providing a shopping experience that begins with a communication app, we will further promote user traffic and accelerate the growth of our Commerce Business.

Addressing Diversified Delivery Needs

At present, the Japanese transportation and logistics industry is urgently seeking solutions to the so-called “2024 logistics problem” due to the restrictions on overtime work for truck drivers, etc., in accordance with the Work Style Reform Laws that came into effect in April 2024.

In tandem with the "Redeliveries Reduction Month"[*1] implemented in April 2023 by the Ministry of Land, Infrastructure, Transport and Tourism (“MLIT”) and the Ministry of Economy, Trade and Industry of Japan, Yahoo! JAPAN Shopping has worked to reduce redeliveries by encouraging users to place orders with a specified delivery date, checking the delivery status, and utilizing various delivery methods such as convenience store pickup, home delivery lockers, and package-drop service, as well as designing an ordering flow that makes it easy to use these methods.[*2]

“Otoku Designated Delivery” (Value-Added Designated Delivery Services) enables users to receive PayPay Points by selecting this shipping method when ordering items that do not need to be received immediately, thereby decentralizing and equalizing shipping and delivery operations. Users can choose the most reasonable delivery method according to their needs while stores and delivery companies can expect to see a reduction and dispersion of shipping and delivery workloads during sales periods, etc. Through this, we aim to benefit all three parties concerned. To promote the effective “package-drop service” for deliveries that are not received when the recipient is out, which are the cause of redeliveries, we also launched a campaign where users can earn PayPay Points just by specifying the package-drop service as a delivery method, in the hope that this would encourage users to recognize and use this delivery option and serve as a catalyst for future behavioral change.

For ZOZOTOWN, ZOZO changed the default setting for the delivery method selected by users when ordering products to the package-drop service. Compared to deliveries before the change in the default setting, the number of orders for the package-drop service more than doubled, and of the orders that can use this option, about 70% are now delivered unattended.[*3] In the past, ZOZO has worked to improve loading efficiency during deliveries by reducing the volume of goods through measures such as selecting appropriate packaging materials for each product, increasing the number of orders that can be combined into a single delivery (Order Consolidation), and improving the efficiency of trunk line transportation by utilizing Yamato Transport Co., Ltd. Relation Center.[*4]

ZOZO is working to improve user experience by recommending the use of the package-drop service by introducing Yamato Transport’s EAZY service and expanding the range of orders that can specify the package-drop service as a delivery option. ZOZO is also working to reduce the burden on delivery drivers and CO_2 emissions by reducing the number of re-deliveries. ZOZO expects further benefits from the introduction of these measures.

By responding to diversifying delivery needs and holding campaigns to reduce the number of redeliveries, we aim to reduce the burden on delivery drivers and contribute to solving environmental issues by reducing CO_2 emissions.

*1 MLIT (external website) (Japanese only)

*2 Yahoo! JAPAN Shopping, Notice to users (Japanese only)

*3 The percentage of orders delivered using the package drop service was calculated based on all orders received during September 1-27 and October 1-13, 2023, that offered this delivery option. For details on eligible orders and other information, please refer to "What is Package-Drop?" (Japanese only)

*4 For details, please refer to the following.

ESG/CSR News dated February 1, 2021 "Packaging Materials Changed to Environmentally-Friendly Materials" (Japanese only)」

ESG/CSR News dated April 1, 2023 "Streamlined Deliveries by Expanding Eligible Items for Order Consolidation"

ESG/CSR News dated June 7, 2023 "Streamlined ZOZOTOWN's Deliveries in Hokkaido and Kyushu Using Yamato Transport's Relation Center"

*5 "A First in Japan! Non-Face to Face Pickup Available from June 24 for Purchases in ZOZOTOWN Using "EAZY," a Service by Yamato Transport" (Japanese only) (Press release, June 16, 2020)

Initiatives to Realize a Recycling-Oriented Society

LY Corporation contributes to the building of a circular economy through its reuse-based e-commerce businesses, Yahoo! JAPAN Auction and Yahoo! JAPAN Flea Market. We are actively working to help create a recycling-oriented society by promoting "reuse," in which unused items are given to those who need them and reused. The reuse of items reduces the consumption of new resources, as well as CO_2 emissions from the production of goods and disposal of waste. Each platform also focuses on charity projects and social contributions.

→ Yahoo! JAPAN Auction (Japanese only) → Yahoo! JAPAN Flea Market (Japanese only)

To utilize limited resources effectively, reduce CO_2, and fulfill its responsibility as a supplier, ASKUL works on the resource recycling of clear plastic folders, which ASKUL has one of the highest sales volumes in Japan. Used clear plastic folders collected from nationwide participants are sorted, recycled, and reused as raw materials for new products. LOHACO, ASKUL's BtoC service, also cooperates with brands and companies to reduce waste to zero by selling good products at outlet prices that would otherwise have been discarded without reaching customers for a variety of reasons.

→ ASKUL Report 2023 (2.47MB) → ASKUL Resource Recycling Platform (Japanese only)

→ LOHACO “GO Ethical Project" (Japanese only)

To solve the problems of mass production and mass disposal in the fashion industry in recent years, ZOZO provides ZOZOUSED, a reuse business that buys used clothes from users and sells them, and "Replacement-Discount," a trade-in service that promotes the recycling of used and new clothes.

“Replacement-Discount” service, offered on ZOZOTOWN, creates a system that circulates clothing, helping to reduce the disposal of fashion items.
Most items that cannot be resold on ZOZOUSED are purchased by multiple clothing buyers that ensure appropriate processing. These items are generally sold on domestic e-commerce platforms and in stores. In addition, when collecting trade-in items from customers through the Replacement-Discount service, ZOZO encourages the use of ZOZOTOWN's original non-woven fabric reusable bags, which can be used repeatedly. By utilizing AI to set buying and selling prices, ZOZO strives to offer the most beneficial evaluations to its customers, thus promoting the circulation of fashion.

Over the past approximately 10 years since its inception, ZOZOUSED has made improvements to provide better services to its customers, which has also contributed to reducing environmental impact. By redistributing items collected from customers through ZOZOUSED, ZOZO has been able to prevent CO_2 emissions that occur from the production to disposal and incineration of newly manufactured items. Assuming this, since the start of the service, ZOZO has cumulatively reduced CO_2 emissions by about 140,000 tons.[*2] Additionally, the CO_2 emission reduction achieved in FY2022, when converted to the absorption capacity of Japanese cedar trees, is equivalent to approximately 1.3 million trees.[*3]

→ ZOZOUSED's Sustainable Framework

*1 Replacement-Discount : A service in which customers trading in items previously purchased on ZOZOTOWN receive an immediate discount equivalent to the trade-in value.

*2 From November 2012 to March 2022. Assumes mitigation of CO_2 emissions from the production process to disposal and incineration of newly produced items. The number of collected items was converted to weight (Source: Ministry of the Environment, "Sustainable Fashion – Fashion for the Future" (Japanese only)) and multiplied by the CO_2 emissions per kilogram of item (Source: Ministry of the Environment, "Method of Calculation for 3R Unit Value" (Japanese only) (3.9MB)).

*3 Assuming that one Japanese cedar tree absorbs about 14 kg of CO_2 emissions (Source: Kanto Regional Forest Office, "Carbon Dioxide Absorption Capacity of Forests").

Major Services and Products

Merchandise E-Commerce

Shopping Business

● Yahoo! JAPAN Shopping

Yahoo! JAPAN Shopping is one of Japan's largest online shopping malls and offers a vast array of products ranging from popular home appliances to groceries, daily necessities, and ideal gift options. When linked with PayPay, users can receive point rewards for their shopping and use the points for the next shopping. Yahoo! JAPAN Shopping also offers a wide variety of sales and promotions that offer discounts, point rewards, and other savings. It also offers a large section of products labelled as "blue-ribbon delivery," which provides safe and fast delivery. Many "blue-ribbon stores" that meet the mall's own standards and brand-owned stores are available, providing a safe and secure shopping experience.

→ More details (Japanese only)

● ZOZOTOWN

ZOZOTOWN is an e-commerce website covering over 1,500 stores and 9,000 brands. With an average of over 2,600 new products becoming available each day, the site consistently offers a range of over 1.02 million products.* ZOZOTOWN also operates ZOZOCOSME, a mall specializing in cosmetics, ZOZOSHOES footwear mall, and ZOZOVILLA, an outlet for luxury designer goods. Services offered by ZOZOTOWN include same-day delivery, gift wrapping, and Tsukebarai (deferred payment option), which allows customers to pay for items two months after purchasing.

* As of March 31, 2024

→ More details (Japanese only)

LOHACO

LOHACO is a shopping website specializing in everyday household goods, jointly operated by LY Corporation and ASKUL Corporation. LOHACO offers a diverse array of products (e.g., food and drinks, detergents and kitchen supplies, pharmaceuticals, cosmetics, pet supplies, interior goods, and original items) which are delivered on the next day at the earliest.

→ More details (Japanese only)

LINE Brand Catalog

LINE Brand Catalog is a comprehensive e-commerce website operated by LY Corporation, covering a wide range of products from fashion and electronics to stationery. By making everyday purchase through LINE Brand Catalog, users can earn LINE Points equivalent to JPY1 per point. Additionally, the shop search function can be used to compare points offered by different shops.

→ More details (Japanese only)

LINE GIFT

LINE GIFT is a communication service that allows users to exchange gifts with their friends via LINE Chat, offering more than 400,000 items.* Gifts can easily be sent even if the recipient's address is unknown and a face-to-face encounter is not possible. This service is ideal for a variety of situations, such as seasonal celebrations and important life events, or simply as a way to send a token of gratitude.

* As of November 2023

→ More details (Japanese only)

Reuse Business

Yahoo! JAPAN Auction

Yahoo! JAPAN Auction is one of Japan's largest online auction and flea market apps, and boasts a constant display of 88.78 million* items. Yahoo! JAPAN Auction, a hub of a vast array of used items, provides the ideal way to discover exclusive products, limited-edition items, and items not sold through retail channels, such as other flea market/online shopping apps, e-commerce outlets, and fashion apps.

* As of December 2023

→ More details (Japanese only)

Yahoo! JAPAN Flea Market

Yahoo! JAPAN Flea Market is an app that enables users to trade various items on the smartphone, as if they were trading in flea markets. All items can be purchased free of shipping charges,* with sellers paying a discounted uniform shipping fee anywhere in Japan. Users can make and receive payments via PayPay.

* Shipping charges are borne by the sellers

→ More details (Japanese only)

ZOZOUSED

At ZOZOUSED, used clothing and second-hand products from popular brands are available for purchase online. Clothing from more than 7,000 brands are handled, and more than 900,000 items are constantly displayed.

* As of March 2024

→ More details (Japanese only)

ASKUL Online BtoB Business

● ASKUL、SOLOEL ARENA

ASKUL Corporation operate two websites: ASKUL, a website for small and medium-sized enterprises, and SOLOEL ARENA, a website for mid-tier and larger companies.
Through these websites, customers can shop from a selection of more than 12.80 million products in one place, ranging from office supplies, living supplies, and furniture to specialized goods for the manufacturing and construction sectors, general medical products—such as for healthcare, nursing care, and drugstores—medical materials including pharmaceuticals, and medical equipment.

→ More details (ASKUL, Japanese only)

→ More details (SOLOEL ARENA, Japanese only)

Services E-Commerce

● Ikyu.com

Ikyu.com is a reservation service for accommodation at luxury hotels and traditional high-end inns, and meals at carefully selected restaurants. All of the hotels, inns, restaurants, and spas listed on the Ikyu.com site are thoroughly screened to ensure that they meet Ikyu.com's own rigorous standards. Ikyu.com can be used with confidence for a wide range of occasions, including precious time spent with loved ones, fun family events, luxury experiences shared with special friends, and business trips with enhanced comfort.

→ More details (Japanese only)

● Yahoo! JAPAN Travel

Yahoo! JAPAN Travel provides users an easy way to find and reserve accommodation facilities that meet individual requirements. Users can also freely combine their desired domestic accommodation and airline tickets to create an original package tour on Yahoo! JAPAN Pack and earn rewards, such as PayPay points and flight miles. LYP Premium members are further eligible to special offers designed to support travel through great savings.

→ More details (Japanese only)