

Cultural Analysis & Secondary Research

November 2nd 2020

How has COVID-19 affected behaviors and attitudes around ordering food online?

According to a [Japan Times article](#), the coronavirus has forced the nation's notoriously fussy food shoppers to abandon doubts about online grocery stores, sending retailers such as Aeon Co. scrambling to meet a surge in delivery demand.

Although shoppers in Japan aren't alone in going online during the outbreak, the shift is remarkable for a country that had been expected to take years to embrace online food shopping because of a zeal for fresh and perfectly presented produce.

Most companies won't disclose numbers, but retail executives and analysts estimate internet sales now account for about 5 percent or more of the nation's total grocery sales, compared with 2.5 percent before the pandemic.

Although that is still lower than some pre-crisis estimates of 15 percent in China and even 7 percent in the U.K., a broadband laggard, it challenges a long-held belief that Japanese shoppers will always shop daily and in person, checking the goods first-hand.

Major Japanese supermarkets, despite talking about online services for years, have only recently begun large-scale spending on e-commerce infrastructure.

Most have struggled to meet the spike in demand, and would-be-shoppers on Twitter have complained of difficulty securing delivery slots throughout the crisis.

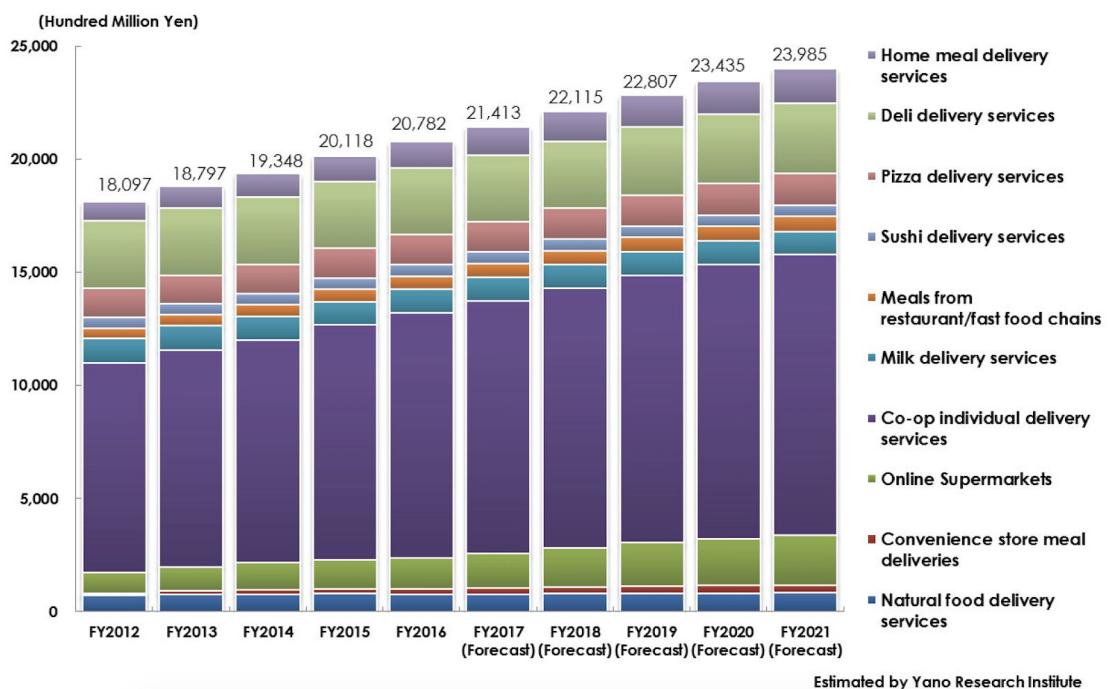
"When people increase their use of online, they stay with it rather than going back. In Japan we'd expect there to be a step up in the growth of e-commerce," said Ocado's Jensen, who is also chief executive of the group's Ocado Solutions technology business.

Types of Food Delivery Offered in Japan

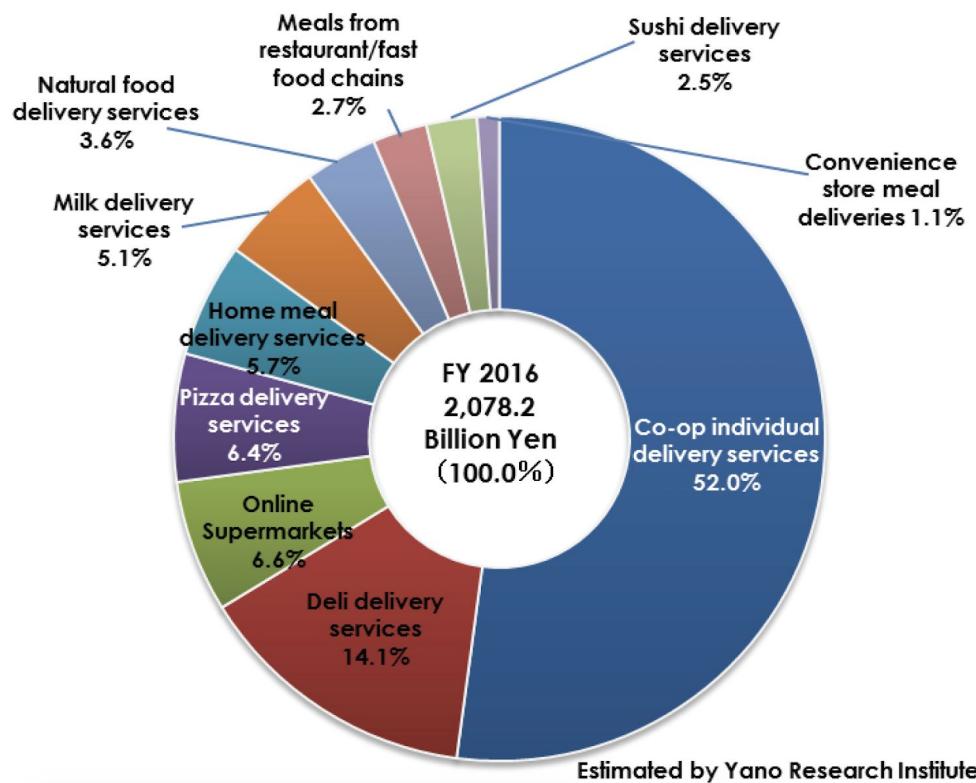
- **Raw and Fresh Food Delivery**
 - Natural food delivery services (Organic Foods)
 - Milk Delivery Services
 - [Co-op delivery services](#) (delivers groceries straight to your door once a week or bentos several times a week)
 - Online Supermarket Delivery
- **Processed and Pre-Cooked Food Delivery**
 - Home meal delivery services
 - Online Supermarket Delivery
- **Ready-to-Eat Food Delivery**
 - Deli delivery services
 - Pizza delivery services
 - Sushi delivery services
 - Meals from restaurant/fast food chains
 - Convenience store meal deliveries

Food Delivery Service Market Categories

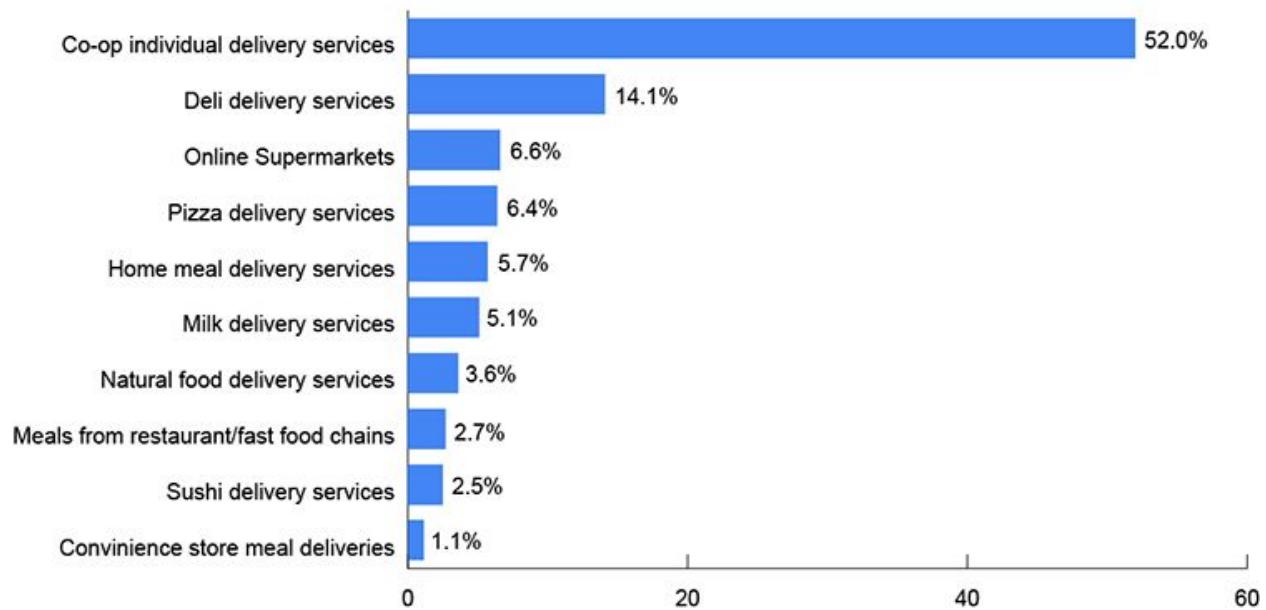
■ Figure 1: Transition and Forecast of Food Delivery Service Market Size



■ Figure 2: FY2016 Food Delivery Service Market Share by Category



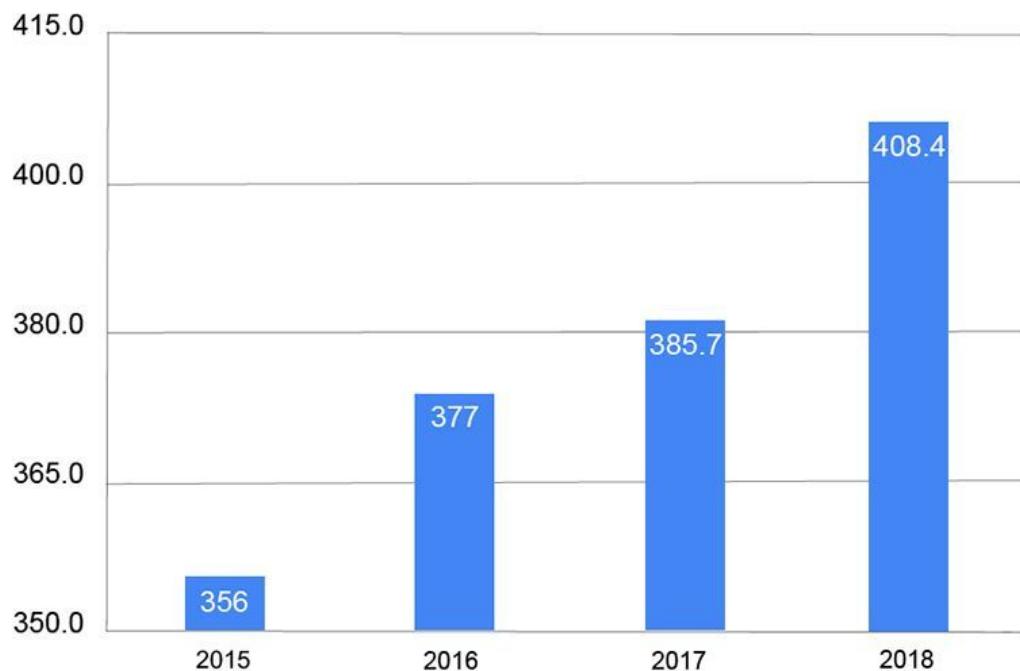
FY2016 Food Delivery Service Market Share by Category



Food Delivery Market Growth

The market size of food delivery in Japan in 2018 was 408 billion yen (3.8 billion U.S. dollars), which increased by 5.9% from the previous year. The market has been growing with more and more service options, especially since Uber Eats expanded its business to Japan in September 2016.

Food delivery service market size (billion yen)



Food Delivery History

Food delivery in Japan started over 300 years ago during the Edo period (1603-1867 A.D.) During this time, food like fresh fish, vegetables, and soba (Japanese noodles) were delivered.



As the market has grown over the years, the variety of foods introduced into the food delivery service market has increased. Some new additions include pizza, sushi, and Japanese curry. Before companies like Uber Eats entered the market, most orders were placed by phone call or through the restaurant's website instead of through an app, allowing users to pay once the food was delivered to their house.

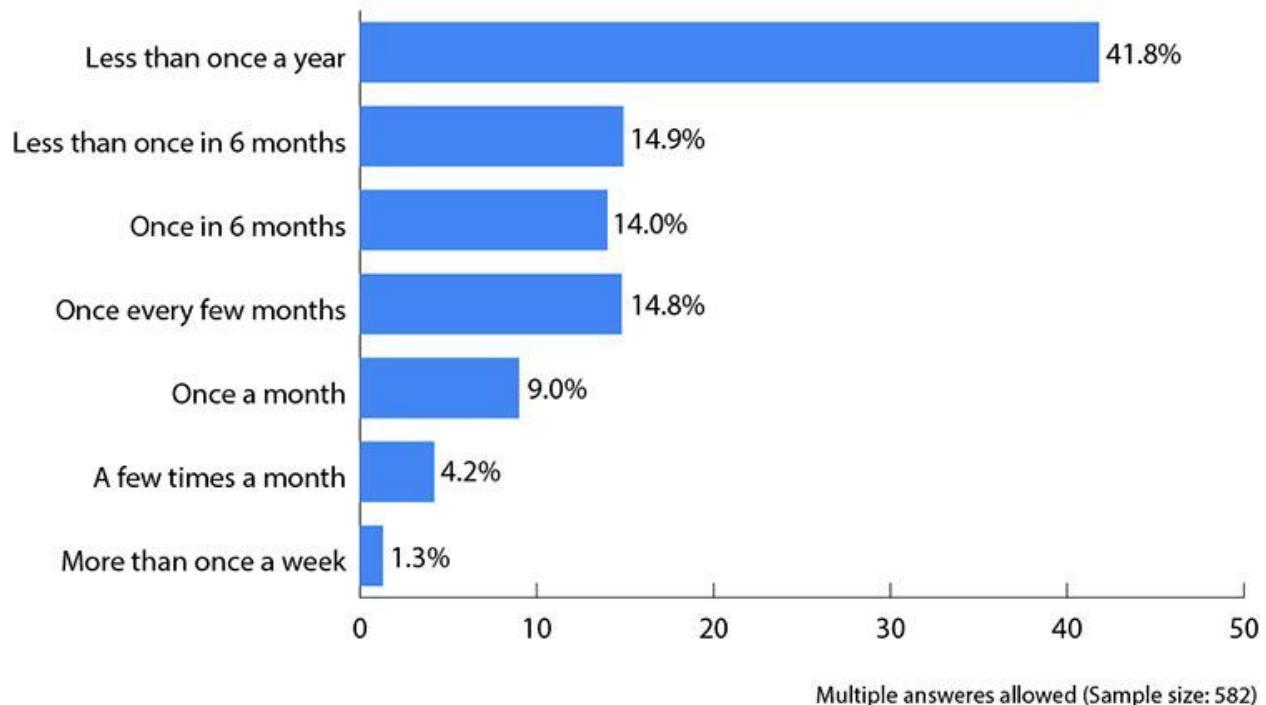
Types of People who Benefit from Online Shopping, Ordering & Delivery

- The elderly who have a difficult time carrying their groceries home and who might suffer from limited mobility
- Families with small children
- Working professionals who are busy
- Companies that might want to order food for their employees / business meetings

Frequency of using food delivery services

A survey shows that 58.2% of users in Japan use food delivery services at least once a year while 1.3% use it more than once a week. This shows that using food delivery services is not very common for most Japanese people yet.

Frequency of food delivery usage



Motivations for using food delivery services

The three main reasons people in Japan use a food delivery service include:

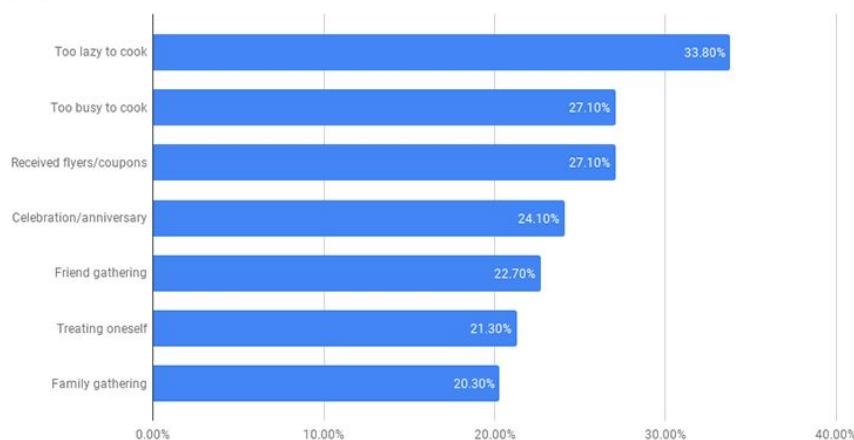
- **They don't want to or are too busy to cook**
- **They have coupons or saw an advertisement for a food delivery service**

Oftentimes, the Japanese tend to use coupons because restaurants and food delivery companies give away coupons via mobile apps or newspaper ads. For example, LINE, a messaging app used by more than 79 million users in Japan, has a service in which it offers coupons from over 22,000 different restaurants and food-related stores.

- **It's for a special occasion, like parties with friends or relatives**

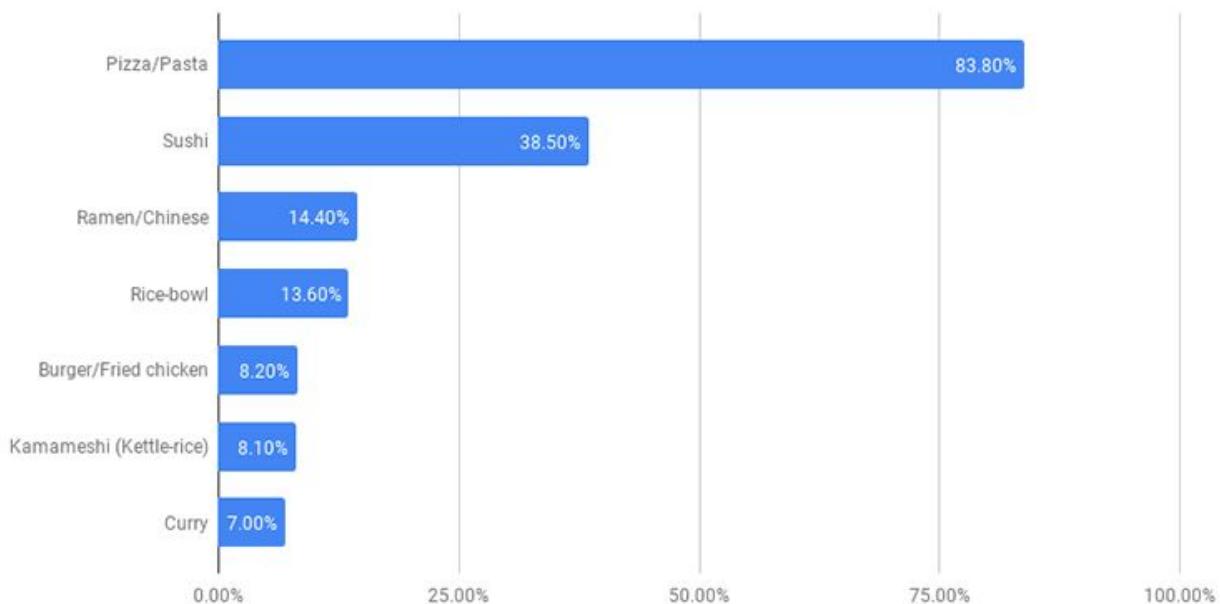
Reasons of using food delivery services

(sample size: 1000)



Most Popular Food Delivery Items

Popular food delivery items
(sample size: 582; multiple answers allowed)



The graph above shows how people in Japan categorize popular delivery food items. Pizza delivery is popular because famous pizza delivery companies including Domino's, Pizza-La, Pizza Hut, among others, have expanded their shops nationwide, even to the rural areas where new food delivery services apps are not yet available. Since pizza companies also offer a rich variety of pasta as well, pasta has become a popular food among Japanese when ordering delivery food.

Sushi is another popular delivery item. Historically it has been ordered for special occasions like family gatherings or anniversaries. However, the Japanese are ordering sushi more and more to enjoy when they're at home as well because there are many affordable assortments and packages.

For the most part, you can enjoy a variety of foods via delivery services in Japan. Even Japanese noodle dishes like Ramen can be ordered, as it can be delivered without spillage, thanks to special delivery bikes depicted in the images below.

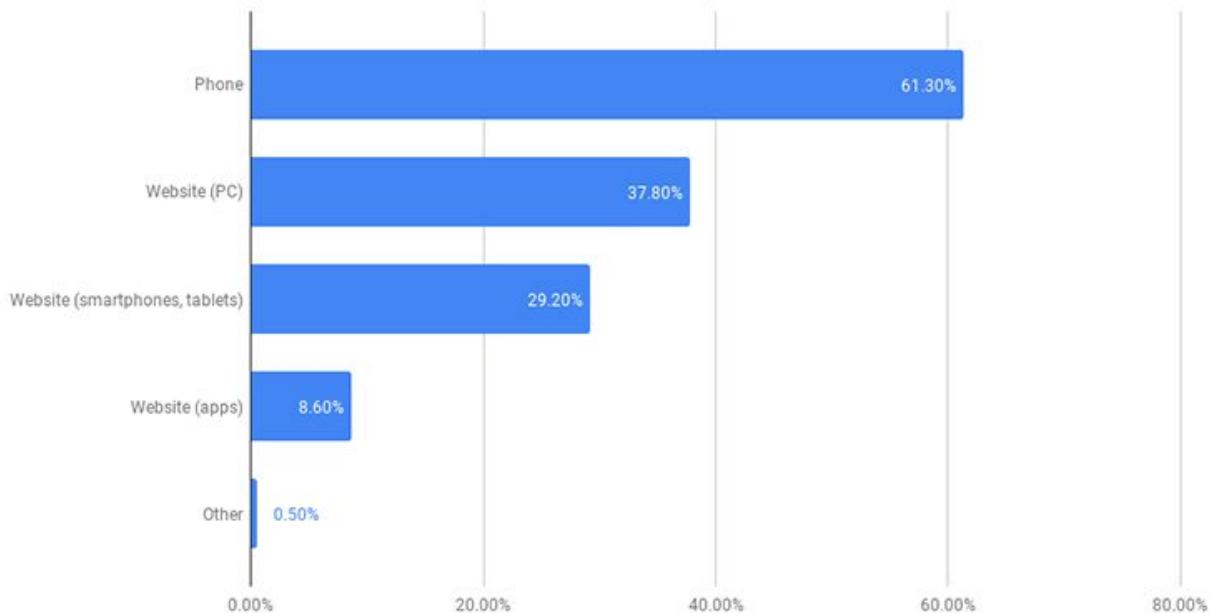


Challenges for Food Delivery Services

Japanese aren't hesitant about making a call to order food, but some are hesitant about using online delivery services because they still think that online payment systems are not safe or too complicated.

Food Delivery Order Methods

(sample size: 582)



In the chart above 61.3% of all the people who use a food delivery service at least once a year will order by phone. That number is more than all the orders made through PC and smartphones/tablets combined.

As you can see in our previous article on mobile payments, one reason more deliveries are made by phone calls, as opposed to the other methods, is that 51% of the Japanese are against a cashless society. Also, since a third of the Japanese population is over 60 years old, the elderly feel overwhelmed and concerned by their lack of technical knowledge needed to operate new delivery apps and websites.

Convenience Stores are a Huge Competitor to food Delivery Services

Why is the food delivery service market in Japan smaller compared to other countries? The difference between Japan and other countries is that it's easy to get high-quality food at convenience stores. Many of the convenience stores are open 24-7 such as 7-Eleven, Family Mart, and LAWSON and they offer various kinds of high-quality food at a fraction of the price at restaurants.

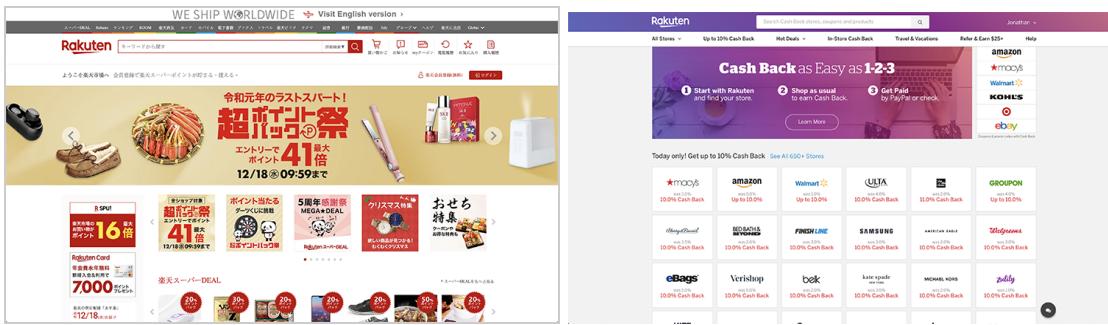
A survey showed that there are 55,000 convenience stores in Japan. Since Japan is a small country, you can find convenience stores pretty anywhere in the country. In big cities like Tokyo, it is especially easy to find a convenience store as they are all over.

Another reason the food delivery service market is still fairly small is that most online food delivery services are not yet available in rural areas. Fortunately for those who live in these rural areas, convenience stores exist almost everywhere. Convenience stores seem to be the real competitor to food delivery services because they're easy to get to, offer a wide variety of foods, and are inexpensive.

Cultural Differences between American & Japanese UX / Design / Psychology

- Japan's association with the color red contrasts from America's interpretation of the same color.

In Japanese UI design, red is correlated to boldness or positivity while in the US, red correlates to emphasis or error. Thus, the experience will change based on color choices when creating a call-to-action (CTA) and can impact conversion rates. As you can see in the images below, Rakuten's Japanese website utilizes red to attract users to its advertisements while its American website emphasizes shopping deals with red.

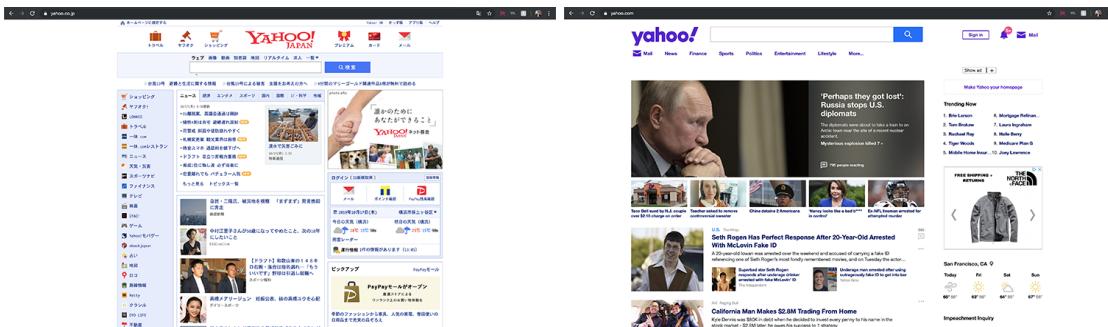


- When it comes to typography, **Japan uses a holistic design approach**, and **America uses an analytical design approach**.

The **holistic design approach**, used in Japanese design, requires the user to scroll through and analyze a whole web page before forming an opinion. This is why the content is more basic or unembellished and why Japanese users prefer to have more typography compared to American users. Overall, it makes it easier for holistic users to view the page without interference from flashy or overemphasizing graphical UI elements, such as icons or images.

The **analytical design approach**, used in American design, highlights varying typography and demands more structure to ensure that blocks of information stand out from one another. It relies on the use of proximity to emphasize how content is grouped and how each section can be processed. Therefore, the use of white space and varying font sizes become essential for analytical users to understand information at a glance.

- Another key difference between Japanese and American web design is the **hierarchy of information** because users in each country are accustomed to different ways of viewing it. Hierarchy refers to the organization of typography and shows users where to look for specific kinds of information. For example, if you compare the web layout of Yahoo! across both countries, the user interface is displayed differently, but the user journey between the two is quite similar in that users can efficiently find the information they seek.



Japanese people seek information by reading text, showing why Japanese websites have more content and typography. As you can see in the image above, Japan's interface provides a sectioned framework, where more information can be browsed all on one page. To separate the typography and guide users, icons and symbols are used to bring attention to the categories list on the side and on top.

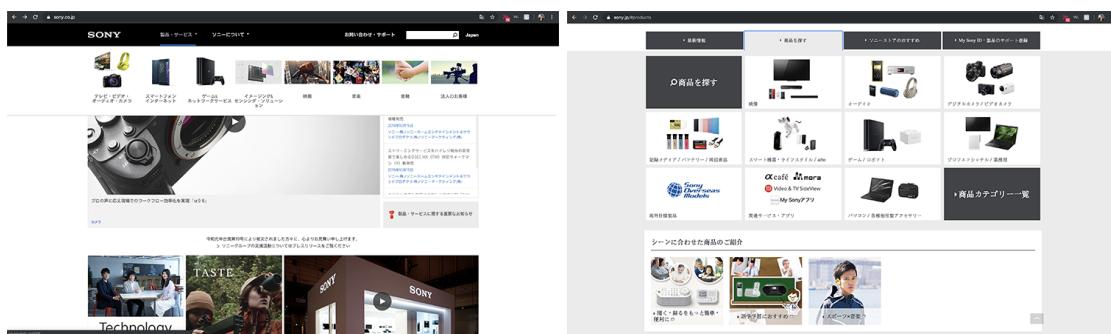
On the other hand, the layout for Yahoo! in America utilizes white space in an attempt to separate sections of information from one another. This strategy employs varying scales of information through imagery and limited typography because Americans have short reading attention spans. Looking at the image above, the use of the brand's purple-colored typography visually contrasts with the imagery and white background to guide the users to view the categories list on top.

By localizing the content to accommodate the respective users' learned hierarchy of information, Yahoo! is able to successfully help the user achieve the same goal using different design layouts.

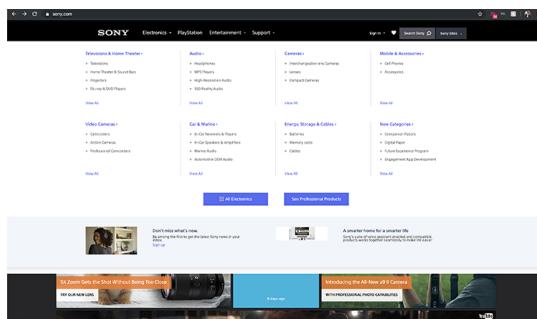
- **Navigation** on Japanese and American websites can also be approached differently.

On Sony Japan's website, the tab bar groups together "Products" and "Services" into one option ("Products/Services"). When clicking into the "Products/Service" option on the drop-down menu, the navigation bar expands into various categories, such as "Movies" or "Gaming & Network Service". The search goes from a general search to a more specific search on each page and sets the pace of searching for specific products.

By laying out the hierarchy in sections, it gives Japanese users more context about the page options, leading the user to their desired product after clicking through more pages. This use of the holistic approach gives the users more context, such as the latest information on products and recommendations for similar items.



On the other hand, Sony USA uses the analytical design approach and focuses on the specific needs of users by laying out all the categories and listing out all the departments under their respective categories first. The categories are laid out to streamline the process and save time, unlike Sony Japan's design of laying out information on multiple screens. Americans typically want to utilize the least amount of time to find what they need and therefore the navigation needs to be as efficient and intuitive to keep up with that pace.



- Different platforms are preferred in Japan and America as well.

Japan is a mobile-first country when it comes to accessing the web. Years ago, it was expensive to create both mobile and desktop versions of a website, so Japanese companies chose between the two and settled for what the majority of users were drawn to: mobile-friendly websites. Thus, companies optimized the Japanese UI design of their sites for mobile. Nowadays, more and more Japanese websites are finding it important to incorporate more fluidity between mobile and desktop because it targets more users to access their websites and also to become multi-platform compatible.

On the other hand, **American customers desire seamless experiences** when it comes to consuming content, from mobile phones to tablets to computers. With most US websites, the user interface and user experience design are made to be responsive, whether accessing from desktop or mobile.

- Color psychology** overall is different in Japan than in the US. The graph below shows what each color (blue, green, red, yellow) signifies in Japan, the U.S., France, and Egypt.

Japan	cold-hearted	novice	anger	noble
U.S.A.	honesty	success /safety	passion	friendliness
France	freedom /peace	criminality	upper-class	upper-class
China	permanence	dishonesty	good fortune	equality
Egypt	honesty	fertility	death	temporary

- As illustrated above with Sony's navigation, **Japanese users tend to prefer to be “guided” while in the U.S. users prefer to “search” by themselves.**
- Japanese websites are known to be busy and text heavy. The reason they are structured this way is because Japanese customers want to see as much information as possible when looking at websites.

In comparing 7Eleven's website for Japanese and American users, Kazu observed that the American site has a lot of white space with minimal text while the Japanese site is covered in data and facts.



There are 3 main reasons why Japanese consumers crave so much information:

- **Hard to Win Trust**

According to the 2019 Edelman Trust Barometer, Japan is grouped among the countries that don't trust businesses. Japanese customers can be skeptical of new companies that have not yet proven their credibility and quality. It can be especially difficult for the older generation that

currently make up one-third of Japan's population.

- **Verification Behavior**

Japanese websites are loaded with data, testimonies, and statistics because customers need to be 100% certain about the value of the company and its product or service.

- **High Expectations for Quality**

American Express International found that 56% of Japanese customers will take their business elsewhere after one bad service experience which means that if a service is not explained thoroughly or not up to the customer's standards, then the customer will look for other alternatives. Japanese companies are trying to modernize their websites while still taking into consideration the customer's desire for information. However, accommodating both older and younger generations is an ongoing challenge.

Reasons why Shoppers in Japan dislike online shopping / won't use it

- The belief that with online food ordering, you don't get fresh and perfectly presented food / produce the way you would in a store or restaurant
- The belief that online payment systems are not safe or too complicated
- The elderly feel overwhelmed and concerned by their lack of technical knowledge & some (though not all) prefer using traditional shopping methods over new delivery apps and websites
- Convenience stores are also a viable option as there are so many and they are easy to get to
- Most online food delivery services are not yet available in rural areas

Key Takeaways

- It seems as though the frequency of using online delivery services in Japan is slowly but steadily growing - but still not very common for most Japanese people yet
- Co-op delivery services have a strong presence in the market; 50% of the food delivery service market. This is because many Japanese households rely on this type of service. According to a survey conducted by the Japanese Consumers' Co-operative Union (JCCU), 25% of the Japanese population uses Co-op's delivery service.
- Companies and businesses in the industry are slowly and gradually making the shift to offering online ordering services - through apps and websites
- The reasons why online shopping is not as widespread / widely adopted in Japan is nuanced, and include a mixture of circumstance (such as living somewhere rural with few restaurants where ordering online isn't even an option) and beliefs held by people living in Japan.
- Because of the cultural differences in how Japanese people think and approach using websites, website design in Japan is approached very differently than website design in America, and it will be important to design specifically for a Japanese audience, and not under the same assumptions / methods I would design for by default (as an American for an American audience).
- Although Japanese web design is evolving, Japan is still in a transition period. Finding a solution in which Freshness Burger can provide information and enable customers to order online without compromising design will be an interesting challenge. It will be important to keep Freshness Burger's online ordering system in mind while trying to understand their customers' mindset in order to create the best design.