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Chicks in the Nest

Stay-at-home consumers in Japan and Korea: the next big segment for e-tailers?

“Homebodies” drive online shopping

Amidst the recession of late 2008, pundits in Japan began using the term *sugomori* ("chicks in the nest") to describe consumers who stay at home to keep outside expenses to a minimum. In stark contrast to the boom in outbound tourism and theme parks that characterized the Japan of the 1980s, consumers in the 21st century were increasingly resorting to shopping online rather than at expensive department stores, while at the same time slashing expenses on travel and dining out.

No doubt Japan possesses many characteristics that enable the phenomenon of “chicks in the nest.” High-speed Internet connections at home are the norm rather than the exception. Payment via mobile phones (m-commerce) is widespread.¹ Efficient home-delivery services are commonplace – couriers such as Yamato Transport (better known as *Kuroneko* or Black Cat) and Sagawa Express can deliver as quickly as the next morning for online orders made by midnight the previous day. Nevertheless the rise of *sugomori* is somewhat surprising given the relatively small sizes of Japanese homes.

Online shopping sales in Japan rose 22% to \$67.2 billion in 2008.² There can be little doubt that “chicks in the nest” have made no small contribution to this growth.

In South Korea, the prospects for e-commerce are just as bright if not more so. To take one example: GMarket, a leading online shopping mall based in South Korea, supports 1.7 billion batch requests a day, generating annual sales exceeding U.S. \$2 billion.³ The pervasiveness of online shopping there has thrown up another interesting phenomenon: senior citizens becoming online entrepreneurs. Cafe 24, a hosting firm for Internet-based retail sites, said 2,489 people who launched online shopping sites through the company in 2008 were in their 60s, accounting

¹ Refers to a type of e-commerce which allows customers to pay for purchases via one's mobile phone carrier.

² According to data from the Japan Direct Marketing Assn. and Nomura Research Institute (NRI), as reported in Business Week, 8 Sep 09

³ Microsoft Case Studies, South Korea's Gmarket Online Shopping Mall Supports 1.7 Billion Batch Requests a Day, 20 May 08

for about 3.5 percent of its 71,000-plus customers gained during the year⁴. These numbers look set to grow as retirees seek to supplement fixed incomes and occupy their time enjoyably.

Can it be long before observers speak of “old birds in the nest?”

⁴ The Korea Times, Online Shopping Malls Offer Second Chance for Old-Timers, 13 Mar 09