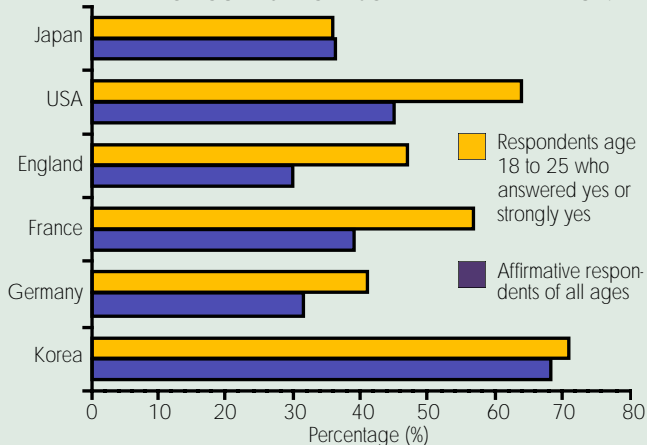


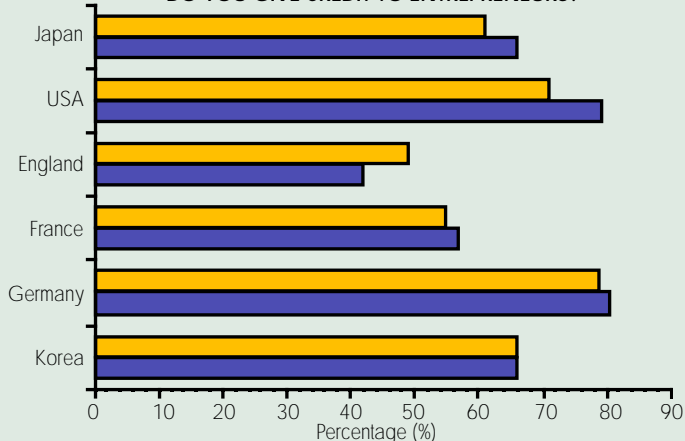
JAPANESE YOUTH: NO ENTREPRENEURS IN MY BACKYARD

Entrepreneurial motivation in Japanese youth ranks the lowest among the US, England, France, Germany, Korea, and Japan. A six-nation survey by the Japan Small and Medium Enterprise Corporation found that Japanese age 18 to 25 had the weakest desire to become entrepreneurs; Japan was the only country where this age group had less entrepreneurial drive than the general population (age 18 to 65). Although more than half of Japanese respondents lauded fellow entrepreneurs in general, only a quarter of young respondents said they'd support a family member who wished to become an entrepreneur. This may be further proof that, for fostering innovation, Japan's educational system stinks (see "Masahiro Kawahata's Macrovision," page 44, March 2001).

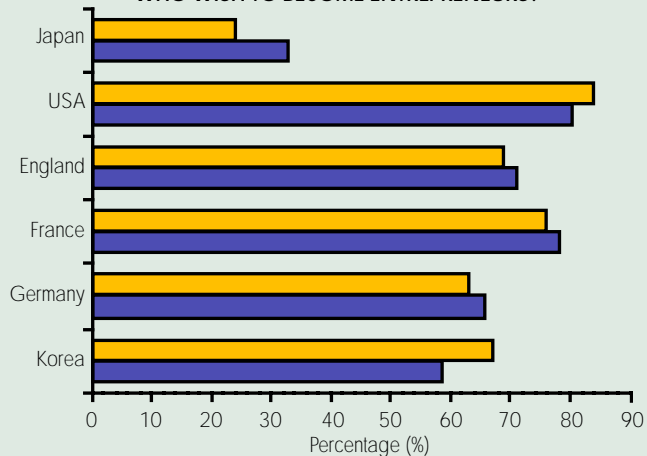
DO YOU WISH TO BECOME AN ENTREPRENEUR?



DO YOU GIVE CREDIT TO ENTREPRENEURS?



DO YOU SUPPORT FAMILY MEMBERS WHO WISH TO BECOME ENTREPRENEURS?



Source: The Japan Small and Medium Enterprise Corporation

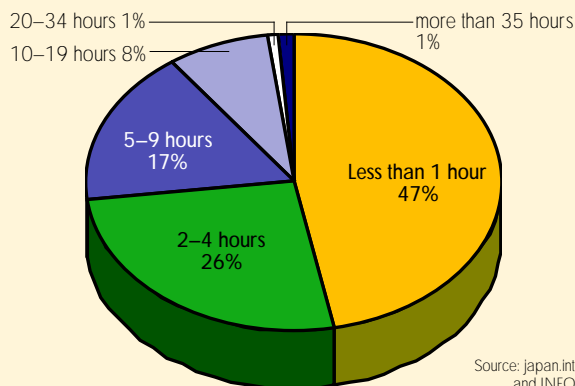
Compiled by Chiaki Kitada (chiaki@japaninc.net)

Note: All statistics apply to Japan unless otherwise noted.

JAPANESE GAMERS' DIVIDE: XBOX VS. PS2

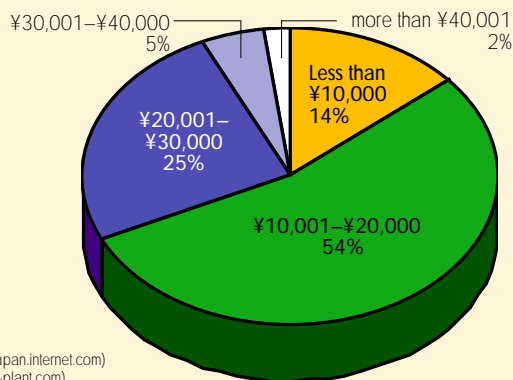
By mid-April, Sony had already shipped 10 million-plus PlayStation 2 units, less than forecast but still nothing to sneeze at. On April 9, Sony announced it would make a hard drive accessory unit (featuring a broadband access port) available as an upgrade for the PS2. Archival Microsoft's Xbox (scheduled for release in mid-November) is due to have a 10GB hard drive and connectivity to NTT's 1.5Mbps ADSL network. No. 1 Japan game designer Hideo Kojima (Konami) says Xbox users will see "better graphics than on PS2." No doubt, it's a tough market. japan.internet.com and INFO PLANT surveyed 300 game users in April 2001: More than two-thirds use Sony's PlayStation machines, and over 60 percent intend to upgrade to PS2s, motivated at least in part by the PS2's DVD drive. But almost half spend less than 1 hour per week with their game machines; close to 70% won't pay more than ¥20,000 for new units. Almost half also want to see full Internet connections on their machines.

HOW MUCH TIME DO YOU SPEND WITH YOUR GAME MACHINE?



Source: japan.internet.com (www.japan.internet.com) and INFO PLANT (www.info-plant.com)

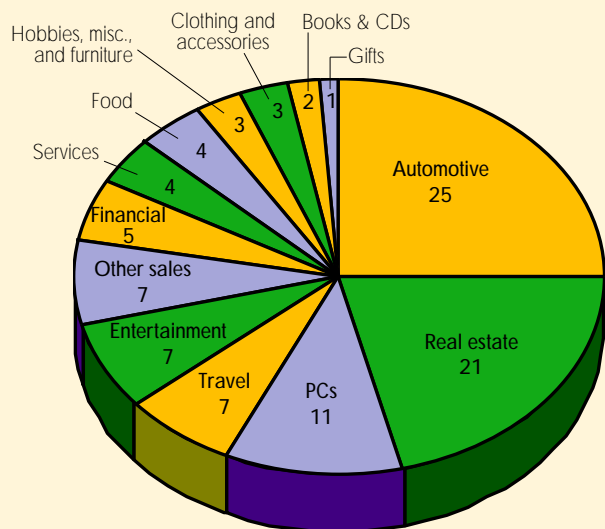
HOW MUCH ARE YOU WILLING TO PAY FOR A GAME MACHINE?



## B2C E-COM MARKET GROWTH

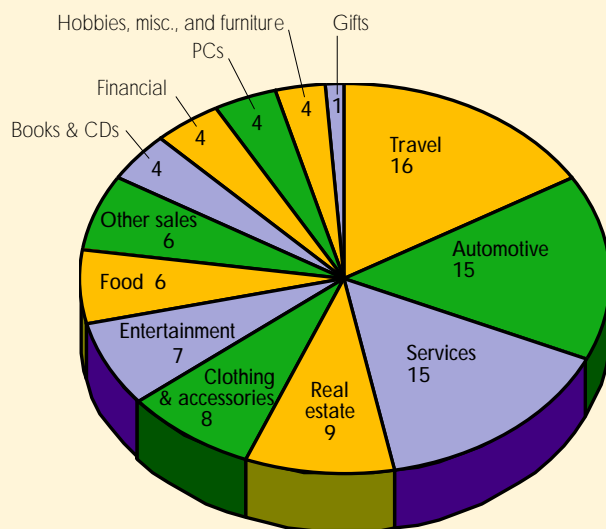
Growth in B2C e-commerce between 2000 and 2005 will be strong. According to a report released by Accenture, the Electronic Commerce Promotion Council of Japan (ECOM), and METI (Ministry of Economics, Trade, and Industry) in January 2001, Japan's B2C e-commerce market is expected to grow from ¥824 billion in 2000 to ¥13.3 trillion in 2005. Automotive and real estate business sectors presently dominate the market (accounting for 46%), but growth of other service segments will reduce this to 24%. Market shares for travel, clothing, and accessories are expected to more than double.

**E-COM MARKET COMPOSITION IN 2000**



Note: Figures represent percentage (%) of overall e-commerce market.

**E-COM MARKET COMPOSITION IN 2005**

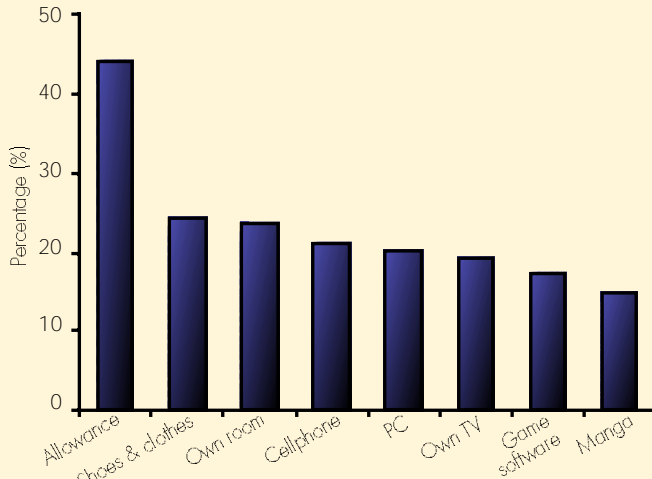


Source: Market Research on Japan's Electric Commerce 2000, released by Accenture, ECOM, and METI, January 2001

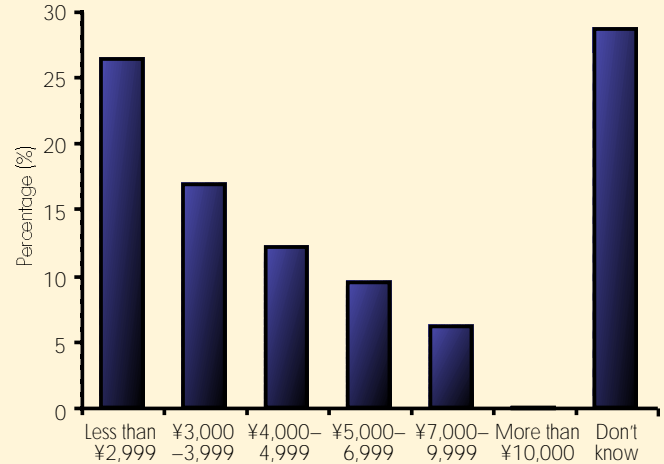
JAPAN'S KEITAI GENERATION

Sixteen percent, or one out of six, of junior high school students (8th grade) have cellular or PHS (personal handyphone system) mobile phones, up from 5 percent in 1997, according to a survey conducted by the National PTA Council of Japan in November 2000; 41% of these students bring their *keitai* to school. A further 7% of 5th grade elementary students own mobile phones. Respondents comprised 2,100 8th-grade and 2,300 5th-grade students, and 4,100 parents. No word on what the teachers thought, but a recent National Education Association (US) Web site poll found that 72% of educator respondents were *not* in favor of allowing cellphones or pagers in school. We suspect Japanese educators would respond similarly. Another survey by NTT DoCoMo revealed that a cellphone ranked 4th as the item most desired by students between 5th and 8th grades, ahead of *manga* and *gemu softwa*, but behind cash, shoes, and a room of their own. DoCoMo also reports that the average monthly cellphone bill for students is ¥3,700, although 28.6% of respondents didn't know how much their bills were, implying that about a quarter of moms and dads pick up the tab entirely. Must be nice.

WHAT KIDS CRAVE



MONTHLY MOBILE PHONE BILL FOR STUDENTS

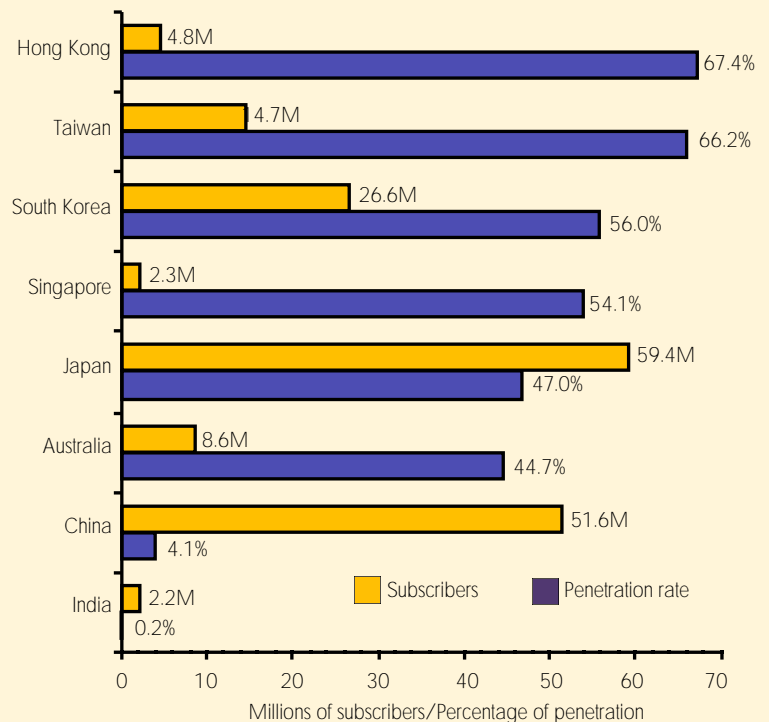


Source: NTT DoCoMo survey conducted between December 29, 2000 and January 10, 2001 in the Tokyo metro area: 150 responses each from 5th through 8th grade

ASIAN WIRELESS SUBSCRIBERS

Japan had 60,943,400 wireless subscribers nationwide – the highest number in Asia – as of March 31, 2001, according to the Telecommunications Carriers Association. But Hong Kong was not far behind, leading the pack last year with a wireless penetration rate of 67.4% versus Japan's 47.0%. The rest of China is also catching up with Japan; in 2000 the mainland had some 51 million subscribers, although even this represents a penetration rate of only 4.1% (!). Clearly, there's a lot of room for wireless in the Middle Kingdom to grow. Beijing-based Internet consultancy BDA (China) Limited predicts the ranks of wireless dialers there will hit 236 million by 2004 – that's about twice Japan's total population. We think the important point is that the majority of Asians will access the Net largely via wireless-enabled portable devices. Want to sell something to these folks? Make sure your Web site is formatted for the tiny screen, and start thinking mobile now. The Yankee Group predicts that by 2003, wireless penetration in Japan will rise to 68.7%, in Korea to 72.3%, in Hong Kong to 92.7%, in Taiwan to 61.9%, and in Singapore to 68.6%. The Group further suggests that the Japanese wireless market alone will grow at a rate of 10 million subscribers a year, as penetration here climbs to more than 76.5% by 2005.

CELLPHONE SUBSCRIBERS AND PENETRATION IN ASIA: 2000



Source: The eAsia Report © 2001, eMarketer Inc