

PayPal making belated foray in Japan, without eBay

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Andrew Pipolo, who heads PayPal's operations in Japan, speaks at a press conference in Tokyo, Wednesday, July 28, 2010. PayPal, the online payment unit of Internet auction operator eBay Inc., is planning to break into the Japanese market, the first time it has entered a region without eBay's powerful auction business. (AP Photo/Shizuo Kambayashi)

(AP) -- PayPal, the online payment unit of Internet commerce firm eBay Inc., is planning to break into the Japanese market - the first time it has entered a region without eBay's powerful auction business.

Acquired by eBay in 2002, [PayPal](#) in most markets relies on its parent company's online auction behemoth for a steady supply of buyer and seller accounts, plus the lucrative transactions and brand recognition that follow. But in Japan, where eBay has been largely absent for eight years, PayPal is starting from scratch in a mature market, and must ink individual deals with retailers and shopping sites, as well as convince

users to sign on.

"We're very, very new, we have a very small share of the market, so we still see great opportunities for Japan," said Andrew Pipolo, who heads PayPal's operations in the country, told reporters at a press conference in Tokyo

The auction company pulled out of Japan in 2002, conceding the booming auction market to Yahoo Japan, which is still dominant in the country today and operates independently from its U.S. namesake. It was a rare defeat for eBay, which in 2007 announced a minor deal to let Japanese shoppers access its items through Yahoo Japan's site.

But Pipolo said Japan remains attractive as the world's second-largest online consumer market, with transactions totaling 6.7 trillion yen (\$76 billion) last year and expected to nearly double to 12.2 trillion yen (\$139 billion) by 2014.

The company hopes to sell itself to retailers as an easy way to handle sales abroad, with over 87 million accounts worldwide and the ability to deal in 24 currencies. PayPal also has a claims center where clients can respond to problems abroad using Japanese.

He declined to provide specific targets for PayPal in [Japan](#), saying only that it aims to outgrow the market. He said the company has been ramping up its presence in Tokyo, where it recently set up a new office and now employs about 20 people. In February, PayPal said it plans to double its staff in Asia to 2,000 by the end of the year.

Last week as eBay announced strong earnings results for the April-June quarter, CEO John Donahue said he believes that in the next few years the company's payments business will grow to be larger than its online e-commerce sites.

The close ties between eBay and PayPal have angered some. Earlier this year a group of [eBay](#) sellers in the U.S. filed a class action suit over its policy of requiring them to use PayPal to handle their online sales, which they said violates antitrust laws.

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