Rakuten's Ecosystem Business Model

Idea In Short

Rakuten built one of Japan's largest internet businesses by refusing to stay a single business. What began in 1997 as an online shopping mall charging merchants listing fees has grown into a group of more than 70 services spanning e-commerce, banking, insurance, credit cards, travel booking and mobile phone service. A single loyalty program, Rakuten Points, ties nearly all of it together, rewarding members for shopping, banking and browsing across the group so that using one service makes the next one more attractive. That ecosystem strategy lowered customer acquisition costs for decades, though Rakuten's costly buildout of its own mobile network pushed the company into years of losses even as its core marketplace kept growing. This article examines how Rakuten's points-driven ecosystem generates revenue, and how founder Hiroshi Mikitani is steering the group back toward profitability.

From mail-order noodles to an internet conglomerate

Hiroshi Mikitani founded what became Rakuten in 1997, after an experience ordering food by mail convinced him that Japanese consumers would embrace online shopping despite widespread skepticism at the time.[1] The company launched as an online mall called Rakuten Ichiba with just 13 merchants, charging them monthly fees to list products rather than taking a cut of individual sales, a structure that differed from Amazon's marketplace approach from the start. Mikitani adopted the word "rakuten," meaning optimism in Japanese, as the company name in 1999, and took the business public on Japan's JASDAQ exchange in 2000. Growth accelerated through the 2000s as Rakuten expanded into books, travel booking and financial services, and by acquiring companies such as LinkShare in the United States to build an international affiliate marketing business. The marketplace now hosts tens of thousands of merchants, cementing Rakuten's position as Japan's largest online retail platform.

The points system that ties everything together

Rakuten's central commercial mechanism is Rakuten Points, a loyalty currency that members earn across the group's businesses and can redeem across most of them too. A customer who books a hotel through Rakuten Travel, pays with a Rakuten Card and later shops on Rakuten Ichiba earns points at every step, and those points push the customer back toward Rakuten rather than a competitor for the next purchase. This design lowers Rakuten's cost of acquiring and retaining customers, because the group does not need to win a shopper's loyalty separately for e-commerce, travel, banking and mobile; one loyalty account covers all of it. Mikitani has described the underlying philosophy as omotenashi, a Japanese concept of anticipatory, high-quality service, applied at the scale of an entire corporate ecosystem rather than a single storefront.

> Tying dozens of services to one loyalty account means a customer's decision to stay with Rakuten in one business quietly reinforces every other business in the group.

A marketplace built on merchant fees, not just commissions

Unlike Amazon, which primarily takes a cut of each transaction, Rakuten Ichiba charges merchants a mix of listing fees, fixed monthly consultation charges, processing fees and commissions of up to 4% per sale. That fee structure means Rakuten earns revenue from merchants regardless of sales volume in a given month, providing steadier income than a pure commission model would. Merchants can also pay for advertising slots that appear in customer search results, giving Rakuten an additional revenue stream similar to the sponsored listings model that has become standard across large online marketplaces. Rakuten Super Logistics, the company's fulfillment service, charges merchants separately for warehousing and shipping, extending Rakuten's revenue capture further into the merchant's operations beyond the point of sale.

FinTech as the ecosystem's profit engine

Rakuten's financial services division has long been the group's most reliably profitable segment, anchored by Rakuten Bank, Rakuten Card and Rakuten Insurance. Rakuten Bank, an internet-only licensed bank, earns interest income on deposits and loans while giving members another reason to keep their financial life inside the Rakuten ecosystem. Rakuten

Card, one of Japan's most widely held credit cards, generates interchange fees every time a member uses it, and its popularity is reinforced by bonus points earned specifically for using Rakuten-branded payment products. Rakuten Bank listed separately on the Tokyo Stock Exchange in 2023, a move that let Rakuten Group raise capital by selling down part of its stake while retaining a controlling interest and the cross-selling benefits the bank provides to the rest of the ecosystem.[2]

Betting on a fourth mobile carrier

In 2020, Rakuten launched Rakuten Mobile as Japan's fourth national wireless carrier, a decision that required building physical network infrastructure rather than simply reselling capacity from an existing carrier.[3] The company positioned low-cost, unlimited-data pricing as a way to draw customers into the broader Rakuten ecosystem, and it has reported that mobile subscribers spend meaningfully more on Rakuten Ichiba than non-subscribers do. Building a national network from scratch proved far more expensive than Rakuten anticipated, and the mobile segment generated billions of dollars in cumulative operating losses across its first several years. Rakuten Mobile reported its first full-year earnings before interest, taxes, depreciation and amortization profit in fiscal 2025, with subscriptions surpassing 10 million, a milestone Mikitani has cited as evidence the long, costly infrastructure investment is finally paying off.[4]

Symphony and the export of Rakuten's telecom playbook

Rakuten launched Rakuten Symphony in 2021 to sell the cloud-based, virtualized network technology it built for its own mobile business to telecom operators in other countries. The unit packages network management software, a digital app marketplace and cloud infrastructure tools as products other carriers can license rather than build themselves, turning what began as an internal cost center into a potential revenue source. This move mirrors a pattern common among large technology companies that later sell their internal infrastructure investments as services to others, similar to how Amazon Web Services grew out of Amazon's own retail infrastructure needs. Symphony remains a smaller contributor to group revenue than Rakuten's core marketplace or financial services, but it represents an attempt to recover value from the network spending that weighed on group profitability for years.

Governance, ownership and the road to sustained profit

Hiroshi Mikitani has remained Rakuten's controlling shareholder and chief executive since founding the company, giving the group a level of founder-driven continuity uncommon among companies of its size. Major outside shareholders have included Tencent, which took a stake as part of a broader partnership, and Japan Post Holdings, which invested as part of a capital and business alliance announced in 2021 to help fund the mobile buildout.5 Rakuten Group posted a net loss for several consecutive years as mobile investment outweighed profits from its more mature businesses, even as consolidated revenue kept climbing on the strength of e-commerce and FinTech growth. The group's path back to consistent net profitability now depends on the mobile segment sustaining its newfound earnings before interest, taxes, depreciation and amortization profitability while Rakuten Ichiba and the FinTech businesses continue funding the rest of the ecosystem.

Key Partners

Shipping and logistics companies handle physical delivery for the tens of thousands of merchants selling through Rakuten Ichiba, making reliable fulfillment partnerships essential to the marketplace's reputation. Financial institutions, including partner banks and payment networks, support Rakuten's card and banking products alongside its own licensed banking operations. Travel associations and individual hotel, airline and rail operators list their inventory through Rakuten Travel, extending the marketplace model into the travel sector. Telecom equipment vendors and network technology partners support Rakuten Mobile's infrastructure buildout and its Symphony business selling that technology abroad.

Key Activities

Rakuten's core activity is operating and continuously expanding its e-commerce marketplace, which requires vetting merchants, managing search and advertising products, and processing a high volume of daily transactions. The company runs an extensive FinTech operation spanning banking, credit cards, insurance and a cryptocurrency exchange, each requiring its own regulatory compliance and risk management processes. Building and operating a national mobile network, including physical infrastructure and virtualized network software, has become a major activity since 2020. Managing the Rakuten Points program across dozens of services, ensuring points earned in one business can be redeemed smoothly in another, underpins the entire ecosystem strategy.

Key Resources

Rakuten's proprietary technology platform, which connects its e-commerce, financial and mobile businesses under one member account and one loyalty program, is the group's central resource. A large base of loyal, points-earning members represents a resource in itself, since their cross-business spending patterns are difficult for a single-category competitor to replicate. The company's workforce, including technology staff, training staff at Rakuten University and customer service teams, supports operations across dozens of business lines. Rakuten's licenses and regulatory approvals, particularly its banking license and telecom carrier license, are resources that took years to secure and represent a barrier to any competitor attempting to copy the ecosystem model quickly.

Value Propositions

For merchants, Rakuten offers a large existing customer base, customizable storefronts and direct marketing channels to reach shoppers through email and social media. For consumers, the core proposition is the Rakuten Points program, which rewards spending across e-commerce, travel, finance and mobile with a single, flexible loyalty currency. Rakuten vets merchants for authenticity and compliance, aiming to give shoppers confidence in a marketplace that hosts tens of thousands of independent sellers. The breadth of services under one account, from banking to travel booking to mobile phone service, offers convenience that a single-category competitor cannot match.

Customer Relationships

Rakuten supports merchants through e-commerce consultants who help new sellers set up and optimize their stores, along with Rakuten University, a training program teaching vendors how to run online businesses effectively. Rakuten Travel College provides similar specialized training for travel industry partners listing inventory on the platform. Consumers mostly interact with Rakuten through self-service tools across its apps and websites, supplemented by email support when issues arise. The points program itself functions as an ongoing relationship mechanism, giving members a ongoing reason to check in and engage across Rakuten's many services.

Channels

Rakuten's business and sales development teams work directly with merchants and enterprise partners to bring new sellers and services onto the platform. The company's websites and mobile apps, spanning e-commerce, travel, banking and points tracking, serve as the primary channels through which consumers interact with the ecosystem. Social media platforms support marketing campaigns and customer engagement, particularly around promotional events and points bonuses. Rakuten also participates in industry expos and trade events to recruit merchants and travel partners into the marketplace.

Customer Segments

Merchants, ranging from small independent sellers to larger retail brands, make up one core customer segment, using Rakuten Ichiba to reach Japanese and, increasingly, international consumers. Individual consumers form the other primary segment, shopping across the marketplace, booking travel and using financial products, often motivated by the points they can earn and redeem. Mobile subscribers represent a newer, distinct segment since the 2020 launch of Rakuten Mobile, drawn in part by pricing and partly by the cross-ecosystem benefits of joining. Businesses and telecom operators outside Japan form an emerging segment for Rakuten Symphony, which sells network technology rather than consumer-facing services.

Cost Structure

Administrative costs, including corporate overhead and staff supporting dozens of business units, represent a significant and recurring expense for a group as diversified as Rakuten. Customer operations and support costs scale with the size of the member base across e-commerce, financial and mobile services. Promotions and advertising spending fund the marketing needed to keep merchants and consumers engaged with the points program and individual services. Mobile network infrastructure has become the largest and most capital-intensive cost category since 2020, requiring sustained investment in towers, spectrum and virtualized network technology.

Revenue Streams

Internet services, led by Rakuten Ichiba's merchant fees, commissions and advertising revenue, generate the largest share of group revenue. FinTech revenue comes from interest income at Rakuten Bank, interchange fees from Rakuten Card, insurance premiums and trading fees at Rakuten Wallet. Mobile revenue includes subscription fees from Rakuten Mobile customers and, increasingly, licensing revenue from Rakuten Symphony's network technology sold to telecom operators outside Japan.

- 1Rakuten Company History And Founding
- 2Rakuten Bank Tokyo Stock Exchange Listing
- 3Rakuten Launches Mobile Network In Japan
- 4Rakuten Mobile Reaches EBITDA Profitability
- 5Japan Post Invests In Rakuten

Summary

Rakuten's model depends on a bet that is unusual among internet companies: that owning dozens of loosely related services, tied together by one loyalty currency, beats owning one service done exceptionally well. That bet built a marketplace with tens of thousands of merchants and a financial arm profitable enough to fund years of mobile network losses. The mobile business, launched in 2020 as a fourth national carrier, tested the limits of that strategy by demanding infrastructure spending on a scale the rest of the ecosystem had never required. Its return to full-year earnings before interest, taxes, depreciation and amortization profitability marks a turning point Mikitani has pointed to as validation of the long-term approach. Whether Rakuten Points can keep binding an increasingly sprawling group together, or whether the company eventually needs to simplify, will shape its next decade as much as any single business line.