

Japanese Pets Fancy U.S. Chow

Doting dog and cat owners in Japan buy \$2 billion worth of pet foods each year, with dog food accounting for 58 percent of total sales and cat food the remaining 42 percent. With a 90-percent share of all pet food sales, dog and cat chows dominate the market.

As commercial pet foods overtake table scraps in their diets, more of Japan's pets—an estimated 9.8 million dogs and 7.5 million cats—are eating healthier and better each year. The same demographic trends that are increasing the number of smaller families and single-person households have also elevated the status of the family pet.

In calendar 2001, imports accounted for close to a third of all sales—\$606 million worth. But this figure does not accurately reflect the volume of imports consumed by pets. Because they tend to be less expensive than domestic brands, imports fill 60 percent of pet food bowls.

According to in-country statistics, the United States is the leading foreign supplier of cat and dog food to Japan, with a 45-percent share of the import market in 2001. These exports weighed in at almost 200,000 metric tons and were valued at \$273 million.

The United States competes primarily with Australia (which has a 24-percent share) and Thailand (19 percent) for this export market.

Target Appeal to Consumer

The Japanese pet food market is growing about 2.9 percent a year and is highly competitive.



1026

Cat food sales totaled \$851 million in 2001, with 57 percent being wet (canned) and 42 percent dry products. For less finicky canine appetites, 47 percent of dog food sold is dry, 24 percent wet, 17 percent semi-moist and 12 percent in other forms. Dog food sales added up to \$1.16 billion.

For new suppliers, the following approaches are recommended for navigating a successful market entry:

- Visit Japan and see the market firsthand.
- Network with suppliers, potential partners and customers.
- Differentiate your product from others, emphasizing value-added benefits.

- Look for established distributors who can introduce your products successfully.
- Tailor packaging and products for Japanese consumers.
- Maintain service and personal contacts after introduction.

Markups Add to Price

Though manufacturing costs for imports are usually low and there are no tariffs, import fees and charges run 5-8 percent of value, while a consumption tax adds another 5 percent to product prices.

Layers of distribution and retail markups for imported pet foods add at least another 100 percent to the original

cost. Importers usually transfer pet food shipments to sales agents who in turn pass products along to wholesalers and distributors to the end-consumer outlet.

Home centers tend to carry large size of many brands at discount prices. Supermarkets carry many brands but usually in smaller sizes. Convenience stores with limited shelf space, carry few brand in the smallest sizes. Veterinary clinics and kennels are other good outlets for pet food sales.

Watch These Trends

The competitive intensity of the market emphasizes the importance of product appeal for pet owners. Large package size are becoming popular as consumers look for the best bargains.

Pet food companies have discovered that value-added products appeal to niche markets. Examples include products aimed at various stages of a pet's life, or offering scientifically balanced nutrition or specific vitamin and functional ingredients.

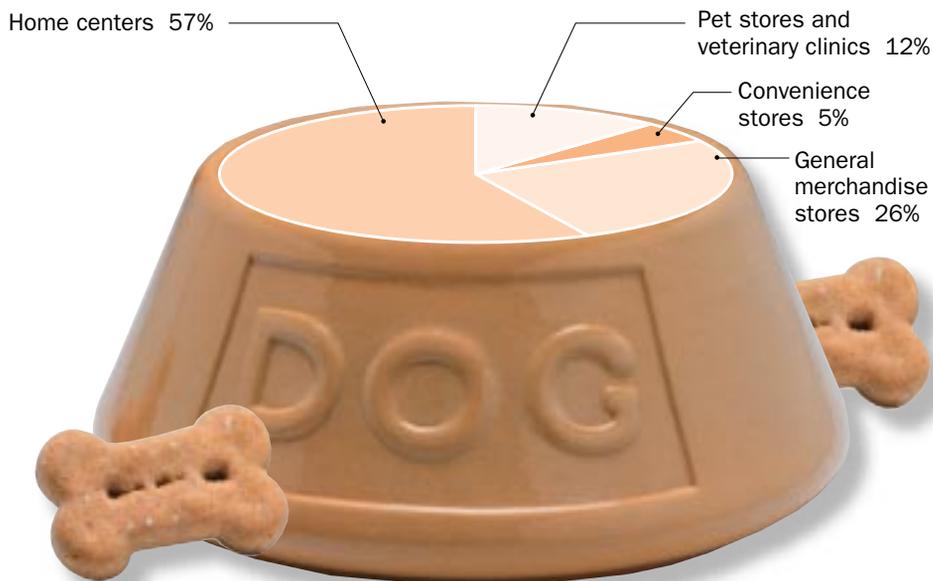
When deciding which product to buy, surveys show that owners cater to pet preferences first, and then consider price, safety and quality.

Regulations and Labeling

Pet foods are not subject to Japan's Food Sanitation Law. Products that meet the standards of the Association of American Feed Control are usually acceptable. But products with antibiotics or antibacterial agents are subject to Japan's Pharmaceutical Affairs Law.

Japan's pet food labeling code has three parts: mandatory information for pet foods, standards for representing pet foods as total nutritional foods and labeling restrictions to ensure accurate product descriptions.

Home Centers Lead in Pet Food Sales in Japan



Pet food sales exceeded \$2 billion in 2001.

Japan's Pet Food Fair Trade Association has established voluntary standards for production technology and quality. The association defines three pet food types:

- **Nutritional.** Food that is sufficient to maintain the health of the animal by feeding only the given food plus water. The package must also specify the age of the animal for which the product is intended.
- **Snack.** Food intended as a treat or reward.
- **Special Purpose.** Supplements that can be called nutritional, high- or low-calorie, side dish or similar description.

Some labeling content is mandatory:

- Clear statement that the product is intended for animals
- Purpose of the food, e.g., total nutrition or snack

- Net weight
- Method of feeding
- Year and month of manufacture, or use by date
- Component analysis
- Raw materials
- Country of origin
- Name and address of manufacturer ■

This article was based on a report prepared by a contractor for the FAS Agricultural Trade Office in Osaka, Japan. Tel.: (011-81-6) 6315-5904; Fax: (011-81-6) 6315-5906; E-mail: atoosaka@ppp.bekkoame.ne.jp

For details, see FAS Report JA3702. To find it on the Web, start at www.fas.usda.gov, select **Attaché Reports** and follow the prompts.

