

5 Competition

There is intense competition in the pet food market at all levels; the common objective is to gain a market share while the market is still rapidly growing. Retailers are paying more attention to pet foods, wholesalers are looking for new sales channels, and manufacturers are aggressively promoting their products. The following aspects characterize the competitive environment.

Shelf Space — With the steady growth in sales and the explosion in the number of products, retailers are allocating more shelf space for pet products. A typical suburban supermarket will devote one to two metres of floor (4 to 12 m of shelf) to pet foods, stocking 15 to 30 items in a range of sizes. Convenience stores typically allocate about one metre of shelf space for pet foods, stocking five to ten items in the smaller sizes only. The DIY centres generally have an entire pet section and a wide range of products available in larger sizes. Competition over retail shelf space is increasing.

Sales Channels — Wholesalers (particularly the primary ones specializing in pet products) are competing for market share among themselves. The sales channels are being squeezed by the large number of manufacturers, and wholesalers have responded by looking for new sales channels (such as hardware stores) that can carry their products. A price war in the summer of 1989 was instigated by wholesalers.

Special Offers — Specials may be offered by store owners, chain store management, wholesalers or retailers. Retailers regularly use pet food as a loss leader and since it is still an impulse purchase for many, displays are often in high-traffic areas. Four packs for the price of three, special prices for new flavours and contests are common. Mixed packages of wet and dry food are a current special.

Advertising — Heavy advertising is often used to establish and maintain brand image. Although past records of advertising expenditures are scant, it is understood that television and radio advertising for pet food started from virtually zero about three years ago. Estimated figures for advertising expenditure in 1988 are shown in Table 12.

Table 12

Estimated Advertising Expenditure — 1988

Media	Expenditure (C\$ million)	Share (%)
Television/Radio	\$49	42.3
Magazine/Newspaper	\$25	22.0
Consumer Promotion	\$31	27.1
Other	\$10	8.6

Source: Fuji Keizai Marketing Handbook.

Aisle displays, shelf tags, stacked can dispensers and other point-of-purchase displays are common. Coupons were legalized in Japan in 1988, and have proved to be very successful.

Supermarkets invest a great deal in advertising through flyers in local newspapers; newspapers delivered in Japan typically come with their weight in flyers enclosed.

Packaging — A wide variety of packaging is available. The two-piece aluminum design with a ring-pull can and plastic resealable top is very popular. Graphics on labels are essential with pictures of small, appealing dogs and cats dominating. Names are always made from foreign (English) words, and are usually written in roman lettering. Most manufacturers aim for an American image.

Many companies have introduced new packaging in an effort to differentiate products. Clear plastic "tins" and squeeze tubes were tried recently with little success. The search for distinctive packaging is expected to continue given the profusion of products and number of new entrants in the market.

Japanese Style — Taste, smell and texture must be appealing to the pet owner which means that in Japan, pet food tastes lean more toward chicken and fish than in Canada. Even a miso (Japanese soybean-based soup) flavour is available. However, as in other countries, firm, meaty-looking wet-type products are favoured.

Health and science are other considerations. Manufacturers are racing to formulate "high-performance" foods with exactly the right balance needed to make pets bigger, thinner or more energetic.

Education — Manufacturers are heavily involved in educating the public. Some sponsor pet shows; others subsidize or own chains of pet shops, or publish guides on pet care. In the past, little has been known about pet care in Japan, and the industry is now making a considerable effort to educate the general public.