

Executive Summary

The Japanese pet food market is currently worth \$1.5 billion at the retail level. Dog food is estimated to account for \$740 million, cat food for \$645 million and other pet food for \$60 million. Although domestic production accounts for 64 per cent of the market, the position of foreign companies is stronger than statistics suggest since several domestic manufacturers are foreign owned or joint ventures.

1 Introduction

Japan's level of pet ownership is lower than in the West due to crowded urban living conditions. An estimated one household in four keeps pets, as opposed to one in two in Europe and North America. There are now some 8.5 million dogs and 8 million cats in Japan. Voluntary dog registration since 1950 shows an increase from 1.9 million at that time to 3.6 million in 1988.

2 Market Characteristics

Market Growth

The number of pets in Japan is expected to increase steadily and many owners are switching from leftovers to bought pet food. These are the main reasons for rapid market growth. Average consumption per pet and price will probably not change significantly. The market is expected to continue to grow rapidly for five years before it reaches a relatively stable level.

Pets are becoming more popular and ownership is expected to increase. About a quarter of Japanese households own pets compared to half in Western societies. The Japan External Trade Organization (JETRO) suggests that this figure could double, but lack of housing space will probably restrict pet ownership to about 1.5 times current levels.

Japanese owners traditionally fed pets on leftovers and have only recently begun to buy pet food in large quantities. A 1987 *Japan Economic Journal* survey stated that 30 per cent of owners in Japan were buying pet food, compared to 70 per cent in the West. In the last two years the rate has increased to nearly 40 per cent. Consumers are becoming more affluent, and manufacturers and retailers are promoting pet food through aggressive advertising campaigns. Pet food use is expected to eventually reach Western levels; an increase to 1.75 times the present level being predicted over the next five years.

Breeds of small dogs and cats have always been popular in Japan; limited housing space, fashion and tradition have led to this preference. Although large breeds of dogs are currently a status symbol (a large pet implies a large house), no significant change is expected in pet size and in average consumption of pet food per animal. Percentages of dogs and cats as pets in 1985 are shown in Tables 1 and 2.