

Profits in Pampered Pets

By Morio Murakami

Japan is fast joining the ranks of the industrialized nations as measured by yet another index of wealth and prosperity: the size of its pet industry. Japanese have always kept pets. But never have they kept so many, or spent so much money on their health, diet and even "beauty." As Japan follows in the footsteps of the United States and European countries on the path to becoming a pet-loving society, the pet industry is poised for explosive growth.

A number of factors have prodded Japan's evolution into a nation of cat lovers and dog walkers. Increased income and savings have given people the financial wherewithal to afford pets, even as the nation's extreme urbanization and high-pressure technological environment have created a need for diversions that can help its citizens retain their sense of perspective.

In much the same way, pets have become companions of the growing populations of old people living alone, young unmarried singles, housewives whose children have left the family nest, and the only child, including so-called *kagikko*, or "key children," who must mind the house while both parents are away at work. Needless to say, pets also make good conversation topics, while some medical practitioners say that keeping pets can actually improve people's health. The need to feed pets regularly and take them out for exercise compels the owners themselves to follow more disciplined lifestyles and avoid the excesses that can harm their physical well-being.

The proliferation of pets may well be an inevitable part of a maturing society. In former times, animals were a necessary component of man's production activities. Now the need for keeping hunting dogs, rat-catching cats and livestock has gone. But animals remain in our lives as part of an entirely different lifestyle. The widespread practice of keeping pets is both a product, and a generator, of new lifestyles, social mores and culture.



Photo: Azabu Blue Pocket

The Japanese are increasingly a nation of petlovers, leading to comparisons with such phenomena in the U.S. and European countries.

Even Japanese executives, to take but one example, have recently discovered pets. They find that pets help reduce stress, and can make a good subject for conversation in their social contacts. In this sense, pets can be seen as a form of communication, and the pet industry itself a sub-variation, albeit an unusual one, on the communication industry so essential to modern society.

Selling new breeds

Two other background factors behind the growth of the pet industry are internationalization and technological innovation. Internationalization, for instance, has increased the flow of information between Japan and Western countries, and some of that information has concerned pets and pet products.

Big U.S. makers of pet food like General Foods, Heinz and Purina have already set up joint ventures with Japanese companies, both bringing new pet foods into

what had been a relatively lackluster market and stimulating domestic pet industry companies to be more aggressive with their own products. Now the influx of foreign capital has trickled down to companies providing information on pet care, selling new breeds of dogs and cats and even entirely new species of pets to would-be pet owners, and providing medical care, health products and even pet exercise aids.

At the same time, technical innovations have improved the health of pets themselves. Progress in fine chemicals has resulted in dog and cat foods good for the eyes and heart, while advanced pulverization technology has made pet foods easier to digest. Personal computers are being used to develop medical treatment systems not only for humans, but for pets as well; electronic and supersonic waves are being used, not only in industry and aerospace, but in making flea-repellent collars. High-function resins, new metals, fine ceramics, biotechnology and fine

chemicals are all finding applications in the pet industry, going to produce pet deodorants and toilet goods, automatic feeders, health aids and medical supplies.

Indeed, things sometimes seem to have gone too far. Take, for instance, the ¥1.18 million (about \$8,700 at the rate of ¥135/\$) kennel developed by a leading electrical appliance maker in Osaka. The kennel comes complete with a floor-heating system, an "air curtain" to keep out mosquitoes, an insect-proof lamp, a funnel fan, and other ventilation and odor-killing devices. It has a sun room, and radio and television sets operated by remote-control from the master's house.

And then there is the Kakogawa City, Hyogo Prefecture, company that has built its own hearse for pets and gone into the pet undertaker business. The funeral car comes complete with a small, smoke-free cremation furnace developed especially for the business. Other companies have developed noise-proof devices, pet showers, and even a multipurpose home sanitation machine for pet owners that catches fleas, kills odors and cleans stains on pet-worn carpets.

Anyone entering the pet business in Japan has to remember one important thing. That is, nature and social conditions in Japan are drastically different from those in Western countries. The special characteristics of the living environment in Japan, and especially the housing situation, put many constraints on how people can keep and pamper their furry little friends.

Compared with most Western countries, the population density in Japan is extremely high. Intensive urbanization has largely destroyed the natural environment in and around the big cities, and many people live in large housing complexes. Inevitably, the unavoidable side effects of having a pet around the house—odors, hair, pet food smells, excrement and waste—become all the more serious. Then there is the problem of where to put the pet itself.

Japanese are still fairly conservative in their choice of pets. Most keep only dogs, cats, small birds or fish; there is little of the diversity seen in some Western countries where people keep guinea pigs and

gerbils, snakes and other reptiles, large parrots, in some cases even monkeys, lions and tigers. But while the prevalence of toy poodles, kittens and other relatively manageable pets makes it easier to keep animals in limited housing circumstances, there are other considerations as well. Japanese neighbors still tend to keep a watchful eye out and meddle in other people's affairs. Simply walking a dog can be a major operation, requiring the owner to tote along a shovel and plastic bag for disposing of waste, and to keep a weather eye out for neighbors peering to see if shrubs, walls and telephone poles have been soiled.

Animal companions

The factors driving growth in the market are also different. The high population density and homogenous educational and income standards in Japan has been seen to increase demand for commodities and services in all industries. At the same time, the large number of people living alone, from single working women to salaried workers living apart from their families due to job reassignments could conceivably mean even

more demand for animal companionship.

In fact, Japanese companies engaged in the pet business are making strong profits in a market that is highly promising in both potential volume and in variety. Intensive, diversified, uniquely Japanese services, reflecting an accurate understanding of the nature of the Japanese pet market, are proving highly lucrative for pet entrepreneurs.

There are still no firm statistics available on the size of the Japanese pet industry. But according to statistics on pet food sales compiled by the Ministry of Agriculture, Forestry and Fisheries, aggregate sales of pet foods in fiscal 1986 came to ¥107.1 billion, up 14.5% over the previous year. Sales are believed to have grown by double-digits again in fiscal 1987. This rapid growth has attracted a number of companies, including even a subsidiary of a leading steelmaker. That company did not stay in the business long, but other newcomers are holding on. The market is still young, a fact which gives companies a good chance of survival as long as they can offer something different from their many competitors. Already companies are taking that tack, coming up with specialized health foods



Pet care services in Japan are worth an estimated ¥60 billion a year, which some see as reflecting a rise in the proportion of the better-off.

and even "gourmet" pet foods for owners concerned about their pet's health, hygiene and appearance.

Other segments of the pet market also deserve mention. Pet care services were worth an estimated ¥60 billion in fiscal 1987, accessories and implements ¥50 billion, and services such as grooming parlors and "pet hotels" ¥70 billion. These figures are almost certainly higher today. Extrapolating from growth rates in the pet food industry, it seems likely that the entire pet market is already pushing ¥500 billion a year.

Growth potential

Extending the definition of the market to include magazines, movies, commercials and character goods could boost the total value of the pet market to ¥1 trillion (nearly \$7.4 billion). The pet food market alone supports seven major companies, and more than 20 smaller ones. Other major companies directly involved in the pet business number nearly 100, with the total approaching 200 when those engaged in activities indirectly touching on the market are included.

Moreover, the potential for markedly higher growth is there. The pet population of Japan now numbers an estimated 10 million dogs and 5 million cats. Some 18% of Japanese households have canines and some 7% felines, figures which are still far lower than the 38% dog-ownership and 28% cat-ownership rates recorded in the United States. If Japanese ownership rates ever began to draw near the American figures, it would signal explosive growth in the pet market. Many analysts are predicting that the Japanese pet market will be worth about ¥80 trillion in the year 2000, or 10% of a GNP estimated to reach some ¥800 trillion.

While there will likely be shakeouts and a process of natural selection among companies along the way, Japan's pet industry seems assured of continuing growth and diversification heading into the 21st century. In the meantime, pet owners themselves can look forward to any number of innovations, from the ridiculous to the sublime. A quick check of goods and services already becoming



Distressed petlovers: flyers appealing for information about missing pets are becoming a common sight.

available or on the drawing board include:

- pet marriage counseling, health insurance and search services for strays;
- automated excrement treatment machines, sand for cat excrement treatment, deodorizing agents, deodorization consulting service and discipline aids to train cats to use flush toilets;
- home parasite-prevention kits, preventive medicine for dogs, and videocassettes offering the master and mistress instructions on how to diagnose pet illnesses on their own;
- cardboard kennels, and condominiums where residents are allowed to keep pets;
- artificial climbing trees for cats, a "Dog Runner" indoor exercise machine, cat nail polishes and toothbrushes, pet beds and tranquilizing cushions, flea-proof

shampoo, music cassette tapes for cats, odor-free leashes and coffins;

- boutiques, photo studios, hot spring hotels which allow pets to accompany guests (equipped with an outdoor bath, bedding, special meals and toilets), tea parlors, yoga schools, rehabilitation centers, funeral homes and cemeteries.

Not all of these are likely to find their way into every home. But even if only some of them do, Japan could not only catch up, but surpass many Western countries as a nation that goes absolutely cuckoo over pets.

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