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Taiwan

Market Development Reports

Pet Food Market Briefing PPT

2008

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Report Highlights:

This report is an update of year 2006's Market Brief TW6046, but has been presented in powerpoint format for easy reading and comprehension. The Taiwan pet market is fairly mature in northern Taiwan, but many opportunities for further development exist in southern Taiwan. Trends in Taiwan often carry over to mainland China, so U.S. companies serious about the greater China market, should plan on visiting Taiwan in the near future.

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
Taipei ATO [TW2]
[TW]

Pet Food

in

Taiwan



Agricultural Trade Office

American Institute in Taiwan

Report Drafted by Any Hsueh & Kendrick Kuo

美國在台協會農業貿易辦事處

Do You Know Taiwan?

Pets are symbols of affluence.

Taiwan generally follows pet trends set in the United States or Japan.

Taiwan citizens marry comparatively late, so seek companionship from pets.



An Overview



Do You Know Taiwan?

Rapid globalization led to increased focus on health and nutrition. Traditionally, Taiwan household pets were fed mealtime leftovers. Rising incomes and western influence has increased demand for manufactured pet food.



Social Trends



Do You Know Taiwan?

Owners tend to be...

- Small families with young children.
- Economically independent singles.
- Double-income-no-kids (DINK) couples.



Social Trends



Do You Know Taiwan?

Pet population is declining (dog population especially).

Demand for high quality pet food is growing.

Pet food market is shifting into mature phase.

Diversification increasing... fish, turtles, rodents, rabbits, sugar gliders, ferrets, hedgehogs...

Market Trends



Do You Know Taiwan?

<i>Advantages</i>	<i>Challenges</i>
<p>U.S. pet food is widely regarded as high quality. Quality is the main reason pet owners are willing to pay higher prices.</p> <p>Taiwan pet food consumers easily recognize U.S. brands. In Taiwan, social status and brand purchasing go hand-in-hand.</p>	<p>Import regulations and factory/plant inspections slow U.S. suppliers from readily entering the Taiwan market.</p> <p>Certain well-known dog food brands are still in recovery stages from a 2004 poisoning scandal.</p>

Weighing the Pros and Cons



Pet Food

Market

Sector Analysis



What is the *competition* like?

What is the *trade* situation?

Which *U.S. brands* are popular?

What are the *Distribution Channels*?

What is the *Competition* like?

Domestic production yields less than approx. 20% of total pet food supply.

Taiwan local production limited primarily to **Fwusow**, **Uni-President**, **Great Wall**, and **Pufon** brands.

Australia is a major competitor in the Taiwan market.

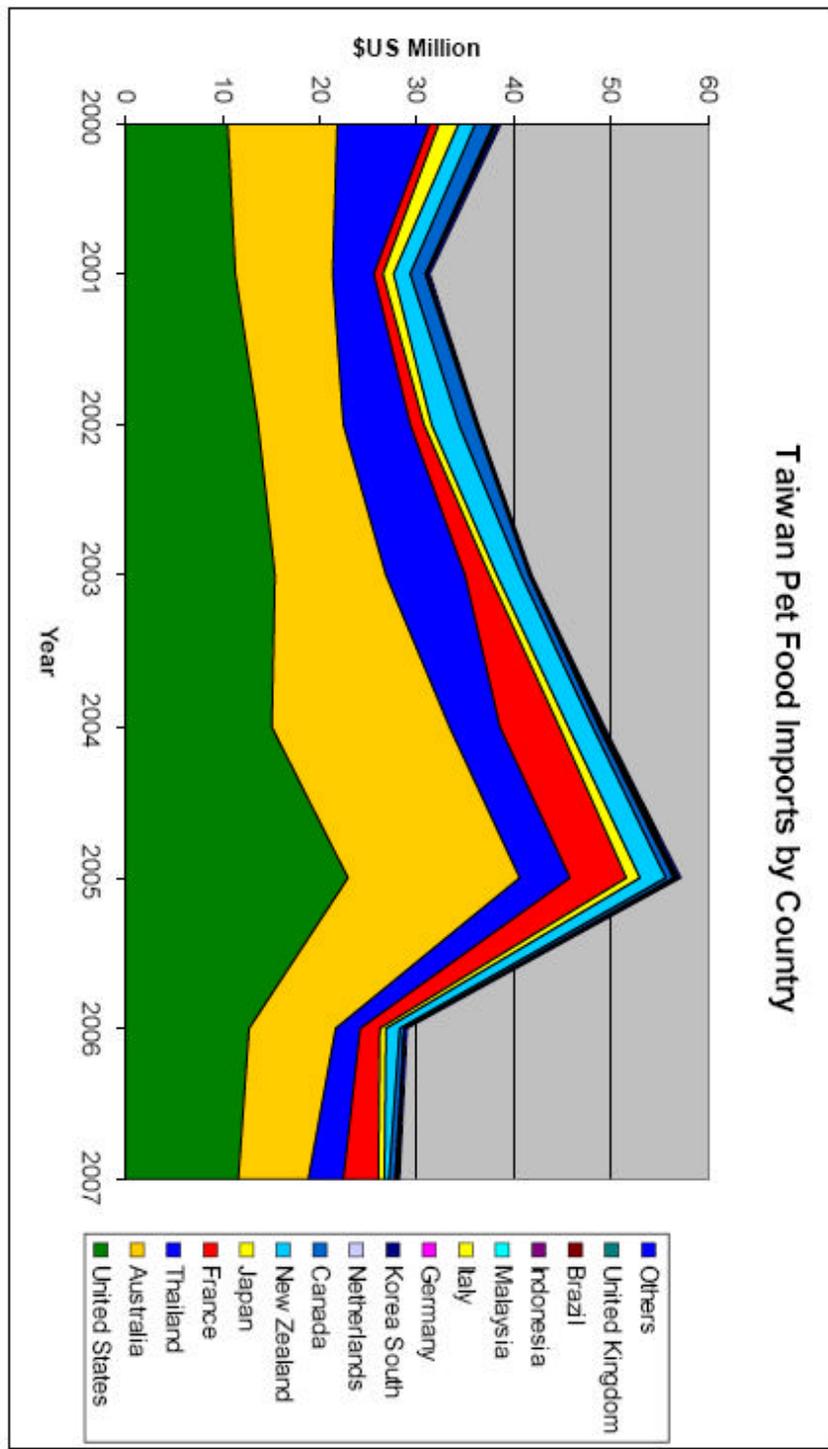
Pet food sales slump during hot summer months, but resume in the winter/fall.



Just the FAQs



Just the FAQs



What is the *Trade* situation?

2000-2007: pet food import market peaked in 2005, then began to decline.

U.S. pet food increased market share; although market value in 2007 returned to year 2000 levels after peak in 2005: **27%** (2000) to **41%** (2007)

U.S. leads Taiwan pet food imports!

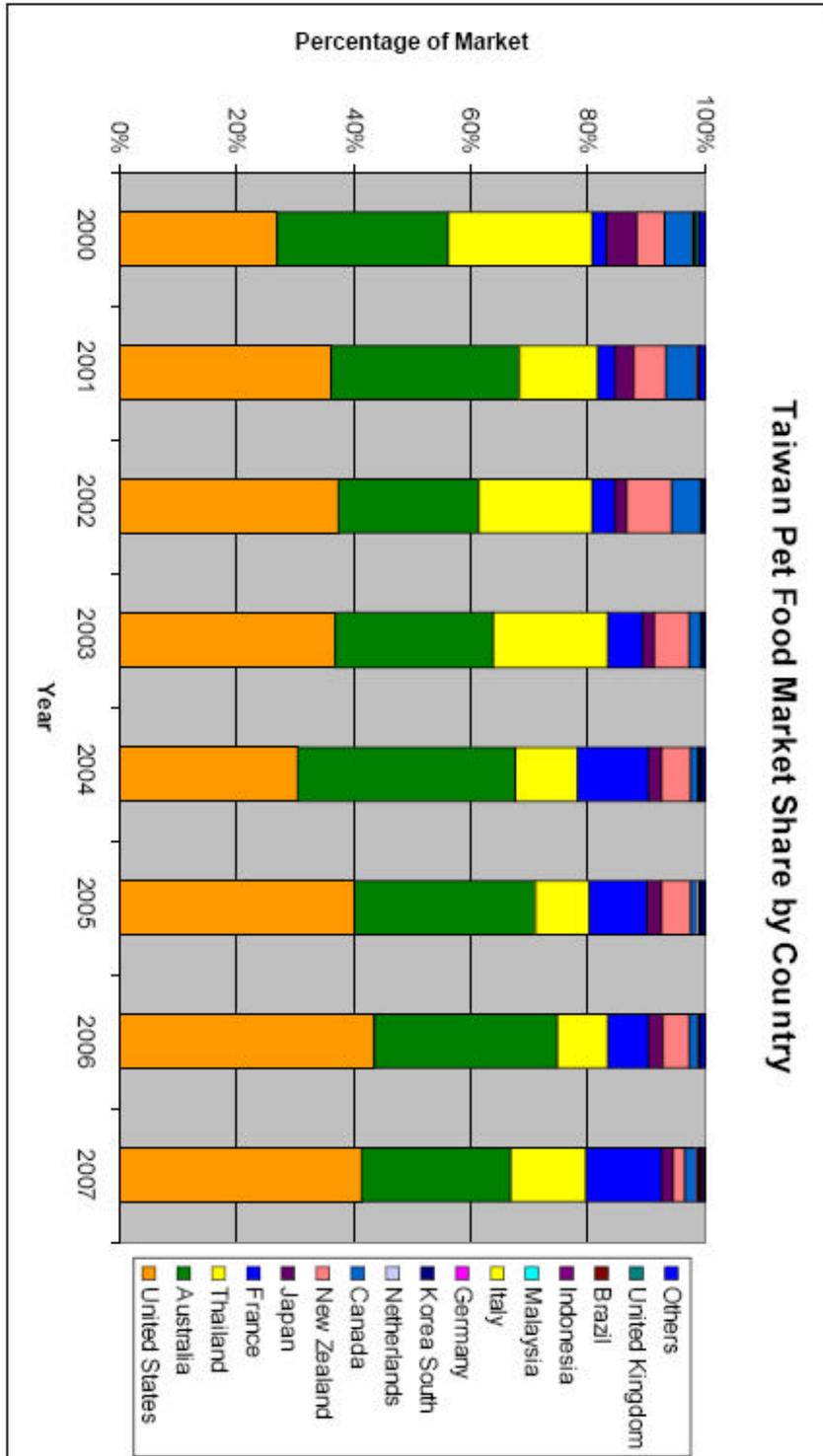


Just the FAQs





Just the FAQs



Which U.S. Brands are popular?



Specifics

	Pedigree		Natural Choice
	IAMS		Hill's
	Eukanuba		Precept
	Royal Canin		Optima
	Friskies		Cesar



What are the Distribution Channels?

Five most important retail outlets for pet food and snacks...

1. **Supermarkets:** most important channel, majority of Taiwan citizens shop in supermarkets for weekly groceries.
2. **Convenience stores:** Taiwan has one of the highest convenience store densities in the world.
3. **Pet specialty stores:** sell every pet related commodity imaginable.
4. **Animal hospitals:** turning into pet mega-stores.
5. **Veterinarians:** limited quantity of pet food, but able to maintain competitive pricing.



Specifics



ATO recommends investing time and energy to find good distributor for pet food products.

What specifically should I look for in a distributor?

Willing to engage in promotional and seasonal activities...

We maintain a list of distributors to help get you started!



ATO Recommendation!



Pet Food

Market

Market Access



Are there differences in the *North/South*?
What are the top *Market Strategies*?
What are some *Gov't Regulations*?
What can *ATO* do for me?

Are there differences in the North/South?



NORTHERN TAIWAN: Already adopted many trends like pet nutrition, proper healthcare and coddling

Taipei's pet industry includes:

Pet boarding, obedience trainers, pet portrait stores, etc.

CENTRAL/SOUTHERN TAIWAN

Still developing pet markets

Good opportunity to develop export market

Marketing Opportunities



What are the top Market Strategies?

Well-Planned Promotions...

- Focus on cultivating demand for **premium** pet food;
- Attractively packaged wet food vs. bulky, dry, bagged;
- In-store promotions—i.e. live pet shows—sponsored by specific brands.

Advertisements and Marketing...

- New pet food advertisements—customized nutrition content, all organic, vegetarian...
- Advertise products in local pet lovers magazines.



Marketing Opportunities



What are some Gov't Regulations?

Dec. 2003

BSE detected in U.S. led to ban on U.S. pet food imports.

2004

Taiwan relaxed U.S. pet food import requirements.

Allowed pet food not containing U.S. ruminant products.

U.S. pet food began to regain market access.

2005

USDA's Animal & Plant Health Inspection Services (APHIS) established in Taiwan.

Industry Group Pet Food Int'l (PFI) currently coordinates applications for plant inspection through Taiwan APHIS office with **Taiwan's Bureau of Animal & Plant Health Inspection & Quarantine (BAPHIQ)**.

Brief History



What are some Gov't Regulations?

June 28, 2007

BAPHIQ places ban on South Dakota poultry after detection of low-pathogenic avian influenza antibodies in backyard flock of geese and ducks.

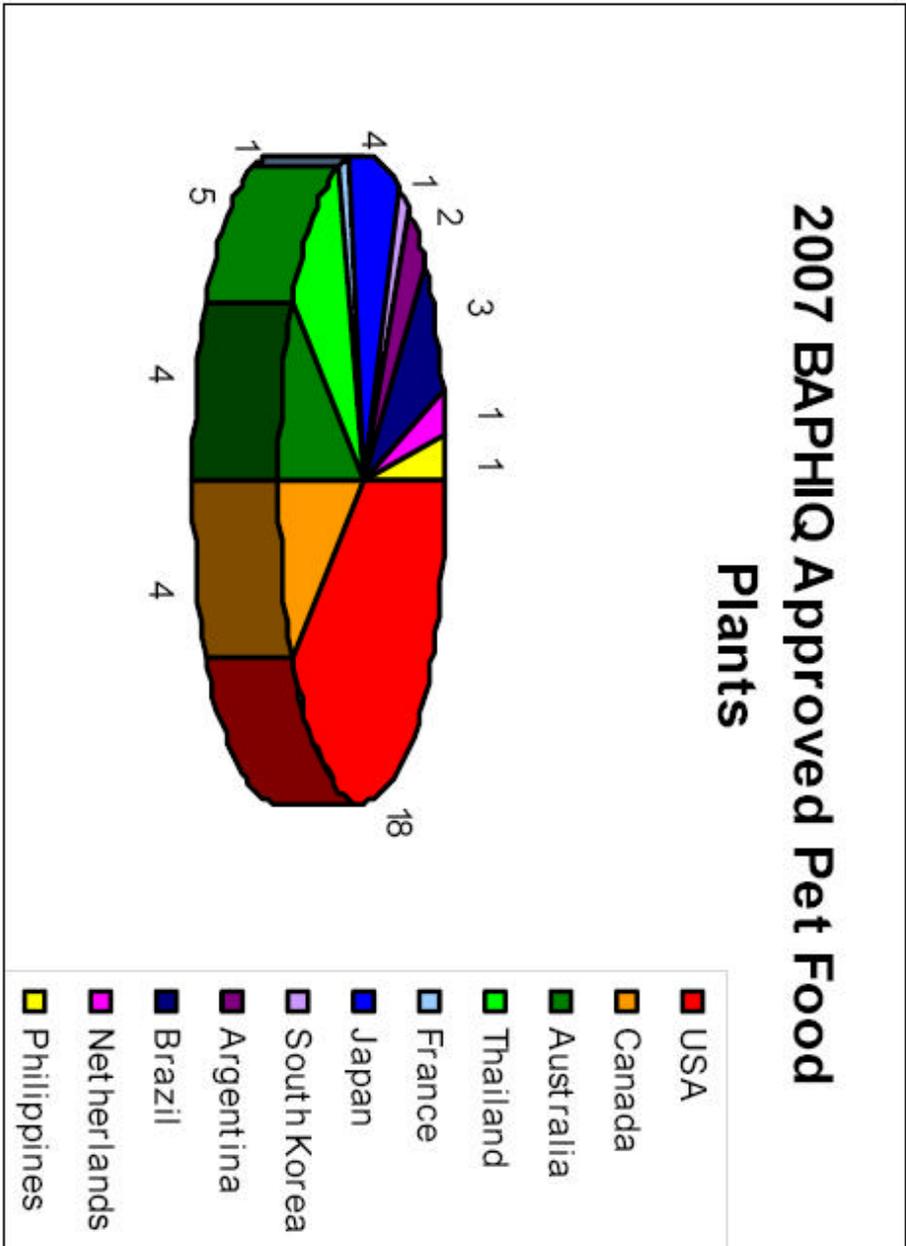
May 29, 2008

BAPHIQ effectively removes ban on South Dakota poultry. However, similar BAPHIQ bans on poultry products from New Jersey and New York remain in place.

Brief History



2007 BAPHIQ Approved Pet Food Plants



Overview of Market Access



What are some Gov't Regulations?

Feed/feed additives (without veterinary pharmaceuticals) must specify on package using Chinese characters... *According to Taiwan's Feed Controls Act*

1. Name and address of manufacturer or seller
2. Classification, category and name of product
3. Composition
4. Major ingredients
5. Usage, dosage and precautions in use
6. Net weight
7. Manufacture or import permit code
8. Date (year/month/date) of manufacture and processing or repacking
9. Information required by Taiwan authorities for specific products

Please refer to report
TW7033 for more
information.

Requirements Specific to Pet Food



What are some Gov't Regulations?

Chinese language label for animal/plant feed must be affixed prior to retail sale

NOTE: Pet food allowed to clear Taiwan Customs without Chinese label, but must be affixed prior to entering retail sales channel

Does your feed/feed additives contain veterinary pharmaceuticals?

Refer to "Veterinary Drugs Control Act"—
<http://www.baphiq.gov.tw/public/data/69162258771.doc>

Do you need more information?

Refer to GAIN report TW7033 "Taiwan Changes Labeling and Import Regulations 2007"

Requirements Specific to Pet Food



What can *ATTO* do for me?

We work with more than 20 U.S. producer associations.

We constantly develop new market activities in Taiwan.

We provide market info reports, updates on promotional activities.

Our promotions include food shows and buyer missions.

Contact Us!

Website: <http://www.usfoodtaiwan.org/>

Help!

