

Voluntary Report – Voluntary - Public Distribution

Date: March 30, 2021

Report Number: TW2021-0024

Report Name: Paw-some - United States Leads Premium Pet Food Sector in Taiwan with Niche Prospects

Country: Taiwan

Post: Taipei ATO

Report Category: Product Brief

Prepared By: Cleo Fu

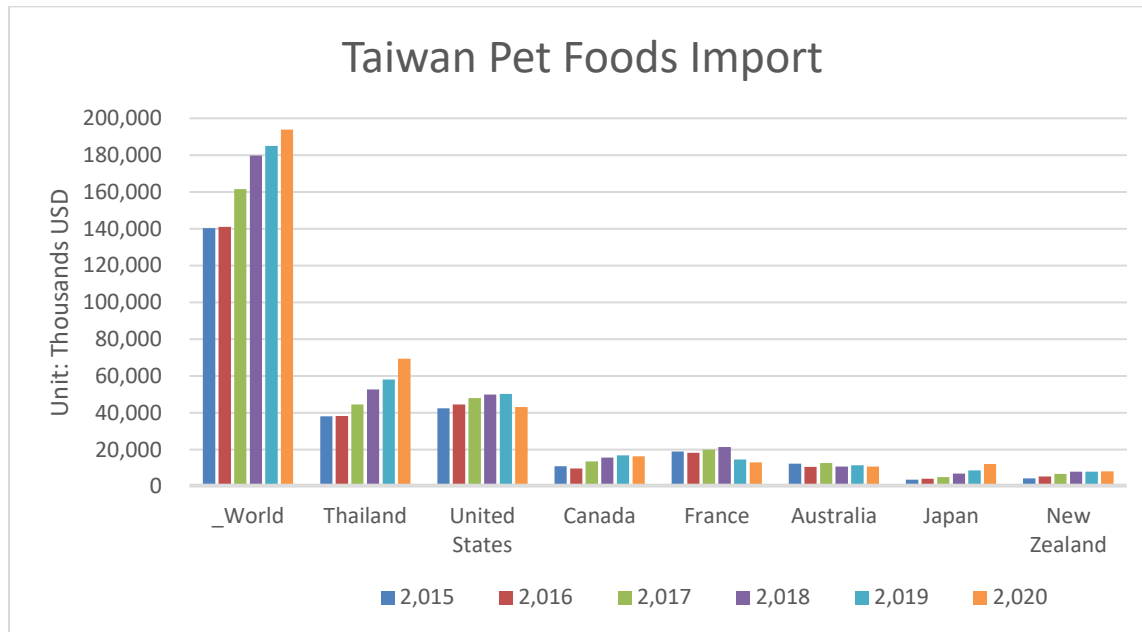
Approved By: Emily Scott

Report Highlights:

The growth in Taiwan's dog and cat food market reflects a societal shift towards animals as pets. With rising incomes and strong western influence, pets are now a symbol of affluence in Taiwan. Industry sources indicate more and more pet owners are purchasing commercially produced pet food instead of using table scraps. Taiwan's pet food imports have more than doubled over the past decade, growing from US\$88 million in 2010 to US\$194 million in 2020. The United States is the leading supplier of premium pet food and treats to Taiwan where countries such as Thailand are the go-to source for lower priced product.

Market Overview

The Taiwan pet food market in 2020 stayed strong on import demand, with five percent growth to US\$194 million, more than double from 2010 levels. According to Euromonitor, retail value RSP (retail sales price) for dog and cat food in Taiwan is approximately at NTD21.7 billion (US\$761 million). Official data on local dog and cat food production is not available. Local industry groups estimated that local manufacturers account for approximately 30-40 percent of the total pet food market.



Thailand is the largest competitor for U.S. pet food exports to Taiwan. It is the major, original equipment manufacturer and private label product suppliers for several local, Taiwan brands. Many low-cost products, including pet foods, from Thailand are sold in supermarkets and hypermarkets, boosting its market share by six percent from CY2018 to CY2020.



Mid-priced and premium brands from the United States, Canada, and France have seen growing demands over the past decade in metropolitan areas, like the capitol city Taipei. Retail prices for premium pet food products can be more than 10 times that of budget brands. Premium brands also offer more functional and specific dietary need options which pet owners with higher spendable income in large cities care for their fur babies including focus on health benefits for aging pets, small-breed specific packaging etc.

In Taiwan, pet food is sold mainly in pet superstores and pet specialty stores (50 percent); supermarkets, hypermarkets and convenience stores (20 percent); e-commerce platforms (20 percent); and, a newly developed channel, pet shows (10 percent). Notably, direct-to-

consumer e-commerce for pet foods is growing tremendously and accounts for approximately 20 percent of total pet food sales, according to major Taiwan pet food distributors. The door-to-door delivery for heavy pet food packages and cat litter is the most common and convenient way of shipment for the customers. In addition, approximately 15 pet shows are organized annually in Taipei, Taichung, and Kaohsiung. Taiwan consumer are price sensitive and always keen for a perceived bargain. Similarly, pet owners take advantage of these events to purchase large volumes of pet food with low-cost and free shipping offers.

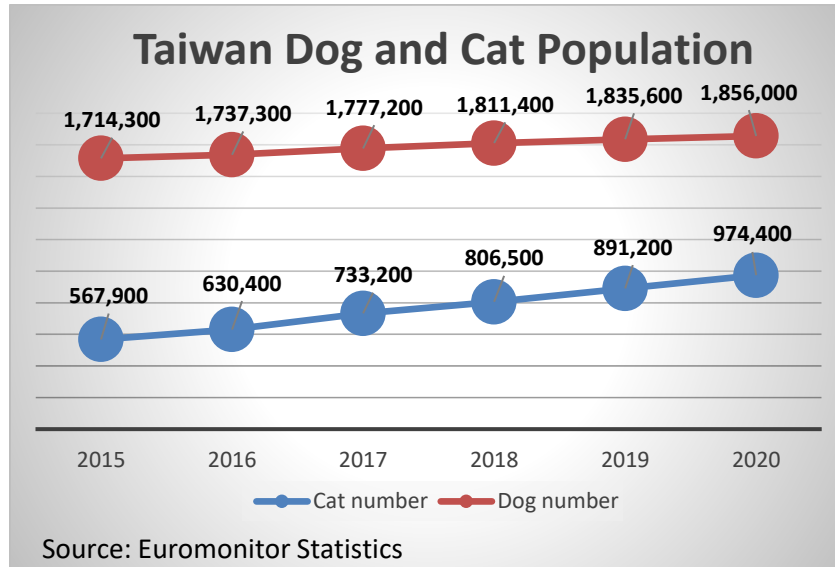
Larger pet food importers with significant market share typically employ dual distribution channels: 1) selling to a distributor, who in turn sells directly to the various retail outlets and online stores; and 2) selling directly to larger retail outlets and/or individuals via its website or other commercial ecommerce platforms. Large retail chains are also increasingly importing directly from the producers or developing their own private labels to gain higher profits.

There are increasing small local pet food manufacturers trying to make a living with specialty pet food products and treats. In addition, pet shops selling single or few premium brands with accommodation and beauty services are gradually seen in big cities. Pet food sold in these shops are usually produced or imported by the owners, or private label products supplied by other manufacturers.

Taiwan Pet Ownership Trends

Pet ownership in Taiwan continues to experience steady growth. This plus Taiwan's declining birth rate may indicate that people are replacing the desire to have children with pet ownership. The cost of raising a family, including education, is frequently noted as a reason why younger generations are opting out of having children. Instead, people in Taiwan dote on their pets. It's not uncommon to see well-dressed dogs (in pet-specific clothing, including shoes), toted around in strollers, enjoying pet-themed cafes or puppy play dates. A [Washington Post](#) article recently focused on the increasing role of pet psychics in Taipei.

According to Euromonitor statistics, dog ownership notched up to 1.86 million in 2020, while cat ownership advanced 71.5% to 974,400 from 2015 level. Cat ownership has seen a notable increase in the cities as the independent and low-maintenance nature of cats has become more appealing to urban dwellers. Overall, the rise in pet ownership has resulted in a strong rise for pet food exports to the market. Exports are expected to continue rising in the near-term as pet ownership increases and Taiwanese pet owners become more educated about nutrition and the benefits of commercial pet food.



U.S. Pet Food Exports to Taiwan - Requirements

In 2018, U.S. Animal and Plant Health Inspection Service (APHIS) and Taiwan’s Bureau of Animal and Plant Health Inspection Quarantine reached a bilateral agreement which permitted APHIS to inspect and approve new pet food manufacturing and packaging facilities on behalf of Taiwan. If a facility is interested in obtaining or renewing their approval to export dog and cat food to Taiwan, they should contact their [pertinent Veterinary Services \(VS\) Service Center](#) to arrange for an inspection. Industry may see a market share decline for U.S. pet food exports to Taiwan during the transitioning period due to some approved facilities are still under export permit renewal process.

U.S. exporters are also encouraged to pay close attention to the highly pathogenic avian influenza (HPAI) quarantine status in the United States as Taiwan requires additional manufacturing processes for pet food products from HPAI infected areas.

Paw-some Opportunities Abound in Taiwan

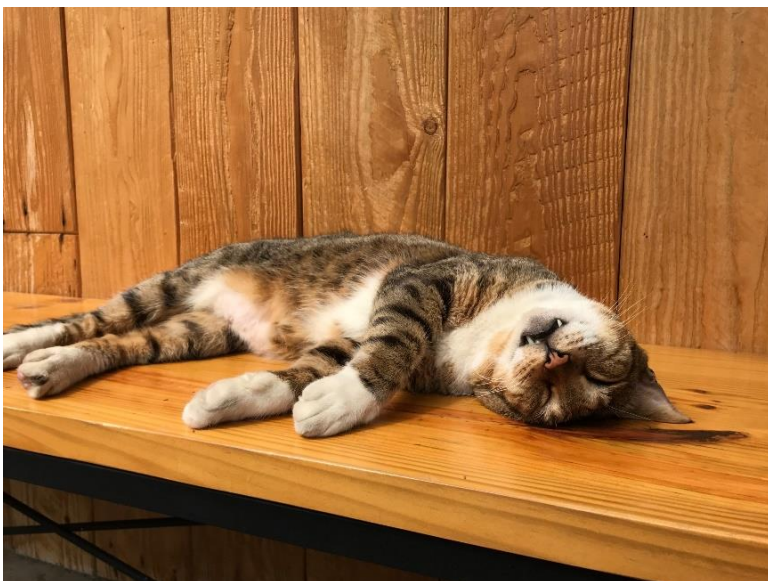
Long-term prospects for U.S. dog and cat food exports to Taiwan will see tightening competition from Thailand, Australia and New Zealand. The advantage for U.S. pet food brands is that consumers view them as being high-quality, offsetting their higher prices. Demand for both wet and dry pet food are escalating. Additionally, pet treats and canned food are also among the fastest-growing segments in pet retail



stores. Taiwan importers indicated the recent growth of pet food import can be attributed mainly to pet treats. Shelf space for pet treats has expanded significantly in both specialty pet stores and regular retail stores. In addition to dog and cat, feed demands for small mammals, birds, and reptiles are also in upward trend as smaller animals are easier to take care of and do not need much attention. There are specific segments of the Taiwan pet food industry where U.S. suppliers could make the most impact, including:

Aging Pets and Specialty Care: According to Euromonitor, dog ownership reached a 10% high in 2010 with those animals now considered senior. The growing segments of the Taiwan dog and cat food market include food products for aging pets, food with specialized nutrition, formulas with specific dietary needs, and food for preventive health care (such as *anti*-diarrhea, *anti*-constipation, and eliminate certain protein sources to prevent allergies). Pet owners for this demographic tend to be higher educated with corresponding disposable income. These groups are internet savvy with (potentially) time and education to research and understand health claims for their furry family members. According to ATO Taipei's market survey, pet foods with special diet control occupy over 25 percent of shelf space in retail stores and listings on e-commerce websites.

Smaller Dogs: Apartment living and busy lifestyles see an increasing number of pet owners considering smaller dog breeds. Popular social media accounts and influencers include “cute” small dogs, especially for young women. This realizes a demand for smaller sized packaging, even at a price premium. According to Euromonitor, Taiwan pet consumers may seek-out small packaging for perceived freshness. Also, pet owners are, “more willing to buy a premium product if it comes in a smaller sized package.” While not every pet owner may purchase premium products regularly, many purchase from time to time as a special treat.



Cats: Overall, Taiwan is relatively a dog country. In most of the counties, pet dogs outnumber cats 3-to-1 or 2-to-1. However, pet cat number is on the rise in metropolises as cats are great for small apartments and do not need as much attention as dogs do. While people living in big cities generally have higher expendable income, sales of cat treats in large cities saw the highest growth in the past few years, according to major pet food importers.

Small-to-medium sized pet food exporters (or potential exporters) can work with the appropriate [U.S. State Regional Trade Group \(SRTG\)](#) to take advantage of the SRTG's resources for marketing and promotion support in Taiwan. Also, the Pet Food Institute (<https://www.petfoodinstitute.org>) is active in the Taiwan market and a frequent partner for ATO Taipei in promotional events.

Additionally, trade shows are excellent venues for U.S. exporters to make contacts with potential business partners, to conduct product introductions and to gauge buyers' interest. For example, Taipei Pets Show (<https://www.chanchao.com.tw/petsshow/taipei/en/>), the largest pet show in Taiwan, is organized by Chinese Pet Foods and Appliances Association and considered the best platform and showcase for new-to-market pet food products.

*****In the immediate future, ATO Taipei in late-spring, early-summer of 2021 will undertake a virtual pet food trade show with U.S. exporters and Taiwan buyers. Anyone interested in this upcoming opportunity should contact the ATO, ASAP.*****

Anyone interested in learning more about the Taiwan market or ATO Taipei efforts should email ATOTaipei@USDA.gov.

For more information, please feel free to contact:

The Agricultural Trade Office
Taipei, Taiwan
Tel: (+886-2) 2162-2682



美國美食報你知
UNITED TASTES IN TAIWAN



Attachments:

No Attachments.