

## **BarkBox Implementation in Japan**

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**EXECUTIVE SUMMARY:**

BarkBox, a customizable subscription service for dogs, has been established in North America for over 12 years and has developed a plan to enter the pet market in Japan. BarkBox is a recurring monthly subscription that facilitates pet owners' ability to pamper their pets by delivering treats and toys personalized to the dog's characteristics, such as roughness of play, preferences, or allergies. In Japan, there has been an uptick in not only pet ownership but the importance of the pet in the home as a family member and treasured companion. Accompanied by a decrease in childbearing families and this increase in the prevalence of pet ownership, pets in Japan have become increasingly spoiled by their owners. This increased spending on dogs and pets creates an opportunity for BarkBox to expand into the Japanese pet market. With the elderly population holding the most spending power in Japan and a large portion of pet owners, BarkBox would target the elderly. By adding a storefront in Tokyo, Japan, the opportunity for growth is evident through the team's thorough research.

**COMPANY INFORMATION:**

Founded in 2012 by Matt M. Meeker, Henrik Werdelin, and Carly Strife. The co-founders explained that they saw their business as the "Disney of the doggie world." Starting with a subscription service for dogs, they quickly expanded to include services, content, and new experiences for dogs and their humans. After merging with Northern Star Acquisition Corp in June 2021, a \$1.6 billion deal, BarkBox became a publicly held company. Held in the NYS stock exchange (BARK), each share is approximately \$1.12 as of February 19th, 2024. It has increased 39% in the past year, with a 20% increase in the past month (Bark Inc. CIA). At BarkBox, our mission statement is that our company strives "to make the world a better place for dogs and

their people” (BarkBox). BarkBox has many community service initiatives outside our products to help dogs flourish, such as supporting shelters and adoption initiatives.

BarkBox is owned by Bark, which also owns Super Chewer, another pet subscription box service. Concerning sales, the company’s Q4 revenue for 2023 reported net losses of \$14.2 million. For 2023, Bark reported an overall 5.5% revenue increase of \$535.3 million. Bark increased advertising and marketing expenses by 15% in Q4 for a total of \$15.4 million. This will likely lead to increased profits for 2024. In predicting international numbers, there are no figures for sales abroad because BarkBox only operates in the US and Canada (Industry Dive). Overall, the sales recorded in BarkBox’s past bode well for growth in the future, positioning the company well for expansion into Japan.

BarkBox has not expanded outside of North America as the BarkBox headquarters are in New York, with two offices based in the city. All products included in the BarkBox are produced and distributed in the USA and Canada (BarkBox). Across North America, BarkBox has around 900 employees, making it a medium-sized business. Among its competitors, BarkBox is well known for its strong customer service response, including the product’s adaptability and personalization. Specifically, BarkBox offers a variety of new boxes and toy themes each month relative to current trends. By translating these characteristics into the Japanese market, pet owners in Japan can choose their desired products, and BarkBox can add new product lines that appeal to that specific target market. Further, BarBox’s website is engaging, easily navigated, and successfully creates customer loyalty as a subscription service.

**COUNTRY INFORMATION:**

Japan is an Asian country with a string of islands off the coast of China. The nation's capital is Tokyo, and the population was 123 million as of 2024. Japan is about equal in size to California at 377,973km<sup>2</sup>.

*Hofstede Analysis: Origin country of the U.S. vs Japan*

In comparing the Japanese market to BarkBox's origin market in the United States, Hofstede's analysis shows notable differences that are important to how decisions will be made in introducing this product to Japanese consumers. A comparison of the numerical scores between the United States and Japan for each characteristic can be found in Figure 1. Concerning power distance, the United States has a score of 40 compared to Japan's score of 54. The United State's lower power distance reflects the companies' structure of less powerful members of organizations who expect and accept the distribution of power but show more fluidity between positions. The structure is required to keep peace and order, but it is not rigid. At 54, Japan has a slightly larger power distance, this shows the hierarchical power structure within businesses. In Japan, employees are more likely to follow an order of power, as they follow the structure and process of each specific company. However, many companies sift decisions through a hierarchical layer, making the process slow. The relatively similar power distance between both countries would provide an easier transfer of employees from Bark Box in the United States and Japan. Power distance affects the entire company, and ensuring that the structure remains similar between both organizations is vital.

Concerning individualism, Japan and the U.S. rank similarly. Individualism measures the degree of interdependence among a society's members. The extremes of this measurement are

individualist and collectivist. The former encourages members to care for themselves and their families, while the latter encourages people to join groups and exchange loyalty for the community. The U.S. scored a 60, which indicates a more individualistic culture than a collective one. Most of the American government and society recognize the need for equal rights for all. People in the U.S. are expected to be self-reliant and take care of themselves and their families without much support from authorities. Scoring a 62, the Japanese differ from their Chinese and Korean neighbors by not adopting an extended family system, but a paternalistic system. The family name and assets are passed down to the eldest son, and the other siblings are expected to choose their own path and start new families.

The U.S. and Japan have very similar degrees of individualism, with Japan slightly more individualistic than America. This means that our marketing strategy is that Japanese consumers likely make purchasing decisions themselves, with the opinion of a couple of family members. In Japan, consumers do not need approval from everyone in the family. Our target demographic makes their own, independent purchasing decisions, we can market directly to them and not some group they are a part of. It is also possible that because the Japanese value loyalty to their companies and likely value loyalty in general, they would also exhibit brand loyalty.

Scoring at 62 for their motivation towards achievement, combined with the presence of individualism, in the United States workers have a strong drive to succeed, where values are centered around their successes and achievements. Many Americans “live to work,” which shows that the monetary reward correlates with their work success. Although Japan’s culture is decisive and not assertive, this number is substantially higher in Japan at 95, and there is high

competition between groups. Most employees are motivated to compete against co-working teams.

The motivation for implementing BarkBox in Japan would be high, as employees tend to be willing to push campaigns when bonuses or rewards are offered. The cultural emphasis on motivation in the Japanese workplace would benefit the USA-based BarkBox company by driving the success of its marketing efforts. Additionally, busy Japanese pet owners who spend less time with their animals might be highly likely to purchase a Bark Box subscription service for their pets.

The United States has a very low score of uncertainty avoidance at 92. This means that in the United States, change is accepted. In addition, new ideas, innovative products, and willingness to try new things are very apparent. American workers do not need many rules to begin a project or in other business environments. They are familiar with and accepting of the trial-and-error process and are learning as they go.

Japan is one of the most uncertainty-avoidant countries on earth, scoring a 46 on uncertainty avoidance. This is because Japan is prone to natural disasters such as earthquakes, tsunamis, typhoons, and volcanic eruptions. This has resulted in most Japanese people learning to be prepared for any situation. In corporate Japan, extensive research must be conducted on all the risk factors and how to control them before a project can begin. As a result of high uncertainty avoidance, change is a difficult concept for the Japanese to realize. In order to expand BarkBox into Japan, it would be important to weigh all the pros and cons to account for their uncertainty avoidance. That said, BarkBox has been successful in the United States, and most of the trial and error process has run its course in that market.

There is no preference for a long-term or short-term orientation in the U.S. However, Americans measure business performance based on the short term. They receive quarterly reports on profits and losses, which promotes change. They react to these reports every three months to enhance profits. In contrast, Japan is the most long-term-oriented society. From a business perspective, the goal is not to make money every quarter but to serve future generations. In simpler terms, Japan focuses on the durability of businesses rather than maximizing profits.

An essential factor in explaining Japan's long-term orientation is ensuring dog ownership is rising. We expect to see a market for BarkBox in the years to come. Another action is to ensure that BarkBox contents change according to dog and dog owner preferences and that the product meets customer needs.

The United States scored as an indulgent society at 68, which, in the context of their scores regarding motivation toward achievement and success, suggests an even balance of work and pursuing their desires. Regarding BarkBox, the product is successful in the U.S. market because toys and treats are seen by the buyer as an indulgence not of their own desires but those of their pet. However, the indulgent tendency of the American culture likely makes buyers more likely to buy BarkBox because it is one of their desires to provide indulgences for their pet as an important companion in their life.

The Japanese scored low in indulgence at 42, suggesting that they have a culture of restraint. This means that the Japanese would feel that indulging in themselves is wrong and that they do not strongly emphasize leisure time or gratify their desires. Considering that Japan has a culture that typically seems to have restraint, the buyer could be more difficult to convince that BarkBox is a necessity and not an indulgence. However, appealing to the sense of family in the

Japanese culture surrounding pets and a notion of selflessness in providing indulgences for their pet, not for themselves, could remove the feeling of guilt that can sometimes accompany purchasing non-necessities in such a culture.

### *Japanese Economic Environment*

Four key measurements indicate the economic situation in Japan: GDP, CPI, Interest Rates, and Balance of Trade. GDP is the total value of goods produced and services provided in a country during one year, adjusted for inflation (real GDP). GDP per capita is the average economic output per person, calculated by dividing GDP by the population. As of 2021, Japan boasted a GDP of 4.941 trillion USD and a GDP per capita of 39,312.66 USD. The United States reported a GDP of 23.32 trillion USD in 2021 and a GDP per capita of 70,248.63 USD. Gross Domestic Product (GDP) is important because it allows economists to evaluate how an economy is performing, the size of the economy, etc. When GDP increases, the country's economy is performing well, and vice versa when it decreases. The 2021 GDP statistics in Japan and the USA demonstrate the United States economy is significantly stronger/performing better than the Japanese economy. In 2020, the GDP in Japan was 5.04 trillion. This means the economy performed worse in 2021. In the US in 2020, GDP was 21.06 trillion, indicating that the economy performed better in 2021 (*datacommons.org*).

CPI is the change in monthly prices paid for goods and services, measures changes in the cost of living, and gauges inflation rates for each market. In 2023, Japan's CPI was 105.6, up 3.2% from 2022. America's CPI was 308.85 in 2023, up 3.3% from 2022. CPI is important because it highlights the level of spending in both countries, accounting for changes in pricing from inflation. This is relevant in analyzing the markets in Japan and the U.S. because the large

difference in their CPI suggests that consumers in the U.S. market would be more likely to purchase a good or service despite a price increase. In contrast, consumers in Japan may be more hesitant. After all, their wages fail to increase correspondingly with internationally observed inflation in countries like the U.S. Also, Japan has exponentially lower inflation than the U.S., explaining the discrepancy between their CPI values (*stat.go.jp*, US Consumer Price Index).

The interest rate is the amount a bank or lender charges a borrower as a percentage of the principal amount loaned. Interest rates appear annually, as an annual percentage rate (APR). A borrower is considered “low-risk” by a lender when they have a low-interest rate, meaning they are not charged highly on their principal loan. On the contrary, a borrower is considered “high-risk” when they have a high interest rate, reflecting the impact on the lender. A business or consumer may take out a loan to fund a new project or activity and, therefore, must consider the interest rate charged. It is essential to note the interest rates in each country when expanding a business because it is a proper reflection of the spending power in each country. With high interest rates, companies are less likely to start new ventures, as the cost may override the benefits. Japan has a low interest rate, with the Bank of Japan Policy rate being -.10%. These interest rates have been near or below zero since 2016, reflecting Japan’s deflation and economic growth battle. Currently, the USA has a 5.5% interest rate, at a 23-year high-interest rate. The Federal Reserve has aimed to benchmark US interest rates at 2.5%, having a higher incentive to lower interest rates to stimulate growth. Understanding these interest rates and Japan’s opposing economic environment is important because it reflects Japanese consumer behavior. Negative rates help to encourage spending and borrowing money, thus providing a positive impact on expanding a US business abroad. The potential growth on Japanese soil is important to note, and

after understanding the BOJ actions, a US company can carefully plan the expansion strategy (Banton, *statista.com*, *tradingeconomics.com*).

Balance of trade is the difference between a country's imports and exports over a given period of time. There is a trade surplus when imports hold a higher value than exports. There is a trade deficit when exports hold a higher value than imports. Neither a trade surplus nor a deficit is a direct measure of economic health or weakness. In 2023, Japan reported a trade deficit of 9.29 trillion yen, or about \$62 billion. This is the third year in a row the nation has reported a trade deficit, although in December 2023, the country had a trade surplus of 62.1 billion yen, or \$417 million. The trade deficit in Japan is not nearly the size of that of America. In 2023, the US experienced a trade deficit of \$773.4 billion, down from 2022's record of \$951.2 billion. The nation narrowed this deficit by decreasing imports by 3.6% and increasing exports by 1.2%. The main reason for this is likely the decrease in the price of crude oil, which is one of the top imports into the US each year. The U.S. has sustained a trade deficit for years, and experts predict this trend will continue. Figure 2 shows U.S. imports and exports in recent years.

### *Japanese Political and Legal Environment*

The political environment of Japan can be defined as a constitutional monarchy where the emperor holds power over the states and the Prime Minister holds power over the government (*wikipedia.com*). Similar to the US, legislative power lies with the House of Representatives and the House of Councilors, while judicial power lies with the Supreme Court. Since WWII, the ruling party has been the Liberal Democratic Party (LDP). Twenty-four of the past thirty-one prime ministers of Japan were members of the LDP. The current emperor in Japan is Naruhito, who inherited the throne from his father, Akihito. The current prime minister is Fumio Kishida, a

member of the LDP (*wikipedia.com*). There is no apparent political risk posed to BarkBox. Japan has a strong business climate, ranked 13th on the Global Innovation Index (2023), among 132 varied economies (*Santander Trade*). Additionally, Japan was ranked 38 on the Index of Economic Freedom (2023), among 184 countries, meaning the opportunity for Foreign Direct Investment is high in Japan (*Santander Trade*).

### *Japanese Cultural Analysis*

The cultural environment of Japan is not opposed to owning dogs or cats. In fact, the Japanese consider their dogs beloved pets and friends. There is a stigma in Japanese culture around buying too many things for yourself, the opposite of the "treat yourself" culture in America, and values like humility, honesty, and loyalty are highly important. We hope that because our customers would buy BarkBox for their pets and not themselves, they will not see this purchase as greedy or too materialistic. We also hope this cultural value of loyalty will apply to brand loyalty and help us build a solid customer base in Japan. The business culture in Japan is highly formal, which is an essential factor to note when targeting the Japanese population to purchase BarkBox. The elderly shop differently than the younger populations, giving BarkBox the opportunity to focus on one population. The primary language in Japan is overwhelmingly Japanese; the main religions are Shinto and Buddhism.

### **CUSTOMER ANALYSIS:**

The customer analysis of Japan highlighted essential statistics for the team to consider. Intensive research revealed that 30% of the Japanese population is 65+ (Figures 3 and 4). This percentage of aged people exceeds the United Nations' standard of 14% to designate an "aged society" (*Tokyo Metropolitan Government*). This population group also holds a high spending

power, giving BarkBox the opportunity to tap into the 3.006 million seniors in Tokyo alone. Figure 5 displays the increase in consumption, a pattern that has continued to rise since 2014. With more accessibility options following the publishing of this study, it is clear that there is a market to tap into. The team's research shows that the 65+ population owns over 20% of Japan's dogs, according to a survey conducted in 2022 Q3 (*Statistica*). The income disposition proves to be the most applicable number for choosing this particular consumer group, as consumers 60 and older accounted for over 48% of Japan's overall personal consumption in 2015, a rate that grew over 4% in just four years (Wallace, *Global Finance*). Growth in this market is essential to note, especially when introducing a product in a niche market segment.

The population of the target market, by gender, is approximately split, with 30% of women and 27% of men being 65+. BarkBox is seen as a gender universal, giving both men and women products, toys, and treats for their dogs. Given BarkBox's customizability, the team believes that we should target both men and women of the elderly population. Due to the high population rates and spending power, creating a customizable experience for both men and women would be successful.

The team believes BarkBox will be the most successful in the Tokyo region, a "super-aged society" making up 26% of the Tokyo population (*Tokyo Metropolitan Government*). The specific neighborhood within the Tokyo region in which the flagship store will be implemented is Minato, Tokyo. Many of our target market resides in this neighborhood, allowing BarkBox to promote and sell the products in a visible space for consumers.

The buyer persona the team developed is an elderly Japanese woman, Mai, aged 70, who owns a dog and a cat (reference Figure 6). Mai has a high spending power, as she and her

husband are retired. With their children out of the house, she is interested in purchasing dog toys, dog food, and dog treats for their furry friends, Yuki and Adzuki. Their furry friends have many toys, but Mai wants new “fun” toys to keep her animals busy. With these interests, they want a customizable product line, allowing them to be specific with their preferences and desires. Mai likes the idea of going into a store, crafting her own “box, ” and having her husband create his own, too. They saw the ad for BarkBox and realized that the flagship store in Minato, Tokyo, is located in their neighborhood, making it easy to walk to. The online platform is well-equipped, providing a seamless shopping experience and allowing Mai to browse the available products before going in-store. The customer service team helps her in-store, making Mai and her furry friends happy.

### **COMPETITIVE ANALYSIS:**

BarkBox Japan will satisfy the needs of elderly pet owners by allowing them an accessible and customizable way to spoil their pets. Studies show that interacting with animals boosts mood and reduces stress. “For the elderly, the bond they form with their pet promotes stronger physical and mental health ([www.ncbi.nlm.nih.gov](http://www.ncbi.nlm.nih.gov)).” The quality of life improves for elderly people when they can interact with a pet, buy items for a pet, and walk a pet outside. With many Japanese citizens owning pets, multiple companies attract additional research. Additionally, the elderly population in Japan has the purchasing power to sustain the activity of spoiling their pets because they hold most of the wealth in the country (Figure 7).

The team has identified four competitors that are similar to BarkBox and satisfy similar needs, but each has a unique selling proposition. These brands are Dokodemo, Bokksu, Pet Paradise, and Hommi. When digging deeper into each company's specific characteristics, we

focused on four important factors: price, accessibility, product variety, and customization (reference Figure 8).

The first significant competitor, Dokodemo, is an online store specializing in selling Japanese goods, not just pet products. It is similar to Amazon and sells pet food, beds, toys, medicine, and more. Dokodemo has a high market share in the low-price market. Its main characteristics are that it is very affordable, has a wide product variety, and ships directly to the customer. The customizability of Dokodemo is relatively low, as the customer is limited to the products offered on the website. It is low in the price range, giving an advantage of price over its competitors.

Another competitor is Bokksu, an online boutique that sells subscription boxes. These pet boxes are similar to BarkBox, including toys, treats, and a tote bag, and are tailored to both men, women, and children. However, these boxes have a high price tag, approximately \$79.99 USD for the “Dog Lovers” box. They take a large portion of the market share including high price and high product variety. However, the product is not accessible for many people, including the elderly, as it is an online-only company.

Pet Paradise provides another competitive influence, as it has multiple locations across Tokyo, Japan. This store sells pet clothing and miscellaneous pet goods, all at affordable prices. Pet Paradise takes a significant portion of the low-price market, making the product highly accessible for our target population. On the contrary, it has low variety and customizability, as there are no options beyond the shelves. The in-person storefront option gives BarkBox a sense of market research, as this store is successful in the Tokyo region.

Finally, Hommi, a UK competitor, carries Japanese pet products and ships them directly to Japan. Although this is not a subscription box service, they have a notable share in the wide variety market, providing pet food, toys, and additional pet supplies at the click of a button. They are on the lower price end of the market, giving customers the opportunity to receive affordable pet supplies. The customizability and accessibility is exceptionally low, as the shopping experience is limited to the online store-front.

BarkBox can take advantage of the noteworthy gap in the customization and accessibility market. The significant competitors focus on other points in the market while leaving the customization market wide open. After noting the pet owner's need for an in-person and online accessible storefront, the team believes that tapping into both options in the Tokyo neighborhoods would be successful. By keeping the product price low, offering high product variety and customization, and making the product easily accessible, BarkBox will see success in the new market.

## **SWOT ANALYSIS:**

The internal environment of BarkBox is the factors within our company, including our strengths and our weaknesses. Our product has extensive advantages. First and foremost, we offer a subscription service. This allows us to gain loyalty and recurring customers quickly, as well as make the purchasing process simple for customers. Second, our product is affordable. This allows us to have a more expansive target group since a larger margin of the Japanese population will be able to spoil their pets at an affordable cost. We also offer boxes at various costs; this allows customers to modify their subscription if necessary, decreasing any perceived risk of subscribing in the first place. Moreover, we offer a variety of themed boxes. Our product is incredibly diverse to match any and all preferences of Japanese pet owners. BarkBox will be a

“one-stop” shop for pet owners. The toys we offer are unique and durable, something the Japanese population prioritizes. We are also the only subscription service in Japan that specifically focuses on pet products while still offering a vast selection of goods. BarkBox offers customer service 24/7 to ensure customer satisfaction. Additionally, we offer customizability. Pet owners can customize treats, toys, and dental care specifically for their pets according to the roughness of play, allergies, size, etc. Lastly, we can draw upon low-cost resources by partnering with brands in the pet industry and recognizable U.S. brands to provide free gifts with purchase. For example, a Yeti dog bowl.

At BarkBox, we do have some weaknesses. For example, since we offer an online subscription service, we may face shipping delays during Holidays or Sales due to an increase in purchases. To resolve this, we could potentially work with postal services in Japan to ensure purchases are arriving in a timely manner. In addition, preferences for themes may be different than those in the United States. To account for this, we would need to conduct a study on the popular trends, brands, and items in Japan and create boxes that fit into the current preferences. Japan takes pride in its environmental footprint. Therefore, we must avoid products that are harmful to the environment. We will want to incorporate products that are eco-friendly and possibly made from recycled materials. We could even offer customers the option of receiving their monthly BarkBox in a reusable box that they can ship back to the distribution center to be used again for other orders. Japanese consumers in the market are likely to view the lack of in-store experience as a weakness. Japan has a strong retail culture where customers appreciate customer service and in-person shopping. We would like to introduce a flagship store to offer consumers the opportunity to make their own BarkBox in-store. It would be a simple process, where the customer would purchase a sized box, and that would decide the selection of goods

they would be allowed to choose from. Pre-made themed boxes would also be available in-store for purchase.

The external environment of BarkBox is the factors, specifically the opportunities and threats outside of the company, that affect the way we operate. Cats are a very popular pet in Japan, as they symbolize good luck. We could take advantage of this market and sell a subscription box for cats. We also have an opportunity in Japan since people tend not to spend money on themselves since it is perceived as greedy. This means they should be more comfortable spending money on their pets since it is not 'greedy' or selfish. In Japan, the popularity of small dogs is increasing. Since this trend is expected to continue to rise, we could sell more subscription boxes with toys, treats, clothes, etc., for small dogs. It would also be smart to use small dogs for advertisements in Japan. With respect to changes in technology and government policy, there have been no changes that relate to the pet subscription service market. For population profiles, feelings of loneliness are spiking in the Japanese elderly population. Additionally, many young people are deciding not to get married and live alone. Both of these groups would be ideal target markets since they are more likely to own a pet.

There are some threats to introducing BarkBox in Japan. Some obstacles include long-duration recessions and economic threats to the Japanese market. Japan also has high tax rates, which could make it difficult to have high profitability for high-cost products. In addition, regulations are strict within Japan. There are international trade restrictions, which may force us to implement internal factories instead of importing from the United States. Japan has laws and regulations regarding the labeling, packaging, and marketing of products. BarkBox will need to avoid violating any of these laws to ensure there are no legal issues. The quality of BarkBox will need to improve slightly since there are higher standards of work in Japan.

## MARKETING PROGRAM: PRODUCT/SERVICE STRATEGY

The positioning strategy targets an untapped market in Japan, specifically the elderly dog and cat owner market. BarkBox aims to satisfy the need for companionship for the elderly, giving them the opportunity to spoil their pets. Studies show that interacting with pets and animals boosts mood and reduces stress. “For the elderly, the bond they form with their pet promotes stronger physical health and mental health” (*Home Instead*). The positioning strategy of BarkBox is centered around our customization and accessibility in offering a monthly subscription box full of dog treats and toys. Since Japan is generally committed to environmental protection, we will use eco-friendly, recyclable packaging focusing less on a flashy aesthetic and more on practicality and sustainability ([education.jinto.go.jp](http://education.jinto.go.jp)). The storefront concept, referenced in Figure 9, gives a playful addition to the streets of Minato, Tokyo. The storefront includes paw prints, colorful walls to match the BarkBox branding, and Japanese characters on the signs to usher customers into the store. The packaging concept in Figure 10 will look similar to BarkBox’s current online packaging. Customers can create their box in-store, which will then be packed into a brown, recyclable box, which can be used for a future purchase. The store layout will change weekly, giving new toys and products according to the season and promotional items. Customers will be given their “box” to fill with their allotted amount of items and can add additional items of their choosing. The service aspect of BarkBox’s in-store experience provides an advantage to the online experience, as there will be a play area for pets, along with toys and products for the animals to “test.” Tapping into the Japanese culture while doing so, the in-store experience would be constantly evolving to meet this high standard.

**MARKETING PROGRAM: PRICING STRATEGY**

The pricing strategy for BarkBox's expansion into Japan is similar to the domestic price structure. Since BarkBox is a subscription service, our customers can enter their card information on our website or use Apple Pay, PayPal, or other forms of online payment. We would charge the Japanese Yen equivalent of \$20 a month (3,095.83 yen as of April 23, 2024) for the subscription and would automatically charge customers each month until they unsubscribe from the service. Since most of the competition offers affordable, similar products, it is not wise for us to raise the price to compensate for the increase in shipping costs. Customers will have the opportunity to add additional products to their box each month, both through in-store and online selection, which would result in a higher monthly cost.

**MARKETING PROGRAM: PLACEMENT STRATEGY**

As for the mode of entry exportation, we will ship from the west coast of the US, likely LA Long Beach port or Los Angeles port in California to the port of Tokyo Bay, depending on the port's shipping rates. We are shipping from California because Barkbox manufactures all its products in the US and Canada, making it more efficient to keep the standard manufacturer for the time being. Because we are manufacturing our goods in the US and Canada (sourcing from the same factories as our original products sold in North America), there is no need for any new joint venture, contract manufacturing, or similar processes in other countries. Since we will be exporting our product, we will need to understand the tariffs and taxes required for Japanese imports (discussed in the Japanese Economic Environment section).

As for the mode selection, using an ocean carrier would be most efficient for the product, as it is much cheaper than air freight and few delays are going from California to Tokyo ports, considering that the Panama Canal and Suez Canal have had the most issues lately and are not on

the route. The only real threat to this route is the weather, which is more of a threat to air carriers, and the labor strikes that occur every few years in the US West Coast ports orchestrated by the ILWU (International Longshore and Warehouse Union). We can plan ahead when the labor wage negotiations approach to ship out of Canada or Mexico for a few months. Shipping via ocean carrier is the most economical option in terms of shipping costs. Still, the team in Tokyo will need to order the proper amount of goods to restock the flagship store about a month in advance, and shipping from LA to Tokyo will take about 30 days. Once the product arrives in Japan, we will use truckers to get the product to the region of Tokyo where we will sell it. It wouldn't make sense to use rail carriers, as we would transport from Tokyo to Tokyo, instead of to other parts of Japan.

## **MARKETING PROGRAM: PROMOTION STRATEGY**

Our unique selling proposition is the customizability and the experience customers will receive at the flagship store. No product in Japan allows pet owners to create boxes specifically for their pets. Our introduction of a flagship store complements the in-person shopping experience Japanese people enjoy. It will allow pet owners to bring their pets in to help design their boxes.

The business culture in Japan is different from that in the Western world. Because we will be opening a flagship store, catering to Japanese business and sales culture traditions is important. In Japan, the stores are typically open from 10 in the morning until 8 in the evening closing one day a week, often not on weekends. To assimilate with Japanese business culture, we will create an in-store sales strategy that respects the high level of power held by consumers in Japan and respects their distaste for being sold to and questioned about their wishes. The Japanese retail strategy is to treat the consumer like a God and not ask pestering questions

regarding their preferences but instead to display the quality of the product and cater to their every request when prompted (*Story*). While our sales associates will likely be Japanese themselves and aware of how sales are often carried out, we will be sure to emphasize the consumer-centric approach in employee training to uphold BarkBox's reputation for stellar customer service.

Referencing Figure 11, Line, Youtube, and X (formerly Twitter) are the most popular social media platforms. TikTok is also growing in popularity, but most commonly only with Gen Z. Since we plan to target older customers, we will prioritize advertisements on the three most popular platforms. "LINE Ads revolutionize how you connect with your audience through comprehensive targeting options. Utilize demographic, geographic, and behavioral data to refine your audience to those most likely to engage with your brand" (*Edamame Japan*). We will have the ability to have our advertisements be targeted at our target audience on Line. Moreover, Line Ads boasts an "open rate" of over eighty percent, significantly higher than email. In addition, television consumption in Japan currently rests mainly among the older population. As our target market coincides with the primary consumers of TV media in Japan, we will integrate our promotional strategies with commercials on popular channels. Further, to give the consumer a better idea of the quality of the products, we will incorporate unboxing and trials of the products into the paid programming channels where products are often showcased to highlight their features and demonstrate the quality of the products.

The advertisements introduced to the Japanese audience, referenced in Figure 12, follow BarkBox's previous branding, including bright images of dogs and the "BarkBoxes." The colorful image catches the audience's eye and includes Japanese characters, "おいしくワンダフ

ル! BarkBoxの喜びを日本に,” meaning “Delicious and wonderful, bringing the joy of BarkBox to Japan.” The chosen imagery targets the feeling of love and belonging, seen in Maslow’s Hierarchy. The branding of BarkBox gives a bubbly feeling of happiness and care for the consumer’s pets. Using the promotional strategy of “Free Box When You Join” will facilitate the initial engagement of the Japanese market, but will be removed once the company receives traction. BarkBox offers regular promotions for seasonal boxes and special edition products, and the team will assess additional promotions following the first six months of implementation.

### **FINANCING THE FINAL PROJECT**

To finance this endeavor, BarkBox would use part of the income generated from operations in the United States while also applying for a loan. A loan would likely be approved because BarkBox is a successful company that boasts impressive profits and can be expected to produce more profit overseas. We also have a legitimate business plan, which would add to the credibility of BarkBox Japan and increase our chances of being approved for a loan. Other options include asking for funds later to be paid back from current and potential investors.

We would start small and launch BarkBox in Japan while shipping from the States. This way, we would only pay for advertising and shipping at first. Shipping would be more expensive at this stage because of the distance and possible delays. However, our budget would eventually be in the 10s of millions, as we plan to build a distribution center in Japan to offer faster, cheaper shipping to our customers to compete with similar local services.

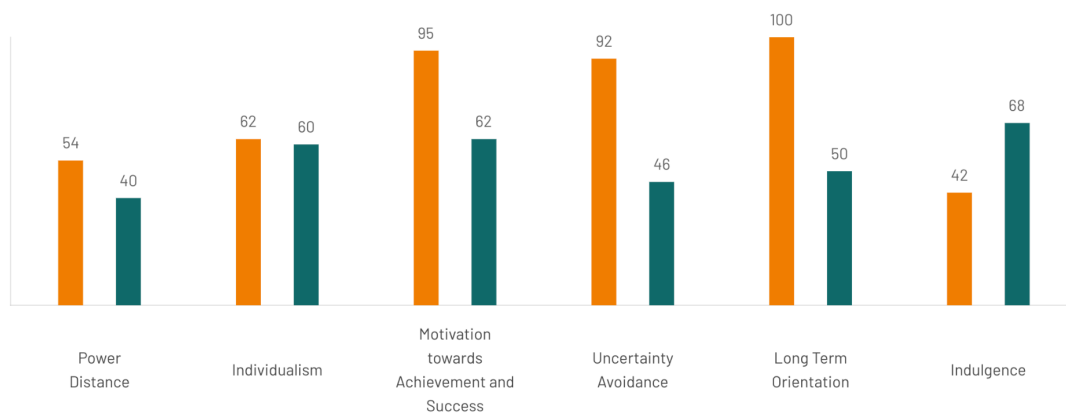
The tariff imposed on the importation of our products would be between 3-5% of their value depending on how the government would classify BarkBox’s products between “toys” and “other.” Another economic consideration would be the cost of opening a storefront in Japan with

the addition of a flagship store for BarkBox. The cost of the building itself would be around ¥6,000,000 or \$55,000 without accounting for furnishings, employment, or unexpected costs. Therefore, including these additional costs and monthly payments and taxations, opening a flagship store in Tokyo would be high but feasible with a loan.

## **CONCLUSION**

The opportunity for BarkBox to effectively expand into the Japanese market is quite evident following the team's proposal. The 3 million elderly in Japan have the opportunity to be marketed to, both through an in-store experience and an accessible website. Giving the experience to create custom Bark boxes, creating an opportunity for pet owners and their furry friends would increase profits exponentially, setting the standard for expanding to other Asian countries.

## FIGURES

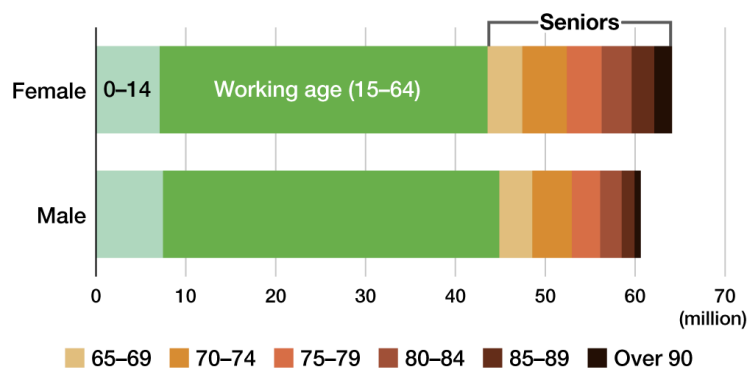


*Figure 1: (Hofstede Insights)*



*Figure 2: (U.S. Census Bureau)*

### Population by Age Group

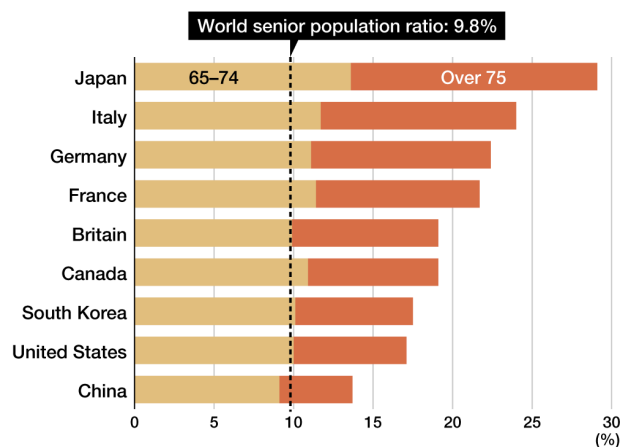


Created by *Nippon.com* based on data from the Statistics Bureau, Ministry of Internal Affairs and Communications.

*nippon.com*

*Figure 3: Japanese population by age group*

### Senior Population Ratios in Selected Countries



Created by *Nippon.com* based on data from the Statistics Bureau, Ministry of Internal Affairs and Communications. Japan's value is based on population estimates as of September 15, 2022. Values for other countries are based on future estimates for July 1, 2022, from the United Nations' 2022 revision of *World Population Prospects*.

*nippon.com*

*Figure 4: Senior Population in Japan (comparable to other countries)*

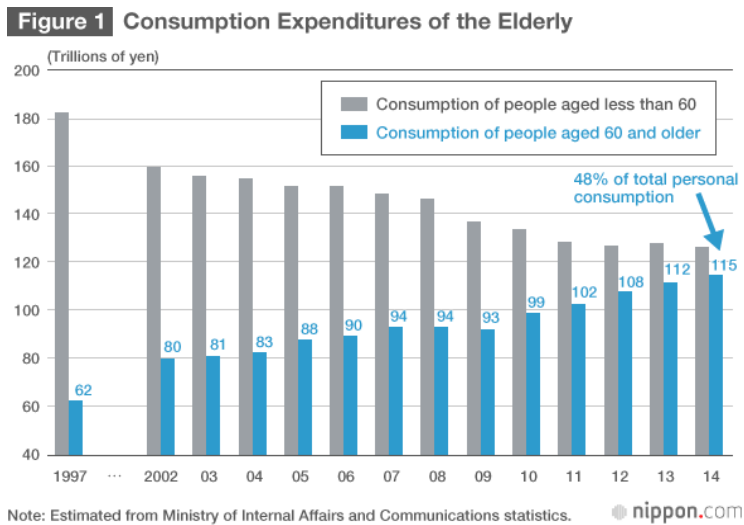


Figure 5: Japanese elderly spending power by consumption

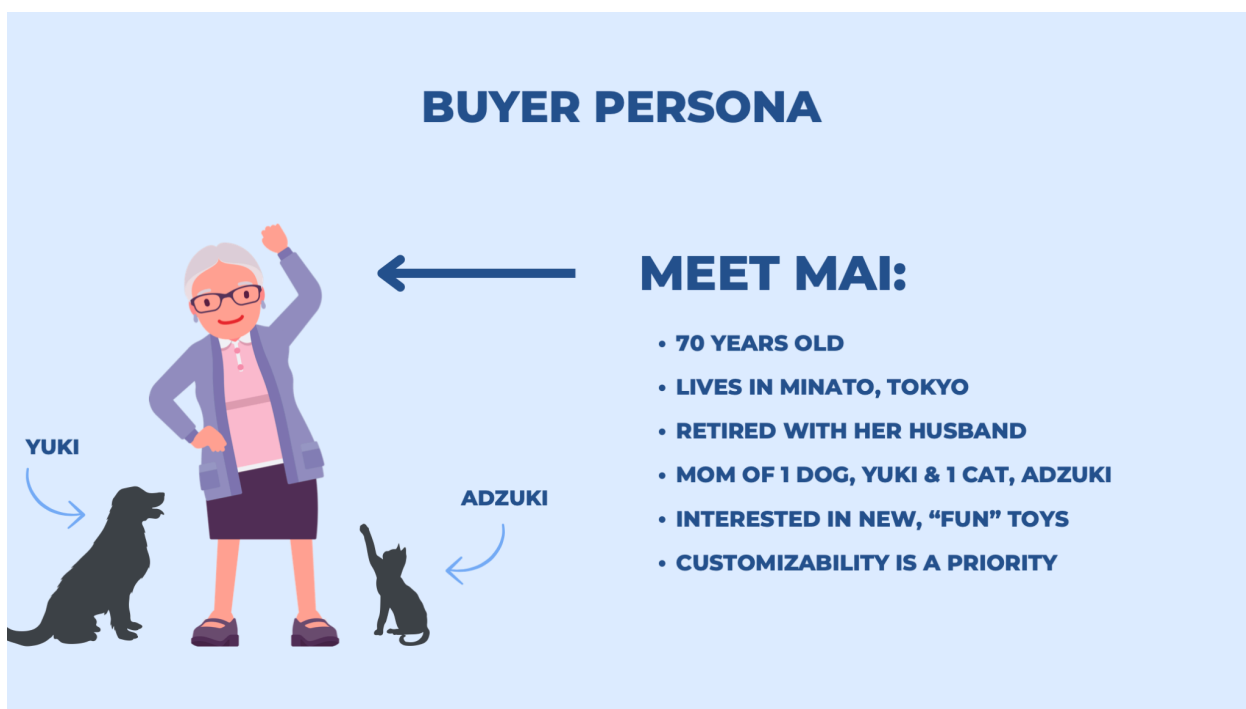
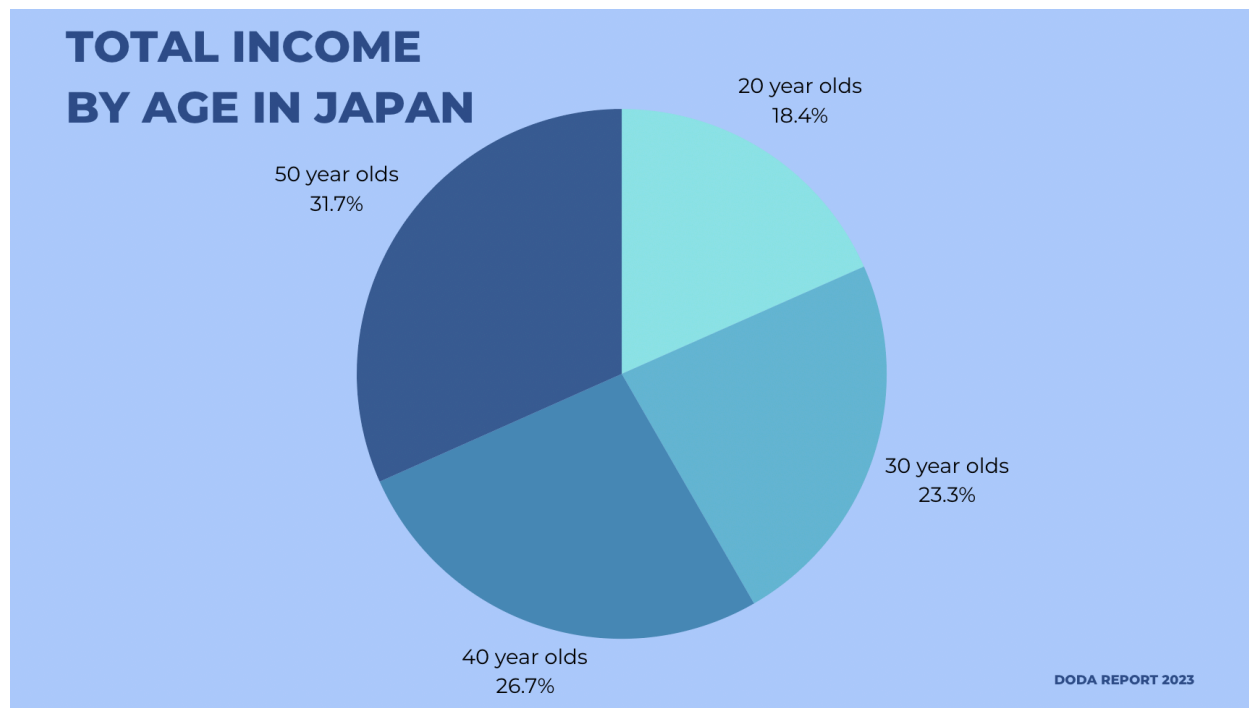


Figure 6: Buyer persona visual graphic



*Figure 7: Total Income by Age in Japan (2023)*

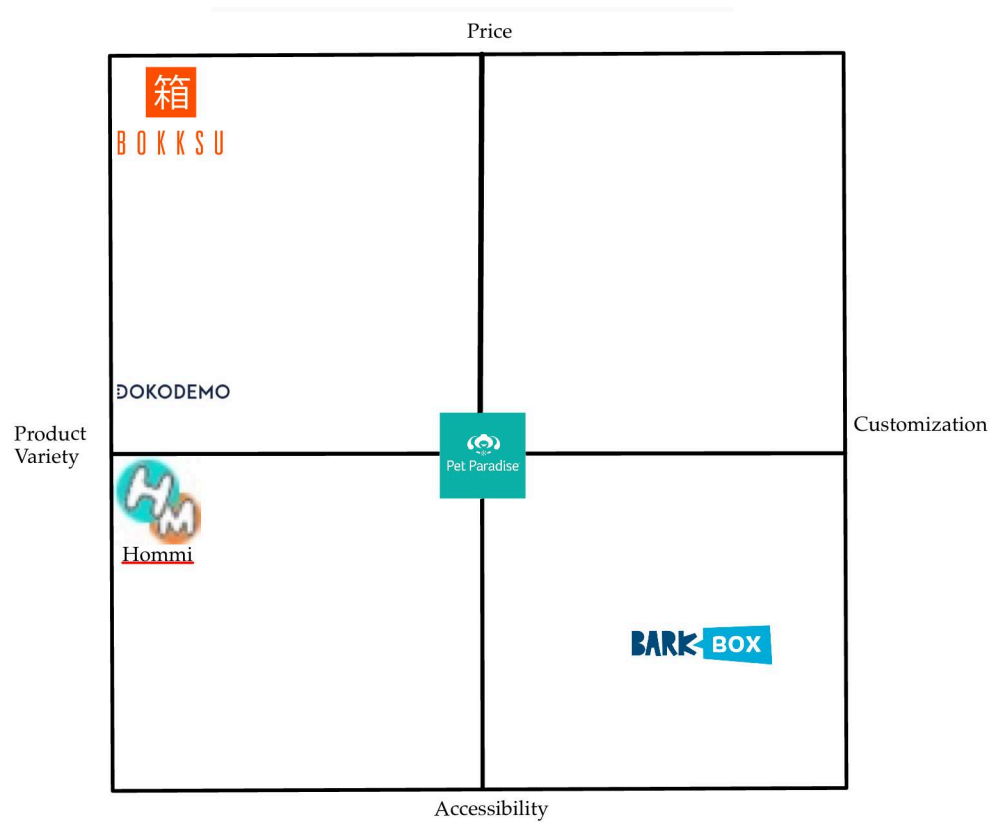


Figure 8: Positioning Map: BarkBox and competitors

## BARKBOX STOREFRONT CONCEPT MINATO, TOKYO, JAPAN



*Figure 9: Storefront Concept*

## BARKBOX PACKAGING CONCEPT (IN-STORE EXPERIENCE)



*Figure 10: Packaging Concept*

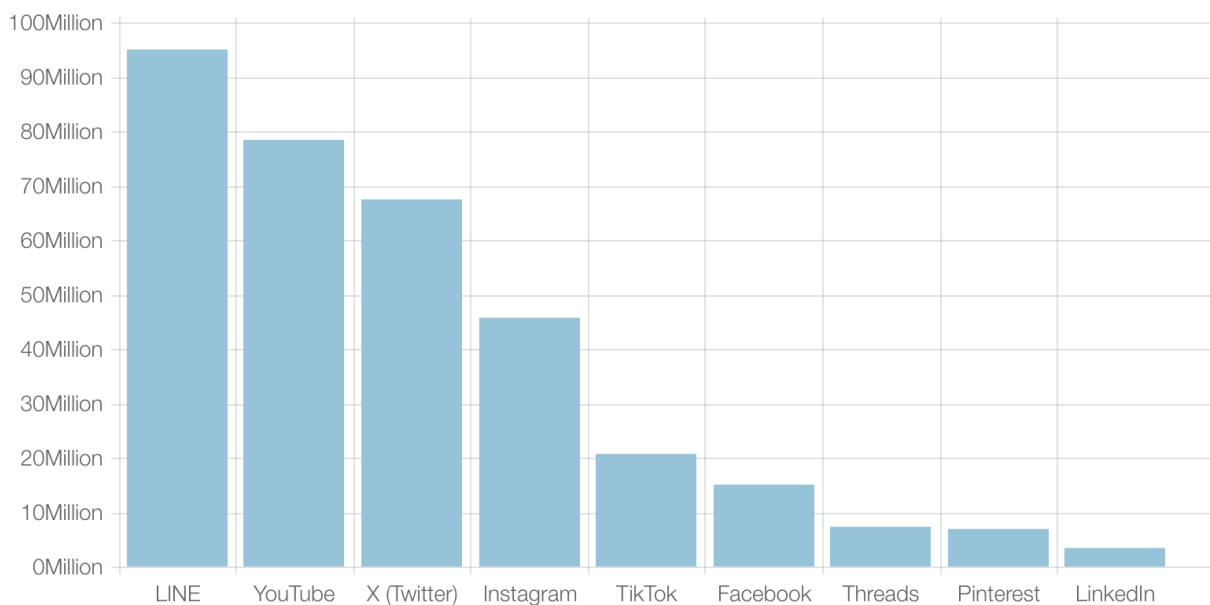


Figure 11: Japan's Top Social Media Platforms (2024)

**ADVERTISEMENT MOCK-UPS (1)**

**JUMPING TO JAPAN**

おいしくワンダフル! **BARKBOX**の喜びを日本に

**BARK BOX**

**FREE BOX WHEN YOU JOIN**



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