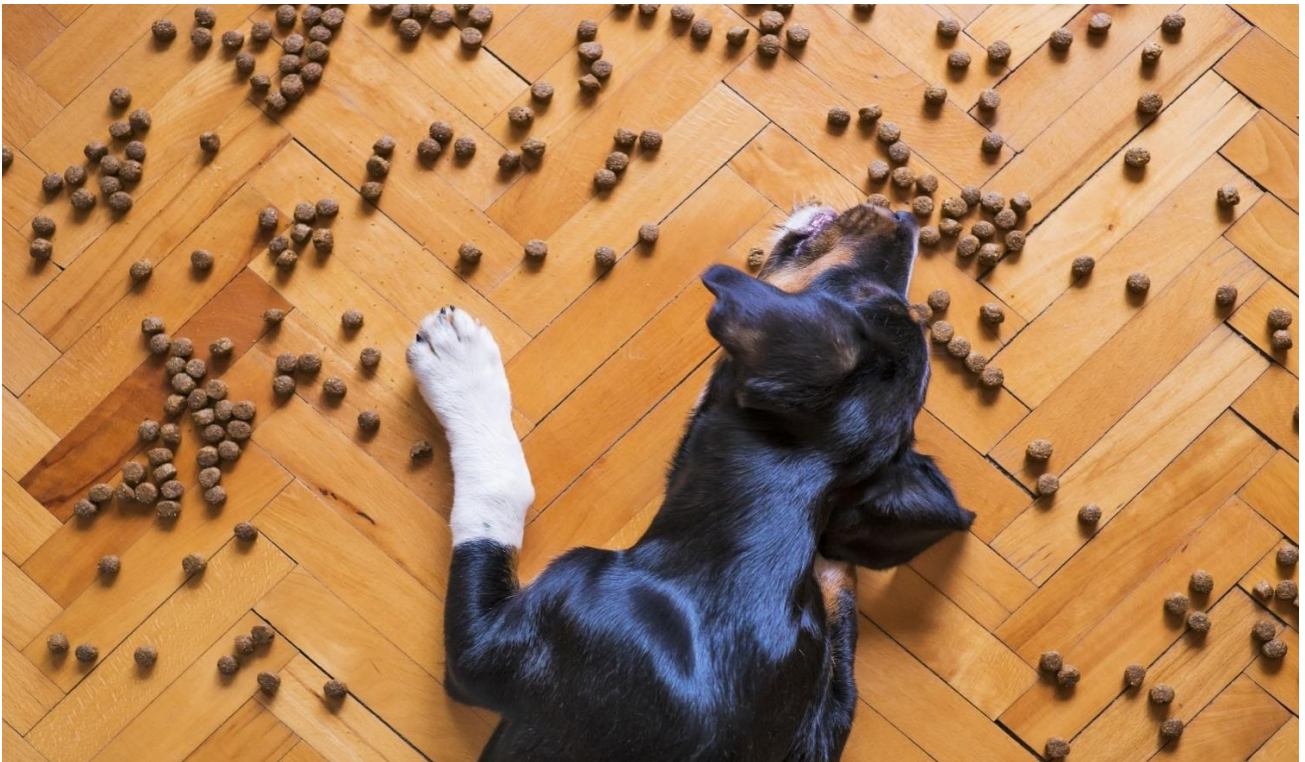


The Market for Pet Food, Supplies, and Services in China



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Executive summary

Dog and cat owners in urban areas in China spent RMB 206.5 billion (€27.5 billion) on pet food, supplies, medicines, and services in 2020.¹ The market for pet food, supplies, medicines, and services will likely see a boost in sales due to the COVID-19 pandemic, with people spending more time at home and finding that their pets help curb loneliness and relieve stress. Looking ahead, there is room in the future for sustainable growth in this sector, as pet owners are paying increasingly more attention to their pets' health and nutrition, with meals and services such as care and medical attention all seeing a surge in popularity amongst consumers.

This report navigates the pet food, pet supplies, and pet services markets in China, analysing the existing competitive landscape and detailing the latest relevant policies, laws, and provisions. It then moves on to current and future developments, consumer trends, and opportunities and challenges in the pet product market for EU SMEs, so as to provide a comprehensive overview of China's market for pet food, pet supplies, and pet services as they stand at the present time, and to point the way ahead for EU SMEs looking to take advantage of the opportunities in this market. Pet food makes up the largest part of the pet food, supplies, medicines, and services market in China and is the primary driver of its growth. New developments, such as emerging markets in treats and premium cat food, offer opportunities for both EU SMEs and Chinese companies. The pet food market can, however, be challenging for EU SMEs. Domestic brands are dynamic, taking advantage of a deeper knowledge of local consumers to develop ever-stronger offerings. Compared with pet food, the pet supplies and pet services markets in China are still in their infancy and relatively disparate, meaning consumer education and continuous investment in brand building are needed when entering the market.

Millennials and Generation Z consumers drive consumption of pet products in China, particularly women within these two groups. To better communicate with target consumers, EU SMEs can establish content marketing-based partnerships with influencers and utilise social media platforms, such as WeChat, Weibo, and the short video-sharing apps Douyin and Kuaishou, to improve brand exposure and increase sales.

Companies operating within the pet product sector also need to consider the fact that regular shifts in opinion, coupled with the developments in e-commerce and demand for higher quality, are resulting in the emergence of new product features and categories. As an example, the young pet owners have had increasingly digital lifestyles in the past few years, which is reflected in the popularity of pet-themed livestreaming sessions and the growing demand for smart pet supplies.

It should be noted that this report focuses on China's urban areas, since accurate statistics on rural areas remain difficult to collect. Furthermore, pet owners in rural areas tend to have more traditional views about animals – more often using animals for labour rather than to raising them as pets – and are also noticeably price sensitive; all of which means entering the rural market would be a significant challenge for EU SMEs in the short or medium term.

¹ Since the pet medicine market is complex and pet medicine is supervised by relevant authorities such as the Ministry of Agriculture, the China Institution of Veterinary Drug Control, and the Centre for Veterinary Drug Evaluation, this report will not go into detail about the market for pet medicine, but will refer to it when appropriate.

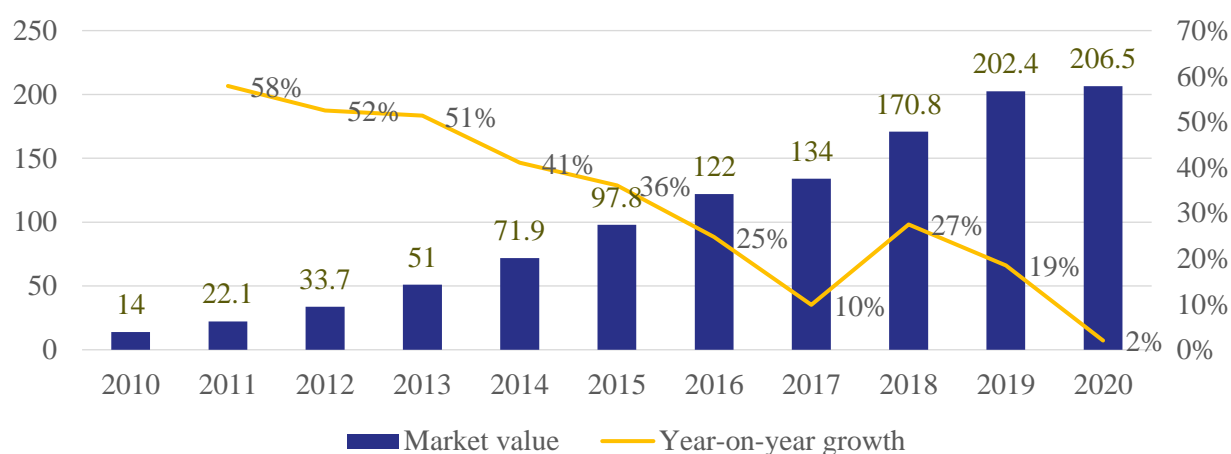
1. An overview of the market

1.1. Market size and demographics

Market size

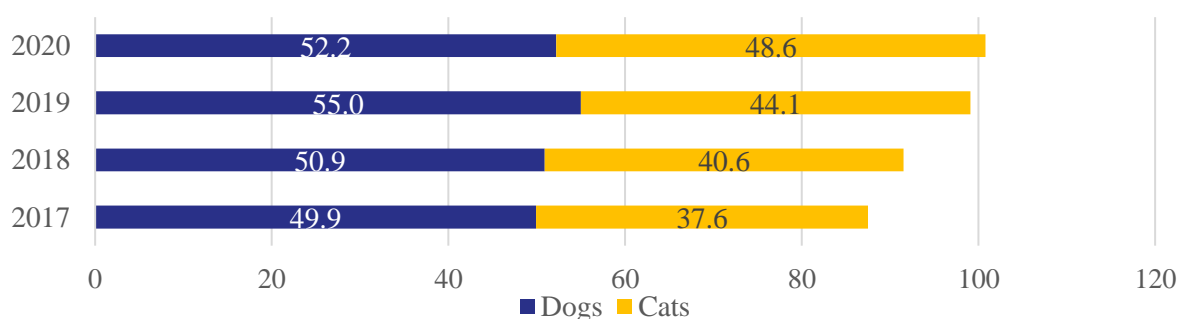
The market for pet food, supplies, medicines, and services in China saw a compound annual growth rate of over 30% between 2010 and 2020. Indeed, the market for dog and cat food, supplies, medicines, and services in urban China was worth RMB 206.5 billion (€27.5 billion) in 2020,² an increase of 2% over the previous year. This was a slower growth rate than in previous years, yet the long-term outlook in the market remains positive due to three reasons: an expected continued rise in Chinese consumers' disposable incomes, a trend towards living alone (partly as a result of people increasingly entering into marriage at older ages and rising divorce rates) which encourages people to buy a pet for companionship, and pet owners, especially younger pet owners, being willing to spend more on their pets.

Figure 1: Market value and year-on-year growth rates of dog and cat food, supplies, medicines, and services in urban China, 2010-2020, RMB billion ³



Dogs and cats are the most common pets in China, with the combined number of pet dogs and cats in urban areas of China passing the 100 million mark in 2020. This figure is 1.7% higher than in the previous year and comprises 52.2 million dogs and 48.6 million cats. Annual expenditure on food, supplies, medicines, and services per dog was higher than it was per cat in 2020, though the latter figure grew more quickly due to the urban younger generation's increasing preference for cats over dogs.

Figure 2: The number of dogs and cats in urban China, 2017-2020, million ⁴

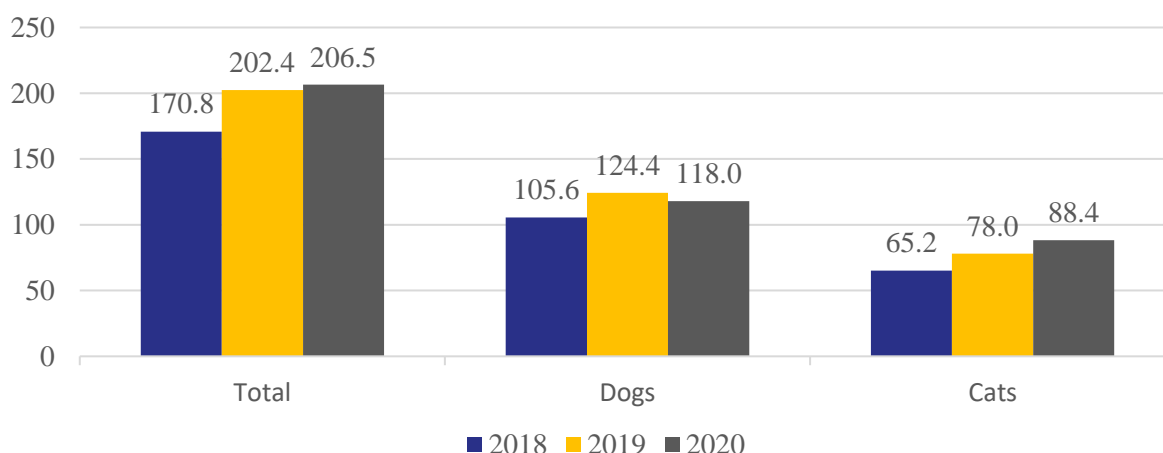


² <https://finance.yahoo.com/currency-converter/>, € 1 = RMB 7.5

³ https://pdf.dfcfw.com/pdf/H3_AP202011161429703992_1.pdf?1605547755000.pdf (accessed: 30 November 2021).

⁴ 2020 Chinese Pet Industry White Paper (in Chinese): <https://www.petgw.com/news/70514.html> (accessed: 8 November 2021).

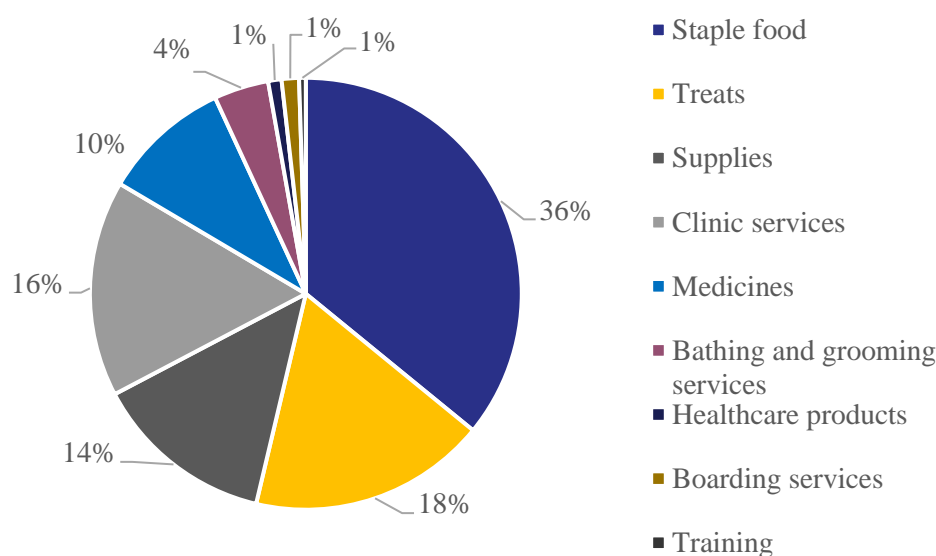
Figure 3: Market value of dog and cat food, supplies, medicines, and services in urban China, 2018-2020, RMB billion ⁵



Market structure

In 2020, staple food accounted for the largest proportion of the total market for food, supplies, medicines, and services for pets in China, followed by pet treats, clinic services, supplies, and medicines.

Figure 4: Breakdown of the market for food, supplies, medicines, and services for pets, 2020, percentage ⁶



Demographics of pet owners

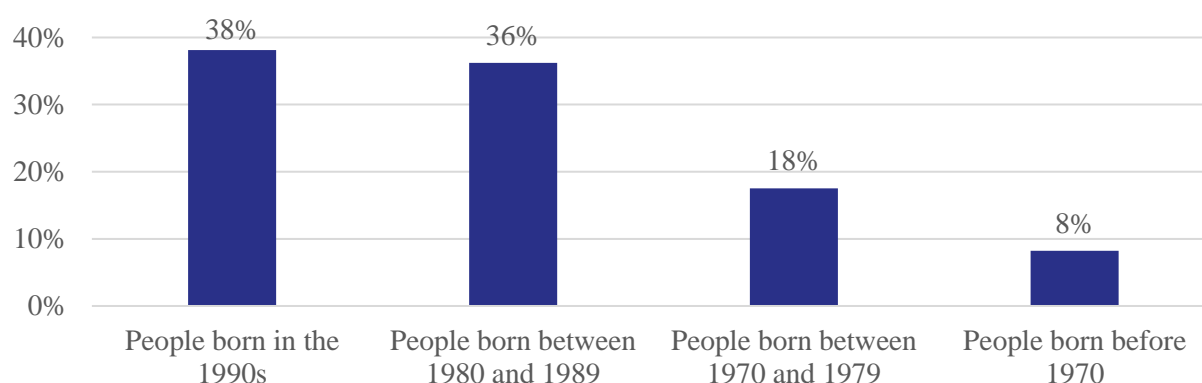
Age distribution

People born between 1980 and 1989 and people born in the 1990s are the main driving forces behind the growing market for pets, accounting for 38% and 36% of total pet owners respectively in 2020.

⁵ Ibid. Data includes pet food, supplies, medicines, and services.

⁶ 2020 Chinese Pet Industry White Paper (in Chinese): <https://www.petgw.com/news/70514.html> (accessed: 8 November 2021). The research covered more than 30,000 online and offline consumers.

Figure 5: Age distribution of pet owners, 2020 ⁷



Educational and economic background

The majority of pet owners are well educated and in the middle- and high-income brackets.

- In 2020, 54% of pet owners had a bachelor's degree, an increase of 6.2 percentage points over the previous year, making them the largest group of pet owners by educational background.
- In 2020, 48% of pet owners had monthly incomes between RMB 4,000 and RMB 9,999 (€533 and €1,333), 14% had monthly incomes between RMB 9,999 and RMB 14,999 (€1,333 and €2,000), and 16% had monthly incomes of over RMB 15,000 (€2,000).

Figure 6: Educational background of pet owners, 2020 ⁸

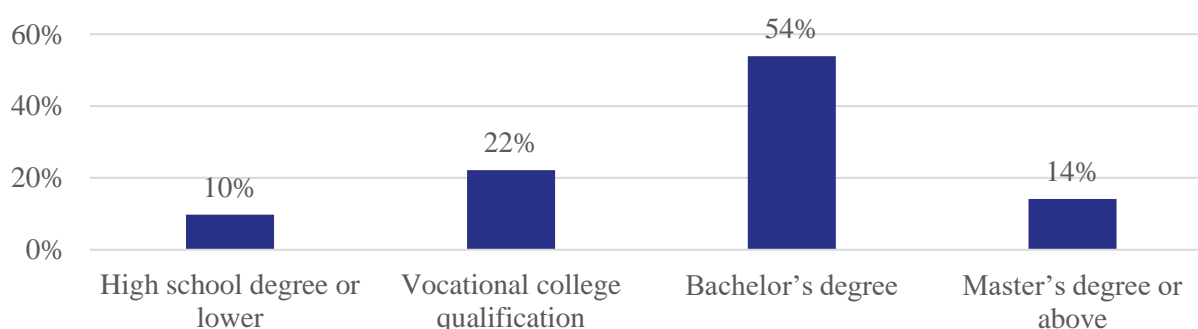
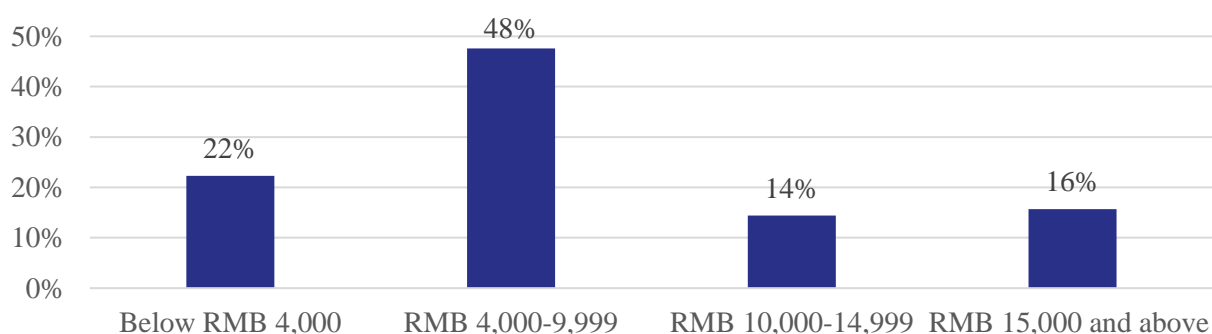


Figure 7: Monthly income of pet owners by strata, 2020, percentage ⁹



⁷ Ibid.

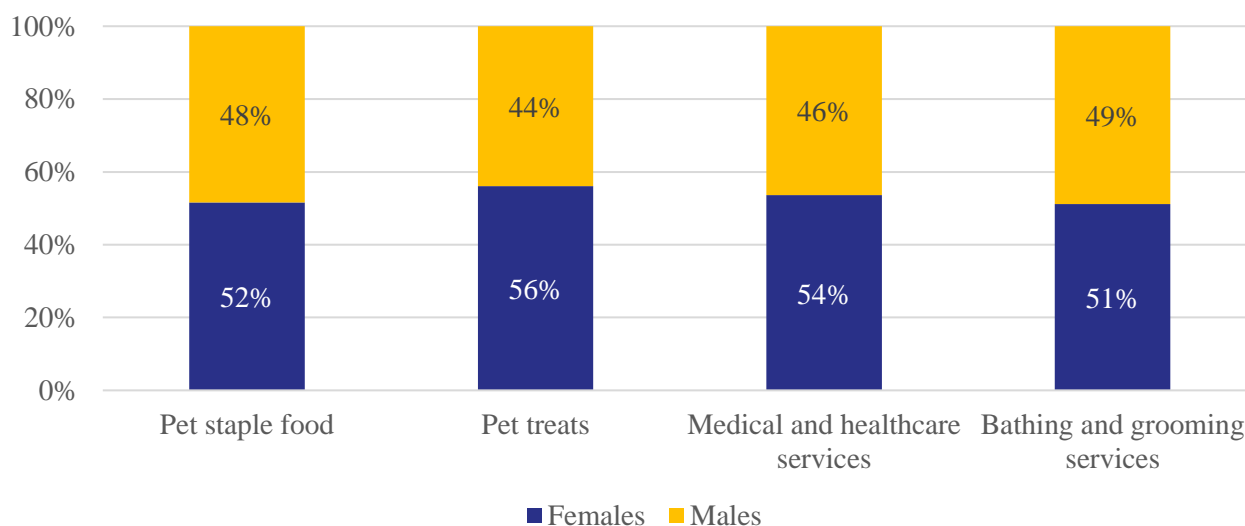
⁸ 2020 Chinese Pet Industry White Paper (in Chinese): <https://www.petgw.com/news/70514.html> (accessed: 8 November 2021).

⁹ Ibid.

Gender distribution

There are more female consumers than males spending money on pets, especially on pet treats. The category of “other pet services” in Figure 8 refers to miscellaneous services that cannot be categorised as medical, training, or grooming services.

Figure 8: Gender distribution of online consumers by category, 2019¹⁰



Geographic distribution

In 2019, Shanghai recorded the highest level of total spending on pets, with the figure reaching RMB 19.7 billion (€2.6 billion), followed by Beijing, where it was RMB 12.3 billion (€1.6 billion). Other cities with high total spending on pets were Guangzhou, Suzhou, Tianjin, Hangzhou, Nanjing, Chengdu, Shenzhen, and Xi’an.¹¹ In first- and second-tier cities like these, disposable incomes are high, hence people have more money to spend on food, supplies, medicines, and services for pets.¹²

Social perception, preference, and status of pets in China

Humanisation of pets is a trend in many countries, including China. Perceptions of pets have shifted in recent decades, such that rather than simply seeking companionship, pet owners, especially young consumers, have more emotional attachments and closer relationships with their pets than those of previous generations. Combined with a pet owner age distribution that is heavily skewed towards younger generations (see Figure 5), the humanisation of pets is common in China. In 2020, 57% of pet owners claimed they saw their pets as children, 28% saw them as family members, and 7% saw them as friends (see Figure 9).

Similarly, in April 2020, the Ministry of Agriculture and Rural Affairs (MARA) released a call for comments on a draft Catalogue classifying dogs as companion animals rather than livestock, indicating a broader shift in the status of pets in China.¹³

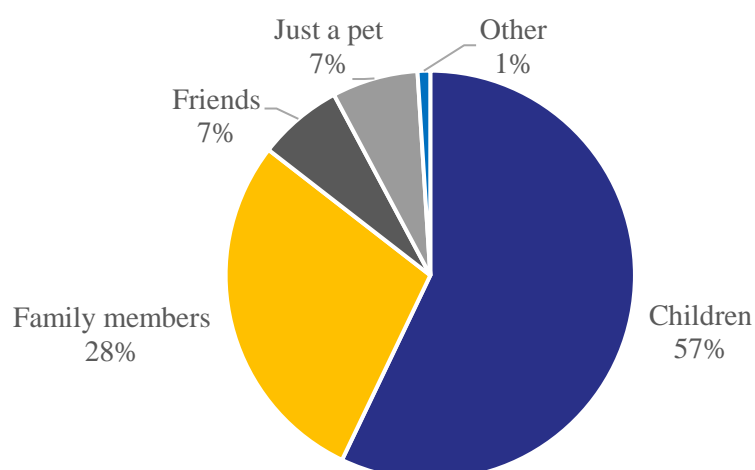
¹⁰ https://www.sohu.com/a/354940354_378814 (accessed 8 November 2021).

¹¹ 2019 Chinese Pet Industry White Paper (in Chinese): <https://wk.askci.com/details/17a72c30799449f2b576e2a37b676500/> (accessed: 8 November 2021). More than 40,000 interviewees were surveyed.

¹² The first-tier cities in China are Beijing, Shanghai, Guangzhou, and Shenzhen, i.e., the most developed, wealthiest, and most international cities; second-tier cities are those that are a step below these but are still developed, wealthy, and international; third-tier cities are then a step below these.

¹³ Catalogue of Livestock and Poultry Genetic Resources (Draft for Public Comments): http://www.moa.gov.cn/hd/zqyj/202004/t20200408_6341067.htm (accessed: 30 November 2021).

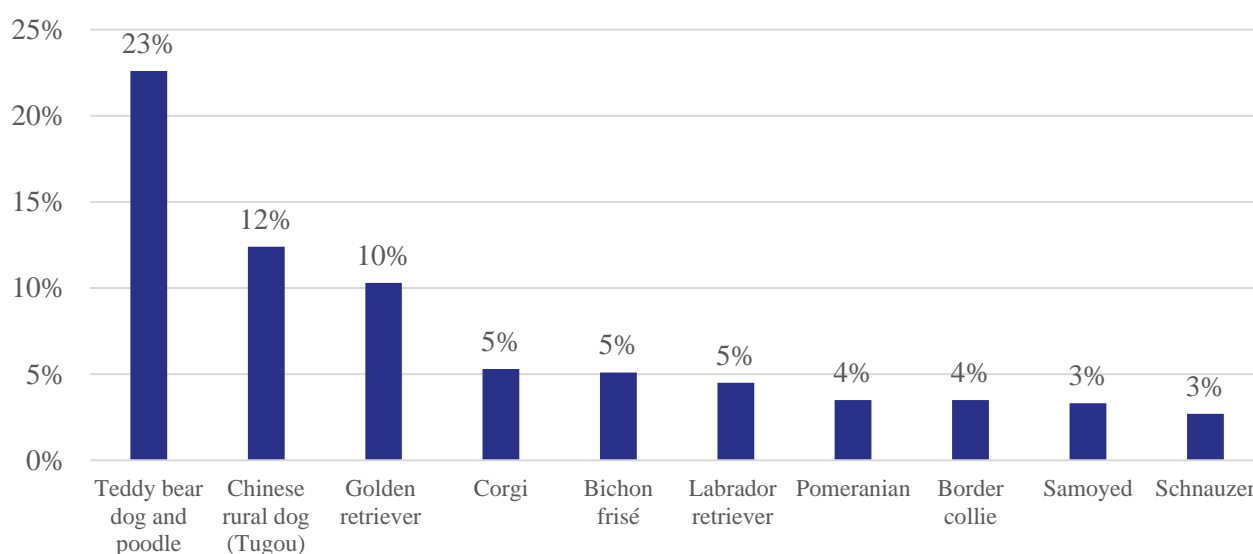
Figure 9: Perceptions of the role of a pet, 2020, percentage of respondents who selected each response¹⁴



Providers of pet food, supplies, and services should take into account the popularity of particular breeds because many competitive products and services are tailored to and marketed towards specific breeds.

Chinese dog owners display a strong preference for purebred dogs. In the 10 most common dog breeds, only one is not a pure breed: the Chinese rural dog, also referred to as the *tugou*, is not a recognised breed but a general term referring to domestic dogs that are native to China and common in rural areas (see Figure 10).

Figure 10: 10 most common dog breeds in 2019, percentage of the total number of dogs owned in China¹⁵

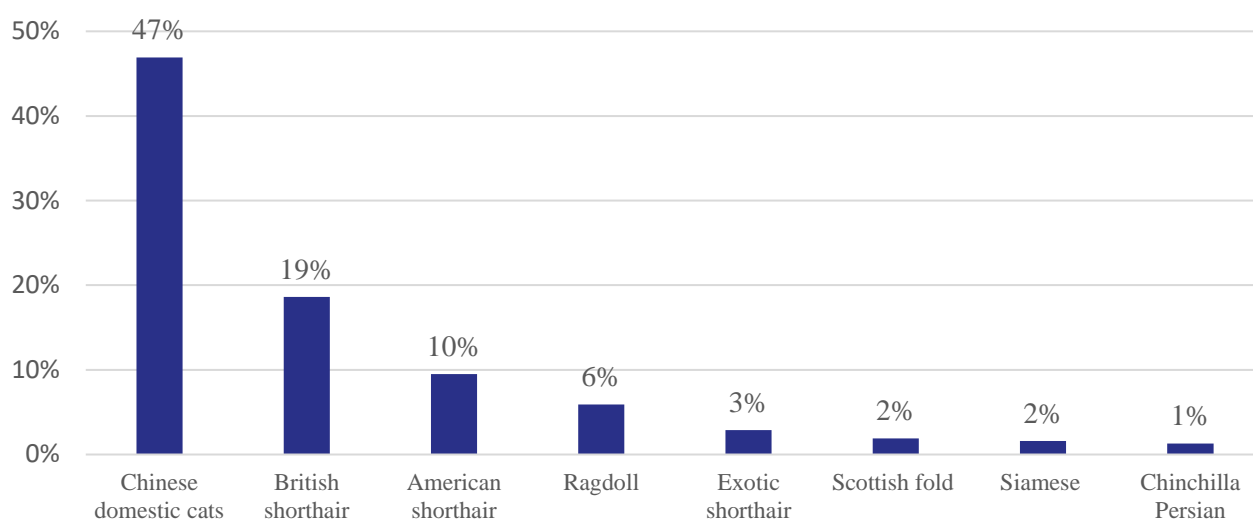


The distribution of cat breeds in China is more concentrated in a few popular breeds (see Figure 11). 47% of cats owned are categorised as Chinese domestic cats, which is a broad group that includes one recognised pure breed (the Chinese li hua) and many unrecognised breeds of cats that are domestic to China.

¹⁴ 2020 Chinese Pet Industry White Paper (in Chinese): <https://www.petgw.com/news/70514.html> (accessed: 8 November 2021).

¹⁵ 2019 Chinese Pet Industry White Paper (in Chinese): <https://wk.askci.com/details/17a72c30799449f2b576e2a37b676500/> (accessed: 11 November 2021).

Figure 11: 10 most common cat breeds in 2019, percentage of the total number of cats owned in China ¹⁶

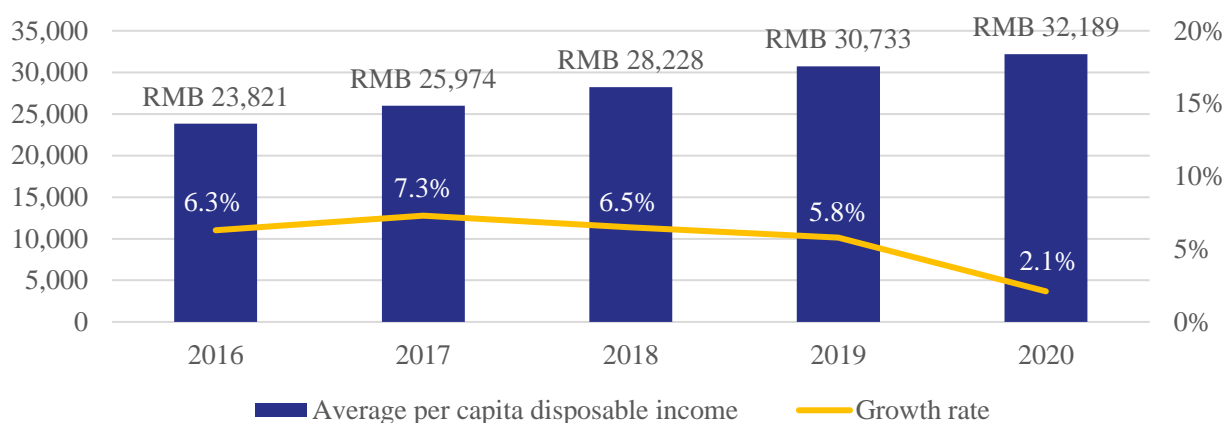


1.2. Drivers of a growing market

Rising disposable incomes

In 2020, China's national disposable income per capita stood at RMB 32,189 (€4,292), an increase of 4.7% year-on-year in nominal terms and 2.1% year-on-year in real terms. Disposable income per capita in 2020 was double that in 2010, although the rate of growth has been trending downwards over the last decade, with the rate in 2020 having been further affected by the COVID-19 pandemic. This ongoing economic development has fuelled the growth of the pet industry in China.

Figure 10: Average per capita disposable income and growth rate in real terms, 2016-2020, RMB and percentage ¹⁷



Changing household composition

According to the national census data released in May 2021, the average Chinese family household has 2.62 people, a significant fall from the 3.1 people in 2010.¹⁸ The proportion of households composed of just one or two people is increasing in China, mainly due to lower marriage and fertility rates, as well as an increasing

¹⁶ Ibid.

¹⁷ Data from China's National Bureau of Statistics: <https://data.stats.gov.cn/index.htm> (accessed: 30 November 2021).

¹⁸ http://www.stats.gov.cn/tjsj/zxfb/202105/t20210510_1817176.html (accessed: 30 November 2021).

number of parents with adult children who have left home. Living in a one-person household has become a social phenomenon in China, with an increasing number of people therefore choosing to keep pets in order to satisfy their emotional needs and alleviate their loneliness.

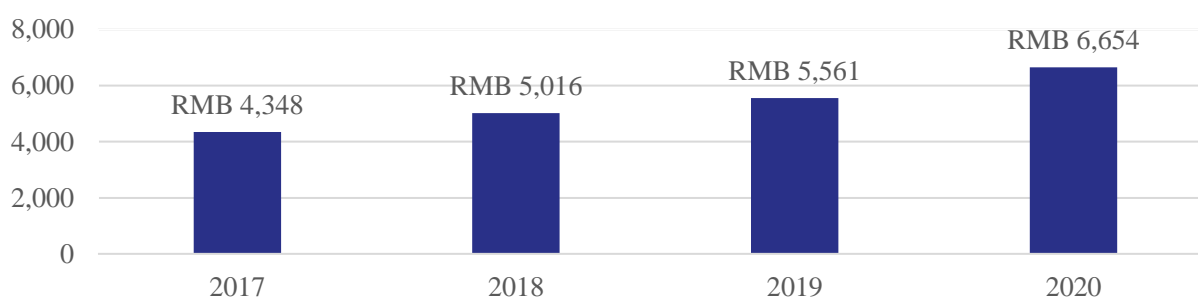
Compared with mature markets in other countries for food, supplies, medicines, and services for pets, there is still substantial room for this market in China to grow significantly. The pet ownership rate in urban China grew from a maximum of 8% of households in 2010 to approximately 17% of households in 2019, a large increase but still significantly lower than the rates seen in the UK (44%), Australia (62%), and the US (67%) – a selection of the countries that, for geographical, historical, and cultural reasons, see high rates of pet ownership.¹⁹

A willingness to spend more on pets

As the role of pets is shifting from being a simple companion animal to being a quasi-member of the family (see Figure 9), Chinese consumers, especially younger consumers, are willing to spend more on their pets and are looking for high-quality pet products and services.

The annual average pet-related expenditure by those owning a pet increased from RMB 4,348 (€580) per person in 2017 to RMB 5,561 (€741) in 2019. Predictions for 2020 put that number at RMB 6,654 (€887).

Figure 11: Annual expenditure per pet per capita, 2017-2020, RMB²⁰



1.3. Regulations regarding pets in China

The regulatory environment regarding pets is expected to continue to develop in China, with the country's Amended Animal Epidemic Prevention Law,²¹ which came into effect on 1st May 2021, imposing more stringent quality standards on the slaughter, transportation, and control of animals. The amended law also orders local governments to formulate regulations and rules to better manage pets and stray animals, demonstrating an increase in both animal protection awareness and welfare in China.

According to Article 30 of the *Amended Animal Epidemic Prevention Law*:

- Any institutions and individuals raising dogs are to vaccinate their dogs against rabies properly in accordance with regulations and register with the local dog-raising registration authority using the rabies immunisation certificate issued by the relevant animal diagnosis and treatment institution.
- Behaviours including walking a dog outdoors without the owner carrying a card detailing the registration of the dog or walking a dog without it being on a lead have been banned to prevent dogs from hurting people and spreading diseases.

¹⁹ <https://www.pwccn.com/zh/deals/publications/finding-opportunities-in-china-fast-growing-pet-industry-oct2020.pdf>

²⁰ 2020 Chinese Pet Industry White Paper (in Chinese): <https://www.petgw.com/news/70514.html> (accessed: 8 November 2021).

²¹ Amended Animal Epidemic Prevention Law (in Chinese): http://www.xinhuanet.com/2021-01/23/c_1127015298.htm (accessed: 8 November 2021).

- Sub-district administrative offices and township-level governments are to organise and coordinate residents' and villagers' committees to control and manage stray dogs and cats in their jurisdictions, so as to prevent the spread of the disease.

Unlike cat owners, who do not need to register or obtain a licence for their pets, dog owners need to register their dog and secure a dog licence for it, with specific regulations and rules varying in different cities and areas. Taking Beijing as an example, regulations differ in central and rural Beijing and policies are much stricter in central Beijing. In central Beijing, only one dog is permitted per household, and owning dogs exceeding 35cm in height from the shoulder is prohibited.

2. Pet food

2.1. Definition and market size

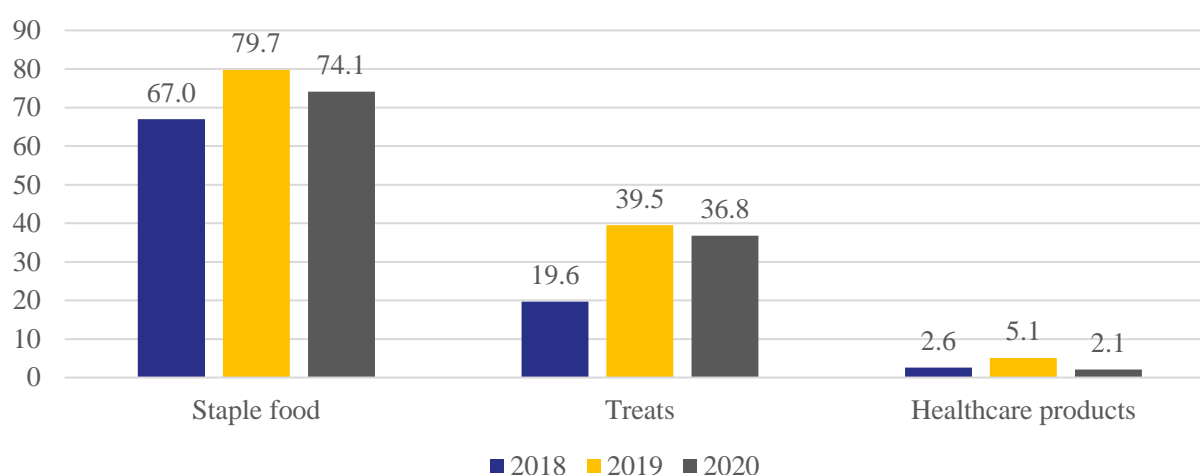
According to the MARA, pet food, also known as pet feed, refers to products that are industrially processed and produced, including pet compound feeds, premix feeds with additives, and other pet feeds.

Table 1: Product category of pet food (pet feeds) ²²

Product category	Product type	Purpose
Formula feeds for pets (staple food)	<ul style="list-style-type: none"> ▪ Solid formula feeds for pets ▪ Semi-solid formula feeds for pets ▪ Liquid formula feeds for pets 	To meet the nutritional needs of pets at different stages of life or under specific physiological and pathological conditions
Additive premix feeds for pets (healthcare products)	<ul style="list-style-type: none"> ▪ Solid additive premix feeds for pets ▪ Semi-solid additive premix feeds for pets ▪ Liquid additive premix feeds for pets 	To meet the needs of pets in terms of amino acids, vitamins, mineral trace elements, enzymes, and other nutritional feed additives
Other pet food (treats)		To reward pets, interact with pets, stimulate chewing or tearing, and other such purposes

Pet food is the most largest and most developed component of the pet food, supplies, medicines, and services sector, constituting 55% of the sector in urban China, and the value of the pet food market increased from RMB 89.2 billion (€11.9 billion) in 2018 to RMB 113.0 billion (€15.1 billion) in 2020. In term of specific categories of pet food, the markets for staple food, treats, and healthcare products were worth RMB 74.1 billion (€9.9 billion), RMB 36.8 billion (€4.9 billion), and RMB 2.1 billion (€280 million) respectively in 2020.

Figure 12: Value of the market for different categories of dog and cat food in urban China, 2018-2020, RMB billion ²³



²² <https://www.chemlinked.com/>

²³ 2020 Chinese Pet Industry White Paper (in Chinese): <https://www.petgw.com/news/70514.html> (accessed: 8 November 2021).

2.2. Key audiences and ways to reach them

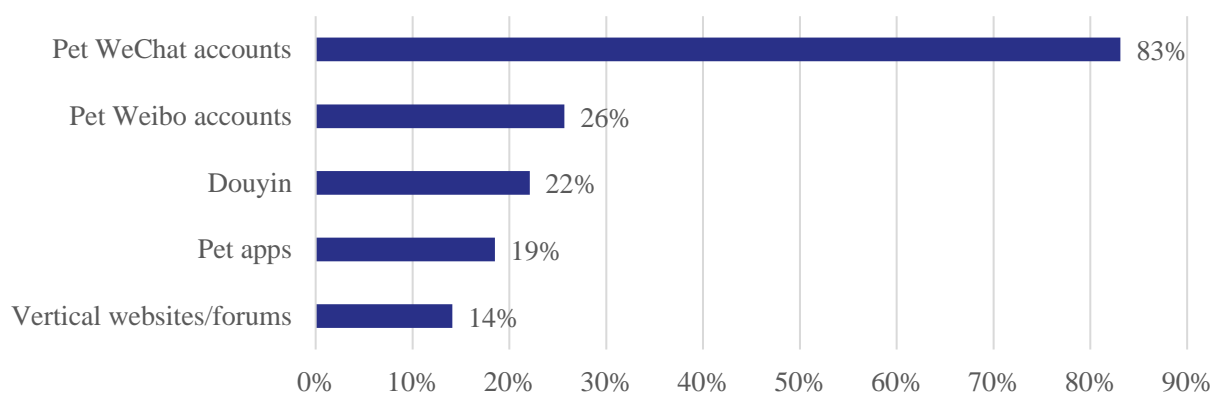
Millennials and Generation Z consumers

Millennials and Generation Z consumers are the driving force behind the growing market for food, supplies, medicines, and services for pets in China, and their preferences are having a significant effect. To take one example: cat food buyers are slightly younger than buyers of dog food, and this is due to Generation Z consumers' preference for cats over dogs, as shown by Tmall sales data from April 2020 to March 2021. This trend could not only be because of the lower amount of time needed to commit to cats, but also because of the lower costs associated with pet food for cats in comparison to dogs. Additionally, the recent popularity of online videos of people petting their cats on various short-video platforms (as detailed below).

Social media platforms

Modern and internet-savvy pet food consumers in China engage with key opinion leaders (KOLs) and key opinion consumers (KOCs) who have a presence on social media platforms, meaning brands can utilise these same social media platforms to better communicate with target consumers and increase their influence.²⁴ Social media platforms including WeChat, Weibo, and Douyin are the main information channels about pets in China, with Chinese consumers, especially those that are younger, spending a lot of time on social media and e-commerce platforms searching for and watching others' pet posts and videos. Instagram-esque platform Xiaohongshu, for example, saw in excess of 2 million searches related to pets carried out daily in 2020, including 1.1 million for cats and 670,000 for dogs.²⁵ Engaging with a number of suitable KOLs and KOCs who are present on social media platforms and who target the right consumer groups can therefore effectively increase brand awareness.

Figure 13: The five most common online information channels for finding out about pets, 2019, percentage of respondents that use each channel²⁶



Livestreaming

Livestreaming, such as that by KOLs and KOCs, is becoming the new purchasing and distribution model for pet food, with livestreaming sessions on various platforms increasingly driving sales. Pet livestreaming has now reached 16,000 hours in one month on the short-video platform Kuaishou, meaning that every 5.4 seconds there

²⁴ The EU SME Centre has organised several training sessions on Chinese social media and livestreaming with recordings available on its YouTube channel. See the end of the report for the list.

²⁵ <https://new.qq.com/omn/20201218/20201218A0C76400.html> (accessed: 8 November 2021).

²⁶ 2019 Chinese Pet Industry White Paper (in Chinese): <https://wk.askci.com/details/17a72c30799449f2b576e2a37b676500/> (accessed: 8 November 2021).

is a pet-themed livestreaming session being broadcast.²⁷

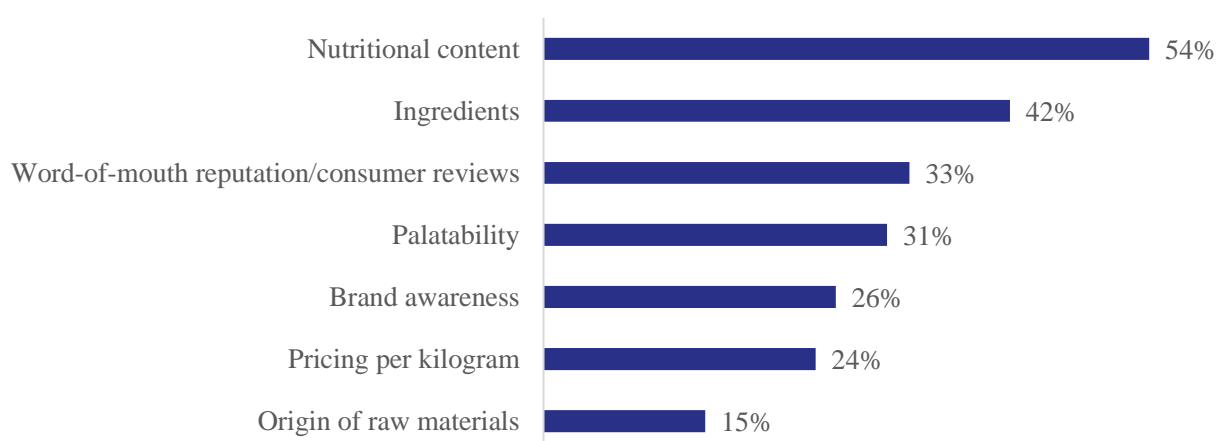
In February 2020, the number of pet-themed livestreaming sessions increased by 375% compared with February 2019, with more than 1 million people watching Taobao's pet livestreaming each day. During the 618 shopping festival in 2020 (the largest mid-year e-commerce shopping festival, taking place on 18th June each year), a Douyin-based live broadcaster who focuses on pets, Wang Xiaoyin Yanxuan, cooperated with the pet-focused vertical e-commerce platform Epet.com to promote pet products. There were nearly one million views of this livestreaming session, with sales exceeding RMB 2 million (€266,667).²⁸

2.3. Drivers of purchasing decisions

Dry pet food

The nutritional content and the ingredients are the main factors influencing the purchase of dry pet food. As disposable incomes rise and attitudes towards pets change, pet owners in China are paying more attention to the quality of pet food rather than its price, so as to help ensure their pets' well-being. Following these two factors, buyers of pet food also take the likes of the product's word-of-mouth reputation and palatability into account when making a purchasing decision, alongside other factors.

Figure 14: Factors named as influencing the purchase of dry pet food, 2019, percentage of respondents that named each factor²⁹



Pet treats

The ingredients used in the food and its palatability are the main factors influencing the purchase of pet treats. 57% of pet owners take the ingredients used into account when choosing which pet treats to buy, followed by 42% taking palatability into account (see Figure 15).

Pet healthcare food

The functionality of the food is the main factor influencing the purchase of pet healthcare food. 84% of pet owners take functionality into account when making healthcare food purchase decisions, much more than they do other factors (see Figure 16).

²⁷ https://www.sohu.com/a/424169370_99900352 (accessed: 8 November 2021).

²⁸ <http://www.chinanews.com/cj/2020/09-21/9295858.shtml> (accessed: 8 November 2021).

²⁹ 2019 Chinese Pet Industry White Paper (in Chinese): <https://wk.askci.com/details/17a72c30799449f2b576e2a37b676500/> (accessed: 8 November 2021).

Figure 15: Factors named as influencing the purchase of pet treats, 2019, percentage of respondents that named each factor ³⁰

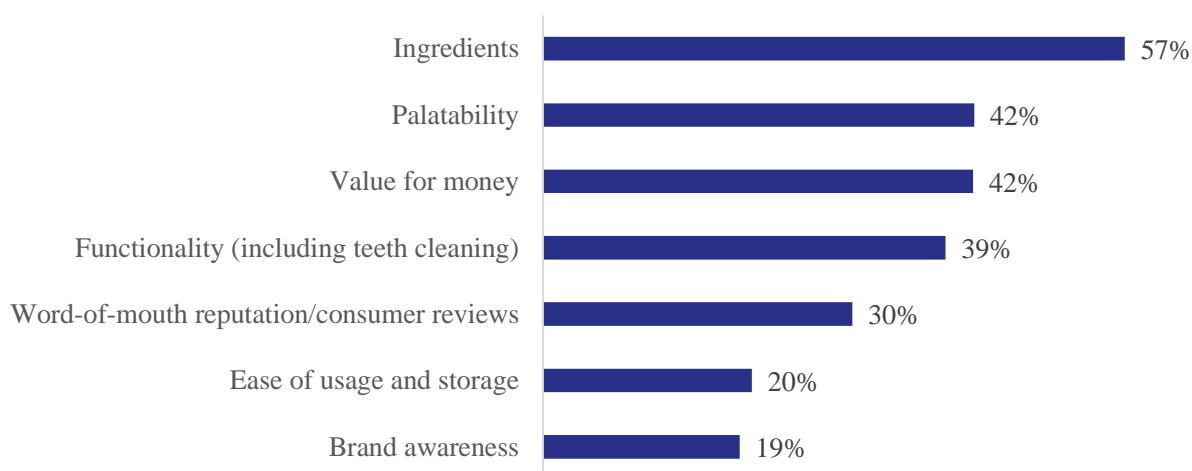
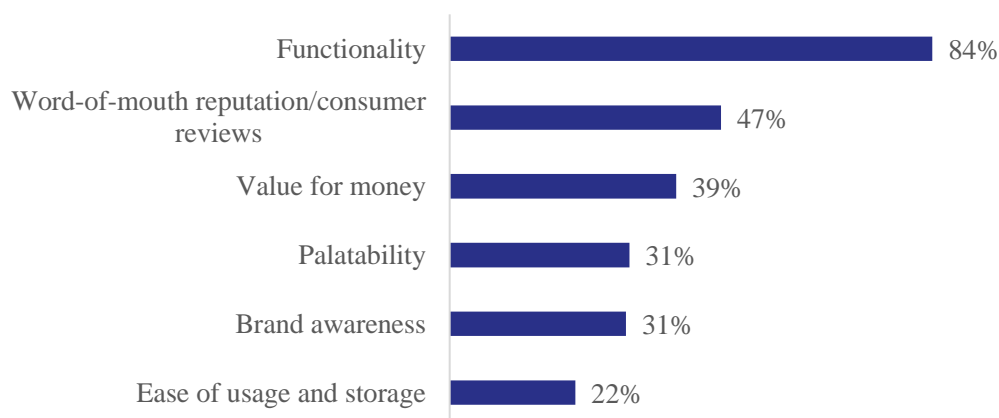


Figure 16: Factors influencing purchases of healthcare food, 2019, percentage of respondents that named each factor ³¹



2.4. Market entry requirements

Market access

The General Administration of Customs of the People’s Republic of China (GACC) implements market access controls on imported pet food. According to the *List of Feed and Sourcing Origin Countries/Regions Eligible for Importation (Excluding Plant-sourced Feed)*,³² exporting companies from 19 countries and regions, including the Netherlands, France, Belgium, Germany, Denmark, Spain, Czechia, Italy, Austria, Thailand, the Philippines, the US, Brazil, Argentina, New Zealand, and Australia, were able to export pet food to China by March 2021.

³⁰ 2019 Chinese Pet Industry White Paper (in Chinese): <https://wk.askci.com/details/17a72c30799449f2b576e2a37b676500/> (accessed: 8 November 2021).

³¹ *Ibid.*

³² *List of Feed and Sourcing Origin Countries/Regions Eligible for Importation (Excluding Plant-sourced Feed)*: <http://www.customs.gov.cn/dzs/2747042/2754419/index.html> (accessed 8 November 2021).

There are two types of market access to the China that can be given to countries exporting pet food: full market access and partial market access.

Full market access

For countries with full market access, all exporters are assumed to have automatic access to the China market. Products that are on the GACC's *List of Feed and Sourcing Origin Countries/Regions Eligible for Importation (Excluding Plant-sourced Feed)* are permitted to be exported to China and the relevant manufacturing facilities are required to be registered with the GACC, although this can be done at or after the time of export.

Currently, New Zealand is the only country/region with full market access to China for pet food, meaning exporting companies and relevant manufacturing facilities from New Zealand not registered with the GACC at the time of export are able to export products to China and register at the time of export or afterwards.

Partial market access

In countries with partial market access, exporters are not assumed to have automatic access to the China market. Exporters should register their manufacturing facilities with the GACC through the competent authority in their own country (generally the same authority that the exporter registers its initial interest in exporting with) before exporting, and the competent authority assists to submit the application documents to the GACC by the recommendation of the exporting country's embassy in China.³³ Products that can be exported are then only allowed to be exported by manufacturers that have already registered with the GACC.

There are sometimes export restrictions on certain ingredients that apply even when a country has permission to export pet food to China. For example, Italy is unable to export lamb to China, therefore pet food from Italy that contains lamb cannot be exported to China even though Italy has been given permission to export pet food to China, and this will remain the case unless the regulations preventing these meats being exported to China are lifted.

For companies in countries with no market access, if the company's products are manufactured in a country with access, including another EU Member State, the company could export through the manufacturing country instead of the country where the company is registered, or alternatively license a Chinese partner to produce the pet food in China.

Routes to China

There are two ways for pet food to enter the China market: traditional exporting channels and cross-border e-commerce (CBEC) channels.

Traditional exporting channels

To start with, companies need to check whether their country (or country of origin for exported goods) has permission to export pet food to China. Otherwise, companies that are interested in exporting pet food to China should approach their country's relevant authority to express this interest so that the authority can gauge demand for exporting to China and act accordingly to reach agreement with China.

Apart from market access approval at country level, overseas pet food manufacturers should be registered with the GACC.³⁴ They should then obtain an import registration licence through an agent in China from the EU SME (this process usually takes four to six months), except for manufacturers of pet treats and pet chews.

³³ https://www.sohu.com/a/301761223_378814 (accessed: 30 November 2021).

³⁴ Please contact the EU SME Centre for free guidance on the registration process.

After all these preparatory steps have been finalised, pet food may be transported to China and will pass through the customs declaration and inspection process.

It is also important for EU SMEs to note that:

- The Registered Overseas Pet Food Processing Enterprises List is updated regularly on the GACC's website – with the last update in March 2021.³⁵
- The No. 20 Announcement,³⁶ which was issued by the Ministry of Agriculture and Rural Affairs and came into effect on 1st June 2018, formulates regulatory documents, including the Provisions on the Labelling of Pet Food and the Provisions on Hygiene of Pet Food. Imported pet food must match the MARA's specific labelling and hygiene requirements for pet food.
- Exporters should check whether the ingredients of their pet food can also be exported to China. There are sometimes export restrictions on certain ingredients that apply even when a country has permission to export pet food to China.³⁷

Cross-border e-commerce (CBEC) channels

An alternative to exporting pet food through traditional exporting channels is to export it through CBEC channels.

Pre-packaged dog and cat food for retail are both listed on the Cross-border E-commerce Imported Retail Commodity Positivity List.³⁸ However, all pet food exported to China via CBEC channels must comply with the same GACC requirements as pet food exported to China via traditional exporting channels: exporters need to acquire permission to export and be registered before dispatching products to a port.³⁹

Chinese National Standards regarding pet food

It is important to understand the mandatory Chinese National Standards that regulate industry standards in China, known as 'GB' standards, which must be complied with.

The GB 10648-2013 Feed Label was issued by the State Administration for Market Regulation (SAMR, formerly the General Administration of Quality Supervision, Inspection and Quarantine) and the Standardisation Administration on 10th October 2013 to define and classify labelling requirements.⁴⁰ For an imported formula feed or additive premix feeds for pets, the registration number on the import registration certificate shall be indicated. The GB 13078-2017 Hygienical Standard for Feeds, issued by the SAMR and the Standardisation Administration on 14th October 2017, sets sanitary requirement for feeds.⁴¹

2.5. Distribution channels

China is a world leader in e-commerce, with online channels outperforming offline channels in the pet food sector. 53% of pet owners choose e-commerce platforms to purchase pet food, while the remaining 47% prefer to make their purchases via offline channels, among which pet stores and pet clinics are the most popular

³⁵ <http://www.customs.gov.cn/dzs/2747042/2754407/index.html> (in Chinese; accessed: 8 November 2021).

³⁶ http://www.moa.gov.cn/gk/zc/g/nybgz/201805/t20180504_6141413.htm (accessed: 8 November 2021).

³⁷ <http://dzs.customs.gov.cn/dzs/2746776/2753557/index.html> (accessed: 8 November 2021).

³⁸ <http://www.gov.cn/xinwen/2018-12/06/5346158/files/06cbcd66042e4dec869985a52db6fe5a.pdf> (accessed: 8 November 2021). An unofficial English translation was done by the EU SME Centre and is available upon request.

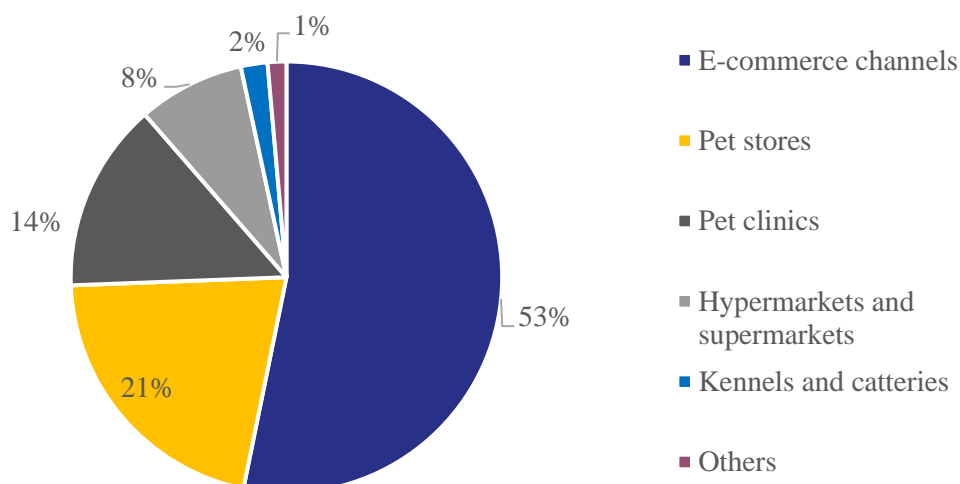
³⁹ https://www.sohu.com/a/301761223_378814 (accessed: 30 November 2021).

⁴⁰ <http://www.gb688.cn/bzgk/gb/newGbInfo?hcno=F08C4A6B7F30AE0E94AC9CEE37F8391C> (in Chinese; accessed: 8 November 2021).

⁴¹ <http://www.gb688.cn/bzgk/gb/newGbInfo?hcno=9E5467EA1922E8342AF5F180319F34A0> (in Chinese; accessed: 8 November 2021).

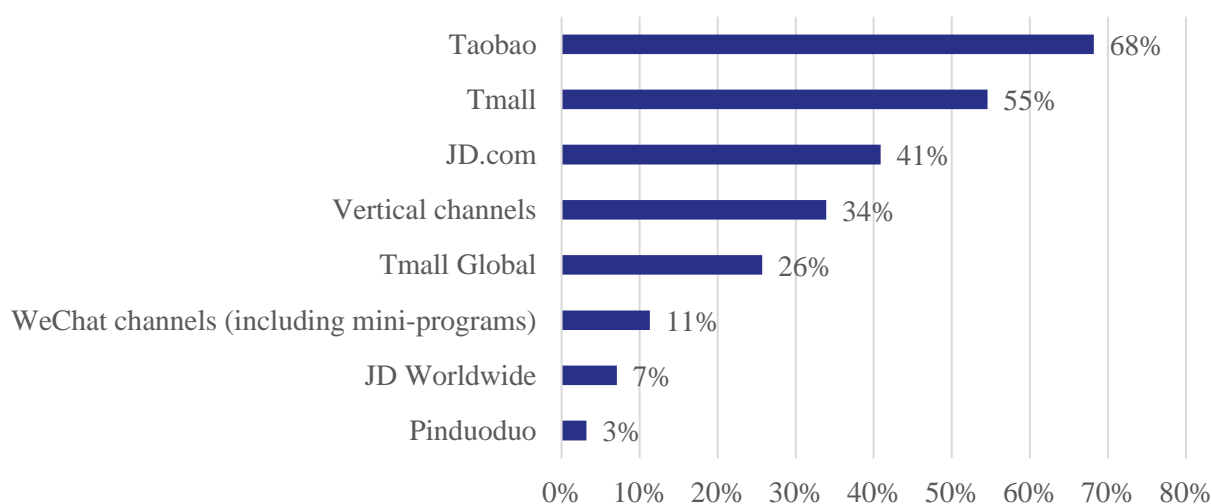
channels (see Figure 17). This is particularly true for pet owners in first-tier cities, 57% of which chose to use e-commerce platforms when buying pet food in 2019, higher than 52% and 50% in second-tier and third-tier cities, respectively.

Figure 17: Preferred purchasing channels when buying pet food, 2019, percentage of respondents selecting each response⁴²



In terms of specific online channels, Taobao, Tmall, JD.com, and vertical channels are the favourites of pet food buyers. 68% of pet owners chose to use Taobao in 2019, followed by 55% who chose Tmall, 41% who chose JD.com, and 34% who chose vertical websites such as Boqii.com, Epet.com, and Goumin.com to purchase pet food.

Figure 18: Online purchasing channels used to buy pet food, 2019, percentage of respondents that used each channel⁴³



⁴² 2019 Chinese Pet Industry White Paper (in Chinese): <https://wk.askci.com/details/17a72c30799449f2b576e2a37b676500/> (accessed: 8 November 2021).

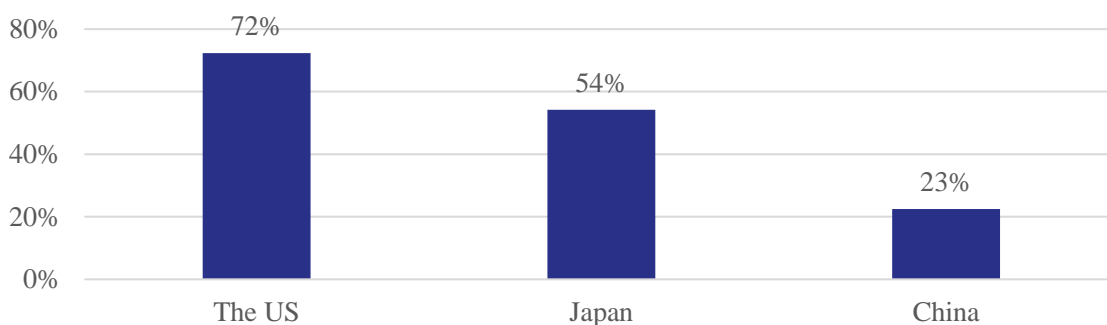
⁴³ *Ibid.*

2.6. Key competitors: Chinese and international

A competitive landscape

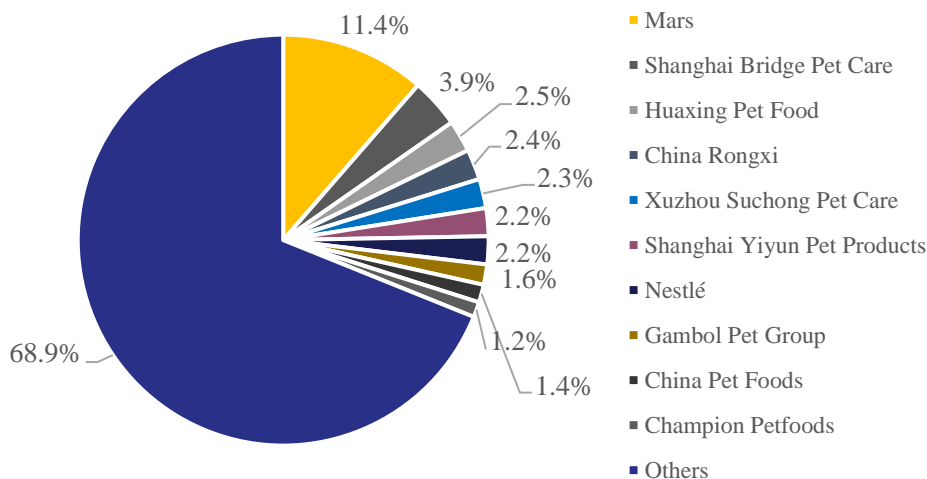
The pet food market in China is relatively disparate compared with mature pet markets such as those in the US and Japan. Mars, Shanghai Bridge Pet Care, Huaxing Pet Food, China Rongxi, and Xuzhou Suchong Pet Care are the leading pet food companies in terms of market share, and the CR5 (i.e., the top five concentration ratio) reached 22.5% in 2019, which is significantly lower than that seen in the US (72%) and Japan (54%).

Figure 19: CR5 of pet food in China, the US, and Japan, 2019 ⁴⁴



International brands including Mars and Nestlé dominated the pet food market in China in the 1990s and 2000s. However, local brands have been on the rise in recent years as they have invested more in their own R&D and have leveraged e-commerce to grow quickly.

Figure 20: Pet food market share of leading companies in China, 2019, percentage ⁴⁵



Mars

Brands: Royal Canin, Whiskas, Pedigree

Mars, the American confectionery and pet food giant, owns well-known brands including Royal Canin, and was one of first multinational companies to enter the China market. Mars invested in China's first pet food factory in Huairou district in Beijing in 1995 to produce Pedigree dog food and Whiskas cat food.

⁴⁴ https://pdf.dfcfw.com/pdf/H3_AP202103231475091419_1.pdf?1616517910000.pdf (accessed: 30 November 2021).

⁴⁵ https://www.sohu.com/a/455706696_120868906 (accessed: 30 November 2021).

China is Mars's second-largest market for pet food, behind only the US. China is key to the company's global strategy, and there are plans to build a pet food plant in Tianjin in northern China that will cover 110,000 square metres, costing more than \$100 million. The plant's annual output will exceed 250,000 tonnes after reaching full capacity and will be Mars's largest pet food plant in Asia.⁴⁶

Although Mars remains the largest player in the pet food sector, its market share has been falling in recent years as more Chinese brands are emerging, going from 15% in 2016 to 11% in 2019.⁴⁷

Shanghai Bridge Pet Care

Brands: Nature Bridge, Kitchen Flavour, Nory, Vigor & Sage

Shanghai Bridge Pet Care is a Chinese-Norwegian joint venture specialising in the research, production, and sale of cat and dog food. It was established in 2002. Shanghai Bridge Pet Care has launched more than 200 SKUs since 2002, including dry food, wet food, nutrition products, treats, and cat litter. Among the four brands it operates, Nature Bridge and Kitchen Flavour are its own brands.

Shanghai Bridge Pet Care has a comprehensive distribution network across China and has more than 60 offices. It has access to five distribution channels: pet stores, pet clinics, e-commerce channels, breeding centres, and supermarkets.⁴⁸

Huaxing Pet Food

Brands: Lilang, Diyouke, Guangbang, Odin, Gold Medal, Juejia

Huaxing Pet Food is a pet food manufacturer that was founded in Hebei province in 2016. Its history can be traced back to 1996, when it mainly produced fodder for livestock and poultry, although it now focuses on the research, production, and sale of cat and dog food.

Huaxing Pet Food has six brands, as named above, and more than 400 SKUs covering dry food, wet food, nutrition products, and cat litter.⁴⁹

China Rongxi

Brands: Aier, Liangbei

China Rongxi is a cat and dog food manufacturer that was established in Hebei province in 2002. Its operations cover the R&D, production, and sale of pet food.

China Rongxi offers two series products, Aier and Liangbei, that together are made up of hundreds of SKUs. Its products are sold in 31 provinces and municipalities across China and the company has established strategic cooperation with around 1,000 partners in China.

Xuzhou Suchong Pet Care

Brands: Crazy Dog

Xuzhou Suchong Pet Care was established in 2013, with Crazy Dog's e-store launching on Tmall in the same year. Crazy Dog's products include staple food, treats, nutrition and health care products, and daily cleaning products. Its turnover was RMB 3.3 million (€440,000) in 2014, which grew to RMB 110 million (€14.7 million)

⁴⁶ <https://www.teda.gov.cn/contents/3952/110456.html> (accessed: 8 November 2021).

⁴⁷ https://www.sohu.com/a/455706696_120868906 (accessed: 30 November 2021).

⁴⁸ <http://www.bpet.cn/> (accessed: 8 November 2021).

⁴⁹ <https://www.pethx.com/english/ppjsaoding.html> (accessed: 8 November 2021).

in 2016, becoming a leading dog food brand on e-commerce platforms by continuously investing in product R&D and cross-over marketing with a number of local television stations, films, and animated productions. In 2019, its turnover reached RMB 1.2 billion (€160 million) and it raised RMB 300 million (€40 million) from series B financing.⁵⁰

As well as a presence on mainstream e-commerce platforms, Crazy Dog has also opened an offline brand flagship store that offers pet food, pet supplies, grooming products, spa services, boarding, and pet showcasing.

Shanghai Yiyun Pet Products

Brands: Pure Nature, Pure Palate, Vitscan, Dreamwood, Double Joy, Maxivet

Shanghai Yiyun Pet Products is a pet food and healthcare product manufacturer that was established in Shanghai in 2009. Its daily capacity is 80 tonnes of pet food, which is used to meet domestic and international demand. Shanghai Yiyun Pet Products has a national distribution network and has access to more than 25,000 customer-facing outlets.

2.7. Recent and future developments

Chinese OEMs are transitioning into being OBM/ODMs

By increasing investment in product R&D, a number of Chinese original equipment manufacturers (OEMs) have transitioned to becoming own branding & manufacturing (OBMs) and original design manufacturers (ODMs), and therefore launching their own brands and gaining an increased market share in recent years. Differing from the traditional factory-distributor-consumer model, these Chinese OBMs/ODMs eliminate intermediaries (i.e., distributors) and sell directly to consumers via e-commerce, engaging with Millennials and Generation Z consumers via content marketing to grow.

Table 2: Examples of Chinese OEMs that have transitioned to becoming OBM/ODMs

Company	Introduction	Own brands
Yantai China Pet Food	Yantai China Pet Food is a pet food and treats manufacturer that exports to more than 50 countries and regions. In recent years, it has increased spending on R&D and has also forged partnerships with e-commerce giants Alibaba and Suning.com to develop its online channels. In 2020, Yantai China Pet Food's domestic business accounted for 26.5% of its revenue, up 6.3 percentage points on a year-on-year basis as domestic business had expanded.	Wanpy, ZEAL, Dr.Hao, Happy 100, King Kitty, and Jerky Time
Petpal Pet Nutrition Technology	Petpal Pet Nutrition Technology supplies to international pet food brands including Spectrum Brands and Petmatrix, as well as retailers including Walmart and PetSmart. Just as with Yantai China Pet Food, it actively explores the domestic market by promoting its own products; however, most of its profits come from offline channels. Its domestic business accounted for 15% of its operations in 2020, 0.82 percentage points more than the previous year.	Peidi, Meatyway, and Health Guard brands

⁵⁰ <http://www.crazydoggy.cn/brand> (accessed: 8 November 2021).

A growing demand for premium cat food

There were 52.3 million pet dogs in urban regions of China in 2020, 5% lower than in 2019. However, there were 48.6 million pet cats in urban China that year, 10% higher than in 2019, suggesting preferences are moving towards cats, especially amongst the younger generation.

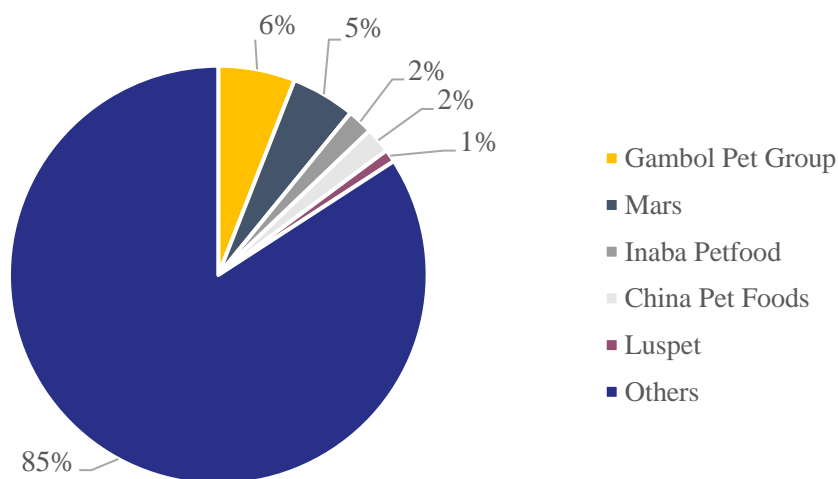
Cat food was the best-selling category on Tmall Global during the Singles' Day shopping festival in 2019,⁵¹ outperforming other popular import categories including infant formula and face serums. Furthermore, according to Tmall's sales data, between April 2020 and March 2021, online sales of cat food per capita was around 1.5 times as large as that of dog food, even though annual expenditure on cats is still lower than that on dogs. This has led to a growth in demand for premium pet food offerings, which are primarily made of pure meat and are more nutritious than other types of pet food.

The growth of the pet treats market

The market for dog and cat treats in urban China was worth RMB 36.8 billion (€4.9 billion) in 2020, and grew at a compound annual growth rate of around 37% between 2018 and 2020, suggesting a long-term upward trend.⁵² 79% of pet owners bought treats for their pets in 2019, showing them to have become an indispensable part of many pets' diets. Tmall data also shows that the growth rate of treats outperformed that of staple food between April 2020 and March 2021, as more pet owners see their pets in a similar way that they see family members and are therefore keen to give them a richer culinary experience.

Compared with the staple food market, the treats market is more fragmented, with a CR5 of 15% in 2019. Both Chinese brands and EU SMEs could therefore utilise marketing strategies that allow them to differentiate themselves from their competitors and therefore pursue larger market shares in the upcoming years.

Figure 21: Share of the pet treat market by company, 2019, percentage⁵³



A booming online market

E-commerce is now outperforming offline channels in terms of pet food sales, and online sales have recovered rapidly from the effects of the COVID pandemic, even showing accelerating growth recently. The number of

⁵¹ Singles' Day falls on 11th November annually.

⁵² https://pdf.dfcfw.com/pdf/H3_AP202105111491025640_1.pdf?1620728221000.pdf (accessed: 30 November 2021).

⁵³ Ibid

The Market for Pet Food, Supplies, and Services in China

pet stores on Tmall increased by 80% between September 2019 and August 2020,⁵⁴ while the growth rate of products for cats was much faster than that for dogs.

In addition to stockpiling staple pet foods during and after the 2020 COVID-19 lockdown, Chinese consumers also purchased more pet toys, essentials, and bathing and grooming products. During the 618 shopping festival⁵⁵ in 2020, sales of toys increased by 42%, and sales of cat litter, cat litter boxes, and pet shower gels grew by 67%, 48%, 26%, respectively.⁵⁶

According to industry insiders' analysis, the online market for pet products is booming as e-commerce platforms offer consumers a convenient purchase experience, and platforms such as the short-video application Douyin make online products more attractive to pet owners.

⁵⁴ <https://baijiahao.baidu.com/s?id=1683660468213783446&wfr=spider&for=pc> (accessed: 8 November 2021).

⁵⁵ 618 falls on 18th June annually.

⁵⁶ Internal analysis from China-Britain Business Council based on e-commerce data.

3. Pet supplies

3.1. Definition and market size

In 2020, pet supplies constituted 14% of the total market for pet food, supplies, medicines, and services in China, with the market for dog and cat supplies in urban China worth RMB 28.1 billion (€3.7 billion) that year, an increase of 19% over 2019.

Pet supplies can be classified into four categories based on their functions: pet cleaning, pet daily necessities, pet clothing, and pet toys.

Table 3: Pet supplies by categories

Product category	Purpose	Examples
Pet cleaning	Reducing the possibility of pet diseases and add brilliancy to pet fur	Shower gels and conditioners, pet toilets, cat litter, pet napkins, brushes, and grooming knives
Pet daily necessities	Improving the quality of pets' living standards	Pet houses, climbing mats, plates and dishes, cat trees, and waterers
Pet clothing	Protecting against the cold and improving pets; appearances and cleanliness	Clothes, shoes, and collars and leads
Pet toys	Providing entertainment, allowing pets to expend energy, and enhancing interaction with the pet owners	Balls, chew toys, and training toys

Pet supplies for dogs and cats vary markedly. The top three pet supplies by total sales targeted at dogs are shower gels and conditioners, toys, and collars and leads, while for cats they are cat litter, toys, and bowls.

3.2. Key consumers and ways to reach them

The key consumers of pet supplies overlap with those that buy pet food, with the younger generation contributing to the growth of both sectors and pet owners in first-tier cities and coastal provinces being more open to buying smart pet supplies. In terms of city tiers, pet owners in first-tier cities spent more on dog collar and leads than those elsewhere, while the younger generations are more willing to purchase pet toys.

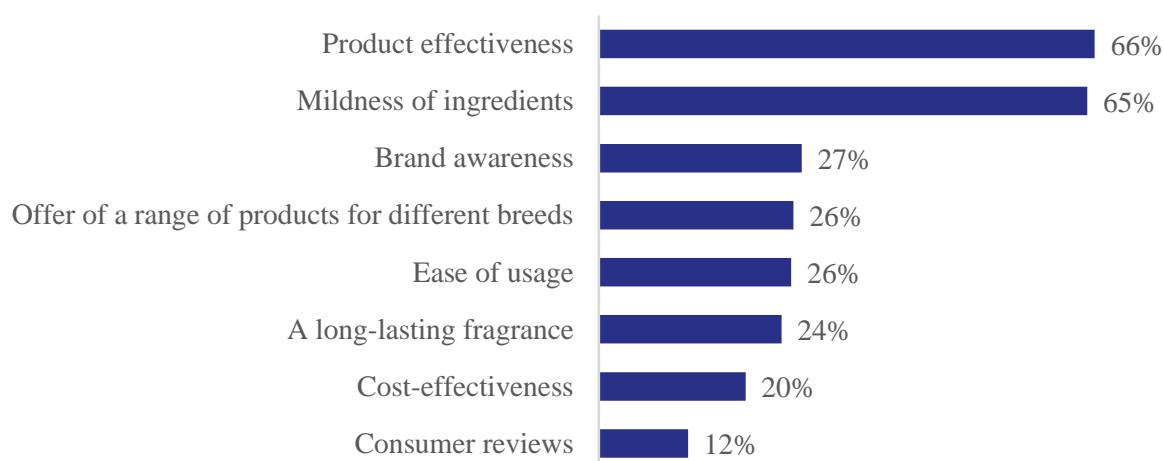
Working with KOLs/KOCs is an effective way to engage with younger consumers as they are more easily influenced by internet celebrities when buying pet supplies.

3.3. Drivers of purchasing decisions

Shower gels and conditioners

The effectiveness of a product and the mildness of ingredients used in manufacturing it are the main factors influencing the purchase of shower gels and conditioners for pets. 66% of pet owners take product effectiveness (e.g., anti-bacterial and coat brightening qualities) into account when purchasing a pet shower gel or conditioner, while 65% take the mildness of the ingredients into account.

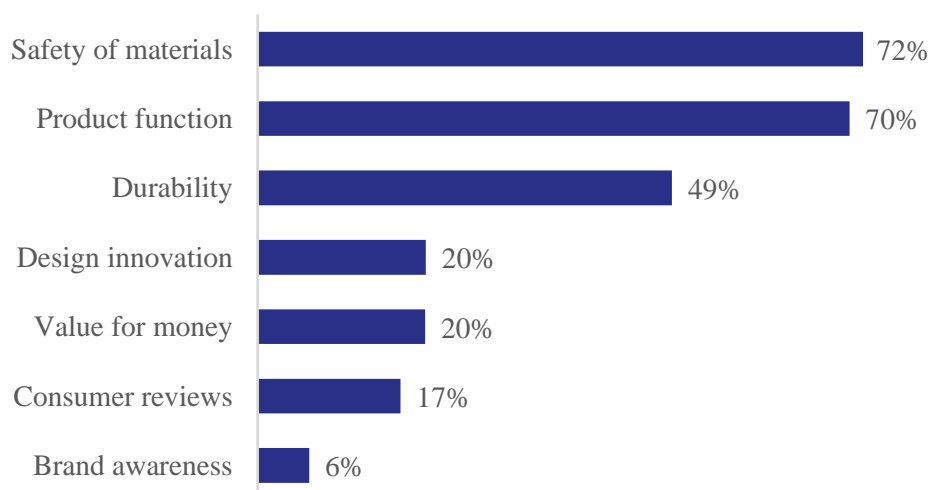
Figure 22: Factors named as influencing the purchase of shower gels and conditioners, 2019, percentage of respondents that named each factor ⁵⁷



Pet toys

The safety of the materials used to make the product, its function, and its durability are the main factors influencing the purchase of pet toys. 72% of pet owners take the safety of the materials used to make pet toys into account when purchasing them, making this the leading factor in influencing the decision to make such purchases.

Figure 23: Factors named as influencing the purchase of pet toys, 2019, percentage of respondents that named each factor ⁵⁸



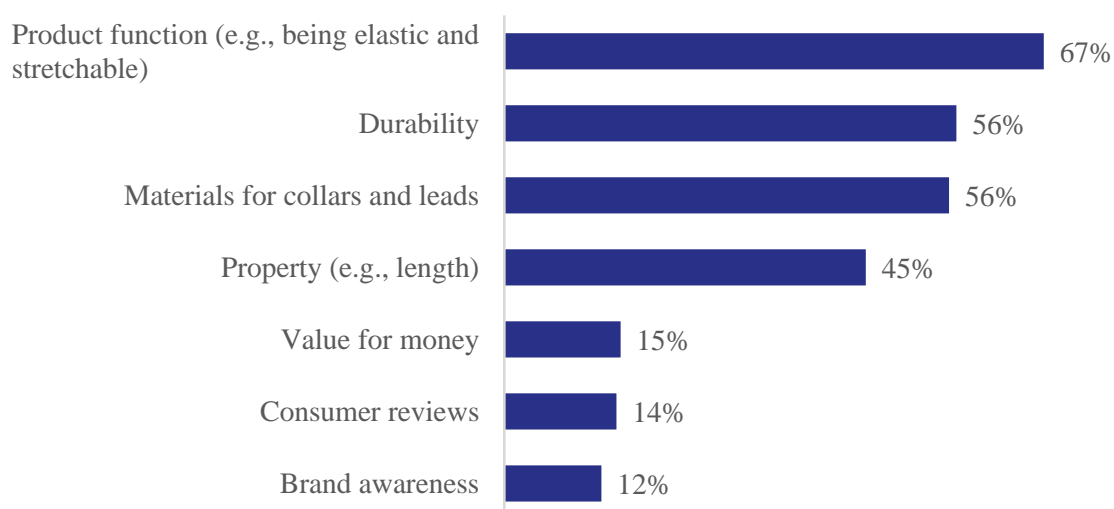
Collars and leads

The product function, durability, and the materials used to make the product are the main factors influencing the purchase of collars and leads. Specifically, 67% of pet owners take the product function into account when purchasing collars and leads, making this the leading factor in influencing the decision to make such purchases.

⁵⁷ 2019 Chinese Pet Industry White Paper (in Chinese): <https://wk.askci.com/details/17a72c30799449f2b576e2a37b676500/> (accessed: 8 November 2021).

⁵⁸ *Ibid.*

Figure 24: Factors named as influencing the purchase of collars and leads, 2019, percentage of respondents that named each factor ⁵⁹



3.4. Market entry requirements

The National Development and Reform Commission (NDRC) and the Ministry of Commerce (MOFCOM) issued a Market Access Negative List,⁶⁰ which states the foreign industry and business types prohibited from receiving investment and from operating in China. Since pet supplies are not on this list, they can be directly exported from Europe to China.

As an emerging industry, there are no specific regulations regarding pet supplies, though there are several generic regulations EU SMEs should follow, including:

- The Law of the People's Republic of China on Import and Export Commodity Inspection,⁶¹ stipulating that for import commodities subject to inspection by the commodity inspection authorities, the consignee shall apply to the same authorities for inspection in the places and within the time limit specified by the authorities.
- The Regulations for the Implementation of the Law of the People's Republic of China on Import and Export Commodity Inspection,⁶² stipulating that the GACC is in charge of the inspection of imported and exported commodities, and that the consignee of the imported goods, subject to statutory inspection, shall present the contract, invoice, packing list, bill of lading and other necessary certificates and relevant approval documents to the entry-exit inspection and quarantine agency at the customs declaration location.

EU SMEs also need to go through the intellectual property (IP) and trademark registration process for their pet products in China,⁶³ and then need to prepare all documents required for importing, such as:

⁵⁹ 2019 Chinese Pet Industry White Paper (in Chinese): <https://wk.askci.com/details/17a72c30799449f2b576e2a37b676500/> (accessed: 8 November 2021).

⁶⁰ http://www.gov.cn/zhengce/zhengceku/2020-06/24/content_5521520.htm (accessed: 8 November 2021).

⁶¹ http://www.npc.gov.cn/wxzl/gongbao/2013-10/22/content_1811008.htm (accessed: 8 November 2021).

⁶² http://www.gov.cn/zhengce/2020-12/27/content_5573554.htm (accessed: 8 November 2021).

⁶³ The European Union has launched a dedicated helpdesk that provides free-of-charge first line IP assistance service for European SMEs that operate or intend to access the Chinese market and that aim to improve their global competitiveness. More information is available at https://intellectual-property-helpdesk.ec.europa.eu/regional-helpdesks/china-ipr-sme-helpdesk_en (accessed: 9 November 2021).

- A Chinese label
- A Certificate of Origin
- A 3C China Compulsory Certification (for electronic toys/pet devices)⁶⁴
- A MARA Imported Veterinary Medicine Register Licence (for pet medicine)

3.5. Distribution channels

58% of pet owners bought pet goods via e-commerce platforms in 2019, with the most common platforms being Taobao, Tmall, and JD.com. Pet shops and pet clinics were also important purchasing channels for pet goods, accounting for 21% and 10% of total sales respectively.

Figure 25: Purchasing channel preferences for pet supplies, 2019, percentage⁶⁵

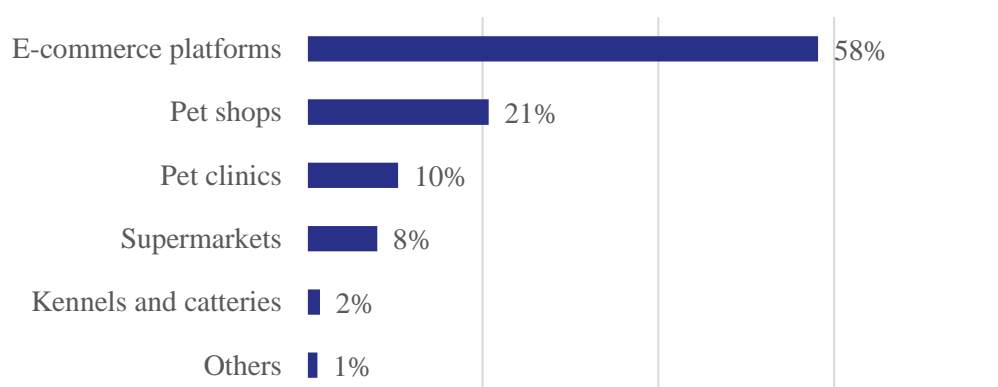
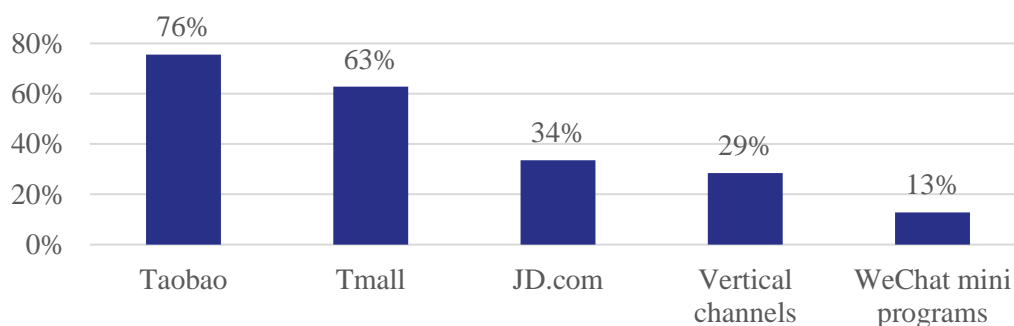


Figure 26: Online purchasing channel preferences for pet supplies, 2019, percentage⁶⁶



3.6. Key Chinese and international competitors

Compared with the pet food market, the pet supplies market is even more diverse, although there are some established players in the market, including PETKIT (the best-selling smart pet product brand on Tmall during the 618 shopping festival in 2021), Hoopet (the best-selling pet daily necessity and clothing and toy brand on Tmall during the 618 shopping festival in 2021), and Pidan (the best-selling cat litter brand on Tmall during the 618 shopping festival in 2021). The pet supplies market is less mature than the pet food market and the majority of companies lack brand awareness.

⁶⁴ The EU SME Centre has produced detailed guidelines on the China Compulsory Certification: <https://www.eusmecentre.org.cn/article/updated-guidelines-china-compulsory-certification-ccc-scheme> (accessed: 8 November 2021).

⁶⁵ 2019 Chinese Pet Industry White Paper (in Chinese): <https://wk.askci.com/details/17a72c30799449f2b576e2a37b676500/> (accessed: 8 November 2021).

⁶⁶ *Ibid.*

Table 4: Best-selling brands on Tmall during the 2021 618 shopping festival by category ⁶⁷

Category	Smart products	Daily necessities	Clothing and toys	Cat litter
Best-selling	PETKIT	Hoopet	Hoopet	Pidan
2 nd best-selling	CATLINK	PETKIT	Crazy Dog	Everclean
3 rd best-selling	UNIPAL	Hipidog	Honeypot Cat	Lorde
4 th best-selling	Homerun	Coleshome	CHONLDERL	Petshy
5 th best-selling	MIJIA	Crazy Dog	Hipidog	KERES

PETKIT Network Technology (PETKIT)

PETKIT specialises in designing and producing smart products for pets. It was founded in 2013 and launched its first smart product for pets in that year. Its range includes more than 10 IF and Reddot award winners and its product line covers smart wearable products, drinking fountains, smart pet houses fitted with air-conditioning, automated pet feeders, treats, toys, and self-cleaning cat litter boxes. As a group, it is now integrating pet supplies, food, services, and medical treatment.

PETKIT opened its first offline store in Shanghai in 2016, and currently has over 1,200 offline stores across more than 100 cities in China, including over 100 stores that it operates directly. Its products have been used by around 20 million users and its annual sales surpassed RMB 500 million (€66.7 million) in 2019. It provides products and services to over 30 international markets, including the US, Japan, France, Germany, Italy, and Spain.

Hangzhou Hoopet Pet Supplies (Hoopet)

Hoopet is a pet supplies provider and exporter that was established in Hangzhou, Zhejiang province in 2007. Its products cover pet beds, pet toys, cat trees, cat scratchers, and pet clothing. It specialises in original designs and has its own R&D department and customised OEM.

Hoopet has online stores on e-commerce platforms, including Taobao, Tmall, JD.com, and YHD.com. It offers four brands, including Hoopet and Coleshome, and its sales were RMB 250 million (€33.3 million) in 2015, increasing to RMB 1 billion (€133.3 million) in 2019.

Pidan

Pidan was founded in Paris in April 2015 and its Shanghai office was established in August of the same year. It focuses on pet product design and its product line covers cat litter, drinking fountains, pet bowls, pet beds and accessories, as well as toys and training products.

Its first product, an igloo cat litter box, was launched in 2016. Apart from winning the 2016 Reddot Design Award, this cat litter box also has received positive user feedback from buyers. Pidant's products range was extended to cover products for dogs in May 2018, including Forest Maze Slow Feeding Bowls, Volcano Dog Bowls, and Iceberg Dog Bowls.

⁶⁷ https://www.sohu.com/a/474675436_121119011 (accessed: 8 November 2021).

Pidan has a presence on both online (in e-stores on e-commerce platforms including Tmall, Taobao, JD.com, Xiaohongshu, Amazon (the US), and Amazon (Japan)) and offline channels (stores in Beijing, Chengdu, Shenyang, Xiamen, and Shenzhen).

3.7. Recent and future developments

Pet owners are interested in smart pet supplies

Smart pet home appliances, including feeding machines, environmental monitoring devices, and smart wearable devices, are gaining popularity as pet owners would like to take better care of their pets and at the same time keep up with the pressure of their busy working lives.

According to data released by Tmall, smart pet device sales between 1st and 8th November 2020 were 58 times larger than in the equivalent time period in the previous year. The best-selling smart pet device on Tmall within this period were smart cat litter boxes, automatic pet feeders, and drinking fountains.⁶⁸

The desire for smart pet home appliances is positively correlated with disposable income, with first-tier cities and coastal provinces contributing to the majority of smart pet home appliances' online sales. Shanghai, Beijing, and Guangdong, Zhejiang, and Jiangsu provinces are the top five locations for purchases of smart home appliances for pets.

Online luxury brands sales engage KOLs to create topics and communicate with target audience

International luxury brands including Prada, Louis Vuitton, Hermès, and Tiffany have launched pet clothing and accessory lines in China. Tiffany, for example, offers a pet supplies line that covers pet plates and pet leads ranging in price from RMB 1,350 (€180) to RMB 7,750 (€1,033). These luxury pet supplies are expensive but are becoming more popular among pet owners.

International luxury brands also utilise promotional campaigns to drive sales of their pet supplies. In January 2020, Louis Vuitton released a video partnered with Austin Li (one of China's most popular livestreaming broadcasters) in which Mr Li's dog, named Never, is used to promote Louis Vuitton's pet carriers.

Potential sales growth of dog leads

The *Amended Animal Epidemic Prevention Law* came into effect on 1st May 2021 and forbids dog-walking without using a lead, which could translate to increased demand for leads in the months and years to come.⁶⁹

⁶⁸ <https://baijiahao.baidu.com/s?id=1682774968358818819&wfr=spider&for=pc> (accessed: 8 November 2021).

⁶⁹ *Amended Animal Epidemic Prevention Law*: http://www.gov.cn/xinwen/2021-01/23/content_5582023.htm (accessed: 30 November 2021).

4. Pet services

4.1. Definition and market size, with a focus on pet spas, clinics, training, and hotels

The market for pet services is still at an early stage of development in China. Pet clinics are the largest category of pet services by revenue, with a market size of RMB 33.5 billion (€4.5 billion) in 2020, up 66% on a year-on-year basis. The demand for pet clinics is mainly built on routine services, with vaccines being the most common service provided by pet clinics, followed by physical examinations, surgical diagnosis and treatment, medical diagnosis and treatment, and emergency treatment.

Figure 27: Size of the market for pet services for dogs and cats in urban China by category, 2018-2020, RMB billion⁷⁰

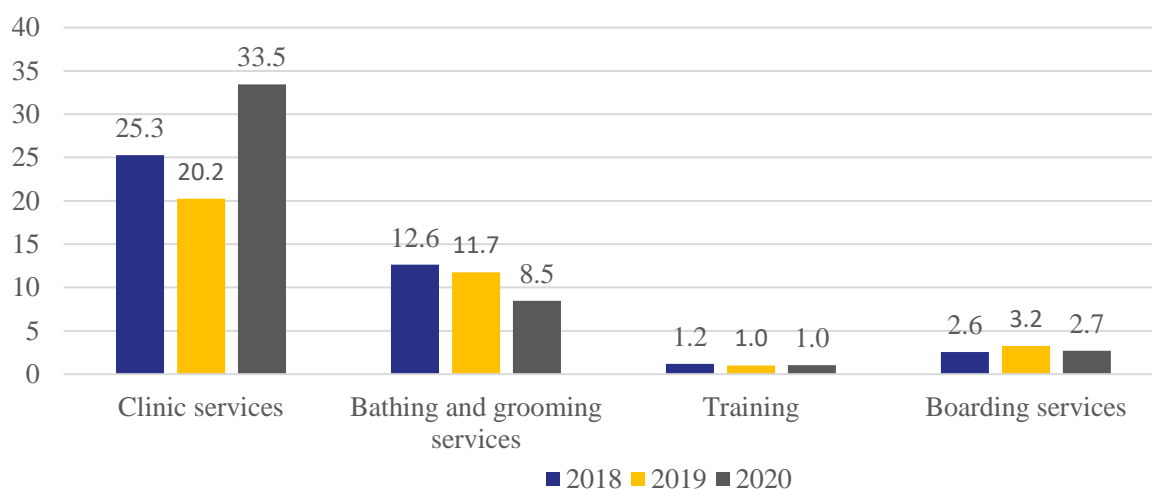
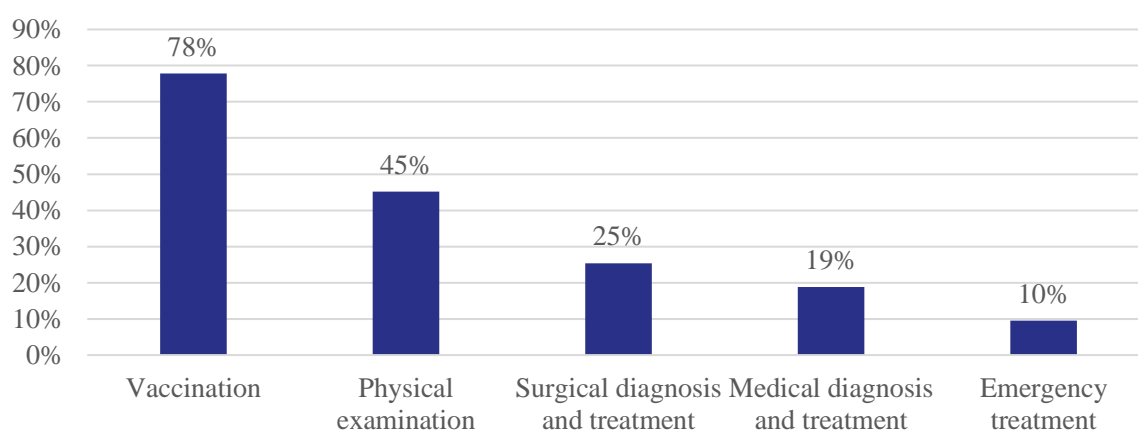


Figure 28: Proportion of pet clinic customers purchasing the different service offerings for cats and dogs in urban China, 2019, percentage⁷¹



In line with the trend to treat cats and dogs as types of family members, anthropomorphic and diversified pet services including bathing and grooming services, boarding, and training have emerged in China and show potential for future growth, though these markets continue to be small and fragmented at present.

⁷⁰ 2020 Chinese Pet Industry White Paper (in Chinese): <https://www.petgw.com/news/70514.html> (accessed: 8 November 2021).

⁷¹ 2019 Chinese Pet Industry White Paper (in Chinese): <https://wk.askci.com/details/17a72c30799449f2b576e2a37b676500/> (accessed: 8 November 2021).

4.2. Key buyers and ways to reach them

In the first half of 2018, the pet service market grew by 82% compared to the previous year, with nearly 70% of buyers of pet services aged between 25 and 35.⁷²

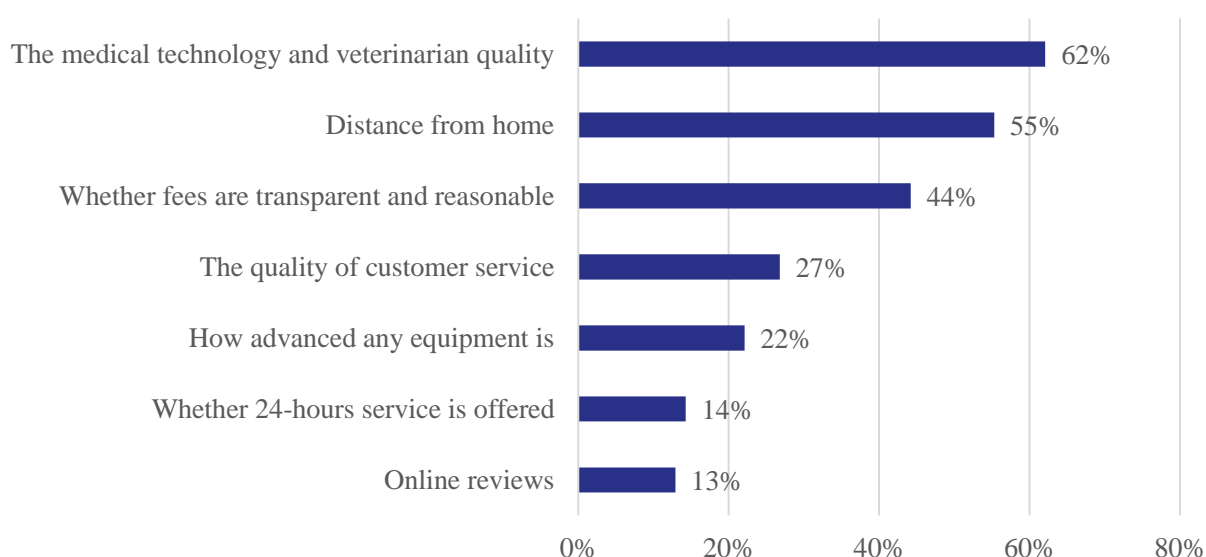
According to Tmall sales data, Generation Z consumers, as the first generation of internet natives, are the main buyers using online pet medical service platforms. Such platforms include Weichongyi, which connects pet owners with pet hospitals and enables them to receive online consultations in real time and make appointments for services such as examinations and immunisations.⁷³ In terms of gender, female pet owners, especially those from Generation Z, bought significantly more than their male counterparts.

4.3. Drivers of purchasing decisions

Pet clinics

In 2019, the top three factors affecting the choice of pet clinic services were the medical technology and veterinarian quality, the distance from home, and whether fees are transparent and reasonable.

Figure 29: Factors named as influencing the purchase of pet clinic services, 2019, percentage of respondents that named each factor⁷⁴



Pet bathing and grooming

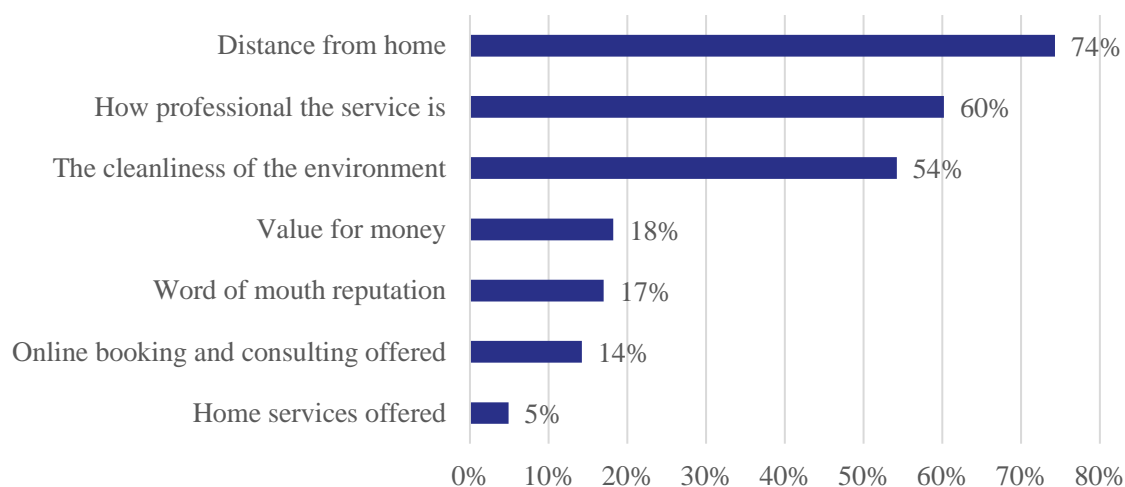
The distance from home is the main factor influencing the purchase of pet bathing and grooming services, as 74% of consumers cite it as a factor influencing their consumption decisions. Other factors taken into account by Chinese consumers when choosing such products include how professional the service is, the cleanliness of the environment, the value for money, and the word-of-mouth reputation.

⁷² <https://www.sixthtone.com/news/1004477/> (accessed: 30 November 2021).

⁷³ <https://www.sixthtone.com/news/1005556/chinese-vets-promote-telemedicine-for-pets-during-pandemic> (accessed: 8 November 2021).

⁷⁴ 2019 Chinese Pet Industry White Paper (in Chinese): <https://wk.askci.com/details/17a72c30799449f2b576e2a37b676500/> (accessed: 8 November 2021).

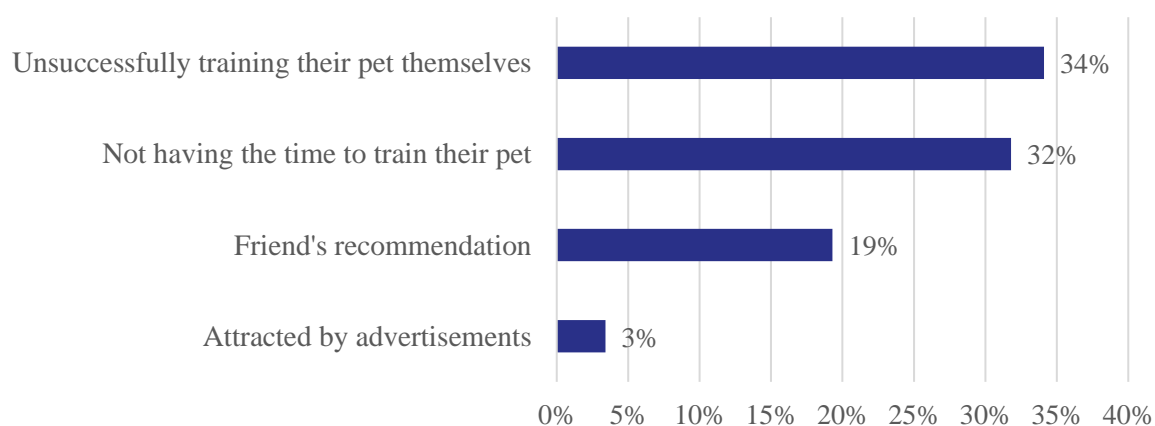
Figure 30: Factors named as influencing the purchase of pet bathing and grooming services, 2019, percentage of respondents that named each factor⁷⁵



Pet training

Among the pet owners in China that have purchased pet training services (a significant minority, more details in section 4.5), 34% of them did so after unsuccessfully training their pet themselves, while 32% did so due to not having the time to train their own pet.

Figure 31: Factors named as influencing the purchase of pet training services, 2019, percentage of respondents that named each factor⁷⁶



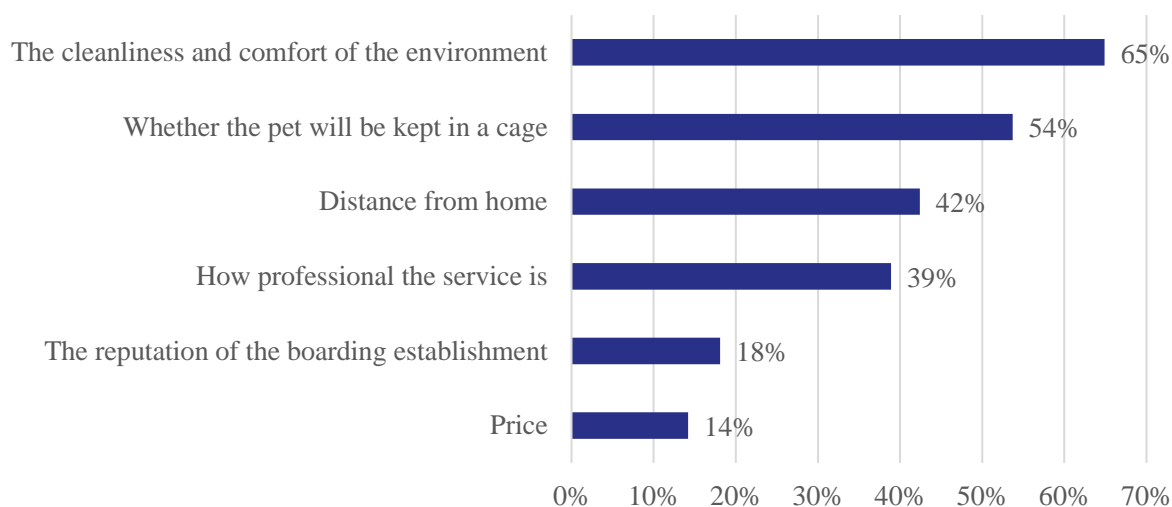
Pet boarding

The environment is the main factor influencing where pet owners choose for their pet to board. Other factors considered by Chinese consumers include whether the pet will be kept in a cage, the distance from home of the boarding location, how professional the service is, and the reputation of the boarding establishment.

⁷⁵ 2019 Chinese Pet Industry White Paper (in Chinese): <https://wk.askci.com/details/17a72c30799449f2b576e2a37b676500/> (accessed: 8 November 2021).

⁷⁶ *Ibid.*

Figure 32: Factors named as influencing the purchase of pet boarding services, 2019, percentage of respondents that named each factor ⁷⁷



4.4. Regulations and compliance requirements for investing in pet services in China

The *Foreign Investment Law*,⁷⁸ which took effect on 1st January 2020, aims to promote, protect, and govern foreign direct investment through a set of laws and regulations relating to foreign investors in China. Indeed, while it remains the case that foreign investors face restrictions, and sometimes prohibition, when engaging in sectors listed on the 2020 version of the *Special Administrative Measures for the Access of Foreign Investment (Negative List)*,⁷⁹ foreign-invested enterprises (FIEs) investing in sectors not on this list now enjoy the same treatment same as Chinese companies and are regulated by the same Company Law.⁸⁰ It is, however, important to note that the licence for diagnosis and treatment of animal diseases must be obtained from the MARA.

There are several types of FIE that can be used to enter the China market, including representative offices (ROs), wholly foreign-owned enterprises (WFOEs), and joint ventures (JVs). As pet spas, clinics, pet training, and pet hotels are not listed in the *Negative List*, EU SMEs can invest in these pet services as long as they follow the laws and administrative regulations of China and that they choose to set up an RO or a WFOE, or partner with a Chinese company, depending on which path most suits their China objectives and strategy.

4.5. Distribution channels

Small-to-medium-sized independent clinics

Small-to-medium-sized independent clinics are the most common types of pet clinic-related companies in China. In terms of registered capital, 95% of companies in China offering pet clinic services have registered capital of less than RMB 5 million (€666,667), making them SMEs. Indeed, there are more than 17,000 companies in the pet medical sector in China, and independent clinics account for around 90% of these. In terms of chain clinics, they have largely been acquired by pet medical care services providers Ruipeng Pet Healthcare Group and Ringpai Pet Hospital (see section 4.6).

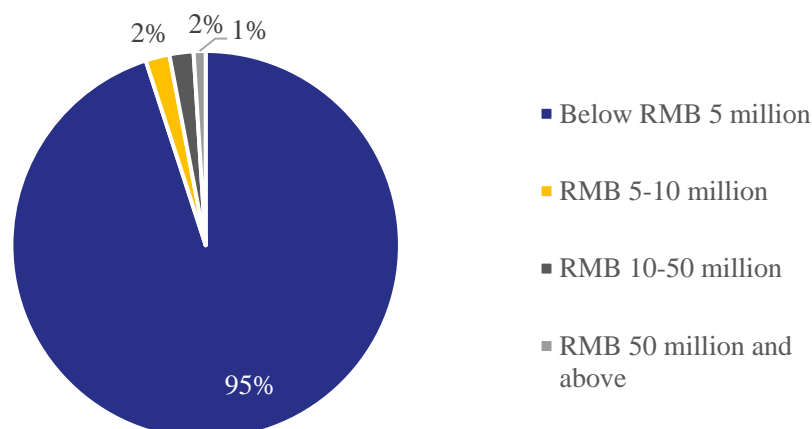
⁷⁷ 2019 Chinese Pet Industry White Paper (in Chinese): <https://wk.askci.com/details/17a72c30799449f2b576e2a37b676500/> (accessed: 8 November 2021).

⁷⁸ http://www.npc.gov.cn/zgrdw/npc/xinwen/2019-03/15/content_2083532.htm (accessed: 8 November 2021).

⁷⁹ <http://www.gov.cn/xinwen/2019-06/30/5404703/files/d0a86e1a90eb4e898e9a9ea6eb59703a.pdf> (accessed: 8 November 2021).

⁸⁰ http://www.npc.gov.cn/wxzl/gongbao/2014-03/21/content_1867695.htm (accessed: 8 November 2021).

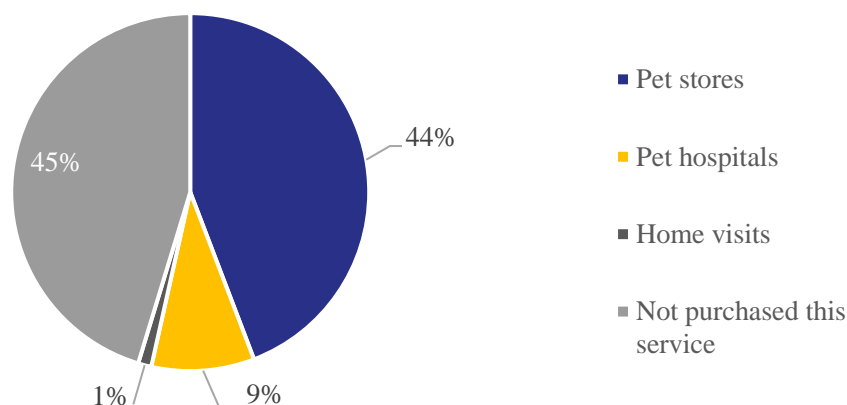
Figure 33: Registered capital of companies offering pet clinic services, 2020, percentage of companies within each capital band ⁸¹



Grooming and bathing services

Pet owners mostly bought pet grooming and bath services in pet stores. According to a survey in 2019, 44% of pet owners in urban areas bought pet grooming and bathing services in pet stores, 9% bought them in pet hospitals, and only 1.2% bought such services that take place at the owner’s home.

Figure 34: Channels used to purchase pet grooming and bathing services, 2019, percentage ⁸²



Pet training services

The majority of pet owners have never bought or have limited awareness of pet training services. More than 90% of pet owners had never purchased pet training services in or before 2019, and 43% of pet owner never pay attention to pet training. Only 1% of pet owners have sent their pet to professional training institutions, with another 0.3% choosing home visits provided by pet trainers.

4.6. Key Chinese and international competitors

As the pet bathing and grooming, training, and boarding markets remain small and fragmented in China, there

⁸¹ https://pdf.dfcfw.com/pdf/H3_AP202101151450898873_1.pdf?1610718668000.pdf (accessed: 30 November 2021).

⁸² 2019 Chinese Pet Industry White Paper (in Chinese): <https://wk.askci.com/details/17a72c30799449f2b576e2a37b676500/> (accessed: 8 November 2021).

are no dominant providers nationwide currently offering these services.

New Ruipeng Pet Healthcare Group⁸³

New Ruipeng Pet Healthcare Group is a comprehensive conglomerate specialising in providing pet medical care services; it was founded in Shenzhen, Southeast China in 2013 and was established by the merger of Ruipeng Pet Hospital and Hillhouse Capital's several pet hospitals. Its operations cover pet healthcare, pet grooming and beauty solutions, livestreaming, supply chain management, and continuing education for veterinarians and pet groomers.

As a pet healthcare provider, New Ruipeng Pet Healthcare Group has more than 16,000 employees and 1,600 pet hospitals, clinics, and community hospitals, including Ruipeng Pet Hospital, Meilianzhonghe Veterinary Hospital, Ai-bi Pet Hospital, Concordia Pet Care, and Puppy Town Animal Hospital. Its operations cover more than 90 cities, including Beijing, Shanghai, Hong Kong, Guangzhou, Shenzhen, Chengdu, Hangzhou, Chongqing, Wuhan, Xi'an, Suzhou, Tianjin, Nanjing, Changsha, and Zhengzhou, and it provides services for over six million customers on an annual basis.

New Ruipeng Pet Healthcare Group has been partnering with e-commerce giant JD.com's own offline supermarkets to extend its distribution network since September 2020.⁸⁴ In that month it also received funding from Tencent, Snow Lake Capital, OrbiMed, Aspex Management, and Lake Bleu Capital.⁸⁵

Ringpai Pet Hospital⁸⁶

Ringpai Pet Hospital is a large chain specialising in pet hospital operations and management that was established in Tianjin in 2012. Its operational scope covers pet clinics, pet food, pet supplies, grooming and bathing services, training services, and boarding services. It now has more than 300 offline stores, employs 1,600 professional veterinarians, and processes over 2 million cases annually.

Ringpai Pet Hospital has received investment from Ringpu, Goldman Sachs, Mars, Yuexiu Financial Holdings, Huatai Ruilian Fund Management, and RuiJi Biology. As of December 2020, it had a market value of RMB 7 billion (€933.3 million) after receiving funding from Mars.⁸⁷

Pet'em⁸⁸

Pet'em is a pet service provider that was established in 2015. It specialises in offering pet bathing and grooming, teeth whitening, hair care, retail, and boarding services.

Pet'em has more than 100 outlets in Beijing and Shenzhen and had served more than 1.2 million clients and over 100 different breeds as of September 2021. It expects to have 130 stores by the end of 2021, demonstrating its continued growth. As well as offline services, Pet'em has also launched its own app, which offers online booking services and various pet products.

Pet'em received RMB 100 million (€13.3 million) in a funding round led by Shanghai Pigu in 2019, to which Panda Capital also contributed.

⁸³ <https://www.ruipeng.org/> (accessed: 8 November 2021).

⁸⁴ https://www.sohu.com/a/419249997_120181749 (accessed: 8 November 2021).

⁸⁵ www.caixinglobal.com/2020-09-30/tencent-leads-over-100m-funding-in-pet-clinic-operator-new-ruipeng-101611529.html (accessed: 8 November 2021).

⁸⁶ <https://www.ringpai.com/> (accessed: 8 November 2021).

⁸⁷ <https://www.ringpai.com/list/cid/356.html> (accessed: 8 November 2021).

⁸⁸ <http://www.ichongwujia.com/> (accessed: 8 November 2021).

4.7. Recent and future developments

A shift to more standardised and centralised chains

Pet clinics are usually small or medium-sized and operate in a highly fragmented market in China. The long-term trend, however, is a shift to more standardised and centralised chains as pet owners are looking for more professional medical service providers. Customers' main concerns regarding pet clinics are non-transparent pricing, and a lack of clarity and standardisation in veterinarians' qualifications, which means there is a growing number of pet owners looking for scalable and branded pet clinic chains that can provide high-quality, standardised, and comprehensive services. While the Chinese veterinary qualification examination only requires candidates to have a vocational college degree or a polytechnic degree,⁸⁹ the increasing demand for qualified veterinarians with a bachelor's degree presents opportunity for EU companies offering these qualifications.

Expansion of online pet service platforms

Generation Z consumers are driving demand for online platforms dedicated to providing services for pet owners – a trend that the COVID pandemic further boosted. By April 2020, there were around 5,000 clinics registered on Weichongyi, which had logged a total of more than 80,000 online consultations.⁹⁰

Private sector funding

While the pet services sector is still in its infancy, money from the private sector is flowing into the pet medical care sector. A number of well-known international and Chinese investment institutions and conglomerates, including Hillhouse Capital, IDG Capital, GGV Capital, Goldman Sachs Capital, and Tencent, have seen the potential of the pet industry in China and invested in it. Although the pet services market is still in its infancy and therefore not necessarily as accessible for investors as some alternative options, pet clinics received more financing than other pet-related funding targets in 2020.

Table 5: Funding targets in the pet services sector, 2020⁹¹

Funding target	Number of financing activities	Amount of financing (RMB million)
Pet food	11	527
Pet clinics	6	4,346
Pet supplies	5	179
Pet e-commerce retail	6	545
Smart pet devices	5	271
Pet stores	2	129

⁸⁹ http://www.moa.gov.cn/gk/tzgg_1/gg/201906/t20190612_6316748.htm

⁹⁰ <https://www.sixthtone.com/news/1005556/chinese-vets-promote-telemedicine-for-pets-during-pandemic> (accessed: 8 November 2021).

⁹¹ <https://www.ixiupet.com/kuaibao/23902.html> (accessed: 8 November 2021).

5. Opportunities and challenges

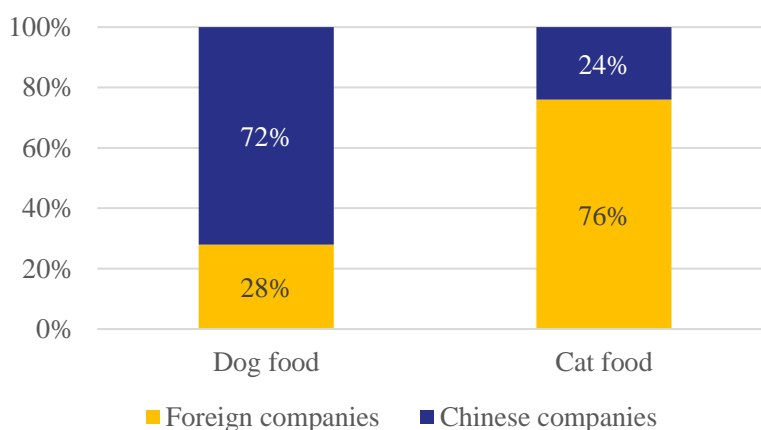
The consumption upgrade trend

China is currently undergoing what is commonly referred to as a *consumption upgrade*, which refers to a shift in Chinese consumers' consumption patterns towards spending more money on high-quality goods and services. As a part of this trend, pet owners have become more willing to spend more money on smart pet home appliances and high-quality, more nutritious, and safe pet food, and this is particularly true with premium dry cat food and treats.

As mentioned previously in this report, the demand for cat products shows long-term potential and is driving growth in the premium pet food segment. Online sales of medium- to high-end imported dry cat food and treats surged during first three quarters in 2019, and dry cat food costing over RMB 50 (€6.6) per kilogram is the fastest growing product type among dog and cat staple foods.⁹²

International brands make up a larger share of the cat food market than their Chinese counterparts do, and with their more comprehensive experiences of R&D within the sector, such companies, including EU SMEs, are well placed to take advantage of Chinese buyers' demand for cat food. According to Tmall and Taobao sales data in 2018, foreign companies accounted for 76% of the cat food market, which is in sharp contrast to the dog food market. This success is encouraging Chinese brands to increase the quality of their offerings, therefore increased competition can be expected in the market going forward.

Figure 35: Tmall and Taobao sales of dog and cat food by company type, 2018, percentage⁹³



The guochao trend

The *guochao* trend in China – a demand for products that are Chinese as opposed to foreign – and a growing cultural self-confidence mean that pet owners are now less likely to *automatically* favour foreign brands and are more willing to try high-quality and potentially more cost-effective local brands. This could create obstacles for EU SMEs looking to enter certain markets in China that cannot offer Chinese buyers anything that they could get from domestic brands.

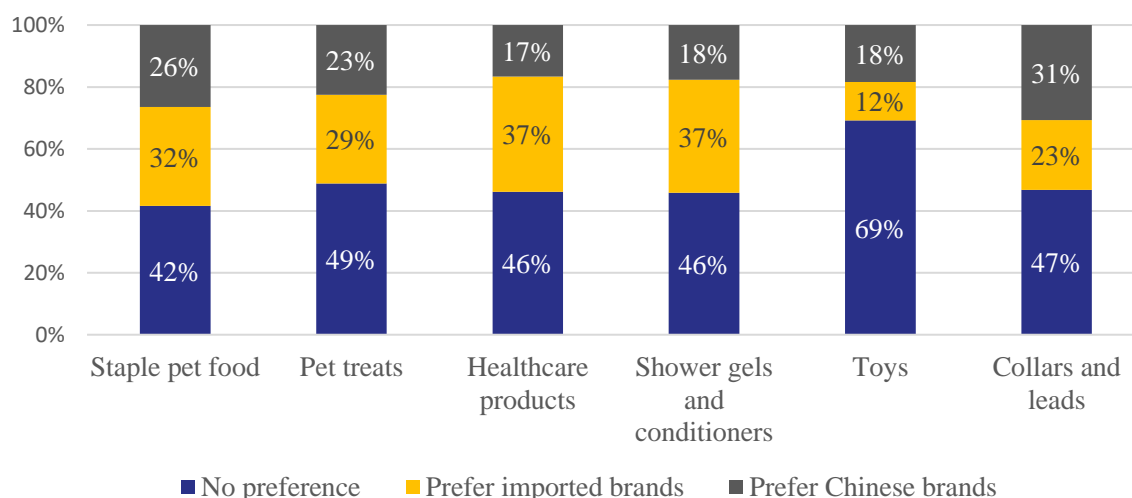
However, Chinese consumers – particularly those from first-tier cities – do still express a clear preference towards imported pet shower gels and conditioners as well as healthcare products over domestic equivalents,

⁹² https://www.sohu.com/a/354940354_378814 (accessed: 30 November 2021).

⁹³ PwC analysis in 2020: <https://www.pwccn.com/en/services/deals-m-and-a/publications/finding-opportunities-in-china-fast-growing-pet-industry-sep2020.html> (accessed: 8 November 2021).

with product effectiveness being the main factor driving these decisions.

Figure 36: Brand origin preferences for pet food and supplies, 2019, percentage⁹⁴



Emerging product categories

High-end pet shower gels, beauty tools, electronic beauty devices, and haircare products are all categories that consumers are becoming increasingly interested in. The sales of high-end pet bathing and beauty brands grew significantly on JD.com in 2019, with pet shower gels, beauty tools, electronic beauty devices, and haircare products seeing more segmentation and a move towards premium-quality products.

Table 6: Popular pet bathing and beauty categories on JD.com, 2019⁹⁵

Product type	Popular sub-categories/functions
Pet shower gel	<ul style="list-style-type: none"> Shower gel made for black or white fur Shower gel for smoothing hair Shower gel for styling and making fur fluffy Anti-lice/flea shower gel Anti-inflammatory and itch relief shower gel
Beauty tools	<ul style="list-style-type: none"> Hair removal combs Hair removal gloves Nail clippers Scissors for cosmetic uses Absorbent towels
Electronic beauty devices	<ul style="list-style-type: none"> Hairdryers Pet dryers
Haircare products	<ul style="list-style-type: none"> Anti-dandruff products Haircare products for sensitive skin

⁹⁴ 2019 Chinese Pet Industry White Paper (in Chinese): <https://wk.askci.com/details/17a72c30799449f2b576e2a37b676500/> (accessed: 8 November 2021).

⁹⁵ https://www.sohu.com/a/354940354_378814 (accessed: 8 November 2021).

6. Case studies

Please note these case studies listed below stem from desk research.

ROYAL CANIN



Royal Canin, now owned by Mars, has a history of producing food and other products for cats and dogs which can be traced back to the 1960s. It entered the China market in the 1990s, and it is now headquartered in Shanghai. Since then, the company has been a leader in veterinary clinics and neighbourhood pet stores, has continued investments in marketing channels, and has become one of the most familiar pet brands amongst Chinese consumers.⁹⁶ Since 2010, Royal Canin has been active on e-commerce channels and was the best-selling pet brand on JD.com and the second best-selling pet brand on Tmall during the 618 shopping festival of 2021. Additionally, the company has had outstanding sales performances on vertical pet websites Boqi and EPet.

With a factory established in Fengxian district, Shanghai in 2008, subsequently made operational in 2010, Royal Canin's dog and cat food in China is now locally produced. On top of locally producing such products, the company also localises marketing strategies to engage with Chinese consumers, especially focusing on Generation Z. It is one of the earliest brands to open its own WeChat channel, and it has also opened Douyin and Xiaohongshu accounts in order to diversify its marketing.⁹⁷ Following an increasing trend towards digitalisation in the pet sector, Royal Canin works with Weichongyi to integrate online and offline medical care for pets and consumers to purchase prescriptions through the app.⁹⁸

Apart from an online digital campaign, Royal Canin also works with industry insiders including specialists and professors from colleges and scientific research institutes to promote new ways to raise pets in China.

Myfoodie



Gambol Pet Group is a pet food manufacturer that was established in Shandong province in 2006. As one of the largest pet food/treat OEM and private label manufacturers for international brands, including Nestlé, it has a wealth of experience in the market, which led it to launch its own brand, Myfoodie, in 2014. Myfoodie's products include dry food, wet food, treats, and chews, and target the younger generation of pet owners.

Myfoodie has grown rapidly since its establishment. According to 618 shopping festival sales data from 2021, during the festival, Myfoodie was the best-selling pet food brand on Tmall and the best-selling brand for staple dog food and dog treats on JD.com. In addition to its strong performance on online platforms including Tmall and JD.com, Myfoodie has access to more than 18,000 offline pet stores and pet hospitals and clinics.

With well-established manufacturing capabilities, its medium- to low-end dog food product series has a good

⁹⁶ <https://www.chinapetmarket.com/royal-canin-double-global-sales-by-2025/> (accessed: 30 November 2021).

⁹⁷ <https://new.qq.com/omn/20201208/20201208A08OBO00.html> (accessed: 30 November 2021).

⁹⁸ https://www.sohu.com/a/311676699_100086638?sec=wd (accessed: 30 November 2021).

reputation among traditional Chinese pet food buyers. Myfoodie has extended its product line to include medium- to high-end offerings, including the cat food brand Fregate Island, to expand its consumer base.

In comparison with other leading pet food brands, Myfoodie has had significant success in carrying out marketing using a range of platforms, including the popular short-video sharing application Douyin and the social media platform Weibo. Myfoodie's young and dynamic brand image has been strengthened through effective content marketing, celebrity endorsements, and sponsorship of a number of TV series and reality shows to better engage with a younger generation of buyers, including shows like *Faith of a Dog* (只狗的使命), *Fight! Cute Dog* (战斗吧萌宠), *Yearning Life* (向往的生活), and *2% Love* (百分之二的爱). It was also the only pet brand to win at the Tmall Beauty Awards in April 2021 – winners elsewhere included prestigious brands such as Estée Lauder, L'Oréal, and Vinda – demonstrating that its strengths have been recognised by consumers.

Myfoodie's potential also has been picked up on by investors, and it raised RMB 400 million (€53.3 million) from Kohlberg Kravis Roberts & Co LP in 2017.⁹⁹

Boqii 波奇网



Boqii is a comprehensive pet services platform that was established in Shanghai in 2008. It is part of Guangcheng (Shanghai) Information Technology Co., Ltd. and comprises both B2B and B2C offerings. Boqii's e-commerce platform sells over 10,000 products, including food, snacks, clothes, shampoo, and medication for pets. Since June 2020, Boqii has also been cooperating with more than 15,000 pet stores and pet hospitals across China to provide services including foster care, grooming, sterilisation, and medical treatment. The majority of Boqii's income comes from its e-commerce business and sales in offline stores, demonstrating that the combination of online and offline offerings can be used to effectively promote a brand and drive sales.

Table 7: Boqii's business model

B2C business lines	B2B business lines
<ul style="list-style-type: none">▪ Boqii Mall, an e-commerce platform, a pet encyclopaedia, and an online pet community where users can share their experiences of looking after pets▪ Boqii Pet Services, an online-to-offline (O2O) pet services platform	<ul style="list-style-type: none">▪ A software as a service (SaaS) system that can digitalise and streamline offline pet stores▪ Supply chain management and in-store operations▪ Integrated marketing communication

Boqii works with leading video-sharing mobile app Kuaishou, as well as KOLs and KOCs, to produce content-driven marketing, so as to benefit from Kuaishou's large audience base and strong data analytics capabilities and therefore expand its influence.

⁹⁹ <https://new.qq.com/rain/a/20210726A03M5S00> (accessed: 8 November 2021).

7. Annexes

7.1. Key contacts including major distributors and industry associations

Ningbo Petjust Pet Food Co., Ltd. 宁波百加世宠物食品有限公司

Website	https://www.petjust.com/
Background information	Ningbo Petjust Pet Food Co., Ltd. is a private company and a distributor of pet food founded in Ningbo in 2015. It represents Now Fresh and Go! in China. Petjust distributes via both online (Tmall, JD.com, and a WeChat e-store) and offline channels (including pet hospitals and pet hotels).
Hotline	+86 400 894 8904
Email	This information is not publicly available

Guangzhou Haiji Pet Trading Co., Ltd. 广州海际宠物贸易有限公司

Website	http://www.tapinpet.com/
Background information	Guangzhou Haiji Pet Trading Co., Ltd. is an internet company that was founded in Guangzhou, Guangdong province in 2016 and has a branch office in Chongqing. It is the distributor of a large number of international brands, including Orijen, Ziwi, By Nature, Pronature, Vitakraft, Primo, and Puretrition. Haiji distributes to both online and offline channels. It has also developed its own B2B purchasing platform, Tapin, which offers pet food and supplies. Haiji had access to more than 50,000 pet stores by January 2020.
Hotline	+86 400 888 0690
Email	Tapin@gutou.com

Beijing Pet Froh Pet Food Co., Ltd. 北京佰芙宠物食品有限公司

Website	http://www.petfroh.com/
Background information	Beijing Pet Froh Pet Food Co., Ltd. is a distributor of pet products that was established in Beijing in 2016. It is a private company and also has a presence in Yingkou. Its products are imported from Belgium, Sweden, New Zealand, Italy, and Thailand. Pet Froh distributes to both online (JD.com, Taobao, and a WeChat store) and offline channels (pet stores such as Mr. Bear and Pet-Grooming Club, and pet hospitals).
Hotline	+86 400 829 2226
Email	info@petfroh.com

Ningbo Yihuang International Trading Co., Ltd. 宁波亿皇国际贸易有限公司

Website	http://www.yh-int.cn/
Background information	Ningbo Yihuang International Trading Co., Ltd. is a distributor of imported products that was established in Ningbo in 2014 and focuses on CBEC. It started trading pet food in 2018 and has now established long-term relationships with both online and offline channels. It works with sub-distributors and independent stores in many locations, including Beijing, Shanghai, Guangzhou, and Jiangsu province. It is currently working on establishing long-term relationships with pet store chains. It has set up Tmall and JD.com stores and works with Epet.com, Boqii, Hoopet, and JD.com-based platforms. In addition, it has good connections with influential online stores including Qiuqiu, BDF, Shizijun Meow, and PETINN.
Hotline	+ 86 (0) 574 8666 3693
Email	info@yihuanggroup.com

Beijing Yukangyuankaihong International Trading Company Ltd. 北京裕康源凯鸿国际贸易有限公司

Website	http://www.taotaolipai.com/
Background information	Beijing Yukangyuankaihong International Trading Company Ltd. is a distributor of international pet food that was registered in Beijing in 2011. It is the exclusive agent of a number of international pet food brands, including TOTAL, Unilac, and Sashas. It distributes pet food via both online channels and offline channels (including pet stores and pet hospitals).
Hotline	+86 400 051 0361
Email	beijingyukangyuan@163.com

Suzhou Pet Action Co., Ltd. 苏州艾克森宠物有限公司

Website	http://www.akspet.com/
Background information	Suzhou Pet Action Co Ltd is a distributor of pet products that was established in Suzhou in 2009. It also has a presence in Shanghai, Nanjing, Xuzhou, Yangzhou, Changzhou, and Nantong (other than Shanghai, all cities listed are in Jiangsu province). With a focus on Jiangsu province, Pet Action distributes to over 8,000 online and offline retailers. Its main products include pet food, pet health products, pet toys, and pet shampoo. Its current partners including Wafcol, GREAT JACK'S, CHARLES, Billy + Margot, Farmers Market, and Golden.
Hotline	+86 (0)512 6922 2892
Email	This information is not publicly available

Loving Care International Pet Medical Centre 宠爱国际动物医院

Website	http://www.chongaipet.com/index.html
Background information	Loving Care International Pet Medical Centre is a medical services provider for pets that was established in Beijing in 2013. It operates 25 pet hospitals in Beijing, seven hospitals in Hangzhou, four hospitals in Chongqing, two hospitals in Shanghai, and one hospital in Shenyang. It provides and sells pet food in these hospitals.
Hotline	+86 400 666 6835
Email	This information is not publicly available

China Small Animal Protection Association 中国小动物保护协会

Website	http://www.csapa.org/index.jhtml
Background information	<p>The China Small Animal Protection Association is a professional social organisation at the national level that can accept both domestic and international members, establish local organisations, and conduct international cultural exchange activities.</p> <p>Headquartered in Beijing, the association has departments focusing on organisation, publicity, research, liaisons, development, rescuing and sheltering animals, and health care. It has carried out significant work in organising, promoting, and rescuing animals over the past two decades.</p> <p>In 2020, the China Small Animal Protection Association founded the China Stray Animal Rescue Alliance to care for and protect stray animals.</p>
Hotline	This information is not publicly available
Email	csapa@csapa.org

China Animal Agriculture Association National Kennel Club (CNKC) 中国畜牧业协会犬业分会

Website	http://cnkc.org/aboutus.php
Background information	The successor to the China Kennel Association, the China National Kennel Club's (CNKC) has been approved by the Ministry of Agriculture and the Ministry of Civil Affairs. As a branch of the China Animal Agriculture Association, the CNKC is a national-level organisation providing professional services for individuals and institutions engaged in dog-related industries (including breeding, raising, grooming, and dog training) as well as dog lovers. In accordance with the international standards for pet appearances, it supervises and manages the China Pet Beautician Qualification Competition and issues China Pet Beautician Professional Qualification Certificates.
Hotline	+86 (0) 10 8838 8699 ext. 896
Email	cnkc@caaa.cn

China Kennel Union

Website	http://www.cku.org.cn/
Background information	<p>The China Kennel Union is a formal member of the Fédération Cynologique Internationale in China. It is the authority regarding purebred dog management in China.</p> <p>The CKU covers dog-related activities including purebred dog registration, breeding management, the organisation of dog-based activities, the promotion of canine culture, industry training, and other services. It promotes the orderly breeding of purebred dogs and the development of a purebred dog culture in China.</p>
Hotline	+86 400 660 7000
Email	breed@cku.org.cn

7.2. Major trade shows

*Petfair Asia*¹⁰⁰

The 23rd Petfair Asia was held between 19th and 23rd August 2020 in Shanghai. With 17 halls and 225,000 square metres of exhibition space, the show attracted 1,683 exhibitors and 70,849 professionals. The next iteration of the show will take place between 2nd and 5th October 2021 in Shanghai, with an expected 2,000 exhibitors and 100,000 professionals in attendance. Petfair Asia covers pet food, pet goods, and medical and healthcare products.

Pet Fair Beijing is the regional version of Petfair Asia, taking place in China's capital in March. It is smaller than Petfair Asia, although in 2021 the 2nd Pet Fair Beijing it still offered 50,000 square metres of exhibitions from 525 exhibitors, and attracted 45,066 trade visitors.

*China Pet Expo*¹⁰¹

The 8th China Pet Expo was held between 28th April and 1st May 2021 in Beijing, with more than 70,000 square metres of exhibiting areas attracting approximately 100,000 visitors. The trade show covers pet food, pet supplies, and pet services, including training.

*China International Pet Fair 2020 CPF*¹⁰²

China International Pet Fair is held three times a year, in Guangzhou (in Southern China), Wuhan (in Central China), and Chongqing (in Southwestern China). It covers the pet product industry, including staple food and treats, medical supplies, pet clothing and accessories, and grooming and cleaning supplies. In 2019, more than 300 brands from 20 countries participated in the trade show, and it has attracted more than 15,000 domestic and international buyers every year since it was established in 2015.

¹⁰⁰ <https://www.petfairasia.com/en/> (accessed: 8 November 2021).

¹⁰¹ <http://www.cpse-expo.com/> (accessed: 8 November 2021).

¹⁰² <http://www.chinapetfair.com/index.php?lang=en> (accessed: 8 November 2021).

About the EU SME Centre

The EU SME Centre helps European SMEs get ready for China by providing them with a range of information, advice, training and support services.

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Do you have a question about doing business in China?

Ask one of our in-house experts and receive practical and confidential advice within seven working days. We can provide information and advice relating to business development, market access, legal issues, and human resources.

To submit your enquiries directly to our experts go to *Ask-the-Expert* www.eusmecentre.org.cn/expert, or contact us at info@eusmecentre.org.cn

Further reading...

The EU SME Centre has nearly 200 reports, guidelines and case studies in its Knowledge Centre, the following may be relevant to you:

- *The e-commerce ecosystem in China: a checklist for European SMEs (2021):*
<https://www.eusmecentre.org.cn/report/e-commerce-ecosystem-china-checklist-european-smes-2021-update>
- *Guidelines on cross-border e-commerce (2019):*
<https://www.eusmecentre.org.cn/guideline/guideline-cross-border-e-commerce-china-2019>.
- *How to set up a cross-border Wechat shop (2018):*
<https://www.eusmecentre.org.cn/guideline/how-set-cbec-wechat-shop>

We have also available **recordings of previous webinars** in this field:

- *Cross-border e-commerce and Free Trade Zones (May 2021):*
<https://www.youtube.com/watch?v=R4BvtHUnVNw>
- *Selling through livestreaming in China (June 2021):*
https://www.youtube.com/watch?v=d7k_IhcZjWQ
- *Maneuvering Chinese social media (May 2021):*
<https://www.youtube.com/watch?v=BrvTQwmlTDE>
- *How well are you prepared to sell online in China? (Apr 2021):*
<https://www.youtube.com/watch?v=lfIJOIRxi0Q>
- *CBEC – Entering the Chinese market through the power of social networks (Dec 2020):*
https://www.youtube.com/watch?v=IYO28By_8eI

We also have a dedicated **set of FAQs on CBEC**: <https://www.eusmecentre.org.cn/faq>



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