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意大利对外贸易委员会

PET FOOD MARKET OVERVIEW AND GO-TO-MARKET STRATEGY

ITA Guangzhou

September 2024

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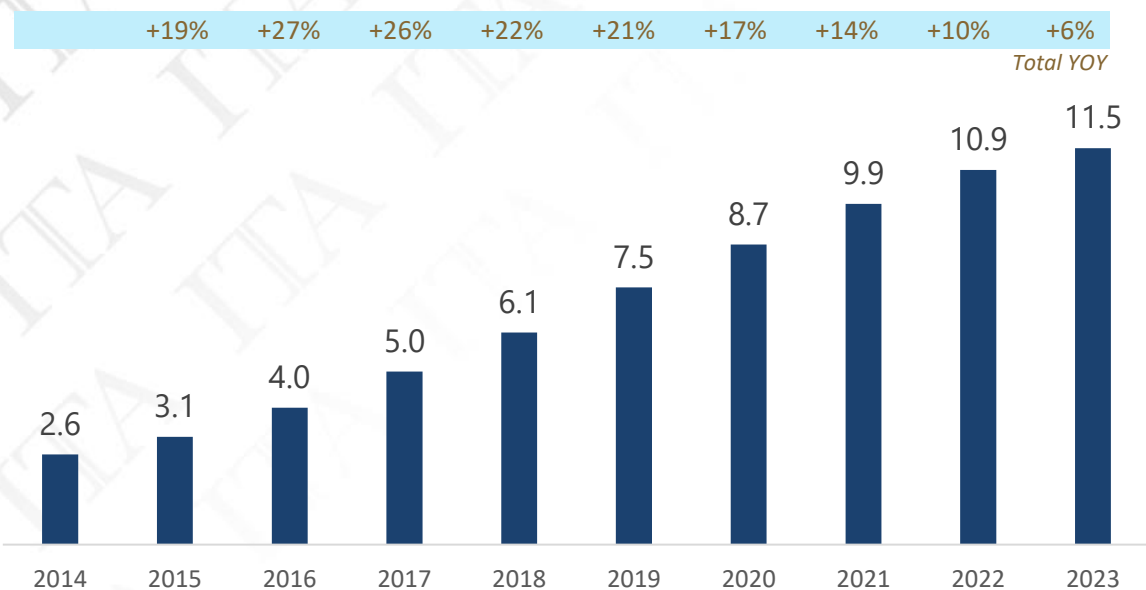
PART 1. Industry Trends and Growth

CHINESE PET CARE MARKET SIZE & GROWTH

Despite the slowdown in the growth rate of the Chinese pet market post-COVID, there remains significant potential for expansion compared to other mature markets.

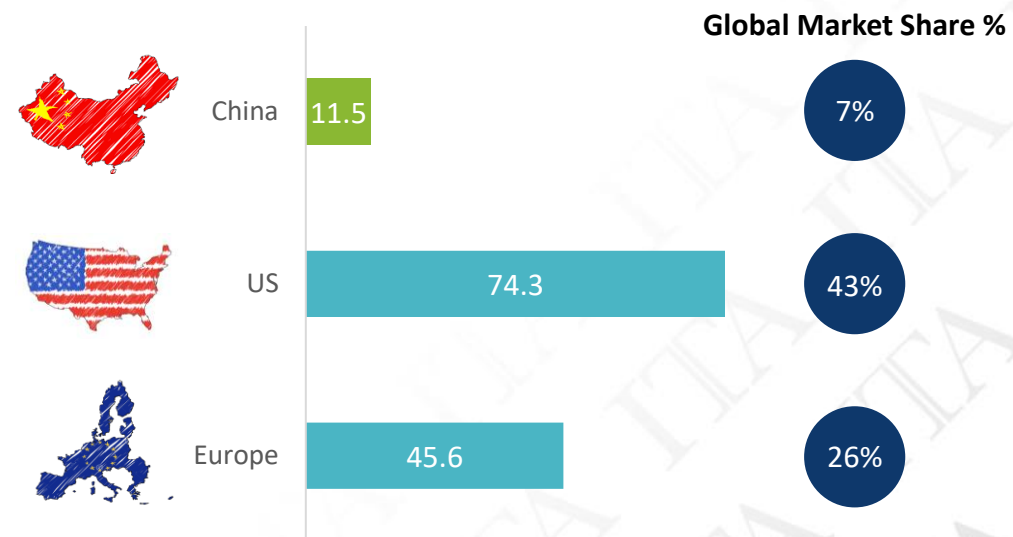
Size of Pet Care Market in China

2014-2023 | in Euros Billion | Euromonitor data



Pet Care Market Size In Global Comparison

2023 | in Euros Billion



- Although the Chinese pet care market received a set back due to COVID since 2020, it is still a rapidly increasing market (9Y CAGR of 18.0%) that significantly outpaces China's average GDP growth during this time (9Y CAGR of ~7.7%).
- China takes up a relatively small part of the global pet care industry (7%) compared to the US, but its growth is among the fastest in the world due to a rising consumption income and humanization of pets, which leads to increased pet ownership.

CHINESE PET CARE MARKET PET DISTRIBUTION

From 2020 to, cats have been growing rapidly in number (43.6%), surpassing dogs in 2021. However, the annual growth in spending per dog (27%) is higher than that for cats (2.9%), so the market share for dogs remains larger.

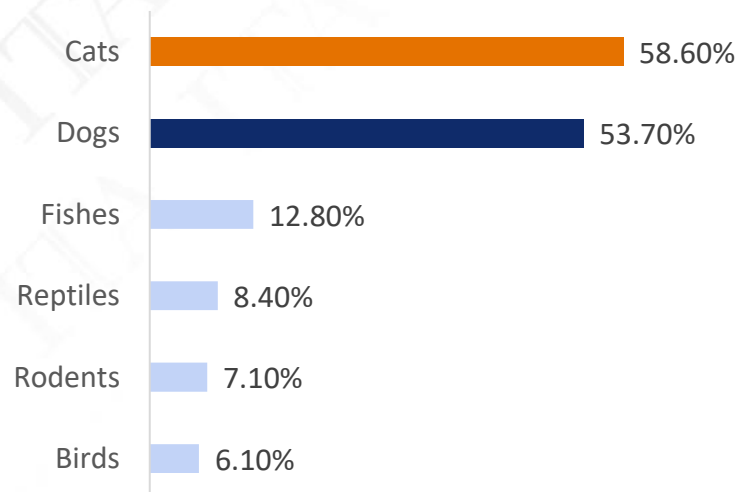
- Cats and dogs are by far the most owned pets in China that generate the vast majority of revenue for the pet care industry.
- Dogs used to be the most popular pet, but cats recently overtook them in 2021 the number of cats increased 43.6% from 2020 to 2023, whereas dogs dropped by 0.7%. This can be attributed to various reasons such as urbanization, as more people are living in apartments, as well as cats being low-maintenance pets which is ideal for busier people.
- Even though there are now more cat owners, dog owners actually still make up the majority of the pet care market by spending more for their dogs.

Cats market size is 16.75 billion Euros, primarily driven by growth in numbers: (43.6% from increase in numbers and +2.9% from average spending, from 2020 to 2023).

Dogs market size is 19.11 billion Euros, primarily driven by growth in average spending: (-0.7% from increase in numbers and +27.0% from average spending, from 2020 to 2023).

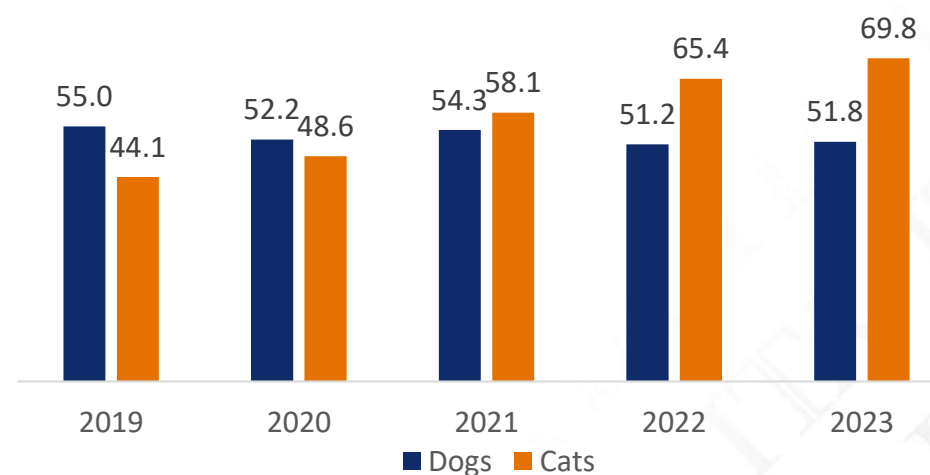
China Pet Ownership Distribution

2023



China Pet (Cats and Dogs) Composition

2019-2023 | in units of million



Average spending for dogs is **369 Euros** yearly

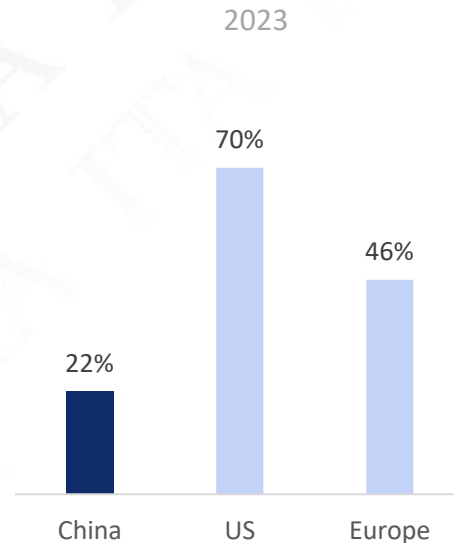
Average spending for cats is **240 Euros** yearly

PROFILE OF PET OWNERS

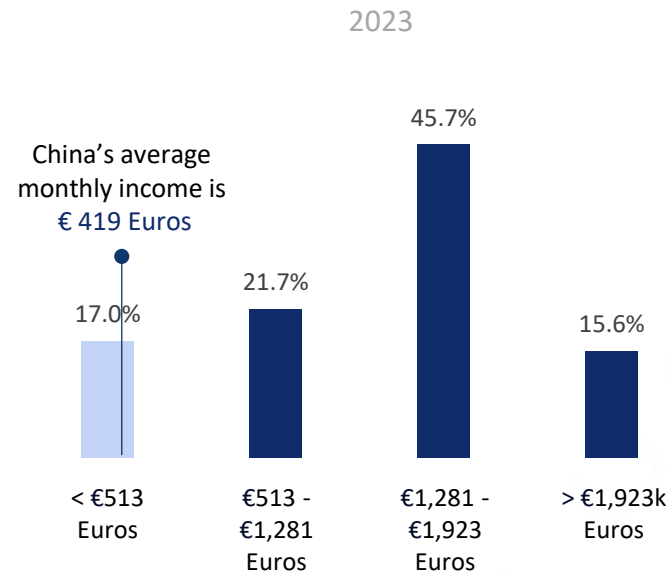
Pet owners in China tend to be younger individuals that are financially independent

- In general, China has a very low family pet penetration compared to US and Europe, signaling that China's market has a very high potential for market growth in the future.
- Pet owners tend to be wealthier than average, as over 80% pet owners earn above China's average income. There have been lots of efforts in recent years to raise awareness for responsible pet ownership, and that is a **major reason that leads owners to become more financially independent before owning pets**.
- Pet ownership tends to also be **centered at the young age groups, with over 55% of pet owners under the age of 35**. China's single-child generation seeks companionship more than any previous generation, which is the main reason most people desire and adopt pets.

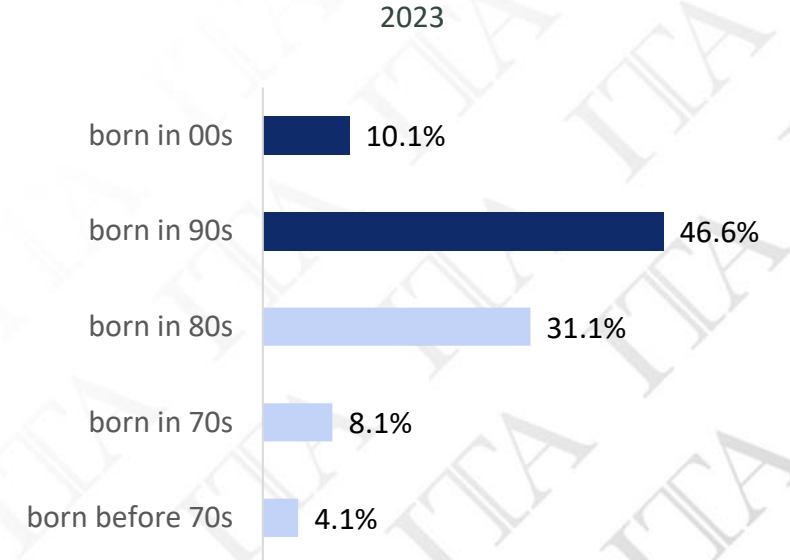
Family Pet Penetration Rates in Global Comparison



Pet Owner Monthly Income Level Distribution



Pet Owner Age Distribution

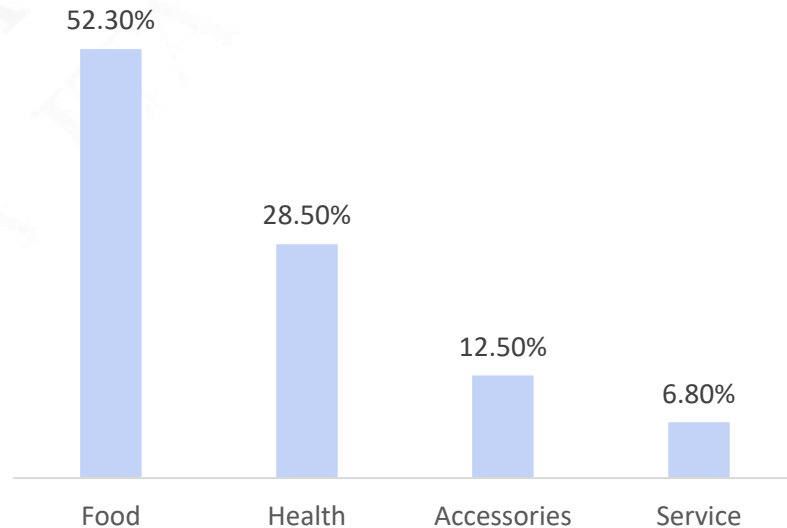


CHINESE PET CARE MARKET SEGMENTATION

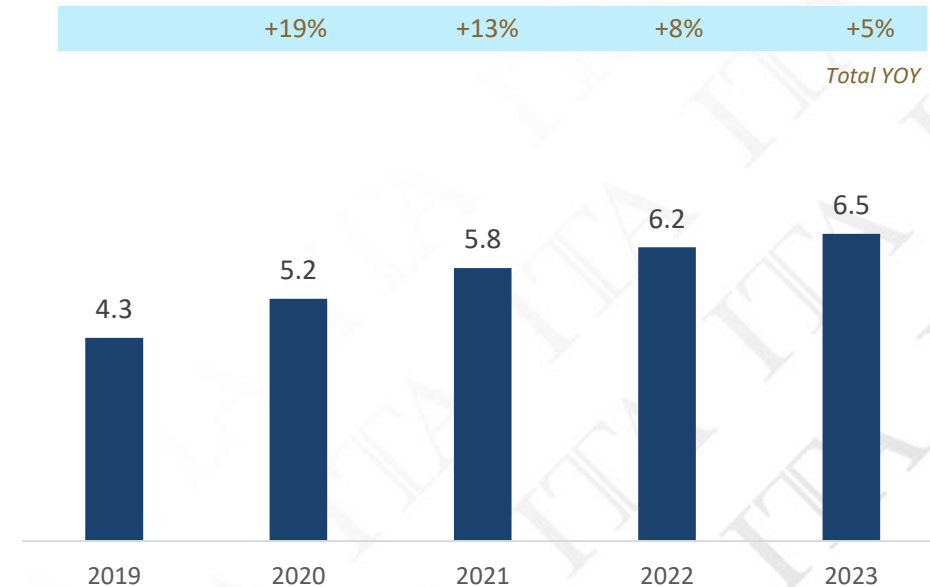
Pet food (52%) and pet health (29%) dominate the total pet care market and are still the main drivers of industry growth

- China's pet market is segmented into four categories: pet food, pet health, pet accessories, and other services. Among the four categories, pet food makes up the majority of China's pet market and it is the main driver for the industry. **Its 4-year CAGR is at 10.9% in average between 2019 and 2023**, despite under the shadow of Covid.
- Pet food remains the primary market leader, with significant growth in snacks and supplements, while staple food penetration is nearing saturation and growth is stabilizing. As pets are being valued more and more as family members, pet owners are increasingly conscious of their pets' health and are willing to spend more on vaccines, deworming, and vet check-ups.

China Pet Market Segmentations
2023



Size of Pet Food in China
2019-2023 | in Euros Billion



GEOGRAPHICAL DISTRIBUTION AND DIFFERENCES

First-tier cities have the highest consumption of pet foods and Hebei remains the lead province in production

- First and second tier cities contribute for the highest consumption of pet care in China at around 70%, with **Beijing, Shanghai, and Guangzhou as the top 3 consumption cities**. The rising levels of stress and urbanization push for first and second tier citizens to have pets for companionship and emotional dependence.
- **Hebei, Shandong, and Shanghai are the three biggest provinces for production of pet food**, with Hebei at the top producing 38.5% of the entire market's pet food.

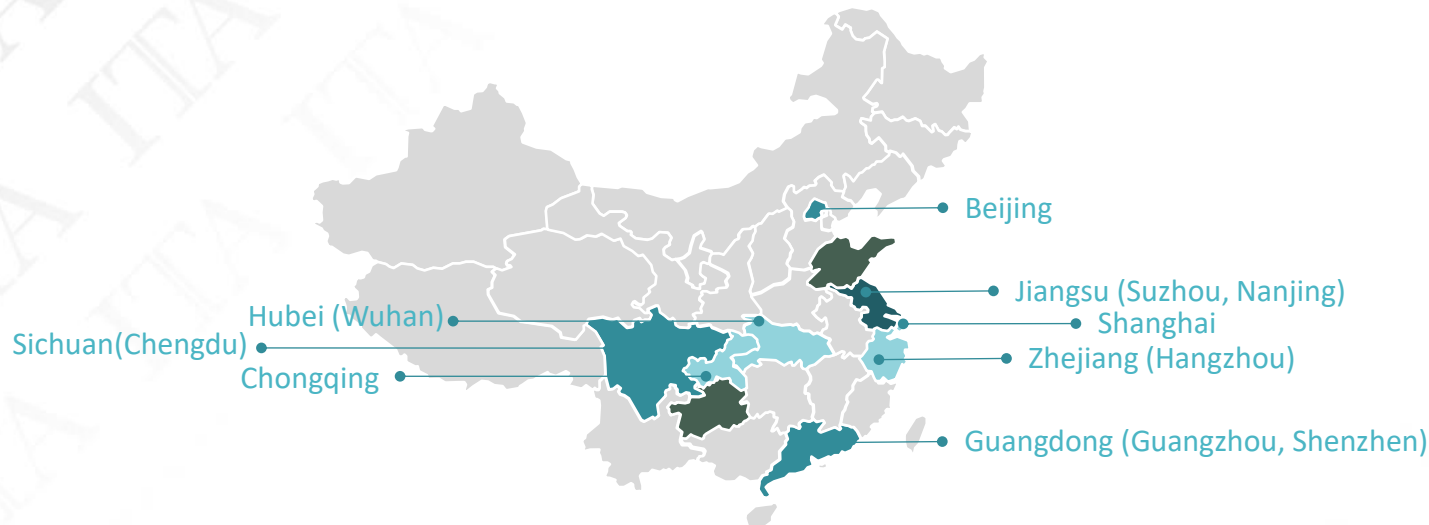


– **Region Sales Manager**

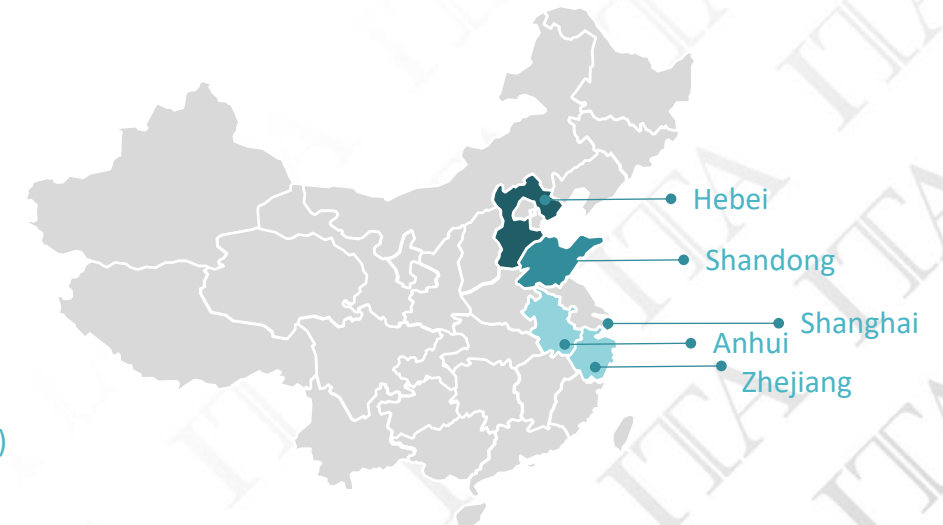
One of the Market Leading Companies

“The first thing to look at is the distribution of ownership across the country, which is also the most economically developed city. For example, the largest is Beijing (16% of cats), then Shanghai (15%), Chengdu, Guangzhou, Chongqing, Wuhan, Hangzhou, and Nanjing. **The concept is that the more developed the first-tier cities are, the more developed the pet market's economy will be.**”

Chinese Top 10 Cities with Highest Consumption of Pet Care
2023



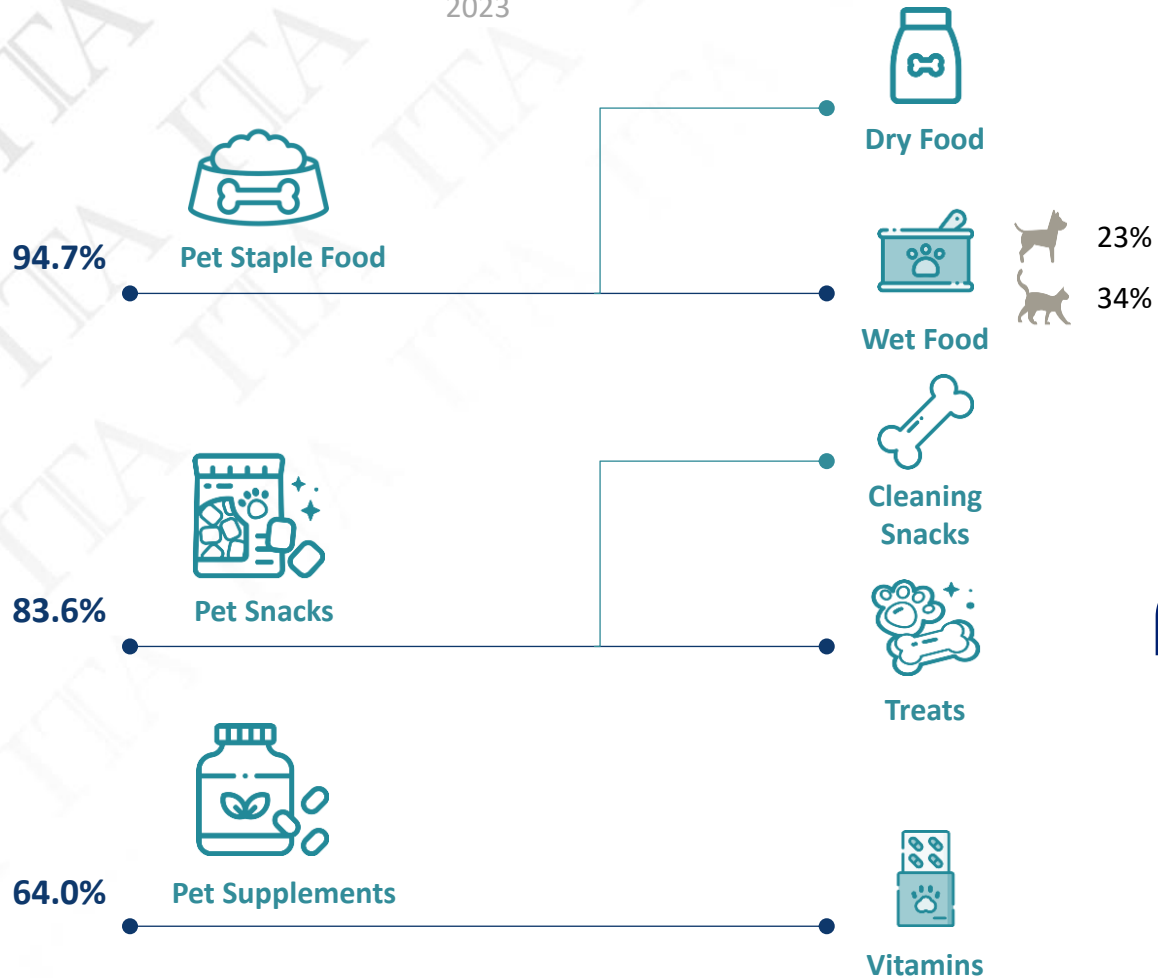
Chinese provinces with the Highest Production of Pet Food
2023



PET FOOD CATEGORIES

Dry staple foods remain as a must-have for pet owners

Pet Food Consumption Penetration Rate by Categories
2023



- **Staple foods is the dominant category for pet foods at 94.7%**, and it contains dry food and wet food. Dry food consists of puffed, baked, freeze-dried, and air-dried, and makes up majority of pet staple foods as it is easier to store and cheaper to purchase. **Cat owners have a higher wet food penetration rate compared to dog owners (34% vs. 23%).**
- **Pet snacks have a lower barrier of entry and customer stickiness, which is why a lot of brands, including OEMs, enters the pet food via this category.** Due to this, there is a lot of competition and a high variety of snacks such as jerky, chewing bone, biscuits, etc.
- Pet supplements is the smallest category with the lowest awareness. However, as pet owners mature, there is growing awareness toward it, which is leading to **this category growing very fast at around 35-40% YoY.**



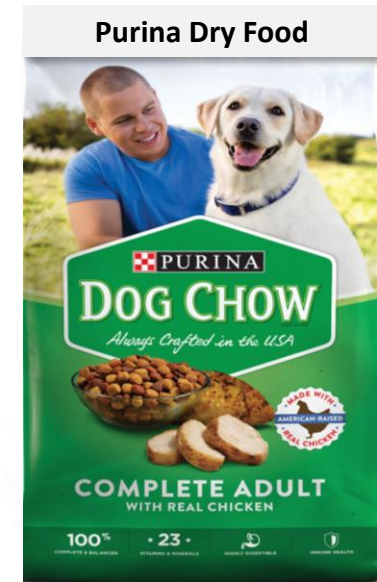
– Region
Distributor

One of the Market
Leading Companies

“The traditional dry food is definitely the largest, and most of it is puffed food (70%). In the past 5 years, (dry food) has basically followed the growth rate of the market - 18-25%. The growth rate of wet food is relatively faster at 25-30%, and the growth rate of snack food is relatively slower, at about 12%. It is an incoming trend that the supplements sector will grow quickly at 35-40%.”

ILLUSTRATION OF POPULAR PET FOOD PRODUCTS

Examples of different types of pet foods in China



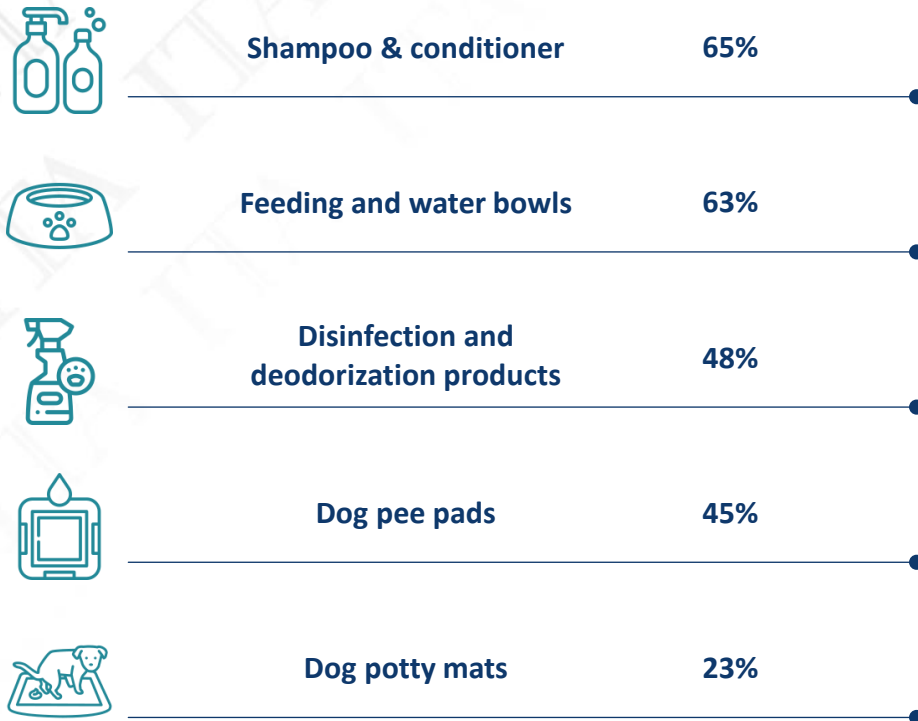
PET WELLBEING/HYGIENE CATEGORIES

Excretion management products in general have the highest penetration rate among both dog and cat owners

- The penetration rate of fragrance grooming products is highest among dog owners. In contrast, the usage is much lower among cat owners, as some Chinese cat parents, despite having the habit of regularly bathing their cats, typically take them to pet grooming shops for baths.
- Excretion management products have the highest penetration rate, including items such as pee pads, dog potty mats, cat litter, litter boxes, and Disinfection and deodorization products.
- Feeding and water bowls also have a high penetration rate among both cat and dog owners.

Penetration Rate of Dog Wellbeing/Hygiene Categories

2023



Penetration Rate of Cat Wellbeing/Hygiene Categories

2023

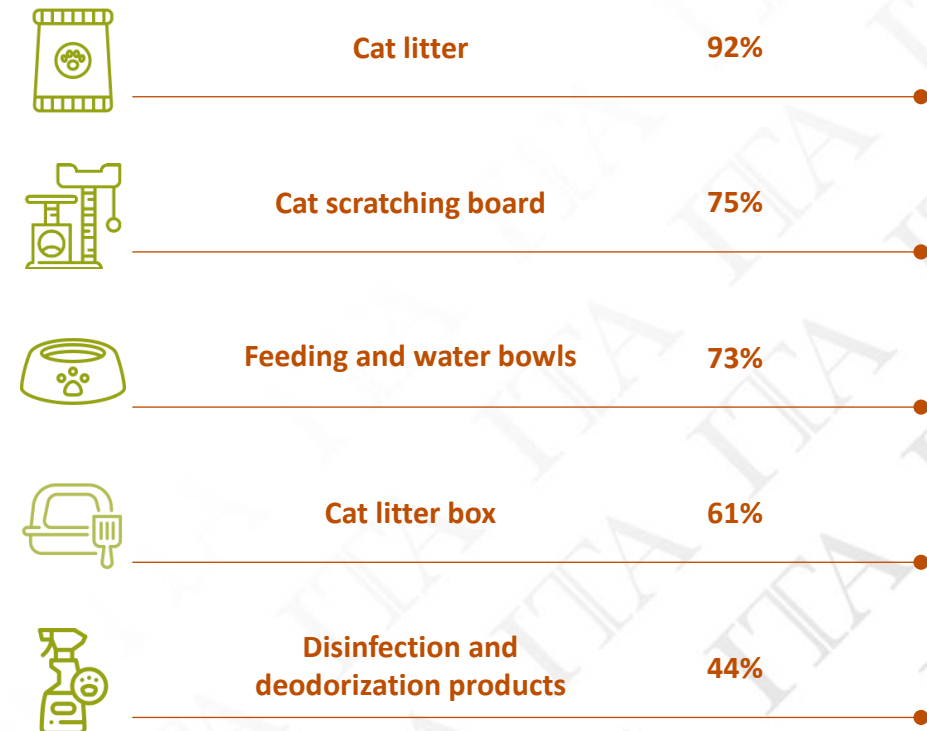


ILLUSTRATION OF POPULAR PET WELLBEING/HYGIENE PRODUCTS

Examples of different types of products in China

Pidan Cat Litter



PETKIT Automatic Cat Litter Box



IV SAN BERNARD Shampoo



Cocoyo Pee Pads
超大号 加厚吸收
Pro Max 90*120cm



Peclothings Deodorization

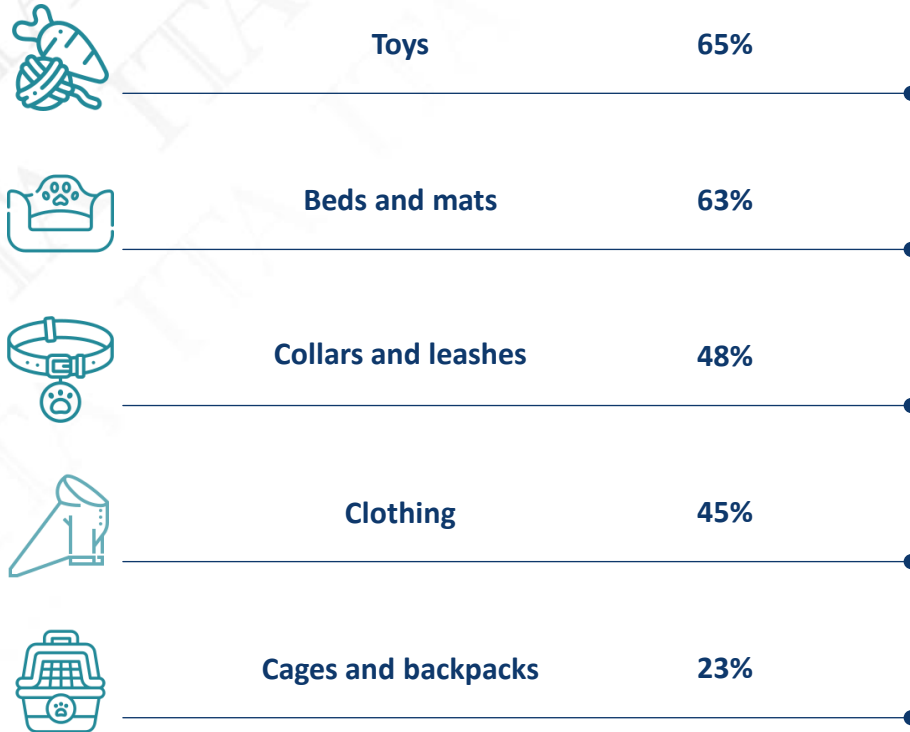


PET ACCESSORIES CATEGORIES

- Toys have a higher penetration rate among cat owners (92%) compared to dog owners (65%). This is because cats are often kept indoors, and their owners worry more about boredom, often resolving this by purchasing toys. Cat owners also rely more on toys like cat wands for interaction. Dog owners, on the other hand, are more likely to buy chew toys and interactive toys like frisbees and balls.
- Overall, the penetration rates of pet accessories among dog and cat owners show little difference. However, harnesses and leashes are more specific to dogs, while cat trees are more specific to cats.

Penetration Rate of Dog Wellbeing/Hygiene Categories

2023



Penetration Rate of Cat Wellbeing/Hygiene Categories

2023

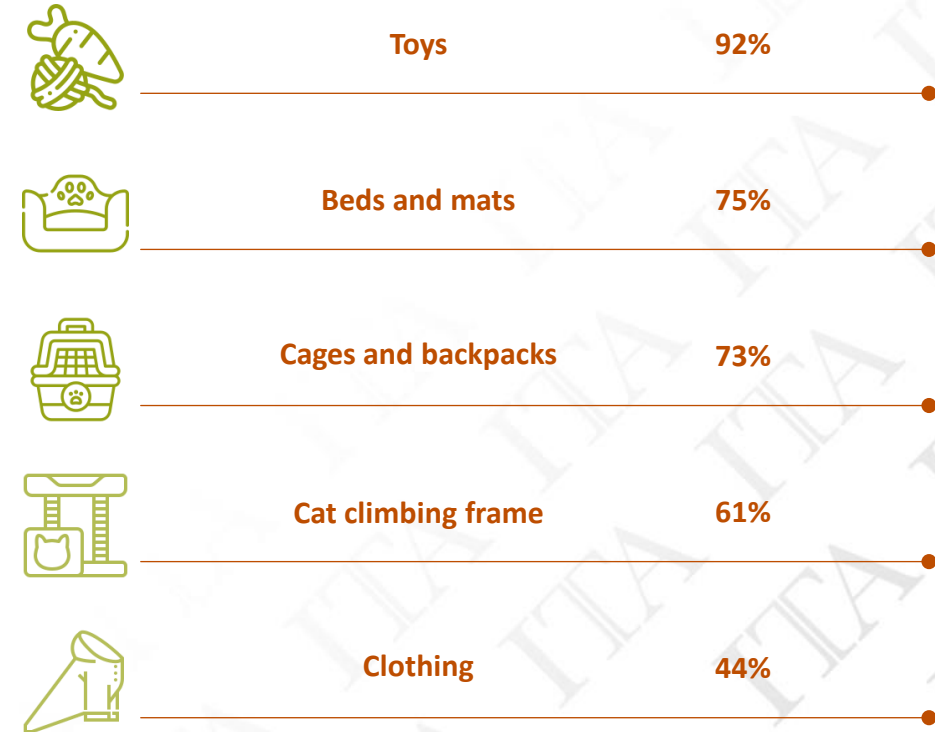


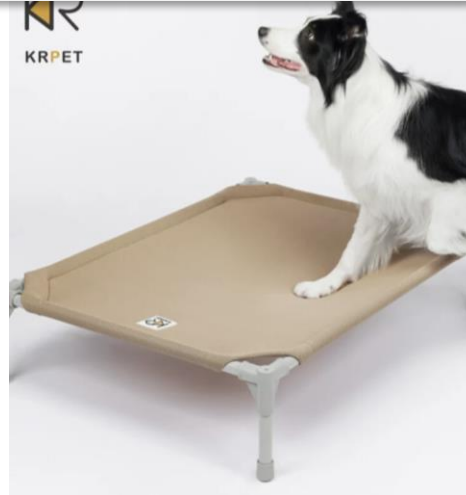
ILLUSTRATION OF POPULAR PET ACCESSORIES PRODUCTS

Examples of different types of products in China

GiGwi Pet Pizzle



KRPET Pet Bed



Pebot Rain Jacket



Flexi Leashes



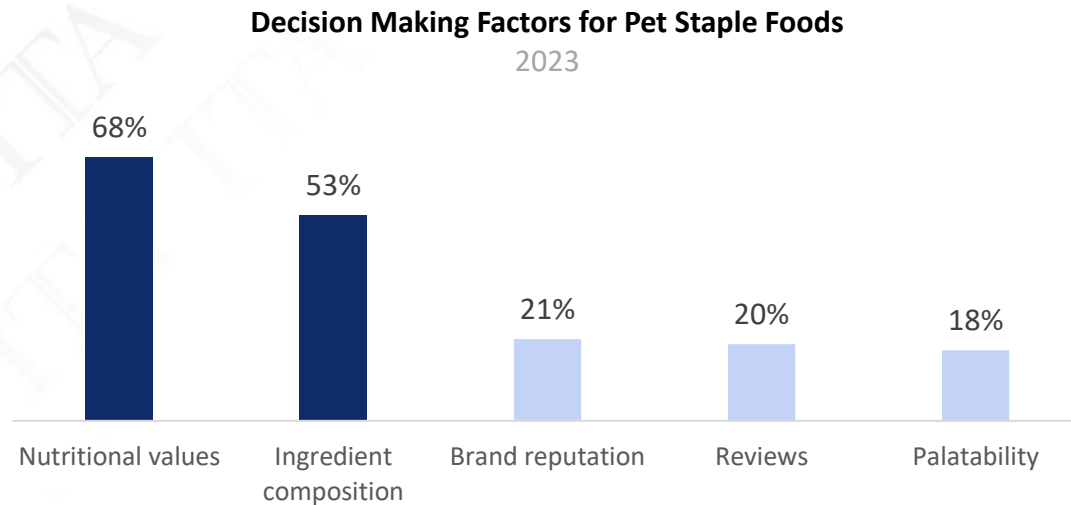
Hoopet Cage



CONSUMER TREND #1

Humanization of pets is on the rise as pets are treated as secondary family members, reflected in stronger consciousness on ingredient composition and willingness to spend on high-nutrition foods.

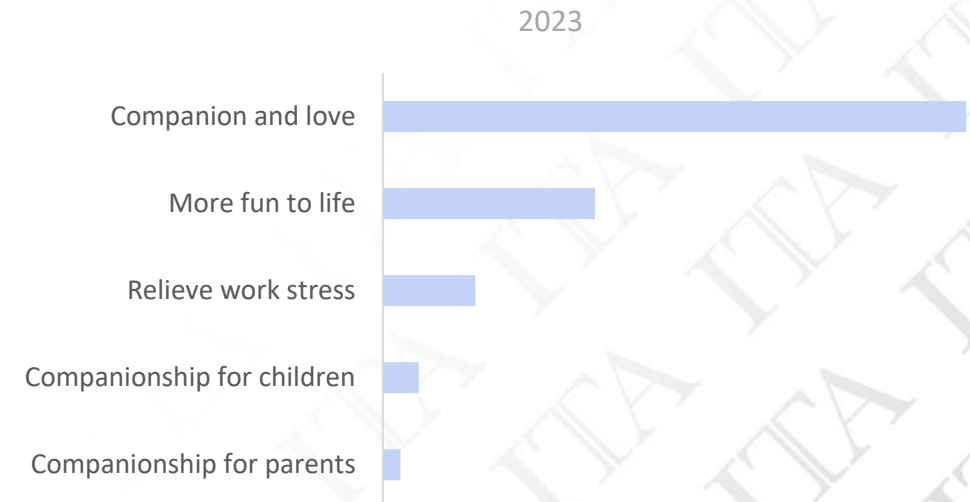
- The number one reason for people to adopt pets is to have a companion, followed by adding fun to life, and then stress relief. These factors have been increasing over the last couple of years and it means that pet owners are starting to humanize and treat pets as friends and equals.
- It is evident that **pet owners are placing increasing heavier emphasis on their pets' wellbeing**, as **nutritional values** and **ingredient composition** are the top two factors when deciding which pet staple foods to purchase (55% and 47%), followed by palatability and reputation.



“They are the purest love I can buy. I was sick these days and I was afraid of infecting my hairy children (dogs) and didn't touch them. My dog thought he did something wrong, so he jumped on the bed and touched me lightly this morning, looking at me with big eyes. This made my heart melt”

- Social Media User, Little Red Book

Chinese Pet Owners Reasons For Owning Pets

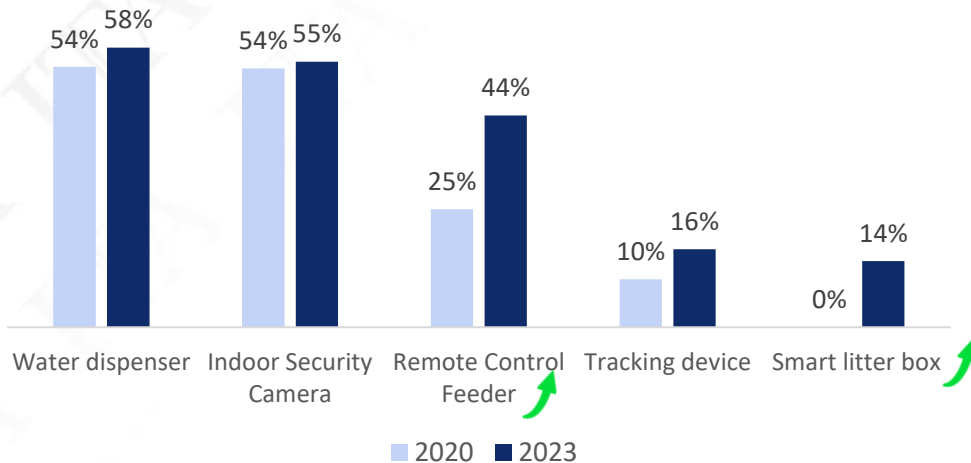


CONSUMER TREND #2

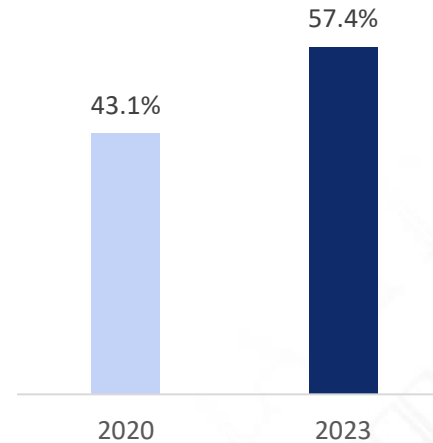
High-tech solutions such as remote-controlled feeders and smart litter boxes are on the rise as technology allows pet owners to accompany and care for their pets remotely.

- **Automatic water dispenser, indoor security camera, and remote-control feeder are the top three smart pet accessories.** As pet ownership grows, busy owners may not be at home as much and will usually opt to use at least one of the three accessories. This can serve multiple purposes, with the most important being saving the owner's time, providing a regulated feeding schedule, and ensuring that pets are safe at home.
- These smart pet accessories are becoming more popular as the **purchase penetration rate among pet owners increased from 43.1% to 57.4% (2020 to 2023)**. As pet owners are centered around first and second-tier cities, there is a higher need and awareness for smart technology that is able to facilitate their lifestyle, which also transfers over for smart technology for their pets.

Smart Pet Accessories Preference in China
2020-2023



Smart Pet Accessories Penetration Rate in China
2020-2023



Top Automatic Feeder On Tmall



One of the Top Smart Camera Brands



CONSUMER TREND #3

The market share of freeze-dried and baked pet food continues to grow as Chinese consumers pay more attention to the processing method and nutritional retention of pet food.

- In the pet staple food market, the demand for baked food and mixed freeze-dried food is growing rapidly. Chinese consumers' conscious of processing techniques has increased, thanks to the extensive knowledge dissemination by domestic brands and pet KOLs on social media.
- Pet owners are becoming ingredient experts, focusing on ingredient lists when purchasing to understand whether the food's ingredients are healthy, natural, and nutritionally complete. For example, they prefer fresh meat over meat meal, low-temperature processing over high-temperature processing, and the addition of balanced trace elements.

Extruded Food

Requires raw materials to be processed into a slurry and then shaped. **High temperature and pressure** are applied, followed by sudden decompression, causing the moisture in the ingredients to vaporize and expand, creating many small holes and resulting in a crunchy texture.

Baked Food

Achieves higher meat content with zero meat powder, processed through **low-temperature cold pressing**. This method involves minimal chemical and physical processes, allowing the food to **retain its original nutritional value to a large extent**.

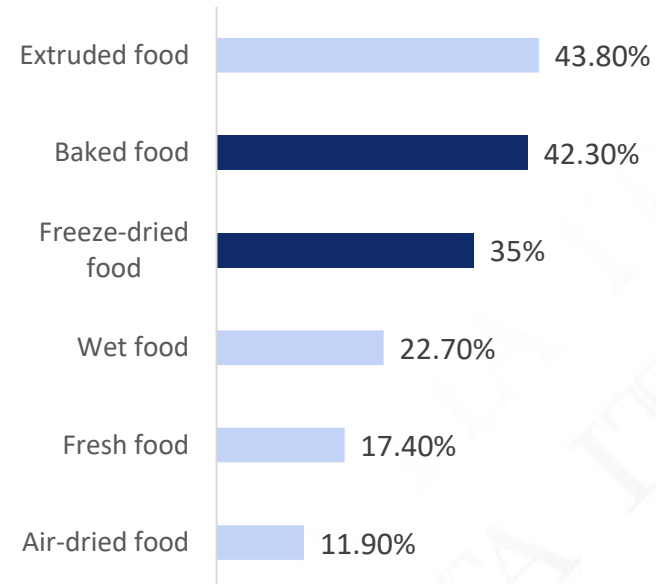
Freeze-Dried Food

A type of **raw food technology**. By freezing and removing moisture without heating, it **preserves more vitamins, minerals, and other nutrients**. Freeze-drying allows for minimal or even zero carbohydrate addition, uses a high proportion of fresh meat ingredients, and is more easily digestible.



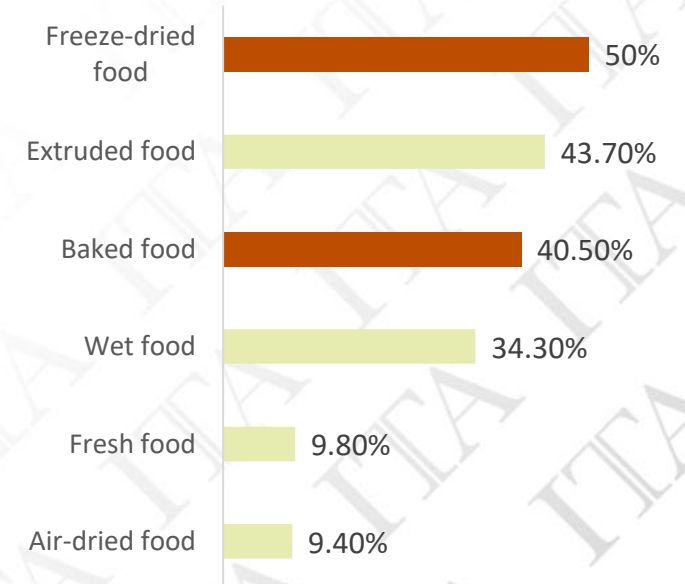
Dog Food Market Segmentation by Category

2023



Cat Food Market Segmentation by Category

2023



CONSUMER TREND #4

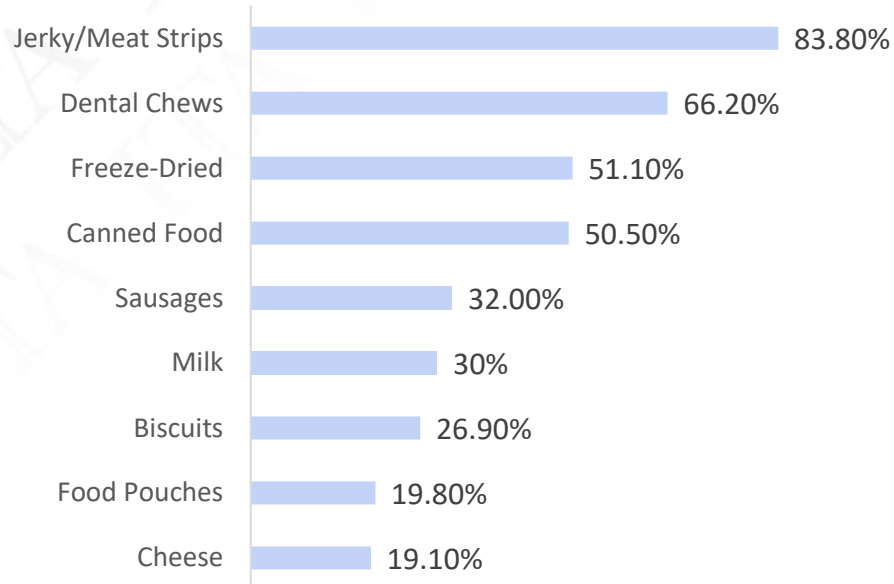
Snacks are growing the fastest among all food categories, thanks to freeze-dried snacks as the leading growth driver.

- Among all pet food categories, although staple food has the highest penetration rate and accounts for over 60% of the total retail sales of dog food, its growth trend is slowing down. In contrast, the growth rate of treats is very strong.
- Among dog treats, jerky/meat strips and dental chews receive the most attention from dog owners. Freeze-dried and canned treats also have strong consumer preferences, making them popular categories.
- For cat treats, freeze-dried treats have surpassed canned cat food as the most preferred option for cat owners. Cat sticks/food pouches and jerky/fish jerky are also highly favored.



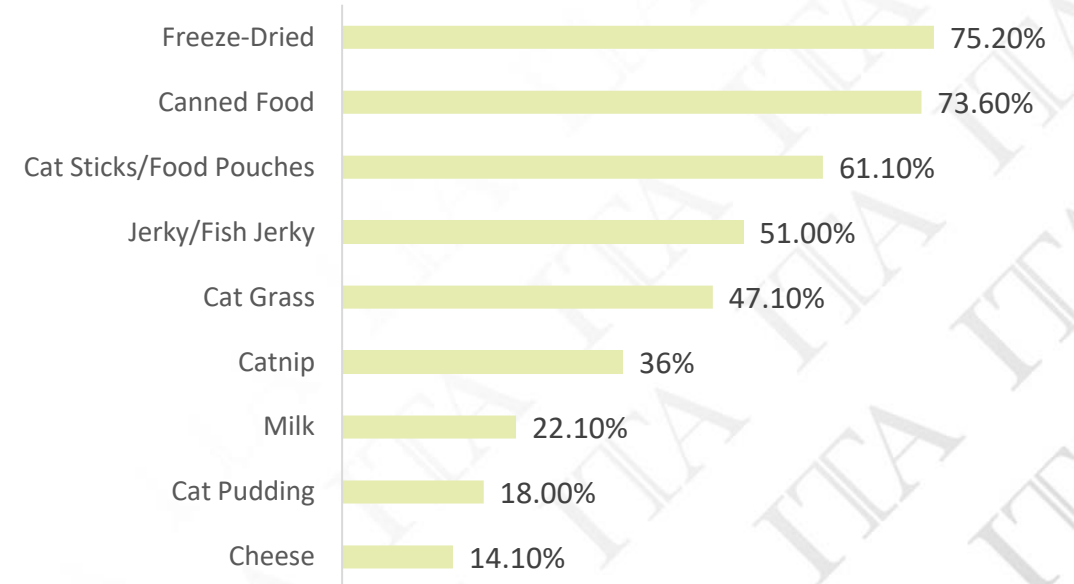
Dog Snack Market Segmentation by Category

2023



Cat Snack Market Segmentation by Category

2023



PART 2. Competition Audit

COMPETITIVE LANDSCAPE HISTORY

The pet food market has been historically dominated by imported brands, but domestic brands are on the rise

Very few competitive domestic pet food firms as imported brands dominate the market

Domestic brands grow quickly to improve and innovate pet food products; several competitive domestic brands have become market leaders

1990



Royal Canin
Entered China in 1995



China Pet Foods
Established in 1998

2000



Nature Bridge
Established in 2002



Gambol Group
Established in 2006

2010

MARS

Mars
Entered China in 1995



PURINA

Purina
Entered China in 2003



**Region
Distributor**

*One of the Market
Leading Companies*

"In the past, it was all dominated by foreign-funded enterprises. At that time, the low-end ones were Whiskas, and the high-end food was Royal Canin. At that time, Royal was considered as the 'Hermes' of pet food. But from 2017, domestic companies are the ones rapidly growing and trending, and they are faster and more flexible market in China, with faster and more flexible policies and marketing methods"

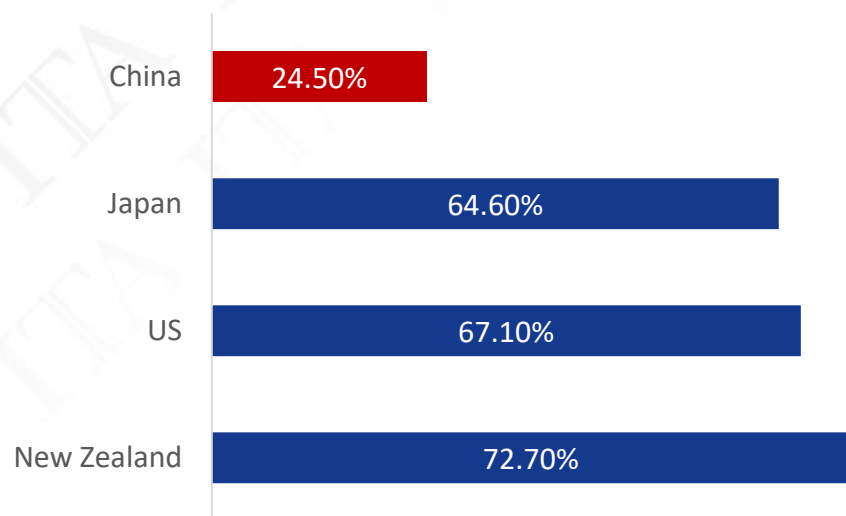
CURRENT COMPETITIVE LANDSCAPE – COMPANY OVERVIEW

There is still significant growth potential in the Chinese market, even for leading companies. As the concentration level is still relatively low (CR5 is 24.5%), less than half of that in matured markets

- Despite the increasing market share growth of leading companies in the Chinese market, **the market concentration (CR5) in China is still relatively low (24.5%) compared to other countries.** In Japan, the United States, and New Zealand, the market concentration is nearly 3 times higher than in China.
- Companies that have a significant level of global presence do not have the same level of presence in China. In China, **Mars (Royal Canin included) accounts for 11.2% market share and Nestle has 3.2% when globally Mars has 21.1% and Nestle has 20%.**

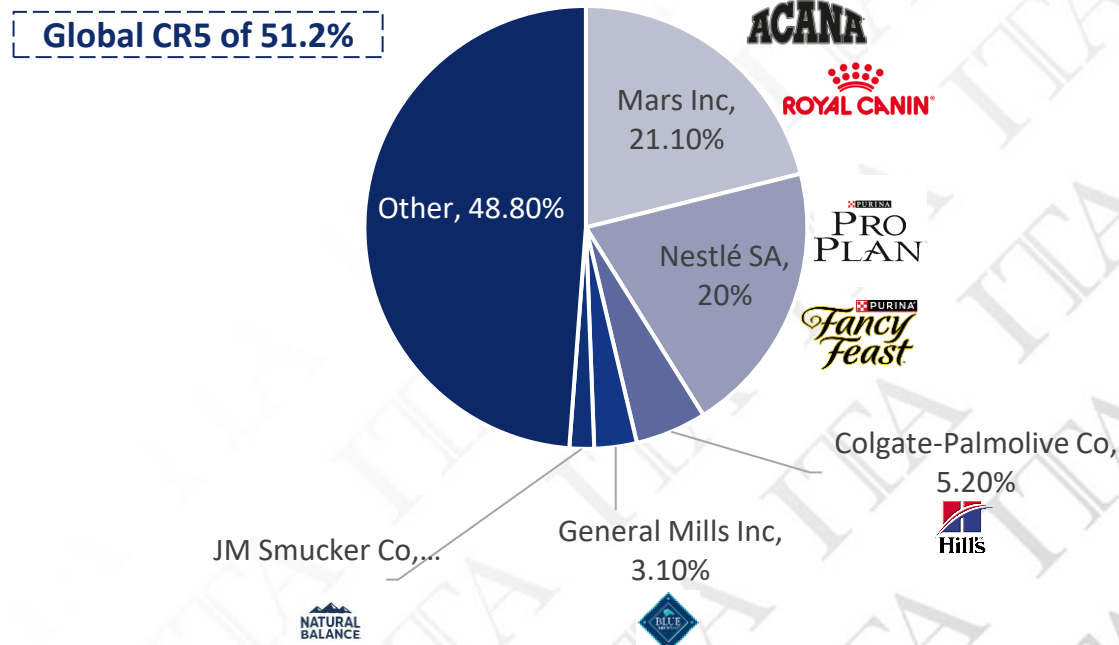
Pet Food Company CR5 Country Comparison

2023 | Euromonitor



Global Pet Food Company Share

2023 | Euromonitor



CURRENT COMPETITIVE LANDSCAPE – DEEP DIVE ON LEADING COMPANY

Companies like Gambol and Yantai expand quickly complemented by brand optimization and rising consumer education

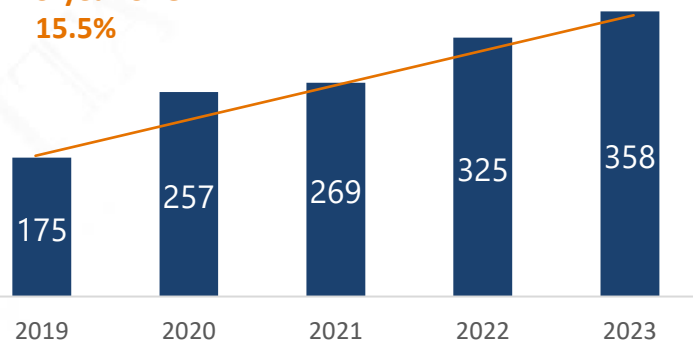
- Over the last five years, there is a clear trend of domestic companies growing extremely fast to become market contenders. **Gambol Pet Group and Yantai China Pet Foods are these top companies that have a large revenue portion in OEM and ODM for other pet care companies but have also started their own pet food brands.** Both of the companies experienced compound annual growth (Gambol – 15.5%, Yantai – 17.5%) that surpasses the average of the industry.
- Although there are still domestic companies that produce low quality pet foods, most of the **large domestic companies have actually developed their brand quality to rival imported brands.** Now, with years of knowledge, access to self-owned factories, and product iterations, domestic companies no longer fall behind in terms of pet food quality.
- With higher levels of education, **reputation/recognition becomes a less significant factor, in favor of nutritional value and overall quality proposition.** As domestic companies and their brands now produce great quality products, pet owners are willing to prioritize better pricing and product quality and switch to domestic pet foods.



Gambol Pet Group (MyFoodie, Waggin' Train) Revenue

2019-2023 | in Euros Million | Euromonitor

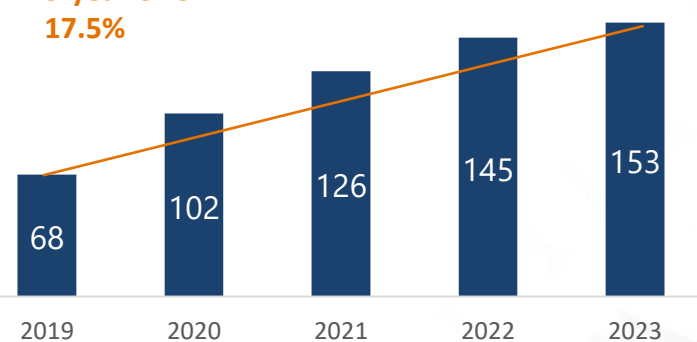
5-year CAGR:
15.5%



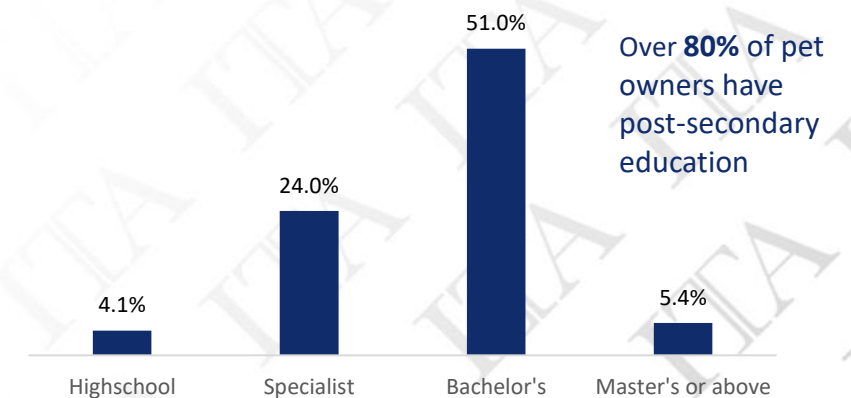
Yantai China Pet Foods (Wanpy, Zeal) Revenue

2019-2023 | in Euros Million | Euromonitor

5-year CAGR:
17.5%



Chinese Pet Owners Average Education Level (2022)



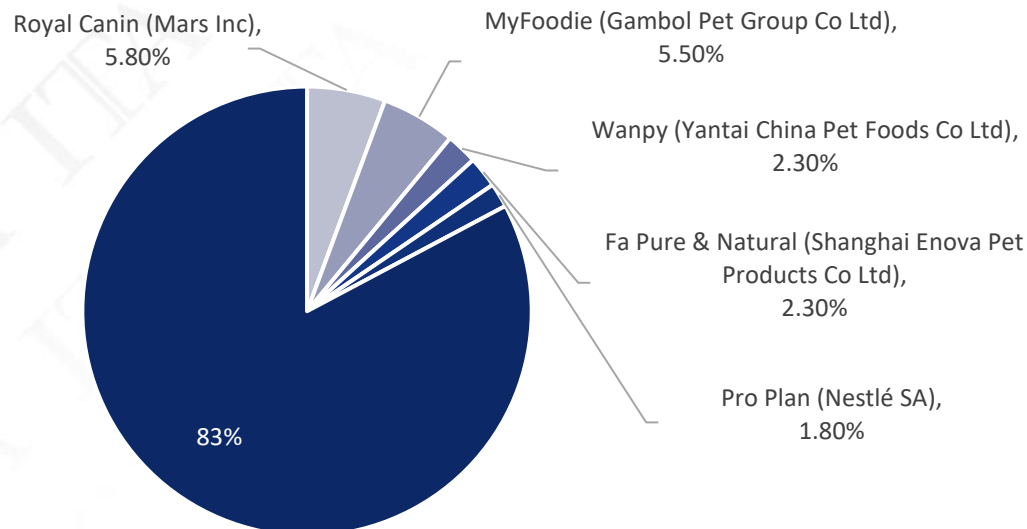
CURRENT COMPETITIVE LANDSCAPE - BRAND

The pet food market in China is highly fragmented, with new brands continuously entering or being created. While there isn't a dominant brand at present, the market share of leading brands is gradually increasing, and a structure is slowly taking shape

- China's pet food market is still a maturing market that is pivoting from an imported-brand dominated environment. The number one brand is Royal, which is an imported brand. However domestic brands such as Myfoodie and Wanpy Yilan are now firmly settling into the CR5. It is important to note that because the market is fragmented, **there are a lot of white labels with regional-level OEM factories.**
- From 2019 to 2023, a large number of participants entered the market, hoping to seize the enticing growth opportunities. This influx has led to a more dispersed market share in the mid and lower tiers. On the other hand, the market has also become more mature, with leading companies steadily increasing their market share through continuous efforts and operations. In the coming years, it will become **increasingly difficult for new entrants or recent participants to catch up and surpass the established players.**

China Pet Food Brand Market Share

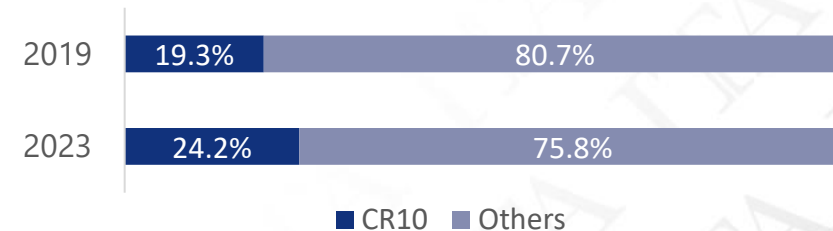
2023 | Euromonitor



Source: Euromonitor, Expert IDI

China Market Concentration Levels of Top 5 Brands

2019-2023 | Euromonitor



– Region
Distributor

One of the Market
Leading Companies

"I mentioned four different categories. In terms of their comprehensive combination, foreign-funded localized brands now accounts for 15%, domestic brands with their own factories account for 25%, imported brands with only imports account for 12%, and then **the largest volume at 48% are Chinese OEM products/factories and white-label products**"

THE RISING MOMENTUM OF DOMESTIC BRANDS POST PANDEMIC

The pandemic over the past few years has caused some growth delays for imported brands, while domestic brands in China have seized the opportunity for rapid growth, leading to a new market landscape

Since 2022, domestic brands have quickly risen and gained consumer recognition and trust.

- Formulas and production have rapidly iterated and upgraded, introducing new products including freeze-dried and fresh food.
- Mature production lines and quality management, with nutrition and safety reaching top market standards.
- During the pandemic, imported brands faced supply and storage instability, leading to a decline in reputation.
- With the rise of patriotism and national confidence, Chinese consumers are consciously supporting domestic brands.

Brand Food Sales Ranking of [2022] 11.11 Sales Festival

2020 | Tmall Sales Data

Top 1	Myfoodie/麦富迪	
Top 2	ROYAL CANIN	
Top 3	ORIJEN	
Top 4	NetEase Yanxuan/网易严选	
Top 5	ACANA	
Top 6	INSTINCT	
Top 7	Ziwi	
Top 8	LegendAlfie&Buddy/阿飞和巴弟	
Top 9	Puer&Natural/伯纳天纯	
Top 10	Legendsandy/蓝氏	

Brand Food Sales Ranking of [2024] 6.18 Sales Festival

2024 | Tmall Sales Data

Top 1	Myfoodie/麦富迪	
Top 2	ROYAL CANIN	
Top 3	Xianlang/鲜朗	 
Top 4	Legendsandy/蓝氏	 
Top 5	NetEase Yanxuan/网易严选	
Top 6	Honestbite/诚实一口	 
Top 7	ORIJEN	 
Top 8	FREGATE/弗列加特	 
Top 9	ACANA	 
Top 10	INSTINCT	 

IMPORTED VS. DOMESTIC BRANDS PERCEPTION – [BEFORE 2022]

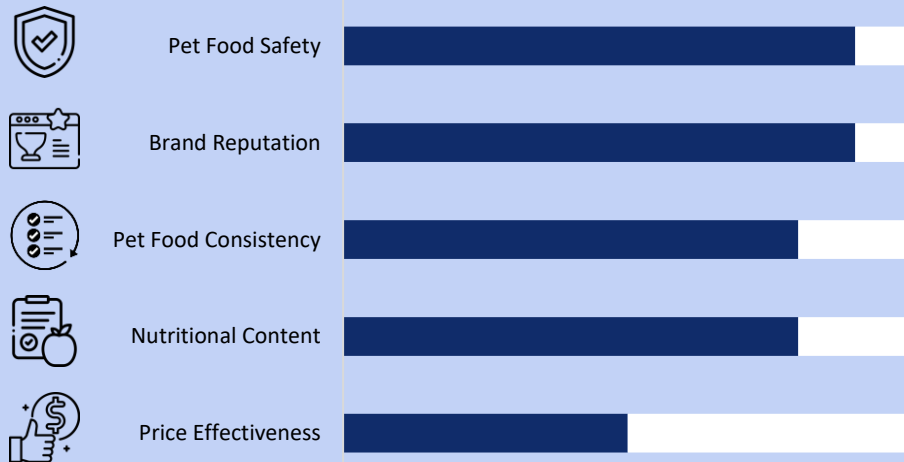
Imported pet food brands were trusted by Chinese consumers more than domestic brands when it comes to food safety and consistency

Imported Brands



- Imported brands have traditionally been more trusted by Chinese consumers ever since they entered the Chinese market, even though they **tend to be more expensive** than domestic pet food
- Imported pet foods tend to be **much safer and higher quality** in the eyes of Chinese pet owners
- Most imported brands have a **much longer brand history** than domestic brands, which means they have **more product data** as well as an established customer base outside of China

Consumer perception on imported brands

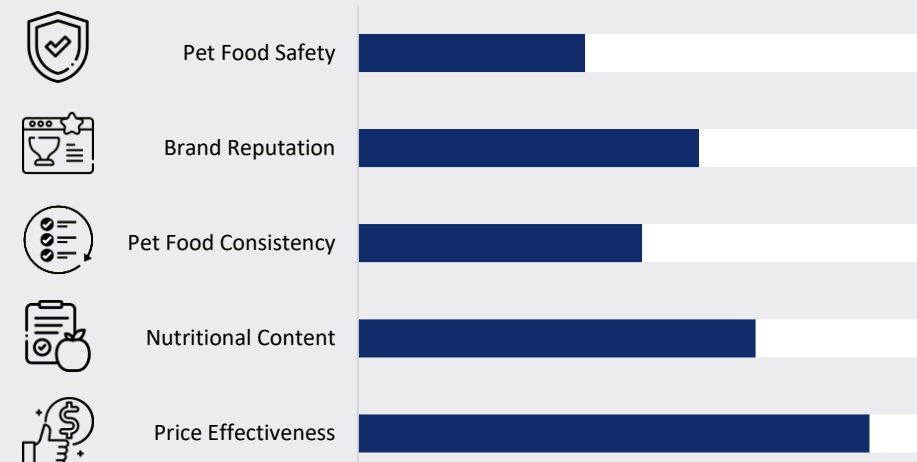


Domestic Brands



- Historically, domestic brands have faced some scandals related to **unsafe products due to lack of quality checks**, causing several accidents that led to the death of pets which lead a lot of Chinese pet owners to distrust domestic brands
- As domestic players mature and adopt their own factories, Chinese pet owners are **regaining trust in domestic brands**
- Most domestic brands are **more price effective**, giving the same amount of pet food while being priced cheaper

Consumer perception on domestic brands



CONSUMER PERCEPTIONS OF DOMESTIC BRANDS – [2023-2024]

Domestic brands are leveraging advanced technology and superior formulations, also actively investing in social media marketing, resulting in growing recognition among consumers

The rise of domestic pet food brands has been notable, leveraging new social media platforms and collaborating with KOLs to produce nutrition reports from professional institutions, proving that their quality and food safety are on par with leading imported brands.

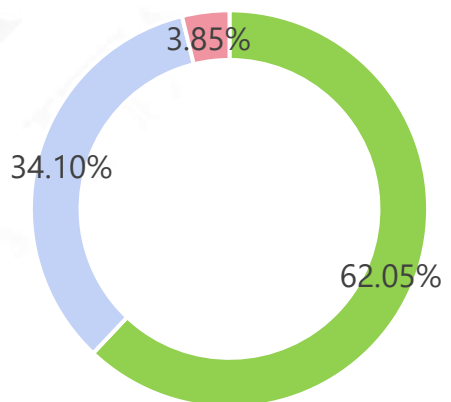
Domestic brands have introduced new food processing technologies, especially freeze-drying, and have been educating consumers that freeze-drying is healthier than traditional extrusion processes.

With supply chain advantages, domestic brands engage in cost-effective strategies, offering lower prices for the same quality or better quality products at the same price.

Domestic brands emphasize the oriental therapeutic benefits of food ingredients, such as the ability of duck meat and pear to reduce heat and tear stains.

Consumer Sentiment

2023 -2024 | social media data scraping



■ Postive ■ Nutual ■ Negative

Top Mentioned Countries on Social Media

2023 -2024 | social media data scraping

Top 1	Myfoodie 麦富迪
	NetEase Yanxuan 网易严选 Top 2
Top 3	Pro Plan 冠能
	Pure Nature 伯纳天纯 Top 4
Top 5	Eetoys 宜特 pet accessory
	pet accessory Red Dog 红狗 Top 6
Top 7	Nourse 卫仕 pet health
	Nature Bridge 比瑞吉 Top 8
Top 9	Carzy dog 疯狂小狗
	pet accessory GiGwi 贵为 Top 10

Top Associated keywords in Conversations

2023 -2024 | social media data scraping

Cost-effectiveness 性价比	Good quality 质量好
Remove tear marks 去泪痕	KOL Evaluation 测评
	Nourishment 营养
	Fish oil 鱼油
Support local brands 支持国货	No additives 无添加剂
Get ride of Reqi 祛上火	Affordable food 平价粮
	Good price 便宜
	Calcium to phosphorus ratio 钙磷比
Freeze-dried staple food 主食冻干	

CONSUMER PERCEPTIONS OF IMPORTED BRANDS – [2023-2024]

Imported brands remain recognized in the high-end segment; however, negative incidents and the rising of domestic brands are affecting their market share in recent years

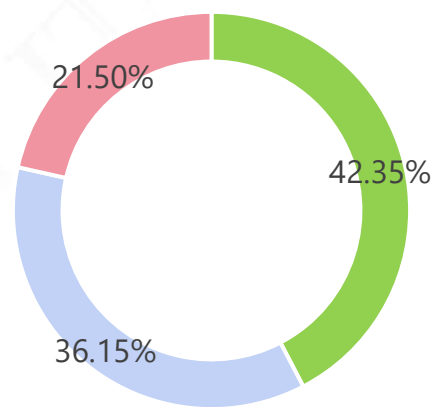
Overall, consumers still trust and are willing to pay for the **quality of ingredients and superior formulations of imported brands**. New Zealand products are highly regarded in the premium pet market segment for their high-quality and harmless raw materials. North American dog food brands, which entered the Chinese market early, also enjoy high consumer trust, supported by rankings and recommendations from platforms like WDJ.

While there have been some negative sentiments of imported brands in recent years for several reasons:

- There have been incidents of **poor storage management by distributors**, resulting in some imported pet foods being reported to be moldy or infested with bugs.
- The ongoing rise in **patriotic sentiments**, along with **geopolitical issues** such as import-export disputes between Australia, and Japan's nuclear wastewater discharge, has led some consumers to stop considering certain countries' imported brands.
- Some **established imported brands like Orijen were sold and acquired in recent years**, leading to **concerns about quality** due to changes in the supply chain.

Consumer Sentiment

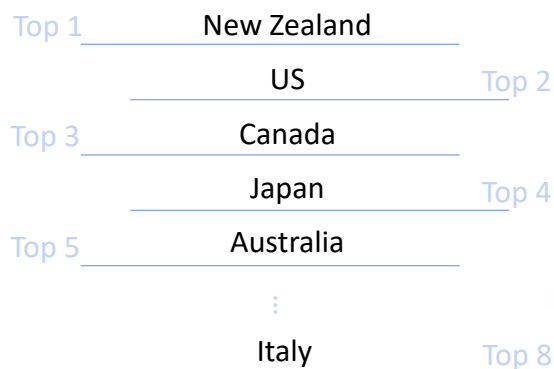
2023 -2024 | social media data scraping



■ Postive ■ Nutual ■ Negative

Top Mentioned Countries on Social Media

2023 -2024 | social media data scraping



Top Associated keywords in Conversations

2023 -2024 | social media data scraping



EXAMPLES OF NEGATIVE SENTIMENTS OF IMPORTED BRANDS ON SOCIAL MEDIA



3.3% Considerable Discussion on Imported Brands (e.g., Instinct, Go!, Nutrisource, Oven-baked) Pet Food Infestation

Avoid, avoid, avoid the Go Nine Meat product!!!!
 I bought it from the flagship store, and today when I repackaged it, **I found worms—several big and small ones!!**
 It's so disgusting. Will my cat get worms if it eats this?

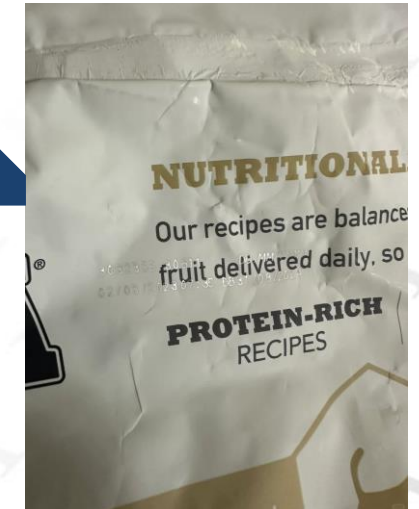
- Social Media User, *Little Red Book*

2.4%

Short shelf life due to import management uncertainty

I bought it a couple of days ago from Tmall Global's self-operated store, and the price was quite good, cheaper than before. However, when I picked it up, the outer cardboard box was completely damaged, which is a negative point. The product's expiration date of August 2024, leaving **only about five months of shelf life**. Be cautious when purchasing. It seems that all the large packaging of Aiken Canada online doesn't have fresh dates; they all expire in August, supposedly because the imports haven't arrived yet.

- Social Media User, *Little Red Book*



2.6%

Poor palatability, especially in cat food products

Ziwi's main food cans are two words: hard to eat. Three words: very hard to feed. I added some cat treats, but my cat wouldn't finish it even after being hungry all day.
The product is good quality, but the taste is just not appealing at all.

- Social Media User, *Little Red Book*

ITALIAN BRANDS VS OTHER IMPORTED BRANDS

Italian brands have a relatively low penetration rate among Chinese consumers, and they have not much invested in marketing as some other countries' imported brands have, let alone strategically promote Italy as a selling point

- **Italian pet food brands in general do not have a significant presence in the Chinese market, yet Italy is a country with a rich and long history that has many unique selling points that are not being strategically conveyed by Italian pet food brands to Chinese consumers.** Popular pet food brands from US and Canada such as Now Fresh give consumers a sense of safety due to their high food standards, and popular pet food brands from New Zealand such as Ziwi give consumers a sense of nature with organic pet food ingredients.
- Italian brands can utilize the period of Renaissance to convey **messages of romanticism and artistic capabilities**, as well as Italy being next to the Alps and Mediterranean Sea to **convey its natural environment and lack of population in its products**.
- **Italy's supply chain is similar to ones in other countries**, without big differences from production all the way to shipping. Due to that, **Italian brands face same quality control issues when pet food production is handled by OEMs**, as OEMs typically handle many different brands, causing product inconsistencies to occur.



Region Distributor

One of the Market Leading Companies

"Australia and New Zealand promote a good natural environment and no pollution in their products. In this way, the concept of their creation is that the ingredients from my place are more natural. The United States and Canada promote that their raw materials are safer, because the standards are high, so the quality of the things that leave the factory is safer. Italy is a country of history that should promote the Renaissance, which is the birthplace that produced so many thinkers, including some literary writers and painters."

Perceptions of Italy as a Country of Origin for Brands

- High Quality and Craftsmanship
- Heritage and Tradition
- Innovation with Elegance
- Aesthetic and Design

Perceptions of Italian Pet Brands can promote

- High-Quality Ingredients
- Expertise in Nutrition
- Palatability and Taste
- Trust in Heritage

CONSUMER PERCEPTIONS OF ITALIAN BRANDS (1/3)

While Italian brands remain relatively niche in the Chinese market, they have naturally built strong reputations. Some brands have gained good visibility in China, largely due to endorsements from authoritative pet platforms.

Top Associated keywords in Conversations

2023 -2024 | social media data scraping

Good formulations 配方好

Pomegranate 石榴

Niche Brand 小众

Good palatability 适口性好

Hypoallergenic 低敏

Taurine 牛磺酸

Fish Oil concentration 鱼油含量

National old brand 国民老牌子

WDJ Recommended WDJ推荐

Eye Care 护眼

Quality control 品控


Fresh Chicken meat 新鲜鸡肉

Kibble size 颗粒大小

Relatively niche, but backed by authoritative platforms, it has good quality and is worth trusting


* The brands names have been anonymized.



Brand X is an established Italian brand that has been nominated multiple times in the authoritative Dog Food Advisor ratings for dog food. 


- Social Media User, Little Red Book



This Italian brand X has received a 5-star recommendation from WDJ, so I trust the quality control. 

- Social Media User, Douyin



The brand X is an Italian high-end pet brand that is still relatively niche in China. However, as someone who frequently explores the cat community and strives to learn about cat care, I've heard of it for some time. 

- Social Media User, Little Red Book

CONSUMER PERCEPTIONS OF ITALIAN BRANDS (2/3)

The food formulas of Italian brands are particularly appealing to Chinese consumers, as the inclusion of specific ingredients and nutrients offers benefits that are highly valued in the Chinese market

Top Associated keywords in Conversations

2023 -2024 | social media data scraping

Good formulations 配方好

Pomegranate 石榴

Niche Brand 小众

Good palatability 适口性好

Hypoallergenic 低敏

Taurine 牛磺酸

Fish Oil concentration 鱼油含量

National old brand 国民老牌子

WDJ Recommended WDJ推荐

Eye Care 护眼

Quality control 品控

Fresh Chicken meat 新鲜鸡肉

Kibble size 颗粒大小

Attractive formulas with functional benefits from ingredients

* The brands names have been anonymized.



I looked at many types of dog food online and ultimately decided to try the brand X for my dog. The formula looks really good. I wanted to buy the chicken and pumpkin flavor, but there were no small kibbles available, so I ended up choosing the lamb and blueberry flavor. I hope my dog likes it!

- Social Media User, Little Red Book



This Italian brand's Chicken and Pomegranate, when combined with tear stain powder, resolved the tear stain issue for my poodle. It's an Italian dog food with an excellent overall formula and high nutritional levels.

- Social Media User, Little Red Book



CONSUMER PERCEPTIONS OF ITALIAN BRANDS (3/3)

Italian brands also enjoy an excellent reputation for palatability in both cat and dog food

Top Associated keywords in Conversations

2023 -2024 | social media data scraping

Good formulations 配方好

Pomegranate 石榴

Niche Brand 小众

Good palatability 适口性好

Hypoallergenic 低敏

Taurine 牛磺酸

Fish Oil concentration 鱼油含量

National old brand 国民老牌子

WDJ Recommended WDJ推荐

Eye Care 护眼

Quality control 品控


Fresh Chicken meat 新鲜鸡肉

Kibble size 颗粒大小

Good palatability


* The brands names have been anonymized.



This Italian brand X has excellent palatability and feels tastier than another Italian brand. The kibble is small and oval-shaped, with a high fish oil content, but it's not as greasy as brand x. However, the brand has received criticism for including rice in the ingredient list, which doesn't bother me much. 

- **Social Media User, Little Red Book**



The palatability of brand X is great. My cat was focused on eating and didn't even look up at me the whole time. 

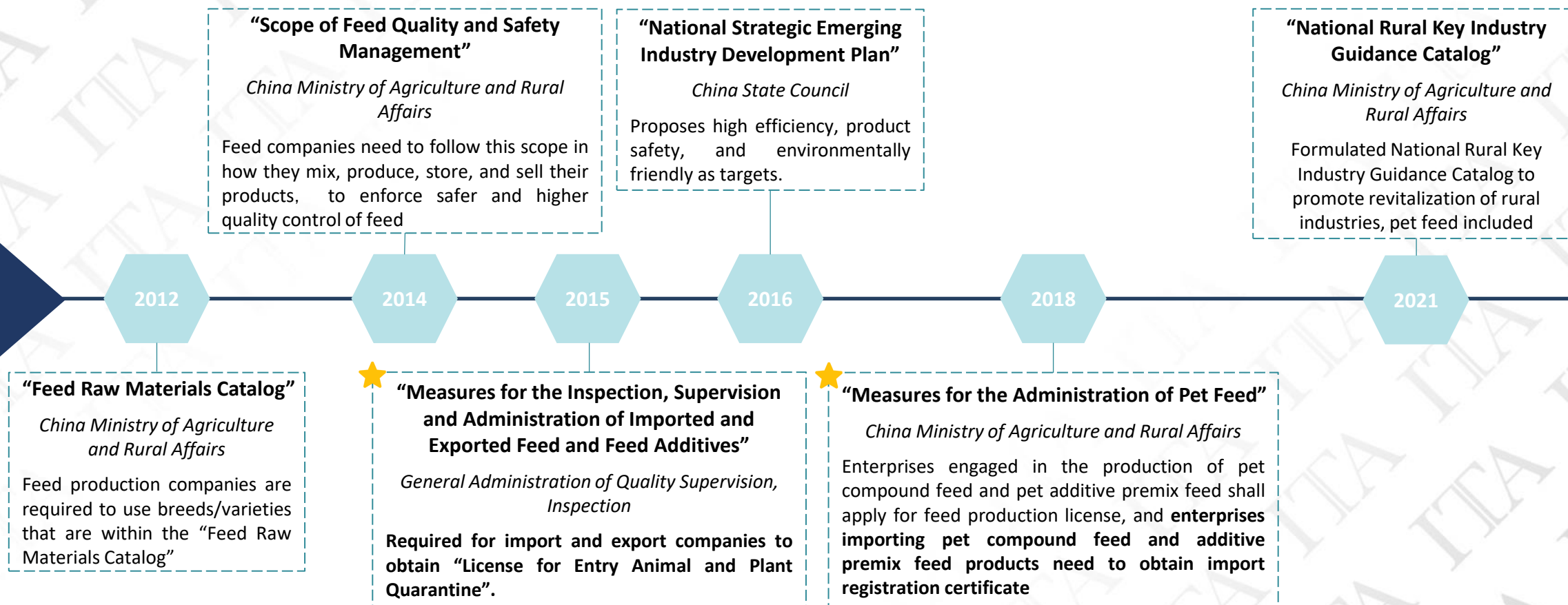
- **Social Media User, Weibo**



PART 3. Regulation and Importation

CHINA PET FOOD REGULATION

Regulations are increasingly stricter to promote safer and higher quality pet foods

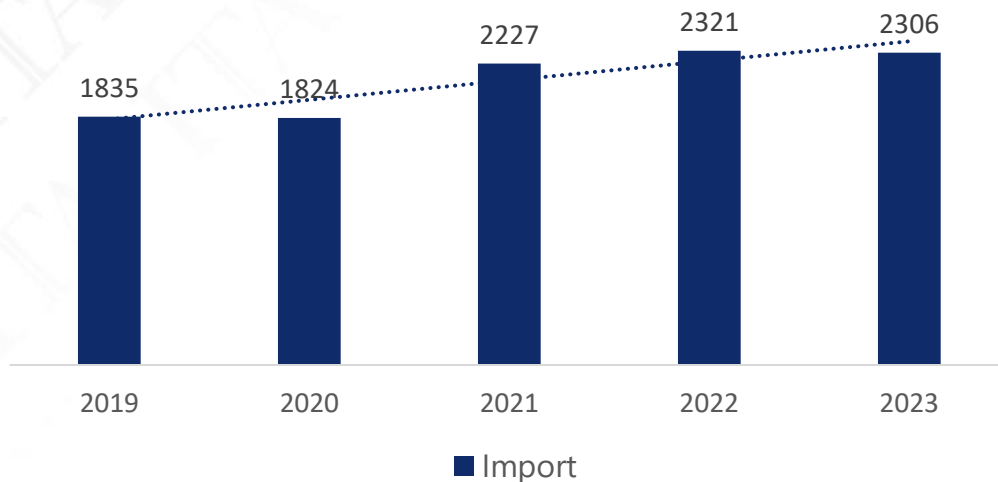


CHINA GENERAL IMPORT MARKET

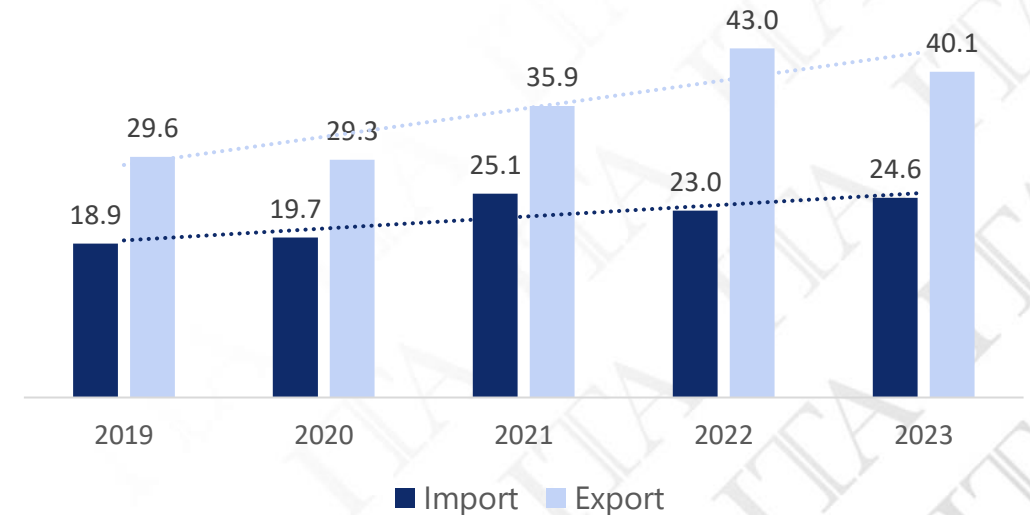
In the long term, the future value of China's imports, including imports from Italy, remains optimistically anticipated, despite short-term fluctuations.

- **In general, China imports have been steadily increasing over the last 5 years.** In 2020 COVID had a significant impact and disrupted many countries from being able to import into China. Then in 2021, China imports experienced a resurgence of growth as borders were able to open again.
- In 2023, the value of imports slightly decreased. Upon closer examination, this was influenced by a decline in the price levels of goods (import prices fell by 3.1%), while the import quantity actually increased (import volume rose by 2.9%).
- In 2024, Italy became the first European country to withdraw from China's Belt and Road Initiative, introducing greater uncertainty into the geopolitical and trade relations between the two countries. **However, in the long term, it remains optimistically anticipated despite short-term fluctuations.**

China Annual Import
2019-2023 | in Billion Euros



China Bilateral trade with Italy 
2019-2023 | in Billion Euros



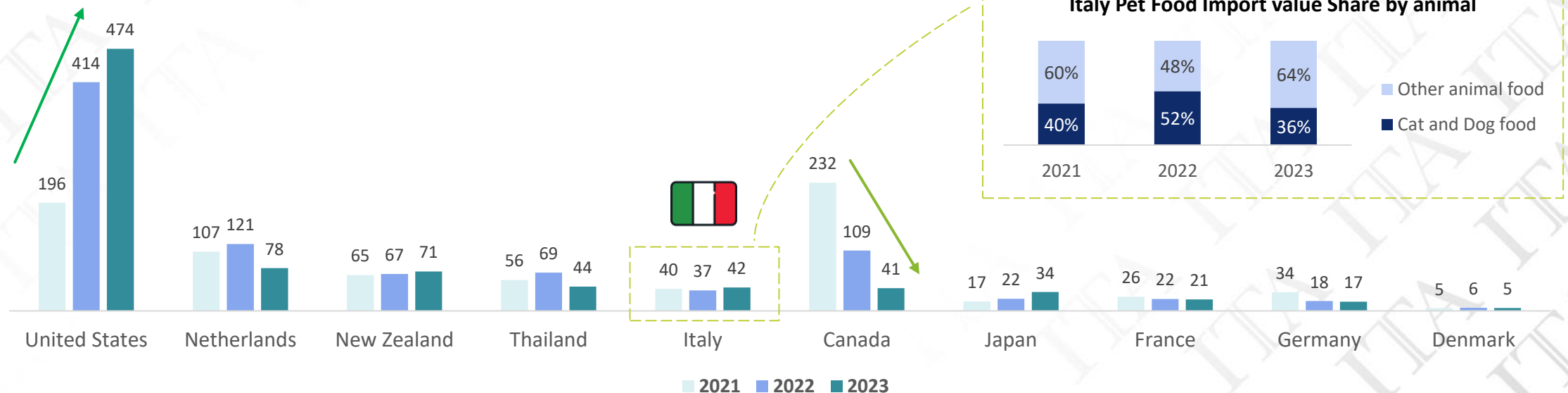
CHINA PET FOOD IMPORT MARKET

Italy is a notable country that China imports pet food from, is by far the 2nd important European country of import, and Italy still untapped potential for growth in the cat and dog food segment.

- Among countries from which China imports pet food from Italy, **Italy ranks roughly 6th in terms of import value**. Among European countries, it ranks 2nd, only behind the Netherlands.
- Within Italy's animal food imports, the value of feed for non-cat and non-dog animals is significantly higher than that for cats and dogs. There is still **untapped potential for Italy to grow in the Chinese cat and dog market**.
- In 2022, Mars Group acquired Orijen and Acana, **shifting the supply of Orijen and Acana for the Chinese market from Canadian factories to American factories**.

Pet food yearly import value per country

2021-2023 | in Million Euros



IMPORT PROCESS OF PET FOOD

China importation process is extensive and requires many licenses/certifications

Most challenging steps, often requiring public relation effort to clear long-term

GACC
General Administration
of Customs of China

Compliance of Label and Hygiene Standard

Comply with “Provision on Pet Food Labeling” and “Provision on Hygiene of Pet Food”, which requires various information such as raw materials, additives, storage conditions, etc., and materials will be tested for hygiene (heavy metals, etc.)

Country Access

Ensure that the country exporting into China is on the list of countries allowed. Italy is included.

Factory Registration

Ensure that the overseas manufacturer is on the list of China’s registered manufacturers.

Quarantine Permit

Need to obtain a “License for Entry Animal and Plant Quarantine” before being allowed to enter. Canned dog and cat food do not need to obtain this permit.

Inspection On-Site

Customs conducts a final physical check to inspect the products

Pass the Clearance

Pet Food Registration

Comply with “Catalogue of feed raw materials and additives”

MARA
Ministry of
Agriculture
and Rural
Affairs

CHINA IMPORT PET FOOD REGULATION

Italian pet food import process into China is similar to other foreign countries

- When Italian pet food brands export to China, after successfully passing the import regulation procedures, **they need to also pay a 4-6.5% tariff depending on the type of pet food, as well as a value-added tax of 13%.**
- Italy faces the same regulations as other countries importing to China, and the biggest challenge is always the effect of diseases and influenzas on global commodities. Because **pet food is considered agricultural products** due to most of it containing poultry and beef, China's Ministry of Agriculture oversees it and **any disease outbreak affecting farm animals will impact pet food importation as well**, such as temporary bans on agricultural products from certain countries.

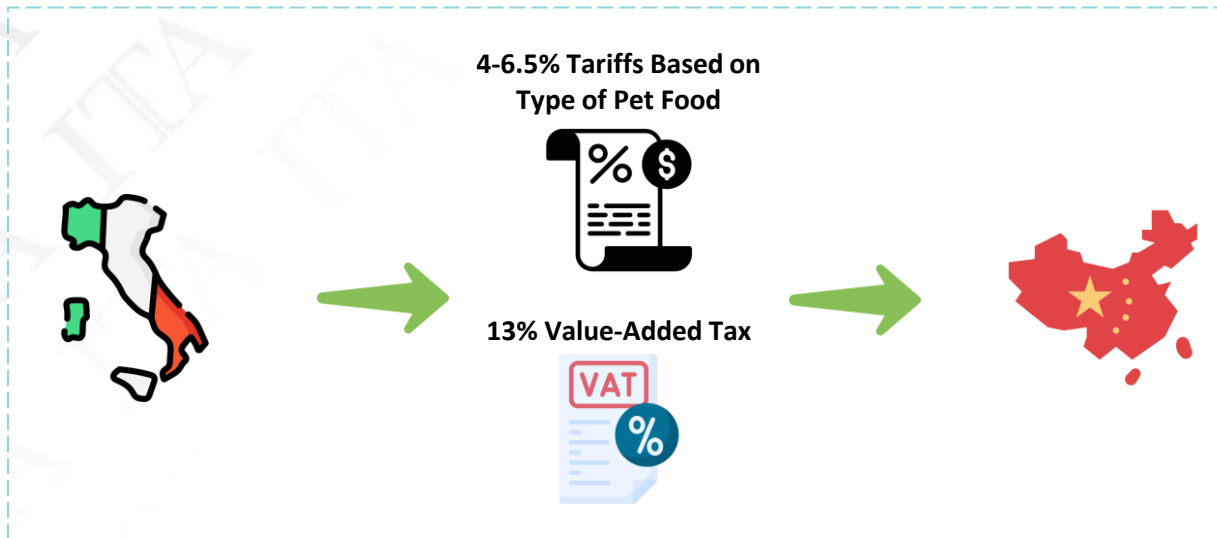


C-Suite

*Large Cross-Border
Distributor*

“ I think that all foreign products face the same core problem, which is the legal issues from regulations of the Ministry of Agriculture. Because pet food is a part of feed and large agricultural products, so for imported commodities, there is a lot of limitations as it is difficult to avoid bird flu and mad cow disease”

China Imported Italian Pet Foods Tariff Procedure



China Bans Poultry Imports From Some European Countries Due To Avian Influenza



China Renews Ban on UK Beef due to "Mad Cow Disease"



ITALIAN COMPANIES THAT HAVE ALREADY EXPORTED TO CHINA

A list of all the registered Italian facilities that have already exported their products to China



MISTERPET



Monge



Adragna
PET FOOD



MORANDO
La storia del pet food in Italia



BEFOOD
pet nutrition



diusapet



PROSOL



DiSugOal
l'amore non è una questione di razza...



nutri
amo
pet food solutions



ACEL
pharma



UNITED PETFOOD



FORZA10



GIUNTINI
Ricette italiane tutte da mordere



Farmina
Pet Foods

Happy pet. Happy You.

IMPORT TYPES

Brands generally employ two types of entry into China: mass declaration or cross-border e-commerce

- Superior
- Inferior

Quality Control

Potential missing items and accidents

Duration of Shipment

How short it takes for the package to reach the customer

Cost of Shipment

How low the cost of shipping is, such as customs taxes

Customer Service

Ability to provide post product customer service such as product return

Procedural Complications

The amount of paperwork and certifications required



General Trade



Cross-Border E-Commerce



Transshipment in Hong Kong



Overseas Direct Mail



IMPORT TYPES

Brands usually start with cross-border e-commerce and pivot into mass-declaration after generating regular sales and settling up on reliable distribution channels

General Trade

Brand wants to officially enter into China

Mass declaration is often used when the brand has decided to commit to China's pet food market. This type of entry allows full access to any distribution channel, and the brands can operate offline stores as well as sell to other online distributors and wholesalers. The margins may be slightly lower due to a middle layer of distributors.



PROS:

- More control over its distribution channels
- Access to offline channels
- Quality assurance – process is regulated

LIMITATIONS:

- Higher capital commitment
- A lot of certifications required

Cross-Border E-Commerce

Brand or factory wants to test the waters in China

Cross-border compared to mass-declaration has more significant restrictions. The products can only go through Chinese Customs regulated warehouses and ports, and the brand is only allowed to sell via an official online flagship store on Taobao and JD. This means that the brand has to sell directly to consumers, and the brand is not allowed to sell to other stores for indirect distribution. Margins may be slightly higher without a middle layer of distributors.



PROS:

- Lesser capital commitment
- Minimal fees, no customs tax required
- Higher margins without middle layer

LIMITATIONS:

- Can only distribute via online flagship store
- Less control over branding and customer service

REQUIREMENTS FOR PET FOOD BRANDS EXPORTING TO CHINA FOR THE FIRST TIME

Product Import Registration

- The foreign entities exporting Pet food (HS230990&HS230910) to China for the first time must apply for product import registration and **obtain an import registration certificate from the Ministry of Agriculture and Rural Affairs (MARA)**.
- The registration process is **handled by the foreign company's office in China or an appointed Chinese agent**.
- Required documents include details about the imported feed, **production approval** from the manufacturing country, **registration information** from other countries, **product application information, production processes, quality standards, testing methods, and inspection reports**.
- The **certificate is valid for 5 years**. If continued export to China is desired after this period, a renewal application must be submitted at least 6 months before the expiration.

Brand Registration

- The **foreign entities must also register with the General Administration of Customs of China (GACC)**.
- The entities **should be recommended to GACC for registration by relevant authority in the exporting country or region**. GACC will review and, if necessary, inspect the provided materials before granting registration.
- The registration is valid for 5 years.

Sales Filing

- Foreign entities cannot directly sell imported feed and feed additives in China. They **must establish a sales office in China or appoint a qualified Chinese agent to handle sales** within 6 months of completing import registration, and file this with MARA.
- Any changes in the sales office or agent must be reported to MARA within one month for re-filing.

THE DOCUMENTS AND PROCESS OF EXPORTING ITALIAN PET PRODUCTS TO CHINA

Documentation Required for Import :

- Contract, Invoice, Packing List
- Certificate of Origin
- Quality Inspection Certificate
- Chinese Label Sample and Approval Certificate
- Import/Export Qualification Certificate of the Consignee (or use of an Import/Export Agent)
- **Depending on the product type and customs code, additional certification may be required:**
 - **Pet Daily Chemicals:** Special /Non-Special Use Cosmetics Hygiene License/Filing Certificate
 - **Food Products:** QS Certification
 - **Drugs and Medical Devices:** CFDA Certification

Documentation Exporting Brands to prepare:

- Product Name Information (including efficacy classification code and naming basis)
- Product Formula (including manufacturer information and safety documents for raw materials)
- Product Standards (including manufacturing process)
- Product Label Sample
- Product Inspection Report
- Product Safety Assessment Materials
- Proof of Market Sales issued by the relevant government authority or industry association in the country or region of the manufacturer
- Other Required Documents

Import Process for Pet Daily Chemicals (as an illustration):

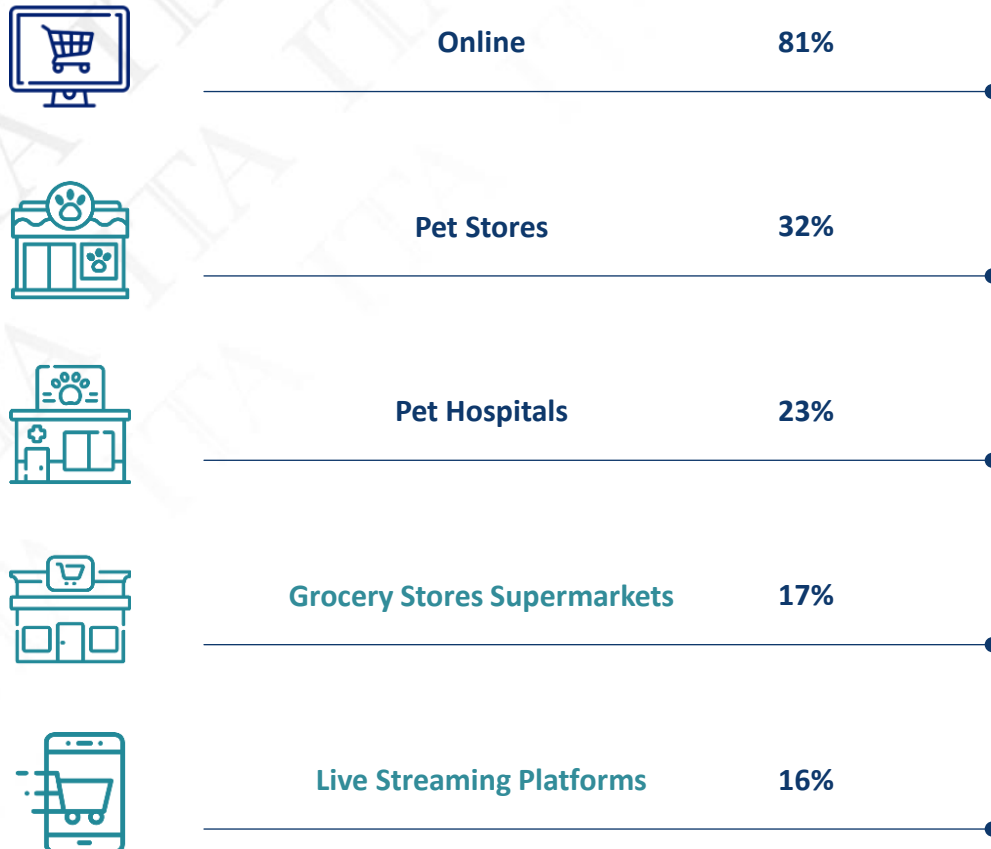
- ▼ Obtain the Import Non-Special Use Cosmetics Filing Certificate from the National Medical Products Administration
- ▼ Complete Port Information Filing
- ▼ Prepare Stock and Ensure Sufficient Supply
- ▼ Prepare All Required Documentation
- ▼ Ship to Port
- ▼ Bill of Lading Exchange
- ▼ Submit Inspection Application to the Inspection Agency
- ▼ Customs Declaration, including Valuation and Inspection
- ▼ Pay Tax
- ▼ File Chinese Label
- ▼ Attach Label
- ▼ Inspection by Commercial Inspection, Release
- ▼ Delivery
- ▼ Issue Health Certificate

PART 4. Distribution Landscape and Sales Funnel Available

CHINESE PET FOOD MARKET DISTRIBUTION

Online channels are still and will continue to be the main consumption channel

Preference for Channels to Purchase Pet Food
2023



- Online channels are rapidly increasing and have already become the main channel that consumers go to purchase pet food. For the last 8 years, its CAGR have been roughly 25-30% and transformed from a minority into a majority consumption channel.
- It is important to note that the entire pet food market is growing, so **offline channels have been increasing at a notable rate as well, just not as much as the online channels**. Offline pet stores have increased at **10% CAGR (2016-2021)**, and pet hospitals have increased at **12% CAGR (2016-2021)**.
- E-commerce is able to attract consumers of all kind by having products that cover all price ranges. Taobao is the number one e-commerce channel that consumers purchase their pet foods from, followed by Tmall and JD.



C-Suite

Large Chinese agent/distributor

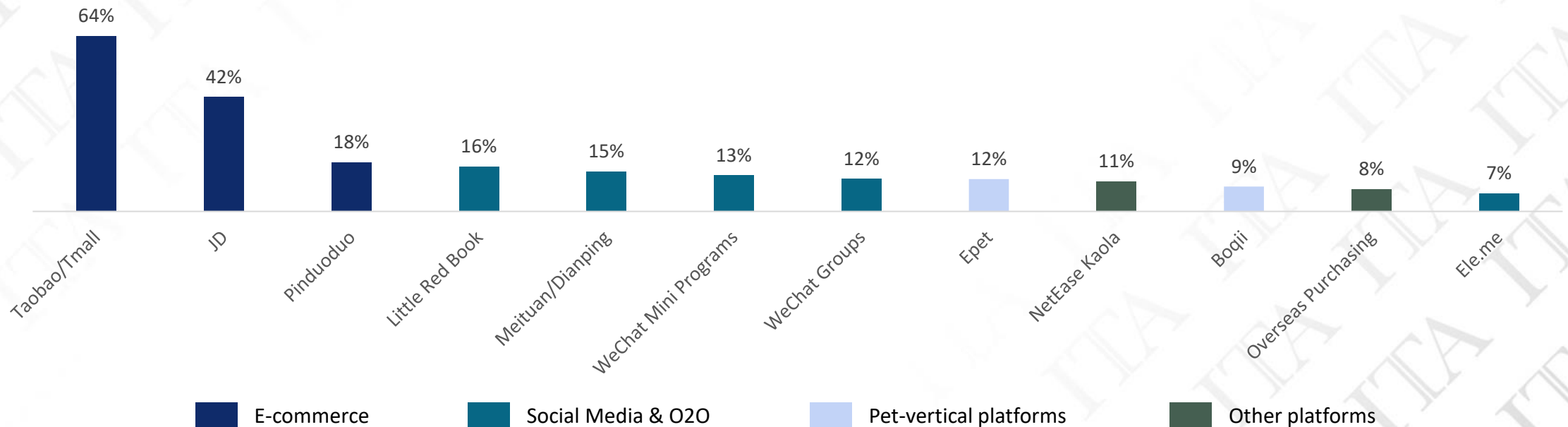
"If we talk about creating any brand, it is impossible to only use online channels and cannibalize offline channels. It is usually a complementary relationship. That is to say, in the growth period of its brand, the online channel will be more conducive to its rapid growth"

CHINESE PET OWNER ONLINE SHOPPING PREFERENCE BY PLATFORMS

Tmall and JD remain the two most dominant online platforms pet owners using to buy pet foods

- Large comprehensive e-commerce platforms are the dominant online channels. Brand's direct online stores are generally set up on Tmall and JD.
- The preference for social media e-commerce and O2O (online-to-offline) e-commerce is rising. These platforms have shorter AIP (Awareness-Interest-Purchase) links, allowing more efficient product exposure and conversion to sales.
- The consumer preference for vertical e-commerce is still relatively low.

Pet Owners Online Shopping Preference By Platforms
2023



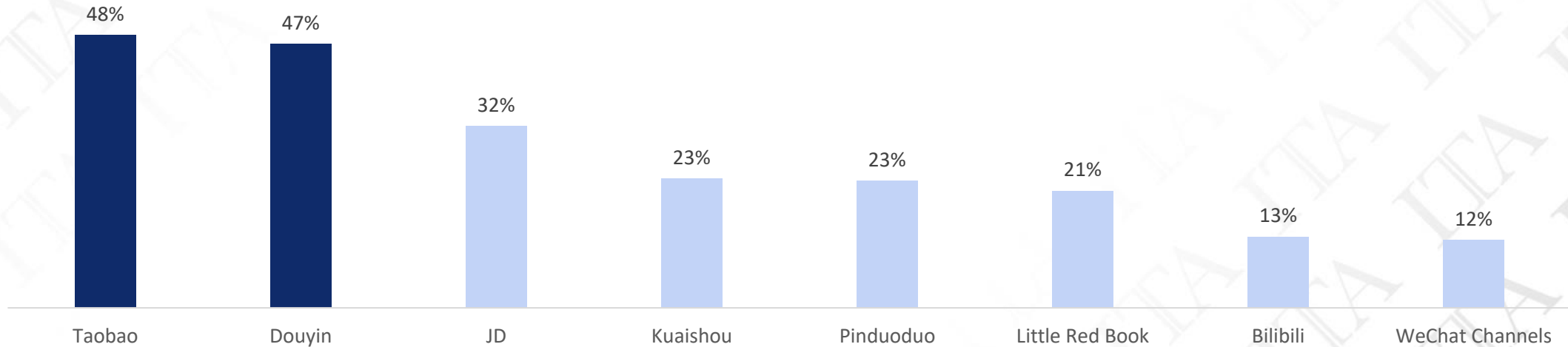
CHINESE PET OWNER LIVE STREAMING SHOPPING PREFERENCE BY PLATFORMS

Taobao is the most preferred live streaming platform for pet owners, followed closely by Douyin

- On live shopping platforms, Taobao is the primary channel for pet owners, with a selection rate of 48.3%. As the largest online shopping channel in China, Taobao's high user stickiness in traditional e-commerce significantly contributes to its market share in live shopping.
- Douyin follows closely, with a share of 46.7%. As a short video social media platform, Douyin's main business naturally integrates with live streaming and has a synergistic effect. In recent years, Douyin has actively expanded into the high-end segment, with brands such as K9 and Ziwi joining the platform.
- Pet owners show relatively lower preference for other platforms. JD's strength lies in its efficient self-operated logistics and management of product quality and after-sales service, which means users are not as inclined to spend time searching, browsing and watch livestreaming on JD as they are on Taobao.

Pet Owners Live Streaming Shopping Preference By Platforms

2023



EMERGING ONLINE CHANNELS

Livestreaming and private domains are two relatively new online channels in CHINA that are gaining traction among consumers

Livestream Sales

- Livestreaming has been a the driving force of China's online growth as more and more Chinese consumers incorporate daily social media consumption into their lives.
- The biggest platforms for pet food livestreaming are Taobao and Douyin, and the **pet segment for livestreaming increased 473%** from first half of 2021 to first half of 2022.



Myfoodie Livestream



Purina Livestream

Private Domain Operations

- Although everyone uses WeChat in China, it is an often underestimated channel for brands to establish direct connection with Chinese consumers. Over the last few years, brands have realized the importance of WeChat private domain and on top of having mini-programs and official accounts, also create private group chats to communicate with its customers directly.
- For Docile, the leading pet brand for private domain operations, told the public that the brand has a 65% repurchase rate, over 900 RMB average order value, and 25% referral rate for their private domains.



Royal Canin Official Account



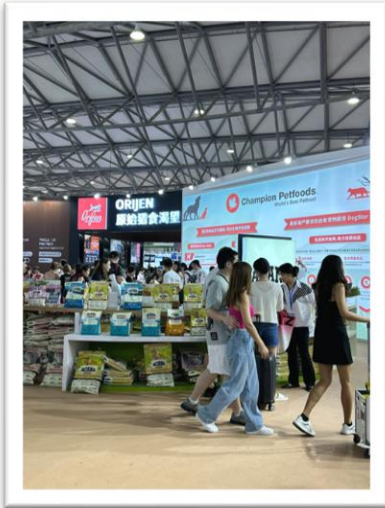
Docile Mini-Program Store

EMERGING OFFLINE CHANNELS

Pet Fair and Brand Market are two rising offline channels Chinese pet owner use to buy pet foods

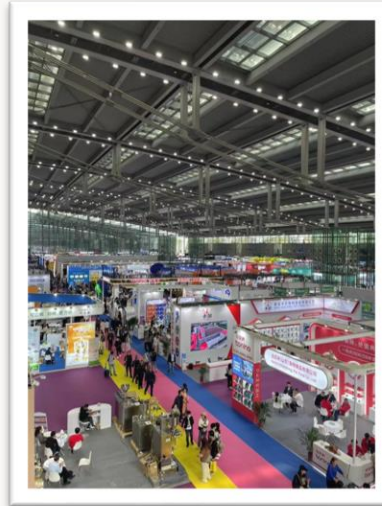
Pet Fairs

- Attracting the attention of many pet owners, who are interested in discounts and trying new brands



I applied for a sample on Xiaohongshu in advance and received a 500g bag of minced beef. There was a special promotion on the same day, and the seller was very sincere.

The East China Pet Expo was nearby, so I went! The exhibition hall was quite small, and there weren't many brands, but I bought a few things I had been interested in.



Brand Pop-up Market

- Malls or community events often host limited-time activities that attract pet owners to bring their pets after work or on weekends, frequently selling accessories or small snacks.



CONSUMER PURCHASE JOURNEY AND TOUCHPOINTS

There are many tools that pet foods brands can leverage to market and distribute, with e-commerce being the most used channel by consumers



DISTRIBUTION OF DIFFERENT ONLINE CHANNELS

Growth of a new brand entering China will be greatly affected by choosing to partner with online agencies

- Taobao is the most popular e-commerce platform that consumers use to purchase their pet foods, but all the platforms are relatively close in terms of usage by consumers.
- One of the most important tasks for new brands is to establish a partnership with an online general agent to create a foothold in China, since brands lack operational experience on e-commerce platforms. **An experienced online general agent will be able to help expand the brand's presence and is almost necessary for new brands to seek out.**
- Online agencies such as Boqii, E-Pet, Jinduole, Taoj, and Milestone have extensive experience working with brands and have helped many brands grow such as Orijen, Ziwi, etc.

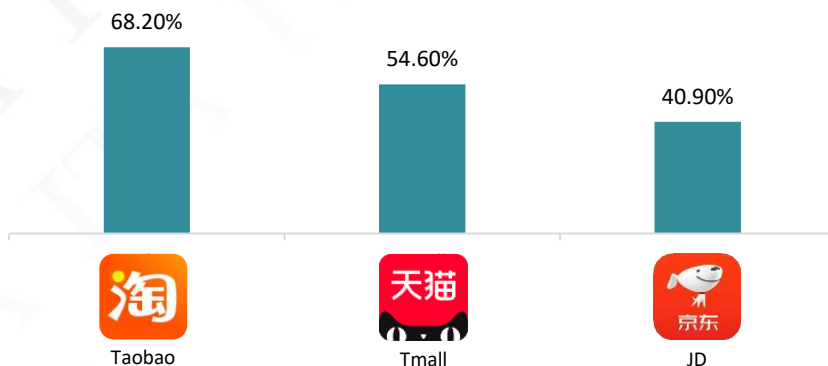


C-Suite

Large Chinese agent/distributor

"For new brands, open an online flagship store first, and negotiate with some general agents/distributors to operate it. Then, after a certain period of time with online experimenting, go offline, because it will take time for customs to process some documents anyways. So the main way is to try to enter through cross-border e-commerce first, and then slowly switch to general trade here.."

Pet Food E-Commerce Channels Used by Consumers (2021)



Top Online Agencies To Work With in China



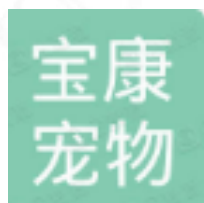
B2B CHANNELS

Working with Distributors can provide new brands entering China with a stable foundation

- Negotiating to work with top distributors is an important factor when expanding into China, as their distribution channels and networks can save the brand tremendous amounts of time and energy. Brands such as Nature Bridge, Royal Canin, Ziwi, etc. all have distributors.
- However, **some distributors are cautious to work with newer foreign brands** due to two reasons.
 1. **Uncertainty about newer brand's supply chain**, as being out of stock is very harmful for distributors. Supply chain disruptions can happen as customs and regulations are becoming stricter for raw materials and product ingredients.
 2. **Whether the product will sell.** As it is a new brand, there is not a big or large enough awareness and customer base, which will mean the distributor may not be able to sell its products if it does not put in money and effort to market.

Top Pet Food Distributors in China

Baokang Pets
宝康宠物



Chongyijia Pets
宠亿嘉宠



Haocheng Jinrui
浩诚锦锐



C-Suite

*Large Chinese
agent/distributor*

“Many distributors, especially offline ones, are also very afraid (new brand) of imported food, because the supply of imported food is unstable, and when new brands are out of stock, it is very harmful to the distributor as a whole”



D-Suite

*One of the Market
Leading Companies*

“B2C currently accounts for more than 90% of the current pet food market, but I believe there will be more and more of this part in the future, but the time will not be particularly fast, why? This requires a lot of energy and manpower, and your product must be good before you can sell it”

PART 5. Executive Summary and Go-to-Market Strategy

CHINESE PET MARKET OPPORTUNITY SUMMARY

China pet food market is fast-growing, but a successful entry can be challenging

- **China's pet food market is one of the fastest-growing in the world, with a 9-year CAGR of 18.0%.** Despite this rapid growth, the market still has significant potential, as the pet food penetration rate remains low at 9-10% compared to other mature markets globally. Increasing consumer awareness and rising disposable incomes are expected to continue driving growth in China's pet food sector.
- **Both Cat and dog segments are experiencing a fast market growth.** As pets are increasingly treated as family members in China, spending on dogs has been growing at an annual rate of 27%. Although spending on cats hasn't grown as quickly, the cat population has surged by 43.6%, rapidly surpassing the number of dogs as Chinese pet owners increasingly prefer the low-maintenance nature of cats, a trend driven by urbanization and busy lifestyles.
- **First-tier and new first-tier cities in China represent the majority of pet food market spending.** These cities also have the highest concentration of pet owners, with the humanization of pets and the stress of city life being primary reasons for pet ownership.
- **Chinese consumers' enthusiasm and trust in imported brands have declined post-COVID.** In response, many high-quality local pet brands have emerged, effectively marketing and educating consumers that the quality of domestic pet food is on par with imported products. As a result, brands entering China now face even fiercer competition.



Opportunities:

- Increasing percentage of pet ownership
- Increasing consumer awareness for health of their pets
- Increasing disposable income
- Growing e-commerce market
- Established distribution networks



Threats:

- Increasing strict regulation and political tension for foreign pet foods
- Domestic brands can now match foreign brands in terms of pet food quality
- Fierce competition among current players as well as new entrants
- Rising costs for marketing platforms
- Counterfeit – challenges in protecting intellectual property

MARKET OPPORTUNITY FOR ITALIAN BRANDS

Italian brands have a positive regional image in the Chinese market, and the market opportunities are promising with the right go-to-market strategy in place

As Italian brands enter the Chinese market, they have several key opportunities to capitalize on.

- The Chinese pet market is experiencing growing demand for premium, high-quality products, making it a lucrative opportunity for Italian pet brands. By leveraging their strengths in quality, heritage, and innovation, they can carve out a niche in this dynamic market.
- Despite the strong rise of local brands, Chinese consumers continue to place significant trust in Italian brands. Combined with their strong reputations in food formulas and superior palatability, Italian brands are well-positioned to succeed in the Chinese market.



Opportunities:

- **Premium Positioning:** Italian pet brands can capitalize on their reputation for quality and craftsmanship to appeal to health-conscious Chinese consumers by highlighting natural ingredients and high manufacturing standards.
- **Brand Heritage and Storytelling:** Emphasizing the heritage, tradition, and expertise of Italian brands can create a strong emotional connection and differentiate them from local competitors through compelling storytelling.
- **E-commerce and Digital Channels:** Leveraging China's vast e-commerce market, Italian brands can reach a wide audience by utilizing platforms like Tmall, JD, and social media channels such as Little Red Book and Douyin.
- **Partnerships and Collaborations:** Forming partnerships with local distributors, pet stores, and veterinary clinics, as well as collaborating with influencers and KOLs, can enhance credibility and expand the customer base for Italian pet brands.







Threats:

- **Regulatory Compliance:** Italian pet brands must navigate China's complex regulatory landscape and ensure compliance with local standards.
- **Market Competition:** The Chinese pet market is highly competitive, requiring strong differentiation through unique value propositions and branding.
- **Chinese consumers are savvy:** In this age of digital media, Chinese consumers are accustomed to hearing brand storytelling from all directions. As a result, they are becoming more discerning, placing greater emphasis on value for money and actual product quality.

WHO TO TARGET

Urban professionals is the fastest rising pet food consumer profile that should be targeted

Consumer Profile	Description	Pet Food Price Segment	Top Purchase Channel	Key Touch Points
 Urban Professionals	Younger individuals with busy lifestyles, usually located in first-tier or new first-tier cities	Medium/High	E-commerce Platforms Social Media Platforms	Douyin Livestreams Pet Breeders Little Red Book Posts
 Empty Nesters	Older less busy individuals who have children that aren't living with them anymore	High	E-commerce Platforms Pet Specialty Stores	Pet Groomers Pet Specialty Stores E-Commerce Platforms
 Pet Lovers	Views pets as a member of family and is willing to spend a lot of time with them	High	E-commerce Platforms Social Media Platforms Pet Specialty Stores	WeChat Pet Groups Little Red Book Posts Pet Hospitals
 Pet Breeders	Breed and raise pets for sell as part of their job	Medium	E-commerce Platforms Wholesalers	E-commerce Platforms Social Media Veterinarians

WHICH CATEGORIES TO EMPHASIZE

Different categories should be emphasized based on different timelines and priorities

In the near future, dried staple foods should be the focus for new brands entering China, with branding emphasis on High-quality nutrition and food processing technology



Dried Staple Foods

Pet staple foods are the largest and most competitive segment of the pet market. Entering the market now requires more differentiated brand strategies than ever compared to earlier-imported brands. Chinese consumers' growing demands for balanced nutrition, high-quality ingredients, and cost-effectiveness necessitate brands to focus on robust product quality, superior formulations, and advanced processing techniques.

Meanwhile, pet accessories and hygiene products are worth focusing



Pet Accessories

High-performance pet accessories with special functions, such as cooling vests, GPS trackers, and tick repellent sprays, are preferred by consumers over local products, providing a strategic opportunity for brands to quickly establish visibility and trust.

Pet Hygiene Products

Hygiene products like wipes and dental care items are gaining attention as pets are increasingly viewed as family members, and while local brands are entering this space, consumers are willing to pay a premium for superior quality and advanced formulations from established brands.

For opportunity growth, pet supplements should be considered for development

Although currently pet supplements take up a very small percentage of the total pet food market share, there is a considerable opportunity for this category. As awareness for pet health and humanization of pet increases, there is a massive increase in pet owners that take their pets to veterinarians as well as buying pet supplements. As the Chinese pet market matures further, pet health will be an important emphasis, as pet supplements have been increasing at double the pet food market growth rate.



Pet Supplements

WHERE TO DISTRIBUTE AND PROMOTE (1/3) – DISTRIBUTION CHANNELS

E-commerce platforms, credible distributors, and pet specialty stores are the top three channels for distribution

		High Sales Potential <i>Consumer base x target audience density</i>	Light Investment <i>Cost of entrance and long-term operation</i>	Low-Level Competition <i>Competitive rivalry of other apparel</i>	High Branding Potential <i>Possibility for brand to establish awareness</i>
Most Common 	E-Commerce Platforms <i>e.g. Tmall, JD</i>	●	◐	○	●
	Credible Distributors/Agents <i>e.g. Boqii, Chongyijia</i>	●	◐	◑	◐
	Pet Specialty Stores <i>e.g. PETKIT, PETDOG</i>	◐	◑	◑	◐
	Pet Hospitals <i>e.g. Ruipeng, Puppy Town</i>	◑	◑	◐	◑
	Supermarket / Grocery Stores <i>e.g. Family Mart, Aldi</i>	◑	◑	◑	◑

● Superior
○ Inferior

WHERE TO DISTRIBUTE AND PROMOTE (2/3) – PROMOTION CHANNELS

E-commerce and social media platforms are the main channels for promotion

		High Sales Conversion	Strong Branding Contribution	Light Investment	Innovative Approach
		<i>Audience base x target density x sales stimulation</i>	<i>Audience base x target density x communication</i>	<i>Cost of advertisement or campaign arrangement</i>	<i>Less leveraged by other apparel brands in China</i>
Mainstream Promotion Channels	E-Commerce Platforms <i>e.g. Tmall, JD</i>	●	◐	◐	○
	Social Media Platforms <i>e.g. Xiaohongshu, Douyin</i>	◐	◑	◐	◑
	Private Domain <i>e.g. WeChat Ads, Official Account</i>	◐	◐	◐	◑
	Pet Associations and Fairs <i>e.g. Zoomark China</i>	◑	◐	◑	◑
	Offline Media <i>e.g. Elevator screen, Billboards</i>	◑	◑	◐	◑

● Superior
○ Inferior

WHERE TO DISTRIBUTE & PROMOTE (3/3) – CHANNEL RECOMMENDATIONS

It is vital to combine online and offline channels to achieve successful long-term growth

Distribution Channels



E-Commerce

It is recommended to be on all mainstream e-commerce channels – **Tmall, Taobao, JD**. As the highest used distribution channel for consumers, e-commerce is an essential channel that almost every pet food brand is on, and it has a low cost of entry to partner with Tmall and online operators for the flagship store.



Medium B2B Distributors

As a new brand entering China, penetrating the network in reaching consumers can be very complicated, which is why most brands partner with distributors. Top distributors may have the widest networks, but it may be unlikely for them to push the brand without incentives (higher margin cut). Instead, it will be more beneficial to establish partnerships with smaller distributors for better long-term growth in China.

Promotion Channels



WeChat/Private Domain

One of the fastest growing channels for promotion is WeChat, especially for pet food. By creating an official account, mini-program, and private groups, it allows the brand to communicate directly with consumers and provide information about the brand's products and promotions, raising customer stickiness and share with friends.



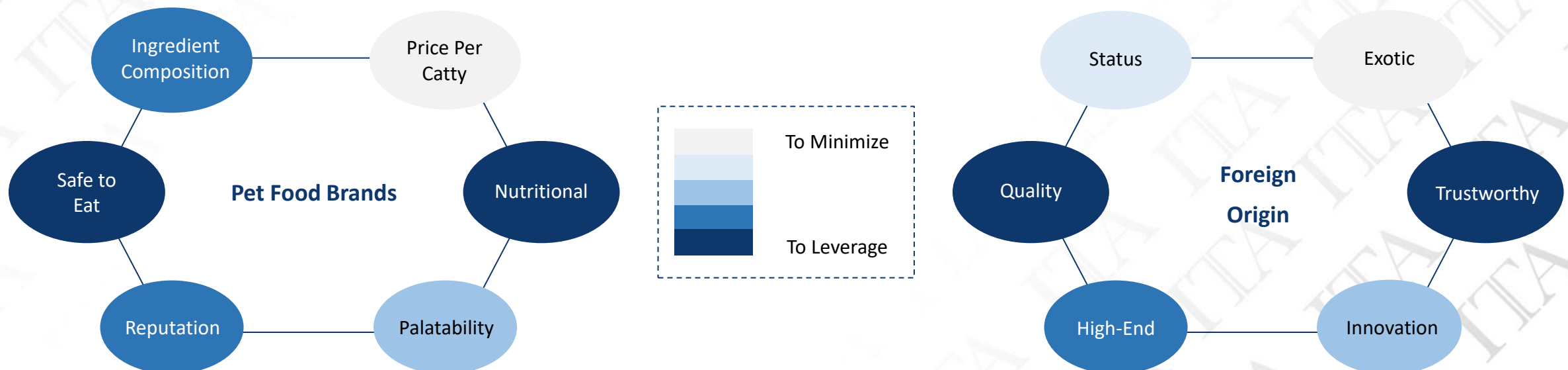
Social Media Platforms

Social media has been more popular than ever as a means of promotion for brands. By working with the right KOC and KOLs, the brand can effectively reach its target consumers to influence and plant the desire to purchase its products. It is best to collaborate with KOLs to do posts on Little Red Book and do livestreams on Douyin.

HOW TO COMMUNICATE (1/2) – VALUE PROPOSITIONS

Three key value propositions that foreign brands can utilize to communicate to Chinese consumers

1. **Reinforce existing local perceptions on the trustworthiness and quality of foreign pet foods.** Foreign pet foods in China have a very trustworthy reputation and are perceived by Chinese consumers to provide consistent, safe, and high-quality pet foods. These perceptions have existed for an extended period, created by brands such as Royal Canin, Purina, Ziwi, etc. So, foreign brands should emphasize their foreign roots on their packaging design when entering China.
2. **Emphasize nutritional content and highlight key natural ingredients.** Chinese consumers are becoming increasingly more educated on their pet's health and wellness, which leads them to pay close attention to nutritional values of pet food products. Utilizing this consumer education trend, brands should highlight the important ingredients of their products, such as "natural and fresh meats", "beneficial probiotics", "Vitamin A and Vitamin D", etc., and explain how they are beneficial to pets.
3. **Adapt to domestic culture and localize product offerings.** Foreign pet food brands entering China should be prepared to provide SKUs and packaging designs that are more relevant to Chinese consumers. The SKUs should target popular breeds of cats or dogs, and the packaging design can incorporate Chinese herbs. For example, the British Shorthairs are one of the most popular breeds of cats in China, and brands such as Royal Canin have developed pet food SKUs that are specifically catered towards them.



HOW TO COMMUNICATE (2/2) – KOL/KOC COLLABORATION

Employing a portfolio of influencers across different platforms can aid foreign brands in penetrating Chinese market

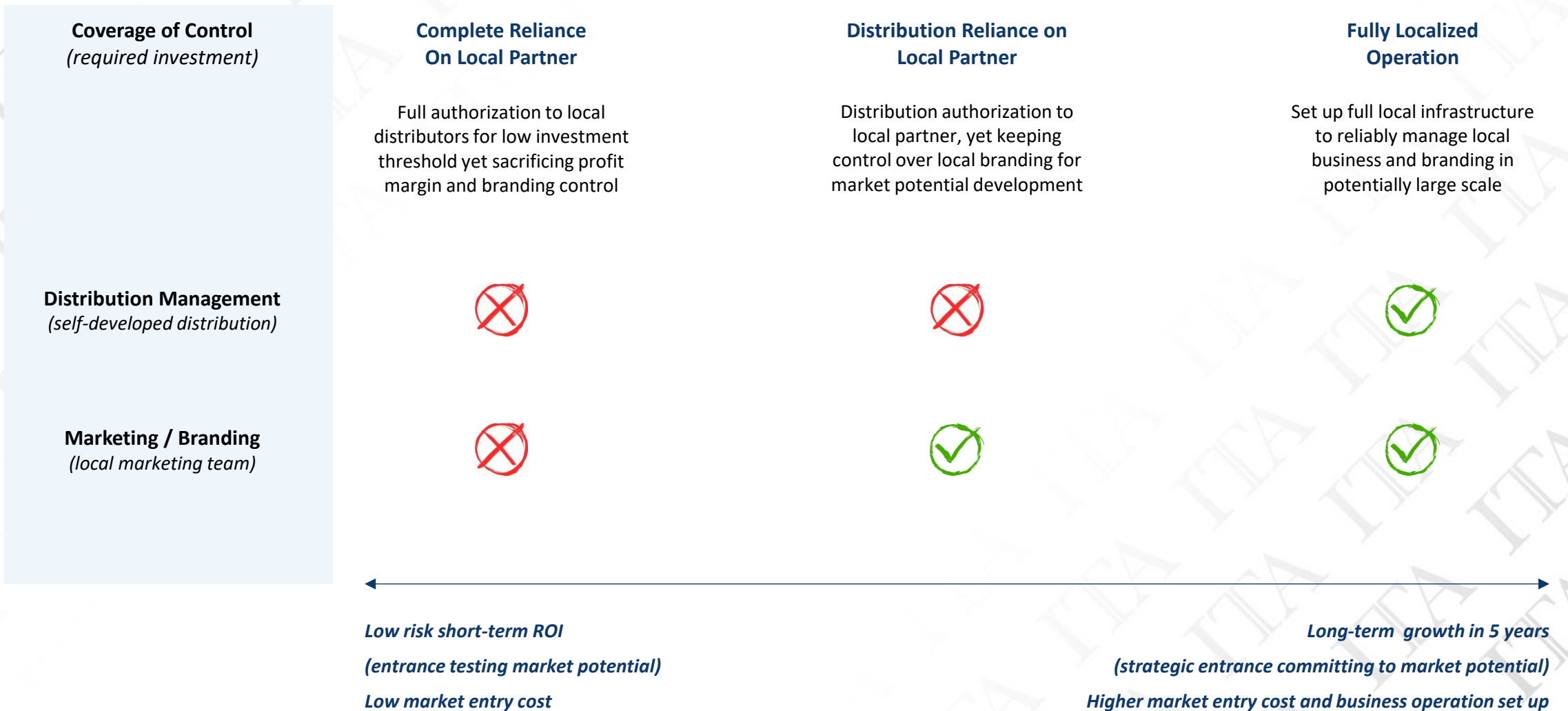
- KOL collaboration , also known as sponsored content, is key to activate digital marketing in China for not only wide influence reach but more importantly effective target audience penetration. **Using a calculated portfolio of KOLs across different platforms will allow the brand to penetrate the market and reach its target audience.**
- All three platforms have their own advantages, but **Red and Douyin have become more popular with the newer generation** and cross-over more with target consumers of pet food.
- **Depending on how precise the audience the brand wishes to reach, different tiers of KOLs should be utilized.** On one hand, top-tier KOLs are more useful to reach a wider demographic of audiences, while smaller KOCs will have less reach but a more precise group of audience that have higher engagements.

	Weibo	Red	Douyin
			
Platform Tonality	Diverse	Trendy / Exquisite	Creative / Funny
Content Focus	Open Discussion & Informative Input	Insight & Reviews On Food/Lifestyle	Demo videos
Top-tier KOL <i>Famous influencer with significant impact on driving general brand awareness</i>	¥25,000 – 700,000 €3,250 – 91,000 500K-1M	¥35,000 – 60,000 €4,550 – 7,800 500K-1M	¥45,000 – 100,000 €5.850 – 13,000 1M-2M
Mid-tier KOL <i>Authority in their professional fields with strong penetration among target audience</i>	¥10,000 – 25,000 €1,300– 3,250 200K-500K	¥10,000 – 35,000 €1,300 – 4,550 100K-500K	¥20,000 – 45,000 €2,600 – 5,850 400K-1M
Long-tail KOL / KOC <i>Small influencer specialized in one specific area with high follower engagement</i>	¥3,000 – 10,000 €390 – 1,300 50-200K	¥5,000 – 10,000 €650 – 1,300 50-100K	¥5,000 – 20,000 €650 – 2,600 150-400K

**For Weibo and Douyin, influence numbers may be high due to the practice of buying 'fake followers', therefore agencies take this practice into consideration when setting quotations*

STRATEGIC SET-UP ALTERNATIVES

New brand can choose between different set-ups based on risk tolerance



PART 6. Appendix

MAIN PET EXHIBITION IN CHINA

Pet Fair Asia

Locale: Beijing & Shanghai & Shenzhen

Website: www.petfairasia.com

Introduction: Since its first edition in 2011, International Pet industry Summit, recognized as the most important event in China pet market, has become the Asia pet industry trend indicator. Top pet industry leaders from China and overseas gather here each year to discuss the profound changes taking place in Asian pet markets facilitates business networking and supports the rapid development of the industry.

Zoomark at Marca

Locale: Shenzhen

Website: <https://www.zoomark.it/>

Introduction: Zoomark is a Europe's leading international meeting place for pet industry manufacturers and distributors, the ideal platform where to develop new partnerships, gain knowledge, exchange ideas with a global audience looking for new business opportunities.

China Pet Expo

Locale: Beijing

Website: <http://www.chinapetexpo.com/>

Introduction: China Beijing International Pet Products Exhibition (hereinafter referred to as China Pet Expo) has come across outstanding development in Ten years since the establishment in 2014. Being a large-scale industrial event with extremely great influence in pet industry in China. China Pet Expo will be organized in Beijing every spring.

People & Pet Fair

Locale: Ningbo

Website: <http://www.petsupplies-expo.com/>

Introduction: The China (Ningbo) International Pet Products Expo takes "People&Pet" as its core concept, focuses on 2B transactions, and pays attention to the development of people and pets! The exhibition will combine export and domestic sales to create a dual circulation channel, while also making efforts in both online and offline modes, to build an efficient and professional trade matching platform for pet exhibitors.

MAIN PET EXHIBITION IN CHINA

China Kunming Asean Pet Expo(East Pet Expo)

Locale: Kunming

Website: <https://expoworldexhibitions.com/>

Introduction: In order to strengthen exchanges between the ASEAN pet industry, enhance corporate brand image and innovate the competitiveness of the pet market, promote the rapid development of the ASEAN pet economy, and provide a display platform integrating cooperation and transactions, the first China Kunming ASEAN Pet Expo (hereinafter referred to as the "East Pet Expo") was successfully held in Kunming in 2016.

The One Pet Show (TOPS 2024)

Locale: Kunming

Website: <https://expoworldexhibitions.com/>

Introduction: TOPS stands for The One Pet Show.

A more selected, digitized, online and offline omnichannel connection platform for the future of the industry. The One Pet Show (TOPS 2024) is not only a pet exhibition, but also a unique new platform created by deep collaboration with the media community, industry SaaS, and China's best peers for the future.

Grandeur World Pet Fair

Locale: Nanjing、Chongqing、Hefei、Guangzhou、Wuhan、Changsha、Nanning

Website: <http://www.worldpetfair.com/>

Introduction: The exhibition area is about 60000 square meters, with 6 themed exhibition areas, showcasing over 1000 well-known domestic and foreign pet brands. The three-day exhibition attracted over 110000 visitors from home and abroad.

Tianyi Chengdu Pet Expo

Locale: Chengdu

Website: <http://www.cdcpae.com/>

Introduction: Founded in Chengdu in 2012, after 11 years of outstanding development, it has become a highly influential industry event in the southwest region. It is a large-scale comprehensive expo that integrates services such as pet food, supplies, medical care, beauty trade and distribution, pet competitions, live exhibitions and performances, pet friend procurement, and amusement.

LIST OF CHINESE IMPORTERS OR DISTRIBUTORS

- **Guangzhou Haiji Pet Trading Co., Ltd.**
<https://www.tapinpet.com>
- **Chongqing Feimeng Pet Co., Ltd.(FARMINA PET FOODS)**
<http://www.fmpets.cn>
- **Sichuan PetzMall Interconnection Technology Co., Ltd.**
<http://www.petzmall.com/>
- **New Ruipeng Pet Healthcare Group Co.,Ltd
and Runhe Supply Chain Group Company**
<http://www.rp-pet.com/>
- **Bark N Purr Trading Company Limited**
<https://www.bark-n-purr.com/>
- **Shandong Chongyunxing Information Technology Co., Ltd.(MONGE)**
<https://shop242644078.taobao.com/>
- **Guangzhou J & H Co.,Ltd**
https://junhongcwyp.tmall.com/shop/view_shop.htm
- **Lionhead Technology Development Co., Ltd.**
www.lionhead.com.cn
- **Liaoning Tanhu Pet Products Co., Ltd.**
www.tanhu.com
- **Shanghai Alien Pet Food Co., Ltd.**
<http://www.sh-pet.com/show.asp?type3=5&type4=1&id=1179>

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