



CHINESE CONSUMERS PROFILE

PET LOVERS

CHOZAN

HELLO!

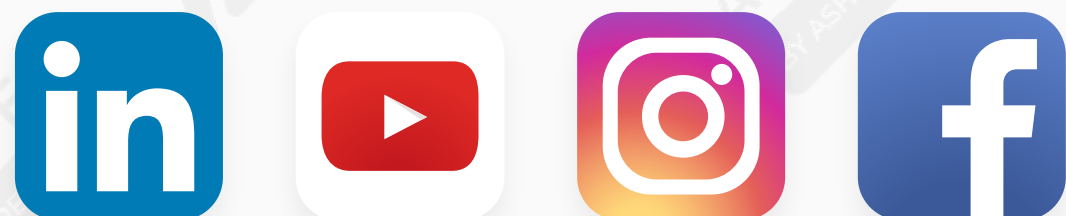
The pet economy has already become a prominent emerging consumption trend and pet owners have certainly become one of the most powerful consumer groups in China. Pet ownership in China is on the rise and we are still expecting to see immense growth in the market as well as more diverse and sophisticated product and service offerings. My team at ChoZan and I have compiled this report to present the latest insights on the pet market and consumers so our fellow China watchers and marketers can enter this exciting market in 2021 equipped. Let's go get them!

Ashley Galina Dudarenok

Founder, Alarice and ChoZan, LinkedIn Top Voice



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China's pet economy is still in its early stage - the industry is growing rapidly but there are still lots of untapped potential. China's pet industry is expected to reach 473.2 billion RMB by 2023, which is ten times more than 2013. Pet owners are rising to become one of the most powerful consumer groups in China. They are among the most sophisticated shoppers and are willing to pay for quality products for their pets.



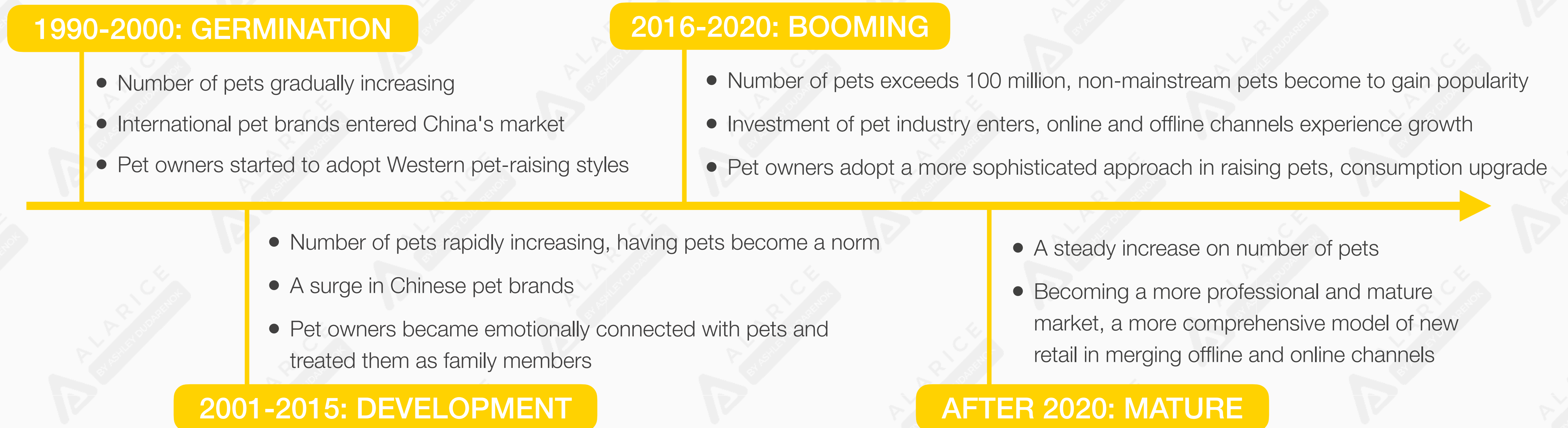
MARKET INSIGHTS

MARKET INSIGHTS

THE DEVELOPMENT TIMELINE OF THE PET ECONOMY

After 30 years of development, the status of pets have evolved from "watchdogs" to "family members". Along with consumption upgrade behaviours of pet owners, the pet industry will welcome more developments across sectors.

THE DEVELOPMENT TIMELINE OF CHINA'S PET INDUSTRY

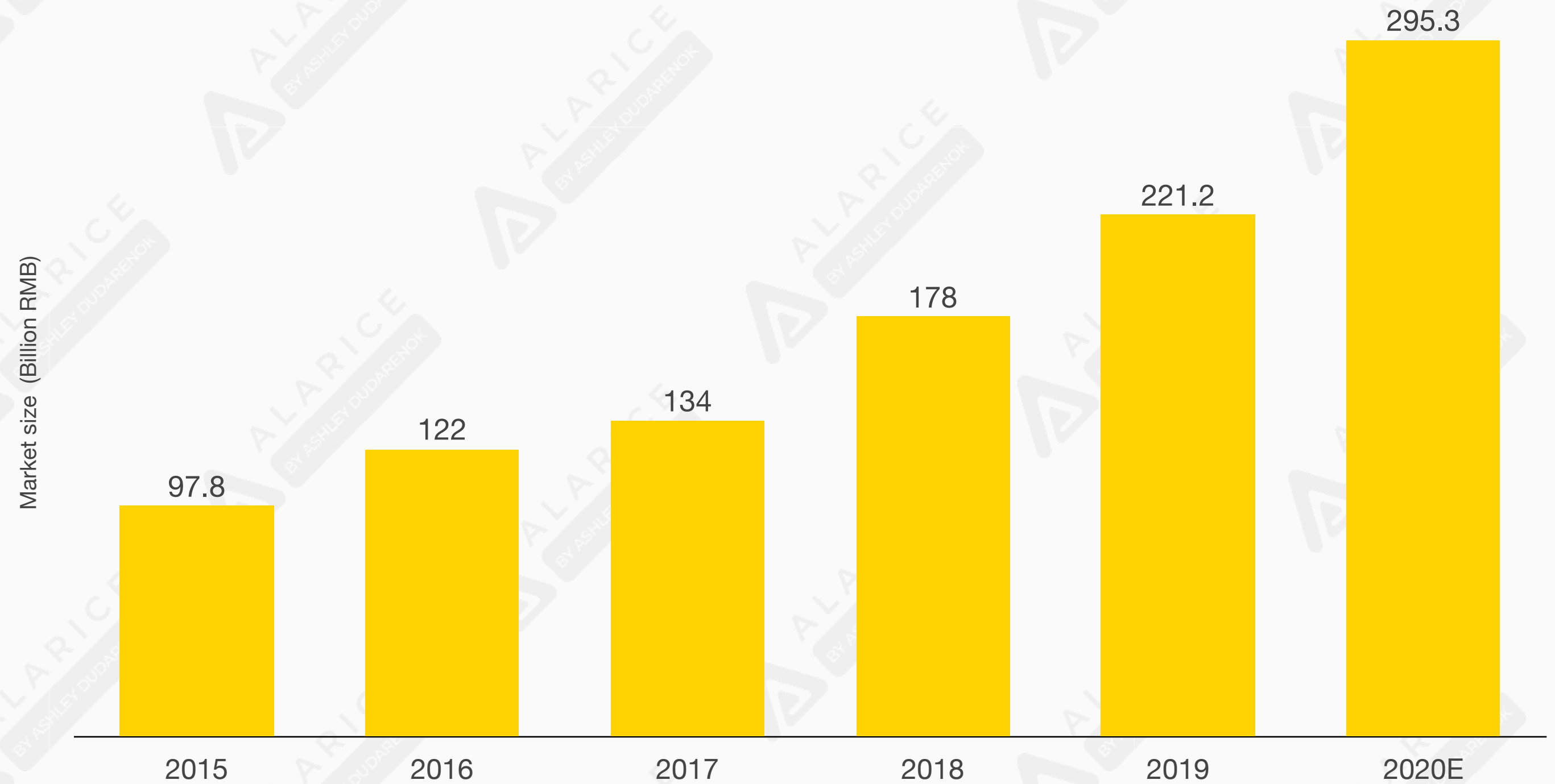


MARKET INSIGHTS

THE CHINESE PET MARKET SIZE

According to iiMedia, the **Chinese pet market size** reached 221.2 billion RMB in 2019 and **is expected to reach 295.3 billion RMB in 2020**, with a year-on-year growth rate of 20%.

CHINESE PET MARKET SIZE IN 2015-2020

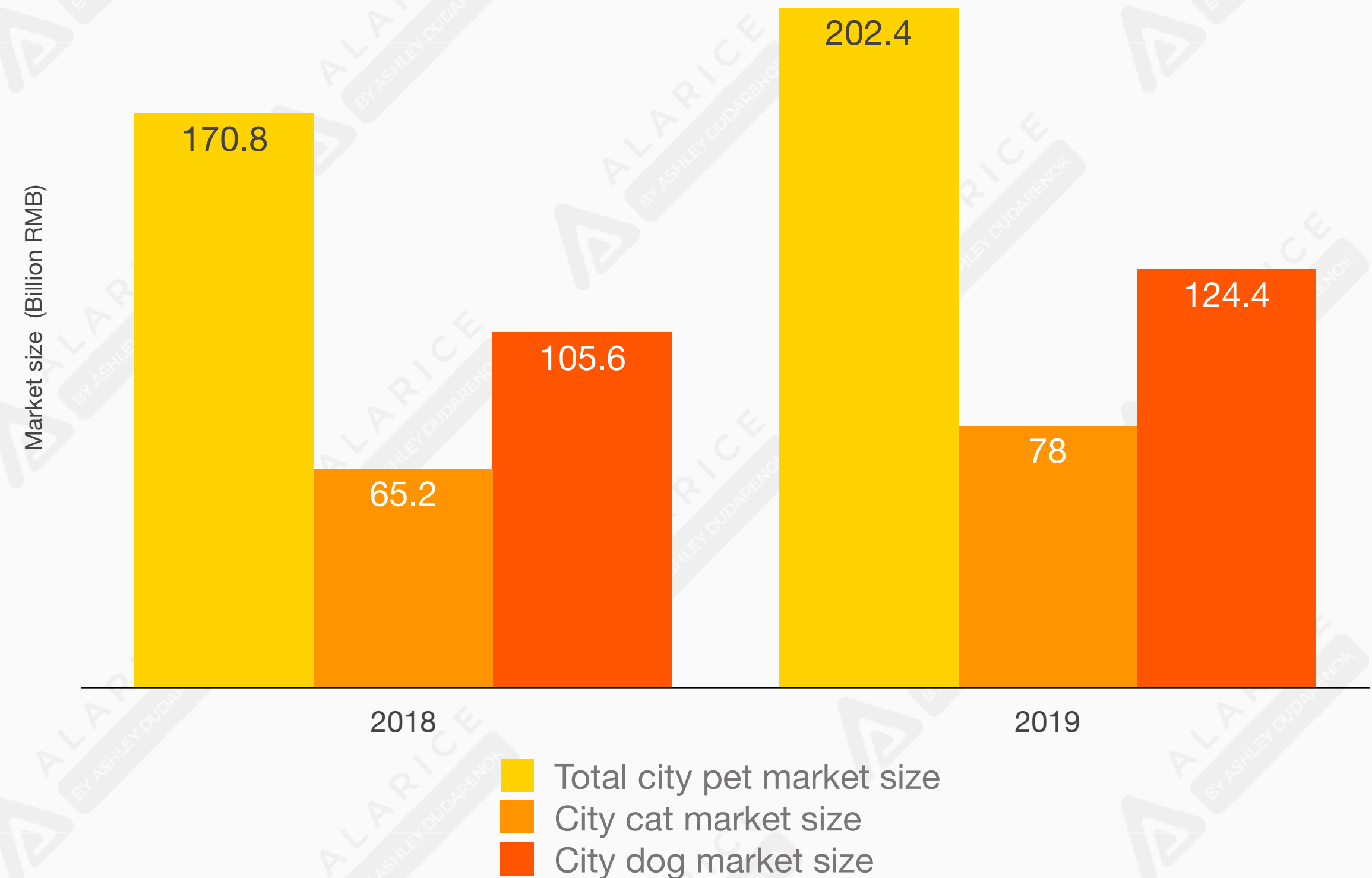


MARKET INSIGHTS

THE CITY PET MARKET SIZE - CATS VS DOGS

According to Qianzhan, the city dog market size in 2019 was 124.4 billion RMB, year-on-year growth was 17.8%. The city cat market size in 2019 was 78 billion RMB, 19.6% up against 2018. **The size of the city dog market is greater than the city cat market, but the latter has a higher level of growth.**

CITY CAT & DOG MARKET SIZE IN 2018-2019



MARKET INSIGHTS

THE DRIVERS IN THE PET ECONOMY

Changing perceptions of pet ownership:

The development of the pet economy rode on consumers' patterns of delayed marriage or plans to stay single. More and more pet owners now consider pets as their life companions - 41% of Chinese pet owners are singles.

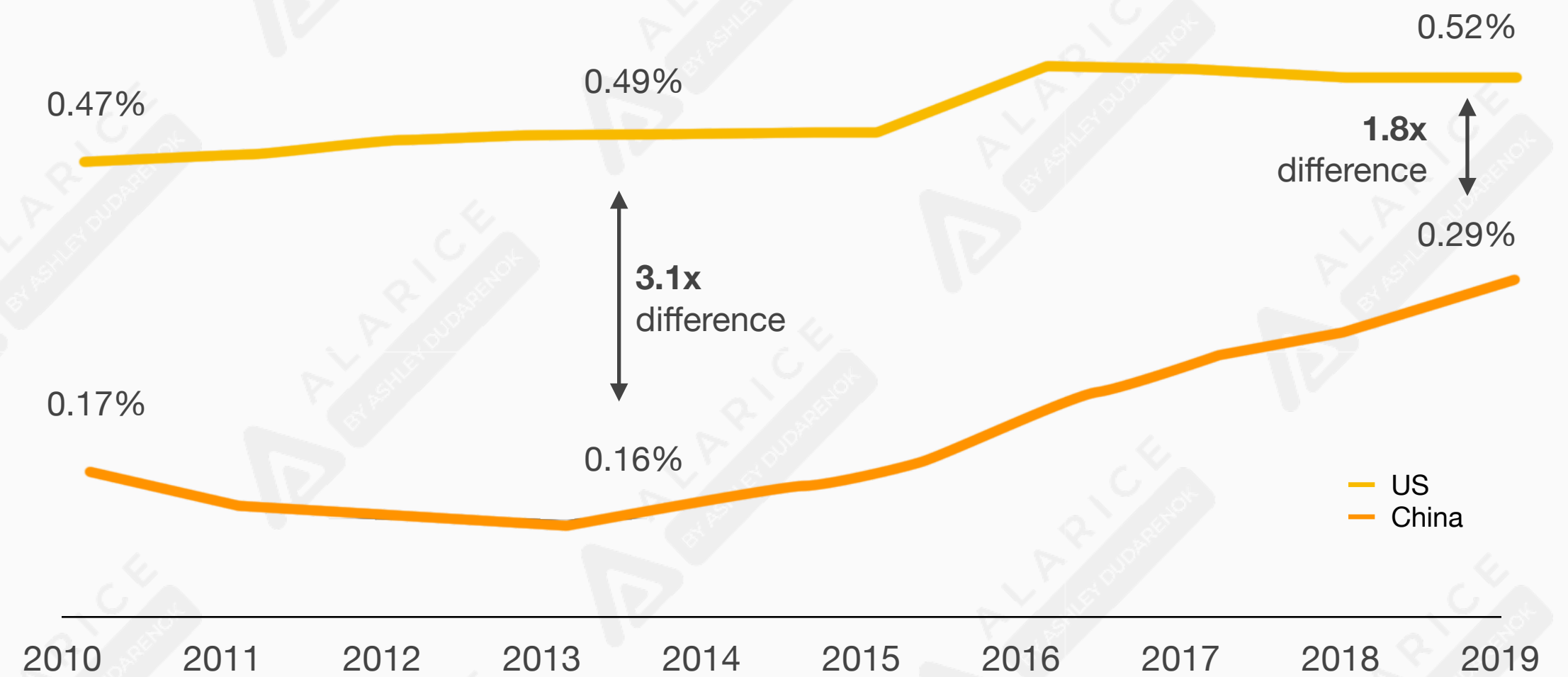
The rising popularity of pet ownership:

Pet ownership in China is still very low compared to other countries. On average, only around 4-5% Chinese families own pet(s), so **pet ownership is still expected to increase.**

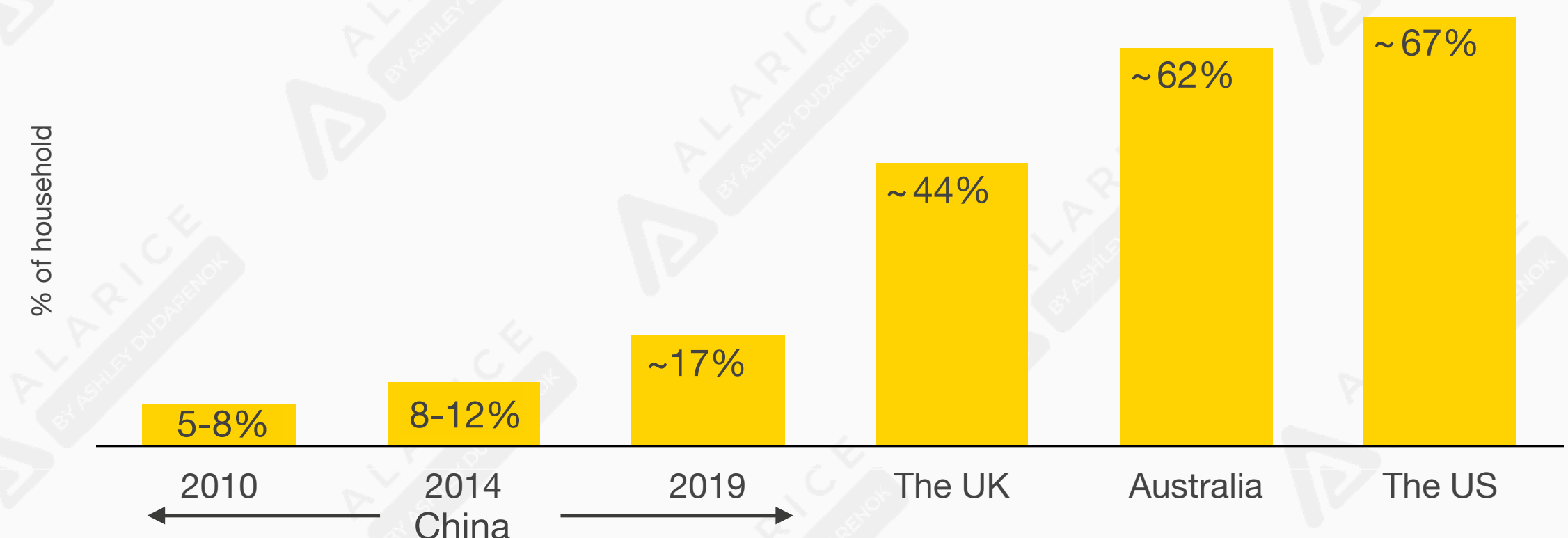
The willingness to increase spending on their pets:

The ratio of pet spendings to household expenditure in China is gradually catching up with the US over the years, but there's still room for growth.

CHINA VS US PET SPENDING TO HOUSEHOLD EXPENDITURE IN 2010-2019



PET OWNERSHIP RATE



MARKET INSIGHTS

THE DEVELOPMENT OF THE PET ECONOMY

Chinese consumers are showing patterns of consumption upgrade, the same applies to the pet economy. **Pet products are becoming more and more sophisticated.** Different sectors within the industry are booming.

	TRADITIONAL PET ECONOMY	PET ECONOMY 2.0
FOOD	Standardised factory productions	More personalised, comes in a variety including dry food, wet food, snacks, health supplements
TOOLS	Not well known among the public	A surge of smart tools to improve feeding practices
SERVICES	Provided by individual owners that vary in quality, limited clients and profits	Provided by corporations, user acquisition through online channels
SOCIAL	Very little offline communication among pet owners other than seminars and classes	The appearance of social media platforms dedicated for pet owners
CHANNELS	Little to no online channels, limited coverage for offline channels	A very well-established offline-to-online merge

MARKET INSIGHTS

THE DEVELOPMENT OF THE PET ECONOMY

Young Chinese consumers generally have a welcoming attitude to new concepts. The majority of their spending lies on pet food, but they are also eager to spend on pet services such as grooming, photography, insurance, training, etc. This consumption led to **optimistic developments in the pet service market.**

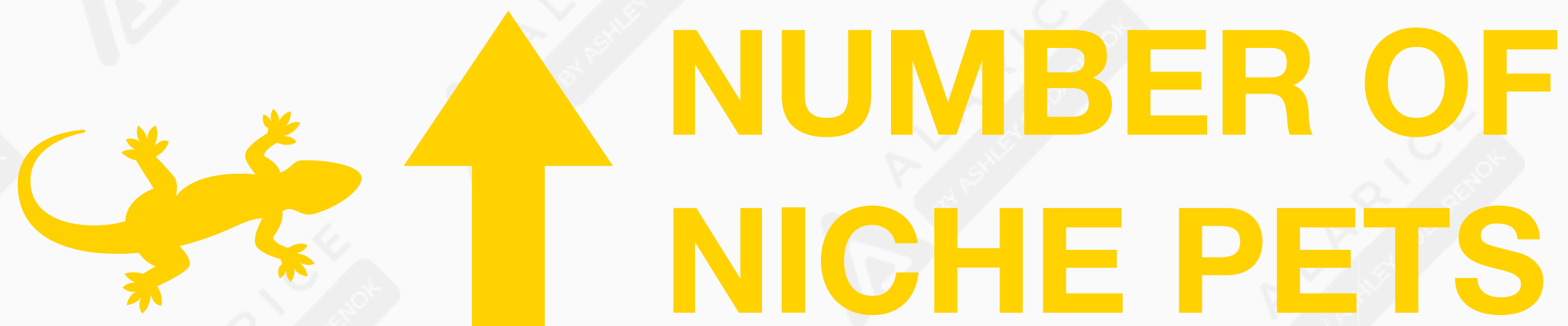
Concepts such as pet influencers, pet cafes and pet theme parks are also on the rise.

PET THEME PARKS	PET CAFES
<ul style="list-style-type: none"> • Pet fitness training • Pet entertainment and social • Pet services • Pet talent shows and events 	<ul style="list-style-type: none"> • Pet products • Pet marketplace • Food and drinks

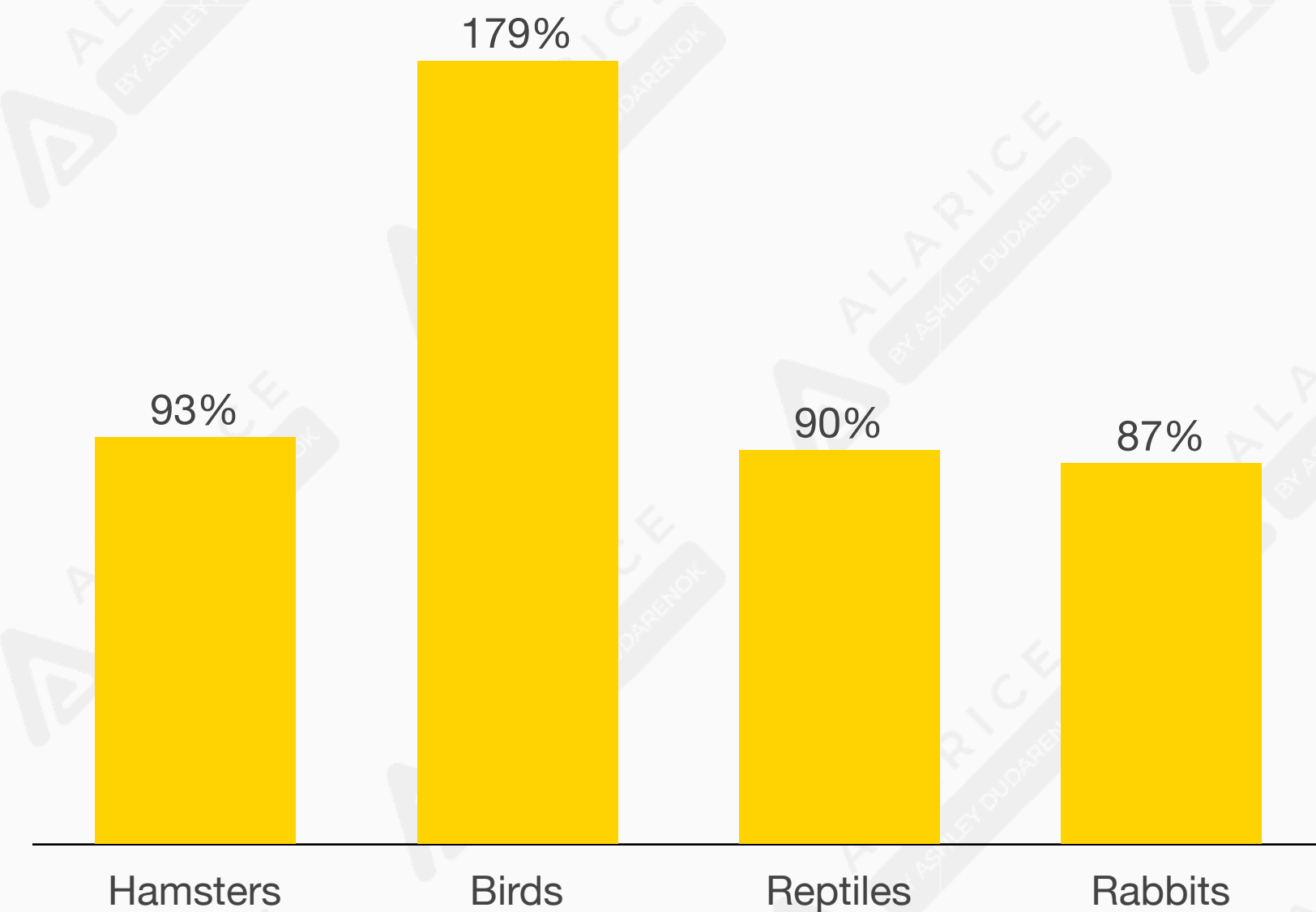
MARKET INSIGHTS

THE DEVELOPMENT OF THE PET ECONOMY - NICHE PETS

Consumers are **seeking personalised consumption**. They are paying attention to other niche pets such as aquatic pets, small mammals, insects other than traditional pets such as cats, dogs, birds, fishes. Online sales of niche pet supplies are also showing robust increases - close to 200% for birds, close to 100% for hamsters, reptiles, and rabbits.



ONLINE SALES GROWTH OF NICHE PET SUPPLIES IN CHINA IN 2019



CONSUMER INSIGHTS

UNDERSTANDING PET LOVERS

CONSUMER INSIGHTS

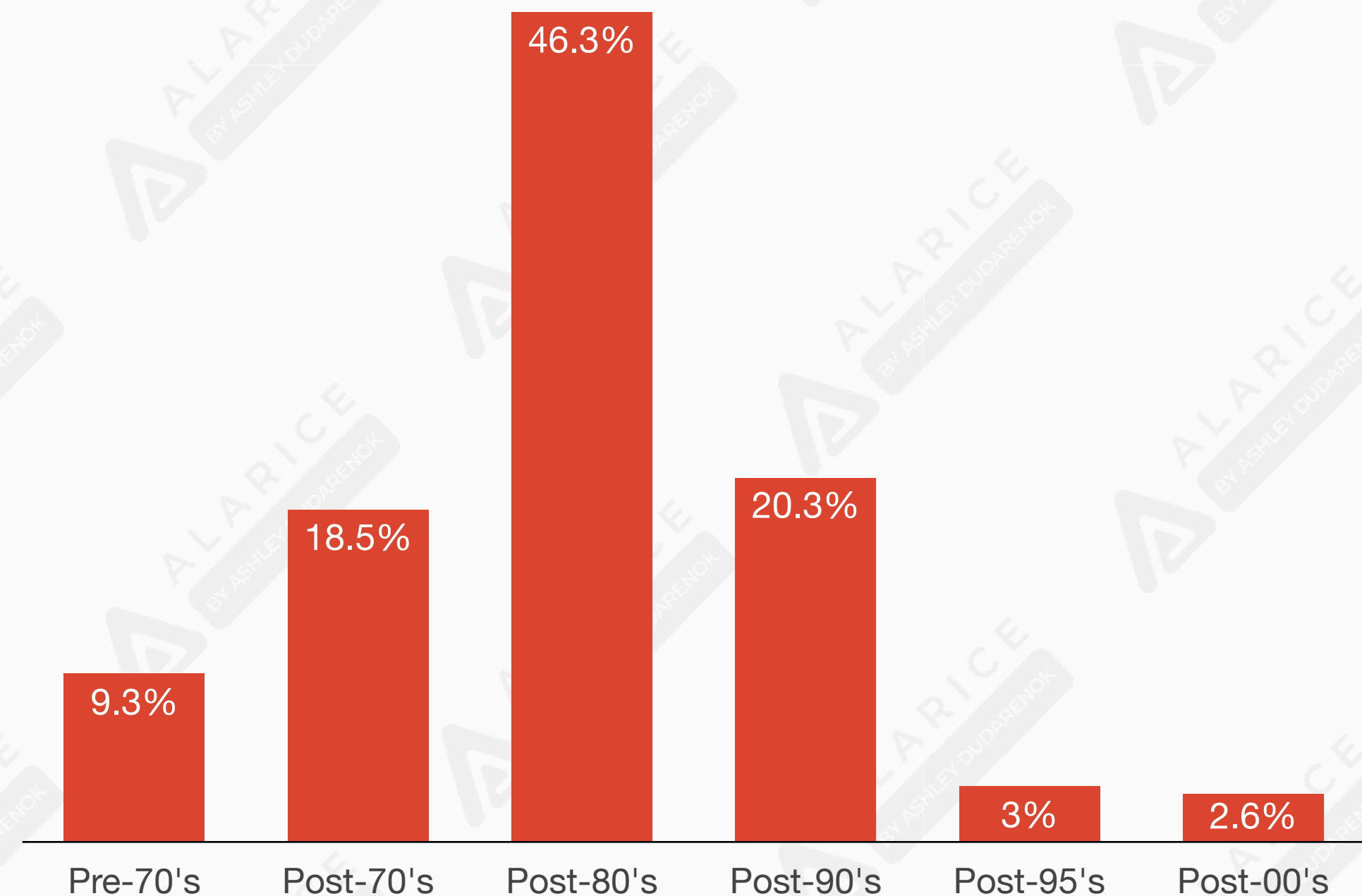
USER PORTRAITS OF CHINESE PET OWNERS IN 2020

Chinese pet owners are **becoming younger**. Post-80's, 90's users make up for 46.3% and 20.3 of the total users respectively. The distribution in pet owners by age shows that more young consumers are entering the market. Post-95's consumers will soon be the key drivers in the market growth.

Young pet owners focuses on being caring parents to the pets, as opposed to older generations who find joy in the companionship. They also **prioritise animal welfare**, with almost 40% of pet adoptions completed by individuals under the age of 24, as found by CBNDData.

Other than time, these young pet-owners are **eager to spend money on products trusted to provide the best lifestyle for the pets.**

THE DISTRIBUTION OF PET OWNERS BY GENERATIONS



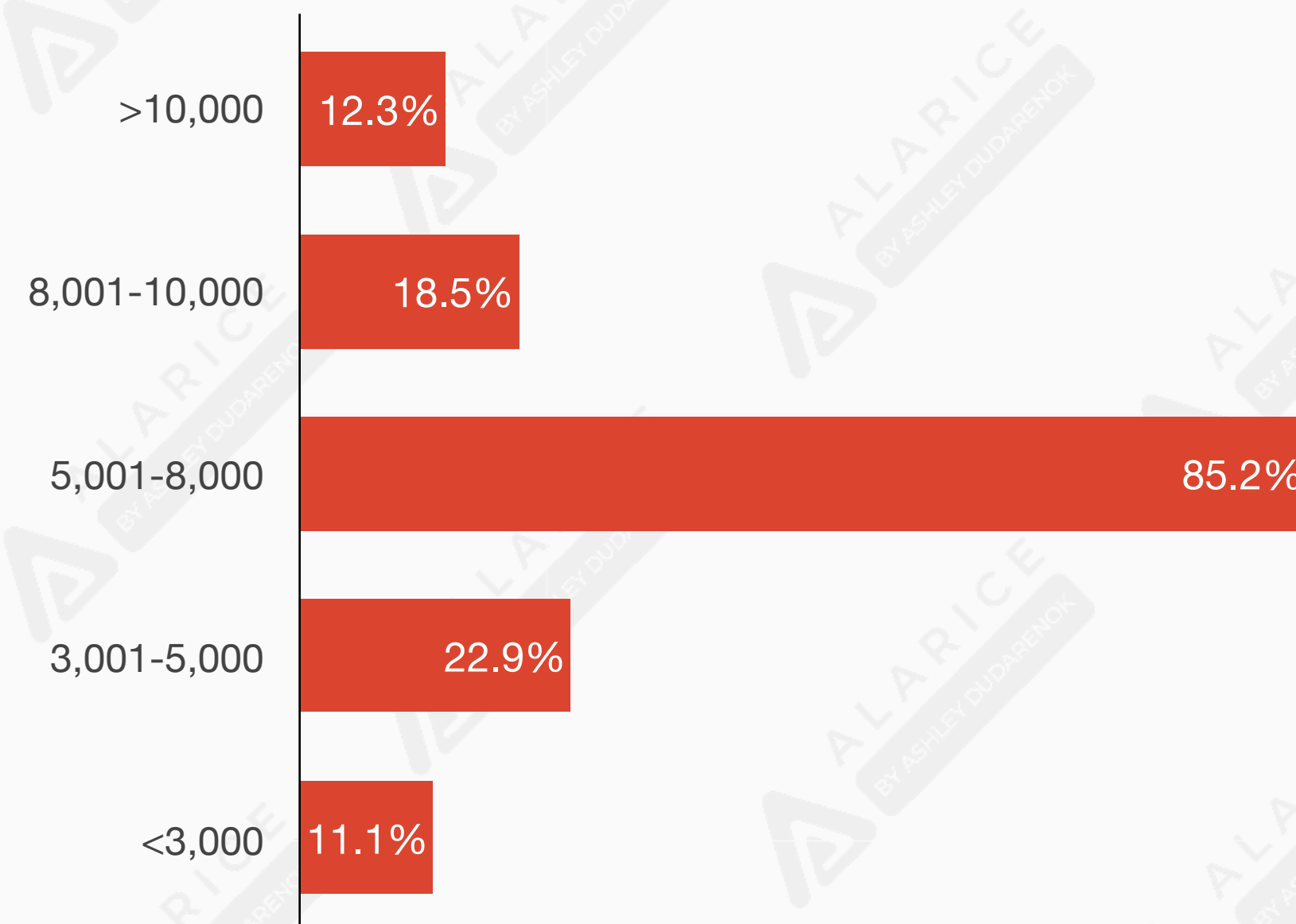
CONSUMER INSIGHTS

USER PORTRAITS OF CHINESE PET OWNERS IN 2020

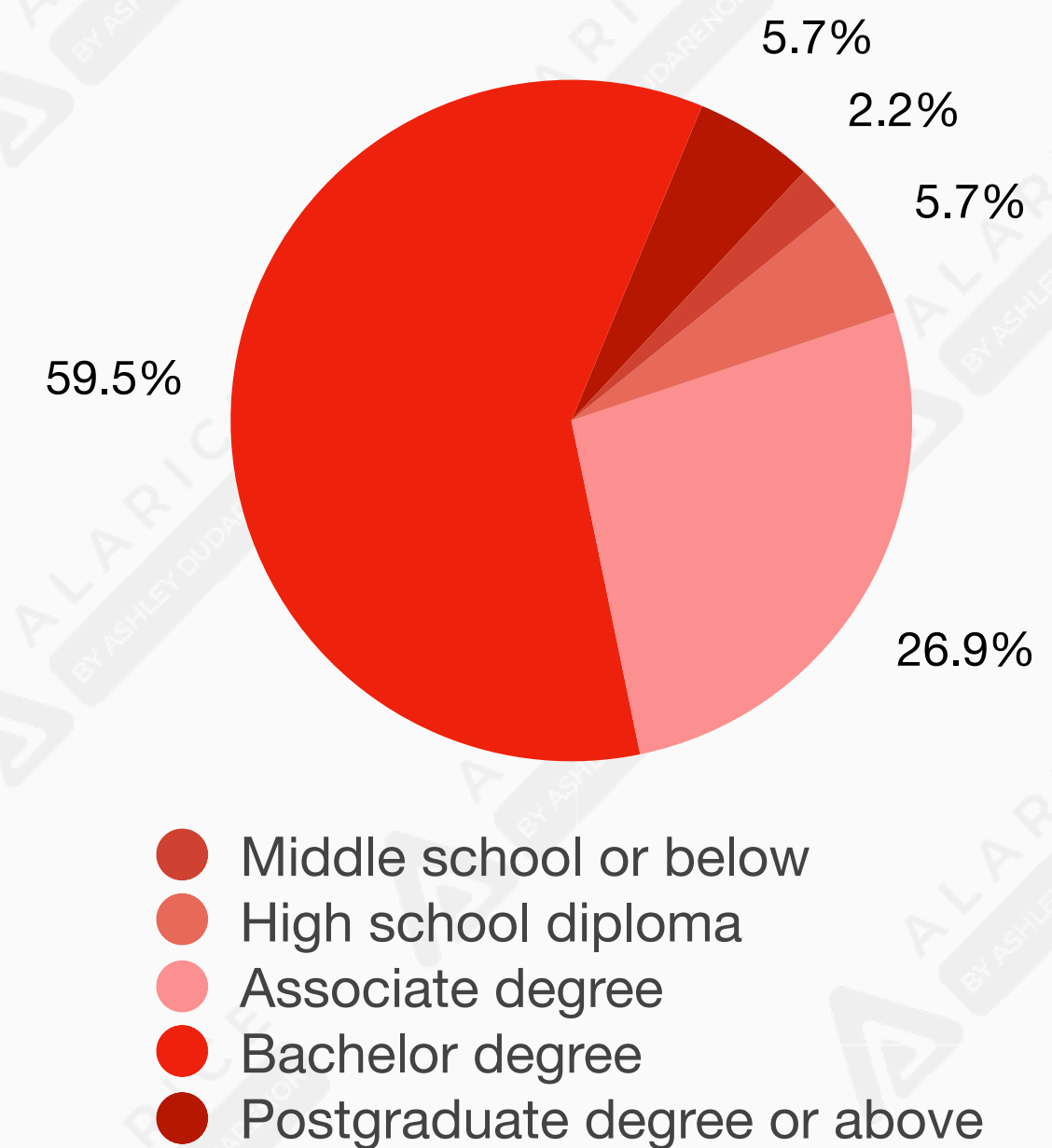
Pet owners have a **higher income** and a **higher education level**. About one third of them make over 8000 RMB per month. 59.5% and 5.7% pet owners are bachelor and postgraduate degree holders respectively. **Pet owners are predominately females**, those with high income and high education level are more committed in taking good care of their pets.



MONTHLY INCOMES OF PET OWNERS (IN RMB)



THE HIGHEST LEVEL OF EDUCATION ATTAINED BY CHINESE PET OWNERS IN 2020



CONSUMER INSIGHTS

PET OWNERS BY CITIES

The **number of pets and pet owners in China are growing together**. The China Pet Association found that pet owners are typically found in developed cities along the east-coast, such as Shanghai (12.4%), Beijing (11.2), Guangdong (10.1), Jiangsu (8.1%), Shandong (7.8), Zhejiang (5.3%), Hebei (4.7%), Fujian (4.7%), Henan (3.6%), and Hubei (2.9%), etc.



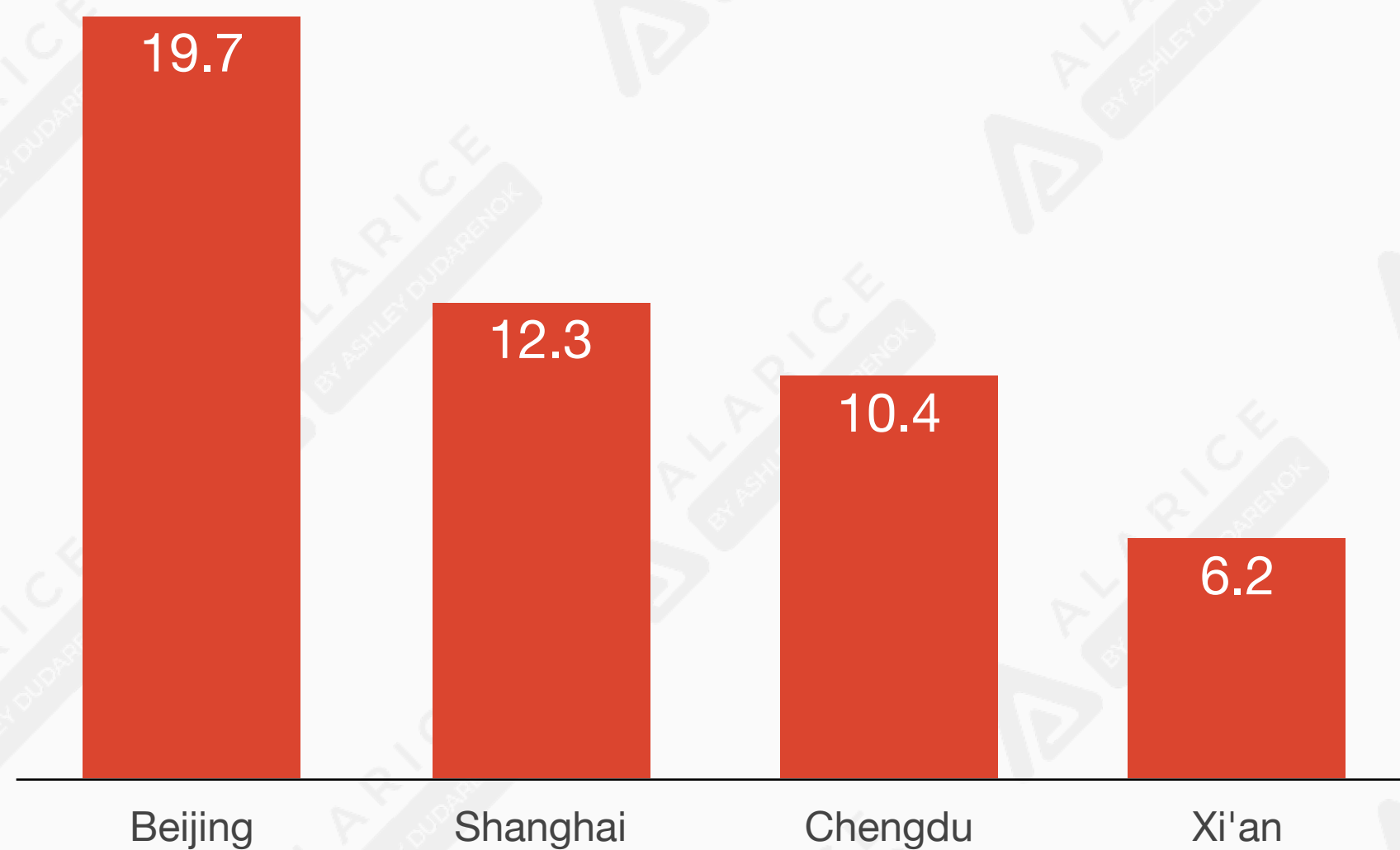
Cities	Pet Ownership
Shanghai	12.4%
Beijing	11.2%
Guangdong	10.1%
Jiangsu	8.1%
Shandong	7.8%
Zhejiang	5.3%
Hebei	4.7%
Fujian	4.7%
Henan	3.6%
Hubei	2.9%

CONSUMERS INSIGHTS

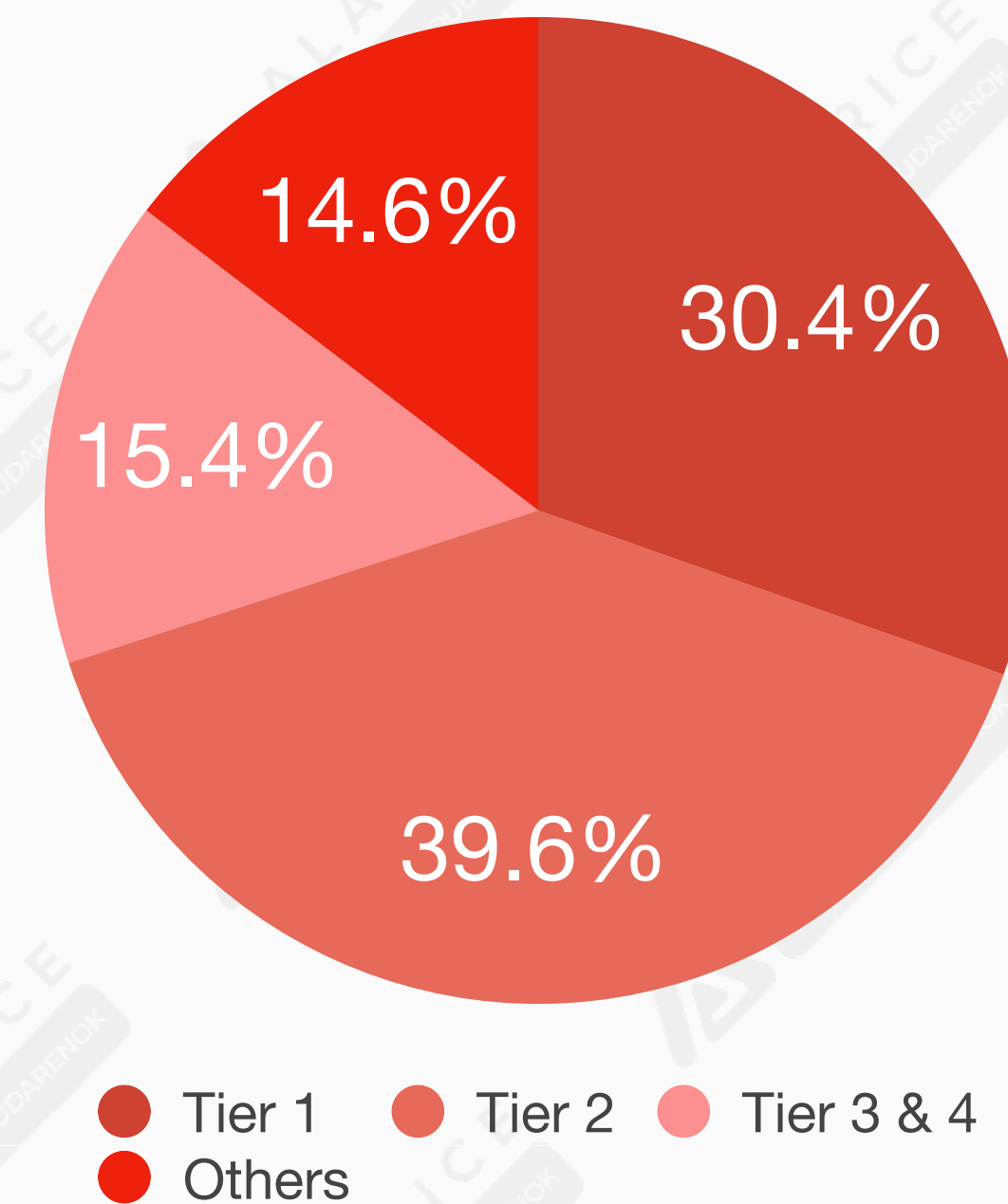
PET OWNERS BY CITY TIERS

In 2019, the combined pet market size in Shanghai, Beijing, Xi'an, Chengdu exceeded 50 billion RMB. **Over half pet owners are based in tier 1 and 2 cities** - 39.6% of pet owners are located in tier 2 cities, while 30.4% of them are in tier 1 cities.

PET MARKET SIZE IN MAJOR CITIES (IN BILLION RMB)



DISTRIBUTION OF CHINESE PET OWNERS BY CITY TIERS



CONSUMER INSIGHTS

ATTITUDES OF CHINESE PET OWNERS IN 2020

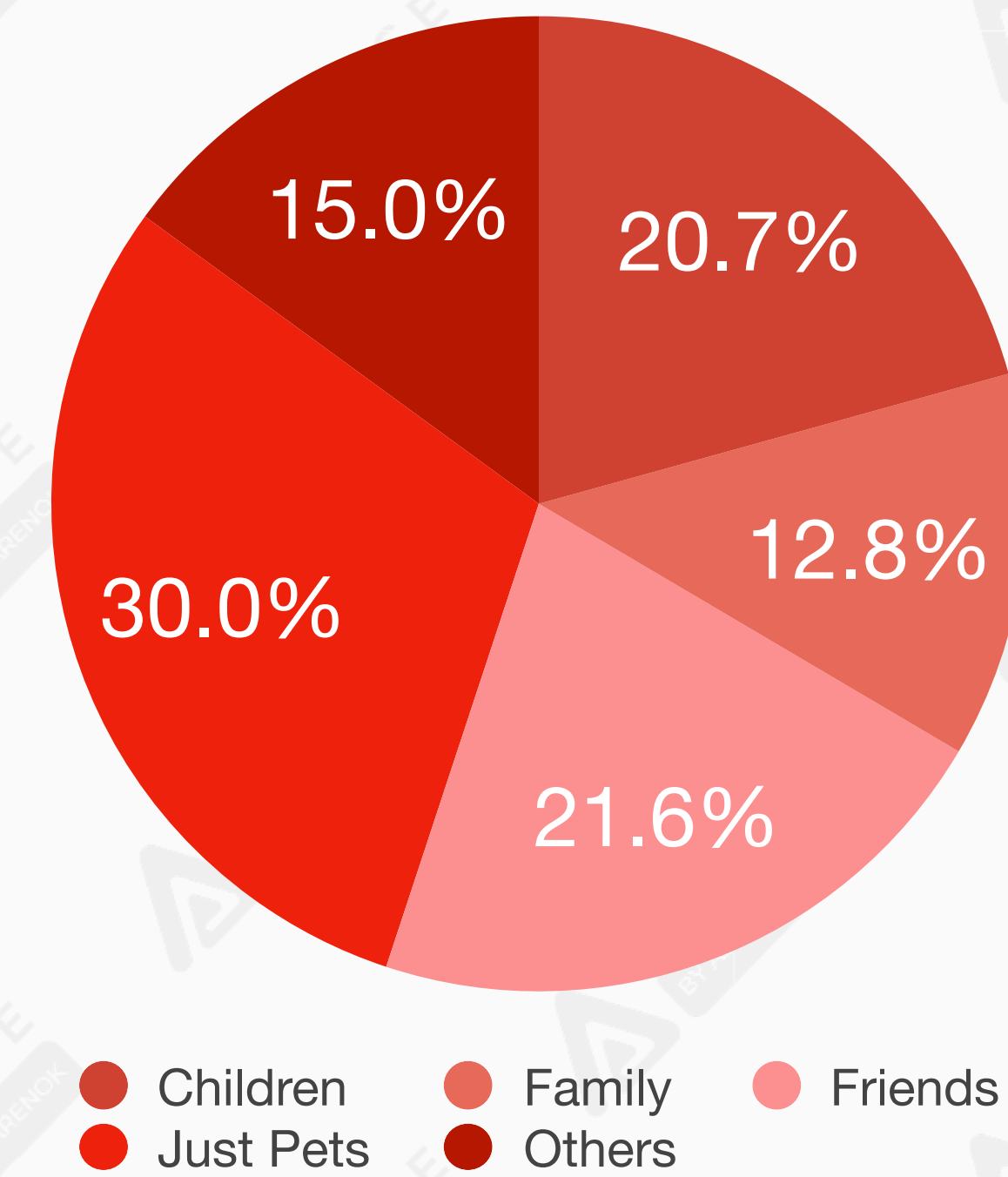
MARRIED COUPLES

ARE MORE WILLING TO TREAT PETS AS THEIR CHILDREN

SINGLES

TREAT PETS AS THEIR FAMILY MEMBERS FOR COMPANIONSHIP

HOW CHINESE PET OWNERS SEE THEIR RELATIONSHIPS WITH THEIR PETS IN 2020

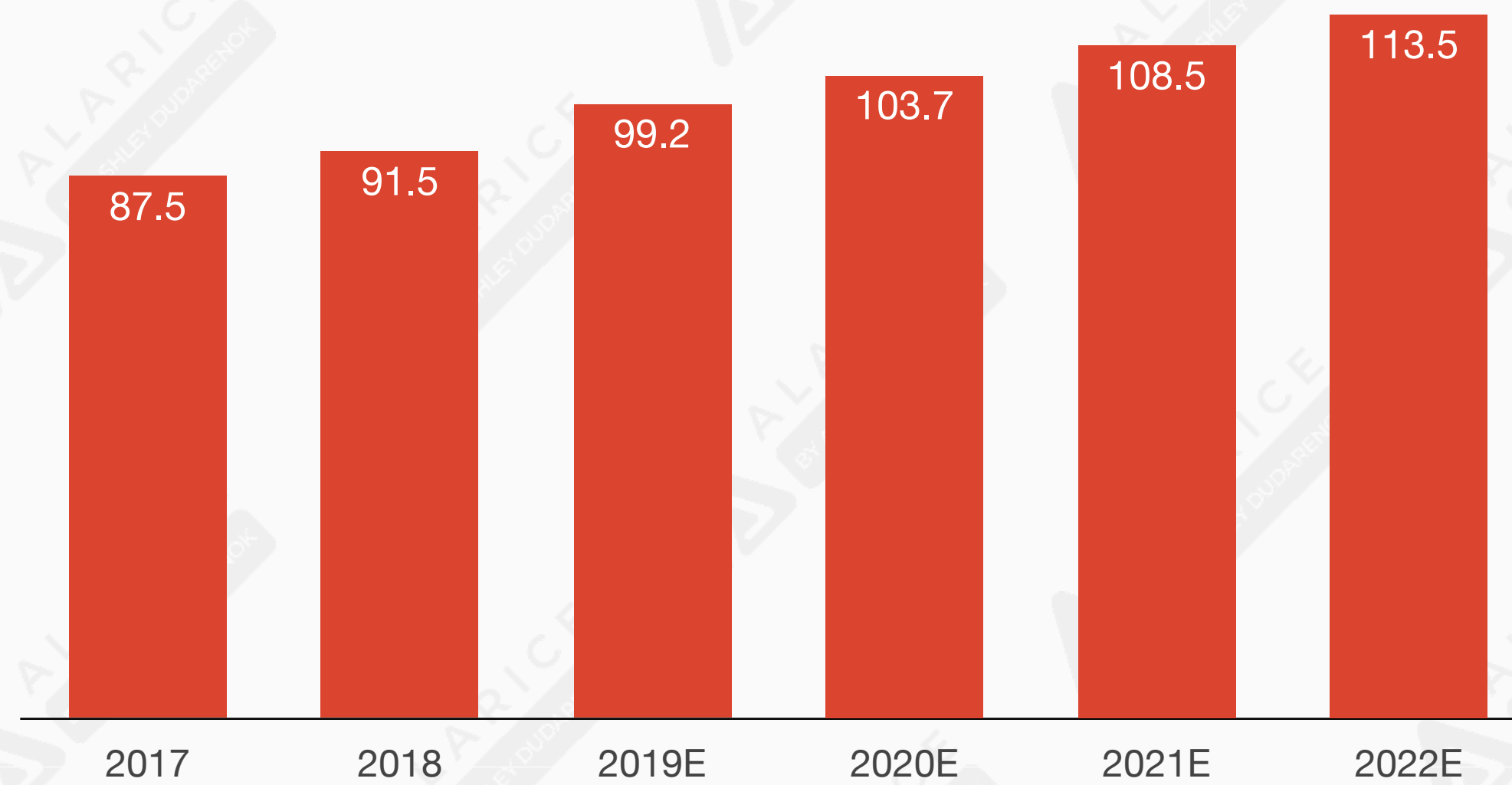


CONSUMER INSIGHTS

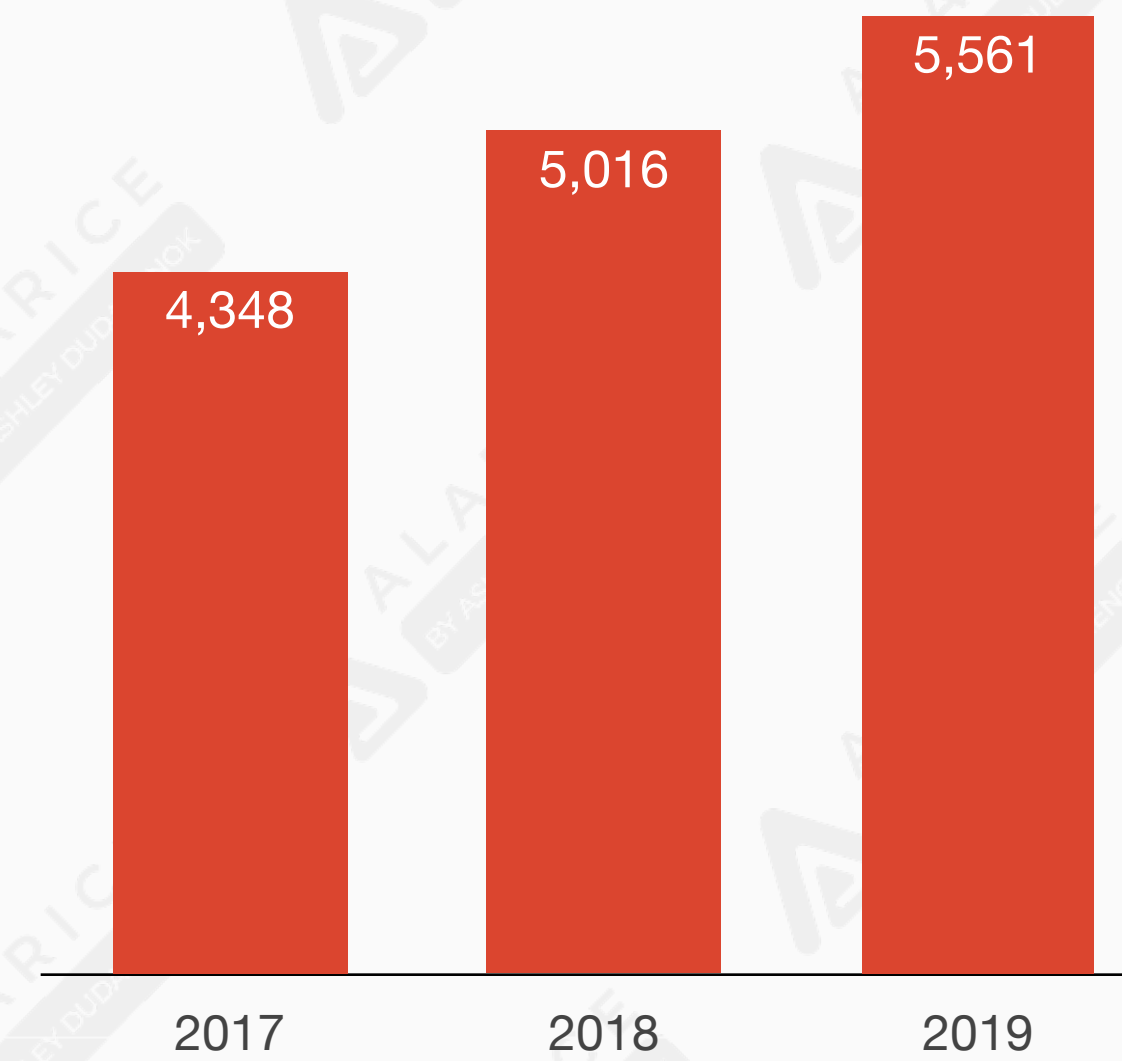
NUMBER OF CITY PETS AND AVERAGE SPENDING PER PET

Jingdata previously forecasted the yearly average spending per pet to be at 5,208 RMB by the end of 2019; reaching 5,406 RMB by 2020, 5,613 RMB by 2021 and 5,827 RMB by 2022. The **actual yearly spending in 2019** has however already **reached 5,561 RMB**.

**THE NUMBER OF CITY CATS & DOGS
IN 2017-2022E (IN MILLIONS)**



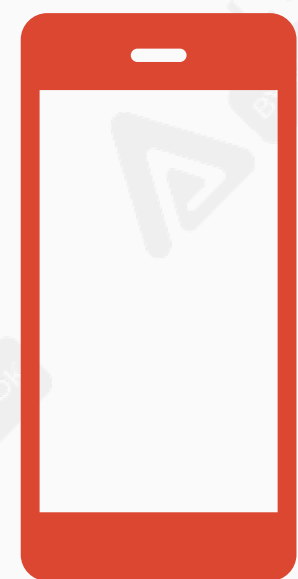
**YEARLY AVERAGE SPENDING PER PET
(IN RMB)**



CONSUMER INSIGHTS

PURCHASING CHANNELS OF PET OWNERS

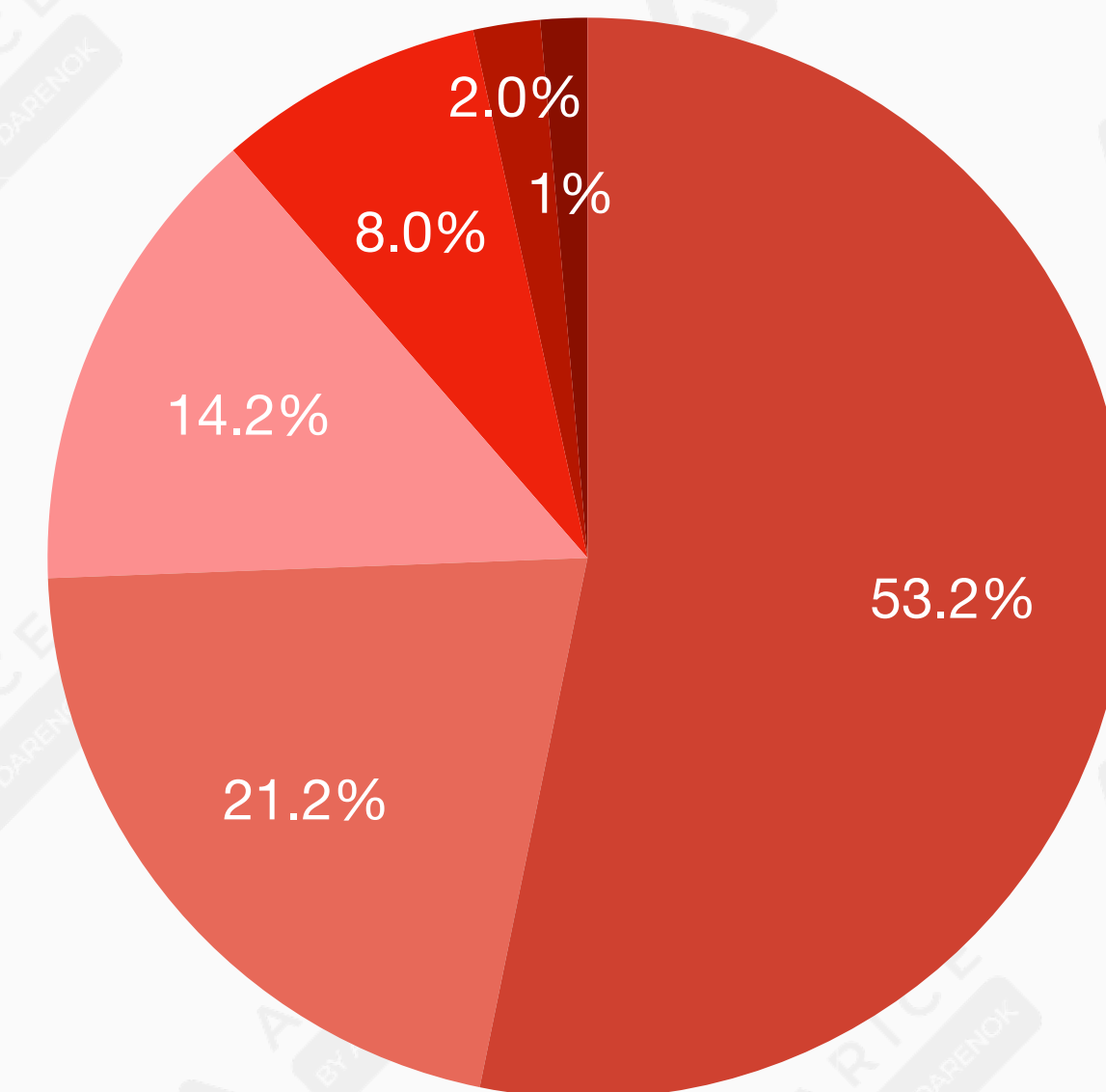
Pet owners are digital-savvy, and **tend to purchase products from major e-commerce platforms** such as Taobao, Tmall, JD, etc. They will also purchase products from vertical marketplaces such as Boqii Mall (波奇商城) and Epet (E宠商城).



53.2%

PREFERS TO BUY PET PRODUCTS FROM E-COMMERCE PLATFORMS

PET OWNERS' PREFERRED PURCHASING CHANNELS FOR PET PRODUCTS



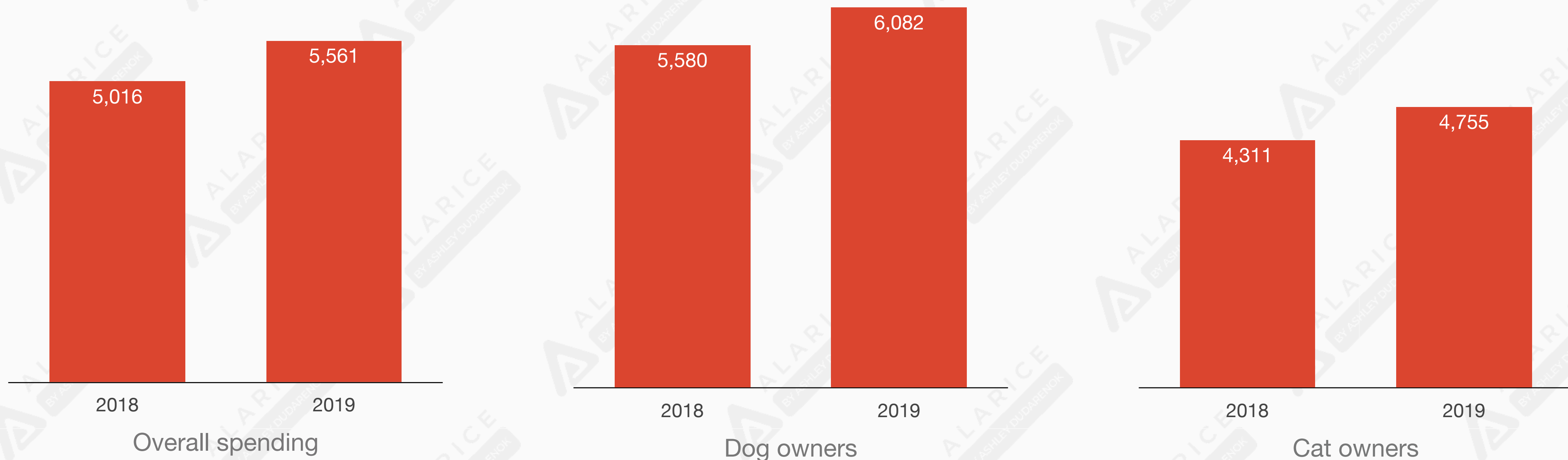
- E-commerce platforms
- Pet hospitals
- Kennels and catteries
- Pet shops
- Supermarkets
- Pet marketplaces

CONSUMER INSIGHTS

AVERAGE YEARLY SPENDING - CATS VS DOGS

According to Youzan Research, the average yearly spending on each pet has increased 545 RMB, a 10.9% growth rate from 2018 to 2019. Dog owners' yearly spending grew 9.0% in 2019 while cat owners' spending increased 10.3%. The average monthly spending on each pet in 2019 is 463.4 RMB. **Dog owners spend more than cat owners on average.**

YEARLY AVERAGE SPENDING PER PET (IN RMB)

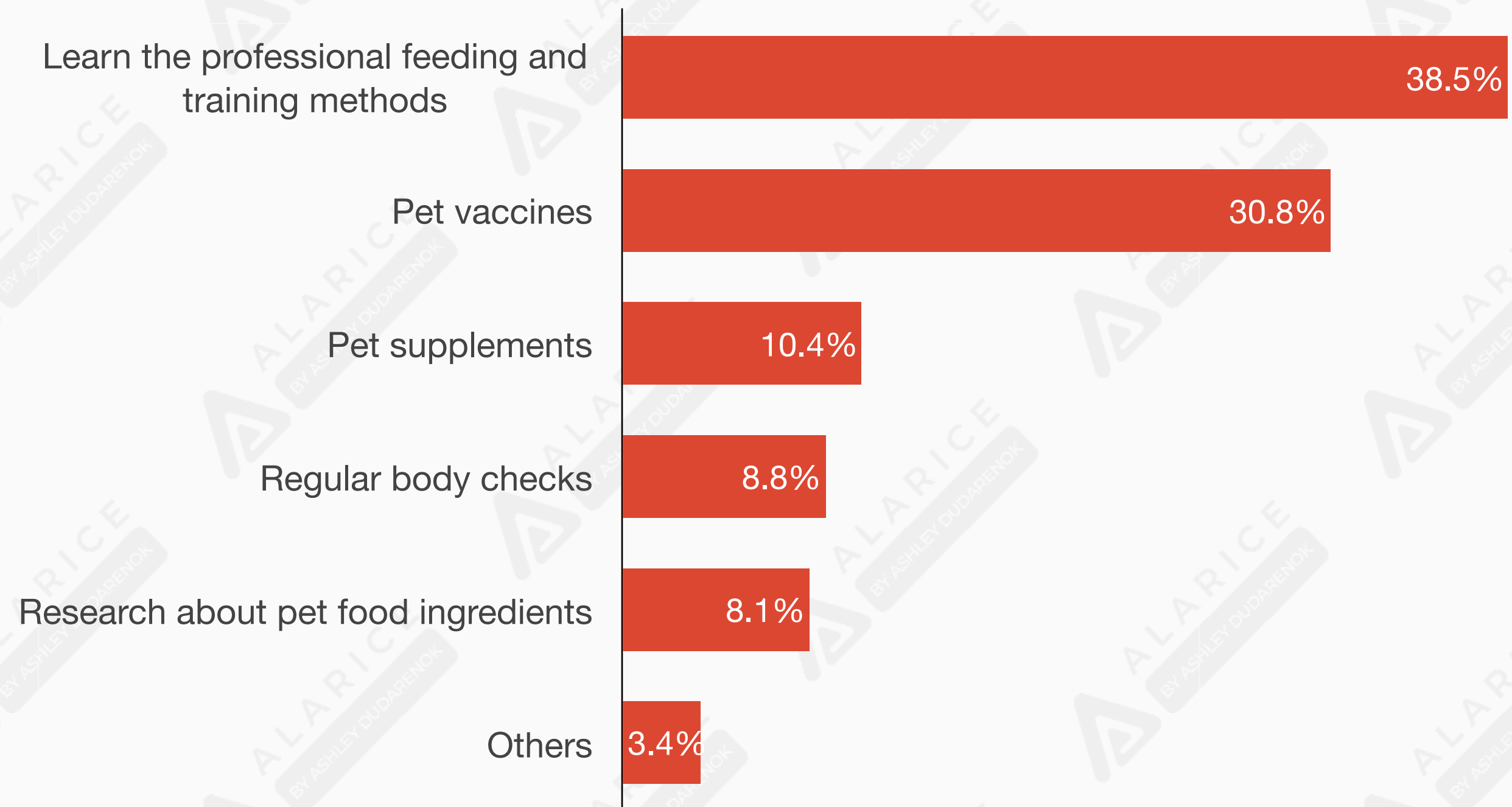


CONSUMER INSIGHTS

INCREASED AWARENESS IN THE WELLBEING OF PETS

Consumers are **more concerned on the wellbeing of their pets** and are willing to invest on smart feeding procedures, vaccines, health supplements, medical check-ups, etc. They will actively look into ways to improve the wellbeing of their pets.

THE ASPECTS PET OWNERS WILL LOOK INTO FOR THE WELLBEING OF THEIR PETS



CONSUMER INSIGHTS

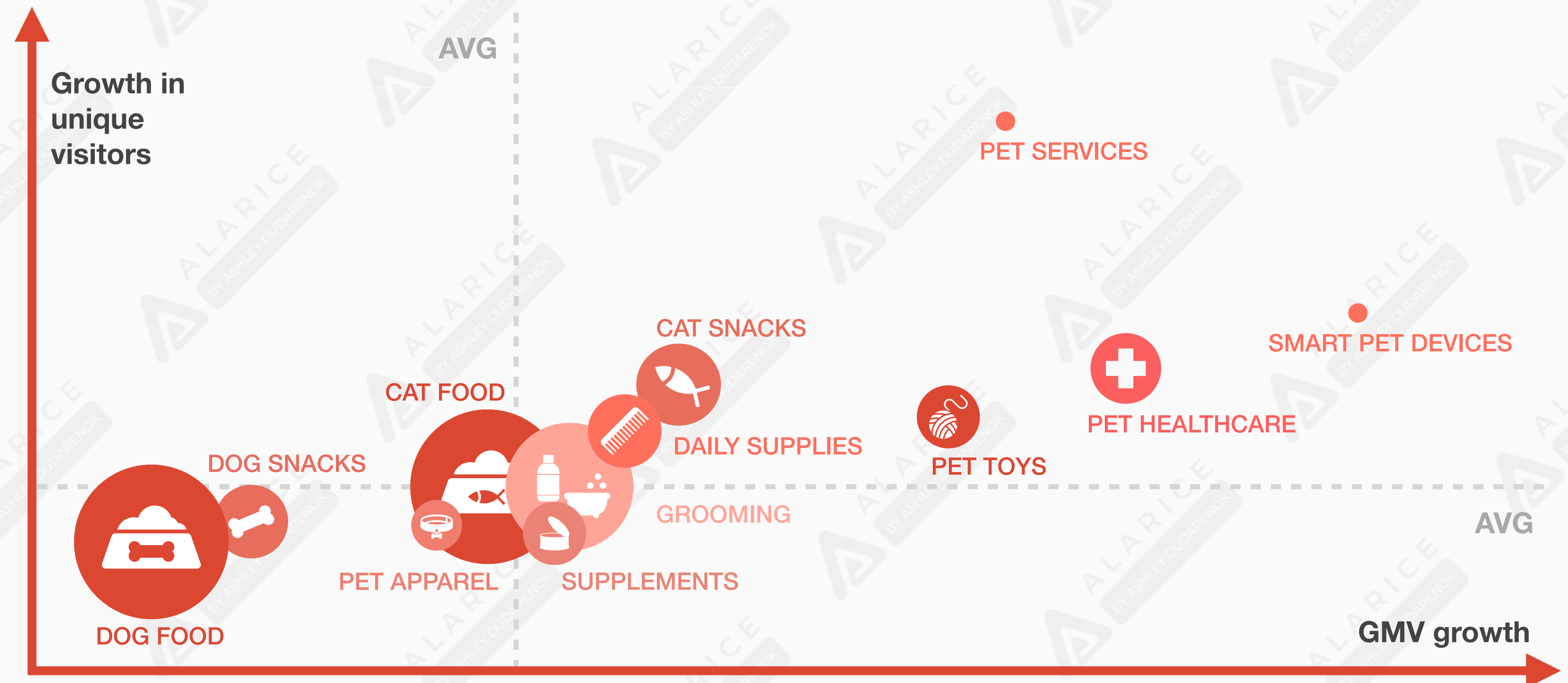
THE GROWTH IN SALES OF PET PRODUCTS AND SERVICES

THE GROWTH RATE IN UNIQUE VISITORS AND GMV OF PET PRODUCTS ON TAOBAO & TMALL, JUL 2018 - JUN 2020

Pet food still makes up for half of the spending in pet expenses.

The growth in cat snacks is noteworthy in recent years.

Pet-raising concepts are going through changes. Consumption on health, entertainment, apparel, social events are also growing in addition to supplies.



*The size of the circles represent the volume of sales. Smart pet devices and pet services currently have smaller sales volume and are not as well represented in the chart.

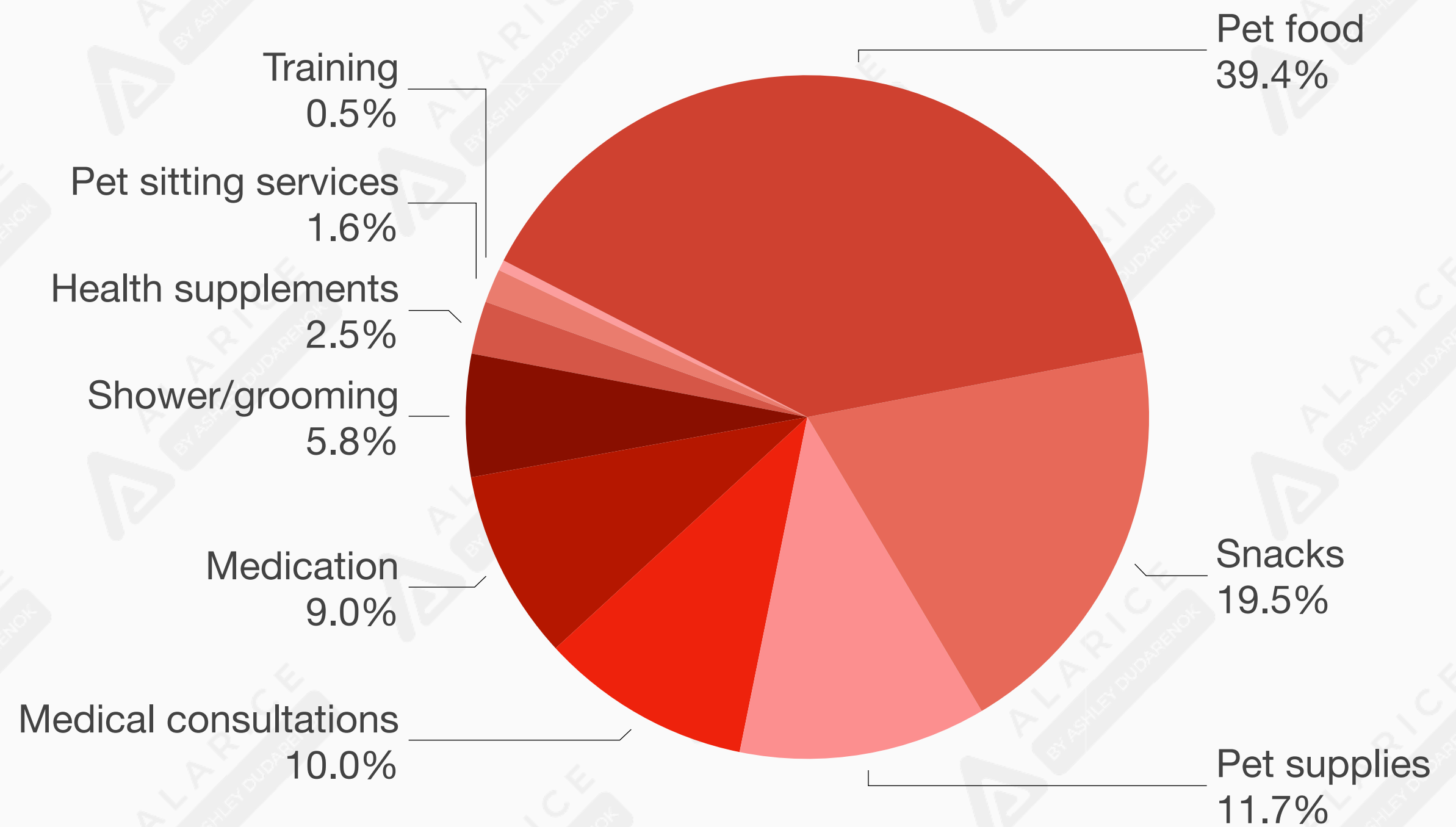
CONSUMER INSIGHTS

PET SPENDINGS BY CATEGORIES

There is a “humanisation” trend in the pet market, indicating **more sophisticated pet owner purchasing behaviour**.

In 2019, **pet food (39.4%) remains to be the biggest pet expenses**. Snacks (19.5%), supplies (11.7%), medical consultations (10%) follow.

PET SPENDINGS BY CATEGORIES IN 2019



EXPERT BITES



JACQUELINE CHAN

Project Director at
Alarice & ChoZan

Q: WHAT TRENDS ARE YOU EXPECTING TO SEE IN THE PET MARKET IN 2021?

“Technology + pets” would be one of the most prominent trends in the market. This does not simply mean using advanced technology, but also providing much refined pet-centred services. The level of sophistication in pet services would very soon catch up with services provided for humans. Pet owners now have a higher awareness and are more willing to pay extra for the wellbeing of their pets. For instance, Alipay launched a pet insurance service featuring nose print recognition technology this July to cater to this demand. This technology is less invasive compared to the traditional way of digitising a pet’s identity of using a microchip implant.

EXPERT BITES

Q: WHAT'S YOUR FAVOURITE CONSUMER GROUP IN CHINA IN 2020?

There's one that fascinates me due to its peculiar aspects - **Chinese pet lovers**. The pet population in China is expected to reach **755 million by 2022**, with an **8.2% compound annual growth rate**.

This growth is driven by the growing middle class, a massive move to cities, and other demographic changes, such as having children later in life. They're set to spend 46.3 billion yuan (\$7 billion US) on their pets by 2022, up from 17.5 billion yuan (\$2.5 billion US) in 2017.



ALBERTO ANTINUCCI

Digital Innovation Strategist
and China Expert

RISING PET PRODUCTS

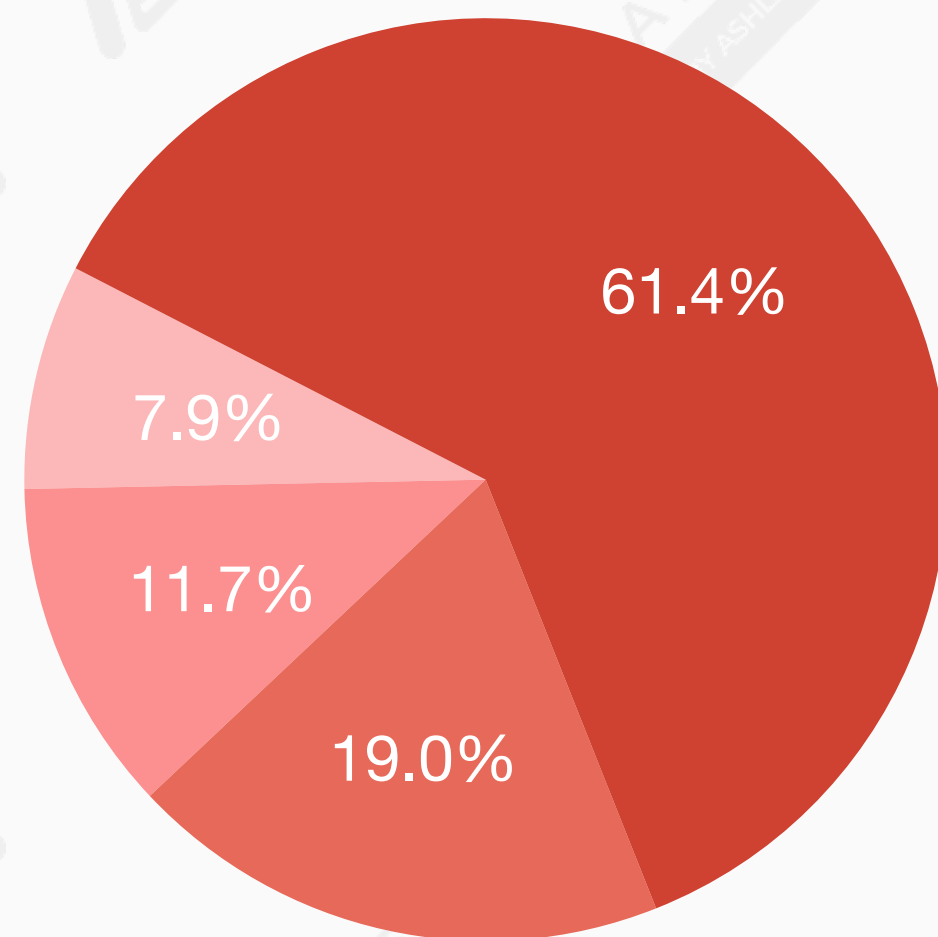
NECESSARY SPENDING

PET PRODUCTS

ESTIMATED PET MARKET SIZE BY SECTORS

According to Equal Ocean, the pet market size in 2020 (food, supplies, service, medical spendings) ranges from **190 billion to 210 billion RMB**. The food sector contributes over 50% of the total consumption.

PET MARKET SIZE BY SECTORS IN 2020



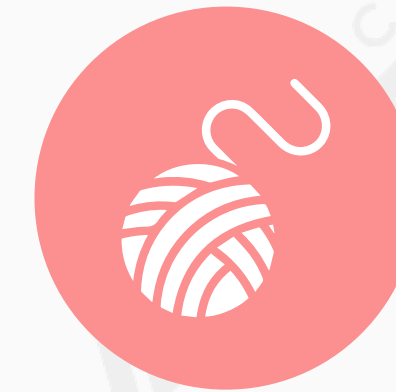
● Pet food ● Pet medical ● Pet supplies ● Pet services



116.7-129 BILLION
RMB IN PET FOOD



36.1-39.9 BILLION
RMB IN PET MEDICAL



22.2-24.6 BILLION
RMB IN PET SUPPLIES

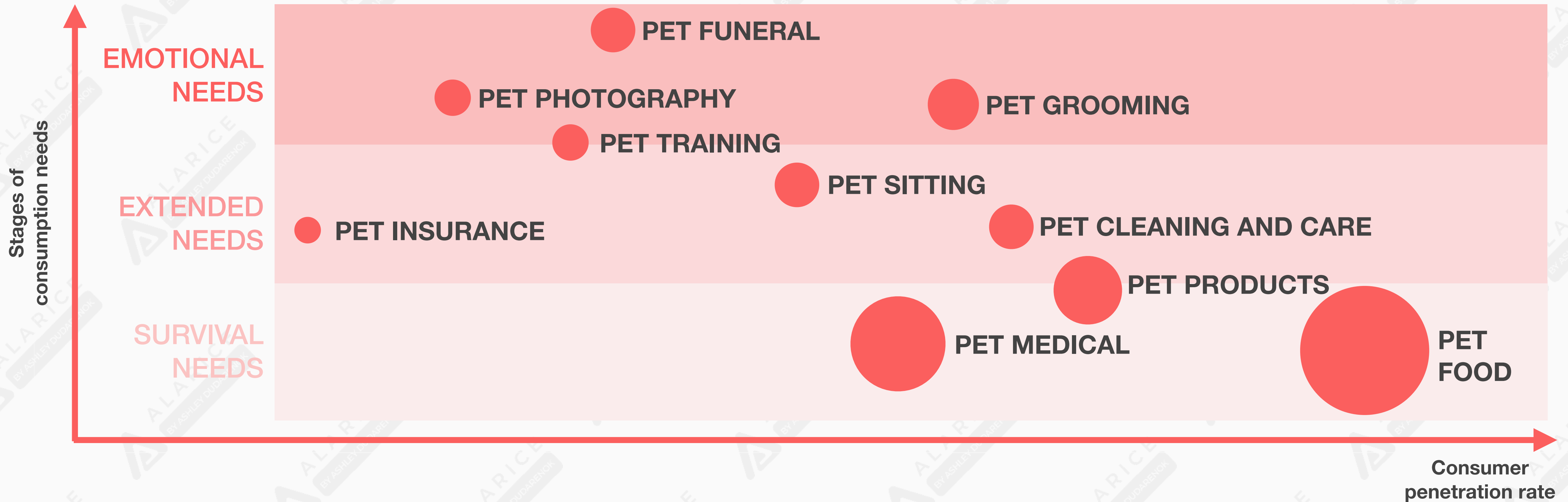


15.0-16.6 BILLION
RMB IN PET SERVICES

PET PRODUCTS

DIFFERENT PHASES OF PET SPENDINGS

Pet spendings can be categorised into 3 parts, i.e. **survival needs**, **extended needs** and **emotional needs**. Survival needs are the basic needs of the pets. Extended and emotional needs are initiated by pet owners. Extended needs mean additional needs on the pets' survival.



PET PRODUCTS

PET SPENDINGS OVER THE YEARS

According to JD, **the ratio of spendings on pet food has been decreasing since 2016** - from 56.9% in 2016 to 51.7% in the first quarter of 2019. However, it still remains as the largest pet spending. **Spendings on pet supplies and healthcare products have been increasing** on the contrary.

RATIO OF PET SPENDINGS FROM 2016 - 2019 Q1

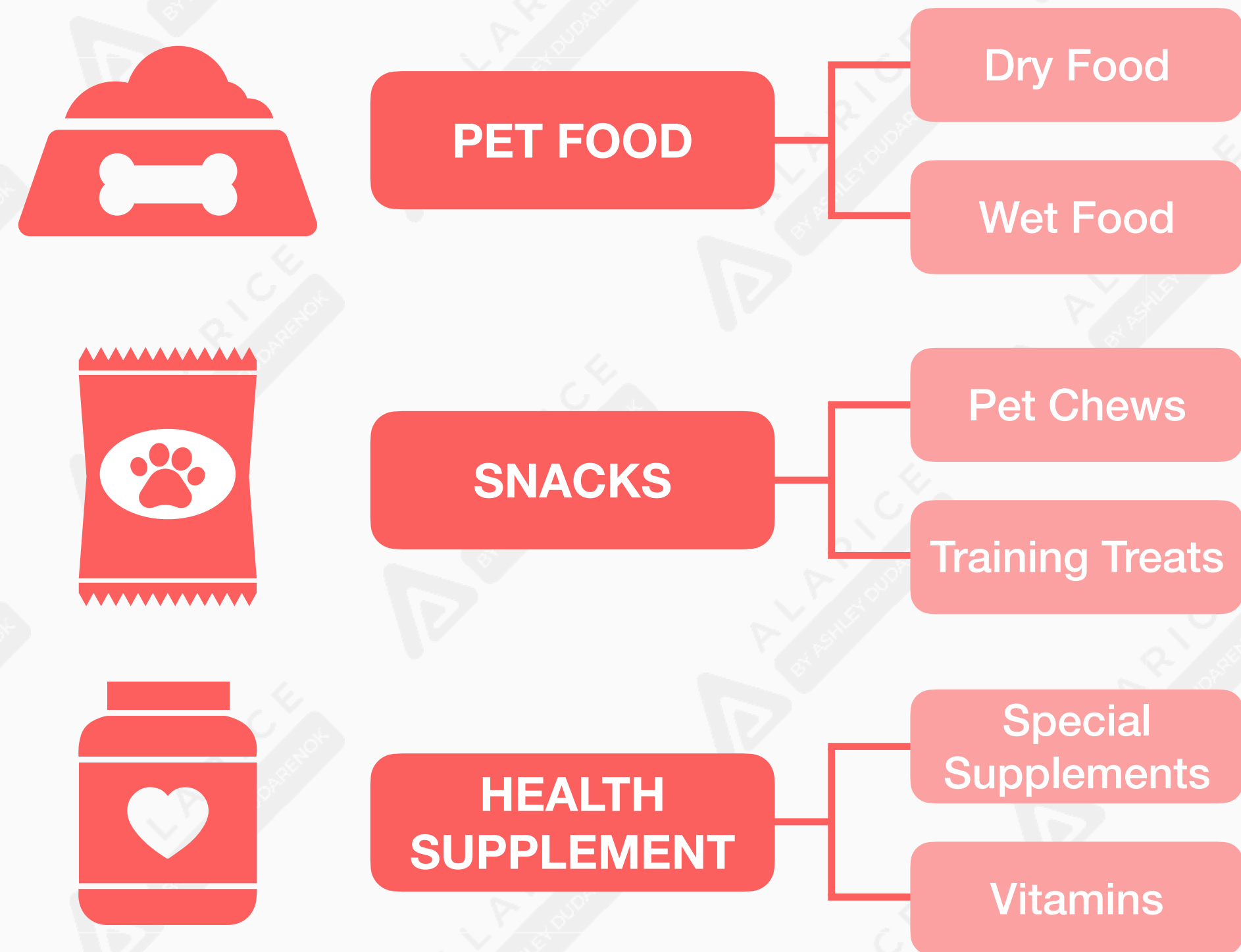
Year	Pet Food	Pet Supplies	Pet Healthcare Products	Others
2016	56.92%	12.14%	6.54%	24.4%
2017	53.97%	N/A	8.19%	37.84%
2018	51.76%	13.06%	9.34%	25.84%
2019 Q1	51.74%	13.55%	8.43%	26.28%

*Pet supplies spendings in 2017 is marked as N/A as it is not presented in the original source.

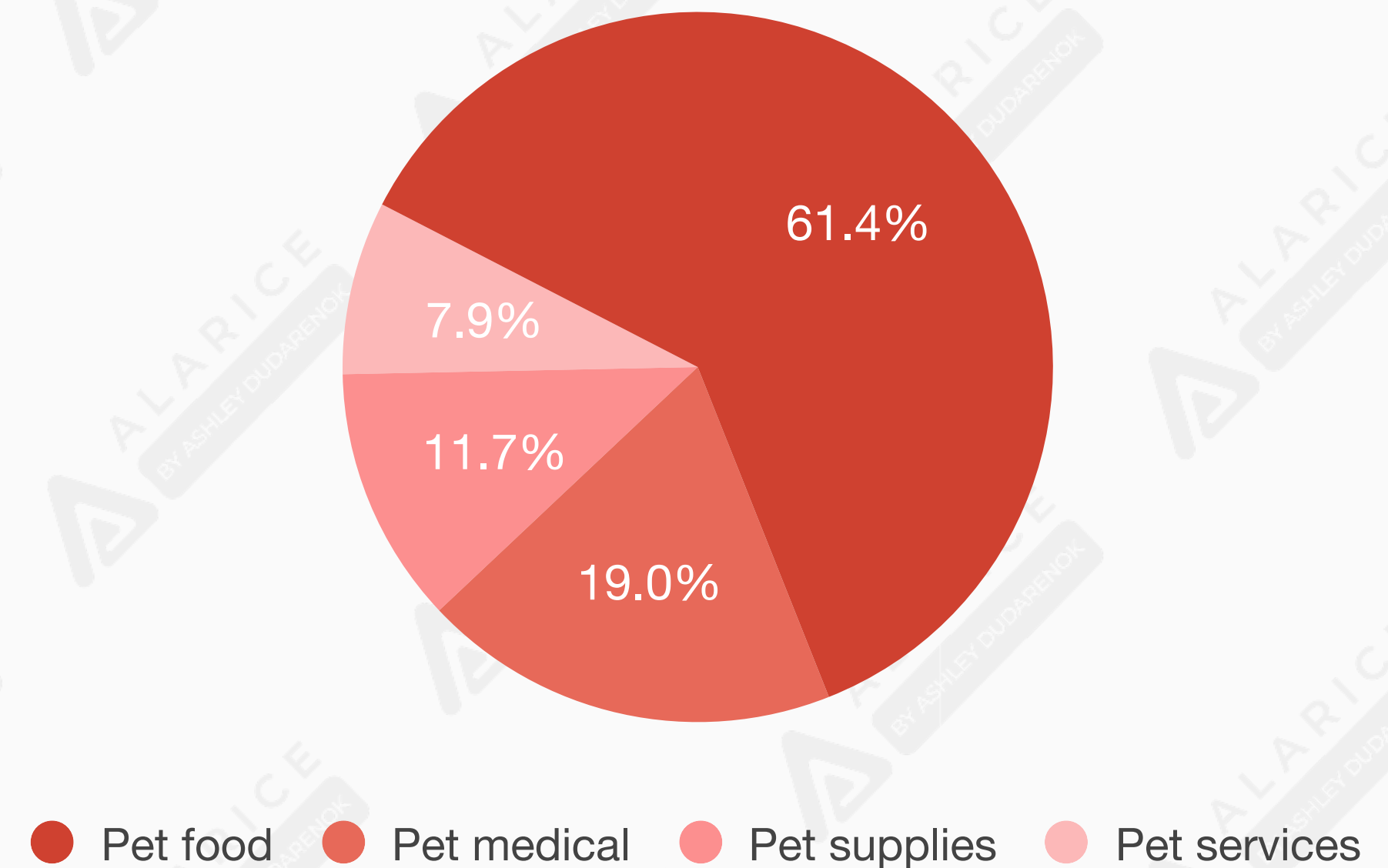
PET PRODUCTS

PET FOOD SECTOR OVERVIEW

Pet food includes products such as dry food, wet food, snacks and health supplements. It is also **the biggest sector within the pet industry.**



PET INDUSTRY SECTORS BY MARKET SIZE



PET PRODUCTS

PET FOOD - CAT FOOD VS DOG FOOD IN E-COMMERCE

Compared to the dog food market, **the cat food market has much faster growth.** The growth rate of visitor traffic and GMV in the cat food market were 2.57 times 3.65 times of the dog food market respectively.

In 2019, the dog food market had 400 million RMB more in GMV and 20 million more visitors than the cat food market, but its GMV growth was only at 14.15% while cat food market had 51.69% growth.

Data Insider Consulting predicts the **dog food market is hitting a ceiling while the cat food market is still on a boom.** They predicted this is because more city dwellers would prefer raising cats than dogs as cats are better suited in an “indoorsy” city lifestyle.

	CAT FOOD	DOG FOOD
MARKET SIZE (2019)	4.1 billion RMB	4.59 billion RMB
VISITOR TRAFFIC GROWTH (2018-2019)	60.05%	23.35%
GMV GROWTH (2018-2019)	51.69%	14.15%
GENERAL MARKET GROWTH	Rapid growth	Steady growth

PET PRODUCTS

PET FOOD IN E-COMMERCE

Monthly GMV in March, June, November (the months of major e-commerce shopping festivals) **usually see visible growth.** GMV in other months is relatively stable. Pet owners would stock these consumables up during shopping festivals. They also show a higher sensitivity to prices, so GMV in the second half of the year is usually higher than the first half of the year.

Visitor traffic is usually high in February, just shortly before the Chinese new year holiday as consumers tend to stock up so they would not be affected by the temporary logistics suspension over the holiday. Visitor traffic remains steady for the following months and **peaks in November** (Double 11).

The best time for pet food brands to enter the e-commerce market would be in December and January when the competition is slightly lower in this period after the biggest shopping festival.



PET FOOD SALES
GREW DURING THE PANDEMIC

GMV of cat food in February and March 2020 grew 92.14% and 45.8% compared to the same period last year.

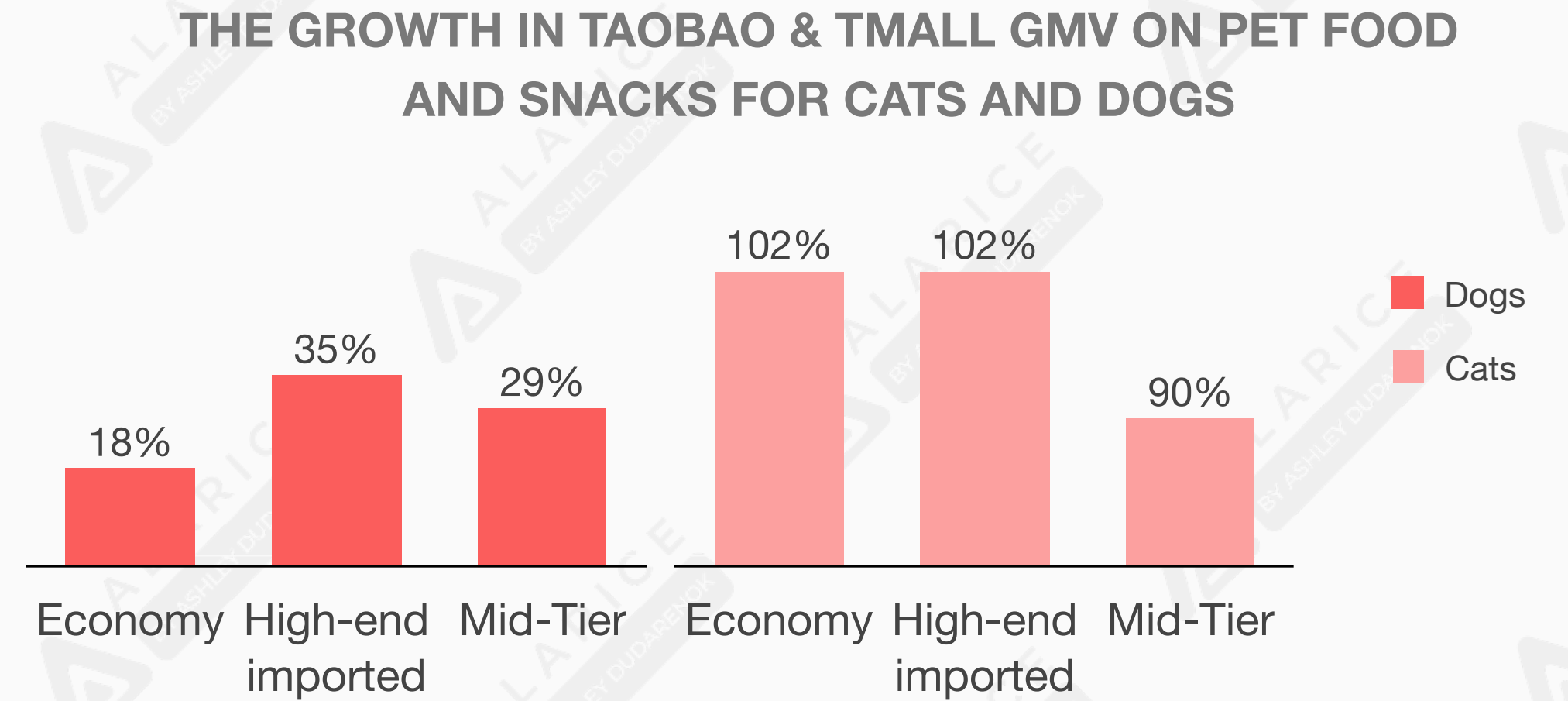
GMV of dog food in February and March 2020 grew 49.98% and 9.21% respectively as compared to the same period last year.

PET PRODUCTS

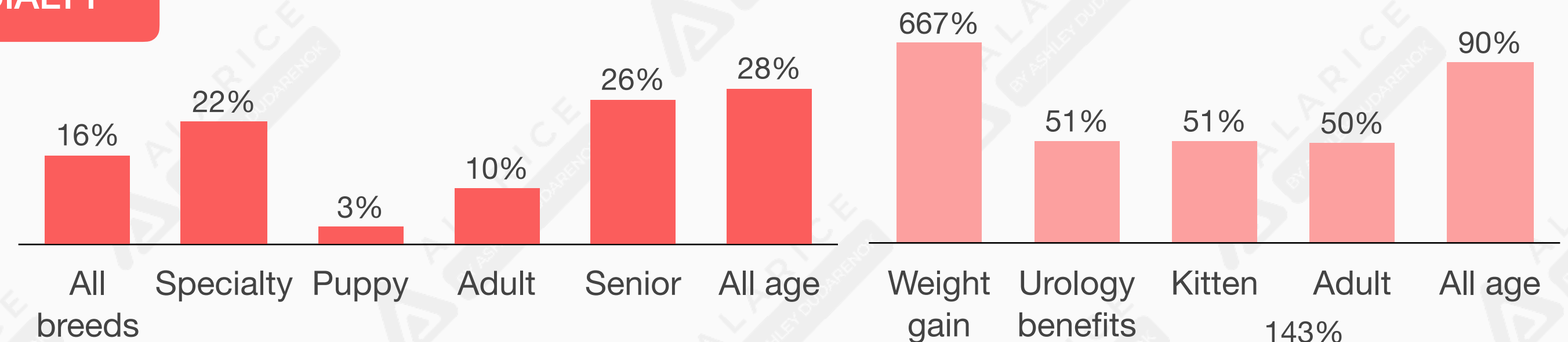
PET FOOD - PET OWNERS' PREFERENCES

Pet owners do not only consider the price point of pet food, but also factors such as the suitability/specialty, ingredients of pet food they purchase. More and more pet owners become aware that pets of different breeds and age groups would require different types of food. There is also a **growing premiumisation in the pet food sector**, especially for cat food. Cat owners want their pets to eat healthy, and also eat for beauty. The general appreciation of round and plump cats also means that cat owners are buying pet food with weight gaining qualities.

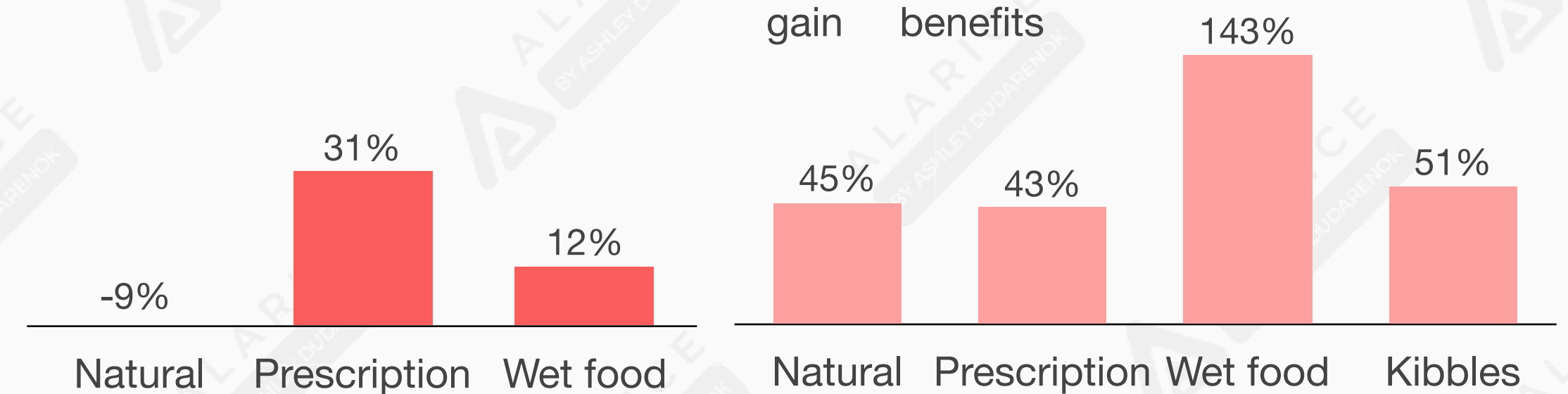
PRICE POINT



SPECIALTY



INGREDIENTS



*Source of data: Taobao & Tmall sales figures on pet food and snacks for cat and dogs in 2019-2020. The keywords within the same bubble are arranged in decreasing order of GMV from left to right.

PET PRODUCTS

PET SUPPLIES

Pet supplies include leashes, cleaning/grooming products, beds/mats, feeding bowls, pet apparel and toys, etc. **Pet-grooming products are the most in-demand** in the market, but the sector only shows little growth. **The demand and sales of smart pet devices grew the fastest**, but the overall sales volume is still relatively small.

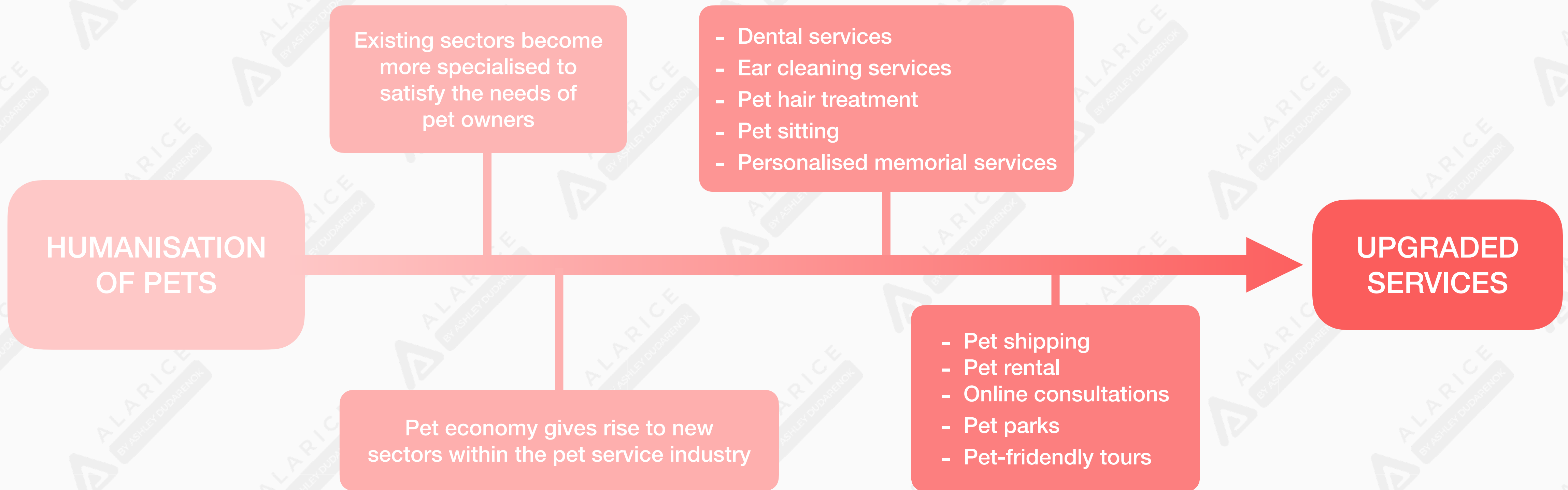
PET SUPPLIES SALES FIGURE FROM JULY 2018 TO JUNE 2020



PET PRODUCTS

PET SERVICES OVERVIEW

Pets are becoming increasingly important companions of pet owners. Pet services are also responding to the “humanisation” patterns of pets to provide **more interactive and specialised services** for pet owners and pets.



PET PRODUCTS

PET MEDICAL SERVICES - CONSULTATIONS AND MEDICATIONS

Pet medical services include medications for pets, healthcare, medical consultation services. Pet owners are most likely to consult medical advices on their pets' **skin and gastrointestinal problems**.

Pet owners from tier 3 and below cities are increasing their consumption on medication through digital channels. They show a higher preference in purchasing medication for the prevention of skin diseases while tier 1 pet owners prefer buying oral care medications for pets online.



TOP 1

GASTROINTESTINAL DISEASE



TOP 3

HEALTH CONCERNS THAT HAVE NOT OCCURRED IN THE PAST 12 MONTHS



TOP 5

LIMPING



TOP 2

SKIN PROBLEMS



TOP 4

EARS, EYES AND TEETH PROBLEMS



TOP 6

INFECTIONS

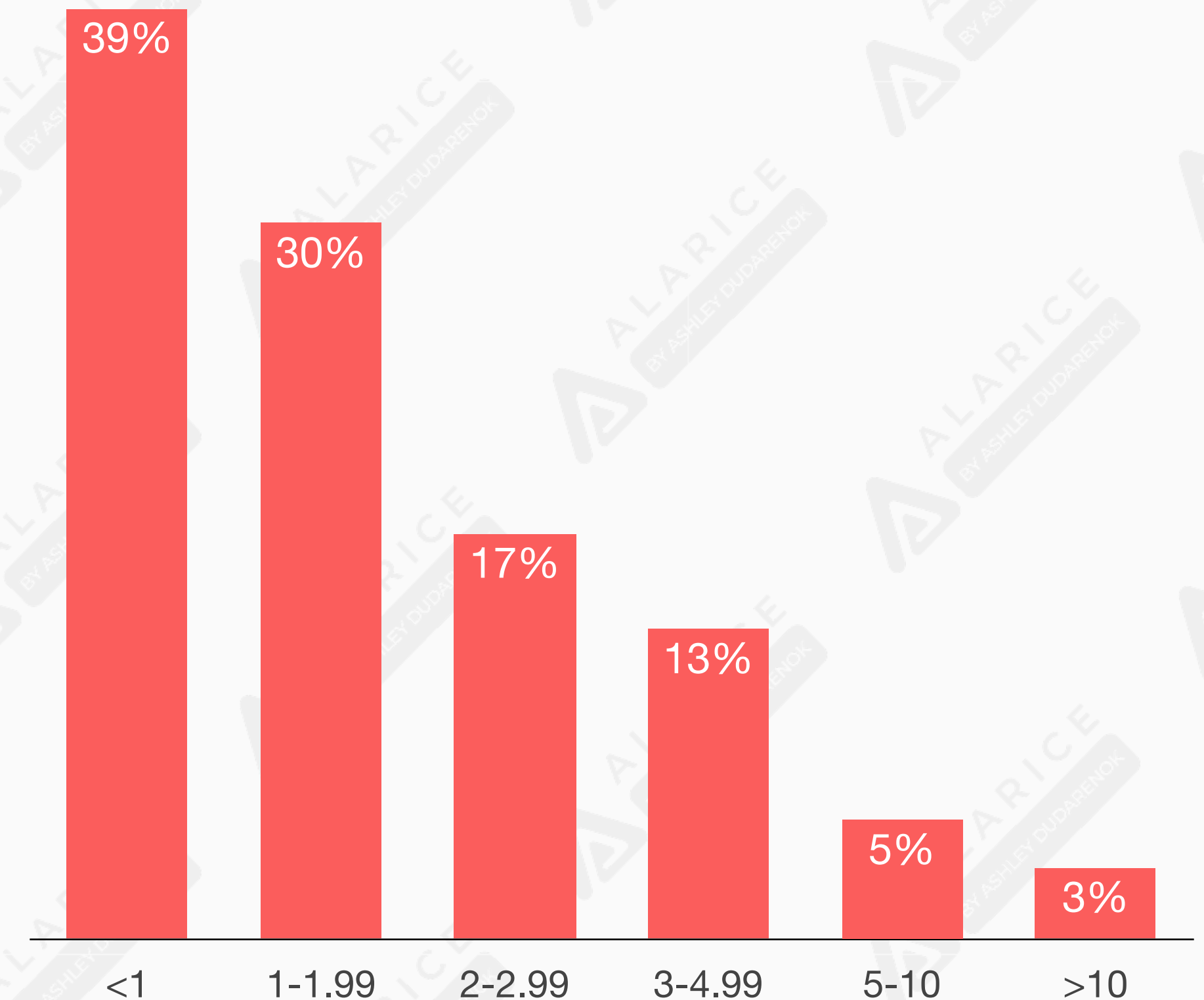
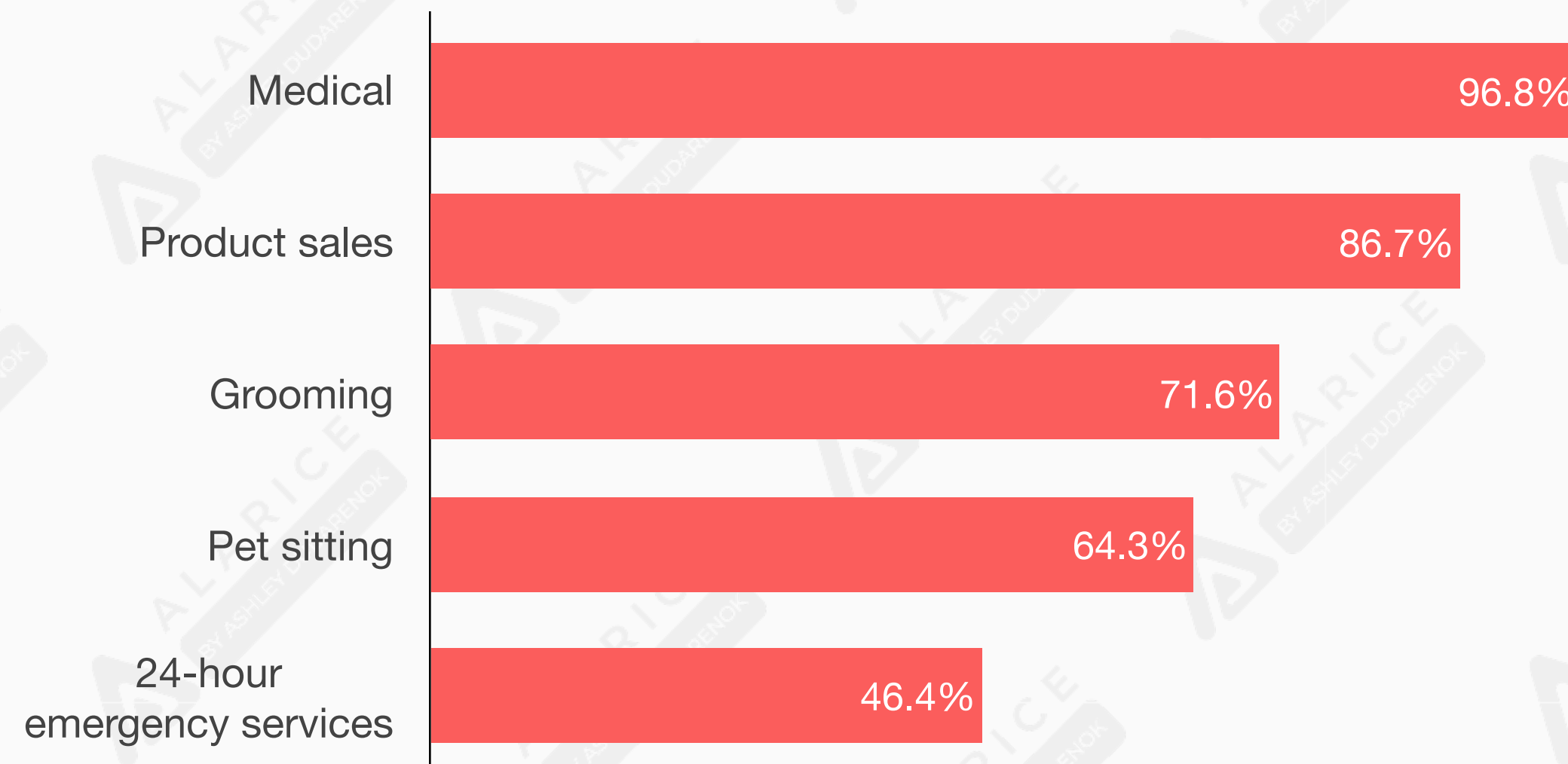
PET PRODUCTS

PET MEDICAL SERVICES - PET HOSPITALS

There were **over 22,000 pet hospitals** in China as of February 2020. **Most of them are smaller-scaled and located in central cities.** The top 2 provinces with the most pet hospitals are Guangdong and Jiangsu (over 2,000). The top 2 cities with the most pet hospitals are Beijing (739) and Chongqing (716). **24-hour emergency services are currently underserved among pet hospitals.**

**ANNUAL REVENUE OF PET HOSPITALS IN 2019
(IN MILLION RMB)**

SERVICE TYPES OFFERED BY PET HOSPITALS IN 2019



Source: 1) 2020 Pet Medical Spendings Insights Report by CBNDData, Aug 2020;
2) https://www.sohu.com/a/376787132_99982343

PET PRODUCTS

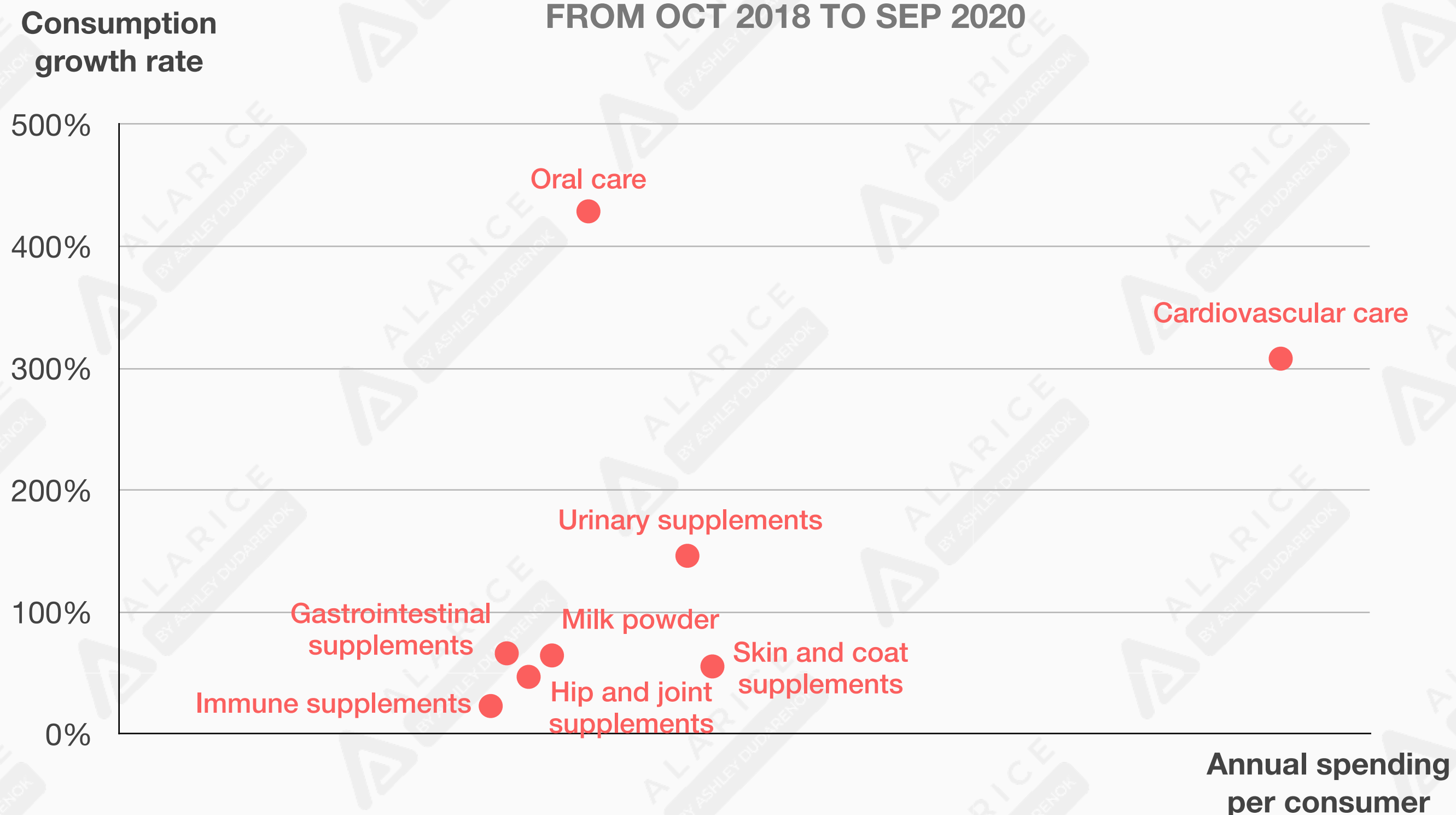
PET MEDICAL SERVICES - HEALTH SUPPLEMENTS

There are 3 main types of health supplements - gastrointestinal supplements, hip and joint supplements, skin and coat supplements. Recently, **more specialised supplements**, i.e. cardiovascular care, oral care, urinary and kidney supplements **have become popular in the market** as well. **Tier 1 pet owners prefer more specialised supplements than pet owners from other city tiers.**

BEST SELLING SUPPLEMENTS

- 1 Gastrointestinal supplements
- 2 Hip and joint supplements
- 3 Skin and coat supplements
- 4 Milk powder for pets
- 5 Immune supplements

ONLINE SALES OF PET SUPPLEMENTS FROM OCT 2018 TO SEP 2020



PET PRODUCTS

UPSCALE SPENDING

PET PRODUCTS

PET APPAREL

Pet owners purchase pet apparel for functionality (sun protection clothing, raincoats during summer or wet seasons) and also aesthetics (unisex vests or princess dresses).

In 2019, **the total GMV of pet apparel and accessories on Taobao and Tmall reached 725 million RMB.** Pet clothing and raincoats were the most purchased items - 476 million RMB in GMV, making up 65.64% of the sales.

SALES OF PET APPAREL ON TAobao & TMALL IN 2019

TYPE OF APPAREL	GMV (IN MILLION RMB)	% OF TOTAL GMV
Clothing/raincoats	475.92	65.64%
Period panties	50.97	7.03%
Collar charms	49.2	6.79%
Shoes	45.43	6.27%
Scarves	16.88	2.33%
Backpacks	14.67	2.02%
Socks	8.21	1.13%
Hats	7.23	1.00%
Accessories	5.12	0.71%
Bow ties	3.69	0.51%

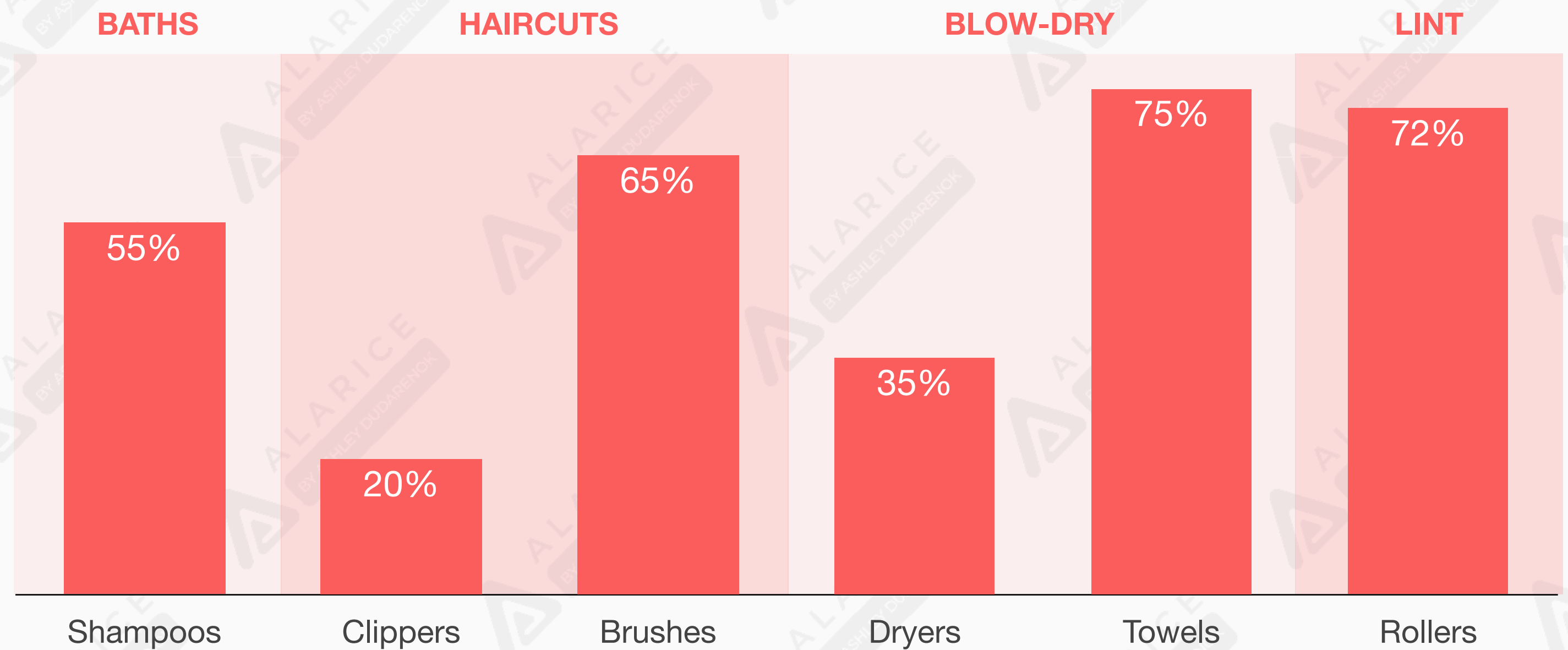
*This table only includes the top best-selling categories, so the percentages do not add up to 100%.

PET PRODUCTS

PET GROOMING SUPPLIES

Under the influences of the pandemic, more and more pet owners began to groom their own pets at home, driving further growth in the sector.

THE GROWTH IN TAobao & Tmall GMV ON PET GROOMING SUPPLIES



~20% OF PET GROOMING GMV

~10% OF PET GROOMING GMV

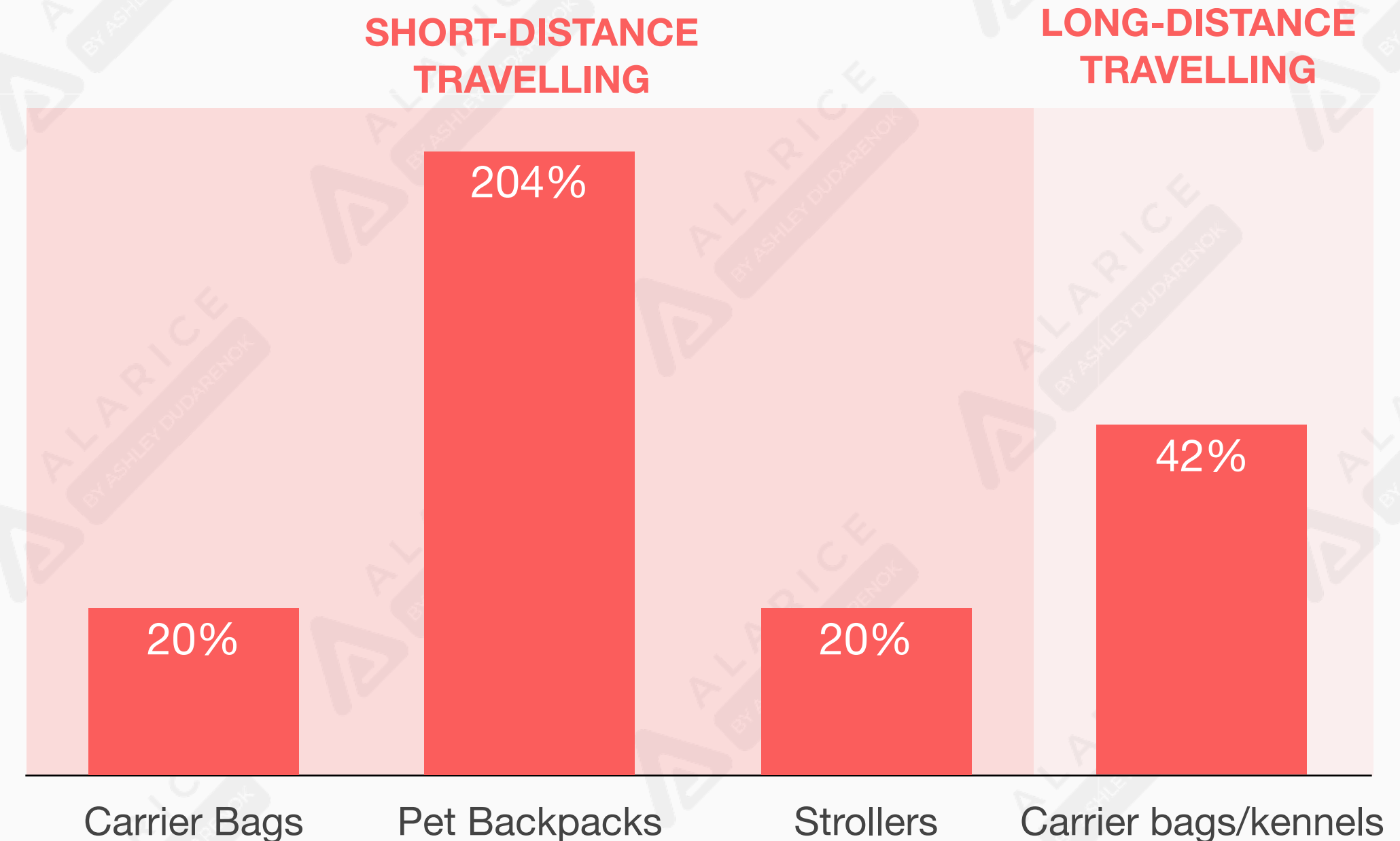
*Source of data: Taobao & Tmall sales figures on pet grooming supplies (Jul 2018 - Jun 2020). All percentages represent the growth in GMV.

PET PRODUCTS

PET CARRIERS

Pet owners are bringing their pets to travel with them, be it short or long distance travelling. For short-distance travelling, cat backpacks are easy to carry and became a popular choice among cat owners. Carrier bags for pets on airplanes are also on an increasing demand.

THE GROWTH IN TAobao & Tmall GMV ON PET CARRIERS



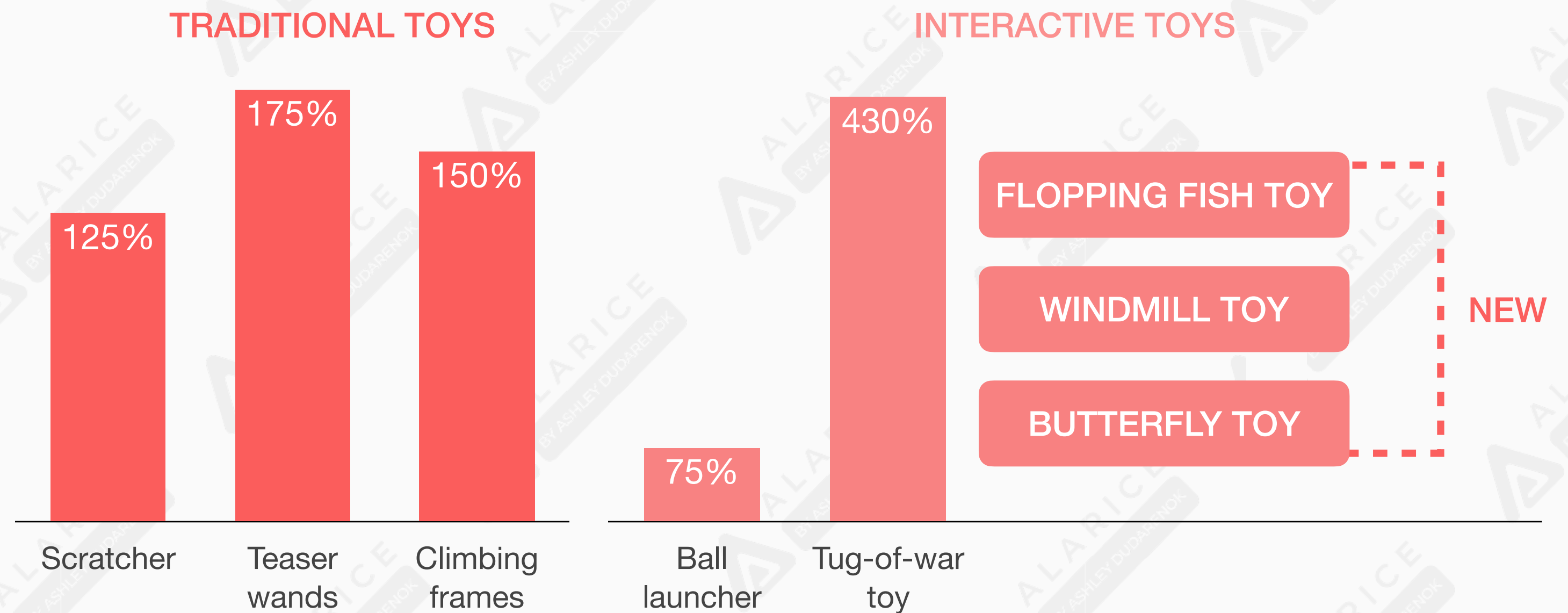
*Source of data: Taobao & Tmall sales figures on pet carriers (Jul 2019 - Jun 2020). All percentages represent the growth in GMV.

PET PRODUCTS

PET TOYS

Pet owners have higher expectations on pet toys. Fun, cute-looking pet toys are now only considered as the basics. Pet owners are now looking to purchase **interactive pet toys** to keep their pets occupied without having to lift a finger. Some of these interactive pet toys would also be a good form of physical and mental exercise for pets.

THE GROWTH IN TAOBAO & TMALL GMV ON PET TOYS



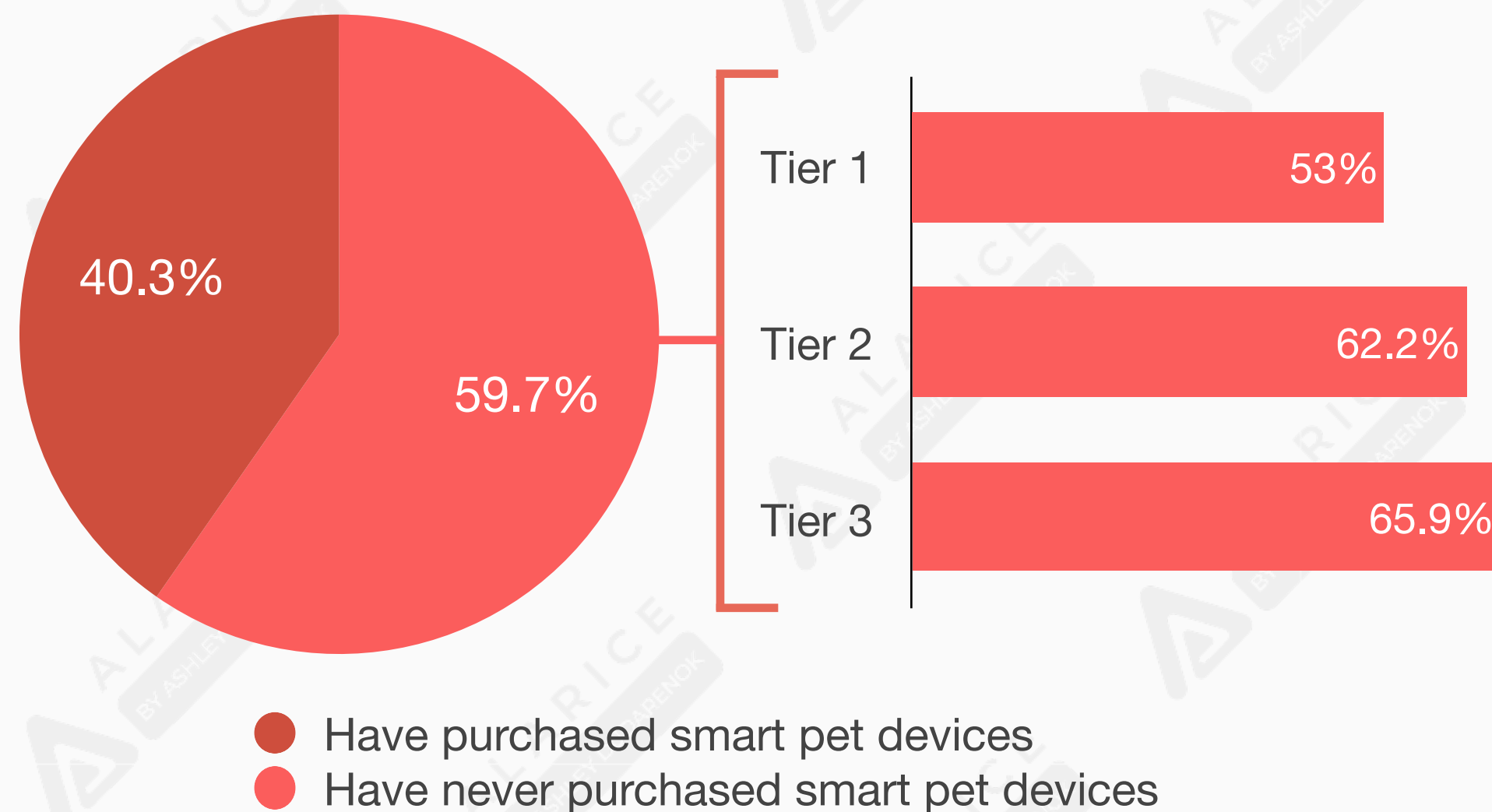
*Source of data: Taobao & Tmall sales figures on pet toys (Jul 2019 - Jun 2020). All percentages represent the growth in GMV. All items marked as new are the latest best-selling products that received over 1,000% growth in sales.

PET PRODUCTS

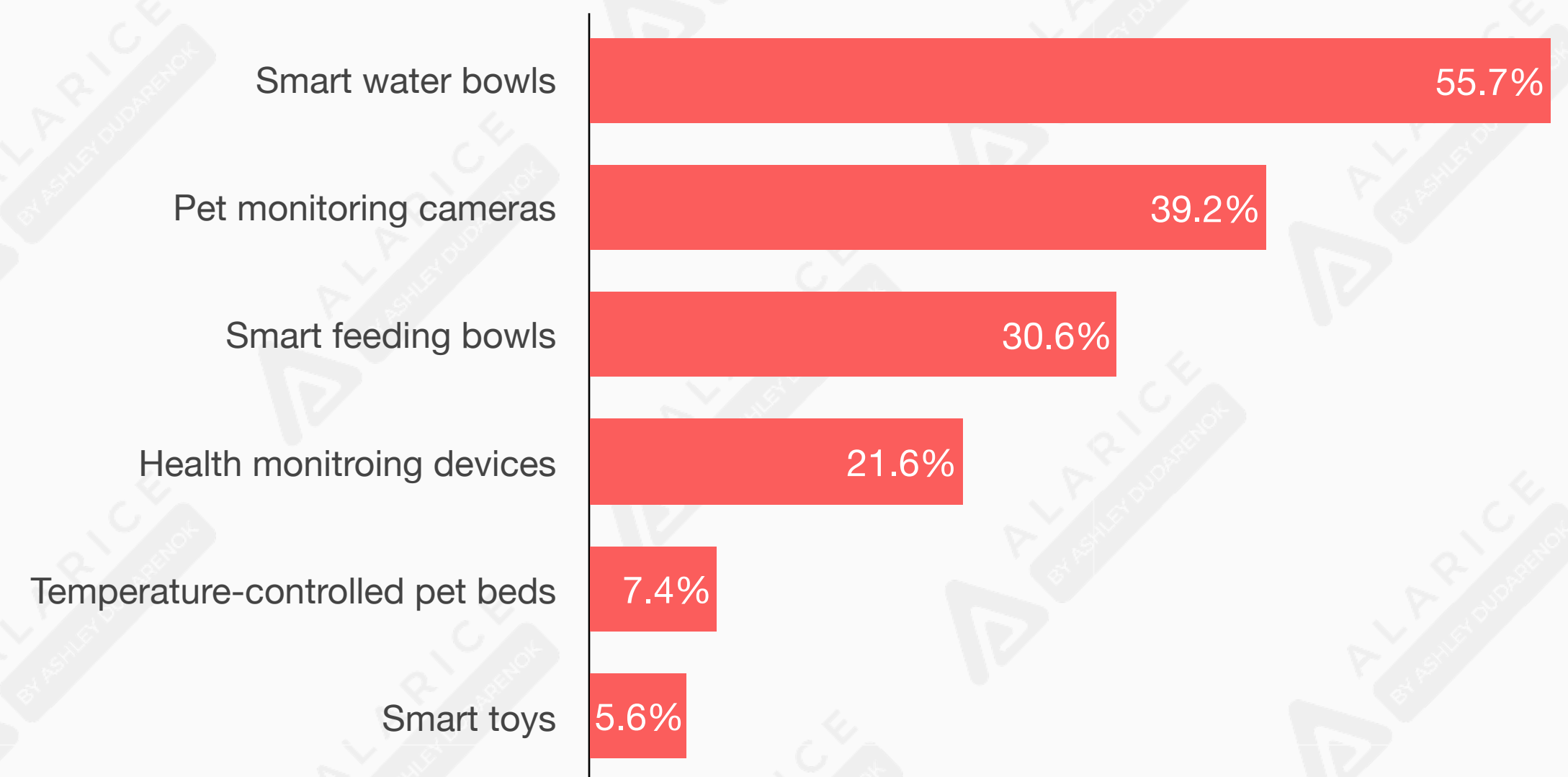
SMART PET DEVICES

Smart pet devices are among the fastest growing sectors in the industry. **40.3% pet owners have purchased smart pet devices.** The ratio of pet owners who have never bought smart pet devices are: 53% in tier 1 cities, 62.2% in tier 2 cities, and 65.9% in tier 3 cities. For those who have purchased smart pet devices before, 55.7% have purchased smart water bowls, 39.2% for monitoring cameras, and 30.6% for smart feeding bowls.

PET OWNERS ON PURCHASING SMART PET DEVICES



SMART PET DEVICES PURCHASED IN 2019



EXPERT BITES



BEVERLY LAW

Senior Digital Marketing Executive
at Alarice & ChoZan

Q: WHAT CATEGORIES DO YOU EXPECT TO SEE THE BIGGEST GROWTH ON THE E-COMMERCE SIDE OF THE MARKET?

Pet food will still be a key player in the market but will not receive as much growth as up-and-coming categories on pet health products such as smart pet devices. The current growth in smart pet devices are mostly convenience based - the sales of smart cat litter boxes grew 879%, and automatic pet drinking bowls grew 120% after the outbreak of the pandemic. The growth will soon expand to smart pet devices that are health based, i.e. smart collars, health monitoring devices. Pet owners would take an increasingly active role in taking care of their pets' health. Instead of bringing their pets to the vets when they are sick, pet owners will look out for preventive measures to maintain the wellbeing of their pets. We already see a robust growth in the demand of pet health supplements, moving forward, we can expect promising growth in smart pet devices as well.

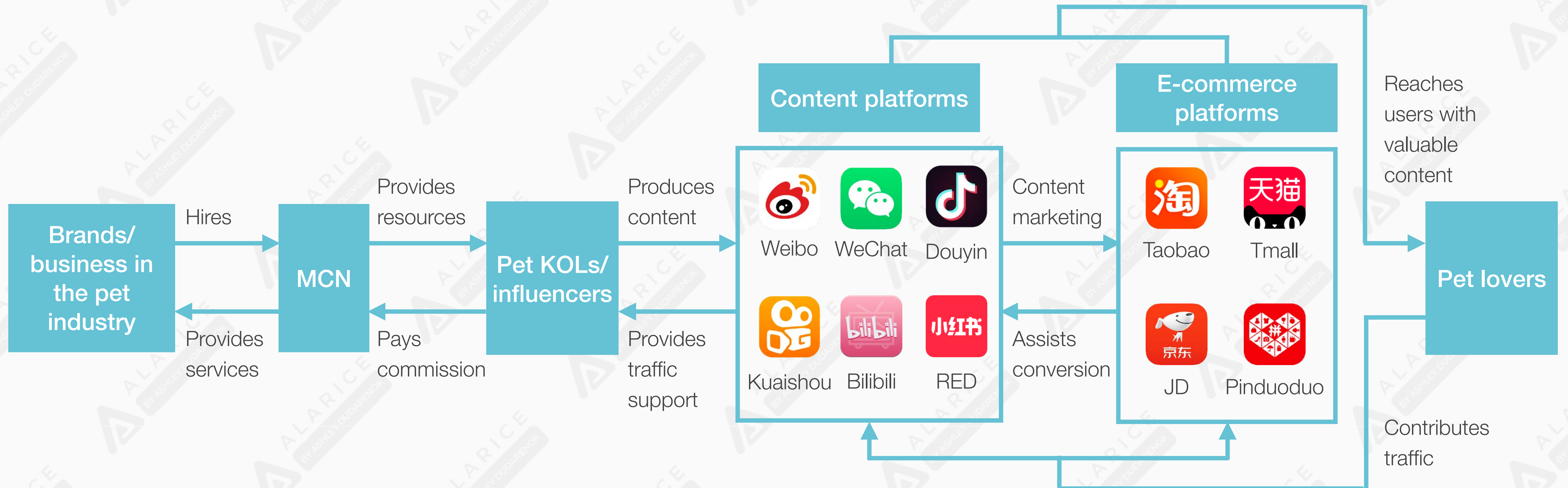
DIGITAL PLATFORMS FOR PETS

SOCIAL MEDIA + E-COMMERCE

DIGITAL PLATFORMS FOR PETS

THE ECOSYSTEM OF THE PET INDUSTRY

Weibo and WeChat were the main pioneer social media platforms for pet content. With personalised recommendations powered by algorithms, social media platforms such as Douyin and Kuaishou are providing better user experience and becoming more important in influencing pet owners' purchasing decisions. Generally speaking, **WeChat, Weibo and Douyin (双微一抖) are the essential apps for pet owners.** E-commerce platforms also play a key role in assisting conversions and further moves users down the funnel.

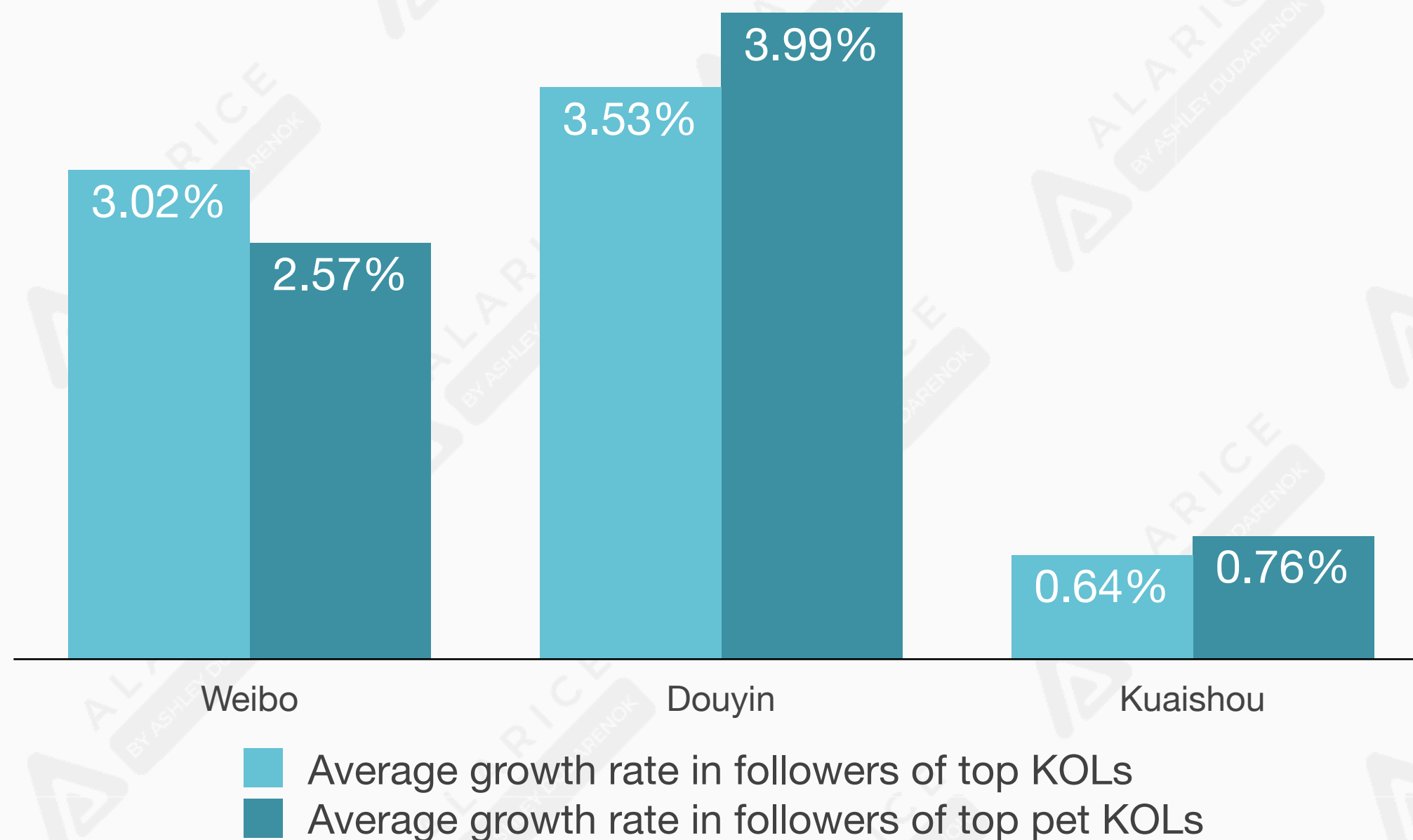


DIGITAL PLATFORMS FOR PETS

OVERVIEW OF SOCIAL MEDIA PLATFORMS

Pet content is increasingly popular on social media platforms. The **number of followers of pet KOLs** and **pet content views or discussions show growth across Weibo, Kuaishou, Douyin and Bilibili.**

GROWTH RATE IN FOLLOWERS ACROSS SOCIAL MEDIA PLATFORMS (JAN-OCT 2020)



PET CONTENT ON BILIBILI	ACCUMULATED VIEWS	ACCUMULATED DISCUSSIONS
IN SEP 2019	5.53 billion	19.18 million
IN SEP 2020	16.05 billion	26.79 million
YOY GROWTH	190.2%	39.68%

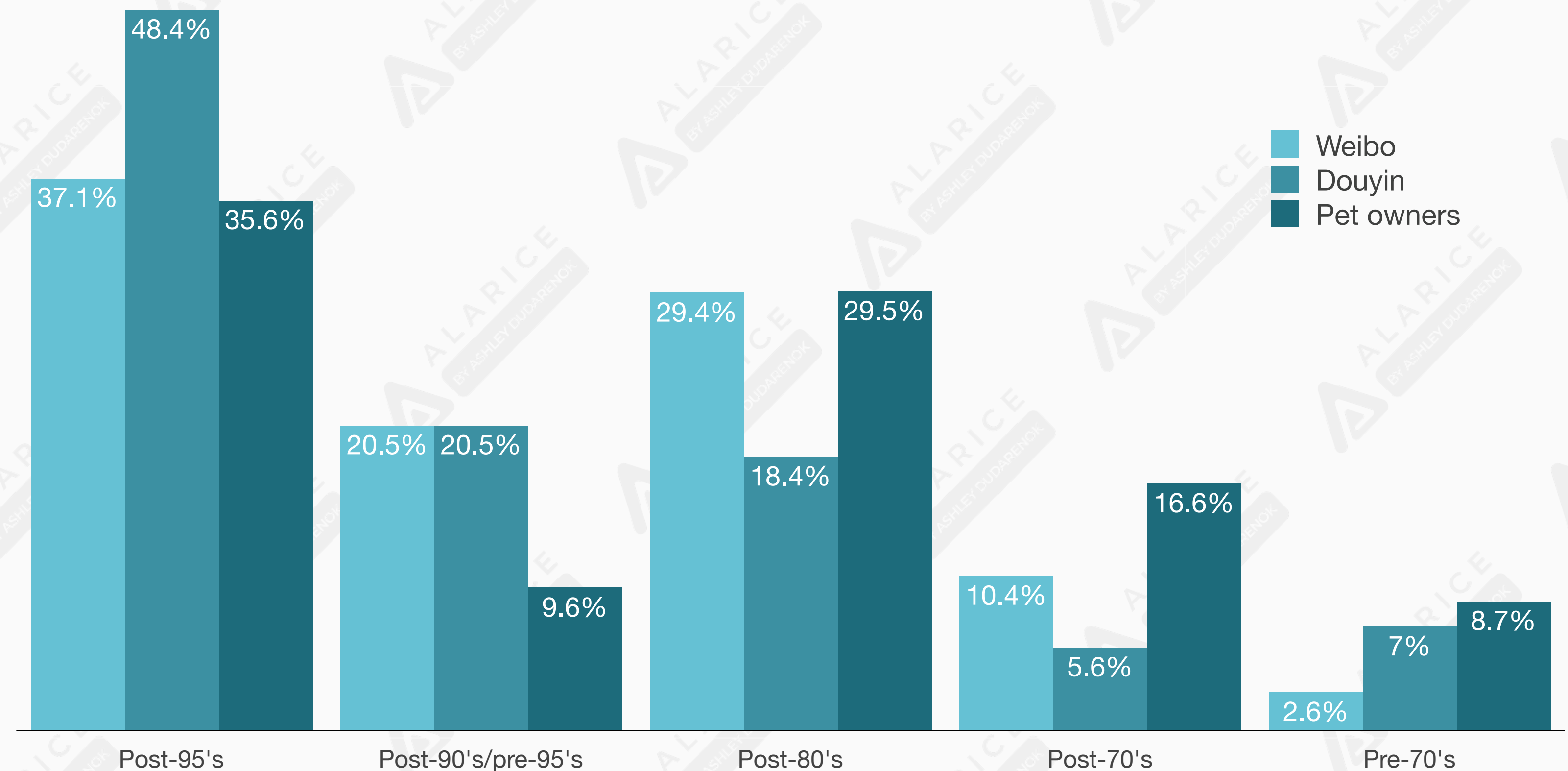
Source: 1) 2020 Cute Pet Content under Pet Economy by TopKlout, Dec 2020;
2) https://www.sohu.com/a/421231952_99982343

DIGITAL PLATFORMS FOR PETS

USER DISTRIBUTION ON SOCIAL MEDIA

Post-90's and 95's are already the major viewers of pet content on social media and also make up for the majority of pet owners. Together with their high spending power, they are the **key drivers of the pet economy**.

DISTRIBUTION OF PET LOVERS & PET OWNERS ON SOCIAL MEDIA BY GENERATIONS

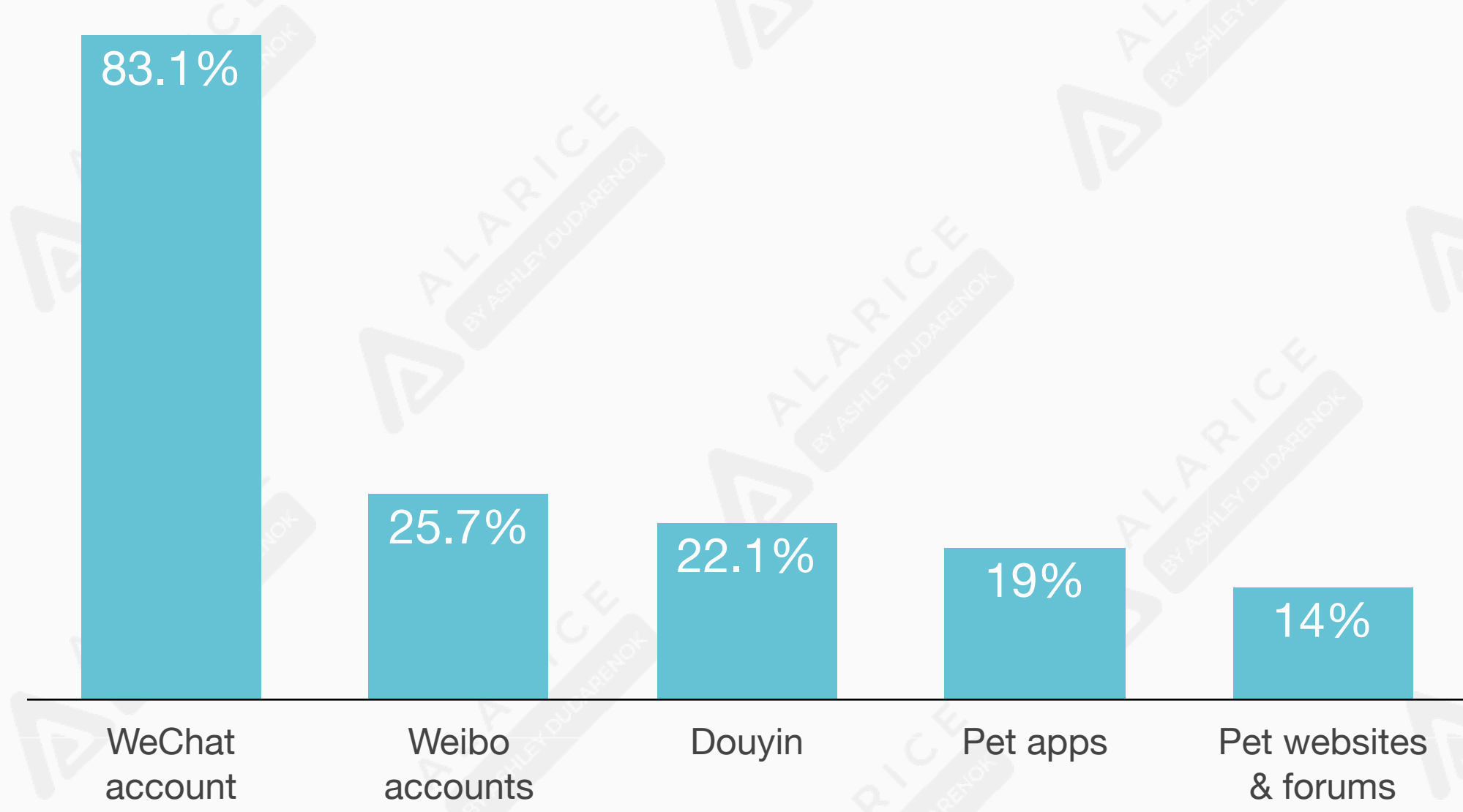


DIGITAL PLATFORMS FOR PETS

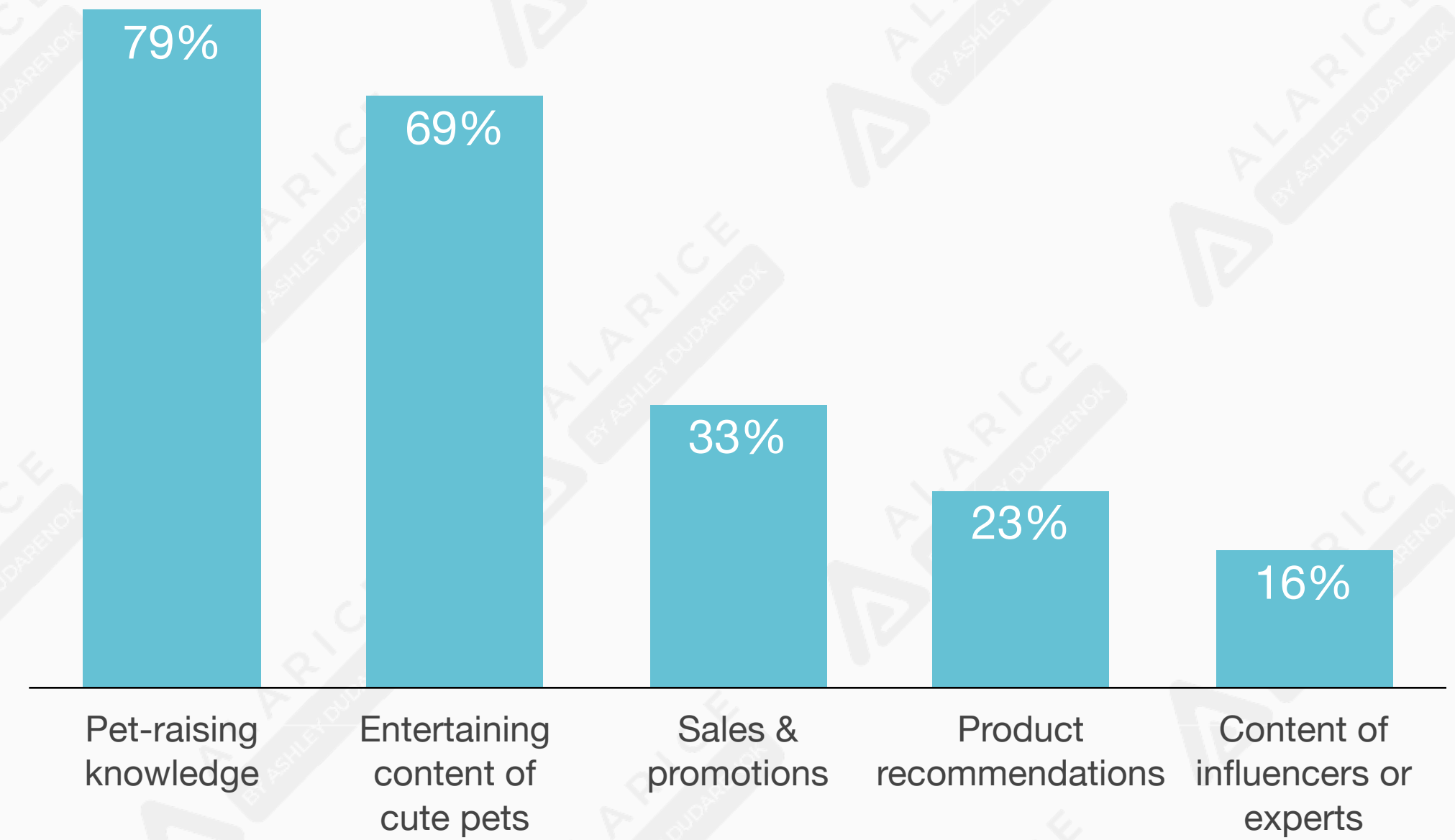
PREFERENCES OF PET OWNERS

There are diverse channels in receiving pet information, but pet owners mainly focus on using WeChat, Weibo and Douyin. In 2019, **83.1% of pet owners receive information through WeChat, 25.7% through Weibo and 22.1% through Douyin.** They tend to pay attention to pet-raising knowledge and entertaining content. Pet owners also like to pay attention to discounts, product recommendations. Youzan Research foresees more product promotion strategies following the structure of “Knowledge + Content + Recommendation” in the future.

TOP 5 CHANNELS PET OWNERS USED TO RECEIVE INFORMATION



TOP 5 TYPES OF CONTENT WATCHED BY PET OWNERS



EXPERT BITES



MASON KU

Marketing Director at
Alarice & ChoZan

Q: WHICH SOCIAL MEDIA PLATFORM(S) DO YOU CONSIDER THE MOST VALUABLE FOR THE PET INDUSTRY IN 2021?

Social media will continue to be an essential tool for the pet industry, platforms such as WeChat, Kuaishou and Douyin would be increasingly valuable. 71% of Chinese pet owners consume pet-related content online - brands should capture these opportunities and speak to their target audience as many of them tend to purchase pet supplies online as well. For instance, 83.9% of consumers purchase pet food on Tmall and Taobao. With the abundance of pet livestreaming content, i.e. one pet livestreaming session in every 5.4 seconds on Kuaishou, brands can also consider working with influencers or livestreamers to promote their products.

EXPERT BITES



SYCA JIANG

Market Research Analyst at
Alarice & ChoZan

Q: HOW SHOULD BRANDS USE SOCIAL MEDIA TO REACH PET OWNERS?

Publish short videos on social media platforms, integrate the content into various consumption scenarios to enhance the visual and attract consumers.

Cooperate with KOL or KOC in the pet field to drive product recommendations for consumers.

Initiate interactive topics, invite consumers to participate in the interaction through rewarded activities to promote and strengthen the awareness of the brand.

Execute collaborative marketing campaigns on social media platforms with other brands that are popular among young people to reach more consumers.

DIGITAL PLATFORMS FOR PETS

WECHAT



WeChat is considered as one of the essential platforms for pet owners. Marketers should take advantage of features such as Public Accounts, Mini Programs and Channels to **publish educational content or tips on pet raising, sales or pet product information**. It is also important to utilise the group chat function to **nurture private traffic** on WeChat.

83.1%

PET OWNERS RECEIVE INFORMATION THROUGH WECHAT

DIFFERENT TYPES OF PRIVATE TRAFFIC POOL ON WECHAT

CRM

WeChat service accounts, Mini Programs, Mini Shops

FRIENDS

WeChat friends, moments

FANS

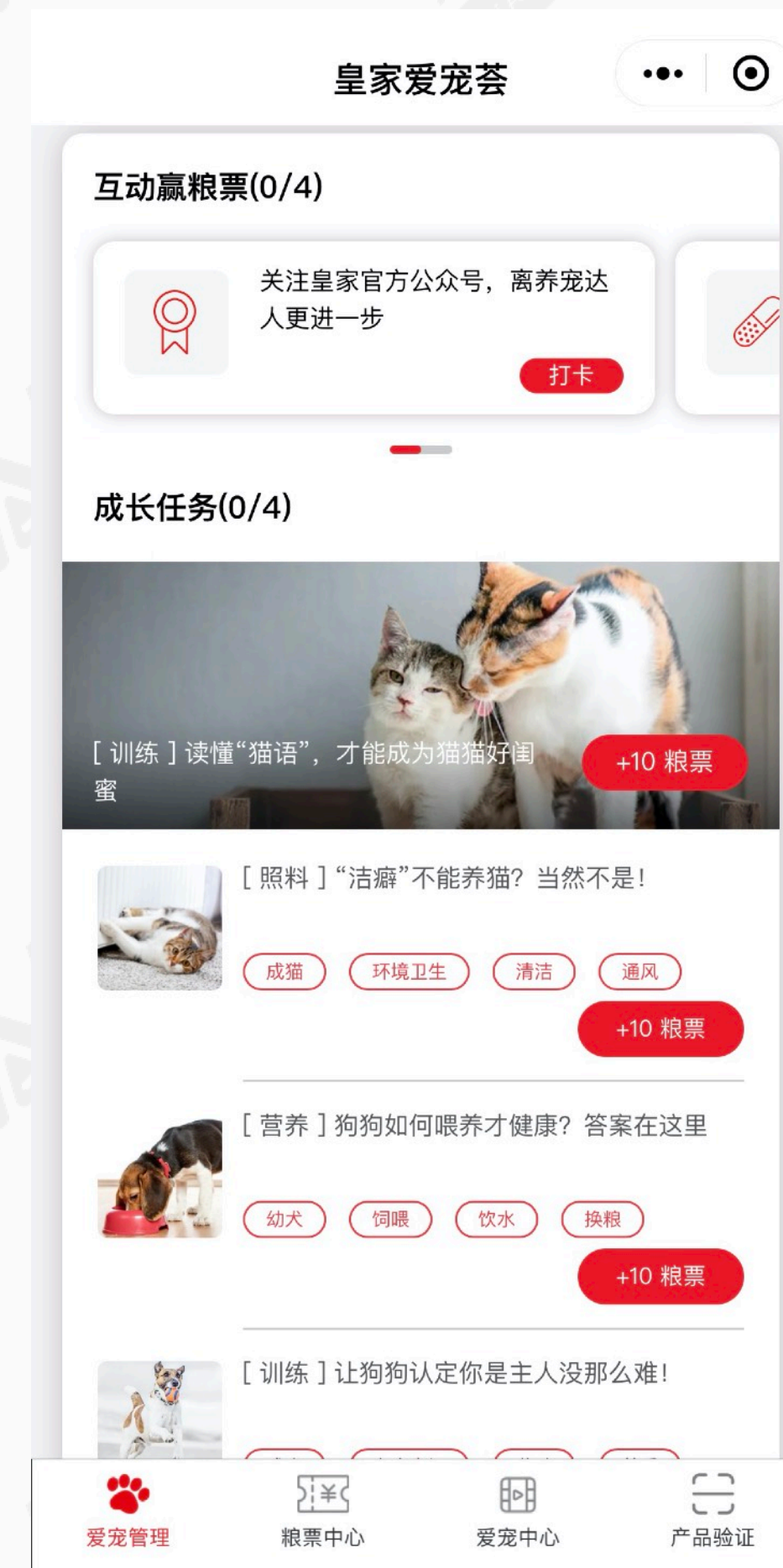
WeChat group chats, WeChat public accounts

DIGITAL PLATFORMS FOR PETS

WECHAT - MARKETING STRATEGIES

What should pet businesses do on WeChat?

- 1 Utilise WeChat Mini Programs
- 2 Build private traffic pool to create communities
- 3 Start livestreaming on Mini Programs
- 4 Conduct campaigns that contain highly shareable keywords
- 5 Invest in WeChat Moments advertising



Screenshot of the WeChat Mini Programs of a pet food brand sharing pet raising tips

DIGITAL PLATFORMS FOR PETS

WEIBO



PET CONTENT PERFORMANCE ON WEIBO AS OF DEC 2020

As of Sep 2020, **the top 100 pet KOLs on Weibo have a total of 460 million followers** against a combined 337 million followers in September 2019. 45 of them focus on posting cat content, 16 of them on dog content.

YOY GROWTH OF TOP 100 PET KOLs' COMBINED NO. OF FOLLOWERS

↑ 36.49%

NAME OF TOPIC	ACCUMULATED DISCUSSION (MILLION)	ACCUMULATED VIEWS (BILLION)
Cute pets #萌宠#	9.43	12.93
Pets being cute #宠物卖萌中心#	10.85	12.46
Cute pet blog #萌宠部落格#	2.6	6.86
Cute pet club #萌宠集中营#	12.47	5.25
Favourite pets #最爱宠物#	1.89	3.52
Pets #宠物#	2.39	2.35

DIGITAL PLATFORMS FOR PETS

WEIBO - MARKETING STRATEGIES

What should pet businesses do on Weibo?

- 1 Do KOL marketing with pet bloggers
- 2 Launch a hashtag campaign
- 3 Start a lucky draw or Weibo lottery campaign
- 4 Create hot topics in this huge public traffic pool and drive traffic to the brand account
- 5 Integrate e-commerce to the social scene and add links to brand's Tmall store



Screenshot of a pet supplement brand doing a lucky draw campaign on Weibo giving away its company vouchers

DIGITAL PLATFORMS FOR PETS

DOUYIN - CONTENT



Pet content on Douyin is on steady growth. The majority of pet content on Douyin is on performance, entertainment, education or product review. The traffic of pet content is substantial - the **accumulated views for top-ranking cat content is 75 billion and 35 billion for dogs.**

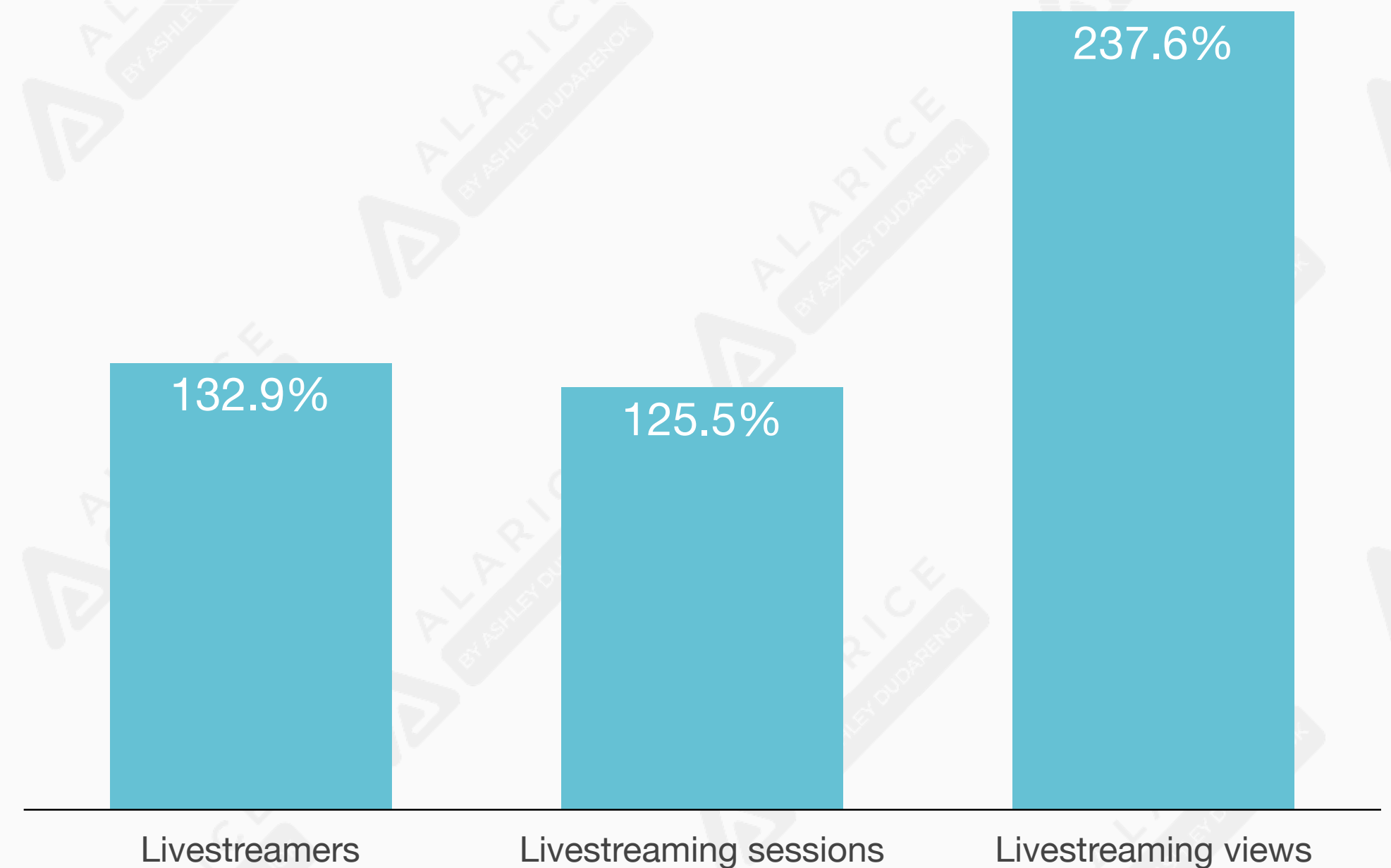
In February 2020, Douyin pet content livestreaming viewers gave **23 times more tips and virtual gifts** to livestreamers as compared to January 2020.



DOG CONTENT
LIVESTREAMING VIEWERS GAVE
12x MORE GIFTS

CAT CONTENT
LIVESTREAMING VIEWERS GAVE
49x MORE GIFTS

THE GROWTH IN PET LIVESTREAMING METRICS ON DOUYIN IN FEB 2020 COMPARED TO JAN 2020



DIGITAL PLATFORMS FOR PETS

DOUYIN - E-COMMERCE



Users on Douyin generally have high spending power. **Females** are more likely to purchase pet products on Douyin than their male counterparts.

Consumers from tier 3-4 cities also show a higher shopping preference than those from tier 1-2 and new tier 1 cities.

Consumers **aged 30-50** make up for the **largest consumer group** on Douyin, while **aged 18-30** is the **second largest**.

CONSUMERS THAT BUY PET PRODUCTS ON DOUYIN ARE

75% FEMALES

THE MOST PURCHASED PET PRODUCTS ON DOUYIN ARE **PET FOOD AND SNACKS**, ACCOUNTING FOR

~50% OF ALL SALES

DIGITAL PLATFORMS FOR PETS

DOUYIN - MARKETING STRATEGIES



What should pet businesses do on Douyin?

- 1 Work with pet influencers to create highly shareable content
- 2 Start a hashtag competition or challenge
- 3 Create brand stickers
- 4 Start livestreaming
- 5 Utilise the Douyin store function to support e-commerce aspects



Screenshot of a pet clinic's profile on Douyin; they are giving professional medical advice through regular livestreaming sessions as well

DIGITAL PLATFORMS FOR PETS

KUAISHOU - CONTENT



The number of pet short videos on Kuaishou grew 32% in May 2020 as compared to September 2019, albeit only making up 2% of the total short videos on the platform. The most popular pet short videos recorded a 700 million plays in just one day. There is **one pet livestreaming session on Kuaishou every 5.4 seconds** on average. The average duration of these livestreaming sessions last around 1 hour.

NUMBER OF PET SHORT VIDEOS GREW

↑ **32%**

ONE PET LIVE-STREAMING SESSION EVERY

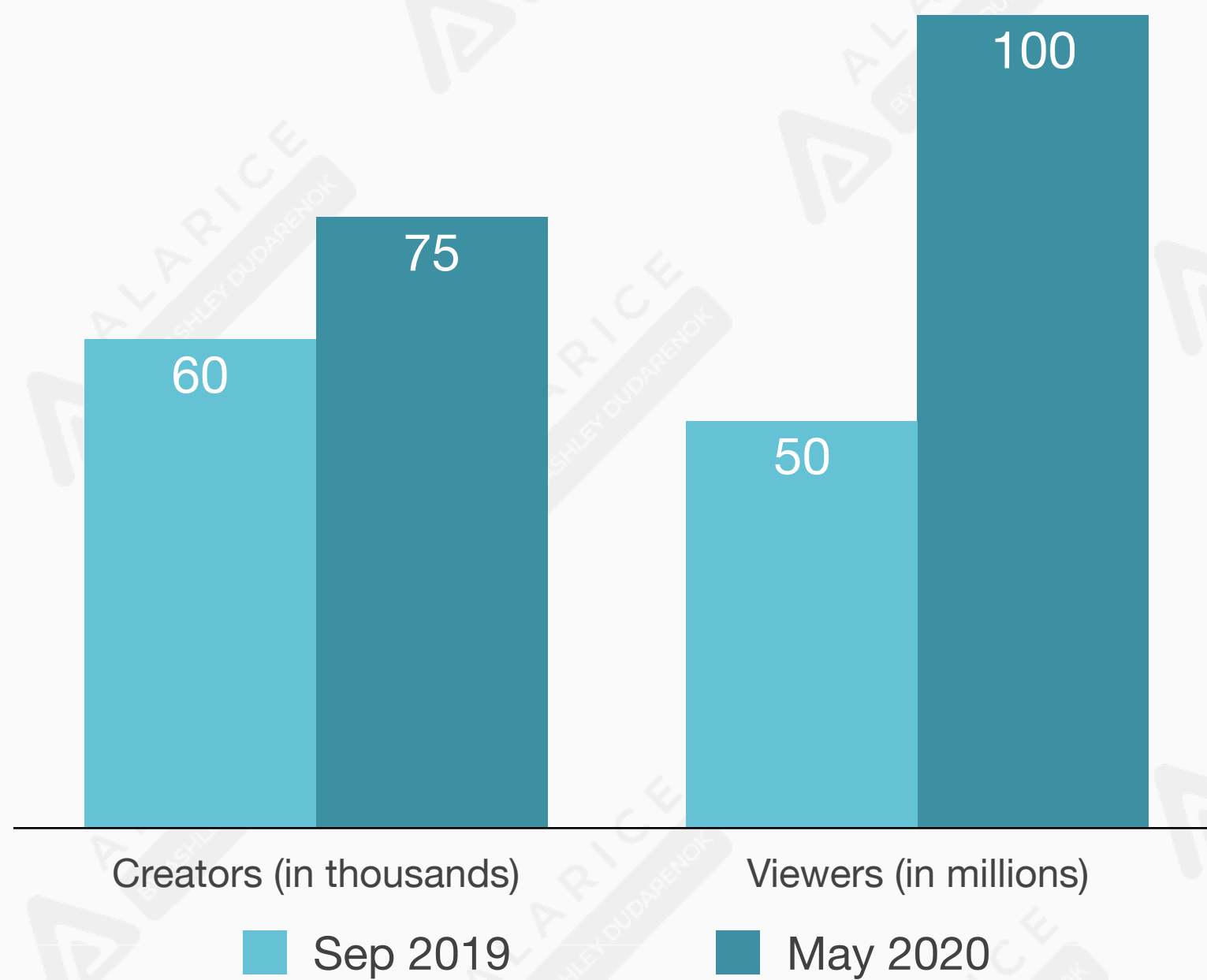
5.4 SECS

DIGITAL PLATFORMS FOR PETS

KUAISHOU - CONTENT



PET SHORT VIDEO CREATORS AND VIEWERS ON
KUAISHOU, SEPT 2019 - MAY 2020



73%

PET SHORT VIDEO VIEWERS WITH NO PETS
HAVE PLANS TO OWN A PET IN THE FUTURE



20%

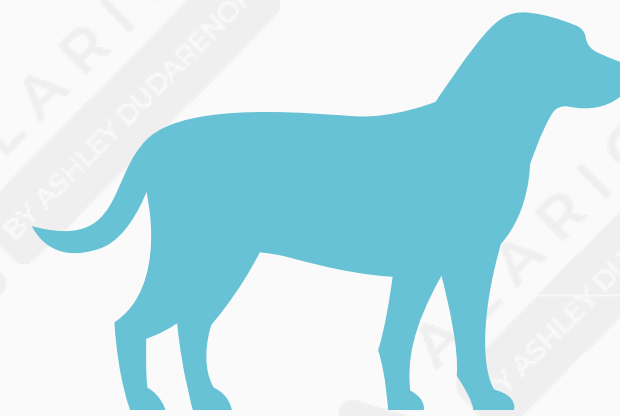
TIER 1 PET OWNERS SPEND OVER 10,000
RMB ON THEIR PETS EACH YEAR

DIGITAL PLATFORMS FOR PETS

KUAISHOU - CONTENT



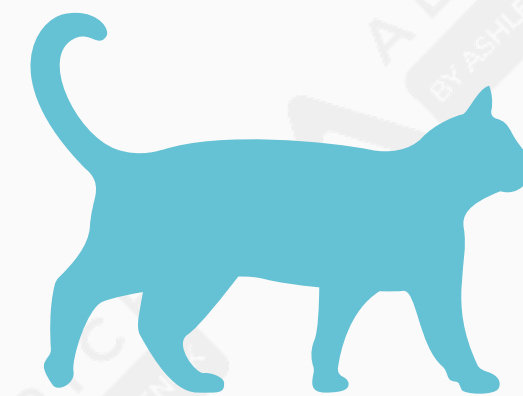
Cats and dogs are still the “key players” on Kuaishou. Pet content on the platform still predominantly features cats and dogs. From a survey conducted by Kuaishou in April 2020, **content creators from tier 1 and 2 cities prefer raising cats**; 57% pet content creators are aged 30 or below. **Tier 3 and 4 content creators prefer raising dogs**; 48% pet content creators are under the age 30.



DOG CONTENT

220 MILLION
MONTHLY LIKES

8.8 MILLION
MONTHLY COMMENTS



CAT CONTENT

190 MILLION
MONTHLY LIKES

6.41 MILLION
MONTHLY COMMENTS

DIGITAL PLATFORMS FOR PETS

KUAISHOU - CONTENT



Niche pets such as parrots, turtles, hamsters, rabbits are also becoming more popular on Kuaishou. For instance, there are 800 chat groups on Kuaishou on raising pet doves, covering over 110,000 unique users as of 31 July 2020.



ALPACA CONTENT

1.2+ MILLION
DAILY VIEWS



NICHE PET CONTENT

390 MILLION
MONTHLY COMMENTS



CHAMELEON CONTENT

600,000+
MONTHLY VIEWS

DIGITAL PLATFORMS FOR PETS

KUAISHOU - E-COMMERCE



Pet content creators on Kuaishou are very active on e-commerce as well. They can drive sales of pet products such as grooming supplies, toys, supplies, snacks, etc. One of every two Kuaishou pet content creators would receive income through Kuaishou. There was a 157% growth in the number of pet e-commerce merchants on Kuaishou in April 2020 compared to September 2019.

POPULAR PRODUCTS PROMOTED BY KUAISHOU PET LIVESTREAMERS

Pet content creators do not only drive sales for pet products though. With 19.3 million followers on Kuaishou, 轮胎粑粑 features the life of a 6-year-old Golden Retriever and is one of the most popular pet influencers on the platform. The account does over 7 livestreaming sessions in a week with over 5,000 views on average views (peak views can be over 50,000). They did a livestreaming on 8 June 2020 to boost sales for jewellery and achieved **over 1 million views, 30,000 orders, and 6 million RMB in sales.**

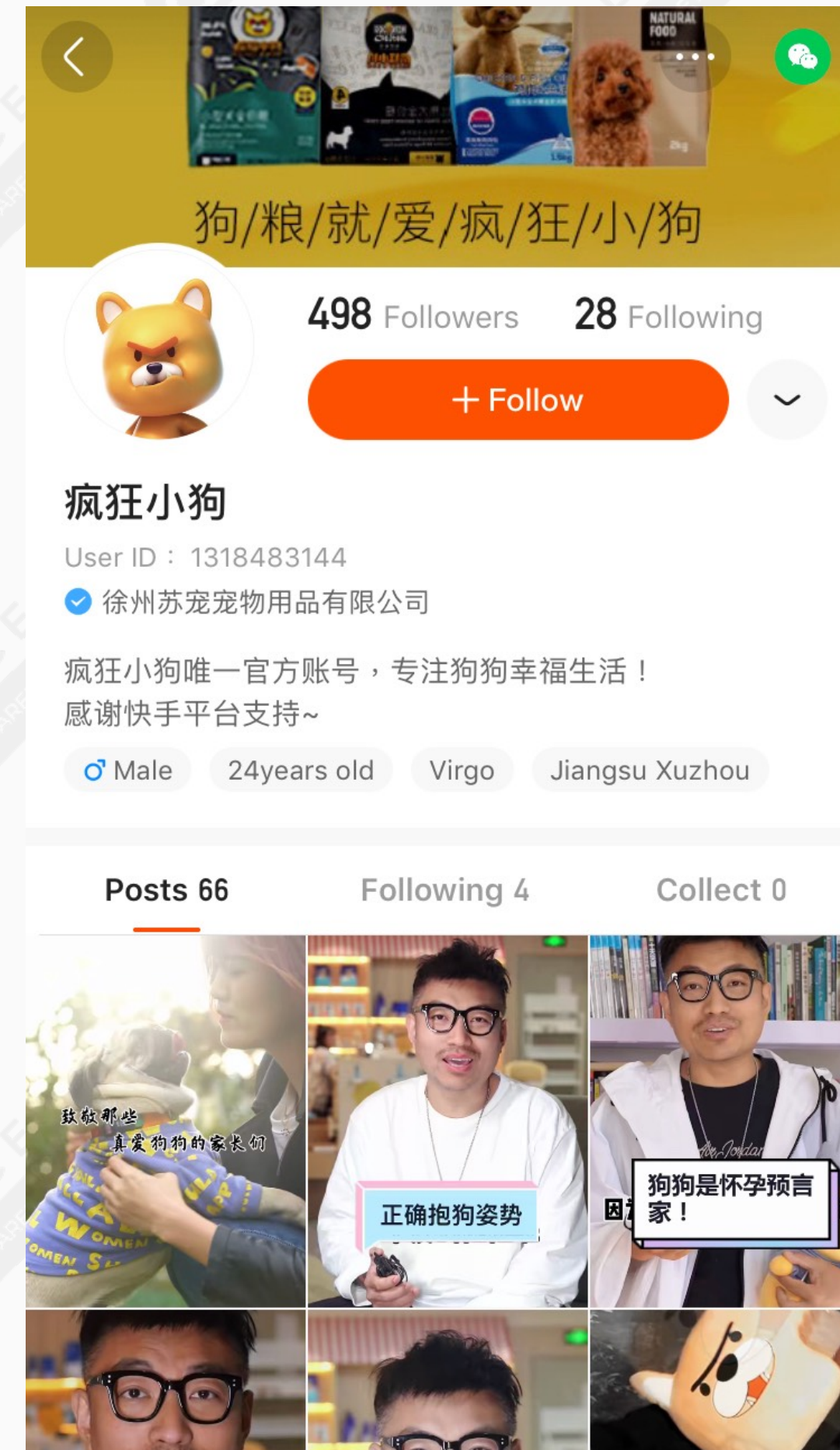
PET PRODUCTS	NON-PET PRODUCTS
<ul style="list-style-type: none"> • Pet food • Grooming supplies • Pet toys • Cleaning products • Daily supplies • Carrier bags 	<ul style="list-style-type: none"> • Clothing • Snacks • Tissues and wet wipes • Cosmetics and perfume • Confectioneries • Children's clothing

DIGITAL PLATFORMS FOR PETS

KUAISHOU - MARKETING STRATEGIES

What should pet businesses do on Kuaishou?

- 1 Work with pet KOLs to create highly shareable content
- 2 Start livestreaming to facilitate product sales
- 3 Utilise Kuaishou store and third party e-commerce platforms such as Youzan
- 4 Collaborate with brands for cross-promotion
- 5 Post short vertical-screen episodes of pet content on Kuaishou Little Theatre



Screenshot of a pet food brand sharing pet raising tips on Kuaishou

DIGITAL PLATFORMS FOR PETS

BILIBILI



Despite having promising growth on both discussion and views, **pet content is not yet a key category on Bilibili at this stage** when compared to other platforms. Most users on Bilibili are still the most interested in AGC content (Anime, Comic and Games), one of Bilibili's strong suits.

With that being said, **Bilibili will soon rise to be an important channel for pet owners.** There is no time limit on the videos posted on Bilibili so it is becoming an increasingly desirable platform for long-form content such as pet vlogs and pet raising tutorials. **Bilibili will also place more emphasis to develop the pets category** as the platform made a strategic move in attending the Pet Fair Asia 2020 - the 23rd International Trade Fair for Pet Supplies last August.

PET CONTENT PERFORMANCE ON BILIBILI AS OF SEP 2020

NAME OF PET CATEGORY	NO. OF VIDEOS	ACCUMULATED VIEWS
Cute pets (萌宠)	1.88 million	16.05 billion
Dogs (汪星人)	320.1 thousand	4.66 billion
Cats (喵星人)	876 thousand	6.96 billion
Panda (大熊猫)	67 thousand	790 million
Shiba (柴犬)	30 thousand	410 million
Kittens (猫咪)	364 thousand	120 million

DIGITAL PLATFORMS FOR PETS

BILIBILI - MARKETING STRATEGIES

What should pet businesses do on Bilibili?

- 1 Collaborate with pet content creators (Up主) to create funny or tech-focused product trial content
- 2 Engage in livestreaming and bullet screen comment interaction
- 3 Collaborate with brands or subcultures such as Anime
- 4 Invest in advertising
- 5 Be present on Bilibili members' marketplace (会员购)



Screenshot of a smart pet device brand posting product review content on Bilibili

DIGITAL PLATFORMS FOR PETS

PET-FOCUSED PLATFORM: BOQII



The US-listed Boqii (波奇) is one of the largest pet-focused platforms in China, offering a one-stop destination for pet owners to get everything they need for their pets including pet food, accessories, toys or healthcare products. The company operates an online informative and interactive content platform for users to share their knowledge and love for pets as well as an e-commerce platform and offline retail network.

In terms of user scale, Boqii has approximately **23 million registered users**, and more than 15,000 offline network cooperative pet stores and hospitals, covering more than 250 cities across the country.

In Q3 2020, **99.4% of Boqii's revenue came from product sales** (the remaining source of revenue being online marketing and information services). 41.2% of total revenue came from Boqii Mall while 58.2% came from third party e-commerce platforms such as Tmall, JD and Pinduoduo. This shows that **Boqii is still highly dependant on third party traffic** and has more rooms of growth in the future.

AS OF JUN 2020,

3.5 MILLION
MONTHLY ACTIVE USERS

333.8 MILLION
AVERAGE MONTHLY TOTAL INTERACTIONS

2020 SINGLE DAY SHOPPING FESTIVAL
(SALES PERIOD FROM 1-11 NOV)

244.5 MILLION RMB
GMV

39.97% GROWTH
COMPARED TO 2019

DIGITAL PLATFORMS FOR PETS

BOQII - MARKETING STRATEGIES

What should pet businesses do on Boqii?

- 1 Participate in platform-driven sales campaigns
- 2 Invite pet owners to take part in product trial campaigns
- 3 Post pet content to maintain regular exposure in the community
- 4 Interact with users in related discussion topics
- 5 Form a closed-loop e-commerce system by incorporating links to/from third party platforms



Screenshot of the pet product review page on Boqii

EXPERT BITES



SEAN FAN

Market Research Analyst at
Alarice & ChoZan

Q: WHAT WOULD BE A GOOD PRACTICE FOR BUSINESSES WHO ARE NEW IN ENTERING CHINA'S PET MARKET?

Build up your social media accounts and post content about pets regularly. The types of content you post can vary on different social media platforms. On WeChat, the content can be about pet psychology, food selection tips, and disease prevention. On Douyin, you can post videos on how to take good care of your pets. Posting different content across platforms can also help to present a more professional image.

Do your best to generate user engagement. Through KOL cooperation, IP cooperation, as well as co-branding, you can raise your brand awareness and also generate UGC. You will have a better understanding of your consumers' expectations and also increase your brand exposure.

EXPERT BITES



WENDY CHEN

Head of Digital Products at
Alarice & ChoZan

Q: WHAT ADVICE DO YOU HAVE FOR WORKING WITH PET LOVERS IN 2021?

Build your brand's IP and copyrighted assets. Allow consumers to personalize products.

Virtual pets are also trendy. The most important element in the popularity of a game like Travel Frogs is its uncertainty. You never know when it will be at home or whether it will send postcards when it's away so it builds a certain sense of suspense and curiosity. Co-brand with pet bloggers. Select bloggers that match your brand for joint promotions. Their audiences are your target audiences.

Getting a pet is easy but being a responsible pet owner is difficult. The success of pet marketing lies not only in satisfying people's emotional needs for pets but also in solving people's pain points in raising pets.

ABOUT US

ALARICE AND CHOZAN

OUR CHINA MARKETING SOLUTIONS



● MARKETING RESEARCH AND STRATEGY

Our China marketing research and strategy team gives you a detailed framework that will allow you to start and grow your business in mainland China.

● SOCIAL MEDIA MARKETING

We help you to localize messages, strengthen your brand image and reach out to target audiences through Chinese social media.

● INFLUENCER MARKETING AND CAMPAIGNS

We help you to establish goal-specific social media marketing campaigns and fruitful collaborations with Chinese KOLs and influencers.



● CORPORATE TRAINING

We can increase your expertise on the Chinese market, Chinese consumers and Chinese social media with tailor-made masterclasses that put your team at the forefront. We do this by running courses that you can join from anywhere in the world and creating corporate training programs for your team.

● CORPORATE CHINA MARKETING CIRCLE

A private community on WhatsApp / WeChat that delivers the most relevant, up to the minute information, much of which can't be easily found online or in English. Join us if you're looking for curated insights, trends, strategies and case studies.

● KEYNOTE SPEECHES

Our founder, Ashley, is a well-known speaker and can deliver keynotes full of energy, insight and inspiration that will transform your event, motivate and help you achieve your goal.

● EXPERT CALLS

The fastest way to get your specific, urgent China marketing questions answered. Speak with Ashley or her team if you're under time pressure and need to get on the right track fast.

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The most comprehensive books on the market about China's e-commerce landscape, Chinese social media influencers and New Retail. You can also buy our highly detailed WeChat and Weibo guidebooks to gain confidence with China's two most powerful social media apps.

WHY WORK WITH US



Always on top of China's digital hot topics

This is essential to providing the latest insights. You'll discover how different parts of China's digital landscape work separately and together. We have an unmatched ecosystem.



Our team has years of experience with project execution

We have hands-on Chinese digital marketing execution experience and insights. Our strategies are based on real life situations in the market and on the platforms.



We provide tailor- made corporate trainings

We can give your whole team the big picture, vision, clarity and motivation to unify them on your China strategy. We customize the training based on your industry and the outcomes desired.

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REPORT AUTHORS



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