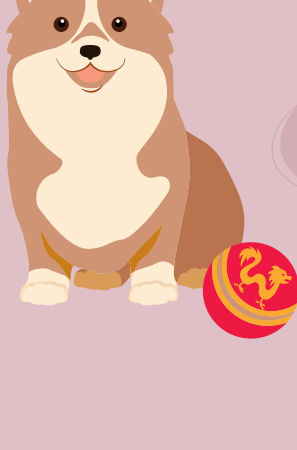


China: Grooming the growth of pet economy

China's pet market is constantly growing

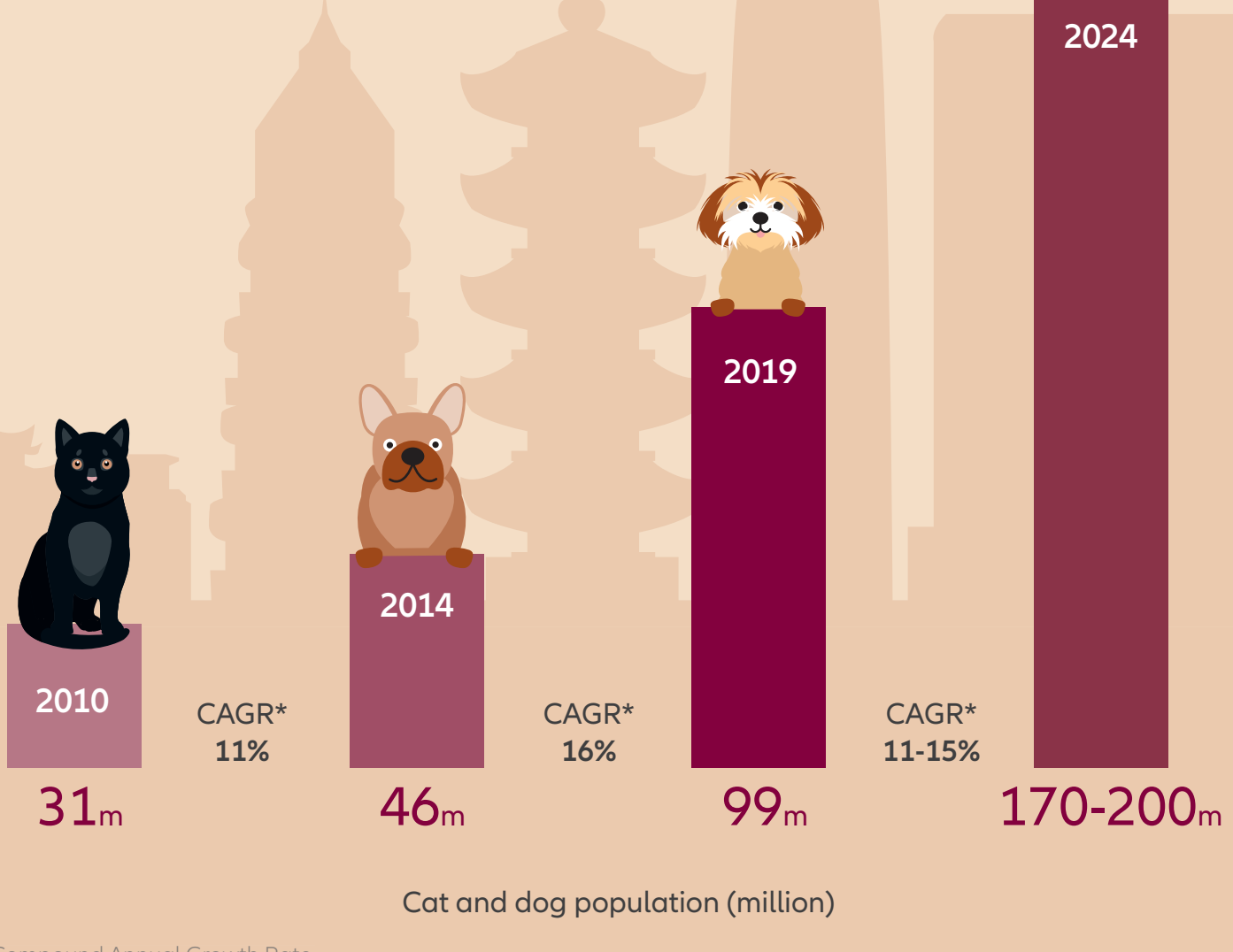


24-28%
annual growth rate
of China's pet market. The
market is expected to triple
in size by 2024¹



THE DRIVERS

1. RISING NUMBER OF PETS²



* Compound Annual Growth Rate.

2. DEMOGRAPHICS

50% of China's pet owners are Millennials or Gen Z (born after 1990)³ with:

**higher educational
degrees and
higher incomes⁴**

They are:
**less price-sensitive
and more prone to
purchase high-
quality products⁵**



53%
of China's mostly
young pet owners
choose e-commerce
platforms to purchase
pet food⁶



More than
45%
of China's Gen Z get pet
care info from popular
video platforms⁷

3. CHINA'S GEN Z AND MILLENNIALS: RISING EXPENDITURES, SHIFTING CONSUMPTION PATTERNS

Humanisation: Millennials tend to treat their pets as part of their family and shift from feeding leftovers to high-quality food. Over 40% are ready to and/or plan to spend between 50 and 100 USD per month for their pet(s)⁸.



Covid-19: led to a growing attention to pet's health.⁹



Growth potential: over 60% of Gen Z in China want to keep pets in the future while less than 10% already have one.¹⁰



Potential implications for investors: China's maturing market could see domestic brands on the rise as many pet parents are now more willing to try high-quality and potentially more cost-effective local brands. Domestic brands could leverage e-commerce to reach consumers with high online and social media affinity directly. Local brands potentially increasing their spending on R&D and on construction of intelligent pet food factories.



¹ PwC: Finding opportunities in China's fast growing pet industry, September 2020.

² Ibid.

³ Ibid.

⁴ EU SME Centre: The Market for Pet Food, Supplies, and Services in China, November 2021.

⁵ Ibid.

⁶ Ibid.

⁷ Jefferies Thematic Research Gen Z: Global Purchasing Power and Influence, August 2022.

⁸ Ibid.

⁹ GlobalPETS: China pet industry trends in 2021.

¹⁰ Jefferies Thematic Research Gen Z: Global Purchasing Power and Influence, August 2022.

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