SPOTLIGHT

Unleashing China's pet economy

Owners spend more on beloved animals, giving rise to lucrative segment markets and services in this fast-growing industry

By **WANG YIQING**
wangyiqing@chinadaily.com.cn

Raising pets, especially dogs or cats, has become part of modern life. But in recent years, it has become a stylish and cash-burning lifestyle in urban areas, which has given rise to what the media call a "pet economy".

People have been raising animals for centuries, but today pets play a huge role to serve their owners' emotional needs.

In a way, the establishment of the China Small Animal Protection Association in 1992 signaled the evolution of animals as human companions. Today, many people are willing to spend a small fortune on pets, which they treat more like family members.

Since 2000 the number of pets has increased so fast in China that it is almost impossible to ascertain the exact number. Take dogs and cats, for example. According to the China Pet Industry 2018 White Paper, a non-official document recently issued by the online pet community Goumin.com and Pet Fair Asia, more than 91.49 million dogs and cats are being raised as pets in China's urban areas. To prepare the report, the two organizations conducted a survey covering more than 52,870 people in 34 provincial administrative regions.

The white paper said an estimated 73.55 million people in urban areas have pets, which is equal to about 9 percent of China's overall urban population of 813.47 million in 2017.

The high degree of urbanization and people's rising incomes are the main reasons why demand for pets has increased. Beijing, Shanghai, Guangzhou, Tianjin and Chengdu are the top cities where pet raising is most popular.

That the residents of these first- and second-tier cities have comparatively high disposable incomes has played a critical role in popularizing pets.

The increasing popularity of pets in urban areas has given rise to a whole industrial chain, which in turn has helped build a "pet economy", comprising pet consumption including food, medical treatment and even funeral and interment expenses.

In fact, the scale of this pet economy is far bigger than one can imagine.

National Bureau of Statistics data show the compound growth rate of China's pet industry was 49.1 percent from 2010 to 2016, the highest among all industries.

According to the pet industry's white paper, the pet economy is worth 170.8 billion yuan ($24.87 billion) and has been growing at the brisk rate of 27 percent year-on-year. The report also said a pet owner in 2017 spent on average 5,016 yuan a year on one cat or one dog, 15 percent more than the previous year.

CAI MENG / CHINA DAILY

Increasing demand

Food and other daily requirements of pets and their medical treatment are the three major parts of the pet consumption market. Food and other daily necessities account for a majority of pet owners' expenditure.

The sales of high-quality and expensive pet products have grown rapidly as people are willing to spend more money on pets, and more and more segment markets for pet products are emerging to meet the increasing demands of pet owners.

For the pet owners, medical care is an unavoidable expense for pets. The China Pet Industry 2018 White Paper estimated that pet services account for about 30 percent of a dog's "consumption" and 20 percent of a cat's "consumption", with the biggest pet service demand being medical care. On average, a dog owner spends 1,557 yuan a year on the dog's medical care, and a cat owner 1,446 yuan.

But almost half of the pet owners are unsatisfied with the existing medical care system for pets, due to such factors as "unqualified" veterinarians and "unreasonable" charges for medical treatment.

The popularity of raising pets has also promoted other forms of businesses.

For years, pets, especially dogs and cats, have been used as intellectual property characters in many countries, fueling the growth of a new kind of "new media economy" in China in recent years.

A study on the "cat economy" by Tencent Research Institute shows the image of a cute cat draws increasingly high online attention and helps cultivate new commercial models. Weibo, the Chinese version of Twitter, has become an important platform of "cloud cat-raising", which refers to the phenomenon of netizens watching and sharing photographs or videos of cats for entertainment.

Source of identity

According to the study, till January this year about 5.5 million Weibo account users had used the tag "cat" to identify themselves. In 2017, more than 330,000 cat-related articles went viral on WeChat public accounts. And the market value of Huiyi Zhuanyong Xiaomajia, a famous Weibo account focusing on pets, is estimated at 235 million yuan.

Also, in recent years, the number of pet owners has grown. According to the white paper, more than 85 percent of the dog and cat owners are women, and half of them have a bachelor's or higher degree. And the majority of the owners belong to the post-1980 or post-1990 generations, which show their strong consumption capacity.

Thanks to people's increasing consumption capacity, more segment markets of the pet industry, especially the pet-related service sector including pet training, are expected to grow at a faster pace, further expanding the pet economy.

> "The 'pet economy' is worth 170.8 billion yuan and has been growing at the rapid rate of 27 percent year-on-year."
> CHINA PET INDUSTRY 2018 WHITE PAPER

Changing role of furry friends

People's eagerness to own pets has much to do with a transforming social situation and population structure

By **WANG YIQING**

Although rising disposable income is responsible for making pet raising increasingly popular, people's eagerness to have pets has much to do with the changing social situation and population structure. Rapid GDP growth, an aging society, urbanization and large-scale migration of population have all boosted the social trend of pet raising.

Mao Xiaomei, who adopted a 6-month-old cat on an online pet adoption forum eight years ago, perfectly fits the description of a typical cat owner in contemporary China in the China Pet Industry 2018 White Paper: A female white-collar worker with a high academic background.

The employee of a Shanghai-based multinational enterprise started to raise the white cat soon after she got her first job in Beijing. Today, Maorong is almost 9 years old and is considered an "elderly" cat.

Mao sees herself not only as a "responsible" pet owner but also as a reasonable consumer who buys quality cat food and snacks, and sticks to a "scientific" cat-raising method, seldom buying luxurious products for her pet.

Still, she was shocked when she realized the annual expenditure for Maorong was about 10,000 yuan ($1,445), which includes food, other daily supplies and medical care, including vaccines and parasite-expelling medicines.

"I didn't realize I was spending so much money on Maorong every year," she said. "In fact, Maorong has never had a serious disease, which means I have already saved a lot of money."

Maorong is Mao's companion and has been a "drifter" along with her for eight years, shifting from one big city to another.

When Mao moved to Shanghai for a new job, she bought a flight ticket for Maorong, too, because her pet is like a "little brother" and her closest "friend". In fact, she has never thought about living without Maorong, and whether a man will accept her cat is an important factor when choosing her boyfriend.

Mao is among countless young pet owners in Chinese cities. Such people almost always work and live in big cities far away from their hometown, find comfort and pleasure in their pets after their busy work schedule, and are insensitive to prices when it comes to pet consumption. This helps explain young Chinese pet owners seemingly ever-increasing consumption capacity.

Mao's parents, who also have cats, represent a different picture of pet owners. They began raising a cat as a pet when their only daughter moved to another city for higher education more than one decade ago.

Now, cats instead of their daughter have become their emotional companions, and obviously get a lot of attention and love. Mao said her parents love the cats to the extent of spoiling them.

According to National Senior Citizen Work Office data, by the end of 2017, China had about 241 million people aged 60 or above, accounting for 17.3 percent of China's total population.

Due to the one-child policy, rapid urbanization and the popularity of nuclear family, an increasing number of elderly couples in China live alone, without their children. For these "empty nest" couples, pets help them fight loneliness. No wonder some people have another name for the "pet economy" — the "loneliness economy".

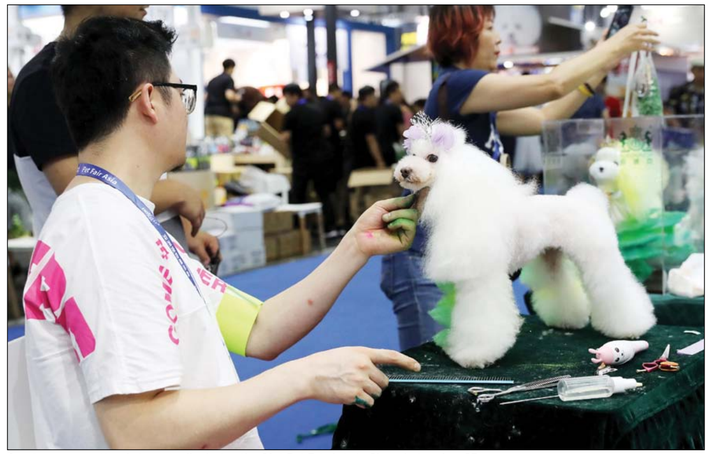
For other pet owners, they raise pets to fulfill their emotional needs. Moreover, "husband, wife, children and dog" has become the standard configuration of a happy family.

For example, Shirley and her husband live happily with a 9-year-old Corgi in Dali, Southwest China's Yunnan province. Her dog, named Dabao, has kept her company for years, accompanying her when she moved to Dali after she and her husband quit their jobs in Beijing to open a bar. The fat, short-legged Corgi, which she bought for 2,000 yuan when it was only 2 months old, is an important member of her family.

Shirley said she is fortunate that her husband Brian loves Dabao no less than she does, and she wishes the dog would also be around for her children when they grow up. "Sometimes Dabao is just like my son and sometimes he's my companion," she said.

Many people in the beautiful autonomous prefecture in Yunnan raise dogs. But different from Shirley's family, local residents prefer raising big dogs for more practical purposes, mainly as house guards.

The change of pets' roles in Chinese families reveals the change in the family and social structure in China, which will be an interesting socioeconomic subject to explore in the future.



A pet groomer attends to a poodle during the 21st Pet Fair Asia in Shanghai on Aug 25. FANG ZHE / XINHUA

A cat lies on its owner's shoulder and eats a cat snack at the 21st Pet Fair Asia. This exhibition attracts more than 1,300 companies from around the world to exhibit more than 16,000 brands of pet products. FANG ZHE / XINHUA

On Sept 13, a dog enjoys high-class service at a pet hotel in Taiyuan, North China's Shanxi province. HU XIAOJI / FOR CHINA DAILY