

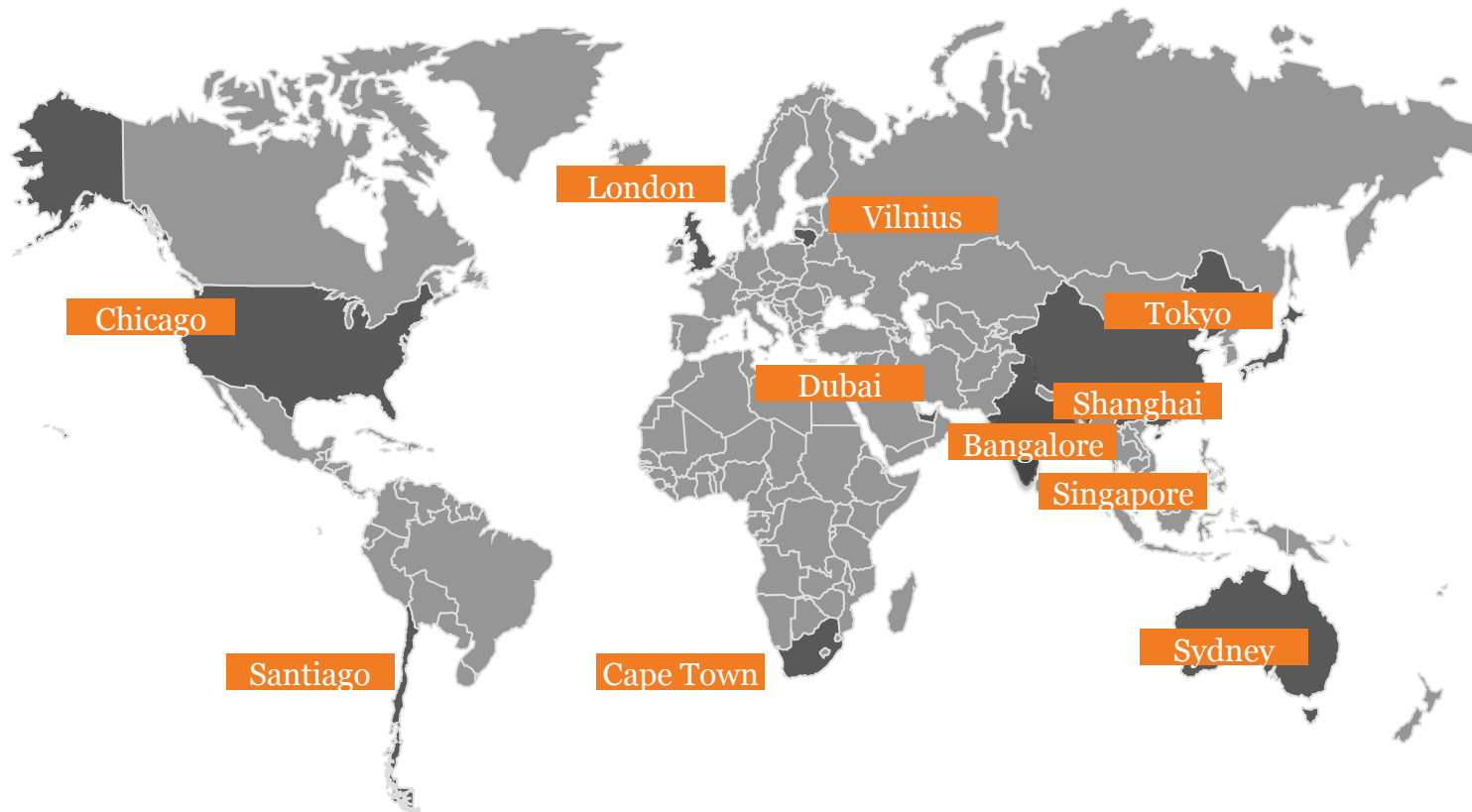


PET FOODS: GROWTH OPPORTUNITIES AMIDST CRISES AND BEYOND

WARANGKANA ANUWONG, RESEARCH ANALYST

PET FOODS FORUM ASIA 16TH FEBRUARY 2012

Euromonitor International



- A trusted business intelligence source
- Research focus: industries, countries, consumers
- 11 research hubs and analysts in 80 countries worldwide
- 600 analysts

GLOBAL AND ASIA PACIFIC MARKET OVERVIEW

KEY TRENDS AND DEVELOPMENT IN ASIA PACIFIC

PET OWNERSHIP

VALUE ADDED PRODUCTS

EMERGING DISTRIBUTION CHANNEL

PET CARE DURING ECONOMIC RECESSION
AND CASE STUDY

FUTURE OUTLOOK

Q&A



Euromonitor International pet care coverage

SEGMENTS COVERED:

- Dog food
- Cat food
- Bird food
- Fish food
- Small mammal/reptile food
- Cat litter
- Pet healthcare
- Pet dietary supplements
- Other pet care products

CONSUMER INSIGHTS:

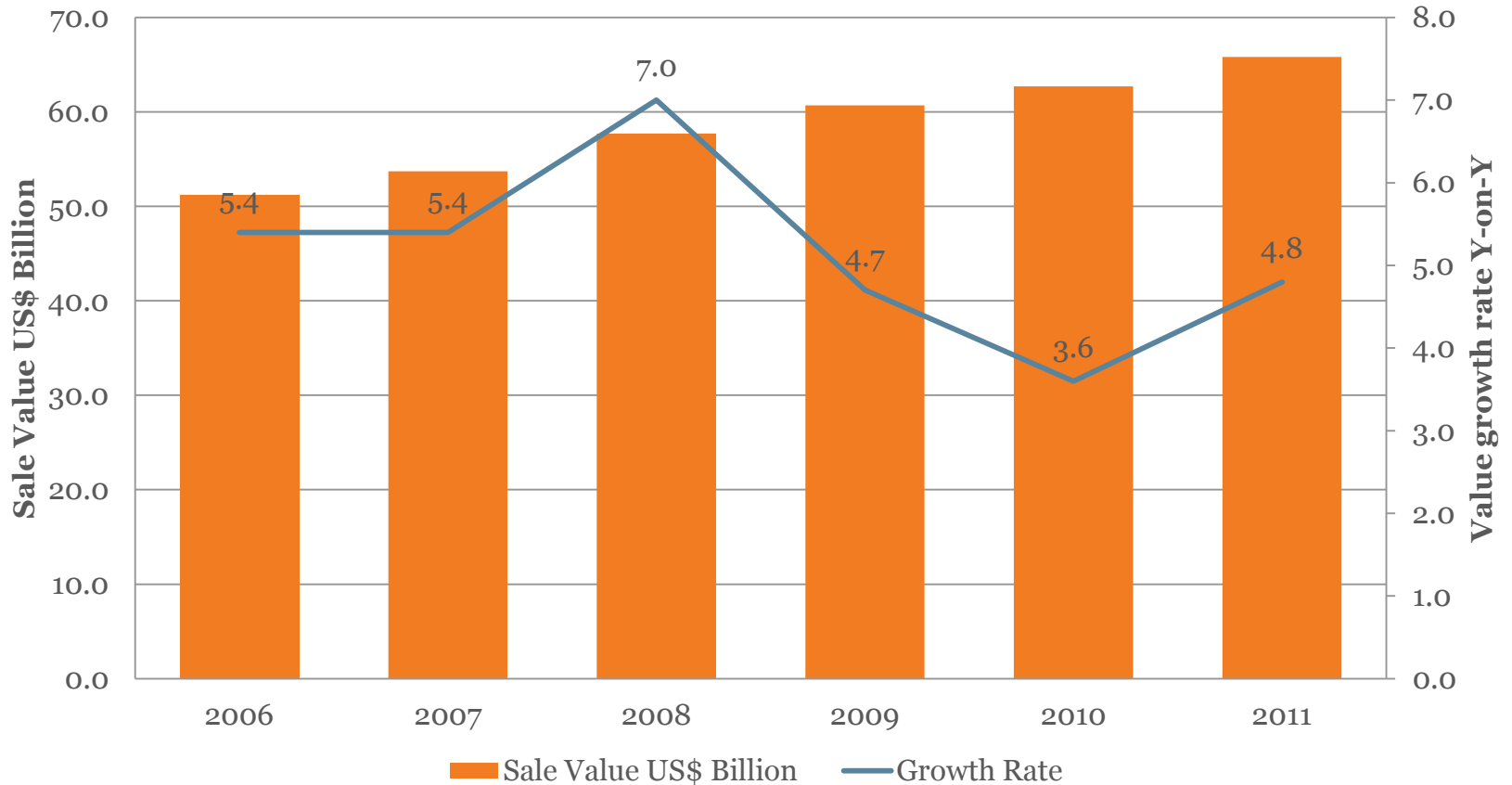
- Pet indicators
- Social trends
- Demographics
- Macro-economics

Retail Universe:

- Store based and non-store based

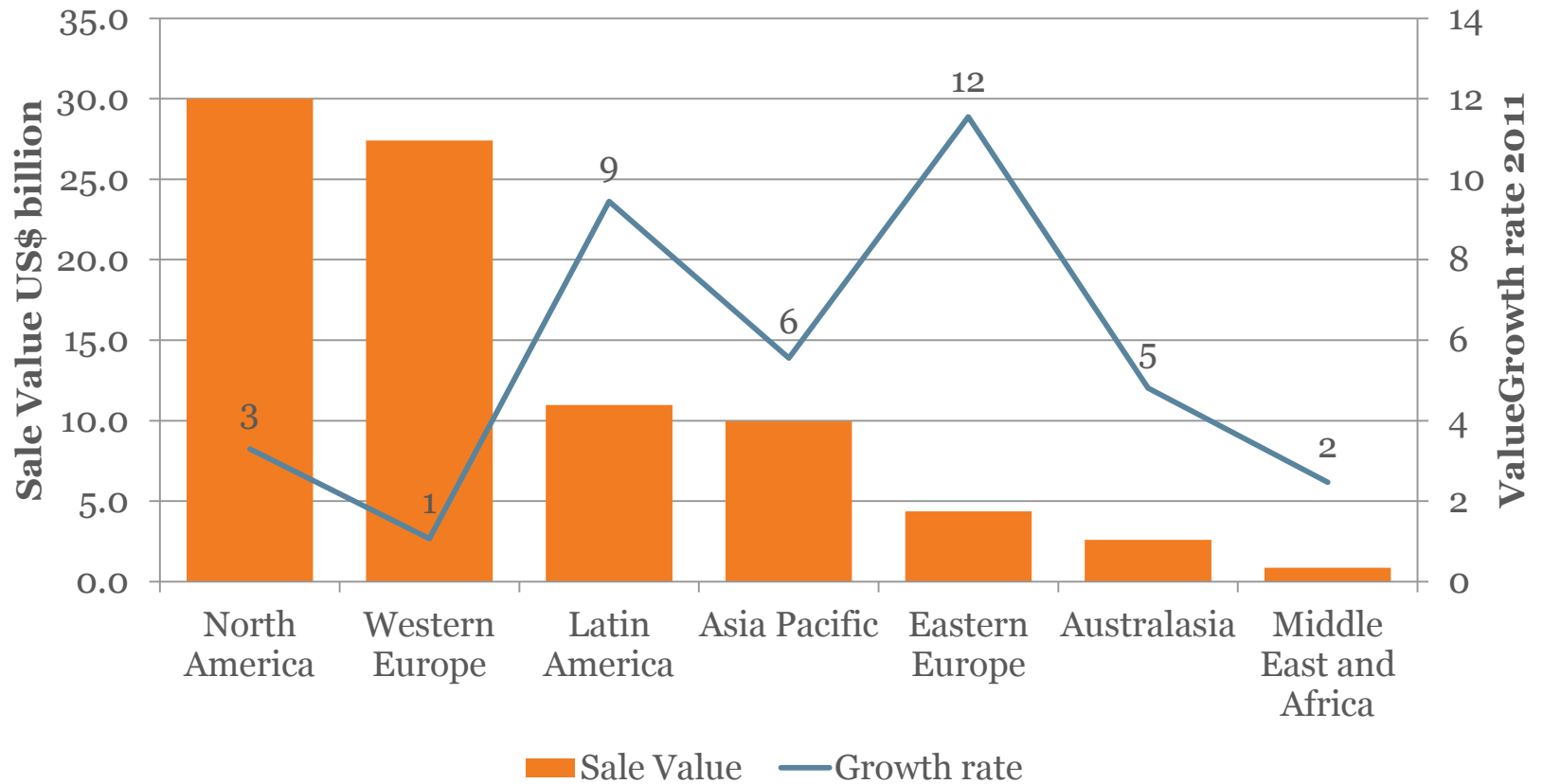
Global pet care market – Positive growth but slowing down

**Global Pet Care Retail Value Sale (US\$ billion)
2006-2011**



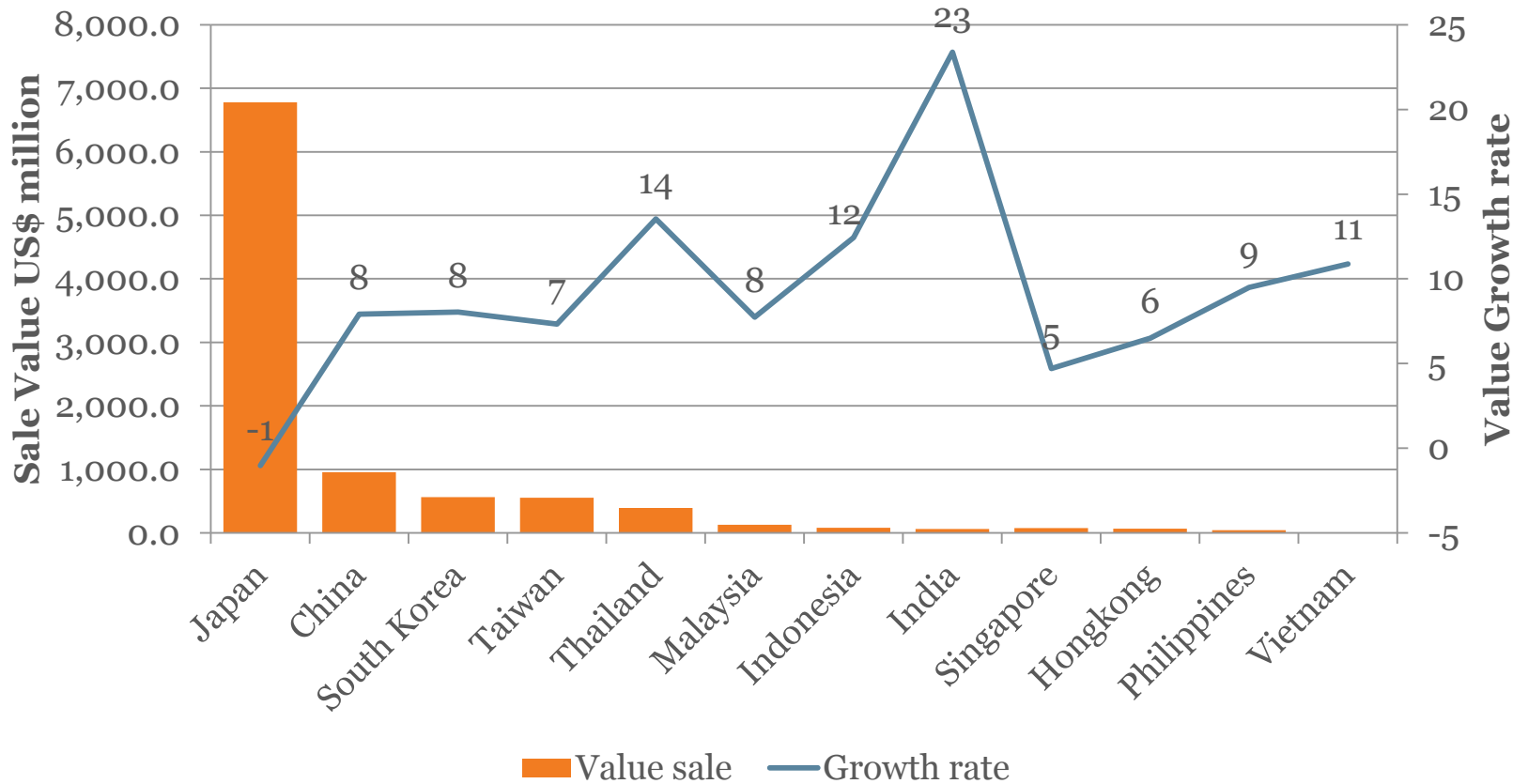
Emerging markets drive growth

Sale Value by Region (US\$ billion) 2011



Asia Pacific – Strong performance

Asia Pacific Sale Value by Country (US\$ million) 2011



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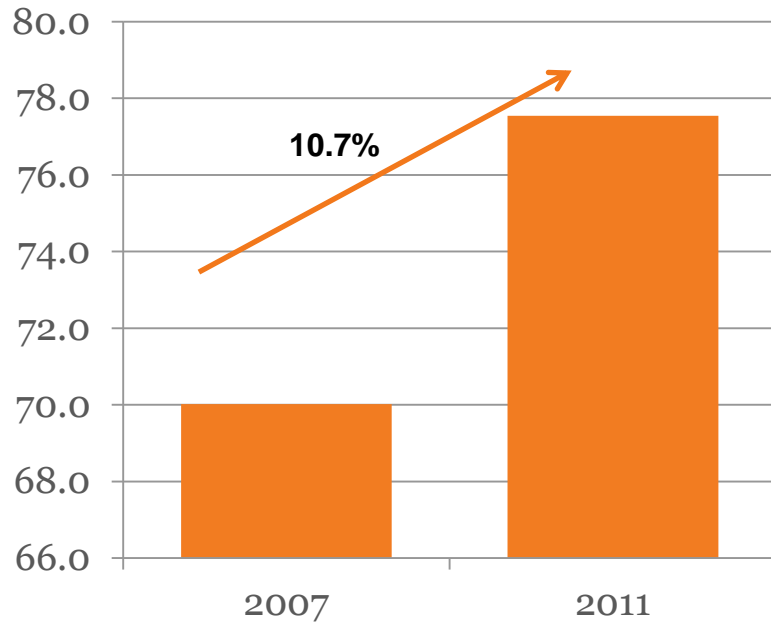
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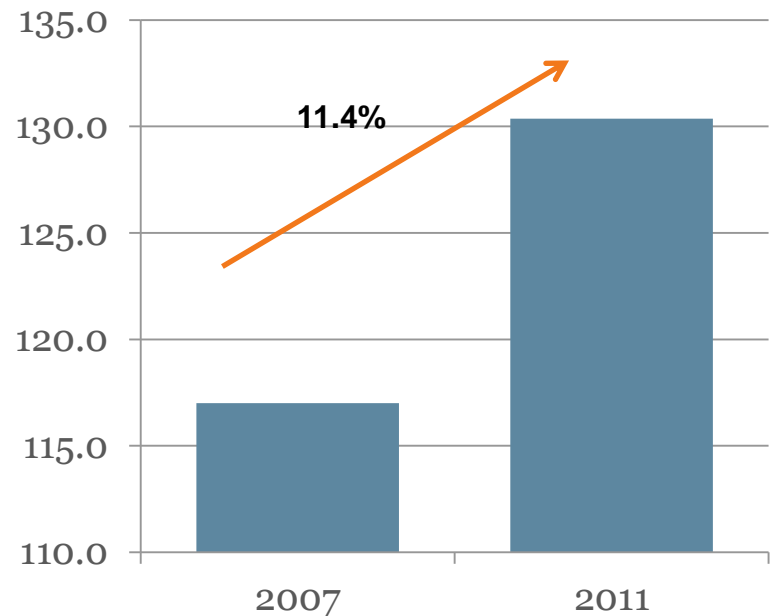
How demographic trends impact pet ownership

- Single household and couple without children both grow at 11% for last 5 years
- Both consumer groups have the highest chance to own pets, and are willing and capable to spend for pets

Single Household (million)

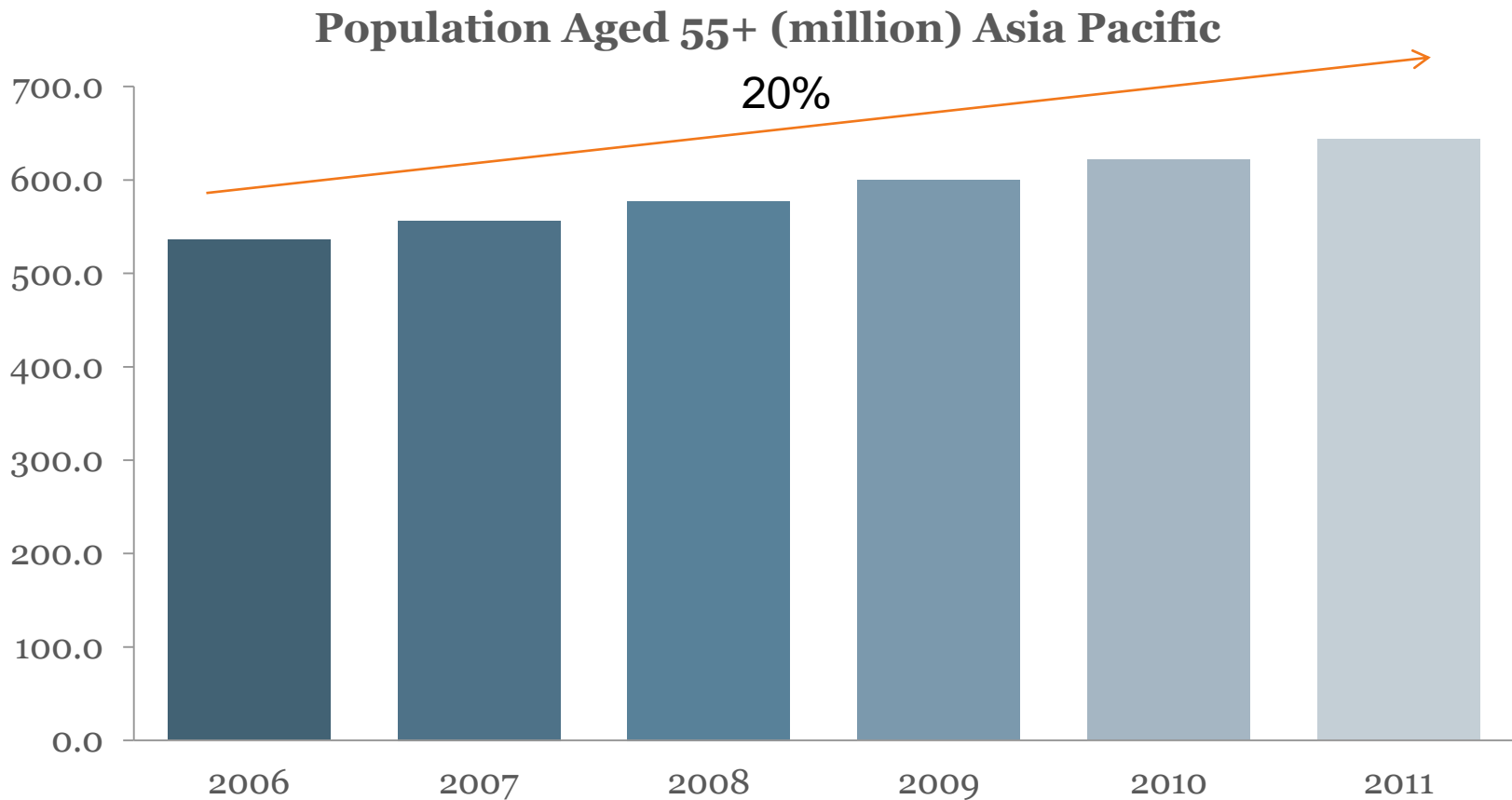


Couple without Children (million)



How demographic trends impact pet ownership

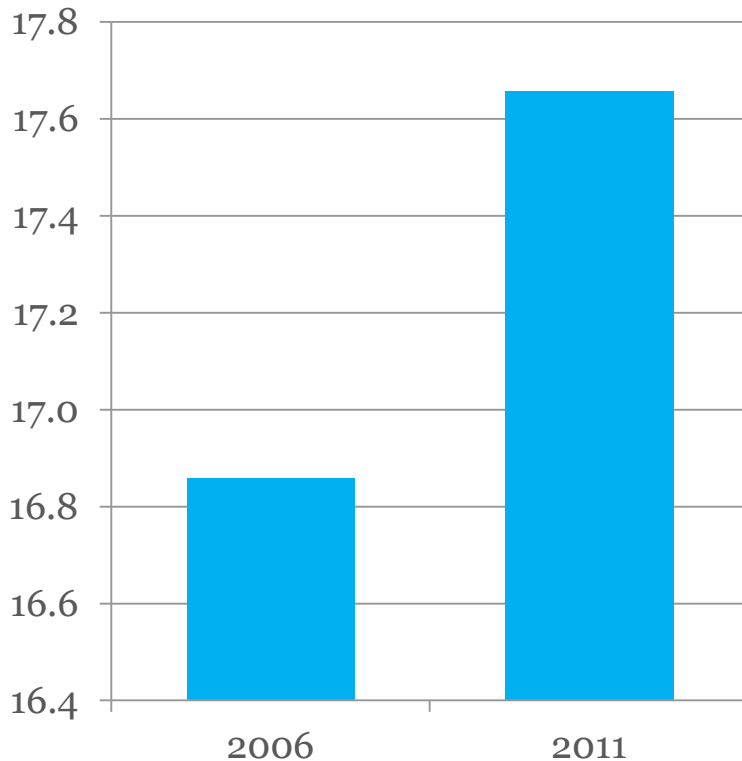
- Asia Pacific population continue to age in the past six years. Aging population will encourage more pet adoption.



Increasing trend of pet ownership in APAC

- Not only having larger base, dog ownership also grows faster at 13% comparing with cat ownership at about 5%

Households owning a cat (million)



Households owning a dog (million)



NPD – Aging products and functional ingredients are key

- Food by life cycle – More specific age from 11 YO to 15+ YO
- More mature developed market can see higher penetration of senior products
- More variety in terms of fortified ingredients



<http://www.hillspet.com>

Hill's Science Diet Senior
11+ Age Defying



<http://www.livefordogs.com/live>

ProBiotic Live
(with probiotic)



<http://global.rakuten.com>

Sheba Duo Plus
Oral Care

Products for obesity – rising penetration in emerging market

- Obesity is among one of the concerns for pets
- Moving forward from functional/fortified ingredients, products specifically for losing weight is targeted for pets, just like human



<http://products.royalcanint.us>

Royal Canin
Maxi Weight Care



<http://www.naturapet.com>

EVO Weight
Management &
EVO Wild Cravings
Weight Management



www.petco.com

Hill's Science Diet
Weight Loss System

Distribution channels: Non-store based retailers lead growth

Asia Pacific: Total Retail Sale Value in US\$ Million (excluding Japan)

Retail Format	2006	2011	Growth rate 2006-2011
Supermarkets/Hypermarkets	472.9	772.1	63%
Pet superstores	49.5	96.4	118%
Pet shops	1,020.7	1,478.9	45%
Veterinary clinics	300.1	458.7	53%
Other Non-Grocery Retailers	49.5	38.2	-23%
Internet Retailing	58.2	155.9	168%

Pet shop and pet superstore – Cool Baby, China

Key Facts: Beijing Bo Ai Pets Co Ltd

Country involvement:	China
Retailing channels:	Pet superstore, internet retailing
Retail brands:	Cool Baby, www.kudipets.com http://www.kdpark.com/main/
Retail outlets:	70

- The company holds over 1% of value share of the highly fragmented pet specialist retailers market in China.
- It built Cool Baby Pet Theme Park and provides services such as dog grooming and training in its park.
- It develops a membership scheme to build a loyal consumer base.



Source <http://www.kdpark.com/main/>

Veterinary Clinic – Thonglor Hospital, Thailand

Key Facts: Thonglor Hospital

Country involvement:	Thailand
Retailing channels:	Veterinary Clinic
Retail brands:	Thonglor Hospital
Retail outlets:	6



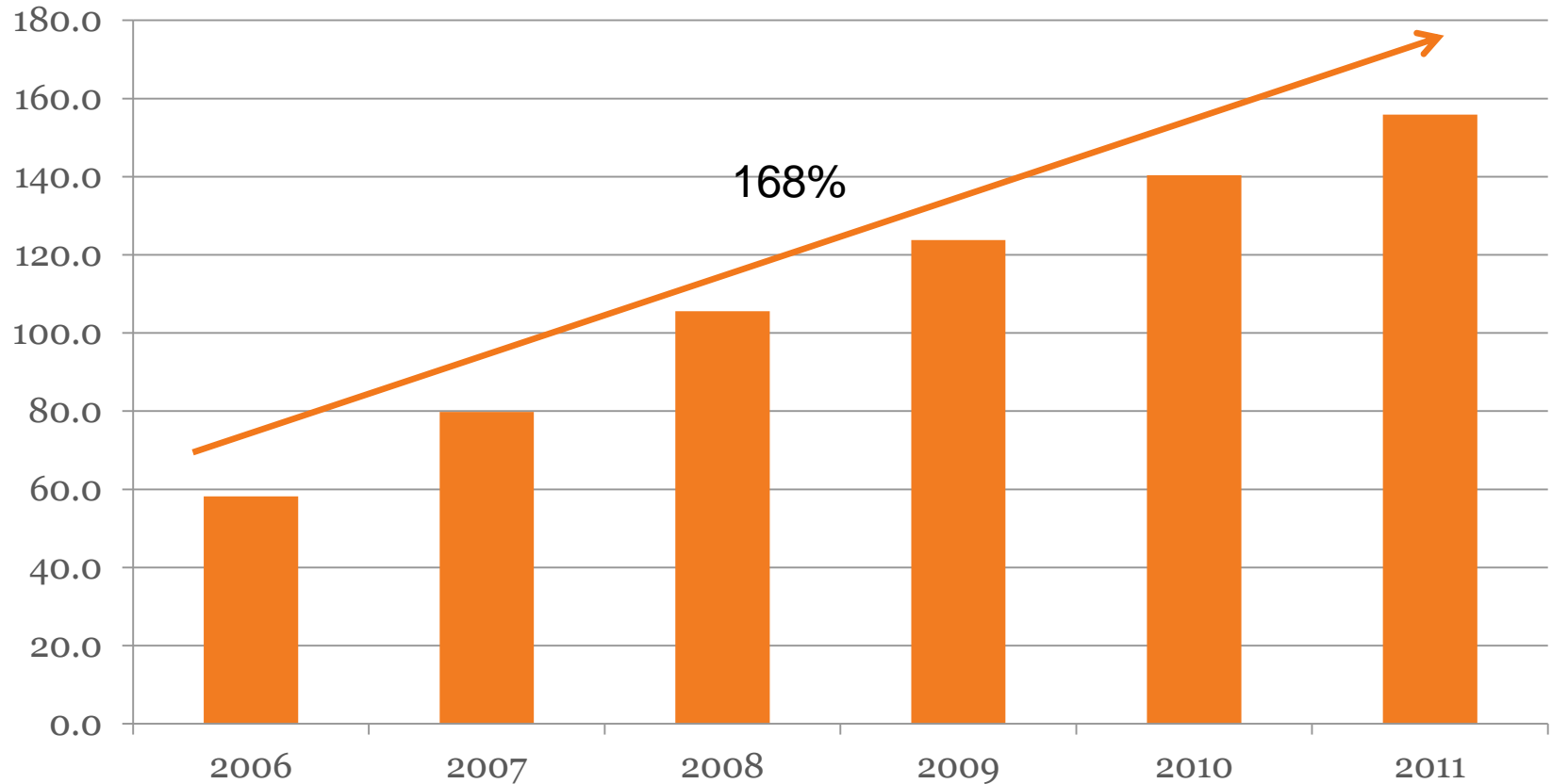
- One of the leading pet hospitals in Thailand. Thailand is among top 5 countries in the world with highest sales value of Pet care products via vet clinic in 2010.
- Beside from medical services, other pet services are also provided, for example pets hotel, pet taxi, pet grooming, dog training, pet lover’s café and pet shops (selling pet foods).



Source www.thonglorpet.com

Will internet retailing be the next big thing?

Internet Retailing Sale Value US\$ million APAC (excluding Japan)



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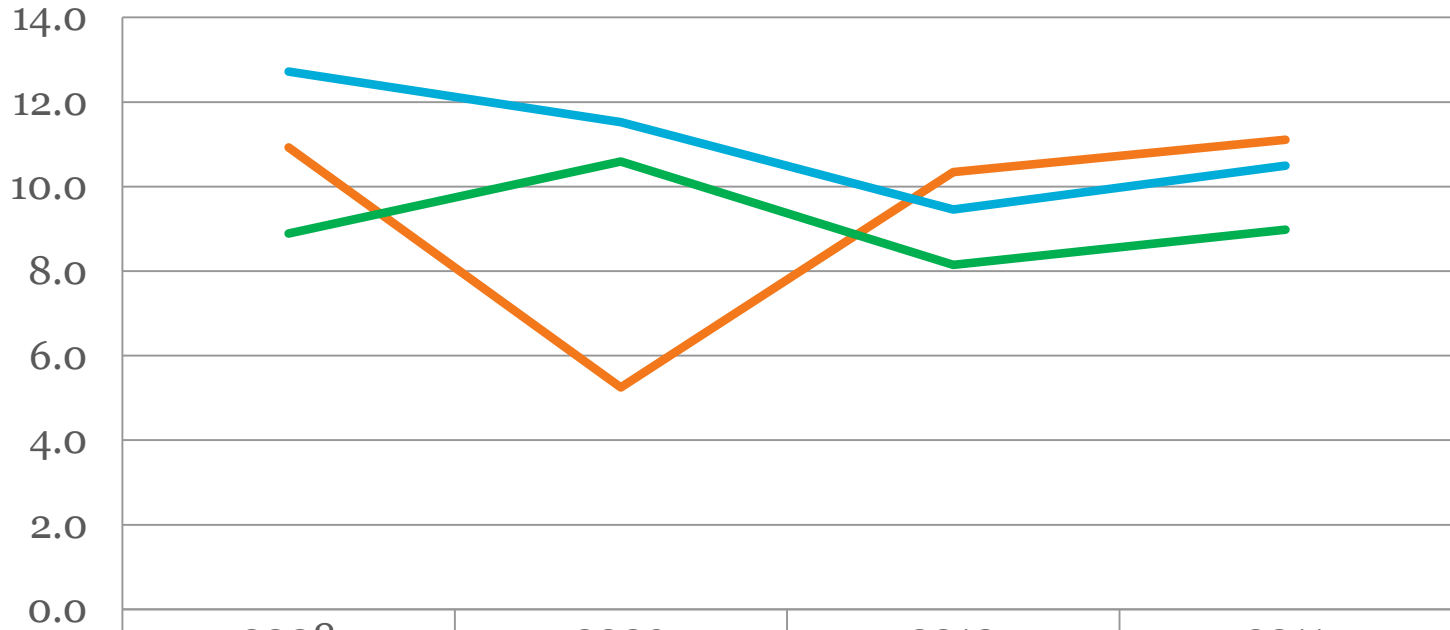
FUTURE TRENDS

Q&A



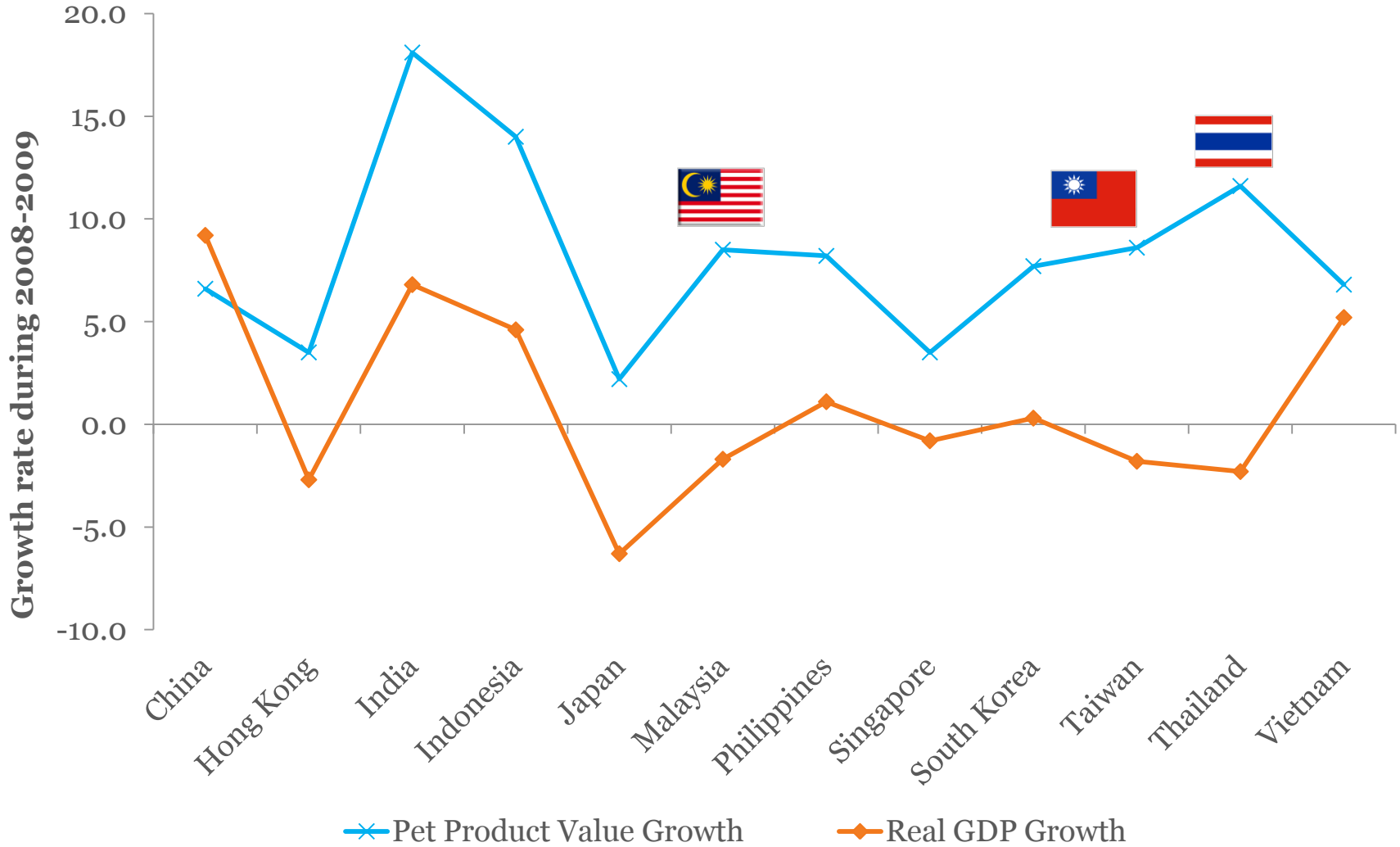
Opportunities amidst economic crisis

Growth rate year on year APAC (excluding Japan) 2008-2011



	2008	2009	2010	2011
Economy	10.9	5.2	10.3	11.1
Mid-priced	8.9	10.6	8.1	9.0
Premium	12.7	11.5	9.5	10.5

Asia Pacific during 2009 economic recession



Case Study: Malaysia

- Malaysia is among the few countries in the world that implemented Animal Act in order to prevent animal cruelty. In 2009, there was a proposal for stricter law against animal abuse.
- Driving activities from government and non-government organisations to stimulate “Pet Ownership Responsibility”.
- New product developments were launched during economic crisis. And new brands entered the market, including Shiloh & Lester, NutriOne and Nature’s Gift.
- Pet shops and pet superstores offered great discounts to attract consumers.
- While high income consumers are able to spend for premium products, mid-to-low income consumers traded down to economy priced products.

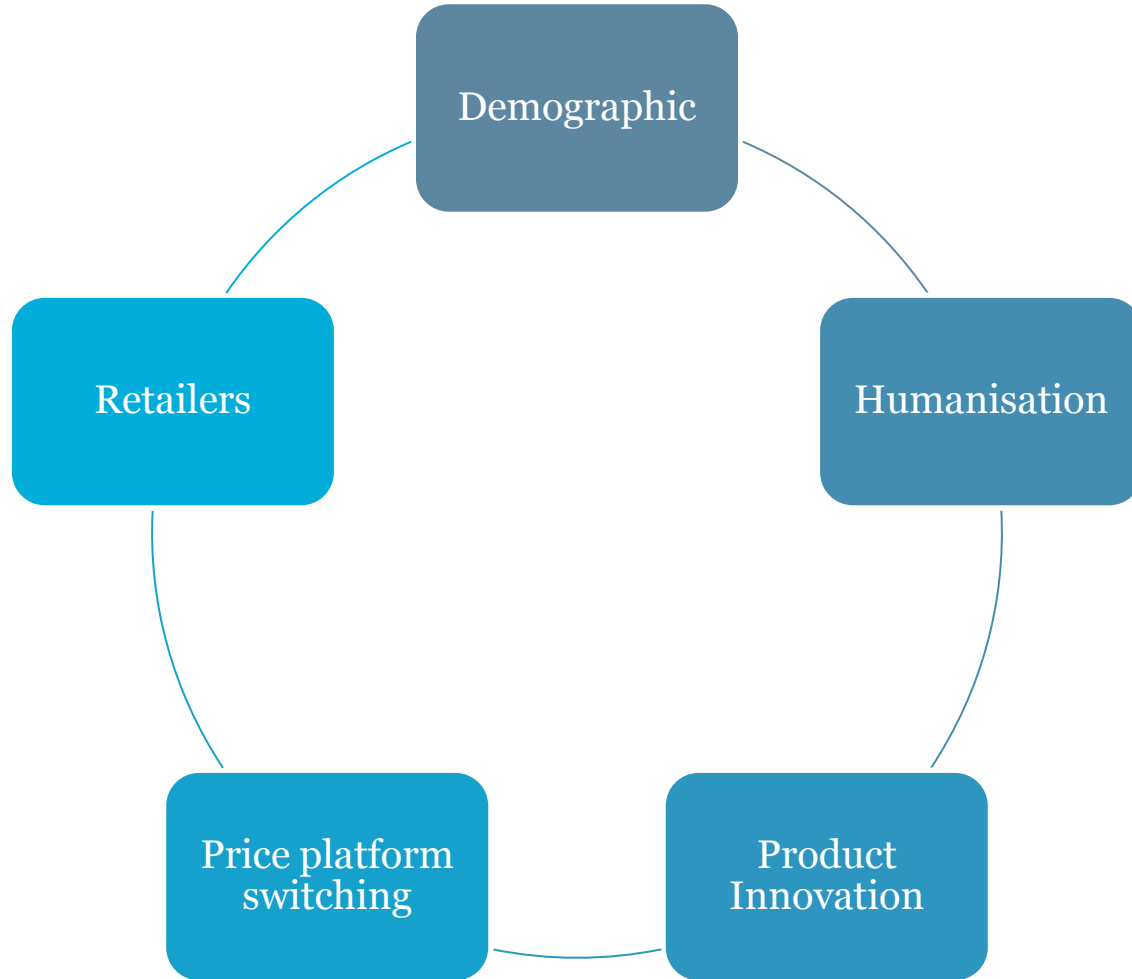
Case Study: Taiwan

- Pet population increased while Taiwanese faced with slow birth rate and aging population. More people keep pets as companion.
- More pet specialists added value into their services. For example pet spa, pet food cooking class. Pet café is a way to prolong the time that consumers spend in the shops.
- Premiumisation helped to maintain the growth of overall pet care. Educational programmes about human grade products/ingredients are passed through retailers and veterinarians to influence pet owners to choose the best for their pets.
- The market for green products boom. Organic, ethical and herbal products were more well known among consumers and allowed manufacturers to charge higher price.

Case Study: Thailand

- Single households and one-child families drove the increasing of pets population.
- Mid-priced products drove the growth of overall market because consumers were more cautious about price, but did not want to compromise too much in terms of quality. Mid-priced brands also employed more mass media advertisement.
- Premium products were still able to sustain sales to loyal consumers by emphasising on humanisation aspect, such as offering human grade products, and also weight control.
- Educational programmes were launched through pet shops and veterinarians in order stimulate sales of pet healthcare products.

Factors that impact pet care performance



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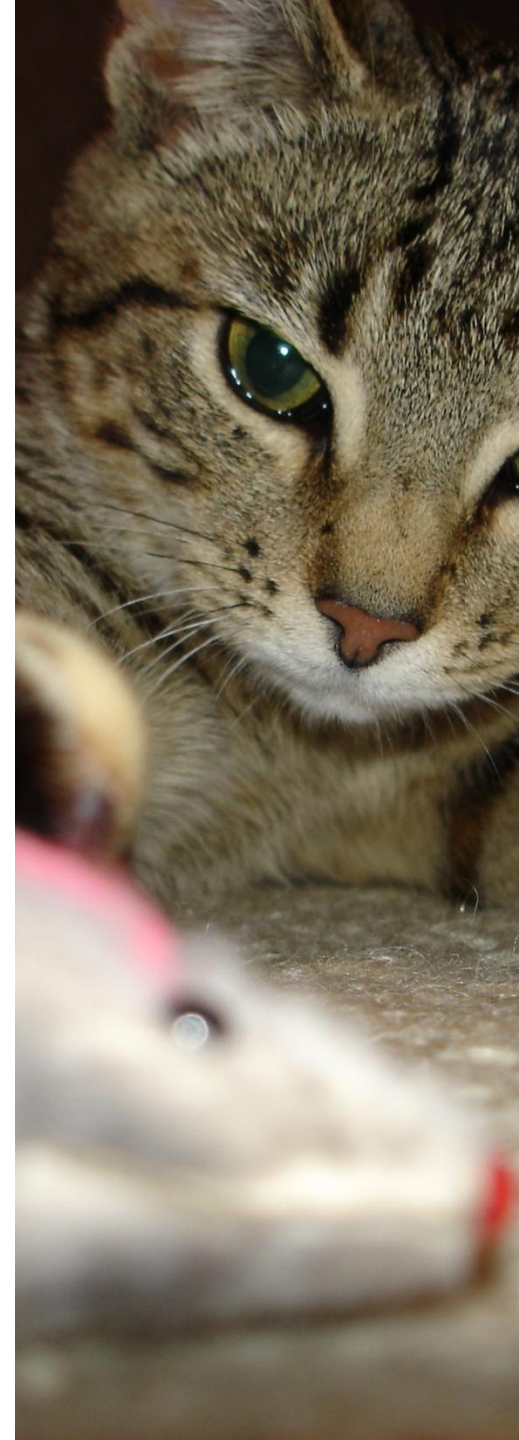
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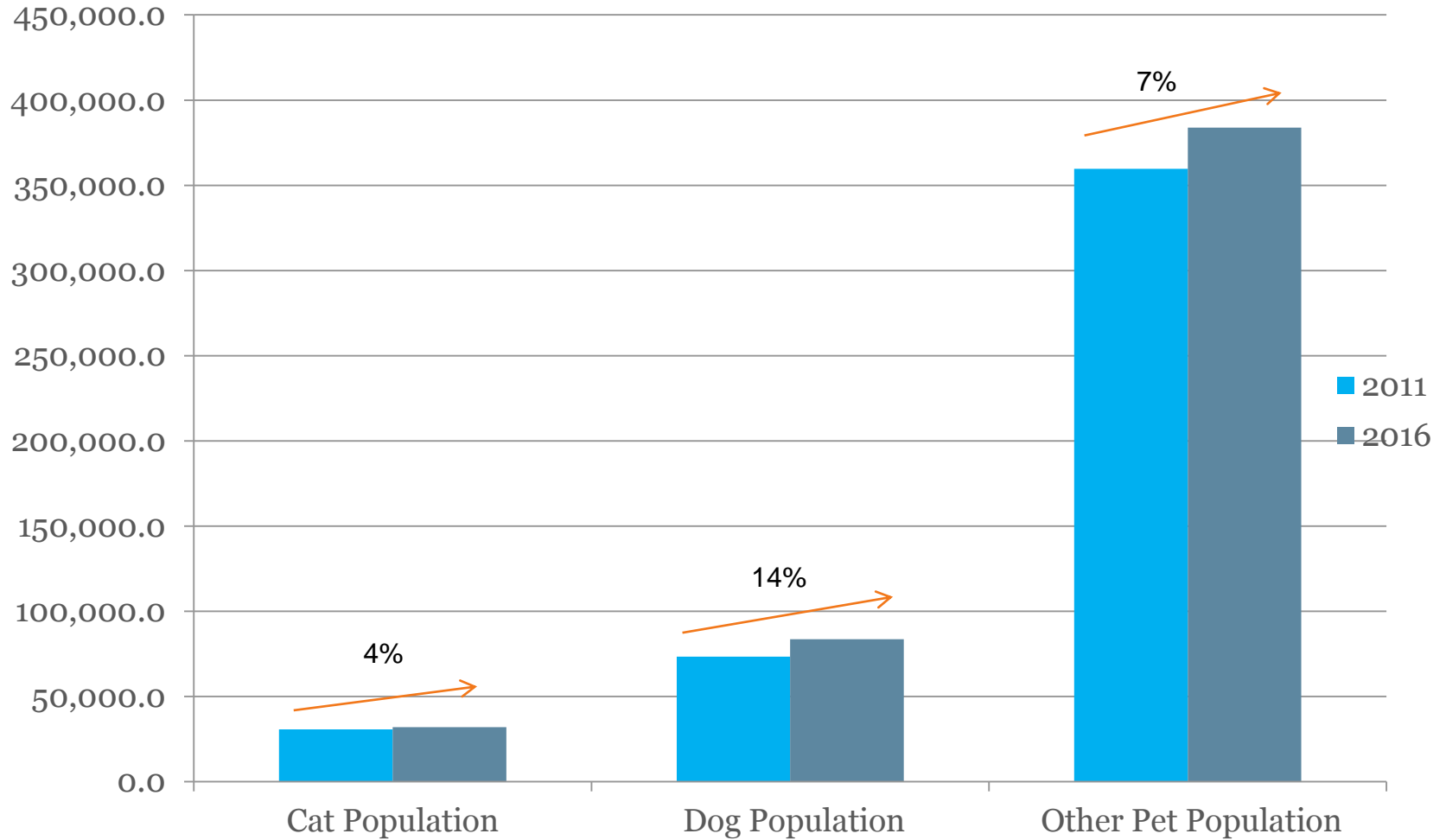
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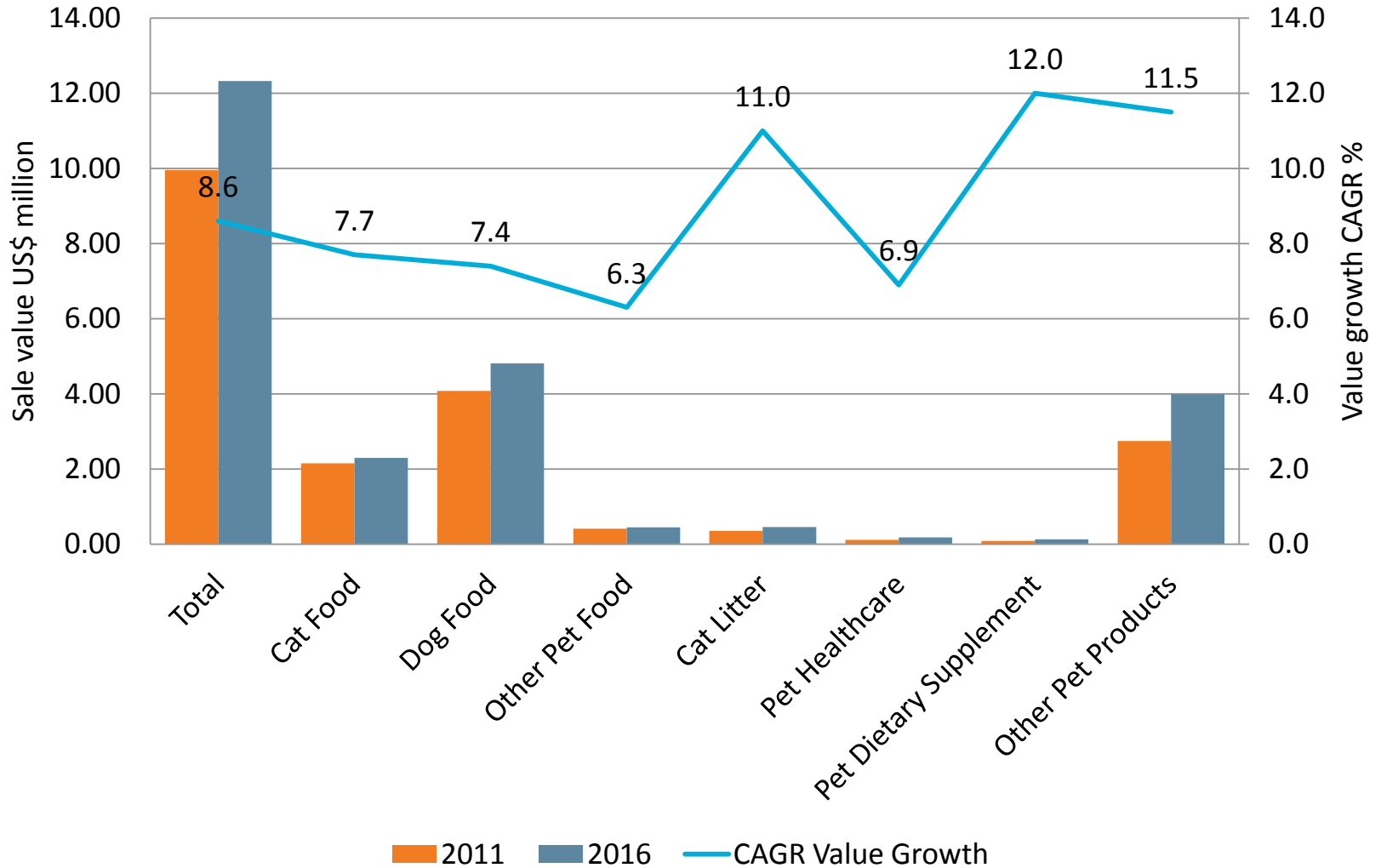
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Number of pets continue to increase in APAC

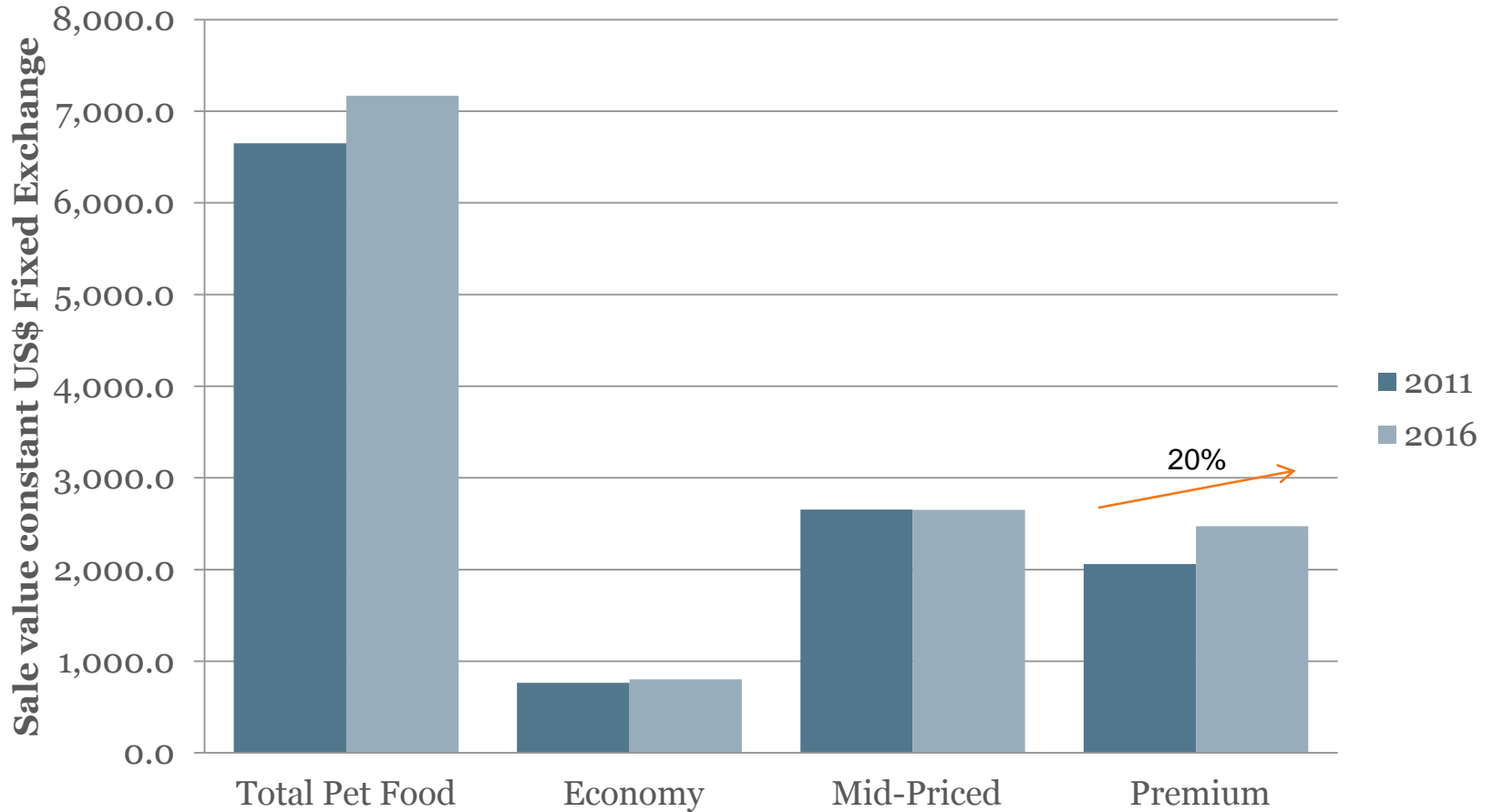


Value US\$ forecast by product

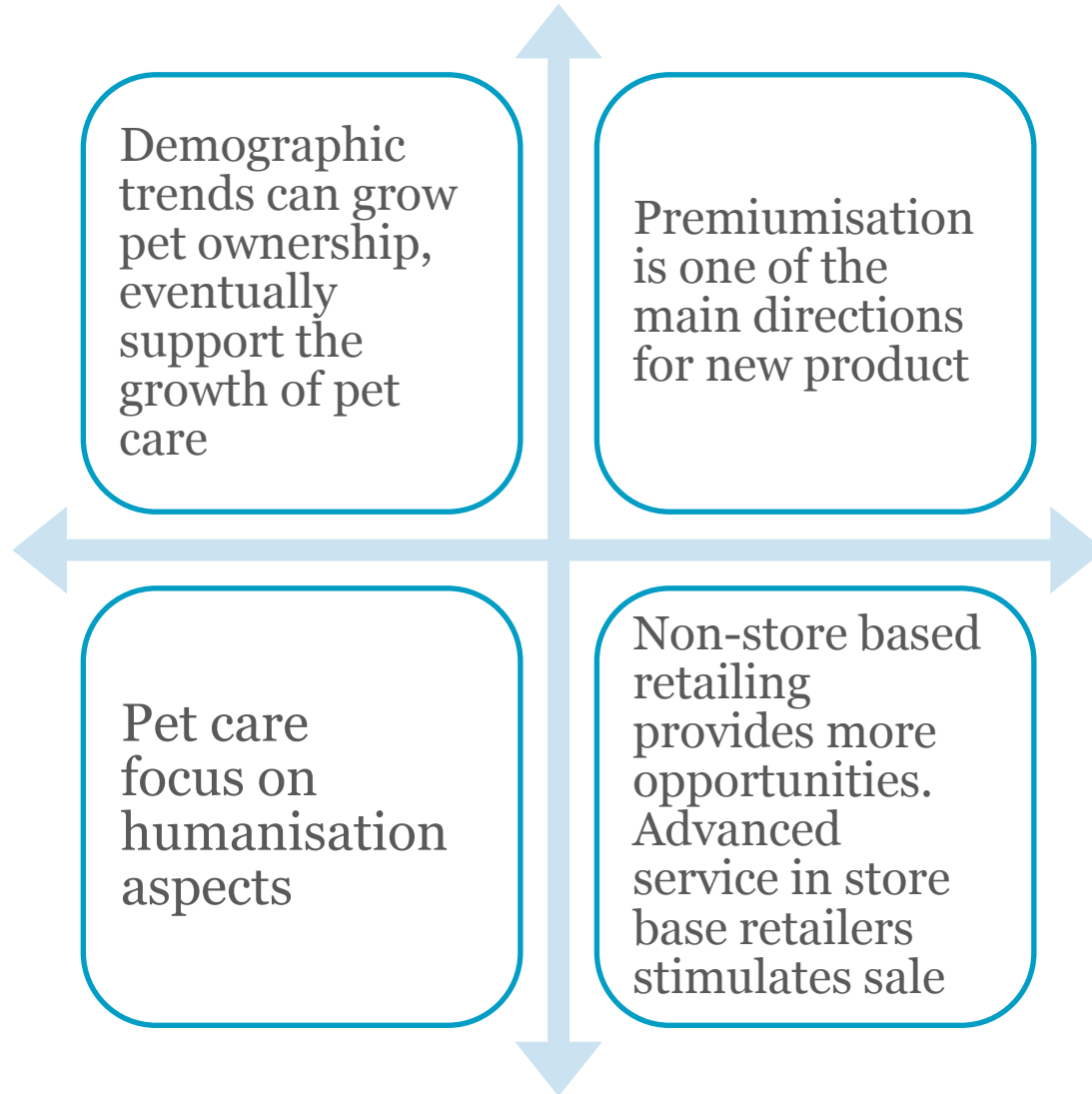


Premium products lead growth

Sale value over forecast APAC US\$



Summary





THANK YOU FOR LISTENING

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