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**Report Highlights:**

U.S. pet food exports to China have grown with the increasing number of registered facilities and approved import licenses. The largest share of Chinese pet owners lives in second-tier cities, with export opportunities for U.S. pet food brands that want to reach more of the Chinese market. Home to the country's pet breeding hub, four tier-two cities, and a growing pet population, northeast China illustrates both the prospects for U.S. pet food and the constraints such products face in areas beyond China's largest cities.

## **Second-Tier Cities Home to Growing Pet Population**

According to data published by Petdata in the [Chinese Pet Industry White Paper 2023-2024](#), the number of dogs and cats in urban areas nationwide increased by about 4 percent in 2023, surpassing 120 million. The number of cats grew to 70 million, up 7 percent from 2022, while the pet dog population increased 1 percent to 52 million. This growth results in a rising pet food market, with dog food consumption growing about 4 percent in 2023 to 74.8 billion RMB (\$10.5 billion) and cat food increasing 7.6 percent to 71 billion RMB (\$10 billion).

In 2023, although the number of pet owners in first- and third-tier cities increased, pet owners remained most numerous in second-tier cities. According to the white paper, second-tier cities represented 41 percent of pet owners while the first and third tiers represented 29 percent and 30 percent, respectively. All major cities in northeast China are considered second-tier cities, including the three provincial capitals and the port city of Dalian.

## **Northeast China is Country's Pet Breeding Center**

Liaoning Province is the biggest pet breeding region in China, and it also ranks in the top ten for pet ownership. Seventy percent of pet dogs and cats in China's pet market come from Liaoning, estimated to generate over \$4 billion annually. Before the pandemic, there were over 100,000 pet breeders with more than 20 cats/dogs in Liaoning, which surged to 300,000 in 2024. Anshan, a third-tier city in Liaoning with a growing breeding industry, has nearly 30,000 pet breeders among its 2 million residents. Breeders prefer using high-quality imported pet food to support the animals' health and healthy appearance.

Anshan businesses transport more than one million dogs and cats to other parts of China every year from Shenyang Airport, making it a pet breeding and trading base. In June 2024, the inaugural China (Anshan) Pet Dog and Cat Exhibition and Trading Fair was held with estimated sales reaching \$1.2 million in 2 days. Breeders in Liaoning are considered pioneers of Chinese pet owner preferences, capturing the latest trends on pet breeds that influence the rest of the country.

## **Obstacles for U.S. Pet Food in NE Chinese Cities**

As detailed in previous GAIN reports (see list at end of this report), there are opportunities for U.S. pet food in China's growing market. According to industry contacts, however, many pet store owners in northeast China previously sold U.S. pet food but some stopped or reduced their purchases 2-3 years ago. They noted the following constraints when dealing with U.S. pet food:

### *Inconsistent Supply*

Importers and dealers often tell retailers that there is no supply available of a desired brand. When products are not readily available, it affects consumers' ability to purchase year-round, in addition to limiting the businesses that want to meet that demand. Clients reportedly then switch to other, cheaper products through online platforms. U.S. pet food brands should look for local representatives or dealers in China who can overcome this obstacle and explain current market supply dynamics to retailers.

### Short Shelf Life

The U.S. pet food sold in NE China usually only has six to eight months of remaining shelf life when it arrives at a pet food store. This shorter expiry date compared to domestic alternatives is an additional challenge to retailers, as consumers care about freshness and pay attention to food expiration dates.

### Poor Price Control

There is strong competition for customers among brick-and-mortar pet food stores and the various online platforms and cross-border e-commerce stores. To maintain relationships with their customers and remain profitable, retailers want brands to have better price control and limit large price differences across sales channels. This is important to importers as well, with Post hearing that cross-border e-commerce is often not cheaper than in-person pet stores due to the high storage costs in bonded areas, despite customers believing online shopping is cheaper. Moreover, customers usually first encounter new imported brands when they visit a pet food store in person. When U.S. pet food companies promote their brands, consideration should therefore be given to all sales channels.

### Plain Packaging

Chinese customers focus on a product's packaging, ingredients, and price. They like colorful, eye-catching packaging, in contrast to some pet food products in the United States that use plain brown bags. To Chinese consumers, such packaging appears home-made and less eye-catching. For example, the Chinese frozen pet food in Graphic 1 sells well in the northeast market, aided by its bright appearance. The top three selling products in July 2024 on the Tmall app use colorful packaging as well. (Graphics 2 and 3) In addition, pet owners look for protein content as a sign of quality and may question pet food where meat is not the first ingredient. According to contacts, some customers do not understand dietary fiber's importance in pet food formulation for the animal's digestion. As such, brands are encouraged to explain their product's full value and unique properties.

Graphic 1



Graphic 2



Graphic 3



Source: Tmall flagship shop

Note: \$1 = 7.26 RMB in July 2024

## **U.S. Pet Food Viewed Favorably but Domestic Competition Closing the Gap**

Industry players in NE China recognize U.S. pet food's high quality, food safety, and nutrition. U.S. companies interested in this market are encouraged to identify a local partner who can share the brand's story and pass along key information to retailers and consumers. In second-tier cities in NE China such as Changchun, pet food store managers are confident in selling high quality imported pet food, and do not consider higher prices as a major obstacle, but the above-mentioned challenges remain.

Despite the slowing economy, store managers in the northeast see a growing number of pet owners, including youth and empty-nest families, driving pet food consumption. Post believes addressing the supply chain constraints is important for U.S. pet food's success in northeast China. Data in the *2023-2024 Pet Food Consumption Report* shows that imported pet food is losing market share to domestic brands due to gradually improving cost-effectiveness, active investment in production and research, strong understanding of consumer needs, and familiarity with the sales channels to do promotions.

Post suggests U.S. brands and exporters of U.S.-origin pet foods engage on the above obstacles to achieve success in the northeast China market. Please contact the Agricultural Trade Office of Shenyang at [ATOShenyang@usda.gov](mailto:ATOShenyang@usda.gov) for additional information or support.

### **For more information, see the following GAIN Reports:**

[US Pet Food Exports to China Surpass All Expectations](#) (February 10, 2023)

[Complete Pet Food Standards](#) (June 03, 2022)

[Update-US Pet Food is Poised to Expand in the China Market](#) (May 13, 2022)

### **Attachments:**

No Attachments.