

INSIGHTS ON ASIAN AND GLOBAL PET FOOD TRENDS

PETFOOD FORUM ASIA

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Bangkok, Thailand

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BANGKOK, THAILAND

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Anibene – Your partner of choice for the distribution of pet food to Asia

Dr. Matthias Koch

- Founder and MD of ANIBENE Pte Ltd
- Former Head of Corporate Development at Fressnapf / Maxi Zoo
- Senior Advisor for European MNC's on market entry into China & SEA

ANIBENE

- **Exclusive distributor** and partner for European brands to Asia with offices in **Frankfurt** and **Singapore**
- Currently starting an **innovative brand** for cat – treats in Europe

KatKare

Additionally, we launch
our own brand - reach out
to partner up for the
“next big thing”



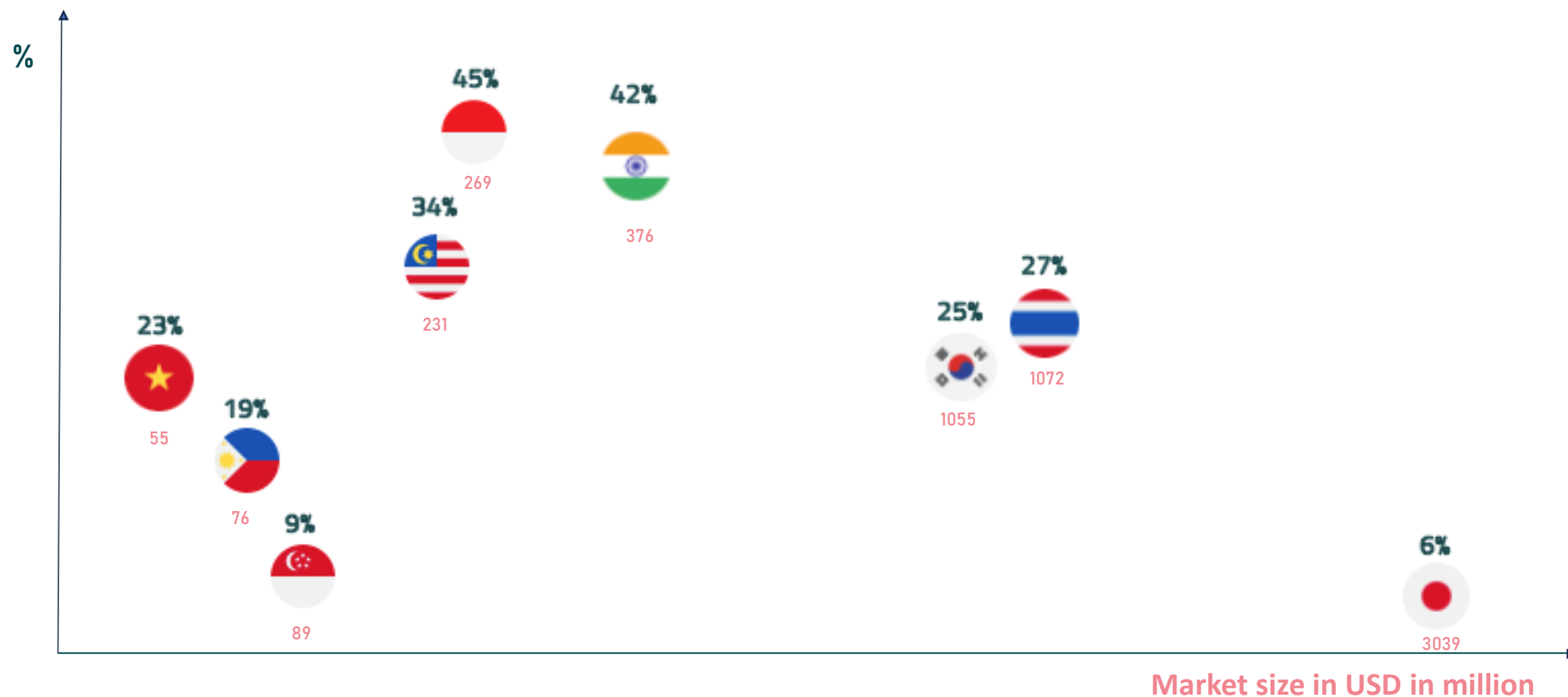


Agenda

- A. Major Growth Driver – Feline Friends outperforming
- B. Treats and Snacks on the Rise – Asia's Specialties
- C. Localisation – Local brands, now Locally Manufactured
- D. Online Shift – Sustainable Growth after Covid

South East Asia is very heterogenous

Market size (2021) and Expected growth rates (2021-2026) In USD %



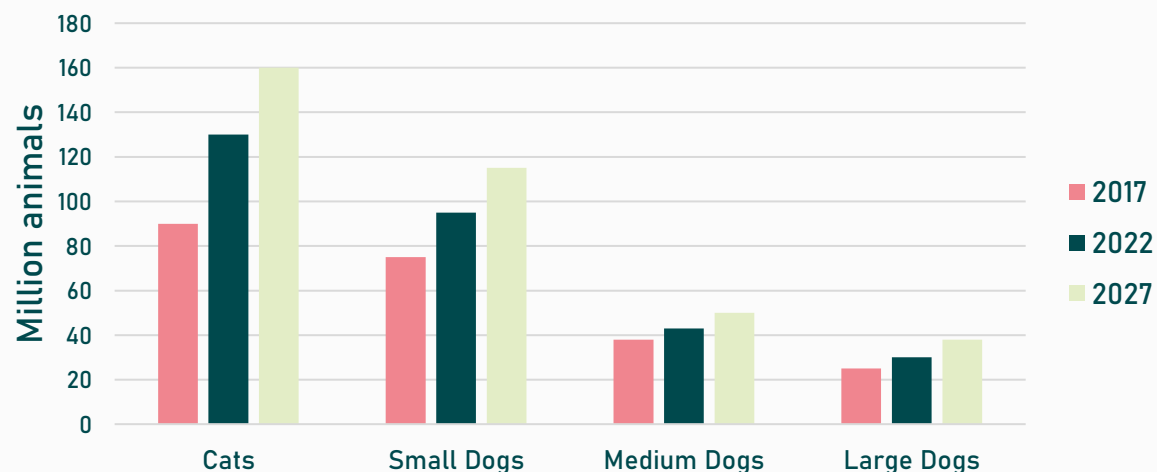
Source: Euromonitor, Exchange rate as of October 2023



Value Driver 1

Growing population of cats and dogs

Dog and Pet Population in Asia 2017 / 2022 / 2027



Major drivers: Covid, Urbanisation, smaller homes and dual incomes

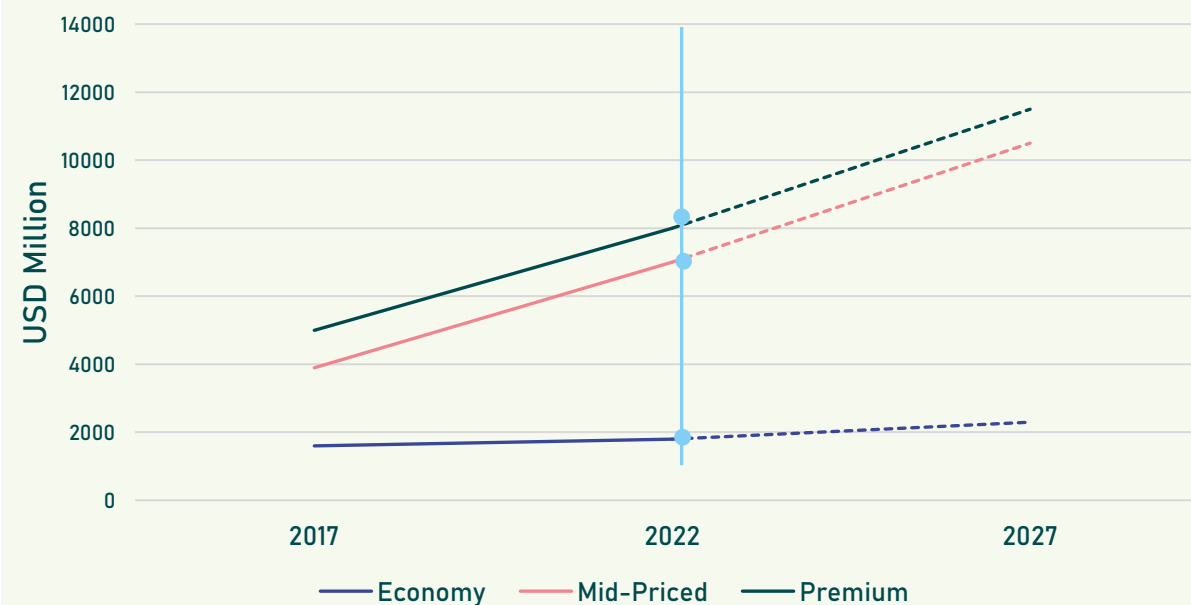
- More than 59 mn of dogs and cats were added between 2017 and 2022 – major driver of pet food consumption
- Cats surpassing dog population in 2021
- Growth of medium and large dogs remained relatively flat
- Large dog population having shrunk in markets such as Hong Kong, China, Taiwan and Japan.



Value Driver 2

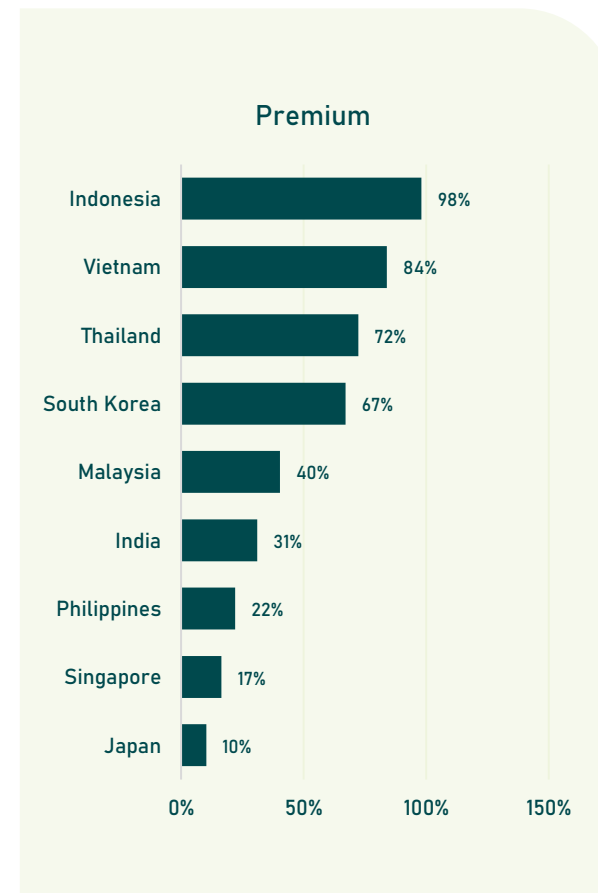
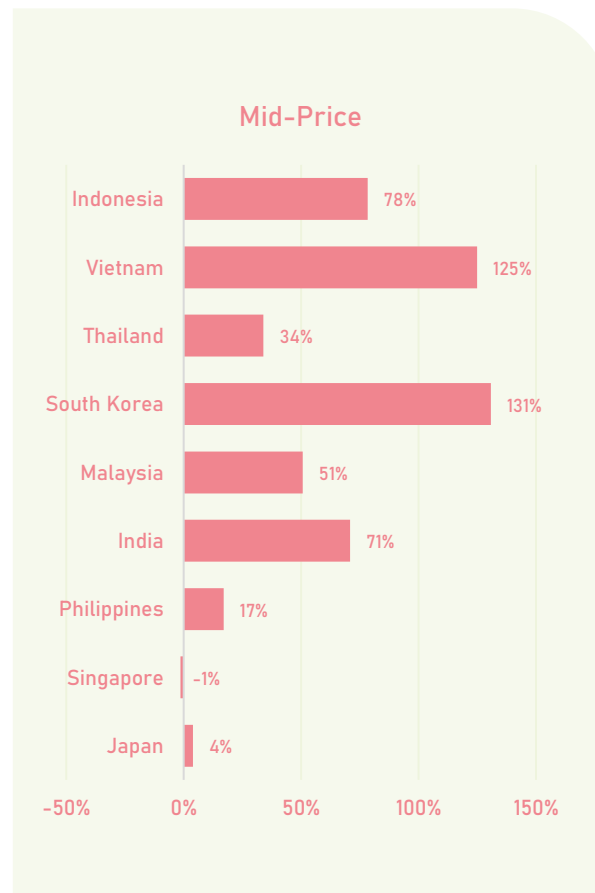
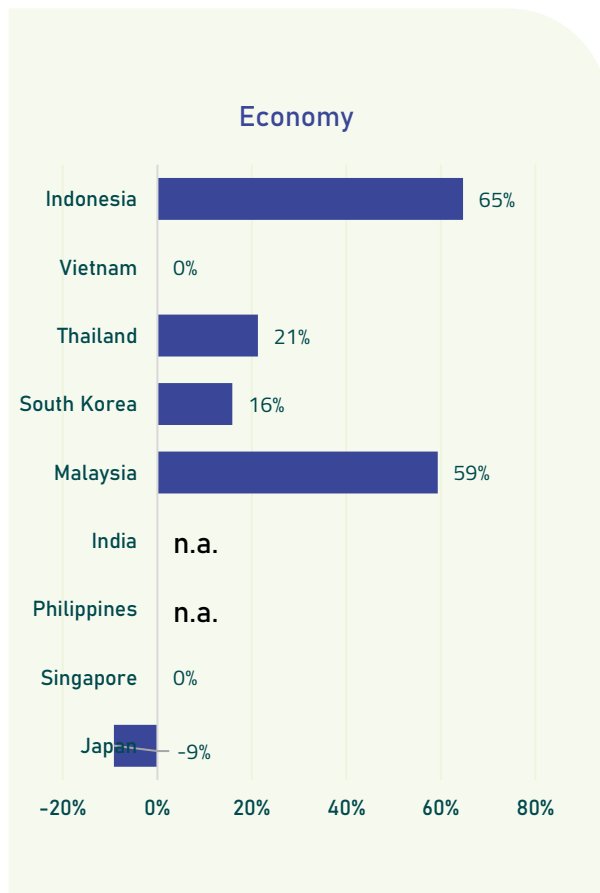
Premium segment outpaces the market...

AP: Retail Value Sales of Cat and Dog Food by Price Tier 2017 - 2027



... however – important to have a look in detail ...

Example: Cat Food Sales, 2022 – 2027 (E)¹ in %

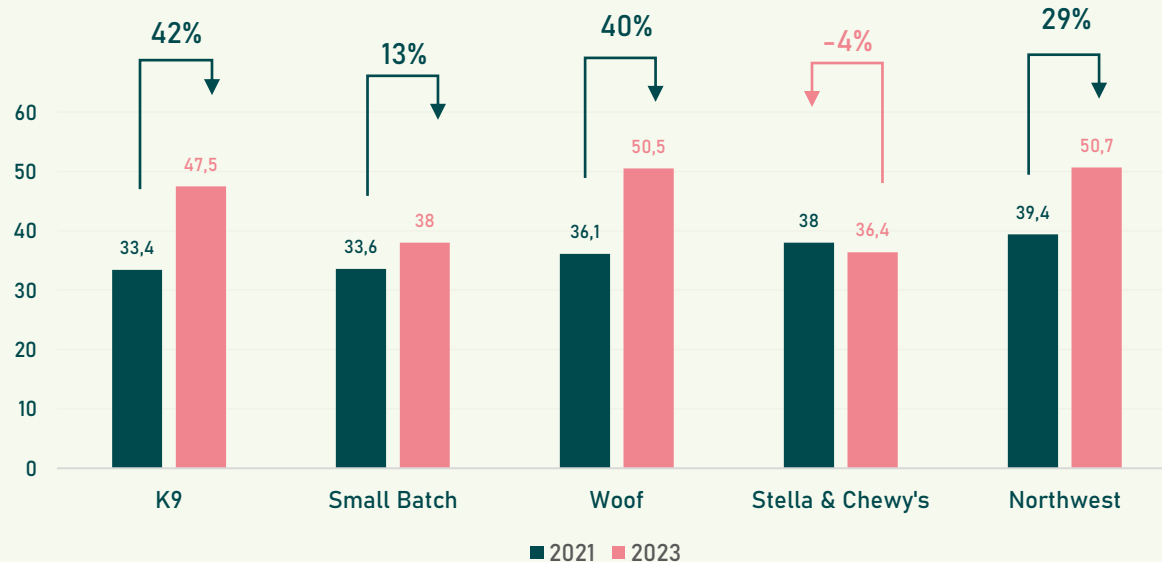


Asia is very heterogenous...

- “Premium” is relative and may differ significantly per market
- Mid-priced represents the mainstream price tier in more mature markets such as South Korea
- Economy segment is important to emerging markets, including India and the Philippines
- e.g. in Malaysia, growth of economy pet food is expected to outpace the Mid-priced food

... and even in Asia, trees do not grow in the sky

Sample prices, 14oz bags, end of 2021 vs. 2023, rounded1



Retailers see, that premiumization hits a “glass ceiling”

- Super-Premium trend freeze dried is slowing down
- Especially (super-) Premium Dry dog under pressure
- Currently ‘grain free’ in the mid-price segment fast growing, despite some challenges for foreign brands (e.g. in Japan, strong heritage for rice products)
- Price increases force consumers to downgrade on level











“ I could grab a can of average cat wet food a few months ago at under 1 dollar, and now the same brand is putting me back at 1.50-1.70 for the same item. ”

As a result, super-premium segment under pressure



Impressions from “the field”



 <p>Save \$85.00</p> <p>NUTRIENCE Nutrience Dog Subzero Northern Lakes Formula 10kg</p> <p>\$169.90 \$254.90</p> <p>Sold out</p>	 <p>Save \$44.90</p> <p>NUTRIENCE Nutrience Cat Subzero Fraser Valley Formula 5kg</p> <p>\$88.00 \$132.90</p> <p>Sold out</p>	 <p>Save \$44.90</p> <p>NUTRIENCE Nutrience Cat Grain Free Turkey, Chicken & Herring Formula 5kg</p> <p>\$88.00 \$132.90</p> <p>Sold out</p>	 <p>Save \$44.90</p> <p>NUTRIENCE Nutrience Cat Grain Free Ocean Fish Formula 5kg</p> <p>\$88.00 \$132.90</p> <p>Sold out</p>
 <p>Save \$115.00</p> <p>NUTRIENCE Nutrience Dog Subzero Fraser Valley Formula 10kg</p> <p>\$139.90 \$254.90</p> <p>Sold out</p>	 <p>Save \$95.00</p> <p>NUTRIENCE Nutrience Dog Subzero Canadian Pacific Formula 10kg</p> <p>\$159.90 \$254.90</p> <p>Sold out</p>	 <p>Save \$84.00</p> <p>NUTRIENCE Nutrience Dog Grain Free Turkey, Chicken & Herring Formula 10kg</p> <p>\$149.90 \$233.90</p> <p>Sold out</p>	 <p>Save \$78.00</p> <p>NUTRIENCE Nutrience Dog Grain Free Ocean Fish Formula 10kg</p> <p>\$155.90 \$233.90</p> <p>Sold out</p>

Selected foreign brands priced out of the market

- Some super premium brands are supposed to “downgrade” their Singapore business
- No more product innovations of several big brands
- Distributors actively seeking for value brands
- Bestselling products out of stock



Agenda

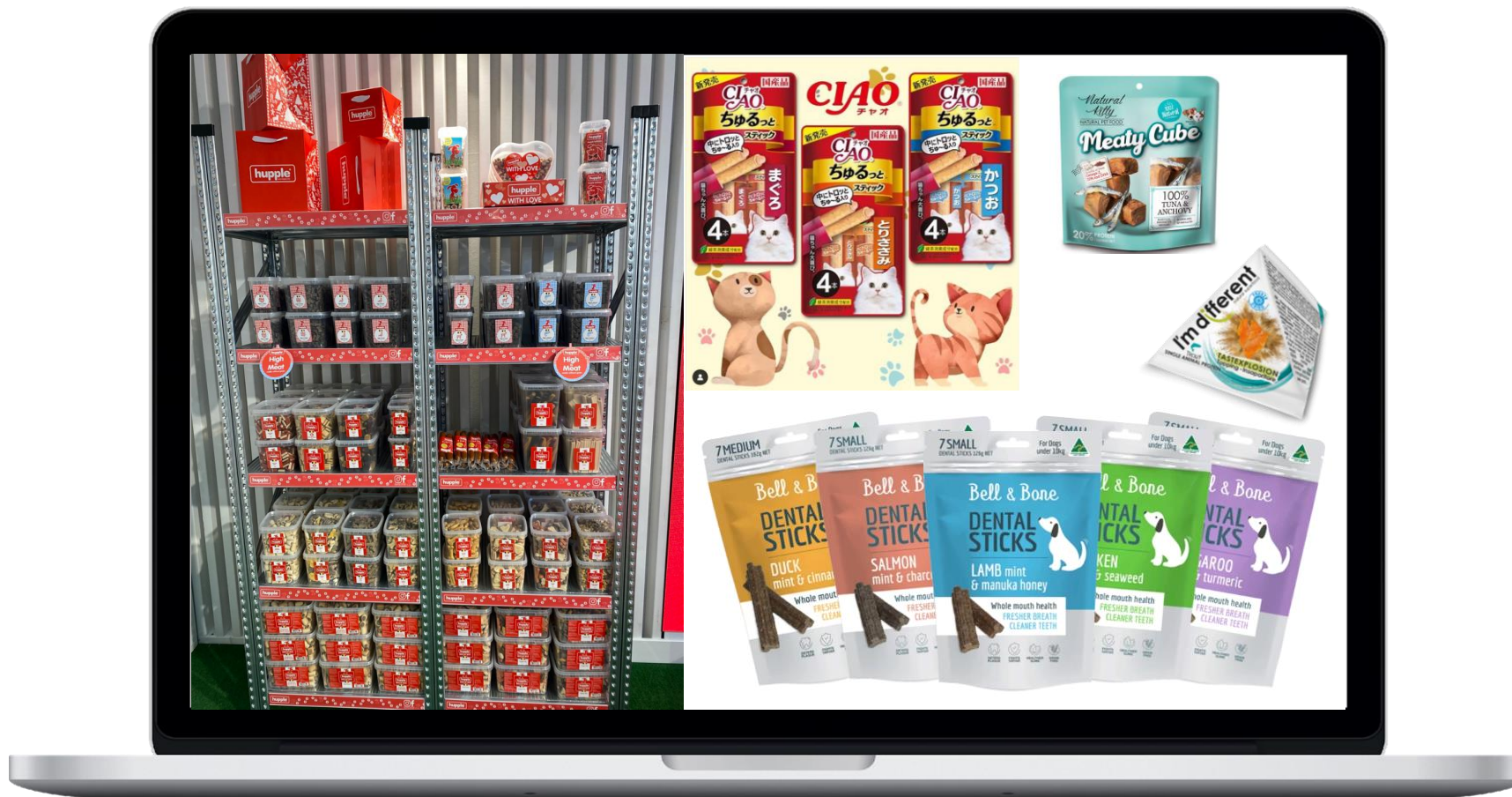
A. Major Growth Driver – Feline Friends outperforming

B. Treats and Snacks on the Rise – Asia's Specialties

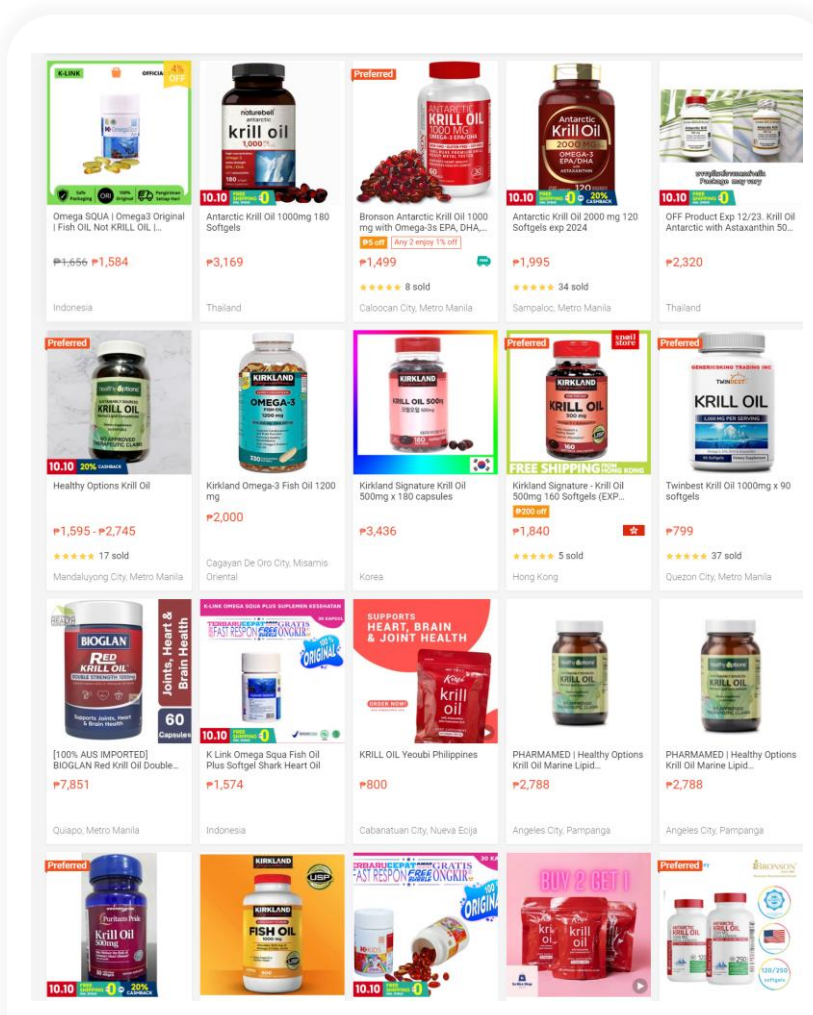
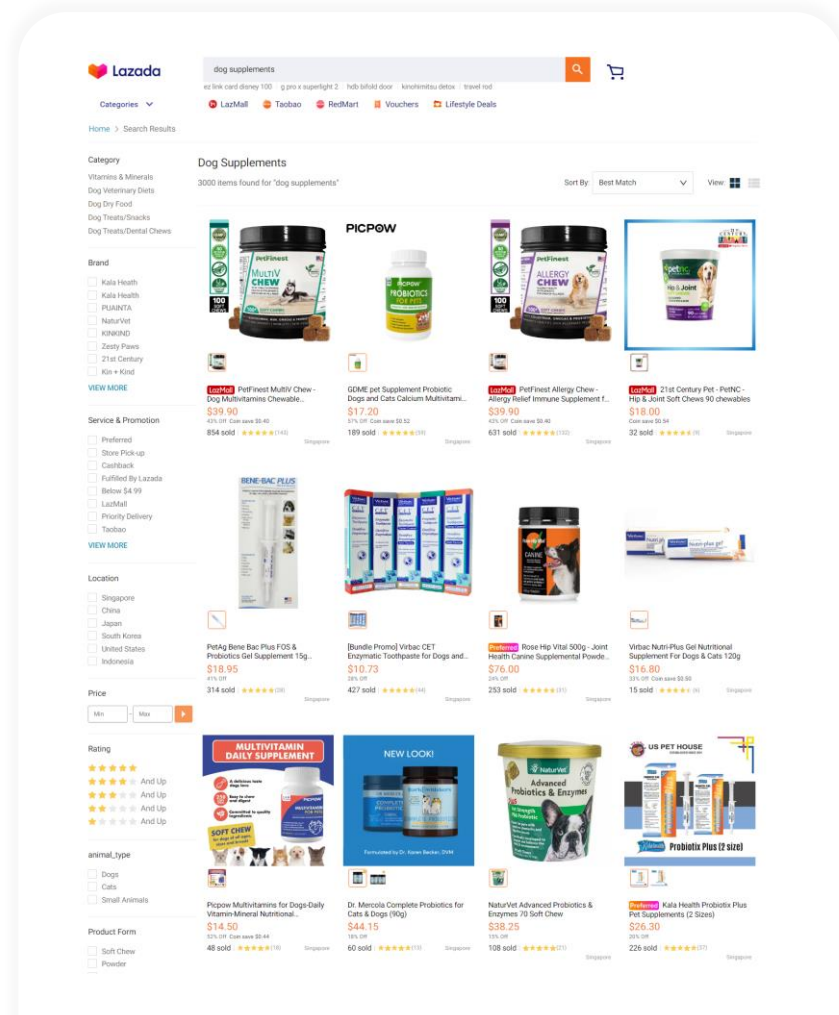
C. Localisation – Local brands, now Locally Manufactured

D. Online Shift – Sustainable Growth after Covid

Like in most other markets, treats are rising stars



Health consciousness propels supplements, but in different formats than in US and EU



Supplements and vitamins

- Functional products on the rise
- Evergreen bestsellers – salmon oil and krill oil

Asian Particularities

- Asian Consumers prefer additives (pills, drops, powders, syringes), e.g. to add to the complete food
- Other markets rather prefer functional treats
- In general, claims focus less on ingredients, rather on quality ("Vet Approved") or value adds ("Higher..", "Better...", etc.)



Lickables from Japanese company Inaba have a dominant market position in most Asia's markets

Success Story: Lickables from **INABA**

Lickable treats – perfectly “Riding the wave”

- Strong reputation of Japanese Food in Asia
- Combining convenient serving with functional effects (e.g. “Skin & Coat”)
- Company is heavily expanding into other regions, opening manufacturing facilities in US and EU

However – what will be the “Next big Thing” ?

“

Freeze Dried has been a major trend. Except for China, we see this trend to flatten. So everybody waits for the next trend to emerge. But so far nothing has stuck out...

MD Asia, US market leader for Premium Pet Food

”

Fresh Food

Challenge: Broken supply (i.e. Cooling) chains in Emerging Markets

Alternative Proteins

Challenge: Currently niche markets - share of meat still a quality indicator

(Further) Premiumization

Challenge: Economic slowdown hits spending opportunities



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Local brands on the rise...

Local brands increasingly gain market share

- Better understanding of the local demand, in contrast to “one size fits all (Markets)”, fighting the incumbents (E.g. RC)
- Locally optimized social media marketing attracts especially the younger generation
- Local business networks facilitate access to the markets
- Especially in emerging countries, brands source “Western quality”
- Transparency (e-com) forces distributors to differentiate

“ ”

We don't need another Western brand here ...

MD, Singapore retailer

Best Practice: “Powercat / Powerdog”

- Offering “Halal” Organic Food in PH and IND
- Explicitly mentioning “European Food quality”
- Pushing fb and IG as marketing channels
- Anecdotically, more than 50 containers of cat food are imported to PH



... often developed by distributors, since retail chains do not have a dominant position

PoS of leading (offline) retailers (2021)

Structure of retail market very different from established US / EU markets

- Still very fragmented offline channel in most (emerging) countries
- Leading cross-regional player: Pet Lovers Center (SG), with (only) 161 PoS across the region
- Hypothesis: “leapfrogging” to Online sales
 - E.g. Petmart (VIE) with more than more than 165k fb likes
- Strong local distributors have access to several hundred or even thousands PoS

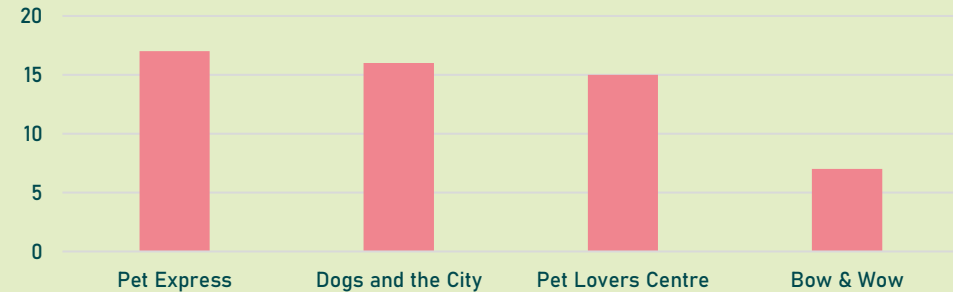
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You need the offline channel for sustainable brand building...

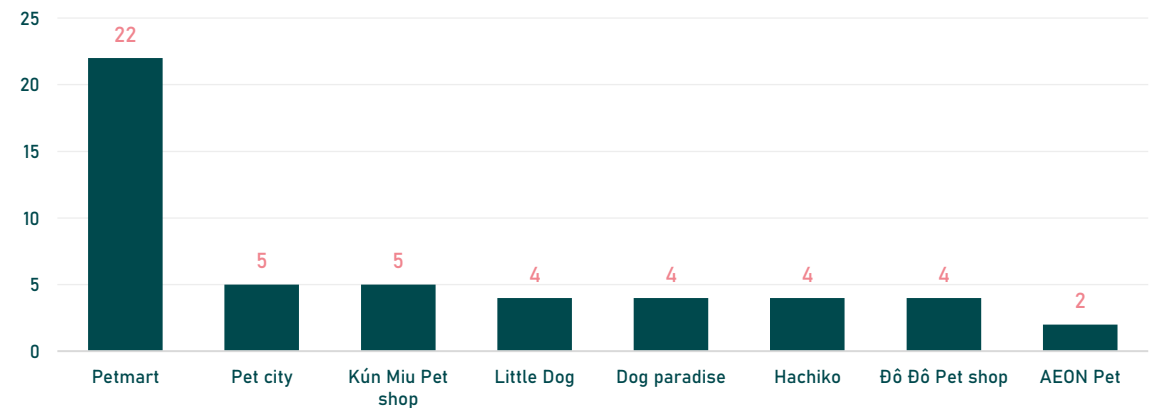
MD, Singapore retailer



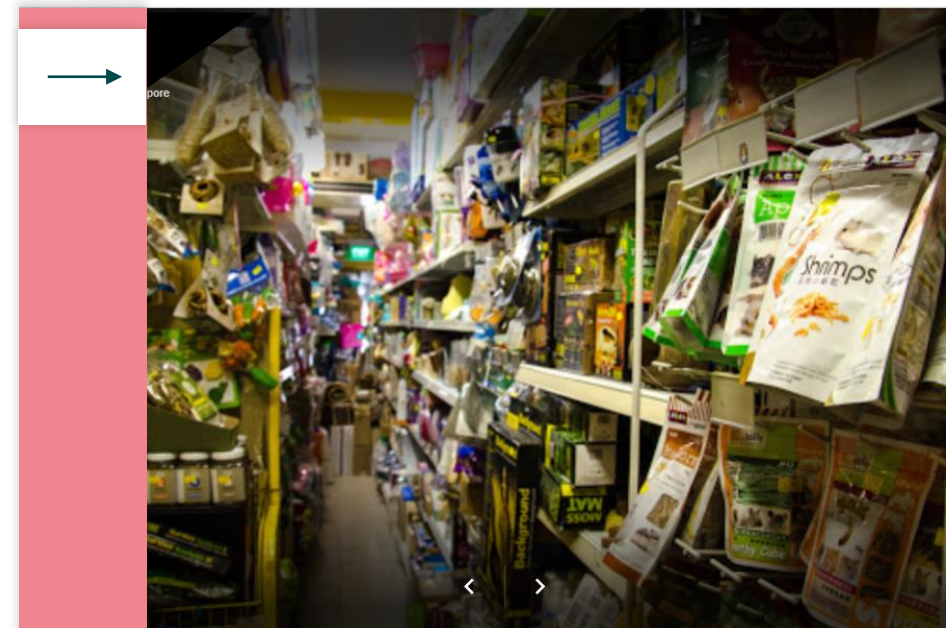
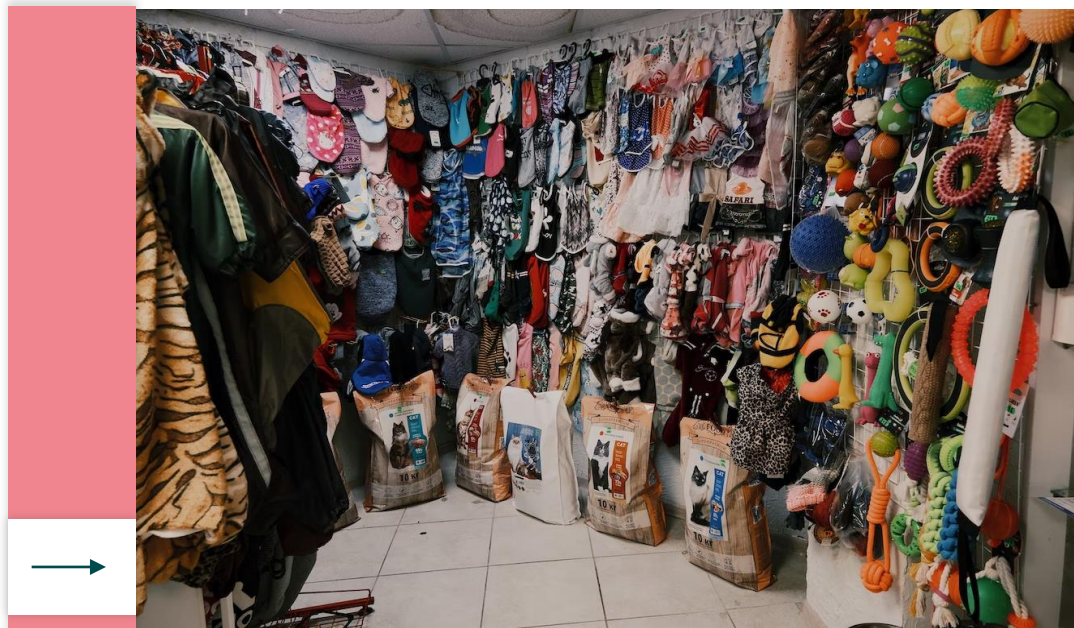
Example: Philippines



Example: Vietnam



Distributors have access to the typical local “Mum & Pup” shops



When local distributors sell local brands, local production is the consequence

Case study  from India

The Market

- Pet food market is expected to grow by about 20% annually over to reach over \$1.2 billion in 2028
- Share of e-commerce approx. 22%

The Business

- #1 Indian Pet food brand, especially for dogs, Founded by Fahim Sultan in 2010
- Attracting \$60 million from L Catterton (Fund from LVMH) at \$600 million valuation
Three manufacturing sites
- Products sold in more than 34,000 PoS nationwide, Flipkart, Amazon, etc.
- Export to 22 countries

The Success factors

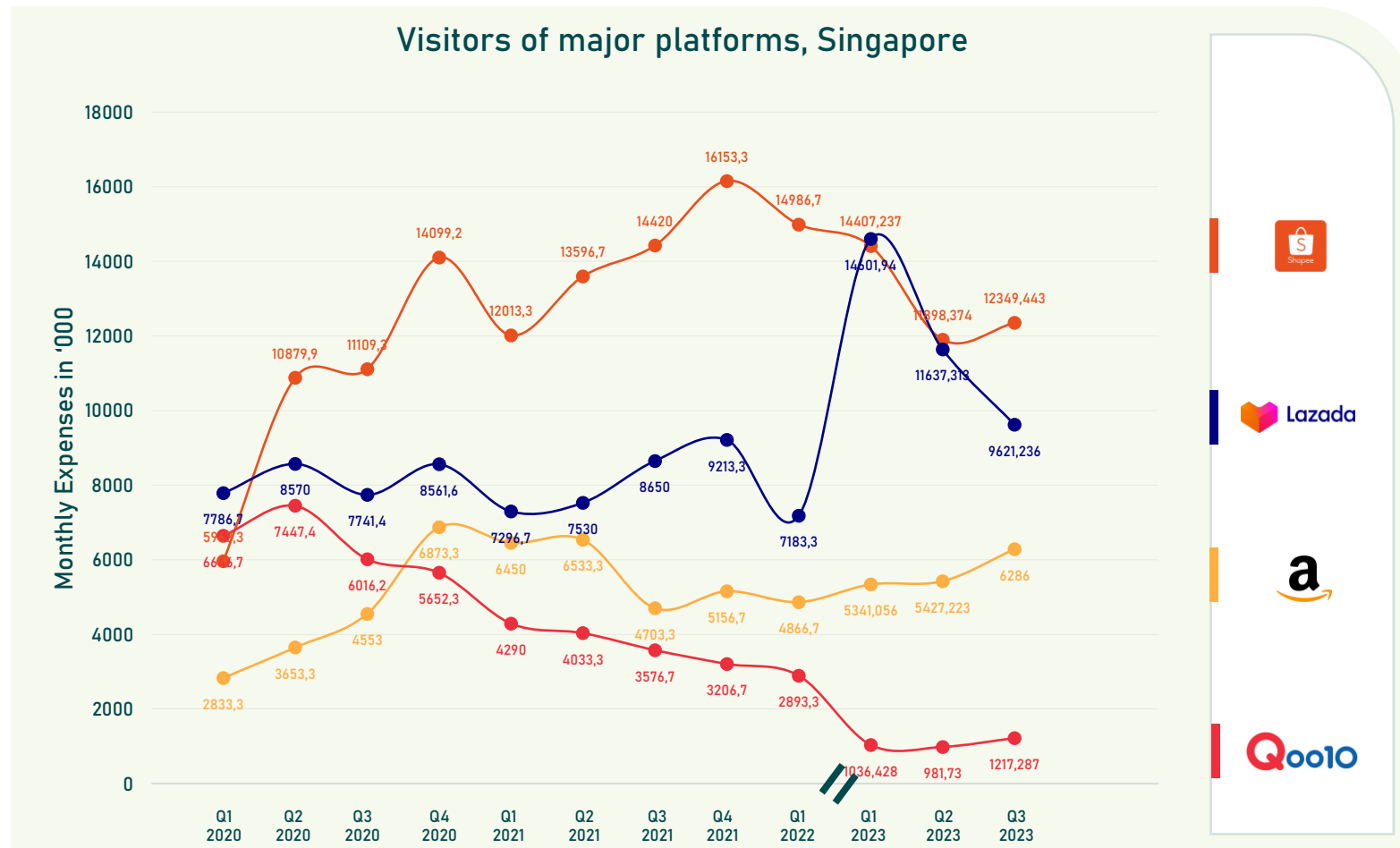
- Focus on local production, opposite to 50% market share of imported brands
- Roots of business in poultry and hatchery
- Strong education of local pet owners towards prepackaged food
- Strong engagement with breeders and vets
- Celeb Endorsement and Community Building



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After the Covid extrema, e-commerce is back on a sustainable growth



- Online share in SEA is assumed to be btw. 10-15% across markets – in contrast to PRC (>50%)
- “Covid boost” is over, back on a sustainable, realistic growth path
- Platforms play a dominant role in SEA e-com
- Shopee (By SEA Group) is the dominant player in nearly all markets

The heterogenous markets play a dominant role in shaping the e-commerce

High level Insights into SEA e-commerce

- Very heterogenous markets (infrastructure, legislation, import regulation, etc.) prohibit emergence of a cross regional category killer (e.g. Chewy.com in US or Zooplus in E.U.)
- Limited trust in quality of local online service, e.g. delivery times, CoD, etc.
- Platforms provide the technological platform, as well as service to establish nation-wide players – rather on the low to mid-end range
- Partially, innovative usage of new distribution (e.g. Grab for delivery, WhatsApp stores, etc.)
- Like on Amazon, some brands emerge, who only play the “platform game”

“

To build consumer usage experience & WOM, can't overlook brick & Mortar....

”

MD Asia, Canadian Brand



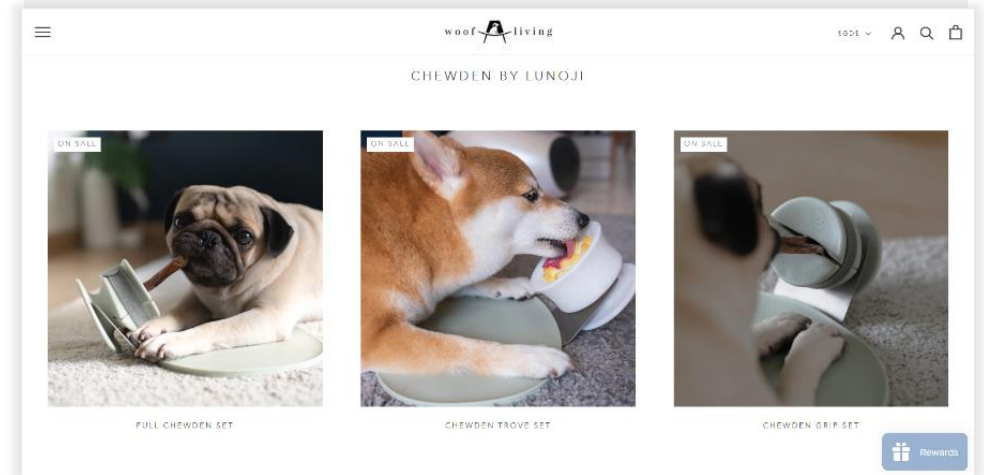
As a countermovement, we see many niche-shops rising

- More and more “Niche shops” arise to counteract the platforms
- Enthusiastic entrepreneurs with passion for pets successfully grow their (niche) business

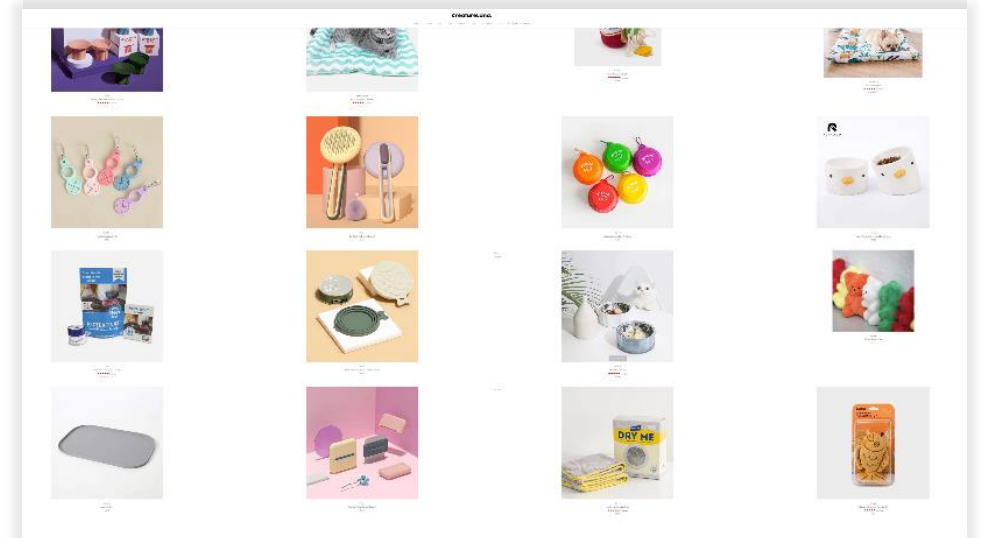
Potential for brand building?



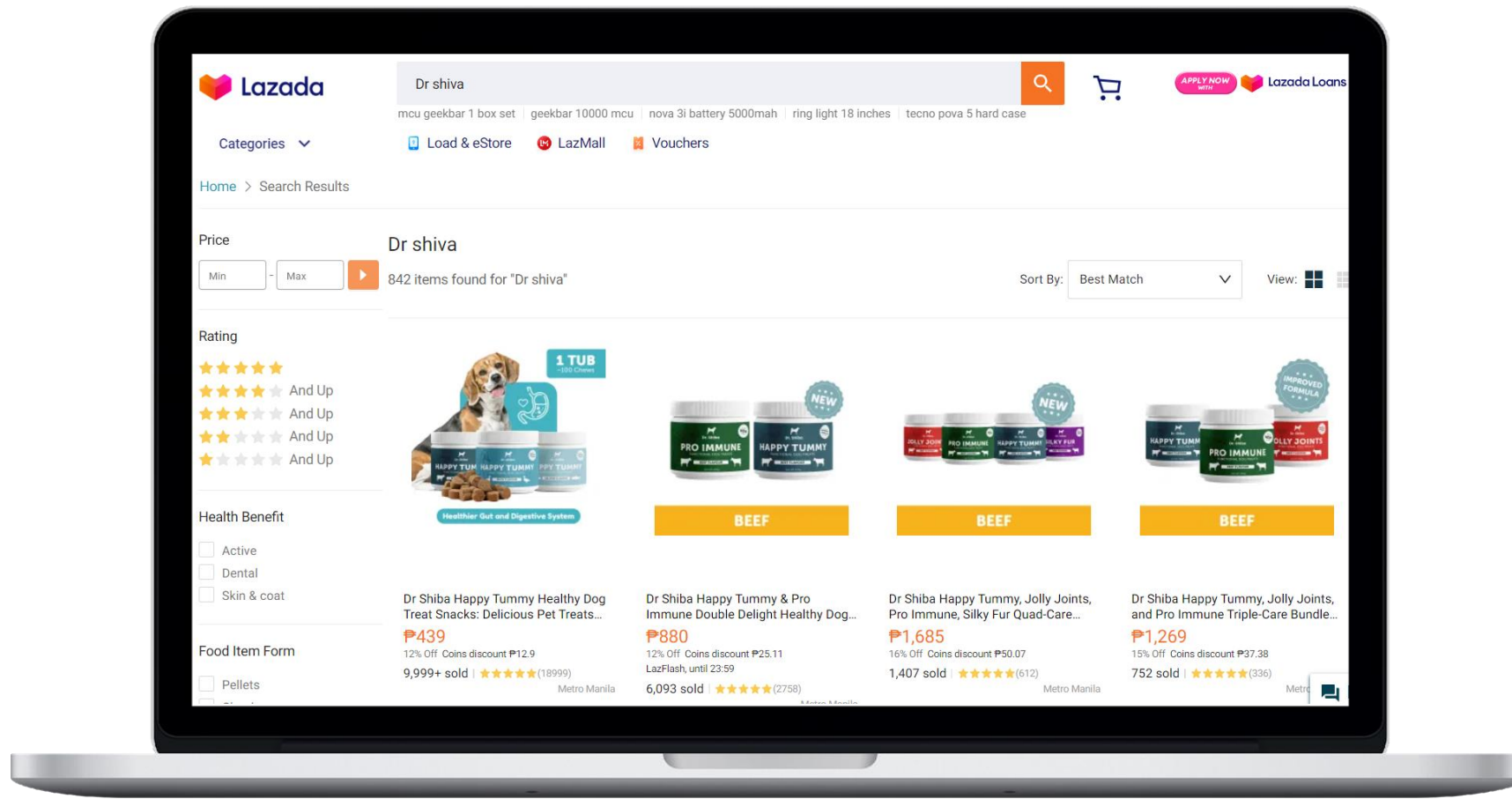
Woofliving from Singapore (dog games)



Creaturelandstore from Singapore (Curated presentation)



Selected brands focus on platforms only - “Dr. Shiba” from Philippines



Lost in endless opportunities in Asia?

We are here to help!

- Brand distribution in the Region
- Consulting with experienced Team



Please connect



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