



## Talent trends and lessons from China's pet care industry

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**Pet care is fast becoming one of the most innovative industries, with China leading the way with market developments. [Chiara Wikramanayake](#), Associate at Human Capital, highlights the key themes affecting the pet care industry and how they will influence talent trends in 2021.**

From the premiumisation of feed quality and brand humanisation, to private equity investments and advancements in marketing and branding, China has been the testing ground for the latest innovations in pet care. Growth in the China pet care industry started in 2015, according to Tony Tai, former Asia General Manager of Iams and Blue Buffalo and now Asia Partner at Pets Around the World, a consulting firm specialising in the pet industry. Tai attributes the growth to the cross-border eCommerce business model and the "phase one" trade agreement between China and the US. This agreement unleashed many premium US brands in to China and forced local brands to diversify their offering.

As we approach the Chinese New Year of the Ox, we are reminded of how integrated animals are into Chinese culture. Dogs symbolise luck and cats are a symbol of good fortune, which may also explain why 41% of the 99.8 million pet-keeping Chinese households' own a cat, which accounts for over 67 million pet cats according to Frost & Sullivan China.

China's pet care industry benefits from a rapidly growing middle class with cash-rich, millennial and Gen-Z 'pet-parents'.



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## Talent requirements

With the rapid development in e-commerce and digital marketing, much of China’s pet care sales are now conducted via e-commerce platforms – which has only increased during the pandemic. According to Taobao, a Chinese online shopping platform, consumption of pet-related products on the website will likely surpass 50 billion RMB per year in the next few years.

Over the past five years we have seen advanced partnerships with e-commerce platforms like TMall, TaoBao, JD.Com, Boqii, Alibaba, and E-Pet, that have led to sophisticated omnichannel strategies with brands like Mars and Nestle, and local players like Yantai and NatureBridge. Partnerships have also formed between pet food brands and veterinary pharmaceuticals to focus on a shared customer base by utilising e-commerce platforms that can go beyond tier-1 cities to access untouched regional consumers. With online shopping, pet supplies can be delivered via Meituan or collected from Alibaba’s automated new retail stores.

As a result of these developments, we have seen a growing demand for entrepreneurial e-commerce specialists who are well-versed in FMCG strategies and mindset. This is particularly seen in veterinary pharmaceutical developments and B2B entrants such as Cargill’s PetMaster, ADM, Pfizer, and Elanco-Bayer Animal Health.

In 2020, we saw a rise in demand for e-commerce platform expertise, with online marketing teams now divided by e-commerce vendors to personalize and service growing customer bases and targeted campaigns. These targeted campaigns require platform specialists and data analysts to collate purchasing history and indicative statistics to target cross promotional opportunities and drive insights into greater new product development, sales and innovation.

However, this talent pool is limited not just in terms of experience, but it is also heavily focused in Shanghai and Beijing. Consequently, we have seen aggressive tactics in retaining talent with highly competitive lock-in incentives and base salaries. Moving forward, we will only continue to see an increase in the demand for specialised talent, particularly with FMCG brands attracting talent directly from e-commerce providers. Likewise, B2B entrants are developing in-house retail brands and are targeting experienced online marketing professionals from their FMCG counterparts. Another trend we have seen is hiring from other sectors such as retail and start-ups, targeted to bring in new insights to drive innovation, product development, and cross-branding strategies.

A senior E-Commerce Marketing Manager from a leading animal health and pharma brand shared some insight into his hiring plan for 2021: “E-commerce has bought a lot of opportunities for jobs, especially for the pet care industry, which has led to an increase in veterinarian graduates. Key Opinion Customers (KOCs), everyday influencers, have allowed a young-generation to broadcast short-informational videos to show audiences the benefits of pet ownership and provide product reviews. We now have Technical Vets who support our e-commerce platform and our social media, and partner with popular KOCs to share our product as well as investing in technical training in our Customer Service Centers.”

## Quality nutrition

Experienced leadership and management is required to help navigate future growth, especially as customers are concerned with authenticity, sustainability and brand credibility. Western and imported brands such as Orijen, Wellness, Solid Gold or Taste of the Wild remain exclusive and desirable due to the high quality of ingredients, sustainable sourcing and manufacturing standards that can provide a guaranteed analysis. Chinese Millennials and buyers have proven to be savvy consumers who are avid information seekers and have changing purchasing history. Brands will need to focus on driving loyalty.

With Millennial and Gen-Z pet owners, there is a demand for quality nutrition and a greater call for transparency in manufacturing and production processes. This has led to several foreign firms investing in China establishing local manufacturing, laboratories and innovation facilities. Due to this development, we will see an increase in talent needs for experienced and professional quality control, assurance, technicians and regulatory specialists who can navigate requirements set out by the Ministry of Agriculture.

With the increased focus on premiumization, sourcing and customer concerns about sustainability, we also anticipate a drive for product innovation, which will require

strong product development and technical product innovation leads.

## **B2B market entrants**

B2B players have adopted senior and experienced talent from FMCG platforms to articulate their unique selling points as a supplier, access to quality ingredients, and animal feed innovations that B2C companies must outsource. However, the challenge here for B2B players will be identifying OEMs and contract packaging in the market while securing recipes and formulations. During this pandemic the focus will be on maintenance, safety, and biosecurity professionals in pet care manufacturing and nutrition.

According to Tai, there has also been a rise in private consultancy businesses and teams as investors and private equity funds' hire pet industry veterans as consultants on projects.

The China pet market continues to set the pace for future growth as the younger generation of pet owners continue to spend money on animal products. Talent demand in this space will continue to grow as a result, and we may even see in 2021 a talent shortage as companies struggle to find the right skills.



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