

Analysis of the Driving Mechanism, Influence and Future Trend of the Rise of Pet Economy in China

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Abstract. In recent years, China's pet economy showed explosive growth, from a marginalized segment of the market jumping to a high-profile "emotional new economy" pillar. This paper aims to systematically explore the multiple driving mechanisms behind this phenomenon. The study suggests that the rise of the pet economy is not caused by a single factor, but a complex system composed of endogenous driving force on the demand side and exogenous driving force on the supply side. On the demand side, the change of social structure and family mode, the profound transformation of values and the upgrading of consumption brought about by the increase of residents' income are the fundamental motivations; on the supply side, the innovation and digitization of the industrial end, the influx of capital and the gradual improvement of the policy environment provide key support. In addition, the media and cultural communication as a catalyst to accelerate the "Personification" of the popularity of the concept of consumption. This paper further analyzes the positive effects and challenges brought by the pet economy and looks forward to its future trend of development towards refinement, intelligence, standardization and humanization, in order to provide a comprehensive analysis framework for the academic and industrial circles.

Keywords: Pet economy, driving mechanism, future trend

1. Introduction

In recent years, a wave of pet economy centered on cats and dogs has quietly emerged in China and has rapidly become a consumption force that cannot be ignored. According to the 2023 China pet industry white paper, the Chinese urban pet market has reached 279.3 billion yuan, up 20.1 percent year-on-year, it is expected to maintain high growth in the coming years. At the same time, more than 70.43 million dogs and cats are in cities and towns, with hundreds of millions of family members and emotional sustenance behind the numbers.

The pet economy has already gone beyond the traditional category of raising cats and dogs to look after the home, forming an all-round industrial chain covering birth, death, food, clothing, housing, education and entertainment. From high-end natural staples and custom baked snacks to smart litter boxes and automated feeders to pet health care, insurance, training, foster care, funerals, even pet photography, travel and dating, the level of segmentation and specialization is amazing. The essence of this economic form has shifted from survival to meet the needs of pet survival

consumption, completely changed to meet the emotional needs of human emotional and quality-oriented consumption [1].

Domestic and foreign scholars have been concerned about the pet economy. The early studies mainly focused on the description of market size and the introduction of market segmentation. With the development of the industry, the research is gradually deepening. Some scholars have sociologically linked pet ownership to urbanization, low birthrates, population ageing and loneliness, arguing that pets act as surrogate family members. From the perspective of consumer behavior, other scholars put forward the concept of anthropomorphism consumption, pointing out that consumers tend to attribute human emotions, intentions and characteristics to pets and are willing to pay a premium for them.

However, there are still some deficiencies in existing research. First of all, most studies focus on the demand side, or focus on the supply side, the lack of organic integration of the two systematic mechanisms analysis [2]. Secondly, the specific role and path of emerging variables such as digital technology and social media in the driving mechanism are not discussed in depth. Finally, there is still room for further research on the uniqueness of the explosive growth of the pet economy in China's specific social and cultural background. This paper aims to make up for these shortcomings and build a more comprehensive and dynamic analysis model. The research idea of this paper follows the logic of "current situation description-mechanism deconstruction-impact analysis-future prospect". The core part will adopt the analysis framework of dual interaction between demand side and supply side and deeply analyze the endogenous and exogenous driving mechanism of the rise of pet economy.

2. The present situation and characteristics of pet economy

2.1. Market scale and structure of pet economy in China

China's pet economy has formed a large-scale, complex structure of the ecosystem. The core of its industrial chain can be divided into three major plates. Upstream sector for the pet live trading, including professional dog kennels, cat kennels, family breeding and adoption of stray animals and other diversified channels. This link is gradually standardized and ethical development. The midstream segment, which makes and sells pet products, is by far the largest segment, and includes pet food, which can be the largest segment, covering staples, snacks, and nutrition. The competition between international brands and domestic brands is fierce, and natural grain and functional grain are its growth hotspots. PET supplies, these include roost (nests, cages, mats), cleaning (urine mats, toilets), mobility (towing ropes, flight boxes), toys and the explosion of smart devices in recent years (automatic feeders, water fountains, cameras, smart litter boxes). Downstream plate for pet services, which is the fastest growing, the largest potential plate, reflecting the upgrading and deepening of consumption. In terms of pet care, it is the second-largest segment, including vaccinations, treatments, checkups, sterilizations and, increasingly, pet insurance. There are pet services, including beauty, bathing, training, foster care, tourism, photography and so on. Pet funeral as the last link in the industrial chain, is gradually moving towards standardization and humanization [3].

2.2. Portrait and consumer behavior characteristics of contemporary pet-raising crowd

The main driving force of the market is the new generation of pet owners, who show distinct characteristics of the times, with the post-80s and post-90s as the core, and even the post-00s are

becoming the new main force. They usually have higher education and income, concentrated in first- and second-tier cities. Single and married people with no children are the most likely to have pets, which play an important role in their lives.

They treat pets as family members or children, and their consumption logic is infinitely similar to human parenting. According to the development of the times, the pursuit of scientific pet, pay attention to the composition of pet food, formula, health indicators, is willing to pay high prices for grain-free, low-allergy, natural and other health concepts. E-commerce platforms are the main position of pet consumption. At the same time, pet owners are highly dependent on other social platforms such as Xiaohongshu, Douyin and Weibo to obtain pet-raising knowledge, share pet-raising life and form online pet-attracting communities. Community word-of-mouth has a huge impact on consumption decisions. At the same time no longer satisfied with standardized products, the pursuit of customized food, pet baking, theme photography and other personalized services, focusing on the emotional experience in the consumption process.

3. The endogenous driving mechanism of the rise of pet economy: a demand-side perspective

3.1. The changes of social structure and family patterns

China is undergoing rapid urbanisation, declining fertility and population ageing. The traditional multi-generational extended family is gradually being replaced by nuclear families, Dinky families and even single-person families. In the Single Society of empty-nest Youth, a large number of young people leave their hometowns and work alone in big cities, facing huge work pressure and emotional loneliness. Pets as unconditional emotional sustenance, effectively alleviating their loneliness, providing a stable companion and spiritual comfort. At the same time, pets also serve as an emotional alternative to family planning. Under the pressure of high living costs and education, many young couples choose to delay or give up childbearing. To a certain extent, pets have become a substitute for their children, bearing the care and emotional input of parents, and giving birth to the identity of pet parents. As well as aging and emotional companionship, for empty nesters, pets are an important partner in their later life, relieve loneliness, bring joy and spiritual sustenance [4].

These structural changes have created a large social group with rigid needs for emotional companionship, providing the most extensive social soil for the outbreak of the pet economy.

3.2. The change of values and lifestyle

The change of social structure is accompanied by the profound transformation of values, which is the core driving force of the rise of pet economy. The role of pets has changed from pets to family members, and the role of pets has been fundamentally reversed. It is no longer an instrument of servitude or a housekeeping property but is regarded as a family member with an independent personality. The popularity of this concept is the logical starting point of “Personified” consumption. When pets become family, spending money on them becomes a way to show love and commitment. Consumers are willing to pay high prices to improve the quality of life, health and happiness of their pets. The emotional rewards and satisfaction of such consumption enable it to command a high premium. Keeping pets, especially those of certain breeds, has become a fashionable way of life and a symbol of personal taste. Sharing exquisite “Pets” on social media has become a way to build a personal image and seek community recognition.

3.3. The improvement of residents' income and the upgrading of consumption

According to Maslow's hierarchy of needs, people pursue higher levels of emotional, and self-actualization needs when their material lives are basically satisfied. The continued growth in Chinese disposable income per capita provides a solid base for pet consumption. People are no longer satisfied just to feed their pets, but to make them eat well, play well, live healthily and live longer. This consumption upgrade from survival to improvement and quality has directly promoted high-end pet food, the intelligence of supplies and the diversification of services. PET consumption has become a measure of the quality of life of a family of new indicators [5].

4. Exogenous driving mechanism of the rise of pet economy: from the perspective of supply side and environment

4.1. Innovation and upgrading of the industrial end

The active action of the industrial end is the direct force driving the continuous expansion of the market. Enterprises are keen to capture the changes in demand and constantly introduce innovative products. In the area of food, there is the emergence of tailored diets for different varieties, ages, health conditions and even allergens. In the field of supplies, smart devices liberate manpower and meet the needs of urbanites' "Remote Petting". In the service field, pet training, behavior modification, pet psychological counseling and other emerging services emerge in an endless stream, which is the ultimate product and service segmentation and innovation. At the same time, in the comprehensive empowerment of technology and digitization, various apps and platforms integrate offline scattered pet shops, hospitals and beauty salons to provide one-stop services, greatly improving consumer convenience. This is part of the Online to Offline (O2O) platform integration services. In the e-commerce platform, through data analysis, the user portrait is accurately described, the personalized recommendation is realized, and the marketing efficiency is improved, which is big data and precision marketing. Online consultation and health consultation can also be carried out through apps, and intelligent devices can monitor pets' daily behavior data, which provides the possibility for preventive medicine and is the impetus for telemedicine and health management. Sequoia Capital, Hillhouse Capital and other top investment agencies entering the industry have brought strong capital and modern management philosophy. Capital has accelerated market integration (especially in the pet hospital field), promoted the standardization of the brand, chain operation, improved the service level and development speed of the whole industry, which is the capital inflow and brand operation [6].

4.2. Gradual improvement of policies and infrastructure

Although there is still a long way to go, the improvement of policy and infrastructure provides the necessary guarantee for the healthy development of the industry. Contains the pet medical system standardization, the related laws and regulations exploration, the pet-friendly idea bud three. The rise of chain pet hospitals, such as Xin Rui Peng, has promoted the standardization and specialization of diagnosis and treatment services. The veterinary education system has also gradually improved, and more professionals have been trained. Local regulations and departmental rules on Animal Epidemic Prevention, Pet Dog Management, and supervision of live online trading are being gradually explored and established. A growing number of malls, restaurants, parks and even hotels

are experimenting with pet-friendly policies, creating more possibilities for integrating pets into public life, though they are still in their infancy.

4.3. The media and culture

Media and cultural content are powerful catalysts for shaping public perceptions and consumer desires. Douyin, Little Red Book, B station and other platforms on cute pet short video, graphic content has a huge flow. These contents not only entertain the public, but also subtly strengthen the “Cute” attribute and emotional value of pets, stimulate people's desire to keep pets and impulse to consume, and develop a cloud pet culture on social media. The success of internet celebrity pets such as “Memory vest” and “Wang Paofu” has proved the commercial value of pet content. They through advertising, with goods, IP licensing and other ways to achieve commercialization for the industry to create a new business model and example effect. At the same time, the positive image of pets in the public mind has been greatly enhanced by the influence of films and television works, and the many pet-themed films at home and abroad (e.g. Hachi: A Dog's Tale and a dog's mission), strengthening the emotional bond between people and pets [7].

5. Influence and challenge of pet economy development

The rise of the pet economy is a double-edged sword, in bringing huge economic benefits and social well-being, but also accompanied by a series of severe challenges. The positive impact of the pet economy is reflected in driving economic growth, creating jobs, improving social well-being and individual mental health, and promoting the development of related scientific and professional services. The pet industry chain is long and covers a wide range of fields, which directly drives the development of many fields such as manufacturing and service industries, and creates a large number of new jobs from veterinarians and beauticians to trainers and content creators. A large number of studies have shown that interacting with pets can effectively reduce stress, relieve anxiety, and increase happiness, especially for the mental health of certain groups (such as the elderly and people living alone). According to the market demand, the research of veterinary science, animal nutrition, animal behavior and other professional fields should be deepened and popularized [8].

At the same time, the pet economy is also facing challenges and problems, which are reflected in the stagnation of industry standards and supervision, the prominent animal welfare and ethical issues, the intensification of social and public space contradictions, and the risk of fierce market competition and homogenization. In pet food, supplies safety, service (such as beauty, foster care) quality standards, the lack of unified, mandatory national standards, leading to market confusion, consumer rights are difficult to protect [9,10]. The disorderly breeding of backyard cat/dog houses has led to a high incidence of genetic diseases; the abandonment caused by impulsive pet keeping is becoming more and more serious, and the management of stray animals has become a difficult problem in urban governance. The frequent neighborhood disputes and public safety incidents caused by uncivilized pet-keeping behaviors (such as not pulling the rope and not cleaning the feces) have intensified the opposition between pet owners and non-pet owners. The influx of capital and entrepreneurs has made some racetracks (such as pet food) extremely competitive, and some enterprises have fallen into the dilemma of low-price competition and product homogenization in the pursuit of short-term benefits.

6. Conclusion

Through systematic analysis, this paper shows that the rise of China's pet economy is an inevitable result of multi-dimensional and multi-level factors. Its core driving mechanism can be summarized as: under the grand background of profound changes in social structure and values, the two-wheel drive is composed of individual emotional needs (push) and industrial innovation supply (pull), supplemented by the basic support for the improvement of residents' consumption ability, the acceleration of capital and technology, and the atmosphere catalysis of media culture, a powerful and complex dynamic system has been formed. Among them, "Emotional value" and "Personified consumption" is the core logic throughout, is the key to understanding all pet consumption behavior.

In order to guide the healthy and sustainable development of the PET economy, all parties need to work together. For the government, it is necessary to speed up the top-level design and introduce industry standards and laws and regulations at the national level as soon as possible, this is especially true in the areas of pet food safety, service quality and animal welfare. At the same time, explore the construction of pet-friendly public facilities and strengthen the humane management of stray animals and capture-neuter-release (TNR) practices. For Enterprises, people should abandon short-sighted speculation, adhere to product quality and service quality, through real innovation to create a brand moat. At the same time, should actively assume corporate social responsibility, participate in public education, Advocate Civilized Petting. For the public and pet owners, the concept of "Once chosen, lifelong responsibility" should be established, and rational evaluation should be carried out before pet keeping. In our daily life, people should abide by public morality, cultivate pets in a civilized way, bridge social differences through our own actions, and build a harmonious social environment for people.

Looking forward to the future, China's pet economy will evolve in a deeper and more mature direction under the inertia of the existing driving forces. According to market demand, the industry has refined and intelligent development in depth, and consumption segmentation will be endless, precision Nutrition and care programs for specific breeds, diseases, and life stages will become the norm. Artificial Intelligence and IoT technology will be more deeply integrated into pet life to achieve a full range of health monitoring and management. Standardization and branding of the market have become the main theme, the industry reshuffle is very rapid, the lack of core competitiveness of enterprises will be eliminated. The head brand will further expand its market share through mergers and acquisitions, and the industry standards will be gradually established and improved. At the same time, the demand for humanization and experience is prominent, and the service has gradually surpassed the function itself and paid more attention to emotional experience. Pet tourism, pet-themed restaurants and pet social activities will flourish to meet the needs of pet owners and pets to create good memories. Sustainable development and the rise of responsible consumption make environmentally friendly, organic and biodegradable pet products popular. At the same time, the concept of adoption instead of purchasing, scientific and responsible pet keeping will be more deeply rooted in people's hearts and become mainstream values.

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