

Pet Care Industry: Business Overview and Opportunities

Bachelor Thesis for Obtaining the Degree

Bachelor of Science in

International Management

Submitted to Silvia Bressan

Wing Chi NG

1421006

Manchester, 31st May, 2017

Affidavit

I hereby affirm that this Bachelor's Thesis represents my own written work and that I have used no sources and aids other than those indicated. All passages quoted from publications or paraphrased from these sources are properly cited and attributed.

The thesis was not submitted in the same or in a substantially similar version, not even partially, to another examination board and was not published elsewhere.

31st May, 2017

Date

Abstract

Pet care industry is expanding and changing in a global presence. It is because of the growth of pet population, trends inspired by pet humanization as well as the evolving demand of pet care in developed and emerging markets. Common pet care business paradigms are found, which are pet food, pet product, and pet service. The paradigms of pet food and pet products are mainly composed of divisions of product categories, breeds, functions, formation. Pet food would have a future focus on senior and obese pets; while pet products would have more technological implementations in the future.

Furthermore, the leading pet care enterprises are Mars Inc. and Nestlé SA globally. They are international companies which have the food processing manufacturing business background. Importantly, both of them have a diverse brand portfolio of pet care and they are using merger and acquisition strategy usually, in order to keep the lead in market shares. Regarding the US-based dominant pet specialty retailer – PetSmart, it exploits primary operation strategies of targeting enthusiastic pet owners, product placing formats, low-pricing strategy and offering all pet solutions in only one place, to keep the dominant position of pet specialty retailer in North America.

Table of Contents

Introduction	7
The aim of thesis	7
Introduction of thesis.....	7
Introduction of Pet Care Industry	8
<i>The Definition of Pet</i>	8
<i>Components of the Structure of Pet care Industry</i>	9
<i>Pet food</i>	11
<i>Pet Products and Services</i>	12
<i>The Stakeholders in Pet Care Industry</i>	14
<i>The Major Trends in Pet Care Industry</i>	16
Facts and Common Business Paradigm in Pet Care Industry.....	20
Pet ownership	21
<i>Overall pet ownership</i>	21
<i>Dog Population, Cat Population, and Other Pet Population</i>	23
The Market Size and Expenditure per Pet	25
Distribution Channel of Pet Care	27
Number of Vets and Vet Clinics	28
Common Business Paradigm of Pet Care Industry.....	29
<i>Pet Food</i>	29
<i>Pet Product</i>	33
<i>Pet Service</i>	38
Analysis	46
The Current overview in Pet Care	46
Forecast on Pet Care Industry.....	48
Case Study: Business Models in Pet Care Industry	50
Mars Inc. (Pet Care).....	50
<i>Background and Key Facts</i>	50
<i>Operation Strategy</i>	53
Nestlé SA	59
<i>Background and Key Facts</i>	59
<i>Operation Strategy</i>	62
PETSMART	69

<i>Background and Key Facts</i>	69
<i>Operation Strategy</i>	70
Conclusion.....	72
Limitations and Further Discussion.....	74
Bibliography	76

List of Tables

Table 1 List of Common Pets in Breeds.....	9
Table 2 Coverage of Secondary data from Euromonitor	21
Table 3 Number of Vets and Vet Clinics in Top 10 Countries	28
Table 4 The Common Pet Food Business Paradigm.....	32
Table 5 The Common Pet Care Product Business Paradigm.....	37
Table 6 Nestlé SA: the Percentage of Pet Care Sales in Total Sales 2015 and 2016 ...	60

List of Figures

Figure 1 Structure of Pet Care Industry	10
Figure 2 Pie Chart of Distribution of 2016 World’s Pet Ownership	22
Figure 3 Linear Graph of 2002-2021 Pet Ownership	23
Figure 4 Percentage Distributions of the Global Dog, Cat and Other Pet	24
Figure 5 Bar Chart of the World Pet Population 2002-2021.....	25
Figure 6 Bar Chart of Market Retail Value of Top 10 Pet Care Markets	26
Figure 7 Pie Charts of Pet Care Distribution Channels.....	27
Figure 8 Mars Inc.: Share of Total Sales by Business Segment	50
Figure 9 Mars Inc. Company Structure and Management Relations.....	51
Figure 10 Graph of Mars Inc. Regional Market Shares 2015	52
Figure 11 Pet Care Brands of Mars Inc. over the World	55
Figure 12 The Company Structure of Nestlé SA.....	61
Figure 13 Regional Market Share of Nestlé Pet Care 2011-2015	63
Figure 14 Pet Care Brands from Nestlé Purina in the USA.....	66
Figure 15 The Financial Statistic of PetSmart, Inc.....	70

Introduction

The aim of thesis

The aim of this thesis is to outline an overview of pet care industry and to reveal the business models of leading enterprises in the industry of pet care. In addition, the common pet care businesses paradigms would be summarized in three major pet care business segments. As the business paradigms indicate the pet care market demand in details by the products available on markets as well as the service offers, in order to show the relation of the demand and supply in pet care industry. Furthermore, the report of trends in pet care aims to illustrate the business opportunities of pet care in present and future.

Introduction of thesis

This thesis is divided into five sections. The purpose of this study is to explain the structure of pet care industry while highlighting the key facts in worldwide pet care market; moreover, it investigates the major companies in the global pet market. In the first section, there has an introduction of basic information and background of pet care industry. Second, the presentation of general statistics and facts of pet care is presented, for revealing more details in pet care sector. And then, the composition of common pet care businesses paradigms are illustrated and explained. Third, the analysis is constituted in two parts, briefly analyze on the current and future of pet care industry by referring the information stated from the upper sections of the thesis. Fourth, a case study of three powerful pet care enterprises would be evaluated on their business models. Finally, a conclusion is composed to conclude all of the interpretations mentioned, as well as the limitations of the study and further suggested discussion.

Introduction of Pet Care Industry

The Definition of Pet

According to Oxford word power Dictionary¹, pet refers to an animal which is kept at home for pleasure and companionship rather than for food or working purpose. Pets could be adopted from animal protection organizations or could be sold at pet shops, breeders as well as farms. The popular species of pets are dogs, cats, fishes that are kept indoor aquaria, birds, rabbits, hamsters and guinea pigs.² Those are common domestic pets that households keeping globally. Besides, some people would choose exotic pets, such as snakes, reptiles, Invertebrates, etc. In details, there is a list of usual pets which covers both common and exotic pets. In this thesis, it would mainly discuss on pets in three categories, they are Dogs, Cats and Other Pets due to the limits of secondary data which collected by Euromonitor.³ It cannot analyze in different species of pets diversely. However, the general presentation of an overview of pet care industry could be completed precisely still.

¹ Pet. (2006). In *Oxford Wordpower Dictionary* (3rd ed). Oxford: Oxford University Press.

² Animal World. (n.d.). Information of common types of pet. Retrieved from <http://animal-world.com/encyclo/information/types-of-pets.php> (March 1, 2017); and

Alderton, D., Edwards, A., Larkin, P. and Stockman, M. (2011). *The Complete Book of Pets & Petcare*. London: Anness Publishing.

³ Euromonitor International. (2016). *Pet ownership, Market size of Pet Care, Expenditure per Pet, Number of Vets*. Retrieved from <https://www.portal.euromonitor.com/>

Table of Common House Pets (domestic Pets)	
<i>i. Cats (Feline)</i>	<i>v. Reptiles and Invertebrates</i>
<i>ii. Dogs (Canine)</i>	Arachnids
<i>iii. Small Mammals and Rodents</i>	Arthropods
Chinchillas	Frogs
Chipmunk	Invertebrates
Ferrets	Lizards
Gerbils and Jirds	Newts
Guinea Pigs	Salamanders
Hamsters	Snakes
Hedgehogs	Terrapins
Rabbits	Toads
Rats and Mice	Tortoises
Squirrels	Turtles
Sugar Gliders	<i>vi. Fish and Aquarium animals</i>
<i>iv. Birds (Avian animals)</i>	Coldwater fish
Canaries	Goldfish
Finches	Marine fish (Saltwater fish)
Budgerigars	Mini reefs
Parrots	Pond fish
Doves	Tropical freshwater fish
Pigeons	<i>vii. Outdoor Pets</i>
Toucans	Aviary birds
Mynah Birds	Burros
Pheasants	Goats
Quail	Horses
Falcons	Llamas
Hawks	Pot-bellied Pigs
Preys	

Table 1 List of Common Pets in Breeds²

Components of the Structure of Pet care Industry

With the diversity and power of pets, the pet care industry is growing dynamically and closely following the movements, also the development of human living environment and quality. The demand of pet care keeps increasing caused by the growing number of pets, the attitude of how pet owners treat their pets and the fast-changing of technology implication. From essential to dispensable, a variety of components construct the pet care Industry and make this industry become

² Animal World. (n.d.). Information of common types of pet. Retrieved from <http://animal-world.com/encyclo/information/types-of-pets.php> (March 1, 2017); and

Alderton, D., Edwards, A., Larkin, P. and Stockman, M. (2011). *The Complete Book of Pets & Petcare*. London: Anness Publishing.

hundred-billion valued business worldwide. The primary component in pet care industry is dog and cat food. Dog and cat food products own approximate 69 percent of the overall pet care market size in retail value in 2016, according to Euromonitor.³ In addition, another elementary component of pet care is the pet products. From the source of the secondary data collected by Euromonitor International, pet products refer to merchandises that not counted as food, feeds or treats and also included the pet healthcare service and pet dietary supplements. For the category of pet products, it has \$28.3 billion US dollar in retail value over the world in 2016, which has around 27 percent of the total market size for retail value.⁴ Nevertheless, in this study, pet healthcare service same as the veterinary service is excluded in the category of pet product, as it is included in the category of pet service. Moreover, other pet food is also profitable goods in pet care industry, which has \$4 billion US dollar in retail value globally in 2016, reported by Euromonitor.⁴

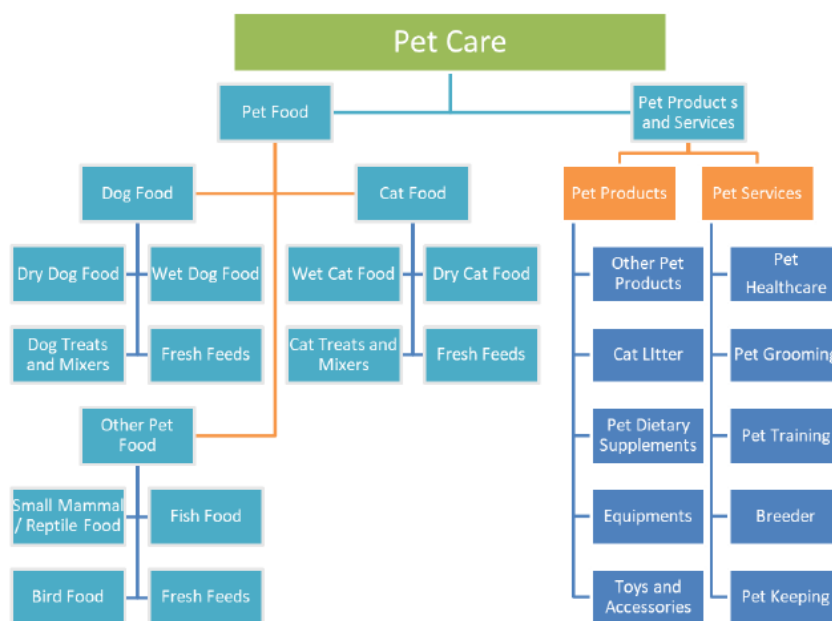


Figure 1 Structure of Pet Care Industry⁴

³ Euromonitor International. (2016). *Pet ownership, Market size of Pet Care, Expenditure per Pet, Number of Vets*. Retrieved from <https://www.portal.euromonitor.com/>

⁴ Euromonitor International. (2016). *Because they're worth it: Pet care global overview*. London: Euromonitor International Plc.

Pet food

Food is a nutritious substance that eaten by human or animal for maintains growth and life through absorption. It is the basic requirement for every pet to have pet food, the food that designed or chosen for each of them, in order to support every pet's life. Hence, the growth of pet ownership is affecting the demand for pet food positively. In the category of food, it is not just multiplex in humans' world but also in pets' food. There are different kinds of pet food, for examples, dry food, wet food, canned food, treats, fresh vegetable or meat, etc. According to the statistics⁴, dry food are more popular for dogs' feed, on the other hand, wet food has more demand for cats' feed. For snacks, dog treats and mixers are the most demanding in the world market. For other pet food, small mammal or reptile food have the highest demand and then the fish food and the bird food in descending way. In addition, not all of the pet owners purchase pet food, some of them may feed pets with table scraps or home-made pet food.

Traditionally, pet care companies dominate the pet food market by establishing various brands for targeting different pet owners' favorite and also needs of the pet. Nonetheless, an increasing number of pet food consumers seek premium pet food and part of the consumers are finding 'raw', 'human grade', 'hypoallergenic', 'grain free' pet food for their pets due to the humanization trend of pet.⁴ Some of the new pet food retailers are holding a successful business for holistic, high quality and natural pet food purveyor. An example from the U.S., Memphis, Tennessee, the Hollywood Feed, is a chain of pet superstores in Southeast, expanding with selling natural pet food for consumers.⁴ Additionally, the leading pet care companies are manufacturing 'on-diet' pet food for targeting the needs of obese pets, while providing more premium and organic, raw pet food for maintaining the market leads. Furthermore, more private labels of pet food and artisanal pet treats are entering the pet food market recently.

⁴ Euromonitor International. (2016). Because they're worth it: Pet care global overview. London: Euromonitor International Plc.

Pet Products and Services

Pet products are referring the equipment for a pet, pet cleaning products, pet toys, pet accessories, pet dietary supplements and pet medical care products. Bed, bedding, cage, food bowl and water bowl are the essential equipment for a pet to sleep, eat and drink for maintaining the living. And for the carrier, collar and identity tag, these are the products that used on cats and dogs usually. The carrier could be used for visiting the veterinary clinic or taking transportation. Collar and identity tag are having for identification and leash is a tool for controlling dog during walk. Pet toys and accessories are designed for pet's entertainment and increasing the interactions between pet owners and pets. Pet owners can gain satisfaction through playing with their pets and by dressing them. Although toys and accessories are not essential pet products, the demand for these products keeps increasing caused by the humanization of pets.

Due to Urbanization, more pets having longer time staying at indoors or at home because of the owners' working routine. And more and more pet owners spoil their pets, for example, feeding them treats with exceeding amount. Hence, pet obesity becomes a highlight of pet care and many related goods and services are provided in the market. Pet diet supplements are prevalent as more pet owners concern their pets' health problems or issues. Similarly, pet gadgets such as the fitness trackers are invented for health-oriented pet owners or monitoring the health and wellbeing of their porky pets. Some other technological pet gadgets are designed to fulfill the needs of pet owners. An interactive camera that can allow pet owners to monitor their pets at home and pets could see or listen to their owners through the camera. Some advanced pet interactive cameras have more functions for interaction, for example, to give treats by pressing a button. Moreover, the other hit product in pet care industry is pet insurance due to the rising awareness of expensive veterinary health care.

For pet service, veterinary service is the core pet service among years; while pet grooming and training are wanted by the pet owners who are willing to spend more money on their pets in recent years. Veterinary plays an important role in pet healthcare. Pets are brought to veterinary clinics for medical checking or treatment, get pets vaccinated and microchipped, surgery, etc. Every responsible pet owner should offer their pets the right of having veterinary treatment when they are sick or needed for medical help. For pet grooming service, apart from hair brushing and coat grooming, there is a list of grooming treatment services are provided, such as pet nails care, spa treatment, styling service, bathing, cleaning ears, etc. Pet owners may want to take pet grooming services for related professions if they do not know how to groom or to take care of their pets in grooming.

Training pets require skills and time, same as the grooming service, pet owners may want professionals to help them to train their pets. Pet training consists of several types: behavioral training, obeying orders, fitting training, etc. The pet training that is mentioned are usually referring dogs and not for working training, simply a decision of pet owners to have or not to have this service. Moreover, due to the trend of pet humanization, pet sitting is a trendy pet care service that is provided by the market. Many pet owners have long working hours and they may not able to take their pet for walking for looking after their pets when they are busy. Therefore, some of the pet owners would send their pets to pet sitting, in order to keep their pets in good care during the separation between the pets and pet owners. Pet adoption is encouraged to every pet owner or potential pet owner. However, some pet owners are having their ideas of owning a pedigreed pet or non-pedigreed pet and in particular species because of personal interest. Thus, these pet owners might need to find a legal breeder to purchase their desired pets. Additionally, in some developed countries, such as the United Kingdom, there are few pet supreme shows organized by breeders. These showing events are opportunities for breeders to reach their consumers and also a chance for pet owners to get to know more about the breeders and different species of pets.

Furthermore, the well-developed worldwide transportation network helps to create pet services, for instance, the pet traveling services. Increasing number of wealthy pet owners want to bring their pets to travel along or immigrate with them as the pets are a part of the family. Because of this, many transportations are allowing pet owners to bring along pets for the journey, such as certain public transportations, airlines, cruises, etc. More accommodations, restaurants, and malls are pet-friendly by permitting pets to stay or enter, some of them may provide facilities and equipment specifically for the pets. However not all transportations, accommodations, restaurants and malls welcome pets; alternatively, for those which are pet - friendly, would have a greater opportunity for pet owners to use their service while their pets are being along with. Besides, there is another pet service that becomes more popular in a few years caused by the humanization of pet, that is the pet bereavement support or service. Pets in poor health condition would visit veterinary for treatment and vet and pet owners have to make a decision about euthanasia; on the other side, the old pets would pass way naturally. To memorialize the past way pets, pet owners may want to arrange a funeral for their pets and to set a grave for them. Even some professional bereavement service could offer services, such as making a memorable memento which contains the pet's DNA (deoxyribonucleic acid) for pet owners to keep. Uprising numbers of humanized pet services are provided in pet care industry at present. And different countries have their pet services framework and distinct environment for pet services. Therefore, the pet services that mentioned above are some general and recently pet services that might not be the same case in every country.

The Stakeholders in Pet Care Industry

In such a huge and growing market worldwide, many stakeholders are involving in this dynamic industry. The stakeholders who take part in the pet care industry can be divided into seven groups, they are suppliers, manufacturers, companies, government, distributors, retailers, service providers, others which refer to animals' right protection organizations and non-governmental organizations related to pets, consumers or pet owners as well as pets. The relationships between each participant

in pet care industry could be presented in a supply chain model. Suppliers are the business partners that supplying raw materials, assemblies or components to other business entities, for example, raw food, fuels, ingredients, metals, etc. And then, manufacturers are companies that producing final goods through manufacturing processes which involved labors, raw materials, equipment, machinery, etc. A company could be a supplier, manufacturer, distributor or retailer at the same time. There are different ways of operation and supply chain management in the pet care industry. Companies are business organizations that sell goods and services by marketing, branding, research and developing, operating management, etc. The finished goods need to be distributed by distributors, and then distributors would disperse goods to different sales channels, such as retailer or intermediaries between companies and consumers.

After the distribution of products, retailers would sell products to customers or pet owners and may offer pre and post customer services for purchases. For service providers, they are offering pet care services that applying specialized competences for benefits from other. In another word, service providers provide professional pet caring services or efforts in exchange for money or income. Besides, government is the legal body which has functions of monitoring, regulating, safety controlling, taxing, etc. Government involves in multiple parts and processes of the pet care supply chain and has an inseparable relationship with every participant in pet care industry. For instance, the government set up law and regulations to restricting enterprises and retailers to follow the standards of manufacturing procedures, quality of finished goods and the safety regulations, etc. Besides, government charges taxes from companies, retailers, and consumers, the level of taxation would affect the business of pet care and the growth of the industry. Moreover, for pet owners who are the consumers purchase pet care goods and services for their pets. In addition, pet owners would project their wants or desires on their pets while buying goods and services. However, pets are the initiative stakeholders as they might have their own needs such as food, water, clean living space, etc. and sometimes pet owners buy pet care products that are relevant to the pets' health situation or other conditions.

The Major Trends in Pet Care Industry

Humanization

The trend of pet humanization continues to grow deeply in the pet care industry and there is no sign of abating according to Euromonitor International.⁴ Pet owners are treating their pets like members or a part of their family increasingly, whereby pets could provide companionship for their owners, especially dogs and cats. It is because the companionship of pets gives a fundamental psychological need for many people under a more atomized and urbanized living environment.⁴ Also, referring to the report of Euromonitor International, later marriage, elevated divorce rates, the smaller size of family and the social atomization are the sociological factors that causing the pet humanization trend. The pet care industry commercializes this humanization trend into extensive sales of humanized pet products and services. Therefore, many human characteristics pet products in sale caused by the high demand from pet owners, as pet owners want to buy similar products that human use for their 'children' pets.⁴ Pet humanization is the main original cause that arouses other pet trends in pet care industry, as the pet humanized attitude of pet owners is affecting the supply of pet care market. The following examples are related to pet humanized: veterinary therapies like magnetic resonance imaging scan (MRI), chemotherapy for cancer, joints replacements; luxury grooming services such as spa, massage, hair styling; human-grade supplements for pets; and pet-friendly traveling services, etc.

⁴ Euromonitor International. (2016). Because they're worth it: Pet care global overview. London: Euromonitor International Plc.

Premiumization

Due to pet humanization, pet premiumization trend appears in pet care industry. Pet premiumization means upgrading the pet products to premium level in order to fulfill the demand of higher quality pet products from pet owners. In addition to, in the emerging markets, consumers demand premium pet food and products are middle class and urban pet owners. In 2007, there had a menu pet food recall involving a wide range of cat and dog food brands in North America. The pet food recall is one of the reasons that many consumers prefer niche premium brands for purchasing premium level, human-grade, organic, hypoallergenic and holistic pet food for their pets, said by Euromonitor International. Another reason of leading the pet premiumization trend is urbanization. In the Euromonitor's report, it said that pet owners that live in the urban area are more likely to spoil their pets by comparing with the pet owners live in rural counterparts.⁴ As the rural pet owners think that pets are having functional usages like cats catch vermin and dogs are for security. The world population of living in the urban area is increasing meanwhile decreasing in rural area population. Therefore, the trend of premiumization in pet care would keep deepening as urbanites like to pamper their pets.

Aging and Overweight Pets

An annual obesity prevalence survey 2015 was conducted by the Association for Pet Obesity Prevention (APOPP) in United State conducted. The survey found that about 20 percent of dogs and 28 percent of cats were obese, while approximately 34 percent of dogs and 28 percent of cats were overweight in the US. Put it in another way, over a half of the dogs and cats in the US have weight problems. Pets that are overweight or obese have primary risks of health problem, for instance, high blood pressure, heart, and respiratory disease, kidney disease, osteoarthritis, many forms

⁴ Euromonitor International. (2016). Because they're worth it: Pet care global overview. London: Euromonitor International Plc.

of cancer, cranial cruciate ligament injury, decreased life expectancy up to two and a half years, insulin resistance and type 2 diabetes stated by APOP.⁵ The problem of pet obesity is mainly caused by the pet owners with indulging their pets with treats and food or some of the owners give excessive food to their pets or feed their pet with inappropriate human food. Beyond of that, porky pets are incurred by a lack of exercise. Although pet obesity is not a new trend in pet care industry, the awareness of pet owners towards this weight problem remains comparatively low but is increasing, as the related therapeutic health products for pets are in demand. Hence, many pet care companies are launching weight-losing pet food or formulated pet food for diet on the pet care market, in order to tackle the pet overweight or obesity problem. Not only for pet food are designed for managing the issue of obese pets, technological gadget such as a fitness tracker are created for owners to monitoring the activity of their pets via the mobile applications. The pet fitness tracker senses and records the quality and duration of sleep, activity level in different time periods and Global Positioning System (GPS) function in advance. Comprehensive pet activity data would benefit the performance of pets' weight reduction.

Internet / Mobile Pet Care

Internet or mobile pet care refers to pet merchandises retailing online via the Internet or mobile applications. Consumers purchase pet care good or service through the internet by ordering or appointing. Then, the ordered products would be delivered with package via shipping to delivery address. Online payment may be required to complete the transaction of online purchase, debit or credit card, PayPal, etc. are the common methods to pay online. As the coverage of Internet access keeps growing and fast development of electronic commerce (e-commerce), consumers are feeling more comfortable with online purchasing. According to an article from Euromonitor, a survey conducted by Eurostat found that 65 percent of

⁵ Association for Pet Obesity Prevention. (n.d.) Pet obesity Facts and Risks in the United States 2015. Retrieved from <http://petobesityprevention.org/pet-obesity-fact-risks/> (March 11, 2017)

consumers, who are between 16 and 74 years-old and living in the European Union, had bought products or services online within the last 12 months before the survey.⁶ Moreover, the proportion of smartphone users is increasing. In 2015, 68 percent of adults had a smartphone in the United States and 86 percent of US citizen aged between 18 and 29 years-old had a smartphone.⁶ By comparing to the data found in 2011, there was only 35 percent of US adults had a smartphone; the number of smartphone users is rapidly growing.

Meanwhile, mobile pet care is another spotlight of pet m-commerce. With the installment of the mobile application software (apps) in the smartphone, consumers could shop for their pets in a quick and convenient way via the apps. For most of the leading pet care companies or retailers, they would provide online purchase service and mobile applications software for online purchase, for examples, Amazon.com, Taobao.com, Petco, etc. E-commerce offers online subscription services for consumers, in other words, consumers could sign up for the service of regular pet food deliveries. The online subscription services are prevalent for bustling consumers that attach importance of convenience.⁶ Indeed, internet retailing in pet care is growing resolutely in the global market in particular of pet food. And Asia-Pacific region and North America region are the leading regions in the internet or mobile pet care according to the article of Euromonitor.⁶

⁶ Shore, D. (2016). Internet Retailing Goes Mainstream in Pet Food. London: Euromonitor International Plc.

Facts and Common Business Paradigm in Pet Care Industry

To reveal the situation of the current and historical of pet care industry, analyses would be made by using the data which are collected by the Euromonitor International.^{3,7} The purpose of organizing these data is to ascertain the demands and supplies of the global pet care market, also to provide the overview of pet care industry with the support of data. The analyses consist of four aspects of pet care industry; they are as follow pet ownership, market size and expenditure per pet, distribution channel and the numbers of veterinary clinics and veterinarians. Statistics are received as secondary data and they cover seven regions and fifty-four countries in total. The time periods of data are divided into two groups, which contain historical periods solely as well as both historical and forecast periods. Most of the historical data sets are starting from 2002 and then end with the latest the year 2016. For those data contain the forecast statistics, they may have the prediction till 2021 mostly. All of the data are interpreted by the perspectives of regions, a ranking of countries, and other particular metrics. All statistical data that presented in this work are retrieved from Euromonitor database.

³ Euromonitor International. (2016). *Pet ownership, Market size of Pet Care, Expenditure per Pet, Number of Vets*. Retrieved from <https://www.portal.euromonitor.com/>

⁷ Euromonitor International. (2017). *Number of Vet Clinics*. Retrieved from <https://www.portal.euromonitor.com/>

Secondary Data from Euromonitor International: Covered Countries and Regions			
<u>Asia-Pacific</u>	<u>Eastern Europe</u>	<u>Middle East and Africa</u>	<u>Western Europe</u>
China	Bulgaria		Austria
Hong Kong, China	Czech Republic	Egypt	Belgium
India	Hungary	Israel	Denmark Finland
Indonesia	Poland	Morocco	France
Japan	Romania	Saudi Arabia	Germany
Malaysia	Russia	South Africa	Greece
Philippines	Slovakia	United Arab Emirates	Ireland
Singapore	Ukraine		Italy
South Korea			Netherlands
Taiwan	<u>Latin America</u>	<u>North America</u>	Norway
Thailand	Argentina	Canada	Portugal
Vietnam	Brazil	USA	Spain
	Chile		Sweden
<u>Australasia</u>	Colombia		Switzerland
Australia	Mexico		Turkey
New Zealand	Peru		United Kingdom
	Venezuela		

Table 2 Coverage of Secondary data from Euromonitor^{3,7}

Pet ownership

Overall pet ownership

The ownership of a pet is referring to the population of animals that owning by owners as pets. In the pet ownership data set, it contains two sections: the aggregate of pet ownership, dog population, cat population and other pet population. According to the data contributed by Euromonitor International³, it shows that China has the highest average number of pet ownership between 2002 and 2016 worldwide, 273,474,190 pets in total. In contrast, the United Arabia Emirates has the lowest average of pet ownership, 428,910 pets, from 2002 to 2016. The highest and lowest historical average of pet ownership countries are from Asia

³ Euromonitor International. (2016). *Pet ownership, Market size of Pet Care, Expenditure per Pet, Number of Vets*. Retrieved from <https://www.portal.euromonitor.com/>

⁷ Euromonitor International. (2017). *Number of Vet Clinics*. Retrieved from <https://www.portal.euromonitor.com/>

Pacific as well as the Middle East and Africa respectively. In 2016, Asia-Pacific region was the leading region of pet ownership, which had 33 percent of the global pet population. By comparison to the smallest pet population region, Middle East and Africa region which had 3 percent of pet ownership over the world, Asia Pacific had 18.8 times of the number of the Middle East and Africa region’s pet ownership. The distribution of pet ownership of 2016 is shown in Figure 2 by percentage.

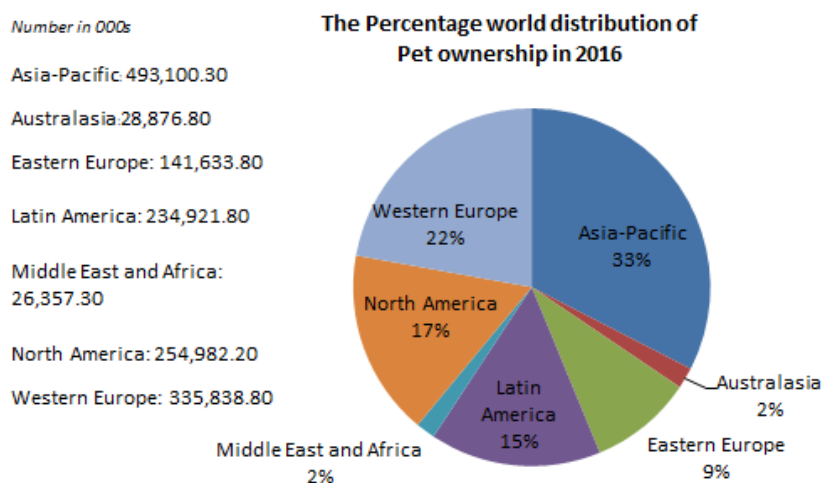


Figure 2 Pie Chart of Distribution of 2016 World’s Pet Ownership³

Combined the historical and forecast data³, the linear graph shows the trend of pet ownership in all regions in Figure 3. Firstly, Asia Pacific keeps the leading position for the whole past time period as well as the forecasting periods, from 2017 to 2021. Secondly, Western Europe has a steady performance on pet population, retain at an approximate range of 119 million to 153 million pets. For North America, the pet ownership of the USA and Canada dropped from 2008 to 2011, and then it had a stable growing between 2012 and 2016; however, the forecast of pet population of North America is not augured in a steep growth. The prediction of North America’s pet ownership in 2021 is lower than the peak number of pet ownership in 2008 still. Furthermore, the number of pet population in Latin America rises gradually over the historical and forecasting time period. It is predicted that the pet ownership of Latin America would reach at the similar level with North America in 2021. Besides, the Eastern Europe region is also having a marginal growth in overall time periods. For

³ Euromonitor International. (2016). *Pet ownership, Market size of Pet Care, Expenditure per Pet, Number of Vets*. Retrieved from <https://www.portal.euromonitor.com/>

the last two regions, Australasia as well as the Middle East and Africa, they have similar numbers of pet ownership in the both historical and forecast periods. In details, Australasia has the second lowest number of pet ownership between 2002 and 2020. While the Middle East and Africa will have a sharp surge of pet population in 2021, Australasia would replace the Middle East and Africa region and then become the region has the lowest pet ownership.

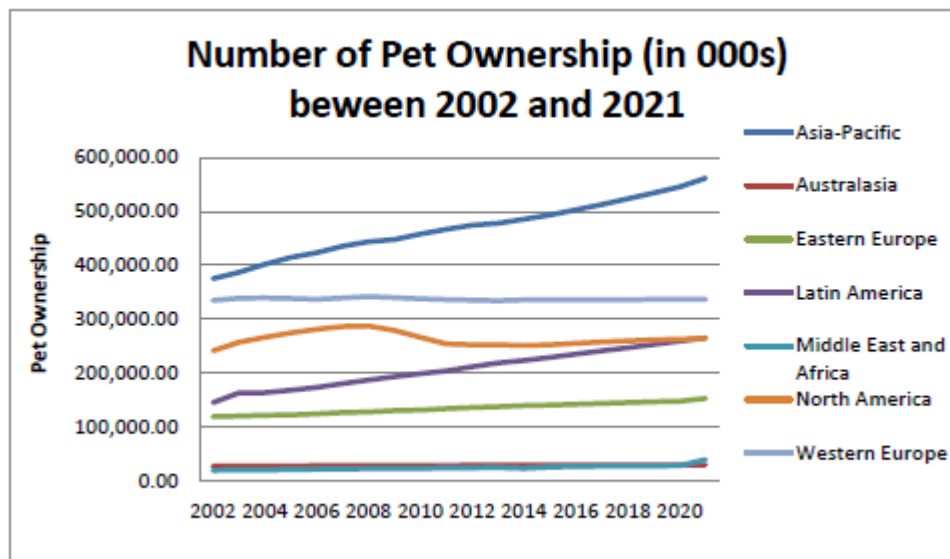


Figure 3 Linear Graph of 2002-2021 Pet Ownership³

Dog Population, Cat Population, and Other Pet Population

The current number of the global dog population in 2016 is 380,804,100, which is 25% of the overall pet population in the world. For cat population, it has 280,540,600 cats are living on the planet, cat population accounts 18% of the total world pet population. Another pet population is the largest sector in the pet population in worldwide; it has 57%, which means over a half of the pets are small mammals, birds, reptiles, horses, and other exotic animals. Although China has the largest pet population in the world, USA is the country that has the highest numbers in both of the dog and cat population. It shows that the main factor of China having

³ Euromonitor International. (2016). *Pet ownership, Market size of Pet Care, Expenditure per Pet, Number of Vets*. Retrieved from <https://www.portal.euromonitor.com/>

the apical pet population is because of the support of the numerous other pet populations.

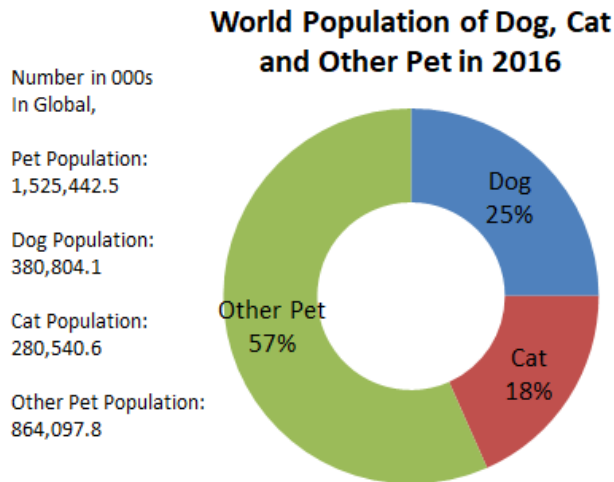


Figure 4 Percentage Distributions of the Global Dog, Cat and Other Pet³

Besides of the USA and China, Brazil is also having a massive pet population in the world. In dog and cat population, Brazil has the second highest number of dog and cat population; meanwhile, it ranks the third in highest other pet population over the world. More than 48% of household in Brazil owning a dog and the total pet population in Brazil accounts 9% of the world’s pet population in 2016. With the fourth largest pet population, Russia also has the fifth highest dog population, 16,603,000 number of the dog; and ranks in the third of overall cat population with 23,000,000 cats. In addition, the cat population is higher than the dog population in Russia, while the number of households owning a cat in Russia is 18,867,700 more than 14,775,900 households that owning a dog.

Starting from 2002, the global pet population was increasing gradually till 2008. Then, the pet population in the world has a steady and slower growth by comparing with the time period before 2008. Therefore, there were only a slight and stabilized increment in the pet population between 2009 and 2012. Nevertheless, the world’s

³ Euromonitor International. (2016). *Pet ownership, Market size of Pet Care, Expenditure per Pet, Number of Vets*. Retrieved from <https://www.portal.euromonitor.com/>

pet population had a more gradual growth from 2013 to 2016. In addition, the Euromonitor predicts that there would have a sharper and steeper incremental growth in the next five years begin with 2017. The positive pet population forecast in 2021 would be up to 1,648,865,700, which includes 419,756,100 dogs, 312,321,800 cats and 916,787,800 other pets.

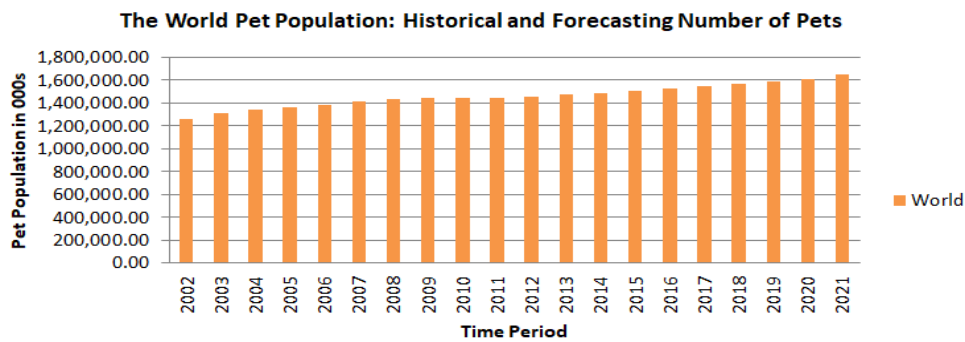


Figure 5 Bar Chart of the World Pet Population 2002-2021³

The Market Size and Expenditure per Pet

In Figure 6, it shows the top 10 countries with highest market size are USA, United Kingdom, Germany, Japan, Brazil, France, Italy, Australia, Canada, and Mexico in descending order.³ The USA has the largest pet care market size, which had \$44,657.3 million US dollar retail value in 2016. There is a huge difference in the market size of the USA and United Kingdom, although the United Kingdom is the second largest pet care market in retail value. The total market size of United Kingdom is \$6,903.1 million US dollar, which only accounts approximate 15.5% of the USA's pet care market size. Hence, North America is the region with the highest market size in the world eventually. Western Europe ranks the second in highest market size region, as the strong supports of the United Kingdom, Germany, France, and Italy; while Latin America and Asia Pacific rank the third and fourth positions respectively. Eastern Europe and Australasia lag behind in regional market size as well as the Middle East and Africa is the region that has the smallest market size in pet care industry. Moreover, the top 10 pet care growth markets between 2016 and 2021 would be as follow: USA, Brazil, Mexico, China, United Kingdom, Russia,

³ Euromonitor International. (2016). *Pet ownership, Market size of Pet Care, Expenditure per Pet, Number of Vets*. Retrieved from <https://www.portal.euromonitor.com/>

Thailand, Canada, Argentina, and Japan, according to Euromonitor’s report.⁸ USA would keep in the leading position of the growth and with an absolute value growth of more than \$4,800 million US dollar from 2016 to 2021. In addition to, Thailand has the highest percentage of compound annual growth rate (CAGR) among the top 10 pet care growth markets.

For the expenditure per pet, the world average expenditure used on a pet is \$74.5 US dollar in 2016 which is lower than the regional average expenditure per pet of North America, Western Europe, Australasia as well as the Middle East and Africa. In another word, the average expenditure per pet in Asia Pacific, Latin America and Eastern Europe are less than \$74.5 US dollar. North America is the region that has the highest expenditure on the pet, \$149.25 US dollar is used per pet in 2016; meanwhile, the lowest expenditure per pet of \$ 44.96 US dollar is used on a pet in Eastern Europe. In fact, the expenditure per pet keeps growing gradually. The world average expenditure per pet in 2002 is \$39.62 US dollar and then changed to \$69.9 US dollar in 2010. It is forecasted that the average global expenditure per pet would rise to \$90.59 US dollar in 2020.

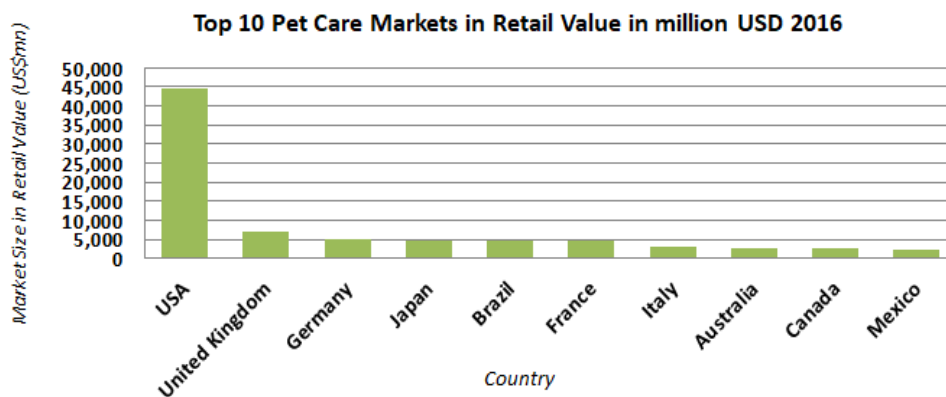


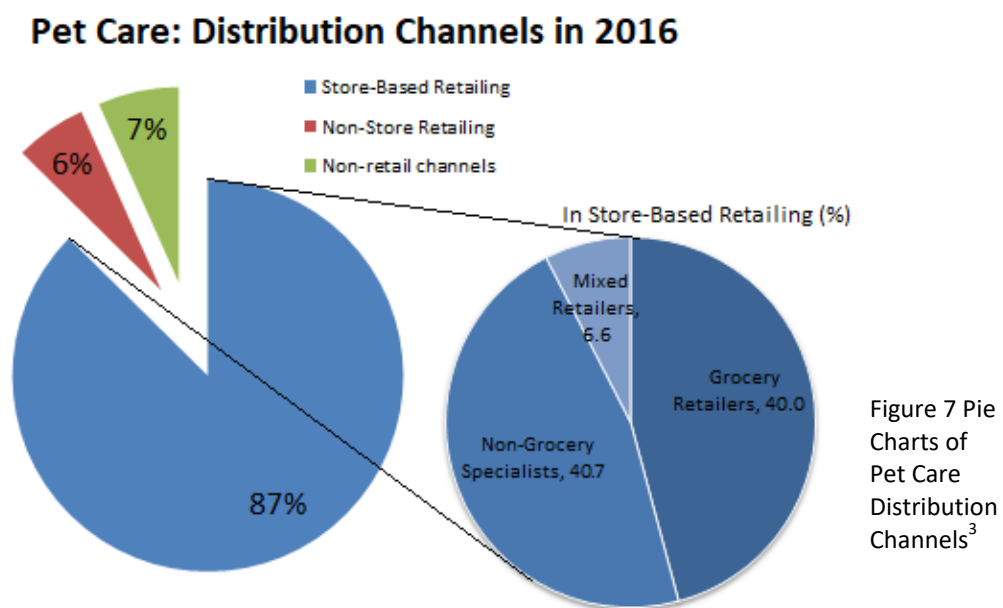
Figure 6 Bar Chart of Market Retail Value of Top 10 Pet Care Markets³

⁸ Euromonitor International. (2016). *Mars Inc. in Pet Care (World)*. London: Euromonitor International Plc.

³ Euromonitor International. (2016). *Pet ownership, Market size of Pet Care, Expenditure per Pet, Number of Vets*. Retrieved from <https://www.portal.euromonitor.com/>

Distribution Channel of Pet Care

Store-based retailing is the major distribution channel of pet care business; it accounts 87.4% of the distribution of total pet care retail business worldwide, see Figure 8. According to the statistical data from Euromonitor³, supermarket is the grocery retailer sector that has the highest distribution of pet care; it has 18.6% of the total pet care distribution, is the popular distribution retailing points for pet care products and consumption of pet food. Pet superstore, hypermarket, and pet shop are the popular store-based retailing channels for pet care businesses. Especially for pet superstore, it is the non-grocery specialist channel that has 17.4% of total pet care distribution; a 33.85% of percentage change between 2002 and 2016 is made in the amount of distribution in the channel of pet superstore over 14 years. For the non-retail channel, veterinary clinics are the important intermediaries of the pet care product distribution, particularly on the medical products and the pet food with veterinary formulas. Moreover, in 2016, Internet retailing channel is a boosting distribution channel for pet care business while the development of logistic and e-commerce. 5.6% of the overall global pet care distribution is accounted by the internet retailing nowadays.



³ Euromonitor International. (2016). *Pet ownership, Market size of Pet Care, Expenditure per Pet, Number of Vets*. Retrieved from <https://www.portal.euromonitor.com/>

Number of Vets and Vet Clinics

As China has the largest pet population, it is reasonable that China also has the highest number of veterinarians and vet clinics over the world, in order to offer suitable medical care for pets in China. As a result, 205,000 veterinarians are registered and 49,000 vet clinics are in service in China in 2016. At the same time, Brazil has the second highest number of veterinarians and vet clinics in 2016. The ratio of pets to a veterinarian in Spain is the third smallest ratio in the world, a veterinarian has to take care of 657.6 pets in Spain with the ratio of 1:657.6. The average ratio of pets per veterinarian is 1: 5345 globally; and the average ratio of pets per vet clinic is 1: 11375 in globe. Additionally, there is 2.74 veterinarians work in a vet clinic averagely in world. For the lowest number of veterinarians and vet clinics, the United Arab Emirates has the least number of veterinarian work in the country, only 83 vet clinics on service and she has 1:2997 ratio of pets per veterinarian, which 1.78 times small that the world's average ratio. Similarly, in Saudi Arabia, it has the smallest number of vet clinics serve for pet and has a ratio of 6.3 veterinarians work in a vet clinic in average.

Pet Care: Top 10 Countries with Highest Number of Vets, Vet Clinics in 2016					
Country	No. of Vets	Ratio of Pets per Vet	Country	No. of Vet Clinics	Ratio of Pets per Vet Clinic
China	205,000	1:1464	China	49,000	1:6127
Brazil	109,755	1:1271	Brazil	45,522	1:3065
USA	93,839	1:2426	USA	28,033	1:8121
Turkey	31,500	1:677	Japan	11,692	1:5147
Spain	30,300	1:657	Germany	9,946	1:3636
Argentina	20,136	1:1070	Argentina	9,248	1:2331
United Kingdom	19,682	1:3003	Colombia	8,200	1:1125
Japan	17,230	1:3492	France	7,100	1:7879
Italy	16,200	1:3732	Italy	6,850	1:8826
Venezuela	15,897	1:751	Romania	6,488	1:1497

Table 3 Number of Vets and Vet Clinics in Top 10 Countries^{3,7}

³ Euromonitor International. (2016). *Pet ownership, Market size of Pet Care, Expenditure per Pet, Number of Vets*. Retrieved from <https://www.portal.euromonitor.com/>

Common Business Paradigm of Pet Care Industry

As the structure of pet care industry is divided into three major sectors, which are pet food, pet product and pet service. Therefore, three common business paradigms in sectors are summarized by the primary research of relevant pet care companies and brands that are in a prevalent and leading position in the international market. The extraction of business ideas and operation concepts from popular companies intends to demonstrate the general common overview of the main goods and services for pets on the current market. First, for the most profitable business in pet care, pet food is manufactured in types of formulas and a variety of ingredients. Thus, the common business paradigm of pet food would be a focus on the food itself, the design and selling points of pet food. Second, the business paradigm of pet product would concentrate on the product category and functions, in order to disclose the popular types of pet product on global pet care market. Third, pet services that provided nowadays are diverse and created under the effects of pet humanization. The outline of the various pet services would be discussed and summarized into the typical service offers and the content of services consumed.

Pet Food

The common business paradigm of pet food is constructed by the pet food brands that are selling on more than three regions on the global pet food market. The brands are: Hill's Prescription Diet, Hill's Science Diet from Colgate-Palmolive Co.; Hartz from Hartz Mountain Crop; Pedigree, Whiskas, IAMS, Royal Canin and Royal Canin Veterinary Diet from Mars Inc.; Tetra from Spectrum Brand Ltd.; Dog Chow, Friskies, ONE, Pro Plan and Pro Plan Veterinary Diets from Nestle SA. This group of brands contains pet food that targets different species of pet, but many of them are solely targeting dog and cat food as the population of dog and cat are dominating the demand of pet food. There are three types of food from on the market, dry food,

⁷ Euromonitor International. (2017). *Number of Vet Clinics*. Retrieved from <https://www.portal.euromonitor.com/>

wet food, and treats. Different formats of pet food are manufactured through various food procedures and packaging. Dry pet food is usually packed in plastic or paper bags with a range of weight. Cans, pouches and foil trays are the ordinary packages for wet pet food. For pet treats, their packages are similar to dry food; in addition, some of the treat packages would have a zip on the opening for keeping the treats in good condition or crunchy crispy.

Dogs, cats, small animals, birds, fish, and reptiles are the typical pet species targeted by pet food manufacturers. Indeed, every pet species has its own preference and needs of feeds. Thus, pet food brands would divide their pet food products into specific classifications in order to fit the pets' needs. First of all, life-stage is a basic division for dogs, cats, and small animals. Most of the dog and cat food are classified for newborn to one-year-old puppy and kitten, and then for one to seven years old adult, as well as senior cats and dogs that are older than seven years old. Some pet food brands also manufacture pet food for pets which are eleven years old as the demand for senior pet food is increasing due to a complete development of pet medicine and healthcare. The life-age division method is mainly applied on canines and felines, for small animals in some cases. Besides of life-stage, Breeds of pet are also essential to the choice of pet food. For an instant, Royal Canin is one of the pet food brands which offers specific-breed oriented pet food for most of the common and popular dog breeds. Nevertheless, a number of dog and cat food brands are also supply a variety of breeds pet food offers, such as extra small or toy size, small, medium, large and giant breeds of dogs; short-hair, semi-long and long-hair breeds of cats; rabbit, guinea pig and hamsters of small mammals, etc.

The key to pet food is the ingredients and formulas. According to the UK pet food manufacturers' association, the usual ingredients that used in dog and cat food are derivatives from animal, eggs and dairy products, fish, grains, vegetables, fats from plants and animals, mineral and vitamin supplements, additives like preservatives,

additional sodium chloride and sugar as the ingredients that enhancing flavors.⁹

There are numerous ingredient combinations of pet food formulas for diverse needs of pets in particular. By the observation of the fourteen international popular pet food brands from five multi-national enterprises, the current pet food formulas for cats and dogs are created to target the following special needs for pets: aging care for longer life care of pets, oral or dental care for dealing with the common dental diseases of cats and dogs, skin and coat care for all of the furry pets, weight management formula for solving the pet obesity problem, growth care for young life-stage pets, grain free, high protein diet, picky pet eater, health and specific functional care like urinary care, kidney care, metabolic care, joint or mobility care, liver care, urgent care, stress and anxiety support, gastro-enteric care and glucose management or diabetes support.

In addition, there are some different special cares for canine and feline. For instance, dogs have the common problem of heart and cognitive health, so that pet food manufacturers formulate the heart care pet food and invent dog food for improving cognitive health dog food formulas. On the other hand, pet food producers also recognize there are particular needs of feline pets. The designate needs of cats are thyroid care, hairball management, indoor lifestyle care as well as spayed or neutered care. The special needs mentioned above are the comprehensive overview of current supplying food formulas that fulfill the common specialized needs of cats and dogs. Furthermore, the orientations of pet food selling point are vital in the marketing of pet food beyond the fulfillment of special health care needs. The general selling points of pet food products are natural, premium, nutritional, veterinary formula, in savors, designed for enhancing concentration, made for sporty pets, brighten mind function formula, grain free, division of pet's lifestyle. The various oriented pet food options could help pet food manufacturers to target particular consumer groups in many ways.

⁹ UK pet food manufactures' association. (n.d.). The information of pet food. Retrieved from <http://www.pfma.org.uk/pet-food-facts> (March 15, 2017)

Apart from the pet food for canine and feline, there is a portion of market demand of pet food for small animals, birds, fish and reptiles. The common pet food for small animals and birds are the mixes for rodents, dry pellets, seed-base treat sticks and vitamins supplements and mineral blocks. Manufacturers have a different recipe for diverse breeds of small animals and birds like for cats and dogs. For fish food, the typical types of food are fish flakes, pellets, tablets, food granules and dry shrimp or dried bloodworm treats. Similarly to fish food, common types of reptile food are pellets and some floating stick food for aquatic reptiles. Similar to most of the pet food, the pet food for fish and reptiles are also manufactured with various formulas to satisfy the specific needs of breeds.

Common Pet Food Business Paradigm in Pet Care Industry*					
Forms of Food					
- Dry Food		- Wet Food		- Treats	
Species of Pet					
- Dog	- Cat	- Small Animals	- Birds	- Fish	- Reptiles
Life-stage (for canine and feline only)					
- Kitten/Puppy	- Adult 1+		- Adult 7+/Senior	- Senior 11+	
Breeds (Sizes) (Canine only)					
- X-small/Toy	- Small	- Medium	- Large	- Giant	
Special Needs / Formulas (for both canine and feline)					
Digestive Care / Food Sensitivities / Aging Care / Oral and Dental Care / Skin and Coat Care / Growth Care /Weight Management/ Grain Free / High Protein Diet / Picky Eater / Stress and Anxiety Support / Urgent Care / Urinary Care / Metabolic Care / Joint or Mobility Care / Kidney Care / Liver Care / Gastro-enteric Care / Glucose Management or Diabetes Support					
Special Needs / Formulas (for canine only)					
Heart Care / Cognitive Health Care					
Special Needs / Formulas (for feline only)					
Thyroid Care / Hairball Management / Indoor Care / Spayed or Neutered Care					
Selling Points of Pet Food Products					
Natural / Premium / Nutrition / Veterinary Formula / Savor / Focus / Sport / Bright Mind / Grain Free / Lifestyle					

* referring the common pet food business paradigm is constructed by a summary of popular pet food brands, which are selling their pet food over three regions or globally

Table 4 The Common Pet Food Business Paradigm

Pet Product

Pet product business has a smaller market size in pet care industry by comparing with pet food. Nevertheless, pet product is an extensive business that caters the pet owners' demand of pet commodity. In order to accomplish divergent needs of pet product, pet product suppliers and retailers subdivide categories of product for different species of pet. The common business paradigm of pet product is referring to the companies which sell pet products over three regions or have outstanding positions in the global pet product business sector. The referring brands and companies are as follow: Advantage from Bayer AG, Beaphar from Beaphar BV, Hartz from Hartz Mountain Crop, Frontline under Merial Ltd. and Sanofi, Tetra from Spectrum Brand Ltd. and Trixie from Trixie Heimtierbedarf GmbH & Co. KG. In addition, the pet commodity retailer leaders, PetSmart, Inc., PetCo., and Pets At Home are on the reference list of the common pet product business paradigm. It is because the pet product retailers would assist to conclude a comprehensive pet product business paradigm. Similar to the common pet food business paradigm, the aim of the construction of the general pet product business paradigm is to identify the typical pet products that are supplying on the worldwide market and to investigate the essential factors that supporting the development huge pet product business.

In pet product business, different brands and companies are having a familiar categorization and subdivision. Typically, the two major classifications of pet product are product category and pet species. For common product category, approximate nine categories are created; and for those nine categories, most of the products' needs are included. Here are the categories of pet product: medicine for preventive medical care; health and wellness; grooming and hygiene; toys for entertainment; cleaning and maintenance; at home and on the go; accessories; litter and waste disposal; and equipment. The common targeted pet species for pet product are dogs, cats, small animals, birds, fish, and reptiles. For the benefit of pets in different life-stage and breeds, pet products have a subdivision of newborn pet, adult, and senior; a precise division for sizes and breeds of diverse species. Dog products are in the

separation of breeds by sizes. Cat products are simply classified in life-stage. The common breed divisions of small animals are a rabbit, guinea pig or rodent, hamster, ferret, rat, chinchilla, gerbil, chipmunk, and mouse. For birds, products are made in favor of popular pet bird breeds, which are finch, parrot, parakeet, canary, cockatoos and a tropical bird. Goldfish, tropical fish, pond fish, marine fish, chichlid, betta, shrimp, and crayfish are the usual pet fish breeds that pet product manufacturers would focus on. The typical product classifications of reptile breed are aquatic reptile and turtles.

Under every pet product category that mentioned above, clear subdivisions are defined and giving an evident concept of what kinds of products are supplying in the market. Firstly, medicine for pets is the vital product sector that works as preventive health care. Parasitic medicine is one of the main segments in pet preventive care; in details, flea and tick control, all worms, heartworm for dogs, anti-fungal, anti-ringworm, anti-mange and fungus and bacteria control are the prevalent pet medicine to be sold on the market. There are different forms of pet medicine. They are including spot on which a medicine drop, powder form, spray, tablet and collar with medicine. Besides, the health and wellness category is a group of products that concern specific body and health care as well as particular needs. In the health and wellness pet product division, various products are designed for complete health condition care, for instance, dental care, eyes care, ears care, skin care, wound care, digestive care, urinary care, hairball control for feline, allergy care, first aid for urgent care, milk replacer for special conditions like pregnant and convalescing animals, calming for stress and anxiety of pets as well as supplement of vitamins and minerals for pets. The health and wellness products could help pet owners to take care of their pets' health in an all ground way.

To keep a pet in healthy condition, apart from the medical preventive care and supplements for health and wellness, hygiene of pets is one of the keys for health pets. Therefore, pet product companies are selling cleaning and grooming products for pet owners to maintain their pets in satisfying condition. The typical grooming

products are in the subdivision of the following: grooming equipment, shampoos and conditioners, nail care, tear stain remover, oral cleaning and odor elimination products for the smelly smell. Moreover, toys for a pet are crucial products in pet product business as toys can provide entertainment and chances of interaction between owners and pets. Basically, toys are designed in functions for chewing, fetching, scratching, chasing, exercising and some pet toys are in forms of plush toys, tunnel, and tube. Also, toys are usually made of materials such as fabric, flush, plastic, silicon.

For pet owners, they have the responsibility of offering a clean, comfortable living environment for their pet at home while keeping the streets and outdoor area tidy by cleaning the waste disposal produced by their pets. Thus, pet product manufacturers produce equipment, tools, and goods, in order to assist pet owners. In the cleaning and maintenance category, products have cleaning effects and maintaining functions for keeping equipment in good quality. Cleaning and maintenance products are provided as cleaner and wipes, waste disposal, cage cleaner formulated for no harm to animals, odor remover in spray or cleaner. Furthermore, for the litter and waste disposal section, the products under this section align on the ways of pet waste management. Litter for waste from pets, disposal bags for walking, bag dispensers for holding disposal bags and litter box for cats and dogs are the common waste management products for pets that sell on the market.

In addition, pets deserve to live better in the eye of pet owners; and pet product companies know what pet owners are having in mind. Hence, many pet products are produced and sold for the creation of exceptional pets' living environment. For the category of at home and on the go, products are divided into small divisions as follow: bed and bedding, water bowls and feeders, crates and kennels, gates and doors for setting pets' activity area, repellents for outdoor activity, hideaways, swings, and play stands for birds, aquariums, vehicle accessories like carriers and strollers, travel crates for transporting pets as well as ramps and steps. In addition to,

there are products in the equipment category are mainly used at home or indoor. Divisions in the category of equipment are home monitoring, aquarium maintenance, filter and pumps for the operation of aquarium tanks, lighting, heater and chiller for climate conditioner's function for fish. The last pet product category is accessories. Pet accessories are commonly divided into groups of the collar, leash, and harness, clothing, background and decorations for aquariums. Products of pet accessory are targeting the interest of pet owners, the preference of how to dress up their pets or decorate the surroundings of pets; at the same time, accessories can also have functional usages, for examples, controlling pets and keeping pets warm, etc.

For Table 5:

* referring the common pet product business model is constructed by a summary of popular pet product companies, which are selling their pet products over three regions or globally. In addition, pet commodity retailers PetSmart, Inc., PetCo. and Pets At Home are also accounted for reference of the business model of pet product.

Common Pet Product Business Paradigm in Pet Care Industry*					
Product Category					
- Medicine		- Health and Wellness		- Grooming and Hygiene	
- At Home and On the Go		- Equipment		- Cleaning and Maintenance	
- Litter and Waste Disposal		- Toys		- Accessories	
Species of Pet					
- Dog	- Cat	- Small Animal	- Bird	-Fish	- Reptile
Life-stage					
- New Born/Kitten/Puppy		- Adult		- Senior	
Breeds of Dog (Sizes)					
- Small		- Medium		- Large	
- Extra Large					
Breeds of Small Animal					
Rabbit / Guinea Pig or Rodent / Hamster / Ferret / Rat /Chinchilla / Gerbil / Chipmunk / Mouse					
Breeds of Bird					
Finch / Parrot / Parakeet / Cockatoo / Canary / Tropical Bird					
Breeds of Fish					
Goldfish / Tropical Fish / Pond Fish / Marine Fish / Cichlid / Betta / Shrimp and Crayfish					
Breeds of Reptile					
Aquatic Reptile / Turtles					
Subdivisions of Product Category					
<i>- Medicine</i>					
Flea and Tick Control / All Wormers / Heartworm (for canine) / Anti-Fungal / Anti-Ringworm / Anti-Mange / Fungus and Bacteria Control					
+ Medicine in forms of: Spot On(Drops) / Powder / Spray / Tablets / Collar					
<i>- Health and Wellness</i>					
Supplements(Vitamins/Minerals) / Dental Care / Eyes Care / Ears Care / Skin Care / Digestive Care / Wound Care / Urinary Care / Allergy / First Aid / Hairball Control(for feline) / Milk Replacer / Calming					
<i>- Grooming and Hygiene</i>					
Grooming Equipment / Shampoos and Conditioners / Nail Care / Tear Stain Remover / Oral Cleaning / Odor Elimination					
<i>- At Home and On the Go</i>					
Bed and Bedding / water bowl and Feeders / Crates and Kennels / Gates and Doors / Repellents / Hideaways / Perches, Swings and Play stands / Aquariums / Vehicle Accessories(Carriers/Strollers) / Travel Crates / Ramps and Steps					
<i>- Equipment</i>					
Home Monitoring / Aquarium Maintenance / Filter and Pumps / Lighting / Heater and Chiller(Climate Conditioner)					
<i>- Cleaning and Maintenance</i>					
Cleaner and Wipes / Waste Disposal / Cage Cleanser / Odor Remover					
<i>- Litter and Waste Disposal</i>					
Litter / Disposal Bags / Bag Dispensers / Litter Box					
<i>- Toys</i>					
Chew / Fetch / Plush / Scratcher / Chaser / Tunnel and Tube / Exercise					
<i>- Accessories</i>					
Collar, Leashes and Harnesses / Clothing / Background(for aquarium tank) / Decoration(Plant/Stones for tank)					

Table 5 The Common Pet Care Product Business Paradigm

Pet Service

Due to the pet humanization trend, it inspires many humanized services in pet care industry, for instance, grooming service, pet boarding service, pet sitting and walking, pet insurance, pet memorial service and pet travel service, etc. It is difficult to summarize a common business paradigm that would cover all the service domains that are prevalent in the industry. Therefore, it could have a common business paradigm for each of the service field which is expanding and popular to pet owners. After a primary research on pet services market, nine essential pet services are selected to analyze each of the commonplaces of the services provided by various companies or service providers in different regions and countries. The elemental services on the pet care market are as follow veterinary service, pet training, grooming service, pet boarding service, pet sitting and walking, pet insurance, breeders, and pet travel service. Information on pet services in various fields is collected from related official websites of service companies in different countries.

Veterinary Service

Alike to the human medical system, veterinary services provide an integrated medical care and hospitalization for ailing pets and animals. The typical structure of veterinary service is formed by animal hospitals, veterinary clinics, and mobile veterinary service. There are distinct medical services offered by different veterinary service bodies. Veterinary clinics should be the most popular choice for pet owners to have medical treatment for their sick pet or to have preventive care and health examination. Most of the ordinary veterinary clinics would provide the comprehensive preventive care, for example, vaccinations, parasite control treatment, dental care, nutritional and behavioral counseling services as well as body examination. In addition to, microchipping and euthanasia are provided by all regular veterinary clinics. Besides of preventive care and examination, vet clinics would also offer emergency treatment service and surgery service depend on the

condition of the pet. For surgery service, the common surgeries that offered by vet clinics are spay or neuter operation, soft tissue surgery, orthopedic surgery, etc.

With various medical facilities and medical staffs, usually vet clinics would help many of the cases; yet, pets that require specific medical treatments, such as cardiology, oncologic surgery, and minimally invasive procedures, etc. Thus, veterinary specialty hospitals and animal hospitals are the backup support for veterinary clinics. It is because veterinary hospitals have complete professionals and equipment usually, in order to offer diverse medical treatments for every type of diseases and illnesses.

Pet Training

The current pet training courses are available for dogs solely. Nevertheless, it does not mean that other animals cannot be trained. Pets except dogs are usually kept at home all time and they may not need the regular outdoor exercise like dogs need. Therefore, there are books for a variety of pets' training guidance, to teach pet owners to train their pets at home by using proper methods. Although dog owners could train their dogs by themselves, not every dog owner has enough time and skills for the dog training. In such cases, dog owners would like to bring their dogs to the professional trainers for behavioral or obedience training. The basic aims of dog training are helping dogs to have appropriate manner while they are at home or outdoor area while teaching dogs to socialize with other dogs, animals, and people.

Moreover, some dog owners may want their dogs to learn advanced tricks and behaviors. There are also offers of advanced level of obedience training services for dogs. After the complement of training lessons, dogs may have better manner, obey owners' commands, walk without a leash, to complete a command with distractions, etc. For pet owners, owners can choose either to have the training lessons with their dogs or do not attend during the lesson. The training would vary by the breeds of

dog and the duration of the training program. Additionally, pet owners should select the qualified professional trainer that with related certificates and licenses.

Grooming Service

For most of the pets, they are furry and requiring a regular cleaning and grooming routine, in order to keep them staying in suitable hygienic condition. Grooming is crucial for a pet not just making them feel comfortable and clean, but also a key factor in maintaining a healthy daily life. A full service of grooming for pets could be time-consuming and complicated as groomers have to take care of different parts of the pet's body while they have to make sure of the pet is under control. Hence, some pet owners would like to take their pets to professional groomers and let their pets to enjoy the grooming services. The typical grooming services are in a package of bathing, hair cutting, brushing, nail trimming, ear cleaning, tear stain cleaning, shaving and scissor-cutting pad and feet, sanitary trimming and anal gland cleaning. Likewise, the grooming service can be provided individually, it is not must for having a full-service package all the time. Pet owners would decide which services their pets are needed with the advice of groomers.

Furthermore, other special requirements are available in pet grooming service, for examples, teeth brushing, fresher breath, parasite control application, massage and spa treatment, etc. Besides, pet owners can discuss with the groomers in order to personalize the unique style for the pets. In common, pet grooming services are provided in stores or mobile service. Usually, pet owners need to have an appointment for a grooming package or mobile service; however, some grooming service providers would accept walk-in customer for single or simple grooming service. Similar to other pet services, pet owners should choose the pet groomer with qualification and licensed service company or provider.

Pet Boarding Service

Pet boarding service is mainly targeting the pets whose owners are traveling abroad or could not look after their pets within a period of time with any reason. Pet owners may send their pet to the boarding service that specialized for pets so that owners could make sure their beloved pets are in good caring and under supervision, while they are busy or far away from home. In fact, most of the pet boarding service companies are not only providing overnight boarding service, but also day care service for different pet owners' needs. Basic amenities such as clean water, meal, daily play time, bedding and bed are elemental items that provide to pets in boarding service. Pets are under the supervision of staffs, they would have time to enjoy the indoor and outdoor activities during the boarding usually. Furthermore, pet owners can require additional pet activities for their pets in the duration of boarding. Owners could purchase for extra treats, personal toy, extra play time for dogs, upgraded menu, photo shooting, aging or senior special care service, etc. Grooming service is also available at most of the pet boarding companies, some of them may offer holistic or alternative treatment, therapeutic massage and consultant service for pets.

The pet boarding service providers know that pet owner concern the situation of their pets whereas pets are staying at boarding center. Thus, many boarding companies are having the online monitoring webcam for their customers, pet owners, to monitor their pets anytime, anywhere. If pet owners want more details of the pet's condition, there are pet status update services for the pet owner. By receiving the reports, photos via email, message or phone call, pet owners could have the comprehensive information of their pets. Training class, pick-up, and delivery service, as well as more service options, may be provided by the boarding service center for the favor of pet owners. In emergency cases, an on-call veterinary service is needed during the boarding or day care. More importantly, every pet boarding service center has its own regulation and rules for the boarding pets, specific breeds may not be welcomed to take the service. Also, Pet owners are

strongly recommended to select a boarding company with a license issued by the relevant authority.

Pet Sitting and Walking

Pet Sitting is a service of taking care of the pet by a pet sitter. And for pet walking, it means to hire a walker for the replacement of the dog owners to walk their dogs. The dog is the most ordinary pet species which demands regular walks and exercise in the daily life routine. There are options of dog walking service online platforms, by using the GPS function to search the available and nearest dog walkers, who can help pet owners to walk with the dogs. Not only for dog walking services, many of the pet sitting services are setting up online platforms, to match the ideal and suitable pet sitter for pets. Pet owners could book the sitting or walking service via the websites or mobile applications. In addition to, there is pet care store which also provides pet sitting service in stores. However, there would have the difference between the in-store sitting service and the sitter service that found via online platforms.

Pet sitters could offer various formats of sitting for pets, for instance, daily sitting, overnight sitting, pick-up and drop-off service, the sitting location which means pet owner can choose to send the pet to sitter's home or let the sitter take care of the pet at the owner's home. For dog walking service, dog owners would receive a post-activity report as a summary of the walk so that owners could live track the walk with GPS. The responsible pet sitters and walkers should exchange the contacts with the pet owners. Many of the pet sitting and walking services are insured and bonded while offering customer service for any customer inquiries. Lastly, it is suggested pet owners may arrange a pre-meeting before the pet sitting or walking as the pet may not come along with the sitter or walker, also look at the profile of the sitter and the reviews given by the previous customers before choosing a sitter.

Pet Insurance

With the reasons of pet humanization and the expensive veterinary care costs, it is common that pet owners purchase pet insurance for their pets. In pet insurance market, insurance companies would provide plans with different coverage level or personalize insurance plan for each pet. The major coverage of pet insurance is the medical treatment; while the coverage level is varied by the price of the insurance. Usually, the larger amount of money invested in the insurance plan, the higher level of insurance coverage the pet and pet owner could get; however, it may not happen in every case as it depends on the insurance company. There are insurance plans for dogs, cats, small animals, birds, reptiles, horses and exotic pets. Nonetheless, some of the pet insurance companies solely offer insurance for dogs and cats. From preventive care to cancer treatment and emergency care, there are numerous options of insurance plans target distinct coverage for pets. Besides of the medical coverage under the insurance, some insurance may cover the situations that would happen on pets, for examples, pet is lost, pet passed away, holiday cancellation of the pet owner due to the decisive surgery of pets, etc. Aside from the insurance coverage, the price of insurance differs due to the breeds, gender, age, health condition and the cost of veterinary service that close to the residential area of the owner, etc. Moreover, there are other pet insurances in pet care which are breeder support insurance and pet business insurance. They are insurance services designed for insuring breeders and ensure the staffs and third parties in pet businesses.

Pet Memorial Service

Pet memorial service is to help pet owners to coordinate the arrangement for the pets' remains. Regarding the pet humanization, pet owners treat pets as a part of their family. Therefore, many pet owners would like to have an appropriate funeral for saying goodbye to their perished pets. Thus, pet memorial services are offered to help the pet owners and pets go through the last stage of pets' live. Once the pets passed away, pet owners could contact the pet memorial service company

immediately. The company would send staffs to pick up the remains and sent it to freeze and sterilize. Pet memorial service companies would have grief support or counseling for pet owners; as well as arrange burial or cremation service by following the pet owners' want. Several companies offer funeral service, burial service, individual or group cremation service, columbarium and exhumation service, etc.

As there are different forms of memorial procedure in diverse culture or religious backgrounds, certain pet memorial service companies provide customized form of the funeral for pet owners. Moreover, there are memorial products which help pet owners to keep the ashes or record of their pets in a proper way, such as urns, wooden boxes and framed photos with paw prints. Special keepsakes that made with the DNA or ashes of the pet would also be ordered to make, as a memorial item to preserve the bonding between pet and pet owner. In addition, online memorial service is available on the market, it is an online platform to let pet owners mourn and miss their pets. Besides, if pet owners want to plan the pet memorial service ahead, pre-arrangement before the sudden may be a better option for pet owners.

Pet Breeder Service

Pet breeder is the person that raises pets for particular breeds and sells them to customers. In pet breeding service, there is regulations and law to restrict the prohibited and illegal breeding. Breeders and kennels should register for the license of qualified pet breeder. Adequate breeders should also provide complete veterinary care for the pets, facilities with shelter while making sure that the in healthy and reasonable condition without any violent treatment and abuse. Relevant government authorities are in responsible to monitor and regulate the pet breeders on market. However, pet owners who are looking for purchasing pets need to be aware of the validity of the breeder service and the transparency of information given by the breeders or suppliers.

There are a variety of pet species and breeds supplying on the pet market, such as dogs, cats, small animals, birds, fish, reptiles, horses, exotic animals, insects, and invertebrates, etc. The price of pet varies because of the breed and the age of pet. Pets sold by breeders should have the vaccination and microchip. Pre and post-customer service from a breeder is important to pet owners for any inquires of the pets that buy from the breeder. Pet owners should select the breed which is suitable or matching with their living style. In addition, breeders may provide exporting pet service which helps pet owners to complete the documents and requirements of the exporting procedures. Customers could purchase pets online or from pet stores or directly from breeders. Alternatively, adoption would be one of the options to get a pet.

Pet Travel Service

Pet travel becomes more popular in recent years, pet owners are able to bring their pet to travel along or immigrate with them easier with the helping hand of pet travel services. The common pet travel services are the preparation of the application documents required by the departure and destination countries or cities; to get the approval of veterinary examination, health certification, records of vaccination and microchipped; to book flight service for pets; transporting pets to the airport; importing and exporting pets, etc. Although the pet travel service agents help pet owners to travel with a pet in a simpler way, pet owners should understand the limitation and regulations of import or export animals in the related countries. Particular species and breeds are not allowed to visit or import. Different countries have specific laws and regulation on pet travel. Pet travel service providers should explain the risks and procedures of the pet traveling process; while pet owners should understand and accept the regulation and requirement of the pet travel in the home and visiting countries.

Analysis

The Current overview in Pet Care

Currently, the global pet care industry is relying on North America heavily, as the USA has the largest pet care market in the size of the retail value. The world's pet population has a steady growth with no sign of declining from 2002 till now. All of the top 10 pet care markets in 2016 are from North America, Western Europe, Asia-Pacific and Latin America. They are the USA, United Kingdom, Germany, Japan, Brazil, France, Italy, Australia, Canada, and Mexico. Indeed, these countries also have significant pet populations and higher amount of expenditure for spending on pets. Most of the top 10 countries in market size are developed countries; hence, the consumers from those countries would have more purchasing power in comparison to developing countries, such as China and South Africa.

For the distribution channels, supermarkets still own the largest portion of pet care distribution over the past 14 years. The store-based retailers are the main distribution channels in pet care; yet, the internet retailing channel under the category of non-store retailing accounts more pet care distribution with the percentage change of 833% from 2002 to 2016. Also, pet superstores, pet shops, and hypermarkets are the essential retailers in grocery and non-grocery specialists in the present; whereas, the veterinary clinics are the core distribution channel on the non-retailing area in pet care. Moreover, the huge number of pet per veterinarian as well as the vet clinic reveals the tension between supply and demand of veterinary service; more qualified veterinarians and licensed vet clinics are needed to provide enough medical service and related facilities for better service for pets.

For the common pet care business paradigms, the pet care companies develop a comprehensive range of commodities and services in pet food, pet care products as well as pet services. In pet food segment, the business paradigm keeps changing as

the markets' demands change. Therefore, the global pet food businesses cover a lot of orientations, ingredients, manufacturing formulas, pet species, and specific needs. It should not be difficult to find out the most suitable pet food for pets. As the pet humanization trend is spreading all over the world, rising numbers of consumers require the natural, premium-graded pet food for their pets. Therefore, a part of the consumers is purchasing premium pet food instead of the mid-priced pet food. At the same time, the consumers in emerging market are having demand on the economy and mid-priced pet food, as those pet owners change the table scraps feed to packaged pet food for their pets, affected by the trend of pet humanization.

Pet care product business segment has a relatively smaller market in the whole pet care industry, but it also has a far-ranging of product offers in different pet care division and functions. The pet care products on market could fulfill all the needs for pets and pet owners. For examples, preventive care medicines for pets, cage cleaners for pet owners, consumable goods such as litter and shampoos for pets, etc. In addition, Pet owners could use pet care products to create a personalized style for their pets and to have more interaction while playing toys with pets. Furthermore, there has a diverse and distinctive pet service paradigm in the current pet care industry. In the view of common pet services on the recent market, it is mainly separated into two sections: the services for pets; and services for pets and pet owners. Veterinary service is the core and typical pet service for pets; other than that, rest of the common pet care services are designed for pets and pet owners basically. For those pets and pet owners' services, they are targeting the needs of busy, working pet owners as they do not have sufficient time for taking care of their pets; or addressing on the wants and desires of pet owners toward their pets, for instances, pet training and pet traveling service. In addition to, the common marketing strategy of pet care business is digital marketing. Pet care companies are using social media and advertisements to promoting brands and selling their products and services.

Forecast on Pet Care Industry

With the gradual growth in world's pet population in next five years, it is believed that the pet care market would expand into a larger scale in the three core business segments: pet food, pet products, and pet services, as the demand for pet care, is correlated to pet population positively. The USA, Brazil, Mexico, China, United Kingdom, Russia, Thailand, Canada, Argentina, and Japan are the top ten markets would have the highest pet care growth between 2016 and 2021. The pet care companies should pay attention to those growing markets, in order to tackle more pet care business opportunities in the future. The trend of aging pet would keep on due to the extensive and complete veterinary care services are provided in the market. Thus, the demand of pet care good and services for senior pets would rise steeply. Also, the increment on the expenditure per pet would be one of the market expansion factors in the coming years. It is predicted that further pet care distribution would be completed via internet retailing due to the convenience and the fast-growing development of e-commerce and m-commerce. Moreover, the concept of data-focus strategy would be implemented in present to future, as more tools or pet products are inventing or invented for monitoring pets and tracking pets' activity. Whistle tracking collar from Mars Inc. is one of the representative examples of data collection.⁸ Abundant of pet related data would be collected for more precise and informative presence, further, development could benefit from that.

The trend of pet humanisation and premiumisation will keep affecting the business environment of pet care in global presence, particularly in the emerging markets. The emerging markets of pet care have enclosed growth and potentials in expansion, especially in the pet food segments and natural, premium pet food products. Moreover, the leading orientation of pet food will remain on nutritional, natural, health and wellness focus in the future. For pet products, according to the

⁸ Euromonitor International. (2016). *Mars Inc. in Pet Care (World)*. London: Euromonitor International Plc.

obesity prevalence survey conducted by the Association for Pet Obesity Prevention (APOP) in 2015, it reported that over half of the cats and dogs were overweight or had an obese problem in the USA.⁵ Therefore, the rising demand for pet dietary supplements may happen due to the prevalent and subsequent phenomenon of obese and overweight pets. Furthermore, more innovative, technologic, advanced pet care products would be introduced in the future, as the improvement of technology in the world. Lastly, for pet services, the pet sitting and walking service would keep the coordination with internet network and mobile applications in foreseeable future; while the operation of pet boarding services would be affected by the competitor, pet sitting services. It is because the business model of pet sitting service offers more flexible, wider option range for consumers. Furthermore, pet insurance would become more common and popular in the emerging markets, as the rising of pet humanization and the awareness of pets' health.

⁵ Association for Pet Obesity Prevention. (n.d.) Pet obesity Facts and Risks in the United States 2015. Retrieved from <http://petobesityprevention.org/pet-obesity-fact-risks/> (March 11, 2017)

Case Study: Business Models in Pet Care Industry

Mars Inc. (Pet Care)

Background and Key Facts

Mars Inc. is a global, private and family-owned company that operates in six business segments, which are Pet Care; Chocolate; Wrigley; Food; Drinks and Symbioscience. In 1911, the founder of Mars Inc., Frank C. Mars began to build up the food and drinks business. After 24 years, Mars acquired the Chappell Brother Ltd., a UK-based manufacturer of CHAPPIE dog food in 1935, for the first step to pet care business.¹⁰ Nowadays, Mars Pet Care is the world-leading pet food and pet care company. The headquarters of Mars's Pet Care segment is located in Brussels, Belgium; while, the fundamental headquarters for all business segments is based in McLean, Virginia, USA. Mars Pet Care has associations with more than 40,000 partners in 50 countries. It has a diverse portfolio of pet care brands with worldwide coverage, for instance, pet food brands, animal hospitals, pet hotels, research centers for pet nutrition, etc.¹⁰ In the recent 15 years, Mars had a continuous acquisitive expansion in order to keep the leading position in pet care industry.



Figure 8 Mars Inc.: Share of Total Sales by Business Segment¹⁰

¹⁰ Mars Inc.. (n.d.). The official information of Mars Inc.. Retrieved from <http://www.mars.com/global/home> (March 15, 2017)

As Mars Inc. is a privately owned business, it has no obligation to publish an annual report, and financial reports as well as comprehensive information about the company in public. However, by referring to the official global website of Mars Inc., it is found that the key employees and the management team of Mars, to comprise of the general company structure of Mars Inc. The Chief Executive Officer and Office of the President, Grant F. Reid, is directly under the Board chairman. There is a management team works under the CEO which is a team formed with Chief Financial Officer, Chief Marketing and Customer Officer, Chief Agricultural Officer, Chief Health and Wellbeing Officer and Chief Sustainability Officer.¹⁰ In addition, Mars has divided two major sectors under the top management team; they are company departments as well as six business segments.¹⁰ There are four primary departments, which are: people and organization; corporate strategy, corporate affairs and strategic initiatives; supply, research and development, and procurement; and secretary and general counsel. For segmentation of business sections, divisions are mainly based on the original business segments; while food, drinks, and multi sales are grouped together.

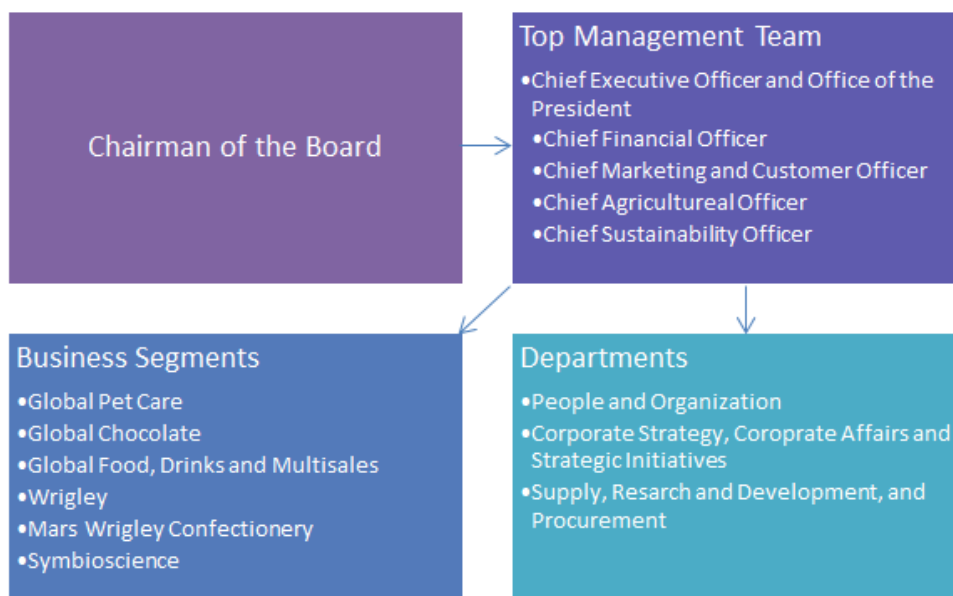


Figure 9 Mars Inc. Company Structure and Management Relations¹⁰

¹⁰ Mars Inc.. (n.d.). The official information of Mars Inc.. Retrieved from <http://www.mars.com/global/home> (March 15, 2017)

Pet care is the largest sale business segment of Mars, in the total of six segments, sees in Figure 9. In the pet care segment, seven product categories are offered on the market mainly; they are dog food; cat food; dog treats and mixers; cat treats and mixers; bird food; fish food; and pet products. In 2015, Mars pet care has 18.5% of value shares in global pet care market with 22 pet care brands. It has the outstanding performance in Eastern Europe region with 38.3% of market shares with 14 brands. The second highest market shares region of Mars is Australasia, it has 34.3% of shares in presence of 19 brands. Mars also has excellent performance in the rest of regions, having the lead market share positions in all regions, excepting the North America region. In North America region, Mars Pet Care only has 13.3% of market value shares under 12 brands. Moreover, Mars Pet Care has the value growth of 4.6% in world pet care industry.

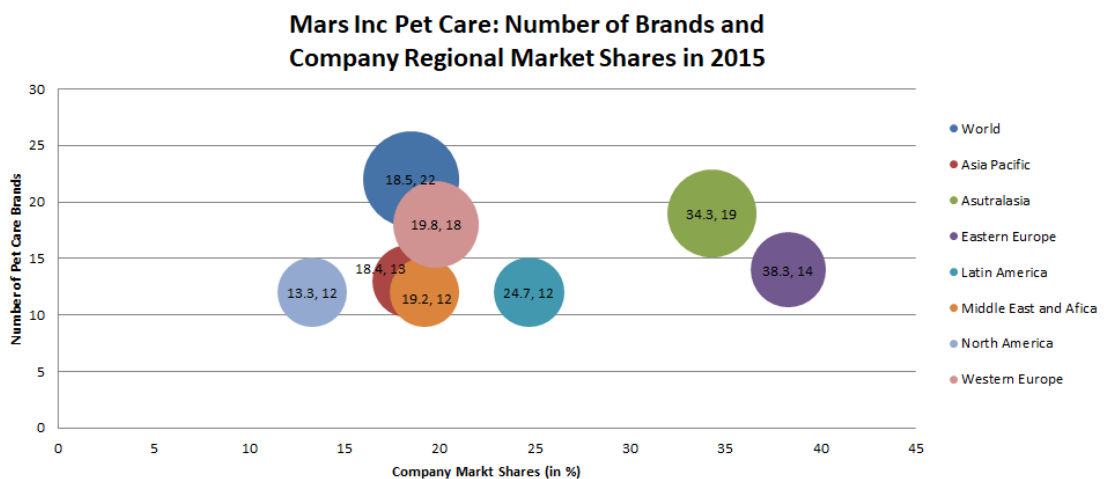


Figure 10 Graph of Mars Inc. Regional Market Shares 2015³

³ Euromonitor International. (2016). *Pet ownership, Market size of Pet Care, Expenditure per Pet, Number of Vets*. Retrieved from <https://www.portal.euromonitor.com/>

Operation Strategy

Mergers and Acquisitions

In the development of Mars pet care, many potential pet care companies are acquired by Mars, in order to maintain the dominant market shares globally or regionally. According to the Euromonitor International, several powerful acquisitions were made by Mars from 2002 to 2016.⁸ Merger and acquisition is a relatively fast and efficient way for the company to expand its market shares by recruiting companies or brands, which have already built up a significant image and have extensive plants and manufacturing formulas, etc. The acquisition strategy is one of the core operation strategies of Mars pet care. In 2002, Royal Canin, a premium specialist cat, and dog food brand were acquired by Mars to gain market share of premium pet food sector.⁸ Under the pet humanization trend, more customers prefer natural and premium pet food for their pets. As Mars aware the natural and premium trend of pet food, it made acquisitions of two pet food companies, Nutro Products in the US and the business of IAMS, Eukanuba and Natura Brands outside of Europe from Procter & Gamble, in 2007 and 2014 respectively. Nutro Products helps Mars to increase the share of natural pet food with high nutrition value in the US pet food market; while the P&G pet care brands assist Mars to strengthen the premium pet food section of the Mars pet care portfolio.

In addition, Mars took over the business of activity and fitness tracker-collar for dogs, Whistle in 2016. Whistle is a technological pet product with GPS and monitoring function, pet owner would know more about their pets' activity and needs by using it. The acquisition purpose of Whistle acquisition is to collect massive data primarily from the tracker, works as a source of research and development of pet.⁸ The data would benefit further product innovation, reformulation of pet food or products and customers' marketing, etc. Besides of the expansion of market shares, the action of

⁸ Euromonitor International. (2016). *Mars Inc. in Pet Care (World)*. London: Euromonitor International Plc.

an acquisition made by Mars is targeting the prevalent trends in the pet industry, for instance, the Nutro Products and Brands from P&G. The actions satisfy the on-trending customers' needs for natural and premium pet food.

Brand Strategy: Diverse Portfolio

Mars has a diverse brand portfolio in the pet care business segment, for pet food, it has more than 22 brands are selling on the market worldwide; at the same time, Mars owns three pet hospital companies, Banfield Pet Hospital, Pet Partners as well as Bluepearl specialty and emergency pet hospital. Furthermore, this company has Waltham Centre which is a research center in pet wellness and nutrition. Pedigree, Whiskas, IAMS, Royal Canin, Cesar, Dreamies, Sheba, Nutro, etc. are the leading brands in pet food market as well as they are the symbolic brands of Mars pet care. Among all the pet care brands of Mars, most of them are premium and mid-priced dog and cat food. Thus, 42% of the Mars pet care total sale are accounted by a premium dog and cat food segment in 2015, according to Euromonitor.⁸ In fact, the segment of natural pet food is rather weak by comparing with other pet food divisions. It is mainly because of the skepticism of customers in the preserve of the nutrition and provenience, analyzed by Euromonitor.⁸ Likewise, the segment of mid-priced dog and cat food is essential to its operations, particularly in the emerging markets, where have a huge demand for economy and mid-priced dog and cat food. The complete portfolio of Mars' pet care brands in all countries is listed in Figure 11.

⁸ Euromonitor International. (2016). *Mars Inc. in Pet Care (World)*. London: Euromonitor International Plc.



Figure 11 Pet Care Brands of Mars Inc. over the World¹⁰

*Starting from top on left: Banfield Pet Hospital, Cesar, Eukanuba, IAMS, Pedigree, Royal Canin, Sheba, Temptation, Waltham, Whiskas, Wisdom Panel, Bluepeal, Whistle, Pet Partners, Advance, Catsan, Chum, Dine, Exelpet, Golden Cob, Greenies, Harmony, Optimum, Chappi, Kiitekat, Nutro, Schmacks, Trill, Dreamies, Perfect Fit, Frolic, Champ, Misfits, Natural Defense, Innovet, Canigou, Natusan, Loyal, Thomas, Promanage, Crave, The Goodlife Recipe, Aquarian, Chappie

Leading in Growing Emerging Markets

In Asia Pacific and Latin America, they are the emerging markets which seek economic replacements of leftover or table scraps while mid-priced pet food has potential in targeting the customers with higher purchasing power in the emerging

¹⁰ Mars Inc.. (n.d.). The official information of Mars Inc.. Retrieved from <http://www.mars.com/global/home> (March 15, 2017)

markets, according to Euromonitor's report.⁸ Indeed, Mars pet care sells their pet food and pet care products to over 30 countries. Expansion in emerging markets is the essential strategy in development of Mars pet care business. Brazil, China, Russia, India, and Mexico are the emerging markets that have a strong fundamental presence of Mars pet care, reported by Euromonitor.⁸ However, in the Euromonitor report, it shows that Mars pet care is in the second position of the North America's pet care market shares, 8.5% lagged behind the strong competitor, Nestlé SA, in 2015.⁸ At present, Mars Petcare is in the leading position of all emerging market regions, but it still has to face a lot of challenges to keep the lead while increasing the market shares in North America. It is because there may have local competitors and natural trend in the market, to weaken the power of Mars pet care in pet care markets.

Distribution Strategy and Expansion of Infrastructures

Because of the company background, Mars has a broad scale of the distribution channel, especially in the retailing channels, such as supermarkets. Euromonitor revealed that supermarkets or hypermarkets are the core distribution channels of Mars pet food. As the mid-priced dog and cat food is the relative important segment in Mars pet care⁸, the mid-priced pet food consumers are mostly purchasing pet food from supermarkets or hypermarkets frequently. Another factor would be supermarkets are the easiest and convenient retailing channel for customers to buy pet food. Besides, pet specialists channels; for examples, veterinary clinics, pet superstores and pet shops, are playing a major role for pet food and pet care product of Mars. With the market prefers the premium offers, Mars limits the distribution channels of particular brands, in order to develop a specific position and orientation of the brands and products. Evo, Royal Canin Veterinary Diet and California Natural are some of the brands that sell in pet specialist channels, to create high-end and exclusive identities of those brands.

⁸ Euromonitor International. (2016). *Mars Inc. in Pet Care (World)*. London: Euromonitor International Plc.

For expansion of infrastructures, Mars opened new pet food factory for manufacturing dog food in Bathurst, Australia in 2015. Meanwhile, it had reconstruction plans for premium pet food segment. Moreover, the acquisition of IAMS, Natura, and Eukanuba is including five pet food production plants in five different countries, two product manufacturing sites outside the United States. Also, the third research center for pet care innovation, nutrition and wellness inaugurated in 2014, at Thompson's Station, Tennessee, according to Euromonitor.⁸

SWOT Analysis

The strengths of Mars Pet Care are the diverse and strong brand portfolio, data mining from Whistle as well as the leading position of Emerging markets.⁸ In the Mars portfolio of pet care brands, many of the brands are powerful and leading positions in the global markets. Importantly, Pedigree and Whiskas are the world's most well-known and popular dog and cat food brands, also from Mars Inc. As mentioned above, Mars dominates the pet care sale in key emerging markets. The foundation in emerging markets could help Mars to have further market leadership and the effectiveness in the industry of pet care business. For Whistle, the activity tracker collar for pets is a useful tool for Mars to gather the enormous statistics of pets' activity. Mars could react to the data and then implement correspondent business decisions. Data from Whistle is also a valuable resource for the innovation research centers of Mars to enhancing the validity of the research.

Weak natural pet food segment and struggle in the trend of premiumisation are the weaknesses of Mars pet care.⁸ According to the report of Euromonitor, Mars has inadequate pet care brands in natural orientation, under the skepticism of brands in the mainstream.⁸ Even though the portion of premium pet food in Mars brand

⁸ Euromonitor International. (2016). *Mars Inc. in Pet Care (World)*. London: Euromonitor International Plc.

portfolio increased after the acquisition of P&G's pet care brands outside Europe; the premium pet food market are competitive and it may not be effortless to consolidate the Mars market shares in premium pet food sector, if there is no further implementation of strengthening the premium pet food brands.

For the opportunities, the trend of pet humanization and healthy and nutritional orientated innovation are the primary opportunities of Mars to earn and keep market shares.⁸ As there is pet care research centers that owned by Mars could provide necessary information from the research results, Mars has the advantage of inventing more products and pet food formulas that on pet health-focus. Furthermore, Mars has comprehensive capital resources to produce or re-position their brands and commodities to fit the pet humanization demands on the global market.

As Mentioned before, natural pet food segment is the weakness of Mars pet care. The competition of natural pet food is the threat of Mars because of the expansion of another dominant competitor, for example, Blue Buffalo, Colgate-Palmolive, and Nestle, according to Euromonitor.⁸ Although Mars have a strong pet care leadership in emerging markets, it is a threat for Mars to deal with the shift to local pet food brands in the upmarket in emerging countries.⁸

⁸ Euromonitor International. (2016). *Mars Inc. in Pet Care (World)*. London: Euromonitor International Plc.

Nestlé SA

Background and Key Facts

With 150 years and experience in food and beverage, Nestlé is the largest company in the food processing business in the world. Nestlé was founded by Henri Nestlé in 1866, started with the foundation of the Anglo-Swiss Condensed Milk Company in Switzerland.¹¹ There are over 2,000 brands owned by Nestlé, in distributions to 191 countries worldwide. This corporation has nine product divisions; they are related to food and beverage, nutrition, health, and wellness: Nestlé health science; Nestlé skin health; Nestlé Nutrition; milk products and ice cream; powdered and liquid beverages; prepared dishes and cooking aids; and pet care. Nestlé is headquartered in Vevey, Switzerland and approximate 328 thousands of employees are working for Nestlé globally and currently.⁸ In 2016, Nestlé had 92,143 million of US dollar annual sales and 231,434 million US dollar of market capitalization.¹² For the pet care business segment of Nestlé, it accounted 12.1 billion CHF in the sale with 21% of trading operating profit margin in 2016.¹² The trading operation profit margin of Nestlé pet care is 5.7% higher than the overall trading operation profit margin of Nestlé, 15.3% in 2016 annual performance.¹² In addition, the pet care segment of Nestlé held 13.5% of total sale while pet care is the second business that has the highest profit margin lagged behind the Nestlé Nutrition by 1.7% of profit margin.

¹¹ Nestlé S.A.. (n.d.). The official information of Nestlé S.A.. Retrieved from <http://www.nestle.com/> (March 15, 2017)

⁸ Euromonitor International. (2016). *Mars Inc. in Pet Care (World)*. London: Euromonitor International Plc.

¹² Nestlé S.A.. (2017) *Annual Report: Annual Review 2016*. Retrieved from Nestlé S.A. Website: http://www.nestle.com/asset-library/documents/library/documents/annual_reports/2016-annual-review-en.pdf

Nestlé SA: Annual Total Sales and the Percentage of Pet Care Sales**				
Area*	In millions of CHF	2015	2016	% of pet care sale 2016
World	Total Sale	88 785	89 469	
	Total Sale of Pet Care	11 488	12 067	(13.49%)
AMS Zone	Total Sale in AMS Zone	25 844	26 356	
	Sale of Pet Care	7 088	8 559	(32.47%)
EMENA Zone	Total Sale in EMENA Zone	16 403	16 249	
	Sale of Pet Care	2 889	2 980	(18.34%)
AOA Zone	Total Sale in AOA Zone	14 338	14 493	
	Sale of Pet Care	511	528	(3.64%)

*World: includes all the countries; AMS Zone: Americas; EMENA Zone: Europe, Middle East, and North Africa; AOA Zone: Asia, Oceania and sub-Saharan Africa

** All financial Numbers are retrieved from the annual review report 2016 from Nestlé SA

Table 6 Nestlé SA: the Percentage of Pet Care Sales in Total Sales 2015 and 2016¹²

The corporation structure of Nestlé is constituted in the hierarchy. Chief Executive Officer is directly under the Chairman of the Board of Directors as well as the executive board. Nestlé health science and Nestlé skin health are the sectors that in the parallel level with CEO as individual business departments. There are four constitutional management divisions direct under the supervision of CEO.¹³ In general, they are corporate governance, communications and human resources division; departments of operation; Nestlé Waters, nutrition and professional management; and three regional zones divisions. Thus, the pet care products are manufactured by Nestlé professionals in nutritional and innovative ways. Moreover, a comprehensive range of pet care brand portfolio is a key to Nestlé to underpin the second largest pet care business in the world market. Nestlé pet care produces dog food; cat food; dog treats and mixers; cat treats and mixers; bird food; fish food;

¹² Nestlé S.A.. (2017) *Annual Report: Annual Review 2016*. Retrieved from Nestlé S.A. Website: http://www.nestle.com/asset-library/documents/library/documents/annual_reports/2016-annual-review-en.pdf

¹³ Nestlé S.A.. (2017) *Corporate Governance Report 2016*. Retrieved from Nestlé S.A. Website: http://www.nestle.com/asset-library/documents/library/documents/corporate_governance/corp-governance-report-2016-en.pdf

small mammal and reptile food; and pet products. Their products are selling to all regions, whereas North America is the pet care market that Nestlé was in the leading position, with 21.8% of market shares.¹⁴ Nestlé ranked the second position of the world's leading pet care company as well as the other regions, expecting the North America region in 2015. Mars Inc. is the major rival of Nestlé in the competition of pet care business.

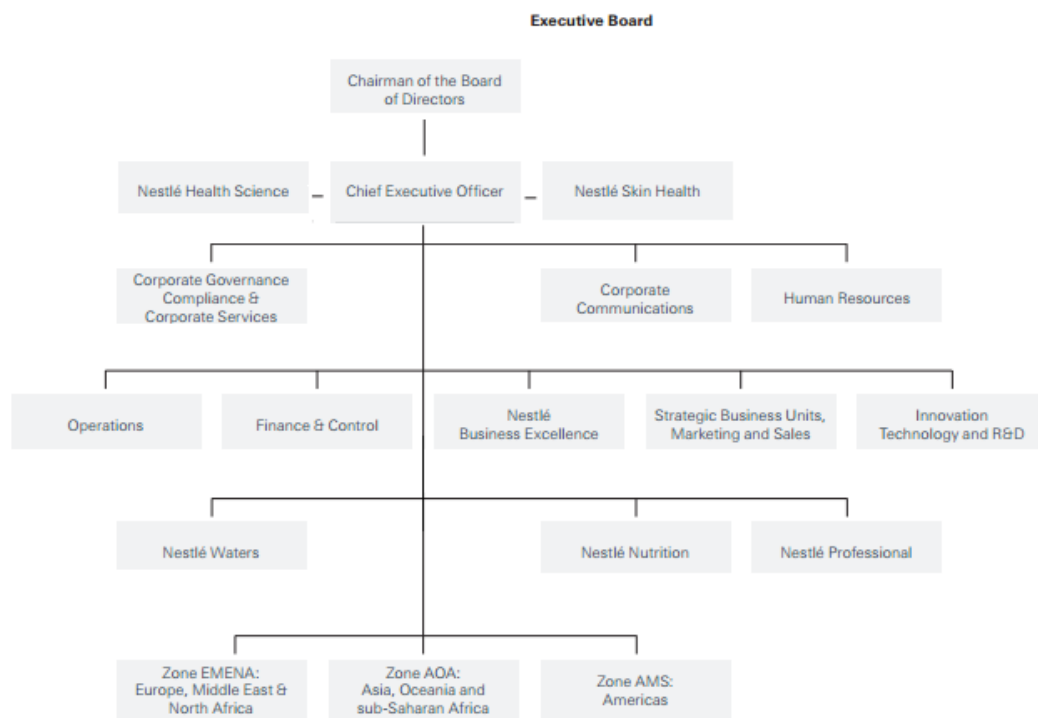


Figure 12 The Company Structure of Nestlé SA¹³

¹⁴ Euromonitor International. (2016). *Nestlé SA in Pet Care (World)*. London: Euromonitor International Plc.

¹³ Nestlé S.A.. (2017) *Corporate Governance Report 2016*. Retrieved from Nestlé S.A. Website: http://www.nestle.com/asset-library/documents/library/documents/corporate_governance/corp-governance-report-2016-en.pdf

Operation Strategy

Dominate in the US Pet Care

Nestlé pet care had 56% of pet care sales were contributed by North America and over 20% of pet care sales were accounted in Western Europe in 2016, according to Euromonitor.¹⁴ At the same time, Nestlé is in the leading position in North America, it is because Nestlé has a coherent nutritional and health-focus positioning in the market. As the US pet market is looking for natural pet food and pet food in premium quality under the pet humanization, Nestlé has been repositioning their brands into natural formulas and made acquisitions of the organic and natural pet food brands, for example, Merrick Pet Care in 2015.

Although Nestlé has a strong and leading pet care performance in North America, the shares in emerging pet care markets or regions are relatively weak when comparing with Mars, the main competitor. Nevertheless, Nestlé has been working on the emerging markets in recent years; it had a marginal increase of market shares in Australasia, Eastern Europe, and Western Europe shown in Figure 13. While Nestlé had no changes in the Asia-Pacific pet care market shares, the Middle East and Africa, as well as Latin America market shares, are declining gradually. Despite Nestlé is leading in pet care in North America, there are other natural and premium pet food brands expanding in the same market that occupy parts of the Nestlé's shares. In general, the world's pet care market share of Nestlé is increasing slightly, analyzed the data provided by Euromonitor.¹⁴

¹⁴ Euromonitor International. (2016). *Nestlé SA in Pet Care (World)*. London: Euromonitor International Plc.

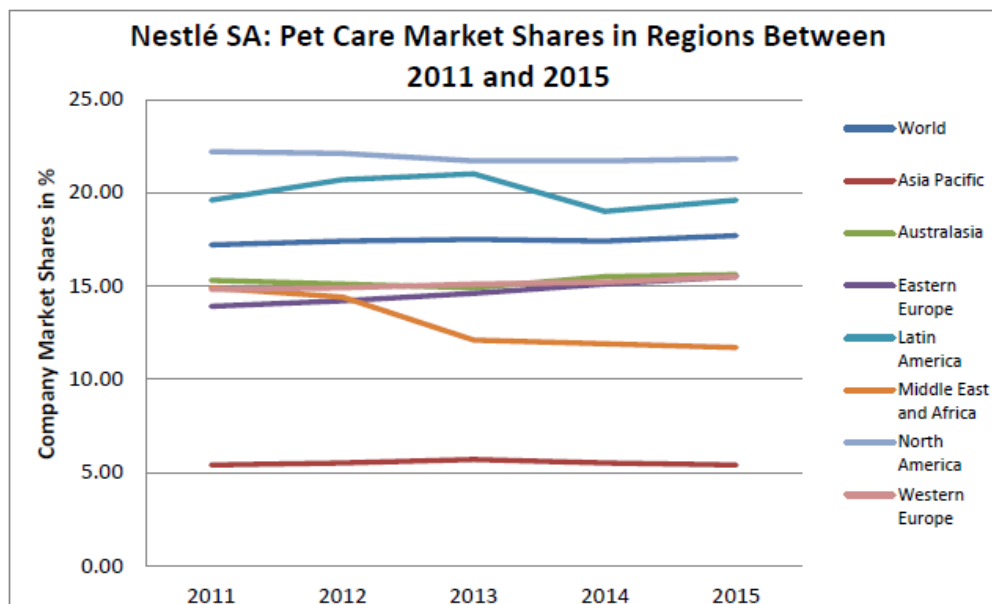


Figure 13 Regional Market Share of Nestlé Pet Care 2011-2015¹⁴

Nutrition, Health Orientated Research and Development Strategy

In 2016, Nestlé introduced a new formula for its specialist pet food brand, Purina Pro Plan, targeting senior pets with the function of shaping a brighter mind and benefit on cognitive health of pets. With extra brain supporting nutrients in the food, it is claimed that pets would increase alertness and improvement on mental reaction after having the Purina Pro Plan Bright Mind products after 30 days, reported by Euromonitor.¹⁴ The bright mind products are launched with the successful results of nutritional and health orientated research and the targeting the market demand of humanized health-focusing products under the pet humanization trend. Not only the health and nutritional pet care products are needed on the market, but also consumers are searching for the humanized products in pet care, for instances, the wider range of flavor options for pet food or pet food that are made with human-graded ingredients.

¹⁴ Euromonitor International. (2016). *Nestlé SA in Pet Care (World)*. London: Euromonitor International Plc.

Therefore, Nestlé launched a selection of Savor Additions, for enhancing the meal satisfaction of pet food in 2014. In the same year, Nestlé created a new pet care brand, Just Right by Purina, which is a personalized formulated pet food brand for dogs. Consumers need to provide the basic and necessary information about their dogs, such as the age, gender, breed, lifestyle, health condition, weight, etc. via the official website, JustRightPetFood.com for ordering.¹⁵ Moreover, the personalized dog food with the picture of the 'dog customer' would be delivered by Just Right by Purina directly to the delivery address. Another selling point of Just Right by Purina is the tailor made and design of nutrition plan are helping the dog to achieve particular goals, for example, improving on coat condition while losing weight.

Besides, the powerful research and development infrastructure and human resources of Nestlé strengthen the development of pet care innovation. Nestlé has 5,000 employees work in the R&D sector in Asia, Europe, and North America; and it owns more than 34 centers for product technology and R&D. The R&D infrastructures have a huge support on the pet care development, particular in the orientations of nutrition, health and wellness.

Brand Strategy: Umbrella Branding

Most of the pet care brands from Nestlé are under one company, Nestlé Purina. Nestlé is using an umbrella branding strategy on their pet food portfolio¹⁴. The advantage of having a single brand is to help the company to reduce costs on diverse marketing operation, in order to maximize the marketing investment, according to Euromonitor.¹⁴ Consumers are easier to recognize the pet care products that are

¹⁵ Just Right by Purina. (n.d.). Information of personalized pet food. Retrieved from <https://www.justrightpetfood.com/> (April 30, 2017)

¹⁴ Euromonitor International. (2016). *Nestlé SA in Pet Care (World)*. London: Euromonitor International Plc.

manufactured by Nestlé. However, the umbrella branding strategy increases the uncertainty of blurring the differences between each brand. Additionally, there has the risk of sharing the negative publicity of particular brand due to the lawsuit or recall cases. For instance, in 2015, Purina Beneful was suited for harmful to the health of pets. Under the lawsuit of Purina Beneful, it may lead consumers to worries of the pet food quality of the other Purina line products.

Indeed, Nestlé has a variety of pet care brands at different price levels and formulas. Purina Friskies is the top cat food brand that leads in the pet care sale in Nestlé; when Purina Fancy Feast/Gourmet is the second cat food brand with the highest sale in the Nestlé pet care brand portfolio. Nestlé provides food and products for cats and dogs with the varied brand portfolio in global pet care market as follow: Bakers, Go-Cat, Kibbles & Kaboodle, Kit 'N Kaboodle, Maxx, Merrick, Moist & Meaty, Mon Petit, Purina Alpo, Purina Beggin', Purina Beneful, Purina Cat Chow, Purina Darling, Purina Dog Chow, Purina Fancy Feast/Gourmet, Purina Felix, Purina Fido, Purina Friskies, Purina Kanina, Purina Mighty Dog, Purina ONE, Purina Pro Plan, Purina Pro Care, Purina Puppy Chow, Purina Supercoat, Purina Tidy Cats, Purina Veterinary Diets, Waggin Train and Winalot.¹⁶ In addition, Nestlé Purina operates its own Purina Farms and 9-Square Ventures, which related to the investment of pet care brands in emerging markets.¹⁷

¹⁶ Nestlé Purina. (n.d.). The official information of Nestlé Purina. Retrieved from <https://www.purina.com/> (March 15, 2017)

¹⁷ MarketLine. (2016). *Company Profile: Nestle Purina PetCare Company*. London: Progressive Digital Media Ltd.



Figure 14 Pet Care Brands from Nestlé Purina in the USA¹⁶

Local production Strategy

One of the essential strategies of Nestlé development is a local production. In purpose of maximizing the local recourses, cutting costs of distribution and optimizing the customer delivery. According to Euromonitor, it reported that Nestlé was aiming at using 90% of local raw materials in its Russia market.¹⁴ The locally orientated strategy is applying on pet food production gradually. The example of supreme dog food, Purina Revenue in Brazil, is the testimonial of Nestlé pet food

¹⁶ Nestlé Purina. (n.d.). The official information of Nestlé Purina. Retrieved from <https://www.purina.com/> (March 15, 2017)

¹⁴ Euromonitor International. (2016). *Nestlé SA in Pet Care (World)*. London: Euromonitor International Plc.

with the local production and locally-focus approach by using local materials procured from Brazil.

On the other hand, Nestlé is improving the production of pet food. It opened a new factory in Silao, Guanajuato, Mexico for manufacturing pet food in December 2015.¹⁴ 130,000 tons of dry pet food would be produced from this newly-opened factory annually, and 40% of the factory output would be exported to the Caribbean and Central America. Also, Nestlé upgraded the facilities in other manufacturing sites, such as the site in Blayney, New South Wales, Australia in 2014, Euromonitor stated in the report.¹⁴ With the rising demand for pet care products in Central Europe region, Nestlé built its pet care factory which located in Poland, at the southwest, in order to fulfill the growing demand from the market of Central Europe. At the same time, the reconstruction of the existing pet care factory in Bük, Hungary, is planned to re-open at the end of 2017. After the extension of the re-organized factory, it would become the biggest manufacturing center of pet food in Europe.

SWOT Analysis

For the strength of Nestlé, it has a significant, strong focus on innovation of pet care product, which helps Nestlé to occupy the shares in nutrition, health, and wellbeing-focus pet market.¹⁴ Besides, the valuable human resources of Nestlé is one of the strengths in the pet care segment, the improvement of pet food formulas, innovation of pet care are the results done by the strong R&D tanks in Nestlé. As Nestlé is the world's largest corporation in food and beverage, it has a comprehensive distribution network in all retailing channel as well as the specialty retail intermediaries.¹⁴ The large distribution scale of Nestlé is the solid advantage of introducing new products and having the upper position during the negotiation of most retailers.

¹⁴ Euromonitor International. (2016). *Nestlé SA in Pet Care (World)*. London: Euromonitor International Plc.

The imbalance of portion of pet care sale in regions would be one of the weaknesses of Nestlé. The 53% of total Nestlé pet care sale came from North America in 2015. It led a consequence of over-reliance on the North America market.¹⁴ Nestlé has to take the risk of solely rely on specific market as huge impacts may occur when the North America market demand or economy declines. In addition, there was a lawsuit of Purina Beneful in 2015. Over 3,000 consumers complained and filed to court to against Purina Beneful with claims of Beneful dry kibble dog food are toxic to the dog and harmful to pet's health, even life.¹⁷ Consequently, the US Food and Drug Administration (FDA) issued a warning letter to Nestlé Purina for the violation of some manufacture and production regulations of the production of pet food in a related factory in Allentown, Pennsylvania, US.

Pet humanization is the opportunity for Nestlé, as the pet care market has an increasing level of concern on the nutrition, natural ingredients and health-oriented pet care products. Meanwhile, Nestlé has a strong research resources, it is capable to innovate more pet care products that targeting on the aging pets. According to the report from MarektLine, the expenditure on pets in the US market is increasing. It is also a great opportunity to Nestlé with the leading position in North America.¹⁷

Nestlé pet care has factories in 14 countries within America and Europe regions. The rising wages of labor in Europe and US would be a threat to Nestlé, even though it has the local production strategy.¹⁴ As the operation costs increase, the profit and sale volume may be affected and then causing the underperformance in chances. Besides, the local pet care players in emerging markets are the threat to Nestlé.¹⁴ It is because consumers may decide to support the local brands, for some reason, such as reduce emissions and carbon footprint when purchasing local products.

¹⁴ Euromonitor International. (2016). *Nestlé SA in Pet Care (World)*. London: Euromonitor International Plc.

¹⁷ MarketLine. (2016). *Company Profile: Nestle Purina PetCare Company*. London: Progressive Digital Media Ltd.

PETSMART

Case Study in Brief

Background and Key Facts

PetSmart, Inc. is a US-based dominant pet specialty retailer in pet food, pet care products and pet services. It is established by the founder, Jim and Janice Dougherty in 1986.¹⁸ The company was taken by a group of private firms under the BC Partners' lead, with an \$8.7 billion US dollar transaction in March 2015, according to Forbes.¹⁹ PetSmart has a digital business portfolio which includes Pet360.com, petMD.com, OnlyNaturalPet .com, Pawculture.com, PetFoodDirect.com and PetSmart.com for customers and pet business partners to consume.¹⁸ The major serving countries of PetSmart are United States, Canada, and Puerto Rico, with more than 1,500 pet stores and around 55,000 associates in the serving area. PetSmart had \$1,913.79 million US dollar revenue and \$132.1 million US dollar net income in the first quarter of 2015, shown in Figure 15.²⁰ It is the 48th America's Largest Private Companies ranked by Forbes.¹⁹ The headquarters of PetSmart is located in Phoenix, Arizona, USA. Approximately 53,000 employees are employed by PetSmart, reported by Forbes.¹⁹

Moreover, PetSmart has a vision of loving pets and believing that pets would make better people. With the clear vision of animal caring, PetSmart is passionate about promoting adoption services and aims at creating closer bonding between pets and pet owners. PetSmart Charities are non-profits business division of PetSmart, to

¹⁸ PetSmart, Inc.. (n.d.). The official company information of PetSmart, Inc.. Retrieved from <http://phx.corporate-ir.net/phoenix.zhtml?c=93506&p=irol-homeprofile> (March 15, 2017)

¹⁹ Forbes. (n.d.). Company Overview of Petsmart. Retrieved from <https://www.forbes.com/companies/petsmart/> (March 26, 2017)

²⁰ Google Finance. (n.d.). Income Statement of PetSmart, Inc.. Retrieved from <https://www.google.com/finance?q=NASDAQ:PETM&fstype=ii> (March 26, 2017)

collaborate with exceeding 3,000 animal organizations of welfare, to help adoptable pets to find their home with love and caring.¹⁸ On the other hand, PetSmart not only offers pet food, pet care products but also with pet grooming service, pet training, veterinary care in stores, pet boarding service and day care services for pets. PetSmart is in brick-and-mortar and online retailing business models, as it sells pet merchandises and provides pet services that need to serve in brick-and-mortar stores.

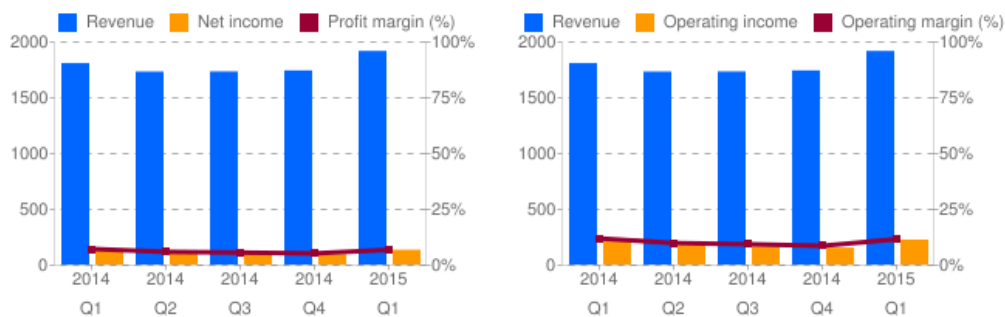


Figure 15 The Financial Statistic of PetSmart, Inc.²⁰

Operation Strategy

According to the article taken from Retail Merchandiser, even though the major target customer segment is the ‘pet enthusiasts’ but also have to strategic targeting for appealing other consumer segments, such as the accessible neighborhood segment and the customer segment which do not devote in pets very much.²¹ For the location strategy, the company focuses on setting store at the center of regional purchasing power; and has a requirement of 19,000 square feet for store size in average, yet smaller size for a store located in the urban area are considerable. Furthermore, the placement of the goods in store is one of the operational strategies for PetSmart, reported by Retail Merchandiser.²¹ For instance, toys,

¹⁸ PetSmart, Inc.. (n.d.). The official company information of PetSmart, Inc.. Retrieved from <http://phx.corporate-ir.net/phoenix.zhtml?c=93506&p=irol-homeprofile> (March 15, 2017)

²⁰ Google Finance. (n.d.). Income Statement of PetSmart, Inc.. Retrieved from <https://www.google.com/finance?q=NASDAQ:PETM&fstype=ii> (March 26, 2017)

²¹ Facenda, V. L. (2000). Petopia. *Retail Merchandiser*, 40(7), 11.

aquarium equipment, and bird feeders are some examples of hard goods that are placed in the front of the store where the entrance locates. Cat and Dog products are segregated distinctly with the individual area of placing all goods of one pet category.

There is over 12,000 assortments of pet care products are being sold at PetSmart, with a variety of national brands, premium brands, corporate brand and products with value-pricing.²¹ PetSmart corporates with brands that could be found in grocery retail stores as well as pet specialty store, aiming to provide most of the brands that are prevailing on the market. Furthermore, supplying non-traditional pet care items in broad selection is one of the characteristic highlights of PetSmart. For the pricing strategy of PetSmart, it claimed that its company had a price policy of setting the sale price offered by grocers as the regular price of the products sold at PetSmart, said by the CEO of PetSmart in the interview of Retail Merchandiser.²¹ Therefore, PetSmart would offer promotions in often and add extra gift or giveaway in the product package; for examples, additional cans or pounds in pet food, toy as a gift with goods, etc. With the pet services that are offered by PetSmart, the consumers may purchase or search for general pet solutions from PetSmart. The comprehensive pet business divisions are well-arranged and convenient for pet owners to solve a bunch of pets' problem in a place.

²¹ Facenda, V. L. (2000). Petopia. *Retail Merchandiser*, 40(7), 11.

Conclusion

In conclusion, the three core components of pet care industry are pet food, pet products, and pet services. Pet food is the major business segment as it accounts the largest sales in the global pet care market; while pet product has smaller sales in total because of the fewer demand of pet care products over the world. However, it is difficult to differentiate between the sales of pet products and pet services, which segment has the higher sales and market size, as a number of world's sales of pet service is unavailable in statics or no announcement of the exact numbers. For the pet care industry's stakeholders, they are divided into seven groups by functions. Suppliers, manufacturers, companies are the stakeholders with supplying, producing and inventing function. Distributors and retailers are the intermediaries between companies and consumers. The government is in a role of public governance, regulating and monitoring all the pet care business operations and legality of pet services. In the service sector, service providers are the key stakeholder of pet care service business. Pet owners and pets are the initiations of all pet care businesses and supplies. For other parties that are related to pet care industry, they are animal organizations, charities, pet business associations, etc., having the power of voice and monitoring function for all kinds of pet care relevant issues.

Moreover, there are four prevalent and Influential trends in the recent development of pet care industry, they are pet humanization, premiumization, aging and overweight pets as well as internet pet care. Pet humanization is the key origin of the trend of premiumisation, aging and overweight pets. Rising number of pet owners treat their pets as a family member as kids of them. Those enthusiastic pet owners want to give the human-grade pet food, organic or natural pet food ingredients, comprehensive and premium pet care. Thus, the premiumization trend is popular in the pet care market, goods and services are in high, premium quality, for the purpose of satisfying the growing demand of premium-level of pet care. For the phenomenon of aging and overweight pets, more pets are having a longer life due to the improvement and complete resources of veterinary care; and the low-activity lifestyle and the habit of excessing diet of pet are the primary factors of the

phenomenon. Furthermore, the trend of the internet and mobile pet care is referring the changing of consumers' lifestyle and the fast-growing development of internet and mobile application technology. Consumers could purchase pet commodities from local or oversea retailers and order or book pet care service via an internet website or mobile applications.

Pet care data collected by Euromonitor International reveal the historical, current and forecast on the essential facts in pet care industry. According to Euromonitor, the world's pet population is composed of 57% of other pets; 25% of dogs; and 18% of cats in 2016.³ It is predicted that the global pet population would have a stable and gradual growth in the forecast. What is more, the USA has the largest market size in retail value and North America is the region that having the highest amount of expenditure per pet. The numbers of veterinarians and vet clinics show the shortage of veterinary professional forces and facilities to handle and take care of the massive pet population. Alternatively, there are business opportunities in veterinary service as the growth of pet population and the power of pet humanization is rising. The major distribution channels remain in the store-based retailers, such as supermarkets of grocery channel and pet superstores as the representative of the specialty pet retailing channel; while internet retailing is the boosting pet care distribution channel of non-store retailing.

Indeed, the business paradigms of common pet care business segments are constituted in divisions of product categories, breeds, functions, formation. Although the current common business paradigms are established comprehensively, the paradigms should have further changes under the trends of pet care. Significant changes in pet food business would be the shift to the focus of natural, premium pet food as well as pet food formulas which are targeting the needs of senior pets and overweight pets. On the other hand, the pet product's paradigm, more innovative and technological pet care products would be introduced in the future. Besides, the

³ Euromonitor International. (2016). *Pet ownership, Market size of Pet Care, Expenditure per Pet, Number of Vets*. Retrieved from <https://www.portal.euromonitor.com/>

business paradigm of pet care service is divided into two types of consumers targeting: one is severed for the interests of pets; the other one is targeting the needs of pet owners and pets. A typical pet service for the sake of pets is the veterinary service; pet grooming as well as pet sitting and walking are offered on markets mainly because of fulfilling the needs of busy pet owners and for pets that without the related care from owners.

Regarding the case study of three powerful pet care companies, there are commonplaces of the business models. Firstly, they are all international or multi-national enterprise. The two leading companies in pet care business have the major focus on pet food segment. Both of the dominating enterprises in pet care are having the background of food processing businesses and diverse business portfolio with food and beverage globally. They usually have comprehensive research and development infrastructures, a wide range of accessible distribution channels, multiplex brand portfolio in pet care, and commonly using the mergers and acquisitions strategy to expand their market sizes and brand portfolio. For the pet specialty chain, the business model focus on the consumer targeting strategy, formats of product placing, pricing strategy, the variety of pet care merchandises and services that are provided in one store at the same location and the company's image. For the situation of the pet specialty retailer in the case study, the retailer contributes a lot of effort in the pets' adoption and animals-related charity events, in order to build up the animal-caring image, to create stronger resonance and bonding with its consumers.

Limitations and Further Discussion

There are limitations of the thesis that have to be aware of. Firstly, lack of sufficient literature and academic information of pet care business is one of the main limitations of the thesis. Academic articles and books of pet care business are hard to find. Secondly, the other main limitation of the thesis is reliance on a particular source, the Euromonitor International. Most of the report data and statistics that

used in the thesis are collected and reported by Euromonitor, as Euromonitor has been working the research on pet care industry since 2002. Therefore, complete and informative reports and figures of pet care are provided as the critical referencing resources for thesis's topic. For the secondary pet care data from Euromonitor has the restriction on the number of countries. In another word, Euromonitor could only provide the pet care data and statistical figures from 54 countries in 7 regions. The defectiveness of incomplete worldwide resources coverage causes the limitation. Thirdly, the primary data of common pet care business paradigms are all collected from the related brands or companies' official websites solely. Fourthly, this thesis only presents the general overview of pet care business and opportunities in global perspective. The conclusions and business paradigms may not be applicable to the pet care business in every region or country.

For a discussion of the pet care business, it is suggested to carry out further academic research on the segments of pet care products and pet services as the potential businesses. For instance, a detailed discussion on the relations of pet humanization and relevant businesses is recommended. It is because the pet humanization has been underpinned in the pet care market, the research would underline the business opportunities and further phenomenon. In addition, the brands and companies positioning in pet care industry would be a useful industry report which helps to understand the business environment of pet care, as well as the competition between major players in pet care market. Moreover, the potential analyses in the developing or emerging pet care markets are important, as that would provide more information on the emerging markets. Besides of the industrial research topics, the specific services in pet care are also having a high value of research, for example, the promotion and development of pet insurance in emerging pet care market. Last but not least, there are many potential research topics and further discussion in pet care business, as the pet care industry is still in a developing progress.

Bibliography

ADOGO Pet Hotel. (n.d.). Information of pet hotel services. Retrieved from <http://adogopethotels.com/> (March 22, 2017)

Advantage Pet Care. (n.d.). Information of pet parasitic care products. Retrieved from <http://www.advantagepetcare.com.au/en/products/> (March 10, 2017)

Agria. (n.d.). Information of pet insurance. Retrieved from <http://www.agriapet.co.uk/> (April 8, 2017)

Agriculture, Fisheries and Conservation Department of Hong Kong. (n.d.). Information of importing and exporting live animals, Information of animal boarding service. Retrieved from <https://www.aphis.usda.gov/> (March 20, 2017)

Airpets. (n.d.). Information and services of Airpets. Retrieved from <http://www.airpets.com/> (March 20, 2017)

Alderton, D., Edwards, A., Larkin, P. and Stockman, M. (2011). The Complete Book of Pets & Petcare. London: Anness Publishing.

American Kennel Club. (n.d.). Information of breeder. Retrieved from <http://www.akc.org/> (March 23, 2017)

American Society for the Prevention of Cruelty to Animals. (n.d.). Information of animal protection. Retrieved from <https://www.aspca.org/> (February 19, 2017)

Animal and Plant Health Inspection Service of United States Department of Agriculture. (n.d.). Information of importing and exporting live animals. Retrieved from <https://www.aphis.usda.gov/> (March 20, 2017)

Animal World. (n.d.). Information of common types of pet. Retrieved from <http://animal-world.com/encyclo/information/types-of-pets.php> (March 1, 2017)

Association for Pet Obesity Prevention. (n.d.) Pet obesity Facts and Risks in the United States 2015. Retrieved from <http://petobesityprevention.org/pet-obesity-fact-risks/> (March 11, 2017)

Australian Dog Grooming School. (n.d.). Information of pet grooming profession. Retrieved from <http://www.australiandoggroomingschool.com.au/> (March 28, 2017)

Aussie Pet Mobile. (n.d.). Information of pet grooming service. Retrieved from <https://aussiepetmobile.com/> (March 28, 2017)

AV Purrfect Pets. (n.d.). Information of pet grooming service. Retrieved from <http://av-purrfectpets.co.uk/> (March 28, 2017)

Azabu Pet. (n.d.). Information of pet boarding services. Retrieved from <http://azabupet.jp/english/pethotel/> (March 22, 2017)

Banfield Pet Hospital. (n.d.). Information of veterinary service. Retrieved from <https://www.banfield.com/> (March 22, 2017)

Barkly Pets. (n.d.). Information of pet sitting and walking service. Retrieved from <https://barklypets.com/> (April 5, 2017)

Beaphar. (n.d.). Information of pet food and pet care products. Retrieved from <http://www.beaphar.com/> (March 10, 2017)

Bloomberg. (n.d.). Company Overview of Mars, Incorporated. Retrieved from <https://www.bloomberg.com/research/stocks/private/people.asp?privcapId=184468> (March 26, 2017)

Bubbles Grooming Shop D.O.G. (n.d.). Information of pet grooming service. Retrieved from <http://bubbles-tokyo.com/en/> (March 28, 2017)

Daktari Animal Hospital. (n.d.). Information of veterinary service. Retrieved from <http://www.daktari.gr.jp/en/> (March 22, 2017)

Dog Cheers. (n.d.). Information of pet boarding services. Retrieved from <https://dogcheers.com/en/> (March 22, 2017)

DogVacay. (n.d.). Information of dog walking service. Retrieved from <https://dogvacay.com/> (April 5, 2017)

Embrace. (n.d.). Information of pet insurance. Retrieved from <http://www.embracepetinsurance.com/> (April 8, 2017)

Euromonitor International. (2014). *Addressing food and lifestyle: innovations in global pet care*. London: Euromonitor International Plc.

Euromonitor International. (2016). *Because they're worth it: Pet care global overview*. London: Euromonitor International Plc.

Euromonitor International. (2016). *Mars Inc. in Pet Care (World)*. London: Euromonitor International Plc.

Euromonitor International. (2016). *Nestlé SA in Pet Care (World)*. London: Euromonitor International Plc.

Euromonitor International. (2016). *Pet ownership, Market size of Pet Care, Expenditure per Pet, Number of Vets*. Retrieved from <https://www.portal.euromonitor.com/>

Euromonitor International. (2017). *Number of Vet Clinics*. Retrieved from <https://www.portal.euromonitor.com/>

Exotic Animals for Sale. (n.d.). Information and platform of breeder. Retrieved from <http://www.exoticanimalsforsale.net/animalbreeders/> (March 23, 2017)

Facenda, V. L. (2000). Petopia. *Retail Merchandiser*, 40(7), 11.

Fetch! Pet Care. (n.d.). Information of pet sitting and walking service. Retrieved from <https://www.fetchpetcare.com/> (April 5, 2017)

Forbes. (n.d.). Company Overview of Petsmart. Retrieved from <https://www.forbes.com/companies/petsmart/> (March 26, 2017)

Frontline Pet Care. (n.d.). Information of pet care products. Retrieved from <http://frontlinepetcare.co.uk/> (March 10, 2017)

Fuzzy Wuzzy. (n.d.). Information of pet grooming service. Retrieved from <http://fuzzywuzzy.in/> (March 28, 2017)

FWD Hong Kong. (n.d.). Information of pet insurance. Retrieved from <https://www.fwd.com.hk/en/protect/household-insurance/pets-insurance/> (April 8, 2017)

Gateway Pet Memorial. (n.d.). Information of pet memorial service. Retrieved from <http://www.gatewaypetmemorial.com/> (March 29, 2017)

Goodbye Dear. (n.d.). Information of pet memorial service. Retrieved from <http://www.goodbyedear.com.hk/zh/index1111/#> (March 29, 2017)

Google Finance. (n.d.). Income Statement of PetSmart, Inc.. Retrieved from <https://www.google.com/finance?q=NASDAQ:PETM&fstype=ii> (March 26, 2017)

Hartz. (n.d.). Information of pet food and pet care products. Retrieved from <http://www.hartz.com/> (March 10, 2017)

Healthy Paws. (n.d.). Information of pet insurance. Retrieved from <https://www.healthypawspetinsurance.com/> (April 8, 2017)

Hill's. (n.d.). Information of pet food. Retrieved from <http://www.hillspet.com/en/us/home> (March 10, 2017)

Hong Kong Pet Memorial. (n.d.). Information of pet memorial service. Retrieved from <http://www.petmemorial.com.hk/html/eng/index.php> (March 29, 2017)

House My Dog. (n.d.). Information of dog sitting and walking service. Retrieved from <https://housemydog.com/> (April 5, 2017)

IAMS. (n.d.). Information of pet food. Retrieved from <http://www.iams.com/> (March 10, 2017)

International Pet and Animal Transportation Association. (n.d.). Information and services of International Pet and Animal Transportation Association (IPATA). Retrieved from <https://www.ipata.org/> (March 20, 2017)

Japan Animal Club. (n.d.). Information of pet insurance. Retrieved from <https://www.animalclub.co.jp/> (April 8, 2017)

Just Right by Purina. (n.d.). Information of personalized pet food. Retrieved from <https://www.justrightpetfood.com/> (April 30, 2017)

Langford Vets. (n.d.). Information of veterinary service. Retrieved from <http://www.langfordvets.co.uk/> (March 22, 2017)

Lotz, K. (2014). Top 5 Luxurious Pet Hotels. iHeartDogs.com. Retrieved from <http://www.petgroomingschool.org/poland-in-pet-grooming-school/> (March 22, 2017)

Love That Pet. (n.d.). Information and pet training . Retrieved from <https://www.lovethatpet.com/> (March 23, 2017)

Luxe Pet Hotels. (n.d.). Information of pet hotel services. Retrieved from <http://www.luxepethotels.com/> (March 22, 2017)

Lytle Veterinary Clinic. (n.d.). Information of veterinary service. Retrieved from <https://lytlevet.com/> (March 22, 2017)

MarketLine. (2016). *Company Profile: Mars, Incorporated*. London: Progressive Digital Media Ltd.

MarketLine. (2016). *Company Profile: Nestle Purina PetCare Company*. London: Progressive Digital Media Ltd.

Mars Inc.. (n.d.). The official information of Mars Inc.. Retrieved from
<http://www.mars.com/global/home> (March 15, 2017)

Nati, J. (n.d.). Companion animal breeding practices in NSW. Retrieved from
<https://piaa.net.au/companion-animal-breeding-practices-in-nsw/>

Nationalwide. (n.d.). Information of pet insurance. Retrieved from
<https://www.petinsurance.com/> (April 8, 2017)

Nestlé Purina. (n.d.). The official information of Nestlé Purina. Retrieved from
<https://www.purina.com/> (March 15, 2017)

Nestlé S.A.. (2017) *Annual Report: Annual Review 2016*. Retrieved from Nestlé S.A.
Website: [http://www.nestle.com/asset-library/documents/library/documents/
annual_reports/2016-annual-review-en.pdf](http://www.nestle.com/asset-library/documents/library/documents/annual_reports/2016-annual-review-en.pdf)

Nestlé S.A.. (2017) *Corporate Governance Report 2016*. Retrieved from Nestlé S.A.
Website: [http://www.nestle.com/asset-library/documents/library/documents/
corporate_governance/corp-governance-report-2016-en.pdf](http://www.nestle.com/asset-library/documents/library/documents/corporate_governance/corp-governance-report-2016-en.pdf)

Nestlé S.A.. (n.d.). The official information of Nestlé S.A.. Retrieved from
<http://www.nestle.com/> (March 15, 2017)

Paws-Resort. (n.d.). Information of pet boarding services. Retrieved from
<http://www.paws-resort.co.za/> (March 22, 2017)

Pedigree. (n.d.). Information of pet food. Retrieved from
<https://www.pedigree.com/> (March 10, 2017)

People for the Ethical Treatment of Animals. (n.d.). Information of animal protection.
Retrieved from <http://www.peta.org/> (February 19, 2017)

Perfect Pets. (n.d.). Information and platform of breeder. Retrieved from
<https://perfectpets.com.au/> (March 23, 2017)

Pet. (2006). In *Oxford Wordpower Dictionary* (3rd ed). Oxford: Oxford University
Press.

PetCo. (n.d.). Information of pet supply, dog training and pet grooming service.
Retrieved from <https://www.petco.com/shop/en/petcostore> (March 28, 2017)

Petfirst. (n.d.). Information of pet insurance. Retrieved from
<https://www.petfirst.com/> (April 8, 2017)

Pet Funeral Service Ltd. (n.d.). Information of pet memorial service. Retrieved from
<http://petfuneralservices.co.uk/> (March 29, 2017)

Pet Grooming School. (n.d.). Information of pet grooming profession. Retrieved from
<http://www.petgroomingschool.org/poland-in-pet-grooming-school/> (March 28,
2017)

Pet Memorial Service. (n.d.). Information of pet memorial service. Retrieved from <https://www.petmemorialservices.com/> (March 29, 2017)

Petplan North America. (n.d.). Information of pet insurance. Retrieved from <https://www.gopetplan.com/> (April 8, 2017)

Petplan UK. (n.d.). Information of pet insurance. Retrieved from <https://www.petplanbreeder.co.uk/> (April 8, 2017)

Pets at home. (n.d.). Information of pet supply, pet grooming and other pet care services. Retrieved from <http://www.petsathome.com/> (March 28, 2017)

etsecure. (n.d.). Information of pet insurance. Retrieved from <http://www.petsecure.com/> (April 8, 2017)

Pets Eternal. (n.d.). Information of pet memorial service. Retrieved from <http://www.petseternalpeace.com.au/> (March 29, 2017)

Pets in Peace. (n.d.). Information of pet memorial service. Retrieved from <http://www.petsinpeace.com.au/> (March 29, 2017)

Pet Sitters International. (n.d.). Information of pet sitting service. Retrieved from <https://www.petsit.com/> (April 5, 2017)

PetSmart, Inc.. (n.d.). The official company information of PetSmart, Inc.. Retrieved from <http://phx.corporate-ir.net/phoenix.zhtml?c=93506&p=irol-homeprofile> (March 15, 2017)

PetSmart. (n.d.). Information of pet supply, grooming, pet training and other pet care services. Retrieved from <http://www.petsmart.com/> (February 18, 2017)

PetSure. (n.d.). Information of pet insurance. Retrieved from <http://www.petsure.com.au/> (April 8, 2017)

Pets4Homes. (n.d.). Information and platform of breeder. Retrieved from <https://www.pets4homes.co.uk/> (March 23, 2017)

PetTravel.com. (n.d.). Information and services of PetTravel.com. Retrieved from <http://www.pettravel.com/> (March 20, 2017)

Pet Travel Services. (n.d.). Information and services of Pet Travel Services. Retrieved from <http://www.pettravelservices.co.uk/> (March 20, 2017)

Posh Pet Hotel. (n.d.). Information of pet hotel services. Retrieved from <http://www.poshpethotel.com/> (March 22, 2017)

Purina Dog Chow. (n.d.). Information of pet food. Retrieved from <https://dogchow.com/en> (March 10, 2017)

Purina Friskies. (n.d.). Information of pet food. Retrieved from <http://www.friskies.com/> (March 10, 2017)

Purina ONE. (n.d.). Information of pet food. Retrieved from <https://www.purinaone.com/> (March 10, 2017)

Purina Pro Plan. (n.d.). Information of pet food. Retrieved from <https://www.proplan.com/> (March 10, 2017)

Ringstar Pet Hotel. (n.d.). Information of pet hotel services. Retrieved from <http://www.ringstarpethotel.ro/> (March 22, 2017)

Royal Canin. (n.d.). Information of pet food. Retrieved from <https://www.royalcanin.com/> (March 10, 2017)

Royal Veterinary College University of London. (n.d.). Information of veterinary service. Retrieved from <http://www.rvc.ac.uk/> (March 22, 2017)

Shore, D. (2016). As the Pet Population Ages, Brands Spy New Opportunities to Add Value. London: Euromonitor International Plc.

Shore, D. (2016). Five Trends that Defined Pet Care in 2016. London: Euromonitor International Plc.

Shore, D. (2016). Innovation Drives Growth in Global Pet Products Market. London: Euromonitor International Plc.

Shore, D. (2016). Internet Retailing Goes Mainstream in Pet Food. London: Euromonitor International Plc.

Shore, D. (2016). Premium Brands and Internet Retailing Drive Dog and Cat Food Growth in China. London: Euromonitor International Plc.

Shore, D. (2016). With the Acquisition of Whistle, Mars Takes a Leap into Pet Gadgets. London: Euromonitor International Plc.

Society for the Prevention of Cruelty to Animals Hong Kong. (n.d.). Information of veterinary service, grooming, pet boarding, pet training and breeder. Retrieved from <https://www.sPCA.org.hk/en/> (March 23, 2017)

Stowe, J. D. (2000). Pet insurance--essential option? The Canadian Veterinary Journal, 41(8), 639–644.

Tetra. (n.d.). Information of pet food and pet care products. Retrieved from <https://www.tetra.net/de/en> (March 10, 2017)

The Association of Professional Dog Trainers. (n.d.). Information and pet training profession. Retrieved from <https://apdt.com/> (March 23, 2017)

The Barkley Pet Hotel. (n.d.). Information of pet hotel services. Retrieved from <http://www.thebarkleypethotel.com/> (March 22, 2017)

The Cat Fanciers' Association, Inc.. (n.d.). Information of breeder. Retrieved from <http://cfa.org/> (March 23, 2017)

The Kennel Club. (n.d.). Information of breeder. Retrieved from <http://www.thekennelclub.org.uk/> (March 23, 2017)

The Pet Hotel. (n.d.). Information of pet hotel services. Retrieved from <http://www.thepetshotel.com.au/> (March 22, 2017)

Travelpets Limited. (n.d.). Information and services of Travelpets Limited. Retrieved from <http://en.travelpets.hk/> (March 20, 2017)

Trixie. (n.d.). Information of pet care products. Retrieved from <https://www.trixie.de/heimtierbedarf/us/> (March 10, 2017)

Trupanion. (n.d.). Information of pet insurance. Retrieved from <http://trupanion.com/> (April 8, 2017)

UK pet food manufactures' association. (n.d.). The information of pet food. Retrieved from <http://www.pfma.org.uk/pet-food-facts> (March 15, 2017)

Upper Canada Animal Hospital. (n.d.). Information of veterinary service. Retrieved from <http://www.ucah.ca/> (March 22, 2017)

Veterinary Specialty Hospital of Hong Kong. (n.d.). Information of veterinary service. Retrieved from <https://www.vsh.com.hk/> (March 22, 2017)

Vitakraft. (n.d.). Information of pet food. Retrieved from <http://www.vitakraft.com/> (March 10, 2017)

Wag Walking. (n.d.). Information of dog sitting and walking service. Retrieved from <https://wagwalking.com/> (April 5, 2017)

Whiskas. (n.d.). Information of pet food. Retrieved from <http://www.whiskas.com/> (March 10, 2017)

Wisch, R. F. (n.d.). *Table of State Commercial Pet Breeders Laws*. Michigan State University College of Law. Retrieved from <https://www.animallaw.info/topic/table-state-commercial-pet-breeders-laws>

World Care Pet Transport. (n.d.). Information and services of World Care Pet Transport. Retrieved from <https://www.worldcarepet.com> (March 20, 2017)