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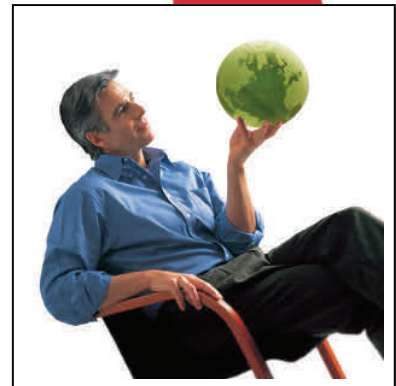


MARKET ANALYSIS REPORT | SEPTEMBER 2013

The United States Pet Food Market



Source: Mintel





▶ **EXECUTIVE SUMMARY**

The United States (U.S.) has an impressive pet population and is the largest pet food market in the world. The U.S. pet food market is currently affected by a number of factors, many of which are similar to trends that have influenced human food. For example, greater health consciousness among consumers has given rise to new health-driven options for pets, such as organic and natural pet food, as well as innovations in functional and fortified products. This report provides insights into this marketplace that may be of use to Canadian suppliers considering marketing their pet products in the U.S.

Economy

Challenging economic times in the U.S. have led pet owners to become more value-conscious. Large increases in production and commodity costs have also affected consumers, as manufacturers were forced to raise unit prices. Nonetheless, as the economy stabilizes, the pet food market is expected to remain robust and see positive growth in the medium to long term.

Health

Health will continue to be important to consumers, although price will play a stronger role than in the past. In spite of the recession, high quality products that are free from additives/preservatives and fortified with vitamins, minerals and other nutrients, will gain ground in the marketplace. Functional and fortified claims will continue to perform well as consumers seek to provide pets with optimal nutritional benefits. Low-fat/low-calorie foods are gaining popularity in response to rising levels of pet obesity.

Premiumization

Consumers' tendency to humanize pets and treat them as surrogate children has driven premiumization in pet food. Premium pet food products remain in demand despite the current recession. Owners remain sensitive to the quality, safety and ingredient source of pet food, as contamination and recalls continue to affect this market.

Niche segmentation

Manufacturers are seizing opportunities to grow sales through increased segmentation, such as by targeting life stages and specific breeds. As consumers continue to be price-conscious, developing premium lines that also tap into other categories, such as breed, age and lifestyle, are seen as an opportunity for differentiation and to offer added value.

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Source: Mintel



Pet humanization

Consumers increasingly consider their pets to be members of the family, with owners viewing themselves as “pet parents” and treating their pets as surrogate children. In general, the humanization of pets is more pronounced in relation to dogs than cats, which explains why premium and, in particular, super-premium dog food shows the strongest growth opportunities over the medium term. While dogs and cats are the most popular pets, ownership of other pets, such as birds, fish, and small mammal/reptiles, is also growing due to increased urbanization and smaller living spaces. Japan, the U.S., Brazil and the United Kingdom (U.K.) are the largest markets for other pet food.

Premiumization

As pets continue to be humanized, owners are increasingly seeking specialized and higher quality pet food that mirrors their own eating preferences. Thus, premium pet food remains popular in global markets despite the ongoing recession. More and more pet food manufacturers are shifting their product portfolios up-market to respond to this demand, as well as to preserve margins, especially since the lower-priced sub-sector is increasingly supplanted by private labels. Owners also want to indulge and reward their pets outside of regular meals. As a result, pet treats are seeing strong retail growth. According to Euromonitor, global dog treat sales grew 22% from 2007 to 2012 to reach over US\$5.8 billion, while global cat treat sales grew 47% in the same time period to reach US\$1.2 billion.

Premiumization has driven the most innovations in taste and flavours, with pet recipes showing a strong influence from human dining. Gourmet ingredients are appearing, such as béchamel sauce, veal pâté, cranberry and turkey, and meat and pumpkin purée with quinoa. Manufacturers also emphasize the use of 100% meat/no fillers. The continued humanization of cats will create greater opportunities for cat food manufacturers to develop premium and super-premium products, although there is a significantly smaller range of products than what is available for dogs.



Segmentation

To further add value and differentiate one’s product with unique selling points, manufacturers are not only shifting to premium but also segmenting further with custom pet food formulas broken down by age, breed, lifestyle, and size. For example, with the trend towards smaller pets/toy breeds (according to Euromonitor, the U.S. has the greatest small dog population in the world at 22 million in 2012), manufacturers have launched premium dog food product lines for small breeds, such as Royal Canin’s Mini and X Small, which comes in four choices: Puppy, Adult, Mature, and Ageing. Premium and super-premium foods for cats currently offer age-specific, size-specific and functional products.

Packaging

Overall, pet food has seen a shift from wet to dry food. Although metal cans are still the most popular packaging for pet food, their use has fallen, while flexible plastic and paper packaging have seen an increase. For example, Euromonitor noted that stand-up pouches saw 50% growth from 2006 to 2012. There has also been a move towards smaller package sizes, such as single-serve packs that can help pet owners manage their pet’s weight or meal portions, or be served as a treat instead of a meal. In contrast, there has also been growth in larger economy packs for value-conscious consumers. Resealable packaging is also popular to prolong the lifespan and freshness of larger packs. Premium packaging has also revolved. Not only is pet food imitating human food, but packaging is also mirroring that marketed for human meals. Another trend is towards sustainable recyclable packaging for the environmentally-conscious owner.



▶ GLOBAL PET FOOD TRENDS (continued)

Health

With growing overall health-consciousness among consumers, the trend toward health-conscious purchases for their pets has proven lucrative for pet food manufacturers. Product naturalness is a top trend in dog and cat food, characterized by the removal of additives or new ways of preserving food without preservatives, such as freeze drying. The growing interest in healthy eating for pets has been driven as well by recent health scares and deaths linked to pet food contamination scandals. Brands with formulas that are free of artificial colors and flavours are positively perceived in the market. Smaller manufacturers are finding success in the pet food market by focusing on health and premium categories. Functional ingredients popular in human food products, such as prebiotics, probiotics and omega-3, are appearing in pet food, especially in cat food. For example, cat food that assists with urinary tract issues, weight management and hairball control is commonly found.

Functionality

According to Mintel, consumers are increasingly demanding pet food products that address specific health conditions. Obesity is a problem among pets due to overfeeding and a lack of physical activity, especially for indoor cats. Concern for the health of pets has seen consumers paying closer attention to the ingredients used in pet food products. An increasing number of low-fat and low-calorie products, as well as weight-control foods, have been introduced to address these issues. Snacks and treats have also become healthier. Many of these now boast functional benefits that allow consumers to pamper their pets without worrying about potential negative side effects.

Functional foods offer a variety of extra benefits for cats and dogs and are becoming increasingly specialized. Pet food manufacturers should consider marketing and developing premium brands or extensions of existing brands that have unique variants specific to age, breed or size, as well as products containing functional ingredients such as digestive enzymes, prebiotics, probiotics and taurine. Some of the benefits of today's functional dog and cat foods include:

- ▶ improving oral health;
- ▶ improving the skin and coat through ingredients such as linoleic acid and omega 3 and 6 fatty acids;
- ▶ addressing digestive or urinary problems (particularly for cats); and
- ▶ strengthening the immune system, joints, muscles and bones, as well as the heart and cardiovascular system.

Fortification

The importance of a balanced diet for pets has encouraged vitamin/mineral fortification, as well as other additions such as fibre, which aids digestion, and can also help prevent fur balls in cats. Fortified products are linked very closely with functional claims, often offering similar benefits and including ingredients like omega fatty acids and vitamins C and E. Calcium is another key addition, vital for healthy teeth and bones, and important as a fortification for cats due to their intolerance to cow's milk. Protein is readily available, as most products for dogs and cats are meat-based. The importance of protein for growth and development has led pet food manufacturers to highlight the protein content of their products.

Food intolerances

There has been rapid innovation in free-from pet food, with expanding pet food options that are free from ingredients such as grains, wheat, gluten, dairy, egg and soy. More particular to the cat food industry, there have been an increasing number of products responding to consumer concerns about feline allergies to ingredients like lactose, and that address the specific nutritional requirements of senior cats.

Mintel states that pet food recalls will continue to drive consumer interest in natural and free-from formulations. In line with the trend towards segmentation, niche manufacturers offering organic, natural and allergen-free products have performed particularly well.



▶ GLOBAL PET FOOD TRENDS (continued)

Global pet food companies

The table below lists the top twenty five global pet food companies in 2011.

Top 25 Global Pet Food Companies, 2011

| Company | Annual Sales (US\$ millions) |
|---------------------------------|-----------------------------------------|
| Mars Petcare Inc. | 16,162.0 |
| Nestlé Purina PetCare Co. | 10,403.0 |
| Hill's Pet Nutrition Inc. | 2,175.0 |
| P&G Pet Care | 1,802.0 |
| Del Monte Foods Co. | 1,784.0 |
| Heristo AG | 592.0 |
| Affinity Petcare SA | 491.0 |
| Nutriara Alimentos | 457.5 |
| Unicharm Corp. | 447.8 |
| Total Alimentos SA | 436.8 |
| Blue Buffalo | 352.0 |
| American Nutrition | 351.0 |
| Mogiana Alimentos SA | 343.4 |
| Partner in Pet Food | 324.8 |
| V.I.P. Petfoods | 324.5 |
| Natural Balance Pet Foods | 300.0 |
| Arovit Petfood | 258.0 |
| Ainsworth Pet Nutrition | 250.0 |
| Dibaq Mascotas | 207.3 |
| WellPet | 200.0 |
| Vitakraft-Werke Wuhrmann & Sohn | 194.5 |
| Nippon Pet Food | 193.9 |
| Maruha Nichiro Holdings | 177.7 |
| Sunshine Mills | 175.0 |
| Marukan Group | 174.9 |

Source: Petfood Industry, January 2013

Private label versus branded products

Growth in the modern grocery retail industry has meant that pet food is no longer found only in specialty stores. In addition, there are now more private and branded pet food choices available. Studies show that pet owners tend to be more loyal to particular brands in the pet food industry than in any other food industry, therefore, branding is of significant importance in this market. Pet food recalls continue to weigh on private label pet food, with consumers seeking the reassurance of brand names in this product area.

However, private label benefited in the dog food sector as some budget-strapped consumers sought cheaper alternatives to their usual brands. While many pet owners traded up to premium brands, some pet owners were forced to trade down or even give up their pets altogether as a result of the global recession. Recent additions to premium private label dog food, such as Wal-Mart's Natural Life and Target's LifeLong, helped spur sales of private label products, as pet owners sought to combine the benefits of premium dog food with costs savings. Nonetheless, in contrast to previous recessions, the current downturn appears to have done little to boost the popularity of private label pet food and pet care products, and branded products are still preferred globally.

▶ U.S. PET FOOD OVERVIEW



Pet population in the U.S.

The U.S. is the largest pet care (food and supplies) market in the world, due to a pet population that has grown continuously in the last decade, as Americans increasingly invite dogs, cats, reptiles, small mammals, and fish into their homes. The sheer scale of the U.S. pet market is impressive, with the number of pet dogs in the U.S. exceeding the human population of the United Kingdom. Although the recession has affected the U.S. dog and cat population slightly over the past couple of years, the total dog population is projected to see stronger year-on-year growth rates in the medium term. The trend towards small dogs was strong during much of the economic downturn. Cats, who require less maintenance when compared to dogs, will continue to outnumber the dog population. The economic recovery will allow for growth in cat ownership and the cat population. In addition, households with more than one cat are common and will continue to be so. Some potential owners have, however, opted for smaller animals, which tend to be less costly to maintain, such as small mammals or reptiles.



Source: Sarah Godin

U.S. pet food trends

Pet food recalls have had a significant impact on many consumers in the U.S. market, leading them to pay close attention to quality, rather than price, as shopping habits return to those seen pre-recession. While a number of dog food cookbooks and recipe websites emerged following the 2007 pet food recall, the convenience and consistent high quality of commercial dog food and treats, prevented non-prepared dog food from gaining a stronger share, even during the downturn.

Due to continued pet humanization and the willingness of American consumers to purchase premium pet food brands, the top end of the market has proved resilient, allowing for continued growth in the sector despite the economic downturn. Manufacturers are increasingly focused on value-added products that offer higher profit margins, such as treats and specialized niche formulations. According to Euromonitor, the U.S. is the most important market for dog treats, valued at over US\$3 billion, and the strongest-growing market for cat treats, currently valued at over US\$150 million. Premium products are expected to remain strong and see the best performance within pet food. Pet food recalls helped further premiumization in the sector by encouraging consumers to switch from economy and mid-priced wet food, to premium and even super-premium dry food offerings. Dry pet food remains the most popular type due to convenience, longer shelf life, and value.

However, with the country's gross domestic product (GDP) remaining below the ideal growth rate of 2-3% and unemployment still high at 7.6% in 2013, consumers are also seeking discounts or multi/bulk buys, as well as purchasing more affordable-priced premium offerings, such as Purina Pro Plan and Purina ONE premium mid-range dog food. Economy pet food is seeing a decline as people move towards such mid-priced offerings. There has also been a slight rise in internet retailing as to find better deals, although specialty pet superstores are still the top retail location for pet food purchases.

Future prospects

Due to unstable economic conditions, consumers in general are likely to retain their price sensitivity for some time. Additionally, as in other areas of the food and drink industry, pet food has not been isolated from significant price inflation and the resulting price hikes. Large increases in the costs of ingredients, fuel, energy and transportation have had an adverse impact on pricing, as manufacturers were forced to raise their unit prices. However, there is still a general shift towards premium and functional products and consumers still retain strong brand loyalty.

Despite economic uncertainty, the U.S. pet food market will continue to perform respectably. With consumers slowly regaining confidence, pet food manufacturers offering breed-specific and/or size-specific pet foods will have opportunities to gain additional sales. Euromonitor has predicted growth in the pet population over the next few years, driven in part by strong demand from both the aging Baby Boom generation and the growing number of single-person households in the U.S.

▶ **DOG FOOD MARKET**



Overview

In 2012, the U.S. had a total of 76 million dogs, with 37% of households owning a dog. The dog food market is comprised of prepared dog food (75.9% of the market) and non-prepared dog food (23.7%). Dog food sales saw an increase of 2% in volume in 2012, which resulted in value sales of US\$12.6 billion. Wet dog food saw 1% growth, while dry dog food saw a slightly higher increase of 2%. Dry dog food will continue to dominate dog food volume and value sales as unit prices are substantially lower across all brands and thus more affordable. Wet dog food is more expensive and less attractive in a challenging economic environment. Dog food is forecast to see volume sales increase by 5% and value sales increase by 4% from 2012 to 2017. The dog food market will primarily be driven by demand for premium dog food. In 2012, premium dog food registered value sales of US\$6.3 billion with forecast growth of 14% from 2012 to 2017. Unit prices for premium dog food increased 14% due to higher commodity costs and value sales.



Source: Mintel

Historic/Forecast Value Sales of Dog Food by Category in US\$ Millions

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | CAGR* (%) |
|-----------------------|---------|---------|---------|---------|---------|---------|-----------|
| Dog treats and mixers | 2378.7 | 2471.3 | 2565.4 | 2657.1 | 2733.3 | 2849.6 | 3.7 |
| Dry dog food | 8296.2 | 8668.5 | 9021.3 | 9251.9 | 9502.0 | 9840.1 | 3.5 |
| Wet dog food | 1953.0 | 2017.7 | 2093.2 | 2160.2 | 2231.5 | 2317.9 | 3.5 |
| Total | 12627.9 | 13157.5 | 13679.8 | 14069.1 | 14466.8 | 15007.6 | 3.5 |

Historic/Forecast Volume Sales of Dog Food by Category 2013-2017 in '000 Tonnes

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | CAGR* (%) |
|-----------------------|--------|--------|--------|--------|--------|--------|-----------|
| Dog treats and mixers | 159.0 | 162.4 | 166.3 | 170.1 | 172.0 | 176.2 | 2.1 |
| Dry dog food | 4939.9 | 4987.2 | 5047.4 | 5076.6 | 5107.3 | 5175.6 | 0.9 |
| Wet dog food | 625.0 | 627.7 | 631.9 | 632.2 | 632.7 | 637.7 | 0.4 |
| Total | 5723.9 | 5777.3 | 5845.6 | 5878.9 | 5912.0 | 5989.5 | 0.9 |

Source of all: Euromonitor, 2012. *CAGR = compound annual growth rate

The dog food market is not only driven by premium products, but also by health and wellness trends in response to the obesity crisis affecting pets, especially dogs, as well as recent pet food recalls. Consumers are demanding natural, organic, preservative and additive-free products for their pets. Dog food is further segmented by age, breed, and weight-specific formulas as ways for manufacturers to differentiate themselves from competitors. To engage with consumers, companies are making use of social media platforms, coupons, and partnering with charities to bolster their brand.

Manufacturers are also innovating beyond pet food and coming out with healthy snacks, such as Nestlé Purina PetCare Co Beneful Baked Delights, with disclaimers that snacks should only make up 10% of daily calorie intake at most. Dog treats in the U.S. only grew 1% in 2012, likely as a result of the obesity crisis, as well as owners reducing discretionary spending during a period of economic uncertainty. Dog treats are expected to see a compound annual growth rate of 4% from 2012 to 2017.

Dry dog food is mostly sold in flexible paper packaging (74%), although flexible plastic packaging is the next most common type of packaging (12%). Metal cans are the most common packaging for wet dog food followed by aluminum/plastic stand-up pouches. Manufacturers are coming out with new packaging, such as those with resealable designs and made with environmentally friendly material to stand out from competitors and appeal to environmentally conscious consumers.

▶ DOG FOOD MARKET (continued)



Channels

In the U.S., dog food is sold mainly at grocery retailers (44% of total dog food sales), followed by pet superstores such as PetCo and PetSmart chains (31%), and independent pet shops (4%). Non-grocery retailers, such as Wal-Mart and Target, account for roughly 12% of total dog food sales.

Competitors

In the U.S., Nestlé Purina, Mars Inc., Procter & Gamble (brand owner of Iams), Colgate-Palmolive (Hill's) and Del Monte Foods account for almost three-quarters of overall dog food value sales and are highly successful due to their national distribution network, large marketing budgets and strong brand awareness among consumers. Iams is the largest single brand, accounting for 10% of total value sales. Nestlé Purina is highly successful in the pet treats market with brands that include Waggin' Train, Dog Chow, Alpo and Beggin' Strips. It also has a successful pet food brand called Purina Beneful, which is all-natural, low in calories, and claims to boost immunity and energy and build bone and muscle strength. Mars Inc.'s Nutro Products pet food line is also successful, with an emphasis on all-natural, high quality pet food.



Private label products also compete in the U.S. pet food market, although they only made up 11% of total sales in 2011. Wal-Mart has added to the competition by introducing a premium private label dog food product line called Pure Balance, which contains no soy, wheat, corn or additives.

Top 20 Dog Food Brand Shares 2008-2011—Retail Value (%)

| Brand | Company | 2008 | 2009 | 2010 | 2011 |
|--------------------------|--------------------------|------|------|------|------|
| Iams | Iams Co, The | 14.7 | 14.7 | 13.7 | 13.2 |
| Purina Beneful | Nestlé Purina PetCare Co | 7.7 | 7.8 | 8.0 | 8.0 |
| Ol' Roy | Wal-Mart Stores Inc | 1.0 | 3.0 | 4.9 | 6.1 |
| Hill's Science Diet | Hill's Pet Nutrition Inc | 6.4 | 6.2 | 6.0 | 5.9 |
| Pedigree | Mars Inc | 4.1 | 5.0 | 5.6 | 5.6 |
| Purina Dog Chow | Nestlé Purina PetCare Co | 5.1 | 5.1 | 4.9 | 4.7 |
| Hill's Prescription Diet | Hill's Pet Nutrition Inc | 3.1 | 3.8 | 4.2 | 4.0 |
| Nutro | Nutro Products Inc | 3.2 | 2.4 | 2.6 | 2.4 |
| Purina ONE | Nestlé Purina PetCare Co | 2.8 | 2.8 | 2.5 | 2.2 |
| Milk-Bone | Del Monte Foods Co | 2.8 | 2.6 | 2.3 | 2.2 |
| Kibbles 'n' Bits | Del Monte Foods Co | 2.8 | 2.5 | 2.3 | 2.1 |
| Purina Alpo | Nestlé Purina PetCare Co | - | - | - | 2.0 |
| Purina Puppy Chow | Nestlé Purina PetCare Co | 1.8 | 2.1 | 2.0 | 1.8 |
| Beggin' Strips | Nestlé Purina PetCare Co | 3.0 | 2.5 | 2.0 | 1.5 |
| Purina Veterinary Diets | Nestlé Purina PetCare Co | 1.7 | 1.5 | 1.5 | 1.4 |
| Waggin' Train | Waggin' Train LLC | 2.1 | 1.9 | 1.6 | 1.3 |
| Pup-Peroni | Del Monte Foods Co | 3.3 | 1.6 | 1.2 | 1.2 |
| Eukanuba | Iams Co, The | 1.4 | 1.1 | 1.1 | 1.0 |
| Cesar | Mars Inc | 1.1 | 1.1 | 0.8 | 0.8 |
| Dingo | Spectrum Brands Inc | 0.3 | 0.8 | 0.7 | 0.7 |

Source: Euromonitor, 2012.

▶ **CAT FOOD MARKET**



Overview

There were 84.7 million cats in the U.S. in 2012, with 32.4% of households owning one. The cat population stayed relatively flat in 2012. Cat food saw value sales increase 2% to reach US\$6.4 billion in 2012 and is expected to increase 3% in value or 1% by volume from 2012 to 2017. The U.S. is the top market for premium cat food in terms of growth and market size by value. Premium cat food saw value sales of US\$3.1 billion, equivalent to 3% value growth in 2012, performing better than the cat food category as a whole. From 2012 to 2017, premium cat food is forecast to see a 2% increase in volume, while mid-priced cat food will see 1% volume growth. Conversely, the market for economy cat food will contract as consumers either exit the pet market or trade up to higher quality products. Unit prices for cat food will increase 2% from 2012 to 2017 as a result of greater premium cat food sales, as well as higher commodity costs.



Source: Sarah Godin

Historic/Forecast Value Sales of Cat Food by Category in US\$ Millions

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | CAGR* (%) |
|-----------------------|--------|--------|--------|--------|--------|--------|-----------|
| Cat treats and mixers | 510.9 | 538.7 | 566.6 | 596.1 | 631.6 | 668.7 | 5.5 |
| Dry cat food | 3537.8 | 3615.9 | 3703.2 | 3782.2 | 3887.2 | 3996.1 | 2.5 |
| Wet cat food | 2371.2 | 2418.3 | 2464.7 | 2513.1 | 2578.7 | 2646.8 | 2.2 |
| Total | 6419.9 | 6572.9 | 6734.5 | 6891.4 | 7097.6 | 7311.6 | 2.6 |

Historic/Forecast Volume Sales of Cat Food by Category in '000 Tonnes

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | CAGR* (%) |
|-----------------------|--------|--------|--------|--------|--------|--------|-----------|
| Cat treats and mixers | 30.2 | 31.5 | 32.8 | 34.1 | 35.6 | 37.2 | 4.2 |
| Dry cat food | 1420.9 | 1428.4 | 1438.6 | 1447.3 | 1465.3 | 1483.3 | 0.9 |
| Wet cat food | 705.2 | 709.8 | 715.7 | 720.9 | 730.7 | 740.6 | 1.0 |
| Total | 2156.3 | 2169.7 | 2187.1 | 2202.2 | 2231.6 | 2261.1 | 1.0 |

Source of all: Euromonitor, 2012.

*CAGR = compound annual growth rate

Prepared cat food makes up 90% of the total cat food market while non-prepared makes up 10%. To grow the cat food market, manufacturers are segmenting their product lines and targeting niche markets. Cat food can be found broken down by segments, such as age, size, flavours, and ingredients (e.g., protein, fat, fibre), as well as health functions, such as urinary tract health, weight management, and hairball control.

Innovation in specialty and premium products continues to help drive growth in cat food value sales. Popular premium products include Hill's Science Diet Senior Age Defying cat food, Purina Veterinary Diets' Hypoallergic Feline Formula cat food, and Hill's Prescription Diet Feline Thyroid Health cat food. Manufacturers are also appealing to green consumers by launching products that emphasize environmental sustainability and support charitable causes. An example is Purina ONE beyOnd, which was launched in 2011. While cat treats are not as prevalent as dog treats, manufacturers are also innovating in this category by adding functional/fortified ingredients so that treats serve multiple functions, such as promoting dental/oral health. Examples are Whiskas Temptations Dentabites and Feline Greenies.

▶ CAT FOOD MARKET (continued)



Channels

Cat food is sold in a number of channels, from specialty pet stores to supermarkets, mass merchandisers, drug-stores and other mixed retailers. Pet superstores are the leading retail channel at 28% of the market and tend to have a greater product mix and offer a wider variety of premium dog and cat food. Hypermarkets make up 25%, while supermarkets make up 24% of the market.



Competitors

Consumers tend to purchase branded cat food products over private labels. Iconic brands, such as Friskies, Fancy Feast, Meow Mix, are popular. In the U.S., brands under Nestlé Purina PetCare Co. control 45% of the cat food market, followed by those under Del Monte Foods (13%) and The Iams Co (9%). Mars Inc. had 6% of the cat food market in 2011, led by its Whiskas brand. Specifically within the cat treats category, Mars' Whiskas Temptations held 42% of the market. Private label products held 9% of the market, with Wal-Mart Stores Inc. leading the pack.

Top 20 Cat Food Brand Shares 2008-2011—Retail Value (%)

| Brand | Company | 2008 | 2009 | 2010 | 2011 |
|-----------------------------|--------------------------|------|------|------|------|
| Purina Friskies | Nestlé Purina PetCare Co | 14.1 | 15.0 | 15.8 | 16.3 |
| Purina Gourmet | Nestlé Purina PetCare Co | 11.2 | 11.1 | 11.9 | 12.4 |
| Iams | Iams Co, The | 9.3 | 9.0 | 8.1 | 7.5 |
| Meow Mix | Del Monte Foods Co | 7.6 | 7.6 | 7.3 | 7.3 |
| Purina Cat Chow | Nestlé Purina PetCare Co | 5.5 | 5.8 | 5.6 | 5.6 |
| Hill's Science Diet | Hill's Pet Nutrition Inc | 5.3 | 5.1 | 4.7 | 4.7 |
| 9 Lives | Del Monte Foods Co | 5.4 | 5.0 | 4.7 | 4.5 |
| Special Kitty | Wal-Mart Stores Inc | 4.7 | 4.4 | 4.5 | 4.3 |
| Purina Pro Plan | Nestlé Purina PetCare Co | 3.2 | 3.2 | 3.3 | 3.4 |
| Purina ONE | Nestlé Purina PetCare Co | 3.5 | 3.1 | 3.1 | 3.3 |
| Whiskas Temptations | Mars Inc | 1.8 | 2.3 | 2.8 | 3.2 |
| Hill's Prescription Diet | Hill's Pet Nutrition Inc | 3.5 | 3.3 | 3.3 | 3.2 |
| Whiskas | Mars Inc | 2.4 | 2.2 | 2.5 | 2.5 |
| Nutro Natural Choice | Nutro Products Inc | 2.1 | 2.1 | 2.2 | 2.3 |
| Kit 'N Kaboodle | Nestlé Purina PetCare Co | 1.2 | 1.3 | 1.2 | 1.3 |
| Purina Veterinary Diets | Nestlé Purina PetCare Co | 1.2 | 1.1 | 1.2 | 1.1 |
| Eukanuba | Iams Co, The | 1.3 | 1.2 | 1.1 | 1.0 |
| Whisker Lickin's | Nestlé Purina PetCare Co | 1.2 | 1.0 | 0.9 | 0.8 |
| Royal Canin Veterinary Diet | Mars Inc | 0.6 | 0.6 | 0.7 | 0.7 |
| Alley Cat | Del Monte Foods Co | 0.6 | 0.8 | 0.7 | 0.7 |

Source: Euromonitor, 2012.

▶ **OTHER PET FOOD MARKET**



Overview

The U.S. other pet population is made up of 16.3 million birds, 177 million fish, 22 million reptiles and 16 million small mammals. Popular pet bird breeds were parakeets/budgies, cockatiels, finches, canaries and other small birds, popular small mammals were gerbils and rabbits, and popular reptiles were small snakes and lizards. The U.S. has seen a modest increase in the fish and bird pet population. Overall, small pets have seen their population grow as they are considered less expensive compared to dogs and cats. As a comparison, large dogs cost on average of US\$700 a year, while fish cost US\$35 annually.



Other pet food sales grew 1% by volume and 3% by value to total US\$629 million in 2012. Bird food is the leading other pet food and saw 4% value growth and unit price increases of 2% in 2012. Bird food is forecast to grow 2% by value and 4% by volume from 2012 to 2017. Volume sales of fish food will surpass other categories with annual growth of 3% from 2012 to 2017 as fish are a low cost, less expensive pet alternative that are seeing growing adoption as a pet.

Historic/Forecast Value Sales of Other Pet Food by Category in US\$ Millions

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | CAGR* (%) |
|---------------------------|-------|-------|-------|-------|-------|-------|-----------|
| Bird food | 133.5 | 138.1 | 141.6 | 144.4 | 146.4 | 148.3 | 2.1 |
| Fish food | 281.7 | 287.0 | 293.4 | 299.7 | 306.0 | 312.1 | 2.1 |
| Small mammal/reptile food | 213.3 | 216.3 | 220.2 | 224.6 | 229.4 | 234.8 | 1.9 |
| Total | 628.5 | 641.4 | 655.2 | 668.7 | 681.8 | 695.2 | 2.0 |

Historic/Forecast Volume Sales of Other Pet Food by Category in Tonnes

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | CAGR* (%) |
|---------------------------|---------|---------|---------|---------|---------|---------|-----------|
| Bird food | 34669.9 | 35265.4 | 35640.3 | 35809.9 | 35649.1 | 35455.6 | 0.4 |
| Fish food | 3213.4 | 3263.4 | 3319.9 | 3371.6 | 3417.5 | 3637.0 | 2.5 |
| Small mammal/reptile food | 44071.6 | 44380.6 | 44806.6 | 45248.3 | 45719.9 | 46284.0 | 1.0 |
| Total | 81954.9 | 82909.4 | 83766.7 | 84429.8 | 84786.5 | 85376.6 | 0.8 |

Source of all: Euromonitor, 2012.

*CAGR = compound annual growth rate

Channels

Pet superstores are the preferred channel for consumers of other pet food and made up 62% of market share by value. Supermarkets/hypermarkets account for only 20% of the market as these channels mainly sell cat and dog food.

Competitors

The leading company of other pet food by value sales is Tetra GmbH, followed by Hartz Mountain Co. and Central Garden & Pet Co. Popular brands include Central Garden & Pet Co.'s KayTee Nature's Benefits bird and small mammal food, which is favoured by consumers due to the company's transparency in disclosing ingredients, its wide range of nutritional benefits, and eco-friendly and recyclable packaging. Another product, KayTee Forti-Diet ProHealth bird food, boasts protein, vitamins, minerals, and amino acids. In the private label arena, PetSmart has a private label small and bird pet food line called All Living Things, which is also popular.

▶ OTHER PET FOOD MARKET (continued)



Top Bird Food Brand Shares 2008-2011—Retail Value (%)

| Brand | Company | 2008 | 2009 | 2010 | 2011 |
|---------------|-------------------------|-------|-------|-------|-------|
| KayTee | Central Garden & Pet Co | 40.6 | 41.6 | 36.9 | 40.9 |
| Sun Seed | Vitakraft Sun Seed Inc | - | 10.3 | 10.6 | 10.4 |
| Sun Seed | Sun Seed Co Inc | 9.8 | - | - | - |
| Private label | - | 16.2 | 17.3 | 18.3 | 17.9 |
| Others | - | 33.4 | 30.8 | 34.1 | 30.9 |
| Total | | 100.0 | 100.0 | 100.0 | 100.0 |

Top Fish Food Brand Shares 2008-2011—Retail Value (%)

| Brand | Company | 2008 | 2009 | 2010 | 2011 |
|---------------|------------------------------|-------|-------|-------|-------|
| Tetra | Tetra GmbH | 39.5 | 36.1 | 32.7 | 33.0 |
| Wardley | Hartz Mountain Corp | 19.3 | 20.4 | 21.7 | 22.2 |
| OSI | Ocean Star International Inc | 12.0 | 12.7 | 13.5 | 13.5 |
| Nutrafin | Rolf C Hagen (USA) Corp | 8.2 | 8.7 | 9.3 | 9.2 |
| Tetra | Tetra Werke GmbH | - | - | - | - |
| Private label | - | 3.9 | 4.4 | 4.6 | 4.6 |
| Others | - | 17.1 | 17.8 | 18.4 | 17.6 |
| Total | | 100.0 | 100.0 | 100.0 | 100.0 |

Source of all: Euromonitor, 2012.

Note: specific information on small mammals and reptiles brand shares unavailable.

▶ PET PRODUCTS MARKET

Pet healthcare

Value sales of pet products, including items such as litter, toys, accessories, dietary supplements, saw growth of 3% in 2012 to reach US\$8.3 billion. Within pet products, pet healthcare (predominantly dietary supplements) is the most prominent category as pet owners are often willing to invest in their animal's health and take preventative measures to avoid expensive veterinary treatment. Pet healthcare grew 5% in 2012 and is forecast to grow 3% from 2012 to 2017. Prominent pet healthcare brands include Frontline and Advantage. In 2012, pet dietary supplements, such as multivitamins, grew 4% to reach US\$433.3 million and are expected to see a compound annual growth rate of 3.4% by value from 2012 to 2017, growing to US\$510 million. Pet healthcare products are mostly sold at pet-specific retailers/veterinary institutions.



The market for pet healthcare products is very fragmented. The top three companies for pet products were Merial Ltd., which led the market with 11% of total value sales, followed by Nestlé Purina PetCare Co. with 6%, and Bayer Corp. with 5%. There has been a growth in partnerships between pharmaceutical companies and pet stores. For example, PetSmart and GNC collaborated to manufacture pet healthcare products, such as supplements to promote skin, coat, and joint health, as well as to boost the immune system. Commonly used ingredients include glucosamine, chondroitin, and prebiotics/probiotics. However, the growth in fortified/functional pet food and treats is threatening the pet healthcare market.



► DISTRIBUTION CHANNELS

The pet supplies industry is fragmented with numerous mass merchandisers, supermarkets, and independent and specialty retailers, which account for the main points of entry into the market. This is especially the case for the pet food retail channel in the U.S., with over 15,000 independent pet supply stores and only two specialty retailers: PetSmart and PETCO. Both retailers offer a broad product selection with competitive prices and a growing array of pet services. Meanwhile, independent pet stores typically have a more limited product selection and attempt to differentiate themselves by offering premium brands, niche products, and knowledgeable service.

Pet products are a growing category in mass merchandising, discount and grocery outlets. Historically, these retailers carried only a limited assortment of products, primarily featuring pet food. Many vendors, however, have reported that these retailers are now devoting more shelf space to premium pet supplies to meet increased demands from consumers. The market is currently dominated by Wal-Mart, with other discounters, supermarkets and drugstores accounting for the bulk of the remaining market.



Source: Planet Retail

The following is a brief description of key distribution channels for pet supplies, with an emphasis on the U.S., provided by Planet Retail:

Mass retailers

Discounters, supercenters and hypermarkets, such as Wal-Mart, Target, Carrefour, Kmart and Wilkinson, feature broad ranges of pet care items as part of their broader, one-stop shopping experience. The traffic and loyalty stimulated by these ranges have allowed pet care departments to improve significantly in recent years.

Pet superstores

PetSmart, PETCO, Fressnapf and Pets At Home have been generating very impressive growth rates as a result of buoyant store-opening programs and the expansion of value-added services. Although these retailers are relatively small in comparison to operators such as Wal-Mart, their focus on pet care categories imply that they will remain hugely important customers for pet care vendors—particularly in premium and specialty lines.

Pet catalogues & e-commerce

PetSmart and Pets At Home currently run e-commerce operations. There are also a number of specialist catalogue and e-commerce businesses that focus on pet care products.

Niche specialists

Niche specialists focus on one particular animal type.

Warehouse clubs/cash & carries

Operators such as Costco, Sam's Club, BJ's, Metro and Booker offer a selection of both branded and private label pet food ranges, focusing mainly on bulk packs or multipacks.

Grocery chains

Businesses such as Ahold, Safeway, Publix, Kroger, Tesco and Casino are significant pet food distribution channels. As the primary channel for general grocery needs, their importance as a point of entry into the market is pivotal, as the purchase of pet food is often done while grocery shopping.

Drugstores

While not the intuitive choice for pet supplies, drugstores and pharmacies are a channel where pet food can be sold. Retailers such as Walgreens, CVS and Schlegel all offer basic ranges of pet foods as part of their broader grocery/household lines.

Agricultural supply stores

Especially important for equine requirements, agricultural supply stores like Tractor Supply, Countrywide Stores and Kesko Agro sell large volumes of general pet supplies as part of their offerings targeted to rural customers.

▶ PET FOOD SUPPLIERS



Several multinational companies dominate the pet care market. The largest suppliers are Mars Inc. and Nestlé, with Colgate-Palmolive, Procter & Gamble and Del Monte rounding out the list of top five global players. In North America, Nestlé, Del Monte, Mars and Procter & Gamble are the leading branded players. According to Planet Retail sources, the U.S. market is highly fragmented, encompassing over 2,000 manufacturers and consisting primarily of small companies with limited product lines. The majority of these manufacturers do not have a captive sales and logistics network and must rely on independent distributors to supply their products to pet specialty chains and independent retailers.

Celebrity dog food brands have brought added competition to the dog food market. In early 2008, dog trainer Cesar Millan launched Dog Whisperer by Cesar Millan dog treats. Celebrity and talk-show host Ellen DeGeneres became an owner of Halo Pet Food Company, a 20-year-old company, endorsing their all-natural pet food and pet care products. Meanwhile, television and food personality Rachael Ray launched her own line of dog food and treats called Nutrish developed by Ray and pet nutrition experts. They contain real meat and no fillers, artificial flavours or preservatives.

The following information, obtained from both Planet Retail and Euromonitor, provides a brief description of some of the major manufacturers in the U.S. market today:

Mars Petcare Inc.

Mars Petcare Inc. is the global leader in the branded pet food segment thanks to its mega-brands Whiskas and Pedigree, as well as Royal Canin. Mars' reputation was temporarily tarnished by pet food recalls several years ago, but has managed to retain its number one position globally, and is the top premium dog food and dog treats brand globally, followed by Nestlé. Dog and cat food made up 59% and 38% of total retail value sales in 2011, respectively. Mars is also a global leader in economy dog and cat food, as well as mid-priced dog and cat food. Although Mars is the leader in cat treats, it has a smaller share of the premium cat food market with its premium cat food brand, Sheba, ranking fourth in global value sales.



In the U.S. and Canada, Mars only holds 9% of the pet food market but has a 13% share of the premium dog food market, placing fourth behind Nestlé, Procter & Gamble and Colgate-Palmolive. Mars derives 91% of sales from premium dog and cat food in the U.S., from its premium brands such as Pedigree, Nutro and Royal Canin. Specifically, Mars has 18% share of dog food market and 9% of the cat food market in the U.S. Mars is also a major player in the North American private label pet food arena, manufacturing cat and dog food brands including Berkley and Jensen for BJ's Wholesale Club, ShopRite for Wakefern, and Ol' Roy and Special Kitty for Wal-Mart.

Nestlé Purina PetCare Co.

Nestlé Purina PetCare Co. is the number two player in the global pet care market and home to many well-known global pet care brands. Nestlé owns 19% of the global premium dog food market, and 28.5% of the global premium cat food market. Nestlé is the global leader in cat food, with well-known brands such as Purina Gourmet, Purina Friskies, Fancy Feast and Whisker Lickin's. The company also owns 35.5% of the mid-priced cat food market and 28.5% of the mid-priced dog food market.



Nestlé dominates the North American pet care market with a market share of 25.1% in 2011. Broken down, Nestlé has 40% share of the dog food market and 63% of the cat food market in the U.S. Top brands include Purina Dog Chow, Purina ONE and Purina ProPlan. Shifting towards more premium products, Nestlé recently launched Purina One beyOnd, an ultra-premium brand, available at U.S. mass retail channels. Purina Beneful, another premium dog food brand, is also highly successful.

Source for all images: Planet Retail.

▶ PET FOOD SUPPLIERS (continued)



Colgate-Palmolive

Colgate-Palmolive is the leading player in the high-end functional and premium pet food category globally. Brands under the Colgate-Palmolive umbrella, such as Hill's Science Diet, are formulated for overall health and wellness. The company also manufactures therapeutic pet foods available through veterinary clinics. Hill's Pet Nutrition is one of the largest employers of veterinarians worldwide.



Procter & Gamble Pet Care

Procter & Gamble (P&G) competes in several markets around the globe in the premium pet care category with the Iams and Eukanuba brands. The vast majority of P&G's pet care business is in North America, where it has about 10% of market share. The Iams brand suffered some setbacks as a result of a pet food recall in 2007. However, its value sales rebounded in 2008.



Del Monte Foods Co.

Del Monte Foods Co. competes in both wet and dry dog food, as well as pet snacks, with their private label products accounting for 12.9% of the total pet products market. Most food retailers in the U.S. carry their products and they have developed strong, long-term relationships with the majority of significant participants in the retail grocery trade. On a consolidated basis, sales to one customer, Wal-Mart, represented approximately 32% of their overall list sales. Del Monte is one of a very few suppliers to openly acknowledge participating in the private label arena, as a producer, distributor and marketer of private label food and pet products. Brands under this umbrella are largely concentrated in mid-priced and economy dog food, for example, Kibbles 'n' Bits and Skippy.



Central Garden & Pet

Central Garden & Pet is one of the leading marketers and producers of premium pet supplies in the United States. According to Planet Retail, its pet products division operates the largest sales and logistics network in the industry, which strategically supports its brands. Central Garden & Pet claims to have developed strong relationships with major and independent retailers through product innovation, premium brand names, broad product offerings, captive sales and logistics capabilities and a high level of customer service. The company is one of the largest pet supplies vendors to PetSmart, PETCO and Wal-Mart.



Source for all images: Planet Retail.



▶ NEW PRODUCT INTRODUCTIONS—DOG FOOD

In 2012, the Mintel Global New Products Database (GNPD) recorded 644 new dog food products (wet and dry dog food and dog treats) launched in the U.S. market.

| Claims | Number of Products |
|-----------------------------------------------|--------------------|
| 1. No additives/preservatives | 179 |
| 2. Low/no/reduced allergen | 158 |
| 3. Not specified | 142 |
| 4. Teeth & tartar prevention (functional pet) | 121 |
| 5. Vitamin/mineral fortified | 117 |
| 6. Pet - adult | 113 |
| 7. Skin & coat (functional pet) | 103 |
| 8. Convenient packaging | 93 |
| 9. All natural product | 93 |
| 10. Joints, bones & muscles (functional pet) | 89 |
| Other | 392 |
| Total sample | 644 |

| Flavour Component | Number of Products |
|-------------------------|--------------------|
| 1. Chicken | 178 |
| 2. Beef | 87 |
| 3. Unflavoured/plain | 81 |
| 4. Flavours unavailable | 58 |
| 5. Vegetable | 38 |
| 6. Peanut butter | 37 |
| 7. Lamb | 34 |
| 8. Rice (Brown) | 31 |
| 9. Sweet potato | 30 |
| 10. Bacon | 28 |
| Other | 302 |
| Total sample | 638 |

Source of both: Mintel GNPD, 2013

Examples

Gourmet



Country Stew with Lamb & Beef

Company: Kelly Foods
Brand: Bil-Jac
Sub-category: Wet dog food
Store name: PetSmart
Store type: Specialist retailer
Date published: December 2012
Launch type: New product
Price in U.S. currency: \$1.29



▶ **NEW PRODUCT INTRODUCTIONS—DOG FOOD (continued)**

Health



Biscuits for Senior Dogs

Company: Del Monte Pet Products
Brand: Milk-Bone
Sub-category: Dog snacks and treats
Store name: Fred Meyer
Store type: Supermarket
Date published: March 2012
Launch type: New packaging
Price in U.S. currency: \$4.43



Organic Chicken & Brown Rice Formula for Adult Dogs

Company: Castor & Pollux PetWorks
Brand: Castor & Pollux Organix
Sub-category: Wet dog food
Store name: PetSmart
Store type: Specialist retailer
Date published: January 2012
Launch type: New packaging
Price in U.S. currency: \$2.49



Adult Light Dog Food with Liver

Company: Hill's Pet Nutrition
Brand: Hill's Science Diet
Sub-category: Wet dog food
Store name: PETCO
Store type: Specialist retailer
Date published: November 2012
Launch type: New packaging
Price in U.S. currency: \$1.85



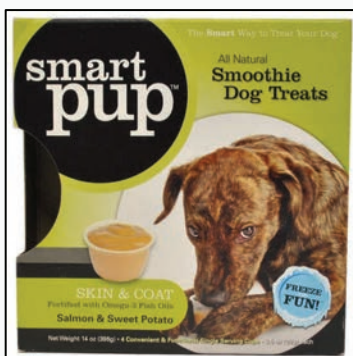
▶ NEW PRODUCT INTRODUCTIONS—DOG FOOD (continued)

Treats



Bacon & Peanut Butter Flavor Dog Treats

Company: Nestlé Purina PetCare
Brand: Purina Beggin' Collisions
Sub-category: Dog snacks and treats
Store name: Wal-Mart
Store type: Mass merchandise/hypermarket
Date published: December 2012
Launch type: New product
Price in U.S. currency: \$9.48



All Natural Smoothie Dog Treats

Company: Ubuntu
Brand: Smart Pup
Sub-category: Dog snacks & treats
Store name: PETCO
Store type: Specialist retailer
Date published: December 2012
Launch type: New variety/range extension
Price in U.S. currency: \$5.99

Niche



Vegan Garden Medley Dog Food

Company: Halo Purely For Pets
Brand: Halo Purely For Pets
Sub-category: Dry dog food
Store name: drugstore.com
Date published: August 2012
Launch type: New variety/range extension
Price in U.S. currency: \$14.99

▶ NEW PRODUCT INTRODUCTIONS—CAT FOOD



Mintel GNPD recorded 242 new cat food (wet and dry cat food and cat treats) products launched in the U.S. market in 2012.

| Claims | Number of Products |
|-----------------------------------------------|--------------------|
| 1. Not specified | 87 |
| 2. Pet - adult | 60 |
| 3. Ethical - environmentally friendly package | 47 |
| 4. Low/no/reduced allergen | 43 |
| 5. Vitamin/mineral fortified | 41 |
| 6. No additives/preservatives | 39 |
| 7. Digestion & urinary tract (functional pet) | 38 |
| 8. Skin & coat (functional pet) | 35 |
| 9. Other (functional pet) | 31 |
| 10. Immune system (functional pet) | 30 |
| Other | 104 |
| Total sample | 242 |

| Flavour Component | Number of Products |
|-------------------------|--------------------|
| 1. Chicken | 90 |
| 2. Salmon | 42 |
| 3. Turkey | 38 |
| 4. Tuna | 33 |
| 5. Flavours unavailable | 22 |
| 6. Rice (brown) | 17 |
| 7. Beef | 15 |
| 8. Unflavoured/plain | 13 |
| 9. Fish | 12 |
| 10. Gravy | 10 |
| Other | 79 |
| Total sample | 239 |

Source of both: Mintel GNPD, 2013

Examples

Gourmet



Soufflé with Wild Salmon, Garden Veggies and Egg Cat Food

Company: Nestlé Purina PetCare
Brand: Fancy Feast Mornings
Sub-category: Wet cat food
Store name: Stop & Shop
Store type: Supermarket
Date published: September 2012
Launch type: New product
Price in U.S. currency: \$0.75



▶ **NEW PRODUCT INTRODUCTIONS—CAT FOOD (continued)**

Health



Urinary Health Treats for Cats

Company: Natural Polymer International Corporation
Brand: Get Naked
Sub-category: Cat snacks and treats
Store name: *Not available*
Store type: *Not available*
Date published: June 2012
Launch type: New product
Price in U.S. currency: *Not available*



Natural Evolutionary Diet for Mature Cats

Company: Blue Buffalo
Brand: Blue Wilderness
Sub-category: Dry cat food
Store name: PetSmart
Store type: Specialist retailer
Date published: April 2012
Launch type: New variety/range extension
Price in U.S. currency: \$12.99

Treats



Chicken Flavoured Hairball Control Treats for Cats

Company: Nutro Products
Brand: Feline Greenies Smartbites
Sub-category: Cat snacks and treats
Store name: PETCO
Store type: Specialist retailer
Date published: September 2012
Launch type: New product
Price in U.S. currency: \$3.99

▶ **NEW PRODUCT INTRODUCTIONS—CAT FOOD (continued)**



Niche



Tuna Flavoured Lickable Cat Treat

Company: Radio Systems
Brand: PetSafe Feline Lickety Stik
Sub-category: Cat snacks and treats
Store name: PetSmart
Store type: Specialist retailer
Date published: October 2012
Launch type: New product
Price in U.S. currency: \$2.99



Natural Food for Kittens

Company: WellPet
Brand: Wellness Core
Sub-category: Wet cat food
Store name: PetSmart
Store type: Specialist retailer
Date published: July 2012
Launch type: New product
Price in U.S. currency: \$1.89



Mackerel & Sardine Indoor Cat Formula In Gravy

Company: Natural Balance Pet Foods
Brand: Dick Van Patten's Natural Balance Platefulls
Sub-category: Wet cat food
Store name: PETCO
Store type: Specialist retailer
Date published: April 2012
Launch type: New product
Price in U.S. currency: \$0.99

▶ CONCLUSION



The U.S. is one of the most active markets for pet food worldwide, boasting numerous product launches in recent years. With an impressive pet population, the U.S. offers a large market in terms of both value and volume. Nonetheless, it is important to understand the trends and specific needs of consumers in this market in order to leverage potential opportunities for differentiation and penetration. There are currently opportunities for new, innovative, functional and natural pet food products in the market. There are also opportunities in private labels, as consumers seek both high-quality products and cost-savings. For smaller suppliers, it may be advantageous to work with larger industry players to benefit from their distribution networks and knowledge of the U.S. market. To conclude, while the U.S. is a very competitive market, the pet food sector offers a variety of opportunities for Canadian suppliers.



Source: Mintel

In the U.S., pet food is regulated by the Food and Drug Administration. Details can be found at: <http://www.fda.gov/AnimalVeterinary/Products/AnimalFoodFeeds/PetFood/default.htm>.

Canadian companies interested in doing business in the U.S. can contact Canadian Trade Commissioners at: <http://www.tradecommissioner.gc.ca/eng/offices-united-states.jsp>.

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The Government of Canada has prepared this report based on primary and secondary sources of information. Although every effort has been made to ensure that the information is accurate, Agriculture and Agri-Food Canada (AAFC) assumes no liability for any actions taken based on the information contained herein.

The United States Pet Food Market

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ISSN 1920-6593
AAFC No. **12066E**

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Agriculture and Agri-Food Canada, Global Analysis Division
1341 Baseline Road, Tower 5, 4th floor
Ottawa, ON
Canada K1A 0C5
E-mail: infoservice@agr.gc.ca

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