

DEVELOPMENT OF EUROPEAN PETFOOD MARKET



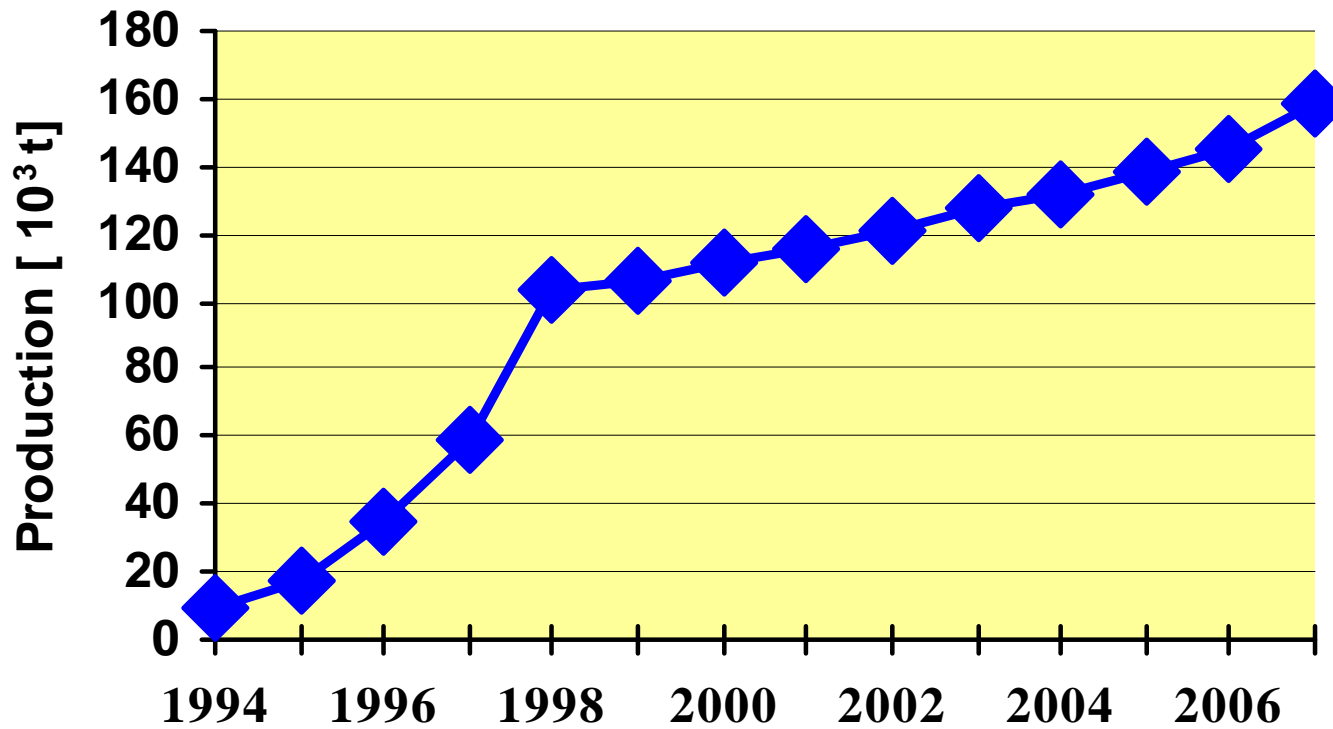
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INTRODUCTION

The European pet food market has continuously expanded during recent decades. This can be explained by a long lasting growth in pet ownership, by the decreasing use of table scraps and the general trend toward convenience foods. In the past years the situation in Western Europe has changed and the growth rate of the market has slowed down in many countries so that a mature market situation has developed. In contrary very spectacular development has been observed in Central and Eastern Europe after economical and political changes happen in 1990, where Poland can be used as the best example for.

Fig. 1. Petfood production in Poland



In the European countries exist considerable differences: in the standard of living and there are obvious differences in the habits of keeping pets and the traditions of pet feeding. All of that affect the market.

The European countries differ in population density of dogs and cats, the calorie coverage by commercial pet foods and the balance between commercial foods and the traditional ways to feed pets with table scraps.

THE EUROPEAN PET POPULATION

The European Pet Food Industry Federation (FEDIAF) estimates the number of households with pets to 62 million in the Western European countries. We have to at least double this number in whole Europe.

Cats population is bit higher than the population of dogs. FEDIAF estimates that 60 million cats and 56 million dogs are kept in the Western European countries. A population of 35 million pet birds, 9 million aquaria and 40 million other pets, mainly rodents and small mammals, but also reptiles, must be considered as another important segment of the market.

Fig. 2. Dog population in Europe (mln)

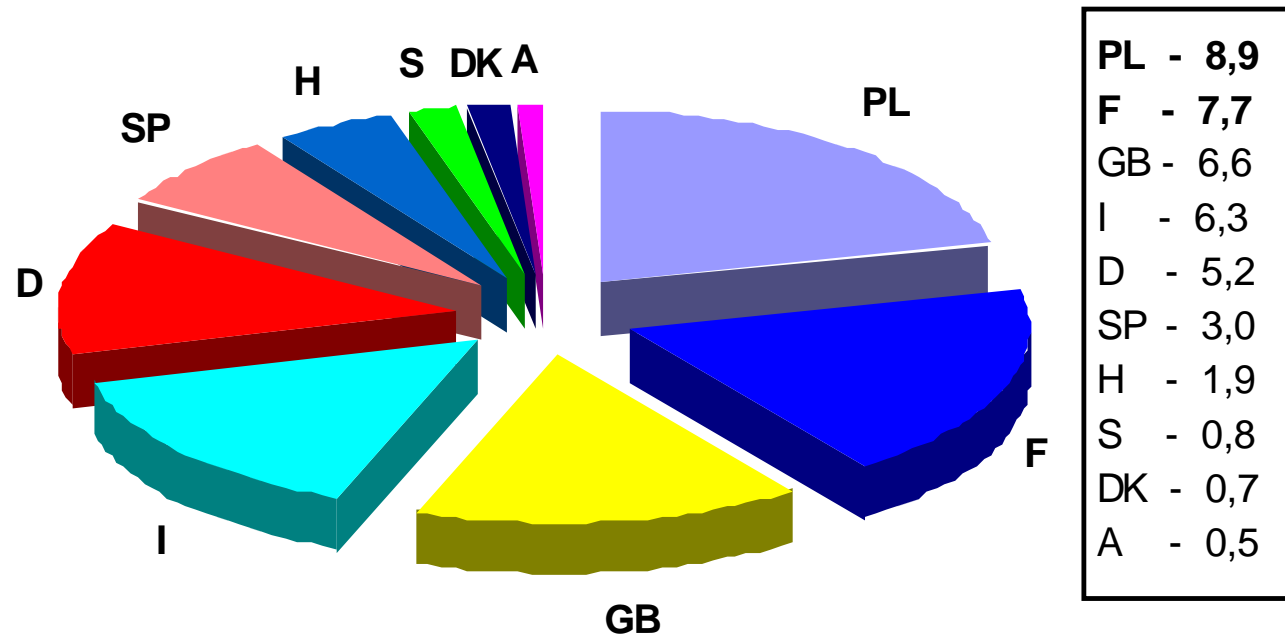


Fig. 3. Cat population in Europe (mln)

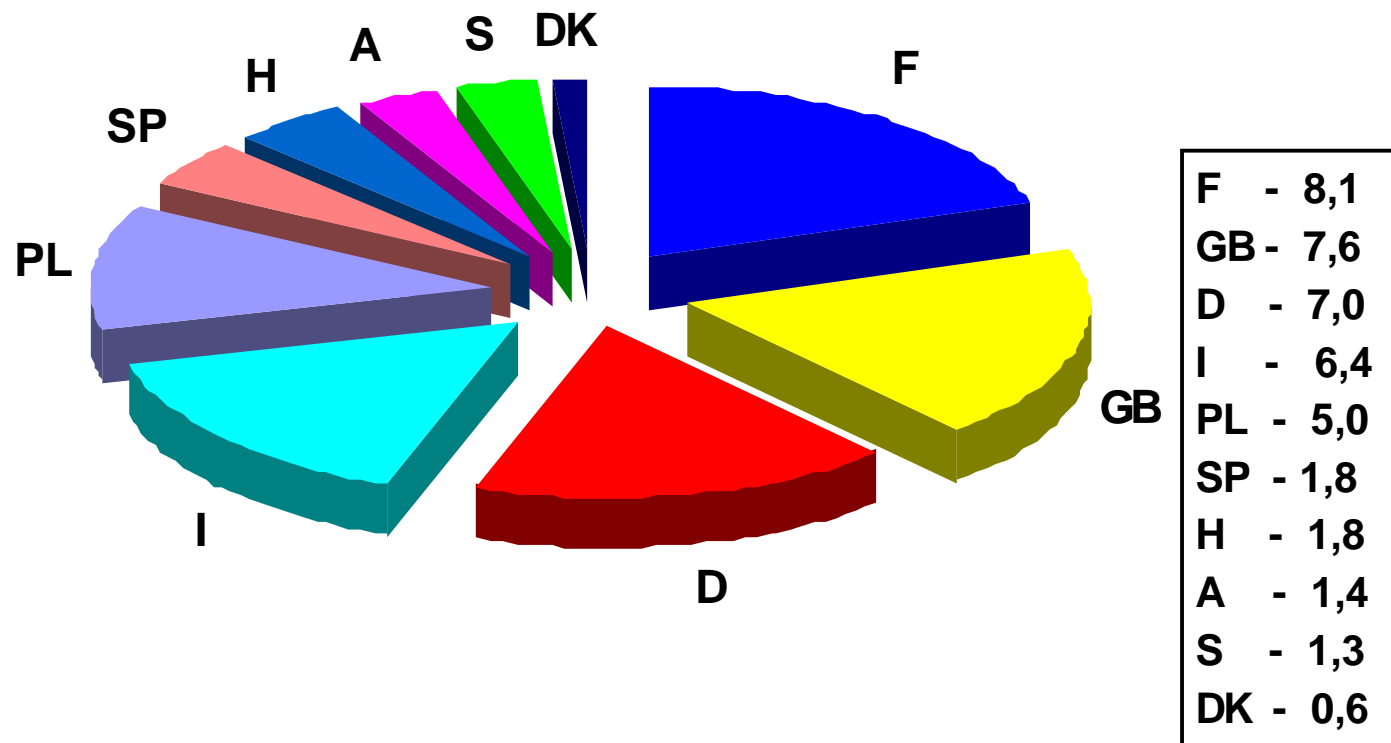


Fig. 4. The European families with pets

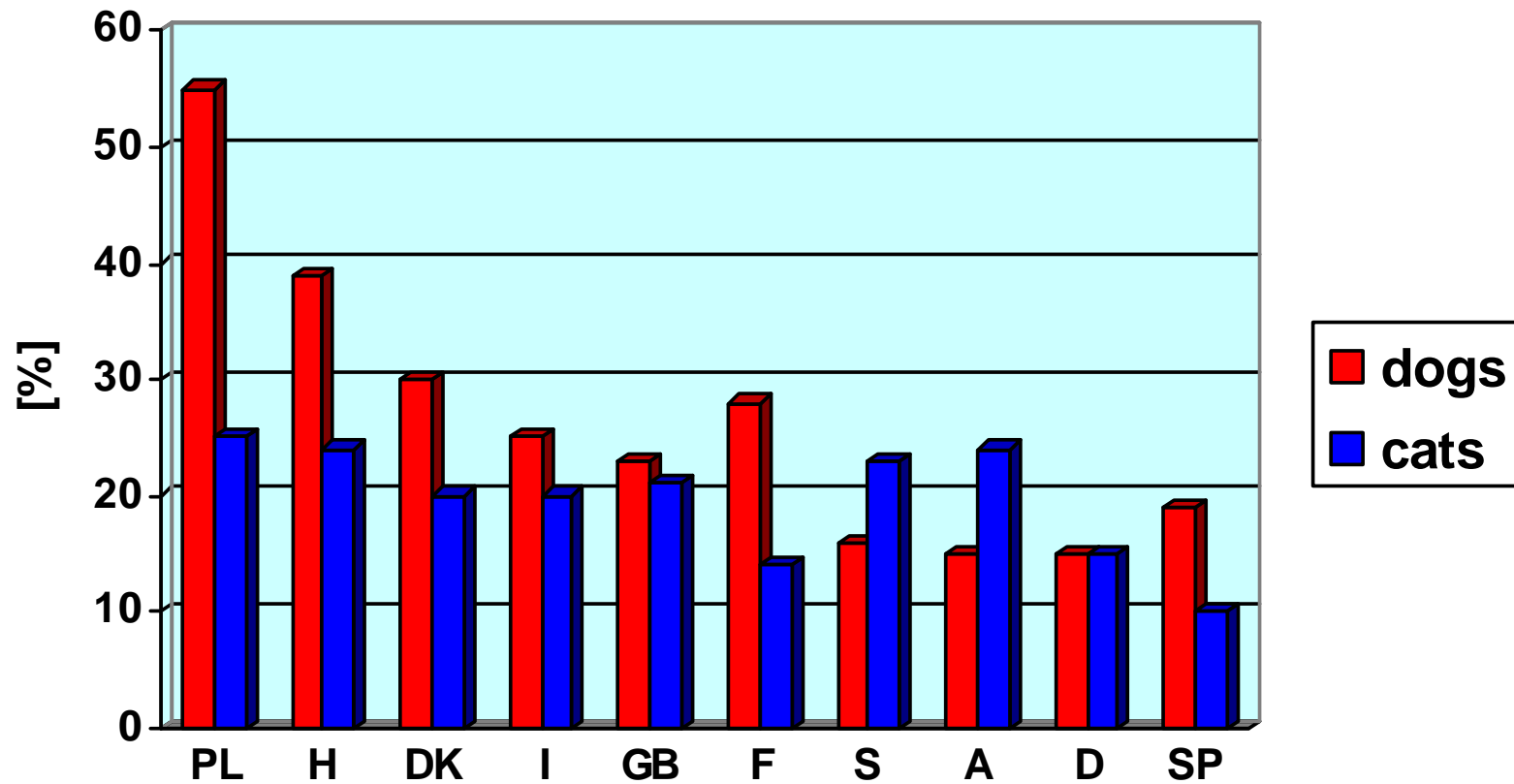
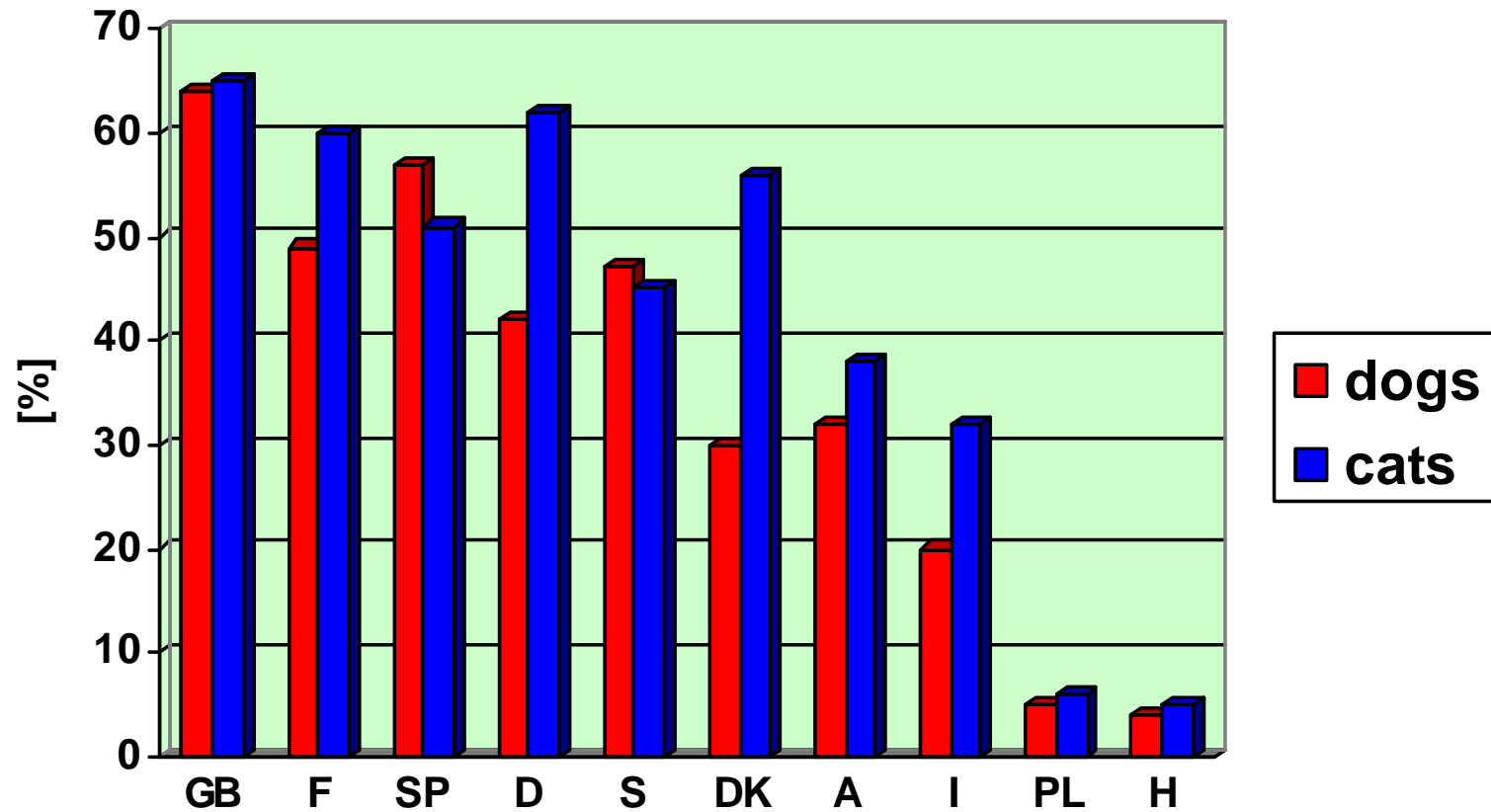


Fig. 5. Commercial petfood in the pets daily diet



- **An average number of 1.1 dogs and 1.4 cats per family keeping pets are reported.**
- **The number of cats has increased and the trend to keep more than one cat per household is observed in many countries. Cats are easier for the owners and it's recommended to facilitate socialization by keeping more than one cat, especially in households where cats must stay alone over longer times during the day.**
- **Nowadays the public opinion become obvious that keeping dogs as pets is a very sensitive hygienic problem in urban environments.**

- **The stable or negative trend in the dog population is also observed with regard to dog breed and dog size preferences. In Europe the number of small sized dogs (<10 kg BW) was estimated to be 34%, the medium and large sized dogs make up 37 and 29% of the total population.**
- **The southern countries have a certain preference for smaller dogs, while other - especially the northern - countries seem to prefer larger breeds.**

SOCIAL FACTORS

- **Nowadays we can observe negative trends in population dynamics in Europe. In many countries higher numbers of households and lower numbers of persons per household is noted. Moreover, individualization becomes very important for many young people, who prefer to spend time out of home during the day. Statistical data are showing how its result in pets ownership. Most pets are kept by owners aged 35-49 years (39% of all pets) with a clear relation to the number of family members.**
- **Pets are often kept in families with at least one child (46% of all pets), lower frequencies are found in single households (22%) and with families without children (32%)**

- **In Germany according to the investigation overtaken by ZZF couples without children and singles represent on a household basis 60% of cat owners, 59% of dog owners, 58% of the pet bird owners and 48% of the aquarium owners.**
- **Singles seem to prefer cats as pets, dogs are only second choice. This fact is important, because in EU the sociologists estimate that the number of households, either singles or couples without children, will increase systematically in years to come.**
- **Changing lifestyles of pet owners have other effects on the development of pet markets. Humanization of pets is seen because they play a specific role as social partners. This development is known by petfood producers. Pets become so important for many owners that they are willing to spend more time and money with them, looking for extraordinary goods and food.**

MARKET EXPECTATIONS

- **FEDIAF estimates the total number of petfood companies in Europe at 450 and the current volume of all pet food is estimated over 5 million tons with an estimated sales value of 8,5 billion €.**
- **21 000 of employees are directly and more than 30 000 indirectly involved in petfood production in Europe. The yearly purchase of agricultural by-products in the European Union is 2,75 million tons.**

- **The distribution and retail channels have changed significantly in the past years. Petfood is sold mainly in hypermarkets and small shops. However small shops have lost significant market share all over Europe due to the competitive price situation, start to specialize in higher priced products and with products that need more explanation for the consumers.**

- **Many of European market players are saying that nowadays the total volume of petfood has reached a highest figure.**
- **Production and consumption potential is different in the European Union. In the Western European countries customer demands are increasingly orientated toward premium products, treats, and in the segment of complete diets toward dry food in dogs and cats.**
- **New member states still are mainly busy with development of basic pet food production, which has big room enough to expand. However personal income is still much lower in those countries pets owners found great opportunity in application of industrial petfood and are willing to spend more and more money for convenience and handy food.**

New product trends is a top global factor

- **Of the 12 broad factors covered in the survey reported by Lummis (2007), new product trends is number one overall, with two-thirds (66.7%) of respondents considering it very important to the development of the global petfood industry during the next five years. The most important components of this factor are:**
 - **functional/condition-specific/novel ingredient foods (lifestage, weight loss, breed-specific, therapeutic);**
 - **high-growth segments such as treats;**
 - **hyperpremium products;**
 - **and Human-grade ingredients.**

- **Generally pet owners expect high quality standards in each price segment. Petfood should be safety, nutritive and healthy. Nowadays many of them are prepared to pay higher prices for premium products.**
- **There are pet owners who don't pay great attention to healthy aspects but they expect that the pet enjoys eating a specific product or that they themselves are enjoying feeding the specific product to their pet.**
- **A third group of pet owners is mainly interested in getting access to reasonable products at economic prices. All will expect not only high nutritional value and adequacy, but also high palatability and digestibility of the food.**

- **Petfood market development in whole European Union will stabilize in coming 5 years. Most probably new member states will reach consumption level of 20 – 25 % of a daily diet.**
- **A growing part of the consumers will demand premium quality and will be prepared to pay adequate prices. Quality, safety and nutritional adequacy will be an ongoing issue for this group.**
- **Functionality of pet food will result in new products, functional supplements for pets start to play an important role and products of natural origin.**

Extrusion-cooking

Most of dry and semi-moist petfood is extrusion-cooked and extrudates will be the most popular products for many years to come, due to great potential and effectiveness of this technique.

Fully automated production lines in the factories assure optimum precision in the dosing of ingredients, eliminate all risk of human error and avoid any physical contact of the operators with the materials and food.

The industry goes a step further than the official veterinary controls. Manufacturers have their own control systems whereby samples are analyzed every hour on the production line.

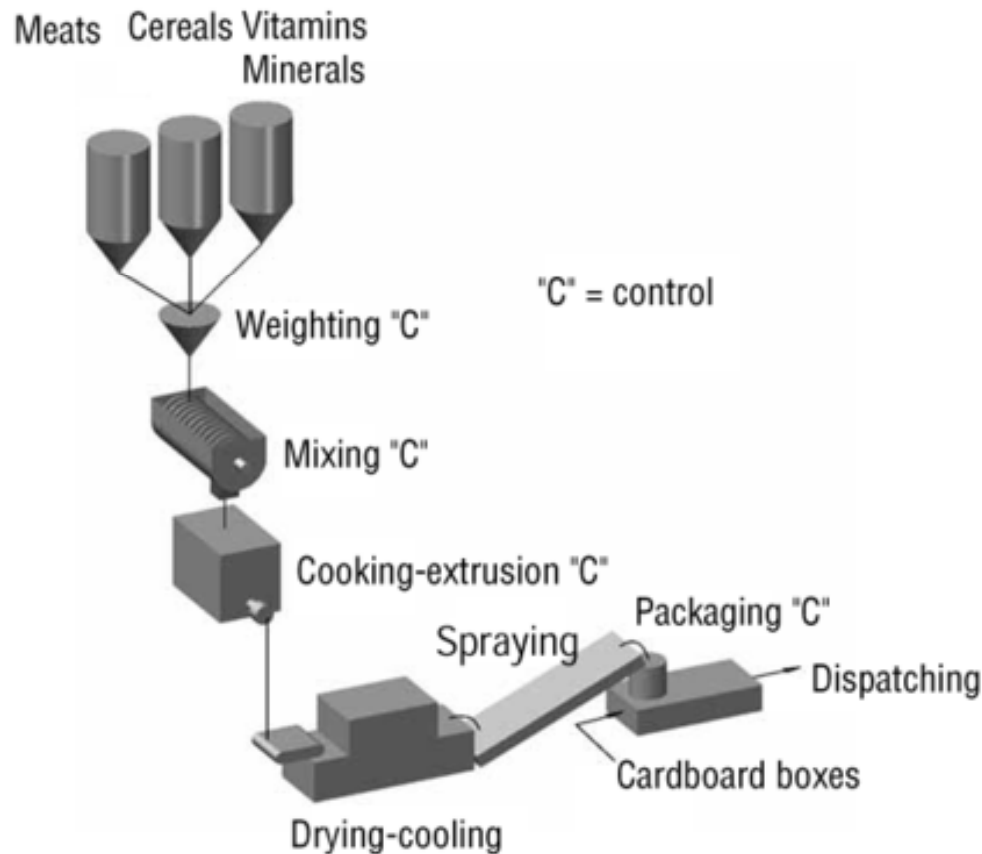


Fig. 5. Set-up of dry petfood production

Dry Pet Foods



Premium pet food products – with optional equipment





Products: Dry and wet texturised proteins

Dry:



Wet:



Products: Wet texturised animal and/or vegetable proteins



Sophisticated products

hard bone tube
based on broken
rice flour

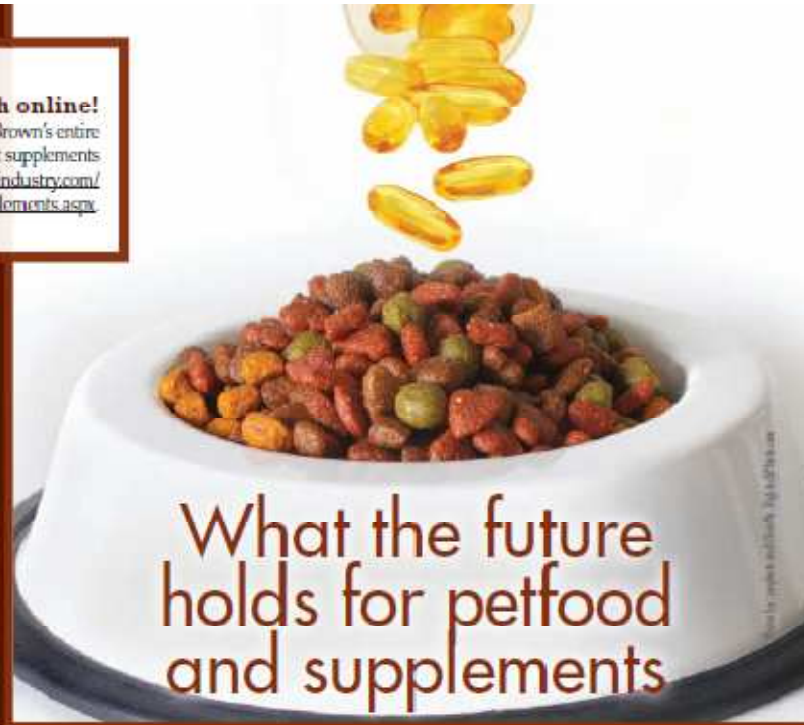
soft, chewy marrow
based on semi-moist petfood
formula slightly expanded



Research online!

Read Dr. L. Phillips Brown's entire comprehensive article, "Pet supplements roar!" at www.petfoodindustry.com/PetSupplements.aspx

Pet products that are well formulated and contain ingredients that target the specific physiological (and even psychological) needs of today's pets are enticing to an entire population of pet parents.



By Jessica Taylor

As the nutraceuticals and functional ingredients market grows, will strict regulations stifle its climb?

NUTRITIONAL SUPPLEMENTS FOR pets have become a fast growing business, as pet owners seek out health products for

their cute companions that mimic those they use for themselves. Petfood supplement products are also adapting to the uncertain economy by addressing the all-important issue of palatability. No longer just available in pill form, nutraceuticals and functional ingredients are appearing in toppers, gravies, foods and treats. Pet products that are well formulated and contain ingredients that target the specific physiological (and even psychological) needs of today's pets are enticing to an entire population of pet parents.

AS STEADILY AS the supplement market has grown (see Figure 1), the regulatory gray area surrounding supplements for companion animals continues to

Figure 1. US pet supplement sales: 2001-2013

As steadily as the supplement market has grown, the regulatory gray area surrounding supplements for companion animals continues to constrict the market.

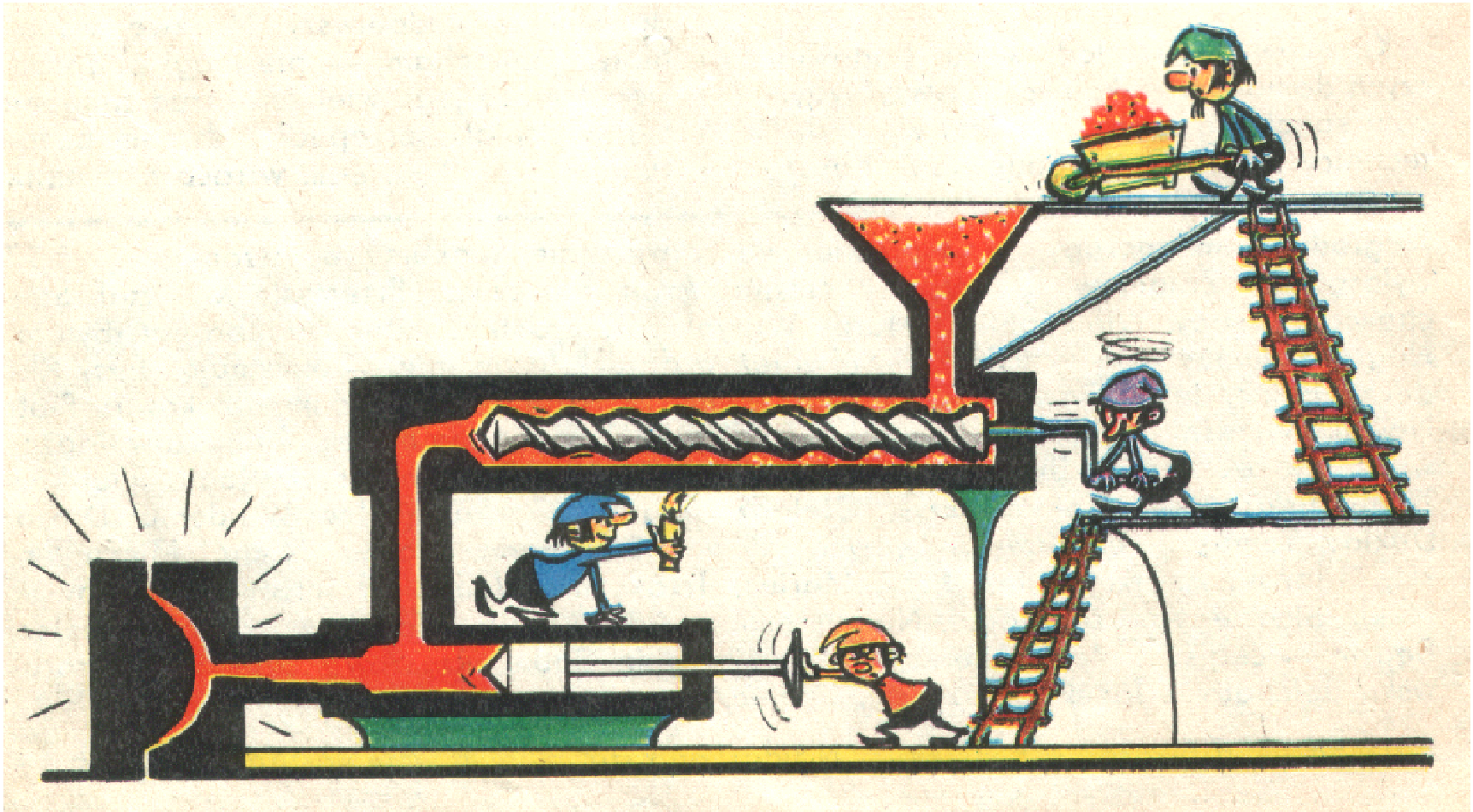


EXTRUSION - COOKING

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