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Food and ingredients

Vegan pet food is growing in popularity and companies are seeing its potential. According to our survey, 4 out of 10 pet parents like plant-based ingredients. And how does apple fiber benefit a pet's health? We also dive into the world of (other) natural ingredients.



Global pet industry

An uncertain 2023 has just begun and we asked industry insiders how they think the market will develop. E-commerce is expected to grow, but at the same pace as last year? Pet tech devices are on the rise, as is the aquatic sector.



Asia

Asia is a top market for many companies. But doing business there is not always easy. What does the pet industry look like in China, India, Thailand and the Philippines? Plus, e-commerce marketplace Alibaba shares some useful insights with us.



E-commerce trends

Amazon, Walmart, Target and Chewy sold a total of 1.31 billion units of pet supplies in 2022, worth more than \$23 billion. Which were the most popular categories? Page 28



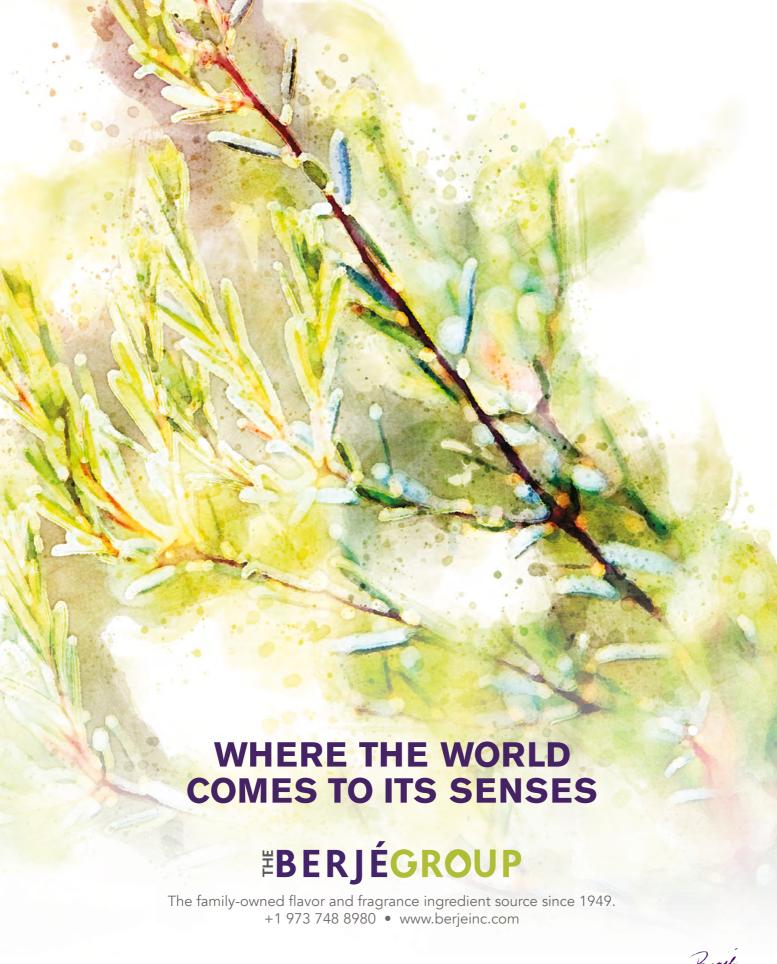
Pet food ingredients

We asked pet parents about their preferences regarding ingredients. Do they look for specific benefits when buying pet food?
What about upcycled ingredients? Page 13



Country report: Thailand

In the last quarter of 2022, households owning a cat increased by 2.4%. The Thai market is without any doubt driving opportunities in Southeast Asia. Page 60



Melaleuca alternifolia

Berje

Reflect, learn and anticipate

The end and the beginning of a year are always good times to reflect on where we've been and where we're going. After an eventful and perhaps shaky 2022, we're curious about what the new year will bring. So we share our predictions for what's to come in the pet industry in 2023.

E-commerce has seen continuous growth in the last few years, and 2022 was no different. In this issue, you'll discover some interesting data on how Amazon, Walmart, Target and Chewy have grown in the last 12 months. And, in an interview, Chinese e-commerce giant Alibaba shares how pet supplies are doing on their platform and what their plans are for the future.

Sustainability was on the industry agenda in 2022 more than ever. We dive into the environmental footprint of our industry and analyze what retailers and manufacturers are doing to stay on track with sustainability. Vegan pet food is often hailed as the 'savior' that will make the industry more sustainable. But is that really the case?

When it comes to pet food, brands have continued to play around with different ingredients to differentiate their products and offer appealing health benefits. But how appealing are those benefits, which

ingredients do consumers actually gravitate towards, and what are the health benefits they most desire? Survey findings will show you.

Technology is always at the forefront of new innovations. Artificial Intelligence (AI) technology is getting remarkably better every week, so we were curious about how it will impact the pet industry. And a survey reveals which pet tech products consumers find most interesting.

Finally, we take a closer look at the growing pet markets of China, India, the Philippines and Thailand. And you'll discover what's happening in aquatics and how the energy crisis is impacting it.

Happy reading,

Philippe Vanderhoydonck Managing Director

PS: If you don't receive our newsletters yet, go to globalpetindustry.com and sign up to keep a finger on the pulse of the industry.





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Pet Network International acquires pet retailers in Bulgaria and Croatia

Pet Network International (PNI) has acquired Zoo Group Stefanov – which operates 30 stores across Bulgaria – and Zvjerinjak – which operates 6 stores in the Croatian capital Zagreb.

With this takeover, the company aims to validate its leading position in Southeast Europe. Timo Tervo, Chief Executive Officer at PNI, said that both acquisitions strengthen its regional presence and prove that growth and investment are its "biggest drivers".

Headquartered in Croatia, PNI operates over 200 stores and e-commerce platforms in Romania, Croatia, Slovenia, Serbia and Bulgaria.





United Petfood takes over 2 Cargill plants in Eastern Europe

Manufacturer United Petfood has bought Cargill's production facilities in Krzepice (Poland) and Karcag (Hungary).

Purchasing these sites, which are specialized in the production of dry pet food for cats and dogs, is in line with the Belgian company's strategy to 'reinforce and grow' the business. They say that the US corporation is retaining ownership of its pet food brands and will continue to provide a portfolio of its branded products.

With the new locations in Poland and Hungary, United Petfood Group now operates 21 pet food facilities across 9 European countries.

British pet food association changes identity

The Pet Food Manufacturers Association (PFMA) will now be known as UK Pet Food, to better reflect the dynamic organization it has become.

The association has over 100 members and represents 90% of British pet food manufacturers. It believes that the new brand identity will help 'to lead the industry agenda while representing the growing interests of a broad range of members'.



"Creating a new brand identity has been an important journey for us. We value our 50 years of history, but equally, we pride ourselves on being a forward-thinking organization, embracing change and driving it forward," said CEO Michael Bellingham.

New names for key management positions in the US

Compana Pet Brands has appointed former Chewy Head of Marketing Greg Pearson as its new CEO. Prior to joining the pet company, Pearson was CEO of Pretzels for over 3 years. His pet industry experience includes a 3-year tenure at Chewy, where he created the retailer's private brands.

Dog food subscription company BARK has appointed Zahir Ibrahim as its new CFO. His remit is to scale up the business and accelerate the company's path to profitability.

CBD firm Charlotte's Web has named Jessica Saxton as its new CFO. Along with hemp-extract wellness products for humans, Charlotte's Web also produces CBD pet products for dogs.

Jay Dahlgren is the new VP of manufacturing, technology and supply chain at Freshpet. The appointment is in line with the company's strategy to drive margin expansion, support long-term growth and boost profitability.

Nina Leigh Krueger, CEO at Nestlé Purina North America, will lead The Pet Food Institute (PFI) in 2023, along with some newly appointed board officials. Krueger has been with Purina for 30 years and served as PFI's Vice Chair in 2022.



Acquisition of UAE's largest pet retailer

Private equity firm Aliph Capital has bought Dubai-based The PETSHOP, with the aim of expanding its presence across the United Arab Emirates and consolidating its leading position in the pet space. As part of the takeover, the retailer is expected to enter other 'fragmented regional markets', including Saudi Arabia and Qatar.

Founded in 2011, The PETSHOP is considered to be the largest omnichannel pet business in the country, comprising The PETSHOP, DubaiPetFood.com and Petsville.





15.5 → 17.5 • 2023



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PRODUCT NEWS

The **Pet Vision** area presents a **selection of new products**, giving buyers, retailers, agents, exporters and importers key insights into the **mega trends** to come. An exclusive **competition** will reward the most innovative ideas launched at Zoomark.



INSPIRATION

NEXT is the new area of Zoomark devoted to **Start-Ups**, who will get the chance to pitch to the pet business community. This space dedicated to new businesses is a great source of fresh inspiration, for a future-oriented Show Experience.

LEARNING

This year Zoomark will be **Europe's leading pet industry event**. From 15th to 17th May, BolognaFiere will host a packed calendar of educational events – seminars, panel discussions and conferences – to invest in learning and professional growth.

THE SHOW EXPERIENCE

Plan your trip to Zoomark now! Take advantage of **special rates and promotions** on travel and hotels, as well as experiences in the local area, from tours of the **Motor Valley** to **tasting sessions**. Find out more in the "**Hotel & Travel**" section of the Zoomark website.





6 out of 10 European pet parents not planning to cut pet expenses

A Samsung survey of 6,500 pet parents reveals that owners in Europe would rather sacrifice socializing (40%) and economize on necessities such as utilities (27%) than cut on spending for their pets.

Almost half of the respondents (47%) said they have adjusted their home set-up to accommodate their pets. One-third (32%) admitted that being a pet parent affected their decision-making when getting a new home appliance, and 30% said it influenced their choice when purchasing personal technology devices.

Nearly half (49%) of pet parents want to see the development of new high-tech devices for pets, with some 60% of the respondents agreeing that this is just as important to them as child-friendly technology.



Suziria to expand its distribution hub in Kyiv

Ukrainian pet company Suziria wants to add 10,000 square meters to its facilities to bolster its national distribution.



Although the firm had a stronger presence in the east and center of the country, the war has accelerated its development in western Ukraine and its production capacity expansion. Suziria says that it now has a 'vastly expanded structure', allowing supply stability from foreign partners in the west of Ukraine as well as fast and reliable sales of products across the country.



Investments in German start-ups

Munich-based vegan pet food start-up VEGDOG raised €3.5 million last November with the aim of expanding its product portfolio and entering new European markets. The company, which posted €2.4 million in revenue in 2021, was expecting to double the numbers in 2022. VEGDOG's range of vegan and gluten-free pet food is available through retail chains in Germany, including DM drugstores, REWE and EDEKA supermarkets, and the specialist retailers Das Kutterhaus and Fressnapf.

Hybrid vet practice Filu Vet has closed €2 million in investment, and will open its first location in the Bavarian capital after the financial injection. By combining digital processes, video, and in-person consultations, Filu aims to make pet care more 'personalized and holistic for the growing group of tech-savvy millennials with pets'.

Chewy to open a new automated fulfillment center in Nashville

The US online pet retailer Chewy has told PETS International that, to cut freight costs, it definitely plans to open 2 new automated fulfillment centers within the next 15 months, the first one near Nashville.

Chewy says that the automated fulfillment center network is processing an ever-larger percentage of its outbound shipping volume at lower costs. In the third quarter of 2022, approximately 30% of its volume was dispersed from this network. That is up 10% compared to the same period in 2021.

In a recent letter to shareholders, Chewy stated that technology and planning capabilities had bettered its 'instock levels across the network'.



Most responsible US pet companies in 2022

Tractor Supply Company ranked 213th in *America's Most Responsible Companies in 2022*, which is compiled by the US weekly magazine Newsweek. The company ranked 8th in the retail sector.

Californian online pet retailer Petco ranked 301st, and 10th in the retail sector. In healthcare, Zoetis achieved a global position of 59^{th} , and 7^{th} in its own industry.

Newsweek chose 500 companies across 14 industries that are socially and environmentally engaged.





New York law banning pet sales rejected by industry

The local pet industry has raised concerns about the impact of the so-called Puppy Mill Pipeline Bill, signed by New York governor Kathy Hochul on 15 December 2022.

According to the Pet Advocacy Network, the new law will impact small business owners and remove 'longstanding legal protections' for families who adopt puppies, kittens and rabbits. The organization believes that the legislation will cause New York's local pet stores to go out of business, laying off their employees, and will have a negative ripple effect throughout their communities during 'turbulent economic times'.

Lintbells acquires US pet mobility aid provider Walkin' Pets

Walkin' Pets was established in New Hampshire by Mark Robinson in 2001, offering a wide range of aid products for pets, including wheelchairs, harnesses and braces.

The acquisition is part of Lintbells' US growth strategy and represents a 'significant expansion' in the UK company's footprint. It is already present in the North American market with its supplements business, but now plans to expand its range of products there. Taking over Walkin' Pets also opens up new markets in the UK and internationally, thanks to the US company's global distribution network.



Almost 7 out of 10 Australian households own a pet

New research from Animal Medicines Australia (AMA) has revealed that consumers spent AU\$33.2 million (\$22.6M) on pet supplies in 2022.

Pet food represents more than half (51%) of total spending, followed by veterinary services (14%), pet products and accessories (9%), and pet healthcare products (9%). As part of other expenses, Australian pet parents allocate 4% to grooming services and 3% to pet insurance.

Around 28.7 million pets are owned by 6.9 million households across Australia. Almost half of all households have at least 1 dog, and a third have at least 1 cat. The number of other pets has largely remained stable since 2019.





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With more than 500 ingredients used in pet food, we look into how US producers manage to offer an array of options for complete and balanced pet nutrition.

A growing interest in plant- and egg-based proteins and ancient grains, and the recent approval of dried black soldier fly larvae for adult dog foods by the Association of American Feed Control Officials (AAFCO) are contributing to the richness of pet food.

Forward-looking researchers are assessing plant-based vegan diets for dogs and the use of mealworms, yeasts, mushrooms and cell-cultured meats as sources of protein for pets.

Ancient ingredients

A fond memory from my childhood is one of my mother enjoying her coffee in the morning, as she doled out dog biscuits to our little button-eyed, poodle-cross dog, Jack.

For nighttime meals, Jack gobbled up canned dog food, alternating between 2 wildly popular 1960s brands, both of which have faded from the marketplace. I remember scooping out the meat chunks from the cans, with the leading ingredients being horse and mule meat and byproducts, a far cry from ingredients used in US pet foods today.

Historically, regional pet food brands throughout America would include locally available ingredients. For example, cottonseed flour would be included in dog foods manufactured in the cotton-growing South, and whole fish, fish liver, corn meal, cracked wheat and salt would be the sole ingredients for some coastal cat food brands.

Now, modern pet food recipes often list over 50 ingredients on the label to assure pets receive balanced diets to support long and healthy lives.

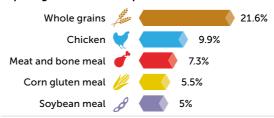
Animal protein as a core ingredient

According to a 2020 analysis from the Institute for Feed Education & Research (IFEEDER), over 540 standardized ingredients were used in the production of commercial pet food in 2018.

Animal protein comprised most of the ingredients used, followed by fruit and vegetable ingredients, such as apples, blueberries, peas and spinach. By weight, whole grains, at nearly 1.9 million tons, were the most used ingredients in dog and cat foods, followed by chicken and meat and bone meal as sources of high-quality protein.

While mushrooms and cell-cultured meats are unlikely to completely replace animal-based proteins, many

Top 5 ingredients used in pet food



Source: Pet Food Production and Ingredient Analysis, 2020

Pet food manufacturers started including quinoa, spelt, sorghum, millet and barley in their recipes.

labels today claim, 'no corn, soy or wheat products', and over a decade ago, in response to consumer demands, pet food manufacturers started including quinoa, spelt, sorghum, millet and barley in their recipes.

Touted as 'ancient grains' to differentiate them from corn and soy products, these products were often included as sources of carbohydrates, although the grains can include a quality mix of plant-based proteins – a growing need as more than one-third of pet owners have expressed a desire to move toward vegetarian diets for their dogs. Ancient grains contain less than 25% protein content compared to corn gluten meal and soybean meal, which contain more than 48% protein.

What will the future bring?

As our understanding of health and nutrition progresses, US pet food manufacturers and ingredient

suppliers are developing new products that support longer, healthier lives for dogs and cats, and address conditions like diabetes, obesity and allergies.

This may take the form of foods that contain antioxidant-rich ingredients, such as alfalfa meal, cranberries and blueberries, or the use of direct-fed microbials to address health challenges or boost overall immune, digestive and oral health. Personalization trends may also increase demand for pet food targeting specific age groups, breeds and sizes.

It is clear that over the last 160 years, the list of ingredients has grown longer, and based on current trends, it appears pets will have an ever-increasing diversity in their kibble choices. •



Louise Calderwood
Director of Regulatory Affairs
American Feed Industry Association (AFIA)





pet food

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Pet food ingredients: What do pet owners actually prefer?

Results from a survey reveal pet owners' preferences for ingredients. From the health benefits they most desire to the types of food products they plan to buy.

Pet food and treat manufacturers continuously try to differentiate themselves, by adding extra ingredients to their products, and by focusing on different health benefits in their marketing and packaging. But what are the things that resonate most with consumers?

To find out, we partnered with Yummypets and surveyed 762 pet owners across Canada (24%), France (28%), the UK (21%) and the US (28%).

Popular health benefits

Pet parents often look for specific benefits when buying pet food. But which are the most popular?

What owners look for in particular are ingredients and food products that help with their pet's gut health and digestion. 55% of the consumers name this as one of the 3 main benefits that innovative ingredients should bring to their pet. Closely following in popularity is a boost to the pet's immune system (47% of pet owners), strengthening joints and bones (46%), and supporting the pet's heart and cardiovascular health (40%).

Benefits like help with weight control (34%) and brightening the pet's skin and coat (24%) are looked for less often in pet food. The least important benefits include protecting the pet's eyesight, with only 9% of the owners indicating this as important. Ingredients that boost a pet's mental health (10%) and ingredients that boost a pet's brain and cognitive health (18%) complete the bottom of the list.

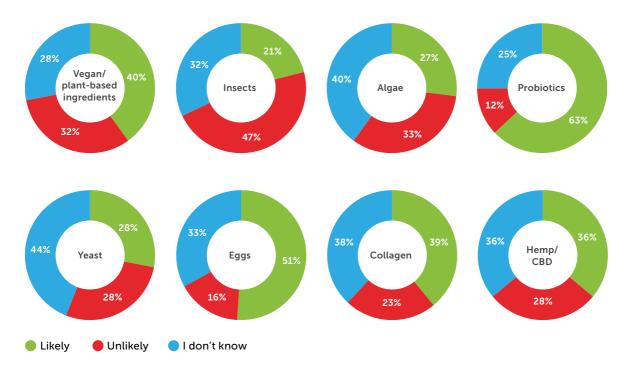
While there aren't any significant differences between age groups or countries, pet owners living in big cities do indicate more often that they like ingredients that help with weight control. People who live in the countryside think that ingredients that strengthen their pet's joints and bones are slightly more important.

How ingredients affect purchasing

We asked pet owners how likely it is that they'll buy pet food with different types of ingredients (see charts).

The most popular ingredient is probiotics, with 63% of pet owners indicating that they're likely to buy pet food products that contain them.





Completing the top 4 of the most popular ingredients are eggs (51%), plant-based or vegan ingredients (40%) and collagen (39%).

Insect ingredients evoke the biggest negative response, with 47% of consumers saying they won't be buying insect-based products. American consumers are slightly less open to trying insects, while UK consumers are most likely to buy them.

The 3 ingredients that consumers are the most unsure about – when it comes to buying products that contain them – are yeast, collagen and algae. This suggests that the benefits they provide might not be clear to consumers, or that they just don't find the ingredients particularly appealing.

Upcycled ingredients

Using upcycled ingredients is increasingly popular among pet food and treat brand manufacturers. But not all consumers know what they are. Some 66% of pet owners in this survey indicate that they're not familiar with the term. Consumers in the UK are the most familiar with this type of ingredient –

US pet owners the least. Younger generations are also more likely to know the term than older generations.

A mere 7% of the respondents indicate that they're already feeding their pet with upcycled ingredients. A whopping 54% would be willing to try it. For 24% of them, learning more about it would be the first step. Only 7% are not interested in the concept at all.

Superfoods: classic versus exotic

Pet owners seem less inclined to feed their pets with slightly 'exotic' superfoods. Instead, they are more comfortable with well-known, traditional superfoods. For example, consumers are most open to buying pet food containing carrots (66%), sweet potatoes (58%), pumpkin (51%), spinach (49%) or blueberries (47%).

At the opposite end of the scale, superfoods that don't score well with pet owners include fermented vegetables (23%), goji berries (27%) and pomegranate (29%). Somewhere in the middle are turmeric (38%), blackberries (35%), kale (34%), krill/shellfish (33%) and coconut (31%).

Human grade?

There is some debate about whether or not pet owners understand what human-grade pet food actually means. So we decided to ask.

It seems like people do, with 35% of consumers finding it very important that their pet food is human grade, and 42% 'somewhat important'. Only a tiny minority (7%) don't find it important. 15% of the respondents are unsure about how important it really is - and perhaps what the term really means.

Non-traditional protein preferences

Besides pet food and treat products with traditional proteins like beef and chicken, how willing are pet parents to feed their pet with food or treats containing other proteins? It turns out that they're very much open to it. Only 19% prefer to stick to the traditionally used proteins.

The top 5 proteins that people find the most acceptable are eggs (52%), venison (44%), sunflower seeds (41%), quinoa (39%) and algae (33%). Insects (31%), elk (30%) and water buffalo (30%) are in the middle of the preference list. Ostrich (27%) and alligator (23%) are at the bottom of this particular list.

US pet owners are most open to elk, water buffalo and alligator, and least open to algae and insects. French consumers are not really a fan of alternative meat protein like venison, elk, water buffalo, ostrich or alligator. UK consumers are most likely to feed insect-based products.

Personalized pet food subscriptions

Companies like Tails.com and NomNomNow have popularized custom-made pet food, tailored specifically to a pet and its needs. But exactly how popular are services like these?

Around 8% of respondents indicate that they currently use this type of service. Another 8% have used one in the past but not anymore. While 27% of respondents clearly state that they're not interested in these types of services, 35% indicate that they do want to give one a try in the coming months.

▶ SEE NEXT PAGE



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There are some generational differences between pet owners and their interest in personalized pet food. Older generations are more likely to *not* be interested in these services, while 25-34 year-olds are most likely to try one out in the near future.

There's also a geographical difference. Pet parents from the UK are most likely to have tried a service like this in the past, but have stopped using it now. Canadians, on the other hand, are the least interested in this type of service and also use it the least.

Planned category purchases

What are the categories that pet owners plan on buying in the next 6 months?

· Freeze-dried and frozen pet food

These 2 food categories are at the bottom of people's shopping lists. 48% of pet owners indicate that it's unlikely they'll buy frozen pet food. 37% say that they won't buy freeze-dried food. Freeze-dried is also the category with the largest group of consumers (31%) who don't know whether they'll buy this type of pet food.

Toppers

With 49% of pet owners planning on buying toppers, this is one of the top 3 categories. UK consumers are most likely to buy toppers, while French consumers are the least likely to.

• Fish oils

The category in second position for planned purchases is fish oil, with 51% of pet owners likely to buy it in the next 6 months.

Pet supplements

Pet supplements come out on top, with 62% of people indicating that they're likely to buy them. American consumers are more likely to be seen in this category, while here again French consumers are the least likely to buy these products. •

Special thanks to Yummypets



Philippe Vanderhoydonck Managing Director GlobalPETS









sc-FOS (short-chain fructo-oligosaccharides) and MOS (mannan-oligosaccharides) are non-digestible oligosaccharides that can help beneficial gut bacteria and support the body's immune function.

What are sc-FOS and MOS?

sc-FOS is a pure prebiotic dietary fiber scientifically verified to support the digestive and immune health of pets, alongside a myriad of beneficial attributes. It serves as a preferred substrate, promoting the growth of beneficial gut and colonic bacteria and inhibiting colonization by pathogenic bacteria.

MOS' mode of action results in potential pathogens flowing out of the intestine, allowing beneficial microorganisms a higher opportunity to colonize. Although there are no pure MOS products in the market, adding MOS to pet formulations is expected to result in potentially reduced pathogen risk.

sc-FOS versus MOS in research

Although they share some similarities, sc-FOS has a more complete prebiotic characteristic and different mechanisms of action, which may lead to different physiological effects on pets' digestive and overall health. To better map the differences, Galam conducted a comparative trial employing a model of dog feces. (Read the full article: http://bit.ly/3XjtUR4)

The results show sc-FOS' improved prebiotic effect when compared to MOS.

The study demonstrates that sc-FOS is characterized by an improved ability to stimulate the growth and activity of bacterial populations, leading to increased release of metabolites, such as SCFA, and stronger acidification of the colon when compared to MOS. In addition, sc-FOS has a reduced ability to induce the growth of pathogenic bacteria, resulting in lower concentrations of ammonia when compared to MOS. Once incorporated into dog foods, this effect may help reduce unwanted odors and risks associated with ammonia accumulation.

Formulate for better effect

The scientific study of the effects of sc-FOS and MOS on pet health can help deliver better results. Understanding its benefits, formulators can easily incorporate GOFOSTM, a high-quality sc-FOS, in all types of pet foods. This versatile dietary fiber manufactured by Galam is part of the company's strong portfolio of innovative ingredients.

Although MOS contributes mainly to immunostimulation, while sc-FOS has a more complete prebiotic activity, formulators may consider the addition of both sc-FOS and MOS to provide enhanced benefits. •



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Maximizing pet nutrition with apples In an era where global conservation efforts are a priority, pet food manufacturers have found a way to make the most out of apples. That's right – apples.

Nearly 16 million tons of apples are processed annually, and the residual pulp has plenty of utility in veterinary diets. However, this has left some pet owners confused. How does apple fiber benefit their pet's health?

What is apple pomace?

Approximately 80% of an apple is used in the juicing process, leaving behind a fibrous substance known as apple pomace that consists of skin and pulp (95%), seeds (2-4%) and stems (1%). Analysis by the Teagasc Food Research Centre in Dublin found soluble and insoluble carbohydrates to account for 84.7% of the dry weight, with low amounts of protein (2.37%) and fat (2.27%).

More importantly, apple pomace contains bioactive polyphenols that provide antioxidant, anti-inflammatory and hypolipidemic properties. This is in addition to the high mineral content of calcium, potassium and magnesium required for metabolic processes to function efficiently.

Although a by-product by definition, apple pomace provides a rich source of nutrients that should be utilized in veterinary diet formulations.

Multifunctional filler

The term 'filler' is surrounded by negativity. While apple pomace is primarily used as such, its roles are multifunctional and support pet health when used correctly. Advantages include:

1. Prevention of chronic kidney disease (CKD)

In kidney disease, protein absorption in the small intestine can be impaired, leading to an excess of proteins reaching the colon. This has been associated with the overgrowth of proteolytic bacterial populations that digest proteins and produce uremic toxins, further damaging the kidneys. A study led by the College of Veterinary Medicine at Oregon State University found that consuming apple pomace effectively reduced fecal concentrations of many uremic toxins and increased secondary bile acids in cats with CKD.

2. Support for the gut microbiome

Gut microbes feed on fermentable fibers and produce short-chain fatty acids (SCFAs) that provide about 7% of the metabolic energy that dogs require. Among the SCFAs, butyrate is the preferred energy source for more than 90% of colonocytes, and it is needed to maintain colon integrity. When 16 dogs were fed diets containing 9% apple pomace, butyrate concentrations and fecal microbial diversity increased.

3. Source of polyphenols

Recent chemical, chromatographic and spectrophotometric analyses performed at the Department of Veterinary Medicine in Perugia, Italy have confirmed the presence of anti-inflammatory polyphenols in apple pomace. Several studies support these findings, including research conducted by Hill's Pet Nutrition. Of

particular interest are quercetin derivatives, antioxidative and anti-inflammatory flavonoids that act directly on systemic inflammation in cats and dogs.

4. Potential palatant

Fiber is not particularly palatable. Research at Kansas State University found that adding sugar cane or wheat bran fiber significantly reduced the palatability of dry kibble compared to that of the control. Alternatively, limited studies using apple pomace as the fiber source have found promising results. When cats were offered 0% and 9% apple pomace diets, the intake ratio was significantly higher in those consuming apple pomace. For dogs, dietary formulations with 9% apple pomace did not affect palatability. As long as palatability is not reduced, this is a significant advantage for future applications of apple pomace.

5. Improvement in water-binding capacity

Apple pomace naturally has a ratio of insoluble and soluble dietary fibers (around 2:1) that favors water-binding and gelling properties. This is useful in veterinary diets when a firm texture is desired, but high water content is required (e.g., kidney disease).

Apple pomace provides a rich source of nutrients.

Everything in moderation

Like anything, apple pomace needs to be used in moderation.

Its high fiber content dilutes the nutritive value of a diet. While this is useful in obese pets, it also means more food must be eaten to reach an appropriate caloric intake. Further, a recent study by the Federal University of Paraná in Brazil reported decreased apparent total tract digestibility in dogs with increasing concentrations of apple pomace. This poses a problem in unregulated diets that are not complete, balanced and formulated by animal nutritionists.

Moving forward, more research is required to understand the utility of apple pomace and the best way to incorporate it into pet diets. •



Ashkan Sadri Veterinary Researcher Vetabroad.org



Natural ingredients:

The case of yucca and sorghum

Despite a clear legal definition, there is a debate if some natural ingredients fall under this trendy category in pet food formulation.

According to the European Pet Food Industry Federation (FEDIAF), the term 'natural' should be used only to describe pet food components (derived from plants, animals, microorganisms or minerals) to which nothing has been added and that have been subjected only to such physical processing to make them suitable for pet food production and maintain their natural composition.

Clearly, this regulatory definition could differ from the consumer perception of 'natural'. For instance, plant extracts are obtained from the chemical process of extraction, the larger part involving the use of substantial volumes of various organic solvents with chemoselective actions on the plant material. Still, these extracts are being recognized as completely natural by the lay public – justifiably, as their effects stem from active compounds from the plant material and not the chemical solvent.

The case of yucca

Let's take Yucca schidigera as an example. This is a desert plant whose extract and powder have been used as feed additives and natural ingredients in pet food. The first studies on the ameliorating effect of Y. schidigera extract (YSE) on canine and feline fecal aromas emerged 25 years ago.

At the time, some concerns were raised about the saponins from the extract affecting the gut wall

permeability of the treated cats. Indeed, YSE is rich in steroidal saponins, which form complexes with cholesterol in the mucosal cell membranes of the intestines

These saponins are considered to be toxic by the American Society for the Prevention of Cruelty to Animals (ASPCA). However, several studies have defined safe levels for YSE inclusion in food – levels that reduce fecal ammonia but do not affect the thickness of the intestinal wall or blood parameters.

In contrast to toxic effects, yucca saponins have antiarthritic and antiparasitic activities. YSE is also rich in polyphenols like resveratrol and yuccaols, which could also play a role in antiarthritic activity. An in vitro study demonstrated that supplementation with YSE and chestnut wood tannins could reduce 'the presence of some potentially toxic volatile metabolites in the animals' intestine'.

Not a novel natural ingredient

Numerous studies on farm and companion animals demonstrate the safety and efficacy of YSE in various areas, such as growth promotion, improved production, survivability and lower fecal and urine odors.

Since YSE lowers the level of ammonia emissions in farm animals, it can be considered an environmentally friendly ingredient. However, what is missing from



these studies is the chemical characterization of the YSE, as the content of bioactive compounds in plant extracts may vary. Furthermore, the sustainability of the use of yucca is an issue that needs to be addressed by the government and industry. Luckily, there are now more sustainable yucca plantations and farms.

Sorghum as an alternative

Sorghum is one of the most sustainable and, thus, widely used animal feed (and food) ingredients. It is a resilient, 'ancient' grain that could be used as an alternative to other grains in food formulations. Sorghum is nutritious, as it is rich in proteins, minerals, B vitamins, polyphenols and essential fatty acids.

The phenolic compounds found in sorghum are mostly condensate tannins, believed to have many beneficial health effects. However, these tannins can promote astringency and food refusal, inhibit enzymes, form nutrient complexes and impair digestibility. One of the pioneering evaluations of sorghum as an ingredient in animal diets confirmed that the total tract digestibility of dry matter and organic matter was lowest compared to those of all other starch flours.

A more recent Brazilian study on adult beagles confirmed that sorghum could be used as a source of carbohydrates, but it lowered the digestibility of crude protein and metabolizable energy compared to those of rice.

Another study in dogs found no differences regarding digestibility and energy between sorghum and maize. This could be partly explained by the fact that the amount of polyphenols in sorghum significantly decreased after the extrusion. The loss of phenolic compounds during processing should be considered if sorghum is used as a functional natural ingredient. The same goes for all the natural ingredients, especially fruits and vegetables, that are increasingly incorporated into pet food. These could undoubtedly benefit our companions, but only if their bioactive compounds are well preserved. •



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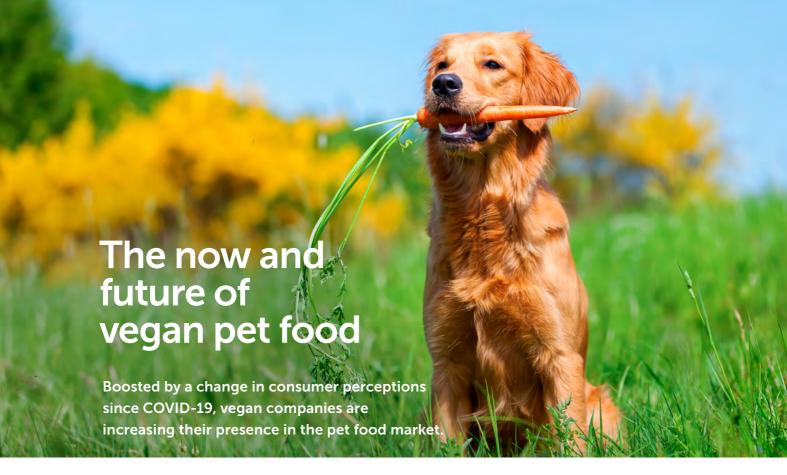


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The pandemic-induced veganism boom is extending to the pet world, with an increased focus on personal and planetary health complemented by a rise in plant-based pet food. It's also fueled by recent research suggesting pet food significantly contributes to the meat industry's climate footprint.

Expanding sector

The global vegan pet food market is set to more than double, from \$26 billion in 2022 to \$57.4 billion a decade from now. According to Future Market Insights (FMI), the sector has expanded faster than the conventional pet food industry, owing to a greater focus on climate-friendly food post-pandemic for environmental, health and ethical reasons.

This surge in interest, coupled with the rise in pet adoptions and research findings, has meant that more consumers are applying the same principles to their pets' diets. It's also why insiders forecast faster growth in the plant-based pet food industry in the next 5 years than in past years.

So the sector is now host to a start-up ecosystem, with newcomers offering better-for-you products and eco-friendly packaging via enhanced distribution channels and increased social media presence. Recent

investments in start-ups like VegDog (Germany) and Omni (UK) signpost this shift. And while not vegan, start-ups like Bond Pet Foods and Good Dog Food are bringing lab-grown meat to the industry, too.

More certified products

The Vegan Society's Vegan Trademark is one of the most recognizable certifications for plant-based products. This charity says that about half of the total product registrations in the animal category took place in the last couple of years. In 2019, only 81 products were registered and the number more than doubled in 2022, with 209 products.

While a horse feed brand was the first of these to register for accreditation in 2005, dog and cat food now dominate the category. The former goes way back – UK-based Happidog (now V-Dog) launched the world's first plant-based alternative in 1980. Benevo, meanwhile, introduced the UK's first commercially available vegan cat food in 2005.

Plant-based post-pandemic

According to FMI, the global plant-based dog food market was valued at \$12.2 billion in 2021, with expected sales set to rise annually by 6.9% in the next decade.

Vegan cat food, which was worth \$10.6 billion in 2021, is expected to grow even faster at 7.2%. Between 2016 and 2020, these sectors had expanded by 4.6% and 4.8% yearly, so there has definitely been an accelerated surge post-pandemic.

Across the vegan pet food sector, dry food (or kibble) commands the highest market share – around a quarter of the total. And while puppies account for 54% of the meat-free dog food sector, adult cats (65%) are the majority demographic in their category.

Current challenges

As with plant-based meat alternatives for human consumption, questions are often raised about the ingredients, nutrition and costs associated with vegan pet food. Wheat, soy and pea protein are common ingredients, alongside oats and potatoes. But can they be sustainable nutritional sources for pets?

Diana Laverdure-Dunetz, a Vegan Canine Nutritionist, explains that eating higher on the food chain means ingesting more toxins and harmful chemicals, which accumulate in the tissues of animals processed as meat. Lower-chain edibles (derived from plants) are safer, meaning that vegan pet food – as evidenced by recent research from British veterinary professor Andrew Knight – is healthy (as long as it's fortified).

The ingredients also contribute to pricing. Louisianna Waring, former policy officer at The Vegan Society, says that cheaper pet food concerns many consumers, with labels featuring phrases like 'meat and animal derivatives' not uncommon. "Plant-based brands aren't necessarily trying to compete with the cheapest available conventional cat or dog food, which fluctuates in price, as they offer premium products with high-quality ingredients," she explains.

What consumers want

A recent survey conducted by The Vegan Society revealed that a third of UK consumers would be interested in vegan pet food as long as it was healthy, while 13-17% would buy it if it was cost-comparable. In terms of motivation, around 4 out of 10 said taste approval from their furry friends was the key factor, followed by nutritional benefits (compared to conventional options) and price promotions.

A third of UK consumers would be interested in vegan pet food as long as it was healthy.

Waring was surprised to find that many respondents considered dogs carnivores, when they're known to be omnivores. She thinks this misconception is the reason why people think meat is necessary for canine diets. But dogs, as Laverdure-Dunetz explains, "need nutrients, not specific ingredients".

The charity's research found that a third of consumers want to see development in meat-free pet food (with plant-based treats high on the list) – despite only 1-3% of people living in the UK identifying as vegans. Around 72% also think it's important that products are appropriately accredited – so the increase in Vegan Trademark registrations is for good reason.

Future of the vegan pet sector

Waring says a greater variety of products would be a big step towards public acceptance, catering to the increasing demand and consequently contributing to price parity with conventional pet food. Longer term, she believes that publication of more peer-reviewed research (like Knight's) is the way forward.

Laverdure-Dunetz calls credibility a major obstacle for the industry. She urges manufacturers to invest in ethical feeding trials and long-term studies showing that dogs fed vegan diets are just as healthy. New businesses need these to overcome the image issue and convince consumers that their products are "scientifically formulated, safe and well-balanced".

With consumers more aware of the sources and environmental impact of their food, the demand for sustainable and ethical food could also extend to their companion animals' needs. Eco-friendly packaging solutions, transparent labeling, innovative processing techniques and third-party certifications can help vegan brands woo consumers and their pets. •



Anay Mridul
PETS International Contributor



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The herbivore lifestyle is on everybody's lips, and it's an important topic in pet nutrition. Let's dive into where this category is heading.

It is no secret that vegan pet food is a trend that the industry should take a closer look at. As more and more people live a vegan (or vegetarian) lifestyle, many are applying the same values to their pets. After all, being vegan as a human being is often a very passionate decision with the goal of leading a 'better', sustainable way of life without harming sentient beings. On the matter-of-fact side: Is vegan pet food really environmentally friendly?

A sensitive topic

Recently, many start-ups have emerged that claim to be particularly sustainable and offer vegan pet food for dogs – and sometimes even for cats, although plant-based diets for this species are a concern for animal welfare.

I call myself a 'flexitarian': I eat a mostly vegan or vegetarian diet, but I have to admit that sometimes there are non-vegan foods in my fridge. Although I have been confronted with the accusation that I am not really vegan at all and therefore a 'cheater', I distance myself from such statements. I am not perfect and I know that. Does that make my efforts to live a more

sustainable life worthless just because my backpack has a little leather application on it?

The same goes for sustainable pet food brands. I remember the German brand Green Petfood being criticized by vegan pet owners for being 'only' 99.9% vegan, as their vitamin D3 derives from wool fat.

Looking to the extremes

It's crazy to remember the trend before veganism: the dog as a wolf that should be fed as much meat as possible. The industry topped itself with ever higher meat content in pet foods, and raw feeding was and still is a big phenomenon. Is this positioning to extremes really purposeful? If you think about it, extremes have never worked well in the long run – neither in politics nor in nutrition. Let's take a closer look

First, let us explore vegan pet food compositions in more detail – not in terms of their nutritional value (there are plenty of essays about that), but in terms of the origin of ingredients. After all, vegan pet food manufacturers want to be particularly sustainable!

However, a critical look at the list of ingredients is sobering, as with this recipe for vegan canned dog food that I found:

Composition: Pumpkin, quinoa, pea protein, lentils, oat flakes, chia seeds, blueberries, coconut flakes, beetroot, moringa, lupins, brewer's yeast, minerals, sunflower oil, potato protein, marine algae.

While ingredients like pumpkin, peas, oats, blueberries and beetroot can come from regional production, more than 95% of quinoa comes from the classic quinoa-growing countries of Bolivia, Peru and Ecuador. Apart from the long transport routes to pet food producers all around the world, the increasing popularity of quinoa as a 'superfood' for humans and pets has led to the development of monocultures and the displacement of natural crop rotation, resulting in a decline in soil fertility.

Chia seeds also have a long way to go before they are processed into pet food. Why not use flaxseeds, which are a great regional product and can fully compete with chia seeds? Coconuts are mainly grown in Indonesia, followed by the Philippines and India – another ingredient with a long transport route. The same goes for moringa, an indigenous tree that grows in India, Pakistan and Nepal. Another potential nonsustainable ingredient used in many pet foods is soy, whose increasing worldwide demand has led to vast deforestation. In summary, 'vegan' is not automatically synonymous with 'sustainable'.

The role of insects

Could 'insect-based' be a sustainable choice for pet foods? On the positive side, insects can be grown on waste, which would theoretically lead to sustainable feeding. However, they are often fed with grains and animal by-products, which could have been used for pet food production in the first place. The energy consumption required to maintain the right humidity and temperature to raise insects must also be taken into account.

More scientific research is needed to make insects a truly sustainable protein substitute. In addition, insects are living beings and therefore not considered vegan or vegetarian.

Vegan pet food manufacturers want to be particularly sustainable, but a critical look at the list of ingredients is sobering.

The black-and-white mentality

Why do we always have to think in black and white? Why this 'all or nothing' mentality? It is common knowledge that we need to reduce meat consumption overall. However, as long as human meat consumption is still high (and it is!), there are tons of unused meat and animal by-products that are not used for human food production.

What would happen to all these by-products if not used for pet food? By-products include high-quality protein sources like muscle-based innards (heart, stomach) and mechanically deboned meat. Would it not make more sense to develop pet foods with low to medium meat content and regional vegetable sources of protein, fiber and carbohydrates? Would this not be far more sustainable than ingredients shipped from far-off countries that are grown under questionable conditions?

Should humans lead by example?

'Human-grade muscle meat' does not have to be in a pet food to provide complete and adequate nutrition to cats and dogs. Let's work together to achieve the goal of a balanced approach. Let's stop thinking in extremes and instead give space to sensible solutions. Let's move away from ultra-high-meat recipes, away from the advertised meat content on the packaging.

Since human and animal nutrition are coupled by the industry, humans must lead the way and reduce their meat consumption. When we have reduced human meat consumption to such an extent that the leftovers are no longer sufficient for the production of pet food, the development of alternative protein sources and their acceptance by animal owners will hopefully have progressed considerably. •



Julia Klischies Pet Nutritionist Petfood-expert.com



E-commerce performance trends in 2022
2023 at a glance: what to expect?
Global Pet Expo 2023 has 'everything you
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An overview of US online sales volumes and revenues from pet supplies at Amazon, Walmart, Target and Chewy.

The American online pet retail industry may look weak due to a less optimistic economy and comparisons with pandemic-induced peaks in activity. Nevertheless, pet owners still want the best for their pets – and they often go looking for it online. Over the past year, there has been strong growth in the online channel for some pet food brands – including Purina Fancy Feast, Purina Pro Plan, Blue Buffalo and Pedigree – and especially for the accessories category.

State of play

Chewy is the biggest e-commerce seller focused on pet products in the US, but it also competes with larger massmarket retailers like Amazon, Walmart and Target. From November 2021 to November 2022, these 4 e-commerce giants sold a total of 1.31 billion units of pet supplies worth more than \$23 billion. By both units sold and revenue, Chewy and the pets department of Amazon.com dominated pet product sales over the past year.

Sales of pet supplies

	amazon	chewy	Walmart >	TARGET
Revenue	\$13.4 bln	\$9.38 bln	\$600.9 mln	\$341.9 mln
Units sold	600.8 mln	614.5 mln	64.2 mln	33.9 mln

Source: Shopper Intelligence, SimilarWeb (November 2021-November 2022)

However, the current economic turmoil is affecting everyone, and the pet products industry is no exception. In a recent report, SimilarWeb reported that most online retailers of pet supplies saw a dip in traffic. In the 12 months from December 2021 to November 2022, Petco.com received 10.88% less traffic, followed by PetSmart.com (-7.52%) and Chewy (-5.68%). Nonspecialist online retailers also registered less traffic in that period, such as Target.com (-13.36%), Walmart.com (-6.77%) and Amazon.com (-4.15%).

Chewy

For the American online pet retailer Chewy, Blue Buffalo was the top dog brand by units sold, at 10.94 million between November 2021 and November 2022. Purina Pro Plan led the category revenue-wise with \$454.6 million. The fastest-growing brand was Pedigree, with sales up 583% by units sold and 113% by revenue.

When it comes to cats, Purina Fancy Feast was the best-performing brand on the online platform, with 21.49 million units sold and \$387.9 million in revenue. The fastest-growing brand for cats at Chewy was Arm & Hammer Litter, with unit sales up 58% and revenue up 94% in the 13-month period.



Top 5 brands at Chewy (by revenue)

Dogs \$454.6M (+48%) 1. Purina Pro Plan 2 Hill's Prescription Diet \$354M (+34%) 3. Blue Buffalo \$334.3M (+21%) 4. Hill's Science Diet \$312.5M (+34%) 5 Frisco \$154.5M (+3%) Cats 1. Purina Fancy Feast \$387.9M (+38%) 2. Friskies \$208.4M (+48%) 3. Frisco \$124.6M (-11%) \$112.1M (+60%) 4. Tidy Cats 5. Arm & Hammer Litter \$102.9M (+94%)

Source: Shopper Intelligence, SimilarWeb (November 2021-November 2022)

Amazon

Amazon's top-selling pet product brand overall was likewise Blue Buffalo, both by units sold (11.76 million) and revenue (\$309.1 million, up 36% year on year). This pet food brand from General Mills was followed by Hills' Science Diet (with a revenue of \$296.6 million) and Purina Fancy Feast (\$153.8 million), with the latter increasing its sales through the Amazon platform by 102% from November 2021 to November 2022.

Looking at the different types of pets, Pedigree was Amazon's top dog products brand by units sold (8.08 million). In terms of revenue, however, Purina Pro Plan came out on top at \$230.2 million. In terms of

Sales of the Amazon Basics brand of dog crates increased by 407%.

cat products, Purina generated the most revenue with its cat food brands Fancy Feast and Friskies, which together resulted in 15.3 million units sold and \$283.500 in revenue.

Top 5 brands at Amazon (by revenue)

Dogs 1. Purina Pro Plan \$230.2M (+56%) 2. Blue Buffalo \$215.3M (+43%) 3. Hill's Prescription Diet \$213.5M (+12%) 4. Pedigree \$124.2M (+19%) 5. Greenies \$103.9M (+19%) Cats 1. Purina Fancy Feast \$153.8M (+102%) 2. Purina Friskies \$129.7M (+65%) 3. Blue Buffalo \$93.7M (+21%) 4. Fresh Step \$89.6M (+35%) 5. Temptations \$77.3M (+48%)

Source: Shopper Intelligence, SimilarWeb (November 2021-November 2022)

Popular categories

There was also strong growth in subcategories like cat litter and accessories (revenue up 54% at Chewy and 43% at Amazon), cat treats (revenue up 49% at Chewy and 37% at Amazon), dog treats (revenue up 24% at Chewy and 37% at Amazon), and dog flea and tick products (revenue up 45% at Chewy and 26% at Amazon).

One notably fast-growing subcategory at Amazon was dog crates, houses and pens, with revenue up 74% to \$290.6 million from November 2021 to November 2022. Leading brands within that category include New World Pet Products (+33%) and Midwest Homes for Pets (+24%). Although still smaller in terms of revenue, the Amazon Basics brand is in hot pursuit (up 407%).

Cameras to watch dogs when they are alone appear to be growing in popularity, with sales at Amazon increasing by 32% to 358,000 units. The e-commerce giant also sold 26% more grooming tools for dogs in the 13-month period, amounting to a revenue of \$23.33 million.



David F. Carr Senior Insights Manager at SimilarWeb similarweb.com

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Pricing, supply chain and fierce competition are the issues that will drive the year that has just started. How may the pet industry look in the next few months? Here's an analysis.

After a challenging 2022, this year could be a turning point for the pet industry as we know it now. Besides general market volatility and challenges along the supply chain, it will need to deal with some pet parents having less purchasing power, while trying to retain as many customers as possible.

Prices will increase, but by how much?

This is one of the questions that businesses across the industry are asking themselves. "Cost increases will be passed on to consumers, so they will be faced with more price hikes in 2023," admits industry insider Richie Pistori.

Mike Bober, President and CEO of the Pet Advocacy Network, adds that pet products in the US will continue to see some small rises, especially in the first half of the year. According to the US Bureau of Labor Statistics, prices of pet products registered an accumulated increase of 12% in 2022.

Dog and cat food prices in France reached the highest increase (31%) in Europe last year. Euromonitor

research revealed that supermarket chain Carrefour saw an average 43% rise in the category. And far from stopping there, the country's largest supermarket chain Leclerc warned that consumers could face a further 41% price rise in some pet brands in 2023.

The UK's Office for National Statistics reported that the inflation rate has been sharply increasing since the spring of 2021. In September 2022, it reached the highest figure on record for the category – 14.7%.

Consumer behavior

Inflationary pressure has started to change the purchasing habits of pet parents, who are increasingly looking for more affordable products. This trend is expected to continue in 2023, according to analysts, but how much it will impact the premium and luxury categories is yet to be seen.

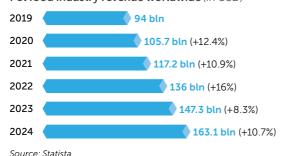
A recent survey by online marketplace LendingTree found that nearly 9 out of 10 American pet owners, especially millennials, experienced increased prices among their key expenses last year.

Nielsen IQ reported that while 6 out of 10 US pet parents do not plan to trade down to lower their costs in 2023, there is a consistent trend of looking for products offering the best value for money.

Average expenditure on pet supplies in the US reached \$1,163 in 2021, followed by a decline to \$984 in 2022. A majority (75%) of pet parents agree that inflation is making pet ownership more expensive, while 26% are struggling to afford the rising costs.

Some other estimations are more optimistic and forecast a budget recovery in the coming years. Investment company Morgan Stanley predicts that spending will increase to \$1,320 per pet by 2025 and reach \$1,897 by 2030. The firm believes that pet spending is becoming more 'inelastic' and despite pet parents cutting some parts of their personal budget, the pet care routine often remains the same.

Pet food industry revenue worldwide (in USD)



Non-essential supplies

Experts consulted by PETS International agree that the non-food pet category is expected to suffer the most from headwinds in the next few months.

US online pet retailer Chewy recently said to investors: "Pet category consumers responded to growing economic uncertainty by curtailing some of their purchase activity, leading to industry-wide declines in unit volume." Chewy CEO Sumit Singh showed optimism, and said that once the situation recovers, they believe that "customer acquisition headwinds related to discretionary demand levels will abate".

In the 6 months to October 2022, sales of accessories at British pet retailer Pets at Home hit £248.8 million

Average expenditure on pets in the US reached \$1,163 in 2021 and declined to \$984 in 2022.

(€288.9M/\$306.9M). This is 3.5% less than in the same period in 2021, driven by the decrease in sales of dog toys and fashion apparel.

Recent data from US food and treats manufacturer Freshpet concludes that the number of super heavy or heavy buyers – those who spent at least \$40 in the most recent 10 weeks – continues to increase, but at a lower rate. In 2020, this type of customer accounted for 49% more, due to the pandemic. In 2021, the increase softened to 24% and in 2021 it slightly recovered to 31%.

Mike Bober says that spacing out services will be more frequent among certain customers. "We've definitely seen evidence that people are moving to a less frequent grooming schedule in some cases."

Growth stabilization

Paul van der Raad, who has been active in the pet industry since 1997, says that, despite some segments being likely to stagnate, the industry as a whole will still grow this year, with a recent Morgan Stanley report predicting 8% annual growth until 2030. "It is already doing well in comparison with other industries like food, beverage or automotive," he admits.

"2023 will be a crucial year. We should be happy if the increase in growth does remain stable. That would be a compliment for the industry," adds Richie Pistori.

Market research firms forecast that pet food will still be the main grower in 2023. Nielsen IQ predicts growth of between 6 and 8% in this category. Nonfood supplies are expected to grow by 3-5%, mainly due to fewer sales being impacted by inflation.

Sourcing raw materials elsewhere

One of the key factors that will determine whether the pet industry will see positive outcomes in 2023 is the supply chain. It is likely that supplies will continue to be compromised by the war in Ukraine.

The first extension of the Black Sea grain deal, created to establish safe grain exports from Ukraine, expires at the end of March. So possible intensification of the armed conflict after the winter, with instability on the ground, could once again affect the export of grain and other materials.

The European Pet Food Industry Federation (FEDIAF) says that the industry is looking for alternatives. But a product's ingredients often cannot simply be replaced, as pet food formulations need to follow legal requirements. "To ensure continued food supply, pet food manufacturers have been taking appropriate measures to adjust their sourcing practices, occasionally embracing increased prices of raw materials in a low supply environment," a spokesperson from the Brussels-based association told PETS International.

As many producers cannot modify their formulas, some are searching for primary products in alternative markets. An example of this is Argentina, the Americas' third-largest wheat exporter after the US and Canada, which is supplying Western markets with grain. "New companies are coming to South America looking for grains that are less available in the European market, but they have to adapt to the reality of higher prices," explains Market Analyst Carlos Cogo from the Brazilian city of Porto Alegre.

Battle for the market

If all the above wasn't enough, pet companies can expect more aggressive tactics from competitors trying to keep their market shares or even increase them.

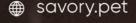
Retailers will play a central role here, making more efforts to offer a point of differentiation for pet parents. According to Richie Pistori, major store chains will have the biggest chances, since they are the only ones who can afford to have a purchasing department. "We will also see some of the bigger manufacturers do what they can to try to hold the line and to demonstrate that they continue to be a reliable pet partner," says Mike Bober.

Private label is expected to play an important role as well, with more retailers looking into this option as a good investment to keep their customers and maintain market share.

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"They will make a great effort because they want to secure value," admits Paul van der Raad.

The power of data

At a time when consumer behavior is rapidly changing, and there's more and more competition, pet industry players will be actively looking for ways to get to know consumers better in 2023

Retailers currently have much more focused consumer-related data than manufacturers, allowing them to personalize their products and services. "With omnichannel, the retailer is getting more data and can be closer to the consumer than manufacturers and brand owners," says Richie Pistori.

But pet food manufacturers are aware of this and are also trying to get closer to pet parents. Social media has become a useful tool - not only to connect with the

end consumer but also to increase sales. Paul van der Raad, who is also the Business Development Director at insect supplier Protix, has created a new term: socialcommerce. This is the combined promotion of a brand through social media and e-commerce platforms in order to gain more visibility.

Along the same lines, Mike Bober believes that pet brands will put more emphasis on marketing and communication campaigns, reminding customers that they can trust their products. "I think we will see a lot of them basing their appeal on tradition and the value of the human-pet bond," he concludes.



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Global Pet Expo provides new product ideas, according to 92% of buyers, and 84% say that the event facilitates their buying process. To top it off, 91% of buyers recommend Global Pet Expo to other product buyers.

Why are 9 out of 10 buyers who attended Global Pet Expo 2022 already making plans to attend the 2023 show? The key benefits of the Global Pet Expo experience are summarized below.

1. Make connections and network with potential partners

The power of face-to-face interactions is one of the biggest benefits of attending the show. Not only do you have the opportunity to meet directly with more than 1,000 exhibitors and see their product demos, but you can also build meaningful partnerships with industry professionals dedicated to keeping pets happy, healthy and properly pampered. From 'What's New!' to the 'Natural Pet', 'Everything Aquatic' and other categories, there is likely to be a section of the show floor or group of exhibitors exactly right for you.

2. Grow your business

Stay ahead of consumer demand by sourcing new, award-winning products from the New Products Showcase. Many exhibitors offer price and/or volume discounts, rebates with a purchase, waived or reduced minimum order levels, free shipping and more. Search exhibitors in the mobile app and

discover new products to grow your key categories, expand your customer base and differentiate yourself from competitors.

3. Learn something new

The popular and free Global Learning Series hosts more than 40 sessions for retailer success, market research and more, strategically chosen to advance your business. Pre-show sessions featuring some of the show's most popular speakers begin on Tuesday afternoon and continue through to Friday.

4. Take advantage of show tools and new offerings

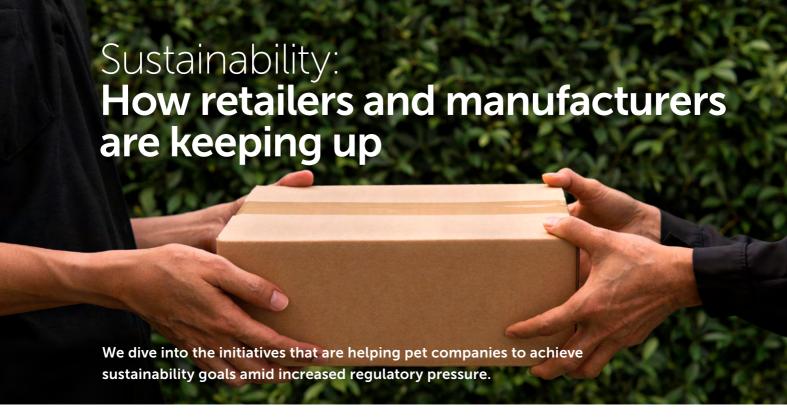
Download the Global Pet Expo mobile app to access your show planner, which allows you to search and save exhibitors and products to your favorites, view the floor plan to map out your route, schedule meetings before the show, find education sessions and more – all on the go and at your fingertips. The on-site golf cart that runs a loop through the exhibit hall is an efficient – and fun – way to cover a lot of ground quickly.

5. It's free

That's right – qualified buyers attend the show for free and have access to everything mentioned above and more. •

For further information:

globalpetexpo.org



Sustainability initiatives by companies in the pet industry are taking a variety of forms – from accounting for greenhouse gases or seeking accreditation for their efforts, to improving products or making pet toys out of recycled materials.

A closer look

When Anne Klein, Director of Member Services at the Pet Sustainability Coalition, looks at the latest trends in sustainability in the pet industry, she sees 3 things prompting companies to be more environmentally friendly and accountable. "This is a trend that's being driven in part by consumer demand, in part by regulation and in part by the investment community, which is incorporating due diligence," she explains to PETS International.

Regulations promoting sustainability like Extended Producer Responsibility (EPR), which makes producers more responsible for the treatment and disposal of the products that they sell, are well established in Europe, and some US states have begun to follow suit.

Changing consumer demands

Those regulations have prompted many companies to look more closely at questions such as how the products they produce and their packaging can be recycled. This is something that new consumers are demanding as part of their changing buying habits. For example, British company Tangle is making dog leads

out of recycled fishing nets. Meanwhile, West Paw is making its Seaflex dog toys out of zogoflex plastic and reclaimed ocean-bound plastic.

"Whereas perhaps a decade ago the baby boomer generation cared about sustainability but maybe wasn't necessarily prepared to pay more for it, their children are now influencing their purchasing decisions and they are beginning to pay more for sustainable products as well," points out Klein.

Refillable containers

One of the steps companies in the pet industry can take to be more sustainable is to sell things like dry pet food or cat litter in bulk and encourage consumers to bring their own refillable containers, says Lisa Ramsden, a Senior Campaigner with Greenpeace in the US.

In Europe, Mars Petcare France has partnered with the supermarket chain Carrefour and implemented a new system so that pet parents can buy treats and food using their own containers. This initiative is part of the company's goal of making 100% of its packaging reusable, recyclable or compostable by 2025. So far, the service is available in a store 20 km from Paris. PETS International has learned that the company expects to extend this system to more locations nationwide. Last year, Mars joined The French National Pact on Plastic Packaging established by the Ministry of Ecological and Solidarity Transition.

Recycling

Meanwhile, Walmart has recently launched community recycling hubs that accept a variety of products, including pet food packaging, in 3 stores in the US states of Arkansas and Oklahoma. Shaye DiPasquale from TerraCycle, which is working with Walmart on these pilot projects, says they have collected 680 pounds of pet food packaging so far. The recycling company has also reached deals with some other companies in the US and Canada allowing consumers to return their pet food packaging by mail using a prepaid shipping label.

Eco-friendly packaging

Pet food packaging producer Mondi set up its own recycling laboratory last summer, to test various paper and paper-based packaging to determine whether it can be efficiently recycled. "While paper packaging offers many sustainability benefits, it also has certain barrier functionality limitations for products like perishable food. To enhance its functionality, non-paper components such as barrier coatings may need to be added, which in turn can impact recyclability," a company spokesperson says.

Lisa Ramsden warns that, while some companies have realized consumers are looking for greener and more sustainable products, not all are delivering on their promises. "It's very easy for some companies to slap some buzzwords onto their packaging to say that it is eco-friendly or non-toxic. But if they don't provide a lot of explanation for what those terms mean, it can really mislead consumers," she says.

Such an approach is not without risks. In 2021, 4 major US retailers – Target, PetSmart, Petco and Chewy – ended up paying \$1.8 million in settlements reached with a California district attorney's office following allegations of 'greenwashing' for misleading the public over the biodegradability of the dog-waste bags they were selling.



Elizabeth Thompson
PETS International Contributor

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With a Pegasus® Vacuum Coater from Dinnissen, you effortlessly ensure that every pellet is packed with important nutrients, without the pellet feeling wet or sticky. The vacuum ensures that the nutrients penetrate deep into the core of the pellet. This allows you to add more nutrients without the pellet becoming sticky. Healthy for the pet and beneficial for the owner.









Food production is one of the factors that influence environmental impact, and therefore, its importance regarding sustainability should not be overlooked.

As the pet population increases, more pet food is consumed around the globe. Pet food is a relevant topic when considering environmental impact because of the type of ingredients used: by-products and animal products are present in moderate to high amounts, and these ingredients are perceived as having a high environmental impact.

The research

Our study was conducted at the Pet Nutrology Research Center at the University of São Paulo, and it was recently published in Nature's journal *Scientific Reports*. The study aimed to evaluate the impact of Brazilian dry, wet and homemade diets for adult dogs and cats on some environmental impact parameters, such as greenhouse gas emission and land use.

A total of 938 diets for healthy adult pets were evaluated – 618 for dogs and 320 for cats. Most of the diets had more protein and fat of animal origin than of vegetable origin, and many of the ingredients on the labels were from animal sources.

According to the results, wet diets were responsible for the highest environmental impact for all variables evaluated, and dry diets were the type of diet that least impacted the environment. Homemade diets had an intermediate environmental impact for most variables evaluated, and some variables such as water use were similar to those seen with dry diets.

More energy, more impact

Another analysis in the study showed that diets containing higher energy content from animal sources had a higher environmental impact. The main reason we believe wet diets had a higher environmental impact, is that most of them have higher amounts of animal protein, such as some byproducts or even fresh meat, than dry or homemade diets

As previously reported in other studies, animal protein sources are thought to have a higher environmental impact than other sources of protein or other types of ingredients, and because they are present in moderate to high amounts in pet food, the impact of these diets on the environment can be significant.

The results suggest that, depending on the type of diet consumed, a dog with an average body weight of 10 kg would be responsible for 12.4% to 97.8% of the annual emission of a Brazilian citizen. If we consider the impact of the dog population in Brazil, this could represent 2.9% to 24.6% of the total estimated emission of CO_2 equivalents for Brazil in a year – which is significant and should not be overlooked.

These are only estimations

It is important to understand that the results of this study are only estimates because we did not have access to the manufacturers' recipes of the actual diets. A few factors, such as the use of animal byproducts instead of fresh cuts of meat, could lower the estimated impact, but unfortunately, we did not have this information at the time of writing the article.

Many factors can influence the sustainability of food, such as ingredients and their inclusion in the diet. Animal protein is perceived as the villain in the discussion of environmental sustainability, but the source is very important.

Animal proteins from areas that have a high rate of deforestation can cause more impact than other proteins from more sustainable sources, such as ones that use intensive farming methods.

That said, dogs and cats are carnivores who require several nutrients that come mainly from animal sources. Therefore, these ingredients should be included in their diets.

Rethinking the formulation?

We believe our results demonstrate the importance of pet food as a part of our impact on the planet. Most diets contain an excess of nutrients, and some advertise a higher protein content than necessary.

Our study suggests that if the industry wants to take a more sustainable approach, it needs to rethink the way it formulates diets and which claims are more sustainable so that we can better address this topic with pet owners.

There is no single strategy for reducing the environmental impact of pet diets, and each manufacturer should review their process and determine what they can do to improve the sustainability of their production system. •





Marcio Antonio Brunetto Vivian Pedrinelli Department of Animal Nutrition and Animal Production University of São Paulo (USP)

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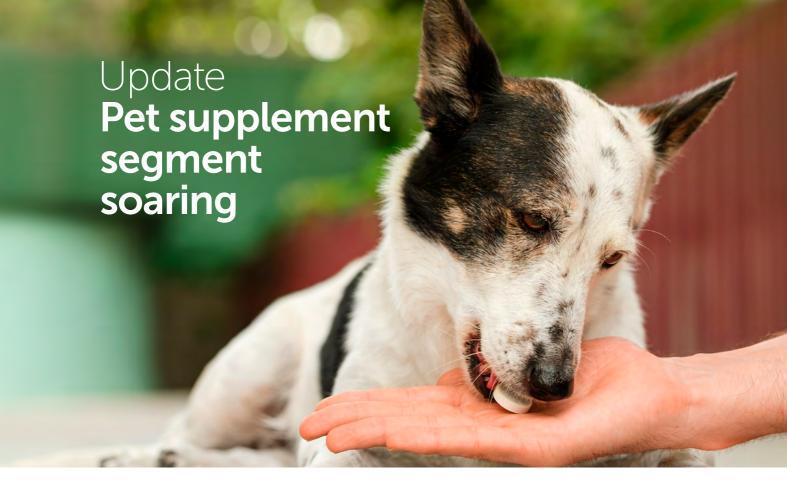
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Experts agree that this fast-growing market still has plenty of room for expansion and investment.

In alignment with the humanization and premiumization trends that are already driving the pet market, it was inevitable that pet owners would embrace supplements for their cats and dogs too. As a result, some human supplement companies are seeing the pet sector as a niche market offering new expansion opportunities.

Fueling market growth

According to a market analysis report from Grand View Research (GVR), the global pet supplement market was valued at \$1.9 billion in 2021 and is forecast to increase at a compound annual growth rate of 5.9%. It is expected to reach \$3.2 billion by 2030.

Pet supplements are usually digestible and around two-thirds of the current market comprises soft chews, which are more palatable than pills or capsules. There are also companies producing powdered supplements, which can be added to food or water for ease of ingestion. The joint and mobility segment is currently the largest, while the skin and coat segment is gaining momentum.

Lauren DeVestern, Managing Director and Partner at LEK Consulting, believes that the supplement market offers a lot of opportunities, fueled by the rapid popularization of these products among pet parents. "Some 5 to 10 years ago it was a very small market and large players catered primarily to veterinarians," she states. One example is Nutramax Laboratories, which used to be available exclusively through veterinarians but is now also available from stores and online.

A resilient sector to invest in

DeVestern can see parallels with the trends in human supplements and says that one could argue that it is currently one of the best sub-sectors to invest in within the pet sector, due to its resilience. "Around 75-80% of humans in the US take a supplement. While pet supplement use might not get that high, there is still a lot of potential with many brick-and-mortar stores only just starting to stock them," she explains.

It is believed that around 20-30% of pets in the US currently receive some sort of health supplement. According to industry insiders, the pandemic helped

boost supplement sales due to pet parents suddenly becoming more aware of their pet's health and wellbeing.

For example, Colorado-based supplement and treat private label manufacturer PetDine recently announced it will triple its soft chew capacity with the construction of a new extrusion manufacturing plant, in order to cope with increasing demand. The US is a market leader, but Europe is likely to follow a similar trajectory despite currently being some way behind.

Expanding from humans to animals

Companies with a proven track record in producing supplements for humans are cashing in on the growing interest in dietary supplements for pets. As humanization is currently a driving force in the pet market, businesses are beginning to take a 'whole family' approach to healthcare by introducing supplements for dogs and cats.

Illinois-based NOW Foods has been a leading natural products company for more than 50 years, beginning as a small chain of health food stores and growing into one of the industry's most recognizable brands. In 2015, the company saw the potential of the emerging pet supplement market and launched its first product for cats and dogs: Pet Joint Support.

Dan Richard, NOW's Vice President of Global Sales and Marketing (and son of founder Elwood Richard), explains why they chose to become an early adopter of this new approach: "As a family-owned company, our goal is to provide total wellness solutions for the entire family, so it makes sense to support pets too. We have found that people seem to spend more on good nutrition for their pets than themselves and we're well-positioned to offer some of the highest-quality pet products at an affordable price point. This is a long-term trend and shows how people love their pets."

Unique formulations

NOW had already been selling items such as bone meal powder and sodium ascorbate to vets for many years, so it was a relatively small step for the company to branch out into the pet business. "Since NOW had the products in inventory, it seemed to make sense to target the same human products for pets, but with

Joint and mobility supplements are the most popular, while products for skin and coat are gaining momentum.

custom branding and unique formulations focused on pet health," Dan Richard adds. The company's pet business is still small compared to the overall activity but it is growing nicely. NOW is currently investing in marketing, and plans to expand with more products in the near future.

In 2021, the UK's leading vitamin company Vitabiotics launched its SuperDog range of supplements – Health & Vitality and Joints & Bones – establishing its place in the pet market. Meanwhile, North American Herb & Spice recently branched out into the pet market with the launch of Houdi's Foodies. This range of pet treats is designed to support hip and joint function, vitamin nourishment and immune wellness, with more pet nutrition formulas on the way.

Regulatory situation becomes clearer

Up until recently, there was a regulatory gray area in the US as the Food and Drug Administration (FDA) did not include pet supplements in its remit. This prompted the formation of the National Animal Supplement Council (NASC) to regulate the industry. Today, around two-thirds of companies producing pet supplements are members and follow strict quality and safety quidelines.

Mirroring the human supplement market, pet supplements are beginning to look and sound a lot less medical – and retailers also are starting to take notice. In Lauren DeVestern's view, we are heading towards a point when people will be able to pick up their pet supplements at the same time as their own from the local grocery store. "I think we will see a move to a more proactive way of giving supplements to pets. Rather than giving them when you notice joint stiffness or itchy skin in your pet, it will be like humans taking a multivitamin supplement 'just because'," she comments. •



Karen Cornish PETS International Contributor

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The three references of the Laboratoire Francodex "Comfort and Care" range contain **CANNABIDIOL (CBD)** known **to limit joint discomfort** and **promote canine wellbeing** and mobility, together with peppermint which promotes muscle relaxation.











Getting noticed in the supplement sector

There's never been a better time for supplement brands to target loyal pet parents. But what is the right strategy to follow?

Today's pet parents are looking for premium-quality nutrition for their pets, often prioritizing vet-recommended, natural and organic products and health supplements as they become more aware of their pet's individual health requirements. Whether pet owners are looking for a health supplement to soothe their pet's aching joints, maintain a healthy coat, probiotics to help settle their stomach or even a way to help their anxious pet feel calm and relaxed, pet supplements cater to all kinds of needs.

Market growth

The global pet supplement market was valued at \$2 billion in 2022 and is predicted to grow at a compound annual growth rate (CAGR) of 5.9% from now until 2030. A study conducted by Kinship Partners revealed that around 77% of pet owners in the United States were concerned about their pet's health. This is substantially fueling the growth of the market.

In the UK, soaring pet care search statistics in November 2022 spoke for themselves. The seasonal increase in firework activity around 5 November often triggers pet anxiety. This was reflected in a 224% increase in online searches for 'probiotics for dogs UK' on Amazon. Similarly, searches for 'dog calming tablets' increased by 13% on the previous month.

Multivitamins and antioxidants

Further growth is being driven by multiple categories such as multivitamins (+63%) and antioxidants (+44%).

Fish oil supplements such as salmon also showed strong growth with a 39% increase in the space of a month. These insights underline that the pet trends are mirroring human health trends with the adoption of multivitamins, natural flavors and low gluten/grain content.

Gaining the trust of consumers

Quality and product integrity have long been major buying factors for consumers. Driven by a desire to add functional nutrition to their pet's diet, pet parents are now increasingly looking for proof of ingredient efficacy. The good news is that, once pet owners have found a product that works and they see visible results, they tend to buy it repeatedly rather than making any changes that may risk the well-being of their pets.

Having worked with Lintbells, a UK-based provider of veterinary supplements for joints that helps around 2 million pets globally per year, we at Marketplace Amp know that the winning formula revolves around gaining consumer trust. We therefore recommend manufacturers to showcase the origins and quality of their supplements and encourage consumers to provide positive feedback in online reviews.



Matt Anderson Managing Director Marketplace Amp



Consumers are increasingly looking for installations that consume less electricity and require less maintenance.

After 2 very strong years due to the pandemic, during which many people installed an aquarium or terrarium at home, the rising price of electricity combined with inflationary pressure is having a significant impact on purchasing behavior. This was clearly reflected in declining sales figures for large aquariums and terrariums from March 2022 onwards. In addition, prices rose throughout the year across almost all manufacturers, suppliers and vendors.

Energy-saving options

Although the high energy costs are having a very big impact on the sector, there is also a chance to turn these apparent headwinds into opportunities. In the freshwater sector, for example, sales of so-called 'low-energy' aquariums are very strong at the moment. The electricity cost for such aquariums, based on a capacity of 200-400 liters, can be as little as ≤ 10 to ≤ 15 per month. By carefully selecting fish species that thrive even without year-round heating, it is still possible to have a beautiful aquarium. In an extension of this trend, a growing number of energy-saving pumps and filters are appearing on the market.

Needless to say, the energy requirement plays an even greater role in marine aquaristics, in particular in the case of light-requiring corals. New technology is enabling increasingly powerful lighting and flow pumps that consume less power. The need to save energy is no doubt here to stay.

The less maintenance, the better

Open-planted aquariums or 'paludariums' are another new trend that is emerging in the freshwater aquatics segment. These contain a combination of classic houseplants, typically ferns and mosses, in addition to fish. Due to the symbiosis between fish and open planting, these installations are very low in maintenance.

Social media driving terrarium trends

Thanks to social media platforms like Instagram and TikTok, the trend of keeping insects such as praying mantises or beetles is experiencing a boom, especially among younger consumers. This represents an opportunity for the specialized trade to position itself

Green algae are increasingly being used as an alternative to coral aquariums.

Moss terrariums featuring various mosses and ferns are another trend. These small enclosed worlds are very low-maintenance yet visually very appealing. As an extra bonus, they can be sold by regular retailers such as interior design stores as they don't contain animals.

Coral trends

When it comes to seawater aquariums, green algae such as *Caulerpa* and red algae are increasingly being used as an alternative to coral aquariums. This also makes it a little easier for beginners to become seawater aquarists, and it has the potential to become a real trend in the coming years. For those who want to stick with coral, soft corals are the best choice for beginners as they are easier to grow.

Breeding market

Marine aquarists are on the radar of animal welfare organizations, which have been pressurizing the industry to cease trading in wild-caught fish. In Europe, import regulations for wild catches and natural removals will become increasingly strict, especially from natural reefs.

Partly as a result of this, as well as due to the ongoing shift in consumer awareness, the size of the breeding market is increasing for both coral and marine fish. Many wholesalers are building large breeding facilities for saltwater fish. Nowadays, breeding stations are able to successfully propagate many species of fish that were previously considered unthinkable.

Moreover, consumers are willing to pay higher prices for farmed fish because these fish are usually much healthier and more stable than wild-caught fish. One good example is the yellow tang (*Zebrasoma flavescens*), a saltwater fish that used to command a sales price of about €70 as a wild catch. Nowadays, consumers can pay between €200 to €300 per fish, depending on the size. ◆



Oliver Knott Aquascaper Consultant

PORTA 21

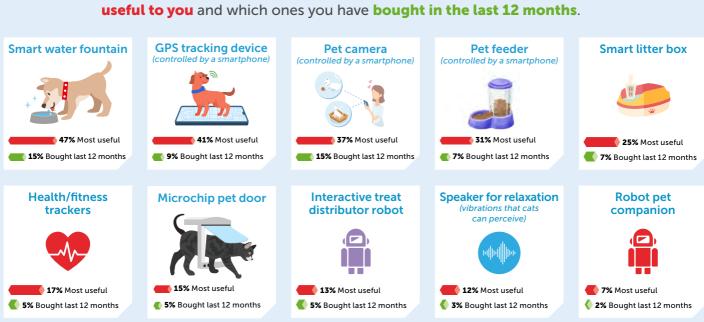


Pet tech innovations survey

In a 2023 GlobalPETS & Yummypets survey, 762 pet owners from France, Canada, the US and the UK share which pet tech products they find most appealing and which ones they've bought recently.



Among the following pet tech products, please choose the 3 innovations that are the most useful to you and which ones you have bought in the last 12 months.



Most useful innovations - Differences:

- UK consumers find smart water fountains and smart litter boxes less useful compared to consumers from other countries.
- US consumers are most likely to find a smart water fountain
- Smart feeders and health/fitness trackers are most appealing to younger generations.

Purchasing behavior – Differences:

- Canadian consumers are more likely to not have bought any pet tech products.
- Pet cameras, GPS tracking devices and smart feeders are bought most by younger generations.



Slowly but surely, artificial intelligence (AI) is making its way into pet technology to improve both safety and quality of life for cats and dogs.

In recent years, technological advances have touched nearly every human industry. Now the pet industry is starting to benefit, with this science at the heart of new technologies designed to boost the safety and quality of life for companion animals worldwide.

The enabling algorithm

Al's implementation can be covert (the matching algorithm finding suitable dog sitters in the area, say) or overt – like cat flaps that use computer vision to identify the animal trying to enter the house. The more ambitious implementations could genuinely transform the industry, as well as the lives of pets entrusted to algorithmic assistance.

One of the most exciting frontiers in pet AI is the world of noseprint recognition. In South Korea alone, there are 2 firms working towards this: Petnow, an innovation award winner at the 2022 CES tech trade show organized by the Consumer Technology Association, and iSciLab, a company that made its name with its highly accurate human iris recognition.

Non-invasive tracking

Like a human's fingerprints, a dog's noseprint is unique and permanently fixed from around the age of 6

months, making it a potentially transformational way of reuniting missing animals with their owners.

Obviously, microchips have already performed this function for decades, but as Peter Jung, Business Development Manager at Petnow explains, uptake isn't mandated in every country. Noseprint recognition is an inexpensive and non-invasive way of getting the same positive outcome, using nothing more than the phone in your pocket.

"Noseprints are just with them, and they cannot be damaged or lost like tags or microchips," Jung says, noting that criminals sometimes remove microchips to resell stolen animals without being caught.

With anyone able to identify a registered animal using just a smartphone camera and the app, he sees this as a way of lowering pet insurance premiums, and moving towards the ultimate goal: a world without lost, abandoned or stolen pets.

Nose recognition – the pros and cons

iSciLab's ambition is similar, and the company plans to commercialize both in Korea and abroad. "Having attained 99.99% matching accuracy for dogs, we are

also seeking to progress our technology to cover cats as well as cattle in the near future," says the company's Chief Operating Officer, Meenho Sheen.

Petnow is also working on enabling cat nose recognition this year – a tougher proposition due to the smaller size and relative shallowness to a dog's, explains Jung.

Though exciting, there are 2 possible drawbacks to noseprint recognition replacing the traditional microchip. The first is that getting a dog to stand still enough to scan a noseprint isn't always straightforward – especially if it's a stray that doesn't trust you. The second drawback is also of a practical nature: to be effective, a noseprint database needs a critical mass of people to register and use the app.

The medical approach

Other players are looking at the medical potential of AI. Dogiz, a British canine health-tracking app, has a feature called Dr. Poop that will analyze the pet's stools for medical red flags that could require vet attention. Korean TTcare, meanwhile, uses this science to look for pet conditions visible via an ocular or skin analysis.

"The AI has been trained with over 2 million pet image data samples with more than 90% accuracy as professional veterinarians continue to label and verify the signs on photos," explains a spokesperson for AI For Pet, the company behind TTcare.

The company's data shows that just over 47% of the dogeye photos analyzed by the app have shown signs of abnormalities, with skin issues coming in second (42%).

While the Al's training data is sourced from shelters, pet cafes and vets, much of the data samples come from the users themselves. That's the beauty of Al: as it acquires more data via regular users, its effectiveness grows.

Indeed, initially, the app could only detect 4 irregularities in dogs' eyes. Already that number has risen to 11, thanks to an ever-growing data set. TTcare plans to expand not only the number of abnormalities but also the areas that can be checked, such as joints and teeth.

Al is still very much in its infancy, and as such, getting market projections on it is tricky.

A niche segment with potential?

Within the consumer pet market, AI is still very much in its infancy, and as such, getting market projections on it is tricky – in part because AI can be anything from the unique selling point (USP) of a product, to a background feature underpinning something else.

According to Kim Bill, Head of Purina's Accelerator Lab, around a third of the hopeful start-ups vying for the company's support use Al in some capacity. These include "a couple of applications with nose recognition," she says.

Other examples include everything from computer vision programs to analyze pets' body language, to Internet of things (IoT) devices tracking behavior. Indeed, Purina has its own take on the latter: a connected litter box that can keep an eye on cats' behavior for early warnings of ailments from Urinary Tract Infection (UTI) to hyperthyroidism.

The limitations of technology

Generally upbeat about Al's place in the pet market, Bill remains somewhat concerned about misdiagnoses made by medical tech. An Al-enabled IoT pet collar might report a dog with a dangerously high fever, when it really just sat near a radiator, for example. Worse, such tech could lull owners into a false sense of security if something is wrong that Al can't yet detect.

But she still believes there's a market for quality products that can help humans understand their animals' needs. Just as long as AI doesn't stand in the way of the essential emotional connection between pet and owner.

"I think if it's used to replace that bonding element between pet owner and pet, then you know, it probably would not have such a high uptake," she concludes. •



Alan Martin
PETS International Contributor



Doing business in the Far East
Country report: China
Pet supplies revenue will soon overtake the
baby category at our marketplace"

50	Country report: The Philippine
52	Country report: Thailand
	Country report: India

60
62

Doing business in the Far East



Asia is usually seen as an opportunity for Western companies that want to expand their footprint. It is one of the world's fastest-growing pet markets. But how does the sector operate there?

With an estimated population of more than 300 billion dogs and cats, the region's potential has in recent years attracted a number of independent companies eager to place their products. But these potential market players are usually confronted with some challenges. These include the cultural gap, differences in consumer behavior, the increasing role of social media in sales, and tight regulations that every product needs to comply with.

Partnering with the locals

Finding the right local agent to help you export products to the region is a necessity. But it is also a challenging task that all export departments need to deal with before placing their products in Asia – a pet care market valued at \$27.1 billion in 2021.

Most of the negotiations are done face-to-face, something that obviously proved difficult during the COVID pandemic. "They would never start working with you if you don't meet in person. They need to see you and trust your company and product," says Paulius Ausmanas, Head of Exports at Lithuanian pet company KIKA Group.

Logistic partners are also a difficult aspect for the US pet care and wellness firm Cosmos Corporation. Of its exports, 30% go to the Asia Pacific region. "We continue to look for ways to partner with the right distributors in some of our larger Asian markets, to ensure we're meeting market needs for localized packaging, for example, while also minimizing the complexity this would add to our own manufacturing processes," Dan Finkbeiner, the company's Director of Global Distribution, points out.

Registration process

Regulations in most Asian countries also require a long registration process for each foreign product that is to be placed in the local market. Due to that high level of bureaucracy, companies need to be prepared for a considerable delay before their product can reach the consumer.

This process has been one of the low points for KIKA Group, especially in countries such as Thailand and Taiwan. "It is very difficult to get in. They have a very conservative approach," admits Ausmanas. The company started exporting to the region in

2014, with Malaysia as the first country. Since then, it has expanded its product range to other countries, including Singapore, Hong Kong, Japan, Taiwan, the Philippines, Indonesia, Thailand and South Korea. Today, 45% of KIKA's exports go to Asia.

Thailand could be one of the most challenging countries for European pet firms, mainly due to the increase in local brands that want to capture market share. The Thai government recently announced that it wants to become the world leader in pet food exports, surpassing Germany and the US. According to official figures, Thai pet food exports increased by 34.4% to \$2.2 billion in the first 9 months of 2022.

Changes in the pet population in Asia

		2018	2022
1	China 🎽	171.1 mln	192.9 mln
2	India 💿	21.1 mln	33.8 mln
3	Philippines ≽	17.3 mln	19.8 mln
4	Japan 🔸	16.4 mln	16 mln
5	Thailand 	11 mln	12.3 mln
6	Vietnam 😾	9.3 mln	11.5 mln
7	Indonesia <mark>—</mark>	2.93 mln	5.5 mln
8	South Korea 💨	4 mln	4.79 mln
9	Taiwan 🍍	2.42 mln	2.44 mln
10	Malaysia 🕌	1.63 mln	2.43 mln
11	Hong Kong 😭	549 K	619.9 K
12	Singapore 🤃	192.5 K	205.8 K

Source: Euromonitor International

Quality and safety

Many Asian pet parents – especially in countries in the east of the continent – behave differently from pet owners in the rest of the world. And this is something that foreign pet firms should take into consideration. KIKA's Paulius Ausmanas explains that consumers in Taiwan, South Korea and Japan are quality seekers rather than price seekers. "They buy both premium and lower-end products, but are always looking for quality."

Safety is another key point that foreign companies need to be aware of. Hao Zhongli, the founder of Yantai

China Pet Foods, agrees that among pet owners in the region, there is "a strong demand" for pet food safety and scientific knowledge about the nutrition that they are giving to their pets.

"We've certainly found that consumers show a discrete preference for products clearly identified on-package as 'Made in the USA'. We generally see this as 'table stakes' in the pet industry – meaning it's a baseline expectation of consumers, without which your product could be excluded from consideration," adds Dan Finkbeiner from Cosmos Corporation.

Natural pet food

In many countries in the region, such as Hong Kong, Singapore, the Philippines and Malaysia, the pet industry is rapidly gaining market share with new products claiming to be natural and healthy for pets. "More consumers are looking for natural pet food, including fresh ingredients, high protein, meat content, no additives and natural processing," Hao Zhongli, who started in the Chinese pet business in 1998, says to PETS International.

According to Euromonitor, it is natural, high protein and grain-free that are among the key pet food claims across Asia. The research firm believes that the pet food market in Indonesia and Thailand has the potential to drive these claims.

Innovation is also driving the pet industry in the eastern part of the region, and companies entering those markets are keeping that in mind. Online and social media are at the core of their business, and brand awareness is at the heart of every company's marketing strategy.

"You need to have the ability to change and react quickly. If you don't do that as a company, it is quite difficult to catch up with others," Paulius Ausmanas acknowledges, saying that KIKA Group wants to grow its exports to the region to reach 60% of its total production.



David Palacios Rubio Head of Editorial GlobalPETS



Pet food and accessories is one of the most strategic fast-moving consumer goods (FMCG) markets in current-day China. Far from slowing down, the industry continues to grow. A wider product range and robust offline sales characterize the playing field.

Excellent forecast for pet food market

China's overall pet food market grew from \$719 million to \$6.72 billion between 2010 and 2020.

Euromonitor forecasts that in just 5 years, the industry will grow by 103%, from \$8.23 billion in 2021 to \$16.77 billion in 2025. And research conducted by Deloitte concludes that pet food sales are expected to more than double to \$16.35 billion by 2026.

Pet food represents most of the market share (40-45%), followed by pet services (20-30%) and accessories and medicines (20-25%).

Pet population – some facts and figures

In 2021, the number of urban dogs and cats in China reached 112.3 million – 54.3 million dogs and 58 million cats – an 11.4% increase compared to 2020.

Most dogs in China (50.3%) are between 1 and 5 years old, followed by those of 5 years or more (37%) and puppies (12.7%). The proportion of cats younger than 2 years is the highest (56.9%), followed by those between 2 and 6 years old (34.1%).

Most pet owners (43.9%) live in medium-sized cities, followed by large metropolitan areas (33.5%), such as Beijing, Shanghai, Guangzhou and Shenzhen. Pet

owners living in small cities account for 22.6% of the total number of pet owners in China.

With ongoing economic development fueling consumer spending, it is likely that more people will become pet owners, with a resulting huge pet market sales potential for the near future.

More cats than dogs in the cities

Deloitte's recent study points out that, due to the fast pace of urban life, small living areas and strict restrictions on keeping dogs in the city, the number of cats is increasing rapidly.

As a result, in 2021, cat food represented 52% of China's pet food business. Deloitte expects this will increase to 60% in the coming 3 years.

Consumer behavior

Chinese consumers are considered very mature and always open to learning more about the products and brands that they purchase for their animals.

As a result, functional pet food is gradually gaining traction among Chinese pet owners. Simultaneously, product offerings in this category are becoming more refined as well as diversified. According to Deloitte's research data, the most important determinant for pet owners to buy staple food is the nutritional ratio, accounting for 55.1% of pet food sales.

Social media plays a key role in decision-making processes among Chinese pet owners. The content output of these platforms greatly affects most pet

Top 5 pet food brands in China (2021)



owners' beliefs regarding pet consumption needs and requirements.

Consumer education is also driving the industry. A recent study by PricewaterhouseCoopers (PwC) concluded that education is impacting all stages of pet ownership in China. Consumers appear to rely on both online and offline channels to keep informed on pet care. And while online has been the epicenter of such knowledge, the offline channel is now gaining in popularity as a source of information. Some local brands are training their representatives to become brand ambassadors to educate pet owners about product claims.

According to Deloitte, there were 63,000 pet stores in China in 2021 and the number is expected to raise by 8% to 93.000 in 2026.

China's pet food market value by animal



Source: White Paper on China's Pet Food Industry, Deloitte

Pet food made in China

According to the China Feed Industry Association, there are 200 certified pet food manufacturers nationwide. Together they produced 1.12 million tons of dog and cat food in 2021, an increase of 17.3% compared to the previous year.

A total of 23 provinces and regions produce pet food, with some differences between the various areas. The northern province of Hebei – the sixth most populous in China - is still the largest producer of pet food in China, with over 429,000 tons per year, followed by Shandong Province (268,000 tons) and Shanghai (117,800 tons).

Pet food imports

China's pet food imports have maintained a steady growth of nearly 30% since the beginning of the pandemic. According to official figures, pet food accounted for 2.2 million tons (\$5.9 billion) in 2019, with slight increases in 2020 (2.4 million tons, \$7 billion) and 2021 (2.8 million tons, \$8 billion).

China's General Administration of Customs (GACC) reports that most imports in 2021 came from Canada (47%) and the United States (20%).

Up to now, 356 overseas pet food suppliers have been approved to export to China. Most of them (121) are from New Zealand, followed by the US (80), Thailand (33), Germany (21), Italy (16) and Spain (13).

Heavily regulated industry

In recent years, the Chinese government has issued several policies related to the pet food industry to help keep tabs on pet food imports and domestic pet food production. In 2018, a number of regulations on pet food management, labeling regulations, hygiene regulations and production licenses were issued.

There are 12 national standards – developed by the Chinese National Standardization Administration Committee – which regulate the industry. The country also has 16 industry standards issued by the different ministries in the Chinese State Council.

In addition, there are 15 local standards implemented by the standardization management departments under the government of each province in China. Finally, there are also 30 group standards that specifically cover China's pet industry.



Doris Zhang Registration Specialist of imported pet food in China



"Pet supplies revenue will soon overtake the baby category at our marketplace"

Dean H. Diabate, Business Development Advisor at Alibaba-Tmall Global

In a market where most purchases are online, we discover how one of the biggest Chinese e-commerce giants is keeping pet supplies at the core of its sales strategy.

China's strong e-commerce is always seen as an ideal opportunity for new pet companies to enter the local pet market. The sales channel's penetration rate is growing, and e-commerce giants are taking advantage of this momentum to expand their customer base to some of the country's 60 million pet parents.

Big shopping events – such as Singles Day on 11 November – show how pet supplies can play an important role in e-commerce, as they build customer loyalty and attract young consumers.

According to Deloitte, 61% of all pet purchases in the Asian country in 2021 were online. By 2026, more than 7 out of 10 purchases of pet supplies are expected to be

done using a computer or smartphone. Supermarkets and pet stores are likely to lose market share by that time.

One of the most popular online platforms in China, Alibaba, and its cross-border marketplace Tmall Global, definitely see more room for growth in the pet category in the coming years. It is believed that Alibaba's sales of pet supplies accounted for \$16 billion in 2021, and that this will jump to \$24 billion in 2027, although the company itself does not confirm either of these estimates.

Dean H. Diabate lived and worked in China for 15 years, and now helps foreign pet brands to market their products in the country through Tmall, which has

over 500 million registered buyers. He answered some questions that PETS International put to him.

How important is the pet category for Alibaba?

The pet category is one of the fastest-growing segments on Alibaba's e-commerce platforms, reflecting general consumption trends in China. Since an increasing number of young professionals prefer adopting pets to having kids, we forecast that pet supplies will soon overtake the mother and baby category in terms of yearly turnover on our marketplace.

How many sales does the pet category represent?

We don't have total sales numbers, but a recent white paper from consulting firm Bain & Company found that pet products represent a market of RMB200 billion (\$28B) in China, and Tmall members have become a major force in pet product consumption.

The number of pet brand members in our marketplace has also grown substantially, with a year-on-year growth rate of 60% in the first half of 2022. Their spending and conversion rates are twice that of general members in the pet care sector. During China's mid-year e-commerce shopping festival known as '618', about 50% of the overall sales of mainstream pet product brands on Tmall came from registered members.

What are the most popular pet categories on your marketplace?

Pet food is obviously a necessity and is one of the fast-growing segments. Food is actually the most purchased product on our marketplace.

On top of that, Chinese consumers pay a lot of attention to pet health, so healthy treats and pet food supplements are very popular. Pet owners are buying quality and expensive products – from supplements to freeze-dried or even oven-baked food products.

What are the new categories to watch out for?

One of the latest trends is the increasing number of small pets, such as rabbits, birds and fish. These provide major opportunities for suppliers in the segment.

Besides keeping their pets well fed, consumers care for pets' physical and mental health. Smart pet gadgets are becoming popular, such as interactive robots, smart feeders, and automatic litter boxes.

"Chinese consumers are becoming increasingly sophisticated in their purchasing behavior."

After some headwinds due to inflation and supply chain challenges, how's 2023 looking?

We are seeing that Chinese consumers are becoming increasingly sophisticated in their purchasing behavior, and are spending more disposable income on their loved ones. So we believe that the pet category in China will continue to grow.

How are brands interacting with consumers online?

Many pet owners in China are young and tech-savvy, and they buy a lot through online channels. In addition, big and small brands are engaging more with them online. For example, Royal Canin has over 1 million members in its Tmall store. The pet food brand launched a pet profile feature for its members ahead of Singles Day last November. Members could put in the details of their pet – including breed, age and health conditions – to get customized pet product suggestions. Besides coupons and deals, the brand also offers its members regular live-streaming sessions on science-based pet nutrition and healthcare. And whenever consumers have questions about pet care, they can have one-on-one consultations with pet experts at the brand's Tmall store.

What about small foreign pet brands?

The pet food segment is heavily regulated by the Chinese import authorities, but there are still possibilities. Some overseas brands meet the local import regulation requirements and these products can be imported. For example, the US natural pet food brand Instinct Pet Food has experienced massive growth since it entered Tmall in 2013.

Private label is on the rise. Is Alibaba planning to launch its own brand?

We operate marketplaces and have no plans for launching our own branded pet products. ◆



David Palacios Rubio Head of Editorial GlobalPETS



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Despite the lack of official figures, experts believe that currently, the local Philippine pet industry is worth around ₱6 billion (\$108M). They see a promising future ahead, thanks to an increase in spending and the high penetration of online sales.

Top 7 worldwide in number of dogs

The Philippines is in the top 7 countries worldwide with the highest dog population. It is estimated that there are more than 20 million dogs and 8 million cats.

According to Rakuten Insight, the Philippines has the highest number of dog owners in the Asian region (67%). Interestingly also, more than 4 out of 10 pet parents have a cat, followed by birds (10%).

Blessie Zarzuela, a pet food market expert for 15 years, believes that the market will continue to grow by 6% every year due to the increase in pet ownership. Other projections cite a growth of as much as 7% over the next decade.

Most dogs (65%) and cats (83%) in the country are fed fresh human-quality food, according to pet food manufacturer Pilmico. 12% of canines and 7% of felines are fed commercial pet food. However, it is forecast that, increasingly, pet owners will shift to manufactured pet food options.

The National Capital Region (Metro Manila) accounts for the highest volume of commercial pet food sales nationwide, with percentages of between 60% to 70%.

Local pet food producers

According to the Department of Agriculture's Bureau of Animal Industry (BAI), there are 47 local pet food manufacturers and 111 foreign companies (most of which are US-based) importing pet food to the Philippines.

The good news is that the pet food category is gaining traction in this country and, as a result, the number of local pet food manufacturers is on the rise. Importantly, some larger companies are investing in the category to boost local production and make the country less dependent on imports.

Already in 2020, Pilmico Foods, the country's top agricultural food producer, launched its first dog food product: Maxime. This launch was done in partnership with the e-commerce platform Shopee. In February 2022, Pilmico expanded their portfolio to cats and they expect to further expand their product offerings and grow their market share by 2030.

In 2021, Philippine food processing company Century Pacific Food (CNPF) entered the pet industry with the launch of a new brand of cat food named Goodest.

Metro Manila accounts for 60 to 70% of pet food sales nationwide.

"We think we have found an attractive opportunity where we can offer compelling value to the market. We see this as a strongly synergistic and growth business unit which can leverage our manufacturing and brand-building know-how," says Alexander Lim, CNPF's General Manager for Pet Food.

Another local player is Pet Express. It is one of the largest pet retailers in the country offering dog and cat supplies, grooming and veterinary services. They have more than 20 stores nationwide.

Consumer behavior

Nearly 3 out of 10 pet owners in the Philippines spend more than ₱500 (\$9) per month on their pets, according to Statista. The data company estimates that Filipino pet parents spent \$124 million on pet food in 2022, an increase of 16.3% against 2021.

According to data from local pet food producer Pimlico, the offline channel – grocery retailers and pet stores – dominated sales, accounting for 84% of all purchases in 2021. The percentage of online pet food purchases was up to 11% in 2021: 2% more than the previous year.

Room for growth in e-commerce?

The sale of pet products through online channels more than doubled in 4 years. According to Euromonitor, total online pet category sales reached \$4 million in 2017 and jumped to \$9.9 million in 2021. This equals an annual increase of more than 25%.

The Philippine government recently launched a roadmap initiative to promote e-commerce adoption among small and medium enterprises (SMEs). The intention is to boost consumer confidence in online shopping. It is expected that this will result in more online purchases by pet parents in the near future.

It is forecast that online sales of pet products will reach \$16.3 million by 2026. •



George Buid
PETS International Contributor



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Companies entering the Thai pet food market stand to benefit most by having different strategies for their dog and cat portfolio.

The Thai pet food market has grown strongly this last decade, doing so across many dimensions: gaining more value, more buyers and more players. The country's pet food industry has a market opportunity of over THB 10 billion (\$288M), with opportunities in the dog food market alone worth an estimated THB 7.4 billion (\$210M).

Urban pet owners

Kantar Worldpanel's Household Panel reports that the number of Thai households owning pets grew in the third quarter of 2022. Households with a cat increased by 2.4%. Those with both a cat and a dog rose by 1.8%, while families with just a dog, dropped slightly by 0.9%.

If we look deeper into the country's different regions, the number of households with pets is growing faster in the Greater Bangkok region than in any other area. This might be a sign of a major change on the horizon for the whole country, as the capital city normally leads the way in changing trends.

Still more table food than commercial

Despite the growing number of households with pets, less than half (47%) purchase packaged pet food. Only 3 out of 10 dog owners buy packaged food, whereas most cat owners (77%) opt for packaged food.

The capital region has the highest rates of commercial pet food purchases, with almost 80% of urban pet owners purchasing packaged animal food. Only 34% of rural households with a pet purchase commercial pet food.

As for the number of buyers overall: there appears to be little that has changed. Increasing sales figures are mainly from cat food purchases, whereas sales in dog food dropped by 2% last year. Overall value sales are still increasing in pet food, mainly driven by cat food (+7.5%) and dog food (+2%).

Market outlook

If we benchmark pet food against the fast-moving consumer goods market, we see that its 3-year

compound annual growth rate (CAGR) is 3.2% and the market size is around THB 9 billion (\$261M).

According to our data, average spending is on the rise. Pet parents spent an average of THB 177.3 (\$4.25) per shopping trip in 2022, an increase against the previous year. Thai dog owners spent the most with THB 184.6 (\$5.33), followed by feline owners with THB 125.4 (\$3.62).

Overall, pet owners purchase 2.4 brands per year on average. Cat owners buy more brands than dog owners, who buy around 1 brand per year.

Market opportunities

The cat food market is quite fragmented, with 8 brands contributing 80% of the market share. Dog food appears to be less fragmented with only 5 key brands in the market: most of them leading international brands.

So, what are the implications for manufacturers who want to enter the Thai market? They should definitely have different sales strategies for their dog and cat food products.

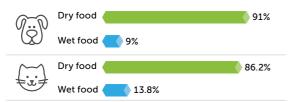
In dog food, they need to compete with a few major players and try to recruit new buyers, whereas cat food brands must compete with multiple players. And with few new cat pet parents in urban areas, the market is tight.

Products – what segments are popular among pet parents?

Dry pet food contributes to around 9 out of 10 sales, according to our data. Mainstream and economy products dominate the market for both dog and cat food.

In dog food, the premium category is growing by 46%. We also see a trend in pet food for puppies: a growth of 54%.

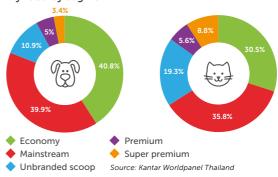
Pet food sales



Source: Kantar Worldpanel Thailand

In Thailand, cat food as a category seems to be even more developed than dog food: in the cat food-category premium and super premium dry cat food is growing faster than any other segment. Kitten food also shows strong growth of around 25%, driven by new pet-owning households.

Dry food by segment



The channels to focus on

Pet stores and provision stores are the key channels for buying pet supplies. However, online channels are growing fast, while offline is slowly losing ground.

Kantar Worldpanel's Household Panel reports that pet stores accounted for 38.7% of pet food sales in Q3 2022, followed by grocery stores (20.6%), online (11.7%), hypermarkets (11%) and convenience stores (5.8%).

While online purchases grew by more than 78% in a year, the sales of pet supplies in provision stores dropped by 17.3%. Shoppers are tending to choose the online channel to stock up on pet food: we're seeing extremely high volumes bought per purchase moment (7.2 kg), while the frequency remains lower.

All in all, brands stand to benefit most if they succeed in taking advantage of the online channel to increase visibility and gain share from stock-up behavior. At the same time, brands should focus on pet shops as their main strategic channel. These stores represent a market share of almost 40%, with pet parents spending more per visit. •





Chivanon Piyaphitakskul Varist Limpatawonpong Kantar Worldpanel Thailand



As pet parents move away from feeding their pets human food to commercially manufactured food, 'Made in India' pet food is gaining ground. In fact, numerous new pet food start-ups are benefiting from a growing market with ever more pet parents. Since 2020, the Indian pet industry has registered an annual growth rate of 22%. This growth is expected to increase even further in the coming years.

Double-digit increase

According to Bonafide Research, expectations are high, with pet food sales expected to hit the \$533 million mark this year already and reaching \$1 billion by 2026. Here are some facts and figures that support these expectations:

- In India, the consumption of manufactured pet food reaches 8% of dogs and 15% of cats. This figure showed an increase during the pandemic, with many pet parents shifting feeding habits to packaged food.
- Just Dogs is the largest pet retailer nationwide with 44 stores and it plans to reach 150 stores by 2025.
- Heads Up for Tails (HUFT) started operations in 2008 and now operates 48 locations, where it also sells its own private label products.
- The offline pet retail channel is expected to grow its customer base by quickly moving from a brick-andmortar only, to an omnichannel model.
- Online sales account for 25% of all pet supply purchases. Indian e-commerce platform Flipkart and Amazon have had a major impact on the way people

purchase products. Their reach and marketing prowess is one of the driving forces behind shifting buying habits among Indian pet parents.

Local and foreign players

Dog food accounts for 85% of all pet food market sales in India. The market is growing, as more pet parents buy commercial pet food for an ever-increasing pet population. Not surprisingly, besides numerous new start-ups, more established Indian corporations are now also taking their first steps in the pet food segment.

Chhattisgarh-based IB Group manufactures economy and premium pet food brands and is the first Indian company to expand its operations to 22 countries. Himalaya Wellness Company (Bangalore) manufactures pet food brands besides supplements and grooming products, while Taiyo Feed Mill (Tamil Nadu) produces a number of dog and cat food brands, as well as private labels. Similarly, Good Pet Supplies (Maharashtra) launched its own pet food in 2021. They are present throughout the country, in brick-and-mortar sales points only.

A recent new player is PetStar by Mankind Pharma, one of India's leading pharmaceutical companies. The company decided to enter the pet food industry after seeing potential in the sharp rise in the number of pet owners.

But foreign manufacturers are also discovering India's huge potential, and expanding operations to this country.

Italian-based Farmina has a fully-owned subsidiary in Gurgaon in the state of Haryana and Thai-based Pet Companion has an office in Greater Noida, Uttar Pradesh.

Big player Royal Canin has established an office in Mumbai, Maharashtra as a subsidiary. And Mars Petcare has recently invested \$60.4 million to expand its facility in Hyderabad to cater to the increasing demand for pet food in India and other Asian countries.

Other leading brands – while not having their own offices in India – are popular import products. Such brands include The Taste of Wild, Arden Grange, Fish for Dogs, Orijin and Acana to name a few.

Start-ups: a flourishing market

Proof of the budding market opportunities is also to be found in the appearance of numerous pet carerelated start-ups, many of which are being funded by interested investors.

Bangalore-based pet care platform Supertails raised \$10 million in a Series A funding round in November

Dog food accounts for 85% of the whole pet care market.

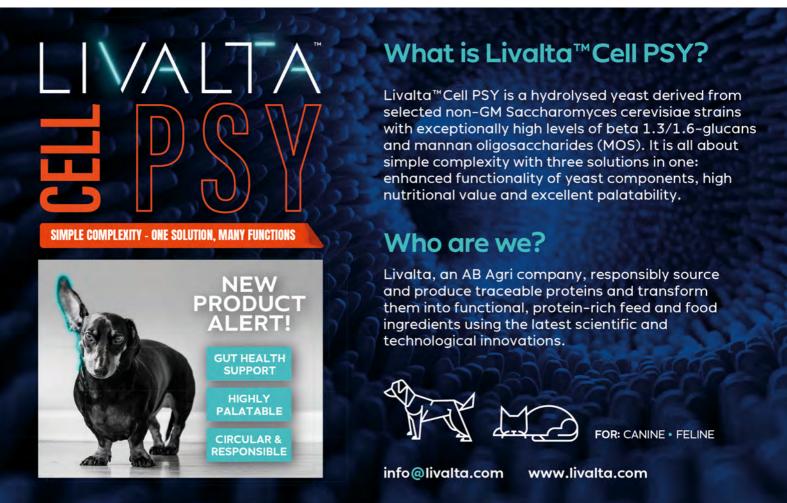
2022. In 2021, the company raised an additional \$2.6 million. It claims to have the largest product range of pet supplies, with more than 10,000 products and 200 partner brands.

Petcare DTC start-up Goofy Tails raised \$500,000 and pet food manufacturer LUVIN raised \$300,000 with the aim to expand its innovative portfolio of natural and healthy pet foods and treats, as well as boosting customer reach.

Indian consumer goods Emami acquired a 30% stake in pet care start-up Cannis Lupus. A company spokesperson told PETS International that the investment is in line with their expansion strategy in the fast-moving consumer goods space.



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