



PETS International

THE GO-TO PUBLICATION FOR PET INDUSTRY PROFESSIONALS SINCE 1988

SEPT 2022

SMALL ANIMALS, BIG GROWTH

DOING BUSINESS WITH CHINA

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A revealing survey

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Innovation needed to
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LATIN AMERICA

Country reports &
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Puppies and kittens

The market for puppy and kitten products and services is booming. Time for a deep dive into this niche. You'll also discover the results of a survey we did with Yummypets.



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Food and ingredients

Easily digestible food is all the rage with pet owners. So which ingredients can help with that? We also take a look at the challenges in the pet food processing equipment market.



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With companies trying to expand their footprint in this growing region, we highlight the biggest markets (Brazil, Mexico and Argentina) and talk to the largest pet retailer in the region.



Survey results

Together with Yummypets, we uncovered the preferences and buying behavior concerning food, toys and treats of 1,102 puppy and kitten pet parents. [Page 10](#)



The future of China?

We asked our readers about doing business in China, now and in the future. Opinion is divided, yet the Red Dragon will likely remain important. [Page 42](#)



Retailer interview

What are the strategic plans of Brazil's largest pet retailer, Petz? What makes Brazilian pet stores different from others? You'll find out in this interview. [Page 60](#)

ZOLUX

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catnip



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New eco-designed cat toy collection : «ETHI'CAT», 40 references, made from **NATURAL-ORIGIN** or **RECYCLED** materials



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recycled materials and natural-origin materials



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Sunshine... or some clouds ahead?

Did you manage to take some time off to recharge over the summer? As the industry kicks back into gear, we'll need that rejuvenated energy.

The precarious situation affecting our global supply chains won't be resolved anytime soon. Prices continue to rise. Analysts think this is likely to continue well into 2023. Plus, with the winter coming up, the 4th wave of COVID may have an effect on market economies around the world. China's position as a global supplier is being called into question because of all these issues. So experts predict that local sourcing will become more popular. To find out whether that opinion is shared by everyone in the industry, we carried out a survey among our readers.

Another research project we did over the summer was on the subject of puppies and kittens. We wanted to understand the buying behavior and preferences of their owners. For example, do they have a strict budget for their young pet? For many retailers and brands, puppy and kitten owners are the potential customers they most want to reach. So we dig deeper into the topic to uncover hidden opportunities and investigate all the different parts of this market.

Speaking of starting young: the topic of our GlobalPETS Forum in January 2023 (in Berlin) will be 'Lifelong customers in an omnimarket'. Are you joining us for the networking event of the year? On page 48, we look back at this year's Forum and on page 50 we present the winner of the 2022 GlobalPETS Forum Award.

Finally, we take a closer look at the pet industry in Latin America. The continent as a whole is catching up with the Western world and will soon be able to fully compete on a global level. We do a deep dive into some of the bigger pet markets – Mexico, Brazil and Argentina – and sit down with one of the largest pet retailers in the region.

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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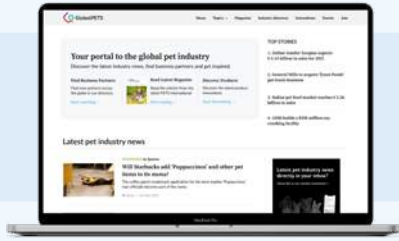
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Industry players release earnings

Purina was Nestlé's largest growth contributor in the first half of 2022. Group sales increased by 9% to CHF45.6 billion (\$47.8B) driven by the "continued momentum" of the pet business. Purina PetCare posted "strong" double-digit growth in North America across all channels – including e-commerce – and brands.

Symrise's pet food division continued its high double-digit percentage growth "unabated" in the first half of this year. The German producer posted global sales of €2.3 billion, an increase of 10.2% against last year.

Pet food producer **Freshpet** reached \$278.2 million in sales in the first half of 2022 (+37.7%). 84% of sales were conducted

through brick-and-mortar, while e-commerce accounted for 7.9% – an increase of 86%.

Retailers are reporting good performance despite inflation and supply chain challenges. British pet supply retailer **Pets at Home** earned £404.7 million (\$491M) from April to July. Retail revenue increased by 6.6%. Canada's **Pet Valu** increased revenue by 25% to C\$227.7 million (\$ 176.7M) in Q2.

The animal healthcare sector is also doing well. **Zoetis** maintained strong sales in the second quarter of the year and the companion animal segment grew by 14%. DSM's animal portfolio also increased 16% in the first half of the year, and **Swedencare** earned SEK848.6 million (€81.3M) in the first 6 months of 2022, up 188%.

Canada injects \$6.5 million into insect pet food production

The Canadian Department of Agriculture and Agri-Food has announced an investment of up to C\$8.5 million (\$6.5M) to support an Aspire Food Group insect production facility.

With this investment, the manufacturer will be able to use smart technology to grow billions of crickets at its facility in London, Ontario – most of them for pet food.

CEO Mohammed Ashour told PETS International that the company expects to reach its full production capacity of 1,000 metric tons per month by the first quarter of 2023.



Top 5 EU countries in pet numbers

Data from the European Pet Food Industry Federation (FEDIAF) has concluded that Germany is the EU nation with the most cats and dogs (27 million), followed by France (22.6 million), Italy (18.7 million), Spain (15.1 million) and Poland (10.5 million).

Estonia (525,000), Latvia (680,000) and Slovenia (750,000) are at the other end of the scale.

Across the European region, Russia is the country with by far the most pets – a total of 40.5 million cats and dogs – followed by the UK with 24 million.

In 2021, there were around 110 million cats, 90 million dogs, 50 million birds, 30 million small mammals, 15 million aquaria and 10 million terraria in Europe.

Tom&Co eyes expansion to new EU markets after capital injection

The Belgian retailer Tom&Co has signed an agreement with investment company Verlinvest for the acquisition of a stake in the chain.

“With the support of this new shareholder, we will be able to actively participate in the consolidation of the sector through acquisitions, and thus achieve our ambition to become a leader in the European market,” stated CEO Thierry Le Grelle.

Tom&Co aims to be a “strong European challenger” and will be looking to accelerate its expansion beyond the Benelux region in the coming years. COO Maud Leschevin said in a recent interview with PETS International that their ambition is “to increase the number of shops to 250 by 2026”.



Symrise completes acquisition of Wing Pet Food

Symrise’s takeover of Wing Pet Food aims to accelerate the company’s diversification in the “highly attractive” Asian region. According to Symrise, the Chinese company has established itself as a leader in pet food palatability enhancers and as a supplier of pet food nutrition and pet food protection ingredients.

Alain Symoens, APAC General Manager for Symrise Pet Food, said that joining forces will open up “tremendous opportunities” in the region.



A process of “smooth integration” has begun, involving the 200 employees that Wing Pet Food has at its R&D center in Shanghai and 2 production sites in the provinces of Jiangxi and Jiangsu.



Agroland to open 25 new shops in Romania this year

Agroland has invested €150,000 in its 20th megastore. The 400 sqm building is in Miroslava, 400 km north of the capital Bucharest, and offers over 3,000 products.

Last February, the company announced its aim to invest €3.44 million in expansion and upgrades this year. Its goal is to reach a total of 25 megastores by the end of 2022.

Founded in 2009 by Horia Cardos, Agroland currently operates a network of 250 stores specializing in the sale of garden, farm and pet products. It forecasts a company revenue of €48.7 million in 2022, up from €47.3 million in 2021.



Pet grooming app Tuft is UK entrepreneurship award finalist

The Great British Entrepreneur Awards 2022 has selected the London-based company Tuft from among 5,300 contestants. Award winners will be announced in November.

Tuft Global claims to be the first app that integrates salon management software to give dog groomers an easy way to manage their work and reach new customers.

According to the company, the number of downloads has increased by 29%. Tuft has now expanded into other European markets.

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Major Korean search engine invests in online pet retailer AboutPet

Naver has 18% of the search market in South Korea and has now provided AboutPet with funding of ₩10 billion (\$7.6M) to position it as the leading e-commerce retailer for pet products in the Asian country.

The search engine’s investment will propel the pet company into a good position in the online channel while improving its customer service. “The funding will be used to invest in IT and logistics infrastructure, with a focus on automating the logistics process,” says AboutPet’s CEO Kim Kyung-hwan.

With this development, AboutPet is consolidating its partnership with Naver, as the 2 companies have worked together in the past on numerous occasions. Last year, they agreed to develop an online chat service that allows AboutPet users to consult vets.



US pet industry hit record sales of \$123.6 billion in 2021

For the second year running, the US pet industry exceeded the \$100 billion mark in sales, showing that the sector is “incredibly strong and resilient”.

The APPA expects “moderate” growth in sales this year, impacted by inflation and supply chain issues.

According to the State of the Industry data for 2021, expenditure on pet food and treats accounted for \$50 billion. This was followed by vet care (\$34.3 billion), live animals and over-the-counter medicines (\$29.8 billion), and other services such as dog grooming (\$9.5 billion). This last category experienced a 17.3% increase against last year.

China’s pet food imports almost doubled since the pandemic began

According to China’s General Administration of Customs (GACC), most imports last year came from Canada (47%) followed by the US (20%).

Chinese imports of pet food dropped by 8.5% between 2020 and 2021. This was primarily caused by an increase in freight prices, avian influenza outbreaks in Europe that led China to ban some pet foods, and growing competition from domestic producers. But despite the slight slowdown in 2021, market trends suggest that imports in the Chinese pet sector will continue to grow until 2025.



Pet ownership in the Netherlands increases by nearly 2%

A research study led by trade association Dibevo and the Dutch Petfood Industry Association (NVG) has concluded that, in the last 2 years, 150,000 households nationwide have acquired a new pet: 80,000 dogs and 70,000 cats or other animals.

Most respondents indicated that they had decided to buy a dog for the “unconditional friendship” and to have a “more active lifestyle”.

Former CEO of Pets at Home becomes Chairman of Arcaplanet



Peter Pritchard’s new role at Arcaplanet is part of the company’s strategic development program and follows the recent appointments of CEO Nicolò Galante and CFO Alessandro Strati.

“Peter’s experience in the pet world and, specifically, in the creation of an omnichannel model based on value-added services will be a precious asset for the development of Arcaplanet,” claimed Galante. Pritchard joined Pets at Home in 2011 as Commercial Director and became company CEO in 2018.

PET INDUSTRY HIGHLIGHTS

Japanese pet parents spend more on their pets

A recent survey conducted by Japanese pet insurance Ipet Holdings among 1,018 pet parents concluded that their expenditure had increased by 4.3% in 2021.

4 out of 10 owners spent at least ¥100,000 (\$773) last year, boosted by the pandemic and increased working from home. The rise in food prices and the expenses associated with their pet aging, were also pointed out as some of the reasons for higher spending.

30% of dog owners and 20% of cat owners believe they will spend even more money on their pets this year.

Musti names Pamela Nelimarkka as new COO

As COO, Pamela Nelimarkka will lead the sales and operations process, sourcing, and the end-to-end supply chain at Musti Group.



Nelimarkka previously worked as head of sales and operations planning and logistics at Fazer, one of Finland's largest food companies, and as demand and supply planning manager at Huhtamäki, a Finnish consumer packaging firm. Since 2020, she had been the director of sales operations at Reima, a leading brand in functional kidswear.

Petcurean to expand in Europe from this fall

The Canadian premium pet food producer Petcurean now has access to United Petfood's production facilities and expects to further expand its portfolio.

Tracey Pham, Director of International Marketing at Petcurean, said to PETS International that the company is excited about expanding its presence in the European "mature pet industry".

As part of the new partnership, Petcurean's 'Now Fresh' and 'Go! Solutions' brands will be manufactured at United Petfood's factories, and are expected to begin shipping throughout Europe in the fall of 2022. "The transition is underway and will be completed in 2023," stated Tracey Pham. The collaboration will also allow the company to export its products to more than 80 countries, increasing its distribution.

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Puppies and kittens

The number of products and services for puppies and kittens has skyrocketed, and the interest in insuring them is growing. We asked pet parents about their purchasing habits, their budget, and which products they prefer to buy for their fur babies.

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Survey data shows puppy and kitten owner preferences and buying behavior



What are new pet parents' habits? Where and how often do they buy? What types of products do they prefer? How do they think about their budget and future spending? We partnered with pet owner network Yummypets to find out.

Nearly half of the puppy and kitten owners consulted for this study predominantly feed their pets a combination of dry and wet food, with the second most popular option being dry food only (29%).

On the other hand, 9% of puppy and kitten parents give their youngsters a wet food-only diet. Only 1% give their puppy or kitten homemade food exclusively.

Brand loyalty

Most puppy and kitten parents (62%) consistently buy the same pet food brand, while 38% prefer to switch brands. This behavior is consistent across consumers in the different countries (US, Canada, France, Belgium and the UK). And there is no difference between different age groups.

Where do they buy?

Half of puppy and kitten parents make pet food purchases in the supermarket, whereas 29.7% go to pet stores and retailers. Not surprisingly, kitten parents buy food more often in the supermarkets, while puppy parents tend to get puppy food in specialized stores.

The third most popular channel is online, with 14.5% of consumers preferring this channel. Belgians are more likely to be part of this group, while only 7.1% of Canadian owners order pet food over the Internet.

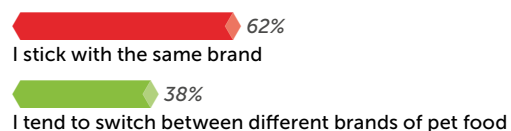
A final geographical difference: UK puppy and kitten owners purchase pet food at supermarkets the most.

How often do they buy?

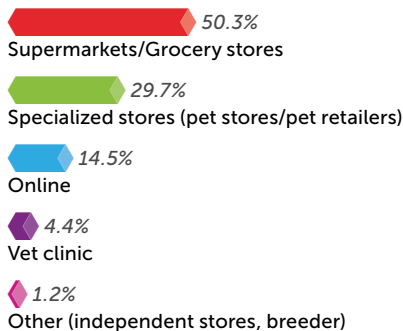
When asked how often they buy puppy or kitten food, the most common answer was 2 to 3 times a month (36%). Almost 30% buy food once a week, while 28% purchase once a month. Only 7% buy it less often.

UK puppy and kitten owners are more likely to purchase food for their pets once a week, possibly because they are more likely to get it while doing their regular groceries at a supermarket.

How loyal are you to pet food brands?



Where do you mainly buy food for your kitten/puppy?



French respondents buy food for their puppies and kittens less often than owners in other countries. In addition, owners living in small towns and the countryside buy pet food less frequently than city dwellers.

Purchasing decisions

When deciding which pet food brand to buy, puppy and kitten owners consider many factors. But which factors are the most important? 27% of survey respondents say their top concern is the quality of ingredients.

Nearly 20% choose the life stage appropriate food as the number-one decision-making factor, while 19% rank a healthy recipe as their top reason for picking a brand.

Puppy and kitten parents are less concerned about cost (16%) and flavor (10%). Appealing packaging is one of the least important factors in their buying decisions (8%).

Treats

Pet parents are generous when it comes to giving treats to their puppies and kittens. Of the owners surveyed, 30.7% say they buy treats once a week. City dwellers, UK residents, and men are the most likely to purchase treats this often.

31.6% of puppy and kitten owners buy treats 2 or 3 times a month, while nearly one-quarter purchase them once a month. 7.9% buy treats less than once a month, and 5.3% never purchase them.

Older pet owners and pet owners living in France tend to buy treats for their puppies and kittens much less often than others, or not at all.

How often do you buy treats for your kitten/puppy?



Soft/chewy treats are the most popular choice of puppy and kitten parents (48%), with dental treats ranking second (41%) and crunchy treats third (36%). Training treats come in fourth (31%), followed by bone treats (26%), jerky treats (24.4%), and lickable treats (20%).

Toys – a favorite purchase for pet owners

Many puppy and kitten parents, like those of human children, love to buy toys for their little ones.

Almost a quarter of pet parents (23.7%) buy toys for their puppies and kittens several times a month. Others (27.6%) buy them toys once a month or several times a year (35.5%).

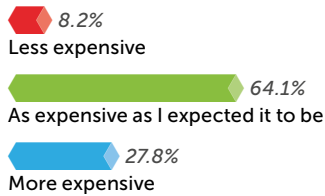
US pet owners seem to be the ones who spoil their pets the most, as nearly 34% of them buy playthings several times a month. But not everyone seems to value toys as much: 2.3% of owners never buy toys for their puppies and kittens, while 7% purchase them once a year and 3% buy them less than once a year. French puppy and kitten parents buy toys for their pets less often than others.

Toys purchasing criteria

When choosing toys, the number one factor most often cited by puppy and kitten owners is the quality of their components (30.8%), followed by utility (25.8%). Older owners, and those living in the UK, care the most about the quality of a toy's components. In contrast, French and Belgian owners are more likely to consider utility an important feature.

17.3% of puppy and kitten parents care the most about whether a toy is made of recycled components, while 16% are most concerned about price. [▶ SEE NEXT PAGE](#)

Is having a puppy or kitten more or less expensive than you thought it would be?



Just 5.2% of those who responded to the survey named the toy brand their top concern.

Finally, 4% are concerned about where toys for their puppies or kittens are manufactured, with men more likely to care than women.

Budget

Nearly 70% of respondents don't have a pre-defined budget when shopping for their pets, and buy what they want as long as the prices are reasonable. This is particularly true for owners aged 65 years or older and those who live in the suburbs.

At the same time, 24% of owners are on a strict budget. Male respondents are more likely to fall into this category, as well as kitten owners in general. 6% of puppy and kitten owners say they purchase food and other items without considering prices.

Current and future spending

Most respondents (64.1%) say having a puppy or kitten is as expensive as expected, whereas 27.8% find the costs are higher than anticipated. Only 8.2% indicate that caring for their fur baby is cheaper than they thought.

Nearly 74% of puppy and kitten owners anticipate they will spend more on their pets in the future than they do at present.

However, Belgian and French owners are the exception here: they believe they will spend less on their pets over time.

Sources of information

The majority of owners (62.8%) list the Internet as a primary source of information about puppies and kittens before getting one. This was followed by word

Nearly 74% of puppy and kitten owners anticipate they will spend more on their pets in the future than they do at present.

of mouth (48%), books/magazines (15%), and TV (12%). Younger generations are more likely to rely on online sources and TV.

After adopting their fur baby, puppy and kitten owners most often count on veterinarians for advice (58%). French and Belgian pet parents do so most frequently.

Overall, 14.1% of puppy and kitten owners rely on online research and websites for advice, with US and UK owners being the most likely to use this source of information.

Other primary sources of advice are friends and family (12.4%), trainers/behaviorists (5.6%), YouTube/social media (5.4%), and pet magazines (2%).

Product satisfaction

Most owners are happy with the number of puppy and kitten products available on the market. Nearly 42% indicate they are very satisfied, while 42% state they are satisfied.

Only 3% of respondents are dissatisfied. And less than 1% say they are very dissatisfied. ♦

A total of 1,102 pet owners from Belgium, Canada, France, the UK, and the US responded to the survey.

Special thanks to Yummypets



Philippe Vanderhoydonck
Managing Director
GlobalPETS

Huge potential for specialized products for puppies and kittens



Companies are striving to fulfill the growing demand for bespoke food solutions and services for newborn and young animals.

While targeted products for young pets have been around for many years already, industry insiders believe that there is still a huge potential market to be opened. “92% of puppy owners believe they have unique needs. But only 1 out of 4 feeds them exclusively with puppy food,” explains Joe Toscano, Vice President Trade & Industry Development at Purina.

At the same time, research carried out by this leading pet food manufacturer shows that most kitten owners believe the products they feed their pets will impact their future health. This offers a huge potential for sales of specialty puppy and kitten food products.

According to some estimates, the sales of such specialty food in Europe have already risen by 10% and 15% over the past 2 years.

Premium products and services

Hoping to benefit from such growth potential, some players have already launched specifically targeted premium products and services.

British retailer Pets at Home recently introduced a VIP Puppy and Kitten Club, which provides exclusive discounts and expert advice on how to raise young pets. “As a responsible pet care business, we are focused on all life stages of our customers’ pets. We understand just how important it is to put the right building blocks in place during the first critical months

of a pet’s life – in terms of health, diet and behavior,” claims the company. Over the last 12 months, sign-ups to the club were up by 1.2m (up 48%), which is 3 times pre-pandemic growth rates.

In 2020, Royal Canin established a Puppy & Kitten Expert Board to assess the impact of diet on the first stages of a pet’s life. To be published results will serve as a reference for researchers and vets.

Brand and store loyalty

Retailers hope to attract new pet parents making their choice between brands for their first purchases. These typically include leashes, bowls and toys. Importantly, pet parents tend to stay loyal to the same store for future purchases. “If retailers can win at the puppy and kitten stage, they can expect to see an increase in channel loyalty and additional sales in areas such as cleaning items,” Joe Toscano from Purina points out.

But, creating brand loyalty through food is paramount. German manufacturer Happy Dog and Happy Cat understands the stakes and offers numerous food products from the earliest stage of life, until the pet can eat regular adult food. They now offer everything from probiotic milk for puppies and kittens – as a replacement for the mother’s milk – to a ‘starter’. This is a special type of food that familiarizes young animals with solid food, before they switch to regular puppy food after 4 to 6 weeks. [▶ SEE NEXT PAGE](#)

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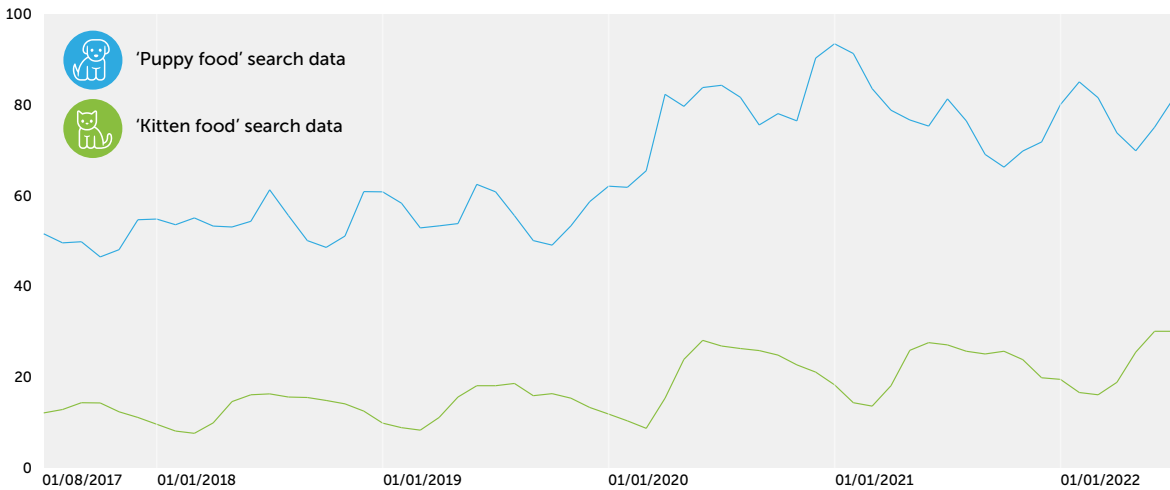
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Relative Google search volume



“This is a very important segment, accounting for about 10% of our sales. Today’s puppies and kittens are tomorrow’s clients,” says managing director Georg Müller at Happy Dog and Happy Cat.

Companies are focusing their efforts on the scientifically proven need for young pets to socialize.

Swimming lessons for puppies

In the fight for customer loyalty, companies offer specialized services and activities to help the physical and behavioral development of young pets. This includes offering increasingly popular swimming lessons for puppies. Swimming seems to be a particular trend in Australia, where schools such as Aquapaws, Holistic Paws and Dogoverboard are flourishing.

On a different note, Chicago-based PupJoy offers a personalized monthly box packed with treats, toys, and training tips customized for every life stage of a puppy.

Social stimulation

Other businesses are focusing their efforts on the scientifically proven need for young pets to socialize. According to research conducted by Dr. Helen Vaterlaws-Whiteside and published in Applied Animal Behaviour Science, dogs who are not socialized as puppies can grow up to be anxious and scared. Yet, a study held in 2018 showed that one-third of pet owners fail to expose their puppies to enough social stimulation. Puppy schools and kitten kindergartens have embraced this need, offering group training sessions, and even online classes, that help develop pet communications skills and confidence. ◆

Dog and cat ownership by age

In terms of the distribution of dog ownership by age, figures show a long-term increase in the share of dog-owning households with senior dogs. According to Packaged Facts, the number of households with dogs age 7+ rose from 42.2% to 53.7% over the past decade. In contrast, the number of households with dogs under age 1 dropped from 12% in 2012, to 9% in 2021.

In 2021, more than 5 out of 10 cat owners in the US had cats aged over 7 years old. The share of cats under age 1 dipped from 13.3% in 2012, to 10.6% in 2021.

US pet owners who have puppies and kittens had more money to spend. Data from Rover app concludes that the first-year expenses when adopting a dog range from \$1,050 to \$4,480.



Sonia Romero
PETS International Contributor

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Supplements: bringing health benefits to young animals



It is generally understood that the nutritional needs of puppies and kittens differ from those of adult dogs and cats. This is largely due to the particular life stage in which they find themselves and during which growth and development are key.

The amount of protein required by young animals is higher than that needed by their adult counterparts. The rapid development of muscles and other parts of their body means their intake of proteins needs to be on par with what is required for healthy development.

Essential amino acids

Such proteins include various essential amino acids. Considering that puppies and kittens are not able to endogenously produce sufficient quantities of such acids, these need to be present in the diet of the young animal. There are 11 essential or indispensable amino acids for kittens and 10 essential amino acids for puppies.

The source of amino acids (protein) is not specified by regulatory or scientific communities because, theoretically, amino acids can be obtained from any appropriate source – be it animal, plant, single cells (bacteria, yeast) or even insects.

Neonatal needs	Muscles	Gut	Brain
Important ingredients	<ul style="list-style-type: none"> › Protein sources, amino acids 	<ul style="list-style-type: none"> › Fiber, prebiotics, probiotics, postbiotic 	<ul style="list-style-type: none"> › Fish oil, krill oil
Enabling nutrients	<ul style="list-style-type: none"> › Essential (indispensable) amino acids › Most limiting include methionine, lysine, tryptophan, arginine 	<ul style="list-style-type: none"> › Short-chain fatty acids made from fiber, prebiotics › Various small molecules (antimicrobials, hormones, etc.) made by probiotics or coming from postbiotics 	<ul style="list-style-type: none"> › DHA, EPA, phospholipids such as phosphatidyl serine, phosphatidyl ethanolamine, phosphatidyl choline
Uses of nutrients	<ul style="list-style-type: none"> › Builds muscles › Structural development 	<ul style="list-style-type: none"> › Supports gut health › Gut immunity › Lessens risk of diarrhea 	<ul style="list-style-type: none"> › Helps build brain › Supports trainability

Boosting the immune system

Like muscles and organs, newborn and young animals' immune system also undergoes rapid development. And, similar to human children, neural development continues to occur throughout the neonatal period.

As a newborn, puppies' and kittens' guts are devoid of microbiota. However, because the gut provides a great environment for microbiota, it quickly undergoes a period of rapid habitation by organisms obtained through nursing or the animal's environment.

This causes a significant change within the young animal's gut which affects its developing immune system (about 70% of the body's immune tissue surrounds the gut). It is the beginning of the process that prepares the young animal for a lifetime of antigens and the ability to deal with infectious agents present in its environment.

When puppies and kittens transition from mother's milk to solid foods, the gut also experiences new antigens. It stimulates the immune system to develop a proper response to this new 'challenging' source.

Under most circumstances, the young animal is able to adapt to these antigens. However, there are numerous dietary ingredients that can be used to stimulate the young animal's gut adaptation for housing microbiota. Such supplements include prebiotics, probiotics and postbiotics.

Prebiotics enhance gut health and do so as a preferred food source for beneficial microbiota, whereas postbiotics can be used to effectively help develop the gut, especially the immune system.

Protein includes various essential amino acids that need to be included in the diet of puppies and kittens.

Developing brain power with proper nutrition

Rapid brain development occurs not only in-utero but also continues in the months after birth. It is essential for its survival that the newborn learns and adapts to its environment. The speed of learning tends to decline from 4 months onwards, making the first months critical for proper nutrition.

As part of this development, the brain and nervous system are nutritional targets. Research with developing puppies indicates improved trainability when n-3 fatty acids are added to the diet (for example, fish oil). Other research suggests enhanced absorption when n-3 fatty acids are co-associated with phospholipids, such as those found in krill oil. N-3 fatty acids have the additional benefit of reducing inflammation throughout the body, including the skin.

In summary, good nutrition during the first phase of a puppy or kitten's life is essential for the development of muscles, collagen, enzymes, hormones, the immune system, as well as neural tissue development. ♦



Gregory D. Sunvold, PhD
Cool Springs International
microbiomenexus.com

Opportunities for puppy and kitten insurance



What is the expected impact on the pet insurance sector following the sharp rise in numbers of the pet population?

Whereas in Europe the pet insurance industry market penetration is around 10%, in the US it is below 3%. However, it is expected that there will soon be a growing interest among pet parents to take out insurance for their beloved pets.

Already, some companies have experienced a considerable increase in the demand for insurance for young animals, but, so far, precise data and numbers are lacking.

Double digits for both dog and cat insurance?

Luis Manuel Halcó, CEO of Spanish pet insurance company Petplan, confirms that the number of puppy health insurances increased significantly over 2020 and 2021, and is expected to go into the double digits over the next 10 years.

The number of insurances for kittens is, and will, remain lower than for puppies, as global feline pet insurance represents less than 20% of the market.

Expectations are also optimistic for the US, according to Kristen Lynch, Executive Director of the North American Pet Health Insurance Association (NAPHIA). The humanization of pets – accelerated by the pandemic – will be the key driver. But it is yet to be seen how inflation may impact companies in the sector.

Age is the key

Age is considered a prime indicator for insurance costs. Not surprisingly, as when dogs or cats get older potential health risks are greater. Pet parents will have to pay for covering higher age-related costs.

Global feline pet insurance represents less than 20% of the market.

“Generally speaking, a younger animal is likely to have a lower insurance premium compared to a similar, but older pet,” comments Bob Capobianco, Senior Vice President, Crum & Forster Pet Insurance Group. From age 2 to 3 onwards, insurance premiums are more expensive. Pet parents are therefore usually advised to take out insurance in the early years of their pet’s life.

Pet parents – looking to cover health-related costs

There appears to be a genuine interest among pet parents to insure their kittens and puppies. “In this respect, it is interesting to see that volume of searches on Google regarding puppy insurance has increased by 61% in 2020 compared to the previous year,” remarks Halcó.

Although it is still too early to draw any conclusions, this increased interest could have a positive impact on insurance companies. After all, small animals are low-risk patients and rarely have major health issues. They are therefore less likely to use the services provided. ♦



David Palacios Rubio
Editorial Manager
GlobalPETS



Food and ingredients

What's the role of robotization in pet food processing equipment? We dive into the future of this challenging sector. You will also learn more about the misconceptions about functional fibers and ancient grains, and the dietary effects of avocado and sweet potato in a dog's diet.

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Ancient grains versus grain-free diets

Some ingredients that are often regarded as unhealthy or the cause of allergies can have positive nutritional and fiber value for pets.

More and more grain-free pet food diets have entered the market in recent years, with grains often being regarded as unhealthy and unnecessary by pet owners; mostly due to fear of allergies and intolerances.

Legitimate concern?

As so often, such concerns are not entirely unreasonable; it is of course possible for a grain to trigger an allergy in dogs or cats. But 'true' allergies (as opposed to intolerances) are rarer and are always caused by proteins – regardless of whether they are of plant or animal origin. Furthermore, allergies usually occur in response to the most common proteins used in dog and cat foods.

In Europe, poultry, pork and beef are the most common animal-based ingredients in pet foods, and wheat, maize, soy and rice are the most common plant-based raw materials. That is why these ingredients most often tend to be regarded as the cause of allergies. Ancient grains with traditional origins are now being rediscovered as 'novel' ingredients that represent ideal raw materials for pet food production.

Healthier and more nutritious

The term 'ancient grains' refers to kinds of cereals that were not selectively bred, such as teff, millet, barley and sorghum, as well as pseudo-cereals like amaranth, chia, quinoa and buckwheat. The ancient grains of einkorn, emmer and kamut are traditional types of wheat that have remained largely unchanged over the centuries. They are therefore generally regarded as healthier, although some nutritionists argue that these claims are just a marketing strategy.

Is it absolutely necessary to use grains in pet food? The answer is no. Grains, whether ancient or modern, are not nutritionally obligatory ingredients. Nevertheless, the use of grains can be beneficial for pets, since their diet must contain some type of fiber to be complete.

The amount is important

Grains, and especially whole grains, are very rich in fiber: non-soluble carbohydrates that cannot be digested. If provided in reasonable amounts, insoluble fiber stimulates movement in the colon, aids the formation and elimination of feces, and prevents

Ancient grains with traditional origins are now being rediscovered as a 'novel' ingredient.

constipation. Too much fiber can result in lower nutrient absorption and irregularities in defecation. Inulin, another type of indigestible carbohydrate, nourishes good intestinal bacteria.

Soluble carbohydrates are a great source of energy. But as most pets tend to be overweight, diets should not be too high in soluble carbohydrates. In some cases they are inevitable, such as for creating the texture in extruded pet food like kibble.

In grain-free diets, potato or sweet potato is commonly used to achieve the required starch content. However, these ingredients provide much less insoluble fiber and lower nutrient levels than whole (ancient) grains.

So why are grains regarded as unhealthy?

Pet owners often look at the ancestors of today's dogs and cats – the wolf and the wild cat – and say that

those animals did not consume grains at all. But that is not true. Wild cats and also free-roaming cats today take in grains when they ingest the stomach contents of their prey. Admittedly, the amount is quite small, but they can tolerate grains in reasonable amounts very well and benefit from the fiber content. Wolves likewise depend on the carbohydrates provided by the intestinal contents of their natural prey.

On-trend ingredient

The advantages of ancient grains versus grain-free diets are manifold. A denser nutrient profile, less processed varieties, the lower allergenic potential due to scarce current use and the growing perception among pet owners of them being 'healthier' make ancient grains the on-trend ingredient to consider when developing new pet food recipes. ♦



Julia Klischies
Pet nutritionist
Petfood-expert.com

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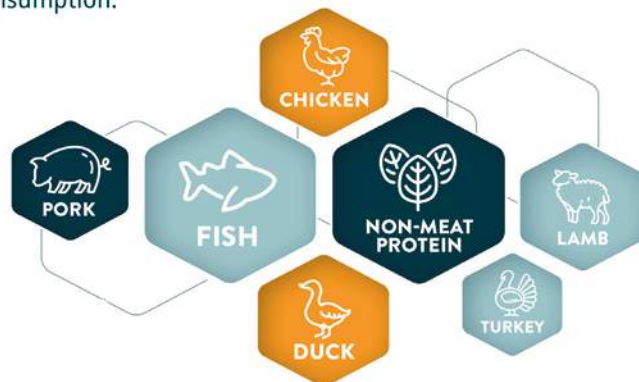
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Pet food machinery companies prepare for a technological revolution

The need to cope with a production increase is pushing the machinery sector to innovate faster than expected.

Skyrocketing demand for pet food in the past 2 years, combined with a shift in consumer preferences toward human-grade products, is raising new challenges for technology providers. They need to find ways to help manufacturers produce more in less time while upholding the same quality standards.

“We are dealing with simultaneous expansions in the pet sector worldwide at a scale we’ve not seen before. All involved are facing supply chain issues and shortages with sizeable backlogs,” comments Tom Hoffmann, Sales Director of Mepaco, a food processing equipment company based in Wisconsin, US.

Production challenges

According to various projections, the global pet food market is expected to increase by more than 5% annually, which could make the situation even more complex. One survey among more than 300 industry leaders, published in CRB Consulting’s recent ‘Pet Food Horizons’ report, lists the main production challenges currently faced by pet food companies as supply chain (38%), labor availability (36%), aging technology (32%), inefficiencies due to process equipment (28%), and lack of production capacity (27%).

Efficient and easy-to-maintain machines

Pet food manufacturers are widening their product portfolios and adding production lines to cope with

consumer demands, and this is directly impacting machinery companies.

“We are seeing a surge of new customers with new human-grade products and investment money building new factories and buying new equipment,” says Kathi Gilleland, Director of Marketing at Marlen International, an industrial food processing and manufacturing equipment company with a dedicated pet business unit.

Cox & Plant, a UK-based manufacturer of conveying equipment, believes that the pet food processing industry is now looking for easy-to-operate and efficient machinery that requires minimal maintenance and a 12-month return on investment (ROI).

Similarly, according to Tom Hoffmann, manufacturers are looking for ways to automate in order to reduce human interaction while simplifying their processes. Speed, automation, sanitary design, safety and performance are all key components of Mepaco’s development strategy because “nothing can be compromised in those areas”. Indeed, more than 20% of respondents in the CRB survey ranked sanitation among their top production challenges, underlining pet food manufacturers’ interest in machines that are easy to clean to prevent contamination.

The rise of robotization

According to Kathi Gilleland, customers are “certainly looking for more ways to automate certain processes, and for other processes they are happy to find solutions that are more efficient”. “Robots are everywhere – especially now that they are becoming smaller, cheaper and more versatile,” she states.

However, it is likely that humans will continue to be required, such as for the servicing and maintenance of the machinery. “Lines are requiring intelligent people to run them, but the worst of the manual handling jobs are now fully able to be machine-led by companies,” adds Andrew Cox, managing director at Cox & Plant.

Angelo Wiesinger, Pet Food Sector Manager at Handtmann Group, believes that – just as in other sectors – robotization will increase further in pet food production, but points out that the lack of technicians specialized in robots also creates some obstacles on the path toward the complete automatization of pet food processing machinery.

High-pressure processing technology

High-pressure processing (HPP) technology, in which pressure is used instead of heat or additives to preserve packaged food, is also generating interest within the pet food segment. According to the CRB survey, nearly 20% of respondents are currently using this processing method and another 28% are considering implementing it in their production lines in the future.

However, the extremely high cost is a barrier for many companies. Just 5% of small manufacturers plan to expand their adoption of HPP, compared with 14% of the largest corporations.

According to industry insiders, HPP technology is particularly suitable for pet food and treat manufacturers that have invested money in developing niche products with complex textures, since this production method has a positive impact on the flavor and texture of the final product. ◆



Vladislav Vorotnikov
PETS International Contributor

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Spray-dried plasma makes its debut in dry kibble

Long used as a binder in wet pet foods, this functional protein obtained from blood may offer relevant health benefits.

Today's pet parents are choosier than ever, demanding high-quality, high-protein diets that mimic their pets' natural food sources. But at the same time, issues with global supply chains mean some high-performing meat ingredients are now harder to come by. Spray-dried plasma, experts say, may offer a solution to both problems.

Health claims

Plasma has been a popular binder for use in wet pet food products for years, according to Javier Polo, Senior Vice President of Research and Development for functional protein manufacturer APC. But more recently, pet food manufacturers have been adding this protein to dry pet foods, supplements and treats as well. This is driven by emerging evidence that the inclusion of plasma may improve health and help to modulate the immune system.

Plasma may also help manufacturers cope with the low availability of other functional animal co-products triggered by the pandemic. Additionally, it fits well within current trends toward more natural pet food products, according to Roger Gerlach, APC's Global Director for Pet Food.

"I think in today's pet food world, manufacturers are just looking for new ingredients, novel ingredients, to talk about health claims, and plasma brings that," he says. "People are really sitting up and taking notice, and it has gained more acceptance over the years. With the evolution of high-protein diets, high meat-content diets, plasma is very attractive because it is a high-protein product with added health benefits."

Scientific research

Spray-dried plasma is collected from the blood of animals slaughtered for human consumption, cooled and then dried. It contains up to 80% protein, with some additional salts and fats. But it's the specific proteins that plasma contains – especially the immunoglobulins – that are of particular interest.

Immunoglobulins are large, Y-shaped proteins produced by the immune system. When consumed, these proteins help to modulate the immune system, prevent disease and improve overall health in multiple species. However, the exact reason why they do so remains the subject of scientific research, according to Louis van Deun, Sales Manager at food ingredient manufacturer Sonac.

[▶ SEE NEXT PAGE](#)

Their large size means that immunoglobulins cannot pass through the gut barrier. But inside the gut, it is thought that the proteins may bind to viruses and bacteria, preventing them from causing inflammatory reactions and disease.

However, when plasma is added to wet pet foods for the gelling and binding effects provided by another protein present in it, these health benefits are unlikely. This is because immunoglobulins are heat-sensitive and cannot survive the autoclaving sterilization process.

Multiple benefits

Spray-dried plasma is generally considered a clean-label ingredient and may therefore be attractive to consumers looking for natural pet food, especially food that is high in protein. However, some consumers have expressed skepticism about spray-dried plasma in pet food, either because they reject foods containing animal byproducts or out of concern that blood-related products may spread disease.

This latter concern has no real merit according to Louis van Deun, because spray-dried plasma is sourced from

animals fit for human consumption and the spray-drying process is extremely effective in ensuring the final product is safe and free of pathogens. However, he admits that it may be hard to win over consumers who fall into the former camp.

Research shows that besides immune health, spray-dried plasma may boast even more health benefits to convince pet owners, according to Javier Polo. Pets that are fed plasma show signs of improved cognition, he says. It may help to balance the intestinal microbiome, and it contains helpful bioactive peptides and growth factors. He adds that it is also useful for increasing the palatability of pet food products for dogs and especially for cats, who show significant improvements when fed diets containing plasma. "When you are adding plasma, the improvement in palatability, as well as the health benefit, is easy to see in cats – because cats love plasma," he states. ♦



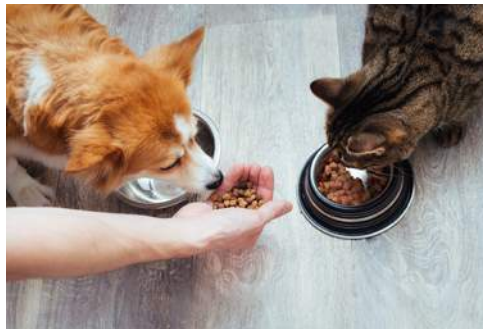
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Formulating pet food with functional fibers

Not all carbohydrates offer benefits that are validated by clinical studies. Here's what animal nutritionists prioritize in pet diets.



Despite not being an essential nutrient, fiber is present in almost every commercial pet food. It dilutes the energy content in a given diet and lacks nutritional value. As a result, fiber has developed a reputation as a 'filler' used to reduce production costs.

Unfortunately, this limited view distracts pet owners from the importance of fiber in pet food, particularly functional fibers.

Fiber properties

Dietary fibers are indigestible carbohydrates or lignin molecules that resist degradation by digestive enzymes. Primarily, different fibers are classified based on their solubility in water:

- Soluble fibers dissolve when they come into contact with digesta, influencing stool viscosity.
- Insoluble fibers provide mechanical support to produce easy-to-pass stools. They do this without dissolving in water, without affecting viscosity and without undergoing fermentation.

Functional fibers are a specific subset of dietary fibers that have been isolated, tested and proven to demonstrate physiological benefits. But not all dietary fibers are functional! Examples of functional fibers include psyllium (isolated from the husks of psyllium seeds) and beta-glucans (isolated from oats, fungi and yeast), which are viscous and fermentable. Fructooligosaccharides (FOS) – which are polysaccharides synthesized from sucrose – are fermentable, while cellulose is an insoluble fiber that potentially aids defecation.

State of play

There's more to nutrition than picking the right combination of nutrients. Without a supportive gut microenvironment, this becomes impossible. Current approaches focus on prebiotics: fermentable fibers that are digested by gut microbes to produce short-chain fatty acids (SCFAs).

This is particularly important considering the popularity of high-protein 'ancestral diets' recently adopted by many pet owners. These diets usually have upwards of 50% protein content, which can exceed the digestive capacity of the intestinal tract. In this case, proteins reach the colon where proteolytic fermentation can generate toxic levels of ammonia.

A recent study by the University of Bologna suggests that supplementing high-protein diets with fructans, like FOS, can alter the gut microenvironment to favor the growth of saccharolytic bacteria that produce acetate, propionate and butyrate. These SCFAs can provide as much as 7% of the metabolic energy required by dogs (and to a lesser extent by cats). Among these, butyrate is the preferred substrate and is utilized as an energy source for more than 90% of colonocytes to maintain colon integrity.

In cases of inflammatory bowel disease and colitis, the loss of epithelial adhesions significantly impairs the absorptive capacity of the colon. Many studies have shown that increasing butyrate levels in the colon can improve colonocyte permeability, restore tight junctions (adhesion proteins) and decrease inflammatory mediators within the mucosa. [▶ SEE NEXT PAGE](#)



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The role of butyrate has been instrumental to the point that animal farming operations use encapsulated butyric acid as an oral supplement. While this has been effective, pet food manufacturers can naturally increase the production of butyrate (and other SCFAs) by including functional fibers like FOS into their diet formulations.

The challenges

Guava fiber sounds like it could have an appealing taste, but this isn't the case. In fact, the addition of fiber is notorious for decreasing kibble taste, aroma and texture. A recent study investigating the effect of 8 different fibers in kibble formulations suggests that increased fiber content and reduced particle size negatively affect kibble palatability. Based on comparisons of 3-12% fiber formulations, high-fiber diets were more bitter, stale, and associated with an iron aftertaste.

An exciting approach to incorporating more functional fiber into the diet involves electrospinning fiber to create microcapsules capable of holding even more fiber. Using a double-layer co-encapsulation system, functional fibers like inulin and resistant starches were packaged into fiber-based microcapsules with probiotics. Not only does this provide a method of delivering added fiber, but it can also improve the bioavailability of supplements and medications.

Future of functional fibers

Up to 80% of cats over the age of 15 are affected by chronic kidney disease (CKD), making it a significant concern in the context of pet welfare. Recent studies suggest that fermentable fibers have an amino acid-sparing effect that can reduce nitrogenous waste, ultimately reducing kidney stress.

In one study, adding functional fibers (guar gum and beet pulp) to a low-protein diet increased fermentation-derived propionic acid and related metabolites in dogs. These SCFAs generated energy through the Krebs cycle, avoiding the further breakdown of protein sources that can lead to the accumulation of nitrogenous waste products.

Severe CKD can also lead to the buildup of toxins in the blood due to poor kidney filtration, referred to as uremia. A research group from Oregon State University noted a significant reduction in uremic toxins

associated with indoles after adding FOS to the diet of cats diagnosed with CKD (IRIS Stage 1 and 2).

This amino acid-sparing effect has also been noted in liver disease, emphasizing the importance of understanding the interplay between functional fibers, the gut microbiome and disease prevention. ♦

Common misconceptions

1. All fibers provide regular bowel movements

Regular bowel movements require functional fibers present throughout the colon for stool output and water content to increase. However, randomized clinical trials demonstrate that fermentable fibers like inulin and resistant starches do not affect either stool output or water content, and thus are not directly involved in the regularity of bowel movements. This is likely due to fiber fermentation occurring too early along the digestive tract, a common challenge in diet formulation. For functional fibers to positively affect stool quality, they should reach the distal colon and be detectable in the feces.

2. Crude fiber is what matters

Most pet food companies list crude fiber content on the label. Unfortunately, this only accounts for a fraction of the insoluble fibers, underestimating the true fiber content by as much as 95%. Total dietary fiber (TDF) is more accurate and provides information regarding soluble and insoluble fibers. Usually, veterinary diets will present TDF or have this analysis readily available.

3. Carnivores don't need fiber

Cats are obligate carnivores, but even they benefit from functional fibers. Major veterinary diets include functional fibers like psyllium, beet pulp and FOS in their formulations to help support digestive health. A recent review by Hill's Nutrition highlights the importance of oligosaccharide prebiotics like FOS to increase SCFA production and promote the growth of *Bifidobacterium* populations when incorporated into diets.



Ashkan Sadri
Veterinary researcher



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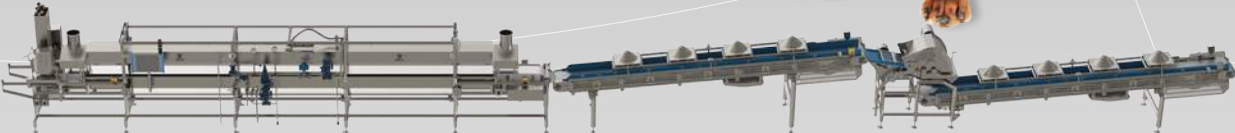
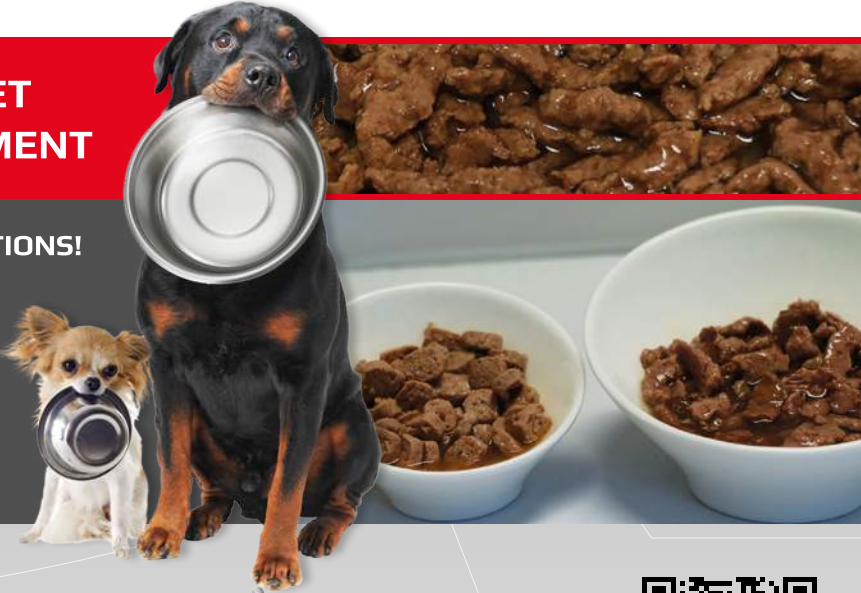
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process lines are state-of-the-art as regards hygiene, efficiency, and reduction of production costs, while ensuring high-quality standards. Because even the smallest improvements can offer wet pet food producers major benefits, innovations are focused on improving design and meeting current, as well as future needs. In this way, production efficiency, consistent production quality and overall sustainability are boosted.

Flexibility at lower costs and with a smaller footprint

For instance, the recently introduced and patented DISPA® system helps to reduce the carbon dioxide footprint, saves energy costs, and increases production capacity. Further recent developments include the processing of irregular shapes and a hybrid system that makes possible the production

of both standard and natural-looking meat chunks. This does not only give chunks a natural look and high palatability but includes advantages such as flexibility and a favorable cost price compared to other technologies.

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Is avocado as good for pets as it is for humans?

Scientists are debating whether the benefits of this superfood's richness in vitamins and minerals can be extended to animals.

It can take years, or even decades, for human food-related health trends (such as berries and fish oil) to find their way into pet food. This is currently happening with avocado (*Persea americana*).

Health benefits in humans

Avocado is widely known to be rich in vitamins, minerals and healthy fats. Its unsaturated to saturated fat ratio is similar to that of olive oil, and it is a multifunctional prebiotic and viscous fiber source. It also has a low energy density and helps the absorption of carotenoids from fruits and vegetables.

These properties are responsible for health benefits in humans, such as a reduced risk of cardiovascular disease or obesity, improved cognitive function and healthier gut microbiota. So, what is good for people must also be good for their pets, right? Not necessarily!

Sensitivity to persin

Avocado is generally considered toxic for all domestic animals due to a compound called persin. Concentration levels of persin vary depending on the specific part, variety and geographical origin of the avocado. This compound is believed to cause mastitis in lactating animals, or myocardial insufficiency

in nonlactating animals, resulting in lethargy and breathing difficulties.

The consequences can be severe in some animals such as birds, ruminants and horses. It seems that cats and dogs are less sensitive to persin. Also, evidence of avocado toxicity in dogs is scarce in the scientific literature. There is only one reported case of poisoning in 2 dogs from Kenya in which avocado is mentioned as the probable suspect.

Other compounds of interest

Apart from persin, avocado contains other compounds of interest such as D-Mannoheptulose and perseitol. Mannoheptulose is a glycolytic inhibitor. Several years ago, it was investigated as a novel functional dog food ingredient that could alter glucose or lipid metabolism or energy expenditure. However, studies on Labrador Retrievers did not find it to be effective.

Numerous other bioactive compounds from avocado are increasingly being studied for their antioxidant, antimicrobial, anticancer and anti-inflammatory effects. Thus, the pharma industry could regard avocado as a potential source of novel therapeutics.

Evidence of avocado toxicity in dogs is scarce in the scientific literature.

The role of avocado in pet diets

Recent research by the University of Illinois analyzed the safety of avocado from the pet food industry's perspective. A study on 9 female beagle dogs evaluated the nutritional potential of avocado meal as a source of dietary fiber in an extruded diet, by comparing its effects against the traditional fiber sources of beet pulp and cellulose.

The dogs were fed an extruded diet containing as much as 18% of avocado meal during a 2-week period. The results showed that the avocado meal affects the dog's feces (output, score and fermentation) and the digestibility (of protein, fat and total dietary fiber) very similarly to traditional fiber sources. Like the previous study done on cats by the same team, the study concluded that no adverse health effects were observed in dogs and therefore that the avocado meal might be an acceptable dietary fiber source for extruded diets.

Interestingly, the scientists didn't find any persin in the avocado meal. It could be that there was no persin in the variety of avocado they used in the study, or that it was degraded during processing.

More extensive research needed

Although these results are original and novel, it would be worthwhile to further study the dietary effects and safety of avocado meal on a larger number of different dog breeds over a longer period and to monitor more health parameters.

For example, it would be interesting to investigate how avocado meal in the diet affects the gut microbiome of dogs. While avocado offers plenty of health benefits for dogs, it is important to first conduct more extensive research focusing on its safety. ♦



Jelena Šuran, DVM, PhD
CEO at ApiotiX Technologies



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*biomega, Salmigo Protect L60 whitepaper, May 2022

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The growing usage of sweet potato in pet food formulation

The root has multiple beneficial properties and is nutritional, flavorful and functional. But is it also good for pets?

Sweet potato is a rich source of vitamins A, C and B6 as well as potassium, calcium and iron, and supports a healthy digestive system thanks to its high dietary fiber content. This vegetable has a naturally sweet flavor which dogs enjoy, adds variety, and offers functional benefits by helping to create that crunchy texture that canines love.

Increasingly popular ingredient

A growing number of pet food manufacturers are incorporating sweet potatoes into their products as a carbohydrate source, including in treats and some grain-free or limited-ingredient kibble formulas for dogs with allergies.

The Pet Food Industry Association of Australia (PFIAA) has noticed that this vegetable is an increasingly popular ingredient used in both fresh foods and dehydrated treats. "The swing towards sweet potato as an ingredient is firstly fueled by trends in the human food space, where it is seen as more nutritious than your standard potato, particularly as a source of dietary fiber," says PFIAA President Michelle Lang.

Some experts point out that in rare cases dogs can be allergic to sweet potatoes.

Hypo-allergenic diet

Natalie Asaro, Companion Animal Nutritionist at Petcurean, a Canadian company that produces premium pet food for dogs and cats, highlights that sweet potatoes offer the flexibility to create a variety of recipes with different nutrient levels. They are often used in hypo-allergenic pet foods. "Potatoes are not considered to be a common allergen in dogs and cats," she says.

However, some other experts point out that in rare cases dogs can be allergic to sweet potatoes. Possible symptoms of a sweet potato allergy include itchiness, paw biting, loose stool, vomiting and ear inflammation.

Overfeeding

Despite the benefits, pet nutritionists warn that sweet potato must be used in moderation. "Sweet potato

Sweet potato is an increasingly popular ingredient used in both fresh foods and dehydrated treats.

is not a necessary food for a canine diet because it's a carbohydrate and starchy food. Dogs don't need carbs to survive; protein and fats are their main macronutrients and energy sources," states Ruth Hatten, an Australian pet nutritionist and consultant who advises pet food manufacturers.

She points out that sweet potatoes turn into sugar in a dog's body. "The starch feeds the harmful bacteria and yeast in the dog's gut, which can bring about a yeast problem and then lots of itching," she adds. Another thing to consider when it comes to the suitability of sweet potato for dogs is the high vitamin A content, she warns, since excessive vitamin A in the diet can lead to bone problems and muscle weakness.

Heart conditions

A 2020 study published in the peer-reviewed open access journal *Veterinary Medicine and Science*

revealed that thiamine deficiency was found in a dog associated with exclusive consumption of boiled sweet potato. "Fortunately, it's unlikely anyone is going to feed their dog exclusively sweet potatoes, so we need to take these studies with a grain of salt," Ruth Hatten comments.

In recent years, there have also been concerns around the possible link between sweet potato and canine dilated cardiomyopathy (DCM), a genetic condition in dogs that results in an enlarged heart. A study conducted by a Boston university in 2021 analyzed 800 compounds in grain-free dog foods that the US Food and Drug Administration (FDA) linked to canine DCM and found that sweet potatoes, peas and potatoes were frequently tied to this condition. However, most of the dogs (93%) were eating food that contained peas or lentils as a primary ingredient. ♦



Caroline Zambrano
PETS International Contributor

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The world of citrus fiber in pet food

The high water-holding capacity and emulsification capabilities make citrus fiber a good solution for optimal food digestion.

It is sometimes questioned whether the natural diets of cats and dogs – as carnivores – contain fiber at all. However, since both dogs and cats eat the intestines of their (generally vegetarian) prey in the wild, they thereby indirectly ingest plant material. Dogs are considered more omnivorous than cats because they eat some plant materials such as berries by choice. Although both animal species naturally ingest fiber, the fermentation of fiber and its benefits are more prominent in a dog's digestive system than a cat's.

Fiber content

For diets low in fiber, the addition of pectin can increase fecal volume and moisture, potentially allowing easier passage and improving the pet owner's cleaning experience. Depending on the fiber source and the manufacturer's production process, fiber can allow more moisture to be added to the finished product. However, this could increase the chance of mold growth so increased microbial testing is recommended. For diets already high in fiber, such as vegetarian diets, it might be worth replacing part of the current fiber content.

Water-holding and emulsifying properties

Pectin is a prominent type of soluble fiber in citrus pulp which has great water-holding capacity and is commonly used in jams. Consequently, it has applications in wet pet food as it helps the finished product to retain water over time.

There are a variety of citrus fibers available in the market, designed for different applications – ranging from high levels of pectin to depectinized products. A source with less pectin and more (hemi)cellulose could be more appropriate to increase the energy content.

Besides their water-holding capacity, some citrus fiber products can be used as an emulsifier to allow fat and water to mix, creating creamy liquid solutions. As a result of both of these properties, citrus fiber can be used instead of gum in wet pet food and as a texturizer in dry kibble.

Scope for 'natural' claims

As a clean-label ingredient, citrus fiber provides some scope for pet food brands looking to make 'natural' claims on their packaging. However, according to the European Pet Food Industry Federation (FEDIAF), the extraction process can affect whether the pulp can be claimed to be 'natural'. It is possible that the citrus fiber falls under the EU regulation No. 1831/2003 on Additives for use in animal nutrition, and/or the EU regulation No. 68/2013 on the Catalogue of feed materials, in which case it must be declared differently.

Despite the antioxidative properties of citrus fruit, citrus fiber contains little antioxidant, and claims relating to flavonoids including antibacterial, antiviral and anti-inflammatory cannot be made. ► [SEE NEXT PAGE](#)

Microbial fermentation

Pectin from citrus pulp is completely fermentable in the digestive system of dogs and cats and is even more fermentable than the industry standard: beet pulp. It can be seen as a prebiotic, because it serves as 'food' for fermenting microorganisms *Bifidobacterium* and *Lactobacillus*, which are considered part of a healthy microbiome.

Beneficial fermentation products are short-chain fatty acids (SCFAs), and the dietary addition of citrus pulp has been shown to increase acetate, butyrate and lactate in dogs. Also, in the same study, orange fiber presented higher apparent total tract dietary fiber digestibility than beet pulp, and butyrate production was superior to that of inulin and beet pulp.

Gut health claims

SCFAs support the gut structure by providing a rapid energy source for gut cells (enterocytes). SCFAs also keep the gut pH low and encourage the 'good' gut microbes. Furthermore, they help to regulate water and thereby the bulk of the stool, while propionate

Some citrus fiber products can be used as an emulsifier.

as one of the SCFAs also serves to provide nutrition for the liver. Gut health claims can be seen across the board, from economy to premium products, based on inclusion rates ranging from 0.1%-2% depending on the product type and requirements.

Despite the benefits of fermentation, citrus fiber, orange fiber and pectin are repeatedly shown to reduce dry matter, organic matter and energy digestibility of pet food. Such products may therefore be a better choice for energy reduction diets rather than high-energy diets, and they also offer good potential for treats. ♦



Alexandra Wesker
Pet food nutritionist and formulator



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Global pet industry

Global supply chains are under pressure. Will the inflation crisis continue in 2023? As China plays a vital role in the global supply of pet products, we also asked industry players and experts about the pros and cons of doing business with the Asian giant. And you'll find a summary of what happened at our GlobalPETS Forum.

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Can the global situation change the industry as we currently know it?



Despite its resilience, the pet industry has to come up with alternative ways for moving forward during continuous price hikes and supply chain disruption.

While some industries were devastated by the pandemic, the pet industry weathered it better than most and even flourished, as lockdowns and working from home prompted more people to get pets and increased demand for pet food and services.

Very real challenges

In recent months, the industry has had to navigate “through some real challenges”, according to Cascadia Capital managing director Bryan Jaffe, varying from soaring prices for ingredients and shortages of materials to transportation headaches. “That’s not to say that companies won’t be able to overcome these difficulties. It’s just going to require a different playbook and the rewards may go to different participants along the supply chain,” he added.

Dana Brooks, president of the Pet Food Institute (PFI), warns that bottlenecks at key US ports “continue to threaten their ability to serve export markets and source key ingredients”. She says, “Transportation challenges continue domestically, with trucking shortages that make it difficult for companies to secure vehicles, drivers and even pallets.”

Still problems in 2023?

According to a Cascadia report, revenue for publicly traded pet companies in its index grew by 16.2% in 2021. But the figures for 2022 are not yet known.

Industry analysts believe that supply chain problems will continue throughout 2022 and well into 2023. “I think by the third quarter of 2023 and into 2024 we are going to be feeling some relief,” predicts Victor Mason, president of the World Pet Association (WPA), who has been hearing “horror stories” of shipping containers that used to cost \$3,000 now going for \$20,000.

The cost of shipping has prompted the US industry to open a debate on whether to continue outsourcing some ingredients and products, or whether it makes more sense to move production back to North America.

Some companies are now assessing for which products or ingredients it makes more sense to source, and for which ones producing locally makes more sense. In the near future, this could change the way we understand production in the pet industry.

"In a free-market system, those are the kind of numbers you have to look at. And certainly, the numbers change when your freight costs may now be more than the actual product value," adds Mason.

Exploring sourcing options

While Asia may be the only source for certain ingredients, US companies have begun exploring the option of sourcing ingredients from neighboring countries like Canada and Mexico.

Brandon Forder, vice-president of Canadian Pet Connection, is already seeing pet food manufacturers switch to sourcing more ingredients locally and regionally, to get around the supply chain and shipping problems. "What they may be doing is looking for farms or suppliers that are a little bit more regional, where it can cut down on things like transportation costs and fuel," explains Forder. "All of these things, of course, are inflating the prices of pet products."

David Lummis, senior pet market analyst for Packaged Facts, points out that there are limits to the ability to source locally for some companies, and a lot of materials, like plastic trays for cat food, are still coming from abroad. "It's not like a quick process where a pet food processor can suddenly say, oh, I'm going to get all of my 'whatever' from local sources. Because if they could do that, and it was financially viable, they would have been doing it already," he admits.

Higher costs, the new normal

Georg Müller, CEO and president of Interquell Pet Food (Germany) puts some numbers on the increased cost that the industry is facing. For example, oils and fats have risen by 200% while grains are up 100%. The continuous rise in the cost of ingredients has left many companies grappling with questions like pricing and packaging.

"If their costs go up, say 12%, they're very wary in the short term of raising the price that much, because they feel like they might price themselves out of the market. So I think a lot of brands are trying to figure out where the price points are going to be, whether they should change package sizing," adds WPA's Victor Mason.

Brandon Forder from the Canadian Pet Connection predicts the increased prices are here to stay. "I don't

Industry analysts believe that supply chain problems will continue throughout 2022 and well into 2023.

believe the costs of these things are going to go down much. Once they go up, they never really go down."

In the same line, Müller doesn't expect prices to decline anytime soon. "Manufacturers and distributors will have to shoulder this new cost level together, in order to be able to offer livestock farmers somewhat reasonable prices."

Risk of a fractured market

If price increases make it harder for the middle and working class to afford pets, while more affluent consumers are affected far less, that could result in significant changes in the market.

Bryan Jaffe from Cascadia Capital believes that the market has "the very real potential" to fracture in a "meaningful way". He says, "And if it does, that's going to change the competitive landscape in terms of products and channels as well as pricing paradigms."

Slower growth ahead

David Lummis of Packaged Facts is optimistic that the pet industry will continue to be resilient, despite the possibility of a recession in the US, and Bryan Jaffe predicts that the industry will experience a "slower growth".

WPA's Victor Mason agrees that the industry will grow despite the challenges some businesses will face in months to come. "I think that, over the next year, there are going to be many businesses experiencing challenges in surviving some of the supply chains, pricing and competition that's going on out there. But generally speaking, the pet industry will continue to grow," he concludes. ♦



Elizabeth Thompson
PETS International Contributor

China: big market, big challenges



The pet industry continues to see the potential for importing goods from the Asian giant, but bureaucratic challenges are stopping companies from expanding their footprint in the country.

China is one of the biggest importers and exporters worldwide, and companies within the pet segment see it as a potential trading partner for their business.

Industry survey findings

A survey conducted by GlobalPETS among almost 200 industry players revealed that more than 60% of companies are doing some kind of business in China. 4 out of 10 respondents said they are importing Chinese products, while 2 out of 10 are exporting their pet products to the country. But some 40% of respondents are still not present in the Asian market. 27% of them would like to start doing business in China, while 13% admit to not having plans to do so in the near future.

Local sourcing versus import

“Most companies are looking for ways to serve the domestic market in China, given its potential. While import is a viable option, in the long term there are advantages to being locally sourced in China, with cost benefits and a quicker response to market developments, as well as meeting the regulatory

requirements,” highlights Waldemar Jap, consumer market deals lead partner at PwC in Hong Kong. According to Jap, there is increasing demand for high-quality foreign-branded pet products (either locally produced or imported) and foreign companies are exporting their products to Chinese pet owners, mostly via online e-commerce platforms.

Approvals for pet food imports

The General Administration of Customs of the People’s Republic of China (GACC) implements market access controls on foreign pet food. Until March 2021, 32 exporting companies from 19 countries were able to export pet food to China. In the first 6 months of 2021, a total of 202 pet food imports were approved, of which 102 were cat food and 97 were dog food.

What are the problems?

Behind every big economy, there are always sizeable problems too. Nearly 24% of respondents who are not doing business with China at the moment admitted their companies had tried to do business in the country in the past, but without success.

Nearly 24% of respondents that are currently not doing business in China tried to do so in the past, but without success.

Nearly 4 out of 10 consider administrative and regulatory issues the biggest challenges, followed by finding local representatives and agents (25.7%), and marketing effectively to Chinese consumers (19.6%).

"Much of the information is only available on Chinese language websites or in Chinese language documents," admits Ina Enting from DMFC, a consultancy firm for Dutch agricultural companies eyeing the Chinese market. The language barrier is mentioned by 12% of the respondents as one of the most critical challenges.

Biggest challenges of doing business in China



Source: *The Pet Industry China Trade Barometer, GlobalPETS*

Face-to-face is vital

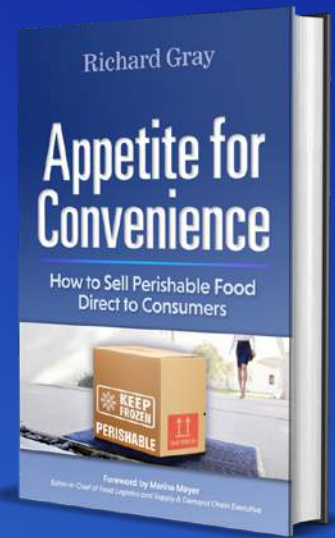
Most European pet companies ask DMFC for assistance with registering their products with the GACC and the Ministry of Agriculture and Rural Affairs (MARA). Even after all the bureaucratic issues have been overcome, finding reliable local agents to sell the product can become a mission impossible. "You need to visit them often and meet them face-to-face. It's the smaller agents who don't speak English, and will not reply to emails," adds Enting.

Younger consumers

PwC's Waldemar Jap points out that pet companies who want to enter the Chinese market need to make sure they understand consumer needs, which can be different from other markets.

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"Shipping direct-to-consumer is tough and shipping perishable food direct-to-consumer is practically impossible, unless of course, you know Richard Gray"

“Chinese pet owners are much younger, with less pet-owning experience, and are very keen to look for information, shared either by other pet owners or by key opinion leaders on the internet.”

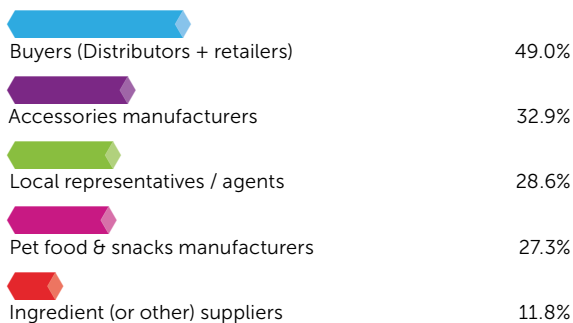
Marketing is also one of the most sensitive topics. “Lately, there have been several issues involving failures of marketing by big brands (in all industries), forcing them to withdraw their campaigns and apologize,” adds Enting. Linked to this, there is also a cultural gap and therefore a “non-fit of the usual business models applied by foreign companies with the Chinese market.” Plus, consumer patterns and trends differ between bigger cities and rural areas.

Online matching

When asked about meeting potential Chinese partners through ‘online matching’, the pet industry seems to be a bit reluctant to do business this way. For 36% of respondents, it is not an effective way to reach the right people, while 31% would be open to trying it, despite not being sure whether it would work. Only 13% of companies would like to try it.

Half of the respondents would like to meet Chinese buyers in person to offer them their products, followed by meeting accessories manufacturers (32.9%), local representatives (28.6%) and other pet food and snacks manufacturers (27.3%).

What type of Chinese companies would you like to meet?



Source: *The Pet Industry China Trade Barometer, GlobalPETS*

For DMFC’s Ina Enting, online matching is a good way to have the first contact. But she emphasizes: “China is a market of relationships and trust. You cannot build that market from your chair in another country.”

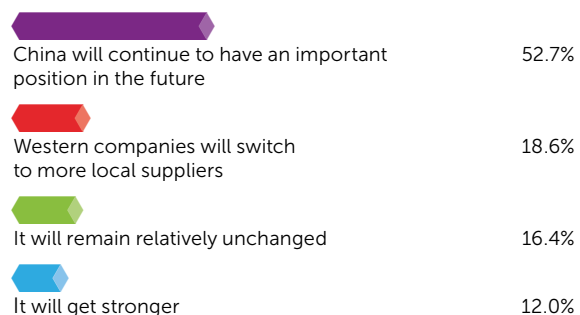
“China is a market of relationships and trust. You cannot build that market from your chair in another country.”

The future

Despite all the challenges, the majority of respondents believe that China will remain a valuable sourcing origin. 46% of respondents who currently import products from the country consider China to be a valuable partner for their respective companies now and in the foreseeable future. 39% are looking for local suppliers to do less business with China. And 15% are looking for suppliers closer to home with the aim of stopping to import from the Asian country.

The reality is that China still has potential in terms of size and growth opportunities. According to PwC estimations, the retail value of China’s pet market will reach \$40-47 billion in 2024. And the premium segment will grow at double speed. “Going forward, we expect pet population growth to slow down, but the per capita spend to continue to increase, driven by the pet owner’s desire to provide their pets with high-quality products,” says Waldemar Jap.

China’s position in the world supply chain



Source: *The Pet Industry China Trade Barometer, GlobalPETS*

Business insiders also see China as a sourcing hub for export. “But market players will need to look at the supply chain advantage (e.g. raw material cost) in China versus other export sourcing locations,” Jap concludes. ♦



David Palacios Rubio
Editorial Manager
GlobalPETS



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More Information





Key trends in the cat accessories market

From comfortable beds to puzzles and furniture: cat owners are focusing more on health and well-being benefits for their feline friends when purchasing new products.

The current global cat population is estimated at between 370 and 380 million. The pandemic and the lockdowns have boosted cat ownership and the willingness of owners to spend more time with them.

Pet and cat accessories market

The global market for pet accessories was estimated at \$29.4 billion in 2020. With the number of cats taken on as pets on the rise, accessories sales are also set to grow to an estimated \$42.3 billion by 2026, according to Research and Markets.

Although there are no precise predictions available regarding cat accessories sales, market research companies believe that they represent around 32% of the total pet accessories market. This percentage is expected to increase to 40% in the coming years.

“A growing cat population resulting from higher adoption rates, and robust spending on pet wellness, will foster the demand for cat accessories in the future,” co-founder and director of Research Nester Gaurav Mitra explains to PETS International.

Multi-functional beds

Housing and bedding products designed for cats are gaining popularity, and manufacturers targeting these

products are emphasizing product innovations that provide support in making cat owners’ lives (and that of their cats) just that little bit easier, convenient and comfortable.

For instance, there has been a growing demand for multi-functional beds. In response, Belgian company Moderna created a 3-in-1 cat litter box, bed and scratching post.

Colorado-based producer of heated pet products K&H recently launched a ‘thermo-mod dream pod’: a heated cushion that matches a cat’s body temperature – perfect for the sweetest cat dreams.

Pet health technology company Petrics launched, what they claim to be, the first smart pet bed in the market. Featuring a built-in scale, and thermostatic heating and cooling, the bed also allows a cat’s owner to automatically – or manually – adjust the bed to their cat’s ideal temperature. What’s more, a special accompanying app tracks the cat’s weight, activity, health and nutritional intake.

Ensuring a healthy cat life

Feline health is also becoming a major concern for cat owners. To get cats into better shape, Korean

It is estimated that cat accessories account for 32% of total pet accessories sales.

manufacturer The Little Cat developed a cat exercise wheel. After all, many cats live a sedentary life indoors. The wheel is controlled by an app and allows owners to check the duration and intensity of exercises undertaken by their cat. They can also check how many calories the cat burnt.

“Our enticing products make cats want to do exercises. The wheel is much like those used for hamsters. We currently export to 6 countries around the world, and sales are on the rise,” according to the company’s CEO Kim Daeyong.

The Little Cat recently also launched the world’s first pet body fat analyzer. This collects and monitors a cat’s health data, such as its metabolic rate and body mass composition.

Catertainment – keeping cats from getting bored

Owners are keen to keep cats from getting bored. Puzzles – various difficulty levels, from complex bowls to balls that act like food dispensers – are gaining in popularity. Trixie’s Mad Scientist requires a cat to flip and balance beakers upside down to release the treats.

Furniture is another fast-growing category in the accessories market. Catastrophic Creations offers a range of elegant, modular, wall-mounted cat furniture that will keep any cat busy for a long time. Add-ons include a litter, a cat tree, a hammock and a bed.

Canadian Tuft and Paw has also created a complete collection of cat accessories, based on the trending Scandinavian style. ‘It is a new standard in the pet product game,’ the company claims. ♦



Sonia Romero
PETS International Contributor

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Pet industry leaders catch up after 2 challenging years

From market trends to retail, branding and storytelling: the GlobalPETS Forum 2022 at Amsterdam Beach provided valuable insights into keeping up with the 'new' consumer.

Since the start of the pandemic, the consolidation of new ways of purchasing – especially omnichannel and online retail – is making the pet market more competitive, as well as causing operational challenges.

Omnipresence in omnimarket

According to Cate Trotter (*photo below*) from Insider Trends, logistics are becoming more and more invisible and customer engagement is done in stores, but also through digital channels. “The best retailer for your products and services is you,” she pointed out.

Jodi Watson, board member at PetMed Express, recommended pet companies disrupt themselves before a new competitor can disrupt them. This, she remarked, is especially important now that competition between companies is fiercer than ever before. She recommended players within the pet industry expand their presence in omnichannel: “Companies that do this well will win.”

Jodi Watson also stressed the importance of ‘omnimarket’, a term coined by Packaged Facts. It refers to a new competitive era in which pet industry players aren’t simply competing across brick-and-mortar channels versus the Internet, but crossing former borders between medical versus non-medical, products versus services, food versus non-food products, as well as taking into consideration pet owner demographics. “Speed is better than perfection in the omnimarket environment,” she concluded.

The power of telling a (good) story

The pet food segment is in a process of transformation: from product customization to individual premiumization. And customers are asking pet brands to be fully transparent in their messages and actions.

“Premiumization is about who we are, it is about managing our brands,” Alison Angus, Head of Innovation at Euromonitor International pointed out. Premiumization is also leading consumers to make purchasing decisions from an emotional perspective. In fact, brand and storyteller, Cor Hospes highlighted that in order to capture consumer attention, empathy should be at the center of any sales-related activities or communications. “Emotions are so important, they are the main ingredient for all stories,” Hospes told the delegates.

Hospes also shared some valuable tips on how to prepare to create the best story. Most importantly: know your audience! If you know what their wishes and dreams are, you can create a message that effectively taps into their needs and wants. Second, make your audience the main subject of your communications.



**Consumer purchasing decisions
are increasingly taken
from an emotional perspective.**

Making the audience a brand in this way “will enable you to shape their thoughts and actions.”

“Consumers want to see real action, not just statements,” added Euromonitor’s Alison Angus during her presentation.

Constantinos Pantidos from Brand Aviators shared the importance of engagement in branding: “To outsell the competition, your brand must be automatically authenticated by the brain.”

Peter Heshof from BLOOM Agency remarked that smart well-being, storytelling, science, data and customization will be driving the pet market by 2025. According to Heshof, companies can make a product “more snackable” if they use science and technology to back up their claims.

Changing ecosystem?

As for retailers, their view on things is that the offline channel is still a critical part of their ecosystem. Johannes Steegmann, Managing Director at Fressnapf, pointed out that, despite the fact that omnichannel “is the right strategy”, he is not in favor of a strategy of “cannibalization” of e-commerce versus brick-and-mortar.

The e-commerce business of the German pet retailer grew by 54.1% in 2021, whereas offline purchases showed a smaller increase (+18%). Not surprisingly, the company recently expanded its e-commerce distribution structure, setting up B2C logistic plants in France and Poland.

The same trend can be seen at UK pet retailer Pets at Home. In 2020, the company achieved 36% of its total retail sales through online. “Consumers have the power, they want everything done quicker, faster and cheaper,” remarked COO, David Robinson.

Over the past 2 years, Pets at Home has invested \$23.9 million in implementing a digital business strategy. The retailer’s response to same-day home delivery is the setting up of distribution centers and more click-and-collect systems in their brick-and-mortar stores.



Founder GlobalPETS steps back

During the event, Corine van Winden, long-time CEO and founder of PETS International and GlobalPETS, announced that she’s taking a step back. After 30+ years of turning GlobalPETS into a successful publisher, she now looks forward to the next phase in her life.

“Dear Corine, enjoy your well-deserved retirement. You will be missed by us and the whole industry!”

At the end of the day, the “ambitious” objective of the British company is to become a pet care business offering a combination of services, products and distribution options. Robinson concluded: “We are no longer a pet shop!”

Lifelong customers in an omnimarket

As pet parents continue to set higher demands and want ever quicker, convenient solutions, the lines between the various sales channels are blurring. How can retailers and brands stand out in this environment? And how can you turn a one-time customer into a lifelong fan?

These are some of the questions that leading players in the pet industry, as well as trend watchers and a Gen-Z expert, will be answering during the next edition of the GlobalPETS Forum, which will take place in Berlin, Germany from 25 to 27 January 2023, focusing on ‘Lifelong customers in an omnimarket’. ♦

Will we see you there? For full details go to globalpetindustry.com/2023



David Palacios Rubio
Editorial Manager
GlobalPETS

Josera wins 2022 GlobalPETS Forum Award

Each year, the GlobalPETS Forum Award is presented to the company that demonstrates exceptional performance in relation to the topic of that year's GlobalPETS Forum theme.

This year's theme was 'The new consumer – Can you keep up?' and the company that stood out the most was Josera. Catering to the 'new' consumer in every way, Josera is an excellent example of a company that is constantly evolving to fulfill consumer wishes and behavior.

Being where the customer is

A key strength of the company is their understanding of the fact that consumers are present at multiple points. Their response is to be present everywhere that the consumer is and, where necessary, launch initiatives to gain consumer trust and offer maximum purchasing convenience for sought-after products and services.

In order to connect with a growing number of online customers, Josera aims to be present across social



media platforms and more. For instance, by running dedicated and targeted online campaigns for specific pet stores, encouraging consumers to make their purchases at a certain store.

"We were thrilled to win the award!," commented Josera CEO Stephan Hoose. "We always try to be close to the customer, understand and adapt to their behavior. For example, in the last few months, we noticed that more customers are shifting back to doing their purchases in pet specialty retail. And we are ready!" ♦

The networking event of the year

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- ◆ **Network** with new international business partners
- ◆ Get **inspired** by the latest trends and developments to stay ahead of your competition



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Josera GERMANY

Pet food with passion

Feeding with Josera means feeding with the best quality food and with a clear conscience.

For more than 80 years, the brand from idyllic Bavaria has specialized in first-class pet food 'Made in Germany'. In doing so, the company takes responsibility not only for pet health but also for people and the environment.

Quality in the pet's feeding bowl

To meet the highest standards, Josera uses exclusively high-quality ingredients, building on its extensive experience. The result: highly digestible and extremely easy-to-tolerate recipes with proven and excellent acceptance. All recipes are developed and regularly tested at the in-house accredited laboratory by a team of nutrition experts.

Wide variety for cats and dogs

Every pet has its own requirements, and the varied Josera pet food selection offers the right menu for any kind of pet: from the mellow couch potato to the agile

sporty type, and from puppies to seniors. The pet food brand also provides species-appropriate food for sensitive 4-legged friends with food intolerances or allergies.

Environmental responsibility

Sustainability is extremely important for the German company, which is why making its entire production process carbon neutral was a major milestone for Josera. Their motto: avoid CO₂ wherever possible, reduce it where it cannot be avoided, and compensate for greenhouse gas emissions with other projects. To comply with this, the pet brand looks at the entire value chain of its products – from raw materials to production, packaging and delivery of the product to the customer's home. With this extended view, Josera petfood is an international pioneer in the pet industry.

There are a large number of measures on site that are helping to achieve the goal of

climate neutrality. These include state-of-the-art production facilities, regional raw materials and suppliers, electricity generation using the outstanding primary energy efficiency of the company's own power plant, and product storage in a high-bay warehouse made of regionally sourced PEFC-certified wood.

Offsetting in the forest

The Ntakata Mountains forest conservation project in Tanzania compensates for all the company's unavoidable emissions on site. This is where the brand has been actively involved for many years on behalf of the inhabitants, flora and fauna of an area comprising 216,000 hectares. ♦

Josera petfood GmbH & Co. KG
export-petfood@josera.de
josera.com



ZOOMARK
INTERNATIONAL

15 – 17 May 2023, Bologna, Italy



Zoomark 2023

Enjoy the show experience!

From 15 to 17 May 2023, the city of Bologna will host the 20th edition of the international pet industry trade show Zoomark.

ZOOMARK
INTERNATIONAL

Gathering together the world's major companies and pet business community, Zoomark is due to take place in BolognaFiere in May 2023. It is Europe's leading pet sector event and point of reference for the global pet market. During this event, industry players will have the opportunity to familiarize themselves with new trends and market scenarios, meet up and do business with new and existing industry partners.

Registration is open and many leading, international companies, from all continents, have already registered. They will soon be assigned their exhibition spaces. In July of this year, 15% more bookings were registered compared to the same period in 2019, with many exhibitors coming from new countries and markets. All the country pavilions of the past editions will come back, with the addition of some new ones!

New market opportunities

Zoomark will be a key appointment for all international pet professionals looking to expand into new, growing markets. Take, for instance, the Italian pet market: in the period from 2007 to 2021, the Italian market for dog and cat food more than doubled its turnover, from €1,163 to €2,533 million, with an average annual increase in value of +5.7%.

The accessories market also saw significant growth in the large-scale retail segment, with a turnover of €77 million in 2021, with cat litter as the fastest growing category (+5% compared to 2020).

Innovation, sustainability, social awareness and more

Zoomark 2023 will focus on innovation, sustainability as well as on environmental and social awareness in the pet industry.

Some of the most popular presentations have been confirmed, including Pet Vision – the cutting-edge take on the new products area – and the Aqua Project space. And, with many more innovation-oriented presentations, the launch of a special 'new products award' and the celebration of the 20th edition, it is not without reason that trade professionals consider Zoomark International as a critical source for doing business.

Enjoy Bologna

Zoomark is looking to increase its international appeal and the city of Bologna plays an important role. This picturesque and welcoming Italian city is small but lively. It is a place that is greatly appreciated by exhibitors and visitors from abroad, who can conveniently combine business with pleasure, enjoy culture and excellent cuisine, and profit from their business trip to visit other beautiful cities within easy reach, such as Florence and Venice. ♦

For further information:

zoomark.it

exhibitor@zoomark.it



Latin America

The pet industry in Latin America is constantly growing, so companies are looking to expand their footprint here. Learn more about the largest markets – Mexico, Brazil and Argentina – and discover the strategic plans of one of the biggest retailers in the region, Petz.

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New business opportunities in Latin America

The Latin American market is expected to reach a retail value of \$16.3 billion this year, doubling its value since 2017. How are the industry players preparing for such an increase?

Latin America has often been very much regarded as a faraway place, but in recent times more companies in the pet sector are putting it on their list of priority markets – a region where they want to expand their footprint. It is estimated that there are currently 187 million pets in Latin America, a 17% increase in the last 5 years.

Despite still being underdeveloped, compared to regions like the US or Europe, the market is slowly catching up. Industry insiders believe that in the next 2-3 years, it will be more mature and able to compete at a global level.

Industry in transition

Carlos Posadas, Vice President for Pet Solutions in LATAM at the nutrition company ADM, considers the local industry to be in a process of transition. Consumers are becoming more informed, and the internet is playing a key role as they learn more about products, formulations and the nutrients a pet needs.

The pandemic helped to boost the market and, although the economy pet food category still dominates in most countries in the region, there is

Online sales in the region increased by around 20% in the last 2 years.

also consolidation of the premiumization linked to a recent upward trend in pet expenditure.

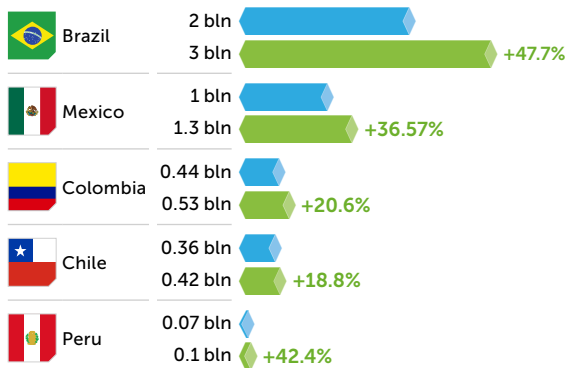
Business forecasts show 7-8% increases in the market for pet food and treats in Latin America in the next 5 years. Euromonitor International predicts that the cat food category will register the biggest yearly increase, followed by pet products and dog food.

E-commerce catch-up

While pet companies around the world are investing in further developing their online platforms, Latin American markets are still catching up. This is due to network and other technological issues that can make it difficult to connect with people, especially those living in the countryside.

Most of the sales in the region are still done through the traditional channels, but the convenience of buying

Pet industry retail volume (in tons)



Source: Euromonitor International
■ 2017
■ 2022 (projected)

from home – and in bigger quantities – is increasing the demand for this kind of service. So specialized retailers, including Amazon and big supermarket chains such as Walmart, are now offering consumers pet food and products through their web shops.

Pandemic helped here too

The pandemic has accelerated the growth of online sales in the region, which increased by around 20%. Figures from Statista show that prior to the pandemic less than 10% of Mexican retail sales took place online, but these figures have jumped to 74% since then. Argentinian online marketplace Mercado Libre had already experienced growth before the pandemic, with increased purchases of pet food through their website in 2019. 45% of the customers buying these products were millennials, and this was even higher in Mexico (52%) and Colombia (58%).

Latin American pet industry retail value (in USD)



Source: Euromonitor International

Global and local interest

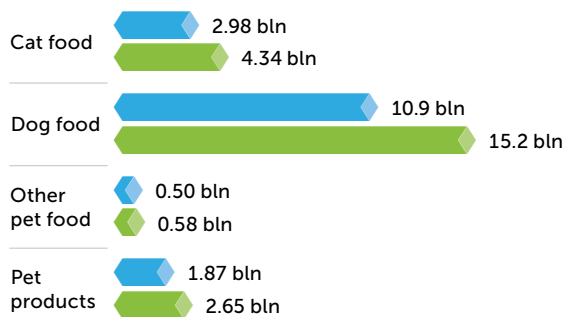
The market clearly has room for expansion, and this is seen as a perfect opportunity for companies that want to diversify their business and access new and young markets that are less saturated and still developing. “There is an opportunity for growth, and a lot of big

companies want to enter the market,” says ADM’s Carlos Posadas. ADM recently expanded its production capabilities in the Mexican state of Jalisco with a new line that will triple its pet food manufacturing capacity. This expansion will serve markets in the north of the region as well as Colombia, which is fast becoming a key market for the company.

Global ingredient manufacturer Kemin has now opened a distribution center in Guadalajara, Mexico after seeing the growth potential of the local market.

German pet manufacturer Josera has entered the Colombian market and plans to market its dry food for dogs and cats there, with plans to expand further in Mexico, Uruguay and Argentina in the near future.

Retail value Latin America (estimation, USD)



Source: Euromonitor International
■ 2022
■ 2027

In an investor seminar not long ago, Nestlé Purina said that the Latin American region has ‘an excellent future’ and it is currently working toward brand leadership in the premium dog and cat segments. The company expects to open a new facility in Argentina this year.

At the same time, local players are eyeing expansion. Earlier this year online pet store Laika, which claims to serve 300,000 active users, raised \$48 million in a funding round and plans to expand to new markets in the region, including Argentina, Peru and Ecuador. ♦



David Palacios Rubio
 Editorial Manager
 GlobalPETS



Increased product penetration in rural areas is key to industry growth

Pet food production could reach 3 million tons in the next 5 years – a 50% increase.

Mexico has seen a positive sales trend that is mainly due to a steady increase in the penetration of balanced pet food for dogs and cats. This has led to double-digit growth in volume and market value.

Pet food production was 1.4 million tons in 2021, a 6.5% increase on 2020. Market value is estimated at \$2.3 billion (+8.5%). Important gains in recent years were in wet food and the cat food market. Considering market conditions and consumer trends, animal nutrition manufacturers association CONAFAB expects similar growth over the next 4-6 years.

Maturity and growth

The industry estimates a dog population of 30 million and almost 10 million cats. A mature Mexican pet food market could be between 2.5 and 3 million tons annually, depending on the prevalence of bigger breeds, the number of pets in a household and other lifestyle-related factors.

Current market conditions indicate its growth potential. Low market penetration, such as in rural environments, is perhaps one of the most key factors for sustained growth. Another is the increased sense of responsibility for owning a pet and a stronger emotional pet-owner bond, especially in large cities, that provide market segmentation opportunities and demand for value-added products.

E-commerce for high-end products

Until 2019, online sales were less than 2% of all transactions in Mexico, but during the pandemic the online channel experienced the greatest growth.

It is not yet clear whether this marketing channel will increase enough to gain the same relevance as supermarkets and convenience stores, which have an estimated weight of 35% of the total. Remaining sales from the pet market are currently made up of the wholesale channel (30%) and direct distribution from the manufacturer to the convenience store (20%).

Low-end product segments have the biggest share of the Mexican market (50%) and this is not likely to change in traditional marketing channels in the near future. Super premium food represents 5% of the market. CONAFAB anticipates that high-end products will consolidate in the online channel and low-end products will remain in traditional channels.

Export potential

Mexican industry exports have grown exponentially, exceeding import volume for the first time in 2021. 73,716 tons of food were exported, almost 2,000 tons more than imports. In contrast, import value was \$154.7 million, almost double that of exports, as imported products are chiefly super premium.

Low-end product segments have the biggest share of the Mexican pet market.

Over the last 3 years, Mexican products have been shipped to 33 countries worldwide. This is partly thanks to 15 fair trade agreements that Mexico has signed with over 50 countries around the globe. If certain regulatory issues can be resolved, Mexico will continue to have significant export potential.

Unusual consumer trends

Market research conducted after the height of the COVID pandemic reveals interesting trends in consumer habits.

A CONAFAB study showed that, in 2021, pet owners mostly spent money on pet food (60%), followed by healthcare and vet visits (14%), grooming products (8%), and other services such as aesthetics and grooming (7%).

While family expenditure on pet care and well-being has increased, another interesting development is the

emotional bond between pet and owner strengthening to unusual levels for Mexico. And if your pet is considered a family member, you worry less about the price of meeting its needs.

Animal welfare legislation

Animal welfare is increasingly on the social, economic and political agenda, with a number of legislative initiatives to promote responsible pet ownership and pet well-being.

Currently, the industry is working on aspects relevant to the growth and development of the pet market, such as a regulatory framework, market penetration and quality guarantees. The CONAFAB division AMASCOTA, formed by dog and cat food manufacturing companies, works alongside the affiliated companies that represent almost 95% of the total market. ♦



Javier León Romero
Deputy director of CONAFAB
(Mexican National Council of Animal Nutrition
Manufacturers)
conafab.org

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Pet market skyrockets despite global headwinds

Considered one of the fast-growing markets in the Latin American region, Brazil's national pet industry grew by 27% last year. Exports are also on the rise.

The Brazilian pet market is one of the most vibrant and resilient globally. Already the 6th largest in the world in terms of revenue, it recorded a rise of 42.5% during the pandemic, jumping from R\$35.3 billion (\$6.8B) in 2019 to R\$51.7 billion (\$9.96B) in 2021.

Even with the challenges imposed by the pandemic, it is expected that the sector will grow another 22% this year. But there is no growth without difficulties, especially with the rise in production costs and the war in Ukraine.

So, in Brazil, they are used to being asked: how does the Brazilian market manage to remain so relevant and, on top of that, register growth?

Open despite COVID

Brazilians have a very close relationship with their pets and will always take care of them well, even though they often have to choose cheaper products. Moreover, the chain of production, supply and sale of products for pets is broad and widespread in the country, and it was able to remain open even during the most critical periods of COVID-19.

In 2022, the market is expected to grow by 22%.

The number of companies in the Brazilian pet sector exceeded 285,000 in 2021. 6 out of 10 are pet stores, veterinary practices and clinics, agrostores and food retail. The rest are breeders (37.8%) and around 180 legally established pet food industries (0.2%).

Businesses such as small and medium-sized pet stores continue to be the main retailing channel, representing practically half of all sales in the sector. They are followed by veterinary clinics and hospitals (18%), agrostores (9.8%), food retail (8.6%), large pet stores (8%), e-commerce (5.4%), and others such as service clubs and convenience stores (2.1%).

E-commerce has also gained traction, indicating the progressive change in the habits of pet parents. Before the pandemic, it represented only 5.4% of product purchases, but grew by 48% in isolation compared to 2020.

From Brazil to the world

Exports are increasingly relevant to the sector. According to Abinpet (Associação Brasileira da Indústria de Produtos para Animais de Estimação), they increased by 33% last year, thanks to pet food. Pet products worth \$412.5 million were exported in 2021, compared to \$310.5 million in 2020.

Instituto Pet Brasil (IPB) believes that businesses need to improve their sales. The institute provides companies in the country with international experience, through member participation in international events and business roundtables within the Pet Brasil Sector Project, in partnership with ApexBrasil (Agência Brasileira de Promoções e Exportações e Investimentos). This federal government agency works to promote Brazilian products and services abroad, and to attract foreign investment to strategic sectors of the Brazilian economy.

Pet census

The country has more than 149.6 million pets. The most recent IPB estimate is 58.1 million dogs, followed by ornamental birds (41 million) and cats (27.1 million). Ornamental fish occupy 4th place (20.8 million), and reptiles and small mammals total some 2.5 million.

From 2020 to 2021, the pet population grew by 3.6%. Cats stand out, with an increase of 6%. Dogs came in second place, up by 4%.

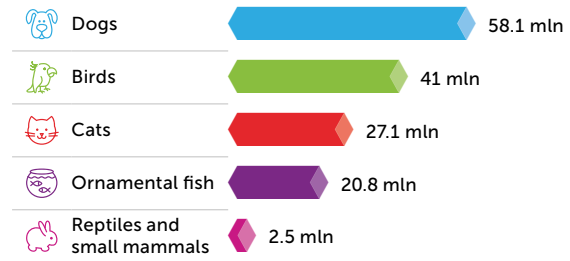
Protecting pets

Concern for the health of pets, and their quality of life, is an important part of IPB's work. Periodically, the institute does a survey on animals in conditions of vulnerability (ACVs). The research highlights the situation of pets that live with families classified below the poverty line, as well as those living on the streets but receiving care from people nearby.

Brazil had 184,960 abandoned or rescued animals in 2020. Monitoring how these animals are looked after and adopted is also a commitment of several companies in the pet sector, in partnership with NGOs present in the country and around 400 animal protection services.

Its concern for animal welfare led IPB to create one of the most relevant pet care programs in the country: the Legal Breeder campaign. This is an initiative developed

Pet population in Brazil



with other organizations in the sector. The idea is to advocate for the welfare of pets, from birth to sale or adoption, and for education on responsible pet ownership for owners and families.

IPB also recognizes that millions of pets are legally bred each year, by breeders that help educate families about responsible pet ownership. So the campaign also highlights good practices in pet care, for both pure-bred and cross-bred animals. Mistreatment is born out of the illegality of the parallel market.

Professionalizing the sector

In May, IPB promoted a double round of business roundtables, with companies from Argentina. The roundtable calendar also includes discussions with Chile, Colombia, Peru, China and the United Arab Emirates this year.

IPB has also developed the PDI Pet, an exclusive platform to help Brazilian companies become competitive. It enables them to meet the needs of the most demanding markets, whether in Brazil or abroad. This works with 3 pillars: training, recycling and continuous improvement. Participants have access to market data, performance monitoring, and marketing guidance.

All these activities are part of the Instituto Pet Brasil mission, which was born in 2013 to stimulate the development of the pet sector. IPB believes in a professionalized sector that strengthens the relationship between humans and pets. And this has proven beneficial for the health and well-being of both. ♦



Nelo Marraccini
Chairman of the Advisory Board
of Instituto Pet Brasil (IPB)
institutopetbrasil.com



Petz: bright future in a market full of opportunities

The major pet retailer in Brazil, one of the biggest in Latin America, believes in expansion and digitalization as the recipe for success.

Despite the negative financial impact of the pandemic, the Brazilian pet market proved to be resilient. Never before have Brazilians spent as much on their pets as during the past 2 years.

Creating momentum

The pet ownership trend is impacting the local industry, creating real momentum. Brazil's leading retailer Petz, headquartered in São Paulo, posted a profit of R\$91.6 million (\$17.3M) in 2021, a 23% growth against 2020. In September 2020, it joined the Brazilian Stock Exchange with an initial public offering (IPO) of R\$3 billion (\$570M). The company is currently worth R\$6.6 billion (\$1.25B).

Sergio Zimmerman, CEO and founder of Petz

"We want to be recognized as the best pet ecosystem worldwide by 2025."

Accelerating the pace

A while ago, the pet market was a novelty for Sergio Zimmerman. In 2002, when his food and perfumery distributor went bankrupt, he got to know the sector by visiting a store belonging to now-competitor Cobasi. His initial thoughts were to become a franchisee, but today he dominates the Brazilian pet market with his own company.

In an exclusive interview with PETS International, Zimmerman shows that Petz never tires of accelerating the pace and puts the focus on its omnichannel strategy. Of every 10 sales made through the Petz website or app, 8 are delivered using the click-and-collect system.

How does Petz trade in different channels?

The Brazilian market is changing from offline to online and the customer is now looking for a different retailing experience. Until 2015, the pet industry in Brazil was

basically formed by physical stores and dominated by small pet stores. 7 years ago, we started creating an infrastructure for an online platform integrated with offline, and we're now a truly cross-channel company.

In 2021 you opened 42 new stores. And you are increasing the numbers...

We currently have 185 stores across 20 Brazilian states and we plan to end 2022 with 50 more. Petz will then be present in 22 of the 27 Brazilian states. In the coming years, we want to expand in the 5 remaining states and continue to open new stores in small and mid-size cities. Each of the new stores will also be a point of digital distribution as part of our omnichannel strategy. Every time we open a new store, our online sales multiply by an average of 6.

How are online sales performing?

In the first few months of 2020, online sales jumped from 7% to 25%. We estimated that the online channel would go back to an average of 18-20% of our business after the pandemic, but the opposite has happened. Currently, about a third of our sales are online, and almost 90% are distributed by our stores. This makes Petz the best omnichannel case in the world within the pet segment.

Will online replace offline anytime soon?

I see both channels as complementary to each other. Having a pet store in your neighborhood, and walking just a couple of blocks to make your purchase, is complemented by an app. You can order anything, and in a couple of hours, you have it at your home. But online cannot replace the experience of a physical store, especially for grooming and veterinary services. The consumer also likes to take their pet to the store and socialize. The future for us is both opening new stores and investing even more in digital.

What makes Brazilian pet stores different from those in the rest of the world?

European countries, with the exception of Germany, are dominated by small pet stores. When we look at the US, we see megastores but online sales are not integrated. We had the advantage of entering this market later and were able to design a process of integration between offline and online. The size of our stores has been expanding to 800 sqm, which is practically half of the average in the US.

"We believe there's a lot of room for growth in Brazil."

And your goal is to increase the services you offer in the store even more...

We have the vision of Petz being recognized worldwide as the best pet ecosystem by 2025. We already have our veterinary services as well as an aesthetic center, but there are a number of services that we don't have yet. Our goal is to go further and offer a total experience to pet parents from a single platform – from hotel, daycare, dog walker to training – in all stages of the pet's life.

Earlier this year you acquired e-commerce platform Zee.Dog and dog pad manufacturer Petix. Are you satisfied with how that's going?

Since it was officially announced in January, we've been doing an extremely interesting job of integration and reciprocal learning, especially in developing new products and new business opportunities. We'll see the outcome in the second half of 2022 and the first half of 2023. The merger with Petix took place in July and it will be integrated into our structure this third quarter of 2022.

Are you planning any further acquisitions?

Yes, because we believe there's a lot of room for growth in Brazil. We are focusing on expanding more during the next 3-4 years. Zee.Dog and Petix already have an international presence and that makes us aware of opportunities to test our business in other parts of the world.

How is inflationary pressure impacting your business?

Non-essential products, which represent around 20% of our sales, are being hit the hardest. Pet owners are changing their pet's clothes, collars and toys less frequently to compensate for the food price increases. In normal times, we managed to migrate many consumers from mainstream to premium products, and this is now more difficult. But the customer who already spent more before will rarely spend less now. ♦



Edgar Maciel
PETS International Contributor



Country report: **Argentina**

A developing market with some challenges ahead

Import tax burdens and low penetration of online sales prevent the market from being competitive on the international scene.

In the past 10 years, the Argentinian market experienced a yearly growth of 3% and it looks like that is set to continue. The overall Argentinian pet market is currently estimated at \$1 billion. Last year, the country produced 764,000 tons of pet food, mostly economy products (40%), followed by premium (27%) and super premium (18%). About 18% of the production in 2021 (139,000 tons) was for export. In the first 4 months of 2022, Argentinian pet food producers had exported 40,000 tons.

There are at least 40 pet food manufacturers in the country, mainly concentrated in 3 states (Buenos Aires, Cordoba and Santa Fe) – areas where the most corn and other grains are grown. 70% of the producers are big corporations, while the rest are local small and medium-sized companies.

Import is growing too, as consumers are keen to use more specialized food not produced locally.

Wet food is the future

During the pandemic, pet adoptions increased by about 200%. 86% of the households in Argentina now have

at least one pet, mostly a dog or cat. CAENA estimates a total of 17 million dogs and 11 million cats in the country, but only 33% of the calories they consume come from pet food. In Argentina, most pets are fed with leftovers.

In the future, the industry will focus on local growth – mainly wet food – and international trade. Argentinian pet food producers have a lot to offer: good quality products and competitive pricing.

Offline versus online

The Argentinian pet food market is predominantly offline, with pet stores (39%) representing most of the sales. Animal feed or rural stores account for another 37%, and supermarkets for 11%.

As yet, there is no data for online sales, but they have certainly increased considerably in the last few years and now probably represent almost 7% of the total market. Numbers are still low compared with other markets, mainly because of logistics, a lack of businesses' digital development, and connectivity problems – especially in the interior of the country.

E-commerce represents about 7% of pet food sales.

Taxation

The industry's main challenges are local regulations, local taxes, export taxes, and a lack of incentives for Argentinian companies to export their products.

In Argentina, there is government tax retention of an average of 5% from the FOB (Free On Board) price. In addition, there are no incentives for the industry – such as tax cuts or special credits – and many requirements for imports. This prevents the industry from being able to compete in good conditions on the demanding international scene.

Support for the sector

CAENA represents 140 companies, 40 of them pet nutrition businesses accounting for 85% of the national market volume. It is a member of Feed Latina (which consists of all the animal nutrition associations and regulators from the Latin American region) and of GAPFA (Global Alliance Pet Food Association). Every 2 years it organizes a nutrition conference. In 2021, the conference theme was sustainability. Currently, CAENA is working on a program related to that, and the first step is measuring the carbon footprint of its member companies. Another activity is setting up packaging recycling awareness programs.

Actively working to support its member companies, CAENA advocates for fewer regulations and more commercial facilities that would allow pet food companies to increase their business. CAENA is also involved in education, currently focusing on a foreign trade program to motivate companies to get involved in more export and to participate in international events to present Argentinian products to the world. Other education activities involve good manufacturing practice (GMP) and hazard programs.

CAENA hopes to offer even more benefits to its members in the future that will make a big impact in their daily lives. ♦



Francisco Schang
Director of CAENA
(Argentinian Chamber of Animal
Nutrition Companies)
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