



Agriculture and
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Consumer Trends

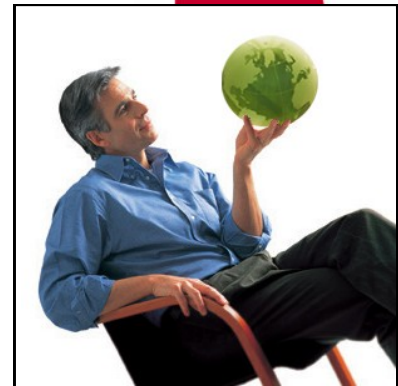
Pet Food in Italy



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Consumer Trends Pet Food in Italy

▶ EXECUTIVE SUMMARY



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Italy has the seventh-largest economy in the world and the fourth-largest in Europe. It could also potentially be a very rewarding market for Canadian pet food producers.

Italy boasts the fifth-largest pet population in Europe, with over 60 million pets in 2010. According to the United States Department of Agriculture (USDA), six out of ten Italian families own a pet, while 40% of Italians either own a dog or cat. Nonetheless, Italy spends far less on pets than other developed countries. In fact, Italy is amongst the bottom four in terms of expenditure per pet in the developed world, ahead of only the United Kingdom, Taiwan and the Netherlands. However, its retail market value for pet food (US\$2.5 billion) is in the top six and is forecast to remain there until 2015.

In 2009, the Italian Gross Domestic Product (GDP) decreased by 5.2%. Consequently, more Italian pet owners became price-sensitive and purchased economy brands, which are seen as good quality for a low price. Interestingly, premium and super-premium pet food sales are also rising because of the perception that they are generally healthier and very high in quality. This trend has undermined sales of mid-priced products, as they are not perceived to offer low prices or high quality.

Although the market value for Italian pet food is expected to increase, volume is going to see a decrease. The catalyst for this development is increasing unit prices due to the high polarization in the Italian pet food market.

Due to high unemployment rates in urban centres, more people are flocking to the countryside. As such, there has been an increase in large-sized dogs in Italy. The market is already seizing this added opportunity with manufacturers offering specialized products for large-sized dogs.

The role of pets has changed drastically over the years. Traditionally, pets were considered just animals, but more recently, they are treated as extensions of the family. This is due to the aging population and low birth rates in Italy; pets are now being viewed as companions and friends. Generally, pets were fed homemade food scraps but due to these changing perceptions, the trend for prepared packaged food has grown.

¹Unless otherwise noted, all figures in this report are listed in US dollars.

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▶ DID YOU KNOW?

▶ Italy has the fifth-highest average unit price for pet food in the developed world, at \$5.3 per kg. In fact, Italy is forecast to have the third-highest unit price in the world by 2015, reaching \$6.3 per kg.

Source: Euromonitor International

▶ CONSUMER TRENDS



- ▶ In recent years, there has been a shift towards prepared pet food. Only 58% of dog food and 66% of cat food purchased in 2010 was prepared, which is still considerably lower than neighboring countries. However, by 2015, prepared dog food is expected to reach 67% of total consumption, and around 78% for cat food. This is largely due to Italian pet owners becoming more conscious of nutritionally-balanced diets for their pets' welfare.
- ▶ Pets are increasingly considered as part of the family. This "humanization" of pets has resulted in more diversified and specialized products and more pets are being fed premium foods. As such, demand for "life-stage-specific, breed-specific, organic, natural, raw-frozen, and human-grade, super-premium dog and cat foods" has been on the rise. This "premiumization" is also linked to vets correlating additive-heavy diets to bad behavior, and the development of allergic intolerances amongst pets.
- ▶ The trend toward premium foods is generally seen amongst northern Italian consumers. In the south, price-sensitivity is very high. Euromonitor predicts that consumers seeking economy products will increasingly choose private label, to the detriment of branded goods within the same price range.
- ▶ Major multinationals will continue to control the top position in the pet food market, but Euromonitor predicts that a domestic "made in Italy" approach will likely be rewarded. However, both multinationals and local companies are increasing their research and development (R&D) to provide more specialized products that accommodate the varying demands of pet owners. In particular, they will continue to encourage consumers to purchase packaged food and consumers are expected to respond considerably by 2015.

▶ RETAIL TRENDS

- ▶ Specialist channels like pet shops and pet superstores have seen an increase in share, mainly due to an increasing consumer appreciation for super-premium products, which are often only available through these channels. In fact, pet shops (17.7%) and pet superstores (8.1%) together own almost 26% of the market. Another reason for the rise of non-grocery specialist channels is their "commitment to make purchasing a more rewarding experience." In essence, they provide consumers with advice on the nutritional benefits of products, suggest foods for specific breeds or pet needs, and so on.
- ▶ Italy is a highly fragmented market due to its wealth disparities in the north (wealthier) and south. The top five grocery retailers only account for one-third of the market, with the largest share going to Coop Italia (7.26% and 1348 outlets). This is the lowest level of concentration in the E.U. In the south, there remains a myriad of small outlets due to its less affluent nature. Thus, price is more of a determining factor in the south than in the north.
- ▶ Average unit prices for pet foods are forecast to swell from \$5.3 per kg in 2010 to \$6.3 per kg in 2015, marking the second highest increase in the developed world. The only country that is expected to see a higher increase in unit prices is Norway, up from \$7.0 per kg in 2010 to \$9.9 per kg in 2015. This hike is the effect of the polarization of the Italian pet food market. That is, Italian pet food consumers predominantly purchase either premium products or economy labels. Both domestic and multinational companies contribute to and continue to take advantage of the significant polarization.
- ▶ In 2009, private label products increased their market size to reach 10% of retail sales in current value terms. This is the result of manufacturers' and retailers' ability to diversify their product ranges. While the Italian economy is set to recover, private economy brands are increasingly perceived to have similar quality to branded foods.
- ▶ The top three distribution channels for pet food in terms of percent of total market share are supermarkets/hypermarkets (53.4%), pet shops (17.7%), and pet superstores (8.1%).
- ▶ The top brands in 2009 were Friskies (Nestlé), Hill's Prescription Diet (Colgate-Palmolive), Eukanuba (Proctor and Gamble Co.), and Gourmet (Nestlé).

Italy - Sales of Pet Food by Distribution
Format: % Analysis 2010

Retail Venue	Pet Food
Supermarkets/Hypermarkets	53.4
Discounters	4.6
Other Grocery Retailers	5.7
Pet superstores	8.1
Pet shops	17.7
Other Non-Grocery Retailers	8.5

Source: Euromonitor International

Italy - Sales of Dog and Cat Food by Distribution
Format: % Analysis 2010

Retail Venue	Cat Food	Dog Food
Supermarkets/Hypermarkets	63	53.5
Discounters	5	5.2
Other Grocery Retailers	9.1	2.9
Pet superstores	5.9	9.8
Pet shops	12.6	20.7
Other Non-Grocery Retailers	3.6	6.7

Source: Euromonitor International

▶ MARKET DATA



- ▶ Although there have been marginal changes, the overall pet population has remained constant (hovering around 60 million since 2006). The dog and cat populations have also remained relatively stable, experiencing very marginal annual decreases since 2005. The pets with the highest population in Italy are fish (29.9 million), followed by birds (12.9 million), cats (7.4 million), and finally, dogs (7 million).
- ▶ The overall market for pet food is forecast to increase in value from \$2.5 billion in 2010 to \$2.7 billion in 2015. It is also expected to record a compound annual growth rate (CAGR) of 1.3% in the same time period.

Italy Pet Food Market- US millions

Item	2005	2006	2007	2008	2009	2010
Dog and Cat Food	1,845.8	1,919.0	1,995.7	2,084.3	2,153.7	2,226.7
Other Pet Food	236.8	248.3	255.0	261.5	267.5	271.7
Total Pet Food	2,082.7	2,167.3	2,250.8	2,345.8	2,421.2	2,498.4

Source: Euromonitor International

- ▶ According to Euromonitor, the distinguishing and most attractive characteristic of the Italian pet food market is the relatively low level of prepared food consumption in comparison with other European countries. Prepared cat food is expected to see a 12% increase in cat food share while prepared dog food is forecast to experience a 9% growth in dog food share. This expanding market presents opportunities for Canadian pet food exporters.
- ▶ The overall pet food market in Italy is expected to experience an annual growth rate of 3% in terms of value, until 2015. This is on par with the E.U average.
- ▶ The leading factor in this value growth is the rising pet humanization trend, which has lead to the premiumization of pet food in Italy.
- ▶ The most popular packaging for both dog and cat food is metal cans (400 g size), followed by aluminum trays (100 g size), aluminum/plastic pouches (85 g size), and flexible plastic (300 g size).

▶ COMPETITION

- ▶ According to the Global Trade Atlas, in value terms, the top dog and cat food suppliers to Italy in 2010 were France with \$178.5 million, Germany (\$71.5 million), Thailand (\$63.3 million), Austria (\$41.6 million) and Denmark (\$39.1 million). Total Italian pet food imports in 2010 were valued at \$535.7 million.

- ▶ In value terms, Canada was Italy's seventeenth-largest exporter of dog and cat food in 2010 with \$3.4 million, a 44% increase over the previous year. However, Canada's share of the market increased from only 0.45% in 2009, to 0.64% in 2010.

Italian Import Statistics from World - Top 10 Suppliers of Dog and Cat Food Put up for Retail Sale by Volume (Tonnes)

	2005	2006	2007	2008	2009	2010
World	283,905	299,406	282,871	296,336	293,112	311,649
France	125,986	123,404	106,913	114,527	110,598	112,825
Germany	26,692	30,525	34,656	33,647	40,011	41,986
Denmark	23,981	25,798	22,840	24,701	25,653	28,123
Austria	18,457	18,389	23,884	28,025	25,265	27,332
Hungary	12,192	12,911	10,052	12,223	12,490	16,805
Thailand	6,881	9,227	10,987	12,374	13,472	16,156
Spain	13,019	18,875	15,682	11,133	9,791	15,760
United Kingdom	11,679	12,212	12,741	17,961	19,692	14,943
Belgium	14,149	21,064	18,122	18,052	16,363	11,872
Czech Republic	1	19	7	466	359	5,414
Canada (16)	401	500	492	641	853	1168

Source: Global Trade Atlas, 2011



Brand Shares: Italian Pet Food Industry - Brand Shares (by Global Brand Name) - Retail Sales - %

Brand	Company (Global Brand Name)	2005	2006	2007	2008	2009
Friskies	Nestlé SA	11.5	11.4	11.2	10.9	10.6
Hill's Prescription Diet	Colgate-Palmolive Co	5.8	6.2	6.3	6.3	6.7
Eukanuba	Procter & Gamble Co, The	6	6.1	6.3	6.5	6.6
Gourmet	Nestlé SA	5.2	5.2	5.3	5.3	5.6
Pedigree	Mars Inc	3.6	3.4	3.4	3.4	3.4
Perfect Fit	Mars Inc	3	3.1	3.2	3.3	3.3
Sheba	Mars Inc	3.3	3.3	3.3	3.2	3.3
Iams	Procter & Gamble Co, The	2.9	2.9	2.9	3	2.9
Hill's Science Diet	Colgate-Palmolive Co	2.7	2.8	2.9	3	2.9
Royal Canin	Mars Inc	2.6	2.7	2.8	2.9	2.9
Petreet	Palmera SpA	2.9	2.8	2.8	2.8	2.8
Pro Plan	Nestlé SA	2	2.2	2.2	2.3	2.3
Kitekat	Mars Inc	3.1	2.9	2.6	2.4	2.2
Vitakraft	Vitakraft-Werke Wührmann & Sohn	1.8	1.8	1.9	2	2.2
Purina ONE	Nestlé SA	1.8	2	2.1	2.2	2.2
Tetra	Spectrum Brands Inc	2.2	2.1	2.1	2.2	2.2
Sera	Sera GmbH	1.8	1.8	1.9	1.9	1.9
Cesar	Mars Inc	1.4	1.4	1.4	1.4	1.5
Purina	Nestlé SA	0.9	1	1.1	1.2	1.4
Felix	Nestlé SA	2	1.7	1.5	1.4	1.3
Whiskas	Mars Inc	1.8	1.6	1.4	1.3	1.1
Affinity Ultima	Agrolimen SA	1	1	1	1	1.1
Chappi	Mars Inc	1.2	1.1	1.1	1.1	1.1
Choice	Mars Inc	-	-	1.1	1	1
Affinity Dog Chow	Agrolimen SA	1.1	1.1	1.1	1	1
Gran Bontà	Monge & C Srl	1.2	1.1	0.9	0.9	0.8
Miglior Cane	Morando SpA	1	0.9	0.9	0.8	0.8
Affinity Cat Chow	Agrolimen SA	0.6	0.6	0.6	0.6	0.6
Miglior Gatto	Morando SpA	0.9	0.8	0.7	0.6	0.6
Crancy	Giuntini SpA	0.6	0.6	0.6	0.6	0.6
Affinity Advance	Agrolimen SA	0.5	0.5	0.5	0.5	0.5
Fido	Nestlé SA	0.7	0.6	0.5	0.5	0.4
Hill's	Colgate-Palmolive Co	0.2	0.2	0.3	0.3	0.3
Frolic	Mars Inc	0.4	0.4	0.4	0.3	0.3
Nature's Best	Colgate-Palmolive Co	-	0.1	0.1	0.2	0.2
Mini Menu	Nestlé SA	0.1	0.1	0.1	0.1	0.1
Beneful	Nestlé SA	0.1	0.1	0.1	0.1	0.1
Vital Balance	Nestlé SA	0.1	0.1	0	0	0.1
Private label	Private Label	8.9	9.1	9.3	9.4	9.5
Others	Others	12.2	12.2	11.8	12.1	11.6
Total	Total	100	100	100	100	100

Source: Euromonitor International

▶ WHOLESALERS/DISTRIBUTION IMPORTERS



- ▶ Before Canadian industries can export to Italy, they have to ensure that they comply with E.U. labelling criteria regarding type of feed, name of business, batch or reference number, net quantity, composition, certification, claims and moisture content. In addition, the label must include information such as origin, identity, quality, and conservation of the product. More detailed information on these labelling regulations can be found in [Regulation 767/2009](#), a harmonized labelling system enacted by the European parliament as of September 1, 2010. This Regulation sets out both general and specific guidelines for the marketing of feed and pet food, and will come into full effect as of September 1, 2011, having allowed manufacturers a one-year transition period. Pet food that is packaged and labelled according to the previous legislation may enter the Italian market until August 31, 2011, and may continue to be sold after September 1, 2011 until existing stocks are depleted (more information on the transition period can be found in [Regulation 454/2010](#)). Any pet food products entering the market as of September 1, 2011 will have to be in accordance with the new Regulation.
- ▶ All animal products, such as pet food, are subject to rigorous and systemic checks before being distributed into the E.U. market. For example, pet food must come from E.U. approved factories in France.
- ▶ Exporting pet food to the E.U. is difficult because of complex import requirements; only certain ingredients from certain approved suppliers can be used. The approval process is time consuming and the importer has to ensure the producer is on the required list (USDA-FAS GAIN Report, IT1021). However, the benefits to Canadian exporters could be high due to the significant growth predicted in the Italian pet food market.
- ▶ According to Planet Retail, almost every player in Italy is associated with a purchasing group. As a result of the highly fragmented market, buying groups are numerous in Italy, with two-thirds of the grocery market in the hands of such organizations. The largest one is a co-operation of Bennet, Lombardini, Pam, Auchan and Sun. Wholesale is in the hands of small domestic players. However, a key player is Metro - a German-based cash and carry operation.



Source: Shutterstock

There are over 60 pet food suppliers in Italy. Below are some of the important ones (in alphabetical order):

- Agri 90 Srl, phone: +39-0693-543355 - import, export, production and distribution of pet food/product
- Cerere Spa , phone: +39-017-367271 - import, export, production and distribution of pet food
- Cofarm Srl, phone: +0039-0184-532703 - Distribution of pet medicine
- Cofrimar, phone: +39-532-800081 - production and distribution of pet food/products
- Con. Ag. It. Scarl, phone: +39-075-851781 - import, export, production and distribution of pet food/product
- Diusa Pet Srl, phone: +39-0382-947500 - import, export, production and distribution of pet food/product
- Dott. Formenti Spa, phone: +39-0243-319438 - import, export, production and distribution of pet food
- E.C.B. Spa, phone: +39-0363-303848 - import, export, production and distribution of pet food/products
- Effeffe Pet Food Spa - +39-0382-788275 - import, export, production and distribution of pet food/products
- Euro-gel Spa, phone: +39-057-783151 - import, export, production and distribution of pet foods
- Friskies Italia Spa: phone: +39-800-749400 - import, export, production and distribution of pet foods
- Germa Spa: phone: +39-0266-301938 - import, export, production and distribution of pet foods
- Giuntine Conagit Sr: phone: +39-75-851781 - import, export, production and distribution of pet foods
- Morando Spa: phone: +39-0119-433311 - import, export, production and distribution of pet foods
- Nuova Fattoria Srl, phone: +39-0309-032308 - import, export, production and distribution of pet food/product
- V.B.B. Snc Di Roscini Guido & C, phone: +39-075-985151 - import, export, production and distribution of pet food/product



▶ PRODUCT DEVELOPMENTS

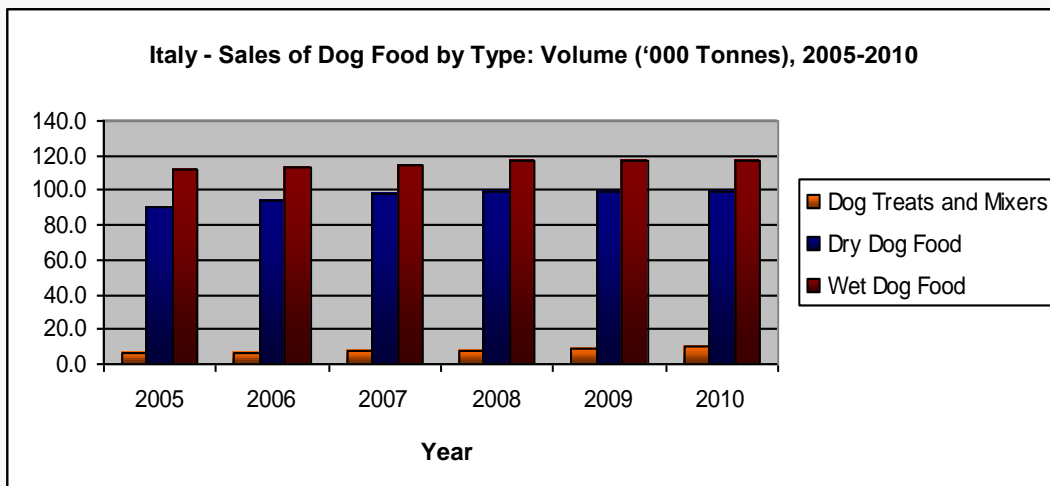
- ▶ According to data from Mintel, the overall trend in new pet food product introductions seems to be consumers demanding specific foods, for targeted needs and particular breeds. For instance, claims of convenience, and suitability-for-only-certain-pets rose from 2009 to 2010. Natural pet foods had a phenomenal growth from 2007 to 2008, but dropped slightly in 2009, before falling significantly in 2010. In 2009, 127 new products claimed to be natural, but in 2010, this figure dropped to only 58. The overall health of their pets seems to be one of the most important factors pet owners consider when purchasing pet food products.
- ▶ Segmentation of the 196 new pet food products launched in 2010 supports the trend towards healthier, premium and functional foods, with the most popular claim of “vitamin/mineral fortified” in 63 of these new products. The next most popular claims were “premium” and “aids digestion and urinary tract,” each occurring on 53 new products. This was followed by “no additives/preservatives” with 51 occurrences. All of these increases evidence the premiumization, humanization, prepared food and convenience trends that are growing in Italy.
- ▶ A breakdown of the 2010 new products launches by sub-category shows that wet cat food had the most launches, with 58. This was followed by dry dog food with 40 new products, dog snacks and treats with 32, dry cat food with 29, wet dog food with 27, and cat snacks and treats with 10.

▶ DOG FOOD

- ▶ About 21% of Italian households owned a dog in 2010, a number which has remained relatively unchanged over the past five years. The total dog population has also remained relatively stable at about 7 million since 2005.
- ▶ In 2010, dog food registered a growth of 4% in current value terms, to reach \$1.005 billion. Volume, however, remained stable at just over 225 thousand tonnes, due to polarization in the market.
- ▶ According to Euromonitor, one of the key drivers for the dog food market will be the launch of innovative products, such as dietetic food for specific dog pathologies. This will result in better overall performance brought on by premium and super-premium segments in both dry and wet dog food, because they are being promoted through a wave of innovations.
- ▶ The characterizing element of the Italian dog food market is its significant polarization. Dog owners either purchase specialized high-end products, which offer high added value in terms of both innovation and services, or economy products (mostly private label) which provide “acceptable quality at a reasonable price.”
- ▶ Consumers are increasingly giving preference to dry foods. This is due to the convenience factor related to dry foods, which are easier to divide than wet food. Dry food increased from \$498.7 million to \$518.8 million in value terms. Despite the resurgence of dry foods, wet food maintained its growth in 2010.
- ▶ When taking a look at value growth percentages between 2005 to 2010, dog treats/mixers grew by a CAGR of 14.3%, followed by 4.2% for dry dog food and 2.1% for wet dog food.
- ▶ In 2009, 57.1% of dog food consumed was prepared. By 2010, it increased slightly to reach 57.7%.



Source: Shutterstock



Source: Euromonitor International

Italy - Sales of Dog Food by Type: Value 2005-2010 - US millions

	2005	2006	2007	2008	2009	2010
Dog Treats and Mixers	69.0	78.6	91.1	105.1	119.5	134.8
Dry Dog Food	421.4	450.1	478.4	491.1	498.7	518.8
Wet Dog Food	316.6	322.7	328.9	339.5	345.6	352.0
Dog Food Total	806.9	851.6	898.4	935.7	963.8	1,005.6

Source: Euromonitor International

Italy - Dog Food by Price Band 2009

Sector	Item	Price range per kg (USD)
Wet Dog Food	Premium	Above 8.39
	Standard	Between 2.38 and 8.39
	Economy	Below 2.38
Dry Dog Food	Premium	Above 6.29
	Standard	Between 1.40 and 6.29
	Economy	Below 1.40

Source: Euromonitor International



COMPETITION



Italy - Top Dog Food Brand Shares 2006 - 2009 - % Retail Sales

Brand	Company	2006	2007	2008	2009
Eukanuba	Wonderfood SpA	11.2	11.7	12	12.4
Pedigree	Mars Italia SpA	-	7.7	7.6	7.7
Friskies	Nestlé Purina Pet Care	8.1	7.9	7.7	7.7
Hill's Prescription	Hill's Pet Nutrition SpA	6.1	6.3	6.2	6.3
Hill's Science Plan	Hill's Pet Nutrition SpA	4.3	4.5	4.5	4.4
Perfect Fit	Mars Italia SpA	-	4.2	4.2	4.3
Royal Canin	Royal Canin Italia Srl	3.9	4	4	4
Cesar	Mars Italia SpA	-	3.5	3.5	3.6
Purina	Nestlé Purina Pet Care	2.5	2.7	3	3.4
Pro Plan	Nestlé Purina Pet Care	2.9	3	3	3
Purina ONE	Nestlé Purina Pet Care	2.7	3	3	3
Coop	Coop Italia scarl	2.7	2.7	2.7	2.8
Chappi	Mars Italia SpA	-	2.6	2.6	2.6
Affinity Dog Chow	Affinity Petcare Italia	2.8	2.7	2.5	2.4
Miglior Cane	Morando SpA	2.3	2.1	2	1.9
Other Private Label		8.1	8.2	8	7.6
Others		13.2	12.3	12.7	12.4

Source: Euromonitor International

Italy - Dog Treats Brand Shares 2006 - 2009 - % Retail Sales

Brand	Company	2006	2007	2008	2009
Friskies	Nestlé Purina Pet Care	30.8	30.9	30.9	30.3
	Italia SpA				
Pedigree	Mars Italia SpA	-	25.5	25.5	25
Purina	Nestlé Purina Pet Care	15	15.3	15.3	15.8
	Italia SpA				
Eukanuba	Wonderfood SpA	13.6	13.4	13.4	13.3
Hill's	Hill's Pet Nutrition SpA	6.7	6.8	6.9	6.8
Vitakraft	Vitakraft Italia Spa	3.9	4.1	4.2	4.5
Pedigree	Masterfoods Italia SpA	25.8	-	-	-
Friskies	Nestlé Italiana SpA	-	-	-	-
Purina	Ralston Purina Italia SpA	-	-	-	-
Others		4.2	4	3.8	4.3
Total		100	100	100	100

Source: Euromonitor International



FORECAST SALES OF DOG FOOD

Italy - Forecast Sales of Dog Food by Type: Value 2011-2015 - US millions

	2011	2012	2013	2014	2015
Dog Treats and Mixers	144.9	153.9	163.1	171.2	181.3
Dry Dog Food	524.1	531.5	540.9	548.0	555.8
Wet Dog Food	351.5	352.0	354.0	357.5	358.4
Total Dog Food	1,020.4	1,037.5	1,058.0	1,076.6	1,095.5

Source: Euromonitor International

Italy - Forecast Sales of Dog Food by Type: % Constant Value Growth 2010-15

	2010-15 CAGR	2010/15 TOTAL
Dog Treats and Mixers	6.1	34.6
Dry Dog Food	1.4	7.1
Wet Dog Food	0.4	1.8
Dog Food	1.7	8.9

Source: Euromonitor International



Source: Shutterstock

Italy - Forecast Sales of Dog Food by Type: Volume 2011-2015 - '000 Tonnes

	2011	2012	2013	2014	2015
Dog Treats and Mixers	10.3	10.6	11.1	11.4	11.9
Dry Dog Food	98.2	98.0	98.3	98.4	98.8
Wet Dog Food	115.4	114.3	113.9	114.1	114.1
Total Dog Food	223.8	223.0	223.3	223.7	224.7

Source: Euromonitor International

Italy - Forecast Sales of Dog Food by Type: % Volume Growth 2010-2015

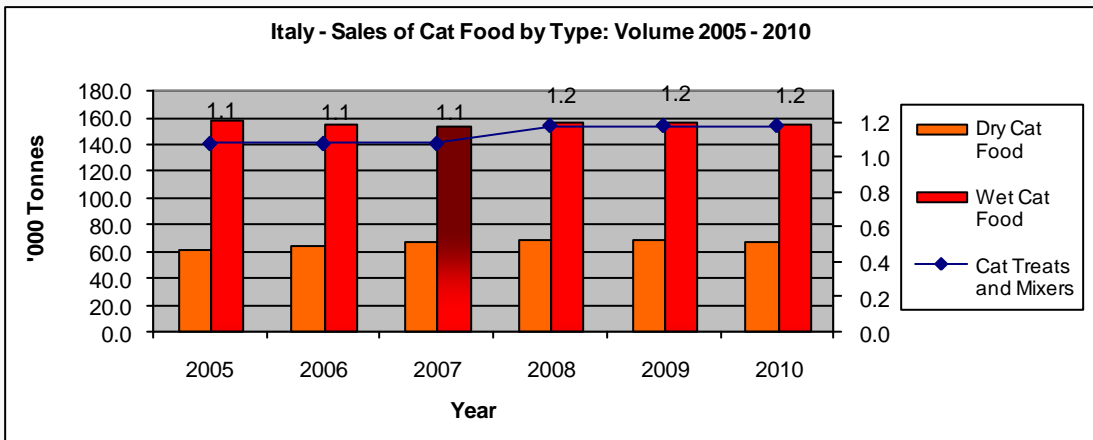
	2010-15 CAGR	2010/15 TOTAL
Dog Treats and Mixers	4	21.8
Dry Dog Food	-0.1	-0.3
Wet Dog Food	-0.4	-2.1
Dog Food	-0.1	-0.3

Source: Euromonitor International

▶ CAT FOOD



- ▶ As of 2010, 19.9% of Italian households owned a cat, a percentage that has remained unchanged since 2005. The total Italian cat population was 7.4 million in 2010, also staying relatively stable over the past five years.
- ▶ Cat food registered a value sales growth of 3% to reach approximately \$1.18 billion in 2010.
- ▶ In 2010, Italian cat owners purchased prepared cat food over non-prepared 65% of the time. Euromonitor predicts this number will keep rising because Italians are increasingly noticing that prepared food is more convenient, easier to store, and in most cases, healthier for their pets. In fact, the most important factor contributing to the sales growth of cat food overall is owners giving preference to prepared food.
- ▶ Consumers are demanding healthy, specific and innovative products that are high in nutritious ingredients. Italian consumers are also looking to protect their pets against illness and disease, the cures for which would generally cost more than the regular purchase of these high quality products.
- ▶ Cat treats and mixers, with a CAGR of 4.0% between 2005 to 2010, had the highest volume growth in the cat food industry in Italy. Following behind is dry cat food with a CAGR of 2.1% over the same time period. Wet food actually had a negative CAGR of - 0.3%.
- ▶ Turning to value growth percentages, cat treats and mixers saw a CAGR of 6.2%, followed by 5.3% for dry cat food, and 2.4% for wet cat food between 2005 and 2010.
- ▶ Nestlé Purina Petcare Italia SpA is the leader in cat food sales with a market share of almost 29%. It is followed by Mars Italia with 17.1% and Hills Pet Nutrition SpA at 11.1%. The three combined control close to 60% of Italy's cat food value share.
- ▶ Brand loyalty is very high in cat owners, with 80% always buying the same brand. This is largely due to cats' selective eating habits.
- ▶ As is the case in the dog food sector, cat food is seeing an increasing polarization in sales, with growth in both premium/ super-premium and economy segments.



Source: Euromonitor International

Italy - Sales of Cat Food by Type: Value 2005-2010 - US millions

	2005	2006	2007	2008	2009	2010
Cat Treats and Mixers	3.6	3.9	4.1	5.9	4.8	5.0
Dry Cat Food	292.4	312.2	330.8	351.5	365.7	378.0
Wet Cat Food	707.0	714.1	723.7	752.3	777.8	794.9
Cat Food Total	1,003.0	1,030.3	1,058.6	1,108.2	1,148.1	1,178.0

Source: Euromonitor International



Italy - Cat Food by Price Band 2009

Sector	Type	Price Range per kg (USD)
Wet Cat Food	Premium	Above 9.08
	Standard	Between 2.24 and 9.08
	Economy	Below 2.24
Dry Cat Food	Premium	Above 6.99
	Standard	Between 2.80 and 6.99
	Economy	Below 2.80

Source: Euromonitor International



Source: Shutterstock

COMPETITION

Italy - Cat Food Brand Shares 2006 - 2009 - % Retail Value RSP

Brand	Company	2006	2007	2008	2009
Gourmet	Nestlé Purina Pet Care	10.7	11	11.1	11.5
Friskies	Nestlé Purina Pet Care	9.6	9.5	9	8.6
Hill's Prescription	Hill's Pet Nutrition SpA	7.7	7.8	7.8	8.5
Sheba	Mars Italia SpA	-	6.9	6.7	6.8
Iams	Wonderfood SpA	5.9	6.1	6.2	6.1
Petreet	Palmera SpA	5.8	5.8	5.8	5.7
Kitekat	Mars Italia SpA	-	5.5	5.1	4.6
Perfect Fit	Mars Italia SpA	-	3.1	3.2	3.3
Eukanuba	Wonderfood SpA	3.3	3.3	3.3	3.2
Coop	Coop Italia scarl	2.4	2.5	2.5	2.7
Felix	Nestlé Purina Pet Care	3.5	3.2	2.9	2.7
Royal Canin	Royal Canin Italia Srl	2.4	2.5	2.6	2.6
Hill's Science Plan	Hill's Pet Nutrition SpA	2.2	2.3	2.3	2.3
Pro Plan	Nestlé Purina Pet Care	2	2.1	2.2	2.3
Purina ONE	Nestlé Purina Pet Care	1.8	1.9	2	2.1
Conad	CONAD - Consorzio	1.2	1.2	1.3	1.4
Affinity Cat Chow	Affinity Petcare Italia	1.2	1.3	1.3	1.3
Miglior Gatto	Morando SpA	1.6	1.4	1.3	1.2
Affinity Ultima	Affinity Petcare Italia	1	1.1	1.1	1.2
Crancy	Giuntini SpA	1.1	1.1	1	1
Choice	Nutro SpA	1	1	1	1
Gran Bontà	Monge & C Srl	1.3	1.1	1	1
Affinity Advance	Affinity Petcare Italia	0.3	0.3	0.3	0.3
Other Private Label		5.2	5.5	5.6	5.7

Source: Euromonitor International



FORECAST SALES OF CAT FOOD

Italy - Forecast Sales of Cat Food by Type - Value 2011-2015 - US millions

	2011	2012	2013	2014	2015
Cat Treats and Mixers	5.17	5.31	5.6	5.7	5.9
Dry Cat Food	384.3	388.9	394.4	401.2	405.5
Wet Cat Food	770.8	804.1	811.6	818.5	827.4
Total Cat Food	1,188.1	1,198.5	1,211.5	1,225.4	1,238.7

Source: Euromonitor International

Italy - Forecast Sales of Cat Food by Type: % Constant Value Growth 2010-2015

	2010-15 CAGR	2010/15 TOTAL
Cat Treats and Mixers	3.6	19.1
Dry Cat Food	1.4	7.2
Wet Cat Food	0.8	4.1
Cat Food	1	5.2

Source: Euromonitor International

Italy - Forecast Sales of Cat Food by Type: Volume 2011-2015 - '000 Tonnes

	2011	2012	2013	2014	2015
Cat Treats and Mixers	1.3	1.3	1.3	1.4	1.5
Dry Cat Food	67.8	67.1	66.8	66.7	66.3
Wet Cat Food	153.5	150.9	149.2	147.3	146.4
Total Cat Food	221.4	218.1	216.0	214.1	212.8

Source: Euromonitor International

Italy - Forecast Sales of Cat Food by Type: % Volume Growth 2010 - 2015

	2010-15 CAGR	2010/15 TOTAL
Cat Treats and Mixers	3.1	16.6
Dry Cat Food	-0.6	-2.8
Wet Cat Food	-1.3	-6.1
Cat Food	-1	-5.1

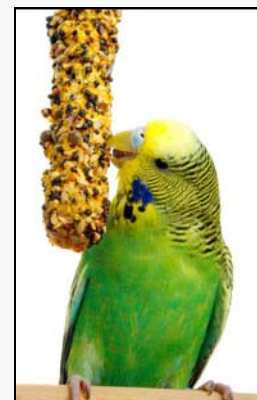
Source: Euromonitor International

▶ OTHER PET FOOD

- ▶ For the purposes of this report, other pet food is defined as bird, fish, small mammal and reptile food.
- ▶ In 2010, other pet food sales registered a value growth of 2%, to reach \$265.1 million. The leading factor for this growth is higher demand for specific, diversified products.
- ▶ As is the case with the overall pet food industry, the bird (12.9 million), fish (29.9 million), small mammals (1.8 million) and reptile populations (1.3 million) have remained relatively stable since 2005. However, there has been an increasing appreciation for small mammals and reptiles (hamsters, turtles, etc.), because they are perceived as easy to keep for the pleasure they provide. Similarly, there has been an increasing popularity of goldfish and guppies. Both of these developments are driving the specific, diversified market in the other pet food sector.
- ▶ The highest growth rate in both volume and value terms was recorded by food for small mammals and reptiles. In value terms, it increased from \$133.1 million in 2009 to \$139.5 million in 2010; in volume terms, it increased from 13.7 million tonnes in 2009 to 14.1 million tonnes in 2010. By 2015, the market for small mammals and reptiles in value terms is expected to reach \$161.5 million and 16.3 million tonnes. Small mammals and reptiles, according to Euromonitor, are becoming the most popular pets in the other pet food sector as Italians develop preferences for more exotic animals.



- ▶ The only type in the other food sector that registered a negative CAGR between 2005 to 2010 was bird food (-0.8% for value and -2.3% for volume). In fact, bird food is expected to continue this downside between 2010 to 2015 (-4.5% for volume and -4.2% for value) because there has been a reduced interest in owning caged birds due to the belief that it is an old-fashioned habit.
- ▶ The average unit price of other pet food remained static in 2010 at \$12.7 per kilogram. In fact, Italy has the second highest average unit price for other pet food in the world, only behind Canada which has an average unit price of \$13.4 per kilogram. Other pet food unit prices will be further boosted with the increasing importance of new products, which are likely to be more expensive than existing ones due to their higher added value.
- ▶ Household expenditures per pet in the Italian other pet food market have been marginally increasing. In 2005, they stood at \$5.2 per pet and by 2010, had increased to \$5.9 per pet. Despite the increase, expenditure is still one of the lowest in Europe.
- ▶ In 2009, the leading company in other pet food was Nestlé Purina Pet Care Italia SpA, whose sales accounted for 30% of total sector value. This was the effect of Nestlé's widespread distribution of its leading brand, Friskies. According to Euromonitor predictions, leading players will maintain their positions, as no new competitors are expected to enter the sector.
- ▶ The key trend in 2010 was increasing demand for highly specialized products, targeted at specific types of pets. This is particularly the case with fish food that contains vitamins and minerals. Manufacturers will continue to focus their efforts on launching high quality products differentiated according to animal and age.



Source: Shutterstock

Italy - Other Pet Population 2005 - 2010, in millions of animals

	2005	2006	2007	2008	2009	2010
Bird Population	13.0	13.0	13.0	13.0	12.9	12.9
Fish Population	29.3	29.3	30.0	30.0	30.0	30.0
Small Mammal Population	1.8	1.8	1.8	1.8	1.8	1.8
Reptile Population	1.4	1.4	1.4	1.4	1.4	1.4

Source: Euromonitor International

Italy - Sales of Other Pet Food by Type: Value 2005 - 2010 - US millions

	2005	2006	2007	2008	2009	2010
Bird Food	72.6	74.1	74.1	72.3	71.3	69.7
Fish Food	48.0	50.3	53.6	56.0	56.3	55.9
Small Mammal/Reptile Food	110.6	117.8	122.7	126.7	133.1	139.5
Total Other Pet Food	231.2	242.3	248.9	255.1	261.1	265.1

Source: Euromonitor International

Italy - Sales of Other Pet Food by Type: % Current Value Growth 2005 - 2010

	2009/2010	2005-10 CAGR	2005/10 TOTAL
Bird Food	-2.3	-0.8	-4
Fish Food	-0.6	3.1	16.8
Small Mammal/Reptile Food	4.6	4.8	26.2
Other Pet Food	1.6	2.8	14.7

Source: Euromonitor International



Italy - Sales of Other Pet Food by Type: Volume 2005 - 2010 - '000 Tonnes

	2005	2006	2007	2008	2009	2010
Bird Food	7.5	7.4	7.2	7002.00	6.8	6.6
Fish Food	0.6	0.6	0.6	0.6	0.6	0.6
Small Mammal/Reptile Food	11.9	12.5	12.8	13.3	13.7	14.1
Total Other Pet Food	19.9	20.5	20.6	20.9	21.1	21.4

Source: Euromonitor International

Italy - Sales of Other Pet Food by Type: % Volume Growth 2005 - 2010

	2009/2010	2005-10 CAGR	2005/10 TOTAL
Bird Food	-2.1	-2.3	-10.8
Fish Food	-0.7	1.3	6.8
Small Mammal/Reptile Food	3.2	3.5	18.8
Other Pet Food	1.4	1.4	7.3

Source: Euromonitor International

COMPETITION

Italy - Bird Food Brand Shares 2006 - 2009 - % Retail Value RSP

Brand	Company	2006	2007	2008	2009
Friskies	Nestlé Purina Pet Care	47.1	47.5	46.9	49.2
Vitakraft	Vitakraft Italia Spa	21.2	22.3	23.3	26.2
Friskies	Nestlé Italiana SpA	-	-	-	-
Vitakraft	Pet Co SpA	-	-	-	-
Others		31.7	30.2	29.7	24.6
Total		100	100	100	100

Source: Euromonitor International

Italy - Fish Food Brand Shares - 2006 - 2009 - % Retail Value RSP

Brand	Company	2006	2007	2008	2009
Tetra	Tetra Italia SpA	39.3	39.7	39.9	40
Sera	Sera Italia SpA	30.2	30.6	30.7	30.8
Vitakraft	Vitakraft Italia Spa	13.7	13.1	13.3	13.5
Friskies	Nestlé Purina Pet Care	9.5	9.8	10.1	10.1
Friskies	Nestlé Italiana SpA	-	-	-	-
Vitakraft	Pet Co SpA	-	-	-	-
Others		7.3	6.8	6.1	5.6
Total		100	100	100	100

Source: Euromonitor International

Italy - Small Mammal/Reptile Brand Shares - 2006 - 2009 - % Retail Value RSP

Brand	Company	2006	2007	2008	2009
Friskies	Nestlé Purina Pet Care	29.6	29.1	29.5	28.6
Tetra	Tetra Italia SpA	20.1	20	21.3	21.3
Sera	Sera Italia SpA	20.1	21.1	20.9	20.8
Vitakraft	Vitakraft Italia Spa	11.2	12.1	14.1	15.6
Others		19.1	17.6	14.2	13.7
Total		100	100	100	100

Source: Euromonitor International



FORECAST SALES OF "OTHER" PET FOOD

Italy - Forecast - Sales of Other Pet Food by Type: Value 2011 - 2015 - US millions

	2011	2012	2013	2014	2015
Bird Food	67.9	64.8	62.5	59.7	56.2
Fish Food	56.3	56.6	57.1	57.6	58.3
Small Mammal/Reptile Food	144.1	147.9	151.9	156.4	161.5
Total Other Pet Food	268.4	269.3	271.6	273.6	276.0

Source: Euromonitor International

Italy - Forecast Sales of Other Pet Food by Type: % Constant Value Growth 2010 - 2015

	2010-15 CAGR	2010/15 TOTAL
Bird Food	-4.2	-19.5
Fish Food	0.8	4.1
Small Mammal/Reptile Food	3	15.8
Other Pet Food	0.8	4.1

Source: Euromonitor International



Source: Shutterstock

Italy - Forecast - Sales of Other Pet Food by Type: Volume 2011 - 2015, '000 Tonnes

	2011	2012	2013	2014	2015
Bird Food	6.4	6.1	5.9	5.6	5.3
Fish Food	0.6	0.6	0.6	0.6	0.7
Small Mammal/Reptile Food	14.6	14.9	15.4	15.8	16.3
Total Other Pet Food	21.7	21.7	21.9	22.1	22.3

Source: Euromonitor International

Italy - Forecast Sales of Other Pet Food by Type: % Volume Growth 2010-2015

	2010-15 CAGR	2010/15 TOTAL
Bird Food	-4.5	-20.4
Fish Food	0.7	3.5
Small Mammal/Reptile Food	3	16
Other Pet Food	0.8	4.3

Source: Euromonitor International



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

Consumer Trends — Pet Food in Italy

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