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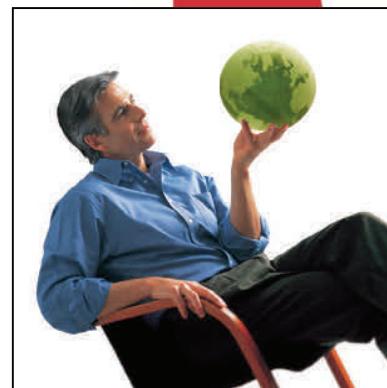
Agriculture et
Agroalimentaire Canada



MARKET INDICATOR REPORT | OCTOBER 2013

Consumer Trends

Pet Food in the United Kingdom





► **EXECUTIVE SUMMARY**

As the effects of the recession subside in the United Kingdom (U.K.), the country is seeing significant upturns in consumer income and confidence. An increasing gross domestic product (GDP) over the past few years has fuelled spending among pet owners who are seemingly optimistic about the economy's future. Now more than ever, British consumers are spending money on treats and luxuries for their dogs, cats, and other pets, or are making the switch to more expensive, premium pet foods.

Demand for pets in general is also on the rise as households in Britain shift towards more childless couples and singles, who are buying pets, especially cats, to keep them company. Cats are currently the most popular pet due to their size, independence, and convenience, and are expected to eventually surpass the pet dog population to become Britain's most-owned pet. The popularity of reptiles as pets is also on the rise in the U.K., as consumers are starting to demand more exotic animal companions.

Between 2007 and 2012, pet food sales increased by just over US\$1.1 billion in the U.K., which coincided with the rise in countrywide incomes and pet food prices. Despite these increases, however, volume sales of pet food declined by just over 12,400 tonnes within the same five-year span. This could be attributed to both the declining population of large pets, and the increased sales of prepared pet foods or treats in smaller package sizes.

Smaller package sizes are not just needed for convenience, but also to better manage the food consumption of what is slowly becoming an overweight pet population in the U.K. As owners pamper their pets they tend to err on the side of overfeeding, putting their pets at risk of serious issues like diabetes as a result of weight gain. This has sparked the health and humanization trend among pet owners, who have begun to buy therapeutic and organic foods for their pets.

The U.K. pet food market is largely controlled by two companies. Mars Inc. and Nestlé SA have dominated the U.K. pet food market for some time, representing value shares of 32% and 27%, respectively.

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► MARKET OVERVIEW

- ▶ In 2012, pet food sales increased by almost 6% in the United Kingdom to reach a value of just under US\$5.0 billion. U.K. pet food sales have been growing at a compound annual growth rate (CAGR) of 5.2% over the past five years, and the U.K. is now one of the largest markets for this commodity worldwide.
- ▶ Overall pet care spending is on the rise thanks to increasing pet food sales, which account for just over 80% of all pet care products sold in the U.K.
- ▶ Broken into categories, dog food had the highest value sales of any U.K. pet food category in 2012 with approximately US\$2.4 billion. However, other pet food had the strongest growth in 2012 with a 12% rise in sales, followed by sales of cat food (6%), and then dog food (4%).

Sales of Pet Food in the U.K. by Category - Value in US\$ millions

	2007	2008	2009	2010	2011	2012
Total pet food	3,846.0	3,991.7	4,176.4	4,403.0	4,682.0	4,953.2
Dog and cat food	3,535.2	3,652.1	3,804.2	3,990.0	4,219.6	4,436.0
Dog food	1,948.4	2,031.7	2,101.4	2,194.1	2,287.0	2,381.4
Cat food	1,586.8	1,620.4	1,702.8	1,795.9	1,932.6	2,054.5
Other pet food	310.8	339.5	372.1	413.0	462.4	517.3

Source: Euromonitor, 2013.

Forecast Sales of Pet Food in the U.K. by Category - Value in US\$ millions

	2013	2014	2015	2016	2017
Total pet food	5,117.9	5,262.3	5,391.3	5,500.7	5,595.3
Dog and cat food	4,551.1	4,649.5	4,738.3	4,814.3	4,881.2
Dog food	2,442.9	2,493.9	2,549.1	2,598.6	2,645.6
Cat food	2,108.1	2,155.6	2,189.3	2,215.8	2,235.6
Other pet food	566.8	612.8	653.0	686.4	714.1

Source: Euromonitor, 2013.

- ▶ Mars Inc. continues to lead the market, with a 32% share in U.K. pet food sales for 2011, followed closely by Nestlé SA who represented 27.1% of the industry in the same year. These companies compete mostly with each other as no other firm accounts for more than 3% of total industry sales.
- ▶ Britain's pet food sales are expected to continue their steady growth at a CAGR of 2.5% over the forecast period of 2013 to 2017. This represents an overall growth of 13% over the next five years, bringing the U.K.'s total pet food sales to US\$5.6 billion.



► MARKET OVERVIEW (continued)

**Pet Food Brand Shares (by Global Brand Owner) in the United Kingdom
- Retail Value % Breakdown based on Retail Sales Price**

Brand	Global Brand Owner	2007	2008	2009	2010	2011
Pedigree	Mars Inc.	6.7	6.8	8.6	8.7	9.0
Purina Felix	Nestlé SA	7.4	7.7	8.9	8.4	8.5
Whiskas Pouches	Mars Inc.	6.9	6.5	6.9	7.2	7.7
Bakers	Nestlé SA	4.9	4.8	5.7	4.8	4.9
Whiskas	Mars Inc.	4.0	3.8	3.9	3.3	3.2
Pedigree Complete	Mars Inc.	2.7	2.8	2.9	3.0	3.0
Butcher's	Butchers Pet Care Ltd	2.5	2.6	2.6	2.6	2.5
Go Cat	Nestlé SA	2.2	2.2	2.3	2.2	2.1
Sheba	Mars Inc.	0.8	0.9	1.5	1.6	1.9
Wagg	Wagg Foods Ltd	1.1	1.3	1.6	1.7	1.9
Kite at	Mars Inc.	1.7	1.5	1.3	1.8	1.8
Hill's Science Diet	Colgate-Palmolive Co	1.4	1.5	1.5	1.5	1.5
Purina Gourmet	Nestlé SA	0.6	0.6	1.1	1.3	1.5
Iams	Procter & Gamble Co, The	2.0	1.8	1.8	1.6	1.4
Purina ONE	Nestlé SA	1.1	1.2	1.3	1.4	1.4
Cesar	Mars Inc.	0.9	0.8	0.8	1.1	1.2
James Wellbeloved	Mars Inc.	1.0	1.0	1.0	1.0	1.1
Bonio	Nestlé SA	0.7	0.8	0.8	0.9	1.0
HiLife	Prosper de Mulder Ltd	1.2	1.2	1.1	1.0	0.9
Royal Canin	Mars Inc.	0.8	0.8	0.8	0.7	0.8
Winalot	Nestlé SA	1.6	1.5	1.2	0.8	0.8
Aquarian	Mars Inc.	0.8	0.8	0.7	0.7	0.7
Tetra	Spectrum Brands Inc.	0.6	0.6	0.6	0.6	0.6
Purina Pro Plan	Nestlé SA	0.5	0.5	0.5	0.6	0.6
Hill's Prescription Diet	Colgate-Palmolive Co	0.5	0.5	0.6	0.6	0.6
Burgess	Burgess Endeavour Plc	0.4	0.5	0.5	0.5	0.5
Wainwrights	Pets at Home Ltd	0.4	0.4	0.5	0.5	0.5
Pal	Mars Inc.	0.5	0.4	0.4	0.4	0.4
Pedigree Mixer	Mars Inc.	0.5	0.5	0.4	0.4	0.4
Bob Martin	Bob Martin Co, The	0.3	0.3	0.3	0.4	0.4
Eukanuba	Procter & Gamble Co, The	0.3	0.3	0.3	0.4	0.4
Chappi	Mars Inc.	0.7	0.5	0.4	0.3	0.3
Beta	Nestlé SA	0.5	0.4	0.4	0.4	0.3
Beaphar	Beaphar BV	0.3	0.3	0.3	0.3	0.3
Affinity Brekkies	Agrolimen SA	0.3	0.3	0.3	0.3	0.3
Private label		16.8	17.0	15.4	15.3	14.8
Others		22.2	22.6	18.9	19.9	19.3
Total		100.0	100.0	100.0	100.0	100.0

Source: Euromonitor, 2013.

Note: At the time of preparing this report, 2011 was the latest data available for pet food brand and company shares.



► INDUSTRY TRENDS

- ▶ Increasing GDP and consumer confidence are fuelling pet spending in the U.K., especially on food items. Consumers are more inclined to spoil their pets with such luxuries as premium foods, wet prepared foods and treats. Value sales of dog treats and mixers grew 13.3% in 2012, followed by cat treats and mixers, which increased by 8.1%.
- ▶ These spending habits and trends contribute to the increased humanization of Britain's pets. Consumers are willing to spend more money to keep their pets healthier and happier, and businesses are taking advantage of this marketing opportunity. Foods developed for particular breeds and with specific health benefits are in high demand, and pet food companies are responding, but for a price. Consequently, the average price of both cat and dog food in the U.K. increased by 5% in 2012.
- ▶ Grocery retailers remain the most popular distributors of pet food with a 67.2% share of retail sales in 2012. Pet shops and superstores are slowly seeing their share decline, accounting for only 12.4% and 7.3% of 2012 sales respectively. Grocery stores are increasingly dominating the market as they have massive inventory and can generally offer lower prices.

Pet Population in U.K. – Value in Thousands

	2007	2008	2009	2010	2011	2012
Dog population	9,108.2	9,027	9,073.7	8,820.7	8,886.2	8,919.4
Cat population	7,887	8,114	8,270	8,582	8,612	8,796
Bird population	966	945	948.5	957.5	963.1	971.2
Fish population	131,640	133,200	133,200	130,200	128,400	126,000
Small mammal population	2,356	2,423	2,508	2,598.3	2,703.9	2,822.3
Reptile population	375.8	426.5	491.8	570.4	678.8	818.7

Source: Euromonitor, 2013

- ▶ The pet population that experienced the highest percentage growth in 2012 was reptiles, increasing 17% from the previous year. Reptiles are gaining popularity due to an increased demand for wilder, more exotic pets, along with the tendency of British reptile owners to purchase more than one at a time.
- ▶ According to Euromonitor, there are 9.5 million single-person households and close to 7.5 million households of couples without children in the U.K. Many of these people work during the day and live in small houses or apartments, so they purchase small dogs or cats for companionship. Requiring less space and attention than large dogs, the population of cats is expected to pass that of the dog population in several years.
- ▶ Pet obesity is rising in the U.K., with many dogs and cats at risk of developing health problems such as diabetes, heart disease, or arthritis as a result of overfeeding and pampering by their owners. These owners are now starting to seek therapeutic and premium pet foods that offer ingredients to prevent these conditions and prolong the lives of their pets.
- ▶ While British spending on cat and dog food has increased 25.5% since 2007, volume sales have been slowly declining at a rate of 1.3% over the past 5 years. This can be attributed to a rise in sales of premium food and treats, a country-wide reduction in the number of large pets, and a general price increase in pet food.



► GLOBAL OUTLOOK

- ▶ The United Kingdom currently has the fourth-largest market worldwide for retail pet food sales. Sales have grown almost 29% since 2007 to reach a value of US\$4.95 billion in 2012.

Pet Food Market Sizes based on Retail Sales (by Country) - Value in US\$ millions

	2007	2008	2009	2010	2011	2012
World	56,137.5	60,135.8	63,267.8	65,418.2	68,285.3	71,914.7
United States	16,566.7	17,723.2	18,553.0	18,572.3	18,996.4	19,676.3
Brazil	3,673.4	4,287.5	4,701.8	5,234.1	5,826.6	6,420.1
Japan	5,999.5	6,084.5	6,087.6	5,791.9	5,635.0	5,551.6
United Kingdom	3,846.0	3,991.7	4,176.4	4,403.0	4,682.0	4,953.2
Germany	3,539.5	3,704.4	3,810.1	3,844.6	3,866.1	3,922.4
France	3,441.1	3,532.6	3,624.7	3,700.3	3,794.5	3,879.0
Russia	1,191.2	1,474.7	1,670.0	1,924.8	2,219.6	2,658.6
Italy	2,240.7	2,340.3	2,452.8	2,530.5	2,580.2	2,618.3
Mexico	1,215.3	1,492.9	1,626.9	1,850.2	1,977.7	2,159.1
Australia	1,650.6	1,761.1	1,895.0	1,961.4	1,991.6	2,034.3
Canada	1,492.5	1,555.1	1,609.0	1,664.8	1,721.7	1,786.9

Source: Euromonitor, 2013.

- ▶ The U.K. is one of the largest pet food importers in the world. In 2011, they imported US\$1.15 billion worth of pet food, placing them third place behind only Germany and Japan.

Imports of Pet Food by Country - Pet Food Put Up for Retail Sale - Value in US\$ millions

	2007	2008	2009	2010	2011
World reporting total	14,665.4	17,408.9	16,420.9	17,551.9	20,427.8
Germany (customs)	1,4212.2	1,691.9	1,560.6	1,607.2	1,872.6
Japan	922.3	1,094.7	1,079.9	1,158.1	1,255.3
United Kingdom	979.3	969.0	960.5	1,043.5	1,153.6
United States	655.3	731.0	740.6	887.5	1,081.0
Belgium	907.7	1,057.1	935.9	879.1	1,046.3
France (customs)	738.3	1,027	925.4	910.6	1,045.8
Netherlands	687.6	797.2	791.7	780.4	1,019.0
Italy	865.3	935.7	846.2	891.2	985.1
Canada	581.0	673.9	657.6	695.4	800.2
Russia	426.0	555.4	536.5	585.4	721.6

Source: Global Trade Atlas, 2013.

Note: Figures include re-imports, or goods that have been exported abroad without having been materially altered or substantially enhanced before re-entering Canada.. At the time of preparing this report, 2011 was the latest data available for import statistics.



► GLOBAL OUTLOOK (continued)

- ▶ Growth in the amount of pet food imported in the U.K. slowed significantly in the years surrounding the global recession. However, the country's demand for imports has recovered, with an 8.6% increase in imported pet food between 2009 and 2010, and a 10.6% increase between 2010 and 2011.
- ▶ France has been the United Kingdom's main supplier of pet food since before 2007, representing US\$260 million worth of the country's pet food imports in 2011. However, the U.K. does not rely wholly on France or any other country, receiving at least 10% of its pet food imports for the year from five different countries.

U.K. Imports from the World by Country - Pet Food Put Up for Retail Sale - Value in US\$ millions

	2007	2008	2009	2010	2011
World	979.3	969.0	960.5	1,043.5	1,153.6
France	261.0	267.2	267.3	232.7	260.0
Ireland	114.9	115.2	122.7	150.0	158.6
Germany	81.5	87.1	107.6	127.7	131.0
Netherlands	90.0	101.1	87.9	118.2	129.4
United States	82.2	58.6	43.2	77.5	119.3
Belgium	91.1	91.5	85.4	44.2	104.3
Lithuania	68.4	52.6	78.5	75.5	62.6
Hungary	33.5	34.0	36.3	30.2	34.0
Thailand	17.4	22.9	25.6	28.1	30.7
Denmark	28.0	24.0	12.5	14.1	22.3

Source: Global Trade Atlas, 2013.

Note: Figures include re-imports, or goods that have been exported abroad without having been materially altered or substantially enhanced before re-entering Canada.. At the time of preparing this report, 2011 was the latest data available for import statistics.

► DOG FOOD

- ▶ Between 2007 and 2012 the pet dog population in Britain decreased 2% from 9.1 million to 8.9 million while the percentage of households owning a dog fell steadily from 20.8% to 18% over the same period.
- ▶ Households with a dog are now less likely to become repeat-owners, once their pet has passed on. This can be partially attributed to financial issues, but is mostly due to the attachment and increased humanization people feel towards their dogs, in that they cannot be replaced.
- ▶ Despite this trend, U.K. dog food sales have increased 22% in value terms from 2007 to 2012. However, over the same six-year review period, volume sales declined 4%. This is due in part to the health and humanization trend among pet owners, which discourages overfeeding. Another explanation is the rising popularity of smaller dogs at the expense of larger breeds. Smaller dogs require less food intake and as more and more owners make the switch, the overall volume of dog food sold will continue to decrease.



► DOG FOOD (continued)

- ▶ Traditionally, the market for dog food in the U.K. has been steady, and this trend continued in 2012, as sales rose 4% to a total of US\$2.4 billion.
- ▶ Of the three categories, dog treats and mixers experienced the largest growth with a CAGR of 11.1% between 2007 and 2012. Dry dog food grew at a CAGR of 2.7%, followed by wet dog food with a CAGR of 1.7% over the same period.
- ▶ The two current leaders in the U.K. dog food industry are Mars U.K. Ltd. and Nestlé Purina Ltd. with market shares of 29% and 16% respectively. Mars dominates due to strong sales of its Caesar and Pedigree brands of wet dog food and treats, while Nestlé's success stems from its Bakers brand which is the industry leader in dry dog food sales.
- ▶ Non-prepared and economy brands of dog food will experience a significant drop in sales over the forecast period of 2012 to 2017. The popularity of these categories is already declining as British consumers gain income and confidence, giving them the means to purchase more convenient and premium foods for their dogs. In fact, prepared dog food accounted for 59% of dog food sales in 2012, largely due to the Caesar brand of premium wet food, that is popular for its convenience and quality.
- ▶ From 2012 to 2017, total dog food sales are expected to grow at a CAGR of 2.1% to reach US\$2.6 billion. Sales of wet food and dry food are expected to decline while sales of dog treats and mixers increase at a CAGR of 8.8% over the forecast period.

Sales of Dog Food in the U.K. by Type - Value in Fixed US\$ Millions

	2007	2008	2009	2010	2011	2012
Total dog food	1,948.4	2,031.7	2,101.4	2,194.1	2,287.0	2,381.4
Dog treats and mixers	367.4	405.8	443.5	489.7	548.3	621.2
Dry dog food	784.9	826.5	857.3	874.9	887.2	895.9
Wet dog food	796.1	799.4	800.4	829.5	851.6	864.2

Forecast Sales of Dog Food in the U.K. by Type - Value in Fixed US\$ Millions

	2013	2014	2015	2016	2017
Total dog food	2,442.9	2,493.9	2549.1	2,598.6	2645.6
Dog treats and mixers	687.3	750.8	816.9	882.5	947.3
Dry dog food	893.5	881.4	868.0	854.4	840.4
Wet dog food	862.1	861.7	864.2	861.5	857.9

Sales of Dog Food in the U.K. by Type - Historic/Forecast % Value Growth

	2007-12 CAGR	2007-12 Total	2012-17 CAGR	2012-17 Total
Total dog food	4.1	22.2	2.1	11.1
Dog treats and mixers	11.1	69.0	8.8	52.5
Dry dog food	2.7	14.2	-1.3	-6.2
Wet dog food	1.7	8.6	-0.1	-0.7

Source for all: Euromonitor International, 2013.

Note: The dollar figures used in the tables were derived from U.K. currency at a fixed exchange rate of £\$1.00 = US\$1.557.



► **DOG FOOD (continued)**

Sales of Dog Food in the U.K. by Type - Volume in '000 Tonnes

	2007	2008	2009	2010	2011	2012
Total dog food	776.5	770.0	762.1	758.0	750.0	742.9
Dog treats and mixers	97.1	99.4	100.8	102.4	105.0	107.1
Dry dog food	349.7	356.1	361.3	364.4	360.9	357.3
Wet dog food	329.7	314.5	300.0	291.1	284.1	278.5

Forecast Sales of Dog Food in the U.K. by Type - Volume in '000 Tonnes

	2013	2014	2015	2016	2017
Total dog food	736.5	731.5	727.2	723.5	719.1
Dog treats and mixers	108.9	111.3	113.9	117.0	119.9
Dry dog food	353.7	349.7	345.1	340.4	335.1
Wet dog food	273.8	270.5	268.2	266.1	264.1

Dog Food Company Shares in the U.K.

- Retail Value % Breakdown Based on Retail Sales Price

Company	2007	2008	2009	2010	2011
Mars U.K. Ltd	24.0	23.6	27.2	28.1	29.4
Nestlé Purina Ltd	16.8	16.5	17.9	15.6	16.1
Tesco Plc	6.1	6.5	5.8	5.5	5.5
Butchers Pet Care Ltd	5.0	5.0	5.2	5.2	5.1
Hill's Pet Nutrition Ltd	2.4	2.6	2.5	2.5	2.5
Wagg Foods Ltd	1.0	1.3	1.6	1.9	1.9
Iams U.K. Ltd	1.8	1.9	1.9	1.9	1.8
Town & Country Petfoods Ltd	2.1	2.0	2.0	1.9	1.7
Asda Group Ltd	1.9	1.8	1.9	1.9	1.7
James Wellbeloved & Co Ltd	1.4	1.4	1.4	1.4	1.5
J Sainsbury Plc	1.4	1.3	1.3	1.3	1.2
Royal Canin SA	1.1	1.1	1.1	1.0	1.1
Pets at Home Ltd	0.8	0.9	0.9	0.9	1.0
Bob Martin Co, The	0.5	0.6	0.7	0.8	0.8
Other Private Label	6.0	6.1	5.9	5.8	5.2
Others	27.7	27.4	22.7	24.4	23.4
Total	100	100	100	100	100

Source for all: Euromonitor, 2013.

Note: At the time of preparing this report, 2011 was the latest data available for dog food company shares.



CAT FOOD

- ▶ Just over 25% of households in the United Kingdom owned a cat in 2012. In contrast to the downward trend being seen with dogs, popularity for cats is on the rise and the pet cat population increased 11% between 2007 and 2012. In 2012, the U.K.'s pet cat population was almost 8.8 million, just below the dog population (8.9 billion), however, cats are expected to surpass dogs in ownership within the next couple years.
- ▶ Cats continue to gain popularity in the U.K., largely because of their overall convenience as pets. They are smaller and require less maintenance, exercise, and food than a dog, which makes them an ideal option for people living in smaller homes who work often. Singles and double-income couples with no kids are especially likely to get cats as a pet.
- ▶ Sales of cat food in the U.K. rose 6% in 2012 to reach a value of just over US\$2 billion. Wet cat food accounts for most of the profit, growing 7% in 2012 to attain US\$1.54 billion in sales. Dry cat food grew 2.6% to reach US\$444.1 million in value sales.
- ▶ Despite their much smaller market value of US\$69.2 million, cat treats and mixers are quickly gaining popularity, increasing in value by 12.7% during 2012. Cat treats have recently become more versatile, offering a range of new flavours, ingredients, health benefits and packaging to support owners that value their pet's health and happiness, as well as those seeking convenient options.
- ▶ Sales of dry and wet food are not nearly as balanced in this market as in the dog food market. Wet cat food dominates the market due to its convenience and nutritional benefits, representing 75% of the value for cat food sold in 2012. Dry cat food is not particularly strong in terms of sales, and its share is continually falling in the U.K. market, representing 21.6% of cat food sales in 2012.
- ▶ The U.K.'s cat food market is expected to increase at a CAGR of 1.7% over the forecast period of 2012 to 2017. This will bring the projected market value of cat food to US\$2.24 billion, representing a total value growth of 8.8% over the forecast period.

Sales of Cat Food in the U.K. by Type - Value in Fixed US\$ Millions

	2007	2008	2009	2010	2011	2012
Total cat food	1,586.8	1,620.4	1,702.8	1,795.9	1,932.6	2,054.5
Cat treats and mixers	38.5	41.6	45.5	52.4	61.4	69.2
Dry cat food	362.1	382.3	402.9	419.2	432.6	444.1
Wet cat food	1,186.2	1,196.5	1,254.4	1,324.3	1,438.6	1,541.2

Forecast Sales of Cat Food in the U.K. by Type - Value in Fixed US\$ Millions

	2013	2014	2015	2016	2017
Total cat food	2,108.1	2,155.6	2,189.3	2,215.8	2,235.6
Cat treats and mixers	74.8	80	84.5	88.2	91.5
Dry cat food	443.5	442.0	438.1	433.0	427.4
Wet cat food	1,589.8	1,633.6	1,666.7	1,694.6	1,716.7

Source for all: Euromonitor International, 2013.

Note: The dollar figures used in the tables were derived from U.K. currency at a fixed exchange rate of £\$1.00 = US\$1.557.



► CAT FOOD (continued)

Sales of Cat Food in the U.K. by Type - Historic/**Forecast** % Value Growth

	2007-12 CAGR	2007-12 Total	2012-17 CAGR	2012-17 Total
Total cat food	5.3	29.5	1.7	8.8
Cat treats and mixers	12.5	80.1	5.7	32.2
Dry cat food	4.2	22.6	-0.8	-3.7
Wet cat food	5.4	29.9	2.2	11.4

Sales of Cat Food in the U.K. by Type - Volume in Tonnes

	2007	2008	2009	2010	2011	2012
Total cat food	508,631.5	488,721.3	496,330.7	504,860.0	516,196.0	525,380.9
Cat treats and mixers	686.5	720.9	742.5	809.1	895.7	968.5
Dry cat food	110,368.9	113,851.3	117,126.8	118,829.6	120,356.8	121,367.5
Wet cat food	397,576.1	374,149.1	378,461.4	385,221	394,943.5	403,045.0

Forecast Sales of Cat Food in the U.K. by Type - Volume in Tonnes

	2013	2014	2015	2016	2017
Total cat food	531,842.3	536,884.1	540,705.7	543,493.8	546,984.1
Cat treats and mixers	1,036.0	1,106.7	1,180.6	1,253.1	1,317.0
Dry cat food	121,930.1	121,724.2	121,533.9	121,140.4	120,751.0
Wet cat food	408,876.3	414,053.3	417,991.2	421,100.3	424,916.1

Cat Food Company Shares in the U.K.

- Retail Value % Breakdown Based on Retail Sales Price

Company	2007	2008	2009	2010	2011
Mars U.K. Ltd	33.5	31.9	34.1	34.8	35.9
Nestlé Purina Ltd	28.1	29.1	33.9	33.4	33.4
Tesco Plc	5.0	5.0	4.7	4.8	5.1
J Sainsbury Plc	2.9	2.9	2.8	3.0	2.9
Iams U.K. Ltd	3.2	3.0	2.8	2.5	2.2
Hill's Pet Nutrition Ltd	1.7	1.8	1.9	2.0	2.1
Asda Group Ltd	1.0	1.0	1.1	1.0	0.9
James Wellbeloved & Co Ltd	0.8	0.8	0.8	0.8	0.8
Royal Canin SA	0.6	0.6	0.6	0.6	0.7
Affinity Petcare SA	0.7	0.7	0.7	0.6	0.6
Other Private Label	9.2	9.2	6.8	7.1	6.7
Others	13.4	14.1	10.0	9.3	8.7
Total	100	100	100	100	100

Source for all: Euromonitor, 2013.

Note: At the time of preparing this report, 2011 was the latest data available for cat food company shares.



► OTHER PET FOOD

- ▶ The demand for smaller, more exotic animals is on the rise in U.K., partially because of new wildlife television shows and documentaries that are expanding interest in “wild” breeds, but also due to the perception that they are easier to care for than cats and dogs. Reptiles have particularly benefitted from this increased demand as the pet reptile population grew 20% in 2012.
- ▶ In 2012, other pet food recorded sales of US\$517.3 million in the United Kingdom, up about 12% from the year before. Small mammal/reptile food is almost entirely responsible for this increase as sales in the category climbed 16% in 2012, while sales in both fish and bird foods only increased by 1%.
- ▶ Over the course of the 2012-2017 forecast period, sales of pet birds will grow very slowly and pet fish sales will begin to decline. Thus, the food markets for both of these categories will take a hit; fish food sales are projected to drop 6% in value terms while bird food is expected to drop 8% by 2017.
- ▶ Although Mars U.K. Ltd. is the market leader in sales of both bird and fish foods, Waggs Foods Ltd. is just ahead of them in ‘other’ pet food sales. Waggs only produces small mammal/reptile food, yet in 2012, sales in this category were more than double the sales of bird and fish food combined. Despite the strong sales of these two companies, private label brands accounted for the highest sales percentage in all three of the ‘other’ pet food categories.
- ▶ Throughout the forecast period (2012-2017) other pet food sales will increase, but will be entirely attributable to gains in small mammal/reptile food. This category is projected to increase at a CAGR of 54.9% during this period, which is expected to increase ‘other’ pet food sales at a CAGR of 38.1%.

Sales of Other Pet Food in the U.K. by Category - Value in Fixed US\$ Millions

	2007	2008	2009	2010	2011	2012
Other pet food	310.8	339.5	372.1	413.0	462.4	517.3
Bird food	32.1	31.7	31.2	31.9	32.3	32.7
Fish food	95.9	97.3	97.7	98.7	100.3	101.4
Small mammal/reptile food	182.8	210.5	243.2	282.4	329.8	383.2

Forecast Sales of Other Pet Food in the U.K. by Category - Value in Fixed US\$ Millions

	2013	2014	2015	2016	2017
Other pet food	566.8	612.8	653	686.4	714.1
Bird food	32.1	31.5	30.9	30.3	29.5
Fish food	99.3	97.3	95.2	93.1	90.7
Small mammal/reptile food	435.4	484.0	526.9	563.0	593.9

Sales of Other Pet Food in the U.K. by Category - Historic/Forecast % Value Growth

	2007-12 CAGR	2007-12 Total	2012-17 CAGR	2012-17 Total
Other pet food	10.7	66.4	6.7	38.1
Bird food	0.4	1.8	-2.0	-9.4
Fish food	1.1	5.7	-2.2	-10.5
Small mammal/reptile food	16.0	109.7	9.2	54.9

Source for all: Euromonitor International, 2013.

Note: The dollar figures used in the tables were derived from U.K. currency at a fixed exchange rate of £\$1.00 = US\$1.557.



► OTHER PET FOOD (continued)

Sales of Other Pet Food in the U.K. by Type - Volume in Tonnes

	2007	2008	2009	2010	2011	2012
Other pet food	17,433.8	18,300.4	19,243.8	20,106.4	21,077.9	21,942.4
Bird food	7,570.8	7,593.5	7,540.4	7,395.4	7,359.6	7,328.7
Fish food	863.0	869.9	872.9	873.3	874.3	870.6
Small mammal/reptile food	9,000.0	9,837.0	10,830.5	11,837.8	12,844.0	13,743.1

Forecast Sales of Other Pet Food in the U.K. by Type - Volume in Tonnes

	2013	2014	2015	2016	2017
Other pet food	22,723.7	23,409.6	23,974.5	24,398.2	24,868.7
Bird food	7,298.7	7,269.5	7,236.0	7,196.2	7,148.0
Fish food	857.4	844.1	830.6	816.9	803.0
Small mammal/reptile food	14,567.7	15,296.0	15,907.9	16,385.1	16,917.6

Other Pet Food Brand Shares (by Company) in the U.K. by Category - Retail Value % Breakdown Based on Retail Sales Price

Brand	Company	2008	2009	2010	2011
BIRD FOOD					
Trill	Mars U.K. Ltd	13.2	19.2	21.6	24.5
Avia	Bob Martin Co, The	14.1	14.7	15.1	15.6
Cranswick	Cranswick Plc	20.2	19.3	13.3	12.6
Pets at Home	Pets at Home Ltd	3.3	3.5	5.1	7.8
Haiths	J E Haith Ltd	9.6	9.7	8.1	7.4
Vitakraft	Vitakraft Burton Dene Ltd	4.8	5.1	5.3	5.3
Johnston & Jeff	Johnston & Jeff Ltd	1.9	1.8	1.8	1.7
Beaphar	Beaphar BV	1.4	1.5	1.6	1.5
Mayfield	Mayfield U.K.	1.6	1.6	1.5	1.4
Exact	KayTee Products Inc	0.9	1.0	1.0	1.0
Other Private Label		15.7	16.0	15.7	15.7
Others		13.3	6.7	9.8	5.5
Total		100	100	100	100

Brand	Company	2008	2009	2010	2011
FISH FOOD					
Aquarian	Mars U.K. Ltd	31.7	32.0	33.2	34.0
Tetra	Tetra (U.K.) Ltd	25.0	25.1	27.2	29.6
Nishikoi	Nishikoi Aquaculture Ltd	4.1	4.4	4.5	4.6
Pets Choice	Pets Choice Ltd	3.5	3.7	3.7	4.0
Omega One	OmegaSea Ltd	2.3	2.5	2.5	2.5
Pettex	Pettex Ltd	1.9	2.0	2.1	2.1
Private label		9.7	9.8	9.6	9.6
Others		21.7	20.5	17.2	13.7
Total		100	100	100	100

Source for all: Euromonitor, 2013.

Note: At the time of preparing this report, 2011 was the latest data available for other pet food brand shares.



► OTHER PET FOOD (continued)

Other Pet Food Brand Shares (by Company) in the U.K. by Category (Continued)
- Retail Value % Breakdown Based on Retail Sales Price

Brand	Company	2008	2009	2010	2011
SMALL MAMMAL/REPTILE FOOD					
Wagg	Wagg Foods Ltd	13.4	13.7	13.2	13.6
Pets at Home	Pets at Home Ltd	10.9	9.9	8.9	10.7
Burgess	Burgess Supafeeds Ltd	6.5	6.6	6.7	6.3
Vitakraft	Vitakraft Petcare Ltd U.K.	2.2	1.9	2.4	2.4
Russell	Supreme Petfoods Ltd	3.7	3.1	2.7	2.4
Tesco	Tesco Plc	3.5	2.7	2.4	2.0
Beaphar Care+	Beaphar BV	2.7	2.5	2.2	1.9
Beaphar Xtra Vital	Beaphar BV	2.6	2.3	2.1	1.8
Zoo Med	Zoo Medical Laboratories Inc	0.9	0.9	1.0	1.4
Beaphar	Beaphar BV	0.4	0.3	0.3	0.3
Other Private Label		8.9	9.0	7.3	6.3
Others		44.3	47.1	50.8	51.0
Total		100	100	100	100

Source: Euromonitor, 2013.

Note: At the time of preparing this report, 2011 was the latest data available for other pet food brand shares.

► PRODUCT DEVELOPMENTS

- In 2012, the pet food sub-category with the most new product launches was dog snacks and treats, which is also expected to have the highest increase in sales over the next five years (2012-2017). The most popular claim among new launches was no additives/preservatives which is indicative of the increasing health-consciousness of pet owners. The most popular packaging was flexible, 100-g packs, reflecting consumers' increasing focus on convenience.

Top Five Attributes of New Pet Food Product Introductions to the U.K. Market by Feature, 2012

Feature	1	2	3	4	5
Sub-Category	Dog snacks and treats	Wet dog food	Wet cat food	Dry dog food	Cat snacks and treats
Claims	No additives/preservatives	Pet - adult	Vitamin/mineral fortified	Digestion & urinary tract (functional pet)	Skin & coat (functional pet)
Flavours	Chicken	Unflavoured/plain	Beef	Salmon	Tuna
Package Type	Flexible	Flexible stand-up pouch	Tray	Can	Carton
Package Size	100 g	150 g	Not specified	400 g	85 g

Source: Mintel, 2013.

Note: An attribute labelled "Not Specified" ranked second place for launches in the Flavours feature and fourth in the Package Type feature, but this was omitted from the table above in both cases, in order to provide more concrete feature information.



► PRODUCT INTRODUCTIONS, 2007-2012

- ▶ Between January 2007 and December 2012, there were 1,424 new pet food products launched in the U.K. Over one-third of these product introductions (486) came in 2008 at the heart of the economic crisis. In the next couple of years, as the effects of the crisis materialized, launches dropped significantly to 167 and then 161, respectively. Finally in 2011, the economy regained form and the U.K. saw its pet food production rise again, as launches jumped to 225 and then up to 255 in 2012.

New Pet Food Introductions in the U.K., by Year

	2007	2008	2009	2010	2011	2012
Product introductions	130	486	167	161	225	255



SUB-CATEGORIES

Top Sub-Categories for New Product Launches

1. Dog snacks and treats
2. Wet cat food
3. Wet dog food
4. Dry dog food
5. Dry cat food

- ▶ The sub-category with the most pet food product launches between 2007 and 2012 was dog snacks and treats, with 382. The most popular flavours in this category were unflavoured/plain, chicken and beef. The most popular claims used in dog snack and treat launches were no additives/preservatives, followed by teeth and tartar prevention, which both highlight the emerging health trend among Britain's pet owners.
- ▶ Wet cat food was the second-most productive sub-category in terms of new launches, releasing 295 products in the U.K. between 2007 and 2012. The most popular package type for this category was a flexible stand-up pouch, and the most popular package size was 100 g. The flavours most common among wet cat food launches were chicken, chicken and rice, and lamb and rice.
- ▶ Wet and dry dog foods accounted for the third- and fourth-largest number of launches while dry cat food ranked fifth. Among every sub-category, no additives/preservatives was the most popular claim used, with the exception of dry cat food, where digestion and urinary tract was claimed most frequently.



Source for all: Mintel, 2013.



► PRODUCT INTRODUCTIONS, 2007-2012 (continued)

CLAIMS

Top Claims for New Product Launches

1. No additives/preservatives
2. Vitamin/mineral fortified
3. Digestion & urinary tract
4. Immune system
5. Teeth & tartar prevention

► No additives/preservatives was the most common claim used among U.K. pet food launches between 2007 and 2012. It was claimed by 479 products, 149 more than the next most frequent claim. The next three most common claims were more evenly distributed and had 263, 223, and 217 launches respectively. Among every claim category except teeth and tartar prevention, chicken was the most launched flavour.



FLAVOURS

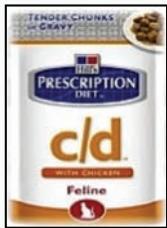
Top Flavours for New Product Launches

1. Chicken
2. Unflavoured/plain
3. Beef
4. Salmon
5. Tuna

► Chicken was the flavour of choice for 240 of pet food products launched between January 2007 and December 2012. The second most common flavour in terms of new products was unflavoured/plain which accounted for 153 launches. Beef, salmon, and tuna were also popular choices, and accounted for 95, 55, and 51 of product launches respectively.

► Wet cat food was the sub-category with the most chicken-flavoured products released between 2007 and 2012, while dog snacks and treats had the most unflavoured/plain and beef product launches. Salmon and tuna flavours were used in product releases for every category of cat food but were extremely rare in dog food launches.

► With the exception of unflavoured/plain, meat flavours were dominant among pet food launches during this time frame. Vegetable flavouring was used infrequently and, for the most part, was paired with meat flavours to enhance taste.



Source for all: Mintel, 2013.



► PRODUCT INTRODUCTIONS, 2007-2012 (continued)

PACKAGING

Top Package Types and Sizes for New Product Launches	
1. Flexible	
2. Flexible stand-up pouch	
3. Can	
4. Tray	
5. Carton	
1. 100 g	4. 85 g
2. 150 g	5. 3,000 g
3. 400 g	

- ▶ Flexible and flexible stand-up pouches were the two most commonly used package types, representing a combined 728 of the total products launched between 2007 and 2012
- ▶ Cans and trays were the next most popular package types, and were often used in wet pet foods and on-the-go meals or snacks. Cans were usually 85 g or 400 g in size, while trays were most commonly either 100 g or 150 g.
- ▶ Flexible packaging was used primarily among the larger sizes of pet food launches, most often in the 3,000 g and 2,500 g packages. Flexible stand-up pouches, however, were very popular among pet snacks and treats, as they were most frequently released in sizes of 100 g, 85 g, and 150 g.



► PRODUCT INNOVATIONS

Mintel's definition of innovative products includes products that meet one or more of the following criteria: convenient packaging, innovative ingredients, interesting packaging, novelty, and portionability. Of the 1,424 new pet food products released in the U.K. between January 2007 and December 2012, 156 were classified as innovative. The following are two examples of these products:



Meaty Marinated Steaklets in Jelly (portionability)

Purina's marinated succulent steaklets are soaked in a dark, rich jelly marinade and contain proteins, vitamins, and nutrients said to help adult cats. They come in chicken, turkey, and duck flavours which are evenly dispersed among the 12x85 g packages for individual serving.

Natural Cat Food (convenient packaging)

Applaws cat food is a 100% natural product made from chicken breast and tuna roe that is designed for adult cats. It retails in a 60 g pot that is convenient for on-the-go and quick meals, due to its easy peel-and-serve packaging.



Source for all: Mintel, 2013.

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