

Director's Digest



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May 1992

No. 244

PREMIUM PET FOODS TAKE INCREASING SHARE OF MARKET

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Worldwide sales of dog and cat food in 1990 were in excess of \$20 billion and the annual pet population was more than 300 million, according to speakers at the Alltech Biotechnology Symposium, held here April 28.

Pet food sales and production are zooming, and if there is a trend in the industry, it may be toward premium products, the speakers said.

The premium, non-grocery pet food segment is today the driving force for the entire industry. It has created customer excitement and redefined nutrition for both dog and cats, said Tom Willard, president of Path Nutritional Consultants, Dayton, Ohio.

This premium market, he said, is having a major effect on ingredient suppliers and manufacturers by bringing total quality to the forefront, he said.

"Quality will continue to be the key to the success of this industry and keep the U.S. as the primary world supplier of quality ingredients," Willard said.

U.S. pet food retail sales alone are estimated to be nearly \$7.5 billion annually, with production of 6.1 million metric tons.

The specialty or premium feeds sector is the major growth segment of the entire U.S. dog and cat food market, he said. "It is estimated to be ... as high as \$3.4 billion, or 40% of the \$8.6 billion total, dog and cat retail sales in 1992.

The outlook for pet food sales shows estimated growth rate of 3.5% per year, while the premium category is expected to grow by as much as 8% annually over the next few years.

"Overall, accurate data are difficult to obtain, especially on the non-grocery segment, due to the distribution system, plus many of the companies are privately owned. Whichever data are used as a guideline, it is accurate to say that the worldwide dog and cat food market is large and recession proof," Willard said.

Non-grocery pet food have been around for more than 40 years, but did not start to grow until the mid-1970s, at which time sales were less than \$100 million at retail. However, sales growth soon after hit 50% annually. Currently, Willard said, more than 50,000 non-grocery outlets sell premium pet food.

Traditional pet foods are made of soy-bean meal, wheat middlings, corn gluten meal and tallow. The premium foods are made of high-protein poultry byproducts and meat meals, high-quality carbohydrates, special fiber sources and specially processed fat.

"The real secret to the success of these premium foods has been quality that begins with the attitude of management and ownership of the companies, and applies to the ingredients, manufacturing process, distribution systems, sales and most importantly the concern for quality of life for the animal. Until these foods came on the scene, dogs and cats were not really taken seriously by feed manufacturers," he said.

It was not until the 1980s that nutritional requirements for dogs and cats were defined by researchers from controlled studies. Just as with food animals, the nutrients are listed by the National Research Council as minimum requirements, rather than practical requirements.