

## Pet Food and Supplies - US - April 2004 (\$2995.00)

The pet food and supplies market is valued at \$18.9 billion in 2003, and has experienced 12% inflation-adjusted growth between 1998 and 2003. Growth continues, with a 3.4% inflation-adjusted increase in sales in 2003. The main factor contributing to sales growth is pet owners' increasing demand for premium products in both food and supplies. In the past, people may have said that their pet "is like a member of the family," but during 1998-2003 this attitude has strengthened, at least in terms of money spent on food with quality ingredients, toys, supplies, services, and healthcare.

An increasing percentage of new food products address a specific condition such as joint health, urinary tract health, hairball control, or tartar control. In addition, cat and dog food generally has seen rapid new product development. In 2003, manufacturers launched 149 products in cat food, up 89% over 2002, while new dog foods rose 42% in 2002 and another 25% in 2003, to a total of 241 new products. For instance, new rollouts in 2003 included Pedigree 2-Step Weight Program by Masterfoods USA and Tartar Control dog and cat food by Iams. Further segmentation of food products has occurred due to rising demand for nutrition matched to a pet's lifestage or lifecycle. As a result, manufacturers have been able to compete more on the quality, taste, and function of food, rather than putting primary emphasis on a low price.

In pet supplies, pet owners, especially "empty nesters," have generated growth through purchase of luxury supplies. Pet superstores have eagerly filled this growing demand, having grown sales as quickly as the very aggressive mass merchandisers (the latter compete primarily on price, while pet superstores focus on service and quality). The share of pet superstores has increased from 19% of total sales in 1998 to over 23% in 2003. Pet services have emerged as the main differentiating factor for this format, including grooming, training, and even boarding. Supermarkets remain the number one channel in sales, but continue to lose share to mass merchandisers and pet superstores.

Mintel's original consumer research helps you unravel the reasoning behind consumer purchasing decisions. Mintel analyzes results by age, gender, income, ethnicity and other demographic characteristics. For example, the likelihood of owning a pet increases with rising income levels, though the difference is far more dramatic for dogs than for cats. In addition, women are twice as likely as men to buy pet treats. Keeping an eye to these consumer trends will help manufacturers effectively target and win over new customers.

This report includes food and supplies for dogs, cats, small animals, reptiles, and birds.

Food for dogs and cats may be dry, wet/canned, semi-moist, or in the form of treats.

Supplies include, but are not limited to, collars, leashes, toys, chews, bedding, feeding equipment, indoor aquariums and aquarium accessories, litter, and over-the-counter treatments (such as flea and tick treatments and vitamins).

Medicines and other veterinary services (other than food) are not included.