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Humanization of Pets Drives Pet Food Market

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Product Brief

SP1 - Expand International Marketing Opportunities

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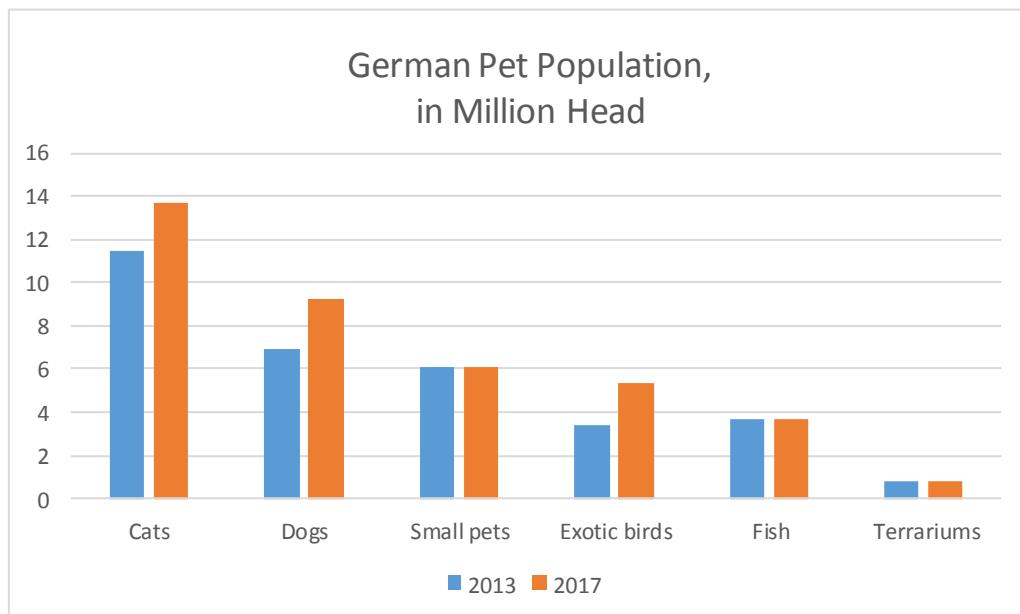
Report Highlights:

Germany, the largest economy in the European Union, is a large and promising pet food market. Imports of pet food account for more than a third of the total pet food market. The German market is mature and somewhat saturated but it is steadily growing. German pet owners are trending towards products that 'humanize' the care of their pets and, in response, manufacturers have developed premium pet foods focusing on health and wellness. The trends in the pet food sector often correspond to those in human nutrition. This report gives an overview of the pet food market in Germany with guidance for U.S. companies ready to export.

General Information:

1.Pet Food Sector

Germany is the largest economy in the European Union (EU) and the fourth-largest economy in the world. With 83 million of the world's wealthiest consumers and 34.3 million pets, Germany is a leading market for pet food products. Pets are held in 45 percent of German households and 21 percent of these households own more than one pet. Germany's pet food market is steadily growing and according to IVH (Industrial Association of Pet Care Producers) sales increased to nearly US\$ 3.6 billion in 2017, dominated by dog and cat food.

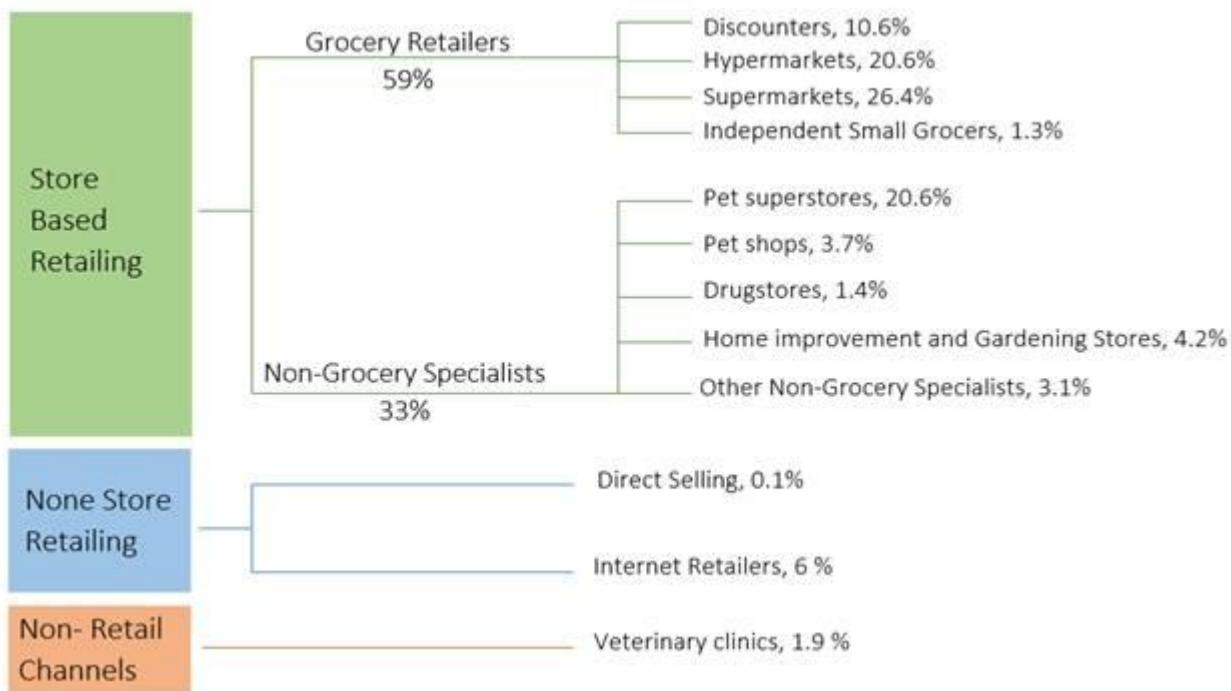


Source: IVH

The German pet food market is mature and saturated but also divided, with both premium and economy-priced food doing well. This shows that price and quality are the most important factors for German customers and is similar to splits seen for other consumer products in Germany. Premium pet food products are mostly marketed through specialty shops, while mid-priced products are available both in specialty shops and in supermarkets. Economy lines are sold by supermarkets and discounters. Economy lines or private label products account for nearly two third of all sales.

Channel Distribution for pet Food in Germany, by the example of cat food, Retail Value RSP

2018



Source: Euromonitor

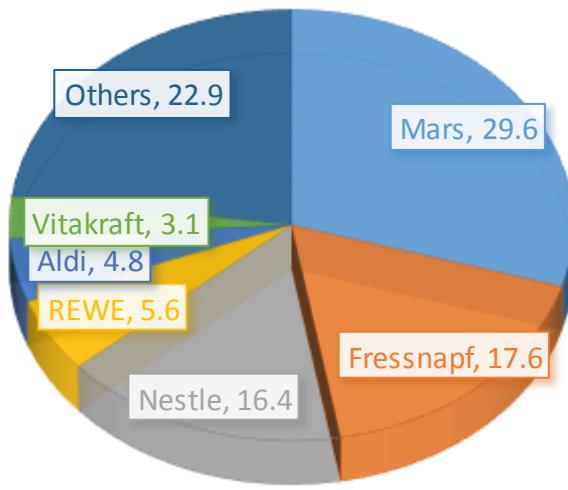
Please see the link below for more information on the German retail market:

- [The German Food Retail Market \(FAS GAIN report\)](#)

The market for pet food in Germany is dominated by Mars, Fressnapf, and Nestlé. The three biggest companies account for half of the total market. The rest of the market is rather fragmented. Mars pet food brands include Whiskas, Pedigree, Sheba, Cesar, Eukanuba, and Royal Canin. Nestlé's pet food brands include Purina Felix, Purina Beneful, and Purina One. Fressnapf's biggest brands are Fit+Fun, Select Gold, and MultiFit. Aldi and Rewe are both retailers. Rewe is selling both, private label pet food (ja!, ZooRoyal) and common brand pet food. Aldi is only selling private label pet food (Romeo, Baldo).

COMPANY SHARE OF PET FOOD IN GERMANY,

BY THE EXAMPLE OF CAT FOOD, 2017, IN PERCENT



Source: Euromonitor

A major trend in pet food in Germany has been the ‘humanization’ or anthropomorphism of pets. Animals are increasingly perceived as members of the family especially by older and single people. Pet owners are also worried about their pets’ health and weight. By focusing on health and wellness, manufacturers have been able to target a growing percentage of consumers who seek high quality pet food. Key aspects of the ‘humanization’ of pet food include providing specific nutrition, functional nutrition, a variety of ‘gastronomic experiences,’ and addressing safety and health concerns. Also, there is an increasing demand for functional or natural pet food. As a result of this focus on special diets and specific ingredients, the average unit price has been rising, especially in the premium and super-premium segments.

2. Cat Food Market

Mars, Fressnapf and Nestlé are the major players in Germany’s growing cat food market, accounting for more than 60 percent of total cat food sales in 2017. Total turnover in cat food products increased by two percent and was close to US\$ 1.8 billion in 2017. It is expected that the cat food market will perform better than dog food because the German population is aging and cats are easier to look after than dogs.

The biggest growth was in cat treats due to an increase in the sales of functional and premium products. The good performance of cat treats is also due to the pet humanization trend in Germany. Whilst vegan, vegetarian and superfood trends in cat food have lost some of their original appeal, products with free-from claims (e.g. “grain free”), as well as “natural” lines with high levels of protein and meat content recorded strong demand and contributed to value growth in 2017. Products featuring specific health benefits like reducing fur balls, supporting healthy teeth or a shiny coat are expected to perform especially well.

While wet cat food continues to constitute the majority of the overall cat food sales many consumers switched to mixed feeding by combining wet and dry food. However, actual mixers are still uncommon in Germany. Marketing concepts focus on the relationship between the cat and the owner (e.g. by designing heart shaped packages) and on promoting flavors that might sound appealing to the cat owners.

3. Dog Food Market

The dog food market is also led by Mars, Fressnapf and Nestlé which together have nearly 50 percent market share in 2017. Total turnover with dog food in Germany was close to US\$ 1.6 billion in 2017 according to IVH. Dog Treats, Dry Dog food, and Wet Dog Food each account for about a third of total sales. In recent years, Dog Treats and Mixers have been the main market driver growing by three percent to US\$593 million according to Euromonitor.

The humanization trend in the dog food market can be seen in the increasing success of premium dog products and specialty dog foods. Consumer knowledge concerning dog's specific needs improved and manufacturers are broadening product ranges by targeting specific functions, breeds, lifestyles, and ages. However the potential for further premiumization is limited because there has already been an increase in the average unit price for dog food. Due to the urbanization small dogs are particularly popular and products aimed at the wellbeing of smaller dogs experienced successful new product launches and rising sales.

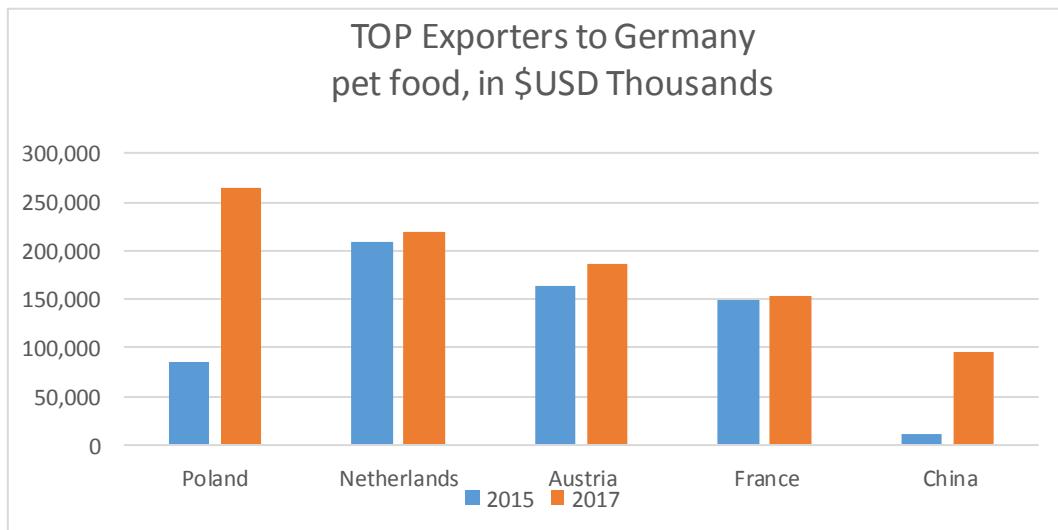
4. Other pet foods

The 'other' pet food category is very fragmented due to the various types of animals and specialty shops. In 2017 other pet food sales rose by one percent to US\$232 million. Due to a decreasing popularity of birds, small mammals and reptiles the sales in terms of volume declined 2017. However, value was added by specialization, segmentation, and focus on the relationship between the owner and the pet. According to Euromonitor the highest current value growth is recorded by small mammals/reptile food in 2017, increasing by two percent to 151.4 million.

With a share of 29 percent Vitakraft Pet Care maintains its position as market leader. German pet owners who choose non-traditional types of pets like ornamental fish, reptiles, or birds tend to invest a lot of time and money and make caring for their pets, a hobby at a semi-professional level. Professional looking products are expected to gain even more popularity and become the driving market value force in other pet food.

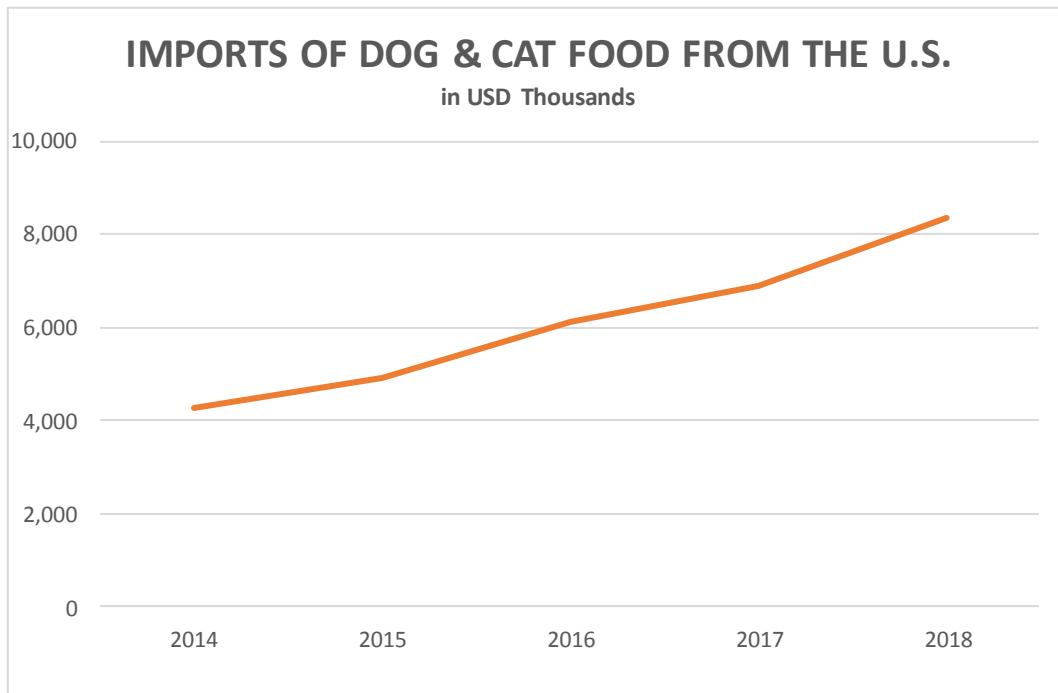
5. Exporting pet food to the EU

The German pet food market is attractive for international suppliers. Imports account for over US\$ 1.3 billion which is more than a third of the total market. The majority comes from other European countries with Poland and the Netherlands as the biggest suppliers. However a large portion of the Dutch shipments are re-exports of other origin. The main supplier from abroad is China, followed by Thailand, Switzerland, and the United States.



Source: Global Trade Atlas

Shipments from the U.S. have increased lately and the value of imported goods has doubled since 2014.



Source: Global Trade Atlas

In the EU, pet food is not regulated by one specific piece of legislation. The EU's feed marketing legislation covers food for companion animals as well as feed for all other animals. Pet food is also subject to the EU's veterinary legislation which has different product coverage than the feed marketing

legislation. Veterinary legislation covers products of animal origin and hay/straw as these present a risk for spreading animal diseases. The EU's approach in dealing with these risks consists of a system of mandatory consignment notification and inspection at port of entry as well as product establishment approval and export certification in the country of origin. Specific certification rules have been developed for various product groups, including "animal by-products." The EU's animal by-product legislation contains several certificates required for successfully shipping pet food with animal origin ingredients.

All exports of U.S. pet food to the European Union must comply with EU requirements which include rules on labeling, hygiene, animal health, certification and the use of additives. U.S. pet food exporters must verify the full set of import requirements with their EU customers. Final import approval is subject to the importing country's rules as interpreted by border officials at the time of product entry.

Visit the links below for more information:

- ["Exporting Pet Food to the EU \(update\)" \(FAS GAIN Report\)](#)
- ["EU-27 Feed and Pet Food Labeling Requirements" \(FAS GAIN Report\)](#)
- ["EU-28 FAIRS Export Certificate Report" \(FAS GAIN Report\)](#)
- ["Food and Agricultural Import Regulations and Standards Report" \(FAIRS Annual Country Report\)](#)
- [European Commission – Animal Feed](#)
- [Catalog of Feed Materials \(Commission Regulation 68/2013 of Jan. 16, 2013\)](#)

6. Trade fairs

Participating or simply attending a trade show can be a very cost-effective way to test the German market, to introduce a product, or to expand sales. The Interzoo (www.interzoo.com) in Nuremberg, which is held every two years, is the world leading trade show for pet food and supplies. Interzoo enjoys an exceptional reputation with a truly global outreach.

INTERZOO 2018	Total	Germany	International
Exhibitors	1,990	344	1,646
Visitors	38,656	9,935	28,721
Exhibition space	120,000		

In addition to Interzoo, there are a few smaller trade fairs (e.g. [Hund & Co](#), [ANIMAL](#)) which might be also worth a visit. U.S. Exporters should consider participating or visiting the trade shows.

7. Key Contacts and Further Information

Homepages of potential interest to the U.S. exporters are listed below:

Foreign Agricultural Service Berlin

<http://fas-europe.org/>

U.S. Mission to the European Union

<https://useu.usmission.gov/>

Foreign Agricultural Service Washington

www.fas.usda.gov

If you have questions or comments regarding this report, or need assistance exporting to Germany, please contact the U.S. Foreign Agricultural Service Office in Berlin at the following address:

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