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GAIN Report

Global Agricultural Information Network

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Pet Food Market

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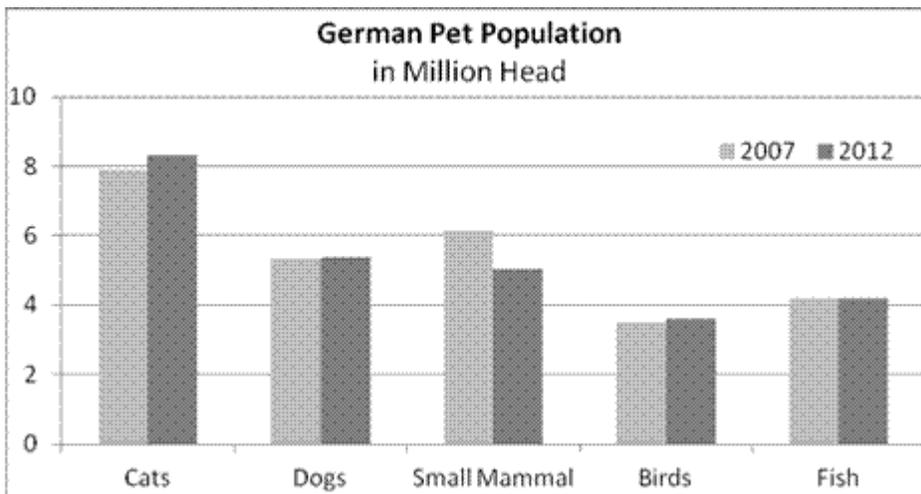
Report Highlights:

Germany, the largest economy in the European Union, is a large and promising market for U.S. pet food exports. The German market is mature and somewhat saturated but it is steadily growing. German pet owners are trending toward products that 'humanize' the care of their pets and, in response manufacturers have developed premium pet foods focusing on health and wellness issues.

General Information:

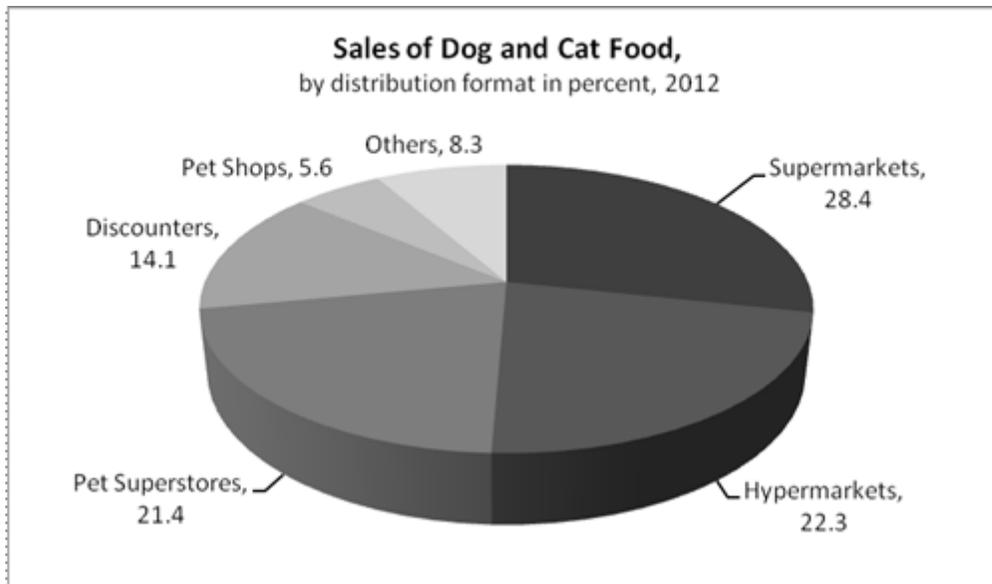
1. Pet Food Sector

Germany is the largest economy in the European Union (EU) and the fourth-largest economy in the world. Germany has been less affected by the financial crisis of 2008 and Eurozone debt crisis than other EU member states. Furthermore, Germany is a leading market for pet food products. Germany's pet food market is steadily growing and sales increased to over US\$ 3.7 billion in 2012, dominated by dog and cat food. If the trend continues, total sales of pet food will climb to US\$ 4 billion by 2020.



Source: Euromonitor

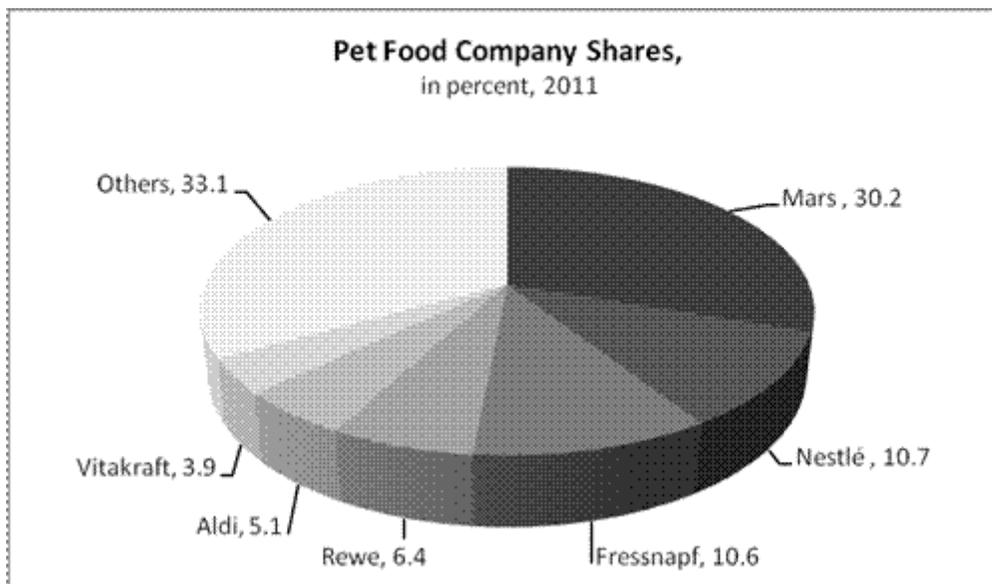
The German pet food market is mature and saturated but also bifurcated, with both premium and economy-priced food doing well. This shows that price and quality are the most important factors for German customers and is similar to splits seen for other consumer products in Germany. Premium pet food products 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.



Source: Euromonitor; Others include non store-retailing, other grocery retailers, veterinary clinics, and direct selling.

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

- [The German Food Retail Market](#)



Source: Euromonitor

The market for pet food in Germany is dominated by Mars, followed by Nestlé, and Fressnapf. 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, Kitekat, Frolic, and Chappi. Nestlé's pet food brands include Purina Felix, Purina Beneful, and Purina Gourmet. Fressnapf's biggest brands are Fressnapf, Select Gold, and fit+fun. 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

The cat food market is also led by Mars, Nestlé, and Fressnapf and together they have a nearly 60% market share. Total turnover in cat food products was close to US\$ 2 billion in 2012. The growth of the cat food market has slowed recently; the biggest growth was still in cat treats due to an increase in the sales of functional and premium products.

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 good performance of cat treats is also due to the pet humanization trend in Germany. Segmentation and specialized products will continue to prevail in the cat food market in Germany. Products featuring specific health benefits are expected to perform especially well.

Wet cat food will continue to constitute the majority of the overall cat food sales. Premium cat food will be a major driver of overall cat food growth. However, economy wet cat food will likely grow due to the rising popularity of private label products.

3. Dog Food Market

Mars, Nestlé, and Fressnapf are the major players in Germany's growing dog food market, accounting for 50 % of total dog food sales in 2011. Total turnover with dog food in Germany was close to US\$ 1.5 billion in 2012 according to Euromonitor. Dog Treats and Mixers, 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.

The humanization trend in the dog food market can be seen in the increasing success of premium dog products and specialty dog foods. Manufacturers are broadening product ranges by targeting specific breeds, sizes, and ages. Sales of therapeutic dog food have also increased; however, it remains a small niche product due to high prices. Premium dog food and dog treats are expected to be the primary drivers of future growth.

4. Other pet foods

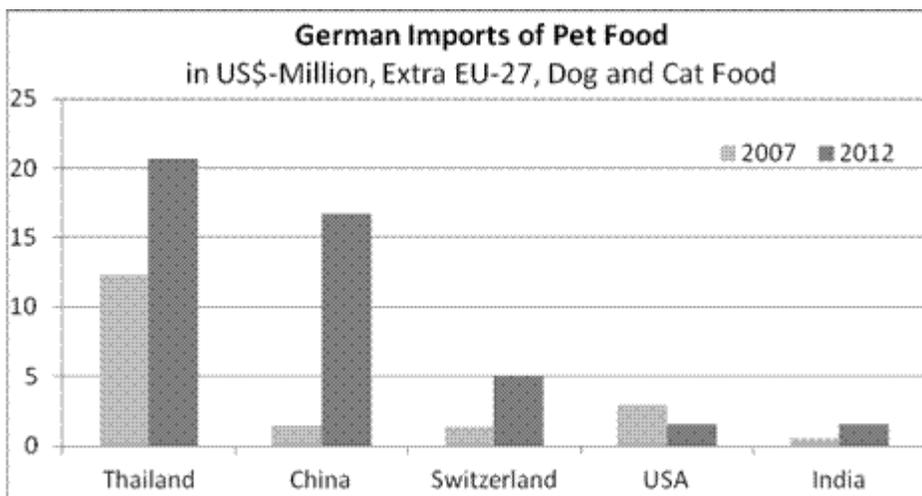
The 'other' pet food category is very fragmented due to the various types of animals and specialty shops.

Vitakraft and Tetra are the market leaders with a share of 25% and 14% in sales. Sales for other pet food are slowly decreasing, totaling at over US\$ 300 million in 2012.

German pet owners tend to choose non-traditional types of pets if they do not have the time or money to look after a larger animal. However, fish and bird populations are expected to only increase slightly, whereas the number of mammals and reptiles are set to decline.

5. Exporting pet food to the EU-27

The German pet food market is highly attractive for international suppliers. Imports account for over US\$ 800 Million or over 20 percent of the total market. The majority comes from other European countries with the Netherlands as the biggest supplier. However a large portion of the Dutch shipments are re-exports of other origin. The main supplier from abroad is Thailand, followed by China, Switzerland, and the United States. Shipments from the U.S. have lately decreased. This is mainly due to restrictions the importation of corn starch, an ingredient in some pet foods.



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 often also subject to the EU's veterinary legislation which has different product coverage than the feed marketing legislation. The 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” \(FAS GAIN Report\)](#)
- [“EU-27 Feed and Pet Food Labeling Requirements” \(FAS GAIN Report\)](#)
- [“EU-27 FAIRS Export Certificate Report” \(FAS GAIN Report\)](#)
- [European Commission – Health & Consumers DG – Animal Nutrition](#)
- [Catalog of Feed Materials \(Commission Regulation 68/2013 of Jan. 16, 2013\)](#)

6. Key Contacts and Further Information

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 leading trade show for pet food and supplies. Interzoo enjoys an exceptional reputation with a truly global outreach. U.S. Exporters should consider participating or visiting the trade shows.

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

Foreign Agricultural Service Berlin	www.usda-mideurope.com
U.S. Mission to the European Union	www.fas.usda.gov/posthome/useu/usda.html
Foreign Agricultural Service Washington	www.fas.usda.gov

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