

Capturing the potential of raw pet food

The increase in raw pet food sales offers several opportunities not to be ignored.

New category

Although it has been around since the 1970s, raw pet food is coming of age. Growing at 33% year-on-year for the past five years in the US (see graph) and at similar rates across Europe, it has become a category in itself, alongside dry and wet pet food.

According to various estimates, it now accounts for roughly 10% of the pet food market in Finland, 5% in Germany, around 3% in the UK, and nearly 2% in the US. Both in Germany and in the US, the market size of raw frozen / refrigerated pet food has surpassed €100 million (\$120 million). In the UK, there are over fifty producers of raw pet food, and thirty in the Scandinavian countries. The largest producers process over 1,000 tonnes a month.

Growth drivers

The drivers for this growth are clear. With the humanization of pets has come an increased interest in what consumers offer them to eat. As consumers spend more time investigating what they eat, they do the same when it comes to pet food.

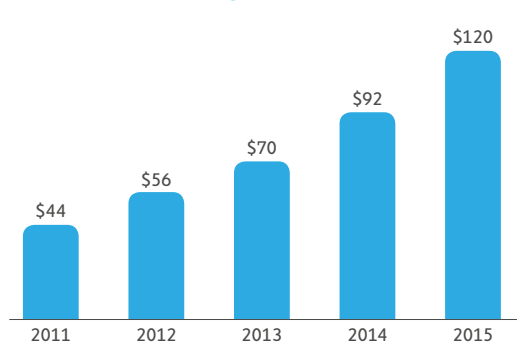
What is more, raw pet food offers an answer for those consumers who view the traditional dry kibble with suspicion. Given the inherent lack of processing in raw pet food, it provides consumers with a 'what-you-see-is-what-you-get' product, and thereby a much-wanted alternative to home cooking.

Finally, raw pet food benefits from the back-to-nature movement. It not only allows people to



Natural pet food

Raw frozen/refrig. in US - \$ sales in million



 **+33%** sales growth year-on-year

 **63%** distribution (up from 40% in 2011)

 **\$1,400** per store/month; 86 more than 2011

 **23 SKUs** per shop vs. 14 in 2011

Source: GfK data

give their pets the same food as was eaten by the ancestors of the modern-day dog and cat (the wolf and the wild cat, respectively), but it also nicely fits in with the 'natural' claim, that many pet-food-related products now wish to subscribe to.

Opportunities

This increase in raw pet food sales offers several opportunities that are not to be ignored. First of all, given the fact that raw pet food does not lend itself to big volume purchases, it has the potential to double the frequency of stores visits, which at best is once a month for loyal customers.

It also offers good protection against online sales, as the logistics involved in sending frozen parcels are far more expensive than those of sending dry.

Finally, as frozen has yet to enter supermarket shelves in most markets, it presents specialty retail with a unique opportunity to claw back some of the lost wet pet food market share.

Three steps for specialty retail

In order to capture the opportunity ahead, there are three steps for specialty retail to take:

1. Create a separate category

It is vital for specialty retail to treat raw pet food as a separate category by setting up a dedicated space for frozen products, and investing in branded

freezers to catch the customer's attention. Leading specialty retailers that have doubled freezer capacity have seen sales of raw pet food double one year later and triple the year afterwards. Some specialty retailers have even gone further, investing in BARF-islands where customers can find various products associated with raw pet food including oils, minerals, dried rice and books.

2. Offer consumers choice

As consumer tastes differ, retailers should make sure they offer a complete range of trustworthy brands, ranging from value-for-money to super premium, and offering a mix of branded and private label products.

3. Train and support staff

Providing pet food advice to the savvy, internet-educated consumer requires sales staff to ramp up their knowledge of raw pet food. Retailers should acknowledge this and provide staff with all the tools they need.

Eventually, to capture the potential, it all boils down to overcoming the resistance to change that is inevitably linked to entering a new market. Only those who act in a decisive yet careful way will succeed. ♦



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