

[Packaged Facts Column for Petfood Industry/3rd Quarter 2008]

Homemade Petfood a Sizeable Market Opportunity

It's no wonder that mainstream petfood marketers and industry trade groups view the prospect of a consumer swing back toward home-prepared petfood as a threat. Historically, marketers' success in building the US market to its current \$16 billion level is the direct result of their marketing success in convincing pet owners that commercially prepared dog and cat foods are the only "complete and balanced" way to go, positioning their products both as more nutritious and more convenient. And with most pet owners in mature markets like North America having long since made the switch, marketers are now employing this same strategy in developing markets with much success.

But the petfood times are changing, and to such a degree that those taking a hard-line position against homemade petfood—or simply dismissing it as just not that important—may want to take a second look. With the recalls of Spring 2007, consumer winds shifted, one end result being a greatly intensified interest in product ingredients. Another fact of life in today's petfood market is that high-income (\$70K+) households account for more than half of sales, and because these consumers tend to be well educated, the notion that they are incapable of putting together a healthy meal for their pets—especially with all of the new products and information resources out there to help them do so—is no longer credible. Also not credible is the idea that pet owners going the homemade route—who tend to be the most informed pet owners of all—will suddenly stop feeding their beloved pets commercial diets and start plying them with dangerous table scraps instead.

The truth is, often under the supervision of pet care professionals, pet owners have been preparing diets at home for their pets for years, and this market may be a good deal larger than one might expect:

- In a Harris Interactive poll conducted online in November 2007, 23% of pet owners said they cooked for their pet either frequently or occasionally, a tendency that is, not surprisingly, higher among females (27%).
- According to the American Pet Products Manufacturers Association's 2007-2008

National Pet Owners Survey, 20% of dog owners and 12% of cat owners purchased human food for use as petfood during the last 12 months.

- According to the American Animal Hospital Association's 2004 *Pet Owner Survey*, over one-third (37%) of pet owners reported fixing their pets special meals using human food (37%), while 14% said they make petfood from scratch at least some of the time.

Combined with other important trends in the petfood market—such as natural/organic fare and human-grade ingredients—statistics like these may suggest not a threat but an opportunity. One company viewing the situation as such is Sojourner Farms, whose upscale Dog Food Mixes are made with human-quality ingredients including steamed-rolled oats, ground pecans and carob powder, thereby offering “the superior nutrition of a raw diet with the ease and convenience people are looking for.” Available in original (Sojos), organic (Monzie's) and grain-free (Europa) varieties, the products make it possible for pet owners to select their own meat source for a fresh homemade petfood in record time.

HOMEMADE PET FOOD *made* EASY.



Since 1985 we've been providing a SAFE and EASY way to give your pet fresh, home-prepared food. Simply add meat & water and you've got a natural, HUMAN-QUALITY diet with no wheat or corn, and NO CHEMICALS. Available in original or grain-free.

www.sojos.com • **sojos** by Sojourner Farms® • 1.888.867.6567

The other piece of the do-it-yourself petfood puzzle—which like homemade petfood is

experiencing above average growth while still flying under the radar—is raw petfood, which is often the main meat component in homemade diets. Comprised mainly of lightly processed products sold in frozen form, the raw petfood segment is coming into its own as companies introduce complete diets that meet AAFCO guidelines, pulling the rug out from under the main criticism of the mainstream veterinary community. Spearheading the complete and balanced raw petfood trend is Nature’s Variety (Prairie), which urges pet owners to rotate between its raw/frozen, kibble and canned diets, and in 2007 Bravo! (Balance) and Wild Kitty followed suit, the latter claiming that a number of its diets actually exceed AAFCO nutrient levels.

Packaged Facts does not expect the trend toward homemade petfood to threaten commercial petfoods anytime soon, but we do see solid market potential here. As noted in *Fresh Pet Food in North America: The Raw/Frozen, Refrigerated and Homemade Wave* (published in July 2008), “Packaged Facts fully expects to see a much wider selection of commercial petfood mixes, and not just inside the small raw/frozen niche. Within the next year or so, we believe major marketers will begin to tap into this market segment, if for no other reason than to hedge their bets as more pet owners seek out fresher petfood options.”