



ASSALCO – ZOOMARK 2017 REPORT ON THE FEEDING AND CARE OF PETS

Pets: from a place in the family to
recognition by society as a whole

SUMMARY

With the collaboration of



PRESS EXCERPT

The **ASSALCO – ZOOMARK 2017 Report on Pet Food and Pet Care** was drawn up by **ASSALCO (the Italian Association of Pet Food and Pet Care Companies)** and **Zoomark International**, the international trade fair of pet products and accessories, an event organized by **Bologna Fiere**. The report was drawn up in collaboration with the **National Association of Italian Veterinarians (ANMVI)** and **IRI Information Resources**. An annual benchmark for those in the pet business, the Report provides an **in-depth view of the pet care market and the world of pets in general**. It is made possible thanks to the co-operation of some of the sector's leading players and supported by scientific evidence, research and expert opinions.

1 – Pets: from a place in the family to recognition by society as a whole

“Pets add value to everyday life”: this is the conclusion one can draw from an analysis¹ of the most recent scientific studies on the role played by pets in the family. In fact, in addition to being true members of the family, pets contribute to the well-being and improve the quality of life of the various components of the family, with beneficial effects on the entire community. This makes it important to recognize their rights in society as a whole as well.

The presence of pets in Italian families

There were **60 million pets** in Italy in 2016 – on average, **one pet per person, and 2.3 per family**. The figures for cats and dogs are **1 for each 3.5 families** and **1 for each 3.7 families, respectively**. Making these data² known is important because, in all likelihood, the public, the media and the institutional decision-makers are not really aware of the true numbers and thus do not fully understand the importance of pets in Italy today.

And yet, to millions of people, **pets are members of the family**: specifically, according to **88% of pet owners** and **70% of the general public**, dogs and cats are in every way components of the family.³ This is further supported by the fact that the relationship between families and pets often goes back many years: in 20% of cases more than 2 decades. In addition, while 58% of families with pets have only one animal, in 14% the number of pets is 4 or more.⁴

Pet-owning families tend to be more numerous (2.8 members) than the national average (2.4). However, in recent years some categories have been increasing: from 2011 to 2017, **single-person families** with pets have grown from 8.4% to 11.1% of the total; during the same period, **pet owners over 65** have risen from 21.5% to 23.7%.⁵

¹ Centro Studi Sintesi (April 2017)

² Euromonitor International (2016)

³ GFK (2013).

⁴ A.N.M.V.I. (2017).

⁵ A.N.M.V.I. (2017).

The social importance of pets in families

More and more elderly people own pets and look after them every day: fully **39% of over-65s live with a pet**, equal to 2.1 million people.⁶ It has in fact been shown that pets have beneficial effects on the elderly, facilitating a positive state of mind, interpersonal relations and physical activity. Walking an hour a day with one's pet not only benefits older people's health (improves circulation, lowers blood pressure, lowers cholesterol levels), it also benefits public finance: estimates are that **4 billion euro in health care cost savings** can be ascribed to the improvements in the lifestyle of the elderly made possible by the presence of pets.⁷

Pets can also be of great help to children. Through pets, children learn to overcome phobias and anxieties, to be more responsible and to take care of another living being. Children who live with pets **are absent from school due to illness 18 days less per year** than their peers without pets.⁸ In addition, it is now common knowledge that **pet therapy** can play an important role in helping people overcome illnesses and other emotional and cognitive difficulties.

In families, pets perform "**affective functions**", facilitating positive moods and serenity and bringing the family closer together, as well as "**practical functions**", such as helping to lead a healthier life and staying in good shape, and even contributing to the children's education and helping them learn to take responsibility. It's no wonder that 59% of pet owners do not shirk on expenses necessary for their pet's care and health, even during these years of economic hardship.

For all the above reasons, as well as the social role played by family pets and the beneficial effects they have on their owners' health and lifestyle, **a reduction in the VAT tax on the cost associated with keeping a pet is called for**. In fact, pet food and veterinary care are taxed at luxury rates (22% bracket), the highest surcharge ever in this country and one of the highest in Europe.⁹ A study reveals that **a majority of the public (56%) believes the current level of taxation on pet food to be excessive**, and the levels among **people who own dogs or cats rise to 70%**: in other words, for the vast majority of respondents, pet food is unjustly equated with luxury items (while food for human consumption is taxed at lower rates).¹⁰

⁶ Federanziani (2015).

⁷ Federanziani (2015).

⁸ McNicholas, J (2014).

⁹ A.N.M.V.I. (2013)

¹⁰ GFK (2013)

Pet food and pet health

A pet's health and wellbeing are inextricably linked with a healthy diet. Statistics show that **pets fed with industrially produced foods live measurably longer** than pets fed on table scraps.¹¹ Over the past 30 years, the life expectancy of dogs and cats has doubled, thanks to improved veterinary care and a steady improvement in the quality of industrially produced pet food.¹²

Industrial pet food is the recommended diet: **85%** of veterinarians rate it better than table scraps:¹³ at present, **industrial pet food** is far and away the **preferred modality** of animal nutrition (77%), with table scraps and specially prepared meals are favored by no more than 11% of pet owners and, in addition, the percentage is on a downward trend.¹⁴

Pet food produced and sold in Italy is **safe and guaranteed**, thanks also to the National Plan of official controls of Animal Foods (PNAA) overseen by the Ministry of Health. The percentage of non-conformity found has diminished over the years: in 2013 it was equal to 0.55% of the samples collected, in 2014 the figure dropped to 0.39%, and the percentage of non-conformity found in 2015 (the last year for which data are available) fell to a rock-bottom 0%: **all the samples collected conformed to the standards.**¹⁵

The steps forward in animal nutrition, together with the increasing availability and use of industrially prepared foods, have combined to lengthen the lives of our pets and improve their overall wellbeing. Concomitantly, pets have become essential to millions of Italian families, fostering serenity and indirectly contributing to improving their owners' lifestyles.

Because of this, recognition of pets' social role must be **further consolidated at the institutional level**. To this end, and in light of the social role played by pets and their beneficial effects on health and lifestyle, it would be advisable to:

1. create a national vital records bureau for dogs and cats;
2. reduce the VAT tax on pet food and veterinary care;
3. adding pets to their owners' declaration of family status;
4. include pets in the official census figures;
5. promote the admission of pets in stores, public spaces and hospitality structures;
6. introduce a reference to pets in the Italian Constitution.

¹¹ GFK (2016).

¹² 2016 Assalco-Zoomark Report.

¹³ A.N.M.V.I. (2016).

¹⁴ GFK (2016).

¹⁵ PNAA (2015-2017).

2 – SOCIAL – INSTITUTIONAL AREA

Pets are part of modern society, and the bond between them and their human friends is very strong; for this reason it is inevitable that there should be increasing attention to animal rights, including the institution of updated regulations guaranteeing their well-being, that of their owners and of society in general.

Presence in Europe

According to FEDIAF¹⁶ estimates, there are more than 200 million¹⁷ pets in the European Union, distributed over 75 million homes.

The most numerous cohort in the European Union is represented by cats: they number 70 million, accounting for almost 35% of the total, followed by dogs, at 62 million, or 31%.

A few curiosities: France is the country with the highest number of felines (12.6 million), while the United Kingdom has the most dogs (8.5 million) and Germany boasts the most rodents (5.9 million). Italy is first in the number of pet birds, with 12.9 million.

Again according to FEDIAF, there are over 15 million aquariums, mostly in Germany (2.1 million), France (1.9 million) and Italy (1.662 million).

Overview of the presence of pets in Italy. Towards the creation of a national vital records bureau.

There is no hard data on the presence of pets in Italian families as yet, but there are numerous estimates clustering around 60 million: according to the latest Euromonitor figures, 60,459,000,¹⁸ to be exact.

These include 6,967,000 dogs, 7,482,000 cats, 29,915,000 fish and 12,898,000 birds. Other small mammals – such as rabbits, ferrets and rodents (hamsters, guinea pigs and degus) - number 1,833,000, and there are also about 1,364,000 reptiles (turtles, snakes and lizards).

The creation of a national vital records bureau for pets, currently under consideration, as reported by the 2017 Statement of Intent¹⁹ issued by the Ministry of Health, would provide us with more precise data. An important step forward, considering that leading European Countries such as France and Belgium have national databases identifying pets.²⁰

¹⁶ The European Pet food industry federation

¹⁷ Fediaf 2014, <http://www.fediaf.org/facts-figures/>

¹⁸ Euromonitor International official statistics, Passport May 2016

¹⁹ <http://www.quotidianosanita.it/allegati/allegato6298965.pdf>

²⁰ <http://www.carodog.eu/identification-and-registration/>

Rules and regulations in Italy

Knowing, sharing and applying the regulations that apply to pets in Italy is an important target, to the attainment of which the Italian Ministry of Health, through its Undersecretary Vito de Filippo, decided to contribute in the summer of 2016 by posting on its website a summary²¹ of the principal national regulations²² and the duties of the Ministry, Provinces, Regions, Municipalities, veterinarians and pet owners themselves.

The Ministry's task is to regulate the management and protection of pets at the national level, not only by issuing documents indicating how to interpret the rules and overseeing their application, but also by creating centralized structures with coordinating functions, like the national vital records bureau for pets mentioned above.

Provincial, Regional and Municipal Authorities are instead tasked with acting at their respective local levels, while veterinarians and pet owners are, in different measure and different aspects, responsible for the direct relationship with the animal and its health and wellbeing.

Traveling in Europe: rules and attitudes. Italian excellence.

Because they are part of our lives, are members of the family and travel with us everywhere at this point, in Italy and abroad, it is indispensable that our pets should be identifiable and, by law, covered by official documentation, such as the European Passport,²³ which allows dogs, cats and ferrets to move around within the borders of the European Union, according to the limitations imposed by each member State.

In addition to the documentation, it is fundamental for owners to be informed about the rules and regulations governing travel with pets in the countries they intend to visit. The United States is famous for its pet-friendly culture, as are Paris and Amsterdam in Europe, but Italy stands out for its tolerant and welcoming attitude.

According to a survey conducted by Hotel Tonight, a booking company, with 1 pet friendly structure out of two²⁴, Italy is well above the global average (37%) and the European one (40%). This hospitality trend is confirmed by the famous portal Booking.com,²⁵ on which 57% of Italian structures accept pets, compared with about 52% in Switzerland, Austria and Germany.

²¹ http://www.salute.gov.it/imgs/C_17_opuscoliPoster_146_allegato.pdf

²² <http://www.gazzettaufficiale.it/eli/id/2013/09/06/13A07313/sg>

²³ http://www.salute.gov.it/portale/temi/p2_6.jsp?id=214&area=cani&menu=viaggiare

²⁴ https://www.hoteltonight.com/it/?gclid=Cj0KEQiAisy1BRD7_YSpduD2cEBEiQAPR3UuE90ksQhVsGWSNdDV1XsEsjy1bY00S3MQkKb76F58UcaAmMm8P8HAQ

²⁵ <http://www.booking.com/>

The countries with the most advanced regulations

The Swiss association Global Animal Law,²⁶ one of whose objectives is to improve the quality of animals' lives, has identified and ranked eight different kinds of legislation concerning the protection and respect of animal rights.²⁷ Austria, Germany and Switzerland stand out in this sense, because they recognize animals as sentient beings, not only in their national legislation and civil codes, but also in their constitutions.

In Italy, legislation includes regulations and specific clauses addressing animal health and wellbeing, and penalties for their mistreatment, but there is still much to be done, some of which is in fact in progress, also from the regulatory standpoint.²⁸

“Work in progress” in Italy on improving the regulations governing pet keeping

In October 2016, MP Michela Vittoria Brambilla brought a small mixed-breed dog named Sogno to Parliament.²⁹ The dog was originally from Amatrice and had survived the earthquake there. This in order to bring attention to the renewed efforts to modify the legal standing of animals and the corresponding amendment to the constitution.

In fact, in 2014, a campaign was launched in Italy calling for the amendment of the Constitution to protect animal rights and declare them sentient beings.

The Italian Federation of Animal Rights and Environmental Associations (FIADAA³⁰), together with the “Animal Consciousness” movement, has submitted a proposal for the inclusion of animal rights in the Constitution,³¹ declaring them sentient beings “able to feel pleasure and pain and, as such, deserving not only of respect but also of a different juridical standing”. Beginning with the fact that they can no longer be considered “objects” in the Civil Code.

The fact that this is an important step forward is clear from the numerous initiatives that take it as an inspiration. For example, since September 2015, the senate has ratified an amendment³² that prohibits the seizure of pets. In November 2015, instead, a DDL³³ (i.e. a bill) was brought before the lower house proposing that pets be included in the certifications involving the declaration of family status. In March 2016, the bill³⁴ was submitted for consideration to the Social Affairs Committee. Finally, as proof of the fact that pets are now

²⁶ <https://www.globalanimallaw.org/database/national/index.html>

²⁷ Updated as of March 2017

²⁸ In the report, there is a list of the principal pertinent Italian rules and regulations.

²⁹ <http://www.telesanterno.com/brambilla-fi-i-diritti-degli-animali-siano-in-costituzione-1020.html>

³⁰ Associations founding the FIADAA: LAV, ENPA, OIPA, Lega del Cane and Lega Italiana Difesa Animali e Ambiente, as well as the Presidents and delegates of the 34 member associations.

³¹ <http://www.lav.it/news/animali-di-diritto-nella-nostra-costituzione>

³² In force since 2 February 2016 – Amendment proposed by Senator Stefano Vaccari, secretary of the Environmental Committee and sponsor of the Environmental Bill, ratified and integrated to the environmental annex proposed by the government in Art 514 of the Civil Procedure Code, Par. 6) bis, which totally prohibits the seizure of any pet whatsoever kept “in the debtor’s home or other premises belonging to the same, without purposes of production, human consumption or commercial profit; and Par. 6) ter, which extends the same prohibition to cover animals “used for therapeutic ends or for assistance to the debtor, the debtor’s spouse, common law spouse or children.”

³³ “Provisions regarding the interconnection between the vital records bureau for residents and the regional canine vital records bureau and the inclusion of pets in certifications relative to the declaration of family status”, <http://www.anmvioggi.it/in-evidenza/63188-anagrafi-canine-i-dati-entrino-nello-stato-di-famiglia.html>,

http://www.camera.it/leg17/995?sezione=documenti&tipoDoc=lavori_testo_pdl&idLegislatura=17&codice=17PDL0038470&back_to=http://www.camera.it/leg17/126?tab=2-e-leg=17-e-idDocumento=3440-e-sede=-e-tipo=

³⁴ Presented by the ‘Fare Ambiente’ ecological movement

considered part of the family in every sense, in Italy it is increasingly common³⁵ that judges are called upon to rule on the care and custody of pets in cases of separation and divorce.

3 – PET HEALTH AREA

PETS & HEALTH BENEFITS

Pets are cherished members of the family, with whom we share a mutually advantageous relationship: each benefits the other.

The pet should be in perfect health and properly trained, and the owner should look after it properly, by training it, caring for its health and providing for all its needs: food, shelter, hygiene, play, social interaction and so on.

PET OWNERS AND VETERINARIANS: AN ANMVI STUDY

The national association of veterinarians (ANMVI) has recently presented the findings of its 2017 study of pet owners³⁶ whose pets are patients of veterinarians, tracing the profiles of pet owners and of the channels through which pets come into the family, as well as analyzing their relationship with the veterinarian and their preferences in terms of diet.

Most owners who bring their pets to the veterinarian are women (68.5%). The proportion of men is decidedly on the rise, up from 24.7% ten years ago to about 31.5% today. Almost half of owners who take their pets to the veterinarian are in the 45 to 64 age bracket. Another sizable group is over 65 (23.7%). In any case, it is interesting to note that it is not unusual that pet owners under 25 should also bring their pets to the veterinarian (8.2%).

Dogs and cats are the most frequently owned pets. If we exclude fish, the sample consists almost entirely of people who own a dog and/or a cat. Only 0.1% have just a small animal (a rodent or another animal). 66% say that they have at least one dog and 52% at least one cat; both figures are higher than the corresponding data from the 2007 study (by 3% and 6%, respectively).

An analysis of the channel through which the pets were acquired illustrates a growing sensitivity to animals in distress. Adoptions of strays are increasing (33.8% compared to 30.7% in 2007) and many come from kennels and animal shelters (12.3% vs. 7.2%), while purchases are down (23.8% vs. 30.4%), as are gifts (40.9% vs. 45.3%), although receiving a pet as a gift remains the most common channel of acquisition.

Pet owners care about their pet's health. 9 of 10 have a veterinarian they trust and 73.9% scrupulously follow his/her advice. Veterinarians are not consulted only in emergencies (this is the case for just 14.5% of respondents), and about 85% have their pets visited regularly,

³⁵ Source: il Sole24Ore <http://guidominciotti.blog.ilsole24ore.com/2016/11/08/roma-il-tribunale-decide-laffido-condiviso-per-il-cane-spot-6-mesi-con-lei-e-6-con-lui/>

³⁶ Survey conducted by: Antonella Cassinari - Research & Consulting (a SOMAR affiliate) Interviews conducted by: K-Research (member of ESOMAR and ASSIRM) Sample size: (1003) individuals who are the primary caregivers for their pet, representing the same number of families. Geographic range: nationwide.

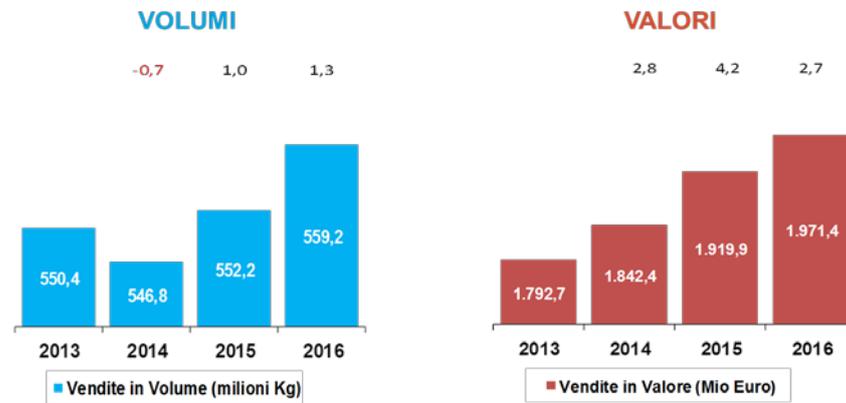
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once a year or more often. About 38.6% bring their pet to the veterinarian more than twice a year.

On a scale of 1 to 10, more than 65% of pet owners rate their family veterinarian in the highest bracket (9 and 10). The veterinarian is the key figure in guaranteeing an animal's health and wellbeing (68.8%).

4 - MARKET AREA

The Italian Market



(VOLUME: Sales volumes in million Kgs)(VALUE: Sales in million euros)

The Italian Market (Grocery + traditional Pet shops and Pet shop chains)

Source: IRI -52 weeks as of 1° January 2017

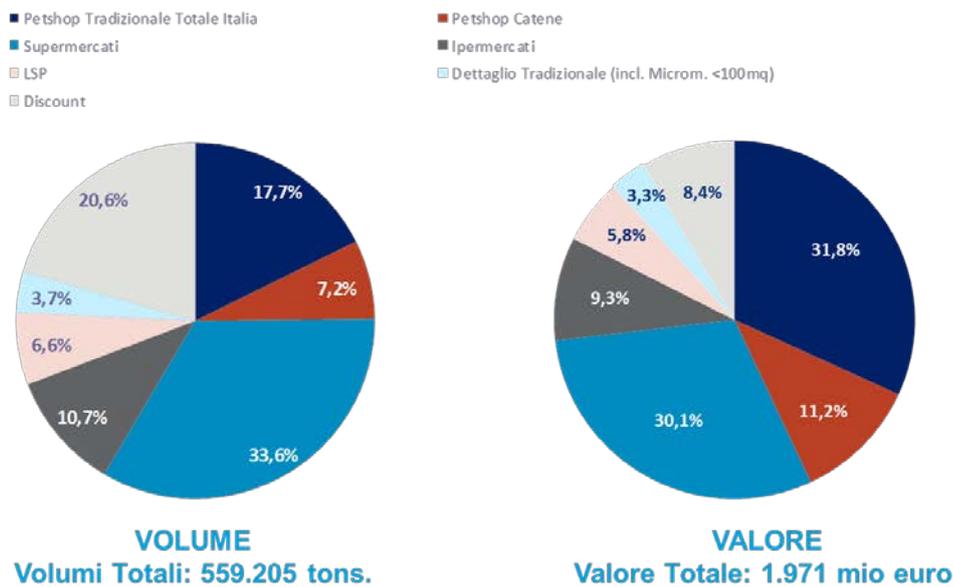
In 2016, total turnover for dog and cat food products in Italy reached **1,971 million euro**³⁷ in value, with a volume of **559,200 tons sold**.

The positive trend continues, with an **increase in turnover of +2.7%** over the previous year and an **increase in volume equal to +1.3%**: the market continues to grow at a rate faster than that of Pre-packed Food Products.

³⁷ Turnover for dog and cat food products includes data from three distribution platforms – Grocery, Traditional Pet Shops and Chains.

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In the period 2013-2016, the market grew at a consolidated annual rate³⁸ of +3.2% in value and +0.5% in volume.



Source: IRI -52 weeks as of 1° January 2017

The **cat food segment** accounts for 53.2% of the total turnover for the Grocery + Traditional Pet Shop + Chains market, for a combined value of 1,048 million euro (+2.2% over 2015). In volume, cat food sales amount to 250,306 tons, equal to 44.8% of the overall pet food market.

In value, **dog food** accounts for 46.8% of the total Grocery + Traditional Pet Shop + Chain market, equal to nearly 923 million euro. The segment is subdivided into 52.1% of the value in dry food, 34.2% in wet food and 13.7% in snacks.

In 2016, all three main segments of dog and cat food (wet, dry and snacks & treats) grew in value (Grocery + Traditional Pet Shop + Chain market). Specifically, snacks and treats (functional meals, for example to favor oral hygiene, or gastronomic treats, generally given as a reward) continue to post double-digit increases (+10.3% in value), the highest growth rate in the market. The best performances are registered in the chain channel, where **cat snacks were up by +11% and dog snacks by 19.7%**.

Further information on the dynamics of individual sales channels is available in the full version of the 10th Edition of the Assalco - Zoomark Report.

The segment of **food for other pets** was, consistently with past years, analyzed in relation to only three large retail channels: hypermarkets, supermarkets and small retailers (from 100 to 399 square meters) and continues the negative trend registered last year, posting a downturn of -6.4% by value, with a total value amounting to about 16.1 million euro.

³⁸ CAGR: Compounded Annual Growth Rate

The **accessories segment** (products for hygiene, toys, leashes, beds, bowls, cages, birdcages, aquariums, turtle bowls and various utensils), continued its growth trend in 2016 with robust increases in the large retail channel³⁹ **(+6% by value and +7% by volume)**, for a combined turnover equal to 72.3 million euro. The positive trend in the segment was driven especially by products for animal hygiene (shampoo, brushes, deodorants and everything else related to care and grooming), which grew by +27.4% in value over 2015. This was followed by toys (+10.1% in value) and anti-parasite treatments (+3.5% in value).

Cat litter sales, analyzed in relation to only three large retail channels, increased in value by 3.7%, for a total turnover equal to 67.4 million euro.

Specialized distribution in Italy: survey on trends and dynamics

The magazine Pet Trend has compared data from Italian pet shops from 2012 to today in order to track trends in the specialized retail sector.

Owners are mostly younger – either below 35 (26%) or between 35 and 45 years of age (41%) – and pet owners themselves (93%), and almost all pet shops sell accessories and products for pet hygiene, in addition, of course, to food and snacks. 6 out of 10 also offer auxiliary services, such as grooming and home delivery. Only 3 in 10 sell animals, and these are primarily larger retailers.

Web-based promotions have increased sharply for the pet shop channel, particularly for the larger sale points (40%), with the aim of attracting customers to the shop.

Pet shop customers tend to be frequent and loyal clients – just under 6 of 10 – and ask the owners for advice, mostly regarding pet hygiene, the choice of a veterinarian and training.

European markets⁴⁰

The macro category of pet care – cat and dog food, other pet foods and accessories – also continued its growth trend at the international level.

According to the findings of the IRI research institute, the European pet care market (data collected from France, Germany, Italy, the Netherlands, the United Kingdom and Spain), posted a growth in value equal to +0.9% for the year ending in June 2016, reaching 9,980 million euro in these six countries alone.

The trend is driven by Spain (+5.5%), Italy (+2.2%), Germany (+2.1%) and France (+1.4%). Turnover was flat for the period in the Netherlands, and Great Britain, the country with the highest turnover in terms of value, registered a downturn of (-2.1%).

The cat food segment is the core business for the pet food category in Europe. In fact, it accounts for just over half (50.3%) of the sales for the entire pet care macro category, with turnover growing by +1.2% (equal to +55.0 million euro), and has played a prominent role in the growth of the European market. Dog food also contributed to the category's growth

³⁹ For accessories, the channels from which data were collected consisted of hypermarkets, supermarkets and small retail (from 100 to 399 square meters).

⁴⁰ IRI data only for the Mass Market channel for the following countries: France, Germany, Italy, Netherlands, United Kingdom and Spain.

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(+0.5%, for a value of 17.8 million euro), but less so than the cat food segment. Food for other pets instead registered a downturn of -2.3%. Accessories posted good growth figures, with turnover up by + 2.2% (+18.7 million euro).

In all the European countries analyzed, there was an increase in the segment of snacks for dogs, which is becoming increasingly important and significant.

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