

Presentation

PET CARE POST-COVID TRENDS IN EUROPE

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The presentation will discuss the pet care post-Covid trends in Europe and deep dive into one of them which is sustainability in pet care.

How is the pet care industry doing today and what changed with the pandemic?

2020 was unprecedented in terms of the size and speed of the economic downturn. Pet Care is a recession-resistant industry. The industry's income elasticities are very low – people tend to cut back on own items before their pets. Euromonitor International saw a record year for the industry in 2020. Industry performs well in 2021, with a still considerable growth, albeit not as staggering as the year before.

Growth of dog and cat population in Europe exceeds historic CAGR by a factor of more than 2. Amidst the social isolation and not needing to commute to work daily – Europeans were eager to adopt a companion. To sum up, pet number increased and owners were spending more time on their pets.

Which trends have shaped the industry in 2021?

Performance of Premium price segment has helped to push the industry in the last two years. Premium Pet Food outperformed 2019, which spilled over to 2021. Despite economic downturn, there was no trading down. There is another interesting European trend: **price polarization**. Mid-priced segment is hollowing out, as Economy brands become better quality, calorific coverage widens, and the lines between the two segments blur.

Private label slightly outperformed branded products due to price polarization (as many economy brands are private label).

Another element driving 2020 and spilling over to 2021 was **the increase of the time spent with pets** - which drove even more pet humanization trends. One very clear outcome seen in the market was a lot more "treating occasions". Euromonitor International data shows that treats were – by far – the leading segment for growth in 2020 and 2021.

Finally, **e-commerce**. Sales of pet products have surged in 2020 due to home seclusion, price sensitivity, convenience and the closure of pet shops and pet superstores in some countries during lockdowns. Ecommerce growth is also slowing down in 2021, but it is still growing by 10% in Europe.