

INDIA'S EVOLVING PET FOOD INDUSTRY: CURRENT LANDSCAPE AND FUTURE OUTLOOK



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The petcare market is very vast with various products and services including petfood, petcare accessories, veterinary services, grooming services etc. The size of this space based on various reports range from Rs. 10,000 Cr to Rs. 30,000 Cr, and its very difficult to place a number owing to the unorganised nature of the industry.

Within petcare, the pet food market is relatively better organised with players such as Mars, Royal Canin, Nestle, Drools etc. This market is estimated to be valued at ~Rs. 4800 Cr, and has grown at 10-12% over the last 2 years.

The challenge for petfood growth in India is that packaged pet food is not considered as complete food by pet parents. This is an extension of the similar view that Indian consumers have about packaged food. Hence, pet food only supplements home food, and does not substitute it. Consequently, the % penetration of pet food is low, and even among those who use pet food, the % share of packaged petfood in total petfood consumption is low. In the more developed markets, the understanding and awareness of packaged petfood as complete food is better, and hence the market size is significantly larger.

While this limits the market, it is also good news for the players who are in the industry because as the awareness improves, the market will grow even more even if the pet adoption rates does not increase. So, for a foreseeable period of 10-15 years, we can expect the petfood market to grow at 1.5 – 2X of average consumer industry growth, as has been seen in the last decade.

For the brands to push up consumption, it is important for them to improve product awareness through targeted campaigns so that atleast the new pet parents consider packaged petfood as primary food for their pets. Also important be to make petfood adoption easier by making them more available and affordable. New players like Drools have gained from these efforts by offering products that are more affordable compared to market leader Mars, and popularising petfood by using celebrity endorsements.

We can expect the Indian market will get more intensely competitive in the coming years with new players such as Allana, Rossari etc. also getting into the fray. With more entrants we can expect that the awareness levels will increase, and the product offerings will also improve which will be good for the industry.

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