



The economic importance of companion animals

FECAVA

(The Federation of European Companion Animal Veterinary Associations)

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Background

The veterinary profession is rapidly changing. At present 50% of the veterinarians graduating from European veterinary schools will work with companion animals. The companion animal world is becoming increasingly important economically, and there is a substantial health benefit in owning a companion animal. For the veterinary profession it is important to be involved in the whole industry to ensure the health and well being of the animals in our care.

Data below are extracts from a presentation by FECAVA (Federation of European Companion Animal Veterinary Associations) at the meeting of UEVP (Union of European Veterinary Practitioners) in Brussels, November 16, 2006.

The term “companion animals” is used to describe cats and dogs unless something else is specified.

FECAVA is an “association of associations”. Its membership is made up of European veterinary organisations, which are concerned with companion animals. Currently there are 35 member associations and 12 affiliate member associations, representing approximately 26,000 individual veterinarians from around Europe.

The objects of FECAVA are:

- to unite, represent and promote the interests of the Companion Animal Veterinary Profession of Europe.
- to define and promote the highest standards of practice and welfare for companion animals.

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Summary

The companion animal world is an industry of economic importance

- Sale of animals
- Pet food sale
- Sale of equipment
- Animal health service
- Insurance
- Activities (dog shows, competitions, etc.) generate money flow
- Sale of veterinary services
- Advanced veterinary services demands better education and better equipment

Companion animals have an emotional value to people

- Health benefits are of economic value in society
- Better quality of life causes better health and better work performance

The above data lead to the following questions:

Is the economic impact of the companion animal industry fully acknowledged among

- decision makers?
- in veterinary organisations?
- in research programmes?

Which body is responsible for informing society about the change in veterinary fields of work?

Which body should work for influencing the priorities in the next (8th) Framework programme for research?

Number of cats and dogs in Europe

According to the European Pet Food Association there are 60 million cats, 56 million dogs and 35 million cage birds in Europe. In addition people keep ferrets, birds, rabbits, guinea pigs, hamsters, etc. The total number of households with pets in Europe is 62 million.

According to Masterfood the number of cats and dogs in each country is as follows (2004):

Nr. of cats and dogs in Europe in millions

Country	Nr. of inhabitants	Cats	Dogs
Italy	57.9	6.7	6.3
Netherlands	18.1	3.1	1.7
Finland	5.2	0.52	0.55
Portugal	10.0	1.0	1.7
Ireland	4.0	0.3	0.6
Hungary	10.0	1.8	1.9
Czech Rep	10.0	1.5	1.4
Slovakia	5.0	0.6	0.8
Germany	82.5	7.5	5.3
Great Britain	58.8	9.2	6.5
Austria	8.0	1.55	0.64
Spain	43.2	3.3	5.3
Lithuania	3.4	0.6	0.7
Latvia	2.3	0.5	0.39
Estonia	1.3	0.25	0.25
Sweden	9.0	1.6	0.95
Denmark	5.4	0.65	0.55
Norway	4.6	0.4	0.6
Belgium	10.3	2.35	1.65
France	62.0	9.9	8.5
Poland (in 2000)	38.65	4.9	8.8
Romania	22.45	5.13	4.26

According to the Pet food manufacturers' association in the UK the tendency is that the cat population is gradually increasing where as the dog population decreases. There is also a growing trend among pet owners towards owning unusual or exotic animals.

Another trend reported by PET global and PET in Europe is that small animals enjoy growing popularity in Europe. In Italy sales increased in 2006 by 3.5%, in Great Britain the market for small mammals has grown by 5% and in Spain sales of products for small animals rose by no less than 29% compared with 2005.

European pet food and pet care market

According to the European Pet Food Association pet food sales are 5 million tonnes a year to the value of € 8.5 billion.

In 2005 the pet food market in Western Europe was € 6.4 billion. The largest single markets were UK, Italy, France, Germany and Spain (Source: Iams)

In 2005 the value of the UK pet food market was just over € 1.5 billion. (Source: Pet Food Manufacturer's Association)

The European Pet Food Association represents around 450 pet food companies across Europe. The European pet food industry employs around 21 000 people.

Like the pet food market the pet care product market is a large and increasing industry. The growth is largely due to the increasing tendency for owners to treat their pets as family members and spend more on accessories for them, and the expansion of pet superstores.

In Italy alone the pet products market (included all types of pets) was estimated at \$2.7 billion for 2004, an increase of approximately 4% over the previous year. (Source: Italy country commercial guide 2006).

The UK market for pet accessories (include all types of pets) has grown by 12.1% since 1998 to reach an estimated \$ 291 million in 2002.

The German pet product market was estimated at € 733 million in 2001. The Nordic pet product market in 2004 was estimated at € 1 112 million euro (Source: PET in Europe)

Companion animal health market

The global dog and cat animal health market was valued at approximately \$ 5 000 million in 2005 and accounted for nearly 40 % of the global animal health market. Dog and cat sales in Europe were approximately 35 % = \$ 1 750.

As for the future the companion animal health market is expected to account for almost 60 % of the growth in the animal health market. The dog and cat market is expected to grow most strongly in the geriatric and juvenile areas because pets live longer and their owners are more willing to spend on them (Source: Wood Mackenzie)

Pet insurance

The pet insurance is a large and a growing market. According to researchers Packaged Facts, the pet insurance market in the US is expected to reach a value of \$ 551 million by 2010. The total UK market for pet insurance was worth an estimated \$ 245 million in 2002, growing 34.8% since 1998.

The major factors contributing to the strong growth in the pet insurance market are increasingly sophisticated veterinary treatments, resulting in more conditions being detectable and treatable,

and a general increase in the cost of veterinary treatment. Strong growth in the financial services sector during the 1990's and many new entrants to the market has also fuelled growth in the pet insurance market. (Source: STAT USA)

In Sweden 50% of the dogs and 16% of the cats are insured (Source: Agria). In the UK 22% of the cats and dogs are insured (Source: Das Monitor)

In Norway 100 000 dogs are insured against injuries and/or death. The average annual fee is € 110. The annual income from dog insurance in Norway alone is € 11 million.

The cost of keeping a pet

The cost of keeping a pet varies from country to country, but the trend is that people in the Western world spend more on their pets.

According to the Swedish journal "Dine Penger" the annual cost of owning a pet in Sweden has been calculated. The annual cost of having a dog is around € 1,100. The annual cost of having a cat is around € 600. When the pet participates in shows or other type of competition the cost will be higher.

Data from Austria

The direct expenses for approximately 700 000 dogs amount to 850 000 € annually. Including social services and health benefits, € 1,5 billion are moved. This is 1% of GNP. Dog keeping in Austria supports 5000 jobs and contributes at least 300 000€ of taxes. (Source: KM Kotschal 2005 Manimalis Symposium)

Data from The Netherlands

The economic value of the companion animal sector has been calculated to be much higher than for example the poultry industry. In 2006 4.200 people were working in the pet products shops, and increase of 11% from 2000. In addition, there are at present 460 kennels and 700 pet grooming saloons in the Netherlands. The total estimated cash flow in 2003 was 1,1 million €. (Source: Forum Companion Animal Welfare, the Netherlands).

Data from Norway

There are about 26 000 dogs registered (and sold) in Norway every year. Each dog costs in average € 1 050. This generates a cash flow of € 26 million per year in Norway alone.

Value of animals in Norway:

Cattle: 937 400 animals in 2004. The value one heifer age 20 months is € 1 050

Dog: 400 000 animals in 2004. The value one puppy age 8 weeks is € 1 050

(Source: SSB, Norway)

A puppy sold in Norway means

Insurance – about 25% are insured

Registration: in the Norwegian Kennel Club. The majority are registered

Permanent identification: 80% microchipped:

Vaccination - all

Purchase of equipment for the puppy

Pet food

Medicines

In addition, the puppy may visit a:

Kennel

Grooming salon

Physiotherapist

Behaviourist

Etc.

Activities related to companion animals

Activities related to dogs and other companion animals are a large and important industry. In Norway the GNP of dog sport has been calculated to be greater than that of sheep farming (Source: Norwegian Kennel Club).

In addition to classical dog and cat shows the dogs and their owners also compete in obedience, agility, hunting, sledge racing and racing

In Germany around 15 international and 160 breed specific dog shows are to be held in 2007.

In the UK there are around 750 breed specific dog shows every year and in 2005 more than 250 agility show were held (Sources: Dog World website and Agilitynet website)

In a small country like Norway more than 100 dogs shows are held every year, with a maximum of 5 000 participating dogs.

Example:

Estimated turnover for one grouse hunting competition for setters in Hovden in Norway:

- Starting fee for 100 dogs = € 10 000
- All owners stay in hotel for two nights = € 25 000
- Each participant drives in average 2 x 200 km = 15 000
- Equipment per dog € 120 = € 1 200

The total turnover for one hunting competition is € 51,200

There are annually more than 60 competitions in Norway for setters *only*. This gives a turnover of more than € 3 million every year for this breed group alone. In addition there are all the other hunting breeds.

Veterinary services

Today there are more than 35 000 vets in Europe who work with companion animals. Most of them are general practitioners, many of whom have additional qualifications like national specialization, etc. At present, 50% of the veterinarians who graduate will work in companion animal practice.

In Sweden veterinary services related to companion animals (dog, cat and other animals) were sold for more than € 100 million in 2004.

According to the American Veterinary Medical Association a vet working predominantly with small animals in 2003 had a yearly income of \$ 90 000. In addition to selling their services, companion animal vets also invest in instruments.

According to a study conducted by KPMG in 1999 for the American Veterinary Medical Association, the American Animal Hospital Association and the Association of American Veterinary Colleges consumer (animal owner) spending on veterinary services has been robust. However there is still substantial opportunity to further increase demand. There also is evidence that there is a potentially significant market for veterinarians and veterinary services, particularly in nontraditional and no private practice arenas. There is an increased demand for services and the pet owners are often willing to pay much to let the vet perform advanced procedures.

The continuing education industry for companion animal veterinarians is rapidly escalating and includes

- Course fees
- Congress fees
- Textbooks
- Journals
- Online education
- Travel and accommodation
- More advanced equipment

Future demands for veterinarians in Europe

Recent data from Norway estimating the future demands for veterinarians. Norway may be considered an average western country apart from the demand for aquaveterinarians show that the following trends can be expected:

	2006	2026	Increase %	% Part of the profession in 2026
Aquaculture	118	218	+ 85%	12 %
Agriculture	466	280	- 40%	16 %
Food Safety	192	326	+ 70%	18 %
Companion animals	537	952	+ 77 %	54 %
Total	1313	1766	+ 35%	100 %

An estimated increase of 77 % is expected in the companion animal veterinary profession over the next 20 years. (Source: Dovre International AS, Institute of Transport Economy, Norway 2007)

The impact of companion animals on quality of life

Companion animals are as the word says companions to people. Where as cattle and pigs are raised to become food, cats and dogs are used for emotional purposes or to solve tasks such as leading blinds, rescue people and locating bombs or drugs.

Numerous studies have showed that companion animals have a positive effect on people:

- Dog owners have better health (more physically active, lower blood pressure and cholesterol)
- They have more contact with other people.
- There is a positive effect on children to grow up with pet animals.

Health benefits include among others quicker recovery after heart surgery and positive effects on quality of life in nursing homes, hospitals, prisons and day care centres. (Source: Dr. Erhard Olbrich, Professor of Psychology)

When hospitalised, Canadian pet owners spend on average 38% less time in hospital (8 vs 13 days) (Source: Raina 1998, 1999)

In Norway, with a population of 4 mill inhabitants, this means a net saving of € 88 million annually for the ten largest hospitals (average cost/day estimated low: € 625)

For Belgium with 10,5 mill inhabitants, this equals € 231 million annually

Money spent by the Canadian insurance companies in order to cover health related expenses per person (*Raina 1998, 1999*):

- Pet owners: € 36 000
- Non-owners: € 47 500

The difference is € 11 500 per person.

Final questions

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