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Pet Health: Products & Services

Industry Study with Forecasts for **2016 & 2021**

Study #2913 | July 2012 | \$5100 | 263 pages

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The continuing “humanization” of companion animals and their treatment as family members, plus veterinary technology that adapts techniques from human health care, will spur demand.

US consumer spending to exceed \$30 billion in 2016

US consumer spending on pet health products and services is expected to reach \$30.9 billion in 2016, with over three-fifths of expenditures accounted for by services. The overall pet population is expected to approach 218 million animals, with 62 percent of US households owning pets. Advances in pet health expenditures will be encouraged by the continuing “humanization” of companion animals and their treatment as family members. Veterinary technology will also continue to adapt diagnostic and treatment techniques from human health care, stimulating value gains for newer, more costly procedures.

Pet insurance spending to post double-digit growth

Pet health services comprise veterinary care, non-veterinary care, and pet insurance. The fastest gains in pet health service spending will remain in pet insurance, with revenues expected to advance more than 11 percent annually through 2016 to \$680 million. While penetration rates will remain low, rising spending on veterinary procedures will encourage more pet owners to select insurance coverage to help mitigate costs. Surgical and non-surgical veterinary care will continue to dominate pet health services, accounting for close to three-quarters of spending. Surgical revenues will remain the larger segment, as these more costly procedures increasingly see technology transfer from human medicine, such as in dialysis and organ transplants. Newly available

US Pet Health Products Demand (\$5.6 billion, 2016; manufacturers’ level)



Pharmaceuticals
33%

Parasiticides
30%

Diet Supplements
11%

Prescription Food
10%

Diagnostics,
Vaccines & Other
16%

services typically cost significantly more than established procedures, adding to revenue gains. However, non-veterinary pet care, including boarding and grooming, accounts for significant spending as pet owners opt for services such as “doggy day care” to tend to pets while owners are away at work or on vacation.

Online pharmacies, large retailers, pet superstores to gain market share

At the retail level, consumers are forecast to spend \$11.5 billion on pet health products in 2016, supporting \$5.6 billion in manufacturers’ level sales. Online pharmacies, pet superstores, and large retailers including Wal-Mart will continue to gain market share over veterinary

practices due to significant cost savings, and major retail centers will dedicate more floor space to pet products. The most rapid gains will continue to be in demand for dietary supplements due to an ongoing focus on preventive health care. Further contributing to growth will be increases in age- and weight-related medical conditions among pets, such as arthritis, diabetes, and obesity.

Pharmaceuticals and parasiticides will continue to dominate spending on pet health products, accounting for a combined 63 percent of the market in 2016. While these two product categories will see the largest gains in demand, they will be outpaced by advances for less mature preventive products such as dietary supplements, diagnostics, and prescription food.

Sample Text, Table & Chart

SERVICES

Pet Insurance

Pet health insurance revenues are expected to increase 4.5 percent per year through 2021. The number of pet health insurance policies in effect in the US market has been slow to grow, but is growing steadily. The US companion animal population has continued to outpace the human population through the forecast period. Factors driving pet owner interest include the move toward more advanced medical care for animals in order to afford care, including costly newer medications and procedures on human health care. Estimates indicate that pet owners with coverage may be willing to spend up to 40% more on their primary care than owners without insurance. Nevertheless, pet insurance will remain a niche market, with penetration rates expected to stay well under 5% of pet-owning households through the foreseeable future.

Legally, pet insurance is a type of property insurance. The first pet insurance policies were introduced to the US market in the early 1980s. For over a decade only one company, Veterinary Pet Insurance (VPI), offered pet health insurance in the US. As of 2011, there were 11 active competitors in this industry, with increasing numbers expected to emerge. Although these insurers offer coverage nationwide, only one percent of pet-owning households had pet insurance policies in 2011. By comparison, over one-fifth of pet owners in the United Kingdom and fully one-half of all pet owners in Sweden carry pet health insurance. Several factors contribute to the low rate of penetration in the US, as lack of awareness and education of both pet owners and veterinarians, competition from discount programs (such as from PetSmart), and owners' unwillingness to pay for premiums for healthy animals.

Pet health insurance coverage was originally marketed through offices via brochures available in reception areas and examination rooms.

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TABLE IV-2

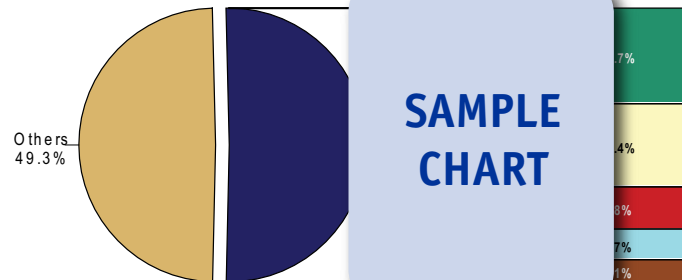
PHARMACEUTICAL DEMAND BY TYPE & ANIMAL
(million dollars)

Item	2001	2006	2011	2016	2021
Pet Population (million)	100	110	120	130	140
\$ pharmaceuticals/pet	1.5	1.6	1.7	1.8	1.9
Pharmaceutical Demand	1.5	1.6	1.7	1.8	1.9
By Type:					
Systemic Agents	0.8	0.8	0.8	0.8	0.8
Antibiotics	0.3	0.3	0.3	0.3	0.3
Other	0.4	0.5	0.6	0.7	0.8
By Animal:					
Dog	0.9	0.9	0.9	0.9	0.9
Cat	0.3	0.4	0.5	0.6	0.7
Other	0.3	0.3	0.3	0.3	0.3
% pharmaceuticals	2.0	2.0	2.0	2.0	2.0
Pet Health Product Demand	1.5	1.6	1.7	1.8	1.9

SAMPLE
TABLE

CHART VII-1

PET HEALTH PRODUCT MARKET SHARE
(\$4.4 billion, 2011)



SAMPLE
CHART

**Sample Profile,
 Table & Forecast**

TABLE V-2

SKIN CONDITIONS: PET HEALTH PRODUCT DEMAND BY TYPE & ANIMAL
 (chart subhead)

Item	2001	2006	2011	2016	2021
Pets with Skin Conditions (million)	40	45	50	55	60
\$ product/skin condition	20	25	30	35	40
Skin Condition Product Demand					
By Type:					
Parasiticides	10	12	14	16	18
Pharmaceuticals	8	9	10	11	12
Other	2	4	6	8	10
By Animal:					
Dog	15	18	21	24	27
Cat	10	12	14	16	18
Other	5	6	7	8	9
% skin condition					
Pet Health Product Demand	20	25	30	35	40

**SAMPLE
 PROFILE**

COMPANY PROFILES

Sergeant's Pet Care Products Incorporated
 2625 South 158th Plaza
 Omaha, NE 68130
 402-938-7000
 http://www.se

Annual Sales:
 Employment:

Key Products
 care products.

health aids, dental supplements

Sergeant's Pet Care Products is a manufacturer of pet supplies, including flea and tick control remedies, health and well-being products, natural and formulated treats, rawhide chews, and toys and accessories. The privately held company is owned by Sowell & Company (Dallas, Texas).

The Company participates in the US pet health market via the manufacture of flea and tick control products, other health aids, dental care products, grooming products, specialty treats, and supplements for dogs, cats, and/or birds. Sergeant's Pet Care Products sells pet health products through grocery stores, mass merchandisers, drug stores, and pet stores. Manufacturing and distribution operations for the Company are carried out at several US sites, including facilities in Kansas City, Kansas and Omaha, Nebraska.

Products for Dogs -- For canines, Sergeant's Pet Care Products makes a broad range of flea and tick control products marketed under the SERGEANT'S and SENTRY brand names. The SERGEANT'S line of flea and tick control products for dogs includes GOLD shampoos and sprays; SILVER squeeze-on products; BANSECT collars;

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"Approximately 60 percent of pet dogs are regularly treated with heartworm preventives, reflecting the broad penetration of parasiticides in the canine pet health product market. Demand for parasiticides is predicted to grow 3.8 percent annually to \$1.4 billion in 2016. Comprising the largest share of demand for health products used to treat dogs, with 39 percent in 2016, the market for canine parasiticides is largely mature, with gains largely driven by increases in the US dog population rather than product innovation."
 --Section VI, pg. 157

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OTHER STUDIES

Animal Health Products

US demand for animal health products will rise 3.5 percent yearly to \$12.7 billion in 2016. Vaccines and diagnostics will be the fastest growing types, while nutritional chemicals and parasiticides will continue to account for the largest share of demand. Livestock and poultry will remain the dominant animal class, while the pet segment will lead gains. This study analyzes the \$10.7 billion US animal health product industry, with forecasts for 2016 and 2021 by product, market, and animal class. The study also evaluates company market share and profiles industry players.
 #2990 February 2013 \$5100

World Wound Management Products

World demand for wound management products will increase 5.3 percent annually to \$39.3 billion in 2016. China will be the fastest growing market. Developed countries, led by the US, will remain a much larger market than developing countries. Wound healing agents and wound dressings will be among the fastest growing products. This study analyzes the \$30.3 billion world wound management product industry, with forecasts for 2016 and 2021 by type, world region and for 10 countries. The study also evaluates company market share and profiles industry players.
 #2893 May 2012 \$6100

Implantable Medical Devices

US demand for implantable medical devices is forecast to increase 7.7 percent annually to \$52 billion in 2015. Orthopedic implants will remain the largest segment and be one of the fastest growing. Pacing devices will lead gains among cardiovascular implants. Other implants expected to do well include neurostimulators and drug implants. This study analyzes the \$36 billion US implantable medical device industry, with forecasts for 2015 and 2020 by implant procedure, material and type. The study also evaluates company market share and profiles industry players.
 #2852 March 2012 \$5100

Drug Delivery Products

US drug delivery product demand will rise 7.4 percent yearly to \$134 billion in 2015. Parenteral products will grow the fastest, led by monoclonal antibodies and polymer-encapsulated medicines. Other types expected to do well include prefilled dry powder and metered dose brachytherapy implants, and implantable drug delivery products. This study analyzes the \$93.8 billion US drug delivery system industry, with forecasts for 2015 and 2020 by material, product and application. The study also evaluates company market share and profiles industry players.
 #2829 January 2012 \$4800

Infection Prevention Products & Services

US demand for infection prevention products and services is forecast to rise 4.9 percent annually through 2015. Safety-enhanced medical devices and medical waste disposal supplies will be the fastest growing products, while protective apparel and textiles remain the largest segment. The services sector will be led by medical waste disposal and contract sterilization. This study analyzes the \$16.7 billion US infection prevention industry, with forecasts for 2015 and 2020 by type and market. The study also evaluates company market share and profiles industry players.
 #2783 September 2011 \$4900

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