



PET FOOD

The pet food industry in Kansas has been a source of growth and is poised for additional growth in coming years. Kansas sits in the KC Animal Health Corridor, which includes several of the world's largest pet food manufacturers, along with more than 300 companies and organizations involved in animal health and nutrition. Pet food sales from the businesses within the Corridor account for over half of the total U.S. pet food sales, and an important portion of the total Kansas exports were animal and pet food exports. Proximity to pet food ingredients which are grown or produced in Kansas are a significant advantage for this region. Pet owners are a growing segment of the population, and the purchasing power in this demographic opens up great potential for this industry.

Although great opportunity exists, the industry also faces some challenges which could serve as a barrier to the kind of growth that is possible. Food safety

regulations are increasing within the pet food industry and impact facilities, equipment, workforce and labeling. Several other federal policies impede efficiency in business as well. Distribution of product is a challenge, needing improved transportation infrastructure as well as storage options.

Hiring and maintaining a workforce is difficult particularly in rural communities with a lack of housing. Converting these opportunities into productive economic growth will require the development of a long-term growth strategy based on input from both public and private stakeholders in the pet food industry. Public outreach, both locally and internationally, could set Kansas up as the leader in pet food manufacturing. Education and government organizations can play a key role in promoting opportunities for innovation and expansion within new and existing businesses. Proactive efforts from key players in this sector can result in growth for the pet food industry in Kansas.

Status

With the growing trend of pet ownership, the pet food industry — which includes dog and cat food along with food for birds, fish, reptiles, hamsters, and other pets — is poised for additional growth. This business growth can develop into a larger market of value-added products from the resources available in Kansas. Geographically, half of the top 10 pet food companies in the U.S. are based in Kansas or Missouri.

According to a Kansas Department of Agriculture IMPLAN economic model, the estimated direct impact of the dog and cat food manufacturing and other animal food manufacturing sectors is \$5.62 billion in output and 4,927 jobs. Including indirect and induced effects, the total impact of these sectors on the Kansas economy reaches \$8.93 billion in output and 17,524 jobs. An additional model shows the impact of only the dog and cat food manufacturing sector on the Kansas economy. The sector has a direct output of \$3.78 billion and accounts for 3,303 jobs. In total, the sector contributes \$5.76 billion in output and 10,799 jobs.

Data from the American Pet Products Association's 2021-2022 National Pet Owners Survey shows that 70 percent or roughly 90.5 million U.S. households own a pet. Millennials represent the largest segment of pet owners for all pet types owned at 32%. During the pandemic, an increase of 14% of both pet and non-pet owners obtained a new pet with saltwater fish being the most popular acquisition.

According to the Euromonitor International data, global dog and cat food sales amounted to over \$1.19 billion in 2021. Kansas ranks second in dog or cat food exports, exceeding \$214.6 million in 2021, and representing approximately 10% of total U.S. dog or cat food exports. In 2021, the average annual pet food spend was \$320 per dog and \$317 per cat. The humanization of pets has led to a steep increase in purchases in the premium pet food segment as pet owners increasingly perceive their pets to be part of the family and seek products they believe to not only be better for them but also for their pet. Many pet owners are looking for ingredient lists that are both functional and natural, often addressing very specific health conditions. Companies that address these new trends should perform well both domestically and internationally.

Successes

- The Petfood Forum that was relocated to Kansas City from Chicago in 2015 had their conference in May 2023. The forum consisted of 3,700 pet food professionals from 43 countries.
- Hill's Pet Nutrition is planning on relocating their headquarters to the Kansas City area within the next year. They will continue to invest in science, innovation, and manufacturing in the Topeka area.
- The Food Export Association of the Midwest USA holds a Buyers Mission at Petfood Forum every year. This year, they attended the Petfood Forum with seven buyers and 12 U.S. suppliers. \$21.46 million in sales were made at the event with an additional \$3.8 million in sales expected to come in the next few months.
- DSM will be constructing a premix plant for pet food in Tonganoxie that they anticipate being fully operational by 2025. The new facility is expected to create 28 new jobs in the area.
- In 2021, a new pet health and nutrition center opened at the KSU College of Veterinary Medicine. A partnership between the College of Veterinary Medicine and a Kansas pet food manufacturer made the new resources and facilities possible.
- Together with the Food Export Association of the Midwest, the KDA ag marketing division brought a pet food ingredient buyer mission to the Petfood Forum KC in April 2018, and has hosted the event since. KDA has assisted with the pet food buyer mission at the Global Pet Expo since 2019.
- A Small Paws Innovation Center was opened outside Topeka, to study nutrition, behavior, genetics, genomics, and microbiomics to support pet food development. The center will host seminars and continuing education programs for students as well as industry professionals. The center is the first of its kind.