



## Making Dog Treats That Do More

### AN ENORMOUS OPPORTUNITY EXISTS IN THE EXPANDING DOG FUNCTIONAL TREATS SPACE

As more and more pet owners identify as *pet parents*, more and more demand is being generated for pet products that align closer with human food and supplements. Many of us know this as the pet humanisation trend, and it has ushered in a quickly growing new segment: functional pet treats.

US consumers have been early adopters for some time now, but the European markets are just beginning to learn how much they want pet treats with wellness benefits. Coupled with the still-hot premiumisation trend, these pet parents are willing to spend a little more on treats if they'll support their dog's digestion or joint health and mobility.



**Dog Functional Treats show the greatest opportunity in the UK, with a market size of \$340.9 mm in 2021 and a forecasted CAGR of 12.0% through 2026.**

*Source: Euromonitor consulting*



**Functional treats are widely used to deliver a guilt-free reward with the added advantage of wellness benefits. Supplements are for nutritional support in more pronounced areas.**



**97% of consumers report that the primary health benefit claimed on the packaging informs their purchasing decisions for dog functional treats, making it the most influential product attribute.**

*Source: Euromonitor consulting*



**The range of pet supplements has expanded, particularly with the introduction of functional treats, which are more convenient for pet owners to offer.**





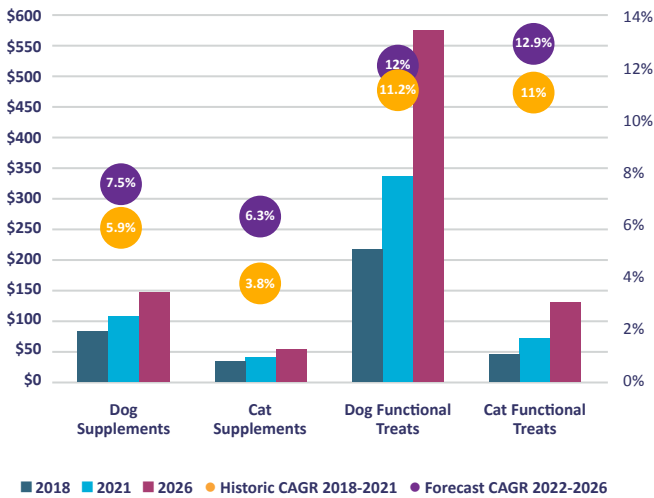
**The Pet Health and Supplement market in the UK is estimated to grow by a CAGR of 8.6% from 2022 – 2026.**

Source: Euromonitor consulting



**The development of new market channels, such as e-commerce and pet speciality stores, has facilitated proliferation.**

**Value Sales and Growth by Category (UK)**  
(2018-2026, \$USmn)



Source: Euromonitor International

Forecasted Market Sizes are in Constant terms (without inflation)

Category Forecasted Absolute Gains 2021-2026	
Dog Supplements	\$39.2 mn
Cat Supplements	\$13.5 mn
Dog Functional Treats	\$238.5 mn
Cat Functional Treats	\$59.3 mn

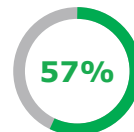
Dog Functional Treats own the largest piece of the overall market, with both functional treat categories showing the greatest forecasted growth through 2025. Supplements are predicted to show steady growth in the forecasted period, though not as high as seen in Functional Treats, as the pet supplement consumer remains more niche within the UK market.



Value share of the total market consists of dog functional treats in 2021.



12% growth is expected from dog functional treats in the forecast period.

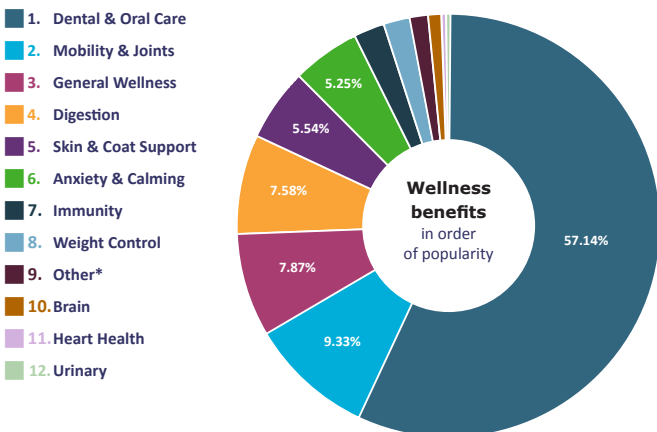


Of functional treats are for dental & oral care and have driven historic growth in this segment.

Benefits most driving forecasted growth in the functional treats category:

1. Anxiety & Calming
2. Digestion
3. Mobility & Joints
4. Dental & Oral Care
5. General Wellness

**Dog Functional Treats**



Source: EMI Manual store audits, web scraping and interview insights

\*Other category includes Energy Support, Recovery, Growth Support, Nausea

It's not every day that an entirely new category emerges with almost limitless development potential. The pursuit of health and well-being through pet humanisation among pet owners brings a breath of fresh air that will open up numerous opportunities. ADM has ready-to-go white-label treats that dogs find delicious, featuring functional benefits pet parents can get behind.

## PARTNER WITH ADM TO MAXIMISE SUCCESS IN THE MARKET

It is important to note that this space features a high level of competition. Innovation is high as brands aim to gain a large share of the pie. However, focusing on quality ingredients and uniquely beneficial product formats is an effective strategy for speaking to what this consumer cares about—and for standing out on a crowded shelf.

**Our large portfolio of ingredients, plus our extensive knowledge in formulation, drives innovation and makes us the partner of choice in this sector.**

ADM **offers two different turnkey solutions** backed by science with proven claims. Additionally, these products are **easy and quick to market**. They support veterinary messages about focusing on pet well-being.

- 1. Functional Soft Chews:** Delivered in a very innovative form, a **soft chew** that is produced with a **cold extruded process**. This proprietary technique **preserves the texture, flavour, and benefits of all ingredients**.
- 2. Pet Supplements:** Presented in individual **sachet packaging, keeping the active ingredients fresh and potent**, ensuring they retain their effectiveness over the proposed shelf life.



## LET ADM BE YOUR EDGE

The opportunity is there for significant market penetration, but a deft touch is required to optimise for all the forces shaping this space. An effective formulation that engenders product loyalty, identifying the specific functional benefits that are over-indexing and can be capitalised upon, and offering differentiating features that truly make the product better, unique and more appealing than others—all are needed to make a functional soft chew worth barking about. We're here to help you meet this growing demand. Let's get started, at [ADM.com/contact-us](https://www.adm.com/contact-us).

## LEARN MORE AT

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