Freeze Dried Pet Food: Is China the next BIG Market?

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Is China the next BIG Market?

What

Why

How

Pathogens

Future

Market
What is Freeze Drying?

- Extracting moisture without the use of heat to create a shelf stable product.

- Create a vacuum to allow water to boil at temperatures below freezing.

- A natural form of drying
The Process - Simplified

-40°C

Frozen Meat (Ice)

Create a vacuum

Water Vapour

-60°C

Ice (Solid)

Recapture H2O
Why Freeze Dried?

- Maintains nutritional value
- Less damage to the product
- Easier to rehydrate
- Maintains flavour and smell
The Freeze Dried Pet Food Market

**USA Focus**

- Maria Lange from GfK at Pet Food Forum 2015: “The next big thing...”

- Fastest growth rate in pet food industry

- Many large brands looking to add a Freeze Dried range to their offering
Evolution of the Freeze Dried Market

Premiumisation
- Small Dogs
- Dr Google
- Real Food Revolution

Phenomenal Growth in NATURAL category
- Grain Free
- Prey Diets
- High Meat
- Raw Food Revolution

Freeze Dried
- Treats
- Complete Food
- Toppers
- Kibble Plus
The Global Freeze Dried Market
Dominated by USA and New Zealand brands
# Western Freeze Dried Brands in Asia

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<tr>
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<th>USA</th>
<th>Singapore</th>
<th>Kong Kong</th>
<th>Taiwan</th>
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*Food Safety Concerns is the main restricting factor for North American Freeze Dried brands in Asia.*
## Cost to feed: Cost per 1,000 calories

<table>
<thead>
<tr>
<th>Food Category</th>
<th>Cost per 1,000 calories</th>
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<tbody>
<tr>
<td>Premium Kibble</td>
<td>$1.75 - $2.25</td>
<td>¥25-30</td>
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<tr>
<td>Dehydrated (Heat)</td>
<td>$5.00 - $8.00</td>
<td>¥55 - 60</td>
</tr>
<tr>
<td>Premium Canned</td>
<td>$7.50 - $10.50</td>
<td>¥75 - 120</td>
</tr>
<tr>
<td>Frozen Raw</td>
<td>$10.00 - $11.00</td>
<td>????????</td>
</tr>
<tr>
<td>Premium Freeze Dried</td>
<td>$11.00 - $18.00</td>
<td>¥85 - 130</td>
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Affordability means small dog breeds dominate the Freeze Dried category.
Thrive not just Survive

Nutrient value and digestibility are key:

Freeze drying maintains nutrient value providing health via food.

A high meat based diet in its natural state is proven to be highly digestible
- the dog is able to digest more calories and more nutrients.

Use Freeze Dried to boost protein levels, nutrients, digestibility and palatability.

Due to price we see the largest market niche for freeze dried is as a nutrient dense “meal mixer” or “topper”.
Affordable Feeding: Premium Kibble and Freeze Dried Meal Mixer

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<tr>
<td>Premium Kibble</td>
<td>¥25 - 30</td>
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<tr>
<td>80% Kibble / 20% FD Meal Mixer</td>
<td>¥37 - 50</td>
</tr>
<tr>
<td>Dehydrated</td>
<td>¥55 - 60</td>
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Chinese Attitude to Nutrition is Ideal for Freeze Dried Petfood

Health through Food has been understood for 3000 years by Chinese Culture
• Western culture is only starting to understand

Freeze Dried category started in USA but as the Chinese become wealthier the Chinese market could be the dominant player.

The main restriction for the Freeze Dried category is AFFORDABILITY

Delivery of Superfood Nutrition ideal for China
Managing Pathogens

**HEAT PASTEURIZATION**

- Uses heat to kill pathogens
- Well recognised and reliable
- Cost effective
- *Can’t use RAW marketing claim*
- Can reduce some of the nutrient benefit

**HIGH PRESSURE PASTEURIZATION**

- Uses pressure to kill pathogens
- Technology not as well recognised
- More expensive and inefficient
- *Can use RAW marketing claim*
- Becoming the market standard in industry
Managing Pathogens

*The most important issue*

Start with the cleanest product possible

The cleanest product comes from

- Free range red meats
- Barn raised poultry in a controlled environment
- Sustainably farmed or wild caught fish

INTENSIVELY FARMED MEAT AND FISH IS OF HIGHER RISK
Freeze Dried: China is the next BIG Market

- “It’s the next big thing...”
- Ideally suited to providing a nutrient boost especially with Superfoods
- Infused with kibble or meal mixers is forecast to be the bulk of the market
- Managing Pathogens is vital.
- Chinese market has potential to dominate the Freeze Dried category