



Pets Are Big Business

SPRING 2020

Americans love their pets and continue to spend more on them every year. With more than 3/4 of all U.S. households owning at least one pet – and 83% of Millennials! – this is one of the fastest-growing departments with sales up more than 6% versus last year. With this growth, spending behaviors are shifting: Brick-and-mortar retailers that sell pet products are still key, but shoppers are rapidly changing their behaviors to reflect more hassle-free options; in fact, 54% of Millennials have purchased pet supplies or food online, driven by the benefits of convenience, price and assortment. Premium brands are also entering grocery and mass retailers – fueling growth while also attracting buyers with mainstream prices.



\$75.4 Billion

spent annually on pets (includes veterinarian care)



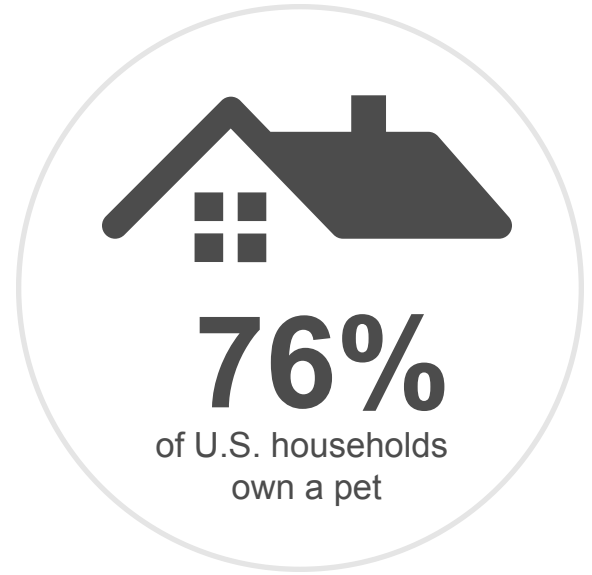
\$17 Billion

spent in brick-and-mortar stores on pet food

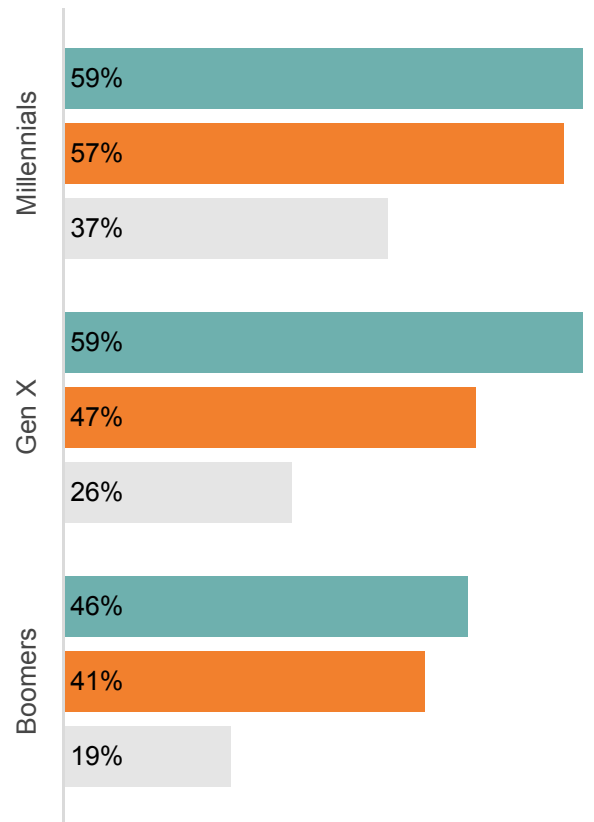
Both **dog** and **cat** food growing

+6.7%

+6.5%



PET OWNERSHIP BY GENERATION



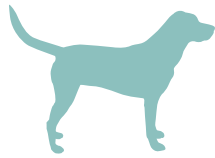
● Dog HHs ● Cat HHs
● Dog + Cat HHs

Pet Ownership Stats

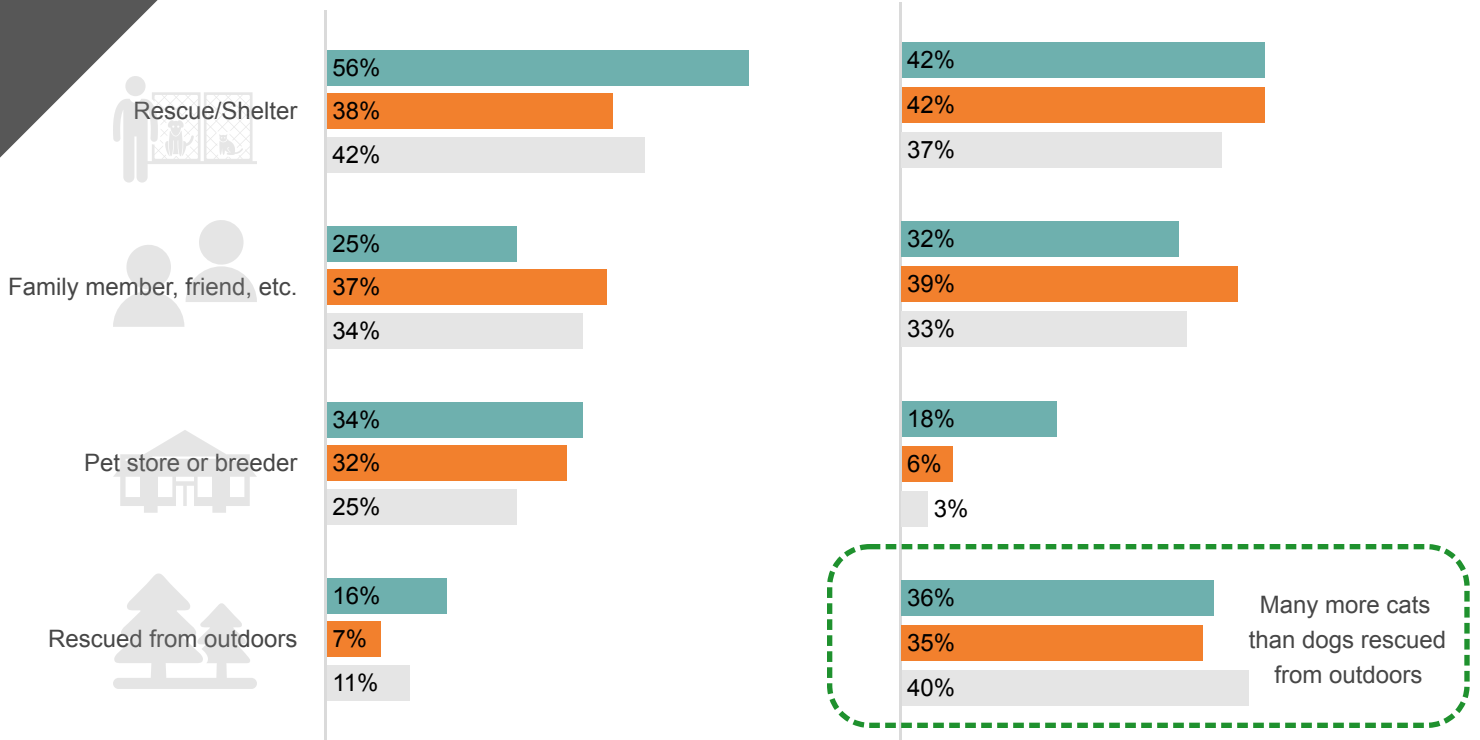


The majority of dogs and cats are adopted from rescues/shelters

How did your dog(s) and cat(s) join your household?

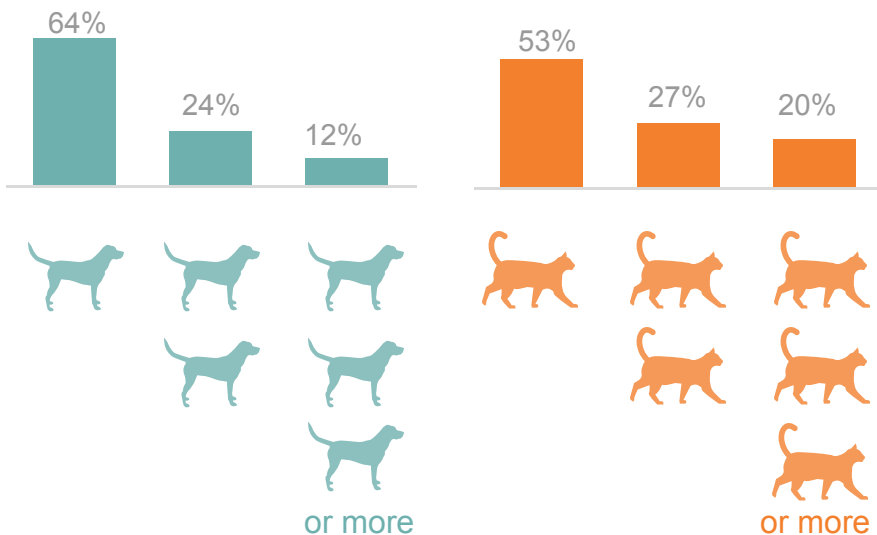


● Millennials ● Gen X ● Boomers



Just over 1 in 3 households with dogs have more more than one dog; nearly half of households with cats have more than one

How many dogs and cats are in your household?



Multiple pet ownership by generation

Generation	Multiple Dogs	Multiple Cats
Millennials	42%	44%
Gen X	35%	53%
Boomers	34%	46%

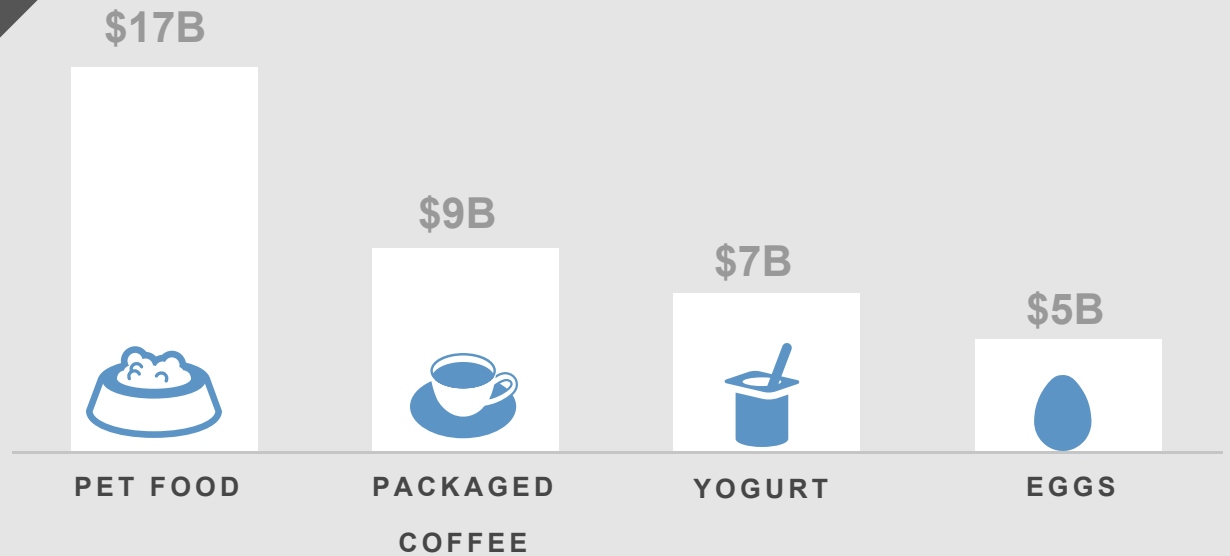
Millennial households with dogs are more apt to have multiple dogs than other generations

More than half of Gen X households with cats have more than one cat

Pet Shopper Trends

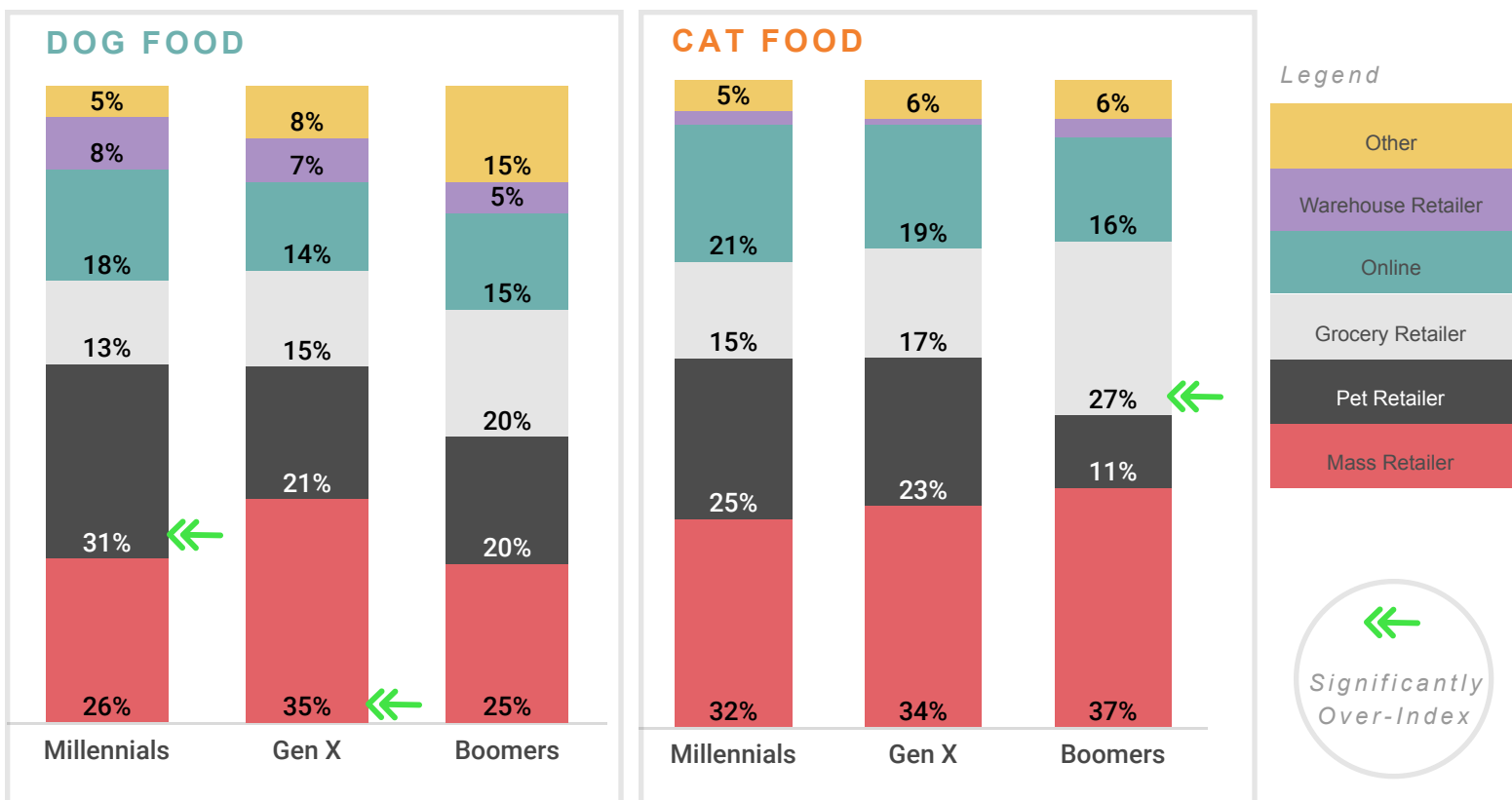


Pet food is a sizable category in brick-and-mortar retailers

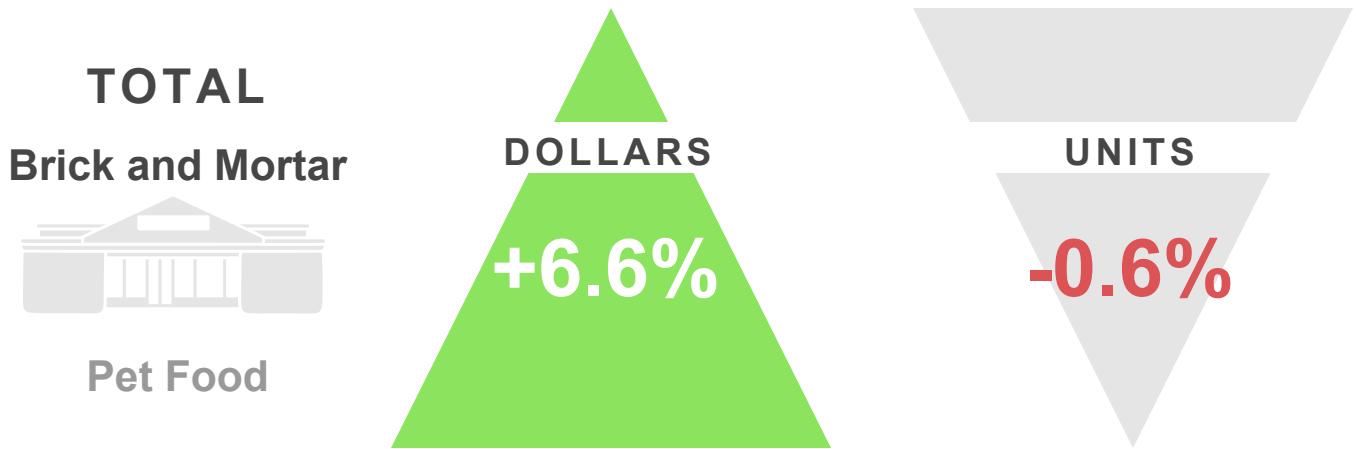


Shoppers' primarily purchase pet food at mass and pet retailers

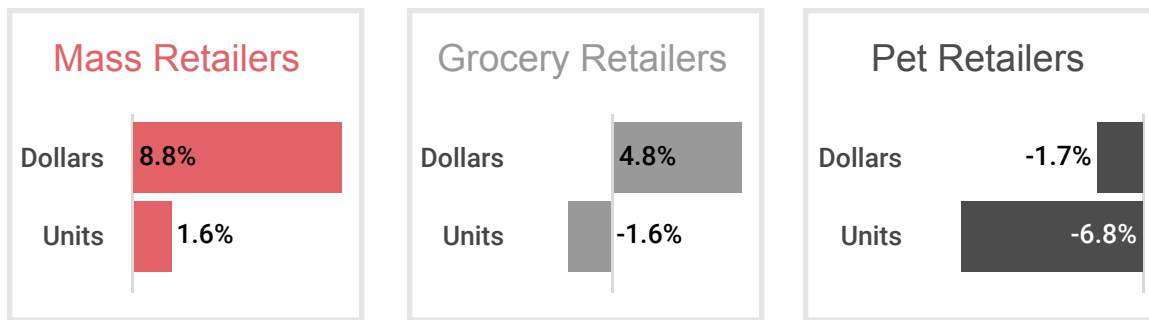
Where do you purchase most often?



Dollars are growing in brick-and-mortar, but units sold are mostly flat. Mass and grocery retailers are experiencing moderate dollar growth with higher pricing especially from premium brands.



Trends by Key Brick-and-Mortar Channel



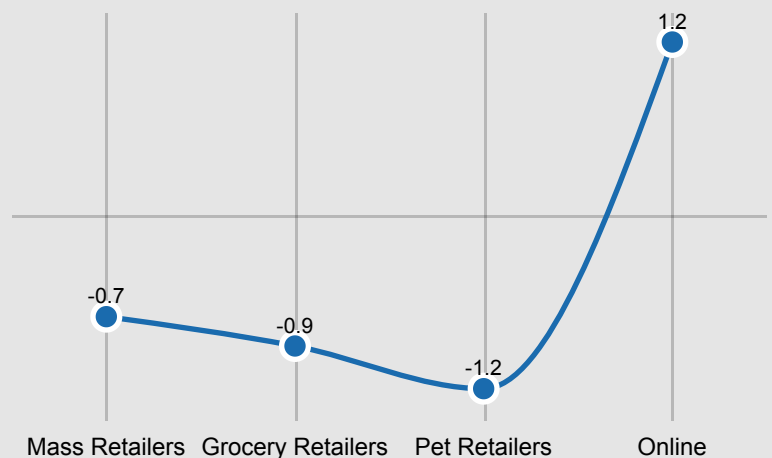
Top 5 Brands Avg Price % Chg vs Year Ago: Mass Retailers **+3.8%**, Grocery Retailers **+4.0%**, Pet Retailers **+2.6%**

While household penetration is down across key brick-and-mortar channels, online is increasing, but penetration is low at 9%

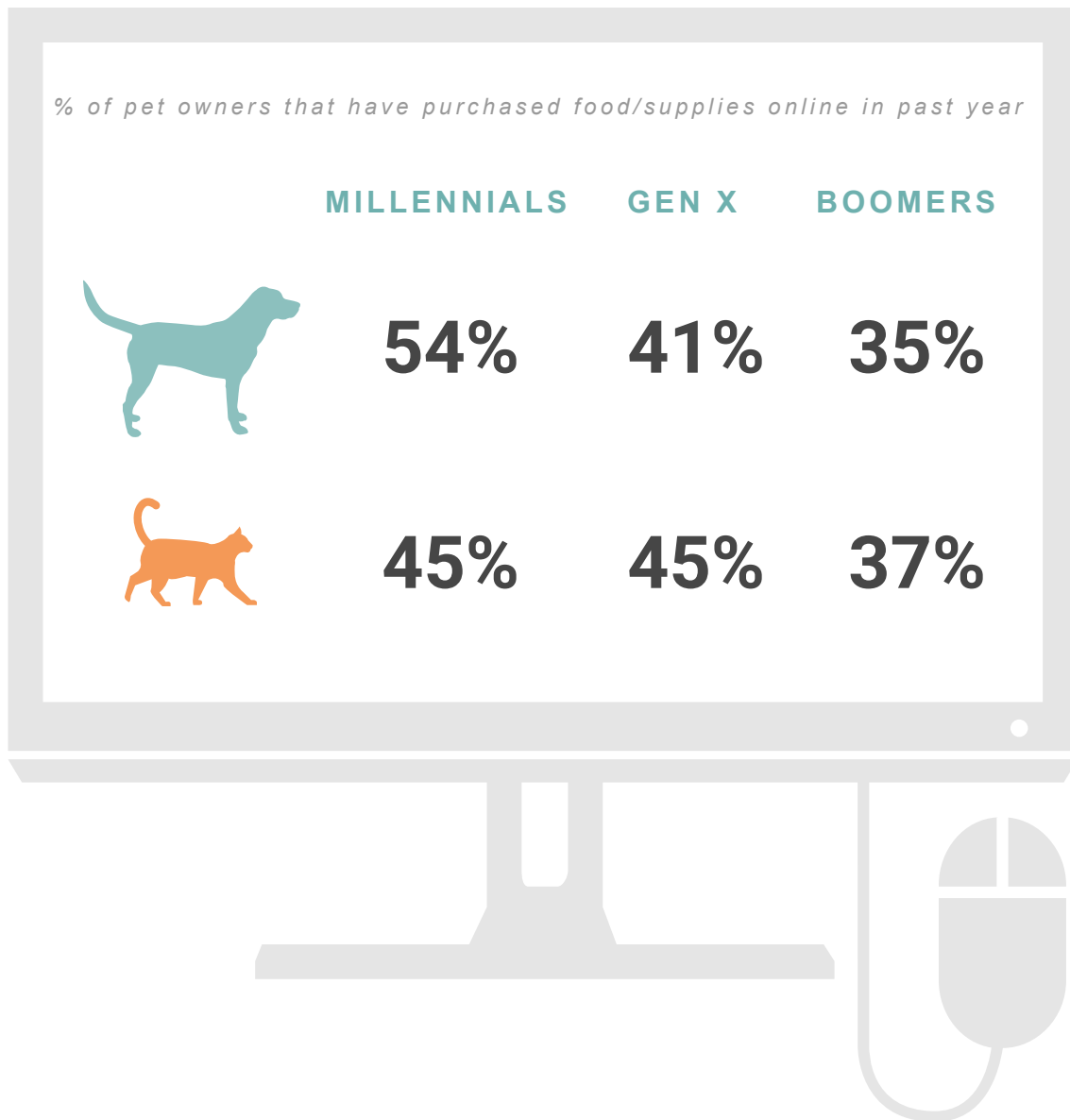
Channel	U.S. Household Penetration (2019)	Value of Penetration Loss/Gain
Mass Retailers	43.0	-\$119M
Grocery Retailers	40.6	-\$126M
Pet Retailers	20.0	-\$283M
Online	9.2	+\$948M



PET FOOD
HOUSEHOLD PENETRATION
point change versus year ago

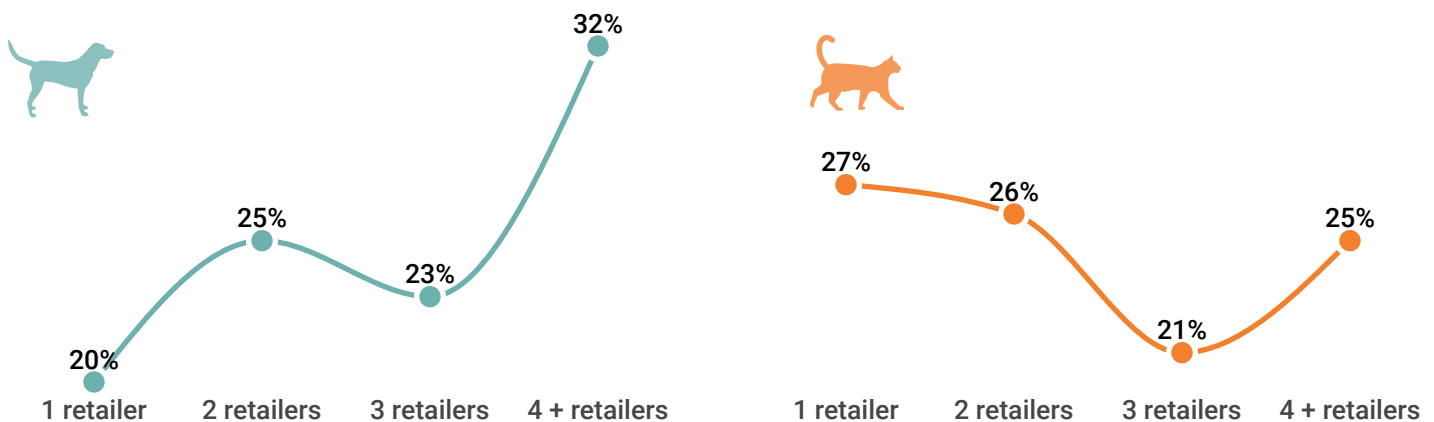


54% of Millennials have turned to online retailers for their dog's needs



Cross-shopping several retailers is common for pet needs

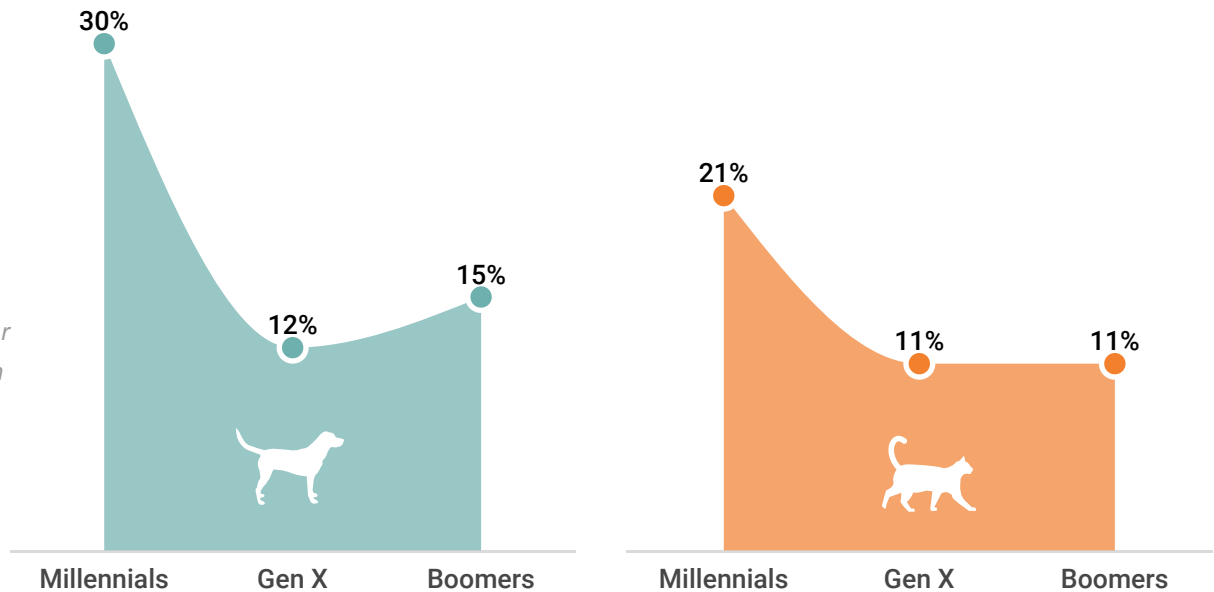
In general, how many different retailers do you go to for your pet's needs?



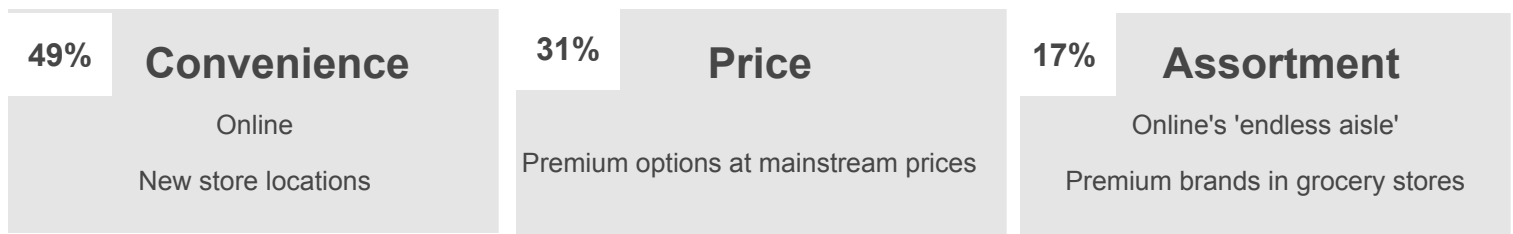
Overall, about 1 in 5 pet owners have changed their buying behaviors to reflect more convenient options

Have you changed where you shop for the majority of your pet's needs in the past year?

% of shoppers that have changed where they shop for their pet's needs in the past year



Top reasons for Millennials changing where they shop:



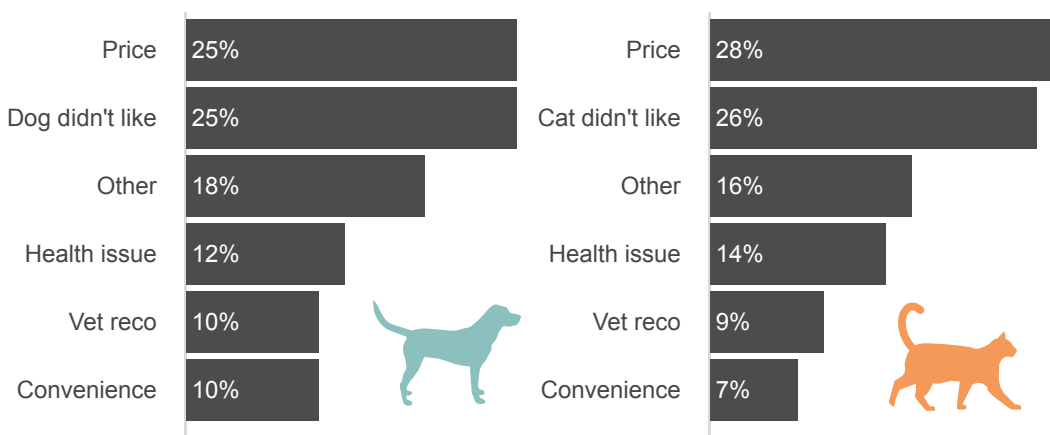
Changing brands is more common than changing retailers and dog owners that shop most often online are least likely to change

DOG OWNERS CAT OWNERS

% of shoppers that have changed their pet's food brand in the past year:



Top reasons for changing brand:

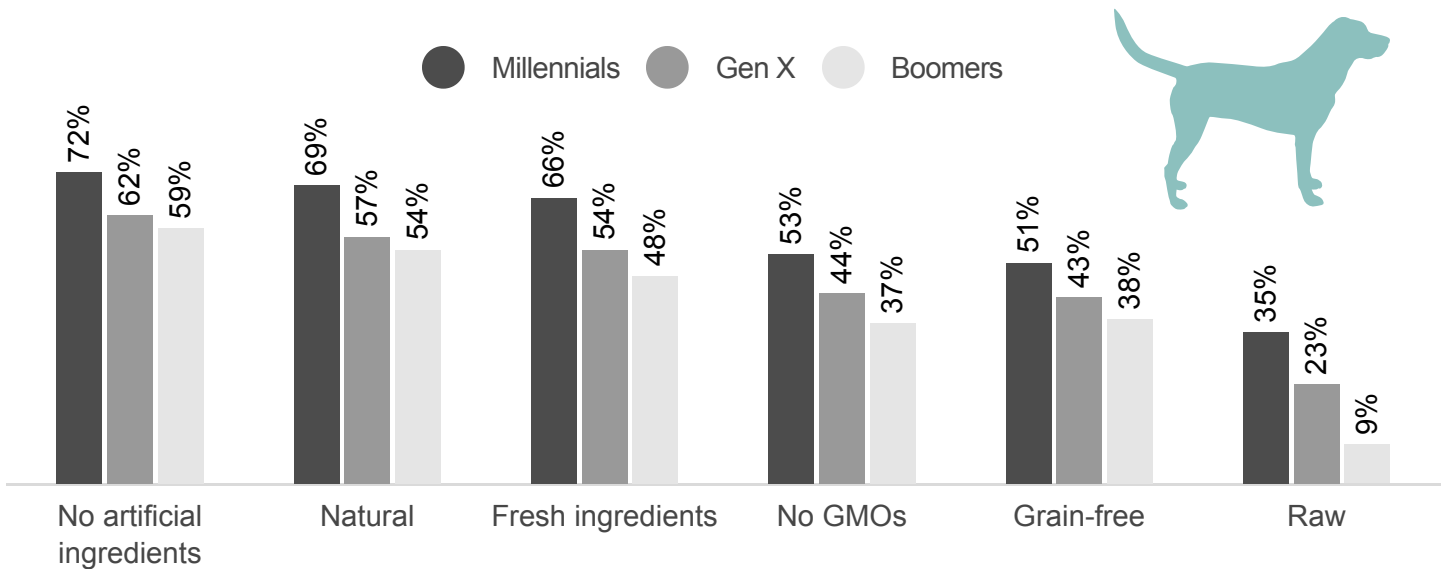


% that have changed brands by channel most often shopped

Channel	Dog Owners (%)	Cat Owners (%)
Grocery	65%	46%
Mass	47%	46%
Specialty Pet	52%	53%
Online	39%	54%

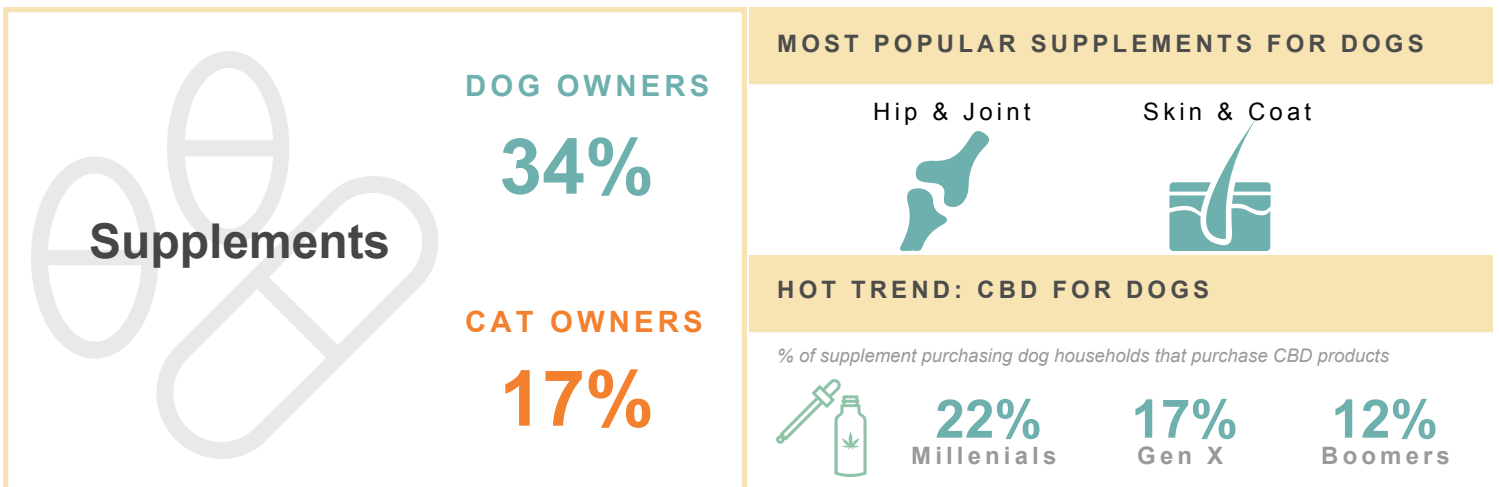
Dog owners want real and natural ingredients – especially Millennials

When purchasing pet food, how important are the following ingredients/health attributes?



1 in 3 dog owners purchase supplements

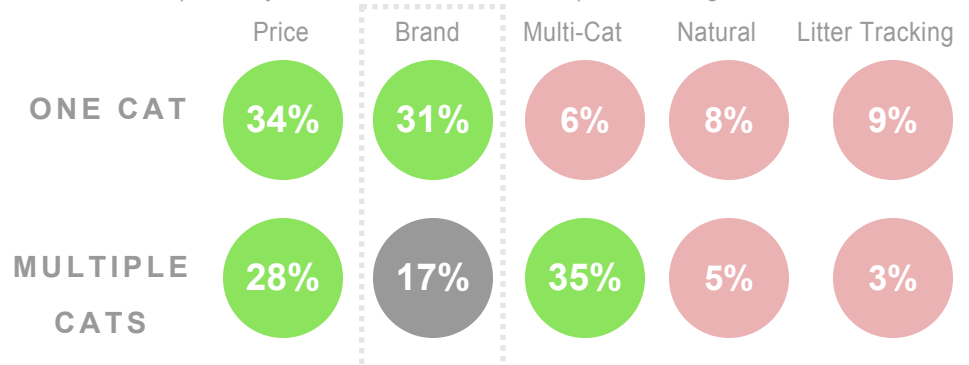
% of pet owners that have purchased supplements for their pet(s)



Multiple cat households are less concerned about cat litter brand

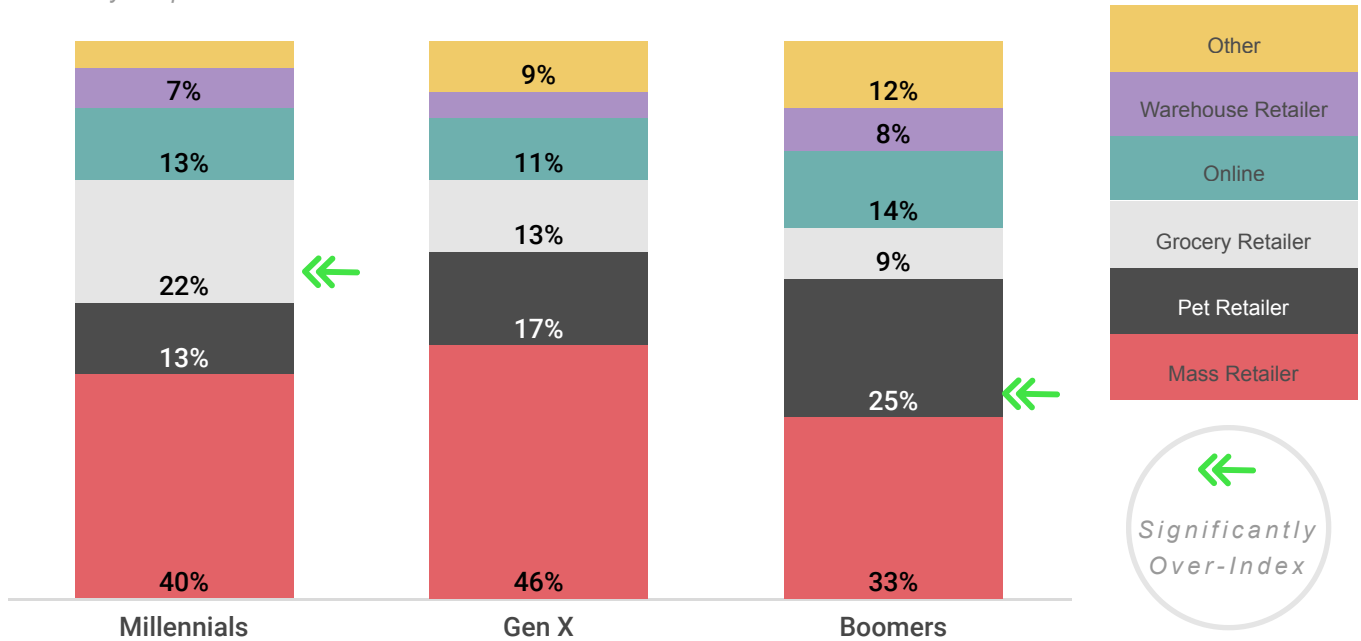
What is the primary decision factor when purchasing cat litter?

47%
of cat households have
more than one cat



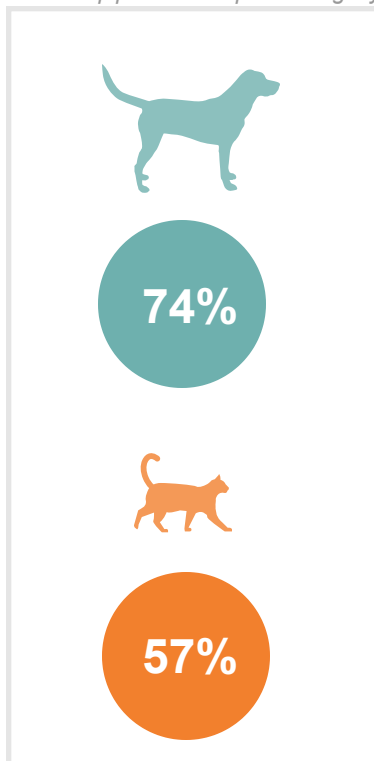
Millennials buy significantly more cat litter at grocery retailers than other generations

Where do you purchase cat litter most often?

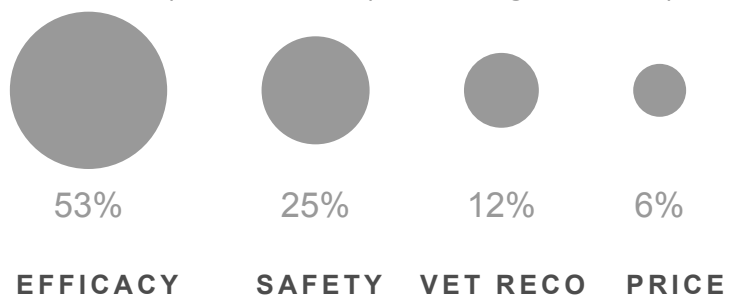


The majority of pet owners purchase over-the-counter flea/tick products and are most concerned about efficacy

Do you purchase flea/tick products?
% of shoppers responding 'yes'



What is most important when purchasing flea/tick products?





Pet owners are warming up to the online marketplace for pet needs

- Online is the primary pet retailer for 1 in 5 shoppers and is expected to increase like other CPG categories.
- Private label pet food products have helped the pet channel, which has been struggling. Opportunity exists to attract shoppers via innovative offerings.



Pet owners are paying more attention to the health and wellness of their pets

- Real, natural ingredients are key, especially with Millennial pet owners. The introduction of premium brands in mainstream channels has been the absolute key to growth.
- It's also important to keep in mind that many of the top-selling brands are more no frills and lower priced. It's important to formulate a mix of these brands along with the pricier brands focused on health & wellness.



The majority of pet owners shop more than one retailer for their pet needs

It's rare that one retailer is able to meet all needs – whether for everyday groceries or pet food. Retailers should hone in on their competitive advantages and compete from all directions: price, assortment and convenience.



The majority of dog and cat owners adopt

Over the years, more and more pet owners are adopting their dogs and cats from shelters and rescues. There is opportunity for brands and retailers to partner with them even beyond hosting pet adoption events. Many pet owners obtain their first bag of food from these places and often establish brand loyalty via this route. There's potential to reach them at the forefront of the adoption process and build their repeat business.

Sources: Acosta Custom Shopper Survey February 2020; 2019-2020 National Pet Owners Survey (APPA); Nielsen Answers on Demand Core and Panel Calendar Year 2019 and 52 Weeks ending 2/22/20

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