CLEVELAND RESEARCH COMPANY
PET INSIGHTS COUNCIL

2024 Pet Consumer Shopping Behavior

Important disclosures can be found in Appendix

April 2024

CRC's Take: The Cleveland Research Pet Insights team gathers data and insights from industry leading suppliers, retailers, brokers, and data providers on a regular basis. As brands look to spur consumer demand to drive unit growth in 2024, we have surveyed 1200 pet parents (dog, cat, and small animal) on their shopping behavior outlook for 2024. This is part of a broader report our team put together, please reach out to John (jselio@cleveland-research.com) or Claire (cobertin@cleveland-research.com) for more information and access to the full report.

Our research suggests **quality, inflation, and omnichannel** are top of mind for the pet shopper. We continue to see brand loyalty in the category, however, shoppers are less and less retailer loyal. With today's competitive landscape for pet retail, it is imperative retailers and brands capture and retain consumer loyalty as we look to 2024 growth opportunities. We at CRC believe addressing these three key themes will help brands and retailers realize growth in the year.

Key supplier opportunities identified in our work include –

- Pet food quality is top of mind for pet owners. They are turned off by labels with too many ingredients listed. Ensure that messaging is clear and consistent across in-store and online platforms highlighting quality, nutritious ingredients that benefit pet health.
- Pet owners are noticing higher prices and looking for promotions. When deciding on a retailer, best pricing and brands they like are the factors that matter most. Consider implementing seasonal sales and make sure your pricing is competitive.

Quality – We asked pet owners what aspects are most important / influential when they are shopping for both pet food and pet owners. The results show pet owners care about quality when it comes to their pets. On a 1-5 scale, quality and health & nutrition were rated the top 2 most influential factors when shopping for pet food and consumables. In addition, nearly 70% of pet owners agree that quality is more important than price. We see this across our channel work as well, with brands across the space working to articulate their value (the intersection between quality and price) to the pet parent. We anticipate value-seeking, quality-oriented shopping behavior to continue throughout 2024 as pet owners continue to face macroeconomic pressures.

On a scale of 1 -5, how important / influential are the below when you are shopping for pet food / consumables?

1 = not at all important, 5 = extremely important

Quality	4.32
Health & nutrition	4.21
Value (price + quality)	4.17
Ingredients	4.14
Price	4.03
Convenience / Easy to find	3.96
Brand	3.76
Clean / Natural / Organic Factors	3.64
Origin of product (i.e. made in the USA)	3.61
Sales or Promotions	3.57
Sustainability (of the product or brand)	3.46
Fast shipping	3.35
Easy to use website or mobile app	3.35
Innovation	3.08
Packaging / appearance	2.97

Source: CRC Consumer Survey, October 2023

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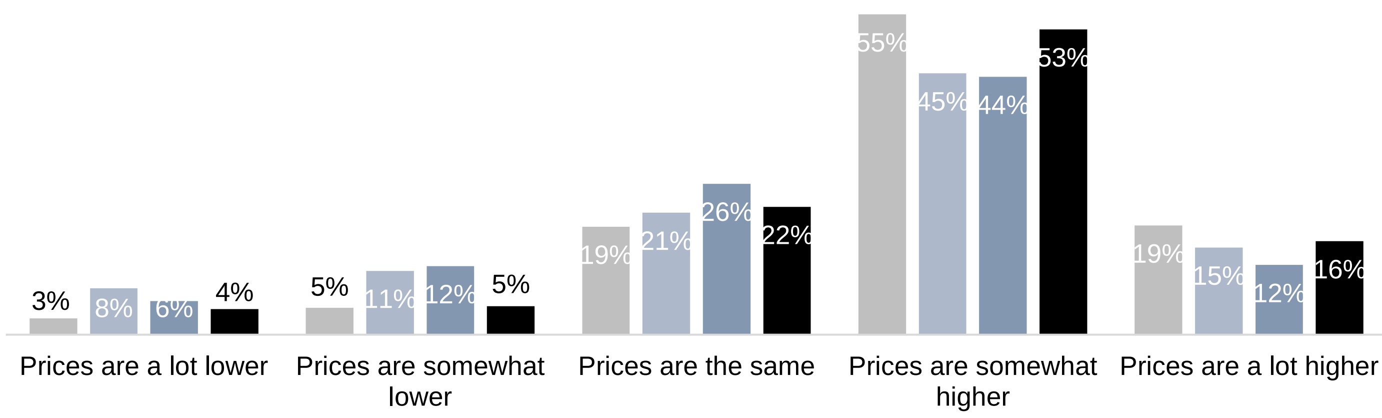
Inflation – Pricing comes up throughout our channel and consumer work, despite most categories not expecting much in terms of inflation/deflation in the pet industry through 2024. When looking downstream to the consumer, however, 70% of pet owners have noticed higher prices on pet food, a net 13% higher in 4Q 2023 vs 2Q 2023. Most pet owners are not willing to switch their pet's food, but they would switch to a cheaper retailer to purchase it. Other ways pet owners are combatting inflation are looking for cheaper supplies (discretionary categories excluding food), waiting for promotions, and cutting back in other spend areas (grocery, dining out, travel, etc.). With shelf prices more stable in 2024, we continue to monitor consumer spend patterns and price perception in this category, hearing consumers shopping on promotion and switching retailers / retail channels.

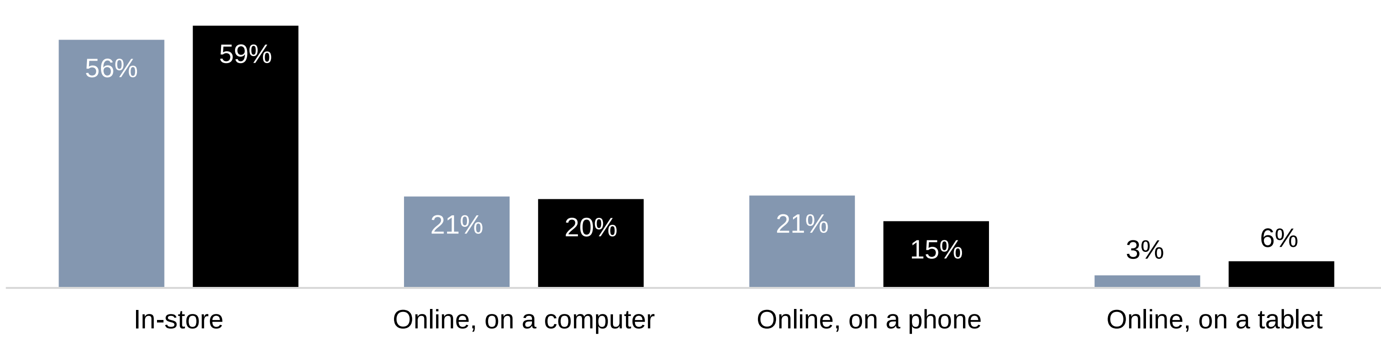
Have you noticed a change in prices for pet food?



Source: CRC Consumer Survey, October 2023

Omnichannel - Most pet owners have shopped both in-store and online for pet products in the past year, but nearly 60% prefer to shop in-store. To obtain online orders, delivery was used much more than store or locker pick up options and is preferred by 3-in-4 pet owners. Over 40% of pet owners (most likely Gen Z and Millennial) are using an autoship service for food or pharmacy items. The key takeaway from brands and retailers is to have consistent, convenient messaging across both brick and mortar storefront and online pages to articulate the value and quality of your brand / retail outlet.

How do you prefer to shop for pet products?



Source: CRC Consumer Survey, October 2023

John Selio, Senior Research Associate
John joined Cleveland Research in 2016 and currently covers the pet specialty, mass, eCommerce, grocery, value, and club channels. Through regular conversations with industry professionals, his team uncovers inflection points and communicates best practices for how supplier and retailers deal with of their most challenging issues. John has over 1,000 conversations a year with many of the industry's thought leaders and enjoys aggregating the most relevant data points to tell a story of where the retail market is heading. John attended Miami University and currently lives in Cleveland, OH with his family.

Claire Obertin, Market Research
Claire is a Market Research Associate at Cleveland Research Company, leading the Pet Insights Council, where she identifies and communicates key insights across the Pet Retail and Animal Health channels. Claire previously worked on the Home Improvement team at Cleveland Research, leading efforts within the eCommerce channel. Prior to joining CRC, Claire worked for J.P. Morgan Asset Management. Claire holds a bachelor's degree in Supply Chain & Operations Management and Marketing from Miami University.

APPENDIX

Disclosures: *It is the policy of Cleveland Research Company to comply fully with the antitrust laws set forth by the United State Federal Government and various state laws. Our research is intended to be utilized as a resource in accordance with those established antitrust laws and regulations. The information transmitted is intended only for the person or entity to which it is addressed. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and delete the material from any computer.*