



Inspiring the pursuit of wellness.

State of the Industry: Pet 2024 and Beyond

SPINS Retail Insights Team

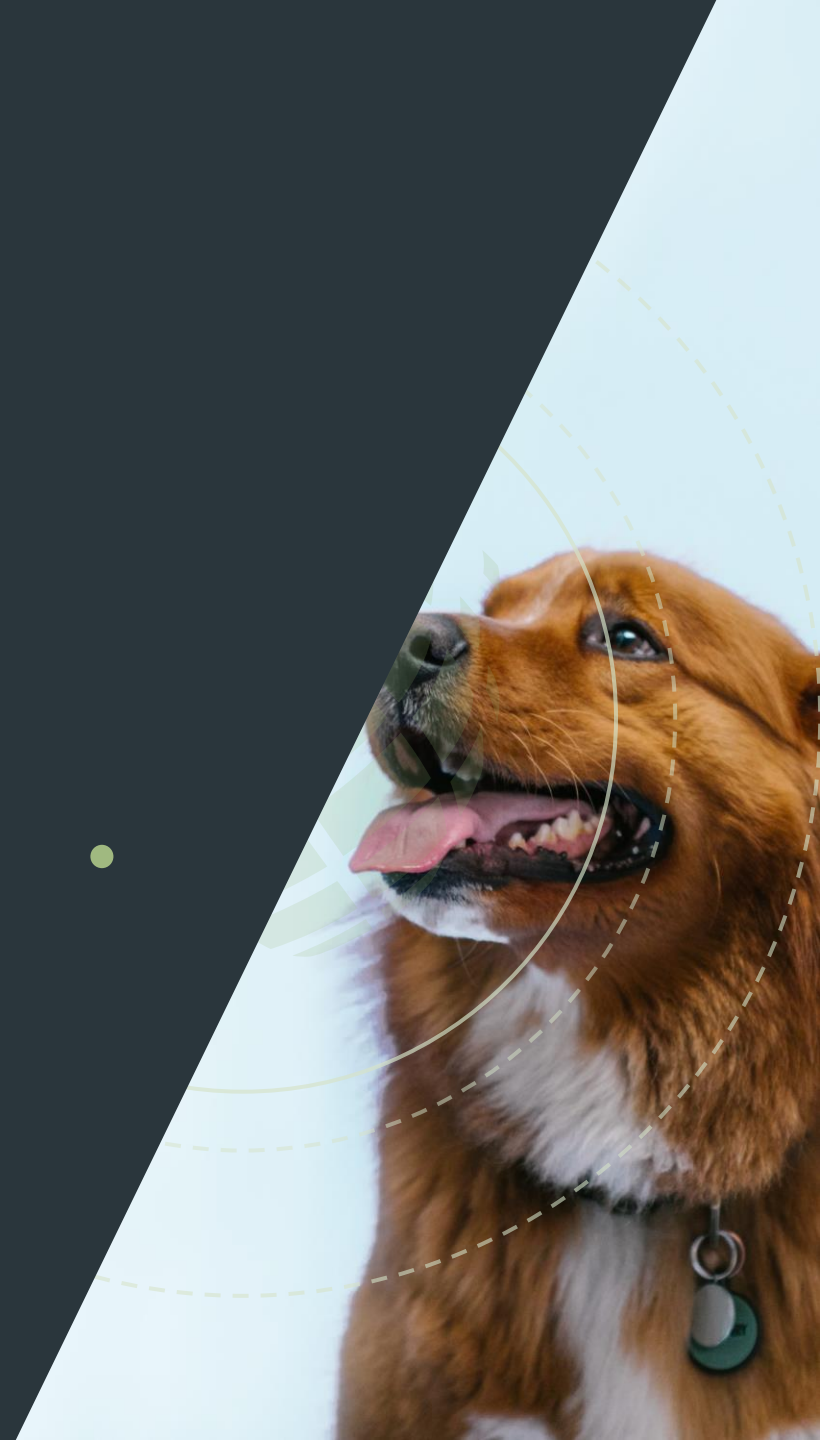


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What's On Shoppers' Minds?

84%

of retailers reporting that customers are switching to private brands.

66%

Said better prices & promotions are a concern.

61%

their loyalty is affected when a company's actions and ethics align with their own values.

54%

Chose retailers based on selection of local brands that matter to them.

46%

will buy more when given a personalized experience.

39%

feel they are in a worse financial position this year.

VALUES-ORIENTED SHOPPER

Consumer preferences have evolved

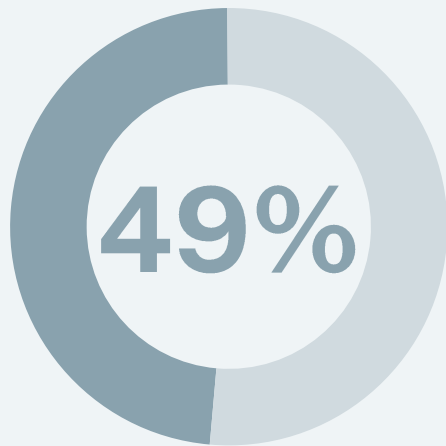
Today's shopper is values-oriented in their purchasing decisions



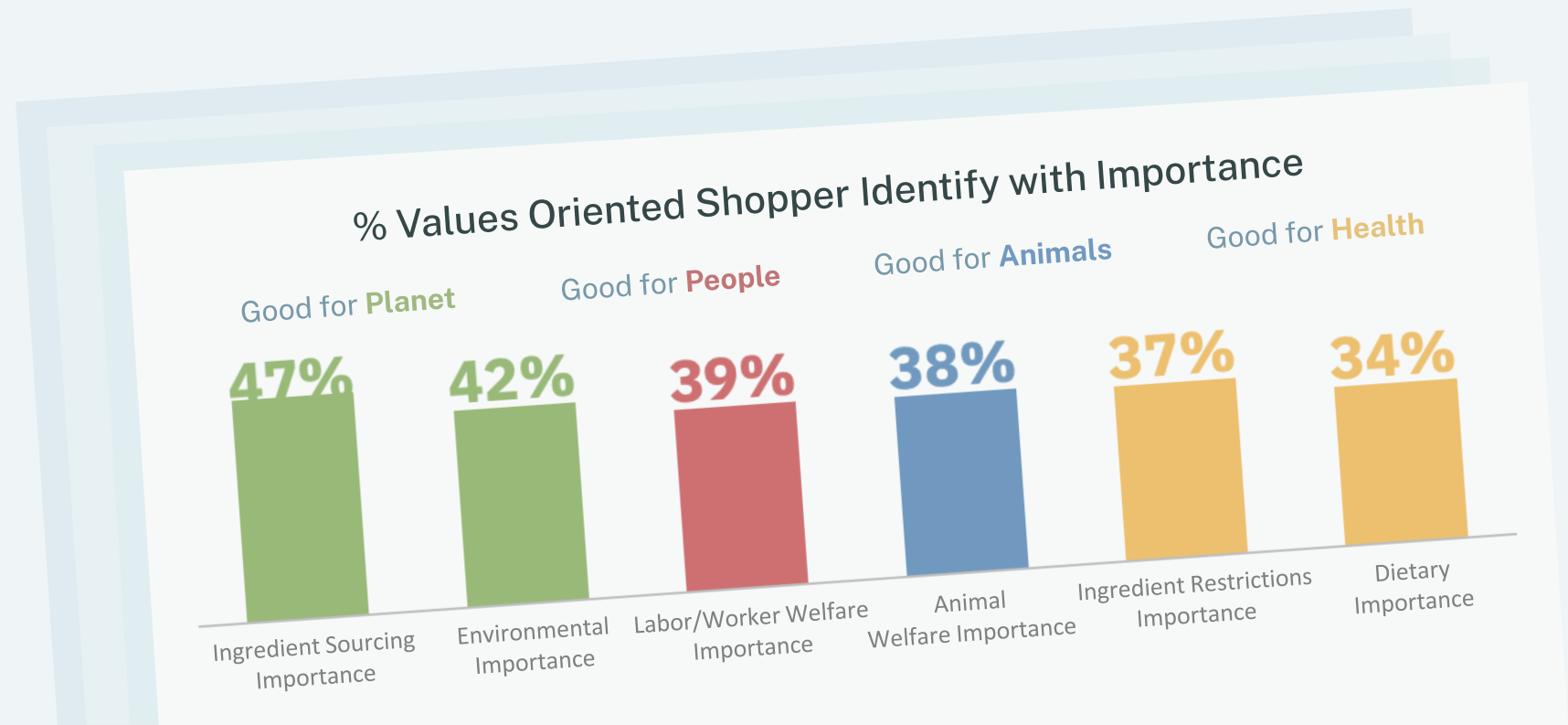
VALUES-ORIENTED SHOPPER

49% of consumers today are values-oriented shoppers

8 in 10 values-oriented shoppers stated that animal welfare, environmental welfare, labor/worker welfare, and/or ingredient sourcing was personally important to them



of Consumers are Values-Oriented Shoppers*





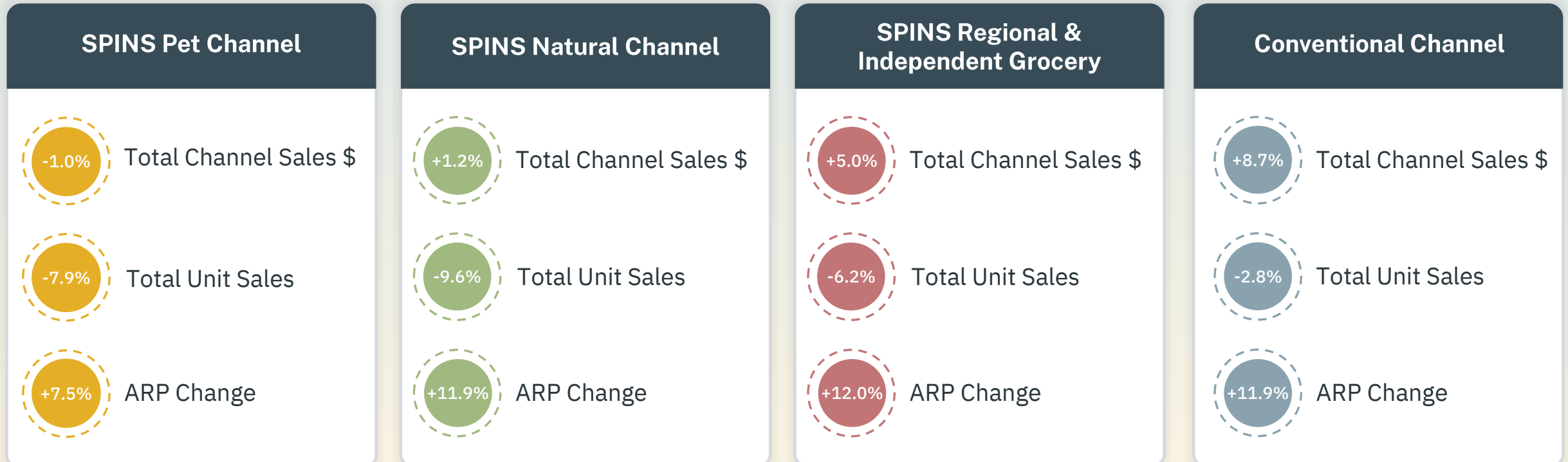
Looking Back: 2023



Pet Across Channels Saw Increased Price And Unit Decline

All channels saw a similar increase in price due to inflation from 2022 to 2023, leading to unit sales decline, with Pet parents seeking price relief in Conventional markets.

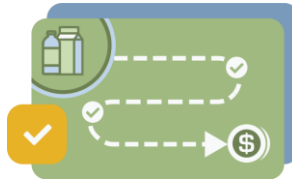
Pet Department Channel Sales 52 Weeks Ending 12/31/23



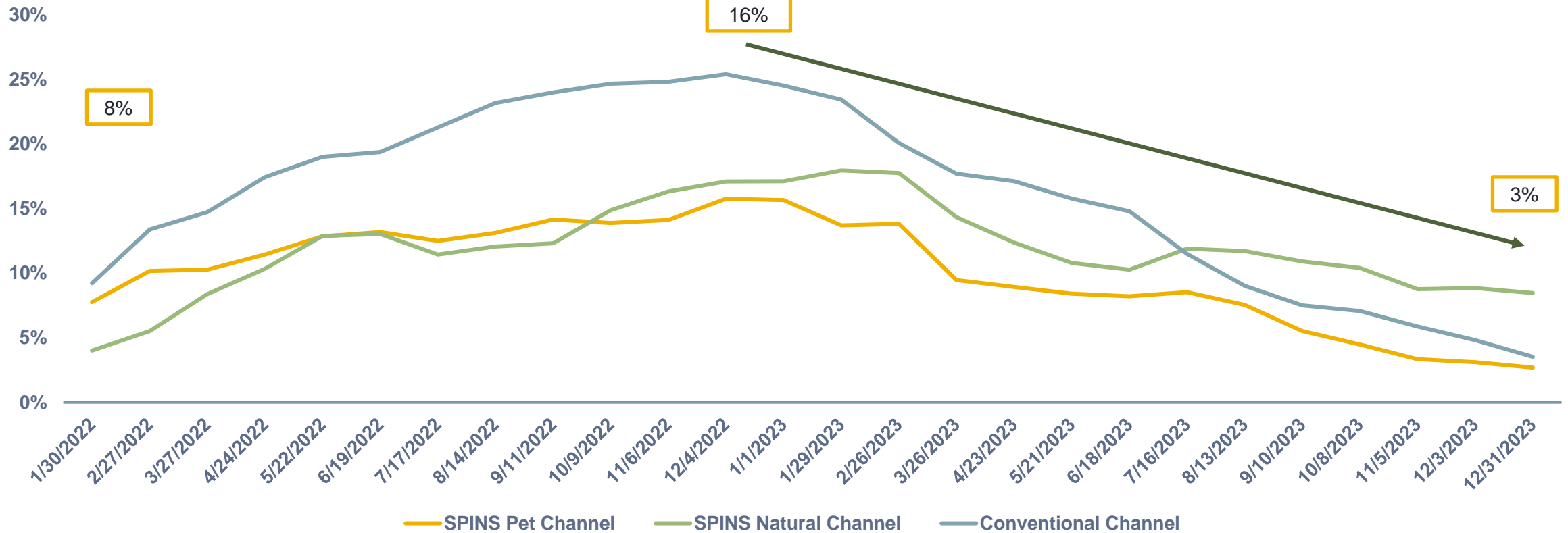
* % Represents % Change YoY (vs same time LY)

Average Prices Stabilizing in Pet

Total Pet saw price increases due to inflationary pressure across all channels in 2022, with price stabilization entering 2024.



Pet Department Channel Sales
Average Retail Price % Change vs. YA



* % Represents % Change YoY (vs same time LY)

4-Week Time Periods

Pet Parents Are Shopping Everyday Essentials



Although pet food saw a continued spike in price due to rising cost of ingredients, sales continue to transition back to shopping for the essentials including food and care & wellness.

SPINS Pet Channel, Category Sales 52 Weeks Ending 12/31/23

* % Represents % Change YoY (vs same time LY)

Pet Care & Wellness

DOL: **-2.2%**
Unit: **-5.0%**
ARP: **+3.0%**



Pet Food

DOL: **+3.8%**
Unit: **-6.3%**
ARP: **+10.8%**



Pet Habitat & Travel & Other Supplies

DOL: **-14.1%**
Unit: **-15.5%**
ARP: **+1.6%**



Pet Toys & Collars & Apparel

DOL: **-14.1%**
Unit: **-15.9%**
ARP: **+2.1%**



Pet Treats

DOL: **-4.0%**
Unit: **-8.1%**
ARP: **+4.4%**



Pet Waste Management

DOL: **-3.5%**
Unit: **-10.1%**
ARP: **+7.4%**





Blurring the Line: Humanization



Humanization of Pets: The Benefits of Human-Grade



What is Human Grade?

Human-Grade dog food meets the same safety and quality standards found in FDA and USDA regulations for all human food. It doesn't just apply to ingredients, but also the preparation and production practices



Benefits to Human Grade?

- Higher quality ingredients
- Lower risk of contamination
- Can improve pets' digestion
- Is free of artificial preservatives not approved for human consumption
- Can build healthier coats thanks to essential fatty acids

Growing Human-Grade Pet Brands by Units % Change



**Open Farm
+17.5%**



**Raised Right
+61.0%**

Sources:

<https://www.thehonestkitchen.com/blogs/pet-wellness/human-grade-dog-food-benefits>
<https://www.vetstreet.com/food-and-treats/dog-food/best-human-grade-dog-foods>
<https://www.dogfoodadvisor.com/canine-nutrition/human-grade-dog-food/>

Humanization in Pet Food: Wholesome Ingredients



Frozen & Refrigerated, Raw, and Freeze-Dried pet food all offer holistic nutritional ingredients that have not undergone the same process as dry kibble, retaining most of their original nutritional value.

*Dol Share represents coded products only, does not include un-coded products

SPINS Pet Channel, Consumable Form Trends

	DOL\$ SHARE	DOL % CHG	UNIT % CHG	ARP % CHG
STORAGE TYPE				
SHELF STABLE	93.4%	2.5%	-5.4%	8.3%
FROZEN	6.2%	6.0%	-5.5%	12.2%
REFRIGERATED	0.4%	9.1%	-30.0%	55.9%
RAW POSITIONED				
NOT RAW POSITIONED	85.9%	2.4%	-5.9%	8.8%
RAW POSITIONED	14.1%	4.8%	-4.1%	9.2%
FORMS				
DRY	66.4%	4.1%	-4.3%	8.7%
WET	18.0%	1.3%	-7.9%	10.0%
SOFT & CHEWY	7.6%	2.7%	-6.3%	9.6%
FREEZE DRIED	5.7%	11.6%	16.6%	-4.3%
DEHYDRATED	1.3%	-9.8%	-10.8%	1.2%
LIQUID/PASTE	1.0%	4.9%	18.1%	-11.2%



Steve's Real Food
Raw + Frozen Meals

Primal
Raw Beef Bone Marrow



Northwest Naturals
Freeze-Dried Raw
Diet Dog Food

Humanization in Pet Vitamins & Supplements

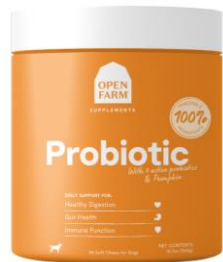
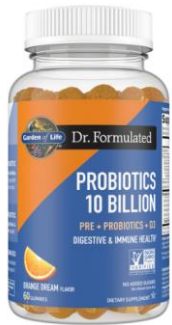


The evolution of the pet industry has blurred the lines between humans and pets, from not only food, but to care & wellness through vitamins & supplements.

Featured Products

Probiotics

Probiotic Supplements



Humans

Pets

Taking care of our pet's gut microbiome is just as important as ours.

Although both products are labeled as probiotics, human and pet microbiomes are different, take care to read ingredient labels to account for any allergies.

Joint Health

Glucosamine & Chondroitin + MSM



Humans

Pets

Now Foods has joint supplements for both humans and our pet's!

As we get older, our joints start to ache and creak. Our pet's feel the same way. As dogs and cats begin to get into their senior years, supplementation may be required.

Heart Health

Omega-3's Through Fish Oil



Humans

Pets

Nordic Naturals not only covers omega-3 supplements for humans, but also for pets!

Cardiovascular health is important year-round for everyone. Omegas are a great supplement for overall health, specially to help regulate blood pressure.

Focusing On Wellness With Holistic Ingredients

Pet parents are looking for functional ingredients that cover total body health, including joint, energy, urinary, anxiety, digestion, and skin & coat health.



* % Represents % Change YoY (vs same time LY)

Ingredients on the Rise

ANTIOXIDANT, IMMUNITY, TOTAL HEALTH



+37.7%
THEANINE



+32.8%
TURMERIC



+11.6%
VITAMIN B1 (THIAMIN)



+2.5%
CRANBERRY SUPPLEMENTS

GUT HEALTH



+19.0%
PUMPKIN



+9.6%
PROBIOTIC SUPPLEMENT

SKIN & COAT HEALTH



+6.1%
DHA PRODUCTS



+5.0%
FISH OIL CONCENTRATE

Ingredients on the Decline

Functional Ingredient	Dol % Chg	\$ Impact
CANNABIDIOL (CBD)	-14.0%	(\$3.7M)
FLAX SEED AND/OR OIL	-12.9%	(\$0.7M)
CHLOROPHYLL / CHLORELLA	-22.9%	(\$0.6M)
DIGESTIVE ENZYMES	-8.6%	(\$0.1M)
HOMEOPATHIC REMEDY	-10.8%	(\$0.1M)





The Power of Private Label



Private Label Share of Sales Growing Over Past 2 Years



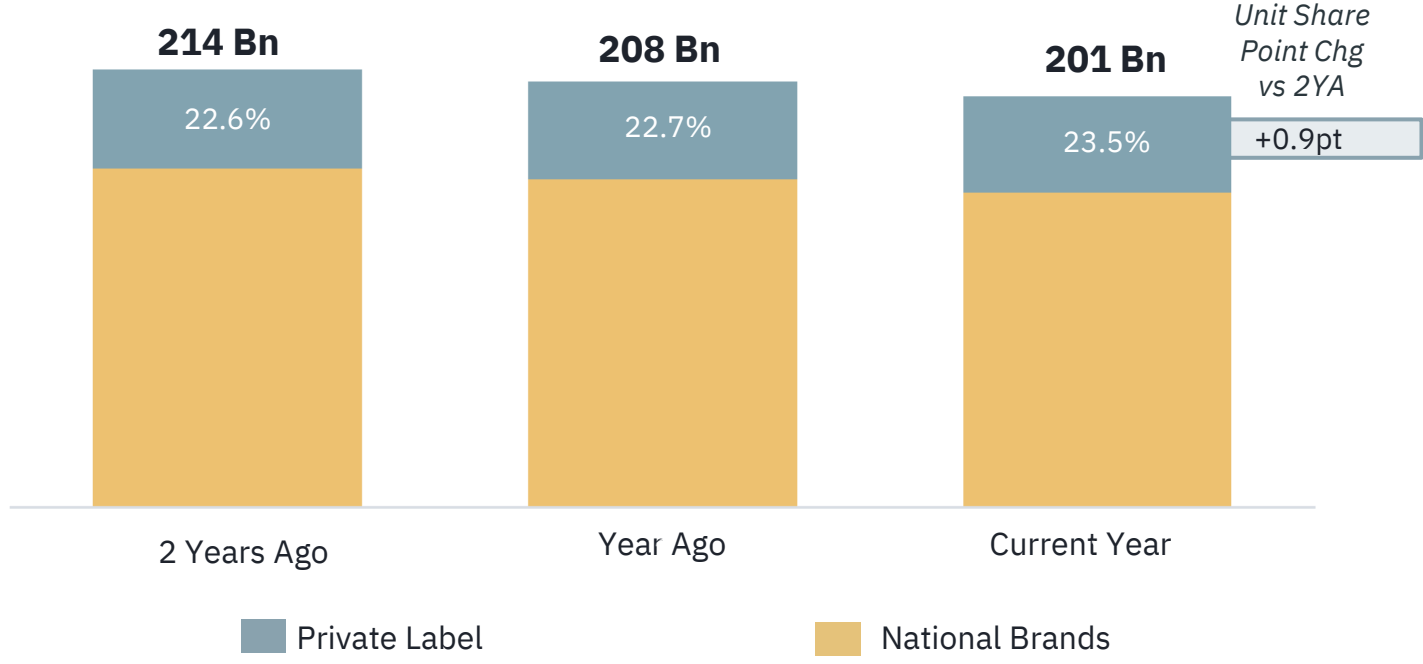
As prices continue to rise, private label provides value for price sensitive shoppers



“ Private Label accounted for **29%** of total retail industry sales increases ”



Total Store Unit Sales Trends



Duplication To Innovation



PVL's perception continues to evolve- from previously perceptions of bland, tasteless versions of brand name products, PVL has dropped the “generic” connotation and improved flavors, quality, attribution & variation



Shopper

- 60%+ of U.S. adults shop for PVL brands somewhat frequently.
- 47% buy more PVL brands when shopping for groceries.
- 51% of those who plan to buy more PVL groceries said they would do so because of taste, while 47% said because of quality.

Sources: <https://civicscience.com/private-label-brands-remain-popular-among-younger-adults-walmart-shoppers/>
<https://www.cnbc.com/2023/10/11/54percent-of-shoppers-want-to-buy-more-store-brand-products-in-the-future.html>

Vibeful
by **chewy**



WHOLE 
hearted.

kindfull.

Retail

- 84% of retailers are experiencing shoppers trading down to PVL.
- 67% are seeing PVL make up a larger portion of shoppers' baskets.
- 39% of retailers plan to update their PVL offerings with new innovation over the next 12 months .

Source: <https://www.supermarketnews.com/center-store/are-we-over-inflation-hump?>



VS.

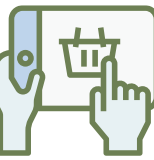


Brand

- Branding & appeal
 - Consider all aspects from design, POS material and descriptions
 - Focus on details
- Understand the shoppers needs
- Good, Better, Best approach
- Value equation
 - Trend, quality, brand image, price

2024 & Beyond: Crafting a **distinctive private label brand story** can create points of **differentiation against national brands and competition.**

Private Label Wins



Retailers continue to showcase their new and innovative private label products meeting shoppers' needs whether that be convenience or new flavor profiles. Check out these retailers' success in private label.



Kindfull - Target
 No artificial colors, flavors or preservatives
 No wheat, corn or soy
 High-quality pet food at a great value
 Real poultry, pasture-raised beef and fish that are wild-caught

Roosevelt - Chuck & Dons, Krisers
 High quality dog & cat food, treats, and chews
 Protein rich, all natural & whole ingredients
 Wholesome grains, fruits, and vegetables
 Available in grain-in or grain-free



Vibeful - Chewy
 Wellness brand of 20 supplements and vitamins
 Supports digestion, hips and joints, skin and coats, urinary tracts, and immune systems to anxiety
 No artificial ingredients and come in a variety of forms and flavors





The In-Store Experience & Social Media

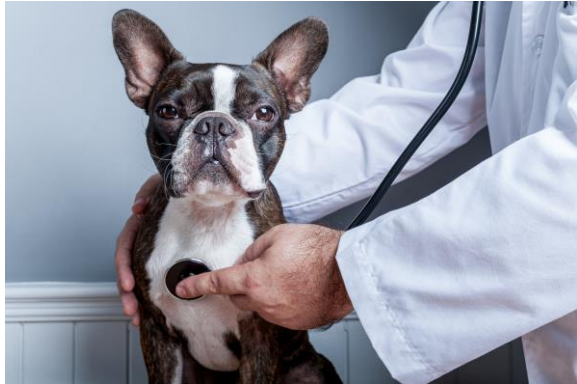


Best In Class In-Store Experience

As markets continue to evolve through service and product offerings, these in-store additional services that can continue to help improve your customer experience.



Veterinary Services/Daycare



Prescriptions refills, overnight babysitting, or annual wellness checkups, the convenience factor of a one stop shop can increase pet shoppers experience

Grooming




From options like self-wash, to your traditional grooming services, keeping our pets looking and feeling their best can pay major dividends to retailers looking to differentiate

Unique Product Assortment



Staying on top of assortment can be a challenge, but SPINS is here to help. Finding the next major trend, helping find new options for picky eaters, or insights to your competition can all be found in the SPINS pet channel

 **Idea** E-Comm Expansion: Look to stay ahead of the curve as retailers continue to integrate e-comm and partner with local delivery services.

Personalized Nutrition

People adjust their own diets to influence their health, and pet owners want to do the same for their pets.


- FMCG Guruz found that 63% of consumers were interested in **customized products** to meet their individual needs
- 88% of US pet parents claim that **preventive measures**, including those offered by nutrition, are important to help them protect their pet's health, according to Mintel.
- Most Gen Z pet owners (54%) interpret personalized dog food as meaning the diet has **quality ingredients**, while Millennial pet owners (ages 25 to 34) interpret this category to mean "**better for my dog**". *According to a survey by 'Nutritional Knowledge for Dogs'*



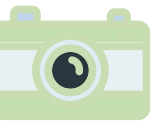
How Can Retailers Drive Growth?

Retailers can drive growth in the personalized nutrition trend by offering science-based, species-specific formulas, fresh, human-grade foods that can be customized, ingredient transparency and traceability, and inclusion of culinary and quality production attributes.



 **Idea** Retailers can introduce an in-house kitchen to create pet foods catered to customer needs and offer in store pick up or local delivery

The Power of Petfluencers



A petfluencer, or pet influencer, focus on pet-related content. Their creative approach can be an asset for pet brands. Like any other niche, petfluencers create engaging, educational, and inspirational content.

@Nala_Cat



She is an adopted cat who also happens to have the most Instagram followers for a cat at over 4.4 million. Nala's Instagram feed showcases the best of top-tier cat life with an emphasis on sustainability and Earth-first practices. Her brand partnerships include The Litter Robot, Not Milk, and Farmville 3. She also has her own food line, @lovenalaco

@ItsDougThePug



His content consists of pet photography, exciting travels, and celebrity meet and greets. Doug has also landed top-tier brand collaborations, including Budweiser, Petco, and CauliPower. His fame extends beyond his 3.8 million Instagram followers as he's also been able to meet the cast of Stranger Things, and even has his own children's book with Scholastic Publishing.

@ChompersTheCorgi



Chompers has collaborated with brands including Stella and Chewys, he was a featured character and cover star of John Hodgman's book, Medallion Status, and is a travel influencer in his own right, showcasing fun destinations and beautiful landscapes. He lives in San Francisco with his humans and shares glimpses of his life with his 116k Instagram followers.

What Can You Do? Retailers can partner with a local, micro petfluencer to increase brand awareness and drive traffic



Sustainability & Traceability



A Better Planet: Sustainability Through Certification



Shoppers and brands have recognized the importance of protecting the environment through sustainable packaging & agriculture, renewable energy, circular economy, and corporate social responsibility

Top Sustainability Certifications For Retailers



Upcycled Food Certification*

First 3rd party certification program for upcycled food ingredients for brands to create innovative products while reducing food waste.



Certified Vegan*

Certified for products that do not contain any animal products, byproducts, and have not been tested on any animals.



Regenerative Organic Certified*

Represents the highest standard for organic agriculture, with a focus on regenerating soil health and the full farm ecosystem.



Sustainable Palm Oil

Roundtable created to ensure palm oil is not damaging the environment when sourced from beginning to end of the supply chain.



USDA Certified Organic*

Certification for consumables that do not contain GMO's and are grown/processed according to specific guidelines.



Marine Stewardship Council*

Certification to ensure fish that is sourced is traceable, caught sustainably and end practices of overfishing.



Land to Market

An outcome-based certification focused on products that come from land that is verified actively regenerating.

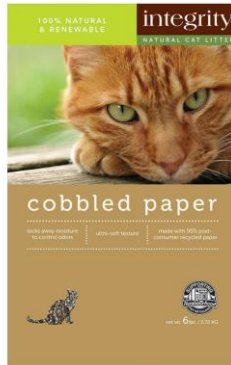


B-Corp Certified*

Designation given to brands of verified performance, accountability, and transparency from employee benefits to supply chain practices.

Evolution of Sustainability – In and Out The Bag

The emphasis on improving the quality of our planet, people and quality of lives for animals continues to break through in the pet industry



+89.9%

Cat Litter – Paper

Saw almost a 90% Unit increase YoY. Typically created from post-consumer recycled paper, this litter is entirely biodegradable



+5.2%

Insect-Based Food & Treats

saw continued growth in Unit sales YoY. Ensuring pet products continue to be sourced ethically will continue to be important



Plant-Based & Vegan

Studies have shown when done carefully, vegan diets for dogs can be successful if they get the right nutrients. As vegan diets have become more popular with pets, this trend could continue in 2024 with our pets

Source: SPINS Pet Channel, Conventional (Powered by Circana)
SPINS Dept: Pet (All Categories)
52 Weeks Ending 12/31/23

<https://www.tuftandpaw.com/blogs/cat-guides/paper-cat-litter-everything-you-need-to-know>



Traceability: Finding The Ingredients

Pet parents are exploring homemade, fresh food diets made with whole traceable ingredients from transparent pet food manufacturers and raw diets to ensure they know what they are feeding their pets.

What is Transparency?

- The Association of American Feed Control Officials (AAFCO) stipulates what should be printed on pet food labels. True transparency is when a company is demonstrated **publicly open and honest about all elements of their products** – from **ingredient sourcing to the nutritional benefits**.¹
- Transparency goes together with **traceability, a cleaner, simpler label** speaks to the idea of being forthright about ingredients and intentions.²

Why Is it Important?

- Our pets have become closer to our family than ever before, owners are now **consciously choosing foods** that are geared towards **supporting health and well-being**.
- Arguably the most important key to the success of the ultra processed pet food industry is its marketing. **Poor quality, biologically inappropriate, ultra processed pet food products are marketed to make them appear as wholesome and nutritious food**.³



TRANSPARENCY RATING SYSTEM

BASIC ★	The company only prints on their packaging what is required, such as ingredients, guaranteed analysis, website link and contact information.
INTERMEDIATE ★★	Within the website, the company provides access to ingredient sourcing information and detailed nutritional data.
ADVANCED ★★★	Pet parents are provided proof that the label claims are not just marketing lingo used to sell a product. For example, consider the price point of a pet food in comparison to what is advertised on the label. Pet parents need to understand that there is a physical cost to making a good product. If the price is too low to match key phrasing such as "fresh meat" or "only the highest quality ingredients", then it is probably too good to be true.
SUPERIOR ★★★★	The company is open about what occurs "behind the scenes" through the manufacturing process. This could be shown through a link to the recipe formula, manufacturing testimonials, or even images of the factory.
ELITE ★★★★★	Lab reports for each batch of pet food produced by the company are made accessible to the public, along with verification by the manufacturer that the package label matches the ingredients within the product. This guarantees that a company is in full regulatory compliance.

Chart from Animal Wellness Magazine¹

Sources

1. [Is your pet food company truly transparent? | Animal Wellness Magazine](#)
2. [Transparency: A complex issue for the pet food industry | PetfoodIndustry.com](#)
3. [The Ugly Truth Pet Food Companies Won't Divulge \(mercola.com\)](#)



Thank you!

For more information contact us at
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