

How Private Label is Shaking Up the Pet Industry



Chris Storves, US Pet Retail Director at NIQ

The expansion of private label offerings in the Pet space, often referred to as store brands or house brands, has been a significant trend in the pet industry. Private label products are those manufactured or sourced by a retailer and sold under their brand name, rather than by well-known national or international brands. This trend mirrors the broader consumer retail landscape, where private labels have gained popularity due to several factors:

Profit Margins

Retailers see private label products as an opportunity to boost their profit margins. These products are typically manufactured at a lower cost than branded alternatives, allowing retailers to price them competitively while maintaining healthy margins.

Private label in Pet saw \$9.1 billion in dollar sales in the latest 52 weeks, a 4% increase from the same period a year before.¹

Consumer Perception

Over the years, private label products have improved in terms of quality and branding. Consumers are increasingly open to trying store-brand pet products because they are often more affordable and, in many cases, perceived as equal in quality to national brands.

Unlike national brands, private label brands saw unit sales increase, topping over 1.1 billion. This is a 1% increase from last year, and a 10% increase compared to four years ago.¹

Customization

Retailers can tailor private label products to cater to specific customer needs and preferences. This includes offering a range of options for different dietary requirements, health concerns, or pet types (e.g., cats, dogs, or small animals).

A prime example of this is in the dog food category, where health & wellness packaging claims are growing faster in private labels than in national brands. Many product claims, specifically 'probiotic', 'immune system health', and 'fiber presence' are growing significantly faster than the total dog food category at 13.6% growth year-over-year.²

Exclusive Offerings

Private label products can be used to differentiate a retailer's offerings and create exclusivity. This can help attract and retain customers, as they may only be able to find certain products at a particular store.

The number of private label UPC's available for purchase have steadily increased over the years, increasing from 52k to 55k over the past four years; a 6% increase.¹

Market Demand

The pet industry is growing, with people spending more on their pets and treating them as members of the family. This trend has created a substantial market for a wide range of pet products, making it a lucrative opportunity for private label expansion.

In private label, there are a few demographics that stand out, buying more than their fair share; this includes households in the West Central and Mountain regions (+27% and +26% more likely to buy), those with heads of households being aged between 45 to 54 (+17%), household with an income over \$100k (+10%), and households with three members (+11%).⁴

Quality Assurance

Retailers have become more stringent about quality control, investing in product testing and quality assurance measures to ensure the safety and efficacy of their private label pet products.

It seems that this hard work is paying off, with over 13k households new to private label consumables. In addition, households new to private label consumables households were more valuable than the lost households (\$53.06 vs \$45.80).⁵

Environmental and Ethical Considerations

Some retailers are introducing private label pet products that align with consumers' concerns about sustainability and ethical sourcing. This includes offerings such as organic, grain-free, or cruelty-free products.

Sustainability claims are growing in Pet and present an opportunity to expand further. Some sustainable claims that have seen growth are 'farm raised', 'wild caught', 'sustainability claim certified', and 'recycled packaging'.⁶ In addition, dog and cat owners (especially those with three or more pets) are more likely to purchase products with sustainability claims.⁷

Marketing and Promotion

Retailers are investing in marketing and promotion to establish their private label pet brands as reputable alternatives to well-known brands. This includes using customer reviews and recommendations to build trust.

In the Pet department of grocery, drug, and mass merchandise stores, 17% of total dollar sales were sold on promotion; an 8% increase compared to the previous period. In addition, 15% of unit sales were sold on promotion.³

E-commerce and Subscription Models

The rise of e-commerce and subscription services has facilitated the growth of private label pet products. Retailers can sell these products directly to consumers through online platforms and subscription box services, reaching a wider audience.

In an age of convenience and instant-gratification, most Pet categories are growing faster online than in-store.⁸

Overall, the expansion of private label offerings in the pet space reflects a broader shift in consumer preferences, with many pet owners being open to trying private label products as long as they meet their pets' needs and are cost-effective. This trend is likely to continue evolving as retailers seek to tap into the pet industry's growing market.

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1. NIQ RMS US xAOC + Pet Retail, 52 weeks ending November 25, 2023
2. NIQ RMS Scan, Total US xAOC + Pet Retail; thru L4W/E11/18/2023
3. NIQ RMS US xAOC, 52 weeks ending November 25, 2023
4. NIQ Omnishopper Panel, Total U.S., Total Panel, Private Label Consumables buyer, 52 W/E 8/12/2023 vs YA
5. NIQ Omnishopper Panel, Total U.S., Total Panel, Total Outlets, 52 W/E 8/12/2023 vs YA
6. NIQ RMS, NIQ Product Insight, powered by Label Insight, Total Pet Care; Total US xAOC; 52 weeks W/E 02/25/23 vs 3YA
7. NIQ Spectra Panel; Best Products; MRI+Simmons survey: Households with pets; Total US; 2022 YTD Sales and 2021 Census
8. NIQ Discover Omnisales; Pet Care Total Omni, L52W W/E 12/31/22 vs YAG



Chris Storves, US Pet Retail Director at NIQ

Chris has been with NIQ for nine years, supporting pet retailers across various channels and store formats. He has a strong background evaluating on/offline market performance and consumer behavior, and a passion for partnering with his clients as they navigate the continually evolving pet consumer and market landscape. Prior to NIQ, he spent five years assessing online customer satisfaction for public and private sector clients. He holds a degree in Marketing from Northern Michigan University and resides in Atlanta, GA with his wife (who just so happens to be a veterinarian), 2 daughters and their yellow lab, Case.