

HEALTHY PAWS

How the Pet Industry Is Expanding into Health and Wellness

A September 2022 Report



INTRODUCTION

The pet industry dramatically expanded with the spike of pet adoptions during the pandemic. Pets provided a sense of comfort in this time of uncertainty. Post-pandemic, consumers set a greater focus on their health and wellness, and it's no surprise that pet industry trends are following these shifts in pet owners' lifestyles. As consumers search for products that are healthy, sustainable, and packed with functional ingredients, they progressively do the same when shopping for their companions.

This upward trend of pet health and wellness, along with pet humanization, has led to pet product premiumization and new pet care product innovations. Consumers are choosing brands that offer products they feel will support their pets' needs in maintaining a happy and healthy life.

As the leader in Connected Sampling™, our omnichannel brand experiences deliver surprise and delight moments that increase both brand and product awareness. Brandshare's solutions can be leveraged to convert shoppers into lifelong buyers as product discovery within this emerging category reaches an all-time high.



Alan Verdun
CEO, Brandshare®



TABLE OF CONTENTS

The Pet Industry

Pet Humanization

Pet Health and Wellness

Connected Sampling

Case Studies

Looking Ahead





THE PET INDUSTRY





PET INDUSTRY

Pet owners love their pets and will do anything to keep them happy and healthy. Purchasing behavior within the pet industry shows that pets are treated as part of the family.

Because pets are like family, pet health and wellness has risen as a top priority. Just like their owners, pets are consuming healthier, organic and vegan foods that are boosting the premium, high-quality pet food category.

The rise of health-conscious lifestyles has expanded the pet health and wellness category as consumers shop for this emerging category of products.

The pet industry is expected to reach \$358.62 billion by 2027



PETS IN THE HOUSEHOLD

Nearly 70% of U.S. households have at least one pet.



Number of U.S. Households (millions)

Dog	69
Cat	45.3
Fish	14.7
Bird	9.9
Small Animal	6.2
Reptile	5.7
Horse	3.5

Sources: APPA, Insurance Information Institute

A man with a beard, wearing a blue and black plaid shirt, is smiling and holding a small black and white dog in his arms. He is standing in a pet store, with shelves of pet supplies visible in the background. Other people are blurred in the background, including a woman in a pink shirt and a man in a white shirt.

TREMENDOUS SPENDING POWER

It's projected that pet owners will spend close to **\$109.6 billion** on their pets this year

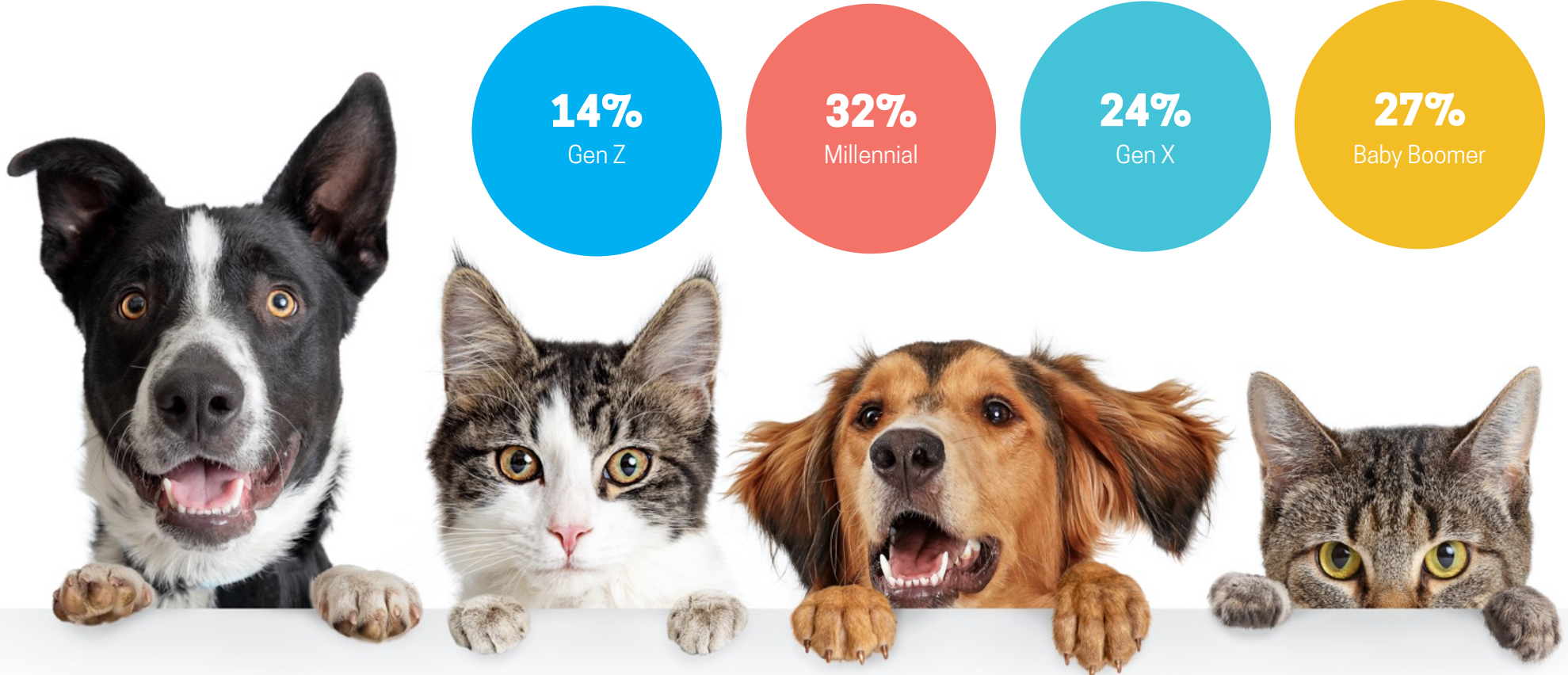
Pet food and treats make up the biggest portion of the market at **\$42 billion**, followed by vet care and products at **\$31.4 billion**

Source: APPA



PET OWNERSHIP BY GENERATION

Nearly 1/3 of pet owners are Millennials. Pet ownership is expected to grow up to 14% by 2030.



MILLENNIAL PET OWNERS

92% of Millennials who own pets buy their pets gifts, while 51% do so on a monthly basis

- **Needing more space for a pet** is the biggest influence driving first-home purchases among Millennials
- Millennials are **3X more likely to be pet owners** than they are to be parents
- **Buying pet supplies online** is a preferred shopping method for 77% of Millennials



**PET
HUMANIZATION**





PET HUMANIZATION

The rising consumer interest in treating pets as part of their family has continued to drive innovation and sales gains in the pet industry. "Humanization" of pet products is leading pet owners to seek more human-style foods for their pets.

42% of pet owners are interested in refrigerated and human-grade pet food



PET HEALTH AND WELLNESS



PET HEALTH & WELLNESS

As consumers adapt to a more health-conscious lifestyle and spend more time at home with their pets, they are becoming more aware of their animals' needs. From food to supplements, pet owners want nothing but the best to provide a happy and healthy life for their fur babies.

Nearly 44% of pet owners prioritize the health of their pet's foods over their own





BETTER-FOR-YOU PET FOOD

The premiumization of pet food is leading owners to search for products that have factors they tend to look for in their own food, like organic ingredients and omega-3 content.

42% of dog and cat owners will spend more on premium pet food.

The organic pet food industry is worth \$22.8 billion



PREMIUM PET CARE PRODUCTS BECOME MAINSTREAM

- Fresh and frozen pet foods have seen the highest percentage growth YOY
- Pet wipes used on pets after going to the bathroom
- Specialty dog “pastries” designed to be aesthetically pleasing to both humans and dogs
- Kitty litter that changes color based on a cat's urine pH levels

More than 50% of pet owners are willing to pay more for eco-friendly pet care products



PET SUPPLEMENTS

The pet supplements industry is set to hit **\$1 billion by 2027**. More pet owners are using supplements to help support their pet's immune system and digestive system. Dog vitamins, fish oil for cats, and dog probiotics are some of the popular supplements that consumers buy for their pets.

CBD FOR PETS

- Searches for "CBD for dogs" are **+300%**
- **1/3** of pet owners have **purchased a CBD product** for their pets





**HOW CAN BRANDS CONNECT WITH PET OWNERS
AS THEY SEARCH FOR HEALTHIER PET PRODUCTS?**

CONNECTED SAMPLING



CONNECTED SAMPLING

Sampling via e-commerce packages or in person at relevant venues engages consumers when they least expect it. Digital integrations streamline the consumer journey to hold 1:1 conversations, gain valuable information, and drive sales.

Stand out in this emerging market with a custom brand experience

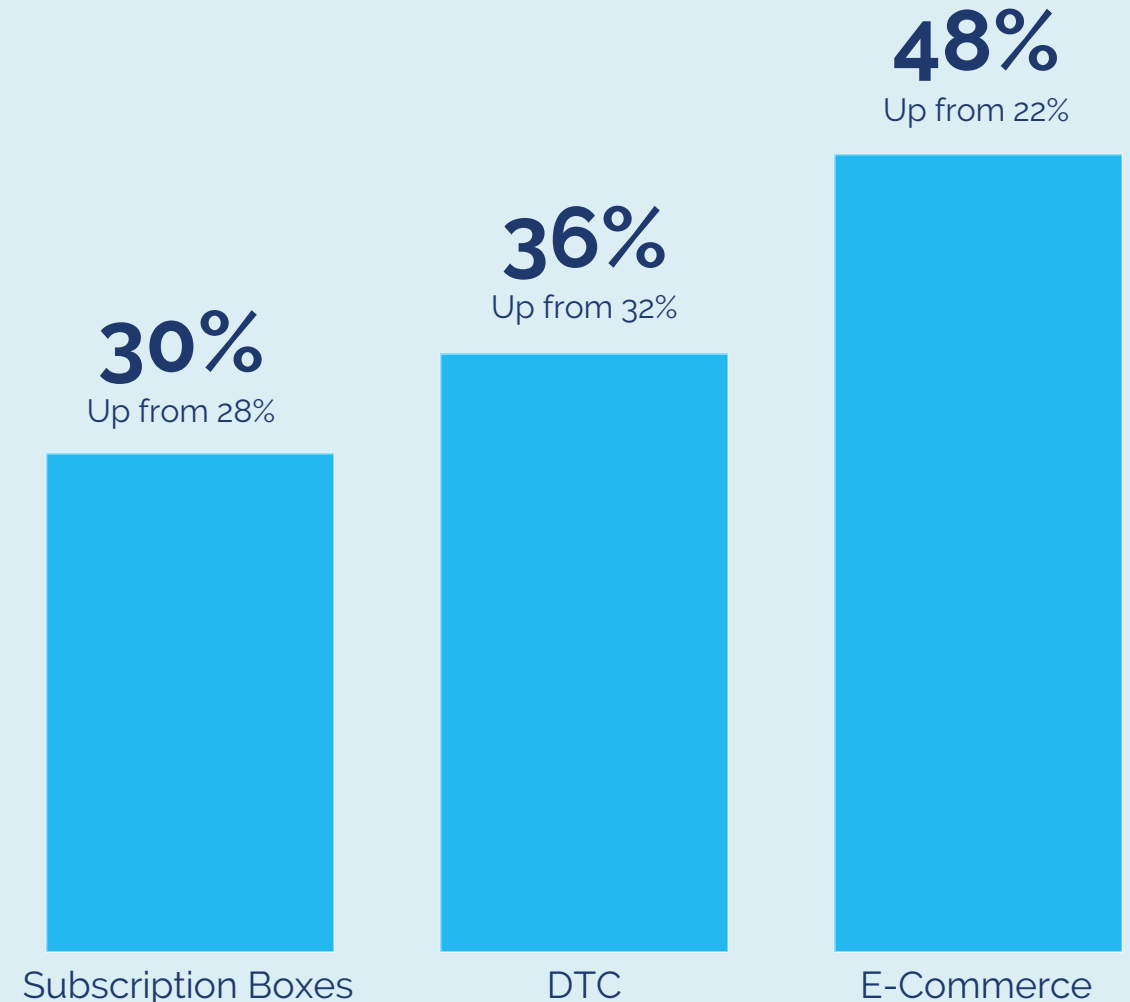


PET PARENTS LOVE E-COMMERCE

The top motives for online pet purchases include convenience, good value, product selection, and the ability to easily compare prices. In-home sampling provides consumers with a brand experience in the comfort and safety of their homes—where product trial is at its highest.

86% of pet owners shop for their pet online

Due to the rise in online shopping, brands are using e-commerce sampling to deliver a 'surprise and delight' experience to online buyers to drive product trial.



MEET PET OWNERS WHERE THEY ARE

Venue-based sampling at pet-related locations provide pet owners with the approval they're looking for via implied endorsement



20%
of pet owners said vet recommendations were the most important factor in their food and treat purchases

50%
would change brands following a vet's recommendation



CASE STUDIES

Connect to Convert: Moving Consumers Down the Purchase Funnel Faster

PET FOOD BRAND

A leading pet food brand distributed samples and branded inserts to a targeted audience of dog and cat owners through e-commerce packages. 85% of survey respondents had never heard of the brand prior to receiving the sample. Results **included increased brand awareness, trial, and purchase intent.**

RESULTS



98%
Product
Trial



98%
Purchase
Intent



77%
Shared
Experience



“

We have 4 dogs and 2 cats. They went crazy over the samples! Looking to purchase more.

— JENNIFER A.

”



CAT TREAT BRAND

A leading cat food brand distributed coupons for its new cat treat product to a targeted audience of pet owners through e-commerce packages. The campaign **resulted in increased brand awareness, product trial, and purchase intent** along with glowing consumer feedback on both the product and campaign.

RESULTS



60%

Used
Coupon



30%

Sales
Lift



84%

Purchased
Product



92%

Said Their Pet
Liked the Product



Thanks for the coupon! We have nine cats and buy lots of cat treats. They really like them... We call them cat locators!

— TRISDIANE E.





PET FOOD SAMPLING DRIVES TRIAL AND CONVERSION

OVERALL CATEGORY | PRODUCT TRIAL

99% Tried the Product

OVERALL CATEGORY PURCHASE INTENT

49%

Likely To Purchase Product Before Receiving the Sample

64%

Likely to Purchase Product Since Receiving the Sample

+31%

Increase In Purchase Intent

OVERALL CATEGORY PURCHASE CONVERSION

62%

Have Already Purchased the Product Since Receiving the Sample

84%

Of Those Who Did Not Purchase The Product Since Receiving the Sample Plan to Purchase Within 10 To 30 Days



**LOOKING
AHEAD**



TURN INSIGHTS INTO ACTION

Connect to Convert

As consumers continue to shop online for products that meet their pets' health and wellness needs, sampling new products from home becomes an easy way to convert shoppers into buyers.

Go Where Pet Owners Are

Growing focus in pet health results in more wellness visits to vets, groomers, and pet daycares. Earn implied endorsement from these trusted pet locations with venue-based sampling.

Influence Educated Purchases

Digital integrations like conversational commerce and add-to-cart connectivity allows brands to inform consumers of product benefits and purchase with one click. Increase purchase conversion by fostering confident purchase decisions.



SOURCES

American Kennel Club "Current Trends in Pet Spending 2021-2022,"
September 2021

American Pet Products Association "Pet Industry Market Size, Trends &
Ownership Statistics"

Brandshare First-Party Survey Data 2019-2022

Ensemble IQ 'The Future of CPG Sampling' 2018

Exploding Topics "7 Pet Industry Trends to Know (2022-2025),"
June 2022

Exploding Topics "75+ Amazing Pet Industry Stats (2022),"
August 2022

Fortunly "20 Insightful Pet Spending Statistics: Americans are Spending
More on Pets Than Ever," January 2022

Globe Newswire "Global Pet Care Market Growth, Trends, and
Forecasts Report 2022-2027: Pet Humanization is Supporting the
Market Growth with a Number of Companies Investing in R&D,"
March 2022

Insider Intelligence "US Ecommerce by Category 2021," April 2021

Insurance Information Institute "Facts + Statistics: Pet Ownership and
Insurance"

Morgan Stanley "Why Pets Could Be a Long-Tail Investment Trend,"
April 2021

National Library of Medicine Determinants of pet food purchasing
decisions," June 2019

Pet Food Processing "Putting the 'Human' in Pet Product
Humanization," February 2022

Pet Keen "14 Pet Food Industry Statistics to Know in 2022: Trends,
Market Size, & Analysis," July 2022

Pet Keen "Pet Industry Statistics 2022: Facts & Trends on the \$261
Billion Pet Market," August 2022

PR Newswire "Pet Supplements Market Size Worth \$1.05 Billion by
2027 | CAGR: 6.4%: Grand View Research, Inc.," April 2020

Supermarket News "Pet care remains buoyant as consumers cling to
premium brands," September 2022

Winsight Grocery Business "Leverage Pet-Product Premiumization
with Sustainable, Health-Forward Solutions," February 2022

Y Pulse "76% of Millennials Are Pet Parents—Here's What They've
Been Buying for Them," August 2020

To learn how your brand can activate a Connected Sampling™ campaign, contact:

Nick Gendron | ngendron@brandshare.us | 201.264.3280

