



Pet food Playbook

SPECIAL POINTS OF INTEREST:

- Pet Food Market Stability
- Increase of Millennial Pet Owners Continues
- Premium, Healthy and Grain Free Resonate with Pet Owners
- Trends/Opportunities

What's going on in the Market?

Overall pet food sales remained steady, at around \$30 billion in 2017. Looking ahead, this stability is promising as the market is benefiting from some of the same key factors helping grow other North American retail segments ... The millennial generation and growing e-commerce sales are becoming more and more important as market drivers.

As reported last year the rise of millennial pet owners is good news. **This year the news is even better – Millennials now outnumber other age groups as pet owners!**

According to a December 2017 Packaged Facts report, millennial pet ownership has surpassed baby boomers. Millennials account for 35 percent of all pet owners. Those in the 18-to-34 age group are also most likely to say they want a pet in the future (43%).

What's Working?

There are also signs of other growth. Sales in the grain-free category (accounting for 42 percent of products sold) rose almost 10 percent last year. Also promising is the fact that sales of premium pet food experienced a 4.4% growth in the US market.

What's Next?

In addition to specific category growth, E-commerce continues to gain popularity and is affecting all channels, including pet food. Growth of online dog food sales increased by 92 percent in 2017, while cat food sales increased by 63 percent.

E-commerce offers many benefits to pet owners like customized products and the convenience of home delivery. As millennials continue to educate themselves about their pets, we can expect to see more online activity and growth in pet food sales.

PET OWNERSHIP BY GENERATION (2017)



MILLENNIALS



BABY BOOMER



OTHER AGE GROUPS

Millennials now account for 35% of all pet owners.

Pet Owner Insights

Part of the family

Over 80 percent of pet owners consider their pets to be part of the family! They want the best for their family members and are willing to consider high-end products for their pets.

Additionally, millennials are generally educated about nutrition and willing to spend more on premium natural products. This attitude from younger pet owners provides opportunities for pet food marketers to develop new premium products and target millennial pet food consumers.

Healthy lifestyle for me AND my pet

Not only do more pet owners view their pets as family members, they also believe their pets are essential to their own health. For example, more than 90 percent of dog owners across a wide range of demographic segments think their dog has a positive impact on their mental or physical health.

Reflecting an overall trend to healthier lifestyles, over 70 percent of pet owners believe the food that they feed their pet has an impact on their health and wellness. Pet food manufacturers and retailers should see growth in healthy pet food and pet treats.

Healthy teeth too!

Pet owners are looking to functional treats to keep their pets smiling. New pet dental treats are focusing on innovation and functionality to appeal to both pet owners and their animals.

As pets become more and more important in their owners' lives, pet food retailers and manufacturers can help ensure they stay happy and healthy.

When it comes to pet food, pet owners are starting to emulate what they do for themselves...

eat a more healthy diet!



Trends & Opportunities

In a mature market it is important to stay aware of both the market and consumer trends, then turn them into opportunities. Several things influence pet owners, which create an interesting picture of new and continuing trends.

New Trend: Increased purchases of premium brands

Opportunity: Pet owners are increasingly aware of what they are feeding their pets. One pet store owner has noticed bags turned around on the shelves daily, as customers are now reading the ingredients before purchasing. Almost 40 percent of pet owners surveyed say they are willing to spend more on a 'premium' brand of pet food. Make sure the customer is aware of the advantages of purchasing your brand.

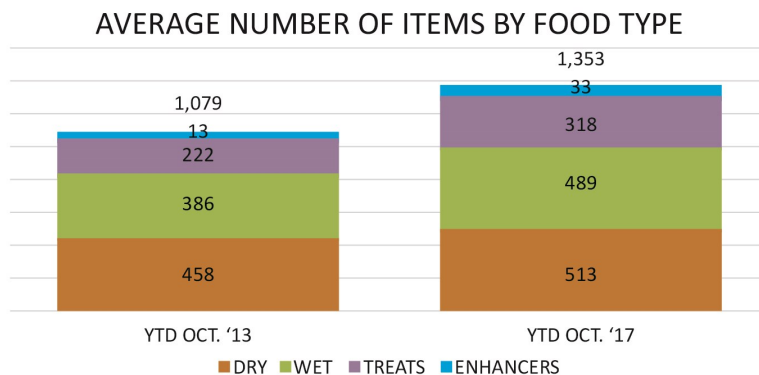
Continuing Trend: Grain free pet food

Opportunity: Sales in the grain-free category (accounting for 42 percent of products sold) rose almost 10 percent last year. Make sure your "Grain-Free" message is easy to see on the shelf.



New Trend: Meal Kits – for people and their pets

Opportunity: The growing popularity and use of meal kits by consumers is reflected in pet foods as well. Some pet owners want to be more involved in their pets' diet and look to products like toppers, mixers and sauces. A survey revealed that 28 percent of US dog owners and 22 percent of cat owners use commercial pet food toppers, mix-ins or gravy/sauce products. Meal enhancers nearly tripled their shelf space at pet retail the past three years – this is a trend worth watching!



Meal enhancers nearly tripled their shelf space in the past three years.

**"Premium," "Healthy" and
"Grain Free" Resonate
with Pet Owners**

More Trends & Opportunities

Continuing Trend: Healthy & Natural

Opportunity: As the trend continues for humans to incorporate more fruits and vegetables in their own diets, they readily adopt these for their pets. The soothing properties of pumpkin and sweet potatoes are incorporated into pet food and should be emphasized on the package. These natural ingredients give pet owners peace of mind while shopping for their pets.

Additionally, functional treats offer pet parents a way to support their pets' wellbeing, while giving them a delicious treat.

New Trend: My pet likes it, I'll buy it

Opportunity: Over all, nearly half of the pet owners surveyed would rank "what my pet likes" as one of their top three reasons for choosing a brand. Given the importance of pet preference, sampling (or sample sizing) is a good opportunity as it reduces the risk of buying full size. Making it convenient for the customer to try new options can encourage more purchases.

Sources: Mintel, Euromonitor International, Ensemble IQ, Pet Business Magazine, Pet Food Industry Magazine, Packaged Facts, BigStock, and iStock



About TC Transcontinental Packaging

TC Transcontinental Packaging, with 1000 employees in the United States and Canada, ranks among the 25 leading flexible packaging suppliers in North America. Our growing, coast-to-coast manufacturing locations serve nationally recognized brands with **concept to consumer flexible packaging solutions**.

We specialize in packaging design and prepress, high-definition flexographic printing, specialty film laminations, as well as, bag and pouch converting. TC Transcontinental Packaging brings a distinctive blend of science, technology, and art together to create flexible packaging that preserves our customer's products and accentuates their brands on the store shelf.