



# PET INDUSTRY TRENDS FOR 2022

Mapping data across the pet industry is notoriously difficult. Unlike fashion marketing, health and wellness, and the beauty industry, no single source of market research exists.

Thankfully, by coordinating resources, we can get clear answers on a number of pressing questions, namely...

- How profitable is the pet industry?**
- How much is the pet industry worth?**
- Is the pet industry growing or shrinking?**
- What is lacking in the pet industry?**
- And what challenges do pet brands face?**

**Globally, the pet care market has grown from \$216 billion in 2020 to \$232 billion in 2021. An estimated 6.1% compounded annual growth rate (CAGR), will catapult that figure to \$350 billion by 2027.**

While North America and Western Europe are mature, they still offer possibilities for an uptick in consumer purchases relative to the growth experienced worldwide.

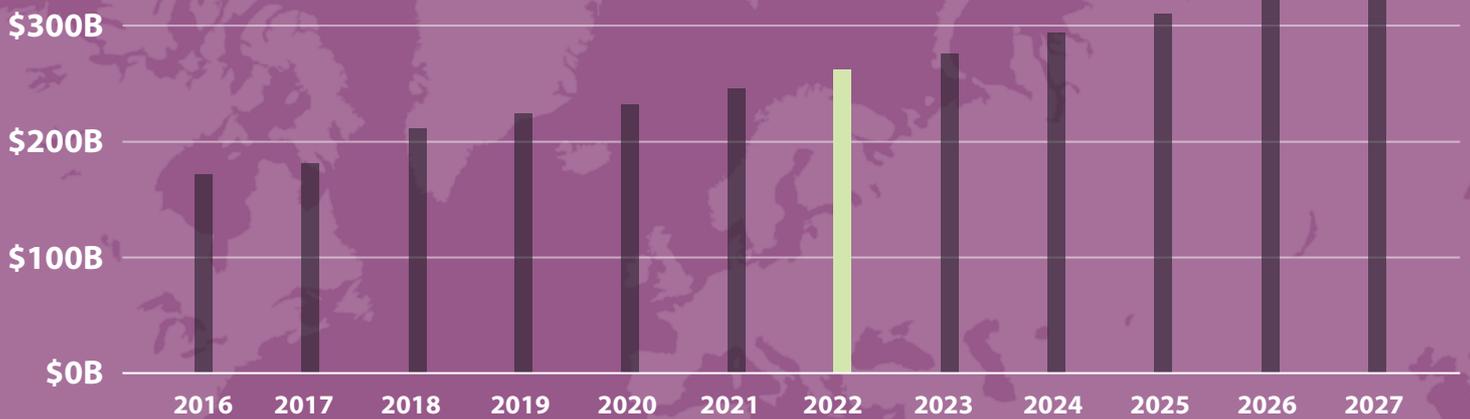
Space exists for the development of new products and especially new channels: an advantageous lifecycle stage for emerging brands to enter and thrive.

# How Big is the Pet Industry?

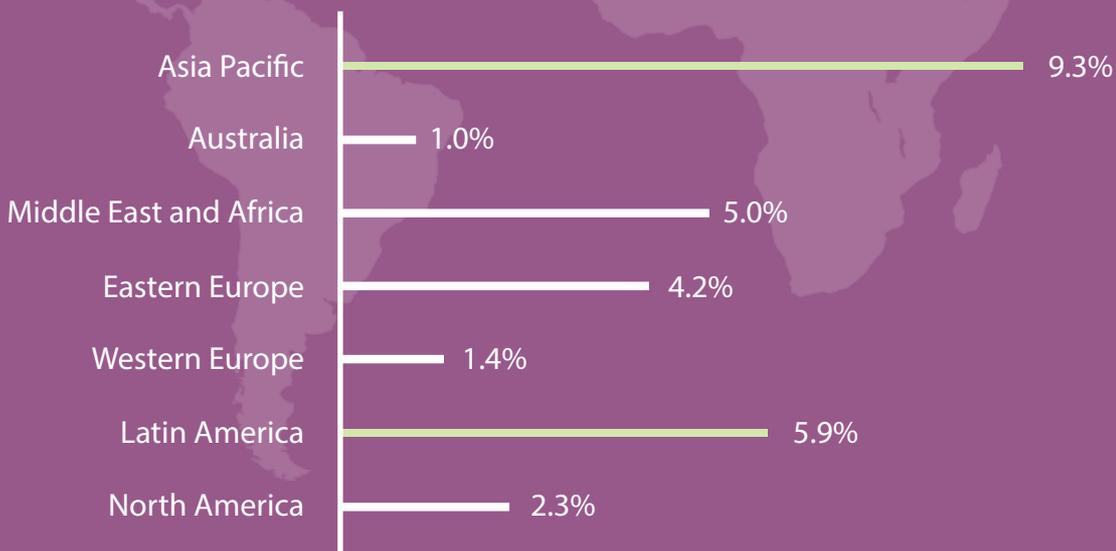
## Global Market Size & Growth Rate



### Year-over-Year Worldwide Sales



### Pet Industry Growth by Region



# 1.

## The Boom of the Online Pet Market

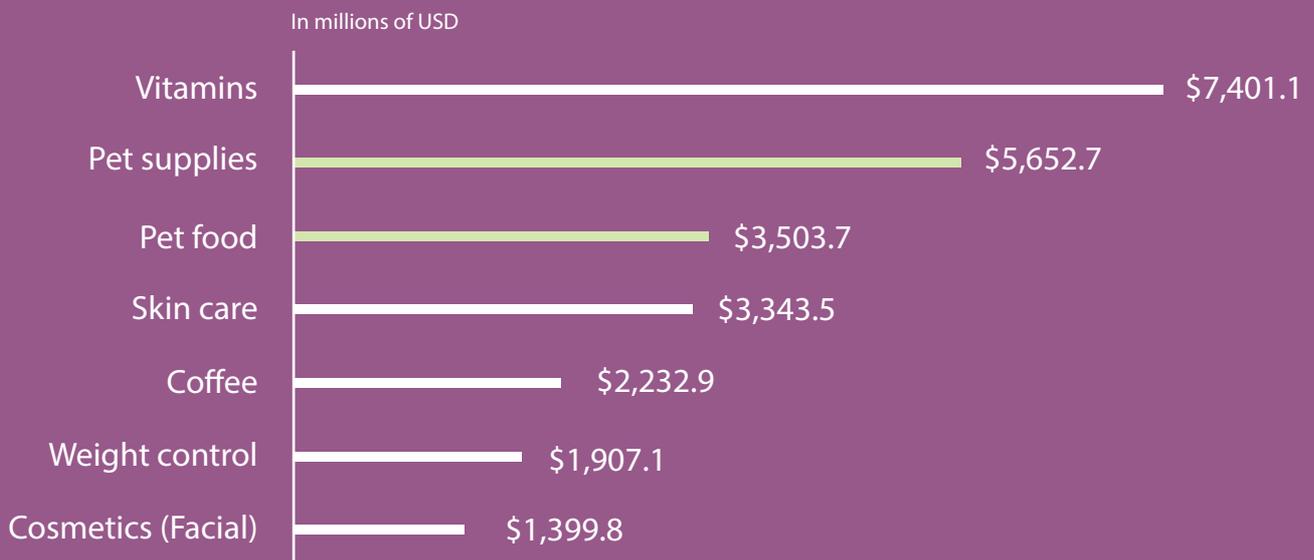
While retail stores have seen a slow increase in buying, the online pet market has nearly quadrupled since 2013.

With pet ownership rates continuing to rise, the target market for the industry as a whole will expand, allowing new penetration points.

Yes, the big-box pet stores are experiencing good fortune. But, to fear the competition is to miss the way forward.

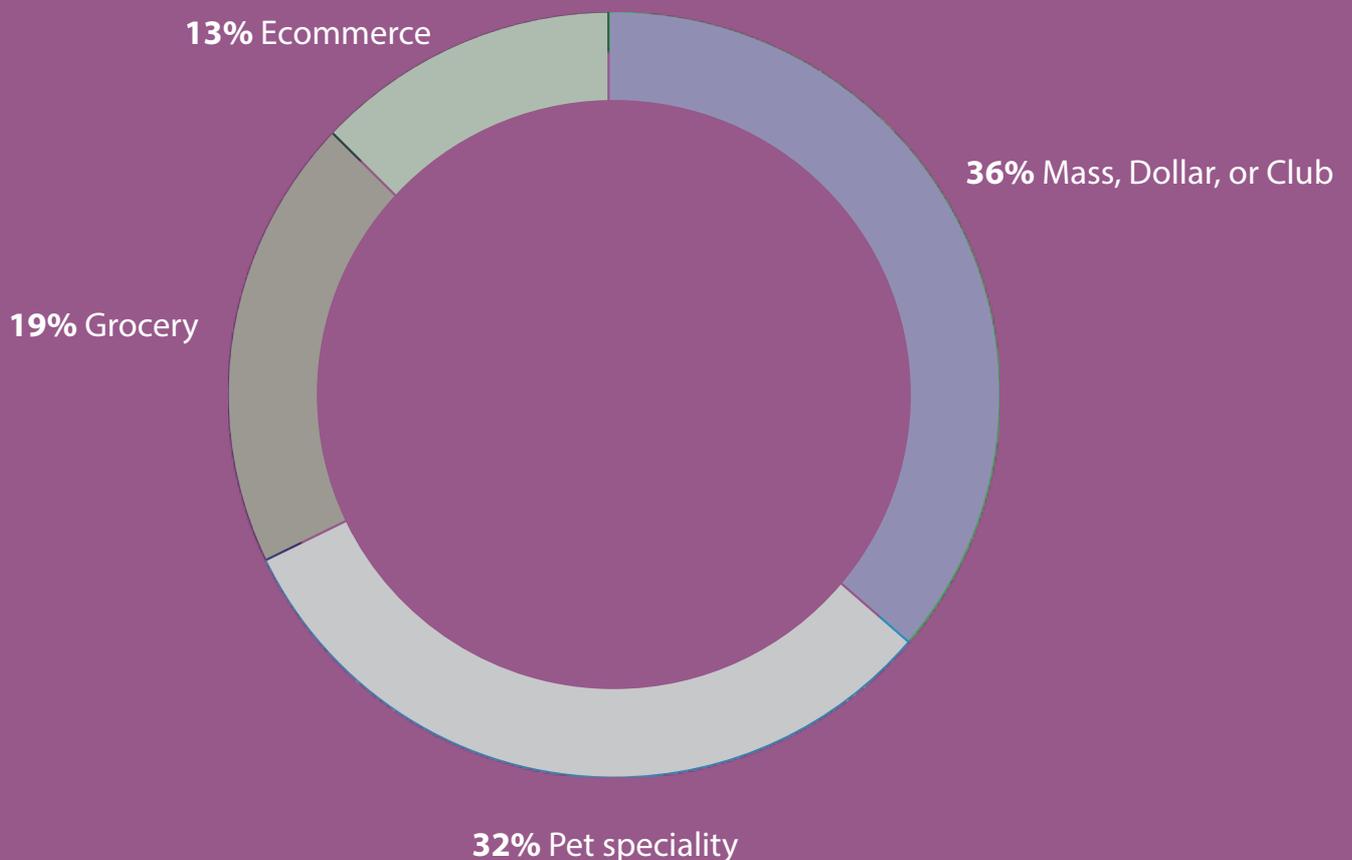
For entrepreneurs eager to penetrate new markets, pet food and pet supplies are the second and third biggest ecommerce CPG categories across the industry. The promise of prosperity is acutely high within the natural foods, animal care, and supply sectors.

### Leading Ecommerce Categories in US



Within the ecommerce sector especially there is significant room for maturation, as customer preference for shopping for pet products on ecommerce sites is estimated to grow at 9.4% — a sizable increase over its already 13% market share.

## Sales by Purchase Channels



Data from Statista.com

Whether it's a rise in the number of household pets or diversified shopping platforms — the result is an expansion of the global pet market. No surprise, the area of opportunity for businesses looking to expand market share in the pet industry is online.

# Ecommerce gives pet owners exactly what they want

**Convenience and comfort**

**Product information and choice**

**Pricing comparisons that make value clear**

**Devoted focus on customer relationships**

The traditional model relied upon by the major industry players clashes with what customers have come to expect in the world of digital.

This digital disconnect offers an opening for ecommerce brands to leap up and capture market share. Their opportunity lies in creating a unique brand identity within their pet market niche and the advantage of ridding themselves of middle-man margins in comparison to mass-market pet brands.

Looking to the future, it's a game of how high will ecommerce sales go. However, to focus on the sales numbers alone is to miss an even more compelling signal: a generational shift.

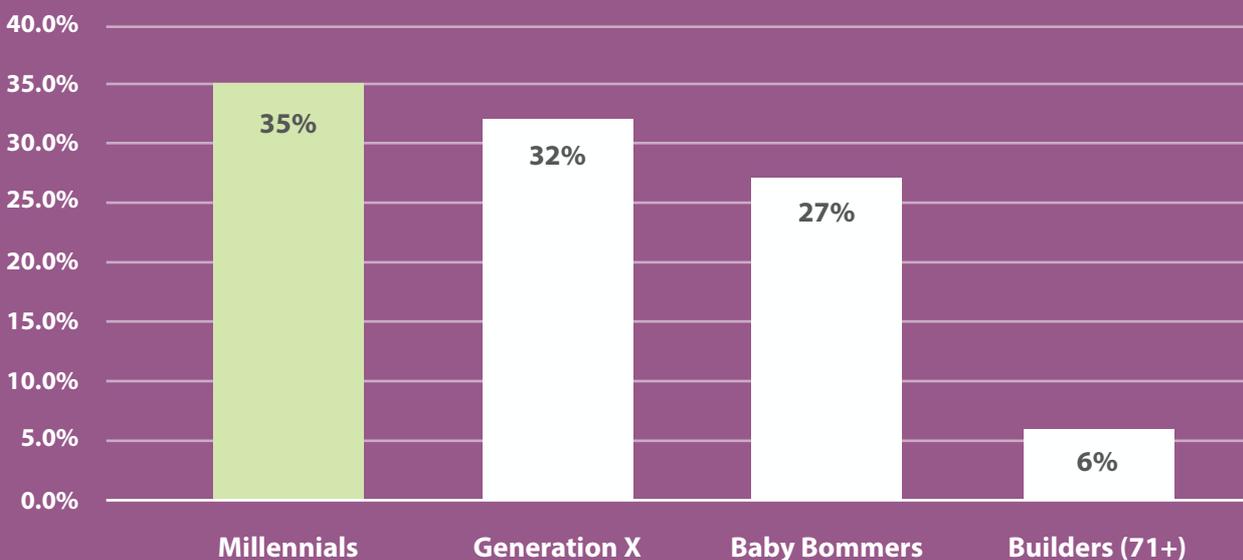
# 2.

## Pet Ownership Demographics and Preferences

No longer do Baby Boomers represent the largest portion of pet owners; that title now belongs to Millennials. Pet brands who will win the future of the industry must understand how Millennials differ from the other generations.

Digital purchasing power cannot go without emphasizing the importance of marketing within that space. Millennials nearly double baby boomers in relation to time spent on social media — 90.4% of millennials are active social media users compared to 48.2% of Baby Boomers (eMarketer, 2019).

### Share of Pet Owners in US



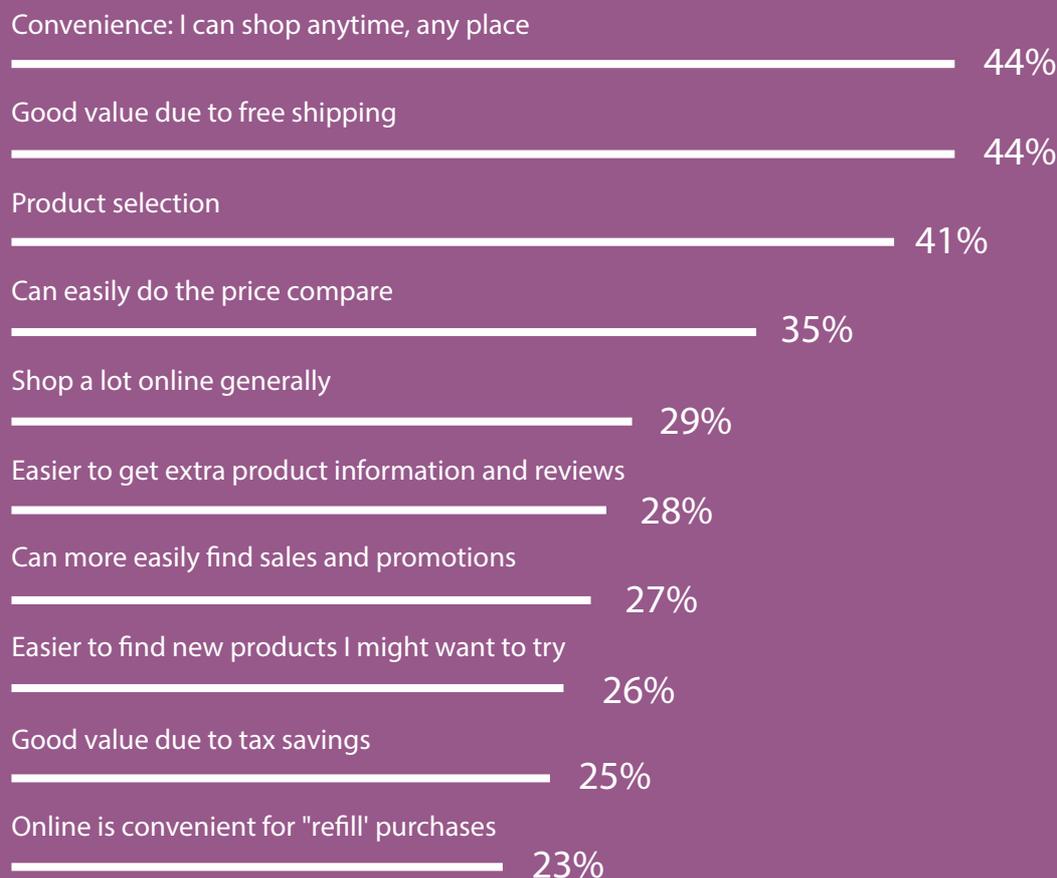
By nature of how users natively wield social, the pet category seamlessly fits within the realm of sharable content. Thus, retailers who meet millennials where they're at, can be a make or break difference for brands looking for competitive channel advantage.

In addition, competitive pricing, convenience, and personalization are blowing the brick-and-mortar house down.

The response: dual-channel retailing, faster fulfillment, improved cost controls, and advances in home delivery. Demand for high-quality products from millennials further attributes to industry profit because of the generally higher mark-ups of premium products.

Making this data actionable for means examining ecommerce trends and statistics within three segments, each with its own unique value propositions.

## Motivation for Purchasing Pet Products Online in US



# 3.

## Data on Three Verticals within the Industry

### Pet Food Market

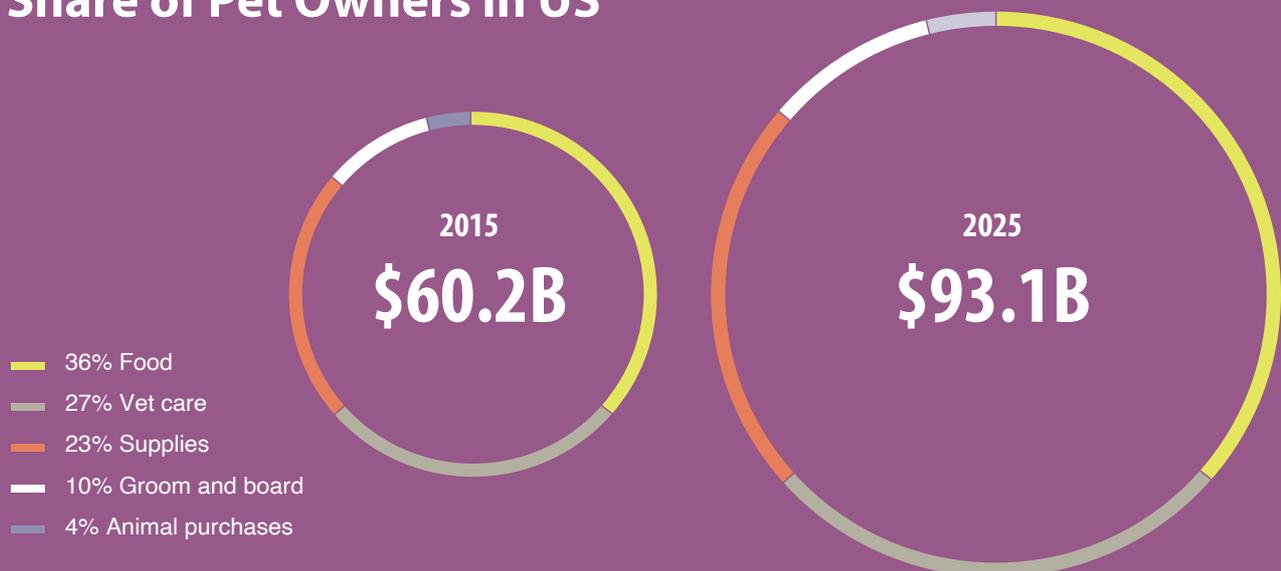
At \$91.1 billion worldwide, pet food represents the single largest niche within the larger space.

Within the United States' 2020 market volume of \$30.9M, most revenue is generated by the food segment, which also includes treats and supplements.

Add to this the potential for premium pet food products within the market segment. Natural and organic food products tend to come at a higher price tag, affording operators to earn greater markups.

An increasing penetration of retail sales has augmented the growth of the pet food market. At the same time, availability of pet food on ecommerce platforms entices consumers with convenience and the stripping away of physical shopping constraints.

### Share of Pet Owners in US



## Pet Care & Services

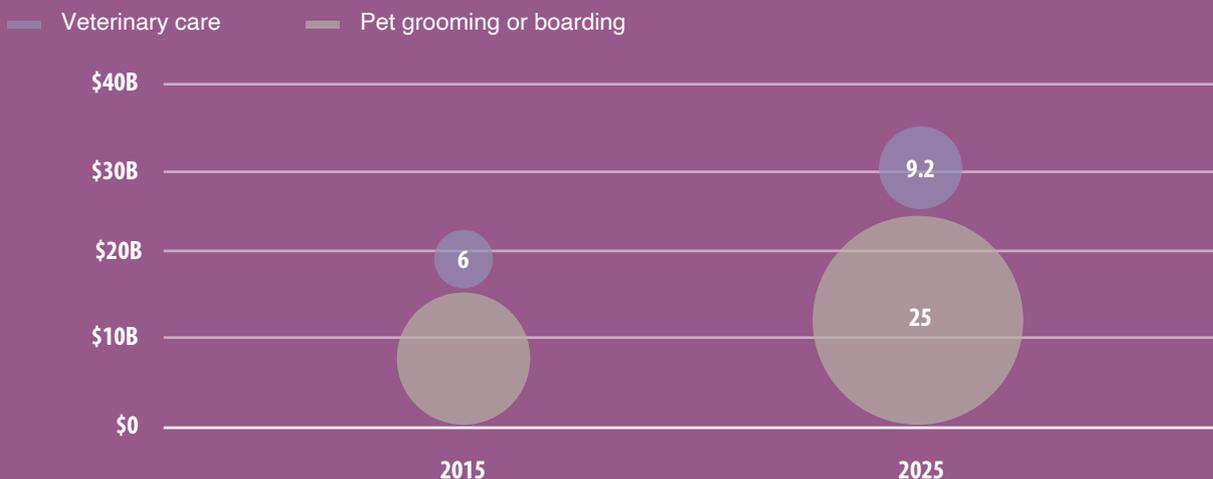
The pet services market includes grooming, boarding, training, and care. Over the past five years, it has been the fastest-growing product segment under the industry umbrella. With more and more owners considering their pets as family, its rise is driven by interest in pampering and specialty services for furry family members.

Alongside it is the veterinary care industry, which has undergone growth as a result of mass household penetration.

### Value of US Pet Market



### Value of Pet Care Market for Veterinary Care & Grooming or Boarding



Rising per capita income and growing pet adoptions for companionship lend to an increase in spending on pet care which will continue to boost the market.

Regardless of the distribution channel, brands within the pet care industry that offer premium services may see further gains.

Because households are obtaining higher incomes, they are able to afford premium discretionary service. It also affects the lifestyle of pet owners, affording them more ability to travel, thus increasing the importance of the boarding services segment.

## **Pet Products & Supplies**

With food and pet care holding the top two spots in terms of industry sales, there are more promising prospects within the pet supply market because it is slower growing and encompasses niche products like clothing, food bowls, collars, and carriers.

A key driver for this industry will be the wide range of availability of fashionable and multifunctional pet accessories.

Pet supplies are a leading industry category in the United States, with sales of approximately 4.54 billion U.S. dollars and positive sales growth of 2.7%.

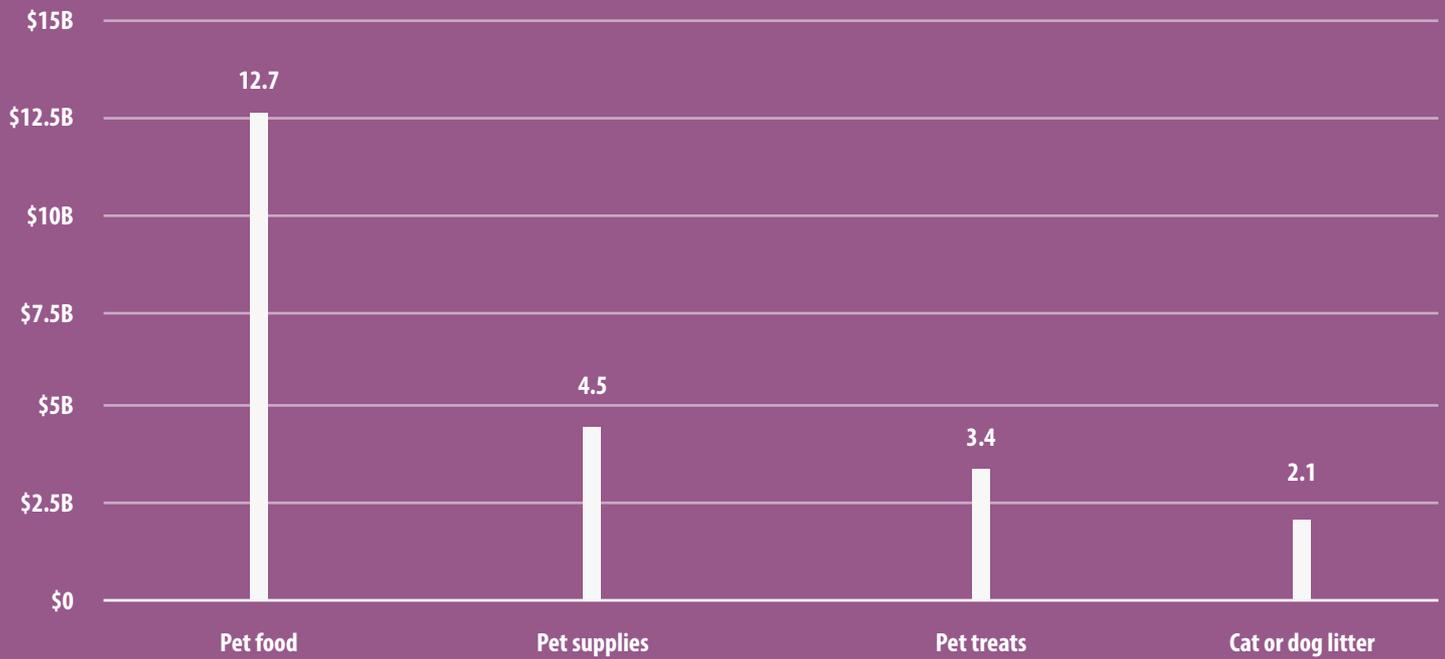
Its share of revenue also spread due to the “pet parenting” trend, in which pet owners treated their pets as family members and started supplying them with complementary products. This segment accounts for an estimated 40.6% of total industry revenue in 2019.

Of those buying pet products, approximately 17% reported buying pet products online in 2017, up from approximately 13% in the previous year.

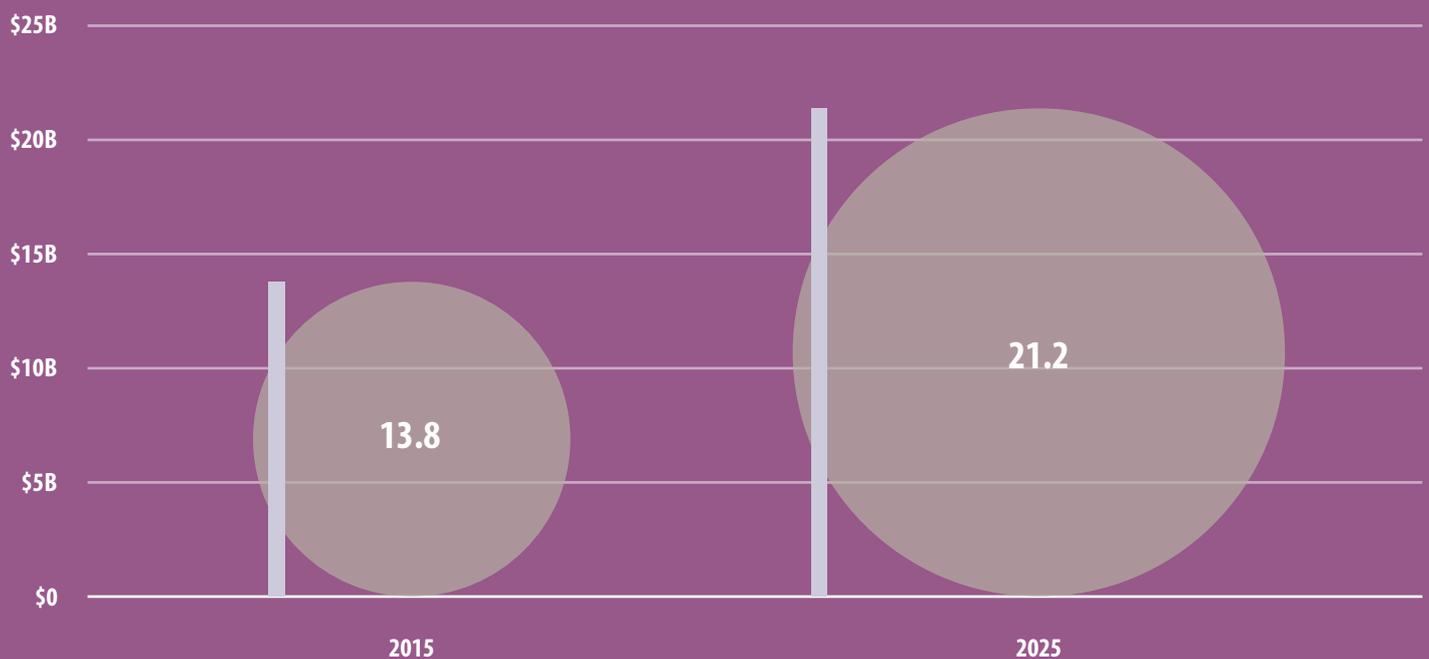
Pet supplies and accessories sold by retailers also encounter mounting competition not only from mass merchandisers but by smaller outlets because there are no regulations that limit their sales.

For online retailers, favorable economic conditions in the pet supply segment can be complimented through product innovation. Since mass-market brands offer goods with little differentiation, the spike in exclusive niche products will help diversify the current price competition.

# US Pet Product Categories by Sales



# Value of Pet Care Market for Over-the-Counter Supplies



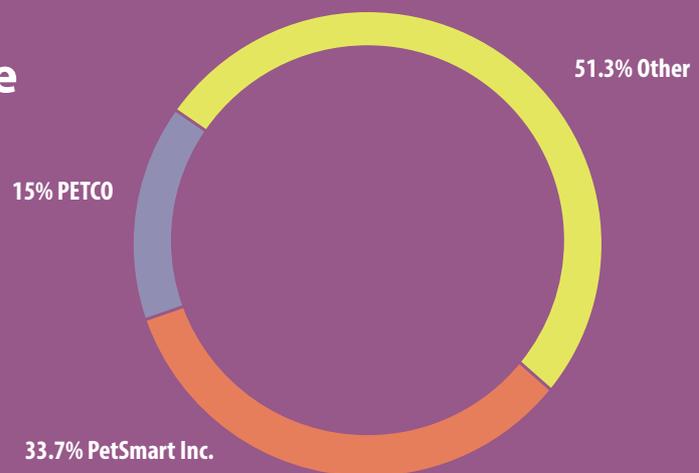
# 4.

## Pets Stores, Retail and Pop-Ups

PetSmart and Petco still hold the largest market share in the pet stores industry, despite the online rise of Chewy and Amazon.

According to Pet Business' Top 25 Retailers list for 2019, while PetSmart added a net total of 48 stores (versus more than 100 in 2017), Petco added a net total of 10 stores (versus 39 in 2017).

### US Pet Stores Market Share by 2019 Revenue

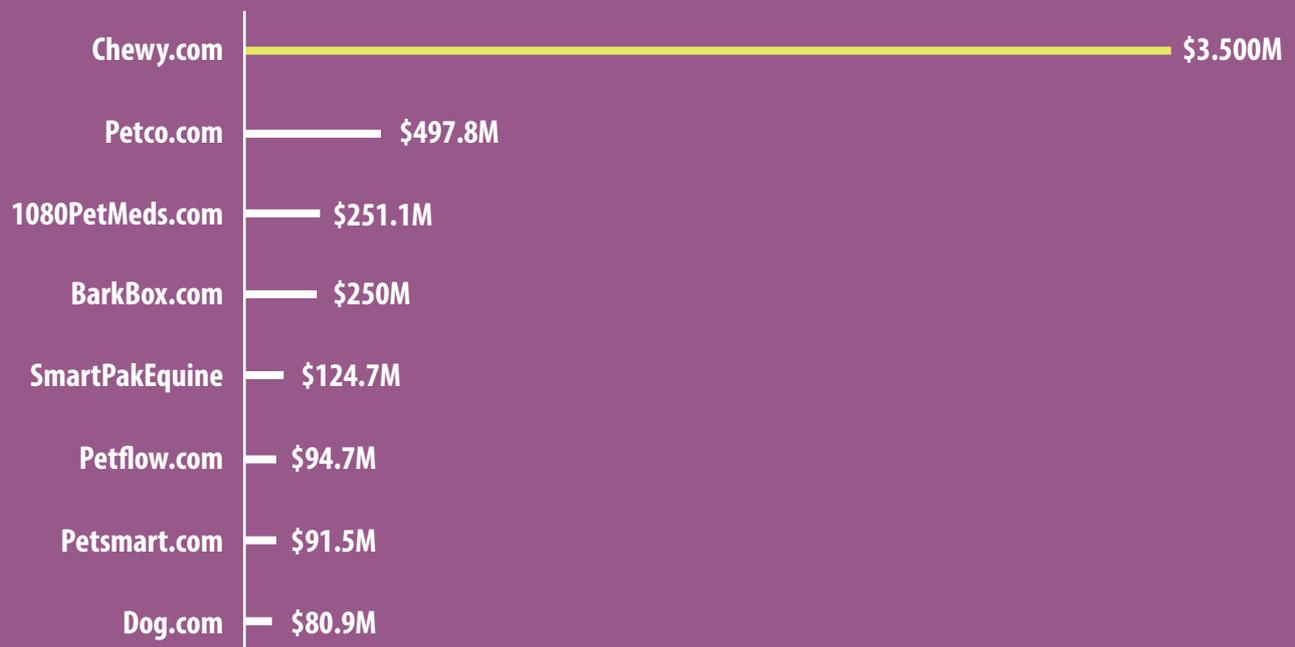


Source BISWorld

“Despite mounting competition from supermarkets, mass merchandisers and online retailers that offer similar products at greater convenience and competitive prices –traditional brick-and-mortar establishments have 18 successfully positioned themselves as pioneers and exclusive providers of high-quality food and service offerings, such as grooming or daycare,” states the IBIS World Industry Report.

Meanwhile, digitally native pet brands are steadily gaining more market share.

# Leading Online Pet Retailers Annual Sales



Their success reflects how advances in technology within the human consumer retail market are driving change in the companion animal market as well.

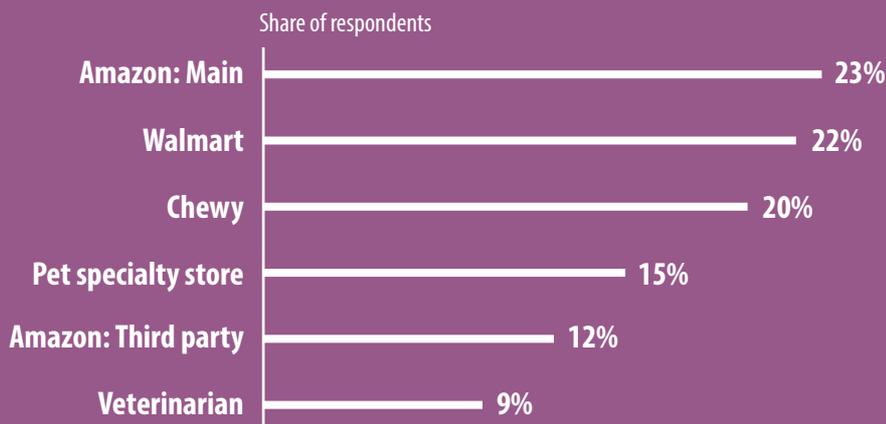
None illustrate this shift more than.

# 5.

## Amazon: The Elephant in the Room

With Amazon's main website and third-party sellers taking up 35% of the online market share, pet startups are left to fight over the remaining food in the bowl.

### US Websites Used in the Last Three Months to Purchase Pet Products



Coupled with the launching of Amazon's first private-label pet brand Wag, might have traditional retailers with their tail in between their legs. The Wag brand offers dry food, the highest moving categories within pet, exclusively to its Prime members.

While Amazon's scale and market share might seem daunting, it does offer a glimpse of hope for brands looking to enter the online pet space. Amazon's success shows that there is money to be made in the ecommerce space for the pet industry.

It further affirms pet brands need to take things digital in order to succeed and gain more market share.

# 6.

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## Mobile App: The best way to boost LTV

While all of this is great to tell at parties and motivating enough to 'go mobile', you'll need a detailed plan of attack. One that identifies the weak spots of your target audience, and plays with the strengths of your business.

One thing your team will have to realize is that mobile shoppers and desktop shoppers behave very differently—even if they're essentially the same person.

People are impatient. The whole reason we're buying from our phones is that we don't want to wait, and certainly don't want to wait until we are near our laptop. What this means for you: speed it up. Make sure loading times are minimized, checkout is easy and straightforward and people can find what they need instantly.

People judge quicker. Having everything at the tip of our fingers means that we'll go for the best option available. There's no forgiving and very little second chances. According to Google, when a mobile experience is not optimized, 53% of shoppers will never return. It's the harsh reality.

What this means for you: optimize, check and then double check. Make sure the experience in your app or mobile website is flawless.

People are more impulsive. We tend to research a bit longer behind our desktop. With our smartphone, we just buy. 70% of mobile searches lead to action within an hour. People using desktop on the other hand, can toss and turn for a month. What this means for you: make shopping instantly possible. Make your socials shoppable, always link to products and put up or cross-sell products in plain sight.

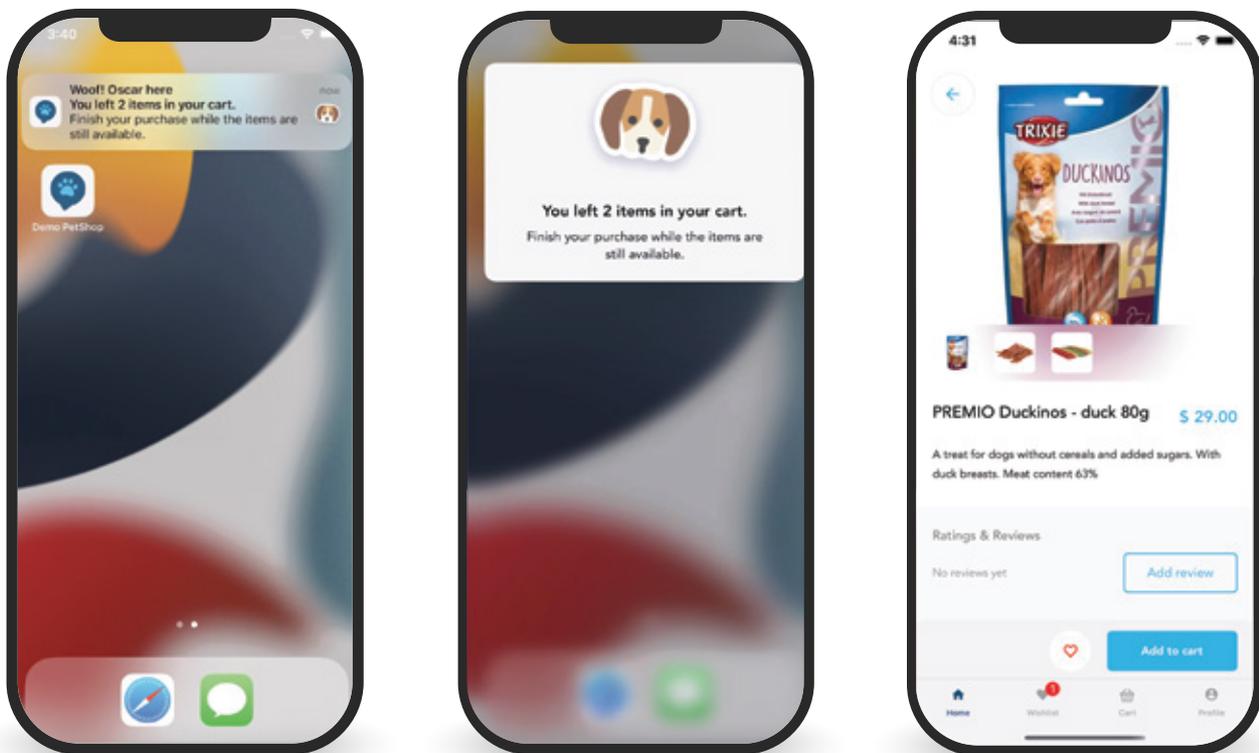
Despite all its complexity and all the data, pet brands grow based on only four metrics: visitors, conversion rate, lifetime value — your 60-, 90-, or 120-day payback window (cash multiplier) — and variable costs.

## How can Mobile App help you with this?

### 1. Push notifications for higher engagement

Engage your customers with customized offers, reminders, and deals. Our customers benefit from 40% reduced cart abandonment.

Push notifications are an opportunity for sellers to communicate directly with their customers. They can send direct alerts about new products, updates, discounts, and promotions. Most people want exclusive stuff and perceive informing about news or deals as care. All this leads to better engagement, expanded reach, and customer loyalty and brand awareness.



## 2. Quick checkout and reorder

As users, we are impatient – we wish for a checkout process in under 5 seconds or go to the competitor because the Internet is one crowded place. Distracted customers aren't converting, so building a fast app not only perfects your checkout process but allows customers to place their monthly orders in a loop.

## 3. Increase customer loyalty

Loyalty programs and gamification features encouraging users to return to the app. As a result, you can boost traffic and users' engagement, leading to increased revenue. Gamification and Loyalty made user engagement grow 47%, which is why the most prominent companies use it so frequently.

## Mobile apps for pet shops

Turn your visitors into loyal customers. Stay installed on their phones and in their pockets. Help them order easily on repeat and boost your revenue.

Book your free Session and find out how can Mobile App help your Business.

[\*\*Book your free Session\*\*](#)