U.S. Petfood Spending Patterns

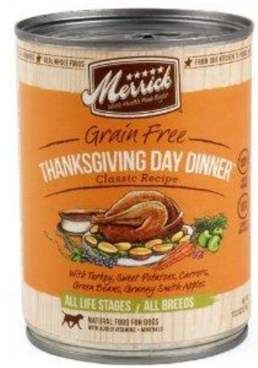
April 2014

David Sprinkle
Research Director, Packaged Facts

Packaged Facts

- Sales & Spending Trends
- Channel Shopping Trends
- Product Purchasing Trends

"Love them like family. Feed them like family."

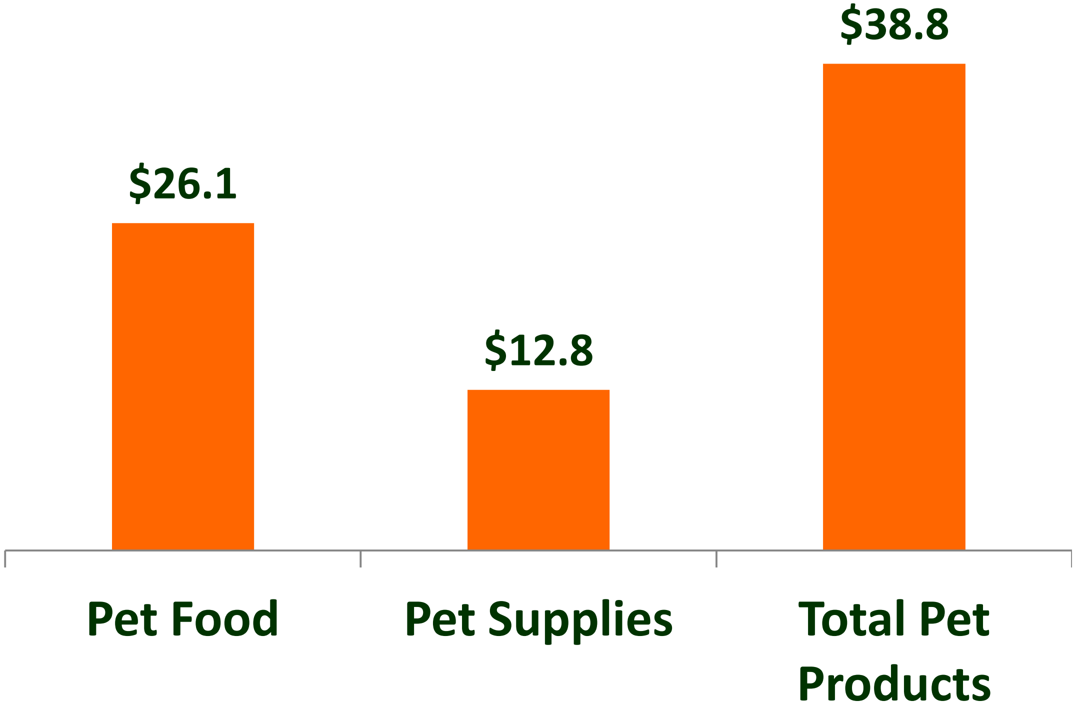


Sales & Spending Trends

U.S. Retail Sales of Pet Products, 2013

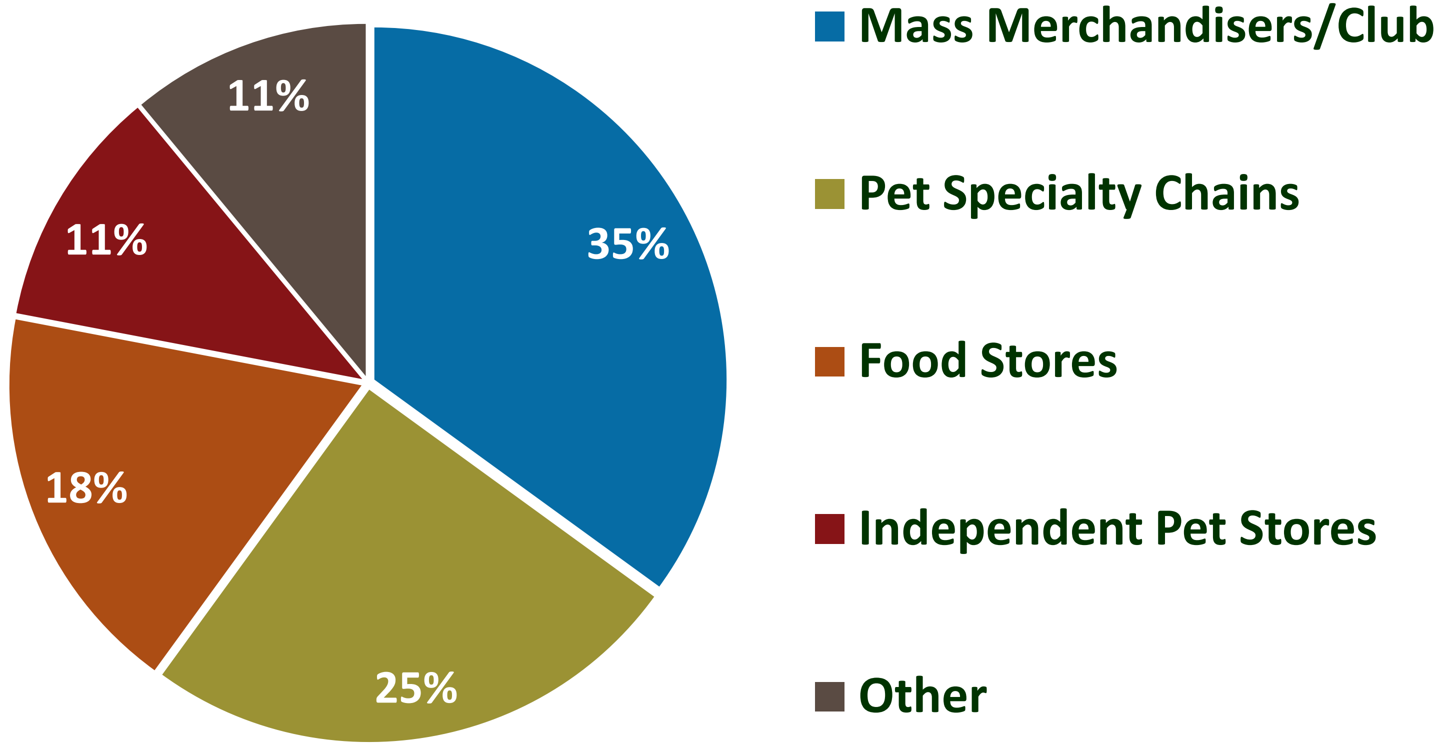
preliminary estimates for *U.S. Pet Market Outlook, 2014-2015*

2013 vs. 2012	% Chg
Pet Food	3.7%
Pet Supplies	3.4%
Pet Products	3.6%



Retail Channel Shares of U.S. Pet Product Sales, 2013

preliminary estimates for *U.S. Pet Market Outlook, 2014-2015*



Average Annual Consumer Expenditures on Pet Products and Services, 2008-2012

	2008	2009	2010	2011	2012
Pet Food	163.13	168.92	165.20	182.75	194.70
Pet Purchase, Supplies, Medicine	164.01	165.83	162.51	140.90	135.69
Pet Services	36.77	43.36	38.87	35.72	41.70
Vet Services	206.96	164.74	113.52	142.67	149.95
Total	**570.87**	**542.85**	**480.10**	**502.04**	**522.04**
Pet Food		3.5%	-2.2%	10.6%	6.5%
Pet Purchase, Supplies, Medicine		1.1%	-2.0%	-13.3%	-3.7%
Pet Services		17.9%	-10.4%	-8.1%	16.7%
Vet Services		-20.4%	-31.1%	25.7%	5.1%
Total		-4.9%	-11.6%	4.6%	4.0%

Source: U.S. Bureau of Labor Statistics Consumer Expenditure Surveys

Packaged Facts Pet Shopper Survey
January/February 2014

Packaged Facts

"I am spending more on pet products these days": dog owners vs. cat owners

	dog	cat
Strongly Agree	15%	15%
Somewhat Agree	27%	28%
No Opinion - NA/D	31%	33%
Somewhat Disagree	18%	14%
Strongly Disagree	9%	9%

Packaged Facts Pet Shopper Survey

January/February 2014

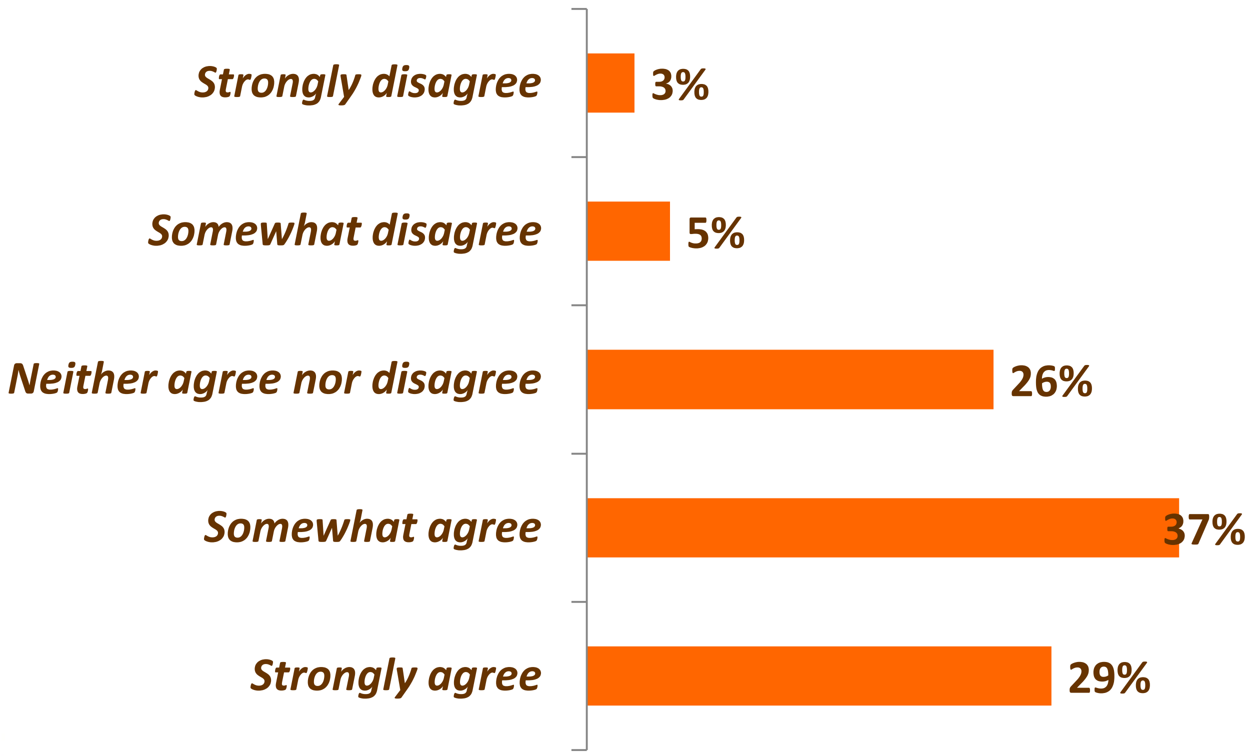
"I look out for lower prices, special offers, & sales on pet products" dog owners vs. cat owners

	dog	cat
Strongly Agree	32%	29%
Somewhat Agree	38%	37%
No Opinion - NA/D	24%	25%
Somewhat Disagree	4%	6%
Strongly Disagree	2%	4%

Packaged Facts Pet Shopper Survey

January/February 2014

"Many pet products are becoming too expensive"



Channel Shopping Trends

Channel Shopping for Pet Products, 2010-2013
(percent of dog- or cat-owning households)

Channel	2010	2011	2012	2013
Pet Stores	52.6%	52.1%	54.3%	56.3%
Supermarkets	47.4	48.1	47.5	46.2
Discount Stores	30.8	28.6	29.1	26.3
Veterinarians	17.6	16.5	15.1	15.3
Wholesale Clubs	11.4	10.1	13.0	11.3

Note: Data refer to respondents who indicated where they purchase pet products.
Source: Experian Marketing Services, *Simmons* National Consumer Survey.
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IRI FDMx Pet Food/Treats Sales Growth, Dog vs. Cat: 2006 - 2013

Volume	2009	2010	2011	2012	2013
Dog	-1.1	-1.0	-4.0	-5.3	-4.4
Cat	-2.1	0.8	-1.3	-4.3	-0.9

Dollars	2009	2010	2011	2012	2013
Dog	0.2	1.5	2.2	0.1	0.8
Cat	4.8	0.2	1.4	-0.2	1.7

Source: IRI FDMx (Food, Drug, Mass without Walmart)
Packaged Facts, *U.S. Pet Market Outlook 2014-2015*

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Cross-Channel Pet Food Shopping: PetSmart/Petco Shoppers

Walmart	33%
Supermarkets	26%
Other Supercenters	16%
Veterinarians	11%
Ind. Pet Stores	11%
Other Pet Superstores	10%
Dollar Stores	9%
Wholesale Clubs	9%

Cross-Channel Pet Food Shopping: Walmart Shoppers

Supermarkets	35%
PetSmart	30%
Petco	20%
Other Supercenters	19%
Dollar Stores	17%
Wholesale Clubs	12%
Other Pet Superstores	11%
Feed/Seed Stores	8%
Ind. Pet Stores	7%
Veterinarians	6%

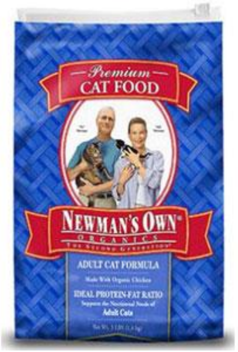
Packaged Facts Pet Shopper Survey

January/February 2014

Independent Natural Foods Channel Sales of Pet Food/Treats, 52 weeks ending February 23, 2014

Segment	$ (millions)	% Chg
Dog Food	$28.2	8.4%
Cat Food	$20.5	6.9%
Pet Treats/Snacks	$12.1	10.5%

Source: ***SPINSscan* data**. This material is used with permission.



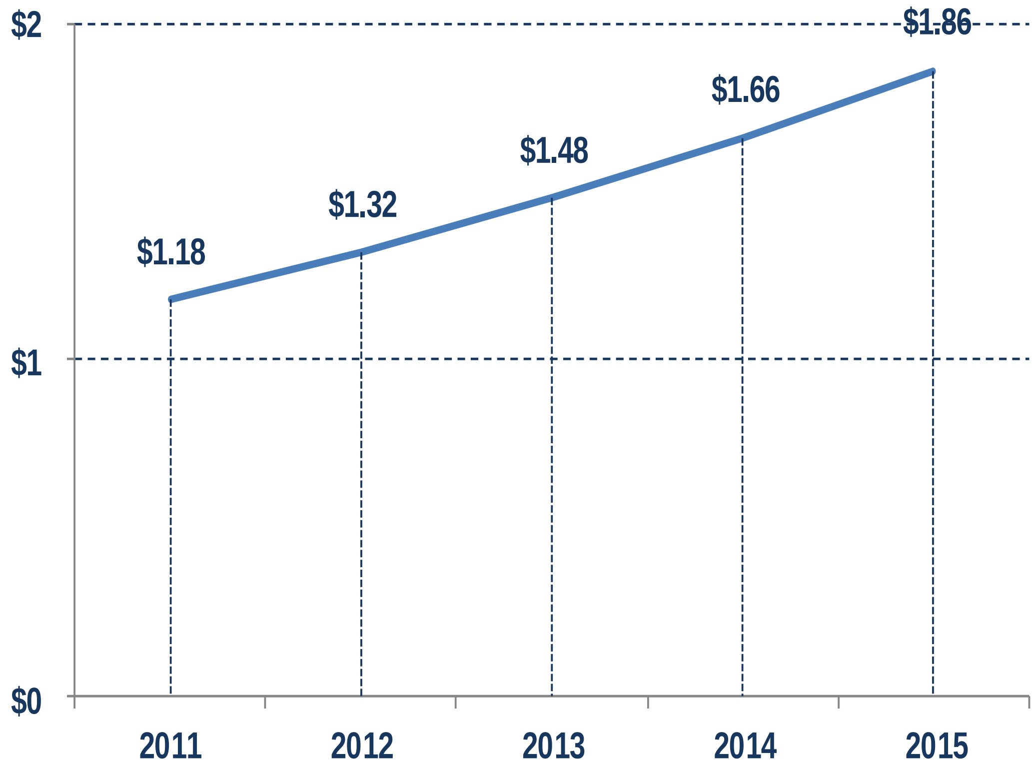
Petfood Forum
Petfood Industry
WATT GLOBAL MEDIA

Packaged Facts Pet Shopper Survey

"I am buying more pet products online than I used to"

	2011	2014
Strongly Agree	4%	11%
Somewhat Agree	10%	14%
No Opinion - NA/D	23%	25%
Somewhat Disagree	18%	15%
Strongly Disagree	45%	35%

Projected U.S. Online Sales of Pet Products, 2011-2015 (in billions of dollars)



Source: Packaged Facts, *Pet Market Outlook 2014-2015*

Amazon.com Subscribe and Save

Set, save, and relax with Subscribe & Save.

See Size Options

Wellness CORE Original Formula Dry Dog, 26-Pound Bag

~~$64.99~~ **$52.95** Prime

Order in the next **19 hours** and get it by **Wednesday, Apr 2**.

$50.30 Subscribe & Save

Save more with monthly Subscribe & Save deliveries.

FREE Shipping

More Buying Choices

$32.96 new (13 offers)

(249)

Product Purchasing Trends

Packaged Facts Pet Shopper Survey

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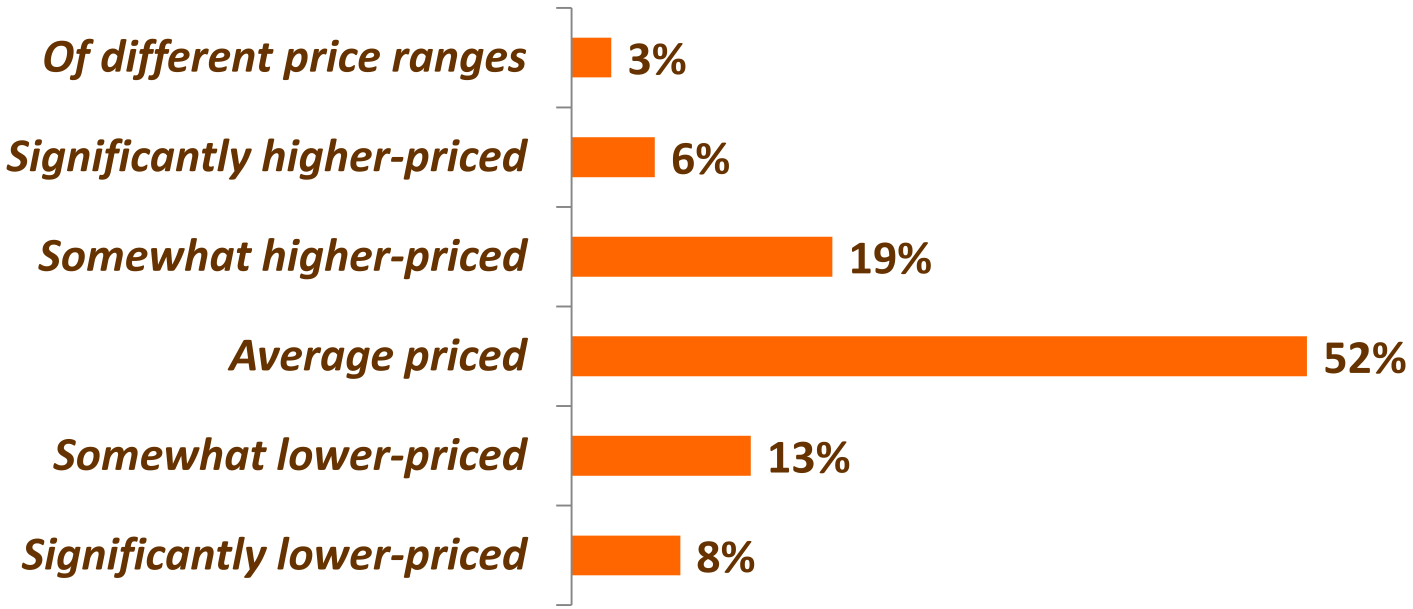
"The dog foods that I buy are …"



Topline Dog Food Purchasing Trends, 2006-2013 (percent of dog-owning HHs)

	2013	2012	2011	2010	2009	2008	2007	2006
Dry	94.4	95.9	95.7	94.2	94.5	95.2	93.4	93.2
Wet/Moist	38.7	36.2	35.5	30.7	30.2	30.0	31.9	33.7
Dry & Wet/Moist	34.6	33.1	32.3	27.2	27.1	28.0	29.1	29.5
Biscuits/Treats	81.6	78.6	82.6	79.5	80.0	79.3	79.5	79.1

Source: Experian Marketing Services, *Simmons* National Consumer Survey

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Topline Dry Dog Food Purchasing Trends by Formula Type, 2006-2013 (percent of dog-owning HHs)

	2013	2012	2011	2010	2009	2008	2007	2006
Regular/Adult	73.8	75.0	73.8	73.9	72.6	70.7	70.6	69.5
Puppy	10.0	10.7	10.6	9.2	10.7	11.9	11.2	10.8
Light/Weight Mgmt	8.1	8.0	9.1	8.0	8.3	9.7	8.6	8.3
Senior	6.8	7.6	6.6	5.9	6.6	7.7	7.1	8.3

Source: Experian Marketing Services, *Simmons* National Consumer Survey

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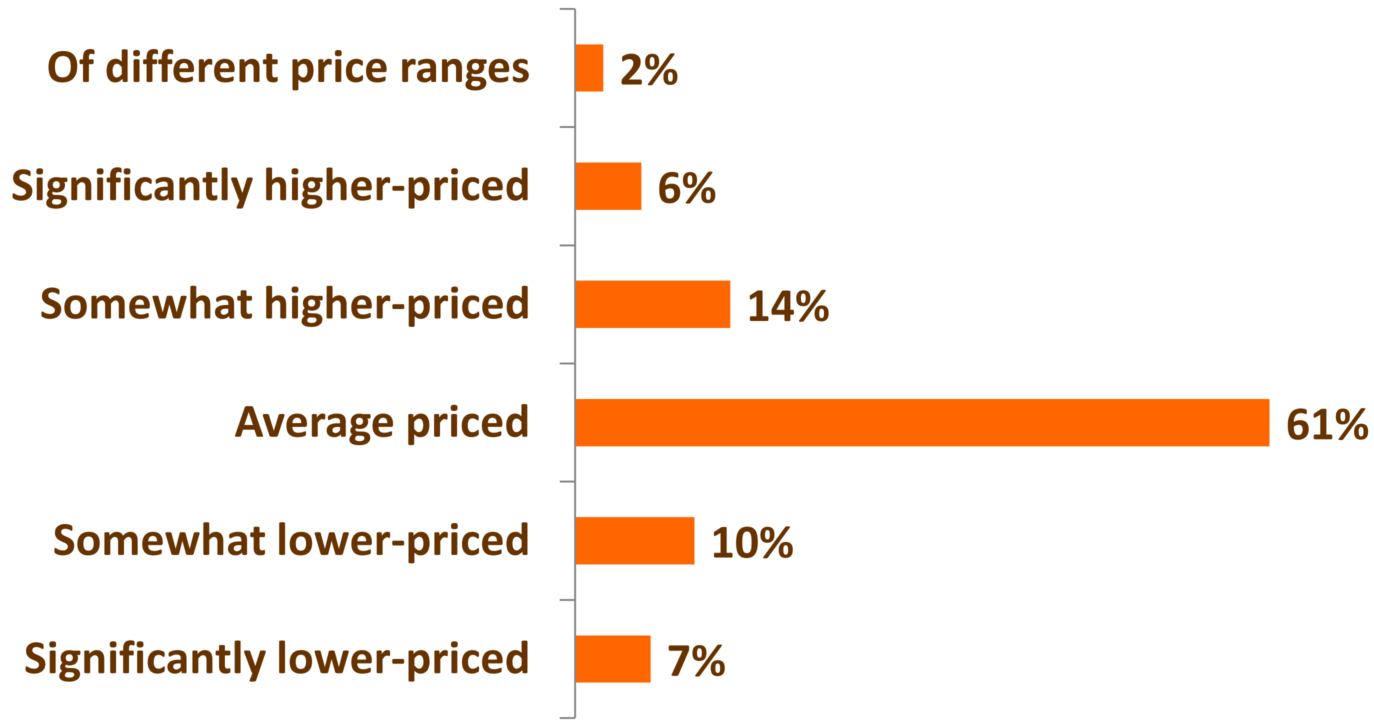
Packaged Facts Pet Shopper Survey

January/February 2014

"The cat foods that I buy are …"



Topline Cat Food Purchasing Trends, 2006-2013 (percent of cat-owning HHs)

	2013*	2012	2011	2010	2009	2008	2007	2006
Dry	95.5	94.6	96.9	93.5	95.6	94.8	94.1	94.4
Wet/Moist	53.3	49.3	49.9	51.7	44.7	46.9	45.5	46.5
Dry & Wet/Moist	17.5	19.3	18.8	19.4	16.5	17.5	18.2	21.3
Snacks/Treats	52.8	48.6	44.1	47.0	44.1	44.3	41.2	39.6

Source: Experian Marketing Services, *Simmons* National Consumer Survey

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Topline Dry Cat Food Purchasing Trends by Formula Type, 2006-2013 (percent of cat-owning HHs)

	2013	2012	2011	2010	2009	2008	2007	2006
Regular/Adult	76.8	78.1	81.6	77.3	78.7	78.2	74.7	75.3
Light/Weight Mgmt	9.1	8.3	8.0	6.2	7.3	8.7	7.3	6.7
Senior	6.0	5.3	6.2	6.5	7.0	5.3	7.0	6.5
Kitten	5.4	4.2	4.5	4.4	4.4	4.2	6.6	5.9

Source: Experian Marketing Services, *Simmons* National Consumer Survey

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IRI MULO Pet Food/Treat Sales: January 26, 2014 vs. Year Ago

	Dollar Sales (millions)	Dollar Sales % Chg	Dollar Sales % Chg (millions)	Volume Sales % Chg
DRY DOG FOOD	$5,306	2.2%	$114	(1.3%)
DRY CAT FOOD	$2,337	3.9%	$89	0.5%
WET DOG FOOD	$1,389	3.1%	$42	0.0%
WET CAT FOOD	$1,957	2.2%	$42	2.8%
RAWHIDE DOG CHEWS	$696	4.2%	$28	(2.6%)
FZ/RFG DOG FOOD	$89	26.9%	$19	25.3%
DOG BISCUITS/TREATS	$2,019	0.8%	$16	(0.7%)
FZ/RFG CAT FOOD	$4	22.9%	$1	28.2%
SEMIMOIST DOG FOOD	$122	(0.6%)	($1)	(1.0%)

Source: IRI Multi-Outlet (includes Walmart)
Packaged Facts, *U.S. Pet Market Outlook 2014-2015*

Packaged Facts Pet Shopper Survey, January/February 2014

Percentage Buying Specialty Pet Nutrition Products

Specialty nutritional formula pet food

Natural formula pet food , not organic

Pet food targeting health concerns

Organic pet food formula

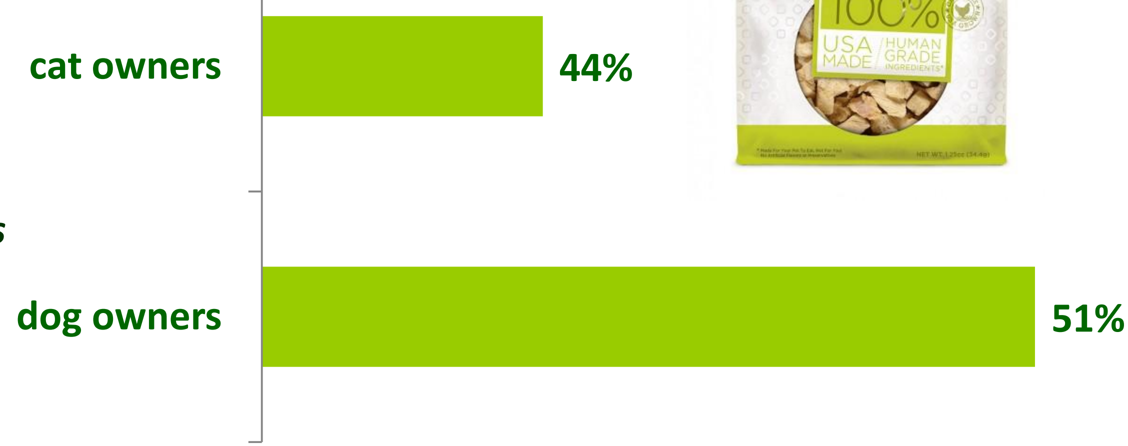
Treats with specialty nutrition ingredients

Treats targeting specific health concerns

Specialty nutritional pet food add-ins

Store-bought/OTC nutritional supplements

Vet-prescribed nutritional supplements



Packaged Facts Pet Shopper Survey, January/February 2014

Percentage Buying Specialty Nutrition Pet Food

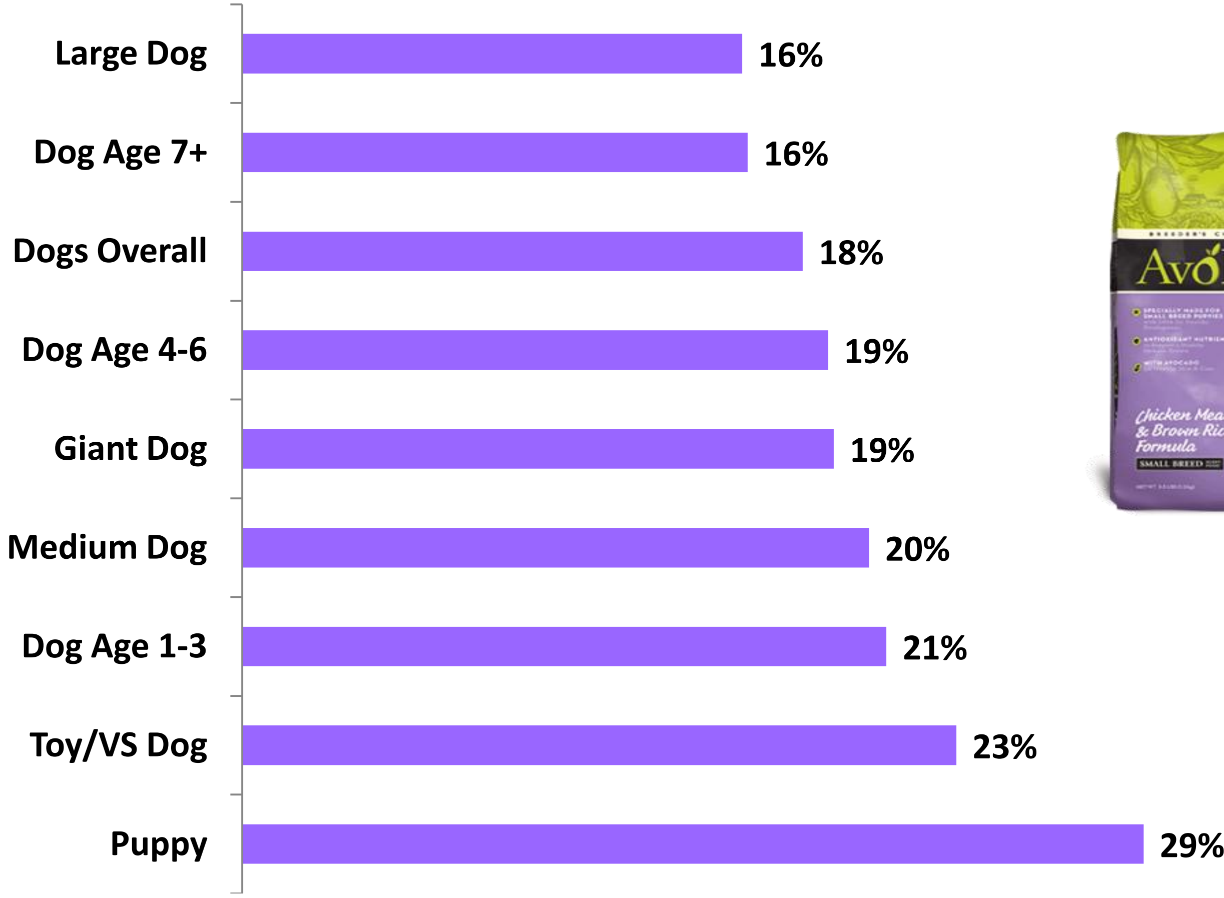
	Dog Owners	Cat Owners
Specialty nutritional formula pet food	18%	14%
Natural formula pet food , not organic	15%	12%
Pet food targeting health concerns	14%	17%
Organic pet food formula	7%	8%

Packaged Facts Pet Shopper Survey, January/February 2014

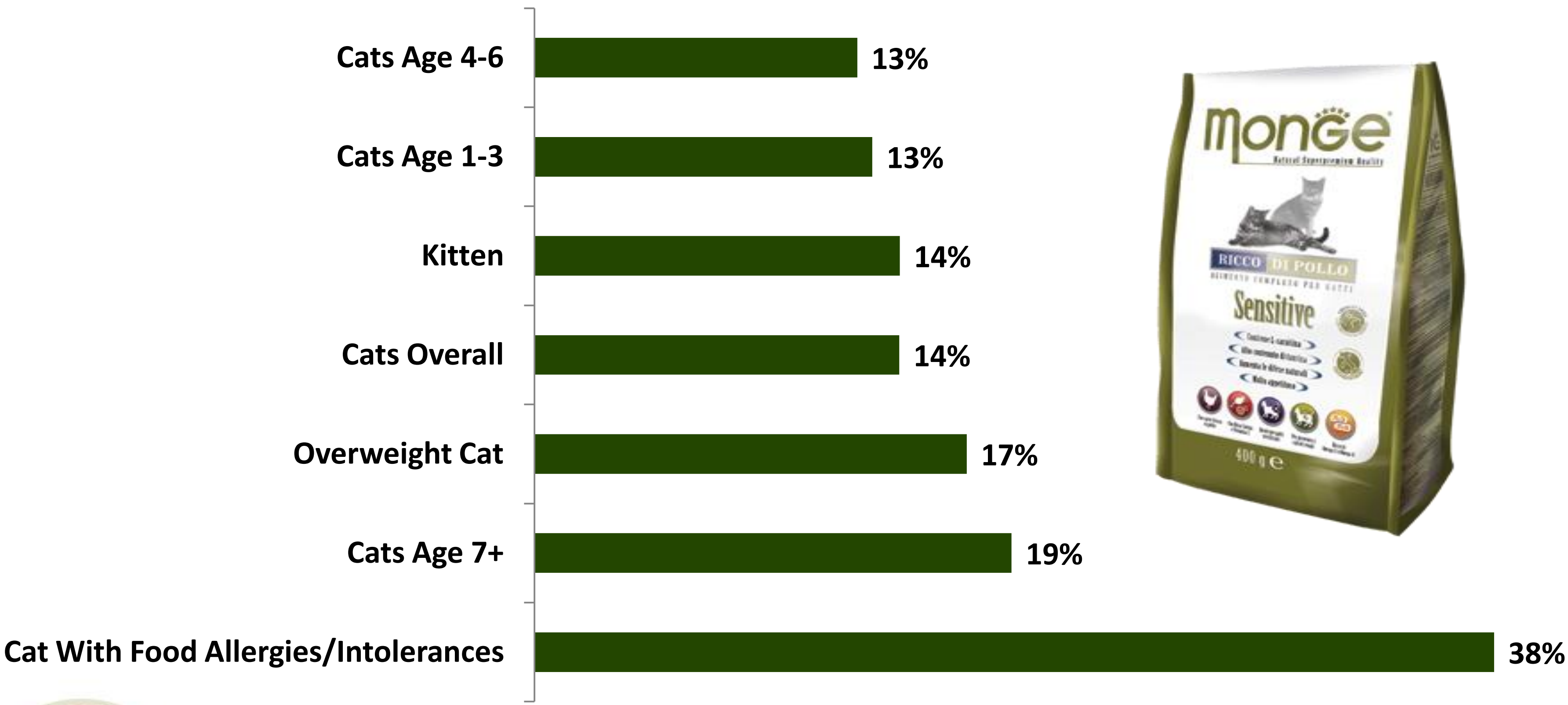
Percentage Buying Specialty Nutrition Products Other than Pet Food

	Dog Owners	Cat Owners
Treats with specialty nutrition ingredients	17%	11%
Treats targeting specific health concerns	12%	11%
Specialty nutritional pet food add-ins	5%	5%
Store-bought/OTC nutritional supplements	5%	2%
Vet-prescribed nutritional supplements	4%	3%

Percentage Buying Specialty Nutritional Formula Dog Food by Selected Characteristics of Pet, 2014

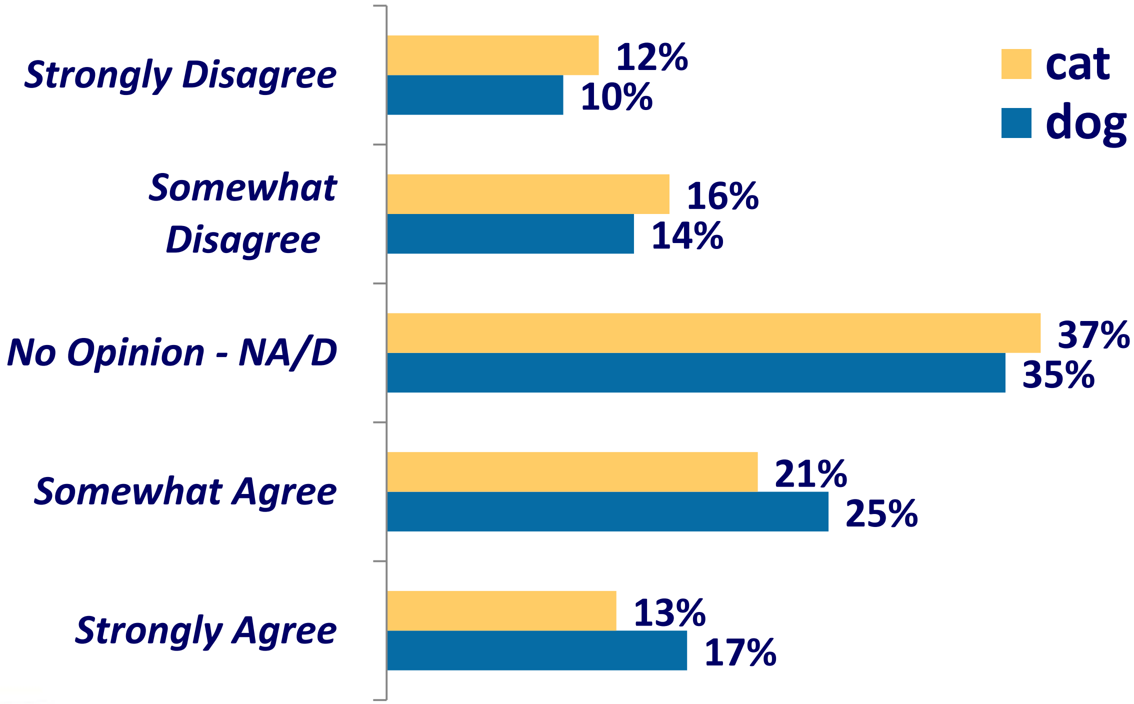


Percentage Buying Specialty Nutritional Formula Cat Food by Characteristics of Pet, 2014



Packaged Facts Pet Shopper Survey, January/February 2014

"Natural and organic pet foods are safer than regular pet foods"



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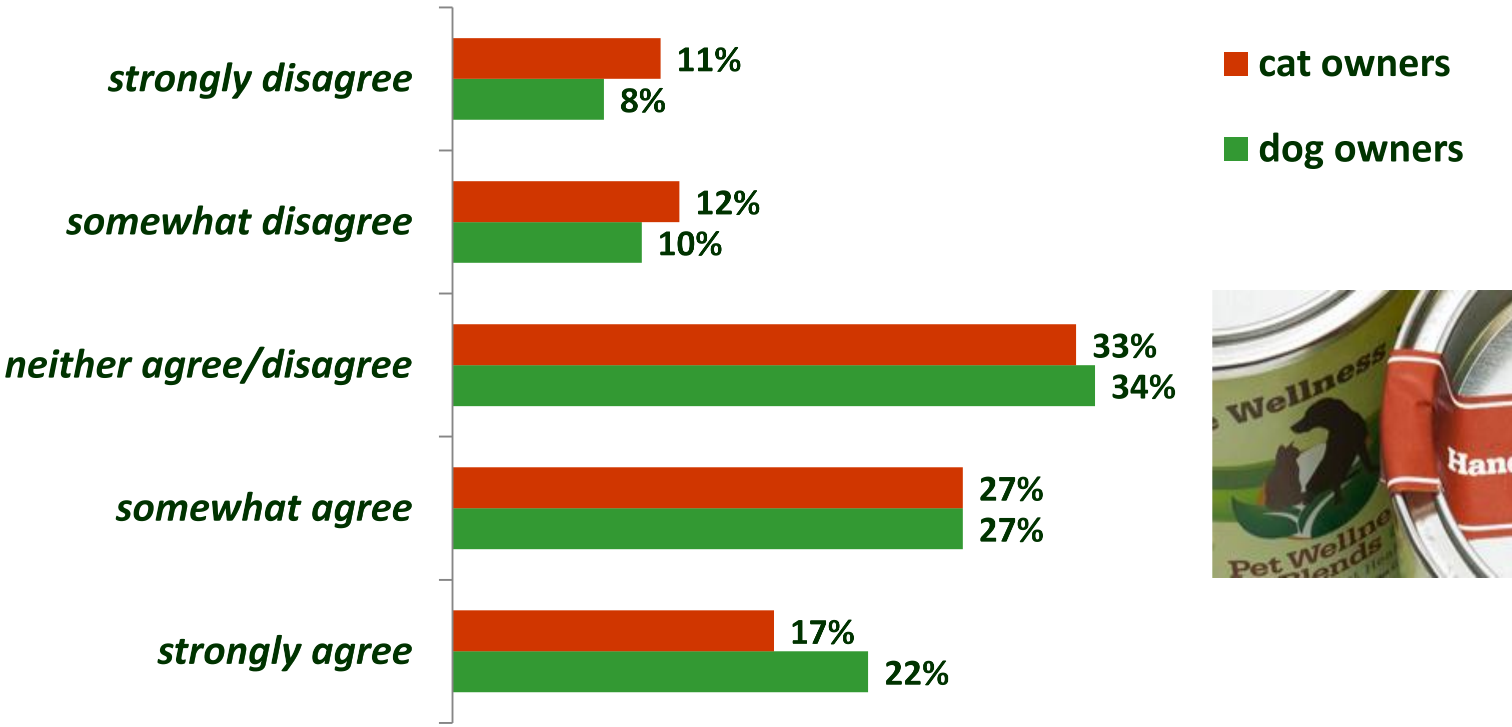
"Fear of contamination/product safety is a key consideration in the pet foods I buy"



Packaged Facts Pet Shopper Survey

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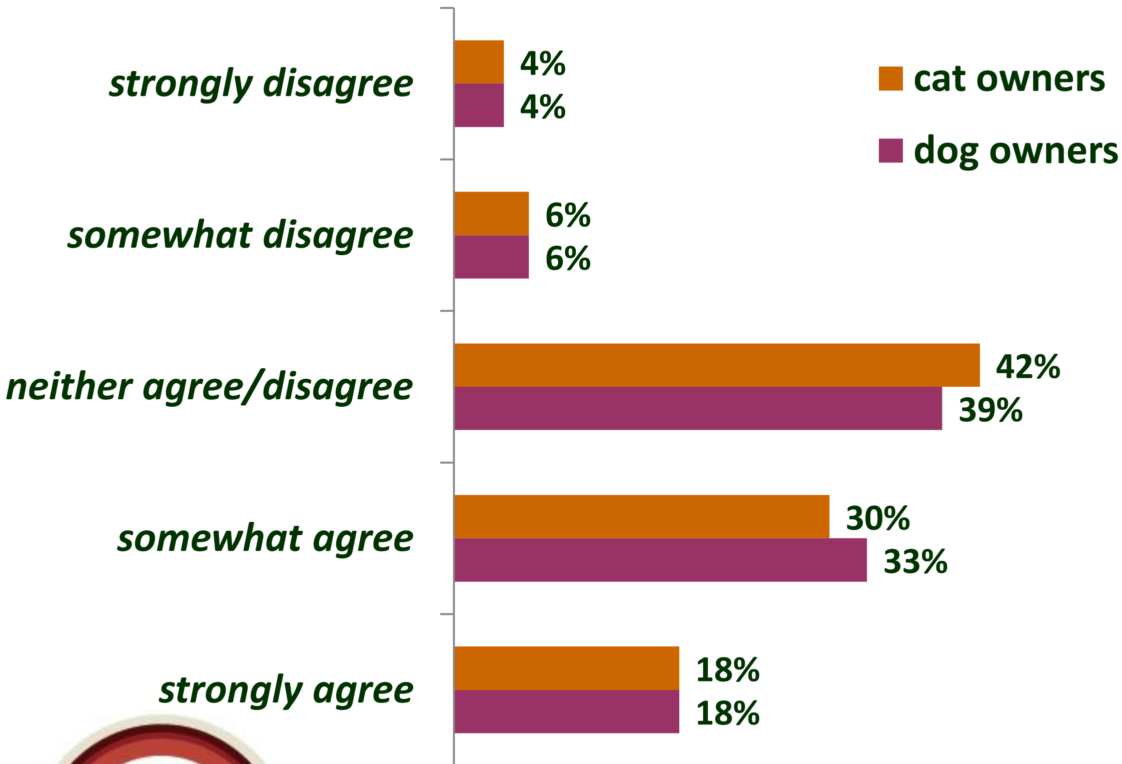
"High-quality pet foods are effective for preventive health care"



pet food shopper are health food shoppers

David Sprinkle
Research Director, Packaged Facts
dsprinkle@marketresearch.com

U.S. Pet Market Outlook 2014-2015 (April 2014)

Natural, Organic, and Eco-Friendly Pet Products in the U.S. (August 2014)

Pet Food in the U.S. (September 2014)

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