

HOW RELEVANT ARE PET FOOD RECOMMENDATIONS?

GfK PetInsights Study: results for dog food by retail channel

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Agenda

1. GfK's global market research and the Animal and Crop Health Division
2. The PetInsights Study: methodology and sample
3. Findings: Relevance of pet food recommendations by retail channel
4. Summary

GfK's global market research



GfK. Growth from Knowledge

We turn research into smart business decisions



GfK makes research matter by delivering the future.

In a digitized world, we are the **trusted** source of **relevant** market and consumer information that empowers our clients to make **smarter** decisions.

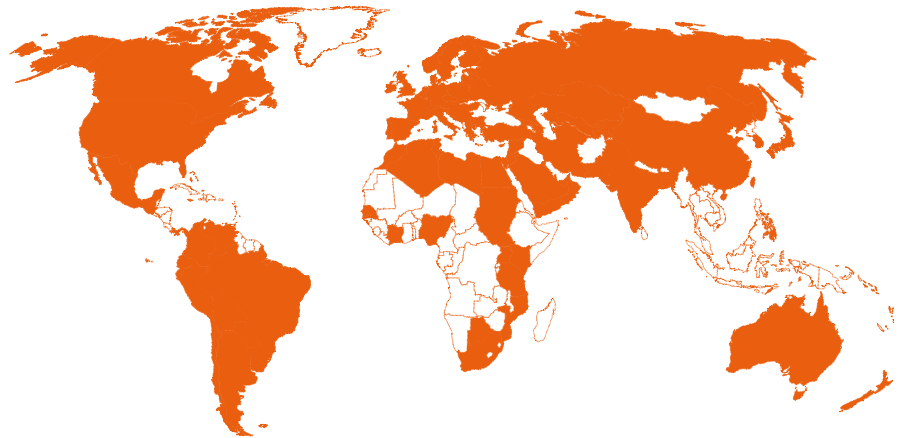
As **thought leaders in our industry**, we have a deep understanding of consumer experiences and choices.

We are 13,000 **passionate experts** with more than 80 years of data science experience and German heritage. We **deliver globally with vital insights into local markets** in 100 countries.

We **turn research into business opportunities**. Through innovative systems and partnerships, we integrate on- and offline data to support **Growth from Knowledge**.

Our goal is simple: **enable our clients to create winning strategies** to enrich consumers' lives.

Our big thinking is at home in more than 100 countries



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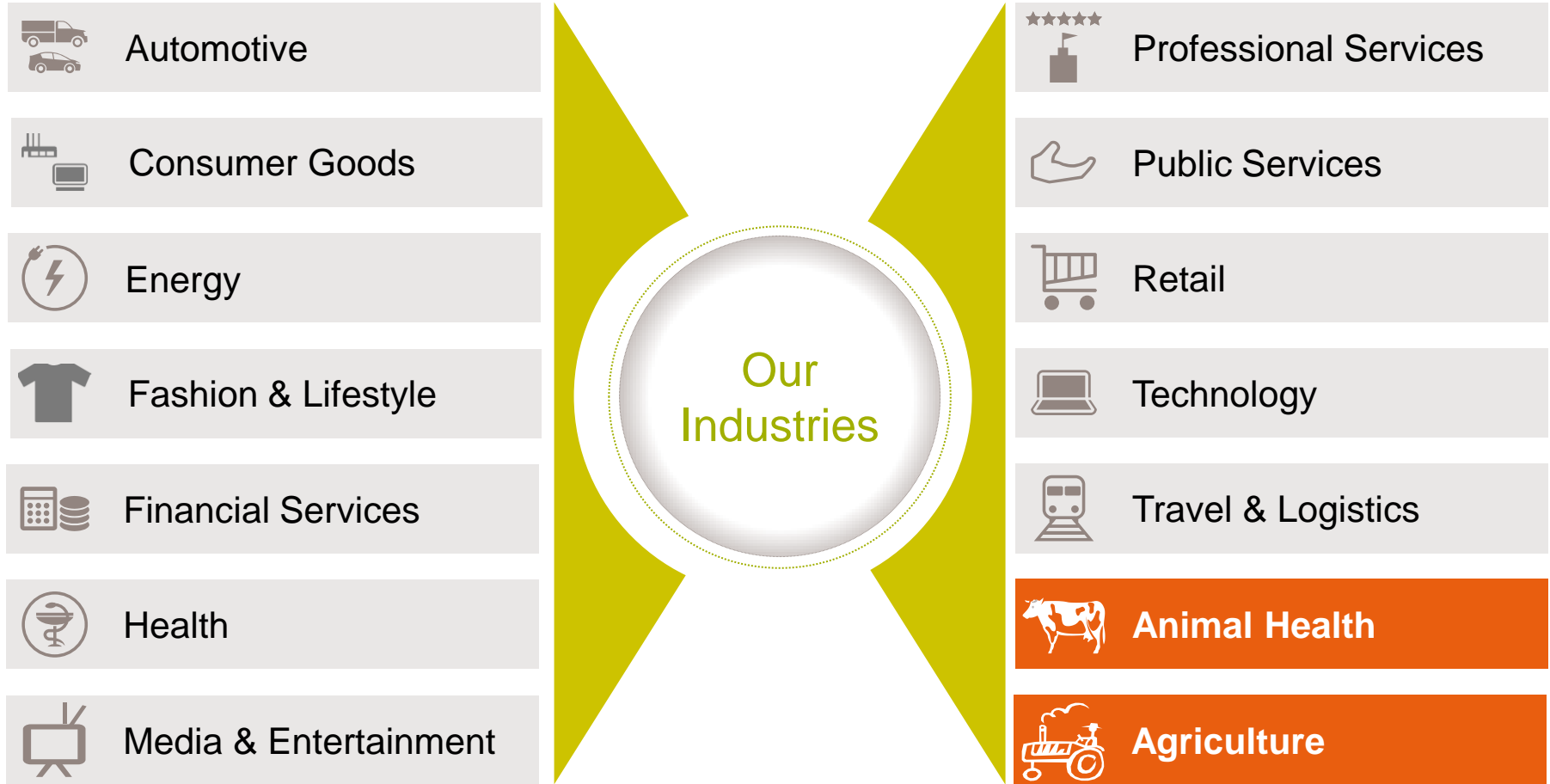
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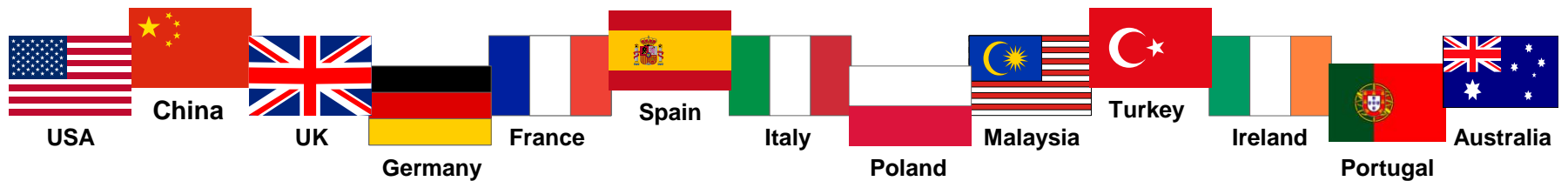
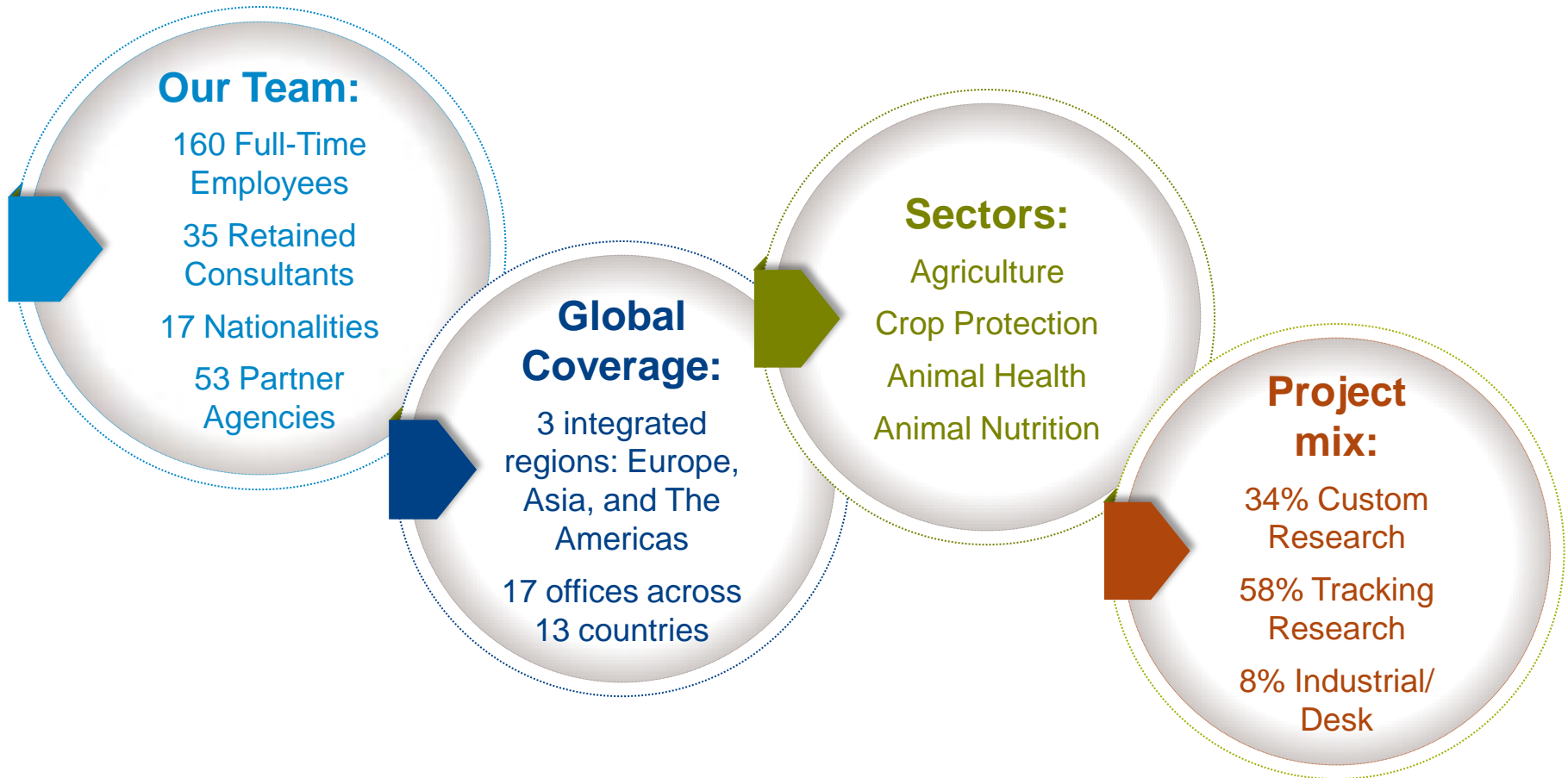
We belong to the top ten market research companies

Rank	Company	Market share 2012	Sales 2012 (in US\$ million)
 1	The Nielsen Company, USA	13.9%	5,429.0
 2	Kantar Group, UK	8.5%	3,338.6
 3	Ipsos, France	5.9%	2,301.1
 4	GfK, Germany	5.0%	1,947.8
 5	IMS Health, USA	2.6%	775.0
 6	Information Resources, USA	2.0%	763.8
 7	INTAGE, Japan	1.3%	500.3
 8	Westat, USA	1.3%	495.9
 9	Arbitron, USA	1.2%	449.9
 10	The NPD Group, USA	0.7%	272.0

We have experts in every major industry



Strong Animal and Crop Health research capabilities



Consultants for some of the world's best manufacturers



The PetInsights Study: Methodology and sample

METHODOLOGY

PetInsight examines and tracks pet food brand recommendations made by key influencers



Key influencers = vets, pet store staff, breeders, online sources

- Have the potential to impact decisions of pet owners when choosing food for their pets.

The study results help businesses to:

- Quantify the impact of investments in marketing initiatives with channel partners.
- Determine how investments are being translated into actual brand recommendations.
- Compare the share of recommendations across pet food brands.
- Track the impact of recommendations made to pet owners over time.



Key research questions

1

Incidence

- Which percentage of owners receive a recommendation for pet food from any source?
- How wide-spread are recommendations from key influencers?
- How do recommendations vary based on vet/pet demos?

2

Share of Recommendations

- What share of recommendations does each brand currently achieve?
- How do these compare to other brands?

3

Compliance

- How frequently do pet owners comply with recommendations?

4

Loyalty

- How brand loyal are owners after receiving a recommendation.

Methodology

2012 Online Survey

- Conducted in the U.S. with dog and cat owners
- From 18 March to 3 April 2013
- 2,345 respondents completed the survey (1,271 = dog version; 1,074 cat version)

2013 Online Survey

- Conducted in the U.S. with dog owners
- From 3 March to 20 March 2014
- 1,331 respondents completed the survey (dog version only)

Respondents were screened on the following criteria:



- Own 1 to 4 dogs
- Personally responsible for at least half of the household's pet food shopping.
- Received a recommendation for pet food from a qualifying source (vet, pet store, breeder, or online).
- At least 19 years of age.
- Do not work in advertising, media, or marketing; as a pet breeder/trainer/vet or kennel owner/manager; or for a pet food manufacturer/distributor/retailer or pet store.

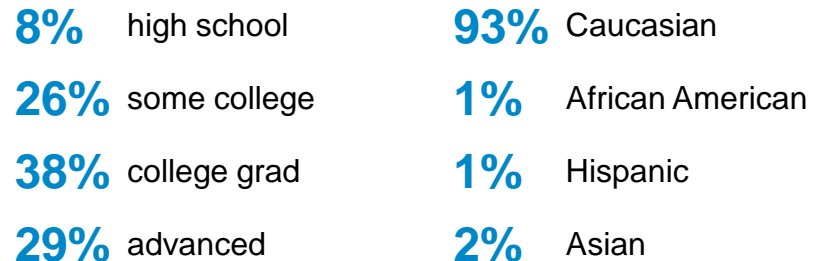
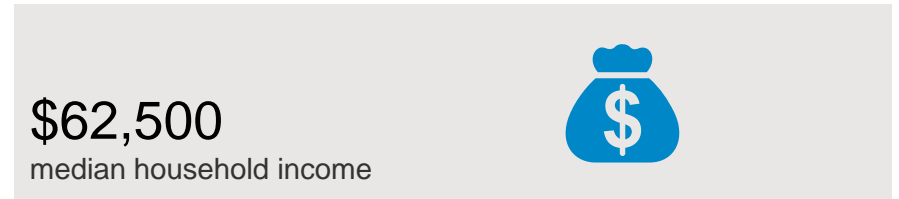
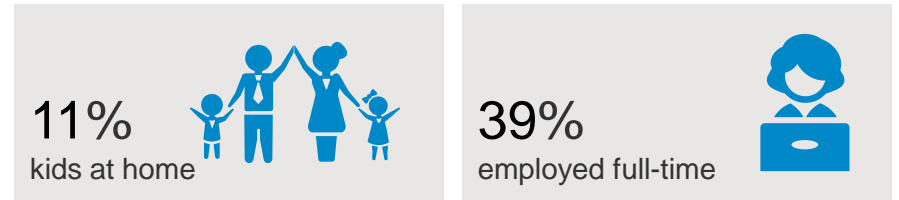
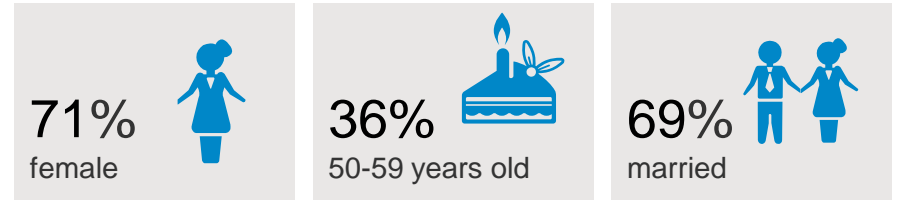
SAMPLE FOR DOGS

2012 Respondents

Population (000's)	Dog Owning HHs	Cat Owning HHs
Northeast	6,530	6,784
South	18,224	13,105
Midwest	9,705	8,380
West	9,318	8,043
Total	43,777	36,312

Sample	Dog Owning HHs	Cat Owning HHs
Northeast	216	236
South	485	341
Midwest	300	264
West	270	233
Total	1,271	1,074

Demographics Snapshot



*Based on 2012 AVMA and 2010 Census data
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n = 2,345 pet-owning HHs that received a pet food recommendation

Findings: Relevance of pet food recommendations by retail channel

Overall incidence of recommendations

About **3 in 10** dogs received a recommendation for pet food within the past 12 months.

Pet food recommendations were most likely to come from a **vet clinic**, followed by a *pet store and friends/family*.

Total Dogs	2012	2013	
Received a pet food reco (past 12 months)	29.3%	32.6%	↑
Recommendation Source	2012	2013	
Veterinarian Clinic	14.8%	15.8%	↑
Friend/Family Member	9.0%	10.4%	↑
Pet Store	9.7%	10.8%	↑
Online source	3.9%	5.3%	↑
Breeder	1.8%	2.1%	
Animal Shelter	1.3%	1.4%	
Pet Show	0.6%	0.6%	
Other	2.3%	2.2%	

n=12,266 dogs (2012)

n=13,036 dogs (2013)

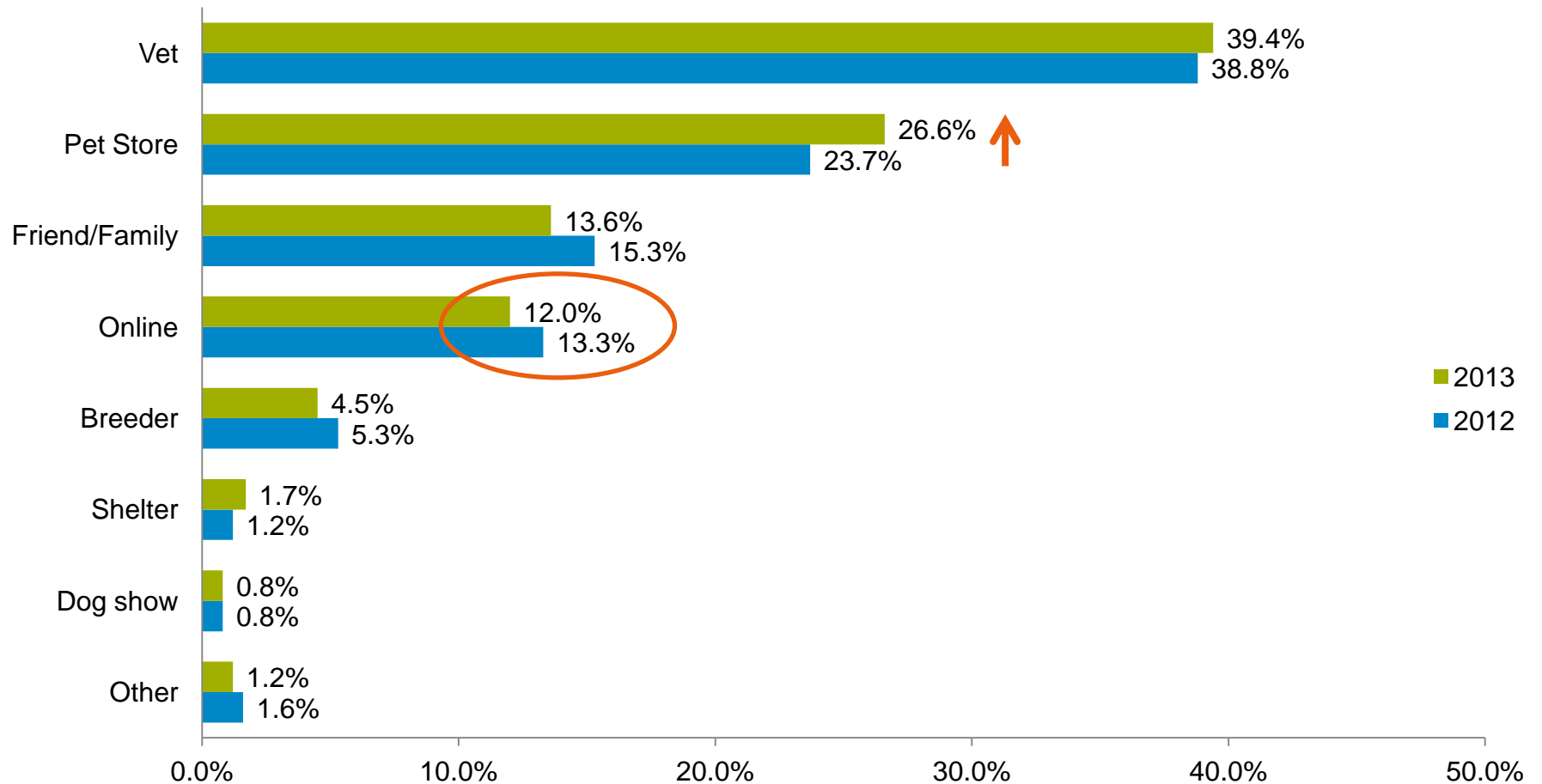
A3. Thinking of all your pets, did you receive a recommendation for pet food from any source in the past 12 months? (Select one response for each species shown).

A4. In the past 12 months, from what source(s) did you receive recommendations for pet food? (Select all that apply).

Share of recommendation sources

About **4 in 10** pet food recommendations came from a vet clinic.

- Another **one-third** of pet food recommendations came from a pet store.



n = 2,511 pet food recommendations (2012)

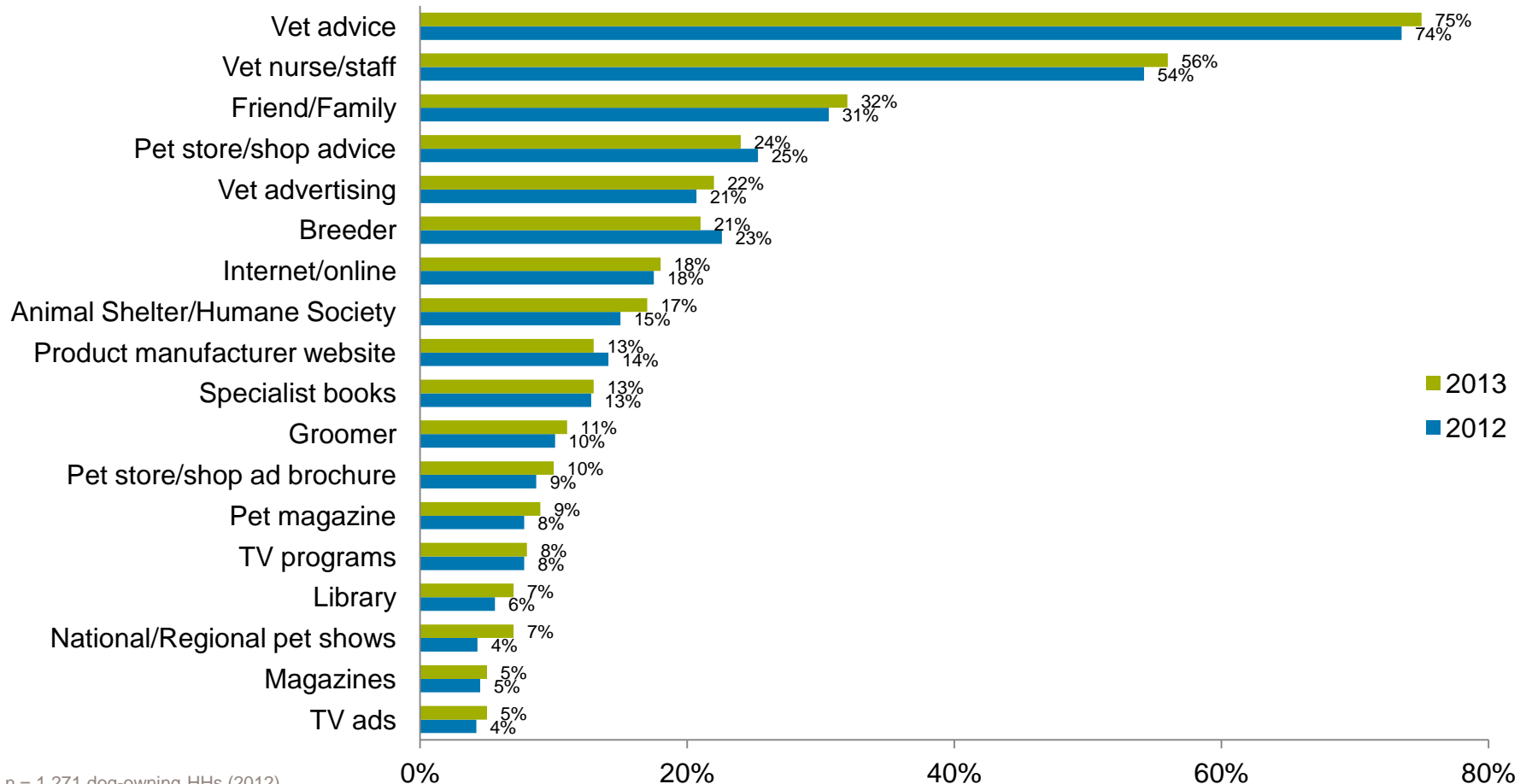
n = 2,594 pet food recommendations (2013)

B3. Please indicate the source(s) of all recommendations for pet food that you received in the past 12 months. (Please select all responses that apply for each pet).

Pet food purchase influencers

Three-fourths of dog owners considered **vet advice** very influential on their decision to purchase pet food, while another half considered the vet **nurse/staff** very influential.

Top 2 Box %



n = 1,271 dog-owning HHs (2012)

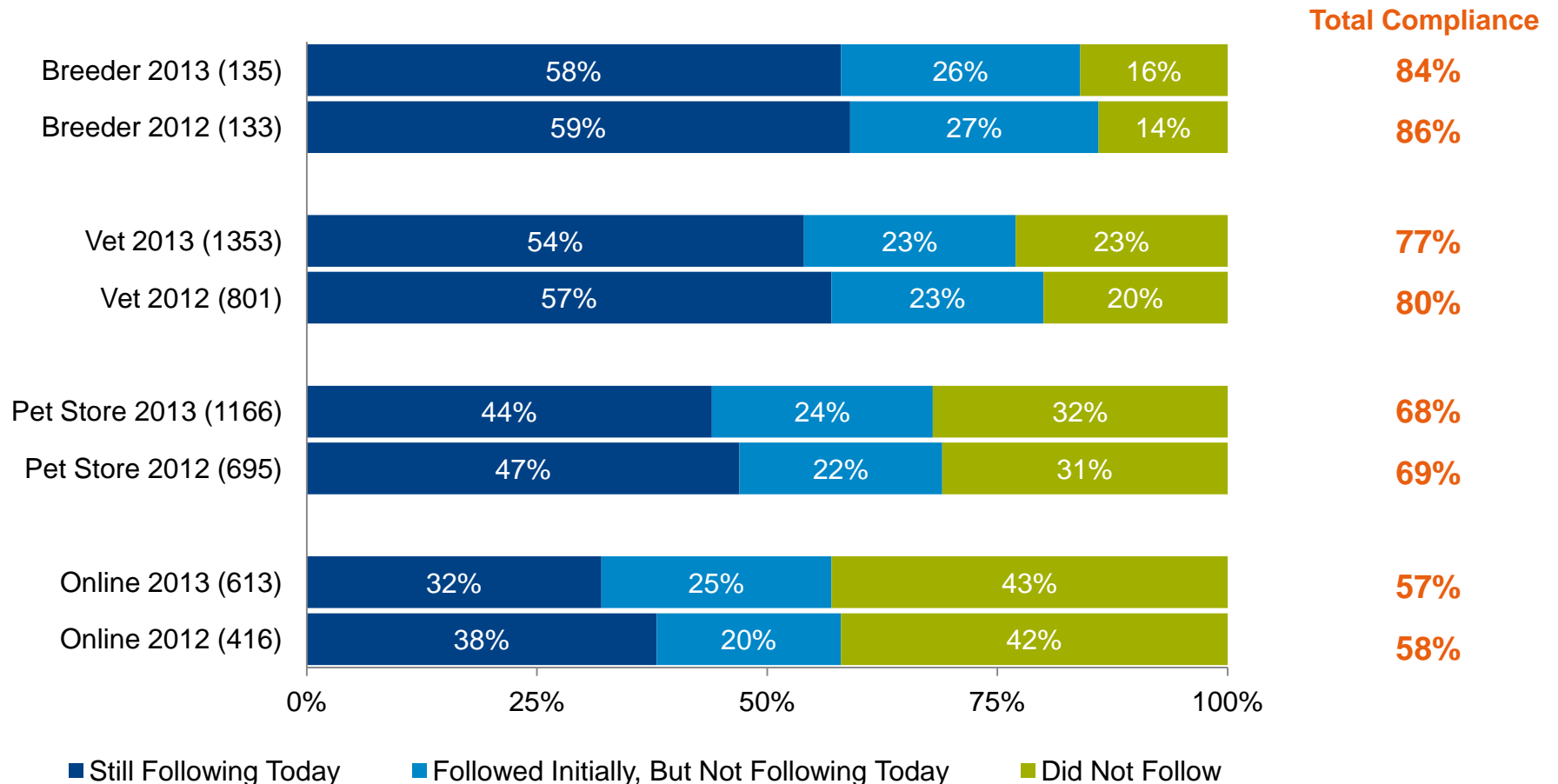
n = 1,331 dog-owning HHs (2013)

J1. What level of influence does each of the following sources have on your decision to buy pet food?

Compliance with recommendations by recommendation source

Brand recommendations from the breeder and vet had fairly high compliance (about 8 in 10 followed the recommendation at least initially).

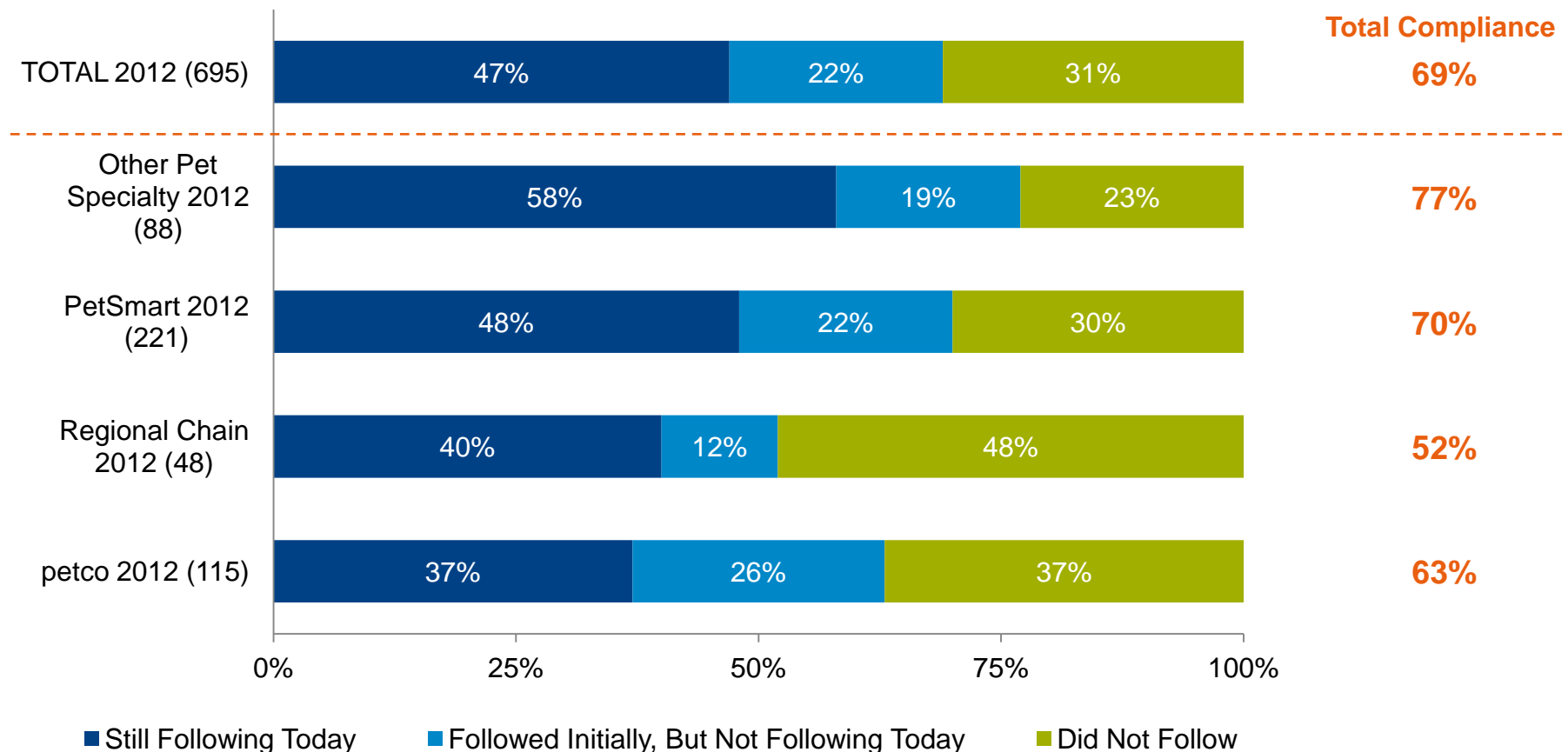
Brand recommendations made online were the least likely to be complied with, although 6 in 10 followed the recommendation at least initially.



C7/D7/E7/F7. Again, thinking about the recommendation you received for each brand of pet food, which of the following best describes how you followed the recommendation?

Compliance with recommendations by type of pet store

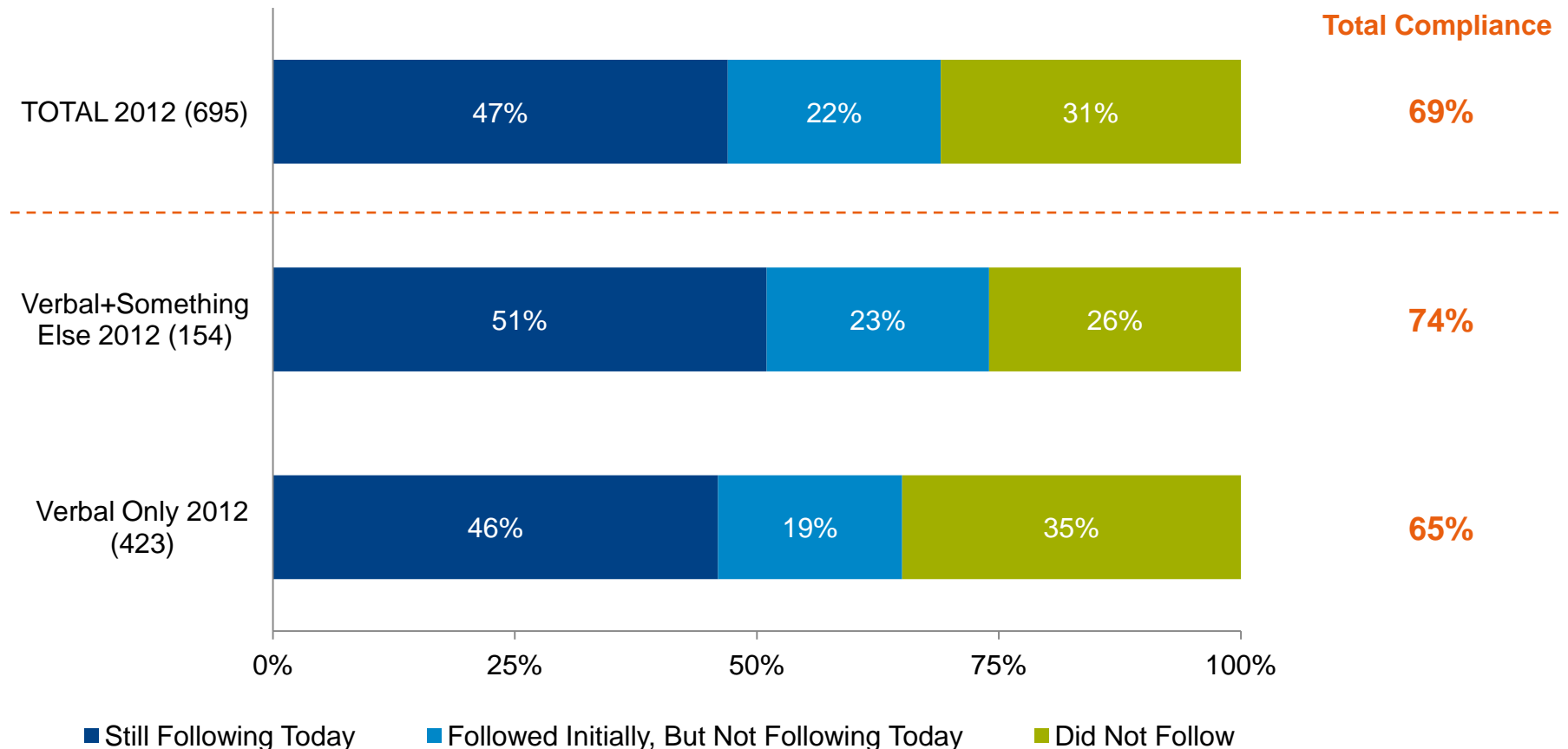
Compliance with food recommendations made in pet stores was *slightly higher* in *Other Pet Specialty* stores and *PetSmart* compared to other pet store types.



D1. From what type(s) of pet store(s) did you receive the recommendation(s)? (Please select all responses that apply for each pet)
 D7. Again, thinking about the recommendation you received for each brand of pet food, which of the following best describes how you followed the recommendation?

How recommendations were received

Across all brands, dog owners were *slightly more likely* to comply with a recommendation when the verbal recommendation came with something else (coupon, sample, etc.).

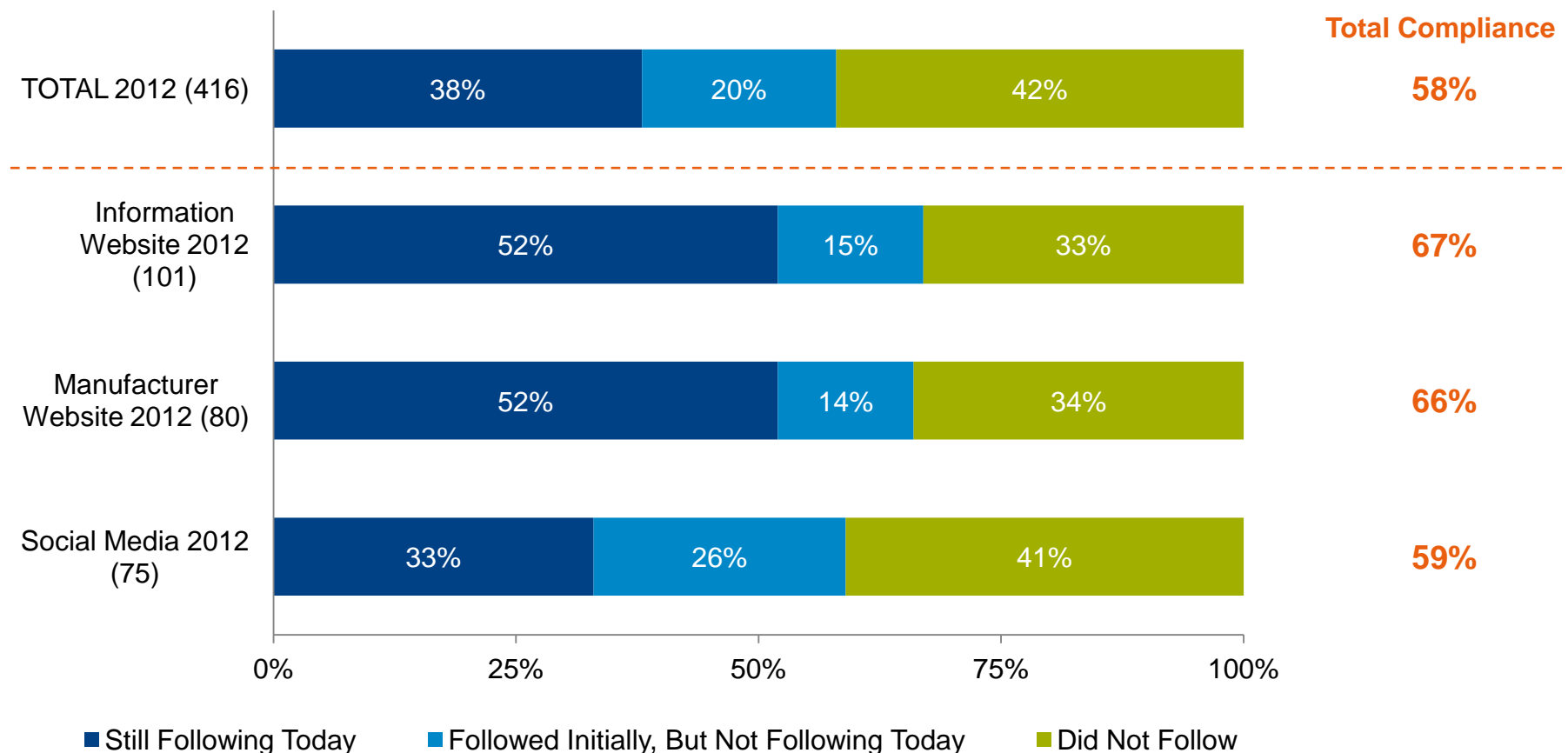


D6. Thinking of the recommendation you received at the pet specialty store for each brand, how was it made to you? (Please select all that apply for each brand shown)
 D7. Again, thinking about the recommendation you received for each brand of pet food, which of the following best describes how you followed the recommendation?

Compliance with recommendation by online source type

Compliance with pet food recommendations made online was **higher** for *pet food information websites* and *pet food manufacturer websites* relative to social media.

- This may be due to the perception that information and manufacturer websites tend to have more pet food expertise relative to social media.



F1. From what type(s) of online source(s) did you receive the recommendation(s)? (Please select all responses that apply for each pet)

F7. Again, thinking about the recommendation you received for each brand of pet food, which of the following best describes how you followed the recommendation?

Other Ways Online Recommendations Were Received

The top other ways in which online recommendations were received in 2012 was through an *advertisement*, in an *e-mail*, and through *Facebook*.



*NOTE: Includes both dogs and cats
 n = 73 pets who had a pet food brand recommended in some other way
 F6A. How was the recommendation for [INSERT BRAND NAME] made to you by the online source?

Form of Recommended Brands

Almost all of the brand recommendations made by breeders were for **dry food**.

	Breeders 2012	Breeders 2013
Sample size	133	135
Dry	96%	90%
Canned	11%	8%
Pouches/Trays/Tubs	5%	4%
Raw	2%	6%
Dehydrated	-	3%
No form was recommended	1%	-
Don't Remember	-	-

E5. Thinking of the brands of pet food recommended to you by the breeder, what form, if any, was the food that was recommended? (Please select all responses that apply for each brand)

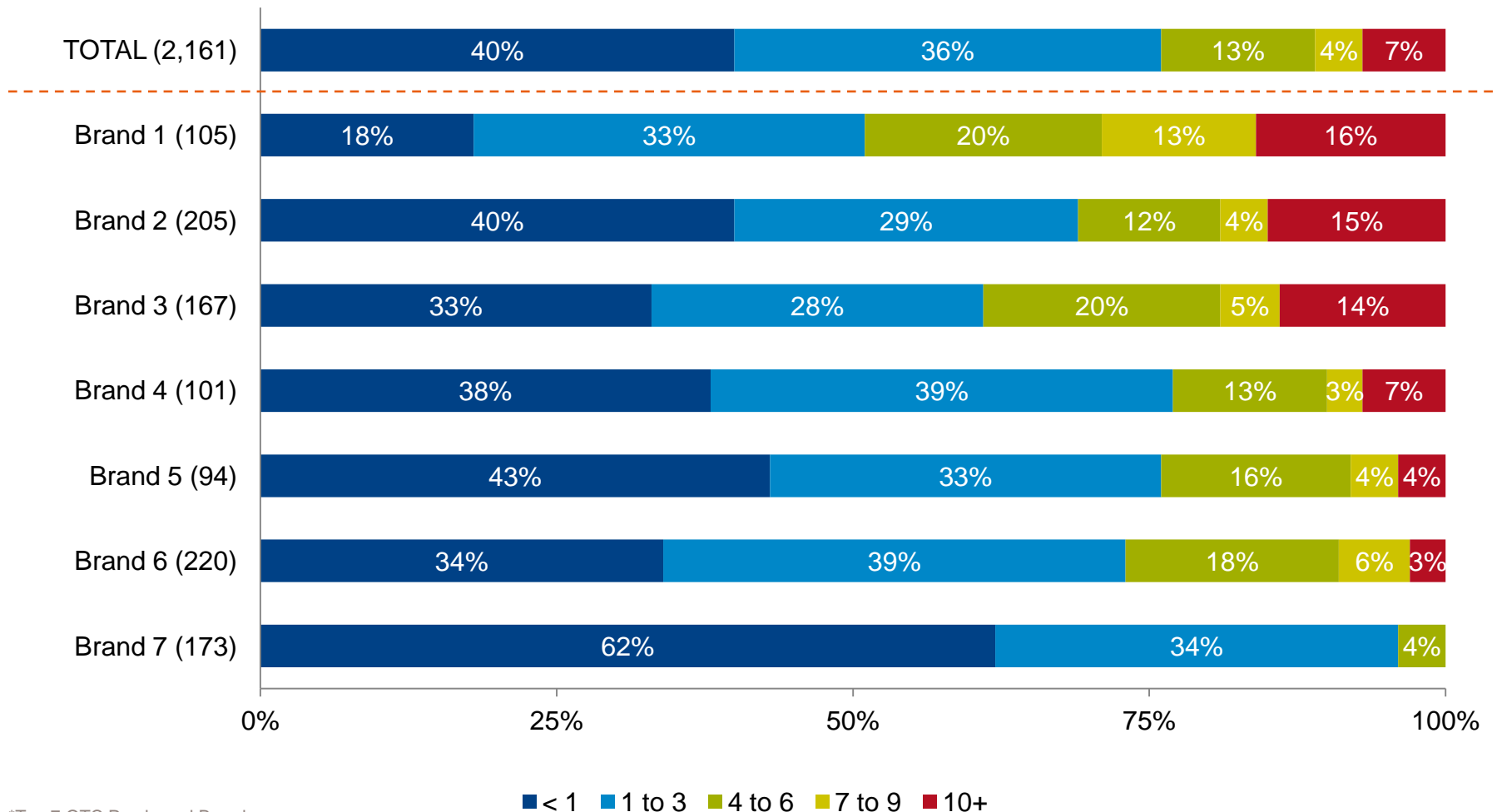
Length of time following recommendation

Among dog owners who were still complying with the recommendations, the average length of compliance was **8 months**.

	Vets 2012	Vets 2013	Pet Stores 2012	Pet Stores 2013	Breeders 2012	Breeders 2013	Online 2012	Online 2013
<i>Sample size</i>	456	734	325	508	79	78	156	198
< 4 Months	18%	19%	22%	22	22%	11%	23%	21%
4 - 6 Months	21%	17%	21%	25	15%	22%	26%	28%
7 - 9 Months	13%	13%	14%	16	24%	14%	12%	15%
> 9 Months	48%	51%	43%	37	39%	53%	39%	36%
Average Months	8.1	8.3	7.8	7.4	7.8	8.6	7.5	7.5

Purchasing: years of brand use

In 2012, **Brand 1** users have been using their brand the longest, while 6 in 10 **Brand 7** users have been using the brand for less than one year.



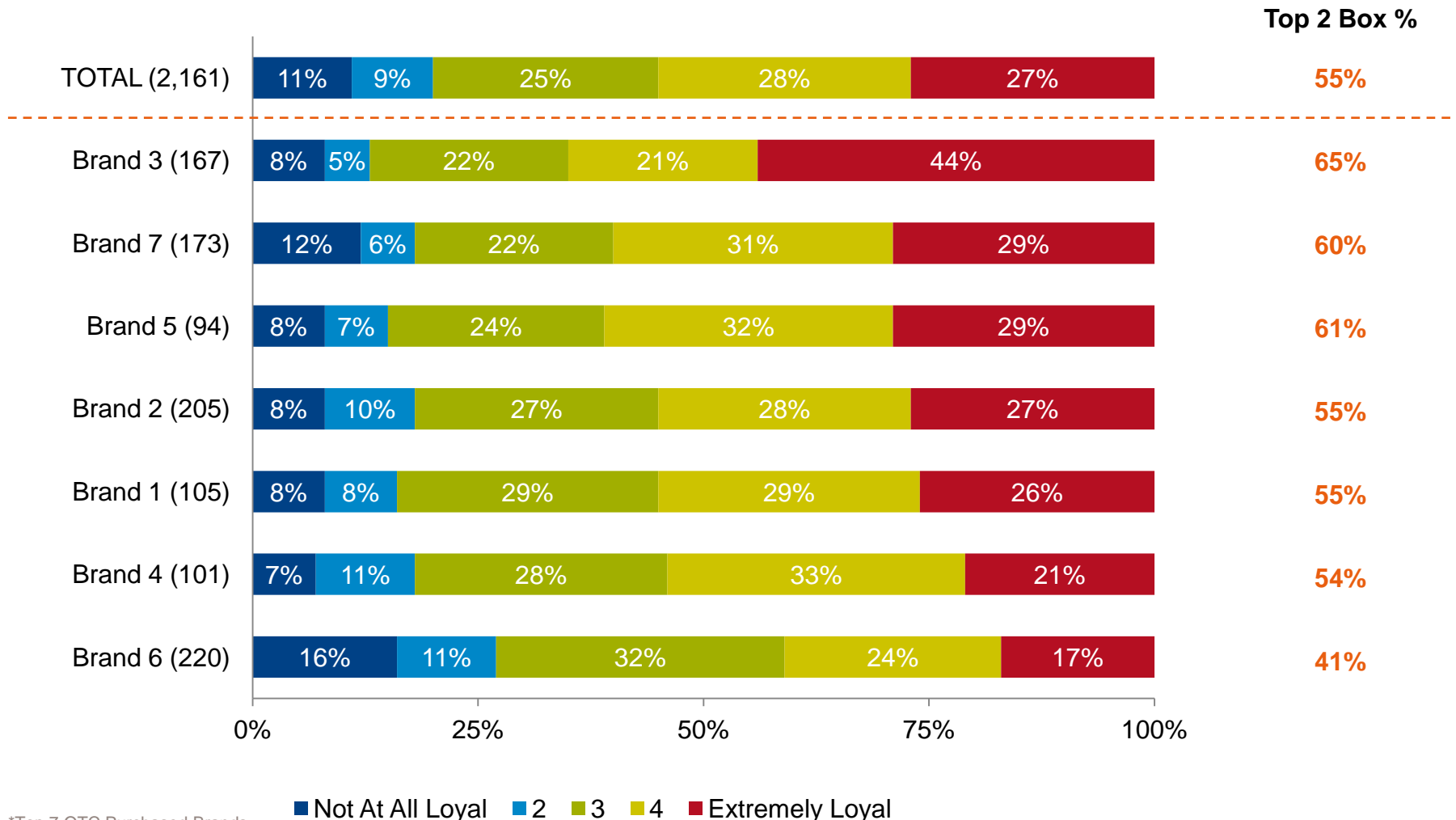
*Top 7 OTC Purchased Brands

G5. Please fill in the following table to answer additional questions about each brand (Please select one response for each question for each brand)

G5A. For approximately how many years have you been purchasing this brand?

Purchasing: loyalty to brands

About **6 in 10** users of the top purchased 2012 brands considered themselves *very loyal* to the brand.



*Top 7 OTC Purchased Brands

G5. Please fill in the following table to answer additional questions about each brand (Please select one response for each question for each brand)

G5E. How loyal do you consider yourself to be to this brand?

Summary

Summary

1. Vets and Breeders pet food recommendation lead to:
 - Higher compliance rate
 - Which equate to loyal pet owners
 - Vets & vet nurses remain absolutely key in winning over consumers

2. Heavy investment in online advertising is showing lower importance year on year
 - Is used more as a information basis (from the manufacturer directly)

3. Consumers continue to love 'freebies'

THANK YOU!

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