

Pet sales grow with help from the bare necessities

Article

The landscape: While discretionary sales of pet products suffered in the first half of 2022 due to inflation, sales of food and wellness products remained strong.

- Across retailers, **sales of dog food and treats** grew 12.2% in the 52 weeks ending July 23, while sales of cat food and treats increased 14.6% in the same period, per NielsenIQ.
- Inflation is taking its toll there, too. Shep Kroner, director of customer insight for UNFI Brands+, told Supermarket News the average unit price for dog food and treats increased 14% in the last year, while the average unit price for cat food rose 15.5%.

Zoom in: Here's how the second quarter treated some of the major petcare players:

- **Chewy** grew its net sales by 12.8% year over year (YoY) to \$2.43 billion.
- **Petco** experienced its 15th consecutive quarter of comparable sales growth, increasing net revenues by 3.2% YoY to \$1.48 billion.
- **Smucker's** pet food sales grew 13% YoY in its quarter ending July 31, 2022, scoring points with customers seeking value.
- Purina PetCare was the largest contributor to **Nestle's** growth in North America, with the Fancy Feast and Purina ONE brands posting double-digit growth.

Balancing act: Consumers are still figuring out how to prioritize their spending.

- Petco CEO Ron Coughlin noted that **consumers are gravitating toward premium products** despite inflation.
- But that's not true across all categories: Consumers are particularly interested in **cutting costs on dog treats**, resulting in a higher share of sales for private label treats, according to research firm 84.51°.

Loyal to the bone: Returning customers are the key to success for pet food retailers, especially amid economic uncertainty.

- Chewy's **autoship** customer sales made up 73.1% of the retailer's total net sales in the second quarter.
- Meanwhile, Petco grew its **recurring customer revenue** by 54% among its **24.7 million active customers**.

The outlook: We forecast that US retail sales of pet products will reach nearly \$70 billion in 2022, a 3.6% increase over last year. While gains may be modest, especially as consumers regain their financial footing, growth should remain steady.

One tip for success? Lean into customer loyalty and put pet health and wellness at the heart of your messaging.

This was originally featured in the Retail Daily newsletter. For more retail insights, statistics, and trends, [subscribe here](#).