


How the pet industry is addressing inflation, convenience, and health and wellness in 5 charts

Article



Consumers are increasingly shopping online for pet products out of convenience, choosing premium health and wellness-focused products for their furry friends.

1. Sales are going up, but inflation may be why

Change in US Prices of Select Products Purchased Digitally, by Product Category, Sep 2022

% change

	% change vs. same period of prior year	% change vs. prior month
Grocery	14.3%	0.8%
Pet products	11.9%	0.0%
Tools and home improvement	10.5%	0.3%
Medical equipment and supplies	6.6%	0.5%
Nonprescription drugs	5.5%	0.4%
Apparel	4.7%	6.6%
Office supplies	3.2%	0.9%
Furniture and bedding	2.9%	-0.2%
Personal care products	2.6%	-0.5%
Home and garden	1.1%	-0.5%
Appliances	1.0%	-1.5%
Flowers and related gifts	-2.0%	0.8%
Jewelry	-2.3%	-2.3%
Books	-3.7%	-0.6%
Sporting goods	-3.8%	-0.4%
Toys	-5.3%	-0.2%
Electronics	-11.3%	-1.2%
Computers	-14.1%	-1.9%

Note: represents activity tracked by Adobe, broader industry metrics may vary

Source: Adobe Digital Price Index, Oct 12, 2022

278529

InsiderIntelligence.com

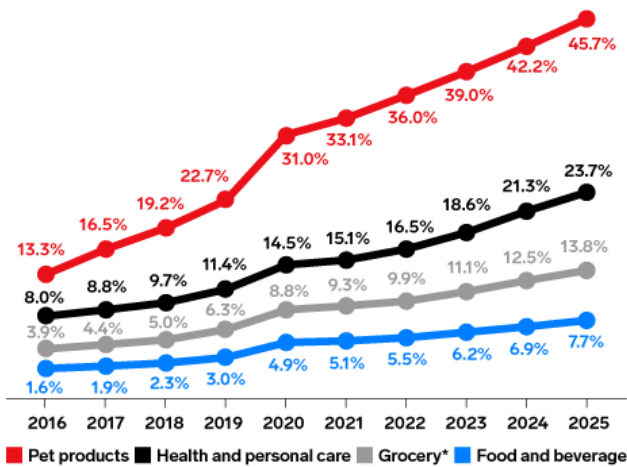
We forecast US retail sales of pet products will reach over \$80 billion in 2023, a 3.0% increase over 2022.

In a Q3 earnings call, Ron Coughlin, CEO of Petco, noted that **customers continued to gravitate toward premium brands, despite inflationary pressures.**

2. Shoppers increasingly buy pet products online

Retail Ecommerce Sales Penetration of Grocery Products, by Category, 2016-2025

% of total retail sales in each group



Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, restaurant sales, food services and drinking place sales, gambling and other vice goods sales; *Aug 2022 forecast
Source: eMarketer, June 2022

277109

eMarketer | InsiderIntelligence.com

Nearly half (45.7%) of all US pet products sales will be made online by 2025, the highest ecommerce penetration of all grocery products. In 2020, the number was only 31.0%.

Retailers are leaning into that desire by offering subscription programs, which, in addition to streamlining the shopping journey, help to increase repeat engagement among customers.

3. But online behaviors are changing

Top 15 US Direct-to-Consumer (D2C) Pet and Pet Care Sites, Ranked by Monthly Visits, Sep 2021 & Sep 2022

millions and % change

	Sep 2021	Sep 2022	% change
1. chewy.com	49.3	41.5	-16%
2. petco.com	17.2	15.7	-8%
3. petsmart.com	15.2	13.7	-10%
4. shop.akc.com	10.4	10.6	2%
5. hillspet.com	3.4	3.8	13%
6. barkbox.xom	3.3	2.4	-29%
7. dogtime.com	2.7	2.3	-15%
8. petsuppliesplus.com	1.6	2.0	26%
9. 1800petmeds.com	2.0	1.8	-11%
10. store.purina.com	1.5	1.6	11%
11. litter-robot.com	1.1	1.3	25%
12. iheartdogs.ocm	2.1	1.2	-46%
13. embarkvet.com	0.7	1.0	42%
14. catster.com	1.0	0.9	-9%
15. prettylitter.com	0.6	0.9	37%
Total	139.9	125.0	-11%

Note: total includes websites not shown
Source: PipeCandy, Nov 2022

279048

eMarketer | InsiderIntelligence.com

In September 2022, online traffic started to branch out as the top three sites lost share to brands like Purina, Hill's Pet Nutrition, and Pet Supplies Plus.

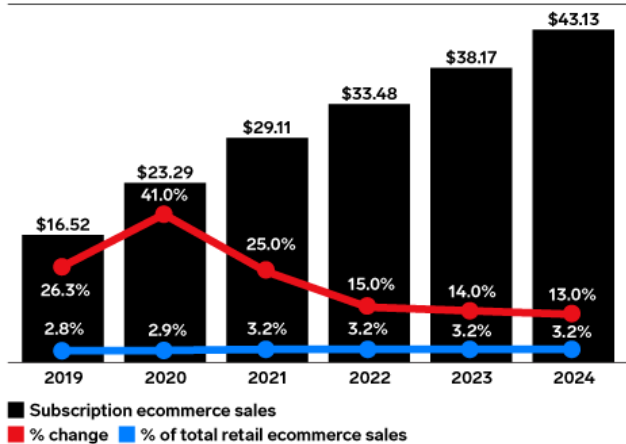
Health and wellness products are also becoming more popular. For example, PrettyLitter, which helps owners monitor their cat's health, is up 37%, and Embark Veterinary, which sells dog DNA tests to determine breed, health, and age, is up 42%.

Subscription-based BarkBox also lost ground (down 29%). Which leads us to ...

4. Subscription fatigue is setting in

US Subscription Ecommerce Sales, 2019-2024

billions, % change, and % of total retail ecommerce sales



Note: recurring (weekly, monthly, annual, etc.) sales of products offered by brands or retailers and shipped to consumers on a periodic basis; ordered using the internet via any device, regardless of the method of payment or fulfillment; includes physical products with their accompanying services; excludes travel and event tickets and food or drink services
Source: eMarketer, March 2022

274221

eMarketer | InsiderIntelligence.com

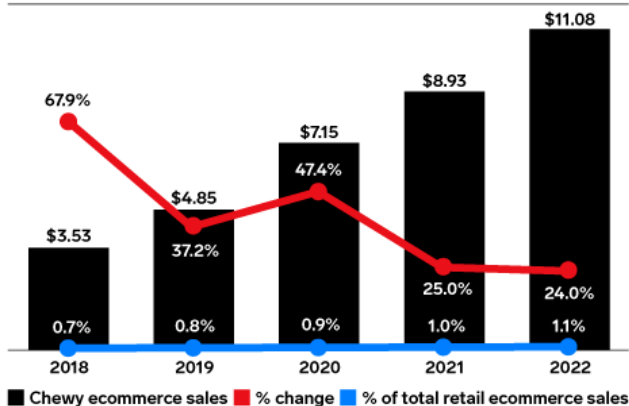
While pet and animal products made up only 5.6% of worldwide **subscription share** in 2021, there's a huge opportunity for retailers to move toward mainstream adoption.

Subscription fatigue is threatening the long-term growth of ecommerce subscriptions. To keep existing customers engaged (and grab the attention of a dwindling number of new customers), subscription providers need to choose between product discoverability and convenience.

5. Chewy's got a lock on customer loyalty

US Chewy Ecommerce Sales, 2018-2022

billions, % change, and % of total retail ecommerce sales



■ Chewy ecommerce sales ■ % change ■ % of total retail ecommerce sales

Note: Represents the gross value of products or services sold on Chewy.com (browser or app), regardless of the method of payment or fulfillment; excludes travel and event tickets
Source: eMarketer, Feb 2022

274129

eMarketer | InsiderIntelligence.com

As of Q4 2022, Chewy’s autoship program represented 73.3% of the company’s net sales, growing from 70.6% in 2021.

The strength of its autoship program has paved the way for the company to launch a retail media solution, which will likely leverage the data of its 20.5 million active customers.

The bottom line: Pet parents won’t stop spending on their furry (or scaly) friends anytime soon. Sales will be driven by customers seeking premium brands that focus on the health and wellness of their pets.

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