



# Q2 2022 Pet Trends Report

August 2022

Prices of pet care products are higher than they've been in decades, but consumers don't intend to change how they shop and care for their pets.



## Pricing trends

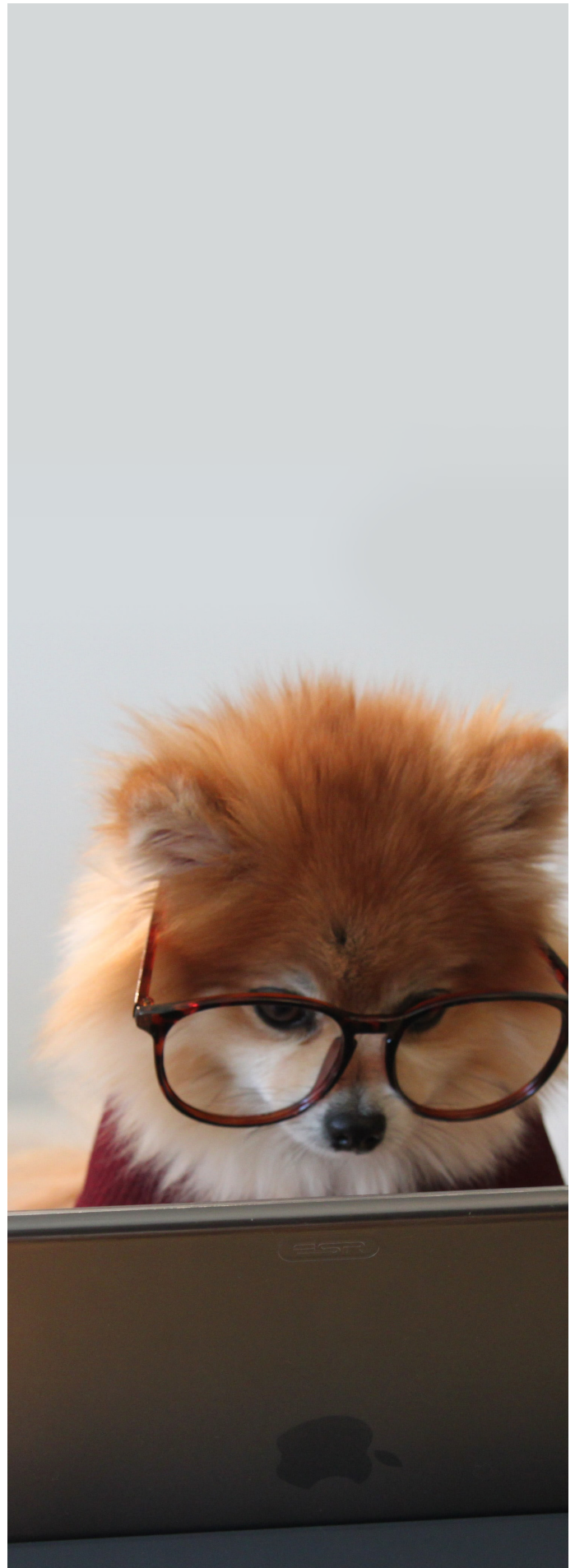
### How Q2 2022 fared against inflation

In 2021, depending on the need, availability, and “how essential” the products were during the peak pandemic months, certain consumer goods categories saw dramatic upswings in sales gains while others experienced losses. Pet care, specifically, witnessed dramatic growth—up double digits for the year—due to a surge in new pet ownership during the pandemic.

New pet owners equaled new buyers and higher pet care category sales during 2021. In the 52 weeks ending March 27, 2021, U.S. shoppers spent nearly \$60 billion on total pet care products, up 15.7% compared to 2020.<sup>1</sup>

But inflation is a different story.

The Bureau of Labor Statistics reported inflation increased 9.1% in June compared to a year ago. The price of gasoline and groceries headlined the record inflation figures and the pet care category hasn't been immune to price hikes during this period either.



<sup>1</sup>Source: NielsenIQ Total US OMNI - Pet Care Dept. 52 WE 3/27/2021



# Steady climbing

## Pet care prices rise month by month

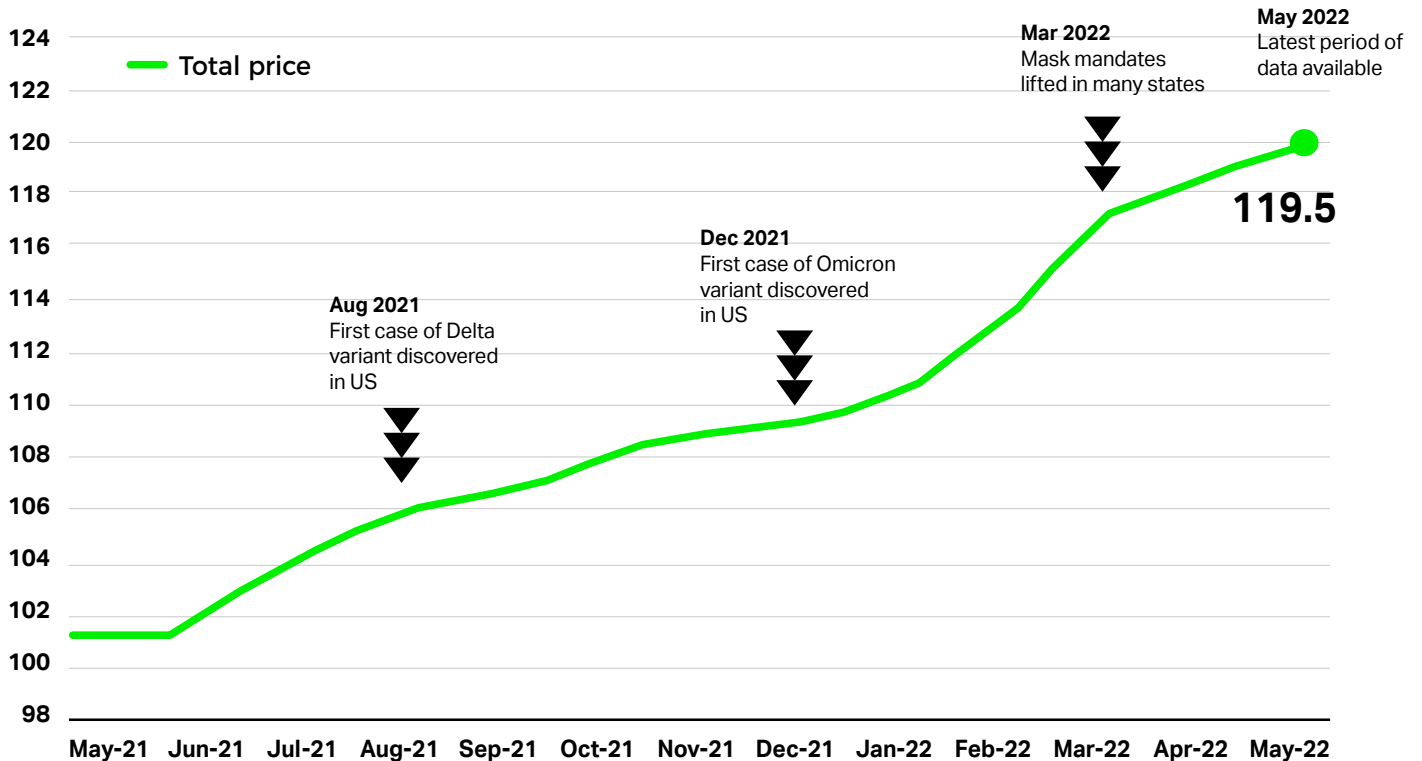
In pet care, the U.S. price inflation index has been steadily climbing each month, dating back to May 2021. As of May 2022, the index reached its highest point yet, (per NielsenIQ total pet care data). And it's likely to continue climbing well into Q3.

As of May 2021, the index hovered around 102, rising a few points each month and registering notable spikes in August 2021, when the first case of the Delta variant was discovered in the U.S., and in March 2022, when many mask mandates had been lifted across the country.

Ultimately, the index would continue to climb into May 2022, reaching its highest point at 119.5.

## In the US overall, inflation in pet care continues to rise visibly

U.S. Price Inflation Index to Total Price 2021

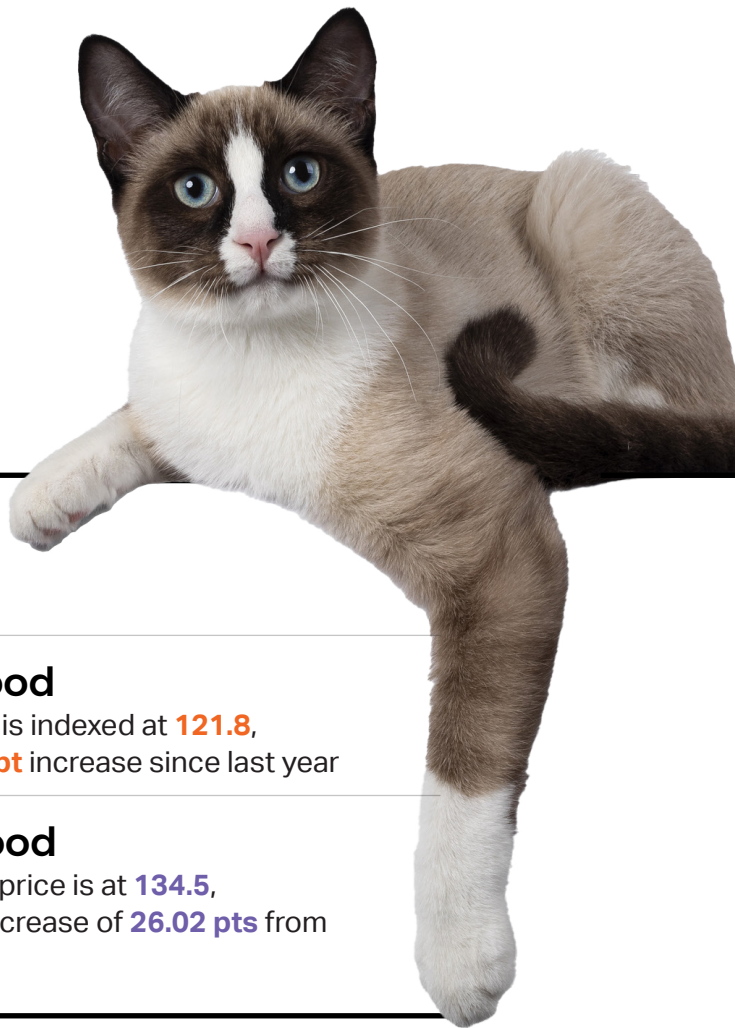


Source: NielsenIQ Total xAOC+Pet Top 5,000 Pet Care Items from 2021, with data Week Ending 05/21/22





Looking at how the price index has impacted specific categories in May 2022, some, like dog food, cat food, cat litter and total pet care, indexed nearly 19 points higher than a year ago, a dramatic rise in pricing for essential goods for pets. Bird food saw the steepest increase with the price indexing at 134.5, up 26.02 points from last May. You can see the category impact in the chart below:



### Total pet care

Pet care price index is **119.5**, up **18.31 pts** from May 2021

### Cat food

Cat food price index is **118.9**, up **18.56 pts** from the previous year

### Dog food

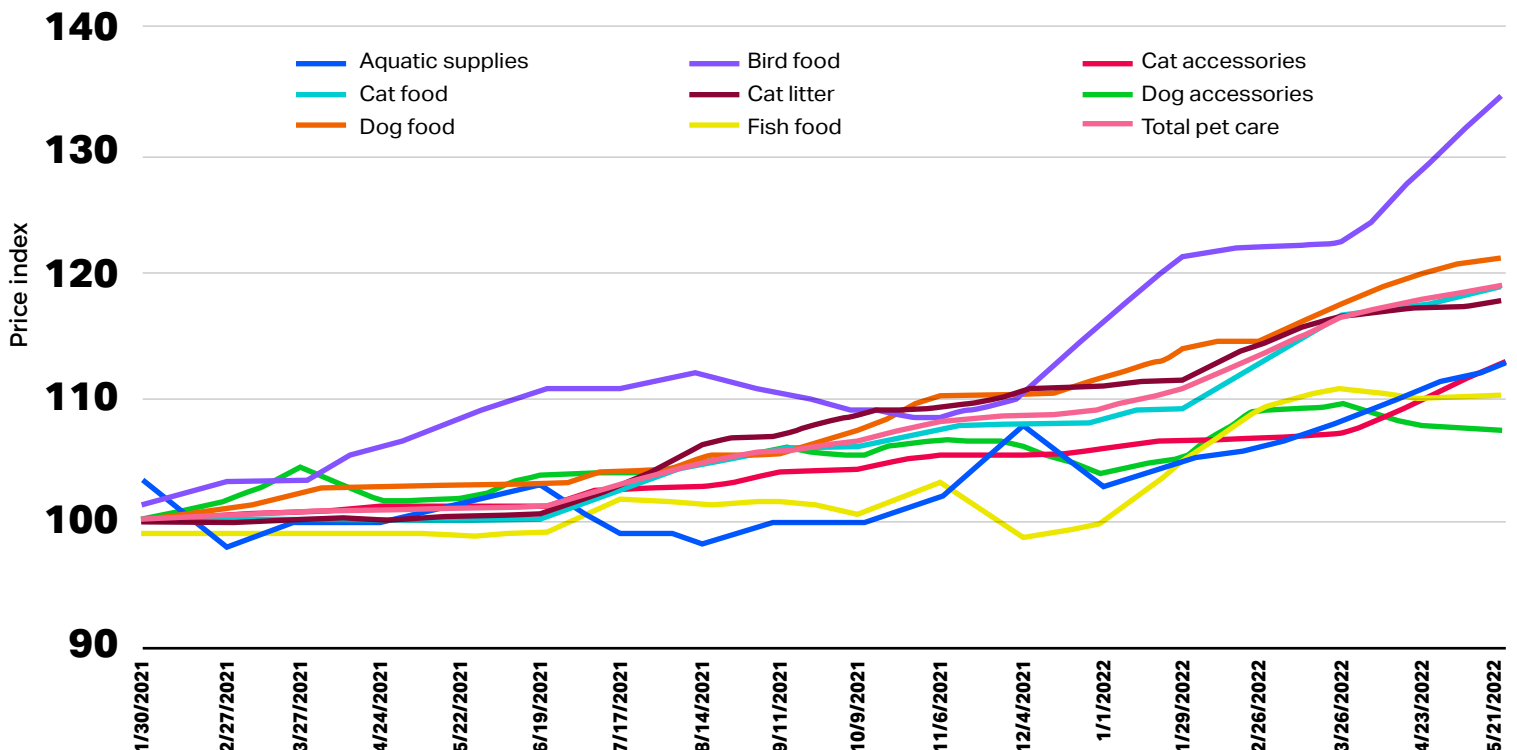
Dog food is indexed at **121.8**, an **18.66 pt** increase since last year

### Cat litter

Cat litter shows similar patterns to cat food with a price index of **118**, up **17.54 pts** since May 2021

### Bird food

Bird food price is at **134.5**, a steep increase of **26.02 pts** from last May



Source: NielsenIQ Total xAOC+Pet Top 5,000 Pet Care Items from 2021, with data Week Ending 05/21/22



Pet care isn't alone in feeling the impacts of increased pricing. The Consumer Price Index registered an increase of 8.6% on all items in April 2022 vs. a year prior, the highest annual increase since 1979—the year an empathetic little boy shared a Coca-Cola bottle with Pittsburgh Steeler great Mean Joe Greene in that famed Coca-Cola TV ad.

The U.S. Bureau of Labor Statistics and its Consumer Price Index reported an increase in food prices (for food products consumed at home, not in restaurants) of 11.9% for the April 2022 comparison. Food consumed away from the home saw an annual increase of 7.4%.

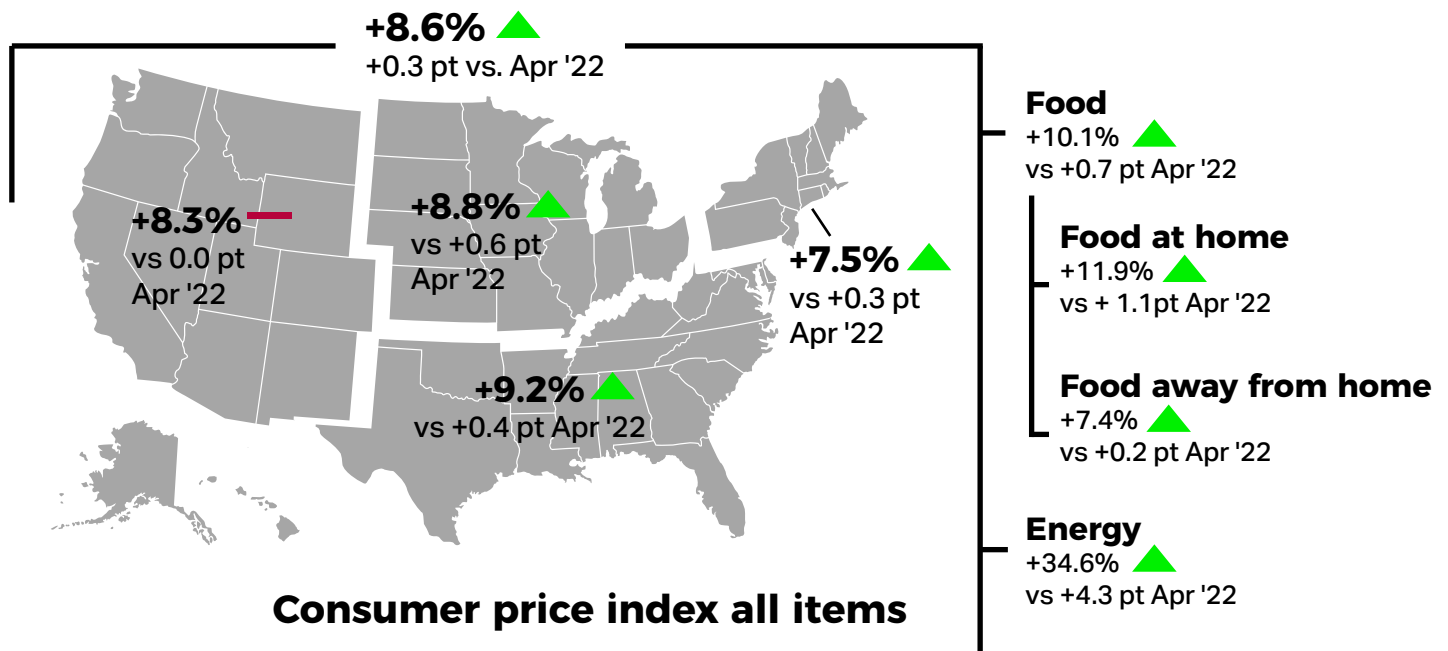
Outside of food, the energy category increased by 34.6% annually through April 2022. Consumers have been dealing with hikes in gas prices, airfares, and travel costs, new and used vehicles, and the strain of paying more money for just about any necessity. Getting squeezed every which way can force American shoppers into making shopping decisions they're not used to, such as cutting back on services or products they usually buy. Within the pet category, however, consumers aren't willing to bend their budgets.



## Food at home prices increase +11.9% for May 2022; the largest 12-month increase since April 1979

Shelter, gasoline, airline fares, new/used vehicles and food were largest contributors to all-items increase

### Annualized % change vs Apr. 2022





# Shopper trends

## How pet shoppers are reacting to inflated pricing

The natural thought is that when prices go up, shoppers cut back - or trade down from their beloved brands to more value-based ones. However, NielsenIQ survey data shows the opposite intention.

A NielsenIQ BASES study<sup>2</sup> surveyed dog and cat owners in April 2022, finding that while price is always the top driver of pet food sales, two-thirds of these "pet parents" surveyed said if their go-to pet food increases in price, they don't expect to trade down.

These consumer respondents also said that, despite increasing prices, they intend to prioritize purchases of treats, toys, vitamins, and supplements, which could be considered non-essential but still extremely important.

Another finding is that nearly half of the pet parents surveyed claim the current inflationary situation has no impact on whether they shop online or in-store for items. However, 40% said they are more likely to shop online as prices of food and supplies take off.


This pet-specific insight varies from how shoppers approached total store omnichannel shopping a month later, in May 2022. NielsenIQ Omnisales data ending May 21, 2022, shows less than a one-point drop in online sales compared to April and that the overall share of sales hasn't moved, with brick-and-mortar sales representing 76.3% of sales compared to 23.7% of sales online.

Total US online sales  
May 2022

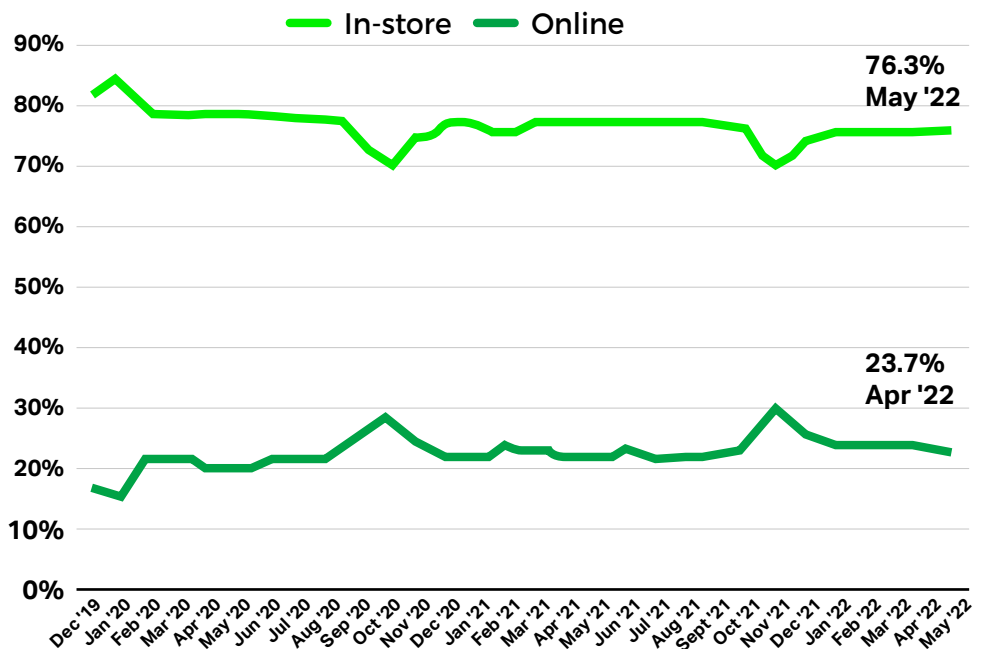
**\$26.6B**

▼ -0.3 pts vs Apr '22

▲ +1.6 pts vs May '21



### Share of US total sales - in-store vs. online



<sup>2</sup> Source: NielsenIQ BASES Study fielded to Pet Parents (Dog and/or Cat Owners) in April 2022  
Sources: NielsenIQ Omnisales, Total U.S. Sales - In store v Online, Month ending 05/21/2022, Updated June 2022

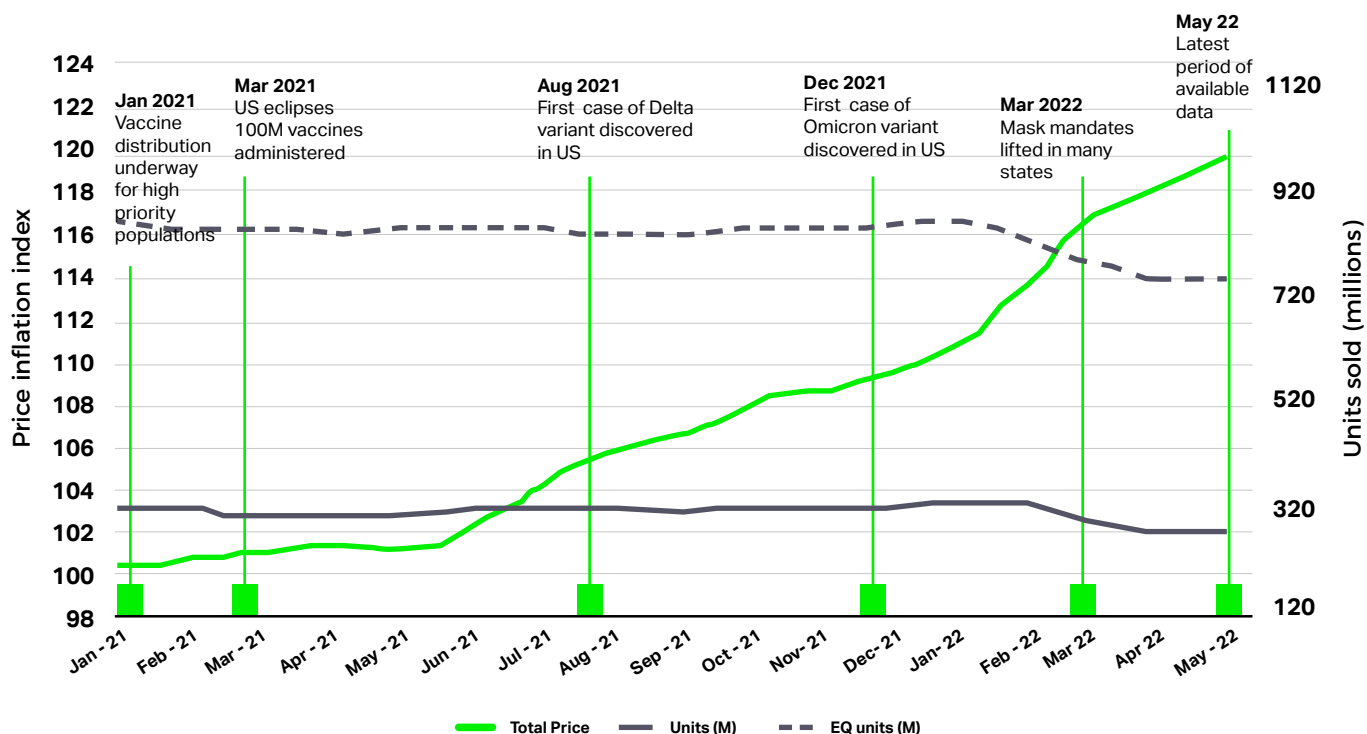


Another trend to come out of these price hikes is a motivation to buy smaller pack sizes; consumers are saving money in the short term instead of buying larger, bulk items that represent more pure value.

NielsenIQ data for March 2021 to May 2022 showed that while the inflation rate continually climbed, pet care EQ units declined at a faster rate than total units, which can indicate that consumers are buying smaller pack sizes. With inflation rising in June, that trend is expected to continue; it's also notable that pet owners don't plan on shifting their shopping behavior too much within the category despite the inflation rate.

## As inflation climbs, EQ units dip slightly more than units, indicating shifts to smaller pack sizes

U.S. Price Inflation Index to Total Price 2021, Units & EQ Units Sold



The resolve of pet owners to resist changing their spending habits on pet care products is interesting when looking at the overall consumer mindset during a year of inflation. A NielsenIQ Global Consumer Outlook Survey comparing June 2022 sentiments against December 2021 found that 6 in 10 global consumers already believe their country is in a recession, and nearly half feel less secure about the next several months ahead. A third of consumers surveyed feel less confident about their ability to meet day-to-day expenses.

Source: NielsenIQ Total xAOC+Pet Top 5,000 Pet Care Items from 2021, with data Week Ending 05/21/22



The survey also found that 77% of consumers are cautious in their approach to spending, irrespective of their financial situation. Looking at which categories consumers intend to focus on shopping over the next 12 months, groceries and utilities topped the list of priorities, with apparel and dining out ranking last, with a change in spending of -22% and -29%, respectively. Yet the NielsenIQ BASES survey reiterates many pet owners are not even looking to trade down on brands and still prioritize non-essential pet items amid inflation.

## Health and wellness trends

Online services could see a bump in usage.

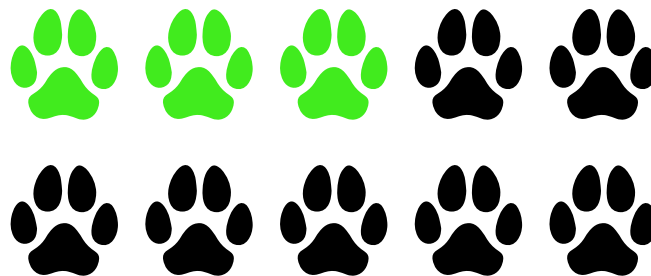
If pet owners aren't looking to switch up what products they buy for their pets, despite price increases, they likely won't alter how they treat pets for health and wellness, either.

The same NielsenIQ BASES survey found that veterinary services, especially among dog owners, is "extremely important" to them and in maintaining their pet's health. However, a third of dog and cat owners are "extremely" or "very" open to using online pet health services, which could be a way to save money or add convenience – especially during an economic downturn.

Dog owners in the survey said that even with rising prices, they intend to use veterinary services as usual. Most cat owners plan to do the same, although more cat owners said they are willing to delay appointments or decrease the number of visits to stem costs. For pet owners - as with all consumers – it's clear inflation is something to growl about. However, pet shoppers seem to be sticking to how they shop and care for their pets, with a few adjustments around pack sizes and seeking out deals online or inside brick-and-mortar stores. It's also clear that brands can step up and help pet owners find more ways to save money while still feeling as though they're caring for their pets the way they always have.

NielsenIQ data can provide a comprehensive view of the entire pet market and show actual results of how pet owners are shopping amid inflation. With these insights, pet care brands can make better pricing, promotion and marketing decisions to maximize their sales and maintain their share in an uncertain retail landscape.

**3 in 10**  
dog or cat owners  
are willing to try  
online pet health  
services







## How NielsenIQ can help

NielsenIQ has the most complete coverage of pet market consumer intelligence and insights across the pet industry. Our suite of solutions aligned to the pet market offer robust coverage to deliver in-depth insights.

We are the chosen partner of manufacturers comprising 90% of all branded pet sales, selected by both WPA (World Pet Association) and APPA (American Pet Products Association) for critical market measurement and the exclusive insights provider for WPA. We offer pet retailers, brands and manufacturers all the data they need to stake their claim in the pet industry.

[Request a consultation](#)



## Who is NielsenIQ?

NielsenIQ, a global information services company, delivers the gold standard in consumer and retail measurement, through the most connected, complete, and actionable understanding of the evolving global, omnichannel consumer. NielsenIQ is the source of confidence for the industries we serve and is the pioneer defining the next century of consumer and retail measurement. Our data, connected insights, and predictive analytics optimize the performance of CPG and retail companies, bringing them closer to the communities they serve and helping to power their growth.

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