Label claim trends

What attributes are being claimed most frequently in pet food and how are these attributes performing?

The NielsenIQ Label Insight pet food database contains over 22,000 products, accounting for 84% of all-of-market pet food commodities. Major themes within the top claimed attributes in the pet space *(see table on page 3)* include **quality ingredients**, **artificial free**, and **specialty diets**.

NielsenIQ Label Insight's derived analysis empowers retailers and CPGs to assess products qualifying for these top attributes, regardless of the presence of a claim.

Quality ingredients have been identified as a massive missed opportunity for brands. NielsenIQ's Label Insight derived ingredient analysis combined with measurement demonstrate:

- **57% of products are free from animal by-product ingredients**
- **96% of these are *not* claiming no animal by-products on their packaging**
- **Products claiming "no animal by-products" are growing rapidly, 14% YOY**
- **The 96% of products *not* making this claim are missing out on a huge growth opportunity**

	Quality ingredients		Artificial free			Specialty diets		
% of qualified UPCs	49.1%	56.6%	90.3%	58.7%	69.3%	58.1%	34.2%	39.2%
% **not** making a claim (of qualified UPCs)	**71.5%**	**95.9%**	**68.3%**	**59.5%**	**69.7%**	**63.1%**	**33.1%**	**20.9%**
Attribute	Meat 1st ingredient	No animal by-products	Free of artificial flavors	Free of artificial preservatives	Free of artificial colors	Wheat free	Corn free	Grain free
% of market share	14.8%	1.6%	27.2%	20.2%	11.4%	13.1%	14.2%	15.1%
Dollar growth 1 year ago	**9.9%**	**14.0%**	**8.6%**	**12.3%**	**6.9%**	**3.2%**	**7.7%**	**2.9%**
Dollar growth 2 years ago	**7.9%**	**20.8%**	**13.5%**	**14.9%**	**3.7%**	**0.7%**	**6.4%**	**-3.5%**
Total dollars	4.7B	520M	8.7B	6.5B	3.6B	4.2B	4.5B	4.8B

1. Label Insight Trending Attributes; Total Pet Food; Dec 2020- Jan 2022; All Channels
2. NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; Total US xAOC; Year end 2021 - 52 weeks W/E 02/26/22 vs 2YA

Consumer search trends

What attributes are searched for most by consumers and why?

NielsenIQ Label Insight leverages search panel data from top e-commerce retailers to standardize key attribute searches and identify the top trending attributes. Standardizing raw text strings enables Label Insight to identify the top consumer need states and which products are capitalizing on these need states through analysis of:

- **Top searched attributes**
- **Search volume growth trends**
- **Emerging longtail trends**

Analysis of search panel data from **February 2021 through January 2022** revealed the attributes below are trending within the pet food space, but the market for these attributes is still quite small and % of UPCs claiming these attributes is less than **1%** of pet food products. The chart below shows the percentage of products capitalizing on these trends through the presence of a label claim.

Calming is both an established and trending attribute by search within the pet space with an annual search volume of 190,758 and search **growth of 41%** since the previous year. However, **only 0.11%** of products in the Label Insight pet food database are making a claim related to calming, indicating consumers are seeking out calming pet food products but the market is still small. Below are some of the highest growing attributes in search volume with the smallest markets.

Attribute	Search volume	% search growth	% of UPCs making a claim
Calming	190,758	41%	0.1%
Hairball control	101,692	9%	0.8%
High calorie	9,858	59%	0.0%
Low calorie	19,310	14%	0.8%
Seafood ingredients	78,329	14%	0.8%
Lick-able	152,815	60%	0.3%

1. Label Insight Trending Attributes; Total Pet Food; Dec 2020- Jan 2022; All Channels

Humanization of pet food

What attributes are being searched for across both food & beverage and pet food and why?

Over the past decade or so the pet space has evolved drastically, and pet parents have started treating pets as another member of the family. Many pet parents are reflecting the same shopping patterns or dietary guidelines they set for themselves onto their pet. The consumer search data for food & beverage and pet food revealed many overlapping trends between the two spaces.

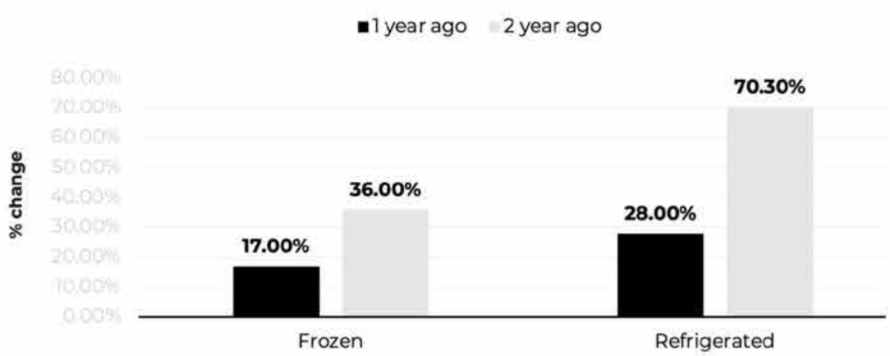
The chart below illustrates the overlapping trends found, as well as their search volume and rank in search from **February 2021 through January 2022**. Search volume can indicate the scale of search, whereas rank indicates the level of prevalence based on other searched for attributes.

		Specialty diets			Functional ingredients			Product details		
	Attribute	Raw	Vegan	Protein	CBD	Probiotics	Pumpkin	Fresh	Frozen	Variety pack
Food & beverage	Search volume	2.4M	7.6M	30.3M	40K	302K	2.2M	18.6M	27.5M	907K
	Rank	114th	44th	6th	534th	329th	118th	13th	7th	199th
Pet food	Search volume	66K	35K	38K	37K	12K	12K	85K	7K	95K
	Rank	43rd	58th	54th	56th	82nd	83rd	38th	97th	35th

Sales growth of frozen & refrigerated in pet food

Within the NielsenIQ Label Insight pet food database, frozen pet food accounts for <1% and refrigerated <5% of total pet food products.

Despite the relatively small presence, these storage types are growing exponentially in both search and point of sale.



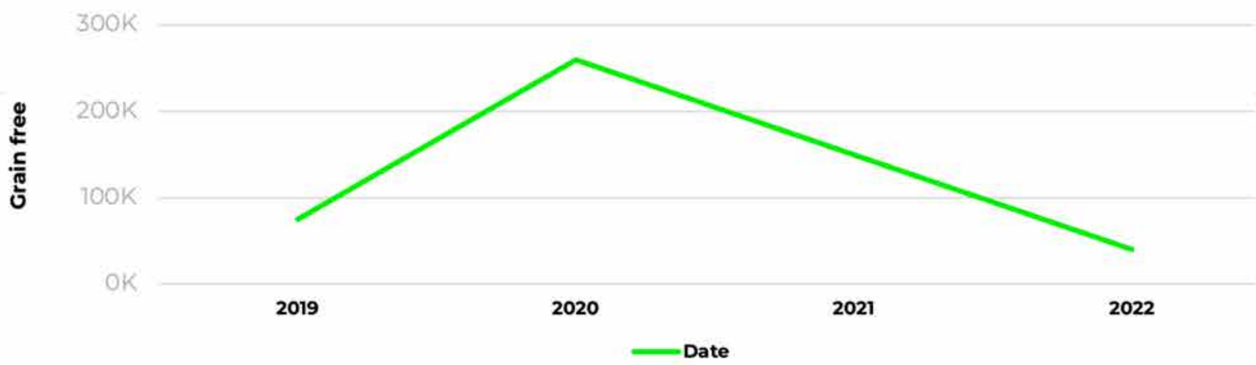
1. Label Insight Trending Attributes; Total Pet Food; Food & Beverage; Dec 2020- Jan 2022; All Channels
2. NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Pet Food; Total US xAOC + Pet; Quarterly data Q4 OND 2021 vs 2YA

Grain update

How has grain-free shifted in the industry? Are consumers seeking out grains or is grain-free still leading?

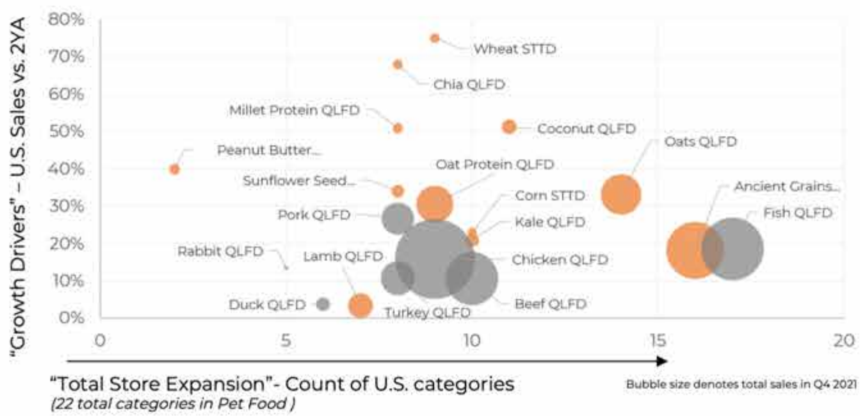
With consumers focusing on protein content, grain-free diets originally gained traction and some controversy, similarly to human diets such as paleo, keto, and Whole30. Consumers often gravitate towards grain free products because they perceive grain ingredients such as corn and rice as low-quality fillers that do not adhere to a natural or primal diet. Additionally, consumers may be hesitant towards grain inclusive diets because of the potential for pet allergies, sensitivities, and intolerances to grains.

According to search data, it appears the hype for *"grain-free"* in the dog category has passed. Could this be linked to the announcement several years ago regarding the potential link between grain-free dog food and canine dilated cardiomyopathy (DCM)? Despite the research that shows the two are likely not correlated, the initial link may have disrupted consumers perception regarding the quality of grain free products—see the search trends below.



Many brands have hurried to emphasize the presence of certain grains in their products.

To stay competitive, a lot of grain inclusive brand manufacturers have turned to higher quality grains like ancient grains and whole grains. Better for you grains like oats and ancient grains are moving the needle in the pet food space.



Label Insight Trending Attributes; Dog Food, Cat Food; Oct 2019- Feb 2022; All Channels
NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Pet Food; Total US xAOC + Pet; Quarterly data Q4 OND 2021 vs 2YA

Sustainability update

What sustainability attributes are being claimed most frequently in pet food and how are these attributes performing?

Sustainability has recently been a hot topic in the pet space, however, the initiative still seems to be in its early infancy for brands and product formulation.

Today, only **6% of products** in the NielsenIQ Label Insight pet food database are making a **sustainable claim**, but this does not mean the space should be underestimated. According to data from NielsenIQ, sustainability themes such as environmental sustainability and sustainable packaging are a combined **$4.4 billion** dollars space and **growing at 11%** since last year.

USDA certified biobased product

2 categories
$2.5MM sales
+329% vs 2YA

Plastic free

1 categories
$11.3MM sales
+387% vs 2YA

Sustainable packaging

4 categories
$899K sales
+769% vs 2YA

B corporation

7 categories
$3.8MM sales
+593% vs 2YA

Department	Social responsibility	Sustainable farming	Environmental sustainability	Sustainable packaging	Animal welfare
Total store	+10.7%	+13.4%	+17.1%	+13.4%	+24.3%
Total pet care	-27.2%	+205%	+6.6%	+55.7%	-3.0%
Pet food	-28.2%	+205%	+5.1%	+92.3%	-3.0%
Pet supplies	+251%	NA	+12.2%	+23.7%	-17.9%
Pet treatments	+245%	NA	+5.4%	+24.8%	+40.7%

1. NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; Total US xAOC; Year end 2021 - 52 weeks W/E 03/05/22.
2. NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Pet Food; Total US xAOC + Pet; Quarterly data Q4 OND 2021 vs 2YA
3. NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; Total US xAOC; Year end 2021 - 52 weeks W/E 02/19/22 vs 2YA

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 the data they need to stake their claim in the pet industry.

Are you ready?

Request a consultation