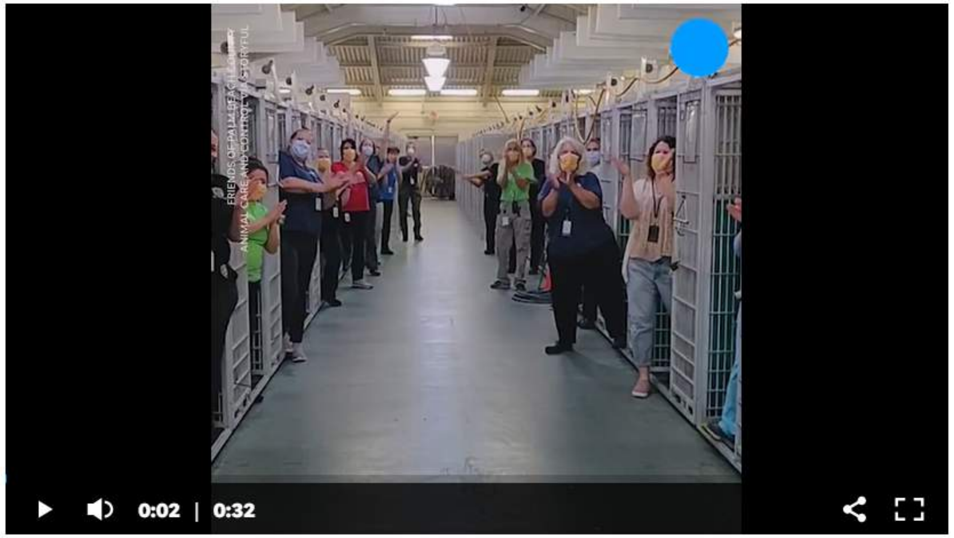
Numerator

NEW FRONTIERS

Our Pet Project

U.S. animal shelters reported a rise in foster applications as people seek companionship during COVID



Volunteer staff cheer at empty Florida dog kennel thanks to adoptions
The volunteers at Friends of Palm Beach County Animal Care are cheering after every dog was adopted and the kennel was empty for the first time ever. *USA TODAY, Storyful*

A dog that has been adopted but not yet taken to its new home remained in one of the few occupied pens at the Humane Society of Westchester in New Rochelle, New York, on March 26, 2020. *SETH HARRISON/THE JOURNAL NEWS*

Source: USA Today (Published Apr.28, 2020)

Despite the pandemic surge, America's pet obsession has been growing every year

Pet Products: Average HH Spend

Total Number of Trips

Source: Numerator Insights - Data Explorer
Pet products includes Pet Food & Treats, Pet Supplies (Toys, Cleaning, Collar & Leash, etc), and Pet Prescriptions

So…what do we know about the Pet market?

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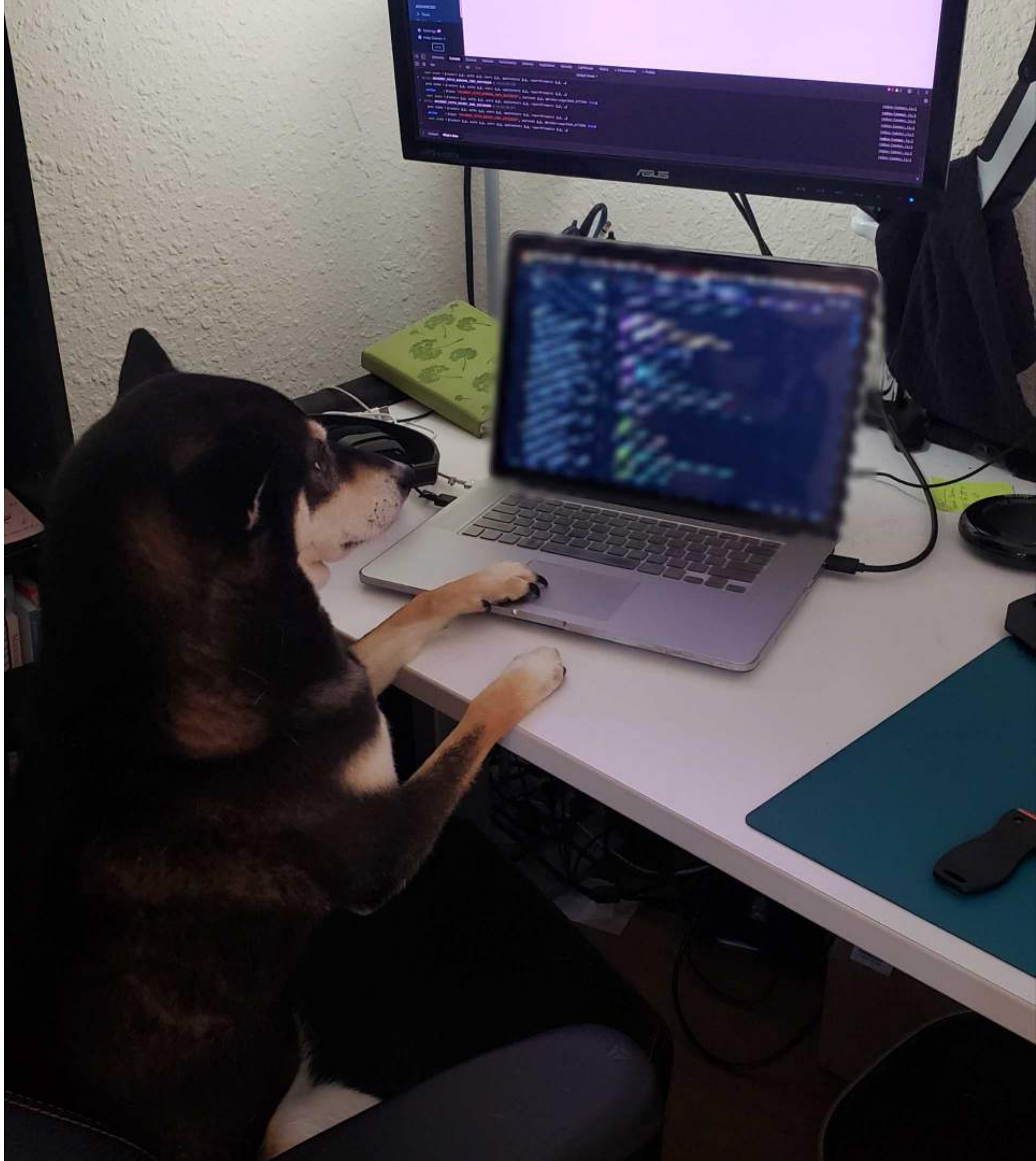
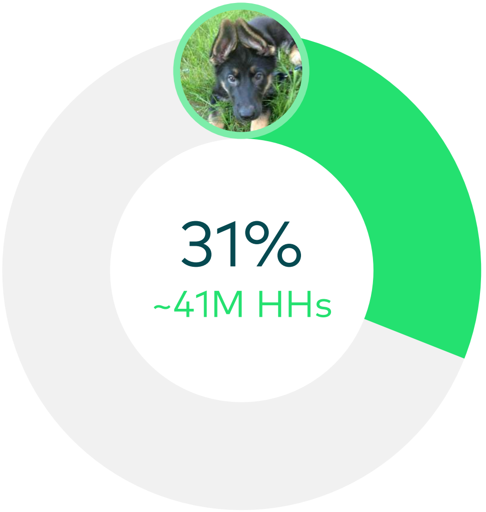


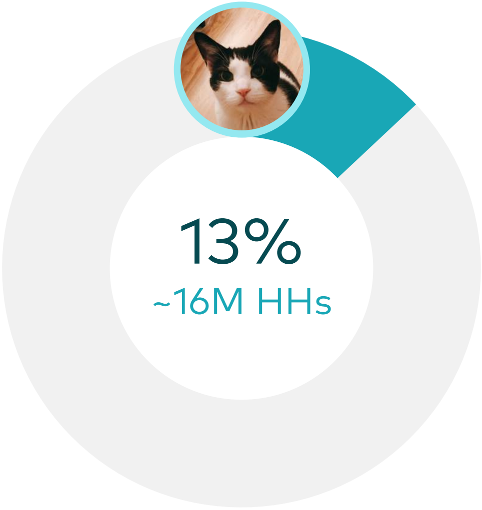
6 in 10 U.S. HHs own a pet, with dogs by far the most popular pet

Of total US HHs, 63% own at least one **dog** or **cat**

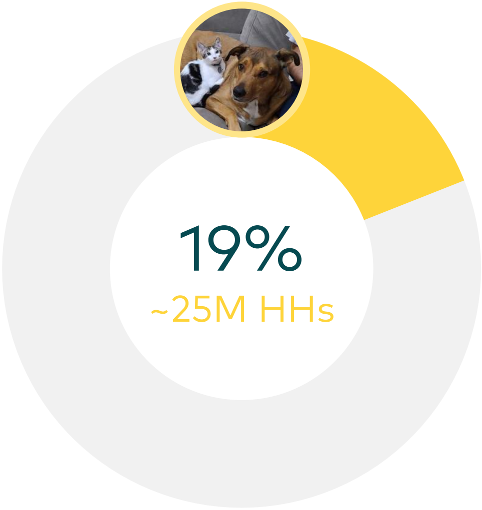
Exclusive Dog Owners



Exclusive Cat Owners



Dog & Cat Owners

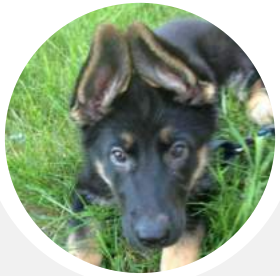


Source: Numerator Insights – People Scorecard; Timing: L52W ending 8/9/2020
Pet ownership is from Numerator Micro Survey. Refer to appendix for more details

Pet owners are more likely to be Gen X, higher income and Caucasian HHs with kids compared with non-pet owners

Dog owners tend to have children in the HHs. Younger generation are more likely to have multiple species

Comparing to non-Dog/Cat owners, over-indexed (higher than 110) in…



Exclusive Dog Owners

- Gen X
- **Over $100K**
- Caucasian; **Hispanic**
- Rural
- HHs with children

Exclusive Cat Owners

- Gen X
- $100K -125K
- Caucasian
- Rural
- **HHs w/o children**

Dog & Cat Owners

- **Gen Z** or Gen X
- $80K -125K
- Caucasian
- Rural
- HHs with children

Source: Numerator Insights – Shopper Profile; Timing: L52W ending 8/9/2020

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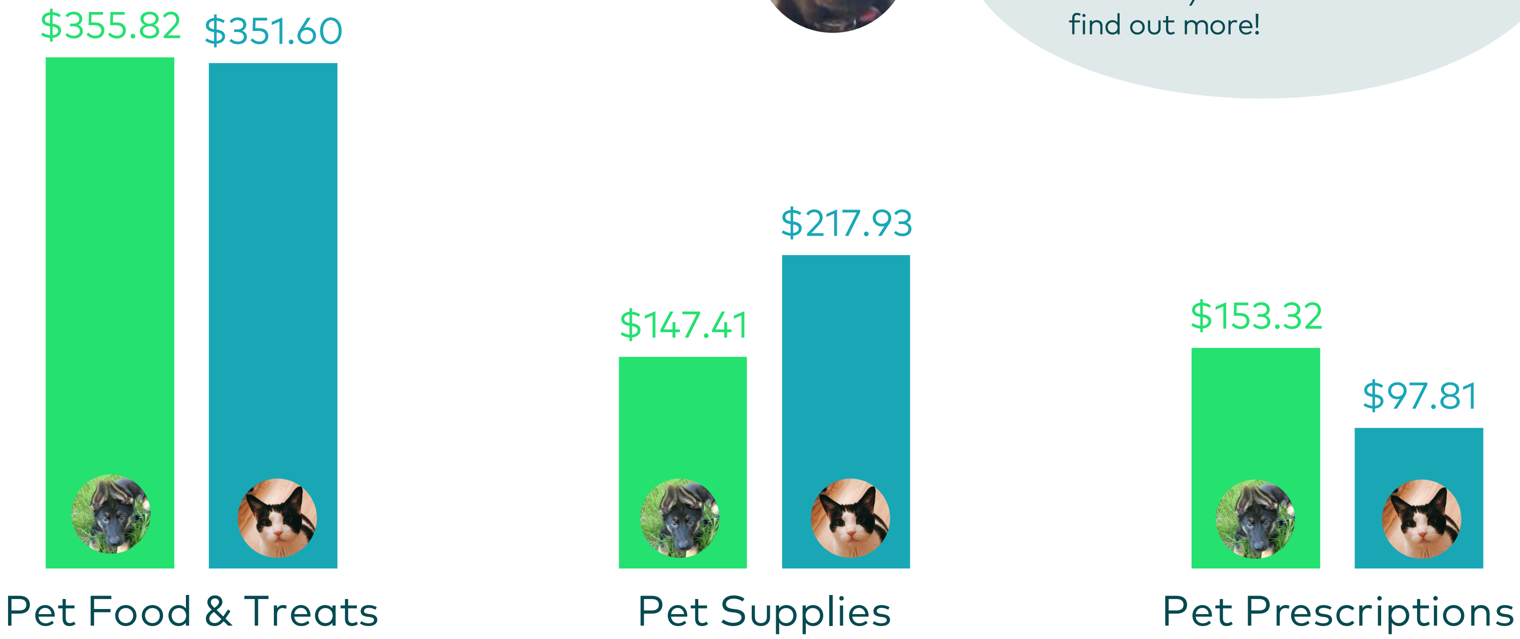
The everyday cost of having a cat is more expensive than having a dog

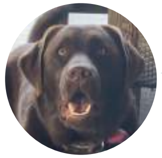
Average Annual HH Spend on Pet Products

Total Pet Products*

Exclusive Dog Owners:
$498.06

Exclusive Cat Owners:
$561.69





Surprised? Use Numerator premium people groups, you can see how this cost increases for a larger dog. Contact your Consultant to find out more!

Source: Numerator Insights – Shopper Metrics; Timing: L52W ending 8/9/2020
Pet products includes Pet Food & Treats, Pet Supplies (Toys, Cleaning, Collar & Leash, etc), and Pet Prescriptions

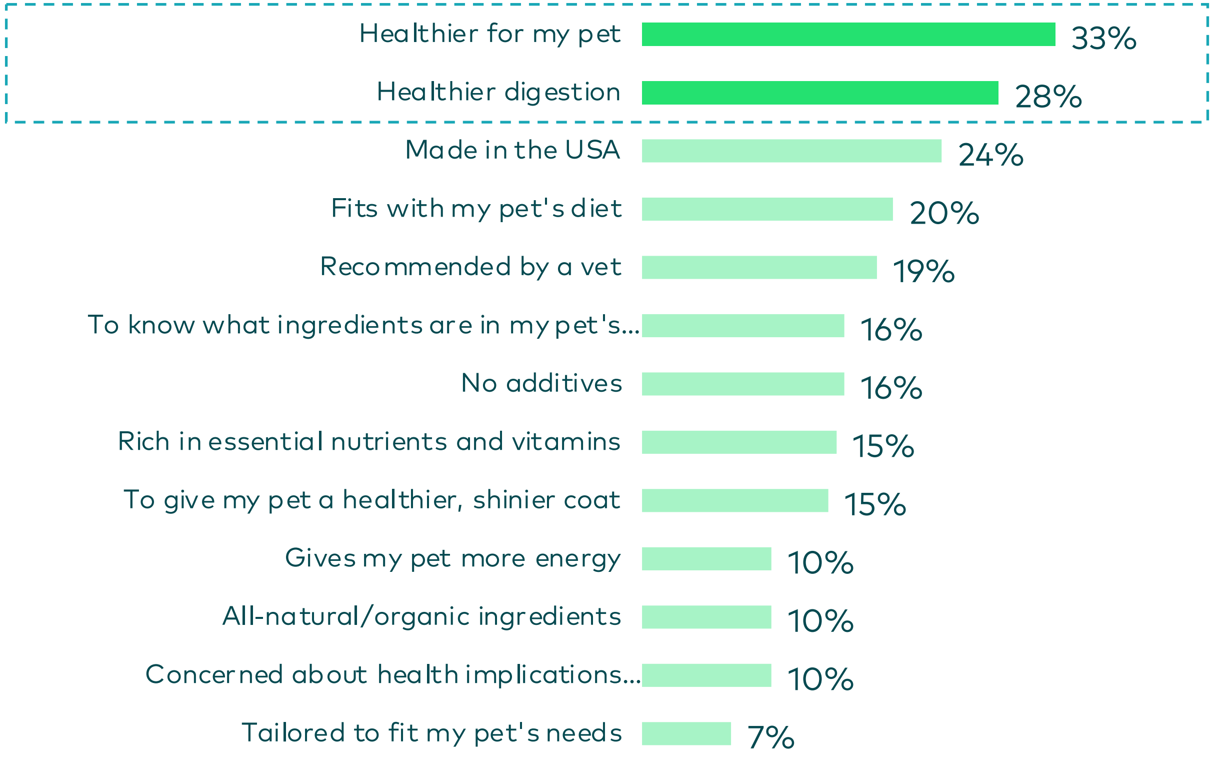
Zooming in on pet food, fresh food is gaining traction as shoppers looking for a healthier option for their pet

% HH Penetration by Pet Food Type

	L52W	Index vs. YAG
Dry Dog/Cat Food	63.1%	102
Wet Dog/Cat Food	49.0%	105
Fresh Dog/Cat Food	**5.1%**	**121**

Fresh Food Category Awareness: 69%*

Drivers of fresh pet food purchase*



Source: Numerator Insights – Shopper Metrics; Timing: L52W ending 8/16/2020
*Numerator Survey (August 2020); Q. Why did you decide to purchase a fresh pet food brand instead of dry pet food?; Base: 156

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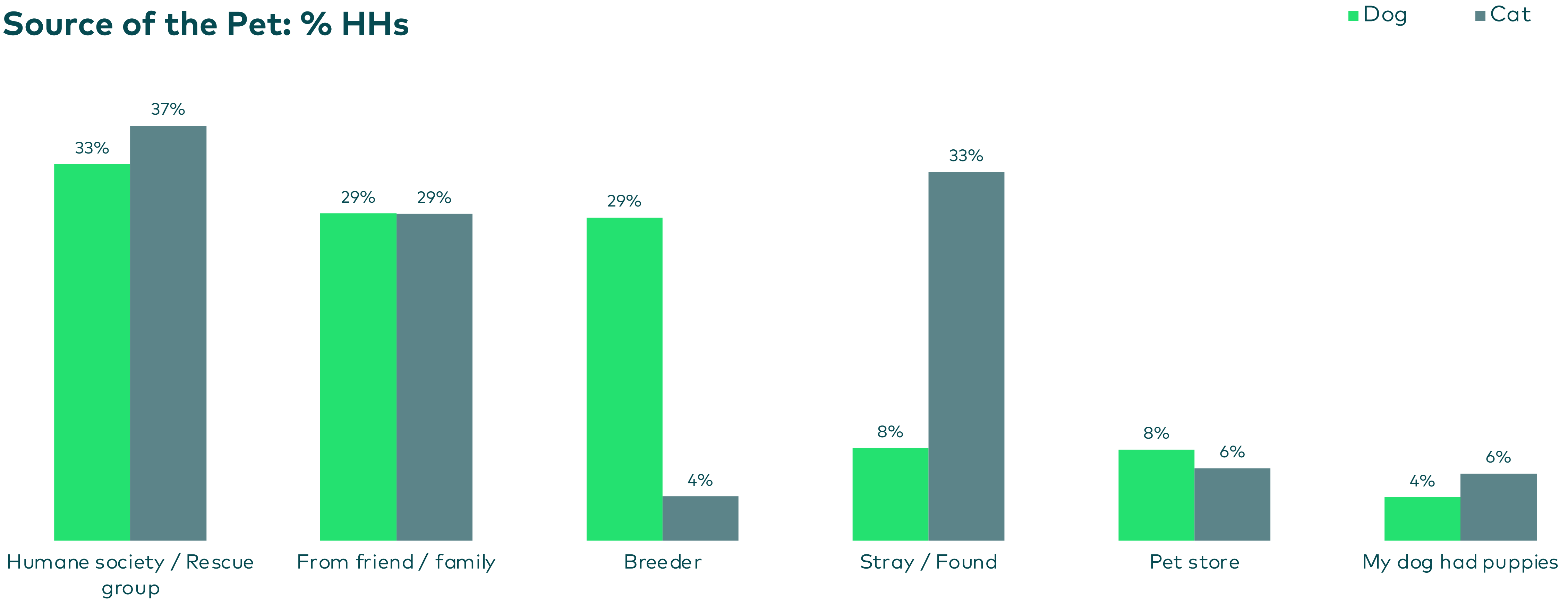
Rescue remains the most popular source for adopting a pet

Source of the Pet: % HHs



Source: Numerator Insights – People Scorecard; Timing: L52W ending 8/9/2020

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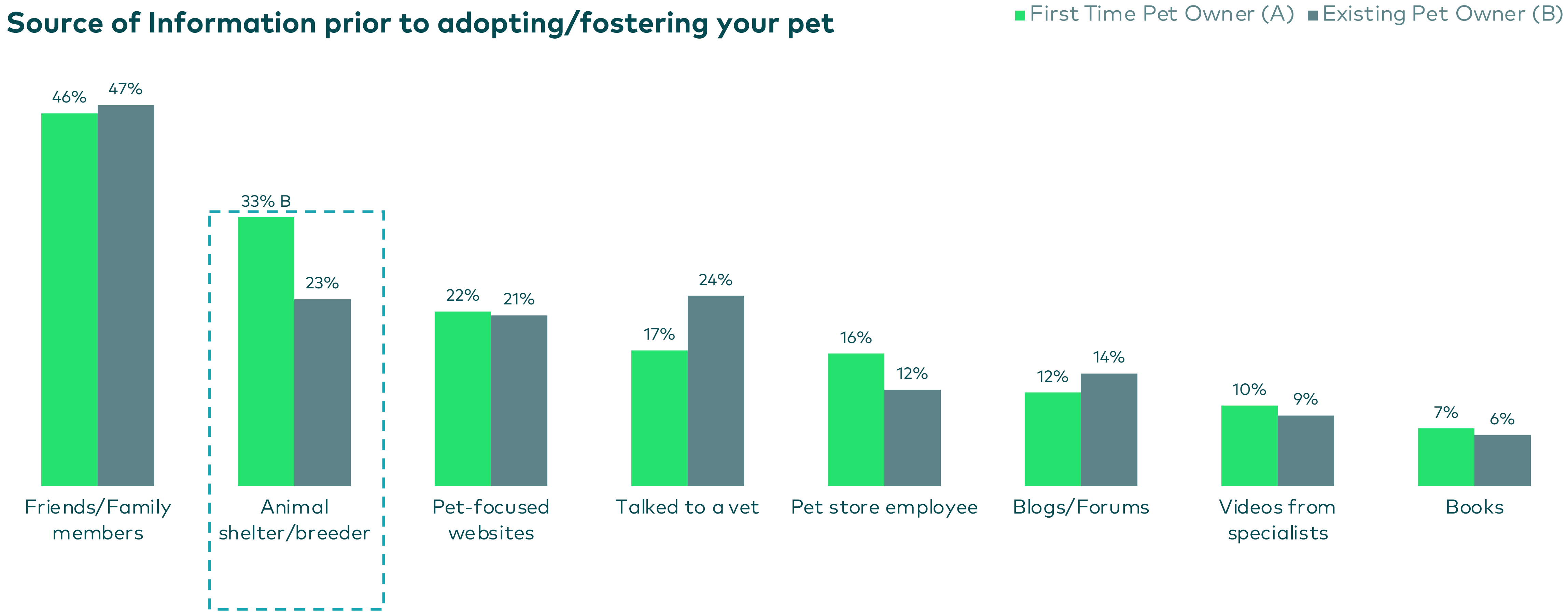
First time pet owners often turn to rescue or breeder for information before they adopt the pet



Source: Numerator Survey (August 2020); A/B = Significantly higher than indicated at 95% CL; Base: First-time owner (250); Existing Owner (251)
Q. Prior to adopting/fostering your pet, what resources, if any, did you use to find information on breeds, training, care, food, etc.?

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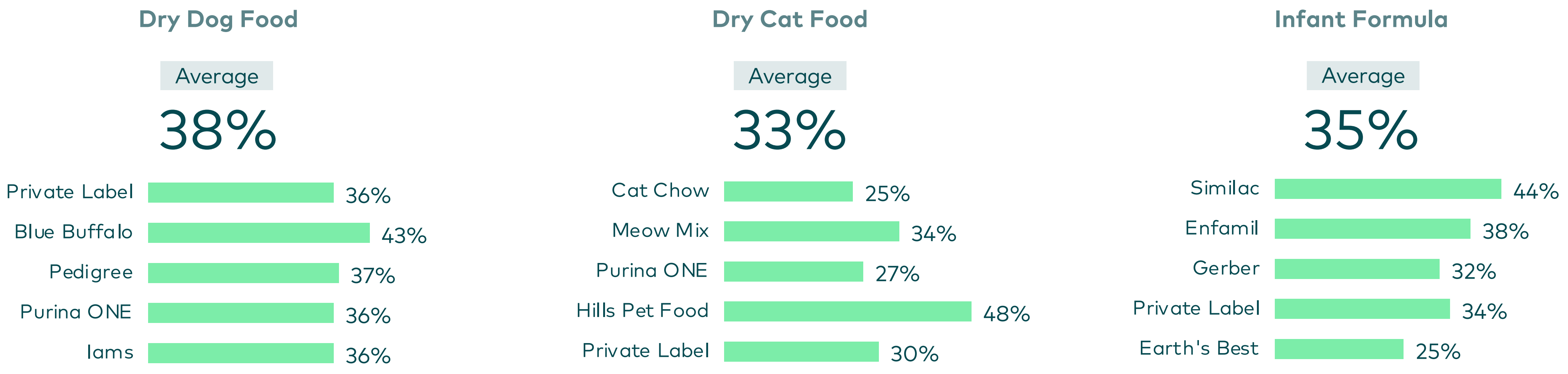
Pet owners are brand loyal: engaging them at early touchpoints to win their 1st purchase is key

% Repeat Rate 52W Post the Entry Trip Among New Buyers in Each Category

Average of top 5 brands (based on brand $ share of the entry trip) in each category



How to Read:

- Of shoppers who purchased Blue Buffalo for the first time during 7/1/2018 to 6/30/2019, 43% purchased the brand again within 52W post their first purchase
- The repeat rate post 1st purchase for Dog/Cat food category is comparable to Infant Formula, which is a category with high brand loyalty

Source: Numerator Insights – Point of Entry Analysis; Analyzing Period: 7/1/2018-6/30/2019; Pre-Post Periods: 52W

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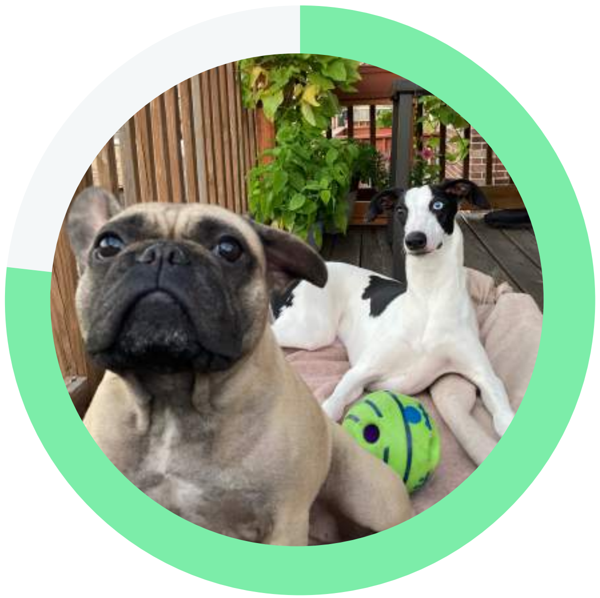
It's worth the effort - majority of pet owners feed the same brand of pet food to all their dogs or cats

% Pet Owners Using the Same Brand of Pet Food to All of their Pets

Multi-Dog Owners*



Multi-Cat Owners*

Dog & Cat Owners**

Source: Numerator Instant Survey (September 2020); Base: Multi-Dog Owners (233); Multi-Cat Owners (221); Dog & Cat Owners (237)
*Q. Do you feed the same brand of dog/cat food to all of your dogs/cats? Why & Why not?
**Q. Do your dog(s) and cat(s) eat the same BRAND of food? Why & Why not?

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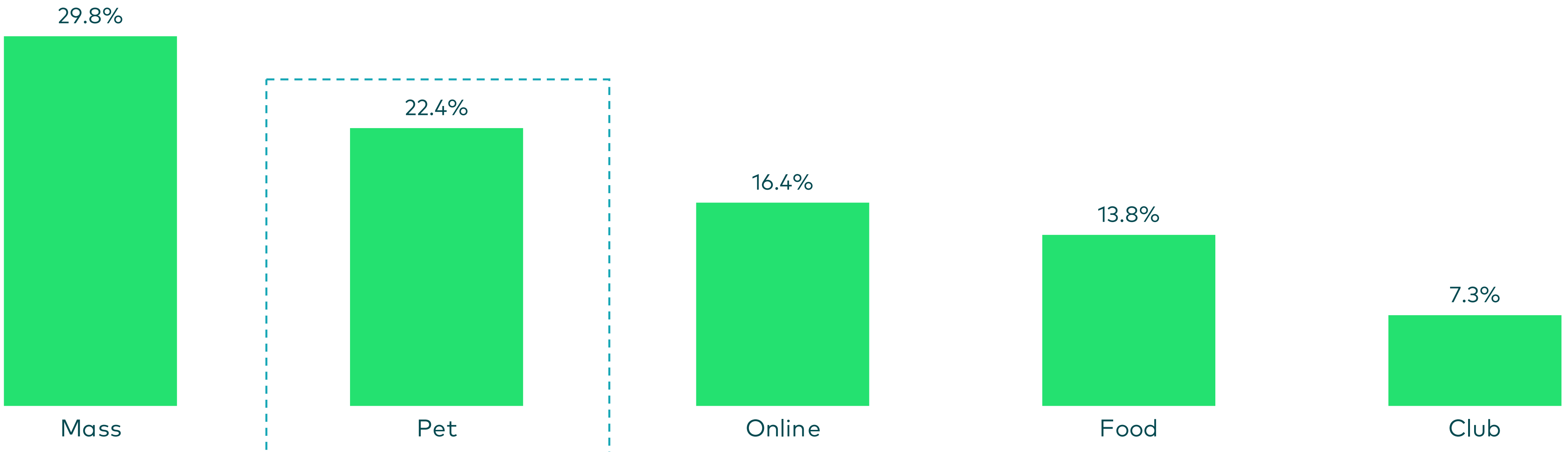
Pet specialty stores are an important channel to capture the new pet owners' first trips

Channel SOW: Pet Product Entry Trips



Index to Fair Share

93	**113**	76	**137**	**122**

Source: Numerator Insights – Point of Entry Analysis; Analyzing Period: 7/1/2018-6/30/2019; Pre-Post Periods: 52W

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During entry trips in Pet stores, shoppers are more likely to purchase pet supplies and wellness products

% Dollars by Pet Category: Pet Channel Entry Trips

Index to All Entry Trips across all channels

87	Dog Food & Treats	21.8%
156	Pet Toys (Cat/Dog)	7.0%
104	Cat Supplies	6.6%
206	Collars & Leads	6.5%
68	Cat Food & Treats	5.8%
108	Fish Supplies	5.7%
188	Flea & Tick (Pet)	5.1%
357	Health & Wellness (Pet)	5.0%
104	Pet Containment (Dog/Cat)	3.8%
52	Dog Supplies	2.9%

Great candidate for a new pet welcome package

Source: Numerator Insights – Point of Entry Analysis; Analyzing Period: 7/1/2018-6/30/2019; Pre-Post Periods: 52W

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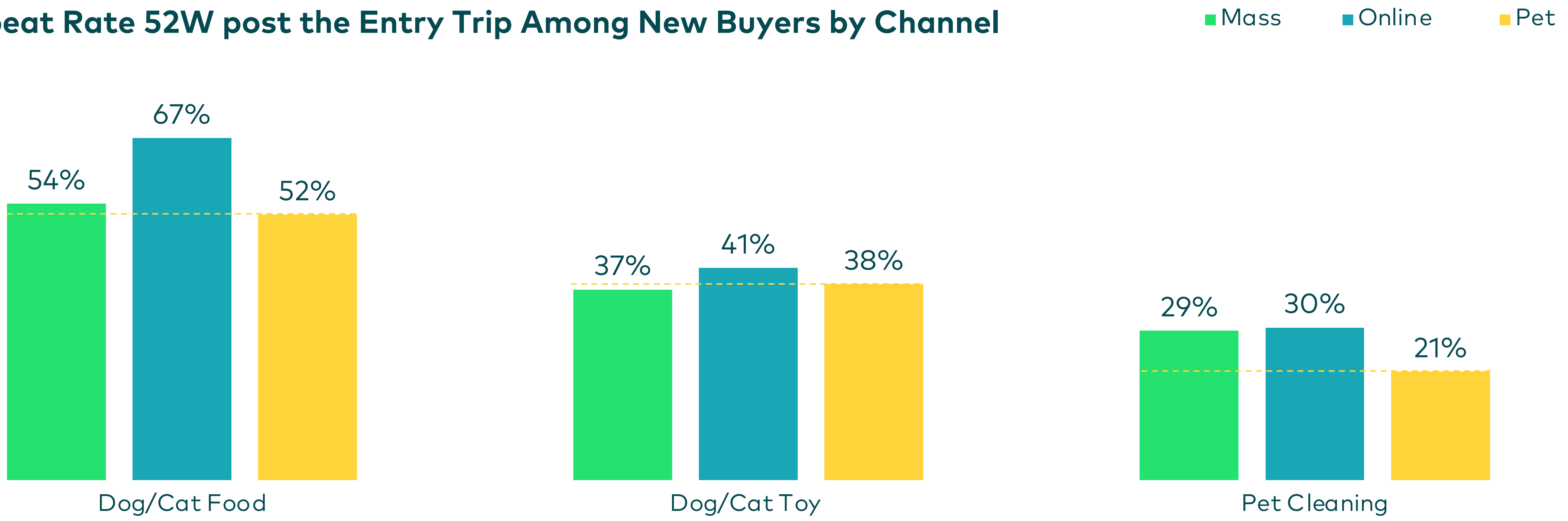
The Pet channel may serve as a driver of product trial since it has a broad assortment

However, shoppers who started at Pet channel are less likely to make repeat purchases after their first trip

% Repeat Rate 52W post the Entry Trip Among New Buyers by Channel

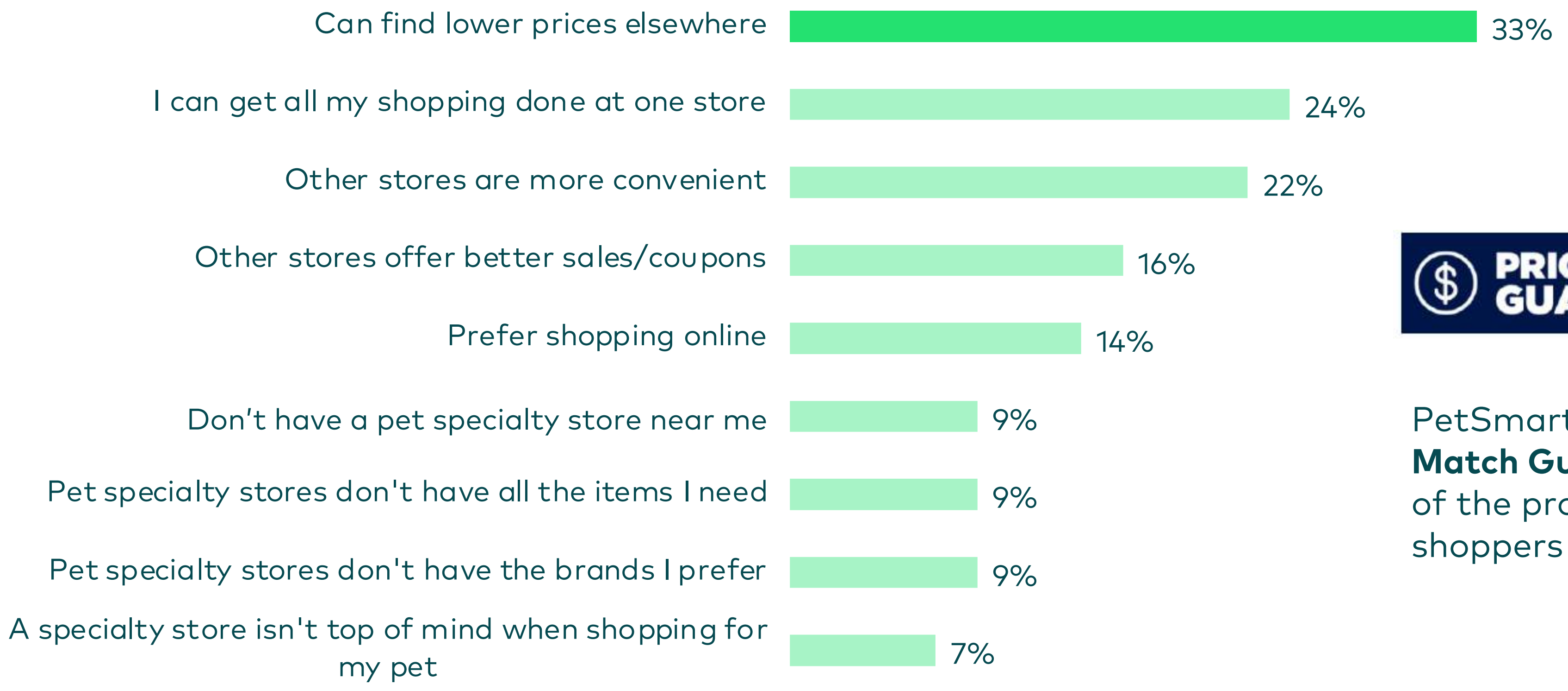


How to Read:

- Of shoppers who purchased Dog/Cat Food **in Pet channel** for the first time during 7/1/2018 to 6/30/2019, **52%** purchased the category again from Pet channel within 52W post their first purchase

Price is the most prominent barrier that prevents shoppers from purchasing at pet specialty stores

Barriers that Prevent Shopping at Pet Specialty Stores

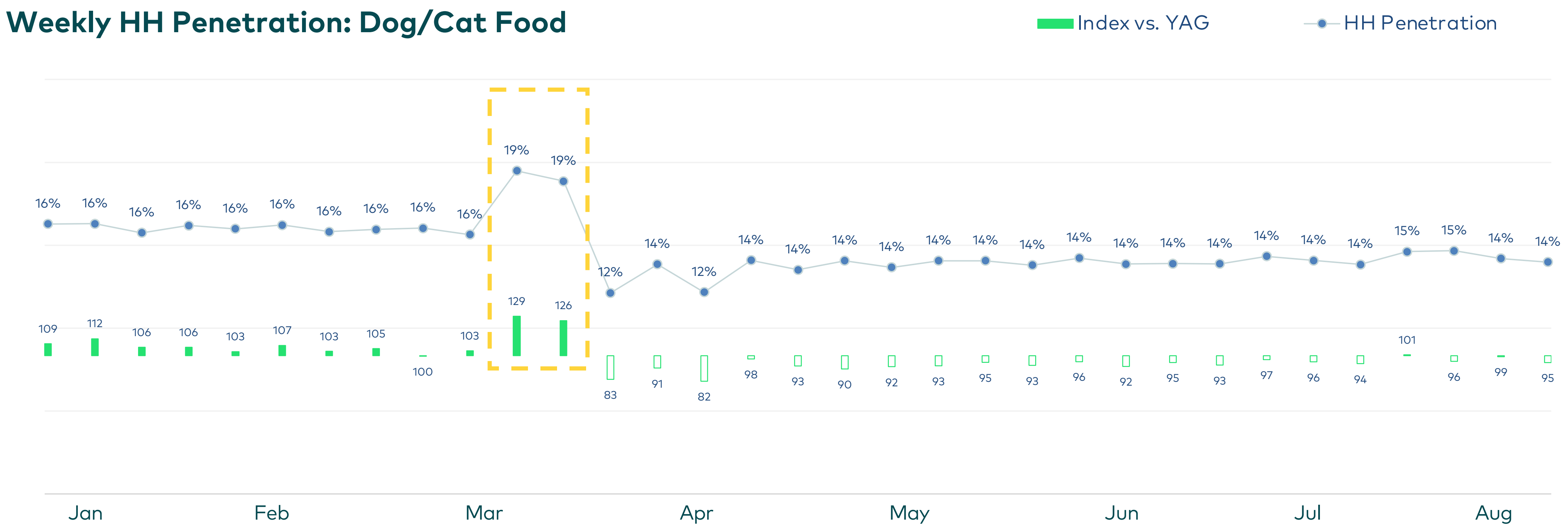


PetSmart and Petco both offer **Price Match Guarantee**. Increasing awareness of the program might help retain shoppers in pet specialty stores

Source: Numerator Survey (August 2020); Base Size: Total (501)
Q. What, if anything, prevents you from shopping at pet specialty stores (e.g., Petco, PetSmart, etc.)?

How has COVID shifted Pet Owners' behavior?

Comparing to YAG, penetration of Dog/Cat food shot up in mid-March



Source: Numerator Insights – Data Explorer; Timing: 12/30/2019 – 8/16/2020

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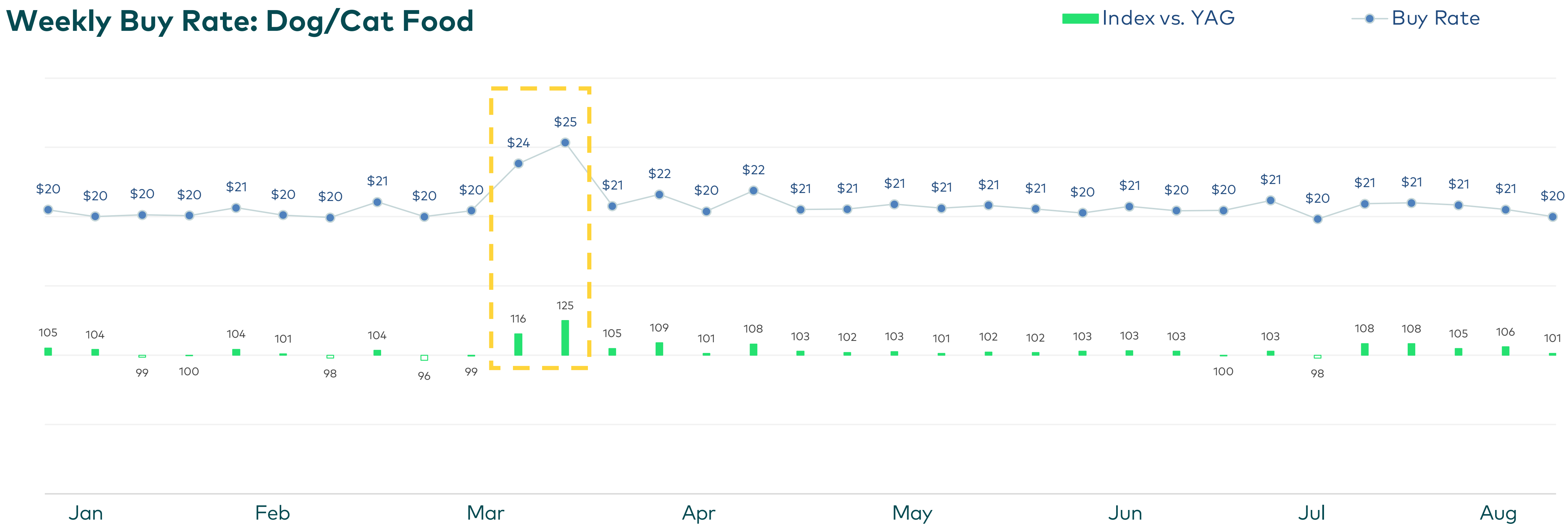
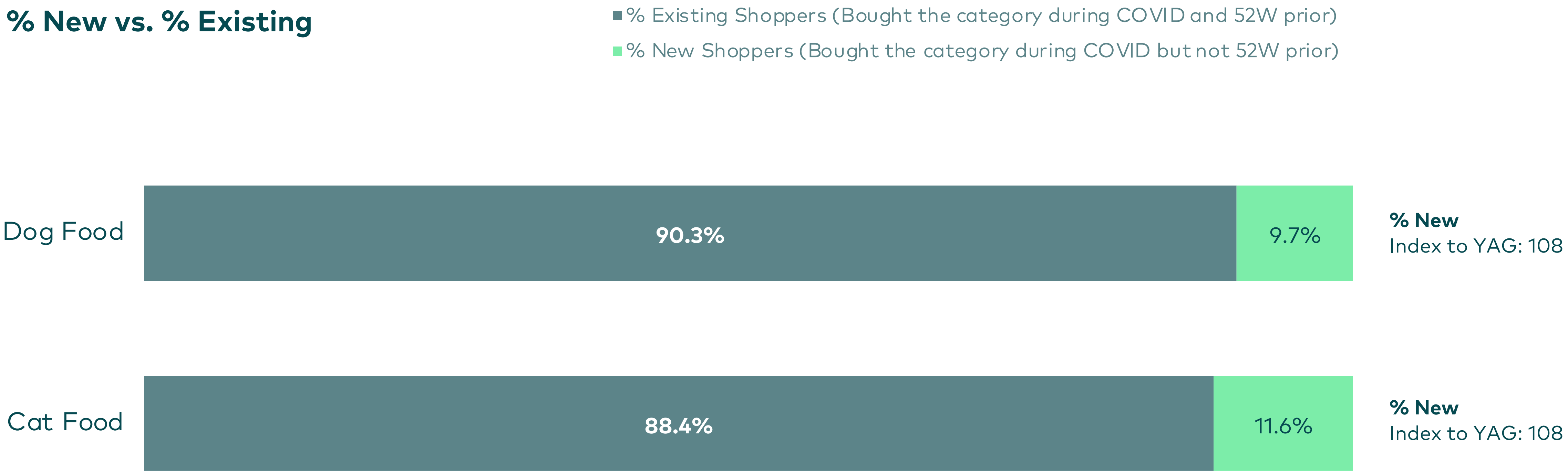
The average HH spend on pet food spiked during the initial COVID outbreak, indicating shoppers are stockpiling



While pet adoption rates increased as a result of COVID, it might not be fully driven by the influx of new pet owners



Source: Numerator Insights – Promotion Effectiveness; COVID Period: 3/1/2020-5/31/2020; P52W: 3/3/2019 – 2/29/2020

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Pet owners are not cutting "extra" expenses for their pets during COVID. In fact, they spend more on treats or toys!

Buy Rate: COVID vs. YAG

Dog Treats & Toys

Total: $57.43 (Index to YAG: 106)

By Numerator Dynamic Recession Segmentation…*

	COVID	Index vs. YAG
Scared & Struggling	$54.06	100
Glass Half Full	$57.90	107
Life on Pause	$63.73	100
Pushing Forward	$60.62	107
Living My Frugal Life	$56.05	108
Full Speed Ahead	$65.84	107

Cat Treats & Toys

Total: $28.17 (Index to YAG: 113)

By Numerator Dynamic Recession Segmentation…*

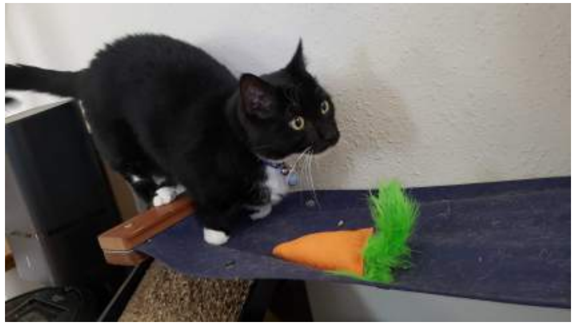
	COVID	Index vs. YAG
Scared & Struggling	$29.76	107
Glass Half Full	$29.17	108
Life on Pause	$33.57	133
Pushing Forward	$30.31	120
Living My Frugal Life	$25.28	112
Full Speed Ahead	$26.83	110

Source: Numerator Insights – Data Explorer; COVID Period: 3/1/2020-8/16/2020
*A custom segmentation via a large-scale longitudinal tracking survey administered quarterly to Numerator's OmniPanel

This is likely because shoppers are staying home with their pets more and want to spoil them

Reasons for Purchasing More Treats/Toys

More people in my home than usual
There was a promotion/sale
Home with my pet more
Spoil my pet
Distraction tactic
Training

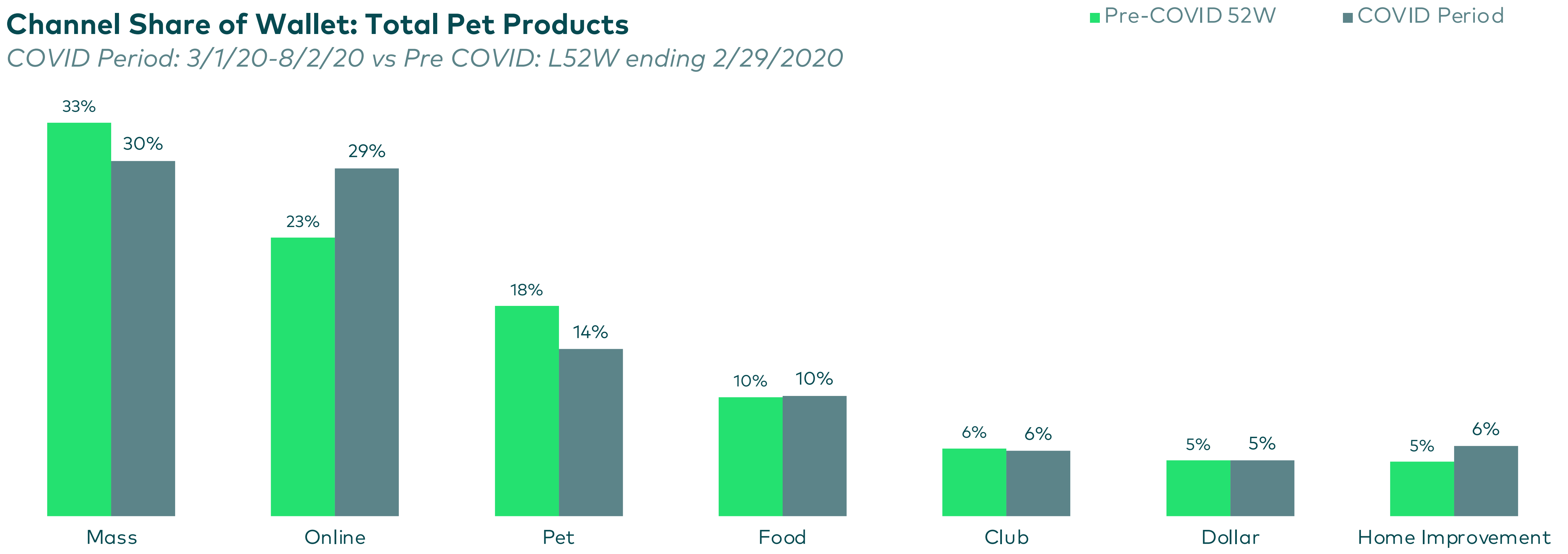


Source: Numerator Survey (August 2020); Base Size: N=52
Q. Why have you purchased more treats for your pet during COVID-19 than you normally would?

Shoppers shifted their pet spend online during the COVID period and away from Mass, Pet and Club channels

Channel Share of Wallet: Total Pet Products

COVID Period: 3/1/20-8/2/20 vs Pre COVID: L52W ending 2/29/2020



Index to Channel SOW in L52W ending 2/29/2020

Mass	Online	Pet	Food	Club	Dollar	Home Improvement
90	125	80	100	95	101	128

Source: Numerator Insights – Share Explorer; COVID Period: 3/1/2020-8/2/2020; P52W: 3/3/2019 – 2/29/2020

Total Pet Food & Treats is growing at the fastest speed online during COVID

	Channel Share of Spend During COVID: B&M vs. eComm		eComm Share of Spend during COVID: Index to Pre-COVID (P52W ending 2/29/20)
	B&M	eComm	
Total Pet Sector	69%	31%	128
Pet Food & Treats	75%	25%	**132**
Pet Supplies	58%	42%	119
Pet Prescriptions	21%	79%	116

Source: Numerator Insights – Share Explorer; COVID Period: 3/1/2020-8/2/2020; P52W: 3/3/2019 – 2/29/2020

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eCom SOW has grown across all Pet Food & Treats categories during COVID particularly for Cat and Dog Food

	% HH Penetration During COVID (3/1/20-8/2/20)	Channel Share of Spend During COVID: B&M vs. eComm		eComm Share of Spend during COVID: Index to Pre-COVID
		B&M	eComm	
Total Pet Food & Treats	**75.5%**	75%	25%	132
Total Dog & Cat Treats	51.6%	80%	20%	125
Total Dog Food	44.2%	67%	33%	**132**
Total Cat Food	33.0%	70%	30%	**144**
All Other Pet Food & Treats	13.8%	79%	21%	128

Source: Numerator Insights – Share Explorer; COVID Period: 3/1/2020-8/2/2020; P52W: 3/3/2019 – 2/29/2020

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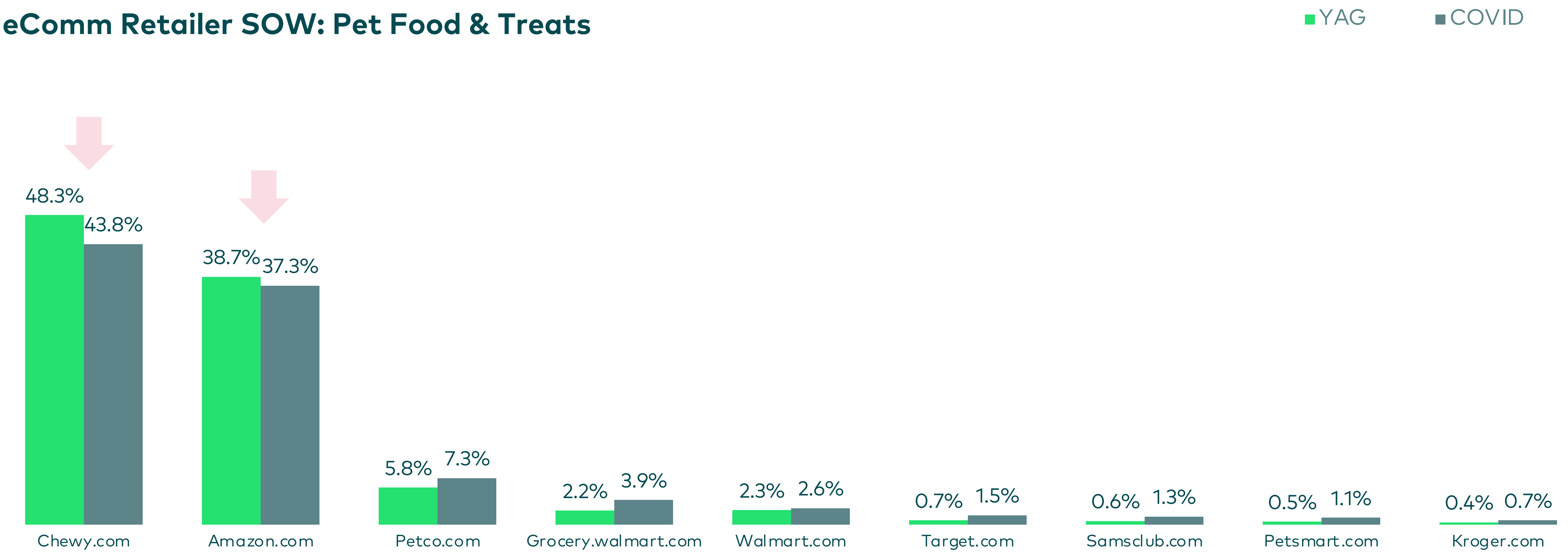
Shoppers online Pet Food & Treats dollars are shifting from Chewy and Amazon to retailer.coms…

eComm Retailer SOW: Pet Food & Treats



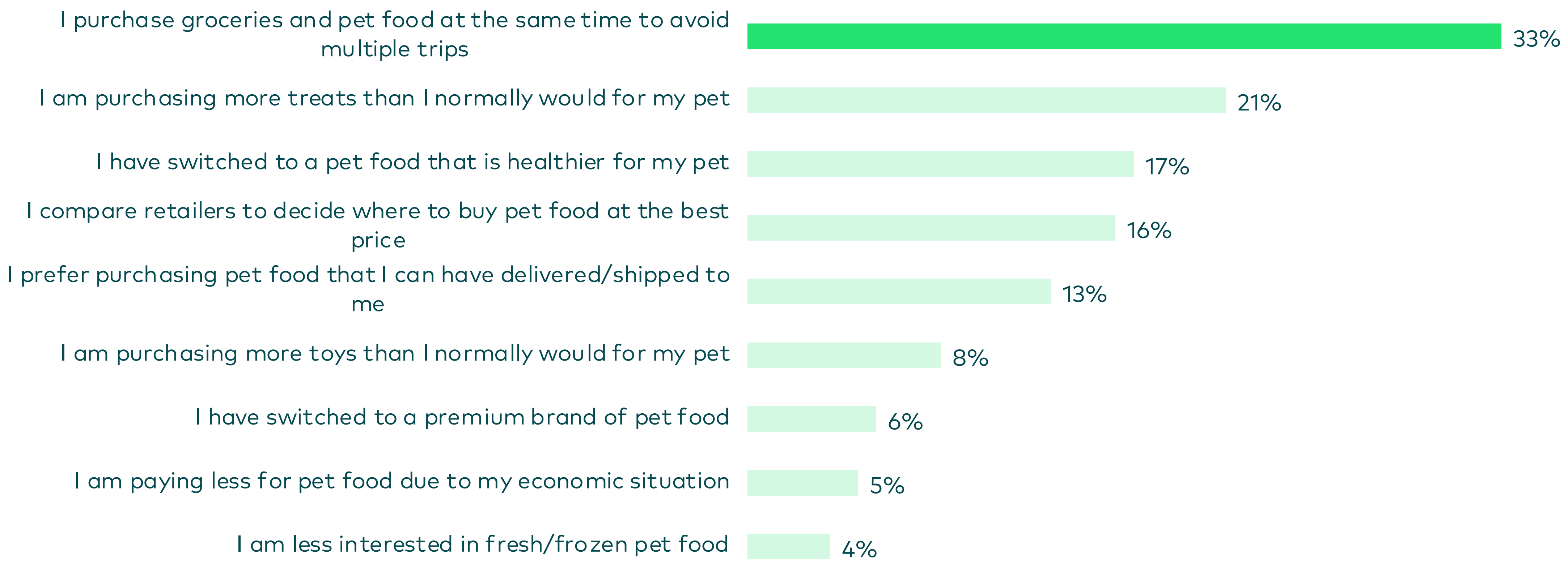
Index vs. YAG

Chewy.com	Amazon.com	Petco.com	Grocery.walmart.com	Walmart.com	Target.com	Samsclub.com	Petsmart.com	Kroger.com
91	96	**124**	**180**	**112**	**225**	**207**	**210**	**162**

Source: Numerator Insights – Share Explorer; COVID Period: 3/1/2020 – 8/16/2020
How to read: Amazon captured 43.8% **of eCom Pet Food & Treats dollars** during COVID while it captured 48.3% the same time period YAG

…which is likely because shoppers consolidated purchases during COVID to avoid multiple trips

Change in Pet Shopping Behaviors since COVID Period



Source: Numerator Survey (August 2020); Base Size: Total (251)
Q. How have your pet shopping behaviors changed, if at all, during the COVID-19 pandemic?

What we are seeing

- Adoption rates reportedly increasing as a result of COVID and has been driven by both new and existing pet owners.
- In addition to the pandemic surge, America's pet obsession has been growing every year and HH spend on pets continues to grow, even among financially-constrained households.
- Along with household essentials, shoppers also stockpiled pet products at the beginning of the pandemic
- Like many others, COVID accelerated the movement to online for pet categories. Shoppers are now spending more of their pet food dollars at grocery.com sites to avoid multiple trips.
- Pet owners are brand loyal: engaging them at early touchpoints to win their 1st purchase is key.

Why it matters to you

- COVID may have brought an unexpected number of new pet owners, which pose a profitable opportunity for brands and retailers.
- Rising pet adoption rates may also be driven by existing pet owners, which presents opportunities to attract non-brand buyers as they look to find the right products for new pets.
- To capture new pet owners' first trip, consider building brand exposure through early touchpoints, such as rescue centers, breeders, vet or popular online pet communities.
- Brands must secure a solid online presence, but pet specialty stores also present unique opportunities since they capture a disproportionate amount of new owners spend.
- Price point might prevent some experienced owners from continuing shopping at pet retailers, so build awareness of price guarantee programs to help with retention.

Appendix

Work with your Numerator consultant to find out more about your most important customers

DOGGO-GRAPHICS

- Profile households by number of dogs, their age, and size
- Categories, brands, and retailers they're considering - and why
- How loyalty patterns change over time

CATTO-GRAPHICS

- Profile households by number of cats, their age, and indoor / outdoor status
- Categories, brands, and retailers they're considering - and why
- How loyalty patterns change over time

OTHER PETS

- Profile households by other types of pets in the family
- Categories, brands, and retailers they're considering - and why

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NEW FRONTIERS

Learn how your customer's behavior is shifting

hello@numerator.com