



DATAWEAVE

# **Petcare eCommerce Report:**

How brands can leverage digital shelf analytics to grow their sales and market share profitably

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The US Petcare industry is booming. According to Statista, the industry was \$60.2 billion in size in 2015 and will reach \$93.1 billion by only 2025.

This growth is driven by a combination of an increase in the number of new pets across the country as well as in the average spend per pet. It's no secret that pet owners love to spend money on their pets! With 5 million more pets in the US since the pandemic began, **Morgan Stanley** predicts an 8% annual growth in the pet industry by 2030. The report also states that the average spend will increase to \$1,320 per pet by 2025 and continue to grow to reach \$1,897 by 2030.

### US Pet Market

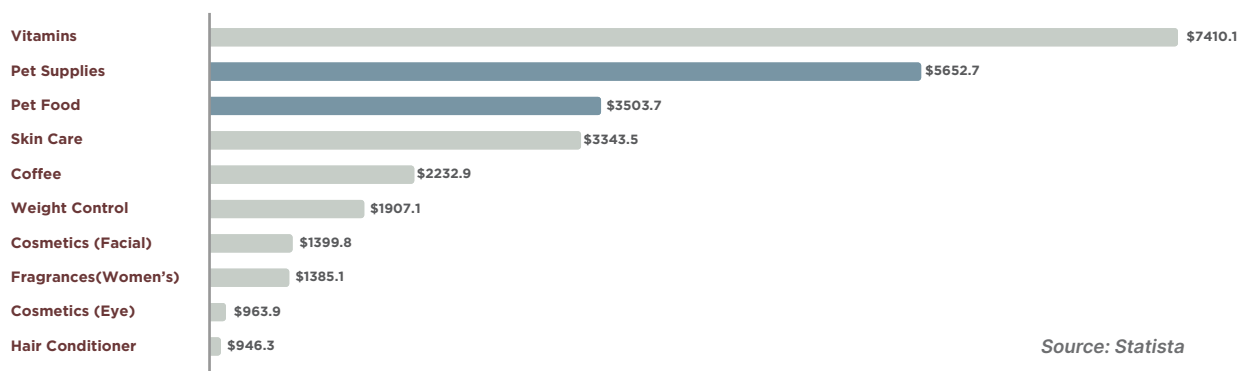


Source: Statista

Another key force behind this growth is eCommerce. According to market research firm eMarketer, the share of eCommerce in the total sales of pet food products has risen from 13.3% in 2016 to 36% in 2022. The firm also projects that this number will grow to 45.7% in 2025 - almost half of all sales in the industry. In fact, petcare is among the leading product categories in eCommerce sales across all of CPG, as shown in the following chart.

### Leading US eCommerce CPG categories

In Millions of USD



Source: Statista

However, the rise of eCommerce in this category has resulted in intense competition among petcare brands due to the relative ease of tracking and winning against their competitors. This is in stark contrast to the complexities of competing in traditional, offline retail. Brands that now win online are the ones that have the intent and the capability to track and optimize their presence across all of their online channels while ensuring they drive higher visibility for their products relative to their competitors. This is easier said than done.



In addition, market dynamics and fluctuating macroeconomic environments add further cause for petcare brands to keep an eye on their competition. For example, the current period of inflation may increase prices across the board. COVID-driven supply chain challenges may result in inconsistent stock availability of products across brands, which could be capitalized on by a competitor. Modern eCommerce teams need to stay on top of these trends and respond almost in real-time to stay ahead.

As a result, petcare brands need accurate, timely, and actionable intelligence on their competitors and their eCommerce presence. At DataWeave, we provide consumer brands with digital shelf analytics, a suite of solutions that enables them to accelerate online sales via monitoring and optimizing KPIs such as share of search, product content quality, stock availability, promotions, and reviews.

In this report, we present a few key insights derived from our AI-powered data aggregation and analysis platform about the state of the petcare industry. Here, key digital shelf performance metrics such as stock availability, discounts, and share of search are examined to unearth unique views into the performance of leading brands and retailers in the industry.

## Analysis Methodology

For this exercise, we tracked the data of 5,000+ SKUs to analyze stock availability and discounts, and 100,000+ SKUs to analyze the share of search for leading brands in the US. The timeline of our analysis spans October to December of 2021 and 2022 to capture the state during the more dynamic holiday seasons. The following table presents a summary of the pet food product brands, retailers, and other relevant details about the scope of our analysis.

### Petcare Brands



### Retailers



### Keywords for Share of Search

Branded and non-branded keywords across pet supplies such as Dog Food, Cat Food, Dry Dog Food, Canned Kitten Food, etc.

### Timeline

October to December, 2021 and 2022

### Digital Shelf KPIs studied

Stock Availability, Discount, Share of Search



## Insights

### Stock Availability

Maintaining a healthy level of stock availability is very important for the e-commerce teams of modern CPG brands. It plays a key role in driving higher Share of Search for their products on e-commerce websites. Even if any of their products are replenished quickly after being stocked out, it takes quite some time to regain the lost ground in terms of Share of Search or brand discoverability. In addition, optimizing hyperlocal stock availability is also important. Even if the availability is high at an overall level for a specific retailer, brands will still need to monitor and optimize store-level availability to ensure media campaign efficacy, discoverability, and sales.

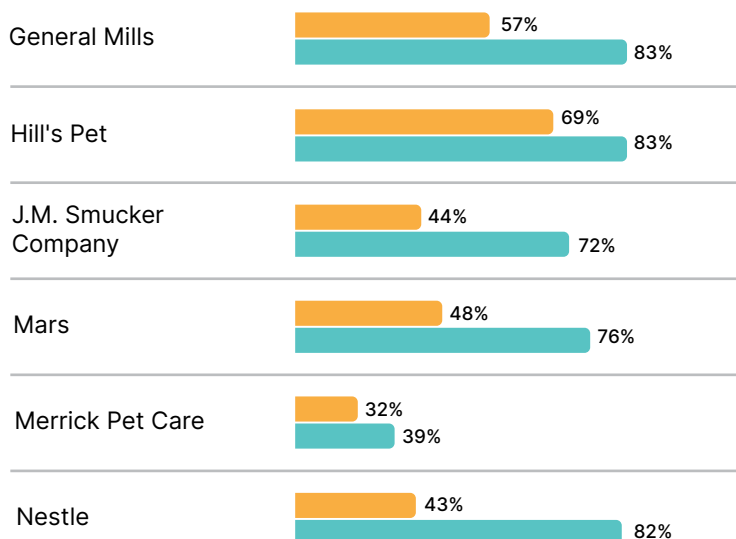
Detailed insights on the benefits of a higher Share of Search for brands are mentioned further along in the report.

The following chart shows how the stock availability of leading petcare brands changed year-over-year during the holiday seasons of 2021 and 2022.

The stock availability of petcare products across all brands and retailers shot up by 24%, from a measly 52% in 2021 to 76% in 2022.

### Stock Availability by Brand

2021 2022



This follows a general trend of **easing supply chain pressures** globally post-pandemic. General Mills, Hill's Pet, and Nestle are the "most available" pet food brands in 2022.

Interestingly, Nestle faced severe supply chain challenges in 2021, which is reflected in the brand's average availability of just 43% during the year. In its **annual report**, the company stated that,

*"2021 saw continued impact from the COVID-19 pandemic along with new supply chain pressures. Nestlé is navigating these challenges as we consistently pursue our long-term strategy."*

Our data indicates that Nestle has bounced back incredibly to now have an average of 82% of its petcare products in stock in 2022.

In addition, we drilled further into the data and analyzed if there were any variances in stock availability between Cat Food and Dog Food among the leading brands. A few differences were seen between these two categories for a few specific brands.



All brands except J. M. Smucker and Mars stocked their dog food better than cat food. The difference, however, wasn't very large except in the case of Merrick Pet Care, which had only 17% of its cat food products in stock compared to 54% of its dog food. While the stock availability level is low here overall, there is a clear preference for dog food than cat food, which perhaps mirrors the consumer demand patterns on this website.

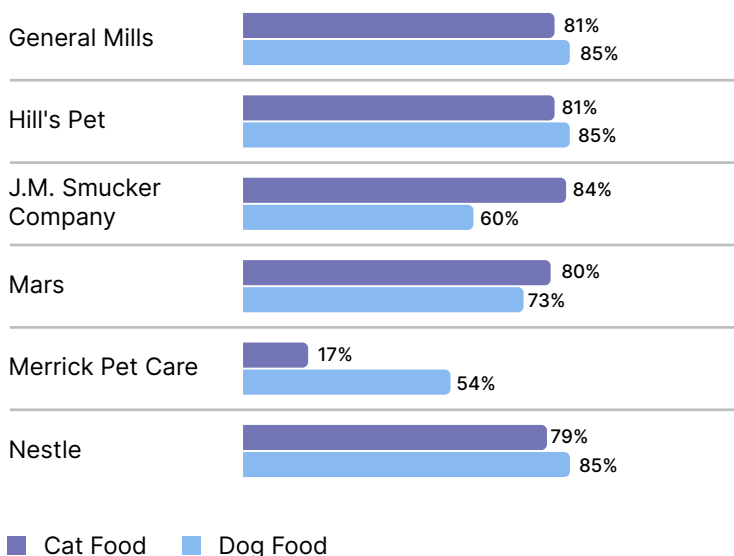
## Discounts

Next, we analyzed the prices across all products in the petcare category to know how discounting approaches varied across brands and retailers.

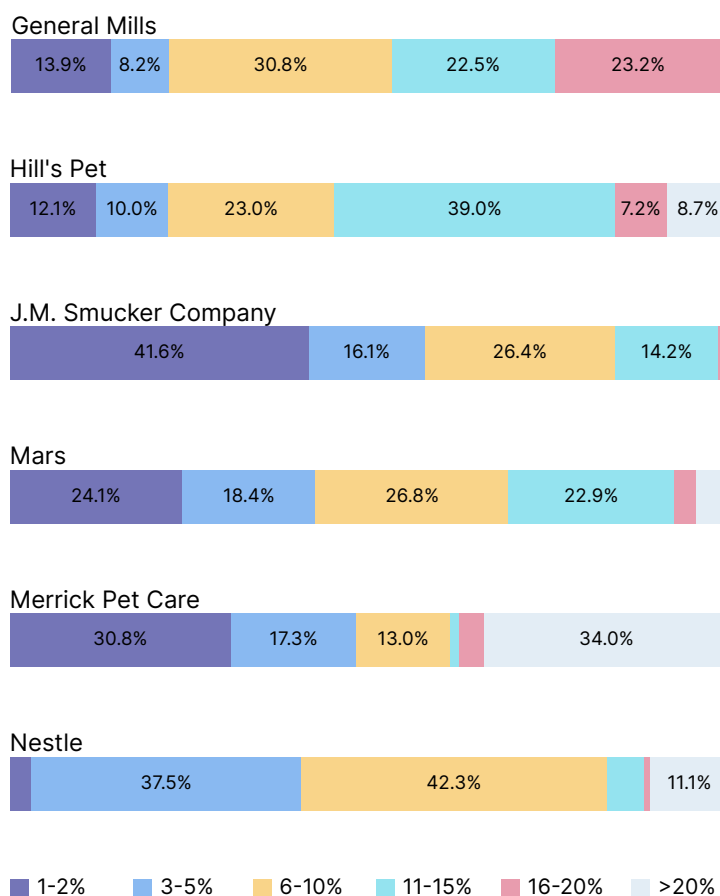
In general, the data indicates the discounting strategies of the analyzed brands are quite divergent.

J. M. Smucker, Nestle, and Mars have a relatively greater share of their products priced at the lower discount ranges. On the other hand, Merrick has products priced either at very low or very high discount levels, operating primarily at the extremes of price. General Mills has a healthy representation of its products across almost all discount ranges, with the exception of the 20%+ range.

## Stock Availability by Category and Brand



## Discount Levels across Brands

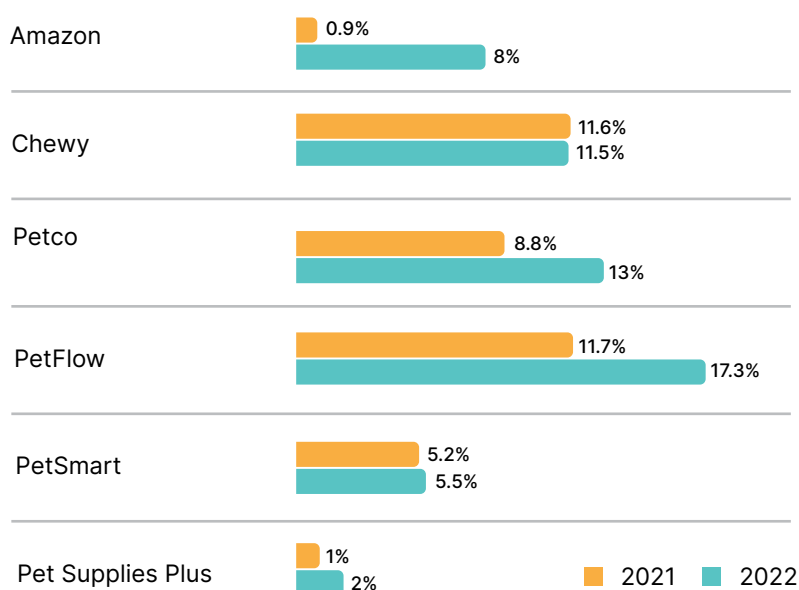




It is important to note here that the pricing strategies of each brand is not determined by the brand alone but also by its eCommerce partners.

Let's consider General Mills as an example. We studied how its prices varied across e-retailers, as shown in the chart below. The chart also highlights how the pricing varied across each of the months of our analysis in 2021 and 2022.

### Comparison by Year: General Mills Discounts across e-Retailers



On average, PetFlow, Petco, and Chewy offered the most aggressive discounts in petcare, while Amazon, PetSmart, and Pet Supplies Plus were the most conservative in their pricing. On PetFlow, Petco, and Amazon, the level of discounts rose sharply in 2022 compared to 2021, potentially as a mechanism to account for inflationary pressures and a more intense competitive landscape.

It is vital for each petcare brand to have access to similar analysis on an ongoing basis to ensure relative price parity across eCommerce channels, which directly impacts their brand equity. Consumers who see a large variance in the prices of a brand's products across different eCommerce websites are likely to have an inconsistent perception of the brand and its market positioning.

## Share of Search

As petcare brands strive to compete in an increasingly competitive eCommerce channel, they need to find ways to stand out and be visible to shoppers. In addition, most consumers begin their shopping journey on an eCommerce website by searching for the desired product.

At DataWeave, we provide brands with actionable insights on the share of their products (and that of their competitors) in the top search results of relevant search keywords or key phrases. These insights can then be used by them to take actions to boost their share of search via promotions or other organic methods.

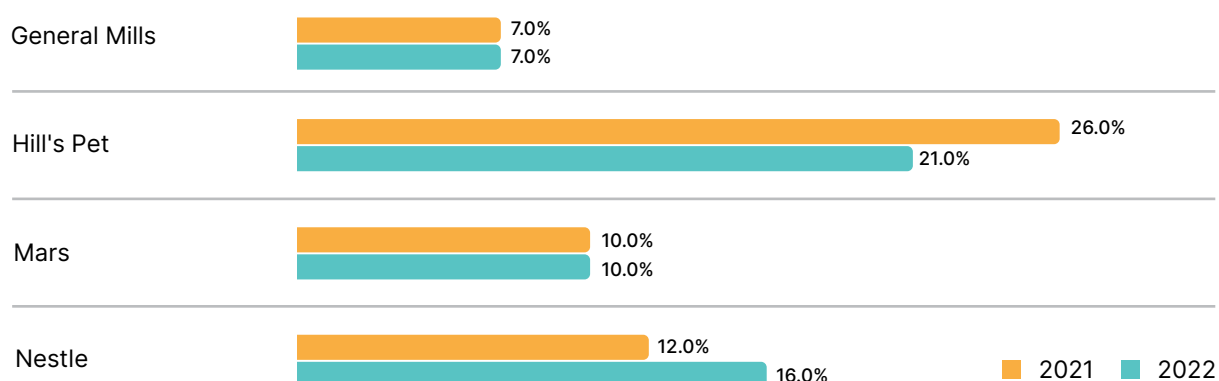
In our analysis, we find that Hill's Pet, Mars, and Nestle together account for almost half of the share of products in the top 10 search results for relevant non-branded search keywords in 2022. In 2022, Hill's Pet led with a Share of Search of 21%, though it fell marginally from a higher share of 26% the previous year. This correlates well with the brand's high stock availability of 83%.



Its share of search drop might have been driven by the rising share of Nestle, from 12% in 2021 to 16% in 2022.

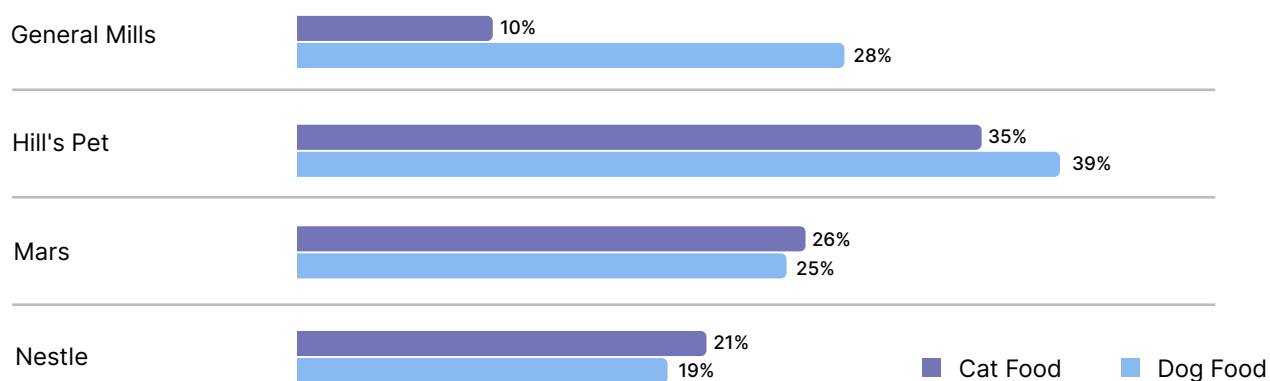
Further analysis (not represented in our charts) revealed that several new, small-scale brands have recently entered the market and gaining more share. Some of these are Chicken Soup For The Soul, Justfoodfordogs, Stella And Chewys, Tiki, Victor, and Open Farm. Many of these brands focus on health and feature-focused keywords like grain-free, low-fat, diabetic, etc., to stand out from the competition.

### Share of Search of Brands across Years



Next, we studied the difference in the share of search between the cat food and dog food categories. The data shows that Mars and Nestle have a largely identical share between the two categories. However, with General Mills, its dog food category far outperforms its cat food category in terms of its visibility on search.

### Share of Search of Brands across Categories in 2022

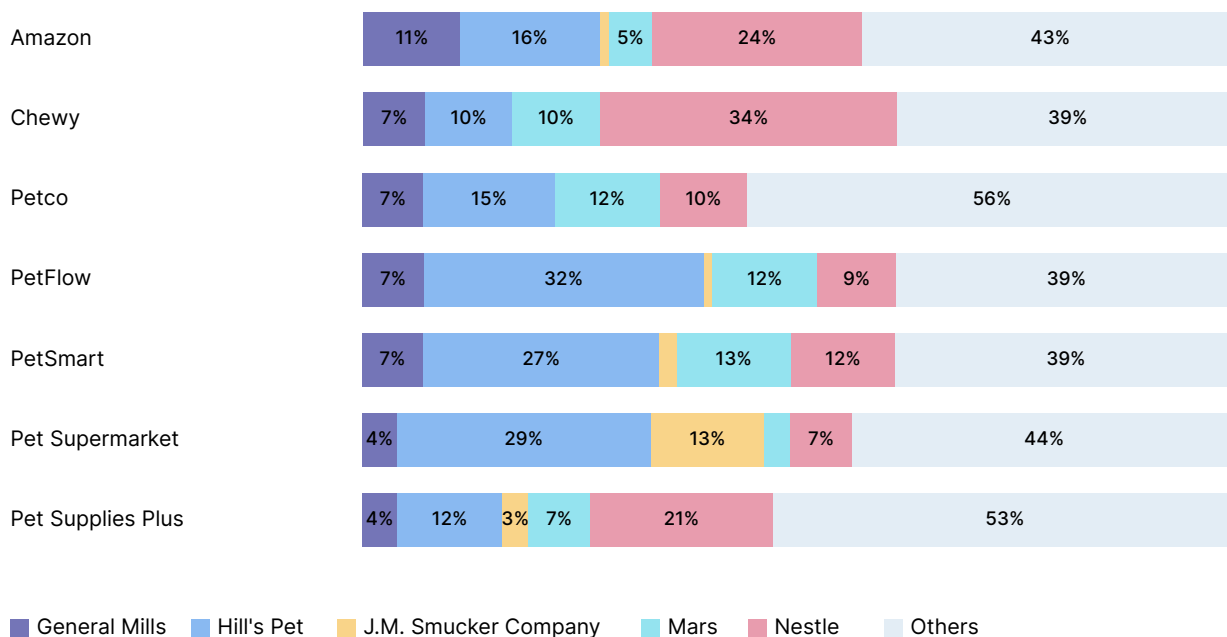


A brand's share of search is often different across eCommerce websites due to varying promotion strategies, search algorithms, content quality, conversions, and more. This is apparent in the chart below. Therefore, it's important for a brand to consistently track the websites they have a high share in - to maintain leadership - and a low share in - to take corrective action.



For example, while Nestle has a high share of search on Chewy, Amazon, and Pet Supplies Plus, its share is quite low in PetFlow and Pet Supermarket. J. M. Smucker has almost a negligible share across all eCommerce websites, except Pet Supermarket, where they have a relatively higher presence in the top search results. General Mills, interestingly, has a relatively consistent share across most websites without any dramatic variations.

### Share of Search of Brands across e-Retailers in 2022



## Winning in eCommerce for petcare brands

Adapting to eCommerce is an ongoing challenge for CPG companies. In its **2022 Annual Report**, General Mills stated,

*"If we fail to anticipate, identify or react to these changes and trends, such as adapting to emerging eCommerce channels, or to introduce new and improved products on a timely basis, we may experience reduced demand for our products, which would in turn cause our revenues and profitability to suffer."*

This has been a consistent theme in the last few years. As one of the largest categories in CPG eCommerce, petcare brands increasingly need to

build a holistic approach to winning online. This includes keeping an eye on (and optimizing) their own presence in the online channel and benchmarking their performance against their competitors. And due to the highly dynamic nature of online retail, brands need to do this every single day.

DataWeave's suite of solutions enables brands to improve their stock availability, optimize their content, gain a competitive pricing advantage, boost their online visibility, sharpen their digital retail media spend, and more.

**Talk to one of our experts** today to learn more!





## For Retailers

### Commerce Intelligence

Drive profitable growth by making smarter pricing, promotions and product merchandising decisions with timely and up to date competitive insights.

## For Consumer Brands

### Digital Shelf Analytics

Optimize your eCommerce performance and sales by leveraging insights on share of search, product content, stock availability, promotions, and reviews.

### Brand Protection

Protect your brand equity online by minimizing MAP violations, unauthorized merchants, and counterfeit products.

## Sign up for a demo

Questions?

Email us at [contact@dataweave.com](mailto:contact@dataweave.com)

For more on DataWeave, visit

[www.dataweave.com](http://www.dataweave.com)



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