

PET FOOD INDUSTRY REPORT

INDARU



Independent Media & Data Advisors

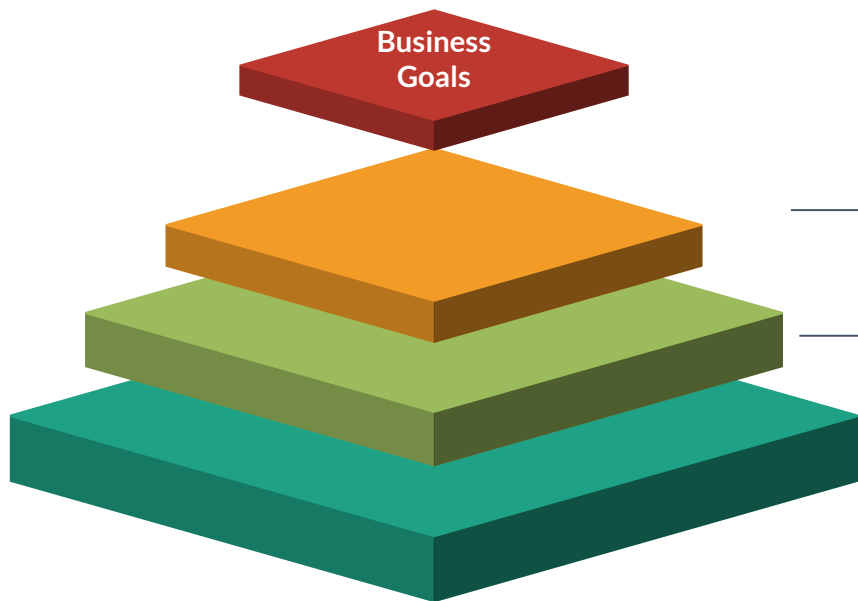
Who are we

INDARU is an independent consulting firm
specialized in media and data analysis

Our mission

**We exist to help brands extract all the value
from their media investments**

We provide services around media consulting, media audits and data & analytics with the final goal of optimizing advertisers ROI



Data Science & Analytics

Strategic media and business recommendations based on data

Media Audits

How is my current media investment performing? Are there currently any opportunities to improve?

Media Consulting

Which agencies should I work with? Do I have the right Ad Tech tools? How should my marketing department look like?

Indaru brings unfettered and fast advice from years of experience in data analytics and media



Independent Advice

Not tied to any media agency, technology vendors or advertisers



Owner-Operated

No red-tape of a corporate firm, enabling us to be agile and responsive



Data & Media Experts

Experts in data analytics make half the team while the other half are experts in media

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Executive summary

1

Global pet market value will be valued at USD 225 Billion by 2027 (p.13) driven by **growth in LATAM and APAC** (p.20-21), the movement towards **more premium products** (p.15), and **pet humanization trend** (p.30-52)

2

In 2022, the **U.S. is the biggest market followed by China, Brazil, UK, Japan, Germany, and France** (p.22). The top 2 companies, Mars and Nestle, control 30% of the market but the rest is very fragmented (p.24-25)

3

With **pet owners treating pets like part of the family and some even as an alternative to children** (p.37-39), development in human lifestyle will continue to reflect development in pet care such as specialized diets (p.40-48) and cannabidiol (CBD) use (p.49-50)

4

The main purchase decision-maker in the pet food category is the **female Millennial or Gen X** belonging to a household with more than 2 adults (p.56-58)

5

Since pet owners are more receptive to advertising across a wider range of media (p.60-63), **Marketing Mix Modeling (MMM) is important to reach your target audience efficiently and effectively**

Executive summary

- 6 Millennials are the **primary shoppers in a multi-person household** (p.66). Aside from price, proximity, research, reviews, and home delivery, **automation or online subscription is becoming another important factor** for Millennials (p.69, 76, 81)
- 7 Gen X are as **willing to try new products when shopping online** as younger generations (p.93). They are influenced more by retailers so **retailer-partnership is important** (p.87). They are the biggest spenders and are **willing to pay for convenience** (p.84-86)
- 8 The pet food industry's future is at risk as Gen Zs have **low interest in pet ownership and low awareness in brands** (p.103-105). Reaching Gen Zs effectively will be challenging since they are omni-shoppers and consume a wide range of media (p.98-102)
- 9 **Pet Industry only spends 9% on digital while the rest of the categories are already at more than 60%** (p.108). Across industries, marketers continue to increase spending on digital and decrease spending on traditional media (p.110)
- 10 Even with recent innovations, **marketers continue to face challenges in making the most out of digital media** such as connecting demand-side platforms with other marketing tools and limiting media waste (p.114-115)

Recommendations to growth your business

1

Increase your digital presence: Online purchasing is growing (12%) however pet industry investment is only a 9% lagging far behind other industries. Marketing spend on digital is consolidated and growing in other industries due to its personalization and measurement capabilities.

2

Approach your audience with relevant content and measure its effectiveness.

With the humanization of pets, trends in the **personal lives of people are reflected in pet care** such as **health and nutrition**. Use these trends to reach your audience with different creatives and messages and test which works better and which helps you the most to engage with your audience.

3

The importance of measurement: pet owners are impacted by advertising across a wider range of media, with multiple touch points where measurement is key. **Marketing Mix Modeling (MMM) is the best tool to measure which is the best media mix to target your audience efficiently and effectively.**

Recommendations to growth your business

4

How to approach millennials: Automation/online subscription is becoming a sought after feature. Leverage your knowledge of your customers and build a **strong 1st party strategy** to engage with them, work on their loyalty and strength your relationship.

5

How to approach GenX: Gen-Xers are not only influenced by brands but also by retailers. Retailers play an important role in the shopping process. Work on an **omnichannel strategy** and track it with **marketing dashboards** that will allow you to see real time data from different sources to help you take better decisions.

6

How to approach Gen Z: The lack of loyalty to any brand is an opportunity to build a media strategy based on data where personalization is key. Deliver a better experience to your potential customers taking advantage of ad tech cutting edge tools.

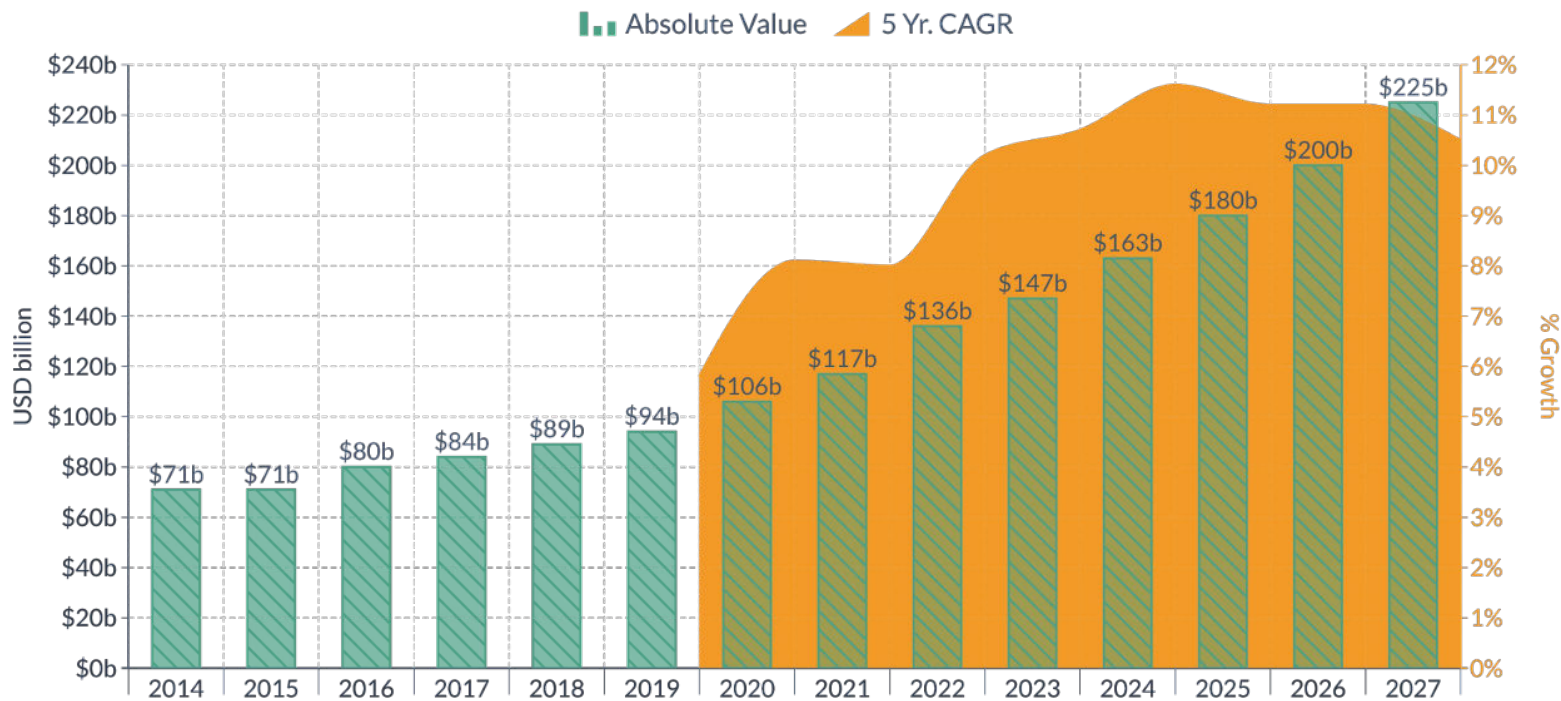
MARKET OVERVIEW

Market overview highlights

- 1 Global Pet Market forecasted to be USD 225 Billion by 2027 with a **shift to higher priced products**
- 2 Consumers will both **spend and buy more pet food** in the next 5 years
- 3 Pet food is largely bought in offline channels (93%), but **online channel is growing (11.7%) thanks to the growing popularity of mobile use over desktop**
- 4 In 2022, **U.S.A. contributes 40% to the global pet food market** while 13 countries contribute the next 40%
- 5 In 2027, N. America will still be the #1 region but **LATAM and APAC will overtake then #2 W. Europe**
- 6 In 2027, **Argentina leaps from 14th to 2nd biggest country** while Indonesia enters the top 80%
- 7 Global Pet Food Production is largely **produced in Europe and N. America**
- 8 The **top 25 companies control almost 50%** of global pet food market value
- 9 **Mars and Nestle are the top 2 companies** contributing close to 30% of global value

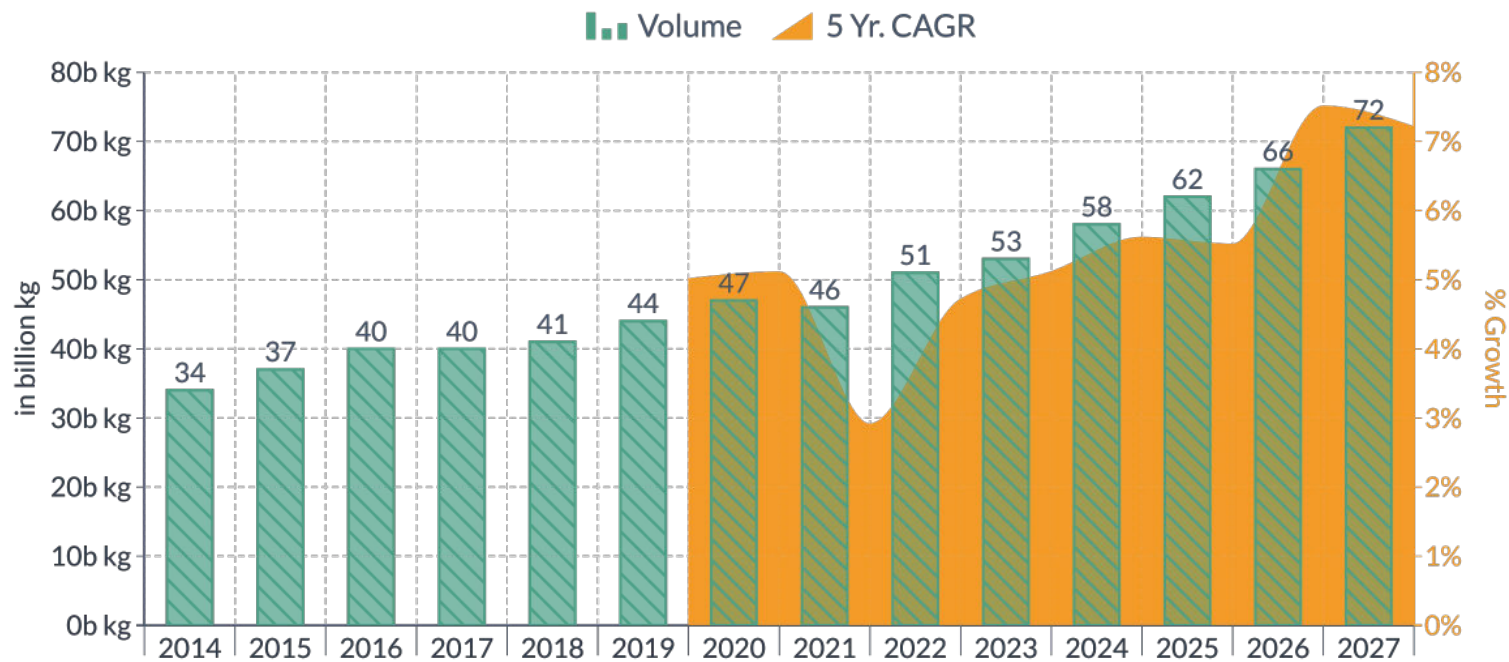
Global pet market value forecasted to grow at 10.5% CAGR for the next 5 years and reach USD 225 billion by 2027

Pet food global revenue



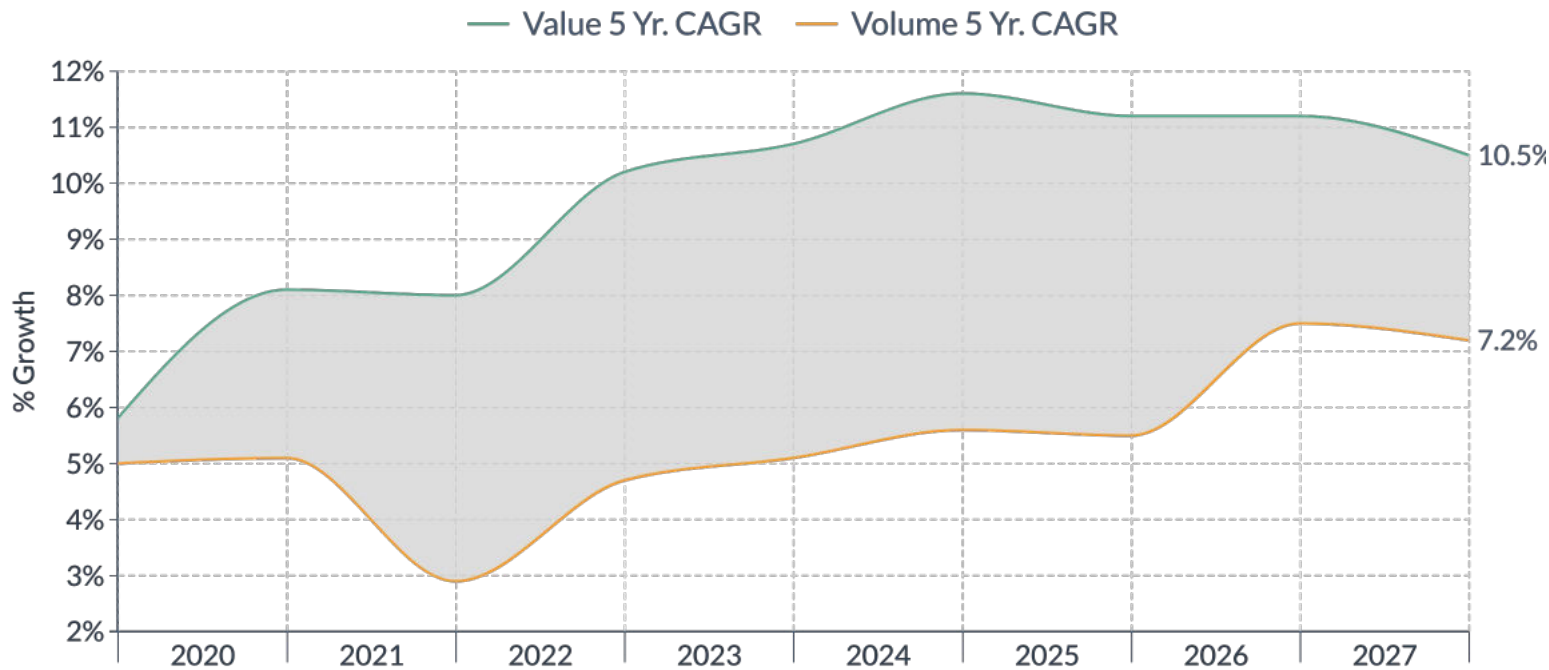
Global pet market volume forecasted to grow at 7.2% CAGR for the next 5 years and reach 72 billion kg by 2027

Pet food global volume



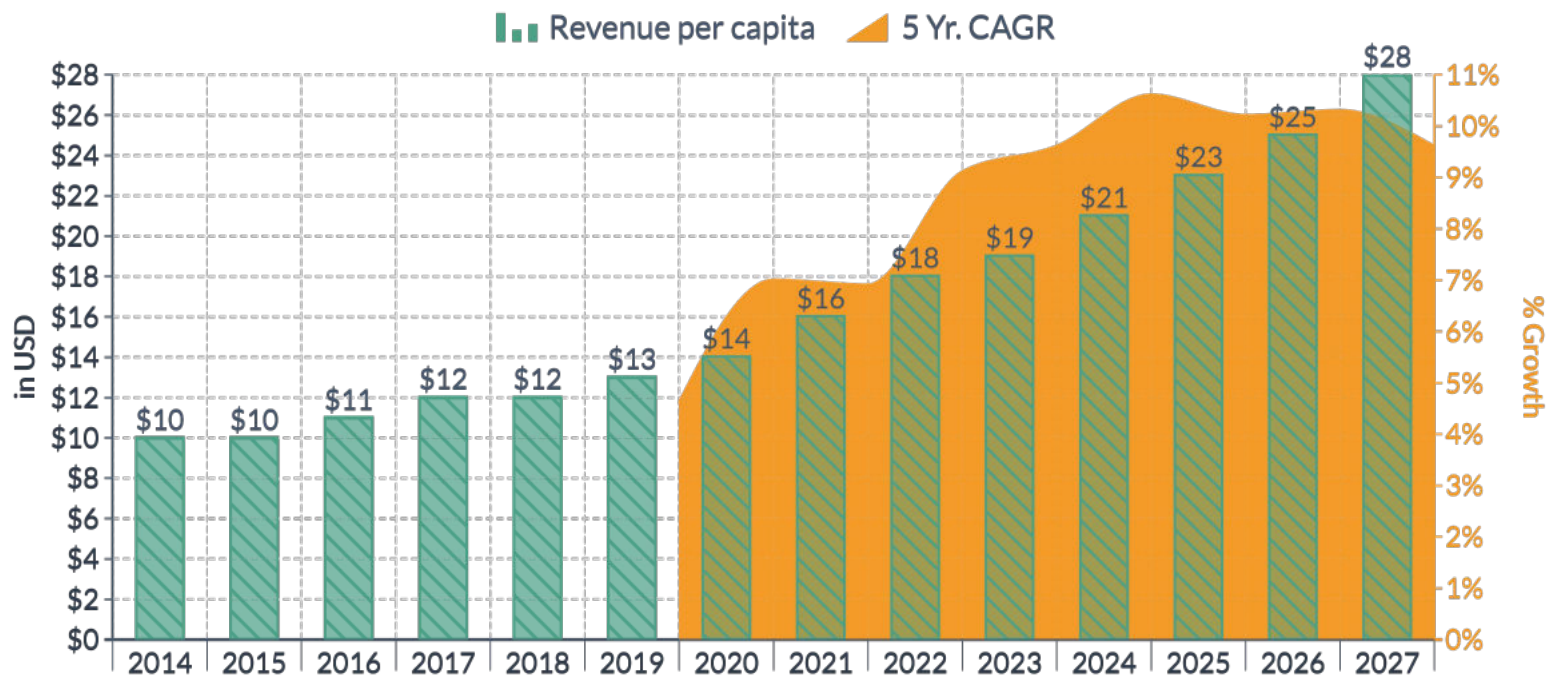
Global pet food market will continue to be more premium with value outpacing volume growth

Comparing pet food value and volume growth



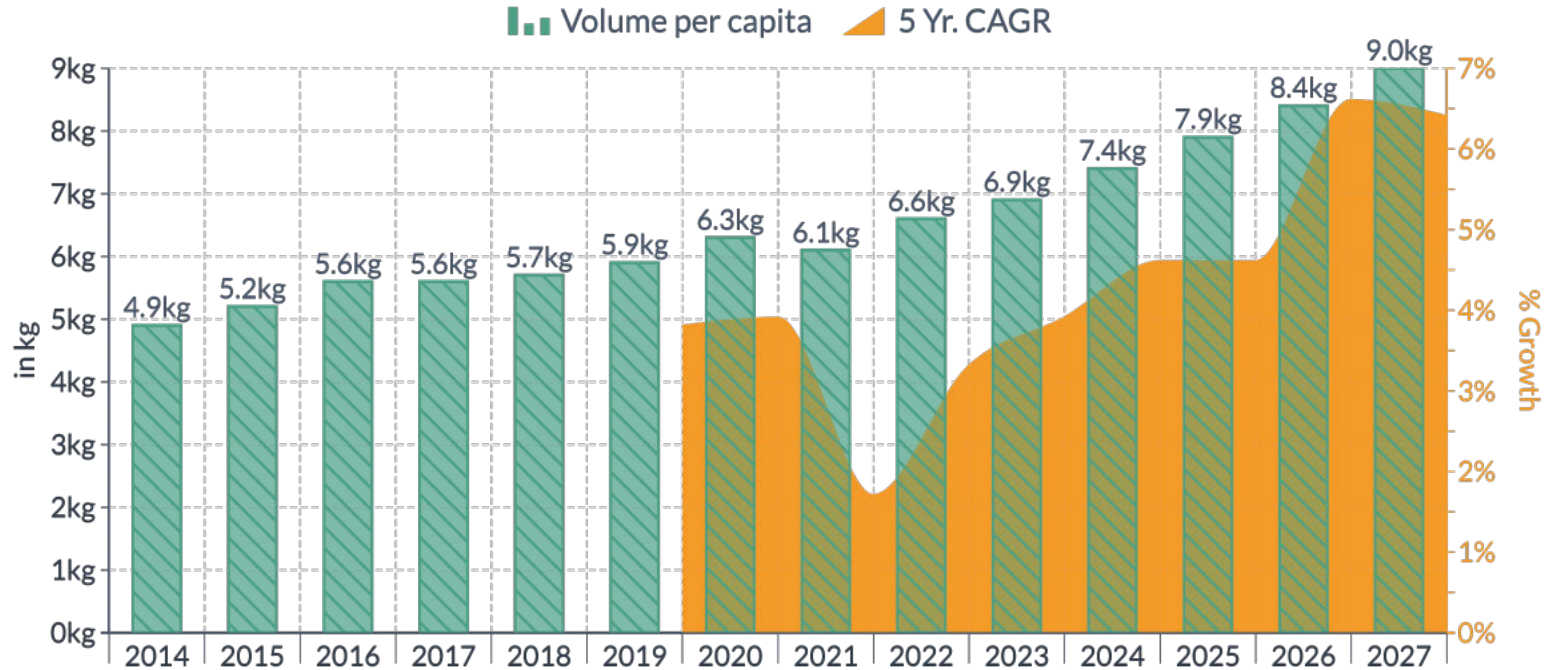
Consumers are expected to spend more on pet food as global per capita spending will increase at 9.6% 5yr. CAGR

Pet food global average revenue per capita



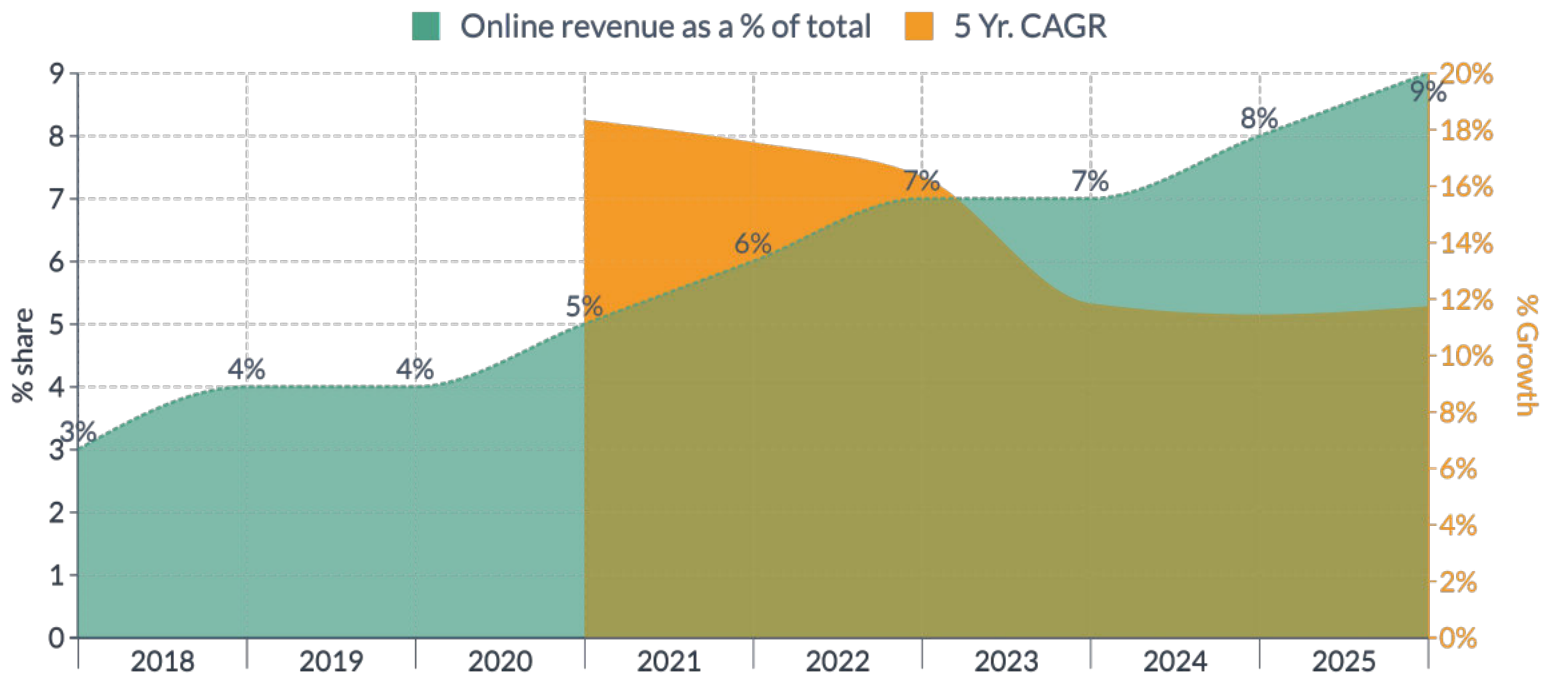
Consumers are expected to buy more quantity on pet food as global per capita volume will increase at 6.4% 5yr. CAGR

Pet food global average volume per capita



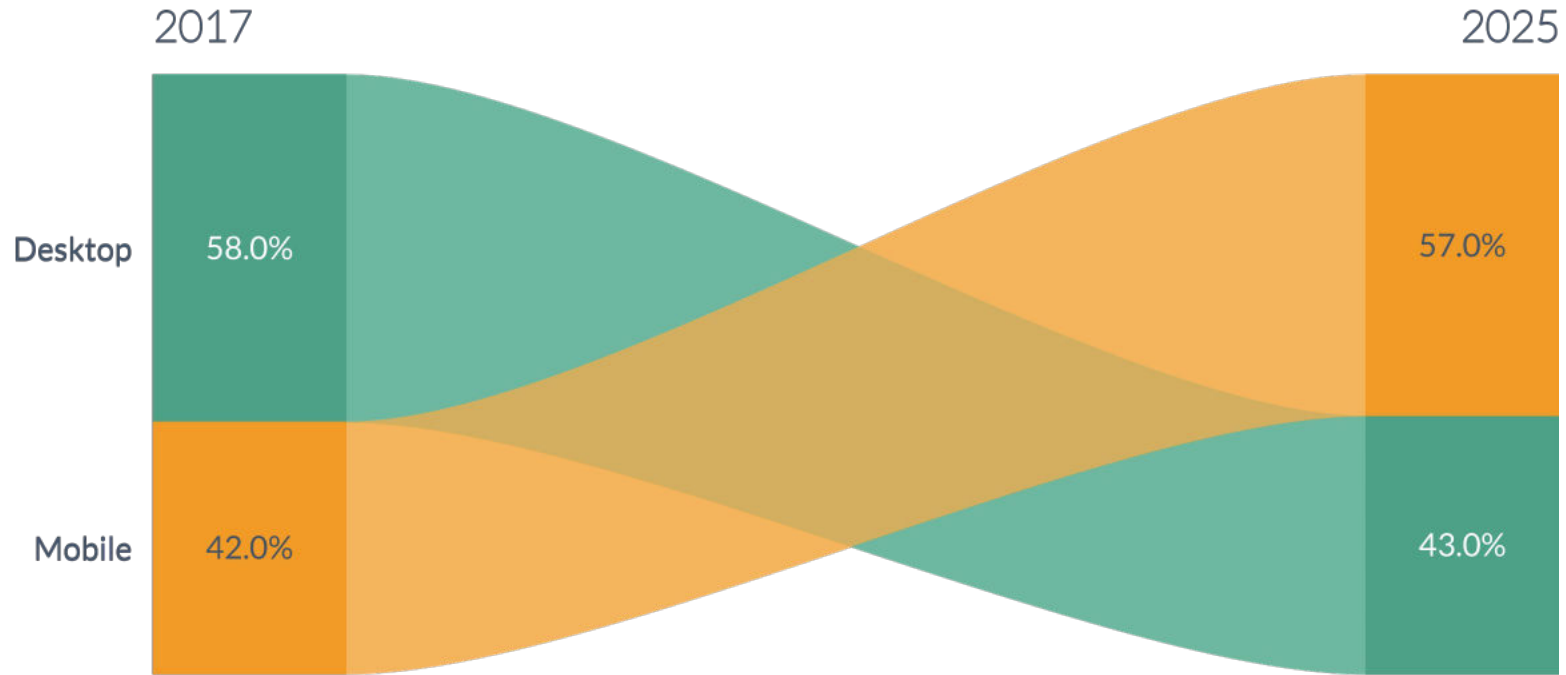
Pet food is still largely bought in offline channels (93%), but online channel will grow at 11.7% for the next 3 years

Pet food revenue of online channels



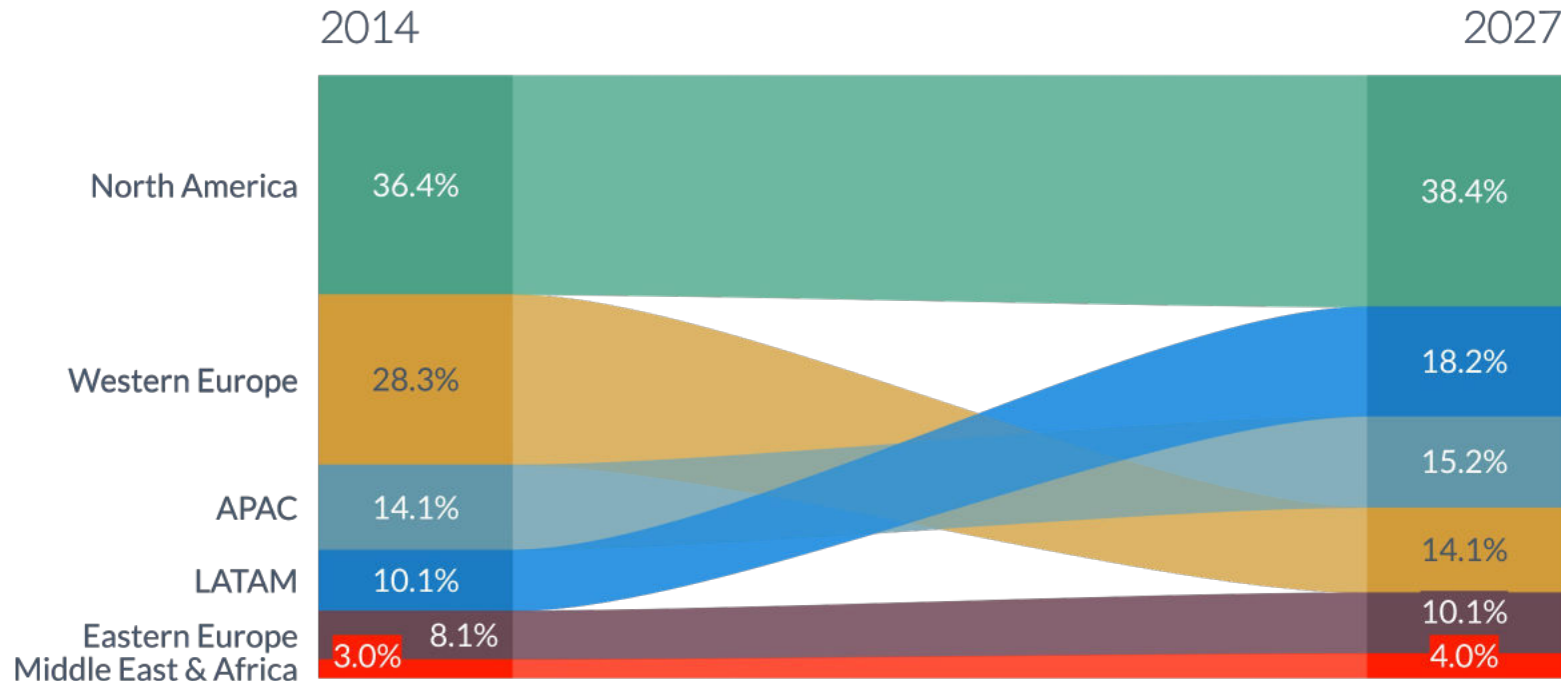
Online pet food consumers are expected to use mobile devices more for purchases

Online revenue split by medium



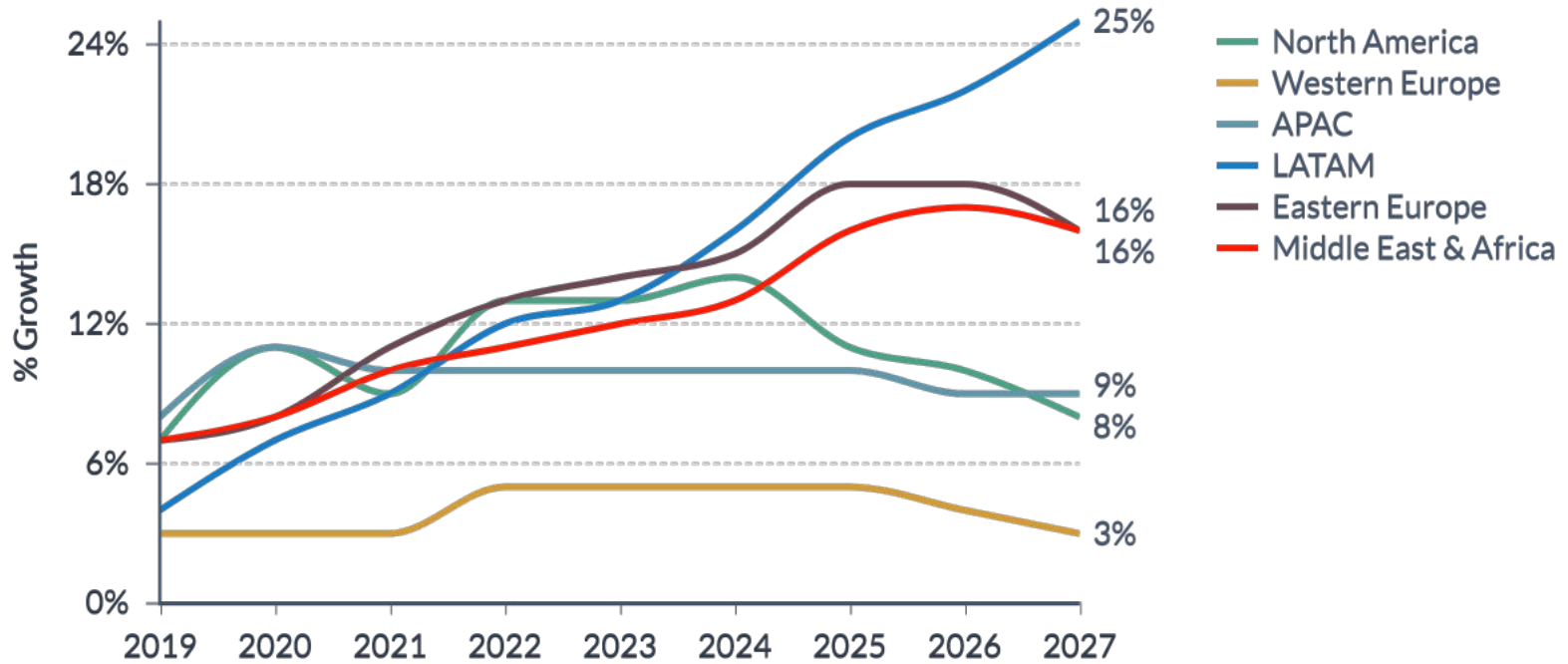
By 2027, North America will remain #1 in revenue while LATAM and APAC will both overtake Western Europe

Pet food revenue % by region



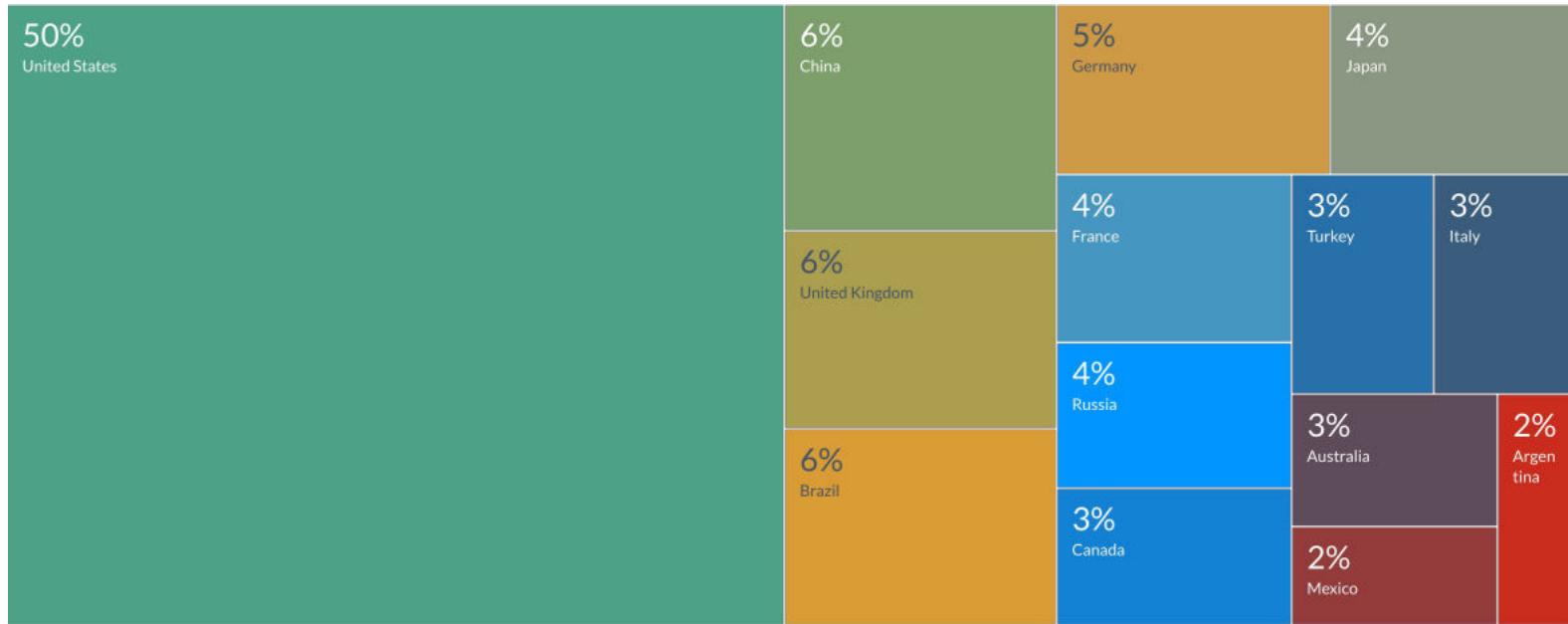
LATAM will be fastest growing while Western Europe will be the slowest

Pet food revenue 5yr CAGR by region



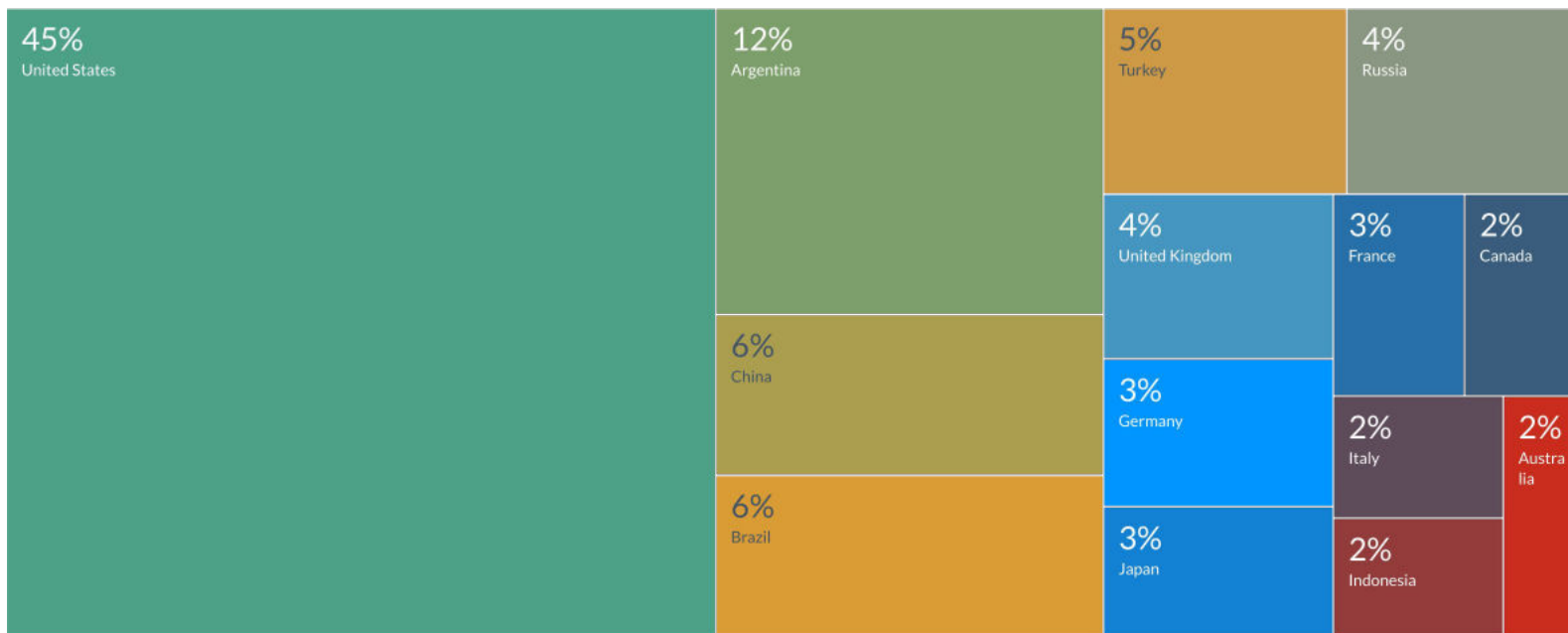
United States has the biggest share of the pet food market in 2022

Countries representing top 80% of the global pet food market value in 2022



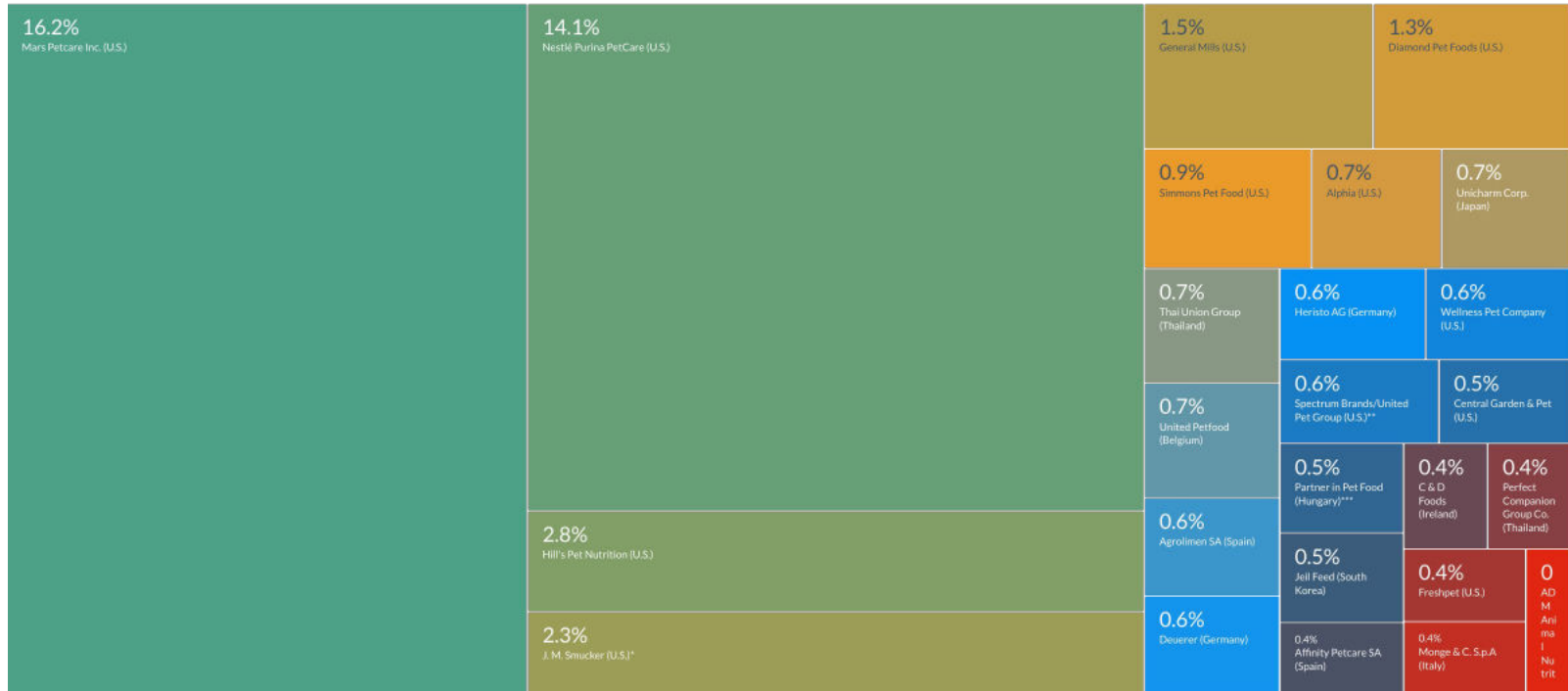
In 2027, Argentina leaps to #2 with 10% share while Indonesia edges out Mexico to be part of the top 80%

Countries representing top 80% of the global pet food market value in 2027



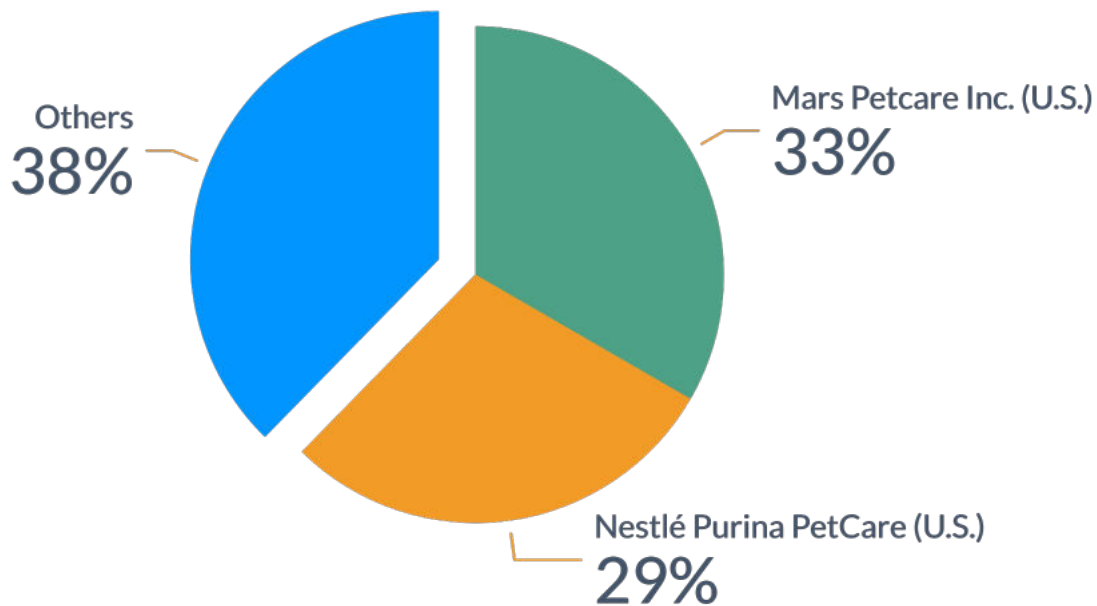
Top 25 pet food companies contribute to almost 50% of global revenue in 2021

Top 50% of global top pet food companies by revenue share



Mars and Nestle contribute more than 60% of global 2021 revenue of the top 25 pet food companies

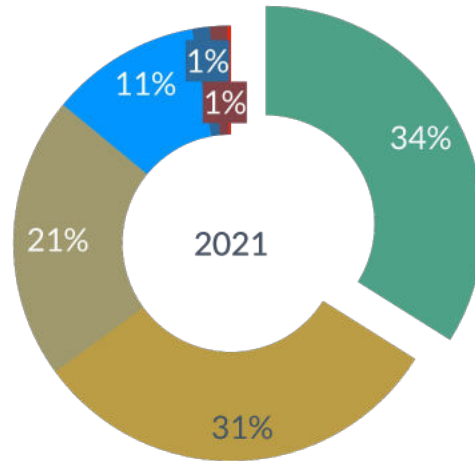
Top 2 companies contributing to 60% of the global 2021 revenue of pet food industry



Europe was the #1 region for pet food production in 2021

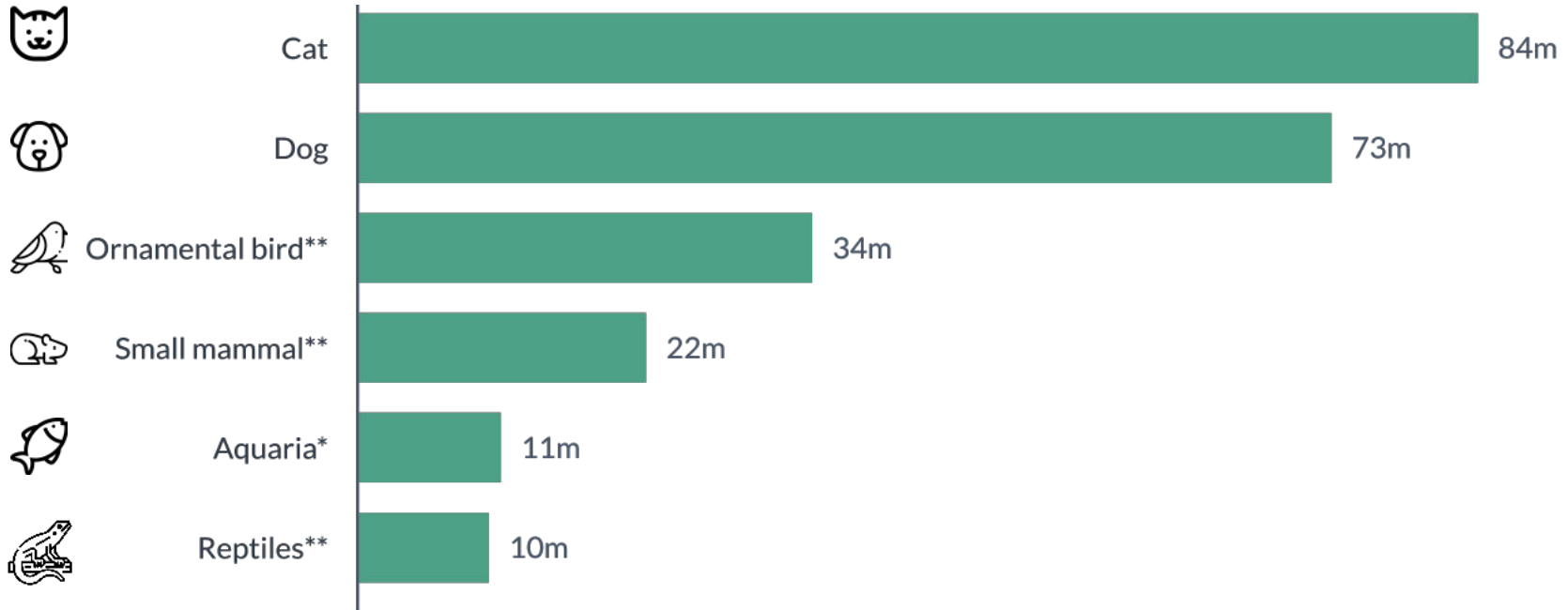
Regional % share of global pet food production

Europe North America Latin America Asia-Pacific Oceania Africa Middle Ea



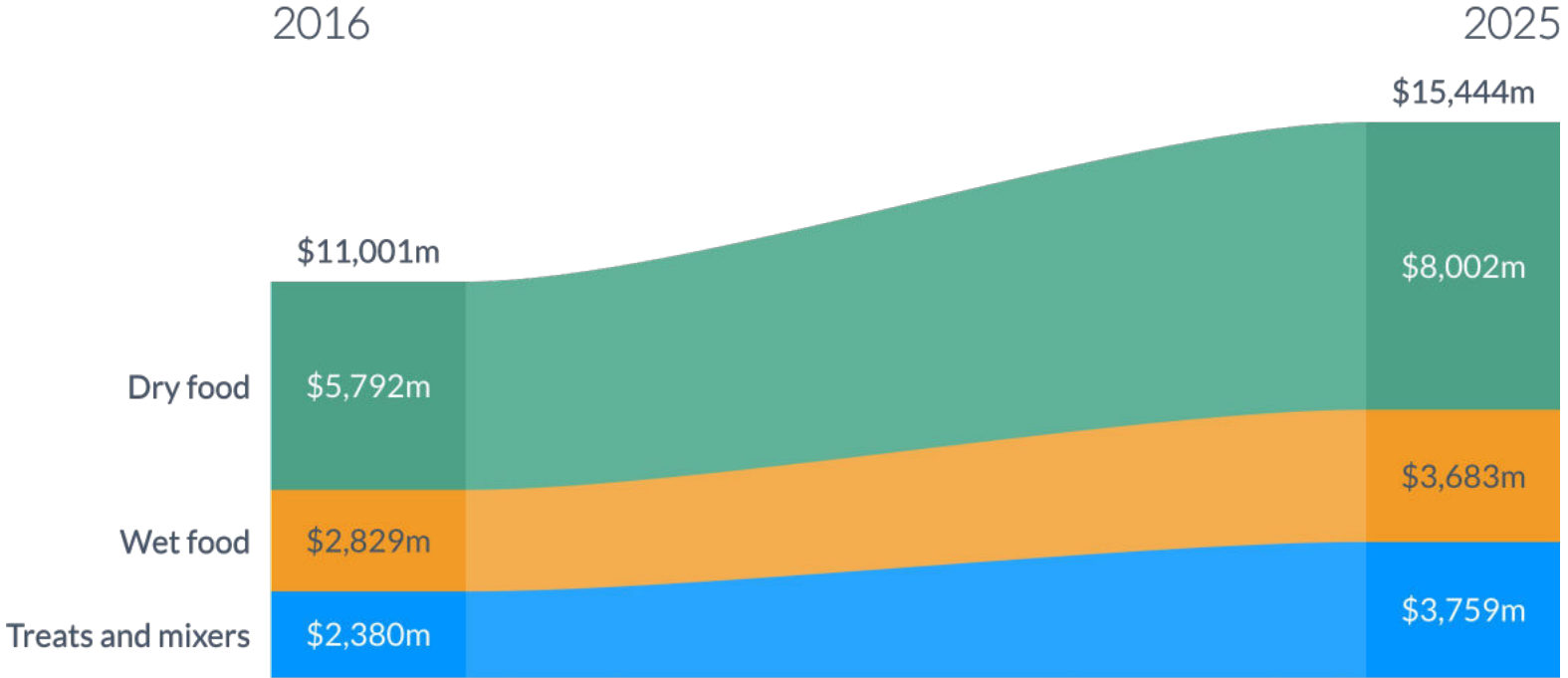
Cats and dogs are the most popular pets in EU

Pet food population in the EU 2021



EU dog food market is forecasted to grow to USD 15b by 2025. No major shifts as dry food continues to be half the market

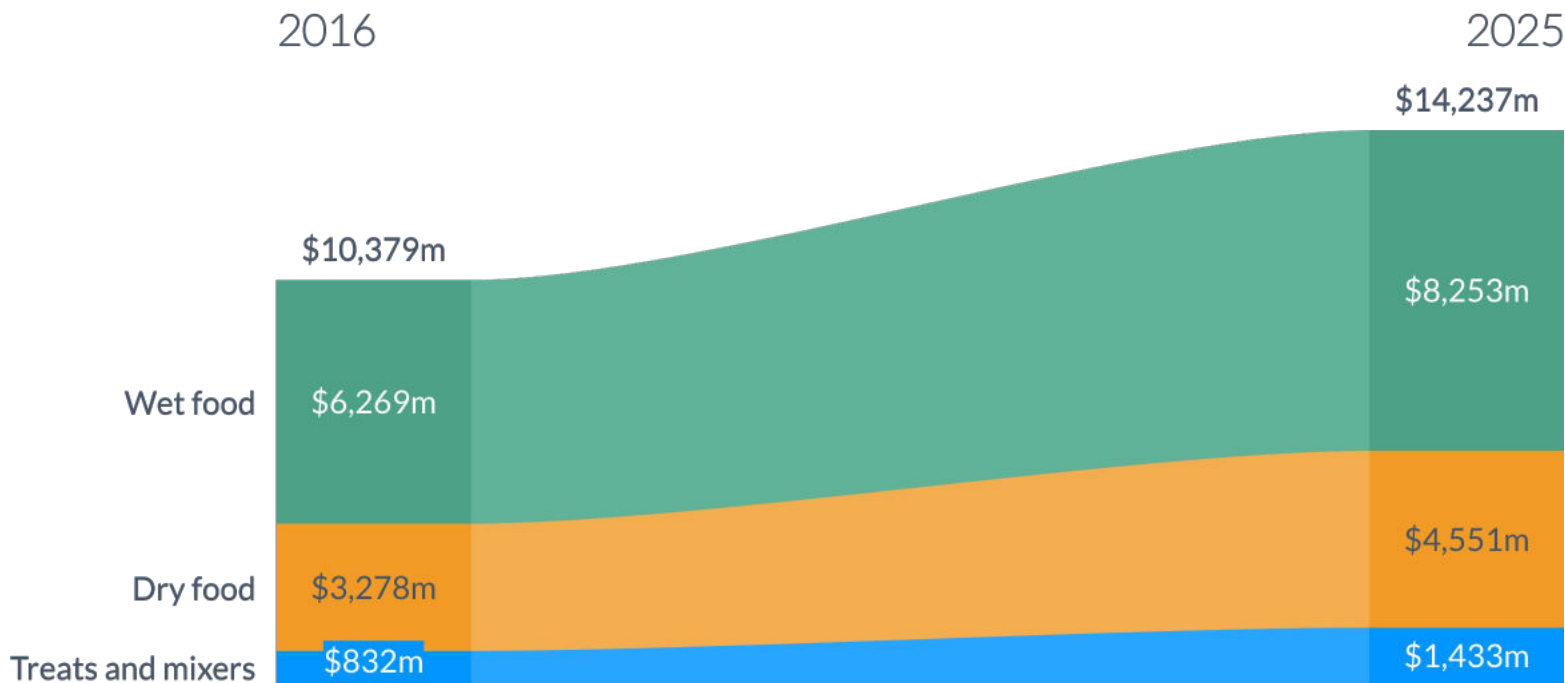
Dog food sales in EU-28



Source: Agriculture and Agri-Food Canada, (December 10, 2021). Dog food sales in the European Union (EU-28) from 2016 to 2025, by type (in million U.S. dollars) [Graph].Statista

EU cat food market is forecasted to grow to USD 14b by 2025. Wet food is preferred but treats & mixers continue to grow

Cat food sales in the EU-28



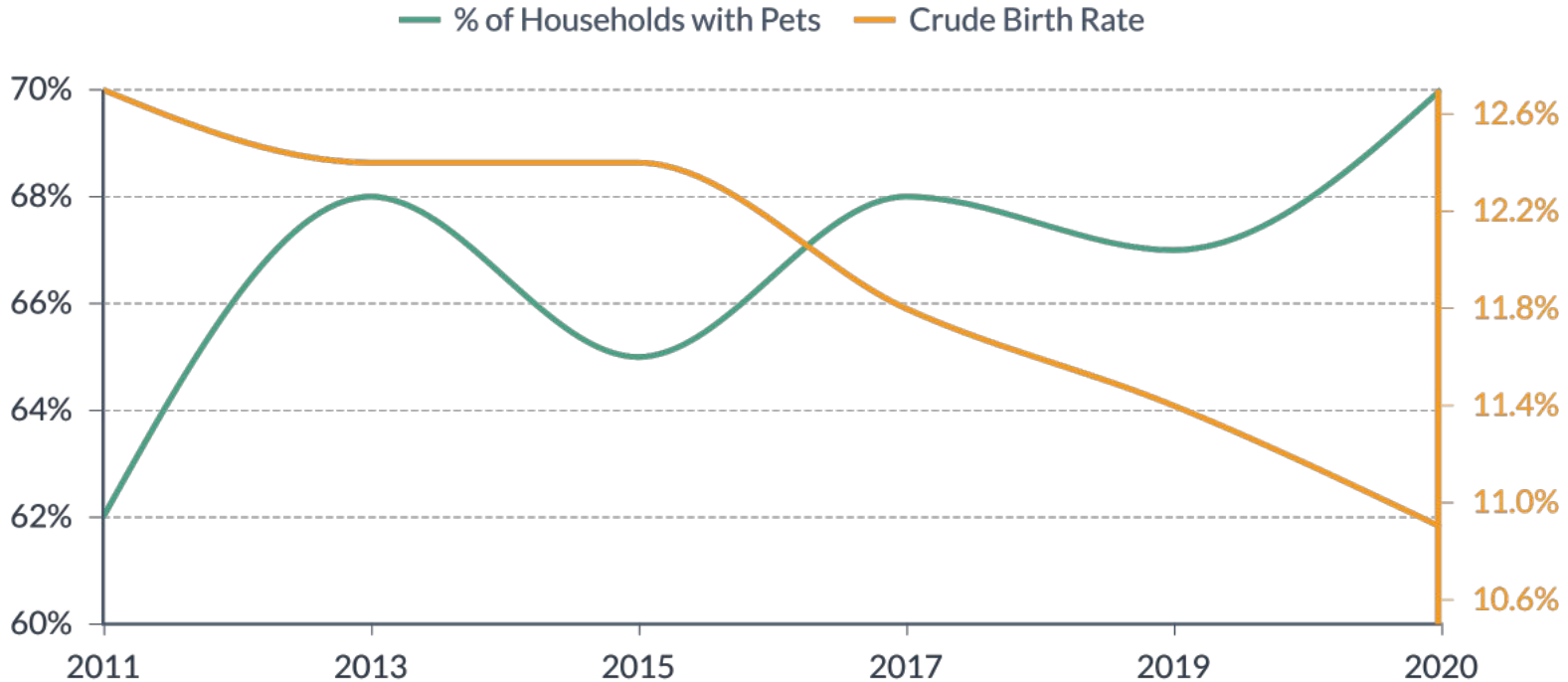
PET HUMANIZATION

Pet humanization highlights

- 1 **Pets have become an alternative to babies** as pet ownership increases but birth rates decline
- 2 **91% of Americans treat pets as part of the family** while only **4% of British** and **8% of Chinese** people treat pets as **nothing more than just pets**.
- 3 Trends in the **personal lives of people are reflected in pet care** such as health and nutrition
- 4 In the US, younger generations have become more **selective of their diets**
- 5 The **Natural Pet Food market in the US is forecasted to grow** to USD 12 Billion by 2027
- 6 The same trend can be expected to happen in China where more **Chinese people have specialized diet**
- 7 The **#1 factor** in buying pet food in China is **nutrition and ingredients**
- 8 In Europe, **pet-owners on specialized diets are more likely to feed their pets specialized diets** as well
- 9 Even the use of Cannabidiol (CBD), the active ingredient in **cannabis, have influenced the pet industry**

US households with pets have increased over the years while US birth rates have declined

Pet ownership growth vs birth rate in the US

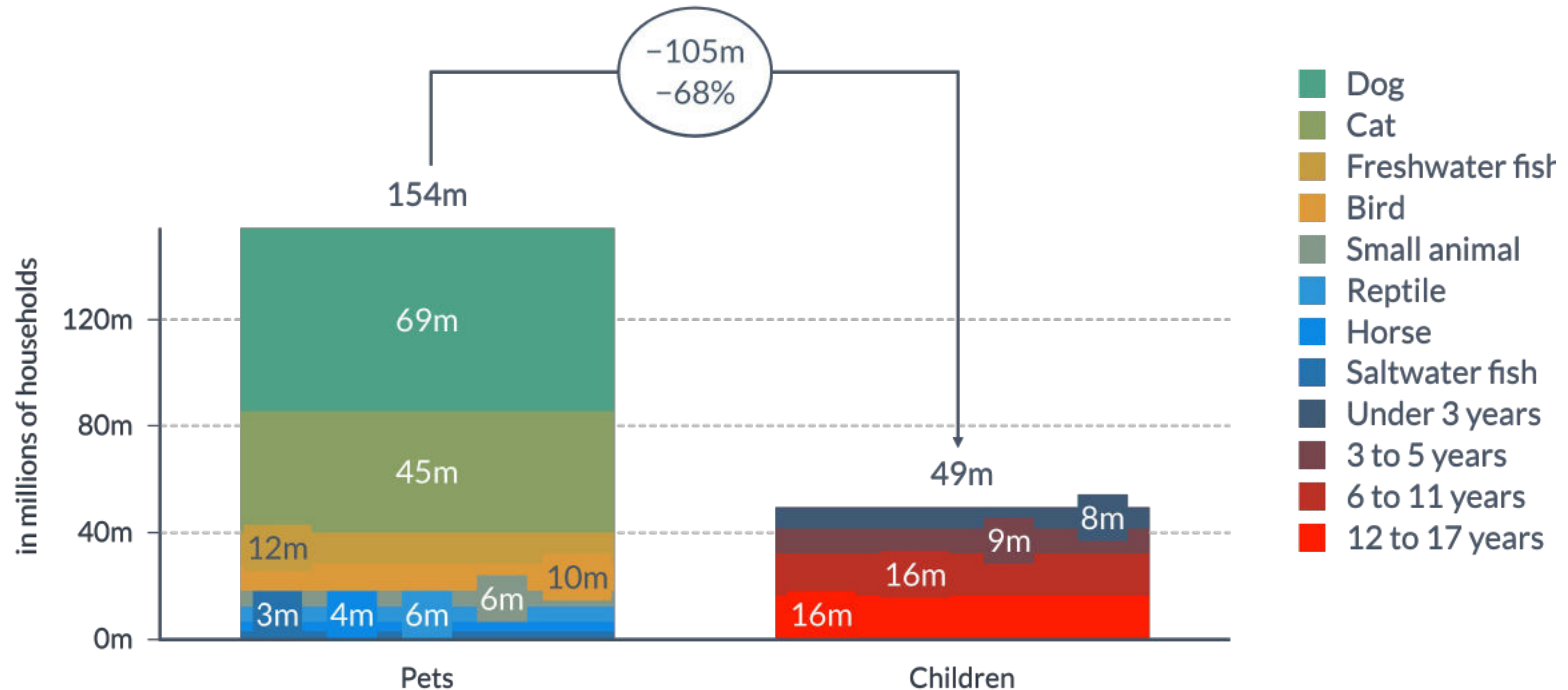


Sources: (1) APPA, (June 8, 2021). Household penetration rates for pet-ownership in the United States from 1988 to 2020 [Graph].Statista ; (2) World Bank, (September 16, 2022). United States: Birth rate from 2010 to 2020 (per 1,000 inhabitants).Statista



In the US, households with pets outnumber households with children

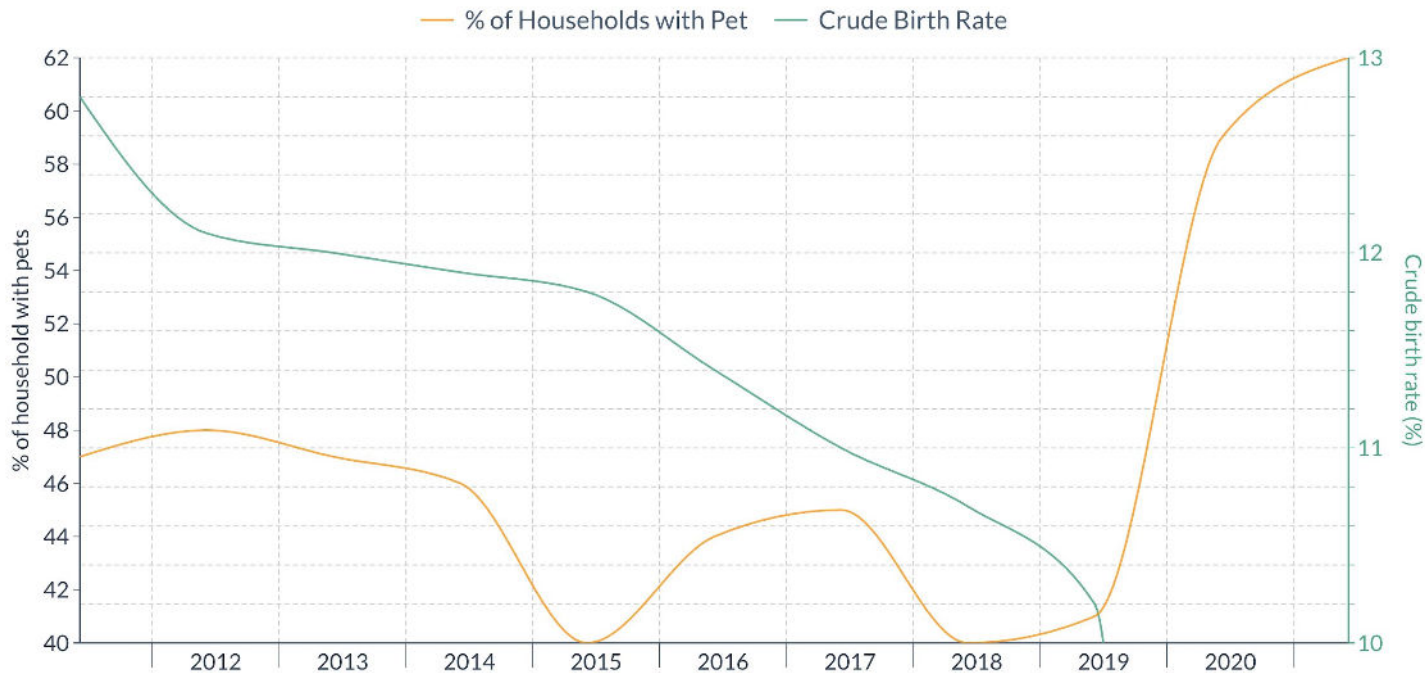
Comparing # of households with pets vs with children in the US



Sources: (1) APAA. (February 15, 2022). Number of pet owning households in the United States in 2021/22, by species (in millions) [Graph]. Statista ; (2) US Census Bureau. (November 21, 2022). Number of family households with children under 18 years of age in the United States in 2021, by age of children (in 1,000s). Statista

UK households with pets have increased over the years while UK birth rates have declined

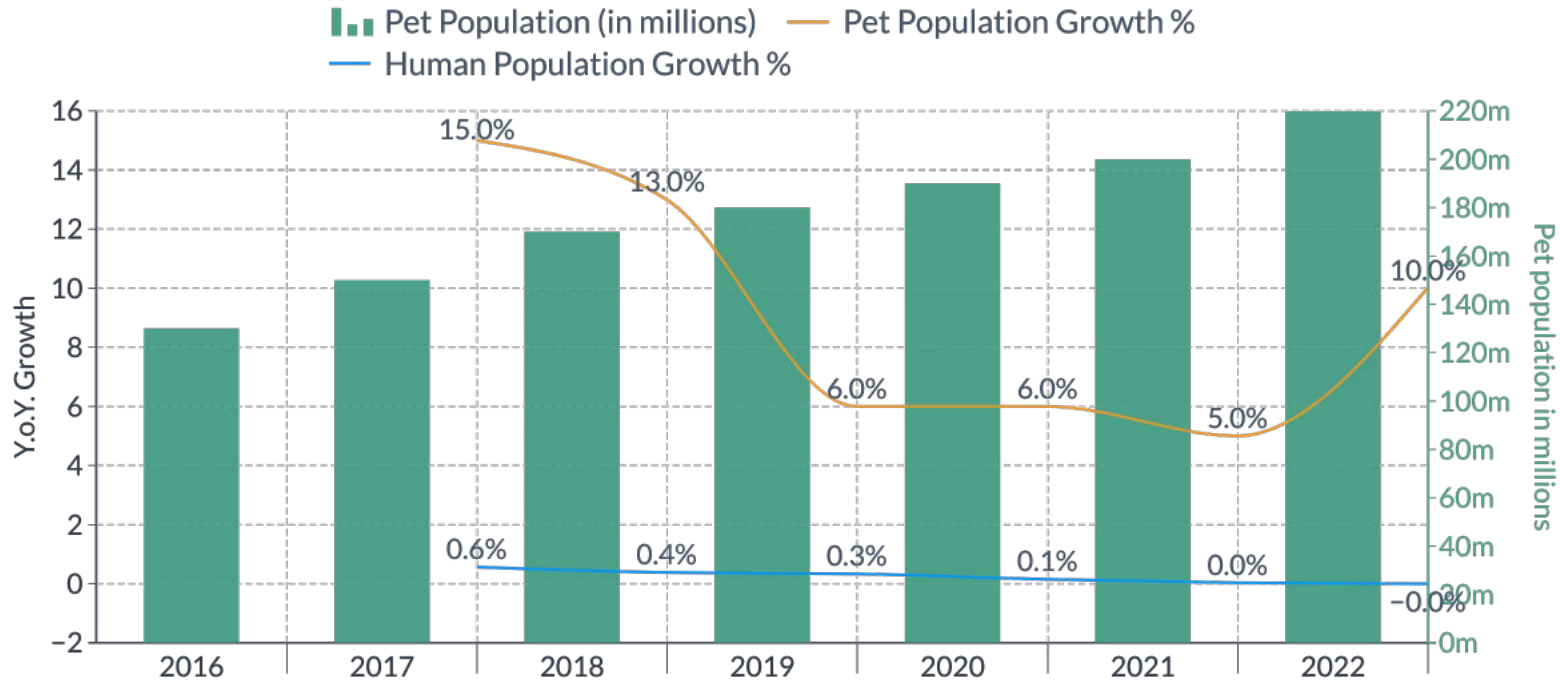
Pet ownership growth vs human birth rate



Sources: (1) PFMA, (April 6, 2022). Share of households owning a pet in the United Kingdom (UK) from 2011/12 to 2021/22* [Graph].Statista ; (2) World Bank, (September 15, 2022). Crude rate of birth in the United Kingdom (UK) from 2006 to 2020 (per 1,000 population) [Graph].Statista

In China, pet ownership is still increasing while human population growth is close to 0

Pet population vs human population in China

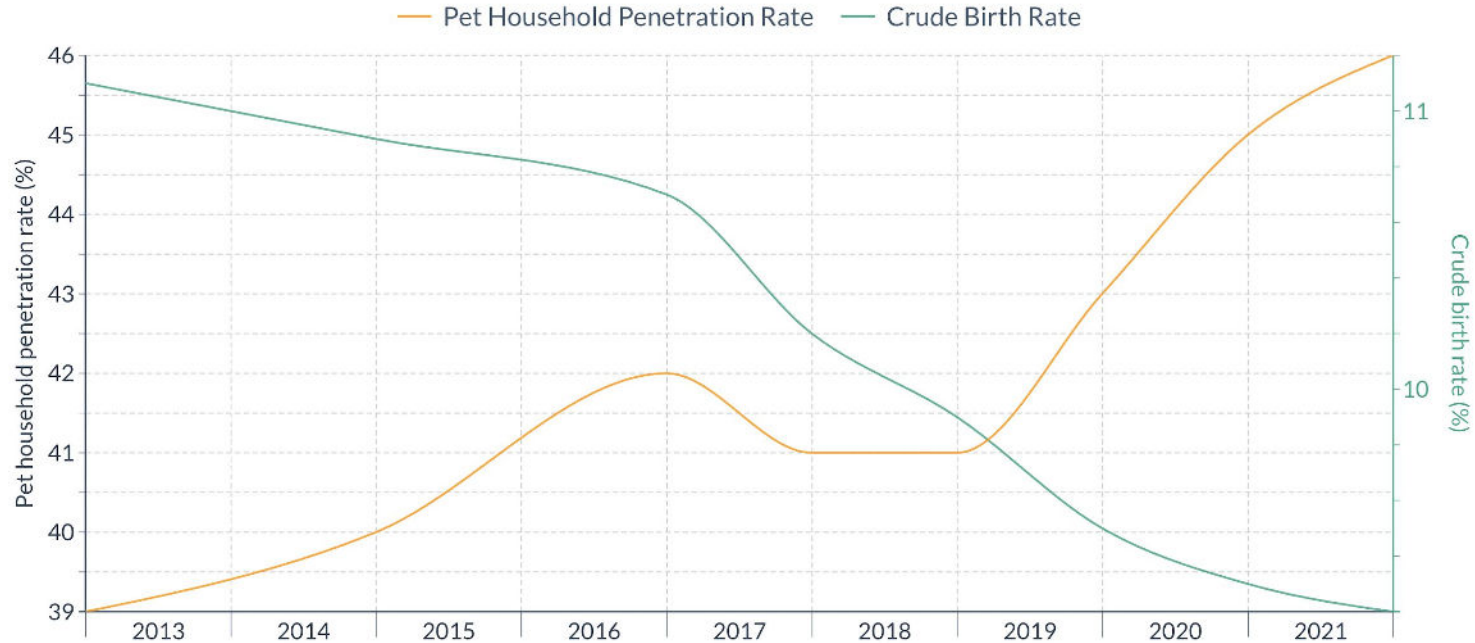


Sources: (1) Sohu, (May 9, 2022). Total number of pets in China from 2016 to 2021 with an estimate for 2022 (in millions) [Graph].Statista ; (2) National Bureau of Statistics of China, (January 17, 2022). Population growth in China from 2000 to 2021 [Graph].Statista

In EU, pet ownership is steadily increasing while birth rate continues to decline

Households with pets vs crude birth rate

comparing Y-o-Y values in Europe

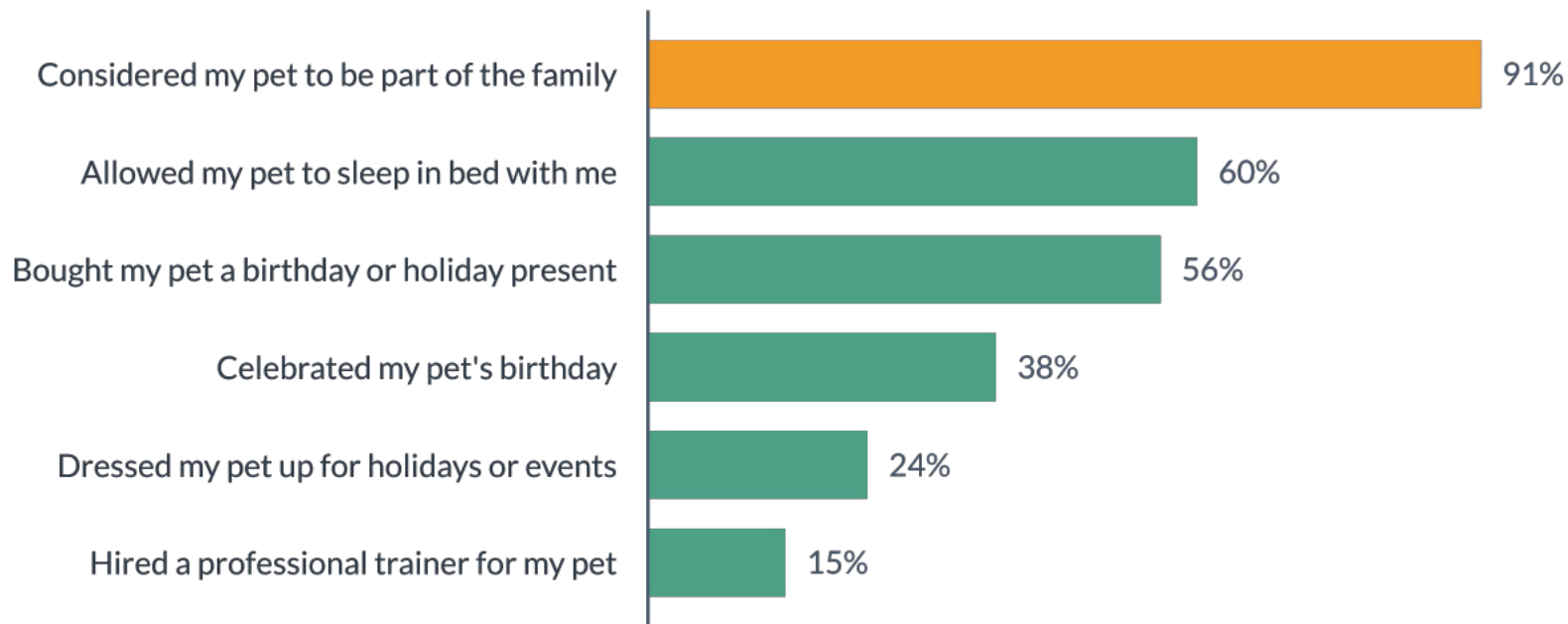


Sources: (1) FEDIAF, (September 21, 2022). Estimated number of households owning at least one pet animal in Europe from 2010 to 2021 (in millions).Statista ; (2) Eurostat, (July 4, 2022). Number of private households in the European Union (EU27) from 2012 to 2021 (in 1,000s) [Graph].Statista ;(3) UN DESA, (July 11, 2022). Crude birth rate in Europe from 1950 to 2022.Statista

91% of Americans not only treat pets like humans but also as part of the family

Attitude towards pets

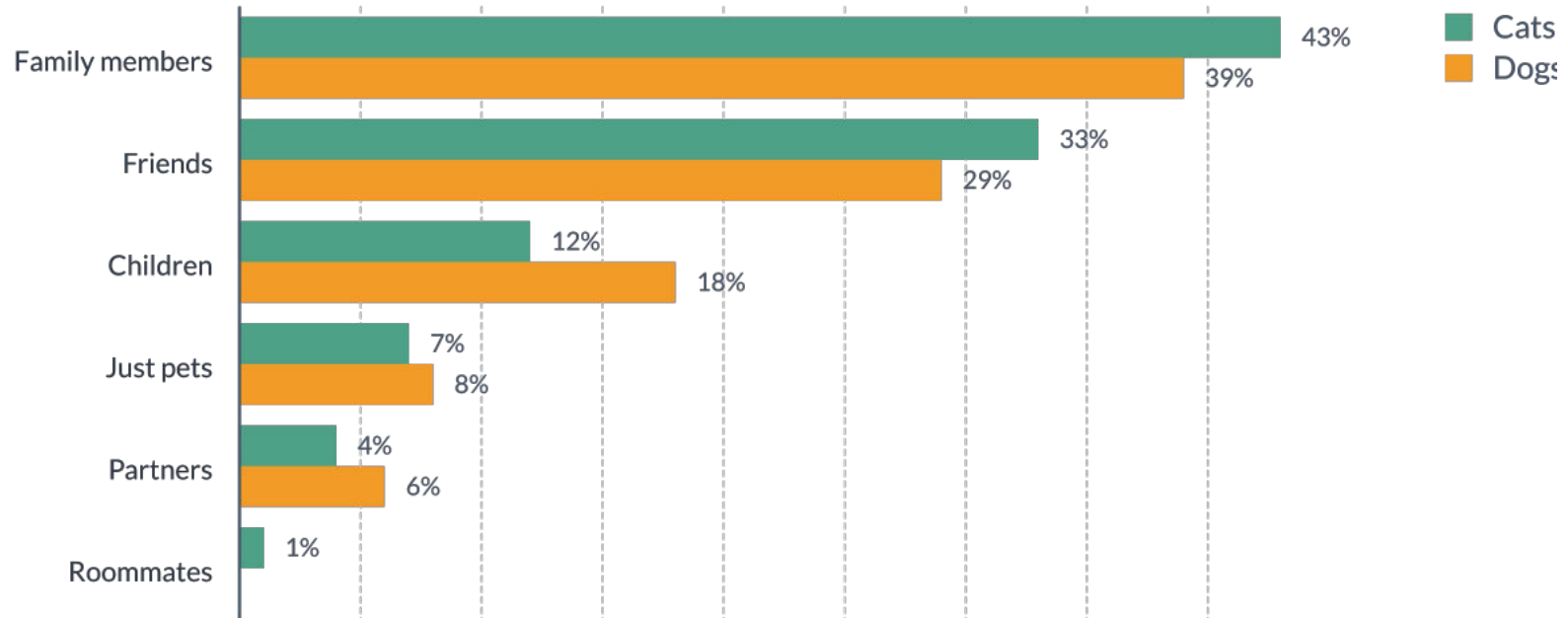
% of US population as of May 2022



In China, only 8% of the population treat pets as nothing more than just pets

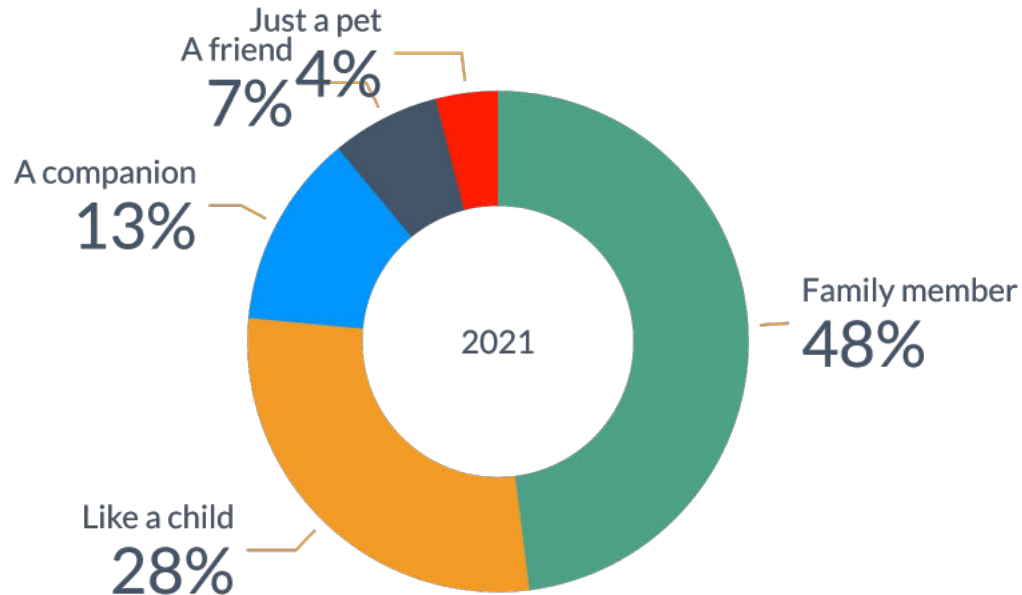
Roles of pets for pet owners

% of population in China as of 2021



In the UK, only 4% of the population treat pets as nothing more than just pets

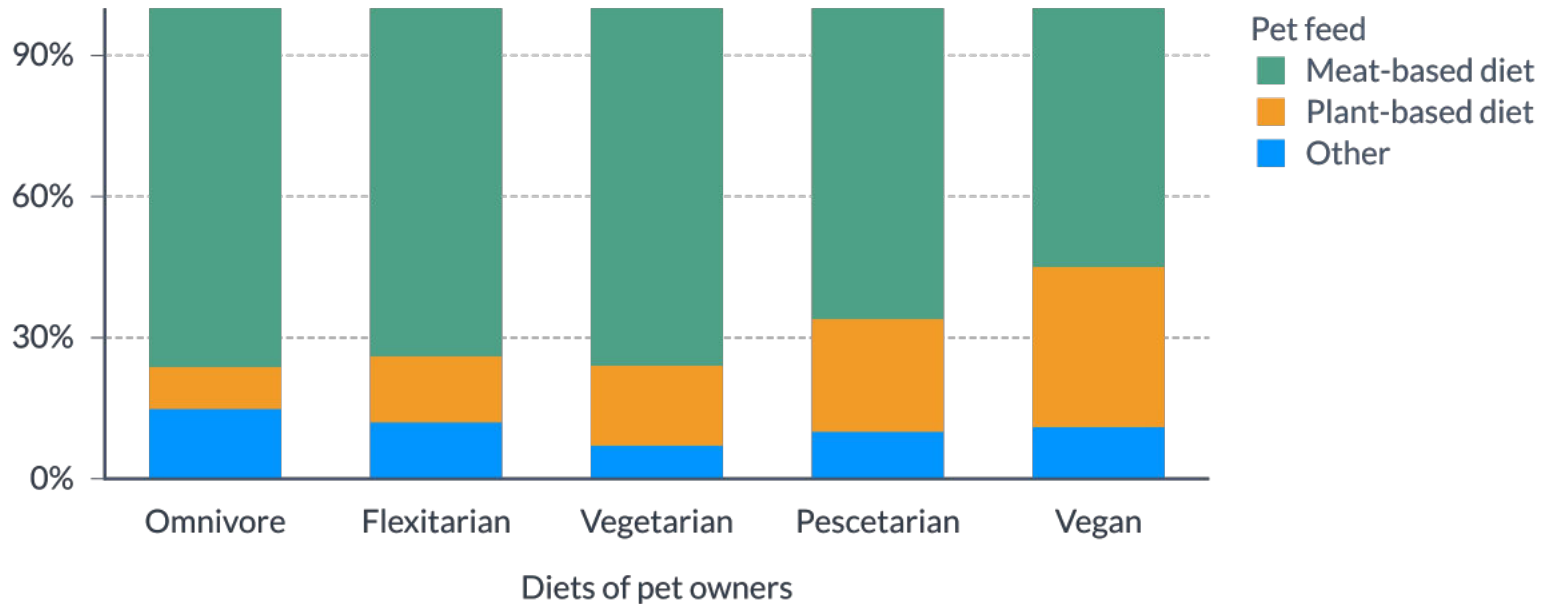
How pets are perceived by pet owners in the UK



In fact, the diets of the European pet owners influence what their pets are fed

Pet owner's diet vs what they feed their pets

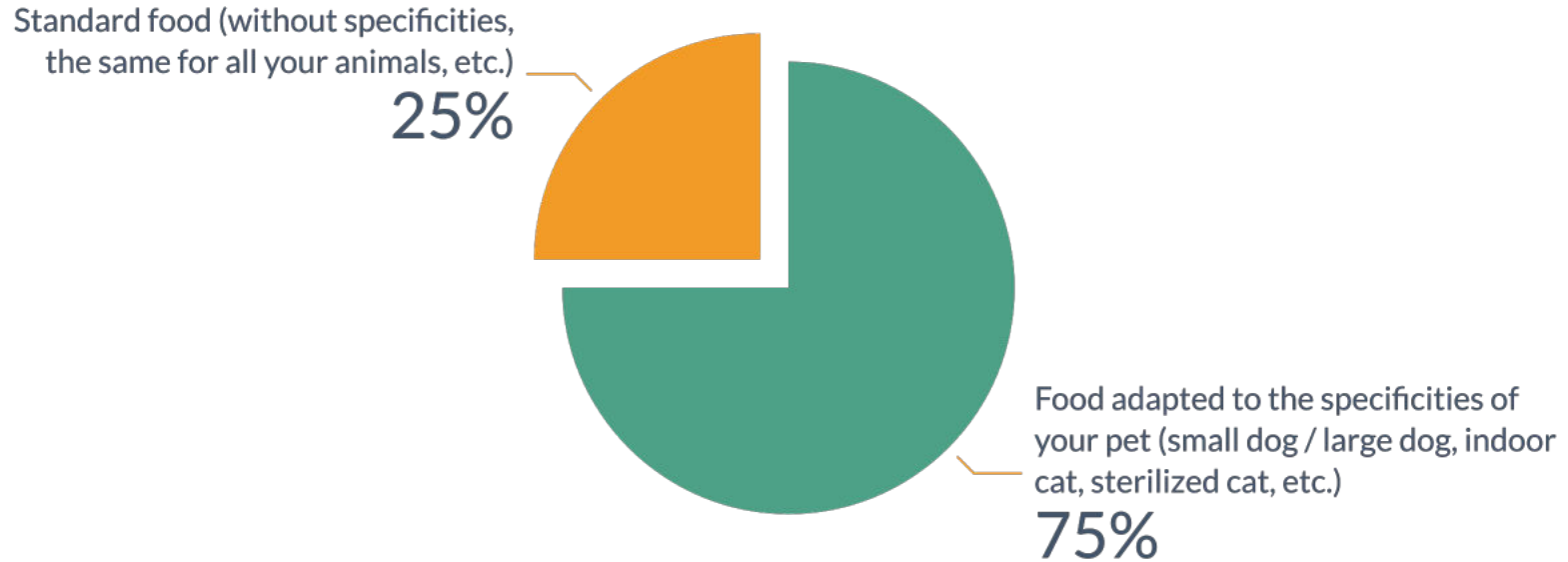
% of population in Europe as of June 2021



3 out of 4 pet owners in France buy specialized food for their pets

Share of pet owners' buying specialized pet food

% of population in France in 2021

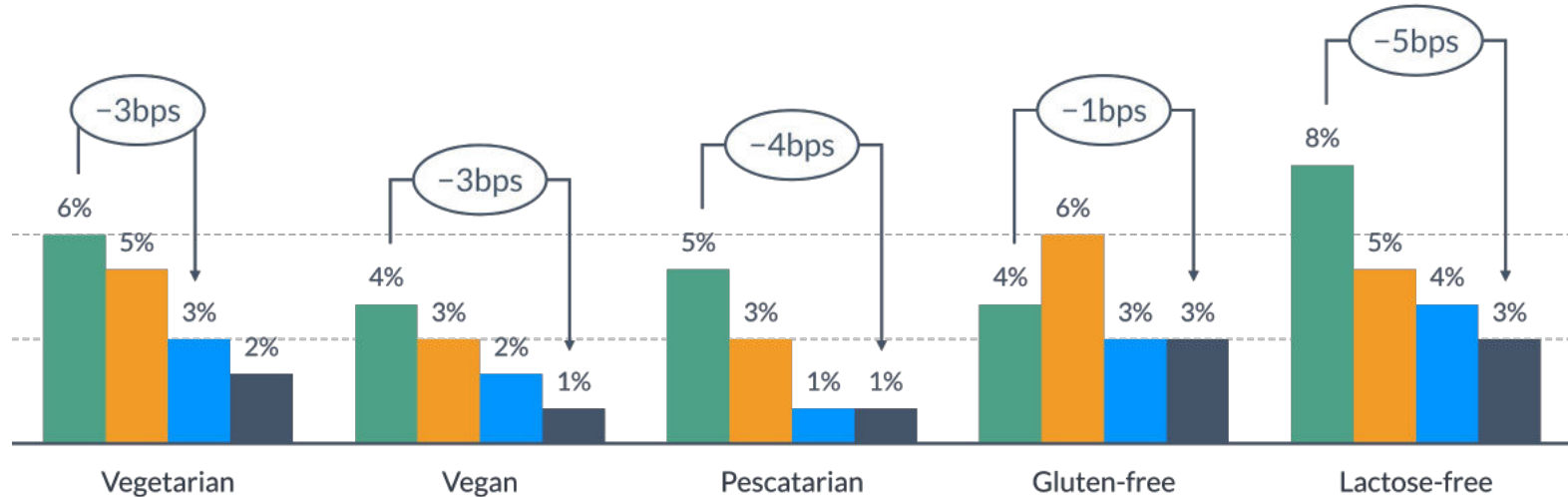


In the US, those who follow specialized diets generally increase as each generation passes

Diet types followed by Americans

% of population as of Q2 2022, by generation

■ Gen Z (1995 - 2012) ■ Millennials (1980 - 1994) ■ Gen Xers (1965 - 1979) ■ Baby boomers (1946 - 1964)



In US, nutrition is the leading consideration for pet food while taste preference is the 2nd consideration

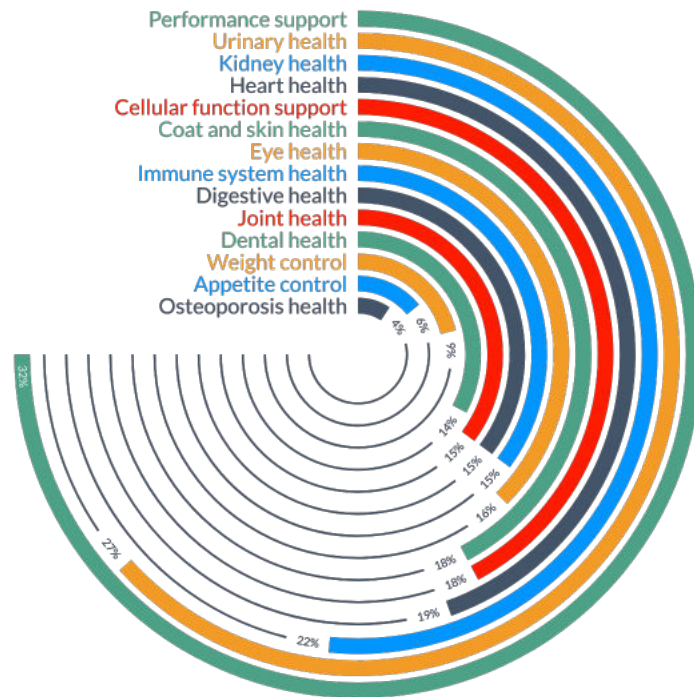
Consideration when buying pet food

% of population in the US in 2021



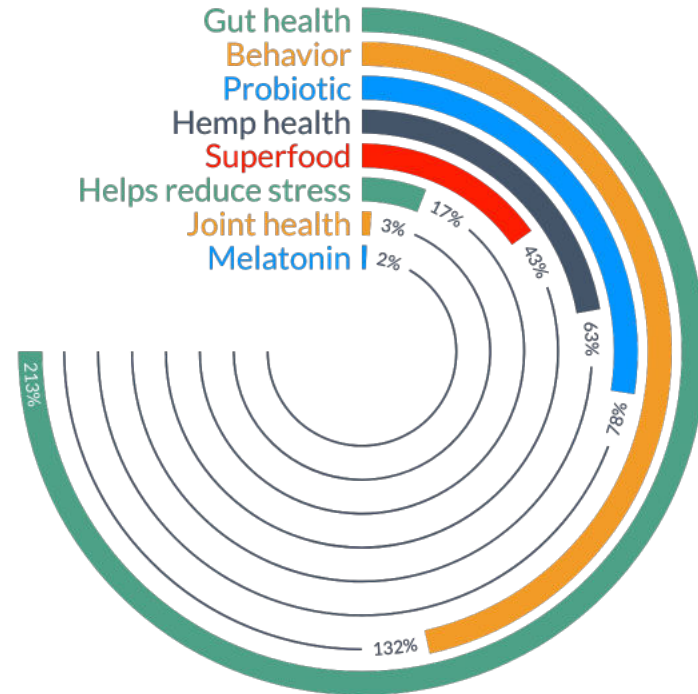
Mood & stress, performance support, and urinary health are the fastest growing pet food products in the US

Sales growth of pet food products in the US in 2022



Gut health, behavior, and probiotic are the claims of the fastest growing pet supplements in the US

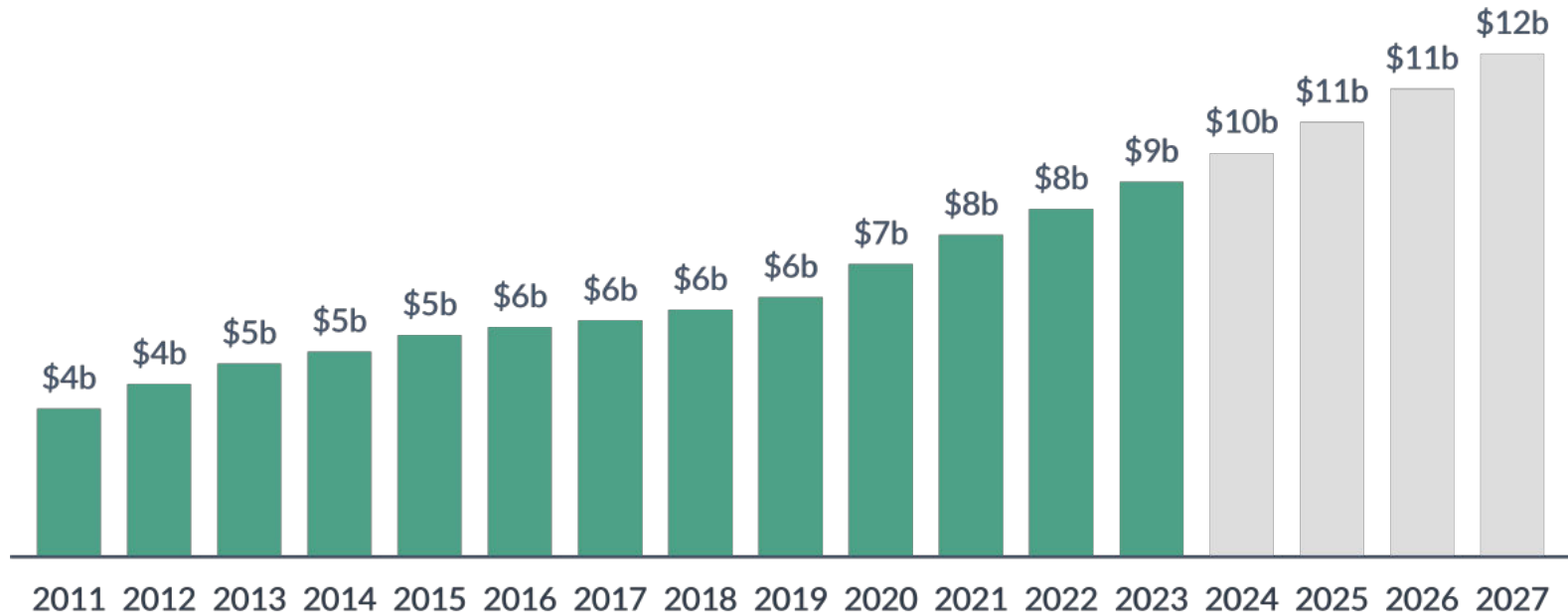
Sales growth of pet supplements in the US in 2022



The natural pet food market in the US is forecasted to grow to USD 12 billion by 2027

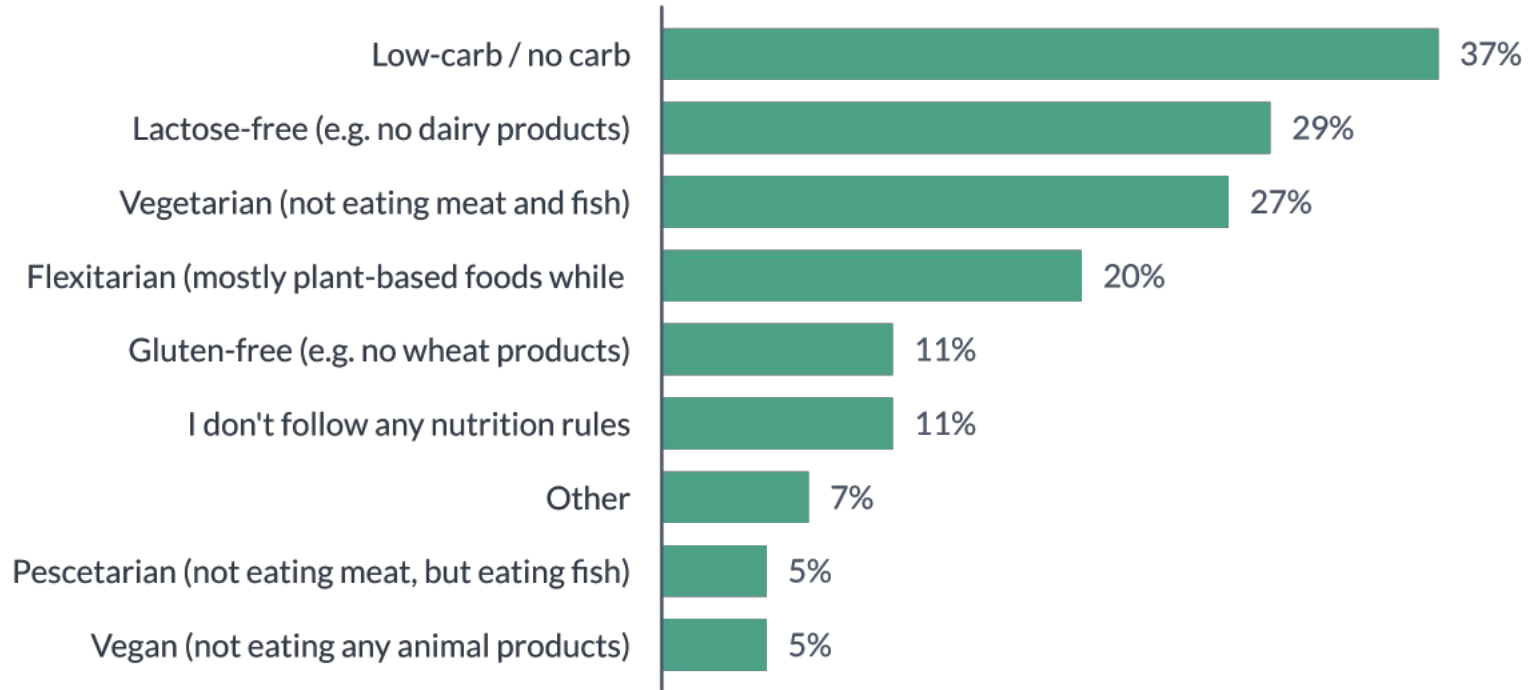
Natural pet food market sales in the US (in billion USD)

including forecasted sales from 2021 to 2027



In China, more people follow a specialized diet than those who do not

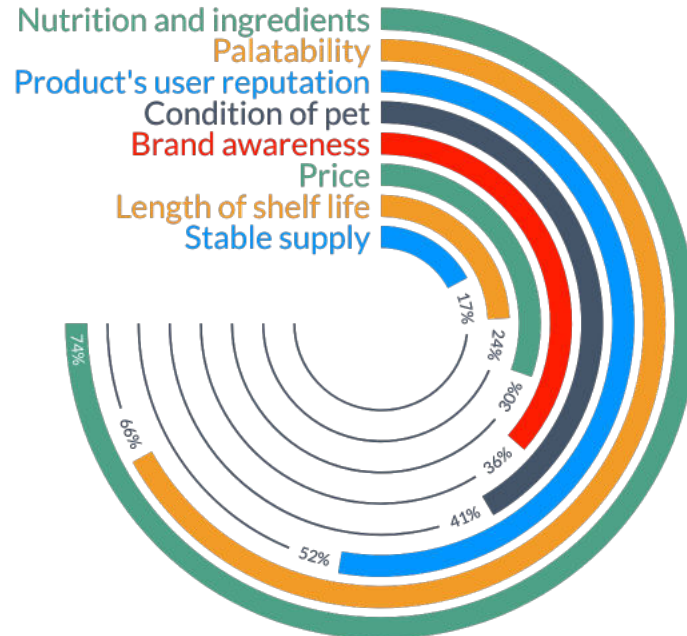
% of population who observed diets in China in 2022



Nutrition is as important in China when buying pet food while taste preference is also the 2nd consideration

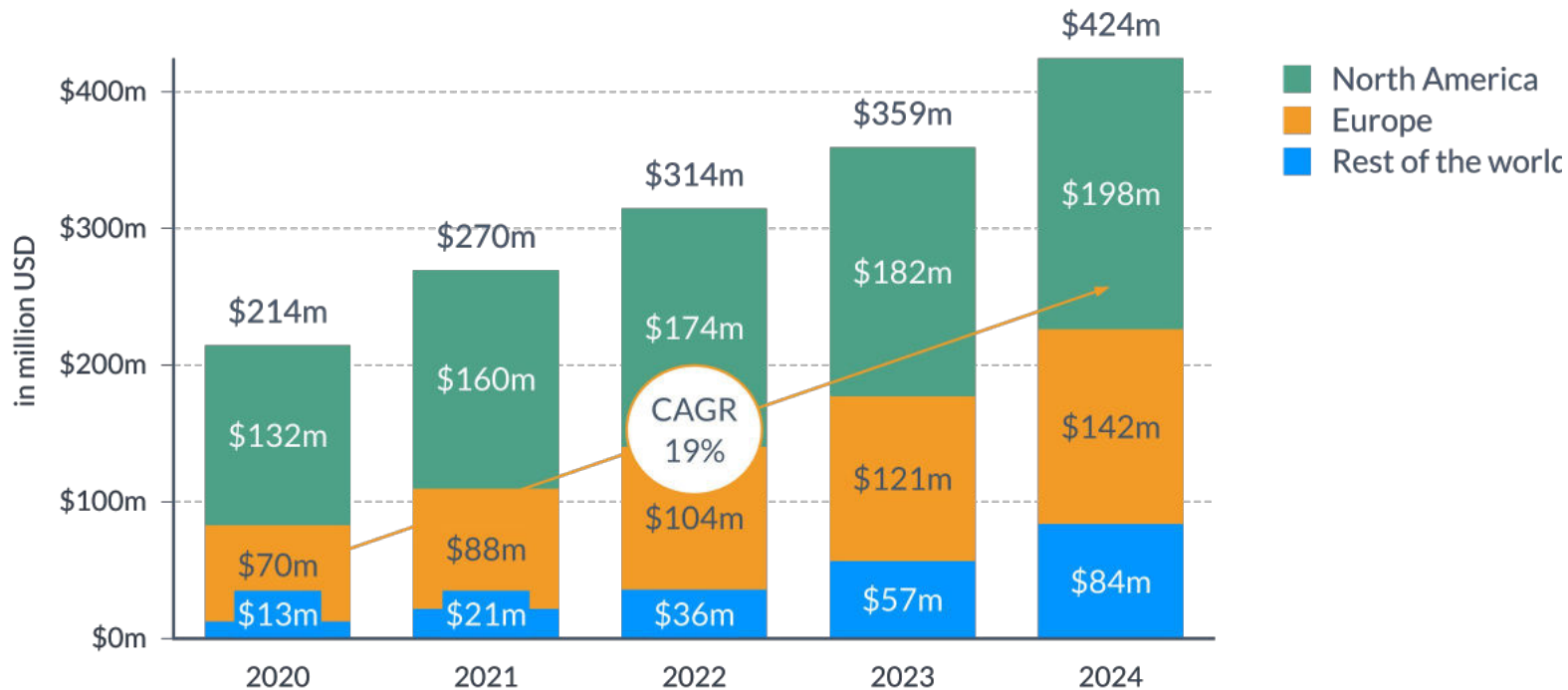
The major buying factors for pet food

% of population in China as of April 2021



Globally, cannabidiol (CBD), the active ingredient in cannabis, also finds its way into pet food

Pet CBD market sales

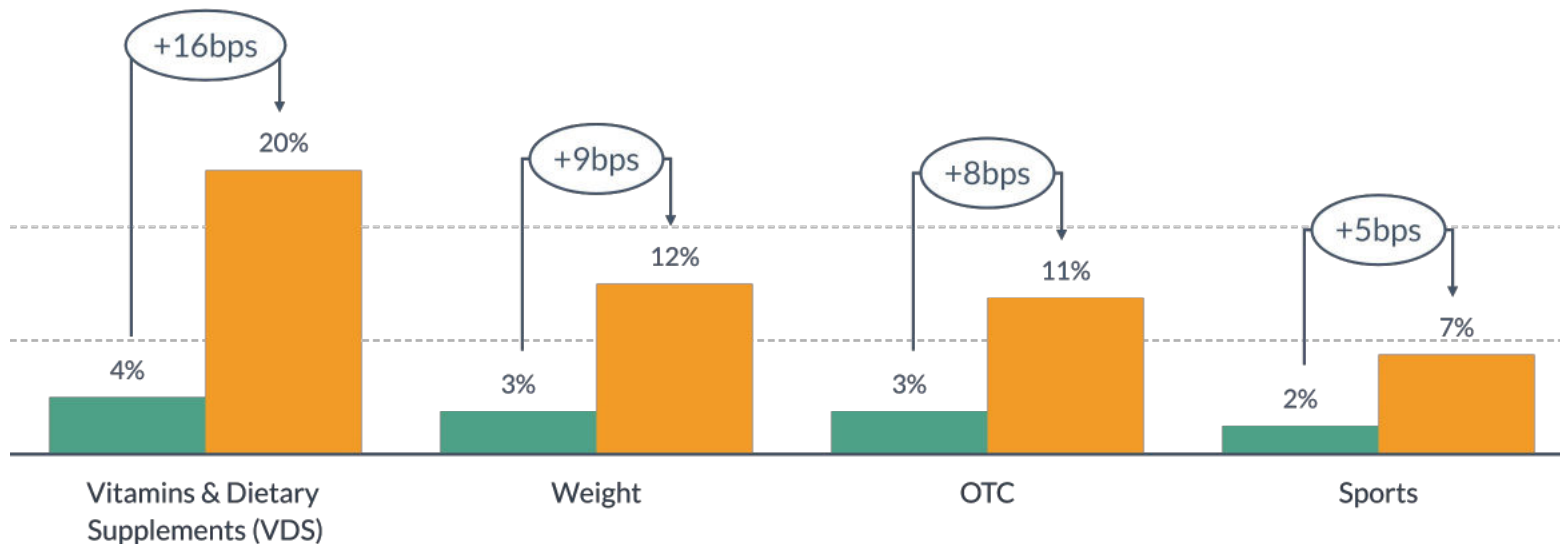


Cannabidiol (CBD) use will continue to spread in human lives especially in vitamins & dietary supplements

% of population who use CBD, by segment

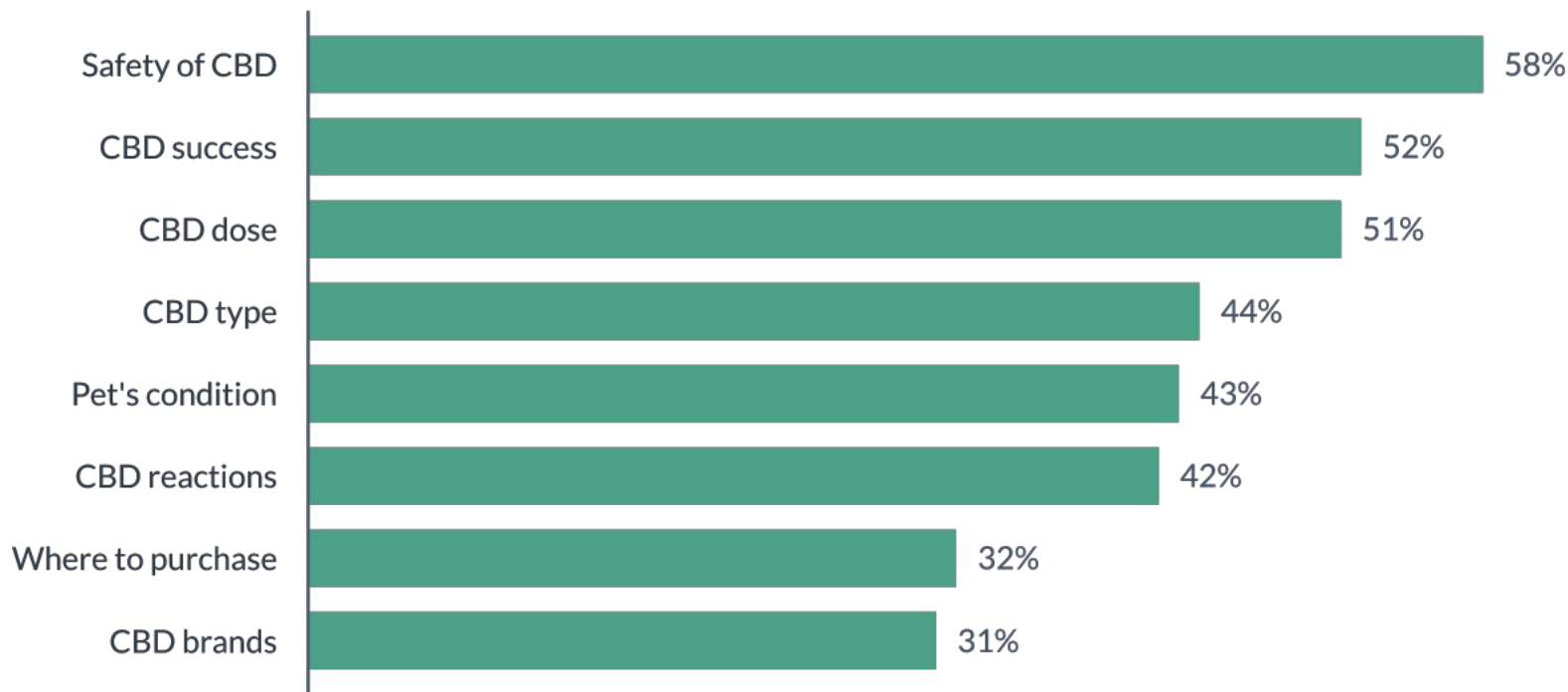
Global forecast

2019 2027



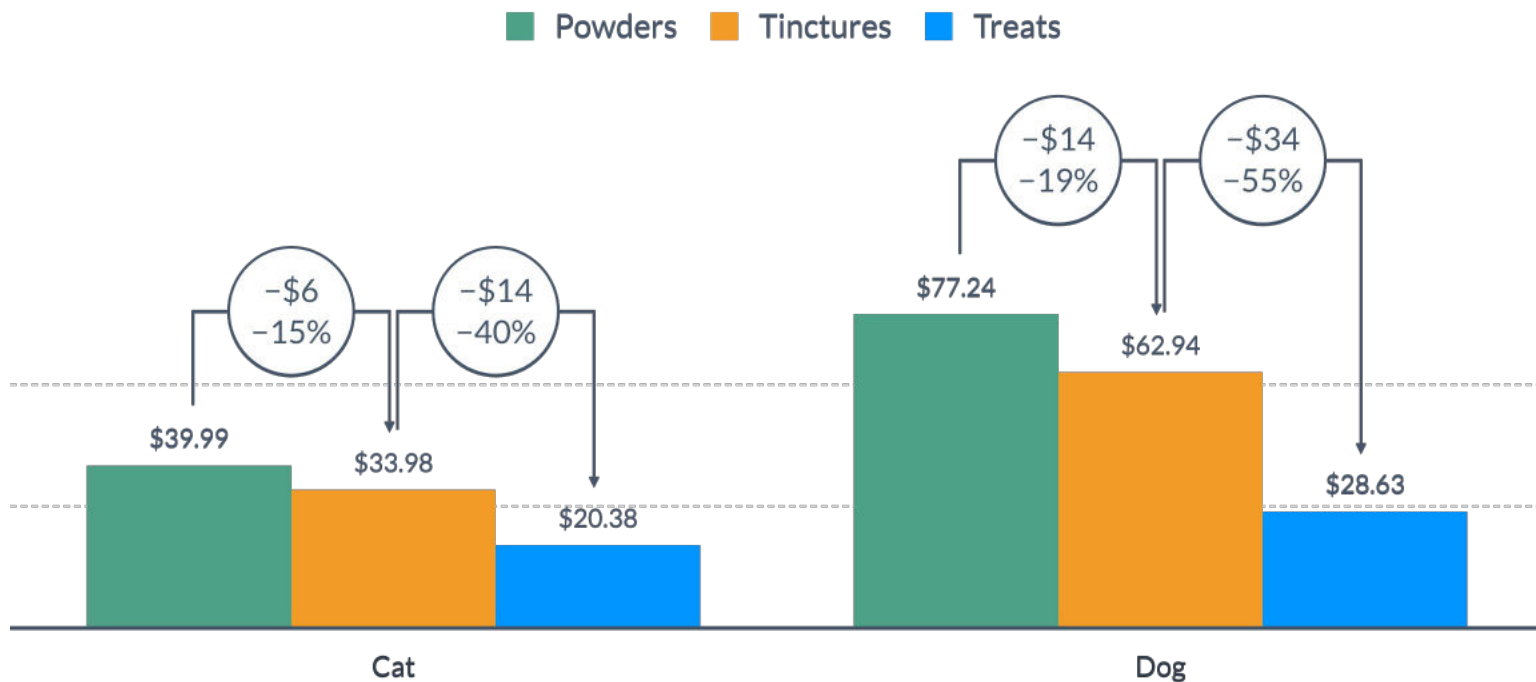
Opportunity to be seen as the experts on pet CBD usage to connect with pet owners who are interested but cautious

Topics pet CBD users discuss with vets in the US in 2021



Powders are the most expensive CBD pet products followed by tinctures and then treats

Median price for CBD products in the US in 2020



Sources: (1) Nielsen, (February 12, 2020), Median price of cannabidiol cat products in the United States in 2020, by product type (in U.S. dollars) [Graph].Statista, (2) Nielsen, (February 12, 2020), Median price of cannabidiol dog products in the United States in 2020, by product type (in U.S. dollars) [Graph].Statista

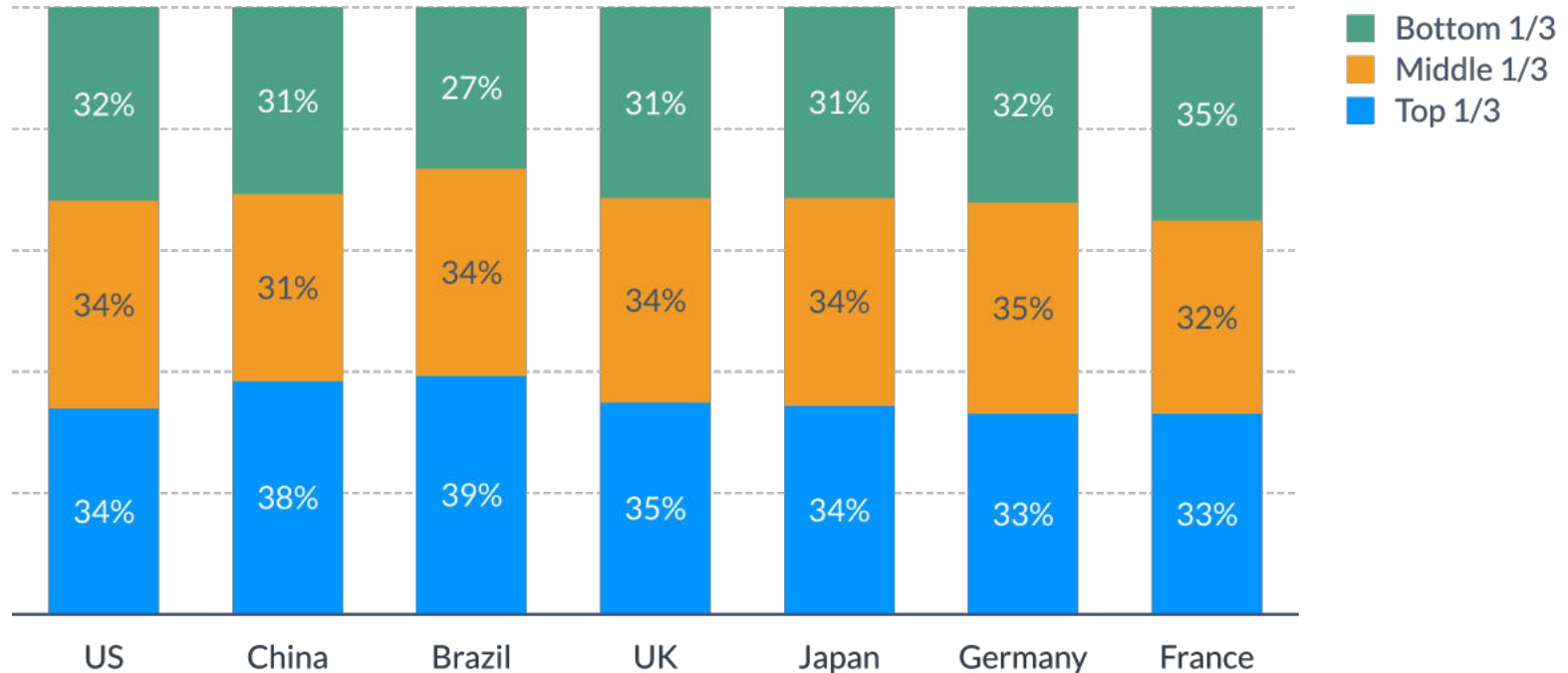
CONSUMER OVERVIEW

Consumer overview highlights

- 1 While **pet owners** are mostly **Millennials ('80-'94)** or **Gen X('65-'79)**, pet ownership is equal across income levels
- 2 **Majority of pet owners** are in households with at least 2 Adults with a **female decision-maker**
- 3 Important to **target the decision-maker** who is most likely **female & either a Millennial or Gen X**
- 4 In general, media consumption of pet owners are **similar than that of the general population**
- 5 **Pet owners generally better remember advertising** v.s. the general population
- 6 However, **pet owners have the best ad-recall** with social media and TV
- 7 **93% of pet owners access the internet via a smartphone** and are more active on social media
- 8 The difficulty will be strategizing on the **optimal media spend per channel**

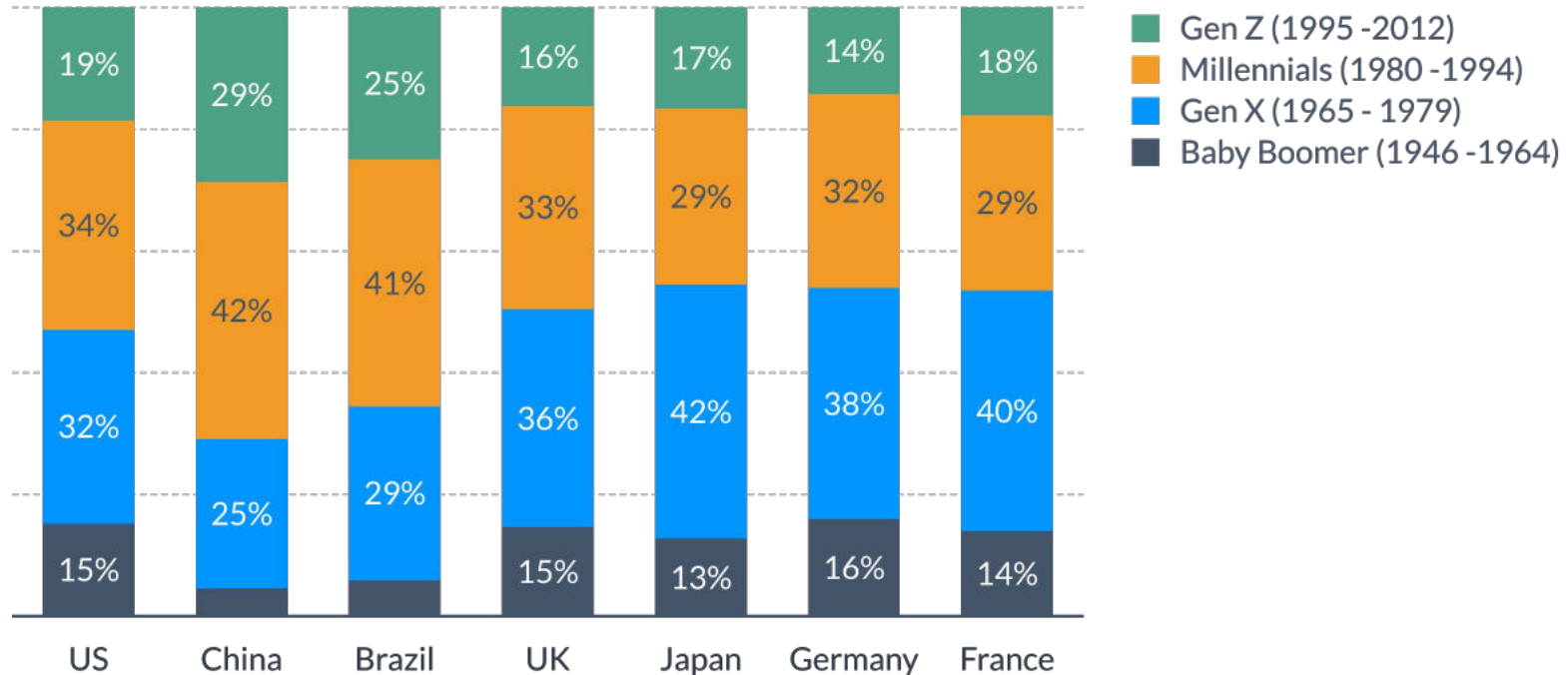
Equal distribution of pet ownership across income levels

Share of pet ownership in top markets by income level



Majority of pet owners are Millennials or Gen X

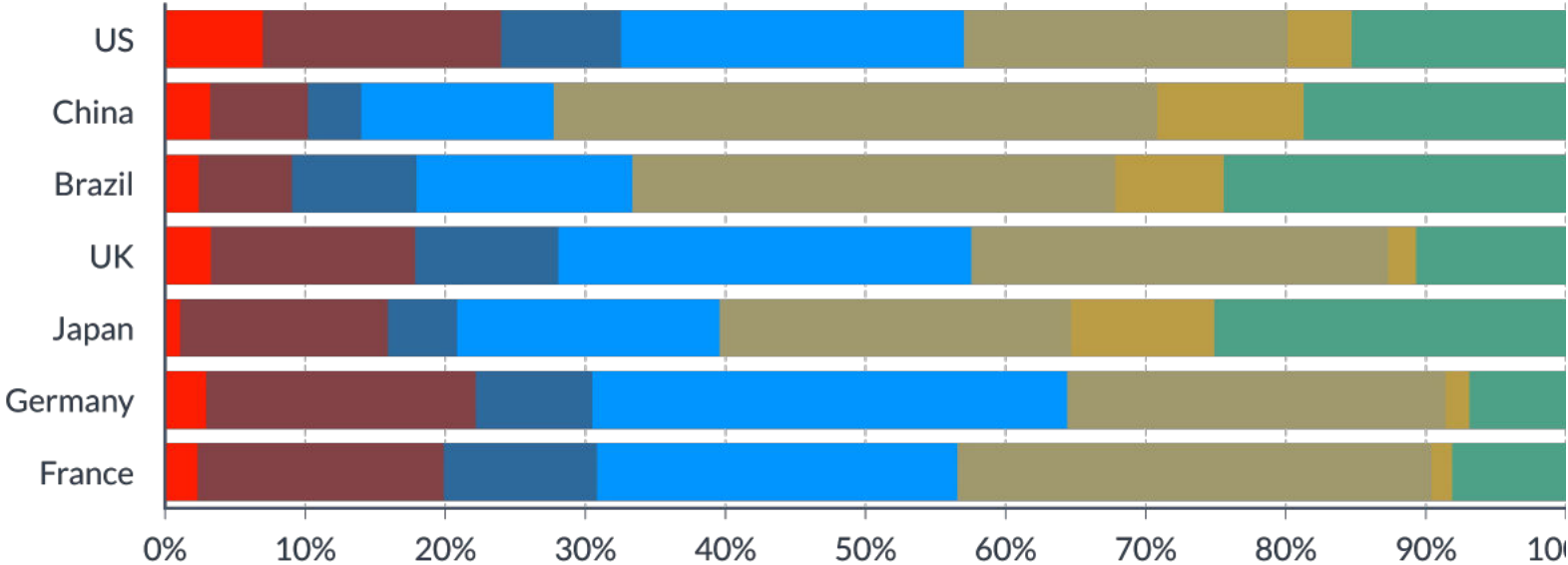
Share of pet ownership in top markets by generation



Majority of pet owners are households with at least 2 adults

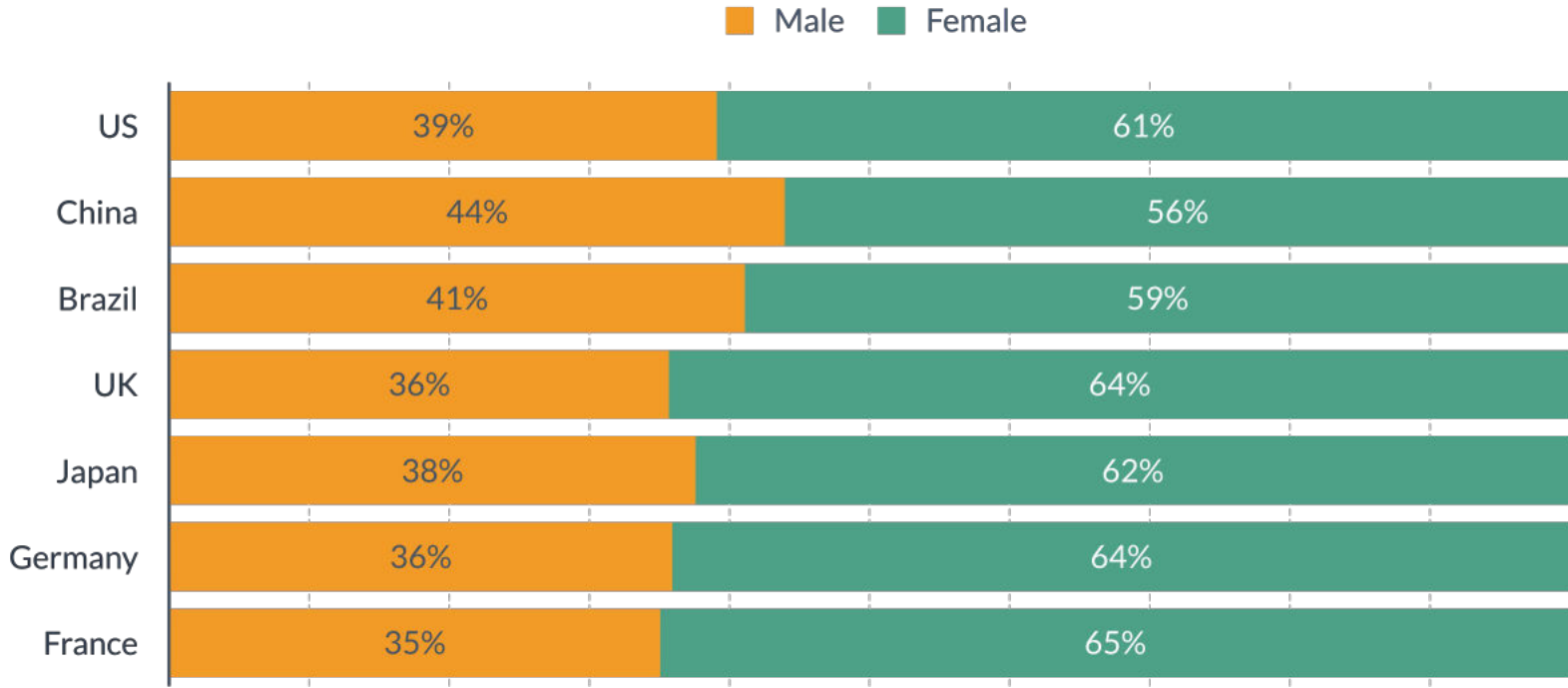
Share of pet ownership in top markets by household type

Other Single Single Parent Partners w/o Children Parents and Children
Multi-Generational Extended Family



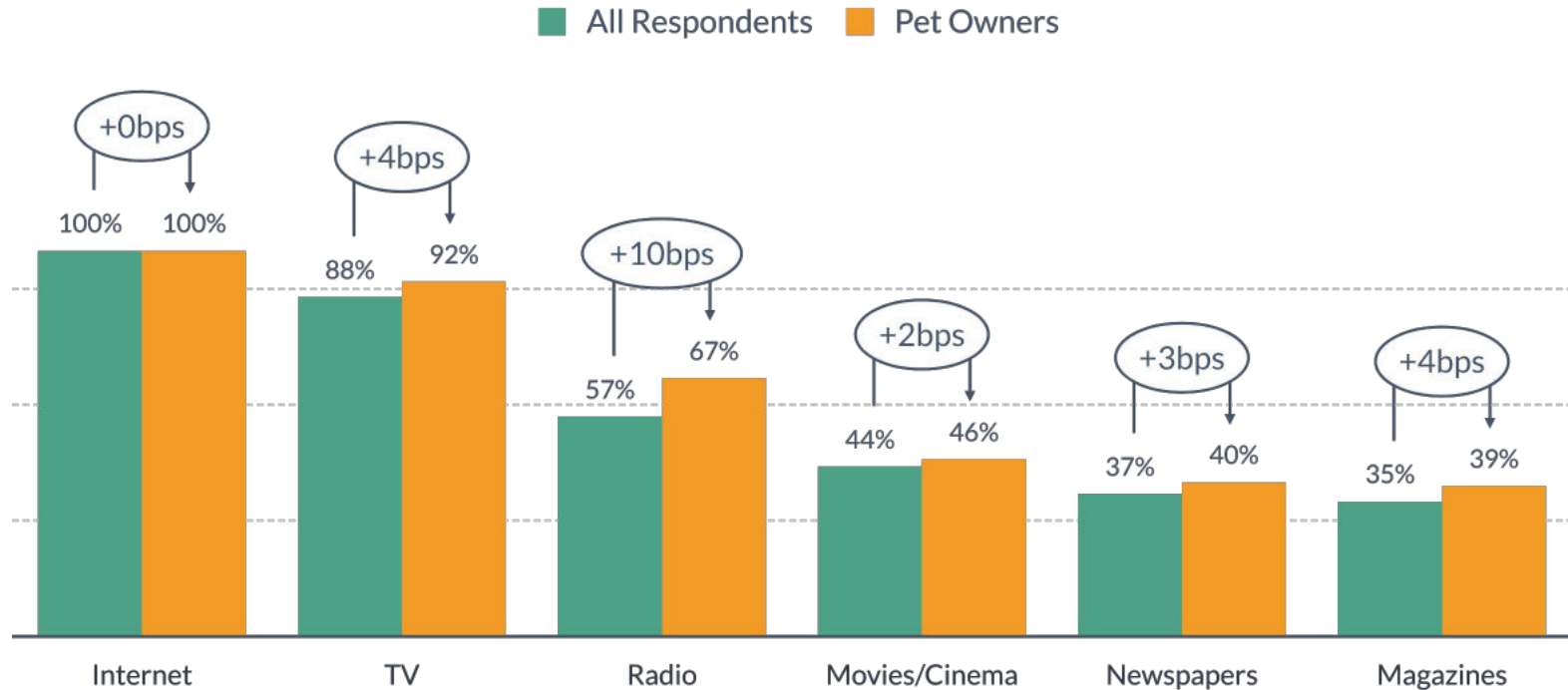
Females are the most likely decision makers in pet care

Share of purchase decision maker of pet goods, by gender



Media consumption of pet owners is similar to the general population

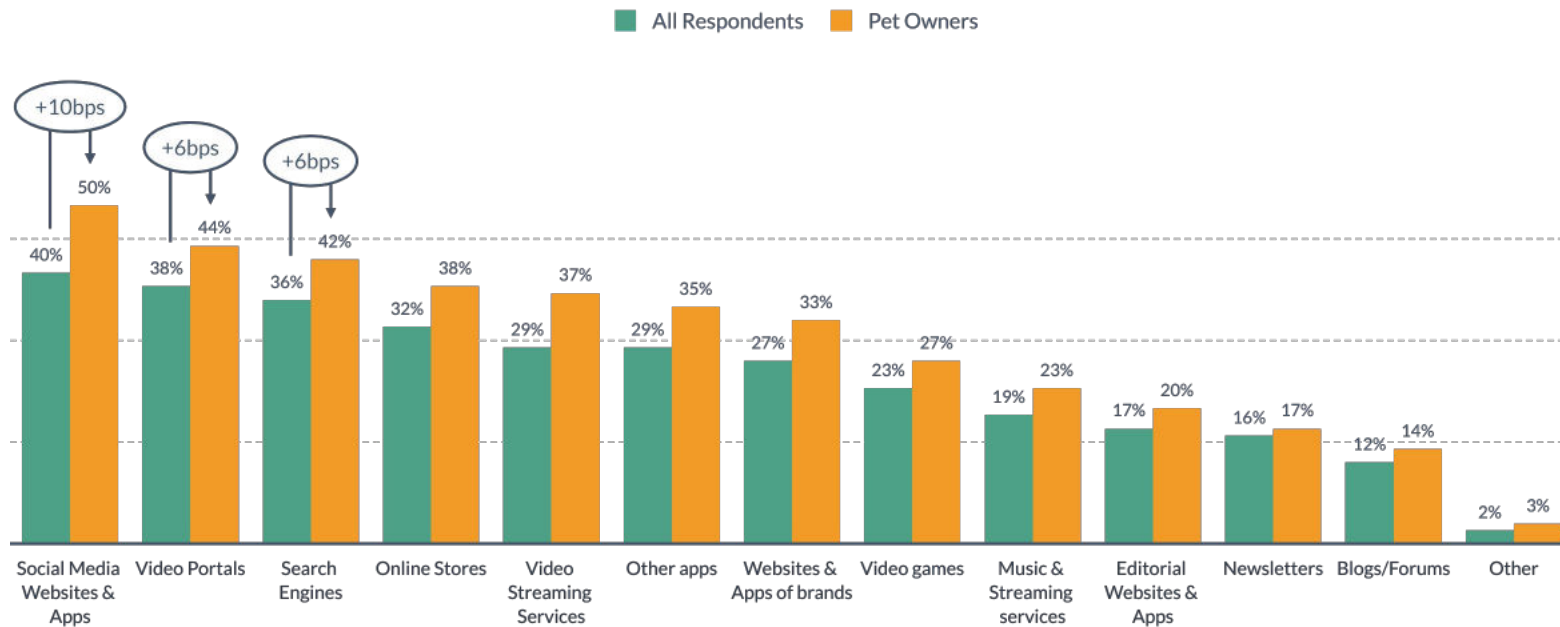
Type of media consumers have been using as of September 2022



In digital, the most impactful channels in terms of ad recall are social, video, and search engines for pet owners

Digital advertising touchpoints

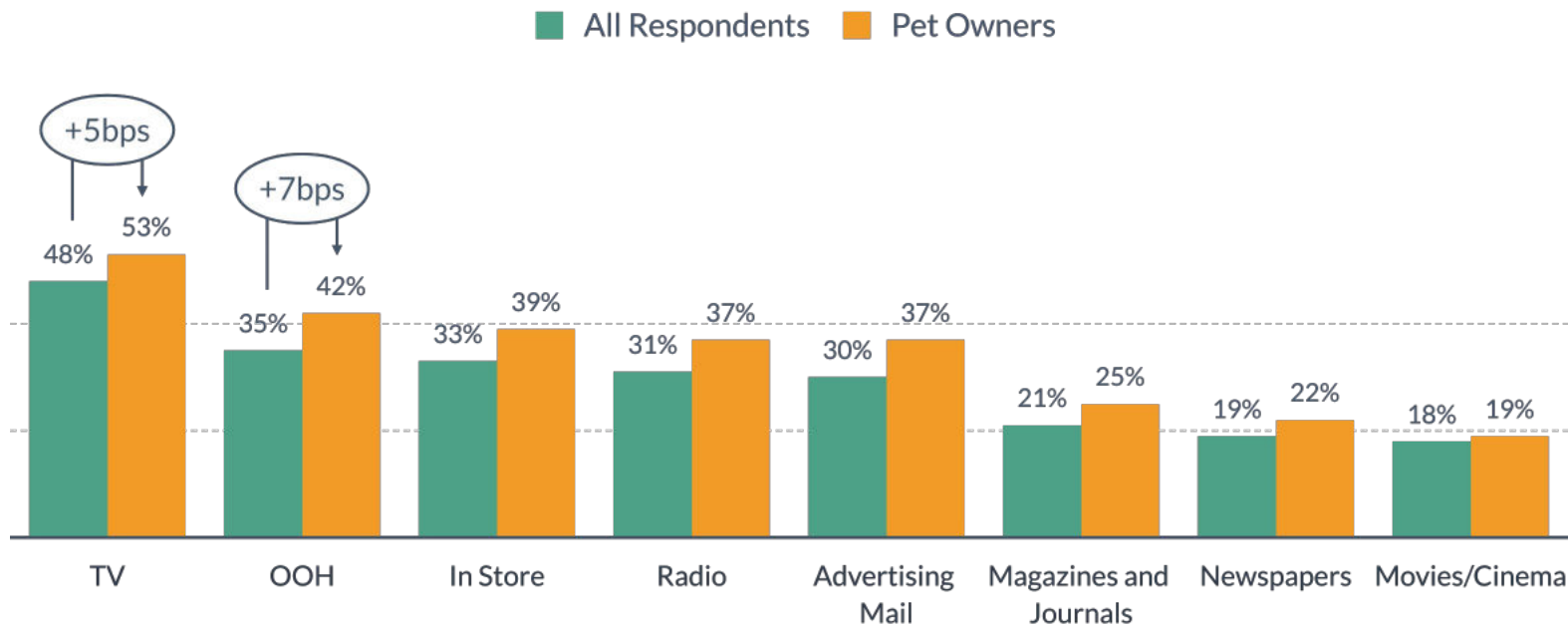
Top places people have come across digital advertising in Dec 2022



In offline media, the most impactful channels in terms of ad recall are TV and OOH for pet owners

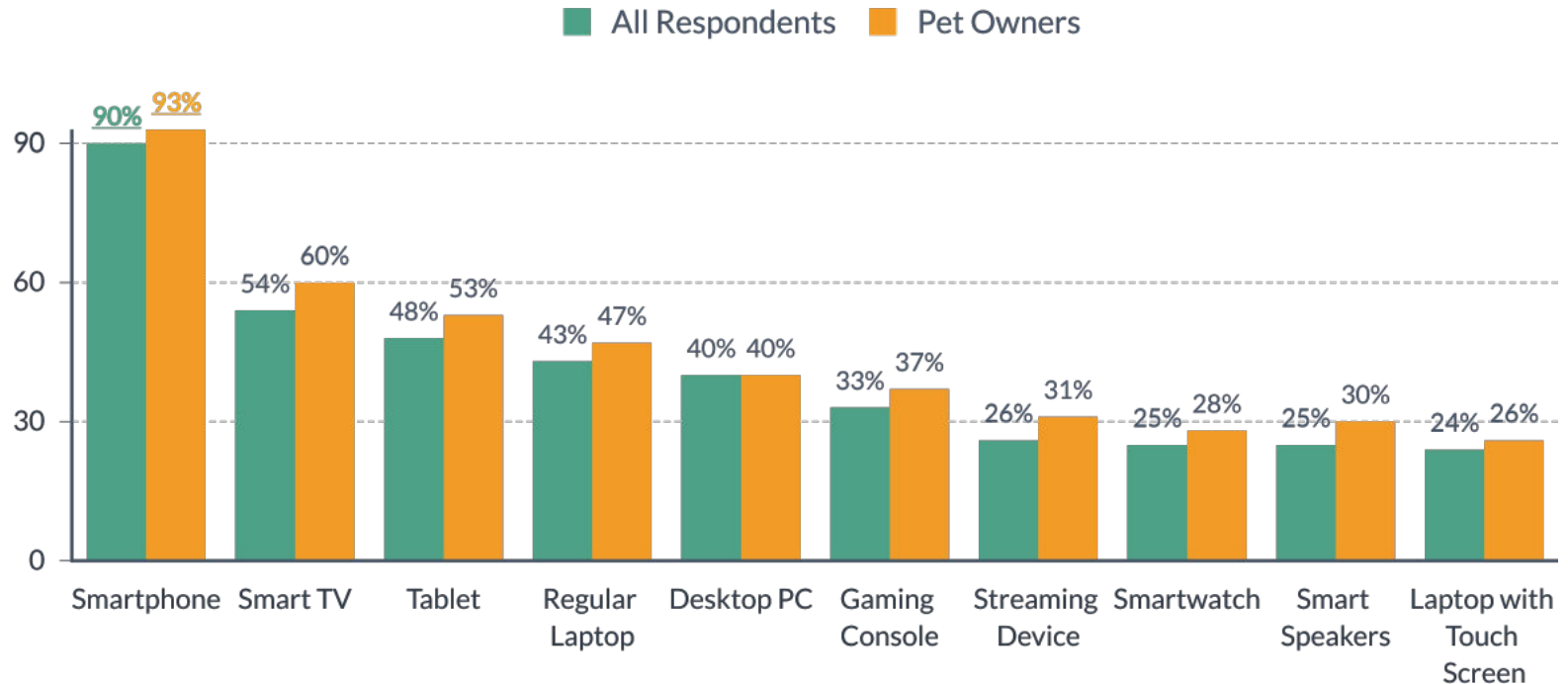
Non-digital advertising touchpoints

Top places where people have come across non-digital advertising in Dec 2022



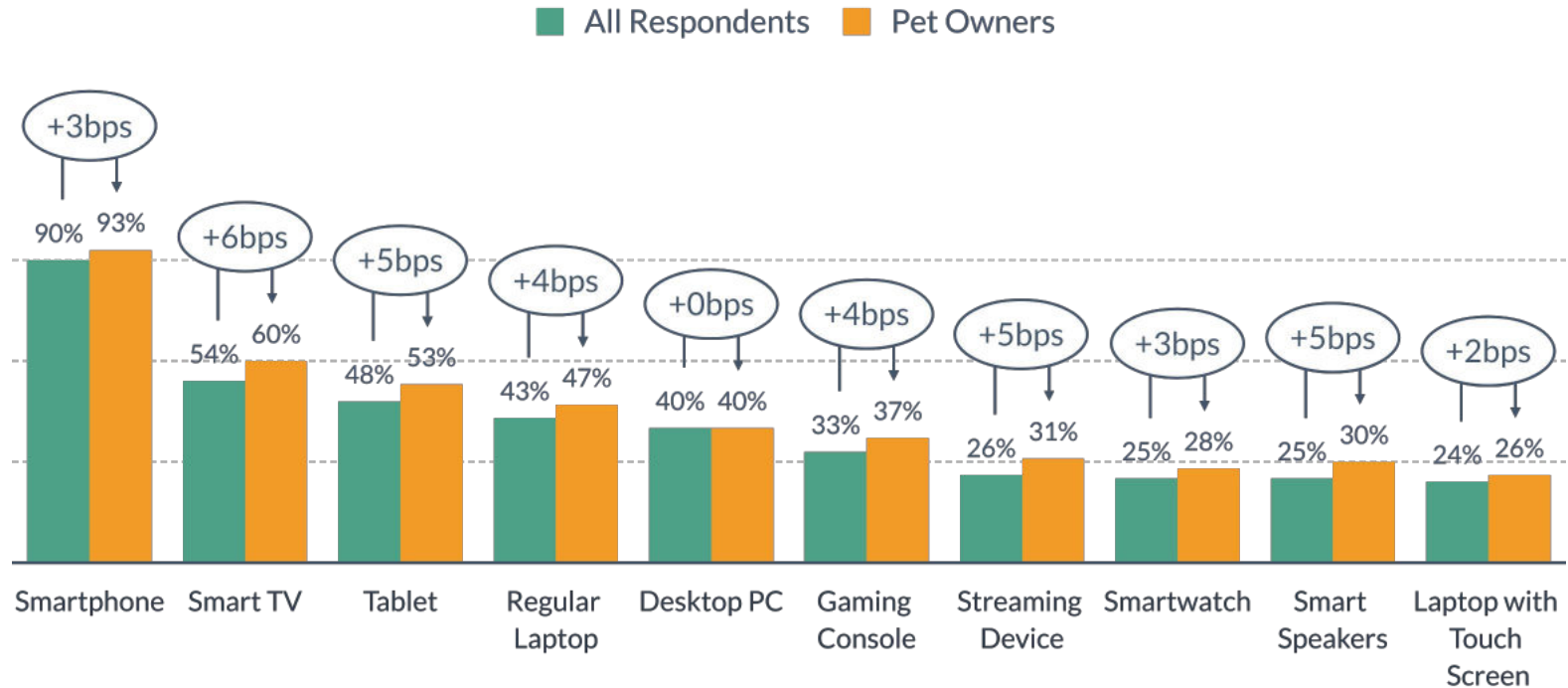
93% of pet owners access the internet via a smartphone

Devices consumers regularly use to access the internet



Pet owners are more active on social media

Activities done on social media



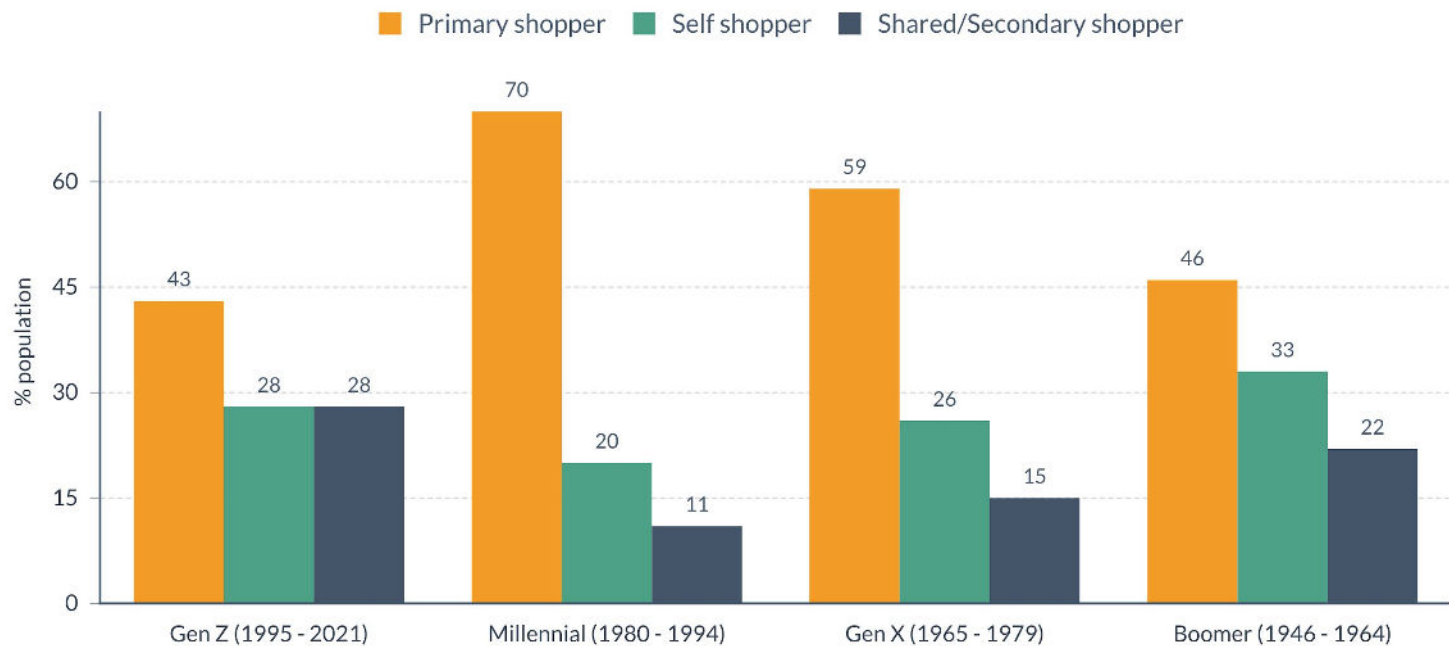
CONSUMERS
THE MILLENNIAL
QUESTION

Consumer: the Millennial question highlights

- 1 Millennials ('80-94) are the **primary shoppers** in a multi-person household
- 2 They are the **most responsive generation to brands**
- 3 Millennials are most likely to be **triggered by reviews to make a purchase**
- 4 They still mostly shop in offline channels, but are the **fastest generation to adopt online shopping**
- 5 US Millennials **prefer mass stores as price is the leading factor** in choosing where to buy
- 6 Millennials in **other big countries prefer supermarkets or hypermarkets**
- 7 Online shops and convenience stores are also preferred in China, while farmer's markets in Brazil
- 8 Across big market countries excluding China, **Instagram, Facebook, and Youtube are still the most influential** social media apps and not TikTok
- 9 Aside from home delivery, **automation/online subscription is becoming a sought after feature**

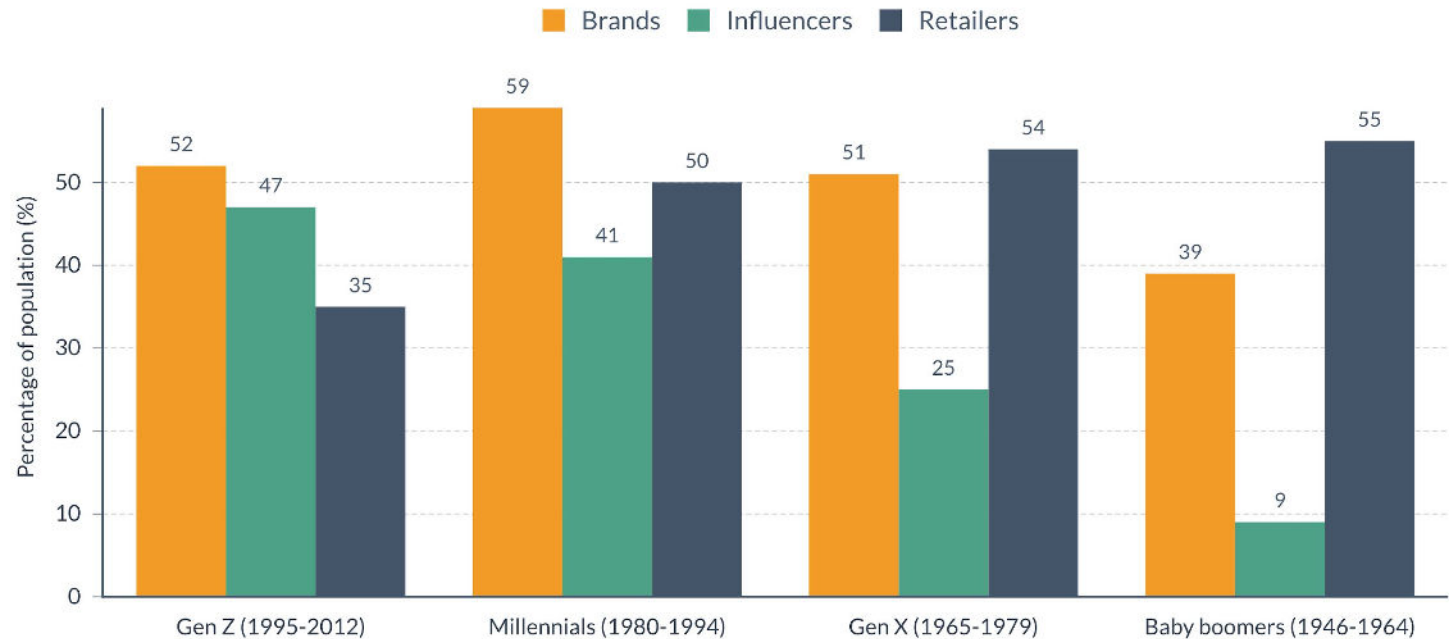
Millennials are the primary shoppers in a multi-person household

Co-shopping split of groceries in multi-person households in the US in 2022



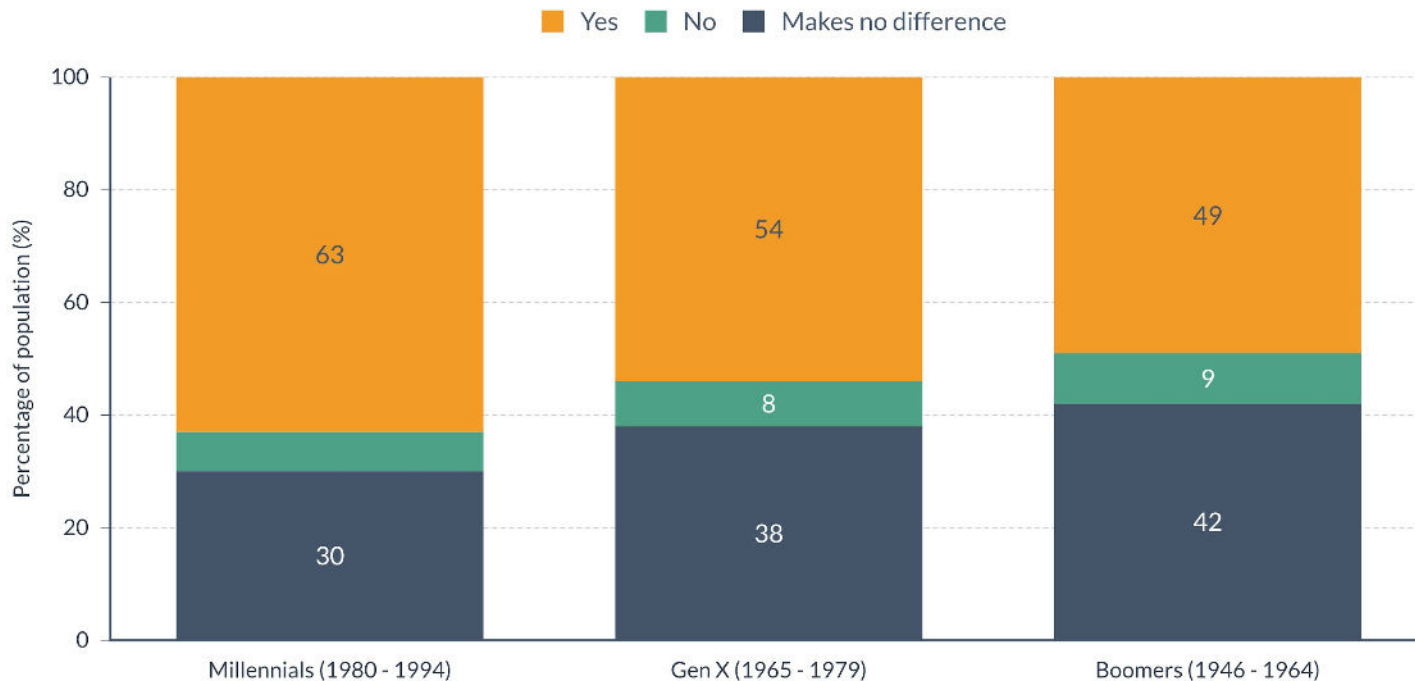
Among generations, Millennials respond best to brands

Percentage of the worldwide population that follow/purchase from different types of social media accounts



Reviews are more likely to trigger a purchase for Millennials as compared to older generations

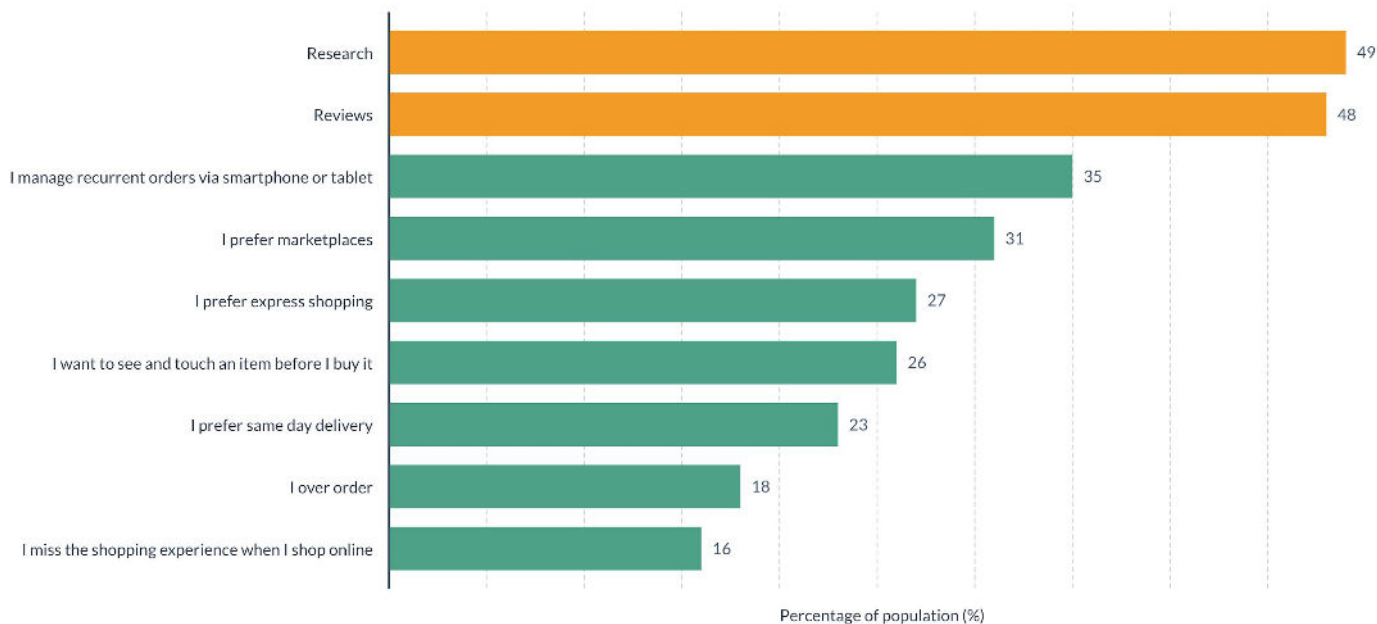
US shoppers likely to purchase groceries after reading a review in 2022



In other big markets, research and reviews are the most important factors with regards to online shopping

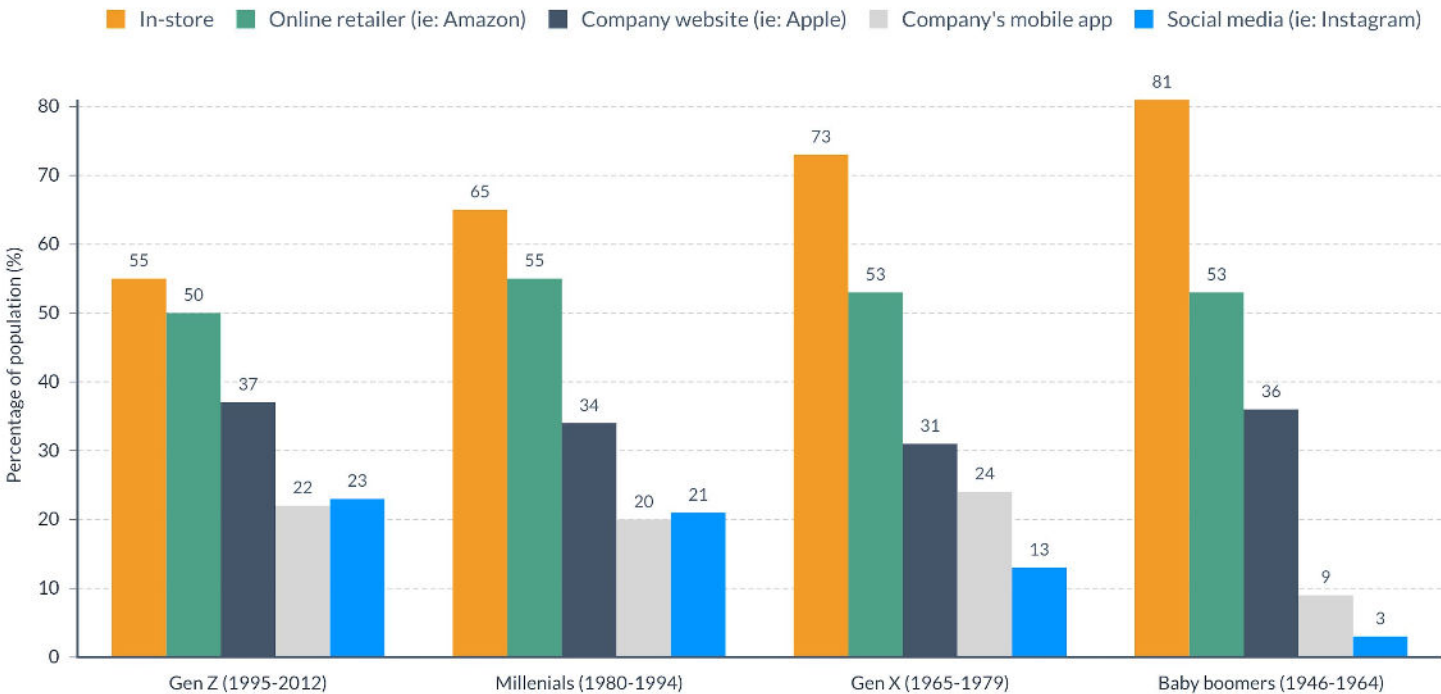
Attitudes towards online shopping in 2022

Millennials ('80-'94) in Germany, France, UK, China, Brazil and Japan



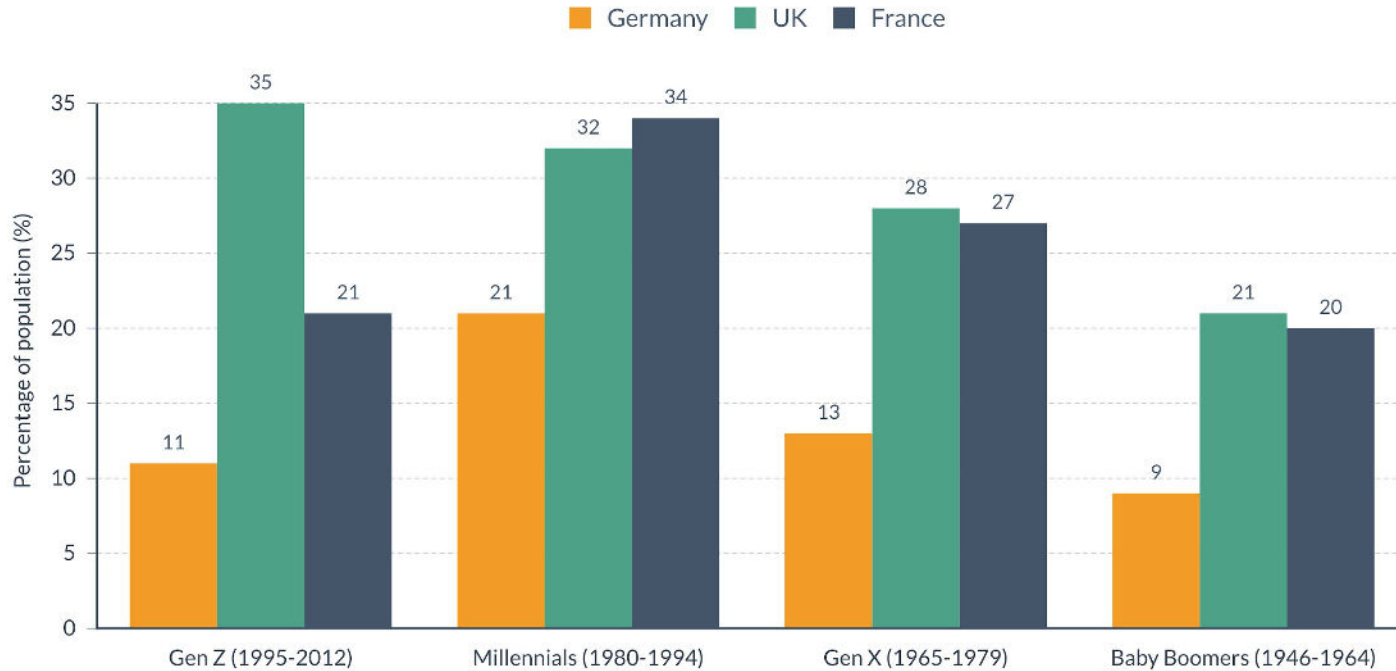
Millennials still buy in-store more, but buy most online amongst the different generations

Channels where consumers buy in the US in 2022



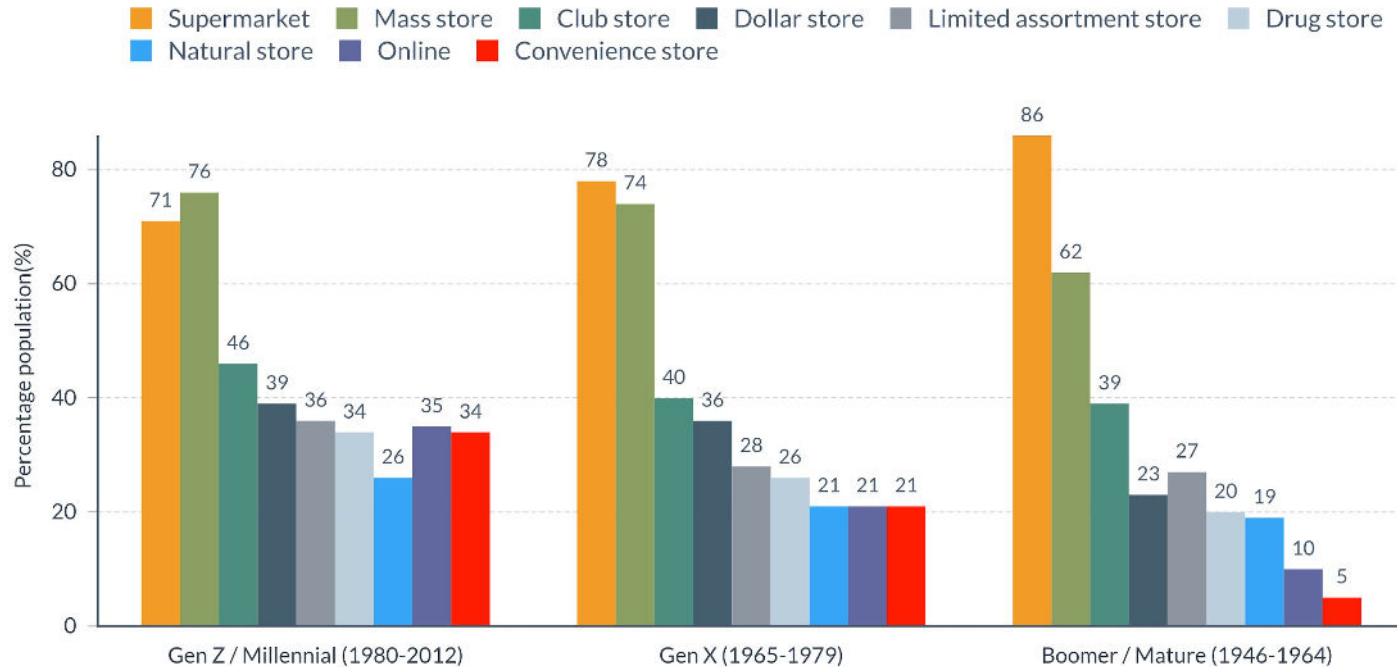
Aside from Germany, Millennials in Europe also have a high share of online shoppers

Percentage of shoppers buying groceries online in 2022



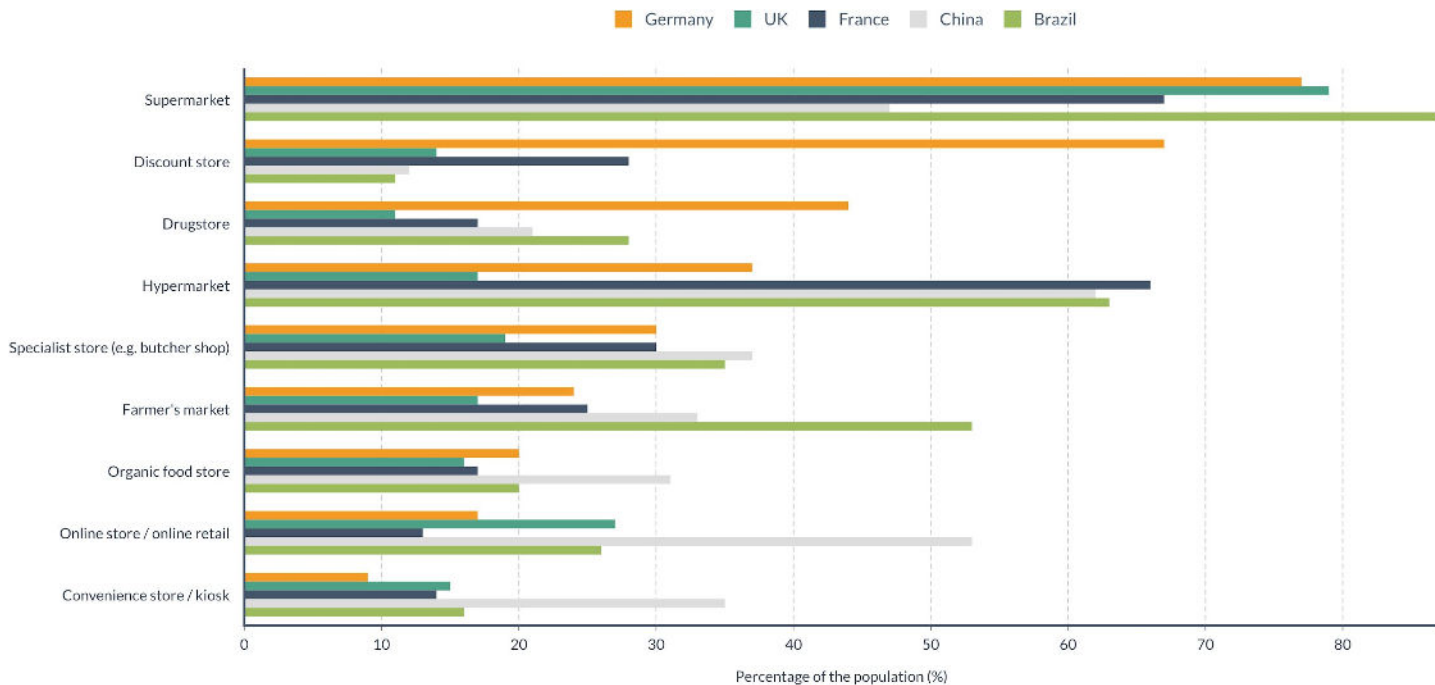
Millennials and Gen Zs are multi-channel shoppers, but prefer mass store the most

Preferred in-store channel by consumers in the US in 2022



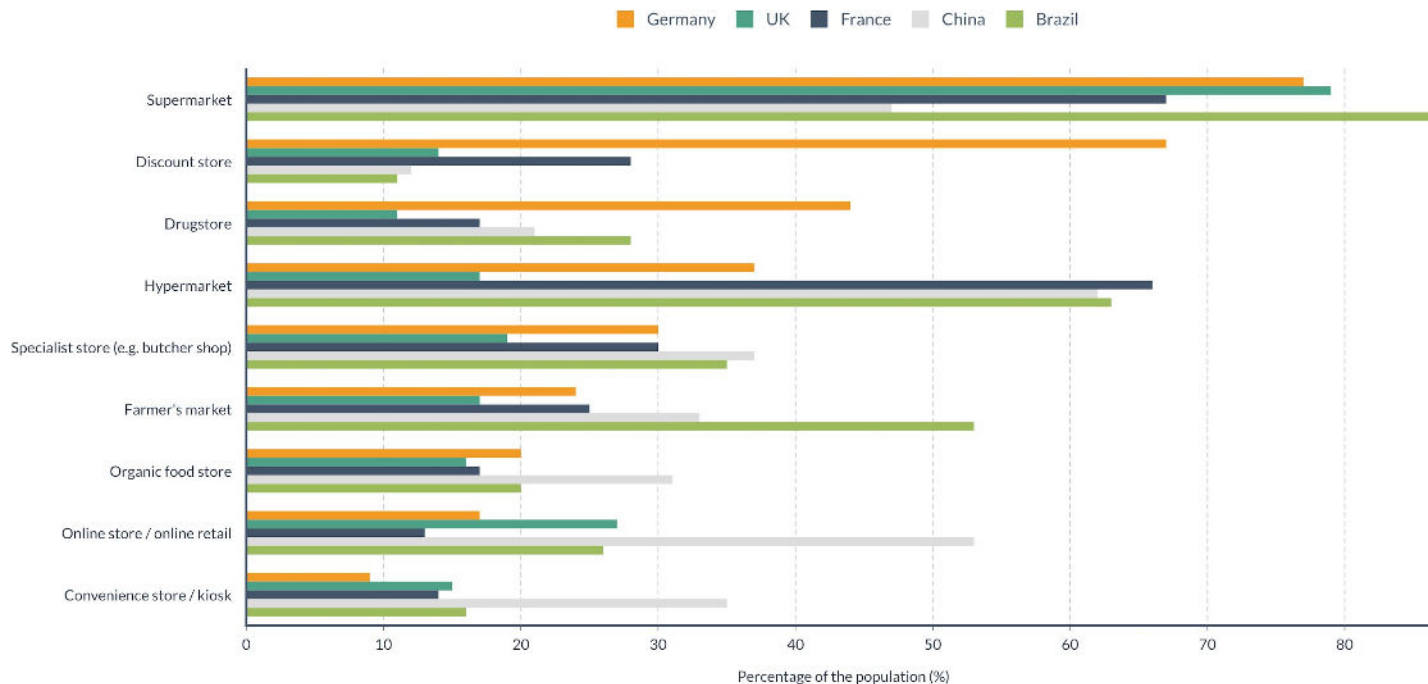
Supermarket or hypermarket are the preferred channels of Millennials in other big markets

Preferred channels by Millennials ('80-'94) consumers



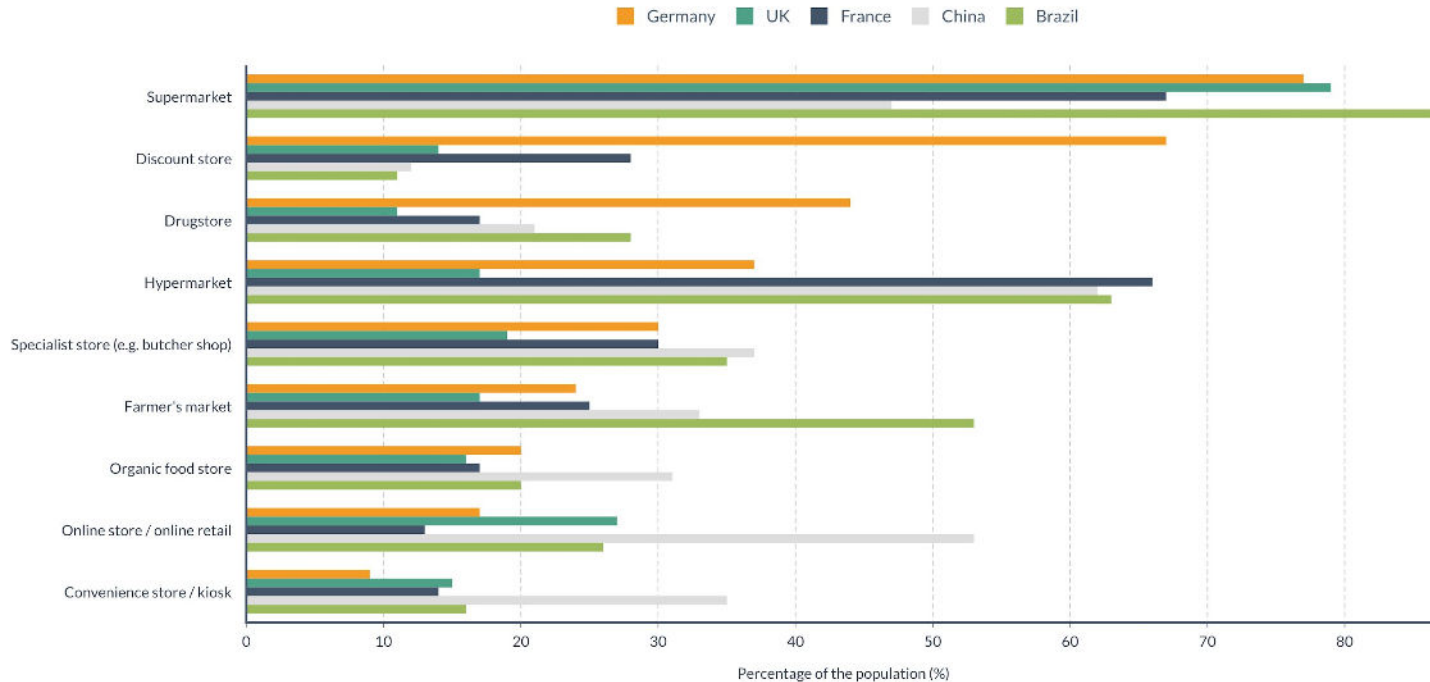
Convenience is important for Millennials in China as online shopping and convenience stores are also highly preferred

Preferred channels by Millennials ('80-'94) consumers



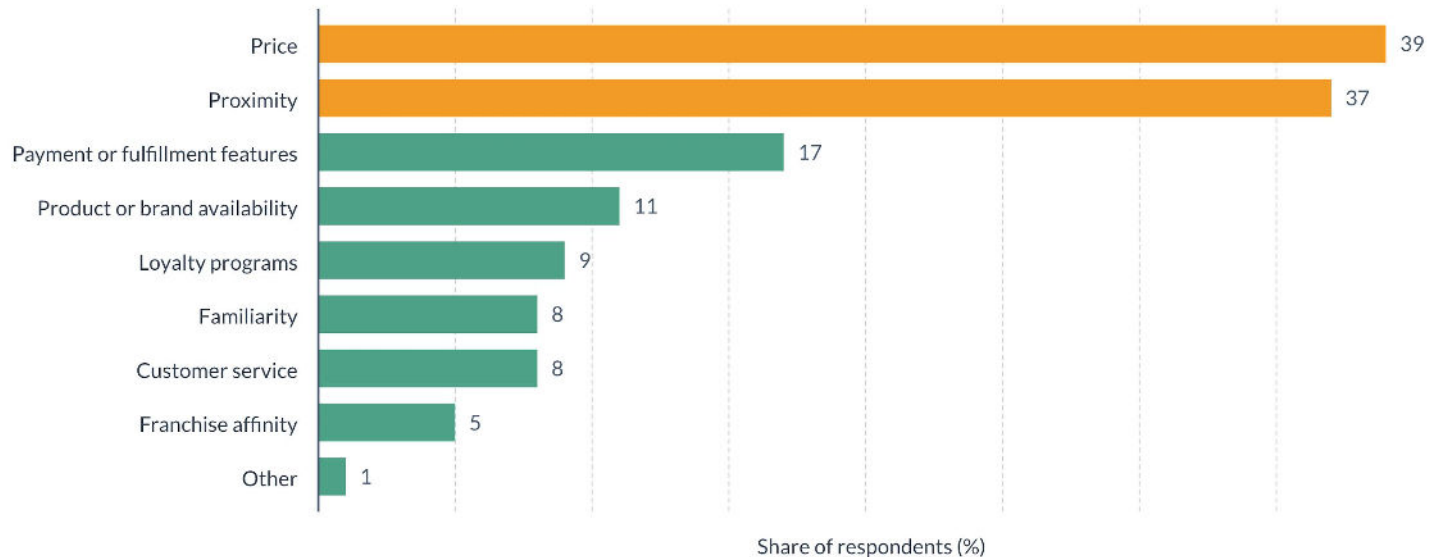
Farmer's markets are also popular in Brazil suggesting the importance of freshness

Preferred channels by Millennials ('80-'94) consumers



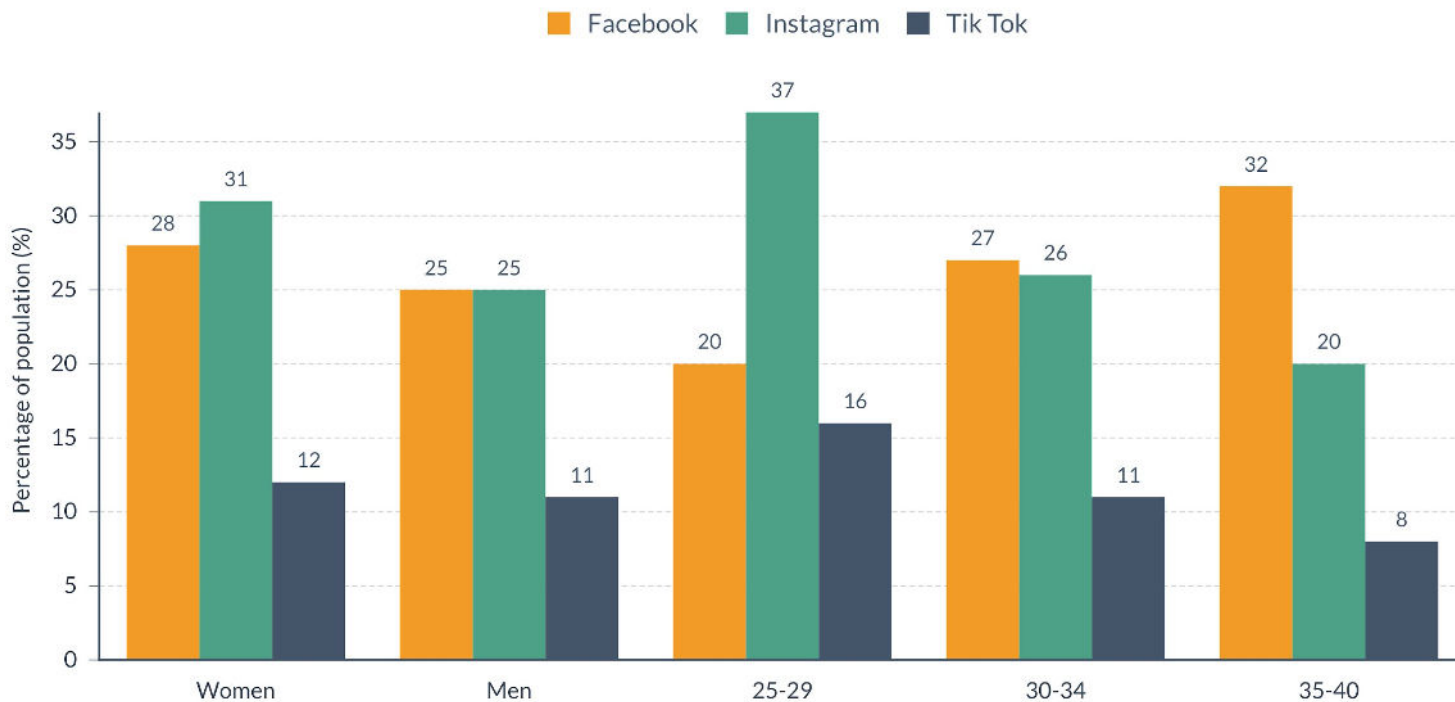
Price and proximity are the most important factors for Millennials on choosing where to buy

Most influential factors when choosing a grocer and pharmacy among US millennials as of December 2021



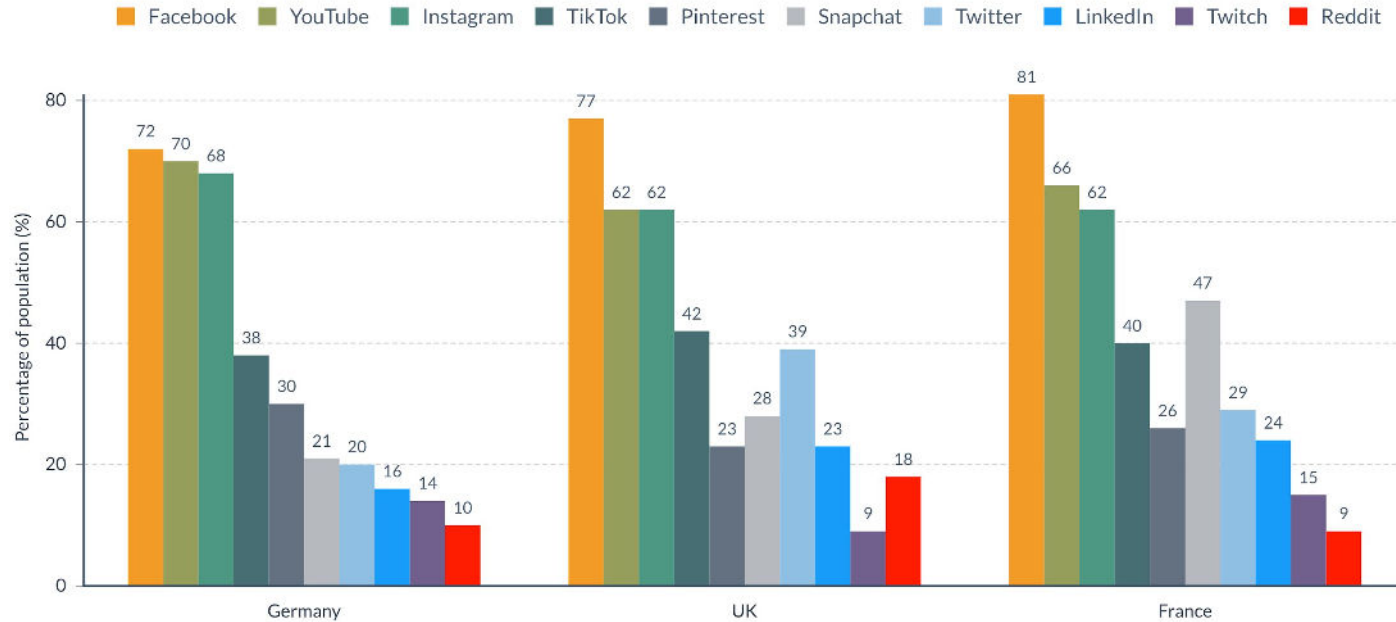
Among social media platforms, Instagram & Facebook still influence U.S. Millennials the most vs TikTok

Social networks influencing US Millennials ('80-'94) buyers in 2022



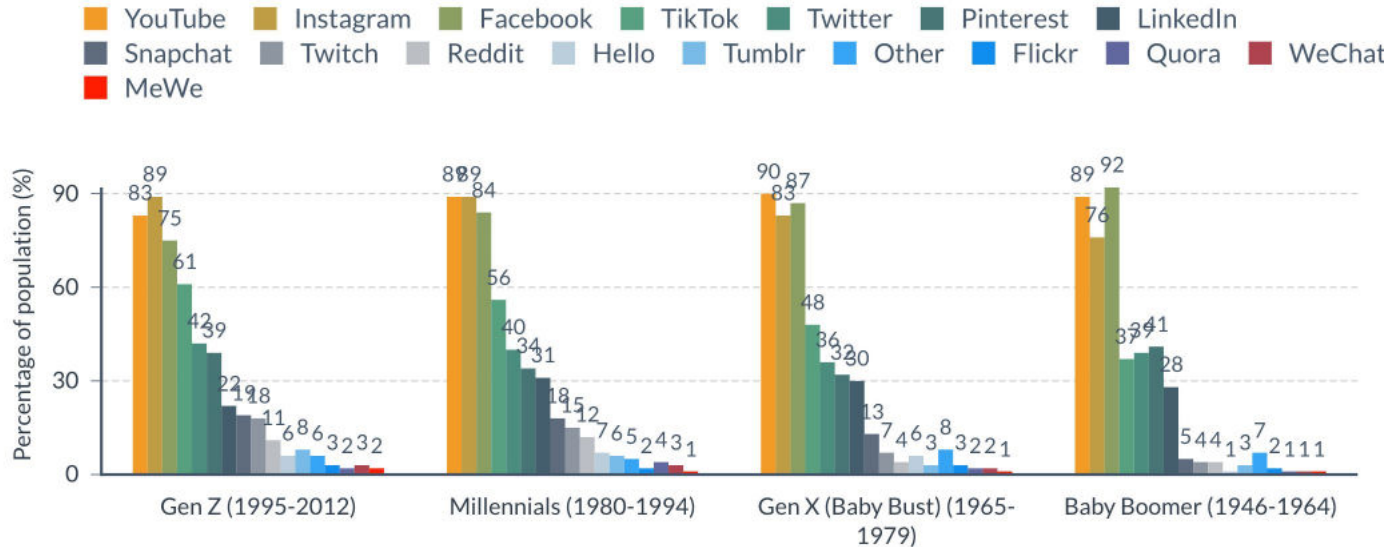
In order of preference, Facebook, Youtube, and Instagram are the most used social networks in Germany, UK, and France

Most used social networking platforms by Millennials ('80-'94) as of September 2022



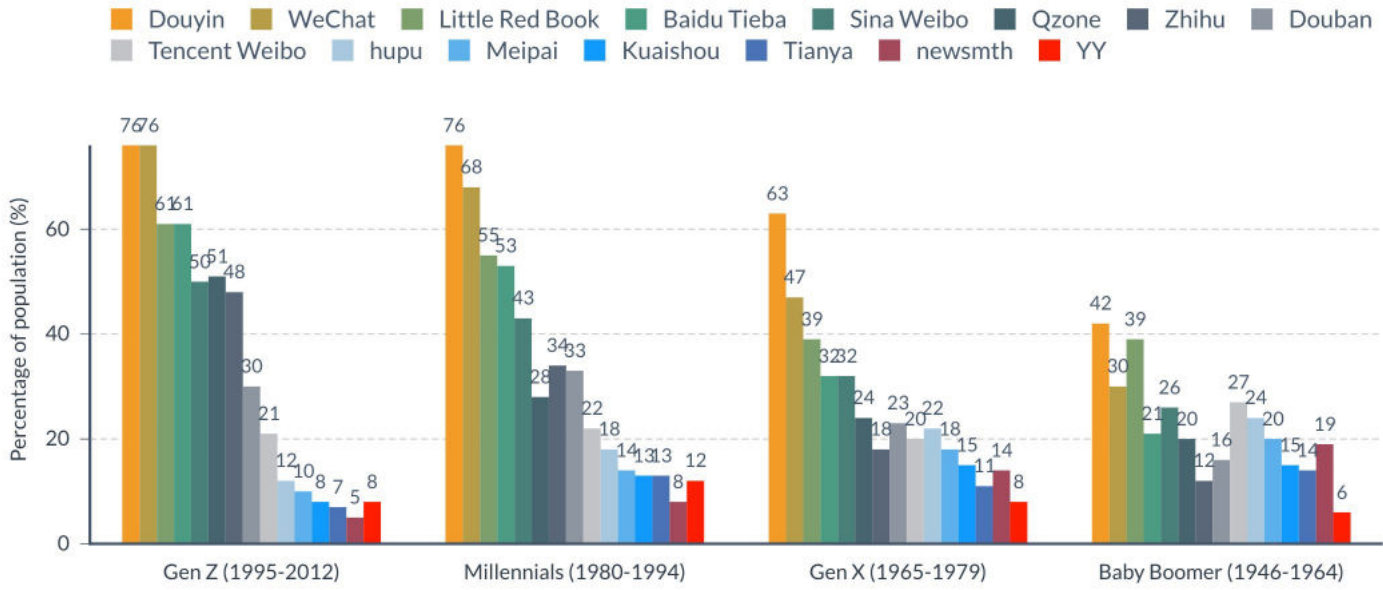
Millennials in Brazil use Youtube the most followed by Instagram and then Facebook

Most used social networking platforms in Brazil as of September 2022



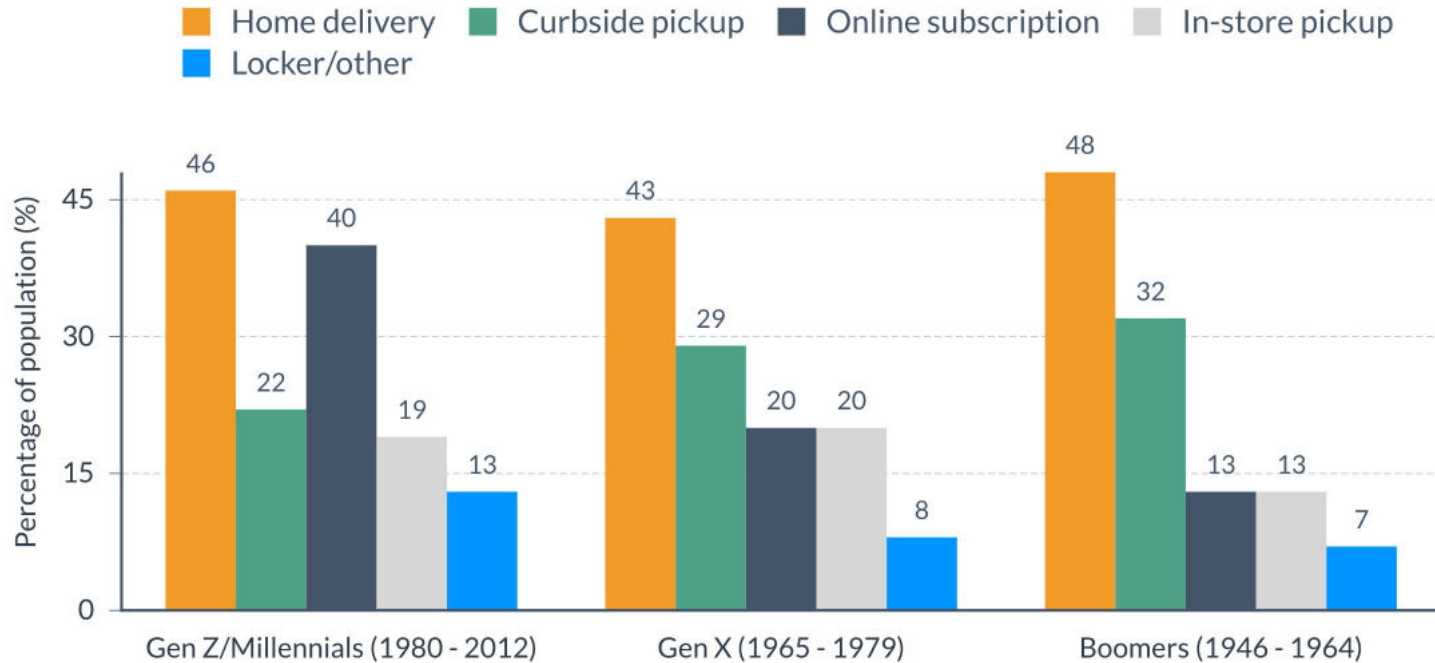
In China, Douyin, WeChat, Little Red Book, and Baidu Tieba are the social networks used the most by Millennials

Most used social networking platforms in China as of September 2022



Automation or online subscription is becoming an important feature

Online grocery fulfillment preference in the US in 2021



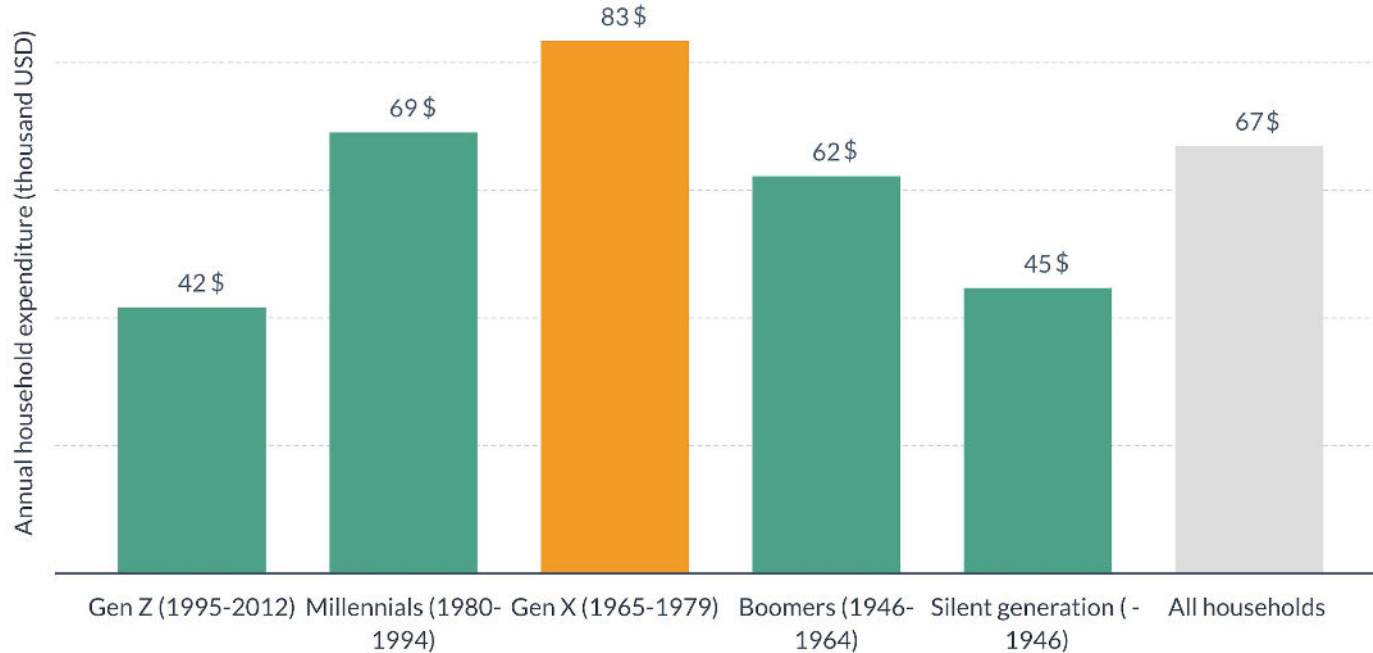
CONSUMERS
SOLVING FOR GEN-X

Consumers: solving for Gen-X highlights

- 1 Gen-Xers('65-'79) are the **biggest spenders** across generations
- 2 They are willing to **pay for accessibility and convenience** especially during the pandemic
- 3 **Partnering with retailers** are important as Gen-Xers are not only influenced by brands but also by retailers
- 4 Though open to e-commerce, **in-store shopping** in either Supermarkets or Mass store is **generally preferred**
- 5 The opportunity is Gen-Xers are as **willing to try new products when online shopping** as compared to younger generations

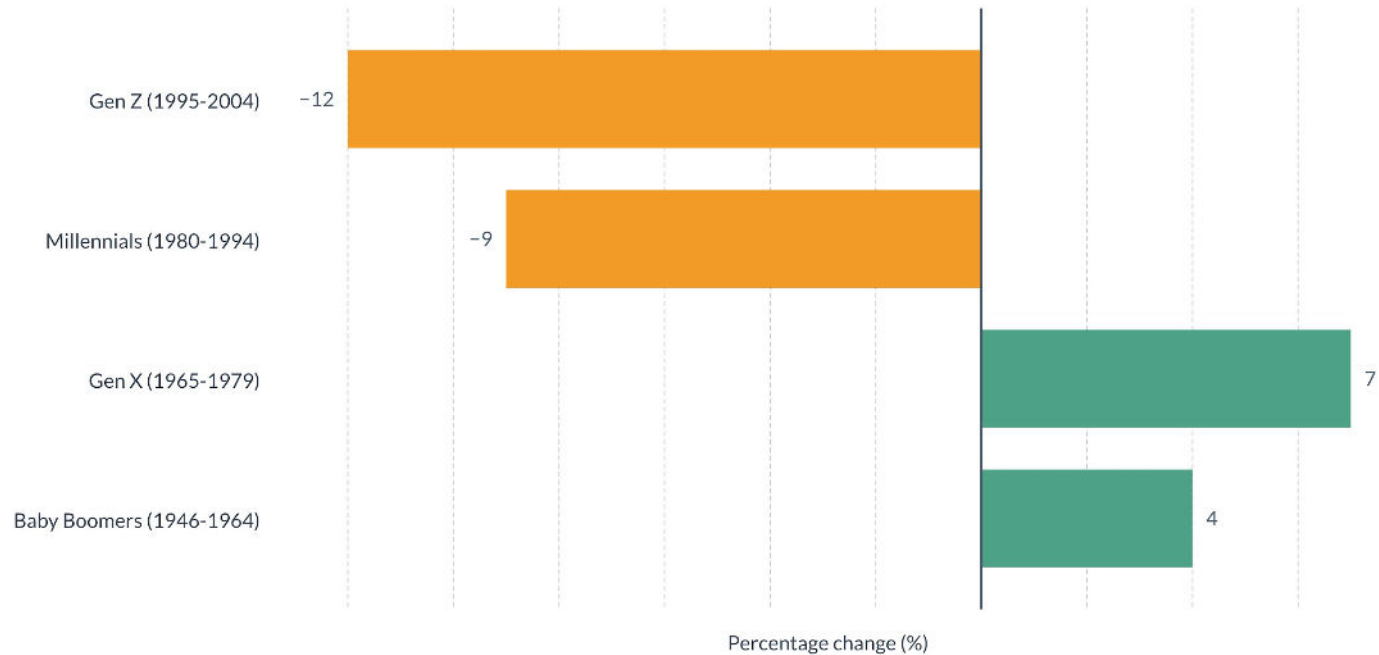
Gen Xers spend the most across generations

US annual household expenditures in 2021



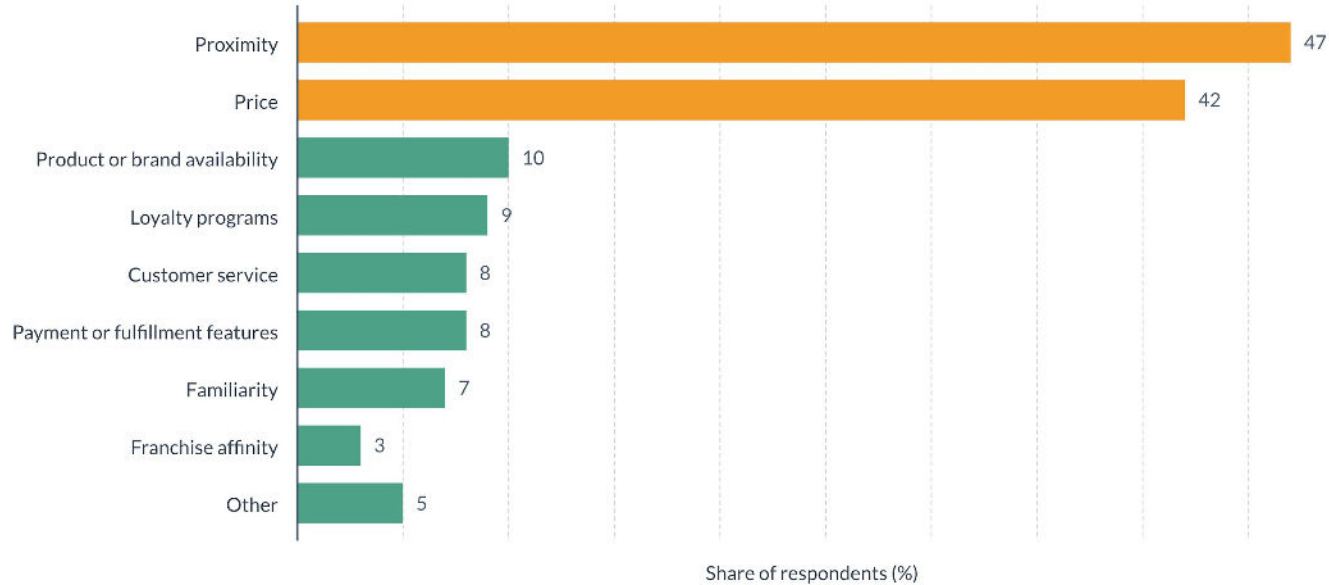
Gen Xers are willing to pay more even during COVID

Grocery spending between March '21 and March '22 in the US



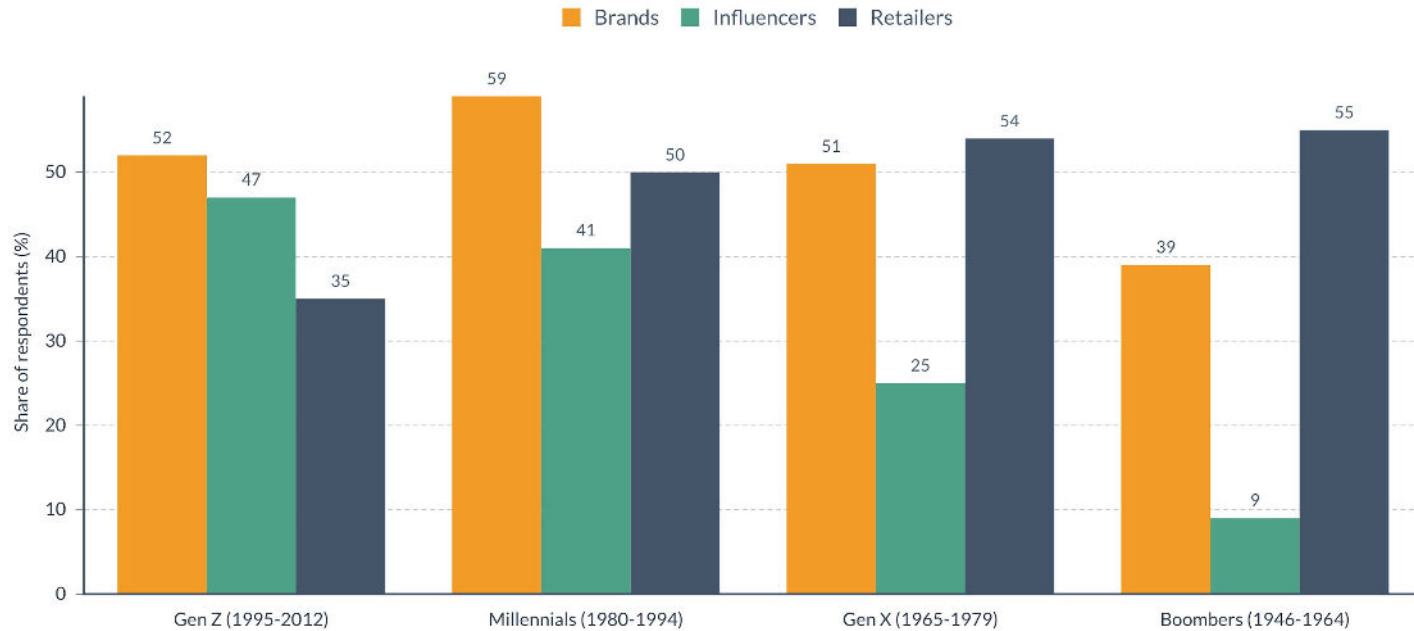
Proximity and price are still the most important factors when choosing where to buy but Gen X values proximity more

Most influential factors when choosing a grocer and pharmacy among US GenX as of December 2021



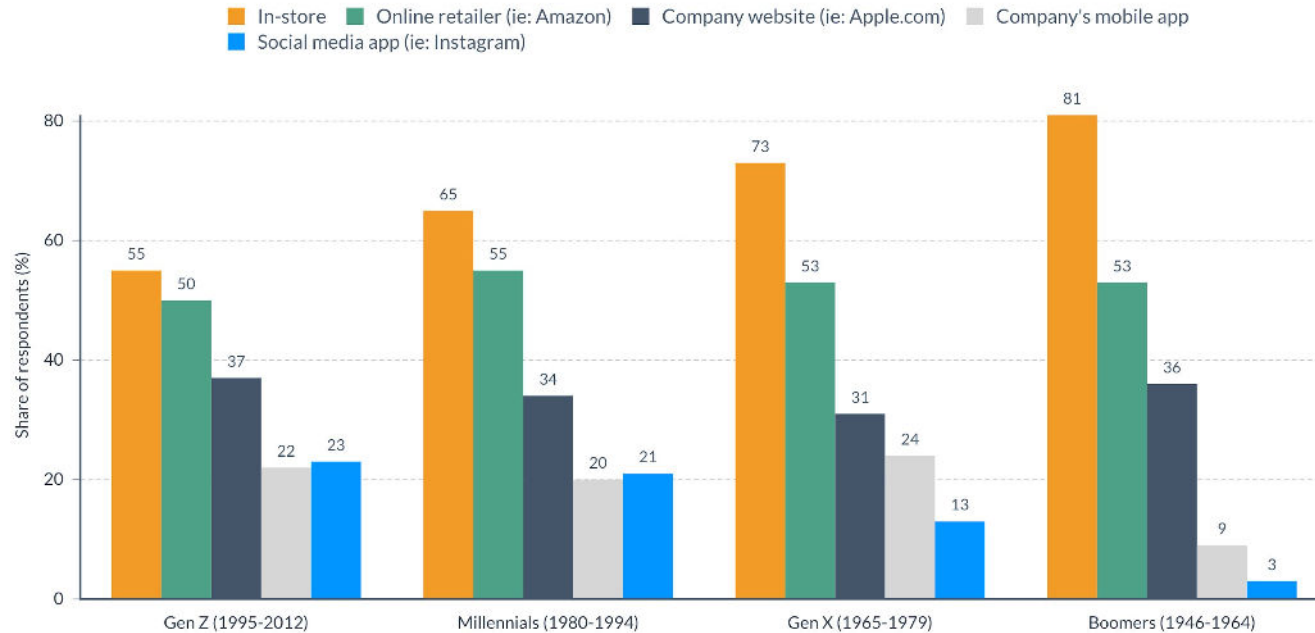
Gen X are not only influenced by brands, but also by retailers

Percentage of the global population that follow and purchase from different types of social media accounts as of 2022 Q2



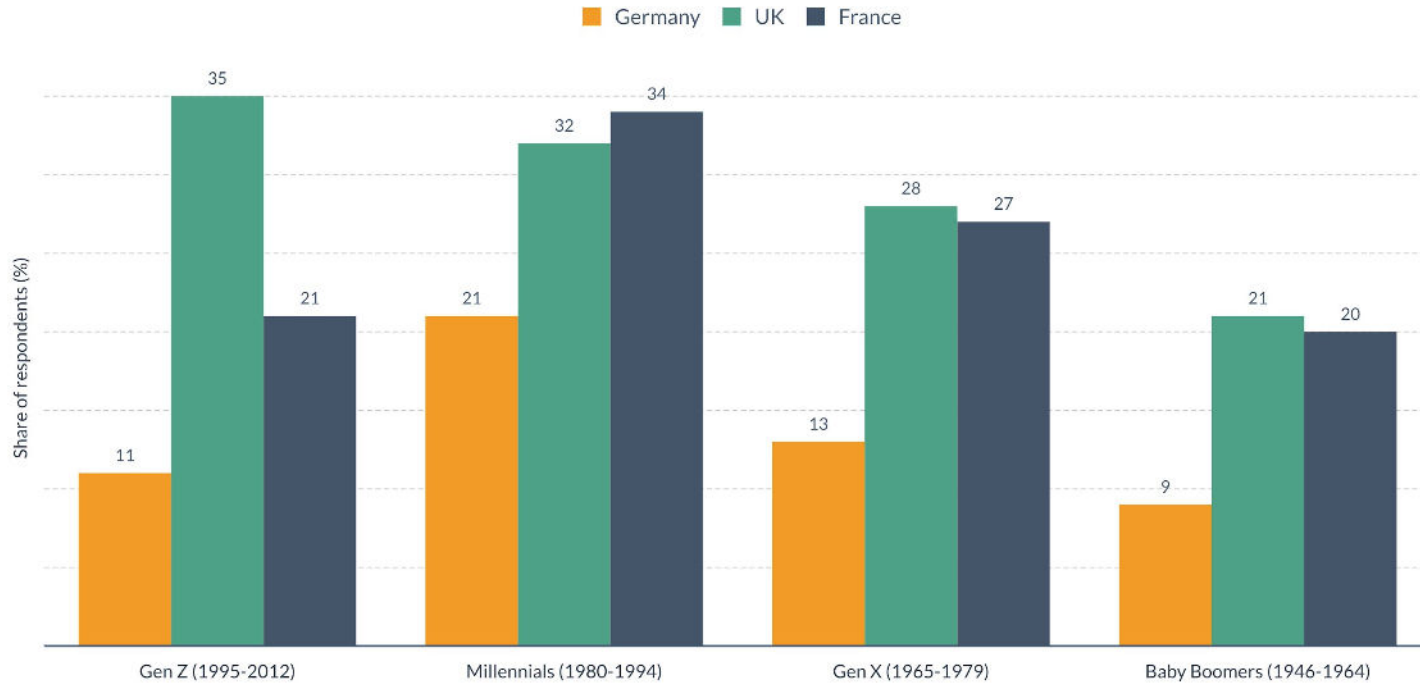
Gen Xers still prefer in-store, but are open to online shopping

Channels where consumers buy % of population in the US in 2022



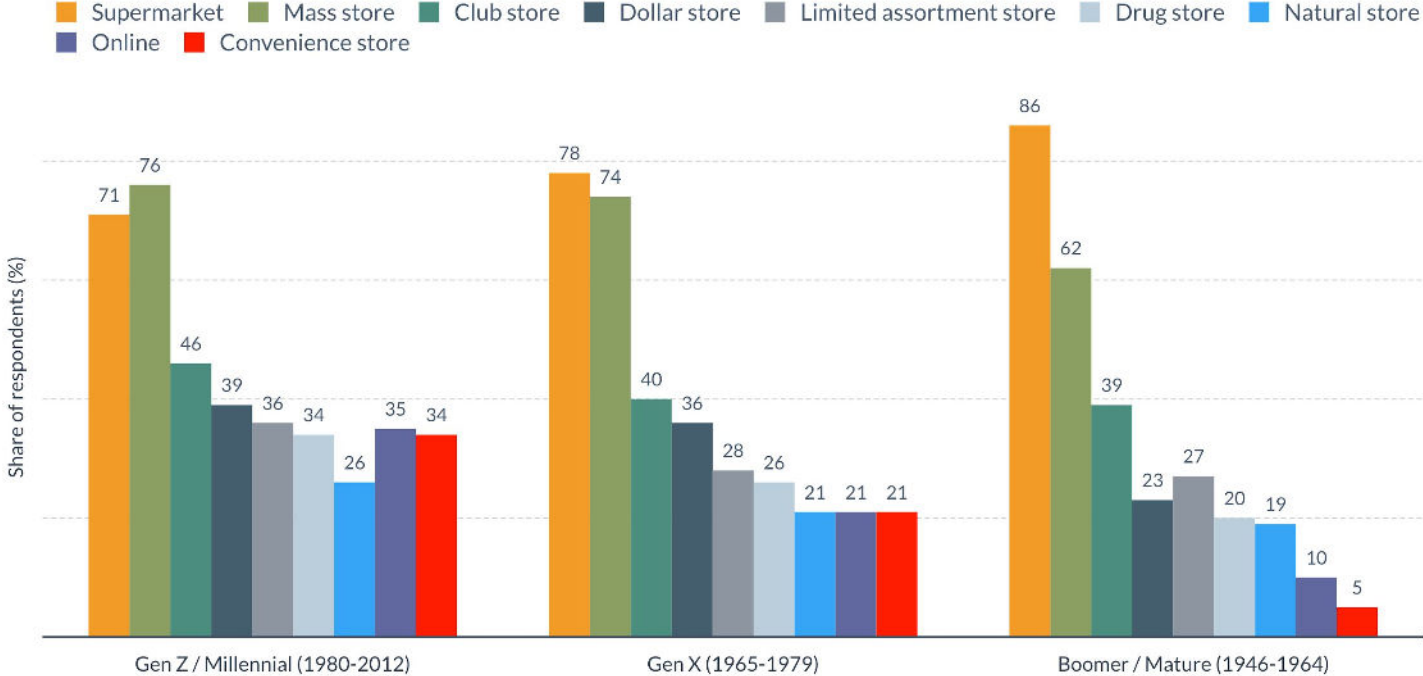
Aside from Germany, Gen-Xers in Europe also have a high share of online shoppers

Share of shoppers buying groceries online in Germany in 2022



Gen Xers frequent supermarkets and mass Stores

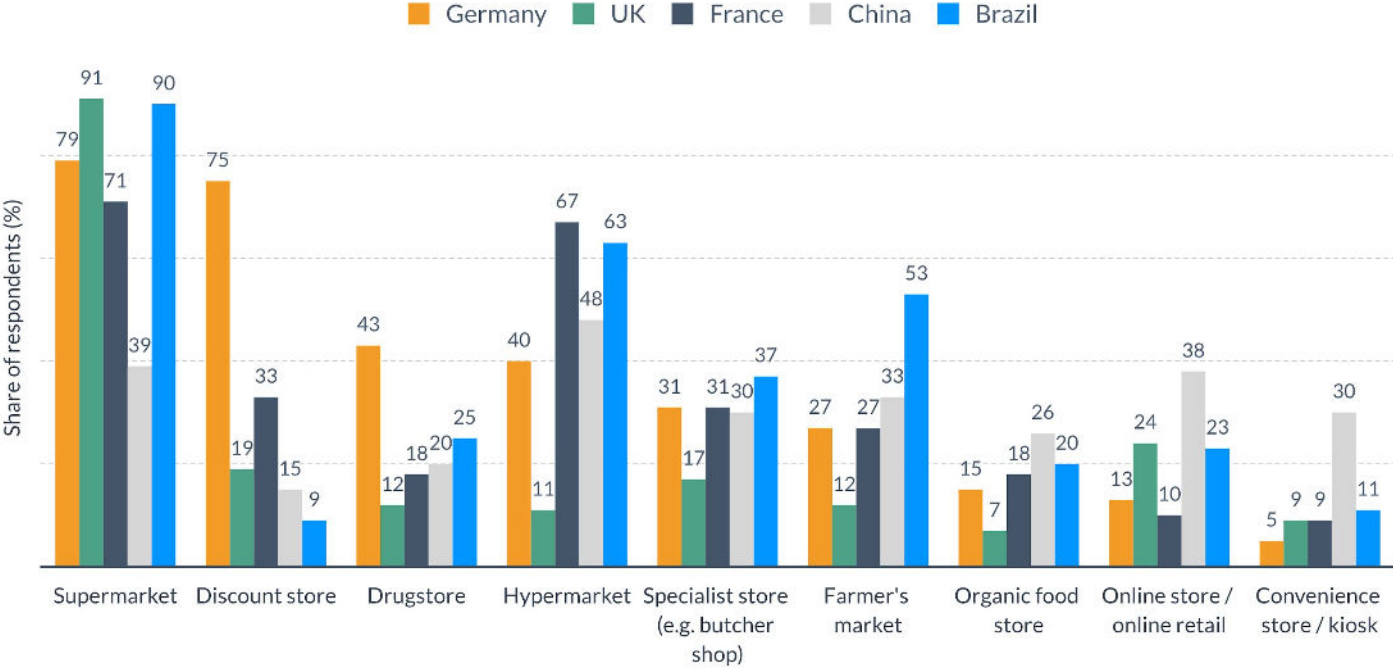
Grocery channel used by consumers in the US in 2022



Source: FMI. (May 12, 2022). Grocery channel shopped in by consumers in the United States as of February 2022, by generation [Graph].Statista

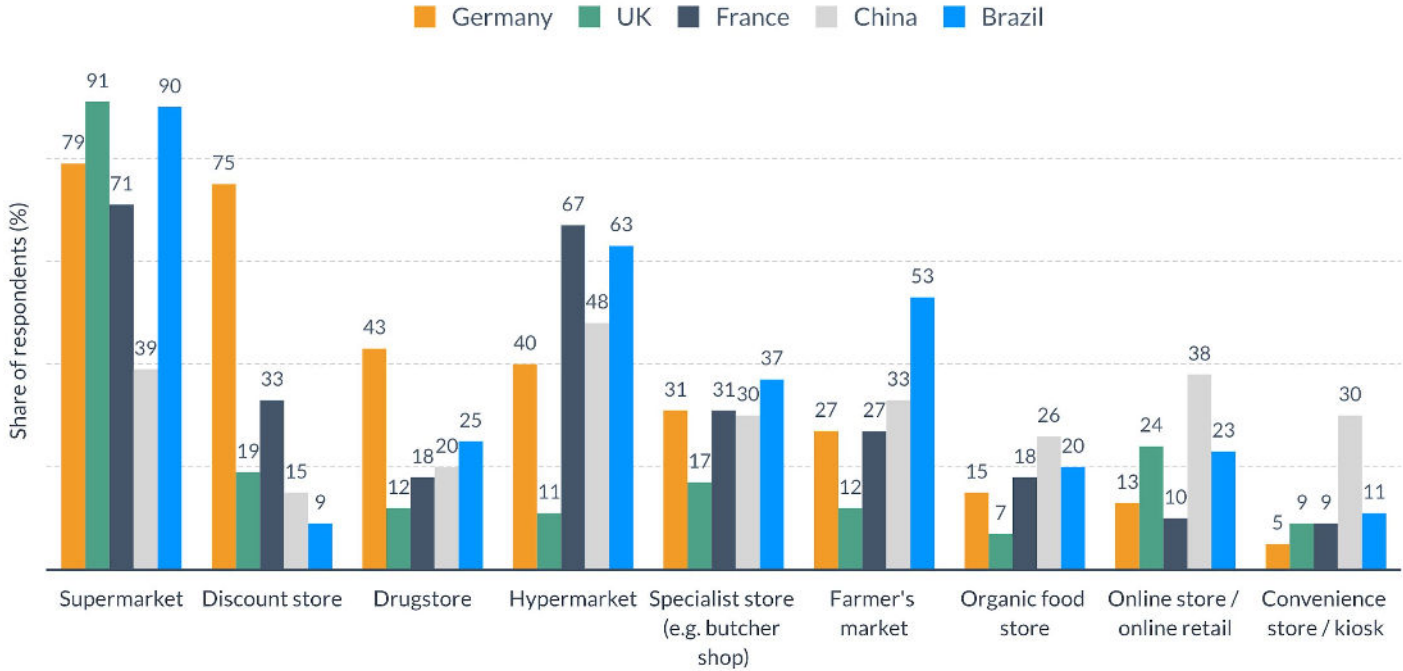
Gen-Xers in Germany also prefer discount stores

Preferred channels for shopping groceries of Gen X ('65-'79) as of September 2022



While Gen-X in China still prefer online and convenience stores and Gen-X in Brazil prefer farmer's market

Preferred channels for shopping groceries of Gen X ('65-'79) as of September 2022



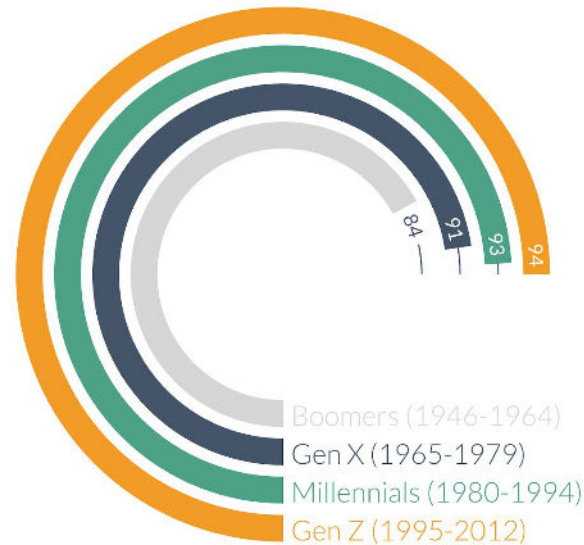
Source: Global Consumer Survey, (September 30, 2022). Statista.

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Gen Xers are as willing as the younger generations to try new products when online shopping

Online grocery shoppers open to try new products in the US 2022

In terms of share of respondents (%)



CONSUMERS

CONNECTING WITH GEN Z

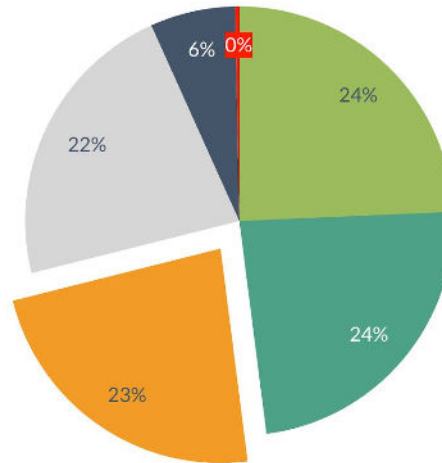
Consumers: connecting with Gen Z highlights

- 1 Gen Z('95-'12) already represents almost a quarter of the United States population
- 2 Most are engaged with **socially relevant issues**
- 3 Brand reach and distribution will be even more important as **Gen Zs are omni-shoppers**
- 4 They **disproportionately consume more Social Media** & prefer videos both long-form and short-form
- 5 Gen Zs are most susceptible to **trigger purchases due to Social Media**
- 6 **Female Gen Zs are most influenced by family & friends**
- 7 The generation's **low interest in pets and awareness in brands** should be taken as an opportunity
- 8 Gen Zs **respond best to personalized advertisements**

Gen Zs already represent almost a quarter of the U.S. population

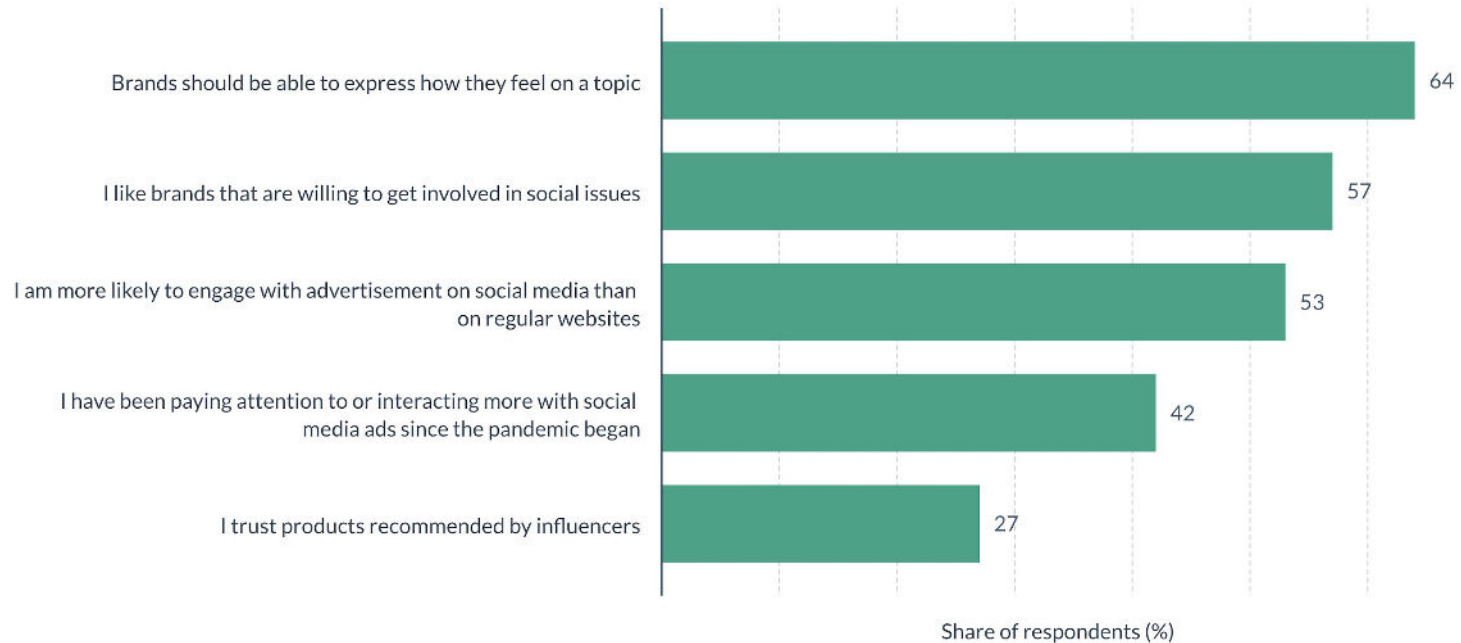
US population by generation in 2021, in millions

- Millennial Generation (1980-1994)
- Baby Boomer Generation (1946-1964)
- Generation Z (1995-2012)
- Generation X (1965-1979)
- The Silent Generation (1928-1945)
- The Greatest Generation (before 1928)



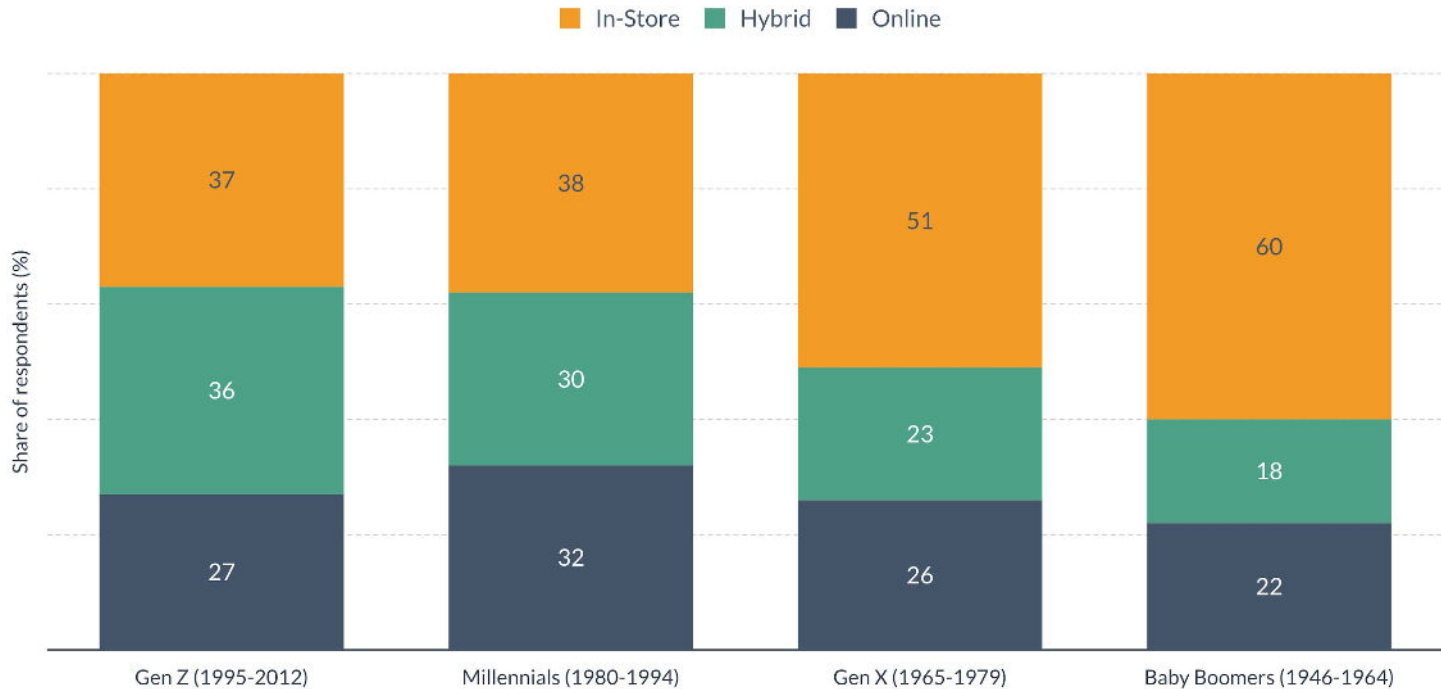
Gen Zs are engaged with socially relevant issues

Perceptions and attitudes towards advertising among Gen Z consumers in the US as of January 2021



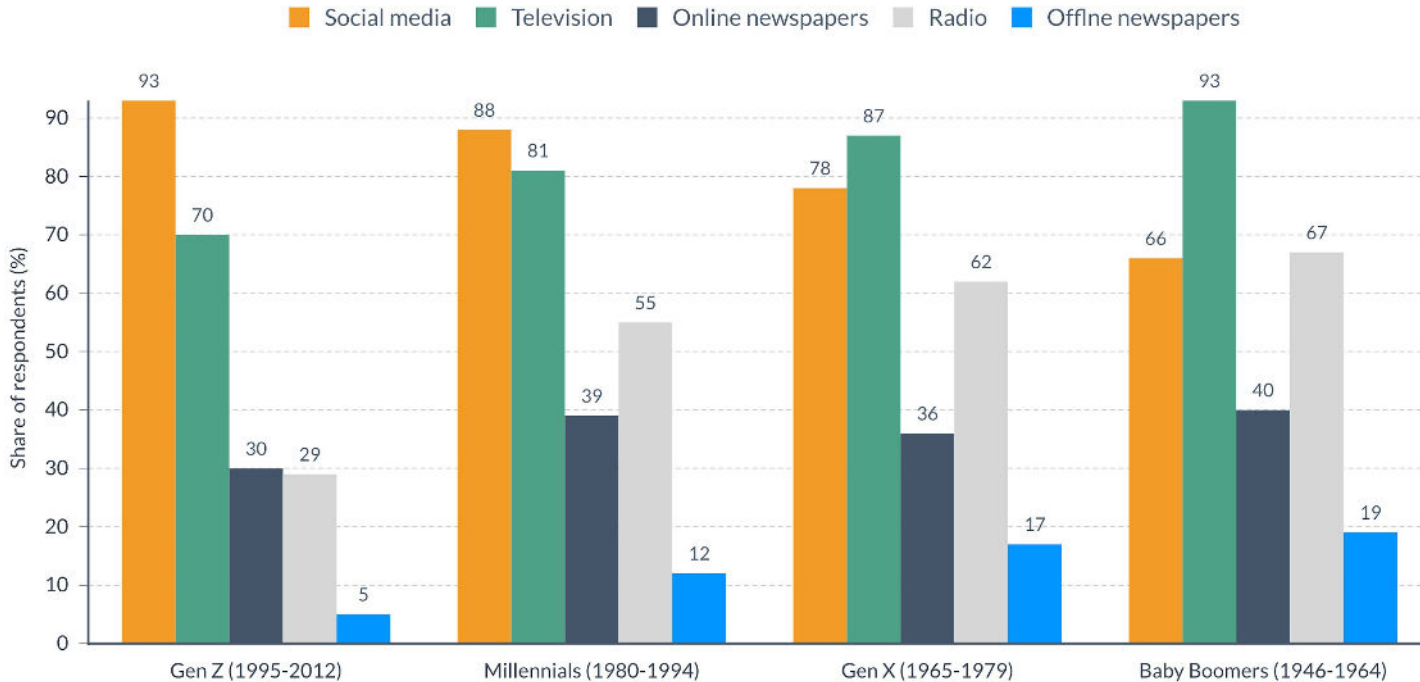
Gen Zs prefer omnichannel shopping more than any other generation

Primary shopping methods used among consumers worldwide in 2021



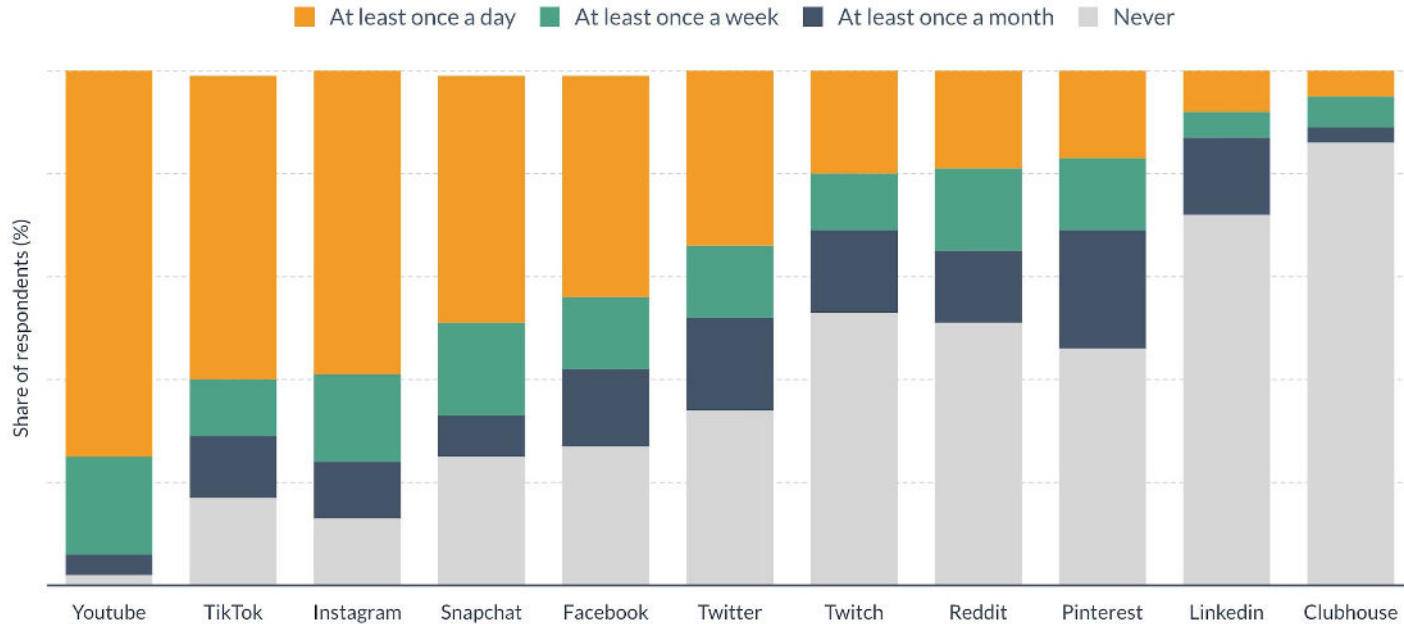
Gen Zs disproportionately consume social media more

Media accessed weekly in the US in 2022



Gen Zs prefer videos both long-form and short-form

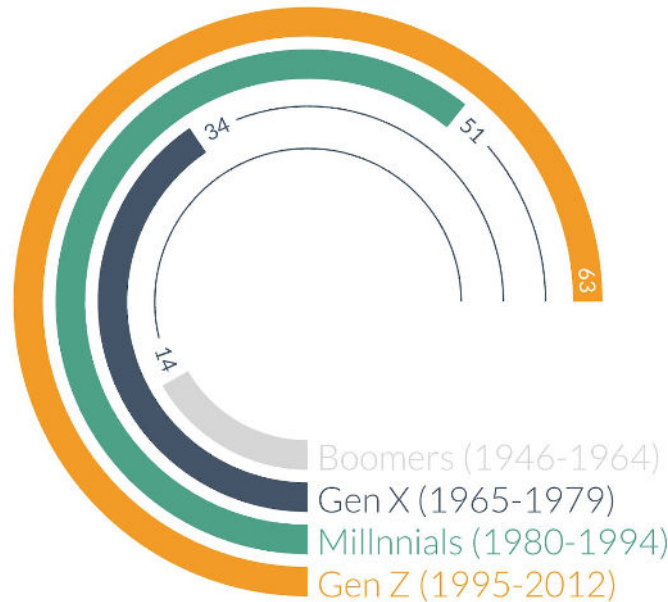
Share of Gen Z adults in the US who use selected social media platforms in July 2022



Social media triggers purchases with Gen Zs more than previous generations

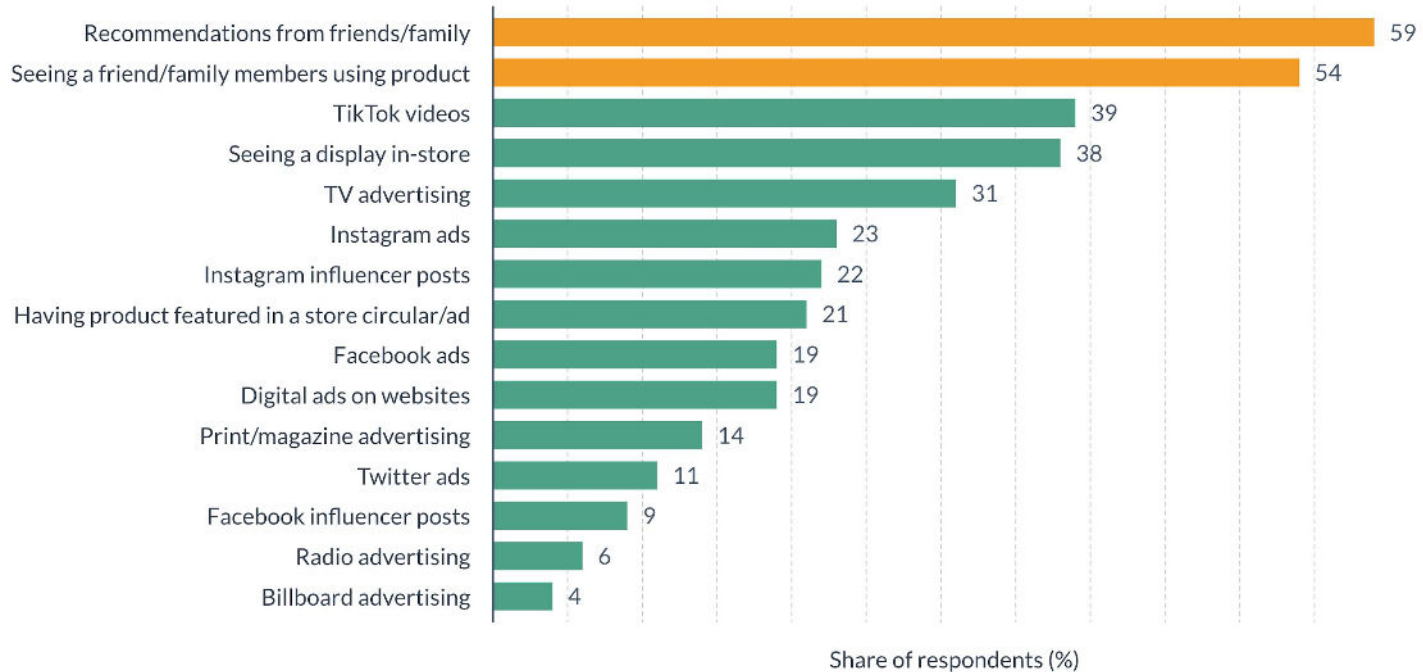
Purchase triggered by social media

Comparing % of penetration across generations in the US in 2022



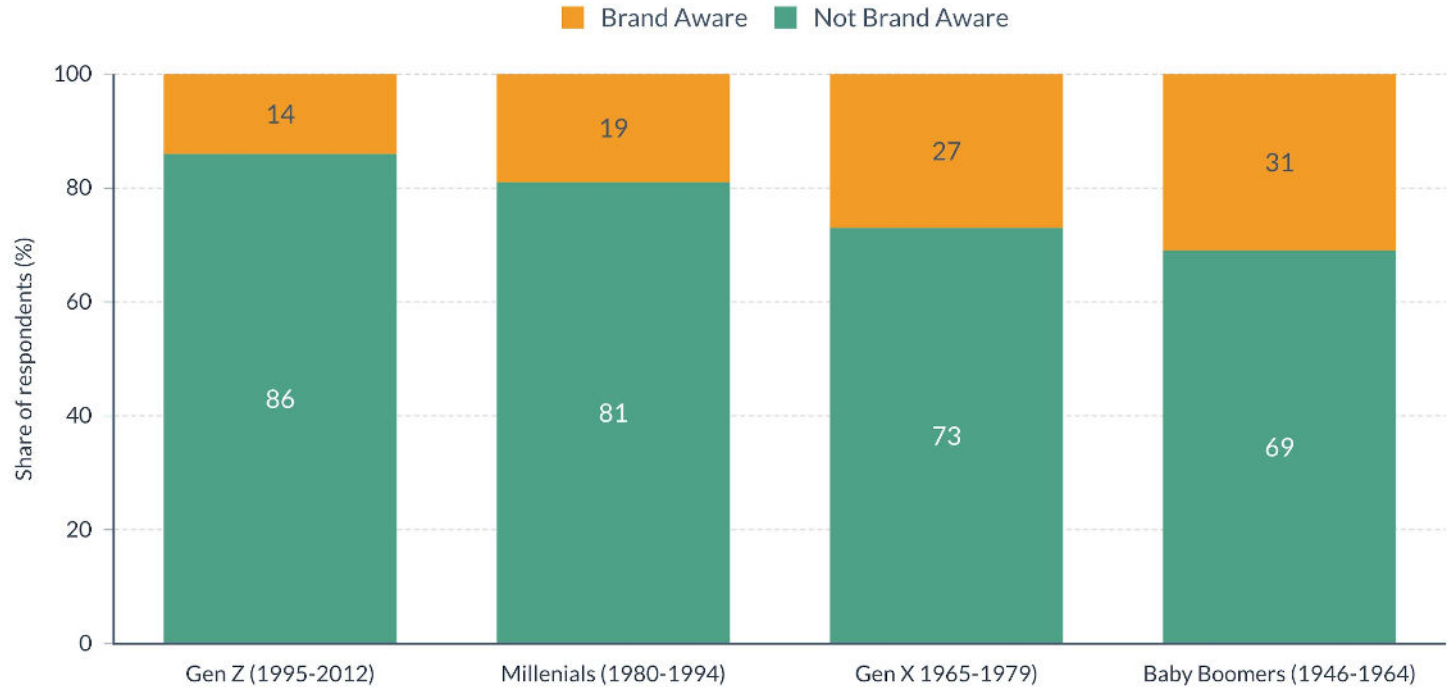
But female Gen Zs are more influenced by family & friends. TikTok & in-store displays are most effective advertisements

Most influential ad channels for Gen Z in the US in 2021



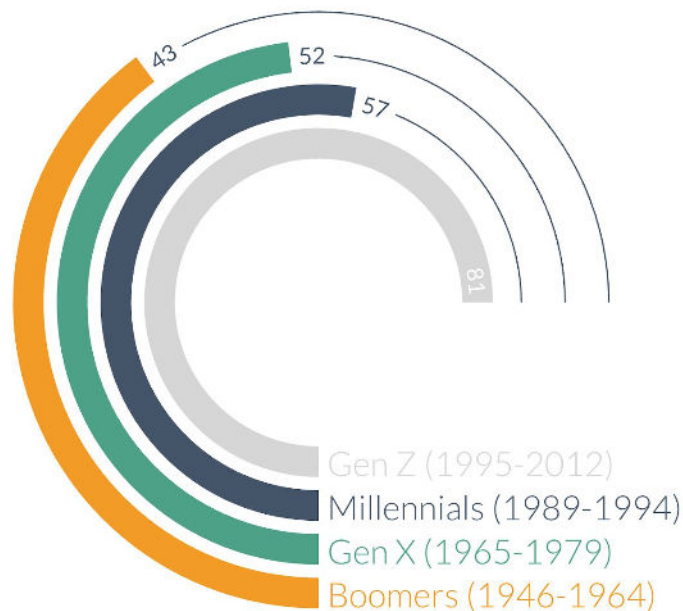
There is still an opportunity to establish brand awareness with Gen Zs

Percentage of consumers who are brand aware in the US as of 2022 Q3



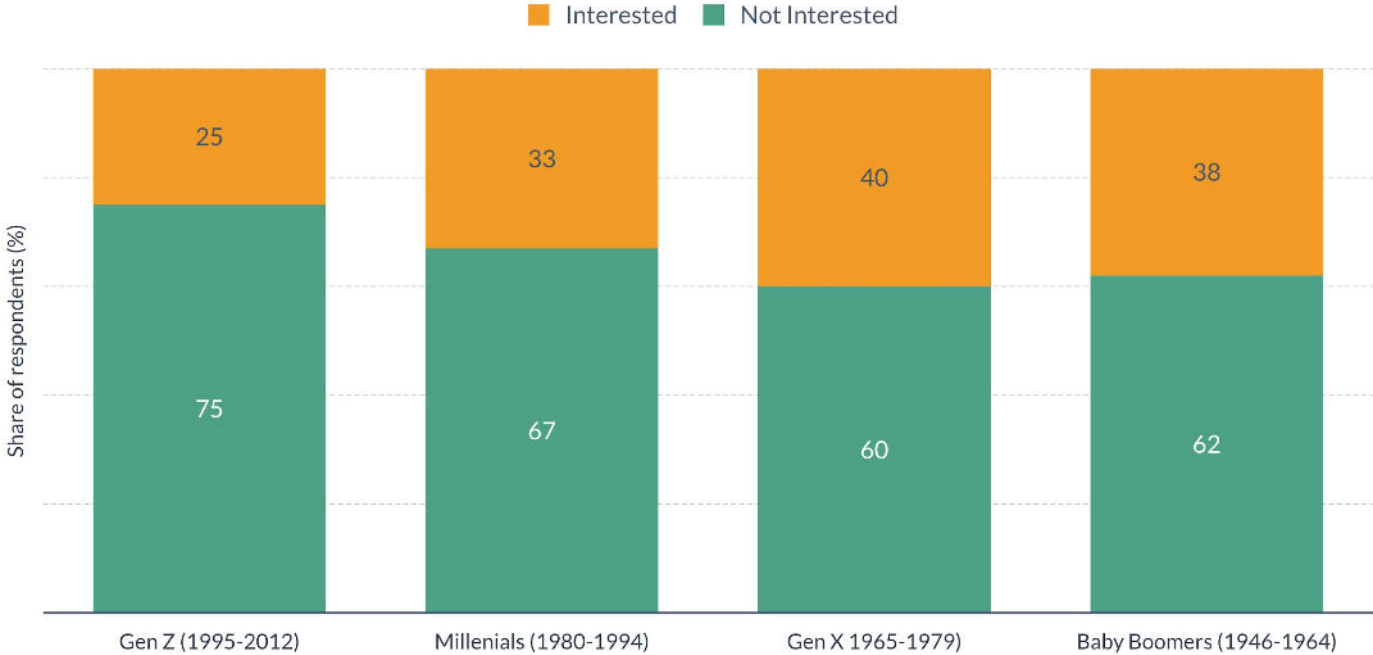
Among generations, Gen Zs respond the best to personalized advertisements

Percentage of consumers who liked personalized ads in the US as of 2022



Gen Zs are least interested in Pets

Percentage of consumers who are interested in pets



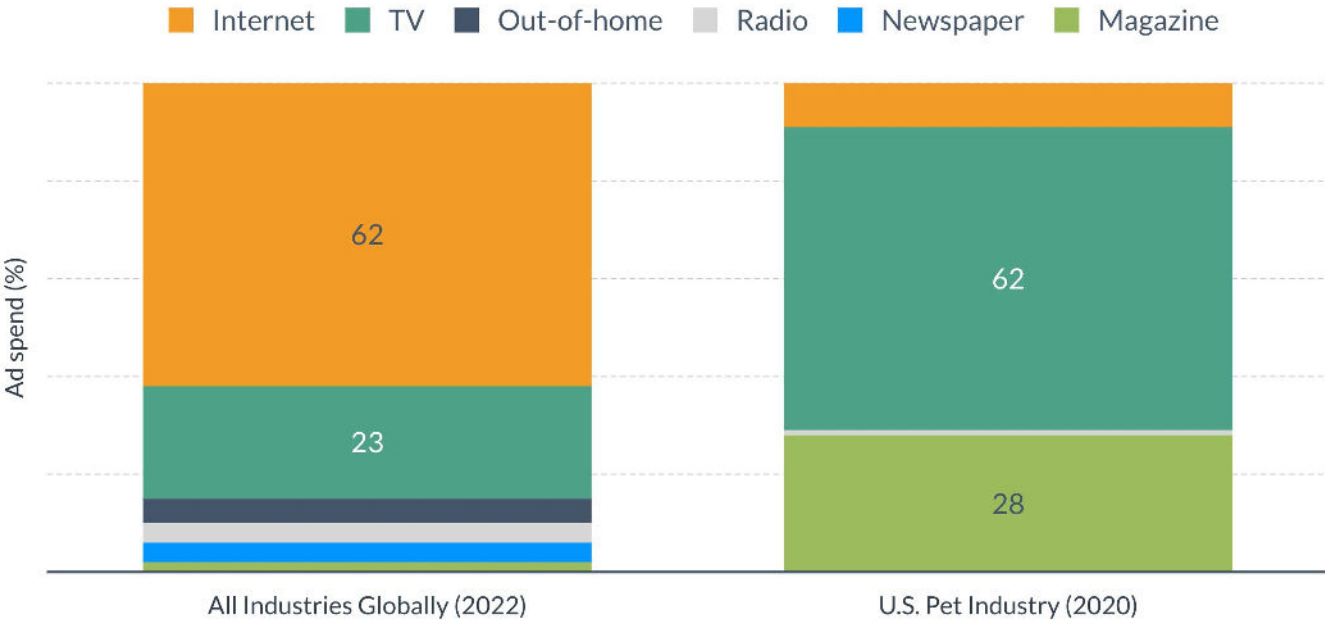
ADVERTISING

Advertising highlights

- 1 Pet Industry only spends **9% on digital** while the rest of the categories are already at more than **60%**
- 2 In 2022, **marketers planned to increase investments on digital** while decreasing on traditional media
- 3 Marketers continue to experiment with digital advertisement and **short-form video is the latest trend**
- 4 Even with recent innovations, **marketers continue to face challenges in making the most out of digital media** such as connecting demand-side platforms with other marketing tools and limiting media waste

Pet industry has lagged in digital advertising, spending only 9%, while all industries globally spend 62%

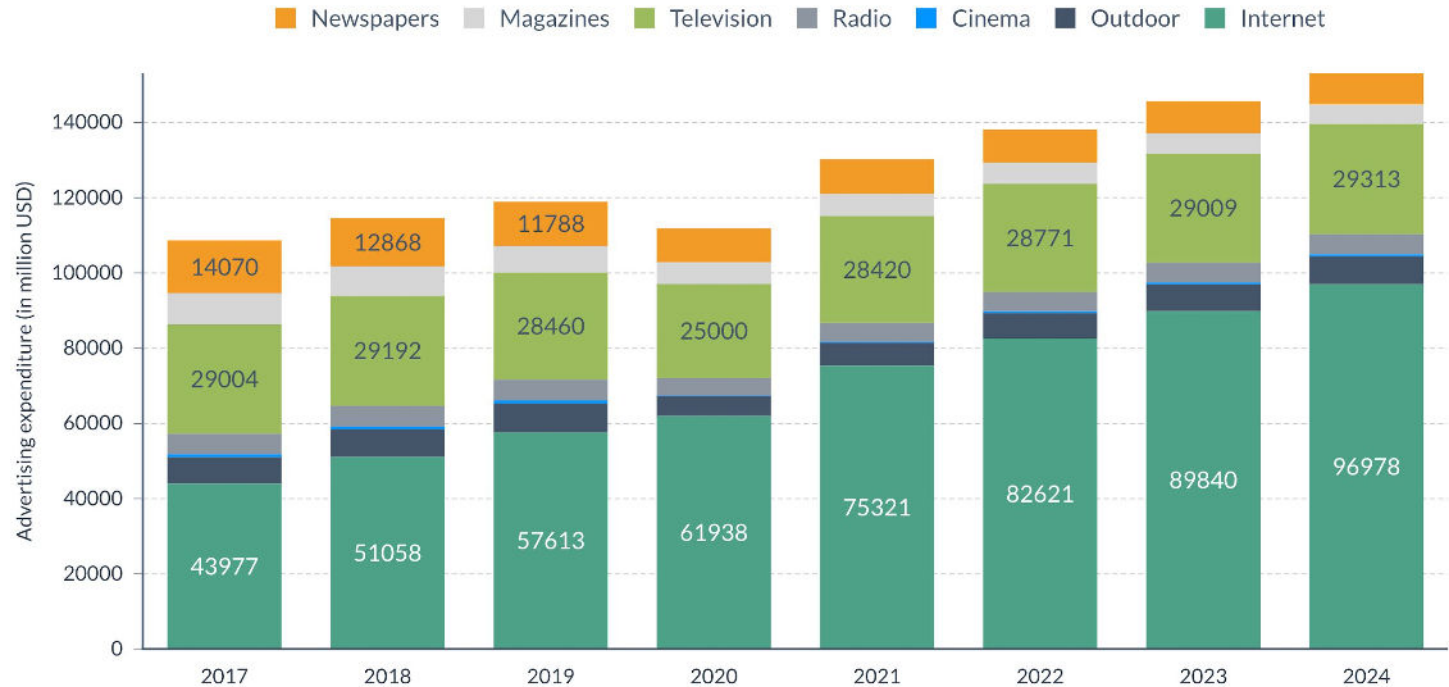
Share of ad spend in the pet industry by segment



Sources: (1) Zenith. (June 8, 2022). Distribution of advertising spending worldwide in 2022 and 2024, by medium [Graph].Statista ; (2) Kantar, & OAAA. (March 12, 2021). Advertising spending of the pets, pet food and supplies industry in the United States in 2020, by medium (in 1,000 U.S. dollars) [Graph].Statista

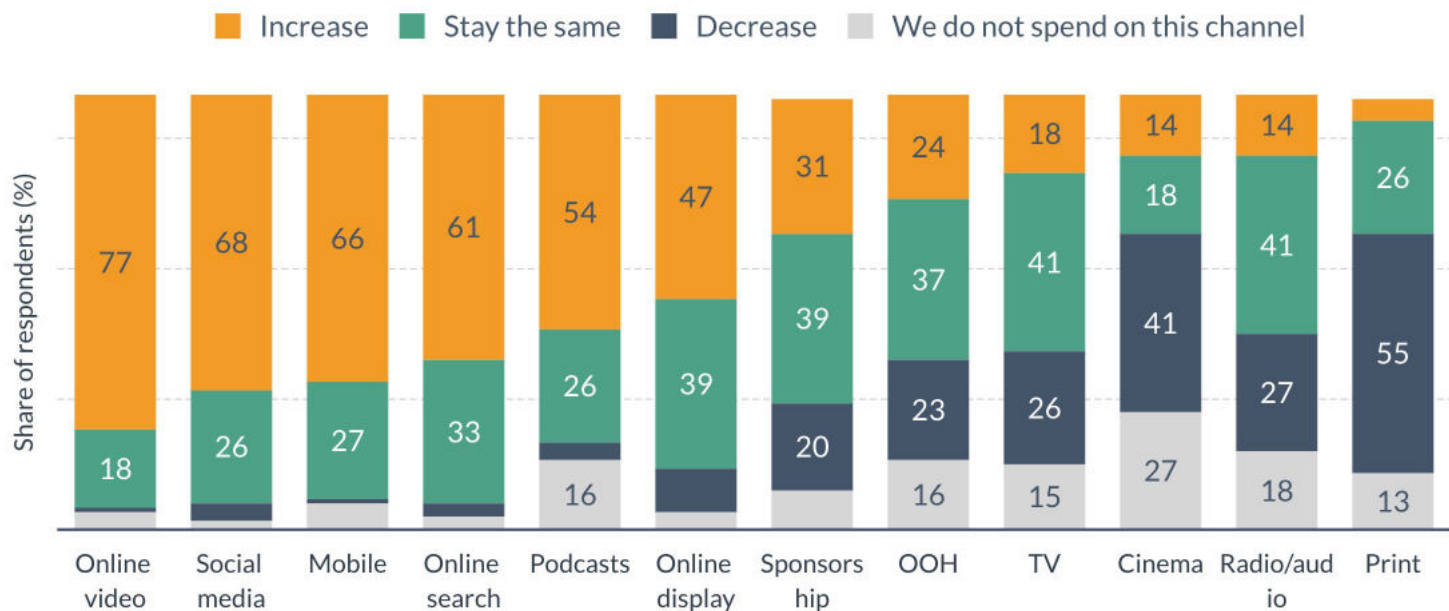
In Western Europe, internet has overtaken TV in terms of ad expenditure

Share of advertising expenditure in Western Europe



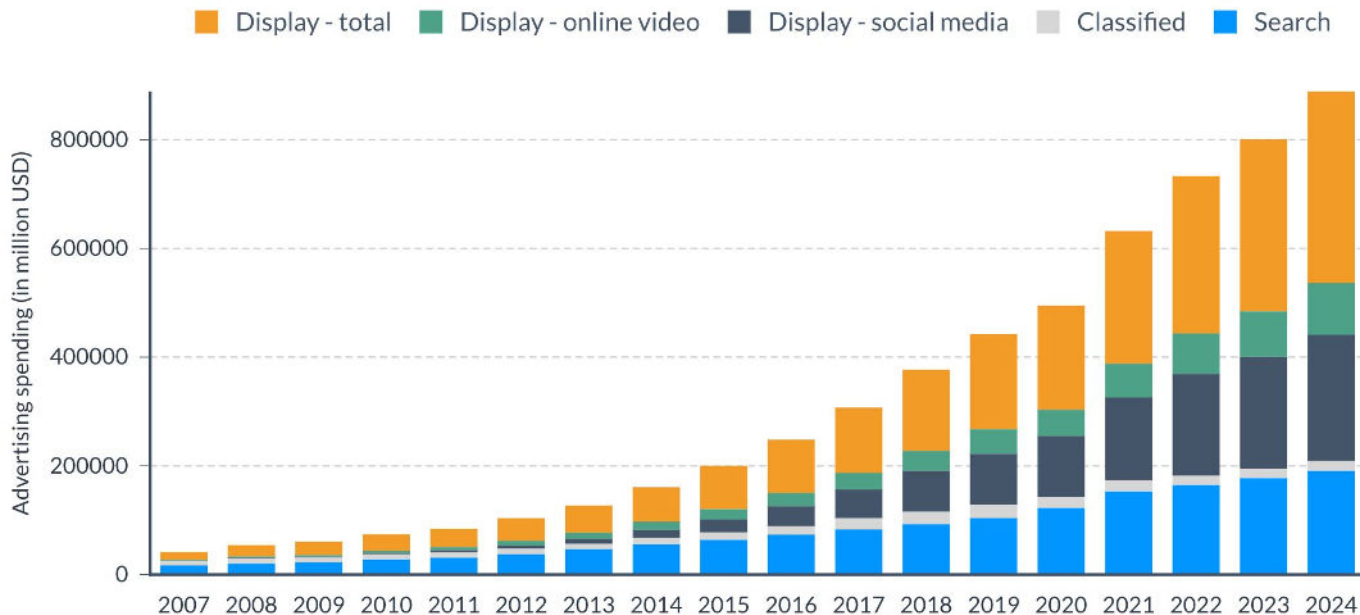
In 2022, marketers worldwide increased spending on different internet mediums with sizeable decreases on traditional media

Planned changes in ad spending of marketers worldwide in 2022, by medium



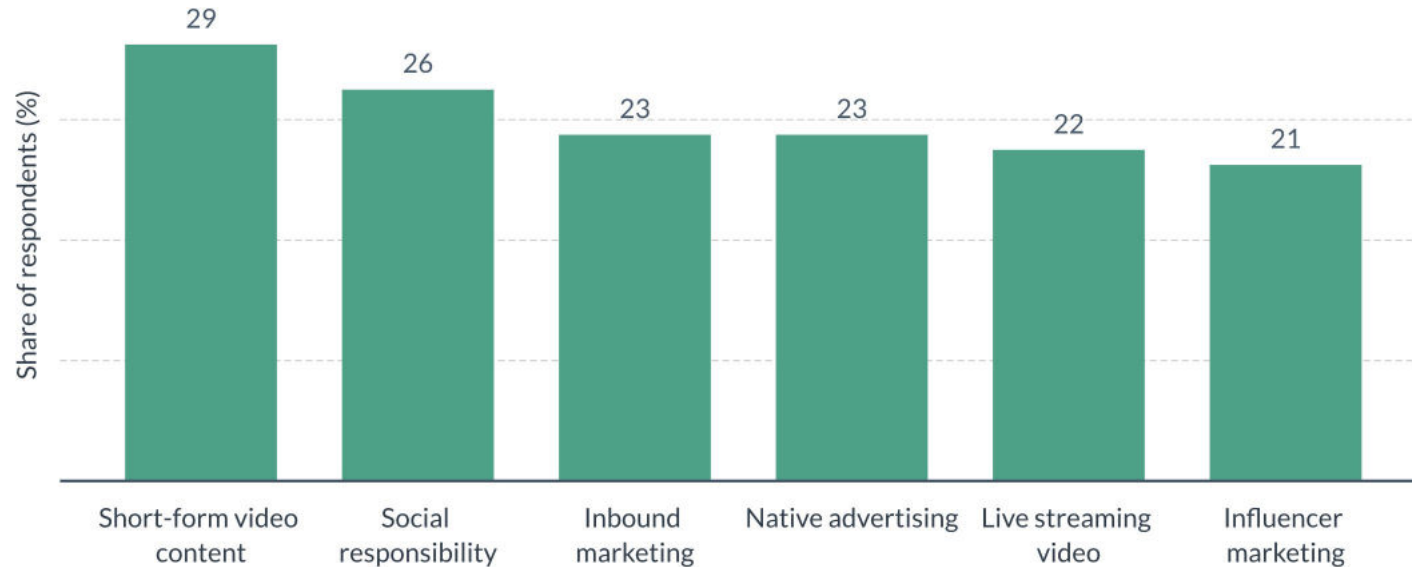
Display remains the most important spend on the internet. In fact, social media displays alone has overtaken search

Global internet advertising spending



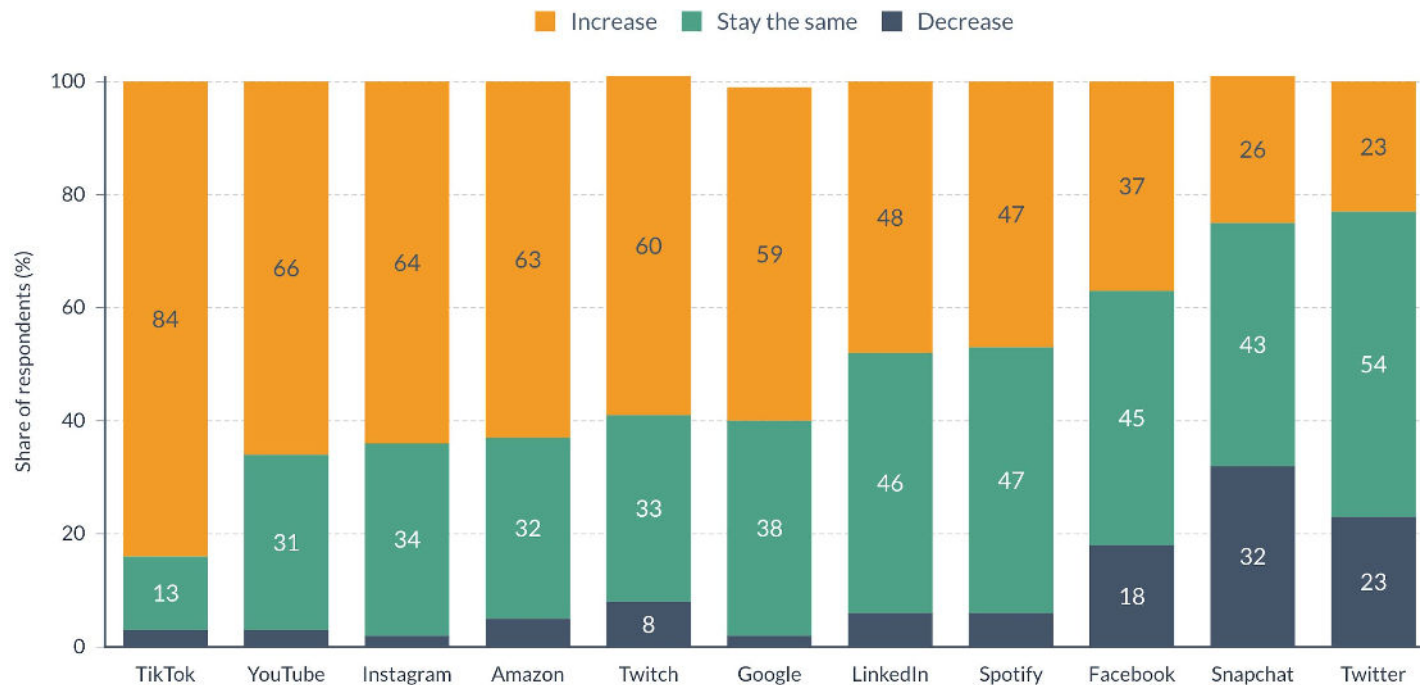
Marketers worldwide continue to experiment with online advertising to remain competitive

Percentage of marketers who plan to leverage top trends for the first time in 2022



3 out of 4 marketers plan to invest on TikTok while more than half will spend more on other big platforms

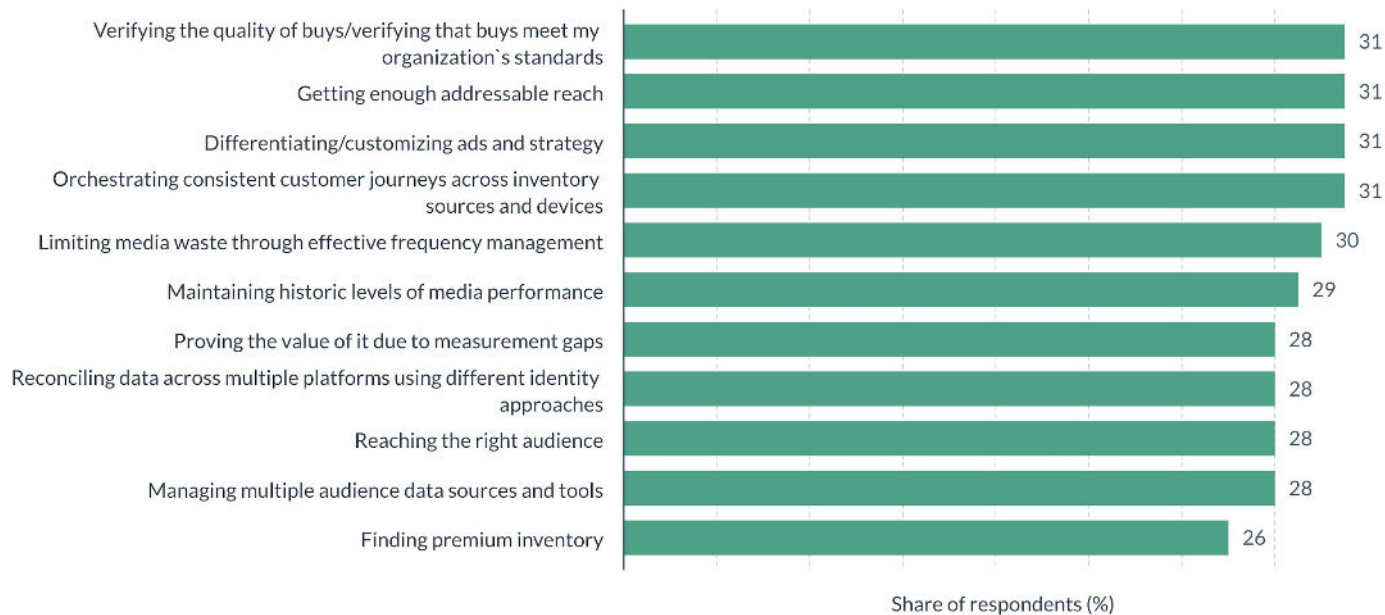
Changes in spending on digital platforms by marketers worldwide 2022



As businesses migrate towards the internet, online advertising has become more competitive and complex

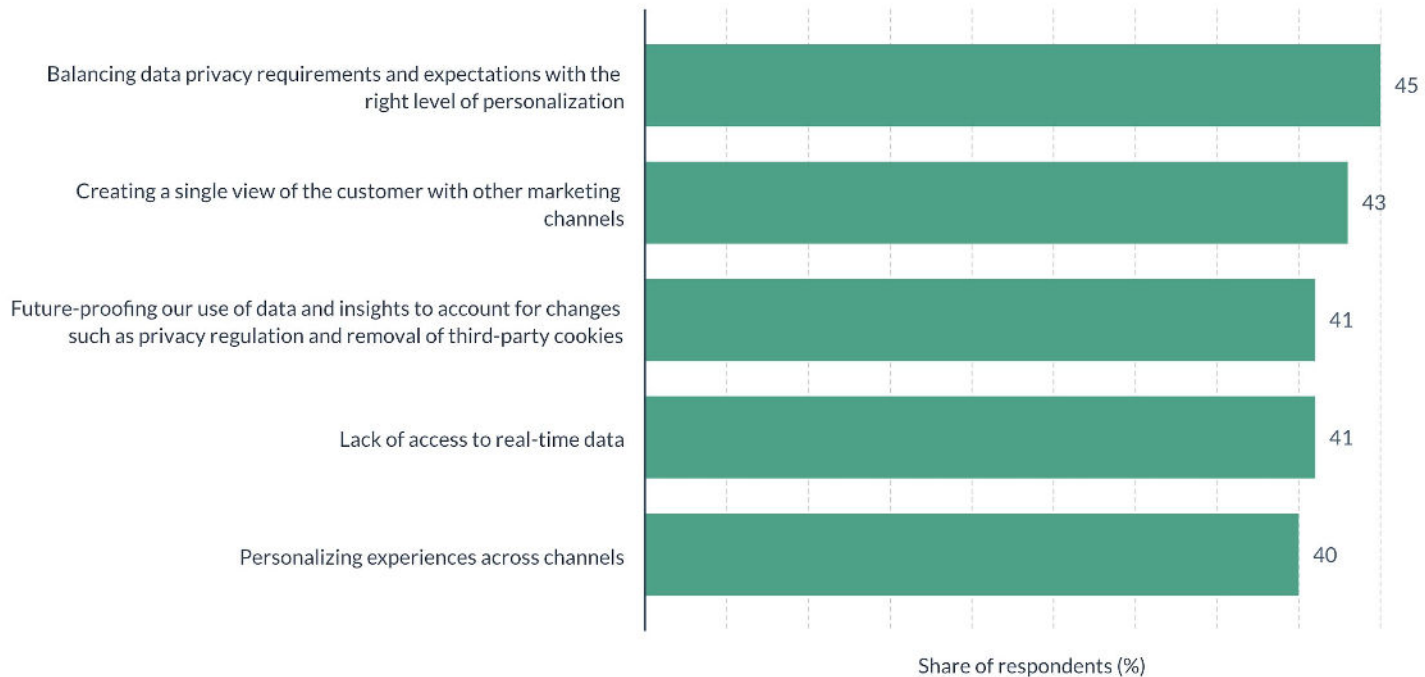
Top programmatic advertising challenges worldwide 2022

according to ad technology investment decision-makers



Use of data to improve marketing comes with other challenges

Challenges of data use in digital advertising worldwide 2021



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