



Pet food Playbook

SPECIAL POINTS OF INTEREST:

- Rise in Millennial pet owners helps economy
- Grain Free, Organic or Naturally Made are the new Buzz Words
- Single-serve Packaging driving market growth
- Trends to watch
- Packaging Fashion

Whether they meow or bark, **69%** of American households or about 85 million families own at least one pet. Sixty million own a dog and 47 million own a cat. This totals up to **\$69 billion** being spent on expenditures. Of those expenses, **\$30 billion** is spent on food—this includes food and treats. Pet longevity and well being are helping drive purchasing decisions, especially the Millennials. ¹

The rise of millennials as pet owners is good news for the economy

as they tend to make their pets human, which is expected to accelerate in the future. Pet parents will spend more on higher-quality foods and products that contribute to dollar growth—they yield a significant buying power.

They are starting to eat clean which influences what they feed their pets. High levels of protein and grain-free formulas will be the drivers, as well as freeze-dried or dehydrated raw foods. Eliminating artificial colors and preservatives are a must!

While still small compared to dry foods, **raw refrigerated foods have grown** with the increase in desire for fresh, natural and grain-free choices with no preservatives. While expensive, many higher-income dog owners are increasingly willing to buy refrigerated foods as an investment in their pet's health. As a result of these factors, non-therapeutic wet dog food registered with the strongest current growth at 12%.

Dedicated refrigerators are popping up in the pet food aisles. Refrigerated chub packs for gently cooked or raw foods are a prominent example of the healthy eating trends of the pampered pet.



Millennials...naturally made...yes please

Nearly three-quarters (69%) of millennial pet owners are more likely to consider foods whose recipes use naturally-made ingredients over normal mass-produced foods.

75% of millennial dog owners are afraid of pet food contamination or product safety. 65% of cat owners agree.

Millennials are on the lookout for products whose labeling is transparent and green, and are most likely to use pet foods with formulations toward enhancing the health of their pets.

Comforting Millennial Pet Owners

is a Healthy Future for Pet Food Manufacturers

Icons & Graphics



Pet Food Manufacturers are fine tuning the way they communicate important messaging by using icons and graphics to quickly convey the benefit of the product.

Protein, Grain-Free or Naturally Made are words that help sell the product and should easily be understood.



Single-Serve Packaging driving Market Growth

Another demand for **single-serve** and **small-sized packaging** is also expected to contribute to market growth. Smaller pack outs are helping consumers scurry on to their day, not unlike their own grab-n-go meal styles. Single serve packaging offers pet food manufacturers a great way to introduce new flavors or to entice new customers to give a different brand a try.



Pet food trends to watch in 2017

Obsession with Pets is at an all-time high and the trends are showing it!

Data shared in *Pet Business Magazine* shows the top trends to watch in 2017.

Grain-free nutrition—more than 53% of all new pet food items are now grain-free, even though it only accounts for just 39% of overall sales. This means that healthy revenue growth is there for the picking.

Limited-Ingredient Diets—pet owners embraced this early on due to allergies in pets, but the transparency of knowing exactly what their four-pawed companions are consuming is a huge plus! **Clean labels are a must!**

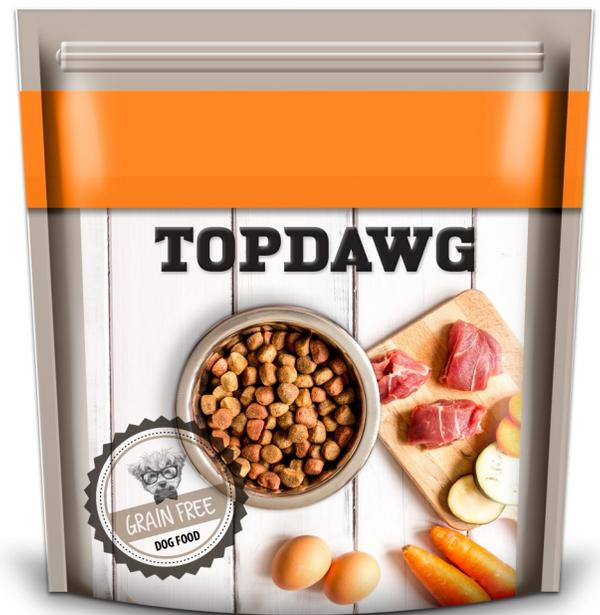
Seasonal Treats & Foods—Millennial pet owners with their focus on customization and shared pet/human moments love the seasonal category, offering a huge stage for innovation. Seasonal treats account for \$9.5 million in sales annually. More focus has been put on seasonal foods than treats.

Small Portions—products especially those focused for toy breeds represent another strong growth pattern. As a result, we have seen products for smaller dogs move up the latter at \$300 million in revenue over the past few years.

Natural Trend—The natural trend will continue to shape and expand this year. Interestingly the emphasis will be more on the food's preparation and branding, rather than the actual ingredients.

Buzz words for the year!

Organic and Grain Free



Flexible Packaging just got fashionable

With more options than any one consumer can contemplate in the short time they have to shop the pet food aisle, manufacturers and retailer private label brands must engage the consumer's emotions very quickly.



Shopping at places like Whole Foods and Specialty Pet Stores are driving pet food manufacturers to **upscale their packaging graphics and functionality**.

Packaging is playing a key role in distinguishing brands on the shelf. Perception of the brand is part of the decision making.

Functionality is also very important. Handles for easy carrying and closures that keep the bag tightly closed to preserve the freshness of the food are equally important.

Something as small as adding tear notches speaks to consumers as a new convenience.

Flat bottom pouches as seen here with **Top Dawg** are self standing and spill resistant. Adding a window on the side gives consumers a clear view of your product. Pouches provide maximum merchandising with printing on all five

About TC Transcontinental Packaging

TC Transcontinental Packaging, with 900 employees in the United States and Canada, ranks among the 25 leading flexible packaging suppliers in North America. Our growing, coast-to-coast manufacturing locations serves nationally recognized brands with **concept to consumer flexible packaging solutions**.

We specialize in packaging design and prepress, high-definition flexographic printing, specialty film laminations, as well as, bag and pouch converting. TC Transcontinental Packaging brings a distinctive blend of science, technology, and art together to create flexible packaging that preserves our customer's products and accentuates their brands on the store shelf.