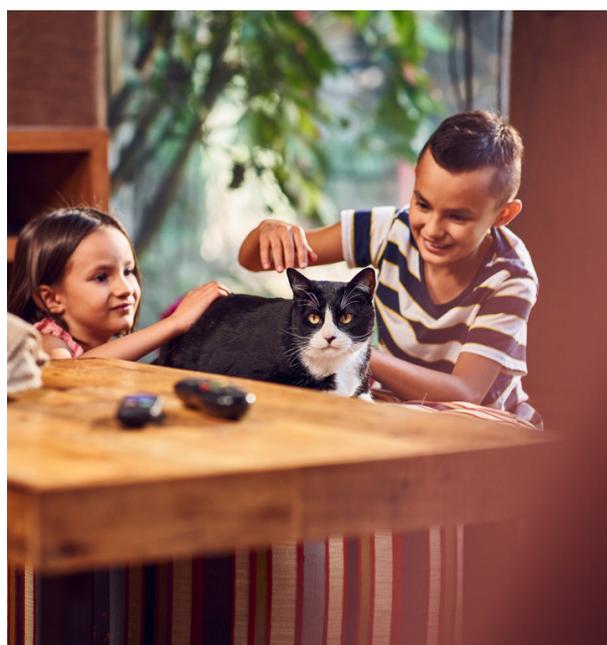




2024 Insights Report

An inside look at the
future of pet nutrition



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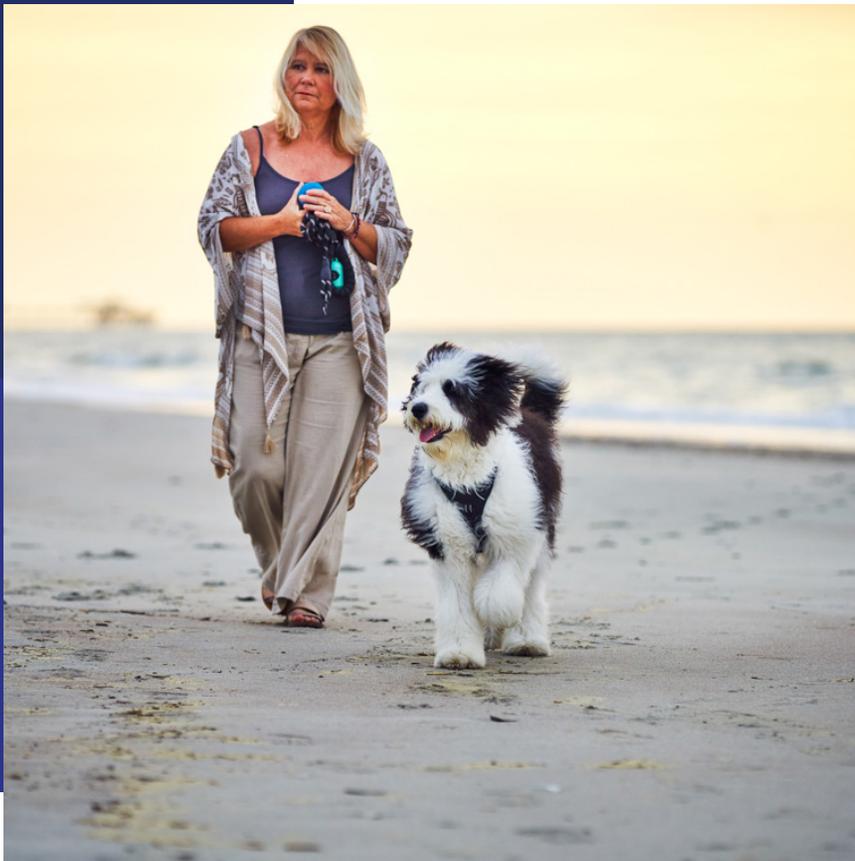
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Section 1:

Introduction

Powered by evolving perceptions of pet ownership across the globe, the pet care industry is poised for continued growth in 2024. Surveys show that a majority of owners consider their pets members of their family, and this societal shift in perspective is expanding across major pet-owning markets.¹ Furry family members continue to receive preventative care, mental stimulation, and high-quality nutrition on a daily basis—and there is no sign that modern pet parents are slowing down.

Consumers are also showing their excitement for novel flavors and multi-sensorial experiences in their buying behaviors. Today's pet parent is looking for the next big thing in pet care and willing to try new products if they meet their expectations for quality and affordability. When you layer in a focus on health and wellness through functional ingredients, the pet care market is ripe for innovation this year.

Read on for more ADM insights that can help you achieve success in 2024.

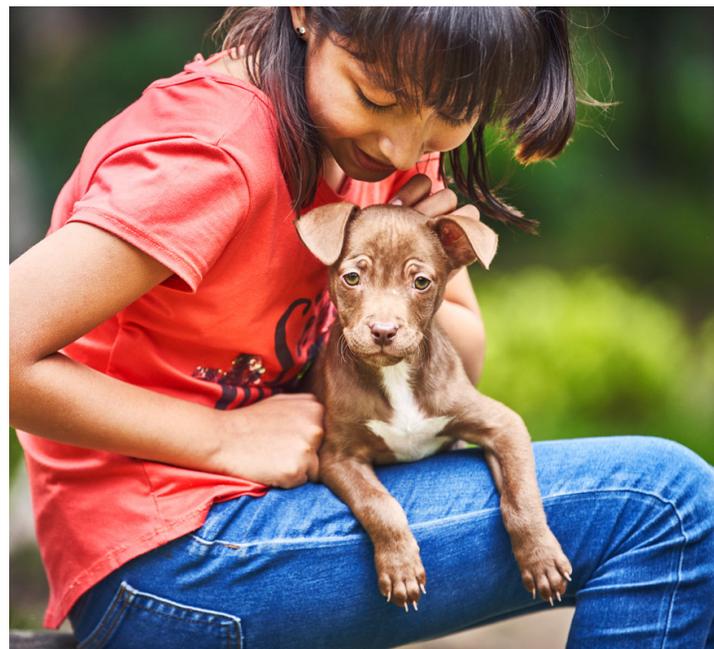


65% of Millennials plan to acquire a pet by 2025.¹

Section 2:

Category growth

Global humanization trends and increasing pet populations continue to drive consistent growth across the pet care industry. The APAC and LATAM regions are in the lead with higher-than-average CAGR compared to the rest of the world.¹ In 2024, pet brands need to globalize and diversify their offerings to remain competitive.



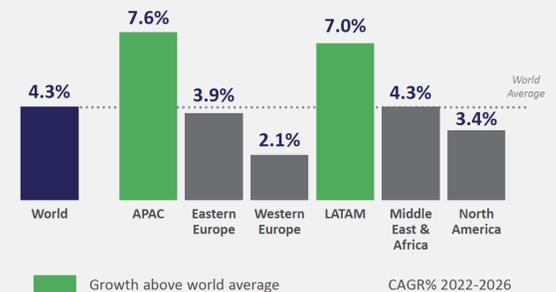
Forecast

4.3% Compound Annual Growth Rate (CAGR)



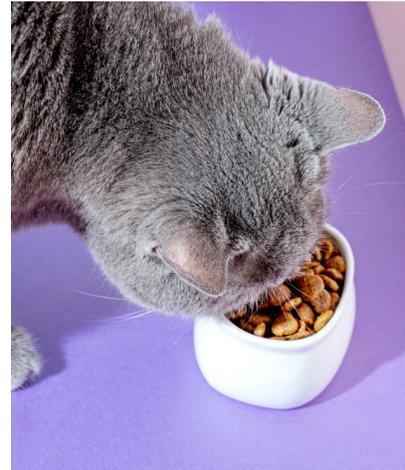
Market growth rates by region

Capitalize on consumer demand



Premiumization persists

As inflation cools, consumers are still looking for the best value in pet products, yet premium products continue to sell, attributed partly to humanization trends. Overall, the global pet care market shows strong resistance to inflation as pet owners generally avoid making sacrifices when it comes to pet health and wellness.¹



72% would not cut pet food expense regardless of finances.¹

70% of owners consider their pets a family member.¹





Section 3: Daily treating

Whether it is for enrichment, training, or nutritional benefits, daily treating is becoming commonplace across pet owners. Many pet parents are looking for treats with health and wellness benefits to provide a guilt-free treating experience. In fact, 85% of pet owners say they consider proper nutrition and supplements just as important for their pets as they are for themselves.⁴

*63% of dog owners
and 60% of cat owners
participate in
daily treating.²*

73% of pet owners say they still prioritize fun items or treats for their pets despite rising costs.⁴



Focusing on function

Overall, the rise in functional benefits added to treats may encourage pet owners to engage in healthy treating more frequently, raising the potential for future category growth. Consumers across the globe are continuing to show strong interest in treats and supplements with 79% stating that they would spend money on preventative care in an attempt to avoid larger vet bills.⁴

From soft chews to baked treats, there is continuous demand for innovation in treats and supplements as pet owners mirror their own health and wellness habits to their pets. Treats that make science-backed functional claims remain popular in store and online.



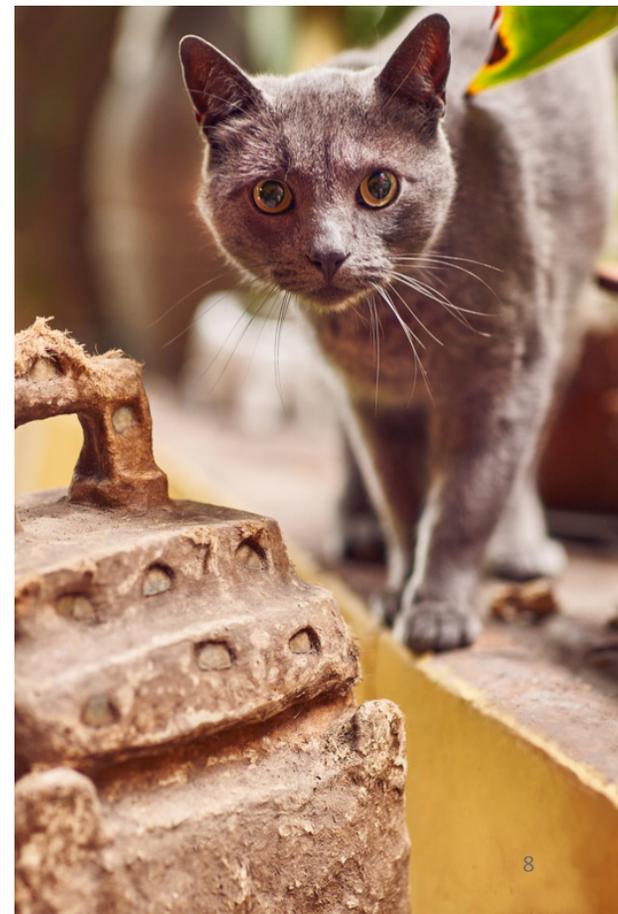
US retail sales of pet treats are forecasted to grow 5.5% in 2024.²

The global pet treat and supplement market is forecasted to grow at an 8% CAGR through 2028.¹



Growth opportunities:

- + Innovation in ingredients and formulation to create new types of healthy treats
- + Scientific research into active ingredients and their role in health and wellness
- + Treats that mimic indulgent human food while providing nutritional benefit to pets
- + Healthy training and enrichment treats that provide pet owners a guilt-free treating experience
- + Focus on ingredients that boost gut health to improve overall wellness





Section 4:

Health and sustainability

Given the rise in humanization of pets by modern pet parents, it's no surprise to see human-oriented buying habits reflected in their pets. As the modern consumer becomes more familiar with active ingredients promoted on human food labels, their desire to see these same ingredients in their pet's food grows. Similarly, pet brands are finding that consumers are increasingly focused on products' environmental impacts, from where and how ingredients are grown to how those ingredients are processed.

Echoing human trends

Consumers are attracted to innovation in food and treats, especially when ingredients are sourced from familiar health categories such as superfoods and vegetables. These products make similar claims to their human-product counterparts, so owners feel safe feeding their pets a food or treat with healthy ingredients that they would willingly consume themselves.

Human health and environmental sustainability research is often promoted on news outlets and social media, and pet owners are looking to see this research reflected in pet products as well. These trends are driving high rates of innovation in pet care products, especially at the intersection of health-focused and sustainable manufacturing.



54% of pet owners are looking for healthy ingredients in food.¹

New pet owners are more likely to place emphasis on quality and premium products.²



Gut, brain, and heart health claims are on the rise in new products.²

66% of pet owners globally are worried about climate change and try to have a positive impact on the environment through their actions.¹

42% of pet owners prefer sustainable packaging.¹

The takeaways

When presented a choice, more consumers are choosing sustainable and healthy options for themselves and their pets, and a majority of pet owners are trying to make a difference on the environment through their buying habits. It's safe to say, pet brands are paying attention.

As 2024 unfolds, we expect to see an increased focus on sustainability initiatives from pet care brands, big and small.



Pet owners are more likely than non-pet owners to say they are worried about climate change.¹



63% of pet owners aged 18-34 prefer pet food brands that limit their environmental impact.²



Section 5:

Human-like products and services

As owners continue to humanize their pets, they are spending more time together through common activities. This might mean bringing their pet to the coffee shop or on a trip to the home improvement store. Owners now want to share their lifestyle with their pets, and that includes their favorite foods and beverages. From pumpkin spice dog treats to pet-safe beer, owners are ready to invest in exciting new experiences and make long-lasting memories with their favorite furry friend.



Variety and innovation

The fun doesn't stop with edible endeavors. Some pet shops are now providing spas, salons, health and wellness centers, and even swimming pools to cater to modern pet owners.¹ Workplaces are becoming increasingly dog friendly, and a large portion of Gen Z pet owners say they are willing to spoil their pet with birthday presents and cake.³ It's safe to say that pet owners want to share their lives with their favorite pets, and consumer spending habits reflect these trends.

In 2024, the most successful pet care companies will develop lifestyle brands on social media and diversify their products to include health and wellness. Others may venture into products that boost a pet's mood, promote mental wellbeing, or regulate energy levels.

Overall, variety and innovation will be key to capturing future market share, so pet brands should partner only with the most capable co-manufacturers to ensure success.



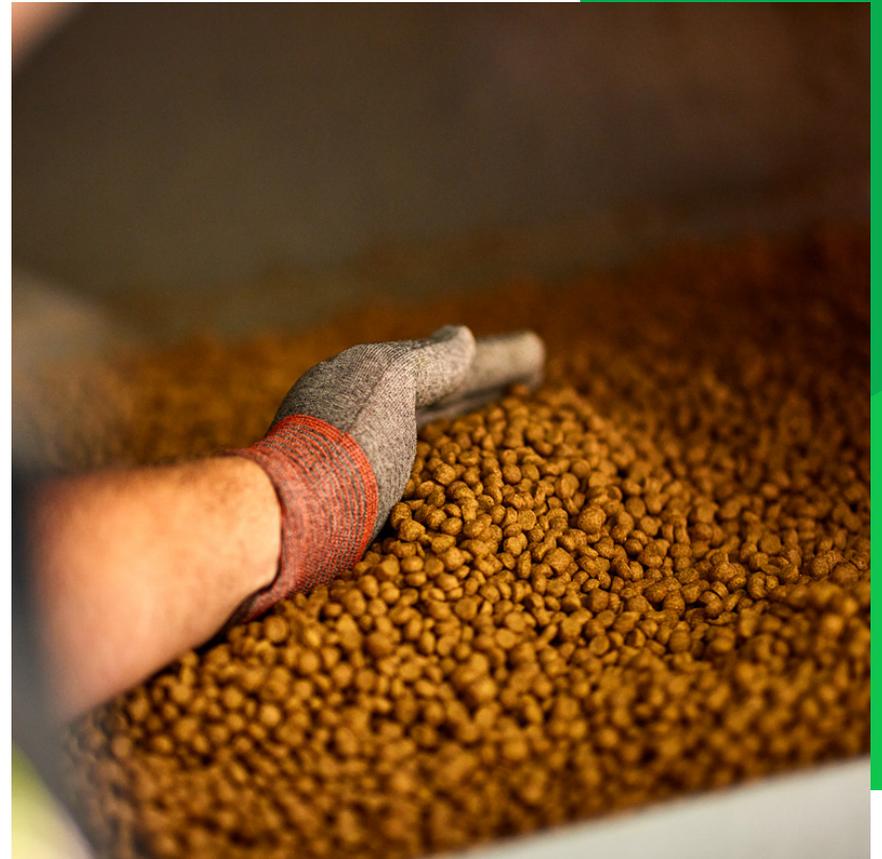
New pet owners (<3 years) are driving growth in unique feeding experiences, such as incorporating dog food toppers; 35% say they purchased sauce or mixers in 2023.²

Section 6:

How ADM can help

Whether you want a reliable partner to help you develop a new product or you're looking for science-backed functional ingredients, ADM has the expertise and portfolio you need. Using our diverse team of formulation scientists and state-of-the-art facilities, we regularly help our partners bring new products to market. Our teams will monitor consumer trends, conduct scientific research, and use our expertise to help your pet brand succeed.

- + 140 scientists, technicians, and employees dedicated to animal nutrition
- + 13 Research & Development and applied research centers globally
- + A portfolio of patented biotics with scientifically verified efficacy and stability
- + Significant resources dedicated to supporting partners in the pet industry
- + Full integrated solutions that range from ingredients to turnkey products





Insights and expertise to advance innovation

ADM's 360-degree approach includes services, customer insights, and tailor-made solutions that enable us to help our partners move quickly from ideas to innovations, giving them a competitive advantage with today's pet parents. As a go-to partner for our customers, ADM's pet nutrition solutions help advance the role of foods, treats, and supplements as a way to strengthen the bond between pets and their owners.

Request a consultation today

800-775-3295 | petnutrition@adm.com | adm.com/petnutrition

¹ Euromonitor: World Market for Pet Care - June 2023

² Mintel: Pet Food US - September 2023

³ Megna, Michelle. "Pet Ownership Statistics 2024." Forbes, 25 Jan. 2024 <https://www.forbes.com/advisor/pet-insurance/pet-ownership-statistics>.

⁴ Morning Consult: ADM Pet Food Study - December 2023

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