



# 2023 Insights Report

An inside look at the  
future of pet nutrition



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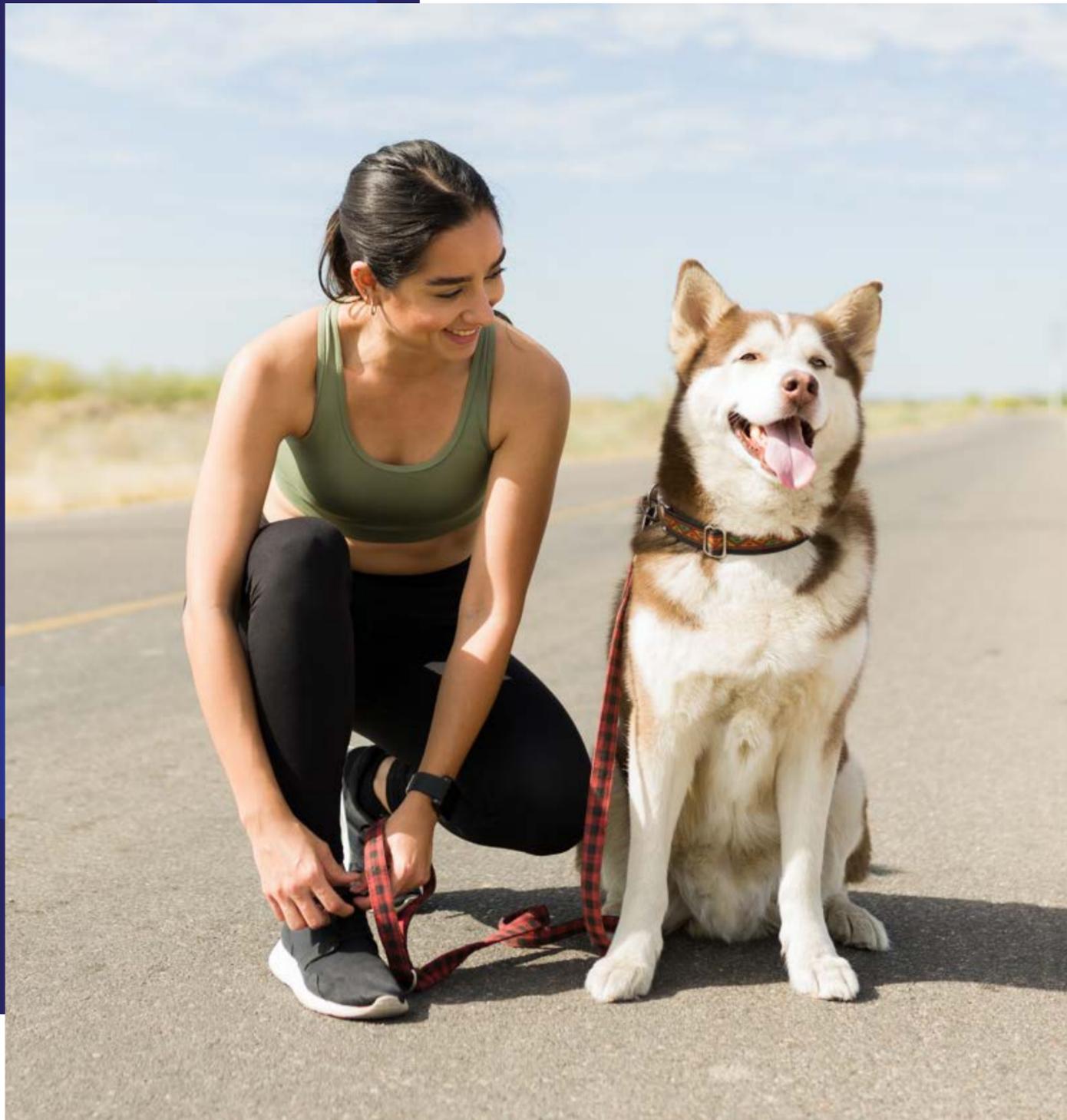
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### Section 1: Introduction

## The pet and people connection

As relationships with pets deepen, modern pet parents increasingly believe that their animals' wellness needs mirror their own—particularly with respect to a more holistic, personalized approach to health and wellbeing.

As a consequence of this humanization trend, many drivers powering growth in human nutrition transcend categories to drive growth in pet nutrition, particularly Balanced Wellness, Proactive Personalization, and Seeking Sustainability.

**Read on to discover how ADM insights can help power your tail-wagging success in pet nutrition.**

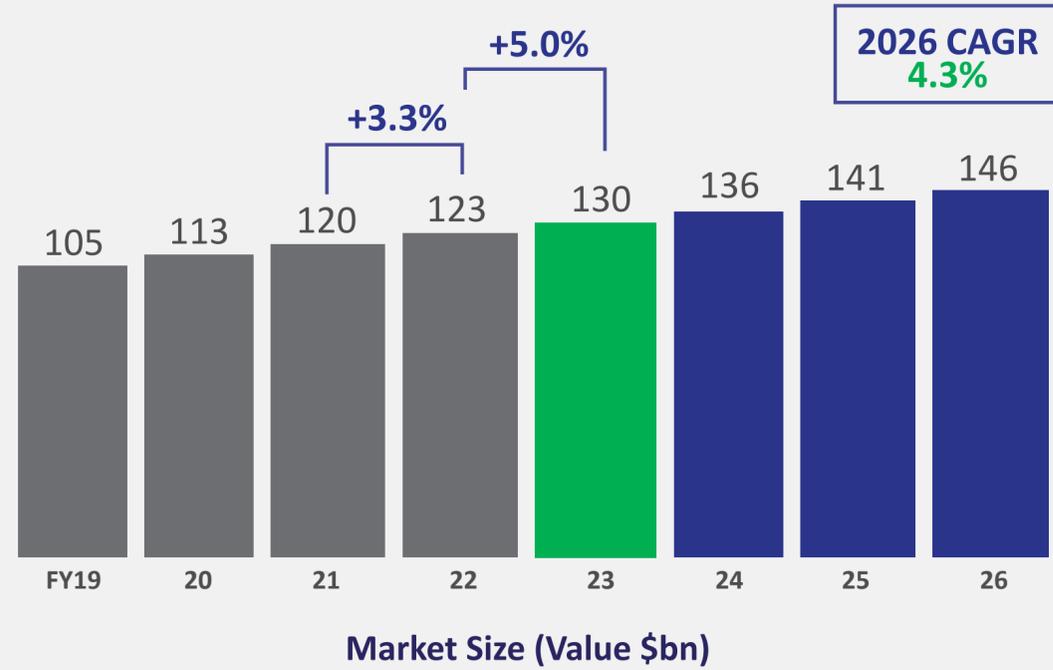
Section 2: Category Growth

# Global opportunity

Consumers' prioritization of pet nutrition is **expected to propel the category to nearly \$150 billion USD globally by 2026.**

For pet product brands, the question is how to capture today's opportunity and power tomorrow's innovation.

**Forecast**  
4.3% Compound Annual Growth Rate (CAGR)

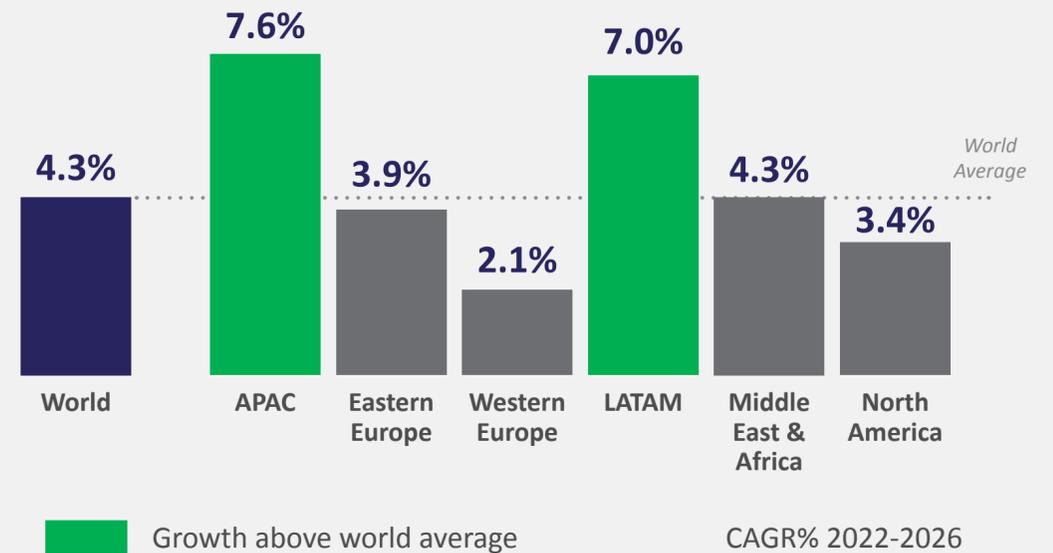


Source: Euromonitor



## Market growth rates by region

Capitalize on consumer demand



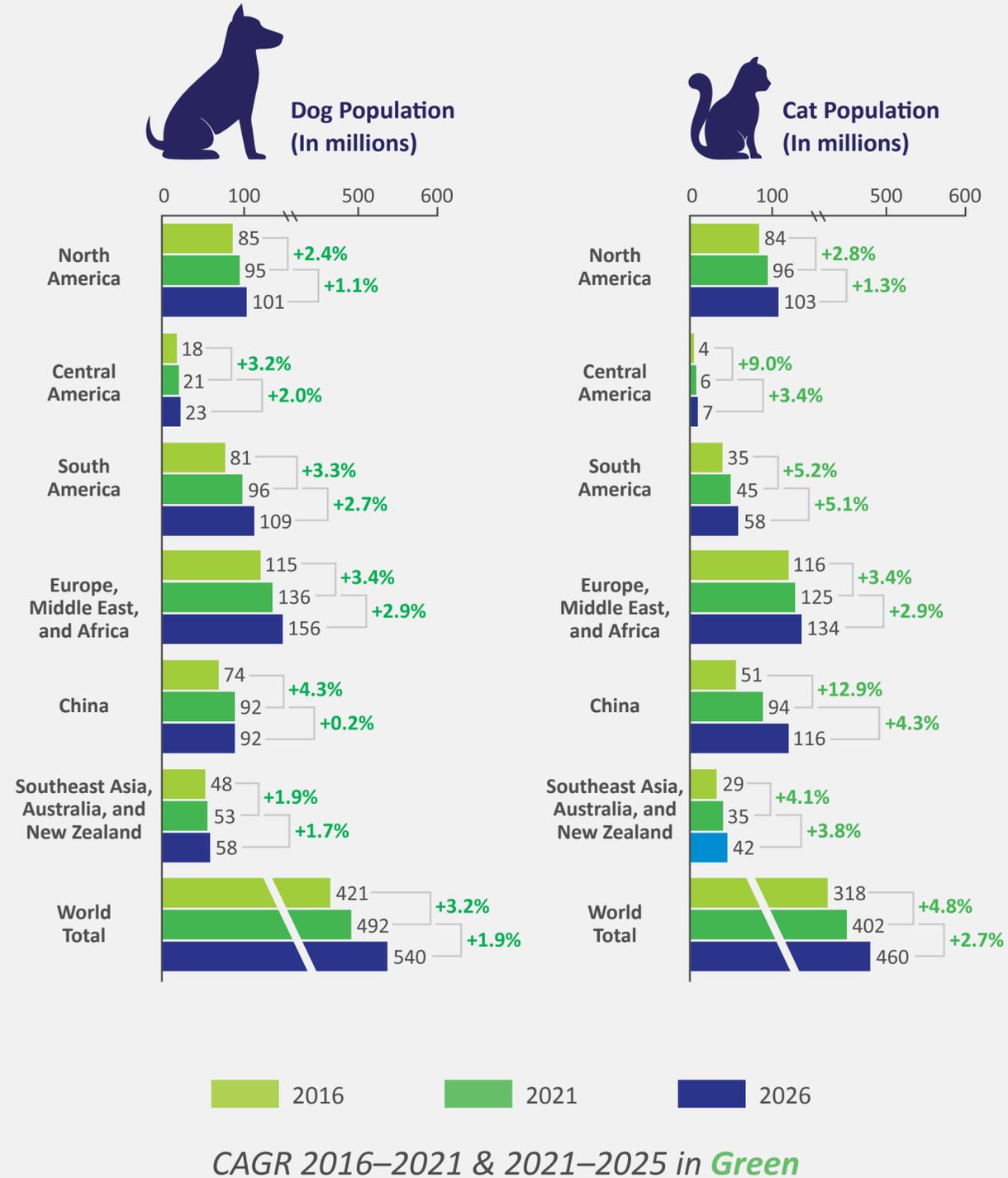
Source: Euromonitor



## Increasing pet populations

While dog and cat population growth is expected to continue globally, the rate of increase may decline. Across species, treats and premium product segments are expected to show the highest growth over the forecast period.

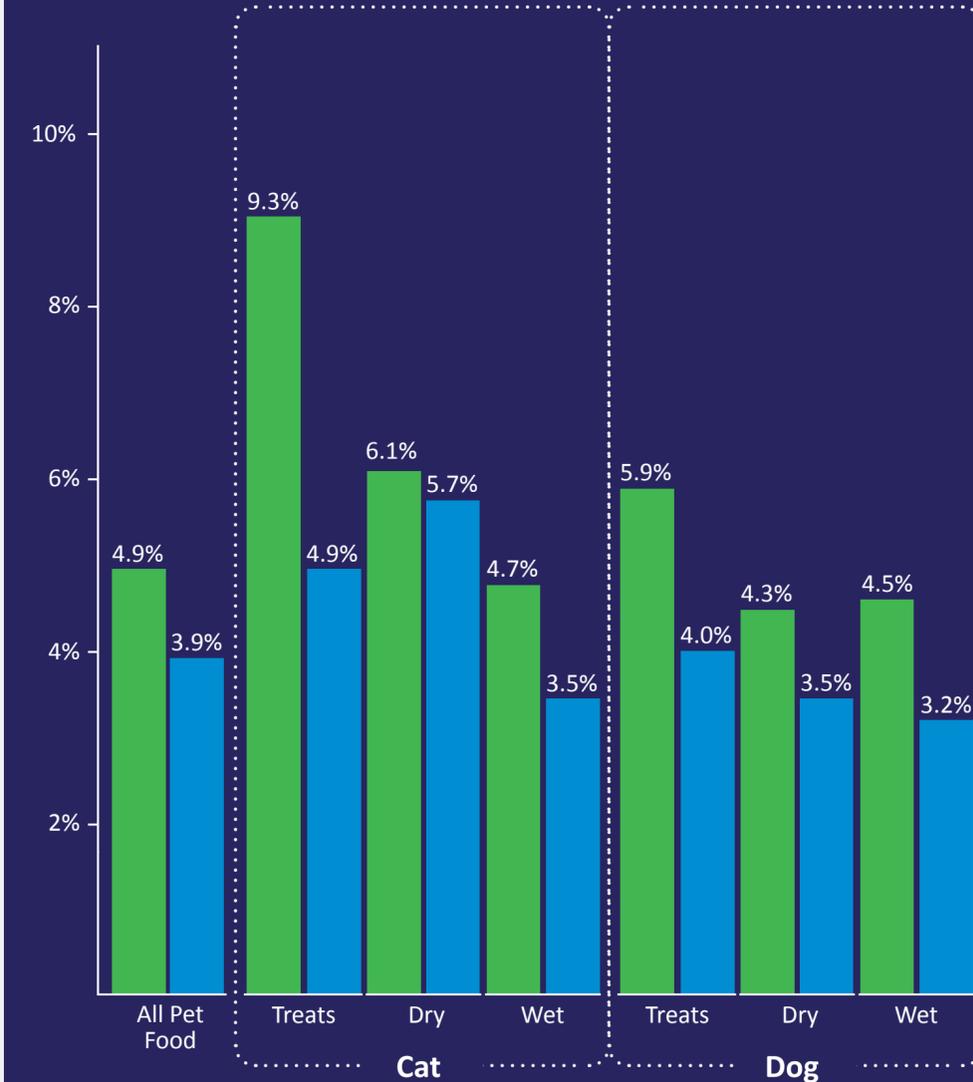
### Dog and cat population growth continues but decelerates



Source: Euromonitor

### Category growth by segment

Treats and premium product segments show highest growth



Source: Euromonitor

Section 3: Proactive Personalization

## A complete approach to pet health

As human trends increasingly inspire pet nutrition offerings, innovative ways to proactively support pets' overall wellbeing will continue to emerge. Most pet owners are seeking out foods, treats and supplements to help improve their pets' physical and behavioral health.

*Research finds 88% of U.S. pet parents say it's important to take preventative measures to protect their pets' health.*

Source: Mintel, US Pet Owners Survey, 2021



# 40%

*More than 40% of global pet owners say they turn to various pet products to help support their pet's wellness.*

Source: FMCG Gurus, Pet Care Health in 2022



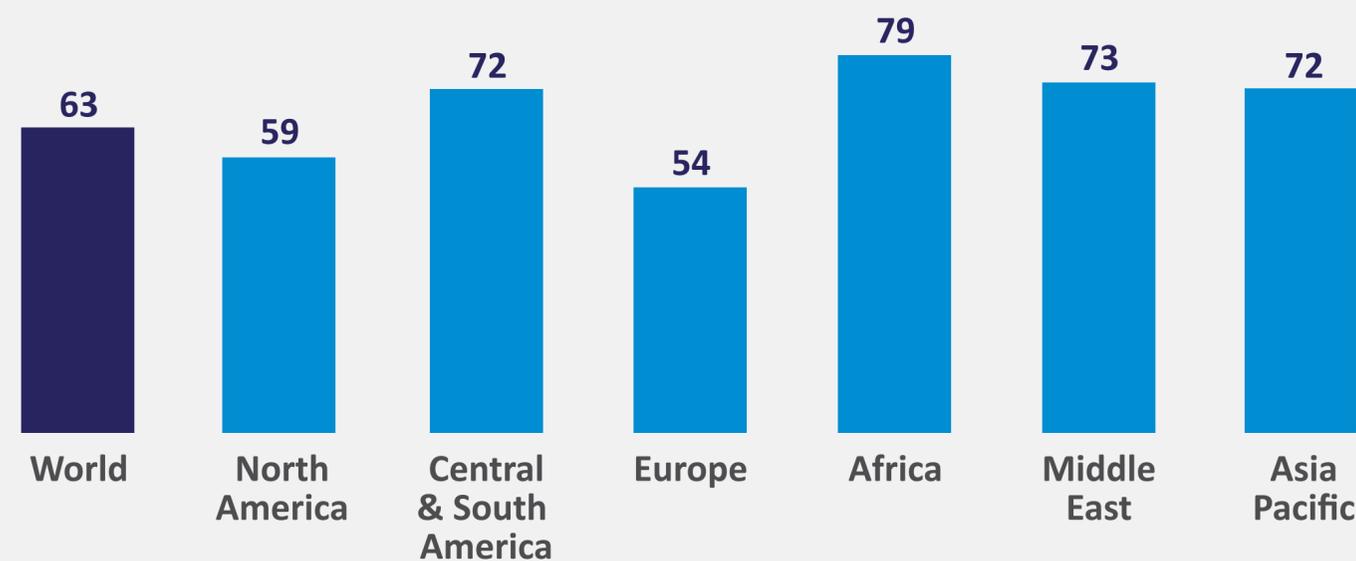
## Personalization for pets

As with human nutrition, “one-size-fits-all” solutions may not be ideal for maintaining lifelong wellness of every pet. The industry is shifting to a new approach, with a deeper understanding of how cats and dogs eat, sleep, play and behave throughout their lives to customize products towards the different needs of individual pets.

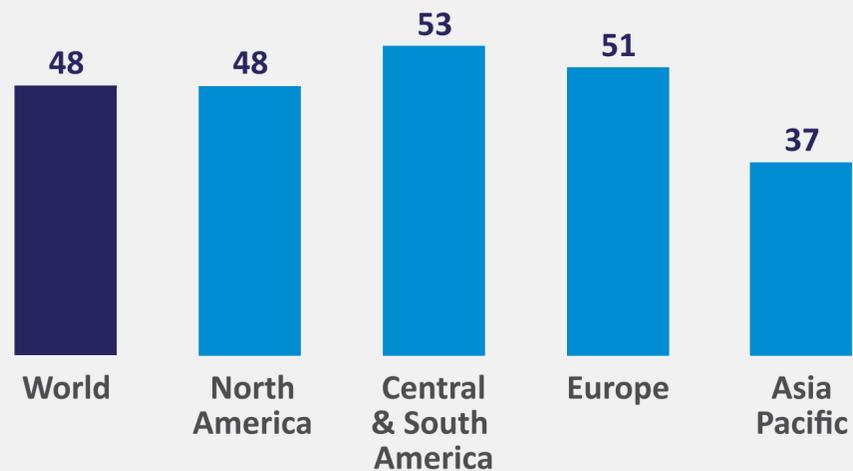
More and more pet parents are seeking out tailored solutions to fit their individual pet’s needs around preferences, current health requirements, and aging well.



**63% of global consumers say that they are interested in food and drink products that are customized to meet their individual nutritional needs.**



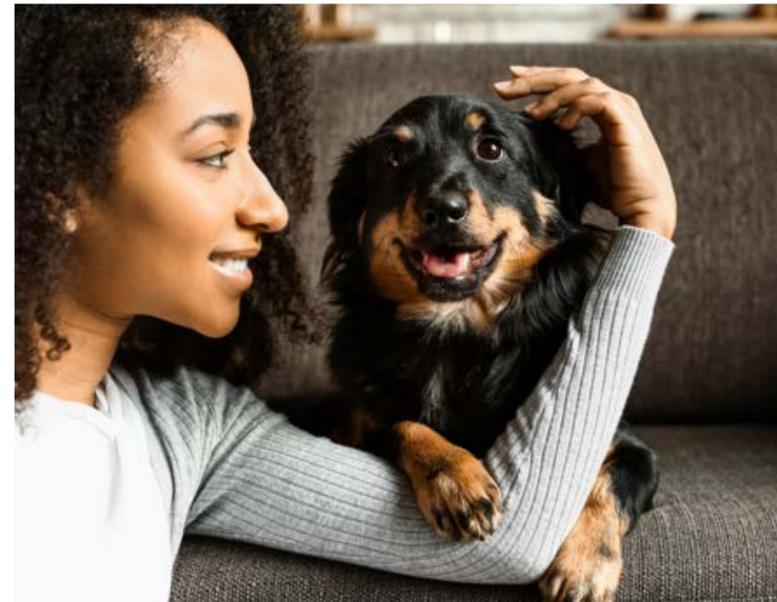
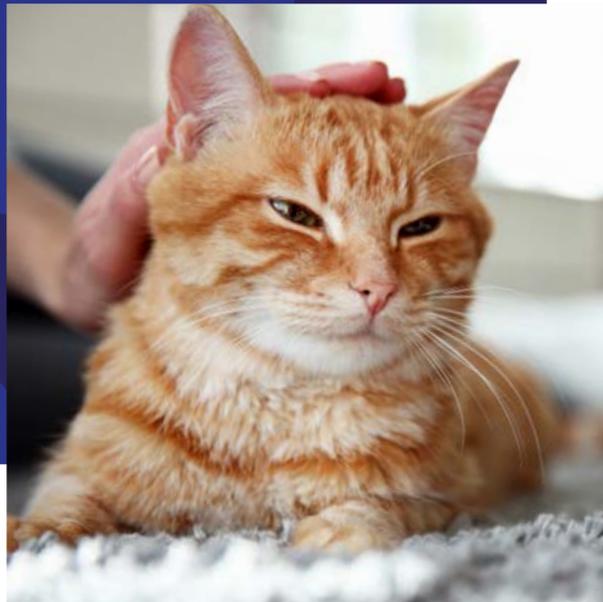
*48% of global consumers have plans to address their mental wellbeing over the next year.*



Source: FMCG Gurus, 2022

## Pet meals that mirror their owners'

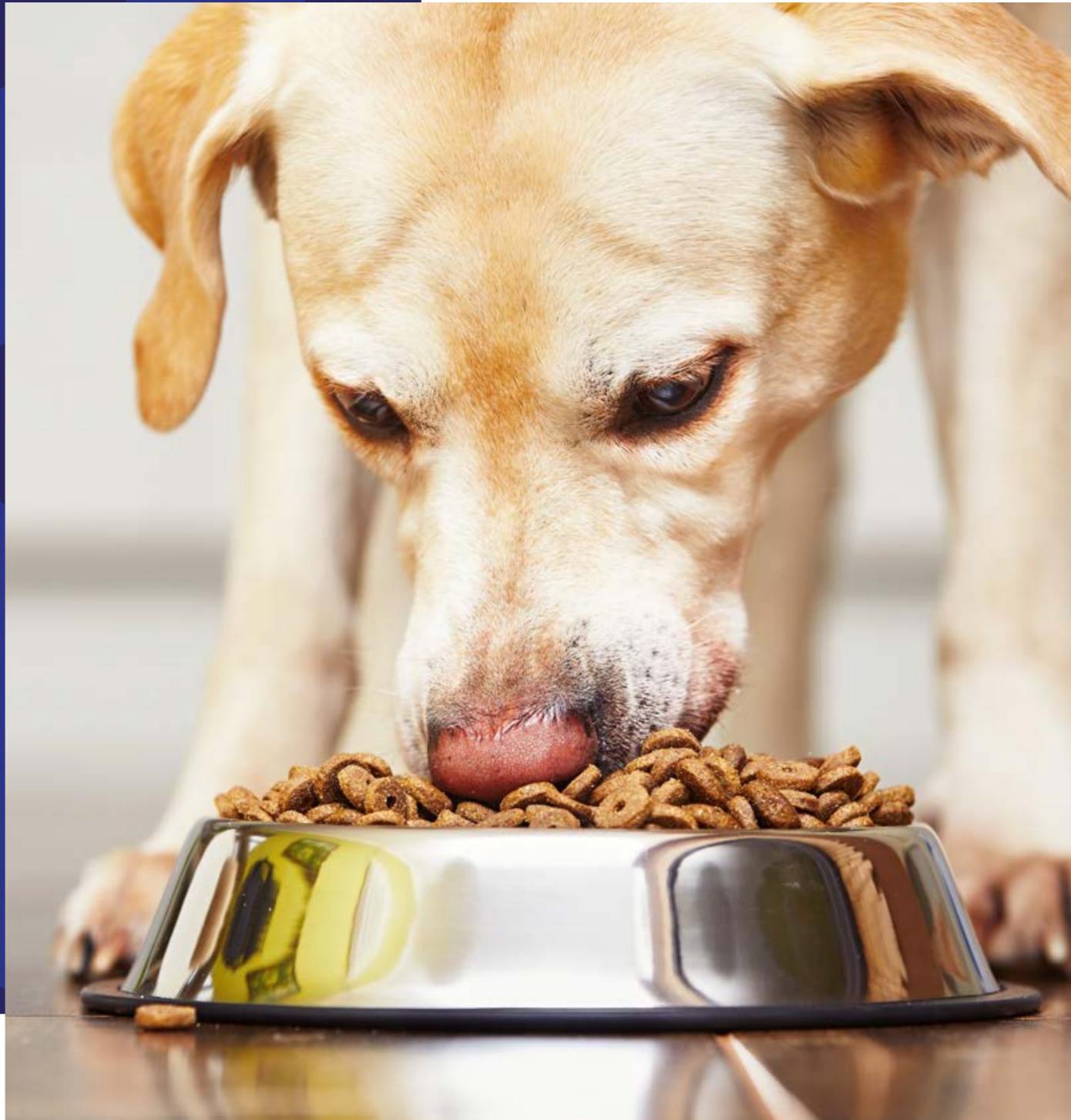
While ownership rates and general views of pet parenthood can vary across countries, regions, and individual households, the increasing personification of pets and their needs has led to a widespread belief that pets' lifestyles, health care, and nutritional needs mirror our own. Pet owners look for nutritious, fresh, and less processed ingredients, as well as pet products with various health benefits.



## Growth opportunities:

- + Supplements with functional benefits for both physical and mental health
- + Science-backed, real-food solutions for proactive health support with species-specificity
- + Indulgent treats and pet food toppers for emotional wellbeing and targeted nutrition
- + Fresh, clean and human-grade foods that are also engaging and customizable
- + Transparent and traceable ingredients
- + Incorporation of culinary attributes and quality production cues
- + Novel proteins that bring sustainability cues and tailored nutrition
- + Products and services that help pet parents sustain caring bonds and rituals
- + Community building through brand sponsored events for pets and pet parents





#### Section 4: Balanced Wellness

## Opportunities in pet wellness

Driven by insights and supported by science, pet innovations in nutrition, health and wellness create opportunities to capture growth.

### The macro effect of the gut microbiome

Many consumers are aware of the potential role their gut microbiome plays in their everyday lives, and now humans are gaining insight on how the gut microbiome can affect animal wellbeing. Notably, human-grade bacterial strains can be useful for pet care, too. That's why pet parents look for pet products that aid in an animals' digestive health.

## Innovate for better gut health

Research indicates a variety of ingredients may have promising pet applications. High-fiber diets and some biotic strains, such as BPL1™ Probiotic (Bifidobacterium animalis strain) and BPL1™ Postbiotic, have been clinically documented to improve measures of metabolic health in humans, with canine and feline clinicals being prepared for publication. Prebiotics, probiotics and postbiotics may also support digestive health, oral health and help support mental wellbeing. Additionally, certain botanical and plant extracts have been shown to support digestion, a healthy immune system, and to maintain the health of the skin and coat. As consumers research ingredients like these that can help their minds and bodies, they also see the potential in applying them to their pets.



# 27%

*of U.S. pet supplement shoppers looked for information about their pet's microbiome in the past 12 months.*

Source: Marketplace, Psychographics and Behaviors, 2022 NASC Annual Conference

# 60%

*of pet owners would like the pet foods they purchase to have a digestive health benefit.*

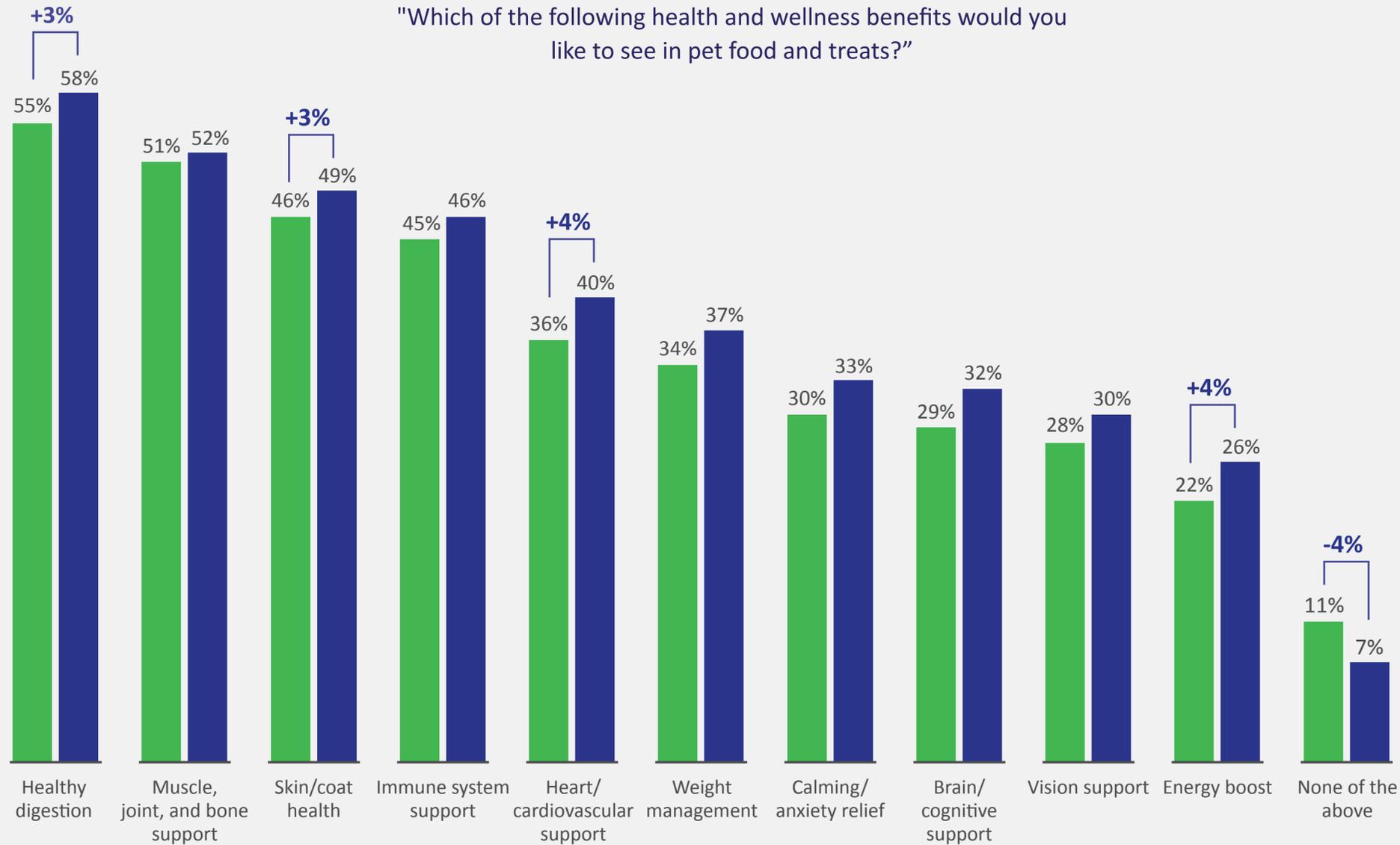
Source: Mintel, Supplements Can Support the Wellness Trend for Pets, 2021



## Ingredients and formulations capitalize on demand for food and treats with benefits

### US Pet owners survey

"Which of the following health and wellness benefits would you like to see in pet food and treats?"



## Target consumers' specific desires

With more health and wellness options to choose from, pet parents can see which products offer unique ways to address specific concerns. Owners of younger pets typically look for products that can support general wellness for lifelong benefits, while parents of older pets often seek out tailored solutions, such as those that address joints and mobility.

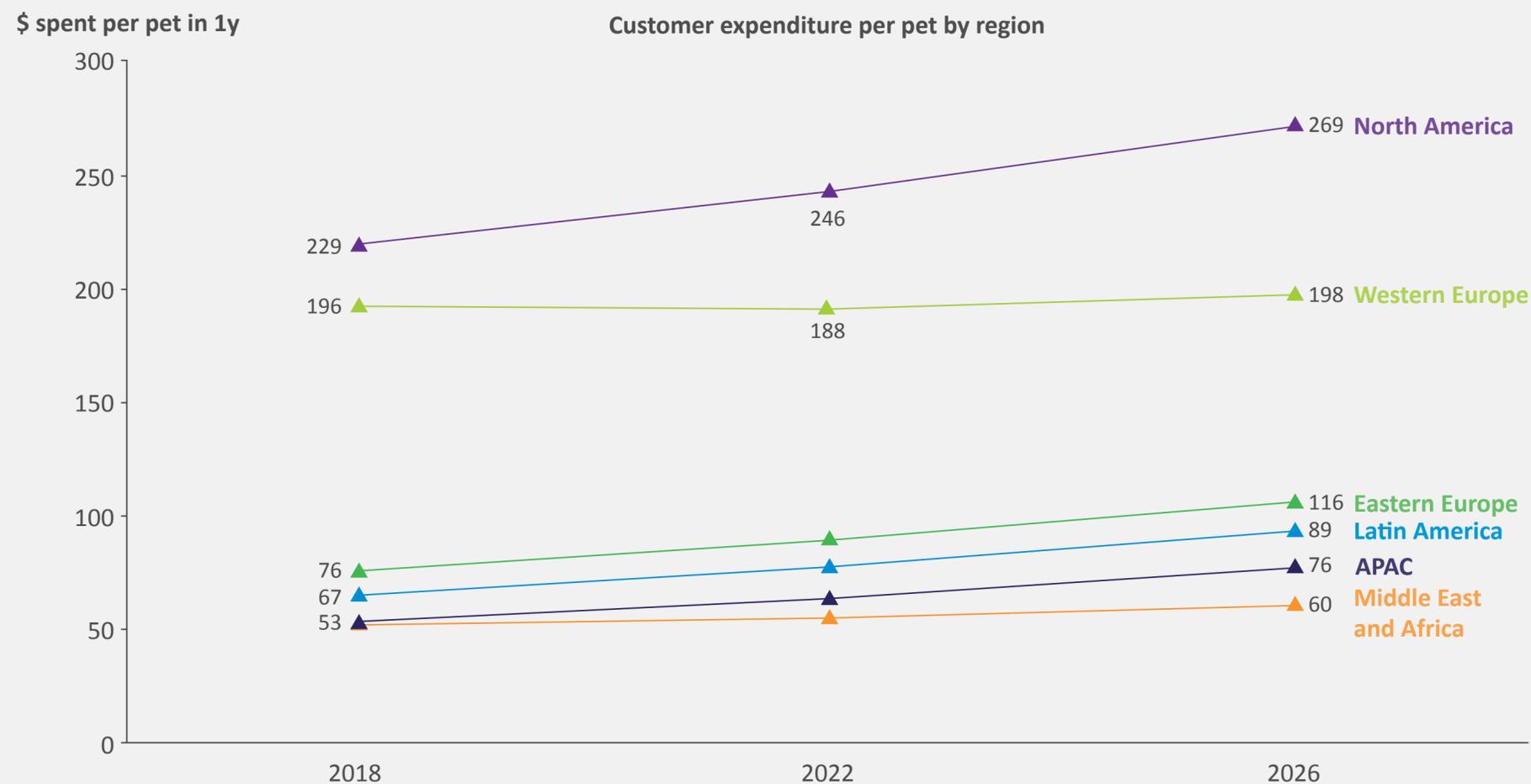
Both treats, which are made with ingredients that offer nutritional benefits, and pet health supplements, which support a specific structure or function of the body and are non-nutritional, are segments expected to grow rapidly in coming years\*. Top concerns supported by pet supplements include anxiety and calming, mobility and joints, immune function, skin and coat, liver and kidney, and digestion according to Euromonitor International survey data\*.

## Elevate pet nutrition

New product launches present the opportunity to create an elevated, enjoyable experience for consumers and their furry companions alike. **Notably, two-thirds of global pet parents like to see products with new and unusual flavors for their dogs and cats, and over 80% of owners monitor whether their pets like the taste of the products that they purchase.\*** Fun and playful foods in eye-catching colors, exciting flavors and interesting shapes are on-trend for pets and the people who shop for them. Dog-friendly ice cream, squeezable, craveable cat treats and biscuits inspired by seasonal holidays are just a few examples of how you can think of premium pet products like you would human ones.

\*FMCG Gurus, Pet Care Health in 2022

## Premiumization and commercialization are expected to drive increases in annual pet food expenditure per pet



Source: Euromonitor



## Color your consumers' interest

One way to catch pet parents' attention is with colors that visually tell them the product has been sourced from nature or looks healthier. For example, orange and yellow kibble can signal pumpkin, chicken or honey flavors, while rich greens suggest healthy ingredients that are made from plants.

Close-to-nature and other clean label cues, including a food's color, are frequently perceived as higher quality, with 70% of both cat and dog owners saying the quality of ingredients makes a product more premium.\* Many pet parents are searching for premium, nutritious products described as all natural, non-GMO or organic. These descriptors often signal premiumization to consumers, helping reassure them that foods and treats are free from artificial or other ingredients that could be detrimental to their pet's health.\*

Section 5: Seeking Sustainability

## Consumers seek products aligned with certain values

Modern pet parents aren't just shopping for high-quality, responsibly produced foods for themselves, they're doing so for their entire family.

ADM works to assess and address the environmental impacts of our products, from sourcing to production to packaging. For example, we have ambitious reduction goals to address GHG emissions, energy efficiency, water intensity, and waste to landfill in our operations. We work with growers in select supply chains to incentivize regenerative agriculture practices that improve soil health, protect local water quality, and reduce and sequester GHG emissions.



*Over 42% of pet owners say they want to purchase pet food with sustainably sourced ingredients.*

Source: FMCG Gurus, Pet Care Health in 2022

**20%**

*of consumers “always” or “usually” make pet food purchasing decisions based on their concerns for issues such as the environment and social well-being.*

Source: FMCG Gurus, Pet Care Health in 2022

**65%**

*of global consumers say they try to have a positive impact on the environment through their everyday actions.*

Source: Mintel, US Pet Owners Survey, 2021

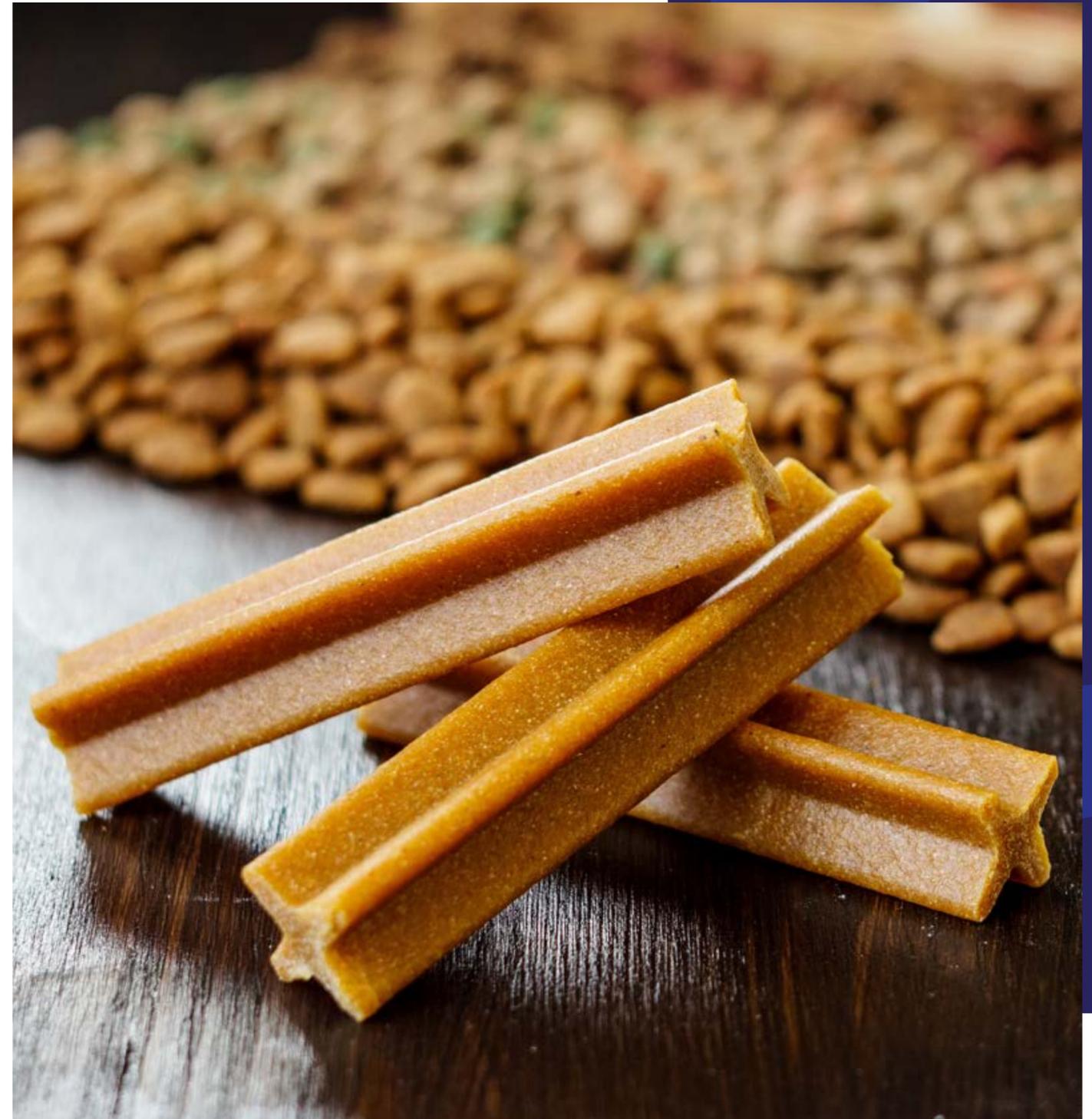
### Section 6: How ADM can Help

## Create what consumers are looking for

Through science-backed product development, our team paves the way to create consumer-desired pet solutions. With the ability to leverage our vertically-integrated portfolio in conjunction with expert taste, nutrition, texture, functional benefits, sustainability and color considerations, we can bring your pet solutions to the next level.

### ADM offers:

- + Fully integrated solutions from ingredient to turnkey finished product development
- + Vast array of wholesome and science-backed ingredients tailored to health-forward pet offerings and solutions
- + A wide range of functional and tailor-made pet product solutions that consider species-specific dietary needs to maximize companion animals' health for the long term
- + Industry leading Animal Nutrition Technology Center for enhanced customer collaboration
- + Expertise in Pet and Human Nutrition that allows for a deeper understanding of the pet's needs—and better anticipation of consumer preferences and trends





*Research shows that 30% of global pet owners spend a significant amount of time researching the best food options available for their pet.*

Source: FMCG Gurus, Pet Care Health in 2022

## **A robust pet nutrition pantry**

ADM has one of the industry's most comprehensive portfolios of pet food and treat ingredients, all supported by science to meet your needs for nutrition, functionality, and appeal. Our pantry contains all the ingredients you need to deliver the innovations consumers want.

## **The ADM team is your team**

When you partner with ADM for your pet nutrition solutions, we become an extension of your team, with scientists, nutritionists, veterinarians, and formulation experts here to help you capture today's opportunity and create tomorrow's innovation.

## **Products and packaging to propel your success**

Reach beyond traditional pet ingredient suppliers or manufacturers for a full-solutions partner with unrivaled expertise in pet nutrition, production, and packaging. Quality, safety, and traceability are essential to every recipe. From raw materials to finished goods, state-of-the-art features and stringent monitoring processes provide confidence you can count on.



## Insights and expertise to advance innovation

With more than 40 years of experience studying raw materials; 140 scientists, technicians and employees devoted to animal nutrition research & development; along with 13 R&D and applied research centers globally; our experience, know-how, and reach provide the edge you need to compete in today's dynamic pet marketplace.

### Request a consultation today

800-775-3295 | [petnutrition@adm.com](mailto:petnutrition@adm.com) | [adm.com/petnutrition](https://adm.com/petnutrition)

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