

April 2014
New Adopter Customer
Experience Survey

Aggregate Results



Pethealth conducted a comprehensive adopter survey in April 2014 designed as a follow-up to a similar survey conducted in April of 2013.

Objectives

- I. Gain insight into adopter purchasing behavior as it relates to pet food and supplies.
- II. Determine the difference in purchasing behavior between those who adopt from an animal welfare organization (AWO) and those who adopt at a pet specialty retailer.
- III. Determine if shelter pet food programs, which feature the distribution of free bags of food or coupons to new adopters, create loyalty among adopters for those brands.
- IV. Determining the degree to which pet adopters purchase pet supplies, food, and pharmacy products online and if social media influences that behavior.

The survey list was compiled from new pet adopter data collected through AWOs using our own industry leading PetPoint application. Adoption activity was for the period March 1, 2013 to March 31, 2014.

Launched in 2005, PetPoint is a cloud-based animal management application developed specifically for AWOs, and allows Pethealth to aggregate more data on dogs and cats in AWOs than any other company. As the most widely used application in animal welfare, licensed by over 2,000 AWOs, it is one of the industries largest and most accurate repositories of information related to the animal welfare industry, and is now widely regarded by leading industry analysts as the leading source of data relating to AWOs.

Data variables used to define the survey segments included, though were not limited to:

- Adoption Location, i.e. Petco, PetSmart, Private Humane Society/SPCAs, Municipal Animal Control/Shelters, Rescue Groups/Breed Placement
- Adopter First Name
- Adopter Last Name
- Animal Name
- Adoption Date
- Email Address

The survey dataset was then segmented based on two variables, AWO adoption partners and the location of adoptions, and assigned to 8 groups for distribution:

Group	AWO Adoption Partner	Location of Adoption
1	PetSmart	AWO Primary & Secondary Locations
2	PetSmart	PetSmart
3	Petco	AWO Primary & Secondary Locations
4	Petco	Petco
5	PetSmart and Petco	AWO Primary & Secondary Locations
6	PetSmart and Petco	PetSmart
7	PetSmart and Petco	Petco
8	No Relationship w/Petco or PetSmart	AWO Primary & Secondary Locations

Email invitations that included a link to the survey were sent to 241,786 adopters. Of those emails 216,216 were delivered. Invitations were incentivized with an offer of \$15 toward the purchase of pet food or pet supplies from Pethealth's online pet specialty retail website, ThePetangoStore.com.

Invitations and subsequent reminders were distributed to each of the 8 segments and included a URL unique to each group. The survey of 57 total questions* was conducted online and developed with "skip logic" to ensure respondents were only presented questions based on their previous responses. Hence, response totals to various questions will vary.

Additionally, certain questions allowed for more than one response, accordingly response totals could exceed 100% for those questions.

*Note: Not all questions are available through this report.

Based on delivered emails (Qty. 216,216) the survey had an open rate of over 19.75%. Subsequent to the initial email (Qty. 241,786) a follow up reminder email was also deployed 4 days after the initial deployment.

In total, 9,649 surveys were started and 8,797 were completed. Only completed surveys were used in this response analysis.

Group	AWO Adoption Partner	Location of Adoption	Sent	Delivered	Opens	Opens %	Surveys Completed
1	PetSmart	AWO	41,472	40,585	8,829	21%	1,601
2	PetSmart	PetSmart	13,079	12,831	2,712	21%	485
3	Petco	AWO	49,533	41,432	7,635	15%	1,738
4	Petco	Petco	3,512	3,411	548	16%	133
5	PetSmart and Petco	AWO	62,615	53,757	10,589	17%	2,197
6	PetSmart and Petco	PetSmart	17,931	17,454	3,352	19%	690
7	PetSmart and Petco	Petco	5,252	5,135	971	19%	171
8	No Relationship with PetSmart or Petco	AWO	48,392	41,609	8,067	17%	1,782
			241,786	216,214	42,703	20%	8,797

- ❑ The majority (89%) of adoptions continue to originate through shelters and animal rescues.

- ❑ 64.9% indicated that they received either a complimentary bag of food or coupon. In comparison to the 2013 survey, the current survey indicates that a higher percent of adopters received complimentary bags of food (40.1% vs. 32.9%).
 - When comparing adoption location, those adopting at a PetSmart were more likely to receive a complimentary bag of food vs. a redeemable coupon. Those adopting at a Petco location were more likely to receive neither food or a coupon.

- ❑ The majority of adopters (61.7%) continue to redeem their food coupons at major pet specialty retailers (Petco, PetSmart, Pet Valu). Although this number is down from the 2013 survey, it is largely due to unredeemed coupons.
 - Hill's and Purina brands, as in the last survey, continue to be the brands most often received or for which coupons are redeemed.

 - PetSmart adopters were more likely to use the coupon for Purina, while Petco adopters Hill's. Same applies for complimentary bags.

- ❑ The vast majority (94.9%) of adopters, as in the previous survey, were not contacted subsequent to their adoptions by the food companies involved in the complimentary bag of food or coupon redemption programs. Of the 5% that were contacted, the majority (96.2%) were contacted in the first 90 days after their adoption.

- ❑ Over 69% of those receiving coupons or a complimentary bag of food no longer purchase that brand. The top reasons given for switching continue to be:
 - Dislike of ingredients (want more natural)
 - Cost (too expensive)
 - Convenience (already have another pet using different food)

- Of those who indicated that they preferred more natural ingredients (31%), almost 50% indicated that they would prefer to purchase their natural/organic food at their local grocery or supermarket chain.

- A greater percentage of PetSmart adopters were willing to switch vs. Petco adopters.*

*Note: Small sample size

- ❑ Post adoption the top food brands purchased most often include Hill's Science Diet, Purina ONE and Blue Buffalo. No brand had over a 15% response rate. This remains fairly consistent with the previous survey.
 - The top three factors driving adopters to purchase their current brand of food include:
 - Recommendation
 - Brand trust
 - Price
 - Almost half (45.9%) say they would switch from purchasing their preferred brand at a major pet specialty retailer if it was available at their local grocery store. Brands most often cited include:
 - Blue Buffalo
 - Hill's Science Diet
 - Purina Pro Plan
 - Nutro
- ❑ 53.1% of respondents indicated that they purchased pet products at the time of adoption. This is up approximately 18% from the previous survey. Toys, collars and food continue to be the most purchased items. With about 46.8% spending approximately \$26-\$100.

- Of those who did not purchase most indicated that they already had the needed items at home (45.8%), or that the shelter/rescue did not offer any products for sale (38%).

- When asked “where do you do most of the pet supply purchasing”, big box retailers continue to be dominant. Adopters shop in multiple stores with PetSmart, Walmart, Petco and Target the most cited.
 - 12.5% of respondents indicated that they had difficulty locating their desired brand of food at PetSmart or Petco. For those adopters who had difficulty locating their desired brand 25.7% purchased it at a small pet specialty shop while 10% purchased it online.

- Online Media:
 - The most common responses about how an adopter learns about an online pet supply website were internet search engine or word of mouth.

 - About 30% of adopters are influenced by online media advertising used to promote a pet supply website.

 - Approximately 83% answered that they would not be more likely to purchase if an online pet specialty website promoted heavily within social media (e.g. Facebook, Twitter).

- Over 50% say they would click on an ad shared with them by a friend.
- 53% acknowledged that they have indeed clicked on a Facebook ad, indicating that they were curious and wanted to learn more or that they thought the ad was eye-catching. Regardless of their probing, the vast majority (77%) did not purchase.

□ Loyalty

- When asked if a formal loyalty program would impact their online buying behavior, 62% said they were extremely or somewhat interested in having such a program. The most desired features of a loyalty program were:
 - Free shipping (76.6%)
 - Points redeemable for merchandise (54.5%)
 - Exclusive sales and special offers (28.4%)
- Of the respondents who found a loyalty program to be extremely important, a higher percentage adopted at a PetSmart location.

- ❑ The top 5 online store sites where adopters have purchased from include:
 - Amazon.com, up from 39.6% in 2013 to 56.7% in 2014
 - 1-800-PetMeds, up from 20.7% to 23.6%
 - Petco.com at 22.5%, flat YOY
 - Drs. Foster & Smith at 21.0%
 - PetSmart.com, down from 25% to 20.8%
- When asked to select the site used most frequently to make their online pet supply purchases Amazon.com was the top choice with 37.8% selecting it. This is true across all segments.
- ❑ Toys (50%), Food (43%), and Treats (41%) were the top 3 product purchase categories.
- ❑ When asked what influenced their decision to purchase online, free shipping, convenience, and product selection were most often cited.

- ❑ For those adopters who chose not to purchase their pet supplies online the reasons most often cited:
 - More convenient to shop at retail location (66.5%)
 - Shipping cost (40.2%)
 - Pricing (14.1%)
 - Delivery times (13.9%)
 - Security concerns (12.5%)

- As in the 2013 survey, the overwhelming majority of adopters say they would be willing to buy online if shipping was free and the purchase threshold was less than \$50.

As with the 2013 Survey, respondents to the 2014 Adopter Survey tend to be:

- Female
- 25-54 years old
- Some college or college educated
- Employed
- Earn less than \$80k/yr.

Selected Questions & Aggregate Results

When you adopted your new pet, where did you adopt from?		Aggregate Results
Answer Options		Response Percent
Animal Control Organization (City Owned)		7.0%
Humane Society or SPCA (Shelter)		56.4%
Petco		2.7%
PetSmart		8.5%
Animal Rescue Organization		17.9%
Other (please specify)		7.6%
When you adopted your new pet, which food related items were you provided with?		Aggregate Results
Answer Options		Response Percent
A complimentary bag of pet food		40.1%
A coupon for pet food		24.8%
I was not provided with either of these items		35.1%
Where did you redeem your coupon for pet food?		Aggregate Results
Answer Options		Response Percent
A pet specialty retailer (e.g. Petco, PetSmart, Pet Valu)		61.7%
A grocery store or supermarket (e.g. Kroger, Publix, Safeway)		3.4%
At the Animal Control Organization, Rescue or Shelter		2.4%
A discount or wholesale retailer (e.g. Walmart, Target, Costco)		2.9%
I did not redeem my coupon		29.5%
Which brand of food did you purchase with your coupon?		Aggregate Results
Answer Options		Response Percent
Pedigree		7.9%
Hill's Science Diet		21.7%
Purina ONE		13.5%
Blue Buffalo		9.4%
Purina Pro Plan		23.6%
Other (please specify)		23.8%
Which brand of pet food did you receive?		Aggregate Results
Answer Options		Response Percent
Hill's Science Diet		44.0%
Blue Buffalo		1.2%
Pedigree		2.5%
Purina Pro Plan		8.5%
Purina ONE		13.0%
I am not sure		23.7%
Other (please specify)		7.0%

Selected Questions & Aggregate Results

Were you contacted by this pet food company after the adoption of your pet?		Aggregate Results
Answer Options		Response Percent
Yes		5.1%
No		94.9%
How long after the adoption of your pet did this pet food company contact you?		Aggregate Results
Answer Options		Response Percent
Within 1 month		73.0%
Between 1 and 3 months		23.2%
After 3 months		3.9%
Is the food you currently purchase for your pet the same brand of food which you were provided, or received a coupon for at the time of your adoption?		Aggregate Results
Answer Options		Response Percent
Yes		30.8%
No		69.2%
Would you have been more likely to stay with the brand of food offered at adoption if you had been contacted earlier?		Aggregate Results
Answer Options		Response Percent
Yes		14.7%
No		85.3%
What were the primary reasons you switched to a different brand? Please select all that apply.		Aggregate Results
Answer Options		Response Percent
My preferred pet specialty supplies store did not carry the brand		4.0%
Another brand was recommended to me		18.4%
I prefer my veterinarian store brands		1.3%
My other pets were already on a different brand		25.6%
My pet did not like the food		16.1%
The food was too expensive		25.3%
I wanted food with natural ingredients		31.0%
My pet has dietary issues or allergies		9.2%
My pet was no longer a kitten/puppy		6.7%
Other (please specify)		10.7%

Selected Questions & Aggregate Results

<p>If you were to find competitively priced natural/organic food at your grocery store (e.g. Kroger, Publix, Safeway) would you be inclined to purchase it there, or would you prefer to purchase natural/organic pet food at a pet specialty retailer (e.g. Petco, PetSmart, Pet Valu)</p>		Aggregate Results
<p>Answer Options</p>		Response Percent
Switch to grocery store		48.9%
Continue to purchase at the pet specialty retailer		22.4%
Not Sure		28.6%
<p>Which brand of food have you purchased (or continue to purchase) most often since adopting your pet?</p>		Aggregate Results
<p>Answer Options</p>		Response Percent
Taste of the Wild		2.9%
Hill's Science Diet		10.9%
Purina ONE		14.5%
IAMS		8.5%
Pedigree		6.3%
Blue Buffalo		9.4%
Fromm		1.3%
Merrick		1.2%
Nutro		3.1%
Eukanuba		0.6%
Purina Pro Plan		7.7%
Other (please specify)		33.7%
<p>Please rank the following factors which contributed to your decision to purchase this food. 1 being the most important, 5 being the least important.</p>		Aggregate Results
<p>Answer Options</p>		Rating Average
Price		3.09
It was recommended to me		3.34
Ingredients		2.47
I trust the brand		3.20
My pet liked the food		2.90
<p>Is there a brand of food you currently purchase at a retail pet specialty store (e.g. Petco, PetSmart, Pet Valu) that if it became available at your local grocery store (e.g. Publix, Kroger, Safeway) you would change your purchasing behavior and begin purchasing it at your local grocery store?</p>		Aggregate Results
<p>Answer Options</p>		Response Percent
Yes		45.9%
No		54.1%

Selected Questions & Aggregate Results

Did you purchase any pet supplies at the point of adoption?		Aggregate Results
Answer Options		Response Percent
Yes		53.1%
No		46.9%
Which of the following products did you purchase? Please select all that apply.		Aggregate Results
Answer Options		Response Percent
Food		53.2%
Treats		51.7%
Grooming products		30.7%
Collar or leash		68.3%
Crate or bedding		41.5%
Toys		67.5%
Medication		12.2%
Food bowls		45.8%
What was the approximate cost of the products you purchased?		Aggregate Results
Answer Options		Response Percent
\$25 or less		24.6%
\$26 - \$50		23.8%
\$51 - \$100		23.0%
\$101 - \$150		13.8%
\$151 - \$200		8.1%
\$201 +		6.7%
What were the reasons you chose not to purchase your pet supplies at the point of adoption?		Aggregate Results
Answer Options		Response Percent
They did not sell any products		38.0%
They did not carry the products I wanted		10.7%
The service did not meet my expectations		0.7%
I had another preferred supplier		5.6%
They were too expensive		6.2%
I was not able to take my pet home right away		2.4%
I already had the products I needed at home		45.8%
Other (please specify)		5.4%

Selected Questions & Aggregate Results

Where do you purchase your pet supplies from? Please select all that apply.		Aggregate Results
Answer Options		Response Percent
Petco		31.4%
PetSmart		49.4%
Walmart		34.3%
Target		14.6%
Costco		5.3%
Pet Valu		0.8%
My adopting shelter or rescue		2.6%
Pet Supplies Plus		6.0%
Tractor Supply Co.		5.0%
BJ's Wholesale Club		1.5%
Other (please specify)		29.0%

Have you found it difficult to find your brand of food at a Petco or PetSmart more recently?		Aggregate Results
Answer Options		Response Percent
Yes		12.5%
No		87.5%

Where are you currently purchasing this brand of food?		Aggregate Results
Answer Options		Response Percent
Online store		10.0%
Small pet specialty retail shop		25.7%
Veterinary office		5.6%
Breeder		0.0%
Health food store		2.0%
Other (please specify)		56.8%

Have you ever purchased pet food or supplies ONLINE?		Aggregate Results
Answer Options		Response Percent
Yes		32.0%
No		68.0%

Selected Questions & Aggregate Results

How would you usually learn about a pet supplies website? Please select all that apply.		Aggregate Results
Answer Options		Response Percent
Magazines or newspapers		13.6%
Through my shelter		10.2%
Television		10.4%
Retail "deal" websites (e.g. SlickDeals, RetailMeNot)		6.9%
E-Newsletters (e.g. Pet E-Newsletters)		11.6%
Internet search engine (e.g. Bing, Google, Yahoo)		64.7%
Big box retailers (e.g. Petco, PetSmart)		16.9%
Word of mouth		36.1%
How important is a loyalty or preferred customer program to you when purchasing pet supplies ONLINE?		Aggregate Results
Answer Options		Response Percent
Extremely important		21.9%
Somewhat important		40.3%
No impact either way		24.1%
Not very important		6.9%
Not at all important		6.9%
What features of a loyalty or preferred customer program are most important to you? Please select your top 2 choices.		Aggregate Results
Answer Options		Response Percent
Points that accumulate and can be redeemed for merchandise and services		54.5%
Points that accumulate and can be redeemed for cash back		18.4%
Free shipping		76.6%
Exclusive sales and specials		28.4%
First to be offered new products		0.9%
Email notifications about offers and discounts		14.6%
Regular mail notifications about offers and discounts		3.5%
Other (please specify)		3.1%
How much does ONLINE MEDIA ADVERTISING (e.g. websites, search engines) for pet supplies influence your purchasing behavior vs. regular TV advertising?		Aggregate Results
Answer Options		Response Percent
Much more		12.6%
A little more		17.7%
Not one way or the other		34.3%
Very Little		16.1%
Not at all		19.2%

Selected Questions & Aggregate Results

If an ONLINE SPECIALTY STORE advertises heavily on social media (e.g. Facebook, Twitter) are you more likely to purchase from their website?		Aggregate Results
Answer Options		Response Percent
Yes		17.1%
No		82.9%
If a Facebook friend shares or posts about a specific company, product, or sale, how likely are you to click on their post?		Aggregate Results
Answer Options		Response Percent
Very		8.4%
Somewhat		43.9%
Not likely		26.0%
Never		5.8%
Not a Facebook user		15.8%
Have you ever clicked on an ad in Facebook?		Aggregate Results
Answer Options		Response Percent
Yes		52.6%
No		47.4%
What made you click on the ad in Facebook?		Aggregate Results
Answer Options		Response Percent
A special offer was advertised		19.3%
A discount was advertised		14.8%
The ad was interesting or eye-catching		22.4%
I wanted to learn more		40.2%
Other (please specify)		3.4%
Did the ad you clicked on in Facebook result in a purchase?		Aggregate Results
Answer Options		Response Percent
Yes		23.0%
No		77.0%

Selected Questions & Aggregate Results

Which ONLINE retailers have you purchased pet food or supplies from? Please select all that apply.		Aggregate Results
Answer Options		Response Percent
Amazon.com		56.7%
1-800-PetMeds		23.6%
Walmart.com		10.6%
Costco.com		2.0%
Petco.com		22.5%
Petflow.com		2.5%
PetSmart.com		20.8%
Pet Food Direct.com		4.3%
The Petango Store.com		11.7%
My shelter's online website		1.0%
Drs. Foster & Smith		21.0%
Target.com		3.8%
PetValu.com		0.8%
Pet Supplies Plus.com		3.0%
Tractor Supply.com		1.5%
BJ's Wholesale Club (bjs.com)		0.6%
Other (please specify)		22.7%

What products have you purchased ONLINE? Please select all that apply.		Aggregate Results
Answer Options		Response Percent
Food		43.0%
Treats		41.4%
Grooming products		37.3%
Collar or leash		35.3%
Crate or bedding		31.7%
Toys		50.6%
Medication		37.7%
Bowls		14.0%

Which brand of food did you purchase ONLINE?		Aggregate Results
Answer Options		Response Percent
Taste of the Wild		5.4%
Hill's Science Diet		13.1%
Purina ONE		6.3%
IAMS		2.9%
Blue Buffalo		11.3%
Pedigree		1.7%
Fromm		1.6%
Merrick		3.1%
Nutro		2.9%
Eukanuba		0.4%
Purina Pro Plan		3.4%
I am not sure		13.0%
Other (please specify)		35.0%

Selected Questions & Aggregate Results

What was the approximate cost of your most recent ONLINE purchase?		Aggregate Results
Answer Options		Response Percent
\$25 or less		20.7%
\$26 - \$50		36.5%
\$51 - \$100		32.0%
\$101 - \$150		7.2%
\$151 - \$200		1.8%
\$200 +		1.8%

Which ONLINE retailer do you MOST FREQUENTLY purchase pet food or supplies from? Please only select one.		Aggregate Results
Answer Options		Response Percent
Amazon.com		37.8%
1-800-Pet Meds		8.4%
Walmart.com		2.7%
Costco.com		0.4%
Petco.com		8.5%
Petflow.com		1.2%
PetSmart.com		6.9%
Pet Food Direct.com		1.4%
The Petango Store.com		4.7%
Drs. Foster & Smith		7.8%
Target.com		0.6%
PetValu.com		0.0%
My adopting shelter or rescue		0.3%
Pet supplies Plus.com		0.7%
Tractor Supply.com		0.3%
BJ's Wholesale Club (bjs.com)		0.1%
Other (please specify)		18.2%

What factors influenced your decision to purchase pet food or supplies ONLINE? Please select all that apply.		Aggregate Results
Answer Options		Response Percent
Product selection		36.6%
Service level		4.0%
Convenience		44.9%
Knowing that my purchase resulted in a donation to an animal shelter		4.9%
Everyday pricing		22.3%
Discounts (sales or coupons)		30.3%
Free Shipping		55.5%

Selected Questions & Aggregate Results

Who did you choose to donate to?		Aggregate Results
Answer Options		Response Percent
My own adopting shelter or rescue		89.2%
A different adopting shelter or rescue		10.8%
Why did you choose not to purchase your pet food or supplies ONLINE? Please select all that apply.		Aggregate Results
Answer Options		Response Percent
Pricing		14.1%
Delivery times		13.9%
Concerns about online security		12.5%
My brand or product was not available		3.0%
Previous bad experience		1.3%
Concerns about accuracy		5.4%
Shipping cost		40.2%
More convenient to shop at a physical retail location		66.5%
Other (please specify)		10.4%
If shipping were free, would you be willing to purchase your pet's supplies or food ONLINE?		Aggregate Results
Answer Options		Response Percent
Yes		75.2%
No		24.8%
How much would you spend ONLINE in order to qualify for free shipping?		Aggregate Results
Answer Options		Response Percent
\$1 - \$10		13.7%
\$11 - \$25		46.1%
\$26 - \$50		35.7%
\$50 - \$100		4.0%
More than \$100		0.6%
What is your gender?		Aggregate Results
Answer Options		Response Percent
Male		20.3%
Female		79.7%

Selected Questions & Aggregate Results

What is your age?		Aggregate Results
Answer Options		Response Percent
18 - 24		13.6%
25 - 34		24.2%
35 - 44		17.5%
45 - 54		18.9%
55 - 64		16.2%
65 +		9.5%
What is the highest level of education you have completed?		Aggregate Results
Answer Options		Response Percent
Less than high school degree		0.8%
High school degree or equivalent		12.1%
Some college		35.4%
Bachelor degree		32.9%
Graduate degree		18.8%
What is your employment status?		Aggregate Results
Answer Options		Response Percent
Student		6.4%
Employed		70.1%
Unemployed		6.5%
Retired		13.2%
Disabled, not able to work		3.9%
What is your annual household income?		Aggregate Results
Answer Options		Response Percent
\$35,000 or less		29.1%
\$35,001 - \$60,000		29.1%
\$60,001 - \$80,000		15.8%
\$80,001 - \$100,000		11.5%
\$100,001 - \$150,000		9.5%
\$150,001 +		5.0%