

## Supermarkets Hold the Key to Unlocking a \$30 Billion Pet Food Opportunity

by Carol Bryant



The hidden growth engine hiding in plain sight.

Carol Bryant

Supermarkets are sitting on the most profitable growth model in pet food today, and most don't even realize it. Direct-to-consumer dog food brands like Farmer's Dog have proven that subscriptions are what customers want, but they spend millions on customer acquisition to get there. This customer acquisition challenge is becoming increasingly expensive, as pet ownership among Gen Z has surged 43.5% in 2024, with 18.8 million households now owning pets.

Retailers already field the advantage with massive customer databases and loyal shoppers. Subscriptions turn existing brands into the infrastructure is in place. Demand is proven. Who will be first to tip the switch?

### The Shift is Already Happening

The pet food subscription model is no longer theoretical, as it's been validated and de-risked by brands like JustFoodForDogs, NomNom, and The Farmer's Dog. They've combined convenience and quality with loyalty, proving that subscriptions aren't a fad — they're the new standard.

Premium fresh formats are booming, offering human-grade, slow-cooked, and condition-specific meals that drive growth across the category. The opportunity is enormous: kibble still dominates nearly 80% of shelf space, which isn't market saturation but a massive installed base ready for premium migration.

The new wave of pet parents represents the future of the category, and they expect the same convenience in subscriptions that they already enjoy with meal kits, streaming services, and grocery deliveries. DTC startups have demonstrated that consumers are ready, and they want modern solutions.

The good news? Supermarkets already own what DTC brands spend millions chasing: customer data. The next step is using that goldmine to fuel growth, loyalty, and long-term category leadership.

### Why Retailers Are Missing Out

The irony is that supermarkets have an untapped advantage that most DTC brands would drool for: millions of loyal shoppers with detailed customer data and established purchasing relationships. Yet, retailers continue to optimize for yesterday's traditional model instead of tomorrow's subscription economy. The cost of inaction is ceding this profitable category to competitors, but it is entirely solvable with turkey solutions.

So why hasn't the industry moved faster? Legacy systems are an obvious culprit, but the real barriers run deeper. Here are the top seven reasons why most retailers are missing out:

- Legacy Mindset:** Viewing pet food as a traditional packaged goods category with a focus on SKU turns and shelf space. These metrics overlook the recurring revenue generated by the subscription model.
- Technology Gaps:** Managing recurring orders requires an IT infrastructure investment that many chains are slow to prioritize.
- Supply Chain Complexity:** Most retailers are comfortable with shelf-stable kibble, as fresh and frozen pet foods involve cold-chain logistics and shorter shelf lives.
- Split Responsibilities:** In most cases, the pet food aisle falls under merchandising, while subscriptions reside in the digital world. Without alignment between the two, supermarkets are unable to capture the subscription opportunity.
- Risk Aversion:** Most DTC brands spend between \$200 and \$400 to acquire each customer, which may lead executives to believe pet food subscriptions are a money pit. However, supermarkets already have customers, thus completely flipping the economics.
- Margin Misconceptions:** Subscriptions are built for the long game, not one sale. Over time, subscribers are 3 to 5 times more profitable thanks to repeat orders and loyalty.
- Underestimating Demand:** What may seem niche to supermarkets is already mainstream for consumers. Ignoring this equates to overlooking the fastest-growing segment of the pet food market, fueled by the humanization of pets and demand for fresh, premium, subscription-based products.

### Roadblocks to Execution

Beyond technology and logistics lies the real challenge: internal alignment. Without a clear internal champion, subscription initiatives often stall before they get started. The subscription model gets stuck between digital, merchandising, and operating teams.

Retailers consistently encounter three organizational barriers when launching subscriptions:

- Leadership hesitation:** Even with a strong business case, senior teams may delay or push the initiative down the priority list as their competitors forge ahead.
- Legacy IT systems:** Most are not built for recurring orders.
- Cold-chain logistics:** Pet food that is frozen or refrigerated adds to cost and complexity.

While these challenges are real, none are permanent.

### A Turnkey Solution Exists

Turnkey private-label solutions have eliminated the "build versus buy" dilemma. Partners like Top Dog Chef deliver complete infrastructure, including:

- Technology
- Cold-chain logistics
- Product development (including frozen and refrigerated items with functional ingredients such as probiotics and prebiotics)

Retailers bring their own brand name and customer base, while the partner manages the rest. This delivers veterinary-backed pet food formulations, operational simplicity, and complete brand control.

The market opportunity is substantial, with kibble accounting for 80% of the pet food market; fresh and frozen formats represent an untapped territory. The payoff is clear: subscription shoppers average more than 5 months of lifetime value compared to just 2.7 months across the pet food industry.

### The Competitive Window is Narrowing

Market conditions have presented a time-sensitive opportunity for supermarkets to capture premium pet food subscriptions before competitors establish a dominant position. The financial opportunity is clear: The U.S. pet industry reached \$153 billion in 2024 and is poised to hit \$157 billion in 2025. Even in a strained economy, 77% of pet parents report that financial pressures have not affected their spending on pets.

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Competitors aren't waiting. DTC brands like PetPlate, NomNom, and Farmer's Dog are scaling rapidly while specialty retailers and Chewy expand premium offerings.

Supermarkets have the advantage with trusted customer relationships, vast shopper databases, and national reach. Those who act now will shape the premium subscription category. With demand proven for a profitable model, the infrastructure exists. The question is no longer if pet food subscriptions will dominate, but who will own the category.

## What Retailers Gain

The payoff for supermarkets is measurable and immediate, delivering four key advantages:

1. Predictable recurring revenue to stabilize cash flow and strengthen financial forecasting.
2. Deep loyalty and stronger relationships through personalized, convenient pet nutrition.
3. Higher margins and human-grade growth without wasted inventory or overstocking risks.
4. Competitive positioning to challenge DTC brands and Chewy using existing customer relationships.

These gains do more than strengthen your pet aisle. They reshape it into a growth engine that positions your brand to lead the next era of pet food retail. The next step is selecting the right partner to make subscriptions turnkey.

## Strategic Next Steps

Supermarkets own the relationships and traffic, but the infrastructure is missing. Don't let DTC brands capture the very customers that should be yours. Partners like Pet Food Connect and Tap Dog Chef offer turnkey solutions that remove IT and logistics barriers, making it easier and faster to launch.

First movers will have a decisive advantage in local markets. The strategic decision comes down to answering three questions:

- How quickly do we want to capture subscription growth?
- What level of investment and risk can we take on?
- Do we have the in-house capabilities, or is a turnkey partner the smarter path to success?

Supermarkets already possess the customer relationships and market position that DTC brands spend millions trying to replicate. The infrastructure is in place, and consumer demand has been proven. What remains is the competition window, which won't stay open indefinitely. Bottom line: Subscriptions create predictable revenue streams.

Contact Pet Food Connect to explore how Tap Dog Chef's turnkey solutions can transform your pet category into a recurring revenue engine.

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