

Americas Retail: Specialty Hardlines

Pet pricing survey update; Comparing price at DG & Family Dollar; Takeaways from IR/mgmt.



In this note, we present takeaways of our updated pet pricing survey which suggests that prices have increased 8% since June and 13% since January, on average. We also analyze web traffic, Google Trends, and app downloads for the pet industry.

Additionally, we discuss findings from our visit to Dollar General and Family Dollar this week to compare prices, given Dollar Tree's [announcement of price investment](#) at the Family Dollar banner. Given the significant impact of Hurricane Ian on the state of Florida this week, we also screen our coverage for exposure to the state and those urban areas most impacted. We also provide key takeaways from conversations with the IR/management teams of BBBY, NKE, and TGT.

We reiterate our Buy rating on WOOF as we continue to view the company as defensively positioned and note WOOF's pricing power (while remaining competitive) in the current inflationary environment. WOOF's consumables category (46% of sales year to date) is highly non-discretionary and the company has continued to see customers trading up to more premium, higher-quality consumables over the last several quarters. Additionally, we note that although web traffic has declined in recent months, both web visits and unique visitors remain above the 2019 average, while app downloads continue to trend higher. Google searches for "Petco" also remain above pre-pandemic (2019) levels.

Pet pricing survey

Pricing survey suggests prices have increased 8% since June and 13% since January; Petco prices remain lower than the competitive set average: We

updated our pet pricing survey, which analyzes prices across 28 pet products and six

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product categories, comparing prices between Petco and five other companies, including mass retailers (Amazon and Walmart) and pet-specialty stores (Chewy, PetSmart, and Pet Supplies Plus). Across the group, prices increased on average (simple average) 8.3% compared to our June pricing study, and 12.5% from our January pricing study. Petco prices remain a discount to the broader group, with an average discount of 6.6% (-6.3% price-weighted average), which represents the steepest average discount to the group average for the SKUs we surveyed, despite the company's prices increasing an average of 4.9% from June and 10.6% from January. PetSmart and Chewy also offered prices at a discount to the group average, with an average discount of -2.5% and -1.2%, respectively. Walmart and Petco had the highest number of out-of-stocks at four each, followed by Pet Supplies Plus with three, while Amazon and PetSmart each had one out-of-stock item. We note, however, that not all SKUs were available at all retailers, and we also removed certain SKUs from retailers that we deemed outliers (defined as price variance > 50% from group average), largely due to the inclusion on third-party prices (Amazon and Walmart). In this survey, we included 12 first-party prices for Amazon and 13 for Walmart, and we included 12 third-party prices from Amazon but only three third-party prices from Walmart.

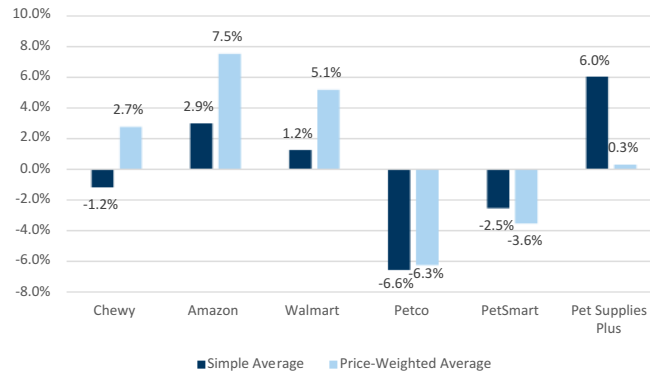
Exhibit 1: Petco's prices tracked lower than the group average based on our basket of 28 products
Pricing survey results as of 9/26/2022

	Chewy	Amazon	Walmart	Petco	PetSmart	Pet Supplies Plus
Number of items						
Total SKUs	28	24	16	14	19	14
Dog Treats	10	9	7	5	8	5
Dog Food	7	7	3	4	5	4
Dog Toys	2	2	2	0	1	1
Cat Food	4	2	0	2	1	1
Cat Litter	3	2	2	2	3	2
Cat Treats	2	2	2	1	1	1
Avg Price-Weighted Differential						
All Categories	2.7%	7.5%	5.1%	-6.3%	-3.6%	0.3%
Dog Treats	-0.8%	9.9%	-5.7%	-10.6%	-0.9%	14.2%
Dog Food	6.1%	8.3%	10.0%	-4.9%	-5.2%	-5.3%
Dog Toys	-2.8%	-11.5%	7.7%	NA	3.2%	21.9%
Cat Food	2.1%	0.7%	NA	0.2%	-0.7%	-5.2%
Cat Litter	-5.7%	17.0%	9.1%	-7.6%	-3.1%	-4.5%
Cat Treats	-2.8%	-2.8%	-2.8%	0.0%	0.2%	13.5%

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 2: Prices at Petco tracked 6.6% lower than the group average (on a simple average basis)

Pricing survey results from 9/26/2022



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 3: Prices have increased vs. 6/7/2022

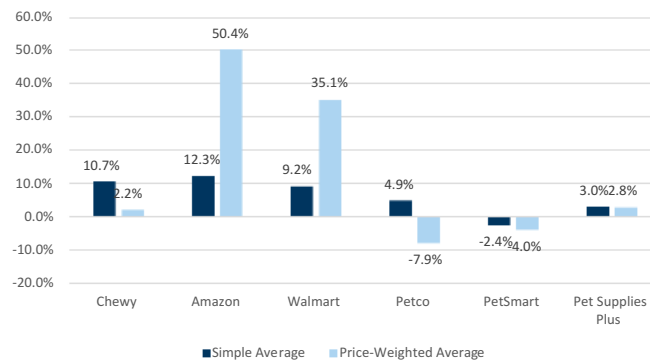
Pricing survey results from 9/26/2022 and 6/7/2022

	Chewy	Amazon	Walmart	Petco	PetSmart	Pet Supplies Plus
Price Differential vs. 6/7/22						
All Categories	10.7%	12.3%	9.2%	4.9%	-2.4%	3.0%
Dog Treats	4.7%	-4.7%	0.1%	-0.2%	-11.5%	3.4%
Dog Food	12.6%	20.8%	16.7%	10.3%	6.5%	6.5%
Dog Toys	6.1%	4.1%	27.6%	NA	4.8%	8.3%
Cat Food	30.8%	57.0%	NA	0.0%	0.0%	0.0%
Cat Litter	6.2%	10.9%	10.2%	6.1%	2.9%	-1.1%
Cat Treats	5.6%	0.0%	0.0%	16.1%	0.0%	0.0%

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 4: Petco's prices increased by 4.9%, on average, vs. 6/7/2022 (on a simple average basis)

Pricing survey results from 9/26/2022 and 6/7/2022



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 5: Prices have also increased significantly vs. 1/21/2022

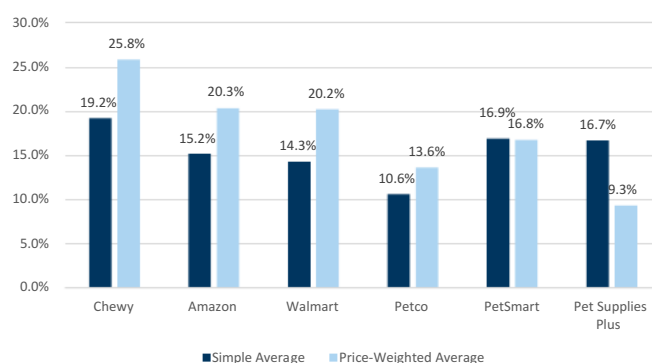
Pricing survey results from 9/26/2022 and 1/21/2022

	Chewy	Amazon	Walmart	Petco	PetSmart	Pet Supplies Plus
Price Differential vs. 1/21/22						
All Categories	19.2%	15.2%	14.3%	10.6%	16.9%	16.7%
Dog Treats	15.8%	19.2%	6.0%	5.1%	11.7%	20.4%
Dog Food	32.3%	19.0%	33.8%	16.8%	21.9%	9.5%
Dog Toys	10.4%	4.1%	13.5%	NA	15.8%	44.5%
Cat Food	5.3%	0.0%	NA	-1.4%	NA	0.0%
Cat Litter	14.1%	NA	19.7%	30.9%	18.0%	21.8%
Cat Treats	9.3%	6.4%	3.9%	16.6%	NA	5.6%

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 6: Petco's prices increased by 10.6%, on average, vs. 1/21/2022 (on a simple average basis)

Pricing survey results from 9/26/2022 and 1/21/2022



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 7: Historical price differential vs. group average

	Chewy	Amazon	Walmart	Petco	PetSmart	Pet Supplies Plus
9/26/2022	-1.2%	2.9%	1.2%	-6.6%	-2.5%	6.0%
6/7/2022	-5.2%	0.0%	-5.9%	-2.5%	7.3%	7.5%
1/21/2022	-5.0%	0.7%	4.4%	-3.2%	0.7%	7.3%
1/21/2021	-3.7%	-3.4%	-1.9%	0.0%	3.7%	12.8%

Source: Company data, Goldman Sachs Global Investment Research

We note that we removed outliers (defined as price variance > 50%) from our survey.

Web traffic, app downloads, and Google Trends

Below, we analyze web traffic and unique visitors for petco.com, app downloads for Petco's apps, and Google Trends data.

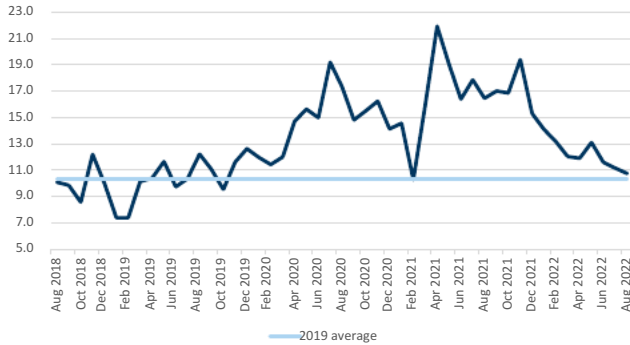
Web traffic and unique visitors

Monthly web visits for petco.com (defined as total visits) has declined in recent months, following the broader upward trend during much of 2020 and early 2021. As illustrated in [Exhibit 9](#), from March to August of this year, web traffic at petco.com has declined in the low-twenties to mid-forties compared to the prior year. However, we note that

monthly web visits remain above the pre-pandemic (2019) average of ~10.3mn, with ~10.7mn web visits during August, as highlighted in [Exhibit 8](#).

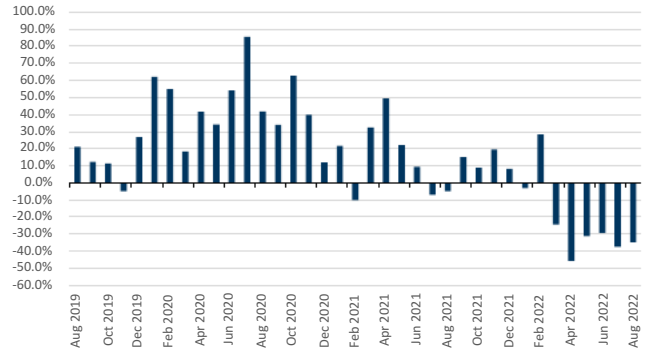
Monthly unique visitors (defined as total unique visitors) has also experienced a downward trend, as highlighted in [Exhibit 10](#), with unique visitors declining on a y/y basis during five of the eight months through August of this year. We note that monthly unique visitors also remains above the pre-pandemic average of 5.7mn, with 7.0mn visitors during August.

Exhibit 8: Monthly web visits for petco.com
In millions



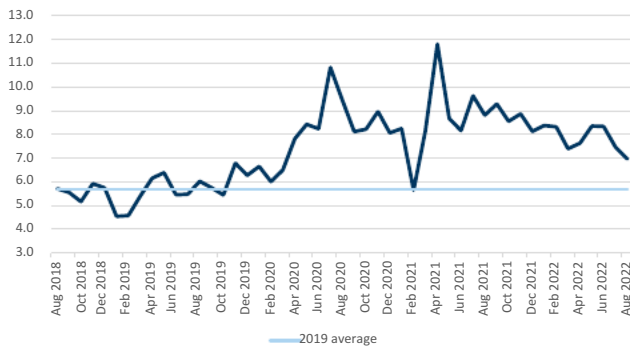
Source: Comscore, Goldman Sachs Global Investment Research

Exhibit 9: Petco.com year-over-year change in monthly web visits
Monthly web visits for petco.com



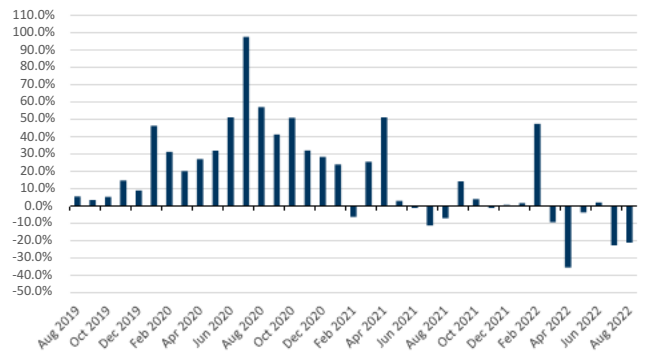
Source: Comscore, Goldman Sachs Global Investment Research

Exhibit 10: Petco.com monthly unique visitors
In millions



Source: Comscore, Goldman Sachs Global Investment Research

Exhibit 11: Petco year-over-year change in unique visitors
Monthly unique visitors for petco.com

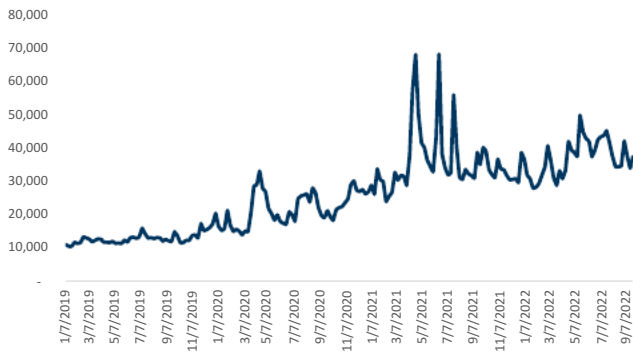


Source: Comscore, Goldman Sachs Global Investment Research

App downloads

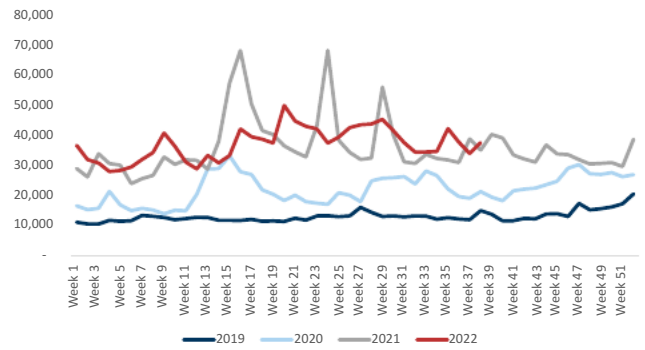
App downloads for Petco’s mobile applications continue to trend higher over the long term, as highlighted in [Exhibit 12](#), while app downloads for 2022 appear to be trending similarly to 2021, as illustrated in [Exhibit 13](#).

Exhibit 12: Petco app downloads 2019-current
Weekly, 1/7/2019-9/18/2022



Source: Sensor Tower, Goldman Sachs Global Investment Research

Exhibit 13: Petco app downloads by week
Weekly, 1/7/2019-9/18/2022

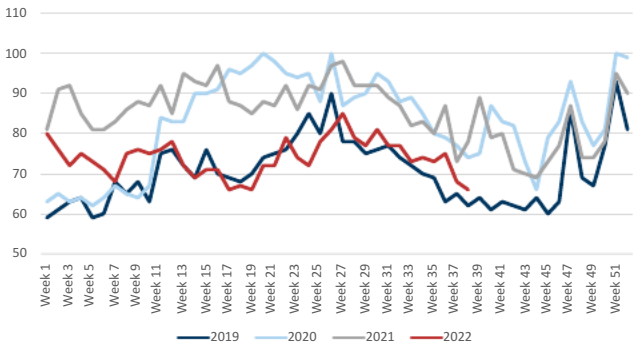


Source: Sensor Tower, Goldman Sachs Global Investment Research

Google Trends

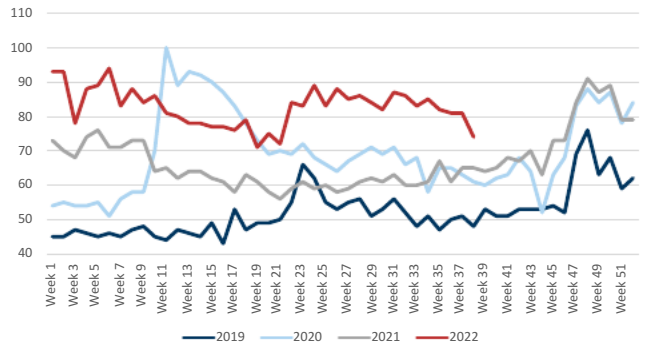
After analyzing Google Trends data for 2019-current (week ending September 18th), we note that Google searches for “Petco” remain above pre-pandemic (2019) levels, but are below the more elevated levels of 2020/2021, with search interest peaking (index of 100) in mid-May, late June, and late December 2020. Search interest in “Chewy,” on the other hand, continues to outpace 2019-2021 levels, although interest peaked during mid-March 2020. We also provide Google Trends data for “Pet accessories,” “Companion animals,” “On sale pet food,” and “Dog food on sale.”

Exhibit 14: Google search trends in the US for “Petco”
January 2019-current



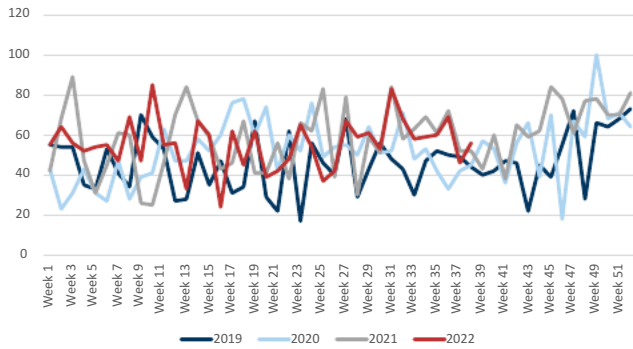
Source: Google Trends (<https://www.google.com/trends>), Goldman Sachs Global Investment Research

Exhibit 15: Google search trends in the US for “Chewy”
January 2019-current



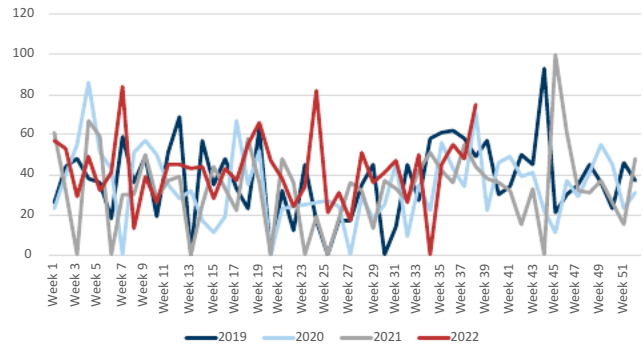
Source: Google Trends (<https://www.google.com/trends>), Goldman Sachs Global Investment Research

Exhibit 16: Google search trends in the US for “Pet accessories”
January 2019-current



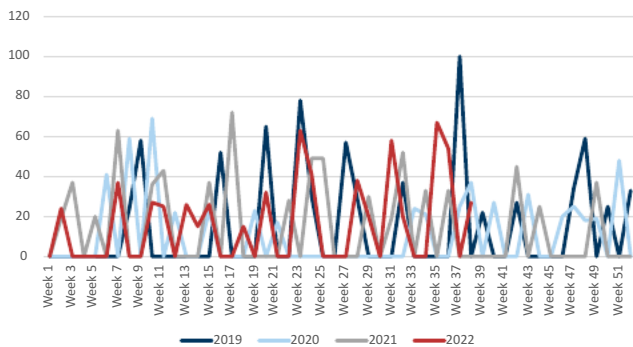
Source: Google Trends (<https://www.google.com/trends>), Goldman Sachs Global Investment Research

Exhibit 17: Google search trends in the US for “Companion animals”
January 2019-current



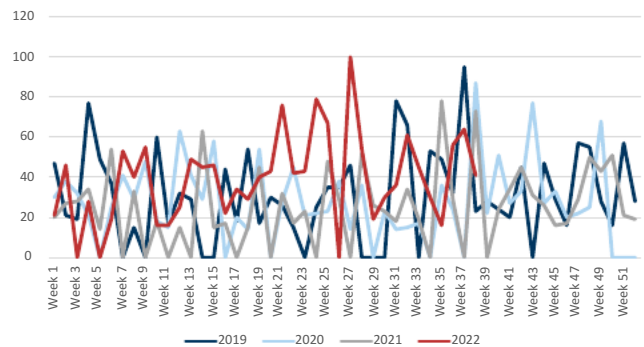
Source: Google Trends (<https://www.google.com/trends>), Goldman Sachs Global Investment Research

Exhibit 18: Google search trends in the US for “On sale pet food”
January 2019-current



Source: Google Trends (<https://www.google.com/trends>), Goldman Sachs Global Investment Research

Exhibit 19: Google search trends in the US for “Dog food on sale”
January 2019-current



Source: Google Trends (<https://www.google.com/trends>), Goldman Sachs Global Investment Research

Updating WOOF estimates and price target

We are lowering our 3Q22 and FY22 adj. EBITDA estimates to \$137.7mn (from \$146.0mn) and \$585.2mn (from \$590.1mn), respectively, to reflect slightly higher sales but lower gross margin (and profit) expectations. We are also lowering our FY23 and FY24 adj. EBITDA estimates to \$661.4mn (from \$675.3mn) and \$714.1mn (from \$733.5mn), respectively.

Exhibit 20: WOOF estimate change summary

In \$ millions, except per-share data

	3Q22E			2022E			2023E			2024E		
	Old	New	diff	Old	New	diff	Old	New	diff	Old	New	diff
Sales	\$1,481	\$1,490	0.6%	\$6,005	\$6,017	0.2%	\$6,456	\$6,438	-0.3%	\$6,912	\$6,861	-0.7%
SSS	3.0%	3.4%	0.4%	3.8%	3.9%	0.1%	6.0%	6.0%	0.0%	6.0%	6.0%	0.0%
Sales growth	2.6%	3.2%	0.6%	3.4%	3.6%	0.2%	7.5%	7.0%	-0.5%	7.1%	6.6%	-0.5%
Gross Profit	\$606	\$600	-0.9%	\$2,450	\$2,449	0.0%	\$2,660	\$2,640	-0.7%	\$2,843	\$2,807	-1.3%
Gross margin	40.9%	40.3%	-0.6%	40.8%	40.7%	-0.1%	41.2%	41.0%	-0.2%	41.1%	40.9%	-0.2%
Total Adjusted Operating Expenses	\$508	\$511	0.6%	\$2,052	\$2,056	0.2%	\$2,200	\$2,194	-0.3%	\$2,329	\$2,311	-0.8%
Op Ex ratio	34.3%	34.3%	0.0%	34.2%	34.2%	0.0%	34.1%	34.1%	0.0%	33.7%	33.7%	0.0%
Adjusted EBIT	\$98	\$89	-8.7%	\$398	\$393	-1.3%	\$460	\$446	-2.9%	\$513	\$495	-3.5%
Adjusted EBIT margin	6.6%	6.0%	-0.6%	6.6%	6.5%	-0.1%	7.1%	6.9%	-0.2%	7.4%	7.2%	-0.2%
Adjusted EBITDA	\$146.0	\$137.7	-5.7%	\$590.1	\$585.2	-0.8%	\$675.3	\$661.4	-2.1%	\$733.5	\$714.1	-2.7%
Adjusted EBITDA margin	9.9%	9.2%	-0.6%	9.8%	9.7%	-0.1%	10.5%	10.3%	-0.2%	10.6%	10.4%	-0.2%
Net interest/other expense	\$24	\$24	0.0%	\$100	\$100	0.0%	\$96	\$96	0.0%	\$95	\$95	0.0%
Adjusted Net income	\$51.1	\$44.8	-12.4%	\$215.5	\$211.6	-1.8%	\$266.1	\$256.1	-3.8%	\$309.0	\$295.5	-4.4%
Adjusted EPS	\$0.19	\$0.17	-12.4%	\$0.81	\$0.80	-1.8%	\$1.00	\$0.96	-3.8%	\$1.16	\$1.11	-4.4%

Source: Company data, Goldman Sachs Global Investment Research

Valuation & Risks

We are Buy-rated on WOOF. Our 12-month price target decreases to \$18 (from \$20 prior) due to our lower estimates and lower downside and base EV/EBITDA multiples, as we update our downside/base/upside case EV/EBITDA multiples to 7.0x/9.0x/11.0x (from 8.0x/10.0x/11.0x) to reflect recently lower market valuations.

Exhibit 21: WOOF risk/reward framework

In \$ millions, except per share; price as of 9/29/22 close

Current Stock Price	\$11.53		
Q5-Q8	Downside Case	Base Case	Upside Case
Sales	\$6,510	\$6,644	\$6,758
Total Sales Growth	5%	7%	9%
Adj EBITDA	\$576	\$687	\$712
Adj EBITDA Margins	8.8%	10.3%	10.5%
YoY Growth	-7%	11%	15%
Adj Net Income	\$230	\$275	\$285
Average Diluted Shares	266	266	266
EV/EBITDA Valuation			
EV/EBITDA Multiple	7.0 x	9.0 x	11.0 x
Implied Enterprise Value	\$4,029	\$6,185	\$7,837
Net Debt	\$1,303	\$1,303	\$1,303
Implied Equity Value	\$2,726	\$4,882	\$6,534
Implied Stock Price	\$10	\$18	\$25
Probability	25%	50%	25%
Return	-11.1%	59.3%	113.2%
Average	\$18		
Return	56%		

Source: Company data, Goldman Sachs Global Investment Research

Comparing price at DG and Family Dollar

We visited Dollar General and Family Dollar in the Houston area on 9/27/22 in order to assess the price differential between the two banners given Dollar Tree announced they started investing in price in July at the Family Dollar banner. Our prior survey results can be found in our 9/19/22 note, linked [here](#).

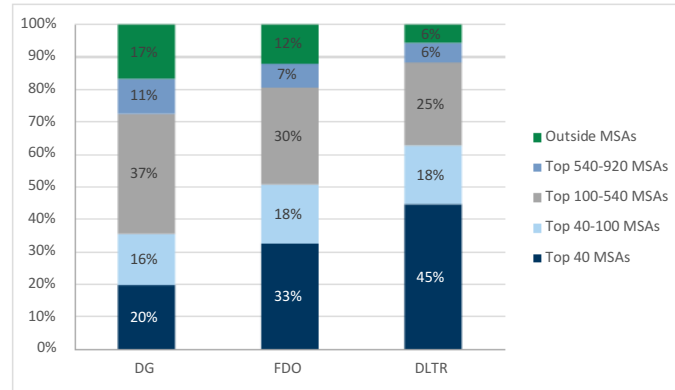
On average, it appears the pricing is higher at Family Dollar - of the 18 grocery SKUs surveyed, items at DG were priced -3% lower, on average, vs. comparable items at

Family Dollar. DG was more competitive on both national brands and private label, with national branded items -3% lower at DG, on average, vs. private label items -2% lower.

We note, however, that the overlap between DG and Family Dollar is fairly limited given the difference in geographic focus (DG is more rural while Family Dollar is more urban) and it is unlikely to meaningfully level the playing field in places where they do overlap.

Exhibit 22: Dollar General stores are more rural than Family Dollar and Dollar Tree

Dollar stores by MSAs



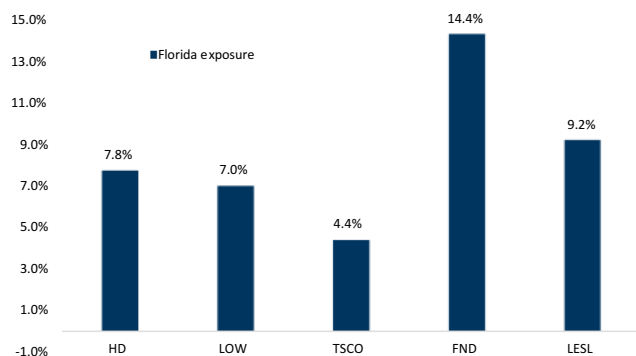
Source: Thinknum, Company data

Screening for Florida Exposure

In light of hurricane Ian making landfall in Florida on 9/28 and producing significant damage to communities in the state, we screen our coverage for store footprint exposure to the state. In particular, we consider store exposure within the home improvement complex (HD, LOW, FND, TSCO, LESL), as these names stand ready to fulfill the inevitable repair/rebuilding spend to come from this storm. We highlight FND’s 14% exposure to Florida, LESL’s 9% exposure, and note that HD’s Florida exposure is slightly higher than LOW’s. We also consider exposure to urban areas impacted by hurricane Ian in [Exhibit 24](#).

Exhibit 23: Store exposure to Florida of home improvement-related names

% of total U.S. stores in Florida



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 24: Store exposure to Florida cities of home improvement-related names

Approximate number of stores

	HD	LOW	TSCO	FND	LESL
Tampa	7	5	5	5	6
Ft. Myers	2	1	4	1	3
Lakeland	2	2	3	1	1
Naples	2	2	1	1	0
Orlando	8	5	10	3	9

HD & LOW store counts include stores in named urban areas. TSCO, FND, and LESL include approximate counts in vicinity of named urban areas.

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 25: Store exposure to Florida of selected retail names

	Florida exposure
MCW	16.4%
BJ	15.0%
FND	14.4%
FIVE	10.2%
SFM	9.3%
LESL	9.2%
AAP	9.2%
HD	7.8%
BIG	7.4%
WMT	7.2%
LOW	7.0%
ULTA	6.9%
TGT	6.6%
AZO	6.6%
DKS	6.4%
TCS	6.4%
BBY	6.2%
DG	5.5%
WOOF	5.2%
COST	5.2%
ASO	4.6%
ORLY	4.5%
TSCO	4.4%
DLTR	3.0%

Source: Company data, Goldman Sachs Global Investment Research

Takeaways from our conversations with IR/ management teams

BBBY

- **National brands** – BBBY restated its plan to return to a focus on national brands, introduce new direct-to-consumer (DTC) brands, and exit one-third of its legacy owned brands, working towards its longer-term goal to increase its national brand mix by 20 pts. Management also highlighted national brand opportunities under its buy buy Baby banner, particularly on the DTC side as the banner's core customer engages with social media and seeks out new/relevant items.
- **Newness** – The company notes sequential improvement in newness within stores, adding that it will be increasingly visible in the coming months. Specifically, BBBY cited improvement in key in-stock levels QTD, such as harvest and Halloween, and expects seasonality to continue to come through as 3Q progresses.

NKE

- **Connected membership** – Though they have not yet announced a timeline or cadence for the continued rollout of their connected membership initiative with partner retailers, NKE noted that they remain focused on serving the consumer in a premium and relevant way, which is why they began with DKS and have now partnered with JD and Zalando. NKE noted that in order to roll out these sorts of partnerships, it takes time stand up connected capabilities and systems across NKE and their retail partners.
- **Nike digital** – Nike has continued to see strong demand and full-price sell-through within their seasonally-relevant products in the digital channel, though they have been discounting excess inventory that is not seasonally-relevant. Nike is seeing similarly strong trends across different digital geographies, and noted that their local stack in China includes locally relevant features for that customer.

TGT

- **Promotional activity** – TGT anticipates a more promotional environment y/y in 2H due to excess inventory across the industry. That said, TGT plans to be selective in responding to peer promotions, adjusting mid-season as necessary, while it remains focused on newness in key items. TGT is starting its holiday Deal Days a few days earlier this year, but the company highlights that promotions are being more spread out throughout the season as the impact from events like Black Friday continue to decline.

Other Related Research

- [Retail: Specialty Hardlines: Updating our pet pricing survey; Additional price increases since January 2022 \(6/13/2022\)](#)
- [Retail: Specialty Hardlines: Takeaways from our pet pricing and breeder surveys; thoughts on the impact from GM announcement \(1/24/2022\)](#)
- [BBBY: Ongoing comp weakness, but sequential improvement in inventory could](#)

Exhibit 28: Price differential from 6/7/2022

Prices as of 9/26/2022

	AMZN 1P/3P	WMT 1P/3P	% change from 6/7/2022						Average
			Chewy	Amazon	Walmart	Petco	PetSmart	Pet Supplies Plus	
Dog Treats									
Greenies Regular Dental Dog Treats, 36 count	1P	1P	8.8%	8.8%	NA	8.8%	8.8%	7.7%	8.1%
Wellness Soft Puppy Bites Lamb & Salmon Recipe Treats, 3-oz	1P	1P	0.0%	0.0%	NA	0.0%	-35.8%	0.0%	-10.1%
Blue Buffalo Blue Wilderness Trail Treats Salmon Biscuits Dog Treats, 10 oz.	1P	NA	7.7%	-5.0%	NA	7.7%	-22.2%	0.0%	-3.4%
Blue Buffalo Health Bars Baked with Bacon, Egg & Cheese Treats, 16 oz bag	1P	1P	11.2%	11.2%	11.2%	NA	-37.5%	NA	-7.0%
Merrick Fresh Kisses Double-Brush Mint Breath Strip Large, 16 count	3P	1P	10.0%	-6.3%	0.0%	NA	0.0%	9.4%	2.9%
True Chews Premium Grillers with Real Steak, 20 oz. bag	3P	NA	10.0%	NA	NA	15.6%	0.0%	NA	22.4%
Dogswell Hip & Joint Soft Strips Grain-Free Chicken for Dogs, 20 oz.	3P	NA	0.0%	NA	NA	-33.3%	0.0%	NA	-0.7%
Zuke's Mini Naturals Peanut Butter & Oats Recipe Dog Treats, 16 oz. bag	NA	1P	14.1%	NA	0.0%	NA	-5.6%	0.0%	3.1%
Milk Bone Farmer's Medley Grain-Free Turkey & Pumpkin Dog Treats, 12 oz.	1P	1P	-14.4%	-41.4%	NA	NA	NA	NA	-30.5%
Milk Bone Grain Free Dog Biscuits, 9 lbs.	1P	1P	0.0%	0.0%	-10.8%	NA	NA	NA	-3.9%
Dog Food									
Blue Buffalo Life Protection Formula Adult Chicken & Brown Rice Dog Food, 30-lb	3P	3P	14.0%	14.0%	NA	8.9%	8.9%	NA	14.7%
Purina Pro Plan Adult Sensitive Skin+Stomach Lamb and Oatmeal Formula Dry Dog Food, 24-lb	1P	1P	NA	-24.2%	NA	NA	0.0%	0.0%	6.0%
Hill's Science Diet Adult Sensitive Stomach+Skin Chicken Recipe Dry Dog Food, 30-lb	3P	NA	13.0%	60.6%	NA	NA	13.0%	13.0%	24.9%
Taste of the Wild High Prairie Grain-Free Dry Dog Food, 28-lb	3P	NA	7.3%	7.3%	NA	7.1%	NA	NA	7.1%
Gentle Giants with Real Beef and Real Bacon Dry Dog Food, 24-lb. bag	3P	NA	25.0%	25.0%	NA	25.0%	NA	NA	25.0%
Iams ProActive Health Adult MiniChunks Dry Dog Food, 30-lb	1P	1P	16.4%	16.4%	16.7%	NA	10.5%	NA	13.9%
Solid Gold Wolf King Bison & Brown Rice Recipe with Sweet Potatoes Large Breed, 24-lb. bag	3P	NA	0.0%	46.9%	NA	0.0%	0.0%	NA	11.4%
Dog Toys									
Nylabone Puppy Starter Kit Triple Pack	1P	3P	0.0%	8.2%	42.6%	NA	4.8%	8.3%	12.2%
Benebone Bacon Flavor Wishbone Tough Dog Chew Toy, Giant	3P	1P	12.2%	0.0%	12.7%	NA	NA	NA	6.1%
Cat Food									
Fancy Feast Gourmet Naturals Pate Variety Pack Canned Cat Food, 3 oz. 12-count	NA	NA	0.0%	NA	NA	0.0%	NA	NA	0.0%
Orjen Cat & Kitten Chicken, Turkey, Fish & Eggs Grain-Free Dry Cat Food, 12-lb. bag	1P	NA	0.0%	0.0%	NA	NA	NA	0.0%	0.0%
Friskies Party Mix Natural Yums with Real Chicken Cat Treats, 2.1 oz. pouch	NA	NA	0.0%	NA	NA	0.0%	0.0%	NA	0.0%
Royal Canin Feline Health Nutrition Thin Slices in Gravy Wet Kitten Food, 3 oz. 12-count	3P	NA	123.3%	114.1%	NA	NA	NA	NA	114.4%
Cat Litter									
Tidy Cats Instant Action Scented Clumping Clay Cat Litter, 35-lb pail	NA	NA	6.3%	NA	NA	NA	0.0%	-8.0%	-6.7%
Fresh Step Fresh Scented Non-Clumping Crystal Cat Litter, 8-lb bag	3P	1P	10.1%	10.2%	10.2%	10.2%	0.0%	NA	8.0%
Ever Clean Extra Strength Unscented Clumping Cat Litter, 42 lbs	3P	3P	2.1%	11.7%	NA	2.1%	8.7%	5.9%	9.3%
Cat Treats									
Temptations Tasty Chicken Flavor Cat Treats, 16 oz. tub	1P	1P	0.0%	0.0%	0.0%	NA	NA	0.0%	-3.8%
Greenies Feline Tempting Tuna Flavor Adult Dental Cat Treats, 4.6 oz.	1P	1P	11.2%	NA	NA	16.1%	0.0%	NA	8.6%
Simple Average			10.7%	12.3%	9.2%	4.9%	-2.4%	3.0%	8.3%
Price-Weighted Average			2.2%	50.4%	35.1%	-7.9%	-4.0%	2.8%	29.1%

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 29: Price differential from 1/21/2022

Prices as of 9/26/2022

	AMZN 1P/3P	WMT 1P/3P	% change from 1/21/2022						Average
			Chewy	Amazon	Walmart	Petco	PetSmart	Pet Supplies Plus	
Dog Treats									
Greenies Regular Dental Dog Treats, 36 count	1P	1P	14.6%	14.6%	8.8%	12.1%	14.6%	NA	15.4%
Wellness Soft Puppy Bites Lamb & Salmon Recipe Treats, 3-oz	1P	1P	5.2%	5.2%	0.0%	5.4%	NA	35.3%	9.0%
Blue Buffalo Blue Wilderness Trail Treats Salmon Biscuits Dog Treats, 10 oz.	1P	NA	13.3%	NA	NA	13.3%	NA	9.1%	9.2%
Blue Buffalo Health Bars Baked with Bacon, Egg & Cheese Treats, 16 oz bag	1P	1P	NA	11.2%	11.2%	NA	NA	NA	13.1%
Merrick Fresh Kisses Double-Brush Mint Breath Strip Large, 16 count	3P	1P	28.7%	-5.0%	NA	NA	28.7%	16.7%	14.8%
True Chews Premium Grillers with Real Steak, 20 oz. bag	3P	NA	17.0%	81.3%	NA	21.7%	-22.0%	NA	11.6%
Dogswell Hip & Joint Soft Strips Grain-Free Chicken for Dogs, 20 oz.	3P	NA	9.3%	NA	NA	-27.2%	9.3%	NA	8.6%
Zuke's Mini Naturals Peanut Butter & Oats Recipe Dog Treats, 16 oz. bag	NA	1P	27.8%	NA	-0.1%	NA	27.8%	NA	20.6%
Milk Bone Farmer's Medley Grain-Free Turkey & Pumpkin Dog Treats, 12 oz.	1P	1P	0.0%	7.0%	NA	NA	NA	NA	-3.3%
Milk Bone Grain Free Dog Biscuits, 9 lbs.	1P	1P	26.2%	19.9%	10.1%	NA	NA	NA	7.1%
Dog Food									
Blue Buffalo Life Protection Formula Adult Chicken & Brown Rice Dog Food, 30-lb	3P	3P	14.7%	14.7%	48.2%	14.7%	14.6%	NA	19.0%
Purina Pro Plan Adult Sensitive Skin+Stomach Lamb and Oatmeal Formula Dry Dog Food, 24-lb	1P	1P	104.3%	-28.5%	25.7%	NA	32.3%	NA	27.5%
Hill's Science Diet Adult Sensitive Stomach+Skin Chicken Recipe Dry Dog Food, 30-lb	3P	NA	26.3%	79.4%	NA	NA	26.3%	13.0%	36.4%
Taste of the Wild High Prairie Grain-Free Dry Dog Food, 28-lb	3P	NA	19.4%	-1.7%	NA	21.5%	NA	7.3%	10.9%
Gentle Giants with Real Beef and Real Bacon Dry Dog Food, 24-lb. bag	3P	NA	30.3%	-12.5%	NA	37.1%	NA	NA	13.6%
Iams ProActive Health Adult MiniChunks Dry Dog Food, 30-lb	1P	1P	26.0%	27.0%	27.3%	NA	34.0%	8.1%	23.0%
Solid Gold Wolf King Bison & Brown Rice Recipe with Sweet Potatoes Large Breed, 24-lb. bag	3P	NA	5.3%	54.6%	NA	-5.9%	2.2%	NA	13.1%
Dog Toys									
Nylabone Puppy Starter Kit Triple Pack	1P	3P	8.2%	8.2%	14.3%	NA	15.8%	44.5%	21.9%
Benebone Bacon Flavor Wishbone Tough Dog Chew Toy, Giant	3P	1P	12.7%	0.0%	12.7%	NA	NA	NA	7.6%
Cat Food									
Fancy Feast Gourmet Naturals Pate Variety Pack Canned Cat Food, 3 oz. 12-count	NA	NA	NA	NA	NA	-5.0%	NA	NA	-5.0%
Orjen Cat & Kitten Chicken, Turkey, Fish & Eggs Grain-Free Dry Cat Food, 12-lb. bag	1P	NA	5.3%	0.0%	NA	NA	NA	0.0%	2.0%
Friskies Party Mix Natural Yums with Real Chicken Cat Treats, 2.1 oz. pouch	NA	NA	NA	NA	NA	2.1%	NA	NA	-29.1%
Royal Canin Feline Health Nutrition Thin Slices in Gravy Wet Kitten Food, 3 oz. 12-count	3P	NA	NA	NA	NA	NA	NA	NA	NA
Cat Litter									
Tidy Cats Instant Action Scented Clumping Clay Cat Litter, 35-lb pail	NA	NA	11.5%	NA	NA	NA	7.6%	15.0%	11.4%
Fresh Step Fresh Scented Non-Clumping Crystal Cat Litter, 8-lb bag	3P	1P	NA	NA	19.7%	NA	28.3%	NA	23.8%
Ever Clean Extra Strength Unscented Clumping Cat Litter, 42 lbs	3P	3P	16.7%	NA	NA	30.9%	NA	28.6%	39.5%
Cat Treats									
Temptations Tasty Chicken Flavor Cat Treats, 16 oz. tub	1P	1P	1.9%	1.9%	-3.2%	NA	NA	5.6%	3.3%
Greenies Feline Tempting Tuna Flavor Adult Dental Cat Treats, 4.6 oz.	1P	1P	16.6%	10.9%	10.9%	16.6%	NA	NA	13.7%
Simple Average			19.2%	15.2%	14.3%	10.6%	16.9%	16.7%	12.6%
Price-Weighted Average			25.8%	20.3%	20.2%	13.6%	16.8%	9.3%	16.7%

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 30: Price differential from 1/21/2021

Prices as of 9/26/2022

	AMZN 1P/3P	WMT 1P/3P	% change from 1/21/2021						Average
			Chewy	Amazon	Walmart	Petco	PetSmart	Pet Supplies Plus	
Dog Treats									
Greenies Regular Dental Dog Treats, 36 count	1P	1P	8.8%	8.8%	NA	8.8%	8.8%	NA	11.2%
Wellness Soft Puppy Bites Lamb & Salmon Recipe Treats, 3-oz	1P	1P	0.0%	0.0%	0.0%	0.0%	-10.0%	NA	-0.4%
Blue Buffalo Blue Wilderness Trail Treats Salmon Biscuits Dog Treats, 10 oz.	1P	NA	20.8%	NA	NA	16.9%	NA	NA	44.4%
Blue Buffalo Health Bars Baked with Bacon, Egg & Cheese Treats, 16 oz bag	1P	1P	11.4%	11.4%	11.4%	NA	NA	NA	11.5%
Merrick Fresh Kisses Double-Brush Mint Breath Strip Large, 16 count	3P	1P	25.7%	-3.7%	NA	NA	10.0%	20.7%	10.7%
True Chews Premium Grillers with Real Steak, 20 oz. bag	3P	NA	34.3%	108.1%	NA	41.2%	34.3%	NA	36.0%
Dogswell Hip & Joint Soft Strips Grain-Free Chicken for Dogs, 20 oz.	3P	NA	8.0%	25.7%	NA	-28.0%	-15.0%	NA	-2.3%
Zuke's Mini Naturals Peanut Butter & Oats Recipe Dog Treats, 16 oz. bag	NA	1P	38.7%	NA	NA	NA	21.4%	13.4%	20.3%
Milk Bone Farmer's Medley Grain-Free Turkey & Pumpkin Dog Treats, 12 oz.	1P	1P	24.9%	24.9%	24.9%	NA	NA	NA	7.4%
Milk Bone Grain Free Dog Biscuits, 9 lbs.	1P	1P	36.8%	NA	22.6%	NA	NA	NA	31.7%
Dog Food									
Blue Buffalo Life Protection Formula Adult Chicken & Brown Rice Dog Food, 30-lb	3P	3P	22.0%	22.0%	66.0%	22.0%	22.0%	NA	29.5%
Purina Pro Plan Adult Sensitive Skin+Stomach Lamb and Oatmeal Formula Dry Dog Food, 24-lb	1P	1P	112.3%	4.2%	37.5%	NA	37.5%	NA	45.8%
Hill's Science Diet Adult Sensitive Stomach+Skin Chicken Recipe Dry Dog Food, 30-lb	3P	NA	27.9%	81.6%	NA	NA	27.9%	27.9%	41.3%
Taste of the Wild High Prairie Grain-Free Dry Dog Food, 28-lb	3P	NA	20.4%	20.4%	NA	22.5%	NA	20.4%	20.9%
Gentle Giants with Real Beef and Real Bacon Dry Dog Food, 24-lb. bag	3P	NA	30.4%	NA	NA	30.4%	NA	NA	30.4%
Iams ProActive Health Adult MiniChunks Dry Dog Food, 30-lb	1P	1P	32.4%	32.4%	32.7%	NA	32.7%	NA	31.3%
Solid Gold Wolf King Bison & Brown Rice Recipe with Sweet Potatoes Large Breed, 24-lb. bag	3P	NA	33.3%	95.9%	NA	33.3%	11.9%	NA	41.2%
Dog Toys									
Nylabone Puppy Starter Kit Triple Pack	1P	3P	22.2%	22.2%	74.2%	NA	57.2%	30.1%	42.2%
Benebone Bacon Flavor Wishbone Tough Dog Chew Toy, Giant	3P	1P	12.8%	NA	NA	NA	NA	NA	6.9%
Cat Food									
Fancy Feast Gourmet Naturals Pale Variety Pack Canned Cat Food, 3 oz. 12-count	NA	NA	6.9%	NA	NA	6.9%	NA	NA	6.9%
Orijen Cat & Kitten Chicken, Turkey, Fish & Eggs Grain-Free Dry Cat Food, 12-lb. bag	1P	NA	0.0%	-5.7%	NA	NA	NA	-7.6%	-4.0%
Friskies Party Mix Natural Yumms with Real Chicken Cat Treats, 2.1 oz. pouch	NA	NA	18.9%	NA	NA	14.2%	NA	NA	16.1%
Royal Canin Feline Health Nutrition Thin Slices in Gravy Wet Kitten Food, 3 oz. 12-count	3P	NA	187.0%	175.2%	NA	NA	NA	NA	153.1%
Cat Litter									
Tidy Cats Instant Action Scented Clumping Clay Cat Litter, 35-lb pail	NA	NA	25.5%	NA	NA	NA	15.0%	22.7%	18.2%
Fresh Step Fresh Scented Non-Clumping Crystal Cat Litter, 8-lb bag	3P	1P	34.5%	NA	NA	34.4%	NA	NA	34.5%
Ever Clean Extra Strength Unscented Clumping Cat Litter, 42 lbs	3P	3P	100.5%	NA	NA	100.5%	113.5%	44.0%	103.8%
Cat Treats									
Temptations Tasty Chicken Flavor Cat Treats, 16 oz. tub	1P	1P	-3.2%	-3.2%	-3.2%	NA	NA	NA	1.4%
Greenies Feline Tempting Tuna Flavor Adult Dental Cat Treats, 4.6 oz.	1P	1P	10.9%	NA	10.9%	10.9%	NA	NA	11.0%
Simple Average			32.3%	36.5%	27.7%	22.4%	26.2%	21.4%	28.8%
Price-Weighted Average			45.1%	40.5%	26.4%	29.2%	26.2%	12.7%	36.4%
SKU Count									

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 31:



We utilized GS Data Works for the web traffic and app download data. GS Data Works leverages alternative data sources and advanced analysis techniques to create unique data-driven insights across equity, credit and macro research.

GS Data Works analysis provided by Dan Duggan, Ph.D. and Parag Agrawal.

Disclosure Appendix

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We, Kate McShane, CFA, Leah Jordan, CFA, Mark Jordan, CFA, Patrick Hollander and Emily Kech, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

I, Dan Duggan, Ph.D., hereby certify that all of the views expressed in this report accurately reflect my personal views, which have not been influenced by considerations of the firm's business or client relationships.

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Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

For a more detailed description of how we calculate the GS Factor Profile, please contact your GS representative.

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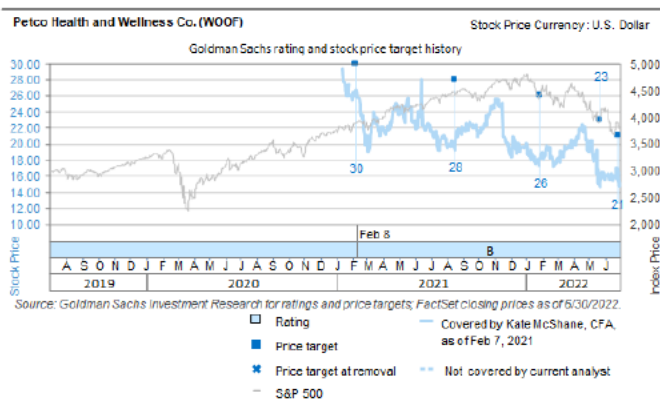
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Goldman Sachs Investment Research global Equity coverage universe

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	50%	35%	15%	65%	58%	45%

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