

# **NEW PET PRODUCTS ITEMS & NEW PET PRODUCTS COMPANIES**

**A Closer Look at Reality in the Pet Industry**

- **Pet Market History**
  - **The Current Market**
    - **The Consumer**
    - **The Competition**

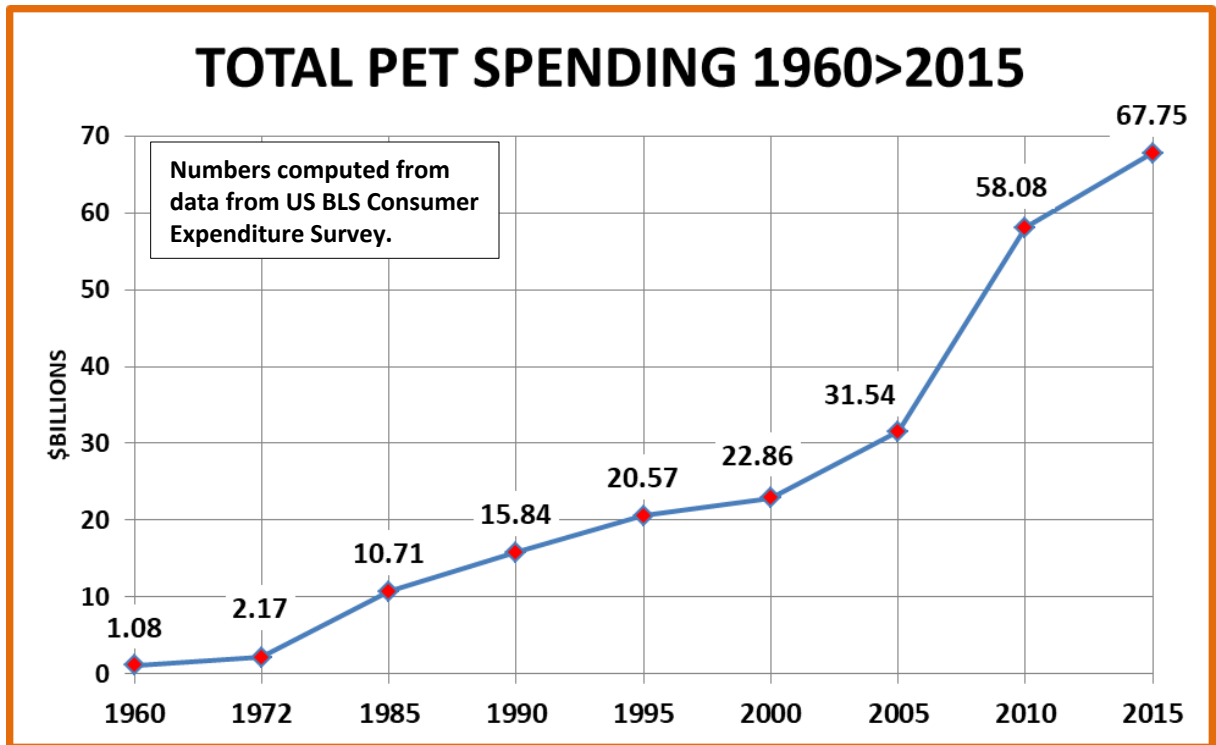
**&**

**What it takes to “get it done”**

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# The History of Pet Spending



Yes, there are 132% more H/H's and the \$ is worth 8 times less today than in 1960 but..

Even adjusted for inflation, Pet Spending has grown...

- **76% faster than H/H income**
- **96% faster than total H/H spending**

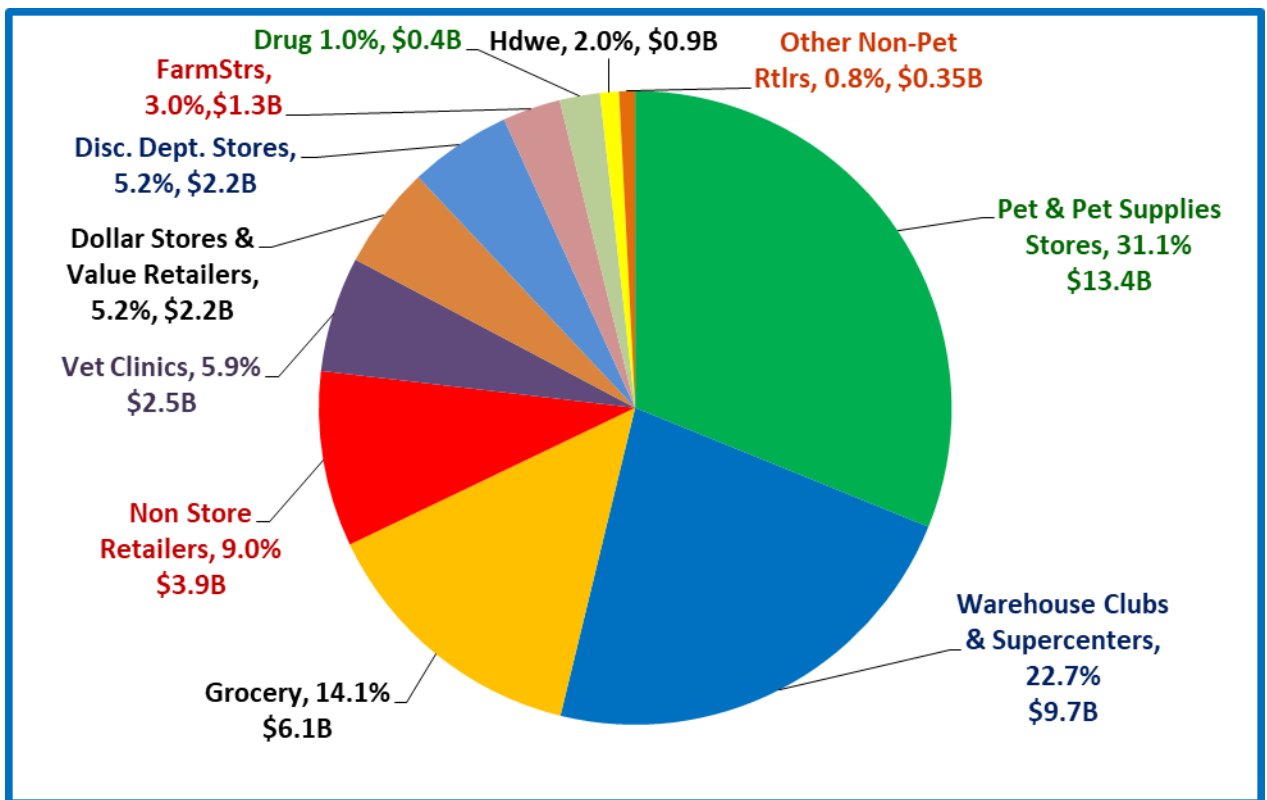
It's easy to see why the industry is so attractive to both entrepreneurs and investors...but what else is behind this spectacular growth?

1. The growth of the popularity of Pets
  - 40% of U.S. H/Hs had pets in 1960
  - 65+% of U.S. H/Hs had pets in 2015
    - Twice as many H/Hs have pets as have children under 18.
2. The change in "attitude". We moved from Pet owners to "Pet Parents" as Pets became an integral part of our families.
3. Companies constantly focused on filling the ever growing needs and wants of pet parents – make it better and easier.

**\$43.0B – 65% of Total Pet Spending is on Pet Products (Pets, Food & Supplies)**

**Where are consumers spending this money?**

**SHARE OF \$43.0B U.S. PET PRODUCTS SALES  
by RETAIL CHANNEL  
- U.S. ECONOMIC CENSUS -**



**PET PRODUCTS ARE SOLD IN  
200,000+ RETAIL STORES + THE INTERNET**

**EVERY WEEK...**

**25.9 MILLION U.S. HOUSEHOLDS BUY PET PRODUCTS.**

# WHAT ARE U.S. CONSUMERS LOOKING FOR?

## - CONSUMER BUYING BEHAVIOR -

### KEY OVERALL FACTORS DRIVING U.S. CONSUMERS' PURCHASING DECISIONS

1. **VALUE**...VALUE = PRICE + QUALITY
2. **CONVENIENCE**...DOES IT MAKE PET PARENTING EASIER?
3. **SELECTION**...WE ARE AMERICANS. WE WANT CHOICES.

What are the specific factors most affecting buying behavior?

<b>75%</b>	<b>55%</b>	<b>31%</b>	<b>26%</b>	<b>14%</b>
<b>Price</b>	<b>Quality</b>	<b>Brand</b>	<b>Store</b>	<b>Availability</b>

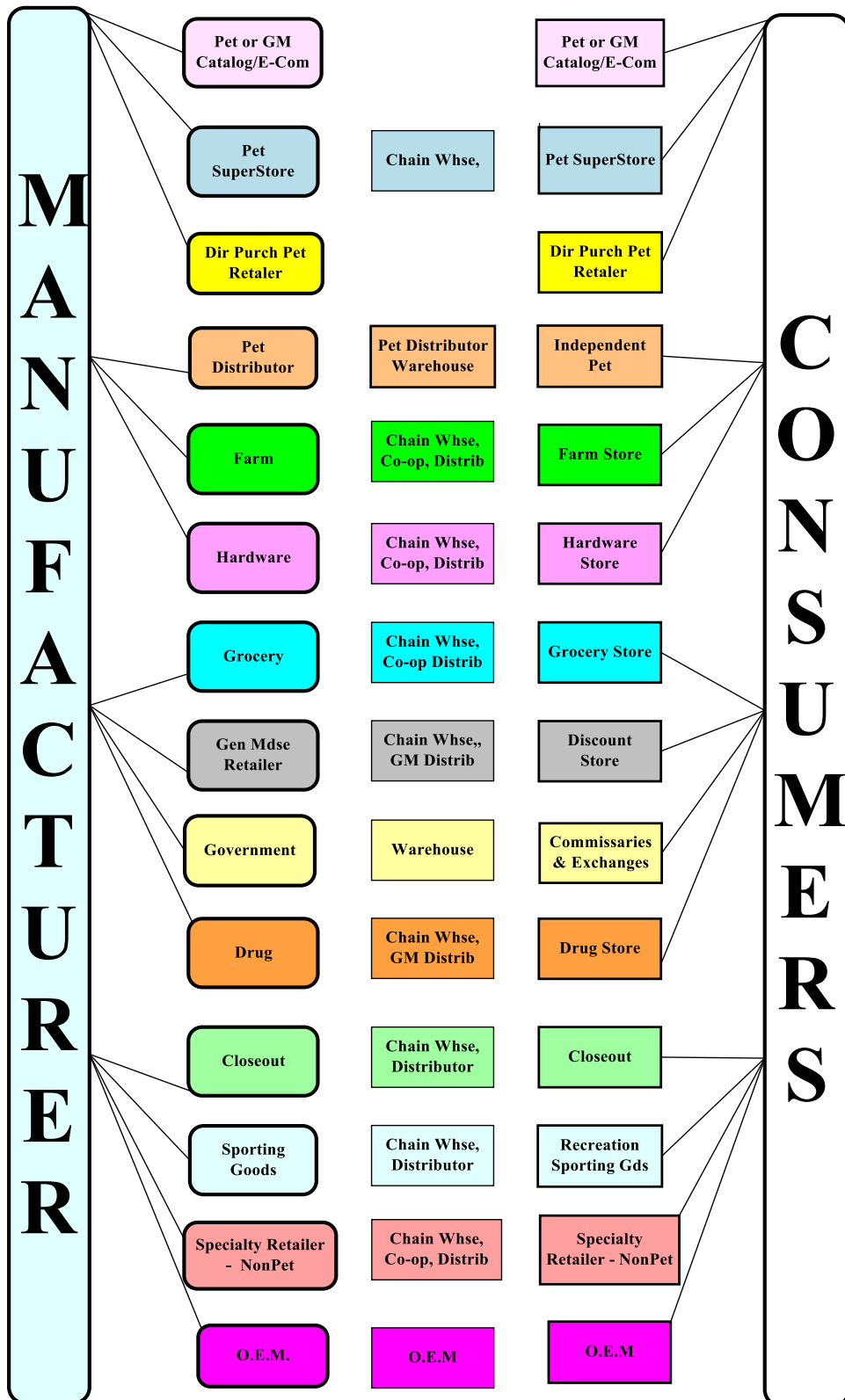
**Price wins!**

Where do consumers go to check pricing and products?

<b>Sporting Goods</b>	<b>Toys &amp; Games</b>	<b>Office Supplies</b>	<b>Home Improve.</b>	<b>Electronics</b>
<b>57%</b>	<b>57%</b>	<b>59%</b>	<b>62%</b>	<b>63%</b>
<b>Internet</b>	<b>Internet</b>	<b>Internet</b>	<b>Internet</b>	<b>Internet</b>
<b>Pet Products</b>	<b>Large Appliances</b>	<b>Furniture</b>	<b>Fresh Groceries</b>	<b>Clothing</b>
<b>63%</b>	<b>65%</b>	<b>66%</b>	<b>69%</b>	<b>70%</b>
<b>In Store</b>	<b>Internet</b>	<b>Internet</b>	<b>In Store</b>	<b>Internet</b>

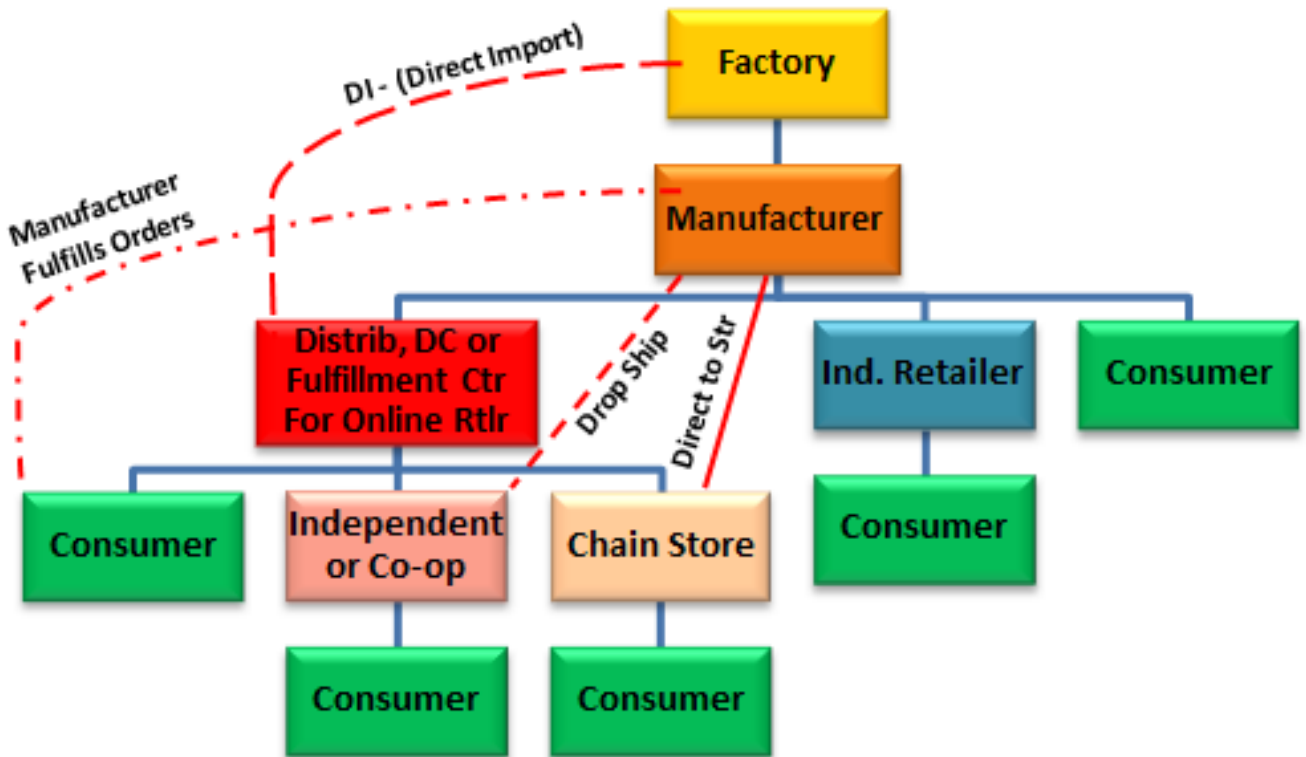
**Pet Products are different. People want to see and touch!**

# HOW & WHERE DO YOU REACH CONSUMERS? PET PRODUCTS CHANNELS OF DISTRIBUTION



# REACHING THE CONSUMER – THE LOGISTICAL CHOICES

## PATTERNS OF CONSUMER PRODUCTS DISTRIBUTION



### Patterns of Distribution - Specifics

1. Consumer – You market and sell direct to consumer – usually online from your own website.
2. Sell Directly to Independent Stores (often more amenable and flexible for start up companies)
3. Sell to a Distributor, Chain Store or Online Retailer (includes Mail order and TV)
  - a. Distributor
    - i. Ship to Warehouse
    - ii. Drop Ship to Independent Retailers but billed through distributor
  - b. Chain Store
    - i. Ship to warehouse
    - ii. Ship directly to their individual stores
  - c. Online Retailer or Online Division of Brick ‘n Mortar Stores
    - i. Ship to warehouse/fulfillment center
    - ii. You fulfill orders and ship directly to consumer
  - d. If your products are manufactured off shore, larger customers may ask to pick up at your factory, a foreign port or at port of entry to the U.S.

# SO HOW MANY PET PRODUCTS COMPANIES ARE OUT THERE...? ANSWER.....HUNDREDS!

Let's Look at Companies who had a strong enough commitment to Exhibit at one or both of the 2 Largest U.S. Pet Trade Shows...

The first major pet show was the ~~Global Pet Expo and SuperZoo~~ Global Pet Expo and SuperZoo with 17 Exhibitors in 30 Booths. Times have changed. The two largest U.S. Pet Shows are Global Pet Expo, presented by the APPA and PIDA and Superzoo, presented by the WPA. Recently...

## GPE 2017

- 1172 Exhibitors
- 350,000 Sq Ft of Booths: Avg Booth 300 Sq ft
- Most Popular Booth Size: 10'x10' - 422
- Higher number of International Exhibitors

## SuperZoo 2016

- 1181 Exhibitors
- 245,000 Sq Ft of Booth Space: Avg Booth 200 Sq ft
- Most Popular Booth Size: 10'x10' or less - 562
- Higher % of Independent Pet Store Attendees

## COMBINED

- 600 Exhibitors did Both Shows
- Over 1100 Exhibitors did only 1 of the 2 shows
- **Total Different Exhibiting Companies – Over 1700**
- **Turnover – Every year over 25+% of the Exhibitors at each show don't return the following year.**
- **New – They are replaced by 500+ new exhibitors as both shows are growing in Exhibitor count.**

So what are the most popular product categories at the shows?

## **Dogs & Cats Rule**

**Dog Products - 84% of Exhibitors**

**Cat Products – 50% of Exhibitors**

## **Here are the Top 10 Dog/Cat Categories**

Rank	Dog/Cat Category	Frequency
1	Treats	1 in 3 Booths
2	Toys	1 in 5 Booths
3	C&L, Harn, Acc.	1 in 5 Booths
4	Meds, Supp	1 in 5 Booths
5	Feeding Acc	1 in 6 Booths
6	Beds Mats	1 in 6 Booths
7	Food	1 in 8 Booths
8	Carriers, Crates	1 in 9 Booths
9	Clothes, Costumes	1 in 9 Booths
10	Groom Tools	1 in 10 Booths

# So what about my product, my company?

**Are new pet products still needed? ...In a word – DEFINITELY!**

## Consider...

- Go look at virtually any product category in a Pet SuperStore. The items have different rates of sale so 25% of them are in the bottom 25% of sales and/or profit. They can be replaced by something better.
- The Supplies segment has been deflating in price since 2009 due to the commoditization of many categories. Innovation is needed to reverse this trend. Consumers will pay more for products that are truly better.

**However, launching a new pet product is a battle, not unlike landing on a beachhead trying to take “ground” from a firmly entrenched enemy.**

Right now is the time to ask yourself all the hard questions and #1 is...

**Why my product? ...more specifically...**

**Why will a consumer choose my product over all the others?**

**The answer must be:**

- In the form of 3 bullet points (not 5 or 7 or even 1 – 3 is the number)
  - Specific and to the point – Conveyed in 30 seconds or less.
- You can't use Made in the USA as one of the three. (except for Food items)

**If you have a strong answer to Why then what is your next step?**

**To develop a business plan with a goal, a forecast and a budget but you will also need very specific strategies and tactics Including:**

- Production & Warehousing
- Product Positioning
- Pricing Strategy considering
  - Distribution Patterns
  - Retail Channels (MAP?)
- Promotional Strategy
  - Specific to Channel
  - Displays/Fixtures
- Retail Channel Strategy
  - Products
  - Pricing/Promotion
  - Timing
- Sales Coverage Strategy
- Marketing/Adv./Trade Shows
- People Strategy
- Profit Strategy

**FINALLY – EXECUTE THE PLAN!**

**Without a strong commitment to execution, all your work could be wasted!**