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PET PARENTS

LYNNE MILLER

Food retailers are heeding the call of concern of many consumers today who place their pets on the same pedestal as babies, especially when it comes to caring and protecting them.

"We're finding they treat their pets as they would a child," said Kevin O'Brien, category manager for Roche Bros., an upscale Boston-area chain of 18 stores. "What's better for the baby is better for the pet."

Pet owners' anthropomorphic feelings toward their animals have in part resulted in demand for pet products that are marketed as better for critters and the environment. To answer their customers' pet needs, supermarkets are starting to build up their assortment of pet products that claim to be "all-natural," free of chemicals and fragrances, and sometimes environmentally friendly. The trend emerges at a time when pet safety is top of mind with consumers who view their pets as family members who deserve only the best in care.

The "humanization" of dogs and cats - and the willingness of owners to spend generously on their pets - also is fueling growth in new products and services. Pet owners are expected to spend \$26.5 billion on nonfood pet supplies and services in 2008, up from \$25 billion in actual spending last year, according to the American Pet Products Manufacturers Association, Greenwich, Conn.

An industry report published by [The Mercanti Group](#), a Minneapolis-based investment bank, indicates that all segments of the pet industry are moving upscale, with services, accessories and food driving much of the growth. Interest in better-quality products picked up when pet safety made headlines last year. Pet products from Chinese suppliers were the subject of recalls. Menu Foods, a Canadian-based maker of store-brand pet foods, last year recalled some of its moist pet foods that contained wheat gluten imported from China, after several people reported that their pets had become ill or died after eating the products. Melamine, a chemical used in the manufacture of plastics and fertilizers, was discovered as a contaminant in the wheat gluten about two weeks after the recall began, and soon other chemicals were found in other ingredients used in pet foods. As a result of such incidences, "people are reading the labels," O'Brien said.

A MATTER OF LITTER

The trend to healthy alternatives has spawned small niche companies, and major manufacturers have rolled out a number of items that cut across the spectrum of pet segments. Cat litter is a good example. Manufacturers have introduced products that claim to have many different attributes, including being

biodegradable and free of chemicals and fragrances. One line, the Perfect Litter Alert brand from Pet Ecology, claims to alert cat owners of health problems. The litter is formulated to turn pink at the first signs of feline lower urinary tract disease.

New litter entries are competing with traditional clay-based litter that has come under some scrutiny from consumers who believe it produces dust that causes allergies in humans. Then there is the environment - clay-based product is said not to degrade at landfills.

Spartan Stores, based in Grand Rapids, Mich., in April added the Feline Pine brand of natural litter, which is made from 100% pine. Feline Pine claims to be biodegradable and free of artificial fragrances, unnatural chemicals and silica dust.

Pet owners are looking for healthier products, said Beth Murphy, a category manager with Spartan. "They're spending more time looking at labels."

At the Roche stores, sales of traditional clay-based litter have dropped a bit since the chain introduced the environmentally friendly alternatives, O'Brien said. The stores carry at least four brands of litter that claim to be biodegradable, with no added chemicals or fragrances.

He added sales are strong for Sergeant's Nature's Guardian products, a line of plant-based products that protects dogs from fleas, ticks and mosquitoes. Sergeant's markets the line as being safe to use around pets and children. "It's performing well in our stores," O'Brien said.

Roche Bros. is closely monitoring the natural trend and will add new items to the pet aisle accordingly. O'Brien is convinced Roche Bros.' shoppers will support premium products for their pets. He is working with natural product distributors to roll out new lines of bathing, skin care and grooming products for dogs later this year.

"It'll help us be competitive," he said. "It'll go well with the demographics of our supermarkets."

For his part, O'Brien is amazed by the flurry of new products coming on the market from small, little-known companies.

Indeed, niche companies that supply specialty stores are seeing their business surge as supermarkets begin stocking their products, a researcher who analyzed the buying habits of pet owners noted. "Specialty [stores] lead but supermarkets are quickly adopting and getting in the game," said Doug Sapp, managing director of Catapult Thinking, a Boston-based consulting firm that's conducted consumer research for pet product companies.

Not all retailers have experienced the same degree of movement for pet health and wellness products, however. Kowalski's Markets carries a line of grooming items for dogs consisting of bar soap, pet spray and a candle for eliminating odors. Nevertheless, the chain discontinued a line of pet vitamins and supplements and all-natural pet shampoos more than a year ago after the products failed to fulfill sales expectations, said Debbie Leland, natural and specialty food buyer for the eight-store chain based in Woodbury, Minn. While

shoppers are willing to buy healthier food for their pets, Leland thinks they're skeptical of nonfood products that make all-natural claims.

"People really don't take those products seriously yet," she said. "I think people are more concerned about what they put in their pets' mouths than what they put on the outside. They may not equate putting a natural shampoo on their pet to making them healthier."

As shoppers indulge their pets, owners want to feel confident in the quality of the product they're buying. To be successful with high-end items, retailers and manufacturers need to make the products' benefits clear to shoppers, said Michael Floreak, director of verbal branding and content at Catapult Thinking.

"People who are loyal to these high-end products are very detail-oriented consumers," he said. "They read ingredient labels and know what things mean. They're on the lookout for ingredients that'll kick the product out of consideration. Just making your label green and putting pictures of the earth and fruits and vegetables on the labels won't be enough."

Price Chopper Supermarkets carries several brands of premium and organic pet food and treats, but only a limited selection of nonfood products with a healthier image. The chain added Sergeant's Nature's Guardian products to the dog care section and the line is delivering strong sales, said company spokeswoman Mona Golub. Last month, Price Chopper promoted the products, along with a line of healthy rawhide chews and "natural" treats in store circulars, on shelves and on store signs.

The Schenectady, N.Y.-based chain caters to pet owners in other ways. The company publishes *Animal Tails*, a lifestyle marketing magazine that's been around about five years, Golub said. The magazine offers articles of interest to pet owners and coupons for products sold in the stores.

As the economy sputters, many consumers have clamped down on discretionary spending. Yet the downturn doesn't seem to be affecting spending on pets, Golub said. "We're not seeing any changes in what people are buying. It appears pet parents are looking for the same quality assurances that everyone else is looking for."

The pet care industry is fairly resilient during economic downturns, said Doug Poindexter, president of the World Wide Pet Industry Association, a trade group based in Monrovia, Calif.

"We weather downtimes better than other industries," Poindexter said. "When the economy softens, people normally turn to the home and do more things around the house. Pets are a part of their family." Indulging them is "a relatively inexpensive way to do some pampering and feel good."

Pampering pets isn't just for the wealthy. Floreak and Sapp interviewed hundreds of people to gauge how they feel about their dogs and cats, and learn about their buying habits with respect to pet products. They conducted the research as part of their work developing the Wellness brand for Old Mother Hubbard. Many consumers living in humble homes reported buying premium products for their animal friends.

"To some extent, the quality they look for in pet products outstripped the quality they looked for in their own" products, Floreak said.

26.5 In billions of dollars, the amount Americans are expected to spend in pet nonfood this year.

Source: American Pet Products Manufacturers Association