

Market Outlook [January 2008]

Emerging Market Shifts Signal Long-Term Opportunities

With over 17 million premium pet households in the United States and sales of natural pet products going gangbusters, product premiumization including natural and organic appeals will remain the most important pet market trend during 2008. That said, a number of market-altering trends are emerging, presenting opportunities that will extend far beyond the next 12 months, for marketers and retailers alike:

Getting fresh: Refrigerated pet food will, this column predicts, be widely available in mainstream supermarket chains by the end of 2008. Leading the push is FreshPet, whose Deli Fresh and Homestyle Select brands are lightly pasteurized—but don't be surprised to see power players like Nestlé Purina quickly joining the fresh pet food parade.

Upscale value: Not all pet owners have money to burn, and all the hoopla over “premium” makes the value shopper easy to overlook. Not guilty of this is Mars with its new Goodlife line, which marries upscale and value appeals, as will many products in the coming year.

Right-on retailing: Where is the Starbucks of the pet specialty channel? That remains to be seen, but new concepts such as Moochie & Co.'s upscale mall-based stores, and Muttropolis, whose aim is to create “a retail experience,” are on the right track. These forward-looking start-ups are a far cry from the big boxes that took over in decades past and, this market watcher believes, right in line with changing pet owner demographics and desires.

Ethnic energy: Although ethnic/racial minorities tend to be below average in pet ownership, all of them—and especially Hispanics—are outpacing non-Hispanic Whites in population growth. Look for the pet industry to wake up to this potential in the coming year, continuing a trend that began to pick up steam in 2007 when industry participants including K9Kloud9.com and the Humane Society reached out to Latinos.

Non-pet product piggy-backing: Marketers in non-pet industries will increasingly seek to ride on the pet market's dynamism, presenting pet product makers with exciting new co-marketing opportunities. In a recent television commercial that's all about dogs and cats, Bissell touts its Dual Cyclonic vacuum as the “Pet Hair Eraser,” suggesting possible tie-ins with the likes of Church & Dwight's Arm & Hammer Pet Hair Vac-Away.