

Market Outlook [July 2008]

Keeping an Eye on Wal-Mart

These days no matter which side of the political fence you're on it's become fashionable to bash Big Business. With oil companies and financial institutions reaping record profits or getting government bail-outs while millions of Americans struggle, it's also easy and, yes, sort of fun. In retailing, a favorite target is Wal-Mart, which has been blamed for everything from destroying Main Street USA to unfair labor practices. Judgment aside, however, when it comes to tapping into pet market potential, Wal-Mart has been doing quite a few things right. Here's a little timeline:

Early 2005: Announces plans to increase its share of the booming U.S. pet supplies business to 30% by 2010.

March 2005: Unveils much-expanded array of pet supplies online including thousands of products, from gift baskets to pet clothing.

June 2006: Adds Natural Life brand certified organic pet foods as part of a storewide push into natural and organic.

December 2006: Opens first in-store pet grooming salon (operated by Pet Care Specialists L.L.C.), dipping its toe into the high-growth pet services waters. Note: This column predicts that pet services—from grooming to pet insurance—will become a huge focus for Wal-Mart within the next 18 months.

2006-2007: Continues to bank heavily on store brands, expanding its best-selling Ol' Roy dry dog food to include non-food products such as pet beds and houstraining pads.

Mid 2007: In line with trends including pet humanization and shopping convenience, begins strategically relocating pet departments from in between lawn & garden/HBC into the grocery section next to the baby care aisle.

2007-2008: Initiates "sustainable scorecard" to determine suppliers based on their progress in environmental areas like greenhouse gas emissions and recycled content usage.

Spring 2008: Announces plans to continue to focus heavily on the pet category, citing the weak economy as being in its favor as Americans become increasingly value-focused.

Oh, and lest one forget, throughout all of the above, Wal-Mart has continued to expand its bricks-and-mortar pet departments.

In other words, no matter what anyone may think about the mega-retailer as a corporate citizen of the world, Wal-Mart's pet market march goes on, and bears watching.