

Market Outlook [January 2012]

Pet Health Entries Illustrate Market Directions

Two trends remained constant in 2011 and will likely also prevail in 2012. The economy continued to limp along, showing only minimal signs of improvement, and Americans continued to demand value. In the pet market, the most compelling value appeals during times of consumer frugality involve pet health, and marketers are clearly onto this. During the first ten months of 2010, 140 of a total of 387 new product reports in the overall pet classification, or 36 percent, were in the “pet health” segment, according to Packaged Facts’ January 2012 report, *Pet Retail Channel Trends in the U.S.*, which bases its estimates on data from Datamonitor’s Product Launch Analytics service. What’s more, that percentage doesn’t include the many pet food products with a clear health slant counted in the overall number during the period, when trends like grain-free and functional were going strong.

In keeping with broader market trends, a growing number of pet health products are good for both the pet and the planet. Of the pet health new product reports appearing from January through October 2011, 42 percent were natural, 19 percent were biodegradable, and 16 percent were environmentally friendly. The claims “no animal,” “no toxic,” and “no paraben” were also frequently seen, each appearing in approximately 14 percent of the reports. At the same time, far from being limited to major marketers, many of the entries came from smaller outfits. By number of SKUs, Huckleberry tops the list, followed by Onecare and Arenus. Illustrating important market trends, Huckleberry’s pet wipes focus on convenience; Onecare’s scoop bags, shampoo, and training pads place the company on the Purina Pet Gear licensing wagon; and Arenus’s “Behavior Modification in a Bottle” Flower Essences put the focus on holistic pet health.

Two other companies near the top of the SKU list also promise to make waves in 2012 and beyond. With Pronyl (mass) and FiproGuard (pet specialty), Sergeant’s is leading the pack of fipronil generics challenging Frontline; while Furminator has launched ultra premium dog shampoo and conditioner products banking on the brand cachet and professional image of its namesake grooming tools. In both cases, the marketers are parlaying in the clout of the tried and true, a smart bet for attracting budget-crunching consumers with a yen for the new.