

Market Outlook [June 2010]

Human/Animal Bond May Mean Best Is Yet to Come

Thirty years ago it could have been effectively argued that the pet market was mature. Throughout the 1980s, consumer survey data showed that pet ownership, while still rising, was not growing fast enough to ensure dynamic pet market growth. Moreover, key areas like pet food were already saturated in terms of purchasing rates, with few households left to be converted from table scraps to commercial foods (the primary market driver in developing regions of the world).

And yet in some ways the U.S. pet market was just getting started. As noted here last month, by 2009 PetSmart and Petco has 2,100 stores in operation, and this is up from under 500 in the early 1990s. True, some of those inroads came at the expense of other retail formats. But PetSmart and Petco's net impact has been enormously positive in that they put pet needs on the U.S. "big box" retailing landscape à la office supply chains such as Staples and children's chains such as Toys "R" Us. The channel opportunity they represent has also galvanized existing and new marketers to innovate like never before.

The overall market upshot has been even more profound, in that all of this activity has spurred a gradual but profound shift in the way we interact with our pets. In a nutshell, it's more socially acceptable today than ever before in modern history to express the unbridled affection we feel for our furry friends outwardly. It's no coincidence that both PetSmart and Petco have ridden the "pets as family" wave to their heady heights. Or that many if not most marketers are now seeking to follow a similar path, encouraged by one survey after another in which a large majority of pet owners are checking the "part of the family" box.

As we arrive at mid-year 2010 and economic recovery is not as fast as many would like, pet market players in for the long haul may take comfort in knowing that the best may be yet to come. Because while the human/animal bond as a powerful market driver is not a new trend, it is one that, this column predicts, will lift sales dramatically higher in the years ahead. For the "how" and "why" of that surge, check back next month.