

## Market Outlook [March 2010]

### ***Martha Stewart's Pet Market Entry a Potential Game-Changer***

In September 2008, this monthly Market Outlook report made the following pet market prediction: "...expect to see more pet-loving celebrities signing on. At the top of this column's star-studded list is Martha Stewart, whose many successful housewares lines make a Martha-branded lineup of cushy-but-practical pet products seem, well, only natural." A few months after that, in March 2009, Martha extended her website with a PETS section co-sponsored by Purina, and this past October Martha Stewart Living Omnimedia (MSLO) announced that it would be rolling out a full pet care line in 2010. The line, to be sold exclusively through PetSmart, will include a wide range of accessories including apparel, collars, leashes, bedding, grooming supplies, and toys.

It's nice to be right—but it's even nicer to be able to make an additional prediction with confidence: that Martha's Stewart's entry into the pet market is a milestone event that will lift many boats. No doubt feeling the bump the earliest and the most intensely will be PetSmart, which could not have scored a bigger coup vis-à-vis arch rivals including Petco and Walmart. The PetSmart/Martha team-up follows in the tradition of Martha's exclusive deal with Kmart, as well as upcoming moves into other areas, including home improvement products (Home Depot) and home products (Macy's) Martha's other initial partner in the pet market venture is Age Group Ltd., which will manufacture, market and sell the pet care products through a multi-year licensing relationship.

For PetSmart and Age Group, these deals are gold. But virtually all pet marketers and retailers stand to benefit. Martha isn't just a celebrity, she's a cultural icon, and when Martha says "Pet," millions listen. Indeed, Martha is backed by a media empire that includes *Martha Stewart Living* magazine, the nationally syndicated daily TV series *The Martha Stewart Show*, and Martha Stewart Living Radio on SIRIUS XM. In case that's not enough, during 2009 MSLO introduced a pets channel on Marthastewart.com including "The Daily Wag," a blog written from the perspective of Martha's two French Bulldogs. Adding it all up, this column believes that Martha's impact will extend far beyond filling the coffers of her direct partners by driving up pet ownership and raising interest in pet products that are tasteful and practical (read: premium) to new heights. And for the U.S. pet industry as a whole, that's a very good thing.