



Embrace pets as part of the family

Allocate enough space in your store to pet products to give customers the range and variety they require to look after their pet properly, like another member of the family.

BY LAURA DURHAM

People with pets are no longer considered pet owners – but pet lovers – and they are willing to pay a premium price tag for the health and well being of the latest members of the family. By offering a wide range of food and care products, you will position your store as a one-stop-shop for the entire family.

Part of the family

Our relationships with pets have undergone a fundamental shift – both locally and worldwide. “Before, dogs were used for security/guarding and cats were used to protect against vermin. Now, most people who own pets are considered ‘pet lovers’, as opposed to just ‘pet owners’,” comments Peter Arnold, Pick n Pay acting merchandise director. “A pet is like a member of the family and should be treated with love and respect,” adds in Andrew Plastow, global sales and marketing head at Oceana Brands, which manufactures the Lucky Pet range.

Statistics show that 85% of pet owners say that the pet is part of the family, 57% of pet owners agree that the pet is their best friend and 81% of pet owners say they do not feel alone when surrounded by their pet or pets. “As retail, we should engage more with consumers to provide for this need and support these consumer investments with good quality products,” says Arnold.

Premium pet care

The amount of money that people are prepared to spend on their pets is a consequence of how pets are becoming more ingrained into our every day family life and are no longer being banished outside the home. “They are treated as part of the family,” comments Michelle Roniak, owner of Le Pawtique in Craighall Park, Johannesburg.

As a result, the growth of premium foods, toys, accessories and pet care services has been phenomenal overseas – and this ‘premium pet’ trend is catching on in South Africa. “People are choosing to have pets instead of children and pets fill a gap in parents’ hearts with empty nest syndrome,” she says.

Animal lover, Roniak opened the exclusive pet supply boutique a year ago after realising what a massive opportunity the niche market held. “My ‘quality over quantity’ business model means that we treat each dog and cat as an individual rather than merely part of a production line,” she says. She offers an exclusive parlour service and stocks a range of high fashion pet accessories, holistic products, pet supplements and food.

According to Euromonitor International (November 2010), in South Africa we have 5.3 million pet households with a total of 8 million dogs and 2 million cats in the country. The South African pet food market is worth R4.7 billion per annum with dog food making up 83% and cat food close to 15%. The pet food market is split into three

Create a one-stop-shop for customers ... and their pets



making sense of global markets

channels: Retail – 67%, speciality (vets) – 27%, and non grocers/co-ops – 6%.

Pet owners have changed their buying habits significantly in the last few years.

Frequent pet care purchases

Since 2008, there has been a trend to increase to more frequent shopping occasions as opposed to one big monthly shop. “Although this has not had a major impact on dry pet food, where bulk packs still account for the majority of sales, it has had an impact on the purchasing frequency of wet pet food and pet accessories,” says Pick n Pay’s Peter Arnold. Overall though, he says, this has not led to an increase in volume as shoppers reduce their basket sizes to cater only for more immediate requirements rather than for a full month.

Trading down then up

Since the middle of 2009, with the advent of the economic recession, shoppers started looking for cheaper alternatives over the same period, especially on dry dog food. Steven Bedford, marketing manager for the pet care division at Foodcorp (with Bobtail, Catmor etc in its stable) agrees. “The economic downturn has caused consumer ‘down trading’ in supermarkets. In other words, although dry dog food represents the bulk of the pet food market, consumers are purchasing more canned wet food since it is cheaper,” he says.

Interestingly, Arnold has noted a turnaround in this trend since the latter ▶



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PET CARE FEATURE ▶



Supermarkets should follow a vet shop idea, creating sub-sections based on the lifecycle of the animal (puppy, adult, small, medium, large).

Below: Single serve pouches have become very popular. For owners, it is a convenient one meal solution and for cats, it allows for a constant taste variety.

part of 2010 as shoppers started trading back up to their original, more premium brands to improve nutritional value to the pet.

Vet shop

The supermarket can offer a one-stop shop that meets all of a family's needs – including those of the pet. "However, despite the convenience factor of this set-up, the vet shop concept can offer expertise and knowledge around the needs and health of our pets and the best products on the market to meet these needs," comments Cara Harris, creative director of Happiness is, a Cape Town-based social enterprise specialising in animal well-being products. This customer service can be difficult to receive in a supermarket and this may have affected the supermarket pet care department. In which case, convenience may not always win over service.

The vet shop showed strong growth up until 2008 but has levelled off since then, maintaining a steady share of total pet care. "Pet owners that buy food at vet shops tend to be premium brand loyal (therefore unwilling to 'trade down' to supermarkets) but also restricted because their pets have to follow a prescription diet," comments Tebogo Motsepe, brand manager for Pedigree (part of Mars).

There will always be a market for vet shops as the products they stock tend to cater to very specific needs and address particular health issues. Unfortunately these products usually come at a higher price than the products available at supermarkets. However, health specific products are becoming common place in supermarkets. Vet shops offer the information and education that shoppers are looking for, and that puts them in a position of power to influence shoppers – and that recommendation is often for a premium brand only available in their store.



But educating shoppers about the range on offer in-store would go a long way to growing pet care in supermarkets.

Like owner like pet

A growing number of shoppers are seeking products for their pets that mirror the likes of the owner (e.g. I like chicken and therefore choose to feed my pet chicken flavoured food), says Arnold. As people move toward healthier lifestyles, they look for healthier options for their pets, such as no artificial colours & flavours, organic, etc. Bedford says the humanisation trend has led to a greater variety being introduced into pet food.

Downsizing

As more people move into security complexes and apartments, there is a growing trend of increased ownership of smaller animals. This applies not only to smaller dogs but also increased ownership on fish, rodents, birds, reptiles and cats. At the same time, there seems to be a decline in the ownership of larger dog breeds.

This trend to smaller pets can be exemplified with the growth in cat food. "Due to the economic decline, consumers have purchased smaller homes or rent apartments, which are only cat-friendly," says Bedford.

Convenience criteria

According to Oceana Brands' Andrew Plastow, there has been a definite move to wet single serve sachets, as well as dry cat food within the retail market. This is largely attributed to the shoppers' demand for convenience. "Convenience does seem to win, not only in where consumers shop for the pet food, but also in the trend towards smaller more convenient pack formats and dry food which is easier to store," he says.

"Convenience remains a factor for many animal owners," says Harris. For example, products that promote the health and happiness of our pets but won't add another 'chore' to the animal owner's day will often still sell the best, even in the vet shop setting.

Caring for pet health and well being

Just as owners live in a stressful world, with deadlines, traffic and money issues, pets are also living increasingly stressed lives. "This is because the modern domestic setting can make it tricky for many of our animals to meet long-established behavioural and biological needs, and this can be stressful," explains Harris.

Like in humans, stress manifests itself in a number of ways in animals too: Behaviour problems, skin complaints, recurrent urinary infections, ulcers, tummy upsets and over-grooming.

Harris says that products that calm and relax are being seen more and more on the shelves. "Despite providing our animals – and owners – much needed relief, they are often only temporary solutions as they focus on the symptoms rather than the cause," she adds. Such products work best within an integrative approach employing education and therapies that address the causes of stress and assist healing.

In fact, pet owners can even take out insurance on their pets. Head of insurance at Woolworths Australia, George Hughes, said Woolworths intended to expand its financial services arm with the launch of the insurance products, including life and pet insurance.

"We intend to have a long-term presence in the insurance sector, with the ability to cater for all our customers' insurance needs," he said in the launch statement. ▶

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PET CARE FEATURE ►



Modern shoppers are all about convenience and they will appreciate the extra effort you make, such as placing tin openers at the tinned food section.

Woolworths said its research showed 95% of Australian families did not have enough life insurance cover and many insurance products were confusing. According to *Herald Sun*, Woolworths will partner with global reinsurance from Swiss Re and insurance provider, The Hollard Group.

"Whether it's groceries, credit cards, mobile phone plans and now insurance, our customers trust Woolworths to deliver products and services that are reliable, uncomplicated and great value for money," said Hughes.

Balanced diet

Caring for the health and well being of one's pets also extends to food choice. "There seems to be a move towards more premium products and products that contain real fish, meat or chicken portions. People are far more concerned with the health benefits offered by pet foods, than in past years," says Oceana Brands' Andrew Plastow.

Michelle Roniak says this trend is true judging by her clients at Le Pawtique.

"Our range of cooked frozen pet food is doing extremely well with our customers who are looking to give their pets a well-balanced, nutritional meal in the most convenient way – regardless of the price tag," she says. The frozen meal concept (a protein, starch, vegetable, and added herbs and vitamin meal) is comparable to a prescriptive diet from a vet.

Roniak has observed that pet owners are moving away from kibbles to a more natural, varied and fresh food approach to feeding (not leftovers).

Pet treats are a huge opportunity. "Pick n Pay has been looking at bringing more vet treats and snacks to our stores. Given that only one in four commercial pet food buyers are buying treats, we see this as a category which can provide long-term growth in value and improve margins," Arnold says. Pedigree's Tebogo Motsepe agrees, saying that treat margins are high. "If retailers bring in a more specialised offering – treats and oral care – sales could double and supermarkets could compete properly with vet shops," he says.



Pets are a good excuse for people to take up exercise. Display toys in your pet care department to encourage pet-owner playing, or hang up leashes amongst the mood for afternoon walk ideas.

High price tag for pets

In as much as pet owners trust their local supermarket for their pet care needs, higher LSM pet owners are still on the lookout for premium products. "It has taken a while for South Africans to get their heads around premium products," says Roniak. Overseas, the pet care market is booming and dog hotels, spa treatments and pet day crèches are springing up everywhere. Pampering your pet has become a fashion statement – thanks to the likes of Paris Hilton, Nicole Ritchie and the spate of pet movies on circuit.

Also, pet owners no longer need to have the 'ugly' and bulky pet shop equivalent dog / cat paraphernalia. "There is absolutely not reason to have a hideous dog bed in the middle of a beautifully furnished lounge. We are making available human grade aesthetically pleasing pet products that will blend in with the owner's surroundings and lifestyle," says Roniak.

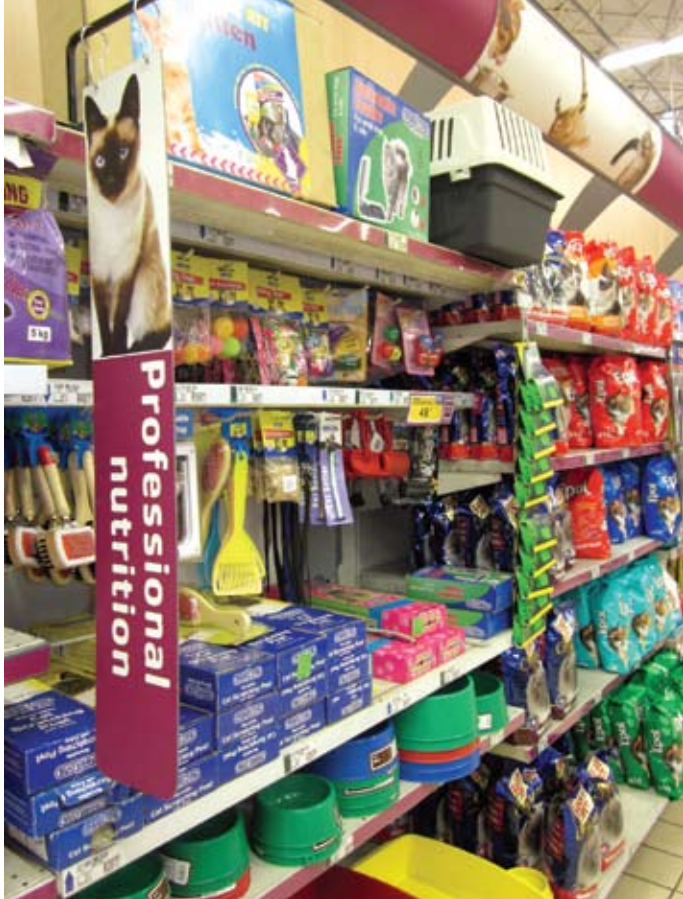
"Your pet is an extension of your personality and therefore many owners want this to come across perhaps with clothing, or a butch collar, or even a princess bed," she adds.

What's really exciting is that this is now becoming available with in South Africa. Roniak will soon be launching an online boutique to reach the entire country with her range of exclusive products and create an interface for like-minded people to discuss the latest trends and access relevant information in the premium pet care market.

"I've found a niche and the market just keeps on growing!" she says.



Le Pawtique in Craighall Park, Johannesburg offers pets an exclusive parlour service and a wide range of high fashion pet accessories, holistic products, pet supplements and food.



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Create an effective one-stop shop

Planning the merchandising of a pet care department is very important because shoppers are easily put off when they see an aisle that looks like it has just been “thrown together,” comments Pedigree’s Motsepe.

“Pet care is a very technical category and just like personal care, which is divided up into sub-sections (skin care, oral care etc) so too should the pet aisle,” he says.

Arnold says that Pick n Pay’s pet care aisle has been designed in such a way for consumers to easily navigate and shop. “Particular attention is given to the visibility of specialised segments such as Puppy, Kitten and Special Diets, where purchases are generally more involved and shoppers are, often, new to the category and need as much help and guidance from the fixture as possible,” he explains.

Foodcorp’s Steven Bedford says that supermarkets should follow a vet shop idea, creating sub-sections based on the lifecycle of the animal (puppy, adult, small, medium, large).

Informed staff is also key, says Happiness Is’s Cara Harris. “Train staff in basic product understanding and use marketing posters and banners to educate owners on the needs of the pet and link to specific products,” she says.

Use up space wisely, comments Oceana Brands’ Andrew Plastow. “Fit your range to your store format. Cat owners are not one large group all looking for the same thing so if you are pushed for space, you will be better off making sure you are covering as many segments as possible versus just having top-sellers of many brands,” he says.

Overall, there is also a definite need for more space to be allocated to pet products. “This will give consumers wider choice for their pets and allow manufacturers of pet food products to offer more in terms of catering to the specific needs of the pets and their caring owners,” Plastow concludes.



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