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There's no question Australia's love affair with pets is growing. Latest statistics from Animal Medicines Australia (AMA)'s 2016 Pet Ownership in Australia report shows 62% of Australian households own a pet and treating many of their companion animals like members of the family – and sometimes even better with first-class pampering services and premium pet products!

Pet owners are also spending more per animal on their pets today than they did a few years ago, according to the report. Many pet retailers are successfully tapping into that humanised pet market and helping to drive the growth of the pet industry – currently worth \$12.2 billion - with a bigger and better-quality range of products and services.

It's clear the pet retail sector is in good health but it won't stay that way forever, according to pet industry leaders.

"The pet retail sector is currently in good shape but retailers need to keep up with the fast changing and competitive market to move the industry forward," said Mark Fraser, CEO of the Pet Industry Association of Australia (PIAA). "The retail sector is constantly growing and changing as corporate and independent retailers - each with their own area of expertise - compete for a bigger slice of the market. The key is keeping the customer happy and remaining abreast of the latest developments in the sector."

With an annual turnover of more than \$12 billion on pet products and services in the past 12 months - an increase of 42% since 2013* - demand will always be there, said Mr Fraser.

AMA's latest expenditure data shows 35% of pet owner spending is going to food, followed by veterinary services (18%), healthcare products (12%) and general pet products and accessories (9%). Plus, as we become more immersed in our digital worlds, innovative technological advancements in pet care are also adding excitement to the pet space! In fact, animal behaviour researchers are predicting that we'll eventually have devices that let us talk with our pets!

Pet owners can not only use automatic pet food /water dispensers to feed their pet while they are away, but they can also monitor or talk to their furry friend on a pet chat device! Fish owners can also benefit from aquarium devices that alert to changing tank conditions and then track and generate data into graphs and charts.

Then there's the pet wearable market booming with smart collars, fitness/ activity monitors and GPS trackers – your pets can run but they can't hide!

"Any innovative product that provides environmental enrichment or enhances their pet's life are always favoured," said John Grima, PIAA Pet Retail Director and owner of Sydney's largest independent pet store, Kellyville Pets.

Pet retailers are also seeing a significant increase toward products that make a pet parent's life a lot easier and more enjoyable, said David Young, PIAA Director and Director of PetStock, a 100% Australian, family-owned and operated business.

"Spending real quality time with our pets has become more important today than ever before so the product selection process is based more around treating and interacting with our pets, such as choosing interactive toy brands and occasion specific treats to reward and bond, or occupy their pets," he said.

Pet ownership is also much more of an informed decision than 20 years ago, added Mr Grima.

"I believe people who own a dog really wanted one and will treat them more of a family member than just a dog kept in the backyard. The increased spending on pet insurance is also a great indicator that pet owners want to spend more money on pet health than ever before," he said.

PET HUMANISATION AND PRODUCT PREMIUMISATION

Thanks to the trend of pet humanisation and product premiumisation, the Australian pet retail sector is healthy and facing a future with great opportunities, said Barry Urquhart, an internationally

recognised author, business strategist and consumer behaviour analyst from Marketing Focus, a market research and strategic planning practice in Perth.

Also a respected conference keynote speaker and workshop facilitator, Mr Urquhart will speak at PIAA's annual trade show and conference, AusPet 2017, in October in Sydney, sharing his insights on the pet industry - its future, consumer trends and viability. "The scope, breadth, depth and intensity of changes in the pet industry is accelerating. Much of that is structural and strategic, rather than seasonal, cyclical and tactical," he said.

"The pet retail sector is really very healthy and has a huge potential! Pet products services have already been recognised by global chains, manufacturers, veterinarians and supermarkets. The third largest allocation of retail space in supermarkets is pet food, pet care and pet toys. That's very significant."

Progressive veterinary clinics also strive to achieve 50% of turnover from the sale of retail products rather than from consultation fees and the dispensing of medicinals, he added.

Overall, sales of discretionary items, including homeware furniture and fashion, have declined and fluctuated since the Global Financial Crisis in 2008, but pet products (ie food, treats and care) have been relatively immune to market influences, said Mr Urquhart.

"That's because spending on pets appear to be primarily driven by emotion and not constrained by budgets," he explained. "The one thing about pets is that they give you unconditional love and Australian consumers return that with unconditional expenditure."

Mr Young said consumer demands and expectations are increasing daily and that "the humanisation of pets is making the customer more educated on the benefits of feeding, treating and protecting from parasites (etc)."

The humanisation of pets also benefits animal welfare as people are more

