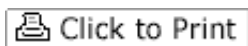




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> ONLY THE BEST

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Apr 7, 2008 12:00 PM, By AMANDA BALTAZAR

Shoppers are digging even deeper into their pockets to take home premium pet treats



Tails are wagging for organic, all-natural and even 50-calorie packs of premium pet treats.

Just as healthy snacking has taken on greater importance for humans, many consumers have adopted the same pricier policy for their furry friends. Retailers are capitalizing on the trend by dedicating points of prominence to these items in their pet aisles.



“Money is no object when customers are buying pet treats,” said Andrew Gagner, grocery buyer for Central Market in Poulsbo, Wash.

Bryan Shlager, pet food category manager for Stop & Shop, Quincy, Mass., concurs.

“Each time manufacturers launch new items, they're testing the price threshold and raising the bar,” he said. Customers, in turn, are prepared to pay more than manufacturers expect because they are confident they're

getting good-quality products, Shlager added.

Natural, organic and functional snacks that offer vitamins to benefit hips and joints and contain ingredients that freshen breath are garnering a lot of attention at Stop & Shop, as are upscale items like sweet potato snacks and rawhide with stuffing.

At Roche Bros., Wellesley Hills, Mass., shoppers are willing to pay around 25% more for premium treats than for their conventional counterparts, noted Jerry Sedrone, director of grocery products development. But they've got to be getting something more for their money, he explained.

The urge to splurge on pets is not surprising, since many of them are only a step away from having their own place at the dinner table.

“There are anthropomorphic tendencies for people to humanize their animals,” said Spencer Blaker, a consultant with Willard Bishop, Barrington, Ill. “If we're going to pay more attention to our own health and well-being, it's only logical that we'll pay some attention to our animals'.”

Last year's pet food recall helped solidify the trend.

Since then, shoppers at Dahl's Food Markets, Hickman, Iowa, have been prepared to spend more on premium treats, said manager Kenny Kane.

“They will skip our private label and spend an extra \$3 to \$4, often on treats,” said Kane.


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Sales spurts are also attributed, in part, to the fact that dogs and cats are filling roles once occupied by children, said Bob Vetere, president of the American Pet Products Manufacturers Association, Greenwich, Conn.

Baby Boomers are filling their empty nests with pets, as are young professionals who opt to build their career rather than have a family right away.

“People are paying \$1,000 for a dog settee, and choosing their cars and homes because of their pets, so spending a couple of extra dollars to extend the life of your animal is something many shoppers are willing to do,” noted Blaker.

According to the Nielsen Co., New York, supermarket sales of cat and dog treats were up 11.6% during the 52 weeks ending Feb. 23, compared to the same period four years ago. This is almost double the increase in sales of pet food, which were up just 6.2% for the same period.

The category's food channel momentum will continue as more shoppers recognize supermarkets are destinations for high-end treats, said Frank Dell, president and chief executive officer of Dellmart & Co., Stamford, Conn.

“This category might [go the way of] health and beauty aids, with grocery stores carrying just the top items for customers' convenience,” he said.

A pet department needs plenty of attention, since items merchandised within it are usually not at the top of a consumer's shopping list.

“Treats are impulse buys,” said Shlager. “Customers probably don't buy the same ones every time, so the more you have, the more you sell.”

He incites trial by introducing new items a couple of times a year. Recent additions include treats from Beefeater and Zukes.

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Since grocery store pet departments are fairly generic, it's important to call out products in this category, said Blaker.

“Retailers need to create a halo of authority of some kind, be it through shelf talkers, in-store information or tastings,” he noted. “They have to stop treating pet products like canned green beans.”

He suggests grouping treats by health attributes, or by the type of dog they cater to: active vs. sedentary, for instance.

The demand for pet food at Stop & Shop is so great that Shlager is running out of space. He's already expanded his 12-foot dog food space to 16 feet, but he can't go any further.

“If it's unique, I'll do a clip strip, but I try not to do them too much, because if a customer likes a product, comes back for it and we don't have it, they get mad,” he said.

Stop & Shop also features shippers down the pet aisle, especially during the holidays, when shoppers are even more likely to spend a little more on their furry friends. The chain does some temporary price reductions, in addition to its everyday low price strategy.

Kane capitalizes on his store's design to highlight pet treats. A big pillar in the middle of the pet aisle works as a center aisle display, he said. He puts five-and-a-half-foot-high racks on either side to hide the pillar, and fills them with pet treats, which sell out fast.

He also recently changed the layout of the pet aisle so that all premium items, treats and pet food are in the center of the pet department.

“We're making the premium pet category stand out a little,” he said.

Gagner calls attention to high-end pet treats when they are on sale by placing them on “bump-outs,” or curved shelving.

United Supermarkets, Lubbock, Texas, highlights its natural and organic pet treats on pet aisle endcaps.

Suman Lawrence, business manager for living well/specialty at United, uses “power packs” — four-foot-long by 18-inch-wide areas to which she pegs 10-ounce packs of pet treats, such as 100-calorie packs. “This is a great way to use up space that is too small to make a set. Usually, the items are good general merchandise

cross-merchandisers,” she said.

These portion-control packs are new to the pet world.

Pet treats in 50-calorie snack packs were launched by Del Monte brand Pup-Peroni in January, and 100-calorie packages were launched last month by Blue Dog Bakery, Seattle, because that's what customers asked for, said founder Margot Kenly. “It's all about convenience and portion size,” she said.

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