

# The Ultimate Threat: How E-Commerce Affects The Pet Industry



**ALLPOINTS**

Pet Industry Sales Solutions

# TABLE OF CONTENTS

**3**

Intro

**5**

Chapter 1

**9**

Chapter 2

**12**

Chapter 3

**15**

Chapter 4



“...Within three minutes, a new bag of dog food is on the way...”



**Imagine this:**

One morning, you wake up to Rufus licking your face, begging for you to wake up and fill his food bowl. You drag yourself out of bed, glancing at the alarm clock, and see that it's exactly 38 minutes before you actually have to get up for work. You curse under your breath, but can't keep yourself from smiling as Rufus wags his tail excitedly, practically shaking his entire body in anticipation. *If only I was that excited about food every morning*, you think as you walk over to the pantry that Rufus' food is stored in.

As you scoop out a bowl-full of food, you notice you're almost out. While Rufus is happily gobbling away at his newly-filled bowl of food, you whip out your phone and within three minutes, a new bag of dog food is on the way, and will arrive in just two days. *Perfect.*





“

# Is e-commerce becoming a threat to the pet industry? ”



The idea that consumers can replenish their pet's food, medication, or anything else in just a matter of minutes is one reason why online shopping continues to grow throughout the pet sector. Pet owners are now able to order and re-order their pet care products without even leaving the house.

Software has been developed so that many sites allow for auto-replenishment. Consumer's don't need to think about replacing their pet's food anymore, as it will automatically show up on their doorstep whenever they start to run out.

While this may sound perfect for consumers, these efficiencies are understandably leaving many independent pet store owners bent out of shape. When your customers no longer need to come to your store to get their goods, it's easy to see profits drop and overheads increase. **As the popularity of online shopping rises, the question becomes: Is e-commerce becoming a threat to the pet industry?**



## Chapter 1



# The Growth of Online Shopping in Pet Care

**Mobility and efficiency are the keys for success when it comes to capturing consumers' attention in the digital age.**

These are two advantages that e-commerce offers to the rising number of pet parents in America. This may explain the increase in popularity and success for retailers who sell pet products online.

Exactly how much is e-commerce growing in pet care? As noted in Figure 1, [L2 Inc. shows that](#) pet food e-commerce sales were \$760 million in 2015. This is an increase of 55% from the year before. Compared to other home care categories, it has the highest market penetration. Surprisingly, Amazon actually lags behind PetSmart when it comes to Google visibility.

Other numbers are showing steady amounts of growth in online shopping habits for pet care products. [According to the National Retail Federation](#), "each owner spent an average of \$30.43 on holiday pet gifts in 2014, up 14.2 percent from a year earlier." [Another report by Fung Global Retail & Technology](#) states that **an estimated 5.3% of total pet care sales happened online globally in 2015.**



Figure 1



# How e-commerce sales grew over the years...

## U.S. Pet Food Growth

The number of online pet food purchases grew 38% in 2014 and 55% in 2015.

## Holiday Sales

Owners spent an average of \$30.43 on holiday pet gifts in 2014, up from 14.2% the year before.

## Global Pet Industry

The global pet industry saw an overall 5.3% increase of total pet care sales, which is an increase from 4.4% in 2014.



# Pet e-commerce grew 55% in 2015



Although [Fung Global Retail & Technology](#) reports a 5.3% increase of pet care sales globally, [Packaged Facts reports](#) that in the U.S., “[t]he purchase of pet products online grew 38% in 2014 and roughly a third of pet owners buy pet products via the Internet.”

This number includes consumers’ purchases of pet medications, which make up a large portion of pet care sales via the Internet. This is due to their lightweight and small size, which makes them perfect for retailers to ship.

As a summary, it appears that **online pet food purchases grew 38% in 2014 and 55% in 2015**. Additionally, holiday pet gifts grew 14.2% in 2014. The global pet industry saw a 5.3% increase of total pet care sales, which is an increase from 4.4% in 2014.

It is clear to see that online purchases of pet care products are on the rise. However, this is definitely not “new” news, as many publications have been talking about this trend for years. The question isn’t whether e-commerce in the pet sector is growing, but rather how it’s affecting independent pet shops.



## Chapter 2



# E-Commerce Versus the Independent Pet Store

# Distributors and independent pet stores are growing

It's very easy for consumers to open their Amazon app and put their favorite brand of cat food in their shopping cart to arrive in two days.

Believe it or not, this isn't the way that everyone likes to shop. Even in the age of growing e-commerce and the apparent "take-over" of Amazon, many pet owners still opt for visiting their local pet shop.

Carol Frank, Managing Director of MHT, [stated in a 2013 report](#) that 76% of dog owners said that they shopped in independent pet stores.

From [the same report](#), it appears that distributors (who serve these independent shops) reported growth from 2011 to 2012, and are continuing to grow since then.

As long as pet product distributors are growing, the independent pet stores are too. These neighborhood stores are what keeps these operations running.



In her report, Carol Frank argues that these local shops are crucial to the success of pet product manufacturers, especially those who are just starting out. She states that:

“

Most new [pet] products start with being introduced in the independent retailer, and then if successful, the big boxes will want to pick it up. So the role of the independent is critical! High touch customer service and strong product knowledge is the signature of the well-operated, independent retailer.

”

**What these shops have over online shopping carts is personal touch and customized product knowledge.**

Greeting customers (and their pets) by name, knowing what brands they prefer, and being able to answer questions that pertain specifically to their pets needs are all advantages that neighborhood pet retailers are able to offer.

No matter how much consumers love technology, we as humans are always going to crave that personal connection which is usually present only when shopping at a local pet store.



## Chapter 3



# Are Online Sales Threatening Independent Retailers?

“ The threat that many people, especially small business owners, fear is that of internet take-over... ”



Will online blogs take over reading the newspaper every morning? Will Kindle replace hardcopy books? These are all inquiries that are often debated back and forth until exhaustion.

Unfortunately, large-scale newspapers like New York Times and the Seattle Times are struggling, and bookstores are closing all over the country. In fact, neighborhood bookstores are now seen as *special*, rather than *necessary*.

There's no doubt that the Internet has posed, and continues to pose, a certain threat to nearly all industries. The threat that many people, especially (and understandably) small business owners, fear is that of Internet take-over. This would force them to close their doors to the public and shut down their business.

However, the biggest threat that e-commerce seems to hold is that of change. Small-scale pet specialty retailers are going to have to change the way they work, if they haven't already, to stand out from big box stores and e-commerce sites.



Jen Schurrer, owner of Pet Supply Port, believes that there is a huge difference between the way the two business models are run. When asked how she differentiates her store from the competition, she replied with:

"I personally care. I am onsite as much as possible, and can always be reached. [...] The idea of being able to share an experience with your family, and come into a store, bring your pets in to visit, and know that we will greet you and take the time to talk with you and help you meet your family's needs is so very important."

Shurrer is concerned that in today's society, people have become so okay and used to detachment. They're becoming okay with not talking to one another, not taking the time to share, face-to-face, and that may have contributed to the growth of technology and mobility in commerce.

However, she trusts that her customers realize that her store is not like that, and that's what she believes has them coming back time after time.



## Chapter 4



# What This Means for The Pet Industry

“ We were here first with our love for pets and I know I will keep fighting ”



Efficiency is key, sure, but consumers are always going to want to read real news, to open up and read real books, and of course walk into their local pet store to buy Whiskers a new bag of food.

As humans, we crave real interaction.

We may order Whiskers' cat food online when we are too lazy to change out of our pajamas. However, there will still be that desire to chat up the pet store employee about Whiskers' latest antics and support the local economy.

Shurrer views the pet industry in ten years as one where love for pets comes first. She believes that, "if small independent pet stores continue to give high quality service and products, they will continue to be a thriving business."

On the flip side, the industry could go the opposite direction. She says, "if the industry focuses on financial success and how to turn a profit, the huge box stores, chain stores, and e-commerce sites will continue to destroy the heart of independent pet stores."

The backbone of the industry is not e-commerce, and it certainly won't be any time soon. As Shurrer puts it, "small brick and mortar stores are what make our communities strong. We were here first with our love for pets and at least I know I will keep fighting."

All Points Marketing is proud to work with distributors and independent pet stores around the country.

## Engage your customers

Keeping customers coming back to your store is hard work, and will only happen if they are properly engaged.

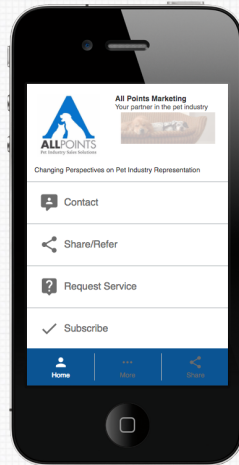
We have worked with our manufacturers to put together in-store programs that will keep your customers engaged and coming back every time.

Click the button below to reach out to us and have us put together a free customer engagement program based on your product offerings. It's the least we could do to keep independent retailers at the head of our industry.

**Request customer engagement program**



Keep in contact with us.  
We'd love to hear from you.



We have a new All Points Marketing app which is free to download (and doesn't take up any memory!). There's many benefits to this app including:

- 🐾 Quickly call, text, or email us directly from the app
- 🐾 Request service feature (samples, promotions, ect.)
- 🐾 Direct access to a list of our brands
- 🐾 Promotions, product information, and other useful documents
- 🐾 ...and much more!

**Download free app**

Follow us



# Learn More

Here's a few more articles to check out based on your interest in this eBook. Some were written by us, others are by 3rd party publications.

-  [Competing Against E-Commerce as a Brick & Mortar Pet Store](#)
-  [6 Pet Food Trends Every Pet Professional Needs to Know](#)
-  [Online Pet Food Sales: Still in Learning Mode](#)
-  [Key Trends Shaping the U.S. Pet Industry](#)
-  [How to Build Employee Confidence in Your Pet Store](#)

## Sources

Anderson, K. (2015, December 28). E-commerce Trends: Buying Pet Products Online and What It Means for Your Business. Retrieved January 23, 2017, from <http://www.petproductnews.com/Blog/E-commerce-Trends-Buying-Pet-Products-Online-and-What-It-Means-for-Your-Business/>

Beaton, L. (2016, July 28). How pet owners are influencing online global pet food sales. Retrieved January 23, 2017, from <http://www.petfoodindustry.com/articles/5933-how-pet-owners-are-influencing-online-global-pet-food-sales?v=preview>

Frank, C. (13, January 14). An Insider's View of the Pet Product Distribution Landscape. Retrieved January 23, 17, from <http://tinyurl.com/zosn64g>

Packaged Facts: Key Trends Shaping the U.S. Pet Industry. (2015, January 29). Retrieved January 23, 2017, from <http://www.prnewswire.com/news-releases/packaged-facts-key-trends-shaping-the-us-pet-industry-300028033.html>

Zaryouni, H. (2016, June 01). Pet Care Has Highest E-Commerce Penetration in Home Care. Retrieved January 23, 2017, from <https://www.l2inc.com/pet-care-has-highest-e-commerce-penetration-in-home-care/2016/blog>

*Note: None of the statistical information provided is owned by All Points Marketing or their brands. We do not claim any statistical information that is present within this eBook.*