Paws and claws

Business, Marketing

Paws and Claws A Syndicated Study on Canadian Pet Ownership June, 2001

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 IPSOS-REID “ PAWS AND CLAWS" PET OWNERSHIP STUDY 2001 BACK GROUND AN D REPORT STRUCTURE Pets play a major role in the lives of Canadians. Over the years, our appreciation for pets has taken on a new importance. The Canadian population is getting older, households are becoming smaller and the number of births is on a decline, as is the number of marriages. People may need to stay self-reliant, but many continue to want a companion such as a pet. Certainly, pets play a significant role in households of two or more people as well. It is believed that they make our lives longer, healthier and happier. Evidence suggests that the status of animals in our society has been elevated. On the regulatory side, this is reflected by the movement for animal rights. From a marketing perspective, we’ve witnessed a proliferation of pet supplies, and services. This first annual report explores how Canadian pet owners feel about their four-legged companions, what they currently do to keep them healthy and where additional market opportunities lie in the areas of veterinary care and pet food. The structure of this report is presented below: 1. The first section of the report focuses on the size and composition of the pet care market in Canada. Statistics Canada data are used to confirm the findings from the Paws & Claws survey; 2. The second chapter describes the attitudes and perceptions of pet owners in urban Canada; 3. Section Three describes four market segments of pet owners, their demographic, attitudinal and behavioural profiles. 4. Sections Four, Five and Six are dedicated to issues related to the health of dogs and cats. An overall analysis of health issues is provided in Section Four, followed by detailed reporting of the dog and cat data, respectively. 5. Sections Seven, Eight and Nine are devoted to pet food issues and perceptions and behaviours associated with reliance on the vet, criteria for the choice of a brand and so on. Again, an overall outlook is presented in Section Seven, followed by the dog and cat-specific sections. 6. An Appendix at the end of the report covers more detailed information related to animal health, behaviour problems, statistical calculations and market estimate assumptions and calculations. The questionnaire is also included in the Appendix. IPSOS-REID “ PAWS AND CLAWS" PET OWNERSHIP STUDY 2001 1 METHODOLOGY The research was conducted by means of random sample telephone interviews with pet owners residing in cities with a population of 50, 000 households or more across Canada. Within each household, the interview was conducted with the person who is mainly or jointly responsible for purchasing pet care products and services such veterinary services and pet food. Quotas were applied to each region to ensure sample representation. The data were statistically weighted in analysis to reflect the actual number of households in each region, as follows: Sample Size 150 100 50 350 300 50 500 300 100 100 500 200 50 100 100 50 1500 100 25 41 31 Weights % 3 Region and City East Halifax Other urban Quebec Montreal Quebec City Ontario Toronto Ottawa/Hull Cambridge/Waterloo/ Guelph/London West Vancouver Victoria Calgary Edmonton Winnipeg Total Sample 2 IPSOS-REID " PAWS AND CLAWS" PET OWNERSHIP STUDY 2001 Fieldwork for the study was conducted between June 1st and June 15th, 2001. All fieldwork, data processing and analysis were completed in-house by Ipsos-Reid Corporation, formerly known as Angus Reid Group. In addition to the attitudinal segmentation of pet owners, the main focus of the analysis is by the type and number of pets owned. The two major areas of the study are Pet Health and Pet Food. This report presents the main findings of the study in summary charts and tables. The complete statistical cross-tabulations of the results have been reported under separate cover. A copy of the questionnaire is appended. In addition to the Paws & Claws survey, a supplementary omnibus research was conducted in April 2001 with 1000 adult Canadians nation-wide to determine the incidence of pet ownership and attitudes toward pet ownership. IPSOS-REID " PAWS AND CLAWS" PET OWNERSHIP STUDY 2001 3 EXECUTIVE SUMMARY Canadians are dedicated pet lovers, spending in excess of $3 billion annually on pet food and veterinary services in urban areas of the country. Pet owners are happy to sacrifice their time and money in exchange for the unconditional love that pets can give. More than one-half of Canadian households (53%) own a cat or a dog, with one third of all households owning cats and one third owning dogs. One in ten households (13%) own both cats and dogs. The results suggest that there are over 7 million cats and over 5 million dogs living in Canadian homes. On a national basis, Canadians, including those who don’t own pets, consider animal companionship to be important and empathise with the situation of animals. Four in ten Canadians believe that pets can be a good substitute for human companionship. Seven in ten strongly agree with the statement “ it’s good for a kid’s development to grow up with pets". Also, seven in ten say that “ animals are defenceless and deserve our protection". Canadians judge that a pet’s behaviour is the responsibility of its owner. Further, onein-two Canadians thinks that pet owners should be limited to the number of pets they may own. The concept of a “ regulated" pet ownership found less support among younger groups (18-34), with four in ten strongly agreeing with this statement. Who Are Pet Owners? The data show that the majority of pet owners are families with children, with the adult respondent to our survey aged between 35 and 54. Many pet owners have demanding jobs and have achieved a high level of education (36% have completed college or university and 9% have a post graduate degree). While pet owners are found among all demographic groups, the incidence of pet ownership increases with household income. Owners’ Relationships with Their Pets For most urban pet owners, dogs and cats are no longer strictly functional animals that protect us from danger or rodents. Eight in ten of the pet owners in Paws & Claws (83%) consider their pet to be a family member; only 15 percent said they love their pet as a pet rather than as a family member. This perception of the pet as family translates into “ parental" behaviour for many pet owners: seven in ten (69%) pet owners allow their pets to sleep on their beds and six in 4 IPSOS-REID “ PAWS AND CLAWS" PET OWNERSHIP

STUDY 2001 ten have their pet’s pictures in their wallets or on display with other family photos. Almost all pet owners (98%) admit to talking to their pets. Pet ownership is an onerous responsibility but, obviously, a rewarding one for many. Seven in ten pet owners strongly agreed that “ the mess and trouble that comes with the pet is a small price to pay for the benefits". An average dog owner in our survey claims to spend over $650 annually on each dog; an average cat owner spends around $380 on each cat. This does not include other expenditures such as cat litter, grooming services and other things. Pet ownership not only requires a financial commitment, but also requires time and effort to keep a pet in good health. The majority of pet owners (79%) take their pet to the vet at least once a year; 64 percent work to control their pet’s weight; 70 percent control their pet’s dental health, with 18 percent brushing their pet’s teeth. Almost 11 percent of pet owners say that they serve home made food to their pets. More than one half of the pet owners surveyed (53%) claim they would go into debt in order to treat a pet suffering from a chronic disease. Living alongside dogs and cats, pet owners develop an ability to understand their pets’ needs and character traits. Six in ten pet owners believe their communication with their pet is quite good despite the limited vocabulary of their pets. Seven in ten pet owners think that pets have the same rights to health and happiness as humans. Further, 45 percent believe that animals have the same emotions we do. While the vast majority shares the view that a pet deserves this attention and expenditure, there is a small minority of pet owners who feel otherwise. Seven per cent of pet owners surveyed strongly agree that “ having a pet is fine, but you are better off spending money on other things".

Another statement, “ only lonely people treat pets as humans to fill a void in their lives", found a strong support of 11 percent of pet owners. Pet Owner Segments Based on the beliefs that pet owners hold about their relationships with their pets, the time and effort invested and actual expenditures on veterinary services and pet food, we have identified four distinct market segments. Pet Humanists The dream market of any pet product manufacturer, Pet Humanists comprise the highest proportion of urban pet owners (31%). These are mostly young 5 IPSOS-REID “ PAWS AND CLAWS" PET OWNERSHIP STUDY 2001 professionals, often single or adult-only households with higher incomes. Apartment/condo living may prevent some from having many pets, but they still tend to own more than one cat or dog. As the name of the segment suggests, they adore their animal companions and believe in equality between humans and animals. They treat their pets as important family members and try to please them while providing the best in pet care. Pet Humanists show a very high reliance on the vet, but unlike the next segment, Conscientious Pet Lovers, are also knowledgeable about pet care. They are more likely than other segments to use a variety of information sources on pet care and to know exactly what procedures or treatments their pets have and should receive. Pet Humanists are more likely to use all kinds of preventative health and security measures, whether it requires paying a veterinarian or spending time with the pet. This segment exhibits the highest incidence of pet insurance ownership and microchipping. The latter may be partly due to the fact that relative to other segments, Pet Humanists are more likely to support animal welfare causes and to acquire their pets through shelters or through the Humane Society. Pet Humanists use premium brand pet food, the latest innovations in veterinary treatments, and spoil their animal companions by giving them treats and gifts. A “ health and happiness for your pet" message, support of animal welfare organizations and endorsements by veterinarians and other pet owners are the most appealing ways to reach this segment. Conscientious Pet Lovers Conscientious Pet Lovers comprise 24 percent of pet owners. A third of this segment are francophones from Quebec who, much like the fourth segment, the Pet Traditionalists, believe that human needs come first. However, these pet owners have a very strong sense of responsibility to the animals they own. Conscientious Pet Lovers have relatively high dual incomes, are well educated and employed in professional or managerial positions. They are more likely than other segments to have one pet, likely a pure-bred, and more likely to keep their pet indoors. This segment visits the veterinarian more often than other segments, and their pets receive more vet-administered procedures. Conscientious Pet Lovers either don’t want to or just can’t dedicate the time to brushing their pet’s teeth, however, their pets are taken to the vet for teeth cleaning. 6 IPSOS-REID “ PAWS AND CLAWS" PET OWNERSHIP STUDY 2001 In fact, Conscientious Pet Lovers are the most vet-reliant segment. They may not recall what brand of heartworm medication or flea control was given to their pet but they know that they’ve administered what their veterinarian recommended. Pleasing their pet’s taste is not as important a criterion for the choice of pet care products as the vet’s recommendation is. Conscientious Pet Lovers don’t cook for their pets but do rely on premium brands, including those obtained only through vet clinics. Effective ways to reach this segment are through less emotional vet endorsements and recommendations and with a healthy pet message. Pet Pleasers Pet Pleasers represent 25 percent of pet owners in urban Canada. While all demographic groups are represented in this segment, there tend to be more women who are raising families and living on modest incomes. These pet owners love their pets and rely on them for affection. Very much like Pet Humanists, the Pet Pleasers believe there is not much difference between humans and animals and do their best for the four-legged creature in the household. These individuals are true pet lovers who end up having more than one pet, mostly by adopting strays or give-away animals. However, there appears to be an upper limit to what Pet Pleasers can, or will, spend on their pets. A one-off expenditure on a pet that is required by a disease or an accident may be more worrisome to these pet owners; they, therefore, seem to focus on health maintenance in order to provide their animal with a long and happy life. Pet Pleasers rely on the vet for advice, but to a lesser degree than Conscientious Pet Lovers or Pet Humanists, possibly because of the costs involved in a more intense relationship with the vet. Pet Pleasers are less likely to use premium brands of food for their pets, though their pet’s taste preference is critical to their brand choice. This segment also invests a lot of time brushing their pet’s teeth, cooking home-made meals and playing with the pet. Like Pet Humanists, the Pet Pleasers are more likely to indulge their pets with small gifts and treats. Pet Pleasers take pride in their pets and love sharing pet stories with friends and family. Hence, word of mouth is an important source of information on pet care for these individuals and endorsements by other pet owners are likely to be powerful persuaders. IPSOS-REID “ PAWS AND CLAWS" PET OWNERSHIP

STUDY 2001 7 This segment is also more reliant on the advice of pet speciality store personnel. “ Your pet (and your purse) will love it! " is the key marketing message for Pet Pleasers. Pet Traditionalists Pet Traditionalists (20% of pet owners) are a somewhat different group of pet owners who love their pets as friendly, dependent animals — nothing more and nothing less. All demographic groups are represented in this segment, but the subgroups of larger families with single income and retirees are a sizeable proportion of the Pet Traditionalists segment. Importantly, almost half of this segment that brings a somewhat more traditional views of pet ownership are residents of Quebec. Pet Traditionalists are more likely than other segments to have a pet for their kids or as a functional animal, with the highest among all segments proportion of purely outdoor cats and dogs, especially large breeds. Cat ownership is higher within this segment, and ownership of pure-breds is lower. This segment has the lowest degree of reliance on the vet. Pet Traditionalists provide all the necessities for their pets, but wouldn’t go out of their way to overindulge the pet. Their criteria for the choice of pet products are price and convenience. Grocery and mass merchandise stores are the channels through which this segment is more likely to buy pet care products. Cat Owners and Dog Owners There are some notable differences between cat owners and dog owners. The first difference is purely demographic. Dog ownership is much more onerous responsibility both in terms of time investment and expenditures. Therefore, more mature families with kids and higher incomes are more likely to own dogs. Cats, in a way, are a more economic solution for those who have less money or less time — single young individuals, professionals and those who live in apartments or condominiums. The other distinction arises from the differences between cats and dogs. By nature dogs are more reliant on their owner, which is likely perceived as a “ more human" approach. Therefore, dog owners are more likely to treat their pets as humans. By the same token, a dog is more likely to complain to the owner if it feels uncomfortable and encourages a higher incidence of visiting the vet. Cats are more likely to be purely indoor pets and therefore could be perceived by owners as being in less danger of catching a disease or being in an accident. Also, cats 8 IPSOS-REID “ PAWS AND CLAWS" PET OWNERSHIP STUDY 2001 are fussy eaters and tend to be given a greater variety of brands, especially of canned food. Cat owners are more discerning about pet food choices than are dog owners and their pet’s liking of a brand is a higher priority to cat owners than it is to dog owners. Pet Health According to the pet owners’ assessment of their pet’s health, 95 percent of pets are in excellent or good health. Pet health maintenance includes veterinary check-ups, vaccinations and other treatments. About seven in ten pet owners take their pet to the vet at least once a year. However, very much like in people, pets’ health deteriorates with age. About onequarter of all pets are considered by their owner to be overweight; if true, this might negatively affect the overall pet’s health, especially in dogs. One in ten pets is reported to suffer from a chronic health condition, with senior pets more prone to diseases. Further, about one in ten pets have had some behavioural problems in the past year, such as separation anxiety or house soiling. Canadian pet owners trust their veterinarians and are extremely loyal customers. Only 15 percent of pet owners switched their main veterinary clinic last year or intend to switch in the coming year, primarily, because of relocation. Overall, pet owners rate the vet services they received from their main vet clinic at 6. 3 on a 7-point scale (where 1 is completely dissatisfied and 7 completely satisfied). Veterinarians’ attitude toward the pets, quality of treatment and vet’s competency received even higher marks than the overall rating. The majority of pets in Canadian cities are spayed or neutered. However, to date, only 13 percent of pets are microchipped though the number of electronically traceable pets is expected to increase next year. Only six percent of pets have a pet insurance plan that covers veterinary expenditures in case of emergency or routine treatment. Pet owners do not seem to consider pet insurance their top priority. The results suggest that another two to three per cent of present pet owners will acquire a pet insurance in the coming year. While pet insurance may not be a viable option for the owners of older animals, those pet owners whose pets are still young and healthy may be unpleasantly surprised at the vet bill if their pet contracted some chronic condition. On average, an owner may expect to pay between $250 and $500 on healthcare for a pet with a chronic condition — over and above what would be required for a healthy pet. IPSOS-REID “ PAWS AND CLAWS" PET OWNERSHIP STUDY 2001 9 Pet Food Dry food is the prevalent type of pet food for dogs and cats accounting for almost 80 percent of the total pet’s nutrition, as reported by the owner. Canned food tends to be used more as an occasional treat for the pet, though cats are more likely to be given canned food regularly. Older and sick pets also get more canned or mixed canned and dry food in their diets. About a third (27%) of pet owners give their pets food from the table scraps, though this comprises only about three percent of the pet’s total nutrition. About one in ten pet owners cook food specifically for their cat or dog. When it comes to the choice of a particular brand of pet food, different factors are at play for different segments of pet owners. The most important criteria for the choice of a brand are the nutritional value, food’s palatability, and health benefits to the pet. Pet owners view the selection of nutrition as important, with seven in ten having discussed nutrition with their veterinarian. Vet recommendation is by far the most important factor affecting most pet owner’s choice of a brand or diet for their pet. The pet food market is very diverse, with the highest share of mind at 14 percent (in terms of “ best brand") for Iams. Brand name in itself is not sufficient to trigger pet owners’ loyalty, with numerous pet owners using different brands of dry and canned food. However, a third of pet owners believe they are currently feeding their pet the best brand of pet food available. Almost all the major manufacturers of commercial pet food offer their customers diets tailored to the specific needs or life stages of pets. The purchase of foods for these diets in Canada is fairly high, with 56 percent of pet owners reporting experience with such products. 10 IPSOS-REID “ PAWS AND CLAWS" PET OWNERSHIP STUDY 2001 CONCLUSIONS AND IMPLICATIONS The pet care market is very dynamic. Its development appears to be driven by the attitudes Canadian pet owners hold about their pets that determine the level of commitment they are prepared to make. The major influencers in the pet care market are veterinarians or other pet health authorities. Their “ buy-in" is crucial for most pet health and food products and gives an instant credibility to a brand or product. However, vets are passive sellers and need to be constantly reminded of their role to advocate the interests of their patients — pets. Even though some pet owners may initially be reluctant to invest in a pet care product, their objections can be overcome by explaining the risks associated with non-use of the product or service. Even with a strong advocate, some pet owners, such as the Pet Traditionalists (20%) will consistently choose on the price. Manufacturers have to support the veterinarian and themselves by providing promotional/educational materials for pet owners not only on their own products, but also on small animal diseases, comparative market offerings for the treatment of certain ailments, etc. Another opportunity for manufacturers to support vets and encourage pet owners to use more products lies with the promotion of pet insurance to pet owners. Targeting the Market Pet Traditionalists - Targeting is justified only if the manufacturer (whether health products or food) or a service provider is positioned on price and convenience. Comparative prices, price incentives, ease of use and wide accessibility are arguments that support this segment in making their purchasing decisions. Price shoppers in each category tend to exhibit similar behaviours. In-store price promotions, value packs, broadcast advertising of comparative value for money offerings, packaging featuring the ease of use of a product should attract the attention of this target audience. Note that Pet Traditionalists are not necessarily price shoppers when it comes to other products. It’s just the importance of their pets in their lives is not very high, therefore, not worth sacrifices. -