

David vs. the Goliaths

Independent pet specialty retailers can compete with pet superstores, grocery stores and mass merchandisers by playing to their own strengths.

When it comes to pet food sales, in order to compete against grocery chains, mass merchandisers, dollar stores and supercenters, pet specialty retailers have to modernize their methods of doing business. Independent and specialty stores have to evolve in order to compete with the superstores, advises Eddy Kay, author of *Thriving in the Shadow of Giants: How to Find Success as an Independent Retailer*.

Retailing experts agree that the first step for any business is to analyze the strengths and weaknesses of their competition. Retailers have to visit not only the large stores, but also the smaller pet stores in their area. While checking out the competition, pay specific attention to the pet food aisle. Consider what brands they carry, their selling prices, the knowledge and helpfulness of the sales staff, the inventory, and the placement of products.

Although smaller pet stores will never be able to compete with superstore prices, pet store owners should not be discouraged. According to Kay, the most common mistake that independent retailers make is that price is the leading concern of the consumer. He proposes having a small retailer match the prices of a few popular items that the store and the mass merchandiser both carry, or on some of the items that the larger store is currently promoting. By doing this, the pet retailer will be able to demonstrate to the pet-owning consumer that their store is price competitive. Although he recommends matching prices on certain items, he cautions never to lower prices on higher-tier or specialty products.

It is important to emphasize that

the key is to compete on your own retailing terms. "A pet retailer has to differentiate her/himself from the big competition by offering a mix of products and services that are clearly distinct from the big competitors," says George Whalin, author of *Retail Success* and president of Retail Management Consultants in San Marcos, Calif. Whalin recommends offering brands of food that are not found in larger stores. For example, New York-based Petland Discounts offers brands such as Iams and Pedigree, which are also found in grocery and superstores, but it also carries pet food brands like Nutro, Science Diet and Triumph, which are not shelved in those outlets.

Besides offering different and more specialized products than the larger stores, Petland now offers delivery service in its Manhattan stores. "This new service was derived to target busy professionals who seek convenience and don't have cars to haul products home," says Amy Kimmel, director of Petland Discount Public Relations. "We also offer Web service. Consumers can now shop online and have pet food or any products we carry delivered to their homes in certain locations."

CATERING TO CLIENTELE

Understanding a store's clientele is just as important as analyzing the competition. Use the store's customer-base

as a focus group. Ask questions about their pet needs and how they feel about the store and its service. Stay abreast of new trends and how they can help the store's clientele. By listening and implementing new market trends, a store can also create a pet food niche that a superstore can't tap into.

Consider specialty product lines that are not available in the local area.



Select a niche that matches customer needs. One idea for a store selling to health-conscious consumers is organic pet food. Sales of organic pet food are highest in the San Francisco Bay-area, with Southern California a close second. According to the Organic Trade Association, in 2003, sales of organic pet food represented \$14 million dollars, a 63-percent increase from the previous year. Although that number represented only .09 percent of consumer pet food sales, it is significant to note that a bag of organic pet food often retails for twice the price of conventional pet food. The math here is easy to figure out—there's money in organic pet food.

Whalin further explains that

although product displays and placement matter, it is necessary to understand that all products in the store are intertwined and that the overall condition of the store is an essential factor to keep in mind. He reminds store-owners that consumers are looking for a pleasant experience when they shop, so aesthetics are very important.

LEARN & TEACH

To learn about pet food, consider subscribing to the Pet Food Industry magazine (www.petfoodindustry.com), or contact the Pet Food Institute (www.petfoodinstitute.com), an education and media resource for the pet food industry.

“Even if you use a distributor, enlist the help of your regional pet food brand representatives for more information. Their services are free of charge,” says John Cariglio, senior district sales manager for Nutro Products, Inc. Cariglio conducts informational seminars for his company’s clients, teaches store staff about the brand ingredients, and trains them how to sell his food to consumers. When training store owners he stresses the need to pass on the value and savings to the customers.

Training employees should be a regular occurrence. Many superstores have established sales training programs, but in numerous cases their employees lack product knowledge. If a small pet store can train their workers to understand the products and know how to interact positively with customers on the floor and on the telephone, they will have a distinct advantage over the larger, impersonal superstores. Kay notes that salespeople must understand that their top priority is helping clients, whether pet owners come to the store because they have new puppies, a dog with itchy skin, or an older arthritic canine. Without a doubt, helping clients helps overall sales.

“A business that focuses on the customer is highly desirable,” remarks Rhonda Abrams, author and president of the Planning Shop, Inc. ([\[ningshop.com\]\(http://ningshop.com\)\). Customers will want to shop where they perceive value. “Value includes knowledge, efficient service, and even goes the extra step so that store staff learns the name of a client’s pet and offers him/her a treat when the customer visits the store.”](http://www.plan-</p></div><div data-bbox=)

Experts agree that it is imperative to communicate the store’s value to the public over and over again. Schallert suggests: (1) creating an Internet site to promote products such as pet food along with the store’s core message; and (2) creating a database that can be used to circulate an online newsletter. Abrams insists on repeating the independent pet specialty store’s unique selling proposition by advertising in direct mailing, regional newspapers and inexpensive marketing promotions. As a gourmand and dog owner, she proposes that pet stores team up with gourmet stores and invite their customers to a pet food tasting.

Whatever methods a retailer prefers, action is essential. Giving consumers the value-added benefits of loyalty, community and wellbeing is a winning combination that will help independent retailers to beat the pet food Goliaths. **PB**

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