

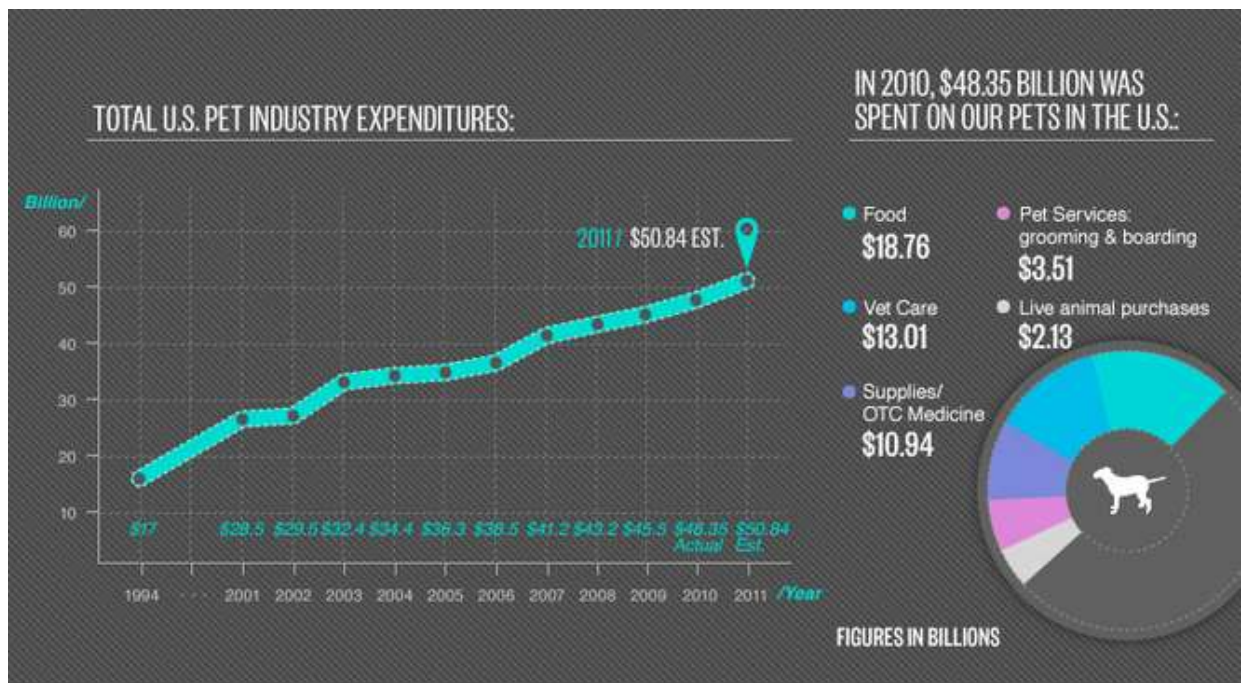


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Spending goes to the dogs

New marketers chase Americans' growing fervor for pet paraphernalia

BY JEREMY CAPLAN SATURDAY, NOVEMBER 26, 2011



Don't skimp on Spot. That's the message from pet marketers with billions on the line between now and New Year's.

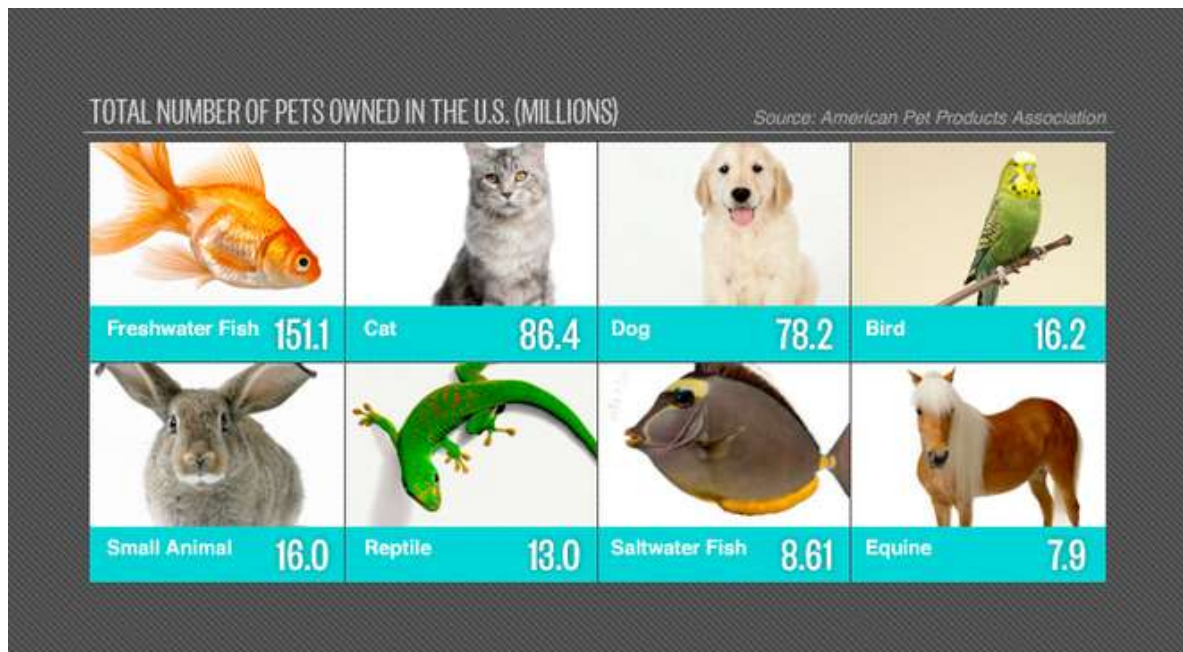
Pet lovers began the holiday binge-shopping season on Sunday in Manhattan's Javits Center at the third annual Meet the Breeds event, the world's largest showcase for cats and dogs. The forum provided 160,000 square feet of space for dogs to chase Frisbees,

cats to jump through hoops and marketers to pry plenty of cash from free-spending pet lovers.

The luxury pet market is angling for its cut of Black Friday booty. This year, Americans will spend almost \$51 billion on their pets, of which only 40 percent will be for food. Pet supplies, veterinary care and medicines will make up half of the total spending. “People are increasingly treating their pets as if they’re part of the family,” said David Vigil, president of Snaptracs, a subsidiary of Qualcomm that recently launched Tagg, a new GPS-enabled pet-tracking collar. Electronic trackers, along with digital aquariums and touch-activated toys, are the latest in a long line of pet paraphernalia employing batteries, screens and computer chips to burrow deeper into owners’ wallets.

The market for pet tracking has grown as doors everywhere have opened up to furry guests. Pet-friendly restaurants, hotels and airlines have made trekking with animals common. For pet parents who fret about losing their puppies, Tagg provides reassurance in the form of a text-messaging alert when a dog ventures off its usual path. The digital collar costs \$100, plus \$8 a month for the tracking service. Given that millions of pets are lost in the United States each year, it’s not surprising that fretful owners are looking to technology for digital comfort.

There’s at least one dog in 39 percent of American households, so the pet industry sees plenty of potential worrywarts to fill up its coffers. Beyond the pet market, startups are looking to profit from tracking lots of other things with chips, from oft-lost suitcases to cars driven by teens. Humans seem to love tracking themselves as well, as reflected by the boom in personal data devices, like the Zeo, UP and FitBit devices, which people wear to track their physical activity levels.



The pet market is not without risk. The corpses of ill-conceived ventures litter the terrain. In case anyone has forgotten the lessons learned from Pets.com's flameout, Wag.com has emerged to remind us of that Web 1.0 debacle. Wag.com now stocks 12,000 pet products but focuses on profitable stuff like \$33 paw-protecting mini-boots. What consumers may not realize is that Wag.com is part of Quidsi, which Amazon bought a year ago for \$500 million in cash and the assumption of \$45 million in debt.

When they're not wiring up their pets with digital chips, pet owners are increasingly medicating their furry friends. That has led to growing pharma markets for companies like Putney, which has carved a niche for generic pet medications. The company, founded in 2006, recently took on \$21 million in venture funding, a cash infusion that may help reduce costs for pet owners. Most now pay the full brand price for pet medications, given that 94 percent of the medications for pets approved by the Food and Drug Administration's Center for Veterinary Medicine have no generic alternative. The vast majority of pet owners pay out-of-pocket, not through an insurance plan. With its new cash in hand, Putney is developing more than 20 generic pharmaceuticals for cats and dogs that it expects to release in coming years.

Beyond the pet pharmaceutical industry, marketers have dreamed up a slew of new products to try to grab the remaining sliver of what owners will spend this season. CritterCord cord protectors use a gnaw-proof covering to keep pets from chewing up your iPhone charging cable, while the American Kennel Club (AKC) Cologne for Dogs uses natural extracts apparently intended to make your puppy smell more like a plant than an animal.

"Does your pet suffer from anxiety?" trumpeted one flier at the Javits Center pet extravaganza, co-sponsored by the AKC and the International Cat Association. The flyer, for musicmypet.com, was hawking a \$14 CD of calming melodies "orchestrated to calm your pet" and endorsed by someone known as the Russian Dog Wizard.

Next up for the pet industry? Products that let animals take care of themselves — like programmable feeding systems and self-cleaning litter boxes, are attracting new attention, according to the American Pet Products Association. The data shows that even in a down economy, people spend prodigiously on their pets, says Vigil of Snaptracs: "For pet owners, it's all about peace of mind."

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