



The Millennialization of the Pet Industry - Retail's Opportunity to Reach the Pet-Obsessed

There is a financial power shift. And those in power have two things in common – they are millennials and they adore their pets. This year, their projected income is estimated to reach \$3.39 trillion.ⁱ

Last year, millennials, which make up a quarter of the U.S. population, contributed \$514 billion to the housing market and were the largest group of U.S. homebuyers. But it's not marriage or kids driving these home purchases – it's dogs. A third of millennials who purchased their first home cited they were influenced by needing more space for their dog. For those who haven't purchased a home, 42 percent admit their dog, or the desire to have one, would be a key factor in buying a home.ⁱⁱ

More than 84.6 million Americans own pets, and millennials are now the primary pet owning demographic, with 35 percent of pets owned by millennials.ⁱⁱⁱ Three-fourths of Americans in their 30s own a dog and over half own a cat, compared to 50 percent of the overall population with dogs, and 35 percent with cats.^{iv}

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But for millennials, a dog or cat isn't just a pet – it's a starter child. Eighty-two percent of millennials are far more likely to feel that getting a pet is part of preparing to have a family.^v

A recent survey from e-commerce retailer zulily, revealed that millennial pet owners would find it more stressful to be separated for a week from their pet (65%) than their cell phone. Employed Millennial pet owners are so attached to their pets that 71 percent would take a pay cut if it meant they could bring their pet(s) to work every day. And, more than 1 in 5 (21%) would sacrifice a whopping 20 percent or more of their pay to make every day "bring your pet to work day."

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For retailers, this is a significant opportunity to reach this millennial pet-obsessed generation, as it is an estimated \$69.36B industry.^{vi} Looking at shoppers as a whole, 42 percent of their spend was on pet food in 2016 and a whopping \$14.71 billion was spent on items such as beds, collars, leashes, toys, travel items, clothing, food and water bowls, and other accessories up 3 percent from 2015.^{vii}

Treats for Pets Year-Round

Young consumers think differently about what is essential when purchasing products. Millennials will buy discretionary products under the guise that they are non-discretionary.^{viii} It's no surprise that 92 percent of millennial pet owners purchase gifts for their pets, such as toys, clothing and treats, according to a recent survey from zulily. While birthdays, Christmas and Hanukkah are popular occasions to buy gifts for a pet, more than half (51%) buy their pets a gift at least once a month.^{ix} Men, however, are the more generous gifters, with 55 percent purchasing gifts for their pets once a month or more, compared to 47 percent of women. On average, millennials who buy their pets gifts on a monthly basis do so four times a month.



When it comes to treating their pet, millennials are twice as likely than boomers to purchase clothing for their pets, with 60 percent opting to purchase sweaters, dresses and more for their cat or dog.^x Pet apparel has been one of the biggest category increases for e-commerce retailer zulily. Over the past year, dresses, t-shirts and sweaters have each grown substantially with over 200 percent growth, while pet hoodie sales dramatically increased by 622 percent.



Pet Owner Pride on the Rise

While shopping for their pets, millennials are likely to add to cart something for themselves. Eighty-three percent of millennial pet owners have purchased dog- or cat-themed merchandise to advertise their proud pet parenthood. The most popular pet-themed products are calendars (43%), clothing, such as t-shirts or hoodies (42%), cups or travel mugs (37%), door signs or welcome mats (33%), and wall art such as paintings or posters (32%). Older millennials (26-36) are more likely than younger millennials (18-25) to showcase their pet parent status (85% to 78%). When it comes to showing pet pride, men are more likely to buy merchandise, with 86 percent purchasing pet-related merchandise compared to 79 percent of women. Some millennials are taking it one step further and going beyond the t-shirts with cute sayings and are wearing their pets.

“Pet-pouch hoodies – a sweatshirt with a pouch to carry your furry friends are constantly selling out on our site, and we anticipate millennials to be equally excited about FurryFido, a sling specifically made for you to easily carry your four-legged friends.” - Kerry Gibson-Morris, zulily Vice President of Merchandising

“This year, we expect wearable pet apparel and accessories will continue to grow in popularity,” said Kerry Gibson-Morris, Vice President of Merchandising at zulily. “Pet-pouch hoodies – a sweatshirt with a pouch to carry your furry friends are constantly selling out on our site, and we anticipate millennials to be equally excited about FurryFido, a sling specifically made for you to easily carry your four-legged friends.”

Turning to the Internet

Gone are the days of looking to a big national pet chain for all the pet must-haves. Millennials do not feel like a trip to the pet store provides enough additional education. Instead, pet owners feel like experts when it comes to choosing items for their dog or cat, as they find pet store employees' expertise lacking. Nearly 2 in 3 (63%) millennial pet owners believe they know more about cats and/or dogs than pet store employees do.

Online retailers continue to find their niche in the pet products market, and 77 percent of millennial pet owners prefer to buy certain items online rather than a brick and mortar retailer and top purchases include toys (40%), accessories (32%), and pet food (31%). When it comes to treats (23%), bedding (24%), and clothing (24%), millennials prefer to shop for these least online and instead, shop in-person.

And for millennial pet owners, there are some items they prefer to shop for in-person at smaller, locally-owned pet shops (86%). Treats (59%) top the list, followed by toys (58%), pet food (55%), accessories (e.g., collars) (39%) and grooming items (e.g., brushes) (34%).

And with smaller retailers often comes boutique brands. “Younger shoppers are quite discerning when it comes to the products they consider good enough for their pets,” said Nathan Richter, Senior Partner at Wakefield Research. “Whether it’s food or clothing and accessories, their preferences differ depending on whether they are shopping at large vs. small retailers, or online vs. in-person. This is not the generation that is looking for one-stop-shop convenience, so retailers need to be sure they have an optimal mix of high quality and specialty products.”



“We are constantly looking for boutique brands with unique products that our customers may not have been exposed to yet like urban chicken coops or dog umbrellas. We love making our customers feel special for being the first of their friends and family to discover them,” said Gibson-Morris. “From the success of selling new items like a yoga mat for your cat and accessories to get the perfect pet selfie, we know our devoted pet customers are looking for products that incorporate their pets into their lives in an even bigger way than ever before.”

Growing the Pet Category with Unique Finds: zulily Case Study

With the pet industry a \$69.36B business, e-commerce retailer zulily wanted to find a way to continue to increase their market share. While practical items like gates and pee pads were top sellers, in 2017 they wanted to keep their customers excited and ensure repeat visits to the site on a regular basis for shoppers can purchase all their pet needs.

To do so, they went back to their mantra – something special every day. The merchandising team looked to add fun, quirky items to their pet mix to keep customers buzzing about their new find, from larger brands like the American Kennel Club, to smaller, boutique brands like Chilly Dog, Whisker Box and Zoopar.

From potty training doorbells to pet hoodies, zulily increased the number of pet vendors available on zulily by 13 percent and sold over 5,000 pet styles. These SKUs went beyond products for cats and dogs – the retailer has found a chicken swing to be one of their top-selling products.

Focusing on a mix of practical and quirky items truly was something special every day for those zulily customers who were pet owners – the pet category had an increase in sales by 33 percent in 2017.



“We know this audience is actively looking to surprise their pets, and in 2018 we’re adding pet themed sales events around holidays like Valentine’s Day, St. Patrick’s Day and Easter as well as occasions like weddings, birthday parties and obedience class graduation,” said Gibson-Morris. “This generation can’t wait to put their pet in something adorable to celebrate and share on their social channels and we love seeing their zulily finds.”

Methodology

The zulily Pets Survey was conducted by Wakefield Research (www.wakefieldresearch.com) among 500 nationally representative U.S. Millennial pet owners, between January 22 and January 25, 2018, using an email invitation and an online survey. For the interviews conducted in this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 4.4 percentage points from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample.

ⁱ <http://www.oracle.com/us/industries/financial-services/gen-y-survey-report-165297.pdf>

ⁱⁱ <https://www.prnewswire.com/news-releases/suntrust-survey-mortgages-are-going-to-the-dogs-300493476.html>

ⁱⁱⁱ <https://www.avma.org/News/JAVMANews/Pages/170515g.aspx>

^{iv} <http://www.adweek.com/brand-marketing/44-of-millennials-see-their-pets-as-starter-children-and-thats-a-big-opportunity-for-brands/>

^v <http://www.pijac.org/sites/default/files/pdfs/2014T2TpptRichter.pdf>

^{vi} <https://www.petfoodindustry.com/articles/6370-pet-industry-spending-topped-us66-billion-in-2016>

^{vii} <https://www.petfoodindustry.com/articles/6370-pet-industry-spending-topped-us66-billion-in-2016>

^{viii} <http://www.pijac.org/sites/default/files/pdfs/2014T2TpptRichter.pdf>

^{ix} <https://www.prnewswire.com/news-releases/survey-says-pets-parents-love-to-celebrate-their-furry-babies-300437978.html>

^x <http://www.pijac.org/sites/default/files/pdfs/2014T2TpptRichter.pdf>

