

OLD CATEGORY, NEW TRICKS: PET LICENSING STAYS STRONG

by Paul Narula

They're hairy, sloppy, eat a lot, poop in unfortunate places, and require an enormous amount of effort, investment, and care. But year after year, consumers spend billions of dollars around the world to care for them and bring them into their homes. We are talking, of course, about pets.

Whether a dog, a cat, or any other domesticated animal, pets have been a part of the American lifestyle for centuries. Today, the pet industry is one of the biggest there is. Naturally, the success of the category has attracted a number of licensors. Ranging from non-profit organizations to entertainment brands, licenses abound in the world of pet products and are a major part of the Global Pet Expo, the largest pet-oriented trade show in the U.S. Despite the economic turbulence in the country, licensing in the pet category has continued to prosper.

Who's Buying?

Many licensing categories have taken a hit or two in the wake of the recession, but the pet category has proven surprisingly resilient. Consumers have proven remarkably willing to continue spending money on their pets. Most licensees attribute this to the fact that many pets are considered members of the family rather than just animals attached to the household. Pet owners are not going to stop buying products for their pets any more than parents would stop buying products for their children. "Just like with children, nobody wants to do anything but the best possible thing for their pets," says Phoebe Campbell, principal and founder of Campbell Associates, which represents the non-profit organization the ASPCA for licensing. In

fact, a few licensing programs, including the ASPCA's own program, rolled out during the recession and have continued to do well.

Most licensees agree that the majority of their consumers are women from the ages of 20–50. Women in this category are more likely to treat their pets as family members. In addition, women do the bulk of shopping for the family and are the ones most exposed to pet brands such as Pedigree and Purina, and thus are more likely to trust the brands when shopping outside the category. For other brands, such as Pet Head (a brand made by Skaffles, based on the Bedhead/TIGI line of cosmetics), the reasoning is simpler—women are the ones who have used the core product and are more likely to want cosmetics for their pets. "Even with the market crash, we haven't seen any slowdown at all since our initial launch," says Steven Shweky, partner at Skaffles.

What's Selling?

Some of the most successful licenses in recent times have been those that pet owners associate with authenticity and authority. 4Kids Entertainment represents the American Kennel Club (AKC) and the Cat Fanciers' Association (CFA), both organizations with a long-standing reputation for authority and for knowing the best way to care for pets. As a result, many of the licensing programs for these brands are linked with taking care of a pet's health, such as the new Petlabs line of multivitamins for adult dogs. "Consumers will still pay a premium for certain things," says Alyssa Tucker, senior vice-president of sales at 4Kids Entertainment. "They know that the organization wouldn't put



The ASPCA signed Bergan Pet Products for a full line of branded products.

its name on an inferior product."

The ASPCA has a similar type of authority in the pet category. The organization's mission is well thought of by consumers, especially pet owners. Buying an ASPCA product is a way of donating when the economy makes every penny spent an investment. Much of the ASPCA line has also rolled out at Walmart and the organization has avoided investing in big-ticket items to create a line of affordable pet care items. "Buying an ASPCA item is like a double punch," says Campbell Associates' Campbell. "You know you're taking the best care of your pet and that you're helping care for the needs of other animals out there."

Brands like the ASPCA, AKC, and CFA benefit from the extra visibility that branding gives them. All of these organizations are non-profits, which means that the extra revenue generated by licensing is nothing to sneeze at. But more importantly, licensing gives these

organizations a way to get their message out without having to dip into funds for the organization's primary purpose.

Beyond the strong showing of non-profit brands in this sector, a number of brands that have their roots in pet necessities have been making headway in the marketplace. Most recently, pet food brands Purina and Pedigree have ventured into the licensing arena. "Mars is the largest producer of pet food in the world and we saw an untapped opportunity," says John Capizzi, general manager of licensing, Mars Retail Group. The Mars Retail Group has entered into an agreement with Olivine Marketing International as the major licensee for all of its pet brands, which includes Pedigree, Whiskas, and more. Meanwhile, Purina, a part of the Nestlé Purina PetCare group of brands, has signed on with Bow-Wow Pet, oneCare, and Ethical Products. Both of these companies have already established a trust with consumers with their core products, so expanding to new categories seems natural. "Not only does the pet category add another touch point within the household, but the consumer interacts with the product in a family setting, deepening the emotional connection to the brand," says Deanna Caceres Cahn, vice-president of brand management at The Beanstalk Group, which manages the Purina brand.

Part of a Lifestyle

However, that's not to say that other types of brands are completely out of the loop. NASCAR and Jeep both continue to have strong pet programs, thanks to their established positions as



2009 Global Pet Expo

lifestyle brands. A brand that applies to a pet owner's lifestyle will apply to their pet as well. "Every major category has NASCAR fans," says Tom Sullivan, manager of business relations at NASCAR. "We have a huge margin of overlap with pet ownership." While these lifestyle brands lack the authority of pet-oriented brands in the category, they have a different connection with the consumer. NASCAR capitalizes on the overlap by focusing its line on some of its most famous drivers and personalities. Jeep (managed by The Joester Loria Group) has capitalized on its reputation for toughness and dependability to give consumers licensed products that are focused on the same qualities.

Other brands, like Paws, Inc.'s Garfield, have found new avenues for the brand and characters. While Garfield already has a strong licensing program across multiple fronts, this year the brand has been expanded to work with companies such as Smart Practice, which will market Garfield-branded reminder cards to veterinarians. "We are always looking for new relationships," says Cliff Hackney, director of sales at Paws, Inc.

The Big Show

This year's Global Pet Expo, which will take place next month on March 25–27 in Orlando, Fla., promises to be a major event. While trade show attendance has been down across many industries, the Global Pet Expo has remained resilient. "We've actually outperformed a number of other industries," says Andrew Darmohraj, vice-president and deputy managing director at the American Pet Products Association (APPA). "We were only down by three percent in square feet from 2008 to 2009 and we're seeing very strong numbers coming up for 2010."

Based on the state of the category and the way the show has been shaping up, Darmohraj is looking forward both to this year's show and the further development of the category. "Pets are members of the family," he says. "I haven't stopped spending money on my dog and I'm not planning on treating him any differently." Darmohraj also mentioned that the industry is beginning to see more consolidations, with larger companies once again seeking to buy smaller companies to increase their market share. A number of licensors echoed that plan, as well as their own wishes to stay focused on a smaller number of licensees while fostering more complete programs.

With the continued growth of the category and new licensors and licensees entering the category every year, the pet category has proven that consumers will continue to spend money even during tumultuous economic times. The category is ready for its next trick—which most assuredly will not be "play dead."

PET PRODUCTS

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It doesn't matter if you're a dog person, a cat person, or a frog person—pets need their owners to provide for them and give them what they need to survive and be happy. Every year, pet owners continue to spend more money on their pets, even during times of economic difficulty. Licensing has been a part of the pet product industry for some time now and as the category continues to grow, so do the licensing opportunities. Here are a few examples of some of the latest licensing deals that attendees may see at the upcoming Global Pet Expo.



AMERICAN KENNEL CLUB

Teaming up with pet-care product manufacturer Petlabs, the American Kennel Club (AKC) has signed a deal to produce a wide variety of vitamins and supplements for adult dogs. The product line will include both multi-vitamins for older dogs as well as specific treatments and nutritional supplements for problems that older dogs (especially registered breeds) can develop, such as hip and joint problems, arthritis, and more.

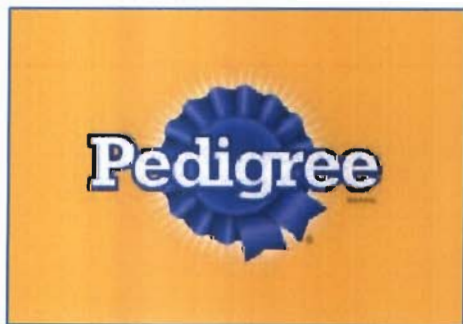
JEEP

Vo-Toys has signed on to develop a large line of Jeep-branded products. The Weekender Coat (shown here) is a new nylon coat that keeps water off a dog's back in the outdoors. Vo-Toys will also be producing vinyl toys, doggie backpacks, doggie carriers, pet harnesses, seat covers, and more.



MARS RETAIL GROUP

The Mars Retail Group has signed Olivine International as the licensee for all of the Mars pet brands, including Pedigree, Whiskas, and Caesar. Olivine will be producing a wide variety of products that, as of press time, are still in the final stages of development. The products will be unveiled at the Global Pet Expo in March.



BED HEAD/TIGI

Skaffles will continue to expand its line of canine cosmetics for the Bed Head/TIGI pet brand Pet Head. The new Color Me Bad line of temporary hair color comes in four colors and is safe and non-toxic for all dogs.



PURINA

Purina has entered the licensing world with a number of new licensed products for 2010. Bow Wow Pets will be producing a full line of pet beds for pets of all sizes. The beds will be designed to be stylish and in line with modern fashions and trends. Additional licensees include oneCare for waste management products and grooming tools, as well as Ethical Products for plush and molded toys.



ASPCA

Through Campbell Licensing, the ASPCA's licensing agent, the non-profit organization has signed a deal with Ginsey to produce a line of products to help "pet parents" take care of and groom their pets. Products include a kneeling mat (below) for bath times, as well as wash mitts (above).



NASCAR

Hunter is the primary licensee for the NASCAR brand in the pet products category. NASCAR has licensed Hunter to produce a wide variety of products for the brand, featuring iconic brand imagery of cars and drivers, as well as the NASCAR logo. Hunter produces pet apparel, pet care, feeding, and additional pet accessories and necessities.



PAWS, INC.

Paws, Inc., has signed a number of new deals for the Garfield brand, featuring the characters from the *Garfield* comic strip by Jim Davis. Garfield and Odie will be a part of the marketing campaign for Fizzion, a cleaning product from Kegel. Fizzion, based on Kegel's product of the same name used in other cleaning tasks, is designed to neutralize odors and germs left when a pet has an accident, as well as removing the stain left behind.

