

The Pet Industry: Another View of Economic Well-Being

We may soon have to broaden our definition of consumer to include our furry friends.

The pet industry has become more prevalent over the last five years and might even be considered a “watch industry” for the nation’s economic well-being in terms of disposable income (since having a pet is not a necessity, nor are the kinds of pet care services that are spreading across the country). In 1988, 56 percent of households owned a pet as compared to 63 percent today, according to the

American Pet Products Manufacturers Association.¹

In 2002, the nation had 360,000 paid employees working in industries devoted to pet care and maintenance and generated \$38 billion in sales (see **Table 1**). The average establishment with paid employees engaged in pet services was a small business employing nine people in both the United States and Indiana. Veterinary services had the lion’s share of employment for the nation and the state in this industry (66 percent) and pet

and pet supply stores followed with a fifth of the employment. In the nation, there were 101,000 establishments in the pet industry with 46 percent of those businesses operating pet care businesses.

The pet care industry code includes pet boarding, sitting, grooming and training services. **Table 2** looks at the different product lines contained in the pet care industry for employers with paid employees and is highlighted in **Tables 1** and **3**. It is apparent that pet grooming and boarding

TABLE 1: U.S. PET INDUSTRY, 2002

Industry	Employees	Percent of Total	Establishments	Percent of Total	Sales (Thousands)	Payroll (Thousands)	Revenue per Establishment (Thousands)	Employees per Establishment
Grand Total	n/a	n/a	101,381	n/a	38,175,062	n/a	377	n/a
Firms with No Paid Employees—(Self-Employed)								
Pet Industry	n/a	n/a	59,704	100	1,811,362	100	30	n/a
Vets	n/a	n/a	12,057	20	593,246	33	49	n/a
Pet Stores and Pet Supply Stores	n/a	n/a	7,853	13	400,686	22	51	n/a
Pet Care	n/a	n/a	38,816	65	761,857	42	20	n/a
Animal Food Manufacturing	n/a	n/a	978	2	55,573	3	57	n/a
Firms with Paid Employees								
Pet Industry	360,454	100	41,677	100	36,363,700	7,734,938	873	9
Vets	238,731	66	25,642	62	16,623,278	5,590,538	648	9
Pet Stores and Pet Supply Stores	73,536	20	7,626	18	7,592,596	1,024,916	996	10
Pet Care	33,734	9	8,167	20	1,485,589	484,468	182	4
Dog and Cat Food Manufacturing	14,453	4	242	1	10,662,237	635,016	44,059	60

Source: U.S. Census Bureau

TABLE 2: U.S. PET CARE INDUSTRY PRODUCT LINES

Pet Care Industry	Establishments	Sales/Receipts/Revenue with Line (Thousands)	Receipts/Revenue (Thousands)	Line Sales as Percent of Establishment Sales	Line Sales as a Percent of Total NAICS Sales
Pet and Animal Services	8,147	1,466,165	1,452,076	99	99
Pet Grooming and Boarding Services	7,067	1,282,792	1,138,065	88.7	77.6
Pet Training Services	1,224	363,345	112,158	30.9	7.7
Other Pet Care/Animal Services	1,172	256,418	136,641	53.3	9.3
Sale of Pet/Animal Supplies	2,559	625,862	65,212	10.4	4.4

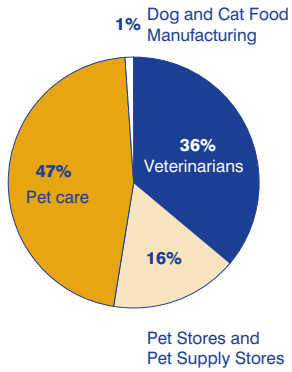
Note: Businesses with multiple product lines will get counted in each category, resulting in a percent greater than 99.
Source: U.S. Census Bureau

TABLE 3: INDIANA PET INDUSTRY, 2002

Industry	Employees	Percent of Total	Establishments	Percent of Total	Sales (Thousands)	Payroll (Thousands)	Revenue per Establishment (Thousands)	Employees per Establishment
Grand Total	n/a	n/a	2,162	n/a	1,009,070	n/a	467	n/a
Businesses with No Paid Employees—(Self-Employed)								
Pet Industry	n/a	n/a	1,247	100	38,077	100	31	n/a
Vets	n/a	n/a	204	16	16,478	43	81	n/a
Pet Stores and Pet Supply Stores	n/a	n/a	191	15	6,413	17	34	n/a
Pet Care	n/a	n/a	835	67	14,125	37	17	n/a
Animal Food Manufacturing	n/a	n/a	17	1	1,061	3	62	n/a
Firms with Paid Employees								
Pet Industry	8,391	100	915	100	970,993	166,652	1,061	9
Vets	5,555	66	579	63	364,363	117,253	629	10
Pet Stores and Pet Supply Stores	1,652	20	160	17	154,085	20,907	963	10
Pet Care	672	8	169	18	29,415	8,939	174	4
Dog and Cat Food Manufacturing	512	6	7	1	423,130	19,553	60,447	73

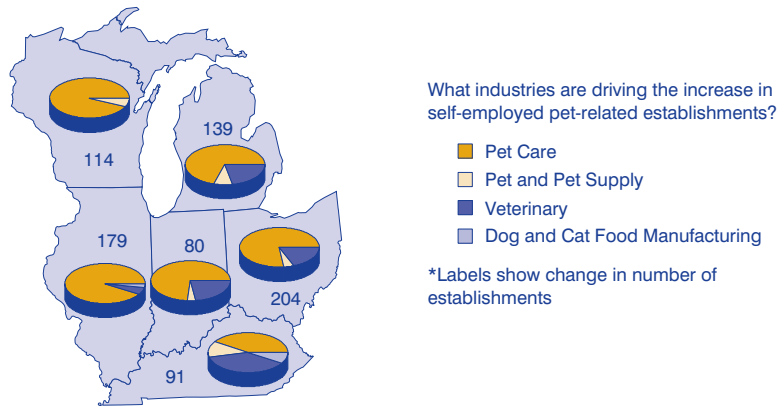
Source: U.S. Census Bureau

FIGURE 1: INDIANA PET BUSINESSES, 2002



Source: IBRC, using U.S. Census Bureau data

FIGURE 2: GROWTH IN SELF-EMPLOYED BUSINESSES IN THE PET INDUSTRY, 2002 TO 2003



Source: IBRC, using U.S. Census Bureau data

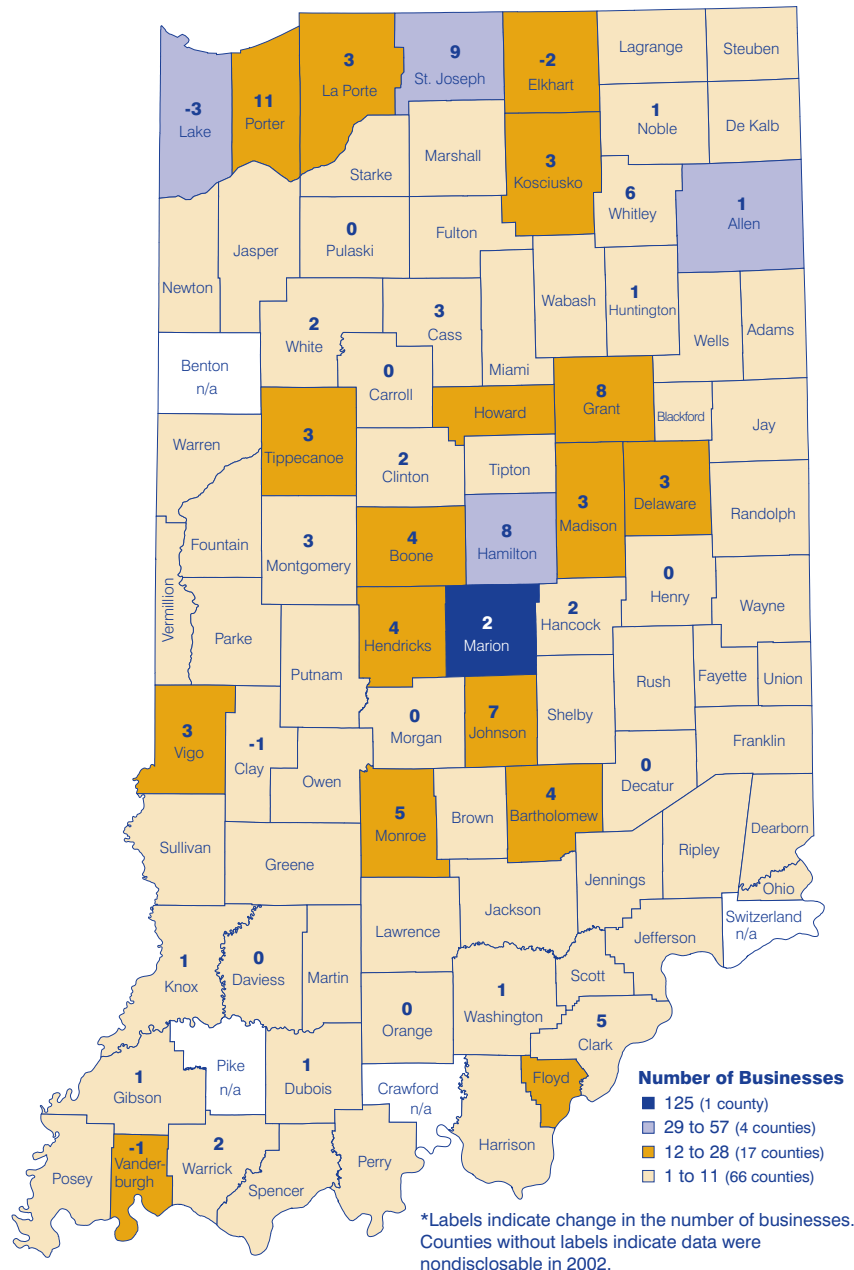
services is the biggest moneymaker for businesses in the pet care industry. Pet grooming and boarding services boasts 77 percent of the sales for this NAICS code and of those businesses claiming to have pet grooming and boarding services, 89 percent of total sales is derived from pet grooming and boarding. Also, some pet and pet supply stores offer boarding and grooming services and this constitutes 3.9 percent of their sales.

The 50 largest firms only comprised 1.2 percent of all the businesses in the pet care industry, indicating a lot of small players in the market. However, revenue is more concentrated with 15 percent of sales coming from the 50 largest firms.

There are 1,748 grocery and related-product merchant wholesalers that have pet food as a product line and generate \$13.5 billion from pet food sales. Of those wholesalers with pet food as a product line, 15 percent of their total sales come from pet food.

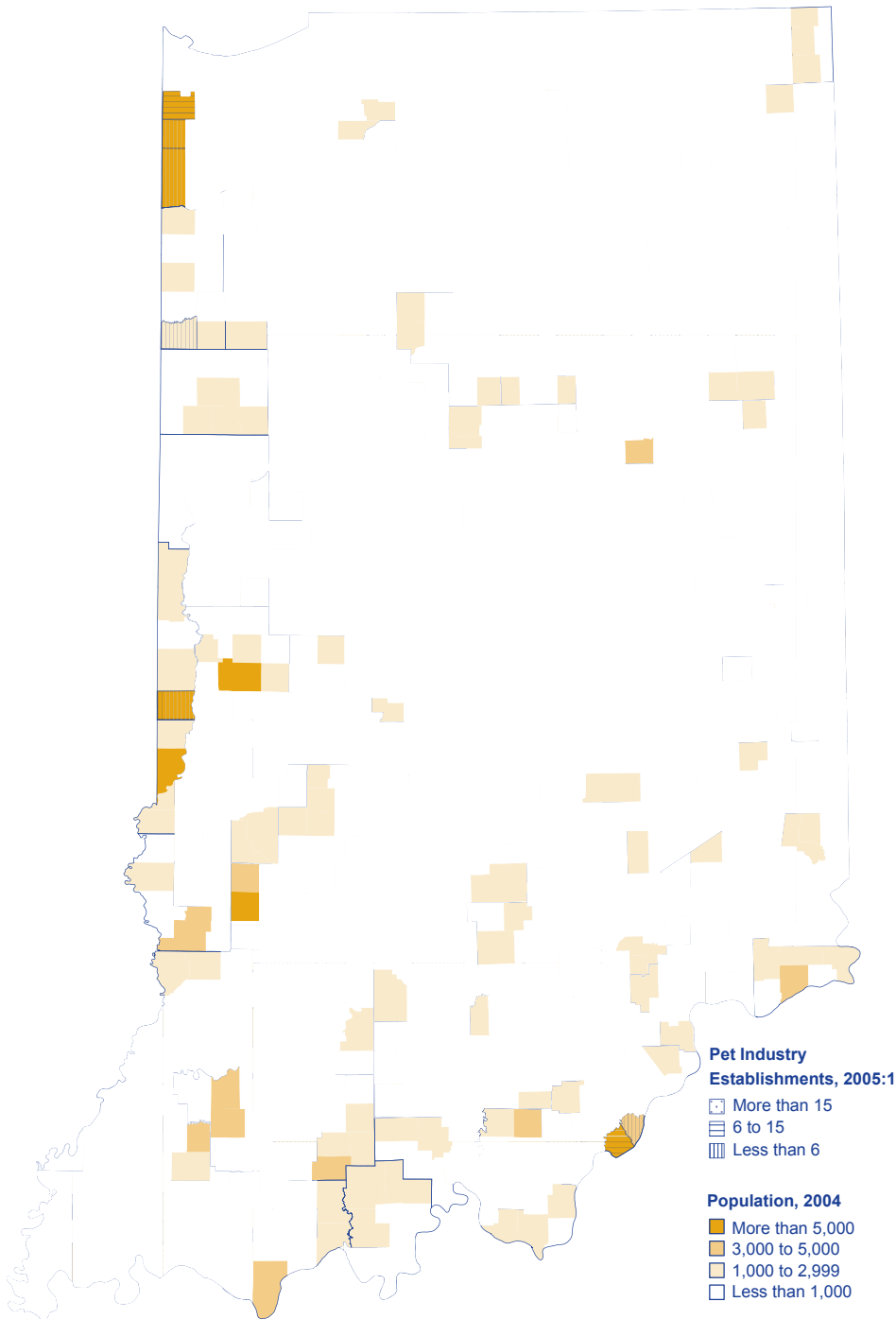
Indiana had approximately 8,400 paid employees working in pet-related industries that generated \$1 billion in sales for the year. Dog and cat food manufacturers employed the greatest number of employees and generated the most revenue per establishment (see **Table 3**). Like the nation, Indiana's greatest number of businesses is in pet care and are individuals operating

FIGURE 3: CHANGE IN NUMBER OF BUSINESSES, 2002:1 TO 2005:1



Source: IBRC, using Bureau of Labor Statistics data

FIGURE 4: POPULATION AND PET INDUSTRY ESTABLISHMENTS



Source: IBRC, using U.S. Census Bureau and Bureau of Labor Statistics data

their own pet-sitting, boarding and grooming services (see **Figure 1**). The pet industry has grown significantly over the past five years as evidenced by the unavailability of veterinary services and pet care data in the 1997 economic census.

From 2002 to 2004, the nation has gained 1,667 pet industry private businesses (excluding self-employed individuals), 790 of which are pet care businesses. This is a 4.0 percent increase for the pet industry and a 9.7 percent increase for the pet care

industry. Indiana, on the other hand, is growing slower with 16 new private businesses overall (1.8 percent change), 11 of which are pet care businesses (7.1 percent change). Indiana’s average annual pay for workers in this industry (\$20,520) is also \$4,208 less than the nation and the pay gap has widened by \$1,692 since 2002. **Figure 2** shows which industries are leading the growth in the pet industry for the self-employed with their own operation. The majority of new pet businesses are in the pet care industry in the Midwest. There were 80 new establishments in Indiana, 60 of which were in pet care.

In the first quarter of 2005, there were 939 pet industry establishments in Indiana, excluding those who were self-employed. **Figure 3** shows the state’s distribution of establishments covered by unemployment insurance in the pet industry. The greatest number of businesses are found in Marion County, followed by Hamilton, Lake and Allen counties. Porter County had the greatest net increase in the number of new pet establishments (11).

Figure 4 shows all of the pet establishments in the state and the population estimates for townships. Assuming that a greater township population would mean a greater pet population, this map may be useful for a new business in the pet industry trying to locate within the state.

Notes

1. American Pet Products Manufacturer’s Association (APPMA): 2005/2006 National Pet Owners Survey.

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