

Pampering pooches: Pet businesses prove to be recession-proof

BY WILL BUSS
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What recession?

Not once has Megan Brandt felt the tightening economy's pinch in the six years she has washed, brushed and clipped canines. You might say her at-home grooming business, A Cut Above Pet Salon Inc. in Maryville, has never gone to the dogs.

"I have not suffered at all," Brandt said. "I've never been slow, regardless of the time of the year or the economy. I've never been without work."

At Dog Day Afternoon, a dog grooming business in Belleville, owner Cathy Dervalis feels much the same way.

"I've been waiting for that recession hammer to fall here," she said. "And it really hasn't."

Paul Stroh has operated a franchise of Camp Bow Wow, a dog-sitting and kennel service in Swansea, since September 2007 and has seen his business steadily drawing more "campers."

"Each month is better than the month before," Stroh said. "We have not seen any downturn at all. We were worried there in the October-November-December time frame that we were going to get hurt. Actually, it was very good. Now, in May and June, it was better than it was before."

At a time when the economy has been losing jobs and businesses, it's still gaining cats and dogs. Recent market statistics indicate the pet industry is growing.

According to Los Angeles-based industry research firm IBISWorld, the nation's pet businesses are expected to generate \$51.6 billion this year, an increase of 1.3 percent over 2008. Senior analyst George Van Horn said that because pets tend to be more aligned with being a member of the family the costs of caring for them are not costs owners can or are willing to cut back on.

"I think it really boils down to where pets are in the discretionary ladder," Van Horn said. "The United States is certainly a very wealthy economy, probably not as wealthy as we were two or three years ago, but it's still a really affluent society. When consumers budget, the things people can do without or no longer do or spend time doing, pets don't really fall into that."

The analysis shows that pet stores are on par to bring in sales of almost \$11.5 billion this year. The research also reveals that pet food production is anticipated to bring in about \$15.2 billion and the pet grooming and boarding sector is expected to generate \$2.69 billion this year.

Van Horn said emotional attachment is typically the reason owners are quite willing to spend money on pets during good times and bad. But he also noted IBISWorld's estimates on the actual costs involved. On average, the total cost of owning a dog or cat over a 13-year period is \$13,300 and \$8,500, respectively. Although the total cost is significant, the initial cost outlay is relatively low --generally less than 3 percent of the total. Food is 28 percent to 29 percent of total. Veterinary bills are the wild card and can represent 10 percent to 22 percent of the total cost of raising a dog or cat.

Stroh said that although he has found some of his customers have cut back on pet sitting and boarding, he has found new customers have come in where others left off. His business conducts interviews with owners and their dogs before his staff takes on a client. Until recently, he had averaged about 50 sessions a month.

"We've done 50 in the first two-and-a-half weeks of the season," he said. "It's going really good. Our day-care business has really picked up, and our boarding business is doing very well. We had 90 dogs two weeks ago and 80 dogs last weekend. Our max is 125, so we're not at our maximum, but we are comfortable."

Jim's Pet Gallery in Granite City, is a traditional pet store that sells birds, reptiles, fish, hamsters, gerbils, ferrets, chinchillas and hedgehogs. Connie McCauley, who occasionally works at the store, said business varies from day to day.

"People still take care of their pets and buy food for them, but they are not blowing their money," McCauley said. "It just depends on the person. Some are spending money and some are not. Some are taking care of and buying things for their pets, and some are buying pets."

Dervalis also sells pet supplies and apparel at her shop. Although she has noticed customers cutting back on what they buy, it has not affected her bottom line.

"In retail, the boutique items, for me, are not doing really what they did a year or two ago, like things such as summer dresses for dogs or the really frilly things," she said. "People are still buying sweaters and things like collars and leashes, toys, interactive toys and treats, but the frilly stuff has total dropped off here in this area."

"But I've still had an increase. Every month, I've had growth from the year before with business increasing month to month."

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