



RunLoyal™

PET INDUSTRY ANALYSIS

*Pet owners can now afford to be picky when choosing a kennel, but **kennel owners cannot afford to lose with out-dated business practices.***

An Analysis of the Pet Industry in Relation
to Independent Kennel Businesses

Survey Results Compiled of 944 Pet Owners & Kennel Owners

RunLoyal - 2019

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EXECUTIVE SUMMARY

With the growing usage of smartphones recently, we cannot deny the huge impact of social media in driving consumer behavior. That's why brands both big and small tap digital platforms in a bid to capture market share. But being online simply isn't enough—brands need to have insights of their consumers' online behavior, and use that data to drive revenue for their business.

This industry analysis covers one of the biggest growing industries in the United States. Pet owners spent a total of \$72.56 billion on pet expenditures in 2018, and the number is only growing each year (and that's only in the U.S.). With such rapid growth, capitalizing on this trend in the pet industry, paired with current and customer-friendly technology, is a winning combination.

This report analyzes the correlations as well as differentiations, between pet owners and kennel owners in order to find the perfect recipe for maximizing profit within the industry. Our data concludes that staying current in technology and offering customers easy-to-use platforms (such as a mobile app / push notifications), customer retention and growth is at it's peak.

A BOOMING INDUSTRY

"The pet industry has been experiencing explosive growth. According to The American Pet Products Association, almost 85 million households have a pet and over the last 30 years pet ownership has gone from 56% to 68% of all households. Some of the changes in pet ownership are due to technology and the advent of online purchasing. But most of the growth is because of changes in culture. As millennial and Generation Z consumers have come into adulthood, they have embraced the pet-owning and pet-loving lifestyles to a far greater extent than their elders. While baby boomers account for 32% of pets owned, households headed by younger cohorts account for 62% of pet ownership." - Forbes

85M HOUSEHOLDS
have at least one pet

75B IS SPENT
on pets by the U.S. each
year (estimated)

68% GROWTH
from the 56% pet
ownership over the
last 30 years

183M DOGS & CATS
are owned in the U.S alone

A RECESSION-PROOF MARKET

While lots of different industries, products, and innovative ideas that have transformed our world eventually go out of style, the pet industry has, and will, remain a growing industry. Not only is it a stable and safe market to both invest in, and experiment in, it's also a growing market where more and more consumers are buying pets and accommodations for their furry friends.

While Baby boomers occupied 32% of the pets being adopted and owned today, millennials and generation Y and Z are taking over the pet market with a whopping 62% of pet ownership.

Pet owner
GROWTH

The graph below illustrates just how rapidly these two industries are growing: the number of households owning at least one pet has grown from 56% to 68% of U.S. households in the last 30 years. In correlation, pet owners with smartphones are also growing extensively, with a higher margin each year and over 82% of U.S. consumers owning a smartphone and 96% owning a mobile phone.

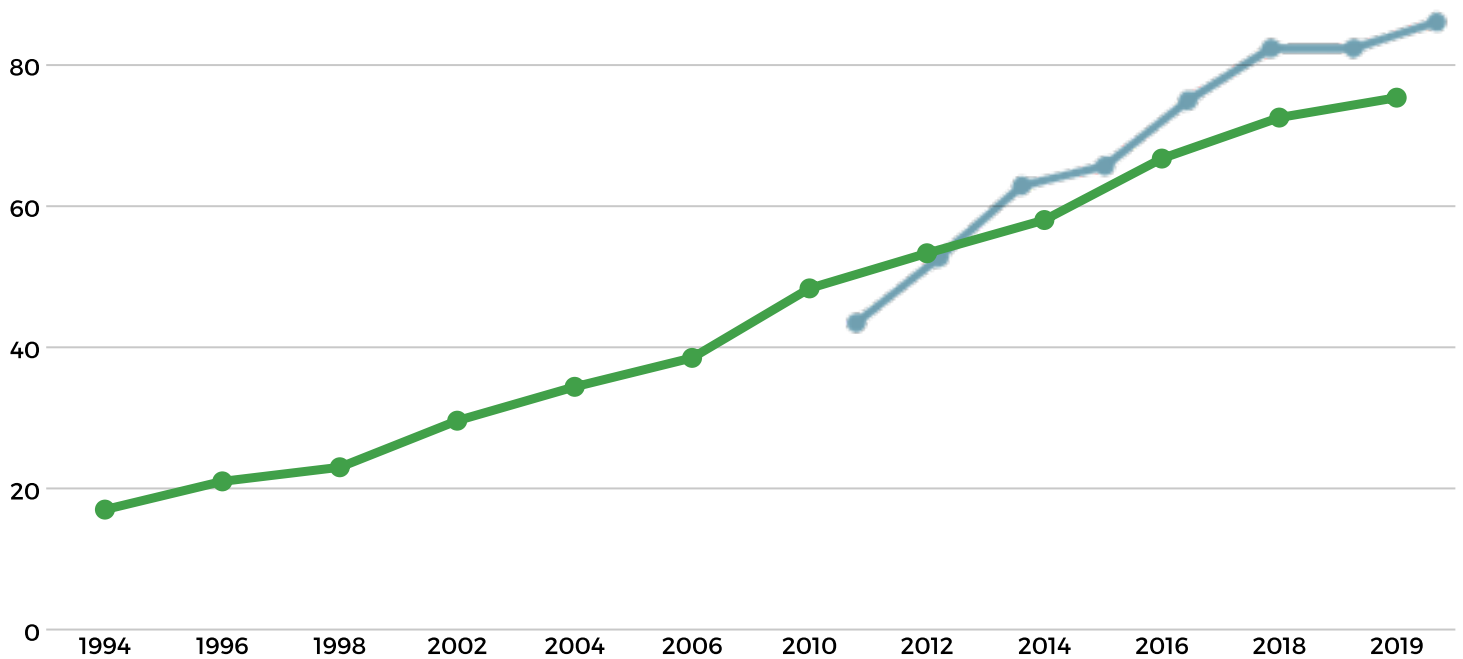
68%

of pet ownership growth in the last 30 years

82%

of pet owners that own smartphones 2011-2019

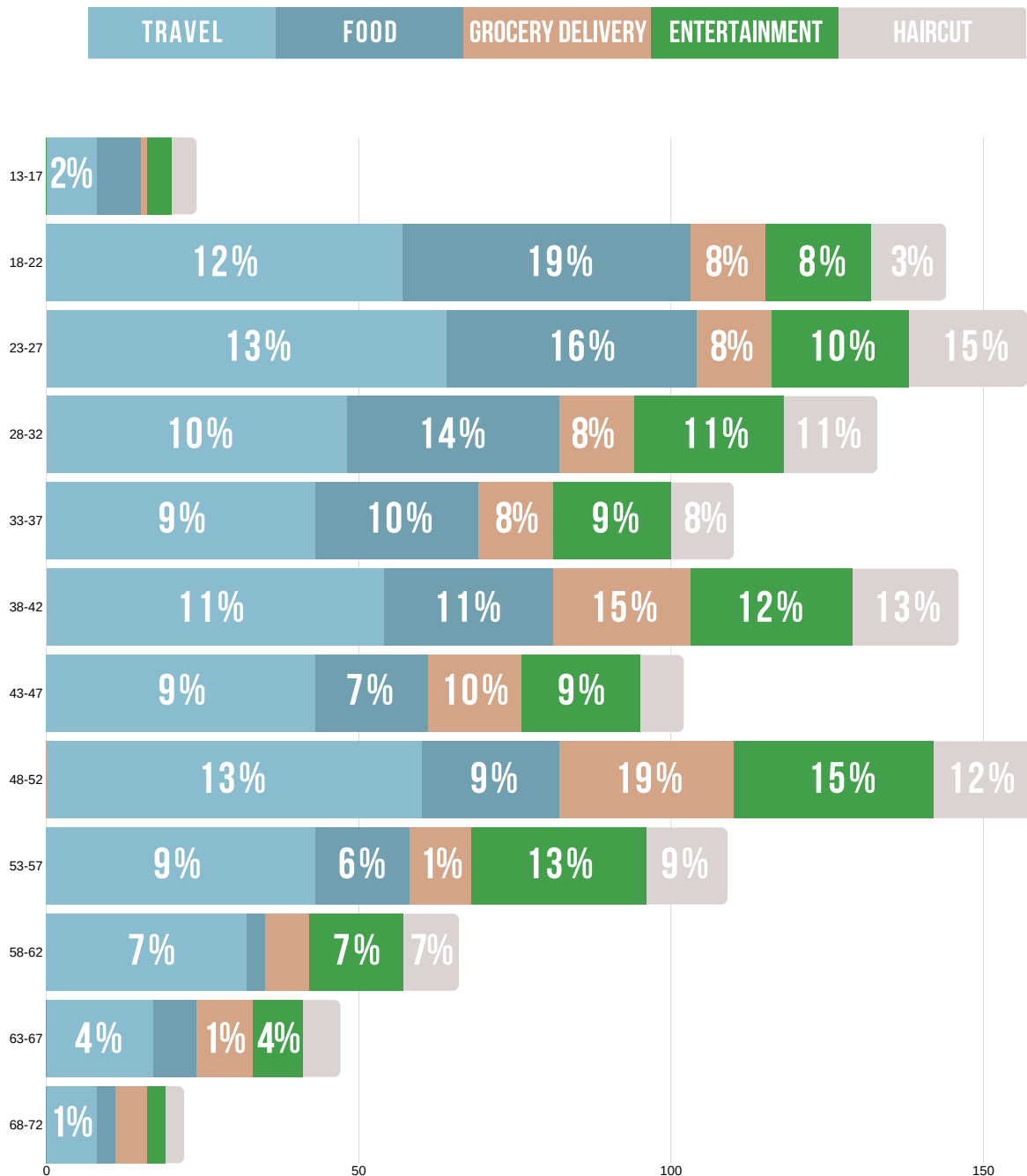
% OF PET OWNER GROWTH OVER 1994-2019
% OF SMARTPHONE USER GROWTH OVER 2011-2019



After reviewing the data, it's now apparent that pet owners that use smartphones is only increasing with each year. With that being said, over \$22.12 billion dollars was spent in 2018 in the pet industry by pet owners on things other than pet food, veterinarian care, and live animal purchases. So it's safe to say that pet owners are willing to spend a generous amount on their furry friends to ensure quality care and attention to their pets..

With over 83% of pet owners expressing an interest in a mobile app offered by their local kennels, pet owners are waiting for a solution that offers online bookings, the ability to pay online, a live feed so pet owners can see their pets while their are away, real-time text message notifications, and more. With no other business to offers these features, RunLoyal decided to become the first platform that offers all of the above and more.

SMART PHONE APPS USED BASED ON AGE



Travel apps included are Uber, Lyft, Enterprise, Trivago, SkyScanner, etc. While it is clear that a vast majority of pet owners use mobile apps for travel, the rest of the data may not be so black and white. Millennials tend to use more food delivery based services and the trend drops off around Generation X pet owners.

However, while Millennials are geared towards more food delivery based apps, Generation X (mainly ages 38-52) spends a healthy amount of cash using grocery delivery apps (i.e. Instacart, Hello Fresh, etc).

KENNEL DESIRED FEATURES

These are the top features wanted by pet owners when asked how their kennel experience could be improved.

48% LIVE VIDEO FEED

38% TEXT MSG UPDATES/
PUSH NOTIFICATION

36% LOYALTY PROGRAM

33% ONLINE SCHEDULING

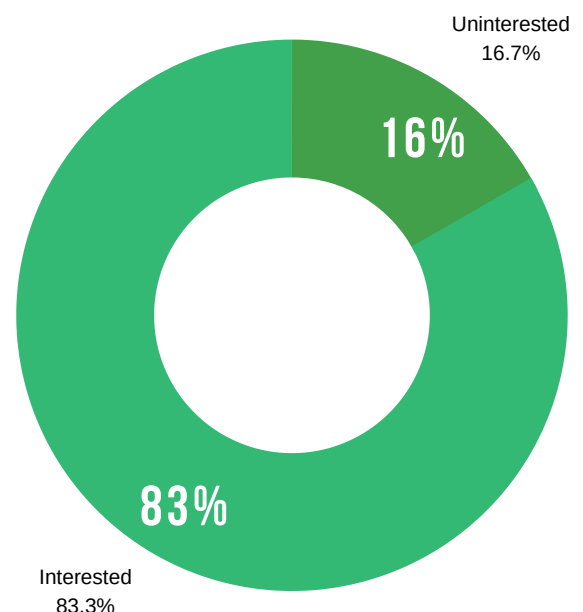
22% ELECTRONIC
PAYMENTS

14% BETTER
COMMUNICATION

MOBILE APP

When asking pet owners what would influence their decision when choosing a kennel for their pet, over 83% said that they were interested in switching to a kennel that provides a mobile app.

As such, it is apparent that providing a mobile app as a pet daycare, boarding or grooming business will attract more pet owners and improve the experience with existing customers.



HIGHLIGHTS

89%

OF PET OWNERS PREFER COMMUNICATION VIA MOBILE PHONE WITH THEIR KENNEL

When surveying kennel owners crossed with pet owners that utilize kennel services, 89% of users prefer communicating through mobile electronic means, such as a mobile app, text and instant messaging.

220

MINUTES IS THE AVERAGE TIME USERS SPEND ON THEIR SMARTPHONES PER DAY

With the amount of time users spend on their smartphones each day increasing rapidly, it's essential that businesses cater to where their consumers spend most of their time.

70%

OF CUSTOMERS ARE 80-100% LIKELY TO USE A MOBILE APP

When asking pet owners to rate how influenced they would be to use a kennel based solely on a mobile app that would provide a live video feed, instant message updates, and more, 70% of pet owners responded with a 4 or 5 (most likely) that they would be persuaded by a mobile app when picking a kennel.



SOCIAL MEDIA ENGAGEMENT



KENNEL OWNERS



**FACEBOOK
MARKETERS:**
84.2%



**TWITTER
MARKETERS:**
5.3%



**INSTAGRAM
MARKETERS:**
84.2%



**LINKEDIN
MARKETERS:**
Limited Data



USERS:
95%



USERS:
18.6%



USERS:
59%



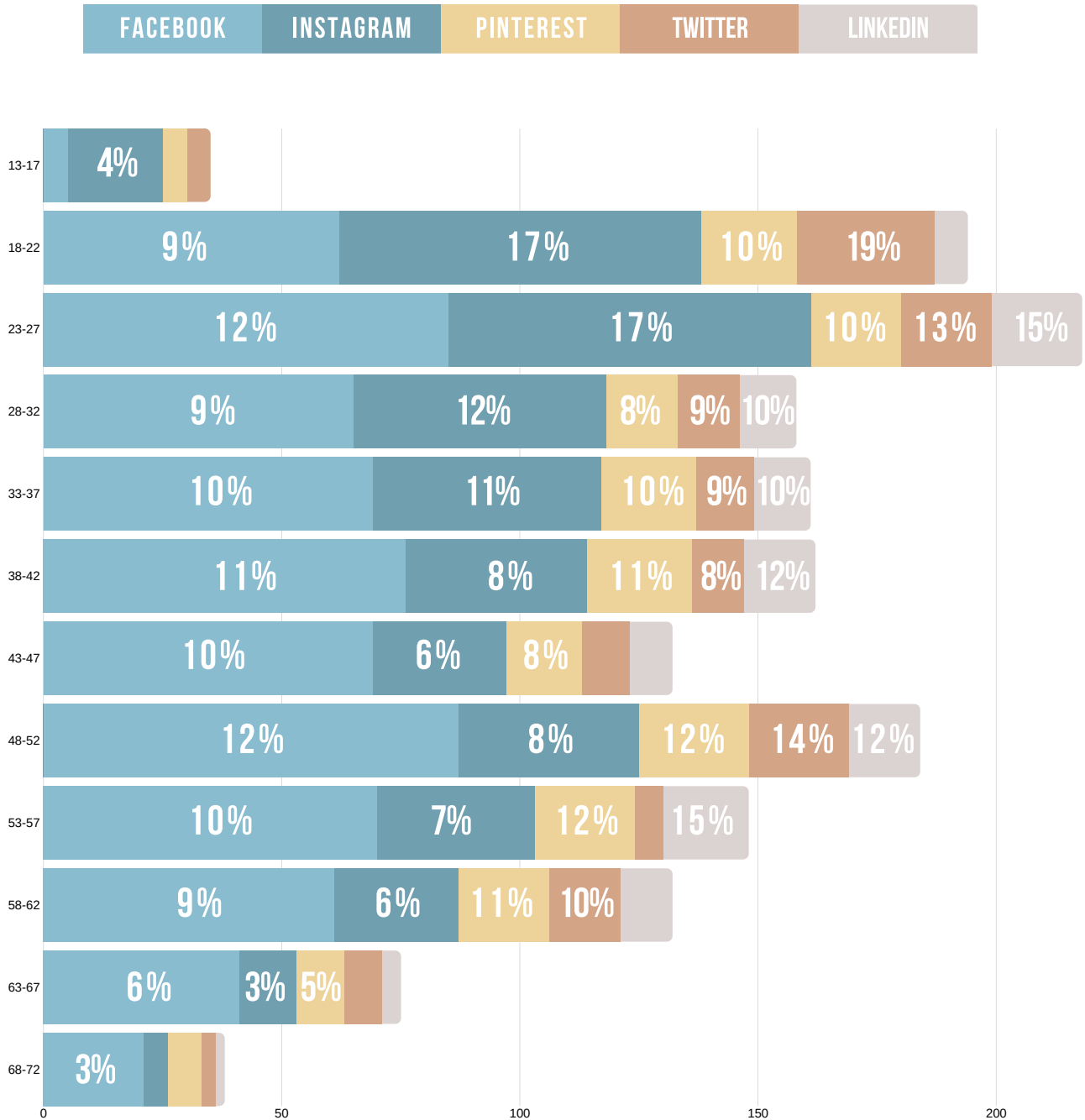
USERS:
16.8%

PET OWNERS

When surveying kennel owners, 89% of respondents believe that social media helps grow their business and 83% already admit to using social media as one of their main marketing tools for business.

The graphic above illustrates the difference of where kennel marketers are going to target their pet owners, versus where pet owners reside on social media.

SOCIAL MEDIA USED BASED ON AGE



(Pictured: graph depicting which social media platforms are used by users age)

Facebook and Instagram seem to be the front-runners in the social media race, especially Instagram being used far more than Facebook between the ages of 13-32. Facebook is the primary social media used after ages 42, something to keep in mind when creating marketing campaigns for different social media platforms.

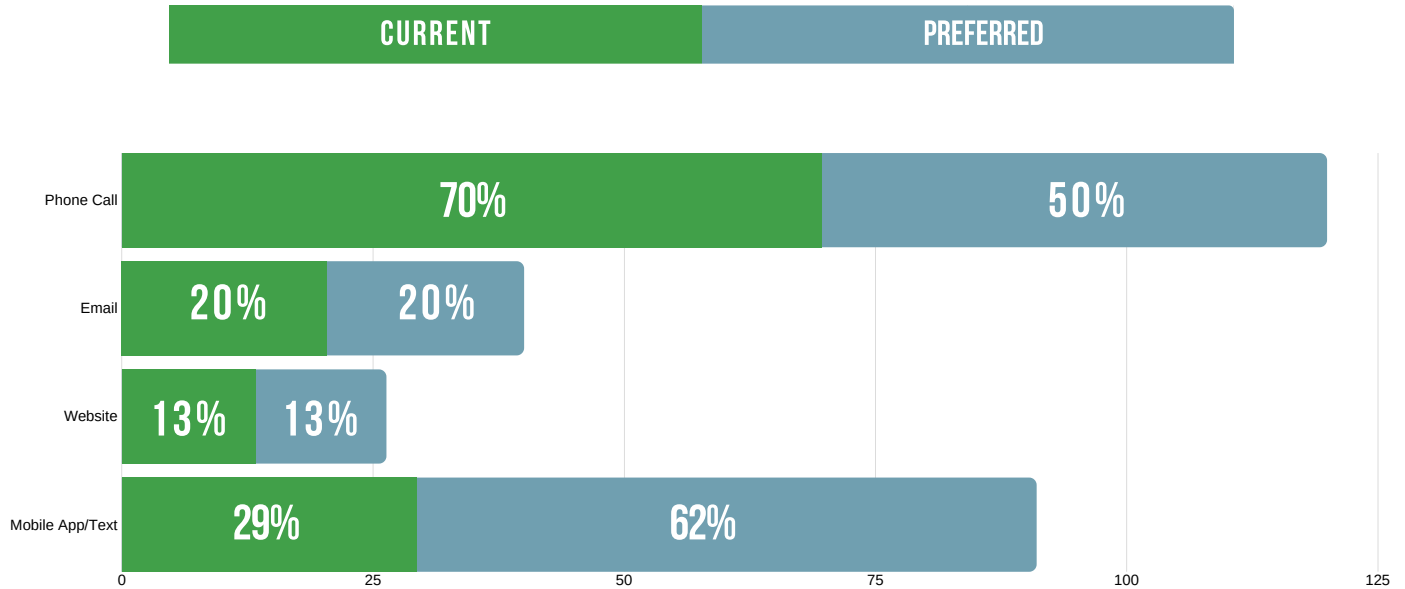
A CHANGE IN PERCEPTION

With the ubiquity of smartphones nowadays, we cannot deny the huge impact of social media in driving consumer behavior. That's why brands both big and small tap digital platforms in a bid to capture market share.

With the next generation spending an average of over 3.5 hours on their smartphones each day, it's absolutely crucial that brands stay current with technology in order to best cater to their consumers. Otherwise, their buyers will find another competitor that offers more in this ever-changing market.



CURRENT COMMUNICATION VS. PREFERRED



Pet owners currently using email or communicating through website forms are content with their method of communication. However, only 29% of pet owners currently use a mobile app/text message notifications for communicating with their kennel and over 62% prefer to.

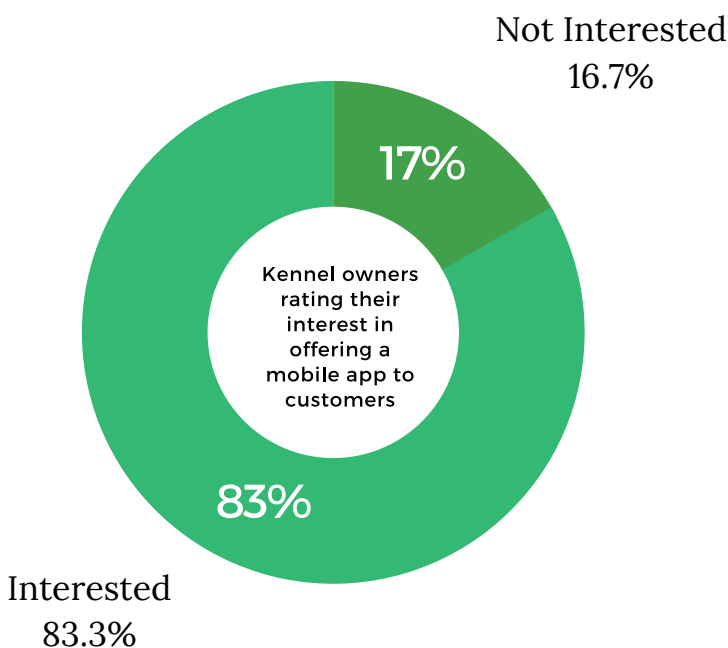
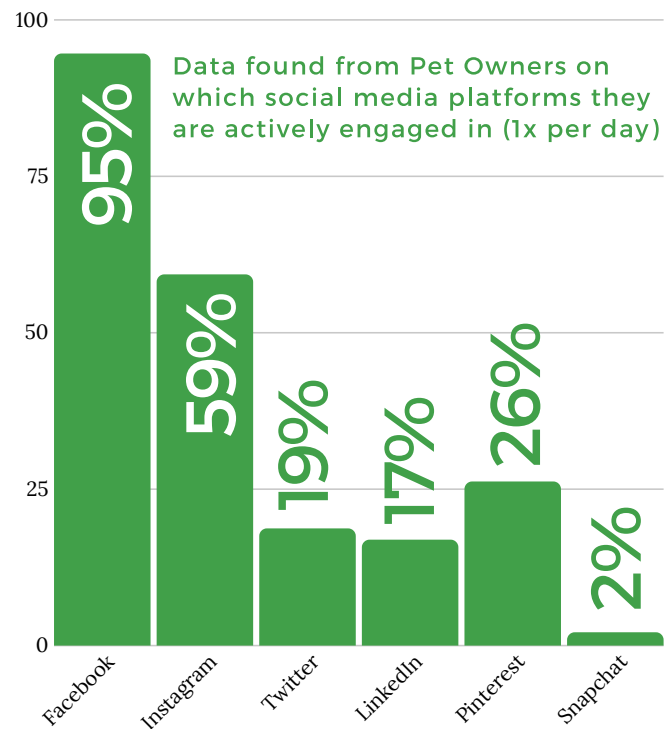
Not only is a mobile app preferred by pet owners, but texting is also preferred by 41% (which goes hand-in-hand with in-app instant messaging and push notifications).

CONCLUSION

Given the increasing competition that independent pet services business are experiencing from large corporate entities and franchises, they need to find a better way to compete. They should capitalize on their main differentiating feature - the ability to provide a better localized experience to their customers. Engaging with customers where they spend a large amount of their time (on their smart phone) is the landscape for winning with millennials and Generation Y and Z.

VISION FOR THE FUTURE

While most of these survey results clearly point to a huge margin of pet owners actively engaged on their mobile phones and on social media, a safe hypothesis would conclude that kennel owners would benefit greatly from offering a mobile app to customers to grow and upscale their business while strengthening customer ties.



HOW IT WORKS

GET YOUR OWN
BRANDED APP



UPSCALE YOUR
SERVICES



ONLINE BOOKINGS
& PAYMENT



CUSTOMER
LOYALTY



THE SOLUTION

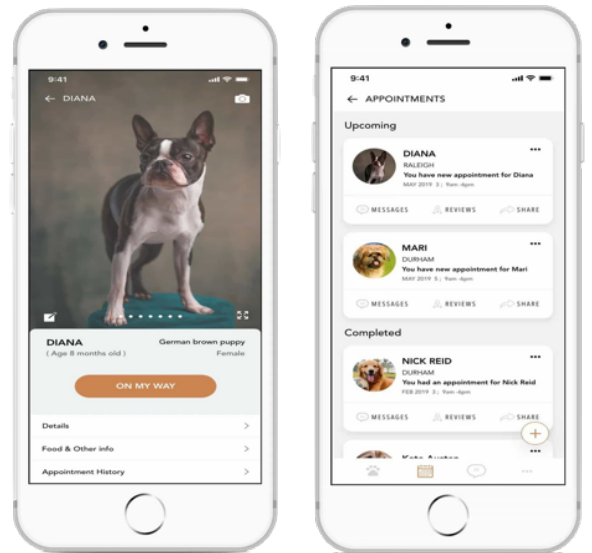
RUNLOYAL

RunLoyal enables pet services companies to delight their customers through their own mobile app experience, designed to increase engagement and grow revenue. If you are pet daycare, boarding & grooming provider, PawOps will take your business to the next level.

RunLoyal gives your business it's own branded mobile app (available in the App Store and Google Play Store) which will allow your customers to book appointments online, make online payments, order special services and treatments for their pets, and much more.

FEATURES

- Easy, all-in-one mobile app
- Online booking
- Customers can pay online
- Upscaling services to increase revenue
- Live video feed options on the app
- Real-time text message notifications
- Online portal for kennel owners to view all appointments with ease
- A branded app branded to your business

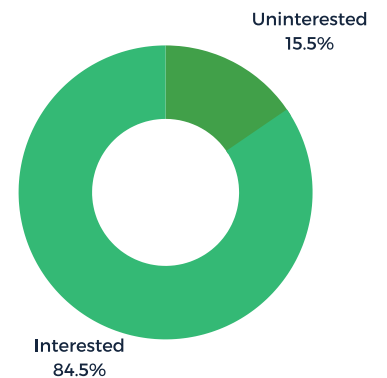


STATISTICS & NUMBERS

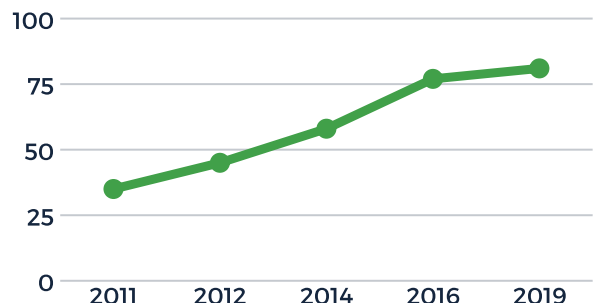
When surveying 892 pet owners from across the United States, the results were very telling.

Kennel users provided extremely positive feedback when asked if they'd be influenced when choosing a kennel if it provided them with a mobile app.

When told that this mobile app would feature appointments booking online, a live video feed to see your pet while you're away, and get instant updates about their pet, pet owners jumped at the idea and a resounding 84.5% said they'd be interested in choosing a kennel that provided an app such as RunLoyal.



(Graph below illustrates the use of smart phones from 2011 to 2019. The Y axis = % of U.S. consumers)



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