Paws and Claws

A Syndicated Study on Canadian Pet Ownership

2001

Ipsos

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Canadian Pet
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Table of Contents

BACKGROUND AND REPORT STRUCTURE

Pets play a major role in the lives of Canadians. Over the years, our appreciation for pets has taken on a new importance. The Canadian population is getting older, households are becoming smaller and the number of births is on a decline, as is the number of marriages. People may need to stay self-reliant, but many continue to want a companion such as a pet. Certainly, pets play a significant role in households of two or more people as well. It is believed that they make our lives longer, healthier and happier.

Evidence suggests that the status of animals in our society has been elevated. On the regulatory side, this is reflected by the movement for animal rights. From a marketing perspective, we've witnessed a proliferation of pet supplies, and services.

This first annual report explores how Canadian pet owners feel about their four-legged companions, what they currently do to keep them healthy and where additional market opportunities lie in the areas of veterinary care and pet food.

The structure of this report is presented below:

1. The first section of the report focuses on the size and composition of the pet care market in Canada. Statistics Canada data are used to confirm the findings from the Paws & Claws survey;

2. The second chapter describes the attitudes and perceptions of pet owners in urban Canada;

3. Section Three describes four market segments of pet owners, their demographic, attitudinal and behavioural profiles.

4. Sections Four, Five and Six are dedicated to issues related to the health of dogs and cats. An overall analysis of health issues is provided in Section Four, followed by detailed reporting of the dog and cat data, respectively.

5. Sections Seven, Eight and Nine are devoted to pet food issues and perceptions and behaviours associated with reliance on the vet, criteria for the choice of a brand and so on. Again, an overall outlook is presented in Section Seven, followed by the dog and cat-specific sections.

6. An Appendix at the end of the report covers more detailed information related to animal health, behaviour problems, statistical calculations and market estimate assumptions and calculations. The questionnaire is also included in the Appendix.

METHODOLOGY

The research was conducted by means of random sample telephone interviews with pet owners residing in cities with a population of 50,000 households or more across Canada. Within each household, the interview was conducted with the person who is mainly or jointly responsible for purchasing pet care products and services such veterinary services and pet food.

Quotas were applied to each region to ensure sample representation. The data were statistically weighted in analysis to reflect the actual number of households in each region, as follows:

Region and City	Sample Size	Weights %
East	**150**	**3**
Halifax	100	
Other urban	50	
Quebec	**350**	**31**
Montreal	300	
Quebec City	50	
Ontario	**500**	**41**
Toronto	300	
Ottawa/Hull	100	
Cambridge/Waterloo/ Guelph/London	100	
West	**500**	**25**
Vancouver	200	
Victoria	50	
Calgary	100	
Edmonton	100	
Winnipeg	50	
Total Sample	**1500**	**100**

Fieldwork for the study was conducted between June 1st and June 15th, 2001. All fieldwork, data processing and analysis were completed in-house by Ipsos-Reid Corporation, formerly known as Angus Reid Group.

In addition to the attitudinal segmentation of pet owners, the main focus of the analysis is by the type and number of pets owned. The two major areas of the study are Pet Health and Pet Food.

This report presents the main findings of the study in summary charts and tables. The complete statistical cross-tabulations of the results have been reported under separate cover. A copy of the questionnaire is appended.

In addition to the Paws & Claws survey, a supplementary omnibus research was conducted in April 2001 with 1000 adult Canadians nation-wide to determine the incidence of pet ownership and attitudes toward pet ownership.

EXECUTIVE SUMMARY

Canadians are dedicated pet lovers, spending in excess of $3 billion annually on pet food and veterinary services in urban areas of the country. Pet owners are happy to sacrifice their time and money in exchange for the unconditional love that pets can give.

More than one-half of Canadian households (53%) own a cat or a dog, with one third of all households owning cats and one third owning dogs. One in ten households (13%) own both cats and dogs. The results suggest that there are over 7 million cats and over 5 million dogs living in Canadian homes.

On a national basis, Canadians, including those who don't own pets, consider animal companionship to be important and empathise with the situation of animals. Four in ten Canadians believe that pets can be a good substitute for human companionship. Seven in ten strongly agree with the statement "it's good for a kid's development to grow up with pets". Also, seven in ten say that "animals are defenceless and deserve our protection".

Canadians judge that a pet's behaviour is the responsibility of its owner. Further, one-in-two Canadians thinks that pet owners should be limited to the number of pets they may own. The concept of a "regulated" pet ownership found less support among younger groups (18-34), with four in ten strongly agreeing with this statement.

Who Are Pet Owners?

The data show that the majority of pet owners are families with children, with the adult respondent to our survey aged between 35 and 54. Many pet owners have demanding jobs and have achieved a high level of education (36% have completed college or university and 9% have a post graduate degree). While pet owners are found among all demographic groups, the incidence of pet ownership increases with household income.

Owners' Relationships with Their Pets

For most urban pet owners, dogs and cats are no longer strictly functional animals that protect us from danger or rodents. Eight in ten of the pet owners in *Paws & Claws* (83%) consider their pet to be a family member; only 15 percent said they love their pet as a pet rather than as a family member.

This perception of the pet as family translates into "parental" behaviour for many pet owners: seven in ten (69%) pet owners allow their pets to sleep on their beds and six in

ten have their pet's pictures in their wallets or on display with other family photos. Almost all pet owners (98%) admit to talking to their pets.

Pet ownership is an onerous responsibility but, obviously, a rewarding one for many. Seven in ten pet owners strongly agreed that "the mess and trouble that comes with the pet is a small price to pay for the benefits".

An average dog owner in our survey claims to spend over $650 annually on each dog; an average cat owner spends around $380 on each cat. This does not include other expenditures such as cat litter, grooming services and other things.

Pet ownership not only requires a financial commitment, but also requires time and effort to keep a pet in good health. The majority of pet owners (79%) take their pet to the vet at least once a year; 64 percent work to control their pet's weight; 70 percent control their pet's dental health, with 18 percent brushing their pet's teeth.

Almost 11 percent of pet owners say that they serve home made food to their pets. More than one half of the pet owners surveyed (53%) claim they would go into debt in order to treat a pet suffering from a chronic disease.

Living alongside dogs and cats, pet owners develop an ability to understand their pets' needs and character traits. Six in ten pet owners believe their communication with their pet is quite good despite the limited vocabulary of their pets. Seven in ten pet owners think that pets have the same rights to health and happiness as humans. Further, 45 percent believe that animals have the same emotions we do.

While the vast majority shares the view that a pet deserves this attention and expenditure, there is a small minority of pet owners who feel otherwise. Seven per cent of pet owners surveyed strongly agree that "having a pet is fine, but you are better off spending money on other things". Another statement, " only lonely people treat pets as humans to fill a void in their lives", found a strong support of 11 percent of pet owners.

Pet Owner Segments

Based on the beliefs that pet owners hold about their relationships with their pets, the time and effort invested and actual expenditures on veterinary services and pet food, we have identified four distinct market segments.

Pet Humanists

The dream market of any pet product manufacturer, *Pet Humanists* comprise the highest proportion of urban pet owners (31%). These are mostly young

professionals, often single or adult-only households with higher incomes. Apartment/condo living may prevent some from having many pets, but they still tend to own more than one cat or dog.

As the name of the segment suggests, they adore their animal companions and believe in equality between humans and animals. They treat their pets as important family members and try to please them while providing the best in pet care. *Pet Humanists* show a very high reliance on the vet, but unlike the next segment, *Conscientious Pet Lovers*, are also knowledgeable about pet care. They are more likely than other segments to use a variety of information sources on pet care and to know exactly what procedures or treatments their pets have and should receive.

Pet Humanists are more likely to use all kinds of preventative health and security measures, whether it requires paying a veterinarian or spending time with the pet. This segment exhibits the highest incidence of pet insurance ownership and microchipping. The latter may be partly due to the fact that relative to other segments, *Pet Humanists* are more likely to support animal welfare causes and to acquire their pets through shelters or through the Humane Society.

Pet Humanists use premium brand pet food, the latest innovations in veterinary treatments, and spoil their animal companions by giving them treats and gifts. A “health and happiness for your pet” message, support of animal welfare organizations and endorsements by veterinarians and other pet owners are the most appealing ways to reach this segment.

Conscientious Pet Lovers

Conscientious Pet Lovers comprise 24 percent of pet owners. A third of this segment are francophones from Quebec who, much like the fourth segment, the *Pet Traditionalists*, believe that human needs come first. However, these pet owners have a very strong sense of responsibility to the animals they own.

Conscientious Pet Lovers have relatively high dual incomes, are well educated and employed in professional or managerial positions. They are more likely than other segments to have one pet, likely a pure-bred, and more likely to keep their pet indoors.

This segment visits the veterinarian more often than other segments, and their pets receive more vet-administered procedures. *Conscientious Pet Lovers* either don’t want to or just can’t dedicate the time to brushing their pet’s teeth, however, their pets are taken to the vet for teeth cleaning.

In fact, *Conscientious Pet Lovers* are the most vet-reliant segment. They may not recall what brand of heartworm medication or flea control was given to their pet but they know that they've administered what their veterinarian recommended.

Pleasing their pet's taste is not as important a criterion for the choice of pet care products as the vet's recommendation is. *Conscientious Pet Lovers* don't cook for their pets but do rely on premium brands, including those obtained only through vet clinics.

Effective ways to reach this segment are through less emotional vet endorsements and recommendations and with a healthy pet message.

Pet Pleasers

Pet Pleasers represent 25 percent of pet owners in urban Canada. While all demographic groups are represented in this segment, there tend to be more women who are raising families and living on modest incomes. These pet owners love their pets and rely on them for affection. Very much like *Pet Humanists*, the *Pet Pleasers* believe there is not much difference between humans and animals and do their best for the four-legged creature in the household. These individuals are true pet lovers who end up having more than one pet, mostly by adopting strays or give-away animals.

However, there appears to be an upper limit to what *Pet Pleasers* can, or will, spend on their pets. A one-off expenditure on a pet that is required by a disease or an accident may be more worrisome to these pet owners; they, therefore, seem to focus on health maintenance in order to provide their animal with a long and happy life. *Pet Pleasers* rely on the vet for advice, but to a lesser degree than *Conscientious Pet Lovers* or *Pet Humanists*, possibly because of the costs involved in a more intense relationship with the vet.

Pet Pleasers are less likely to use premium brands of food for their pets, though their pet's taste preference is critical to their brand choice. This segment also invests a lot of time brushing their pet's teeth, cooking home-made meals and playing with the pet. Like *Pet Humanists*, the *Pet Pleasers* are more likely to indulge their pets with small gifts and treats.

Pet Pleasers take pride in their pets and love sharing pet stories with friends and family. Hence, word of mouth is an important source of information on pet care for these individuals and endorsements by other pet owners are likely to be powerful persuaders.

This segment is also more reliant on the advice of pet speciality store personnel. “Your pet (and your purse) will love it!” is the key marketing message for *Pet Pleasers*.

Pet Traditionalists

Pet Traditionalists (20% of pet owners) are a somewhat different group of pet owners who love their pets as friendly, dependent animals – nothing more and nothing less. All demographic groups are represented in this segment, but the subgroups of larger families with single income and retirees are a sizeable proportion of the *Pet Traditionalists* segment. Importantly, almost half of this segment that brings a somewhat more traditional views of pet ownership are residents of Quebec.

Pet Traditionalists are more likely than other segments to have a pet for their kids or as a functional animal, with the highest among all segments proportion of purely outdoor cats and dogs, especially large breeds. Cat ownership is higher within this segment, and ownership of pure-breds is lower. This segment has the lowest degree of reliance on the vet.

Pet Traditionalists provide all the necessities for their pets, but wouldn’t go out of their way to overindulge the pet. Their criteria for the choice of pet products are price and convenience. Grocery and mass merchandise stores are the channels through which this segment is more likely to buy pet care products.

Cat Owners and Dog Owners

There are some notable differences between cat owners and dog owners. The first difference is purely demographic. Dog ownership is much more onerous responsibility both in terms of time investment and expenditures. Therefore, more mature families with kids and higher incomes are more likely to own dogs. Cats, in a way, are a more economic solution for those who have less money or less time – single young individuals, professionals and those who live in apartments or condominiums.

The other distinction arises from the differences between cats and dogs. By nature dogs are more reliant on their owner, which is likely perceived as a “more human” approach. Therefore, dog owners are more likely to treat their pets as humans. By the same token, a dog is more likely to complain to the owner if it feels uncomfortable and encourages a higher incidence of visiting the vet.

Cats are more likely to be purely indoor pets and therefore could be perceived by owners as being in less danger of catching a disease or being in an accident. Also, cats

are fussy eaters and tend to be given a greater variety of brands, especially of canned food. Cat owners are more discerning about pet food choices than are dog owners and their pet's liking of a brand is a higher priority to cat owners than it is to dog owners.

Pet Health

According to the pet owners' assessment of their pet's health, 95 percent of pets are in excellent or good health. Pet health maintenance includes veterinary check-ups, vaccinations and other treatments. About seven in ten pet owners take their pet to the vet at least once a year.

However, very much like in people, pets' health deteriorates with age. About one-quarter of all pets are considered by their owner to be overweight; if true, this might negatively affect the overall pet's health, especially in dogs. One in ten pets is reported to suffer from a chronic health condition, with senior pets more prone to diseases. Further, about one in ten pets have had some behavioural problems in the past year, such as separation anxiety or house soiling.

Canadian pet owners trust their veterinarians and are extremely loyal customers. Only 15 percent of pet owners switched their main veterinary clinic last year or intend to switch in the coming year, primarily, because of relocation. Overall, pet owners rate the vet services they received from their main vet clinic at 6.3 on a 7-point scale (where 1 is completely dissatisfied and 7 completely satisfied). Veterinarians' attitude toward the pets, quality of treatment and vet's competency received even higher marks than the overall rating.

The majority of pets in Canadian cities are spayed or neutered. However, to date, only 13 percent of pets are microchipped though the number of electronically traceable pets is expected to increase next year.

Only six percent of pets have a pet insurance plan that covers veterinary expenditures in case of emergency or routine treatment. Pet owners do not seem to consider pet insurance their top priority. The results suggest that another two to three per cent of present pet owners will acquire a pet insurance in the coming year. While pet insurance may not be a viable option for the owners of older animals, those pet owners whose pets are still young and healthy may be unpleasantly surprised at the vet bill if their pet contracted some chronic condition. On average, an owner may expect to pay between $250 and $500 on healthcare for a pet with a chronic condition – over and above what would be required for a healthy pet.

Pet Food

Dry food is the prevalent type of pet food for dogs and cats accounting for almost 80 percent of the total pet's nutrition, as reported by the owner. Canned food tends to be used more as an occasional treat for the pet, though cats are more likely to be given canned food regularly. Older and sick pets also get more canned or mixed canned and dry food in their diets. About a third (27%) of pet owners give their pets food from the table scraps, though this comprises only about three percent of the pet's total nutrition. About one in ten pet owners cook food specifically for their cat or dog.

When it comes to the choice of a particular brand of pet food, different factors are at play for different segments of pet owners. The most important criteria for the choice of a brand are the nutritional value, food's palatability, and health benefits to the pet. Pet owners view the selection of nutrition as important, with seven in ten having discussed nutrition with their veterinarian. Vet recommendation is by far the most important factor affecting most pet owner's choice of a brand or diet for their pet.

The pet food market is very diverse, with the highest share of mind at 14 percent (in terms of "best brand") for Iams. Brand name in itself is not sufficient to trigger pet owners' loyalty, with numerous pet owners using different brands of dry and canned food. However, a third of pet owners believe they are currently feeding their pet the best brand of pet food available.

Almost all the major manufacturers of commercial pet food offer their customers diets tailored to the specific needs or life stages of pets. The purchase of foods for these diets in Canada is fairly high, with 56 percent of pet owners reporting experience with such products.

CONCLUSIONS AND IMPLICATIONS

The pet care market is very dynamic. Its development appears to be driven by the attitudes Canadian pet owners hold about their pets that determine the level of commitment they are prepared to make.

The major influencers in the pet care market are veterinarians or other pet health authorities. Their "buy-in" is crucial for most pet health and food products and gives an instant credibility to a brand or product. However, vets are passive sellers and need to be constantly reminded of their role to advocate the interests of their patients – pets. Even though some pet owners may initially be reluctant to invest in a pet care product, their objections can be overcome by explaining the risks associated with non-use of the product or service. Even with a strong advocate, some pet owners, such as the *Pet Traditionalists* (20%) will consistently choose on the price.

Manufacturers have to support the veterinarian and themselves by providing promotional/educational materials for pet owners not only on their own products, but also on small animal diseases, comparative market offerings for the treatment of certain ailments, etc. Another opportunity for manufacturers to support vets and encourage pet owners to use more products lies with the promotion of pet insurance to pet owners.

Targeting the Market

Pet Traditionalists

- Targeting is justified only if the manufacturer (whether health products or food) or a service provider is positioned on price and convenience. Comparative prices, price incentives, ease of use and wide accessibility are arguments that support this segment in making their purchasing decisions.
- Price shoppers in each category tend to exhibit similar behaviours. In-store price promotions, value packs, broadcast advertising of comparative value for money offerings, packaging featuring the ease of use of a product should attract the attention of this target audience. Note that *Pet Traditionalists* are not necessarily price shoppers when it comes to other products. It's just the importance of their pets in their lives is not very high, therefore, not worth sacrifices.

Pet Pleasers

- Also price sensitive, these pet owners look for value, though not the same value that *Pet Traditionalists* seek. *Pet Pleasers* need to be able to understand the benefits and drawbacks of each offering and potential consequences of their decision not to use a product. If such consequences may put *Pet Pleasers* in a position of choice between their pet's life and money, they may choose to do everything in their power to maintain their pet's health today.

- Once *Pet Pleasers* understand the consequences of their decision options, they will look for the best price offer. The best product for them is not the one that does everything, but the one that prevents the threat they fear. For example, a hypothetical medication that prevents heartworm, fleas, ticks, mites and internal parasites at the same time may not be their first choice. If it is heartworm the pet owners fear the most and they are aware of effective treatments for other conditions, they would likely get a simple heartworm prevention medication and use other means to treat other health problems if and when such issues arise.
- Bundling of different “simple”, uni-indicated, products at a price below premium product pricing would appeal to this segment.
- An added benefit for these pet owners is a requirement for them to invest time and effort in doing something for their pets. *Pet Pleasers* want to please their pets and have quality time with them. Examples of products that would appeal to this market segment are tooth brushing supplies, food that needs heating, grooming supplies, inexpensive toys (engaging the owners), treats.
- As for pet food, *Pet Pleasers* will choose a product/brand that provides good nutritional content at affordable prices. The most important factor for the choice of a brand (within a price range) is product palatability. Other pet owners and pet food store personnel are perceived as credible sources of information. On the other hand, anything to do with a veterinary recommendation may be associated with unnecessary and unaffordable prices.
- For this segment, broadcast advertising may not be convincing enough to make a purchase. In addition to building broadband awareness, manufacturers have to provide information that explains why it is crucial to use their product/service and why it is cost-efficient. Cross-promotions offering price incentives will also have a great appeal to this segment.
- *Pet Pleasers* share the general attitudes and values of *Pet Humanists*, but are more focussed on the value for money.

Conscientious Pet Lovers

- The most important task of targeting the segment of *Conscientious Pet Lovers* is developing marketing activities aimed at pet owners themselves and at the veterinarian. This segment exhibits the highest degree of reliance on the vet and is less likely to question the veterinarian’s recommendations.
- Price is really not an obstacle for this segment if a product or service promises the benefits *Conscientious Pet Lovers* need, i.e. health for their pet and less trouble for its owner. This is the key segment for the preventive health market. Complex health products that prevent (or treat and prevent) a variety of symptoms or ailments are ideal for this market segment.
- Not too sentimental about their pets, these pet owners need a simple way to process the information about a product or service. Broadcast communications and a vet’s confirmation should suffice to give them confidence in a product recommendation.
- Moreover, the product or service marketed to this segment has to be easy to use. Once a month application is better than once a day regimen.

- As for pet food, anything recommended by the vet is the choice of *Conscientious Pet Lovers*, whether their pet likes it or not. Health benefits and a problem-free existence long term are the selling features for this market segment.
- Generally, if recommended by the vet, the more benefits a product/service promises, the better the outcome for the seller in this market segment. Bundling different products should also be effective, as it is easier to buy all at once than to come back for every necessary piece of pet care.

Pet Humanists

- Similar to *Conscientious Pet Lovers*, this segment relies on the vet's advice to a great degree. The difference is that *Pet Humanists* don't follow the vet blindly and tend to verify with their own sources whether the advice is really best for their pets. These pet owners need a similar type of information as *Pet Pleasers* do, but the price is not important to *Pet Humanists* when it comes to their pet's happiness.
- *Pet Humanists* comprise certain characteristics of *Conscientious Pet Lovers* and *Pet Pleasers*. Like the former, they would do anything to prevent potential health problem in their pet. Like the latter, they appreciate an opportunity to be involved and dedicate their time to taking care of the pet.
- Very much like *Conscientious Pet Lovers*, *Pet Humanists* are a key market segment for preventive care. They, however, want reassurances that the claims made about a product are true. Unbranded advertising could be very effective with this segment if the benefits and drawbacks of each available solution are presented. *Pet Humanists* will choose the one that shows more scientific evidence and promises more benefits for the pet.
- *Pet Humanists* will choose the highest quality (possibly, highest price) food their pet happens to like. Going out of their way to purchase pet food is not a drawback for this segment as pets are very important to *Pet Humanists* and are well worth the trouble.
- *Pet Humanists* want to do all the right things and more. Anything the pet will enjoy or that promises quality time for the pet and its owner will have a strong appeal to this segment. Supplementary products, like vitamins and minerals, toys and treats (especially therapeutic treats), health care items (like teeth brushing or grooming supplies) will find a lot of demand in this market.
- Finally, support of animal welfare causes and partnerships with organizations supporting animals' well-being will strongly enhance any marketing activities for this segment.

SECTION ONE:
COMPANION ANIMALS MARKET SIZE AND COMPOSITION

SECTION ONE: MARKET SIZE FOR COMPANION ANIMALS AND COMPOSITION

An accurate estimate of the market size and composition for the pet food category and related pet services can only be developed through a number of sources. The results of this survey are based only on consumer recall data that may over- or under-estimate the total expenditure on pets. The survey sample was limited to the urban environment and may not be representative of the total Canadian market. In addition, the length of the survey (an average of 35 minutes on the phone) introduced a certain bias into the data, as true pet lovers may have been most likely to complete the entire survey.

A separate, nationally representative estimate of the incidence of dogs and cats ownership was conducted via The Canadian Angus Reid Express (omnibus).

Incidence of Cat and Dog Ownership in Canada
- National Omnibus Data -

		Dogs	Cats
Region:			
British Columbia	%	34	47
Prairies	%	37	31
Ontario	%	30	44
Quebec	%	28	31
Atlantic	%	46	36
Household Income:			
<$40K	%	26	30
$40-80K	%	32	35
$80K+	%	47	38
Age of Owner:			
18-34 years	%	29	37
35-54 years	%	38	34
55+	%	30	25

On the basis of this omnibus, more than 53 percent of Canadian households own a dog or a cat (n=1000). One third (33%) of all households own a dog and the same number of households (33%) own at least one cat. Two in five cat owners (40%) own more than one cat, while fewer, one in five dog owners (21%), has more than one dog. About one in ten households (13%) own both cats and dogs.

On average, each urban Canadian household owns 0.6 cats (1.7 cats per each cat-owning household) and 0.4 dogs per household (1.4 dogs per each dog-owning household). Therefore, we estimate there are 5.5 million dogs and 7.2 million cats living in urban Canadian households (given 11,290,960 households in Canada).

The incidence of cat and dog ownership is equal across the country.

In the Paws & Claws survey, we asked pet owners about their expenditures on veterinary services and pet food in the previous year. Vet expenditures were supplied for only one pet in the household (selected randomly, if more than one pet in the household). Pet food expenditures were asked for all cats or all dogs (depending on the type of animal randomly chosen) and divided by the number of that type of pet living in the household.

The average annual expenditures reported per cat were $386, of which $196 was spent on vet services and medications and $190 on cat food.

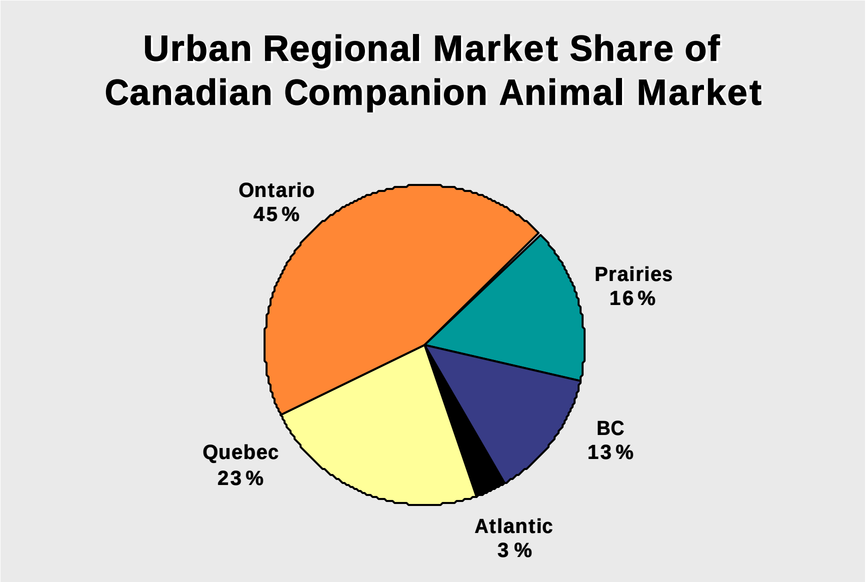
The average annual expenditures reported per dog were $557, of which $294 was spent on vet services and medications and $263 on dog food.

The table below is a derived measurement obtained by multiplying the incidence of cat and dog ownership obtained from the Omnibus, by the total per pet expenditure on pet food and vet services reported in the Paws & Claws survey. All estimates are for the urban areas of Canada (population over 50,000 households) representing 65 percent of the total Canadian population.

Canadian Urban Market for Vet Services and Food

	Total Number HH (000)	Vet Expenditure (Mil$)	Food Expenditure (Mil$)	Ttl. Essential Expenditure (Mil$)
Dogs:				
Canada:	**3603**	**1059**	**948**	**2007**
Atlantic	105	31	28	59
Quebec	779	229	205	434
Ontario	1692	498	445	943
Prairies	598	176	157	333
BC	430	126	113	239
Cats:				
Canada:	**4686**	**919**	**890**	**1809**
Atlantic	126	25	24	49
Quebec	1168	229	222	451
Ontario	2031	398	386	784
Prairies	718	141	136	277
BC	644	126	122	248

Overall, the total market size for essential pet care is estimated at $3.8 billion, including vet services ($2 billion) and pet food ($1.8 billion). On a regional basis, the market looks as follows:



Statistics Canada Data

In order to substantiate the estimates of market size obtained from the surveys, Statistics Canada data were obtained. In 1999, Statistics Canada asked 16,000 households nationally, to record their expenditures on pets during the year. These data are not directly comparable with the Paws & Claws data, but provide another benchmark with which to check the accuracy of the pet owners survey. The major differences between the two methods of data collection were:

- All provinces and territories are included in the StatsCan sample;
- Responses were obtained from the person primarily in charge of the household budget (not pet care);
- Type of pet was not included as part of Statistics Canada tabulations (respondents provided their answers for the animal they considered their pet);
- Vet expenditures do not include prices of medications but focus on the services only;
- The difference between the total pet expenditures, pet food and vet services accounted for other pet care items and pet purchases.

StatsCan Figures 1999

	Total	Pet Food	Vet Services
Average expenditure (all households)	$277	$145	$86
Percentage of households reporting expenditures	50.6%	49.6%	28.9%
Average expenditures reported per household in the sample	$548	$293	$298
Percentage of total household expenditures	0.5%	0.3%	0.2%

According to these tabulations, and given the number of all Canadian households in 1999 (11,290,960), we can calculate the size of the market in dollar terms:

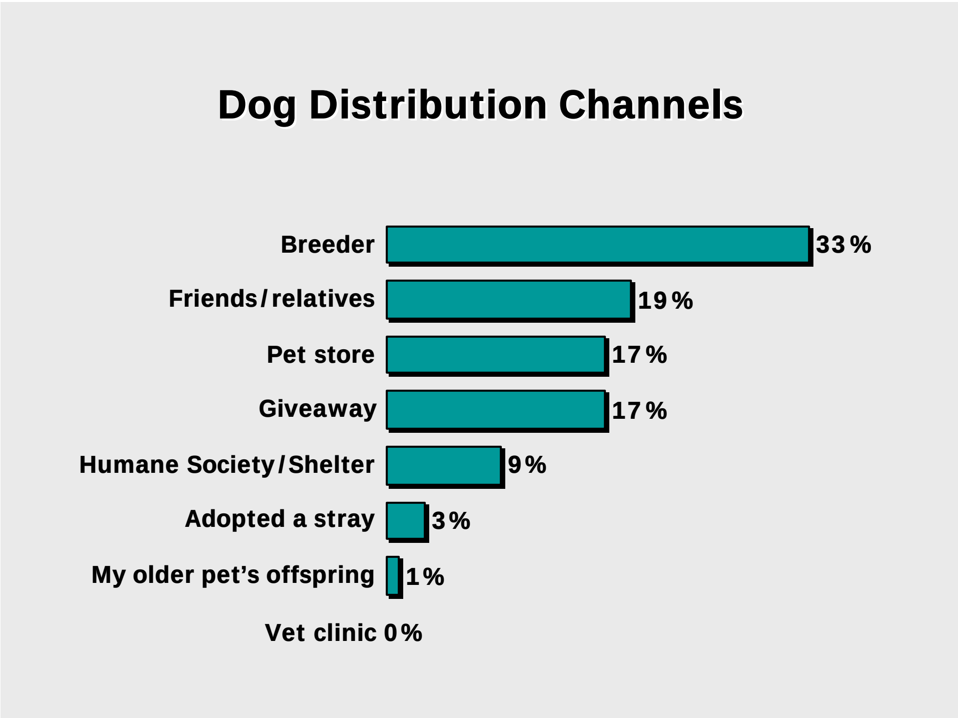
Total market size	$3.1 billion
Pet food	$1.6 billion
Vet services	$1.0 billion

Compared to Statistics Canada numbers, the estimates reported by Paws & Claws are indeed overstated. Without any data regarding pet ownership in rural communities, we have therefore not provided national market size estimates in this report.

Note: All calculations and assumptions are included in the Appendix of this report.

Dog Purchase Channels

One-third of all dogs (33%) and one-half of all pure-bred dogs (49%) come from a breeder, the most important channel for dog acquisition. This number is considerably higher for multiple dog households (38%) and considerably lower for households with both cats and dogs (22%). Compared to all other segments, significantly fewer *Pet Traditionalists* (20%) and more *Pet Humanists* (40%) purchased their dog from a breeder. (See Section 3: Market Segmentation.)



Friends and relatives or "free to a good home" adoptions represent the second most important distribution channels for dogs (36%), especially for large breeds, with 43 percent of large dogs in the survey obtained in this manner.

Another 17 percent of dogs came from a pet store (30% of the small breed dogs). Fewer *Pet Humanists* purchased their dogs from a pet store (14%), which may be a consequence of their beliefs in animal rights or their financial ability to buy directly from a breeder. However, pet stores are a more important channel for dog acquisition in the past year, with 29 percent of all puppies in the survey under one year of age coming from pet stores.

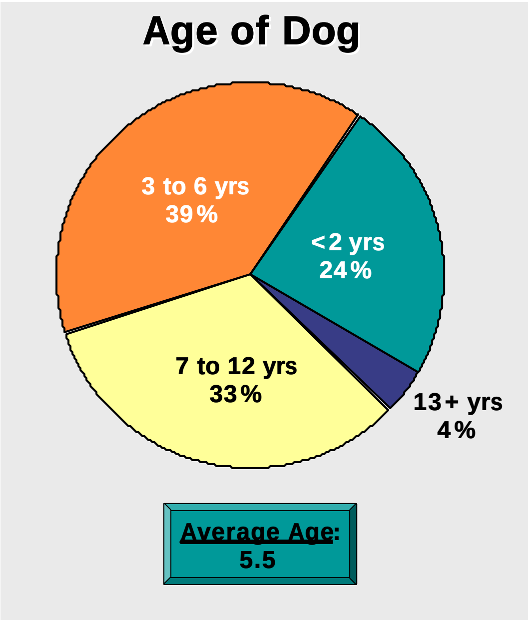
Dog Distribution Channels

	Total	Pet Humanist	Conscientious Pet Lovers	Pet Pleasers	Pet Traditionalists
	%	%	%	%	%
Breeder	33	40	33	31	20
Friends or relatives	19	17	15	20	24
Pet store	17	14	17	18	21
Person giving it away to good home /private sale	17	16	18	17	16
Humane Society or a shelter	9	10	10	6	12
Adopted a stray	3	2	4	3	2
My older pet's puppy/ kitten	1	1	0	1	1
Vet or vet clinic	0	0	1	0	1
Other	2	0	2	3	2

Q.18

Fewer than one in ten dogs (9%) were adopted from a shelter or Humane Society and are more likely to be large (11%) or medium (12%) size breed varieties (compared to only 4% of small breed dogs). Few (3%) dogs were adopted from the street. Households owning both dogs and cats are twice as likely to have adopted a stray (75%) or to have acquired a dog from friends or relatives (22%). Multiple dog owners are more likely to have purchased their pets from a breeder (38%).

Dog Age



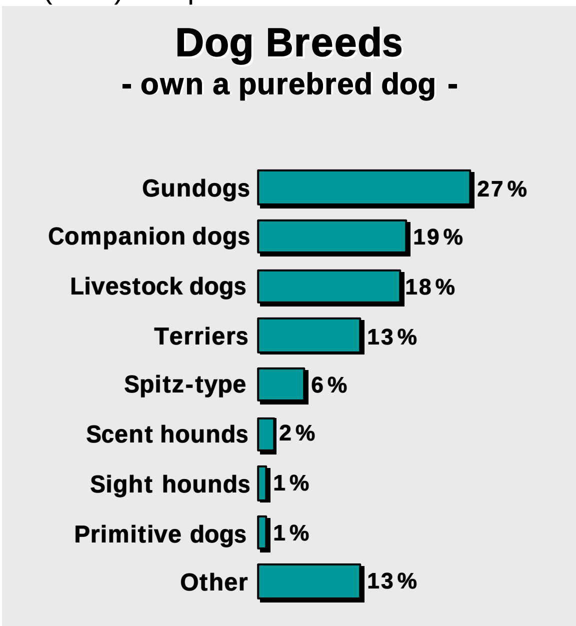
Puppies under one year of age represent five percent of the sample, with six percent of the dog-owning households having a puppy. Senior dogs (11 years and older) account for another 11 percent of this dog population. Fifteen percent of all dog-owning households surveyed have at least one dog in this age group. The average age for all dogs covered in this study is 5.5 years.

Dog Gender

Gender split among dogs is almost even with 53 percent males and 47 percent females. Three quarters (75%) of dogs are spayed or neutered. More than one-third (36%) of those with currently unaltered status will be spayed or neutered in the next 12 months. Overall, 84 percent of dogs currently owned will be spayed or neutered by the end of the year, underscoring the urban pet owner's comfort with this procedure.

Dog Breeds

More than one-half of the dogs discussed here (61%) are pure-breds. Almost one-third of these pure-breds are gundogs or hunting dogs, such as retrievers (17%), spaniels (7%), pointers (1%), and other similar breeds. One fifth (19%) are companion dogs, such as Bichon Frisé (2%), Lhasa Apso (3%), Maltese (3%), small poodles (3%), Shi Tsu (6%) and others. Terriers represent 13 percent of the pure-bred canine population, with Yorkshires being the most popular (3%). All hair varieties are popular, with 35 percent of dogs having short hair, 33 percent medium hair, and 31 percent long hair.



Breed Groupings

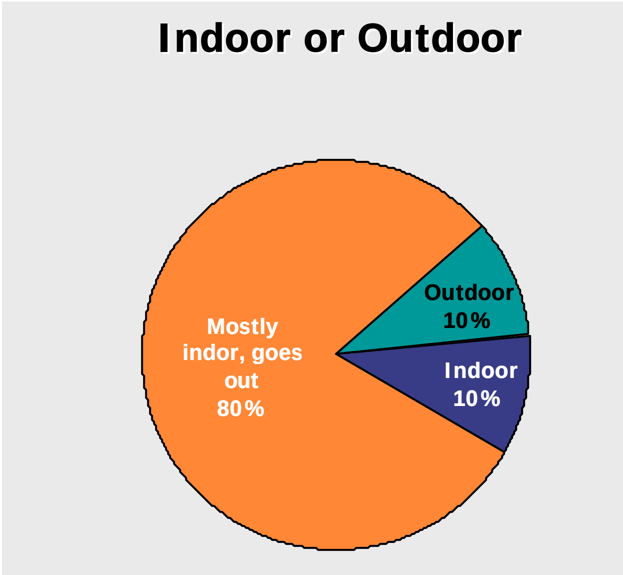
In order to present a summary distribution of dog breeds, we grouped them as follows:

- **Hunting Dogs:** Hungarian Puli, Standard Poodle, Portuguese Waterdog, Spaniels, Retrievers, Setters, Pointers, Hungarian Vizsla, etc..
- **Livestock Dogs:** Shepherds, Collie, Sheepdogs, Corgi, Cattle Dogs, St. Bernard, etc.
- **Companion Dogs:** Bichon Frise, Maltese, Lhasa Apso, Shih Tzu, Pekingese, Chihauhua, etc.
- **Primitive Dogs:** Canaan Dog, Basenji, Ibizan Hound, etc.
- **Sight Hounds:** Greyhound, Whippet, Saluki, etc.
- **Scent Hounds:** Blood Hound, Basset Hound, Grand Bleu de Gascogne, Basset Griffon, Fox Hound, etc.

- **Spitz-type Dogs:** Alaskan Malamute, Eskimo Dog, Siberian Husky, Samoyed, Japanese Akita, Chow Chow, Spitz, etc.

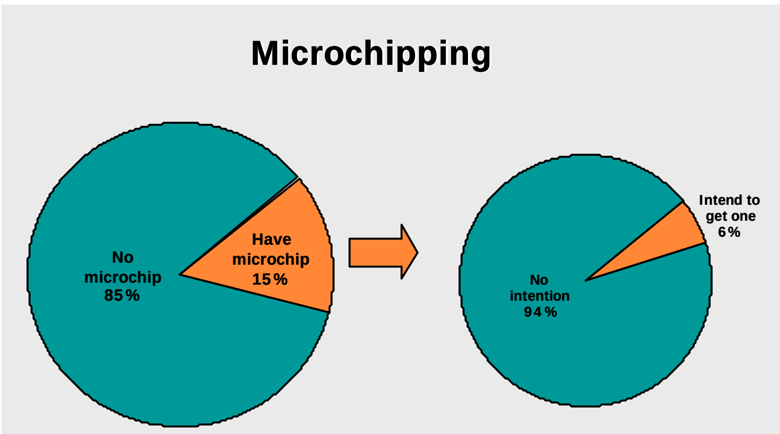
Indoor/Outdoor

Most of the dogs discussed by respondents are kept primarily indoors but are allowed to go out (80%). An equal proportion (10%) are completely indoor (almost never go out) or mostly outdoor (rarely or never come in). In fact, 17 percent of small breed dogs are purely indoor dogs while the same proportion (16%) of large dogs are outdoor dogs.



Microchipping

Only 15 percent of dogs covered by this survey are currently microchipped; another 6 percent of owners intend to get their dog a microchip within the next 12 months. Microchipping is more common for younger pets, with the proportion of microchipped dogs ranging from 19 percent for dogs under 5 years of age, to 12 percent of dogs between 6 and 10 years of age, and 6 percent of dogs 11 years or older. This suggests that purchasing a microchip is more a top of mind action for new dog owners, and that fewer owners will consider having their mature dog microchipped.



Purebred dogs are more likely to have a microchip than mixed breeds(17% vs. 12 %).

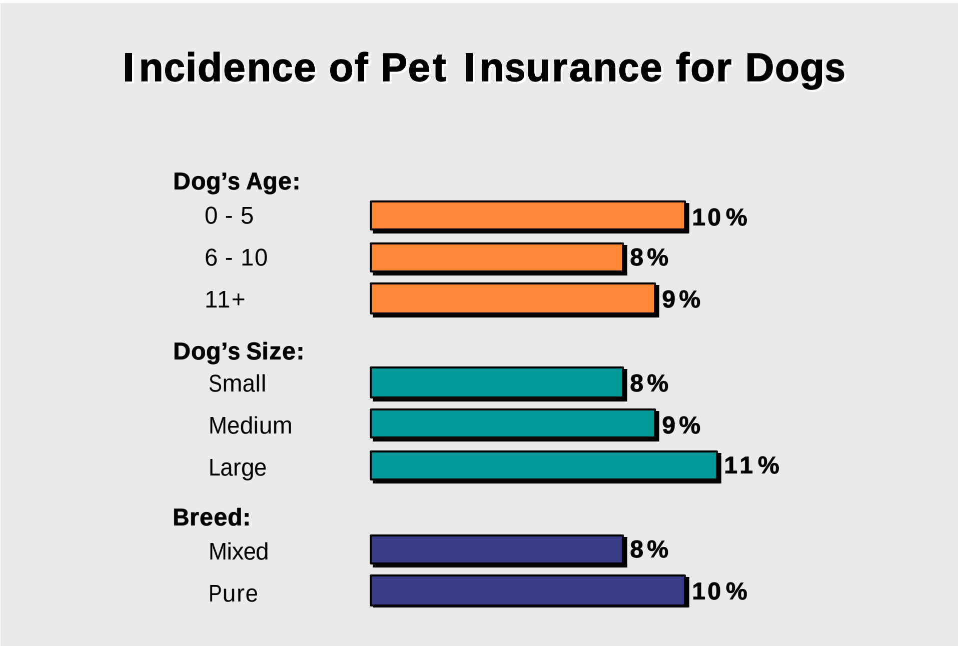
Pet Insurance for Dogs

Only nine percent of dogs are currently on a pet insurance plan, with very few (7%) dog owners who don't currently have pet insurance saying they would definitely/probably purchase some within the next year. Fully 59 percent of the dog owners state that they definitely will <u>not</u> acquire pet insurance within the next 12 months.

Pet Insurance for Dogs

	Total	Breed Size		
	(All Dogs)	Large	Medium	Small
	%	%	%	%
Currently have pet insurance	**9**	**11**	**9**	**8**
Intent to Purchase in next 12 months (Do not have pet insurance)				
Definitely will	1	1	1	3
Probably will	6	4	5	8
Might or might not	11	10	13	12
Probably will not	23	27	22	18
Definitely will not	59	59	59	59

Q.71/72

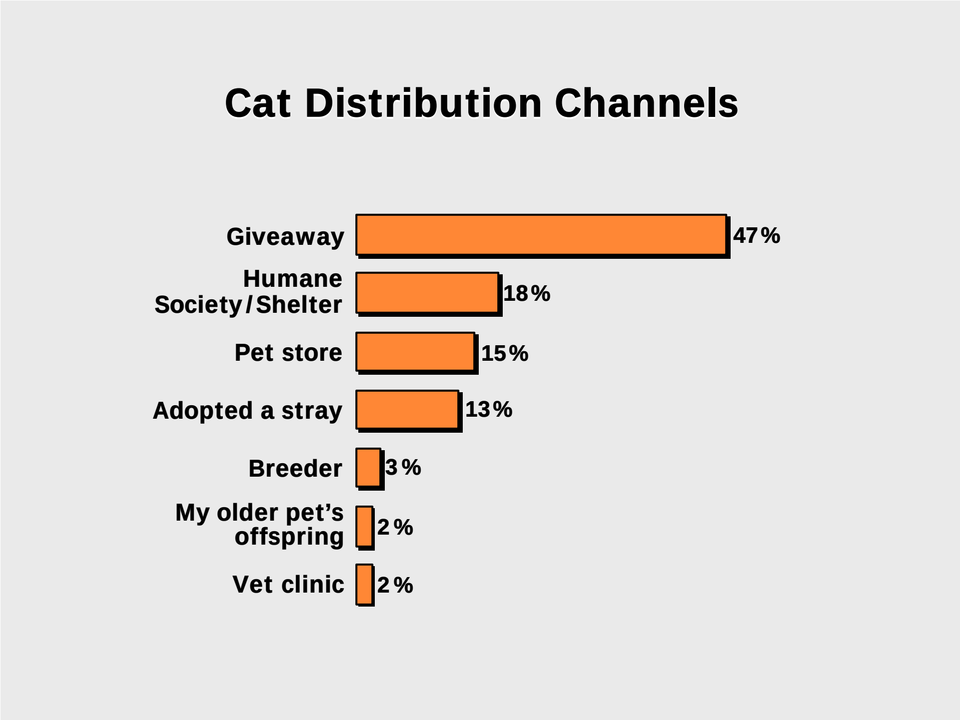


We can apply Purchase Probability scales developed by Urban and Hauser in "Demand and Marketing of New Products"[1], and take 75 percent of those who said "definitely will", 25 percent of those who said "probably will", and 10 percent of those who said "neither likely nor unlikely"; based on these assumptions, the actual market for insurance would be predicted to be around three percent of dog owners.

[1] G.L. Urban, J.R. Hauser, G. Urban. <u>Design and Marketing of New Products</u> (2nd edition). Prentice Hall 1993

Cat Purchase Channels

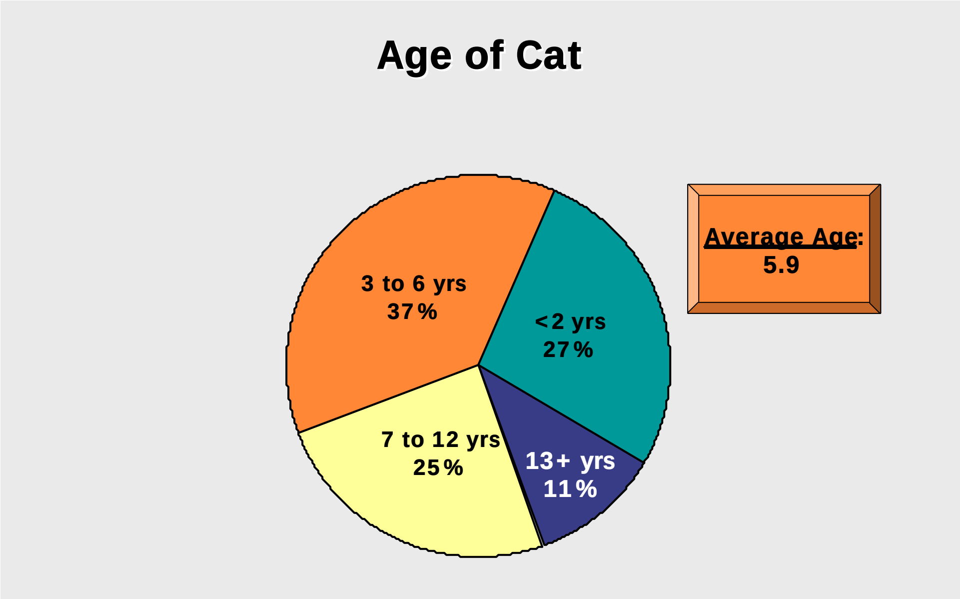
Almost one-half of all cats (47%) come from friends or relatives (34%) or are given to the owners by someone else (13%), representing the most important "channel" for cat acquisition. Another 18 percent of owners got their cat(s) from the Humane Society or from a shelter. In fact, more than one-quarter (26%) of all cats owned by *Pet Humanists* came from this channel. Cats from this channel are more likely to be adopted as adults (with 20% of these cats being over the age of one year). Pet stores were the source for 15 percent of cat owners and for 21 percent of all purebred cat owners in the survey.



In contrast to dogs (33%), only three percent of cats came from a breeder (this is higher for purebred cats at 22%, but still considerably less than for purebred dogs–49%).

Cat Age

Ownership of kittens under one year of age represents eight percent of the sample. Senior cats 11 years and older account for another 16 percent of cat population. Twenty percent of the cat-owning households have at least one cat aged 11 or older. The average age for the cats owned by this study is 5.9 years, similar to dogs.



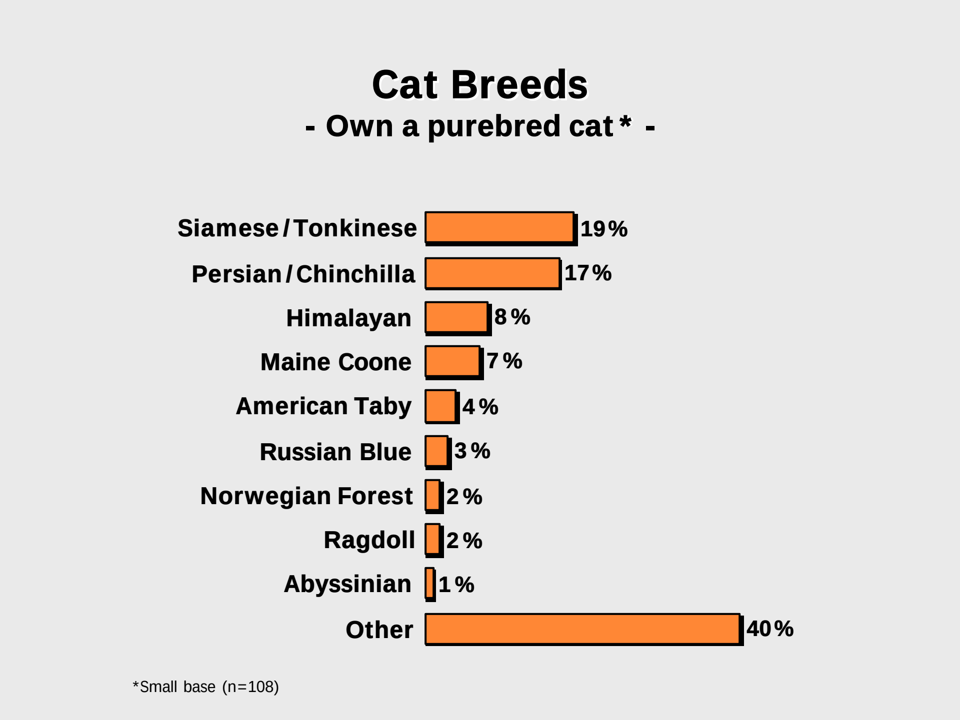
Cat Gender

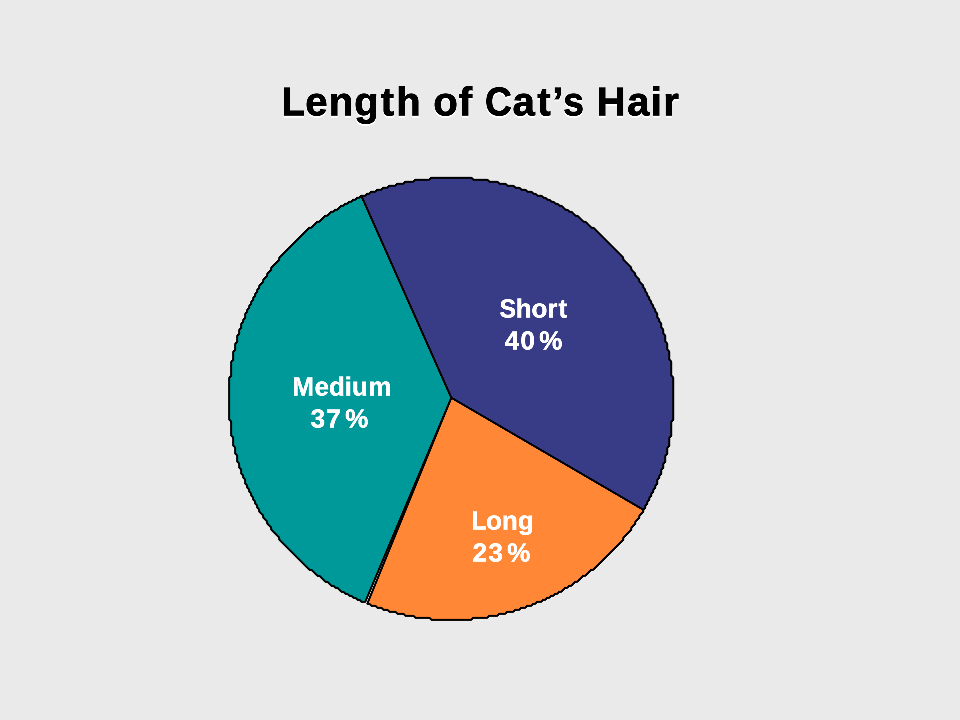
Gender split among cats is almost even with 53 percent owning females and 47 percent owning males. Nine in ten cats (89%) are spayed or neutered. Most (70%) of those with currently unaltered status will be spayed or neutered in the next 12 months. Overall, 97 percent of cat owners intend to spay or neuter their cats by the end of the year.

Cat Breeds

Only 15 percent of the cat owners have purebred cats (vs. 61% for dogs). Long hair breeds are least popular, with 40 percent owning short hair cats, 37 percent owning medium and 23 percent owing a long hair cat.

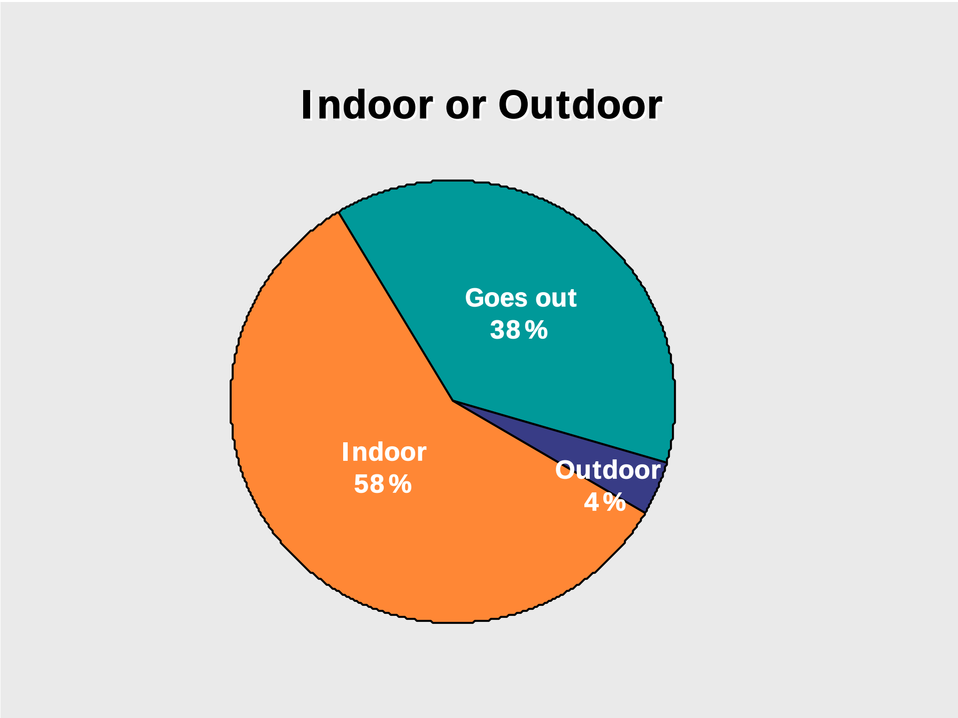
There are two breeds of cats definitely favoured by urban Canadians – Siamese (16% of purebred cats) and Persian (17% of all purebred cats). Also popular are Himalayan (8%), and Maine Coone (7%) cats.


Cat Breeds
- Own a purebred cat* -
Siamese/Tonkinese 19%
Persian/Chinchilla 17%
Himalayan 8%
Maine Coone 7%
American Taby 4%
Russian Blue 3%
Norwegian Forest 2%
Ragdoll 2%
Abyssinian 1%
Other 40%
*Small base (n=108)


Length of Cat's Hair
Short
40%
Medium
37%
Long
23%

Indoor/Outdoor

More than one-half of all the cat owners (58%) say their cats are purely indoor and almost never go out. Another 38 percent say their cats stay primarily indoors but are allowed to go out. Only four percent of cat owners have outdoor cats who rarely or never come in. Younger cats (new born to 5 years old) are more likely to be kept indoor at all times, with 63 percent of cats in that subgroup. More than two-thirds of *Pet Humanists* and *Conscientious Pet Lovers* (66% and 64% respectively) are likely to keep their cats indoors. In contrast, *Pet Traditionalists* are more likely to keep a more "functional pet" who rarely or never comes in with 7 percent of cats in this segment



living outdoors.

Microchipping

Somewhat fewer cats than dogs (10% vs. 15%) are currently microchipped; another four percent intend to get a microchip for their cat in the next 12 months. As with dog owners, microchipping is only slightly more common with younger pets, with the proportion of microchipped cats ranging from 11 percent for cats under 10 years of age to six percent of cats 11 years or older.

Pet Insurance for Cats

Just two percent of cat owners currently hold pet insurance. Further, only two percent of cat owners who don't currently have pet insurance said they would definitely/probably purchase it in the next year. The majority, (63%) of cat owners stated they "definitely would not" acquire pet insurance in the next 12 months.

Pet Insurance for Cats

	Total	Age of Cat		
		0-5	6-10	11+
	%	%	%	%
Currently have pet insurance	2	3	2	1
Purchase Intent (next 12 months)				
Definitely will	2	3	1	0
Probably will	4	7	1	2
Might or might not	8	8	9	6
Probably will not	22	22	26	15
Definitely will not	63	60	63	73

Applying purchase probability scales (75% of those who definitely will, 25% of those who probably will and 10% of those who might or might not purchase) suggests that three percent of urban cat owners are likely to purchase pet insurance for a cat in the next 12 months.

Pet Food Channels

In the Paws & Claws survey pet owners were asked to indicate the channels they use for purchasing pet food. Not unlike previous consumer studies we have conducted for this product category, the overall share of specialty pet stores was estimated at 45 percent (52% for dog food and 35% for cat food). Statistics Canada does not collect comparable data, however, it provides the total sales of pet specialty stores for 1999 ($813 million). As a percentage of the total household expenditure on pet food and pet supplies, these stores then represent 39 percent of the total non-veterinary consumer expenditure on pets. It is conceivable that the specialty pet channel is even more important among those segments we've termed "true pet lovers".

SECTION TWO:
PET OWNERSHIP AND ATTITUDES

SECTION TWO: PET OWNERSHIP AND ATTITUDES

Canadians' Attitudes Toward Pet Ownership

On the omnibus survey that was intended to find out the incidence of pet ownership on a national basis, we asked 1,000 Canadians (both pet owners and those who don't have pets) about their attitudes towards pets and pet owners.

Generally, Canadians are sympathetic to animals' rights and hold strong expectations for pet owner behaviour. When asked to rate their level of agreement or disagreement with some statements (on a ten-point scale), seven in ten Canadians (70%) agreed with the statements "animals are defenceless and deserve our protection". This number was even higher among women (77%), individuals over 55 years of age (80%) and residents of Alberta (77%) and Atlantic provinces (81%).

Over two thirds (69%) of Canadians believe "it's good for a kid's development to grow up with pets". Some negative associations with owning pets seem to be attributed to the pet owner, rather than the pet. Close to two-thirds (61%) of Canadians agreed with the statement: "When I see someone's pet misbehaving, I am more annoyed with the owner than with the animal". It is not surprising, therefore, that one-half of the respondents (50%) feel that pet owners should be restricted with respect to the number of pets they own. About the same number of people (51%) believe "pet owners treat their pets more like people than like animals".

	Agree*	Disagree**	Mean
	%	%	
Pet owners treat their pets more like people than animals	51	4	7.5
People should be limited to the number of pets they own	50	23	6.6
Pets are a good substitute for a human companionship	43	17	6.5
It's good for a kid's development to grow up with pets	69	4	8.2
Animals are defenceless and deserve our protection	70	5	8.2
When I see someone's pet misbehaving, I am more annoyed with the owner than with the animal	61	8	7.7

* Rated 8,9,10 on a 10-point scale
**Rated 1,2,3 on a 10-point scale

Just fewer than one-half of all Canadians (43%) agree that “pets are a good substitute for human companionship”. This statement met with the agreement of 49 percent of women and 36 percent of men. Older people were more likely to agree with this sentiment: 52 percent of Canadians 55 years and older compared to 39 percent of those between the ages 18 and 34, and 40 percent of Canadians between the ages of 35 and 54.

Pet Owners Attitudes

We can postulate that a thorough understanding of pet owners’ attitudes towards their pets is important for the manufacturers of any pet care products. It is likely that the relationship between a pet owner and his/her pet determines, in part, the type and variety of pet care products used. A “functional” pet is not likely to get the same degree of attention and care that a “member of the family” might. In the Paws and Claws study, as in the omnibus, an extensive list of attitudinal questions related to pet ownership – combined with the analysis of specific behaviours – helped us define the composition of pet owner market and determine the type of message that would be most likely to attract specific types of pet owners.

A more detailed discussion of the distinct segments of the pet owners market is presented in the Market Segmentation chapter of the report (Section 3). However, we will start with a summary analysis of pet owners’ attitudes toward their pets that could be used by our subscribers in shaping their communications strategies.

Summary

Pets are viewed more as a part of the family rather than simply as dependent animals, with 26 percent seeing their pet as the “baby in the family” and 57 percent viewing it as a member of the family. Women are twice as likely to treat their pet as a “baby” (30% vs. 17% of men). One-third of younger pet owners (18-34 years of age) said their pet is their baby compared to 24 percent of pet owners between the ages of 35 and 44, and 23 percent of pet owners 45 years or older. Pure-bred pets are also more likely to be viewed as “babies” (34% of pure-bred cat owners and 30% of pure-bred dog owners).

Overall just 15 percent of pet owners said they love their pet “as a pet”, not “as a family member”. Men, those with higher education, and owners of mixed breed pets are more likely to state this opinion (21%).

Few pet owners claim their pet is mainly for others to enjoy (2%). This number was not significantly different for any subgroup of respondents.

Which of the following statements best describes your relationship with your pet(s)?

	Total	Gender		Age		
		Male	Female	18-34	35-44	45+
	%	%	%	%	%	%
My pet is the baby in the family	26	17	30	33	24	23
My pet is a member of the family	57	58	56	54	59	57
I love my pet as a pet, not as a family member	15	21	12	11	14	18
My pet is mainly for others in my family to enjoy, not me	2	4	2	3	3	2

Q.73

Overall, seven in ten (69%) pet owners (eight in ten cat owners and six in ten dog owners) allow their pets to sleep on the owners' beds. Six in ten pet owners (57%) have their pet's pictures in their wallets or on display with other family photos. This number is higher for younger pet owners (67%) and for the owners of pure-bred cats (66%) and pure-bred dogs (68%). And, perhaps, not surprisingly, almost all pet owners talk to their pets.

Slightly more than one-half of pet owners (53%) agree that they would go into debt to provide for their pet's well-being. Once again, younger pet owners are more likely to express this level of commitment with 66 percent prepared to take on debt if necessary.

	Total	Gender		Age		
		Male	Female	18-34	35-44	45+
	%	%	%	%	%	%
Do you allow your pet to sleep on your bed?	69	62	72	73	64	69
Do you have your pet's pictures in your wallet or on display with other family pictures?	57	52	59	67	54	51
Would you go into debt in order to provide for your pet's well-being?	53	50	54	60	50	49
Do you talk with your pet?	98	96	99	96	98	99

Q.74-77

Another attitudinal question on this survey addressed the pet owners' commitment to spending additional money on their pet in case of a chronic disease. Of course, these decisions are affected by more than just the level of expenditure and involve such considerations as the animal's quality of life, prognosis and other similar factors. The response, therefore, reflects more the owner's preparedness and certainly, financial capability to consider such additional spending, given the circumstances.

Let's say your pet was faced with a chronic disease, such as arthritis or heart disease, that would likely worsen with age. If you could sustain a fairly normal quality of life for your pet by providing necessary home care, medications and medical procedures, how much would you be prepared to spend on an annual basis? Would it be...

	Total	Gender		Age		
		Male	Female	18-34	35-44	45+
	%	%	%	%	%	%
Under $100	6	6	7	5	9	6
$100 to less than $250	13	10	15	12	15	13
$250 to less than $500	22	24	21	23	20	22
$500 to less than $750	11	12	10	14	10	9
$750 to less than $1000	9	8	10	10	9	9
$1000 or more	21	24	20	24	19	20
None (not read)	2	2	2	1	3	2
Don't know	16	16	16	10	15	20

Q.91

To a great degree, the current income level determines what pet owners are prepared to spend on their pet's health.

Amount Willing to Spend on Pet with Chronic Disease

	<$45K	$45-$85K	$85K+
	%	%	%
Under $100	12	4	3
$100 to less than $250	19	13	6
$250 to less than $500	21	24	20
$500 to less than $750	9	13	10
$750 to less than $1000	10	8	11
$1000 or more	13	19	35
None	3	1	1
Don't know	13	16	14

Below are summary tables of other attitudinal statements rated by pet owners on a scale from 1 to 7, where 1 is “disagree completely”, 4 is mid-point meaning “neither agree nor disagree” and 7 is “agree completely”.

Relationship With Pet

	Agree	Disagree	Mean Score
	%	%	
For affection, I rely more on my pet than on other members of the family	12	49	3.0
I enjoy sharing stories about my pet with my family and friends	55	9	5.4
My pet’s vocabulary is limited, but I think we communicate quite well	59	7	5.5
A pet is a friendly, dependent animal, nothing more and nothing less	18	40	3.4
I always make a point of reading pet-related tips and information that comes my way	39	17	4.7
Having a pet is fine, but you are better off spending money on other things	7	61	2.5
Pets have the same rights to health and happiness as people do	67	6	5.8
Only lonely people treat pets as humans to fill a void in their lives	11	62	2.5
I would miss not having a pet, but it wouldn’t leave a real void or gap in my life	23	42	3.5
I believe animals have the same emotions humans do	45	13	5.0
Animals cannot think, they act out of instinct	17	46	3.2
The mess and trouble that comes with a pet is a small price to pay for the benefits	69	4	5.9
I always find myself buying small gifts and treats for my pet	33	27	4.2

Q78

Canadians are clearly comfortable with the notion that owning a pet is both an economic and an emotional responsibility, but one which, for many, is worthwhile.

Other beliefs support the notion that the majority of pet owners view their pets as significant companions, with needs, rights and deserving of treats. In fact, close to two-thirds of the pet owners suggest that pets fill a void in people's lives. As we shall see, taking care of a pet with respect to its health and nutrition are also responsibilities deemed to be important.

Attitudes Toward Pet Care and Pet Care Products

	Agree	Disagree	Mean Score
	%	%	
I take pride in my pet and like it when people notice its appearance	61	6	5.6
Most of the time I don't even look at the price when buying pet food or supplies	37	22	4.4
I would never go out of my way to buy a special kind or brand of pet food	13	55	2.8
All brands of pet food are pretty much the same; the difference is just marketing	9	52	2.8
I'll take my pet to the vet when it is hurt or ill, but check ups are just a waste of money	13	58	2.7
If my pet was hurt or ill, cost would be a major factor in the decision about treatment	26	37	3.7
Pet vaccinations cause more grief than they do good	5	69	2.2
The pet food sold by vets is better than what you can get at a store	20	35	3.6
Most vets will recommend what is good for their business, even if the pet doesn't need it	13	37	3.4
Pets are animals, they should eat raw meat	3	78	1.8
Pet food sold in specialty pet stores is better quality than pet food sold in grocery stores	27	29	4.0
I look for (get) nutritional advice from my vet	50	16	5.0
I am willing to spend money to prevent my pet from getting fleas	72	6	5.9

As we shall see, taking care of a pet with respect to its health and nutrition are also responsibilities deemed to be appropriate.

Regional Differences in Attitudes

There are some regional differences in how pet owners feel about their pets.

Respondents from Quebec (especially francophones) hold a similar view of a pet as "baby" or "family member" as elsewhere in the country. However, the level of commitment to spending money on their pets is significantly lower in Quebec than in other parts of the country (34% would go into debt vs. 53% nationally).

Which of the following statements best describes your relationship with your pet(s)?

	Total	BC	Man/ Sask	Ont	Que	Atl
	%	%	%	%	%	%
My pet is the baby in the family	26	22	26	25	31	27
My pet is a member of the family	57	61	57	57	53	53
I love my pet as a pet, not as a family member	15	15	14	15	14	17
My pet is mainly for others in my family to enjoy, not me	2	2	4	2	2	3

Other Attitudinal Questions

	Total	BC	Man/ Sask	Ont	Que	Atl
	%	%	%	%	%	%
Do you allow your pet to sleep on your bed?	69	65	68	67	72	69
Do you have your pet's pictures in your wallet or on display with other family pictures?	57	60	58	58	52	57
Would you go into debt in order to provide for your pet's well-being?	53	64	61	60	34	62
Do you talk with your pet?	98	98	94	97	99	99

Let's say your pet was faced with a chronic disease, such as arthritis or heart disease, that would likely worsen with age. If you could sustain a fairly normal quality of life for your pet by providing necessary home care, medications and medical procedures, how much would you be prepared to spend on an annual basis? Would it be...

	Total	BC	Man/ Sask	Ont	Que	Atl
	%	%	%	%	%	%
Under $100	6	2	4	4	13	3
$100 to less than $250	13	8	6	10	23	9
$250 to less than $500	22	22	20	19	25	21
$500 to less than $750	11	14	12	12	7	13
$750 to less than $1000	9	14	13	10	4	11
$1000 or more	21	26	26	26	9	29
None (not read)	2	0	1	2	4	1
D/K	16	14	17	18	14	13

Marketers of pet care products should be aware of this regional variation when designing regional marketing strategies. The results of Paws & Claws suggest that pet care products in Quebec need to have a strong emotional appeal with an emphasis on the importance of *investment* in the relationship with the pet.

SECTION THREE: MARKET SEGMENTATION

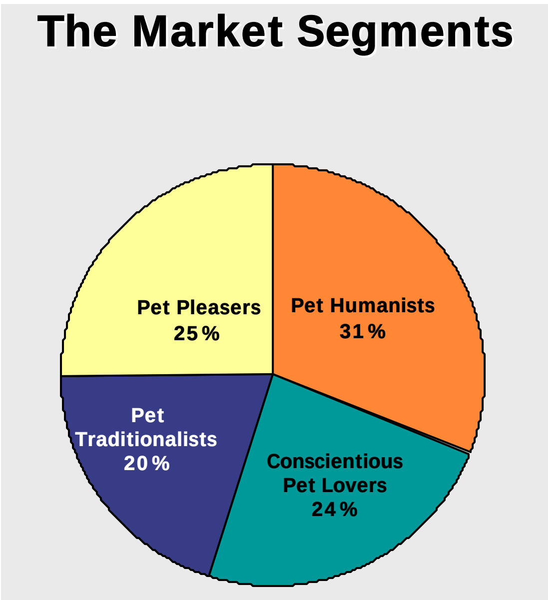
SECTION THREE: MARKET SEGMENTATION

The Paws and Claws study's measurement of consumer attitudes and behaviour was used to segment Canadian pet owners to help reveal important marketing implications for developing the market as well as new product opportunities. This analysis separates pet owners into subgroups or segments of the market based on their behaviours, motivations and attitudes. These segments are large enough to target, yet different enough to warrant distinct marketing strategies. Specifically, we looked at three levels of commitment to pet ownership, such as attitudes towards pets, actual spending on the pet and time investment (brushing pet's teeth, frequency of vet visits, cooking home made meals, etc.)

In segmenting the pet owner market, we developed segments that differentiate in terms of:

- Pet care, including reliance on the vet factors considered for selecting a product or brand, type of food served, brand preferences, spending, and importance of information sources;
- Expectations of the vet visit, and satisfaction with the vet; as well as,
- Attitudes about their pets in terms of emotional bond, pet health care and general treatment of their pet.

The segmentation analysis identified four pet owner segments that have been named to capture the essence of each group's behaviour and attitudes: *Pet Humanists*, *Conscientious Pet Lovers*, *Pet Pleasers*, and *Pet Traditionalists*. Each is interesting and worth understanding, however not all are worth significant marketing investment. The goal of the segmentation is to provide a comprehensive picture of each segment so that informed decisions can be made in as many areas as possible – from positioning strategy through to the product and service offering and marketing activities. A description of the four pet owner segments follows.



Pet Owner Profile
- Demographic -

	Pet Humanist (458) %	Conscientious Pet Lovers (364) %	Pet Pleasers (373) %	Pet Traditionalists (305) %
Region:				
British Columbia	**21**	14	18	13
Prairies	11	7	8	7
Ontario	47	41	45	**31**
Quebec	**18**	35	26	**47**
Atlantic	3	3	3	2
Gender of Owner:				
Male	21	36	24	39
Female	79	64	76	61
Age of Owner:				
<35	**38**	25	**34**	26
35-44	26	25	26	30
45-54	23	28	24	25
55+	12	18	14	17
Mean age (years)	39.5	43.2	40.7	43.4
Household Income:				
<$45,000	29	24	35	34
$45,000-<$65,000	19	20	22	20
$65,000-<$85,000	15	12	12	16
$85,000+	23	28	18	16
Refused	14	16	13	14
Mean (dollars)	$64,925	**$71,695**	$58,048	$59,171
Household Size:				
1-2	**50**	48	47	**38**
3-4	40	40	38	**45**
5+	10	12	15	**17**
Mean number	2.7	2.8	2.9	3.1
Children under 17 in Household (any)	31	37	39	53
Education:				
Less than high school	12	7	12	13
Complete high school	25	15	22	23
Some college/university	19	25	24	20
Complete college/university	37	40	34	36
Post graduate	7	**13**	8	8
Household Situation:				
Rent	**39**	28	35	28
Own	61	72	65	72
Marital Status:				
Married/Common-law	58	62	58	62
Single	**32**	24	29	21
Divorced/separated	7	11	9	12
Widowed	3	3	4	5

Pet Humanists

Dear Diary,

By gosh, how annoying! I know why Susan took me for a stroll to the park yesterday. It was because she wanted to see Jack of all people. I over heard her friend Gladys say that Jack runs there on weekends with his dog. I don't know what she is thinking mixing with the middle class like that. I know Gladys said Jack has money because he is an investor, but you wouldn't know it. Bud, his golden retriever is filthy and doesn't even notice a special female when he meets one. If he only knew I have a micro-chip, insurance, and I'm at the vet every few months for something or other. Susan lives by what Dr. Cooper says is best for me. She only feeds me what he recommends, the healthiest food with high quality ingredients. Thankfully, she doesn't even consider price. Of course, she wouldn't expect me to eat something from the grocery store. I can't believe Bud called me a snob and told me I should be more like that poor little mutt Samantha from down the street. He says she is smart and isn't so self-indulged (I think he was implying that I am self-indulged, whatever!)

Besides running into Bud at the park, while we there it started to rain. I can't believe she brings me to such places. You can't even imagine what the rain did to my precious coat before Susan could get my raincoat on me. And, not only that, she forgot my boots and had to carry me four blocks to get home. That woman would go into debt to provide for my well being. The really good part (tee, hee), is that Susan felt so bad for getting me wet that we spent the rest of the evening, talking, watching movies and having treats snuggled in her king size bed (their goes the special diet she feeds me).

Love Fifi,
xoxo

Pet Humanists represent the largest segment, with 31 percent of Canadian urban pet owners. The group should be viewed as a key segment not only in terms of its size, but also with respect to levels of spending, and emotional involvement. It is the relationship these pet owners have with their pet and everything related to it that defines their importance in the pet care market.

Regionally, *Pet Humanists* are over-represented in the West (particularly in B.C.) and Ontario and under-represented in Quebec (18% in Quebec compared to 31% on average). This group has the second highest level of household income, reflects the market in terms of occupation and education, but skews to being single, female and in the younger age groups (38% under 35 years of age).

Agreement with Motivation and Attitude Statements

	Pet Humanist	Conscientious Pet Lovers	Pet Pleasers	Pet Traditionalists
	%	%	%	%
The mess and trouble that comes with a pet is a small price to pay for the benefits	**94**	61	78	**34**
Pets have the same rights to health and happiness as people do	**90**	52	80	**40**
My pet's vocabulary is limited, but I think we communicate quite well	80	**39**	74	**36**
I believe animals have the same emotions humans do	68	**26**	60	**19**
I always find myself buying small gifts and treats for my pet	**58**	**15**	41	**11**
I would miss not having a pet, but it wouldn't leave a real void or gap in my life	**9**	27	24	**36**
A pet is a friendly, dependent animal, nothing more and nothing less	**7**	22	16	29
Animals cannot think, they act out of instinct	6	19	17	**31**
For affection, I rely more on my pet than on other members of the family	19	5	18	4
Only lonely people treat pets as humans to fill a void in their lives	5	9	10	23

Rated 6 or 7 on a 7-point scale where "1" means completely disagree and "7" means completely agree.

Consistent with this profile, *Pet Humanists* are more likely than other segments to be living in an apartment and renting.

The *Pet Humanists* are more likely to own a dog than a cat, and a pure breed; she is more likely to have acquired the pet from the Humane Society (or shelter), or a breeder. The importance of the Humane Society or a shelter in this segment may reflect this group's commitment to the animal welfare cause as much as any inability in financial terms to acquire the pet they want.

This segment of pet owners is caring and devoted to their pets. It is this unique relationship that should be used when marketing to this segment. *Pet Humanists* are more likely to have, or intend to have in the next twelve months, pet insurance and a microchip. Their use of spaying/neutering, administration of flea medication and heartworm medication are also higher, on average.

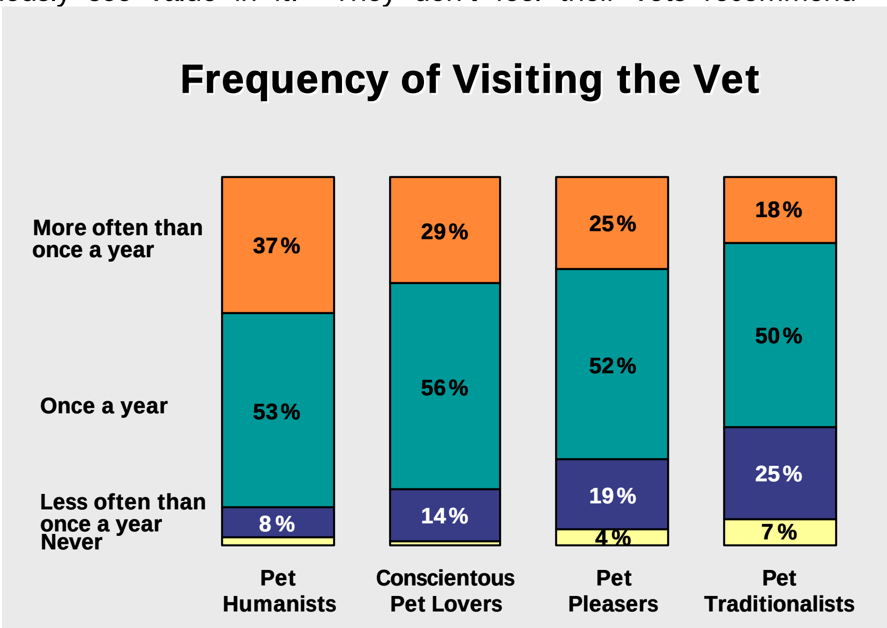
While this group owns the average number of pets per household, it is conceivable that these individuals would have more pets if it were not for apartment living and full-time jobs. *Pet Humanists* are some of the biggest spenders in the industry. They account for the majority of visits to the vet, representing 37 percent of reported total spending for vet services, and spent $292 each (not including costs for the treatment of chronic disease or behavioral problems), on average, in the past twelve months. Nine in ten pet owners in this segment visit the vet at least once each year, with 37 percent visiting more often than once a year (only 2% never visit consistently). This group reports a higher than average incidence of vet procedures on their pets.

Pet Profile

	Pet Humanist %	Conscientious Pet Lovers %	Pet Pleasers %	Pet Traditionalists %
Pets in Household:				
Dogs (any)	**65**	53	**73**	**49**
Cats (any)	57	63	57	**65**
Other pets	23	20	21	24
Breed:				
Mixed	55	61	58	73
Pure	**45**	39	**42**	**27**
Status:				
Spayed or Neutered	84	86	79	79
Intend to next 12 months	9	7	7	11
No	7	7	14	10
Microchip:				
Yes in microchipped	**20**	12	10	6
Intend to next 12 months	6	3	5	3
No/not sure	74	85	85	**91**
Pet Insurance:				
Yes have	8	6	5	2
Intend to next 12 months (will, might)	**24**	11	17	3
Will not	68	83	78	95
Health:				
Chronic disease (any)*	10	8	10	7
Behavioural problems (any)	**17**	11	14	9
Fleas (last year)	11	9	10	11
Ticks/mites (last year)	4	2	5	5
Use of flea control products (collars/shampoos)	26	19	23	**30**
Flea medication administered at vet*	**35**	30	26	**24**
Heartworm medication administered at vet (dogs only)*	56	58	46	**39**
Where Pet Spends Most of It's Time:				
Indoors, almost never goes out	33	**40**	32	30
Mostly indoors but goes out	62	53	62	58
Mostly outdoors, rarely or never comes in	5	6	6	**12**

*Among those who ever visited vet

Pet Humanists, like other segments, are satisfied with their experience with veterinarians and obviously see value in it. They don't feel their vets recommend products or procedures if the pet doesn't need it.



Perhaps because of the level of attention they give their pets, 17 percent of this segment perceive their pets to have behavioural problems (29% with separation anxiety, 26% tail chasing), higher than other segments. This fact suggests that these pet owners watch their pets very closely and may readily take action when they see fit.

Incidence of Vet Procedures in Past 12 Months
- Ever visited vet -

	Pet Humanist	Conscientious Pet Lovers	Pet Pleasers	Pet Traditionalists
	%	%	%	%
Physical/check-ups	85	78	68	63
Vaccinations	81	74	65	60
De-worming	33	32	28	28
Antibiotics	28	21	19	11
Surgeries/emergency treatment	8	9	7	6
Mean $ spent:	**$292**	**$275**	**$225**	**$174**

A pet owner's use and satisfaction with veterinarians is an integral part of the Paws and Claws syndicated study. In order to determine how pet owners select a veterinarian, we asked those who have ever been to the vet the importance of specific attributes on their choice of a vet clinic. The vet's attitude toward pets tops the list across all four segments and is the highest overall among *Pet Humanists* at 98 percent. On a secondary level is the professional appearance of the staff and the relationship the pet owner has with the vet. Clinic hours, location, and word of mouth recommendation are also taken into consideration for *Pet Humanists*. Needless to say, price is the least important factor for this group, with the need for product quality outweighing price in

their value equation, and thus making them a very profitable target in a marketing strategy.

Importance of Factors for Choice of Vet Clinic*
- Ever visited vet -

	Pet Humanist	Conscientious Pet Lovers	Pet Pleasers	Pet Traditionalists
	%	%	%	%
Vet's attitude toward pets	98	93	93	84
Professional appearance of clinic and staff	81	65	62	53
Personal relationship with vet	78	63	63	52
Clinic hours	65	53	57	57
Location	57	55	56	56
Price	44	37	59	52
Recommended/word of mouth	58	46	52	41

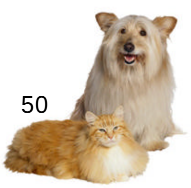
*Rated 6 or 7 on a 7-point scale where "1" means not important at all and "7" means extremely important

Pet owners, who had seen a vet, rated the performance of their current vet clinic, both overall and on a series of specific attributes. Nine in ten pet owners in this segment are satisfied with their current vet. From the vet's attitude toward their pet, to the quality of treatment, advice, attitude, and clinic appearance, these pet owners have chosen a vet who meets their needs. Although *Pet Humanists* rate clinic hours, availability and selection of pet care products and price higher than any other segment, these pet owners are busy individuals and there is room for improvement on these last three attributes in terms of increasing spending at the Vet.

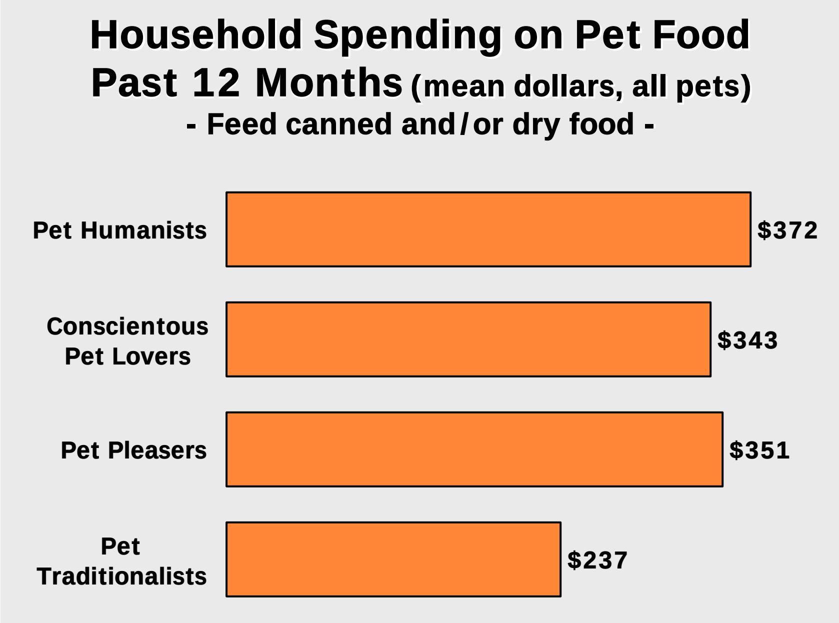
Satisfaction with Vet Clinic*
- Ever visited vet -

	Pet Humanist	Conscientious Pet Lovers	Pet Pleasers	Pet Traditionalists
	%	%	%	%
Overall, all things considered	**90**	**86**	**78**	**74**
Vet's attitude toward pets	96	92	88	83
Quality of treatment	95	89	86	83
Competency of vet	94	88	87	84
Clinic's attitude and willingness	94	89	85	76
Quality of advice	91	82	79	77
Professional clinic appearance	89	82	77	68
Competency of vet clinic staff other than vet	85	77	78	67
Clinic hours	74	67	65	60
Availability/selection of pet care products	65	56	54	44
Price	56	48	48	41

*Rated 6 or 7 on a 7-point scale where "1" means completely dissatisfied and "7" means completely satisfied.



Pet Humanists are well above average in spending on pet food. *Pet Humanists* that serve canned and/or dry food to their pets report the highest per household spending amount on average - a total of $372 per household each year for pet food (all pets). This segment accounts for one-third (33%) of all reported pet food spending. *Pet Humanists* purchase pet food from a variety of channels, but are more likely than average to purchase from pet specialty stores and veterinarians.



Pet Humanists reflect the market in terms of serving canned and/or dry food. Like the *Conscientious Pet Lovers*, this segment is more likely to serve this pet a special diet, both in terms of life stage and/or specific needs.

Type of Food Served to Pet

	Pet Humanist	Conscientious Pet Lovers	Pet Pleasers	Pet Traditionalists
	%	%	%	%
Both dry and canned	36	32	37	**27**
Dry food (any)	95	95	93	96
Canned food (any)	39	36	41	**28**

Feed Specific Type of Food for Life Stage or Special Needs
- Feed canned and/or dry food -

	Pet Humanist	Conscientious Pet Lovers	Pet Pleasers	Pet Traditionalists
	%	%	%	%
Net “special diet”	**68**	**67**	57	59
Life Stage	58	56	**49**	56
Specific needs	30	29	22	**12**

Pet owners were asked to rate the importance of specific attributes when making a pet food brand decision. *Pet Humanists* indicate that their pets' liking of the food is a very strong factor (presumably for repurchase), but food quality and vet recommendation are even more important. This segment knows, or at least they think they know, what ingredients are important for their pets and whether or not a product meets the specific needs of their pet.

Importance of Factors Determining Brand Decision

- Feed canned and/or dry food (excludes "for health" reasons) -

	Pet Humanist	Conscientious Pet Lovers	Pet Pleasers	Pet Traditionalists
	%	%	%	%
Pet likes it	86	78	83	80
High quality ingredients	87	78	70	**57**
Healthiest food you can feed your pet	82	77	**65**	**55**
Formulas for different stages or specific conditions	**65**	55	**48**	**43**
Recommended by vet	71	66	**38**	**35**
Brand familiar with	56	45	57	45
Is a natural food	46	40	41	**27**
It's convenient to buy	**37**	40	**47**	49
Recommended by pet food store personnel	23	21	23	18
On sale/have a coupon	12	12	**21**	**22**
Lowest price	7	9	**23**	**23**

*Rated 6 or 7 on a 7-point scale where "1" means not important at all and "7" means extremely important

Pet Food Purchases: Store Share (Past 10 Purchases)

- Feed canned and/or dry food -

	Pet Humanist	Conscientious Pet Lovers	Pet Pleasers	Pet Traditionalists
	%	%	%	%
Pet or specialty store (e.g. Pet Valu, PetsMart)	**47**	**48**	39	38
Grocery store	24	23	**34**	**35**
Mass merchandise store (e.g. Wal-Mart, Costco)	9	5	**15**	**16**
Veterinarian	**16**	**20**	7	6
Online/mail order	2	2	1	3
Other type of store	2	2	4	2

Pet Humanists turn to a wide variety of sources for information on pet care. While this allows manufacturers to target relevant pet owners in many ways, it's worth noting that the sources they are most likely to use are word of mouth recommendations – by a veterinarian preferably. Pet store personnel also figure prominently in the information chain, however, they perceive the credibility of vet advice to be much higher than that of pet food store personnel.

This segment is different from the other three in the sense that *Pet Humanists* are active information seekers and respect a fact-based objective assessment of the value a product will provide. Passive information sources (such as broadcast media) could build *Pet Humanists*' awareness of products or brands but may not be sufficient for these pet owners to form their purchasing decision.

Sources of Information Used for Pet Care (Aided)

	Pet Humanist	Conscientious Pet Lovers	Pet Pleasers	Pet Traditionalists
	%	%	%	%
Vet or clinic staff	87	77	59	47
Books/newspapers/magazine articles	59	39	51	34
Pamphlets/brochures	57	47	47	33
Friends/colleagues	52	40	51	39
Pet food store personnel	37	34	33	28
Pet care websites	25	16	17	10
Other	6	6	6	6
Don't know	3	6	6	16

Pet Humanists take pride in their pet and appreciate when others notice its appearance. They perceive their pet to have a vocabulary sufficient for two-way communication and rely on their pet for emotional support. Their pets are allowed to sleep on the bed and the owners have pictures of their pets in their wallet or on display. If their pet developed a chronic disease a full 41 percent would spend $1000 or more trying to aid in its recovery and 85 percent would go into debt if necessary to provide for the pet's well-being.

Pet Owner Attitudes*

	Pet Humanist	Conscientious Pet Lovers	Pet Pleasers	Pet Traditionalists
	%	%	%	%
Talk with pet(s)	99	96	99	96
Allow pet(s) to sleep on bed	78	68	75	49
Have pictures of pet(s) in wallet or on display	83	43	66	26
Go into debt to provide for pet's well-being	85	37	61	17

*% saying "yes"

Agreement with Motivation and Attitude Statements

	Pet Humanist	Conscientious Pet Lovers	Pet Pleasers	Pet Traditionalists
	%	%	%	%
I am willing to spend money to prevent my pet from getting fleas	**87**	**83**	57	54
I take pride in my pet and like it when people notice its appearance	**85**	48	69	**33**
I enjoy sharing stories about my pet with my family and friends	**84**	**36**	69	**21**
I look for (get) nutritional advice from my vet	74	70	26	22
I always make a point of reading pet-related tips and information that comes my way	**61**	29	43	16
Most of the time I don't even look at the price when buying pet food or supplies	57	54	**15**	**14**
Pet food sold in specialty pet stores is better quality than pet food sold in grocery stores	30	35	23	19
If my pet was hurt or ill, cost would be a major factor in the decision about treatment	**10**	25	26	**48**
The pet food sold by vets is better than what you can get at a store	25	25	13	17
Most vets will recommend what is good for their business, even if the pet doesn't need it	7	11	16	20
I would never go out of my way to buy a special kind or brand of pet food	5	8	15	**26**
I'll take my pet to the vet when it is hurt or ill, but check ups are just a waste of money	5	11	16	22
All brands of pet food are pretty much the same; the difference is just marketing	5	6	11	**17**
Having a pet is fine, but you are better off spending money on other things	1	4	6	**19**
Pet vaccinations cause more grief than they do good	3	5	6	7
Pets are animals, they should eat raw meat	3	4	3	4

Rated 6 or 7 on a 7-point scale where "1" means completely disagree and "7" means completely agree.

Marketing activities for the *Pet Humanists* segment will be more effective if they:

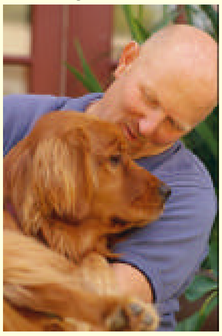
- Comprise both broadcast media (to build awareness) and personal sources (such as vet recommendation, word of mouth, and fact-sheets on the product or service);
- Support animal welfare causes;
- Promise the users of a product or service real health benefits and enjoyment for the pet.

This is an interesting and valuable segment, in terms of both revenue potential and attitude. The loyalty and devotion of these people to their pet is attractive, and their interest in the category makes them efficient to reach. The *Pet Humanists* segment is, therefore, the primary target segment for the pet food and pet service market.

Conscientious Pet Lovers

Dear Diary,

I am Jack's protector and I know Jack loves me because of my annual vet checkups, and the special food I get from the vet. He's always buying what the vet recommends, he says it's better than the grocery store stuff. I also have my cozy doggie bed in the porch. It's like my very own bedroom. I also know he loves me because of the long runs we take through the park. Just because we have this mutual agreement that we don't talk about each other to our pals, and he doesn't put pictures of me around the house doesn't mean anything. Frankly, I think it's great. It wouldn't be cool if he went on and on about me to his friends or made me wear one of those pathetic sweaters for dogs (like the one Fifi wears ha, ha). That dog Fifi is so stuck-up, I wish she could be more like that cute little pup Samantha from down the street. Now, there's a good-looking female, but Jack and I always seem to bump into Susan and Fifi on our runs. I wonder if Jack has figured it out yet? That all Susan is after is for Fifi and I to get together. Well, it's not going to happen. My heart belongs to Samantha (if I could only get the courage to tell her).



Hey from Bud

Conscientious Pet Lovers represent 24 percent of the market. They can be found in all regions, but may be slightly over-represented in Quebec. This segment reflects the average in terms of household size and number of children under 17 in the household. They are slightly more likely to be older (43 years on average), and own their home. This segment also skews to males, is more highly educated and reports the highest household incomes of all the segments.

This group tends to own cats or small dogs that stay mostly indoors with a higher than average proportion having had their animal spayed or neutered (86%).

Conscientious Pet Lovers are reserved about showing over-the-top affection to their pet; for example, they are less likely to carry photos of their pets or to allow them to sleep on their beds. They are reluctant to talk about their pets or to believe that they communicate or share emotions with their pet. It is also worth noting that while this segment doesn't have to watch its spending, they purchase what is necessary for the pet, in terms of veterinary procedures and supplies, but don't indulge their pets. They tend to spend on what they perceive to be the necessities of owning a pet, such as flea

prevention, rather than little extras like small gifts and treats for their pet. These pet owners need a salient reason to purchase or switch pet care products, such as their vet's recommendation.

The *Conscientious Pet Lovers* reflects the average frequency of visits to the vet, but spent the second highest amount in the past twelve months at $275 (29% of total reported veterinary spending).

When selecting a veterinarian, this owner's most important consideration is the vet's attitude toward the pet. At a distant secondary level is the professional appearance of clinic and staff, their relationship with the vet, location, clinic hours, and word of mouth recommendation. Similar to *Pet Humanists*, for this group, price is the least important when choosing a vet.

Like the *Pet Humanists*, *Conscientious Pet Lovers*' satisfaction with their current vet clinic is also high and the majority (70%) of pet owners in this segment look to their vet for nutritional as well as medical advice.

This segment reflects the average in terms of the type of pet food the serve – canned, dry, or both - but are more likely to serve a life stage or specific needs diet.

It is consistent with their profile that when *Conscientious Pet Lovers* determine the brand of food to purchase for their pets, "quality ingredients tailored to the pets' specific conditions" and "being the healthiest food you can feed your pet" are the most important factors. A veterinarian recommendation is also important – two thirds rate a vet recommendation as very important (rated 6, or 7 on a seven point scale).

The *Conscientious Pet Lovers'* spending on pet food is second lowest at $343 per household in the past twelve months, but accounts for the same proportion (26%) of total spending that the *Pet Pleasers* segment does. This segment is the least likely to have other pets (other than cats or dogs) in the household and the results may be understated for the proportion of total spending on a per pet basis.

This segment will purchase pet food through a number of channels, but are higher than average users of pet specialty stores and veterinarians. This segment is the least likely to buy pet food at the grocery store or mass merchandise store.

In terms of the sources of information they use to make purchasing decisions, *Conscientious Pet Lovers* are a passive (not actively seeking information on pet care) segment relying primarily on their vet's recommendation. They are less likely than other segments to recall the brand of medication they have used but are more likely to say that it's the one recommended by the vet.

Conscientious Pet Lovers are an interesting and valuable segment. They are most valuable in terms of the quality products they use and their perception that quality is a necessity. However, this segment represents a more fact-based 'sell' from a marketing standpoint, as they are more conservative and less emotional about their relationship with their pet. Marketing activities will be more effective if they use veterinary endorsements or vet recommendations and state the importance of a product for a pet's health rather than a strictly emotional approach.

Pet Pleasers

Dear Diary,

I wanted to say I'm sorry for the diary entry I made yesterday complaining about that spoiled little brat Fifi. When I saw her in the park yesterday showing off her new raincoat and pretty bows to Bud, I just couldn't take it any longer. Sometimes I wish I could have her life. It's so nice having people pamper you all day long and feeding you little treats for every cute little thing you do. Huh, I can't believe they think it is so special that she can sit pretty. If only I could show them how I fetch and play dead……then sitting pretty wouldn't be such an accomplishment that Susan would have to tell all the neighbours about.

Anyway, I feel much better now and today was such a great day. I've been sucking up to that mailman for weeks now and I think it's finally going to pay off. He brought coupons for doggie treats. I saw Jennie reading them, and I know I'm going to get some. All Jennie needs is a little reminder and a small incentive.

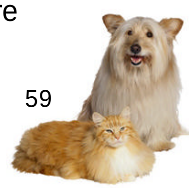
I know she loves me, because there are tons of pictures of me all over the house. There's even one in her wallet that she was bragging to Aunt Liz about. We just can't afford all the finer things that Fifi gets. It doesn't really matter; I don't need a micro- chip to feel loved. I think Jennie and I communicate really well and she depends on me for affection and I always get to sleep in her bed. I know deep down inside that Jennie loves me (I just hope Bud can see how fake Fifi really is).

Love,
Samantha xox

Pet Pleasers represent 25 percent of the target market of pet owners. *Pet Pleasers* can be found in all regions, although they are somewhat over-represented in the West and Ontario and under-represented in Quebec. They reflect the market on education and marital status, but are typically female and report significantly lower household incomes than the first two segments previously described.

Three in four (73%) pet owners in this segment have at least one dog in the household. Similar to *Pet Humanists*, *Pet Pleasers* have higher than average ownership of pure-breds.

Pet Pleasers are *Pet Humanists* "wannabes", without the household income to pull it off. They hold similar attitudes for the most part except with respect to price of pet food and sources of nutritional advice. *Pet Pleasers* allow their pets to sleep on their beds, have pictures on display or in their wallets, and believe that pets have the same rights to health and happiness as people do. They do their best for the pet and treat them as family members. However, this segment may have to be wallet-watchers with money relatively tight for frivolous spending. Hence, it's not surprising that *Pet Pleasers* are



more likely than any other segment to say that price is an important factor when choosing a vet clinic; in fact just one quarter of this segment visits the vet more than once a year. However, 77 percent have been to the vet at least once in the past twelve months. This segment accounts for 21 percent of total reported vet spending, with each spending $225 in the past twelve months.

This group spends a relatively high amount on pet food, similar to the *Conscientious Pet Lovers* at 26 percent of the total market, at $351 each in the past twelve months. This may be due to their higher than average use of canned pet food and/or the price of dog food versus cat food (a majority own dogs in this segment), as they are not likely to buy premium brands. It's also worth noting that *Pet Pleasers* are less likely to serve their pet a specific food designed for life stage or special needs.

As convenience is key to these pet owners, it's not surprising that this segment demonstrates higher than average patronage of grocery stores and mass merchandise stores for pet food purchases. Similar to *Pet Traditionalists*, these pet owners are not as likely, on average, to purchase their pet food from pet specialty stores. Another important aspect of this segment is the desire of these pet owners to please their pets by giving them treats and small gifts.

While price is not rated as important as quality and convenience, this segment is more likely to find price an important factor in brand choice. *Pet Pleasers* may not be able to spend a lot on a pet with a life threatening disease and might therefore respond more to messages of illness *prevention* than *treatment*.

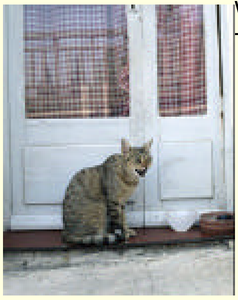
Marketing activities will be more effective for this segment is they:

- Provide sales promotions or incentives (discounts, coupons, etc.);
- Rely on endorsements of other pet owners and pet specialty store personnel; and
- Promise the benefit of good health and enjoyment to the pet.

Pet Traditionalists

Dear Diary,

It's a dog's life. I am so tired of being a cat in this world. I'm sure they would miss me a little if I wasn't around, but it wouldn't leave a real void in their life. I come and go as I please and often I will get stuck out in the rain. Sometimes, I feel like the only reason I'm alive is to keep little Tommy occupied. I often hear shouts from the kitchen "Tommy, go play with the cat". Well, this cat has a name, but you have to wonder why they called me Tiger. I can't remember the last time I was brushed or taken to the vet for that matter (not that I'm complaining). Jane says vets recommend what's good for their business even if I don't need it. That's why I only go if there is an emergency, she thinks check-ups are a waste of money. Jane doesn't go out of her way to buy a special kind or brand of pet food either. She only buys what's convenient, on sale, or if she has a coupon. I hold my breath when I take the first bite just in case I don't like it. Usually, it comes from the grocery store or somewhere like Costco or Wal-mart. Jane would never go into debt to provide for my well-being. In fact, I know cost would be a major factor in her decision about any treatment I need. That's why I need to be careful and stay healthy. If only I was like those dogs in the park – Fifi, Samantha and Bud - living the high life of special treats and pampered pedicures for my claws.



Wishing I was a dog,
Tiger xox

Pet Traditionalists represent 20 percent of the urban pet owner market, the smallest segment. Regionally, they are under-represented in Ontario and over-represented in Quebec (47% in Quebec compared to 31% on average).

Pet Traditionalists are more likely to own their own home than rent and typically have larger size households, with one in two households having children under 17 years of age living at home. Household incomes are somewhat lower than average.

The average age of this segment is 43 years, slightly older than the norm. There are also more men among *Pet Traditionalists* than in any of the other segments (39% compared to 29% on average).

These pet owners have families, children and are more likely to have more than one pet in the household. Their pets are mostly mixed breed, with the smallest proportion of pure-breds. Both their dogs and cats are more likely to be purely outdoor pets. These pet owners view their pets as pets (i.e., not family or babies) and know the limit to which they would go to provide for the animals.

This segment spent the least on vet services in the past twelve months ($174 each, on average), accounting for only 13 percent of total spending in the market. Not surprisingly, they are also below the norm in terms of frequency of vet visits and procedures. Only 68 percent have been to a veterinarian in the past year (compared to the average of 81%). *Pet Traditionalists* are more likely than any other segment to have never brought their pet to the vet (7%), or to have taken it only for emergency purposes (18%).

This segment appears extremely cost conscious and most agree that price is a very important factor when choosing a vet clinic. In fact, some have switched vets on the basis of cost. However, the vet's attitude toward the pet, their relationship with the vet and the professional appearance of the clinic and staff are also important to this group.

Pet food spending is the lowest of the segments, accounting for 15 percent of the total market with an average of $237 in the past twelve months. The *Pet Traditionalists* uses a variety of retail channels when purchasing pet food, but similar to *Pet Pleasers*, typically buys pet food at grocery and mass merchandise stores.

This segment's number one priority is clearly price. If only because they have to be, *Pet Traditionalists* are cost-conscious pet owners and are not likely to spend much money (if any) even if their pet were faced with a chronic disease. On a more emotional level, *Pet Traditionalists* are less involved with their pets overall.

From a marketing standpoint, there is minimal opportunity with *Pet Traditionalists* as they have a relatively low level of interest in their pets other than to maintain and sustain the pet's life. From a manufacturer's standpoint, a 'No Frills' brand would appeal the most to this segment of pet owners.

SECTION FOUR:

HEALTH OVERVIEW

SECTION FOUR: HEALTH OVERVIEW

The Owner-Veterinarian Relationship

Frequency of Vet Consultations

Pet owners clearly rely on their veterinarians. According to the National Omnibus (n=1000) we conducted, eight out of ten pet owners (79%) had taken their pet(s) to the vet in the past 12 months.

On a provincial basis, pet owners in Ontario tend to see their vets more often than residents of other provinces. On the other hand one in seven pet owners in the Prairies and in the Atlantic provinces had never taken their pet to the vet.

Last Time Pet Owners Took their Pets to See the Vet
-National Omnibus-

	Total	BC	Alb	Man/ Sask	Ont	Que	Atl
	%	%	%	%	%	%	%
Past 6 months	62	67	55	54	68	59	57
Past 12 months	17	16	19	20	19	15	13
Past 24 months	5	1	6	7	4	7	7
Over 2 years ago	9	10	20	4	5	13	10
Never	7	7	0	15	5	7	13

Results of the omnibus showed that pet owners saw the vet for emergency treatment (13%), vaccinations (61%), treatment for a routine medical problem (25%), treatment for a behavioural problem (2%), pet nutrition consultation (6%) and other reasons (19%). Interestingly enough, pet owners from BC are considerably more likely to cite a consultation on nutrition as one of their main reasons for visiting the vet (15%).

The Paws & Claws survey confirmed these national findings and provided more information on urban pet owners' relationship with the vets. According to these data (n=1,500), 81 percent of pet owners see their vet once a year or more often (71% of cat owners and 90% of dog owners). Only five percent of urban cat owners and two percent of urban dog owners have not taken their pet to the vet.

Virtually all (94%) pet owners who have ever visited a vet tend to deal with one clinic for all of their dog's or cat's needs. Of those few who do use more than one clinic, about one-fifth (19%) cited a vet's specialty as the reason for relying on more than one clinic. Another one-fifth (21%) tended to switch for costs reasons.

Seven in ten pet owners (71%) have talked to their veterinarian about their pet's nutrition and in 67 percent of these cases the vet recommended a diet or a brand of food for the pet.

Vet Consultation about Nutrition

	Total	BC	Prairies	Ont	Que	Atlantic
	%	%	%	%	%	%
Consulted vet about pet nutrition	71	65	71	73	71	65
Vet recommended a diet or a brand	67	65	69	67	67	65

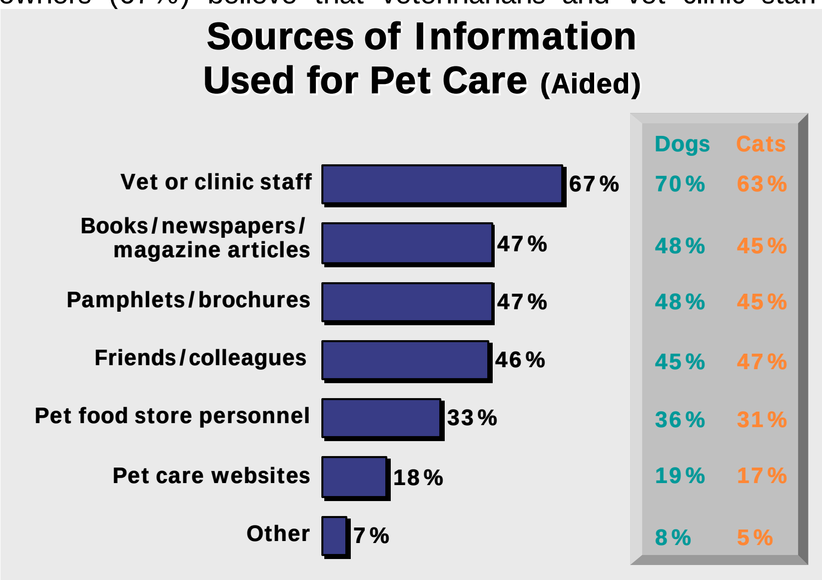
A majority of pets, about three quarters (74%), received physicals/check-ups and were vaccinated (71%). Fewer had more specific interventions: 31 percent were dewormed, 20 percent were treated with a course of antibiotics and 8 percent had surgeries (other than spaying or neutering) or some other emergency treatment in the past 12 months.

Procedures Administered by Vets in Past 12 Months

	Total	BC	Alb	Man/ Sask	Ont	Que	Atl
	%	%	%	%	%	%	%
Physical/check-ups	74	71	70	73	80	70	69
Vaccinations	71	67	64	73	75	70	64
Surgeries/emergency treatment	8	7	7	8	7	9	5
Deworming	31	28	27	29	26	39	41
A course of antibiotics	20	17	16	19	22	20	25

Pet Owners' Reliance on the Vet

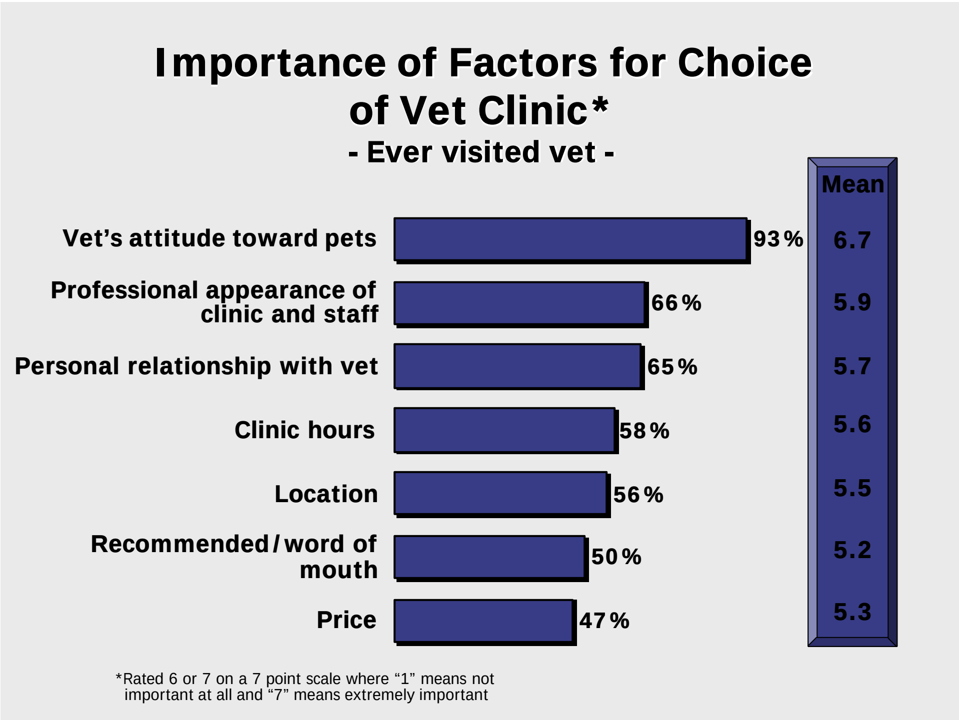
Pet owners rely on their vets for more than just treatment. More than two thirds of pet owners (67%) believe that veterinarians and vet clinic staff are their most credible sources of information on pet care, with 58 percent relying primarily on the vet for decisions regarding their pet's care.



Many rely on the veterinarian for advice regarding nutrition and pet food brands as well (See Section 7).

Satisfaction with the Vet Clinic

The criteria for the selection of a veterinarian show that the vet's attitude towards the pet is the factor most strongly considered by pet owners.



And the veterinarians seem to be meeting their customers' expectations. Overall satisfaction with the current vet clinic is very high among pet owners.

A regression analysis of these data shows that 88 percent of the overall satisfaction rating is determined by the vet's attitude towards the pet, the vet's quality of advice and quality of treatment, and the professionalism of the staff. It is not possible, however, to distinguish between the perceived importance of the veterinarian's performance and the clinic staff performance, as the data are highly correlated. This suggests that pet owners tend to believe that a vet clinic is as good as the vet himself/herself. All the other components account for a small proportion of the overall satisfaction with the vet clinic. The factor "availability / selection of pet care products" does not appear to contribute to the overall level of satisfaction. There are many possible explanations for this finding. However, it is clear that the selection of products is not a differentiator between veterinarians or clinics, despite the fact that this selection satisfied just one-half (55%) of consumers. Perhaps this factor is relatively more important to a specific segment of the market (i.e. *Pet Humanists*), rather than to the market as a whole.

Pet Health

This report is based on pet owners' perceptions of their pet's health, not the actual incidence of health concerns that might be identified by vets at a closer examination. The data are important because it is pet owners' perceptions of their pet's health conditions that make them take action, not the actual state of a pet's health. Those owners who visit their vet more often may simply know more about their pet's health or report a higher incidence of various diseases and behavioural issues. By their very nature, dogs are more "outgoing" when it comes to their health and complain to the owner if something is wrong. Cats, on the other hand, tend to hide when feeling unwell. If cat owners are not particularly attentive to their pet, they may overlook the signs of a disease. This is especially true with behavioural changes. Pet owners may not perceive their dog's baring teeth as a sign of aggression. House soiling and self-destructive behaviours (such as tail chasing or excessive licking and grooming) may not be attributed to the pet's separation anxiety but viewed as separate issues. By the same token, excessive licking and grooming may have been a sign of fleas on the pet.

Unfortunately, the data are not sufficient to establish a connection between the various conditions and behavioural issues. However, the overall incidence of health issues fluctuates together with the dental health variable. But this correlation is likely attributed to the pet owner's perceptions of the pet's health rather than to the actual relationship between these two variables in veterinary medicine.

Heartworm Prevention and Flea Control

The market for flea control products in Canada is diverse and highly competitive, with many leading animal health companies offering products in this category.

Overall, the incidence of fleas reported for 2000 was 12 percent for cats, and nine percent for dogs. Fifteen per cent of multiple pet households reported some pets having had fleas in the previous year.

Incidence of Fleas (2000)

	Total	BC	Prairies	Ont	Que
	%	%	%	%	%
Cats	12	21	3	12	7
Dogs	9	22	2	7	4

Today's market offers a variety of flea control medications, including the so-called second generation medications (further referred to as "medications") and a variety of over-the-counter products (OTC flea products).

The highest incidence of fleas was reported in British Columbia. Not surprisingly, therefore, the highest level of use of flea control medications was reported in B.C. About 61 percent of dog owners and 45 percent of cat owners in that province used some flea medication (including Sentinel for dogs). Dog owners in Ontario and Quebec reported higher use of medications than cat owners in those provinces, and higher than in the Prairies. This might be attributable to the higher level of heartworm medication (and Sentinel in particular) in Ontario and Quebec.

Incidence of Flea Medication Usage*

	Total	BC	Prairies	Ont	Que
Base:	(750) %	(129) %	(60) %	(310) %	(243) %
Cats	**25**	**45**	**0**	**23**	**18**
Program	6	16	0	4	4
Advantage	13	24	0	13	7
Revolution	1	0	0	1	0
Other	5	5	0	5	7
Dogs	**43**	**61**	**14**	**48**	**31**
Program	8	20	1	7	4
Advantage	15	31	1	13	10
Revolution	1	0	0	1	1
Other	10	8	5	12	10
Sentinel*	9	2	7	15	6

*Pet owners who used only Sentinel, no other flea medications

About 24 percent of pet owners used some OTC flea product. On average, dog owners spent $43, and cat owners $32 on flea products. Of these owners, four-in-ten use flea collars (44%), and a similar proportion (41%) used a flea shampoo.

Some pet owners combined OTC products, or products and medications. The sample for each medication is insufficient to reliably report percentage distributions. The Appendix section includes a table of reported use of different product combinations.

Incidence of OTC Flea Product Usage

	Total	BC	Prairies	Ont	Que
	%	%	%	%	%
Cats	23	25	10	24	25
Dogs	25	21	3	26	19

From an attitudinal standpoint, *Conscientious Pet Lovers* appear to show a greater propensity to use multi-indicated preventative drugs. *Pet Humanists* appear to be better aware of their choices in the pet care market and of overall pet care issues. They are not price sensitive but may feel that the availability of strong and fast acting therapeutic flea medications provides them with enough reassurance that their pets will not suffer. The other two segments make their product choices primarily on the price, therefore, they are more likely to prefer uni-indicated products and therapeutic (rather than preventative) products.

SECTION FIVE:

DOG HEALTH

SECTION FIVE: DOG HEALTH

Relationship with the Vet

Nine in ten dog owners take their dogs to the veterinarian at least once a year, with almost four in ten dog owners (37%) seeing their vet more than once a year. As the age of the pet increases, the frequency of their vet visits decrease with the incidence of vaccinations and deworming declining. However, older dogs are more likely to be subjected to a course of antibiotics or to need emergency treatment.

Frequency of Taking the Dog to the Vet

	Total	Age			Breed	
		0-5 yrs	6-10 yrs	11+ yrs	Mix	Pure
Base:	(750) %	(415) %	(253) %	(79) %	(302) %	(446) %
More often than once a year	37	41	30	34	30	41
Once a year	53	52	56	51	57	52
Less than once a year	8	5	13	13	11	6
Never	2	2	1	2	2	1

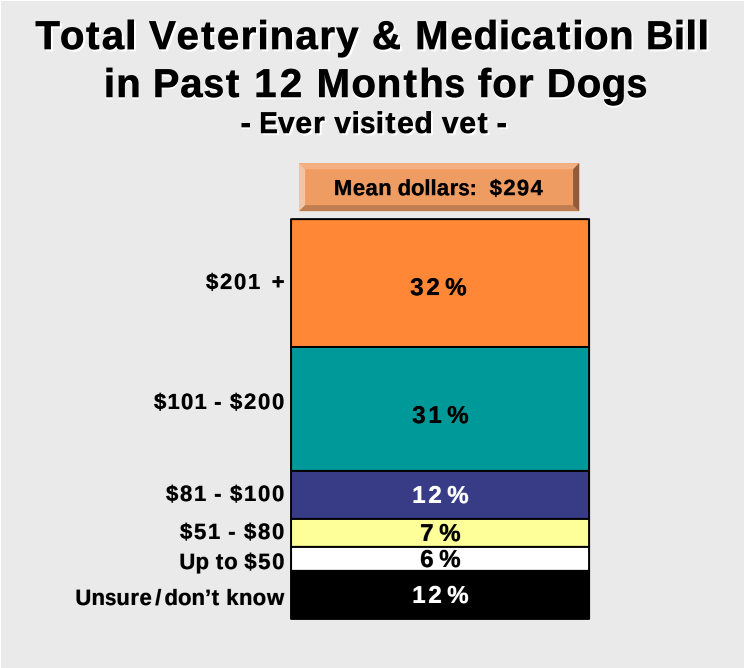
Q.26

Multiple dog owners are more likely to be prudent with the medical procedures for their dogs. On the contrary, the presence of cats in the household lowers compliance for regular checkups.

Dog Healthcare Procedures in Past 12 Months
- Ever visited vet -

	Number of Dogs in Household			Breed	
	1	**2+**	**Has Cats**	**Pure**	**Mixed**
Base:	(580) %	(157) %	(155) %	(440) %	(296) %
Physical/check ups	82	86	77	85	79
Vaccinations	80	85	78	84	76
Deworming	38	32	35	35	38
Antibiotics	24	27	21	29	17
Surgeries other than spaying/ neutering or emergency treatment	8	7	8	9	5

Q.29



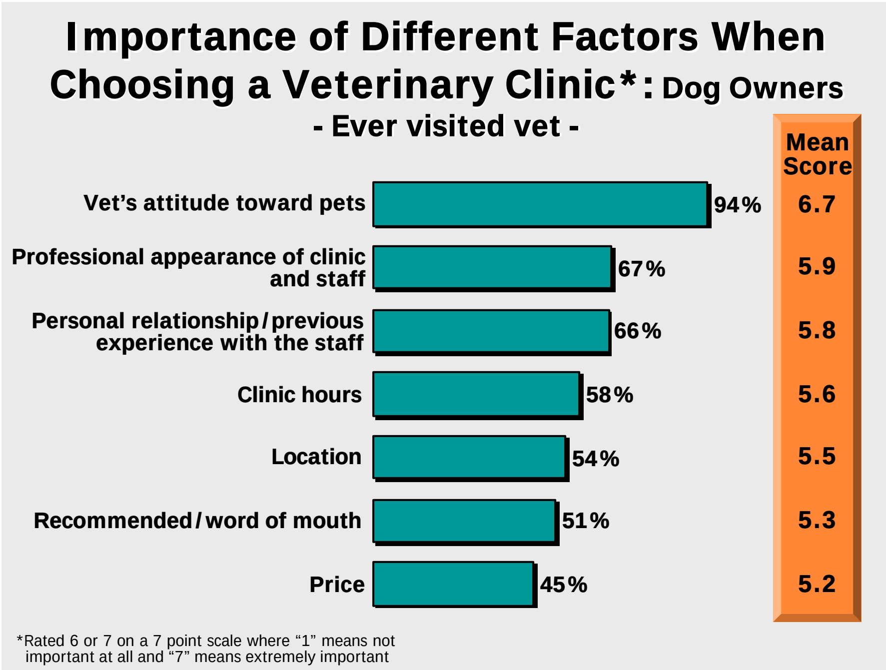
Per dog vet expenditures (during 2000) are higher later in a dog's life when it becomes vulnerable to different diseases. Although the frequency of vet visits is higher for younger dogs, these visits are mostly routine and do not require a major investment. By comparison, owners of dogs with a chronic condition spend on average 40 percent more than owners of healthy dogs.

Pure-breds either receive more health-related attention from their owners and veterinarians or are more prone to various health conditions. In any case, these dog owners foot a higher average vet bill than others. The average expenditures on vet services are presented below:

Total Vet Bill in Past 12 Months for Dogs

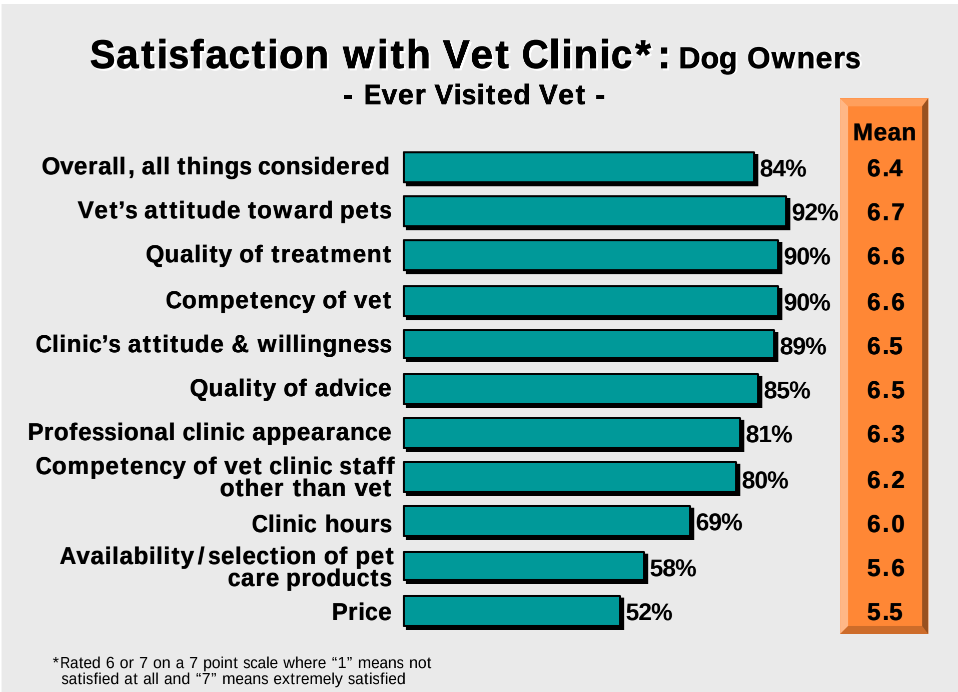
Mixed breed	$236
Purebred	$329
Overweight dog	**$347**
Small dog	$275
Medium dog	$269
Large dog	**$326**
Younger dog	$269
Adult dog	$313
Senior dog	**$365**
Chronic condition	**$480**
No chronic condition	$268
Teeth excellent/good	$213
Teeth fair/poor	$219
Have pet insurance*	$327
Do not have pet insurance	$291
Used heartworm prevention	**$349**
Didn't use heartworm meds	$227
Used flea meds	**$341**
Didn't use flea meds	$270

*(small base, n=58) Q.30



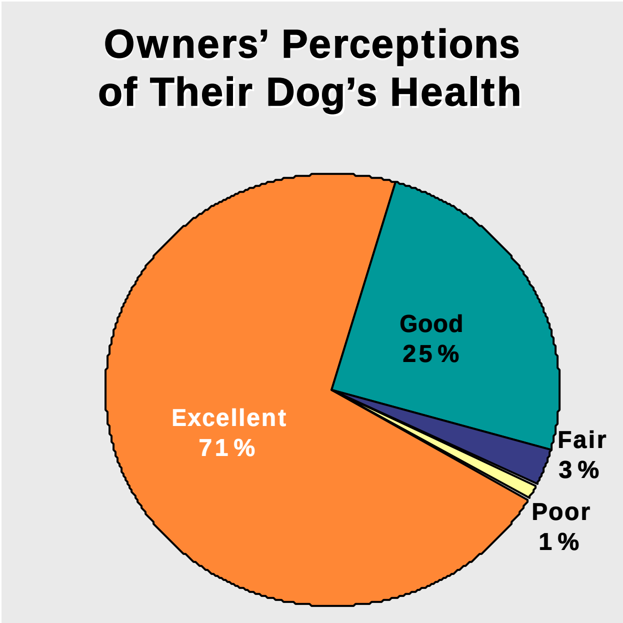
A pet owner's attitude rather than their type of dog, is the key factor in an owner's choice of veterinary clinic. Interestingly enough, the location of the vet clinic appears to be of less importance to the owners of large breeds (50%) than the owners of small (55%) or medium size breeds (58%).

In the end, it is the vet and his/her perceived competency that determines a dog owners' loyalty. The general level of satisfaction with vets is very high, with 82 percent of dog owners rating their experience with their veterinarian very highly (6 or 7 on a seven-point scale).

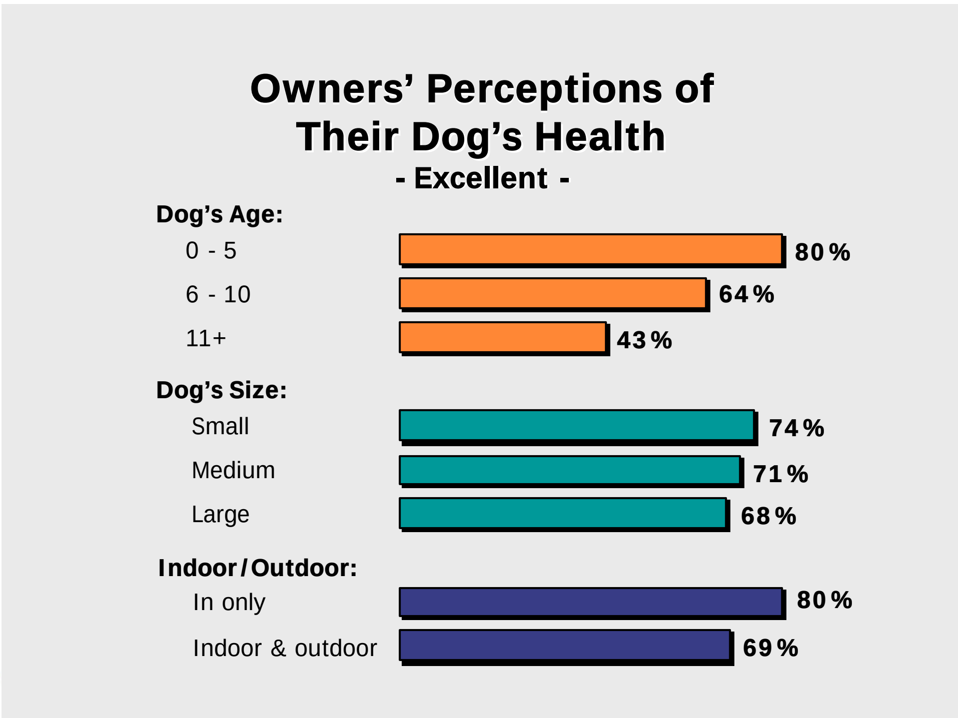


Nine in ten dog owners (86%) who have ever visited a veterinarian have remained loyal to their chosen vet. Of those who have switched vets or intend to do so in the next 12 months, the main reasons are relocation of the clinic (31%) or dissatisfaction with the current clinic (26%). One fifth (20%) of those who switched their vet services provider have done so because of price.

Overall Health Assessment



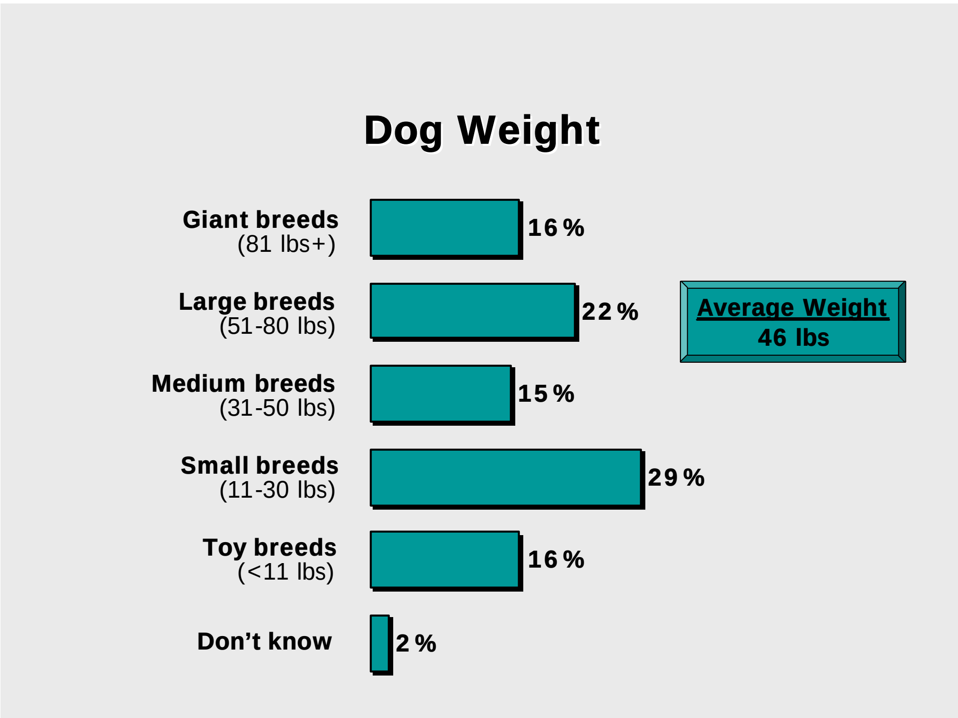
Overall, dog owners believe their pets are quite healthy, with only four percent assessing their dog's health as "fair" or "poor". Good health for dogs is really a function of age, activity level and dental health, so it is important to review these indicators.



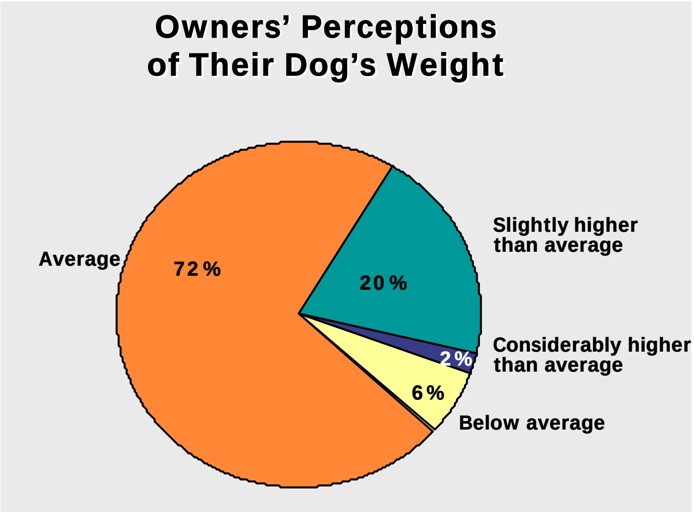
Only six percent of dogs were described as "not active at all". This number jumps to 17 percent for older dogs (11 years or older). Medium-sized dogs appear to be more active, with 57 percent of their owners rating the dog's activity level as "very active". High activity level, in itself, is not always a sign of good health. Many underweight dogs (65%) are evaluated as "very active" but they may also suffer from some chronic condition or behavioural issues.

Weight

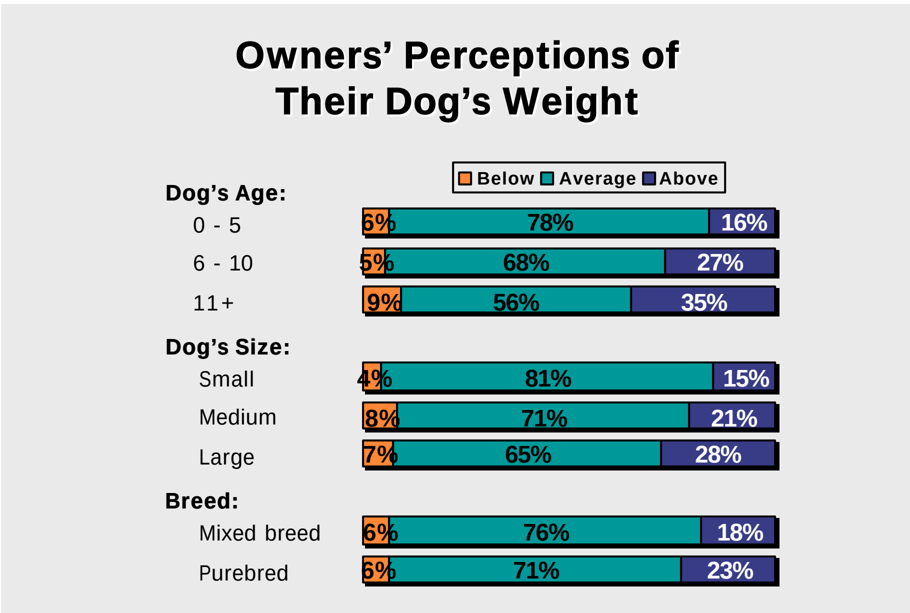
Another measure correlated with the dog's level of activity and health is its weight. The average weight of a dog is 46 Lbs. Canadians are very fond of large breeds, with 38 percent of dogs in this survey weighing over 51 Lbs. Five per cent of dogs weigh 100 Lbs. or more.



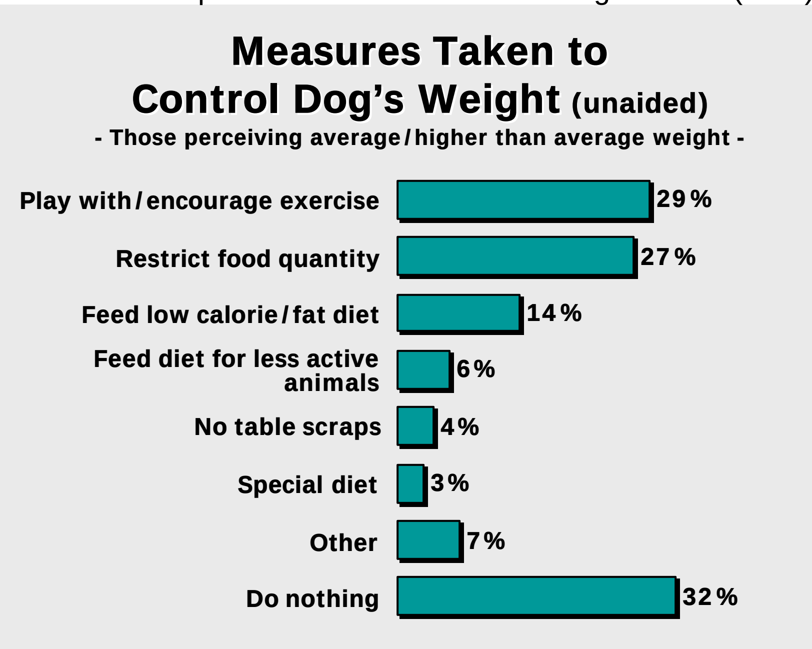
When asked to evaluate their dog's weight compared to other dogs of similar type and age, 22 percent of all dog owners said their pet was slightly (20%) or considerably (2%) overweight. When we compared the owners' assessment of their dog's weight with the actual reported weight and norms for selected breeds, we discovered that pet owners are not the most informed judges. In fact, in 20 percent of cases where all pieces of data were available, dogs that the owners perceive as "average" tended to be five to 10 percent (and sometimes more) over the highest recommended weight for the breed. In contrast, all the purebred dogs assessed by owners as "below average" were indeed on the lower end of the recommended weight scale. In all, based on recommended norms versus actual reported weights (for purebred dogs under 10 years of age), the proportion of overweight dogs appears to be closer to 40 percent. However, it is dog owners' perceptions of their dog's comparative weight rather than the actual weight that make them take some weight control measures. Therefore, further in the report we will refer to the owners' evaluation of their dog's weight, not the "real" body mass assessment.



Older dogs, large breeds and pure-bred dogs tend to be more prone to gaining excessive weight.



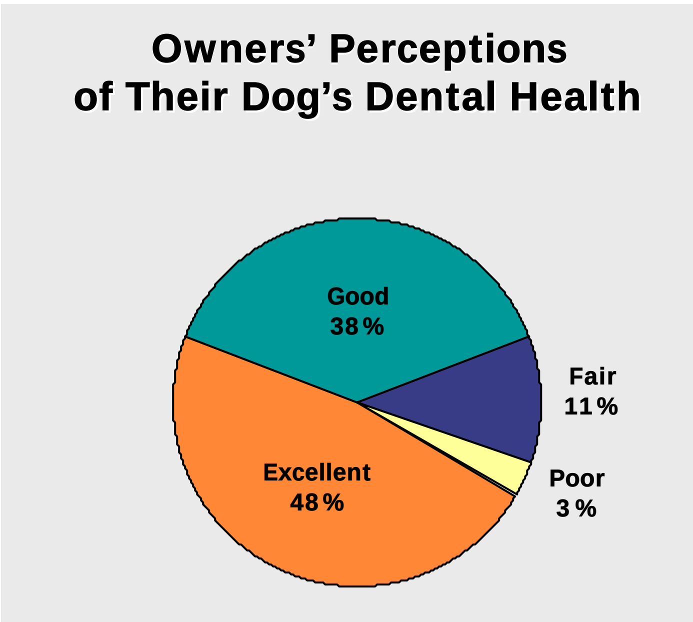
On an unaided basis, pet owners were asked about the weight control measures they take for their pet. Almost seven in ten dog owners (68%) take some measures to control their dog's weight.



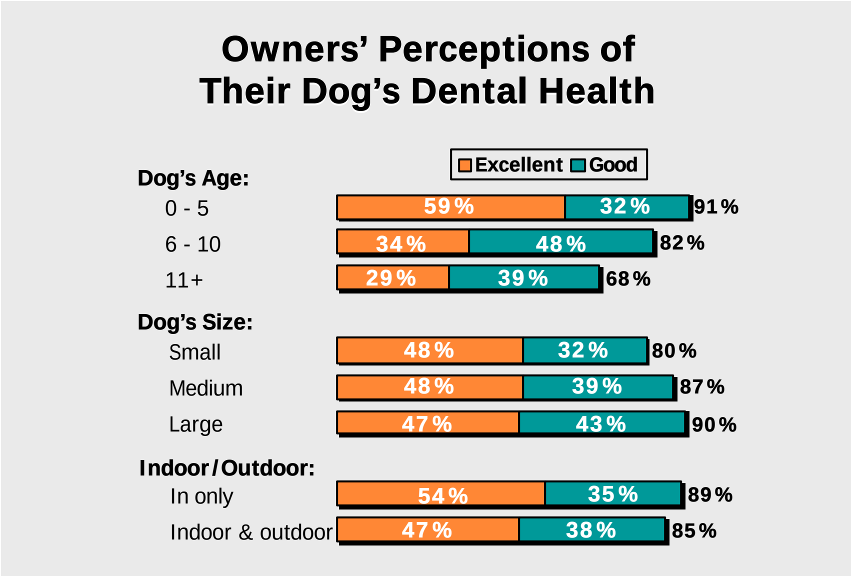
Households with only one dog are more likely to use a special needs diet for their pet in order to control its weight, with 28 percent of these owners reporting feeding low calorie, less active pet or other specific diet. Large breed owners are more likely to encourage exercise or to play with their pet in order to control its weight. Owners of small breed dogs are less likely to do anything about their pet's weight management, with 37 percent reporting doing nothing.

Dental Health

Dental health is another important component of a dog's health. Few (14%) dog owners assessed their dog's dental health as "fair" or "poor".

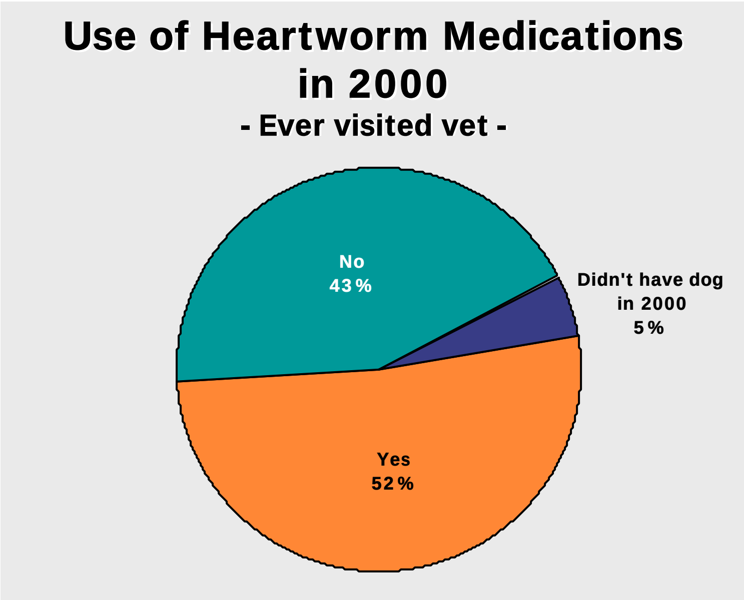


Dental health differs with the dog's age and varies according to the breed. Large breeds appear to experience fewer dental problems, with 90 percent of owners assessing their larger dog's dental health as "excellent" or "good". By comparison, only 80 percent of small breed dogs' owners believe their dog's dental health is good or excellent.



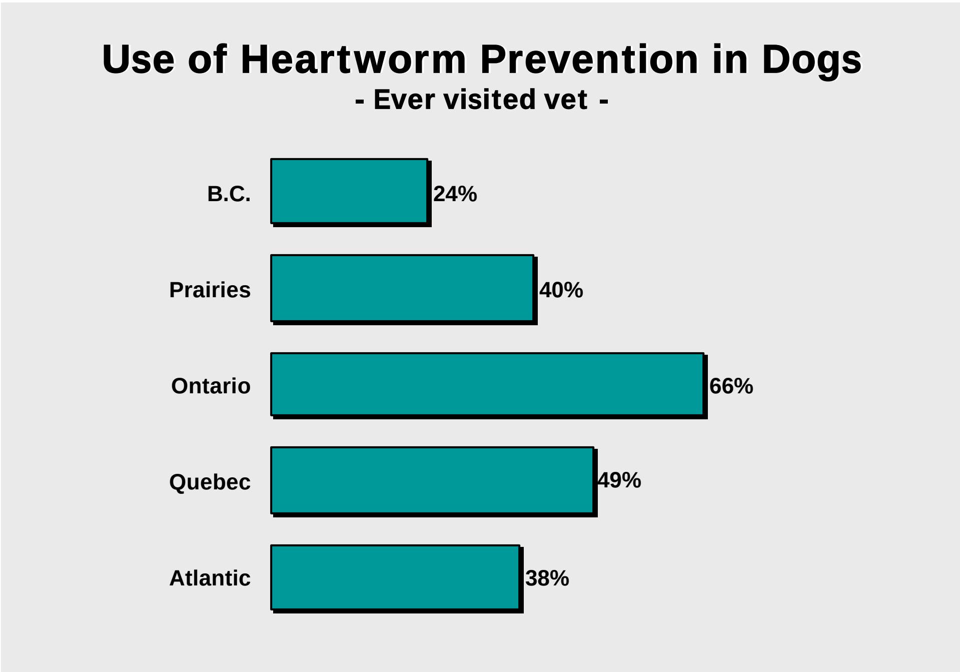
Fully two-thirds (69%) of dog owners try to manage their dog's dental health. Normally, younger pets are given teeth cleaning treats or have their teeth brushed. Older pets are more often taken to the vet for a teeth cleaning procedure or put on a special oral hygiene diet. Considerably more large breed dogs (49%) are given teeth cleaning treats. Smaller breeds are more likely to undergo a teeth cleaning procedure performed by the vet (20% medium breeds and 17% small dogs). Small breed owners are less likely to take any measures for supporting their pet's dental health, with 25 percent reporting doing nothing specifically to control their dog's dental health.

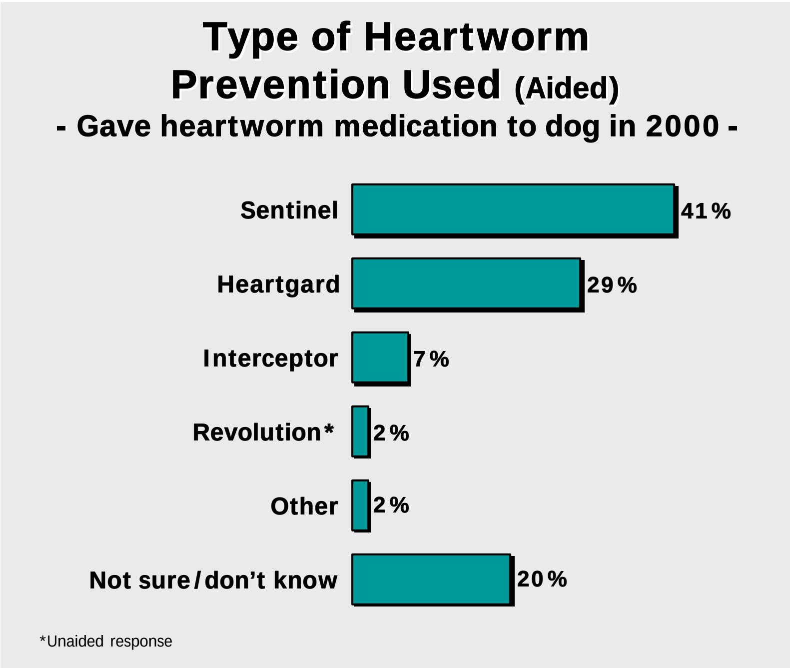
Heartworm Prevention



Overall, 52 percent of dogs covered by this survey were given heartworm control medication during the 2000 heartworm season. The presence of cats in the households seems to affect the incidence of heartworm prevention, with only 42 percent of dogs from households with cats having been given this medication.

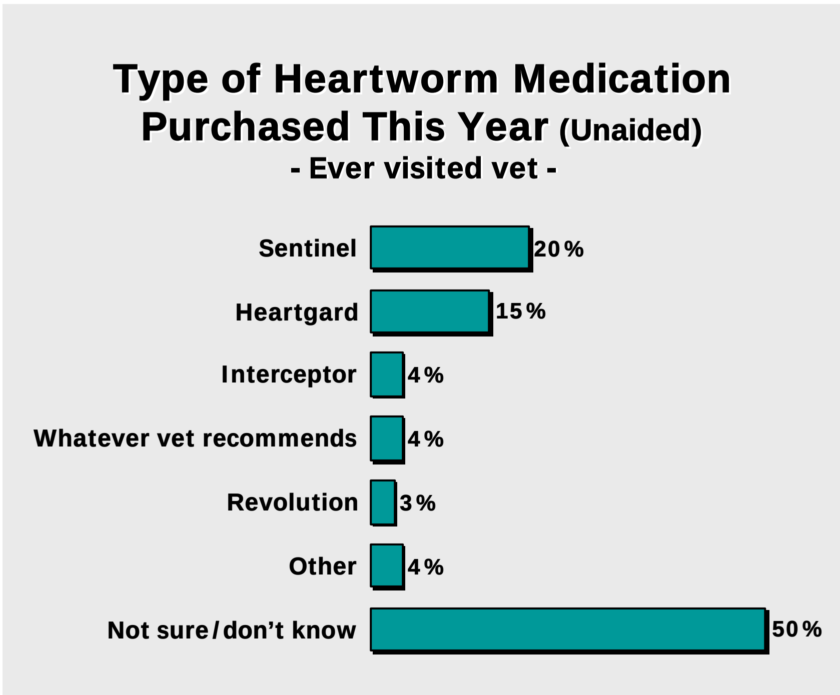
Use of heartworm prevention for dogs varies significantly by province.





Sentinel is the most popular medication used for heartworm control. It especially appeals to the higher spending segments, such as *Pet Humanists* (51%) and *Conscientious Pet Lovers* (42%). It's too early to draw any conclusions about the use of Revolution due to a very low incidence at this stage. However, it appears to appeal to the same segments, with four percent of *Pet Humanists* reporting using Revolution on an unaided basis.

As the survey was conducted at the beginning of the 2001 heartworm control season, we asked dog owners which medication they had purchased for their dogs to use in 2001. Fully one-half had yet to make this purchase.



Some heartworm prevention medications also have flea control properties. Below is a table of the number of cases of using multiple medications for heartworm and flea control. Note the table shows the number of cases, and percentage of cases.

Use of Heartworm Medication, Flea Medication and OTC Flea Products in Dogs

	# of cases	% of cases
Total number of dogs in the sample:	750	100
Have been to the vet:	737	98
Used a heartworm medication:	375	50
Used flea medications excl. Sentinel:	250	33
Used some OTC flea products:	191	25
Used heartworm and flea medications	153	20
Used heartworm and OTC flea products	90	12
Used heartworm, flea medications and OTC flea products	44	6
Did not use either heartworm or flea products or medications	173	23

Don’t know, not sure responses excluded

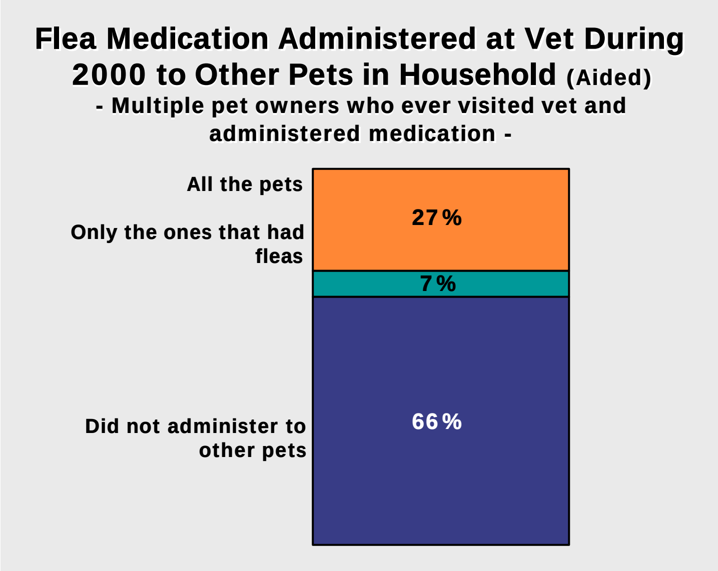
Cross-Use of Heartworm Prevention and Flea Control

-Number using product-

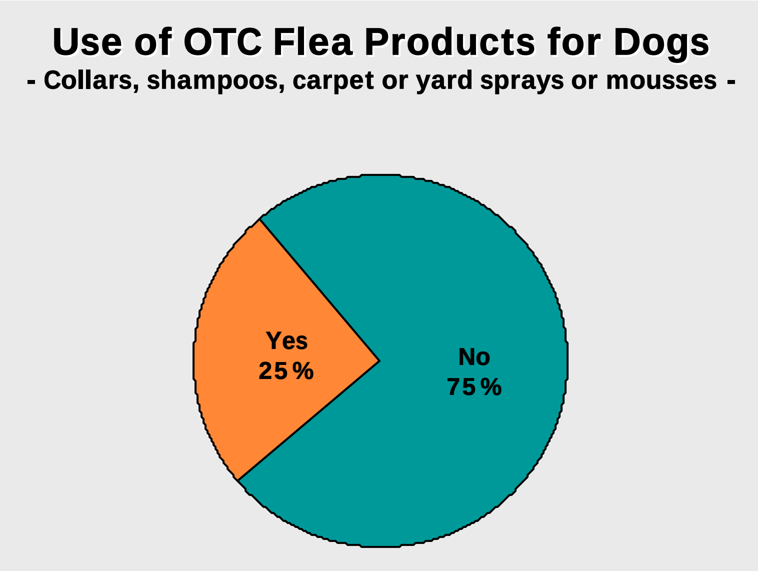
	Heartgard	Interceptor	Sentinel	Revolution
Base (weighted)	**111**	**25**	**154**	**6**
Program	**6**	**1**	**18**	**0**
Program + OTC	1	1	9	0
Advantage	**14**	**3**	**30**	**3**
Advantage + OTC	1	2	9	0
Revolution	**0**	**1**	**1**	**0**
Revolution + OTC	0	0	1	0
Frontline Plus	**0**	**1**	**1**	**0**
Frontline Plus + OTC	0	0	0	0
Some Other Flea Medication	**4**	**2**	**36**	**0**
Some Other Flea Medication + OTC	0	0	9	0
None	**87**	**17**	**67**	**1**
No medications but used OTC products	20	5	11	0

Flea Control

Overall, 12 percent of dogs had fleas in 2000. Slightly more than one-third of dog owners (34%) used prescription flea medication (excluding Sentinel), with multiple pet households reporting higher usage of flea control medication.



Among those who chose to give their dog flea control medication, Advantage was by far the most popular choice, particularly with multiple pet households (20%).

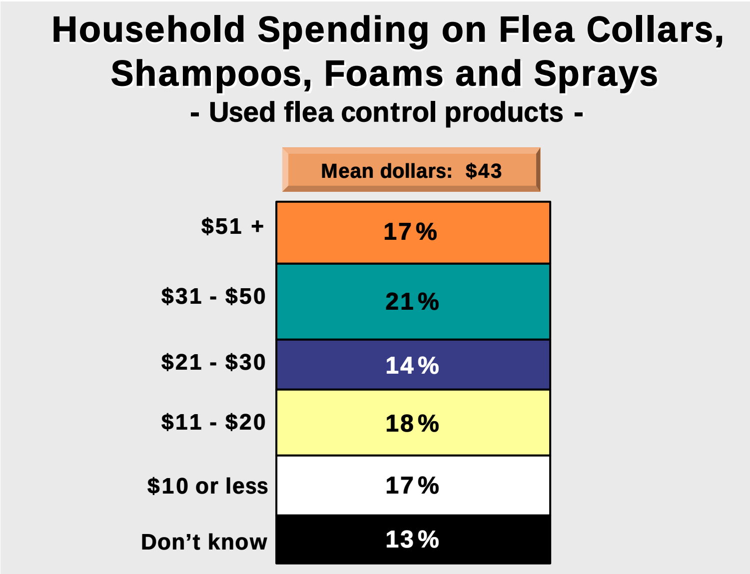


One-quarter of all dog owners (25%) used some OTC flea products. Shampoos were by far the most popular choice (54%). Interestingly enough, one- fifth of Advantage users (19%) also used flea shampoos. However, we don't know whether shampoos were used as the first step in an attempt to combat fleas or whether the two products were used concurrently. Also, more than one-quarter (26%) of Program users also relied on shampoos.

Combinatory usage of flea products and flea medications may indicate:

- A dog owners' desire to combat fleas as soon as possible; and/or
- A dog owners' lack of awareness as to which OTC products may provide additional value (such as yard and carpet sprays) and which may in fact diminish the effectiveness of the medications with external application (shampoos and mousses).

There are notable differences in the incidence of use of some OTC flea products. Owners of larger dogs are more likely to use a flea shampoo and less likely to use flea collars than other owners. Older dogs are more likely to have been given more flea collars and less likely to get shampoos. Overall, the average reported spending on OTC flea products in 2000 was $43 per owner.

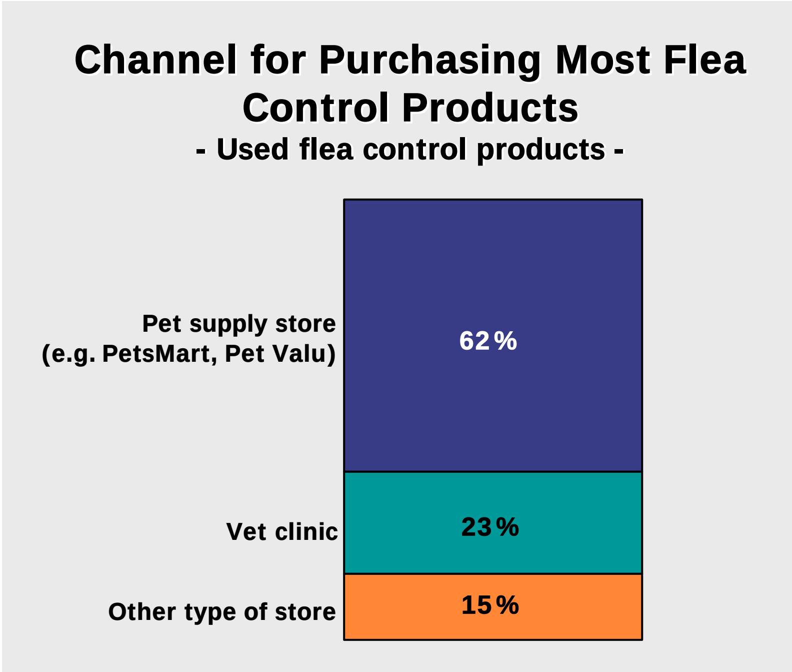


Average Household Spending on Flea Collars, Shampoos, Foams & Sprays
- Used flea control products -

Age of Dog:	
0 – 5	$46
6 – 10	$36
11+	$54
Weight of Dog:	
Below average	$41
Average	$39
Higher than average	$54
Breed:	
Mix	$42
Pure	$44
Indoor/Outdoor:	
In only	$55
Indoor & Outdoor	$43

Q.37

Most purchases of OTC flea products were through pet specialty stores (62%). The importance of the vet clinic channel in the OTC flea market seems to depend on the owner's level of reliance on the vet and was as high as 40 percent for *Pet Humanists*.



Tick and Mite Medication Use and Incidence

Ticks and mites medication is a much smaller market than for fleas. In total, under 10 percent of dog owners gave their pets tick, mite or both tick/mite control medication. In fact, only one to three percent of owners report their dogs having ticks or mites in 2000.

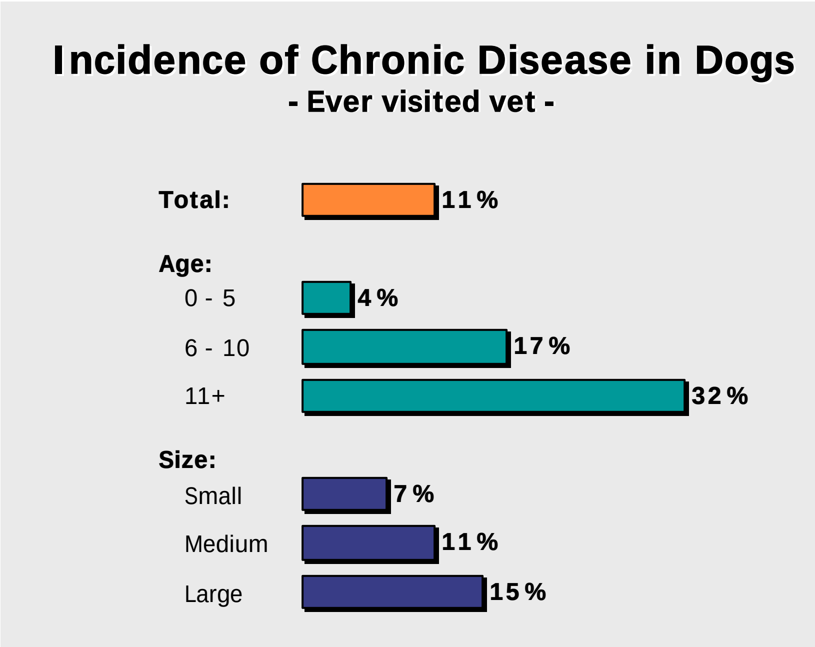
Tick and Mite Control
-% Dog Owners-

Use of Tick or Mite Control Medications: 2000	
Any	**9**
Ticks only	3
Mites only	3
Both	4
Did not administer	90
Incidence of Dog Having Ticks or Mites	
Any	**3**
Ticks only	1
Mites only	2
Both	-
Did not have	97

Q.41/42

Chronic Disease

Overall, the reported incidence of diagnosed chronic diseases in urban-owned dogs is 11 percent. The reported cases of chronic conditions increase with the dog's age (from 4% for young dogs to 17 percent for adult dogs to 32% for older dogs). Large dogs are more likely to have a chronic condition (15% reported). Overweight dogs appear to be in more danger of having a chronic condition or, perhaps, excess weight is a side effect of certain chronic conditions, with 22 percent of overweight dogs having an ongoing ailment. Purebreds are more likely to have a chronic health problem (12%).



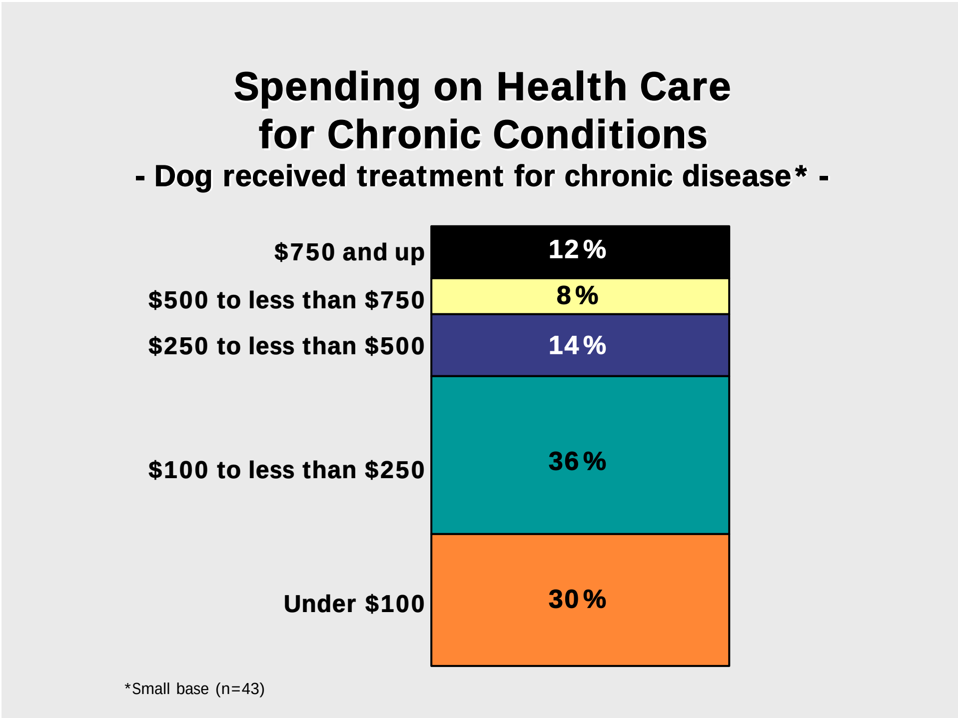
Incidence of Chronic Disease in Dogs*
- Dog owners -

	%
Allergies	0.9
Arthritis	6.9
Epilepsy	0.5
Heart disease	1.4
Hip Dysphasia	0.8
Infectious diseases	0.8
Respiratory diseases	0.5
Eye disorder	0.3
Other	0.5
Total	11

*Small base (n=84) Q.44

More than one-half of owners who have dogs with a chronic condition (53%) provided some treatment for the ailment in the past year.

Dogs with chronic conditions were more likely to have received physical check ups (89% vs. 82%), emergency treatment or surgery (16% vs. 6%), and antibiotics (31% vs. 23%). They were also less likely to get vaccinated (78% vs. 82%) or dewormed (25% vs. 38%). However, this observation may be correlated with either the age of the dog (more older dogs have some chronic conditions) or with the presence of the chronic condition.



The majority of owners spent less than $500 treating their pet's chronic condition over and above what, in their own estimate, they would have spent on a healthy pet.

In order to meet the requirements of some of our subscribers, we have provided a detailed description of reported chronic diseases and behavioural problems in the Appendix.

Behavioural Issues

About 14 percent of dog owners reported that their pet experienced behavioural problems in the past 12 months. Overall, behavioural issues are more commonly reported among owners of younger dogs (under 5) (18%), and underweight dogs (23%). The lowest incidence of behavioural issues is attributed to adult dogs (6-10 yrs) 9 percent.

Small breeds and mixed breed dogs were more likely to experience behavioural problems, 17 percent and 18 percent incidence, respectively. Owners of purebreds were more likely to consult their vet about such problems (42%). Although estimated on a very small sample (24 purebreds and 16 mixed), the incidence of medication use appeared on purebreds only.

Incidence of Behavioural Issuesin Dogs
- Dog owners -

	%
Fears (net)	2
Aggression (net)	2
Separation anxiety	4
Tail chasing	3
House soiling	3
Urine spraying	*
Excessive licking/grooming	*
Restlessness	1
Hyperactivity/excessive energy	1
Furniture/paper chewing	*
Excessive barking	*
Digging in yard	*
Total (Net)	14

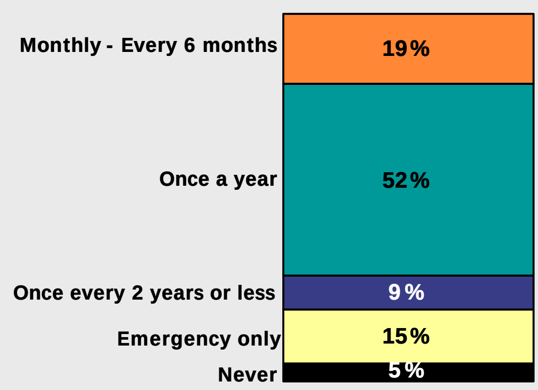
* Less than 1% Q.47/48

Section Six:
Cat Health

Section Six: Cat Health

Relationship with the Vet

Frequency of Taking the Cat to the Vet



Seven in ten cat (71%) owners take their cats to the vet at least once a year, significantly fewer than with dogs (90%). Similar to the dog market, cat owners tend to reduce the frequency of their vet visits as their cat ages.

Multiple cat owners are more likely to visit the veterinarian (for checkups or vaccinations in particular). Households with dogs as well as cats also visit the vet more regularly.

Frequency of Taking the Cat to the Vet
- Cat Taken to Vet -

	Total	Age			Breed	
		0-5 yrs	6-10 yrs	11+ yrs	Mix	Pure
Base:	(750) %	(401) %	(225) %	(123) %	(616) %	(108) %
More often than once a year	19	24	13	15	18	26
Once a year	52	52	55	47	50	59
Less than once a year	24	18	28	34	26	12
Never	5	6	4	4	5	3

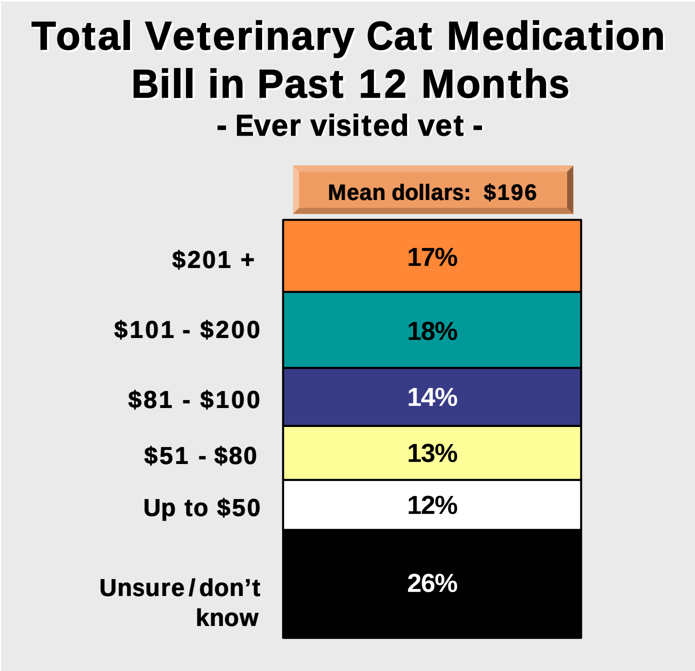
Q.26

Cat Healthcare Procedures in Past 12 Months
- Cat taken to Vet -

	Number of Cats in Household			Breed	
	1	2+	Has Dogs	Pure	Mixed
Base:	(441) %	(271) %	(128) %	(104) %	(582) %
Physical/check ups	63	71	76	80	64
Vaccinations	59	64	72	72	59
Surgeries other than spaying/ neutering or emergency treatment	8	7	8	6	8
Deworming	24	25	39	29	24
Antibiotics	15	19	15	18	17

Q.29

Larger vet expenditures on cats tend to occur during the early stage of a cat's life. As the cat gets older and becomes more prone to chronic conditions, vet bills increase again, probably, because of the required treatment.



Expenditures on cats tend to be lower than on dogs. The average expenditure on vet services and medications for cats was $196. Average expenditures are skewed by higher and lower spenders in each subgroup. Therefore, below is a table of average and median vet bill amounts calculated for a variety of sub-groupings.

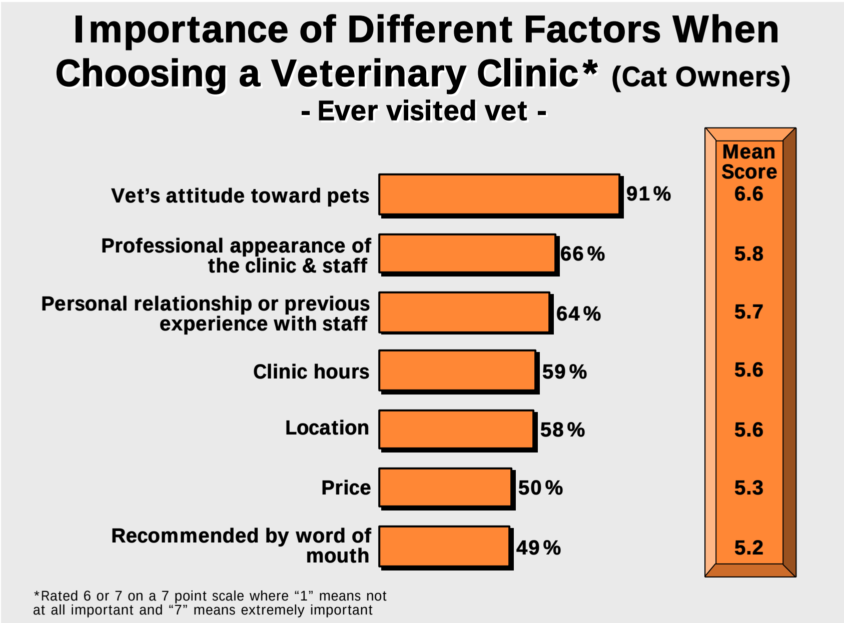
Total Vet Bill in Past 12 Months

	Average $	Median $
All cats	196	99
Cats 0-5 yrs	199	114
Cats 6-10 yrs	184	93
Cats 11 yrs+	**207**	118
Mixed breed	191	100
Purebred	**211**	91
Cats with a chronic condition	**319**	188
No chronic condition	186	99
Use flea medication	216	100
Didn't use flea medications	185	98
One cat in household	194	99
Multiple cats in household	199	100
Also have dogs in household	174	96

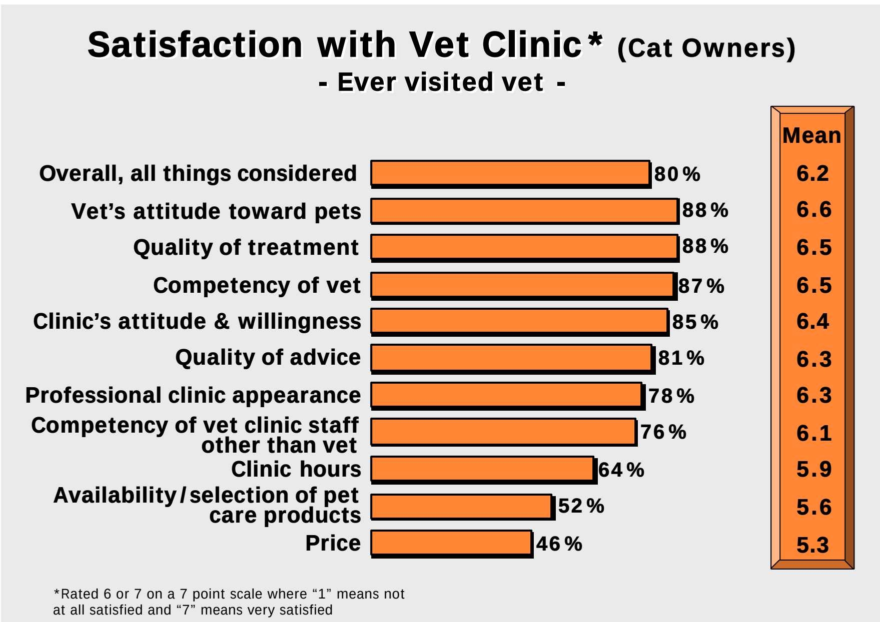
Q.30

As we determined with dog owners, the breed of cat is not a key factor in the cat owner's evaluation of or criteria for selecting a veterinary clinic.

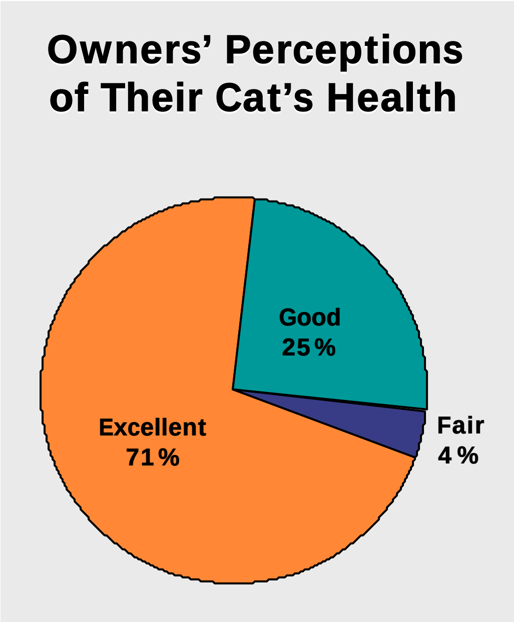
In the end, it is the vet and his/her manner with the cat that determines cat owners' loyalty. The cat owner's general level of satisfaction with their vet is very high, with 82 percent of cat owners rating their experience as 6 or 7 on a seven-point scale (equal to dog owners).



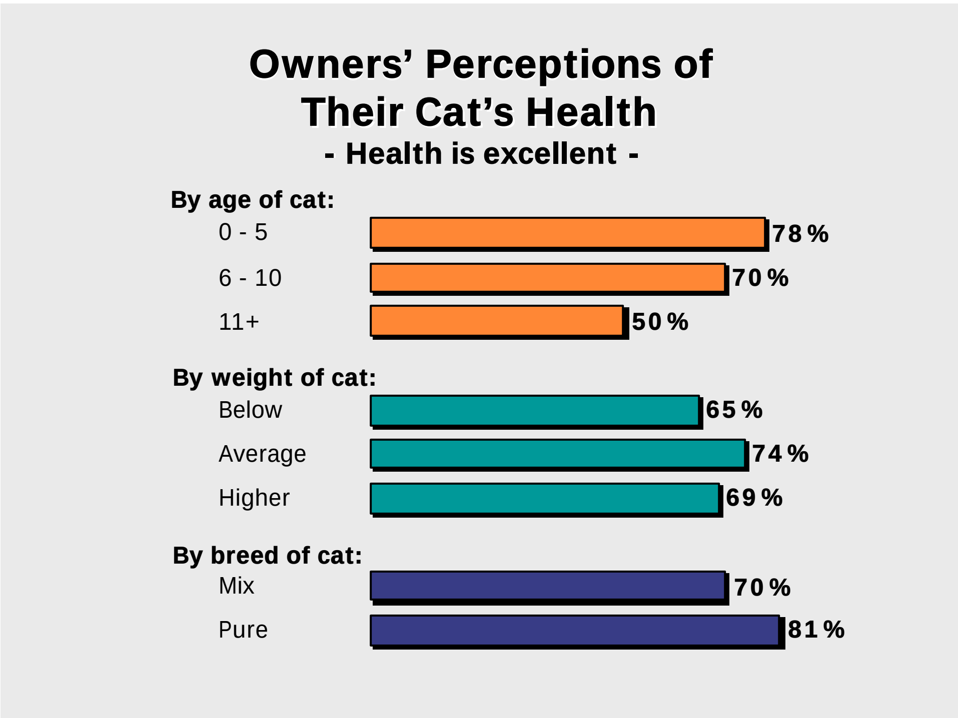
Eight in ten cat owners (82%) who have ever visited the vet remained loyal to their chosen veterinarian. Of those who have switched vets or intend to do so in the next 12 months, the main reasons are relocation (34%) or an unspecified dissatisfaction with their current vet (22%). Like dog owners, one-fifth (18%) of those cat owners who switched their vet services provider have done so because of price.

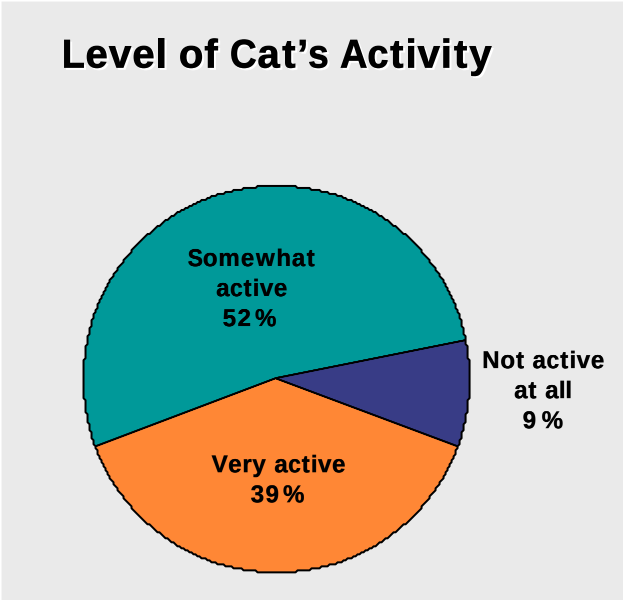


Overall Health Assessment

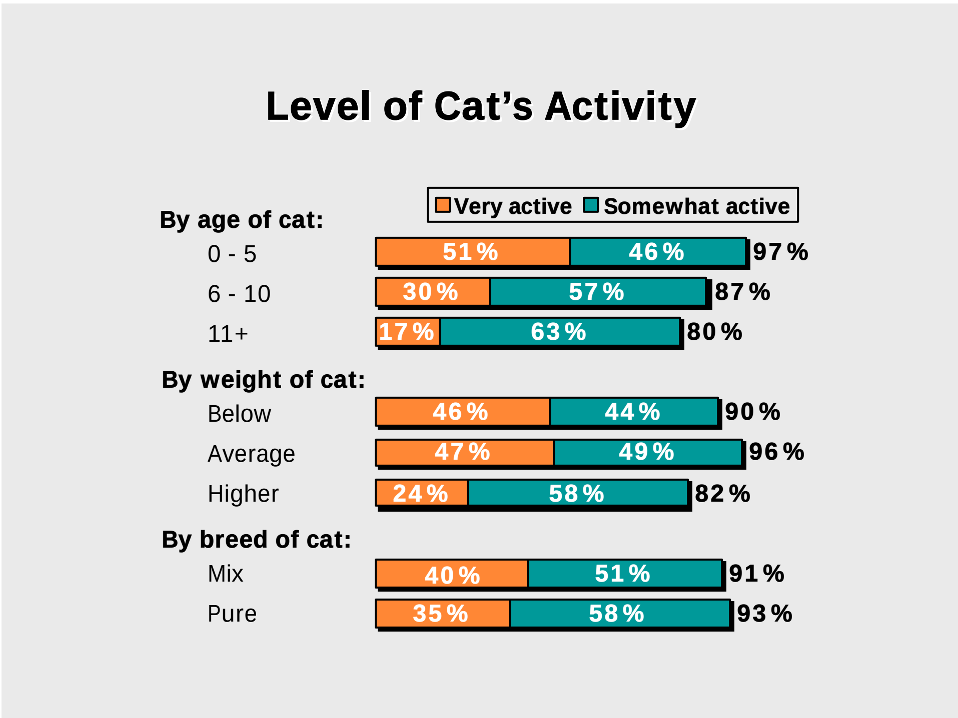


Overall, cat owners believe their pets are quite healthy, with only four percent assessing their cat's health as "fair". Older cats, not surprisingly, are viewed as less healthy than younger cats. Owners of over or underweight cats are less likely to rate their cat's health as "excellent" than owners of average weight cats.



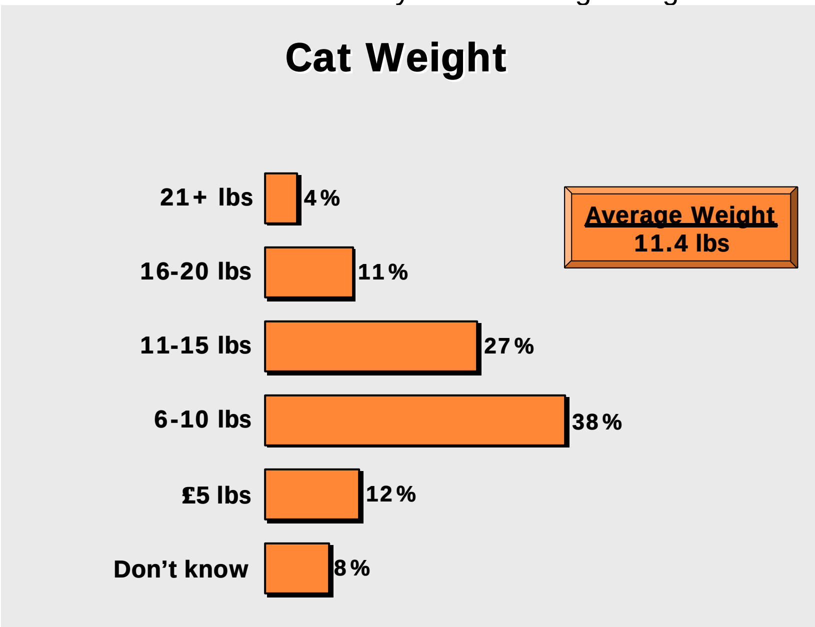


While only nine percent of cat owners describe their pet as "not active at all", this number jumps to 20 percent for older cats (11 years or older). Overweight cats tend to be considerably less active, with only a quarter (24%) assessed as "very active".

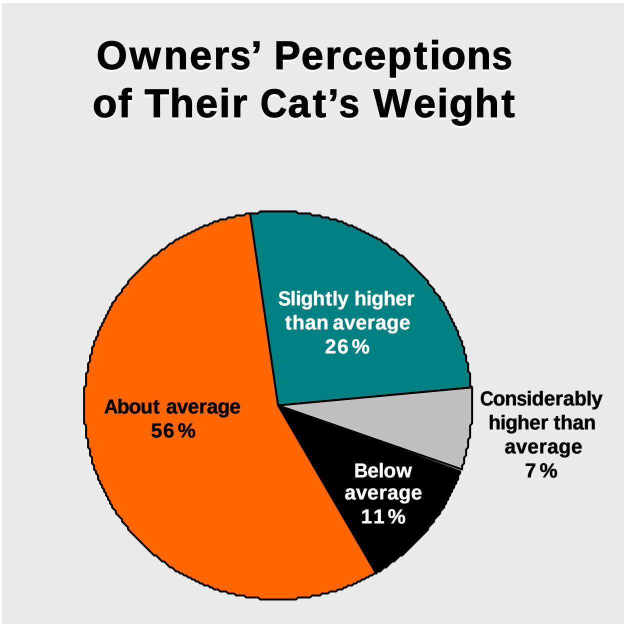


Weight

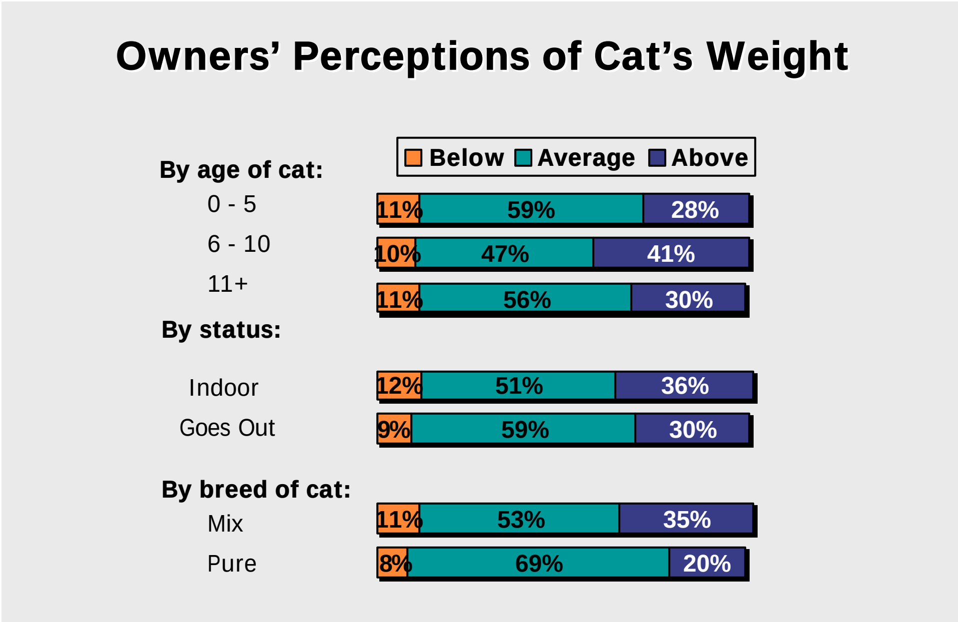
Clearly weight is correlated with the cat's level of activity. The average weight of cats described by our sample is 11.4 lbs. This weight is somewhat higher than the *average* weight recommended for average size breeds. Even accounting for the presence of really big cats (such as Maine Coone and its derivatives), it would appear that cat owners maybe overlooking the signs of excessive weight in their cats.



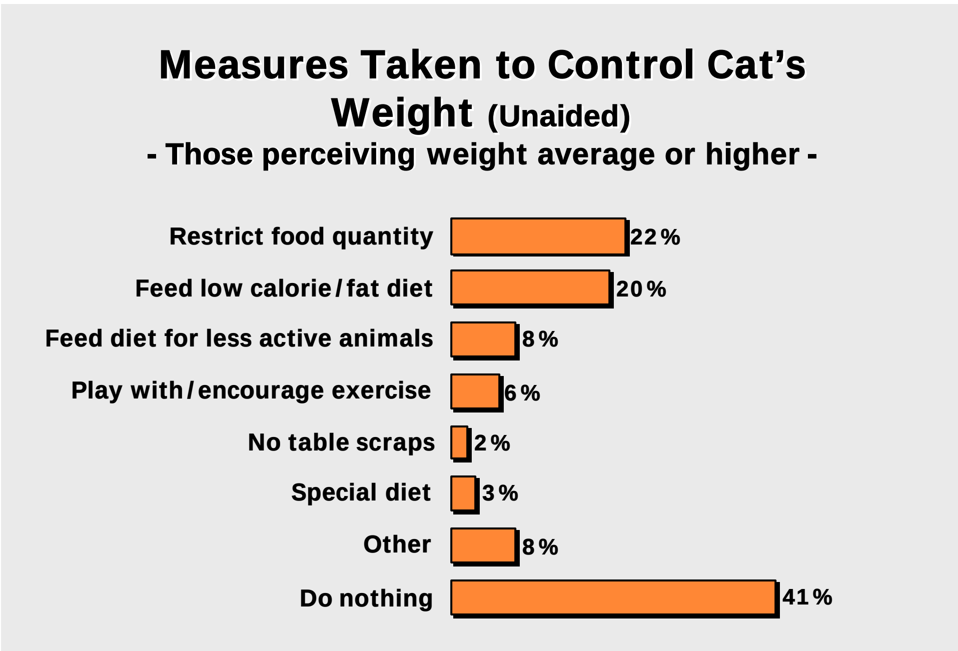
When asked to evaluate their cat's weight compared to other cats of similar type and age, one-third (33%) of cat owners said their pet was slightly (26%) or considerably (7%) overweight. The survey did not provide sufficient data to compare pet owners' perceptions of their cat's weight with the actual reported weight and norms for breeds.



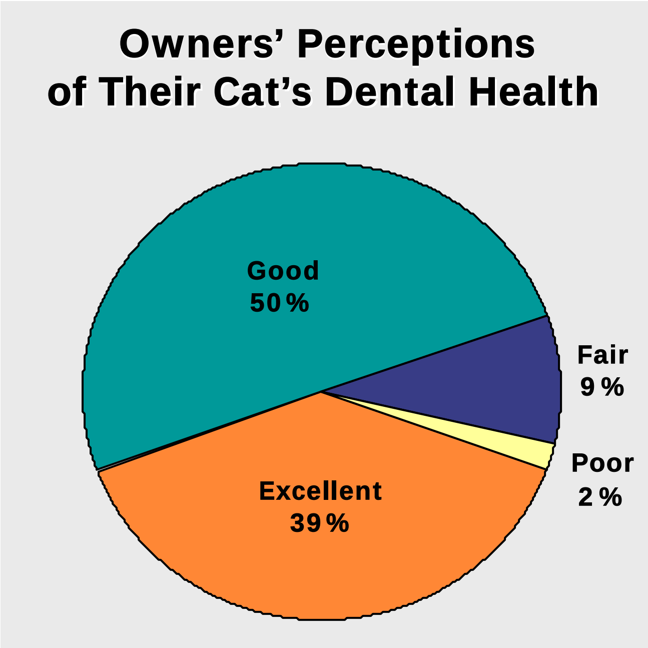
Older cats, purely indoor cats and mixed bred cats tend to be perceived as being overweight.



Almost six-in-ten cat owners (59%) are doing something to control the weight of their cats. It is interesting that cat owners tend to focus on dietary restrictions rather than play/exercise to control their cats' weight.

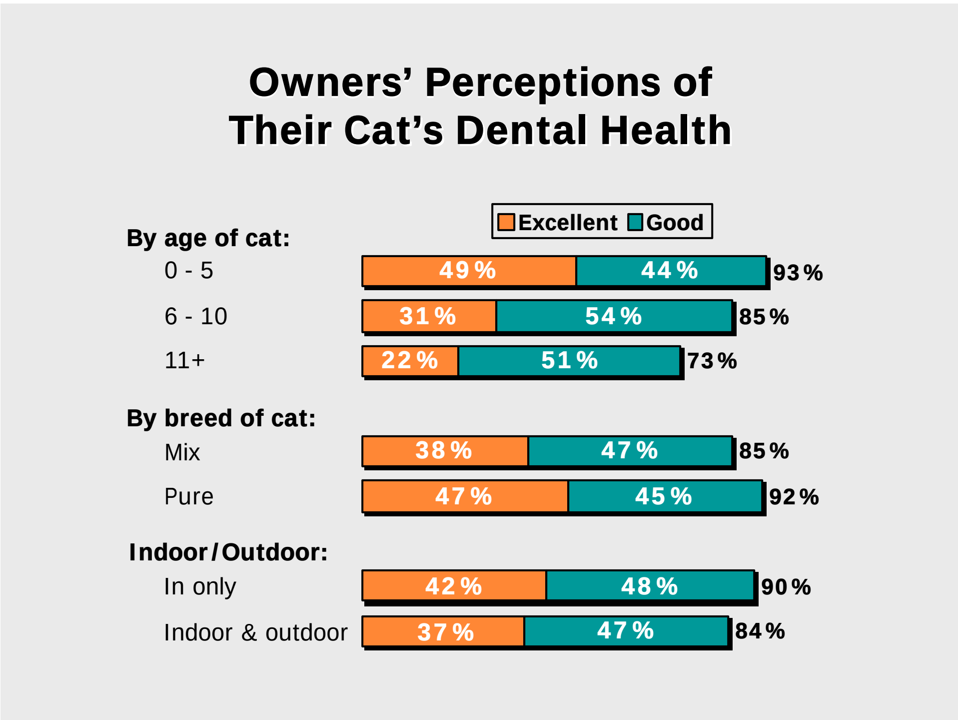


Dental Health

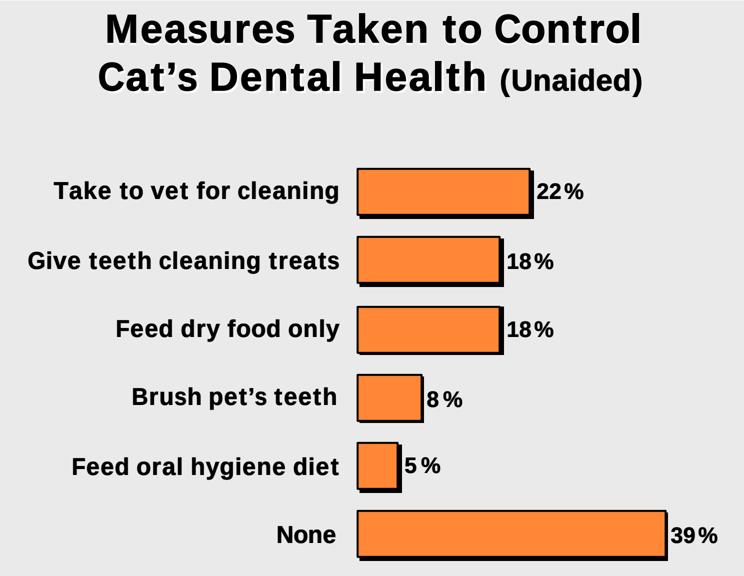


Dental health is another important component of a cat's health and the vast majority are pleased with their cat's dental health. Only 11 percent of cat owners assessed their cat's health as "fair" or "poor".

Owners of older cats are less likely to rate their cat's dental health as good or excellent.

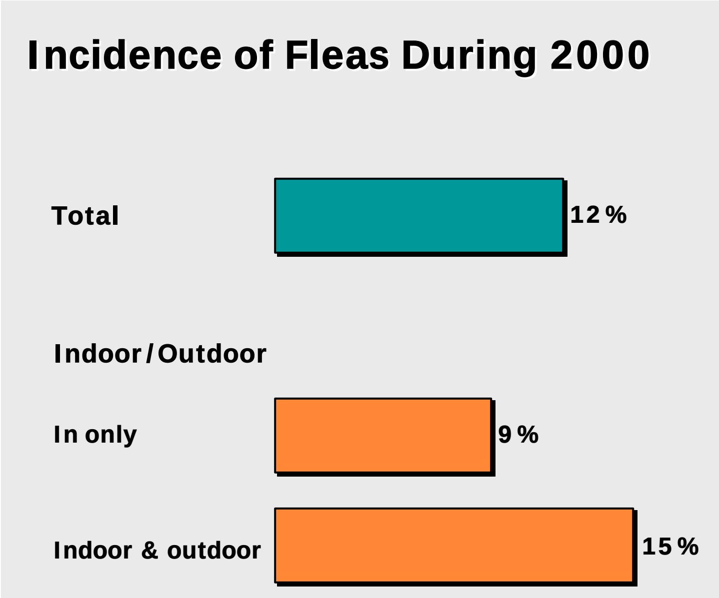


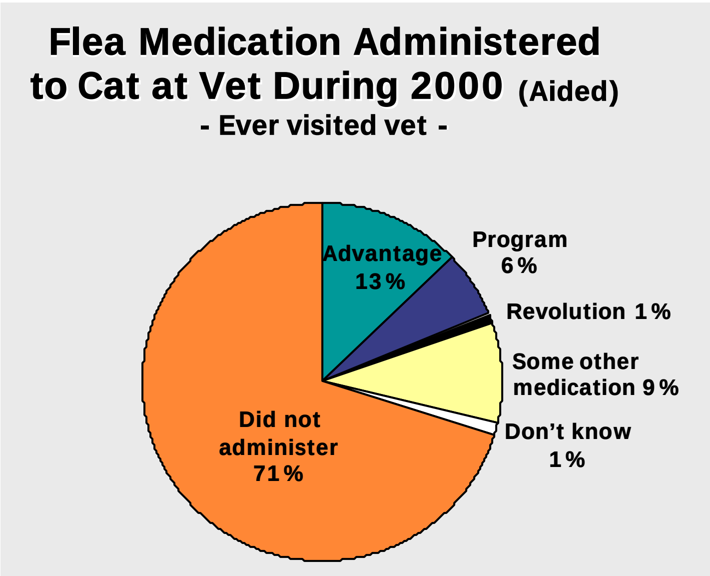
Six-in-ten (61%) cat owners took some measures to care for their cat's teeth. Owners of older cats are less likely to actively control their cat's dental health (44%). Cat owners are equally likely to volunteer that their cats teeth are kept clean by the veterinarian, specific treats or a diet of dry food.



Flea Control

The overall incidence of fleas in cats during 2000 was 12 percent. Fifteen percent of multiple pet households reported more than one pet having had fleas in the previous year. Cats who were kept indoors are less likely to have picked up fleas than outdoor cats.





The vast majority of cat owners did not give their cats flea medications in the last year.

Use of Flea Medications on Cat in Question
- Ever visited vet -

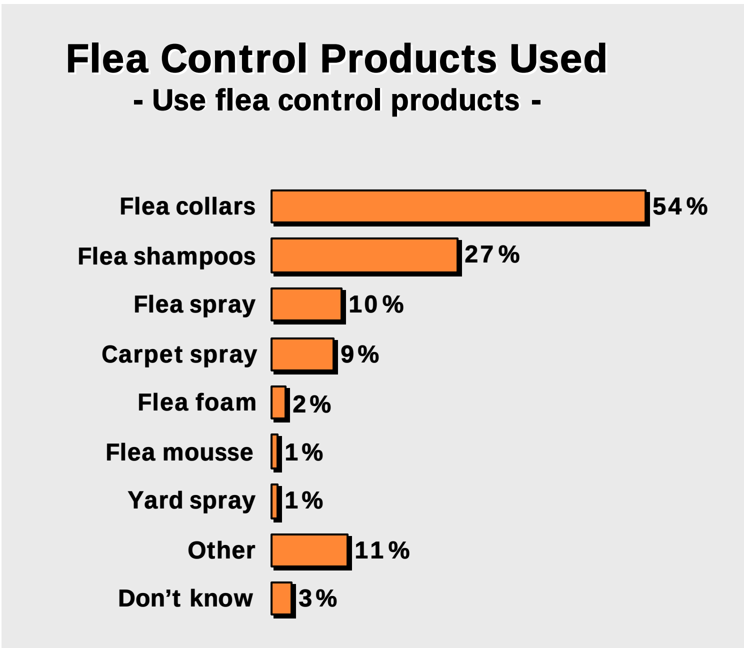
Brand	Total	Mix	Pure
	%	%	%
Advantage	13	14	12
Program	6	6	5
Revolution	1	1	-
Don't recall	6	5	14
None	74	74	69

Slightly more than one-quarter of cat owners (28%) used prescription flea control medications, with multiple pet households reporting a higher incidence of flea medication usage (30% in multiple cats households and 41% in households with both dogs and cats). The *Pet Humanists* and *Conscientious Pet Lovers* segments were also more likely to have given their cats a flea medication (31% and 32% respectively).

Use of Flea Control Medication

	Pet Humanists	Conscientious Pet Lovers	Pet Pleasers	Pet Traditionalists
	%	%	%	%
Used Flea Medications	31	32	23	26
Program	6	7	6	6
Advantage	19	14	8	11
Revolution	0	2	0	0
Some Other Medication	4	6	9	5
Used OTC Flea Products	23	17	21	34

Among those who chose to give their cats flea control, Advantage was the most popular choice (13%), especially with multiple pet households (16% of cats in multiple cats households and 20% in households with dogs and cats). The sample of users of each brand of medication is insufficient to report percentage distributions with any degree of statistical accuracy. We have therefore presented a table in the Appendix which outlines the number of cases which reflect incidence of fleas and use of medication.



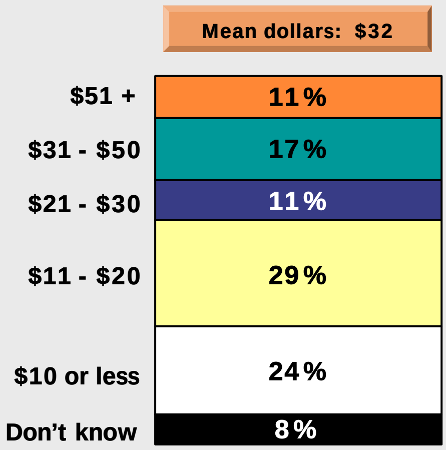
Fewer than one-quarter of all cat owners (23%) used some OTC flea products. Flea collars accounted for 54 percent of these cases. Shampoos were a distant second choice, with 27 percent of all OTC flea product users reporting the incidence. Combinatory usage of these products and flea medications may indicate:

- Cat owners' desire to combat fleas as soon as possible;
- Cat owners' unawareness of which OTC products may provide additional value (such as yard and carpet sprays) and which may in fact diminish the effectiveness of the externally applied medications (shampoos and mousses).

Use of OTC Flea Products
- Used any OTC Product -

	Total	Indoor	Indoor/ Outdoor
	(176) %	(74) %	(90) %
Flea collars	54	51	33
Flea shampoos	27	34	53

Household Spending on Flea Collars, Shampoos, Foams and Sprays
- Used flea control products -



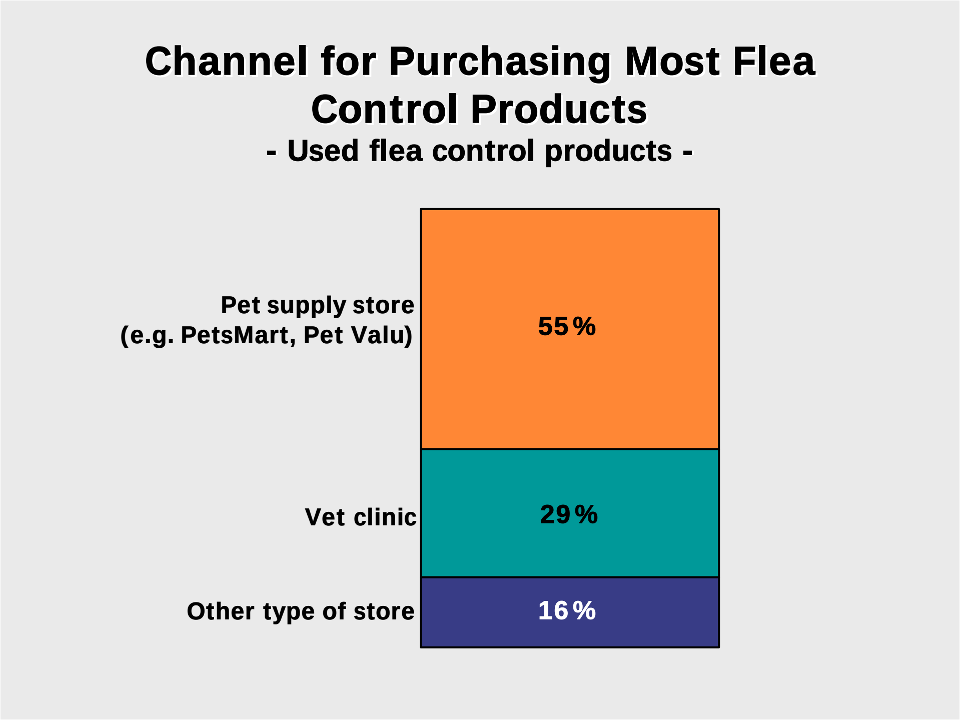
There were notable differences in the incidence of usage of some OTC flea products. Younger cats were more likely to be given a variety of flea products, including shampoos, collars and sprays. Owners of older cats tended to select mainly flea collars and sprays.

Overall, the average spending on OTC flea products in 2000 was $32 per household.

Average Household Spending on Flea Collars, Shampoos, Foams and Sprays
- Used flea control products -

By Age of Cat:	
0 – 5	$33
6 – 10	$31
11+	$28
By Weight of Cat:	
<12 lbs	$34
12 lbs+	$29
By Breed:	
Mix	$29
Pure	$54
By Indoor/Outdoor:	
In only	$33
Indoor & Outdoor	$27

Pet specialty stores were the main channel for purchasing OTC flea products (55%). Importance of the vet clinic channel in the OTC flea market was as high as 34 percent for *Conscientious Pet Lovers*. Interestingly enough, *Pet Traditionalists* were also more likely to choose this channel (33%).



Tick and Mite Medication Use and Incidence

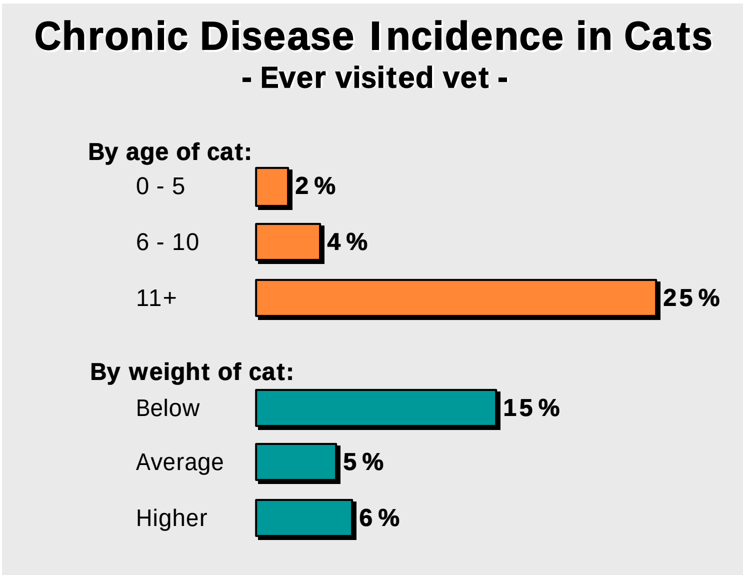
Only three percent of owners had cats with ticks or mites in 2000, though slightly more, about five percent, gave their cat tick and/or mite control medication.

Tick and Mite Control
-% Cat Owners-

Incidence of Cat Having Ticks or Mites	
Any	**3**
Ticks only	1
Mites only	2
Both	-
Did not have	97
Use of Tick or Mite Control Medications: 2000	
Any	**5**
Ticks only	1
Mites only	3
Both	1
Did not administer	95

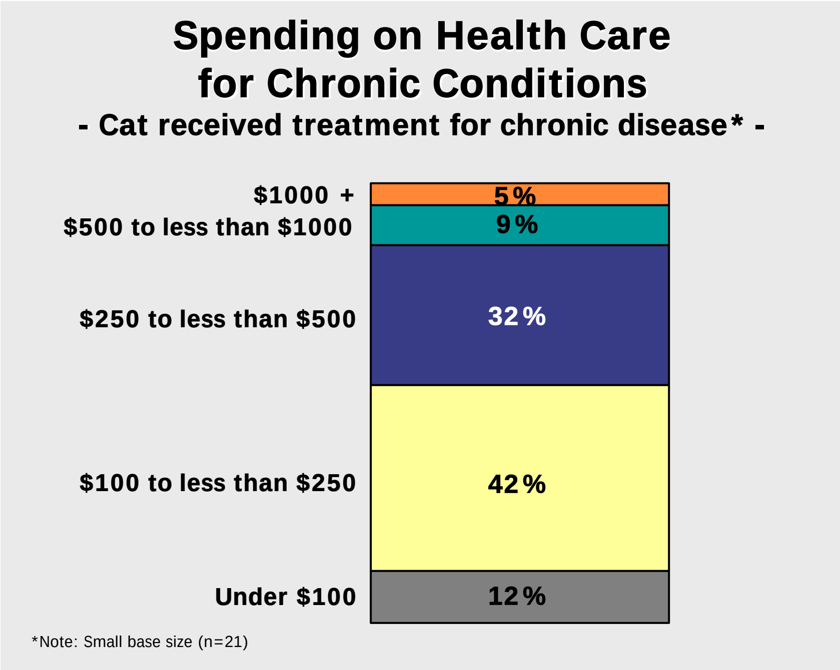
Chronic Disease

Overall, six percent of cat owners have a cat who has been diagnosed with a chronic disease. Fully 25 percent of older cats are suffering from a chronic disease. Perhaps underweight cats are at risk of having a chronic condition, or weight below norm is a side effect of certain chronic conditions, with 15 percent of the owners of underweight cats reporting an ailment.



Among the small minority of cats who suffer from chronic conditions, heart disease, asthma and feline urinary syndrome are the most common complaint.

Similar to the dog market, more than one-half of owners of cats with a chronic condition (54%) gave treatment to the cat for the ailment(s) in the past year.



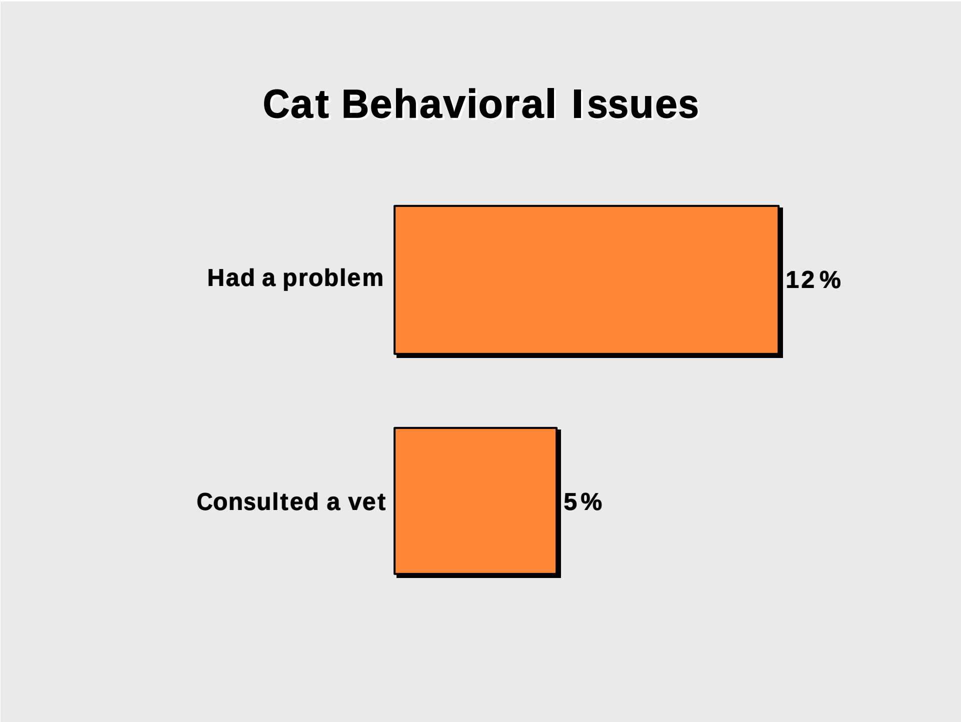
The number of owners treating a cat for a chronic condition is very small (n=12), so generalization about their spending would be specious. However, the majority of owners claim to have spent under $500 treating their pet's chronic condition over and above what they would have spent on a healthy pet.

In order to meet the requirements of some of our subscribers, we have provided a detailed description of reported chronic diseases and behavioural problems in the Appendix.

Behavioural Issues

Similar to dog owners, about 12 percent of cat owners reported that their cat demonstrated some behavioural problem(s) in the past year. Chief among these was house soiling (3%), tail chasing (3%) and aggression (2%).

The data, though a very small sample (n=31), suggest that cats with chronic diseases maybe more likely to experience behavioural problems (16%).



SECTION SEVEN:

NUTRITION OVERVIEW

SECTION SEVEN: NUTRITION OVERVIEW

Pet Owners’ Attitudes

Pet nutrition was specifically addressed in Paws & Claws drawing the attention of the reader primarily to the type of diet used, reliance on the vet for nutritional advice and criteria for the choice of a pet food brand. Some brand information is also provided.

The pet food market is extremely competitive, with the leading brand (Iams) capturing only 14 percent of the share of buyers in this survey. Specific needs (such as hairball prevention or less active animals food) and life stage diets are offered by almost all the leading manufacturers. In fact, many pet food manufacturers position their products in a similar way, promising health benefits and a complete diet for the pet. From the pet owners’ standpoint, this is a very important sought-after criterion when a brand or a product is purchased for the first time. For re-purchasing, the health benefits may be outweighed by the product palatability. In other words, we hypothesise that the product is sold based primarily on the promise of health and re-purchased if the product performance meets the customer’s(and pet’s) expectations.

Paws & Claws data suggest that, overall, palatability, quality of ingredients and vet recommendation are among the most important factors influencing the choice of a brand. Eight in ten pet owners would buy the brand their pets like, seven in ten cat owners and eight in ten dog owners would choose the brand with the highest quality ingredients. Seven in ten pet owners would also like to feed their pet the healthiest food there is. More than one-half (52% of cat owners and 55% of dog owners) would likely go with the brand that is recommended by their vet.

On an unaided basis, about one-third of all pet owners said they believed their chosen brand was “best” because it came recommended (63% were recommended by the veterinarian or vet clinic personnel, 14 percent said it was recommended through the word of mouth, 13 percent were recommended to use it by pet food store personnel and seven percent received recommendation from the breeder). Other reasons for citing a brand as “best” were palatability (20%), the only brand the pet can eat (11%) and various statements about the quality of the brand.

Veterinarians are the most important source of information on pet care, pet care products and nutrition. More than two thirds of pet owners (67%) cited their veterinarian as an important source of information for pet care and 58 percent rely primarily on their veterinarian in deciding how to feed the pet. More dog owners (73%)

than cat owners (68%) consulted their vet about their pet's nutrition. However, vets appear to be more likely to recommend a diet or a brand for cats (71% of those owners who consulted the vet) than for dogs (63%). While vet recommendation is extremely important at the brand trial stage, vet influence may become less significant when it comes to re-purchasing a product if the pet likes (or dislikes) the food.

Sources of Information on Pet Care (Aided)

	%
Vet or clinic staff	67
Books/newspapers/magazine articles	47
Pamphlets/brochures	47
Friends/colleagues	46
Pet food store personnel	33
Pet care websites	18
Other	7

As discussed in Section 3, there are two price-sensitive segments of pet owners (*Pet Pleasers* and *Pet Traditionalists*) who are more likely than others to base their purchasing decisions on price and convenience. For *Pet Pleasers*, it is also their pets' liking of the food that reinforces their brand choices. These considerations are reflected in pet owners' attitudes towards pet food issues.

In essence, *Pet Humanists* and *Conscientious Pet Lovers* base their initial pet food purchasing decision on their vet's recommendation even if they must buy pet food at a vet clinic or at a specialty store. They are also more inclined to differentiate pet food brands in their minds. Manufacturers targeting these segments may consider enhancing frequency of vet recommendation of the brand and/or exclusivity of the vet channel. Understanding the mindset of veterinarians for recommending a brand of pet food is key to the success of such brands among these less price sensitive segments.

Pet Pleasers and *Pet Traditionalists* see less of a difference between pet food brands and are less reliant on the vet for brand advice. *Pet Pleasers*, however, are more likely to perceive the importance of the pet specialty channel than are *Pet Traditionalists*. Tactical considerations for targeting these segments should include price incentives and mixed channel distribution.

While nutritional quality and brand advice are important to all four segments, the channel itself seems less so.

Pet Owners' Attitudes

	Pet Humanists		Conscientious Pet Lovers		Pet Pleasers		Pet Traditionalists	
	Agree	Disagree	Agree	Disagree	Agree	Disagree	Agree	Disagree
	%	%	%	%	%	%	%	%
Pet Food and Nutrition:								
Most of the time I don't even look at the price when buying pet food or supplies	**57**	8	**54**	7	15	37	14	40
I would never go out of my way to buy a special kind or brand of pet food	5	**80**	8	**60**	15	46	26	24
All brands of pet food are pretty much the same; the difference is just marketing	5	**68**	6	**58**	11	43	17	31
Relationship with Vet:								
Most vets will recommend what's good for their business, even if the pet doesn't need it	7	**47**	11	**43**	16	28	20	26
I look for (get) nutritional advice from my vet	**74**	4	**70**	3	26	27	22	33
Channels:								
The pet food sold by vets is better than what you can get at a store	25	33	25	30	13	36	17	40
Pet food sold in specialty pet stores is better quality than pet food sold in grocery stores	30	26	35	28	23	29	19	33

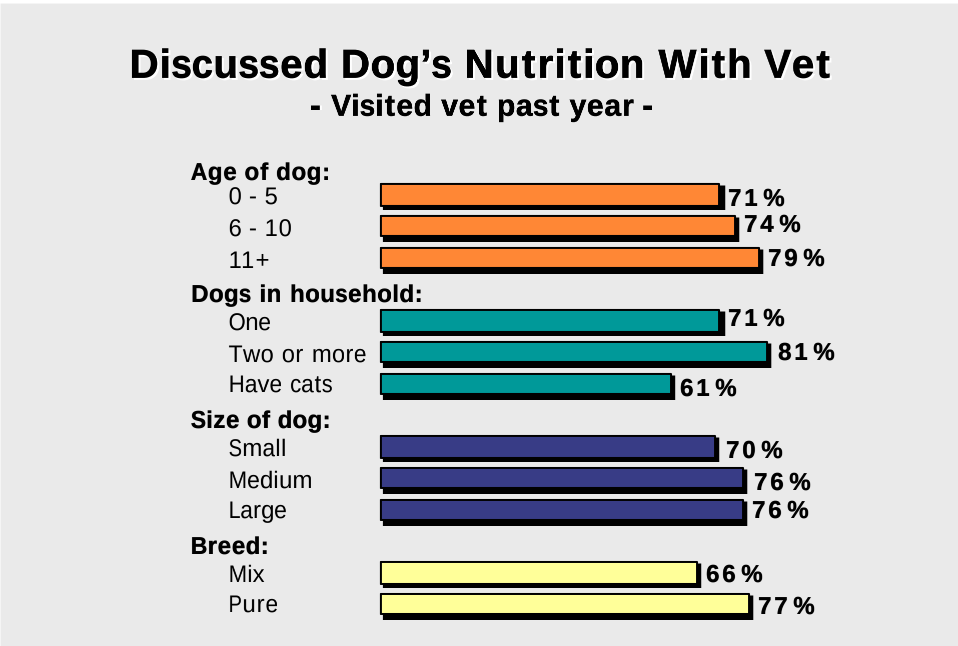
SECTION EIGHT:
DOG NUTRITION

SECTION EIGHT: DOG NUTRITION

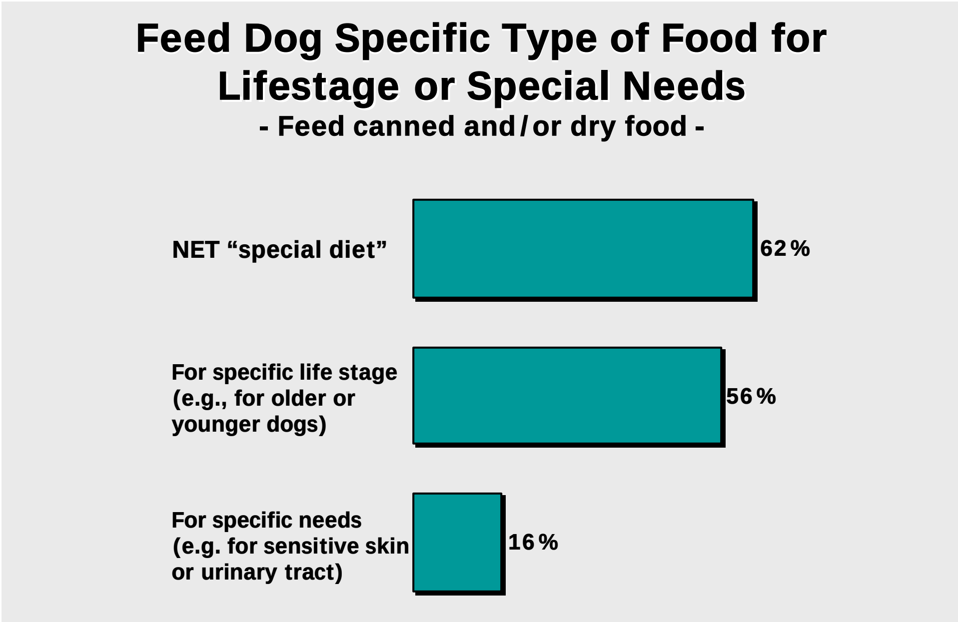
Choice of Nutrition

The major factors that consumers claim influence the type of nutrition an owner chooses for his/her dog include the owner's attitudes towards the pet, demographic considerations (such as income), the degree of the pet owner's reliance on the vet and the pet's health condition.

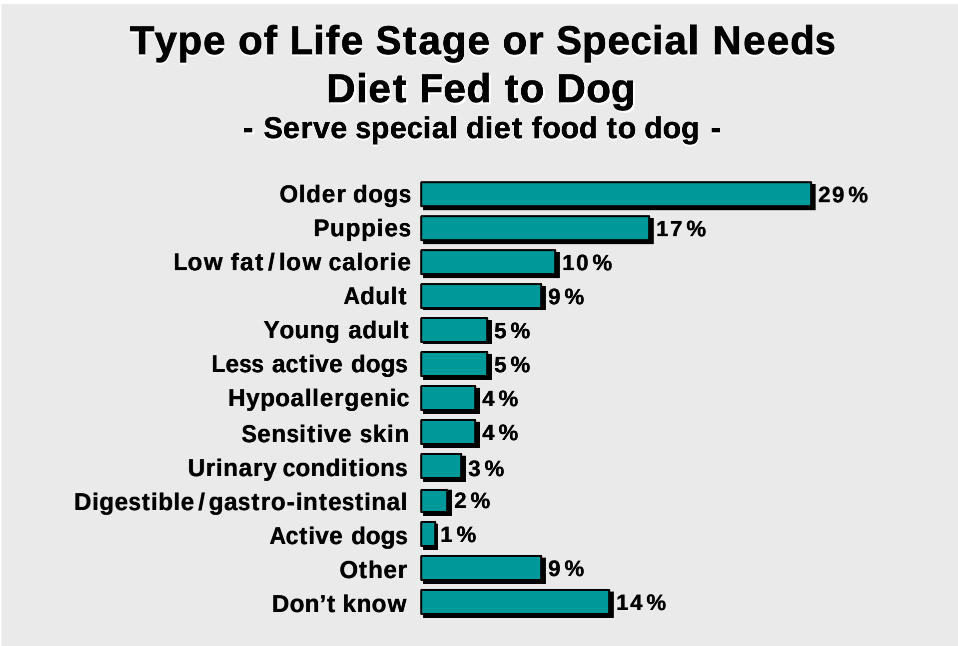
Overall, three quarters (73%) of dog owners have consulted their vet about pet nutrition. In 63 percent of cases, the veterinarian recommended a diet or a specific brand for the pet.



The Dog Health chapter of this report shows the incidence of using specific diets to control dogs' weight and dental health. Later in the survey, pet owners were asked whether they used a specific "needs" or a "life stage" diet for their dogs.



Fully six-in-ten (62%) dog owners surveyed feed their dog some specialized diet. In particular, food for older dogs, puppies, and overweight dogs are most popular.



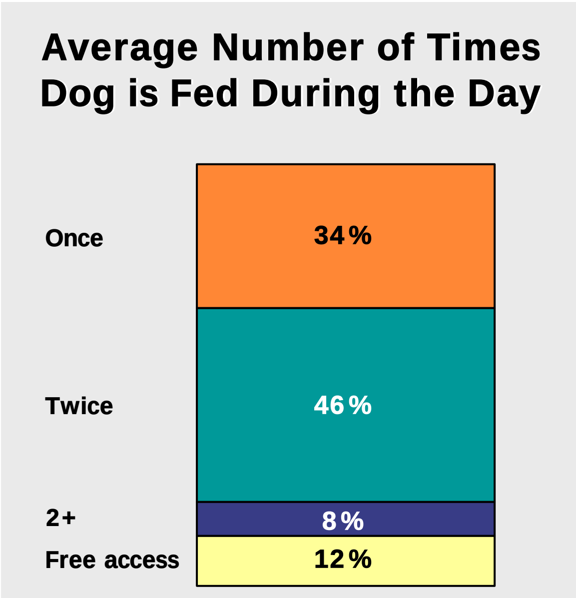
In fact, 64 percent of the owners of senior dogs provide a special diet for older pets and 21 percent restrict their dog to the low calorie food.

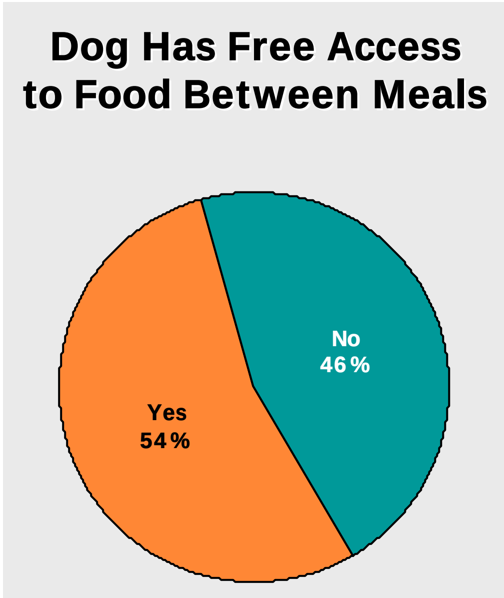
Feed Dog Specific Type of Food for Lifestage or Special Needs
- Feed canned and/or dry food -

		Specific Life Stage	Specific Needs
Age of Dog:			
0 – 5	%	58	16
6 – 10	%	50	18
11+	%	67	14
Dogs in household:			
One	%	59	15
Two or more	%	45	22
Have cats	%	50	19
Size of Dog:			
Small	%	63	16
Medium	%	59	12
Large	%	49	19
Breed:			
Mix	%	57	13
Pure	%	56	19

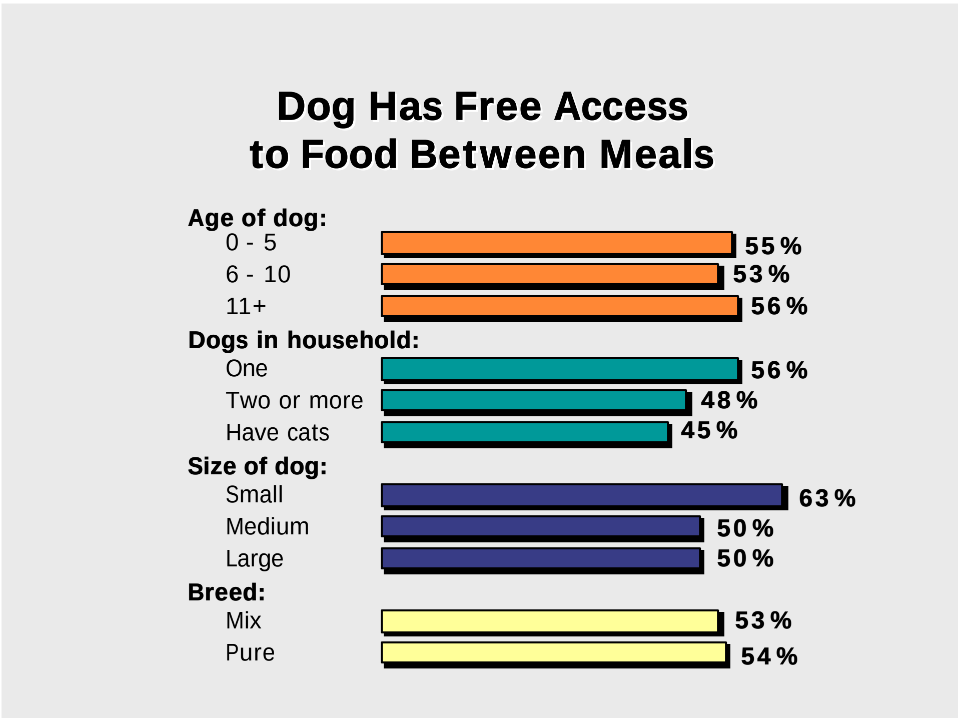
Q.62

Feeding Regime

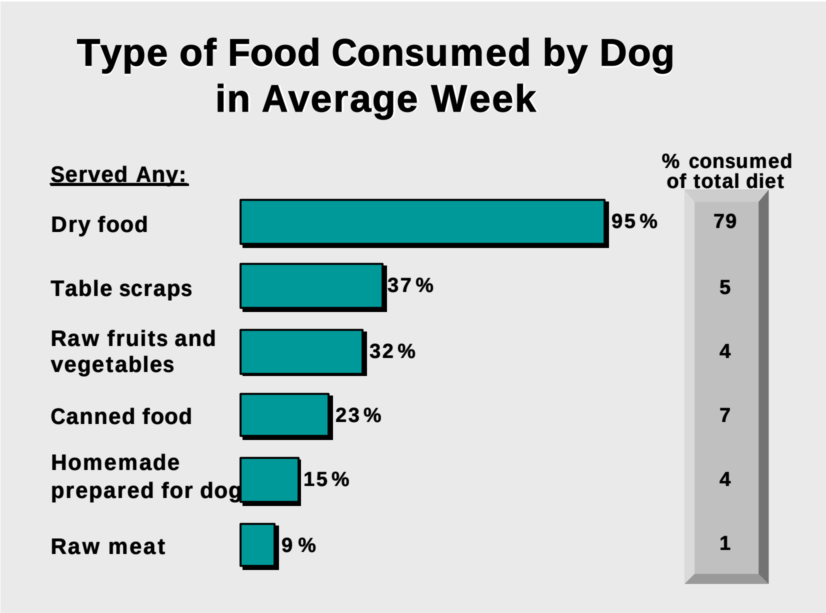




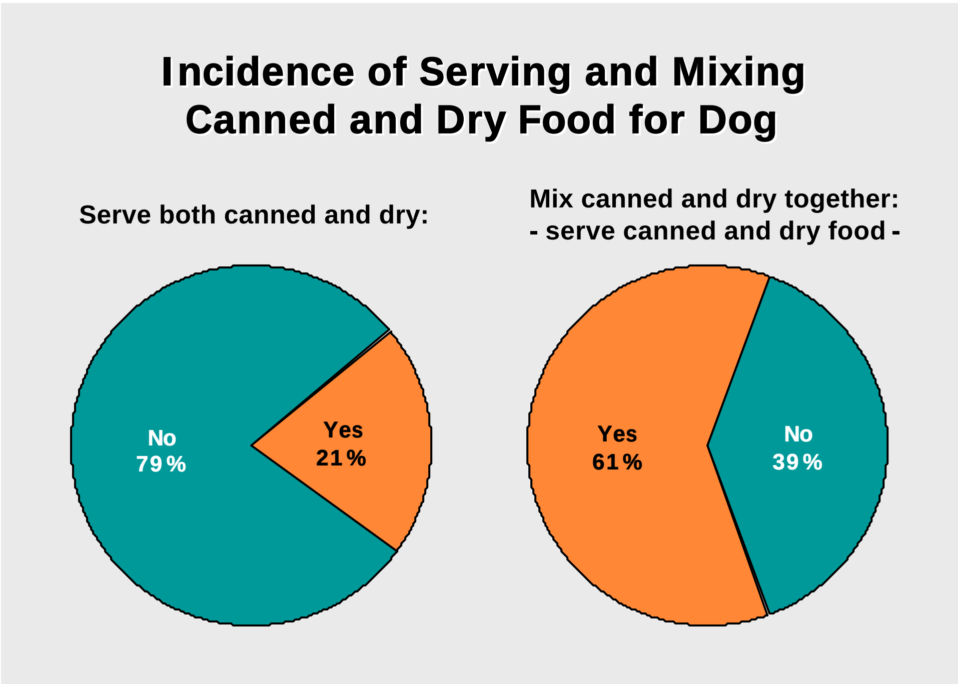
About one-third of dog owners feed their dogs only once a day and almost one-half feed their pets twice a day. However, in reality, over one-half of dog owners say their dogs have a free access to food between meals.



Dry food is, by far, the most widely used type of dog food. Almost all dog owners (95%) give dry food to their dogs and it amounts to an average of 79 percent of the total dog's nutrition. Canned food is used by less than one-quarter of pet owners (23%), and is a distant second in importance, amounting to only seven percent of the dog's total nutrition each week.



While over one-third of dog owners feed their dogs table scraps and/or raw produce, the owners believe the amounts fed represent only negligible amounts of the dog's total nutrition. About one-fifth serve their dog both dry and canned food, but only 13 percent of dog owners mix dry and canned food for their dogs.



The feeding regime changes somewhat with the age of the pet. Older dogs are fed more canned food or mixed canned and dry food, but get fewer table foods. Older dogs are also more likely to get a limitation on the quantity of food they can eat and fewer of these dogs have access to food between meals.

Type of Food Consumed by Dog in Average Week (Served Any)

	Age of Dog		
	0-5 yrs	6-10 yrs	11+ yrs
	%	%	%
Dry food	97	93	94
Table scraps	33	42	40
Raw fruits and vegetables	33	29	34
Canned food	19	23	37
Homemade prepared for dog	15	13	18
Raw meat	8	10	12

Q.57

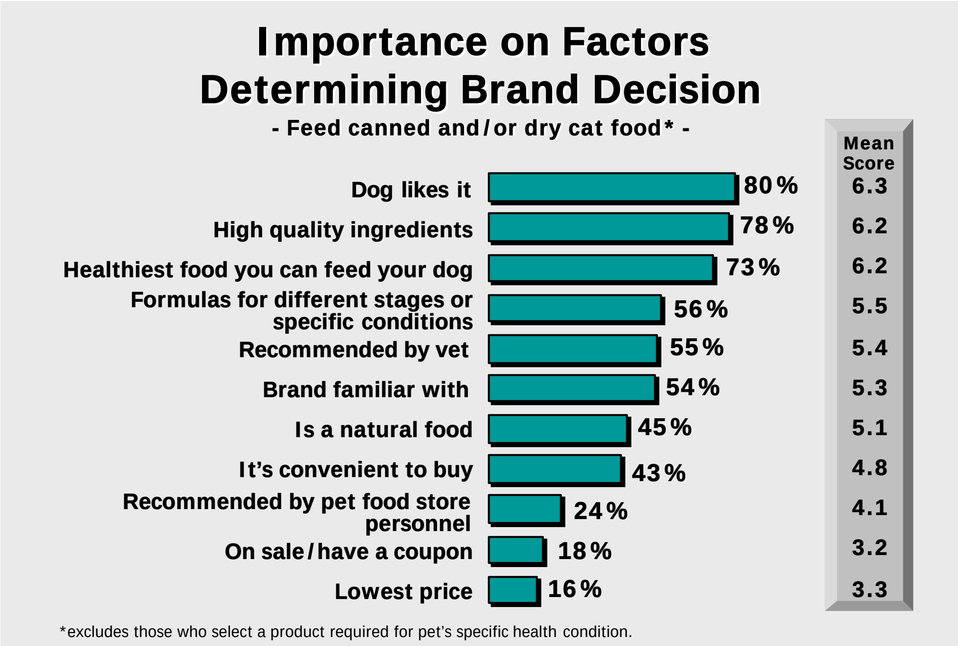
Criteria for Choosing a Brand

From a marketing perspective, a success of a pet food brand or any other consumer goods brand stems from:

- the level of awareness of target consumers of this brand's offering,
- accessibility of the brand (channel mix, barriers, such as vets in case of prescription diets), and
- recognition of the brand.

In other words, a pet owner learns about a brand, confirms that the brand meets his/her requirements (by talking to other pet owners and to the vet, by reading labels and promotional materials), tries the brand and – if the pet likes it – keeps buying it, thereby establishing a closer bond with this brand.

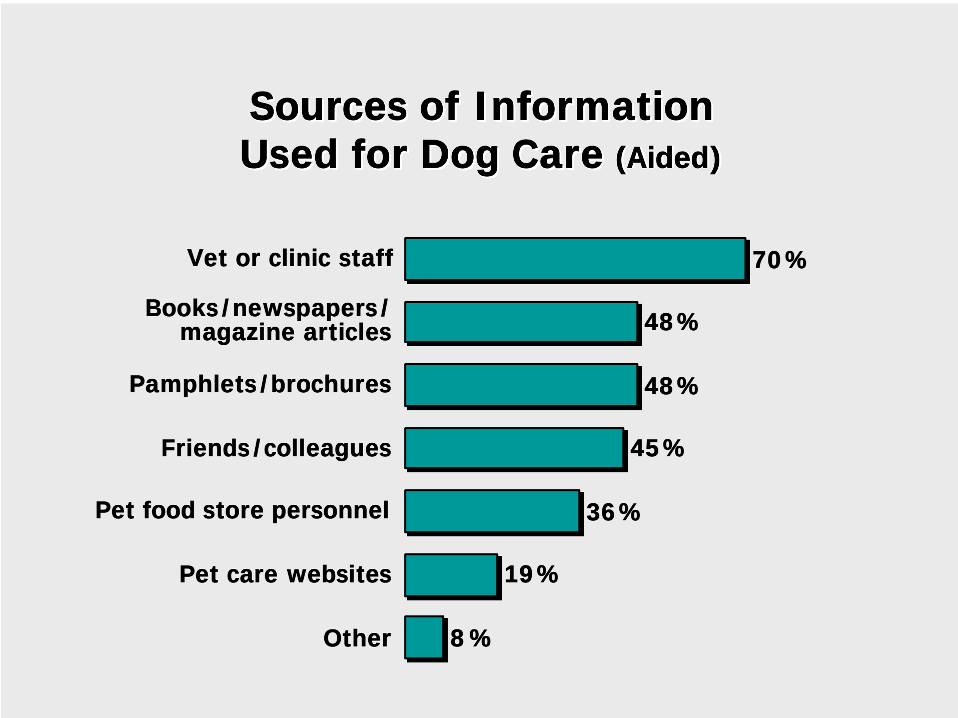
When asked directly about the level of importance of various factors in determining their brand decision, dog owners rated palatability, high quality ingredients and health benefits as their three most important considerations. Convenience, price and familiarity tend, for the most part, to play a significantly smaller role in the urban dog owner's market.



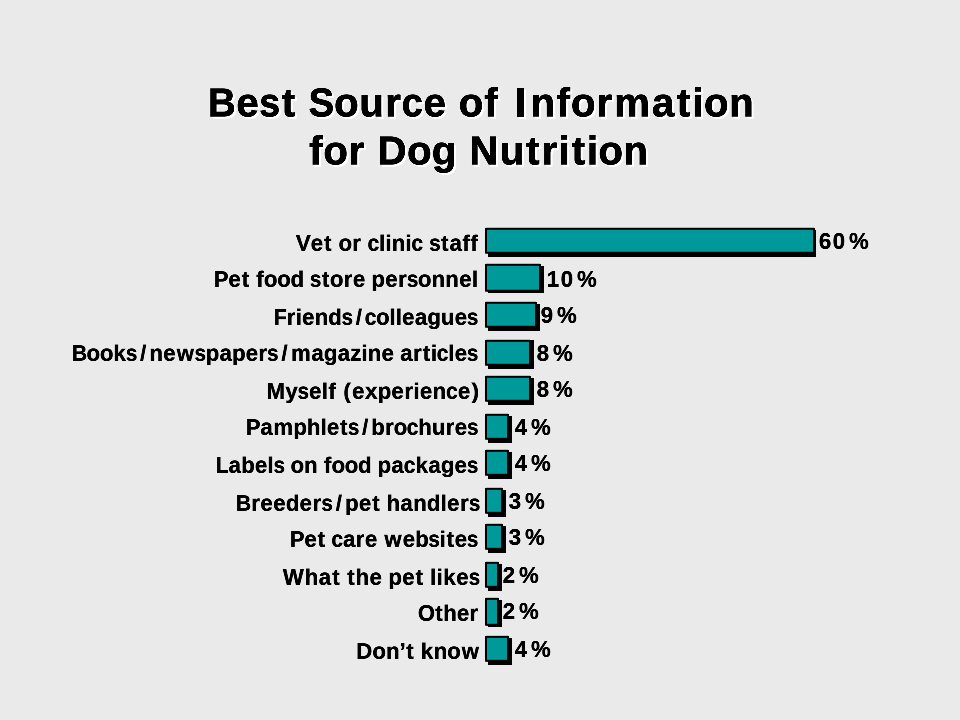
As outlined in the overview section, the relative importance of these factors differs greatly between segments, elevating the significance of price and convenience particularly for *Pet Pleasers* and *Pet Traditionalists*.

Sources of Information on Dog Nutrition

Veterinarians are perceived as the most credible source of information on pet care in general, and pet nutrition more specifically, by 60 percent of dog owners.

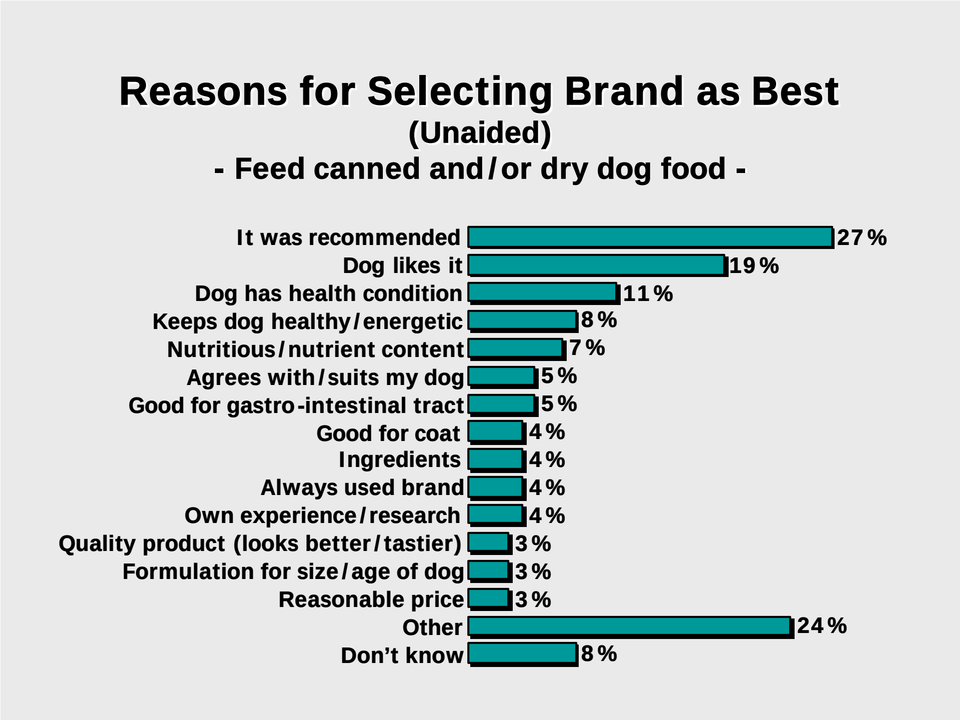


Decisions regarding pet nutrition become more complicated with the dog's age, however, fewer owners of senior dogs (53%) cited vets and vet clinics as their primary source of information. Websites – although still used by a very small proportion of all dog owners (2%) – become more useful as a dog ages, with eight percent of owners of senior dogs relying on the Internet for nutritional-specific information. Owners of younger dogs rely more on the word of mouth (11% compared to 5% of older dog owners).



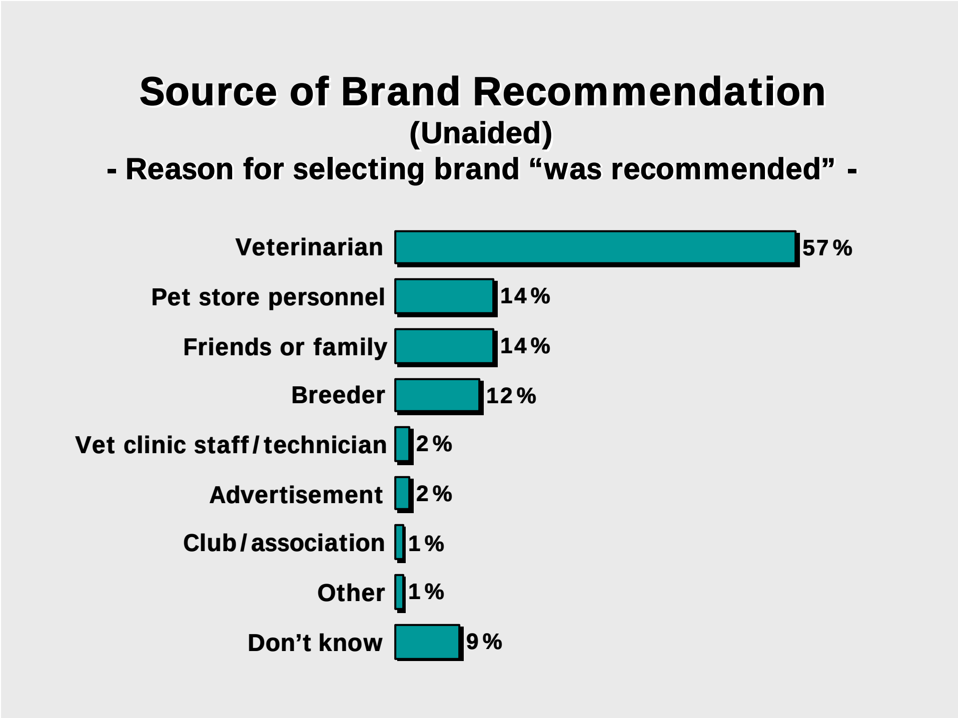
Importance of Vet Recommendation and "Best" Brand

Besides being the most important source of information on pet care and pet nutrition, vets play an important role in contributing to the pet owners' decisions regarding their choice of a brand and in forming pet owners' perceptions about pet food brands. In fact, word of mouth recommendations are key overall.

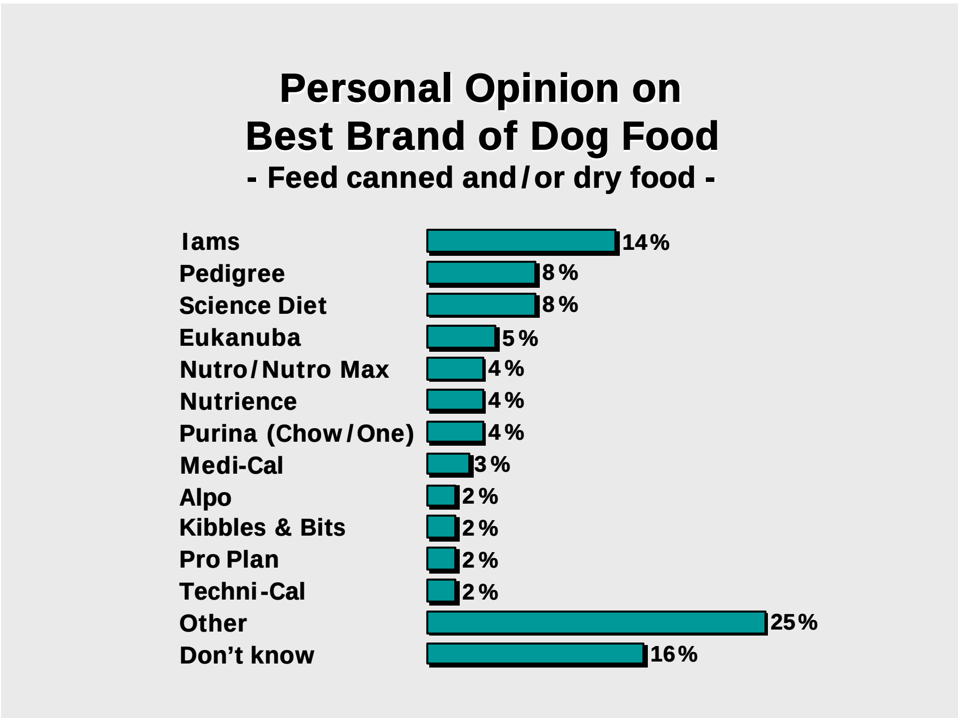


More than one-quarter (27%) of dog owners volunteer that they choose a brand as "best for their pet" based on the fact that it came recommended (59% of these by vet or vet clinic staff).

About one-fifth of dog owners (19%) cited the dog's preference for the brand as the reason for choosing a brand as best. However, personal experience with the brand is extremely important as considerably more dog owners cited a variety of personal experiences with the brand as the basis for their perception. In fact, 44 percent of dog owners cited a personal experience-based factor (Net) as reasons for choosing a brand as the best one for their pet. It is reasonable to conclude that vet recommendation is crucial for enticing trial of a brand, but it is the brand's performance that brings customers back.



Dog owner "votes" for best brand mirror brand usage data, reflecting the owner's belief that their dog is receiving the best brand for him/her.



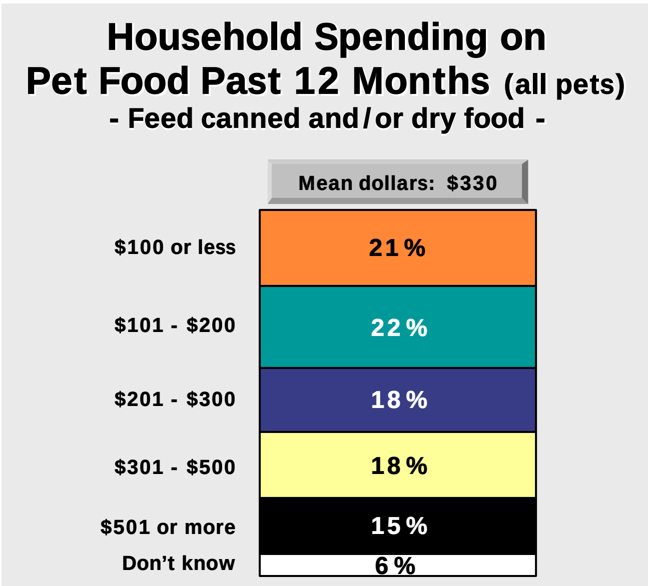
Brand Usage

In terms of the brand used most often, Iams dry food and Pedegree canned food are leaders in the urban dog food market. The incidence of serving dry Iams was as high as 18 percent among *Conscientious Pet Lovers*. Pedigree (canned) was somewhat more popular with more price sensitive segments, although dog owners in all segments use it, possibly, as a treat rather than the main diet.

Brand of Dog Food Serviced Most Often
Past 12 Months (Unaided)
- Served dry and/or canned -

	Dry %	Canned %
Iams	13	4
Pedigree	8	27
Science Diet	7	2
Nutro/Nutro Max	5	4
Purina (Chow, One)	5	-
Eukanuba	4	1
Nutrience	4	1
Medi-Cal	3	5
Alpo	3	2
Kibbles & Bits	3	-
Pro Plan	3	-
Performatrin	2	1
Techni-Cal	2	1
President's Choice	1	8
Other	30	29
Don't know/not sure	8	15

Pet Food Expenditure



Note: Average spending per pet $226

On average, each household with a dog spent about $330 on dog food in the past year or $263 per dog.

However, averages may be affected by higher and lower spenders in each segment. Below is a table with average and median household (all dogs in the household) expenditures recorded for various subgroups of dog owners.

Household Expenditure on Dog Food

	Average $	Median $
Segment:		
Pet Humanists	387	268
Conscientious Pet Lovers	371	269
Pet Pleasers	391	266
Pet Traditionalists	244	191
Age:		
Dog 0-5 yrs	325	242
Dog 6-10 yrs	400	288
Dog 11+ yrs	410	276
Size:		
Large dog	479	386
Medium dog	361	234
Small dog	211	144

Pet Food Channels

Other work we've done suggests that pet food sold through grocery stores is perceived to be "junk food" and pet food sold through vet clinics as very expensive. Although these beliefs are still indicated to some extent, the perceptions appear to be changing. The distribution of Iams through grocery stores not only increased its market share, but may have affected the perceptions of this entire channel. Iams is perceived as "the best brand" by 14 percent of dog owners, the highest share of mind in the market (unaided recall), and consistent with purchase levels.

Dog Food Purchases: Store Share of Visits (Past 10 Purchases)
- Feed canned and/or dry food -

	Total	Age of Dog			Breed	
		0-5	6-10	11+	Mix	Pure
Base:	(727)	(405)	(242)	(77)	(293)	(432)
	%	%	%	%	%	%
Pet or specialty store (e.g. Pet Valu, PetsMart)	51	54	50	44	43	56
Grocery store	23	21	21	36	30	19
Mass merchandise store (e.g. Wal-Mart, Costco)	11	12	12	7	13	10
Veterinarian	10	8	11	11	9	10
Online/mail order	1	1	3	1	1	2
Other type of store	3	4	3	1	4	3

Attitudes Toward Pet Food Channels – Dog Owners

	Agree %	Disagree %	Mean Score
Pet Humanists			
The pet food sold by vets is better than what you can get at a store	19	37	3.5
Pet food sold in specialty pet stores is better quality than pet food sold in grocery stores	32	25	4.2
Conscientious Pet Lovers			
The pet food sold by vets is better than what you can get at a store	15	38	3.4
Pet food sold in specialty pet stores is better quality than pet food sold in grocery stores	39	29	4.3
Pet Pleasers			
The pet food sold by vets is better than what you can get at a store	9	37	3.2
Pet food sold in specialty pet stores is better quality than pet food sold in grocery stores	23	34	3.7
Pet Traditionalists			
The pet food sold by vets is better than what you can get at a store	14	44	3.2
Pet food sold in specialty pet stores is better quality than pet food sold in grocery stores	19	37	3.5

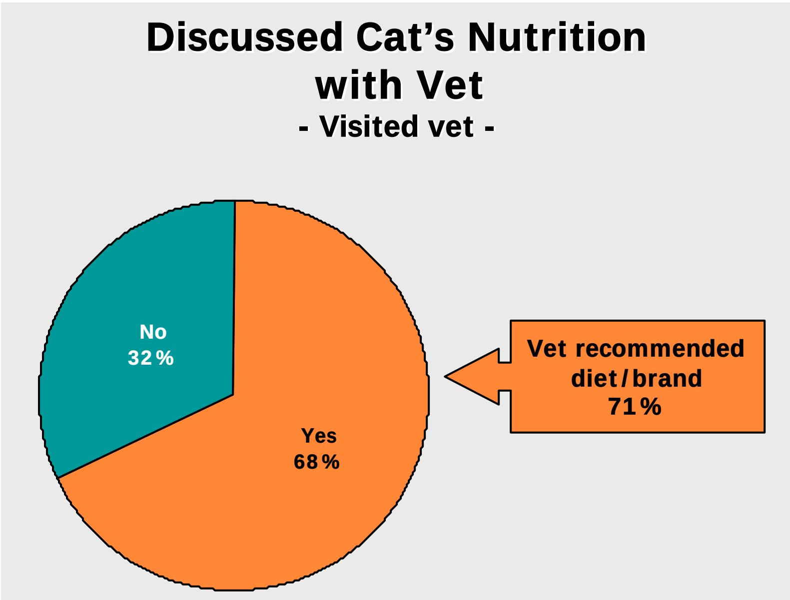
Historically, the choice of specialty stores over other channels was partly due to the credibility of pet specialty personnel advice on pet nutrition. This study suggests that only 10 percent of dog owners followed primarily the advice from pet food store personnel regarding their dog's nutrition.

SECTION NINE:

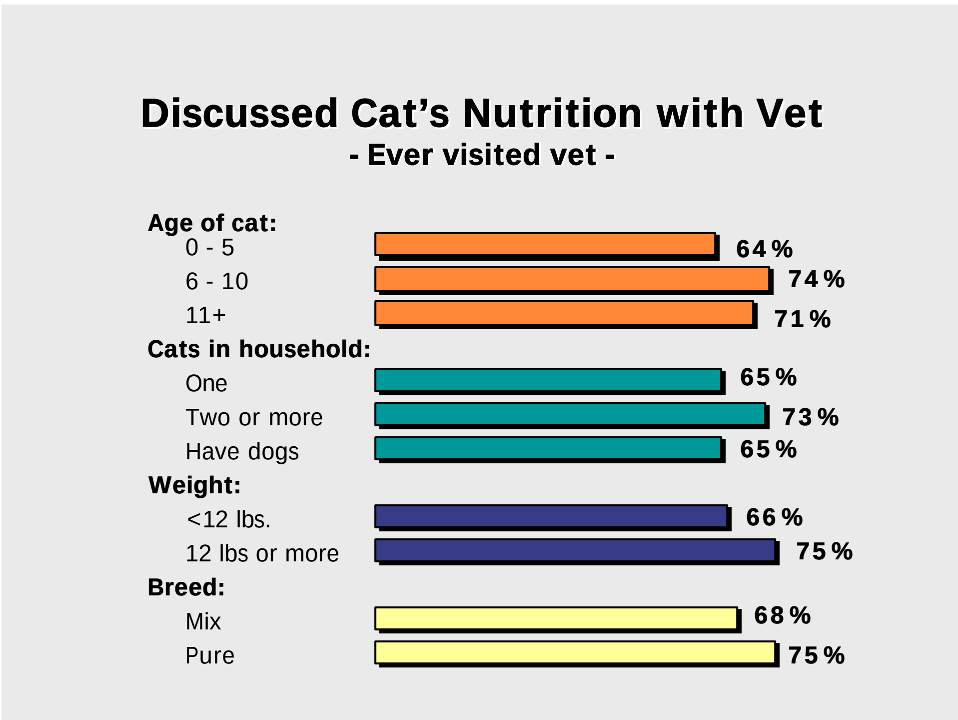
CAT NUTRITION

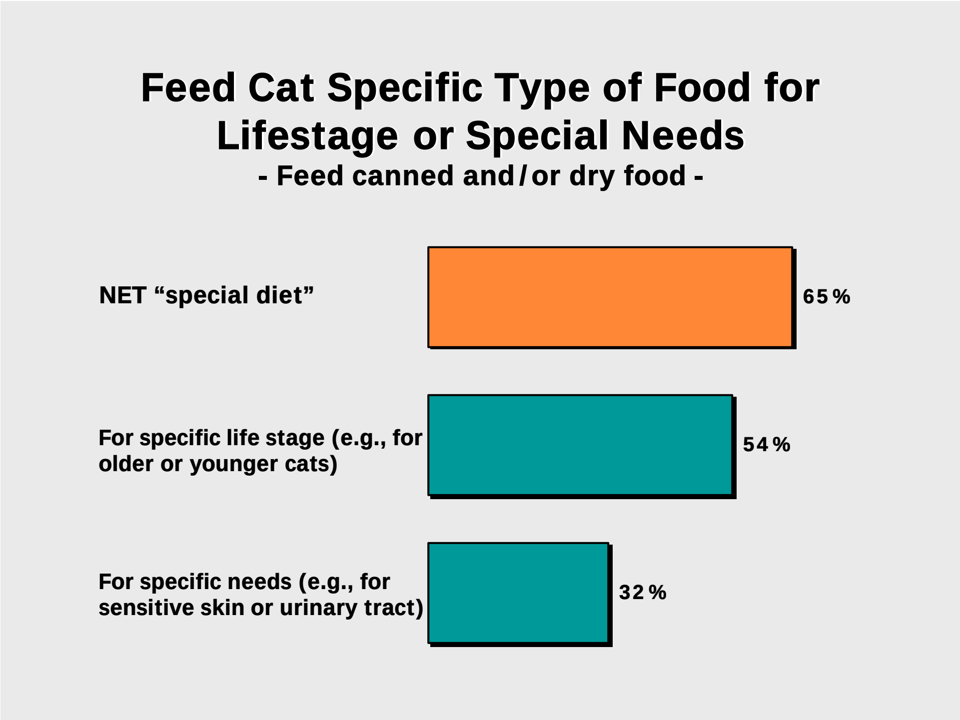
SECTION NINE: CAT NUTRITION

Choice of Nutrition

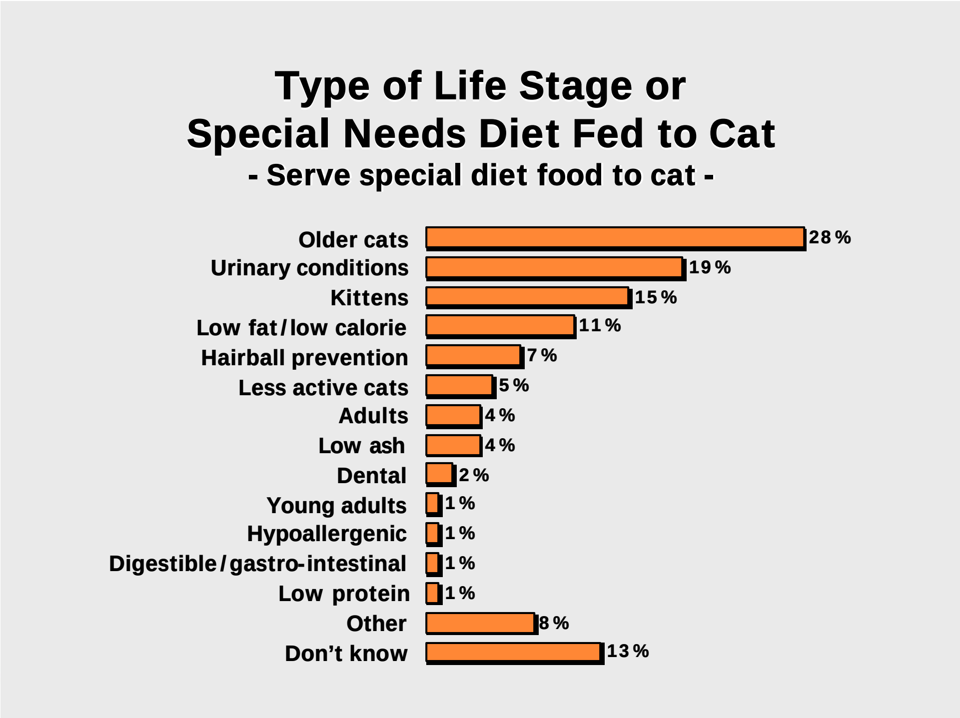


Overall, similar to dogs, seven in ten (68%) cat owners have consulted their veterinarian about pet nutrition. In 71 percent of cases, the vet recommended a diet or a specific brand for the cat (this is higher than dogs, at 63%). Like dog owners, two-thirds of cat owners (65%) feed their cat a specialised diet.





Consistent with the dog market, older cats and kittens are more likely to be on a life stage diet. In fact, 52 percent of owners feed their senior cats a diet for older pets and 20 percent are restricted to low calorie food. Cats are more likely to be fed a diet designed to prevent urinary conditions (19%) than to prevent weight gain or other conditions.



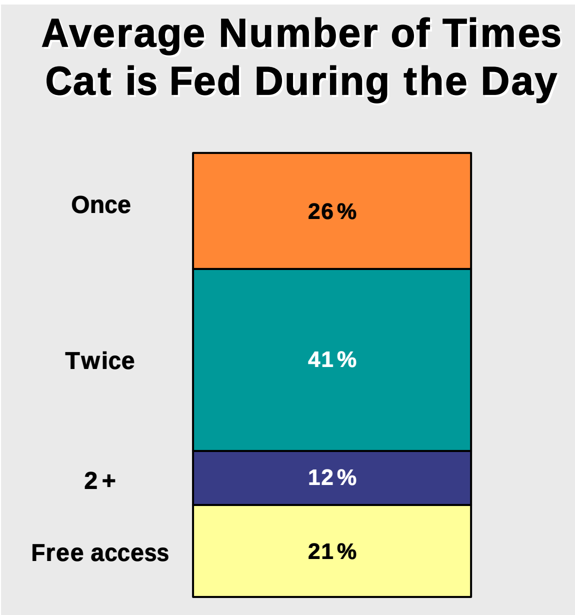
Feed Cat Specific Type of Food for Lifestage or Special Needs
- Feed canned and/or dry food -

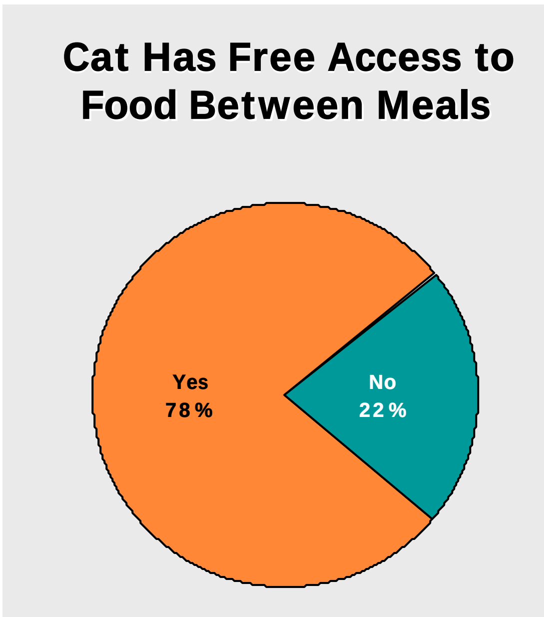
		Specific Life Stage	Specific Needs
Age of Cat:			
0 – 5	%	55	28
6 – 10	%	48	36
11+	%	61	37
Cats in household:			
One	%	62	32
Two or more	%	40	31
Have dogs	%	54	26
Weight:			
<12 lbs	%	51	32
12 lbs or more	%	57	33
Breed:			
Mix	%	55	31
Pure	%	49	42

Q.62

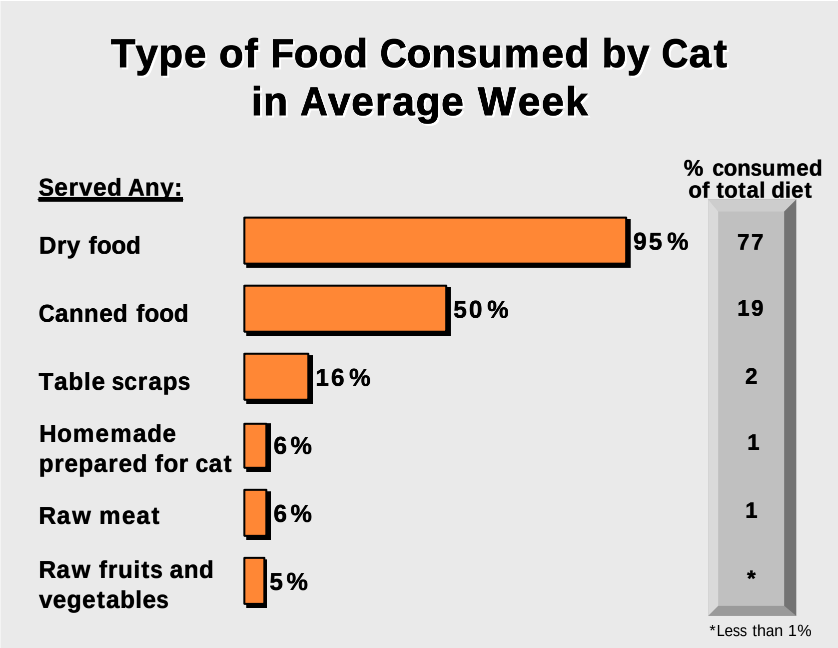
Feeding Regime

About one-quarter of cat owners feed their cats only once a day and 41 percent feed their cat twice a day. However, more than two-thirds of cats (78%) actually have some free access to food between meals.





Dry food is, by far, is the most widely used type of cat food. Almost all cat owners (95%) give dry food to their cats and it amounts to an average of 77 percent of the cat's weekly nutrition. One-half of cat owners use canned food, accounting for much less of the total cat nutrition (19%). Cats are more finicky eaters than dogs, which may account for more cat owners using canned food than dog owners.

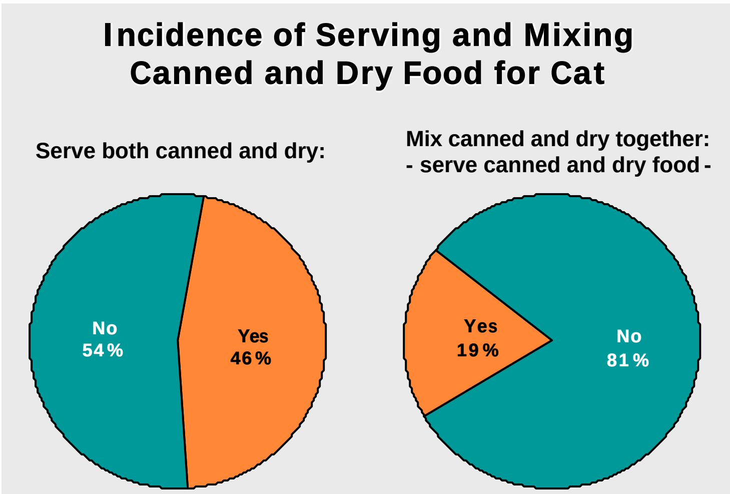


Type of Food Consumed by Cat in Average Week (Served any)

	Age of Cat		
	0-5 yrs	6-10 yrs	11+ yrs
	%	%	%
Dry food	97	94	88
Canned food	45	49	69
Table scraps	15	15	23
Homemade prepared for cat	7	6	7
Raw meat	6	7	7
Raw fruits and vegetables	6	4	3

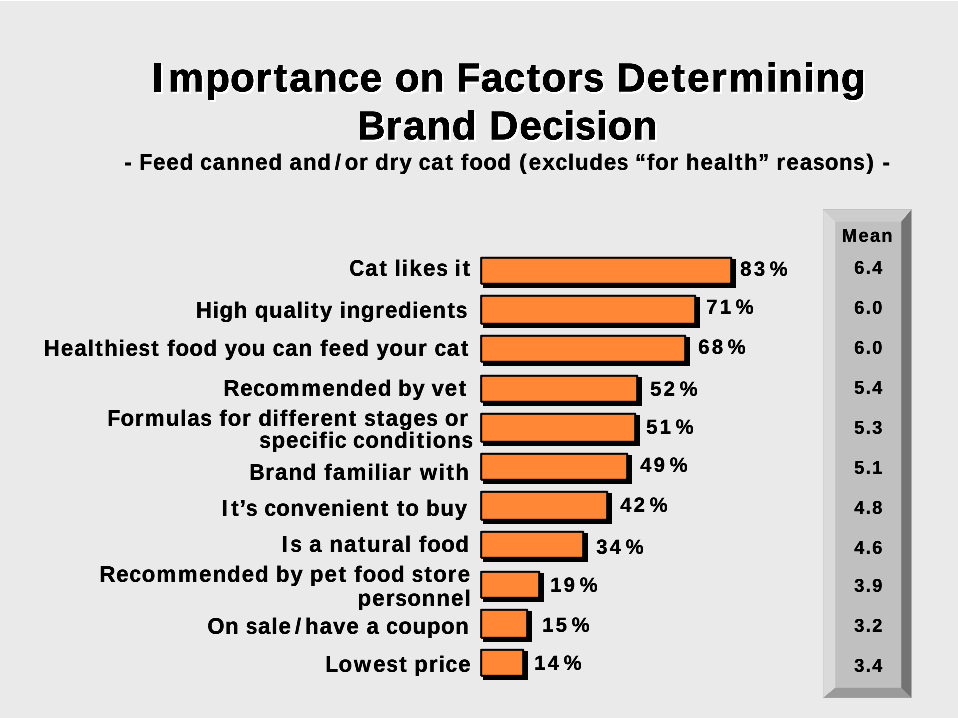
Q.57

The feeding regime changes somewhat with the age of the pet. Older and sick animals are more likely to get more of canned food in their diets. Fewer than one-fifth (19%) of cat owners mix dry and canned food for their cats.



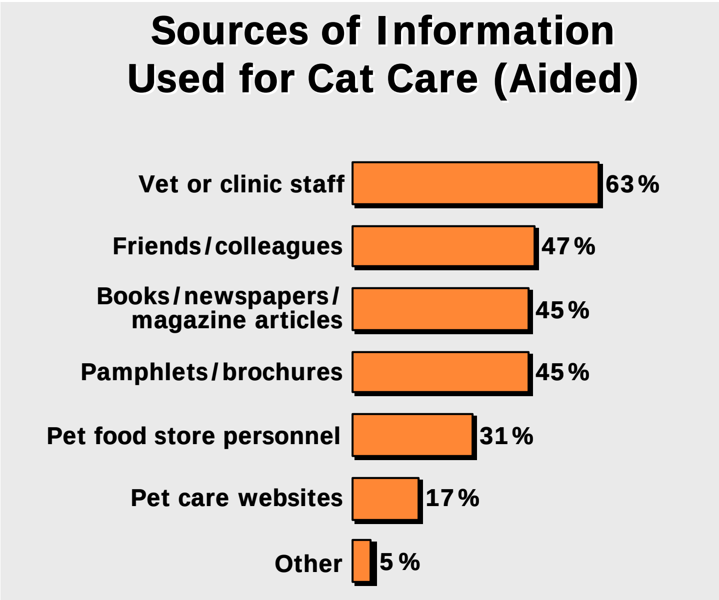
Criteria for Choosing a Brand

Asked directly about the relative importance of factors determining their brand decision, cat owners, like dog owners, rated palatability, high quality ingredients and health benefits as the three most important considerations.

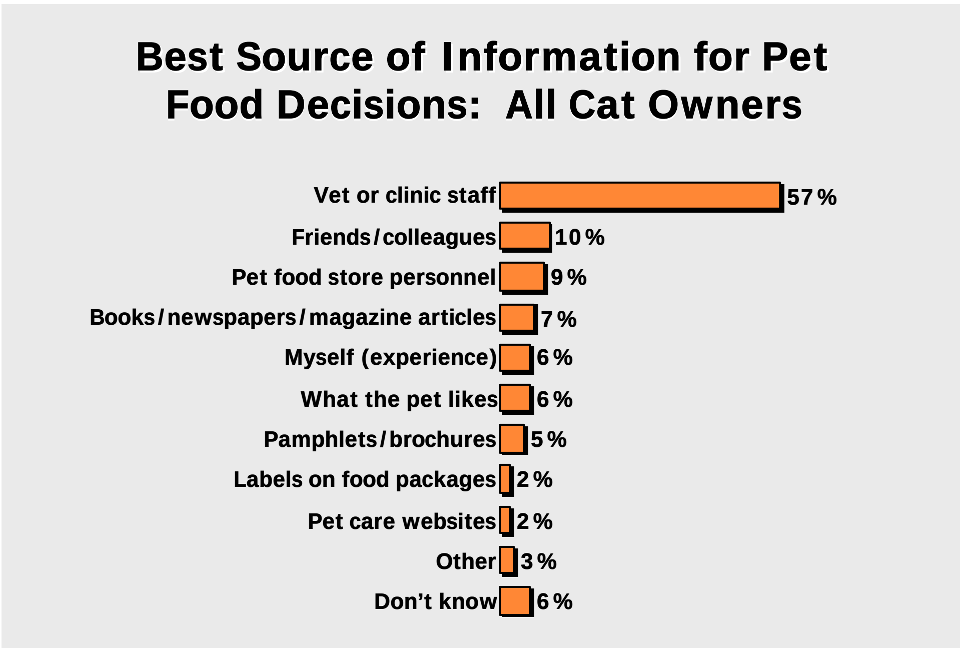


For the cat owner, a recommendation by the vet, a specialized formula and brand familiarity are also important. Again, price and convenience are relatively more important to the *Pet Pleasers* and *Pet Traditionalists*.

Sources of Information on Cat Nutrition



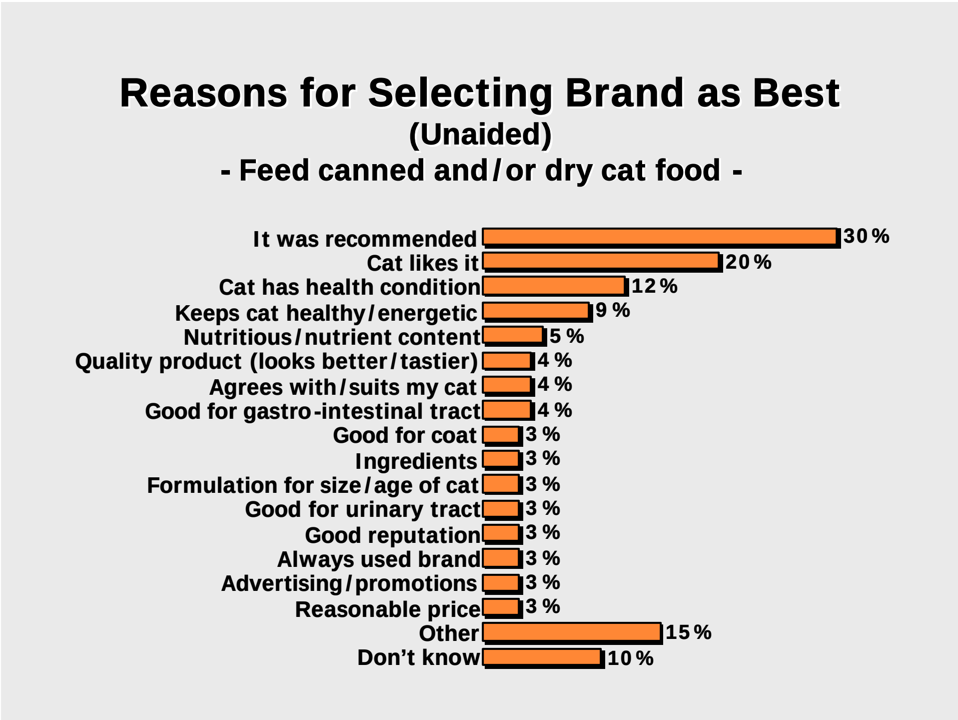
Veterinarians are perceived as the most credible source of information on pet nutrition by 57 percent of cat owners. Amongst the segments of cat owners, 75 percent of the *Conscientious Pet Lovers* and 77 percent of the *Pet Humanists* cited veterinarians as the source of information they rely on the most for decisions regarding their cats' nutrition. Owners of older cats are more likely to read relevant publications (51%) or to read pamphlets and brochures at the vet clinic or store (52%). Owners of younger cats tend to rely more on word of mouth (49%) or on the advice of pet food store personnel (35%).

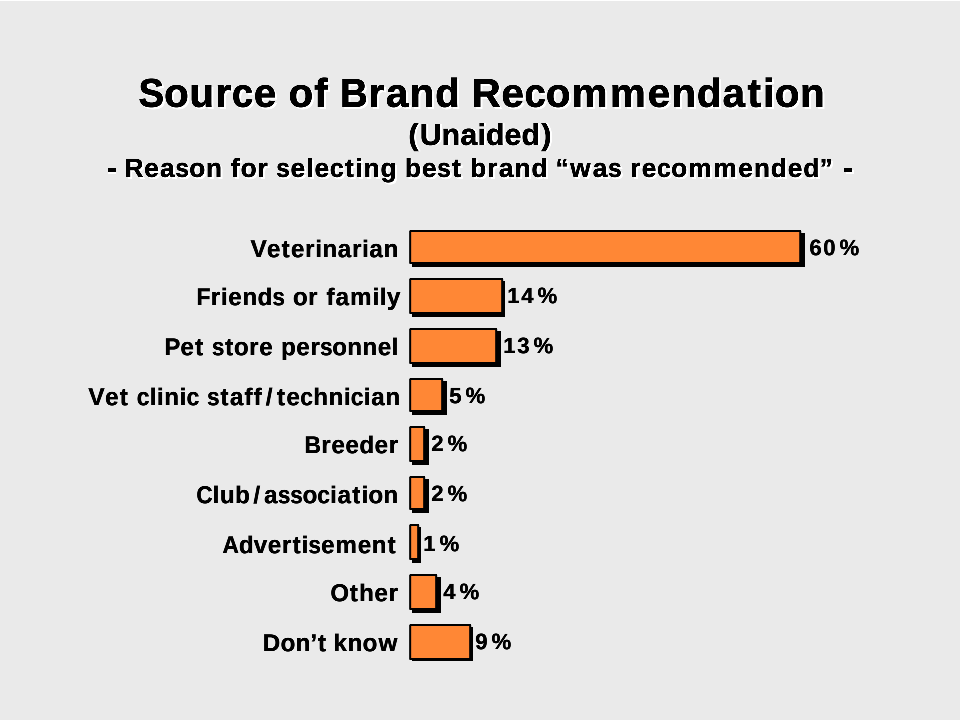


Importance of Vet Recommendation and "Best" Brand

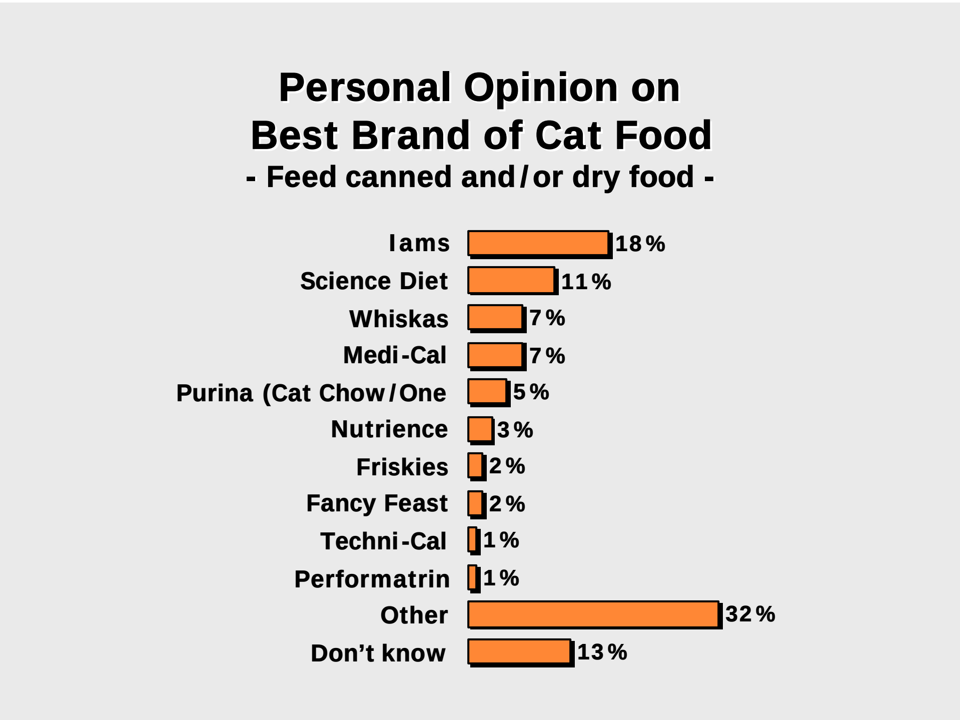
More than one-quarter (30%) of cat owners chose a brand as "best for their pet" based on the fact that it came recommended (60% by vet or vet clinic staff).

Like dog owners, about one-fifth of cat owners (20%) selected a "best" brand if their cat likes it. A cat's specific health condition dictates the "best" choice for one-in-ten (12%) owners. According to consumers, advertising, price and familiarity play significantly lesser roles.





As with the dog market, votes for best brands generally follows with a brand’s market size.



Brand Usage

In terms of the brand used most often, Iams dry food and Whiskas and Friskies canned food are leaders in the urban cat food market. The incidence of serving dry Iams was as high as 18 percent among *Conscientious Pet Lovers*. Both Whiskas and Friskies (canned) were somewhat more popular with more price sensitive segments, although cat owners in all segments use them.

Brand of Cat Food Served Most Often
Past 12 Months (Unaided)
- Feed canned and/or dry food -

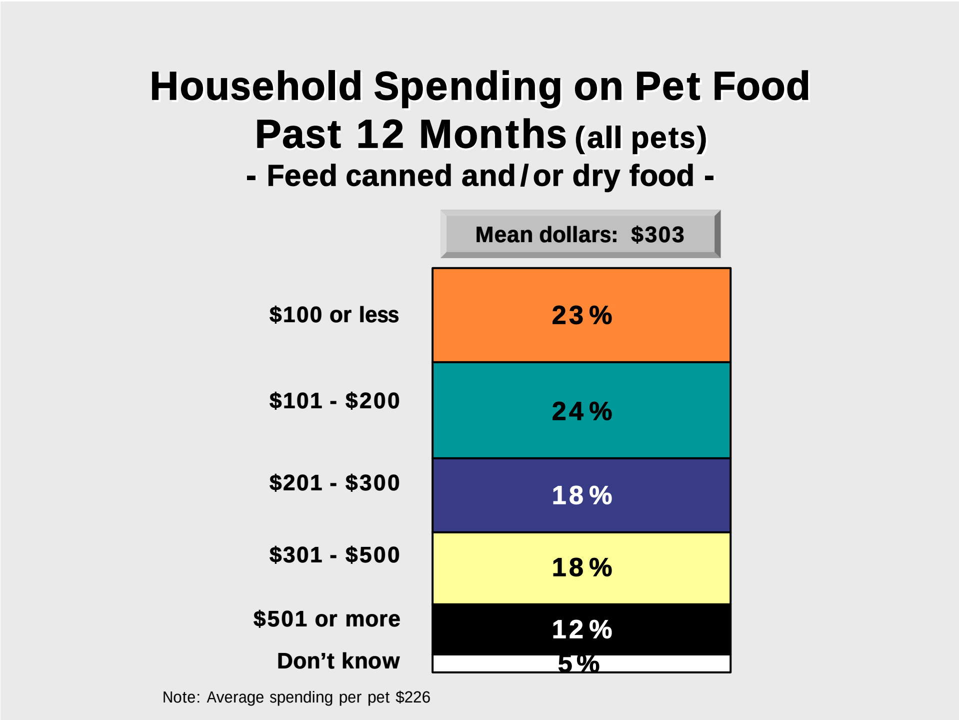
	TOTAL		CONSULTED VET	
	Dry	Canned	Dry	Canned
	%	%	%	%
Iams	14	9	15	15
Purina (Cat Chow/One)	10	-	5	1
Science Diet	9	1	14	2
Whiskas	9	15	6	14
Medi-Cal	6	4	11	7
Friskies	4	15	2	13
Nutrience	4	1	4	7
Performatrin	3	1	3	1
Meow Mix	3	-	2	-
Techni-Cal	2	2	2	2
Max Cat	2	-	1	1
Fancy Feast	-	11	-	10
9 Lives	-	4	-	2
President's Choice	-	4	-	3
Other	28	28	26	17
Don't know/not sure	6	5	5	5

It is interesting to note that cat owners tend to choose a premium dry food brand and use less expensive brands of canned food. This suggests that canned food may be used as a "treat" rather than the main food.

The influence of vet recommendation in the cat food market is evident from the fact that the use of Science Diet and Medi-Cal is higher among the owners who consulted a vet about their pet's nutrition.

Pet Food Expenditure

On average, each household with a cat spent about $303 on cat food in the past year or $190 per cat.



However, averages may be affected by higher and lower spenders in each segment. Below is a table with average and median household (all cats in the household) expenditures recorded for various subgroups of cat owners.

Household Expenditure on Cat Food

	Average $	Median $
Pet Humanists	352	246
Conscientious Pet Lovers	320	218
Pet Pleasers	303	243
Pet Traditionalists	233	147
Vet recommended a diet	356	251
Vet didn't recommend a diet	257	186

Q.67

Pet Food Channels

The perceived superiority of cat food sold in veterinary clinics is certainly not clear here, at least not for the overall market. Thirty percent of cat owners disagree and 26 percent agree with the statement "the pet food sold by vets is better than what you an get at a store". Importantly, these numbers are reversed for *Conscientious Pet Lovers* (33% agree and 23% disagree) and for *Pet Humanists* (32% agree and 28 disagree). This indicates that these particular segments may be more difficult to "convert" to the grocery or mass merchandise channels.

Cat Food Purchases: Store Share of Visits (Past 10 Purchases)
- Feed canned and/or dry food -

	Age of Cat			Breed	
	0-5	6-10	11+	Mix	Pure
	%	%	%	%	%
Pet or specialty store (e.g. Pet Valu, PetsMart)	41	32	27	38	31
Grocery store	31	36	42	35	30
Veterinarian	13	19	18	14	25
Mass merchandise store (e.g. Wal-Mart, Costco)	13	9	9	10	11
Online/mail order	1	2	3	2	-
Other type of store	2	2	1	1	3

Attitudes Toward Pet Food Channels – Cat Owners

	Agree %	Disagree %	Mean Score
Pet Humanists			
The pet food sold by vets is better than what you can get at a store	32	28	**41**
Pet food sold in specialty pet stores is better quality than pet food sold in grocery stores	27	27	**41**
Conscientious Pet Lovers			
The pet food sold by vets is better than what you can get at a store	33	23	**43**
Pet food sold in specialty pet stores is better quality than pet food sold in grocery stores	32	27	**41**
Pet Pleasers			
The pet food sold by vets is better than what you can get at a store	18	35	**36**
Pet food sold in specialty pet stores is better quality than pet food sold in grocery stores	24	23	**40**
Pet Traditionalists			
The pet food sold by vets is better than what you can get at a store	19	37	**35**
Pet food sold in specialty pet stores is better quality than pet food sold in grocery stores	20	31	**37**

While the *Pet Humanists* and the Conscientious Pet Lovers are more likely to view the pet food sold in speciality stores and veterinary clinics as superior, this is not an overwhelming perception even among these segments.

APPENDIX

Appendix 1: Questionnaire

Appendix 2: Market Size and Composition

	Urban # HH ('000)	Dog/HH	Cat/HH	Total Dogs('000)	Total Cats ('000)	Total Vet Expenditure on Dogs (000$)	Total Vet Expenditure on Cats (000$)	Total Food Expenditure on Dogs ($000)	Total Food Expenditure on Cats ($000)	Total Vet Expenditure ('$000)	Total Food Expenditure ($'000)	Total Expenditure ('000)
Data Source	Stat Can	Omnibus				Paws & Claws						
Column Number	1	2	3	4=1X2	5=1X3	6=$294X4	7=$196X5	8=$263X4	9=$196X5	10=6+7	11=8+9	12=10+11
Canada	7,860.50	0.4	0.6	3603.32	4686.48	1,059,376	918,550	947,673	890,431	1,977,926	1,838,104	3,816,031
Atlantic	209.5	0.5	0.6	104.75	125.7	30,797	24,637	27,549	23,883	55,434	51,432	106,866
Quebec	1,946.90	0.4	0.6	778.76	1168.14	228,955	228,955	204,814	221,947	457,911	426,760	884,671
Ontario	3,384.60	0.5	0.6	1692.3	2030.76	497,536	398,029	445,075	385,844	895,565	830,919	1,726,484
Prairies	1,195.90	0.5	0.6	597.95	717.54	175,797	140,638	157,261	136,333	316,435	293,593	610,029
BC	1,073.90	0.4	0.6	429.56	644.34	126,291	126,291	112,974	122,425	252,581	235,399	487,980

Appendix 3: Chronic Disease in Dogs

In order to meet the requirements of some of our subscribers, we have provided the description of each group of diseases reported by the 14 percent of dog owners whose pet had any chronic disease. Due to the small number of cases in each subgroup, statistical differences between proportions are insignificant.

- **<u>Allergies</u>**: The overall incidence of allergies is 1 percent (7 cases). Six out of seven dogs with allergies were vaccinated. One dog with allergies (14%) received an emergency treatment or a surgery in the past year. Only two of these dogs had a treatment with antibiotics.
    - Four of these dogs are females, three are males. Four of these dogs are under 5 years of age, three are between 8 and 11 years of age. All the pets are spayed or neutered. Four of these dogs are purebred (Airdale Terrier, Miniature Schnauzer and two other breeds). All the dogs with allergies stayed with the current owner all their lives and came from a variety of sources.
    - Their health was more likely assessed as good (6 cases) or fair (1 case). Four dogs were overweight, three had an average weight.
    - Five out of seven dogs received a treatment for the condition.
- **<u>Arthritis</u>**: The incidence of arthritis is 7 percent (51 cases), increasing to 27 percent for older dogs, and 15 percent for overweight dogs. These differences are statistically significant at 95 percent confidence interval.
    - Among the arthritic dogs, 57 percent were males. Although there were young dogs in this group (8 dogs between the ages 3 and 5), the majority of arthritis sufferers were much older dogs, 11-16 years of age. 33 dogs were purebreds (including 7 Retrievers, 3 Spaniels, 3 sheepdogs, 2 shelties, 5 Shepherds and others). 44 dogs (86%) were spayed or neutered. 75 percent of these dogs were in good or excellent health (51% good). Of these dogs, 3 were underweight, 24 (47%) had average weight and 24 (47%) were above average weight. 12 of these dogs (24%) were assessed to be not active at all, and 24 were somewhat active (47%).
    - More than half of these dogs (55%) received treatment for this condition.
- **<u>Ear disorder</u>**: Only one dog in the sample had an ear disorder (0.1% incidence). It was an adult mixed breed medium-size dog.
    - The dog was acquired from a breeder, neutered male. The dog was 9 years old and lived with its current owner all its life. The dog's health and dental health were assessed as poor, but the dog remained somewhat active and had an average weight. In the past year, the dog didn't have vaccinations, emergency treatment or surgery or deworming, but took a course of antibiotics. The dog received some treatment for the condition.
- **<u>Epilepsy</u>**: There were four cases in the sample with epilepsy, overall incidence 0.5 percent.

- In this group, 3 dogs were male. Ages ranged from 4 to 11 years. 3 dogs were purebreds (Duchshund, Yorkshire and Spaniel). 3 dogs were spayed/neutered. The health of 3 of these dogs was assessed as good, the other dog's health was fair.
- All the dogs were vaccinated, 2 were dewormed, 3 took a course of antibiotics. None of these dogs had any emergency treatment or surgery in the past year. 3 dogs received treatment for epilepsy.

- **Eye disorder** (check incidence): Eye disorder occurred in 0.5 percent of dogs (4 cases).
  - The dogs were generally in good health, were somewhat active but may have had dental problems (2 cases "poor"). 3 of these dogs were spayed females, all ranged between 7 and 12 years of age. All the dogs were purebreds (Yorkshire, Retriever, Dalmatian and another breed).
  - Two were vaccinated, one was dewormed, one received a course of antibiotics. None had any emergency treatment or surgeries. Two of these dogs received treatment for the condition.
- **Heart disease**: The incidence of heart diseases was 1 percent for all dogs (10 cases). It increased to 3 percent for large breeds, 2. percent for overweight dogs, 2 percent for purebreds.
  - 5 of these dogs were adopted from a breeder, 4 were giveaways. 6 were males, 4 were between 2 and 5 years of age, and had been with the current owners almost all their lives. 8 of these dogs were purebreds (Dachshund, Staffordshire Bull Terrier, 2 Retrievers, Rottweiler, Schnauzer,).
  - Except for two dogs, they were in good or excellent health, 3 were overweight, 3 were not active at all.
  - 6 of these dogs had been vaccinated, 2 received some emergency treatment or a surgery, 1 was dewormed, 5 received a course of antibiotics.
  - Only 3 dogs received treatment in the past year.
- **Hip dysplasia**: Overall incidence of the disease was 1 percent (6 cases). It increases to 2 percent for adult dogs, 3 percent of large breeds and 2 percent of overweight dogs.
  - 3 male/3 female dogs, all between the ages of 5 and 10. 3 were purebreds (Retriever, Spaniel and Shepherd). 5 were spayed or neutered. Only one dog was in poor health, 5 were in good health. The dogs remained somewhat active.
  - 5 of these dogs were vaccinated, 1 was dewormed, 2 took a course of antibiotics. None had any emergency treatment or surgery.
  - Half of these dogs received any treatment for the condition.
- **Internal parasites**: The overall incidence was 0.1 percent (1 case).
  - The dog was a spayed female, 6 years old, purebred (Spaniel), in good health,

very active, good dental health. Has been with the owner for 5 years, acquired through a breeder.

- Had vaccinations, did not have deworming, took a course of antibiotics. No emergency treatment or surgeries.
- The dog received a treatment for the condition.

- **Other infectious diseases**: The overall incidence was 1 percent (6 cases).
  - 4 were females, 5 were spayed or neutered, aged between 8 and 12, 4 purebreds (Retriever, Spaniel, Shepherd, Dalmatian, 3 were in good health, 1 fair, 1 poor, 3 average weight, 2 overweight. 2 dogs were not active at all.
  - All dogs were vaccinated, 1 had an emergency treatment, 2 had deworming, 4 received antibiotics.
  - 4 received treatment for the condition.
- **Other respiratory diseases**: The overall incidence was 0.5 percent (4 cases).
  - 3 dogs were female, 5, 8, 9, 11, 12 years of age, 4 purebreds (Borzoi, Dachshund, Heeler, Lhasa Apso, 4 were spayed or neutered. One dog was acquired as an adult. Others have been with the current owners for an extended period of time. 3 dogs were in good or excellent health, active. 4 had vaccinations, 2 took antibiotics. None had surgeries or emergency treatments or deworming.
  - 3 dogs received treatment for the condition.

Appendix 4: Behavioural Issues in Dogs

Behavioral Issues in Dogs

Total number of dogs in survey	750
Incidence of behavioural issues	160
Consulted vet about behavioural issues	40

	Total Incidence	Behaviour Training	Medications	Both	Nothing	Other
	#	#	#	#	#	#
Incidence of Recommendation	**106***	**16**	**5**	**2**	**7**	**10**
Fear of other animals	1	1	-	-	-	-
Fear of people	5	-	-	1	-	-
Fear of objects	-	-	-	-	-	-
Fear of other things	1	-	-	-	-	-
Separation anxiety	28	7	2	1	3	2
Tail chasing	23	1	2	-	3	2
House soiling	19	4	-	-	1	3
Urine spraying	4	-	-	-	-	-
Aggression toward people	6	2	-	1	-	-
Aggression towards other animals	2	-	-	-	-	-
Aggression towards objects	7	1	-	-	-	-
Aggression towards other things	-	-	-	-	-	-
Excessive licking or grooming	1	-	-	-	-	1
Restlessness	7	-	-	2	-	-
Dirt eating	-	-	-	-	-	-
Hyperactivity	7	1	-	-	-	2
Chews furniture/paper	3	-	-	-	-	1
Excessive barking/meowing	1	-	-	-	-	-
Digging in yard	3	-	-	-	-	1
Other	7	-	1	-	-	0

*Multiple answers

Owners of dogs whose health was assessed as fair were more likely to notice some behavioural problems in their pets, but they couldn't characterize what kind of problems their dog had. None of them consulted a vet.

- **<u>Fears</u>**: Different fears affected 2 percent of dogs. The highest incidence was among young dogs (3%). Fears occurred in overall healthy dogs who had lived with the current owners for an extended period of time. This behaviour appears to occur mostly to active animals, except one incidence of fear of objects that was noted in an inactive dog.
    - The results suggest that fearful behaviour may be correlated with the presence of fleas.
- **<u>Fear of other animals</u>**: Overall, the incidence of this behavioural issue was small.
    - The dog that had fear of other animals was acquired form a breeder, was 4 years old, purebred shepherd, very active. The owner consulted a vet and was recommended behaviour training only.
- **<u>Fear of people</u>**: Overall, the incidence of fear of people was 1 percent (5 cases).
    - Three of the five dogs that exhibited this behaviour were acquired from a breeder, one was a giveaway and one came from a pet store. The dogs ranged from 1 to 3 years of age. All the dogs were in excellent health.
    - One dog was a Yorkshire, one was Brittany, one was shepherd, and two were mixed breeds. All the five dogs were assessed as very active. The owners of purebreds consulted a vet and were recommended behaviour training only (1 case), behaviour training and medication (1 case) or simply nothing (1 case).
- **<u>Fear of objects</u>**: Fear of objects occurred in 2 cases). Both dogs were in excellent health. One dog was very active and the other was not active at all.
    - One dog came from a shelter (1 yr old), the other was a giveaway (12 years old). One dog was Bichon Frise, the other was a small mixed breed dog.
    - Neither of the two owners consulted a vet.
- **<u>Fear of other things</u>**: Fear of other things occurred in 1 percent of dogs (5 cases). Overall health was good or excellent for all dogs. 4 dogs were very active, one somewhat active.
    - These dogs were between 2 and 6 years of age, 3 were large, 2 were medium size, 3 were purebreds (2 Retrievers and 1 Doberman), the other two were medium size mixed breeds. Two dogs came from a breeder, two from a Humane Society, and one was adopted as a giveaway. Two owners consulted the vet and were recommended behaviour training only (1 case) and medications only (1 case).
- **<u>Aggression</u>**: Various types of aggression occurred in 2 percent of all dogs. The incidence was higher for small dogs (3%) and for multiple dog households (3%). All the dogs showing aggression were in good health, however, there were more incidences of fair or poor dental health among the aggressive dogs. Of the 15 dogs

in the sample, 1 had a respiratory disease, 1 had internal parasites, 1 had fleas.

- **Aggression towards people**: Aggression towards people occurred in 1 percent of dogs (7 cases). 5 dogs had excellent or good dental health, 2 had fair teeth. 5 dogs were assessed to be in excellent and 2 dogs were in good health.
  - 5 of these dogs came from a breeder, 2 were given away. The dogs were between the ages of 2 and 8, of whom five were 2-4 years of age. 5 of these dogs were assessed as very active.
  - 2 were Dachshungs, 1 Yorkshire, 1 Retriever, 1 Bichon Frise, 1 Havanese and one was a small mixed breed dog.
  - 4 of the owners consulted a vet and were recommended behaviour training only (3 cases) and a combination of behaviour training and medications (1 case).
- **Aggression towards other animals**: Aggression towards other animals occurred in 2 cases.
  - The health was good for both dogs.
  - One of the two dogs in this group was a spaniel purchased from a breeder, the other was a small mixed breed dog adopted from friends or relatives. One of the dogs was 6 years old, the other was 8 years old. One dog was assessed as very active and the other was somewhat active.
  - Neither owner consulted a vet.
- **Aggression towards objects**: Aggression towards objects occurred in 1 percent of dogs (7 cases).
  - Overall health was assessed as good or excellent for 6 and fair for one dog.
  - Of these cases, 5 dogs were between the ages of 1 and 3, 1 dog was 8 years old, and one dog was 11 years old. Four of these dogs were purebreds (Boxer, a Sheepdog, Lhasa Apso, and another medium size breed). Mixed breeds were medium size dogs. Four dogs were assessed as very active and the other three as somewhat active.
  - Only one owner consulted the vet and was recommended behaviour training only.
- **Separation anxiety**: Separation anxiety is by far the most frequent behaviour problem, with 4 percent of dogs affected (29 cases). While it seems to occur in all kinds of dogs, the problem becomes more frequent as the dog ages (3% of young, 4% of adult and 8% of older dogs). Small breeds are more likely to experience separation anxiety (6%). The highest incidence of separation anxiety is among sick dogs with some chronic conditions (8%).
  - 14 dogs with separation anxiety were younger dogs, under 5 years of age, 9 were between the ages of 6 and 10, and 6 dogs were 11 years old or older. 17 dogs were purebreds, 12 mixed breeds. Purebreds included a Fox Terrier, two Schnauzers (one miniature), Yorkshire Terrier, a pointer, a Retriever, a Spaniel, a Doberman, a Rottweiler, a sheepdog, a Shepherd, two Bichon Frise, a Lhasa

Apso, a Poodle, a Shih Tsu, and another small breed. 15 were assessed as very active, 10 as active and 4 as not active. Although there doesn't seem to be a group of dogs that is not subject to this condition, dogs adopted from the Humane Society or former strays were more likely to experience separation anxiety.

- The dental health of these dogs appeared to be quite normal, with 79 percent of them having good or excellent teeth. Dogs whose dental health was assessed as fair or poor were almost twice as likely to experience separation anxiety. Only 14 percent of these dog had fair health and these were three times as likely as healthier dogs to feel anxiety (4 out of 6).
- 52 percent of owners of these dogs (15 cases) have consulted a vet. In 7 cases, the vet recommended behaviour training only, in 2 cases the vet gave medications, 1 owner was recommended a combination of behaviour training and medications, 3 owners didn't get advice on any behaviour modification ("nothing") and 2 owners were recommended some other measures ("other").
- Separation anxiety may be a side effect of health conditions and appears to be correlated with the presence of a chronic condition in a dog. 18 percent of the dogs with separation anxiety had arthritis (5 cases), 1 dog had a his dysplasia (4%), 1 dog had an infectious disease. 8 out of 29 dogs with separation anxiety also had fleas.

- **Tail chasing**: Tail chasing occurred in 3 percent of dogs (23 cases). The incidence was higher among younger dogs (4%), small breeds (4%) and mixed breeds (5%).
    - The majority of these cases were observed among dogs under the age of 6 (17 cases). The other dogs were 6, 10, 11 and 15 years of age. Twelve of these dogs were different mixed breeds. Purebreds included a Siberian Husky, a West Highland White Terrier, four Retrievers, a Bullmastiff, a Schnauzer, a Pug and another medium breed. Newly acquired pets (less than one year with the current owner) from the Humane Society or a pet store were more likely to chase their tails. Almost all these dogs had good or excellent teeth (one had poor dental health) and were in good health. In all but one case the pet was assessed as very or somewhat active.
    - 8 owners consulted their vet about the problem. One owner was recommended bahaviour training for the dog, two owners got a medication, two were given some other advice, and 3 owners didn't get specific instructions.
    - 2 out of 23 dogs with tail chasing behaviour had fleas.
- **House soiling**: House soiling occurred in 3 percent of dogs (25 cases), more often in small dogs (5%) and overweight dogs (4%). It should be noted that small dogs are more likely to be purely indoor dogs (17% of all small breeds).
    - Five of these dogs were older than 6 years of age, the oldest dog was 12. Half of them were purebreds, half mixed. Purebreds included a Pomeranian, a Duschund, a Welsh Terrier, three Spaniels, a Bichon Frise, a Chihuahua, a Lhasa Apso, a Maltese, two Shih Tsu, and another small breed. All except two

dogs were very or somewhat active.

- These dogs were generally healthy (92% were in excellent or good health) but were more likely to have some problems with their teeth, 68 percent having either good (52%) or fair/poor dental health.
- The incidence of house soiling was higher for dogs adopted from family or relatives (8 dogs, 35% chance).
- 10 owners (40%) consulted a vet. In 5 cases the vet recommended behaviour training only, 4 owners were recommended something other than behaviour training or medication. None of the dogs was given a medication.
- This behaviour may be associated with other health conditions. In the sample, 1 dog had arthritis, 1 had an ear disorder, 1 had a respiratory disease,
- 6 out of 25 dogs who had a house soiling problem had fleas.

- **<u>Urine spraying</u>**: Urine spraying occurred in 0.5 percent of dogs (5 cases).
    - These dogs were not as healthy as others, with 3 of the four dogs having some teeth problems. Three dogs were in good health, one had a poor health and one had excellent health. All these dogs have been with their current owners longer than 2 years. Three dogs were under 5 years of age but older than 1 year. The other two dogs were 8 and 9 years old. Four dogs were mixed breeds medium size. One purebred was a Newfoundland. All the four dogs were very active.
    - Only one owner consulted a vet and was recommended behaviour training for the dog.
    - This behaviour may be associated with health conditions. In the sample, one dog had arthritis, 1 had a respiratory disease.
    - One out of five dogs with the urine spraying problem had fleas.
- **<u>Excessive licking or grooming</u>**: The overall incidence of excessive licking or grooming was 0.1 percent (1 case). The dog was 1 year old, purebred (Bichon Frise), very active. The dog just started its life with the owner (less than a year) and was a giveaway. The owner consulted a vet and was recommended measures other than behaviour training or medications. In this dog the behaviour may have been associated with fleas.
- **<u>Restlessness</u>**: The incidence of restlessness was 1 percent (7 cases).
    - One of these dogs was a puppy (under 1 year), the others were younger adult dogs under 5 years of age. Five of these dogs were mixed breeds (large and small). Two were purebreds (a Yorkshire and a Retriever). These dogs were acquired mostly through the Humane Society or as giveaways and haven't been with the current owner for a long time (5 dogs under 2 years) and, probably, have had only one owner. Four of these dogs were very active and three were somewhat active. 4 of these dogs were assessed as underweight.
    - All the dogs were generally healthy. Two of the owners consulted the vet and both were recommended a combination of drug and behaviour training therapy.

- **Hyperactivity/excessive energy**: Hyperactivity occurred in 1 percent (7 cases) of dogs..
    - All these dogs were under 5 years of age, 6 were mixed breeds and 2 were purebreds (an Eskimo and a sheepdog). These dogs came from different channels (none from a breeder) and have been with the current owners most of their lives. Dogs were generally in good health.
    - Four owners consulted a vet and were recommended only behaviour training (1 case), measures other than behaviour training or medications (2 cases) or no changes (1 case).
- **Furniture/paper chewing**: Three dogs in the survey chewed furniture or paper.
    - All these dogs were under the age of 3, all purebreds (a Siberian Husky, a Rottweiler and another large breed) and were adopted as giveaways. All these dogs appear to have been with the current owners since early age.
    - One owner consulted the vet and was recommended measures other than behaviour training or medications.
- **Excessive barking**: Excessive barking occurred in 0.1 percent of dogs (1 case).
    - This dog was 3 years old, purebred Sheltie, very active and healthy. This dog was adopted from friends or relatives as a puppy. It is in good health.
    - The owner didn't consult a vet.
- **Digging in yard**: This problem occurred in 3 cases.
    - All the three dogs are puppies. Two are purebreds (a Siberian Husky and a Shih Tsu), one is a medium size mixed breed. One dog came from a shelter or from a Humane Society, the others were adopted as giveaways.
    - The dogs are in good – not excellent – health. One owner consulted a vet and was recommended measures other than behaviour training or medication.

Appendix 5: Chronic Disease in Cats

No specific chronic condition was named (on an unaided bas) at even a 1 percent incidence. Due to the small number of cases in each subgroup, statistical differences between proportions are insignificant and not noted.

- **Allergies**: The overall incidence of allergies is less than one per cent (1 case). It was a female medium hair cat, 13 years of age. The cat is mostly indoor but is allowed to go out. It was purchased at a Humane Society or a shelter as an adult and has been living with the current owner for four years. The owner assessed its health as “poor”. The cat is “not active at all”.
    - The cat did not receive any treatment for the condition.
- **Diabetes**: Diabetes was reported in only one case. The cat is a 12 year old medium hair male, purchased from the Humane Society as an adult. The cat has been with its current owner for 5 years. The cat was assessed to be in “good” health, remained “somewhat active” and was reported to be “slightly overweight”.
    - The cats received some treatment for the condition.
- **Heart Disease**: The incidence of heart diseases was less than one per cent (6 cases). Four of these cats were female. Four of these cats were shorthaired, two had medium hair. One cat was young (1 year old), the others were between the ages of 15 and 16. One cat came from the Humane Society, the others were give-aways. All these cats stayed with their current owners most of their lives. Their overall health was assessed by owners as excellent in two cases, good in two cases and fair in two cases. All but one cat remained active. Four of these cats were underweight, two cats were assessed as average in terms of their weight.
    - Two cats received some treatment for the condition.
- **Hip Dysplasia**: Hip dysplasia was reported in 3 cases. All these cats were long and medium hair females, 12-13 years of age. One cat came from a pet store, the other two were give-aways and have lived with their current owners most of their lives. All these cats lived indoors only. The cats were below average weight and were assessed as “somewhat active”.
    - One of these cats received treatment for the condition.
- **Asthma**: Asthma was reported in 4 cases. Three of these cats were females. All of these cats were between 11 and 19 years of age. All these cats were purebred short-haired varieties. Only one of these cats came from a breeder, the others were given away and adopted by current owner as kittens. Four of these cats were purely indoor, one was allowed to go out. The overall health of two of these cats was assessed as “fair”, the other two were in “excellent” and “good” health. All but one cat have remained active.
    - Two of these cats received some treatment for the condition.
- **Chronic Renal Failure**: There was only one incidence of CRF reported. The cat was a 16-year old medium hair female. It was given away and adopted by its

current owner as a kitten. The cat's health was assessed as "fair". The cat was characterized by its owner as "not active at all".

- The cat received some treatment for the condition.

- **Feline Urinary Syndrome**: There were six cases of this disease in the survey. Four of the cats were male. Four of these cats were short hair, two medium hair. These cats ranged in age between 8 and 19 years. Two of these cats came from friends and family, two were adopted as strays. All but one of these cats spend most of their time indoors but are allowed to go out. All these cats were assessed as active. Four cats were underweight, two were overweight.

    - Four of these cats received some treatment for the condition.

- **Other Cardiovascular Diseases**: Three cats in the survey had some other cardiovascular conditions. All these cats were females between the ages of 6 and 16. All these cats were adopted by current owners either from the Humane Society (1 case) or from friends and relatives as adults. All these cats were perceived to be in good or excellent health and remained active.

    - One of these cats received some treatment for this condition.

- **Other Infectious Diseases**: Three cases of other infectious diseases were reported in the survey. All the cats were medium hair female, aged between 5 and 12 years. These cats are allowed to go out and were perceived by their owners as being in "good' or "fair" health. One cat was assessed as having an average weight, the other two were slightly overweight.

    - One of these cats received some treatment for this condition.

- **Upper Respiratory Disease**: One cat in the survey had the upper respiratory disease. It was a male 8-year old short-hair cat. It was an offspring of the previous cat of this owner. The cat is allowed to go out. It was assessed to be in "fair" health and as "somewhat active".

    - The cat received some treatment for this condition.

- **Other Respiratory Diseases** (check incidence): Two cats in the survey had some other respiratory diseases. These cats were a male and a female, 4 and 12 years of age, long and medium hair. Both cats were adopted as adults as give-aways. One cat was in "fair" health, the other's health was assessed as "excellent". One cat was "not active at all", the other was "somewhat active".

    - Both cats received some treatment for this condition.

Appendix 6: Behavioural Issues in Cats

Behavioral Issues in Cats

Total number of cats in survey	750
Incidence of behavioural issues	91
Consulted vet about behavioural issues	34

	Total Incidence	Behaviour Training	Medications	Both	Nothing	Other
	#	#	#	#	#	#
Incidence of Recommendation	**91**	**4**	**7**	**0**	**10**	**11**
Fear of other animals	0	0	0	0	0	0
Fear of people	5	0	0	0	2	1
Fear of objects	3	0	0	0	0	1
Fear of other things	4	1	0	0	0	1
Saparation anxiety	10	0	3	0	0	0
Tail chasing	21	0	0	0	2	1
House soiling	25	0	4	0	6	5
Urine spraying	4	1	1	0	0	1
Aggression towards people	8	0	0	0	0	0
Aggression towards other animals	2	0	0	0	0	0
Aggression towards objects	5	0	1	0	0	0
Aggression towards other things	1	0	0	0	0	0
Excessive licking or grooming	0	0	0	0	0	0
Restlessness	2	0	0	0	1	0
Dirt eating	1	0	0	0	0	0
Hyperactivity	7	0	0	0	0	0
Chews the furniture/paper	1	0	0	0	0	0
Excessive barking/meowing	3	0	1	0	0	0
Digging in yard	0	0	0	0	0	0
Other	11	2	2	0	0	1

*Multiple answers

- **Fear of people**: There were five cats in the survey who had fear of people in the past 12 months. Four of these cats were female , three mixed breeds. The former stray was adopted by its current owner as an adult. The others have lived with their current owners most of their lives. One of the cats came from the Humane Society, one came from a pet store, the others were adopted from friends or relatives (2 cases) or from the street (1 case). Four of these cats are purely indoor and were assessed as active.
    - Three of these owners consulted their vets and were recommended something other than medications or behaviour training (1 case) or nothing (2 cases).
- **Fear of objects**: Three cats in the survey experienced fear of objects. Two of these cats were female, two were mixed breeds. The cats ranged in age between 7 and 16 years. Two cats were allowed to go out, one stayed indoors. All these cats were adopted from the street as adults. All these cats were assessed to be in excellent health.
    - One owner consulted the vet and was recommended something other than medications or behaviour training.
- **Fear of other things**: Four cats in the survey experienced fear of other things. All these cats were female cats, mixed breeds. The age ranged between 8 and 10 years. All the cats were give-aways and were adopted by current owners all their lives. All these cats stayed indoors and were assessed to be in excellent health.
    - Three owners consulted a vet and were recommended behaviour training only or something other than medications and behaviour training.
- **Aggression towards people**: Eight cats in the survey had aggression towards people (1% incidence). Of these cats, five were females, six were mixed breeds, ranging in age from under 1 (3 cases) to 5 years. Three of these cats were purchased from a pet store, four were adopted from friends or relatives, one came from the street. All these cats have been with their current owners all of their lives. Five of them were assessed to be in “good” and three were perceived as being in “excellent” health.
    - None of the owners consulted the vet.
- **Aggression towards other animals**: Two cats in the survey had aggression towards other animals. They were a male and a female, both mixed breeds. One cats was 5 years old, the other’s age is unknown. Both cats were adopted from friends or relatives. One cat’ overall health was assessed as “good”.
    - The owners did not consult a vet.
- **Aggression towards objects**: There were five cases of aggression towards objects in the survey. Of these cats, three were females, all cats were mixed breeds ranging in age from 2 to 4 years. One cat came from the Humane Society, the other were give-aways. All these cats stayed with their current owners all their lives. All these cats were in good or excellent health.
    - One owners consulted a vet and was recommended medications.
- **Separation anxiety**: There were ten cases of separation anxiety in the survey

(1% incidence). Five of these cats were male, five were female. Eight cats were mixed breeds. Both purebreds cats were Siamese. Four of these cats were up to 3 years of age, the other were older, between 6 and 8 years. One cat was purchased at a pet store, the others were adopted from the Humane Society (1 case) or as give-aways. All of these cats have lived with their current owners most of their lives.

  - Three of the owners consulted a vet and were recommended to use medications.

- **<u>Tail chasing</u>**: Tail chasing was observed in 21 cats in the survey (3% incidence). The gender split was about even (11 males/10 females). The cats ranged in age between less than 1 and 13 years, of whom 15 cases were between 1 and 4 years of age. Four of these cats were purebred. About half of them were purely indoor cats, the others were allowed to go out. Five of these cats came from a pet store, seven came from the Humane Society and seven were adopted from friends and relatives. All of these cats were adopted by their current owners as adults over 1 year of age. All the cats were in good or excellent health.
  - Five owners consulted a vet and were recommended something other than behaviour training or medications in one case. The others did not receive a recommendation ("nothing").
- **<u>House soiling</u>**: House soiling occurred in 3 percent of cats (25 cases). There were 14 male and 11 female cats in this group. Four cats were purebred. Thirteen of these cats were between 1 and 5 years of age, the others were between 6 and 10 years old. Three of these cats came from the Humane Society or a shelter, six were purchased from a pet store, the others were adopted as give-aways or strays (2 cases). Sixteen of these cats were adopted as adults over 1 year of age. Except for two cats whose health was assessed as "fair", these pets were in good or excellent health.
  - Sixteen owners consulted a vet and were recommended medications (4 cases), something other than medications or behaviour training (5 cases) or nothing (6 cases).
- **<u>Urine spraying</u>**: Four cats in the survey had a urine spraying problem. All these cats were mixed breed males, of them only two were neutered. Two of these cats were allowed to go out, the other two stayed indoors. The cats' ages were 1, 8 and 9 years. One cat came from a pet store, one was adopted from the street and one was borne in the current owner's household. All cats have been with their current owners all their lives. The overall health of these cats was assessed as fair, good and excellent.
  - All the owners consulted a vet and were recommended behaviour training (1 case), medications (1 case) and something other than medications or behaviour training (1 case).
- **<u>Restlessness</u>**: Two cats in the survey were restless in the past 12 months. One cat was male, one was female, both purebred. One cat was a kitten under 1 year of age (the data for the other one are missing). It came from a pet store. Both cats were in excellent health.

- One owner consulted a vet but received no recommendation regarding the condition.

- **<u>Hyperactivity/Excessive Energy</u>**: Seven cats in the survey were hyperactive in the past 12 months (1% incidence). Five of them were females, five were mixed breeds. Three cats were 1 year of age, the other four ranged in age between 11 and 16 years. Six of these cats were purely indoor pets, one cats was allowed to go out. Two of these cats were purchased from a breeder (1 case) and from a pet store (1 case). The others were give-aways.

    - None of the owners consulted a vet.

Appendix 7: Use of Flea and Heartworm Control in Dogs and Cats

Use of Flea Medications, OTC Flea Products and Incidence of Fleas in Dogs

	% of cases
Total number of dogs in the sample:	100
Have been to the vet:	98
Used flea medications incl.Sentinel:	53
Used some OTC flea products:	25
Used only flea medications	33
Used both OTC products and flea medications:	20
Did not use any flea products:	16

Don't know, not sure responses excluded

Cross-Use of Flea Medications and OTC Flea Products in Dogs

	Program	Advantage	Sentinel	Other Medication	None
Base (weighted)	(60) %	(110) %	(154) %	(73) %	(221) %
Used Flea OTC Products	**35**	**35**	**44**	**33**	**23**
Flea Collars	5	13	8	7	9
Flea Shampoos	27	19	11	15	13
Flea Foam	0	2	1	0	0
Flea Spray	5	5	5	1	2
Flea Mousse	0	1	1	0	0
Carpet Spray	7	8	3	1	0
Yard Spray	0	0	1	0	0
Had Fleas	**18**	**25**	**8**	**8**	**6**

Note: This table shows the number of cases, not percentage distribution
* Small base for Revolution n=7, not shown

Cross-Use of Heartworm Prevention and Flea Control in Dogs
-Number using product-

	Heartgard	Interceptor	Sentinel	Revolution
Base (weighted)	**111**	**25**	**154**	**6**
Program	**6**	**1**	**18**	**0**
Program + OTC	1	1	9	0
Advantage	**14**	**3**	**30**	**3**
Advantage + OTC	1	2	9	0
Revolution	**0**	**1**	**1**	**0**
Revolution + OTC	0	0	1	0
Frontline Plus	**0**	**1**	**1**	**0**
Frontline Plus + OTC	0	0	0	0
Some Other Flea Medication	**4**	**2**	**36**	**0**
Some Other Flea Medication + OTC	0	0	9	0
None	**87**	**17**	**67**	**1**
No medications but used OTC products	20	5	11	0

Use of Flea Medications, OTC Flea Products and Incidence of Fleas in Cats*

	% of cases
Total number of cats in the sample:	100
Have been to the vet:	95
Used flea medications:	25
Used some OTC flea products:	23
Used only flea medications	18
Used both OTC products and flea medications:	7
Used only OTC flea products	15
Did not use any flea products:	58

Don't know, not sure responses excluded
*Small base

Cross-Use of Flea Medications and OTC Flea Products in Cats

-# Used Brand-

	Program*	Advantage	Revolution*	Other Medication	None
Base (weighted)	(44) %	(95) %	(4) %	(43) %	(512) %
Used Flea OTC Products	**10**	**27**	**2**	**15**	**110**
Flea Collars	2	7	2	11	65
Flea Shampoos	6	10	0	3	28
Flea Foam	0	1	0	0	1
Flea Spray	1	4	0	1	8
Flea Mousse	0	1	0	0	0
Carpet Spray	2	5	0	4	5
Yard Spray	0	0	0	0	1
Had Fleas	**14**	**37**	**0**	**11**	**19**

Note: This table shows the number of cases, not percentage distribution
* Small base

Appendix 8: Segmentation Analysis - Technical Discussion

One of the objectives of *Paws & Claws* was to identify key market segments among Canadian pet owners by classifying like-minded respondents into clusters. The depth of the study and the multi-client nature of this syndicated project did not provide us with an opportunity to develop "segments" in the more technical sense of the word.

Technically, the key difference between clustering and segmenting respondents is that clusters produce groups of respondents who have similar responses on key variables in the entire market while segmentation finds groups of respondents who have similar behaviours when purchasing and seeking products in the market for specific products or services. Since we did not test pet owners' attitudes and behaviours towards specific products, clustering approach was chosen. However, throughout the report, we refer to the clusters identified in the report as "segments".

Market segmentation describes the division of a market into homogeneous groups which will respond differently to promotions, communications, advertising and other marketing mix variables. Each group, or "segment", can be targeted by a different marketing mix because the segments are created to minimize inherent differences between respondents within each segment and maximize differences between each segment.

Identified segments must be:

- **Big enough**: market must be large enough to warrant segmenting.
- **Different:** differences must exist between members of the market and these differences must be measurable through traditional data collection.
- **Reachable:** established segments must be responsive to different marketing mix options and/or different programs. Each segment must be reachable through one or more media.
- **Interested in different benefits:** segments must not only differ on demographic and psychographic characteristics, they must also differ on the benefits sought from the product.
- **Profitable**: the expected profits from reaching buyer segments must exceed the costs of developing multiple marketing programs, re-designing existing products and/or creating new products to reach those segments.

Classification variables are used to classify survey respondents into market segments. Almost any demographic, geographic, psychographic or behavioural variable can be used to classify people (pet owners) into segments.

Our working hypothesis for the segmentation analysis was based on the supposition that pet owners' attitudes toward their pets and pet ownership responsibilities would

determine the level of pet owner's spending on pet supplies and services. In order to test this hypothesis, we included a number of attitudinal questions in the survey asking pet owners' to evaluate a variety of statements about their relationships with the pet, significance of the pet in its owner's life and the various activities pet owners have to perform. The statements asked for the level of agreement/disagreement with a statement on a seven-point scale, where 7 was agree completely, 1 was disagree completely and 4 was a mid point, meaning neither agree nor disagree. The list of all these statements is provided below.

1. For affection, I rely more on my pet than on other members of the family
2. I enjoy sharing stories about my pet with my family and friends
3. My pet's vocabulary is limited, but I think we communicate quite well
4. A pet is a friendly, dependent animal, nothing more and nothing less
5. I always make a point of reading pet-related tips and information that comes my way
6. Having a pet is fine, but you are better off spending money on other things
7. Pets have the same rights to health and happiness as people do
8. Only lonely people treat pets as humans to fill a void in their lives
9. I would miss not having a pet, but it wouldn't leave a real void or gap in my life
10. I believe animals have the same emotions humans do
11. Animals cannot think, they act out of instincts
12. The mess and trouble that comes with a pet is a small price to pay for the benefits
13. I always find myself buying small gifts and treats for my pet
14. I take pride in my pet and like it when people notice its appearance
15. Most of the time I don't even look at the price when buying pet food or supplies
16. I would never go out of my way to buy a special kind or brand of pet food
17. All brands of pet food a pretty much the same, the difference is just marketing
18. I'll take my pet to the vet when it's hurt or ill, but check ups are just a waste of money
19. If my pet was hurt or ill, cost would be a major factor in the decision about treatment
20. Pet vaccinations cause more grief than they do good
21. The pet food sold by vets is better than what you can get at a store
22. Most vets will recommend what's good for their business, even if the pet doesn't need it
23. Pets are animals, they should eat raw meat
24. Pet food sold in specialty pet stores is better quality than pet food sold in grocery stores
25. I look for/get nutritional advice from my vet
26. I am willing to spend money to prevent my pet from getting fleas

In addition to the classification variables, we looked at a number of descriptive variables that are used to describe each segment and distinguish one group from the others. In this survey, we looked at:

- the overall reliance of pet owners on the vet (frequency of visits, perceived credibility of advice, etc.);
- involvement in time-consuming activities, such as brushing their pet's teeth or cooking home-made meals and playing with the pet;
- spending on pets (veterinary services and pet food);
- willingness to spend on treatment for a chronic disease, and
- other activities and perceptions of pet owners (such as perceptions of the role of the pet, carrying or displaying the pet's pictures).

Most multivariate analytical techniques can be used in some way to create post hoc market segments. There is no ideal methodology that works with every segmentation study and each methodology has advantages and disadvantages. Segmentation studies generally require the use of two or more methodologies to produce the best results. There are three categories of analytical techniques applied to market segmentation: data preparation, data analysis, and classification.

The most common techniques for each category are: factor analysis, correspondence analysis, conjoint analysis and cluster analysis. Each of these analytical techniques, as well as other techniques not mentioned here, can be applied to survey data to produce market segments. Given the methodology and the overall objectives of the study, we applied factor analysis/correspondence analysis and k-means clustering techniques.

Attitudinal variables were checked for correlation. Highly correlated variables (consistently over 0.8) and variables with a correlation of near zero (consistently less than 0.2) were excluded from the analysis. Variables 1-15, 16, 17, 18 and 22 were included in the factor analysis conducted by means of principal component extraction.

Factor analysis refers to a variety of statistical techniques whose common objective it is to represent a set of variables in terms of a smaller number of hypothetical variables. In other words, factor analysis can reduce the number of variables to a more manageable size while also removing correlations between each variable. Bartlett's test of sphericity (*5633.373, df 171, Sig. 000*) and KMO test of sampling adequacy (.875), identity matrix and anti-image correlation presentation confirmed the appropriateness of the analysis.

As a result, three factors driving differentiation of pet owners emerged as:

1. Perception of pets as equals to humans (0.771: variables 1-3, 5, 7, 10-15);
2. Pet ownership responsibilities (-0.492: variables 4, 6, 8, 9 and 16), and
3. Pet owner's willingness to spend on pet food and vet services (0.407: variables 15, 25 and 26).

Perception of pets as equals to humans was the most important factor in the analysis. Pet owners who perceived their pets as equals to humans were also likely to agree with statements about necessary expenditures and disagree with the statements about the negative experiences of having a pet. Cumulatively, these three derived factors explained 58% of the data variance.

Cluster analysis is the most frequently used method of segmenting a market. The underlying definition of cluster analysis procedures mimics the goals of market segmentation: to identify groups of respondents in a manner that minimizes differences between members of each group while maximizing differences between members of a group and those in all other groups.

These factors were zero-centred, standardized and subjected to a K-Means clustering technique that resulted in the appearance of four distinct market segments described in Section Three of the Report. In addition, a discriminant analysis was conducted on the obtained cluster data to determine the probabilities of each case to belong to each of the identified clusters (or segments). The four-cluster model offered a high level of variability between segments and relative homogeneity within clusters, with 80% of cases having a higher than 71% probability of belonging to one of the segments.

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The Business of Urban Animals Survey: The facts and statistics on companion animals in Canada

Terri Perrin

Abstract — At the first Banff Summit for Urban Animal Strategies (BSUAS) in 2006, delegates clearly indicated that a lack of reliable Canadian statistics hampers municipal leaders and legislators in their efforts to develop urban animal strategies that create and sustain a healthy community for pets and people. To gain a better understanding of the situation, BSUAS municipal delegates and other industry stakeholders partnered with Ipsos Reid, one of the world's leading polling firms, to conduct a national survey on the "Business of Urban Animals." The results of the survey, summarized in this article, were presented at the BSUAS meeting in October 2008. In addition, each participating community will receive a comprehensive written analysis, as well as a customized report. The online survey was conducted from September 22 to October 1, 2008. There were 7208 participants, including 3973 pet and 3235 non-pet owners from the Ipsos-Reid's proprietary Canadian online panel. The national results were weighted to reflect the true population distribution across Canada and the panel was balanced on all major demographics to mirror Statistics Canada census information. The margin for error for the national results is +/- 1.15%.

Résumé — Sondage sur les animaux urbains : Faits et statistiques sur les animaux de compagnie au Canada. En 2006, au premier Sommet de Banff pour les stratégies sur les animaux urbains (BSUAS), les délégués ont clairement indiqué que l'absence de statistiques canadiennes fiables entrave les efforts des leaders municipaux et des législateurs en vue de développer des stratégies sur les animaux urbains qui créent et maintiennent une collectivité saine tant pour les animaux de compagnie que pour les personnes. Afin de mieux comprendre la situation, les délégués municipaux au BSUAS et d'autres intervenants de l'industrie ont créé un partenariat avec Ipsos Reid, l'un des principales firmes de sondage au monde, afin de réaliser un sondage national sur «Les animaux urbains». Les résultats du sondage, qui sont résumés dans le présent article, ont été présentés à la réunion du BSUAS en octobre 2008. De plus, chaque collectivité participante recevra une analyse écrite complète, ainsi qu'un rapport sur mesure. Le sondage en ligne a été réalisé entre le 22 septembre et le 1er octobre 2008. Il y avait 7208 participants, incluant 3973 propriétaires et 3235 non-propriétaires d'animaux de compagnie provenant du panel canadien en ligne exclusif d'Ipsos-Reid. Les résultats nationaux ont été pondérés afin de refléter la répartition réelle de la population au Canada et le groupe a été équilibré pour toutes les données démographiques majeures afin de refléter les données du recensement de Statistique Canada. La marge d'erreur des résultats nationaux est de +/- 1,15 %.

(Traduit par Isabelle Vallières)

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Introduction

Representatives from across Canada gathered in Banff, Alberta on October 16 to 18, 2008, for the 3rd Annual *Banff Summit for Urban Animal Strategies*. The Summit is a national consortium of community leaders representing animal control and legislative enforcement, animal welfare, animal health and wellness, and animal services. The annual Summit is an intensive 42-hour working session, facilitated by a panel of world-class speakers. Several regional Summits are held in various cities across Canada throughout the year.

The CVMA was a first-time sponsor of this year's event. Association delegates included CVMA president, Dr. Diane Frank and the executive director, Jost am Rhyn. "It is important for Canadian veterinarians to be represented by the CVMA at the table with animal health, welfare, and service stakeholders. The CVMA participated in the funding and development of the survey on Urban Animals to provide the profession with valuable insights," says Dr. Frank.

While the main focus of the 2008 Summit was industry collaboration, a much-anticipated highlight was the release of a new Ipsos-Reid survey: the Business of Urban Animals. More than 20 municipalities, animal-related businesses and organizations from across Canada contributed to survey costs and development. It was designed specifically to address issues that affect the companion animal services industry. A panel of experts,

Table 1. Canadian dog and cat population estimates

13 576 855 households in Canada (Source: Statistics Canada 2006 Census)	
35.5% of households have a cat	32.3% of households have a dog
4 820 085 households with cats	4 384 978 households with dogs
1.76 cats per household	1.38 dogs per household
8 510 021 cats in Canada	**6 070 783 dogs in Canada**

Table 2. Demographics of Canadian dogs and cats

	Cats	Dogs
Average age	5.7 years	5.9 years
< 1 year	8%	7%
1–3 years	33%	29%
4–7 years	35%	30%
8–10 years	11%	11%
10+	24%	22%

including CVMA representatives, Dr. Paul Boutet and Shaely Williams, formulated the questions.

The online survey was conducted from September 22 to October 1, 2008. It encompassed a total sampling of 7208 participants; including 3973 pet and 3235 non-pet owners from Ipsos-Reid's proprietary Canadian online panel. The national results were weighted to reflect the true population distribution across Canada and the panel was balanced on all major demographic information to mirror Statistics Canada census information. The margin for error for the national results is +/- 1.15%.

"The CVMA supported this initiative because we recognize that research of this nature is important to our members," says Shaely Williams, manager, Business Management Program, CVMA. "This research provides the statistics we need to better understand how pet owners feel about important topics – such as vaccinations, and spaying and neutering. It gives us the necessary tools to determine areas in which we need to improve in order to enhance the veterinary/client relationship and improve patient care."

The Canadian pet population

A total of 56% of Canadian households have at least one dog or cat. Most of the pet-owning respondents reported having cats only (23%), or dogs only (20%), while 13% had both species.

The survey also asked about ownership of other types of pets. Fish can be found in 12% of homes, birds 5%, and rabbits and hamsters in only 2%. Only 1% of homes have lizards, horses, guinea pigs, snakes, frogs, turtles, ferrets, or gerbils. Ownership of any other type of pet was less than 1%.

Although the statistics in this report represent a national perspective, the Business of Urban Animals Survey can also be broken down into various geographical regions. The more specific data provide municipalities with valuable insight as to whether or not their previous estimates, based on civic census data, are accurate. The general agreement among Summit delegates was that during an enumeration, some people may not honestly report dog and/or cat ownership for fear of being "caught" without a license or simply because they feel that this information is none of the government's business.

The main reasons for not having dogs or cats among the 45% of Canadian households that do not have them are:*

I don't want the responsibility/just don't want one	58%
I travel too much/they don't fit my lifestyle	41%
Health reasons	22%
Cost/too expensive	22%
Building I live in doesn't allow pets	12%

* Note: Total does not equal 100% because multiple answers were allowed.

Changing pet population

Regardless of the age of the pet when it was acquired, the average Canadian pet has been with their "family" for almost 5 years. Another 20% have been owned for 10 or more years.

The demographic profile of Canadian pets shows that 35% of cats and 33% of dogs are over 8 years old and could be considered "geriatric." Less than 8% are under 1 year old. This clearly indicates that veterinarians need to direct as much, if not more, attention to providing educational support for owners of senior pets, as they do for kittens and puppies. Canadian pets, like people, should be recognized as a "greying population."

Veterinary services

The CVMA believes it is vital to ensure that every client receives excellent service and a wealth of information each time they visit a veterinary clinic. In most cases, a veterinarian may only see a patient once a year.

A total of 50% of cats and 22% of dogs have not been to a veterinarian in the past 12 months. Of those that did receive veterinary care, 34% of all cats and dogs went only once, 13% of cats and 34% of dogs were seen 2 to 3 times. This may suggest that more promotion needs to be done on the importance and advantages of annual physical examinations, especially for cats.

The veterinary and animal welfare communities are doing a good job of promoting population control, with 79% of all cats and 69% of all dogs being spayed or neutered. (One can assume the disparity between dogs is directly related to the higher number of purebred breeding/show dogs versus purebred cats.) Of those animals that are spayed or neutered, only 76% of cats and 67% of dogs were altered by the age of 3 years.

Of those pets that were not already spayed or neutered when acquired, or the cost of surgery was not included in the purchase price of the pet, the average costs were $117 and $146 for altering a cat or a dog, respectively.

A total of 66% of respondents acknowledged that spaying and neutering was recommended by their veterinarian, was good value for the money spent, and was done with the best interests of the pet in mind. Interestingly, 16% of owners of "mostly indoor pets" believed that spaying and neutering was not necessary for their animals.

Table 3. Spay/neuter costs

Amount spent to spay/neuter pet	Cats	Dogs
< $49	6%	2%
$50–$99	25%	13%
$100–$149	29%	25%
$150–199	11%	22%
$200 or more	7%	13%
Included with cost/already done	21%	25%

Table 4. Veterinary services received by age 3 – dogs and cats

	Cats		Dogs	
	< 1 year	1–3 years	< 1 year	1–3 years
Vaccinated for rabies	29%	75%	65%	92%
Spayed/Neutered	22%	76%	25%	67%
Microchipped or tattooed	12%	26%	22%	50%

Permanent identification

The lack of permanent identification, such as microchips and tattoos, is a major concern for animal welfare organizations, municipalities, and veterinarians across the country. Despite the fact that the average cost of a microchip is less than $40 and a tattoo is under $20, more than 90% of owners of cats not currently microchipped or tattooed were "unlikely" to request these services within the next 12 months. For owners of dogs that do not have permanent identification, 82% were unlikely to be microchipped, and 89% were unlikely to be tattooed within the next year.

Although 61% of respondents felt that a microchip was the best way to ensure a lost pet could be returned, only 26% reported that their veterinarian had recommended it, and 45% felt it was not necessary if a pet lives mostly indoors.

Considering tattoo programs are not available in all regions, it was not surprising that tattooing was even less popular. Only 14% reported that their veterinarian recommended tattooing; 27% felt it was the best way for a lost pet to be returned, and 35% felt it was not necessary for a pet that spent most of its time indoors.

Pet insurance

Pet insurance is another area of potential concern. While 52% of respondents "knew a little about pet insurance," only 2% of cat owners and 4% of dog owners had actually purchased pet insurance, and 21% had never even heard of it.

Of those who currently have pet insurance, the average monthly cost is less than $35. That being said, only 40% felt it provided "peace of mind," 46% felt it "provided financial protection," and 51% said that it "protects against the risk of expensive pet medical bills."

While these findings may indicate a need for a marketing campaign to better promote pet insurance, 80% of pet owners felt, should their pets become ill, they would be able to cover the cost of treatment without insurance.

Cost of pet ownership

There are several ways to analyze the statistics relating to the annual cost of pet ownership. It was interesting to compare results from the national Business of Urban Animals survey with "actual costs," as determined by the Ontario Veterinary Medical Association (OVMA) for the province of Ontario.

Despite the regional differences, and the fact that annual costs of veterinary care vary dramatically depending on the life stage of the pet, the Ipsos-Reid statistics came close to mirroring the numbers provided by the OVMA. Not only does this provide a measure of comparison, it also validates the accuracy of the Business of Urban Animals Survey results.

Note: For comparison purposes, the OVMA's estimated cost of professional dental care was removed because the OVMA's data were based on an *adult cat or dog*, while those of the Ipsos-Reid survey were for cats and dogs *of all ages*.

Acquiring new pets

Only 3% of the non-pet households did not currently have a pet because their previous pet had died and they were not ready for another one. These respondents would most likely be included in the 15% of Canadians who hope to acquire a new pet within the next 12 months. Most respondents were likely to buy a dog (46%), fish (31%), or a cat (21%).

With cats, it can be expected that 65% will be obtained from friends or relatives, adopted as strays, acquired free of charge through an advertisement, or will be offspring of a cat already owned. About 9% will be purchased from a pet store.

Less than 24% of cats are purchased from reputable sources: breeders (5%), animal shelters (17%), or veterinarians (2%). The average price for a cat was $53.

As indicated by these statistics, the general consensus of Summit delegates was that most cats and kittens are going to new homes in which the owners have not been educated about the importance of vaccinations, de-worming, spaying and neutering, and other feline health concerns. These "missed opportunities" may be a major contributing factor to the on-going cat overpopulation crisis, as well as incidences of disease in some regions.

Almost half of all dogs are acquired from reputable sources: breeders (35%), animal shelters (13%), or veterinarians (< 1%). A total of 10% were purchased from pet stores. The average purchase price for a dog was $286.

It is interesting to note that 3% of dogs and 11% of cats were "offspring of a pet I already own." Again, this indicates that there is more uncontrolled breeding of cats than of dogs. It could be assumed that some of theses litters (more so with dogs) were produced as a result of a planned breeding program, but this would represent a very small percentage of the sample.

Pet services information

While "word-of-mouth" (30%) and "a visit to the location where it (the pet) came from" (25%) still remain the most popular methods for people to acquire new pets, less than 5% of cats and 14% of dogs were obtained from information found on the Internet. A very small number of respondents selected "classified ads" or "advertisement." For 33% of cats and 14% of dogs, respondents selected "other sources."

Table 5. Veterinary services ever received – dogs and cats of all ages

	Cats	Dogs
Spayed/neutered	79%	69%
Microchipped	12%	25%
Tattooed	11%	24%
Vaccination in past 3 years (other than rabies)	56%	79%
Rabies vaccination	76%	89%
Never vaccinated	25%	14%
None of the above	19%	14%

While they may not use the Internet to help buy a new pet, 40% of Canadians are going "online" to find information about pet care and pet services; 45% are also consulting their veterinarian. It was surprising to note that only 1% consulted with their breeder/groomer or pet trainer. Television and radio, pamphlets and brochures, magazines and newspapers were also identified as important sources of information. (Multiple answers to this question were allowed.)

Kitty's reputation has gone to the dogs

The Business of Urban Animals Survey revealed some interesting statistics relating to cats.

"The numbers clearly indicate cats are not always valued as much as dogs," says David Webb, associate vice-president, Ipsos Reid. "In almost all categories covered by this survey, dogs receive better care than cats. This was interesting, considering more Canadians own cats than any other type of pet."

There are 8.5 million cats in 36% of Canadian households – half of them do not receive annual veterinary care and less than 25% have a tattoo or microchip. More than 40% either haven't been vaccinated in the last 4 years or have never been vaccinated at all.

Those cats that were taken to a veterinarian within the past 12 months went an average of 1.6 times and received an average of $294 in veterinary services. Dog owners shelled out an average of $451 for 2.1 visits.

Of the 21% of cat owners with intact (non-spayed or neutered) cats, more than half reported that they were "unlikely" to have their cats altered within the coming year. The average age of these intact cats is 3.2 years. This means approximately 15% of Canada's 8.5 million cats may produce unwanted kittens within the next 12 months.

Summit delegates were not surprised by this information. Many expressed concern that, despite on-going efforts to educate the public, some people just don't seem to care about the alarming cat over population problem in Canada.

Forget about the survey results for a second and consider the mathematics of Mother Nature. Assume half of these 1.27 million unaltered cats are females, producing at least 2 litters of 5 kittens every 12 months. This adds another 6.35 million cats to an already overcrowded feline pool.

Some cat owners' complacency about cat care may also stem from the fact that 66% of Canadian cat owners obtained their pets free of charge and, therefore, may be less willing to invest any money in their care. Dog owners, on the other hand, spend an average of $286 to purchase their canine companions.

Table 6. A comparative analysis of the cost of dog and cat care (Figures are based on average costs in Ontario. Numbers are rounded.)*

Cats		
Service (annual cost)	BUAS	OVMA
Veterinary care	$294[a]	$287[b]
Kitty litter	$100[c]	$91
Food	$372	$306
Collars, leashes, toys, and miscellaneous supplies	$53	$36
Pet insurance	$360	$270
Total annual cost of cat care[d]	**$1179**	**$990**

[a] BUAS: Based on the 50% of owners who took cats (of all ages) to a vet in the past 12 months.
[b] OVMA: Based on a 4.5 kg adult cat, includes annual vaccinations, fecal exam, wellness profile and flea treatment. The average $471.45 cost of professional dentistry estimate by the OVMA was excluded from this comparison.
[c] Estimated and not from the Ipsos Reid or OVMA.
[d] Considering less than 10% of Canadian cats are licensed, cost of licensing is excluded.

Dogs		
Service (annual cost)	BUAS	OVMA
Veterinary care	$451[a]	$360[b]
Food	$514	$510
Collars, leashes, toys, and miscellaneous supplies	$53	$36
Pet insurance	$408	$455
Licensing	$39	$25
Total annual cost of dog care	**$1519**	**$1386**

[a] BUAS: Based on the 78% of owners who took dogs (of all ages) to a vet in the past 12 months.
[b] OVMA: Based on a 18 kg adult dog, includes annual vaccinations, fecal exam, wellness profile and flea/heartworm treatment and testing. The average $471.45 cost of professional dentistry estimate by the OVMA was excluded from this comparison.
* Osborne D. Focus magazine. Ontario Veterinary Medical Association, 2008.

"An individual's views on the value of cats versus dogs may also be affected by how government appears to place more value on dogs," says Joanne Hahn from the City of Calgary Animal & Bylaw Services. "Municipalities have required dogs to be licensed for decades, but it is only within the last 5 years or so that the concept of cat licensing has been introduced. At present, less than a dozen cities and towns in Canada have a successful cat licensing program."

"If the Business of Urban Animals Survey proves anything," says Larry Evans, president, PetLynx Corporation, "it is that society really needs to step it up a notch when it comes to cats. They haven't achieved the status or recognition in our communities that can protect them from the perils they face. Until each community accepts the cat problem, understands the role they play, and owns the solution, cats will continue to be treated like disposable objects."

Conclusion

In the future, the CVMA will continue to support initiatives such as the Banff Summit for Urban Animal Strategies as the Association believes the outcomes, such as the results of the Business of Urban Animals Survey provides its members with relevant information and fulfills the association's mission as the national body serving and representing the interests of the veterinary profession in Canada.

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