

Pedigree Business Situation & SWOT



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Business Situation

Brand Analysis – Company Overview



- Pedigree is owned by Mars PetCare US, a privately-held company based in Tennessee
- Annually, the Pedigree brand brings in over \$1 billion in sales
- In 2009, Mars Inc. recorded revenues of \$28 billion
(Nestle Purina PetCare Company)
- Produces 50 pet care brands, including its Pedigree line of products
- Mars also makes Cesar and Royal Canin dog foods

Brand Analysis – Product



- **Line of products includes:**
 - Dog and puppy food – both wet and dry
 - An array of treats
 - “Dogs Rule” dog pride line of dog and people apparel
- **Many varieties of food for different sizes, ages, and health needs**
- **Newest line of dog food includes three specialty nutrition dog foods for unique dog needs:**
 - Healthy weight
 - Healthy joints
 - Healthy longevity

Brand Analysis- Price



- Consumer demand for healthier food led Pedigree to offer healthy food options (such as healthy weight) at a reasonable price
- Pedigree pricing:
 - Dry dog food \$19.99 for 40lb bag (Adult complete nutrition)
 - Canned dog food \$1.09 per can
- Pedigree is definitely a value brand in their category

Brand Analysis - Distribution



Brick and mortar stores:

- Pet supply chains (PetSmart, PETCO, Pet Supplies Plus, etc.)
- Mass merchandisers (Walmart.com, Walgreens.com)
- Grocery stores

Online:

- www.Pedigree.com
- Online sites of brick and mortar pet supply stores
- Other sites including Amazon.com, ShopAtHome.com, become.com, shopping.yahoo.com, bizrate.com/dog, and more

Brand Analysis – Values



- Mars states the following Five Principles on its website:
 - Quality
 - Responsibility
 - Mutuality
 - Efficiency
 - Freedom
- Committed to Animal Welfare
- Committed to Responsible Pet Ownership
 - Supports school education programs to teach children about responsible pet ownership (in conjunction with local veterinary associations)

Brand Analysis - Positioning



- The “dog lover’s dog food”- makes dogs a “healthy happy dog for life”
- Consumers trust Pedigree for good value in treating their dogs to healthy tasty food

Brand Analysis – Advertising Promotion



Focused on the PEDIGREE® Adoption Drive, a fundraising campaign to help dogs find loving homes that benefits the PEDIGREE Foundation (www.pedigreefoundation.org)

- Superbowl 2009 commercial
- Puppybowl commercials
- Carrie Underwood PSA for adoption drive, Pedigree presence at the Country Music Awards

Often takes a humorous tone in showing how “dogs rule”

- David Duchovny voiced humorous commercials featuring the new health lines

Brand Analysis – Online Brand Website



Pedigree.com features:

- “All Things Dog” Interactive pet forums
- Digital coupons
- Information on dog ownership
- E-commerce for apparel and dog food



Adoption Website features:

- For every video viewed, Pedigree donates one bowl of food to a local shelter
- Encourages visitors to adopt from local shelters by offering information and photos of impounded dogs in your area
- Proud owners can send in a photo of their puppy to be a part of the "Million Dog Mosaic"

Brand Analysis – Online Social Media



Pedigree also participates in social media through a Facebook page, YouTube and Twitter

- The Facebook page mainly promotes the Pedigree Adoption drive
- Consumers share pictures of their adopted dogs
- Consumers can donate to the adoption drive to donate “bowls”
- Commercials featured on Pedigree YouTube Channel



Brand Analysis – Direct Internet Marketing



Pedigree website offers free E-newsletters for every stage of your dogs life:

- Puppy planning
- Puppy scoops
- Dog Knows
- Healthy Living

Consumers can sign up for E-coupons and updates, personalized to their dogs breed, size, and age

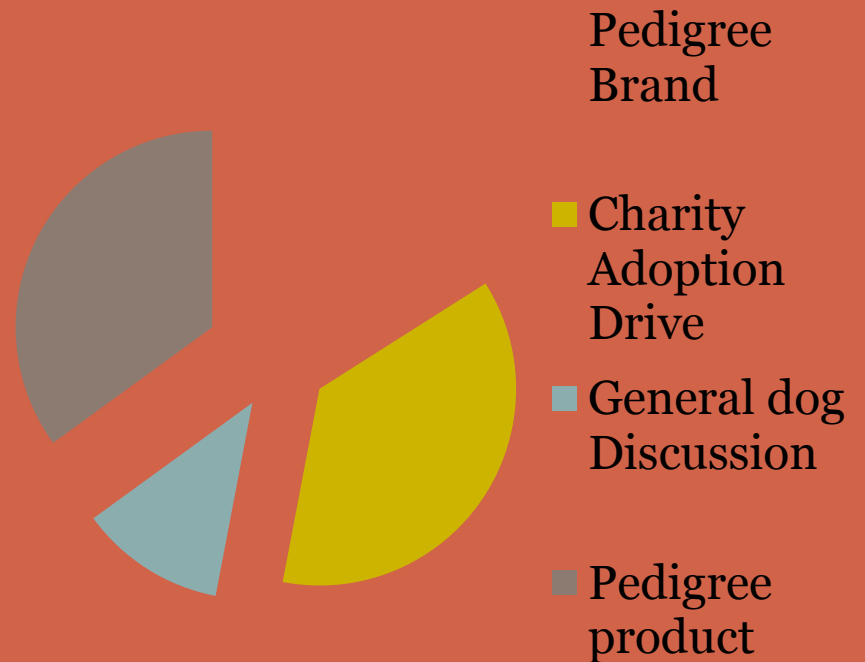
Value Chain

Consumers talk about their pet adoption and pet experiences

Users are overwhelmingly positive towards pet satisfaction with Pedigree

Source: WaveMetrix

Adoption Drive & Pedigree lead discussion on Facebook



Competitive Analysis



Nestle Purina PetCare Company

- Stands for passion, expertise and trust (purina.com)
- Past strategies: the Purina 30-day challenge
- In 2008, \$3.8 billion sales in U.S. dry food category
- The world's largest pet food producer (Hoovers)
- Has 30 brands
- Makes cat and dog litter products (Hoovers)
- Products are sold internationally by mass merchandisers, supermarkets, pet supply stores and online retailers
- They offer health insurance for dogs and cats

Competitive Analysis cont'd.



Procter & Gamble's The Iams Company

- In 2008, \$1.5 billion sales in U.S. dry food category
- Is dedicated to helping dogs and cats live long, healthy lives through innovative nutrition (iams.com)
- Funds research efforts related to animal dermatology, geriatrics, allergies and nutrition (Hoovers)
- In 2006, the company bought all research in-house
- Iams foods are sold in feed stores, grocery stores, specialty stores, veterinary offices; and boarding and grooming sites
- Makes Eukanuba and Iams dry and canned versions of premium dog and cat foods (Hoovers)
- Sells products in pet supply stores and veterinarians' offices in more than 70 countries
- The snacks and Pet Care business segment generated 4% of P & G's 2009 revenue
- The pet food brand is one of its parent's billion-dollar brands

Competitive Analysis cont'd.



Hill's Pet Nutrition

- In 2008, \$1.4 billion sales in U.S. dry food category
- One of the leading producers of premium pet food worldwide (Hoovers)
- Makes animal treats
- Products sold in the U.S., Japan and more than 90 other countries worldwide
- Partnered with Guide Dogs for the Blind in the U.S. and Canada (Hoovers)
- Hill's sponsors the group's puppy raising and graduating programs
- Has upped prices in response to the rising cost of agricultural goods and advertising expenses
- Their mission is to help enrich and lengthen the special relationships between people and their pets (hillspet.com)

Additional Competitors



- Pet owners making their own dog food
- Private label brands
- Del Monte Foods Company
 - Popular brands:
 - ✦ Gravy Train
 - ✦ Kibbles & Bits
 - ✦ Meow Mix

Industry Analysis



- The US pet and pet supply store industry includes about 8,700 stores with combined annual revenue of about \$11 billion (Hoovers)
- The industry is concentrated: the 50 largest companies account for about 60 percent of revenue
- In 2007, Americans spend \$41 billion a year on their pets with annual spending expected to hit \$52 billion in the next 2 years (The Pet Economy)
- In 2007, Americans spent \$9.8 billion on vet services
- In 2008, companies such as Pedigree and Purina started shrinking the size of their bags (Inflation Gnaws at Pet Food Companies)

Industry Analysis cont'd.



- In 2009, the pet food business was the 2nd leading category by size in the pet industry and is expected to generate about \$15.2 billion (bradenton.com)
- One segment of the pet industry that is showing a slightly negative trend going forward is pet grooming and boarding
- Pet parents continue to spend on supplies and over-the-counter supplies (smallbiztrends.com)
- Pet services for your pets continue to grow

Industry Analysis cont'd.



- More and more pet businesses are online (smallbiztrends.com)
- Target and Wal-Mart are both expanding their pet selection and services
- Pet-related blogs continue to grow their influence
- There is a huge interest in smaller dogs

Industry Analysis cont'd.



- Innovations in specialty, premium and gourmet pet food products and packaging techniques will propel growth in the U.S., Japan and Europe (petfoodindustry.com)
- The shift toward healthier, organic and natural human food finds a reflection in the pet food industry
- Pet Food Industry, particularly in the cat and dog food segment, continues showing positive results in spite of recession
- Some of the fastest growing segments globally in the pet food market include cat treats and mixers, premium dog and cat food; and dietary and health supplements

Category Analysis



- In 2009, the US produced 5,102,469 metric tons of dry dog food and 661,261.4 metric tons of wet dog food
- Combined US Dog Food Sales for dry and wet food were \$9.550 billion in 2009 (The Pet Food Institute)
- Total pet food sales for 2009 were \$17.56 billion with \$18.28 2010 projected total pet food sales
- Euromonitor International predicts that values in pet food and pet products will continue to grow – especially in dog food sales due to the trend toward consumer purchase of premium dog food brands

Market Analysis



- **2010 US unemployment rate between 9.0% and 9.70%**
(Bloomberg, Trading Economics)
- **Housing and mortgage market not yet recovered**
 - **1 in every 501 housing units received a foreclosure filing in December 2010** (RealtyTrac)
- **2010 price index for gross domestic purchase increased 1.3%** (U.S. Dept. of Commerce)
- **2010 inflation rate averaged 1.6%** (U.S. Inflation Calculator)
- **2011 inflation forecasts at 1.4%** (U.S. Inflation Calculator)
- **Goldman Sachs predicts no interest rate increases in the US in 2011/12** (Goldman Sachs)
- **2011 GDP Growth Forecasts 2.4%** (Goldman Sachs)
- **Continued global recovery in 2011** (International Monetary)



SWOT Analysis

SWOT Analysis



Strengths

- Wide distribution
- Strong brand recognition
- PEDIGREE Adoption Drive/PEDIGREE Foundation
- Diverse advertising vehicles and campaigns
- High quality and trustworthy family business

Weaknesses

- Perceived low quality ingredients, in a time when there is increased interest in premium pet food
- Poor online consumer rating

SWOT Analysis cont'd.



Opportunities

- Price point
- Growth prospects in the health and nutritional food markets
- Weight management for dogs
- Changing dynamics of the pet products industry
- Increasing dog ownership

Threats

- Increased competition from both private labels and organic pet foods
- Instances of category recalls weakens consumer confidence in the company's brands

Pedigree-Objectives



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Objectives

Business Objectives



- Increase sales of Pedigree dog food in the Northeast and Midwest region by 15% in 2011
- Increase sales online by 10% in 2011 by generating trial amongst non-users and infrequent users

Marketing Objectives



- To improve our online reputation in consumer ratings
- Establish loyal purchase online behavior

Pedigree Target Market



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Consumer Attitudes



In the US pets are family members.

- 1/3 of dog owners bring their dog on family vacations
- 70% of dog owners surveyed expect their dog to come to their rescue if they're in distress
- Owners:
 - give pets birthday and Christmas presents
 - sign pet's name on greeting cards/notes
 - display pet's picture at home and work
 - let pets lie on furniture, have their own special beds
 - let pets sleep with a family member at night

Consumer Attitudes *continued*



- Almost half surveyed admit to talking to their pet
- 80% surveyed claimed pets could sense their mood
- 3 in 4 believed their dogs tried to make them feel better when they were unhappy
- Dog owners are more loyal to dog food brands than they are to human food brands.
- Owners take buying healthy dog food more seriously than they do buying healthy human food.

Target Audience



Tech-savvy married women, ages 25-54, who are heavy internet users active in social media as critics and joiners.

Pedigree-Marketing Action Plan



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Campaign Theme



Pooch Pride with Pedigree

- Dogs Are Family. Pedigree recognizes the love and pride that comes with owning a beautiful and healthy dog. We will engage consumers through the “Pooch Pride with Pedigree” campaign by exemplifying and reinforcing the relationship our customers have with their pooches through their use of Pedigree products.

Integrated Marketing Communications



- National Plan with Local Overlay
- Online Behavioral Advertising
- Social Media
- Loyalty card/Pooch Points
- Shelter Starter Packs
- Point of Purchase
- Sponsorship of Charitable Events

Online Tactics



- **Online Pedigree Community**

- **Online account:**

- ✦ Points earn free dog food or gear – can also donate to dog charity
- ✦ Tracks online and offline points
- ✦ Acquire points through Pedigree web site participation:
 - Posting pet pictures
 - Writing reviews of Pedigree products
 - Buying Pedigree food online
 - Reward for reaching specified levels of achievement (bonus points, membership tiers based on activity levels, online community recognition)

- **Online community: connect with other dog owners**

Online Tactics *continued*



- **E-mail Marketing**
 - Canine consumer review video contest
 - Promote charitable events we're sponsoring
 - Promote Pedigree community
 - Refer a friend coupon
 - Coupons to encourage online purchase or offer code

Online Tactics *continued*



- **Smart phone app**
 - Closest place to buy Pedigree products
 - Pooch Point tracker
 - Dog Park locator

- **Online Contest**
 - Best video: canine consumer review posted to Pedigree community

- **Social Media**
 - Educate consumers on benefits of Pedigree healthy dog foods
 - Video Contest promotion (canine consumer reviews)
 - Encourage participation in Pedigree community
 - Reward participation through Pooch Points
 - ✦ Facebook
 - ✦ Twitter
 - ✦ YouTube
 - ✦ Foursquare (check-in at Pedigree purchase locations)
 - ✦ Dog Blogs
 - ✦ Online dog food reviews (yelp, etc.)
 - ✦ Pawsley.com (Facebook/Groupon type site for dog owners)

Online Tactics *continued*



- **Behavioral Advertising**
 - National online media buys
 - Heavy up local buys in Northeast and Midwest
- **SEO**
 - Buy Pedigree, Pooch, dogs, dog, puppy, puppies, dog food, canned dog food, dry dog food, dog food reviews
 - Buy keywords for Pooch Points campaign
 - Improve web site metatag and metadata to improve natural search results
- **Variety of Ad Formats**
 - Banners
 - Rich Media
 - Video Pre-roll

Sample Online Ad Locations



- Pet Supply sites
- Veterinary sites
- Shelter sites
- Dog boarding
- Doggie daycare
- Dog training
- AnimalPlanet.com
- Dog magazine sites
 - Dog's Life
 - Dog's World
 - <http://www.dogchannel.com/dog-magazines/dogworld/>
- Dog related social media sites
 - Facebook dog profiles
 - Facebook dog groups
 - Bark.com
 - YouTube.com
 - Pawsley.com

Offline Tactics with Online Integration



- Loyalty card/dog tag – points earn free Pedigree dog food and gear
 - Offline: scans at point of purchase to acquire online points
- Point of Purchase
 - End caps promoting Pedigree Products & Pooch Points
 - Stand-alone displays for Pet Supply Stores promoting Pedigree Products & Pooch Points
 - Coupons driving online participation
 - Coupons into consumer bags if purchase dog/puppy products
 - Print out with/on payment receipts

Offline Tactics with Online Integration



- **Sponsorship of Dog-Related Charitable Events**
 - *National:* ASPCA, Humane Society
 - *Local:* shelter benefits in Northeast & Midwest
 - Coupons and brochures in participant bags driving online participation in Pedigree community
 - Link to Pedigree website from charitable web site
 - Logo recognition on charitable website
 - Logo on participant T-shirts
 - Pedigree table, dog water dishes
- **Donate/Match Pooch Points to benefit dog charity**
 - Pedigree will make donation to dog charity commensurate with consumer online participation (\$1.00 per person joining between specified dates and a certain level of activity)

Ideas for Creative Executions



Integration of Sales Promotions, PR & Direct Marketing into Overall Marketing Plan



- **Sales Promotion**
 - Point of Purchase displays
 - Contest
- **PR about online community and contest**
 - Through coverage of charitable events we sponsor
 - Reach out to TV morning news shows
 - Pitch to doggie bloggers
- **Direct marketing**
 - snail mail to loyalty card participants
 - ✦ Mail loyalty card
 - ✦ Special online offers
 - e-mail to loyalty card participants (contest, charitable events)

Customer Acquisition & Retention Plans



- Pedigree packs (dog food, treats, brochure on Pedigree products, coupon driving to online account and community)
 - Dog and puppy shelter adoptions
 - Northeast and Midwest veterinary program for new patients
- Loyalty Card/Pooch Points

Distribution/Fulfillment



- **Loyalty card/dog tag**
 - Online sign up; mail loyalty card
 - In store: ability to get loyalty card immediately (Pet Supply and grocery stores)
- **Pooch Points**
 - Through loyalty card scan
 - Online participation

Quality & Customer Service



- 1-800 number
- Monitor social media for complaints, etc.
- Monitor Pedigree community
- Consumer-triggered online chat/help
- Money-back Quality satisfaction guarantee
 - Complete Online form

Technological Infrastructure & Data Requirements



- Database/website interface to track points
- Collect names, email, address, city, state, zip, dog names, ages and photos
 - More customized information; more personalized we can make our messages/communications
- Privacy assurance
- Secured payment/firewall

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