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2017 PET CARE SERVICES FINANCIAL SURVEY RESULTS REPORT

PRESENTED BY THE DOG GURUS & IBPSA

EXECUTIVE SUMMARY

On behalf of IBPSA (International Boarding & Pet Services Association) and The Dog Gurus, Researchscape conducted a survey of 279 pet-service business owners from 7 countries in order to better understand the state of their businesses. The online survey was fielded from April 17 to May 29, 2018. Respondents were recruited from the membership rolls and house e-mail lists of IBPSA and The Dog Gurus.

Nine out of ten companies (88%) were in the U.S. Just as many (89%) were single-location only, while a few had multiple locations (10%). Many were in suburban environments (41%), followed by urban (25%) and rural areas (22%), with the rest in "small cities."

Pet-service businesses had been open since original inception for a median of 10 years, with current ownership having a median of 7 years. A third (34%) could be considered startups, still in their first five years of business.

The median size of pet-care properties was 4,650 square feet in 2017, up slightly from 2016 (4,500 square feet). A few more owned (59%) than rented (41%) their business spaces, often separate properties (32%). Pet-service owners who paid rent to themselves or a related party often considered local market rates, mortgage payments, taxes, and insurance costs when determining the rental amount.

The top services offered in 2017 were dog daycare (71%), dog boarding (68%), and grooming (62%). Just 1 in 3 companies offered cat boarding (33%). Dog boarding and dog daycare were the largest contributors to revenues (an average of 37.5% and 19.5% of total revenues, respectively).

Firms offered a variety of discounts, most commonly for care of multiple pets from the same family. Average discounts for multi-pet dog boarding or daycare were 21-21.5%.

Locations had median annual revenues of $369,000. Payroll costs accounted for a median of 43% of total revenues, the same as last year. The most common expenses included utilities, merchant processing discounts and fees, and taxes (excluding payroll taxes).

Pet-care businesses enjoyed higher levels of profitability in 2017 than in any of the three years prior (2014-2016). While a fifth of locations (22%) had net profitability of 31 percent or more, just a fraction did so in the past two years (6% in 2016, 5% in 2015), and about half as many did so in 2014 (12%).

Pet-care companies hired about as many employees as they lost in 2017: the median numbers of new hires and lost employees were both 4. Businesses had a median of 4 to 7 full-time equivalents. Managers (36%) and supervisors (29%) were most likely to have performance-based pay plans in effect. Performance plans were also under consideration or already active for dog attendants (33%), boarding attendants (32%), customer service/receptionists (27%), and groomers (25%).

Regional Superlatives

Northeastern pet-service businesses—

- Most Likely to Rent: Nearly twice as likely as other firms to rent a separate property (50% compared to 30%).

Midwestern pet-service businesses—

- Most Likely to Own: Half (49%) owned a separate property, as opposed to a maximum of 32% (South) for any other region.

Western pet-service businesses—

- Longest Running: Two thirds (68%) had been open since original inception for 11 years or longer, contrasted with 41-53% of firms elsewhere
- Most Profitable: 35% reported net profitability of 31 percent or more, compared to 14-17% of companies in other regions

Southern pet-service businesses—

- Most Discount Friendly: Nearly twice as likely to offer client demographic based discounts (44% as opposed to 24% of others)
- Most Likely to Offer Performance Plans: 34% offered performance-based pay plans to employees, compared to just 11% of other businesses

Net Profit & Loss	Census Region				
	Total	Northeast	Midwest	South	West
	(%)	(%)	(%)	(%)	(%)
[Business had a net loss + 0 - 5%]	27	23	24	⇑ 38	⇓ 10
Business had a net loss	11	9	10	12	10
0 - 5%	16	14	14	⇑ 26	⇓ 0
31-40%	9	5	10	6	10
More than 40%	13	9	7	8	⇑ 26
[31-40% + More than 40%]	22	14	17	14	⇑ 35
Base	N=176	n=22	n=29	n=66	n=31

Wages

The median local minimum wage was $8 in 2017. The most common minimum wage was $7. Pet-service employees were paid median hourly wages of $9 (pet sitters) to $15 (dog trainers) in 2017. Some groomers and dog trainers also earned commission.

Position (Hourly wage)	Median
Customer Service/Receptionist	$12
Pet Care Attendant - boarding dog care	$11
Dog Daycare Attendant - supervises group play	$11
Bather - no haircuts	$11
Groomer - haircuts	$15*
Dog walker	$10
Pet sitting	$9
Dog Trainer - classes, privates, etc	$15**

Sample Size: 123 (44% of Respondents)

**Some also awarded a median commission of 50%.*
***Some also awarded a median commission of 28.5%.*

Pet-service managers were paid a median annual salary of $35,000, while general managers with absentee owners were paid a bit more: $40,000. Supervisors were paid median annual salary of $25,000.

Position (Annual Salary)	Median
Supervisor	$25,000
Manager	$35,000
General Manager - absentee owner	$40,000

Sample Size: 131 (47% of Respondents)

Revenue Breakdown by Service

Dog boarding and dog daycare services were the biggest contributors to pet-service revenues (an average of 37.5% and 19.5% of total revenues, respectively).

Grooming and dog training services represented about a tenth of total revenues (averages of 10.8% and 8.3%, respectively).

Service	Average	Maximum
Dog boarding (per day/night for enclosure)	37.5%	100%
Dog daycare	19.5%	90%
Grooming (baths and haircuts)	10.8%	100%
Extra boarding activities	2.3%	30%
Dog training	8.3%	100%
Cage-free boarding	2.3%	65%
Retail sales	1.8%	38%
Cat boarding (per day/night for enclosure)	2.8%	100%
Transportation/pick-up and delivery services	<1%	10%
Pet sitting	6.2%	100%
Dog walking	5.2%	88%
Other pet boarding (species other than dogs or cats)	<1%	100%
Other pet services (e.g., photography, poop/scoop, etc)	2%	100%

Sample Size: 212 (76% of Respondents)

Self-Compensation

Pet-service business owners took home median annual compensation of $57,475 in 2017. This was up 26% from $45,500 in 2016. Salaries ranged from $0 to $850,000.

Owner satisfaction with self-pay has rebounded since last year (up from 20% to 28%) but not yet back to 2014 (38%) or 2015 levels (33%). Owners for whom business income represented their sole source of personal household income were the most satisfied (38% were "very satisfied").

Business Income Contribution to Household Income

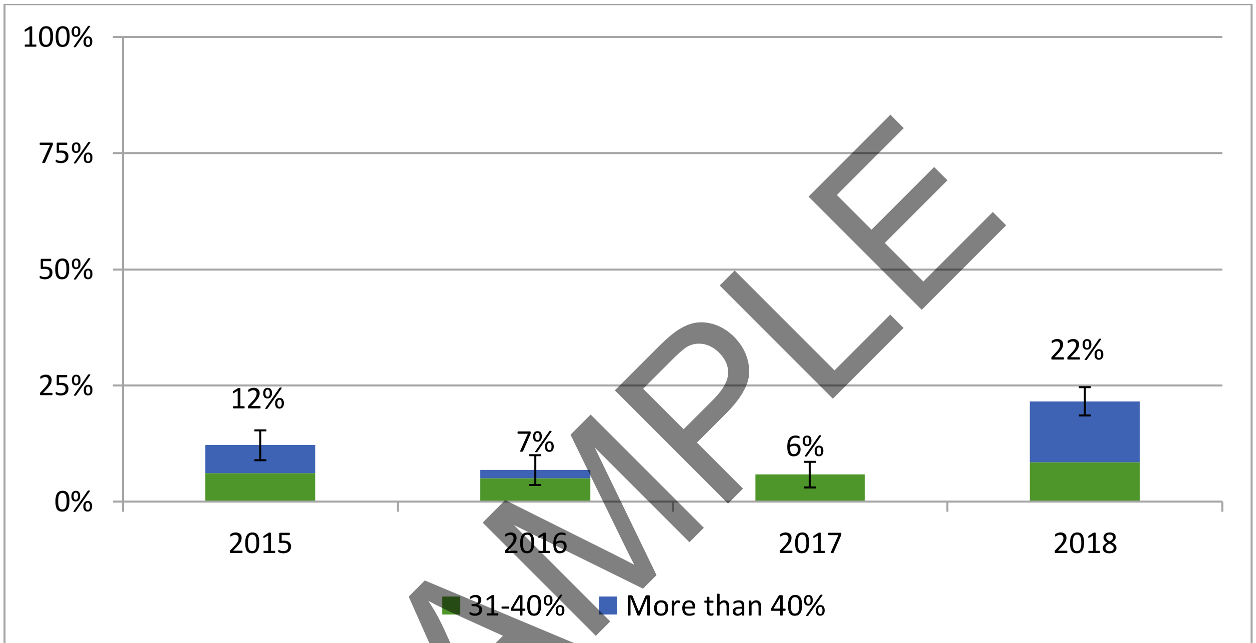
The longer a business had been running, the greater it usually contributed to personal household income. For 64% of companies open 11 years or more, business income was the sole source of personal household income. Fledgling companies (open for 1 year or less) were often supported by household income (46%).

Bus. Age	**Total**	**Sole source of household income for one household**	**Significant contribution to household income for one household**	**Some contribution to household income for one household**	**No contribution to household income for one household**	**Household income is contributing to support business**
	(%)	(%)	(%)	(%)	(%)	(%)
[Less than 1 + 1 year]	12	⇓ 1	7	13	30	46
2 years	7	4	6	8	10	13
3 years	4	⇓ 0	4	⇑ 10	10	4
4 years	7	9	2	13	0	8
[11-20 + 21+ years]	49	⇑ 64	57	40	40	17
Base	N=276	n=69	n=54	n=62	n=10	n=24

Net Profit & Loss

The majority of firms (57%) reported net profitability between 0 and 20 percent. Just 11% reported a net loss in 2017 – about half as many did in 2016 (19%).

Pet-care businesses enjoyed higher levels of profitability in 2017 than in any of the three years prior (2014-2016). A fifth of locations (22%) had net profitability of 31 percent or more, compared to 6% in 2016, 5% in 2015, and 12% in 2014.



Sample Size: 403 (58% of Respondents)

Note that years here refer to the year in which the data was reported (i.e., “2015” refers to the report written about 2014 data).

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One in ten (10%) had multiple locations. Just 1% had a corporate-owned location, and none were franchisees.

What type of entity best describes your business?

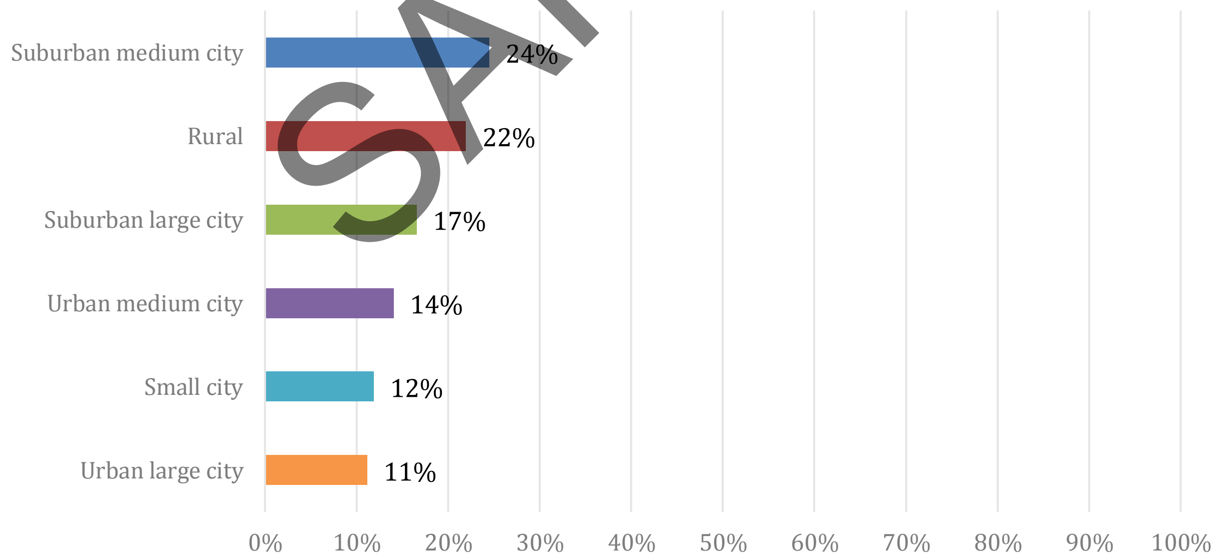
Rank	Option	Response %
1	Single location	89%
2	Multiple locations	10%
3	Corporate-owned location	1%
4	Franchise location	<1%

Note: Only a single option could be selected

Locations

About 4 in 10 businesses (41%) were in suburban areas: primarily medium-sized suburban cities (24%). A quarter were in rural areas (22%), and another quarter had urban environs (25%). The remaining 12% were in small cities.

How would you describe your geographic location?



Sample Size: 278 (All Respondents)

How would you describe your geographic location?

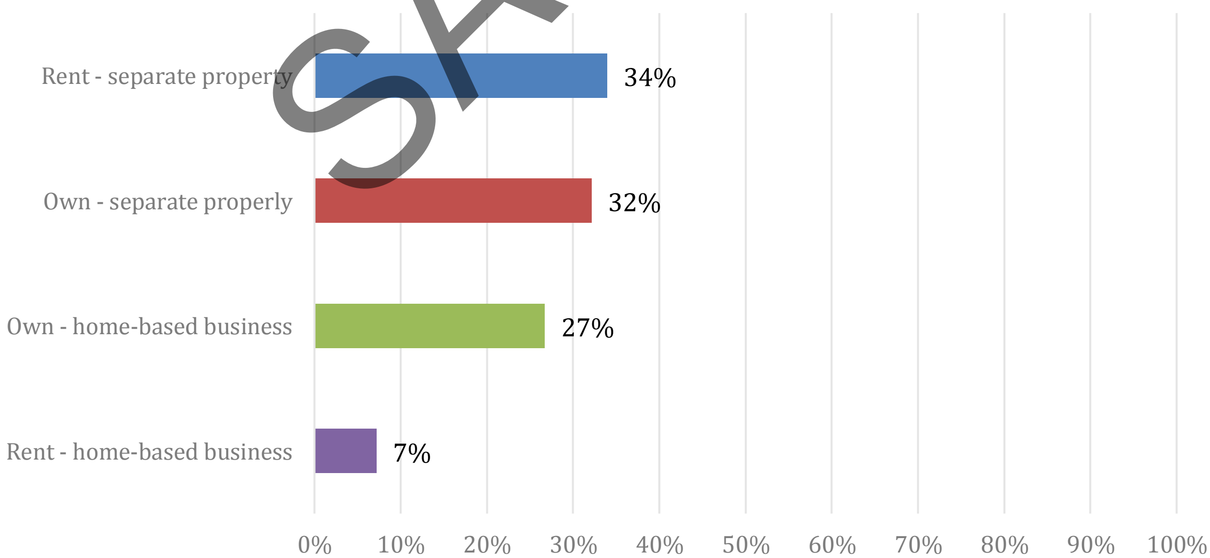
Rank	Option	Response %
1	Suburban medium city	24%
2	Rural	22%
3	Suburban large city	17%
4	Urban medium city	14%
5	Small city	12%
6	Urban large city	11%

Note: Only a single option could be selected

Rent vs. Own

More pet-care firms owned (59%), versus rented (41%), their business space in 2017. Ownership of a separate property (32%) was slightly more common than owning the home of a home-based business (27%).

Do you own or rent the space where your business is located?



Sample Size: 277 (99% of Respondents)

AMENITIES

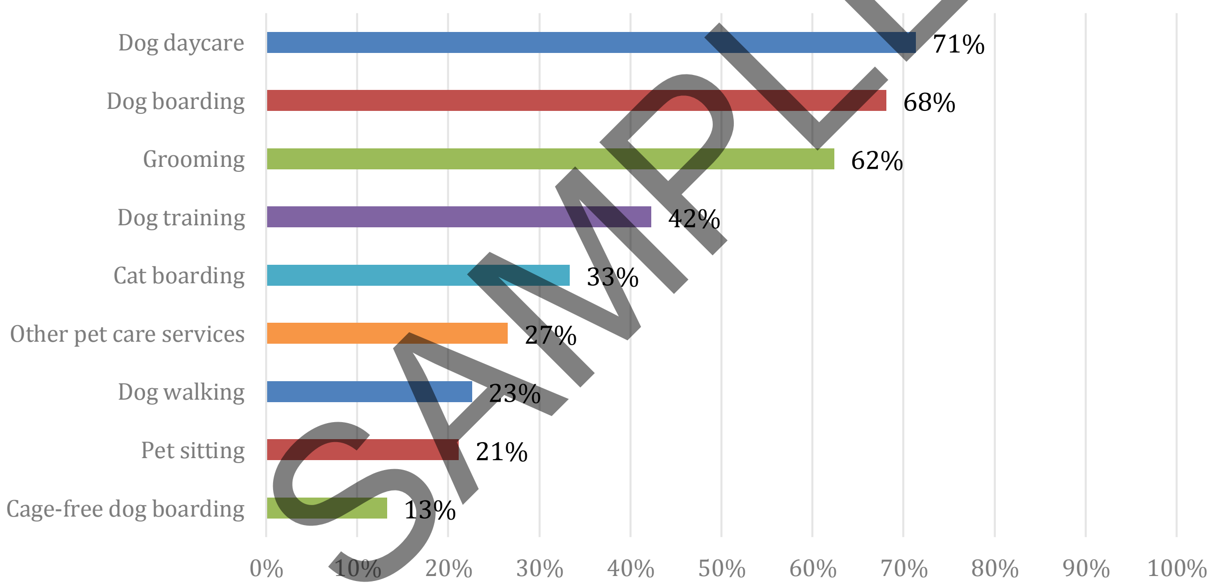
Overview

The top services offered at pet-service businesses in 2017 were dog daycare (71%), dog boarding (68%), and grooming (62%): on the menu for at least 6 out of 10 companies. Dog training was available at 4 out of 10 firms (42%).

Dog services were more popular than cat services. Just 1 in 3 companies offered cat boarding (33%).

The least commonly offered services included cage-free dog boarding (13%), pet sitting (21%), and dog walking (23%).

What are the primary services offered by your pet-care business?

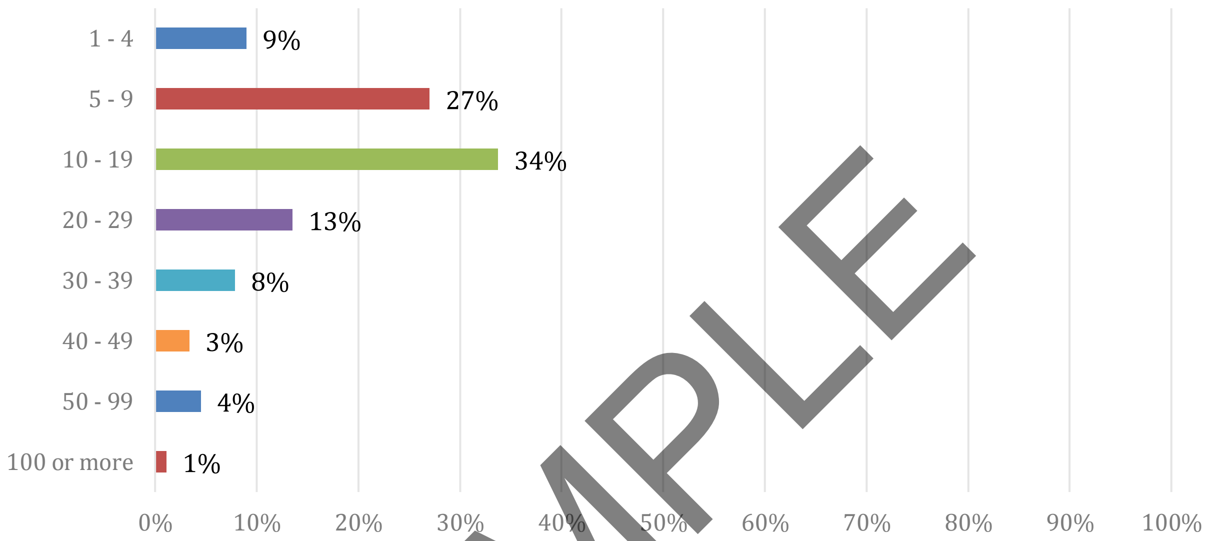


Sample Size: 279 (All Respondents)

Feline Information

Cat-boarding maximum capacities ranged from 2 to 109 cats, and the median maximum capacity was 12. The average was 18. Just 30% of firms had room for 20 or more cats.

What is the maximum capacity for cat boarding?



Sample Size: 89 (32% of Respondents)

What is the maximum capacity for cat boarding?

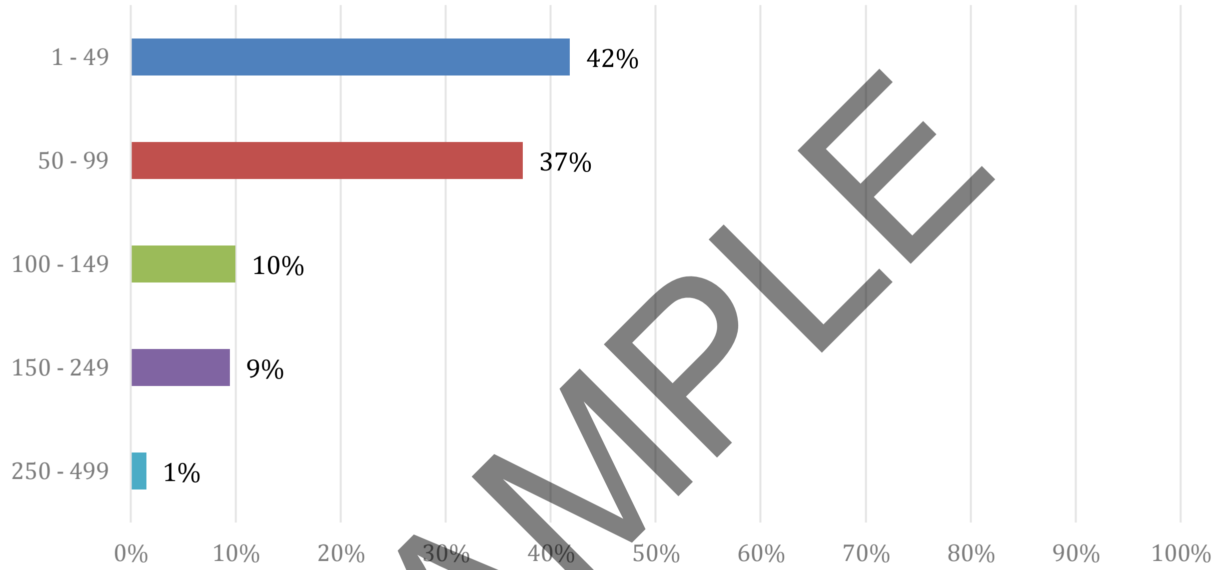
Option	Response %	Cumulative %
1 - 4	9%	9%
5 - 9	27%	36%
10 - 19	34%	70%
20 - 29	13%	83%
30 - 39	8%	91%
40 - 49	3%	94%
50 - 99	4%	99%
100+	1%	100%

Canine Information

Pet-service companies had more room for dog boarding. Maximum capacities ranged from 2 to 380 canines, with a median response of 54 dogs.

A fifth of operations (20%) had dog boarding maximum capacities of 100 or more, including 1% that had room for between 250 and 380 dogs.

What is the maximum capacity for dog boarding?



Sample Size: 201 (72% of Respondents)

What is the maximum capacity for dog boarding?

Option	Response %	Cumulative %
1 - 49	42%	42%
50 - 99	37%	79%
100 - 149	10%	89%
150 - 249	9%	99%
250 - 499	1%	100%