

Unlocking Pet Resort Secrets

By Jeff Siegel

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When Naresh Jessani decided to open a boarding kennel five years ago, the one thing he didn't do was look at other boarding kennels as models for his business.

“We did a lot of research to find out what consumers wanted from kennels, and not what other kennels were offering consumers,” said Jessani, the co-owner of the New York Dog Spa & Hotel in the fashionable Chelsea section of Manhattan. “What we wanted to find out was what kind of kennel would be required to meet my comfort level where I would feel comfortable leaving my dog.”

That approach is typical of the high-end pet resort business, which not only has thrived in the past decade, but also has revolutionized the entire boarding kennel industry. By one estimate, 90 percent of the approximately 2,200 kennels in the United States offers some sort of resort-style service, whether it's day care, playtime, Web cameras, or color televisions in the runs and cages.

“The boarding kennel industry is changing,” said Jim Krack, executive director of the American Boarding Kennels Association (Colorado Springs, Colo.), “and the change is being driven by the consumer, who is demanding more and more sophisticated services.”

And the lessons that pet resort operators have learned apply equally to other segments of the pet industry, be it retailing, grooming or other services. If retailers, groomers and their colleagues want to boost margins and attract more high-end business, it's not enough to look at what's been done before in the pet industry.

Owners and operators must think outside the pet business and answer two questions in the same way that pet resort operators did so successfully. First, who do you run your business for—you or your customers?

Second, how do your customers see your business? What's their impression of it? Does it have brand identity, or is it just another place to buy pet food or to get a dog groomed, interchangeable with every other place?

“There were a lot of reasons why—and some of them were good reasons—but the kennel business was traditionally run for the convenience of the kennel owners and not their customers,” said Emerson Hughes, who owns two Holiday Barn pet resorts in the Richmond, Va. Area. “What we have done is to change that, so that the business is run for the convenience of the customers and their pets. We want them to feel good about leaving their pets with us.”

Changing an Industry

In the early 1990s, the kennel business comprised two main segments: independent operators, who were overwhelmingly local, often rural, and usually family-owned and operated, and veterinarians, who offered boarding as part of their practice.

Furthermore, the industry ran according to three long-established rules. First, most kennels were closed on Sundays and business hours during the rest of the week were designed to accommodate owners and employees rather than customers.

Second, the accommodations were barebones. They were clean and well kept certainly, but consisted of little more than a chain-link fence surrounding a cement run or a bunch of plastic crates.

Third, most facilities weren't staffed 24 hours a day, and were barely staffed on days that they were closed.

“The boarding industry was made up of a bunch of old, worn-out facilities in a bunch of old, out-of-the-way places that kept poor business hours,” said Joe Mason, who owns PETSuites of America in suburban Cincinnati. “The market was severely underserved.”

Part and parcel of that environment was a low-key approach to marketing—if there was any marketing at all. One reason is that boarding, even today, is primarily a Yellow Pages-driven business, where customers try to find the closest facility. But another equally important reason is that few operators saw any reason to market their service.

Mark Moriarty, a professor at Purdue University's management school (West Lafayette, Ind.), teaches a seminar designed to introduce veterinarians to marketing, especially for nonmedical services. Little has changed in those methods in the past decade, he says—not because of ethical considerations about advertising, but because there didn't seem to be a need to do it.

“It's a real hit-and-miss game,” he said. “It's not like going to Wal-Mart where classic marketing works. Practices can waste a lot of money on marketing and not a very high rate of return on something that there's inherently a small market for. You have to find the methods that work, and sometimes signage in the waiting room can be the most effective method.”

About 10 years ago, things started to change. There had always been kennels that offered more than wire-enclosed runs (the Holiday Barn is celebrating its 30th anniversary this year for example, and Hughes was an original member of the ABKA), but the biggest difference in the early 1990s was a change in attitude.

“Most kennels only met the most basic needs of the dogs and I'm convinced the traveling public would rather have stayed at home than board their dog,” said Hughes. “People were not happy about leaving their dogs in kennels. What I decided we had to do was instill fun and happiness into the process, so that the owner thought the dog was going on a vacation just like he or she was going on a vacation.”

Hughes was far from the only one. There are no exact numbers, but Krack estimates that almost all of the ABKA's members offer some sort of pet resort-style service, with a significant number of new facilities designed specifically as pet resorts. Today, high-end resorts are as common as were once uncommon. Best Friends Pet Care Inc. (Norwalk,

Conn.) has 40 facilities in 18 states with plans to add six to 10 new facilities annually over the next couple of years. Mason is set to open his second and third locations this year as part of an aggressive regional expansion plan.

Even vets are getting into the business. One Dallas-area practitioner runs a day-care and boarding business, busing animals from his in-town clinic to a kennel he owns in a far suburb.

Typically, pet resorts differ from traditional kennels in several ways.

Hours. Not everyone is open from 6:30 a.m. to 7 p.m. seven days a week like Mason is, but most resort style facilities are open seven days a week. Some, like Holiday Barn, open on Sunday for pickups only.

Pricing. Pet resort operators charge premiums of anywhere from 10 percent to 20 percent based on the time of year and location. Discounting is almost unheard of and extra services cost extra.

Services and facilities. Take your pick—gift shops, swimming pools, luxury suites, extra walks, playtime, story hours, even Web cameras so owners can log on and see their animals at play. Many resorts have a vet on the premises and it's not unusual for them to have trainers on staff. The facilities are usually newer or renovated like the Chelsea location that Jessani gutted on the inside and then remodeled and air conditioning is standard.

Employees. Not the usual skeleton crew. The two Holiday Barn locations employ 29 full-time and 55 part-time people. Training also takes a different tack. As the most successful resorts model themselves after luxury hotels, their training methods emulate those of luxury hotels as well. The Best Friends manual uses techniques borrowed from Hyatt and Ritz Carlton, for example.

“Our job is to estimate any doubts the customer has about leaving their dog with us,” said Hughes. “We don’t want them to feel like they’re leaving their dogs in jail while they have a good time. These aren’t jail-like anymore.”

Thinking Like a Customer

Changing the way the kennel industry operated meant looking at the business from the customer’s point of view. What does the customer want from the kennel? Many resort operators were convinced it wasn’t what they were getting. Best Friends unearthed one telling statistic when it did its preliminary market research, said Dan Charleton, the company’s vice president for business development and its chief marketing officer. Only 21 percent of the people surveyed had ever used a kennel to board their pets.

“And that told us that they didn’t like the kennel experience, and that we would have to find a way to make that experience different to draw in the other 80 percent,” he said. “So we looked at the hospitality and hotel businesses for models for our systems and our training.”

And that makes perfect sense. Do first-class hotels tell their customers they can't check out on Sundays? Do they limit services, like color television, because they don't think their customers will like it? Resort operators say they realize dogs and cats are colorblind and don't see television as humans do. But if pet owners want it, is it any different from offering a 24-hour room service in a hotel? Most people aren't going to order a cheeseburger at 3 a.m., but they pay for the opportunity every time they check in.

That's a point that retailers and groomers too often miss. What are your customers willing to pay for that you don't offer? Too many retailers look at the obstacles rather than the rewards when deciding whether to offer new products and services. Retailers see delivery in terms of higher costs and added labor rather than as a way to guarantee customer loyalty, with the subsequent boost in revenue. Groomers see slotted appointment times as limiting the number of pets they can do in a day. Instead of understanding the customers are willing to pay for the service—just like they do when they get their hair cut.

“Forget about what you want to do and focus on what the customer wants to do,” said Charleton. “What does the consumer want? They see their pet as their child, and just like their child they want safety, security and convenience. As long as they see they're getting value price isn't a blip on the radar screen.”

In fact, talk to any high-end operator, and they all say the same thing. Few people balk at paying premium resort prices because they see the value in the service. “The customers we get are young professionals and I know what they'll pay for because I know what I'd pay for,” said Jessani. “No one wants to be ripped off, and as long as they see that's not happening, they'll pay the prices.”

And that's because pet resort customers are the kinds of customers most retailers drool over—educated, affluent and professional. Hughes analogy is a yardstick for the industry. He doesn't want people who keep their dog tied to a stake in the backyard as customers because they will complain about price and they aren't interested in the services he offers.

Added Mason: “We don't have a problem with price because we don't focus on price. We focus on the services we offer. I'd say for 24 of 25 people, price isn't an issue. Most people say, ‘Oh, that's not bad. I thought it was going to be a lot worse.’”

Branding Your Business

Pet resorts also have been successful in another area where retailers and groomers aren't: branding their businesses. They have been able to use the concept to differentiate themselves from the competition and to attract customers because they attach value to the brand the resorts have established.

Branding may seem like a consultant sounding term designed to confuse and intimidate but it really isn't. It's the answer to this question: When your customers buy pet food, do they say, “I'm going to the pet store” or do they say, “I'm going to ABC Pet Store?” If

they say the latter, as they do for Wal-Mart, McDonald's, and the Gap, then you've branded your business. (Conversely, branding can back fire. What do customers think of when they think of Kmart?)

“Branding can be a very effective strategy, especially to high-end consumers,” said Lew Small, who teaches marketing at New York College in Pennsylvania. “They want the status a recognized brand name confers.”

Branding works, Small says, when retailers and service companies promote the brand and then provide consistent levels of service and product quality to reinforce the image they have promoted. Promotion, of course, does not mean expensive advertising campaigns. It means raising consumer awareness, helping customers associate your brand with the qualities you represent. It might mean establishing partnerships with the local humane society as Hughes does, or with travel agents as Best Friends does.

Or, as Mason puts it, “I have always looked big even before I was. I never thought of the business as just another kennel and I never let my employees or customers see it that way.”

It's an approach that has paid off—and which can pay off for other segments of the pet industry as well.