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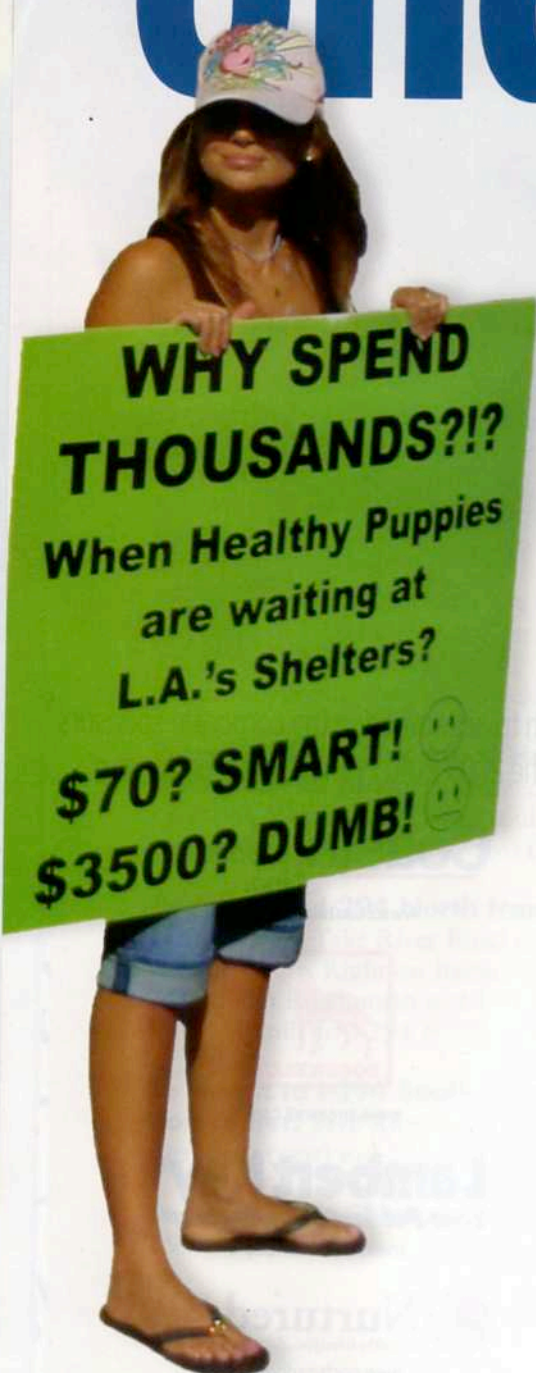
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Puppy Stores Under Fire

Escalating protests by animal rights activists are forcing retailers to address tough questions about the future of puppy sales.

By Cathy Foster and Katie Voss



WHY SPEND THOUSANDS?!?
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\$70? SMART!
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Roman Versch was surprised when animal activists showed up outside the West Los Angeles storefront of Elaine's Pet Depot.

Versch, president of Labrador Franchises Inc. (Glendora, Calif.), had only good intentions when he opened the first Pet Depot in Santa Monica, Calif., 18 years ago. The store offered premium pet foods and supplies and provided grooming services. It also offered quality-sourced puppies and kittens in free-range play areas. With good business sense and customer loyalty, Versch turned the store into a chain with 25 locations throughout the United States. The stores function on the golden rule that employees treat all of the animals as they would their own personal pet, said Versch, and he never discovered his franchisees treating animals badly. None of the franchisees had ever experienced a run-in with an animal welfare organization.

That changed in January when the Companion Animal Protection Society (Cohasset, Mass.) planted itself in front of Elaine Binner's store, brandishing neon-colored signs plastered with pictures of miserable-looking dogs and slogans like, "Go Humane or Go Out of Business!"

The picketing of pet stores is nothing new, of course. But in the past year animal welfare organizations like CAPS, Best Friends Animal Society (Kanab, Utah), In Defense of Animals (San Rafael, Calif.) and Last Chance for Animals (Los Angeles) have stepped up their efforts—often in coordinated actions—to end the sale of "mill" puppies at pet stores.

The campaigns don't appear to have caused much of a shock wave among retailers, according to Marshall Meyers, chief executive officer and general counsel for the Pet Industry Joint Advisory Council. (Washington). "Pet stores are not calling in panic mode about being picketed," he said.

Nor were the campaigns an especially hot topic at retailer meetings PIJAC held during Global Pet Expo in February, where puppy stores discussed everything from giardia to guarantees: Of approximately 50 retailers who attended the meetings, only Pet Depot had faced protests.

That's not to say retailers are not concerned, however. Many—whether they've been picketed or not—are angered by what they see as an unwarranted effort to take away a legal source of puppies.

Some retailers are resigned to

gathering the protests, and at least one is fighting back with a lawsuit.

But some stores have given up on selling puppies as a direct result of the protests and the continued controversy about selling dogs. Others have signed agreements to supply only rescue dogs. And several Los Angeles puppy stores have even gone out of business.

All in all, it raises tough questions about the future of puppy sales in the industry—questions that retailers are being forced to address.

Fighting Tough

In April, just a few months after she had started a new career in the pet industry, Las Vegas retailer Eva Hatfield found her store the target of a Best Friends protest. It was an extension of a Puppies Aren't Products campaign that began in July 2008 in Los Angeles and now includes New York City as well.

Every Saturday Hatfield, who runs Chi-Chi Couture Puppies with her husband and mother, looks out her store window to see signs proclaiming "USDA Is Still a Puppy Mill" and "Consumer Fraud: Puppy Mill Dogs Sold Here."

Hatfield buys some of her pups from breeders who sell dogs via PBT marketplace.com (West Plains, Mo.).

These and other typically high-volume commercial breeders are what draw the ire of groups like Best Friends. "We know they're legal, but that doesn't mean they are humane by our standards," said Elizabeth Oreck, Los Angeles programs manager for Best Friends.

Hatfield, who said she also buys pups from "five-star" hobby breeders, insisted her puppies come from reputable sources. "I follow the blueprint of prior owner how to purchase puppies. I trust that PBT is doing the right thing," she said.

All puppies are inspected when they come in to make sure they're healthy, checked weekly and go home with a one-year guarantee, Hatfield added. She takes puppies—kept in baby cribs at the store—home at night to socialize them, she said. "Absolutely no one complains about our babies."

But Best Friends and other animal-protection groups say pet store customers are led to believe puppies are bred and raised in homes of small, private breeders when that is not the case. At Oreck terms "peaceful protests"

102 The U.S. Department of Agriculture's Animal and Plant Health Inspection Service in 2007 employed 102 animal care inspectors to oversee 9,249 animal dealers, exhibitors, in-transit carriers, handlers and research facilities.

Source: USDA, Animal Care Annual Report of Activities

are education campaigns, she said. "It's making sure [the public] understand[s] the realities of puppy mills by having one-on-one conversations and giving them adoption information. We give consumers the big picture so they can make an educated decision. People should know the background of the puppies and their options."

According to Oreck, a Best Friends investigative team visits the facilities that supply puppies to targeted stores—information obtained, sometimes covertly, from the store itself. The team photographs and videotapes the kennels and runs, not to look for or report infractions, but simply to show where dogs come from, said Oreck.

"We [document] what we see of dogs and cages, how they're housed, how many. We can show people these are large-scale commercial breeding operations, not mom-and-pop hobby breeders," she added.

So far, the group's efforts don't seem to have deterred Chi-Chi's customers. Hatfield said her business has not suffered as a result of the demonstrations, and she doesn't intend to try to stop them. "It's freedom of speech. We're not getting an injunction because we don't want us to look like we're in the wrong," she said.

Fighting Back

But another targeted puppy store is fighting back. Kennel Delites dba American Kennels (New York) is suing Best Friends for \$30 million, alleging its reputation as a seller of high-quality puppies was defamed by statements that it sells puppies obtained from puppy mills. The statements were published in flyers handed out to the public during April protests and in the New York Daily News, and repeated on a New York TV station, according to the lawsuit.

The suit, filed in New York County

Superior Court in April, also alleges protestors unlawfully interfered with business by blocking the entrance to the store and caused it a loss of customers, revenue and good will.

According to Nicole Rosenthal, the family-owned store on New York's Upper East Side has sold puppies since her father started the business 55 years ago.

She referred questions about the protests and lawsuit to the store's attorney, William Unroch. According to Unroch, his client tried to initiate a discussion with the protest organizers. "When this started, my client called them and said, 'If you know of a place where we're buying puppy mill dogs, let us know, we'll stop doing business with them. ... We're talking to people on the street and they're screaming that we sell sick dogs—'tell us who we sold them to.'"

In response, he said, American Kennels got a letter from Best Friends "that basically said, 'Stop selling dogs and in return we will put you in our magazine, but you have to swear you're not going to sell dogs.' Obviously, after 55 years in business, my client wasn't going to opt himself out of business because of five or 10 characters on the street."



Woof Worx store owner Jamie Katz offers only dogs from Los Angeles rescues and shelters as part of her business model, which is endorsed by Utah-based Best Friends Animal Society.

In June, based on a 2007 settlement agreement between Best Friends and one of its former employees who alleged the group was anti-Semitic, Unroch amended American Kennels' complaint to include an allegation that Best Friends targeted the Rosenthals' store because they are Jewish.

"It's the only pet shop that's being protested in New York—why?" asked Unroch.

Oreck declined to comment on the lawsuit or whether the protests at American Kennels would continue.

Feeling the Squeeze

Even before the protests began at Elaine's Pet Depot, most Pet Depot franchisees had already decided not to sell purebred puppies, a choice Versch left up to each individual store. The franchisees that wanted to continue selling purebreds usually offered a limited number—typically four to six puppies, maybe eight during a seasonal spike—from licensed, quality breeders, he said.

In addition, the stores were already re-homing adult rescue dogs and cats—thousands of them over the years, Versch said.

None of that stopped protestors. Alleging they had documentation that dogs for sale at Binner's franchise came from "bona fide puppy mills" in the Midwest, CAPS, aided by several other groups, started picketing in January. At first it was once a week, then twice.

As customers avoided the crowd of people outside, sales dropped. "They'd call in volunteers and give them these posters with dead dogs," said Versch. The protestors became more hostile and Versch hired an attorney group to

see about moving them away from the store. However, such measures proved too costly.

In late February, Binner signed an agreement to convert to a new business model as a rescue center for homeless animals and relinquished her puppies to Good Dog Animal Rescue (Santa Monica, Calif.).

After that, Versch suggested that any franchisees still selling puppies halt their sales as soon as possible. "When you see clouds and you know it's going to rain, it's just good to take precautions, you know," he said. "If our business was truly based upon selling animals, it might have been a problem. But it's like 6 percent of our sales or less comes from animal sales, so I said, 'Forget it.' Only a few Pet Depots did sell pups, anyway. It's not been store policy that you have to sell puppies."

Binner's store now carries various canines, all from the shelter system, said Carole Raphaelle Davis, West Coast director for CAPS. "They have adorable dogs, all whose lives are being saved and for this I thank Roman," she said. "Roman can sleep well at night; he can sleep like a baby. Now he's a hero."

But it's doubtful Versch will enjoy many restful nights. "These groups have lumped anybody providing puppies of any sort at all into one big group of bad apples," he said. "We try to protect our franchisees, and our lawyers basically say there's nothing we can do. It should be illegal to attack legitimately running businesses in this way in America."

Converting Willingly

Oreck of Best Friends insists that "our goal is not to put any pet stores out of

tip If you retail puppies and belong to PIJAC, you can take advantage of closed Internet sessions to discuss best practices, download brochures on how to educate consumers about puppy sales, and more.

business. That's the last thing that we want. We just want to see pet stores adopt what we consider a more humane business model. We know it's viable."

Jamie Katz agrees. She used to manage Pets of Bel Air—a high-profile store in a celebrity-studded area of Los Angeles that was one of the first stores targeted in Best Friends' Puppies Aren't Products campaign. But now Katz runs a reincarnation of the store called Woof Worx. She opened the store in February with an emphasis on the high-end retail side of the business, services—and rescue dogs. "It's a completely different business model," said Katz.

Woof Worx operates out of the former Pets of Bel Air location in a tony outdoor shopping center, but there the similarity ends. Instead of cages of purebred puppies ranging from \$1,200 to \$4,000, customers now see puppies and dogs of varying pedigrees, ages and sizes romping in a cage-free "daycare" room, available for anywhere from \$395

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to \$595, tops. The animals no longer come from Midwestern and California breeders, but from Los Angeles County Animal Care and Control as well as municipal shelters and a variety of local nonprofit rescues.

The dogs don't bring in the kind of money the puppies at Pets of Bel Air did—but Katz doesn't expect them to. "No way do we count on those adoption fees to figure into the profits. That's not going to make your nut," she said.

That's why Katz focuses on upscale inventory and services like grooming and training, including the adoptions themselves. "What we consider the adoption fee is along the lines of a service. We pick out dogs for people in the community [by going] to the shelters for them and choosing [suitable] dogs, picking them up at the vet for them, grooming the dog for them, training them. They're packaged to go home and fit into a family."

Katz, who eventually would like to offer rescue cats and kittens as well, is satisfied with the health and variety of animals she and her seven employees are able to offer. "Most of them are quite healthy, healthier than most people expect that shelter dogs are. Most of them are mixed breed, but it depends on what's available. Sometimes it's purebred dogs, sometimes cute little designer dogs. We're educating people here that you can get a fantastic dog from a shelter."

But why change the successful model Pets of Bel Air enjoyed? After all, according to Katz, "it didn't matter if you had a bad grooming day; all you had to do was sell one puppy and you were set for the week, or for several days, anyway."

Yet despite having managed Pets of Bel Air for eight years, she wasn't sure she wanted to continue selling commercially bred puppies. Then the protests started. "It was hard because I wasn't sure who was right and who was wrong, or if I should be defending [the store] or not," Katz said. "I kept my cool, did my research and listened to what the protestors had to say. Over the six months or so I got to know some of them and thought it was important to see their point."

Her conclusion? "There are degrees of what you would consider a puppy mill. The worst thing about the commercial breeders, even the USDA-licensed ones following the rules, there's no love



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Does Puppy-Free Equal Problem-Free?

WHETHER FROM LEGISLATIVE or activist pressure, the push is on to stop pet stores from selling puppies. Rather than "make adoption your first option," consumers increasingly are urged to "make adoption your only option." But is any of this really possible? Desirable? Or fair?

Many retailers and industry insiders say no.

"The demand for puppies is as high as it's ever been," said Michael Maddox, director of governmental affairs for the Pet Industry Joint Advisory Council (Washington). "When you have healthy, well-socialized animals available in pet stores, you're not going to have prospective pet owners who want to be deprived of a source for their pets."

Furthermore, shelter dogs aren't a viable alternative for every pet owner, he added. "A certain number of dogs are relinquished because they are geriatric, not socialized or for other reasons that affect the quality of the animals as pets. We routinely advocate for the right for people to have pets from local breeders, pet stores ... There are lots of different, legitimate sources for puppies."

Others worry that if pet stores were to stop selling puppies, uneducated consumers would turn to less reliable sources, including occasional breeders who may not test for genetic diseases or vaccinate, know little about breed standard and do not offer any sort of health warranty.

"The majority of puppies are purchased in a relatively unregulated market through classified advertisements in the newspaper and on the Internet," said Elizabeth Kunzelman, director of marketing and communications for Petland Inc. (Chillicothe, Ohio). "In these situations, there is often no corporate structure to impose or improve standards and create requirements regarding health and other conditions. If stores are eliminated, the public will be left to purchase from breeders subject to minimal oversight."

"Economically, [a ban on pet store puppy sales] would not be a good idea," agreed Dan McDougal, president and

co-owner of M&B Pets, which operates seven pet stores in Honolulu. "It would just send people to the backyard breeders. You want to see a bad situation that would not receive much publicity? That would be it. That would be absolutely horrible."

Furthermore, most of the retailers interviewed by PET AGE pointed out that puppies from other sources are not necessarily going to be healthier. Kunzelman compared puppies to children, with immature immune systems that can be easily compromised despite updated shots and proper precautions.

And congenital defects can occur in any puppy. "I can sell a German shepherd puppy from one of my best breeders," said McDougal, who sells locally sourced mixed breeds as well as purebreds imported from fanciers in the Australian Kennel Club. "They have three generations' worth of hip X-rays on their files saying that their dogs are perfect. And then I sell that German shepherd puppy and it goes dysplastic at 6 months. Quality breeders can have dogs that throw unhealthy pups, too."

"The problem is, people don't understand that they're buying a living, breathing thing and sometimes things like that happen. They expect it to be like a product you pick up off the store shelf. But it's not from a manufacturer. It's not plastic," he added.

Roman Versch, president of Labrador Franchises Inc. (Glendora, Calif.), which owns the Pet Depot brand, put it this way: "There are a percentage of puppies prone to congenital defects. It happens all the time. You're creating a life from two cells. There are a zillion things that can go wrong."

Still, retailers can sell puppies and keep the public happy by doing their homework and obtaining animals from quality sources, McDougal maintains. "It is very possible for pet shops to sell a very good dog and put it into warranty," he said. "If they just want to put it in the store and put a price tag on it, they should get out. Because this is not an easy business."

—Katie Voss and Cathy Foster

and attention. Nothing that says you need to hug and kiss these dogs. They're pack animals. Even the best commercial breeding facility isn't the ideal place. I would call that a puppy mill also."

After Pets of Bel Air lost its lease and the retail space became available last December, Katz met with the owner of the center to show him her business plan based on the Best Friends model. "From the landlord's point of view, having [Best Friends] ready to endorse the store was a win-win," she said.

The press coverage and referrals generated by Best Friends also have been pluses, she said. An ad highlighting the Puppies Aren't Products campaign running in the July issue of Oprah magazine seems likely to give the store even more exposure.

Her Best Friends-certified model is meeting community approval in Los Angeles, where "rescue is the new black," Katz said. "Customers [who] walk into my store, they're pleasantly surprised to see we only have rescues. They forget they were ever looking for an 8-week-old Yorkie. They are not disappointed [in our animals]."

Pet retailers also have been congratulatory, she said. "I've been flooded with e-mails asking me how I did it."

She acknowledges not everyone will choose her route. "This is America. They have a right to do what they want to do. I'm just showing what I support and giving them reasons why."

Recycling Pets

For Animal House, a family-owned store with two locations in St. Petersburg, Fla., the decision to stop selling puppies after 27 years was part and parcel of its conversion to a "green" format, said Rebecca Hearn, who owns the store with her parents, Jim and Donna Nannen.

Last year, they tacked "Naturals" to the end of the store name and added some environmentally friendly pet supplies to the shelves. They figured selling puppies didn't fit into the more conscientious business model. "We have these cute T-shirts that say, 'Recycle. Adopt a dog.' It was kind of a do-something-good-for-the-world type thing," Hearn said. "We were trying to put our store on a whole new level. We were just trying to change the whole concept."

But she acknowledges that negative public sentiment about selling puppies factored into the decision as well. Hearn said they sold only healthy animals from licensed breeders, but they always had a hard time dealing with customers' perceptions. "You finally reach a point where you feel like you're beating your head against the wall and maybe you can do something positive and less controversial. So now we finally turned to offering pets from rescues so we could be a part of the solution and not add to the controversy," she said.

It was a bit of a gamble—especially considering that puppy sales sometimes made up nearly 25 percent to 30 percent of the store's annual revenue.

But Hearn estimates that Animal House Naturals' gross profit has improved, partly because of the store's partnership with local animal rescue and adoption groups. Each weekend, customers can adopt new companions from a different rescue or shelter group—and, of course, shop for supplies.

Plus, Hearn said, the change brought about a rush of new customers. "There were so many people that wouldn't shop with us because we did sell dogs," she said. "You feel like you're alienating this whole customer base. Now we're not offending anyone. We've gotten e-mails from people saying they're coming back now that we don't sell dogs. So overall it's been a very positive change for us."

It might seem rash to redesign a business based on a trend—even one as wildly popular as going green. But Hearn remains confident that it's an enduring trend that eventually will become a mainstream way of life.

Davis of CAPS agrees. "The public's standard for what they want is evolving, and it's evolving into a cruelty-free desire, a cruelty-free pet, just like people wanted organic food and cruelty-free detergents and shampoos," she said. "Ten years ago when you went into the supermarket, you didn't have an entire aisle of cruelty-free products. Now every store has a section where you can get eco-friendly, cruelty-free items."

How puppy stores will evolve—or whether they see a need to—remains to be seen. ■

Cathy Foster is senior editor for PET AGE.
Katie Voss is assistant editor.

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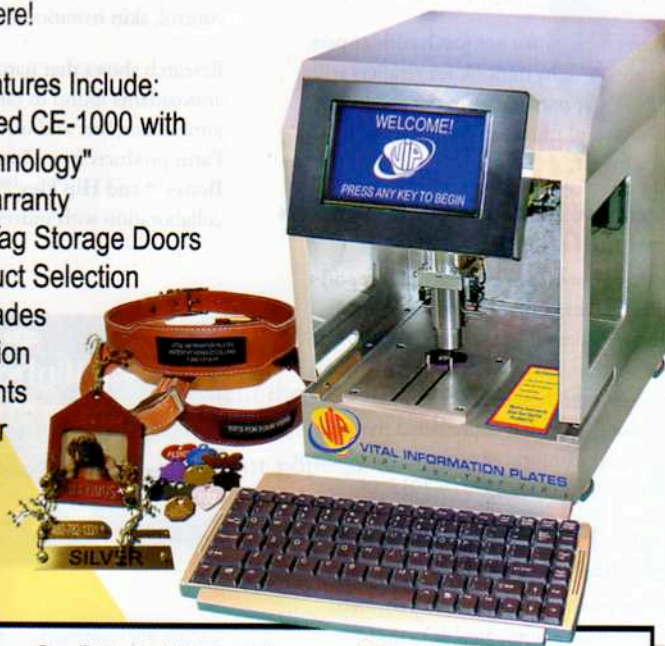
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