

# FranchiseConnect®

VOL 03 • ISSUE 02

MAR/APR 2021

## **BILLION DOLLAR PET MARKET REFUSES TO ROLL OVER: PROFITABLE PET FRANCHISES FOR 2021**



**WHAT'S BOOMING NOW?**

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PET GROOMING BUSINESS**

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HOTEL AND SPA**





TRYCIA AND KEITH MILLER

# BUILDING A SUCCESSFUL PET GROOMING BUSINESS

*Franchise Connect* examines one business's success story.

By Michael Peterson

**A**lthough I have an extensive background in franchising, until recently I've had limited exposure to the pet services segment. My knowledge in the space is expanding rapidly, however. I have had the pleasure of working with Keith Miller, founder of Bubbly Paws dog grooming in the greater Minneapolis area, for the last several months as we turn his pet grooming business into the newest pet grooming franchisor.

When I learned this issue of *Franchise Connect* was going to focus on the pet industry, I saw an opportunity to bring a voice to the table that is rarely heard in the franchise space: a business owner who is partially through the process of

becoming a franchisor. I believe that Keith's extensive experience owning pet grooming locations, combined with his recent venture into franchising, allows him to provide unique perspective into this industry.

I sat down with him recently to discuss Bubbly Paws, the pet grooming industry in general, and the advice he would offer somebody who is considering coming into this industry as a franchisee. I'm excited to share our conversation with you, as well as some of my own observations, below.

**MICHAEL:** Keith, thank you so much for sitting down with me today! I know you've got a lot going on; four dog grooming businesses that are booming, a new baby at home, plus your 5-year-old, and now trying to break into the franchise industry

all at once! You really do have your paws all over the pet industry, don't you? Besides Bubbly Paws, you also own Pampered Pooch Playground, which is a doggy daycare, and as I understand it, you're a podcaster in the pet industry?

**KEITH:** Yes, I run a podcast for *Pets+* magazine. I love it because it allows me to stay in touch with my roots, as I started my career in the radio industry, as well as provide what I hope is useful content to people in this business. We concentrate on content and interviews that are helpful to individuals in the pet grooming industry.

**MICHAEL:** Like I said, a busy man! Let's talk about Pampered Pooch for just a moment and then we'll get into Bubbly Paws. Pampered Pooch was your first foray into the pet services industry, right?



**KEITH:** It was. We've had Pampered Pooch since 2008, 13 years!

**MICHAEL:** And it was actually your experiences at the Pampered Pooch that led you to launch Bubbly Paws, correct? Tell me about that.

**KEITH:** Keep in mind, this was 13 years ago. The doggy daycare world was just taking off, and we would often have people stop in and ask to use our tubs on the way back from a romp in the park. We weren't really set up for that, though we did try to accommodate them when we could. We even considered adding tubs to the doggy daycare, but frankly most of our customers picked their pals up on their way home from work or from a trip; they wanted to be in and out quickly. So, we decided to launch Bubbly Paws Grooming.

*When Keith launched Bubbly Paws almost 11 years ago, he experienced the same unexpectedly rapid success in the grooming market as he had in the boarding space. One location in 2011 became two locations in 2013, and he opened the doors of his fourth location at the end of 2017. When my team conducted a franchise feasibility study for Bubbly, we saw a trend; each location experienced rapid growth in the first 6-12 months, getting quickly to breakeven and beyond, and then sustained year over year increases in all locations. We also saw a couple of significant market differentiators.*

*The first was a fantastic use of social media, including memes, influencers, and dog ambassadors to market their locations.*

*A recent scroll through Bubbly Paws' tagged posts on Instagram revealed a post from seven days previous by Murphy in Minnesota (a sheepadoodle with his own Instagram) with over 1000 likes and comments.*

*Besides their strong marketing platform, they also offer a service that is becoming ever more popular in the #newnormal world.*



**MICHAEL:** Keith let's talk about a one of the things that you have done to help Bubbly Paws stand out in the Twin Cities marketplace. You mentioned that the genesis of Bubbly Paws was people coming to Pampered Pooch and asking to bathe their dogs, so you decided Bubbly Paws would have a self-service option, right?

**KEITH:** Exactly. Though most of our services focus on full-service grooming, we do offer a self-service option. Self-service has wide appeal for a couple of different reasons. First, you don't have to make an appointment weeks in advance. Before the COVID pandemic, even on a beautiful spring Saturday you wouldn't wait more than 30 minutes, and rarely even that. Now

we have an online reservation system so there is never a wait for self-service. It's a perfect solution for a messy trip to the dog park; hop on the app and book an appointment on your way to the park, and swing by on your way home. Self-service also allows some of our customers that are more budget conscious to wait longer between groomings, instead of coming in every six weeks they can come in every eight weeks or even 10 weeks, and still keep their friend stink-free in between groomings.

Now, with so many people working from home, getting groceries delivered, and having very little reason to leave their houses, we are finding that just getting out of the house to give their dog a bath



least in our segment of the industry, for someone without a passion for pets. Pet owners don't want their family members in the hands of someone that is just in the business for the margins. Groomers don't want to work for someone like that. Your customers, your groomers, everyone you interact with will pick up on the lack of passion, and you will struggle with both employee and customer retention.

For those that have the right passion, before you decide to buy a franchise, do your research on the franchisor. Every detail is important in a pet grooming store: the ventilation, window placement, shampoos and cleaners, where the bathing rooms are located in respect to the entrance, everything. Visit a few franchise locations; if you don't see a painstaking attention to detail everywhere you look, then it's time to look elsewhere.

We are still working through the franchising process. We expect to bring the Bubbly Paws brand to the franchise market by mid-spring. I, for one, am looking forward to seeing Keith's passion for pooches translate into a strong, sustainable franchise model. ▸

in our facilities is what they look forward to for the day. Our bathing rooms have fantastic filtration and ventilation; after all who wants to smell wet dog, you know? The HVAC systems filter the air out of each bathing room, and are equipped with UV lights which destroy various airborne viruses, like the rhinoviruses and influenzas that cause kennel cough. What better way to get out for a bit than to go to a safe, socially distanced environment that, by its very design, reduces the likelihood of exposure to airborne pathogens?

We saw this reflected in the feasibility study as well. Surprisingly, despite the worldwide disruption caused by the pandemic, amplified by the social disruption that Minneapolis experienced this summer,

by the end of 2020, all but one Bubbly Paws location were back to pre-COVID numbers, and the fourth is almost there.

To wrap up our conversation, I asked Keith to share his best advice for people who are considering entering the pet industry. Here's what he had to say.

**KEITH:** The pet industry numbers are extremely attractive. We are talking about a \$10 billion marketplace that had 6% compound annual growth rate before the pandemic started, and now industry analysts are saying that is conservative. Honestly, if that is why you are considering this industry, you are looking at the wrong business. I don't see a path to success, at



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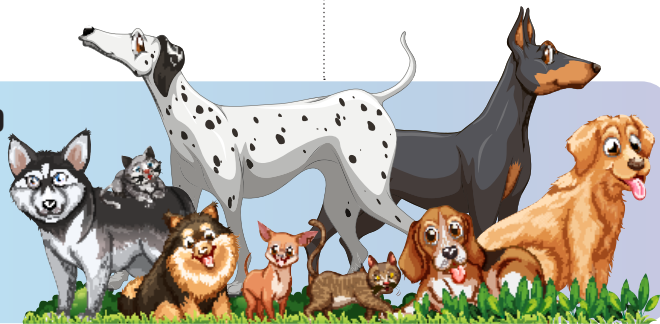
## BY THE NUMBERS

ONE PET-OWNING HOUSEHOLD SPENDS AN AVERAGE OF

**\$1,120**

PER YEAR ON THEIR PETS.

SOURCE: APPA



U.S. PET OWNERS SPEND A COLLECTIVE **\$38.4 BILLION** ON PET FOOD AND TREATS ANNUALLY.



**55%** OF CONSUMERS BUY THEIR PET'S FOOD FROM PET SUPPLY STORES.



**5%** IS THE ANNUAL GROWTH RATE OF THE PET HEALTHCARE INDUSTRY.

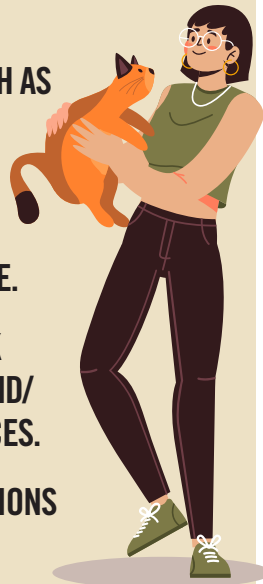


PET INSURANCE IS GROWING BY AS MUCH AS **16.8%** EACH YEAR.

**\$800-\$1,500** IS THE AVERAGE COST OF EMERGENCY VET CARE.

**18,700 PEOPLE** WORK JUST IN GROOMING AND/OR BOARDING SERVICES.

**10%** OF PET MEDICATIONS ARE IMPORTED.



**\$23,400-\$27,200** IS THE AVERAGE LIFETIME COST OF RAISING A PET.

- 27% of pet owners have paid for professional photos of their pets.
- The average annual vet bill ranges from \$100 for birds to \$260 for dogs and \$550 for horses.
- Over 135 million cats and dogs live in the United States.
- Animal health manufacturers spend more than twice as much on research and development as they do on manufacturing costs.
- 200-300 million animals are kept as pets.

**42%** OF THE PET CARE SERVICE INDUSTRY IS COMPOSED OF GROOMING SERVICES.



THE PET INDUSTRY GROWS BY **18.6%** EVERY YEAR.

**13%** OF PET-RELATED SALES ARE MADE ONLINE.

THE GLOBAL MARKET SHARE FOR PET FOOD ALONE IS **\$91.1** BILLION.

PET CARE SERVICE SALES, SUCH AS GROOMING AND DOGGIE DAY CARE, **DOUBLED OVER 10 YEARS** BUT DECLINED 47% FROM MARCH TO SEPTEMBER 2020.

**\$1.6** BILLION IS THE MARKET SHARE FOR PET-RELATED TECHNOLOGY.

