

## Latest Squawk On the Bird Market

### Is the “feathered” segment of the business solid or shaky?

*By Kathleen M. Mangan*

The American Pet Products Manufacturers Assn. estimates that the total number of caged birds owned in the United States was 16.6 million in 2004. Over the long term, bird ownership has been steady at 6 percent of U.S. households since 1988.

But cyclical variations in ownership show up in APPMA statistics: From 1996 to 2000, the number of U.S. households owning a bird rose by a million (5.9 million to 6.9 million), but then dropped again by a half million from 2000 to 2004 (6.9 million to 6.4 million households).

“All pets go in cycles; it’s a normal part of the business,” says 35-year industry veteran Richard Savitt, president of Prevue Pet Products, one of the country’s biggest manufacturers of pet cages and accessories, offering 800 bird product SKUs. “In the days before computers, sales of birds, fish and small animals ran in a seven-year cycle, but today that cycle has been cut in half. In general, bird products have been in a down cycle for three and a half years, and now we’re seeing it pick up again.”

Carol Frank, president of Avian Adventures, which makes premium bird cages, agrees that the lack of recent growth is probably cyclical.

“Birds go in and out of favor,” Frank says. “What we need is a bird movie like ‘Paulie’ in 1998 or a Hollywood celebrity to make bird ownership hot again.”

Specialty bird retailers aren’t seeing a drop in their sales for the most part; possibly mass merchandisers are seeing more of the cyclical effects. The owners of Patterson Bird Store in Totowa, N.J., and Featherheads in Sterling, Va., both say business has never been better.

Jeff Berger, owner of Exotic Birds Unlimited in Palm Desert, Calif., says he’s seen a steady climb in bird ownership over 30 years in business, but this year sales have been a bit slower.

Carri Hilton, who produces 18 bird fairs in eight states, says she saw growth in attendance and sales every year for a decade, but last year show sales and attendance were flat. But there was a 20 percent increase in attendance at the Florida show in July, so she’s hopeful that the market is roaring back.

In addition to normal business cycles, people in the industry have varying opinions about the recent lack of bird ownership growth, attributing it to several factors: Birds are living longer so don’t need to be replaced as often, older owners are dying off and the economy is weak. But everyone agrees that the threat of avian influenza has had little or no impact on the bird market.

“The risk is very slight that the highly pathogenic strains of avian influenza will affect pet birds or their owners,” says Robert Groskin, D.V.M., the veterinarian who organized the Avian Influenza Symposium at the Assn. of Avian Veterinarians’ August conference. As of August, the highly pathogenic strain of avian influenza H5N1 has not been detected in any wild or domestic birds in the Western Hemisphere. And even if it does hit here in the future, he says it is unlikely this virus will affect pet birds.

“Close contact with poultry or waterfowl is necessary to contract the virus, and the overwhelming majority of pet birds are kept indoors,” Dr. Groskin says.

Susan Vandenbroek, owner of Featherheads, says that the threat of highly pathogenic avian flu will discourage only those buyers who are uneducated about the risks and reality. She speculates that may be why she has sold fewer small birds and more big birds in the past year.

But her shift in sales follows national trends. APPMA statistics show that from 1998 to 2004, there was a large increase in ownership of medium-size birds (conures, cockatiels, lovebirds), a slight increase in large-bird ownership (parrots, cockatoos, macaws) and a decline in small-bird ownership (finches, parakeets, canaries).

Hilton says more medium and large birds are selling at the bird fairs, too.

“Ten years ago, the majority of sales were parakeets, finches and cockatiels. Now those are considered starter birds, and existing bird owners are moving to larger birds, such as conures, macaws and African greys,” Hilton says.

Part of the attraction of bigger birds is lower prices in recent years. Berger explains that when exotic bird importation was virtually halted through regulations, prices escalated for larger birds due to limited availability and the high cost to breeders of hand-feeding the babies. But as commercial hand-feeding formulas became available 10 to 12 years ago and bird stock became plentiful, prices dropped. Berger breeds large birds and hand-feeds all the babies sold in his shop, where the three most popular sellers are cockatiels, African greys and umbrella cockatoos.

Dino Jasper, who has owned Patterson Bird Store with his wife, Claire, for 23 years, says parakeets have always been the top-selling bird in their shop. They also sell a lot of cockatiels, lovebirds, canaries and finches.

“These birds are available year-round, and cost a customer about \$50 for the whole setup, including the bird, cage, food and toys,” Jasper says.

The most popular large birds in his shop are African greys, Senegal parrots and yellow-naped Amazon parrots.

#### Product Side

Despite the recent flat or slightly declining bird sales, the product side of the bird market is getting a lot of attention from industry manufacturers as well as bird owners. APPMA president Bob Vetere says that the amount of money spent per bird on supplies and accessories is on the rise.

“The trend to humanize pets is impacting the bird market,” he says. “Owners are more willing to upgrade the care of their birds these days.”

Among the product categories, Vetere says the biggest sales gains are in cages, which have new options, from self-cleaning systems to natural lighting, advanced air purifying systems, timed feeders and play stations on top. The APPMA 2004 survey shows bird owners are spending more money on medications, toys, vitamins and supplements, shampoos and mists.

In the cage category, the huge influx of inexpensive cages from Asia over the past five years has helped grow the segment by making first-time ownership less expensive, says Frank. But she says that many bird lovers are willing to spend more on luxury cages.

“Some people consider their bird cage part of their home décor,” she says.

Savitt says small starter cages are the company’s biggest volume seller in this category. But he sees a trend to larger cage sizes for all birds, even small birds. While the traditional starter cage used to be 9 by 12 inches, now 24 by 14 inches or 26 by 14 inches is more common, he says. The oldest bird cage company in America, Prevue has an extensive cage line that also includes architectural FeatherStone Heights cages and the Clean Life System with built-in features to minimize mess.

Perches continue to incorporate new materials. Polly’s Pet Products introduced the first abrasive perch to keep nails trimmed 17 years ago, and the original perch (now available in five sizes) is still the company’s biggest seller out of 500 products in the lineup, says Michael Dickerson, chief executive officer. When the patent ran out after 10 years, foreign competition knocked off the popular perch. To stay one step ahead, the company has introduced specialty perches made of cuttlebone calcium and bee pollen, which is full of vitamins and omega-3 fatty acids, he says.

Bird toys are an area of endless innovation and variation, especially those for parrots.

“Some parrots have the intelligence of a 3-year-old child and need stimulation,” Berger says, noting that a multifunction toy for playing and chewing can cost up to \$80.

Savitt says there has been a trend away from acrylic toys toward more interactive materials like coconut fiber that birds can shred.

Vandenbroek says her clients prefer toys made of natural materials, such as woven bamboo, cactus wood and hardwood. Also popular are toy components, so owners can make toys their birds prefer.

## Radical Changes

Bird food and treats have changed radically in recent years, thanks to nutritional and veterinary research.

“Twenty years ago parrot food was black sunflower seed and whole raw corn,” Jasper says. “Now we carry 45 exotic mixes, custom-blend food for 200 customers, cook for our birds and offer it warm and incorporate more fruits and vegetables into meals.”

An emphasis on healthier diets has become mainstream, a trend kicked off 19 years ago by Dr. Harvey Cohen when he launched Dr. Harvey’s Naturals, with mixes made of human-grade fruits, vegetables, nuts and seeds. The company grinds the mixes to varying sizes to meet the needs of smaller birds. Now there’s lots of natural competition, including organic food lines.

“Consumers will spend money on better bird food if they understand the benefits,” says Gail Shepard, senior marketing manager at ZuPreem in Mission, Kan.

ZuPreem’s specialty is vitamin-fortified extruded nuggets designed to be more digestible and prevent obesity. Shepard says species-specific diets will become more prevalent in the future. The company recently launched lory nectar and nuggets, as well as low-iron food for softbills.

All the retailers and manufacturers interviewed think the future market for caged birds and related products will be strong.

**Bird Ownership** Bird owners have an average of 2.6 birds. 52 percent of owners have just one bird. 47 percent of owners have two or more birds. 45 percent own small birds (finches, parakeets, canaries). 53 percent own medium birds (conures, cockatiels, lovebirds). 18 percent own large birds (parrots, cockatoos, macaws).  
Source: APPMA survey, 2004